

# LAMDA Development S.A.



## FINANCIAL REPORT

**For the six-month period ended June 30, 2014**  
**(in accordance with article 5 of the Law 3556/2007)**

**G.E.MI.:3379701000**

(Former S.A. REG.No: 3039/06/B/86/28)

37A Kifissias Ave., 15123, Maroussi

*These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language.*

*In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.*

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**STATEMENT OF THE BOARD OF DIRECTORS OF  
“LAMDA Development S.A.” for the condensed consolidated and company financial statements  
for the six-month period ended June 30, 2014  
(according to the article 5 par.2 of the Law 3556/2007)**

We state to the best of our knowledge, that the semi-annual condensed Consolidated and Company financial statements for the six-month period ended June 30, 2014, which have been prepared in accordance with the international accounting standards in effect, reflect fairly the assets, liabilities, equity and the results of LAMDA Development S.A., as well as of the companies that are included in the consolidation taken as a whole.

Furthermore, we state to the best of our knowledge that the Semi-Annual Report of the Board of Directors reflects fairly the development, the performance and the status of LAMDA Development S.A., as well as of the companies that are included in the consolidation taken as a whole, and includes a description of the main risks and uncertainties they face.

Maroussi, 28 August 2014

<hr/> Dr.Peter P. Kalantzis Chairman of the BoD	<hr/> Odysseus E. Athanasiou Chief Executive Officer	<hr/> Dimitrios Ch.Politis Member of the BoD
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**SEMI-ANNUAL BOARD OF DIRECTORS' REPORT OF "LAMDA Development S.A." FOR  
THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE  
SEMI-ANNUAL PERIOD ENDED JUNE 30, 2014**

Dear Shareholders,

According to the provisions of the laws 3556/2007 and 2190/1920 and the decisions 1/434/3.7.2007 and 7/448/11.10.2007 of the Hellenic Capital Market Commission, we present the semi-annual Board of Directors' report of "LAMDA Development S.A." concerning the Consolidated and Separate Financial Statements for the six-month period that ended on June 30, 2014.

**FINANCIAL POSITION OF THE GROUP**

According to the International Financial Reporting Standards, the main financial results for the Group and the Company for the period from 1/1/2014 to 30/6/2014 are the following:

Consolidated results after tax was amount to losses €6.762 thousands compared to losses €26.441 thousands in the comparative period of 2013, whereas net losses attributable to the Company's shareholders amounted to €6.748 thousands compared to €25.725 thousands in the comparative period. We note that in the respective period of 2013, was impacted from the increase in deferred tax due to increase in the tax rate from 20% to 26%.

The Company starting from 1/1/2014 applies IFRS 11 according to which the Group will account for joint ventures on an equity basis because it provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Due to the aforementioned application of IFRS 11, the balance sheet of 31/12/2013, as well as the income statement of the period 1/1/2013-30/6/2013 has been restated so that they become comparable.

According to the new presentation method, the Net loss from fair value adjustment on investment property reached €4.915 thousands compared to an also negative figure of €11.563 thousands in the respective period of 2013. Also, the Group impaired the value of the inventories by €2.812 thousands compared to €2.931 thousands in the comparative period.

Consolidated turnover was increased by 1.5% reaching €22.049 thousands compared to €21.728 thousands in the comparative period of 2013.

The Net Asset Value as exported from the internal information of the Group (Group Management Accounts), that is attributable to the Company's owner, after its increase due to the sale of the treasury shares by €16.552 thousands, reached €307.191 thousands at 30/6/2014 compared to €296.409 thousands at 31/12/2013 showing an increase by 3.6%. It should be noted that the calculation of Net Asset Value takes the deferred tax based on the interest held in the joint ventures into account which due to IFRS 11 are consolidated with the equity method.

<i>(amounts in € thousands)</i>	<b>2014</b>	<b>2013</b>	<b>Variation</b>
NET ASSET VALUE (NAV) (as exported by the internal information of the Group)	307.191	296.409	3.6%
Shareholders' Equity	259.324	249.638	3.9%
Earnings before valuations	9.838	-1.327	-
Fair Value Losses from investment property	-4.915	-11.563	-
Losses before tax	-5.569	-22.942	-
Net Losses after tax & non-controlling interests	-6.748	-25.725	-
Turnover	22.049	21.728	1.5%

However, the performance of the Group's Shopping Centers continues to outrun other market participants due to their competitive advantage in relation to traditional markets. We should note that the sales of the shops during this semi-annual period presented a remarkable increase by 9% in relation to the comparative period. "The Mall Athens" recorded an increase in EBITDA by 12%. "Mediterranean Cosmos" in Pylaia Thessaloniki recorded an increase in EBITDA by 2%. "Golden Hall" increased its EBITDA by 3%.

The bank borrowings during current period did not show any significant change. However, due to the Net loss from fair value adjustment on investment property, the financial covenants TOTAL BORROWINGS / TOTAL ASSETS and TOTAL BORROWINGS / EQUITY reached 51.6% and 98.0%

## **SIGNIFICANT EVENTS**

### **Participation in contests**

Following the decision of the Hellenic Republic Asset Development Fund at 31.3.2014, the Company is qualified as the preferred investor for the acquisition of 100% of the share capital of HELLINIKO S.A. The investment, estimated at €7bil, aims to the implementation of an integrated development plan at the Metropolitan Pole of Hellinikon – Agiou Kosma and will include among others, a metropolitan park of 2m sqm, a diverse range of residential communities, hotels, shopping centres, individual shops, theme parks, art and cultural museums, outdoor cultural venues, health and wellness centers, sport and recreational venues, the creation of a state-of-the-art business, educational, R&D hub as well as the total regeneration of the existing marina and the coastal front.

### **Increase in the Company's share capital**

At the Extraordinary General Meeting of shareholders of the Company, which held a meeting on 29 April 2014 decided the increase of the share capital of the Company with a view to raising funds up to one hundred and fifty million Euro (€150,000,000.00) by payment in cash and through the issuance of up to 500.000.000 new common, registered, voting shares, of nominal value €0.30 each. The Company's Board of Directors, at a meeting held on 18.6.2014 and pursuant to relevant authorization by the General Meeting of the shareholders, set the subscription price of the New Shares at €4.25 each.

Based on the Subscription Price the nominal amount of the SCI shall be equal to the amount of Euro 10,588,235.10 and will be raised through the issuance of 35,294,117 new, common, registered shares, with voting rights, of nominal value of Euro 0.30 each. Any person with a pre-emption right to the SCI, in accordance with those provided for in the Meeting's resolutions, shall be entitled to acquire New Shares at a ratio of 0,794691552779231 New Shares for every one (1) existing share.

The Board of Directors held a meeting on 17.07.2014 certified the payment of the total amount of the share capital increase.

Following the afore mentioned, the Company's share capital is increased by €10,588,235.10 through the issuance of 35,294,117 New Shares of subscription price at €4.25 each and with mutual credit in the account of "Share premium" from the issuance of share premium by the total amount of €139,411,762.15.

As a result, the Company's paid up share capital amounts to €23,911,939.20, divided in 79,706,464 common shares, of nominal value €0.30 each.

### **Change in voting rights**

On 2 July 2014, seven Investment Funds, all managed by Blackstone / GSO Capital Partners LP (hereinafter the "GSO Investment Funds") acquired 4,441,235 common registered shares with voting rights issued by LAMDA Development S.A. (the Company), which represent a percentage of 10% of the Company's voting share capital, for a consideration of €20,207,619.25, corresponding to €4.55 per share, along with the respective 4,441,235 pre-emption rights to the Share Capital Increase for an additional consideration of €1,332,370.50, that is €0.30 per right, from Consolidated Lamda Holdings

S.A. (hereinafter “CLH”). This transaction follows strong demand expressed to CLH from international investors.

In the context of this transaction, the Company entered in an agreement with the GSO Investment Funds and CLH pursuant to which, for as long as the GSO Investment Funds hold in total, directly or indirectly, at least 10% of the voting rights of the Company, the GSO Investment Funds shall be entitled to nominate one member of the Board of Directors of the Company, the GSO Investment Funds consent as shareholders will be required in order for the Company’s general meeting of shareholders to decide on a significant change of the scope of business of the Company or the delisting of its shares from the regulated market, and the GSO Investment Funds will benefit from customary anti-dilution rights.

#### **Sale of treasury shares**

The Company based on a resolution of its Board of Directors of the same date, sold all the 3,497,599 treasury shares that held (representing a holding of 7,88% of the total shares and voting rights of the Company) to TPG-Axon Management LP for a total consideration of €16,963,355 corresponding to €4.85 per share. Following the above transaction the Company no longer holds treasury shares.

#### **Refinancing of bond loan**

The Company at 29/7/2014 reached an agreement with its finance providers on the refinancing terms of a bond loan of €164,700,000, out of which €97,000,000 was due to payment before the end of 2014. The duration of the new loan will be 3 years. Therefore, the Management is in the process of coming to the finalization and signing of the agreement for the respective loans.

#### **PROSPECTS**

The Company observes the performance of the shopping centers through ratios, which, according to the international standards, are mainly the customer visits ratio and the ratio of the shopkeepers’ turnover. According to these ratios there is an increase in customer visits by 6.5% in relation to the comparative period of 2013. Also, there is an increase in the shopkeepers’ turnover by 9%.

Taking into account the formed trends that took place in the first semester of 2014, the total shopkeepers’ turnover will probably be increased during the second semester of 2014 as well. The possible improvement in the total turnover, thereafter, may further improve the Group’s revenue that relate to the exploitation of the shopping centers on the one hand and on the other the revenue from the parking.

The occupancy of the shopping centers in the forthcoming semester is estimated to be substantially unchanged from the first semester of 2014 which reached 98%.

The finance costs are expected to be increased due to the imminent refinancing of the Group’s bond loans at higher interest rates.

The finance income is expected to be increased due to the short term deposit for part of the recent share capital increase at deposits and other short term investment of low risk.

Net loss from fair value adjustment on investment property in Greece that took place in 2012 and 2013 may occur in 2014 as well, but significantly at a lower rate, since the investors’ interest seems to recover due to the improved expectations for the Greek economy’s recovery in 2014. It is estimated that the cumulative losses of approximately €95m from fair value adjustment on investment property in 2012 and 2013, have captured for the most part the significant drop in the market.

The level of the borrowings is estimated to remain stable.

For the bond loan of the joint venture Lamda Olympia Village S.A., of which the Group's proportionate share amounts to €112.5m, is set to be repaid in October 2014 and Management is at an advanced stage of discussions with all its finance providers and believes that the bank loans will be refinanced successfully prior to them falling due. Also, in respect of the bond loan of Singidunum Buildings DOO, of which the Group's proportionate share amounts to €26.3m) the Company has already agreed for the refinancing terms which, when completed, will result in the repayment date to be set to 23 July 2018.

Finally, new investments that will be financed by the recent share capital increase are expected to have a material effect to the Company's prospects.

### **SIGNIFICANT RISKS FOR YEAR 2013**

#### **Fluctuations in property values**

Fluctuations in property values are reflected in the income statement and balance sheet according to their fair value. An increase in yields would have a significant impact on the Group's profitability and assets. However, due to the successful performance of Shopping and Leisure Centers "The Mall Athens", "Golden Hall" in Maroussi and "Mediterranean Cosmos" in Pylaia Thessaloniki, their market value is less likely to be reduced.

#### **Credit risk**

Income will be significantly affected in case the tenants are unable to fulfil their contractual obligations.

However, the Group has a well-diversified tenant mix consisting mainly of profitable companies with good reputation. The customers' financial condition is monitored on a recurring basis. The Company's management does not expect significant losses from impaired receivables except for those that have been provided for.

#### **Foreign exchange risk**

The Group operates in Balkan countries and is exposed to foreign exchange risk arising from various currencies, primarily the Serbian, Romanian and Bulgarian currencies. Since the investments in the above-mentioned countries represent less than 14.5% of the Group's asset value, the Group is not significantly exposed to foreign exchange risk.

#### **Interest rate risk**

The Group's interest rate risk derives mainly from bank loans with floating interest rate. The continuing increase in interest rates during the latest period will result in higher financial expenses. The risk is partially hedged with financial derivative instruments.

32% of the Group's borrowings have a fixed base interest rate or are hedged through financial derivative instruments.

#### **Inflation risk**

The Group's exposure to inflation risk is limited as the Group enters into long term operating lease arrangements for a minimum of 6 years that are adjusted annually according to the Consumer Price Index plus margin up to 2%.

#### **Liquidity risk**

Liquidity needs are fully satisfied by the timely projection of cash needs in conjunction with the prompt collection of receivables. However, an amount of €112.5m of borrowings (which is the Group's proportionate share in the joint venture of Lamda Olympia Village S.A.) is due to be repaid in 2014 if not refinanced. The Management of the Company has entered into negotiations with the

lending banks in order to renew the loan facilities so that the maturity is extended to the medium / long term. The procedure of the loan facilities' renewal will be completed prior to them falling due.

### **External factors**

The Company has investments in Greece, Romania, Serbia, Bulgaria and Montenegro. The Group can be affected by external factors such as political instability, economic uncertainty and changes in local tax regimes.

## **PENDING LITIGATION**

### **1. THE MALL ATHENS**

#### **1.1 Pending litigation**

With regard to the legal issues relating to the particular investment, the following should be noted:

In total, five (5) petitions for annulment have been filed before the Council of State, relating to the area where the Olympic Press Village (or "Olympiako Chorio Typou") and the Shopping Center "The Mall Athens" were built, whose legal owner is the Company's subsidiary "LAMDA OLYMPIA VILLAGE S.A." (hereinafter, "L.O.V."). Specifically:

(a) The first petition for annulment directly contests the validity of Law 3207/2003, which is in lieu of the building permit for all the buildings constructed on this particular area. The petition aims to have the Law declared null and void, on the basis that it is allegedly not compatible with the provisions of the Constitution of the Hellenic Republic. The petition was heard on 03.05.2006 and the Fifth Section of the Council of State sent the case to the court's Plenary Session by means of its decision No 391/2008. The petition was heard before the Plenary Session on 05.03.2010, further to successive postponements of hearings previously scheduled for 05.02.2010, 09.10.2009, 08.05.2009 and 07.11.2008.

By means of decision No 4076/2010 of the Plenary Session, the hearing of the petition was postponed until the issuance of a decision by the Court of Justice of the European Union over another case, in which— according to the Council of State – similar legal issues were raised. The Court issued in decision in October of 2011, further to which the petition was heard before the Plenary Session of the Council of State on 05.04.2013, following postponements on 11.01.2013 and 01.03.2013. By virtue of its decision No 376/2014, the Plenary Session accepted the said petition and the Court annulled the silent confirmation by the competent planning authority of the Ministry of Environment, Planning & Public Works (namely, DOKK) that the studies of the project submitted to such authority were compliant with article 6 paragraphs 1 and 2 of Law 3207/2003.

The Council of State annulled the aforementioned act, because it identified irregularities of a procedural nature in the issuance of the licenses required for the project. In light of such nature of the identified irregularities, it is estimated that they may be rectified, and LOV has already initiated the procedure required further to the issuance of the said decision.

(b) The second petition seeks annulment of the deemed approval of the designs submitted by L.O.V. to the Ministry of Environment, Planning and Public Works, pursuant to article 6 paragraph 2 of Law 3207/2003. By means of its decision No 455/2008, the Fifth (E') Section of the Council of State postponed the hearing of the case, until the issuance of the decision by the Court's Plenary Session on the first petition for annulment. The petition was heard on 02.04.2014, further to a postponement of the hearing previously scheduled for 02.12.2009, 02.06.2010, 03.11.2010, 08.06.2011, 02.11.2011, 11.01.2012, 07.03.2012, 02.05.2012, 07.11.2012, 06.03.2013, 02.10.2013 and 05.02.2014, and the issuance of a decision is still pending.

(c) The third and fourth petitions for annulment seek the annulment of a series of pre-approvals and operating licenses respectively, issued by the Municipality of Maroussi to a number of stores operating in the aforementioned Shopping Center, on the basis that the law on which said pre-approvals and licenses were issued is not compatible with the provisions of the Constitution.



(d) The fifth petition for annulment contests the validity of the decision of the Board of Directors of OEK (Worker's Housing Organization or "Organismos Ergatikis Katoikias"), which authorized the sale to L.O.V. of the plot of land where the Shopping Center was erected. Similar to the foregoing cases, the legal basis of the petition for annulment is the alleged incompatibility of Law 3207/2003 with the provisions of the Constitution.

