



Report according to article 4.1.4.1.3 of the Athens Exchange Regulation  
by the Board of Directors of the societe anonyme with the name  
***“GEK Societe Anonyme Holdings, Real Estate, Constructions Company” and  
the distinctive title “GEK SA”***

Towards

The General Shareholders’ Meeting (including any and every repeated or postponed meeting of such) regarding the valuation of the societe anonymes **“TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY”**, **“GEK Societe Anonyme Holdings, Real Estate, Constructions Company”** and **LITHOS SOCIETE ANONYME** due to the separation of the listed societe anonyme **“TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY”**, in two divisions, with absorption of the first division by the listed societe anonyme company **GEK Societe Anonyme Holdings, Real Estate, Constructions Company”** and the second division by the non-listed societe anonyme company **LITHOS SOCIETE ANONYME**.

Dear Shareholders

### **I.- History**

By means of the decisions by the Board of Directors of the companies **“TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY”**, **“GEK Societe Anonyme Holdings, Real Estate, Constructions Company”** and **LITHOS SOCIETE ANONYME**, dated 24/6/2008, the initiation of procedures was approved for the separation of the company **TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY** (splitting company) according to the provisions of article 81-86 of C.L.2190/20 and articles 1-5 of L.2166/93, in two sections (divisions), with absorption of the first division by our company (first successor) and the second division by the non-listed societe anonyme company **LITHOS SOCIETE ANONYME** (second successor). Furthermore, by means of the

aforementioned decisions, the 30<sup>th</sup> of June 2008 was set as the preparation date for the transformation balance sheet.

*Following the decision by the company's Board of Directors dated 24/6/2008, the following were prepared:*

a) The Transformation Balance Sheet of the company “**TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY**” as at 30/6/2008 as well as the respective transformation balance sheet for the division of the splitting company which includes all the activities and assets, excluding construction activities and those related to constructions, (1<sup>st</sup> SUCCESSOR) and the transformation balance sheet of the splitting company that includes the construction activities and assets and holdings pertaining thereto (2<sup>nd</sup> SUCCESSOR).

b) the Audit Report regarding the ascertainment of the book value of assets of our company “**TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY**” included in the Transformation Balance Sheet of 30/6/2008, which was prepared by the Certified Auditors-Accountants firm “S.O.L. S.A.” and specifically by the Certified Auditor Accountant Mr. Georgios I. Laggas (SOEL Reg. No. 13.711).

Following the decisions by the Board of Directors on September 18<sup>th</sup> 2008, the Draft Separation Agreement was approved by the Board of Directors of the splitting company and the successors.

The above Draft Separation Agreement in summary includes the following basic points

**The Splitting Company** is the societe anonyme under the name “TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY” based in the Municipality of Athens at 85 Mesogeion Ave and with S.A. Reg. No. 1998/06/B/86/10.

**The Successors are:**

a) The societe anonyme under the name “GEK Societe Anonyme Holdings, Real Estate, Constructions Company” d.t. “GEK S.A.” based in the Municipality of Athens at 85 Mesogeion Ave., and with S.A. Reg. No. 6044/06/B/86/142 (**the first successor**) and

b) the societe anonyme under the name "LITHOS SOCIETE ANONYME" based in the Municipality of Athens at 85 Mesogeion Ave., and wutg S.A. Reg. No. 56330/01/B/04/506 (08) **(the second successor)**.

The separation is realized according to the provisions of articles 81-86 of C.L. 2190/20 and articles 1-5 of L.2166/93, according to the financial data (balance sheets) of the companies participating in the separation as at 30.6.2008. The assets of the separated company, as such result from its balance sheet of 30.6.2008, were allocated to two (sections) divisions. The division absorbed by the listed on the Athens Exchange societe anonyme company GEK SA (first successor), includes all activities and assets of the splitting company (apart from construction activities and those related to constructions), while the division absorbed by the non-listed societe anonyme LITHOS SOCIETE ANONYME (second successor), includes construction activities and assets and holdings pertaining thereto (including indicatively the MEEP construction license), of the splitting company.

The splitting company will transfer its total assets, liabilities and equity to the successors, according to its financial position presented in the balance sheet of 30.06.2008, as such was allocated to two (sections) divisions and as such will evolve per section until the legal completion of the separation. Each successor will constitute the exclusive proprietor, holder, owner and beneficiary also of any other asset of the splitting company, which corresponds to the division transferred to such.

