

## REPORT

of the Board of Directors of the Société Anonyme under the name «**LAMDA DEVELOPMENT HOLDING AND REAL ESTATE DEVELOPMENT SOCIETE ANONYME**» [General Commercial Registry (GEMI) No 3379701000] addressed to the Extraordinary General Meeting of the Shareholders to be held on the 10<sup>th</sup> of October 2019, pursuant to the provisions of Article 9 of Law 3016/2002 and Articles 4.1.3.13.1. and 4.1.3.13.2. of the ATHEX Rulebook, regarding its share capital increase by payment in cash and pre-emption rights to the existing shareholders.

### **A. Preamble**

On the 18<sup>th</sup> September 2019 the Board of Directors of the société anonyme «LAMDA DEVELOPMENT HOLDING AND REAL ESTATE DEVELOPMENT SOCIETE ANONYME» (hereinafter the “**Company**”) decided to propose to the Extraordinary General Meeting of its Shareholders that has been convened for the 10<sup>th</sup> of October 2019 (hereinafter the “**EGM**”), the following:

a) the share capital increase by payment in cash for raising of funds up to the amount of six hundred and fifty million and hundred euro (€ 650,000,100.00) by the Company and the issuance of up to 2.166.667.000 new common, registered, shares with voting rights having a nominal value of €0.30 each (the “**New Shares**”), and with preemptive rights to the existing shareholders, in accordance with the relevant provisions of law 4548/2018 and the Company’s Articles of Association. The final number of the New Shares shall be equal to the amount of the funds raised divided by the subscription price of the New Shares. The nominal amount of the share capital increase shall be equal to the number of the New Shares multiplied by the nominal values of each New Share. Therefore, it is proposed that the final number of the New Shares and the final nominal amount of the share capital increase shall be calculated by the Board of Directors within the process of defining the subscription price in accordance with paragraph c) below.

b) the New Shares shall be offered in Greece through a public offering in Greece in view of the fact that pre-emption rights shall be offered to the existing shareholders. To be noted that the public offering in Greece requires a prior approval by the Hellenic capital Markets Committee and publication of a Prospectus, in accordance with Law 3401/2005

and EU Regulation 1129/2017 regarding the public offering and admission of the New Shares to trading on the Athens Exchange.

c) the granting of authorization by the General Meeting of the Shareholders to the Company's Board of Directors in accordance with article 25 paragraph 2 of law 4548/2018 as in force, in order to determine the subscription price of the New Shares that within a period which cannot exceed one (1) year ("**the Subscription Price**"). Moreover, it is proposed that the Subscription Price can be higher than the market price of the Company's shares at the date of detachment of the pre-emption rights. The total above par value that will occur after the determination of the Subscription Price by the Board of Directors, is proposed to be credited on the "premium account".

d) not to issue fractions of the New Shares and the New Shares shall be entitled to a dividend from profits of the current fiscal year (01.01.2019- 31.12.2019) onwards, pursuant to applicable legislation and the Company's Articles of Association.

e) as regards the process for subscribing to New Shares, it is proposed that the following have a preemption right in the above share capital increase:

- (i) all the Company's shareholders, who shall be registered in the Dematerialised Securities System managed by Hellenic Exchanges S.A. ("HELEX"), one (1) business days after the date of the detachment of the preemptive rights (in accordance with article 5.2 of the ATHEX Rulebook), and provided they retain these rights at the time of their exercise, and
- (ii) every person who obtains preemptive rights during the trading phase of the said rights in the Athens Exchange.

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

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

- (i) all the technical and procedural terms of the right of pre-subscription as well as the way and the deadline for its exercise, including any determination of the higher number of shares, which those exercising the right of pre-subscription will be entitled to acquire,

- (ii) the process for the return of reserved amounts in the event of partial or non-satisfaction of exercised pre-subscription rights.
- (iii) any other detail regarding the preemptive and pre-subscription rights.

In the event of any unsubscribed shares remaining, despite the exercise of the above preemptive and pre-subscription rights, it is proposed that the Board of Directors is authorized, pursuant to Article 26 paragraph 4 of law 4548/2018, to dispose them at its discretion through a private placement for a price which cannot be lower than the Subscription Price, otherwise the Company's share capital will be increased only by the amount of final subscription in accordance with Article to Article 28 of law 4548/2018, as in force (possibility of partial subscription).

