



Q4 2010 Quarterly Report

Condensed interim consolidated financial statements
as at and for a period of twelve months ended December 31, 2010

echo
I N V E S T M E N T

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1. Selected consolidated financial data

	in thousands PLN		in thousands EUR	
	the period from 2010.01.01 to 2010.12.31	the period from 2009.01.01 to 2009.12.31	the period from 2010.01.01 to 2010.12.31	the period from 2009.01.01 to 2009.12.31
I. Operating incomes	427 753	431 426	106 821	99 393
II. Profit before tax and financial incomes/costs	167 594	196 140	41 852	45 187
III. Profit (loss) before tax	137 534	129 625	34 346	29 863
IV. Net profit (loss)	146 864	103 696	36 676	23 890
V. Net operating cash flow	118 287	185 026	29 539	42 627
VI. Net investment cash flow	(62 509)	(393 400)	(15 610)	(90 633)
VII. Net financial cash flow	159 855	63 275	39 920	14 577
VIII. Total net cash flow	215 633	(145 099)	53 849	(33 428)
IX. Assets total	4 488 799	4 228 272	1 133 449	1 029 227
X. Equity attributable to shareholders of the parent company	1 874 608	1 720 284	473 350	418 744
XI. Non-current liabilities	1 853 728	1 700 048	468 078	413 818
XII. Current liabilities	508 180	511 418	128 319	124 487
XIII. Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
XIV. Profit (loss) per ordinary share (in PLN/ EUR)	0.35	0.25	0.09	0.06
XV. Diluted profit (loss) per ordinary share (in PLN / EUR)	0.35	0.25	0.09	0.06
XVI. Book value per share (in PLN/ EUR)	4.46	4.10	1.13	1.00
XVII. Diluted book value per share (in PLN / EUR)	4.46	4.10	1.13	1.00

2. Interim consolidated statement of financial position

in thousands PLN	balance as at 2010.12.31	balance as at 2009.12.31
Assets		
1. Non-current assets		
1.1. Intangible assets	1227	1051
1.2. Tangible fixed assets	25 409	18 615
1.3. Long-term receivables	39	40
1.4. Investment property	2 807 023	2 780 096
1.5. Investment property under construction	712 868	705 577
1.6. Financial investments	504	337
1.7. Loans granted	21	12
1.8. Deferred income tax assets	15 083	42 545
	3 562 174	3 548 273
2. Current assets		
2.1. Inventories	457 054	420 525
2.2. Deferred income tax receivables	2 051	4 969
2.3. Other tax receivables	41 980	30 005
2.4. Trade receivables and other receivables	44 881	96 420
2.5. Loans granted	1 039	82
2.6. Derivative financial instruments	828	1 558
2.7. Cash and cash equivalents	378 792	169 101
	926 625	722 660
Assets total	4 488 799	4 270 933

2. Interim consolidated statement of financial position continued

in thousands PLN	balance as at 2010.12.31	balance as at 2009.12.31
Liabilities		
1. Equity		
1.1. Equity attributable to equity holders of the parent company	1 874 608	1 733 686
1.1.1. Initial capital	21 000	21 000
1.1.2. Supplementary capital	1 709 726	1 597 501
1.1.3. Accumulated profit (loss)	146 864	112 225
1.1.4. Foreign exchange gains/losses arising from conversion of foreign companies' data	(2 982)	2 960
1.2. Minority interest in equity	(58)	(8)
	1 874 550	1 733 678
2. Provisions		
2.1 Provisions for liabilities	11 395	16 650
2.2 Deferred tax liabilities	240 946	287 760
	252 341	304 410
3. Non-current liabilities		
3.1. Borrowings	1 746 110	1 664 098
3.2. Derivative financial instruments	10 310	2 705
3.3. Deposits received	40 452	39 939
3.4. Leases	56 856	38 559
	1 853 728	1 745 301
4. Current liabilities		
4.1. Borrowings	325 203	176 759
4.2. Derivative financial instruments	8 586	163 984
4.3. Deferred income tax liabilities	2 729	5 600
4.4. Other tax liabilities	37 462	8 284
4.5. Trade liabilities	102 160	65 870
4.6. Other liabilities	13 392	12 411
4.7. Advances received	18 648	54 636
	508 180	487 544
Liabilities total	4 488 799	4 270 933
Book value (in thousands PLN)	1 874 608	1 733 686
Number of shares	420 000 000	420 000 000
Book value per share (in PLN)	4.46	4.13
Diluted number of shares	420 000 000	420 000 000
Diluted book value per share (in PLN)	4.46	4.13
OFF BALANCE ITEMS in thousands PLN	balance as at 2010.12.31	balance as at 2009.12.31
1. Off-balance receivables	-	-
2. Off-balance liabilities	600	3 911

3. Interim consolidated profit and loss statement

in thousands PLN	period from 2010.10.01 to 2010.12.31	period from 2010.01.01 to 2010.12.31	period from 2009.10.01 to 2009.12.31	period from 2009.01.01 to 2009.12.31
Operating incomes	101 271	427 753	102 856	431 426
Operating expenses	(40 729)	(174 820)	(44 434)	(167 717)
Sales gross profit (loss)	60 542	252 933	58 422	263 709
Profit (loss) on sales of property	14 974	52 903	-	-
Revaluation of properties	(24 011)	(90 436)	(63 434)	(22 885)
Costs of sales	(7 025)	(21 184)	(6 114)	(18 009)
Administrative costs	(13 178)	(40 353)	(14 373)	(37 225)
Other operating incomes (expenses)	3 091	13 731	4 505	10 550
Profit before tax and financial incomes/costs	34 393	167 594	(20 994)	196 140
Financial incomes	17 246	178 444	55 182	86 421
Financial costs	(37 024)	(250 610)	(48 116)	(173 576)
Foreign exchange gains (losses)	17 067	42 167	33 288	(20 666)
Revaluation of good will of subsidiaries	6	(61)	(26)	(26)
Profit (loss) before tax and interest	31 688	137 534	19 334	129 625
Income tax	(732)	9 236	(280)	(25 929)
Net profit (loss)	30 958	146 770	19 054	103 696
Profit (loss) attributable to holders of non-controlling interest in equity	(2)	(94)	-	-
Profit (loss) attributable to equity holders of the parent	30 958	146 864	19 054	103 696
Net profit (loss) (annualized)		146 864		103 696
Weighted average number of ordinary shares		420 000 000		420 000 000
Earnings per ordinary share, annualized (in PLN)		0.35		0.25
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted earnings per ordinary share (in PLN)		0.35		0.25

4. Interim consolidated total income statement

in thousands PLN	the period from 2010.10.01 to 2010.12.31	the period from 2010.01.01 to 2010.12.31	the period from 2009.10.01 to 2009.12.31	the period from 2009.01.01 to 2009.12.31
Net profit	30 956	146 770	19 054	103 696
Other total incomes:				
- exchange rate differences resulting from calculation of foreign operations	(3 628)	(5 942)	(5 652)	(10 610)
Other total incomes net	(3 628)	(5 942)	(5 652)	(10 610)
Total income for the period, including:	27 328	140 828	13 402	93 086
Total profit attributable to equity holders of the parent	27 330	140 922	13 402	93 086
Total profit attributable to non-controlling interest in equity	(2)	(94)	-	-

5. Interim consolidated statement of changes in the equity

in thousands PLN	Issued capital	Supplementary capital	Accumulated earnings (loss)	Foreign exchange differences on transactions	Equity attributable to equity holders of parent	Non-controlling interest in equity	Total shareholders' equity
For 4 quarters (current year), the period from 2010.01.01 to 2010.12.31							
Balance as at the beginning of period, after reconciliation to comparable data	21 000	1 597 501	112 225	2 960	1 733 686	(8)	1 733 678
Distribution of profit/loss carried forward	-	112 225	(112 225)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	44	44
Other total net incomes	-	-	-	(5 942)	(5 942)	-	(5 942)
Net profit (loss) of the current period	-	-	146 864	-	146 864	(92)	146 770
Balance as at the end of period	21 000	1 709 726	146 864	(2 982)	1 874 608	(58)	1 874 550
For 4 quarters (previous year), the period from 2009.01.01 to 2009.12.31							
Balance as at the beginning of period, after reconciliation to comparable data	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
Distribution of profit/loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-
Other total net incomes	-	-	-	(10 610)	(10 610)	-	(10 610)
Net profit (loss) of the current period	-	-	103 696	-	103 696	-	103 696
Balance as at the end of period	21 000	1 597 501	112 225	2 960	1 733 686	(8)	1 733 678

6. Interim consolidated cash flow statement

Cash flow statement	the period from 2010.01.01 to 2010.12.31	the period from 2009.01.01 to 2009.12.31
A. Cash flows on operating activities - indirect method		
I. Net profit (loss)	146 770	103 696
II. Adjustments total		
1. Share of net (profit) loss of associates	(162)	26
2. Depreciation of fixed assets	2 050	4 389
4. Foreign exchange (gains) losses	(42 167)	(20 665)
5. Interest and shares in profits (dividends)	106 746	84 879
6. Current income tax	(9 236)	25 929
7. Income tax paid	(10 068)	(9 901)
8. (Profit) loss on investment activities	(68 838)	6 166
9. Change in provisions	(5 255)	(1 610)
10. Change in inventories	(35 162)	67 441
11. Change in receivables	39 565	(22 785)
12. Change in current liabilities, except for borrowings	(5 956)	(52 539)
	(28 483)	81 330
III. Net cash flows from operating activity (I+/-II)	118 287	185 026
B. Cash flows on investing activities		
I. Incomes		
1. Sales of intangible and tangible fixed assets	1 275	605
2. Sales of investments in property and intangible assets	248 373	-
3. From financial assets	9 811	6 964
4. Other incomes from investments	-	-
	259 459	7 569
II. Expenditures		
1. Acquisition of intangible and tangible fixed assets	(28 296)	(3 989)
2. Investments in property and in intangible assets	(187 147)	(358 417)
3. On financial assets	(106 525)	(38 563)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditures	-	-
	(321 968)	(400 969)
III. Net cash flows on investing activity (I-II)	(62 509)	(393 400)
C. Cash flows on financing activities		
I. Incomes		
1. Net income from issue of stocks (issue of shares) and other equity instruments and additional payments to capital	-	-
2. Borrowings	290 931	231 797
3. Issue of debt securities	150 000	100 897
4. Other financial incomes	-	5 675
	440 931	338 369

6. Interim consolidated cash flow statement continued

Cash flow statement continued [in thousand:	the period from 2010.01.01 to 2010.12.31	the period from 2009.01.01 to 2009.12.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayment of loans and credits	(170 441)	(79 004)
5. Redemption of debt securities	-	(105 000)
6. Other financial liabilities	-	-
7. Payments of liabilities under financial lease contracts	(111)	-
8. Interest	(110 524)	(91 090)
9. Other financial expenses	-	-
	(281 076)	(275 094)
III. Net cash flows on financing activity (I-II)	159 855	63 275
D. Net cash flows total (A.III+/-B.III+/-C-III)	215 633	(145 099)
E. Cash balance change, including:	209 691	(152 692)
- change in cash balance through foreign exchange differences	(5 942)	(7 593)
F. Cash as at the beginning of period	169 101	321 793
G. Cash as at the end of period (F+/-D), including:	378 792	169 101
- with limited disposability	38 923	12 992

7. Additional information to the condensed consolidated report

7.1 Basic information

Echo Investment Capital Group (the Capital Group) has been operating on the real estate market since 1996. The parent company in the Capital Group is Echo Investment SA (the Issuer, the Company), a company quoted on the Warsaw Stock Exchange from March, 1996.

Echo Investment SA organizes the complete investment process for each project, starting from the purchase of a real property, to acquisition of administrative decisions, to financing, supervision of the construction and putting a facility into operation. This is done on the company's own behalf or, in most cases, by providing general contractor service for a specially created for that purpose subsidiary. Implementation of development projects by subsidiaries simplifies the organization of the processes and ensures transparency of the Group's structure. The entities are mainly engaged in leasing commercial areas (shopping and entertainment centres, offices) and, to a lesser extent, construction and sales of apartments and property management services. The company also provides general contractor services to external investors.

The Capital Group's basic operations can be divided into four major segments:

- construction and lease of space in shopping centres and shopping/entertainment centres,
- building and lease of office space
- building and selling apartments,
- building and selling hotels.

The Capital Group runs its operations in Poland, Hungary, Romania and Ukraine.

As at December 31, 2010 and December 31, 2009, the Capital Group was employing 308 and 304 persons respectively.

The present statement refers to the three months' period ended December 31, 2010, with comparable data referring to the twelve months' period ended December 31, 2009. The statement is presented in thousands Polish zlotys (PLN), according to the International Financial Reporting Standards as approved by the European Commission.

Shares of Echo Investment SA, the parent company, have been quoted on the Warsaw Stock Exchange since 1996. Volume of shares of Echo Investment SA amounts to 420,000,000 ordinary bearer shares.

7.2 Principles applied during preparation of the quarterly report

The consolidated statements of Echo Investment Capital Group present consolidated financial data for the period of 12 months ended December 31, 2010 and comparable data for the period of 12 months ended December 31, 2009. Unless otherwise specified, all financial data in the Group's consolidated financial statements are presented in thousands PLN.

The reporting currency of the Group's financial statements is the Polish zloty ('PLN'), which is also the reporting currency and the functional currency of the dominant company. The Group comprises companies with other functional currencies than PLN. The reporting data of these companies, incorporated in this statement, have been converted into PLN according to the principles set out in IAS 21. Balance sheet items were recalculated according to the exchange rate as of the balance date and the income statement items were recalculated according to the average rate of exchange for the period. Foreign exchange differences arising from conversion are presented as a separate equity item.

The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards as approved by the European Commission. Methods of assets and liabilities valuation and determination of the financial result were assumed as at the balance date. The financial statements were prepared according to historical cost principle, to the exception of investment property carried at fair value and financial instruments valued according to IAS 39. The statements have been drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any threat for continuation of operations.

The Company's Management Board has used its best knowledge in respect of application and interpretation of standards, methods and principles of valuating specific items of the condensed consolidated financial statement.

In preparing the present financial statements, the Group has applied the same accounting policies as those adopted and described in the annual consolidated financial statements for the year 2009. New interpretations issued by the IFRS Committee applicable in the case of the Group for the period commencing on January 1 2010 had no significant effect on these financial statements

7.3 Results of change in the applied accounting principles (conversion of financial statements for the preceding periods), including description

Echo Investment Capital Group did not change its accounting principles during Q4 2010. Details of the accounting policy are presented in the annual report 2009.

7.4 Significant achievements or failures of the Capital Group, including the most important events in Q4 2010

7.4.1 Key events in Q4 2010

On October 4, 2010 the Issuer has become aware of conclusion of a property sales agreement (the Agreement) between Projekt Echo – 58 Ltd (Limited Liability Company) with its registered office in Kielce (an entity in which the Issuer holds 100% shares in the share capital) (the Buyer) and BRJ Invest - Panikowski, Kubiak with its registered office in Warsaw, Drozd – Sp. J. (General Partnership) and BP Inwestycje – Panikowski i Przybylski Sp. J. (General Partnership) with its registered office in Warsaw (the Seller) on October 1, 2010.

