

*[translation from the Greek original]*

HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS

**FOURTH QUARTERLY  
REPORT ON ACTIONS AND  
COMPANY FINANCIAL  
STATEMENTS**

**(01.10.2018 - 31.12.2018)**

**MARCH 2019**

## TABLE OF CONTENTS

<b>A. Hellenic Corporation of Assets and Participations S.A. ....</b>	<b>2</b>
A.1. Purpose, Legal Framework and Structure of the Corporation .....	2
A.2. Subsidiaries of the Corporation pursuant to article 188 of Law 4389/2016 .....	3
A.3. Main Corporate Bodies of the Corporation .....	5
A.4. Organisation structure.....	8
A.5. Corporation’s Share Capital .....	8
A.6. Internal Audit & Compliance .....	8
A.7. External Auditor .....	9
A.8. Cash Resources – Single Treasury Account .....	9
A.9. Rules of Procedure and BoD Reporting .....	9
A.10. Activities 01.10.2018-31.12.2018 and subsequent activities.....	10
<b>B. Financial information .....</b>	<b>23</b>
B.1 Basis of the quarterly financial report .....	23
B.1.1 Statement of total comprehensive income for the year 01.01.2018- 31.12.2018 and for the period 01.10.2018 - 31.12.2018 .....	26
B.1.2 Statement of Financial Position as of 31.12.2018 .....	28
B.1.3 Statement of Changes in Equity for the year 01.01.2018 - 31.12.2018 .....	29
B.1.4 Cash flow statement for the year 01.01.2018-31.12.2018 and for the period 01.10.2018 - 31.12.2018 .....	30

## A. Hellenic Corporation of Assets and Participations S.A.

### A.1. Purpose, Legal Framework and Structure 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”). The Corporation is not part of the public or the wider public sector, as currently defined. Provisions concerning public undertakings, within the meaning of Law 3429/2005 shall not apply to HCAP, unless this is expressly provided in Law 4389/2016.

Hellenic Corporation of Assets and Participations S.A. 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, fostering accountable administration and good corporate governance, as well as corporate social responsibility, innovation and best practices.

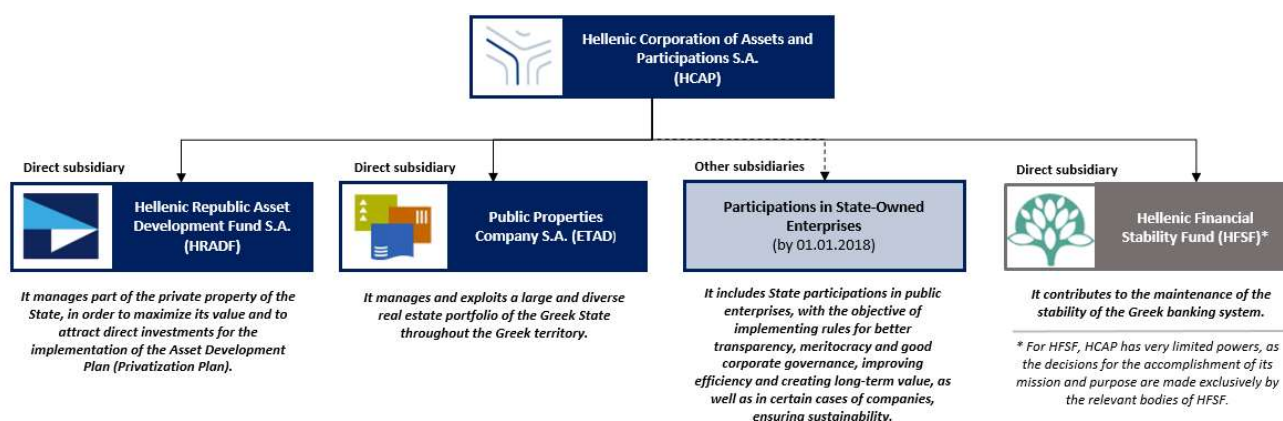
In order to fulfil its purpose, the Corporation shall act in an independent and professional manner with a long-term vision in achieving its results, in accordance with its Rules of Procedure. It shall also act to guarantee full transparency, with a view to enhance the value of its portfolio and to generate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

- (a) for the implementation of Greece's investment policy and to make investments that contribute to strengthening the development of the Greek economy, and
- (b) for the reduction of the financial obligations of the Hellenic Republic.

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 31.12.2018, the registered seat of the Corporation is at 4 Karagiorgi Servias Street in Athens.

The following chart reflects HCAP’s portfolio, which consists of three companies as “Direct Subsidiaries” (Hellenic Financial Stability Fund “HFSF”, Hellenic Republic Asset Development Fund S.A. “HRADF” and Public Properties Company S.A. “ETAD”), as well as “Other Subsidiaries”, which are the enterprises, in which the Greek State has shareholding participations, which were transferred to the Corporation.



Each of HCAP’s subsidiary 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 which is countersigned by the Supervisory Board, HCAP may also set up other subsidiaries in order to fulfil its corporate purpose.

A more detailed description of the direct and the other subsidiaries of the Corporation is set out below.

## A.2. Subsidiaries of the Corporation pursuant to article 188 of Law 4389/2016

### Direct Subsidiaries of HCAP

Upon the establishment of the Corporation as legal person, on 25.10.2016, the following legal entities, the share capital or securities of which are transferred to the Corporation or which are set up in accordance with the Law, shall be considered as direct subsidiaries for the purposes of the Law (the "Direct subsidiaries"):

- 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"). HRADF aims to maximize the value of the Asset Development Fund 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 which has been approved by the HRADF BoD and also by the Governmental Economic Policy Council (dated 20.12.2018) is available online on HRADF's website.

Pursuant to Law 4389/2016, the full ownership, possession and holding of all shares in the HRADF are transferred by the Greek State to the Corporation with no consideration.

- The **Public Properties Company ("ETAD")**, is responsible for the management and exploitation, for the public interest, of a large real estate portfolio which the Greek State has transferred to ETAD in terms of ownership and/ or management. The transfer of ETAD to the Corporation, with the simultaneous transfer to ETAD of an important number of properties of the State, which were managed by ETAD in the past, redefines and enhances the role of ETAD. The portfolio of ETAD currently includes properties that have come under ETAD mainly from the Ministry of Finance, from the Greek National Tourism Organization, the Olympic Assets and a list of properties from the HRADF.

In order to achieve its strategy, ETAD has to act towards maintaining a clean portfolio that can be exploited for the benefit of the Greek state and economy. In parallel, ETAD must develop appropriate exploitation strategies, taking into consideration the trends and successful business management and exploitation practices in real estate market, the special characteristics of every asset/ category of asset under exploitation, the existence of investment interest, as well as other substantial based on its judgement data, which shall lead to the optimal exploitation of its assets.

Pursuant to Law 4389/2016, the full ownership, possession and holding of ETAD's shares are being transferred by the Greek State to the Corporation with no consideration.

- 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) are transferred by the Greek State to the Corporation with 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.

### Other Subsidiaries of HCAP

Pursuant to article 188 par. 1(d) of Law 4389/2016, as it was amended by Law 4512/2018 and Law 4549/2018, public undertakings and legal entities regulated under Law 3429/2005, whose share capital or control is transferred to HCAP, according to article 197, shall be considered for the purpose of the abovementioned Law as other subsidiaries (the "Other Subsidiaries").

The public undertakings that are controlled by the Corporation shall (a) be subject to appropriate monitoring in accordance with the rules of Greek and European legislation; (b) implement and support the Government's

applicable sectorial policies; (c) when assigned, undertake the provision of Services of General Economic Interest, indicatively by fulfilling public service obligations, in accordance with EU law and the Union’s common values contained therein. The relevant procedures are provided in the Coordination Mechanism which is included in the Rules of Procedure of HCAP.

A significant factor to the creation of long term value for these participations, was the preparation of the Strategic Plan approved by the General Assembly of HCAP on 19.01.2018, which takes into consideration the external environment, the special conditions of each sector and the market overall, along with the capacities, perspectives and risks that these corporations face. Simultaneously, it aims to assess and exploit the comparative advantages of each company, for the promotion of changes and transformations towards modern practices and available tools in order to upgrade the operation and reinforce the efficiency of public undertakings in each sector. In addition, ultimate targets are also the improvement of operation and services provided to the citizens, the improvement of their financial performance and the creation of a long-term value. The development of the human capital and the investments in innovations at the level of the subsidiaries, are estimated as crucial factors for the achievement of HCAP’s purpose as well.

The following chart reflects HCAP’s “Other Subsidiaries”, which were transferred as participations from the Greek State to the Corporation on 01.01.2018. Moreover, pursuant to article 113 of Law 4549/2018, the Greek State’s shareholding participation in GAIAOSE S.A. was transferred to the Corporation on 01.07.2018. The participation of HCAP to these enterprises is in some cases of majority, in other cases of minority and in certain cases concerns the 100% of the share capital (sole shareholder).

Moreover, among the “Other Subsidiaries” are three (3) companies listed at the Athens Stock Exchange.

***State-owned enterprises in HCAP portfolio according to shareholding structure as of 31.12.2018***



\* HRADF holds 30% of the share capital of Athens International Airport S.A., 17% of the share capital of PPC, 24.02% of the share capital of Thessaloniki Water Supply and Sewerage Company S.A. and 11.33 % of the share capital of Athens Water Supply and Sewerage Company S.A..

\*\* Regarding the transfer of the shares of the water and sewerage companies, Athens Water Supply and Sewerage Company S.A. and Thessaloniki Water Supply and Sewerage Company S.A., four petitions for annulment by the Council of State with the number 692/2018, 822/2018, 693/2018 and 823/2018 have been submitted. The hearing of the above petitions was held on 27.11.2018 before the Council of State.

\*\*\*The Olympic Athletic Centre of Athens (OAKA) will be transferred to the HCAP portfolio following its transformation into a capital company.

