

# GREECE

Exceeding Expectations

# Exceeding Expectations

Investment, reforms and expansion – keys to Greece’s continued growth.

Consolidating the international success of the 2004 Summer Olympic Games, the government of Prime Minister Kostas Karamanlis has been hard at work over the last three years implementing widespread reforms to further strengthen Greece’s competitiveness. The result: improved investment incentives, a thriving banking sector and a range of business opportunities. Greece is now Europe’s fourth fastest-growing economy.

“As a government you have to create the proper environment so investors feel that it’s worth it for them to come into the economy,” says Eleni Louri-Dendrinou, Economic Advisor to the Prime Minister. “After the Olympics, there was a strict commitment to reduce the country’s deficit and debt, as well as to comply with the EU’s stability growth factor - which we did. Last year, the deficit was below 3 percent and it will remain below 3 percent this year.”

Thanks to this disciplined approach, GDP grew last year by 4 percent, surpassing the EU’s for the same period by more than one

percentage point. This growth has spurred a significant decline in unemployment: it fell to 9.2 percent last year from 11 percent in 2004.

Ms. Louri-Dendrinou adds that although there has been interest in developing Greece’s real estate and tourism sectors for many years, the country lacked the regulatory framework to make it viable for private sector players. Now, a publicly regulated land-use plan for renewable resources and a similar scheme for tourism will create a level playing field for investors.

**“After the Olympics, there was a strict commitment to reduce the country’s deficit and debt, as well as to comply with the EU’s stability growth factor - which we did.”**

Exports have also shown unprecedented growth. Last year, they posted a 19 percent increase over 2005, accounting for around one quarter of GDP.

“We have managed to enhance the competitiveness of our country,” said Greek Minister of Economy and Finance George Alogoskoufis during a business conference in the Indian capital of New Delhi in February. “The corporate tax rate stands at 25 percent today, compared to 35 percent in 2004.” ■



*Eleni Louri-Dendrinou, Economic Advisor to the Prime Minister*

## Greece to offer new pipelines, renewable energy projects to EU and beyond

With world energy demand rising, and the effects of global warming increasingly evident, Greece is meeting the region’s energy challenges by taking part in bold new ventures that include partaking in a new international gas pipeline to installing renewable energy production.

Due to its strategic location between the gas-rich Caucasus and an

energy-hungry EU, Greece has partnered in the Turkey-Greece-Italy pipeline (TGI), which will deliver much-needed gas to Europe from Azerbaijan, according to Regulatory Authority for Energy chairman Michael Caramanis.

“Greece stepped forward and offered an alternative corridor for the supply of natural gas to western Eu-

rope,” explains Assimakis Papageorgiou, director and CEO of DEPA, the Public Gas Corporation of Greece.

DEPA has boosted efforts to reduce pollution levels in Greece by promoting natural gas, a move in line with efforts to reduce global warming.

“We plan to spend more than 1 billion euros to expand the network so we can provide natural gas to



**Assimakis Papageorgiou, Director and CEO of DEPA Public Gas Co.**

**“We plan to spend more than 1 billion euros to expand the network so we can provide natural gas to customers throughout the country.”**

international firms to install 13 wind farms nationwide, with others soon to follow in neighboring countries.

“We are also entering the renewable market in Bulgaria and Turkey,” Rokas Group founder and acting chairman, Christos Rokas, says. “In the last two-and-a-half years our company has partnered with Iberdrola, the largest global player in renewable energy. We have a very positive partnership, and the projects lined up are ambitious, not only for Greece, but on a global level.”

Rokas has proposed to the Greek government replacing the outdated diesel units currently used for electricity generation on the islands of Chios, Lesbos and Limnos. This 2.5-billion-euro project would substitute the current heavily polluting installations with wind farms that would take advantage of the strong gusts the region is known for.

“Our proposal is to connect all three islands with a

submarine cable, and also to the mainland grid in southern Greece, Evia, and Thrace in northern Greece,” explains Mr. Rokas. “Because these islands have great wind potential we are going to develop wind parks of 1,650 MW. The generation of electrical energy will be used by the islands and the surplus will be channeled through the submarine cable to the mainland.”

With increased international interest in the country’s potential for renewable energy sources and the region’s pressing need to further develop its pipeline grid, Greece is set to take on a bigger role as the energy hub of southeastern Europe.

“I believe our national energy policy, the deregulation of our internal markets, together with the promotion of new endeavors, and the enhancement of existing international energy connections all show that Greece means business,” concludes Mr. Nikolaos Stefanou, General Secretary of Energy for the Ministry of Development. ■

customers throughout the country,” says Mr. Papageorgiou.

He believes that continued investment from Greek and multinational companies will make the country a strategic regional energy corridor.

“This is why we have made the TGI pipeline our first priority. This is an international connector through which, not only will we be able to transport gas between Turkey and Italy, but also to secure additional gas volumes to satisfy domestic needs and those of neighboring areas, especially to the north of our country,” says Mr. Papageorgiou.

