



CONSOLIDATED ANNUAL REPORT of Echo Investment Capital Group

2010

echo
I N V E S T M E N T

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I. LETTER TO SHAREHOLDERS, PARTNERS AND CLIENTS

Dear Sirs,

Echo Investment closed the year 2010 with excellent consolidated income, with the earnings of PLN 426 million and a net profit of approximately PLN 148 million. At the end of December 2010 total company assets amounted to approximately PLN 4.5 billion, with equity capital of PLN 1.88 billion, which means an increase by PLN 142 million over the year. At the end of 2010 the company owned approximately PLN 380 million in cash.

The revenue in 2010 is a sign of stable and steady growth of the corporate value of the property portfolio. Our company portfolio is being constantly optimised: we are selling the mature projects; we are starting the new ones and are developing the already existing ones. This will be continued in the year 2011. The main influence on the profit were the revenues gained from the sales of office projects: Avatar in the Cracow market and Athina Park on the Warsaw market, the sales of residential buildings, the hire of commercial area in previously commenced projects, and the revaluation of fair value of the projects owned by Echo Investment.

In the year 2010 our position on the market became stronger, we completed several residential and office projects, we continued our biggest project Galeria Echo in Kielce, and, what is most important, we prepared new investments, which in the following years will be a source of steady income. In 2010 we also managed to provide the company with the opportunity of further development and continued acquiring attractive real estate.

In the year 2011 we are starting several new projects in all segments of our activities. According to the assumed growth strategy, this will allow us to achieve our main objective, which is to ensure stable and long-term growth of the corporate value. The implementation of developer projects for sale (apartments and hotels) and regular expansion of the portfolio of investment projects for lease (offices and shopping centres) remain the fundamental and invariable priorities for the company. Echo Investment intends to actively operate on the real estate market and increase the revenue gained in this sector. The implementation of new investment projects will be extremely important, with a focus on their expansion and the higher quality of offered space.

The Management Board estimates that in the year 2011 we will face several challenges related to the implementation of numerous projects and the expansion of the land bank. Echo Investment has a strong, stable and better position on the market and owns a strong and recognisable brand name. The company also owns wide, strong and constantly improved back-up facilities. All of the above guarantee success and help the company to develop in a competitive environment, independently of volatile economic trends. Our main objective for the upcoming years is steady growth in the corporate value.

Similarly to previous years, all our endeavours will focus on achieving a supreme and, at the same time, very simple goal: to achieve the best results, which in turn will guarantee that our Shareholders will witness steady growth of the corporate assets and a dynamic increase in profits of Echo Investment Group.

On behalf of the Management Board, I would like to thank all who have contributed to the achievement of such good results in 2010.

Yours sincerely,

Piotr Gromniak



President of the Management Board

II. CONSOLIDATED FINANCIAL STATEMENT OF ECHO INVESTMENT CAPITAL GROUP IN THE YEAR 2010

CONSOLIDATED FINANCIAL STATEMENT [in thousands PLN]

	Note	31.12.2010	31.12.2009
ASSETS			
1. Fixed assets			
1.1. Intangible fixed assets	2	1 227	1 051
1.2. Intangible fixed assets	3	24 952	18 615
1.3. Non-current receivables	4	39	40
1.4. Investment property	5	2 808 083	2 781 447
1.5. Investments in associated companies	5	689 039	705 577
1.6. Derivative instruments	6	4	337
1.7. Loans granted	7	21	12
1.8. Deferred income tax assets	8	15 404	42 545
		3 538 769	3 549 624
2. Current assets			
2.1. Inventories	9, 10	474 593	420 525
2.2. Deferred income tax receivables		1 839	4 969
2.3. Other tax receivables		42 111	30 005
2.4. Trade receivables and other receivables	11	52 491	96 420
2.5. Loans granted	7	1 039	82
2.6. Derivative instruments	12	828	1 558
2.7. Cash and cash equivalents	13	379 289	169 101
		952 190	722 660
ASSETS TOTAL		4 490 959	4 272 284

	Note	31.12.2010	31.12.2009
LIABILITIES			
1. Equity			
1.1. Equity attributed to shareholders of the dominant company		1 875 575	1 733 686
1.1.1. Initial capital	14	21 000	21 000
1.1.2. Supplementary capital	15	1 709 726	1 597 501
1.1.3. Accumulated earnings (loss)		147 738	112 225
1.1.4. Foreign exchange gains/losses from conversion of foreign branches		(2 889)	2 960
1.2. Minority capital	16	(59)	(8)
		1 875 516	1 733 678
2. Provisions			
2.1. Provisions for liabilities	20	11 565	16 650
2.2. Provision for deferred income tax	8	239 870	287 760
		251 435	304 410
3. Non-current liabilities			
3.1. Borrowings	17	1 746 175	1 664 098
3.2. Derivative instruments	12	10 310	2 705
3.3. Deposits received		40 439	39 939
3.4. Leases	18	56 756	39 910
		1 853 680	1 746 652
4. Current liabilities			
4.1. Borrowings	17	325 200	176 759
4.2. Derivative instruments	12	8 586	163 984
4.3. Deferred income tax liabilities		2 839	5 600
4.4. Other tax liabilities		37 964	8 284
4.5. Trade liabilities	19	102 550	65 870
4.6. Other liabilities	19	11 908	12 411
4.7. Advances received		21 281	54 636
		510 328	487 544
LIABILITIES TOTAL		4 490 959	4 272 284

	31.12.2010	31.12.2009
Book value (in thousands PLN)	1 875 575,00	1 733 686,00
Number of shares (in thousands)	420 000	420 000
Book value per share	4,47	4,13

CONSOLIDATED ANNUAL PROFIT AND LOSS STATEMENT [in thousands PLN]

	Note	01.01 - 31.12.2010	01.01 - 31.12.2009
Incomes	21	426 396	431 426
Costs to sell	22	(167 941)	(167 717)
Gross profit (loss) on sales		258 455	263 709
Profit (loss) on sales of property	23	53 273	-
Revaluation of real property		(92 085)	(22 885)
Costs to sell	22	(22 088)	(18 009)
Overheads	22	(40 333)	(37 225)
Other operating Incomes	24	25 034	21 608
Other operating expenses	24	(13 565)	(11 058)
Earnings before tax and financial incomes/expenses		168 691	196 140
Financial Incomes	25	163 419	86 421
Financial expenses	26	(235 816)	(173 576)
Foreign exchange gains (losses)	27	40 876	20 666
Shares in profits of associated companies		162	(26)
Gross profit (loss)		137 332	129 625
Income tax	28	10 312	(25 929)
- current income tax		(10 437)	(14 238)
- deferred income tax		20 749	(11 691)
Net profit (loss), including:		147 644	103 696
Profit (loss) attributed to shareholders of the dominant company		147 738	103 696
Minority profit (loss)		(94)	-
Profit (loss) allocated to shareholders of the dominant company		147 738	103 696
Weighted average number of ordinary shares (in thousands pes.)		420 000	420 000
Profit (loss) per ordinary share (in PLN)		0,35	0,25
Weighted average diluted number of ordinary shares		420 000	420 000
Diluted profit (loss) per ordinary share (in PLN)		0,35	0,25

CONSOLIDATED ANNUAL TOTAL INCOME STATEMENT [in thousands PLN]

	Note	31.12.2010	31.12.2009
Net profit		147 644	103 696
Other incomes:			
- foreign exchange gains (losses)		(5 849)	(10 610)
Other net incomes		(5 849)	(10 610)
Total income in 12 months:		141 795	93 086
Total income of the shareholders of the dominant company		141 889	93 086
Total minority income		(94)	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (in thousands PLN)

	Initial capital	Supplementary capital	Accumulated earnings of the current year	Foreign exchange gains/losses arising from conversion	Equity attributed to shareholders of the dominant company	Minority capitals	Total shareholders' equity
For the period from January 1, 2010 to December 31, 2010							
Initial balance 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 minority shares	-	-	-	-	-	43	43
Net profit (loss) of the current period	-	-	147 738	(5 849)	141 889	(94)	141 795
Balance as at the end of period	21 000	1 709 726	147 738	(2 889)	1 875 575	(59)	1 875 516
For the period from January 1, 2009 to December 31, 2009							
Initial balance 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)	-	-	-	-
Net profit (loss) of the current period	-	-	103 696	(10 610)	93 086	-	93 086
Balance as at the end of period	21 000	1 597 501	112 225	2 960	1 733 686	(8)	1 733 678

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN)

	Note	01.01 - 31.12.2010	01.01 - 31.12.2009
A. Cash flows on operating activities — indirect method			
I. Net profit (loss)		147 644	103 696
II. Adjustments total			
1. Share of associated companies in net (profit) loss		(162)	26
2. Depreciation		4 011	4 389
3. Foreign exchange gains (losses)		(40 875)	(20 665)
4. Interest and shares in profits (dividends)		106 765	84 879
5. Current income tax		(10 312)	25 929
6. Paid income tax		(10 067)	(9 901)
7. (Profit) loss on investing activities		(67 193)	6 166
8. Change in provisions		(5 085)	(1 610)
9. Change in inventories		(52 699)	67 441
10. Change in receivables		31 823	(22 785)
11. Change in non-current liabilities, except for borrowings		(3 927)	(52 539)
		(47 721)	81 330
III. Net cash flows on operating activity (I+/-II)		99 923	185 026
B. Cash flows on investing activities			
I. Incomes			
1. Sales of intangible and tangible fixed assets		957	605
2. Sales of investments in property and in intangible assets		248 373	-
3. On financial assets		9 811	6 964
4. Other incomes from investment		-	-
		259 141	7 569
II. Expenditures			
1. Acquisition of intangible and tangible fixed assets		(11 483)	(3 989)
2. Investments in property and in intangible assets		(184 027)	(358 417)
3. On financial assets		(106 025)	(38 563)
4. Other investment expenditures		-	-
		(301 535)	(400 969)
III. Net cash flows on investing activities (I-II)		(42 394)	(393 400)

CONSOLIDATED CASH FLOW STATEMENT (in thousands PLN) cont.

	Note	01.01 - 31.12.2010	01.01 - 31.12.2009
C. Cash flows on financial activities			
I. Incomes			
1. Net income from issue of stocks (issue of shares) and other equity instruments		-	-
2. Borrowings		290 931	231 797
3. Issue of debenture bonds		150 000	100 897
4. Other financial Incomes		-	5 675
		440 931	338 369
II. Expenditures			
1. Acquisition of own shares (stocks)		-	-
2. Dividends and other payments to owners		-	-
3. Expenses on account of profit distribution, other than payments to owners		-	-
4. Credit and loan repayments		(171 670)	(79 004)
5. Redemption of debenture bonds		-	(105 000)
6. On account of other financial liabilities		-	-
7. Payments of liabilities under financial lease contracts		(211)	-
8. Interest		(110 543)	(91 090)
9. Other financial expenses		-	-
		(282 424)	(275 094)
III. Net cash flows on financial activities (I-II)		158 507	63 275
D. Net cash flows total (A.III+/-B.III+/-C.III)		216 036	(145 099)
E. Cash balance change, including:		210 188	(152 692)
- change in cash balance due to foreign exchange gains/losses		(5 848)	(7 593)
F. Cash as at the beginning of period	29	169 101	321 793
G. Cash as at the end of period (F+/- D), including:	29	379 289	169 101
- with limited disposability		38 923	12 992

INTRODUCTION

GENERAL INFORMATION

The main activity of Echo Investment S.A. Capital Group (hereinafter the "Group") includes erection and letting or sale of space in commercial buildings, shopping & entertainment facilities, office buildings, hotels, residential buildings, and property trade.

The dominant company within the Group is Echo Investment S.A. (hereinafter referred to as "Echo" or "the Company"), having its registered seat in Kielce at Al. Solidarności 36. The Company, formerly operating under the name of 'Echo Press' Sp. z o.o., was registered in Kielce on July 23, 1992. Echo is a Joint Stock Company registered at the National Court Register with number 0000007025 by the District Court in Kielce, 10th Economic Department of the National Court Register.

The Company's shares are quoted at Warsaw Stock Exchange, industry according to regulated market classification: construction.

The duration of the Company is unlimited.

The following persons were members of the Management Board of Echo Investment S.A. as at December 31, 2009 and December 31, 2010: Piotr Gromniak, President of the Management Board; Artur Langner, Vice-President of the Management Board. The following persons were members of the Supervisory Board of Echo Investment S.A. as at December 31, 2009 and December 31, 2010: Wojciech Ciesielski, Chairman of the Supervisory Board, and Andrzej Majcher and Mariusz Waniółka, Deputy Chairmen of the Supervisory Board and Members: Tomasz Kalwat, Robert Oskard and Karol Żbikowski. The following persons were members of the Audit Committee as at December 31, 2010: Mariusz Waniółka, Chairman, and Robert Oskard and Karol Żbikowski.

INFORMATION ABOUT THE FINANCIAL STATEMENTS

The consolidated statements of Echo Investment S.A. 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 given 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 holding 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 at 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 statements are 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 methodology, to the exception of investment properties and financial instruments, which are valued at fair value. The statement has been drawn up under the assumption of continued business activity in foreseeable future, considering non-existence of any circumstances that might indicate any risk for the continuation of operations.

The Management Board of the Company used its best knowledge in applying standards, interpretation, methods and principles of evaluating the particular items of the condensed consolidated financial statements for the year 2010.

INFORMATION ON THE ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BY THE IFRS COMMITTEE, ENTERING INTO FORCE AS OF 2010

In preparing the present financial statements, the Group has applied new interpretations issued by the IFRS Committee and applicable to the Group's reporting period starting as at January 1, 2010. The guidelines thus applied have not affected these financial statements to any significant extent.

The Group has implemented the following interpretations:

Revised IAS 27 Consolidated and Separate Financial Statements

Revised IAS 27 was published by the International Financial Reporting Interpretations Committee on January 10, 2008 and applies to annual periods beginning on or after July 1, 2009. According to this interpretation, the amounts in transactions with subsidiaries are accounted for on the basis of the direct equity interest if a dominant company retains control over the subsidiary. This interpretation also specifies how the amounts should be accounted for if a dominant company loses control of a subsidiary, which means reclassifying the gain or loss from equity to profit or loss.

Revised IAS 39 Financial Instruments: Recognition and Measurement - Hedged Item Classification Criteria

Revisions to IAS 39 Hedged Item Classification Criteria were published by the International Accounting Standards Board on July 31, 2008 and apply to annual periods beginning on or after July 01, 2009. These revisions include explanations on the methods of applying the

principles of assessing compliance of hedged risk or cash flow with the criteria for assessment as hedged items in specific circumstances. Under these changes, it is not allowed to incorporate time value to one-sided hedged risk when options are considered as a hedging instrument.

IFRS Corrections 2009

The International Accounting Standards Board published the IFRS Corrections on April 16, 2009, amending 12 standards. These corrections involve changes in the presentation, posting and valuation, as well as terminology and editorial changes. Most revisions shall apply to annual periods beginning on January 1, 2010.

Revised IFRS 1 First-time Adoption of International Financial Reporting Standards

Revisions to IFRS 1 First-time Adoption of International Financial Reporting Standards were published by the International Accounting Standards Board on 23 July 2009 and apply to annual periods beginning on or after January 01, 2010. Revisions introduce additional exemptions on valuation of assets for first-time adopters operating in oil and gas industry.

Revised IFRS 2 - Share-based Payment

Revisions to IFRS 2 were published by the International Accounting Standards Board on July 18, 2009 and apply to annual periods beginning on or after January 1, 2010. Revisions require an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees. The revisions specify the range of IFRS 2 and regulate the joint application of IFRS 2 and other standards. The revisions include issues previously regulated by KIMSF 8 and KIMSF 11.

Revised IFRS 3 Business Combinations

The revised IFRS 3 was published by the International Accounting Standards Board on January 10, 2008 and applies prospectively to business combinations with acquisition dates on or after July 1, 2009. The changes involve an option to recognize minority shares at fair value or according to proportion in fair value of identified net assets, conversion of shares previously held in the acquired entity to fair value and posting the difference to the income statement, and additional guidelines regarding application of acquisition methods, including recognition of transaction costs as the cost of a period in which it was incurred.

IFRIC Interpretation 12 Service Concession Arrangements

IFRIC Interpretation 12 was published by the International Financial Reporting Interpretations Committee on November 30, 2006 and applies to annual periods beginning on or after March 29, 2009. The interpretation provides guidelines on the application of existing standards by entities participating in concession arrangements between the public and private sector. IFRIC 12 applies to agreements in which the grantor controls what sort of services are provided by the operator that uses the infrastructure, who is the recipient of the services and at what price the services are provided.

IFRIC Interpretation 17 Distribution of Non-cash Assets to Owners

IFRIC interpretation 17 was issued by the International Financial Reporting Interpretations Committee on November 27, 2008 and applies to annual periods beginning on or after November 1, 2009. This interpretation contains guidelines as to the point of recognition of dividend, valuation of dividend, and posting of differences between the value of dividend and the balance sheet value of distributed assets.

IFRIC Interpretation 18 Transfers of Assets from Customers

IFRIC interpretation 18 was issued by the International Financial Reporting Interpretations Committee on January 29, 2009 and applies to annual periods beginning on or after November 1, 2009. This interpretation contains guidelines as to recognition of transfers of assets from customers, namely such situations in which the definition of assets is fulfilled, with identification of separately identifiable services (services provided in exchange for transferred assets), recognition of income and posting of cash obtained from customers.

