

Independent certified auditor's opinion

To the General Meeting of the Shareholders and the Supervisory Board of the Capital Group Echo Investment S.A.

We have audited the attached consolidated financial statements of the Capital Group Echo Investment S.A. (hereinafter referred to as the 'Group') with the Parent company Echo Investment S.A. with the seat in Kielce, at Al. Solidarności 36, including:

- (a) the consolidated statement of the financial position as at December 31, 2010 with total assets and total liabilities and the equity of PLN 4,490,959 thousand;
- (b) the consolidated income statement for the period from January 1, 2010 until December 31, 2010 showing a net profit of PLN 147,644 thousand;
- (c) the consolidated statement of the Group's total income for the period from January 1, 2010 until December 31, 2010 showing a total income of PLN 141,795 thousand;
- (d) the consolidated statement of changes in the equity for the period from January 1, 2010 until December 31, 2010 showing an increase in the equity of PLN 141,838 thousand;
- (e) the consolidated cash flow statement for the period from January 1, 2010 until December 31, 2010 showing a net cash inflow of PLN 216,036 thousand;
- (f) additional information on the accounting principles and other explanatory notes.

The preparation of the Group's consolidated financial statements and report from the Group's activities in accordance with the applicable laws is the responsibility of the Management Board of the Parent company.

The Management Board and the members of the Supervisory Board of the Parent company are obliged to ensure that the consolidated financial statements and the report from the Group's activities comply with the requirements outlined in the Accounting Act of September 29, 1994 ('The Accounting Act' – Journal of Laws of 2009 No. 152, item 1223, as amended).

Our responsibility was to issue our opinion on the consolidated financial statements based on the audit of these statements.

Independent certified auditor's opinion

To the General Meeting of the Shareholders and the Supervisory Board of the Capital Group Echo Investment S.A.

We conducted our audit in accordance with the laws binding within the territory of the Republic of Poland:

- (a) the provisions of Chapter 7 of the Accounting Act;
- (b) the national standards for financial audits issued by the National Board of Certified Auditors.

The audit was planned and conducted in such a manner so as to obtain reasonable confidence that the consolidated financial statements are free from material errors and omissions. In particular, the audit comprised examining, on a test basis, the accounting evidence supporting the amounts and disclosures included in the consolidated financial statements. The audit also included assessing the accounting principles adopted and used by the Group and the relevant estimations made in the preparation of the consolidated financial statements, as well as evaluating their overall presentation. We believe that the audit provided a reasonable basis for expressing our opinion.

In our opinion, the attached consolidated financial statements, in all material aspects:

- (a) have been based on properly maintained consolidation documentation in line with the applicable accounting principles (policy);
- (b) are in accordance, with respect to the form and content, with the legislation binding for the Group;
- (c) present truly and clearly the Group's economic and financial position as at December 31, 2010 and its financial result for the accounting year from January 1, 2010 until December 31, 2010 in accordance with the International Financial Reporting Standards as adopted by the European Union.

The information included in the report on the Group's activities for the accounting year from January 1, 2010 until December 31, 2010 takes into account the provisions of the Regulation of the Minister of Finance of February 19, 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognized as equivalent ("Regulation" - Journal of Laws of 2009 No. 33, Item 259) and is in line with the information included in the audited financial statements.

Carrying out the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company registered on the list of entities authorised to audit consolidated financial statements under the number 144:

Piotr Wyszogrodzki

Group's Certified Auditor, Key Certified Auditor
Record Number 90091

Warsaw, April 29, 2011

The Capital Group Echo Investment S.A.

**Report from the audit of the consolidated financial statements
for the accounting year from January 1, 2010 until December 31, 2010**

**Report from the audit of the consolidated financial statements
to the General Meeting of the Shareholders and the Supervisory Board
of the Capital Group Echo Investment S.A.**

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Capital Group Echo Investment S.A.
Report from the consolidated financial statements
for the accounting year from January 1, 2010 to December 31, 2010