The subject matter of the Agreement is purchasing the title to the property consisting of undeveloped plots of land located in Warsaw limited by the streets of Sikorskiego and Witosa, with a total area of 34,271 sqm (the Property). The purchase price has been established at the level of 69,915,000 PLN net. The payment will be made in four instalments paid until April 1, 2013. The Buyer shall secure the payment of the final selling price by contractual capped mortgages on the Property up to a total amount of 26 mln PLN. The source of financing of the Property purchase will be funds acquired from loan agreements concluded by the subsidiary Company.

In accordance with provisions of the Agreement the Buyer has the right to withdraw from the Agreement until July 22, 2011 in the event the Council of the Capital City of Warsaw does not pass the resolution on a change of the local land utilization plan that would enable development of office and administration buildings with services and a permissible residential function, with a useable area of over 50,000 sqm until March 31, 2011. In order to execute its right of repudiation the Buyer shall inform the Seller about the intent of withdrawing from the Agreement until April 15, 2011 and shall at the same time call in the amount paid towards the price until then, including the interest. Before conclusion of the Agreement the property was not used for any business activity.

The Agreement does not include provisions enabling calculation of contractual penalties whose total value could exceed the amount of 200,000 EUR expressed in PLN (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the Agreement is an equivalent of 789,300 PLN). Lack of contractual penalties is without prejudice to claims for indemnity.

There is an office building complex with an office area of approx. 60,000 sqm planned to be developed on the aforementioned property including an underground and above-ground car park. According to the plans the project is to be carried out in three stages.

The Management Board of Echo Investment PLC (the Issuer, the Company) hereby reports that on October 19, 2010 the subsidiary company Barconsel Holdings Limited with its registered office in Nicosia (Barconsel, the Subscriber) made a subscription for investment certificates issued by FORUM XXIX Fundusz Inwestycyjny Zamknięty [FORUM XXIX Closed Investment Fund] with its registered office in Cracow (Issuer FIZ).

Barconsel has acquired 5,018 C series investment certificates of FORUM XXIX Fundusz Inwestycyjny Zamknięty (FIZ) as part of the subscription. The total certificate issue price amounts to PLN 250,930,108. Barconsel has made the payment for the above specified certificates by way of non-cash contribution to FIZ in the form of shares in the share capital of the below listed subsidiary companies in the following amounts:

- 17,045 shares in the share capital of Echo – Galeria Olimpia Ltd [Echo – Galeria Olimpia Limited Liability Company] with its registered office in Kielce, Poland (Company I) with a nominal value of PLN 500 each and a total nominal value of PLN 8,522,500, constituting 99,99% of the share capital of Company I. The book value of the above specified shares amounts to EUR 6,575,660.17 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction, is an equivalent of PLN 25,853,523.09.
- 1,483,000 shares in the share capital of Echo – Galeria Sudecka Ltd [Echo – Galeria Sudecka Limited Liability Company] with its registered office in Jelenia Góra, Poland (Company II) with a nominal value of PLN 50 each and a total nominal value of PLN 74,150,000, constituting 99,93% of the share capital of Company II. The book value of the above specified shares amounts to EUR 21,423,032.08 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 84,228,935.23.
- 192,399 shares in the share capital of Echo – Oxygen Ltd [Echo – Oxygen Limited Liability Company] with its registered office in Kielce, Poland (Company III) with a nominal value of PLN 50 each and a total nominal value of PLN 9,619,950, constituting 99,99% of the share capital of Company III. The book value of the above specified shares amounts to EUR 1,620,309.89 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 6,370,572.39.
- 1,065,655 shares in the share capital of Echo – Centrum Park Postępu Ltd [Echo – Park Postępu Limited Liability Company] with its registered office in Kielce, Poland (Company IV), with a nominal value of PLN 50 each and a total nominal value of PLN 53,282,750, constituting 99,99% of the share capital of Company IV. The book value of the above specified shares amounts to EUR 5,466,282.43 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 21,491,782.63.
- 1,533,107 shares in the share capital of Echo – Galeria Tarnów Ltd [Echo – Galeria Tarnów Limited Liability Company] with its registered office in Kielce, Poland (Company V), with a nominal value of PLN 50 each and a total nominal value of PLN 76,655,350, constituting 99,93% of the share capital of Company V. The book value of the above specified shares amounts to EUR 22,003,104.42 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 86,509,605.65.
- 25,184 shares in the share Centrum Handlowe PHS PLC [Centrum Handlowe Public Limited Company] with its registered office in Szczecin, Poland (Company VI), with a nominal value of PLN 100 each and a total nominal value of PLN 2,518,400, constituting 100% of the share capital of Company VI. The book value of the above specified shares amounts to EUR 4,514,840.57 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 17,750,998.67.

Barconsel intends to treat the acquired FIZ certificates as long-term equity investment.

There were transactions concluded between the Issuer and the subsidiary of the Issuer at a total value of PLN 418,320,092 within the last 12 months. The above specified transaction is the one with the highest value.

Transfer of the above specified assets is an element of Echo Investment Capital Group's restructuring, which shall allow for optimal management of the projects from Echo Investment Capital Group's portfolio with regard to costs and taxes as well as acquisition and execution of new projects. It is the assumption of the Management Board of the company that the closed investment fund will be an attractive platform for acquisition of external investors interested in funding current and new projects.

Due to the conclusion of the agreement for general contractorship of the facility – Residential Complex – Kraków, Krasickiego street between the Issuer and Eiffage Budownictwo Mitex PLC with its registered office in Warsaw (the Contractor) on October 22, 2010, the total value of agreements concluded by the Issuer and its subsidiaries with the Contractor within the last 12 months exceeded the value of 10% of the Issuer's equity and amounted to 64,570,991.44 mln PLN net. The agreement with the highest value is the agreement dated July 2nd, 2010 concluded between the Company and the Contractor for the general contractorship of the facility – Residential Complex – Wrocław, Jedności Narodowej street (the Agreement).

On the basis of the concluded Agreement the Contractor undertook to carry out construction work consisting in general construction of the residential complex including external infrastructure, underground utilities, car parks and land development on the property located in Wrocław on Jedności Narodowej street (the Facility), including among others:

- general construction of the Facility
- acquiring all necessary technical acceptances from relevant services
- acquiring a legally binding certificate of occupancy of the Facility.

The area of the Facility that is to be for sale will amount to approx. 14,200 sqm. Construction of the Facility is to finish by April 9th, 2012. The Contractor's remuneration for construction of the Facility is a lump sum amounting to 43.19 mln net. The agreement includes provisions that permit to calculate contractual penalties of the value no higher than the amount expressed in PLN which is an equivalent of 200,000 EUR which, however, cannot exceed 10% of the net remuneration value for construction of the Facility. The grounds for calculation of contractual penalties will be failure to carry out or inadequate execution of work connected with construction of the Facility. Payment of contractual penalties is without prejudice to claims for indemnity.

In connection with conclusion of a lease contract (the Contract) between the subsidiary Echo-Veneda Ltd (Limited Liability Company) with its registered office in Kielce (the Lessor) and Tesco (Poland) Ltd (Limited Liability Company) with its registered office in Kraków (the Tenant) on October 28, 2010, the total value of contracts concluded and annexed by subsidiaries of the Issuer within the last 12 months exceeded 10% of the share capital of the Issuer and amounted to 121,740,285 PLN net (including 17.69 mln EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the Contract is an equivalent of 70,273,525 PLN). The contract with the highest value is the aforementioned Contract dated October 28, 2010 concluded between the Lessor and the Tenant.

On the basis of the concluded Contract the Lessor undertook to lease a retail space of approx. 7,591 sqm in the Galeria Veneda shopping centre in Łomża, located on the streets of Zawadzka and Gen. W. Sikorskiego (the Centre), which is being prepared for construction. The Tenant will conduct retail and service business in the Centre in the form of a food and general merchandise hypermarket with unlimited range of goods for the corresponding shops of the Tesco chain in Poland.

The Centre will be leased to the Tenant for the period of 10 years calculated from the day of its opening. The estimated value of the Contract amounts to 26.03 mln PLN. The date of the opening of the Centre is to take place within 22 months from obtaining the building permit for construction of the Centre and obtaining the funding for its construction.

The Tenant will be entitled to withdraw from this Agreement by July 30, 2012 in the event the Lessor does not obtain the funding for the construction of the Centre from a bank or fails to obtain a building permit by June 30, 2012. The Tenant may terminate the Contract if the Lessor does not obtain the final building permit by November 30, 2012. In the event the Lessor does not obtain the building permit for construction of the Centre by June 30, 2013, this Contract is to be terminated.

The Contract includes provisions enabling calculation of contractual penalties, the total value of which may exceed the amount of 1.5 mln PLN. The basis of calculating the penalty for the Tenant is withdrawal from the Contract by the Tenant by fault of the Lessor while for the Lessor it is withdrawal from the Contract by the Lessor by fault of the Tenant. Payment of the contractual penalties is without prejudice to claims for indemnity, the value of which may exceed the amount of the penalties.

The aforementioned Contract has been considered significant on the basis of Issuer's equity criteria.

The planned development of the Galeria Veneda in Łomża results from the assumed strategy, according to which the Capital Group Echo Investment develops projects in the shopping and entertainment sector. The facility will offer a leasable area of approx. 15,400 sqm.

On December 10, 2010 a subsidiary of the Issuer, Echo – Kielce 1 Ltd with its registered office in Kielce (the Seller), handed over the offer (the Offer) concerning an amendment to the preliminary conditional agreement on sale of property (the Agreement) to Orbis SA with its registered office in Warsaw (the Buyer) and the Buyer accepted it on December 13, 2010.

Pursuant to the respective statements made to that effect, the contracting parties have agreed, inter alia, that the Final Contract will be concluded on January 15, 2011 and in the event the Seller fails to fulfil one of the conditions for concluding the Final Contract by January 15, 2011 i.e. fails to conclude required agreements with the owners of the neighbouring properties, which are necessary for execution of the project, the Seller and the Buyer will conclude the Final Contract by January 31, 2011. Moreover, in the event the Seller fails to conclude the aforementioned property purchase agreements by January 31, 2011, the Contract will expire without any consequences for any of the parties,

subject to decisions concerning contractual indemnities. The conditions for conclusion of the Final Contract are specified in the current report no. 44/2008 of September 5, 2008 and in the current report no. 37/2009 of October 16, 2009.

The Management Board of Echo Investment SA [Public Limited Company] (the Issuer, the Company) hereby reports with reference to the current report no. 21/2010 of August 4, 2010 that the conditions stipulated in the conditional preliminary sales agreement (the Preliminary Agreement) concluded on August 3, 2010 by Avatar – Projekt Echo – 93 Limited Liability Company Limited Joint-Stock Partnership with its registered office in Kielce (the Seller) and Kasteli Limited Liability Company with its registered office in Warsaw (the Buyer) have been fulfilled. In accordance with the provisions of the Preliminary Agreement the parties undertake to conclude the sales agreement (the Final Agreement) including:

- the perpetual usufruct of the land with an area of 5,017 sqm located in Kraków on Armii Krajowej street, together with sole proprietorship of the seven-storey office building located on it, including an underground garage (the Office Building),
 - ownership of a plot of land with an area of 248 sqm located on ul. Armii Krajowej in Kraków,
 - proprietary copyrights to the documentation and Office Building designs.
- With reference to the fulfilment of the conditions stipulated in the Preliminary Agreement i.e.:
- entry of the Office Building in the Land and Mortgage Register,
 - entry of the change of the Seller's status of business in the Land and Mortgage Register with regard to the Property (before: Projekt Echo – 63 Limited Liability Company with its registered office in Kielce),
 - settlement of the shared charges between the Seller and the tenant for the period ending on June 30, 2010,
 - carrying out the final measurement of the area for lease in the Office Building and presenting its results to the tenant, in accordance with the lease agreement in force,
 - completion of the finishing work in the Office Building and filing a notice with a relevant administrative authority,
- on December 21, 2010 there was the Final Agreement concluded between Avatar – Projekt Echo – 93 Limited Liability Company Limited Joint-Stock Partnership with its registered office in Kielce (the Subsidiary) and Kasteli Limited Liability Company.
- On the basis of the Final Agreement the Seller sold to the Buyer:
- the perpetual usufruct of the land with an area of 5,017 sqm located in Kraków on Armii Krajowej street, together with sole proprietorship of the seven-storey office building located on it, including an underground garage,
 - ownership of a plot of land with an area of 248 sqm located on ul. Armii Krajowej in Kraków,
 - proprietary copyrights to the documentation and Office Building designs.

The gross area of the Office Building amounts to 20,984.31 sqm, the office area has 11,239.83 sqm and has been 100% leased by Fortis Bank Polska SA [Public Limited Company] with its registered office in Warsaw.

The value price of the aforementioned assets amounts to 30,410,362.88 EUR net, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the Final Agreement is an equivalent of approx. 121,471,153.48 PLN). The book value of the assets sold in the books of the Subsidiary, kept in accordance with the Polish Accounting Standards, amounts to 77,634,950.06 PLN while the value of the assets in the consolidated financial report of Echo Investment Capital Group amounts to 110,411,070 PLN, as valued in accordance with the International Accounting Standards.

The concluded Final Agreement will allow acquiring funds that will be allocated to funding of projects planned on the property market in Poland.

7.4.2 Projects of Echo Investment Capital Group

To minimize the risk of adverse changes on the real estate market, Echo Capital Group may execute investment projects in stages and adapt investment realization rate to expectations, trends, and prices on local markets. The Group is carefully monitoring the developments on the real estate market and therefore, decisions concerning implementation of specific projects are taken on an individual basis, according to assessment of current market conditions. All project completion dates are flexibly and reasonably adapted to actual circumstances.

The Polish market

Shopping centres and shopping/entertainment centres

The stability of the market of retail spaces results from a large market demand, adaptation possibilities to the requirements of particular contracting parties and a considerable diversification of business lines.

Tenants of commercial spaces are both national and international retail chains as well as local businesses. Key tenants of shopping centres include: Carrefour, C&A, Douglas, Empik, Helios, H&M, Multikino, Nomi, Real, Rossmann, RTV Euro AGD, Tesco, Saturn, ZARA and other chain brands.

The Capital Group has 11 shopping centres and shopping/entertainment centres in its portfolio as at December 31, 2010, which have been presented in the chart below:

Project location and name	GLA [sqm]
Bełchatów – Galeria Echo	9,300
Jelenia Góra – Galeria Echo	19,000
Pabianice – Galeria Echo	13,500
Piotrków – Galeria Echo	17,400
Przemyśl – Galeria Echo	4,900
Radom – Galeria Echo	19,500
Tarnów – Galeria Echo	20,200
Warsaw – Alma	1,500
Total retail centres	105,300
Kielce – Galeria Echo*	26,000
Szczecin – Galaxy	41,700
Wrocław – Pasaż Grunwaldzki	48,700
Total retail and entertainment centres	116,400
Total retail projects	221,700

**extended projects*

In addition the Capital Group also holds land for the next projects.

Projects in progress and under preparation, in alphabetical order:

Bełchatów, Galeria Olimpia shopping and entertainment centre (extension of Echo Shopping Centre)

Extension of the existing Echo shopping centre is intended in Bełchatów, Kolejowa street. The existing facility will be modernized and a new building with extra commercial space will be erected on the neighbouring plot of land. After the extension, the centre will operate as Galeria Olimpia and its leasable area will amount to approx. 31,000 sqm. The planned date of delivery of this project falls in 2012.

