



Hellenic Petroleum S.A.

Fairness Opinion for the Memorandum of Understanding between HRADF and HELPE

regarding HELPE's participation in the international tender process that will be launched by HRADF, for the sale of HRADF's stake in the share capital of DEPA Commercial S.A., pursuant to article 101 of Law 4548/2018.

KPMG Auditing S.A.

20 January 2020

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1 Scope of work

KPMG Auditing S.A. (hereinafter "KPMG" or the "Advisor") was appointed by Hellenic Petroleum S.A. (hereinafter "HELPE" or the "Client"), as per the signed engagement letter in place dated January 13, 2020, to issue a fairness opinion (hereinafter the "Fairness Opinion" or the "Report") pursuant to the provisions of Article 101 par. 1 of Law 4548/2018, expressing our opinion whether the terms of the Memorandum of Understanding, dated December 6, 2019 (hereinafter "Memorandum of Understanding" or "MoU") that will be signed by and between HELPE and Hellenic Republic Asset Development Fund S.A. (hereinafter the "HRADF"), as presented in detail in section 5 of this Report, are fair and reasonable to HELPE and its shareholders who are not related parties, including the minority shareholders.

This Report sets out the information and data upon which our work has been based, the limitations of our work, the assumptions that were taken into consideration and our opinion on whether the terms of the draft MoU are fair and reasonable, by virtue of article 101 par. 1 of Law 4548/2018.

It should be noted that the draft Memorandum of Understanding between HELPE and HRADF relates to HELPE's participation in the international tender process that will be launched by HRADF, for the sale of HRADF's stake of 65% in the share capital of DEPA Commercial S.A, (hereinafter "DEPA Commercial") (a) as an interested party, pursuant the terms of the Tender process and (b) as a selling party of its own shareholding (i.e. 35%) in DEPA Commercial, in the event that HELPE is not selected as Preferred Bidder through a Call Option or a Put Option, thereby securing HELPE's divestment from its minority shareholding in DEPA Commercial.

On the basis that HELPE and HRADF are related parties and in accordance with International Accounting Standard 24, the conclusion of a draft Memorandum of Understanding between HELPE and HRADF is subject to the limitations of Articles 99, 100 and 101 of Law 4548/2018. Therefore, HELPE requested KPMG to issue a Fairness Opinion on whether the terms of the draft Memorandum of Understanding are considered to be reasonable and fair to the Client and its shareholders (which are not affiliated parties), including minority shareholders.

This Fairness Opinion is provided to the Client solely in connection with and for the purpose as described in this Report and therefore cannot be used for any other purpose.

Finally, it is noted that the Fairness Opinion was based on information provided to us by HELPE Management, for which we have received a signed Representation Letter.



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2 Limitations

Our scope of work involves solely the examination of the terms of the draft Memorandum of Understanding between HELPE and HRADF and the issuance of a Fairness Opinion on whether the said terms are considered to be reasonable and fair to the Client and its shareholders, which are not affiliated parties, including minority shareholders.

This Report does not constitute a valuation of HELPE's participation in DEPA Commercial nor is a fairness opinion with regards to the fair value of HELPE's participation in DEPA Commercial therefore, this Report is not likely to have a direct impact on HELPE's financial statements.

This Fairness Opinion was prepared for HELPE and solely in relation to the draft Memorandum of Understanding under consideration and for the purposes of Law 4548/2018, article 99 and article 101, paragraph 1. This Report was compiled exclusively for HELPE, including its Board of Directors and its appointed representatives, such as directors, officers, legal counsels, professional and financial advisors or any other consultants (hereinafter the "Representatives") and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. However, this Fairness Opinion may be published, or referred to in published documents, or be communicated to third parties, as may be required under Law 4548/2018 or other applicable legislation.

KPMG will not accept any responsibility to any other party to whom the Report may be shown or who may acquire a copy of the Report – with the exception of the aforementioned - who has not agreed to accept the terms and conditions of the engagement letter dated 13 January 2020, as accepted and signed by HELPE.

This Fairness Opinion is given as of the date hereof taking into consideration the information and data provided to us up to its issuance. KPMG disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the conclusion, which would have been known or expected to be known as of the date hereof, but may come or be brought to KPMG's attention after the date of this Fairness Opinion. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the conclusion after the date hereof, KPMG reserves the right to change, modify or withdraw its Fairness Opinion. Moreover, KPMG reserves the right, but will be under no obligation, to complete any additional analyses that might subsequently be required, following the receipt of additional information.

KPMG believes that its Fairness Opinion must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the conclusion of the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

We assume that all information provided to us by HELPE Management (as included in section "Source of Information" of this Report) is accurate and complete. None of the above information has been – and could not be - audited, verified or confirmed by our side.