I. General description of the Group

- (a) Echo Investment S.A. (Parent company) commenced its activities on June 30, 1994. The Company's Articles of Associations were drawn up in the form of a notary deed in the Notary Office of the Notary Jacek Frelich in Kielce on June 30, 1994 and registered in the Register No. A-4162/94. On April 10, 2001 the District Court in Kielce, X Economic Department of the National Court Register, enrolled the Company in the Register of Entrepreneurs under KRS number 7025.
- (b) For tax settlement purposes the Parent company was given the tax identification number NIP 657-023-09-12. For statistical reasons the Company received the statistical registration number REGON 290463755.
- (c) As at December 31, 2010 the Parent company's registered issued capital amounted to PLN 21,000,000 and consisted of 420,000,000 shares, each with a nominal value of PLN 0.05.
- (d) During the audited period the Group's activities included:
- the construction and lease or sale of space in commercial, shopping and entertainment, office, and residential buildings;
 - real estate trading;
 - financial intermediation;
 - the provision of legal, advisory, property commercialisation and recommercialisation, and holding management services.
- (e) During the accounting year the members of the Management Board of the Parent company were:
- | | |
|------------------|--|
| • Piotr Gromniak | President of the Management Board |
| • Artur Langner | Vice-President of the Management Board |

Capital Group Echo Investment S.A.
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I. General description of the Group (cont.)

(f) As at December 31, 2010 the following entities were included in the Capital Group Echo Investment S.A.:

Company name	Capital dependence (% ownership)	Consolidation method	Entity conducting the audit of the financial statements	Type of opinion	Balance date of the financial statements
Echo Investment S.A.	Parent	N/A	PricewaterhouseCoopers Sp. z o.o.	unqualified	December 31, 2010
'ACC - the Group Echo Sp. z o.o.' Sp. kom. (formerly 'ACC - Projekt Echo – 17 Sp. z o.o.' Sp. kom.)	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Athina Park - Projekt Echo – 93 Sp. z o.o.' S.k.a.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Avatar - Projekt Echo – 93 Sp. z o.o.' S.k.a.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Barconsel Holdings' Ltd	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Budivelnuy Soyuz Monolit' LLC	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Centrum Handlowe PHS' S.A.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Arena' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Arena Sp. z o.o.' Sp. kom.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo - Aurus' Sp. z o.o.	Subsidiary (100%)	Full	Bilans – Servis Sp. z o.o.	unqualified	December 31, 2010

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Report from the audit of the consolidated financial statements
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I. General description of the Group (cont.)

'Echo – Bełchatów' Sp. z o.o. (formerly 'Echo – Galeria Olimpia' Sp. z o.o.)	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o.' S.k.a.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Galaxy' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Galaxy Szczecin' Sp. z o. o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	(*)	December 31, 2010
'Echo – Galeria Kielce' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Galeria Sudecka' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Galeria Tarnów' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
' Echo – Kasztanowa Aleja' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Kasztanowa Aleja Sp. z o.o.' Sp. kom.	Subsidiary (100%)	Full	Bilans – Servis Sp. z o.o.	unqualified	December 31, 2010
'Echo – Kielce 1' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Klimt House' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Klimt House Sp. z o.o.' Sp. kom.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Metropolis' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010

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I. General description of the Group (cont.)

'Echo – Oxygen' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Park Postępu' Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	(*)	December 31, 2010
'Echo – Pasaż Grunwaldzki' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Project Management Ingatlanhasznosító' Kft.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo - Property Poznań 1' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Przy Słowiańskim Wzgórzu' Sp. z o.o. (formerly 'Projekt Echo - 45' Sp. z o.o.)	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.' Sp. kom. (formerly 'Projekt Echo - 45 Sp. z o.o.' Sp. kom.)	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo – SPV 7' Sp. z o.o. (formerly 'Echo – Centrum Biznesu Łódź' Sp. z o.o.)	Subsidiary (100%)	Full	Bilans – Servis Sp. z o.o.	unqualified	December 31, 2010
'Echo – SPV 12' Sp. z o.o.	Subsidiary (100%)	Full	Bilans – Servis Sp. z o.o.	unqualified	December 31, 2010
'Echo – Veneda' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo Investment Hungary Ingatlanhasznosító' Kft.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo Investment Project 1' S.R.L.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010

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I. General description of the Group (cont.)

'Echo Investment Project Management' S.R.L.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Echo Investment Ukraine' LLC	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'EI – Project Cyp - 1' Ltd	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Est-On – the Group Echo Sp. z o.o.' Sp. kom. (formerly 'Est-On - Projekt Echo – 17 Sp. z o.o.' Sp. kom.)	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'the Group Echo' Sp. z o.o. (formerly 'Projekt Echo - 17' Sp. z o.o.)	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Malta Office Park' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'MDP' Sp. z o.o.	Subsidiary (100%)	Full	Bilans – Servis Sp. z o.o.	unqualified	December 31, 2010
'PPR - Projekt Echo – 77 Sp. z o.o.' S.k.a.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o	(*)	December 31, 2010
'Princess Boryszewska' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Princess Investment' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 30' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 39' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 43' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010

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Report from the audit of the consolidated financial statements
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I. General description of the Group (cont.)

