

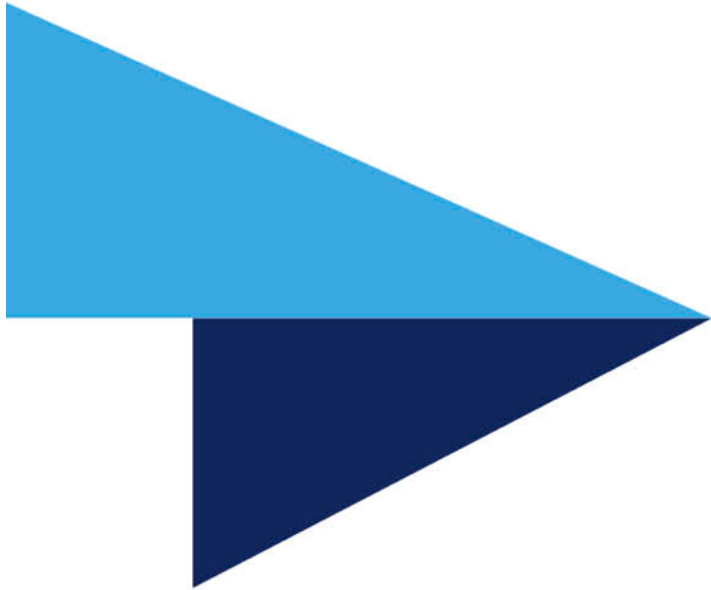
Asset Development Plan 3.0



HELLENIC REPUBLIC ASSET
DEVELOPMENT FUND

Athens, November 2012

1. Introduction





The key privatisation objective is to boost economic development and through that create new jobs, improve the quality of service to the citizen, and strengthen the image of the country

1. Introduction

- It is the Hellenic Republic's (HR) expressed view to transfer certain assets and rights from the public to the private domain
- The objective of the privatisation policy is to affect critical structural changes at prevailing market conditions
- The assets and rights owned by the HR fall into three categories:
 - shares (listed/unlisted)
 - rights (licenses/concessions)
 - real estate (land, buildings)
- Investments by third parties in real estate development or infrastructure concessions (e.g. roads, ports, airports) will contribute significantly to GDP growth, leading to commensurate increases in future tax receipts
- Higher resource productivity, through the better use of underemployed assets and higher efficiency, will reduce subsidies and also lead to incremental future GDP growth and the consequent rise in tax receipts
- The proceeds to the HR from these asset transfers can be grouped into three classes:
 - direct up front
 - direct but staggered (e.g. rents, license fees)
 - indirect (e.g. higher tax collections through increased economic activity)
- The direct up front proceeds will be used for debt reduction as stipulated in L3986/11 – staggered payments could be possibly securitised at a later stage
- To pursue the privatisation policy the HR set up the Hellenic Republic Asset Development Fund (HRADF) by L3896/11

1. Introduction

The Hellenic Republic Asset Development Fund

MANDATE	■ Maximise the value to the Hellenic Republic from the development and/or sale of assets to enable: ➢ Reduction of sovereign debt obligations owed by the Hellenic Republic ➢ Payment of operating expenses of the HRADF and any liabilities incurred during the normal course of operations ➢ Put the privatisation process in a business context
PURPOSE	■ Functions as a single command point with full responsibility for the implementation of the privatisation policy and the execution of each transaction ■ Ensures the quick resolution of technical and legal problems related to the assets or the privatisation proceeds for each of them
OBJECTIVES	■ Raise total proceeds of €50bn as stipulated in the Medium Term Fiscal Strategy Plan (MTFS), €11.1bn by 2016 and 25bn by the end of 2020 ■ Maximise the proceeds to the Hellenic Republic ■ Implement the privatisation process in a fully professional manner subject to legal safeguards ■ Establish a high degree of transparency to the various stakeholders throughout the process ■ Ensure objective criteria and a level playing field for all bidders

1. Introduction

The estimated value of the privatisation programme

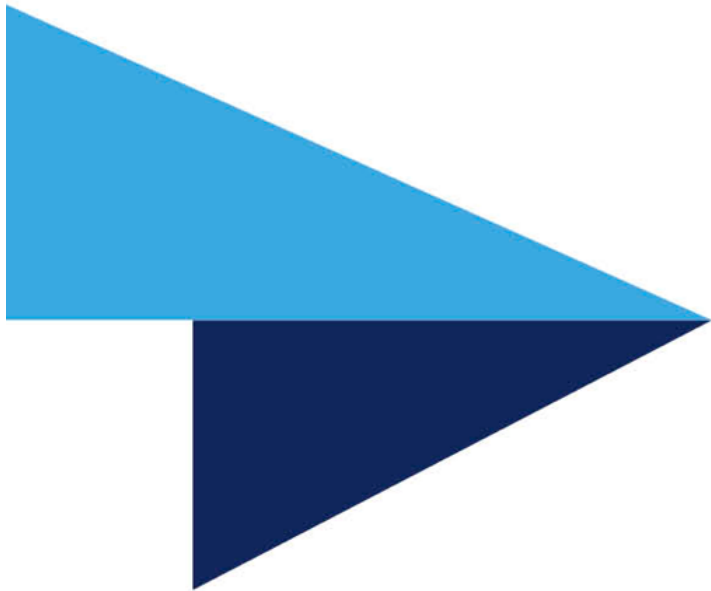
- Assuming no strings attached in selling and developing assets, the total market value of HR's commercially exploitable assets has been put at about €50bn (L3985/2011)
- About 70% of this value is sited on non currently tradeable assets (in particular and real estate), which require significant preparation before value is revealed and subsequently captured on the market
- Such value estimates depend and vary according to:
 - future macroeconomic conditions
 - the exact form that the asset for privatisation will eventually take
 - the view of potential investors for each assets at the economic conditions at the time of disposal
 - the availability and cost of funding to the private investors at the time of the privatisation
- Transferring the asset in private hands will improve their performance through the adoption of best industry practices, attract further investment and enhance employment
- The dependence on the above factors demands that the privatisation programme is reviewed on a semi-annual basis.

1. Introduction

Trust building

- The privatisation programme of the HR, beyond its capital raising function, is an exercise in credibility
- The envisaged size of the private capital required (~€50bn) for the implementation of the programme demands that it is marketed in a business rather than political manner
- Its success, particularly in the early stages, will lead to trust building with all market participants as well as with HR's creditors
- The structure and timing of the programme should be such that trust and credibility are both strengthened with every successful step

2. Economic and Business Environment



2. Economic and Business Environment

The overall economic context of the privatisation programme

- The privatisation programme envisaged in MTFS will have to be implemented in current market conditions and under certain constraints
- The combination of these factors may probably lead in the short to medium term to lower prices than originally expected
- Prevailing market conditions are dominated by the very high sovereign risk and may not allow the use of financial instruments such as exchangeables and warrants or the securitisation of future cash flows
- The Greek economy, independently from the public debt burden, is in deep and protracted recession, consequently leading to lower demand for all classes of assets
- The Athens Stock Exchange is suffering from value dissipation and extremely low liquidity, and it is not readily available for major financial transactions
- The Greek banking sector is to be restructured and recapitalised so as to cope effectively with the GGB haircut and the increased NPL provisions.

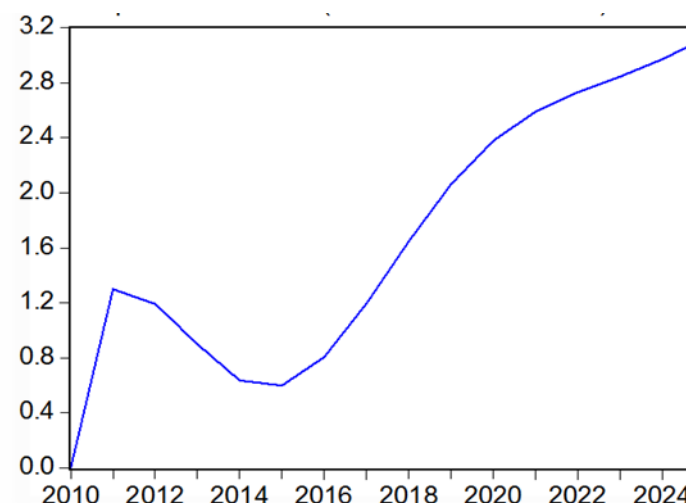
2. Economic and Business Environment

Economic and Fiscal Impact

- The overall impact of privatisations has three aspects:
 - promoting competition, as well as the efficiency and profitability of the economy
 - inducing higher capital investment and boosting employment in the economy, thus enabling higher growth rates through multiplier effects
 - generating public revenue both direct revenues from sales and indirect revenues from higher economic activity.
- Preliminary estimates suggest that over the planned duration of the privatisation it is expected that:
 - investment may increase by €60 bn. (with average investment multipliers that stand at about 2)
 - the real GDP growth rate may gain up to 1% p.a.
 - employment opportunities will be increasing with about 50,000 net new jobs
 - indirect tax revenues may grow by an extra €3 bn. (1.5% of GDP) p.a.