KPMG does not express an opinion or any other form of assurance regarding the accuracy or reasonableness of the information provided to us, in which our Fairness Opinion was based and any consequences that may arise if such information is changed. KPMG has not verified the reasonableness of the information provided by the Client and has relied upon the Client to provide us with written representation that the information contained in the Report is materially accurate and complete and therefore forms a reliable basis for our work.



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It is noted that KPMG does not express an opinion on the legal grounds and validity of the terms of the MoU or the reasonableness of said terms of the MoU from a legal perspective and has not reviewed the relevant legal provisions. Also, KPMG has not performed any legal review of the MoU or any other document or information referred to herein and does not express an opinion on the feasibility and/or legality of the implementation of the Memorandum of Understanding. Upon issuance of this Report, KPMG has taken for granted and was based upon HELPE's reassurance that it has verified the validity of the terms of the Memorandum of Understanding and the ability of its implementation. The reference to any legislative provisions in the Report is based on the information we have received from HELPE and its General Counsel, as well as on the Recommendation Letter and we have not reviewed their correctness or validity of the said information.

We also understand that in view of the tender process to be followed with regards to the sale of DEPA's Commercial shareholding as set out below, the provisions of Law 3986/2011 governing the operation of HRADF must be adhered to, indicatively an opinion by the Board of Experts, a precautionary legal review of the shares transfer agreement by the Court of Auditors.

KPMG did not have direct access to HELPE and/or DEPA Commercial accounting books and files as this was not included in the scope of work of our signed engagement letter with the Client. As a result, KPMG cannot confirm or further analyze the information that is contained in HELPE's and/or DEPA's Commercial financial statements.

All information contained herein was provided by HELPE to KPMG. We will not accept responsibility to any other party to whom the Report may be shown or who may acquire a copy of the Report, who has not agreed to accept the terms and conditions of the engagement letter.

Our Fairness Opinion is necessarily based upon the information made available to us up to the issuance of this Fairness Opinion, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof.

Reforming or updating our Report on the basis of new facts or events that may occur after final delivery is not part of this project. It is likely that later events will make it necessary to update our Fairness Opinion Report.

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Any decision by the Client or/and the Client's Management regarding whether or not to proceed with any transaction/agreement, shall rest solely with the Client.

Please note that in case our Services include advice that leads to an obligation to notify the tax authorities, under Council Directive (EU) 2018/822, we may need to disclose to them information contained in our advice, which may be partially confidential. This information may be further exchanged between the tax authorities of other EU Member States. The nature of the information disclosed will be decided by us within the legal framework, but every effort will be made to inform HELPE Management in advance of any disclosure we may have concerning our services and, in each case, we will provide you with a copy of the notification. To the extent it is



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legally permitted, we are not liable to HELPE Management for any consequences that may arise from or as a result of the disclosure. In specific cases, such disclosure may impose additional obligations on HELPE (such as the disclosure of relevant information in HELPE's tax return) and non-compliance with these obligations may result in penalties.

This Report should be read in the light of the above restrictions, noting that any changes to our conclusions caused by a scope review could be material.

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3 Source of information

For the purpose of our scope of work, we have reviewed and make use of the information and data provided by HELPE, including the following:

- The final draft Memorandum of Understanding regarding the sale of HELPE's participation in DEPA Commercial, dated December 6, 2019 which was sent to us from HELPE's General Counsel via electronic mail on December 20, 2019.
- The recommendation letter sent by the General Manager of Strategic Planning and New Activities of HELPE and HELPE's General Counsel towards HELPE's Chief Executive Officer with subject: "Approval of Memorandum of Understanding between HELPE and HRADF, concerning the sale of HELPE's shares to DEPA Commercial", dated December 5, 2019 (hereinafter the "Recommendation Letter").
- The HELPE Board of Directors decision with No. 1358/1/6.12.2019, which approved the strategy of utilizing HELPE's participation in DEPA S.A., the structure of the transaction, as proposed in the above mentioned Recommendation Letter as well as the scope of HELPE's framework of cooperation between HELPE and HRADF, as outlined in the Memorandum of Understanding.
- A true copy of article of Association of DEPA S.A., dated September 28, 2019, as signed by the Chairman of the Board of Directors.
- General macroeconomic data, as sourced by websites and databases that are widely used for company valuation purposes.
- Official website of Aswath Damodaran, Stern School of Business / New York University (pages.stern.nyu.edu/~adamodar/)
- Economist Intelligence Unit, Greek Economic Outlook, December 2019
- Standard & Poors Capital IQ, Database
- Canadian M&A Insights, 2019, Duff & Phelps
- Control Premium Study, 2cd Quarter 2018, MergerStat
- The Value of Control, Aswarth Damodaran

It is noted that our work was based on the aforementioned data as well as on information and data retrieved during our discussions and written communication with the HELPE Management, whom reassured us that all the information and supporting documentation provided to us is accurate and complete.

