

## *your* Legal Lab

### **Transfer of 5% of the Hellenic Telecommunications Organization's share capital to the Hellenic Republic Asset Development Fund**

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By virtue of decision number 258/08.10.2016, published in the Government Gazette Issue B 3236/08.10.2016, the Interministerial Committee for Restructuring and Privatizations approved a draft of the amendment of the Shareholders Agreement, concluded between the Hellenic State and Deutsche Telecom A.G., regarding the transfer of 5 % of the Hellenic Telecommunications Organization's share capital held by the Hellenic State to the Hellenic Republic Asset Development Fund (HRADF) for further sale. According to the above mentioned decision, the Minister of Finance is authorized to sign the amendment in question as representative of the Hellenic State.

#### **A. The Shareholders Agreement in force and the Hellenic State's rights**

By virtue of the Shareholders Agreement, as amended and in force, and more precisely since 11.07.2011, Deutsche Telecom A.G. holds 40% of Hellenic Telecommunications Organization's share capital and the Hellenic State holds 10% (in fact the Hellenic State holds 6% directly and the voting rights of the Social Security Fund which holds 4% of the share capital). According to the terms of the above Agreement, the Hellenic State reserves the right to appoint 5 out of 11 members of the Board of Directors and is also entitled to

exercise veto rights in relation to specific veto matters set out in the Shareholders Agreement.

#### **B. The amendment of the Shareholders Agreement**

The updated Asset Development Plan of the HRADF, as approved by the Government Council for Economic Policy on 25.05.2016 (Government Gazette Issue B1472/25.05.2016), which also constitutes an Annex to Memorandum III concluded between the Hellenic State and the creditors, provides among others for the transfer of 5% of the Hellenic Telecommunications Organization's share capital to the Hellenic Republic Asset Development Fund.

An amendment of the Shareholders Agreement is required regarding any transfer of shares, since the Shareholders Agreement provides that if any of the contracting parties decides to transfer its shares, the other holds a right of first refusal. In the past, Deutsche Telecom A.G. has expressed an interest in increasing its share by acquiring the 5% of the Hellenic State under certain conditions, as long as this is considered to be a profitable investment.

Finally, it is noted that the value of 5% of the share capital of the Hellenic Telecommunications Organization is evaluated up to 189.000.000 € and once the transfer to the Hellenic Republic Asset

Development Fund (HRADF) is concluded, all the necessary procedures for the sale by HRADF of 5% shall be undertaken, affecting however the Hellenic State's rights arising from the Shareholders Agreement.