Investment Multipliers

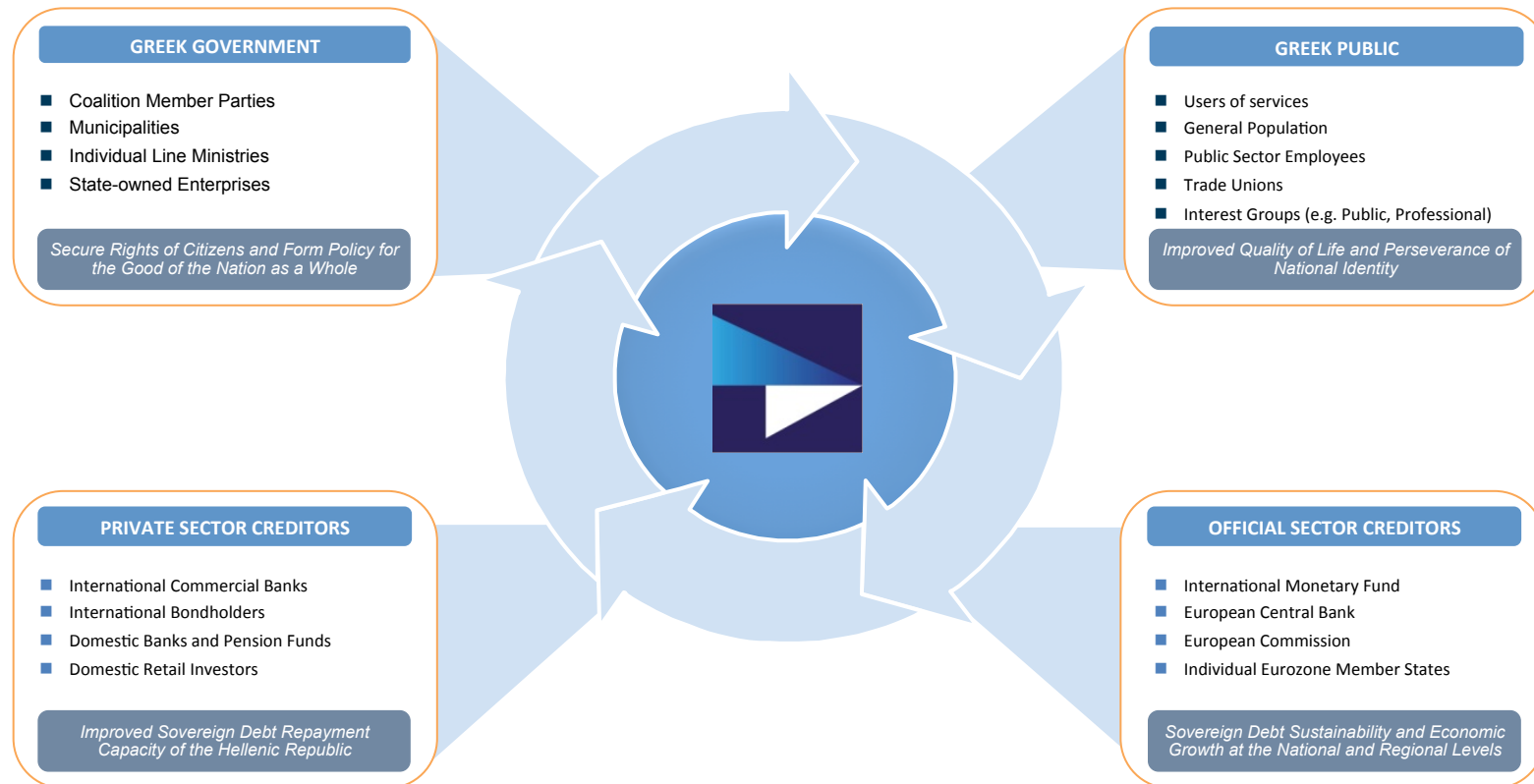
Permanent increase by 1% of GDP in public investment impact on real GDP (% deviations from base)



Source: Foundation for Economic & Industrial Research (IOBE)

2. Economic and Business Environment

Privatisation Stakeholders



2. Economic and Business Environment

The Investor Universe – Corporates and Rights

INVESTOR UNIVERSE		DESCRIPTION	RISK APPETITE	INVESTMENT ATTITUDE	INVESTMENT SIZE	INVESTMENT HORIZON
INDIVIDUAL INVESTORS	HNWI	▪ High Net Worth individuals or companies managing family investments	1	▪ Active	2	
	RETAIL	▪ Individuals investors who invest on their own account	2	▪ Passive	1	
ALTERNATIVE INVESTORS	PRIVATE EQUITY	▪ Equity capital not quoted on a public exchange	4	▪ Active	3	
	HEDGE FUNDS	▪ A limited partnership of investors that uses advanced investment strategies	4	▪ Active	4	
INSTITUTIONAL INVESTORS	MUTUAL FUNDS	▪ Professionally managed collective investment schemes	2	▪ Passive	4	
	PENSION FUNDS	▪ Retirement funds established to manage employee investments	2	▪ Passive	4	
	INSURANCE	▪ Form of collective investment scheme offered through life assurance policies	1	▪ Passive	4	
STRATEGIC INVESTORS		▪ Industry specific investor that invests across the industry vertically to expand its market	2	▪ Active	4	
SOVEREIGN WEALTH FUNDS		▪ State-owned investment fund whose assets are derived from a country's reserves	3	▪ Passive	5	

1:Low 5: High



Target investors

Active investors, with risk appetite, significant size and long time horizons are the HR privatisation programme's targets

2. Economic and Business Environment

The Investor Universe – Real Estate

INVESTOR UNIVERSE	DESCRIPTION	RISK APPETITE	INVESTMENT ATTITUDE	INVESTMENT SIZE	INVESTMENT HORIZON
HNWI / FAMILY OFFICES	“Bricks and mortar” investment in physical real estate	2	Active	1	
DEVELOPERS	Purchase the land, finance the real estate deal and then perform the construction	2	Active	2	
COLLECTIVE INVESTMENT SCHEMES	Investment in a fund that purchases physical property on behalf of its clients	3	Active	4	
REAL ESTATE INVESTMENT TRUSTS	Purchase of shares in publicly traded companies which invest in real estate	3	Active	4	
REAL ESTATE LIMITED PARTNERSHIPS	Often used for shorter-term projects, and often do not offer interim cash distributions	4	Passive	3	
LARGE BANKS / PRIVATE EQUITY	Large institutional investors that may securitise commercial real estate through CMBS structures	3	Passive	4	