### Other Participations and Rights

Pursuant to article 198 of Law 4389/2016, the concession contracts of the other subsidiaries shall be automatically (ipso jure) transferred to the Corporation. The possibility of concluding or renewing concession contracts relating to public undertakings whose shares are transferred to the Corporation may be transferred to the Corporation by decision of the Minister of Finance. The Greek State, by virtue of act of the Ministerial Council, following a justified recommendation of the Corporation, may decide the co-signature on behalf of the Greek State as a third contracting party, of concession contracts of property rights, intangible rights, rights of operation, maintenance and exploitation of infrastructure, only in relation to the rights and obligations undertaken by the Greek State. By virtue of the aforementioned act, the competent bodies for the countersigning of the abovementioned contracts regarding the particular terms, after the completion of the pre-contractual audit by the Court of Auditors described in Article 201 of Law 4389/2016, shall be appointed and authorised.

Also, pursuant to the provisions of article 198 par. 2 of Law 4389/2016, as amended and in force, were automatically transferred by HRADF to the Corporation, and without consideration in return are any property rights, management and exploitation rights, established financial interests, intangible rights, rights of operation, maintenance and exploitation of infrastructures, which had been transferred previously to HRADF, by virtue of the Decision N. 195/2011 of the Interministerial Committee for Restructuring and Privatizations, regarding the right to grant to third parties, by virtue of concession agreements, the rights of administration, management, operation, upgrade, enlargement, maintenance and exploitation of all the state-owned airports, of which the organisation, operation and management has been assigned to the Civil Aviation Authority (CAA), including any rights of administration, management and exploitation over movable assets and real estate properties, that are connected to their operation, as well as of any spaces of commercial or any other use located within or close to the premises of the abovementioned state-owned airports and under the conditions to be defined in the relevant concession agreement, with the exception of the state-owned regional airports of Crete, mainland Greece and airports of Ionian and Aegean Sea, which have already been granted by virtue of concession agreements ratified by articles 215 and 216 of Law 4389/2016.

Pursuant to article 350 of Law 4512/2018, the Greek State has assigned to HCAP the right to receive the dividend corresponding to the State's shareholding in the share capital of Hellenic Telecommunications Organisation S.A. ("OTE") which is currently 1% of the share capital. The Greek State reserves the right to vote in the General Assembly of OTE for its shares.

### A.3. Main Corporate Bodies of the Corporation

The corporate 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 AoA. These are issues which shall be decided 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 of Finance.

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 par. 1 of Law 4389/2016. The first Supervisory Board consists of the following five members with a five (5) year term of office:

1. Mr. Georgios Stampoulis
2. Mr. Georgios-Spyros Tavlak
3. Mrs. Olga Charitou
4. Mr. Jacques, Henri, Pierre, Catherine Le Pape - was appointed Chairman of the Supervisory Board
5. Mr. 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 AoA. 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 Law 4389/2016. Also, a representative who is appointed jointly by the European Commission and the European Stability Mechanism is present at the meetings of the Board of Directors of the Corporation as an observer without voting right.

Furthermore, Law 4389/2016, as amended by Law 4512/2018, provides, inter alia, the increase of the maximum number of members of the Board of Directors of HCAP from seven (7) to nine (9) members.

The Supervisory Board was supported in the selection process by an internationally renowned consulting firm and examined the candidates' profiles based of the required criteria (professional experience in the fields of competence of the Company, ability to understand the dynamics and prospects of public enterprises, etc.), as defined by the relevant Invitation for Expression of Interest, published on the Corporation's website.



The Board of Directors today consists of the following members:

Name	Position
George Diamantopoulos	Chairman of the Board of Directors, Non- executive Member
Ourania Aikaterinari	CEO, Executive Member
Stefanos Giourelis	Executive Director, Executive Member
Hiro Athanassiou	Non-executive Member
Alice Gregoriadi	Non-executive Member
Themostoklis Kouvarakis	Non-executive Member
Spyros Lorentziadis	Non-executive Member
Marina Niforos	Non-executive Member

Six (6) of the above Members were elected with the initial unanimous decision of the Supervisory Board on 09.02.2017, Mrs. Athanasiou was elected with the unanimous decision of the Supervisory Board on 31.03.2018 and Mr. Lorentziadis was elected with the unanimous decision of the Supervisory Board on 11.01.2019.

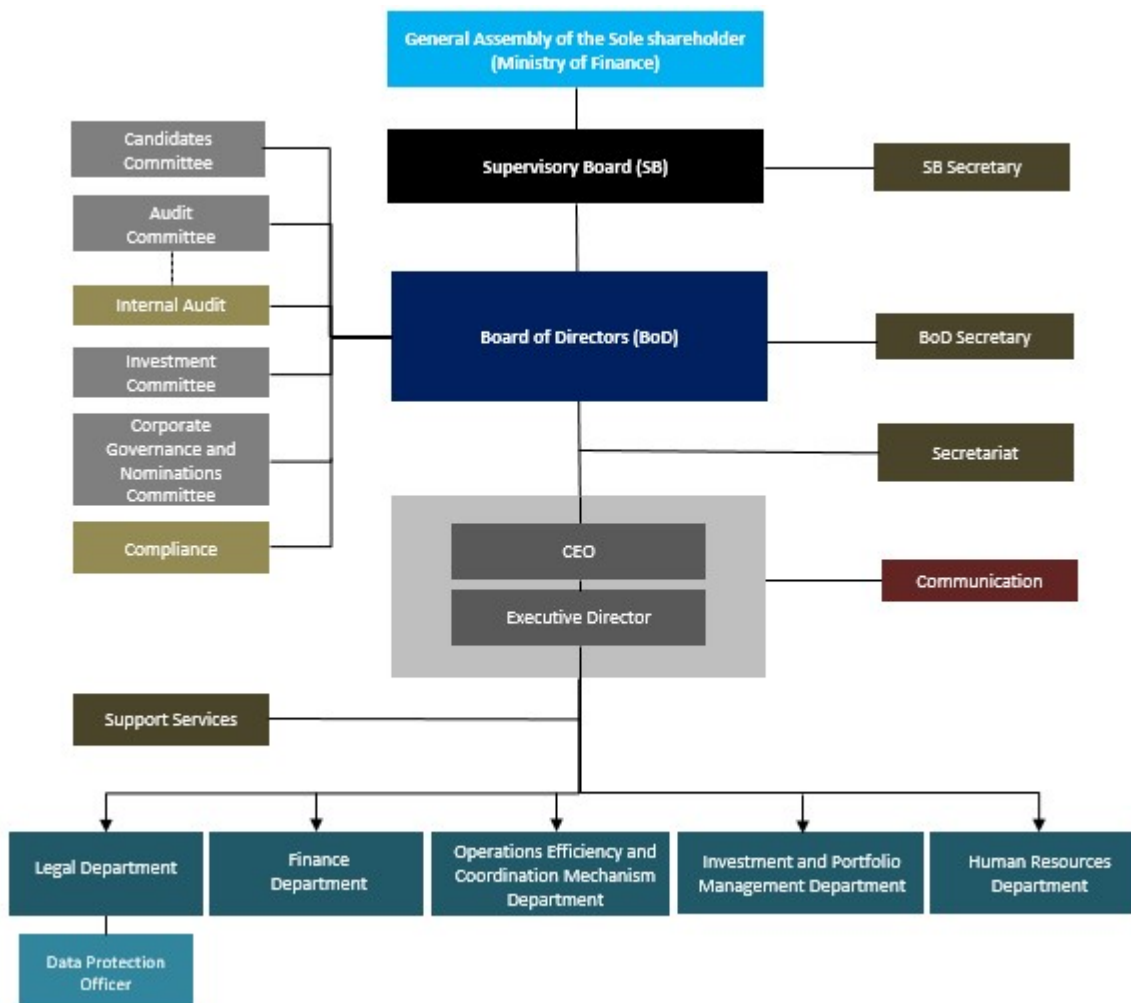
For the support of the Board of Directors operations and pursuant to the provision of art. 192 par. 2 (s) 4389/2016 and to the BoD decision dated 03.03.2017, three Committees were established, namely a) the Internal Audit Committee, b) the Investment Committee and c) the Corporate Governance Committee, which on 24.07.2017 was renamed to Corporate Governance and Nominations Committee.

Furthermore, pursuant to the provision of article 197 par. 4 of Law 4389/2016, as amended by Law 4512/2018, the Board of Directors of the Corporation established the Candidates Committee (in relation to the Boards of the Other Subsidiaries), consisting of its members. More specifically, in accordance with article 197, the maximum number of the members of the Candidates' Committee is five (5), and includes the executive members of the Board of Directors of the Corporation and non-executive members of the Board with experience in the management of State owned Enterprises or experience in sectors in which the Corporation is active through its other subsidiaries or experience in other issues, as deemed necessary, in conjunction with the provisions of the Rules of Procedure.



#### A.4. Organisation structure

The organization chart of HCAP is as follows:



#### 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 21 of L. 4548/2018.

#### A.6. Internal Audit & Compliance

In accordance with article 192 of L. 4389/2016, as amended with L. 4512/2018, the Board of Directors appoints an Internal Audit Manager and a Compliance Officer.

The Internal Audit Division (IAD) supports HCAP's Management in the performance of its duties and the achievement of the objectives set, by ensuring proper implementation of the procedures and operations of all organisational units of the Corporation, as well as by reviewing the implementation of effective systems and procedures of internal control, risk management, information systems and corporate governance.

The IAD operates based on the Rules of Procedure of the Corporation, Chapter "Performance Auditing Framework", is independent and reports to the Board of Directors of the Corporation, through the Audit Committee, by which it is supervised. IAD provides assurance for the proper implementation of the directives and guidelines provided by the Management through planned and unplanned audits on procedures, financial data and information systems and by submitting relevant reports to the Management and the Board of Directors of the Corporation. It is ensured that IAD executives have unrestricted access to all corporate files, services, accounting data and books, assets and personnel of the Corporation.

The Compliance function has, among others, adopted within 2018 the following policies that are applied within the Corporation, with the aim to be adopted by HCAP subsidiaries.