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4 Legal framework – Article 101 of Law 4548/2018

According to article 101, par. 1 of Law 4548/2018 *“For the companies with shares listed in a regulated market, the decision of the BoD or the General Meeting is based on a certified auditor’s report or an audit company report or other independent to the company third party’s report, which gives an opinion on whether the transaction is fair and reasonable both for the company and its shareholders who are not related parties, including the minority shareholders, and includes the assumptions upon which it was based, as well as the methodologies applied”*.

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5 Presentation of the Draft Memorandum of Understanding regarding the utilization of HELPE's participation in DEPA Commercial

5.1 Brief background – DEPA Commercial S.A.

Based on the Recommendation Letter, we present below the brief background and the data on which the Draft Memorandum of Understanding was based.

In particular, by virtue of the decision No. 206/25.04.2012 of the Interministerial Committee for Asset Restructuring and Privatizations (Government Gazette B' 1363/2012), shares that correspond to a percentage of 65% of the share capital of Public Gas Corporation S.A. (hereinafter "DEPA") were transferred to HRADF. The sale and transfer of shares corresponding to a 65% of DEPA's share capital by HRADF was approved with the decision by 'KYSOIP' dated 15.02.2019 (Government Gazette B' 461/2019), which approved the Investment Plan of HRADF dated 30.09.2019.

It is noted that HRADF and HELPE are the sole shareholders of DEPA and in particular HRADF holds shares that represent 65% of DEPA's share capital, whereas HELPE holds shares that represent 35% of DEPA's share capital.

Pursuant to article 80I of Law 4001/2011, as amended by virtue of article 16 of Law 4643/2019 (Government Gazette A'193), DEPA will proceed with a partial demerger of the infrastructure sector and will be separated from the international works sector. Within the context of the partial demerger, DEPA as a company that has been divided will transfer the infrastructure sector to a new company under the name DEPA INFRASTRUCTURE S.A. At the same time, in the context of the separation, DEPA will transfer the sector of international works to a new company under the name DEPA INTERNATIONAL PROJECTS S.A. Upon completion of the above, DEPA will be re-named to DEPA Commercial S.A. and will maintain, either directly or through its subsidiaries, the commercial sector, which is considered as the total of supply and trading activities of the currently existing DEPA S.A., which are defined in paragraph 6, article 80 I of Law 4001/2011, currently in force, as follows:

1. DEPA's participation in EPA Attikis S.A.
2. Import of natural gas into Greece (either through pipelines or in the form of Liquefied Natural Gas - LNG) through the long-term supply contracts of DEPA or through any other source
3. Supply of natural gas through or out of Natural Gas Transmission Systems or Natural Gas Distribution Networks
4. Import, supply and trading of electricity
5. Refueling of compressed-gas vehicles through proprietary service stations or through partner service stations, including all relevant contracts and the use of the trademark "FISIKON"
6. Supply to end customers, not connected to a Natural Gas Distribution Network or the National Natural Gas System (DESFA) or a Natural Gas Independent System ('ΑΣΦΑ'),

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with compressed natural gas or LNG, including inter alia for the purpose of using natural gas as a fuel in marine and inland transport engines

7. Supply of remote Natural Gas Distribution Networks as well as of the clients connected to those
8. Any other activity associated with the supply of natural gas, including DEPA's rights and obligations to the company or the companies that have as purpose the manufacturing, development and management of the new Floating Storage Regasification Unit – FSRU in Alexandroupolis.

The responsibility for implementing co-financed projects within the context of DEPA's European Union structural funds that relate to supply and trading activities remains to DEPA Commercial.

Following the above, HRADF will carry out an international tender process for the sale and transfer of its participation percentage in DEPA Commercial (that is 65%). In particular, according to paragraph 12 of article 80I of Law 4001/2011 (as amended by virtue of article 16 of Law 4643/2019), HRADF will sell and transfer to an interested third party buyer the shares corresponding to a percentage of 65% of the total shares issued by DEPA Commercial, according to the provisions of Law 3986/2011.

According to paragraph 13 of the aforementioned provision, the disposal process of the above shares may commence prior to the completion of the partial demerger of the existing DEPA S.A. In any case, the completion of the transfer process is subject to the prior completion of the partial demerger.