'Projekt Echo - 47' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 53' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 55' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 57' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 58' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 62' Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o	(*)	December 31, 2010
'Projekt Echo - 67' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 70' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 77' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 93' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 94' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 94 Sp. z o.o.' Sp. kom.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 95' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 96' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 97' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010

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I. General description of the Group (cont.)

'Projekt Echo - 98' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Echo - 99' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Naramowice' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt Naramowice Poznań' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'SPV – 1' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Projekt S' Sp. z o.o.	Subsidiary (95%)	Full	Not audited	-	December 31, 2010
'Ultra Marina' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Yevrobudgarant' LLC	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Zakłady Ogrodnicze Naramowice' Sp. z o.o.	Subsidiary (100%)	Full	Not audited	-	December 31, 2010
'Wan 11' Spółka z o.o.	Co-subsiidiary (50%)	Proportional	Bilans – Servis Sp. z o.o.	unqualified	December 31, 2010

(*) As at the date of signing this opinion from the audit the audit of the company's financial statements was still under way and a final opinion was not given yet.

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Report from the audit of the consolidated financial statements
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I. General description of the Group (cont.)

- (g) The Parent company issues securities admitted to trading on the Warsaw Stock Exchange and in accordance with the requirements of the Accounting Act prepares its consolidated financial statements in line with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group has been following the IFRS since 2004.

Capital Group Echo Investment S.A.
Report from the audit of the consolidated financial statements
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II. Information relating to the audit

- (a) PricewaterhouseCoopers Sp. z o.o. was selected as the Group's certified auditors by the Supervisory Board's Resolution of August 5, 2008 under paragraph 13 point 1 letter b of the Company's Statutes.
- (b) PricewaterhouseCoopers Sp. z o.o. and the Key Certified Auditor conducting the audit are independent of the audited entities forming the Group in the meaning of Art. 56 paragraph 2-4 of the Act of May 7, 2009 on certified auditors and their self-governance, audit firms authorized to audit consolidated financial statements and public oversight (Journal of Laws of 2009 No. 77, Item 649).
- (c) The audit was carried out under the agreement concluded on August 2, 2010 between November 22, 2010 and April 29, 2011 (with breaks).

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III. Description of the results and the financial position of the Group

The following comments have been based on the knowledge obtained during the audit of the consolidated financial statements.

The consolidated financial statements do not take into account the influence of inflation. In the audited period the general price index for consumer goods and services (December-December) amounted to 3.1% (2009: 3.5%).

Echo Investment S.A. is the Parent company in the Group, which as at the balance date comprised 72 subsidiaries (including 70 consolidated subsidiaries); information relating to 1 subsidiary was shown in the consolidated financial statements using the ownership rights method and information relating to 1 joint project was shown in the consolidated financial statements using the proportional consolidation method. As at the previous balance date the Group comprised 84 subsidiaries (including 81 consolidated subsidiaries); information relating to 2 subsidiaries was shown in the consolidated financial statements using the ownership rights method and information relating to 1 joint project was shown in the consolidated financial statements using the proportional consolidation method.

In the audited period the following factors had a significant impact on the Group's financial result and its economic and financial position:

- At the end of the accounting year the Group's assets amounted to PLN 4,490,959 thousand. During the audited period the Group's balance sum increased by PLN 218,675 thousand (5.1%) mainly due to an increase in the Group's cash balance in comparison to the value as at the previous balance date. The increase in the value of the Group's total assets was mainly financed by the increase of the Group's liabilities from borrowings (in total, in the amount of PLN 230,518 thousand) and net profit (in the amount of PLN 147,644 thousand).
- As at the balance date the value of investment property owned by the Group amounted to PLN 2,808,083 thousand and increased by PLN 26,636 thousand in comparison to the value at the previous balance date. During the audited period the Group sold investment property with a total value of PLN 212,766 thousand and moved property with a total value of PLN 230,669 thousand from investment property under construction to the investment property balance due to commissioning. Given that most of the lease agreements signed by the Group are denominated in EUR, the valuation of investment property was carried out in EUR and converted into PLN according to the average rate of exchange announced by the National Bank of Poland as at the balance date. The information relating to investment property valuation at fair value was presented in Note 5 of Additional information and explanatory notes to the financial statements.
- As at the end of the audited year the value of inventories amounted to 474.593 thousand, which means an increase of PLN 54,068 thousand compared to the previous year. The inventories balance was mainly made up of projects in progress with a value of PLN 336,895 thousand and completed residential projects with a value of PLN 24,296 thousand. The increase in the inventories balance in comparison to the previous balance date reflected the higher balance of residential projects in progress and mainly resulted from the commencement of residential investment processes during the audited period.
- The operational activity of the Group was mainly financed by non-current liabilities with the balance of such liabilities increasing from PLN 1,746,652 thousand as at December 31, 2009 to PLN 1,853,680 thousand as at the end of the audited year (of which the non-

