



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.

A. REPORT OF THE HELLENIC REPUBLIC ASSET DEVELOPMENT FUND S.A. (HRADF) FOR THE PERIOD 01/01/2017 – 31/03/2017

Overview of the period

Summary

The privatisation program continued during the first quarter of 2017, 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**:

1. TRAINOSE/ROSCO

18/01/2017 A Share Purchase Agreement was signed between HRADF and Ferrovie Dello Stato Italiane S.p.A. with regard to the sale of 100% of the shares of TRAINOSE S.A. The completion of this transaction is subject to approval by the competent European authorities, while closing the European Commission state aid case file regarding the debt of TRAINOSE to OSE, which is more than €700 million, is pending.

24/01/2017 Following relevant recommendations by its advisers and request by an interested investor, the HRADF BoD decided to extend the end date for submission of binding offers for the acquisition of 100% of the share capital in ROSCO S.A. The new end date was 30 June 2017.

2. Marinas

Pylos Marina

The second stage of the tender for the granting of the Pylos marina for 40 years is in progress. The Ministry of Tourism prepares the draft Presidential Decree which will define the new building regulations in the marina. Another short extension is expected for the submission of bids with a deadline of October 2017.

3. Thessaloniki Port Authority

In January 2017, the final drafts of the contractual documents were made available to potential investors (Share Purchase Agreement, Shareholder Agreement and Revised Concession Agreement) and the time frame was finalised, with the date for submitting binding offers being 24 March 2017.

24/03/2017 The binding offers were submitted on that date by i) International Container Terminal Services Inc (ICTSI), ii) The Peninsular and Oriental Steam Navigation Company (with the technical support of third party DP World Limited) and iii) joint venture Deutsche Invest Equity Partners GmbH, Belterra Investments Ltd



**HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.**

and Terminal Link SAS (with the technical support of third parties Malta Freeport Terminal Limited, Terminal des Flandres SAS and Somaport S.A.).

4. ΔΕΗ

Αυτή τη στιγμή, βρίσκεται σε εξέλιξη διαδικασία ιδιοκτησιακού διαχωρισμού του ΑΔΜΗΕ από τη ΔΕΗ, η οποία προβλέπει πώληση του 25% του ΑΔΜΗΕ σε εταιρεία της οποίας μοναδικός μέτοχος θα είναι το Ελληνικό Δημόσιο (ΔΕΣ ΑΔΜΗΕ Α.Ε.), πώληση του 24% του ΑΔΜΗΕ στην κινεζική State Grid και εισαγωγή της Εταιρείας Συμμετοχών που θα κατέχει το 51% του ΑΔΜΗΕ στο χρηματιστήριο.

02/01/2017 An Extraordinary General Meeting of PPC was called, approving the incorporation of a Holding Company, contributing 51% of ADMIE's share capital to it, and reducing PPC's share capital and returning it in kind to its shareholders (carve out). Furthermore, an Extraordinary General Meeting of PPC has been scheduled for 23 May 2017, in order to approve the sale and the transfer of the shares issued by ADMIE S.A., which correspond to 25% of its share capital, from PPC to DES ADMIE S.A.

5. ΔΕΣΦΑ

16/03/2017 Upon implementation of decision no. 51/01.03.2017 issued by the Government Economic Policy Council, the HRADF BoD decided:

(i) to terminate the previous tender for the sale of 66% of its stake in DESFA,

(ii) to launch a new international tender for the sale 31% of its stake in DESFA, owned by HRADF (along with a 35% stake owned by Hellenic Petroleum), with the remaining 34% being transferred to the Greek State

(iii) to launch an Open International Tender for the provision of financial advisory services for the sale of its 66% stake in DESFA

6. PROPERTIES

1. Elliniko SA

From 01 January 2017 to date, in partnership with the Ministry of Culture and the Investors, a Memorandum of Understanding is being prepared for managing the archaeological findings and other antiquities at the Elliniko-Agios Kosmas Metropolitan Pole.

30/01/2017 The HRADF BoD concluded and approved the Compatibility Testing of the Plan for Comprehensive Development of the Elliniko-Agios Kosmas Metropolitan Pole, with the specifications of Law 4062/2012, the requirements of the supplementary agreement and the specifications of the privatisation tender that was concluded in 2014.