Kalisz, Galeria Amber shopping and entertainment centre

Echo Capital Group intends to develop a modern regional shopping and entertainment centre on its real property located in Kalisz. The facility will be built on Górnośląska street and Trasa Bursztynowa. Its leasable area amounts to approx. 30,000 sqm. Completion of the project is scheduled for H1 2013.

Katowice, project on Kościuszki street

There is a shopping centre with a leasable area of approx. 50,000 sqm planned to be developed on a real property in Katowice on Kościuszki street with an area of over 54,000 sqm. A study of land use conditions and directions is currently being developed for the area where the property is located.

Kielce, Galeria Echo shopping and entertainment centre (extension)

The extension work on the shopping and entertainment centre Galeria Echo in Kielce was in progress in Q4 2010, which involved construction of a centre with a leasable area of over 70,000 sqm. The general contractor of the projects is EIFFAGE BUDOWNICTWO MITEX SA. The new centre is to be opened in Q3 2011.

Koszalin, shopping and entertainment centre

There is a modern shopping and entertainment centre planned in Koszalin on Krakusa i Wandy street with a leasable area of approx. 35,000 sqm. The project is at the stage of negotiating its architectural concept. Completion of the project is planned in 2013.

Lublin, shopping and entertainment centre

The company's investment plans include development of a shopping and entertainment centre on Górki Czechowskie in Lublin. The management of the company is working on establishing details of the project planned by the Echo Investment Group with the Borough of Lublin.

Łomża, Veneda shopping and entertainment centre

Erection of the Galeria Veneda shopping centre in Łomża is going to supplement the Company's portfolio of retail space. The centre will be built at the junction of Zawadzka and Sikorskiego streets. The mall will have approx. 15,000 sqm of retail space. Its car park will offer over 600 parking spaces. Completion of Galeria Veneda development is scheduled for 2012.

Poznań, Metropolis shopping and entertainment centre

Echo Capital Group is planning to build a modern shopping and entertainment centre called Metropolis on its property situated in Poznań, Hetmańska street, which is to offer a leasable area of about 50,000 sqm. The Group is currently determining the architectural concept of the design. Completion of development is scheduled for 2014.

Slupsk, Arena shopping and entertainment centre

The Company is planning to build a shopping and entertainment centre called Arena on its property situated in Slupsk, Grottgera street. The facility shall offer about 33,000 sqm of leasable area. The Capital Group has obtained a building permit for erection of the aforementioned facility. Construction work is going to start as soon as financing is obtained.

Szczecin, Outlet Park

Outlet Park is to be built on the site of the existing facility on A.Struga street in Szczecin. The leasable area of the facility, which is being carried out in stages, will amount to a total of approx. 23,000 sqm. Administrative procedures connected with acquisition of required permits are currently pending. The launch of the project is planned for H1 2011.

Wrocław, Pasaż Grunwaldzki shopping and entertainment centre (extension)

Pasaż Grunwaldzki is a shopping and entertainment centre located at Plac Grunwaldzki in Wrocław. Currently, nearly 200 shops and service outlets operate on the approximate area of 48,700 sqm. Echo Capital Group intends to extend this project. After completion of the investment, the centre will have an area of approx. 65,000 sqm. Almost 50 new shops will be opened in its shopping section. The extended centre will be opened in 2012.

Other shopping and shopping and entertainment centres

Echo Capital Group also intends to expand some of its existing shopping and shopping/entertainment centres. These projects are currently in the phase of obtaining additional land and administrative decisions.

Future operations of Capital Group companies will focus on execution of new projects, also including projects in smaller Polish towns, followed by an increase of the portfolio of commercial space for lease, including expansion of existing projects.

The office space segment

In the office investment segment the Capital Group develops facilities for lease in Warsaw, Szczecin and Poznań. The Capital Group also prepares new projects and its offer includes office buildings of various standards, including top standard.

Despite strong competition in this market segment, the projects in the investment portfolio of the Capital Group guarantee stable revenues resulting from long-term leases thanks to suitable locations and appropriate standards. Office space is leased to such recognized companies as: Abbott Laboratories, BNP Paribas, Główny Inspektorat Transportu Drogowego, Grand Thornton Frąckowiak, Lux Med, Medcover, Polkomtel, Mentor Graphics, Pekao Financial Services, Polsoft, Pramerica, Roche, Tebodin-SAP, Tieto Poland and others.

The Capital group has 6 office projects in its property portfolio; offices owned as at December 31, 2010 have been presented in the chart below:

Project location and name	GLA [sqm]
Warsaw – Babka Tower	6,200
Warsaw – Postępu 3*	10,200
Warsaw – Park Postępu	33,800
Poznań – Malta Office Park, stage I	6,800
Poznań – Malta Office Park, stage II	15,200
Szczecin - Oxygen	14,100
Total office projects	86,300

* The Capital Group has 50% shares in the project (the space included in the chart reflects 50% share)

Projects in progress and under preparation, in alphabetical order:

Gdańsk, Tryton project

The Company intends to develop office space on the real property in Gdańsk, Jana z Kolna street. The A class building designed by Arch - Deco architectural studio Gdynia will comprise a leasable area of approx. 22,000 sqm. Administrative procedures are currently advancing in regard of

obtaining the required permits and design works. The anticipated start date of development will be H2 2011 and the date of delivery of the building to lessees will fall in H2 2013.

Katowice, project on Francuska street

A business park with a leasable area of approx. 31,000 sqm is planned on the Company's land in Katowice, at the junction of al. Górnośląska and Francuska street. This facility, designed by DDJM Biuro Architektoniczne architectural studio, will be executed in three stages. Administrative procedures are now in progress with regard to obtaining a building permit for the planned office complex. Commencement of development of the first stage of this project is scheduled for H2 2011. The first stage of the project will be ready for opening in H1 2013.

Kraków, project on Opolska street

A modern class A office project is scheduled for development on the land property in Krakow, Opolska and 29 Listopada streets, with a leasable area of approx. 58,000 sqm. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The project will be executed in three stages, with commencement expected in H1 2011 and completion of the first stage scheduled for H2 2012.

Łódź, Aurus project

Two class A office buildings are planned to be developed in Łódź on Piłsudskiego street, which will have a total area of approx. 19,000 sqm. The project will be developed in two stages. According to plans, the first stage of the project is scheduled for completion in H1 2013.

Poznań, Malta Office Park project

In 2010, development work on the second stage of the complex, incorporating a leasable area of 15,000 sqm, was finished. Its first part was delivered to tenants in December 2009. The construction of the third stage of the project started in October 2010. The facility is to be put into operation by the end of 2011. The planned leasable area of the whole complex is to amount to approx. 29,000 sqm.

Warsaw, project on Beethovena street

The Company is planning to build an office park with a total leasable area of approx. 60,000 sqm on a plot bought in October 2010 and located on Beethovena street in Warsaw. The project will be carried out in three stages. The launch of the first one is planned in H1 2012.

Warsaw, project on Konduktorska street

The Company is planning to build office facilities with a total leasable area of approx. 34,000 sqm on a plot bought in August 2010 and located on Konduktorska street in Warsaw. The launch of the project is planned in H1 2012.

Wrocław, project on Swobodna street

The Company is planning to build office facilities with a total leasable area of approx. 24,000 sqm on a plot bought in Q1 2010 and located on Swobodna street in Wrocław. The project will be carried out in stages and its launch is planned in H1 2011.

The hotel segment

The Group's long experience and recognized partners provide good grounds for the company's operations on the market of hotels. In the previous years Echo Investment SA used to handle comprehensive development of hotels for key clients, acting as a general contractor of investments. The Capital Group's projects in the hospitality industry were executed in cooperation with international hotel chains: Accor and Envergere groups of France, and the Qubus group of Norway. Complete hotels operate in Warsaw, Kielce, Kraków, Szczecin, Łódź, Poznań, Częstochowa, Zabrze and Gliwice. In the future, the Company is going to build hotels in cooperation with international hotel operators.

Łódź, Novotel hotel

In accordance with the General Contracting and Project Management Agreement concluded in 2009 there will be Novotel class hotel built on a property located on Piłsudskiego street in Łódź with an area of approx. 7,200 sqm. The scheduled date of completing the facility is H2 2012.

The residential segment

Echo Capital Group realizes a full range of housing investment projects, from luxury apartment complexes, through high- and medium-standard residential buildings, to estates of single-family houses.

Projects in progress and under preparation, in alphabetical order:

Kielce area, residential estate in Bilcza

Sales of land plots continued in Q4 2010 within the estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci architectural studio of Kielce. The offer concerns sale of 122 plots of land with utility connections (approx. 130,000 sqm) together with finished designs of houses. The project is 91-pct sold.

Kielce area, residential estate in Dyminy

In Q4 2010 the Company started development of the infrastructure for the first stage of the housing estate on the property located in Dyminy near Kielce. The housing estate designed by StoMM Architektura Maciej Stoczkiewicz architectural studio of Kielce will include 180 plots (approx. 160,000 sqm) for sale. The Company intends to sell plots of land with designs of houses.

Kraków, project on Kilińskiego street

Echo Capital Group is the freehold owner of a 1,100-sqm land plot on Kilińskiego street in Krakow. The concept of plot development assumes construction of a cosy residential facility. At the moment, the Company has made a decision to sell the property after obtaining administrative decisions due to a negligible scale of the project.

Kraków, project on Korzeniowskiego street

The Company is going to commence development of a housing investment on Korzeniowskiego street in Krakow. This building, designed by The Blok architectural studio, will have an area of about 3,000 sqm (40 apartments). The project is in the phase of obtaining administrative permits. Launch of this investment project is scheduled for H1 2011 and its completion at the end of 2012.

Kraków, Dom Pod Słowikiem on Krasickiego street

In H2 2010, the Company started development of a housing and commercial facility, which is to be built in Krakow on Krasickiego street (its area for sale amounts to app. 5,200 sqm). The building designed by Studio S - Biuro Architektoniczne Szymanowski architectural studio from Krakow will contain about 85 apartments. Completion of the project is planned at the beginning of 2012.

Kraków, project on Tyniecka and Czarodziejska streets

The Company intends to develop residential buildings on its land situated in Krakow on Tyniecka street. Area for sale will amount to about 4,600 sqm (approx. 50 apartments). Administrative permits for project development are to be obtained in H1 2011. Project implementation will commence in mid-2011.

Kraków, project on Bronowicka street

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka street, with an approximate area for sale of 3,000 sqm. Acquisition of administrative permits for the development of the project and commencement of construction work is planned at the end of 2011. The development is to finish in 2013.

Łódź, projekt on Okopowa

The Company is proceeding with the preparation process of construction of residential buildings to be developed on the real estate in Łódź, Okopowa and Górnicza streets. According to the current concept the area for sale will be about 45,000 sqm (approx. 700 apartments). The Company is currently applying for administrative decisions required for project implementation. The project will be executed in stages. Duration of project execution is scheduled for five years, from H1 2011.

Łódź, project on Wodna street

The Company is also planning to develop residential buildings on its real estate in Łódź, Wodna street. The new concept assumes construction of approx. 200 apartments with a total area of nearly 14,000 sqm. The company has acquired land development conditions decision allowing for development of the project. The project is in the phase of concept approvals and obtaining a building permit, which is expected to happen in mid-2011. It will be executed in stages. Development will commence in H2 2011 and the execution process shall be completed in 2014.

Poznań, Osiedle Naramowice, Pod Klonami

In Q4 development of the multi-family project Pod Klonami was continued. Preparations for the development of a single-family project with the same name were being finalized. The area for sale in this estate, which has been designed by the Archikwadrat architectural studio from Poznań, amounts to approx. 15,000 sqm. The development of the multi-family project is to finish in H2 2012. The work connected with development of the single-family project will continue for the period of approx. two years starting from 2011. The land bank held by the Capital Group in Poznań allows for development of the next stages of Osiedle Naramowice.

Poznań, Kasztanowa Aleja, project on Wojskowa street

Development of the Kasztanowa Aleja project in Poznań on Wojskowa street continued (an area of over 17,000 sqm developed in two stages). Launch of the project took place at the beginning of 2010. Completion of the first stage of the project is scheduled for H2 2011 and the second stage of the project will probably be completed out by mid-2013.

Poznań, project on Litewska and Grudzieniec streets

The company prepared plots of land being part of the property located in Poznań on the streets of Litewska and Grudzieniec for sale. The total area of the plots to be offered amounts to nearly 14,000 sqm. The company is planning to sell the plots together with complete designs. It has been assumed that sale will start at the beginning of 2012 and will last sixteen months.

Warsaw, Klimt House, project on Kazimierzowska street

In Q4 2010 development of the Klimt House project in Warsaw on Kazimierzowska street continued (the area for sale amounts to approx. 5,200 sqm). The residential building has been designed by Mąka Sojka Architekci Sp. J. architectural studio from Warsaw and will include approx. 60 apartments and a few service outlets. Development of the project is to be finished at the beginning of 2011.

Warsaw, estate of detached houses in Bielany district, Młociński Forest

The development of infrastructure of the estate of detached houses in Warsaw's Bielany district (Młociński Forest) started at the end of 2010. There have been 31 plots sectioned off on a property with an area of 6.3-ha. The estimated area of the plots for sale amounts to nearly 53,000 sqm. The design has been developed by W.M. Musiał Architekci Sp. z o.o architectural studio from Warsaw and StoMM Architektura Maciej Stoczkiewicz architectural studio from Kielce. The development is to be finished at the end of 2011.

Warsaw, project on Konstruktorska street

A plot of land with an area of app. 74,000 sqm was bought in H2 2010. The property is located in Warsaw, on Konstruktorska street. The Company is planning to build an office and residential complex on the purchased property. The area of the apartments will amount to app. 44,000 sqm (over 700 apartments). The initial concept assumes that the project is to be developed in three stages. The development of the first stage will start at the end of 2011. Completion of the whole project is planned in 2017.

Wrocław, Przy Słowiańskim Wzgórzu, project on Jedności Narodowej street

Development of the residential project located in Wrocław on ul. Jedności Narodowej started in 2010. There will be approx. 200 apartments built on a plot of land with an area of 7,400 sqm with a total area of approx. 14,000 sqm. Completion of the project is planned at the beginning of 2012.

Wrocław, project on Grota – Roweckiego street

Development of a housing project is scheduled on the Company's property in Wrocław, Grota Roweckiego street, about 3 hectares in size, comprising nearly 300 apartments with usable area of approximately 19,000 square meters. The project will be executed in stages. The first stage shall commence in H2 2011 and completion of the entire investment is anticipated in mid- 2015.

PROJECTS ABROAD**HUNGARY****Segment of shopping and shopping/entertainment centres****Budapest, Mundo shopping and entertainment centre**

A modern shopping and entertainment project MUNDO is to be developed on the company's property located in the 14th District of Budapest – Zuglo (an area of 6.48-ha). The process of obtaining administrative permits and commercialization of the project are currently pending. The facility is to be developed in two stages, the first of which, with an area amounting to app. 36,000 sqm is to be open in H2 2013.