The last three petitions for annulment have been scheduled to be heard before the Fourth (D) Section of the Council of State on 11.11.2014, further to successive postponements of hearings previously scheduled for 09.01.2007, 23.10.2007, 08.01.2008, 07.10.2008, 16.06.2009, 12.10.2010, 29.03.2011, 14.02.2012, 09.10.2012, 12.02.2013, 04.06.2013, 19.11.2013 and 06.05.2014.

It is noted that L.O.V. has intervened in all cases as a third party in the proceedings to support the validity of the "acts" contested.

In light of the aforementioned decision of the Court's Plenary Session, the Company's legal advisors believe that the second petition will be rejected due to the lack of an object of litigation, whereas the third and fourth petitions for annulment will be accepted.

The fifth petition for annulment will probably be rejected on the grounds that the matter falls outside of the Court's jurisdiction (the decision under annulment not being an enforceable administrative act).

Finally, in the event that any of the above petitions for annulment is accepted, L.O.V. will be entitled to seek redress for any damages it may suffer against the Greek State.

### **1.2 Potential impact of pending litigation on the existing contracts**

(a) In 2006 the Company transferred 50% of the shares it holds in L.O.V. to the company "HSBC PROPERTY INVESTMENTS LUXEMBOURG S.A.R.L.". The relevant agreement provides that, if either of the first two petitions is irrevocably accepted, the purchaser will be entitled to a refund of the amounts, which it will have paid to the seller for the purchase of the above shares, plus the purchaser's share in L.O.V.'s accrued distributable profits and to 75% of its non-distributable reserve funds (provided that they do not relate to the building complex or the office building and disregarding any non-realized profits from reserve funds, which derive from the re-valuation of fixed assets), and shall transfer the shares in question back to the Company. However, in this case, the Company's legal advisors believe that the course of this agreement over the years minimizes the possible application of the specific contractual provision.

(b) In addition to the above, L.O.V. sold the office building "ILIDA BUSINESS CENTRE" to the company "BLUE LAND S.A." on 26.06.2007. The respective deed of transfer includes a provision specifying that, if either of the first two petitions is irrevocably accepted as a result of the Court's ruling that Law 3207/2003 is not compatible with the provisions of the Constitution, then the purchaser will be entitled to demand reinstatement of the property to its original status and rectification of any actual damages it may have suffered, as such term is defined in the deed of transfer. However, the Company's legal advisors believe that the said provision is not applicable in this particular case. Further, pursuant to the aforementioned deed of transfer, in the event of any other ruling of the Council of State regarding the said Law's non-compatibility to the Constitution, including the acceptance of the second, fourth or fifth petition, then the purchaser will be entitled to repudiate the contract and demand restoration of the aforementioned actual damages, following the lapse of a period of two years from the date of issuance of the decision on the annulment petitions, on condition that any defects or deficiencies resulting from said decision have not been remedied in the meantime.

(c) In any case, as already mentioned, L.O.V. is entitled to seek redress for any damages it may suffer against the Greek State as a result of the aforementioned petitions for annulment.

## **2. MEDITERRANEAN COSMOS**

With regard to the legal issues relating to the particular investment, the following should be noted:

Contractor "MICHANIKI S.A." undertook a significant part of the construction works for the "Mediterranean Cosmos" Shopping Center in Pylaia, Thessalokini. Both "PYLAIA S.A.", a subsidiary of the Company, and "MICHANIKI S.A." have filed actions and counter-actions, which were jointly

heard on 01.04.2009, following a postponement of the hearing initially set for 02.04.2008. The total claims of "PYLAIA S.A." against "MICHANIKI S.A." stand at € 18,340,931.49 (including the amount of € 2,000,000 as compensation for moral distress). On the basis of the actions it has filed, "MICHANIKI S.A." claims the amount of € 34,826,329.14 (including the amount of € 10,000,000 as compensation for moral distress).

By virtue of its decision 8172/2009, the Athens Multi-Member 1st Instance Court:

(i) Rejected the claims of "PYLAIA S.A.", adopting the false reasoning that "PYLAIA S.A." had assigned its claims under the contracts in question (with "MICHANIKI S.A.") to the bondholder agent further to a respective agreement and, therefore, was not entitled to seek redress for its pertinent claims.

(ii) Rejected certain claims of "MICHANIKI S.A." as vague or unfounded and ordered a continuance hearing, to follow the issuance of an expert opinion on certain allegations of one of the actions.

"PYLAIA S.A." had lodged an appeal against the above decision, seeking to reverse it to the extent that it rejected "PYLAIA S.A."’s actions as per point (i) above. The appeal was heard before the Athens Court of Appeal on 28.02.2013 (following a postponement of the initial hearing date which was the 27.09.2012) and rejected by virtue of the court’s decision No. 3977/ 2013. The court ruled that since "PYLAIA S.A." had assigned its claims from said contracts with "MICHANIKI S.A." to the bondholder agent under respective contract, it was not legally entitled to achieve the satisfaction of those claims. The Company will submit an appeal on points of law in front of the Supreme Court.

Further to the above, the hearing of the lawsuits of "MICHANIKI SA" had been set on 13.03.2013, a date on which they were postponed to be heard on 27.05.2015, following the submission to the Court of the expert’s report which is favorable to "PYLAIA SA".

In addition, "PYLAIA SA" filed a third lawsuit against "MICHANIKI SA" on 24.12.2010 claiming additional compensation of € 2,073,123.13 (which includes the amount of €500,000 for moral damages). The hearing has been scheduled for 25.02.2015, following a postponement on 21.11.2012.

Moreover, on 28.12.2010 "PYLEA S.A." filed the nr13132, 13134 and 13129/2010 lawsuits to the Athens Multi-Member 1st Instance Court against "MICHANIKI SA", the hearing of which took place on 13.02.2013, following a postponement of the hearing of the case on 14.11.2012. Such lawsuits are identical to the previously presented lawsuits, save that they have been filed jointly with the company "EUROHYPO S.A.", to address the event where the Court rules that "PYLAIA SA" is not entitled to file these lawsuits in its name. This is the reason why the hearing of those lawsuits was cancelled on 13.02.2013 and was reenacted so that those lawsuits are scheduled to be heard on 18.03.2015.

Finally, on 09.11.2012 "MICHANIKI S.A." filed a lawsuit before the Athens Multimember Court of First Instance, claiming additional compensation amounting to € 2,293,016.59, namely the amount that "PYLAIA S.A." collected from Alpha Bank by forfeiture of "MICHANIKI S.A."’s bank bonds, and an additional amount of € 500,000.00 as moral damages. The lawsuit is set to be heard on 28.05.2015.

In general, pursuant to the assessment of Company’s legal counsels, the substantiated claims of "PYLAIA S.A." against "MICHANIKI S.A." significantly exceed the substantiated counterclaims of the latter against "PYLAIA S.A.".

#### **4. GOLDEN HALL (former International Broadcasting Centre)**

With regard to the legal issues relating to the particular investment, the following should be noted:

(a) Dorylaos Klapakis, a resident of Maroussi, brought a petition for annulment before the Athens Administrative Court, relating to the building of the former International Broadcasting Centre, on a part of which the Company has developed the business and shopping centre «Golden Hall». The petition was brought against the original building permit for the construction of the International Broadcasting Centre (License number 75/29.05.2003), against the license for demolition and consolidation of the structure of the main part of the International Broadcasting Centre (License number 5/2007), as well as against the environmental terms of the project on the grounds that both those acts and Law 3342/2005 are not compatible with the provisions of the Constitution. The said petition was rejected by virtue of decision No 1517/2011 of the Second Section of the Administrative Court of Athens.

Thereafter, the applicant lodged an appeal before the Council of State, which was heard on 25.09.2013. The appeal was rejected by virtue of the Court's decision No 3663/2013.

(b) "Public Properties Company S.A." (hereinafter "PPC"), which had leased at the past the former International Broadcasting Center to "LAMDA DOMI S.A.", has filed before the Athens One-member Court of First Instance an action for payment of an amount of Euro 2,5 million for due rents. The hearing of the said action will take place on 12.12.2014. LAMDA DOMI S.A. has already included in its financial statements a provision for Euro 1.4 million but does not acknowledge the total amount that PPC claims as due. Taking into account all the circumstances of the case, the legal advisors of the Company estimate that the said claim is probably covered by the respective provision of the financial statements.

#### **RELATED-PARTY TRANSACTIONS**

The related-party transactions according to IAS 24 of the Company and the Group are disclosed in the note 15 of the consolidated financial statements for the semi-annual period ended on June 30, 2014.

Maroussi, August 28, 2014

The Board of Directors

## Condensed Interim Consolidated and Separate Financial Statements for the six-month period ended June 30, 2014

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## Statement of financial position

all amounts in € thousands	Note	GROUP		COMPANY	
		30.06.2014	31.12.2013 <sup>(1)</sup>	30.06.2014	31.12.2013
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment property	5	383.387	388.177	1.840	1.840
Property, plant and equipment	6	5.247	4.651	201	235
Investments in subsidiaries	7	-	-	214.641	212.478
Investments in joint ventures and associates	7	113.917	115.024	38.256	38.706
Deferred income tax assets		7.239	6.705	1.319	1.076
Trade and other receivables		5.048	4.780	88.396	88.594
		<b>514.839</b>	<b>519.338</b>	<b>344.654</b>	<b>342.929</b>
<b>Current assets</b>					
Inventories		80.723	83.190	-	-
Trade and other receivables		31.423	30.423	28.864	26.358
Current income tax assets		4.687	4.593	3.814	3.794
Cash and cash equivalents	9	40.218	32.586	17.877	7.597
		<b>157.051</b>	<b>150.791</b>	<b>50.555</b>	<b>37.750</b>
<b>Total assets</b>		<b>671.890</b>	<b>670.129</b>	<b>395.209</b>	<b>380.679</b>
<b>EQUITY</b>					
<b>Equity</b>					
Share capital		236.923	219.953	236.923	219.953
Other reserves		7.348	9.579	4.933	7.145
Retained earnings / (accumulated losses)		15.053	20.106	(43.804)	(43.969)
		<b>259.324</b>	<b>249.638</b>	<b>198.052</b>	<b>183.129</b>
Non-controlling interests		(95)	(83)	-	-
<b>Total equity</b>		<b>259.229</b>	<b>249.555</b>	<b>198.052</b>	<b>183.129</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	11	229.842	240.078	65.450	66.350
Deferred income tax liabilities		24.762	23.862	-	-
Derivative financial instruments	10	655	-	-	-
Retirement benefit obligations		407	407	379	379
Other non-current liabilities		15.832	15.898	19.000	19.000
		<b>271.499</b>	<b>280.243</b>	<b>84.829</b>	<b>85.729</b>
<b>Current liabilities</b>					
Trade and other payables		28.632	28.695	13.078	13.020
Current income tax liabilities		967	916	-	-
Derivative financial instruments	10	-	542	-	-
Borrowings	11	111.564	110.179	99.250	98.800
		<b>141.163</b>	<b>140.331</b>	<b>112.328</b>	<b>111.820</b>
<b>Total liabilities</b>		<b>412.662</b>	<b>420.574</b>	<b>197.157</b>	<b>197.550</b>
<b>Total equity and liabilities</b>		<b>671.890</b>	<b>670.129</b>	<b>395.209</b>	<b>380.679</b>

<sup>(1)</sup> Adjusted amounts due to the revised IAS 19 "Employee benefits" (see note 19).

These consolidated and separate interim financial statements of LAMDA Development SA for the six month period ended June 30, 2014 have been approved for issue by the Company's Board of Directors on August 28, 2014.

The notes on pages 19 to 44 are an integral part of these interim financial statements.

## Income Statement

	Note	GROUP		COMPANY	
		01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013 <sup>(1)</sup>	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
<b>Continuing operations</b> (all amounts in € thousands)					
Revenue		22.049	21.728	748	656
Dividends		-	-	4.896	4.756
Net loss from fair value adjustment on investment property	5	(4.915)	(11.563)	-	-
Provision for inventory impairment		(2.812)	(2.931)	-	-
Cost of inventory sold		(68)	(83)	-	-
Other direct investment property expenses		(7.287)	(7.936)	-	-
Employee benefits expense		(3.315)	(3.211)	(2.538)	(2.551)
Depreciation of property, plant, equipment and intangible assets		(478)	(616)	(49)	(79)
Operating lease payments		(382)	(419)	(451)	(531)
Profits from disposal of associates		-	229	-	-
Other operating income / (expenses) - net		(2.403)	(2.091)	(1.125)	(881)
<b>Operating profit / (loss)</b>		<b>389</b>	<b>(6.894)</b>	<b>1.481</b>	<b>1.370</b>
Finance income		439	998	767	1.304
Finance costs		(7.641)	(7.504)	(4.120)	(4.306)
Share of profit / (loss) from joint ventures and associates <sup>(2)</sup>	7	1.244	(9.543)	-	-
<b>Loss before income tax</b>		<b>(5.569)</b>	<b>(22.942)</b>	<b>(1.873)</b>	<b>(1.632)</b>
Income tax		(1.192)	(3.498)	244	(626)
<b>Loss for the period from continuing operations</b>		<b>(6.762)</b>	<b>(26.441)</b>	<b>(1.629)</b>	<b>(2.258)</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations		-	698	-	4.085
<b>Profit / (loss) for the period</b>		<b>(6.762)</b>	<b>(25.743)</b>	<b>(1.629)</b>	<b>1.827</b>
<b>Profit / (loss) attributable to:</b>					
Equity holders of the parent		(6.748)	(25.725)	(1.629)	1.827
Non-controlling interest		(14)	(18)	-	-
		<b>(6.762)</b>	<b>(25.743)</b>	<b>(1.629)</b>	<b>1.827</b>
<b>Earnings / (losses) per share from continuing and discontinued operations attributable to the equity holders of the Parent during the period</b> (expressed in € per share)					
<b>Basic earnings / (losses) per share</b>					
- From continuing operations	16	(0,16)	(0,65)	(0,04)	(0,06)
- From discontinued operations		0,00	0,02	0,00	0,10
		<b>(0,16)</b>	<b>(0,63)</b>	<b>(0,04)</b>	<b>0,04</b>
<b>Diluted earnings / (losses) per share</b>					
- From continuing operations	16	(0,16)	(0,65)	(0,04)	(0,06)
- From discontinued operations		0,00	0,02	0,00	0,10
		<b>(0,16)</b>	<b>(0,63)</b>	<b>(0,04)</b>	<b>0,04</b>

<sup>(1)</sup> Adjusted amounts due to the revised IAS 19 "Employee benefits" (see note 19).

<sup>(2)</sup> The share of profit from joint ventures and associates of the comparative period 1.1-30.6.2013, embodies mainly the increase in the deferred tax liability of the Group's Greek joint ventures due to the change in tax rate from 20% to 26%.

The notes on pages 19 to 44 are an integral part of these interim financial statements.

