



Piraeus 16-10-2008

PRESS RELEASE

Subject: “Approval of the draft agreement for the concession of Pier II & III of PPA S.A. container terminal”

Yesterday October 15, 2008, the Board of Directors of PPA S.A. in a scheduled meeting, decided:

1. the approval of the Draft Agreement for the Concession of Piers II & III of PPA S.A. container terminal, as it was finalized following the relevant negotiations and
2. Its submission to the State Audit Council for the foreseen relevant preventive legal audit.

The main points of the Agreement for the Concession of Piers II & III of PPA S.A. container terminal regard to:

- **Beginning & Concession Duration**

The Concession begins with the finalization of N. SEMPO's delivery and the establishment of the contractor/concessionaire, on 1/10/2009.

The Concession period is 30 years, starting from the aforementioned date, extended by 5 years provided that Pier III will be constructed within the time frame. It is also foreseen , a sole right for PPA for a further extension of up to 5 years, whilst the total length of the Concession cannot exceed the time frame of the existing Concession Agreement between the PPA and the Greek State.

- **Concession Fee**

The fee of PPA is based on a percentage on the annual revenues of SPV (Variable Fee) which amounts to 21% for the first 8 years of the concession and 24, 5% from the ninth year on.

The SPV guarantees minimum 75% of the above Variable Fee, as it was numerically submitted in its offer to PPA in case the amount of the above Variable Fee is lower than the respective Guaranteed Fee, for every contractual year according to a table included in the Concession Agreement which states specifically the amounts per year.

Additional payments to PPA:

- Initial Payment of 50 million euro which will be reimbursed within 15 days from the publish of the Concession's ratification at the official government gazette.
- Additional Payment of 700.000 euro in 5 annual installments starting at 1/1/2010, concerning the cost of PPA SA for the administration and follow up of the Contract operation , as well as
- Fixed Annual Fee I & II based on the length and area of the Piers which amounts in 2008 prices to 5 millions euro for Pier II and 2 million euro for Pier III, inflated by General Consumer Index +2% per year.

- **Internal Rate of Return (IRR)**

During the next financial year , in which the SPV will accomplish IRR higher than 16%, the surplus profit is distributed between the share holders of SPV and PPA SA with 50% - 50% ratio.

- **Materialization Timeframe of SPV's investments**

The projects that will be materialized until 2015 include the construction of Pier III as well as other port works, according to the offer of CPL, on the existing Pier II.

The estimated investment until 2015 ascends to about 322 million euro and will have as a result the expansion of the capacity of the existing infrastructure to 3.700.000 TEU.

It is foreseen in the execution timeframe of these projects deadlines with corresponding penalty clauses in case of delays with the responsibility of SPV.

Especially for Pier III, it is anticipated a compensation of 111.4 million euro to PPA S.A. in case of project failure with responsibility of SPV, otherwise PPA S.A. reserves the right to terminate the Concession Agreement.

- **Letters of Guarantee**

The Concession contract caters for 4 letters of guarantee of a total amount of 174 million euro. One for the proper function of the contract, valid during the whole period of the Concession, two for the proper execution of the projects of Pier II & III with validity up to 12 months after the completion of the projects and one for the Initial Payment valid until the 50 million euro is deposited.

- **Cohabitation Period**

In the Concession Agreement a 6 months period is foreseen, with a sole right for PPA.A. for a further extension of up to 2 months, during which PPA will provide as a sub-contractor to the SPV cargo handling & port services in general of the terminal under concession. From 1/1/2010 and beyond there will be a gradual transfer of PPA S.A. from Pier II to Pier I that remains under the authority of PPA SA.

For the above time period SPV will pay the cost of the personnel payroll plus 15% augmentation, whilst PPA will guarantee productivity equal to the average of the 3 year period of 2005-2007. During the cohabitation period, SPV is obliged to apply the regulations and the tariffs of PPA.

After the approval of the State Audit Council, the Concession Agreement will be signed by the contracting parties and will be submitted for ratification to the Greek parliament

The Administration