1: Low 5: High



Target investors

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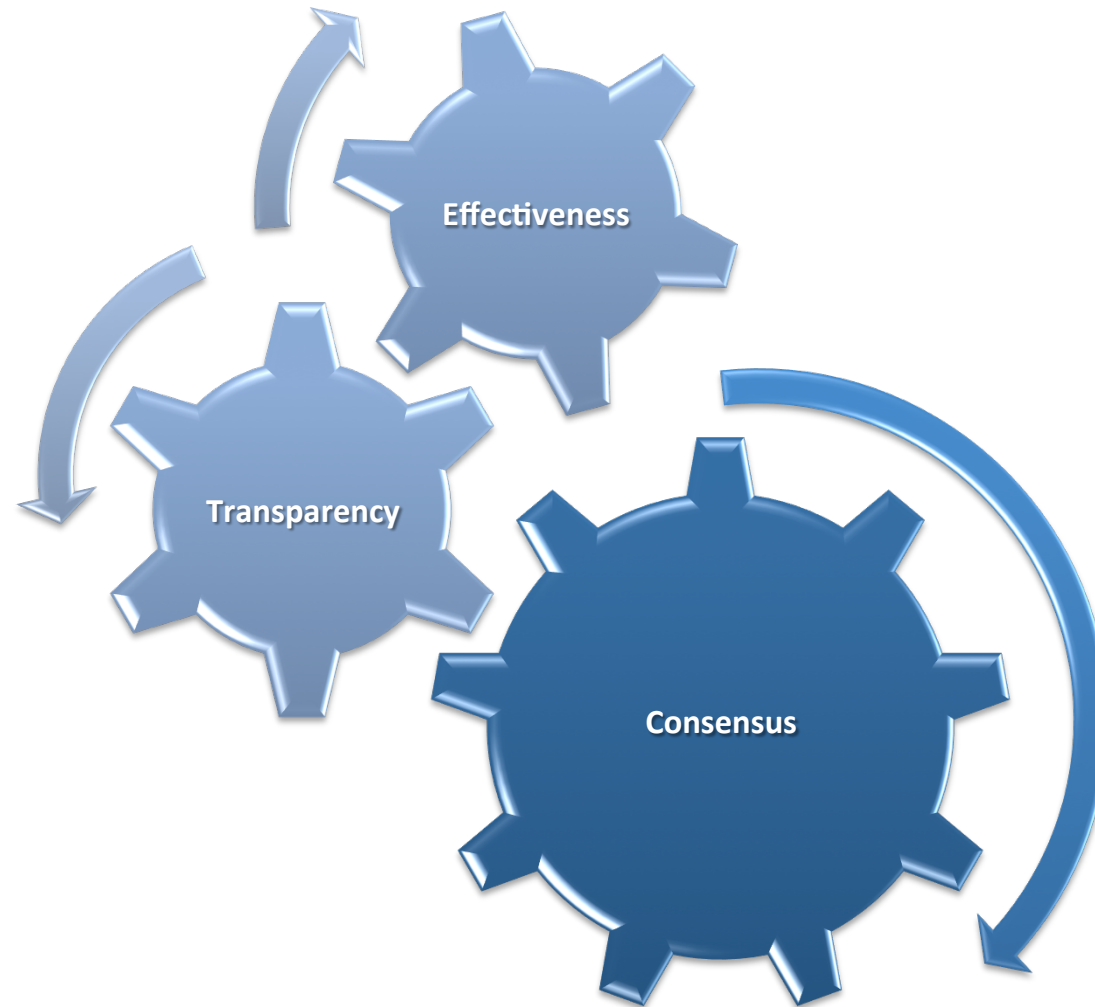
3. Outline Privatisation Strategy





3. Outline Privatisation Strategy

Our three principles





3. Outline Privatisation Strategy

Consensus

- Harmonization with governmental policies and strategies
- Formation of a clear strategic direction
- Deep analysis of the effects on all parties involved:
 - National economy
 - Local communities
 - Workforce
- Communication with the parties involved and presentation of the benefits from the assets development



3. Outline Privatisation Strategy

Transparency

- Internationally accepted tender procedures which ensure transparency and equal treatment towards all parties involved, maximizing competition
- Objective selection criterion: the highest economic offer
- Wide publicity in international and domestic media:
 - of all calls for tenders
 - of all press releases after each meeting of the BoD, regarding the decisions
 - continuous update concerning the time evolution of the projects
- Monitoring of the procedure by the Council of Experts and submission of opinions before the tender's award
- Evaluation of the asset by an independent valuer at the time of privatization
- Full control of the process followed of every privatization by the Court of Auditors before the signing of the contract



3. Outline Privatisation Strategy

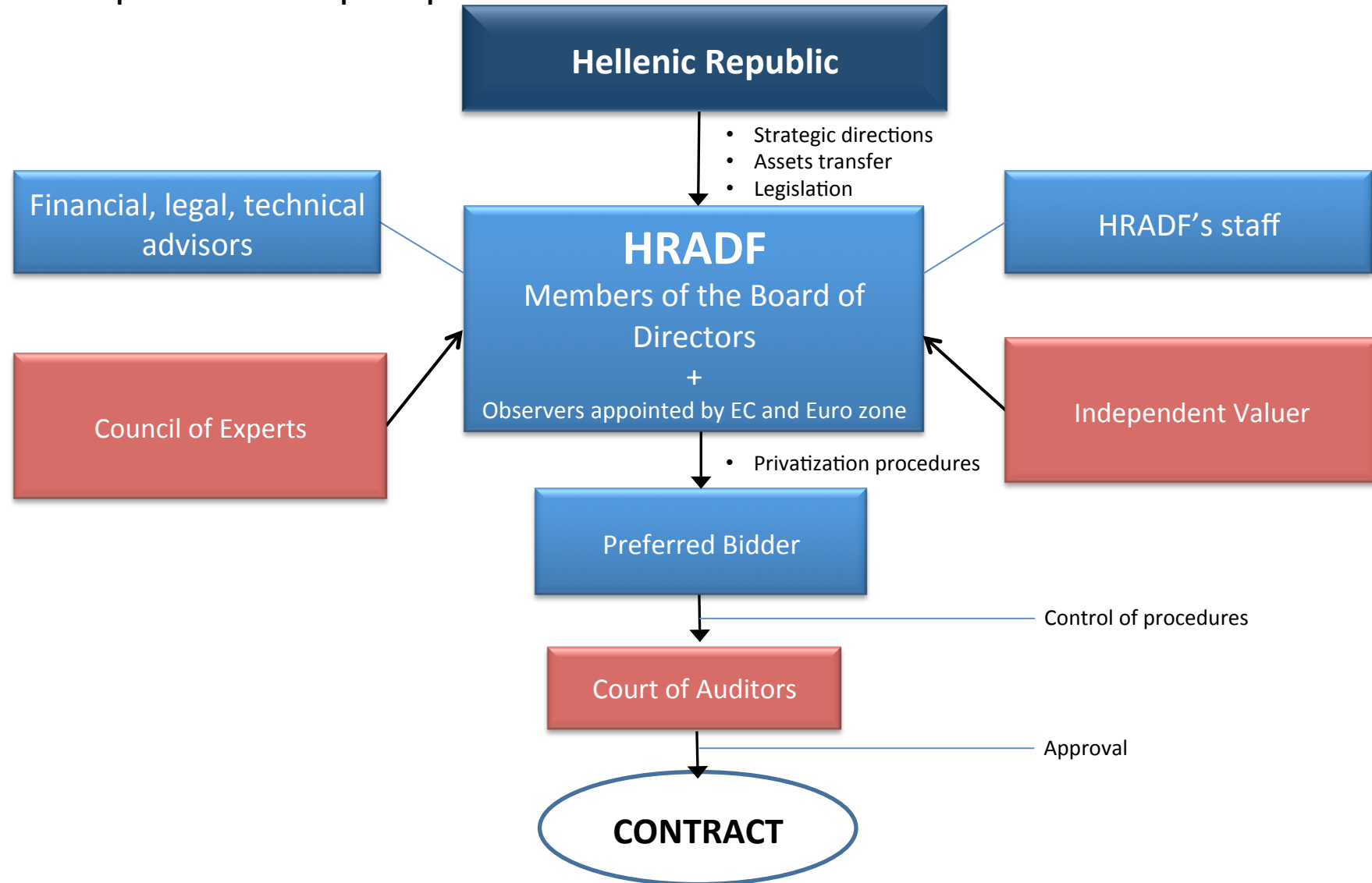
Effectiveness

- Proper and quick implementation of the strategy and the decisions
- Focus on the end result, which has two dimensions
 - Short implementation time
 - Optimum economic benefit
- Control systems and procedures ensuring the early warning for every divergence from the goals pursued



3. Outline Privatisation Strategy

Main parties and development procedure



3. Outline Privatisation Strategy

Where to focus

- Successful execution of the privatisation strategy requires significant legal, structural and operational changes in a number of assets
- Privatisation Programme Directions:
 - Sale/concession of those assets/rights that are clearly defined and have no strings attached in priority
 - monetisation of non marketable assets through bundling with other listed/marketable assets
 - monetisation of non marketable assets through restructuring and liquidation of the remainder

The Starting Point

- Rights and real estate assets earmarked for licensing and concession are in the process of legal and technical definition
- The development of real estate assets is by nature a long process (3 to 20 years)
- The sovereign risk factor weighs significantly on valuations and raises substantially the returns expected by investors

3. Outline Privatisation Strategy

The Premises

- To move forward we have defined a value maximisation path which takes for each asset into account:
 - the proceeds to the HR (cash and accruals)
 - the long term economic benefits of the privatisation concept
 - the implementation complexity which along with the starting point affects time to market
 - the financial scheme to bridge the price/value divide
- The privatisation process puts a lot of emphasis on gauging demand and obtaining feedback for each privatisation concept early on and adjusting the concept accordingly
- Privatisation processes should invariably lead to successful outcomes, in order to enhance credibility and the flow of proceeds
- Earn out/clawback schemes, that bring in an extra share of future profits or value, are factored in when market permits
- The privatisation processes are auditable and transparent, culminating to publicly posted tenders.