**Income Statement**

	GROUP		COMPANY	
	01.04.2014 to 30.06.2014	01.04.2013 to 30.06.2013 <sup>(1)</sup>	01.04.2014 to 30.06.2014	01.04.2013 to 30.06.2013 <sup>(1)</sup>
<b>Continuing operations</b> (all amounts in € thousands)				
Revenue	11.018	8.550	418	333
Dividends	-	-	4.896	4.756
Net loss from fair value adjustment on investment property	(4.915)	(11.563)	-	-
Provision for inventory impairment	(2.812)	(2.931)	-	-
Cost of inventory sold	(32)	(35)	-	-
Other direct investment property expenses	(3.894)	(4.587)	-	-
Employee benefits expense	(1.682)	(1.240)	(1.346)	(1.244)
Depreciation of property, plant, equipment and intangible assets	(238)	(150)	(26)	(38)
Operating lease payments	(219)	1.307	(227)	(265)
Profits from disposal of associates	-	229	-	-
Other operating income / (expenses) - net	(1.414)	(383)	(681)	(532)
<b>Operating profit / (loss)</b>	<b>(4.188)</b>	<b>(10.801)</b>	<b>3.034</b>	<b>3.010</b>
Finance income	207	432	365	594
Finance costs	(3.891)	(3.657)	(2.103)	(2.318)
Share of profit / (loss) from joint ventures and associates	643	(3.164)	-	-
<b>Profit / (loss) before income tax</b>	<b>(7.230)</b>	<b>(17.190)</b>	<b>1.297</b>	<b>1.286</b>
Income tax	(207)	2.386	(169)	89
<b>Profit / (loss) for the period from continuing operations</b>	<b>(7.436)</b>	<b>(14.804)</b>	<b>1.128</b>	<b>1.375</b>
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	-	511	-	4.085
<b>Profit / (loss) for the period</b>	<b>(7.436)</b>	<b>(14.293)</b>	<b>1.128</b>	<b>5.460</b>
<b>Profit / (loss) attributable to:</b>				
Equity holders of the parent	(7.425)	(14.576)	1.128	5.460
Non-controlling interest	(11)	284	-	-
	<b>(7.436)</b>	<b>(14.293)</b>	<b>1.128</b>	<b>5.460</b>
<b>Earnings / (losses) per share from continuing and discontinued operations attributable to the equity holders of the Parent during the period (expressed in € per share)</b>				
<b>Basic earnings / (losses) per share</b>				
- From continuing operations	(0,17)	(0,37)	0,03	0,03
- From discontinued operations	0,00	0,01	0,00	0,10
	<b>(0,17)</b>	<b>(0,36)</b>	<b>0,03</b>	<b>0,13</b>
<b>Diluted earnings / (losses) per share</b>				
- From continuing operations	(0,17)	(0,37)	0,03	0,03
- From discontinued operations	0,00	0,01	0,00	0,10
	<b>(0,17)</b>	<b>(0,36)</b>	<b>0,03</b>	<b>0,13</b>

<sup>(1)</sup> Adjusted amounts due to the revised IAS 19 "Employee benefits" (see note 19).

The notes on pages 19 to 44 are an integral part of these interim financial statements.

**Total Comprehensive Income Statement**

	GROUP		COMPANY	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
<i>Continuing operations</i> (all amounts in € thousands)				
Loss for the period from continuing operations	(6.762)	(26.441)	(1.629)	(2.258)
Profit for the period from discontinued operations	-	698	-	4.085
	<b>(6.762)</b>	<b>(25.743)</b>	<b>(1.629)</b>	<b>1.827</b>
Cash flow hedges, after tax	(84)	770	-	139
Currency translation differences	(33)	(226)	-	-
Items that may be subsequently reclassified to profit or loss	(117)	544	-	139
<b>Total comprehensive (loss) / income for the period</b>	<b>(6.879)</b>	<b>(25.199)</b>	<b>(1.629)</b>	<b>1.966</b>
<b>Profit / (loss) attributable to:</b>				
Owners of the parent	(6.867)	(25.181)	(1.629)	1.966
Non-controlling interests	(12)	(18)	-	-
	<b>(6.879)</b>	<b>(25.199)</b>	<b>(1.629)</b>	<b>1.966</b>
<b>Total comprehensive income/(loss) attributable to equity holders of the parent</b>				
Continuing operations	(6.867)	(25.878)	(1.629)	(2.119)
Discontinued operations	-	698	-	4.085
	<b>(6.867)</b>	<b>(25.181)</b>	<b>(1.629)</b>	<b>1.966</b>

The notes on pages 19 to 44 are an integral part of these interim financial statements.



## Statement of changes in equity (Consolidated)

all amounts in € thousands	Attributable to equity holders of the parent				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings / (Accumulated losses)	Total		
<b>GROUP</b>						
<b>1 January 2013 (issued)</b>	<b>219.591</b>	<b>11.718</b>	<b>64.999</b>	<b>296.308</b>	<b>4.699</b>	<b>301.007</b>
Adjustments <sup>(1)</sup>	-	(1.995)	1.995	-	-	-
<b>1 January 2013 (restated)</b>	<b>219.591</b>	<b>9.723</b>	<b>66.993</b>	<b>296.308</b>	<b>4.699</b>	<b>301.007</b>
<b>Comprehensive income:</b>						
Loss for the period	-	-	(25.725)	(25.725)	(18)	(25.743)
Other comprehensive income for the period:						
Cash flow hedges, after tax	-	770	-	770	-	770
Currency translation differences	-	(226)	-	(226)	-	(226)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>544</b>	<b>(25.725)</b>	<b>(25.181)</b>	<b>(18)</b>	<b>(25.199)</b>
<b>Transactions with owners:</b>						
Purchase of treasury shares	(73)	-	-	(73)	-	(73)
Disposal of participations	-	(283)	834	551	(4.455)	(3.904)
Decrease in share capital of subsidiaries	-	-	-	-	(298)	(298)
Change in deferred tax rate	-	(87)	-	(87)	-	(87)
Other reserves	-	9	(9)	-	-	-
	<b>(73)</b>	<b>(361)</b>	<b>825</b>	<b>392</b>	<b>(4.753)</b>	<b>(4.362)</b>
<b>30 June 2013</b>	<b>219.518</b>	<b>9.906</b>	<b>42.093</b>	<b>271.519</b>	<b>(73)</b>	<b>271.446</b>
<b>1 January 2014 (issued)</b>	<b>219.953</b>	<b>11.439</b>	<b>18.246</b>	<b>249.638</b>	<b>(83)</b>	<b>249.555</b>
Adjustments <sup>(1)</sup>	-	(1.860)	1.860	-	-	-
<b>1 January 2014 (restated)</b>	<b>219.953</b>	<b>9.579</b>	<b>20.106</b>	<b>249.638</b>	<b>(83)</b>	<b>249.555</b>
<b>Comprehensive income:</b>						
Loss for the period	-	-	(6.748)	(6.748)	(14)	(6.762)
Other comprehensive income for the period:						
Cash flow hedges, after tax	-	(84)	-	(84)	-	(84)
Currency translation differences	-	(36)	-	(36)	3	(33)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(119)</b>	<b>(6.748)</b>	<b>(6.867)</b>	<b>(12)</b>	<b>(6.879)</b>
<b>Transactions with owners:</b>						
Transfer from tax free reserves to retained earnings	-	(2.275)	2.275	-	-	-
Other reserves	-	163	(163)	-	-	-
Sale of treasury shares	16.970	-	(417)	16.552	-	16.552
	<b>16.970</b>	<b>(2.112)</b>	<b>1.694</b>	<b>16.552</b>	<b>-</b>	<b>16.552</b>
<b>30 June 2014</b>	<b>236.923</b>	<b>7.348</b>	<b>15.053</b>	<b>259.324</b>	<b>(95)</b>	<b>259.229</b>

<sup>(1)</sup> Adjusted amounts due to the revised IAS 19 "Employee benefits" (see note 19).

The notes on pages 19 to 44 are an integral part of these interim financial statements.

**Statement of changes in equity (Company)**

*all amounts in € thousands*

	Share capital	Other reserves	Retained earnings / (Accumulated losses)	Total equity
<b>COMPANY</b>				
<b>1 January 2013</b>	<b>219.591</b>	<b>7.508</b>	<b>(24.619)</b>	<b>202.479</b>
<b>Comprehensive income:</b>				
Profit for the period	-	-	1.827	1.827
Other comprehensive income for the period:				
Cash flow hedges, after tax	-	139	-	139
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>139</b>	<b>1.827</b>	<b>1.966</b>
<b>Transactions with owners:</b>				
Purchase of treasury shares	(73)	-	-	(73)
	<b>(73)</b>	<b>-</b>	<b>-</b>	<b>(73)</b>
<b>30 June 2013</b>	<b>219.518</b>	<b>7.647</b>	<b>(22.792)</b>	<b>204.372</b>
<b>1 January 2014</b>	<b>219.953</b>	<b>7.145</b>	<b>(43.969)</b>	<b>183.129</b>
<b>Comprehensive income:</b>				
Loss for the period	-	-	(1.629)	(1.629)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(1.629)</b>	<b>(1.629)</b>
<b>Transactions with owners:</b>				
Transfer from tax free reserves to retained earnings	-	(2.212)	2.212	-
Sale of treasury shares	16.970	-	(417)	16.552
	<b>16.970</b>	<b>(2.212)</b>	<b>1.795</b>	<b>16.552</b>
<b>30 June 2014</b>	<b>236.923</b>	<b>4.933</b>	<b>(43.804)</b>	<b>198.052</b>

The notes on pages 19 to 44 are an integral part of these interim financial statements.

## Cash Flow Statement

	Note	GROUP		COMPANY	
		01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013 (1)	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
<i>all amounts in € thousands</i>					
<b>Cash generated from / (used in) operations</b>					
Cash generated from / (used in) operations	12	5.392	6.995	(3.849)	(4.050)
Interest paid		(7.163)	(7.531)	(3.863)	(4.002)
Income tax paid		(852)	(1.353)	(20)	(509)
<b>Net cash generated used in operating activities</b>		<b>(2.623)</b>	<b>(1.889)</b>	<b>(7.733)</b>	<b>(8.562)</b>
<b>Cash flows used in investing activities</b>					
Purchases of ppe and investment property	5,6	(1.200)	(81.523)	(16)	(19)
Interest received		310	1.126	186	790
Proceeds from disposal of participations		213	1.208	213	1.208
Increase / (decrease) in share capital of participations	7	139	(49)	(1.713)	(40.609)
Cash flows used in investing activities from discontinued operations		-	(302)	-	-
<b>Net cash used in investing activities</b>		<b>(538)</b>	<b>(79.540)</b>	<b>(1.329)</b>	<b>(38.629)</b>
<b>Cash flows from / (used in) financing activities</b>					
Purchase / sale of treasury shares		16.552	(73)	16.552	(73)
Share capital increase expenses		(1.761)	-	(1.761)	-
Dividends paid to the owners of the parent company		-	(2)	-	(2)
Borrowings transaction costs		-	(936)	-	(96)
Proceeds from borrowings	11	-	40.000	-	4.000
Repayments of borrowings	11	(8.549)	(18.715)	(450)	(9.575)
Capital repayments of finance leases	11	(450)	(443)	-	-
Cash flows used in financing activities from discontinued operations		-	(59)	-	-
<b>Net cash from / (used in) financing activities</b>		<b>5.793</b>	<b>19.772</b>	<b>14.342</b>	<b>(5.745)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>2.633</b>	<b>(61.656)</b>	<b>5.280</b>	<b>(52.937)</b>
Cash and cash equivalents at beginning of the period	9	32.586	110.326	7.597	78.441
Restricted cash reclassified to receivables	9	5.000	-	5.000	-
Change in cash and cash equivalents due to the disposal of interest held in participation, as well as the impact of IFRS 11		-	(2.130)	-	-
Cash and cash equivalents of discontinued operations at the disposal		-	(1.106)	-	-
<b>Cash and cash equivalents at end of the period</b>	9	<b>40.218</b>	<b>45.434</b>	<b>17.877</b>	<b>25.504</b>

<sup>(1)</sup> Adjusted amounts due to the revised IAS 19 "Employee benefits" (see note 19).

The notes on pages 19 to 44 are an integral part of these interim financial statements.

## Notes to the Condensed Consolidated and Company interim financial statements

### 1. General information

These financial statements consist of the separate financial statements of the company LAMDA Development S.A. (the "Company") and the consolidated financial statements of the Company and its subsidiaries (together "the Group") for the period ended June 30, 2014. The names of the subsidiaries are presented in note 7 of these financial statements.

The main activities of the Group comprise investment, development and maintenance of innovative real estate projects.

The Group operates in Greece, as well as in other neighbouring Balkan countries mainly Romania, Bulgaria, Serbia, Montenegro and the Company's shares are listed on the Athens Stock Exchange.

The Company is incorporated and domiciled in Greece. The address of its registered office is 37<sup>A</sup> Kifissias Ave., 15123, Maroussi with the Number in the General Electronic Commercial Registry: 3379701000 (former Register of Societes Anonymes Number: 3039/06/B/86/28) and its website address is [www.lamda-development.net](http://www.lamda-development.net). The Company Consolidated Lamda Holdings S.A., which is domiciled in Luxembourg, at 30 of June 2014, is the main shareholder of the Company with interest held at 61.88% of the share capital and the preemptive rights and therefore the Group's financial statements are included in its consolidated financial statements.

The Group activities, and consequently its revenues are not expected to be substantially impacted by seasonal fluctuations.

During the current period, the following events have occurred:

- **Participation in contest of HELLINIKON – Hellenic Republic Asset Development Fund (HRADF)**

Following the decision of the Hellenic Republic Asset Development Fund at 31.3.2014, the Company is qualified as the preferred investor for the acquisition of 100% of the share capital of HELLINIKO S.A.

After completion of the pre-contractual audit by the Court of Auditors, a special purpose entity (the "SPE"), in which the Company shall hold and maintain a shareholding of 33.34% will sign the share transfer contract with the HRADF and the Greek State (the "Agreement"). The Company is obligated to maintain its shareholding in the SPE for a period of at least three years from the actual date of transfer of the shares, referred to above. The Company will also be obligated to sign the Agreement as guarantor as regards timely and full payment of all obligations of the SPE for 27 years from the actual date of transfer of the shares, referred to above. The transfer of the shares will take place at a later stage and once the terms and conditions set out in the Agreement are completed. The deadline for fulfilling the terms and conditions is 2 years from the signing of the Agreement.

As consideration for the acquisition of shares, the SPE will pay € 915 million within ten years of the transfer of the shares. The timetable for implementing the investment plan will span a total of 25 years from the date of transfer of the shares and is divided into phases. The first three phases will each span 5 year. In terms of the Agreement, the SPE will undertake to invest a total of at least € 4.6 billion during these first three 5-year phases.

The Company is in discussions with potential investors regarding their participation in each part and stage of this long-term investment project which will evolve based on the progress that will be made in the implementation of the investment plan and the economic and general conditions that will prevail throughout the entire investment process.

▪ **Increase in the Company's share capital**

At the Extraordinary General Meeting of shareholders of the Company, which held a meeting on 29 April 2014 decided the increase of the share capital of the Company with a view to raising funds up to one hundred and fifty million Euro (€150,000,000.00) by payment in cash and through the issuance of up to 500.000.000 new common, registered, voting shares with a nominal value €0.30 each.

Pursuant to the provisions of articles 9, par. 5 and 21 of L. 3556/2007 and in relation to decision 1/434/03.07.2007 of the Board of Directors of the Hellenic Capital Market Commission, following:

(a) completion and subscription in full of the Share Capital increase in cash, decided by the Extraordinary General Meeting of the Company's shareholders dated 29.04.2014 and specified by the Board of Directors' resolution at its meeting on 18.06.2014, and,

(b) the commencement of trading on 22.07.2014 of the 35,294,117 new common registered with voting rights shares of the Company, issued as a result of the abovementioned Share Capital increase,

the paid-in Share Capital of the Company amounts to €23,911,939, and is divided into 79,706,464 new common registered with voting rights shares of nominal value of €0.30 each.

It is noted that the total capital raised through the aforementioned Share Capital Increase of the Company, amounting to €146.5 million, after the deduction of the costs and expenses of the issuance of €3.5 million (€1.8 million of which have been completed before 30/06/2014), shall be used pursuant to the provisions in section 4.2 of the Prospectus dated 19.06.2014.

▪ **Sale of treasury shares**

The Company, in accordance with the provisions of Greek Laws 3556/2007 and 3340/2005 in conjunction with the relevant decisions of Hellenic Capital Market Commission, announces that on 19.06.2014, based on a resolution of its Board of Directors of the same date, sold all the 3,497,599 treasury shares that held (representing a holding of 7,88% of the total shares and voting rights of the Company) to TPG-Axon Management LP for a total consideration of €16,963,355 corresponding to €4.85 per share while the Company received €16,552,417 net of the respective expenses. Following the above transaction the Company no longer holds treasury shares.

Following the completion of the above mentioned share capital increase, the sale of treasury shares as well as the other transactions that took place until the date of approval of the financial statements, the company Consolidated Lamda Holdings S.A. holds a 50.88% of the Company's shares.

These semi-annual consolidated financial statements have been approved for issue by the Board of Directors on August 28, 2014.

## **2. Basis of preparation and summary of significant accounting policies**

### **2.1 Basis of preparation**

These separate and consolidated financial statements have been prepared by Management in accordance with International Financial Reporting Standards (IFRS) and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as they have been adopted by the European Union, and specifically in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These separate and consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 which are available on the website address [www.lamda-development.net](http://www.lamda-development.net).

