INVITATION FOR AN EXPRESSION OF INTEREST AND SUBMISSION OF OFFERS FOR THE PROVISION OF SPECIALISED TRAFFIC AND TECHNICAL ADVISORY SERVICES TO THE HELLENIC REPUBLIC IN RELATION TO THE PRIVATIZATION OF THE REGIONAL AIRPORTS OF GREECE

13 October 2011

1. Introduction

1.1 Pursuant to the provisions of Law N. 3985/2012 "Medium Term Fiscal Strategy 2012-2015" (Government Gazette nr. A' 151/2011), the Medium Term Fiscal Strategy 2012-2015 was adopted, together with the "Privatisations Programme 2011-1015" (Chapter B', Part II «Privatizations»), which includes*, inter alia*, the exploitation of Hellenic Republic's (the "**HR**") rights and interests in the regional airports of Greece - excluding the Heraklion International Airport (the "**Airports**").

1.2 To this end, the HR aims at exploring the optimal reorganization of the Airports into small number of groups, the attraction of strategic investors, the granting of relevant concession agreements and the monetization of HR's rights, taking into account the provisions of Law 3913/2011 (the **"Transaction**"). For the purpose of the Transaction the HR may form one or more companies that will hold the HR's rights and interests in the Airports (the "**Company**" or "**Companies**")

1.3 In the context described above, the HR is seeking to appoint a specialised traffic and technical advisor (the "**Traffic & Technical Advisor"**), in order to assist the HR and its other professional advisers in relation to the Transaction.

2. Scope of Work

As part of its engagement the Traffic and Technical Advisor will perform such traffic and technical advisory services for the HR, the Hellenic Republic Assets Development Fund SA ("HR ADF"), the Hellenic Civil Aviation Authority ("HCAA") (collectively the "**HR**") and the other advisors of the HR in connection with the Transaction as are customary and appropriate, in accordance with market practice, in transactions of this type. In particular, the Traffic and Technical Advisor will be responsible for the following activities:

2.1 Preparation in cooperation with the other advisors of the HR of the National Airport Policy Report ("**NAPR**") proposal which will include:

A. Assessment of the existing infrastructure
   i. Determination of land ownership and airport boundaries
   ii. Analysis of the technical condition of existing facilities including indicatively runways, aprons, air traffic control facilities, passenger terminals, cargo facilities, surface access and parking facilities, utility infrastructure
   iii. Identification of Airports in which civil and military aviation activities co-exist. Analysis and assessment of the two acitivities and infrastructure utilised by each of the two activities
   iv. Analysis of historical traffic dynamics:
      - Historical traffic throughputs for each airport, including passengers, ATMs and cargo, separated, where possible, by Schengen/Non-Schengen, domestic/international, lowcost/standard and aircraft size
      - Analysis of events and drivers of changes in historical traffic
      - Analysis of client mix
      - Analysis of passengers' trip purpose
      - Analysis of existing ticket pricing by airlines
      - Analysis of airports' catchment areas including surface access and primary population centres located close to the airport

- Analysis of existing intra-day traffic patterns for determination of peak hour flows
- Market share per airline for each airport

v. Assessment of existing capacity: airspace, runways, aprons, existing passenger terminal capacity

vi. Existing management; operational and financial assessment
- Assessment of the existing management structure
- Analysis of current and historical operational plans and budgets, specifically operating expenses
- Analysis of any maintenance and/or capex plans currently in place
- Analysis of existing tenants, concessionaires and revenues from commercial activities
- Analysis of aeronautical revenues and Airport Development Fund revenue

vii. Environmental compliance and permits assessment

B. Development of forecasts and master plan (the "**Master Plan**")

i. Preparation of the medium - and long - term forecasts by region and airport: demand drivers and primary variables, passenger / ATM / MTOW and Cargo throughput forecasts for 3 development scenarios, busy hour demand forecast, capex, revenue (aeronautical and non-aeronautical), operating expenses and routine maintenance costs

ii. Future airport strategy review
- Assessment of local and strategic need for individual airports and implications of constrained development or closure
- Surface access development
- Analysis of competition between airports

iii. Preparation of the Master Plan for rationalisation and restructuring of the Airports portfolio based on the forecasts on strategy assessment