With the framework of the implementation of the provision of Article 9 of Law 3016/2002 and of Articles 4.1.3.13.1. and 4.1.3.13.2. of the ATHEX Rulebook, the present Report of the Board of Directors, that will be submitted to the abovementioned Extraordinary General Meeting of the Shareholders or to any meeting repeating it or after adjournment, will be communicated to ATHEX, in order for it to be published in its website simultaneously with the invitation for the convocation of the above General Meeting, and will also be published in the Company's website.

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

The previous share capital increase was completed by virtue of a resolution of the Extraordinary General Meeting of shareholders dated 29.04.2014, by payment in cash and pre-emptive rights to the then shareholders of the Company to subscribe for 0,794691552779231 new shares for held share. The funds that were raised with the share capital increase amounted at a total of €146,100,000.00 (total amount €150,000,000.00 minus expenses of €3,900,000.00 (initial estimation of expenses 3,500,000)). From the share capital increase, 35.294.117 new common registered shares of subscription price €4,25 each and nominal value €0,30 each, which were listed for trading on the Main Market of the Athens Stock Exchange on 22.07.2014. The Board of Directors held a meeting on 17.07.2014 and certified the payment of the total amount of the share capital increase. Until 31.12.2018 the raised capital, was allocated according to the use as described in the Prospectus, as was amended with the Company's BoD Resolutions dated 22.05.2015, 24.05.2016 and 23.05.2018 in conjunction with the respective decisions of the Ordinary General Meeting of the shareholders of the Company dated 16.06.2015, 15.06.2016 and 14.06.2018, as following:

**TIME SCHEDULE FOR THE USE OF PROCEEDS FROM THE SHARE CAPITAL INCREASE**

|   | ALLOCATION OF RAISED CAPITAL AS PROVIDED FOR IN THE INFORMATIVE BULLETIN FOR IN THE INFORMATIVE BULLETIN (timeschedule of allocation of raised capital within 36 months from the certification of the payment) | ALLOCATION OF RAISED CAPITAL AS PROVIDED FOR IN THE INFORMATIVE BULLETIN AFTER ITS AMENDMENT IN ACCORDANCE TO THE BOARD OF DIRECTORS DECISION DATED 22.05.2015 (notification of the decision 22.05.2015) IN COMBINATION WITH DECISION OF ORDINARY GENERAL ASSEMBLY DATED 16.06.15 (notification of the decision 16.06.2015) (1) | ALLOCATION OF RAISED CAPITAL AS PROVIDED FOR IN THE INFORMATIVE BULLETIN AFTER ITS AMENDMENT IN ACCORDANCE TO THE BOARD OF DIRECTORS DECISION DATED 24.05.2016 (notification of the decision 24.05.2016) IN COMBINATION WITH DECISION OF ORDINARY GENERAL ASSEMBLY DATED 15.06.16 (notification of the decision 15.06.2016) (2) | ALLOCATION OF RAISED CAPITAL AS PROVIDED FOR IN THE INFORMATIVE BULLETIN AFTER ITS AMENDMENT IN ACCORDANCE TO THE BOARD OF DIRECTORS DECISION DATED 23.05.2018 (notification of the decision 23.05.2018) IN COMBINATION WITH DECISION OF ORDINARY GENERAL ASSEMBLY DATED 14.06.18 (notification of the decision 14.06.2018) (3) | ALLOCATED CAPITAL    |                      |                      |                       |                       | UNALLOCATED CAPITAL BASED ON THE BoD DECISION 23.05.2018 |
|---|--|---|---|---|----------------------|----------------------|----------------------|-----------------------|-----------------------|--|
|   |  |   |   |   | USE UNTIL 31.12.2014 | USE UNTIL 31.12.2015 | USE UNTIL 31.12.2016 | USE UNTIL 31.12.2017  | USE UNTIL 31.12.2018  |  |
| (Amounts in € thousands)  | TOTAL  | TOTAL   | TOTAL   | TOTAL   | USE UNTIL 31.12.2014 | USE UNTIL 31.12.2015 | USE UNTIL 31.12.2016 | USE UNTIL 31.12.2017  | USE UNTIL 31.12.2018  | UNALLOCATED CAPITAL BASED ON THE BoD DECISION 23.05.2018 |
| A.<br>Επρέ  | 25.000   | 25.000  | 25.000  | 3.875   |                      | 3.875 <sup>(4)</sup> |                      |                       |                       | 0  |
| B. Payment of operating expenses, interest expense, loan repayments and subsidiaries overheads through share capital increase   | 25.000   | 25.000  | 25.000  | 25.000  | 6.700                | 17.150               | 1.150                |                       |                       | 0  |
| C. Investment property<br>Investments in real estate and in the assets and liabilities of real estate exploitation LAMDA Development SA's Group companies and Investments in credit claims offered on the secondary market against LAMDA Development SA's Group companies | 96.083   | 96.083  | 89.083  | 89.083  | 1.000 <sup>(5)</sup> | 2.000 <sup>(5)</sup> | 2.500 <sup>(5)</sup> | 83.583 <sup>(6)</sup> |                       | 0  |
| D. Acquisition of own shares  |  |   | 7.000   | 2.426   |                      |                      | 2.426 <sup>(7)</sup> |                       |                       | 0  |
| E. Repayment of bond loans  |  |   |   | 25.699  |                      |                      |                      |                       | 25.699 <sup>(8)</sup> | 0  |
| <b>Total</b>  | <b>146.083</b>   | <b>146.083</b>  | <b>146.083</b>  | <b>146.083</b>  | <b>7.700</b>         | <b>23.025</b>        | <b>6.076</b>         | <b>83.583</b>         | <b>25.699</b>         | <b>0</b>   |