Projects to exploit renewable energy sources, particularly wind and solar, are on the increase. Spanish energy giant Iberdrola and Motor Oil (Hellas) Corinth Refineries S.A. of Greece have teamed up. The two will collaborate on a bid to develop an electric power generation project to be operated by Hellenic Transmission System Operators S.A. (DE-SCHME). The scheme, if awarded to the pair, will use combined cycle gas turbines in southern Greece through Korinthos Power S.A.

The Rokas Group, a publicly-traded Greek company with activities in wind energy and port equipment manufacturing, is collaborating with

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# Greek finance - Two success stories, one destiny

## Piraeus & Greek Postal Savings Bank: Focused on Growth

A decade of unprecedented growth has made Greece the de facto financial hub of the southeast Mediterranean. Banking powerhouses like Piraeus Bank, Marfin, and Eurobank attest to the continued potential that lies within the country and beyond its borders.

So what is it about Greece that continues to attract investors and new business? Michalis Colakides, vice chairman of Piraeus Bank, believes that the key is regional stability, along with an ever-recovering and expanding European economy. "All our neighbors are doing better these days. We have political stability and new EU members that are creating economic prosperity that also benefits Greece," he says.

A leading player in the sector, Piraeus Bank posted an impressive 435 million euros profit for 2006, an increase of 65 percent over 2005.

Up from 449 branches in 2005 to 536 branches in 2006, (28 percent of its banking facilities were established

**"Our strategic objective remains the same as it has always been: to become the main bank for small to medium enterprises; to be strong in providing solutions to individuals' banking needs; and to be distinguished as a significant regional 'player' in the banking sector of southeastern Europe and the eastern Mediterranean."**

in the last two years alone) Piraeus' strategy of combining organic growth with aggressive acquisitions is setting it apart as a key regional bank.

According to the group's chairman, Michalis Sallas, Piraeus aims to amass assets totaling 65 billion euros by 2010, more than double its current figure, and to grow to 900 branches in Greece and abroad.

"Our strategic objective remains the same as it has always been: to become the main bank for small to medium enterprises; to be strong in providing solutions to individuals' banking needs; and to be distinguished as a significant regional 'player' in the banking sector of southeastern Europe and the eastern Mediterranean," says Mr. Sallas.

Since its first acquisition in 1998 of two Chase Manhattan branches in Greece, the group went on to buy or merge with 13 other banks. Piraeus' operations now extend into Bulgaria, Romania, Serbia, Albania, Egypt, and the United States.

Mr. Colakides says that in February, its Bulgarian subsidiary, Piraeus Bulgaria Bank, proposed yet another merger, this time with ING Bulgaria. This union would have a big impact on the Bulgarian market, where Piraeus is actively involved in financing small and medium enterprises.

Mirroring its banking sector, Greece's increased allure will be emphasized by an annual growth rate of 4 percent through at least to 2013, according to its national stability and growth program. The country's continued emphasis on development through innovation and research will serve to attract more capital and interest, as Greece aims to flex its economic muscle well beyond southeast Europe.



In Greek, "growth" and "development" is the same word.\*

Επιχειρήματα



*\*"ανάπτυξις", ana-ptyxis: growth, development./*

Piraeus Bank is a rapidly expanding and evolving organization.

Even beyond its Greek borders and besides a strong presence in the Balkan region, [Romania, Bulgaria, Serbia, Albania] Piraeus Bank is also active in New York, London, and Egypt.

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Gross loans	€ 20,804 mn	€ 15,884 mn	+31%
Total equity	€ 1,832 mn	€ 1,608 mn	+14%
Profit after tax & minorities	€ 434.6 mn	€ 263.8 mn	+65%

Branches 540 (302 in Greece and 238 abroad with presence in Albania, Romania, Bulgaria, Serbia, Egypt, New York, London)



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# Cinderella Story

State-owned Greek Postal Savings Bank (GPSB) may just be the Cinderella story of the country's financial sector. Destined for the auction block in 2004, a revision of its balance sheet and assets, coupled with aggressive marketing tactics by new president Panagiotis Tsoupidis quickly reversed slumping market share, while renewing interest from investors.

"In 2004 we had a 16 percent loans to deposits ratio. At the end of 2005 we had 30 percent. At the end of 2006 we had 45 percent," Tsoupidis says. "We have people waiting in line now, whereas when we joined, the branches were empty, hence our balance sheet is changing rapidly."

