



HELLENIC REPUBLIC ASSET
DEVELOPMENT FUND

The HRADF and Greece's economic recovery

How an ambitious asset development programme
can unlock new value, create new employment
and lighten the burden of austerity

The HRADF and the road to Greek recovery



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Investor confidence in Greece is at an all time low. Yet despite decades of mismanagement, Greece has considerable potential. It stands at a crossroads for trade and energy transportation, and a unique and important European tourism and leisure destination. It has a highly educated and entrepreneurial population.

Conducted alongside economic and political reform, the reform and sale of the Greek state's asset portfolio can be a watershed in the country's development. By attracting new capital and unlocking the value in many of these assets a successful process is an opportunity to generate new interest in the Greek economy and a new sense of its potential.

The reform of public ownership in Greece will be vital to the recovery of the Greek economy. Every euro raised by unlocking new value from Greece's current stock of state-held assets is a euro less demanded by austerity or tax rises.

The HRADF was established as a means of unlocking new value from Greece's portfolio of public assets



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The Hellenic Republic Asset Development Fund is an independent body, created by Statute and charged with the restructuring and sale of a large number of assets that are currently in the hands of the Greek state. Its work is a key part of Greece's obligations under the bailout terms agreed between Greece and the 'Troika' (the EU, IMF and ECB). Greece is required by its agreement with the Troika to achieve €19bn in funds raised from its asset portfolio. There is clear potential to achieve and exceed this target.

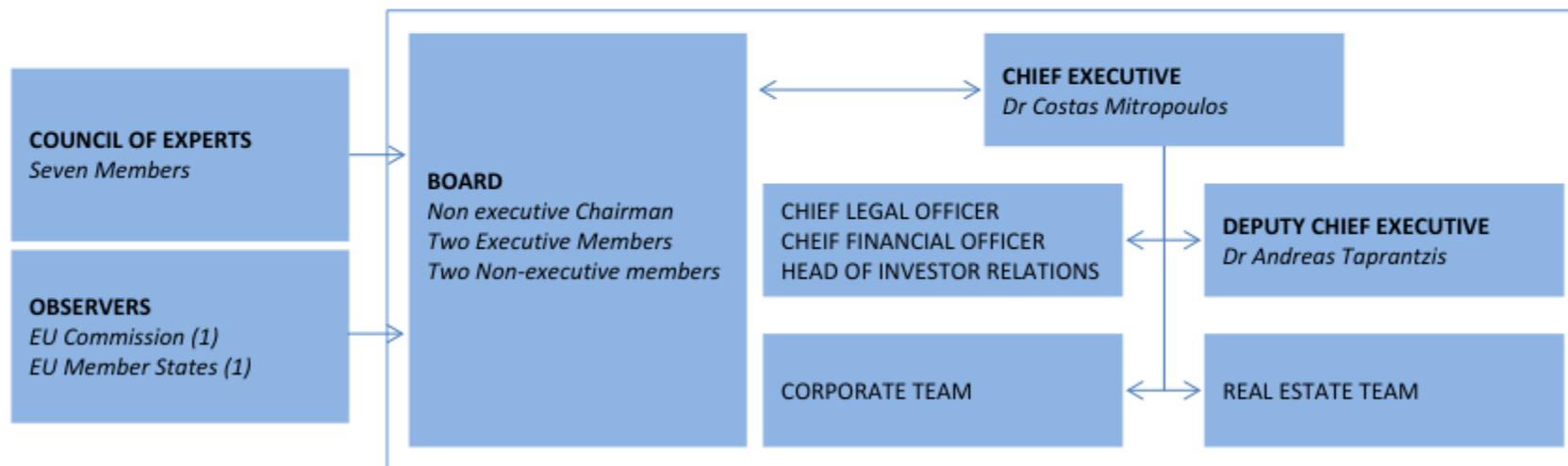
The HRADF is the body responsible for producing a full audit of these assets, taking ownership of them, structuring them to achieve maximum market value and engaging with investors on their sale, lease or liquidation. It has a key role to play in Greece's economic and political renewal.

The HRADF is a private company, operationally independent of the Greek government



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The HRADF is fully independent of government, established as a private company in which the Hellenic Republic is the sole shareholder. It is led by a senior leadership team and management board with considerable experience in physical asset restructuring and sale. Its independence is established by law.



The HRADF will manage two key portfolios: corporate and real estate



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The **Corporate** portfolio will include significant industrial and corporate assets in three core sectors: Transport and Communications, Energy and Utilities and Gaming. These assets include the Hellenic Motorways, the Piraeus Port Authority, Athens International Airport, Hellenic Post, Hellenic Railways Group, Hellenic Petroleum, OPAP and Hellenic State Lotteries.

The **Real Estate** portfolio will include land assets from across Greece including urban, residential, forest, agricultural and pastoral land currently in state hands.

Operating in a time of uncertainty



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Greece is currently in a period of profound political and economic uncertainty. Although this uncertainty complicates the work of the HRADF, its work continues.

- The publication of a Portfolio Overview, detailing the assets owned by the Greek State and their broad market valuations.
- Valuation activity, ensuring that the HRADF and its external partners understand the potential value of the assets held by the Greek state
- Due diligence on all prospective sales activity, including the mandating of external expertise.

To succeed this process needs strong support within Greece and outside it



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To undertake and complete its task quickly, effectively and with complete authority, the HRADF requires:

- **A full understanding of the portfolio of assets in question.** Efforts to value the portfolio are complicated while legal, zoning and technical status of assets is unclear.
- **The consolidation of the portfolio** in a single holding company. Ownership and management of the assets is currently widely disbursed. This unnecessarily raises the political risk attached to these assets for investors.
- **Clear authority to execute,** matched by the highest standards of international governance and transparency.

The authority to execute, matched by the highest standards of governance and transparency



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To be credible with potential investors, the Fund needs to be entirely independent of political influence. It must have the authority to execute sales and to fast-track the legal and technical status of assets including zoning and contractual agreements.

This in turn requires governance and transparency of the highest international standard:

- Audited and timely annual and interim reports
- Complete transparency to the media and investors
- Professional directors from international backgrounds with relevant experience
- Annual and quarterly financial and strategic targets explicitly set and benchmarked



A window of opportunity

The period between now and the next round of Greek elections on June 17 is a critical time for the HRADF.

- **Its role needs to be understood.** It is a key part of the economic reform process – every euro raised by reform and sale of state-held assets is a euro less of austerity.
- **Its transparency and accountability must be firmly established.** The HRADF has put in place world class governance and transparency arrangements that will meet even the most stringent investor expectations.
- **It must have the explicit backing of the new Greek Government, the European Commission, the ECB and the IMF.** Without this, the swift and accurate understanding of the Greek state-held asset portfolio is impossible, as is the transfer of assets to the fund for efficient sale or development.