The share capital of the splitting company, which amounts to 53,318,820.00 euro divided into 45,964,500 shares with a nominal value of 1.16 euro each, is allocated according to those stated above, by 24,933,073.64 euro to the first successor, which correspond to 21,494,029 shares owned to the other, apart from GEK SA as a shareholder, shareholders of the splitting company, and by 28,385,746.36 euro to the second successor, which correspond to 24,470,471 shares owned by the shareholder of the splitting company GEK SA.

The share capital of the first successor amounts to 23,566,809.60 euro divided into 65,463,360 shares with a nominal value of 0.36 euro each.

The share capital of the second successor amounts to 522,000 euro divided into 52,200 shares with a nominal value of 10 euro each.

#### A' SUCCESSOR

The share capital of the first successor increases by the amount of the contributed by the splitting company share capital of 24,933,073.64 euro and also due to capitalization (for rounding purposes) of part of the Retained Earnings account by the amount of 453,248.92 euro, namely corresponding to a total increase of

25,386,322.56 euro while the share capital will amount to 48,953,132.16 euro divided into 85,882,688 common registered voting shares with a nominal value of 0.57 euro each.

### **B' SUCCESSOR**

The share capital of the second successor increases by the amount of the contributed by the splitting company share capital of 28,385,746.36 euro and also from the payment of cash (for rounding purposes) by the amount of 2,253.64 euro, namely corresponding to a total increase of 28,388,000 euro while the share capital will amount to 28,910,000.00 euro divided into 289,100 common registered voting shares with a nominal value of 100 euro each.

With the completion of the separation and absorption of the splitting company's divisions by the successors, the nominal value of each share of the first successor will adjust from 0.36 to 0.57 euro, according to the regulations and stipulations of the Athens Exchange, while the nominal value of each share of the second successor will adjust from 10 to 100 euro.

The reasonable and fair exchange ratio of the splitting company's shares, towards the shares of each successor, is defined as follows:

#### **A) For the shares of the first successor**

For shareholders of the splitting company, except for the shareholder GEK SA, the ratio is set at 1:0.950000021

Namely, shareholders of the splitting company (except for the shareholder GEK SA) will exclusively exchange each one (1) common registered voting share from the 21,494,029 shares with a nominal value of 1.16 euro each, towards 0.950000021 common registered voting shares of the first successor, with a new nominal value of 0.57 each, namely shareholders will receive 20,419,328 shares in total.

For the shareholders of the first successor GEK SA the ratio is set at 1:1

Namely, shareholders of the first successor will continue, following the legal completion of the separation, to own the same number of shares as prior to the separation, namely 65,463,360 shares with a new nominal value of 0.57 euro each.

#### **B) For the shares of the second successor**

Following the allocation of assets by the splitting company towards each successor, and particularly due to the transfer by the splitting company to the first successor

GEK SA, of its participation in the second successor LITHOS SOCIETE ANONYME, the first successor GEK SA will acquire and own the total, namely a 100% stake, share capital of LITHOS SOCIETE ANONYME, as such will result following the completion of the separation. Therefore, the first successor GEK SA will exchange the 24,470,471 shares it owns of the splitting company, with the aforementioned 289,100 shares of the second successor LITHOS SOCIETE ANONYME, with a new nominal value of 100 euro each.

From the completion date of the separation, shares corresponding to shareholders of the splitting company, provide such the right to participate in earnings of the successors.

The dematerialized securities accounts of the splitting company's shareholders (except for GEK SA) will be credited with the exchanged shares with a new nominal value of 0.57 euro each, of the first successor according to the relevant procedures set by the regulation of the Athens Exchange.

The delivery date for new shares of the second successor for the shareholders of the splitting company GEK SA, is set at a maximum of 30 days from the completion of the separation.

From 1-7-2008, a day subsequent to the balance sheet of the splitting company, according to which the separation is realized, and until the completion of the separation, transactions of the splitting company are considered on an accounting basis to take place on behalf of the successors, while the financial results that will result during this period, will benefit or burden such exclusively by a portion that corresponds to the contributed to each division. The relevant amounts will be transferred with a collective entry in the books of the successors.