- Code of Conduct and Professional Behaviour
- Framework of Regulatory Compliance System
- Gifts and Hospitality Policy
- Anti-corruption and anti-bribery Policy

#### A.7. 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 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 1<sup>st</sup> and ending on December 31<sup>st</sup> of the same year.

According to the Decision of the sole shareholder, dated 10.09.2018, Grant Thornton was elected as external auditors for the statutory audit of the Corporation's financial statements and consolidated financial statements for the period 01.01.2018-31.12.2018.

#### A.8. Cash Resources – Single Treasury Account

The cash resources of the Corporation are held in a cash management account at the Bank of Greece until the start of operation of the Single Treasury Account through which they will be managed. The cash and cash equivalents of HCAP as at 31.12.2018 were at the amount of 19,640,841 Euros.

#### A.9. Rules of Procedure and BoD Reporting

Pursuant to article 189, paragraph 2 of Law 4389/2016, the General Assembly of the sole shareholder adopts the Internal 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 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.

The Rules of Procedure, as it has been formed with decisions of the General Assembly as of today, includes the following chapters:

- A. Procurement Regulation
- B. The Framework for the preparation of the Strategic Plan of HCAP, pursuant to the provisions of article 190 par. 2(a) of Law 4389/2016
- C. Performance Auditing Framework
- D. Conflict of Interest Policy and Confidentiality Obligations
- E. Internal Rules of the Supervisory Board pursuant to the provisions of article 191 of Law 4389/2016
- F. Remuneration & Compensation Policy for the BoD of HCAP, incorporated the addendum of the subchapter "Remuneration Policy for the members of the BoD of the Direct Subsidiaries (apart from the HFSF)" pursuant to the provisions of article 194 par. 7 of Law 4389/2016
- G. Coordination Mechanism
- H. Corporate Governance Code
- I. Performance Monitoring and Reporting Framework
- J. Travel & Expenses Policy
- K. Financial Reporting Standards and Framework for Financial Reporting, pursuant to the provisions of article 189 par. 1(c) L.4389/2016
- L. Board Evaluation and Removal Criteria concerning the Board of Directors of the Hellenic Corporation of Assets and Participations, in accordance with the provisions of article 189 of L. 4389/2016
- M. Dividend Policy
- N. Investment Policy

The Corporate Governance Code is based on the Greek Corporate Governance Code for Listed Companies, which is based mainly on the Corporate Governance Principles of OECD, international point of reference for corporate governance.

Moreover, in relation to reporting obligations, the Board of Directors submits to the Supervisory Board quarterly reports in relation to the compliance with the rules of corporate governance, as provided by L. 4389/2016 and the Rules of Procedure of the Corporation. Also, in relation to financial reporting, it submits:

- quarterly reports on actions and company financial statements,
- reviewed semi-annual separate and consolidated financial statements and
- audited annual separate and consolidated financial statements.

#### A.10. Activities 01.10.2018-31.12.2018 and subsequent activities

Below the most important actions and activities of the Corporation for the fourth quarter, i.e. the period **01.10.2018-31.12.2018** are analyzed. More particularly:

- **December 5, 2018 - Approval of the Corporate Governance Report for the third quarter of 2018** for the period 01.07.2018 - 30.09.2018 regarding the compliance with the Corporate Governance Rules of the law and the Corporation 's Rules of Procedure according to article 192 par. (j) L.4389 / 2016 to be submitted to the Supervisory Board. Subsequently, the report was submitted to the Supervisory Board.

- **December 5, 2018 - Approval of the third Quarterly Report 2018** for the period 01.07.2018 - 30.09.2018 on the Company's actions and financial statements in accordance with article 195 par.2 of l. 4389/2016. The Report was submitted to the Supervisory Board for approval and then was posted on the Corporation's website.
- **December 5, 2018 - Business Plan Approval of HCAP 2019-2021.** By decision of the Board of Directors on 05.12.2018, the Business Plan of HCAP was approved for three years 2019-2021, in accordance with the provisions of article 192, paragraph 2 d l. 4389/2016. The Business Plan includes the Corporation's objectives, as well as analyzes objectives and performance indicators for HCAP's subsidiaries.
- **December 31, 2018 - Change of the Company's registered seat.** By decision of the Board of Directors on 31.12.2018, the seat was transferred to Kar. Servias 4.
- **January 17, 2019 - Reconstitution into body of the Board of Directors of the Company.** Following the election of a new member of the Board of Directors by the Supervisory Board, namely Mr. Spyros Lorentziadis, the Corporation's Board of Directors was reconstituted into body on 17.01.2019.
- **January 17, 2019 - Election of Committees of the Board of Directors.** On 17.01.2019, and after the election of a new member of the Board of Directors, the Board of Directors of the Corporation decided to reelect the Committees of the Board of Directors.
- **February 27, 2019 - Budget approval 2019 on a cash basis.** The HCAP Board of Directors approved the 2019 budget on a cash basis.

Also regarding the Corporation's actions concerning the direct subsidiaries, ETAD and HRADF, and the other subsidiaries and especially on corporate governance issues, the following are referred:

- **July-December 2018 - Ordinary General Meetings of the subsidiaries.** During July - December, the Ordinary General Meetings of the subsidiaries HELLENIC SALTWORKS SA, Corinth Canal SA, TIF-HELEXPO SA, CMT SA, OKAA SA, OASA SA, ELTA SA, ETVA VIPE SA, HRADF SA and ETAD SA according to the provisions of Law 2190/1920 took place. The Corporation was represented in the Ordinary General Meeting as the shareholder of each company and exercised the relevant voting rights.
- **November 15, 2018 - Approval of the amendment of the statutes of CMT SA and election of a BoD member for the role of the Chairman of the Audit Committee of CMT SA.** Following the recommendation of the Management of the subsidiary company "Central Market of Thessaloniki SA" to HCAP for the amendment of its statutes, the Board of Directors of the Corporation approved the amendment of the statutes of CMT SA with regard to the purpose and provisions of Internal Audit. In addition, the Board of Directors of HCAP decided, following the recommendation of the Candidates' Committee pursuant to article 197 par. 4 l. 4389/2016, to elect a new independent non-executive member of the Board of Directors of CMT SA, who also took the position of the Chairman of the Audit Committee of CMT SA.
- **December 7, 2018 - Re-transfer of shares of the HRADF in DESFA to the Greek State.** By a decision of the Board of Directors on 07.12.2018, the HRADF's recommendation to HCAP was approved for the re-transfer of shares of HRADF in DESFA to the Greek State, in accordance with article 192 par. 2 f (bb). Subsequently, a recommendation was submitted to the Supervisory Board, which endorsed the decision of the Board of Directors of HCAP and then submitted a relevant request from the Corporation to the Minister of Finance, in accordance with article 209 l. 4389/2016.

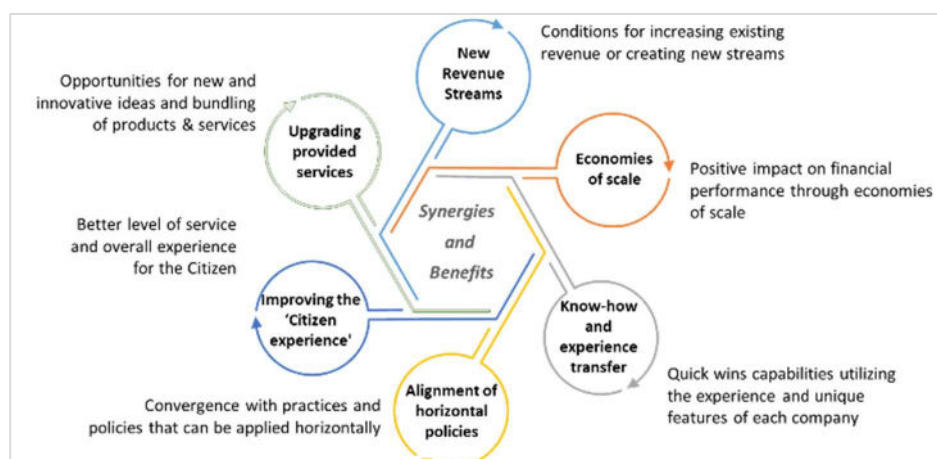
- **December 13, 2018 - Audit Plan and Communication Framework of Internal Audit Units of HCAP and Direct Subsidiaries.** By a decision of the Board of Directors, the HCAP's Audit Plan for 2019 and the Communication Framework of the Internal Audit Units of HCAP and Direct Subsidiaries were approved.
- **December 17, 2018 - Election of two BoD members of PPC SA.** During the Extraordinary General Meeting of PPC SA on 17.12.2018, the Board of Directors of HCAP decided, following a recommendation of the Candidates' Committee pursuant to article 197 par.4 I. 4389/2016, to vote in favor of the election of Mr. Dimitris Tzaninis and Mr. Georgios Venieris as non-executive members of the Board of PPC SA. It was also decided to submit a proposal by HCAP in relation to the appointment of Mr. Venieris to the BoD's Audit Committee of PPC.
- **December 19, 2018 - Election of three BoD members of Corinth Canal SA.** During the Extraordinary General Meeting of Corinth Canal SA on 19.12.2018, the Board of Directors of HCAP decided, following the recommendation of the Candidates' Committee pursuant to article 197 par. 4 I. 4389/2016, to vote in favor of the election of three new independent non-executive members of the Board of Directors of Corinth Canal SA, including the Chairman of the Audit Committee.
- **Lawsuit of HCAP regarding Folli Follie.** In accordance with the provisions of I. 4512/2018, 0.9% of the share capital of Folli Follie, i.e. 643,887 shares, belongs to the HCAP portfolio as of 01.01.2018. Following events concerning the accuracy of the information available to the investors of Folli Follie regarding its true value/ size and prospects, the Securities and Exchange Commission decided to suspend the trading of the share and following an administrative procedure followed in accordance with the relevant legislation, the Securities and Exchange Commission imposed on 02.08.2018 pecuniary fines for violations of (a) the prohibition of market manipulation under Article 15 of Regulation (EU) 596/2014 through the Annual Consolidated Financial Statements for the year 2017 and (b) the provisions related to the provision of requested information under laws 1969/1991, 3556/2007 and 4443/2016.