The accounting principles that have been used in the preparation and presentation of these interim financial statements are in accordance with those used for the preparation of the Company and Group annual financial statements as of December 31, 2013 with only exception the application of IFRS 11 effective from 1 January 2014. Further information in relation to the effect of IFRS 11 in the financial

statements is provided in the note 2.2 Accounting principles as well as in the note 19 Reclassifications of comparatives IFRS 11.

The consolidated financial statements have prepared under the historical cost convention, except for the investment property, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value.

These separate and consolidated financial statements have been prepared by Management in accordance with International Financial Reporting Standards (IFRS) and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as they have been adopted by the European Union, and present the financial position, operational results and cash flows on a going concern basis which assumes that the Company has plans in place to avoid material disruptions to its operations and available financial resources to meet its operating requirements. In this respect Management has concluded that (a) the going concern basis of preparation of these financial statements is appropriate, and (b) all assets and liabilities are appropriately presented in accordance with the Company's accounting policies. On that basis, the following specific matters may impact the operations of the Group in the foreseeable future:

- **“The Mall Athens” - Lamda Olympia Village S.A.**

As described in detail in note 0 “Contingent liabilities and assets”, in January 2104, the Hellenic Council of State approved the petition for annulment of Codified Law 3207/2003, according to the provisions of which the Olympic Press Village (or “Olympiako Chorio Typou”) and the Commercial and Leisure Centre “The Mall Athens” were constructed. This decision by the Hellenic Council of State has no impact on the operations of “The Mall Athens” and it is anticipated that the operations will continue unhindered for the foreseeable future. Management is currently in the process of assessing the required actions that have been indicated by the Group's legal advisors in order to cope with this situation and will undertake all necessary actions to this direction.

- **Bank loans**

On 30 June 2014, existing bank loans of the Company and other Group companies amounting to Euro 111.9 million have been classified as current liabilities. According to the loan agreements a bond loan of Euro 97 million of the parent Company is set to be repaid as following: €62m in June 2014 and €35m in December 2014.

The Company at 29/7/2014 reached an agreement with its finance providers on the refinancing terms of a bond loan of €164.7m, out of which €97m was due to payment before the end of 2014. The duration of the new loan will be 3 years. Therefore, the Management is in the process of coming to the finalization and signing of the agreement for the respective loans.

In addition to the above, the bond loan of €225m of Lamda Olympia Village S.A. (of which the Group's proportionate share amounts to €112.5m), and the bond loan of €52.5m of Singidunum Buildings DOO (of which the Group's proportionate share amounts to €26.3m) which from 1 January 2014 are not presented in short term liabilities due to the change in accounting presentation (see note 19 Reclassifications of comparatives IFRS 11). For the bond loan of the company Lamda Olympia Village S.A. is set to be repaid in October 2014 and Management is at an advanced stage of discussions with all its finance providers and believes that the bank loans will be refinanced successfully prior to them falling due. In respect of the bond loan of Singidunum Buildings DOO, amounting to €52.5m (of which the Group's proportionate share amounts to €26.3m), the Company is in the process of coming to an agreement for the refinancing terms which, when completed, will result in the repayment date to be set to 23 July 2018.

The factors above have been taken into account by Management when preparing the financial statements for the year ended 30 June 2014 and on the basis of its assessment of these matters and the fact that the Group's major shareholder continues to support the Group in all aspects of its operations, Management has concluded that the Group will meet all its financing and operating requirements in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the

group's accounting policies. In addition, the use of certain estimates and assumptions is required that affect the balances of the assets and liabilities, the disclosure of contingent assets and liabilities as at date of preparation of the financial statements and the amounts of income and expense during the reporting period. Although these estimates are based on the best knowledge of management in relation to the current conditions and actions, the actual results can eventually differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the financial statements for the year ended 31 December 2013.

## **2.2 Accounting principles**

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

### **Standards and Interpretations effective for the current financial year**

#### **IAS 32 (Amendment) "Financial Instruments: Presentation"**

This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

#### **Group of standards on consolidation and joint arrangements**

The International Accounting Standards Board ("IASB") has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). For the impact on the consolidated financial statements of the Group, see note 19. The main provisions are as follows.

#### **IFRS 10 "Consolidated Financial Statements"**

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.

#### **IFRS 11 "Joint Arrangements"**

IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

#### **IFRS 12 "Disclosure of Interests in Other Entities"**

IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.

**IAS 27 (Amendment) “Separate Financial Statements”**

This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 “*Consolidated and Separate Financial Statements*”. The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At the same time, the Board relocated to IAS 27 requirements from IAS 28 “*Investments in Associates*” and IAS 31 “*Interests in Joint Ventures*” regarding separate financial statements.

**IAS 28 (Amendment) “Investments in Associates and Joint Ventures”**

IAS 28 “*Investments in Associates and Joint Ventures*” replaces IAS 28 “*Investments in Associates*”. The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.

**IFRS 10, IFRS 11 and IFRS 12 (Amendment) “Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance”**

The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities.

**IFRS 10, IFRS 12 and IAS 27 (Amendment) “Investment entities”**

The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make.

**IAS 36 (Amendment) “Recoverable amount disclosures for non-financial assets”**

This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognized or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. Also, it removes the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

**IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement”**

This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

**Standards and Interpretations effective for subsequent periods**

**IAS 19R (Amendment) “Employee Benefits” (effective for annual periods beginning on or after 1 July 2014)**

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments have not yet been endorsed by the EU.

**Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 July 2014)**

The amendments set out below describe the key changes to seven IFRSs following the publication of the results of the IASB’s 2010-12 cycle of the annual improvements project. The improvements have not yet been endorsed by the EU.



IFRS 2 “Share-based payment”

The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.

IFRS 3 “Business combinations”

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 “Financial instruments: Presentation”. It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

IFRS 8 “Operating segments”

The amendment requires disclosure of the judgements made by management in aggregating operating segments.

IFRS 13 “Fair value measurement”

The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 “Related party disclosures”

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**Annual Improvements to IFRSs 2013** (effective for annual periods beginning on or after 1 July 2014)

The amendments set out below describe the key changes to four IFRSs following the publication of the results of the IASB’s 2011-13 cycle of the annual improvements project. The improvements have not yet been endorsed by the EU.

IFRS 3 “Business combinations”

This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.

IFRS 13 “Fair value measurement”

The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.

IAS 40 “Investment property”

The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

**IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces of the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 Hedge Accounting establishes a more

principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not yet been endorsed by the EU.

**IFRIC 21 “Levies”** (effective for annual periods beginning on or after 17 June 2014)

This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

**IFRS 11 (Amendment) “Joint Arrangements”** (effective for annual periods beginning on or after 1 January 2016)

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a ‘business’. This amendment has not yet been endorsed by the EU.

**IAS 16 and IAS 38 (Amendments) “Clarification of Acceptable Methods of Depreciation and Amortisation** (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments have not yet been endorsed by the EU.

**IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after 1 January 2017)

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.

**IAS 16 and IAS 41 (Amendments) “Agriculture: Bearer plants”** (effective for annual periods beginning on or after 1 January 2016)

These amendments change the financial reporting for bearer plants, such as grape vines and fruit trees. The bearer plants should be accounted for in the same way as self-constructed items of property, plant and equipment. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments have not yet been endorsed by the EU.

**IAS 27 (Amendment) “Separate financial statements”** (effective for annual periods beginning on or after 1 January 2016)

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. This amendment has not yet been endorsed by the EU.

### **3. Fair value estimation**

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments by category as well as the fair value hierarchy levels is disclosed in note 8.

#### 4. Segment information

The Group is operating into the business segment of real estate in Greece and in other neighbouring Balkan countries:

At 30 June 2014 and 30 June 2013 and following the change in the consolidation method of the Company's associates in Marine Services, this segment is no more regarded as significant and therefore from now on there will be no specific reference in the Group's segment information.

Management monitors the operating results of each segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and EBITDA (Earnings before interest, tax, depreciation and amortization). It is noted that the Group applies the same accounting policies as those in the financial statements in order to measure the performance of the operating segment. Group financing, including finance costs and finance income, as well as income taxes are monitored on a group basis and are included within the administration segment without being allocated to the profit generating segments.

The segment information for the six month period ended June 30, 2014 was as follows:

<i>Continuing operations</i> (all amounts in € thousands)	Real estate		Total
	<u>Greece</u>	<u>Balkans</u>	
Revenue from third parties	22.049	-	22.049
Net loss from fair value adjustment on investment property & inventories	(4.825)	(2.902)	(7.727)
EBITDA	5.046	(425)	4.621

The segment information for the six month period ended June 30, 2013 was as follows:

<i>Continuing operations</i> (all amounts in € thousands)	Real estate		Total
	<u>Greece</u>	<u>Balkans</u>	
Revenue from third parties <sup>(1)</sup>	21.716	11	21.728
Net loss from fair value adjustment on investment property & inventories <sup>(1)</sup>	(12.167)	(2.327)	(14.494)
EBITDA <sup>(1)</sup>	(2.414)	(522)	(2.936)

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

The segment information for the three month period ended June 30, 2014 was as follows:

<i>Continuing operations</i> (all amounts in € thousands)	Real estate		Total
	<u>Greece</u>	<u>Balkans</u>	
Revenue from third parties	11.018	-	11.018
Net loss from fair value adjustment on investment property & inventories	(4.825)	(2.902)	(7.727)
EBITDA	(1.641)	(235)	(1.876)

## Semi-annual financial report

1 January - 30 June 2014

The segment information for the three month period ended June 30, 2013 was as follows:

<i>Continuing operations</i> (all amounts in € thousands)	Real estate		Total
	<u>Greece</u>	<u>Balkans</u>	
Revenue from third parties	8.543	6	8.550
Net loss from fair value adjustment on investment property & inventories <sup>(1)</sup>	(12.167)	(2.327)	(14.494)
EBIDTA	(8.667)	(290)	(8.957)

Inter-segment transfers and transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

30 June 2014	Real estate		Total
	<u>Greece</u>	<u>Balkans</u>	
Assets per segment	570.450	101.440	671.890
Liabilities per segment	412.189	473	412.662

31 December 2013 <sup>(1)</sup>	Real estate		Total
	<u>Greece</u>	<u>Balkans</u>	
Assets per segment	555.441	114.688	670.130
Liabilities per segment	420.090	484	420.574

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 “Joint arrangements” (see note 19).

The reconciliation of the segments’ EBITDA to total loss after tax for the Group is as follows:

<i>Continuing operations</i> (all amounts in € thousands)	30.06.2014	30.06.2013 <sup>(1)</sup>
<b>Reconciliation of total loss for the period</b>		
EBITDA	4.621	(2.936)
Corporate overheads	(3.754)	(3.571)
Depreciation	(478)	(616)
Profits from disposal of participations to associates	-	229
Share of profit / (loss) from joint ventures and associates	1.244	(9.543)
Finance income	439	998
Finance costs	(7.641)	(7.504)
<b>Loss before income tax</b>	<b>(5.569)</b>	<b>(22.942)</b>
Income tax	(1.192)	(3.498)
<b>Loss for the period</b>	<b>(6.762)</b>	<b>(26.441)</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 “Joint arrangements” (see note 19).

## 5. Investment property

<i>all amounts in € thousands</i>	GROUP		COMPANY	
	30.06.2014	31.12.2013 <sup>(1)</sup>	30.06.2014	31.12.2013
<b>Balance at 1 January</b>	388.177	331.584	1.840	1.840
Usufruct upon the right of exploitation of IBC	-	81.000	-	-
Subsequent expenditure on investment property	125	1.483	-	-
Net loss from fair value adjustment on investment property	(4.915)	(25.890)	-	-
<b>Balance at the end of period</b>	<b>383.387</b>	<b>388.177</b>	<b>1.840</b>	<b>1.840</b>

<sup>(1)</sup> The investment property of “The Mall Athens” of the company Lamda Olympia Village S.A. with fair value of €412m (Group’s proportion €206m) (31/12/2013 €410m, Group’s proportion €205m) has been reclassified according to IFRS 11, as presented in note 19 Reclassifications of comparatives IFRS 11.

Bank borrowings are secured on the property “The Mall Athens” owned by the joint venture “LAMDA Olympia Village SA” for the value of €336m. Securities on all investment property of the Group amount to €189m, based on the shareholding in each company consolidated.

The investment property includes property under finance lease that amounts to €7.2m and property under operating lease that amounts to €149m.

The fair value for all investment property was determined on the basis of its highest and best use by the Group taking into account each property’s use which is physically possible, legally permissible and financially feasible. This estimate is based on the physical characteristics, the permitted use and the opportunity cost for each investment of the Group.

Investment property is valued each semester by independent qualified valuers using the Discounted Cash Flows (DCF) method. The cash flows are based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (where possible) external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect each tenant's sector (food and restaurants, electronic appliances, apparel etc.) as well as the current market assessments of the uncertainty in the amount and timing of the cash flows. In some cases, where necessary, the valuation is based on the Comparative Method.

More precisely, 89% of total fair value of the Group's investment property relates to Shopping Centres and 4% to Office Buildings. For both type of property, the valuation was determined using the DCF approach with the following significant assumptions:

- With regards to the Shopping Centres, The Mall Athens has a freehold status, Mediterranean Cosmos is held under a lease that expires in Q4 2035 and Golden Hall has a 89 year exploitation period. As far as the office buildings are concerned, they are owned by the Group.
- In short, the yields according to the latest valuations at June 30, 2014 are as follows:

	Yield
<b>Malls</b>	
The Mall Athens	7,3%
Med.Cosmos	10,1%
Golden Hall	8,5%
<b>Office buildings</b>	
Cecil, Kefalari	9,0%
Kronos Building, Maroussi	8,9%

- In relation to the annual consideration that every tenant of the Malls pays (Base Consideration – fixed consideration that is set in the contract), it is adjusted annually according to the CPI plus a slight indexation which is differentiated between the tenants. The average CPI that has been used over the period is 2%.

The table below presents two basic scenarios in relation to the impact on the valuations of the following investment properties of an increase in the yields by 25 basis points (+ 0,25%) or a decrease in EBITDA by €1m per Shopping Mall.

<i>Interest held in the Group</i> <i>(all amounts in € thousands)</i>	Yield +0,25%	EBITDA/NOI €-1 m
The Mall Athens	-6,9	-6,8
Med.Cosmos	-3,7	-10,0
Golden Hall	-5,6	-11,7
<b>Malls</b>	<b>-16,3</b>	<b>-28,5</b>
Cecil, Kefalari	-0,7	
Kronos Building, Maroussi	-0,2	
<b>Office buildings</b>	<b>-0,9</b>	
<b>Total</b>	<b>-17,1</b>	

## 6. Property, plant and equipment

<i>all amounts in € thousands</i>	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Software	Assets under construction	Total
<b>GROUP - Cost</b>						
<b>1 January 2013 <sup>(1)</sup></b>	<b>37.748</b>	<b>14.476</b>	<b>4.935</b>	<b>2.529</b>	<b>1.947</b>	<b>61.634</b>
Additions	23	-	3	15	353	394
Derecognition of ppe due to change in interest held in participations	(29.402)	(8.793)	(268)	-	-	(38.462)
Decrease due to disposal of participation	(7.535)	(343)	(1.212)	(91)	-	(9.181)
Transfer to investment property	-	-	-	-	(1.097)	(1.097)
Reclassifications	-	721	231	-	(952)	-
<b>30 June 2013 <sup>(1)</sup></b>	<b>833</b>	<b>6.061</b>	<b>3.688</b>	<b>2.453</b>	<b>252</b>	<b>13.287</b>
<b>1 January 2014 <sup>(1)</sup></b>	<b>909</b>	<b>5.341</b>	<b>4.446</b>	<b>2.485</b>	<b>359</b>	<b>13.539</b>
Additions	26	-	14	5	1.030	1.075
<b>30 June 2014</b>	<b>935</b>	<b>5.341</b>	<b>4.460</b>	<b>2.490</b>	<b>1.389</b>	<b>14.614</b>
<b>Accumulated depreciation</b>						
<b>1 January 2013 <sup>(1)</sup></b>	<b>(12.427)</b>	<b>(4.490)</b>	<b>(3.630)</b>	<b>(2.507)</b>	-	<b>(23.054)</b>
Depreciation charge	(106)	(215)	(337)	(16)	-	(674)
Decrease due to disposal of participation	1.686	145	1.014	71	-	2.916
Derecognition of ppe due to change in interest held in participations	10.566	1.707	209	-	-	12.481
<b>30 June 2013 <sup>(1)</sup></b>	<b>(280)</b>	<b>(2.853)</b>	<b>(2.745)</b>	<b>(2.452)</b>	-	<b>(8.330)</b>
<b>1 January 2014 <sup>(1)</sup></b>	<b>(324)</b>	<b>(2.993)</b>	<b>(3.104)</b>	<b>(2.467)</b>	-	<b>(8.887)</b>
Depreciation charge	(49)	(174)	(241)	(16)	-	(479)
<b>30 June 2014</b>	<b>(373)</b>	<b>(3.167)</b>	<b>(3.345)</b>	<b>(2.483)</b>	-	<b>(9.367)</b>
<b>Closing net book amount at 30 June 2013 <sup>(1)</sup></b>	<b>554</b>	<b>3.208</b>	<b>944</b>	<b>1</b>	<b>252</b>	<b>4.957</b>
<b>Closing net book amount at 30 June 2014</b>	<b>562</b>	<b>2.174</b>	<b>1.116</b>	<b>7</b>	<b>1.389</b>	<b>5.247</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

