

INVITATION TO PARTICIPATE IN A PUBLIC CONSULTATION & CONSULTATION MATERIAL



Project Egnatia Motorway

Concession of the right to operate, maintain, and commercially exploit Egnatia Motorway and its three vertical axes

Introduction

- The concession of the right to operate, maintain and commercially exploit the fully constructed Egnatia Motorway (approximately 660 km in length) and the three (3) vertical axes (approximately 228 km in length combined), (together the “**Motorway**”) is part of the on-going Privatisations Program of the Hellenic Republic (the “**Transaction**” or the “**Project**”);
- The aforementioned right has been transferred to the Hellenic Republic Asset Development Fund (the “**HRADF**”) (by virtue of the 215/10.8.2012 ICARP decision as amended and in force);
- On October 5th, 2016 the Board of Directors of the HRADF approved the commencement of the process for the privatization of Egnatia Motorway leading to the initiation of an international tender for the award of a concession agreement for the operation, maintenance and commercial exploitation of the Motorway to a private investor;
- Within this framework, the HRADF invites interested investors to participate in an open public consultation process (the “**Consultation**”), through which they shall have the opportunity to express their initial non-binding interest and their views on the Project **until 20/12/2016**;
- The objectives of the Consultation are to:
 - (a) ascertain the level of interest of the private sector to undertake the Project
 - (b) obtain ideas and views on the optimization of the Project
- The HRADF has appointed ALPHA BANK as its Financial Advisor in relation to the Transaction;
- In this context, interested parties should contact Alpha Bank in the manner described on page 9, as well as review the relevant announcement published on HRADF’s website.

Introduction to the Motorway

Key Facts

- Fully constructed, operational main axis (c.660 km) stretching from the Ionian Sea (Igoumenitsa) to the Turkish borders (Kipi) linking all major cities, airports, and commercial ports at Northern Greece
- Three vertical axes ("V.A.", c.228 km out of which c.196 operational) leading to Albania, F.Y.R.O.M., Bulgaria
- 18 toll stations ("T.S."), out of which 8 in operation and 17 motorway service stations ("M.S.S.") out of which 1 in operation
- Major civil works (bridges and tunnels), representing c.6% and 7% of the total length of the Motorway, respectively

Backbone of Northern Greece transport system



Main axis

- **c.660 km** and eight operational toll stations
- Dual carriageway with two traffic lanes, emergency lane and a hard shoulder per direction (except a 26 km section Interchange ("I/C") Kleidi – I/C K1/three traffic lanes per direction)

Siatista - Ieropigi - Krystallopigi

- **c.72 km**: c.51 km already in operation / no operational T.S.
- Dual carriageway with two traffic lanes, emergency lane and a hard shoulder per direction

Thessaloniki (Axios) - Evzonoï

- **c.60 km**: In operation / no operational T.S.
- Single carriageway with two traffic lanes per direction and no hard shoulder

Thessaloniki - Serres - Promachonas

- **c.96km**: c.85 km already in operation / Promachonas T.S. operational since 7.7.2016
- Dual carriageway with two traffic lanes, emergency lane and a hard shoulder per direction (except 11 km section I/C Christos – I/C Ambelas / to be reconstructed)

Strategic Connections

Igoumenitsa

- Population: c.26,000
- Gateway to Italy
- Port passenger traffic 2015: 2,364,415
- Port freight (international) traffic 2015 (gross tonnes): 2,240,934

Thessaloniki

- Population: c.1,100,000
- Gateway to F.Y.R.O.M. and Bulgaria
- Second largest city in Greece
- Port passenger traffic 2015: 26,356
- Port freight (international) traffic 2015 (gross tonnes): 9,998,034
- Airport passenger traffic 2015: 5,341,293

Kavala

- Population: c.70,500
- Gateway to Bulgaria
- Port (central port of Kavala) passenger traffic 2015: 501,245
- Port (central port of Kavala) freight (international) traffic 2015 (gross tonnes): 1,333,874
- Airport passenger traffic 2015: 243,565