HCAP filed a lawsuit dated 16.11.2018 and application for interim measures before the Athens Multi-Member Court of First Instance with an independent request for the issuance of an interim injunction, which was accepted. An injunction was issued on 22.11.2018 prohibiting any change in the legal and factual situation of the defendants' assets until the issuance of a decision on interim measures. The application for interim measures was heard on 18.1.2019 and a decision is pending.

- **February 8, 2019 - 2nd Workshop between HCAP and the management of the state owned enterprises of its portfolio.** Following the round of meetings between the management of the companies of HCAP's portfolio that started in September 2018 in the framework of the 83rd TIF, the second HCAP workshop took place with the managements of its portfolio companies, having as subjects the possibilities for synergies between subsidiaries in accordance with the current institutional and regulatory framework, as well as the strategy and actions related to technological advancements and digital convergence. At the workshop the managements of the companies PPC, EYATH, EYDAP, AIA, ETAD, Corinth Canal, GAIAOSE, TIF-HELEXPO, ELTA, Hellenic Saltworks, OKAA and the Group of OASA participated.

Benefits from synergies within HCAP

In the first part of the meeting, the importance of synergies among subsidiaries was discussed, as a mean to strengthen cooperation and trustful relationships, and be able to better respond to new trends and exploit their comparative



advantages; putting ahead a common strategy for the public interest, which shall create tangible results not only for the enterprises but also for the citizens. The management of the companies presented their ideas and suggestions about opportunities for cooperation; while the participants selected the opportunities with priority on implementation.

Joint actions, for example, are already being organized with a view to better use real estate for the purpose of housing or exploitation, including also actions of operational and energy upgrading. In this direction, possibilities are also explored to create a single digital GIS & MIS background, with possible expansion to utility and transport networks. Such an initiative for digital unification of public property and networks would bring significant benefits at a national level.



Other common actions relate to the improvement of the 'customer experience' and corporate social responsibility, as well as to joint training programs on which HCAP's subsidiaries have significant know-how (e.g. network management, health and safety at work, etc), with the aim of a wider adoption of best practices from other subsidiaries but also with the prospect of 'exporting' this knowledge to the private sector.

The second part of the meeting was about technology and innovation. Modern technology trends were discussed and how digital transformation affects the model of operation and development of the respective sectors of interest, at a European and international level. In addition, a discussion was held on digital services, business process automation and business digitization in general, interconnection and security of systems, development of digital skills, exploitation of European funded programs, which are all pillars that the companies should incorporate into their digital strategy to:

- upgrade services and customer experience;
- improve operational efficiency;
- develop internal mechanisms for the implementation, maintenance and continuous modernization of technology based on evolution in the most effective way.

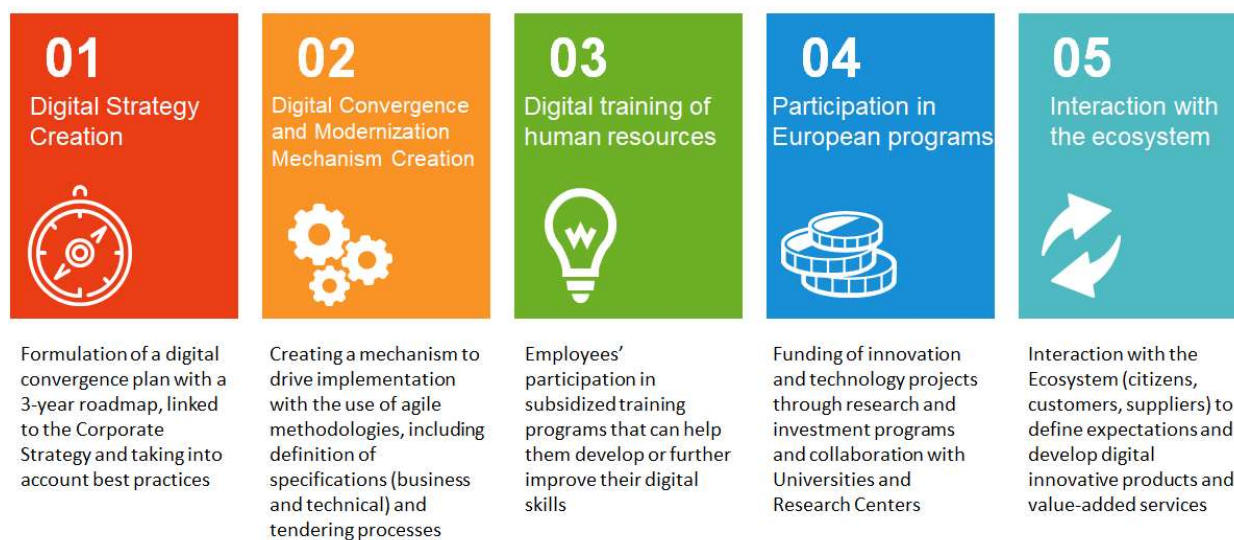
This meeting demonstrated the great need for adopting new technologies and required digital transformation. The results-targets are summarized below:



- creation or update of the Digital Strategy of each company and appointment of the head of digital convergence;
- focus on service improvement, taking into account new technological trends and business needs, by further automation of business processes and systems integration;
- implementation of change management processes and more efficient project design and management; and
- continuous pursuit for development of innovative products and value added services. In this direction, it is also important to exploit opportunities for cooperation with universities and research centers, as well as other organizations, using available European funding programs.

In order to achieve the goal of digital transformation, a digital strategy for each company with clear priorities and milestones is a prerequisite. HCAP expects from the management of the companies to carry out a digital strategy based on existing trends and looking forward to the future, also anticipating for synergies between affiliates, taking into account the ultimate goal to provide better services for the citizens.

#### In brief: factors towards digital convergence



- **February 21, 2019 - Election of two BoD members of EYATH SA.** During the Extraordinary General Assembly following postponement (continuation from 6.2.2019) of EYATH SA on 21.02.2019, the Board of Directors of HCAP decided, following the recommendation of the Candidates' Committee, pursuant to article 197 par.4 of I. 4389/2016 to vote in favor of the election of Mr. Nikolaos Klitos and Mr. Grigorios Penelis as independent non- executive BoD members of EYATH SA. It was also decided to submit a proposal from HCAP regarding the appointment of Mr. Klitos to the BoD's Audit Committee of EYATH.
- **Adoption of an Unified Monitoring and Reporting Framework for subsidiaries.** In compliance with the best practices and the provisions of its Rules of Procedure, HCAP presented and set up to its subsidiaries a framework of monitoring and reporting rules to improve their profitability and financial performance.

Within this framework,

- HCAP requested from the non-listed subsidiaries, where HCAP is a majority shareholder, to prepare a budget for the year 2019 and following that, progress reports on budget implementation,



- HCAP discussed with the subsidiaries the framework of the required financial reporting, and more specifically that the **Annual Financial Statements** that will accompany the annual report, shall be prepared on the basis of IFRS and be completed within a reasonable timeframe to ensure the timely preparation and submission of the consolidated financial statements by HCAP. Accordingly, the semi-annual Financial Statements that will accompany the semi-annual report, shall be prepared under the provisions of IFRS for interim financial reporting and, in particular, shall be prepared in accordance with the International Accounting Standard ("IAS") 34. The annual and the semi-annual Financial Statements & Reports shall be accompanied by the relevant Independents' Auditors' reports.
- In addition, the abovementioned reports shall include, among others, reports on activities, progress report on implementation of Strategic and Investment Plan, corporate social responsibility issues, etc.

#### **Upgrading the role of the Audit Committees of the BoDs of subsidiaries.**

HCAP has initiated actions to upgrade the role of the Audit Committees by selecting Chairs of the Audit Committees with appropriate knowledge and experience to ensure independency and better auditing procedures through cooperation with the Internal Auditor and to ensure better external audits by statutory auditors selected with similar criteria. For this reason, HCAP launched a tender procedure for the search, assessment and selection of the Chairs of the Audit Committees of the Boards of Directors of the SOEs, where HCAP is majority shareholder, which is to be completed.

In this context, until the end of February 2019, it has appointed seven Chairs of Audit Committees on the Boards of Directors of ETAD, ELTA, PPC, Corinth Canal, CMT, GAIOSE and EYATH and will soon complete the posting of the remaining ones to ensure the objective of the proper functioning of the Audit Committees in the State owned Enterprises.

It has also suggested to the Board of Directors of the HRADF the establishment of an Audit Committee.

#### **Training and education of the subsidiaries in matters of compliance and corporate governance**

HCAP launched a series of training and supporting programmes for the subsidiaries on compliance and corporate governance issues, as well as in relation to rules and policies for non-conflict of interest, by conducting workshops with modern educational tools.

### **HCAP Strategic & Business Plan 2019 - 2021**

#### ***(i) Strategic Plan***

An important part of the mission and success of HCAP is the development and implementation of the long-term strategy for the better utilization of the Greek State's assets that are part of its portfolio.

The Strategic Plan of HCAP and its direct and other subsidiaries<sup>1</sup> was prepared under Law 4389/2016, taking into account the Strategic Guidelines of the Sole Shareholder as represented by the Minister of Finance. The guidelines of the Sole Shareholder include, among others, the Government's priorities for public and development policy, as well as the protection of the public interest, which HCAP should take into consideration while serving its purpose. Following a proposal by the Board of Directors of HCAP, the Strategic Plan was approved by the General Assembly on 19.01.2018.

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<sup>1</sup> It should be noted that the HCAP Strategic Plan does not include analysis and development of strategic objectives for the Hellenic Financial Stability Facility (HFSF), as well as for HRADF as regards the assets included in its Asset Development Plan. It also does not include an analysis for non-listed companies in which HCAP is a minority shareholder.

