



HELLENIC REPUBLIC ASSET  
DEVELOPMENT FUND

**REQUEST FOR PROPOSALS TO ACT AS A FINANCIAL DUE DILIGENCE PROVIDER REGARDING  
THE SALE OF HRADF'S 30% STAKE IN THE ATHENS INTERNATIONAL AIRPORT**

**29 November 2018**

**1. Introduction**

The Hellenic Republic Asset Development Fund S.A. ("**HRADF**" or the "**Fund**") is the legal entity entrusted with the implementation of the privatization program of the Hellenic Republic ("**HR**"). HRADF is established by and is operating under Law 3986/2011, with the sole objective of developing assets belonging to the HR. Pursuant to article 188 par. 1 of Law 4389/2016, HRADF is a direct subsidiary of the "Hellenic Corporation of Assets and Participations S.A." ("**HCAP**").

Pursuant to:

I. the provisions of the Law 4336/2015 (Government Gazette A'94/2015), which approved the Memorandum of Understanding of 19.08.2015 ("**MoU**"), and

II. the "Asset Development Plan" of the HRADF as currently in force;

the Privatization Program of HRADF includes the sale of 30% of the shares of the "Athens International Airport S. A." ("**AIA**").

The Inter-ministerial Committee for Asset Restructuring and Privatizations ("**ICARP**"), by virtue of Decision No. 187/06.09.2011 (Government Gazette 151 B'), as amended by Decision 206/25.04.2012 (Government Gazette 1363 B') of ICARP, has transferred to HRADF, among others, 9,000,000 shares of AIA corresponding to 30% of its share capital.

In this context, the HRADF has decided to examine the potential monetization of its stake in AIA (the "**Transaction**") and is hereby seeking to engage a highly experienced accounting & financial advisory firm with transactional and regulatory experience in M&A transactions, including in-depth experience in the transportation sector (the "**Adviser**") to provide services of a vendor's financial due diligence. In this context, interested parties (the "**Interested Parties**") are invited to submit a proposal (the "**Proposal**") in accordance to the terms of this Request for Proposals (the "**RfP**").

The tender process (the “**Tender Process**” or the “**Tender**”) for the award of the services shall be conducted in accordance to HRADF’s Procurement Regulation (Decision of the Minister of Finance nr. 2/16128/0025, Government Gazette B/476/2014) (the “**Regulation**”). An engagement letter (the “**Engagement Letter**”) shall be signed between HRADF and the Interested Party that is selected through the Tender.

## **2. Scope of Work**

Within the framework of the Transaction, the Adviser is expected to provide, *inter alia*, the following services (the “**Services**”): preparation of a Vendor’s Financial Due Diligence Report (the “**Report**”); assistance in the population of the Virtual Data Room to be used in the Transaction; participation in session with candidates participating in the Transaction, if deemed necessary by the process.

The Report should include, at least, the following chapters:

### **1. Financial Analysis**

#### Business overview

##### Summarise the organisation of the business, highlighting:

- The present nature and principal activities of the business.
- Corporate structure of the business and principal trading entities which are subject to the transaction.
- Management structure and organisational chart.
- The financing structures attaching to the assets and any changes needed as a result of the transaction.
- The regulatory environment in which the airport operates.

##### Basis of preparation of financial information:

- Summarise the current activities and organisation of the finance and treasury function.
- Comment on the basis of preparation of key financial information and summarise key controls over this process.

- Summarise and comment on reconciliations between management accounts and statutory accounts for the Historical period.
- Comment on whether the management accounts have been prepared and reported on a consistent basis for the Historical and Current periods.
- Summarise and comment on key accounting policies and practices.
- Consider if accounting policies have been applied consistently.

#### Historical trading performance

- Summarise financial performance (i.e. income statement) over the Historical period.
- Present, by way of revenue and EBITDA bridges, the key drivers of trading performance in the Historical period.
- In coordination with the Fund's other advisers, analyse aviation traffic by major airline and destination. Comment on seasonality, volume and price movements for major customers.
- Aero revenue analysis to be conducted in coordination with the Fund's other advisers:
  - ✓ Aeronautical revenues and key KPIs – passenger traffic (passengers, aircraft movements, seats, load factor, ATMs, yield per passenger) and freight traffic (cargo, mail).
  - ✓ Aero revenue by type of service (e.g. passenger fees, landing fees, parking fees, bridge fees, air cargo, check-in counter and other) in quantity and value.
  - ✓ Historical revenue and PAX development by airline category (e.g. LCC, Charter, Scheduled, Long Haul etc.), including development of rebates, marketing support or other incentives provided to support new airlines / routes / off-peak volumes etc.
  - ✓ Outline the current expiry of key aero customer contracts, and period of operation at the airport.