3. Outline Privatisation Strategy

Strategic Development Directions

Land

- Vacation homes, solar energy, luxury/upmarket resorts and hotels, golf courses and wellness centers are the five large market components of the land development part of the strategy

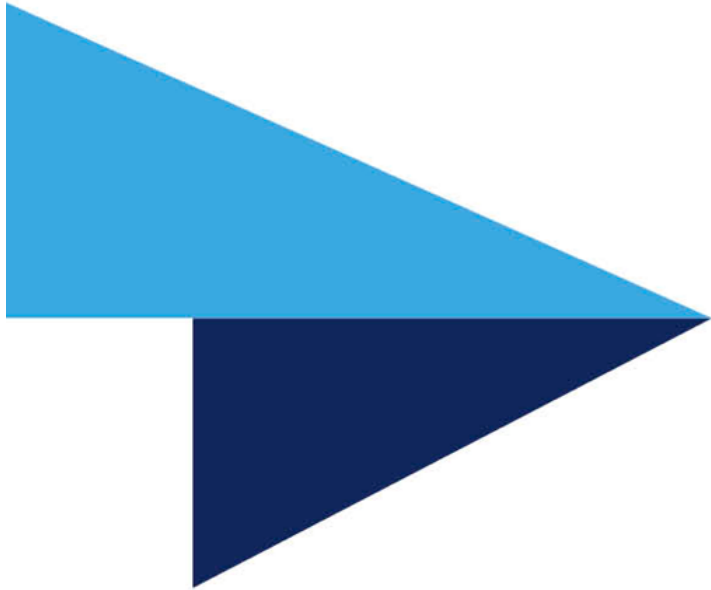
Infrastructure

- Infrastructure assets will be transferred to the private sector for upgrade, operations and maintenance through concessions rather than direct sale
- Regional airport, cruise port and marina concessions are complementary to land development for tourism, as they all upgrade Greece's tourist product
- Infrastructure assets may be bundled in order to generate more value for the Hellenic Republic

Shares and Rights

- Shares in corporations, as is or after restructuring, are to be sold through trade sales; public market are considered when the conditions are appropriate

4. Outline Strategy for Real Estate



4. Outline Strategy for Real Estate

Assumptions

- Most of the real estate appears prima facie suitable for tourist development
- Greece is a mid-tier international tourist destination in terms of both visitors (~12m p.a.) and spend per stay (€500). Growth of tourism has remained steady, despite economic recession.
- Supply should be fed commensurably to demand, so as to avoid oversupply and crowding out
- In the stock of available land there are unique plots, which could be developed for private use by ultra high net worth individuals
- Practically no land can be developed without special legislation. Realising value from real estate will take a considerable length of time

Guidelines

- Strengthen Greece as global tourist destination with high end/high visibility development
- Create large scale developments to attract operators that can mobilise demand
- Create a new market for vacation homes matching potential demand from high disposable income growth countries (e.g. China, Russia, Latin America, India, Arabia)
- Reinforce supporting infrastructures (e.g. roads, ports, marinas, airports, water, waste)
- Set up a financial instrument to bring forward value

4. Outline Strategy for Real Estate

High End/High Visibility Developments

- Bundle 6-10 Xenia (hotels) together and lease them to a 7* operator to market them globally as unique experience destinations (e.g. scenic beauty, unrivalled sea, entertainment, culture)
- Bundle wellness centers into 2-3 lots according to their healing properties and location and develop the hospitality part with private investors
- Create one or two unique global points of attraction (e.g. world surf centre at Prassonisi)
- Bundle 10 plots of land suitable for golf courses into 2 groups for second home development
- Offer for sale 5 unique plots of land to ultra high net worth individuals

These moves will place Greece in the international tourist map as high grade destination

4. Outline Strategy for Real Estate

Mainstream Developments

- Five classes of development only:
 - Hotel and tourist houses
 - Vacation homes
 - Marinas and the attached land area
 - Urban residential/commercial
 - Solar energy
- To select land suitable for each type of development six sets of criteria must be satisfied:
 - it is unencumbered
 - it has the right size to be economically feasible
 - the relevant infrastructure in the vicinity of the development is in place
 - the distance from a major entry point in the country is less than 80 km
 - transport connections are adequate (airport, port, roads)
 - there is no competition within a set radius (e.g. 80 km)
- Market conditions for the type of development envisaged must be buoyant or to be thought to become buoyant before permits are issued

5. Privatisation Programme Overview



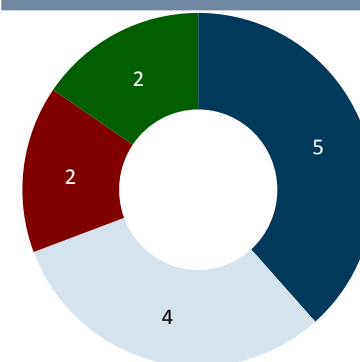
5. Privatisation Programme Overview

CORPORATES

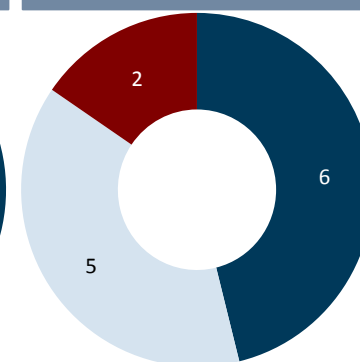
- The HRADF corporate/other portfolio comprises 13 assets in four different industries:
 - Some assets are practically bankrupt corporates and will require significant financial and operational restructuring
 - Some entities may require a “carving-out” process, where the entity is split and sold in disparate parts to maximise investor value and interest
- Assets in the corporate/other category are split between publicly listed companies, private companies that are majority owned by the Greek state, service rights, and natural resource rights
 - Many assets are highly liquid and can be monetised quickly if required, however the current market environment makes the price-value divide significant
 - Proceeds from the sale of the financial institutions assets are likely to be minimal given the imminent banking sector restructuring and recapitalisation, which will inevitably dilute current shareholders
 - Some assets, such as those in the defence industry require significant government support and EC approvals

PORTFOLIO COMPOSITION

ASSETS BY INDUSTRY



ASSETS BY TYPE OF HOLDING



■ Financial Inst. ■ Gaming ■ Shares (listed) ■ Shares (unlisted)
■ Defense ■ Mining & Metals ■ Rights

CORPORATE/OTHER PORTFOLIO OVERVIEW

PORTFOLIO	INDUSTRY	CHARACTERISTICS	ASSET CATEGORY	INDUSTRY	KEY ISSUES
	DEFENSE	➢ Weapons, Munitions and Explosives – HDS ➢ Military Vehicle Production – ELVO	SHARES (LISTED)	FINANCIAL INSTITUTIONS	▪ Recapitalisation of banking system post PSI
	FINANCIAL INSTITUTIONS	➢ Six financial institutions providing financial and banking services in Greece		GAMING	▪ Strong demand ▪ EC compliance
	GAMING	➢ Sports & Horse Race Betting – OPAP, ODIE ➢ Casinos – Hellenic Casino Parnitha ➢ Lotteries – Hellenic Lottery	SHARES (UNLISTED)	DEFENSE	▪ Loss making and unionised ▪ EC compliance
	MINING & METALS	➢ Mining & Metal Production – LARCO ➢ Public Mines & Quarries – Mining Rights		GAMING	▪ ODIE, Casino in financial difficulties ▪ EC compliance
			RIGHTS	MINING & METALS	▪ Unsustainable debt levels ▪ Compliance with environmental standards ▪ EC compliance
				GAMING	▪ Role of newly established regulator ▪ Upcoming changes in legal framework
				MINING & METALS	▪ Identification of mining resources

