

## REPORT

***of the Board of Directors of the Société Anonyme under the name "LAMDA DEVELOPMENT S.A." addressed to the Extraordinary General Meeting of the Shareholders dated 29 April 2014, pursuant to the provisions of Article 9 of Law 3016/2002 and Articles 4.1.4.1.1. and 4.1.4.1.2. of the ATHEX Rulebook, regarding it's the share capital increase by payment in cash.***

### ***A. Preamble***

*On the 31<sup>st</sup> of March 2014 the Board of Directors of the société anonyme "LAMDA DEVELOPMENT S.A." (hereinafter the "Company") decided to propose to the Extraordinary General Meeting of its Shareholders that has been convened for the 29<sup>th</sup> of April 2014 (hereinafter the "EGM"), the following:*

*a) the raising of funds up to the amount of one hundred and fifty million euro (€150,000,000.00) by the Company through a share capital increase by payment in cash and by the issuance of new common, registered, voting shares with nominal value of €0.30 each (the "New Shares"), and with preemptive rights to the existing shareholders, in accordance with the relevant provisions of C.L. 2190/1920 and of the Company's Articles of Association.*

*b) that the New Shares shall be offered in Greece through a public offering within the meaning of Law 3401/2005, as amended and in force, and outside Greece through a private placement with the participation of international investors pursuant to the book building process. For this purpose, the Chairman reminded the members of the Board of Directors that the Company shall be required to draw up and publish a Prospectus, in accordance with Law 3401/2005 regarding the public offering and admission of the New Shares to trading on the Athens Stock Exchange.*

*c) the granting of authorization to the Company's Board of Directors in order to determine the subscription price of the shares that will be issued due to the share capital increase, within a deadline that will be determined by the above General Meeting and must not exceed one (1) year from the date on which the General Meeting that granted the authorization, adopted the relevant resolution, pursuant to Article 13 paragraph 6 of C.L. 2190/1920. The subscription price of the shares can be higher than the market price of the Company's shares at the date of detachment of the pre-emption rights. The total above par value that will occur after the determination of the newly issued shares' subscription price by the Board of Directors, is proposed to be credited on the "premium account".*

*d) not to issue fractions of the abovementioned new shares and that new shares that will be issued due to the above proposed increase shall be entitled to a dividend from profits of the current fiscal year (01.01.2014- 31.12.2014)*

*onwards, pursuant to applicable legislation and the Company's Articles of Association.*

*e) specifically with regard to the means of subscription of the newly issued shares, it is proposed that the following persons have a preemption right in the above share capital increase:*

- (i) all the Company's shareholders, who shall be registered in the Dematerialised Securities System managed by Hellenic Exchanges S.A. ("HELEX"), two (2) business days after the date of the detachment of the preemptive rights (in accordance with article 5.2 of the ATHEX Rulebook), and provided they retain these rights at the time of their exercise and*
- (ii) every person who obtains preemptive rights during the trading phase of the said rights in the Athens Exchange.*

*It is proposed that the ex-rights date of the preemptive rights, as well as the date of commencement and ending of the preemptive rights exercise period together with its duration, are determined and announced, as per the law, by a decision of the Company's Board of Directors on a consequent date from the date of the present Extraordinary General Meeting of Shareholders which shall approve the above increase.*

*In the event of unsubscribed shares following the exercise of the preemption right, it is proposed that a right of pre-subscription is offered to those who have fully exercised their preemptive rights and that the Board of Directors is authorized to determine by virtue of its decision:*

- (i) all the technical and procedural terms of the right of pre-subscription as well as the way and the deadline for its exercise, including any determination of a higher number of shares, which those exercising the right of pre-subscription will be entitled to acquire,*
- (ii) the process for the return of reserved amounts in the event of partial or non-satisfaction of exercised pre-subscription rights.*
- (iii) any other detail regarding the preemptive and pre-subscription rights.*