ROMANIA**Segment of shopping centres and shopping/entertainment centres****Brasov, Korona shopping and entertainment centre**

Echo Capital Group intends to develop a modern shopping & entertainment centre in Brasov, Romania, Stadionului street, with a gross leasable area of approx. 40,000 sqm. A building permit has already been obtained. Commercialization of the project is pending. Commencement of development is envisaged as soon as appropriate lease ratio is achieved and relevant external financing is secured.

UKRAINE**Segment of offices****Kiev, project on Dehtiarivska street**

Development of an office park with a leasable area of app. 100,000 sqm is planned on the company's land on Dehtiarivska street in Kiev. The design work connected with the office park is being carried out by Atelier design studio. The project will be developed in stages. Obtaining a building permit is planned for the end of 2011.

7.5 Factors and events having an impact on the achieved financial results

The following factors had a major impact on the bottom line of Q4 2010:

- posting of incomes earned under final agreements of sale of the following housing projects:
 - in Warsaw, Inflancka street (stage 3), and Zwycięzców street (stage 2), Zeusa street,
 - in Poznań - the Naramowice housing project (stage 3), and
 - land plots with designs of houses, consisted in the Biczka II housing estate near Kielce,
- regular revenues earned from letting of office and commercial space,
- quarterly revaluation of fair value of properties owned by Echo Investment Capital Group, accounting for changes in:
 - foreign exchange – the biggest influence,
 - net operating earnings – minor influence,
- valuation of properties according to IAS 40 regarding the following projects:
 - Park Postępu in Warsaw (delivered to users),
 - Malta Office Park, Stage 2, in Poznań (delivered to users),
 - Oxygen in Szczecin (delivered to users),
 - Galeria Echo in Kielce (extended),
- appraisal of credit obligations and cash in foreign currencies,
- sale of the Avatar office building in Kraków,

- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

The Group exercises hedging transactions to secure foreign exchange risks under relevant agreements made to that effect with banks. The transactions are executed on the basis of contracts signed with banks, in order to secure cash flows on operating activity for the future in respect of currency conversion of EUR-denominated credit facility tranches and operating revenues.

With the open positions on the currency market, Echo Investment Capital Group was duly hedged as at December 31, 2010 for the part of cash flows allocated to:

2011: EUR 99.5 mln,
2012: EUR 53.0 mln.

The transactions executed on the basis of contracts signed with banks were effected within the scope of the applicable hedging policy to secure future levels of cash flows on operating activity and currency conversion of EUR-denominated credit facility tranches. Balance sheet valuation of open items on derivatives as at December 31, 2010 is as follows:

forwards – PLN 1.1 mln

currency options – PLN 8.9 mln

Weighted average strike rate for the remaining open transactions is 3.9832 EUR/PLN.

The following transactions had an impact on the above specified balance of currency exchange hedging transactions in Q4 2010:

From October 08, 2010 until October 29, 2010 'Echo-Arena Limited Liability Company' Limited Partnership concluded forward transactions (opening a position of EUR 16.0 mln) with the closing dates on June 28, 2011, September 27, 2011 and December 15, 2011.

On October 20, 2010 'Echo – Galeria Kielce' Limited Liability Company made the closing and settlement of open positions (EUR 19.0 mln) with a profit of PLN 870,000. At the same time the company entered into forward transactions (opening a position of EUR 19.0 mln) with the closing dates on November 12, 2010 (EUR 1.5 mln), March 22, 2011 (EUR 7.5 mln) and May 26, 2011 (EUR 10 mln). The transaction with the expiry date in November was closed with a profit of PLN 11,500.

On October 20, 2010 'Echo-Aurus' Limited Liability Company made the closing and settlement of open positions (EUR 11.0 mln) with a profit of PLN 806,000.

On November 16, 2010 'Echo – Oxygen' Ltd made the closing of a transaction of EUR 17 mln with a profit of PLN 2,086 thousand, opening at the same time a forward transaction amounting to EUR 5 mln with the settlement date on April 5, 2011 and one amounting to EUR 11 mln with the settlement date on December 15, 2010, which was closed with a loss of PLN 425,700 and concluding a forward transaction amounting to EUR 11 mln with the settlement date on January 20, 2011.

On December 09, 2010 'Avatar – Projekt Echo – 93' Limited Liability Company' Limited Joint-Stock Partnership postponed the expiry date of the CALL and PUT options amounting to EUR 21 mln to January 19, 2011. On November 26, 2010 the Company concluded forward transactions amounting to EUR 5 mln with the settlement date on January 19, 2011 and one amounting to EUR 1.5 mln with the settlement date on January 19, 2012. On December 23, 2010 the company concluded partial closing of open position amounting to EUR 5 mln with the settlement date on January 19, 2010.

Valuation of hedging instruments is posted to accounts receivable / accounts payable of the balance sheet, and revaluation is recognized as financial incomes/costs in the income statement.

Maturity dates of open hedging items securing foreign exchange risks:

Financial instrument	Currency	Type	Balance as at 31.12.2010 (mln PLN)	Nominal (mln EUR)	H1 2011	H2 2011	H1 2012
					Nominal (mln EUR)	Nominal (mln EUR)	Nominal (mln EUR)
Forward	EUR/PLN		-1.1	136.5	71.1	12.4	53.0
Option	EUR/PLN	call	-8.5	16.0	16.0	0.0	0.0
	EUR/PLN	put	-0.4	16.0	16.0	0.0	0.0

7.6 Operating segments of Echo Investment Capital Group

The Capital Group generates revenues on letting commercial space, sales of apartments, development of buildings and provision of property management services. The structure of earned revenues is as follows

Operating earnings achieved during the four quarters of 2010, divided into segments:

Specification	Revenues (mln PLN)	Share %	Costs (mln PLN)	Share %
Shopping centres and shopping/ entertainment	247.2	57.8%	64.3	36.8%
Residential areas	81.0	18.9%	64.5	36.9%
Office and hotel projects	70.0	16.4%	25.2	14.4%
None of the above	29.6	6.9%	20.8	11.9%
Operating earnings total	427.8	100%	174.8	100%

During Q4 2010, Echo Investment Capital Group did not alter or modify the basis for distinguishing its segments, total assets of segments did not vary significantly as compared to the data presented in the report for H1 2010.

7.7 Explanations concerning seasonal or cyclical quality of Echo Investment Capital Group's activity during the presented period

Echo Investment Capital Group's activities cover several segments of property market. The available portfolio of assets for lease, systematic development and sales of residential projects and property management services guarantee comparable levels of income during each consecutive quarter to a significant extent. However, revenues from general contracting and project management services, property trade and other minor ranges of activities may be seasonal or cyclical in nature. The Management Board cannot preclude certain other incidental events that can affect the results earned in a given period.

7.8 Issue, redemption and repayment of debt securities and equity instruments

Apart from own funds, loans and facilities, daily operations of the Capital Group are also financed through issuance of debenture bonds. The parent company - Echo Investment SA - is currently implementing an active program of issuance of long-term and short-term bonds.

Pursuant to contracts made as regards the Bonds Issue Program with BRE Bank SA in 2004, Echo Investment SA has certain liabilities due to issued debt securities. Outstanding balances of these liabilities as at the submission date of these statements are presented in the table below:

Bank	Type of instrument	Amount utilized [in thousands PLN]	Bonds redemption date
BRE Bank SA	Bonds	150,000	25.05.2011
BRE Bank SA	Bonds	115,000	18.05.2012
BRE Bank SA	Bonds	100,000	25.05.2013
BRE Bank SA	Bonds	300,000	30.06.2014
BRE Bank SA	Bonds	35,000	02.03.2011

Under the agreement signed with BRE Bank SA, Echo Investment SA is entitled to issue bonds up to the amount of PLN 700 mln, out of which PLN 35 mln is a programme guaranteed until August 2011.

7.9 Dividend paid (or declared)

The Company did not pay any dividend in the previous years nor declare payment of such in the current period or the nearest future.

7.10 Events after the date of the condensed quarterly financial statements which were not included in the statements and could significantly affect future financial results of Echo Investment Capital Group

The following contracts of transfer of title to shares were concluded on January 3, 2011:

Under the contract of transfer of title to shares in Echo – Galaxy Szczecin Ltd [Echo – Galaxy Szczecin Limited Liability Company] with its registered office in Szczecin (Subsidiary I), Echo – SPV 7 Ltd [Echo – SPV 7 Limited Liability Company] with its registered office in Kielce (the Seller) sells on January 3, 2011 7,651,001 shares with a nominal value of 382,550,050 PLN to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus) (the Buyer). The value of the contract amounted to 121,848,495 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 482,788,106.89 PLN. The book value of the aforementioned shares in the books of the Seller amounts to 382,550,058 PLN.

The ownership structure of Subsidiary I is as follows:

- Barconsel Holdings Limited holds 7,651,001 shares with a total nominal value of 382,550,050 PLN, constituting 99.9869 % of the share capital and carrying 7,651,001 votes at the meeting of shareholders,
- the Company holds 979 shares with a nominal value of 48,950 PLN, constituting 0.0128% of the share capital and carrying 979 votes at the meeting of shareholders,
- Grupa Echo Ltd [Grupa Echo Limited Liability Company] holds 20 shares with a nominal value of 1,000 PLN, constituting 0.0003% of the share capital and carrying 20 votes at the meeting of shareholders.

Under the contract of transfer of title to shares in Projekt Echo - 62 Ltd [Projekt Echo - 62 Limited Liability Company] with its registered office in Kielce (Subsidiary II), the Seller sells on January 3, 2011 7,731,000 shares with a nominal value of 386,550,000 PLN to the Buyer. The value of the contract amounted to 93,899,505 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 372,048,618.71 PLN. The book value of the aforementioned shares in the books of the Seller amounts to 386,550,000 PLN.

The ownership structure of Subsidiary II is as follows:

- Barconsel Holdings Limited holds 7,731,000 shares with a total nominal value of 386,550,000 PLN, constituting 99.9871 % of the share capital and carrying 7,731,000 votes at the meeting of shareholders,
- the Company holds 980 shares with a total nominal value of 49,000 PLN, constituting 0.0127% of the share capital and carrying 980 votes at the meeting of shareholders,
- Grupa Echo Ltd [Grupa Echo Limited Liability Company] holds 20 shares with a total nominal value of 1,000 PLN, constituting 0.0003% of the share capital and carrying 20 votes at the meeting of shareholders.

The transferred assets had been used in development and financial operations before signing the above specified contracts. The Buyer intends to continue to use the assets in the same manner. Barconsel Holdings Limited intends to treat the shares acquired in Subsidiary I and Subsidiary II as short-term capital investment.

The aforementioned shares constitute a non-cash contribution for covering newly formed 12,000 shares in the share capital of Barconsel Holdings Limited, with a nominal value of 1 EUR each. The acquisition price of the newly formed shares amounts to 215,748,000 EUR which, according to the average exchange rate of the National Bank of Poland as at the effective date of the aforementioned contracts is an equivalent of PLN 854,836,725.60 PLN. The newly formed shares constitute 52.1739 % of the share capital after the registration of the increase of the Buyer's share capital and they shall carry 12,000 votes at the general meeting of shareholders. The newly formed shares will be taken up by Echo – SPV 7 Ltd [Echo – SPV 7 Limited Liability Company].

At present, the following companies hold shares in the share capital of Barconsel Holdings Limited:

- Echo Investment SA [Echo Investment Public Limited Company] holds 5,827 shares with a nominal value of 5,827 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent 23,087.74 PLN, constituting 25.33 % of the current share capital and carrying 5,827 votes at the meeting of shareholders.
- Subsidiary Echo – SPV 12 Ltd [Echo – SPV 12 Limited Liability Company] holds 3,806 shares with a nominal value of 3,806 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent of 15,080.13 PLN, constituting 16.55 % of the current share capital and carrying 3,806 votes at the meeting of shareholders.
- Subsidiary Echo – SPV 7 Ltd [Echo – SPV 7 Limited Liability Company, former Echo – Centrum Biznesu Łódź Ltd] holds 13,080 shares with a nominal value of 13,080 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent of 51,825.58 PLN, constituting 56.87 % of the current share capital and carrying 13,080 votes at the meeting of shareholders.

-Subsidiary Echo – Kielce 1 Ltd [Echo – Kielce 1 Limited Liability Company] holds 287 shares with a nominal value of 287 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent of 1,137.15 PLN, constituting 1.25 % of the current share capital and carrying 287 votes at the meeting of shareholders.

On January 24, 2011 the subsidiary company Barconsel Holdings Limited with its registered office in Nicosia (Barconsel, the Subscriber) made a subscription for investment certificates issued by FORUM XXXIV Fundusz Inwestycyjny Zamknięty [FORUM XXXIV Closed Investment Fund] with its registered office in Cracow (Issuer FIZ I) and FORUM XXIX Fundusz Inwestycyjny Zamknięty [FORUM XXIX Closed Investment Fund] with its registered office in Cracow (Issuer FIZ II).

Barconsel has acquired 26,079 B series investment certificates of FORUM XXXIV Fundusz Inwestycyjny Zamknięty (FIZ I) as part of the subscription. The total certificate issue price amounts to 651,975,000 PLN. Barconsel has made the payment for the above specified certificates by way of non-cash contribution to FIZ in the form of shares in the share capital of the below listed subsidiary companies in the following amounts:

- 3,825,012 shares in the share capital of Echo – Galaxy Szczecin Ltd [Echo – Galaxy Szczecin Limited Liability Company] with its registered office in Szczecin, Poland (Company I) with a nominal value of 50 PLN each and a total nominal value of 191,250,600 PLN, constituting 49.99% of the share capital of Company I. The book value of the above specified shares amounts to 60,916,467.74 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction, is an equivalent of 236,142,687.19 PLN

- 3,865,012 shares in the share capital of Projekt Echo – 62 Ltd [Projekt Echo – 62 Limited Liability Company] with its registered office in Kielce, Poland (Company II) with a nominal value of 50 PLN each and a total nominal value of 193,250,600 PLN, constituting 49.99% of the share capital of Company II. The book value of the above specified shares amounts to 46,943,825.33 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 181,977,738.89 PLN.

- 200,495 shares in the share capital of Projekt Echo – 58 Ltd [Projekt Echo – 58 Limited Liability Company] with its registered office in Kielce, Poland (Company III) with a nominal value of 50 PLN each and a total nominal value of 10,024,750 PLN, constituting 49.99% of the share capital of Company III. The book value of the above specified shares amounts to 2,527,854.50 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 9,799,227.97 PLN

- 624 shares in the share capital of Ultra Marina Ltd [Ultra Marina Limited Liability Company] with its registered office in Kielce, Poland (Company IV), with a nominal value of 1,000 PLN each and a total nominal value of 624,000 PLN, constituting 49.92% of the share capital of Company IV. The book value of the above specified shares amounts to 23,047 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 89,341.70 PLN.

- 13,691 shares in the share capital of Echo – Galeria Kielce Ltd [Echo – Galeria Kielce Limited Liability Company] with its registered office in Kielce, Poland (Company V), with a nominal value of 500 PLN each and a total nominal value of 6,845,500 PLN, constituting 49.98% of the share capital of Company V. The book value of the above specified shares amounts to 9,215,904 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 35,725,451.86 PLN.