The Strategic Plan is a key tool for HCAP for the achievement of its mission, which is safeguarding and maximizing the value of public property while paying great attention to the principles of good Corporate Governance to ensure the greatest possible transparency and accountability and, at the same time, the reporting framework and the procedures for monitoring the performance of the subsidiaries and disclosure of all required information.

The Strategic Plan also sets the objectives that subsidiaries are required to incorporate into their business and operational planning and implement them. HCAP Strategic Plan was a guide for the drafting/ updating of the Business Plans of its direct subsidiaries, a process completed in April 2018, with the diligence and responsibility of their management. The process was carried out for the direct subsidiaries (HRADF and ETAD), as well as for the other non-listed subsidiaries (State Owned Enterprises), where HCAP is the majority shareholder or the sole shareholder, immediately after their incorporation since 01.01.2018 into HCAP portfolio.

#### ***(ii) HCAP Business Plan 2019-2021***

Based on the Strategic Plan, HCAP proceeded with the development of its business plan for a three-year horizon, for the period 2019 to 2021.

The Business Plan describes and analyzes the current situation and the achieved milestones so far, as well as the actions and objectives for the next three years, into two main directions: Corporate Governance and Strategic Directions & Monitoring Framework.

Regarding **Corporate Governance**, the business planning includes, among others, the following:

- creation of a Corporate Governance manual in order to harmonize SOEs with best practices, including a procedural manual for the BoD and committees;
- conducting workshops to create a new Compliance culture and transfer relevant knowhow to subsidiaries;
- completion of the assessment of the Board of Directors of all other subsidiaries and appointment of new Board members and committees where required;
- enhancing diversity in the selection of BoDs;
- strengthening the Internal Control function and the Audit Committee role and responsibilities in all SOEs boards; appointment of Chairs of Committees with appropriate knowledge and experience;
- monitoring the roll-out of ETAD's new organization chart and timely resolution of any problems during the transition from the old to the new organizational and operational model;
- involvement of the stakeholders by organizing the framework, as well as the processes, tools and resources for the consultation with social and economic parties;
- continuous reinforcement of managerial skills and creation of a succession plan at the highest administration levels;
- establishment of a new corporate culture by creating administrative transparency and accountability, as well as independence, at all levels and many other actions aiming at the implementation of best governance practices by HCAP and its subsidiaries (from the establishment of KPIs, corporate governance to training seminars).

Regarding **strategic guidelines and the monitoring framework**, the business planning provides for the establishment of HCAP and its subsidiaries as credible and high-profile organizations through key actions:

- monitoring the Strategic Plan execution with actions implemented by the subsidiaries to improve their efficiency, make better use of resources and rationalize their operating costs;

- implementation of the Coordination Mechanism procedures (as provided by the Corporation's Rules of Procedure) for more effective cooperation among the State, HCAP and SOEs;
- implementation of target setting model through Key Performance Indicators (KPIs) in non-listed subsidiaries, where HCAP is the majority shareholder and performance monitoring through regular and systematic reporting;
- improving ETAD's efficiency and effectiveness after completing its re-organization and providing support to the management of other SOEs to implement reorganization and/or restructuring initiatives;
- exploring alternative sources of funding for investments from the SOEs;
- encouraging the use of new technologies, innovation and best practices with a focus on the citizen, with the aim to provide modern and high-quality service features and better customer service;
- enhancing corporate social responsibility and environmental consciousness, as well as improving environmental footprint through investments and new technologies, including energy savings and actions to promote awareness (i.e. on water);
- recognition of potential prospects for synergies between subsidiaries under HCAP's common structure;
- Implementation of Dividend and Investment Policy.

Within the Business Plan, the current status of the direct subsidiaries (HRADF and ETAD) and other subsidiaries (State Owned Enterprises) is depicted, their three-year business plan is also presented, with actions and priorities specialized in short and medium term. For the first time, targets are defined and quantified in terms of key performance indicators (KPIs) that include both financial data as well as indicators for their operational efficiency.

HCAP has developed its business planning, targeting and KPIs setting for its subsidiaries through a series of meetings with the management and the executives of the companies, aiming its portfolio companies to be able to deliver benefits in the future in a meaningful and effective way.

#### **Key Performance Indicators (KPIs) 2019 – 2021**

HCAP subsidiaries operate in core sectors of national economy (power, water supply and sewerage, infrastructure, transportation, services and other) and affect significantly the investment and consumer decisions of the private sector, as well as other critical elements of the Greek economy. These companies are expected, through appropriate strategic and business planning, to ensure their proper functioning under the present conditions and to create economic value over the long term.

As the economy and the external environment are changing rapidly, the state owned enterprises will have to act to improve their efficiency and be sustainable and cost-effective over time, at similar levels with related private companies.

The issue of what is the best way to manage the public enterprises, as well as the role of the state, has occupied most European countries for decades and is still at the heart of the public debate. There are three main issues to be addressed; the effectiveness of state-owned enterprises, the reduction and elimination of potential conflicts of interest stemming from the state acting as a shareholder and supervisor, and the strengthening of professionalism and modern corporate governance in public enterprises' operations.

These enterprises can and should be a tool for generating exponential value in the economy, and their performance should be monitored and evaluated, using the respective measurement and monitoring systems, through Key Performance Indicators (KPIs).

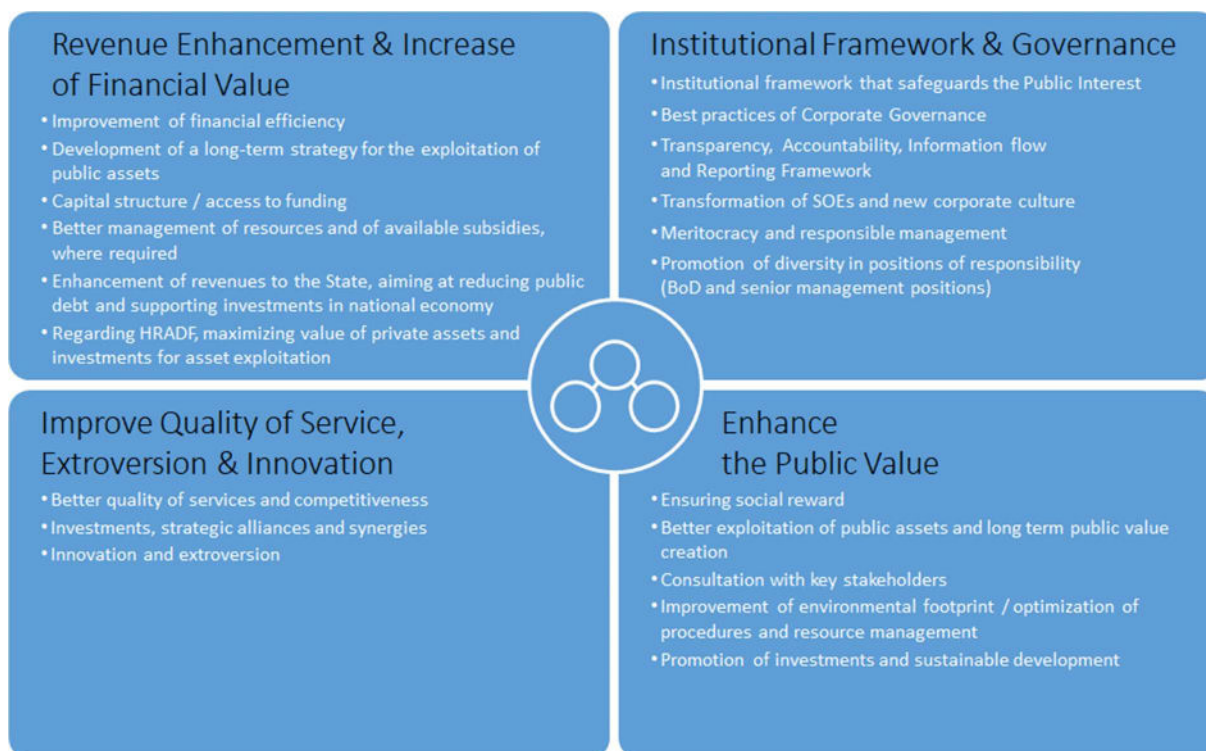
This specific target setting approach has been a joint effort by the subsidiaries and HCAP, throughout the last quarter of 2018 and the first quarter of 2019, so as to harmonize their operational actions for the three-year period 2019-2021 with HCAP's strategic directions and plan. Following consultation, a target setting process onto specific results is introduced for the first time, with the use of KPIs, adopting quantitative and qualitative performance indicators.

The ultimate goal is not only the short-term financial performance, but also value creation through appropriate investments and strategic alliances with tangible benefits for the country, while aiming at upscaling the services provided to citizens.

