

MUTUAL HORSE BETTING CONCESSION – Q&A for EoI

| <u>QUESTIONS SUBMITTED BY POTENTIAL INVESTORS</u> | | | |
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| # | Questions | References in the Invitation | Answers |
| 1. | A prospective investor is incorporated in France, in the form of an Economic Interest Grouping. The prospective investor is held by non-profit associations which are incorporated in France, in accordance with the law of 1901 concerning non-profit organizations. Due to the legal nature of the prospective investor, it does not technically have any owner's equity or otherwise own funds. | 2.2.2 | <p>INTRODUCTORY EXPLANATION: Section 2.1 of the EoI regarding General Candidate Eligibility does not introduce any distinction as to the form of the legal entities eligible to participate in the Tender Procedure. Furthermore, section 2.2 of the EoI providing the Financial Qualification Requirements uses, in the interest of clarity, the factors most usually encountered in practice, i.e. the shareholders' equity (as for corporate entities) and the assets under management (as for funds). In the same sense, the EoI resorts to article 42e of c.l. 2190/1920 (Greek law re societies anonymes) to examine the notion of affiliated companies.</p> <p>In view of the above, provided that the entities referred to in your inquiry retain qualities being adjacent to the above definitions (i.e. shareholders' equity; assets under management; affiliated companies as per c.l. 2190/1920), such criteria shall be implemented by analogy to examine their eligibility. The Candidate is requested in its letter of Expression of Interest (section 3.1 of the EoI) to outline its legal status and operation and to explain that the resources it relies upon are corresponding to the above criteria used in the EoI.</p> <p>In case of a legal entity that holds certain funds in whatever legal structure, even if from a legal point of view it does not own such funds, to the extent that it has the right to administer and use for its own purposes such funds, the latter would qualify as equity/funds for the purposes of the EoI.</p> |

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| | <p>a) If the EIG (as described above) is deemed not to have “own funds” for the purposes of article 2.2.2, can it rely, for the purposes of article 2.2.3., on a “parent company” which would actually be the non-profit associations mentioned above? If such a non-profit association issues a binding letter in accordance with article 2.2.3., can it show “shareholder’s equity” which won’t have the nature of capital because of its status as non profit associations?</p> <p>b) If the EIG (as described above) is deemed not to have “own funds” for the purposes of article 2.2.2 and is a member of a Candidate consortium can the other members of the consortium satisfy the requirement of shareholder’s equity (“own funds”), with the EIG having nil shareholders’ equity as member of the consortium? We understand from the formula of article 2.2.2 that it can.</p> <p>c) In the scenario under question 3 below, can C (as the other member of the consortium) and B (as the other shareholder of the SubCo and on the condition that it provides a supporting letter to SubCo, as per article 2.2.3), satisfy the requirement of shareholder’s equity (“own funds”) for the purposes of article 2.2.2, with EIG having nil shareholders’ equity as member of the consortium? We understand from the formula of article 2.2.2 that it can.</p> <p>d) In the scenario under question 3 below can SubCo rely on the financial capacity of the parent company (as the</p> | | <p>a) Please refer to the Introductory Explanation in the above paragraph.</p> <p>b) The sum calculated with the formula set in para. 2.2.2 should be higher than the minimum amount of para. 2.2.1 (i.e. > € 30 million), irrespective of the equity/funds of a member of this consortium amounting to zero. For example, following tripartite consortium is acceptable: <u>$[A = (\text{€}70 \text{ m} \times 60\%)] + [B = (0 \text{ m} \times 20\%)] + [C = (10 \text{ m} \times 20\%)] = \text{€} 44 \text{ million}$</u></p> <p>c) Please refer to the reply provided in the below paragraph</p> <p>d) Provided that the requirements of article 42e c.l. 2190/1920 are met as to the classification of affiliated companies, a com-</p> |
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| | <p>case may be, non profit associations) of its shareholders to satisfy art. 2.2.3. requirement (i.e. is a binding letter to be issued by an indirect shareholder of SubCo acceptable)?</p> | | <p>pany may rely on the financial capacity of its parent company even if the latter is an indirect shareholder. The same shall apply <i>mutatis mutandis</i> to non-profit organizations owning the said company; i.e. it shall be examined whether they control such company as if such organizations were entities under article 42e c.l. 2190/1920.</p> |
| <p>2.</p> | <p>Where a Candidate does not publish consolidated accounts (no consolidating entity, no obligation to do so because of its legal status), would it be acceptable to provide the Fund with statutory financial statements?</p> <p>Where a Candidate needs to rely on the financial capacity of its parent companies for the purposes of article 2.2.3., is it acceptable to attach to the EoI statutory financial statements of such parent companies rather than consolidated accounts, in case such parent companies, as non profit associations, do not publish consolidated statements?</p> <p>In the case of an EIG held by more than one non-profit association, is it acceptable, in order to meet the 2.2.2 and 2.2.3 criteria, to rely on a binding letter of financial support provided by only one of such non-profit associations (instead of all non-profit associations) and to provide financial statements only of this non-profit association?</p> | <p>3.2.3</p> | <p>-Consolidated accounts are requested only if applicable. If the Candidate is not a consolidating entity or does not issue consolidated accounts due to its legal status, it shall submit statutory financial statements.</p> <p>- Please refer to the reply provided in the above paragraph.</p> <p>- If a Candidate is held by more than one shareholders, the criteria of para. 2.2.2 and 2.2.3 shall be deemed to be fulfilled if it is ascertained that the shareholder(s) providing the financial support is(-are) entitled to control the Candidate as per article 42 e c.l. 2190/1920. The same shall apply <i>mutatis mutandis</i> to non-profit organizations owning the said company; i.e. it shall be examined whether they control such company as if such organizations were entities under article 42e c.l. 2190/1920.</p> |

