

Hellenic Republic Asset Development Fund

3rd Quarter Report (1.1.2012-31.3.2012)

Overview

- The Hellenic Asset Development Fund (HRADF) has accelerated the pace of placing assets on the market. The tender process for four more assets commenced, and the first stage of one was completed within the first quarter of 2012.
- The Asset Development Plan was reviewed and approved by the BoD.
- The development of management tools supporting the efficient implementation of privatizations is almost complete.

HRADF Operations

1. In order to facilitate the achievement of its targets, as stated in Law 4016/2012, HRADF is developing with the assistance of specialist consultants, an integrated Program Management System (PMS); this is scheduled to go live by end of April 2012.
2. So far all Advisors but six, for all 2012 and 2013 projects, have been now contracted; of the remaining, two are at the final stage of signing by the Ministry of Finance, while four more Advisors (concerning two projects, Trainose and ELVO) are in the tendering process.
3. during the first quarter of 2012, the following real estate assets have been transferred to the Fund by the Greek Government, to be prepared for privatisation:
 - Afantou, Rhodes
 - Kassiopi, Corfu
 - International Broadcasting Center (IBC)
 - Three (3) buildings

Progress of Privatization Program

4. Four projects have been launched in Q1 2012:
 - a. the tender for DEPA/DESFA (February 29th, 2012), in response to which interest was expressed by 17 investors, from 12 countries.

- b. the long lease for 90 years of the building of International Business Center (IBC) - March 2nd, 2012
 - c. the leasehold for 99 years of a property in the Kassiopi area, Corfu (March 6th, 2012)
 - d. the leasehold for 99 years of a property in the Afantou area, Rhodes (March 20th, 2012)
5. HRADF initiated a strategic assessment of its banking portfolio in order to formulate realistic privatisation concepts for its assets.
6. HRADF's CEO has met with the European Investment Bank top management in order to present the complete privatisation programme and to discuss funding of the Motorway projects, currently stalled.
7. HRADF's CEO met with the top management of DG Comp in Brussels, in order to provide an overview of the privatisation programme and develop a mutually acceptable approach to resolving state aid issues regarding assets for privatisation.
8. The Asset Development Plan (ADP) has been reviewed and approved by the Board of Directors on March 14th 2012.
9. In the course of Q2 2012 HRADF is planning to put on the market:
 - a. the sale and repo of 28 state buildings
 - b. 35% of Hellenic Petroleum shares
 - c. 29% of OPAP shares
 - d. 74% of the shares of Thessaloniki Water Supply and Sewerage Company
 - e. the assets of LARCO, the nickel mining and smelting company
 - f. Egnatia Odos concession
 - g. 61% of the shares of Athens Water Supply and Sewerage Company
 - h. 90% of Hellenic Post shares
 - i. a number of small ports and marinas

Promotion of Privatization Program

10. The Fund continued marketing actively the whole program as well as individual projects, and established the structures for enhancing its international promotion. More specifically:
 - "Hill+Knowlton Strategies" appointed as HRADF's international communication advisor for one year.
 - a Communication Officer was appointed in February, to manage media and investor relations in Greece and abroad.

11. HRADF Marketing activities of HRADF in the first quarter of 2012 included:
 - a. 35 interviews of HRADF's Top Management, as follows:
 - i. 18 interviews of the Chairman to major local and international media.
 - ii. 8 interviews of the CEO to major local and international media (Bloomberg, Daily Telegraph, Macedonia, Capital, Ethnos, Les Temps, Kathimerini, Skai
 - iii. 9 interviews by the Executive Director to the journalists of major Newspapers (Kerdos, Vima, Imerisia, Ethnos, Naftemporiki) and TV Channels (Skai, Sky TV, CCTV News).
 - b. Three (3) Roadshows coordinated and led by the Executive Director focusing on Land Development in Beijing, Doha and London
 - c. Participation of a HRADF delegation to MIPIM, the largest land development fair in the world, 12-15 March, 2012, led by HRADF's Executive Director
 - d. one-on-one meetings with fourteen (14) potential investors in Israel, led by HRADF's CEO and organized by the Greek Embassy
 - e. Participation of HRADF in two targeted investment conferences in Athens, organized by the office of the Vice President of the Greek Government, with UAE and Qatar investors.
 - f. Presentations of HRADF to key industry associations:
 - SEV, the Greek Employers Association
 - SETE, the Association of Greek Tourism Enterprises
 - EVEA, the Athens Chamber of Commerce and Industry
 - SVEE, the Federation of Industries of Northern Greece
 - TCCI, the Thessaloniki Chamber of Commerce and Industry
 - g. Participation of the Privatization Program Coordinator at:
 - Greek-Turkish Workshop in Istanbul on Tuesday, March 20th 2012, in cooperation with the Greek-Turkish Business Council and DEIK (Turkish Foreign Trade Organization)
 - Qatar Investors Meetings in Doha
12. There has been a substantial improvement in the coverage of HRADF in the Greek media, both qualitatively and quantitatively, from January to March, 2012; total publicity has almost doubled from 576 to 1108 with negative publicity decreasing from 17% to 14%.
13. There has been a wide coverage of HRADF's activities in top international media, such as The Wall Street Journal, Dow Jones International News, Agence France Presse, Dow Jones Business News, Reuters News, and International Herald Tribune.

14. HRADF assigned MRB, a leading Greek polling company, to carry out a nationwide opinion survey, regarding public attitudes vis a vis privatization.

Financial Performance

15. Total operating revenues for the period July 2011 – March 2012 reached €5m, consisting of €2,6m commissions related to the sale of assets and €2,4m from rechargeable advisors' fees and expenses. Operating expenses amount to €4,7m and net financial revenue to €3m, resulting to net profit equal to €3,1m for the same period.

STATEMENT OF FINANCIAL PERFORMANCE	01.01.2012 - 31.12.2012	01.07.2011 - 31.03.2012
<i>Amounts in '000 €</i>		
Revenues	(0)	4.999
Cost of Sales	(1.023)	(4.765)
Gross Profit	(1.023)	234
Earnings before interest and tax	(1.023)	234
Financial Income	401	2.967
Financial Expense	(1)	(94)
Earnings before tax	(623)	3.107
Taxes	0	0
Net income	(623)	3.107

16. Half-year financial results were audited and approved by the Board of Directors on February 28th, 2012, as per Law 3986/2011