INFORMATION ABOUT ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS DUE TO BE APPROVED

As at the date of preparation of these financial statements, the International Financial Reporting Interpretations Committee published the following standards and interpretations which did not go in effect yet:

Revised IAS 12 Recovery of underlying assets

Revised IAS 12 **Recovery of underlying assets** was published by the International Financial Reporting Interpretations Committee in December 2010 and applies to annual periods beginning on or after January 1, 2012. The amendments require an entity to measure the deferred tax relating to an asset and apply to investment properties carried at fair value, as in IAS 40 Investment Property. The amendments introduce a presumption that total recovery of the carrying amount will be through sale. The presumption can be rebutted if investment property is part of a business model aiming to use all economic benefits displayed by the investment property in time, but

not during its sale. SIC 21 **Income Taxes – Recovery of Revalued Non-Depreciable Assets** applies to similar issues regarding non-depreciable assets which are carried at revaluation under IAS 16 **Property, Plant and Equipment**. SIC 21 was included in IAS 12 after excluding guidelines concerning investment properties carried at fair value.

As at the date of preparation of these financial statements, Revised IAS 12 has not yet been approved by the European Union.

The Group intends to apply the revised IAS 12 as from January 01, 2012. Application of these standards shall not affect the Group's financial result.

Revised IAS 24 Disclosure of related party transactions

Revised IAS 24 **Disclosure of related party transactions** was published by the International Financial Reporting Interpretations Committee on November 4, 2009 and applies to annual periods beginning on or after January 1, 2011. The revised IAS has simplified the previous disclosure requirements regarding the entities related to the government and specifies the definition of 'a related party'.

The Group intends to apply the revised IAS 24 as from January 1, 2011. Application of these standards shall not affect the Group's financial result.

Revised IAS 32 Classification of Rights Issues

Revised IAS 32 **Classification of Rights Issues** was published by the International Financial Reporting Interpretations Committee on October 8, 2009 and applies to annual periods beginning on or after February 1, 2010. The amendment applied to the rights issues (rights, options, warrants) denominated in a currency different from that of the issuer's currency to be classified as equity regardless of the currency in which the exercise price is denominated.

The Group intends to apply the revised IAS 32 as from January 1, 2011. Application of these standards shall not affect the Group's financial result.

Amendments to IFRS 2010

Amendments to IFRS 2010 published on May 6, 2010 by the International Financial Reporting Interpretations Committee have revised 7 standards. Amendments include modifications of presentation, accounting and valuation and include changes in terminology and editing. The majority of amendments applied to annual periods beginning on January 1, 2011.

As at the date of preparation of these financial statements, Revised IAS 12 has not yet been approved by the European Union.

The Group intends to apply the revised IFRS as from January 1, 2011. Application of these standards shall not affect the Group's financial result.

Revised IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters

Revised IFRS 1 **Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters** was published by the International Accounting Standards Board on January 28, 2010 and applies to annual periods beginning on or after July 1, 2010. The amendment relieves first-time adopters of IFRSs from providing the additional disclosures included in amendments to IFRS 7 published in March 2009 and concerning fair value measurements and liquidity risk.

The Group intends to apply the revised IFRS 1 as from January 1, 2011. Application of these standards shall not affect the Group's financial result.

Revised IFRS 7 Transfer of Financial Assets

Revised IFRS 7 Transfer of Financial Assets was published by the International Accounting Standards Board in October 2010 and applies to annual periods beginning on or after July 1, 2011. The amendments introduce new disclosure requirements about transfers of financial assets, concerning additional information about the risk associated with those assets. They require an entity to disclose those assets according to their class, character and carrying amounts and to describe the risk and rewards associated with the assets transferred to another entity, but still included in the balance sheet of the entity. The amendments also require disclosing information about the amount of associated liabilities and the relationship between the transferred assets and the associated liabilities. If financial assets are no longer included in the balance sheet, but the entity is still exposed to a certain risk and may benefit from transferring the assets, additional disclosure about the effects of such a risk is required.

As at the date of preparation of these financial statements revised IFRS 7 has not yet been approved by the European Union.

The Group intends to apply the revised IFRS 7 as from January 1, 2011. Application of these standards shall not affect the Group's financial result.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was published by the International Accounting Standards Board on November 12, 2009 and applies to annual periods beginning on or after January 1, 2013. IFRS 9 uses a single approach to determine whether a financial asset is valued at amortised cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and

the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used.

The Group intends to apply IFRS 9 as from January 1, 2013. Application of these standards shall not affect the Group's financial result.

IFRIC 14 *Prepayments of a Minimum Funding Requirement*

Amendments to IFRIC 14 were issued by the International Financial Reporting Interpretations Committee on November 26, 2009 and apply to annual periods beginning on or after January 1, 2011. The amendments apply in limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to finance those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset.

The Group intends to apply IFRIC 14 as from January 1, 2011. Application of these standards shall not affect the Group's financial result.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

IFRIC 19 was issued by the International Financial Reporting Interpretations Committee on November 26, 2009 and applies to annual periods beginning on or after July 1, 2010. IFRIC 19 addresses the accounting principles used by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. IFRIC 19 requires that the equity instruments issued are measured at their fair value and any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the entity's profit or loss for the period.

As at the date of preparation of these financial statements, IFRIC interpretation 19 has not yet been approved by the European Union.

The Group intends to apply IFRIC Interpretation 19 as from January 1, 2011. Application of these standards shall not affect the Group's financial result.

KEY ACCOUNTING PRINCIPLES

Intangible fixed assets

Intangible assets are recognized if it is probable that they will bring economic advantages in the future that may be directly related to such assets. Initially, intangible assets are recognized at acquisition prices or production costs. After initial recognition, intangible assets are valued according to acquisition prices or production cost, less amortisation and impairment losses.

Intangible assets are amortised equally during their estimated useful lives, which are subject to quarterly reviews. Estimated useful life of an asset is as follows:

- for concessions, patents, licences, etc. -2 years
- For other assets - 2 years.

Intangible assets are checked for impairment if any events or changes in circumstances indicate that their balance sheet value can be irrecoverable. Impairment losses are disclosed as excess of balance sheet value of an asset over its recoverable value.

Goodwill of subsidiaries

Goodwill resulting from acquisition of shares or stocks in subsidiaries is initially disclosed according to acquisition price, being a surplus of acquisition costs of these units over the Group's share in net fair value of identifiable assets, liabilities and contingent liabilities.

After initial disclosure, goodwill is presented according to acquisition price less all accumulated write-offs due to permanent loss in value.

Goodwill is not amortized but it is checked for impairment. Such impairment testing consists in allocation of goodwill to specific assets of the Group (cash generating centres where synergy effects are expected to arise out of amalgamation) and comparing the values thus obtained to valuation of the same assets at achievable amounts.

Impairment is the excess of such valuation of specific assets of the Group over their balance sheet value increased by the part of goodwill allocated to them. Impairment is recognized irreversibly in the income statement.

Impairment tests are carried out at least once a year, or more frequently in case of occurrence of any events or changes indicating the possibility of impairment.

Tangible fixed assets

Tangible assets include fixed assets owned by the Group and fixed assets under construction.

Fixed assets owned by the Group include:

- property (not leased and not designated for trade) used by the Group,

- machinery and plant,
- means of transport,
- other complete and usable objects with anticipated usable life exceeding one year.

Fixed assets are valued and disclosed in the statements according to acquisition prices or production cost, less depreciation and impairment losses. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, are recognised in the income statement, except where it is possible to evidence that such expenses resulted in an increase of anticipated future economic benefits of owning the given fixed asset. In such case, the yielded costs increase the initial value of the fixed asset.

Land owned by the Group is not depreciated. Other fixed assets are depreciated equally during their estimated usable lives, which are subject to quarterly reviews. Estimated useful life of an asset is as follows:

- for buildings and other civil engineering structures: 22 to 67 years;
- for machinery and plant items: 2 to 5 years;
- for means of transport: 1.5 to 10 years;
- for other equipment: 5 years.

Future investments are included in the balance sheet value of the given fixed asset or recognized as a separate fixed asset (if appropriate) only if it is probable that economic benefits will be obtained by the Group in relation to this item, and the cost of the given item can be reliably measured and assessed. All other expenses on repairs and maintenance are posted to the income statement in the financial period when they were incurred. Fixed assets under construction are investments in progress, developed by the Group and valued according to acquisition price or production cost less impairment losses. Fixed assets under construction are not depreciated. Production costs include costs that are directly related to an investment not yet completed. These include expenses incurred on acquisition of land property, expenditures on design and execution of buildings and other civil engineering structures (mainly foreign services), activated and direct financial costs, and other expenses incurred during development, which are directly related to the investment.

After obtaining an occupancy permit, the completed real estates are reclassified as fixed assets or investments in real property, depending on their designed use.

Tangible assets are checked for impairment if any events or changes in circumstances indicate that their balance sheet value can be unrealizable. Impairment losses are disclosed as excess of balance sheet value of an asset over its recoverable value, and they are recognized in the income statement. Recoverable value is the fair value of assets less costs of sales, or their usable value, whichever is higher.

Gains and losses on sale of fixed assets, constituting differences between sales incomes and balance sheet value of the sold fixed asset, are posted to the income statement under other operating incomes/ expenses.

Investment property

Investment property includes leased real estates, owned by the company, with land pertaining directly to such real estates, acquired and maintained for the purpose of achieving growth of value of land. Investment properties are initially disclosed according to acquisition prices/production costs. Land used by the Group under an operating lease contract is presented and valued in the same way as investment property, under the assumption that the remaining criteria for classifying the given property as investment property are fulfilled. Specifically, perpetual usufruct of land is recognized and valued as operating lease.

Properties erected by the Group are classified as investment property at the time of putting to use.

After initial recognition as at the first balance day, investment properties are presented according to their fair value. Fair value is revaluated at least once every three months. Profits or losses resulting from change in fair value of investment property are disclosed in the income statement in the period of their occurrence.

Fair value of land and buildings valued to fair value is updated to illustrate the market conditions present as at the end of the reporting period. Fair value of investment property is the price that could be quoted at an arm's length transaction. Fair value of properties yielding regular income is determined by the company individually, with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate, with due consideration of the terms and conditions of valid lease or hire contracts and other agreements. Yield rate is reviewed by independent property appraisers at least yearly, net operating income (NOI) is updated quarterly on the basis of valid lease contracts, values expressed in EUR and USD are converted quarterly according to valid rates of exchange published by the National Bank of Poland. Fair value of properties maintained for the purpose of value increase is determined by independent property appraisers.

Differences on investment property valuation are applied to income statement under the item of immovable property revaluation.

The expenses pertaining to an investment property, which were borne after putting such property in operation, are recognized in the income statement, except where it is possible to evidence that such expenses resulted in an increase of anticipated future economic benefits of using the given property. In such case, the costs thus incurred add up to the balance sheet value of the investment property.

All repair and maintenance costs of investment properties are carried as expenses in the income statement in the period with which they are concerned.

Result on sales of investment properties is disclosed under a separate item of the income statement.

Investment properties under construction are investments designated for future lease. Investment properties under construction, in which a substantial part of risk associated with the construction has been eliminated and reliable valuation is possible, shall be valued at fair value.

The Group has specified the conditions that must be fulfilled before analysing whether important risk factors related to investment properties under construction have been eliminated. The conditions are as follows:

- obtaining the construction permission,
- contracting the construction works with a value of at least 30% of the investment budget,
- leasing of at least 20% of area of the project under construction.

It is crucial that risk analysis also includes the possibilities and methods of financing the project.

Each investment property under construction is subject to an individual analysis in terms of reliable valuation of fair value. Such an analysis takes into consideration the general economic situation, the availability of data for similar properties and the expectations regarding changes in factors on which the valuation is based. If the above conditions are fulfilled and if, in the Group's opinion, the risk factors have been eliminated, the given property is presented at its fair value. If it is impossible to obtain a reliable fair value valuation, investment properties under construction are presented at their acquisition price or production cost, with impairment deducted, if necessary.

When using a profit method while estimating the fair value of investment properties under construction, the Group takes into consideration the degree of the project implementation at the end of the accounting period and available reliable data concerning an anticipated state of the investment property on a final day of the construction. While using a cost of production method, the Group takes into consideration the costs directly related to the investment under construction. The costs include expenses related to the purchase of the land, the design and construction of the property (outsourcing), costs turned into assets and direct costs, as well as other costs incurred during the construction which are directly related to the investment.

If the designated use of the given property changes, such property is reclassified accordingly in the financial statements. Such property is transferred and disclosed under tangible fixed assets or inventories at the previously disclosed fair value.

Leases

Leases qualify as financial lease if the terms of contract generally transfer all the potential benefits and risks involved in holding ownership title of an asset to the lessee. Leases where the lessor (financing party) bears a significant part of risks and benefits of possession are classified as operating leases.

Operating lease charges are disclosed as costs (when the Group is the lessee) or incomes (when the Group is the lessor) in the income statement according to straight-line method during the term of lease agreement.

Profits earned by the lessee, due as encouragement to enter into an operating lease agreement, are posted to the income statement according to straight-line method during the term given in the lease agreement.

Where the details of a specific contract indicate that lease fees will be charged progressively during the term of agreement, annual payment instalments are linearised.

Shares and stocks in associated companies

Shares and stocks in associated companies are presented in the financial statements according to ownership rights method, at acquisition prices adjusted by future impairment losses. As at each consecutive balance day, the Group evaluates possible reasons justifying impairment of the Group's shares in associated companies, with due consideration of the associate companies' assets and liabilities at the time being, and reasonably anticipated cash flows generated by these companies.

In case of impairment losses, adjustments are made in the income statement and are presented as an expenditure. Otherwise, they are presented as a revenue.

Inventories

The following are disclosed under inventories: semi-finished products and work in process, finished products, goods, and advances on deliveries. Due to unique quality of operations, purchased land, or rights of perpetual usufruct of land, or fees paid for perpetual lease are classified as work in process if the land is designated for development, or as merchandise required for the purposes of housing activity if the land is designated for sale. Finished products mainly include housing and service premises sold through final contracts.

Inventories of non-current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs. Advances on deliveries are valued according to cash expenditure.

Inventories are valued not higher than obtainable net value. This value is obtained from information from the active market. Reversal of inventories value allowance is related to the sale of the given inventory or increase of net sales price. The amounts of write-downs on the value of inventories, recognized as expenditure in a given period, and amounts of reversals of write-downs of values decreasing the value of inventories recognized as revenue during the period are disclosed in the income statement as other operating incomes/expenses (incomes/expenses on account of revaluation of non-financial assets).

Financial instruments

The Group classifies its financial assets and liabilities to the following categories:

Financial assets or financial liabilities valued at fair value through the income statement - assets and liabilities acquired or transacted primarily for the purpose of sale or repurchase in a short-term perspective; Investments held to maturity - financial assets other than derivatives, with predetermined or determinable payments and with predetermined maturity dates, which the Group intends strongly to maintain and is capable of maintaining until maturity,

Loans and receivables - financial assets other than derivatives, with predetermined or determinable payments, which are not quoted on an active market,

Financial assets available for sale - non-derivative financial assets not classified as financial assets disclosed in fair value through the income statement, borrowings and receivables, and assets held to maturity.

Financial assets recognized at fair value through the income statement

Financial assets recognized at fair value through the income statement are:

- Financial assets for trade. A financial asset is classified to this category if it was acquired primarily for the purpose of short-term sale,
- Financial assets determined at the time of initial disclosure as recognized at fair value through the income statement.

Assets of this category are classified as current assets if they are designated for trade or their realization is envisaged within 12 months of the balance day. The Group classifies investments in securities to this category.

Assets are booked with the effective date of transaction and they are derecognized in the balance sheet at the time of expiry of contractual rights to cash flows from the given financial asset, or when the given financial asset is transferred together with all risks and benefits derived from possession of such asset.

Both as at the booking date and as at the balance date, financial assets valued at fair value through the income statement are valued at fair value.

Loans granted

Loans granted are non-derivative financial assets with determined or determinable due date, which are not quoted on an active market, other than those recognized as financial assets disclosed at fair value through the income statement or available for sale.

These assets are booked with the effective date of transaction and they are derecognized in the balance sheet at the time of expiry of contractual rights to cash flows from the given financial asset, or when the given financial asset is transferred together with all risks and benefits derived from possession of such an asset.

Granted loans are disclosed as at the date of posting to the books, at fair value plus transaction costs, and afterwards as at the balance day according to depreciated acquisition price determined with the effective rate of interest method.

Financial assets available for sale

Financial assets available for sale are booked with the effective date of transaction and they are derecognized in the balance sheet at the time of expiry of contractual rights to cash flows from the given financial asset, or when the given financial asset is transferred together with all risks and benefits derived from possession of such an asset.

As at the date of posting to the books, these assets are valued at fair value plus transaction costs. As at the balance day, these assets are valued at fair value accounting for impairment losses, posted to revaluation capital.

Gains or losses arising from change in fair value of an asset are posted directly to equity.

Assets available for sale include shares and stocks in non-affiliated and non-associated companies, not quoted on an active market, classified as current or non-current assets.

Where fair value cannot be determined, these assets are valued at acquisition price less impairment losses, and the results of valuation are disclosed in the financial result.

Trade receivables

Trade receivables and other receivables are posted to the balance sheet at fair value and afterwards at adjusted acquisition price, using the effective rate of interest method, less impairment losses. The value of receivables is updated accounting for probability of their repayment through an allowance.

Allowances for trade receivables and other receivables are created as at the end of each quarter where there is objective evidence that the Group will not be able to obtain all amounts receivable according to the original terms of the receivables. The following factors are indicators of receivables impairment: serious financial difficulties of the debtor, or delayed repayments. The amount of impairment loss is the difference between the balance sheet value of the given receivable and the current value of estimated future cash flows generated thereby. The value of loss is posted to the income statement as "other operating expenses".