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| <p>3. If the prospective investor in the form of an EIG (A), along with another corporation (B), form a subsidiary company (SubCo), and SubCo forms a Candidate consortium with a third corporation (C), can either A or B act as Lead Member of the consortium (despite it having no direct holding in the Consortium/future SPV but only an indirect interest through SubCo)?</p> <p>Should SubCo be the Lead Member:</p> <p>a) is the Candidate consortium eligible (in principle) to comply with all the requirements of an Expression of Interest? If not, is there any course of action that will remedy the identified inadequacy of such structure?</p> <p>b) is it necessary to have duly formed SubCo at the time of filing of the EoI(s), or is it possible for SubCo to be on a pro forma basis the Lead member of the consortium?</p> <p>c) could SubCo as the Lead member comply with the requirement of €200m. p.a. turnover from betting/gaming, by relying on A? We understand from the last sentence of article 2.3.1 that it can.</p> <p>d) could SubCo as the Lead member comply with the requirement of having organized an average of 800 races p.a., by relying on A or B, or even on their respective owner/ shareholders? We understand from article 2.3.2 that it can. In case it relies on B, which support letter is required of B, the one under the first</p> | <p>- This case is not acceptable since according to section 2.5.2 of the EoI only a member of the consortium may be designated as Lead Member of such consortium.</p> <p>a) Provided that all requirements of the EoI are met (including the exclusivity restriction of section 2.5.1), such a consortium may qualify as an eligible candidate.</p> <p>b) Entities participating in the Tender Procedure, whether as Single Candidates or as members of a bidding consortium, must be duly formed at the time of filing of the EoI.</p> <p>c) Provided that the requirements of article 42e c.l. 2190/1920 are met as to the classification of affiliated companies, such company may rely on the financial capacity of A.</p> <p>d) Such company may rely on A or B or their respective owners / shareholders with respect to the requirement of 800 races p.a. If B qualifies as a parent company as per article 42e c.l. 2190/1920, it should provide the letter of the first bullet. In all other cases, the letter of the second bullet should be submitted.</p> |
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| <p>bullet or the second bullet of article 2.3.2?</p> <p>e) please confirm that the fact that both A and B may be deemed as affiliated companies in relation to SubCo (in the sense of article 42e Law 2190/1920) does not fall within the ambit of the restriction that only one affiliated company can be a member of a consortium, in article 2.5.1.</p> <p>f) who of A, B, SubCo and C is to provide an EoI (and full set of accompanying documents) under article 3.1, considering article 3.2.4?</p> <p>g) who of A, B, SubCo, C and the consortium is to provide for the strategic rationale under article 3.1?</p> <p>h) who of A, B, SubCo and C is to provide each of (i), (ii) and (iii) of the first bullet point of article 3.2.2, considering article 3.2.4?</p> <p>i) who of A, B, SubCo, and C is to provide a resolution under the second bullet point of article 3.2.2, considering article 3.2.4?</p> <p>j) who of A, B, SubCo, C and the consortium is to provide a bank letter under the third bullet point of article 3.2.2, considering article 3.2.4?</p> <p>k) how would the following sentence of article 3.2.3 be applicable “If the Candidate is a subsidiary and it relies on its parent’s financial capacity to meet the financial criteria, consolidated financial statements should also be submitted”?</p> | | <p>e) Under the circumstances given in your inquiry, such consortium does not fall within the restriction of section 2.5.1 of the EoI. To be noted, as well, that the section 2.5.1 has been amended following the decision of the Fund’s Board of Directors taken on 5 April 2013.</p> <p>f) – j) Please consider clarifications found in the table annexed hereto applicable in case of EoIs submitted by a consortia.</p> <p>k) According to section 3.2.3 of the EoI, if the Candidate is a subsidiary relying on its parent’s financial capacity to meet the financial criteria, it is requested to submit both its own financial statements and its parent’s consolidated financial statements (to the extent it is a consolidating entity). In the case of your enquiry, financial statements (consolidated if applicable) should</p> |
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| | <p>I) Would changes in the shareholding structure of SubCo be permitted? During the tender process? Afterwards?</p> | | <p>be brought by SubCo and C. Financial statements of A and B should be brought as well, if SubCo relies thereon for the fulfillment of the financial criteria.</p> <p>I) As it derives from section 3.2.4 (<i>in fine</i>) of the EoI, changes in the shareholding structure of a Candidate (or a consortium member) are permitted during the tender process, provided that the Qualification Criteria are always met. This requirement shall be examined by the Fund in a way similar to section 2.5.4 of the EoI (re Changes to a Consortium) to be explained in detail during Second Phase in the Invitation to Bid.</p> <p>Accordingly, we kindly ask you to take into consideration the section 2.5.4 as amended following the decision of the Fund’s Board of Directors taken on 5 April 2013, regarding the possibility of the Lead Member being substituted by a subsidiary company.</p> |
| <p>4.</p> | <p>Regarding horse races organization, more detailed information will be disclosed in the Second Phase. Could you provide us with details on the kind of obligations that will be set for the SPV (e.g. organize a number of horse races per annum).</p> <p>Would it be possible for the SPV to define criteria / standards as to the quality and conduct of horse races that could allow such SPV not to organize a given race in case such criteria are not met, without breaching, for instance, the minimum number referred to in the above paragraph?</p> | <p>1.1</p> | <p>More detailed information will be disclosed during the Second Phase.</p> |

