



HELLENIC REPUBLIC ASSETS  
DEVELOPMENT FUND S.A.

**A. REPORT OF THE HELLENIC REPUBLIC ASSET DEVELOPMENT FUND S.A. (HRADF) FOR THE PERIOD 01/01/2016 – 31/03/2016**

**Overview of the period**

*Summary*

The privatisation program continued during the first quarter of 2016, with progress noted in tender processes already completed, in order for the signing of the final contracts to be accelerated.

*Privatisation Program Progress*

The following points can be made regarding the privatisation contracts for the **infrastructure and corporate portfolio**:

- The Concession Agreement for the concession to "Horseracing S.A." of the exclusive right to organize sweepstakes for a period of 20 years, for a final price of 40.2 million, entered into effect on 08 January 2016. HRADF has already received the two first instalments, corresponding to 50% of the price, whereas the balance is expected to be paid on 08 January 2017. The first races under the new management team took place on 22 January 2016.
- On 21 December 2015, binding offers for a 67% stake in the share capital of the **Piraeus Port Authority S.A. (PPA)** were submitted. Cosco Group (Hong Kong) Limited submitted an Offer. The financial offer was opened on 12 January 2016 on which date the HRADF's Board of Directors asked for an improved offer to be submitted. Cosco Group (Hong Kong) Limited's improved offer, which was presented to HRADF on 20 January 2016, provides for a € 22 euro/share price, i.e. € 368.5 million. The total value of the agreement is estimated at €1.5 billion, and includes, inter alia, the aforementioned €368.5 million offer, mandatory investments of €350 million over the next ten years and the expected revenues of the Greek State from the Concession Agreement (a concession consideration of 3.5% of PPA's turnover), expected to total € 410 million overall. That total also includes the expected dividends and the interest to be received by HRADF as well as the estimated investments (that go beyond the minimum mandatory ones) up until the end of the concession in 2052. The transaction consists of two stages: in the first stage, Cosco Group (Hong Kong) Limited will pay HRADF € 280.5 million and will acquire a 51% stake in PPA. Within five years, should it fulfil certain conditions set out in the Share Purchase Agreement (SPA), including the successful completion of the mandatory investments, Cosco Group (Hong Kong) Limited will pay HRADF an additional amount of € 88 million, thus increasing its stake in PPA from 51% to 67%. HRADF's Board of Directors declared Cosco Group (Hong Kong) Limited the highest bidder and asked it to submit the documents required in order for it to be designated as "Preferred Investor" in line with the terms of the tender procedure. By virtue of Act/Decision No. 54/2016 of the 7th Unit of the Court of Audit, the draft of the Share Purchase Agreement to be signed between HRADF and Cosco Group (Hong Kong) Limited was approved. On **8 April 2016**, the Share Purchase Agreement and the Shareholders



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Agreement was signed between HRADF and the Cosco Group (Hong Kong) Limited. The completion of the transaction requires the following steps to be taken: (a) approval by the competent Hellenic Competition Commission (a relevant file has been submitted by the buyer); (b) signing and then ratification by the Hellenic Parliament of the Revised Concession Agreement between the Greek State and PPA.