01/02/2017 The results of the compatibility testing were forwarded to the Investors in a letter sent by HRADF.



2. E-auction

The results of the e-auctions (2nd Phase of the e-auction VII tender process) that took place on 13 and 14 December 2016 via the www.e-publicrealestate.gr platform for the following properties were as follows:

- **KEY 9:** The starting price for the tender was €510,000 and the offer received was €640,000
- **ABK 222a – 222d:** Four (4) parcels in Neos Marmaras, Sithonia, Prefecture of Chalkidiki (property No. 222a-222d): The starting price for the tender was €2,070,000 and the offer received was €3,100,700
- **ABK 637:** Property on 11-13 Aristomenous Street, Kalamata (property No. 637): The starting price for the tender was €850,000 and the offer received was €1,050,000.
- **ABK 407:** Property on 6 Vasileos Konstantinou Street, Nafplio (property No. 407): The 2nd Phase of the tender process ended with none of the interested investors that had qualified submitting an offer.
- **KEY 8:** As to the long-term lease (30 years) for the CSA 8 property, only one offer, which was higher than the independent valuation, was submitted by the Municipality of Chalandri, which was declared the Highest Bidder with an offer to the amount of €28,530.34/year, i.e. €2,377.53/month.
- **ABK 3032:** Regarding the property located at Perikleous 33 and Ktenas 14 of an ideal share of 66%, an improved bid (equal to the minimum of the independent valuation) was requested from the sole participant and therefore was declared as bidder with a bid of € 257,000
 - For the 3 properties in Koutsounari, Prefecture of Lasithi, Crete (property No. 45 & property No. 46), and the property in Koskinou, Kallithea, Rhodes (property No. 1680 & property No. 3178) a new extension was given to the tender process (after extension of the original deadline for 26 October 2016), the end date for submitting participation documentation and first offers set for 26 April 2017. According to 16.05.2017 decision of the Board of HRADF, the tender for the sale of the above property was declared barren.
 - For the real estate in **Koskinou of Kallithea Rhodes (ABK 1680 & ABK 3178)** a new extension of the tendering procedure was given (after the extension of the original deadline of 26/10/2016) with the closing date for submission of supporting documents and the first bid for the 26/05/2017. Deadline of an electronic auction on 25/05/2017. The bidder is expected to appear

3. Other properties

As far as the tender procedure to develop the property at Afantou is concerned, following report No. 26/2015 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 December 2015, while two more meetings of the Central Management Committee followed on 31 March and 21 April, in order to discuss and address the new facts emerging from the Ministries of Environment and Culture. With a favourable opinion by the Central Management Committee following a third meeting on 21 May 2016, on 07 June 2016 the draft Presidential Decree was forwarded to



**HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.**

the Council of State for processing. After a favourable opinion by the Council of State on 12 July 2016, the Presidential Decree was sent to the National Printing Office on 16 August 2016 and was published in the Government Gazette on 14 September 2016 (ΑΑΠ 180).

EVENTS AFTER THE DATE FINANCIAL POSITION STATEMENT

1. *Regional Airports*

11/04/2017 The Concession Commencement Date was 11/04/2017, after the fulfilment of all of the Condition Precedents, the lump-sum payment of the consideration and the smooth delivery of the unobstructed use of the airports. The concession contracts for the right to use 2 groups of regional airports were signed on 14 December 2015, between the Greek State, HRADF and the Concessionaire Consortium FRAPORT AG-SLENTEL Ltd. These provide for the concession of use, management, development, expansion, maintenance and operation of the said airports, as well as commercial or other sites located within the airports. Note that ownership of the land, infrastructure and facilities remains with the Greek State.

The FRAPORT AG-SLENTEL Ltd consortium was declared preferred investor for the 2 groups of regional airports on 25 November 2014 as part of an international open tender process conducted by HRADF, and its bid was a lump-sum consideration of €1.234 billion and €22.9 million annual guaranteed payable rent, adjusted annually to inflation, along with a fluctuating variable fee, estimated annually at 28.6% of the airports' EBITDA. The aggregate amount of the aforementioned revenues will exceed €10 billion. Further to the above lump-sum and annual (fixed and variable) consideration, the Greek State expects additional cumulative tax, social and other benefits, amounting to approximately €4.6 billion. The private investor has been granted the right to use, operate, develop and run the airports for a period of 40 years. Ownership of any infrastructure and facilities to be constructed will devolve to the Greek State and will be returned to it upon expiry of the concession.