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| <p>5.</p> | <p>Could you confirm that the official declaration of a Consortium is covered through point 3.1 of the Invitation?</p> <p>Could you advise whether any specific document is expected to satisfy article 2.5.2. §2?</p> | <p>2.5.2</p> | <p>- Provided that the consortium’s letter of Expression of Interest is signed by the legal representatives (or authorised representatives) of all consortium members and it includes all declarations as per section 3.1 and 2.5.2, no additional documentation is required.</p> <p>- The fulfillment of such condition shall be proven by the resolutions of each consortium member’s competent body as per the second bullet of section 3.2.2.</p> |
| <p>6.</p> | <p>(a) Would it be possible to change the Lead Member of the Consortium during the Second Phase without impact on other Consortium members? What would be the consequences on the Consortium of a total exit of the Lead Member from the Consortium in case that any other members of the Consortium continues to fulfill the criteria in relation to the Lead Member as required by the Invitation to submit an Expression of Interest?</p> <p>(b) Following the submission of the Expression of Interest, would the substitution of the Lead Member in a Consortium by an entity directly/indirectly held by such original Lead Member (alone or together with other Consortium members) and controlled by such Lead Member be deemed to be a permissible change to a Consortium, in compliance with the requirements of article 2.5.4, (a) prior to the date that will be determined in the Invitation to Bid, or (b) post the date that will be determined in the Invitation to Bid?</p> | <p>2.5.4</p> | <p>(a) Any change of the Lead Member (whether by transfer of its participation -resulting in its participation falling below 34%- or by total exit) whenever effected shall result in the disqualification of the consortium, according to section 2.5.4.</p> <p>(b) According to the section 2.5.4, as amended following the decision of the Fund’s Board of Directors taken on 5 April 2013, the substitution of the Lead Member by a subsidiary company is permitted under the conditions provided for therein. Relevant details shall be included in the Invitation to Bid.</p> |