HELPE is interested in having the right to participate in the aforementioned Tender process that HRADF will carry out for the sale of its shares and to submit an offer as an interested buyer. However, in the meantime, HELPE is interested in securing an exit possibility from DEPA Commercial in case that it is not selected as the preferred bidder or in case that it decides not to submit a binding offer as an interested buyer. For this purpose, following negotiations, the parties have agreed the Draft Memorandum of Understanding, which its basic terms are outlined below.

It is noted that the signing of the Draft Memorandum of Understanding from HELPE's side is pending approval and provision of a special license by its General Shareholders Meeting, according to the provisions of articles 99 and 100 of Law 4548/2018.

5.2 Main points of the Draft Memorandum of Understanding in relation to utilizing HELPE's participation in DEPA Commercial

Hereinafter, we present the main terms of the Draft Memorandum of Understanding between HELPE and HRADF, in relation to the utilization of HELPE's participation in DEPA Commercial, as they are included in the "Memorandum of Understanding between HELPE and HRADF relating to the utilization of HELPE's participation in DEPA Commercial", as it was mentioned above under section 3.

The main terms of the respective MoU are the following:

1. HRADF will launch an international competitive tender process (hereinafter "Tender"), the object of which shall be the sale of HRADF's 65% stake in the share capital of DEPA Commercial. The Tender will be initiated, managed and controlled exclusively by HRADF.



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- HRADF, through the publication of the Tender's Invitation (hereinafter "Invitation") will invite those interested, to submit an expression of interest for their participation in the Tender, defining also at the same time its conditions. Following the above, the selected participants must submit binding offers within the timeframe defined by the Tender.
2. The preferred bidder is selected by the HRADF that decides according to its sole discretion. Upon the selection of the preferred bidder, HRADF will have to submit the final draft of the Shares Purchase Agreement (hereinafter "SPA") to the Court of Auditors for its approval, following which the SPA will be signed between HRADF and the preferred bidder. Upon fulfilling the terms of the SPA, HRADF is required to transfer the shares to the preferred bidder. The SPA will provide that HELPE bears no responsibility for claims arising from the SPA.
 3. HELPE undertakes to participate in the Tender as an interested party and to comply with all the requirements set forth in the Invitation and the Request for Binding Offers. If HELPE is selected as the preferred bidder, the above conditions will apply normally, having as a result HELPE's full control of DEPA Commercial.
 4. However, if HELPE either does not submit a binding offer or, submits a binding offer but is not selected as the preferred bidder of the Tender, then HELPE will grant to the Preferred Bidder a call option to purchase the shares of HELPE (hereinafter "Call Option"), that is 35% of DEPA's Commercial share capital. The Call Option must be exercised within ten (10) business days from the date of signing the SPA, otherwise the right is depreciated. If the Call Option is not exercised within the prescribed deadline, HELPE will retain the option to sell to the Preferred Bidder the 35% of its shares (hereinafter "Put Option") that is a percentage of 35% of DEPA's Commercial share capital. The Put Option must be exercised within ten (10) business days following the expiry of the Call Option, otherwise the right is depreciated.
 5. The exercise price of the call/put option (hereinafter "Exercise Price or "Option Exercise Price"), which is the price to be received by HELPE for its participation percentage, will be subject to a 10% discount calculated on the Implied Enterprise Value as defined in clause 2.1.5. of the MoU, after the reduction of the adjustments which may arise during the legal, financial and tax audits (due diligence), whereas such reduction will not be applied on net cash position.
 6. For the exercise of the call/put option, HELPE will sign a proxy with which will irrevocably authorize HRADF to proceed with the execution of the call and put option agreements (hereinafter "Bilateral Agreement") with the preferred bidder in the name and on behalf of HELPE. In any case, the failure of concluding the Bilateral Agreements does not affect the result of the Tender and the transfer of HRADF's shares to the preferred bidder. In fact, the candidates will be required to make available a letter of guarantee that will secure the completion of the call/put option, as well as the as the proof of funds in order to pay the corresponding price with the submission of their binding offers.
 7. HELPE undertakes to deposit (hereinafter "Escrow") its shares in DEPA Commercial, as soon as DEPA's demerger takes place for the time period until the dissolution of the MoU.
 8. Within one month from the publication of the Invitation to Tender, the members of the Board of Directors (hereinafter "BoD") of DEPA Commercial that have been appointed by HELPE shall resign from their positions, whereas during the applicable time period of the MoU, the members will have to be replaced by independent members (from a list that will be drafted), which will have to fulfill the independence criteria (according to article 4 of