*In the event unsubscribed shares, despite the exercise of the above preemptive and pre-subscription rights, it is proposed that the Board of Directors is authorized, pursuant to Article 13 par. 8 of C.L. 2190/1920, to dispose them at its discretion, otherwise the Company's share capital will be increased only by the amount of final subscription in accordance with Article 13a of C.L. 2190/1920, as in force (possibility of partial subscription).*

*With the framework of the implementation of the provision of Article 9 of Law 3016/2002 and of Articles 4.1.4.1.1. and 4.1.4.1.2. of the ATHEX Rulebook, the*

present Report of the Board of Directors, that will be submitted to the abovementioned Extraordinary General Meeting of the Shareholders or to any meeting repeating it or after adjournement, will be communicated to ATHEX, in order for it to be published in its website simultaneously with the invitation for the convocation of the above General Meeting, and will also be published in the Company's website.

## **B. Report of the Use of funds raised from the previous Capital Increase**

The previous share capital increase through payment in cash was resolved with a resolution of the Annual General Meeting of shareholders dated 07.06.2002, which approved an increase of in the share capital of the company by €8,697,750.00 by issuing 28,992,500 new shares each with a nominal value of €0.30 at an issue price of €4.00. The funds that were raised with the increase amounted at a total of €115,970,000.00 minus expenses of €490,350.91, i.e a net total of €115,479,649.09 which, in relation to what was specified in the Prospectus, were used up to 31.12.2004 as follows:

Use of Funds Raised	Prospectus Program				Amounts used	
	2002	2003		Total	01.10.2004	Total
	2nd Semester	1st Semester	2nd Semester		31.12.2004	31.12.2004
1. Repayment of short term borrowings used for the down payment for the acquisition of DIMEPA SA	35,215			35,215		35,215
2. Payment of 1st installment	6,000			6,000		1,692
3. Payment of 2nd installment	6,000			6,000		1,693
4. Payment of 3rd installment		8,000		8,000		8,805
5. Payment of 4th installment			8,000	8,000		8,000
6. Payment of 5th installment			8,000	8,000		6,185
7. Participation in the share capital increase of DIMEPA	5,000	20,000	19,265	44,265	13,890	53,890
8. Share Capital Increase expenses (Note.1)	490			490		490
9. Available balance						
<b>TOTAL</b>	<b>542</b>	<b>28,000</b>	<b>35,265</b>	<b>115,970</b>	<b>13,890</b>	<b>115,970</b>

Note 1. Following a resolution of the BoD dated 05.09.2004, an amount equal to €210 thousand euro, deriving from a reduction in the capital increase expenses, was permanently allocated in the category "Participation in the share capital increase of DIMEPA SA" so that the amount to be invested in this category amounted to € 44,265 thousand euro.

## **C. Uses of capital to be raised**

Funds to be raised from the proposed share capital increase, following deduction of the expenditures of issuance, shall be used towards enhancing the Company's capital base and liquidity for the purposes of completing its existing investment plans, including the development of the remaining part of the IBC building (former International Broadcasting Centre), the participation in new private sector projects or in privatization procedures, as well as the optimization of the structure of the Company's working capital.

*Finally, part of the abovementioned additional funds shall be allocated to specific development projects at Elliniko.*

#### ***D. Announcements of Major Shareholders***

*The Company's major shareholders, within the meaning of article 4.1.4.1.2. of the ATHEX Rulebook, are expected to announce their intentions regarding their participation in the share capital increase and the maintenance or not of their participation within the time frame provided for under applicable legislation and in any case no later than the date of the Extraordinary General Meeting, that shall approve the share capital increase.*

#### ***E. Amount of Share Capital Increase – Subscription Price***

*The Board of Directors proposes to be granted the authorization, pursuant to Article 13 par. 6 of C.L. 2190/1920, as in force, to determine the subscription price of the new shares within the deadline that shall be determined by the extraordinary general meeting, which may not exceed one (1) year from the date on which the relevant decision of the Extraordinary General Meeting was adopted, pursuant to Article 13 par. 6 of C.L. 2190/1920. Furthermore, it is suggested that the shares' subscription price can exceed the market price at the time of the detachment of the preemption rights.*

*Athens, 31 March 2014*

*THE BOARD OF DIRECTORS*