Allowances for irrecoverable receivables are made on the account of provisions for receivables. Future repayments of receivables previously written down are posted to "other operating incomes" in the income statement.

Non-current trade receivables are by principle valued at adjusted acquisition price using the effective rate of interest method. However, if the difference between value given as adjusted acquisition price and value given as amount due and payable has no significant impact on the Group's financial results, then such receivables are recognized in the balance sheet as amounts due and payable.

Cash and Cash Equivalents

Cash on bank accounts and in hand, short-term investments maintained up to their due dates and other financial assets (interest from granted loans if they fall due within 3 months from the statement date) are valued in nominal values.

Cash in foreign currencies is valued at least on each reporting date according to the buy rate of the bank employed by the Company. Foreign exchange gains/losses pertaining to cash in foreign currencies and operations of sale of foreign currencies are classified as financial expenses or financial incomes, respectively. The same definition of cash applies to the cash flow statement.

Derivatives

Derivatives are recognized in the books at the time when the Companies become parties to a binding contract. The Group uses derivatives to limit foreign exchange or interest rate risk.

The Group does not use hedge accounting.

As at the balance day, derivatives are valued at fair value. Derivatives with fair value above zero are classified as financial instruments while derivatives with negative fair value are financial liabilities.

Gains or losses on derivatives are posted to financial incomes or costs, accordingly, and as cash flows from operating activities in the cash flow statement.

Financial guarantee agreements

Financial guarantee agreements are disclosed as off-balance liabilities and receivables. The Company assesses as at each consecutive balance day whether it is probable that a payment will have to be effected in respect of a financial guarantee agreement and whether a provision should therefore be established. If the amount of provision exceeds the current value of guarantee agreement, then the value of provision is adjusted accordingly and the resulting difference is shown in the income statement. Such guarantees are recognized as financial instruments. Such agreements are initially posted at fair value (equivalent to the amount of premium received or estimated using appropriate valuation techniques), then at one of the following values, whichever is higher:

- the amount of provision determined on the basis of estimated value of probable expenditure required for paying off the debt arising from the guarantee agreement, or
- the initial value less amortization/depreciation write-downs.

Income tax

Income tax on profit or loss for the financial year includes current and deferred income tax. Income tax is posted to the income statement, except for amounts concerning items recognized directly as equity, where income tax is posted under equity.

The current part of income tax is the envisaged amount of income tax charged on taxable base for the given year, calculated on the basis of tax rates agreed as at the balance day, including any tax adjustments carried forward. Deferred tax is calculated with the balance sheet method as tax payable or reimbursable in the future on differences between balance sheet values of assets and liabilities and corresponding tax values used for calculating the taxable base. The tax rate to be applicable in the reporting periods in which the given assets will be realized or liabilities will be released shall apply to calculation of relevant deferred tax.

Deferred income tax assets on account of tax loss are established if settlement of such loss in the following years is certain of occurring.

Deferred income tax is estimated as at each consecutive balance day and the difference is posted to the income statement.

Equity

Share capital and reserve capital is valued in its nominal value. The differences between fair value of received payment and nominal value of shares are disclosed in supplementary capital from sale of shares above their nominal value.

The costs of shares issue, which are borne at the point of establishment of a joint stock company or increase in initial capital reduce the company's supplementary capital to the amount of surplus of issue value over nominal value of shares.

Provisions

Provisions are established if the Company is under an existing liability derived from past events, it is probable that fulfilment of this liability will require expending of funds that form economic benefits and it is possible to reliably estimate the value of such liability.

Provisions are valued at the current value of estimated costs, to the best knowledge of the Company's management, provided that these costs must be incurred in order to settle the existing liability as at the balance day.

According to the adopted principle, provisions for severance payments are not established. Such potential provisions would have no significant impact on the presented financial statements. At the point of occurrence they would be booked on a cash basis.

Financial liabilities and trade liabilities

Financial liabilities include in particular loans, credit facilities, debt bonds, not matured interest on bank credit facilities which are booked according to the accruals method, as well as discount on debt securities to be settled in the following accounting period. Foreign currency loans are valued according to the selling rate of the bank employed by the Company.

Financial liabilities are valued at amortized cost, in accordance with IAS 39. Valuation accounts for the risk and possibility of early repayment of non-current liabilities.

Trade liabilities are initially carried at fair value. Afterwards, non-current liabilities are valued at adjusted acquisition price using the effective interest rate method. When the difference between value given as adjusted acquisition price and value given as amount due

and payable has no significant impact on the Group's financial results, then such liabilities are disclosed in the balance sheet as amounts due and payable. The item of advances for deliveries covers both invoiced advances (including advances on apartments) and ones that have not been invoiced.

METHODS OF DETERMINING THE FINANCIAL RESULT

Financial result (profit/loss) is determined using the multiple-step method.

Operating incomes

Incomes from sales of goods and products are carried at fair value of payment received or receivable, less discounts, rebates and taxes associated with sales. These are recognized as at the time of delivery of such goods and services, with assignment on the buyer of risks and benefits arising from ownership of such goods, provided that the amount of such incomes can be fairly valued.

Specifically, incomes earned on sales by the Group of apartments and commercial space are recognized according to IAS 18 at the time of transferring freehold of these premises through a sale agreement upon completion of facility development and obtaining use rights to these premises.

Incomes from lease of residential and commercial space are accounted for equally during the terms of respective contracts.

Revenues from construction on the basis of long-term contracts are posted according to IAS 11 according to advancement of works. Percentage of service performance advancement is determined as the proportion of works completed as at the given day with reference to the entire scope of works.

The remaining incomes from sales of services are carried to the period in which the given services were provided.

Operating expenses

The costs of production of products sold include yielded costs pertaining to the revenues of a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.

The cost of goods and products sold is valued at production cost on the basis of exact identification of actual costs of assets sold, or percentages of such items as sold area of land, sold shares, etc. In particular, own cost of sold premises and land is established in proportion to the percentage of such premises or land in the entire land resource constituting the given project.

Financial expenses

Financial expenses concerning the current period are recognized in the income statement, to the exception of costs activated according to the alternative solution presented in IAS 23 'Borrowing Costs'. The company activates such part of financial expenses that are directly related to acquisition and production of assets disclosed as inventories and investments in process. The following amount of costs is activated: interest, discount and commissions, less revenues earned on temporary deposition of cash (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, t/C contracts).

Cash flow statement

Cash flow statement is prepared according to indirect method. Arranged overdraft obligations are presented as debt on account of credits and not as a cash equivalent.

Consolidation

These financial statements of Echo Investment S.A. Capital Group comprise the separate financial statements of Echo Investment S.A. and its subsidiaries. Subsidiaries are all companies controlled by the Group, which typically occurs if the Company holds more than half the voting rights in the given company, whether directly or via other Group companies. Grounds for control also exist if

the Company is capable of influencing the given company's operating and financial activities. Subsidiaries are consolidated as from the time of seizing control until loss of control over them.

As at the date of acquisition of a subsidiary (seizing control), such acquired company's assets and liabilities are valued at fair value. Surplus of acquisition price over fair value of identifiable net acquired assets of the company is carried to the balance sheet assets as goodwill. If acquisition price is lower than fair value of identifiable net acquired assets of the company, then the difference is carried as profit in the income statement of the period of acquisition. Minority shares are disclosed according to fair value of net assets attributed to minority shareholders. During the consecutive periods, losses attributed to minority shareholders beyond the value of their shares reduce the dominant company's equity.

Echo Investment S.A., 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. Most of them do not engage in any type of business activity other than one involved in the realization process of a specific project, followed by provisions of lease services of already completed property components or other services.

All internal Group transactions and settlement account balances are eliminated in the consolidation process. The value of shares held by the Company and other consolidated companies in subsidiaries, corresponding to the percentage of the Company and other consolidated Group company in subsidiaries' equity, is also eliminated. As at December 31, 2010, Echo Investment Capital Group consists of 71 subsidiaries that are fully consolidated and one partially owned subsidiary consolidated according to the proportional method.

Subsidiaries:

Company name	Registered office address	Percentage of equity held	Dominant company
„ACC - Grupa Echo Sp. z o.o.” Sp. kom. [‘ACC – Echo Group Ltd’ Limited Partnership] (previously „ACC - Projekt Echo – 17 Sp. z o.o.” Sp. kom. [‘ACC – Projekt Echo– 17 Ltd’ Limited Partnership])	Kielce	100%	Echo Investment S.A.
„Athina Park - Projekt Echo – 93 Sp. z o.o.” S.k.a. [‘Athina Park – Projekt Echo– 93 Ltd’ Joint-stock partnership]	Kielce	100%	XXIX FIZ Forum
„Avatar - Projekt Echo – 93 Sp. z o.o.” S.k.a. [‘Avatar - Echo Project– 93 Ltd’ Joint-Stock Limited Partnership]	Kielce	100%	XXIX FIZ Forum
„Barconsel Holdings” Ltd	Nicosia	100%	Echo Investment S.A.
„Budivelnuy Soyuz Monolit” LLC	Kiev	100%	Yevrobudgarant LLC
"Centrum Handlowe PHS" SA [‘PHS Shopping Centre’ Joint Stock Company]	Szczecin	100%	XXIX FIZ Forum
"Echo – Arena” Sp. z o.o. [‘Echo – Arena’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Arena Sp. z o.o.” Sp. kom. [‘Echo – Arena Ltd’ Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo - Aurus” Sp. z o.o. [‘Echo – Aurus’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Bełchatów” Sp. z o.o. [‘Echo – Bełchatów’ Limited Liability Company] (previously „Echo – Galeria Olimpia” Sp. z o.o. [‘Echo – Galeria Olimpia’ Limited Liability Company])	Kielce	100%	XXIX FIZ Forum
"Echo – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o.” S.k.a.[‘Echo – Centrum Przemysł - Projekt Echo – 93 Ltd’ Limited Joint-stock Partnership]	Kielce	100%	XXIX FIZ Forum
"Echo – Galaxy” Sp. z o.o. [‘Echo – Galaxy’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Galaxy Szczecin” Sp. z o. o. [‘Echo – Galaxy Szczecin’ Limited Liability Company]	Szczecin	100%	Echo – SPV 7 Sp. z o.o. [Echo – SPV 7 Limited Liability Company]
"Echo – Galeria Kielce" Sp. z o.o. [‘Echo – Galeria Kielce’ Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Echo – Galeria Sudecka” Sp. z o.o. [‘Echo – Galeria Sudecka’ Limited Liability Company]	Jelenia Góra	100%	XXIX FIZ Forum
"Echo – Galeria Tarnów” Sp. z o.o. [‘Echo – Galeria Tarnów’ Limited Liability Company]	Kielce	100%	XXIX FIZ Forum
" Echo – Kasztanowa Aleja” Sp. z o.o. [‘Echo – Kasztanowa Aleja’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
„Echo – Kasztanowa Aleja Sp. z o.o.” Sp. kom. [‘Echo – Kasztanowa Aleja Ltd’ Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo – Kielce 1” Sp. z o.o. [‘Echo – Kielce 1’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
„Echo – Klimt House” Sp. z o.o. [‘Echo – Klimt House’ Limited Liability Company]	Kielce	100%	Echo Investment S.A.
„Echo – Klimt House Sp. z o.o.” Sp. kom. [‘Echo – Klimt House Ltd’ Limited Partnership]	Kielce	100%	Echo Investment S.A.

Company name	Registered office address	Percentage of equity held	Dominant company
"Echo – Metropolis" Sp. z o.o. ['Echo – Metropolis' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Echo – Oxygen" Sp. z o.o. ['Echo – Oxygen' Limited Liability Company]	Kielce	100%	XXIX FIZ Forum
"Echo – Park Postępu" Sp. z o.o. ['Echo – Park Postępu' Limited Liability Company]	Kielce	100%	XXIX FIZ Forum
"Echo – Pasaż Grunwaldzki" Sp. z o.o. ['Echo – Pasaż Grunwaldzki' Limited Liability Company]	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. ['Echo - Property Poznań 1' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
„Echo – Przy Słowiańskim Wzgórzu" Sp. z o.o. ['Echo – Przy Słowiańskim Wzgórzu' Limited Liability Company (previously "Projekt Echo - 45" Sp. z o.o. ['Projekt Echo – 45' Limited Liability Company])]	Kielce	100%	Echo Investment S.A.
„Echo – Przy Słowiańskim Wzgórzu Sp. z o.o." Sp. kom. ['Echo – Przy Słowiańskim Wzgórzu Ltd' Limited Partnership] (previously "Projekt Echo - 45 Sp. z o.o." Sp. kom. ['Echo Project -45 Ltd' Limited Partnership])]	Kielce	100%	Echo Investment S.A.
"Echo – SPV 7" Sp. z o.o. ['Echo – SPV 7' Limited Liability Company] (previously „Echo – Centrum Biznesu Łódź" Sp. z o.o. ['Echo – Centrum Biznesu Łódź' Limited Liability Company])]	Kielce	100%	Echo Investment S.A.
"Echo – SPV 12" Sp. z o.o. ['Echo – SPV 12' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Veneda" Sp. z o.o. ['Echo – Veneda' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Echo Investment Hungary Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo Investment Project 1" S.R.L.	Bucarest	100%	Echo Investment S.A.
"Echo Investment Project Management" S.R.L.	Bucarest	100%	Echo Investment S.A.
"Echo Investment Ukraine" LLC	Kiev	100%	Echo Investment S.A.
"EI – Project Cyp - 1" Ltd	Nicosia	100%	Echo Investment S.A.
"Est-On – Grupa Echo Sp. z o.o." Sp. kom. ['Est-On – Grupa Echo Ltd' Limited Partnership] (previously " Est-On - Projekt Echo – 17 Sp. z o.o." Sp. kom. ['Est-On - Projekt Echo – 17 Ltd' Limited Partnership])]	Kielce	100%	Echo Investment S.A.
"Grupa Echo" Sp. z o.o. ['Grupa Echo' Limited Liability Company] (previously "Projekt Echo - 17" Sp. z o.o. ['Projekt Echo – 17' Limited Liability Company])]	Kielce	100%	Echo Investment S.A.
"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"MDP" Sp. z o.o. ['MDP' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
„PPR - Projekt Echo – 77 Sp. z o.o. „ S.k.a. ['PPR - Projekt Echo – 77 Ltd' Joint-stock partnership]	Kielce	100%	XXIX FIZ Forum

Company name	Registered office address	Percentage of equity held	Dominant company
"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 30" Sp. z o.o. ['Projekt Echo – 30' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 39" Sp. z o.o. ['Projekt Echo – 39' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 43" Sp. z o.o. ['Projekt Echo – 43' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 47" Sp. z o.o. ['Projekt Echo – 47' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt Echo - 53" Sp. z o.o. ['Projekt Echo – 53' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt Echo - 55" Sp. z o.o. ['Projekt Echo – 55' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt Echo - 57" Sp. z o.o. ['Projekt Echo – 57' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 58" Sp. z o.o. ['Projekt Echo – 58' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt Echo - 62" Sp. z o.o. ['Projekt Echo – 62' Limited Liability Company]	Kielce	100%	Echo – SPV 7 Sp. z o.o.
"Projekt Echo - 67" Sp. z o.o. ['Projekt Echo – 67' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 70" Sp. z o.o. ['Projekt Echo – 70' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 77" Sp. z o.o. ['Projekt Echo – 77' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 93" Sp. z o.o. ['Projekt Echo – 93' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 94" Sp. z o.o. ['Projekt Echo – 94' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 94 Sp. z o.o." Sp. kom. ['Projekt Echo – 94 Ltd' Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 95" Sp. z o.o. ['Projekt Echo – 95' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 96" Sp. z o.o. ['Projekt Echo – 96' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 97" Sp. z o.o. ['Projekt Echo – 97' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 98" Sp. z o.o. ['Projekt Echo – 98' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 99" Sp. z o.o. ['Projekt Echo – 99' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Naramowice" Sp. z o.o. ['Projekt Naramowice' Limited Liability Company]	Kielce	100%	Zakłady Ogrodnicze Naramowice Sp. z o.o. [Zakłady Ogrodnicze Naramowice Limited Liability Company]
"Projekt Naramowice Poznań" Sp. z o.o. ['Projekt	Kielce	100%	Projekt Naramowice Sp. z o.o.

Company name	Registered office address	Percentage of equity held	Dominant company
Naramowice Poznań Limited Liability Company]			[Projekt Naramowice Limited Liability Company]
"SPV – 1" Sp. z o.o. ['SPV – 1' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt S" Sp. z o.o. ['Projekt S' Limited Liability Company]	Kielce	95%	Echo Investment S.A.
"Ultra Marina" Sp. z o.o. ['Ultra Marina' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Yevrobudgarant" LLC	Kiev	100%	EI – Project Cyp - 1 Ltd
"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Zakłady Ogrodnicze Naramowice' Limited Liability Company]	Poznań	100%	Echo Investment S.A.

„Wan 11” Spółka z o.o.['Wan 11' Limited Liability Company] with its registered seat in Warsaw is a partially owned subsidiary.

Segment reporting

Segments of activity of the Group have been defined as areas where goods or groups of related goods are distributed, or services or groups of related services are provided. The aforementioned goods and services are subject to risk and their return on investment is different from that of other segments.

The Management Board of Echo Investment S.A. is the main body responsible for making decisions regarding segments and the analysis of results achieved in a particular segment.

Three field segments have been distinguished in the Capital Group:

- letting and sales of residential and commercial areas,
- letting and sales of shopping and entertainment areas,
- letting and sales of office and hotel areas.

