

ANNOUNCEMENT

20.04.2018

Petrolina (Holdings) Public Ltd ("PHL") announces that it has entered into a shareholders' agreement with Intergaz Ltd and Synergaz Ltd, companies also owning gas storage terminals in Larnaka, for the creation of a joint venture in the form of a limited liability company under the name VLPG Plant Ltd ("VLPG"). The shares previously held by Hellenic Petroleum Cyprus Ltd in the issued share capital of VLPG have already been transferred to the above three companies.

The agreement was signed yesterday 19 April 2018 and falls within the context of PHL's strategic planning and business development and, in particular, in the field of storage, administration and trading of gas.

The aim of VLPG is the construction of a gas terminal on a land granted for this purpose by the Government to the shareholders of the joint venture within the Vasilikos Industrial and Energy Area. Upon completion of the construction works, VLPG will become active in the field of gas storage and administration within the terminal. In addition, it will operate a unit for the inspection and repair of gas cylinders. The joint venture's revenue will derive from the gas storage and movement fees and the maintenance of gas cylinders. The joint venture will not trade gas.

Moving the premises was deemed necessary following the relevant order issued by the Municipality of Larnaka as the competent building authority and endorsed by the Minister of Interior to all companies active in the gas industry whose premises are located in Larnaka, including PHL, for the termination of the operation of their premises.

The capital expenditure required for the construction of the project is estimated at approximately €24 million and will be financed via a combination of own funds of shareholders and a bank loan. The time required for the construction of the terminal is estimated at 24 months from the date of obtaining all permits required.

Under the shareholders' agreement, PHL will hold 47% of the share capital of VLPG, while management will be exercised on a balanced basis by its three shareholders.

The investment is made on an arm's length basis based on the equity method of accounting. By investing in VLPG, PHL hopes to maintain its profitability from the gas trading sector.

The commencement of operation of VLPG is subject to the approval of the Commission for the Protection of Competition to which a relevant application will be submitted.

Yours,

Dinos Savvides
CFO