- 999,990 shares in the share capital of Projekt Echo – 47 Ltd [Projekt Echo – 47 Limited Liability Company] with its registered office in Kielce, Poland (Company VI), with a nominal value of 50 PLN each and a total nominal value of 49,999,500 PLN, constituting 99.99% of the share capital of Company VI. The book value of the above specified shares amounts to 12,349,343 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 47,872,228.14 PLN.

- 950,466 shares in the share capital of Projekt Echo – 53 Ltd [Projekt Echo – 53 Limited Liability Company] with its registered office in Kielce, Poland (Company VII), with a nominal value of 50 PLN each and a total nominal value of 47,523,300 PLN, constituting 47.98% of the share capital of Company VII. The book value of the above specified shares amounts to 12,537,775 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 48,602,684.79 PLN.

- 326,400 shares in the share capital of Projekt Echo – 55 Ltd [Projekt Echo – 55 Limited Liability Company] with its registered office in Kielce, Poland (Company VIII), with a nominal value of 50 PLN each and a total nominal value of 16,320,000 PLN, constituting 99.99% of the share capital of Company VIII. The book value of the above specified shares amounts to 4,111,136 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 15,936,818.70 PLN.

- 796,760 shares in the share capital of Echo – Metropolis Ltd [Echo – Metropolis Limited Liability Company] with its registered office in Kielce, Poland (Company IX), with a nominal value of 50 PLN each and a total nominal value of 39,838,000 PLN, constituting 39.64% of the share capital of Company IX. The book value of the above specified shares amounts to 10,013,283 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 38,816,491.55 PLN.

- 13,560 shares in the share capital of Echo – Veneda Ltd [Echo – Veneda Limited Liability Company] with its registered office in Kielce, Poland (Company X), with a nominal value of 500 PLN each and a total nominal value of 6,780,000 PLN, constituting 99.98% of the share capital of Company X. The book value of the above specified shares amounts to 1,605,933 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 6,225,399.27 PLN.

- 14,998 shares in the share capital of Malta Office Park Ltd [Malta Office Park Limited Liability Company] with its registered office in Kielce, Poland (Company XI), with a nominal value of 500 PLN each and a total nominal value of 7,499,000 PLN, constituting 99.98% of the share capital of Company XI. The book value of the above specified shares amounts to 117,548 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 455,674.82 PLN.

Barconsel has acquired 11,502 D series investment certificates of FORUM XXIX Fundusz Inwestycyjny Zamknięty (FIZ II) as part of the subscription for investment certificates of Issuer FIZ II. The total certificate issue price amounts to 480,783,600 PLN. Barconsel has made the payment for the above specified certificates by way of non-cash contribution to FIZ in the form of shares in the share capital of the below listed subsidiary companies in the following amounts:

- 3,825,989 shares in the share capital of Echo – Galaxy Szczecin Ltd [Echo – Galaxy Szczecin Limited Liability Company] with its registered office in Kielce, Poland (Company XII) with a nominal value of 50 PLN each and a total nominal value of 191,299,450 PLN, constituting 49.99% of the share capital of Company XII. The book value of the above specified shares amounts to 60,932,027.26 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction, is an equivalent of 236,203,003.67 PLN.

- 3,825,988 shares in the share capital of Projekt Echo – 62 Ltd [Projekt Echo – 62 Limited Liability Company] with its registered office in Kielce, Poland (Company XIII) with a nominal value of 50 PLN each and a total nominal value of 191,299,400 PLN, constituting 49.48% of the share capital of Company XIII. The book value of the above specified shares amounts to 46,469,845.99 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 180,140,357.98 PLN.

- 200,495 shares in the share capital of Projekt Echo – 58 Ltd [Projekt Echo – 58 Limited Liability Company] with its registered office in Kielce, Poland (Company XIV) with a nominal value of 50 PLN each and a total nominal value of 10,024,750 PLN, constituting 49.99% of the share capital of Company XIV. The book value of the above specified shares amounts to 2,527,854.50 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 9,799,227.97 PLN.

- 624 shares in the share capital of Ultra Marina Ltd [Ultra Marina Limited Liability Company] with its registered office in Kielce, Poland (Company XV), with a nominal value of 1,000 PLN each and a total nominal value of 624,000 PLN, constituting 49.92% of the share capital of Company XV. The book value of the above specified shares amounts to 23,047 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 89,341.70 PLN.

- 13,691 shares in the share capital of Echo – Galeria Kielce Ltd [Echo – Galeria Kielce Limited Liability Company] with its registered office in Kielce, Poland (Company XVI), with a nominal value of 500 PLN each and a total nominal value of 6,845,500 PLN, constituting 49.98% of the share capital of Company XVI. The book value of the above specified shares amounts to 9,215,904 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 35,725,451.86 PLN.

- 990 shares in the share capital of SPV – 1 Ltd [SPV – 1 Limited Liability Company] with its registered office in Kielce, Poland (Company XVII), with a nominal value of 50 PLN each and a total nominal value of 49,500 PLN, constituting 99.00% of the share capital of Company XVII. The book value of the above specified shares amounts to 50,896 EUR in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of 197,298.34 PLN.

Barconsel intends to treat the acquired FIZ I and FIZ II certificates as long-term equity investment.

Within the last 12 months there were transactions concluded between the Issuer and the subsidiary of the Issuer, and Forum Towarzystwo Funduszy Inwestycyjnych PLC [Forum Investment Fund Society Public Limited Company] with its registered office in Cracow, at a total value of 1,551,078,692 PLN. Acquisition of FIZ II certificates is the transaction with the highest value.

Transfer of the above specified assets is an element of Echo Investment Capital Group's restructuring, which shall allow for optimal management of the projects from Echo Investment Capital Group's portfolio with regard to costs and taxes as well as acquisition and execution of new projects. It is the assumption of the Management Board of the company that the closed investment fund will be an attractive platform for acquisition of external investors interested in funding current and new projects.

On January 31, 2011 Echo Investment PLC concluded annexes (the Annexes) to the contracts concerning the Bond Issue Programme (the Bonds) that were concluded on April 15, 2004 with BRE Bank S.A with its registered office in Warsaw (BRE Bank). The Annexes were concluded by circulation. The Issuer reported conclusion of the contracts in the current report no. 19/2004 dated April 16, 2004 (the Contracts).

The Annexes to the aforementioned Contracts provide for multiple bond issues to be executed by the Issuer by a tranche issue order. On the basis of the Annexes the maximum nominal value of all bonds available for issue was increased by 300 mln PLN up to 1 bln PLN.

As part of the concluded Annexes to the Contracts BRE Bank will organize and execute complex service of the Company's bonds issues on the private market. The bonds will be unsecured and will be issued as bearer securities. Bond interest can be fixed or variable. The Bonds will not entitle to any non-cash benefits. The conditions of an issue will be established before the issue, in the course of the Bond Issue Programme Contract period.

The Annexes to the Contracts have been considered significant on the basis of the Issuer's equity criteria. The total value of the contracts annexed within the last 12 months, concluded between the Issuer and BRE Bank amounts to 700 mln PLN.

The funds acquired from the issues of bonds constitute a supplement to the credit limits held and enable the Company to finance planned projects and develop its current areas of operations on the property market in Poland.

The Management Board of Echo Investment PLC (the Issuer, the Company) hereby informs that, under the Bonds Issuance Program signed with BRE Bank PLC, seated in Warsaw (RB no. 7/2011 of February 1, 2011), on February 11, 2011 the Company issued coupon bonds for a total value of PLN 145 million.

Nominal value and issue price of one bond is 100 thousand PLN. The bonds were issued for a 5-year term, i.e. the bonds redemption date shall be February 11, 2016. Interest rate has been determined on the basis of variable WIBOR 6M rate plus investors' profit margin. Interest earnings will be disbursed in 6-month intervals. On the redemption date, the bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured.

The value of liabilities as at the last day of the quarter preceding presentation of acquisition proposal, i.e. as at September 30, 2010 is 902 million PLN.

According to the Management Board of Echo Investment SA, during the validity period of the issued bonds, Echo Investment PLC's general obligations will be maintained on a safe level, and the ratios indicating the company's ability to handle debt are such that will guarantee fulfilment of the bond obligations.

The bonds issued on February 11, 2011 constitute 25.1% of Echo Investment PLC's equity as at September 30, 2010.

The bonds do not carry any title to obtain non-cash benefits from the Issuer.

Cash from bonds issue will be allocated to repayment of debt occasioned by the bonds, amounting to 150 million PLN, with redemption dates in May 2011.

On January 19, 2011 'AVATAR – Projekt Echo – 93 Limited Liability Company' Limited Joint-Stock Partnership carried out and settled an option transaction with a nominal value of EUR 16 mln and settled a forward transaction with a nominal value of EUR 5 mln.

On January 19, 2011 'Echo – Oxygen' Ltd carried out and settled a forward transaction amounting to EUR 11 mln.

On February 04, 2011 'Echo Galeria Kielce' Ltd concluded a forward transaction amounting to EUR 4.6 mln partially closing the transaction with the settlement date on March 22, 2011. At the same time the company exchanged currency at the amount of EUR 4.6 mln.

7.11 Changes in contingent liabilities or contingent assets, occurring after the end of the last financial year

7.11.1 Surety agreements

Surety agreements of Echo Investment SA, in force as at December 31, 2010, are presented in the following table:

Surety in favour of	Value [in thousands]	Expiry date	On account of
EUROHYPO AG	PLN 396,030	shall remain in force until obtaining a valid occupancy permit for the extended Galeria Echo shopping and entertainment centre in Kielce	Surety guaranteeing fulfilment of liabilities of Echo - Galeria Kielce Sp. z o.o under the credit agreement made on October 6, 2009 with Eurohypo AG Bank of Eschborn, Germany
NORDEA BANK POLSKA SA	PLN 57,820	shall remain in force until obtaining a valid occupancy permit for the office building, however, no later than until December 31, 2013	Surety guaranteeing fulfilment of liabilities of Echo - Oxygen Sp. z o.o under the credit agreement made on September 27, 2010 with Nordea Bank Polska PLC

**See also item 7.19 of this report*

7.11.2 Guarantee agreements

Guarantees in force as at December 31, 2010 are presented in the table below:

Guarantor	Value [in thousands]	Expiry date	On account of
Echo Investment SA	PLN 7,300	until repayment of obligations under credit agreement of June 22, 2009	Security guaranteeing coverage of any excess costs of execution of the 2nd stage of Malta Office Park
PKO BP SA	PLN 1,100	until 31.12.2011	Collateral concerning payment of amounts adjudicated in favour of Master Serwis Opon Ltd
Echo Investment SA	PLN 17,768	until completion of the project, however, no later than December 31, 2013.	Security guaranteeing coverage of any shortage of funds or excess costs of execution of the Oxygen office building in Szczecin

7.12 Composition of Echo Investment Capital Group

Echo Investment SA (PLC), which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution, and providing funds for execution of current developer projects. The Group companies have been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than that involved with development of a specific project, followed by provision of lease services of already completed property components or other services.

As at December 31, 2010, Echo Investment Capital Group consists of 71 subsidiaries that are fully consolidated, 1 partially owned subsidiary consolidated according to proportional method.

The subsidiaries:

Name of the Company	Registered Office	% of Capital Held	Controlling Company
'ACC - Grupa Echo Sp. z o.o.' Sp. kom. (former 'ACC - Projekt Echo – 17 Sp. z o.o.' Sp. kom.)	Kielce	100%	Echo Investment S.A.
'Athina Park - Projekt Echo – 93 Sp. z o.o.' S.k.a.	Kielce	100%	XXIX FIZ Forum
'Avatar - Projekt Echo – 93 Sp. z o.o.' S.k.a.	Kielce	100%	XXIX FIZ Forum
'Barconsel Holdings' Sp. z o.o.	Nicosia	100%	Echo Investment S.A.
'Budivelnuy Soyuz Monolit' LLC	Kiev	100%	Yevrobudgarant LLC
'Centrum Handlowe PHS' SA	Szczecin	100%	XXIX FIZ Forum
'Echo – Arena' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Arena Sp. z o.o.' Sp. kom.	Kielce	100%	Echo Investment S.A.
'Echo - Aurus' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Bełchatów' Sp. z o.o. (dawniej 'Echo – Galeria Olimpia' Sp. z o.o.)	Kielce	100%	XXIX FIZ Forum
'Echo – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o.' S.k.a.	Kielce	100%	XXIX FIZ Forum
'Echo – Galaxy' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Galaxy Szczecin' Sp. z o. o.	Szczecin	100%	Echo – SPV 7 Sp. z o.o.
'Echo – Galeria Kielce' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Echo – Galeria Sudecka' Sp. z o.o.	Jelenia Góra	100%	XXIX FIZ Forum
'Echo – Galeria Tarnów' Sp. z o.o.	Kielce	100%	XXIX FIZ Forum
' Echo – Kasztanowa Aleja' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Kasztanowa Aleja Sp. z o.o.' Sp. kom.	Kielce	100%	Echo Investment S.A.
'Echo – Kielce 1' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Klimt House' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Klimt House Sp. z o.o.' Sp. z kom.	Kielce	100%	Echo Investment S.A.
'Echo – Metropolis' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Echo – Oxygen' Sp. z o.o.	Kielce	100%	XXIX FIZ Forum
'Echo – Park Postępu' Sp. z o.o.	Kielce	100%	XXIX FIZ Forum
'Echo – Pasaż Grunwaldzki' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Project Management Ingatlanhasznosító Kft.	Budapest	100%	Echo Investment S.A.
'Echo - Property Poznań 1' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Echo – Przy Słowiańskim Wzgórzu' Sp. z o.o. (former 'Projekt Echo - 45' Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
'Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.' Sp. kom. (former 'Projekt Echo - 45 Sp. z o.o.' Sp. kom.)	Kielce	100%	Echo Investment S.A.
'Echo – SPV 7' Sp. z o.o. (former 'Echo – Centrum Biznesu Łódź' Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
'Echo – SPV 12' Sp. z o.o.	Kielce	100%	Echo Investment S.A.

'Echo – Veneda' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Echo Investment Hungary Ingatlanhasznosító' Kft.	Budapest	100%	Echo Investment S.A.
'Echo Investment Project 1' S.R.L.	Bucharest	100%	Echo Investment S.A.
'Echo Investment Project Management' S.R.L.	Bucharest	100%	Echo Investment S.A.
'Echo Investment Ukraine' LLC	Kiev	100%	Echo Investment S.A.
'El – Project Cyp - 1' Sp. z o.o.	Nicosia	100%	Echo Investment S.A.
'Est-On – Grupa Echo Sp. z o.o.' Sp. kom. (former 'Est-On - Projekt Echo – 17 Sp. z o.o.' Sp. kom.)	Kielce	100%	Echo Investment S.A.
'Grupa Echo' Sp. z o.o. (former 'Projekt Echo - 17' Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
'Malta Office Park' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'MDP' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'PPR - Projekt Echo – 77 Sp. z o.o.' S.k.a.	Kielce	100%	XXIX FIZ Forum
'Princess Boryszewska' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Princess Investment' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 30' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 39' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 43' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 47' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Projekt Echo - 53' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Projekt Echo - 55' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Projekt Echo - 57' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 58' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Projekt Echo - 62' Sp. z o.o.	Kielce	100%	Echo – SPV 7 Sp. z o.o.
'Projekt Echo - 67' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 70' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 77' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 93' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 94' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 94 Sp. z o.o.' Sp. kom.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 95' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 96' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 97' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 98' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Echo - 99' Sp. z o.o.	Kielce	100%	Echo Investment S.A.
'Projekt Naramowice' Sp. z o.o.	Kielce	100%	Zakłady Ogrodnicze Naramowice Sp. z o.o.
'Projekt Naramowice Poznań' Sp. z o.o.	Kielce	100%	Projekt Naramowice Sp. z o.o.
'SPV – 1' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Projekt S' Sp. z o.o.	Kielce	95%	Echo Investment S.A.
'Ultra Marina' Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
'Yevrobudgarant' LLC	Kiev	100%	El – Project Cyp – 1 Ltd
'Zakłady Ogrodnicze Naramowice' Sp. z o.o.	Poznań	100%	Echo Investment S.A.