- ✓ Outline the impact on aero revenue of regulation (e.g. constraints or limitations on ability to set tariffs / provide incentives to airlines).
  - ✓ Accounting policy for revenue any incentives / discounts provided.
- Non-aero revenue analysis to be conducted in coordination with the Fund's other advisers:
  - ✓ Non-aero revenue and key KPIs, by type of service (retail and catering, duty free, car parking, etc.).
  - ✓ Non-aero revenue by retailer/concession; impact of any minimum guarantees or other contractual terms on historical performance.
  - ✓ Outline contract terms for key non-aero concessionaries.
- Present a comparison of actual and budget financial performance over the Historical period.
- Comment on the extent of revenue and gross margin seasonality on a monthly basis for the Historical period.
- Summarise KPIs and financial ratios on a monthly basis for the Historical period and comment on key trends.
- Summarise significant transactions with shareholders and related parties over the Historical period.

#### Cost base

- Present and comment on the level of operating costs highlighting (for significant cost categories):
  - ✓ Significant trends.
  - ✓ Significant changes in cost categories.
  - ✓ One-off or exceptional items.
  - ✓ The split between fixed and variable overheads.

- ✓ Staff costs, summarising the split between categories of employees and present an analysis of the average employee cost, incentives schemes, compensation policies and significant staff-related commitments.
- ✓ Maintenance costs (preventive and corrective).
- Understand the key transaction flows and key financial terms and conditions with significant suppliers.
- Comment on outsourced functions and their associated costs.
- Bridge historical drivers of changes in the cost base, including extent to which changes in cost base are linked to PAX growth, development of airport infrastructure or cost efficiency initiatives.
- For any ongoing cost efficiency initiatives, comment on their current status; actual results versus original expectation; areas where further efficiencies are anticipated.

#### Normalised EBITDA

- Quality of earnings: non-recurring or exceptional revenue or costs, accounting policy changes, reserve movements, other items impacting underlying earnings.
- Pro-forma assessment of items impacting revenue, operational expenditure and EBITDA margin.

#### Current trading and outturn

- Summarise financial performance in the Current period, comparing to budget and prior comparative period and highlight key drivers of variances.
- Present and comment on management's forecast for outturn financial performance and discuss with management their view of the key assumptions and potential sensitivities to this forecast.

#### Budget

- Comment on the key drivers and assumptions supporting the current year budget and the extent to which these are consistent with historical trends.

### Business plan (projection period)

- Comment on the business plan, including consistency against historical experience and explanations of key assumptions.
- Comment on forecast regulatory assumptions.
- Comment on forecast working capital assumptions.
- Comment on consistency of capex projections with historical spend profile and any available Master Plans.
- Discuss key areas of sensitivity and potential upsides.

### Balance sheet

- Present the balance sheets at the audited year ends during the Historical period (and the Locked Box date if different), projected completion balance sheet (if provided by management) and the latest available balance sheet date.
- Summarise the balance sheet into its key areas and comment on key components of significant balances.
- Comment on current and deferred tax balances.

### Fixed assets and capex

- Present the key components of fixed assets at year ends during the Historical period and latest available date and summarise operating/non-operating assets and fixed asset movements.
- Analyse capital expenditure between maintenance, replacement and growth for the Historical and the Current period.
- Comment on the progress of key capex programmes in the Historical and Current periods and progress towards delivery of these plans.
- Analyse asset ageing, obsolescence, capacity, expansion or other project related factors likely to impact on future levels of capital expenditure.
- Analyse capital creditor balances in the Historical and Current periods.

### Intangible assets

- Present the key components of intangible assets highlighting concessions assets or rights and intangible asset movements during the Historical and Current periods.

