

MANAGEMENT REPORT OF THE “HELLENIC REPUBLIC ASSET DEVELOPMENT FUND S.A. (HRADF)” FOR THE PERIOD 01/10/2012 – 31/12/2012

Report for the period

Summary

The appointment of the new HRADF management on 07 September 2012, the preparatory work carried out in the previous months and the redoubling of HRADF activities in the fourth quarter of 2012, enabled the programme as a whole to pick up speed.

The new management puts every effort in minimizing the impact from the delays occurred as a result of the May / June elections 2012.

Privatisation Programme Progress

On 27 September the tender for selling a 33% stake in the share capital of the Hellenic Football Prognostic Organisation was launched, in response of which eight (8) prospective investors expressed their interest. In the next stage of the tender process, which includes the submission of binding offers, shall participate the seven (7) companies and consortia listed below that met the pre-selection criteria. Furthermore, the conditions for the second and final phase of the tender have been approved.

- BC Partners
- Emma Delta Ltd, an investment fund managed by Emma Delta Management Ltd whose principal shareholders are Jiri Smejck (66.7%) and Giorgos Melissanidis (33.3%)
- The Consortium of Gauselmann AG (55%), Playtech Ltd (41%) and Helvason Ltd (4%)
- The Consortium of Intralot Holdings Luxemburg S.A. (34%) and Intralot Investments Ltd (66%)
- Primrose Treasure Limited, a subsidiary of Fosun international
- Third Point LLC
- TPG Capital

The tender for DEPA / DESFA is also under way, for which five non-binding offers were submitted in November 2012 by the following prospective investors:

- Gazprom for DEPA
- M&M GasCo for DEPA
- Negusneft (Sintez Group) for DEPA and DESFA
- PPF & GEK TERNA for DESFA
- Socar for DESFA

In December 2012 the tender process for the privatization of the State Lotteries was concluded with the consortium of OPAP Investment Limited, Lottomatica Giochi e Partecipazioni S.r.l., Intralot Lotteries Limited and Scientific Games Global Gaming S.à.r.l. as the provisional successful highest bidder. The total financial gain for the Hellenic Republic is estimated to be, in nominal terms, about 1.5 billion Euros in 12 years, including the upfront payment of €190 million.

Finally, in December the tender process for the sale of the properties in London, Nicosia, Brussels, Belgrade, Ljubljana and Tashkent was launched.

In parallel, progress has been recorded regarding the following tenders:

- a. the development of Afantou Rhodes, with six (6) prospective investors invited to submit binding offers

- b. the development of the Hellinikon property, with the approval of the tender documents for the final phase
- c. the development of property in Kassiopi Corfu, where the Board of Directors approved today the Memorandum of Cooperation with the Hellenic Navy General Staff for the transfer of the naval observatory in Kassiopi from its current position to a new point in the land plot of HRADF, which was a prerequisite for the land's development
- d. the launch of the tender process for the development of 28 properties through sale & lease back, whose development in addition to financial gain will also significantly enhance their functionality. Moreover, the relocation of public agencies to the properties of Thivon Street and Kifisias Ave, which remained unexploited for a long time, will enhance their efficiency.

Significant progress has been recorded regarding the handling of government matters, since a large number of outstanding legislative matters (56 out of a total of 87) have already been finalised. The remaining pending government matters are proceeding in complete synchronization with the HRADF privatization time schedule. These are continuously monitored and controlled each month and the Prime Minister's office is updated thereon, which demonstrates that the privatisation programme has full political support.

The revenues of the privatization programme for the period July – December 2012 amounted to € 5 million and were generated from the sale of shares in Piraeus and Alpha Bank.

At the same time, HRADF worked on preparing other assets, a fact which will allow the acceleration of the programme with the following projects being placed on the market within 2013. More specifically the privatizations below are scheduled to be launched within the 1st quarter of 2013:

- a. EYATH
- b. Astir Vouliagmenis
- c. selected properties held by the Hellenic Republic
- d. the concession of a group of small ports and marinas
- e. the sale and leaseback of selected properties belonging to the Hellenic Republic
- f. the concession of a group of state owned airports
- g. ODIE, and
- h. “Egnatia Odos” Motorway.