Alexandroupoli

- Population: c.73,000
- Gateway to Turkey and Bulgaria
- Port passenger traffic 2015: 138,947
- Port freight (international) traffic 2015 (gross tonnes): 65,418
- Airport passenger traffic 2015: 168,631

Source: (i) <http://www.elime.gr/index.php/limania> (ii) <http://www.statistics.gr>
 (iii) <http://www.egnatia.eu/page/default.asp?la=2&id=24> (iv) <http://www.ypa.gr/en/our-airports>

The Motorway serves strategic connections

V.A. Siatista – Ieropigi – Krystallopigi

- Links Greece with Albania
- Part of E86 European route
- Total length: c.72 km
- Links to VIII Pan European Corridor

V.A. Thessaloniki – Evzonoï

- Links Greece with F.Y.R.O.M.
- Part of E75 European route
- Total length: c.60 km
- Links to X Pan European Corridor

V.A. Thessaloniki – Serres – Promachonas

- Links Greece with Bulgaria
- Part of E79 European route
- Total length: c.96 km
- Links to IV Pan European Corridor

	Ports	Key
	Igoumenitsa	I
	Thessaloniki	II
	Kavala	III
	Alexandroupoli	IV

	Airports	Key
	Ioannina	1
	Kastoria	2
	Kozani	3
	Thessaloniki	4
	Kavala	5
	Alexandroupoli	6

	Toll Stations in operation	Key
	Tyria	A
	Malakasi	B
	Polymylos	C
	Malgara	D
	Analipsi	E
	Moustheni	F
	Iasmos	G
	Promachonas	H



Main axis

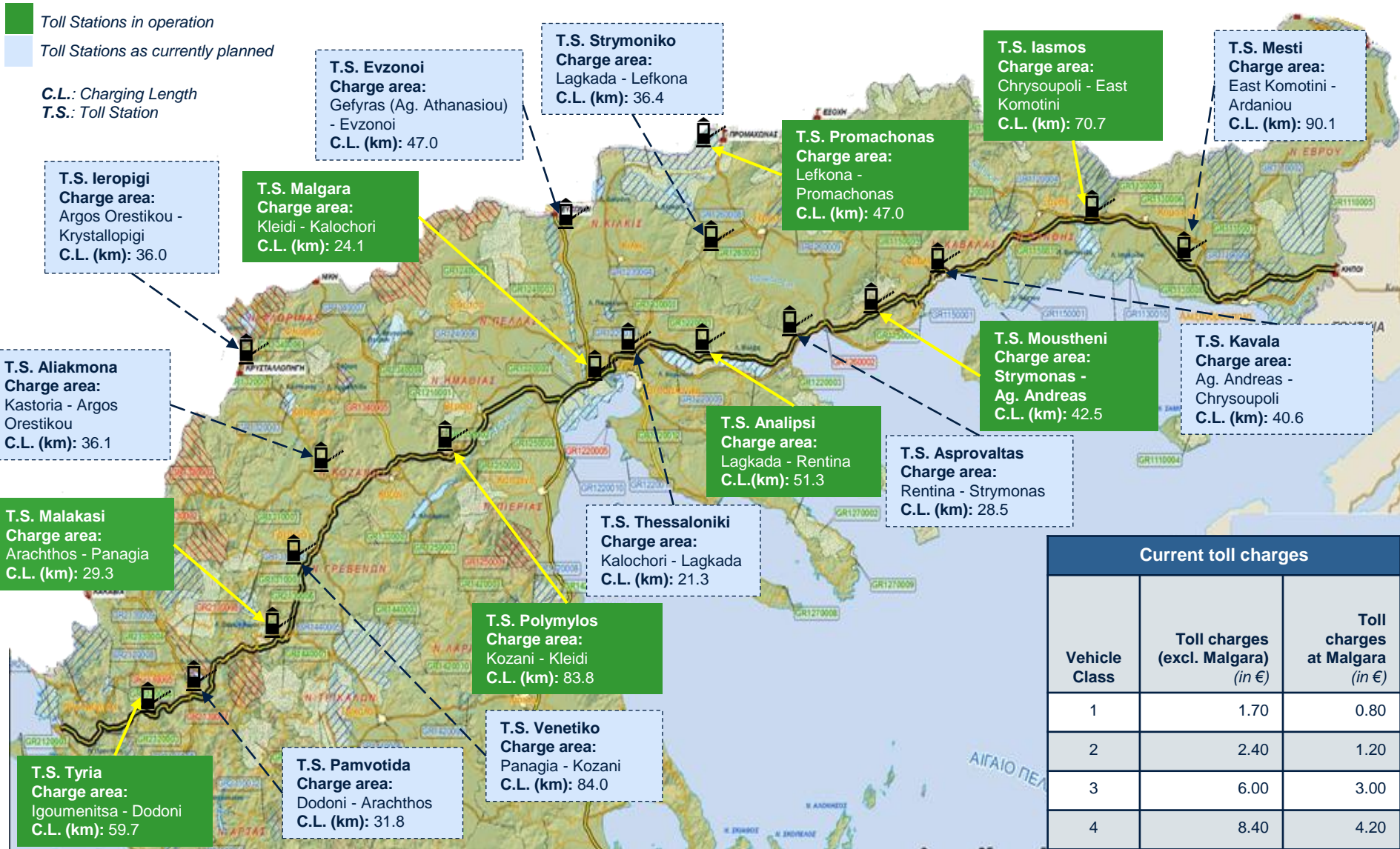
- Connecting most parts of Northern Greece
- Part of E90 European route
- Total length: c.660 km
- Directly linked to Athens – Thessaloniki motorway and Ionia Odos

