LAMDA Development: First Semester 2012 Financial Results

PROFITABLE STATUS OF SHOPPING CENTERS CONTINUES WITH 99% OCCUPANCY NEW DEVELOPMENT OPPORTUNITIES ARE BEING PURSUED

Following the trend from last period, Group EBITDA before fair value losses **reached €16,3 million** compared to €17,8 million in the first semester of 2011, registering a manageable decrease of 8%, while operational profitability of our three Shopping Centers posted a 9% decrease despite the deep recession in the retail sector in Greece.

Net Loss for the first semester of 2012 amounts to €18,3 million compared to losses of €3,2 million in the equivalent period last year because of the increase in fair value losses of our investment portfolio by €16,6 million and the increase in net interest expense by €1,0 million, as a result of the increase in loan interest rates.

The above mentioned net loss does not include the accounting impact of the €44 million cumulative impairment of our participation in Eurobank Properties as per IAS 39. The impairment was previously reflected in the group's equity account in the previous years for same amount. It must be noted that on 21/08/2012 LAMDA Development sold to Fairfax Financial Holdings Limited its participation in Eurobank Properties a total of 9.017.987 shares at a selling price of €4,75, which represents a 12% premium compared to the previous day closing price. The profit from this transaction amounting to is €8,6 million will be incorporated in the Company's results in Q3 2012.

The favourable performance comparison of our shopping and entertainment centres to the rest of the retail market in Greece is attributed to the fact that they have overwhelmingly won the preference of the consumer public. Shopkeepers continue to have the advantage of lower rents compared to high streets and enjoy ample support via marketing, promotional and communication activities which procure satisfactory customer visits as evidenced by actual data. This success is also reflected in the **full occupancy** rate of our shopping centers as well as in the quality of services to customers.

More specifically, the operation of **"The Mall Athens"** has been quite satisfactory given that recurring profitability posted a decrease of 9,9% while shopkeepers' turnover decreased by 9,9%. It is very encouraging that the Shopping Center is fully leased, while customer visits remain at last year level. Shopkeepers' turnover in **"Golden Hall"** for the same period decreased by 13,9%, while recurring profitability dropped by 20,9%. It should be noted that customer visits posted a marginal decrease of 4,5%. In **"Mediterranean Cosmos"**, in Thessaloniki shopkeepers' turnover dropped by 5,8%, customer visits dropped by 4,5% and recurring profitability posted a marginal decrease of 1,4%. It should be noted that, following our undertaking of the full management of Mediterranean Cosmos in December 2010, various corrective actions and improvements are being successfully implemented in order to further improve the quality of the center and to fortify the product mix with strong brand names, such as ATTICA, INTERSPORT, H&M and APPLE, among others. In addition, the second phase of architectural and aesthetic improvement of Mediterranean Cosmos will soon be completed, an investment that reiterates our long-term commitment to support our Shopping Centers.

Flisvos Marina posted an operational loss of €0,3 mil. versus last year, mainly due to the economic recession and the increase in concession rent by 20% payable to the Greek State.

Moreover, the **dividends and participations** revenue, practically unchanged versus last year, since dividend collected from **Eurobank Properties REIC** approximates €3,6 million, a result of its continuing strong performance.

Finally, it should be noted that **Group overheads** were 13% lower as a result of our on-going cost cutting effort.

The following table summarizes the **Group's EBITDA**:

(amount in € mil.)	**H1 2012**	**H1 2011**	**%**
"The Mall Athens"	6,8	7,5	-9,9%
"Mediterranean Cosmos"	7,2	7,3	-1,4%
"Golden Hall"	3,4	4,3	-20,9%
Retail EBITDA	**17,4**	**19,1**	**-8,9%**
EBITDA before fair value losses	**16,3**	**17,8**	**-8,4%**

Net Asset Value before Taxes reached €373 million (€9,1 per share) compared to €396 million on 31/12/2011, registering a marginal increase of 6%. (Compared to 30/06/2011, the decrease in NAV amounts to 16,2%). Net Asset Value decrease is attributed to fair value losses of our investment portfolio.

Summary of consolidated financial figures

(amount in € mil.)	**H1 2012**	**H1 2011**	**%**
Recurring EBITDA	**18,6**	**21,1**	**-11,8%**
EBITDA	-8,2	10,0	
Net profit	-18,3	-3,2	
NET ASSET VALUE	**373,0**	**445,0**	**-16,2%**
Net Asset Value per share	9,1	10,8	

LAMDA Development stock is still trading at a significant discount compared to its Net Asset Value. More specifically, with a share price of €2,12 on August 27, 2012, **the discount** was 78% compared to the Net Asset Value per share. It must also be noted that treasury shares represent 7,8% of total share capital with an average purchase price of €4,9.

The **Net Loan to Value Ratio (Net LTV)** of the Group's investment portfolio was 53%, practically unchanged versus last quarter. The Group still maintains **significant liquidity** that approximates **€150 million** (following the recent sale of our participation in Eurobank Properties) with the intention to finance the development plan and potential investment opportunities that may arise in the near future as a result of the economic downturn.

Finally, LAMDA Development consolidated **Group Turnover** is comprised of the following segments:

(amount in € mil.)	**H1 2012**	**H1 2011**	**%**
Real Estate Leasing Revenues	36,1	37,1	-2,7%
Real Estate Sales	0,0	0,0	-
Other Real Estate Services	3,7	4,5	-17,8%
Total Turnover	**39,8**	**41,6**	**-4,3%**

The Group's main growth and strategic goals can be summarized as follows:

- Further support and improvement in recurring profitability with a long-term perspective.
- Prudent management of Group's liquidity, commercial and investment risks as well as continuous efforts for further decrease in overheads.
- Concentrate on our two major development projects in Belgrade. Actively pursue appropriate development opportunities offered by the Hellenic Republic Asset Development Fund privatization process.
- Further exploit and intensify international and local corporate strategic alliances.

The summary of the financial figures for the first semester of 2012 will be published in the newspaper Express on 30/08/2012 and will be posted on the company's website www.lamda-development.net) and on the website of the Athens Exchange.