Field segments qualify as distinguishable fields of an economic entity, where goods are distributed, services are provided, or a group of related goods or services is delivered, subject to risk and described by a rate of return from investment expenditure different from ones typical of other field segments.

The accounting principles of a segment are the principles applied to preparation and presentation of the Group's consolidated financial statements, as well as the accounting principles applicable directly to segment reporting.

Segment revenues mean the income earned on sales to third party clients or from transactions with other segments within the Group, which are disclosed in the Group's income statement and can be directly allocated to the given segment, along with the respective part of the Group's revenues, which can be allocated to this segment on reasonable bases. The following are not classified as segment revenues:

- extraordinary profits,
- interest or dividend income, including interest gained from advances paid or loans granted to other segments, unless the operations of a given segment are primarily focused on financial matters,
- earnings on sales of investments or profits arising from debt expiry, unless the operations of the segment are mainly focused on financial matters.

Segment incomes include the Capital Group's shares in profits or losses of associated companies, joint ventures or other consolidated financial investments, using the ownership rights method, provided that the above items are contained in consolidated or general income of an economic entity.

Segment costs mean the expenses composed of costs to sell to third party clients or costs of transactions executed with other segments within the Group, which result from the given segment's operating activity and can be directly allocated to the given segment, along with the respective part of the Group, which can be allocated to this segment on reasonable bases. The following are not classified as segment costs:

- extraordinary losses,
- interest, including interest on advances or loans obtained from other segments, unless the operations of the given segment are primarily focused on financial matters,

- losses from sales of investments or losses incurred as a result debt expiry, unless the operations of the segment are mainly focused on financial matters,
- economic entity's share in losses of associated companies, joint ventures or other financial investments consolidated with the ownership rights method,
- income tax charges,
- overheads and other costs occurring on the Group level, applicable to the Group as a whole.

However, certain costs occurring on the Group level are yielded for the segment. Such costs can be classified as costs of segment if they apply to the segment's operating activity and can be directly allocated or assigned to the segment on reasonable bases.

The result of segment is the difference between the segment income and the segment costs. The result of segment is determined before adjustments for minority shares.

Assets of segment are current assets used by the segment in its operating activity that can be directly allocated to the given segment or assigned to that segment on the basis of reasonable premises.

If the result of segment comprises interest or dividend income, the segment's assets shall comprise relevant receivables, loans, investments or other assets resulting in occurrence of income.

Liabilities of segment are current liabilities occurring as a result of the segment's operating activity that can be directly allocated to the given segment or assigned to that segment on the basis of reasonable premises. If the result of segment comprises costs of interest, the segment's liabilities shall comprise relevant liabilities incurring interest.

Financial data relating to segments are presented in Notes 30A - 30D of the financial statement.

MANAGEMENT BOARD ESTIMATIONS

Preparation of financial statements required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. Management Board estimations have essential impact on the financial statements in the following key areas:

Investment property

Fair value of investment property generating regular incomes is determined by the company with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate. Yield rate is reviewed by independent property appraisers at least yearly, net operating income (NOI) is updated quarterly on the basis of valid lease contracts, values expressed in EUR and USD are converted quarterly according to valid rates of exchange published by the National Bank of Poland.

Whereas most lease agreements executed by the Group are denominated in EUR, appraisals of investment properties are prepared in EUR and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date. According to the Group's valuations, the combined value of investment properties as at December 31, 2010 was EUR 709,058 thousand (EUR 677,047 thousand as at December 31, 2009).

Rates of return used for calculating fair value as at December 31, 2010 ranged from 7.15% to 9.8%. Rates of return were calculated by external appraisers for each investment property separately, taking into consideration their location and a kind of property. Future operational earnings were estimated separately for each of investment properties and based on lease agreements, contracted revenue and anticipated expenses related to each property.

At the end of financial year, there were 4 projects partially or completely under construction: Park Postępu in Warsaw, Malta Office Park in Poznań, Oxygen in Szczecin and Galeria Echo in Kielce. Their fair value was estimated based on earnings. The aforementioned projects should be completed within 3 and 9 months. As far as other projects under construction are concerned, the level of risk associated with their completion was too high to estimate their fair value reliably.

Fair value of financial instruments

Fair value of financial instruments which are not traded on an active market is determined using appropriate valuation techniques. The Company is guided by its independent judgment in selecting valuation methods and its assumptions are based on the market conditions existing as at each consecutive balance day.

Forward agreements in particular are valued as a difference between transaction nominal value multiplied by foreign exchange spot rate and transaction nominal value in PLN at a rate of National Bank of Poland as at a day of valuation. Option agreements are valued on the basis of valuations provided by banks (note 12).

Inventories

When calculating inventory write-down as at a balance day, the company analyses active markets for information about anticipated sales prices and current market trends, as well as information about preliminary sale contracts signed by the company. Assumptions used at the calculation apply to property market prices concerning a given market segment. The Management Board claims that changes in those assumptions would not affect the inventory write-down as at a balance day. It is due to the fact that the assumptions and information concerning the inventory write-down were mainly based on signed sale contracts. If property is recorded as inventory, the value of inventory write-down is based on how useful a given property is and will be for the Company in the future.

Deferred income tax

The Company's Management Board must evaluate probability of realization of a deferred income tax asset. In the process of preparing the financial statement, the Company estimates the value of the deferred income tax asset on the basis of factors including the value of future income tax burdens. The process includes analysis of the existing levels of current income tax burdens and the values of transition differences arising from different treatment of a given transaction from the tax and accounting perspectives, resulting in creation of an asset and provision for deferred income tax.

The above mentioned evaluation process is based on a number of assumptions concerning determination of the value of deferred income tax asset. The above estimations account for tax forecasts, historical values of tax burdens, currently available strategies for planning the Company's operating activities, and due dates for realization of specific timing differences. Because the aforementioned estimations may vary depending on external factors, the Company may periodically adjust its deferred income tax assets, which in turn may affect the Company's financial situation and results (note 8).

FINANCIAL RISK MANAGEMENT**Pricing risk**

Pricing risk is insignificant. The Company does not participate in securities trade on any active market. Information regarding market risk management of derivatives is described in note 12B. Types of applied instruments are mentioned above in 'Key Accounting Principles'.

Risk of changes in cash flows and fair values in relation to interest rates

The Group's exposure to interest rate risk is concerned with financial assets and liabilities, particularly with loans granted, bank credit facilities obtained, and bonds issued. Variable interest rate loans, credits and bonds expose the Group to the risk of interest rate fluctuations while fixed-rate loans and credits expose the Group to fluctuations in fair value of financial instruments. Moreover, the Group is exposed to the risk of interest rate fluctuations in case of taking out a new credit, or refinancing the existing debt to long-term financing.

Based on different scenarios, the Group manages its cash flows variation risk as a result of interest rate fluctuations using interest swaps converting variable rates into fixed rates for selected credit facilities or individual instalments of credit facilities. The economic consequence of using these swaps is the conversion of variable rate debt instruments into fixed rate instruments. On the basis of agreements concerning interest swaps, the Group has agreed, together with other parties, to swap the difference between fixed and variable interest rates determined on the basis of the agreed base original amount in defined intervals (mainly monthly). The Company only applies the above financial instruments to secure itself against the risk and not for speculation purposes.

As at December 31, 2008, 52.6 % of liabilities arising from loans and debt securities were fixed-rate debts, while the remaining part consisted of variable-rate obligations.

Sensitivity to change of interest rates - on loans received and debt securities [in thousands PLN]:

Balance of liabilities arising from credit facilities and debt securities as at 31.12.2010	2 071 375
Interest charge	90 631
Estimated variation of interest rates	+/- 1 p.p.
Change of interest charge on account of interest rate fluctuations (on a yearly basis)	20 714
Estimated income tax	3 936
Net impact on the result	16 778
Balance of liabilities arising from credit facilities and debt securities as at 31.12.2009	1 840 848
Interest charge	101 228
Estimated variation of interest rates	+/- 1 p.p.
Change of interest charge on account of interest rate fluctuations (on a yearly basis)	18 408
Estimated (deferred) income tax	3 498
Net impact on the result	14 910

Sensitivity to change of interest rates – on cash and deposits [in thousands PLN]:

Balance of cash and deposits as at 31.12.2010		379 289
Earnings on deposit interest		8 093
Estimated variation of interest rates		+/- 1 p.p.
Change of earnings on account of interest rate fluctuations (on a yearly basis)		3 793
Estimated (deferred) income tax		721
Net impact on the result		3 072
Balance of cash and deposits as at 31.12.2009		225 866
Earnings on deposit interest		6 910
Estimated variation of interest rates		+/- 1 p.p.
Change of earnings on account of interest rate fluctuations (on a yearly basis)		2 259
Estimated (deferred) income tax		429
Net impact on the result		1 830

Currency risk

Foreign exchange risk refers to investment credit facilities taken in foreign currencies (most commonly in Euro) within the Group. This risk occurs with the following two types of financial events:

- conversion of credit facilities (credit instalments) obtained, from EUR into PLN. In order to limit the risk involved in currency conversion of credit facilities, the Group enters into forward transactions on the forward currency market in values for envisaged cash flows of this type.
- repayment of credit instalments. In this case, the Group uses natural hedging: contracts with lessees are expressed in the currency of the loan taken out for financing the given investment. Thus obtained payments from lessees are assigned to repayment of the above mentioned loans. Such combination of financing with sources of income minimizes or eliminates foreign exchange risk.

As a security against foreign exchange risk on the currency futures market, the Group opened a position in derivatives hedging the EUR/PLN exchange rate in 2008 - 2010. With the open positions, the Group is duly secured for the part of cash flows allocated to 2011 -2012 (EUR 188.5 million, including EUR 123.1 million in the 1st half of 2011). The transactions executed on the basis of contracts signed with banks were not speculative in nature and 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.

The Group pursues a harmonized foreign exchange risk management policy with regular monitoring of risk areas, using available strategies and mechanisms to minimize the adverse impacts of market variability and to secure its cash flows.

Sensitivity to change of EUR exchange rate - on credit facilities received [in thousands PLN]:

Balance of credit liabilities in EUR as at 31.12.2010		1 301 425
Estimated EUR rate fluctuations		+/- 1 p.p.
Foreign exchange gains/losses on account of interest rate variations		13 014
Estimated (deferred) income tax		2 473
Net impact on the result		10 541

Balance of credit liabilities in EUR as at 31.12.2009		1 179 019
Estimated EUR rate fluctuations		+/- 1%
Foreign exchange gains/losses on account of interest rate variations		11 790
Estimated (deferred) income tax		2 240
Net impact on the result		9 550

Credit risk

Credit risk occurs in the case of cash, derivatives and deposits in banks and financial institutions, as well as in respect of the Group's clients and lessees in the form of unpaid receivables. The Group has applied certain procedures for assessing the client's creditworthiness, and other security measures in the form of deposits and guarantees are also used with respect to lessees. No major concentration of risk exists in respect of any of the Group's clients. As regards financial institutions and banks, the Group transacts business with well recognized institutions.

Liquidity risk

Liquidity risk is the risk of the Group being unable to repay its financial liabilities in due time. The Company manages liquidity risk through maintaining appropriate reserve capital, taking advantage of the available choice of banking services and reserve overdraft facilities, and monitoring continuous forecasts and actual cash flows. Due to dynamic character of the Company's operations, it is capable of maintaining appropriate flexibility of financing through cash availability and diversification of financing sources.

The Company has sufficient funds to repay all debts in due time. Liquidity risk is minimized in the longer time perspective through availability of bank credit facilities. The Group can use sufficient financing at any time through activating funds from overdraft facilities allowed to it by banks.

Analyses of the Group's financial liabilities and derivatives carried as net amounts, which will be settled in appropriate aging periods based on the time remaining to contractual maturity date as at the balance day, are presented in the following notes accordingly: credits, loans and debt securities - Note 17B, derivatives - Note 12B, trade liabilities and other liabilities - Note 19.

EQUITY RISK MANAGEMENT

The Group's objective in equity risk management is to protect the Group's capability of continuous operation so that to properly realize the return for shareholders, advantages for other parties involved, as well as to maintain optimized structure of equity in order to reduce its cost.

In managing this risk, the Group takes decisions concerning financial leverage, dividend policy, issue of new stocks, or repurchase followed by redemption or resale of previously issued stocks, along with possible sales of assets in order to reduce debt level. Like other companies in the industry, the Group monitors its equity according to debt ratios. Debt ratio is calculated as net debt to total equity value. Net debt is calculated as a total of credit facilities and loans (including current and long-term credit facilities and loans disclosed in the balance sheet) less cash and cash equivalent. Total value of equity is calculated as equity shown in the balance sheet with net debt.

Debt ratios as at December 31, 2009 and December 31, 2010 were as follows:

	31.12.2010	31.12.2009
Credit facilities total (note 17C)	2 071 375	1 840 857

Cash and Cash equivalents (note 13A)	-379 289	-169 101
Net debt	1 692 086	1 671 756
Total shareholders' equity	1 875 575	1 733 686
Total equity	3 567 661	3 405 442
Debt ratio	47.43%	49.09%

The values of presented ratios were in accordance with the Group financial assumptions.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On January 3, 2011 a subsidiary Echo – SPV 7 Sp. Z o.o. [Echo – SPV 7 Limited Liability Company], with its registered seat in Kielce, executed certain contracts of transfer of title to 7,651,001 of its shares in Echo – Galaxy Szczecin Sp. z o.o. [Echo – Galaxy Szczecin Limited Liability Company], with its registered seat in Szczecin, of a total nominal value of PLN 382,550,050 (the value of agreement amounted to EUR 121,848,495) and 7,731,000 of its shares in Projekt Echo - 62 Sp. z o.o. [Projekt Echo – 62 Limited Liability Company] with its registered seat in Kielce, of a total nominal value of PLN 386,550,000 (the value of agreement amounted to EUR 93,899,505) to Barconsel Holdings Limited, with its registered seat in Nicosia (Cyprus). The aforementioned shares constitute a non-monetary contribution to finance newly created shares of Barconsel Holdings Limited share capital amounting to 12,000 shares of face value of 1 EUR per share. The purchase price of newly created shares amounts to EUR 215,748,000.

On January 24, 2011 a subsidiary Barconsel Holdings Limited, with its registered seat in Nicosia (Barconsel) 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 subscribed for 26,079 series B investment certificates FORUM XXXIV FIZ. The total certificate issue price amounts to PLN 651,975,000. 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 in the following subsidiaries:

- 3,825,012 shares in Echo – Galaxy Szczecin Sp. z o.o. [Echo – Galaxy Szczecin Limited Liability Company], with its registered seat in Szczecin, with a nominal value of PLN 50 per share and a total nominal value of PLN 191,250,600, constituting 49.99% of share capital.
- 3,865,012 shares in Projekt Echo – 62 Sp. z o.o. [Projekt Echo – 62 Limited Liability Company], with its registered seat in Kielce, with a nominal value of PLN 50 per share and a total nominal value of PLN 193,250,600, constituting 49.99% of share capital.
- 200,495 shares in Projekt Echo – 58 Sp. z o.o. [Projekt Echo – 58 Limited Liability Company], with its registered seat in Kielce, with a face value of PLN 50 per share and a total nominal value of PLN 10,024,750, constituting 49.99% of share capital.
- 624 shares in Ultra Marina Sp. z o.o. [Ultra Marina Limited Liability Company] with its registered seat in Kielce, with a nominal value of PLN 1,000 per share and a total nominal value of PLN 624,000, constituting 49.92% of share capital.
- 13,691 shares in Echo – Galeria Kielce Sp. z o.o. Limited Liability Company with its registered seat in Kielce, with a nominal value of PLN 500 per share and a total nominal value of PLN 6,845,500, constituting 49.98% of share capital.
- 999,990 shares in Projekt Echo – 47 Sp. z o.o. Limited Liability Company with its registered seat in Kielce, with a nominal value of PLN 50 per share and a total nominal value of PLN 49,999,500, constituting 99.99% of share capital.
- 950,466 shares in Projekt Echo – 53 Sp. z o.o. Limited Liability Company with its registered seat in Kielce, with a nominal value of PLN 50 per share and a total nominal value of PLN 47,523,300, constituting 47.98% of share capital.
- 326,400 shares in Projekt Echo – 55 Sp. z o.o. Limited Liability Company with its registered seat in Kielce, with a nominal value of PLN 50 per share and a total nominal value of PLN 16,320,000 PLN, constituting 99.99% of share capital.
- 796,760 shares in Echo - Metropolis Sp. z o.o. Limited Liability Company with its registered seat in Kielce, with a nominal value of PLN 50 per share and a total nominal value of PLN 39,838,000, constituting 39.64% of share capital.
- 13,560 shares in Echo – Veneda Sp. z o.o. Limited Liability Company with its registered seat in Kielce, with a nominal value of PLN 500 per share and a total nominal value of PLN 6,780,000, constituting 99.98% of share capital.

- 14,998 shares in Malta Office Park Sp. z o.o. Limited Liability Company with its registered seat in Kielce, with a nominal value of PLN 500 per share and a total nominal value of PLN 7,499,000, constituting 99.98% of share capital.