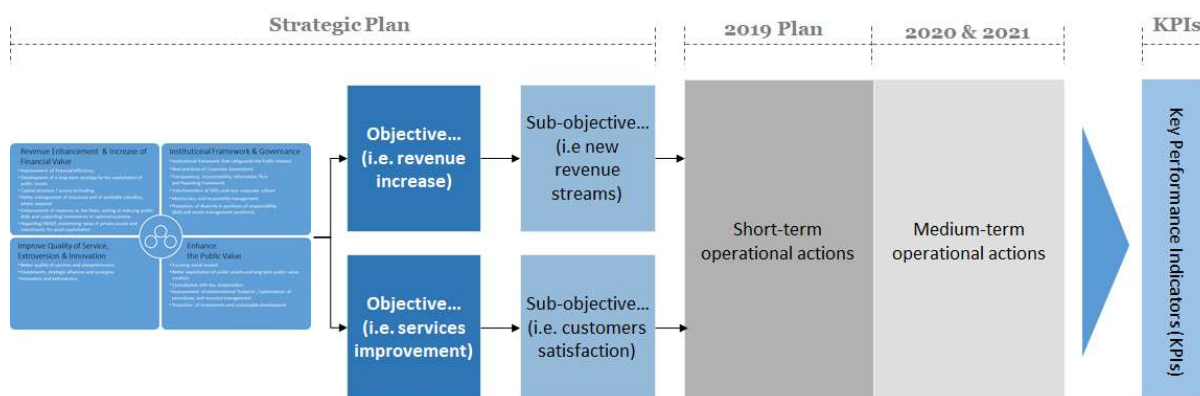
The introduction of KPIs to the subsidiaries is a fundamental and substantial reform, covering four, substantial areas of key strategic interest:

- ✓ Revenue Enhancement & Increase of Financial Value
- ✓ Institutional Framework & Governance
- ✓ Improve Quality of Service, Extroversion & Innovation
- ✓ Enhance the Public Value

### Strategic Objectives & Priorities



The targeting setting approach is illustrated below:



### Linking strategic plan with business planning and KPIs

In summary, the targets for the subsidiaries include:

- Regarding **HRADF**, targets are set for the progress of the Asset Development Plan implementation and for the organization and the procedures automation of the Contract Monitoring Department. Objectives have also been set for the Public Value through securing the contractual commitment of investors for the implementation of investments, but also through the assessment of the secondary benefits generated from the implementation of the Asset Development Plan in social and economic terms. Finally, indicators on good corporate governance and compliance policies have been defined.
- Regarding the **Public Properties Company (ETAD)**, indicators and targets have been set for speeding up the recording, maturation and exploitation of a number of assets of its portfolio, preparing business and restructuring plans for the loss-making branches, increasing the company's revenue and profitability, limiting the arbitrary possession of the company's property, and speeding up the collection of open receivables.
- For the **State Owned Enterprises** (other non-listed subsidiaries in which HCAP is a majority shareholder), the objectives identified are challenging, but at the same time achievable, covering a set of business pillars. Some examples include:
  - gradual improvement of revenue and profitability;
  - measurement of citizens' satisfaction with the aim to upscale service and offerings;
  - launching of investments and exploitation plans of public property based on clear cost-benefit analysis;
  - implementation of policies and procedures of corporate governance and compliance;
  - potential to strengthen local societies and economies through direct and secondary (multiplier) benefits;
  - protection of the environment and improvement of the environmental footprint.

This initial target setting approach to the non-listed subsidiaries, where HCAP is the majority shareholder, aims to establish a clear strategic and business framework for operations and further development, along with management commitments, allowing in this way measurement, quantification and performance evaluation of the company and the management.

According to HCAP Rules of Procedure, the company reviews the performance of its subsidiaries and the management of their assets through:

- Arrangement of regular meetings with members of the governing bodies;

- Reporting through the holding companies' representatives of subsidiaries governing bodies (direct & other);
- Implementation of management information systems and dashboards, where the progress of both qualitative and quantitative indicators can be monitored;
- Comparative assessment concerning the performance of relevant companies in the same industry, and of similar size.

**Performance Monitoring ensures consistency and commitment to the achievement of the objectives**



### **Coordination Mechanism**

Alongside business plan and within the framework set out in the Rules of Procedure , in 2018, the Coordination Mechanism provisions were gradually implemented, setting out the procedures and deliverables regarding the model of cooperation among the State, HCAP and the State owned Enterprises on:

- a) the Mandate, where the main operational guidelines and objectives are defined;
- b) the Statement of Commitments of the State owned Enterprises - in addition to the specific obligations described below - with regards to quantitative and qualitative objectives which must be in line with HCAP Strategic Plan. The Statement of Commitments will also include the operational actions that the State owned Enterprise will have to fulfill under the framework of the institutionalized strategy and in harmonization with its purpose to maximize its long-term value, economic and social;
- c) the Performance Contract, which clearly reflects the mission and the specific obligations, identifies the financial resources to implement them and specify the role and commitments of the signatories.

In this context, HCAP has taken a number of actions in 2018, which are still ongoing in 2019, in order to implement the Coordination Mechanism. Main actions that are already under way are the following:

- defining the basic framework of cooperation among the parties involved (Committees, State owned Enterprise, HCAP) and technical groups, through the guidelines provided by the Ministry of Finance;
- setting out the timetable for the first phase of the Coordination Mechanism (companies under priority);
- initial preparation from HCAP of the deliverable models (Mandate, Statement of Commitments, Performance Contract);
- conducting a series of meetings with the State owned Enterprises, including the target setting process for the 2019 -2021 horizon, on the gradual formulation of the deliverables, taking into account the sectoral policies, the legislative framework and the statutes of the companies, the special circumstances of the company, the common values for the Services of General Economic Interest (SGEI), but also the Rules of Procedure and the investment policy of HCAP;
- conducting additional meetings of HCAP and the State owned Enterprises with representatives from the Ministry of Finance and the State Treasury, as well as representatives from the supervising Ministries.



At the same time, the role of these enterprises remains significant for social and sectoral policy-making, for example through the provision of SGEI, in line with European law and the common values and policies of the European Union. The Coordination Mechanism will examine - in addition to the company's strategic and operational objectives (KPIs) - the assignment of specific obligations that are not otherwise regulated in order to agree on the qualitative terms and compensation mechanism of the companies for the services offered.

### **Appointment of a new Board of Directors of GAIAOSE**

The Board of Directors of HCAP as a majority shareholder of GAIAOSE, in the frame of its competencies, according to the procedure provided in article 197 par. 4 I. 4389/2016, due to the expiration of the term of office of the previous Board of Directors of GAIAOSE, selected executives with professional experience and knowledge to staff the BoD of GAIAOSE, including the Audit Committee.

More specifically, the Board of Directors of HCAP, unanimously, decided the appointment of the following members to the Board of Directors of GAIAOSE, with force from 7 February 2019:

1. Constantinos Kesentes, Chairman of the Board of Directors
2. Perikles Nicolaou, Chief Executive Officer, Executive Member of the Board of Directors
3. Panagiotis Valantassis, Non-Executive Member of the Board of Directors (Head of the Audit Committee)
4. Konstantinos Stavridis, Non-Executive Member of the Board of Directors
5. Antonis Rovolis, Non-Executive Member of the Board of Directors

The Board of Directors is completed with the 6th member, Mr. Panagiotis Frountzis (Non-Executive Member), recommended for election by the Minister of Finance in accordance with Article 197 par. 4 I. 4389/2016.

Below there are short CVs of the Members of the Board of Directors of the company GAIAOSE SA:

#### **1. Constantinos Kesentes, Chairman of the Board of Directors**

Born in 1965. Graduated from the Department of Electrical and Computer Engineering of the University of Patras where he also attended a postgraduate research program in Neural Network applications. CoFounder and for fifteen years CEO of Knowledge SA, an IT company with activities in the fields of Natural Language Processing, Speech Processing and large-scale distributed IT systems. In 2003 he undertook the position of General Manager of ECDL Hellas SA, which in 2009 has been transformed, based on innovation and technology, into a global Certification Services provider, under the brand PeopleCert. He served as Executive VP and COO/CTO of PeopleCert Group (2009-2018) and as the Chairman and CEO of PeopleCert Global Services SA (2016-2018). He also served as Member of the General Council of the Hellenic Federation of Enterprises (SEV), Board Member of Hellenic Association of Accredited Certification Bodies (HellasCert) and General Secretary of Federation of Hellenic ITC Enterprises (SEPE).

#### **2. Perikles Nicolaou, Chief Executive Officer, Executive Member of the Board of Directors**

Born in 1965. Graduated from the Department of Mining and Metallurgical Engineering of the National Technical University of Athens (1988). He holds a Master of Engineering (1991) and a PhD (1994) in Metallurgical Engineering and Materials Science from Carnegie Mellon University (USA). as well as a Master's degree in Business Administration (2003) from the University of Strathclyde (Scotland). He started his professional career in the United States in 1994 as a researcher in the US Air Force Research Lab. From 1999 onwards, he held various positions as an engineer in industries in both Greece and abroad for local as well as multinational companies. During the last 10 years, he held C level managerial positions, as the Managing Director of Lafarge Beton S.A. and CEO of Mermeren Kombinat AD. He has authored or co-authored more than 60 scientific papers and is also a member of several scientific and social organizations.



**3. Panagiotis Valantassis, Non-Executive Member of the Board of Directors (Head of the Audit Committee)**

Born in 1964. He holds a BSc in Business Administration from the Athens University of Economics and Business (ASOEE) and MSc in Cultural Management from the Hellenic Open University. He has acquired the professional titles of Chartered Certified Accountant (FCCA\_UK), Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA). He has more than 25 years of working experience in local and multinational Accounting firms as well in C level managerial positions in big companies specialized in corporate governance, risk management, internal control systems and compliance. From 2001 to 2017 he held the position of Manager in Internal Audit Department of Athens International Airport. Currently, he is a Vice Chairman of the Institute of Internal Auditors of Greece supporting the development of internal audit operations in Greece.

**4. Konstantinos Stavridis, Non-Executive Member of the Board of Directors**

Born in 1950. He holds a BSc in Chemical Engineering from the National Technical University of Athens and an MSc in Advanced Chemical Engineering and Economics (University of Aston, UK). He has more than 40 years of working experience in the National Bank of Greece Group serving in C level managerial positions in the fields of investment, corporate banking and financial services. From 2002 to 2016 he worked in NBG's Project Finance Division, as a financial advisor to the Greek State and other state entities regarding major concession and PPP projects (Rio-Antirrio Bridge, Attiki Odos, Athens International Airport). He held the position of Fund Manager of four NBG Urban Development Funds, aiming at the improvement of urban infrastructure in the framework of the European Union's JESSICA (Joint European Support for Sustainable Development in City Areas) financial instrument, implemented by NBG in cooperation with the European Investment Bank. Moreover, he has served as a Member of the Board of Directors of a number of companies of the NBG Group as well as of other companies in which NBG had a shareholding interest.