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- Law 3016/2002 relating to corporate governance) and to have experience in relation to corporate cases in general as well as for DEPA's purposes. The same applies for members appointed by HELPE in subsidiaries or in companies that are succeeding DEPA. Those terms are not relevant to HELPE's participation in DEPA Infrastructure.
9. During the time period of the MoU, the General Meeting of DEPA Commercial shall be convened only to decide on matters for which it has the sole power to decide. Otherwise, (that is in cases where the General Meeting convenes to decide on matters for which it does not have exclusive competence) the shareholders (HRADF and HELPE) agree to abstain from participating in such meeting so that a quorum is not reached.
 10. During the time period of the MoU, HELPE undertakes the following: (a) HELPE shall not be entitled to carry out a management audit of DEPA Commercial without the consent of HRADF, such consent not to be unreasonably withheld; and (b) HELPE as a shareholder, will have access to information relating to upcoming general meetings, but the consent of HRADF will be required on what concerns the commercially sensitive information. In any case, the eligible participants that are going to submit a binding offer can access the information, which is communicated to HELPE under its role of a shareholder, as well as the respective Minutes of the General Meeting through the Virtual Data Room.
 11. The warranties to be granted by HELPE for the sale of its shares (35%) under the call or put option right shall be identical to the warranties granted by HRADF under the SPA.
 12. The dissolution of the MoU happens automatically: a) with the completion of HRADF's share transfer to the preferred bidder, b) following the HRADF's written notification to HELPE that the Tender was not awarded, c) in the case that the Invitation for the Tender has not been published within six months from the date of signing the MoU and d) if the execution of the SPA and all the documents related to the Tender have not been completed within 12 months from the date of the publication of the Invitation to Tender. The time period of 12 months mentioned above and the time period of the MoU can be extended by either party for 3 more months following the written notice of the other party or following the mutual written agreement of the parties.
 13. The MoU is regulated by Greek Law and the jurisdiction of the Athens Courts is agreed.

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6 Potential participation scenarios in DEPA's Commercial Tender Process

HELPE through the Draft Memorandum of Understanding expresses its non-binding interest in participating in the Tender process while achieving full flexibility in order to:

- Evaluate the strategic development options in the electricity and natural gas sector, after a thorough examination of DEPA's Commercial status and prospects.
- Evaluate the Tender's data that will be conducted by HRADF and act accordingly in order to secure the value of its participation in DEPA Commercial.

Upon assessment of its strategy and any other alternative options, HELPE will have to decide whether or not to submit a bid offer as well as the size of it.

Specifically, based on the information received by the Client it is evident that HELPE's Management considers that it is for the benefit of all HELPE's shareholders, including the minority shareholders a) the HELPE's bid submission in the Tender process and its potential declaration as the Preferred Bidder as well as b) the sale of HELPE's participation in the share capital of DEPA Commercial (i.e. 35%) jointly with HRADF, in case that HELPE is not selected as the preferred bidder or in case that HELPE does not submit a bid offer after all.

6.1 Scenario A: Declaration of HELPE as the Preferred Bidder

In particular, given the information received from the Client concerning HELPE's future business strategy, HELPE's Management decision to reserve the right to participate in the Tender process regarding the acquisition of HRADF's shareholding in DEPA Commercial (65%) has been based on the following arguments:

1. HELPE will acquire the majority stake in DEPA's Commercial share capital, will get full control of DEPA's Commercial shareholding and incorporated it in its consolidated financial statements, therefore enhancing its capital structure and its financial results.
2. HELPE will reinforce its position in the natural gas trade (via DEPA vehicle) by creating significant synergies, in line with HELPE's business strategy.

6.2 Scenario B: HELPE submits a bid offer but is not selected as the Preferred Bidder or/and HELPE does not submit a bid

In the event that HELPE a) is not declared as the preferred bidder or b) decides not to submit a binding offer (following the assessment of the options as referred in section 6 herein) then those stated in Chapter 5.2. par. d herein with respect to the shares' call option or put option in DEPA Commercial shall apply. The terms based on which these options shall be exercised will be part of the Tender's process terms that will be declared by HRADF and therefore will bind the Preferred Bidder, which in this case will have the right and respectively the obligation to also purchase the shares of HELPE, consequently acquiring DEPA's Commercial full control. According to HELPE's Management, the business benefits stemming from the agreement with HRADF concerning the provision of the call/put option for HELPE's shares in the Tender's terms are the following:



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1. Maximization of the bid price. HELPE is expected to benefit from the Tender process to be conducted by HRADF, taking into consideration that the bid price for the minority shareholding will be close to the full control's bid price received by HRADF, given that the discount for lack of control, which will be included in the Tender's terms, has been set and agreed by the engaged parties to 10%, as mentioned below.
2. Securing exit from the minority participation, as in the event that the preferred bidder will not exercise the Call Option, HELPE will have the right to exercise the Put Option.
3. On the contrary, in case HELPE maintains its minority shareholding participation in DEPA Commercial – without the ability to exercise control – along with a majority shareholder which maybe a competitor to HELPE, this would potentially lead to difficulties in DEPA's Commercial operation and hence the achievement of its goals, therefore not being of economic benefit to HELPE.
4. The anticipated sale proceeds could be utilized for the implementation of HELPE's business strategy in the natural gas sector with alternative ways.