C. Drafting of the NAPR proposal in cooperation with the other advisors of the HR

D. Preparation of recommendations for the future organisation of the airport portfolio. Delivery of the proposal

2.2 Economic assessment:

A. Economic feasibility study

i. Financial forecast preparation: revenue (aeronautical and non-aeronautical), operating expenses, capex

ii. Evaluation of commercial viability of individual airports

B. Review of tariff-setting options

i. Global benchmarking analysis for regional airport regulation

ii. Recommendations for possible tariff structures based on the economic feasibility study results and NAPR

2.3 Support in incorporation of Airports, the setting up of the Company/ies (as the case maybe) and concession structuring:

A. Development of detailed transition plans for the Airports selected for privatisation with particular focus on operational continuity and environmental compliance

B. Analysis and recommendation of suitable concession structures given the assessment and recommendations of the Master Plan and NAPR

C. Support in cluster structuring during Transaction process

2.4 Sale process support / Tendering process for the assignment of concession(s):

A. Traffic forecast update for the airport clusters selected for the Transaction

B. Preparation of detailed capex plans for individual concessions

C. Provision of inputs and primary variables for the valuation model

D. Preparation of the Technical Vendor Due Diligence report (if required)
E. Support of other advisers of HR in the preparation of the Information Memorandum and, in general, tender documentation and support in the execution of the selected tender process including indicatively:
   - Preparation of technical pre-qualification and bid criteria
   - Support of other advisers of HR in conducting the bid analysis
   - Interaction with bidders in relation to the technical aspects of bids
   - Assistance, in cooperation with the other advisors of the HR, in the financial closing and commencement of concession(s), if required

3. Term of the Contract

Term of the Contract: Two (2) years or up to the completion of the Transaction, whichever is the earliest.

4. Necessary Qualifications

4.1 The interested firms must demonstrate a strong international track record and relevant expertise in providing services related to the airport sector and are kindly requested to submit an offer in writing, which should include the following:

i. Relevant experience in infrastructure projects in Greece and abroad carried out in the last 10 years;
ii. Proven knowledge and experience of the airport market in Greece and abroad carried out in the last 10 years;
iii. Previous participation in airport privatisation and/or restructuring processes similar to this, involving the following tasks: airport master plan preparation, traffic forecasts, operating expenses forecasts, capex forecasts, catchment area analysis, development strategy analysis carried out in the last 10 years;
iv. Proposed team composition (and its proposed structure) including relevant experience of the senior members of the team.
v. Initial thoughts on the assignment including an indicative timetable for its implementation.
vi. Proposed financial terms for the provision of the traffic and technical advisory services hereof, including a cap for fees and expenses for the term of the contract.

4.2 The interested firms and the members of the proposed teams must declare in writing that they do not have a conflict of interest. Such restriction as to conflict of interest will be in effect throughout the term of the engagement.

5. Selection Procedure

5.1 The award of the assignment will be made in accordance with the provisions of Law 3049/2002. The selection committee, which will be formed, shall receive and assess all offers that will be validly submitted.

The assessment shall take into consideration the abovementioned in par 4 qualifications and requirements, the fee proposal, as well as the criteria mentioned in the paragraph 5 of the article 7 of Law 3049/2002.

The selection committee may require clarifications, additions or adjustments of the submitted offers as it deems necessary. Following the assessment process, up to three (3) candidates may be selected for the negotiation phase. Should the number of candidates that fulfill the abovementioned prescribed minimum selection criteria is less than three (3), the selection committee may - at its sole discretion - continue the procedure by calling on the candidate(s) that fulfill such criteria.

The negotiation will be made with each candidate successively and subject to the prior unsuccessful negotiation with the previous candidate.

5.2 A candidate that does not meet the criteria set hereof will be disqualified.

5.3 The HR reserves, at its fullest exclusive discretion, the right to cancel, suspend, amend or postpone at a later time this procedure, without any prior notice, as well as to terminate any negotiations or discussions at any stage of the process, without incurring any liability whatsoever as against any candidate and/or any third party.

5.4 Interested technical and traffic advisors must submit their offer together with all the documentation set out above, via e-mail at the e-mail address **ssarp@minfin.gr**, marked "**REGIONAL AIRPORTS: INVITATION FOR EXPRESSION OF INTEREST FOR TRAFFIC AND TECHNICAL ADVISOR**".

Additionally, a hard copy of such offer may also, at the discretion of the candidate, be submitted, in a sealed envelope, at the offices of the State Secretariat for Asset Restructuring and Privatisation (8 Karageorgi Servias Street, Postal Code: 101-84, Athens, 6th floor).

5.5 The offers must be submitted no later than on **October 20th, 2011 at 17:00**, Athens time, irrespectively of the way of submission.