#### Working capital

- Summarise and comment on the reported working capital on a monthly basis in the Historical and Current periods and comment on key drivers and trends observed.
- Summarise and comment on debtor and creditor days during the Historical and Current periods.
- Summarise and comment on payment and receipt terms with major customers and suppliers and summarise historical debtor and creditor days and the history of bad debts in the Historical period.
- Present an analysis of potential adjustments to reported working capital.
- Comment on management's estimate of minimum operating cash required to be retained in the business.
- Comment on "normal, average" level of working capital.

#### Net debt.

- Analyse net debt by item and date of expiration of bank loans and facilities, derivatives and other financial liabilities.
- Summarise and comment on loan obligations and guarantees.
- Summarise and comment on hedging arrangements and the position of such hedges.
- Summarise shareholder and employee loans, dividends, and other balances that may be considered as a source of finance.
- Summarise potential debt-like items such as abnormal working capital levels, contingency provisions, provisions for litigation, restructuring plans, lease commitments (operational and financial), sale and lease back agreements, pension plans, stock options and provisions for contingencies.

- Highlight outstanding insurance claims, litigation and other potential obligations or contingent liabilities and environmental liabilities.
- Summarise the current funding structure of the business and comment on financing arrangements.
- Comment on potential off-balance sheet items and future commitments.
- Summarise significant finance and operating leases.
- Summarise the nature of non-current financial assets.

#### Shareholder distributions

- Present the accounting reserves position at the latest date available for each legal entity within the transaction perimeter.
- Comment on the nature and amount of distribution to shareholders over the historic and forecast periods.
- Comment on potential cash blocks in the structure and/or dividends, both pre and post completion.

#### Cash flow

- Summarise and comment on cash flows (consolidated and by asset) for the historical period highlighting the key sources and uses of cash within the business.
- Summarise and compare EBITDA, working capital, operating cash flows and free cash flows in the historical period highlighting the conversion of earnings/EBITDA into cash.
- Summarise and comment on the impact of one-off events on cash flows.
- Comment on the process for approval of individual capex projects and annual capex budgets.

#### Human resources

- Summarise key employee and executive terms and conditions.
- Comment on historical labour relations and key relationships (e.g. with trade unions and any work councils).



## 2. Tax

### General

- Tax management of AIA including tax strategy and approach to tax planning and overview of the tax control environment.
- Comment on the corporate tax and deferred tax charge/credit and provisions/assets in the stand-alone statutory accounts for the most year-end, and unrecognised deferred tax.
- Comment on the effective tax rate in the accounts for the Historical periods and Current period and reconcile to the relevant statutory tax rate, commenting on material reconciling items.
- Summarise the status of the corporation tax returns for the Historical periods and material outstanding issues in open computations arising from correspondence with the tax authorities.
- Comment on tax payment profile for open periods and compliance with the instalment payment regime.
- Comment on the position adopted by the company in respect of related party loans and summarise the corporation tax treatment adopted, timing of deduction (accruals or payments).
- Summarise material tax attributes as at the last accounting date, such as tax losses and capital allowances, and comment on their availability for use in future periods including restrictions arising on a change of ownership or time limitations.
- Details of any recent acquisitions or disposals of any companies, businesses or assets including details of any tax warranties and indemnities given or received.
- Details of any assets for which the base cost and book values differ materially.
- Review of tax modelling/assumptions in vendor model.

### VAT/Sales tax

- Enquire whether VAT returns for the Historical period and Current period have been submitted to the tax authorities on time.

- Comment on the reconciliation of VAT returns and financial accounts for the open Historical period and Current period.
- Comment on material unrecorded liabilities for the open historical period and current period based on responses to questions and documentation provided by Management.

### Employee taxes

- Discuss and summarise the status of employee related tax filing obligations (i.e. income withholding taxes and social security declarations) for the historical period and current period covering the date and outcome of the latest compliance visit. Consider potential exposure in respect of employer taxes and potential penalties.
- Enquire whether the Target has been subject to a recent wage/payroll audit, and if so, summarise the results. Summarise significant issues arising and any procedures implemented to prevent a reoccurrence.
- Enquire whether the Target has self-employed contractors engaged by the company, and, if so, seek to obtain copies of contracts of engagements which may exist and comment on key terms.

