

**TERNA ENERGY FINANCE
SOCIETE ANONYME (S.A.)**

124 Kifisias Avenue & 2 Iatridou Street, 115 26 Athens, Greece

GENERAL ELECTRONIC COMMERCIAL REGISTRY (GEMI) 140274801000

SEMI-ANNUAL FINANCIAL REPORT

For the period ended on 30th June 2019

**According to article 5 of L. 3556/2017 and the relevant executive Decisions
by the Board of the Hellenic Capital Market Commission**

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I. STATEMENTS BY THE MEMBERS OF THE BOARD OF DIRECTORS

(According to article 5, par. 2 of Law 3556/2007)

We:

1. Vasileios Delikaterinis, Chairman of the Board of Directors
2. Aristotelis Spiliotis, Managing Director
3. Dimitra Chatziarseniou, The Vice-Chairman of the Board of Directors

The following representatives of the Board of Directors, under our capacity that is presented above, according to the provisions stipulated by law (article 5 of Law 3556/2007 as well as of Law 4548/2018), and also as appointed for the specific purpose by the Board of Directors of the Societe Anonyme under the name "TERNA ENERGY FINANCE SOCIETE ANONYME" (henceforth called as the "Company" for brevity reasons), we declare and verify according to the law that to the best of our knowledge:

A. The semi-annual financial statements of the company TERNA ENERGY FINANCE SA for the period from January 1st 2019 to June 30th 2019, which were prepared in accordance with the accounting standards in effect, provide a true picture of the assets, liabilities, the shareholders' equity and the results of the Company for the period of the first half 2019, according to those stated by paragraphs 3 to 5 of article 5 of L. 3556/2007, and

b. The Semi-Annual Board of Directors' Report depicts in a true manner the information required according to those stated by paragraph 6 of article 5 of L. 3556/2007.

Athens, 28 August 2019

Chairman of the Board

Managing Director

The Vice-Chairman of the
Board of Directors

Vasileios Delikaterinis

Aristotelis Spiliotis

Dimitra Chatziarseniou

II. Review Report of the Independent Certified Auditor

To the Board of Directors of “TERNA ENERGY FINANCE SOCIETE ANONYME”

Review Report on Interim Financial Information

Introduction

We have reviewed the accompanying condensed statement of financial position of TERNA ENERGY FINANCE SOCIETE ANONYME as of 30 June 2019 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes that comprise the interim condensed financial information, which form an integral part of the six-month financial report of Law 3556/2007.

Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and apply for interim financial reporting (International Accounting Standard “IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards as incorporated into the Greek Law and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Based on our review, we did not identify any material misstatement or error in the representations of the members of the Board of Directors and the information of the six-month Board of Directors Report, as required by articles 5 and 5a of L.3556/2007, in respect of the condensed financial information.

Athens, 28 August 2019

The Certified Auditor Accountant

Dimitra Pagoni
SOEL Reg. No. 30821

**III. SEMI-ANNUAL REPORT OF THE BOARD OF DIRECTORS OF TERNA ENERGY FINANCE SOCIETE ANONYME
ON THE FINANCIAL STATEMENTS FOR THE PERIOD 01/01/2019 – 30/06/2019**

The present Semi-Annual Report of the Board of Directors concerns the interim period from 1st January to 30th June 2019. The report was prepared and is in line with the provisions of Law 4548/2018 as well as of article 5 of Law 3556/2007.

The financial statements were prepared according to the International Financial Reporting Standards that were adopted by the European Union and specifically according to IAS 34.

Introduction

The Company was founded on 14.10.2016 under the name "TERNA ENERGY FINANCE SOCIETE ANONYME" and the distinctive title "TERNA ENERGY FINANCE S.P.S.A."

It is essentially a money market fund destined to be utilized for the implementation of selected investments that will be proposed by TERNA ENERGY SA, which is the sole shareholder of the Company.

On operational level, the Company is supported by TERNA ENERGY SA which affects to a significant extent the decisions, the management and the broader functioning of the Company exerting at the same time control over the above operations.

If for any reason TERNA ENERGY SA ceases to support the Company on operational and administrative level or if the former is not in position to fulfill its contractual obligations towards the latter, then such an outcome may have material impact on the financial results, the financial position and the prospects of the Company.

Financial Developments and Performance of the Reporting Period (1st Half 2019)

The Greek economy is in an upward trend however its growth was slowed down compared to year 2018, despite the larger investment activity concerning extrovert sectors and also despite privatizations and moderate increase of private consumption.

The cost of Greek State's new debt posted a significant improvement during the first half of 2019 as it decreased and settled at historic low levels. The market capitalization of the Greek banks recovered, the deposits gradually seem to gradually return to the domestic banking system and also the Greek banks are not any longer relying on ELA.

The recent elections naturally generated strong expectations over positive developments in the economy such as a faster pace of economic growth and a greater prosperity for households. Those expectations were mainly based on the lower tax burden expected in the economy and the further enhancement of the business environment.

Up until today, the amount allocated in relation to the bond issuance of TERNA ENERGY FINANCE S.P.S.A. has been utilized in the construction of two (2) wind farms in the Regions of Central and Western Macedonia, Greece, the construction of one (1) wind park in Texas of U.S.A. and in the construction of the project "Installation of Urban Solid Waste Processing Plant of Epirus Region". At the same time the project "Integrated Waste Management of Peloponnese Region" has not yet commenced.

Significant Events during the first half of the Financial Year

On 10/05/2019, the Extraordinary General Meeting of the Company's shareholders elected a new Audit Committee consisting of the following members: Mr. Nikolaos Kalamaras, who is not a BoD member and therefore fulfills the independence requirements for assuming the position of the Committee's Chairman, Mr. Georgios Mergos, independent non-executive member, and Ms. Dimitra Hatzarseniou, Vice-Chairman of the BoD and executive member.

In addition on 5th June 2019, the Ordinary General Meeting of Shareholders of the parent Company TERNA ENERGY S.A. announce that the Company contemplates the issuance of a new Bond Loan, amounting from € 120 million to € 150 million, in order to raise capital needed for the implementation of the Investment Plan.

Also on 7 June 2019, the Company announced its intention to fully prepay the nominal value of the bond securities that had previously issued and allocated via a public offering, pursuant to the Ordinary Bond Loan Issuance Program as of 12/07/2017 up to an amount of €60,000 thousand and also pursuant to the Agreement for Appointment of a Bondholders' Representative (the "Program").

Significant Events following the reporting date of the Statement of Financial Position

On 17/07/2019, the parent company TERNA ENERGY SA repaid the total nominal value of the bond securities that had issued and had been covered by the Company, based on the Program of Ordinary Bond Loan Issuance up to an amount of € 60,000 thousand according to the provisions of the term 4 of the above Program ("Prepayment"). In the context of the prepayment and according to the provisions of the Program, the following amounts were paid on Wednesday 17 July 2019:

- a) The total nominal value of bonds, namely €1,000 per bond security,
- b) the accrued interest up to 17th July 2019, with the gross amount of interest due for the 4th Compounding Period (17/1/2019-17/7/2019) amounting to € 1,432,470.74 and
- c) An additional amount of prepayment equal with 1% of the nominal value of bonds that are being repaid, namely a gross amount of €10 per bond security.