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7 Assessment of the draft Memorandum of Understanding

Taking into account the information received from HELPE's Management, as set out previously in Section 6 hereof and the terms of the draft Memorandum of Understanding, as set forth in Section 5 hereof: (a) HELPE's decision to participate in the Tender process, to be initiated by HRADF, securing a dual role of a buyer or a seller is considered reasonable (b) HELPE's agreement to resign the two (2) members of DEPA's Board of Directors, as appointed by HELPE and their replacement by independent members, throughout the Tender process, is considered as a reasonable practice as this ensures transparency and equal treatment among all participants of the Tender process, including HELPE, and (c) the call / put options are equivalent and the exercise price of the aforementioned call/put options, as set out in the draft Memorandum of Understanding, is considered fair and reasonable for the reasons set out below.

7.1 Assessment of Options

As mentioned in section 5.2 herein, where the main terms of the draft Memorandum of Understanding are being presented, in the event that HELPE decides to: i) submit a binding offer but is not selected as the preferred bidder or ii) not to submit a binding offer, based on the terms of the Tender process that HRADF will launch, HELPE will grant to the preferred bidder the Call Option to purchase HELPE's stake in the share capital (i.e. 35%) of DEPA Commercial. In the event that the Call Option is not exercised by the preferred bidder within the exercise time period (i.e. within 10 business days after the signing of the SPA between HRADF and DEPA Commercial), then HELPE reserves the right to sell its shareholding in DEPA's Commercial share capital to the preferred bidder ("Put Option"). Pursuant to the draft Memorandum of Understanding, the aforementioned options will be exercised consequently within a period of ten (10) business days, post signing of DEPA's Commercial SPA.

It is noted that the above call/put options are not being traded in a derivatives exchange or any other securities trading market and, under the terms of the draft Memorandum of Understanding, will be included in the terms of the Tender with the sole purpose of providing flexibility to HELPE in order to be able to act either as a seller of its participation in DEPA Commercial (i.e. 35%) jointly with HRADF or as a buyer of the stake that HRADF will put on for sale (i.e. 65%) during the selling process of DEPA Commercial by HRADF, so that in any case HELPE will not remain as a minority shareholder in DEPA's Commercial share capital.

Taking into consideration that: i) the call/put options are not being traded in a regulated market, ii) the exercise price of the call/put options is expected to be determined based on the preferred bidder's binding offer, in accordance to the terms of the draft Memorandum of Understanding and iii) the exercise period of each option (i.e. Call Option or Put Option) is not substantially different, it is therefore assumed that the price of these options (Call/ Put Options) is considered equal, based on the theoretical evaluation background of the aforementioned options as presented below.

Specifically, the put-call parity equation relates the price of a put option with the price of a respective call option, with the same strike price and time until expiration. This equation indicates that holding a put option and a - European-style - call option simultaneously would equal to the same return with a forward contract, with the same underlying asset, the same time until expiration and a forward contract price equal to the exercise price of the options (X).

$$C_t + Xe^{-rT} = P_t + S$$

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- Call option price (Ct)
- Present value of the Strike Price (Xe^{-rT})
- Put Option Price (Pt)
- Spot Price of the Underlying Asset (S)

The above equation can be also presented as follows:

$$Ct = Pt + S - Xe^{-rT}$$

Thus, the preferred bidder holding the Call Option is on par with HELPE holding the Put Option because the exercise price (X) is equal to the spot price of the underlying asset (S) (please refer to section 7.2 below) and the price of the term e^{-rT} approaches one (1), due to the very short period of time in which these options exist.