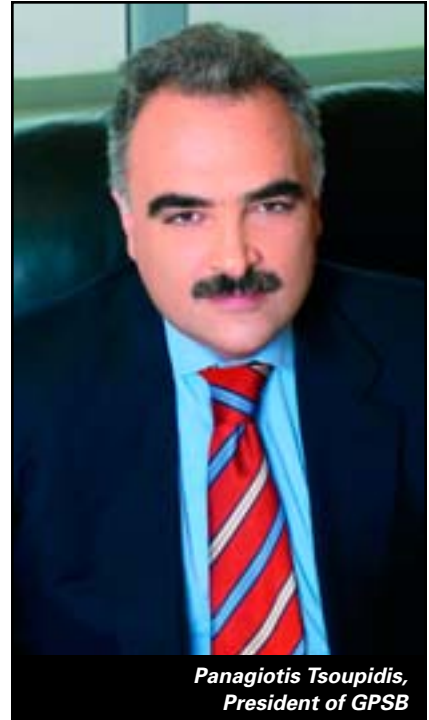
With 1,250 employees serving 1.8 million customers in 137 branches, GPSB plans to increase its staff by

more than half to accommodate the bank's increasing activity.

Today the vast majority of GPSB's clientele consists of small, long-term depositors, to whom newer services like credit products and credit cards, as well as consumer and housing loans should prove attractive, Mr. Tsoupidis believes.

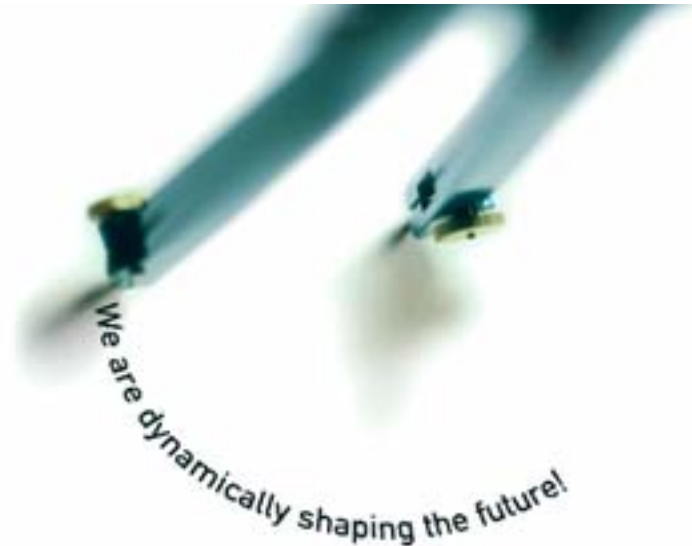
GPSB's basic strategy is to keep things simple. "We want it simple, and hopefully cheap; cheap for the customers and cheap in terms of operating cost. This means high profitability for the investors," he adds.

This banking veteran believes just as strongly in the future of Greece as he does in its financial sector. "I think there is great potential here because of the weather. This year we have seen a growth in tourism. If at the end of next year we have a similar growth in tourism,



**Panagiotis Tsoupidis,**  
**President of GPSB**

that will be great news for Greece. The economy will do well." ■



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S.F.B.S. Financial accounts as of June 30, 2008 in a consolidated basis

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# The newer, bolder face of an age-old business

## Spotlight on Shipping

In 2004, just four years after borrowing money from his father to buy his first vessel, Evangelos Pistiolis' oil shipping venture, TOP Tankers Inc. debuted on NASDAQ. The IPO raised more than 146 million dollars and eighteen months later, TOP Tankers was worth over a billion dollars.

"Since the beginning we thought about shareholder value. We were driven by optimizing returns on investments," said Pistiolis.

In 2006, Top Tankers paid out a total of 217.5 million dollars in dividends bolstered by the sale of three of the company's older ships earlier in the year which fetched 128 million dollars, the highest aggregate price ever recorded in the industry.

Specializing in the global transport of liquid cargoes, TOP Tankers' cur-

rent fleet of 24 vessels has a total transport capacity close to 2.5 million deadweight tons. Fifteen of the Company's 24 tankers are on time charter contracts with the average term surpassing three years. All but three include profit sharing agreements.

Shipping in today's Greece continues to be one of the country's most profitable and fashionable industries. About a quarter of the world's oil-carrying vessels are registered in the country. The majority of those registered abroad, as is TOP Tankers Inc., still hold the reins from the homeland.

"Hard work, combined with good fortune, has a lot to do with our success," said CEO Pistiolis. To capitalize on the expected 10 percent annual trade growth between Europe



**Evangelos Pistiolis,**  
**CEO of TOP TANKERS**

and Asia, TOP Tankers is now considering opening up shop in China.

"China will probably be the driving force of the world in 30 to 50 years. Bearing that in mind, I think it is a good move for any company at this time," notes the 33-year-old shipping tycoon. ■

## Natural gas? Naturally, Greece.

The Public Gas Corporation of Greece (DEPA) imports, transports and distributes natural gas in Southeast Europe, establishing Greece as an international energy corridor. Via two strategic gas pipeline projects, the Turkey – Greece and the Greece – Italy Interconnectors, DEPA connects the rich energy sources of Asia with the European networks and markets. Natural gas being an abundant, efficient and clean form of energy, serves as a strong lever for sustainable development and quality of life. **In today's changing world, DEPA meets the challenges of the future, with the energy that connects countries, economies and peoples.**



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# In a market known for dynamism, Greek gaming giant OPAP remains at the top.