There are no shareholders of the splitting company, who have special rights or privileges, or that are owners of other securities apart from shares.

No special privileges are provided towards the Board of Directors and the certified auditors of the splitting company and successors, according to their articles of association or decisions by their General Shareholders' Meetings, nor are any such privileges provided by the present separation agreement.

From the conclusion of the separation, the successors undertake ipso jure and without any other declaration according to the law, all the rights, obligations and legal relations of the splitting company, by the portion that corresponds to the transferred to each assets, and such transfer is identified as a universal succession.

The parties thereby agreed on all the terms of the Draft Separation Agreement through Absorption, which according to the law and the relevant articles of association, are condition to obtain licenses, approvals and other requirements.

The above approved Draft Separation Agreement was submitted to the disclosure requirements of article 7b of CL 2190/1920 according to article 82 par. 4 of the same CL by each company participating in the separation, with the registration on 29.9.2008 in the kept SA registrars of the SA & Credit Division, General Division of Internal Commerce of the Ministry of Development both for the splitting company and for our company (first successor) and publishing of the Reg. No. K2 – 11819 and K2 – 11820 relevant announcements in the Govt. Gazette No. 11093/29.9.2008 (SA & LTD Issue) for each of the aforementioned companies as well as in the kept SA Registrars of Local Government Authority of Athens – Piraeus, Athens Prefecture – Central Division – Division of Societe Anonymes – Section A' for the second successor LITHOS SOCIETE ANONYME and publishing of the Reg. No. 30548/08 announcement in Govt. Gazette No. 11210/1.10.2008 (SA & LTD Issue).

A summary of the above Draft Separation Agreement was published on 04.10.2008 in sheet No. 13640 of the daily financial newspaper EXPRESS.

The companies participating in the separation – in addition – on 03.10.2008, submitted to the Registrars of the SA & Credit Division of the General Division of Internal Commerce of the Ministry of Development and the Local Government Authority of Athens – Piraeus – Athens Prefecture – Central Division – Division of Societe Anonymes – Section A' respectively, the minutes of their Board of Directors' Meetings dated 2.10.2008 according to paragraph 5 article 82 of C.L. 2190/20 as in effect, together with the Board of Directors' Reports regarding the Draft Separation Agreement of the societe anonyme listed on the Athens Exchange company "TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY" in two sections (divisions), with absorption of the first by our company "GEK Societe Anonyme Holdings, Real Estate, Constructions Company" and the second by the non-listed societe anonyme under the name LITHOS SOCIETE ANONYME, which clarifies and justifies legally and financially the Draft Separation Agreement.

The Board of Directors of our company (the first successor) in execution of the defined by article 4.1.4.1.3 of the Athens Exchange Regulation relevant obligation, hereby submits the present report which aims at providing information regarding the valuation of the aforementioned companies and the exchange ratio of their shares.

Specifically, such was appointed to the independent company ALPHA BANK SA, which undertook and concluded its task and submitted its relevant report on 29.9.2008.

In detail the above report is as follows

## **II. Report by the Independent Consultant**

Towards:

1. The Board of Directors of GEK Societe Anonyme Holdings, Real Estate, Constructions Company
2. The Board of Directors of TERNA Societe Anonyme Tourism Technical and Shipping Company

29 September 2008

The Board of Directors of “GEK Societe Anonyme Holdings, Real Estate, Construction Company” (hereinafter “GEK”) and “TERNNA Societe Anonyme Tourism, Technical and Shipping Company” (hereinafter “TERNNA”) (jointly referred to hereinafter as the “Companies”), according to the decisions made thereof during their meetings on April 5<sup>th</sup> and June 24<sup>th</sup> 2008 respectively, intend to proceed with the separation of TERNA (hereinafter the “Separation”) with absorption a) of all activities and assets of TERNA (apart from construction activities and those related to constructions), by the listed parent company of such GEK and b) the construction activities and assets and holdings pertaining thereto of TERNA by the affiliate (100% subsidiary of TERNA) non-listed societe anonyme company LITHOS S.A. Following the completion of the separation and the share capital increase of LITHOS S.A. by the amount of TERNA’s contributed share capital, GEK will own the total, namely 100%, share capital of LITHOS S.A.