- On 3 September 2015, HRADF's Board of Directors decided to modify the structure of the tender process for the acquisition of 67% of **Thessaloniki Port Authority S.A.**'s share capital. In the first phase, 51% of the share capital will be allocated, while the remaining 16% will be transferred to the highest bidder of the tender five years later should the required investments be completed. The amended conditions were communicated to all the investors in the second phase of the tender process. The draft of the revised Share Purchase Agreement and Shareholders Agreement and the revised tender implementation timetable were posted for eligible participants (according to which the binding offers are scheduled for the end of July). Following a consultation between the Greek State and the Thessaloniki Port Authority (ThPA), the posting for eligible investors of the 1st draft of the Revised Concession Agreement between the Greek State and ThPA is expected. In early May, the Management of ThPA started organizing on-site visits and presentations to prospective investors.
- **Marinas:** The tender process relating to the 40-year concession of the Pylos marina is under way. The approval of the Strategic Environmental Impact Study (SEIS) by the services of the Ministry of Culture is pending. Under the revised timetable, this tender process is expected to be completed in the second half of 2016.
- On **20 January 2016**, the Board of Directors of HRADF decided to relaunch the tender process for the sale of the **2 Airbus A340-300 aircraft** with MSN 280 & 292, of the former Olympic. On 03.03.2016, the Board of Directors of HRADF approved the documents of the tender process, which was launched on 07.03.2016, with the publication of the Call for Tenders. Contacts with the Ministry of Finance were continued, in order to transfer the deed titles of these aircraft to HRADF. Finally, in March, the works of the Technical Inspection Team of the Ministry of Finance were completed, confirming the maintenance of the aircraft as seen in the technical manuals.
- On **20 January 2016**, the HRADF Board of Directors decided to cancel the tender process in progress for the sale of 100% of the shares of **TRAINOSE S.A.** and to immediately launch a new, single-phase, tender process. The new tender was launched on **27.1.2016** with the publication of the Call for Tenders.
- On **11 February 2016**, the HRADF Board of Directors approved the Final Draft of the Transfer Agreement for 100% of the ROSCO S.A. shares, based on which the Prequalified Investors will submit the binding financial offers

On **18 March 2016**, the HRADF Board of Directors, having regard to the relevant recommendation of the financial advisor for the tender processes in progress for the



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sale of 100% of the shares of **TRAINOSE S.A.** and **ROSCO S.A.**, decided to extend the corresponding tender end dates to 31.5.2016.

- On **4 March 2016**, in implementation of relevant decisions of the HRADF Board of Directors, three (3) new open tender notices were published for the recruitment by HRADF of a new financial, legal and technical/transport advisor for the **Egnatia Odos** Concession project,
- On **29 March 2016**, the HRADF BoD decided to recruit a financial advisor, whereas on **27 April 2016**, the agreement was signed for the recruitment of a technical advisor for the **Athens International Airport**; also, discussions with AIA have commenced, regarding the process for extending the duration of the Concession Agreement.

With regard to the **property** development sector:

- On **18 January 2016** an electronic auction with the right to submit counteroffers was announced via the website [www.e-publicrealestate.gr](http://www.e-publicrealestate.gr) for the sale of **13 Properties and the lease of 1 property for 50 years (e-auction VI)**, setting 31.03.2016 as the end date for submitting participation documentation and first offers, whereas on 21.01.2016 a Request for Proposals was published for the recruitment of an independent valuer. On the end date of 31.03.2016, 38 first offers were received in total for 10 properties.
- On 21 December 2015 the international tender procedure to develop the properties in **Rome, Ljubljana** and **Pretoria** was relaunched, with offers to be submitted by the **1st of February 2016**. Binding offers were submitted for the properties in Rome and in Ljubljana. The HRADF BoD only selected a Preferred Investor for the property in Ljubljana, accepting a total price of **600,000 euro**, since the Rome offer was below the minimum indicative price which had been set.
- Furthermore, the tender for the development of the property at **Poseidi near Kalandra in Halkidiki** is currently under way. The property is suitable for the development of top class hotels and leisure facilities. On 26 April, a decision was made to amend the tender process, by excluding the archaeological site on the south part of the property, and a new end date for submitting offers was set for 29 July 2016.
- As far as the tender procedure to develop the property at **Afantou** is concerned, following report No. 26/2016 on the draft Presidential Decree containing the relevant Special Plan (ESCHADA), and the establishment of the Central Management Committee for the development of public assets, the amended draft Presidential Decree was presented to the Central Management Committee at its first meeting on 11.12.2015, while two more meetings of the Central Management Committee followed on 31.03 and 21.04, in order to discuss and address the new facts emerging from the Ministries of Environment and Culture.



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- As far as the **Astir Vouliagmenis** transaction is concerned, following opinion No. 28/2015 of the Council of State, a new Special Plan (ESCHADA) was drawn up, adapted to the above minutes, and the accompanying SEIS was put out for consultation on 19 January 2016. The updated ESCHADA plan and the SEIS were presented before the Central Management Committee on **16 February 2016**.