'Wan 11' Sp. z o.o. with its registered office in Warsaw is the partially owned subsidiary.

All certificates issued by XXIX FIZ Forum are held by companies from the Echo Investment Capital Group.

7.13 Consequences of changes in the structure of business entity, including consequences of mergers, acquisitions or sales of Capital Group companies, long-term investments, splits, restructuring or discontinuation of activity

The Management Board of Echo Investment S.A. (the Issuer, the Company) hereby informs that the following contracts of transfer of title to shares were concluded on October 5, 2010:

Under the contract of transfer of title to shares in Projekt Echo - 53 Sp. z o.o. [Projekt Echo - 53 Limited Liability Company] with its registered office in Kielce (Subsidiary I) Echo-Centrum Biznesu Łódź Sp. z o.o. [Echo-Centrum Biznesu Łódź Limited Liability Company] with its registered office in Kielce (Seller I) sells on October 5, 2010 1,029,279 shares with a nominal value of 51,463,950 PLN to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus) (the Buyer). The value of the contract amounted to 13,204,445.99 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 52,477,109.25 PLN. The book value of the aforementioned shares in the books of Seller I amounts to 51,463,974.57 PLN.

The ownership structure of Subsidiary I is as follows:

- Barconsel Holdings Limited holds 1,029,279 shares with a nominal value of 32,766,050 PLN, constituting 51.96% of the share capital and carrying 1,029,279 votes at the meeting of shareholders,
- Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] holds 950,466 shares with a nominal value of 47,523,300 PLN, constituting 47.99% of the share capital and carrying 950,466 votes at the meeting of shareholders,
- the Company holds 999 shares with a nominal value of 49,950 PLN, constituting 0.05% of the share capital and carrying 999 votes at the meeting of shareholders,
- Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Echo - Galeria Sudecka Sp. z o.o. [Echo - Galeria Sudecka Limited Liability Company] with its registered office in Kielce (Subsidiary II) Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] (Seller II) sells on October 5, 2010 1,483,000 shares with a nominal value of 74,150,000 PLN to the Buyer. The value of the contract amounted to 21,423,032.08 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 85,139,414 PLN. The book value of the aforementioned shares in the books of Seller II amounts to 74,150,000 PLN.

The ownership structure of Subsidiary II is as follows:

- Barconsel Holdings Limited holds 1,483,000 shares with a nominal value of 74,150,000 PLN, constituting 99.93% of the share capital and carrying 1,483,000 votes at the meeting of shareholders,
- the Company has 999 shares with a nominal value of 49,950 PLN, constituting 0.07% of the share capital and carrying 999 votes at the meeting of shareholders,
- Projekt Echo – 43 Sp. z o.o. [Projekt Echo – 43 Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Echo – Oxygen Sp. z o.o. [Echo – Oxygen Limited Liability Company] with its registered office in Kielce (Subsidiary III) the Company (Seller III) sells on October 5, 2010 192,399 shares with a nominal value of 9,619,950 PLN to the Buyer. The value of the contract amounted to 1,620,309.89 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 6,439,435.56 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 5,251,976 PLN.

The ownership structure of Subsidiary III is as follows:

- Barconsel Holdings Limited holds 192,399 shares with a nominal value of 9,619,950 PLN, constituting 99.999% of the share capital and carrying 192,399 votes at the meeting of shareholders,
- the Company has 1 share with a nominal value of 50 PLN, constituting 0.001% of the share capital and carrying 1 vote at the meeting of shareholders,
- Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Centrum Handlowe PHS S.A. [Centrum Handlowe PHS Public Liability Company] with its registered office in Kielce (Subsidiary IV) the Company (Seller IV) sells on October 5, 2010 25,184 shares with a nominal value of 2,518,400 PLN to the Buyer. The value of the contract amounted to 4,514,840.57 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 17,942,879.39 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 4,776,335.30 PLN.

The ownership structure of Subsidiary IV is as follows:

- Barconsel Holdings Limited holds 25,184 shares with a nominal value of 2,518,400 PLN, constituting 100% of the share capital and carrying 40,368 votes at the general meeting of shareholders.

Under the contract of transfer of title to shares in Echo - Galeria Tarnów Sp. z o.o. [Echo - Galeria Tarnów Limited Liability Company] with its registered office in Kielce (Subsidiary V) Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] (Seller V) sells on October 5, 2010 1,533,107 shares with a nominal value of 76,655,350 PLN to the Buyer. The value of the contract amounted to 22,003,104.42 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 87,444,737.59 PLN. The book value of the aforementioned shares in the books of Seller V amounts to 76,655,350 PLN.

The ownership structure of Subsidiary V is as follows:

- Barconsel Holdings Limited holds 1,533,107 shares with a nominal value of 76,105,350 PLN, constituting 99.93% of the share capital and carrying 1,533,107 votes at the meeting of shareholders,
- the Company holds 999 shares with a nominal value of 49,950 PLN, constituting 0.07% of the share capital and carrying 999 votes at the meeting of shareholders,
- Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Echo - Park Postępu Sp. z o.o. [Echo - Park Postępu Limited Liability Company] with its registered office in Kielce (Subsidiary VI) the Company (Seller VI) sells on October 5, 2010 1,065,655 shares with a nominal value of 53,282,750 PLN to the Buyer. The value of the contract amounted to 5,466,282.43 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 21,724,099.63 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 53,282,800 PLN.

The ownership structure of Subsidiary VI is as follows:

- Barconsel Holdings Limited holds 1,065,655 shares with a nominal value of 53,282,750 PLN, constituting 99.99% of the share capital and carrying 1,065,655 votes at the meeting of shareholders,
- the Company holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders,
- Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Echo - Metropolis Sp. z o.o. [Echo - Metropolis Limited Liability Company] with its registered office in Kielce (Subsidiary VII) the Company (Seller VII) sells on October 5, 2010 1,213,238 shares with a nominal value of 60,661,900 PLN to the Buyer. The value of the contract amounted to 15,241,575.26 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 60,572,068.40 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 60,661,950 PLN.

The ownership structure of Subsidiary VII is as follows:

- Barconsel Holdings Limited holds 1,213,238 shares with a nominal value of 60,661,900 PLN, constituting 99.99% of the share capital and carrying 1,213,238 votes at the meeting of shareholders,
- Projekt Echo – SPV 12 Sp. z o.o. [Projekt Echo – SPV 12 Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders,
- Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Echo – Galeria Olimpia Sp. z o.o. [Echo – Galeria Olimpia Limited Liability Company] with its registered office in Kielce (Subsidiary VIII) the Company (Seller VIII) sells on October 5, 2010 17,045 shares with a nominal value of 8,522,500 PLN to the Buyer. The value of the contract amounted to 6,575,660.17 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 26,132,988.65 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 2,082,667.05 PLN.

The ownership structure of Subsidiary VIII is as follows:

- Barconsel Holdings Limited holds 17,045 shares with a nominal value of 8,522,500 PLN, constituting 99.99% of the share capital and carrying 17,045 votes at the meeting of shareholders,
- the Company holds 1 share with a nominal value of 500 PLN, constituting 0.01% of the share capital and carrying 1 vote at the meeting of shareholders,
- Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] holds 1 share with a nominal value of 500 PLN, constituting 0.01% of the share capital and carrying 1 vote at the meeting of shareholders.

The transferred assets had been used in development and financial operations before signing the above specified contracts. The Buyer intends to continue to use the assets in the same manner. Barconsel Holdings Limited intends to treat the shares acquired in Subsidiary I, Subsidiary II, Subsidiary III, Subsidiary IV, Subsidiary V, Subsidiary VI, Subsidiary VII and Subsidiary VIII as long-term equity investment.

The aforementioned shares constitute a non-cash contribution for covering newly formed 7,2000 shares in the share capital of Barconsel Holdings Limited, with a total nominal value of 1 EUR each. The acquisition price of the newly formed shares amounts to 90,049,248 EUR million which, according to the average exchange rate of the National Bank of Poland as at the effective date of contract is an equivalent of PLN

357,873,721.40 PLN. The newly formed shares constitute 72% of the share capital after registration of increase of the Buyer's share capital and they shall carry 7,200 votes at the general meeting of shareholders. The newly formed shares will be taken up by the following companies:

- Echo Investment SA [Echo Investment Public Limited Company] shall take up 2,664 shares with a nominal value of 2,664 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent 10,587.27 PLN, constituting 26.64% of the share capital and after registering the increase of the share capital shall carry 2,664 votes at the meeting of shareholders. The acquisition price of the shares amounts to 33,418,665 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 126,797,098.74 PLN.

- Echo – SPV 12 shall take up 3,456 shares with a nominal value of 3,456 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent of 13,734.84 PLN, constituting 34.56% of the share capital and after registering the increase of the share capital shall carry 3,456 votes at the meeting of shareholders. The acquisition price of the shares amounts to 43,426,135 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 164,767,441.42 PLN.

- Echo – Centrum Biznesu Łódź shall take up 1,080 shares with a nominal value of 1,080 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 4,292.14 PLN, constituting 10.8% of the share capital and after registering the increase of the share capital shall carry 1,080 votes at the meeting of shareholders. The acquisition price of the shares amounts to 13,204,445 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 50,100,305.22 PLN.

At present, Echo Investment SA [Echo Investment Public Limited Company] holds 2,800 shares in the share capital of Barconsel Holdings Limited, constituting 100% of the current share capital.

The Management Board of Echo Investment S.A. (the Issuer, the Company) hereby informs that the following contracts of transfer of title to shares were concluded on December 15, 2010:

Under the contract of transfer of title to shares in Echo – Galeria Kielce Sp. z o.o. [Echo – Galeria Kielce Limited Liability Company] with its registered office in Kielce (Subsidiary I), Echo – Kielce 1 Sp. z o.o. [Echo – Kielce 1 Limited Liability Company] with its registered office in Kielce (Seller I) sells on December 15, 2010 27,382 shares with a nominal value of 13,691,000 PLN to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus) (the Buyer). The value of the contract amounted to 18,431,808 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 73,500,520.80 PLN. The book value of the aforementioned shares in the books of Seller I amounts to 13,691,000 PLN.

The ownership structure of Subsidiary I is as follows:

- Barconsel Holdings Limited holds 27,382 shares with a nominal value of 13,691,000 PLN, constituting 99.97 % of the share capital and carrying 27,382 votes at the meeting of shareholders,
- the Company holds 6 shares with a nominal value of 3,000 PLN, constituting 0.02% of the share capital and carrying 6 votes at the meeting of shareholders,
- Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] holds 2 shares with a nominal value of 1,000 PLN, constituting 0.01% of the share capital and carrying 2 votes at the meeting of shareholders.

Under the contract of transfer of title to shares in Projekt Echo – 47 Sp. z o.o. [Projekt Echo – 47 Limited Liability Company] with its registered office in Kielce (Subsidiary II), the Company (Seller II) sells on December 15, 2010 999,990 shares with a nominal value of 49,999,500 PLN to the Buyer. The value of the contract amounted to 12,349,343 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 49,245,475 PLN. The book value of the aforementioned shares in the books of Seller II amounts to 49,796,355 PLN.

The ownership structure of Subsidiary II is as follows:

- Barconsel Holdings Limited holds 999,990 shares with a nominal value of 49,999,500 PLN, constituting 99.99% of the share capital and carrying 999,990 votes at the meeting of shareholders,
- the Company has 9 shares with a nominal value of 450 PLN, constituting 0.001% of the share capital and carrying 9 votes at the meeting of shareholders,
- Grupa Echo Sp. z o.o. [Grupa Echo Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Projekt Echo – 53 Sp. z o.o. [Projekt Echo – 53 Limited Liability Company] with its registered office in Kielce (Subsidiary III), Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] with its registered office in Kielce (Seller III) sells on December 15, 2010 950,466 shares with a nominal value of 47,523,300 PLN to the Buyer. The value of the contract amounted to 12,537,775 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 49,996,885 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 47,523,341.95 PLN.

The ownership structure of Subsidiary III is as follows:

- Barconsel Holdings Limited holds 1,979,745 shares with a nominal value of 98,987,250 PLN, constituting 99.95% of the share capital and

carrying 1,979,745 votes at the meeting of shareholders,
 -the Company has 999 shares with a nominal value of 49,950 PLN, constituting 0.05% of the share capital and carrying 999 votes at the meeting of shareholders,
 -Grupa Echo Sp. z o.o. [Grupa Echo Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0001% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Projekt Echo 55 Sp. z o.o. [Projekt Echo 55 Limited Liability Company] with its registered office in Kielce (Subsidiary IV), the Company (Seller IV) sells on December 15, 2010 326,400 shares with a nominal value of 16,320,000 PLN to the Buyer. The value of the contract amounted to 4,111,136 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 16,393,977 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 16,306,176 PLN.

The ownership structure of Subsidiary IV is as follows:

-Barconsel Holdings Limited holds 326,400 shares with a nominal value of 16,320,000 PLN, constituting 99.997 % of the share capital and carrying 326,400 votes at the general meeting of shareholders.
 -the Company has 10 shares with a nominal value of 500 PLN, constituting 0.003% of the share capital and carrying 10 votes at the meeting of shareholders,
 -Grupa Echo Sp. z o.o. [Grupa Echo Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0003% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Projekt Echo – 58 Sp. z o.o. [Projekt Echo – 58 Limited Liability Company] with its registered office in Kielce (Subsidiary V), the Company (Seller V) sells on December 15, 2010 400,990 shares with a nominal value of 20,049,500 PLN to the Buyer. The value of the contract amounted to 5,055,709 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 20,160,651 PLN. The book value of the aforementioned shares in the books of Seller V amounts to 22,959,485 PLN.

The ownership structure of Subsidiary V is as follows:

-Barconsel Holdings Limited holds 400,990 shares with a nominal value of 20,049,500 PLN, constituting 99.99% of the share capital and carrying 400,990 votes at the meeting of shareholders,
 -the Company holds 9 shares with a nominal value of 450 PLN, constituting 0.0022% of the share capital and carrying 9 votes at the meeting of shareholders,
 -Grupa Echo Sp. z o.o. [Grupa Echo Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.0002% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in SPV 1 Sp. z o.o. [SPV 1 Limited Liability Company] with its registered office in Kielce (Subsidiary VI), the Company (Seller VI) sells on December 15, 2010 990 shares with a nominal value of 49,500 PLN to the Buyer. The value of the contract amounted to 50,896 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 202,958 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 42,495 PLN.