Established in 1958, OPAP is the number three gaming company in the world. Its success since its first IPO in 2001 has made it a portfolio favorite with international institutional investors, who now own 55 percent of its share stock.

The company's lasting success lies, simply put, in the numbers. With revenue of 4.6 billion euros in 2006, an increase of 25.4 percent over 2005, OPAP's average dividend yield is 5.5 percent to 6 percent.

"We are pleased with the performance of our business in 2006 and in particular with that of our two flagship games, KINO and Stihima, which continued their strong performance," says CEO Basile J. Neidas,

prove all aspects of the gaming experience, and to hold on to its position at the forefront of global gaming sector, Mr. Neidas says that the company is implementing a multi-tiered overhaul of its strategy and infrastructure.

Present plans for a state-of-the-art IT system has companies like G-Tech, Scientific Games, and Intralot, competing for a 200 million euros contract to provide this new infrastructure.



*Basile J. Neidas, CEO of OPAP*

**"Soon we will have satellite connections to offer new interfaces for our global games.**

**Internet and mobile phone betting and interactive TV wagering along with popular new games such as poker and backgammon are in the works."**

adding: "We remain committed to further optimizing our existing operations and delivering further growth."

OPAP's CEO knows the importance of being a leader in this rapidly changing industry. Innovation and incorporating new technologies have been key to sustaining success and shareholder value. Fresh games and new projects are in the pipeline and eagerly anticipated by investors and gamers alike.

To combat competition from illegal Internet betting sites, further im-

"This is a very big opportunity for further expansion; we are going to have the right infrastructure that will allow us to offer new betting possibilities and more ways to increase revenues, both in Greece and internationally. Soon we will have satellite connections to offer new interfaces for our global games. Internet and mobile phone betting and interactive TV wagering along with popular new games such as poker and backgammon are in the works," explains Mr. Neidas.

At the same time, OPAP's legal team is undertaking an aggressive campaign to enforce laws protecting its exclusive license, one that would heavily penalize advertisers of illegal providers.

OPAP's strategy of innovation has seen it reach a new public by offering betting on the Eurovision Song Contest and the Oscars. To further increase betting parameters, the company is striving to include an even wider variety of sports and has introduced more Greek football teams on its betting coupon.

"This is important because Greek gamers prefer to bet on Greek teams, after all, these are the teams they know. Here, their local knowledge is expertise," says Mr. Neidas.

Alternative options for gamers such as 'over/under' wagering (betting not only on final results, but total goals scored per game) and 'live betting,' a new Internet-driven phenomenon with betting in real time against constantly changing odds, are already producing results.

At home, Mr. Neidas' vision is to give gamers a complete, state-of-the-art interactive experience in a luxurious environment adapted to Greek social life. Longer operational hours, large sports screens, and comfortable salons created by young new designers from the National Technical University of Athens will make their appearance throughout the country this year.

With goals to expand outside of its national network of more than 5,500 agents, OPAP is now targeting Greece's huge tourism industry, and offering its second most popular game, Kino (think Las Vegas' Keno) to regional cruise liners.

"Cruise gaming will tap into a very important new market - which is going to be great for us and our shareholders," concludes Mr. Neidas. ■

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# Education Vital to Growth

## Greek Government presses ahead with reforms

Building upon centuries of excellence in education, the Greek government in March endorsed an important bill package intended to give the state's university system greater independence, paving the way for the creation of private tertiary schools.

The draft resolution was a necessary step, officials say, to help fund universities and to make them more competitive with North American and European counterparts.

"One of the main issues is changing the Greek constitution to allow for non-state non-profit universities to operate in the country," affirmed Dimitrios Skiadas, Special Secretary for the management of community support framework programs. "Some people do not approve of this change in the educational structure but it is important for the government to go forward with this idea."

Greece, according to Mr. Skiadas, does not want to miss the chance to align itself with EU educational standards so that it can "be taken seriously and with respect on this continent, and on the global stage."

"The reforms need to address the

way higher education is structured and operates and make it more responsive to society's needs. "We want universities to be part of society and not isolated from society. Of course we do not want society to dictate higher education goals and performance. We want the cooperation of social partners and businesses which will eventually hire our students to tell us what kind of graduates they need. It is the Min-

**" Seeing the changes taking place in Finland or the dialogue in France, we conclude that education is not only about financial investment but rather the key to the future."**



*Greek Minister of Education and Religious Affairs Marietta Giannakou*



*Dimitrios Skiadas, Special Secretary for the management of community support framework programs*

istry of Education and the universities' job to offer these curricula. This is a thin line we have to preserve. This is the major reform we want to accomplish," he added.