On 17/07/2019, TERNA ENERGY SA deposited an amount of € 1,301 thousand to the Company that was utilized for Share Capital Increase and particularly for the coverage of the Company's cash needs since as of 30/06/2019 the Company presented a negative working capital position.

On 22/07/2019, and following an announcement made on 7 June 2019, the Company proceeded with the prepayment of the total nominal value of bonds that were issued and allocated via a public offering, pursuant to the Program of Ordinary Bond Loan Issuance up to € 60,000 thousand and the Agreement for Appointment of a Bondholders' Representative (the "Program") according to the provisions of the term 4 of the above Program ("Prepayment"). In the context of the prepayment and according to the provisions of the Program, the following amounts were paid on Monday 22 July 2019:

- a) the total nominal value of bonds, namely €1,000 per bond security,
- b) the accrued interest up to 22nd July 2019, with the gross amount of interest due for the 4th Compounding Period (21/1/2019-22/7/2019) amounting to € 1,167,833.33 and
- c) an additional amount of prepayment equal with 1% of the nominal value of bonds that are being repaid, namely a gross amount of €10 per bond security.

Prospects, risks and uncertainties for the second half of the financial year

On operational level, the Company is supported by TERNA ENERGY SA which affects to a significant extent the decisions, the management and the broader functioning of the Company exerting at the same time control over the above operations. Taking into account all the above, the major risks and uncertainties concerning the Company's activities are directly related to the ones of TERNA ENERGY Group (henceforth the "Group"). An analytical reference to the risks and uncertainties is provided in Section E' of the Semi-Annual Management Report of the Board of Directors of Terna Energy.

The prospects of TERNA ENERGY Group during the second half of the year are viewed as positive since the construction of new RES and waste management projects in Greece and USA is close to completion, whereas new investments are approaching maturity on a license and financing basis. When these new investments enter the construction phase they will allow the Group to retain its growth course in line with the relevant business plan and with the broader development targets that have been set.

The above mentioned improvement in the conditions and the key figures of Greek economy, the constantly growing trust of both markets and investors towards the economy, as well as the gradual relaxation of the domestically imposed capital controls alleviate any risk of cancellation or deceleration of the Group's investment program. Furthermore, the Group's significant business activities in the international markets and particularly in North America contributes towards a greater diversification and dispersion of respective risks and offset any potential effect arising from a reversal in the recovery path of the Greek economy. Any such development could negatively affect the implementation of the Group's investment plan in Greece and among other things, make even more difficult its efforts to finance such investments, but also would possibly have impact on the transactions with foreign suppliers that provide the Group with the necessary mechanical equipment. The above scenarios if ever realized will most likely affect on temporary basis the performance of the company's domestic activities.

The view taken by the Management is that any developments materializing in the Greek economy cannot be foreseen with accuracy, nor can the Management define those developments with the greatest impact on operations, financial performance, cash flows and financial position of the Group. However, by considering all above elements, the Management takes the necessary precautions towards the smooth operation within the Greek region by applying the proper procedures in detecting and evaluating the various risks that may arise in the near future. Also in close, continuous and systematic cooperation with the Group's directors, the Management plans and applies various measures in order to encounter any identified risk and to ultimately reduce any unfavorable impact of such risks.

The Group despite the current ongoing economic crisis, as of the reporting date of the semi-annual Consolidated Financial Statements, retained a satisfactory capital adequacy, profitability and liquidity. Therefore the Group continues to be absolutely aligned with its obligations towards suppliers, public sector, social security organizations and other creditors.

Also, the Management views that during the 2nd Half of 2019 the credit risk concerning the requirements of the energy sector for both the Parent Company TERNA ENERGY SA as well as the remaining Greek companies of the Group is limited.

The Group, in relation to its activities in the field of energy, remains exposed to the short-term changes of the wind and hydrology performance data, without however the above conditions affecting the longer-term performance of its wind parks. This is due to the fact that for the implementation of the corresponding investments extended studies take place in advance with regard to the behavior of the above factors.

During the time period starting from the expiration of the first half 2019 until approval date of the attached financial statements, neither has any loss arisen nor has any probability over such a loss appeared.

Alternative Performance Measurement Indicators ("APMI")

In the context of applying the Guidelines "Alternative Performance Measures" of the European Securities and Markets Authority (ESMA/2015/1415el) which are applied from 3rd of July 2016 in the Alternative Performance Measures (APM)

The Company utilizes Alternative Performance Measures (APMs) in the context of its decision making process concerning its financial, operational and strategic planning, as well as for the assessment and the presentation of its performance. These APMs facilitate the better understanding of the Company's financial and operating results and of its financial position. The alternative performance indicators should be always taken into account in conjunction with the financial results that have been prepared in accordance with the IFRS and in no case replace such.

When describing the Company's performance, the following indicators are used:

EBIT (Earnings Before Interest & Taxes): It is a ratio by which the Company's Management assesses its operating performance. It is defined as Earnings / (losses) before income tax +/- Net Financial Results.

EBITDA (Earnings Before Interest Taxes Depreciation & Amortization): The ratio adds the total depreciation and amortization (of tangible and intangible assets respectively) to the operating earnings before taxes, interest and other financial results and subtracts grants amortization to earnings before taxes (EBIT). The greater this indicator is, the more efficient the operation of the Company becomes. EBITDA is defined as EBIT plus the depreciation for the year of the fixed assets minus grant's amortization.

"Gross Profit Margin" is a ratio by which the Company's Management assesses the return level and is defined as "Net Interest Income / Net Financial Income".

The above indicator was calculated for the first time in the interim condensed financial statements of 30/06/2019 and going forward it will be calculated in this particular manner.

"Net debt / (Surplus)" is a ratio by which the Company's Management assesses each time the respective cash position, as it is presented in the attached financial statements. The ratio is defined as total loan liabilities less cash available (excluding the amounts of grants to be repaid less restricted deposits).

Loan Liabilities to Total Capital Employed is a ratio, that the Management assesses the Company's financial leverage. As Loan Liabilities are defined Short Term Loans, Long - Term Loans and Long-term liabilities carried forward. The Total Capital Employed is defined as the sum of the total equity, the loan liabilities minus the amount of cash and cash equivalents which are not subject to any limitation in use or to any commitment.

Amounts in € thousand	30.6.2019	30.6.2018
Net Financial Income	2,019	1,432
Results after taxes	(173)	110
Income tax	(443)	45
Earnings before interest and taxes (EBIT)	270	65

Earnings before interest, taxes, depreciation and amortization (EBITDA)	270	65
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Amounts in € thousand	30.6.2019	30.6.2018
Net Financial Income	2,019	1,432
Net Financial Expenses	(2,604)	(1,269)
Net interest income	(585)	163
Gross Profit Margin	(28.99%)	11.41%

*Notes:

For the purpose of a better understanding of the results, the Company since 31/12/2018 and going forward amended the presentation of the Statement of Comprehensive Income as it is analytically disclosed in note 15. The changes concern only the descriptions of presented items.