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| <p align="center">7.</p> | <p>Would it be possible for a candidate which has not submitted an EoI on a standalone basis to join a Consortium during the Second Phase?</p> | <p align="center">2.5.4</p> | <p>According to section 2.5.4 entry of new members (whether already Candidates or not) during the Second Phase is in principle permitted. Detailed rules shall be communicated with the Invitation to Bid.</p> |
| <p align="center">8.</p> | <p>Please elaborate on the “process agent”. In case of a Consortium, shall each member appoint its own process agent?</p> | <p align="center">3.1</p> | <p>All Consortium members are required to appoint one joint process (“<i>antiklitos</i>” as per Greek law) agent to receive documents in the name and on behalf of both the consortium and the consortium members separately.</p> |
| <p align="center">9.</p> | <p>Is the Lead Member the sole candidate in charge of justifying in its own EoI the eligibility requirements (turnover, shareholders equity (own funds) and organization of horse races) on behalf of the Consortium?</p> <ul style="list-style-type: none"> - Should other members also justify these criteria in their own EoI by reference to other members/Lead Member of the Consortium? - Does the Lead Member have to submit an EoI which includes documentation justifying eligibility requirements for the whole Consortium (eg. financial reports of other Consortium members, etc.)? - In case one member justifies a criterion to the benefit of the whole Consortium, would it be possible for the other Consortium members to satisfy eligibility requirements by references in their respective EoI to the EoI (and the documents attached thereto) filed by the member justifying said requirement (especially regarding horse races organization)? | <p align="center">3.2.2</p> | <p>In case of Consortia, one single letter of Expression of Interest is to be submitted. Accompanying documents shall be produced either by the Lead Member or by the consortium members separately, as applicable. We refer to the table annexed hereto.</p> |
| | <p>Could you clarify the reference to a “Lead Member authoriza-</p> | <p align="center">3.2.2</p> | <p>The resolution of each consortium member’s competent body</p> |

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| 10. | tion” in art. 3.2.2. of the Invitation? | | shall inter alia include an authorization to a specific consortium member to act as the Lead Member for the needs of this Tender Procedure. |
| 11. | Would a letter from Banque de France, certifying the credit-worthiness of an entity, as assessed by the central bank’s rating procedure outlined in the following address comply with the requirement to confirm the “solvency and overall financial standing” under the third bullet point of article 3.2.2? http://www.banque-france.fr/en/banque-de-france/missions/the-services/services-for-businesses.html | 3.2.2 | According to the last bullet of section 3.2.2 of the EoI, the relevant letter shall confirm the solvency and overall financial standing of the Candidate. This letter issued by a bank (incl. a central bank) or a credit institute, should clearly confirm the Candidate’s solvency and good standing Irrespective of any rating process |
| 12. | Can the SPV be incorporated out of Greece? Can it be set up as a simplified joint stock company rather than as societe anonyme, as mentioned in article 1.1. of the Invitation? | 1.1 | <ul style="list-style-type: none"> - The country of incorporation of the SPV shall be determined during Second Phase. - The SPV shall be a societe anonyme. |
| 13. | What is meant by “official” translation in article 3.2.1.? Should it understood as “sworn translations”? | 3.2.1 | Official translations may be produced either by the Greek Ministry of Foreign Affairs or by Greek lawyers as per the applicable Greek laws. In addition, Candidates are allowed to produce translations verified (i.e. becoming official) under the applicable laws of their jurisdiction of establishment / operation. |
| 14. | Please provide details as to which documents would need to be apostilled pursuant to article 3.2.1.? For instance, should the resolution referred to in article 3.2.2. (presumably signed by an officer of a candidate) be apostilled | 3.2.1 3.2.2 3.2.3 | According to article 1 of the CONVENTION ABOLISHING THE REQUIREMENT OF LEGALISATION FOR FOREIGN PUBLIC DOCUMENTS (re “Apostille”) Apostille applies only to documents emanating from public authorities. To the extent not issued or veri- |