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current part of the borrowings balance increased from PLN 1,664,098 thousand to PLN 1,746,175 thousand). The balance of non-current liabilities from derivative financial instruments increased by PLN 7,605 thousand.

- The value of total current liabilities amounted to PLN 510,328 thousand and increased by PLN 22,784 thousand in comparison to the previous balance date, mainly as a result of an increase in the total value of financial liabilities due to credits and debt securities (the increase of PLN 148,441 thousand) and trade liabilities (the increase of PLN 36,680 thousand), which was partly compensated by a decrease in current liabilities due to derivative financial instruments of PLN 155,398 thousand.
- The Group's liquidity ratios increased compared to the previous year – the current ratio amounted to 1.9 (2010: 1.5) and the quick ratio amounted to 0.9 (2010: 0.6).
- Due to changes in the liabilities structure the Group's debt ratio decreased by 1 percentage point in comparison to the previous balance date and as at December 31, 2010 amounted to 58%.
- During the audited year the Group's revenue totalled PLN 426,396 thousand and was by PLN 5,030 thousand lower compared to the previous year. The largest share of the Group's sales revenue (58.2%) was generated from its core activities ie. from the lease of space in shopping centres and shopping & entertainment centres (2010, in total – PLN 248,204 thousand), their share in the Group's total sales decreased by 1.2 percentage point w compared to the previous year. Revenue from the sale and lease of residential space (PLN 82,889 thousand) made up 19.4% of the total sales and their share in the total sale decreased by 6.9 percentage points compared to the previous year. Revenue from the development and lease of space in office and hotel facilities increased by PLN 21,076 thousand compared to the previous year. The structure of the Group's revenue changed in comparison to 2010 mainly due to changes in the Group's investment property portfolio and the commissioning of new investment property.
- In 2010 the Group generated profit in the amount of PLN 147,644 thousand, which is 31.6% higher than the profit in 2009. The increase in the Group's profit was significantly influenced by the additional profit from property sales, which in the audited year amounted to PLN 53,273 thousand. This was reflected in the increase of net profit margin from 24% to 35% and the increase in return on equity from 6% to 8%.
- The Group's receivables cycle ratio changed and amounted to 20 days (15 days in the previous year).
- During the audited period the Group recorded a significant increase in the level of financial expenses in relation to the previous year (from PLN 173,576 thousand in 2009 to PLN 235,816 thousand in 2010). At the same time the Group recorded an increase in the level of financial incomes from PLN 86,421 thousand in 2009 to PLN 163,419 thousand in 2010.

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IV. Description of selected items in the consolidated financial statements

CONSOLIDATED STATEMENT OF THE GROUP'S FINANCIAL POSITION as at December 31, 2010

	Note	31.12.2010	31.12.2010	Change	Change	31.12.2010	31.12.2010
		thousand	thousand	thousand	%	Structure %	Structure %
ASSETS							
Non-current assets							
Intangible fixed assets		1.227	1.051	176	16,7%	0,0%	0,0%
Tangible fixed assets		24.952	18.615	6 337	34,0%	0,6%	0,4%
Non-current receivables		39	40	(1)	(2,5%)	0,0%	0,0%
Investment property	1	2.808.083	2.781.447	26.636	1,0%	62,5%	65,1%
Investment property under construction	2	689.039	705.577	(16.538)	(2,3%)	15,3%	16,6%
Financial investment		4	337	(333)	(98,8%)	0,0%	0,0%
Loans granted		21	12	9	75,0%	0,0%	0,0%
Assets due to deferred income tax		15.404	42.545	(27.141)	(63,8%)	0,4%	1,0%
		3.538.769	3.549.624	(10.855)	(0,3%)	78,8%	83,1%
Current assets							
Inventories	3	474.593	420.525	54.068	12,9%	10,6%	9,8%
Income tax receivables		1.839	4.969	(3.130)	(63,0%)	0,0%	0,1%
Other tax receivables	4	42.111	30.005	12.106	40,3%	0,9%	0,7%
Trade receivables and other receivables	5	52.491	96.420	(43.929)	(45,6%)	1,2%	2,3%
Loans granted		1.039	82	957	167,1%	0,0%	0,0%
Derivative financial instruments		828	1.558	(730)	(46,9%)	0,0%	0,0%
Cash and cash equivalents	6	379.289	169.101	210.188	124,3%	8,5%	4,0%
		952.190	722.660	229.530	31,8%	21,2%	16,9%
Total Assets		4.490.959	4.272.284	218.675	5,1%	100,0%	100,0%

