

Explanatory Report of the Board of Directors of LAMDA Development S.A. (par.1, article 11a, Act 3371/2005)

This explanatory report of the Board of Directors addressed to the Annual General Meeting of the Shareholders, contains information regarding the items of article 11a paragraph 1 of Law 3371/2005, as amended by article 30 of Law 3461/2006 (Government Gazette A 106/30.5.2006). Specifically:

1. Structure of the Company's share capital

The Company's share capital amounts to euros 13,208,985, divided into 44,029,950 shares, with a nominal value of 0.30 euros each. All shares are listed for trading in the Securities Market of the Athens Exchange (under Large Capitalization classification).

The shares of the Company are common registered with a voting right. Each share of the Company embodies all the rights and the obligations that are specified by the Law and the Company's Articles of Association. The liability of the shareholders is limited to the nominal value of the shares they hold.

2. Restrictions on the transfer of shares of the Company

The Company shares may be transferred as provided by the law and the Articles of Association provide no restrictions as regards the transfer of shares.

3. Significant direct or indirect participations in accordance with the provisions of Presidential Degree 51/1992

On 31.12.2006, the following shareholders held directly or indirectly, more than 5% of the share capital of the Company, in accordance with the provisions of P.D. 51/1992:

Consolidated Lamda Holdings S.A. 55.68%

Bank Efg Eurobank Ergasias S.A. 9.77%

No other physical or legal entity possesses more than 5% of the share capital of the Company, on the above date.

4. Shares providing special control rights

None of the Company's shares carry special control rights.

5. Voting Rights Restrictions

No restrictions of voting rights are foreseen in the Articles of Association of the Company.

6. Agreements among the shareholders of the Company

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.

7. Rules governing the appointment and replacement of the members of the Board of Directors, as well as for amendment of the Article of Association deviating from those provided for in Codified Law 2190/1920

The rules set out in the Articles of Association of the Company on the appointment and replacement of the members of the Board of Directors, as well as for the amendment of the provisions of its Articles of Association not deviate from those provided in the C.L. 2190/1920.

8. Authority of the Board of Directors or certain of its members regarding the issuance of new shares or the purchase of own shares pursuant to article 16 of Codified Law 2190/1920

A. According to the provisions of article 13, paragraph 1 of the C.L. 2190/1920 and in combination with the provisions of article 6 of the Articles of Association of the Company, within five years since the relative decision of the General Meeting of the Shareholders with which an increase in the share capital is conducted, the Board of Directors has the right by a 2/3 majority decision of its members, to increase the share capital by issuing new shares. The amount of the increase cannot exceed the amount of the share capital that has already been paid in, at the date the relative decision was made by the General Meeting. The abovementioned authority of the Board of Directors may be renewed by the General Meeting of the shareholders for a time period that does not exceed five years for each renewal.

B. According to the provisions of article 13, paragraph 9 of the C.L. 2190/1920, by virtue of a decision of the General Meeting, which is made by increased quorum and majority, according to the provisions of articles 29 paragraph 3 & 4 and 31 paragraph 2 of the C.L. 2190/1920, a stock option plan may be introduced in favour of members of the Board of Directors and personnel of the Company, and of affiliated companies, in the form of the option to purchase shares, according to the specific terms of this decision, a summary of which is subject to the requirements of publication set out in article 7b of C.L. 2190/1920. The decision of the General Meeting especially specifies the maximum number of shares that can be issued, which cannot exceed 10% of the existing shares, the price and the terms of distribution of the shares to the beneficiaries. The Board of Directors decides on any other relevant details not otherwise determined by the General Meeting, issues the stock option certificates and the shares to the beneficiaries who have exercised their option, increasing respectively the capital and certifying the relative increase of it, according to article 11 of the C.L. 2190/1920. Pursuant to the above provisions, the Annual General Meeting of the shareholders, which was held on 23.06.2006, decided the distribution of stock option certificates for the purchase of up to 1,500,000 shares of the Company that is a percentage of 3.41% of the total share capital within the next five years. The beneficiaries will receive the certificates that correspond to the financial year 2006 within a month from the Annual General Meeting of 2007. The exercise price per share will amount to the average price of the share during the two previous months from the issuance date of the certificates, reduced by percentage up to 55%. The above certificates will be distributed to members of the personnel who provided their services on 31.12.2006 in any kind of relationship and form of employment including the members of the Board of Directors. The exercise of the options may take place after a period of three years from the end of the fiscal year, which those options concern. Criterion for the participation in this reward programme is the contribution to the Company's mission as well as to LAMDA Development group of companies' mission, in combination with the position and the operational liability level of each employee.

C. Pursuant to the provisions of paragraphs 5 to 13 of article 16 of the C.L. 2190/1920, companies listed on the Athens Exchange may, by decision of the General Meeting of their shareholders, acquire own shares through the Athens

Exchange in an amount of up to 10% of their total shares. In implementation of the above provisions the Annual General Meeting of the shareholders of the Company, on 23.06.2006 decided on the purchase of own shares through the Athens Exchange from 24.06.2006 until 23.06.2007, up to a percentage of 10% of its total share capital, that is 4,402,995 shares, at a maximum purchase price of 10 euros per share and a minimum purchase price of 2 euros per share and instructed the Board of Directors to implement this decision in cases where it deemed necessary. The Board of Directors of the Company during its meeting on 27.07.2006 materialising the above decision of the General Meeting, decided that the Company may proceed, from 9.8.2006 until 21.05.2007 to the purchase of up to 2% of the total share capital, that is 880,599 shares, at a maximum purchase price of 10 euros per share and a minimum purchase price of 2 euros per share.

9. Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

10. Every agreement that the Company has concluded with members of its Board of Directors or with its employees, which foresees compensation in case of resignation or dismissal without substantial cause or termination of the term of office or employment due to a public offer

The Company has no agreements with members of the Board of Directors or with its employees, which foresee compensation in case of resignation or dismissal without substantial cause or termination of the term of office or employment as a result of a public offer.