

## LAMDA Development: First Semester 2017 Financial Results

### CONTINUOUS IMPROVEMENT OF OPERATIONAL PROFITABILITY AND IMPORTANT STRATEGIC DEVELOPMENTS IN FIRST SEMESTER 2017

Following the record profitability of 2016 and despite the prevailing adverse economic environment, the **operational profitability (EBITDA)** of our three shopping centers in the first semester **posted an increase of 2,3%** versus the first semester of 2016, reaching €22,0 million. The aggregate consolidated operating results (**EBITDA**) of the group before valuations reached **€18, 6 million**, recording an **increase of 3, 9%** compared to **first semester of 2016**.

#### PRESENTATION OF MAIN RETAIL INDICATORS

During first semester 2017, the combined effect of the prolonged adverse economic conditions, the extreme weather conditions and prolonged public strikes on public means of transportation during the first quarter of 2017, as well as the cease of the operations of an important anchor tenant occupying many shops, have temporarily affected the main retail indicators. Aggregate shopkeepers' turnover decreased by 4,4%, while total customer visits decreased by 2,6%, compared to the first semester of 2016. We note that the above mentioned trend was reverted in July, recording an increase of 2,1% and 7% respectively. **The average occupancy** of our shopping centers approaches **98%** with commercial interest for retail spaces continuing vibrant.

The differentiation and quality of services in our Shopping Centres compared to the rest of the retail market continue to attract the overwhelming preference of the consumer public. Shopkeepers, continue to enjoy ample support via common marketing, promotional and communication activities and acknowledge the fact they outperform the overall retail market.

The operational profitability of **"The Mall Athens"** reached €13, 7 million, showing an increase of 3%. It is noted that shopkeepers' turnover decreased by 4, 3%, while customer visits decreased by 2, 1% due to the above mentioned reasons. As far as **"Golden Hall"** is concerned, its operational profitability reached €8 million, resulting in an increase of 1, 3%. Shopkeepers' turnover dropped by 6, 1% also due to the above mentioned reasons, while customers' visits increased by 1, 2%. The operational profitability of **"Mediterranean Cosmos"** in Thessaloniki posted an increase of 4, 3% amounting to €7, 2 million. Shopkeepers' turnover and customer visits decreased by 3% and 5% respectively, while the Shopping Center has almost reached its full capacity in terms of occupancy with a 99% rate. The deterioration of the center's performance indicators is mainly attributed to the weather conditions during the first quarter of 2017.

#### NEW IMPORTANT DEVELOPMENTS

In Q1 2017 the Company established LAMDA MALLS S.A., a new subsidiary company, incorporated by the contributions of the shares of the owner companies of Golden Hall and Mediterranean Cosmos shopping centers. Following this corporate restructuring and, in pursuit of its strategic goal to strengthen and grow its position in the real estate market, the Company signed on 03/04/2017 a strategic partnership agreement with Värde Partners that referred to the participation of Värde in the share capital of the newly established subsidiary company and provided for new acquisitions/investments by LAMDA MALLS in the retail real estate sector. On 01/06/2017 Värde paid the amount of €61, 3 million for the acquisition of 31,7% of LAMDA MALLS S.A.

Furthermore, the company during Q2 2017 signed an agreement for the purchase of 50% of the share capital of LAMDA OLYMPIA VILLAGE S.A. (owner of The Mall Athens) from IRERE PROPERTY INVESTMENTS LUXEMBOURG. The transaction was concluded on 17/07/2017 with an acquisition cost of €85 million, making LAMDA Development owner of 100% of LAMDA OLYMPIA VILLAGE S.A.

#### FINANCIAL RESULTS ANALYSIS

Following IFRS standard 11 that is effective from 1/1/2014, our company has been obliged to discontinue consolidating joint ventures by the proportional method and henceforth, joint ventures have been consolidated with the equity method. It must be stressed that, in the balance sheet, consolidation with the equity method does not have any effect on the Group Equity or Net Profit after Taxes.

The following table summarizes the **Group’s Retail EBITDA**:

<b>(amounts in € mln.)</b>	<b>H 2017</b>	<b>H 2016</b>	<b>(%) change</b>
“The Mall Athens” (50%)	6,8	6,7	3,0%
“Mediterranean Cosmos”	7,2	6,9	4,3%
“Golden Hall”	8,0	7,9	1,3%
<b>Retail EBITDA</b>	<b>22,0</b>	<b>21,5</b>	<b>2,3%</b>

Office buildings contributed €0, 8 million to the Group operational profitability, same as in H1 2016.

Total EBITDA on a consolidated basis before valuations reached €18, 6 million, posting an increase of 3, 9%, reflecting the increase of the operational profitability of our Shopping Centers. **Net Results** (on a consolidated basis) **showed losses of €10,9 million** versus profits of €1,5 million in H1 2016, **that are attributed to fair value losses of land plots and to extraordinary increase of income tax.**

**Net Asset Value (NAV) before taxes** reached **€391,1 million**, while, if we incorporate the acquisition of the additional 50% of The Mal Athens that was effected in July 2017, **NAV reached €413,1m.** (€5,18 per share).

#### Summary of consolidated financial figures

<b>(amounts in € mln.)</b>	<b>H1 2017</b>	<b>H1 2016</b>	<b>(%) change</b>
<b>Proportional (Pro – Forma) EBITDA before valuations</b>	<b>18,6</b>	<b>17,9</b>	<b>3,9%</b>
Fair Value Losses	-7,3	-1,1	664%
Net interest expense	-11,5	-11,3	1,8%
Depreciation	-0,6	-0,6	0,0%
Taxes	-9,6	-3,5	174,3%
<b>Net Profit</b>	<b>-10,9</b>	<b>1,4</b>	<b>n/a</b>

**The Company’s stock**, surpassing substantially the upward performance of the Athens Stock Exchange since the beginning of the year, has posted a significant increase of 43,1% from previous year closing levels, at a share price of €6,81 on 05/09/2017.

The **Net Loan to Value Ratio (Net LTV)** of the Group’s investment portfolio stands at 32,4%, post the sale of 31,7% of LAMDA MALLS S.A. .Also, as of 30/06/2017 the Company has acquired a total of 2.366.007 treasury shares, representing 2, 97% of its share capital, with a weighted average purchase price of €3,87 per share.

Regarding the announcement of the financial results, CEO of Lamda Development Mr. Odysseas Athanasiou stated:

On the occasion of the announcement of the financial results, the **CEO of Lamda Development Mr. Odysseas Athanasiou stated:**

“The first half of 2017 has been a milestone period for LAMDA Development: We further improved our net operating profits, initiated and executed the agreement to team up with Varde Partners as co-investors in the new real estate investment vehicle LAMDA MALLS with the scope to further expand in the sector through acquisitions and investments and also succeeded in buying the remaining 50% of The Mall Athens from HSBC with net economic benefit to our shareholders. The continuing trust that the consumer public places to our shopping malls and the support we continue to obtain from international investors are a clear reward to our efforts in implementing our strategy. We intend to continue with our goal of offering superior services to our clients as well as further pursue new investments in our sector which also inevitably shall significantly contribute to employment and economic growth in the country”.

The summary of the first semester 2017 financial figures will be posted on the company’s website ([www.lamdadev.com](http://www.lamdadev.com)) and on the website of the Athens Exchange.