The Motorway also serves commuting traffic



The section near Thessaloniki (from Kleidi Interchange (I/C) to Lagadas/ Serres I/C – c. 45 km) serves considerable commuter traffic from and to Thessaloniki on a daily basis

Toll station location*



Current toll charges		
Vehicle Class	Toll charges (excl. Malgara) (in €)	Toll charges at Malgara (in €)
1	1.70	0.80
2	2.40	1.20
3	6.00	3.00
4	8.40	4.20

Investment highlights

Strategic infrastructure linked to all major cities, airports and commercial ports of Northern Greece, offering access to 4 neighbor countries

Strategic asset

- Part of the Trans - European Network
- Collector route for the Balkan and South - Eastern European transport system
- 3 vertical axes, feeders to main axis, leading to and from Albania, F.Y.R.O.M., Bulgaria
- Linked to all major cities in Northern Greece, 4 ports and 6 airports
- Directly linked to Ionia Odos at Ioannina and Athens -Thessaloniki motorway at Kleidi/Thessaloniki

Revenue generating asset with further upside potential

- Main axis fully operational since 2009
- Includes a 45 km section (I/C Kleidi – I/C Lagadas/ Serres) near Thessaloniki, serving suburban commuting traffic on a daily basis
- Significant traffic upside potential
 - Opening to traffic of Ionia Odos by March 2017 is anticipated to boost traffic. Upgrades to Athens – Thessaloniki motorway (under construction - Tempi tunnels) and Central Greece Motorway implementation (Xyniada – Trikala section) may further enhance traffic
- Revenue generation capacity to be substantially enhanced through:
 - Construction/ operation of 10 more T.S. which is currently under way. Currently 8 T.S. (including Malgara T.S.) are in operation
 - Convergence of Motorway's toll charges to the average level of other motorway concessions in Greece
 - Construction/ operation up to 16 new M.S.S.
- Effectively very limited competing routes