On January 24, 2011 a subsidiary Barconsel Holdings Limited with its registered seat in Nicosia (Barconsel) 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 subscribed for 11,502 series D investment certificates FORUM XXIX FIZ. The total certificate issue price amounts to PLN 480,783,600. 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 in the following subsidiaries:

- 3,825,989 shares in Echo – Galaxy Szczecin Sp. z o.o. [Echo – Galaxy Szczecin Limited Liability Company], with its registered seat in Szczecin, with a nominal value of 50 PLN per share and a total nominal value of PLN 191,299,450, constituting 49.99% of share capital.
- 3,825,988 shares in Projekt Echo – 62 Sp. z o.o. [Projekt Echo – 62 Limited Liability Company], with its registered seat in Kielce, with a nominal value of 50 PLN per share and a total nominal value of 191.299.400 PLN, constituting 49,48% of share capital.
- 200.495 shares in Projekt Echo – 58 Sp. z o.o. [Projekt Echo – 58 Limited Liability Company], with its registered seat in Kielce, with a nominal value of PLN 50 per share and a total nominal value of PLN 10,024,750, constituting 49.99% of share capital.
- 624 shares in Ultra Marina Sp. z o.o. [Ultra Marina Limited Liability Company], with its registered seat in Kielce, with a nominal value of PLN 1,000 per share and a total nominal value of PLN 624,000, constituting 49.92% of share capital.
- 13,691 shares in Echo – Galeria Kielce Sp. z o.o. [Echo – Galeria Kielce Limited Liability Company], with its registered seat in Kielce, with a nominal value of PLN 500 per share and a total nominal value of PLN 6,845,500, constituting 49.98% of share capital.
- 990 shares in SPV – 1 Sp. z o.o. [SPV – 1 Limited Liability Company], with its registered seat In Kielce, with a nominal value of PLN 50 per share and a total nominal value of PLN 49,500, constituting 99.00% of share capital.

On January 31, 2011 the company Echo Investment S.A. and B.R.E. Bank S.A. (BRE Bank), with its registered seat in Warsaw, signed by circulation annexes (Annexes) to agreements on Debenture Issue Programme (Debentures) signed on April 15, 2004. Annexes to the aforementioned Agreements envisage the multiple issues of debentures in instalments by the company Echo Investment S.A. Annexes allow to increase the maximum total nominal value of all issued debentures by PLN 300 million to the amount of PLN 1 billion.

On February 11, 2011 the company Echo Investment S.A. issued coupon debentures of total value of PLN 145 million. The nominal value and issue price of one debenture is PLN 100 thousand. The debentures have been issued for five years, which means that the redemption day is on February 11, 2016. The interest is charged according to the floating WIBOR 6M rate plus investors' profit margin. Interest is paid in six-month intervals. Debenture redemption as at a redemption day shall be at a debenture nominal value. The issued debentures are not secured. Cash earned on the issue of the aforementioned debentures shall be used to pay off the debentures of PLN 150 million, with a redemption day in May 2011.

On February 25, 2011 the company Synthos S.A. transferred a package of 17,884,050 shares of Echo Investment S.A. to the entity 100% owned by Synthos S.A. The price per share is PLN 4.77.

On March 22, 2011 the subsidiaries „Avatar - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością” Spółka Komandytowo – Akcyjna [‘Avatar - Projekt Echo - 93 Ltd’ Joint-stock Limited Partnership Company], with its registered seat in Kielce and „Echo – Galaxy Szczecin” Sp. z o.o. [‘Echo – Galaxy Szczecin’ Limited Liability Company], with its registered seat in Szczecin signed property purchase agreements with ORBIS Spółka Akcyjna, with its registered seat in Warsaw. The agreements envisage as follows:

- The right of perpetual usufruct of developed real estate land located in Cracow, at Aleja Marszałka Ferdinanda Focha 1 including the right of property of the building constituting a separate entity.
- The right of perpetual usufruct of developed real estate land located in Szczecin, at Jana Matejki 18 Street, including the right of property of the building constituting a separate entity.
- The right of perpetual usufruct of undeveloped real estate land located in Szczecin, at Jana Matejki Street (An agreement on the right of perpetual usufruct shall be signed provided that the President of the City of Szczecin does not use the pre-emptive right, in compliance with Journal of Laws Article 109 of the Act 1 Item 2 on Pre-emptive Right in Real-estate of August 21, 1997).

The total price of property purchase amounts to PLN 59.5 million net, paid in two instalments: the first instalment – 80% of the sale price was paid on the day of signing of the agreements, i.e. March 22, 2011, the second instalment – 20% of the sale price, will be paid on the day of transferring the property, i.e. July 15, 2011.

On March 23, 2011 a subsidiary „Echo - Kielce 1” Spółka z ograniczoną odpowiedzialnością [‘Echo - Kielce 1’ Limited Liability Company] with its registered seat in Kielce and ORBIS Spółka Akcyjna, with its registered seat in Warsaw, signed an amendment to the Provisional Preliminary Sale Agreement signed on September 4, 2008. The amendment envisages that the date of signing the Promised Agreement shall be no later than on May 15, 2011.

On March 23, 2011 the company Echo Investment S.A. and ORBIS Spółka Akcyjna, with its registered seat in Warsaw signed an annex to the provisional agreement on the general execution of the investment, signed on September 4, 2008. The annex contains a new schedule of the investment execution, with its final day on March 24, 2013.

On March 31, 2011 the company Echo Investment S.A. issued coupon bonds of total value of PLN 150 million. The nominal value and the issuing price of one bond is PLN 100 thousand. The bonds were issued for the period of two years, i.e. the redemption day is on March 29, 2013. The bond interest is determined on the basis of a variable WIBOR 6M rate plus the investors' profit margin. Interest earnings shall be disbursed in six-month intervals. The bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured.

On April 14, 2011 a subsidiary „Projekt Echo - 58” Sp. z o.o. [‘Projekt Echo – 58’ Limited Liability Company], with its registered seat in Kielce, signed an annex to the purchase agreement of property located in Warsaw, at Beethovena Street, dated on October 1, 2010. The subsidiary resigned from its right to recede the property sale agreement until July 22, 2011. The annex also specifies the provisions and the date of payment of the last instalment, which depend on certain administrative decisions regarding the given property.

On April 20, 2011 „Galeria Sudecka – Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością” S.K.A. [‘Galeria Sudecka – Projekt Echo - 43 Ltd’ Joint-stock Limited Company], with its registered seat in Jelenia Góra (the Borrower) and Bank Pekao S.A. with its registered seat in Warsaw (the Creditor) signed a loan agreement for the amount no higher than the lowest of the following: EUR 18 million or 70% of market value of the property in Jelenia Góra, owned by the Borrower. The loan shall have the

interest based on the floating interest rate equal to a three-month EURIBOR rate, plus the bank margin. The loan redemption date is on December 31, 2015. The loan is secured by the following:

- capped mortgage on the Borrower's property no higher than the double amount of the loan during the credit period,
- registered pledge and financial pledge agreements on: 1/ shares owned by the company Echo Investment S.A. in the Borrower's share capital, 2/ shares of Forum XXIX FIZ in the Borrower's share capital, 3/ shares in the active partner's share capital, 4/ the Borrower's bank accounts;
- the power of the proxy for the bank on the Borrower's bank accounts to the extent specified by the bank;
- assignment of contract rights;
- subordination agreement of the Borrower's creditors, who are the Borrower's partners, to the Bank receivables due to this Agreement,
- the Borrower's unsolicited surrender to enforcement proceedings in compliance with Article 97 of the Act on Bank Law

INFORMATION ON MANAGEMENT BOARD'S AND SUPERVISORY BOARD'S REMUNERATION

In 2010 the Management Board of Echo Investment S.A. received the following remuneration at Echo Investment S. A. and for exercising their functions in the bodies of wholly and partially owned subsidiaries and associated companies, respectively:

- During his term of office at the Management Board of Echo Investment S.A. Mr Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 818 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;
- Mr Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 774 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;

In 2010 the Supervisory Board of Echo Investment S.A. received the following remuneration at Echo Investment S.A. respectively:

- Mr Wojciech Ciesielski received compensation from Echo Investment S.A. in the total amount of PLN 84 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;
- Mr Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 60 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;
- Mr Mariusz Waniolka received compensation from Echo Investment S.A. in the total amount of PLN 45 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;
- Mr Robert Oskard received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;
- Mr Karol Żbikowski received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies;
- Mr Tomasz Kalwat received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries or associated companies.

EXPLANATORY NOTES

EXPLANATORY NOTES TO THE BALANCE SHEET

NOTE 1

OFF BALANCE ITEMS (in thousands PLN)	31.12.2010	31.12.2009
1. Contingent liabilities		
1.1 To affiliated companies:	-	-
1.2 To non-affiliated companies, on account of:		
a) granted guarantees and sureties	600	2 880
b) court proceedings	-	31
	600	3 911
Contingent liabilities, total	600	3 911

The Capital Group was granted by PKO BP SA a guarantee for Master Serwis Opon Sp. z o.o. [Master Serwis Opon Limited Liability Company] as a safety net for the amount awarded to the Beneficiary. The amount of the off balance liability is PLN 600 thousand.

Contingent liabilities are presented at nominal value, not deviating from fair value.

On December 31, 2010 the Group had certain investment liabilities arising from contracts signed with regard to future execution of commenced and scheduled construction projects, amounting to PLN 162,259 thousand. These liabilities shall be financed by available cash or other external financing under a current financing scheme, and under existing and new sales contracts.

NOTE 2A

INTANGIBLE ASSETS (thousands PLN)	31.12.2010	31.12.2009
a) cost of completed development work	-	-
b) goodwill	-	-
c) acquired concessions, patents, licences and similar assets, including:	1 219	1 043
d) other intangible assets	8	8
e) advances for intangible assets	-	-
Intangible assets total	1 227	1 051

NOTE 2B

CHANGE OF INTANGIBLE ASSETS (BY TYPE GROUPS) (in thousands PLN)			
For the period from 01.01.2010 to 31.12.2010	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible assets total
a) gross value of intangible assets at the beginning of period	4 148	17	4 165
b) increases (on account of)			
- purchase	778	-	778
c) gross value of intangible assets at the end of period	4 926	17	4 943
d) accumulated amortisation at the beginning of period	3 105	9	3 114
e) amortisation for the period (on account of)			
- depreciation	602	-	602
f) accumulated amortisation (depreciation) at the end of period	3 707	9	3 716
g) net value of intangible assets at the end of period	1 219	8	1 227

For the period from 01.01.2009 to 31.12.2009	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible assets total
a) gross value of intangible assets at the beginning of period	3 627	17	3 644
b) increases (on account of)			
- purchase	521	-	521
c) gross value of intangible assets at the end of period	4 148	17	4 165
d) accumulated amortisation at the beginning of period	2 634	8	2 642
e) amortisation for the period (on account of)			
- depreciation	471	1	472
f) accumulated amortisation (depreciation) at the end of period	3 105	9	3 114
g) net value of intangible assets at the end of period	1 043	8	1 051

NOTE 3A

TANGIBLE FIXED ASSETS (in thousands PLN)	31.12.2010	31.12.2009
a) land (including the right of perpetual usufruct)	5 777	5 779
b) buildings, premises and civil engineering structures	4 817	4 957
c) plant and machinery	1 005	795
d) means of transport	12 203	5 560
e) other fixed assets	1 150	1 524
Total tangible fixed assets	24 952	18 615

NOTE 3B

CHANGE OF TANGIBLE FIXED ASSETS (BY TYPE GROUPS) (in thousands PLN)						
For the period from 01.01.2010 to 31.12.2010	Own land	Buildings and structures	Plant and machinery	Means of transport	Other	Fixed assets total
a) gross value of fixed assets at the beginning of period	12 135	6 018	6 591	18 289	4 011	47 044
b) increases on account of:						
- purchase	-	82	764	9 631	30	10 507
c) decreases on account of:						
- sale	-	-	(22)	(1 261)	(2)	(1 285)
- liquidation	-	(314)	(4)	-	(28)	(346)
- consolidation adjustments	-	-	-	(314)	-	(314)
d) gross value of fixed assets at the end of period	12 135	5 786	7 329	26 345	4 011	55 606
e) accumulated depreciation as at the beginning of period	67	1 061	5 796	12 729	2 487	22 140
f) depreciation for the period (on account of)						
- amortisation	2	204	548	2 186	404	3 344
- liquidation	-	(296)	(1)	-	(28)	(325)
- sales adjustments	-	-	(19)	(773)	(2)	(794)
g) accumulated depreciation (amortisation) as at the end of period	69	969	6 324	14 142	2 861	24 365
h) impairment losses	6 289	-	-	-	-	6 289
i) net value of fixed assets as at the end of period	5 777	4 817	1 005	12 203	1 150	24 952

Note 3B cont.

CHANGE OF TANGIBLE FIXED ASSETS (BY TYPE GROUPS) (in thousands PLN)						
For the period from 01.01.2009 to 31.12.2009	Own land	Buildings and structures	Plant and machinery	Means of transport	Other	Fixed assets total
a) gross value of fixed assets at the beginning of period	11 941	4 812	6 794	18 363	3 476	45 386
b) increases on account of:						
- purchase	128	276	70	285	808	1 567
- transfer from other activity	66	930	-	-	-	996
c) decreases on account of:						
- sale	-	-	(221)	(510)	(14)	(745)
- liquidation	-	-	(52)	-	(259)	(311)
- consolidation adjustments	-	-	-	151	-	151
d) gross value of fixed assets at the end of period	12 135	6 018	6 591	18 289	4 011	47 044
e) accumulated depreciation as at the beginning of period	66	818	5 319	10 783	2 212	19 198
f) depreciation for the period (on account of)						
- amortisation	1	243	727	2 453	558	3 982
- liquidation	-	-	(36)	-	(270)	(306)
- sales adjustments	-	-	(214)	(507)	(13)	(734)
g)) accumulated depreciation (amortisation) as at the end of period	67	1 061	5 796	12 729	2 487	22 140
h) impairment losses	6 289	-	-	-	-	6 289
i) net value of fixed assets as at the end of period	5 779	4 957	795	5 560	1 524	18 615

NOTE 3C

FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE) (in thousands PLN)	31.12.2010	31.12.2009
a) owned	24 952	18 615
b) used under a lease contract, rental agreement or another similar agreement	-	-
Balance sheet fixed assets total	24 952	18 615

The Group has no collaterals established on fixed assets.

NOTE 4

NON-CURRENT RECEIVABLES (in thousands PLN)	31.12.2010	31.12.2009
Receivables from non-affiliated companies, on account of:		
- deposits paid	39	40
Non-current receivables Gross	39	40
- revaluation of adjustments of receivables	-	-
Non-current receivables net	39	40

NOTE 5A

CHANGE IN PROPERTY BALANCE (BY TYPE GROUPS) (in thousands PLN)	31.12.2010	31.12.2009
a) balance as at the beginning of period	2 781 447	2 481 014
b) increases (on account of)		
- capital employed in investment	119 471	44 649
- transfer from fixed assets under construction	213 008	301 735
- change in real property valuation	104 289	79 987
	436 768	426 371
c) decreases (on account of)		
- sale	195 470	-
- change in real property valuation	213 981	124 915
- transfer to inventories	679	1 023
- perpetual usufruct fee	2	-
	410 132	125 938
d) balance of real property as at the end of period	2 808 083	2 781 447

The Company values real property at fair value as at the end of each consecutive calendar quarter. Gains/losses from valuation are presented under "Revaluation of immovable property" in the Income Statement.

On December 31, 2010 the Group was in possession of 19 investment properties located in different Polish cities. Whereas most lease agreements include lease rent rates expressed in EUR (also USD), appraisals are prepared in these currencies and converted into PLN according to the average rate of exchange of the National Bank of Poland as at the balance date.

The value of property valued as at December 31, 2010 was EUR 709,058 thousand (December 31, 2009: EUR 677,047 thousand).

In 2010 in relation to the commissioning of the properties, the Group transferred the projects Oxygen in Szczecin and Avatar in Cracow (later sold) from investment properties in construction.

Land property in Radom recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 2,720 thousand established in favour of Pekao S.A. as bank credit collateral.

Land property in Piotrkow Trybunalski recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 2,440 thousand established in favour of Pekao S.A. as bank credit collateral.

Land property in Pabianice recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 2,100 thousand established in favour of Pekao S.A. as bank credit collateral.

Land properties in Radom, Piotrkow Trybunalski and Pabianice recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 72,600 thousand established in favour of Pekao S.A. as bank credit collateral.

Land property in Przemyśl recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 3,420 thousand established in favour of ING Bank Śląski S.A. with its registered seat in Katowice as bank credit collateral.

Land property in Kielce recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 150,000 thousand established in favour of Eurohypo A.G. with its registered seat in Eschborn as bank credit collateral.

Land property in Szczecin recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 150,000 thousand established in favour of Eurohypo A.G. with its registered seat in Eschborn as bank credit collateral.

Land property in Warsaw recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 48,000 thousand established in favour of Eurohypo A.G. with its registered seat in Eschborn as bank credit collateral.

Land property in Warsaw recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 11,250 thousand established in favour of Eurohypo A.G. with its registered seat in Eschborn as bank credit collateral.

Land property in Wrocław recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 100,000 thousand established in favour of Eurohypo A.G. with its registered seat in Eschborn as bank credit collateral.

Land property in Warsaw recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 75,000 thousand established in favour of Eurohypo A.G. with its registered seat in Eschborn as bank credit collateral.

Land property in Poznań recognized as investment property, is encumbered with capped mortgage up to the amount of EUR 51,428 thousand and PLN 30,000 established in favour of Westdeutsche ImmobilienBank AG as bank credit collateral.