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Report from the audit of the consolidated financial statements
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IV. Description of selected items in the consolidated financial statements (cont.)

CONSOLIDATED STATEMENT OF THE GROUP'S FINANCIAL POSITION as at December 31, 2010 (cont.)

	Note	31.12.2010 thousand	31.12.2010 thousand	Change thousand	Change %	31.12.2010 Structure %	31.12.2010 Structure %
LIABILITIES							
Equity							
Issued capital	7	21,000	21,000	-	-	0.5%	0.5%
Supplementary capital		1,709,726	1,597,501	112,225	7.0%	38.1%	37.5%
Accumulated profit		147,738	112,225	35,513	31.6%	3.3%	2.6%
Exchange differences on translation		(2,889)	2,960	(5,849)	(197.6%)	(0.1%)	0.1%
Minority interest in equity		(59)	(8)	(51)	637.5%	(0.0%)	(0.0%)
		1,875,516	1,733,678	141,838	8.2%	41.8%	40.7%
Provisions							
Provisions for liabilities		11,565	16,650	(5,085)	(30.5%)	0.2%	0.4%
Provision for deferred income tax		239,870	287,760	(47,890)	(16.6%)	5.3%	6.7%
		251,435	304,410	(52,975)	(17.4%)	5.5%	7.1%
Non-current liabilities							
	8						
Borrowings		1,746,175	1,664,098	82,077	4.9%	38.9%	39.0%
Derivative financial instruments		10,310	2,705	7,605	281.1%	0.2%	0.1%
Deposits received		40,439	39,939	500	1.3%	0.9%	0.9%
Leases		56,756	39,910	16,846	42.2%	1.3%	0.9%
		1,853,680	1,746,652	107,028	6.1%	41.3%	40.9%
Current liabilities							
	9						
Borrowings		325,200	176,759	148,441	84.0%	7.2%	4.1%
Derivative financial instruments		8,586	163,984	(155,398)	(94.8%)	0.2%	3.8%
Income tax liabilities		2,839	5,600	(2,761)	(49.3%)	0.1%	0.1%
Other tax liabilities		37,964	8,284	29,680	358.3%	0.8%	0.2%
Trade liabilities		102,550	65,870	36,680	55.7%	2.3%	1.5%
Other liabilities		11,908	12,411	(,503)	(4.1%)	0.3%	0.3%
Advances received		21,281	54,636	(33,355)	(61.0%)	0.5%	1.3%
		510,328	487,544	22,784	4.7%	11.4%	11.3%
Total Liabilities and Equity		4,490,959	4,272,284	218,675	5.1%	100.0%	100.0%

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IV. Description of selected items in the consolidated financial statements (cont.)