Significant progress was noted after the end of the 1st quarter of 2016, and specifically, during April of 2016, in the following:

- In **April of 2016**, the Ministerial Decision approving the Planning Study in **Kassiopi, Corfu**, was published in the Government Gazette (ΑΑΠ 74/22.4.2016). This step completes all requirements for the signing of a sale agreement, which is expected to take place in the first quarter of 2016.
- On **22 April 2016** and international tender procedure to develop the **properties** in Rome, Armenia and Pretoria was launched, with end date for submitting offers on 24 June 2016.
- In the **property** sector, contracts were signed for properties in New York and Washington, for USD 9,250,000 and USD 2,850,000 respectively.
- After two more meetings of the Central Management Committee on **15 April** and **23 May**, the draft of the Presidential Decree of the updated ESCHADA for **Astir Vouliagmenis** was forwarded to the Council of State by the General Secretariat of the Government for processing.



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**B. FINANCIAL STATEMENTS FOR THE PERIOD 01/01/2016 – 31/03/2016**

**Financial Results**

HRADF reported losses in the first quarter of 2016, amounting to 966 thousand euro, compared to losses of 872 thousand euro in the respective period of 2015.

It should be noted that the HRADF's income, and specifically remuneration of HRADF to cover its operating expenses, which for the period under review amounts to 0.2% of the consideration for development of the assets, is calculated based on the confirmed consideration.

The quarterly financial statements for the period being examined are set out below. Please note that the audit of the financial statements by certified public accountant has not yet been completed.



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**B.1. STATEMENT OF FINANCIAL POSITION**

*(Amounts in euro)*

|                                                 | <b>31.03.2016</b>  | <b>31.12.2015</b>  |
|-------------------------------------------------|--------------------|--------------------|
| <b><u>ASSETS</u></b>                            |                    |                    |
| Property, plant and equipment                   | 194.111            | 181.317            |
| Intangible assets                               | 60.411             | 54.070             |
| Other non-current assets                        | 73.880.250         | 119.796.550        |
| Receivables from customers                      | 87.066.969         | 78.292.565         |
| Other current assets                            | 23.023.707         | 22.452.427         |
| Cash and cash equivalents                       | 11.113.744         | 13.899.149         |
| <b>TOTAL ASSETS</b>                             | <b>195.339.192</b> | <b>234.676.078</b> |
| <b><u>EQUITY AND LIABILITIES</u></b>            |                    |                    |
| Share Capital                                   | 30.000.000         | 30.000.000         |
| Other equity items                              | -9.748.095         | -8.781.698         |
| <b>Total equity of company shareholders (a)</b> | <b>20.251.905</b>  | <b>21.218.302</b>  |
| Minority interests (b)                          | 0                  | 0                  |
| <b>Total Equity (c) = (a) + (b)</b>             | <b>20.251.905</b>  | <b>21.218.302</b>  |
| Staff termination liabilities                   | 117.560            | 104.019            |
| Provisions / Other long-term liabilities        | 73.848.600         | 119.764.900        |
| Other short-term liabilities                    | 96.594.871         | 89.259.187         |
| Advances from customers                         | 4.378.494          | 4.205.521          |
| Taxes and Duties payable                        | 147.762            | 124.149            |
| <b>Total liabilities (d)</b>                    | <b>175.087.287</b> | <b>213.457.776</b> |
| <b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>   | <b>195.339.192</b> | <b>234.676.078</b> |



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**B.2. STATEMENT OF COMPREHENSIVE INCOME**