The ownership structure of Subsidiary VI is as follows:

-Barconsel Holdings Limited holds 990 shares with a nominal value of 49,500 PLN, constituting 99.00% of the share capital and carrying 990 votes at the meeting of shareholders,
 -the Company holds 9 shares with a nominal value of 450 PLN, constituting 0.9% of the share capital and carrying 9 votes at the meeting of shareholders,
 -Grupa Echo Sp. z o.o. [Grupa Echo Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.1% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Echo - Metropolis Sp. z o.o. [Echo - Metropolis Limited Liability Company] with its registered office in Kielce (Subsidiary VII), Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] with its registered office in Kielce (Seller VII) sells on December 15, 2010 796,760 shares with a nominal value of 39,838,000 PLN to the Buyer. The value of the contract amounted to 10,013,283 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 39,929,969 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 1,078,249 PLN.

The ownership structure of Subsidiary VII is as follows:

-Barconsel Holdings Limited holds 2,009,998 shares with a nominal value of 100,499,900 PLN, constituting 99.9999% of the share capital and carrying 2,009,998 votes at the meeting of shareholders,
 -the Company holds 1 share with a nominal value of 50 PLN, constituting 0.00005% of the share capital and carrying 1 vote at the meeting of shareholders,
 -Grupa Echo Sp. z o.o. [Grupa Echo Limited Liability Company] holds 1 share with a nominal value of 50 PLN, constituting 0.00005% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Echo – Veneda Sp. z o.o. [Echo – Veneda Limited Liability Company] with its registered office in Kielce (Subsidiary VIII), the Company (Seller VIII) sells on December 15, 2010 13,560 shares with a nominal value of 6,780,000 PLN to the Buyer. The value of the contract amounted to 1,605,933 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 6,403,979 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 6,132,752 PLN.

The ownership structure of Subsidiary VIII is as follows:

- Barconsel Holdings Limited holds 13,560 shares with a nominal value of 6,780,000 PLN, constituting 99.99% of the share capital and carrying 13,560 votes at the meeting of shareholders,
- the Company holds 1 share with a nominal value of 500 PLN, constituting 0.01% of the share capital and carrying 1 vote at the meeting of shareholders,
- Grupa Echo Sp. z o.o. [Grupa Echo Limited Liability Company] holds 1 share with a nominal value of 500 PLN, constituting 0.01% of the share capital and carrying 1 vote at the meeting of shareholders.

Under the contract of transfer of title to shares in Ultra Marina Sp. z o.o. [Ultra Marina Limited Liability Company] with its registered office in Kielce (Subsidiary IX), the Company (Seller IX) sells on December 15, 2010 1,248 shares with a nominal value of 1,248,000 PLN to the Buyer. The value of the contract amounted to 46,094 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the contract is an equivalent of 183,809 PLN. The book value of the aforementioned shares in the books of the Issuer amounts to 11,872,440 PLN.

The ownership structure of Subsidiary IX is as follows:

- Barconsel Holdings Limited holds 1,248 shares with a nominal value of 1,248,000 PLN, constituting 99.84 % of the share capital and carrying 1,248,000 votes at the meeting of shareholders,
- the Company holds 2 shares with a nominal value of 2,000 PLN, constituting 0.16 % of the share capital and carrying 2 votes at the meeting of shareholders.

The transferred assets had been used in development and financial operations before signing the above specified contracts. The Buyer intends to continue to use the assets in the same manner. Barconsel Holdings Limited intends to treat the shares acquired in Subsidiary I, Subsidiary II, Subsidiary III, Subsidiary IV, Subsidiary V, Subsidiary VI, Subsidiary VII and Subsidiary VIII and Subsidiary IX as short-term equity investment.

The aforementioned shares constitute a non-cash contribution for covering newly formed 1,000 shares in the share capital of Barconsel Holdings Limited, with a total nominal value of 1 EUR each. The acquisition price of the newly formed shares amounts to 64,388,500 EUR which, according to the average exchange rate of the National Bank of Poland as at the effective date of contract is an equivalent of PLN 256,762,021.45 PLN. The newly formed shares constitute 9.09 % of the share capital after registration of increase of the Buyer's share capital and they shall carry 1,000 votes at the general meeting of shareholders. The newly formed shares will be taken up by the following companies:

- Echo Investment SA [Echo Investment Public Limited Company] shall take up 363 shares with a nominal value of 363 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent 1,447.54 PLN, constituting 0.33 % of the share capital and after registering the increase of the share capital shall carry 363 votes at the meeting of shareholders. The acquisition price of the shares amounts to 23,373,025.50 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 93,204,613.79 PLN.
- Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] shall take up 350 shares with a nominal value of 350 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent of 1,395.69 PLN, constituting 3.18 % of the share capital and after registering the increase of the share capital shall carry 350 votes at the meeting of shareholders. The acquisition price of the shares amounts to 22,535,975 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 89,866,707.50 PLN.
- Echo – Kielce 1 Sp. z o.o. [Echo – Kielce 1 Limited Liability Company] shall take up 287 shares with a nominal value of 4,563.76 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 4,563.76 PLN, constituting 2.6 % of the share capital and after registering the increase of the share capital shall carry 287 votes at the meeting of shareholders. The acquisition price of the shares amounts to 18,479,499.50 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of execution of the aforementioned contracts is an equivalent of 73,690,700.15 PLN.

At present, the following companies hold shares in the share capital of Barconsel Holdings Limited:

- Echo Investment SA [Echo Investment Public Limited Company] holds 5,464, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent 21,788.79 PLN, constituting 54.64 % of the current share capital and carrying 5,464 votes at the meeting of shareholders.
- Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] holds 3,456 shares with a nominal value of 3,456 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent of 13,781.49 PLN, constituting 34.56 % of the share capital and carrying 3,456 votes at the meeting of shareholders.
- Echo – Centrum Biznesu Łódź Sp. z o.o. [Echo – Centrum Biznesu Łódź Limited Liability Company] holds 1,080 shares with a nominal value of 1,080 EUR, which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned contracts is an equivalent of 4,306.71 PLN, constituting 10.8 % of the share capital and carrying 1,080 votes at the meeting of shareholders.

On December 30, 2010 the Issuer received a decision from the District Court in Kielce, X Commercial Division KRS, on the basis of which on December 30, 2010 there were changes registered in the amount and share capital structure of its subsidiary 'Echo – Centrum Biznesu Łódź' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce.

On the day of the registration the subsidiary 'Echo – Centrum Biznesu Łódź' Sp. z o.o. (the Acquiring Company) merged with the subsidiaries of the Issuer:

- 'Projekt Echo – 37' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce,
- 'Projekt Echo – 54' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce,
- 'Echo – Pasaż Grunwaldzki Limited Liability Company' Sp. k. [Limited Partnership] with its registered office in Kielce,
- 'Echo – Galaxy Limited Liability Company' Sp. k. [Limited Partnership] with its registered office in Kielce, (hereinafter referred to as 'the Acquired Companies').

The merger took place by transferring all assets of the Acquired Companies to the Acquiring Company and increasing the share capital of the Acquiring Company at the same time, through the creation of the shares, which were granted to former shareholders of the Acquired Companies in exchange for their former shares in the Acquired Companies.

The book value of the Acquired Companies in the books of the Issuer and its subsidiaries amounted to:

- 'Projekt Echo – 37' Sp. z o.o. with its registered office in Kielce: PLN 51,500
- 'Projekt Echo – 54' Sp. z o.o. with its registered office in Kielce: PLN 11,100
- 'Echo – Pasaż Grunwaldzki Limited Liability Company' Sp. k. with its registered office in Kielce: PLN 35,883.90
- 'Echo – Galaxy Limited Liability Company' Sp. k. with its registered office in Kielce: PLN 110,147.

The newly created shares in 'Echo – Centrum Biznesu Łódź' Sp. z o.o. were given to the following companies on the day of the aforementioned registration:

- Echo Investment SA [Public Limited Company] received 293,381 shares with a total nominal value of PLN 146,690,500 carrying 293,391 votes at the meeting of shareholders and constituting 98.22% of the share capital,
- 'Grupa Echo' Sp. z o.o., subsidiary of the Issuer, (formerly operating as 'Projekt Echo – 17' Sp. z o.o.) with its registered office in Kielce received 2 shares with a total nominal value of PLN 1,000, carrying 2 votes at the meeting of shareholders and constituting 0.0006% of the share capital,
- 'Projekt Echo -43' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce received 1 share with a nominal value of PLN 500 carrying 1 vote at the meeting of shareholders and constituting 0.0003% of the share capital,
- 'Echo – Pasaż Grunwaldzki' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce received 1 share with a nominal value of PLN 500 carrying 1 vote at the meeting of shareholders and constituting 0.0003% of the share capital,
- 'Echo – Galaxy' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce received 1 share with a nominal value of PLN 500 carrying 1 vote at the meeting of shareholders and constituting 0.0003% of the share capital,
- 'Echo – Galaxy Szczecin' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce received 1 share with a nominal value of PLN 500 carrying 1 vote at the meeting of shareholders and constituting 0.0003% of the share capital.

The newly created shares are a long-term capital investment.

In accordance with the merger plan the book value of the transferred assets of the Acquired Companies in the books of the Issuer and its subsidiaries amounts to:

- 'Projekt Echo – 37' Sp. z o.o. with its registered office in Kielce: PLN 43,000
- 'Projekt Echo – 54' Sp. z o.o. with its registered office in Kielce: PLN 120,039
- 'Echo – Pasaż Grunwaldzki Limited Liability Company' Sp. k. with its registered office in Kielce: PLN 369,956
- 'Echo – Galaxy Limited Liability Company' Sp. k. with its registered office in Kielce: PLN 372,846.

The assets of the acquired companies had been used in development and financial operations. The Acquiring Company intends to continue to use the assets in the same manner.

As of the day of the registration of the aforementioned changes the share capital of 'Echo – Centrum Biznesu Łódź' Sp. z o.o. amounts to PLN 149,347,500 and is divided into 298,695 shares with a nominal value of PLN 500 each. The total number of votes carried by the shares amounts to 298,695 votes at the meeting of shareholders.

The ownership structure of 'Echo – Centrum Biznesu Łódź' Sp. z o.o. changed and is currently as follows:

- Echo Investment SA holds 298,688 shares with a total value of PLN 146,344,000 carrying 298,688 votes at the meeting of shareholders and constituting 99.99% of the share capital,
- 'Grupa Echo' Sp. z o.o., subsidiary of the Issuer, (formerly operating as 'Projekt Echo – 17' Sp. z o.o.) with its registered office in Kielce holds 3 shares with a total value of PLN 1,500, carrying 3 votes at the meeting of shareholders and constituting 0.001% of the share capital,
- 'Projekt Echo -43' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce holds 1 share with a value of PLN 500 carrying 1 vote at the meeting of shareholders and constituting 0.0003% of the share capital,
- 'Echo – Pasaż Grunwaldzki' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce holds 1 share with a value of PLN 500 carrying 1 vote at the meeting of shareholders and constituting 0.0003% of the share capital,
- 'Echo-Galaxy' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce holds 1 share with a value of PLN 500 carrying 1 vote at the

meeting of shareholders and constituting 0.0003% of the share capital,

- 'Echo – Galaxy Szczecin' Sp. z o.o., subsidiary of the Issuer, with its registered office in Kielce holds 1 share with a value of PLN 500 carrying 1 vote at the meeting of shareholders and constituting 0.0003% of the share capital.

On December 30, 2010 the name of the Acquiring Company – 'Echo – Centrum Biznesu Łódź' Sp. z o.o. with its registered office in Kielce was changed. Its current name is 'Echo – SPV 7' Sp. z o.o. [Limited Liability Company] with its registered office in Kielce.

7.14 Opinion of the Management Board concerning the possibilities of realizing the previously published forecasts for the given year, in view of results presented in the quarterly report as compared to forecasts

The Management Board of the company did not publish financial forecasts.

7.15 Shareholding structure - significant stakes of Echo Investment SA shares

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of total votes at the general meeting of shareholders of Echo Investment SA as at February 24, 2011:

Shareholder	Number of shares [pcs.]	% of issued capital of Echo Investment SA	Number of votes at the General Meeting of Shareholders of Echo Investment SA	% of total votes at the General Meeting of Shareholders of Echo Investment SA
Michał Sołowow (directly and indirectly)	169 916 580	40.46%	169 916 580	40.46%
AVIVA OFE AVIVA BZ WBK*	36 683 460	8.73%	36 683 460	8.73%
ING OFE*	37 528 063	8.94%	37 528 063	8.94%
PZU Żłota Jesień OFE*	21 419 085	5.1%	21 419 085	5.1%

* on the basis of annual structure of investment portfolios Open Pension Funds as at December 31, 2010.

In the period from the publication of the last quarterly report i.e. 15.11.2010 until the date of this report the company did not receive any information about changes in ownership of shares of significant shareholders.

7.16 Changes in Echo Investment SA shareholding structure or structure of equity rights (options) to these shares held by persons managing and supervising the Issuer, according to information available to Echo Investment SA, during the period following presentation of the previous quarterly report

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996.

As at March 1, 2011, 420,000,000 shares of the Company are presently available for stock trade (Code ISIN PLECHPS00019). All shares carry the same privileges. Each share carries one vote at the General Meeting of Shareholders of the Company. Par value of one share is PLN 0.05.

Information about issues of Echo Investment¹'s shares:

Series	Number of shares	Par value total	Class of shares	Date of shares registration by court	Date of listing on the Warsaw Stock Exchange
A	1,600,000	80,000	Ordinary bearer shares	30.06.1994	10.08.2006
B	38,400,000	1,920,000	Ordinary bearer shares	30.06.1994	21.02.1996
C	20,000,000	1,000,000	Ordinary bearer shares	13.11.1995	21.02.1996
D	60,000,000	3,000,000	Ordinary bearer shares	18.02.1997	27.03.1997
E	20,000,000	1,000,000	Ordinary bearer shares	30.12.1997	02.03.1998
F	280,000,000	14,000,000	Ordinary bearer shares	26.11.2002	20.12.2002
Total:	420,000,000	21,000,000			

According to information available to the Company, changes in shareholding structure of Echo Investment SA or equity rights (options) to these shares, held by persons managing and supervising Echo Investment SA during the period following presentation of the previous quarterly report are presented in the tables below:

Managing persons	as at 2011-03-01	as at 2010-11-15
Piotr Gromniak, President of the Management Board	did not hold any shares	did not hold any shares
Artur Langner, Vice-President of the Management Board	did not hold any shares	did not hold any shares
Wojciech Ciesielski, Chairman of the Supervisory Board	1,200,000 shares	1,200,000 shares
Andrzej Majcher, Deputy Chairman of the Supervisory Board	98,800 shares	100,800 shares
Mariusz Waniolka, Deputy Chairman of the Supervisory Board	did not hold any shares	did not hold any shares
Karol Żbikowski, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Robert Oskard, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Tomasz Kalwat, Member of the Supervisory Board	did not hold any shares	did not hold any shares

On January 17, 2011 the Issuer obtained a notice on the basis of which a Member of the Issuer's Supervisory Board announced that acting by virtue of Art. 160 of the Act on Trade in Financial Instruments of July 29, 2005. (Journal of Laws No. 183, item 1538) in connection with § 2 (5) of the Decree by the Minister of Finance of November 15, 2005 on passing and making accessible information on certain transactions in financial instruments and rules of making and conducting lists of persons having access to certain confidential information (Journal of Laws No. 229, item 1950), he disposed of shares of Echo Investment S.A., the value of which did not exceed EUR 5,000.