### C. Use of funds to be raised

The funds which will be raised from the proposed share capital increase, shall be used towards enhancing the Company's capital base and liquidity for the purpose of acquiring 100% of the shares issued by Hellinikon S.A. in accordance with the provisions of the Share Sale and Purchase Agreement dated 14.11.2014 between a) the Hellenic Republic Asset Development Fund S.A. b) its 100% subsidiary Hellinikon Global I S.A. (the Buyer), c) the Company (as guarantor for its subsidiary) and the Hellenic Republic as a third contracting party and the Amendment Agreement dated 19.07.2016 as both were ratified by law 4422/2016 (Government's Gazette 181/A/2016) and of the implementation of the relevant investment (Note: capitalized terms used in this paragraph C have the same meaning as in the above mentioned agreement dated 14.11.2014).

More specifically the relevant investment is with regards the acquisition from the above Company's subsidiary the 100% of the company Hellinikon S.A. against a total purchase price of €915,000,000.00 and the development of the Metropolitan Area of Hellinikon - Agios Kosmas in accordance with the Integrated Development Plan which was ratified by virtue of presidential decree 282/01.03.2018 (Government's Gazette 35/ΑΑΠ/2018).

From the funds to be raised:

- an amount of €467,000,000.00 shall be used for the participation in share capital increase of the above 100% subsidiary so as to be used by it for the payment as the Buyer of the first two instalments of the Share Acquisition Price in accordance with the terms and conditions of the Agreement and of the above Amendment Agreement i.e. an amount of €300,000,000.00 will be used for the payment of the first instalment on the Transfer Date and an amount of €167,000,000.00 shall be used for the payment of the second instalment on the second anniversary from the Transfer Date (under the condition that until that time the buildings permits for landmark buildings as those are depicted in the Concept Master Plan) ;
- an amount of €133,000,000.00 shall be used for the implementation of individual developments within the investment within three (3) years from the completion of the share capital increase;
- an amount of €40,000,000 shall be used for working capital needs of the Company within the investment within three (3) years from the completion of the share capital increase; and
- an amount of €10,000,000 shall be used for the payment of the expenses of the proposed share capital increase.

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

“Consolidated Lamda Holdings S.A. (CLH) as major shareholder of Lamda Development S.A. (the Company) states that it intends:

- i. to exercise the totality of its corresponding pre-emptions rights
- ii. to cover all or part of the New Shares, that will remain unsubscribed at the end of the period for the exercise of the pre-emptive rights and after the relevant actions of the Board of Directors for the subscription of such shares
- iii. to maintain its participation in the Company at least for a period of six (6) months after the commencement of trading of the New Shares.”

and

“The major shareholder Voxcove Holdings Ltd has stated to the Company that it supports Hellinikon Project and intends to participate in the anticipated share capital increase of the Company so that after its completion and for a period of at least six (6) months (as stipulated in article 4.1.3.13.2 of the ATHEX Rulebook) the participation percentage of Voxcove in the Company’s share capital and voting rights shall be at least 10%.

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

The Board of Directors proposes to be granted the authorization, pursuant to Article 25 paragraph 2 of law 4548/2018, as in force, to determine the Subscription Price within the deadline that shall be determined by the extraordinary general meeting, which may not exceed one (1) year from the date on which the relevant decision of the Extraordinary General Meeting was adopted, pursuant to Article 25 paragraph 2 of law 4548/2018. Furthermore, it is proposed that the Subscription Price can exceed the market price at the time of the detachment of the preemption rights.

**Athens, September 18, 2019**

**THE BOARD OF DIRECTORS**