The current system essentially needs to be enhanced with superior validation and recognition techniques, and in-depth evaluation within Greek schools.

This new assessment apparatus will align itself with the EU's Bologna Process, aiming to make academic degrees and quality assurance standards more comparable and compatible with Europe.

"The new laws will provide the institutional instrument to invest much needed funds towards further

education for the teachers, better supplies and facilities such as the new International University being built in Thessaloniki," Mr. Skiadas commented. "All of these efforts will provide a better learning environment for students and make it easier for teachers and professors to ensure a higher quality educational experience."

Tuition fees and privatization schemes, as well as key fundraising tactics introduced in this broad plan, will finance construction of new schools and, at the same time, upgrade existing ones.

The future of Greece as an education leader in southeast Europe revolves partly around the develop-

ment of the International University of Thessaloniki, a lofty project currently under way thanks to EU funding.

Designed to attract international students, the school's official language will be English, yet courses will be available in Greek and other languages as well. Furthermore, the school will give more than 30,000 Greeks currently studying abroad the opportunity to do so without leaving home.

So far, Greece has only utilized 55 percent of the 2.78 billion euros in EU funds earmarked for investment in projects that will bolster the bond between its universities and labor market, and increase research and development. The remainder will be used this scholastic year, with another round of EU funding totaling 22 billion euros to be allocated similarly during the 2008 to 2013 time frame.

Greece already has been recognized at the European level by the EU Commission for successfully running pilot programs introducing the concept of entrepreneurship through its innovative "Virtual Enterprises in Vocational Schools" program at the secondary education level and higher.

Greece is also focusing on transferring know-how through development projects abroad.

"We have helped some Balkan countries to develop a new educational system after the collapse of the previous regimes. Now we are trying to show them that it is not only systems you have to set up but also projects you have to develop," said Mr. Skiadas, adding that Greece wants to play a pivotal role in the future of education in southeastern Europe.

The Hellenic Republic is also looking ahead to the establishment of private universities. Currently, the ministry has Public-Private Partnerships (PPP) in place, but these are limited to upgrading the existing scholastic infrastructure.


In light of the nation's increasing role as an educational center in south-east Europe, Greek Minister of Education and Religious Affairs Marietta Giannakou confirmed that these changes were just as crucial to Greece as they are to the other EU members.

"Seeing the changes taking place

in Finland or the dialogue in France, we conclude that education is the key to the future," said Ms. Giannakou.

During a meeting of the Organization for Economic Cooperation and Development that regrouped the education ministers of 30 countries in June, Conference Chairper-

son Ms. Giannakou emphasized that, "higher education plays a vital role in driving economic growth and social cohesion. It has grown dramatically. We agree on the new task of going beyond growth, by making higher education not just bigger, but also better." ■



Hellenic Republic  
Ministry of National Education  
and Religious Affairs

Managing Authority of the Operational Programme  
for Education and Initial Vocational Training

European Direct  
European Commission

## The Greek Educational System in the 21<sup>st</sup> Century

The main instrument for the implementation of the educational policy in Greece is the Operational Programme for the "Educational and Initial Vocational Training", which is co-financed by the European Social Fund and the European Regional Development Fund.

The Operational Programme is closely related to the revised Lisbon strategy and the other EU policies (employment policy, gender equality, ICT and life long learning), synergy with the pillars of the National Action Plan for employment, the ESF priorities and the objectives of the National Action Plan for social inclusion.

Lifelong learning is one of the most basic pillars to the Greek strategy in Education. Through the Programme, the aim is to provide everyone with the opportunity to acquire or improve his/her knowledge, that will allow him/her both to be an educated person, an active citizen, as well as a fully qualified member of the workforce needed in the labor market.

One of the main choices, reflected in the Programme, is to provide equal opportunities in education and beyond that, to the labor market. Efforts have been undertaken during recent years, aiming to include the less privileged groups of the population in the

educational system, to reduce school drop out, to improve employability and combat social exclusion.

In order to make strategic interventions, the Greek government is going to implement evaluation procedures in all educational levels. The evaluation process, which is going to be supported by the Operational Programme, is not a means for punishment but a means for improvement.

Furthermore, investing in the human capital of the educational system is one of the most significant priorities. Therefore an extensive programme of teachers' training schemes is being implemented, with resources from the Operational Programme.

Another major strategic choice is to create and consolidate a Greek Education and Culture Center for south-eastern Europe, by establishing a new International University in Thessalonika for students that are coming mainly from abroad focusing on the Balkans area and the Eastern Mediterranean basin, but also welcoming students from all over the world.

This new institution will be financed through the Operational Programme.