7.2 Assessment of the Discount for Lack of Control

Taking into consideration that i) HELPE holds a minority shareholding (i.e. 35%) in DEPA’s Commercial share capital and ii) has limited representation in DEPA’s Commercial Board of Directors (2 seats out of a total of 11 seats) and consequently limited participation in the strategic decision-making process, therefore in the terms of the draft Memorandum of Understanding a discount of 10% is being applied on the Enterprise Value, as resulted after taking into consideration any adjustments that may arise following the legal, financial and tax due diligence in DEPA Commercial, in accordance of article 1.1 of the draft Memorandum of Understanding, as presented below:

$$\text{Exercise price} = (\text{Enterprise value} - \text{Adjustments}) * (1-10\%) - \text{Net Debt} / \text{Net cash position}$$

It is pointed out that as per the common market practice, a minority shareholding in a company’s share capital has a lower value that the respective majority shareholding, due to the lack of control in the company. The discount for lack of control or “DLOC” reflects the minority shareholder’s inability to exercise a variety of rights associated with the managerial and financial control of the business. A control premium is defined as the additional consideration that an investor would pay over the market value of a minority shareholding in order to gain the full control (100%) of a company’s share capital.

In particular, DLOC is calculated based on the below formula:

$$DLOC = 1 - \left(\frac{1}{1 + \text{control premium}} \right)$$

Based on the related studies which are presented in Appendix 1 and taking into consideration the concluded control premiums for completed transactions of public companies that took place both in Europe and globally, the Discount for Lack of Control ranges between 17.5% and 20.0%.



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Discount lack of control (DLOC) - Studies overview		
Study	Min	Max
Mergerstat 2nd Quarter 2018	19.4%	22.4%
Duff & Phelps winter 2019	20.0%	20.6%
Damodaran 2005	13.0%	17.0%
Median range	17.5%	20.0%
Overall average	18.7%	

Source: KPMG Analysis

Based on the draft Memorandum of Understanding and the information received by HELPE's Management, the discount for lack of control as applied on the Enterprise Value (EV) in order to estimate the Exercise Price of the options was concluded at a lower level than the aforementioned range (i.e. 10%), as a result of negotiations between the HELPE's Management and HRADF, in light of the below:

- HELPE's minority shareholding (35%) in DEPA Commercial and the respective derived minority rights as provided by law.
- HELPE's right, in accordance with article 11 of DEPA's article of association, to appoint two (2) out of the eleven (11) members of DEPA's Board of Directors. According to article 12 par. 4 of DEPA's article of association, the Board of Directors is in quorum when more than half of the Board of Directors plus one consultant is present and decisions are taken by the absolute majority of the present members. Also, according to article 12 par. 2 of DEPA's article of association, the Chairman is obliged to convene the Board of Directors in the event that two (2) of its members have made a relevant request. It is noted that the provisions of Law 4001/2011, as currently in force regarding the corporate transformation of DEPA S.A. do not foresee the amendment of its article of association, following the completion of its business transformation and its renaming to DEPA Commercial S.A.

Taking into consideration the above and based on our bibliographic research the discount for lack of control ranges between 17.5% and 20.0% - as derived from studies based on completed transactions in a variety of sectors, on public companies of different sizes and synergies between shareholders - and based on our professional judgment, we consider that the discount for lack of control applied in the draft Memorandum of Understanding (i.e. 10%) for this particular divestment of minority shareholding is fair and reasonable. Therefore, the exercise price (X) of the call/put options equals to the price of the underlying asset (S).

Finally, it should be noted that despite being a common practice the application of a discount for lack of control to the equity value rather than the enterprise value of a company and given the high cash equivalents of DEPA (EUR 417 m. based on the latest audited financial statements as of 30.06.2019) and its healthy capital structure (i.e. debt-free), as a result of negotiations between HELPE's Management and HRADF in order to safeguard and protect the interests of HELPE's minority shareholders, a discount for lack of control has been agreed to be applied to the enterprise value under the terms of the draft Memorandum of Understanding.



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7.3 Our Opinion

Taking into account a) our previous analysis, b) the clarifications received from HELPE's Management and c) the limitations of our work, as presented in detail in Section 2 of this Report and in accordance with our professional judgment, we consider the terms of the draft Memorandum of Understanding regarding the sale of HELPE's participation in DEPA's Commercial share capital (i.e. 35%) as fair and reasonable for the Client and its shareholders, who are not related parties, including minority shareholders; pursuant to article 101 par. 1 of Law 4548/2018.

It is noted that our Fairness Opinion is based upon the information made available to us up to the issuance of this Fairness Opinion, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof.

Yours sincerely,
On behalf of KPMG Auditing S.A.