<i>all amounts in € thousands</i>	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Software	Total
<b>COMPANY - Cost</b>					
<b>1 January 2013</b>	<b>300</b>	<b>95</b>	<b>1.149</b>	<b>2.429</b>	<b>3.973</b>
Additions	-	-	4	15	19
<b>30 June 2013</b>	<b>300</b>	<b>95</b>	<b>1.153</b>	<b>2.443</b>	<b>3.991</b>
<b>1 January 2014</b>	<b>300</b>	<b>90</b>	<b>1.164</b>	<b>2.448</b>	<b>4.002</b>
Additions	-	-	12	3	16
<b>30 June 2014</b>	<b>300</b>	<b>90</b>	<b>1.176</b>	<b>2.452</b>	<b>4.018</b>
<b>Accumulated depreciation</b>					
<b>1 January 2013</b>	<b>(194)</b>	<b>(46)</b>	<b>(981)</b>	<b>(2.404)</b>	<b>(3.625)</b>
Depreciation charge	(6)	(6)	(56)	(11)	(79)
<b>30 June 2013</b>	<b>(200)</b>	<b>(52)</b>	<b>(1.037)</b>	<b>(2.414)</b>	<b>(3.703)</b>
<b>1 January 2014</b>	<b>(205)</b>	<b>(53)</b>	<b>(1.086)</b>	<b>(2.423)</b>	<b>(3.768)</b>
Depreciation charge	(6)	(5)	(28)	(10)	(49)
<b>30 June 2014</b>	<b>(211)</b>	<b>(59)</b>	<b>(1.115)</b>	<b>(2.432)</b>	<b>(3.817)</b>
<b>Closing net book amount at 30 June 2013</b>	<b>101</b>	<b>43</b>	<b>116</b>	<b>29</b>	<b>288</b>
<b>Closing net book amount at 30 June 2014</b>	<b>89</b>	<b>31</b>	<b>61</b>	<b>19</b>	<b>201</b>

## 7. Investments in subsidiaries, associates and other investments

The Group's structure on June 30, 2014 is as follows:

<u>Company</u>		<u>% interest held</u>	<u>Company</u>		<u>% interest held</u>
LAMDA Development SA					
	<b>Subsidiaries</b>			<b>Joint ventures</b>	
LAMDA Estate Development SA	Greece	100,0%	LAMDA Olympia Village SA	Greece	50,0%
KRONOS PARKING SA	Greece	Indirect 100,0%	LAMDA Dogus Marina Investments SA	Greece	50,0%
LAMDA Prime Properties SA	Greece	100,0%	LAMDA Flisvos Marina SA	Greece	Indirect 27,0%
PYLAIA SA	Greece	Indirect 100,0%	LAMDA Flisvos Holding SA	Greece	Indirect 35,0%
LAMDA Erga Anaptysis SA	Greece	100,0%	LAMDA Akinhta SA	Greece	50,0%
LAMDA Domi SA	Greece	100,0%	LOV Luxembourg SARL	Luxembourg	Indirect 50,0%
LD Trading SA	Greece	100,0%	Singidunum-Buildings DOO	Serbia	Indirect 50,0%
LAMDA Waste Management SA	Greece	100,0%	Lamda Singidunum Netherlands BV	Netherlands	Indirect 50,0%
GEAKAT SA	Greece	100,0%	SC LAMDA Olympic SRL	Romania	50,0%
MC Property Management SA	Greece	100,0%	GLS OOD	Bulgaria	Indirect 50,0%
LAMDA Development DOO Beograd	Serbia	100,0%			
Property Development DOO	Serbia	100,0%		<b>Associates</b>	
Property Investments DOO	Serbia	100,0%	ECE LAMDA HELLAS SA	Greece	34,0%
LAMDA Development Montenegro DOO	Montenegro	100,0%	N.DOXA - LD TRADING LTD	Greece	Indirect 45,0%
LAMDA Development Romania SRL	Romania	100,0%	ATHENS METROPOLITAN EXPO SA	Greece	11,7%
Robies Proprietati Imobiliare SRL	Romania	Indirect 90,0%	METROPOLITAN EVENTS	Greece	Indirect 11,7%
SCLAMDA Properties Development SRL	Romania	Indirect 95,0%	Piraeus Metropolitan Center SA	Greece	19,5%
LAMDA Development Sofia EOOD	Bulgaria	100,0%	SC LAMDA MED SRL	Romania	Indirect 40,0%
TIHI EOOD	Bulgaria	Indirect 100,0%	EUROBANK PROPERTY SERVICES SA	Romania	20,0%
LAMDA Development (Netherlands) BV	Netherlands	100,0%	ERB PROPERTY SERVICES D.O.O. BEOGRAD	Serbia	20,0%
Robies Services Ltd	Cyprus	90,0%	ERB PROPERTY SERVICES SOFIA A.D.	Bulgaria	20,0%

### (a) Company's investment in subsidiaries

The Company's investments in subsidiaries are analyzed as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>% interest held</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
			<b>Carrying amount</b>	<b>Carrying amount</b>
LAMDA ESTATE DEVELOPMENT SA	Greece	100%	28.183	28.183
LAMDA PRIME PROPERTIES SA	Greece	100%	9.272	9.272
LAMDA ERGA ANAPTYXIS SA	Greece	100%	3.370	2.170
LAMDA DOMI SA	Greece	100%	74.000	74.000
LD TRADING SA	Greece	100%	910	910
PYLAIA SA	Greece	60%	4.035	4.035
LAMDA WASTE MANAGEMENT SA	Greece	100%	250	150
GEAKAT SA	Greece	100%	7.663	7.663
MC PROPERTY MANAGEMENT SA	Greece	75%	745	745
LAMDA DEVELOPMENT SOFIA E.O.O.D.	Bulgaria	100%	323	283
LAMDA DEVELOPMENT D.O.O. (BEOGRAD)	Serbia	100%	942	942
PROPERTY DEVELOPMENT D.O.O.	Serbia	100%	9.901	9.101
PROPERTY INVESTMENTS LTD	Serbia	100%	1	1
LAMDA DEVELOPMENT ROMANIA SRL	Romania	100%	541	541
ROBIES SERVICES LTD	Cyprus	90%	79	56
LAMDA DEVELOPMENT (NETHERLANDS) B.V.	Netherlands	100%	73.828	73.828
LAMDA DEVELOPMENT MONTENEGRO D.O.O.	Montenegro	100%	600	600
<b>Investment in subsidiaries</b>			<b>214.641</b>	<b>212.478</b>

The movement in investment in subsidiaries is as follows:

	COMPANY	
	30.06.2014	31.12.2013
<i>all amounts in € thousands</i>		
<b>1 January</b>	<b>212.478</b>	<b>183.407</b>
Increase in share capital	2.163	46.858
Decrease in share capital	-	(1.192)
Provision for impairment	-	(13.500)
Disposal / contribution of investments	-	(3.095)
<b>At the end of period</b>	<b>214.641</b>	<b>212.478</b>

The above movements were the result of the following significant events occurred during the period ended 30 June 2014:

#### Share capital increase

During the current period, the subsidiaries LAMDA Erga Anaptyxis SA, LAMDA Development Sofia EOOD, Robies Services Ltd, LAMDA Waste Management SA and Property Development DOO increased their share capital by €1.200k, €40k, €23k, €100k and €800k respectively.

#### **(b) Company's investments in joint ventures**

The Company's investment in joint ventures is as follows:

COMPANY			30.06.2014	31.12.2013
Name	Country of incorporation	% interest held	Carrying amount	Carrying amount
LAMDA OLYMPIA VILLAGE SA	Greece	50,00%	28.681	28.681
LAMDA AKINHHTA SA	Greece	50,00%	4.454	4.904
LAMDA DOGUS MARINA INVESTMENTS SA	Greece	50,00%	3.077	3.077
S.C. LAMDA OLYMPIC SRL	Romania	50,00%	1	1
<b>Investment in joint ventures</b>			<b>36.212</b>	<b>36.662</b>

During the current period, the joint venture of LAMDA Akinhta SA decreased its share capital by €450k.

#### **(c) Group's investment in joint ventures**

Name	Country of incorporation	% interest held	30.06.2014			31.12.2013 <sup>(1)</sup>		
			Cost	Share in profit	Value of the investment	Cost	Share in profit	Value of the investment
LAMDA OLYMPIA VILLAGE SA	Greece	50,00%	28.681	63.745	92.426	28.681	62.629	91.310
LAMDA AKINHHTA SA	Greece	50,00%	4.454	(514)	3.940	4.904	(498)	4.406
LAMDA DOGUS MARINA INVESTMENTS SA	Greece	50,00%	3.077	(1.819)	1.258	3.077	(1.493)	1.584
SINGIDUNUM-BUILDINGS DOO	Serbia	50,00%	21.883	(10.955)	10.928	21.883	(10.199)	11.684
GLS OOD	Bulgaria	50,00%	3.591	(2.008)	1.583	3.591	(1.753)	1.839
S.C. LAMDA OLYMPIC SRL	Romania	50,00%	708	(702)	6	708	(702)	6
<b>TOTAL</b>			<b>62.394</b>	<b>47.747</b>	<b>110.141</b>	<b>62.843</b>	<b>47.985</b>	<b>110.828</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

During the first quarter of 2014, the Company's subsidiary LAMDA Development Netherlands BV participated in the establishment of the joint venture Lamda Singidunum Netherlands BV contributing the amount of €20k.



The movement of the investment in other companies is as follows:

COMPANY	GROUP		COMPANY	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>Balance at 1 January</b>	<b>110.828</b>	<b>124.261</b>	<b>36.662</b>	<b>33.630</b>
Decrease in share capital	(450)	(45)	(450)	(45)
Additions / Liquidations	-	2.384	-	3.077
Share in profit	1.384	(14.672)	-	-
Dividends effect	(1.621)	(1.101)	-	-
<b>Balance at the end of period</b>	<b>110.141</b>	<b>110.828</b>	<b>36.212</b>	<b>36.662</b>

#### (d) Other investments of the Company and the Group

The Group has the following other investments:

GROUP	Name	Country of incorporation	% interest held	30.06.2014			31.12.2013 <sup>(1)</sup>		
				Cost	Share in profit	Value of the investment	Cost	Share in profit	Value of the investment
	ECELAMDA HELLAS SA	Greece	34,00%	204	242	446	204	650	854
	N.DOXA - LD TRADING LTD (Indirect)	Greece	45,00%	516	(516)	-	225	(225)	-
	A THENS METROPOLITAN EXPO SA	Greece	11,67%	1.559	-	1.559	1.559	-	1.559
	PIRAEUS METROPOLITAN CENTER SA	Greece	19,50%	140	-	140	140	-	140
	EUROBANK PROPERTY SERVICES SA	Romania	20,00%	30	48	78	30	56	86
	ERB PROPERTY SERVICES SOFIA A. D.	Bulgaria	20,00%	15	371	386	15	371	387
	ERB PROPERTY SERVICES D.O.O. BEOGRAD	Serbia	20,00%	20	87	107	20	90	110
	LOV LUXEMBOURG SARL	Luxembourg	25,00%	75	-	75	75	-	75
	S.C. LAMDA MED SRL (Indirect)	Romania	40,00%	1	984	986	1	984	986
	<b>TOTAL</b>			<b>2.561</b>	<b>1.216</b>	<b>3.776</b>	<b>2.270</b>	<b>1.927</b>	<b>4.197</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

The movement of the investment in other companies is as follows:

all amounts in € thousands	GROUP		COMPANY	
	30.06.2014	31.12.2013 <sup>(1)</sup>	30.06.2014	31.12.2013
<b>1 January</b>	<b>4.197</b>	<b>4.854</b>	<b>2.043</b>	<b>2.028</b>
Increase in share capital	291	158	-	16
Share in profit	(140)	(102)	-	-
Dividends effect	(571)	(714)	-	-
<b>At the end of period</b>	<b>3.776</b>	<b>4.197</b>	<b>2.043</b>	<b>2.043</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

## 8. Financial instruments by category

all amounts in € thousands	Fair Value Hierarchy (note 3)	GROUP		COMPANY	
		30.06.2014	31.12.2013 <sup>(1)</sup>	30.06.2014	31.12.2013
<b>Assets</b>					
	Trade and other receivables	14.805	14.524	527	126
	Less: provision for impairment of trade receivables	(7.703)	(7.836)	-	-
	<b>Trade receivables - net</b>	<b>7.102</b>	<b>6.688</b>	<b>527</b>	<b>126</b>
	Other receivables	5.072	2.702	5.375	717
	Receivables and loans to related parties	3.076	2.341	92.754	92.313
	Receivables from disposal of participation	2.712	2.925	2.712	2.925
	Restricted cash	12.554	17.508	12.554	17.508
	Cash and cash equivalents	40.218	32.586	17.877	7.597
	<b>Total</b>	<b>70.734</b>	<b>64.749</b>	<b>131.799</b>	<b>121.188</b>

GROUP	Fair Value Hierarchy	30.06.2014			31.12.2013 <sup>(1)</sup>		
		Derivatives used for hedging	Liabilities at amortized cost	Total	Derivatives used for hedging	Liabilities at amortized cost	Total
<i>all amounts in € thousands</i>							
<b>Liabilities</b>							
Borrowings	3	-	341.406	341.406	-	350.256	350.256
Finance lease liabilities	3	-	5.893	5.893	-	6.343	6.343
Derivative financial instruments	3	-	655	655	542	-	542
Trade and other payables (excluding payables to public sector)	3	-	33.366	33.366	-	33.933	33.933
Interest payable	3	-	1.680	1.680	-	1.351	1.351
<b>Total</b>		-	<b>383.000</b>	<b>383.000</b>	<b>542</b>	<b>391.882</b>	<b>392.424</b>
<b>COMPANY</b>							
		30.06.2014			31.12.2013		
		Derivatives used for hedging	Liabilities at amortized cost	Total	Derivatives used for hedging	Liabilities at amortized cost	Total
<i>all amounts in € thousands</i>							
<b>Liabilities</b>							
Borrowings	3	-	164.700	164.700	-	165.150	165.150
Trade and other payables (excluding payables to public sector)	3	-	30.828	30.828	-	30.037	30.037
Interest payable	3	-	308	308	-	454	454
<b>Total</b>		-	<b>195.836</b>	<b>195.836</b>	-	<b>195.641</b>	<b>195.641</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

## 9. Cash and cash equivalents

	GROUP		COMPANY	
	30.06.2014	31.12.2013 <sup>(1)</sup>	30.06.2014	31.12.2013
<i>all amounts in € thousands</i>				
Cash at banks	6.926	11.707	1.122	760
Cash in hand	292	392	5	8
Short-term bank deposits	33.000	20.487	16.750	6.830
<b>Total</b>	<b>40.218</b>	<b>32.586</b>	<b>17.877</b>	<b>7.597</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

In the six month period that ended on June 30, 2014 €5m cash collateral that was previously used for the issuance of a letter of guarantee, was released.

The above comprise the cash and cash equivalents used for the purposes of the cash flow statement.

No significant losses are expected in view of the credit rating of the banks where the Group keeps its cash and cash equivalents.

## 10. Derivative financial instruments

	GROUP				COMPANY			
	30.06.2014		31.12.2013		30.06.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<i>all amounts in € thousands</i>								
Interest rate swaps - cash flow hedges	-	655	-	542	-	-	-	-
<b>Total</b>	-	<b>655</b>	-	<b>542</b>	-	-	-	-
Non-current	-	655	-	-	-	-	-	-
Current	-	-	-	542	-	-	-	-
<b>Total</b>	-	<b>655</b>	-	<b>542</b>	-	-	-	-

The above derivative financial instruments relate to interest rate swaps.