Ministry of National Education and Religious Affairs  
Managing Authority of the Operational Programme for Education and Initial Vocational Training-European Commission  
Co-financed by the European Social Fund and the European Regional Development Fund

# The land of enchantment reinvents itself

Known for decades as one of the world's summer playgrounds - just think of its pristine beaches, sun-drenched islands, verdant forests, and, yes, the Acropolis! - Greece is now reemerging as the year-round destination of choice for the 21st-century tourist.

Thanks to two years of aggressive marketing and massive investment to modernize the country's public infrastructure, the Greek Ministry of Tourism has succeeded in attracting tourists and investors alike.

"Billions of euros are being spent, or programmed to be spent, on improving the performance and upgrading the facilities at airports, ports and road network, as well as handling waste, protecting the environ-

ment and power management," comments Greek Tourism Minister Fanni Palli-Petralia.

Athens' top priority is to increase collaborations between the public and private sectors, or Public-Private Partnerships (PPP), on projects from modernizing airports to building five-star hotels. To date, some 460 different projects totaling 917 million euros are slated for future development.

"Since April 2005, 37 percent of all new investments under the um-

in and development of the country's various sectors. It provides cash grants and tax breaks for specific investments, and prioritizes small to medium businesses, she adds.

Drawn by the advantages of the PPP legislation, international investors have taken advantage of the array of unique state-owned real estate available for development.

Some of the world's largest resort developers, like Hyatt of the US and the French resort giant Accord, have capitalized on such incentives with plans to increase their presence in Greece. Construction of golf courses, in particular, is soaring. While there are only four golf courses open for today's sport enthusiasts, about half of the locations, or some 10 properties statewide, suitable for development have been allocated, according to Greek National Tourism Organization.

Thus far GNTO, Greece's national travel bureau which operates under the umbrella of its Ministry of Tourism, approved the blue prints for the development of 26 conference centers, three golf courses, three winter ski centers and 19 spas in 2005 and 2006. Just last year, it backed 77 luxury hotel projects totaling some 19,900 beds.

GNTO's continued efforts in promoting Greek tourism and its various niches - such as agro-tourism and spa-vacations - have not gone unnoticed. The agency, which has more than doubled its number of offices worldwide, was named Europe's top tourist agency whose 2006 slogan was "Live your Myth in Greece".

Tourists and investors alike are quickly realizing that no other nation in Europe combines 3000 islands, more than 5000 years of history, and advanced, high quality services.

**" Billions of euros are being spent, or programmed to be spent, on improving the performance and upgrading the facilities at airports, ports and road network, as well as handling waste, protecting the environment and power management."**



**Fanni Palli-Petralia,**  
**Tourism Development Minister**

brilla of the 'Investment Law' are going into effect and, again, tourism will be one of the main sectors to be supported," remarks Ms. Palli-Petralia.

Greece's Investment Law is one of the administration's result-driven stratagems to stimulate investment

# Rhodes - An Emerging Market

## Investment up in Hellenic hideaway

Investors in the Greek tourism sector are picking up to the Island of Rhodes, the heart of the Dodecanese Island group and the center of activity come summer months.

With cash grants, leasing and interest rate subsidies hovering at 40 percent, and with tax allowances up to 100 percent, it's no wonder that this Aegean isle is becoming a must see for travelers and a must have for investors.

The idea here is to benefit not only on the lucrative deals proffered by the state but also to capitalize on the ever growing number of tourists and athletes visiting the island each year. Renown for worldwide sporting events like sailing, cycling and just about any sport under the sun, which shines there more than 300 days per year. Rhodes will host the NatWest Island Games XXII from June 30 to July 6, 2007.

The island, which boasts the largest and newest convention center in Greece, is already enjoying regular bookings for international conferences, seminars and workshops. The Casino Rodos, an architectural beauty of neo-classical charm is still a draw. Since January, slot machine jackpots paid out 1 million euros to six winners. Ever becoming more incorporated into Greek tourism, the government has moved to extend licenses for nine existing private casinos throughout Greece which were due to expire this September. Yet, the trend today for visitors and investors alike is luxury and Rhodes is now home to the 18, hole Afantou Golf Course, the result of a very successful 100-million dollar PPP.

"We would like to have over 20 golf resorts in place within the next five years," says Peter Doukas, Greece's Deputy Minister of Economy and Finance and President of the Hellenic Golf Federation.

"We're making the process of getting licenses and permits easier and we're accelerating several specific projects that hit bureaucratic obstacles."

The Ministry of Tourism Development is the main stop for investors interested in this still somewhat 'virgin' destination. The natural and historical setting along with improved incentives have already attracted the interest of new investors and already established businesses operating in the sector.

One major trend in Greek tourism is mixed-use development with private investors and equity funds putting their money in projects that combine luxury hotels and villas, golf courses, spas, sports and retail amenities.