Improving macroeconomic environment

- The swift conclusion of the Program Review and the progress on the implementation of the reforms are expected to pave the way for confidence restoration and economic growth
- Anticipated recovery of Greek economy will be a key driver to traffic growth
- Other infrastructure privatization initiatives, either concluded (e.g. 14 Regional Airports), or planned (e.g. Igoumenitsa – Thessaloniki – Alexandroupoli ports) shall positively affect the Motorway

Concession Agreement in line with European standards

- HRADF's approach to the Concession Agreement will ensure:
 - Proper risk allocation and realistic delegation of obligations to each counterparty
 - Promotion of competitiveness and profitability
 - Maximum transparency in the payment and sharing mechanisms
 - Adoption of best practice in relation to key financeability issues (i.e. termination clauses, acknowledgement of lender rights etc.)

Consultation Process (I)

A. General Remarks

- Interested parties are invited to express their initial non-binding interest addressing all the points described under 'B' below.
- This invitation is not a pre-qualification exercise to shortlist or pre-qualify any potential bidders for the Project. The Consultation is not a tender exercise but a structured way to obtain market feedback on possible options for the optimization of the Project.
- Interested parties who do not submit any response to this Consultation will not be barred from taking part, or prejudiced against, in any subsequent competitive bidding exercise. Neither the HRADF nor any respondent will be bound by any response to the Consultation. Therefore the consultation phase shall place no restrictions to the transaction structure or tender process that will follow and its object nor to the participation of interested parties therein
- An announcement on the Consultation has been issued on October 5th, 2016 and is available on HRADF's website (www.hradf.com). The present document is also available on HRADF's website (www.hradf.com).

B. Contents of submissions by the Interested Parties:

- The submission of the Interested parties who wish to participate in the Consultation should include the following:
 - Presentation of the prospective investor: You are requested to provide the name of the interested party and contact details, as well as information regarding the scope of business of such interested party.
 - Transaction structure: You are welcome to indicate any considerations/proposals regarding the transaction structure from a commercial, technical, legal and financial standpoint as applicable.
 - Additional requirements: You are welcome to list any potential issues which you envisage in terms of process, timing, due diligence and other information requirements.
- Interested parties are asked to note that detailed and lengthy submissions are not necessary at this stage. Nonetheless, we welcome respondents' provision of pertinent information on their capability and all relevant views and suggestions on assisting HRADF to develop the Project.

Consultation Process (II)

C. Form of submissions & submission deadline

- Interested parties are invited to **submit their initial non-binding interest until December 20th, 2016**, no later than 5:00 pm Athens time. Late responses will not be considered.
- The submission shall be made in writing, in English language and shall be submitted by email to Alpha Bank to the following email address Egnatia_Consultation@alpha.gr, with the subject '*Egnatia Motorway Concession*', duly signed by the interested parties' legal representative(s).
- All information and views provided by interested parties in the Consultation will not be individually identified and will be kept in confidence.
- HRADF shall be entitled, without any further reference to the interested parties, to make use, adopt, process and/or disclose or make copies of any or all of the responses in the Consultation or/and any views, ideas and suggestions for the purpose of considering or exploring the practicality of the response, and to keep copies for record purpose.
- Any enquiries relating to this invitation and/or the Transaction should be made in writing and sent to Alpha Bank by email to the following email address: Egnatia_Consultation@alpha.gr, indicating the identity and full contact details of the requesting party. Alpha Bank in its capacity as Financial Advisor to HRADF shall, to the extent necessary and appropriate, reply to any such enquiries. Under no circumstances should you contact the HRADF or any member of Egnatia Odos S.A. directly or indirectly in relation to the Consultation and/or the Project.

Disclaimer

This teaser (the “Teaser”), is being issued by the Hellenic Republic Asset Development Fund (the “HRADF”) in connection with the award of the concession of the right to operate, maintain and commercially exploit Egnatia Motorway and the three (3) vertical axes (together “Egnatia” or “Motorway”), (the “Transaction”).

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