The derivative financial instruments are recognized as non-current liabilities in the statement of financial position when the remaining period to maturity exceeds 12 months.

The movement in fair value relates to the effective portion of the cash flow hedge and is recognised in reserves within equity. The effectiveness test of the cash flow hedges is based on discounted cash flows using the forward rates (3-month Euribor) and their volatility index.

Following the expiration of the existing interest rate swap contracts, LAMDA Development Group proceeded with the booking of new IRS contracts in the beginning of July 2014, effective from 30/06/2014. The nominal value of borrowings that have been hedged as of 30/06/2014 were €41.9 m. The interest rate swaps have been measured at fair market value, calculated by the counterparty bank. As of 30/6/2014 the long-term borrowings floating rates hedged by interest rate swaps ranged based at 3-month Euribor plus an average spread of 4.46%.

## 11. Borrowings

<i>all amounts in € thousands</i>	GROUP		COMPANY	
	30.6.2014	31.12.2013 <sup>(1)</sup>	30.6.2014	31.12.2013
<b>Non-current</b>				
Bond borrowings	224.946	234.772	65.450	66.350
Finance lease liabilities	4.897	5.305	-	-
<b>Total non-current</b>	<b>229.842</b>	<b>240.078</b>	<b>65.450</b>	<b>66.350</b>
<b>Current</b>				
Bond borrowings	110.568	109.142	99.250	98.800
Finance lease liabilities	996	1.037	-	-
<b>Total current</b>	<b>111.564</b>	<b>110.179</b>	<b>99.250</b>	<b>98.800</b>
<b>Total borrowings</b>	<b>341.406</b>	<b>350.256</b>	<b>164.700</b>	<b>165.150</b>

The movements in borrowings are as follows:

<b>12 months ended 31 December 2013</b> <i>(amounts in € thousand)</i>	GROUP	COMPANY
<b>Balance at 1 January 2013</b> <sup>(1)</sup>	360.660	178.125
Bond borrowings	40.000	-
Disposal of investments / Change in consolidation method	(24.673)	-
Borrowings transaction costs	(1.155)	-
Amortization of borrowings transaction costs	276	(12.975)
Borrowings repayments	(23.879)	-
Capital repayments of finance leases	(973)	-
<b>Balance at 31 December 2013</b> <sup>(1)</sup>	<b>350.256</b>	<b>165.150</b>
<b>6 months ended 30 June 2014</b> <i>(amounts in € thousands)</i>	GROUP	COMPANY
<b>Balance at 1 January 2014</b>	350.256	165.150
Amortization of borrowings transaction costs	149	-
Borrowings repayments	(8.549)	(450)
Capital repayments of finance leases	(450)	-
<b>Balance at 30 June 2014</b>	<b>341.406</b>	<b>164.700</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

Borrowings are secured by mortgages on the Group's land and buildings (note 5), by additional pledges of each subsidiary's shares and by assignment of receivables of subsidiaries which have borrowings and insurance claims.

Amortization of borrowings transaction costs of €1.2m are included in the total borrowings as at June 30, 2014, out of which €0.3m is applied to current borrowings whereas the rest €0.9m is applied to non-current borrowings.

The maturity of non-current borrowings is as follows:

<i>all amounts in € thousands</i>	GROUP		COMPANY	
	30.6.2014	31.12.2013 <sup>(1)</sup>	30.6.2014	31.12.2013
Between 1 and 2 years	51.769	14.854	33.450	1.800
Between 2 and 5 years	136.442	175.745	32.000	64.550
Over 5 years	41.631	49.478	-	-
	<b>229.842</b>	<b>240.078</b>	<b>65.450</b>	<b>66.350</b>

The effective weighted average interest rates at June 30, 2014 are as follows:

	GROUP	COMPANY
Current bond borrowings	4,01%	4,17%
Non-current bond borrowings	3,42%	4,19%

At 30/6/2014, the average base effective interest rate of the Group is 0.33% and the average bank spread is 3.29%. Therefore, the Group's total effective interest rate is 3.62%.

The Company's bond loans have the following financial covenants: at Company level (Issuer) the total borrowings (current and non-current) to total equity should not exceed 1.5 and at Group level the total borrowings to total equity should not exceed 3.0. In addition, for a specific bond loan of the parent Company there is an additional covenant: The interest Cover Ratio at Group level should not exceed 1.25 which is also satisfied. Moreover, the syndicated loan of current balance €84.3m, granted by the following banking institutions: Eurobank Ergasias, Alpha Bank, National Bank of Greece and HSBC has the following covenants: Loan to Value < 60% and Debt Service Coverage Ratio > 120.

The bond borrowings are as follows:

<i>all amounts in € thousands</i>	GROUP		COMPANY	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
<b>LAMDA Development SA</b>				
Non-current	65.450	66.350	65.450	66.350
Current	99.250	98.800	99.250	98.800
<b>Total borrowings</b>	<b>164.700</b>	<b>165.150</b>	<b>164.700</b>	<b>165.150</b>
<b>PYLAIA SA</b>				
Non-current	71.810	78.087		
Current	6.268	6.268		
<b>Total borrowings</b>	<b>78.078</b>	<b>84.355</b>		
<b>LAMDA Prime Properties SA</b>				
Non-current	8.959	9.352		
Current	537	647		
<b>Total borrowings</b>	<b>9.496</b>	<b>10.000</b>		
<b>LAMDA Domi SA</b>				
Non-current	78.727	80.983		
Current	4.512	3.426		
<b>Total borrowings</b>	<b>83.239</b>	<b>84.409</b>		
<b>Balance at the end of period</b>	<b>335.514</b>	<b>343.914</b>	<b>164.700</b>	<b>165.150</b>

## Finance leases

<i>all amounts in € thousands</i>	GROUP		COMPANY	
	30.6.2014	31.12.2013 (1)	30.6.2014	31.12.2013
<b>Finance lease liabilities- minimum future lease payments</b>				
Not later than 1 year	1.096	1.088	-	-
Later than 1 year but not later than 5 years	4.949	5.343	-	-
<b>Total</b>	<b>6.046</b>	<b>6.432</b>	-	-
Less: Future finance charges on finance leases	(153)	(89)	-	-
<b>Present value of finance lease liabilities</b>	<b>5.893</b>	<b>6.343</b>	-	-

The present value of finance lease liabilities is analysed as follows:

<i>all amounts in € thousands</i>	30.6.2014	31.12.2013 (1)	30.6.2014	31.12.2013
Not later than 1 year	996	1.037	-	-
Between 1 and 5 years	4.897	5.305	-	-
<b>Total</b>	<b>5.893</b>	<b>6.343</b>	-	-

## 12. Cash generated from operations

<i>all amounts in € thousands</i>	Note	GROUP		COMPANY	
		01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013 <sup>(1)</sup>	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
Loss for the period from continuing operations		(6.762)	(26.441)	(1.629)	(2.258)
Profit for the period from continuing operations		-	698	-	4.085
<u>Adjustments for:</u>					
Tax		1.192	3.498	(244)	626
Depreciation of property, plant and equipment	6	478	616	49	79
Profits from disposal of associates		-	(229)	-	-
Profit from discontinued operations		-	(698)	-	(4.085)
Share of profit / (loss) from associates	7	(1.244)	9.543	-	-
Dividends income		-	-	(4.896)	(4.756)
Interest income		(439)	(998)	(767)	(1.304)
Interest expense		7.641	7.504	4.120	4.306
Provision for inventory impairment		2.812	2.931	-	-
Net losses from fair value adjustment on investment property	5	4.915	11.563	-	-
		<b>8.594</b>	<b>7.987</b>	<b>(3.366)</b>	<b>(3.308)</b>
<b>Changes in working capital:</b>					
Increase in inventories		(345)	(206)	-	-
Increase in receivables		(2.400)	(472)	(283)	(453)
Decrease in payables		(457)	(716)	(200)	(290)
<b>Cash flows from operating activities from / (used in) discontinued operations</b>		-	401	-	-
		<b>(3.202)</b>	<b>(992)</b>	<b>(483)</b>	<b>(742)</b>
<b>Cash generated from / (used in) operations</b>		<b>5.392</b>	<b>6.995</b>	<b>(3.849)</b>	<b>(4.050)</b>

## 13. Commitments

### Capital commitments

There are not any capital commitments that have not been executed at the balance sheet date.

### Operating lease commitments

The group leases intangible assets mainly buildings and mechanical equipment under operating leases. Total future lease payments under operating leases are as follows:

<i>all amounts in € thousands</i>	GROUP		COMPANY	
	30.6.2014	31.12.2013 <sup>(1)</sup>	30.6.2014	31.12.2013
No later than 1 year	3.275	3.331	843	843
Later than 1 year and not later than 5 years	13.977	14.170	3.511	3.451
Later than 5 years	81.964	86.311	1.424	1.884
<b>Total</b>	<b>99.216</b>	<b>103.813</b>	<b>5.779</b>	<b>6.178</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

The Group has no contractual obligations for repair and maintenance services of its investment property.

#### 14. Contingent liabilities

The Group and the Company have contingencies in respect of bank guarantees, other guarantees and other matters arising in the ordinary course of business, for which no significant additional liabilities are expected to arise as follows:

	GROUP		COMPANY	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>Liabilities</b> (all amounts in € thousands)				
Letters of guarantee to creditors	21.726	6.726	16.603	1.603
Letters of guarantee to customers securing contract performanc	4	19	-	-
Mortgages over land & buildings	188.900	188.900	-	-
Guarantees to banks	57.192	62.192	43.632	43.632
<b>Total</b>	<b>267.822</b>	<b>257.837</b>	<b>60.236</b>	<b>45.236</b>

Other Liabilities include pledged shares of subsidiaries. According to the terms of the pledge, the assigned right of the pledge extends to the potential income from such shares.

In addition to the issues mentioned above there are also the following particular issues:

- The Company has not been audited by tax authorities for the years 2009 and 2010. For further information regarding the Group's unaudited fiscal years refer to note 17. As a result, the Company's and the Group's tax obligations have not been finalized.
- At the subsidiary company LAMDA Olympia Village (ex DIMEPA) a property transfer tax of €10,1m approximately has been imposed. The Company has taken recourse to the administrative courts, paying the amount of €836k during 2005, €146k approximately during 2006 and €27k during 2007 (which is included in Deposits and Other Debtors). Out of the 40 recourses which have been filed, eight (8), amounting to €5.1m, have been accepted, however the Hellenic Republic has filed appeals on points of law against the respective decisions. As for the remaining 32 recourses, thirty (30) have been rejected by first degree courts and two (one (1) of which, amounting to €100k) have been partially accepted. Against all the recourses that have been rejected as well as against the recourse which amounts to €100k and has been partially accepted, the Company has filed appeals (with the exception of one recourse where an appeal cannot be filed, due to the amount of the litigation). Eighteen (18) of the said appeals have been rejected and the Company has already filed appeals on points of law before the Council of State, the hearing of which took place on 07.05.2014. Sixteen (16) of said appeals on point of law were accepted, whereas the rest two (2) recourses were rejected due to the amount of the litigation. The remaining twelve (12) appeals were heard on 13.01.2014 and the decision is pending. Following the rejection of the said recourses, the Company had to pay €2.9m in 2012 and €2.2m in 2013 (which are indicated in Prepayments and other debtors). If the outcome of the case is negative, according to the share sale agreement between the Municipality of Amaroussion and the Company, the total obligation will be on the Municipality, as it relates to transfers of properties before the acquisition of the shares of the subsidiary by the Company.
- Five (5) petitions for annulment have been filed and were pending before the Council of State for the subsidiary company "LAMDA Olympia Village SA", in relation to the plot of land where the Olympic Press Village (or "Olympiako Chorio Typou") and the Commercial and Leisure Centre "The Mall Athens" were built. More specifically: the first of these petitions was heard on 3.5.2006 and the decision no 391/2008 of the Fifth Chamber of the Council of State was issued committing for the Plenary Session of the Council of State. Further to successive postponements the case was heard on 5.4.2013. By virtue of its decision No 376/2014, the Plenary Session accepted the said petition and the Court annulled the silent confirmation by the competent planning authority of the Ministry of Environment, Planning & Public Works (namely, DOKK) that the studies of the project submitted to such authority were compliant with article 6 paragraphs 1 and 2 of Law 3207/2003. The Council of State annulled

the aforementioned act, because it identified irregularities of a procedural nature in the issuance of the licenses required for the project. In light of such nature of the identified irregularities, it is estimated that they may be rectified, and "LAMDA Olympia Village" has already initiated the procedure required further to the issuance of the said decision.

- The second petition was heard on 02.04.2014, further to successive postponements, and the issuance of a decision is still pending. In light of the aforementioned decision of the Court's Plenary Session, the Company's legal advisors believe that said petition will be rejected due to the lack of an object of litigation. The hearing for the remaining three petitions had been set on 06.05.2014 (again, further to successive postponements) but it has been postponed again for 11.11.2014. In light of the aforementioned decision of the Court's Plenary Session, the Company's legal advisors believe that the third and fourth petitions for annulment will be accepted. The fifth petition for annulment will probably be rejected on the grounds that the matter falls outside of the Court's jurisdiction (the decision under annulment not being an enforceable administrative act).
- Contractor "MICHANIKI SA" undertook a significant part of the construction works for the "Mediterranean Cosmos" shopping centre in Pylaia, Thessaloniki. Both "PYLAIA SA", a subsidiary of the Company, and "MICHANIKI SA" have filed actions and counter-actions against each other, which were jointly heard on 1.4.2009. The Athens Multimember Court of 1st Instance issued decision 8172/2009 according to which the actions of "PYLAIA SA" were rejected whereas an expert was appointed in relation to the actions of "MICHANIKI SA". "PYLAIA SA" appealed against that decision and the hearing of the appeal took place, following postponements, on 28.02.2013 before the Athens Court of Appeal. The Athens Court of Appeal issued decision No. 3977/ 2013 which rejected the appeal of "PYLAIA S.A.". The Company will submit an appeal on points of law before the Supreme Court. Moreover, on 28.12.2010 the Company filed lawsuits No 13132, 13134 and 13129/2010 before the Athens Multi-Member 1<sup>st</sup> Instance Court against "MICHANIKI SA", the hearing of which took place on 13.02.2013, following a postponement on 14.11.2012. Such lawsuits are identical to the previously presented lawsuits, save that they have been filed jointly with the company "EUROHYPO S.A.", to address the event where the Court rules that "PYLAIA SA" is not entitled to file these lawsuits in its name. For this reason, the hearing of such lawsuits was cancelled on 13.02.2013 and has now been reenacted so that those lawsuits are scheduled to be heard on 18.03.2015. Additionally, the hearing of the actions of "MICHANIKI SA" will take place on 27.05.2015, following a postponement, which was decided at the hearing of the case on 13.03.2013, following the submission to the Court of the expert's report which is favorable to "PYLAIA SA". Moreover, "PYLAIA SA" filed an action against "MICHANIKI SA" on 24.12.2010 for additional compensation from the above causes, the hearing of which has been set, following postponements, on 25.02.2015. Finally, "MICHANIKI S.A." filed a new lawsuit seeking compensation for amounts that "PYLAIA S.A." had collected from Alpha Bank by forfeiture of "MICHANIKI S.A."s bank bonds. The lawsuit is set to be heard on 28.05.2015. The amount of total claims of "PYLAIA SA" against "MICHANIKI SA" is €20m (which includes the amount of €2,5m for moral damages), while "MICHANIKI SA" with said actions claims the amount of €37m (including the amount of €10.5m in compensation for moral damages). In any case, the Company's legal advisors believe that the legitimate claims of "PYLAIA SA" against "MICHANIKI SA" significantly exceed the legitimate claims of the latter against "PYLAIA SA".
- Regarding the expropriation procedure of SINGIDUNUM-BUILDINGS, part of the land acquired by SINGIDUNUM-BUILDINGS was expropriated on behalf of JP PUTEVI SRBIJE, which is a public company. As in the procedure before the competent municipality, an agreement between SINGIDUNUM-BUILDINGS and JP PUTEVI SRBIJE could not be reached, the procedure was transferred to the Municipal court. Basically, there were two separate court procedures, both of which were ruled in favour of SINGIDUNUM-BUILDINGS. First instance decisions obliged JP PUTEVI SRBIJE to compensate SINGIDUNUM-BUILDINGS with the amounts of €838k (95m rsd) and €2.5m (279m rsd). The court procedure for €838k (95m rsd) has been finally ruled and executed, meaning that the second instance court confirmed the first instance decision, and JP PUTEVI SRBIJE has executed it in total. At this moment the second instance decision for the amount of €2.5m (279m rsd) is awaited, as it is in the competence of the High court of Belgrade. Having in

mind the identical factual and legal situation of both cases, a positive decision in this case is expected as well.