CONSOLIDATED INCOME STATEMENT

For the accounting year from January 1, 2010 until December 31, 2010

	Note	2010 r. thousand	2010 r. thousand	Change thousand	Change %	2010 r. Structure %	2010 r. Structure %
Revenue	10	426,396	431,426	(5,030)	(1.2%)	100.0 %	100.0%
Cost of sales	10	(167,941)	(167,717)	(,224)	0.1%	(39.4%)	(38.9%)
Gross sales profit		258,455	263,709	(5,254)	(2.0%)	60.6%	61.1%
Sales and marketing costs		(22,088)	(18,009)	(4,079)	22.6%	(5.2%)	(4.2%)
Administrative costs		(40,333)	(37,225)	(3,108)	8.3%	(9.4%)	(8.6%)
Net sales profit		196,034	208,475	(12,441)	(6.0%)	46.0%	48.3%
Profit (loss) from property sales		53,273	-	53,273	-	12.5%	-
Property revaluations		(92,085)	(22,885)	(69,200)	302.4%	(21.6%)	(5.3%)
Other operating incomes		25,034	21,608	3,426	15.9%	5.9%	5.0%
Other operating expenses		(13,565)	(11,058)	(2,507)	22.7%	(3.2%)	(2.6%)
Earnings before tax and financial incomes/ expenses		168,691	196,140	(27,449)	(14.0%)	39.6%	45.4%
Financial incomes	11	163,419	86,421	76,998	89.1%	38.3%	20.0%
Financial expenses	11	(235,816)	(173,576)	(62,240)	35.9%	(55.3%)	(40.2%)
Foreign exchange gains		40,876	20,666	20,210	97.8%	9.6%	4.8%
Interest in losses/ gains of associated companies		162	(26)	188	(723.1%)	0.0%	(0.0%)
Profit before tax		137,332	129,625	7,707	5.9%	32.2%	30.0%
Income tax		10,312	(25,929)	36,241	(139.8%)	2.4%	(6.0%)
Net profit		147,644	103,696	43,948	42.4%	34.6%	24.0%
Exchange differences on translation of foreign transactions		(5,849)	(10,610)	4,761	(44.9%)	(1.4%)	(2.5%)
Minority profit		(94)	-	(94)	-	(0.0%)	-
Profit attributable to equity holders of the Parent company		141,889	93 086	48,803	52.4%	33.5%	21.5%

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IV. Description of selected items in the consolidated financial statements (cont.)

Selected ratios describing the economic and financial position and the financial result of the Group

The Group's business activities, its financial result for the accounting year, as well as the Group's economic and financial standing as at the balance date compared to the previous years, are described by the following ratios:

	2010	2009	2008
Activity ratios			
- receivables cycle in days	20	15	5
- inventories cycle in days	959	974	991
Profitability ratios			
- net profit margin	35%	24%	24%
- gross profit margin	32%	30%	33%
- return on equity	8%	6%	7%
Debt ratios			
- debt ratio	58%	59%	61%
- liabilities cycle in days	148	145	178
	2010-12-31	2009-12-31	2008-12-31
Liquidity ratios			
- current ratio	1.9	1.5	2.1
- quick ratio	0.9	0.6	1.0

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IV. Description of selected items in the consolidated financial statements (cont.)

Consolidated financial position report as at December 31, 2010

1. Investment property

As at the balance date the investment property balance amounted to PLN 2,808,083 thousand and increased by PLN 26,636 thousand compared to the previous year. The increase resulted mainly from changes in the Group's investment portfolio and property valuation at fair value. During the accounting year the Group recorded a loss on the valuation of its investment property at fair value in the amount of PLN 92,085 thousand.

2. Investment property under construction

As at the balance date the balance of investment property under construction amounted to PLN 689,039 thousand, which means a decrease of PLN 16,538 thousand compared to the previous year. The decrease resulted mainly from the re-classification of completed investment property under construction in the amount of PLN 213,008 thousand into investment property. The re-classification decrease was partly compensated by the value of the investment outlays on property under construction in the amount of PLN 181,650 thousand.

3. Inventories

As at the balance date the inventories balance amounted to PLN 474,593 thousand and increased by PLN 54,068 thousand compared to the value at the previous balance date. The increase resulted mainly from an increase in the semi-products and products in progress line where the Group shows residential projects under development.

As at the balance date the inventories balance was mainly made up of the Group's land and investment in residential projects in preparation and under development with a value of PLN 446,895 thousand as well as by completed residential space for sale with a value of PLN 24,296 thousand.

4. Other tax receivables

As at the balance date the Group's other tax receivables amounted to PLN 42,111 thousand and increased by PLN 12,106 thousand compared to the previous year. This mainly resulted from an increase in receivables from tax on goods and services (VAT), which reflected the investment outlays made during the audited year.

5. Trade and other receivables

As at December 31, 2010 the balance of trade and other receivables amounted to PLN 52,491 thousand and decreased by PLN 43,929 thousand in comparison to the value at the previous balance date. The decrease resulted mainly from the settlement of cash flow receivables on account of financial instrument settlements.

The balance of receivables revaluation write-downs amounted to PLN 4,008 thousand and remained on a similar level to that of the previous year.

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Report from the audit of the consolidated financial statements
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IV. Description of selected items in the consolidated financial statements (cont.)