Marina Kapetanaki
Certified Auditor
Registration Number SOEL 15911

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Appendix - Mergerstat Control Premium Study – 2nd Quarter 2018

Mergerstat examines transactions whereby 50.01% or more of a company was acquired. A controlling interest is considered to have greater value than a minority interest because of the purchaser’s ability to effect changes in the overall business structure and to influence business policies. Control premiums can vary greatly. Factors affecting the magnitude of a given control premium include:

- The nature and magnitude of non-operating assets.
- The nature and magnitude of discretionary expenses.
- The perceived quality of existing management.
- The nature and magnitude of business opportunities which are not currently being exploited.
- The ability to integrate the acquiree into the acquirer’s business or distribution channels.

In order to obtain unbiased and accurate pricing information, the scope of this study has been narrowed to completed transactions where the target company was publicly traded. For domestic transactions, Premiums ranged from -96.8% for Fairmount Santrol Holdings, Inc. to 662.5% for Excel Corp. (New York). For international transactions, Premiums ranged from -92.5% for Itaúsa-Investimentos Itaú SA (Elekeiroz SA) to 515.9% for Haeduk Powerway Co., Ltd.. Mergerstat does not include negative premiums in calculating average and median statistics. If negative premiums had been included in the calculations for the 2nd Quarter 2018, the results would have been as follows:

Mergerstat Control Premium Study 2nd Quarter 2018 Results Summary				
	Including Negative Premiums		Excluding Negative Premiums	
	Number of Deals	Premium	Number of Deals	Premium
Domestic Average	65	52.1%	57	63.3%
Domestic Median	65	25.9%	57	28.5%
International Average	62	36.6%	43	63.2%
International Median	62	16.4%	43	29.1%
Overall Average	127	44.5%	100	63.3%
Overall Median	127	24.0%	100	28.8%

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Mergerstat Control Premium Study 2nd Quarter 2018 Electric, Gas and Sanitary Services			
SIC Code	Closing Date	Target Name	Mergerstat Unaffected Control Premium
4,911	19/06/2018	8point3 Energy Partners LP	(12.7)%
4,911	09/04/2018	Dynegy, Inc.	83.3%
4,911	08/03/2018	Calpine Corp.	51.4%
4,911	07/03/2018	Electro Power Systems SA	(16.7)%
4,911	06/02/2018	Alterra Power Corp.	54.3%
4,911	28/12/2017	SunEdison, Inc. (TerraForm Global, Inc.)	36.0%
4,911	25/10/2017	Elverket Vallentina AB	24.0%
4,922	26/04/2018	Archrock Partners LP	25.8%
4,923	01/06/2018	Gas Natural SDG SA (Gas Natural SA ESP)	(43.2)%
4,923	02/10/2017	Varesen, Inc.	23.0%
4,923	20/09/2017	Delta Natural Gas Co., Inc	16.6%
4,924	04/08/2017	Gas Natural, Inc.	70.6%
4,931	24/04/2018	U.S. Geothermal, Inc.	28.5%
4,959	30/11/2017	Korea Environment Technology Co., Ltd	23.7%
Median (excluding negatives)			28.5%
Average (excluding negatives)			39.7%
Range			16.6% to 83.3%

Duff & Phelps | Canadian M&A Insights Winter 2019

According to the study, the number of public companies sold in Canada increased from 144 in 2017 to 168 in 2018, while the number of U.S. public companies sold decreased from 350 in 2017 to 317 in 2018. The median takeover premiums of Canadian and U.S. public companies had their third year of decline and dipped below their 10-year averages, with Canadian premiums coming in line with those in the U.S. (Canada – 25%, U.S. – 26%) diverging from the past two years, when Canadian premiums were about 10% higher.

Duff & Phelps Canadian M&A Insights Winter 2019 Public Companies Sold in North America	
10-Year U.S. Median Premium	26%
10-Year Canada Median Premium	25%

Damodaran Study (2005)

Minority Discount: Evidence of a control effect

The minority discount should vary inversely with management quality: If the minority discount reflects the value of control (or lack thereof), it should be larger for firms that are poorly run and smaller for well-run firms.

Control may not always require 51%: While it is true that you need 51% of the equity to exercise control of a private firm when you have only two co-owners, it is possible to effectively control a firm with a smaller proportion of the outstanding stock when equity is dispersed more investors.

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The value of an equity stake will depend upon whether it provides the owner with a say in the way a firm is run: Many venture capitalists play an active role in the management of the firms that they invest in and the value of their equity stake should reflect this power. In effect, the expected value of control is built into the equity value. In contrast, a passive private equity investor who buys and holds stakes in private firms, without any input into the management process, should value her equity stakes at a lower value.

There is clear evidence that practitioners apply control premiums in private company transactions, ranging from **15%** to **20%** for a majority stake; conversely, this translates into an equivalent discount for a minority stake.

$$DLOC = 1 - \left(\frac{1}{1 + \text{control premium}} \right)$$



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