- “Public Properties Company S.A.” (hereinafter “PPC”), which had leased at the past the International Broadcasting Center (IBC) to the subsidiary company “LAMDA DOMI S.A.” (hereinafter “LAMDA DOMI”), has filed before the Athens One-member Court of First Instance an action for payment of an amount of €2.5m for due rents. The hearing of the said action will take place on 12.12.2014. LAMDA DOMI has already included in its financial statements a provision for €1.4m but does not acknowledge the total amount that PPC claims as due. Taking into account all the circumstances of the case, the legal advisors of the Company estimate that the said claim is probably covered by the respective provision of the financial statements.

Additionally, there are various legal cases of the Group’s companies, which are not expected to raise any material additional liabilities.

## 15. Related party transactions

The Group of “EFG Eurobank Ergasias SA” is not included (after 28/2/2013) in LAMDA Development SA Group related parties as at 31/12/2013, following the acquisition of the majority of its shares as well as its control from the Hellenic Financial Stability Fund.

The following transactions were carried out with related parties:

	GROUP		COMPANY	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013 <sup>(1)</sup>	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013 <sup>(1)</sup>
<i>all amounts in € thousands</i>				
<b>i) Sales of goods and services</b>				
- sales of services	370	423	569	584
	<b>370</b>	<b>423</b>	<b>569</b>	<b>584</b>
<b>ii) Purchases of goods and services</b>				
- purchases of services	2.681	2.950	440	565
	<b>2.681</b>	<b>2.950</b>	<b>440</b>	<b>565</b>
<b>iii) Dividend income</b>				
	-	-	4.896	4.756
<b>iv) Key management compensation</b>				
- salaries and other short-term employee benefits	274	231	274	231
	<b>274</b>	<b>231</b>	<b>274</b>	<b>231</b>
<b>v) Period-end balances from sales-purchases of goods/services</b>				
	GROUP		COMPANY	
	30.6.2014	31.12.2013 <sup>(1)</sup>	30.6.2014	31.12.2013 <sup>(1)</sup>
<i>all amounts in € thousands</i>				
Receivables from related parties:				
- parent	175	91	-	-
- associates	1.970	1.173	416	153
	<b>2.144</b>	<b>1.263</b>	<b>416</b>	<b>153</b>
Receivables from dividends from related parties:				
- associates	-	-	4.896	-
	-	-	<b>4.896</b>	-
Payables to related parties:				
- parent	8	-	-	-
- associates	1.918	2.101	14	9
	<b>1.926</b>	<b>2.101</b>	<b>14</b>	<b>9</b>



**vi) Loans to associates:**

Balance at the beginning of the period	1.778	1.707	92.160	90.965
Interest charged	36	72	593	1.195
<b>Balance at the end of the period</b>	<b>1.814</b>	<b>1.778</b>	<b>92.754</b>	<b>92.160</b>

**vii) Loans from associates:**

Balance at the beginning of the period	15.795	88.787	19.752	49.665
Derecognition of related party <sup>(1)</sup>	-	(73.708)	-	(34.586)
Loans granted during the period	-	-	-	4.000
Borrowings transaction costs	-	-	-	(96)
Amortization of borrowings transaction costs	-	-	9	18
Interest paid	-	-	(50)	(115)
Interest charged	355	717	444	867
<b>Balance at the end of the period</b>	<b>16.150</b>	<b>15.795</b>	<b>20.155</b>	<b>19.752</b>

<sup>(1)</sup> Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

Services from and to related parties, as well as sales and purchases of goods, take place based on the price lists in force with non-related parties.

## 16. Earnings per share

### Basic

Basic earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent entity, by the weighted average number of ordinary shares outstanding during the period.

**Continuing operations**

*all amounts in € thousands*

	GROUP		COMPANY	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
Profit / (loss) attributable to equity holders of the Company	(6.748)	(26.422)	(1.629)	(2.258)
Weighted average number of ordinary shares in issue	42.654	40.778	42.654	40.778
Basic profit / (losses) per share ( <i>in € per share</i> )	(0,16)	(0,65)	(0,04)	(0,06)

**Discontinued operations**

*all amounts in € thousands*

	GROUP		COMPANY	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
Profit attributable to equity holders of the Company	-	698	-	4.085
Weighted average number of ordinary shares in issue		40.778		40.778
<b>Basic profit per share (<i>in € per share</i>)</b>	<b>0,00</b>	<b>0,02</b>	<b>0,00</b>	<b>0,10</b>

### Diluted

**Continuing operations**

*all amounts in € thousands*

	GROUP		COMPANY	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
Profit / (loss) used to determine diluted earnings per share	(6.748)	(26.422)	(1.629)	(2.258)
Weighted average number of ordinary shares in issue	42.654	40.778	42.654	40.778
<b>Adjustment for share options:</b>				
Employees share option scheme	104	157	104	157
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	<b>42.758</b>	<b>40.935</b>	<b>42.758</b>	<b>40.935</b>
<b>Diluted profit / (losses) per share (<i>in € per share</i>)</b>	<b>(0,16)</b>	<b>(0,65)</b>	<b>(0,04)</b>	<b>(0,06)</b>

	GROUP		COMPANY	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013
<b>Discontinued operations</b>				
<i>all amounts in € thousands</i>				
Profit used to determine diluted earnings per share	-	698	-	4,085
Weighted average number of ordinary shares for diluted earnings per share	-	40,778	-	40,778
<b>Adjustment for share options:</b>				
Employees share option scheme	-	157	-	157
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	<b>-</b>	<b>40,935</b>	<b>-</b>	<b>40,935</b>
<b>Diluted profit per share (in € per share)</b>	<b>0,00</b>	<b>0,02</b>	<b>0,00</b>	<b>0,10</b>

(1) Adjusted amounts due to the revised IFRS 11 "Joint arrangements" (see note 19).

There were no dilutive potential ordinary shares. Therefore, the diluted earnings per share are the same as the basic earnings per share for all periods presented.

## 17. Income tax expense and fiscal years unaudited by the tax authorities

The income tax expense is based on the Management estimations of the weighted average tax rate that is expected to be applicable to profits throughout the year. The Group's companies are subject to income taxes in numerous jurisdictions. In addition, the tax rate for the subsidiaries registered in foreign countries differs from country to country as follows: Greece 26%, Romania 16%, Serbia 10%, Bulgaria 10%, Montenegro 9% and Netherlands 25.5%.

For conservative purposes, the Group has not recognized deferred tax asset for tax losses of €51m. Also, the Company has not recognized deferred tax asset for tax losses of €2.8m.

### Audit Tax certificate

From the 2011 financial year and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm.

#### Greek consolidated companies of LAMDA Group at 30/06/2014

LAMDA Development SA	KRONOS PARKING SA
LAMDA Olympia Village SA	LAMDA Erga Anaptyxis SA
PYLAIA SA	LAMDA Flisvos Holding SA
LAMDA Domi SA	LAMDA Waste Management SA
LAMDA Flisvos Marina SA	GEAKAT SA
LAMDA Prime Properties SA	ECE LAMDA HELLAS SA
LAMDA Estate Development SA	MC Property Management SA
LAMDA Akinhta SA	ATHENS METROPOLITAN EXPO SA
LAMDA Dogus Marina Investments SA	Piraeus Metropolitan Center SA
LD Trading SA	

(\* Consolidated companies of the Group in full method and equity method.

In relation to the financial year that ended at 31/12/2013 for the Company and the Greek Group companies (except those that are not subject to audit) as they are described above, the tax audit is completed by PricewaterhouseCoopers S.A. and the respective tax certificate has been issued unqualified. Respectively, the tax audit for Athens Metropolitan Expo SA is completed by Audit Services SA whereas for Piraeus Metropolitan Center SA by ICRA International Audit SACAA.

**Unaudited tax years**

The unaudited tax years for the Company and the subsidiaries and affiliates are as follows:

<u>Company</u>	<u>Fiscal years</u> <u>unaudited by the</u> <u>tax authorities</u>	<u>Company</u>	<u>Fiscal years</u> <u>unaudited by the</u> <u>tax authorities</u>
LAMDA Development SA	2009-2010	N.DOXA - LD TRADING LTD	2012-2013
LAMDA Olympia Village SA	2008-2010	LAMDA Development DOO Beograd	2003-2013
PYLAIA SA	2010	Property Development DOO	2010-2013
LAMDA Domi SA	2010	Property Investments DOO	2008-2013
LAMDA Flisvos Marina SA	2007-2010	LAMDA Development Romania SRL	2010-2013
LAMDA Prime Properties SA	2010	LAMDA Development Sofia EOOD	2006-2013
LAMDA Estate Development SA	2010	SC LAMDA MED SRL	2005-2013
LD Trading SA	2010	EUROBANK PROPERTY SERVICES SA	2005-2013
KRONOS PARKING SA	2010	ERB PROPERTY SERVICES D.O.O. BEOGRAD	2005-2013
LAMDA Erga Anaptyxis SA	2010	ERB PROPERTY SERVICES SOFIA A.D.	2005-2013
LAMDA Flisvos Holding SA	2010	LAMDA Development Montenegro DOO	2007-2013
LAMDA Waste Management SA	2010	LAMDA Development (Netherlands) BV	2008-2013
GEAKAT SA	2010	Robies Services Ltd	2007-2013
ECE LAMDA HELLAS SA	2010	Robies Proprietati Imobiliare SRL	2007-2013
MC Property Management SA	2010	SC LAMDA Properties Development SRL	2007-2013
LAMDA Akinhta SA	2010	SC LAMDA Olympic SRL	2002-2013
ATHENS METROPOLITAN EXPO SA	2010	Singidunum-Buildings DOO	2007-2013
METROPOLITAN EVENTS	2012-2013	GLS OOD	2006-2013
Piraeus Metropolitan Center SA	2010	LOV Luxembourg SARL	2013
		TIHI EOOD	2008-2013

For the unaudited tax years, there is a possibility of additional tax imposition and added increment, at the time that they are audited and finalized.

The Group provides, when considered appropriate, and on a company by company basis for possible additional taxes that may be imposed by the tax authorities. In August 2014 the tax audit was completed for the associate LAMDA Flisvos Marina S.A. for the financial years 2007 to 2009, and additional tax imposition of €26k occurred. The total amount of the cumulative provision made for the Group's and Company's unaudited, by the tax authorities, years amount to €1.4m and €0.7m respectively.

**18. Number of employees**

Number of employees at the end of the period: Group 146, Company 67 (restated six month period ended 30 June 2013: Group 142, Company 63) from which there are no seasonal (six month period ended 30 June 2013: Group 0, Company 0).

**19. Reclassifications of comparatives IFRS 11**

This standard becomes effective for annual periods beginning on or after 1 January 2014. The application of this new standard will impact the financial position of the Group by eliminating proportionate consolidation of the joint ventures which are disclosed in note 7. By implementing the new standard, the Group will account for joint ventures on an equity basis. Specifically, the impact of IFRS 11 on the previous financial year's financial position (which will be the comparative financial year in the financial statements as at 31 December 2013), is estimated to as follows: a decrease in investment property by €207m, a decrease in inventories by €42m, a decrease in borrowings by €144m and an increase in investments in joint ventures by €111m. There will be no significant impact on the Group's net equity, its net loss or other comprehensive income for the period.

The effect of the application of the new standard is analysed as follows:

# Semi-annual financial report

## 1 January - 30 June 2014

### Statement of financial position

all amounts in € thousands

	GROUP			COMPANY		
	31.12.2013 (issued)	Impact of IFRS 11	31.12.2013 (restated)	01.01.2013 (issued)	Impact of IFRS 11	01.01.2013 (restated)
<b>ASSETS</b>						
<b>Non-current assets</b>						
Investment property	594.959	(206.782)	388.177	550.863	(219.279)	331.584
Property, plant and equipment	11.732	(7.081)	4.651	38.875	(297)	38.579
Investments in joint ventures and associates	4.121	110.903	115.024	4.854	124.337	129.192
Deferred income tax assets	7.032	(327)	6.705	5.434	(231)	5.203
Trade and other receivables	19.892	(15.111)	4.780	14.851	(13.996)	855
	<b>637.737</b>	<b>(118.399)</b>	<b>519.338</b>	<b>614.878</b>	<b>(109.465)</b>	<b>505.413</b>
<b>Current assets</b>						
Inventories	125.678	(42.488)	83.190	130.194	(43.138)	87.056
Trade and other receivables	33.547	(3.124)	30.423	29.202	(3.284)	25.918
Current income tax assets	4.604	(12)	4.593	3.637	(142)	3.495
Cash and cash equivalents	42.864	(10.278)	32.586	116.387	(6.062)	110.326
	<b>206.693</b>	<b>(55.902)</b>	<b>150.791</b>	<b>279.420</b>	<b>(52.627)</b>	<b>226.794</b>
<b>Total assets</b>	<b>844.430</b>	<b>(174.300)</b>	<b>670.129</b>	<b>894.298</b>	<b>(162.091)</b>	<b>732.207</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to equity holders of the parent</b>						
Ordinary shares	219.953	-	219.953	219.591	-	219.591
Other reserves	11.439	(1.860)	9.579	11.718	(1.995)	9.723
Retained earnings/(accumulated losses)	18.246	1.860	20.106	64.999	1.995	66.994
	249.638	-	249.638	296.308	-	296.308
Non-controlling interests	(83)	-	(83)	4.699	-	4.699
<b>Total equity</b>	<b>249.555</b>	<b>-</b>	<b>249.555</b>	<b>301.007</b>	<b>-</b>	<b>301.007</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings	240.078	-	240.078	427.091	(112.142)	314.949
Deferred income tax liabilities	53.803	(29.941)	23.862	46.218	(24.925)	21.294
Derivative financial instruments	-	-	-	1.680	-	1.680
Retirement benefit obligations	421	(14)	407	435	-	435
Other non-current liabilities	9.025	6.872	15.898	10.775	6.800	17.576
	<b>303.326</b>	<b>(23.083)</b>	<b>280.243</b>	<b>486.199</b>	<b>(130.266)</b>	<b>355.933</b>
<b>Current liabilities</b>						
Trade and other payables	35.389	(6.695)	28.695	34.159	(5.565)	28.595
Current income tax liabilities	1.191	(276)	916	681	-	681
Derivative financial instruments	542	-	542	283	-	283
Borrowings	254.426	(144.247)	110.179	71.970	(26.260)	45.710
	<b>291.549</b>	<b>(151.218)</b>	<b>140.331</b>	<b>107.094</b>	<b>(31.825)</b>	<b>75.268</b>
<b>Total liabilities</b>	<b>594.875</b>	<b>(174.300)</b>	<b>420.574</b>	<b>593.293</b>	<b>(162.091)</b>	<b>431.201</b>
<b>Total equity and liabilities</b>	<b>844.430</b>	<b>(174.300)</b>	<b>670.129</b>	<b>894.298</b>	<b>(162.091)</b>	<b>732.207</b>