Amounts in € thousand	30.6.2019	31.12.2018
Long-term loans	-	59,139
Long-term liabilities payable in the following year	61,608	1,033
Minus:		
Cash and cash equivalents	(125)	(87)
Net Debt / (Surplus)	61,483	60,085

Amounts in € thousand	30.6.2019	31.12.2018
Long – term Loans	-	59,139
Long-term liabilities carried forward	61,608	1,033
Loan Liability	61,608	60,172
Total Equity	109	283
Loan Liability	61,608	60,173
Subtotal	61,717	60,456
<i>Less:</i>		
Cash & cash equivalent	125	87
Total employed capital	61,593	60,368
Loan Liabilities / Total employed capital	100%	100%

Treasury Shares

Since its establishment and until today, the Company has not proceeded with the acquisition of treasury shares.

Personnel Management

The Company employed one person during both the closing fiscal year as well as the previous year. The Company applies policies in relation to human resources management that are the same with the policies adopted and applied by the Group TERNA ENERGY SA where the Company belongs. The Management of the

Company is fully qualified for the enforcement of such policies, such as the policies of diversification and equal opportunities, the respect towards the rights of employees, the freedom to act in the form of labor unions, the hygiene and safety at work, education systems, promotion schemes, etc.

Transactions with Related Parties

The Company's transactions with related parties in the concept of IAS 34 have been carried out according to market norms. The amounts of sales and purchases during the 1st half of 2019 as well as the balances in terms of receivables and payables as of 30/06/2019 for the Company that have been derived from transactions with related parties are presented in note 14 of the financial statements.

Transactions and balances for the period ending on 30/06/2019 are as follows:

	FINANCIAL INCOME	FINANCIAL EXPENSES	RECEIVABLE	PAYABLE
TERNA ENERGY S.A.	2,018,712	-	60,628,770	-

Regarding the above transactions the following clarifications are provided:

Financial income of TERNA ENERGY FINANCE SA to TERNA ENERGY SA amounting to € 2,018,712 relate to interest expense. Company receivables amounting to € 60,628,770 from TERNA ENERGY SA relate to bond loans (capital and interest).

Within the period 01/01 – 30/06/2019 no benefits were granted to the Company's members of the management or directors.

Athens, 28 August 2019

The Chairman of the BoD

Vasileios Delikaterinis

**IV. INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED ON 30th OF JUNE 2019
(1 January - 30 June 2019)**

**In accordance with the International Financial Reporting Standards (IFRS)
as adopted by the European Union and in particular in accordance with IAS 34**

The accompanying Interim Financial Statements were approved by the Board of Directors of TERNA ENERGY FINANCE SA on August 28th, 2019 and have been posted on the internet at the websites of the Company (www.ternaenergy-finance.gr) as well as of the Athens Exchange.

STATEMENT OF FINANCIAL POSITION
OF 30th JUNE 2019

<i>(All amounts are in € thousand, unless otherwise stated)</i>	<i>Note</i>	<i>30.6.2019</i>	<i>31.12.2018 *</i>
ASSETS			
Non-current assets			
Other Long-Term Assets	5	-	58,745
Long-term Deferred Tax Assets		330	-
Total non-current assets		330	58,745
Current Assets			
Other short-term financial assets	6	60,780	1,322
Income tax receivables		643	425
Cash and cash equivalents	7	125	87
Total current assets		61,548	1,834
TOTAL ASSETS		61,878	60,579
EQUITY AND LIABILITIES			
Equity			
Share capital	8	50	50
Reserves		(1)	(1)
Retained earnings		60	234
Total Equity		109	283
Long-term Liabilities			
Long-term Loans	9	-	59,139
Provision for personnel indemnity		5	5
Long-term deferred tax liabilities		-	114
Total long-term liabilities		5	59,258
Short-term liabilities			
Long-term liabilities payable in the next fiscal year	9	61,608	1,033
Suppliers		74	-
Accrued and other short-term liabilities		81	5
Total short-term liabilities		61,763	1,038
Total Liabilities		61,768	60,295
TOTAL LIABILITIES AND EQUITY		61,878	60,579

Notes:

The Company did not proceed with the adjustment of the comparative amounts of 2018 during the initial adoption of IFRS 16, since no impact emerged from the particular adoption (Note 2.5.1)

The accompanying notes form an integral part of the interim condensed consolidated and parent semi-annual financial statements

STATEMENT OF COMPREHENSIVE INCOME

OF THE PERIOD 01/01-30/06/2019

<i>(All amounts are expressed in € thousand, unless stated otherwise)</i>	<i>Note</i>	<i>01.01 - 30.6.2019</i>	<i>01.01 - 30.6.2018</i>
Continued activities			
Net financial income	10	2,019	1,432
Net financial expenses	11	(2,604)	(1,269)
Net interest income		(585)	163
Other operating expenses		(8)	(3)
Personnel fees and expenses		(14)	(1)
Third party fees and expenses		(9)	(4)
Operating results		(616)	154
Results before taxes		(616)	154
Income taxes		443	(45)
Results after taxes		(173)	110
Results for the period from continued and discontinued activities after income tax		(173)	110
Total income after income tax		(173)	110

*** Notes:**

For the purpose of a better understanding of the results, the Company since 31/12/2018 and going forward amended the presentation of the Statement of Comprehensive Income as it is analytically disclosed in note 15. The changes concern only the descriptions of presented items.

The Company did not proceed with the adjustment of the comparative amounts of 2018 during the initial adoption of IFRS 16, since no impact emerged from the particular adoption (Note 2.5.1)

The accompanying notes form an integral part of the interim condensed consolidated and parent semi-annual financial statements

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
OF THE PERIOD 01/01-30/06/2019**

(All amounts are expressed in Euro thousand unless stated otherwise)

	<i>Note</i>	<i>01.01 - 30.6.2019</i>	<i>01.01 - 30.6.2018 *</i>
Earnings for the period before taxes		(616)	154
Adjustments for the reconciliation of net flows from operating activities			
Interest and other income	10	(2,019)	(1,432)
Interest and other financial expenses	11	2,604	1,269
Operating profit before working capital changes		(31)	(9)
(Increase)/Decrease in:			
Prepayments and other short-term receivables		(151)	-
Interest and related income receivable		1,456	1,401
Increase /(Decrease) in:			
Suppliers		74	4
Accrued and other short-term liabilities		76	2
Interest and similar expenses payable	9	(1,168)	(1,187)
Income Tax Payments		(218)	(210)
Net cash inflows from operating activities		38	0
Net increase/(decrease) in cash reserves from activities		38	0
Cash reserves at the beginning of the period		87	78
Cash reserves at end of period		125	78

Notes:

* The Company did not proceed with the adjustment of the comparative amounts of 2018 during the initial adoption of IFRS 16, since no impact emerged from the particular adoption (Note 2.5.1)

The accompanying notes form an integral part of the interim condensed consolidated and parent semi-annual financial statements

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(01/01-30/06/2019)

(All amounts are expressed in € thousand, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Total Equity
1st January 2018	50	-	-	51	101
Adjustments due to changes in accounting policies and adoption of the new standards IFRS 9 and IFRS 15	-	-	-	-	-
1st January 2018, Adjusted balance	50	-	-	51	101
Results for the period	-	-	-	110	110
Other comprehensive losses for the year (after taxes)	-	-	-	110	110
30th June 2018	50	-	-	160	210
1st January 2019	50	-	(1)	234	283
Adjustments due to changes in accounting policies and adoption of the standard IFRS 16	-	-	-	-	-
1st January 2019, Adjusted balance	50	-	(1)	234	283
Results for the period	-	-	-	(173)	(173)
1st January 2019	50	-	(1)	61	110

* The Company did not proceed with the adjustment of the comparative amounts of 2018 during the initial adoption of IFRS 16, since no impact emerged from the particular adoption (Note 2.5.1). In addition, the Company did not proceed with the adjustment of the comparative amounts of 2017 during the adoption of IFRS 9 and IFRS 15 since no such impact had arisen.