**5. Antonis Rovolis Non-Executive Member of the Board of Directors**

Born in 1962. Graduated from the Department of Economics of the University of Athens and he holds an MA in Urban and Regional Studies (University of Sussex, UK) and a PhD from London School of Economics (UK). He is a professor of Spatial and Urban Economics in the Department of Economic and Regional Development at Panteion University of Athens, and the Director of the Research Institute of Urban Environment and Human Resources at Panteion University of Athens. He has worked as a research fellow at the Queen Mary College, University of London and a visiting research fellow at University of Toronto, McGill University, Université du Québec, York University (Canada) and Concordia University as well. During his academic career he has taught among other subjects: Urban Economics, Real Estate Economics, Real Estate Management, Investment Appraisal, Land and Housing Policy, Management of Government Property Assets. He has published a series of scientific articles in greek and international journals and has organized several scientific conferences in Greece and abroad.

## B. Financial information

The Hellenic Corporation of Assets and Participations S.A. (“HCAP” or the “Corporation”) acquired legal personality upon its registration to General Commercial Registry (GEMI) on 25.10.2016. The Board of Directors of the Corporation constituted into a body on 16.02.2017 and therefore 2017 was the starting year of operations, organization of its structure and its gradual staffing.

HCAP’s revenues, as a holding company, in the separate financial statements, are expected to derive mainly from dividends, interest and other capital gains/ income from the assets under management, while its expenses mainly relate to administrative expenses for its operation and fulfillment of its mission. As far as revenues from dividends are concerned, it should be noted that there is a time lag between the period that the subsidiaries create the profitability and the period that the parent company collects the dividends (e.g. profits of each financial year are distributed in the next financial year), as well as other restrictions on the distribution (e.g. the existence of cumulative losses from previous years may not allow the distribution of dividends, despite the existence of profits in the current period).

Pursuant to Law 4512/2018, there was a change in the structure of the Group and the assets under management of the Company, as the shareholding or control of certain public companies and other rights were transferred to HCAP (analyzed below). As a result, the Corporation recognized for the first time in 2018 significant dividend income of €16,997,936, which had a positive impact on the Company's profitability, as the net profit in 2018 amounted to € 13,060,356 against a loss in 2017 during when there were no revenues.

The Company's results show significant fluctuations between the quarters of the same year as they are directly dependent on the time that the General Assemblies of the subsidiaries approve the distribution of dividends, which is mainly during the 2nd and 3rd quarter of each year.

Regarding the results of the 4th quarter of 2018:

- the dividend income is recognized at the date of the approval by the General Assembly of the companies comprising HCAP’s portfolio, which usually take place in the 2nd or 3rd quarter. Consequently, the Company recognized no dividend income in the last quarter of 2018, as the annual income has already been accounted for in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter. The results of the 4<sup>th</sup> quarter of the Company relate to its operating and development costs and the interest income from deposits of cash held by the Bank of Greece,
- the variation of the result of the 4<sup>th</sup> quarter of 2018 in comparison with the corresponding quarter of 2017 is mainly due to the fact that for a significant period within 2017 the Company had decreased activities and staff, as it was at the stage of establishment, organization and recruitment completion, and consequently the quarters are not comparable. Respectively, the total costs for the years 2018 and 2017 are not comparable.

### B.1 Basis of the quarterly financial report

The interim condensed financial information and financial data of this section are presented according to the Company’s books and records under the accrual basis of accounting. The amounts presented under the accrual basis are in compliance with International Accounting Standard 34 «Interim Financial Reporting», without the presentation of all the information and disclosures required by IAS 34 for the interim financial information.

Pursuant to article 195 Law 4389/2016, the Board of Directors prepares quarterly reports on the activities and the financial statements of the Company.

Regarding the other elements of this financial report, the significant policies are presented below:

1. The depreciation rates of fixed assets are in accordance with the useful life of each respective asset.
2. Dividend income is recognized in the period during which the right to receive payment is established, i.e. the period when the General Assembly of each subsidiary takes place.

The dividend income is presented in the statement of total comprehensive income as operating income, as it relates to the Company's main source of income. With the same rationale, in the cash flow statement the cash inflows from dividends are presented as operating activities.

3. Expenses are recognized within the period that the respective liability occurred.
4. Interest income is collected every six months and, as such, the Company's interest income for the respective quarter is the estimate of the amount of accrued interest relating to this period.
5. The Company's share capital is by Law €40 mln of which €10 mln is already paid. The remaining €30 mln is presented as "Unpaid Share Capital" within Equity at the Statement of Financial Position and according to art. 12 par. 2a of C. L.2190/1920, the period of being unpaid should not exceed five years.
6. Regarding the Direct subsidiaries that have been transferred from the Greek State directly to the Company with no consideration (as per Law 4389/2016), they have been recognized in the financial statements at their cost which is nil and are presented at the symbolic value of one (1) euro per subsidiary.
7. Participations in "Other Subsidiaries", as well as other assets or liabilities transferred to HCAP from the Greek State with no consideration as of 01.01.2018 and 01.07.2018, are presented with zero value, as HCAP is in the process of examining which of the permissible IFRS options will be adopted in its financial statements (cost or fair value) at their initial recognition.

The participations transferred from the Greek State directly to the Company with no consideration as per Law 4389/2016, relate to the "Direct Subsidiaries" (which have been transferred in 2016) and the "Other Subsidiaries" (which were transferred as of January 1<sup>st</sup>,2018, except for GAIAOSE which was transferred as of July 1<sup>st</sup>,2018) and are analyzed as follows:

<b>A) «Direct Subsidiaries»:</b>	<b>% Participation</b>
(a) Hellenic Financial Stability Fund (HFSF) *	100%
(b) Hellenic Republic Asset Development Fund S.A. (HRADF)	100%
(c) Public Properties Company (ETAD)	100%
<b>B) «Other Subsidiaries» (according to Law 4389/2016):</b>	<b>% Participation</b>
(a) Public Power Corporation S.A. (PPC)	34.12%
(b) Athens Water Supply and Sewerage Company S.A. (EYDAP)	50%+1 share
(c) Thessaloniki Water Supply and Sewerage Company S.A. (EYATH)	50%+1 share
(d) Athens Urban Transportation Organisation S.A. (OASA)	100%
(e) Central Markets and Fisheries Organisation S.A. (OKAA)	100%
(f) Thessaloniki Central Market S.A. (CMT)	100%
(g) Corinth Canal Co S.A. (AEDIK)	100%
(h) Hellenic Post S.A. (ELTA)	90%
(i) Thessaloniki International Fair – HELEXPO S.A. (TIF – HELEXPO)	100%
(j) Hellenic Saltworks S.A.	55.19%
(k) ETVA –Industrial Areas S.A.	35%
(l) Athens International Airport S.A.	25%
(m) Folli Follie S.A.	0.96%
(n) GAIAOSE S.A.	100%

\* *NOTE: HCAP has very limited powers on HFSF, as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF.*

In addition:

a) according to article 350 of Law 4512/2018 the Greek State's right to receive dividend due to its participation in the share capital of the Societe Anonyme under the name "Hellenic Telecommunications Organization SA "(OTE SA) is transferred to HCAP. The Greek State reserves the right to vote in the General Assembly of OTE for its shares,

b) pursuant to article 113 of Law 4549/2018, from 01.07.2018 the participation of the Greek State in GAIAOSE S.A. was transferred to the Company and

c) pursuant to the provisions of Law 4549/2018, until full repayment of the loan granted under the Financial Facility Agreement and its subsequent amendments, the Company became a guarantor with commitments as defined in the said agreement.

The Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement as at December 31, 2018 and for the year 01.01.2018 - 31.12.2018 and the quarterly period 01.10.2018 - 31.12.2018 are presented in the following paragraphs B.1.1, B.1.2, B.1.3 and B.1.4.

## B.1.1 Statement of total comprehensive income for the year 01.01.2018- 31.12.2018 and for the period 01.10.2018 - 31.12.2018

Statement of total comprehensive income (amounts in Euro)	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017	01.10.2018 - 31.12.2018	01.10.2017 - 31.12.2017
<b>Dividend income</b>	<b>16,997,936</b>	-	-	-
Payroll and management cost	(2,785,252)	(1,980,680)	(841,328)	(731,340)
Third party fees	(1,069,233)	(760,435)	(253,885)	(439,985)
Other operating expenses	(490,324)	(374,997)	(181,223)	(196,019)
Non-recurring expenses	-	(298,610)	-	(58,540)
<b>Result before interest, tax, depreciation and amortization (EBITDA)</b>	<b>12,653,127</b>	<b>(3,414,722)</b>	<b>(1,276,436)</b>	<b>(1,425,884)</b>
Depreciation and amortization	(14,065)	(10,168)	(4,318)	(4,013)
<b>Result before interest and tax</b>	<b>12,639,062</b>	<b>(3,424,890)</b>	<b>(1,280,754)</b>	<b>(1,429,897)</b>
Finance income	427,147	284,249	157,333	64,740
Finance cost	(5,853)	(2,754)	(1,313)	(1,310)
<b>Profit/ (Loss) before tax</b>	<b>13,060,356</b>	<b>(3,143,395)</b>	<b>(1,124,734)</b>	<b>(1,366,467)</b>
Income Tax	-	-	-	-
<b>Net profits/(losses)</b>	<b>13,060,356</b>	<b>(3,143,395)</b>	<b>(1,124,734)</b>	<b>(1,366,467)</b>
Actuarial gains/ (losses)	(2,870)	-	(2,870)	-
<b>Other comprehensive income</b>	<b>(2,870)</b>	-	<b>(2,870)</b>	-
<b>Total comprehensive income</b>	<b>13,057,486</b>	<b>(3,143,395)</b>	<b>(1,127,604)</b>	<b>(1,366,467)</b>

It is noted that the net result of 2018 is not comparable to that of 2017, as:

- The Company obtained its legal personality upon its registration to General Commercial Registry (GEMI) on 25.10.2016, and during 2017, the development of its corporate structure and operations was in progress. The Board of Directors was constituted into a body on 16.02.2017 and the Company had no staff nor operations in the beginning of 2017, while in 2018 the Company was fully operational and gradually staffed to a significant extent.
- As a result, payroll and management costs in 2017, as well as other operating expenses (rental fees, third party fees etc) were lower (or zero) in comparison with the current year 2018.