Case in point: Lindian Village, the latest addition to the Sviriadis family's and Electra Group of Hotel's portfolio. One of the first true lavish resort developments in Rhodes, Lindian is quintessentially a unique classical style island village located



*Lindian Village Hotel in Rhodes is one of the investments which is changing the image of the island.*



*Marisa Sviriadis,  
Managing Director of  
Lindian Village*

**"Greece is a safe bet and Rhodes has what it takes to become one of the top destinations in Europe."**

on the southern shores of Lardos Beach. Run by Marisa Sviriadis, the resort was introduced as a high-end hot spot in 2004.

Boasting over 160 accommodations, 33 of which are suites with a private pool, Lindian offers guests five restaurants, an outdoor gym, spa with Oriental jacuzzi and Turkish bath, tennis and water sports facilities, conference center, wedding arrangements, and personalized tourism services.

Sviriadis, who works closely with her two brothers Alkis and Demis, drew upon her family's years of experience and her inexhaustible interest in global tendencies to identify what was missing in Rhodes.

"Although Rhodes had quite a few high standard and well-known properties, there wasn't a resort which could exceed the expectations of the high-end traveler and hence, Lindian was born," commented Sviriadis.

Initial investment in Lindian Village totaled some 30 million euros and, according to Sviriadis, expansion of

the resort and added features and facilities are in the works.

With Lindian's success already a reality and current total renovation of the Electra Palace Hotel in the Gulf of Ialysos, Ms. Sviriadis says that she is open to partnering on similar projects with investors who share similar vision and views on sustainable development.

"Greece is one of the safest and most sought-after spots in Europe. Rhodes has what it takes to become one of the top destinations in the world," Ms. Sviriadis said.

Further exceeding expectations is Rhodes' real estate market. Property sales on the island are booming with sales of second homes, espe-



cially to Europeans, driving value up. In November of last year, Savvaidis & Associates, one of the island's most well-known real estate

agents, organized a property investment seminar in London which presented Rhodes as one of the safest and strongest emerging markets. ■

## Cyprus rising

Cyprus is reaping the spoils of years of unprecedented growth since its EU accession in 2004 and is focusing on developing its infrastructure and competitiveness in the region.

"Cyprus is an ideal center for business activities," states Antonis Michaelides, the Cypriot Minister of Commerce, Industry and Tourism. "The government's role focuses on the creation of a favorable entrepreneurial climate, through the maintenance of conditions of macroeconomic stability, the upgrading of socio-economic and legal infrastructure and the pursuit of sustainable development."

Through the adoption of its Public-Private Partnership (PPP) legisla-

tion, the state has loosened its foreign investment policy, simplified red tape and reduced bureaucratic interference. Changes that have resulted in an FDI of 1 billion euros in 2005, an increase of 11 percent over the previous year.

Another lucrative PPP involves the construction of two new terminal buildings and their related infrastructure at the airports of Larnaca and Paphos to accommodate Cyprus' growing number of tourists arriving annually. These new terminals should be operative as early as November 2008, with a total price tag of about 620 million euros.

"In this period Cyprus will ac-

quire new airports, enhanced and specialized ports, modern marinas, enhanced road network and a completely reformed public transport system. This development will boost, as a consequence, other sectors of the economy and improve the position of Cyprus as a centre of commerce and services in international trade," confirms Harris Thrasou, the Cypriot Communication and Works Minister.

With the lowest tax rate in the EU and a corporate tax rate of just 10 percent, the island nation retains and enhances its competitiveness as an international business link between three continents.

"We aspire to establish Cyprus as a business bridge between the EU and the Middle East; a base from where European entrepreneurs will penetrate the Middle East market of 300 million consumers, and alternatively a base for Middle East entrepreneurs who wish to enter the EU market of more than 450 million consumers," comments Michaelides. "The eastern Mediterranean region presents substantial growth opportunities for European enterprises, and we are confident that Cyprus will have a central role in this sense." ■



# Cyprus' banking sector skyrockets

Last month Cypriot financial leader The Bank of Cyprus, posted a 28 percent increase in net income over 2005 figures with overall deposits in the Mediterranean and overseas up by 13 percent to almost 21 billion euros last year.

The Bank went on to announce that its two year prospects look even better than in previous years, with a profit target of 31 percent for 2007. As it deepens its foothold both in Romania and Russia, the Bank of Cyprus anticipates further growth and a return on its current equity of at least 25 percent at the end of this year.

Listed on the Cyprus Stock Exchange, the Bank of Cyprus (BOCY) has representative offices in Russia, Romania, Ukraine, the United States, Canada and a wholly-owned subsidiary in Australia. Group CEO Andreas Eliades said in March that the Bank's strategy includes more takeovers and partnerships abroad

with international operations eventually contributing approximately 50 percent of company revenues.

Just after that, the Bank announced plans to open 10 branches in Moscow and St. Petersburg within the next two years. "The double taxation agreement Cyprus has with Russia is a big advantage, as is the trust we enjoy with our Russian clients. It is a market of 200 million and prospects are unlimited," commented Eliades.