Note 5B

AMOUNTS PRESENTED IN THE INCOME STATEMENT (thousands PLN)	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
a) lease rent incomes pertaining to investment property	312 518	307 541
b) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that generated lease rent incomes during the given period	104 115	90 614
c) direct operating expenses (including costs of repairs and maintenance) pertaining to the investment property that did not generate lease rent incomes during the given period	-	-

NOTE 5C

CHANGE IN INVESTMENT PROPERTY BALANCE (BY TYPE GROUPS) (THOUSANDS PLN)

CHANGE IN INVESTMENT PROPERTY UNDER CONSTRUCTION BALANCE (BY TYPE GROUPS) (thousands PLN)	31.12.2010	31.12.2009
Balance as at the beginning of period	705 577	711 555
a) increases (on account of)		
- property under construction valuation	18 605	22 043
- capital employed in investment	181 650	273 714
	200 255	295 757
b) decreases (on account of)		

- transfer to investment property	213 008	301 735
- sale	1 284	-
- real property under construction valuation	998	-
- liquidation	1 503	-
	216 793	301 735
Balance of real property as at the end of period	689 039	705 577

All real property under construction was valued according to the production costs.

Land property in Warsaw recognised as investment property under construction, is encumbered with capped mortgage up to the amount of PLN 26,000 thousand established in favour of BP Inwestycje – Panikowski i Przybylski S.J. and BRJ Invest – Panikowski, Kubiak, Drozd S.J. as a price payment guarantee.

NOTE 6

SHARES IN ASSOCIATED COMPANIES (thousands PLN)	31.12.2010	31.12.2009
Balance as at the beginning of period	337	24 119
a) increases/decreases (on account of)		
- sale of shares	(337)	(12)
- advances for acquisition of shares	4	-
- settlements of advances for acquisition of shares	-	(23 744)
- share in profits/losses of associated companies	-	(26)
	(333)	(23 782)
Balance of shares in associated companies as at the end of period	4	337

NOTE 7

LOANS GRANTED (CURRENCY STRUCTURE) (thousands PLN)	31.12.2010	31.12.2009
a) in the Polish currency	1 060	94
b) in foreign currencies (by currency, after conversion to zlotys)	-	-
Loans granted, total	1 060	94
- including long-term part	21	12
- including short-term part	1 039	82
Interest rates applied to discounting anticipated cash inflows	-	-

The maximum value of credit risk involved with these loans equals their balance sheet value. Estimated fair value of granted loans in the value of future anticipated discounted cash flows, equivalent to the balance sheet value of granted loans. The loans granted are not overdue and no loss of value (impairment) occurred.

NOTE 8A

CHANGE IN THE BALANCE OF DEFERRED INCOME- TAX ASSETS (+) AND PROVISIONS (-) (thousands PLN)	31.12.2010	31.12.2009
1. Balance of deferred income tax assets as at the beginning of period:		
- financial instruments	23 354	35 446
- investment property	(256 187)	(266 935)
- shares in wholly-owned, partially-owned and associated companies*	(8 561)	(7 351)
- tax loss	13 591	4 895
- borrowing liabilities	21 555	20 521
- other	(38 967)	(19 616)
	(245 215)	(233 040)
2. Change in the period		
- financial instruments	(36 109)	(12 092)
- investment property	56 409	10 748
- shares in wholly or partially owned subsidiaries and associated companies*	540	(1 210)
- tax loss	4 344	8 696
- borrowing liabilities	(19 946)	1 034
- other	15 511	(19 351)
	20 749	(12 175)
3. Balance of deferred income tax as at the end of period:		
- financial instruments	(12 755)	23 354
- investment property	(199 778)	(256 187)
- shares in wholly or partially owned subsidiaries and associated companies*	(8 021)	(8 561)
- tax loss	17 935	13 591
- borrowing liabilities	1 609	21 555
- other	(23 456)	(38 967)
	(224 466)	(245 215)
- including:		
Deferred income-tax assets	15 404	42 545
Provision for deferred income tax	239 870	287 760

* Estimated value of tax charge concerned with envisaged changes in Group structure as a result of the difference between tax and balance sheet value of subsidiaries' shares.

The Group estimates that it will utilize the tax loss asset during the upcoming years in the following respective amounts: 2011 – 15,850 thousand PLN, 2012 – 2,085 thousand PLN.

The Group did not establish a deferred income tax asset in the amount of PLN 14,570 thousand for tax losses incurred as settlement of these losses in the upcoming years is not certain.

NOTE 8B

DEFERRED INCOME TAX ASSETS (+) AND PROVISIONS(-)	31.12.2010	31.12.2009
a) due for settlement within 12 months	(11 245)	15 188
b) due for settlement after 12 months	(213 221)	(260 403)
	(224 446)	(245 215)

NOTE 9

INVENTORIES (thousands PLN)	31.12.2010	31.12.2009
a) materials	203	185
b) semi-finished products and work in process	446 895	351 949
c) finished products	24 296	60 277
d) goods	3 199	2 056
e) advances for delivery	-	6 058
Inventories, total	474 593	420 525

The item of "Finished products" comprises complete apartments, ready for sale.

The item of "Semi-finished products and work in process" comprises mainly real property owned or held by the Group, as well as expenditures on housing projects in preparation and in progress.

Inventories are valued not higher than obtainable net value. This value is obtained from information from the active market.

Reversal of inventories value allowance is related to sale of the given inventory or increase of net sales price. The amounts of write downs on the value of inventories, recognized as cost in a given period, and amounts of reversals of write-downs of values decreasing the value of inventories recognized as income during the period are disclosed in the income statement as other operating incomes/ expenses (incomes / expenses on account of revaluation of non-financial assets).

NOTE 10

INVENTORIES – IMPACT ON PROFIT/LOSS (thousands PLN)	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
a) value of inventories recognized as cost in the given period	61 730	71 437
b) amounts of write-offs of inventories value in the given period	1 388	4 723
c) amounts of reversed write-offs of values decreasing the value of inventories in the given period	8 396	7 462

Inventories write-downs and their reversals are concerned with housing projects where a time offset exists between sales of apartments and sales of garages associated with apartments. The purpose is to realistically present the sales margin realized during the period.

The value of inventories write-downs as at the end of 2010 was PLN 7,008 thousand (in 2009: PLN 2,739 thousand) and is shown in the income statement under "Costs to sell."

Note 11A

CURRENT RECEIVABLES (thousands PLN)	31.12.2010	31.12.2009
a) trade receivables, payable within:		
- up to 12 months	18 994	31 040
- over 12 months	202	575
b) bank deposits	-	56 765
Financial assets, total	19 196	88 380
c) other receivables	5 425	741
d) accruals	27 870	7 299
Non-financial receivables, total	33 295	8 040
Net current receivables total	52 491	96 420
- revaluation allowances on receivables	4 008	4 144
Gross current receivables total	56 499	100 564

Trade receivables are related to the lease of areas of commercial development and apartments. There is no significant amount of trade receivables in Echo Investment Group.

The company incessantly controls the financial capacity of its lessees. Payments are secured with a deposit or a guarantee. The amount of deposits was, respectively: at the end of PLN 2010 40,452 thousand, at the end of 2009 PLN 39,958 thousand.

NOTE 11B

CHANGE IN THE BALANCE OF REVALUATION ALLOWANCES ON CURRENT RECEIVABLES (thousands PLN)	31.12.2010	31.12.2009
Balance as at the beginning of period	4 144	3 171
a) increases (on account of)		
- creating an allowance	2 058	1 674
	2 058	1 674
b) decreases (on account of)		
- repayment	584	665
- release of provisions	1 280	36
- discontinuance of enforcement proceedings	330	-
	2 194	701

Balance of revaluation allowances on current receivables as at the end of period	4 008	4 144
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Receivables revaluation allowance was posted under "other operating incomes/expenses" in the Group's consolidated income statement.

Impairment of receivables is the result of their being overdue by more than 6 months (50% impairment) or 12 months (100% impairment).

In case of receivables for regular lease services of areas in commercial developments, debts older than 3 months indicate a risk of impairment of the given amount receivable.

NOTE 11C

CURRENT RECEIVABLES GROSS (CURRENCY STRUCTURE) (thousands PLN)	31.12.2010	31.12.2009
a) in the Polish currency	55 544	100 392
b) in foreign currencies (by currency, after conversion to zlotys)		
b1. in thousands USD	39	2
b1. after conversion to thousands PLN	116	6
b2. in thousands EURO	81	17
b2. after conversion to thousands PLN	322	68
b3. in thousands RON	110	90
b3. after conversion to thousands PLN	102	88
b4. in thousands HUF	17 802	626
b4. after conversion to thousands PLN	253	9
b5. in thousands UAH	436	3
b5. after conversion to thousands PLN	162	1
	955	172
Current receivables, total	56 499	100 564

NOTE 11D

TRADE RECEIVABLES (GROSS) - PAYABLE UNTIL THE BALANCE SHEET DAY WITHIN (thousands PLN)	31.12.2010	31.12.2009
a) up to 1 month	7 740	6 450
b) over 1 month up to 3 months	2 558	15 261
c) over 3 months up to 6 months	121	64
d) over 6 months up to 1 year	183	185
e) over 1 year	360	567
f) receivables overdue	12 242	13 232
Trade receivables, total (gross)	23 204	35 759
g) revaluation adjustments of trade receivables	(4 008)	(4 144)

Trade receivables, total (net)	19 196	31 615
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Note 11E

OVERDUE TRADE RECEIVABLES (GROSS) - OVERDUE BY (thousands PLN)	31.12.2010	31.12.2009
a) up to 1 month	6 883	7 951
b) over 1 month up to 3 months	1 291	1 241
c) over 3 months up to 6 months	386	608
d) over 6 months up to 1 year	1 257	688
e) over 1 year	2 425	2 744
Overdue trade receivables, total (gross)	12 242	13 232
f) revaluation adjustments of trade receivables, overdue	(4 008)	(4 144)
Overdue trade receivables, total (net)	8 234	9 088

NOTE 11F

TRADE RECEIVABLES (GROSS) - OVERDUE BY (thousands PLN)	31.12.2010	31.12.2009
a) current receivables without impairment	10 962	22 27
b) overdue receivables without impairment	8 234	9 088
c) overdue receivables with impairment	4 008	4 144
Trade receivables, total (gross)	23 204	35 759

The maximum value of credit risk involved with receivables equals the balance sheet value of each respective balance group of receivables. Estimated fair value of trade receivables is the value of anticipated future discounted cash flows, equivalent to the balance sheet value of these receivables.

Trade receivables are homogeneous and are derived from lease of shopping and office space. The Group regularly controls the financial condition and payment capacity of its lessees. Payments are secured with deposits and bank guarantees.

The Group has securities established on receivables in the form of assignment of receivables under lease agreements in favour of banks financing the particular investments.

NOTE 12A

DERIVATIVES (ASSETS) (thousands PLN)	31.12.2010	31.12.2009
a) currency forwards	828	1 558
Derivatives (assets), total	828	1 558
Including with maturity dates:		
- up to 1 year	828	1 558
- from 1 to 3 years	-	-
- from 3 to 5 years	-	-
- over 5 years	-	-

NOTE 12B

DERIVATIVES LIABILITIES (thousands PLN)	31.12.2010	31.12.2009
a) Interest Rate Swap	8 020	3 246
b) currency options	8 478	13 059
c) currency forwards	2 398	150 384
Derivative liabilities, total	18 896	166 689
Including with maturity dates:		
- up to 1 year	8 586	163 984
- from 1 to 3 years	2 290	1 082
- from 3 to 5 years	4 366	1 082
- over 5 years	3 654	541

During the reporting period, the Group recognized profit/loss on valuation of derivatives in accordance with Notes 25 and 26.

The sum of nominal values of unsettled currency forwards as at December 31, 2010 was EUR 136.5 million. These contracts concern sale of EUR during 2011-2012 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

The sum of nominal values of unsettled currency options as at December 31, 2010 was EUR 52 million. These contracts concern selling and buying of EUR during 2009-2010 and their purpose is to secure part of the envisaged future cash flows at the Group against foreign exchange risk.

Executed IRS transactions secure part of future interest payments at the Group against interest rate risk.

Information on other financial assets are presented in Note 13A (cash) and in Note 11A (receivables).

NOTE 13A

CASH AND CASH EQUIVALENTS– FINANCIAL ASSETS (thousands PLN)	31.12.2010	31.12.2009
a) cash in hand and on bank accounts	379 289	169 101
b) other Cash	-	-
c) other cash assets	-	-
Cash and cash equivalents, total	379 289	169 101
- including with limited disposability	38 923	8 759

The Group deposits its cash surpluses with recognized banks in Poland (mainly Pekao SA and PKO BP SA).
Maximum credit risk for cash is equal to its balance sheet value.

NOTE 13B

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE) (thousands PLN)	31.12.2010	31.12.2009
a) in the Polish currency	265 475	165 884
b) in foreign currencies (by currency, after conversion to zlotys)		
b1. in thousands USD	60	121
b1. converted into thousands PLN	178	452
b2. in thousands EURO	27 628	238
b2. converted into thousands PLN	109 416	966
b3. in thousands RON	1 399	446
b3. converted into thousands PLN	1 292	433
b4. in thousands HUF	105 623	56 467
b4. converted into thousands PLN	1 500	857
b5. in thousands UAH	3 837	1 427
b5. converted into thousands PLN	1 428	509
	113 814	3 217
Cash and cash equivalents total	379 289	169 101

NOTE 14A

SHARE CAPITAL (STRUCTURE)

Series of share	Class of share	Class of share privilege	Type of restriction of rights to shares	Number of shares	Value of series / issue by par value (thousands PLN)	Method of equity coverage	Date of registration	Right to dividend as from
A	bearer shares	ordinary shares	none	1 600 000	80	non-cash contribution	1994-06-30	1995-01-01
B	bearer shares	ordinary shares	none	38 400 000	1 920	cash	1994-06-30	1995-01-01
C	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1995-11-13	1995-01-01
D	bearer shares	ordinary shares	none	60 000 000	3 000	cash	1997-02-18	1996-01-01
E	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1997-12-30	1997-01-01
F	bearer shares	ordinary shares	none	280 000 000	14 000	cash	2002-11-26	2002-01-01
Number of shares total				420 000 000				
Share capital total					21 000			
Par value of one share = 0.05 PLN								

NOTE 14B

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF SHARE CAPITAL AS AT December 31, 2010			
Shareholders	Number of votes/ shares	% of share capital	% of votes at the General Meeting of Shareholders
Michał Sołowow – directly and indirectly	169 916 580	40.46%	40.46%
ING OFE*	37 528 063	8.94%	8.94%
Aviva OFE Aviva BZ WBK*	36 683 460	8.73%	8.73%
OFE PZU Złota Jesień OFE*	21 419 085	5.10%	5.10%
Other Shareholders	154 452 812	36.77%	36.77%

*As in OFE portfolio as at December 31, 2010.

NOTE 15

SUPPLEMENTARY CAPITAL (in thousands PLN)	31.12.2010	31.12.2009
a) from sale of shares above par value	100 943	100 943
b) established by force of law	80	80
c) established by force of articles above the value required by law	1 749 430	1 552 507
d) other	22	22
e) consolidation adjustments	(140 749)	(56 051)
Supplementary capital total	1 709 726	1 597 501

Net profit earned by "Echo Investment" S. A in 2009, amounting to PLN 27,641 thousand, was allocated to supplementary capital as approved through resolution of Ordinary General Meeting of Shareholders on May 26, 2010.

NOTE 16

CHANGE IN THE BALANCE OF MINORITY CAPITALS (thousands PLN)	31.12.2009
Balance as at the beginning of period	(8)
a) increases (on account of)	
- adjustments in shares	43
	43
b) decreases (on account of)	
- net result of companies	94
	94
Balance of minority capitals as at the end of period	(8)

NOTE 17A

BORROWINGS (BY TYPE) (thousands PLN)	31.12.2010	31.12.2009
a) credit facilities	1 371 341	1 294 962
b) debt securities	700 034	545 886
c) interest on credits and loans	-	9
Borrowings total	2 071 375	1 840 857
- including long-term part	1 746 175	1 664 098
- including short-term part	325 200	176 759

NOTE 17B

BORROWINGS WITH DUE DATES REMAINING AS FROM THE BALANCE DAY (thousands PLN)	31.12.2010	31.12.2009
a) up to 12 months	325 200	176 759
b) over 1 year up to 3 years	371 109	351 756
c) over 3 years up to 5 years	519 455	452 609
d) over 5 years	855 611	859 733
Borrowings total	2 071 375	1 840 857

NOTE 17C

BORROWINGS (CURRENCY STRUCTURE) (thousands PLN)	31.12.2010	31.12.2009
a) in the Polish currency	769 950	641 970
b) in foreign currencies (by currency, after conversion to zlotys)		
b1. in thousands USD	-	7 040
b1. converted into thousands PLN	-	19 868
b2. in thousands EURO	332 046	288 991
b2. converted into thousands PLN	1 301 425	1 179 019
	1 301 425	1 198 887
Non-current financial liabilities total	2 071 375	1 840 857
Interest rates applied to discounting anticipated cash flows:		
a) for bonds in PLN	6.01%	6.38%
b) for credit facilities denominated in EUR	4.97%	4.54%
c) for credit facilities denominated in USD	-	2.20%

To the best knowledge and information of the Group Management, no breaches occurred as to the terms and conditions of credit agreements or agreed levels of security during the financial year and not on the date of signing the financial statements.