The accompanying notes form an integral part of the interim condensed consolidated and parent semi-annual financial statements

V. EXPLANATORY NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION FOR THE COMPANY

"TERNA ENERGY FINANCE S.P.S.A." (henceforth the "Company") was incorporated by the No. 19.634 / 14.10.2016 Notarial Act, according to the provisions of Law 2190/1920 and was registered in the General Electronic Commercial Registry (GEMI) of the Athens Chamber of Commerce and Industry on 14/10/2016 with GEMI number 140274801000. It has its headquarters in Athens, 124 Kifisias Str. & 2 Iatridou Str., and its duration is set for 110 years.

TERNA ENERGY SA participates in the Company with 100%. The main activities of the Company comprise the investment and financing of the Company and / or its affiliated companies and business' activities, the intermediation in financing by third parties of the companies and businesses affiliated with the Company and generally the raising of capital from the above entities, the provision of services and advices to companies and businesses affiliated with the Company regarding the capital structure and in general their financing and, generally, the execution of any work, project, service and in general of any activity or any other action which is relevant to the above purposes of the Company or generally is performed in the context of achieving all or some of the above purposes.

The attached condensed financial statements of the semi-annual period ended on 30th June 2019 were approved by the Board of Directors on 28/08/2019.

The accompanying financial statements of the Company are consolidated with the full consolidation method in the financial statements of TERNA ENERGY SA, which is located in Greece, is listed on the Athens Exchange and whose participation in the Company on 30/06/2019 amounted to 100%.

2. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis for the Preparation of the financial statements

The interim condensed financial statements of the Company as of 30 June 2019 that refer to the semi-annual period from 1st January to 30th June 2019 are in accordance with the International Financial Reporting Standards (IFRS) that have been issued from the International Accounting Standards Board (IASB), as well as with their Interpretations that have been issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union up to 30th June 2019. The Financial Statements of the semi-annual period ended on 30th June 2019 have been prepared according to the provisions of the International Accounting Standard (henceforth IAS) 34 "Interim financial Reporting".

The Company applies all the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and their Interpretations that apply to its operations. The relevant accounting policies, a synopsis of which is presented in following Note 2.5, have been consistently applied in all the presented periods.

Going Concern

On operational level, the Company is supported by TERNA ENERGY SA which affects to a significant extent the decisions, the management and the broader functioning of the Company exerting at the same time control over the above operations. The Company's management estimates that the Company possesses sufficient resources, which ensure its operation as "Going Concern" in the foreseeable future.

2.2 Basis of Measurement

The attached financial statements as of 30th June 2019 have been prepared on the basis of the historic cost.

2.3 Currency of Presentation

The currency of presentation is the Euro and all amounts are expressed in Euro thousand, unless stated otherwise.

2.4 Use of Estimates

The preparation of the Financial Statements according to the IFRS requires the use of estimates and the exercise of judgment during the adoption of the accounting principles of the Company. Judgments, assumptions and estimates of the Management affect the amount at which certain assets and liabilities are being valued, the amount which is being recognized during the year regarding certain income and expenses, as well as the presented estimates regarding contingent liabilities. The assumptions and estimates are being evaluated on constant basis and according to the historical evidence and other factors, including the expectations over the outcome of future events, in a rational manner and under the existing conditions. These estimates and assumptions concern the future and consequently the actual results are likely to differ from the accounting estimates. The areas which require the greatest degree of judgment as well as areas whose estimates and assumptions exert significant influence on the Financial Statements are presented in Note 3 of the Financial Statements.

2.5 New Standards, Interpretations and Amendments of Standards

The interim condensed financial statements for the semi-annual period ended 30/06/2019 contain limited information compared to the information presented in the annual Financial Statements. The accounting policies which are the basis for the preparation of the Financial Statements are in line with ones applied for the preparation of the annual Financial Statements for the year ended on 31/12/2018, apart from the changes in Standards and Interpretations effective from 01/01/2019 (See Notes 2.5.1 and 2.5.2). As result, the attached interim semi-annual Financial Statements should be read and used along with the latest available published annual Financial Statements as of 31/12/2018, which entail a full analysis of the accounting policies and the valuation methods used.

2.5.1 New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union, and their application is mandatory from or after 01/01/2019.

IFRS 16 «Leases» (effective for annual periods beginning on or after 01/01/2019)

In January 2016, the IASB issued a new Standard, IFRS 16. The purpose of the IASB project was the development of a new Standard for leases that defines the principles that both parties apply to a contract - namely, the client (the "lessee") and the supplier ("the lessor") - to provide relevant leases information in a manner that faithfully reflects these transactions. In order to achieve this purpose, the lessee should recognize the assets and liabilities arising from the lease. The Company examined the effect of the new standard and concluded that there is no impact on its Financial Statements, since the Company has not entered into any leasing agreements with counterparties.

IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The amendments have no impact on the separate Financial Statements.

Amendments to IFRS 9 "Prepaid Items with Negative Return" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, the IASB issued limited-purpose amendments to IFRS 9. Based on the existing requirements of IFRS 9, an entity would measure a financial asset with negative return on fair value through the results, as the characteristic of the "negative return" could be considered as generating potential cash flows that are not only composed of capital and interest payments. Under the amendments, entities may measure specific prepaid financial assets with a negative return on amortized cost or at fair value through other comprehensive income, provided that a specific condition is met. The Company will examine the impact of all of the above in its Financial Statements, although it is not expected to have any. These have been adopted by the European Union and entered into force on 01/01/2019. The amendments have no impact on the separate Financial Statements.

Amendments to IAS 28 "Long-term Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2019)

In October 2017, the IASB issued limited-purpose amendments to IAS 28. The purpose of these amendments is to provide clarifications on the accounting treatment of long-term participations in an associate or joint venture - to which the equity method does not apply - based on IFRS 9. The amendments have no impact on the separate Financial Statements.

Annual Improvements to IFRSs - Cycle 2015-2017 (effective for annual periods beginning on or after 01/01/2019)

In December 2017, the IASB issued the "Annual Improvements to IFRSs - Cycle 2015-2017", which consists of a series of amendments to certain Standards and is part of the annual improvements program for IFRS. The amendments included in this cycle are as follows: **IFRS 3 - IFRS 11**: Participation rights previously held by the acquirer in a joint venture, **IAS 12**: Effect on income tax form payments for financial instruments classified as equity items, **IAS 23**: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The amendments have no impact on the separate Financial Statements.

Amendments to IAS 19 "Amendment, Curtailment or Settlement of a Defined Benefit Plan" (effective for annual periods beginning on or after 01/01/2019)

In February 2018, the IASB issued limited-purpose amendments to IAS 19, under which an entity is required to use updated actuarial assumptions when determining the current service cost and net interest for the remaining period after the amendment, the curtailment or the settlement of a defined benefit plan. The purpose of these amendments is to enhance the understanding of the financial statements and the provision of more useful information to its users. The amendments have no impact on the separate Financial Statements.