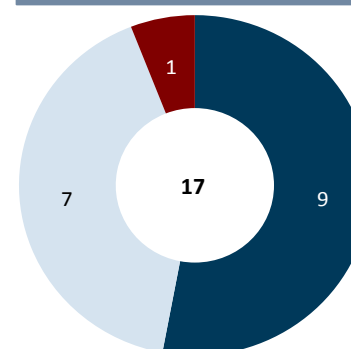
5. Privatisation Programme Overview

INFRASTRUCTURE

- The HRADF infrastructure portfolio comprises 17 assets in three different industries
 - Assets will be available for utilisation, leasing, development on a concession basis or sale of shares
 - If structured and marketed optimally, infrastructure assets may attract significant levels of global capital
 - The transfer of infrastructure assets to the private sector will facilitate further investment in the country
- The infrastructure assets are broadly split among public companies, private companies (majority owned by the Greek state), and rights to asset revenue streams and concessions
- The portfolio assets are characterised by entities that require a significant amount of restructuring and performing assets that require broader industry reform in order to maximise their value

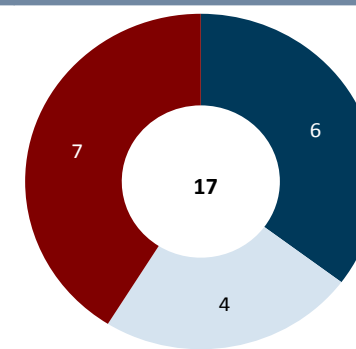
PORTFOLIO COMPOSITION

ASSETS BY INDUSTRY



■ Transportation & Logistics
■ Energy, Power & Utilities
■ Communications

ASSETS BY TYPE OF HOLDING



■ Shares (listed)
■ Shares (unlisted)
■ Rights

INFRASTRUCTURE PORTFOLIO OVERVIEW

PORTFOLIO	INDUSTRY	CHARACTERISTICS
	TRANSPORTATION & LOGISTICS	➢ Airports – AIA, Regional Airports ➢ Logistics – ELTA ➢ Motorways – 5 Motorways ➢ Ports – OLP, OLTH, Regional Ports ➢ Railroads – TrainOSE
	ENERGY, POWER & UTILITIES	➢ Natural Gas – DEPA, DESFA, South Kevala ➢ Oil Refinery – ELPE ➢ Power Generation – PPC ➢ Water Utilities – EYDAP, EYATH
	COMMUNICATIONS	➢ Frequencies – Digital Dividend, Mobile Telephony

ASSET CATEGORY	INDUSTRY	KEY ISSUES
SHARES (LISTED)	TRANSPORTATION & LOGISTICS	▪ Grouping of major ports with smaller ports
	ENERGY, POWER & UTILITIES	▪ Monopolies and regulatory environment
	COMMUNICATIONS	▪ NA
SHARES (UNLISTED)	TRANSPORTATION & LOGISTICS	▪ Broken even
	ENERGY, POWER & UTILITIES	▪ New tariff regime and regulatory structure
	COMMUNICATIONS	▪ NA
RIGHTS	TRANSPORTATION & LOGISTICS	▪ Funding and new terms for concessionaires
	ENERGY, POWER & UTILITIES	▪ Security of supply, Regulatory framework
	COMMUNICATIONS	▪ Legal reform

5. Privatisation Programme Overview

REAL ESTATE

- Based on a preliminary analysis of the portfolios of 30 different public entities (80.714 properties), **3.152 properties** have been selected for development and exploitation
- These properties were classified according to criteria of commercial potential and development maturity and were **pre-valued at €10.3 billion**
- The majority of these properties:
 - need to pass through an ESXADA process, before they can be exploited from investors. This process may take **4-6 months** to be completed (process runs parallel to tender process and other approvals with no additional time impact)
 - require tender procedures within EU legislation that could take **4-8 months** to be concluded, depending on the complexity of the project and the maturity of the asset

5. Privatisation Programme Overview

Outline Valuation of the Asset Portfolio

SUMMARY	
INTRODUCTION	The valuations were performed by HRADF' and its strategic advisors
VALUATION FRAMEWORK & METHODOLOGIES	- The framework for assessing the value of a given asset with the highest level of reliability requires the employment of a broad range of recognised valuation methodologies - Multiple valuation methodologies should be applied based on the relevant asset category and a subjective valuation performed on an asset-by-asset basis to increase value accuracy - Each valuation methodology has its advantages and limitations, requiring a holistic approach to ensure that pockets of value are identified and accurately captured
APPROACH	- Limited data availability for most assets is a significant constraint on the breadth of valuation methodologies that can be employed and a conclusive view on value ranges - Asset valuations performed by financial advisors assigned to individual projects are generally based on one single valuation methodology and very simplistic assumptions - Indicative value ranges are based on the level of state ownership which the strategic advisors understand is being considered for sale and not the entire ownership stake - Indicative value ranges as of 31 December 2011 - State guaranteed debt has not been included in assessing indicative asset value ranges - No adjustments for control premium, block trades, lack of liquidity or forced sale - For some assets, the availability of data has been so limited that the strategic advisors have been unable to provide any value ranges even on an indicative basis
RELIABILITY	- Indicative value expectations are highly uncertain, as reflected in the low reliability indicators assigned to the value assessment of most asset due to the following limitations: ➤ Most assets remain in the early stages of the privatisation process ➤ Lack of available data and access to source documentation ➤ Breadth of valuation methodologies employed ➤ Limited robustness of valuation assessments undertaken ➤ Quality of data available on an asset-by-asset basis ➤ High-level valuation assessments based on the reliance on simplified assumptions ➤ Macro-economic uncertainty

5. Development Plan



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND

Transaction Description Per Asset			
No	Asset	Asset Description	Transaction Description
1	Hellenic Motorways (4 projects)	The Hellenic Republic and the HRADF are negotiating with the relevant contractors a viable, durable solution, which shall establish the viability of the four motorways projects and their ability to be financed. (a) the concession with NEA ODO S.A. stipulated by the law 3555/2007 regarding the section of the Athens - Thessaloniki Motorway, Athens - Maliakos, the Antirio - Ioannina Motorway and the connection Schimatari - Chalkida, (b) the concession with OLYMPIA ODO S.A., stipulated by the law 3621/2007 regarding the section of the Stefania - Korinthos - Patra - Pyrgos - Tsakona Motorway, (c) the concession with AEGEAN MOTORWAY S.A., stipulated by the law 3605/2007 regarding the section of the Athens - Thessaloniki Motorway, Maliakos - Kleidi, (d) the concession with KENTRIKI ODO S.A., stipulated by the law 3597/2007 regarding the Central Greece Motorway (E65), which are negatively affected by the current financial crisis, and as a result the construction activities have stopped temporarily. The negotiations with the concession companies have reached an advanced level and the negotiation process with the Credit Institutions is about to start.	Pursuant to the 195/27.10.2011 decision of the Interministerial Committee for Restructuring and Privatisation, the rights from the concession contracts have been transferred to the HRADF. The securitisation of the projects' future proceeds shall be examined following the signing of the reset agreement.
2	IBC	International Broadcasting Center (IBC) has a total area of 153,800 sq.m, analysed into Shopping Mall = 73,000 m² (incl. 4,500 m² office area), basement and parking & storage space area = 59,200 m², additional area (vacant) of 14,300 sq.m.	Transfer of usufruct on the right of use for a period of 90 years through an international open tender.
3	Sale & Repo of 28 buildings	Portfolio of 28 buildings currently being used by Ministries and other Government Authorities.	The buildings will be sold through an international open tender in one or more lots. Buyback option after 20 to 30 years by HR.
4	KASSIOPI	Property size ca. 490 thousand sq.m., (120.83 acres). More than half of the area is covered by a private forest, including a small natural lake, and has a coastline of around 725m. Appropriate for tourist development.	Sale of the share capital of an SPV, which will be established by the Fund and to which the Fund shall assign the right of surface for a period of 99 years, through an international open tender.
5	Public Gas Corporation (DEPA) / Hellenic Natural Gas System Operator (DESFA)	The Public Gas Corporation (DEPA) is assigned with the wholesale, commerce and distribution of natural gas. The National Natural Gas System Operator (DESFA), 100% affiliated company of DEPA, holds and manages the network of transportation of high pressure gas and the installation of Liquefied Natural Gas (LNG). The Hellenic Republic holds 65% of DEPA, and the Hellenic Petroleum S.A. holds 35%.	Common sale along with Hellenic Petroleum S.A., through an international open tender, of the 100% of DEPA as an aggregate total or sale of 100% of DEPA and 66% of DESFA with two different transactions. In any case, the 34% of DESFA shall remain to the Hellenic Republic.
6	Hellenic Defense Systems	HDS was established in 2004 by the merging of Greek Powder & Cartridge Company S.A.(PYRKAL) and the Hellenic Arms Industry S.A (EVO). HDS operates in two sectors: a) the defense sector, engaged mainly in the production of ammunition and infantry weapons and b) the civil sector, engaged in civil sector ballistics and explosives.	Selected business activities or/and assets of the EAS group shall be developed. The selection and the way of exploitation shall be defined by the Privatization Advisors.
7	Hellinikon	The biggest urban development project in Europe with an area of more than 6.2m sq.m. Mixed-use development which will enhance the attractiveness of Athens in Eastern Mediterranean and will integrate the existing urban and infrastructure complex of the Athens greater area.	Sale of shares of the Hellinikon S.A., to which shall be transferred rights in rem of surface and ownership of a smaller part of land, via international open tender process.
8	Hellenic Horserace Betting Organisation (ODIE)	ODIE is a state controlled entity that offers horse racing betting services in Greece and operates a wide network of c.450 betting agencies across Greece.	Concession, for 20 years, of the right of organization of horseraces in Greece and the exclusive right of organization of betting at racetracks.
9	State Lotteries	The State Lotteries license covers the active lotteries (Popular Lottery, the National Lottery, the Special State Social Solidarity Lottery or New Year's Lottery), as well as the European Lottery, the Instant State Lottery (currently suspended) and the Housing State Lottery, which are currently inactive.	Concession of the exploitation, management, promotion and development of State Lotteries for 12 years through an international open tender. HRADF will receive an upfront fee and an earn out for the duration of the license.
10	Natural Gas Field "South Kavala" / Conversion to an underground Natural Gas Storage Facility	The offshore natural gas reservoir "South Kavala" was discovered in 1972 and gas production started in 1981. Today, the field is exploited by a private oil company, to which the HR has granted the exploitation rights up to 2014. Currently, the nearly depleted reservoir has remaining gas of c. 150 mil. c.m., which is expected to be used as part of the cushion gas of the 360 mil. c.m. required for an effective storage operation, with estimated annual capacity of the storage facility of 720 mil. c.m.	Concession of usage - exploitation of the rights of the underground gas storage facility through an open tender. The exact strategy will be determined following the recommendation by the privatization advisors.