NOTE 17D

NON-CURRENT LIABILITIES BORROWINGS

Name (company name) of the organisation, legal form	Registered office	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
ING Bank Śląski S.A.	Katowice	16 752	4 230 thousand EUR	1 499	383 thousand EUR	EURIBOR 1M + margin	2012-06-30	<ul style="list-style-type: none"> - capped mortgage on property for EUR 3 420 thousand, - assignment of receivables under lease contracts and management contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Centrum Przemysłu – Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością" S. k. a. ["Echo - Centrum Przemysłu – Projekt Echo – 93 Ltd" Joint-stock limited company] - guarantee of "Echo - SPV 12" Sp. z o.o. [Echo - Park Postępu Limited Liability Company], - assignment of receivables under bank account contract
Pekao S.A.	Warsaw	143 759	36 300 thousand EUR	90 594	22 981 thousand EUR	Fixed interest until 31/12/2013 at 80% of value; EURIBOR 1M + margin	2014-02-15	<ul style="list-style-type: none"> - capped mortgage on property for EUR 72.600 thousand, - registered pledge on shares of "PPR – Projekt Echo - 77 Spółka z ograniczoną odpowiedzialnością" S. k. a. [PPR – Projekt Echo – 77 Ltd' Joint-stock limited company], - assignment of receivables under lease contracts, - assignment of receivables under insurance of financed real estate, - registered pledge on receivables under bank account agreement
Westdeutsche ImmobilienBank AG	Mainz	125 878	31 785 thousand EUR	66 085	16 761 thousand EUR	EURIBOR + margin	2014-08-20	<ul style="list-style-type: none"> - capped mortgage on property - assignment of receivables under lease contracts, - assignment of receivables under insurance policies, - registered pledge on shares of "Malta Office Park" Sp. z o.o. [Malta Office Park Limited Liability Company], - registered pledge on bank accounts of "Malta Office Park" Sp. z o.o. [Malta Office Park Limited Liability Company]
Eurohypo AG	Eschborn	79 116	13 840 thousand EUR 8 200 thousand USD	29 051	7 340 thousand EUR	EURIBOR 1M + margin	2014-09-30	<ul style="list-style-type: none"> - capped mortgage on property for EUR 11 250 thousand. EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - assignment of receivables under hedging contracts, - assignment of receivables under income statements from lease and deposits, - registered pledge on shares of "Athina Park – Projekt Echo - 93 Spółka z ograniczoną

Name (company name) of the organisation, legal form	Registered office	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
								odpowiedzialnością” S. k. a.[Athina Park – Projekt Echo – 93 Ltd Joint-stock limited company
Eurohypo AG	Eschborn	63 563	16 050 thousand EUR	52 092	13 262 thousand. EUR	EURIBOR 1M + margin	2016-01-29	- capped mortgage on property for 48 000 thousand EUR, - assignment of receivables under lease contracts, - registered pledge on shares of "WAN 11" Sp. z o.o. [WAN 11 Limited Liability Company], - subordination of the borrower's obligations towards partners to the borrower's liabilities towards the bank under the loan granted
Eurohypo AG	Eschborn	198 015	50 000 thousand EUR	195 750	49 885 thousand EUR	EURIBOR + margin	2019-11-17	- capped mortgage on property - assignment of receivables under lease contracts, - assignment of receivables under insurance policies, - registered pledge on shares of "Echo - Park Postępu" Sp. z o.o.[Echo - Park Postępu Limited Liability Company], - pledge on bank accounts of "Echo - Park Postępu" Sp. z o.o.[Echo - Park Postępu Limited Liability Company]
Eurohypo AG	Eschborn	396 030	100 000 thousand EUR	73 788	19 442 thousand EUR	EURIBOR 3M + margin	2020-02-22	- capped mortgage on property, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galeria Kielce" Sp. z o.o.[Echo - Galeria Kielce Limited Liability Company], - power of attorney to bank account of "Echo - Galeria Kielce" Sp. z o.o.[Echo - Galeria Kielce Limited Liability Company]

Name (company name) of the organisation, legal form	Registered office	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
Eurohypo AG	Eschborn	396 030	100 000 thousand EUR	354 598	90 380 thousand EUR	Fixed interest until 31/12/2015; EURIBOR 1M + margin	2022-09-30	- capped mortgage on property for 150 000 thousand EUR, - assignment of receivables under lease contracts and management contracts, - assignment of receivables under guarantees or sureties, insurance policies and execution contracts - registered pledge on shares of "Echo - Galaxy Szczecin" Sp. z o.o.[Echo - Galaxy Szczecin Limited Liability Company], - assignment of receivables under bank account contract, - assignment of receivables due from CAP transactions, - assignment of receivables under lease of real estate, - statement of "Echo Investment" S.A. on voluntary submission to enforcement proceedings
Eurohypo AG	Eschborn	457 415	115 500 thousand EUR	437 968	111 611 thousand EUR	Fixed interest until 31/12/2015; EURIBOR 1M + margin	2022-09-30	- capped mortgage on property for 150 000 thousand EUR, - registered pledge on shares of "Echo Projekt - 62" Sp. z o.o.[Echo Projekt – 62 Limited Liability Company], - assignment of receivables under contracts, - statement of submission to enforcement proceedings, - declaration of Echo Investment S.A. to cover the costs of further realizations in the amount exceeding the credit amount
Total		1 876 558		1 301 425				

NOTE 17E

OPEN CREDIT LINES

Name (company name) of the organization, legal form	Registered office	Amount of loan/ credit under the contract		Amount of loan/ credit remaining due		Interest rate arrangements	Due date	Collaterals
		in thousands PLN	currency	in thousands PLN	currency			
PKO BP S.A.	Warsaw	40 000		-		WIBOR 1M + margin	2012-08-19	surety clause from current account at PKO BP S.A., declaration on submission to enforcement proceedings
PKO BP S.A.	Warsaw	40 000		-		WIBOR 1M + margin	2012-08-19	surety clause from current account at PKO BP S.A., declaration on submission to enforcement proceedings

Pekao S.A.	Warszawa	30 000	-	WIBOR 1M + margin	2011-06-30	- blank promissory note, - power of attorney to bank account, - statement of submission to enforcement proceedings
Pekao S.A.	Warszawa	100 000	69 916	WIBOR 1M + margin	2010-06-30	- power of attorney to bank account
Total		210 000	69 916			

NOTA 17F

NON-CURRENT LIABILITIES - DEBT INSTRUMENTS ISSUED (thousands PLN)

Debt instruments by type	Nominal value	Interest rate	Redemption	Guarantees/ sureties
Bonds (BRE S.A.)	35 000	WIBOR 3M + margin	2011-03-02	-
Bonds (BRE S.A.)	150 000	WIBOR 6M + margin	2011-05-25	-
Bonds (BRE S.A.)	115 000	WIBOR 6M + margin	2012-05-18	-
Bonds (BRE S.A.)	100 000	WIBOR 6M + margin	2013-05-25	-
Bonds (BRE S.A.)	300 000	WIBOR 6M + margin	2014-06-30	-
Total	700 000			

NOTA 18

LEASES WITH DUE DATES REMAINING AS FROM THE BALANCE DAY (thousands PLN)	31.12.2010	31.12.2009
a) up to 12 months	95	91
b) over 1 year up to 3 years	192	183
c) over 3 years up to 5 years	194	184
d) over 5 years	56 275	39 452
Borrowings total	56 756	39 910

NOTE 19

TRADE LIABILITIES AND OTHER LIABILITIES (thousands PLN)	31.12.2010	31.12.2009
a) trade liabilities, payable:		
- up to 12 months	75 032	54 516
- over 12 months	27 518	11 354
	102 550	65 870
b) other liabilities:		
- deposits received	13	19
- liabilities on account of wages and salaries	73	69
- company social benefits fund	-	11
- accrued liabilities	10 522	10 741
- other liabilities	1 300	1 571
Trade liabilities and other liabilities total	114 458	78 281

Fair value of trade liabilities and other liabilities does not significantly differ from their balance sheet value.

NOTE 20

CHANGE IN PROVISIONS – BY TITLE (thousands PLN)	31.12.2010	31.12.2009
a) balance as at the beginning of period	16 650	18 260
- provision for anticipated penalties and losses	9 830	12 260
- provision for anticipated guarantee repairs, renovations, etc.	6 000	6 000
- provision for court proceedings	820	-
b) increases (on account of)		
- provision for anticipated penalties and losses	271	640
- provision for anticipated guarantee repairs, renovations, etc.	2 153	-
- provision for court proceedings	-	820
	2 424	1 460
c) utilisation (on account of)		
- incurred penalties and losses	4 400	3 070
- incurred costs arising from guarantee repairs, renovations s, etc.	2 789	-
- incurred costs arising from incurred costs arising from	320	-
	7 509	3 070
d) balance as at the end of period		
- provision for anticipated penalties and losses	5 701	9 830
- provision for anticipated guarantee repairs, renovations, etc.	5 364	6 000
- provision for court proceedings	500	820
	11 565	16 650

The provision for penalties covers the value of potential penalties that can be imposed on the Company in respect of contracts signed, where the probability of imposing such penalties exceeds 50%.

The provision for court proceedings covers court actions against the company, where the probability of succeeding is lower than 50%.

The provision for envisaged costs of guarantee repairs covers the value of such repairs or compensation regarding premises and projects sold, where the probability of charging such costs exceeds 50%.

The provisions were estimated to the best knowledge and past experience of the Company.

It is impossible to determine when the provisions for penalties and losses, envisaged costs of guarantee repairs and court proceedings are payable. However, it is highly likely that they are payable within 12 months from the balance sheet date.

EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

NOTE 21A

NET INCOME FROM SALES: (thousand PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
a) letting of space in shopping centres and shopping-entertainment centres	248 204	256 315
b) sale and lease of residential areas	82 889	113 398
c) development and letting of space in office buildings and hotels	71 291	50 215
d) property trade	-	167
e) other incomes	24 012	11 331
Net income from sales total	426 396	431 426

NOTE 21B

NET INCOME FROM SALES (TERRITORIAL STRUCTURE): (thousand PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
a) Poland	426 396	431 426
b) export	-	-
Net income from sales total	426 396	431 426

The Group anticipates the following income from the signed lease contracts: in 2011 - EUR 41,283 thousand, during 2012-2015 - EUR 107,001 thousand, during 2016-2020 - EUR 39.323 thousand. The amounts will be increased by maintenance costs related to the activity of the lessees.

NOTE 22A

COSTS BY TYPE (thousand PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
a) depreciation	(4 011)	(4 389)
b) consumption of materials and energy	(138 746)	(48 459)
c) foreign services	(264 850)	(244 023)
d) taxes and charges	(24 883)	(27 267)
e) salaries and wages	(27 887)	(25 924)
f) social security and other performances	(4 011)	(3 927)
g) other prime costs	(8 030)	(6 237)
h) value of sold goods and materials	(447)	(74)
Costs by type total	(472 865)	(360 300)
Change in the balance of inventories, products and accruals	(70 754)	75 087
Cost of manufacture of products for the company's own purposes	(171 749)	(212 436)
Costs to sell	(22 088)	(18 009)
Overheads	(40 333)	(37 225)
Production cost of sold products	(167 941)	(167 717)

NOTE 22B

COST TO SELL: (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
a) letting of space in shopping centres and shopping-entertainment centres	(64 468)	(63 303)
b) sale and lease of residential areas	(64 006)	(78 821)
c) development and letting of space in office buildings and hotels	(26 211)	(17 754)
d) property trade	-	(600)
e) other incomes	(13 256)	(7 239)
Operating costs total	(167 941)	(167 717)

NOTE 23

NET PROFIT (LOSS) ON SALES OF INVESTMENTS (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
Income from sales of immovable property	248 743	-
Costs of sales of immovable property	(195 470)	-
Net profit (loss) on sales of investments	53 273	-

NOTE 24A

OTHER OPERATING INCOMES (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
- incomes from sales of non-financial tangible assets	544	528
- revaluation of inventories	-	2 739
- revaluation of other non-financial assets	270	-
- provisions and allowances created	5 220	5 860
- interest earnings on operating activities	8 093	6 910
- contractual penalties	990	2 613
- subsidies	519	506
- write-down of receivables	-	51
- indemnities	6 200	1 061
- other	3 198	1 340
Other operating incomes total	25 034	21 608

NOTE 24B

OTHER OPERATING COSTS (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
- costs of sales of non-financial tangible assets	(1 368)	(623)
- revaluation of inventories	-	(935)
- provisions and allowances created	(4 434)	(4 257)
- contractual penalties	(750)	(1 507)
- donations	(344)	(140)
- write-down of bad receivables	(92)	(195)
- costs of tax on civil law transactions	(116)	-
- extraordinary losses	(410)	(449)
- non-deductible VAT	(237)	(25)
- indemnities	(617)	(1 570)
- revaluation of associated companies	(61)	(163)
- abandoned investments	(2 303)	-
- vesting	-	(40)
- other	(2 833)	(1 154)
Other operating costs total	(13 565)	(11 058)

NOTE 25

FINANCIAL INCOMES (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
- Interest earnings on investment (loans, etc.)	16	772
- profits from sale of investment	10 426	1 703
- incomes from forwards revaluation	147 730	77 454
- incomes from options revaluation	4 106	4 918
- incomes from revaluation of other financial instruments (IRS)	852	-
- other financial incomes	289	1 574
Financial incomes total	163 419	86 421

Interest earnings are due to allocation of cash surplus in bank deposits (mainly O/N).

NOTE 26

FINANCIAL COSTS (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
- interest charge	(90 631)	(101 228)
- credits and bonds valuation	(1 168)	7 360
- financial commissions	(3 964)	(3 548)
-loss on sale of investments	(133 938)	(66 331)
- costs of options revaluation	-	(5 654)
- costs of revaluation of other financial instruments (IRS)	(4 774)	(3 536)
- other financial costs	(1 341)	(639)
Financial costs total	(235 816)	(173 576)

In 2010 the activated amount of external financing expenses was 1,368 thousand PLN. Yield rate amounted to 3.14% of the entire interest value.

NOTE 27

FOREIGN EXCHANGE GAINS (LOSSES) (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
- realized foreign exchange gains	-	-
- unrealized foreign exchange gains	41 184	28 653
- realised foreign exchange losses	(308)	(7 987)
- unrealised foreign exchange losses	-	-
Foreign exchange gains (losses) total	40 876	20 666

NOTE 28

DEFERRED INCOME TAX (thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
1. Gross profit	137 332	129 625
2. Tax calculated at national rates	26 232	24 628
3. Differences:		
Non-taxable Income	(15 269)	(1 320)
Non-deductible expenses	11 819	3 604
Utilisation of tax losses previously not recognised	(1 457)	(2 301)
Tax losses where deferred income tax was not recognised	14 570	1 032
Partnerships' costs of period, not generating timing differences	(52 679)	-
Consolidation adjustments where deferred income tax was not recognized	5 307	-
	1 165	286
	(36 544)	1 301
Total deferred income tax charge of financial result	(10 312)	25 929

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

NOTE 29

CASH CARRIED TO THE CASH FLOW STATEMENT (in thousands PLN)	01.01 - 31.12.2010	01.01 - 31.12.2009
Balance as at the beginning of period, including		
- cash in hand and on bank accounts	169 101	321 793
- other cash and cash equivalents	-	-
	169 101	321 793
Balance as at the end of period		
- cash in hand and on bank accounts	379 289	169 101
- other Cash	-	-
	379 289	169 101

The Group qualifies incomes earned and costs expended in relation to developer activity, i.e. provision of an extensive range of services related to the real property market, under operating activities.

Investment activity covers payment for acquired and sold components of fixed assets, i.e. tangible assets; intangible assets, financial deposits, granting and repayment of loans, including benefits earned on deposits and granted loans. Financial activity refers to obtaining own and foreign equity involved as short- and long-term credits and cash loans, their repayment and handling (interest charge).

The differences between specific cash flow items in operating activities and the amounts of changes in respective balance sheet items presented in the financial statements result from static re-qualification between balance sheet items (without cash flow) and adjustment of balance sheet changes by cash flows concerned with investing and financial activities.

SEGMENT REPORTING - INDUSTRY SEGMENTS

NOTE 30A

ASSET TO SEGMENT ALLOCATION (thousands PLN)	31.12.2010	31.12.2009
- shopping centres	2 716 435	2 654 480
- office buildings	1 104 574	901 837
- residential areas	439 201	378 386
- non-allocated assets	230 749	337 581
Assets total	4 490 959	4 272 284

NOTE 30B

LIABILITY TO SEGMENT ALLOCATION (thousands PLN)	31.12.2010	31.12.2009
- shopping centres	1 091 290	1 105 925
- office buildings	412 006	353 609
- residential areas	38 973	57 866
- non-allocated liabilities	1 073 174	1 021 206
Liabilities total	2 615 443	2 538 606

NOTE 30C

OPERATING INCOME TO SEGMENT ALLOCATION (in thousands PLN)	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
- shopping centres	248 204	256 315
- office buildings	71 291	50 215
- residential areas	82 889	113 398
- non-allocated income	24 012	11 498
Operating income total	426 396	431 426

NOTE 30D

OPERATING EXPENSES TO SEGMENT ALLOCATION (in thousands PLN)	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
- shopping centres	(64 468)	(63 303)
- office buildings	(26 211)	(17 754)
- residential areas	(64 006)	(78 821)
- non-allocated expenses	(13 256)	(7 839)
Operating expenses total	(167 941)	(167 717)

Date: May 2 2011

Management Board of Echo Investment S.A.

Piotr Gromniak



President of the Management Board

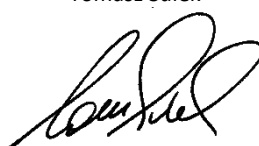
Artur Langner



Vice-President of the Management Board

Person in charge of keeping book of accounts:

Tomasz Sułek



Chief Accountant



ECHO INVESTMENT MANAGEMENT REPORT

on the operations of Echo Investment Capital Group
in 2010

III. ECHO INVESTMENT S.A. MANAGEMENT REPORT ON THE OPERATIONS OF ECHO INVESTMENT

CAPITAL GROUP IN 2010

Echo Investment Capital Group (the Capital Group) has been operating on the real estate market since 1996. The dominant company in the Capital Group is Echo Investment S.A., which has been quoted at Warsaw Stock Exchange since March 1996.