2.5.2 New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01/01/2020)

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure in the Financial Statements and guidance on de-recognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of administration, prudence and measurement uncertainty in financial reporting. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)

In March 2018, the IASB issued Amendments to References to the Conceptual Framework of Financial Reporting, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to IFRS 3: “Definition of a Business” (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

Amendments to IAS 1 and IAS 8: “Definition of Material” (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgments. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

IFRS 17 “Insurance Contracts” (effective for annual periods starting on or after 01/01/2021)

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The present Standard does not apply to the Company’s activities. The above have not been adopted by the European Union.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS BY THE MANAGEMENT

The preparation of the interim condensed semi-annual Financial Statements for the period ended on 30th June 2019, requires the performance of estimates and the adoption of assumptions that affect the application of accounting principles and the book values of the respective assets and liabilities, of the income and expenses. During the preparation of these Financial Statements, the significant accounting estimates and judgments adopted by the Management in applying the Company’s accounting principles, are consistent with the ones applied in the annual Financial Statements as of 31st December 2018. In addition, the main sources of uncertainty prevailing during the preparation of the Financial Statements as of 31st December 2018 remained the same for the interim Financial Statements of the semi-annual period ended on 30th June 2019.

3. INFORMATION REGARDING OPERATING SEGMENTS

An operating sector is a component of an economic entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses that concern transactions with other components of the same economic entity) and whose operating results are regularly reviewed by the chief operating decision maker of the entity to make decisions about resources to be allocated to the segment and assess of its performance.

The term “chief operating decision maker” defines the function of the Group that is responsible for the allocation of resources and the assessment of the economic entity’s operating segments. For the application of IFRS 8, this function is assigned to the Managing Director (Chief Executive Officer). The economic entity presents separately the information on each operating segment that fulfils certain criteria of characteristics and exceeds certain quantitative limits. The above information is presented in the accompanying consolidated statements of financial position, comprehensive income and cash flows according to the IFRS, whereas previously recorded operating segments –as presented in the financial statements of the previous financial year- require no modifications.

The Company recognizes the following operating segments that must be reported, whereas no other segments exist that could be incorporated in the “other segments” category. More specifically, the only sector in which the company operates is the Investment and Finance sector in Greece and therefore the total amounts of the Statement of Financial Position and the Statement of Comprehensive Income relate exclusively to the Company's activity in this field.

4. OTHER LONG-TERM RECEIVABLES

Other Long-term Receivables as of 30/06/2019 and 31/12/2018 are analyzed as follows:

Amounts in € thousand	30.6.2019	31.12.2018
Receivables from long-term intra-company loans and financial leases	-	58,745
Total	-	58,745

Pursuant to the decision of Board of Directors of TERNA ENERGY SA on 28/06/2017, it was approved the issuance of an ordinary bond loan, based on Law 3156/2003, amounting to € 60 million and divided into 6,000,000 common bearer bonds, with nominal value of € 10 per bond loan security and with an offering price at par. The parent Company and guarantor of the Ordinary Bond Loan of the Company (see Note 9), according to the Program of the Loan, will use the Intra-group Loan for purposes which are duly described in the Prospectus (Offering Memorandum) of the Company. The interest has been set according to the annual interest rate of the Ordinary Bond Loan plus a spread of 1%, on the outstanding balance of nominal capital of each bond loan security from the issuance date of the Bond. The expiration of the Intra-group Loan was set at 5 working days prior to the respective expiration date of the Ordinary Bond Loan. Finally, it was provided that TERNA ENERGY would have a prepayment option on any outstanding balance of the Intra-group Loan in relation to the bond securities issued, that would be in effect following written request to the bondholders of the Ordinary Bond Loan.

It is noted that on 30/06/2019, the Company's investment in bond securities of the above Loan (intra-group loan issued by TERNA ENERGY SA), meaning capital plus accrued interest, for a non-amortized amount of € 60,629 thousand, was reclassified from the long-term into the short-term receivables and particularly in the item "Other short-term financial receivables" (see Note 6). The reclassification in the short-term liabilities was made as result of the Company's announcement on 07/06/2019 regarding its decision to exercise the prepayment option on the total outstanding nominal value of bond loan securities that were issued and allocated via a public offering, pursuant to the Program of the Ordinary Bond Loan Issuance of up to € 60 million and the Agreement for Appointment of a Bondholders' Representative (the "Program").

The interest income for the semi-annual period ended on 30/06/2019 amounted to € 1,297 thousand and is included in the item "Net Financial Income" of the Statement of the Comprehensive Income.

5. OTHER SHORT-TERM FINANCIAL ASSETS

The account "Other short-term financial assets" as of 30/06/2019 and 31/12/2018 is analyzed as follows:

Other short-term financial assets	30.6.2019	31.12.2018
Short-term part of assets related to long-term intra-company loans and financial leases	60,629	1,322
Prepaid expenses and other transitory asset accounts	151	-
Total	60,780	1,322

Within the semi-annual period ended on 30/06/2019, an amount of € 60,629 thousand (capital and accrued interest) was classified into the short-term receivables as result of the Company's announcement on 07/06/2019 regarding its decision to prepay the total outstanding nominal value of the bond securities that were issued and allocated via the Ordinary Bond Loan Program (see Note 5).

The receipt of the above Intra-group Loan was made on 17/07/2019 according to the provisions of the above Program.

6. CASH & CASH EQUIVALENTS

The Company's cash reserves as of 30th June 2019 and 31st December 2018, are analyzed as follows:

Amounts in € thous.	30.6.2019	31.12.2018
Sight deposits	125	87
Total	125	87

7. SHARE CAPITAL

"TERNA ENERGY FINANCE S.P.S.A." was incorporated by the No. 19.634 / 14.10.2016 Notarial Act, according to the provisions of Law 2190/1920 and was registered in the General Electronic Commercial Registry (GEMI) of the Athens Chamber of Commerce and Industry on 14/10/2016 with GEMI number 140274801000. TERNA ENERGY SA participates with a 100% equity stake in the Company.

The share capital of the Company amounts to € 50,000 divided into 50,000 Ordinary voting shares of nominal value one euro (€ 1.00) each. The share capital is fully paid up.

8. DEBT

The summary movement of the Company's debt for the semi-annual period ended on 30/06/2019 as well as for the year 2018 was the following:

Amounts in € thous.	30.6.2019	31.12.2018
Opening balance as of 01.01	60,173	59,966
Interest in the results	2,603	2,561
Interest payments	(1,168)	(2,355)
Ending balance	61,608	60,173

It is noted that on 30/06/2019, the Company's bond loan, of non-amortized amount of € 61,608 thousand, was reclassified from the long-term into the short-term liabilities and particularly in the item "Long-term liabilities payable in the following fiscal year". The reclassification in the short-term liabilities was made as result of the Company's, TERNA ENERGY FINANCE S.P.S.A., announcement regarding its decision to prepay the total outstanding nominal value of the bond securities that were issued and allocated via a public offering, pursuant to the Program of Ordinary Bond Loan Issuance of up to € 60 million and the Agreement for Appointment of a Bondholders' Representative (the "Program"). The prepayment of the amount € 61,767,833 was made on 22/07/2019 according to the provisions of term 4 of the above Program.