5. Development Plan



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND

Transaction Description Per Asset			
No	Asset	Asset Description	Transaction Description
11	HELPE	Hellenic Petroleum S.A (HELPE) is the leading oil refiner and product distributor in Greece and a significant player in Southeast Europe, operating three refineries. It is also the largest marketing company in Greece and owns 35% of DEPA shares.	HRADF plans to offer 35,5% of the HELPE via international open tender following the privatization of DEPA.
12	LARCO	Larco S.A is one of the six largest ferro-nickel producers in Europe. The company exports almost 100% of its production to the world's main stainless steel producers including Outokumpu, ThyssenKrupp, Arcelor and Glencore.	The assets of LARCO in Ag. Ioannis and Larymna of Fthiotida smelter will be transferred, pursuant to the law, back to the HR on 31.12.2012 following the expiry of the lease agreement of 1976. Those assets will be transferred to an asset SPV which then will be privatised, while the remaining assets (mines) will be privatised through a different process.
13	"EGNATIA ODOS" Motorway	Egnatia Motorway is a 670 km long, connecting the port of Egumenitsa in Western Greece with the Greek-Turkish border. The concession includes also three vertical axes/feeders to the main motorway (Siatista - Krystalloggi, Halestra - Evzoni and Thessaloniki - Serres - Promahon)	A 30-year concession to operate and maintain EGNATIA ODOS (including the three vertical axes) will be granted through an international tender.
14	Small Ports & Marinas	The Greek state's portfolio contains 850 small ports and 115 marinas. The small ports offer predominantly ferry services and some cargo and cruise services.	Concession rights to operate, maintain and further develop a number of marinas and cruise ports through international open tenders. The marinas/ports could be bundled in groups or offered individually. Besides an upfront fee, a share of the revenue will also be apportioned to HR.
15	OLP, OLTH and 10 Large Ports	The Greek state's portfolio contains 12 ports, including the two listed port companies of Piraeus (OLP) and Thessaloniki (OLTH). All twelve have long-term concession agreements with the state (up to 2052 for OLP and OLTH and up to 2042 for the remaining 10 ports) for the operation and maintenance of the port zones. These offer a wide range of port services such as: i) commercial port services (i.e. container, cargo, car terminal, etc.), ii) passenger port services (i.e. ferry and cruises), iii) ship maintenance and repair. OLP has granted a 30-year concession for the operation, maintenance and further development of its larger container terminal to COSCO, up to 2039, with a ten year extension option.	The exploitation of the ports infrastructure via concessions of parts or groups of ports operations or via shares sale are being considered.
16	Regional Airports	The Greek state regional airport portfolio comprises of the entire network of airports (37 in total), with the exception of AIA. It currently services c. 18 million passengers per annum and covers the full range of airport operations. It is presently operated by the Hellenic CAA, either directly or through concession agreements with specific service operators (e.g. ground handling).	Concession rights to operate, maintain and further develop a number of airports will be granted through international open tender(s). The airports will be bundled in one or more groups. Besides an upfront fee, a share of the revenue will also be apportioned to HR.
17	Athens Internation Airport Concession Extension & Sale of shares of Airport Company (AIA)	AIA is a public-private partnership, involving the HR and a private consortium led by the Hochtief AG. AIA has a 30-year concession agreement for the construction, financing, operation and maintenance of Eleftherios Venizelos airport, expiring in 2026.	The extension of the concession contract between AIA and HR and the exploitation of the shareholding of the Hellenic Republic is examined, by searching for an international investor, probably along with the equivalent share of Hochtief Airports.
18	AFANTOU	The Afantou-Rhodes project located on the island of Rhodes, is made up of 2 land plots: one of 1.537.000 sq.m (in which there is an existing Golf Course) and another of c. 323.000 sq.m. The physical boundaries of the two plots lie at a distance of approximately 300 m from each other. Both plots are situated close to the seafloor and enjoy more than 5km of coastline.	Sale of shares of the SPV, which will be established by the Fund and to which shall be transferred the right in rem on the surface for the 75% of the land and on the ownership for the 35% of the land, via international open tender process.
19	ASTIR Vouliagmenis	The site is situated on Kavouri peninsula in Vouliagmeni, at 20 km from the Athens centre and 25 km from the Athens International Airport with a total size of 308,000 sq.m, of which 38% is owned by the HR (c. 120,000 sq.m.). Although the HR has ownership of the site, the National Bank of Greece (NBG) has a usufruct right up to year 2030. The adjoining property, of 188,000 sq.m, is the Astir Palace hotel complex, owned by NBG.	The National Bank of Greece wishes to sell their part of the site and the hotel complex through an international open tender. The Fund has agreed to co-sell the rights of the smaller site so that the overall site is on offer to the market. The Fund will receive a percentage of total proceeds.
20	Public Power Corporation (PPC)	Public Power Corporation S.A. is the incumbent electricity producer and supplier in Greece with more than 7.5 million customers and an installed capacity of 12,800 MW. It is also the owner of the national electricity transmission system and the distribution networks. Its production mix includes lignite-fired plants, gas and oil plants as well as hydro and renewable energy assets. The HR holds 51% of PPC, while the remaining 49% is floated in the Athens Stock Exchange.	The Hellenic Republic proceeds to a valuation study of the national strategy in the field of electricity. Following the above-mentioned, after the suggestion of the Advisors and along with the Hellenic Republic, the development strategy of the company shall be defined.