6. Cash and cash equivalents

At the end of the audited year the value of cash and cash equivalents amounted to PLN 379,289 thousand, which means an increase of PLN 210,188 thousand compared to the previous year. The increase resulted mainly from the positive net cash flows on operating activity (in the amount of PLN 99,923 thousand) and on financial activity (in the amount of PLN 158,507 thousand), which the Group generated during the audited period. These positive cash flows were partly compensated by the negative net cash flow on investment activity (in the amount of PLN 42,394 thousand) and the change in cash balance due to foreign exchange differences (the decrease by PLN 5,848 thousand).

7. Issued capital of the Parent company

During the audited year the value of the Parent company's issued capital did not change and amounted to PLN 21,000 thousand.

As at December 31, 2010 the Parent company's shareholders were:

Shareholder's Name	Number of shares owned	Face value of the shares (PLN)	Type of the shares owned	% Votes
Michał Solowow (directly and indirectly)	169,916,580	8,495,829	ordinary	40.5
ING OFE	37,528,063	1,876,404	ordinary	8.9
Aviva OFE Aviva BZ WBK	36,683,460	1,834,173	ordinary	8.7
PZU Złota Jesień OFE	21,419,085	1,070,954	ordinary	5.1
Other shareholders	154,452,812	7,722,640	ordinary	36.8
	420,000,000	21,000,000		100.0

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IV. Description of selected items in the consolidated financial statements (cont.)

8. Non-current liabilities

As at December 31, 2010 the non-current liabilities balance amounted to PLN 1,853,680 thousand and increased by PLN 107,028 thousand (6.1%) compared to the previous year.

As at the balance date the non-current liabilities balance was mainly made up of the non-current part of liabilities due to borrowings received and the issue of debt instruments in the amount of PLN 1,746,175 thousand, non-current liabilities due to leasing in the amount of PLN 56,756 thousand, and non-current part of the liabilities due to deposits received in the amount of PLN 40.439 thousand. The increase in the value of non-current liabilities resulted mainly from an increase in liabilities due to debt securities, which was connected with the issue of new series of bonds by the Parent company.

9. Current liabilities

During the audited year the current liabilities balance amounted to PLN 510,328 thousand and increased by PLN 22,784 thousand (4.7%) compared to the previous year.

As at the balance date the current liabilities balance was mainly made up of the current part of liabilities due to borrowings received and the issue of debt instruments in the amount of PLN 325,200 thousand and trade liabilities in the amount of PLN 102,550 thousand. Other significant lines in the current liabilities balance included liabilities due to tax on goods and services (VAT) in the amount of PLN 37.964 thousand (the increase by PLN 29,680 thousand) and advances received on account of sales in the amount of PLN 21,281 thousand (the decrease by PLN 33,355 thousand).

The increase in the current liabilities balance recorded during the audited year resulted mainly from an increase in the total value of financial liabilities due to borrowings and debt securities, and from trade liabilities, which was partly compensated by a decrease in current liabilities due to derivative financial instruments.

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Report from the audit of the consolidated financial statements
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IV. Description of selected items in the consolidated financial statements (cont.)

Consolidated income statement for the accounting year ended December 31, 2010

10. Sales revenue and cost of sales

During the audited period sales revenue amounted to PLN 426,396 thousand, which means a 1.2 % decrease in comparison to the value of revenues in the previous accounting year.

The main sources of the Group's revenue during the audited year included:

- incomes from the lease of space in shopping centres, which during the audited period amounted to PLN 248,204 thousand and decreased slightly in comparison to the previous year - mainly due to changes in EUR/PLN rate of exchange and changes in the Groups investment property structure;
- incomes from the sale of residential space, which in 2010 amounted to PLN 82,889 thousand as compared to PLN 113,398 thousand recorded during the previous year;
- incomes from the development and lease of space in office and hotel facilities, which amounted to PLN 71,291 thousand and increased in comparison to the previous year (2009: PLN 50,215 thousand) mainly due to an increase in the leased space as a result of changes in the Group's investment property structure.

Out of cost of sales the key items are the costs connected with the following incomes:

- from the lease of space in shopping centres in the amount of PLN 64,468 thousand (2009: PLN 63,303 thousand);
- from the sale of apartments in the amount of PLN 64,006 thousand (2009: PLN 78,821 thousand);
- from the development and lease of office and hotel space in the amount of PLN 26,211 thousand (2009: PLN 17,754 thousand).

11. Financial incomes and expenses

During the audited period the Capital Group's financial incomes amounted to PLN 163,419 thousand, which means an increase of PLN 76,998 thousand in relation to the previous year - mainly due to the gains from the revaluation of derivative instruments and their disposal.

The value of financial incomes recorded during the audited period was mainly made up of incomes from the valuation of financial instruments in the amount of PLN 147,730 thousand and their disposal.