The disposal of 2,000 common bearer shares at the price of 5.30 PLN per share took place on the regulated market, in a session transaction completed on the Warsaw Stock Exchange on November 22, 2010.

The informer requested their personal details be withheld, referring to the content of §3 (2) of the Decree by the Minister of Finance dated November 15, 2005 on passing and making accessible information on certain transactions in financial instruments and rules of making and conducting lists of persons having access to certain confidential information.

7.17 Information about court proceedings

During the period from January 01 to December 31, 2010, no litigation was conducted before a court or a public administration authority concerning liabilities or receivables of Echo Investment SA or its subsidiaries, whose joint value constitutes at least 10% of equity of Echo Investment SA.

7.18 Information about transactions with affiliated companies on non-arm's length terms

Neither Echo Investment SA nor any subsidiary entered into any transactions with affiliated companies on different terms than arm's length transactions in Q4 2010.

7.19 Sureties granted as collaterals of credits or loans, and granted guarantees with a value corresponding to at least 10% of the Issuer's equity

In Q4 2010 the Capital Group did not grant any collaterals of credit or loans or granted guarantees to any entity or subsidiaries, the value of which would correspond to at least 10% of the Issuer's equity.

See also item 7.11

7.20 Other information that the Management Board of Echo Investment SA considers of the essence for assessment of its HR, property and financial standing, earnings and profit variations, and important data for evaluation of Echo Investment Capital Group solvency

Echo Investment increases its land bank

Echo Investment has purchased a plot of land located between the streets of Sobieskiego, Witosa, Beethovena and Idzikowskiego in Warsaw where it is planning to develop its next projects. The plot of land with an area exceeding 34,000 sqm was bought from the owners of the land i.e. companies BRJ Invest and BP Inwestycje. The value of the property purchase is PLN 70 mln net. The land is currently not developed. According to the provisions of the agreement Echo Investment will have the possibility to build an office and administration facility with services and a permissible residential function with a total area of over 50,000 sqm on the purchased plot of land.

Purchasing the property on Beethovena and Sobieskiego streets is part of Echo Investment's strategy of building an office property portfolio on the Warsaw market. The planned complex of office buildings will be carried out in a number of stages, which considerably limits risks connected with the fluctuation of the economic situation on the demand side and allows obtaining better conditions with regard to project financing. The planned launch date of the first stage of the project is H2 2011. Work is currently pending with regard to preparation of architectural concept of the facility, which is being carried out by JEMS Architekci architectural studio from Warsaw.

New apartments in Kraków

Echo Investment is starting the sale of apartments in the modern residential project 'Dom pod Słowikiem' on Krasickiego street in Kraków. 'Dom pod Słowikiem' is a residential complex consisting of two six-storey multi-family buildings. The design of the building has been created by architects from Maarte architectural studio from Sopot. There are 78 apartments available in "The House Under The Nightingale" with areas ranging from 38 to 96 sqm. Construction of the facility started in September 2010 and it is to be finished in Q3 2012.

Official opening of the Oxygen building in Szczecin

Oxygen, the office building developed by Echo Investment in the centre of Szczecin, was ceremonially opened on November 4th, 2010. Representatives of state authorities, members of parliament as well as local authorities of Szczecin took part in the event. Oxygen is a modern 9-storey office building located in the very city centre of Szczecin at the junction of Malczewskiego street and Wyzwolenia avenue, which offers a total leasable area of approx. 14,000 sqm. The employees and clients of the building will have 181 parking spaces at their disposal, located in the above-ground and underground car parks. The companies that have rented their offices in Oxygen include among others: Nordea Bank Polska, Coloplast Shared Services, Tieto Poland, Vorwerk Polska, Isabel Studio, Medicover, Subway, Yummie and Columbus Coffee. The facility has been developed by Echo Investment and the architectural design has been created in Gdynia-based architectural studio Arch-Deco. Construction of the Oxygen building started in September 2008. In July 2010 the facility obtained its certificate of occupancy. Installation works are currently pending inside the building. Some tenants have already started their operations while others are in the process of space acceptance and finishing. All tenants are expected to start their operations at the end of Q1 2011.

Tesco hypermarkets in Galeria Olimpia and Galeria Veneda

Echo Investment and Tesco announce signing retail space lease agreements concerning Galeria Olimpia in Bełchatów and Galeria Veneda in Łomża during the MAPIC fair in Cannes, France. The Tesco hypermarket in Galeria Veneda will occupy an area of 7,350 sqm while the one in Galeria Olimpia will have an area of nearly 7,800 sqm.

GALERIA OLIMPIA is a shopping and entertainment centre which is to be built on the streets of Kolejowa and Armii Krajowej in Bełchatów. There will be approx. 80 shops and a 6-screen cinema operated by Multikino located on a GLA of 30,000 sqm. Customers will have approx. 1,100 parking spaces at their disposal. The architectural concept has been created by the architectural studio MOFO architekci. The building permit design is currently being developed by the same studio. The construction work on Galeria Olimpia is planned to be launched in Q2 2011 and its completion is planned in Q3 2012.

GALERIA VENEDA will be built at the junction of the streets of Zawadzka and Sikorskiego in Łomża. It will include a shopping gallery with approx. 80 shops and a hypermarket located on a GLA of approx. 16,000 sqm.

Customers of the centre will have over 600 parking spaces at their disposal.

The architectural concept has been developed by the Mąka Sojka Architekci architectural studio from Warsaw in cooperation with the team of Echo Investment architects. The launch of construction work is planned in Q2 2011 and its completion in Q4 2012.

Helios cinema in Outlet Park Szczecin

Helios and Echo Investment have concluded an agreement for the lease of over 2,300 sqm in Outlet Park Szczecin, which is to be occupied by a 6-screen cinema. Outlet Park Szczecin is the first outlet centre in the West Pomeranian province. It is being developed by Echo Investment on Struga street in Szczecin. The leasable area of Outlet Park Szczecin will amount to over 23,000 sqm. Customers will have 1,400 parking spaces at their disposal. Outlet Park will be developed in three stages. The first stage will include a shopping gallery with a leasable area of approx. 10,000 sqm, where 70 retail outlets will be located; in the second stage there will be a cinema, a supermarket and an electronic shop while the third one will include 9,000 sqm, which is to accommodate approx. 60 outlets. The complete facility will have approx. 120-130 tenants. The architectural concept of Outlet Park Szczecin was created in Vsf – Creative architectural studio. The first stage of the project will already be launched in Q1 2011. The stage is to be completed by Q4 2011.

Credit agreement for the development of 'Kasztanowa Aleja'

On November 19, 2010 Echo Kasztanowa Aleja Sp. zo.o. SK (a company from the Echo Group) signed a credit agreement at a total amount of approx. PLN 35.7 mln with Bank Pekao S.A. The funds from the loan will be allocated to development of the residential project located in Poznań on Wojskowa street, called 'Kasztanowa Aleja'.

7.21 Factors expected to influence Echo Investment Capital Group's results according to the Management Board of Echo Investment SA in the perspective of at least the upcoming quarter of year

The following factors are going to influence the bottom line during the consecutive periods:

- signing final contracts of sale of housing projects:
 - in Warsaw, Inflancka street (stage 3), Zeusa street and Kazimierzowska street
 - in Poznań - Naramowice Rynek
- in Kielce, Bilcza housing estate (stage 2) - sales of land plots with designs of houses,
- valuation of the following projects to fair value:
 - Oxygen in Szczecin (office segment),
 - Galeria Echo in Kielce (shopping and entertainment centre),
- quarterly revaluation of fair value of owned properties,
- regular revenues from lease contracts,
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

8. Condensed separate financial statements as at and for the period of 12 months ended December 31, 2010

Balance sheet (in thousands PLN)	balance as at 2010.12.31	balance as at 2009.12.31
Assets		
1. Non-current assets		
1.1. Intangible assets	1 227	1 051
1.2. Tangible fixed assets	17 841	10 669
1.3. Investment property	11 631	11 612
1.4. Investments in fully and partially owned subsidiaries	768 628	611 227
1.5. Investments in associated companies	50	50
1.6. Loans granted	8	359
1.7. Other financial assets	14 915	-
1.8. Other receivables	12 532	-
	826 832	634 968
2. Current assets		
2.1. Inventories	330 111	365 693
2.2. Current income tax receivables	335	2 195
2.3. Other tax receivables	-	57
2.4. Trade receivables and other receivables	91 127	122 731
2.5. Loans granted	144 538	124 363
2.6. Derivative financial instruments	-	-
2.7. Cash and cash equivalents	65 827	53 878
	631 938	668 917
Assets total	1 458 770	1303 885
Liabilities		
1. Equity		
1.1. Issued share capital	21 000	21 000
1.2. Supplementary capital	511 901	477 859
1.3. Retained earnings	-	6 401
1.4. Net profit (loss)	39 371	27 641
	572 272	532 901
2. Provisions		
2.1. Provisions for liabilities	6 530	10 930
2.2. Deferred income tax provision	12 053	8 300
	18 583	19 230
3. Non-current liabilities		
3.1. Borrowings	484 907	513 948
	484 907	513 948
4. Current liabilities		
4.1. Borrowings	285 043	128 017
4.2. Derivative financial instruments	-	-
4.3. Current income tax liabilities	-	-
4.4. Other tax liabilities	7 449	3 839
4.5. Trade liabilities	57 656	38 034
4.6. Advances received	24 111	53 759
4.7. Other liabilities	8749	14 157
	383 008	237 806
Liabilities total	1458 770	1 303 885

Book value (in thousands PLN)	balance as at 2010.12.31	balance as at 2009.12.31
Book value	572 272	532 901
Number of shares	420 000 000	420 000 000
Book value per share (in PLN)	1.36	1.27

Off-balance liabilities (in thousands PLN)	balance as at 2010.12.31	balance as at 2009.12.31
Off-balance receivables	-	-
Off-balance liabilities	480 018	834 848
Off-balance items total	480 018	834 848

Profit and loss statement (in thousands PLN)	the period from 2010.10.01 to 2010.12.31	the period from 2010.01.01 to 2010.12.31	the period from 2009.10.01 to 2009.12.31	the period from 2009.01.01 to 2009.12.31
Operating incomes	111 168	375 514	77 863	329 873
Operating expenses	(90 221)	(292 483)	(61 953)	(260 835)
Profit (loss) before tax, interest and expenses	20 947	83 031	15 910	69 038
Profit (loss) on sales of property	(3)	15	(2)	145
Revaluation of non-financial assets	(54)	19	(1 095)	(900)
Costs of sales	(7 026)	(21 263)	(6 100)	(17 866)
Administrative costs	(9 958)	(28 588)	(10 836)	(27 066)
Other operating incomes	3 582	27 074	13 042	21 914
Other operating expenses	(406)	(8 642)	(1 802)	(7 391)
Earnings before tax and finance incomes/expenses	7 082	51 646	9 117	37 874
Financial incomes	4 149	47 769	10 990	46 265
Financial costs	(13 243)	(56 290)	(7 409)	(50 783)
Profit (loss) before tax and interest	(2 012)	43 125	12 698	33 356
Income tax	(2 760)	(3 754)	(2 725)	(5 715)
Net profit (loss)	(4 772)	39 371	9 973	27 641
Net profit (loss) (annualized)		39 371		27 641
Weighted average number of ordinary shares		420 000 000		420 000 000
Earnings per ordinary share (in PLN)		0.09		0.07
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted earnings per ordinary share (in PLN)		0.09		0.07

Statement of changes in equity	Issued capital	Supplementary capital	Retained earnings from the previous years	Net profit (loss)	Total shareholders' equity
For 4 quarters (current year), the period from 2010.01.01 to 2010.12.31					
Balance as at the beginning of period	21 000	477 859	34 042	-	532 901
Changes during the period:					
Distribution of profit/loss carried forward	-	34 042	(34 042)	-	-
Net profit (loss) of the current period			39 371		39 371
Changes total	-	34 042	(34 042)	39 371	39 371
Balance as at the end of period	21 000	511 901	-	39 371	572 272
For 4 quarters (previous year), the period from 2009.01.01 to 2009.12.31					
Balance as at the beginning of period	21 000	437 943	46 317	-	505 260
Changes during the period:					
Distribution of profit/loss carried forward	-	39 916	(39 916)	-	-
Net profit (loss) of the current period				27 641	27 641
Changes total	-	39 916	(39 916)	27 641	27 641
Balance as at the end of period	21 000	477 859	6 401	27 641	532 901

Cash flow statement (in thousands PLN)	the period from 2010.01.01 to 2010.12.31	the period from 2009.01.01 to 2009.12.31
Cash flows on operating activity – indirect method		
I. Net profit (loss)	39 371	27 641
II. Adjustments		
1. Amortization/Depreciation	2 856	3 613
2. Foreign exchange (gains) losses	-	-
3. Interest and shares in profits (dividends)	687	(3 249)
4. Current income tax in the profit and loss statement	-	315
5. Income tax paid	1 860	(620)
6. (Profit) loss on investment activity	(9 689)	2 070
7. Change in provisions	(2 849)	(1 771)
8. Change in inventories	35 582	44 717
9. Change in receivables	32 232	18 511
10. Change in current liabilities, except for borrowings	(17 902)	(62 381)
	42 777	1 206
Net cash flows on operating activities	82 148	28 846
Cash flows from investing activities		
I. Incomes		
1. Sales of intangible and tangible fixed assets	505	182
2. Sales of investments in property and in intangible assets	-	-
3. From financial assets	285 470	226 132
4. Other incomes from investments	227	332
	286 202	226 646
II. Expenditures		
1. Acquisition of intangible assets and tangible assets	(10 701)	(1 732)
2. Investments in property and in intangible assets	-	-
3. Other financial assets	(430 077)	(240 951)
4. Other investment expenditures	-	-
	(440 778)	(242 683)
Net cash flows from investing activities	(154 576)	(16 037)
Cash flows from finance activities		
I. Incomes		
1. Net income from issue of shares and other equity instruments, additional payments to capital	-	-
2. Borrowings	1 330	90 482
3. Issue of debt securities	150 000	100 897
4. Other financial incomes	-	-
	151 330	191 379

Cash flow statement (in thousands PLN) continued	the period from 2010.01.01 to 2010.12.31	the period from 2009.01.01 to 2009.12.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayments of loans and credits	(26 162)	(33 029)
5. Redemption of debt securities	-	(105 000)
6. Interest	(40 791)	(51 889)
	(66 953)	189 918)
Net cash flows from financing activities	84 377	1 461
Net cash flows total	11 949	14 270
Balance change in cash, including:	11 949	14 270
- change in cash balance through foreign exchange differences	-	-
Cash as at the beginning of period	53 878	39 608
Cash at the end of period, including	65 827	53 878
- with limited disposability	7 600	8 759

Kielce, February 24, 2011

Representatives of the Company

President of the Management Board	Vice-President of the Board
Piotr Gromniak	Artur Langner

Person in charge of bookkeeping

Chief Accountant
Tomasz Sułek