5. Development Plan



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND

Transaction Description Per Asset			
No	Asset	Asset Description	Transaction Description
21	OPAP	The Hellenic Football Prognostics Organisation (OPAP) is the leading gaming company in Greece with a monopoly right (ending in 2030) to operate and manage thirteen sports betting and numerical games in Greece. Recently OPAP was granted the exclusive right to operate 35.000 VLT's for ten years (ending 2022).	To sell 33% of the shares of OPAP through an international open tender.
22	EYDAP	The Athens Water Supply, and Sewerage Company S.A (EYDAP), has a 20-year exclusive concession agreement with the HR, ending in 2019, to supply water and sewerage services in the greater Attika area. Operations include the i) water supply and distribution; ii) refinement; and iii) waste-water & sewerage treatment.	The concession agreement will be amended. Simultaneously, up to 61% of the shares will be sold through an international open tender. The rights of the users shall be protected by special provisions of the concession contract and shall be supervised by the Regulatory Authority.
23	EYATH	The EYATH (Thessaloniki Water Supply and Sewerage S.A.) has the exclusive right, till 2031, on the provision of water and sewerage services in the region of Thessaloniki, via concession contract signed with the Hellenic Republic.	The concession agreement will be amended. Simultaneously, up to 74% of the shares will be sold through an international open tender. The rights of the users shall be protected by special provisions of the concession contract and shall be supervised by the Regulatory Authority.
24	Hellenic Post (ELTA)	Hellenic Post (ELTA) is the leading postal service supplier in the Greek market and member of the Universal Postal Union. Services provided include, letter post, parcel service, a nationwide next-day delivery service, bills' payment services, express mail, door-to-door service as well as financial and insurance services through its wide network (750 outlets). The Hellenic Republic holds 90% of the shares. The market is being liberalised.	Up to 90% of ELTA shares will be offered for sale through an international open tender.
25	Digital Dividend	The ongoing switchover of TV broadcasting signal from analogue to digital format will free up the 790-862 MHz frequencies' area, which is known as the "Digital Dividend". Mobile operators are highly interested in these frequencies, on top of their existing spectrum, to accommodate fast increasing demand for data services and to offer better wireless broadband coverage inside buildings and in rural areas.	Concession, for a specific period of time, of the rights of use of the 790-862 MHz frequencies, with the cooperation of the National Telecommunications and Post Commission, through an open tender.
26	Hellenic Vehicle Industry (ELVO)	ELVO was established in 1972 as Steyr Hellas S.A and in 1987 after the transfer of Austrian shares to the Greek State, the company was renamed to Hellenic Vehicle Industry S.A. It is the Greek Army's largest supplier of various types of armored and civilian vehicles. The HR holds a 81% participation in the ELVO's share capital, while the rest is owned by Mytilineos Group and Lainopoulos family.	The transaction structure will be determined following the recommendation by the privatization advisors.
27	TRAINOSE	Trainose S.A is the sole rail operator in Greece fully owned by the HR.	Alternative privatisation options will be investigated.
28	Casino Mont Parnes	Hellenic Casino of Parnitha S.A is the owner and operator of Casino Mont Parnes, which is located on Mount Parnitha near Athens. It is the only casino in the Attika area. It is majority owned by Regency Casinos. The HR, through ETAD owns 49% of the shares with the remainder held by Regency Casinos.	HRADF will offer for sale 49% of the shares of the company through an international open tender.
29	Real Estate Lot 2	Xenias, Supporting Facilities Areas, Buildings abroad, Tourist properties	Sale of development rights. The transfer of rights to the potential investor will take place through international open tenders. Outright sale of buildings abroad.
30	Real Estate Lot 2	Vacation home, Large projects (ie Kaimaktsalan)	Sale of development rights. The transfer of rights to the potential investor will take place through an international open tender.

5. Privatisation Programme Overview



HELLENIC REPUBLIC ASSETS
DEVELOPMENT FUND

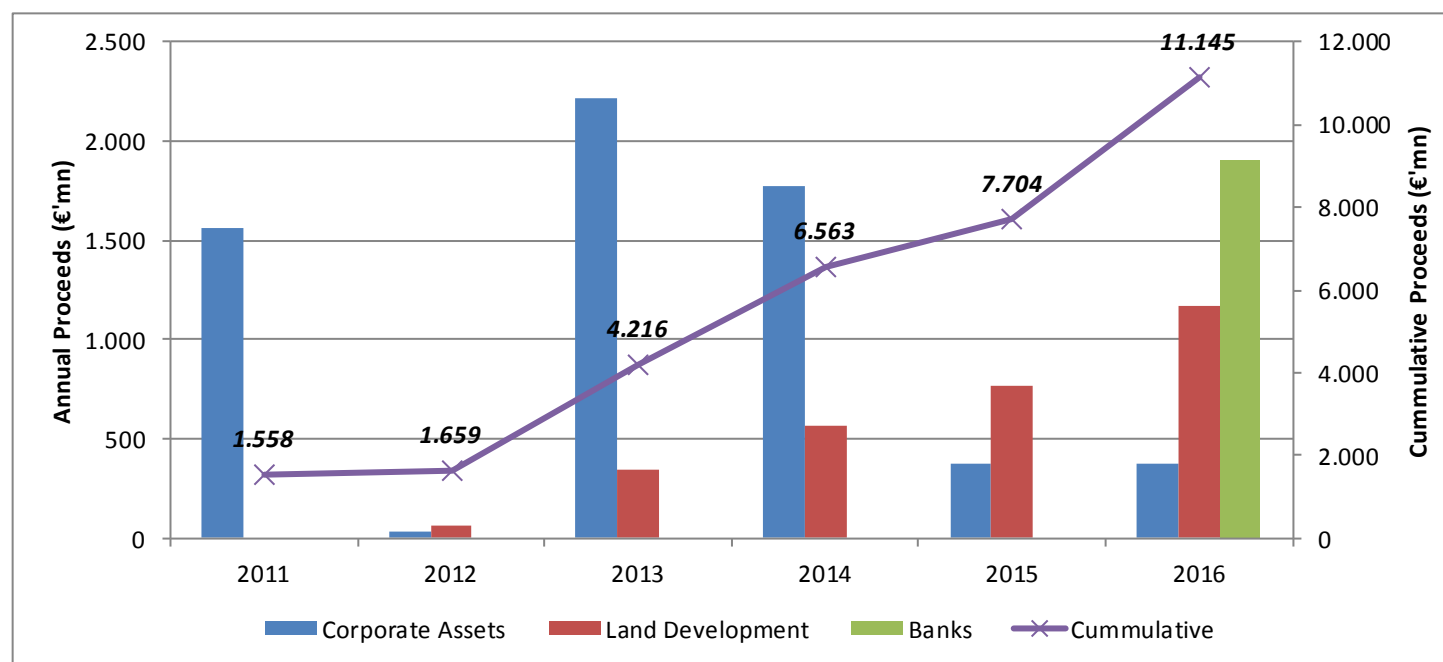
Asset Development Plan 2012-2016	
Launch Date	Project
I. State-owned enterprise/share sale	
2012Q1	Public Gas (DEPA)
Q1	Public Gas (DESFA)
Q4	Thessaloniki Water (EYATH)
Q4	Football Prognostics Organization (OPAP)
2013Q1	Horse Race Betting Organization (ODIE)
Q1	Hellenic Petroleum (HELPE)
Q1	Athens Water (EYDAP)
Q1	Hellenic Post (ELTA)
Q1	Hellenic Vehicle Industry (ELVO)
Q1	Mining and Metallurgical Company (LARCO)
Q1	Hellenic Defense Systems (EAS)
Q2	Athens Airport (AIA)
Q3	Public Power Corporation (PPC)
Q4	Railways (Trainose)
Pending court decision	Casino Mont Parnes
II. Concessions	
n.a.	Hellenic Motorways
2012Q4	State Lottery
2013Q1	Egnatia Odos
Q1	Small ports and marinas
Q1	Regional airports
Q1	Thessaloniki Port (OLTH)
Q1	Piraeus Port (OLP)
Q1	Large regional ports
Q2	South Kavala Gas Storage
Q4	Digital Dividend
To be determined	Mining rights
III. Real Estate	
2011Q4	Hellinikon 1
2012Q1	IBC
Q1	Cassiopi
Q1	Afantou
Q4	Sale/repo 28 buildings
2013Q1	Astir Vouliagmenis
Q1	Real Estate lot 2
Q4	Real Estate lot 3

Source: HRADF update on projects under development.