The Separation will take place according to the provisions of articles 81-86 of C.L. 2190/20 and articles 1-5 of L.2166/93 as currently in effect. The 30<sup>th</sup> of June 2008 was set as the Balance Sheet Transformation date. The implementation of the Separation is subject to the stipulated by Law licenses and approvals by the General Meetings of the Companies and the relevant authorities.

In the context of this procedure, the Board of Directors of the Companies, appointed to Alpha Bank (hereinafter the “Consultant”) to conduct a valuation for the value of the Companies’ shares and the definition of a “fair” and “reasonable” range for the exchange ratio of their shares.

In order to conclude our opinion, we examined the following:

- a) the published information regarding the Companies and also companies comparable to such
- b) the audited company and consolidated financial statements of the Companies and their subsidiaries as at 31 December 2007 and 30 June 2008
- c) the final draft separation agreement to be released
- d) financial and other information regarding the activities and prospects of the Companies and their subsidiaries, including the business plan and results estimates for the Companies and the secondary activities of such, which were prepared by the Managements of the Companies, as certified by the relevant letter by management of the Companies dated September 22<sup>nd</sup> 2008
- e) financial and stock exchange information on other similar companies whose shares are traded on organized markets
- f) the financial terms of other specific transactions of similar companies that have recently taken place
- g) the prevailing market conditions in the sectors where the Companies operate in
- h) other information and data provided to us by the Managements of the Companies, which reassured us on the accuracy and thoroughness thereof.

The valuations of the Companies were conducted, in each case, according to the following generally accepted principles and methodologies applied internationally and the final result was concluded, after taking into account the appropriateness of each methodology.

**The Discounted Free Cash Flow Method** is based on the theory that the value of a company or activity is equal to the net present value of its free future cash flows, that is the difference between the monetary inflows that arise from the company’s operation (before interest) and the monetary outflows that regard the financing of its investment needs, the payments of taxes and the financing of working capital,



discounted with an appropriate interest rate (discount factor), that corresponds to the opportunity cost of capital for investments with similar risk. The application of the method requires estimation of the free cash flows of the company or activity for a specific time horizon in the future, estimation of the possible terminal value of the company or activity, which concerns the value of such in perpetuity, namely following the end of the estimation period, and estimation of the discount rate of cash flows, which represents the average expected return for the company's financiers. It is noted that this method defines the value of the overall company or activity, from which the value of borrowing is deducted in order to define the value of equity.

**The Comparable Transactions Method** defines the value of a company or activity based on similar transactions that have taken place in the recent past. For each transaction in the sample of similar transactions, valuation indicators (multiples) are calculated and the means and medians of such multiples are inferred. Following, the mean multiples are applied on the respective financial data of each company or activity in order to result in a value range for such.

**The Comparable Companies Method** is based on the assumption that the value of the company or activity, may be approached based on the value attributed by investors, who are adequately informed and who act rationally, to comparable with such companies. The application of the method requires the selection of an appropriate sample of companies, that are comparable to the company under valuation and whose shares are listed on organized markets. For each company in the sample of listed companies, a series of multiples in each case are calculated, as indicatively:

- Enterprise Value to Sales per share (EV/Sales)
- Enterprise Value to Earnings before interest tax depreciation and amortization (EV/EBITDA)
- Price to Sales per share (P/Sales)
- Price to Earnings per share after tax (P/E)
- Price to Book Value per share (P/Book Value)

With the calculation of such ratios for each company in the sample, it is possible to define ratios that reflect the value attributed by investors to companies comparable with that under valuation. The application of such ratios on the respective estimated

economic fundamentals of the company or activity under valuation, results in an estimation for a range of value of the company.

According to the international practice on valuation of groups such as GEK and TERNA with a large number of holdings, all holdings of such were valued separately with the application of the aforementioned methodologies in each case, and subsequently the value resulting was summed according to the participation percentage of each such company. During the above practice, we may apply different ratios and discount rates on the cash flows of the individual companies in order to take into account differences in the business activity, prospects and risk of the companies in one group. Moreover, the stock exchange evolution of the Companies shares was examined for the past year prior to the release of the proposed by the Companies' BoD exchange ratio.

According to the above, a value range between 901.2 and 996.1 million Euro resulted for GEK, while for TERNA a range between 638.3 and 705.5 million Euro.