### **3. Pensions**

- Review and comment on the defined benefit pension schemes and employee participation, including the powers and role of the pension trustees and or pensions regulator (if applicable).
- Review the current funding position of the plans and the expected future cash requirements, including consideration of:
  - the principal valuation assumptions used,
  - the sensitivity of the funding position to changes in employer covenant and investment strategy.
- Review of the historical financial position of the defined benefit scheme on the cash funding measure, and comment on the consideration of the impact of the timing of the next cash funding valuation prepared by AIA.

- Review of the expected future cash payments to defined contribution pension plans.
- Comment on the allowance that could be made for pensions in the transaction for business valuation purposes (Net Debt and Quality of Earnings/Normalisation adjustments).

### 3. Duration and Fees

**3.1 Duration:** The duration of the Engagement Letter shall be six (6) calendar months.

**3.2 Budget:** The maximum available budget for the Services shall be **EUR 450.000** excluding VAT (the “**Budget**”). The Budget covers both the fees for the Services and the expenses incurred in relation to, and in performing, the Services.

### 4. Qualifications and Criteria

Interested Parties should be able to demonstrate their standing and professional experience in relation to privatization transactions in general and more specifically transactions similar to the Transaction. In particular, Interested Parties should be able to demonstrate:

**4.1 Track Record & Experience:** Proof of relevant track record and experience in the provision of support services in relation to privatizations, cross-border M&A transactions, including transactions in the aviation / transportation sector, preferably within the EU, as well as experience in the preparation of financial due diligence reports. The respective Dossier must include a list of all relevant projects in which the Interested Party has participated in the last five (5) years and a brief description of his exact involvement. Interested Parties should demonstrate that they have the necessary breadth of experience and expertise as well as the resource capabilities in terms of a team of professionals for rendering the Services (**DOSSIER A'**).

**4.2 Project Team:** Proposed team composition and its proposed structure, including relevant experience (as per par. 4.1 above) and designation of the project leader and the senior members of the team, which must have at least ten (10) years of experience. Moreover, a list of all relevant projects proving the experience of the individual members of the project team should be included in the respective Dossier. The designated project leader and the senior members of the project team shall remain the

same and may be replaced only with HRADF's prior written consent (not to be unreasonably withheld) (**DOSSIER B'**).

**4.3 Methodological Approach:** A brief description of the proposed approach to the assignment and an indicative work plan, including an indicative timetable and outlining key steps in the process, as well as key deliverables (**DOSSIER C'**).

**4.4 Financial Offer:** The Proposal should include a financial offer (the "**Financial Offer**") with detailed fee analysis, capped at a fixed amount (according to the Budget), which should be unconditional and without any reservations. Expenses should be calculated and quoted separately at a capped amount. The kind of the expenses and their reimbursement will have to comply with HRADF's Policy on Consultants' Expenses, as in force from time to time (**DOSSIER D'**).

**4.5 Interested Parties and each individual member (on a natural person basis) of their proposed project team must declare in writing that, at the time of the submission of the Proposal, they do not have a conflict of interest in connection with the present engagement, as well as that they do not have any relationship of economic or of any other nature with AIA conflicting with Services and the Transaction. Such obligation for the absence of any conflict of interest shall be in effect throughout the term of the Engagement Letter.**

**4.6 Natural persons being involved in the tender process must also declare in writing that they consent to the processing of their personal data submitted in the context of this RfP (as per par. 6.6 below) according to Annex 1 attached hereto and consisting an essential part hereof.**

**4.7 Interested Parties must meet all the qualifications as described above under pars. 4.1 to 4.6 of this RfP. Interested Parties who fail to submit their Proposals fully compliant to the qualifications required under pars. 4.1 to 4.6 of this RfP shall be disqualified from the Tender.**

**4.8 The Adviser must observe, and abide by, the rules provided for in art. 7 of Law 3049/2002 and, particularly, their professional code of conduct and relevant confidentiality rules, even after the expiry of the Engagement Letter.**

## 5. Selection Process

5.1 The assignment will be awarded in accordance with the provisions of Law 3986/2011 and article 2.4 of the Regulation, as in force.

5.2 Interested Parties are assessed and evaluated in accordance with the table below. The Tender will be awarded at the Interested Party with the highest score.