5. Privatisation Programme Overview

Greece: Privatization Plan - 2011-2016

	2011	2012	2013	2014	2015	2016	Total (6)
Corporate Assets	1.558	32	2.215	1.777	374	374	6.330
Land Development	0	69	342	570	767	1.167	2.915
Banks	0	0	0	0	0	1.900	1.900
Total Proceeds	1.558	101	2.557	2.347	1.141	3.441	11.145
Cummulative	1.558	1.659	4.216	6.563	7.704	11.145	



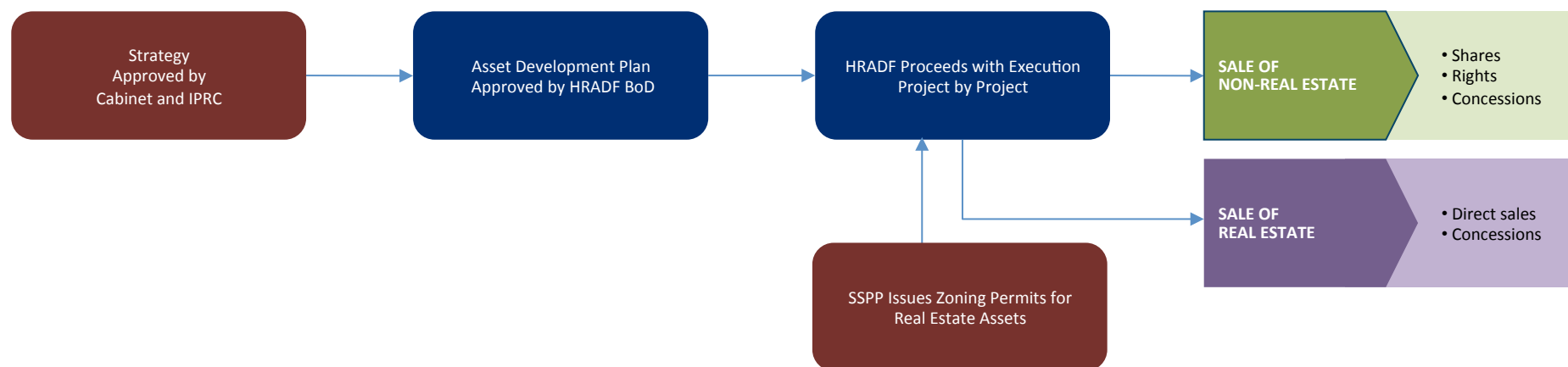
6. Privatisation Process



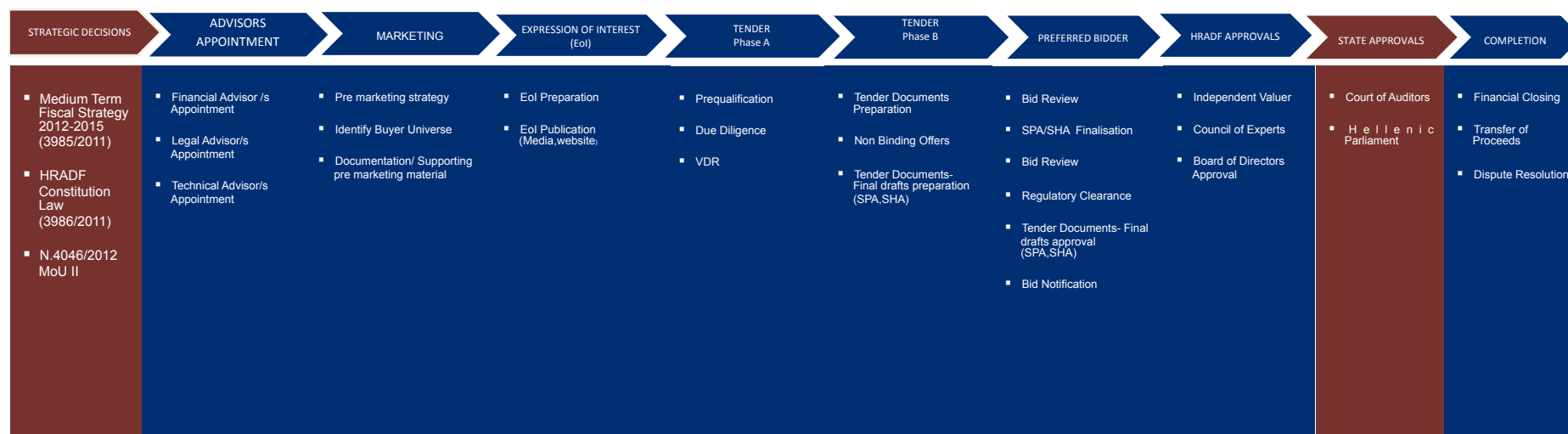


6. Privatisation Process

Outline



PRIVATISATION PROCESS STAGES AND RELATED WORKSTREAMS

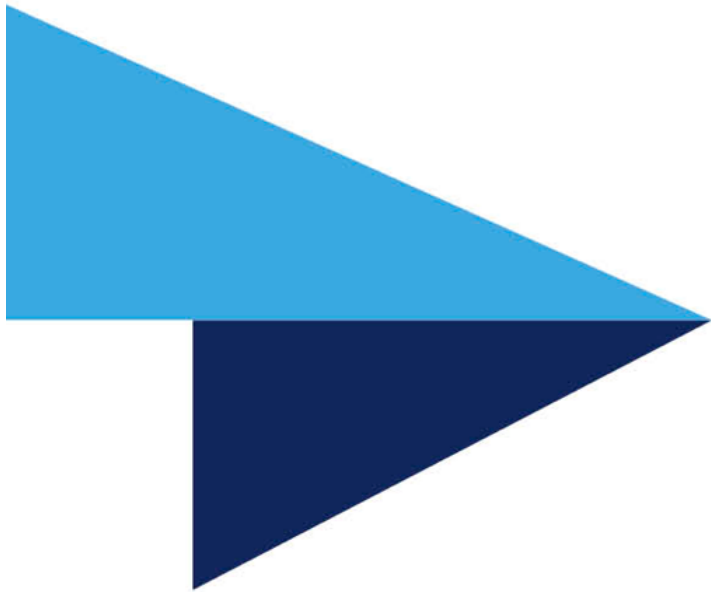


6. Privatisation Process

Privatisation Process Guidelines

- No negotiations may take place after the submission of binding offers, as this will violate the equitability of the bidders. Legal documents (e.g. SPA, licenses, concession agreement, shareholders agreement) may be exchanged with and commented upon by bidders prior to the submission of the binding offers. Binding offers may be submitted only when legal documents have been accepted by the bidder. Minor changes that do not disadvantage the HR may be made post the acceptance of the final offer
- EC state aid, competition and procurement notifications should take place before the official start of the tender process. Comments by EC should be factored in the tender documents, and EC should be kept fully informed during the tender
- The only selection criteria applicable are those related to the value according to HR. This has typically three components: “upfront payments + staggered payments + residual value”. The operationalization of these criteria may differ from privatization to privatization. When there is a need to assess the residual value of the HR holdings, the total committed investment could be used as a proxy
- The total duration of any tender should be the minimum possible and should be determined only by the activities on the critical path. Unnecessary extensions or delays allow other forces to come to bear, which usually affect adversely the procedure
- All documents should be easy to understand. The level of clarity must be high, and commensurably, ambiguity and uncertainty as low as it is feasible, as they tend to impact on perceptions about the procedure itself
- Any privatization process should be fully traceable, auditable and able to face public scrutiny. Its design should reflect these requirements and key decisions should be cleared by the BoD, not only at the final stage but in the interim as well. Folders properly organized should be kept for all documents of each project

7. Conclusions





7. Conclusions

- The Hellenic Republic's privatisation programme faces a number of challenges:
 - unfavourable market conditions and pending resolution of the sovereign debt crisis affects investors' willingness to commit
 - most portfolio assets require significant preparatory work, remediation and transformation prior to market introduction
 - investor appetite depends crucially on political stability and a path to sovereign debt sustainability
 - value preserving implementation requires careful timing and sequencing of asset disposals based on marketability and price
 - funding through bank debt/capital markets is limited
- Implementing the privatisation programme within the contemplated timeline is highly dependent on macroeconomic recovery and market absorption of a substantial number of real estate assets:
 - HRADF portfolio value is highly concentrated in real estate assets with cash proceeds heavily skewed towards the long term
 - long term horizon for real estate monetisation demands consideration of asset collateralisation schemes to bring value forward



7. Conclusions

- Typically privatisation durations will range between 10 to 20 months with about 13 months to the expected completion
- Privatisation processes should invariably lead to successful outcomes, in order to enhance credibility and proceeds
- Unless the concept is clear and acceptable to the market no privatisation process is set in motion
- Earn out/clawback schemes, that bring in an extra share of future profits or value, are factored in when market permits
- The privatisation processes will be auditable and transparent, culminating to publicly posted tenders
- Clarity of purpose, clarity of process and tight project management are the prerequisites for the successful implementation of the privatisation programme
- Trust building and credibility are key in restoring investors confidence in Greece and strengthening creditors' support