Interest expenses for the semi-annual period ended on 30/06/2019 amounted to € 1,268 and were included in the item "Net Financial Expenses" of the Statement of Total Comprehensive Income.

As insurance against the Company's loan, the parent company "TERNA ENERGY INDUSTRIAL, COMMERCIAL CONSTRUCTION SOCIETE ANONYME" has provided a respective corporate guarantee.

9. NET FINANCIAL INCOME

The net financial income for the semi-annual period ended 30/06/2019 concern the interest income from the Intra-group loan that was granted to the parent company and is included in the item "Other short-term financial receivables" (see Notes 5 and 6).

Following the exercise of its right regarding the premature repayment of the Ordinary Bond Loan from the parent company, the Company proceeded as of 30.06.2019 with the revision of the remaining outflows of its investment, by discounting these flows based on the initially defined effective interest rate. As result of the above, a financial income of € 586 thousand was recognized in relation to the non amortized value recorded by the investment on 30.06.2019.

10. NET FINANCIAL EXPENSES

The net financial expenses are analyzed as follows:

Amounts in € thous.	30.6.2019	30.6.2018
Interest and expenses on bond loans	(1,268)	(1,269)
Other interest expenses	(1,336)	-
Total	(2,604)	(1,269)

Following the exercise of its right regarding the premature repayment of the Ordinary Bond Loan, the Company proceeded as of 30.06.2019 with the revision of the remaining outflows of the loan, by discounting these flows based on the initially defined effective interest rate. As result of the above, a financial cost of € 1,335 thousand emerged in relation to the non amortized value recorded by this debt liability on 30.06.2019.

11. CONTINGENT TAX LIABILITIES

They concern the tax liabilities of the Company as there are tax unaudited fiscal years (2016 up to 2018 inclusive). Regarding the tax unaudited fiscal years, there is the likelihood of additional taxes and surcharges being imposed when these years are audited and finalized by the authorities. The Management of the Company proceeds with an annual estimate of the contingent liabilities that may arise from the audit of the previous years and views that any amounts of taxes that may arise will not have any significant impact on the equity, results and cash flows of the Company.

Tax Compliance Report:

For fiscal year 2017, the Company was granted with a Tax Compliance Report according to the article 65A, paragraph 1 of Law 4174/2013, with no material tax differences arising. According to the joint ministerial decision (POL) 1006/2016, the companies that have been subject to the above special tax audit are not exempted from the regular audit by the pertinent tax authorities. The Company's Management views that in potential future tax audits from the tax authorities, if ever performed, no additional tax differences will arise that may have a significant impact on the Financial Statements.

Regarding the year 2018, the special audit required in order to receive the Tax Compliance Report, is under progress and the relevant tax certificates are expected to be granted following the publication of the interim condensed Financial Statements of the period ended on 30/06/2019. If until the completion of the tax audit additional tax liabilities arise, it is expected that these will not have any material impact on the Financial Statements. It is noted that according to the recent and pertinent legislation, the audit and the issuance of the Tax Compliance Report applies for the years 2016 onwards only on optional basis.

12. EARNINGS PER SHARE

The basic earnings per share for the period 01/01-30/06/2019 and the comparative period of 2018, were calculated by dividing the net earnings attributable to the Company's shareholders by the weighted average number of shares as follows:

	30.06.2019	30.06.2018
Net profits / (losses) attributable to the Company's owners (in € thousand)	(173)	110
Weighted average number of shares	50,000	50,000
Earnings/(Losses) per share (in €)	(3.46391)	2.19002

No diluted earnings per share apply.

13. TRANSACTIONS WITH RELATED PARTIES

"TERNA ENERGY INDUSTRIAL COMMERCIAL TECHNICAL SOCIETE ANONYME" is the main and sole shareholder of the Company owning 100.00% of the Company's share capital for the period ended on June 30th, 2019.

Transactions and balances with related parties for the year 2019 are presented in the following table. As it has been presented in the Notes 5, 6 and 10, the above sales / income of the Company mainly concern interest from the Bond Loan that was granted to the parent company TERNA ENERGY SA. Receivables also relate to the above Bond Loan.

30-June-2019				
	Purchases/Expenses	Sales/Income	Assets	Liabilities
Parent	-	2,019	60,629	-
Total	-	2,019	60,629	-
30-June-2018				
	Purchases/Expenses	Sales/Income	Assets	Liabilities
Parent	-	1,432	60,043	-
Total	-	1,432	60,043	-

14. CHANGE IN THE PRESENTATION OF THE STATEMENT OF TOTAL COMPREHENSIVE INCOME

As of 31/12/2018, the Company's Management decided to alter the presentation of the Statement of Total Comprehensive Income in order to facilitate the users of the financial statements towards their better understanding of the nature of the Company's financial results. The presentation concerns only the descriptions of the presented items.

A comparative table is presented below with the above mentioned changes.

Statement of Total Comprehensive Income as Published	01.01 – 30.06.2018	Statement of Total Comprehensive Income (restatement of the items’ description titles)
Net Sales	1,432	Net Financial Income
Cost of Sales	(1,269)	Net Financial Expenses
Gross Profit	163	Net Interest Income
Administration and Distribution Expenses	(3)	Other operating expenses
Administration and Distribution Expenses	(1)	Fees and personnel expenses
Administration and Distribution Expenses	(4)	Third party fees and expenses
Operating Results	154	Operating Results
Results before Taxes	154	Results before Taxes
Income Tax	(45)	Income Tax
Results after Taxes	110	Results after Taxes
Results for the period from continued and discontinued activities after income tax	110	Results for the period from continued and discontinued activities after income tax
Total income after income tax	110	Total income after income tax

15. SIGNIFICANT EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 17/07/2019, the parent company TERNA ENERGY SA repaid the total nominal value of the bond securities that had issued and had been covered by the Company, based on the Program of Ordinary Bond Loan Issuance of up to an amount of € 60,000 thousand according to the provisions of the term 4 of the above Program (“Prepayment”). In the context of the prepayment and according to the provisions of the Program, the following amounts were paid on Wednesday 17 July 2019:

- a) the total nominal value of bonds, namely €1,000 per bond security,
- b) the accrued interest up to 17th July 2019, with the gross amount of interest due for the 4th Compounding Period (17/1/2019-17/7/2019) amounting to € 1,432,470.74, and
- c) an additional amount of prepayment equal with 1% of the nominal value of bonds that are being repaid, namely a gross amount of €10 per bond security.

On 17/07/2019, TERNA ENERGY SA deposited an amount of € 1,301 thousand to the Company that was utilized for Share Capital Increase and particularly for the coverage of the Company’s cash needs since as of 30/06/2019 the Company presented a negative working capital position.

On 22/07/2019, and following an announcement made on 7 June 2019, the Company proceeded with the prepayment of the total nominal value of bonds that were issued and allocated via a public offering, pursuant to the Program of Ordinary Bond Loan Issuance of up to € 60,000 thousand and the Agreement for Appointment of a Bondholders’ Representative (the “Program”) according to the provisions of the term 4 of the above Program (“Prepayment”). In the context of the prepayment and according to the provisions of the Program, the following amounts were paid on Monday 22 July 2019:

- a) the total nominal value of bonds, namely €1,000 per bond security,

b) the accrued interest up to 22nd July 2019, with the gross amount of interest due for the 4th Compounding Period (21/1/2019-22/7/2019) amounting to € 1,167,833.33, and

c) an additional amount of prepayment equal with 1% of the nominal value of bonds that are being repaid, namely a gross amount of €10 per bond security.