The Group's financial expenses, which in the audited year amounted to PLN 235,816 thousand, were mainly made up of losses on forward transactions (PLN 133,938 thousand) and interest expenses (PLN 103,932 thousand) on the Group's liabilities due to borrowings and bonds. The increase in the value of the Group's financial expenses in comparison to the previous year resulted mainly from a loss on forward transactions settlements, with an increase in corresponding expenses of PLN 67,607 thousand compared to the previous year.

V. Findings of the independent certified auditor

- (a) During the audit the Management Board of the Parent company provided all the necessary information, explanations, and representations, submitted the statement relating to complete data presentation in the consolidation documentation and disclosure of all conditional liabilities, as well as informed the auditor about significant events, which took place between the balance date and the presentation of the statement.
- (b) The scope of the audit was not limited.
- (c) The consolidation documentation was complete and correct, and the manner in which it was stored ensures its appropriate protection.
- (d) In all material aspects, the accounting principles set by the manager of the Parent company and the disclosure of the data conformed to the International Financial Reporting Standards as approved by the European Union. The continuity of the accounting principles and methods in relation to the previous period was maintained.
- (e) In all material aspects the consolidation of the equities and the determination of the minority interest were correctly performed.
- (f) The exclusions of mutual settlements (receivables and liabilities) and internal turnovers (incomes and expenses) carried out among the entities covered by the consolidation were carried out, in all material aspects, in line with the IFRS as adopted by the European Union.
- (g) The exclusions of the results not realised by the entities covered by the consolidation, included in the value of the assets and due to dividends were carried out, in all material aspects, in line with the IFRS as adopted by the European Union.
- (h) The implications of the sale of all or part of the shares and stocks in the subsidiary companies were shown, in all material aspects, in a correct manner.
- (i) Additional information presents all the relevant information required by the International Financial Reporting Standards as adopted by the European Union.
- (j) The information included in the report from the Capital Group's activities for the accounting year from January 1, 2010 until December 31, 2010 takes into account the provisions of the Regulation of the Minister of Finance of February 19, 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognized as equivalent (Journal of Laws of 2009, No. 33, Item 259).
- (k) The consolidated financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o.. The certified auditor's opinion was unqualified.
- (l) The Group's consolidated financial statements for the accounting year from January 1, until December 31, 2010 were approved by the Resolution No. 5 of the General Meeting of the Shareholders of the Parent company on May 26, 2010. They were submitted to the National Court Register in Kielce on June 14, 2010 and published in Monitor Polski B No. 2004 on October 15, 2010.

VI. Other information and final remarks

This report was drawn up in connection with the audit of the consolidated financial statements of the Capital Group Echo Investment S.A., with the Parent company Echo Investment S.A. with the seat in Kielce at al. Solidarności 36. The audit was conducted on the consolidated financial statements including:

- (a) the consolidated statement of the financial position as at December 31, 2010 with total assets and total liabilities and the equity of PLN 4,490,959 thousand;
- (b) the consolidated income statement for the period from January 1, 2010 until December 31, 2010 showing a net profit of PLN 147,644 thousand;
- (c) the consolidated statement of the Group's total income for the period from January 1, 2010 until December 31, 2010 showing a total income of PLN 141,795 thousand;
- (d) the consolidated statement of changes in the equity for the period from January 1, 2010 until December 31, 2010 showing an increase in the equity of PLN 141,838 thousand;
- (e) the consolidated cash flow statement for the period from January 1, 2010 until December 31, 2010 showing a net cash inflow of PLN 216,036 thousand;
- (f) additional information on the accounting principles and other explanatory notes.

The consolidated financial statements were signed by the Management Board of the Parent company on April 29, 2011. This Report should be read in conjunction with the Opinion of the independent certified auditor for the General Meeting of the Shareholders and the Supervisory Board of Echo Investment S.A. of April 29, 2011 relating to the above-described consolidated financial statements. The Opinion on the financial statements states the overall conclusion resulting from the audit. The conclusion does not constitute the sum of the findings from the evaluation of individual components of the consolidated financial statements or issues, but assumes giving such individual findings an appropriate weight (relevance) taking into account the impact of the facts identified on the credibility and the correctness of the consolidated financial statements.

Carrying out the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company registered on the list of entities authorised to audit financial statements under the number 144:

Piotr Wyszogrodzki

Group's Certified Auditor, Key Certified Auditor
Record Number 90091

Warsaw, April 29, 2011