Finally, the following projects have been scheduled to begin in the 2nd Quarter 2013:

- a. ELPE
- b. EYDAP
- c. International Athens Airport
- d. TRAINOSE
- e. OLTH
- f. OLP
- g. Major regional ports
- i. LARCO, ferronickel mining and metallurgical processing company
- j. Hellenic Defence Systems
- k. Hellenic Post, and
- l. Hellenic Vehicle Industry.

The aggregate revenue target is to collect € 11.1 billion by 2016, of which € 2.6 billion will be realised within the 2013 calendar year.

HRADF Operation

It was decided that HRADF should appoint a member of the Board of Directors of the companies whose shares and/or voting rights have been transferred to HRADF in order to more efficiently assist the companies in carrying out their work, by providing know-how and specialized knowledge, as well as support them in the implementation of their targets.

Privatisation Programme Promotion

The promotional activities for the last quarter of 2012 focused on informing the investors on the continuation of the privatization programme and maintaining investor interest.

In addition, HRADF participated in EXPO REAL, Munich, as well as in a road show in New York organized by HELLENIC EXCHANGES S.A.

Financial Results

In the quarter October to December 2012 HRADF recorded a loss of €1.83 mil. The results have been affected by the provisions for doubtful receivables amounting to €699 thousand, which concern the Hellenic Motorways project. The project was stopped for a long time, and efforts to reactivate it in cooperation with the advisors are presently taking place. As the negotiations are progressing, it is evident, that the transaction will not produce any initial consideration, out of which the fees of the advisors will be withheld. The financial benefits of the State, besides the obvious development dimension, will be long-term in nature.

The detailed Financial Statements for the period October – December 2012 are attached hereto.

Investments

The Company invested € 7.6 thousand in tangible and € 4.1 thousand in intangible fixed assets in order to cover its operational needs.

Events after the date of the Financial position statement.

In the beginning of January Mrs Eleni Papakonstantinou resigned from the Council of Experts, and was replaced on 24 January 2013 by Mr Georgios Koutsoudakis. Also, at the end of January 2013 Mr Siegfried Bernd, another member of the Council of Experts resigned.

The tender process for the development of Kassiopi, Corfu was concluded, with the acceptance of the financial offer of NCH Capital for the acquisition of 100% of the shares of the Special Purpose Vehicle S.A., to which HRADF will transfer the concession rights of the property development for a period of 99 years for a consideration of 23 million Euro. This investment is expected to generate hundreds of new jobs in the area during the construction period.

Moreover, on 5 February 2013, the consideration for the sale of the usufruct with a 90-year duration on the Exploitation Right of the International Broadcasting Centre (IBC) was collected after the positive opinion of the Court of Auditors.

In 2013 the following tenders were launched:

- a. the sale of a majority stake in the share capital of Astir Vouliagmenis
- b. the development of the property in the area of Paliouri, Chalkidiki

- c. the development of five motorway supporting areas located in the Elefsina Stavros-Spata-Airport Avenue and the West Regional Avenue of Imittos.
- d. the sale of a 51% stake in the share capital of EYATH.

Moreover, with respect to the progress of the privatization programme:

- a. the initial draft sale and purchase agreement for a 33% stake in OPAP S.A. was approved in the context of the 2nd Phase of the tender process.
- b. the process for developing the "Astir Vouliagmenis" property is progressing by means of an agreement entered into by National Bank of Greece and HRADF on the percentage of the purchase price that each will receive from the said development.
- c. the DEPA / DESFA tender is going forward with the approval of the tender documents for the submission of binding offers.