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| | <p>or would the signature of the Greek lawyer be sufficient? Please provide the same indication as to the accounts to be attached to the EoI letter (signed in their original version by the legal representative of the entity), the declaration mentioned in article 3.2.2. (iii), the letter from a bank or a credit institution referred to in article 3.2.2., etc.</p> | | <p>fied by foreign public authorities the documents you refer to in your inquiry do not need to be apostilled.</p> |
| 15. | <p>Please advise whether or not the Right covers the organization and conduct of fixed odds bettings to any extent.</p> | 1.1 | <p>The Right covers the powers and competencies as per article 13 para. 7 of Law 4111/2013.</p> |
| 16. | <p>Please advise to which extent would the Right allow the organization of bettings on virtual horse races.</p> | 1.1 | <p>The Right covers the powers and competencies as per article 13 para 7 of law 4111/2013</p> |
| 17. | <p>Paragraph 2.1 of the EoI reads as follows: <i>“Offshore companies which are residents of, have their registered or actual seat in, or have an establishment in Non-Cooperative Countries and Territories, as those are defined by article 51A of the Greek Income Taxation Code (Law 2238/1994 as amended by Law 3842/2010) and are listed in Greek Ministerial Decision ΔΟΣ Α 1150236 ΕΞ2010, dated 9 November 2010, of the Minister of Finance (Government Gazette Bulletin Β’ 1805/2010), do not qualify for individual participation in the Tender Procedure. Furthermore, offshore companies, as defined in this paragraph, cannot participate in the Tender Procedure either as members of a consortium or as partners or shareholders of a legal entity that is a Candidate or member of a consor-</i></p> | <p>(a) EoI, page 5 (b) Section 2, paragraph 2.1</p> | <p>According to section 2.1 of the EoI, Candidates held (partially or wholly) by offshore companies are not allowed to participate in the Tender Procedure. There is no exemption for listed companies. The above rule does not apply provided that the Candidate is established in accordance with the Laws of an EU or EEA member state other than Greece.</p> |

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| | <p><i>tium or as a third party on which the Candidate (or the Lead Member or any other member in the case of a consortium) relies on for the fulfillment of the Technical Qualification Requirement of section 2.3.2.</i></p> <p><i>The above paragraph does not apply in so far as the offshore company is a shareholder, including a controlling shareholder, or a consortium member of Candidate which is a company established in accordance with the law of a Member State of the EU, other than Greece, or of the EEA and has its registered office, central and administrative or principal place of business within the EU or the EEA.”</i></p> <p>Given that such provision may not be implemented on companies listed in stock exchange markets (in view of their shares being negotiated on a daily basis), please confirm that Candidates or consortium members listed in stock exchange markets of EU or EEA or OECD member states, including Greece, are exempted from the restriction regarding the eligibility of offshore companies holding a stake in the share capital thereof.</p> | | |
| <p>18.</p> | <p>We kindly ask you to allow that two companies of the same group form a consortium, since this is necessary to offer essential flexibility to the investors who wish to overcome any red-tape obstacles and choose the right investment vehicle in order to submit the highest bid in favor of the whole process. This was also the case with the Fund’s project regarding the sale of 33% of OPAP’s shares.</p> | <p>(a) Eoi, page 9 (b) Section 2, para- graph 2.5.1</p> | <p>According to section 2.5.1 of the Eoi, as amended following the decision of the Fund’s Board of Directors taken on 5 April 2013, it is permitted to form such a bidding consortium.</p> |
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ANNEX

Clarifications regarding the Contents and the Form of the Expression of Interest in case of consortia

| Reference in the EoI | Document | Clarification |
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| 3.1 | Letter of Expression of Interest & Strategic rationale | One single joint Letter of Expression of Interest is to be submitted, signed by the legal representative(s) or authorized representative(s) of each consortium member separately. Declarations and waivers requested shall be made in the name and for the account of both the consortium and each consortium member separately. The same applies to the strategic rationale regarding the investment. |
| 3.2.2 | Statement [first bullet, case (i)] | This statement is to be drafted and signed by each consortium member separately. However, it goes without saying that such statement along with the rest documents must be included in one single email submission by the consortium as per paragraph 3.3. |
| | Statement [first bullet, case (ii)] | Same as above. |
| | Statement [first bullet, case (iii)] | This statement is to be drafted and signed by the Lead member only in the name and for the account of both the consortium and each consortium member separately. The Lead |

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| | | member must be duly authorized by the consortium members to execute such statement. |
| | Resolution [second bullet] | This resolution is to be provided by each consortium member separately. |
| | Letter by a bank [third bullet] | This letter is to be provided for each consortium member separately. |
| | Rest documents | As the case may be. |