It is noted that the valuation methodologies applied to define the fair values of the Companies, are considered as appropriate for this specific case and during the application of such methodologies no difficulties or problems emerged. The valuation processes were applied under the assumption of the individual going concern principle for each Company. Therefore possible positive or negative effects of the Separation were not examined, such as indicatively economies of scale, other synergies, expenses for implementation of the Separation etc.

According to the above, the range for the exchange ratio of shares that results from the valuation of the fair and reasonable value range calculated for each Company, is presented as follows:

**From 0.912683332 to 1.114940014 shares of GEK to 1 share of TERNA**

It is noted that the results of our work do not intend to the objective definition of the value of each Company individually, but to the relevant value of such in the context of the proposed Separation.

According to the proposed by the Board of Directors of the Companies, exchange ratio of shares, shareholders of TERNA will exchange 1 share for 0.950000021 shares of GEK. The aforementioned share exchange ratio in our opinion is in line with the range of the respective share exchange ratio resulting from the valuation of

the Companies and therefore the proposed ratio is considered as fair and reasonable.

Our valuation has been based on estimations and analysis provided to us by the managements and administrations of the Companies and for which, with your consent, we presumed that such have been prepared by a reasonable manner according to the best possible available estimations and judgments by the managements and administrations of the companies as regards to the current and also the future course of the Companies and no events are expected, that could significantly affect the value of the companies. With your consent, we relied on the fact that all information, financial, accounting, legal, tax and other that was subject to discussion or examined by us, is complete and accurate and we presumed the accuracy and completeness of such information for the purpose of providing our present opinion, without conducting an independent audit. Furthermore, with your consent, we have presumed that the future results of the Companies will be realized in total and within the time frames used during the preparation of the estimations by the Companies' management. Our opinion is inevitably based on the financial, regulatory market conditions and other conditions, as well as on other information as such was confirmed by the letter from the Companies' managements dated September 22<sup>nd</sup> 2008 and we have no obligation to adjust our opinion in case of changes in such conditions. Finally, the Consultant bears no responsibility as regards to possible legal, tax, accounting issues that concern the Separation and for which we consider that the managements of the Companies have received an opinion from special consultants.

Our valuation does not appraise the business decision of the Companies' Board of Directors to proceed with the Separation and to propose the approval of the Separation towards their shareholders. Moreover, we do not express an opinion as regards to the future value or market price of the Companies' mobile assets at any time. It is noted that in the past, our company and affiliated companies, have provided financial, advisory, underwriting and financing services towards the Companies and we have received rewards for the provision of such services. During the ordinary course of our activities, our company and its affiliated companies may, at any time, provide such services towards the Companies and receive a reward for the provision of such.

Our opinion, which is expressed in the present letter, is provided as assistance towards the Board of Directors of the Companies for the fulfillment of their obligation according to the Athens Exchange Regulation, in relation to the Separation and refers to the Board of Directors of the Companies for this purpose. The present opinion should not be used for any other purpose without the written authorization by the Consultant. Finally, it is noted that the present report is in effect given that the Separation is concluded according to the terms decided upon and announced.

### **III.- Proposal of the Board of Directors towards the shareholders**

Dear shareholders

Given those mentioned above and taking into account that

(i) the valuation methodologies applied to define the share exchange ratios were appropriate for the specific case

(ii) The proposed share exchange ratio is fair and reasonable as such is confirmed by the report from ALPHA BANK SA dated 29.9.2008

(iii) the interests of shareholders of our company that participates in the separation, are fully secured and benefits will arise for such from the proposed separation

The Board of Directors of the company, with the assertion that such has made the best possible business decision, submits towards the General Meeting of shareholders, the present report according to article 4.1.4.1.3 of the Athens Exchange Regulation and requests to proceed with the relevant decision for the separation of the listed societe anonyme company “**TERNA SOCIETE ANONYME TOURISM TECHNICAL AND SHIPPING COMPANY**” in two divisions, with absorption of the first division by our company “**GEK Societe Anonyme Holdings, Real Estate, Construction Company**” and the second division by the non-listed societe anonyme company **LITHOS SOCIETE ANONYME** according to the provisions 81-86 of CL 2190/20 and articles 1-5 of L.2166/1993.