Income statement	GROUP			COMPANY		
	01.01.2013 to 30.06.2013 (issued)	Impact of IFRS 11	01.01.2013 to 30.06.2013 (restated)	01.12.2013 to 31.12.2013 (issued)	Impact of IFRS 11	01.12.2013 to 31.12.2013 (restated)
<b>Continuing operations</b> (all amounts in € thousands)						
Revenue	31.875	(10.148)	21.728	64.489	(19.808)	44.681
Net loss from fair value adjustment on investment property	(15.776)	4.213	(11.563)	(38.581)	12.692	(25.890)
Provision for inventory impairment	(3.031)	100	(2.931)	(4.833)	100	(4.733)
Cost of inventory sold	(83)	-	(83)	(227)	-	(227)
Other direct investment property expenses	(10.533)	2.597	(7.936)	(21.183)	5.261	(15.922)
Employee benefits expense	(3.426)	215	(3.211)	(8.505)	379	(8.125)
Depreciation of property, plant, equipment and intangible assets	(776)	160	(616)	(1.552)	328	(1.224)
Operating lease payments	(1.515)	1.096	(419)	(2.585)	1.484	(1.102)
Profits from disposal of associates	381	(152)	229	175	(62)	112
Other operating income / (expenses) - net	(3.111)	1.020	(2.091)	(7.175)	1.676	(5.499)
<b>Operating profit / (loss)</b>	<b>(5.994)</b>	<b>(900)</b>	<b>(6.894)</b>	<b>(19.977)</b>	<b>2.049</b>	<b>(17.928)</b>
Finance income	1.370	(372)	998	2.439	(764)	1.675
Finance costs	(11.278)	3.774	(7.504)	(22.639)	7.514	(15.126)
Share in profit of joint ventures and associates	255	(9.798)	(9.543)	(102)	(14.672)	(14.775)
<b>Loss before income tax</b>	<b>(15.647)</b>	<b>(7.295)</b>	<b>(22.942)</b>	<b>(40.280)</b>	<b>(5.874)</b>	<b>(46.153)</b>
Income tax	(10.793)	7.295	(3.498)	(9.049)	5.874	(3.175)
<b>Loss for the period from continuing operations</b>	<b>(26.441)</b>	<b>-</b>	<b>(26.441)</b>	<b>(49.329)</b>	<b>-</b>	<b>(49.329)</b>
<b>Discontinued operations</b>						
Profit for the period from discontinued operations	698	-	698	698	-	698
<b>Loss for the period</b>	<b>(25.743)</b>	<b>-</b>	<b>(25.743)</b>	<b>(48.631)</b>	<b>-</b>	<b>(48.631)</b>
<b>Loss attributable to:</b>						
Equity holders of the parent	(25.725)	-	(25.725)	(48.599)	-	(48.599)
Non-controlling interest	(18)	-	(18)	(32)	-	(32)
	<b>(25.743)</b>	<b>-</b>	<b>(25.743)</b>	<b>(48.631)</b>	<b>-</b>	<b>(48.631)</b>

all amounts in € thousands	GROUP			COMPANY		
	01.01.2013 to 30.06.2013 (issued)	Impact of IFRS 11	01.01.2013 to 30.06.2013 (restated)	01.01.2013 to 31.12.2013 (issued)	Impact of IFRS 11	01.01.2013 to 31.12.2013 (restated)
<b>Net cash generated used in operating activities</b>	<b>(596)</b>	<b>1.293</b>	<b>(1.889)</b>	<b>(78)</b>	<b>4.034</b>	<b>(4.112)</b>
<b>Cash flows used in investing activities</b>	<b>(78.186)</b>	<b>1.354</b>	<b>(79.540)</b>	<b>(77.647)</b>	<b>39</b>	<b>(77.686)</b>
<b>Cash flows from financing activities</b>	<b>19.584</b>	<b>(188)</b>	<b>19.772</b>	<b>13.862</b>	<b>(432)</b>	<b>14.294</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(59.198)</b>	<b>2.458</b>	<b>(61.656)</b>	<b>(63.863)</b>	<b>3.640</b>	<b>(67.503)</b>

## 20. Events after the balance sheet date

The events that took place after the balance sheet date are as follows:

- Completion of the increase of the share capital of the Company (see note 1)
- The signing of the new termsheets of the loan agreements for the refinancing of the Company's and the joint venture Singidunum Buildings D.O.O.'s bond loans (see note 2)
- The signing of new derivative financial instruments contracts with retrospective effect as of 30/06/2014 of the subsidiary LAMDA Domi SA (see note 10)

No other event has arisen after the balance sheet date that would have significant influence on these consolidated financial statements.

## Report on Review of Interim Financial Information

Translation from the original text in Greek

### To the Shareholders of “LAMDA Development S.A.”

#### *Introduction*

We have reviewed the accompanying condensed company and consolidated balance sheet of “LAMDA Development S.A. (the “Company”) and its subsidiaries as of 30 June 2014 and the related condensed company and consolidated statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard “IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

#### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information has not been prepared, in all material respects, in accordance with IAS 34.

#### *Reference to Other Legal and Regulatory Requirements*

Our review has not revealed any inconsistency or discrepancy in the other information included in the accompanying interim condensed financial information as required by article 5 of L.3556/2007.

The Certified Auditor Accountant

Athens, 28 August 2014

PricewaterhouseCoopers

268 Kifissias Avenue,

Konstantinos Michalatos

Halandri 15232,

SOEL Reg No 17701

Athens,

Greece

Notes and information for the six-month period ended on June 30, 2014

LAMD A DEVELOPMENT S.A.														
HOLDING AND REAL ESTATE DEVELOPMENT COMPANY S.A.														
Company's number in the General Electronic Commercial Registry: 337471000 (former S.A.R.E.S. No. 30306989626)														
Registered office: 27A Mikrasia Ave., 115 23 Athens														
FINANCIAL DATA AND INFORMATION for the period: 1 January 2014 - 30 June 2014														
In accordance with 4507/26.04.2003 resolution of the Greek Capital Market Commission														
The financial information listed below is aiming to provide a general awareness about the financial position and the financial results of LAMDA DEVELOPMENT S.A. Consequently, it is recommended to the reader, before any investment decision or transaction performed with the Company, to visit the website of the Company where the financial statements are available with the certified auditor's report.														
COMPANY'S DATA			Supervising Authority			Board of Directors			Chairman of the Board			Chief Executive Officer		
Company's web address:			Ministry of Development (department of limited companies)			Dr. Peter P. Kalantzis			Dr. Peter P. Kalantzis			Vice Chairman: Evangelos Chronis		
Date of approval of the financial statements by the Board of Directors:			www.lamda-development.gr			28 August 2014			Chief Executive Officer: Olyssseus E Athanasiou			Members:		
Name of the auditor:			Konstantinos Michalakis (S.O.E.L. Reg. No. 17721)			Fotios S. Athanasiou			Theodore C. Zervou			Lysimachos P. Papatheodorou		
Auditing firm:			PricewaterhouseCoopers SA			Georgios K. Gerasimos			Achilleos V. Konstantinopoulos					
Type of auditors report:			Unqualified											
STATEMENT OF FINANCIAL POSITION (Amounts in € thousands)						CASH FLOW STATEMENT (Amounts in € thousands) - Indirect Method								
GROUP			COMPANY			GROUP			COMPANY					
30/06/2014	31/12/2013	inveval	30/06/2014	31/12/2013		31/06/2014	31/06/2013	inveval	31/06/2014	31/06/2013				
<b>ASSETS</b>						<b>Cash flow from / (used in) operating activities</b>								
Investment property	383.387	388.177	1.840	1.840		(5.566)	(22.942)	(1.873)	(1.873)	(1.832)				
Owner occupied property, plant and equipment	5.247	4.601	221	225		-	810	-	810	4.085				
Investments in subsidiaries and associates	113.917	115.024	232.887	251.194		-	-	-	-	-				
Other non-current assets	12.287	11.488	88.715	89.870		-	-	-	-	-				
Inventories	80.723	83.190	-	-		7.727	14.484	-	-	-				
Trade and other receivables	38.110	35.015	32.878	30.152		478	618	49	79	-				
Cash and cash equivalents	40.219	32.588	17.877	7.587		-	-	-	-	-				
<b>TOTAL ASSETS</b>	<b>671.890</b>	<b>678.129</b>	<b>365.209</b>	<b>368.679</b>		<b>(1.244)</b>	<b>8.504</b>	<b>(4.896)</b>	<b>(4.896)</b>	<b>(8.841)</b>				
<b>EQUITY AND LIABILITIES</b>						<b>Changes in working capital:</b>								
Share capital	13.324	13.324	13.324	13.324		Increases in inventories	(345)	(200)	-	-				
Share premium	223.600	223.600	223.600	223.600		Increase in receivables	(2.402)	(472)	(283)	(453)				
Treasury shares	-	-	-	(16.870)		Increase in payables	(457)	(716)	(200)	(290)				
Other equity components	22.401	29.685	(38.871)	(38.824)		Minus:	-	-	-	-				
Total share capital and reserves (a)	259.324	266.609	198.052	193.129		Interest paid	(7.163)	(7.531)	(3.883)	(4.002)				
Non-current provisions (b)	365	633	-	-		Income tax paid	(852)	(1.303)	(20)	(90)				
Total equity (a) + (b) + (c)	259.229	249.555	198.052	193.129		Cash flow from operating activities from discontinued operations	-	-	-	-				
Long-term borrowings	229.842	240.078	65.450	65.350		<b>Cash flow used in operating activities - net</b>	<b>(2.623)</b>	<b>(1.889)</b>	<b>(7.733)</b>	<b>(8.962)</b>				
Deferred tax liabilities	24.782	23.862	-	-		<b>Cash flow from / (used in) investing activities</b>								
Provisions / Other non-current liabilities	18.894	18.304	19.379	19.379		Increases of property, plant and equipment and investment property	(1.200)	(81.523)	(18)	(19)				
Short-term borrowings	111.584	110.719	90.250	86.800		Interest received	310	1.128	188	790				
Other short-term liabilities	29.599	30.152	13.078	13.000		Proceeds from disposal of participations	213	1.208	213	1.208				
Total liabilities (d)	412.662	428.574	197.157	197.550		Increase / (decrease in share capital of participations)	139	(69)	(1.713)	(49.809)				
<b>TOTAL EQUITY AND LIABILITIES (a) + (d)</b>	<b>671.890</b>	<b>678.129</b>	<b>365.209</b>	<b>368.679</b>		Cash flows used in investing activities from discontinued operations	-	(302)	-	-				
						<b>Cash flow from / (used in) financing activities - net</b>	<b>(538)</b>	<b>(79.548)</b>	<b>(1.329)</b>	<b>(84.829)</b>				
						<b>Cash flow from / (used in) financing activities</b>								
						Purchase / sale of treasury shares	18.952	(73)	18.952	(73)				
						Share capital increase expenses	(1.791)	-	(1.791)	-				
						Dividends paid to the shareholders	-	(2)	-	(2)				
						Capital repayments of finance leases	(450)	(443)	-	-				
						Borrowings received	-	40.000	-	4.000				
						Repayments of borrowings	(8.548)	(18.715)	(450)	(9.570)				
						Borrowings transaction costs - new	-	(90)	-	(96)				
						Cash flows from financing activities from discontinued operations	-	(59)	-	-				
						<b>Cash flow from / (used in) financing activities - net</b>	<b>5.793</b>	<b>19.772</b>	<b>14.342</b>	<b>(5.745)</b>				
						<b>Net decrease in cash and cash equivalents</b>	<b>2.632</b>	<b>(81.656)</b>	<b>5.280</b>	<b>(52.937)</b>				
						Cash and cash equivalents at the beginning of period	32.586	110.328	7.597	78.441				
						Restricted cash reclassified to receivables	5.000	-	5.000	-				
						Change in cash and cash equivalents due to the disposal of interest held in participations, as well as the impact of IFRS 11	-	(2.130)	-	-				
						Cash and cash equivalents of discontinued operations at the disposal	-	(1.156)	-	-				
						<b>Cash and cash equivalents at end of the period</b>	<b>40.219</b>	<b>45.434</b>	<b>17.877</b>	<b>25.594</b>				

**ADDITIONAL DATA AND INFORMATION**

1. The Company has been audited by tax authorities until the fiscal year of 2009. For further information regarding the Company's and Group's unaudited financial statements refer to note 17 of the interim financial statements for the period ended June 30, 2014.

2. The accounting principles adopted in the preparation and presentation of the condensed interim financial statements for the six-month period ended on June 30, 2014 are consistent with the same accounting principles adopted for the financial statements of the Company and the Group for the year ended December 31, 2013 with the only exception of the application of IFRS 11 effective from 1 January 2014 (see note 19 of the interim financial statements for the period ended June 30, 2014).

3. The Company Consolidated Lands Holdings SA registered in Luxembourg participates in Company's share capital by 51.95% as at June 30, 2014 and therefore Group's financial statements are included in Consolidated Lands Holdings SA's consolidated financial statements by the full consolidation method.

4. Companies included in the consolidated financial statements together with country of establishment, participation interest, directly and indirectly, and method of consolidation as presented in note 7 of the condensed interim financial statements for the six-month period ended on June 30, 2014.

5. The Companies provide/act as share capital increase in subsidiaries LAMDA Egea Anaplasa SA, LAMDA Egea Anaplasa SA, LAMDA Egea Anaplasa SA, LAMDA Egea Anaplasa SA, LAMDA Egea Anaplasa SA and Property Development COO owned their share capital by €120K, 42K, 42K, 410K, and 800K respectively. On the other hand, the part value of LAMDA Aletia SA decreased its share capital by 450K. Also, during the first quarter of 2014, the Company's subsidiary LAMDA Development (Netherlands) BV participated in the establishment of the joint venture Lands Singapore Netherlands BV contributing the amount of 42K.

6. Real estate sales and pre notices over assets, amount € 180m concerning guarantees for bank loans.

7. The number of employees at the end of the period was: Group 146, Company 97 (including 3062213, Group 142, Company 63). There are no seasonal employees at the end of the period (30/06/2013, Group 0, Company 0).

8. The Company, on a resolution of the Board of Directors at 19/02/2014 sold the 3,497,599 shares (which had a holding of 7.28% of the total shares and voting rights of the Company) to TPG Avon Management LP for a total consideration of 76,363,390 comprising 44.85 per share while the Company received 176,552,417 net of the respective expenses. Following the above transaction the Company no longer holds treasury shares.

9. By implementing IFRS 11 for the comparative financial year, that ended on December 31, 2013, financial position reflects adjustments as follows: a decrease in investment property by 200K, a decrease in inventories by 450K, a decrease in borrowings by 474K and an increase in investments in participations by 471K. There will be no significant impact on the Group's net equity, its net assets or other comprehensive income for the period ended June 30, 2014.

10. Other comprehensive income (loss) after tax includes: (a) Cash flow hedges loss, after € 68M (30/06/2013 477K) at Group level and (b) (30/06/2013 24K) at Company level and (c) Foreign exchange difference € 3K (30/06/2013 4,200K) at Group level.

11. There are neither cases under dispute, litigation, or arbitrations nor any court decisions that are likely to have a significant impact on the Company's financial statements during the period ended June 30, 2014 as no provision has been made regarding cases under dispute, litigation, arbitrations or court decisions. The total amount of the accumulative provisions made for the Group's and Company's unaudited by the tax authorities years amounts to €1.6m and €0.7m respectively. (c) The other provisions that have been made accountably for the Group and the Company amount to €5.6m and include provisions for customer impairment.

12. During the comparative interim quarter of 2013, the Company contributed to the new company LAMDA DCOG S.A. with the shares held. As a result, the Group consolidated during the second quarter of 2013 the company Lands Plasso Marina SA, with interest held 23.6% following the equity method whereas in the first quarter of 2013 the full consolidation method had been applied.

13. At the Extraordinary General Meeting of shareholders of the Company, which held a meeting on 26 April 2014, decided the increase of the share capital of the Company with a view to raising funds to €150m. As a result, following the completion of the share capital increase procedure in July 2014, the Company's paid-up share capital amounts to €233,913,939 and is divided in 75,792,464 common shares, of nominal value €3.30 each (see note 1 of the condensed interim financial statements for the period that ended June 30, 2014). The total capital saved through the above-mentioned share capital increase of the Company amounts to €18.5m after the deduction of the costs and expenses of the issuance of €3.5m.

14. The Hellenic Republic Asset Development Fund announced that the Company is the preferred investor regarding the acquisition of 100% of the share capital of the company 'Hellas SA' serving to the exploitation of the former Hellikon airport area and the coastal zone of 416,200,000 sqm total area.

15. In July 2014, the new investments were signed in relation to the loan agreements for the refinancing of the Company's bond of €57M, as well as the joint venture's Singaporean Buildings COOs (see note 1 of the condensed interim financial statements for the period that ended June 30, 2014).

16. Intercompany transactions for the period ended June 30, 2014 and intercompany balances as at June 30, 2014 according to IAS 24 are as follows:

	GROUP	COMPANY
to Shareholders	20	205
to Expenses	2,861	440
to Discontinued income	-	4,800
to Receivables	3,960	88,200
to Payables	18,077	29,180
to Transactions and prior balances of BOD members and management	274	274
to Shareholders from BOD members and management	-	-
to Payables to BOD members and management	-	-
to Cash at bank - unclassified	-	-