2. *Athens International Airport*

30/05/2017 The financial offer was submitted to the Board of Directors of TAIPED. Following the evaluation of the offer, an improved offer was requested, which was held on the same day and was accepted by the Board of TAIPED. The offer amounted to € 600 million, including the corresponding VAT. The net proceeds from the privatization program are € 483.87 million.

3. *Thessaloniki Port Authority:*

07/04/2017 the binding financial offers were opened and reviewed, and the HRADF Board of Directors asked the three investors to submit an Improved Financial Offer.

21/04/2017 the three investors submitted an Improved Offer.



**HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.**

24/04/2017 the improved financial offers were opened and reviewed, and it was established that the amounts of the offers did not allow conducting a next phase of improved offers. On the same day, the Board of Directors declared joint venture Deutsche Invest Equity Partners GmbH, Belterra Investments Ltd and Terminal Link SAS (with the technical support of third parties Malta Freeport Terminal Limited, Terminal des Flandres SAS and Somaport S.A.) as the Highest Bidder and The Peninsular and Oriental Steam Navigation Company (with the technical support of third party DP World Limited) as the Runner-Up Highest Bidder. The improved offer of the Highest Bidder provides for a consideration of €231.926 million. The total value of the agreement is estimated at €1.1 billion and includes, inter alia, the aforementioned €231.926 million offer, mandatory investments amounting to €180 million over the next seven years and the expected revenues from the Concession Agreement for the Hellenic Republic (a concession consideration of 3.5% of THPA's turnover) expected to total €170 million overall. That total also includes the expected dividends to be collected by HRADF for the remaining 7.22% stake, as well as the estimated (beyond the minimum mandatory ones) investments up until the end of the concession in 2051. The transactions is expected to be concluded within the 4 quarter of 2017

4. OTE

04/04/2017 the HRADF published a call for expressions of interest for the recruitment of a financial adviser who would assist it in planning and implementing the tender process for the sale of its 5% stake in the OTE share capital, which was transferred from the Greek State to HRADF by virtue of decision no. 260 (Government Gazette 3723/18.11.2016) issued by the Interministerial Committee for Restructuring and Privatisation.

5. EYDAP and EYATH

12/04/2017 the HRADF published a call for expressions of interest for the recruitment of a financial adviser who would draw up a strategic study on the possibility of developing its participation in the share capital of the two water supply companies, EYDAP and EYATH (i.e. 11% in EYDAP and 24% in EYATH).

6. PPC

13/04/2017 Law 4467/2017 was adopted; according to its provisions, HRADF shall transfer all its in the Holding Company to DES ADMIE S.A. without consideration.

10/05/2017 HRADF published the tender for the recruitment of a strategic adviser, whose task would be to investigate best possible ways to develop its stake in PPC.

7. DESFA



**HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.**

20/04/2017 Upon implementation of the relevant decision issued by the HRADF BoD, the open tender for the recruitment of a financial adviser with regard to the sales of its 66% stake in DESFA was published.

05/05/2017 A respective announcement for the recruitment of a legal adviser was also published.

16/05/2017 The HRADF BoD decided to recruit a financial adviser with regard to the sale of its 66% stake in DESFA.

8. PROPERTIES

1. Elliniko SA

16/05/2017 The forest land designation act for 3.7 hectares at Elliniko was published.

2. E-auction

07/06/2017 The tender procedure to develop 9 properties (e-auction VIII) was launched, with offers to be submitted by the 31st October 2017.

08/06/2017 The tender procedure of long term lease of one property (e-auction VIII) was launched, with offers to be submitted by the 31st October 2017.

HRADF Organisation – Operation

05/04/2017 Mrs. Evangelia Tsitsogiannopoulou was appointed Chairwoman of the Board of Directors of TAIPED.

16/05/2017 On 16 May 2017, by decision of the General Meeting of Shareholders of the Fund, the operation of the Fund was extended by three years, i.e. from 1 July 2017 to 1 July 2020.