5.3 Interested Parties are evaluated on the basis of the following criteria and their respective weighting:

Criterion	Weighting
Track Record & Experience - DOSSIER A'	30%
Project Team - DOSSIER B'	30%
Methodological Approach - DOSSIER C'	10%
Financial Offer - DOSSIER D'	30%

5.4 HRADF may request additional documents and/or clarifications and/or information from Interested Parties in connection with any issue related to their Proposal, as deemed necessary.

5.5 The Proposals, consisting of DOSSIERS A', B', C' and D', the declarations (a) consenting to the processing of natural persons' personal data submitted in the context of this RfP and (b) confirming the absence of any conflict of interest and any other supporting documentation relating thereto and / or proving the required experience and expertise of Interested Parties, as well as of the individual members of their proposed team, are permissibly submitted **only** electronically by e-mail at the e-mail address: info@hraf.gr, for the attention of Mr. Yiannis Zapantis, marked "AIA: RFP FOR FINANCIAL DUE DILIGENCE PROVIDER REGARDING HRADF's 30% STAKE".

5.6 DOSSIER D' must be protected with a password; if not, the Interested Party shall be automatically disqualified. Following the assessment of DOSSIERS A', B', C', and provided that the declarations (a) confirming the absence of any conflict of interest and (b) consenting to the processing of natural persons' personal data submitted in

the context of this RfP are included, only Interested Parties which comply with the requirements under para. 4.6 (regarding DOSSIER A', B', and C') will be invited via e-mail to send the password for DOSSIER D'. Interested Parties who fail to comply with the above requirements will be notified accordingly. Following the assessment of DOSSIER D', Interested Parties (invited to send the password for DOSSIER D') will be notified about the outcome of the process.

**5.7** The Proposals must be submitted no later than January 7<sup>th</sup>, 2019, 17:00, Greek time. Proposals submitted after the aforementioned deadline shall be deemed inadmissible and, thus, immediately rejected. In the case of a late receipt, the Proposal shall not be evaluated.

**5.8** HRADF reserves the right to request from the Interested Party with the highest score to improve its financial bid, prior to the final award of the assignment.

**5.9** The award of the assignment is subject to the signing of the Engagement Letter, which shall include, at least, the following terms:

**5.9.1** In case of a joint bid by two or more Interested Parties, the liability of the Advisers will be joint and several when acting together.

**5.9.2** Greek Law shall apply and Athens Courts shall exclusively resolve any disputes with the Adviser.

**5.9.3** No substitution of the Adviser or inclusion of any affiliate or third party or agent of the Adviser will be permitted without the prior written consent of HRADF.

## **6. Terms and Conditions**

**6.1** The RfP and the Tender Process, as well as the Engagement Letter, are governed by, and construed in accordance with, the laws of the HR, taking also into consideration the prevailing market's levels, the practice of HRADF and its internal policy, including terms and conditions customary in the circumstances.

**6.2** HRADF and/or any of its advisers, and/or agents, and/or employees, and/or officers is not to be held responsible or liable in respect of any error or

misstatement/misrepresentation in, or omission from, this RfP. No person acquires against HRADF and its officers, agents and/or employees, and/or HCAP and/or the Advisers any right or claim for compensation, or indemnification, or other, for any reason or cause related to this RfP and/or the Proposal and/or the participation in the Tender. No representation, warranty or undertaking, expressed or implied, is, or will be made, in relation to the accuracy, adequacy or completeness of this RfP and the Tender Process in general.

- 6.3** The Fund reserves the right, according to the Regulation, to extend and/or amend the engagement with the Adviser in order to include complementary services which may be required and cannot be identified today, but which shall prove to be inseparable from the original engagement without causing a major issue, or which may be absolutely necessary for the completion of the Transaction.
- 6.4** HRADF reserves the right, at the fullest extent possible and at its exclusive discretion, to cancel, suspend, amend or postpone this procedure, without any prior notice or update, as well as to terminate any negotiations or discussions at any stage of the process, without incurring any liability whatsoever as against any participant and/or any third party.
- 6.5** Any dispute arising under, or out of, or in connection with, the present RfP including the Proposals submitted and the Engagement Letter shall be subject to the exclusive jurisdiction of the Courts of Athens, Greece.
- 6.6 Data Protection:** The Fund acts as controller regarding personal data of individuals which are collected in the context of the tender process (indicatively as per Qualification & Criteria of par. 4 in this RfP) and the processing of said data is to be conducted pursuant to the legislation regarding the protection of personal data, as in force. Said personal data may be shared with HCAP, public entities and judicial authorities within their competence. The purpose of processing is for the implementation of the Tender Process, the evaluation of Proposals submitted by Interested Parties, as well as of the Engagement Letter, and their monitoring, the safeguarding of the Fund's rights and the security and protection of transactions in general, the fulfillment of the Fund's legal obligations, the prevention of fraud against the Fund, as well as informing Interested Parties with regard to the evaluation of their submitted Proposals as per par. 5.6 of this RfP. Natural persons being involved in the