*(Amounts in euro)*

|                                                             | <b>01.01.2016-<br/>31.03.2016</b> | <b>01.01.2015-<br/>31.03.2015</b> |
|-------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Turnover - Sales                                            | 0                                 | 2.594.800                         |
| Cost of Goods Sold                                          | -990.331                          | -3.457.663                        |
| <b>Gross Profit/(losses)</b>                                | <b>-990.331</b>                   | <b>-862.863</b>                   |
| Other operating income                                      | 12.975                            | 93.091                            |
| Other operating expenses                                    | -357                              | -125.952                          |
| <b>Operating Profits / (Losses)</b>                         | <b>-977.713</b>                   | <b>-895.724</b>                   |
| Financial income                                            | 14.474                            | 26.419                            |
| Financial expenses                                          | -3.158                            | -3.292                            |
| <b>Net Profit / (Loss) of the period before taxes</b>       | <b>-966.397</b>                   | <b>-872.597</b>                   |
| Income tax                                                  | 0                                 | 0                                 |
| <b>Profit/(loss) of the period net of tax</b>               | <b>-966.397</b>                   | <b>-872.597</b>                   |
| <b>Other comprehensive income for the period net of tax</b> |                                   |                                   |
| Actuarial gains/(losses) from staff compensation provision  | 0                                 |                                   |
| <b>Consolidated comprehensive income for the period</b>     | <b>-966.397</b>                   | <b>-872.597</b>                   |

**B.3. STATEMENT OF CHANGES IN EQUITY**

*(Amounts in euro)*

|                                        | <b>01.01.2016-<br/>31.03.2016</b> | <b>01.01.2015-<br/>31.03.2015</b> |
|----------------------------------------|-----------------------------------|-----------------------------------|
| Total equity at start of period        | 21.218.302                        | 26.540.544                        |
| Period profits / (losses) net of tax   | -966.397                          | -872.597                          |
| Net income recorded directly in equity | 0                                 | 0                                 |
| Total equity at end of period          | <b>20.251.905</b>                 | <b>25.667.947</b>                 |



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**B.4. STATEMENT OF CASH FLOWS**

*(Amounts in euro)*

|                                                                          | <b>01.01.2016-<br/>31.03.2016</b> | <b>01.01.2015-<br/>31.03.2015</b> |
|--------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b><u>Operating activities</u></b>                                       |                                   |                                   |
| EBT (from continuing operations)                                         | -966.397                          | -872.597                          |
| <b>Plus/Minus adjustments for:</b>                                       |                                   |                                   |
| Depreciation                                                             | 43.600                            | 46.353                            |
| Changes in pension obligations                                           | 13.541                            | 15.152                            |
| Foreign exchange differences                                             | -5.790                            | 1.974                             |
| Results (income, expenses, profits & losses) from investing activities   | -14.474                           | -26.419                           |
| Interest charges and related expenses                                    | 3.158                             | 3.292                             |
| Decrease/ (increase) in receivables                                      | -8.955.716                        | 182.654.223                       |
| (Decrease) /increase in liabilities (excl. banks)                        | 7.148.092                         | -165.034.876                      |
| <b>Less:</b>                                                             |                                   |                                   |
| Interest charges and related expenses paid                               | -3.158                            | -3.292                            |
| <b>Total inflow/(outflow) from operating activities (a)</b>              | <b>-2.737.144</b>                 | <b>16.783.810</b>                 |
| <b><u>Investing Activities</u></b>                                       |                                   |                                   |
| Purchase of intangible and tangible assets                               | -62.735                           | -4.624                            |
| Interest received                                                        | 14.474                            | 26.419                            |
| <b>Total inflow/(outflow) from investing activities (b)</b>              | <b>-48.261</b>                    | <b>21.795</b>                     |
| <b><u>Financing Activities</u></b>                                       |                                   |                                   |
| Proceeds from increase in share capital                                  | 0                                 | 0                                 |
| <b>Total inflows/(outflows) from financial activities ( c )</b>          | <b>0</b>                          | <b>0</b>                          |
| <b>Net increase/ (decrease) in cash and cash equivalents (a)+(b)+(c)</b> | <b>-2.785.405</b>                 | <b>16.805.605</b>                 |
| <b>Cash and cash equivalents at the beginning of the period</b>          | <b>13.899.149</b>                 | <b>8.793.103</b>                  |
| <b>Cash and cash equivalents at the end of the period</b>                | <b>11.113.744</b>                 | <b>25.598.708</b>                 |