Athens, 28 August 2019

The Financial Directors

The Chairman of the Board of Directors	The Vice- Chairman of the Board of Directors	Operation	Finance	The Head Accountant
Vasileios Delikaterinis	Dimitra Chatziarseniou	Emmanuel Fafalios	Aristotelis Spiliotis	Artan Tzanari
		ID No. AK 082011	ID No. AK 127469	ECG License No. 064937 A' Class

VI. REPORT ON ALLOCATION OF CAPITAL PROCEEDS

TERNA ENERGY FINANCE SOCIETE ANONYME G.E.MI Reg. No. 140274801000

Report on Allocation of the Capital Proceeds from the issuance of a Common Bond Loan of TERNA ENERGY FINANCE SOCIETE ANONYME under the guarantee of TERNA ENERGY SA for the period from 21.07.2017 to 30.06.2019

In accordance with the provisions of paragraph 4.1.2 of Athens Stock Exchange Regulation (hereinafter referred to as ATHEX), decision no. 25 / 17.07.2008 of the Board of Directors of ATHEX and no. Decision 8/754/14.04.2016 of the Board of Directors of the Hellenic Capital Market Commission (hereinafter referred to as "HCMC"), it is hereby disclosed that from the issuance of a Common Bond Loan of sixty million Euro (€60.000 k) with the issuance of sixty thousand common bonds with a corporate guarantee of nominal value € 1 k each, which was conducted in accordance with as of 27.06.2017 decision of the Board of Directors of TERNA ENERGY FINANCE S.A. (hereinafter referred to as "Company" or "the Issuer") and as of 12.07.2017 decision on the approval of the Prospectus' content by the HCMC, an amount of sixty million Euro (€60.000 k) was raised in aggregated, i.e. following the completion of the option exercise period, the issuance in question was fully covered. TERNA ENERGY SA (hereinafter referred to as "the Guarantor") is responsible for the aforementioned issuance regarding the bondholders, in compliance with the provisions of section 3.3.14 "Nature and Objective of CBL Guarantee" of the Prospectus as of July 12th, 2017.

On 21.07.2017, the Company's Board of Directors verified the payment of the capital proceeds. Furthermore, sixty thousand (60 k) common anonymous bonds issued were listed for trading on Athens Stock Exchange regulated securities market following as of 05.07.2017 approval of listing of Athens Stock Exchange Regulatory Commission. The characteristics of the above bond loan are the following: (a) The bond yield is 3.85% and is fixed over the term of the loan. (b) Interest is calculated on six-month basis. (c) The term of the loan is five (5) years and its repayment will be realized at the end of the period of five (5) years. After two (2) years from the the Loan Issuance Date, the Company, via a written notice sent to the Bondholders' Representative at least thirty (30) days prior to the due date of prepayment, may prepay part or all of the outstanding nominal value of the Bonds. In case the estimated prepayment date is between the second (2) and third (3) years after from the Loan Issuance Date, an additional prepayment is due, standing at 1% of the prepaid nominal value.

Under the terms of the Common Bond Loan Issuance Scheme of up to € 60,000,000 and the Bondholders' Representative Assignment Agreement dated as at 06.07.2017, the capital proceeds of € 60,000 k will be invested by the Issuer to the Guarantor via an Intragroup Loan. On 12/07/2017, the Guarantor issued a bond loan under Law 3156 / 2003, within the frame of the Intragroup Loan Scheme, which was covered by the Issuer for an amount of € 58,745 k. This way, the respective amount of the CBL was transferred to the Guarantor, thus lending the equal amount of the capital proceeds to the Guarantor, so that the latter could use it in respect of its investment plan as analyzed in section 4.1.1. of the Prospectus as of July 12th 2017.

In view of the above, it is hereby disclosed that an amount of **€ 58,744.6 k**, i.e. an amount of € 60,000 k in cash raised from the CBL coverage preference and subscription rights holders, less the amount of € 1,255.4 k related to the issuance expenses, as also incorporated without deviation into the Prospectus, was allocated until 30.06.2019 as follows:

Table of allocation of the Capital Proceeds from the issuance of the Common Bond Loan of € 60.000.000 (amounts in thousand Euro)								
Area of Investment	Period	Allocation of the Capital Proceeds by the Guarantor based on the objective of the Prospectus	Capital proceeds in FY 2017	Capital proceeds in FY 2018	Capital proceeds within the period from 01.01.2019 to 30.06.2019 inclusively	Total capital proceeds till 30.06.2019	Non-allocated Balance as at 30.06.2019	Note
Construction of two (2) wind farms in the Regions of Central and Western Macedonia	2017-2018	40.000,0	21.537,0	-	-	21.537,0	-	(1)
Construction of one (1) wind farm in Texas, USA	2017-2018		-	18.463,0	-	18.463,0	-	(2)
Project "Installation of Processing of Civil Solid Waste of the Region of Epirus"	2017-2019	18.744,6	6.039,0	-	-	6.039,0		(3)
Project "Total Waste Management of the Peloponnese Region via public and private partnership – PPP" *	2017-2018		-	-	-		12.705,6	(4)
Total investments		58.744,6	27.576,0	18.463,0	-	46.039,0	12.705,6	(5)
CBL issuance expenses		1,255,4						
Total capital proceeds		60.000,0			-			

* According to the reasons for the issuance of the Cod and the projected usage of the funds, in case the project in question is terminated, the projected amount will be allocated for the construction of three (3) wind farms in Greece and Texas USA.

Notes

- Two Wind Farms in the Regions of Central and Western Macedonia have a capacity of 36 MW and 8 MW respectively, and their construction was completed within the first half of 2018. The total cost of construction of these wind farms amounted to € 60,924.6 k. The amount of € 21,537,0 k is allocated as follows: an amount of € 17,712,8 k pertains to payments to the key wind turbine supplier and the remaining amount – to payments to the wind farm manufacturer. The payments were made by the subsidiaries ENERGEIAKI NEAPOLEOS LAKONIAS SA, and ENERGEIAKI PELOPONNISOUS SA, following the disbursement of the intragroup loan, in compliance with the schedule of payments, also covering pre-issuance period, arising from the related contracts.
- The Wind Farm Texas, USA has a capacity of 158 MW. Its construction is ongoing and is expected to be completed within the third quarter of 2019. The total budget of the project is approximately € 224 million.

The amount of € 18,463,0 k was paid by the Guarantor and via its affiliated subsidiaries to its subsidiary TERNA DEN LLC through share capital increase, which, subsequently, proceeded with the investment.