Tender Process consent to the processing of their above-mentioned personal data for the defined purposes and retain all their legal rights regarding accessing, correcting or objecting the processing and withdrawing their consent. To this end, such natural persons should submit a consent declaration in the form and with the content of the sample declaration attached hereto as Annex 1, which consists an essential part hereof.



## ANNEX 1

### INFORMATION - CONSENT FORM FOR PERSONAL DATA PROCESSING

Capitalized terms herein shall have the meaning attributed to them in the RfP.

#### I. Information

The Hellenic Republic Asset Development Fund ("**The Fund**"), which is based in Athens, 1 Kolokotroni and Stadiou Str, 105 62, Phone: +30 210 3274400, e-mail: [info@hraf.gr](mailto:info@hraf.gr), informs, in its role as controller, the natural person that the Fund itself (or HCAP, public entities and judicial authorities within their competence) will process the following data:

##### A. Type and source of data

The personal data included in the Request for Proposals to Act as Legal Adviser on Greek and European Union ("**EU**") Law regarding HRADF' s Participation in "Athens International Airport S.A." ("**AIA**") (the "**RfP**") (indicatively as per Qualification & Criteria in paragraph 4 of the RfP), which is submitted to the Fund in the context of this tender process by a natural person.

##### B. Purpose of Processing

Processing purpose is the evaluation of the Proposals, the implementation of the Tender Process, as well as of the Engagement Letter, and their monitoring, the safeguarding of the Fund's rights and the security and protection of transactions in general, the fulfillment of the Fund's legal obligations, the prevention of fraud against the Fund, as well as informing Interested Parties with regard to the evaluation of their submitted Proposals as per paragraph 5.6 of the RfP.

##### C. Recipients of Data

The recipients of the above (under para. A) data with whom data may be shared are the following: Hellenic Corporation of Assets and Participations S.A., public entities and judicial authorities within their competence.

#### II. Retention period

The data under para. A may be retained for a period starting from the date of their receipt and lasting: (a) for 10 years in case no engagement letter is concluded (b) for 20 years in case an Engagement Letter is signed. After the expiration of the above periods the personal data will be destroyed.

#### III. Rights enforcement

1. The natural person has the right to know which of their personal data are or have been processed, to oppose and to object any processing of their personal data outside the scope of this RfP, to request the erasure of their data where possible, as well as to transmit their data to another controller, without the objection of the Fund. For the enforcement of said rights or any other related enquiry, persons concerned may address the Fund in writing (e-mail: dpo@hraf.gr). The enforcement of said rights regarding the processing of personal data of the above para. A. concerns exclusively their correction or update in order for those to be complete and accurate.

2. The enforcement of said rights does not relieve Interested Parties from their obligations deriving from their participation in the tender process.

3. The Fund has the right to deny the request for erasure of any natural person's data if their retention is necessary for compliance with a legal obligation, for the performance of a task carried out in the public interest, for archiving purposes in the public interest, or for the establishment, exercise or defense of legal claims or third-party claims.

#### **IV. Obligations of the Fund**

The Fund has the obligation to take every reasonable measure to ensure the confidentiality and the security of personal data processing and the protection of said data from accidental or unlawful destruction, accidental loss, alteration, unauthorized disclosure of, or access to, personal data by anyone, as well as from any other form of unlawful processing.

#### **V. Consent**

After being informed of the above, I provide my unreserved consent for the processing of my aforementioned personal data for all the purposes referred to under para. (B) of this form.

My consent is valid for any relation with the Fund as from now and until its expiration in any way or its withdrawal. A withdrawal of the consent can be performed by virtue of a relevant declaration to the Fund and will be valid for the future.

*(Place)(Date)*

*(Signature(s))*