The most significant variances **between the years 2018 and 2017** are attributable to the following facts.

- 1 Dividend income: the variation is mainly attributable to the fact that, based on Law 4512/2018 and since 01.01.2018, there was a significant change in the assets managed by the Company. More specifically, the Greek State transferred a portfolio of specific investments in public entities and other assets to HCAP, some of which distributed dividends totalling €16,997,936 for the year ended 31.12.2018.

The Company has not recognized income of €134,800, which the Greek State withheld to proceed to its netting with a respective liability to the subsidiary, as it did not meet the criteria for revenue recognition based on IFRS.

- 2 Payroll and management cost: includes costs for the employees, the Supervisory Board, the Board of Directors and its Committees, as well as other related expenses and the result of the actuarial provision for staff retirement obligation.

- 3 Non-recurring expenses recognized in the year 2017: mainly concern expenditure for the establishment and formation of the initial structure and organization of the Company (including advisory fees for the search and selection of the Corporation's Board of Directors, as well as establishment expenses).

In the 4th quarter of 2018, the Company did not recognize any dividend income, since the companies in HCAP's portfolio held their General Assemblies, in which the distribution of dividends was decided, during the previous quarters (2nd and 3rd quarters).

It is noted that, the improvement of the net result of the **4<sup>th</sup> quarter of 2018 in comparison to that of the 4<sup>th</sup> quarter of 2017**, is mainly due to the following facts:

1. The decrease of third party fees, due to the fact that during the Company's first year of operation with Direct subsidiaries ETAD and HRADF, a number of studies were carried out for their proper operation and organization. Such studies were not repeated in the 4th quarter of 2018.
2. The collection of a significant amount of dividends in the second and third quarter of 2018 and the existence of a significant amount of cash, resulted to increased interest income in the fourth quarter of 2018.
3. HCAP's recruitment process was initiated in 2017 and continued in 2018, resulting in higher payroll costs in the fourth quarter of 2018 compared to the fourth quarter of 2017.

## B.1.2 Statement of Financial Position as of 31.12.2018

Statement of Financial Position (amounts in Euro)	<u>31.12.2018</u>	<u>31.12.2017</u>
<b>Assets</b>		
Investment in Direct Subsidiaries (note 1)	3	3
Investment in Other Subsidiaries (note 2)	-	-
Tangible and intangible assets	163,779	78,597
Other non-current assets	33,045	72
<b>Total non-current assets</b>	<u>196,827</u>	<u>78,672</u>
Other receivables (note 3)	555,834	-
Cash and cash equivalents (note 4)	19,640,841	7,335,934
Other current assets (note 5)	516,358	305,326
<b>Total current assets</b>	<u>20,713,033</u>	<u>7,641,260</u>
<b>TOTAL ASSETS</b>	<u>20,909,860</u>	<u>7,719,932</u>
<b>Liabilities</b>		
Provision for staff leaving indemnities	40,448	12,256
<b>Total non-current liabilities</b>	<u>40,448</u>	<u>12,256</u>
Trade and other payables (note 6)	1,159,760	1,055,510
<b>Total current liabilities</b>	<u>1,159,760</u>	<u>1,055,510</u>
<b>TOTAL LIABILITIES</b>	<u>1,200,208</u>	<u>1,067,766</u>
<b>Equity</b>		
Authorized share capital	40,000,000	40,000,000
Less: Unpaid share capital	(30,000,000)	(30,000,000)
<b>Paid share capital</b>	<u>10,000,000</u>	<u>10,000,000</u>
Other reserves	(2,867)	3
Retained earnings	9,712,519	(3,347,837)
<b>TOTAL EQUITY</b>	<u>19,709,652</u>	<u>6,652,166</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>20,909,860</u>	<u>7,719,932</u>

Notes:

- Investments in the "Direct Subsidiaries" ETAD (100%), HRADF (100%) and HFSF (100%) were transferred to the Company with no consideration as per Law 4389/2016. The Company has selected to recognize in the financial statements the Investments in Direct Subsidiaries at cost (which is nil) and to present them at the symbolic value of one (1) euro per subsidiary.
- Investments in "Other Subsidiaries", as well as other assets that were transferred to HCAP by the Greek State with no consideration within the year 2018, are presented with no value, as HCAP is in the process of examining which of the permissible IFRS options will be adopted in its financial statements (cost or fair value) in respect of their initial recognition.
- Other receivables relate mainly to dividends receivable from the subsidiaries OKAA €394,228 and Corinth Canal €161,093. The dividend income for these entities was recognized in the income statement of the third quarter 2018, as the General Assemblies that approved the distribution, were held during that period. The relevant dividends were not collected as at 31.12.2018 and therefore at the reporting date the respective amount is presented as other receivables.
- The increase in cash and cash equivalents within the year 2018, is mainly due to the collection of a significant part of the dividend income amounted to € 16,442,615.
- This amount relates to accrued interest income as at period end as well as prepaid expenses.



- 6 Mainly includes trade payables, accrued expenses, withheld personnel tax and payables for social security contributions.

### B.1.3 Statement of Changes in Equity for the year 01.01.2018 - 31.12.2018

#### Statement of changes in equity (amounts in Euro)

	Share capital	Other Reserves	Retained earnings	Total
<b>As of 01.01.2017</b>	10,000,000	3	(204,442)	9,795,561
Net results of 9months of 2017	-	-	(1,776,928)	(1,776,928)
<b>Total comprehensive income of 9months 2017</b>	-	-	<b>(1,776,928)</b>	<b>(1,776,928)</b>
<b>As of 30.09.2017</b>	<b>10,000,000</b>	<b>3</b>	<b>(1,981,370)</b>	<b>8,018,633</b>
Net results of 4 <sup>th</sup> quarter 2017	-	-	(1,366,467)	(1,366,467)
<b>Total comprehensive income 4<sup>th</sup> quarter 2017</b>	-	-	<b>(1,366,467)</b>	<b>(1,366,467)</b>
<b>As of 31.12.2017</b>	<b>10,000,000</b>	<b>3</b>	<b>(3,347,837)</b>	<b>6,652,166</b>
<b>As of 01.01.2018</b>	<b>10,000,000</b>	<b>3</b>	<b>(3,347,837)</b>	<b>6,652,166</b>
Net results of 9months of 2018	-	-	14,185,090	14,185,090
<b>Total comprehensive income of 9months 2018</b>	-	-	<b>14,185,090</b>	<b>14,185,090</b>
<b>As of 30.09.2018</b>	<b>10,000,000</b>	<b>3</b>	<b>10,837,253</b>	<b>20,837,256</b>
Net results of 4 <sup>th</sup> quarter 2018	-	-	(1,124,734)	(1,124,734)
Other comprehensive income of 4 <sup>th</sup> quarter 2018	-	(2,870)	-	(2,870)
<b>Total comprehensive income of 4<sup>th</sup> quarter 2018</b>	-	<b>(2,870)</b>	<b>(1,124,734)</b>	<b>(1,127,604)</b>
<b>As of 31.12.2018</b>	<b>10,000,000</b>	<b>(2,867)</b>	<b>9,712,519</b>	<b>19,709,652</b>

## B.1.4 Cash flow statement for the year 01.01.2018-31.12.2018 and for the period 01.10.2018 - 31.12.2018

<b>Cash flow statement (amounts in Euro)</b>	<b>01.01.2018 - 31.12.2018</b>	<b>01.01.2017 - 31.12.2017</b>	<b>01.10.2018 - 31.12.2018</b>	<b>01.10.2017 - 31.12.2017</b>
Profits/ (Losses) before tax	13,060,356	(3,143,395)	(1,124,734)	(1,366,467)
<u>Adjustments for:</u>				
Depreciation	14,065	10,168	4,318	4,013
Provisions	274,319	227,808	81,566	227,808
Finance income	(427,147)	(284,249)	(157,333)	(64,740)
Finance cost	5,853	2,754	1,313	1,310
<u>Changes in working capital:</u>				
(Increase)/ Decrease in Other receivables	(804,831)	(215,469)	121,682	(45,266)
(Increase)/ Decrease in Other current assets	(53,107)	(171,172)	(188,825)	(171,172)
Increase / (Decrease) in current liabilities	104,250	846,683	383,944	321,025
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>12,173,758</b>	<b>(2,726,872)</b>	<b>(878,069)</b>	<b>(1,093,489)</b>
Purchase of property, plant and equipment	(99,247)	(88,766)	(61,144)	(12,604)
Interest received	236,249	154,326	-	-
<b>Net cash inflow/ (outflow) from investing activities</b>	<b>137,002</b>	<b>65,560</b>	<b>(61,144)</b>	<b>(12,604)</b>
Interest and bank charges paid	(5,853)	(2,754)	(1,313)	(2,754)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>(5,853)</b>	<b>(2,754)</b>	<b>(1,313)</b>	<b>(2,754)</b>
<b>Net cash inflow/ (outflow) for the period</b>	<b>12,304,907</b>	<b>(2,664,066)</b>	<b>(940,526)</b>	<b>(1,108,847)</b>
<b>Cash at the beginning of the period</b>	<b>7,335,934</b>	<b>10,000,000</b>	<b>20,581,367</b>	<b>8,444,781</b>
<b>Cash at the period end</b>	<b>19,640,841</b>	<b>7,335,934</b>	<b>19,640,841</b>	<b>7,335,934</b>

The net variation in cash and cash equivalents **for the year 2018** amounted to €12,304,907 and is mainly due to the collection of dividends of € 16,442,615 during the year. This increase was partially offset by the payments that occurred for the operations of the Company to cover its expenses and payables outstanding from prior year.

It should be noted that, due to the reasons analyzed previously, the year 2018 is not comparable with the year 2017.

The net variation in cash and cash equivalents **for the 4<sup>th</sup> quarter of 2018** is mainly due to the payments that occurred for the operations of the Company to cover its expenses and payables outstanding from prior period.