3. The Project "Installation of Processing of Civil Solid Waste of the Region of Epirus" concerns the construction of a "Municipal Solid Waste Treatment Plant of Epirus Region" (hereinafter MEA) which processes mixed municipal waste and source-sorted organic materials. The total construction cost of the project amounted to € 37,187.9 K. The project was completed and started commercial operations on 29.03.2019. The amount of € 6,039,0 k was paid by the Guarantor to its subsidiary company AEIFORIKI EPIRUS MONOPROSOPI SPECIAL PURPOSE SOCIETE ANONYME through intragroup lending, which, subsequently, proceeded with the investment.
4. The project "Total Waste Management of the Peloponnese Region via public and private partnership – PPP" concerns design, financing, construction, maintenance and operation of infrastructure to be used for integrated waste management in the Peloponnese Region. Based on the provisions of section 4.1.1. of the Prospectus as of July 12th 2017, "Reasons for Issuing the CBL and Use of Capital", the amount related to this project, should have been made available by the end of 2018.

The fact that the amount of € 12,705.6 k was not allocated within the scheduled timeframe does not fall within the responsibilities of the Company or the Guarantor, but is due to delays arising after the signing of the Partnership Agreement on 14.06.2018. These delays are expected to be resolved by the Prefecture of Peloponnese following the completion of all the legal procedures to enable the forced expropriation of real estate so that PERIVALLONTIKI PELOPONNISOU MAE (100% subsidiary of the Guarantor established following the notary act No. 3689/2015, domiciled in Tripoli, whose scope of operations as recorded in its Articles of Association includes construction and operation of Integrated Solid Waste Management System Transitional Management Units of the Peloponnese Region) so that it could legally settle in the expropriated areas. On 27.12.20, the Guarantor paid an amount of € 12.705,6 k to PERIVALLONTIKI PELOPONNISOU MAE via intragroup loan and as at 31.12.2018, it remained in cash available of the subsidiary in question. On 30.04.2019, the amount in question was returned to TERNA ENERGY SA and as at 30.06.2019 it is included in its cash available.

On 17.07.2019, the Guarantor repaid the total nominal value of the bonds issued and covered by the Company, pursuant to the Common Bond Loan Issuance Scheme up to € 60.000 k. Further, on 22.07.2019, following its announcement dated 07.06.2019, the Company prepaid the total nominal value of the bonds it has issued and made available through a public offering, pursuant to the Common Bond Loan Issuance Scheme up to € 60.000 k and the Bondholders' Representative Assignment Agreement ("CBL Scheme"), in compliance with clause 4 of the CBL Scheme ("Prepayment"). The date of 17.07.2019 was designated as the last day of the aforementioned bonds trading on Athens Stock Exchange. After the above events that took place in July 2019, the balance is no longer regarded as unallocated.

Athens, 28/08/2019

The Financial Directors				
The Chairman of BoD	The Vice Chairman of BoD	Operation	Finance	The Head Accountant
Vasileios Delikaterinis	Dimitra Chatziarseniou	Emmanuel Fafalios	Aristotelis Spiliotis	Artan Xhanari ECG License No. 064937 A' Class

Report on the Findings from the Conduct of Agreed-upon Procedures on the "Report on Allocation of the Capital Proceeds"

To the Board of Directors of "TERNA ENERGY FINANCE SOCIETE ANONYME"

Pursuant to the order we received from the Board of Directors of TERNA ENERGY FINANCE SA (hereinafter referred to as the "Company"), we conducted the following agreed-upon procedures within the regulatory framework of the provisions of Athens Stock Exchange and the relevant legislative framework of Hellenic Capital Market Commission regarding the Report on Allocation of the Capital Proceeds (hereinafter referred to as "the Report") of the Company regarding the issue of a Common Bond Loan. In compliance with section 4.1.1. of the Prospectus issued by the Company on July 12th, 2017, the capital proceeds of up to € 60 million will be invested by the Company in TERNA ENERGY SA (hereinafter referred to as "the Guarantor) through Intragroup Loan. That is to say, the Guarantor will issue a bond loan under Law 3115/2003, which will be partially or fully covered by the Company, thereby lending the equal amount of the capital proceeds to the Guarantor, so that the latter could use it as analyzed in section 4.1.1. of the Prospectus "Reasons for Issuing the CBL and Use of Capital".

The Company's Management is responsible for preparation of the aforementioned Report in accordance with the effective regulations of Athens Stock Exchange and Hellenic Capital Market Commission and the Prospectus as of July 12th 2017.

We undertook this assignment in compliance with the International Standard on Related Services (ISRS) 4400, "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" Our responsibility is to conduct the below agreed-upon procedures and disclose our findings to you.

Procedures

The procedures we conducted can be summarized as follows:

1. We compared the consistency of the content of the Table of Allocation of the Capital Proceeds of the Report with the data reported in the Prospectus issued by the Company on July 12, 2017. In particular, we compared the consistency of the data recorded in the columns «Areas of Investment» and «Allocation of the Capital Proceeds by the Guarantor based on the objective of the Prospectus» recorded in the Table of Allocation of the Capital Proceeds of the Report with the data recorded in the Prospectus as of July 12th, 2017.
2. We compared the amounts per usage category referred to as capital proceeds in the Table of Allocation of the Capital Proceeds of the Report with the corresponding amount recognized in the key accounting records of the Guarantor TERNA ENERGY SA and the related investments of its subsidiaries until June 30th, 2019, inclusively.
3. We compared the consistency of the capital proceeds arising from the Common Bond Loan until June 30th, 2019, inclusively with the projected usage of the capital proceeds based on the provisions of section 4.1.1 of the Prospectus as of July 12th 2017, examining, on a sample basis, the supporting documents in respect of the relevant accounting entries.

Findings

We have ascertained the following from the conduct of the aforementioned procedures:

- i. Regarding the procedure (1) mentioned above, we have ascertained that the content of the Table of allocation of the Capital Proceeds of the Report is consistent with the data reported in the Prospectus issued by the Company on July 12th, 2017. In particular, we have ascertained that the data recorded in the columns «Areas of Investment» and «Allocation of the Capital Proceeds by the Guarantor based on the objective of the Prospectus» recorded in the Table of

Allocation of the Capital Proceeds of the Report are consistent with the data recorded in the Prospectus as of July 12th, 2017.

- ii. Regarding the procedure (2) mentioned above, we have ascertained that the amounts per usage category referred to as capital proceeds in the Table of Allocation of the Capital Proceeds of the Report arise from the key accounting records of the Guarantor TERNA ENERGY SA and the related investments of its subsidiaries until June 30th, 2019, inclusively.
- iii. Regarding the procedure (3) mentioned above, we have ascertained that the capital proceeds arising from the Common Bond Loan until June 30th, 2019, inclusively are consistent with the projected usage of the capital proceeds based on the provisions of section 4.1.1 of the Prospectus as of July 12th 2017, examining, on a sample basis, the supporting documents in respect of the relevant accounting entries.

Given that the performed procedure do not constitute an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance beyond what is mentioned above.

If we had conducted additional procedures, or if we had conducted an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention, which we would have disclosed to you.

Restrictions on the Use of the Report

The current report is addressed exclusively to the Company's Board of Directors, in compliance with its obligations under the effective Regulatory Framework of Athens Stock Exchange. Therefore, this report shall not be used for any other purpose, as it is limited to the items listed above and does not extend to the interim financial statements prepared by the Company and the Guarantor for the period ended on June 30th 2019, for which we have issued a separate Review Report dated on August 28th , 2019.

Athens, August 28, 2019
The Certified Auditor Accountant

Dimitra Pagoni
SOEL Reg. No 30821