The Bank's activities in Romania have proven well-timed and fruitful. During its first few months of operations in Romania, it granted around 100 million euros in local loans and is due to launch a full-branch network later this month. (The Romanian National Trade Registry office lists Cyprus as the tenth largest investor of FDI in Romania registering 491 million euros in capital just behind Greece at 497 million euros.) The Bank of Cyprus is a

financial institution of choice for Cypriots rushing to invest in a booming Romanian property market.

Marfin Popular, the island's second biggest lender, was created last year through a three-way merger between Cyprus' Popular Bank and Greece's Marfin and Egnatia banks.

The resulting windfall in the region's banking sector has caused a frenzy of mergers and acquisitions throughout southeast Europe, Cyprus and Greece.

The new financial organization is currently the largest lender in the island and second largest banking group in Greece. Through this union, the trio has already begun to intensify its aggressive acquisition campaign. Last month, Marfin Popular Bank announced that it had signed a deal to purchase 99.7% of Ukraine's Marine Transport Bank for a reported 103.1 million euros. ■

## We set our standards high and succeeded.

**153%** increase in net profits

**143%** increase in total dividends

**132%** increase in earnings per share

2006 Results

For 108 years the Bank of Cyprus Group has been a leading financial player in Cyprus and one of the most dynamic forces for growth and development both in Greece and worldwide. During the 16 years that the Group has been operating in Greece, we continued to grow and expand, to 282 branches worldwide and 120 in Greece alone, while maintaining a successful presence in more than 10 countries. Bank of Cyprus was the first bank in Greece and Cyprus to expand its banking activities into the Russian market, and dynamically penetrate the Romanian market. Today, the Bank of Cyprus Group employs 6,192 people worldwide. This powerful team, upon which we rely, has achieved our targets two years ahead of schedule.

**Our results are a guarantee for the successful implementation of our plans.**

**We are moving forward armed with knowledge and vision.**

Our estimated net profits for 2007 are €415 million. Over the next three years we will continue to create value for our shareholders, since our net profits will have a growth rate in excess of 25%. By 2011, the Bank of Cyprus Group will be an international financial institution with the 70% of its lending activities deriving from abroad with a dynamic presence in Cyprus, Greece, the Balkans and Eastern Europe that will contribute to the growth of the Greek and Cypriot financial services market.

We are continuing our expansion remaining dedicated to our vision, and giving priority to the 1,500,000 customers and 70,000 shareholders who have placed their trust in us.

**Moving forward armed with knowledge and vision**

Bank of Cyprus Group



# Telecommunications - key to connecting Cyprus

The Cyprus Telecommunications Authority (CYTA), a partially state-owned organization employing 2,480 people, was founded to provide, maintain and develop a comprehensive telecommunications service to meet national and international needs.

CYTA provides a broad range of services and facilities that meet the increasing needs for voice and data applications in both fixed and mobile telephony. Cyprus' leading provider of integrated electronic communications services, CYTA places particular emphasis on providing value-added services, such as content/multimedia, via the Internet, which will be the dominant business activity in the next decade.

Since the privatization of the

telecommunications sector in 2003, CYTA has risen to the challenge of the convergence of telecommunications, information technology and multimedia, as well as that posed by the island's changing social, legal and political structure since joining the EU.

In keeping with its international commitments, CYTA continues to improve the already high quality services it provides its clientele. Confirmed through extensive market surveys, consumer satisfaction can also be measured from the company's business results.

Along with its subsidiary Digimed Communications Ltd, CYTA has successfully tendered a project to develop broadband infrastructure in key regions of Greece to around one million homes.



**Mr. Stavros Kremmos,**  
*Chairman of CYTA*

CYTA was previously responsible for the creation launch of Actel Ltd. in Hungary (of which CYTA is the major shareholder) for the provision of broadband services mainly in Hungary.

The first organization in Cyprus to join the European Foundation for Quality Management, CYTA is the largest organization in Cyprus' broader state sector to attain an ISO 9001:2000 Quality Certification. As part of its corporate social responsibility, the company actively supports the health, education, culture, sport, the environment, and research & technology sectors. ■

**CYTA, The electronic communications hub of the Eastern Mediterranean**

www.cyta.com.cy

ATHK  
CYTA  
Keeps Communication Alive

The image is a promotional graphic for CYTA. It features a central map of the Eastern Mediterranean region, including Greece, Turkey, Cyprus, Syria, Lebanon, Israel, Egypt, and Gaza. The map is overlaid with a network of colorful lines (red, blue, green, yellow) representing communication routes. The text 'CYTA, The electronic communications hub of the Eastern Mediterranean' is prominently displayed at the top. At the bottom left is the website 'www.cyta.com.cy' and at the bottom right is the CYTA logo with the tagline 'Keeps Communication Alive'.