FINANCIAL STATEMENTS FOR THE PERIOD 01/07/2012 – 31/12/2012

1. STATEMENT OF FINANCIAL POSITION

	<i>amounts in euro</i>	<i>amounts in euro</i>	<i>amounts in euro</i>
	30.6.2012	30.09.2012	31.12.2012
ASSETS			
PROPERTY			
Non-current assets			
Tangible Assets	473.132	457.437	428.707
Intangible Assets	176.102	198.917	183.606
Other Long-term Receivables	235.366.550	235.366.550	149.341.550
	236.015.784	236.022.904	149.953.862
Current Assets			
Receivables from customers	17.619.707	20.611.298	113.167.258
Other current assets	108.018.305	28.227.406	20.505.070
Cash and Cash Equivalents	70.892.018	13.867.688	6.222.891
	196.530.029	62.706.392	139.895.219
Total Assets	432.545.813	298.729.295	289.849.081
EQUITY			
Share Capital	30.000.000	30.000.000	30.000.000
Retained Earnings (previous year)	140.013	140.013	140.013
Losses (current financial year)		(1.228.447)	(3.062.589)
Total Equity	30.140.013	28.911.566	27.077.424
LIABILITIES			
Long-term Liabilities			
Payroll Provisions	0	0	56.328
Other Long-term Liabilities	235.334.900	235.334.900	149.309.900
	235.334.900	235.334.900	149.366.228
Short-term Liabilities			
Suppliers and Other Liabilities	166.265.629	34.011.006	112.480.305
Cash advances from customers	397.747	397.747	590.399
Tax-Dues Liabilities	407.524	74.077	334.725
	167.070.900	34.482.830	113.405.429
Total Liabilities	402.405.800	269.817.730	262.771.657
Total Equity and Liabilities	432.545.813	298.729.295	289.849.081

2. STATEMENT OF COMPREHENSIVE INCOME

	<i>amounts in euro</i>	<i>amounts in euro</i>	<i>amounts in euro</i>
	01.07.2012- 30.09.2012	01.10.2012- 31.12.2012	01.07.2012- 31.12.2012
Turnover - Sales	0	178.257	178.257
Cost of sales	0	(2.446.856)	(2.446.856)
Gross Loss	0	(2.268.599)	(2.268.599)
Other Operating Income (Expenses)	(416.096)	(707.336)	(1.123.432)
Administration Expenses	(1.087.304)	1.087.304	0
Operating Loss	(1.503.400)	(1.888.631)	(3.392.031)
Financial Income	275.879	58.063	333.942
Financial Expenses	(926)	(3.574)	(4.500)
Net earnings for the period before taxes	(1.228.447)	(1.834.142)	(3.062.589)
Income tax	0	0	0
Net earnings for the period after taxes	(1.228.447)	(1.834.142)	(3.062.589)

3. STATEMENT OF CHANGES IN EQUITY

amounts in euro

	Share Capital	Retained Earnings	Total Equity
Equity	30.000.000	0	30.000.000
Net Earnings for the Period 31/12/2011	0	3.729.485	3.729.485
Balance, 31 December 2011	30.000.000	3.729.485	33.729.485
Equity	30.000.000	0	30.000.000
Net Earnings for the Period 30/06/2012	0	140.013	140.013
Balance, 30 June 2012	30.000.000	140.013	30.140.013
Losses for the period 30/09/2012	0	(1.228.447)	(1.228.447)
Balance, 30 September 2012	30.000.000	(1.088.434)	28.911.566
Losses for the period 31/12/2012		(1.834.142)	(1.834.142)
Balance, 31 December 2012	30.000.000	(2.922.576)	27.077.424

4. STATEMENT OF CASH FLOWS

amounts in euro
01.10.2012-31.12.2012

Operating activities

Earnings before tax (continuing activities) (1.834.142)

Plus/less adjustments for:

Depreciations 55.833

Impairments of tangible and intangible fixed assets

Provisions 698.583

Difference in liabilities related to retirement of personnel 56.328

Results of investment activity (income, expenses, profit and loss) (58.063)

Debit interest and similar expenses 3.574

Plus/less adjustments for working capital account changes

Decrease / (increase) in reserves

Decrease / (increase) in receivables 492.793

(Decrease) / Increase in payables (excluding debt) (7.102.401)

Less:

Debit interest and similar expenses paid (3.574)

Tax paid

Total inflows/(outflows) from operating activities (a) (7.691.068)

Investment activities

Acquisition of subsidiaries, associates and other investments

Purchase of tangible and intangible fixed assets (11.792)

Receipts from disposal of tangible and intangible fixed assets

Interest received 58.063

Dividends received

Total inflows/(outflows) from investment activities (b) 46.271

Financial activities

Receipts from increase in share capital

Payments for decrease in share capital

Receipts from issued / undertaken loans

Loan repayment

Liabilities repayment of finance lease (amortization)

Dividends paid

Total inflows/(outflows) from financial activities © 0,00

Net increase/(decrease) in cash and cash equivalent (a)+(b)+(c) (7.644.797)

Opening cash and cash equivalent 13.867.688

Closing cash and cash equivalent 6.222.891