B. FINANCIAL STATEMENTS FOR THE PERIOD 01/01/2017 – 31/03/2017

Financial Results

HRADF reported losses in the first quarter of 2017, amounting to 1.175 thousand euro, compared to losses of 966 thousand euro in the respective period of 2016

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 0.5% 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.



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.

B.1. STATEMENT OF FINANCIAL POSITION

(Amounts in euro)

	31.03.2017	31.12.2016
<u>ASSETS</u>		
Property, plant and equipment	173.870	188.419
Intangible assets	56.984	36.477
Other non-current assets	32.603.210	57.373.010
Receivables from customers	63.542.323	94.337.493
Other current assets	6.462.544	5.440.824
Cash and cash equivalents	18.091.686	36.878.150
TOTAL ASSETS	120.930.617	194.254.373
<u>EQUITY AND LIABILITIES</u>		
Share Capital	30.000.000	30.000.000
Other equity items	-12.042.459	-10.867.134
Total equity of company shareholders (a)	17.957.541	19.132.866
Minority interests (b)	0	0
Total Equity (c) = (a) + (b)	17.957.541	19.132.866
Staff termination liabilities	205.721	180.267
Provisions / Other long-term liabilities	32.571.560	57.341.360
Other short-term liabilities	62.664.423	111.563.498
Advances from customers	7.452.447	5.916.526
Taxes and Duties payable	78.925	119.856
Total liabilities (d)	102.973.076	175.121.507
TOTAL EQUITY AND LIABILITIES (c) + (d)	120.930.617	194.254.373



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.

B.2. STATEMENT OF COMPREHENSIVE INCOME

(Amounts in euro)

	01.01.2017- 31.03.2017	01.01.2016- 31.03.2016
Turnover - Sales	208.993	0
Cost of Goods Sold	-1.377.824	-990.331
Gross Profit/(losses)	-1.168.831	-990.331
Other operating income	1.181	12.975
Other operating expenses	-27.335	-357
Operating Profits / (Losses)	-1.194.985	-977.713
Financial income	22.443	14.474
Financial expenses	-2.783	-3.158
Net Profit / (Loss) of the period before taxes	-1.175.325	-966.397
Income tax	0	0
Profit/(loss) of the period net of tax	-1.175.325	-966.397
Other comprehensive income for the period net of tax		
Actuarial gains/(losses) from staff compensation provision	0	0
Consolidated comprehensive income for the period	-1.175.325	-966.397

B.3. STATEMENT OF CHANGES IN EQUITY

(Amounts in euro)

	01.01.2017- 31.03.2017	01.01.2016- 31.03.2016
Total equity at start of period	19.132.866	21.218.302
Period profits / (losses) net of tax	-1.175.325	-966.397
Net income recorded directly in equity	0	0
Total equity at end of period	17.957.541	20.251.905



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND S.A.

B.4. STATEMENT OF CASH FLOWS

(Amounts in euro)

	01.01.2017- 31.03.2017	01.01.2016- 31.03.2016
<u>Operating activities</u>		
EBT (from continuing operations)	-1.175.325	-966.397
Plus/Minus adjustments for:		
Depreciation	34.413	43.600
Changes in pension obligations	25.454	13.541
Foreign exchange differences	16.980	-5.790
Results (income, expenses, profits & losses) from investing activities	-22.670	-14.474
Interest charges and related expenses	2.783	3.158
Decrease/ (increase) in receivables	30.129.674	-8.955.716
(Decrease) /increase in liabilities (excl. banks)	-47.779.414	7.148.092
Less:		
Interest charges and related expenses paid	-2.783	-3.158
Total inflow/(outflow) from operating activities (a)	-18.770.888	-2.737.144
<u>Investing Activities</u>		
Purchase of intangible and tangible assets	-40.144	-62.735
Interest received	24.568	14.474
Total inflow/(outflow) from investing activities (b)	-15.767	-48.261
<u>Financing Activities</u>		
Proceeds from increase in share capital	0	0
Total inflows/(outflows) from financial activities (c)	0	0
Net increase/ (decrease) in cash and cash equivalents (a)+(b)+(c)	-18.786.464	-2.785.405
Cash and cash equivalents at the beginning of the period	36.878.150	13.899.149
Cash and cash equivalents at the end of the period	18.091.686	11.113.744