Echo Investment S.A. organizes the entire investment process for a given project, to begin with real property purchase, through obtaining administrative decisions, financing, and supervision over the execution and to end with the handover of the completed facility. Echo Investment S.A. also provides general contracting and project management services for third party investors. Individual developer and investment projects are implemented by affiliated companies, which largely facilitates organisation of implemented processes and guarantees transparency of the Group structure. These companies are mainly involved in letting of space in commercial areas (shopping and entertainment centres, offices), realisation and sales of apartments, and property management services.

Echo Investment Capital Group's (hereinafter 'the Capital Group') operations can be divided into four major segments:

- construction and letting of space in shopping centres and shopping-entertainment centres,
- construction and sale of apartments,
- construction and letting of office space,
- construction and sale of hotels.

The Group runs its business activities in the territory of Poland, Hungary, Romania and Ukraine.

1. DESCRIPTION OF BASIC ECONOMIC AND FINANCIAL VALUES PRESENTED IN THE FINANCIAL STATEMENTS OF ECHO INVESTMENT CAPITAL GROUP FOR 2010

CONSOLIDATED BALANCE SHEET

Balance total of the Capital Group as at the end of 2010 amounted to **PLN 4 490 959 thousand**, showing an increase in value by **5.1%** in 2009.

Assets

The structure of assets as at the end of 2010 was the following:

- fixed assets constitute 78.8% of all assets, with investment property as the dominant item – 79.4% of fixed assets, investment properties under construction 19.5% of total fixed assets,
- current assets constitute 21.2% of all assets, including inventories – 49.8% of total current assets, receivables – 10.1% of total current assets and cash - 39.8% of total current assets.

Liabilities

- share capital of Echo Investment S.A., the dominant company as at December 31, 2010 amounted to PLN 21.0 million and was divided into 420,000,000 ordinary bearer shares series A, B, C, D, E i F, with par value of PLN 0.05 per share,
- the value of consolidated equity as at December 31, 2010 was PLN 1,875,575 thousand, showing an increase by 8.2% in comparison with the balance as at the end of December 2009.
- consolidated net book value per share is PLN 4.47,
- liabilities constituted 52.7% of balance total and amounted to PLN 2,364,008 thousand.

Consolidated income statement

- consolidated net sales incomes reached the value of PLN 426,396 thousand in 2010,
- consolidated earnings before tax and financial incomes/expenses as at the end of December 2010 amounted to PLN 168,691 thousand,

- consolidated gross profit amounted to PLN 137,332 thousand, which is an increase of 6.0% in comparison to 2009,
- consolidated net profit assigned to the shareholder's of the dominant company amounted to PLN 147,738 thousand, which is an increase of 42.4% in comparison to 2009,
- consolidated net profit per share for the last 12 months of 2010 was PLN 0.35.

Consolidated cash flow statement

- the reporting period began with cash balance of PLN 169,101 thousand,
- on operating activities, the Capital Group recorded in 2010 income of cash in the amount of PLN 99,923 thousand,
- on investment activities, the Capital Group recorded expenditure of cash in the amount of PLN 42,394 thousand as the end of December 2010,
- on financial activities, the Group recorded income of cash in the amount of PLN 158,507 thousand,
- during the period from January 01, 2010 to December 31, 2010, cash balance increased by PLN 216,036 thousand, including PLN 5,848 thousand decrease on account of foreign exchange rate fluctuations,
- cash as at the end of December 2009 amounted to PLN 379,289 thousand.

2. DESCRIPTION OF MAJOR RISK FACTORS AND THREATS, SPECIFYING THE EXTENT OF THE ISSUER'S CAPITAL GROUP EXPOSURE

The following should be classified among major risk factors and threats for the operations of Echo Investment S.A. and Echo Capital Group:

- **competition risk** – associated with conducting business among other developers and the ability to win new customers. One of the advantages of foreign companies operating on the domestic market is their financial resources, which account for their competitive advantage over domestic developer companies. The advantage of Echo Investment S.A. is its extensive experience in execution of developer projects in various market segments and its recognised position on the real estate market in Poland. Experience, knowledge of the market, quality and the contractors' trust contribute to the competitive advantage of the Group. That advantage proved crucial during the last economic crisis, when the Group continued the execution and successful financing of developer projects. The experience gained on the Polish market allows the Group to compete successfully on foreign markets. The Capital Group's rapid growth in recent years and its portfolio of assets indicate that Echo Investment S.A. is capable of efficient functioning on a competitive market.
- **interest rate risk** – associated with variability of interest rates, which is related to the economic situation. The Group operations rely mainly on external financing. The risk associated with variability of interest rates is minimised through diversification of interest on loans taken and hedging instruments (fixed rates, IRS).
- **foreign exchange risk** – associated with changes in currency exchange rates. In the Capital Group this risk concerns loans in foreign currencies (most often in Euros) taken by special purpose vehicles. Changes in currency exchange rates increase the Group's foreign exchange exposure. Contracts with lessees are in the currency of a loan taken to finance a project. Payments obtained from lessees are allocated to the repayment of the aforementioned loan. A combination of financing the project with sources of income significantly minimises foreign exchange risk (natural hedge). Moreover, by reason of a significant impact of changes in foreign exchange rates on the value of future cash flows, Echo Capital Group uses other available financial instruments that can minimise currency risk (forwards and options). These instruments are used to secure future cash flows associated with new loans in a foreign currency.
- **risk associated with the Capital Group's lessees' financial standing** – associated with the lessees' loss of liquidity. In the Capital Group's operations most income is earned from lease of commercial and office space. The key aspect is selection of lessees with a stable economic and financial condition. In shopping centres, lessees include chain operators (Tesco, Carrefour, NOMI, brand clothing shops, multiscreen cinemas, etc.). Cooperation with lessees enables to undertake such activities which would continuously improve the attractiveness of leased areas and enhance the prestige of a given building, this way attracting new clients. The following companies can be mentioned among clients in office buildings: Polkomtel S.A., Tieto Poland Sp. z o.o., Lux Med Sp. z o.o., Abbott Laboratories Poland Sp. z o.o., Pekao Financial Services Sp. z o.o., Roche Polska Sp. z o.o., IKEA Shared Services Sp. z o.o., and others.
- **risk associated with external contractors** – associated with the quality of services provided by the contractors and their financial standing. When acting as an investor in a given project, Echo Investment S.A. or its subsidiary contracts the project's

execution from third party companies. Execution of these facilities, their timely completion and quality depend largely on these companies. Risk associated with this factor is eliminated to a significant extent through various types of protective measures included in the contracts of buildings execution and through studying the financial standing and technical possibilities of the contractor. Moreover, the company hires inspectors who supervise the execution of projects or outsources specialist supervising companies, and this significantly lessens the risks described above.

- **risk of administrative procedures** – associated with legal changes and time-consuming administrative procedures. Time-consuming procedures of administrative authorities, both home and abroad, determine the date of commencement of the Company's planned investments and may lead to delays in their completion. At the same time, extensive rights of third parties to interfere with administrative procedures frequently extend the duration of investment process, which affects its completion date and profitability. The Group has been trying to minimise the risk through participation in administrative procedures and employment of experts from this area.
- **liquidity risk** – associated with insolvency risk. The Group manages its liquidity risk constantly through maintaining a sufficient amount of available funds in cash on bank accounts and/or funds assigned through available lines of credit, as well as through continuous monitoring of both forecast and actual cash flows. It is of highest importance for Echo Investment Group to maintain a stable portfolio of long-term projects for lease, which tend to generate higher profits from letting of space every year.
- **risk of adverse changes in the real estate market** – associated with adverse changes in supply and demand and cyclical factors on the market. Echo Investment S.A. tries to minimise the risk of adverse changes in the real estate market through the execution of investment projects in stages and adaptation of the pace of investment realisation to the anticipated demand and prices on local markets.
- **social and economic risks** – risks associated with the impact of macroeconomic factors, which affect the achievements of the Group's business activity. The factors mainly include: inflation, overall condition of the Polish economy, change in economic situation, GNP, variations of realistic incomes of the community and tax policy adopted in the countries where the Group conducts its business. Changes in macroeconomic factors may contribute to a decrease of envisaged incomes or to an increase of operating costs. This is particularly important when the GNP growth is slower and the State budget deficit and unemployment are growing, which in the end might lead to a decrease in the actual income of the population. Social and economic reality may have an impact on Echo Group's revenues and its financial result because operating the developed facilities, both in the housing sector and the office, shopping & entertainment sectors, depends on consumers and funds they are able to assign to expenditures. On the other hand, government programmes, such as „Rodzina na swoim” [A family in its own place] may lead to an increase in demand. This risk is limited by the cooperation with the lessees whose clients belong to various target groups, including those whose consumption expenditure is not sensitive to changes in the macroeconomic situation. The apartments offered by the Group are also addressed to potential buyers who are less sensitive to the changes in the macroeconomic situation.

3. INFORMATION ABOUT KEY PRODUCTS, SPECIFICATION OF THEIR VALUES, AND PERCENTAGES OF SPECIFIC PRODUCT GROUPS IN OVERALL SALES VOLUME OF ECHO INVESTMENT CAPITAL GROUP, INCLUDING CHANGES IN THIS RESPECT DURING THE FINANCIAL YEAR.

3.1. Operating segments

In 2010 Echo Investment S.A. and Capital Group companies were developing projects initiated in the previous years, and became involved in new investments in the segments described below.

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

THE POLISH MARKET

Segment of shopping and shopping/ entertainment centres

The stability of the market of shop floor areas results from high market demand, adaptability to specific clients' requirements, and high diversification of sectors and industries.

Tenants of commercial areas in these buildings are domestic and international shopping chains, as well as local companies. Key tenants in 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.

In its property portfolio the Capital Group has 11 shopping and shopping and entertainment centres. The centres owned by the group as at December 31, 2010 are shown in the table below:

Project Location and Name	Leasable space [square m GLA]
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
Warszawa – Alma	1 500
Total shopping centres	105 300
Kielce – Galeria Echo*	26 000
Szczecin – Galaxy	41 700
Wrocław – Pasaż Grunwaldzki	48 700
Total shopping and entertainment centres	116 400
Total commercial projects	221 700

* Project in extension

Moreover, the Capital Group also owns land for the development of future projects.

Projects in progress and under preparation, in alphabetical order:

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

An extension of the existing Echo shopping centre is planned in Bełchatów, at Kolejowa Street. The existing facility will be modernised and a new building with extra commercial space will be erected on the neighbouring plot of land. Following the extension the Centre will operate under the name Galeria Olimpia. Its total floor area will be about 31,000 square metres (leasable area). More than 1,150 parking places will be made available to customers. The anticipated date of delivery of this project is 2012.

Kalisz, Galeria Amber shopping-entertainment centre

Echo Capital Group intends to develop a modern regional shopping and entertainment centre on its immovable property located in Kalisz. The facility will be built at Górnośląska Street and the Amber Route. A leasable area is about 28,000 square meters. The development is scheduled for completion for the first half of 2013.

Katowice, Project at Kościuszki Street

The Company plans to develop a shopping centre with a leasable area of approximately 50,000 sq m on the property situated in Katowice at Kościuszki Street with an area of over 54 thousand sq m. At present the process is underway of adopting a study on conditions and directions of spatial development for the area where the property is situated.

Kielce, Galeria Echo shopping-entertainment centre (extension)

During the 1st half of 2010, extension works were carried out for the Galeria Echo shopping & entertainment centre in Kielce, including the construction of the centre with a leasable area in excess of 65,000 square meters. The general contractor is EIFFAGE BUDOWNICTWO MITEX S.A. The new shopping centre will be opened in the third quarter of 2011.

Koszalin, shopping-entertainment centre

It is planned to develop a modern shopping & entertainment centre in Koszalin, at Krakusa i Wandy Street. The project is at the stage of agreeing a new architectural concept of the design. Development is scheduled for completion in 2013.

Lublin, shopping-entertainment centre

The Company's investment plans include the development of the Górki Czechowskie, Lublin. The Management Board of the Company is trying to reach an agreement with the Lublin Municipality on the details concerning the investment project scheduled by Echo Investment Group.

Łomża, Veneda shopping-entertainment centre

Erection of the shopping centre in Łomża is going to supplement the Company's portfolio of retail space. The centre will be built at the crossing of Zawadzka and Sikorskiego Streets. The shopping centre will have approximately 15,000 square meters of floor space. The parking lot will offer 600 parking spaces. In mid-2009, the City Council adopted a Local Spatial Development Plan for the centre, which enabled the Company to take further steps in project execution. The Galeria Veneda development is scheduled for completion in 2012.

Poznań, Metropolis shopping-entertainment centre

Echo Capital Group is planning to build a modern shopping and entertainment centre called METROPOLIS on its property situated in Poznań, at Hetmańska Street, offering about 50,000 sq. m of space for rent. The Group is currently determining the architectural concept of the design. The development is scheduled for completion in the second half of 2013.

Słupsk, Arena shopping-entertainment centre

The Company is planning to build a shopping and entertainment centre called Arena on its immovable property situated in Słupsk, at Grottgera Street. The facility will offer about 38,000 sq. m of leasable area. The Capital Group has obtained a building permit for the erection of the aforementioned centre. Implementation works are going to start as soon as financing is obtained.

Szczecin, Outlet Park

The Outlet Park will be developed in the place of the facility operating at A. Struga Street in Szczecin. Total leasable area of the shopping centre will be about 23,000 square meters. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of the development is early 2011.

Wrocław, Pasaż Grunwaldzki shopping-entertainment centre (extension)

The Outlet Park will be developed in the place of the facility operating at A. Struga Street in Szczecin. Total leasable area of the shopping centre will be about 23,000 square meters. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of the development is early 2011.

Other shopping centres and shopping-entertainment centres

Echo Capital Group also intends to extend some of its existing shopping and shopping and 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 the execution of new projects, also including projects in smaller Polish towns, as well as the increasing of the portfolio of commercial areas for lease, including the extension of existing projects.

SEGMENT OF OFFICE SPACE

In the office space segment Echo Investment Capital Group has facilities to let in Warsaw, Poznan, and Szczecin. The Group is preparing new investments and its offering comprises office buildings of various standards, including high-profile facilities.

Although this market segment is highly competitive, due to their proper location and appropriate standards, the projects in Echo Capital Group's portfolio ensure stable income from long-term lease contracts. Office space is rented to recognized companies such 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 many others.

In its property portfolio the Capital Group has 6 office projects. The office projects owned by the Group as at December 31, 2010 are shown in the table below:

Project Location and Name	Leasable space [square m. GLA]
Warszawa – Babka Tower	6 200
Warszawa – Postępu 3*	10 200
Warszawa – Park Postępu	33 800
Poznań – Malta Office Park, stage I	6 800
Poznań – Malta Office Park, stage II	15 200
Szczecin – Oxygen	14 100
Office projects total	86 300

** The Capital Group holds 50% of the project's shares (the figure indicated in the above table includes the 50% share)*

Projects in progress and under preparation, in alphabetical order:

Gdańsk, Tryton project

The Company intends to develop office space on the immovable property in Gdańsk, at Jana z Kolna Street. The class A building designed by Arch-Deco design studio of Gdynia shall comprise over 22,000 sq. m of leasable area. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of development is the first half of 2011, and the date of delivery of the building to lessees is the first half of 2013.

Katowice, project at Francuska Street

A business park with a leasable area of ca. 45,000 square meters is planned on the Company's land in Katowice at the crossing of al. Górnośląska and Francuska Street. This facility, designed by DDJM Biuro Architektoniczne design office, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The commencement of the first stage of this development is scheduled for the first half of 2011. The whole facility will be ready for opening in the first half of 2013.

Cracow, project at Opolska Street

A modern class A office project is scheduled for development on the land property in Krakow, at Opolska and 29 Listopada Streets, with a leasable area in excess of 50,000 sq. m. 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 the first half of 2011 and the first stage is planned to be finished in the second half of 2012.

Łódź, Aurus project

The construction of two class A office buildings, with a total leasable area of ca. 19,000 square metres, is planned on the property in Łódź, at Piłsudskiego Street. The project will be carried out in two stages. According to the plans, the execution of the first stage will finish in the first half of 2012.

Poznań, Malta Office Park project

The construction of two class A office buildings, with a total leasable area of ca. 19,000 square metres, is planned on the property in Łódź, at Piłsudskiego Street. The project will be carried out in two stages. According to the plans, the execution of the first stage will finish in the first half of 2012.

Warsaw, project at Beethovena Street

The construction of an office park, with a total leasable area of ca. 60,000 square metres, is planned on the property bought in October 2010, which is located in Warsaw at Beethovena Street. The project will be carried out in three stages, with commencement of the first stage expected in the first half of 2012.

Warsaw, project at Konstruktorska Street

The construction of office buildings, with a total leasable area of ca. 34,000 square metres, is planned on the property bought in August 2010, which is located in Warsaw at Konstruktorska Street. The commencement is expected in the first half of 2012.

Wrocław, project at Swobodna Street

The Company intends to build office buildings with a total leasable area of ca. 20,000 sq m on the property, purchased in the 1st quarter of 2010, situated in Wrocław, at Swobodna Street. The project will be carried out in stages; the execution is planned to commence in the 1st half of 2011.

THE HOTEL SEGMENT

The Group's long experience and recognised partners provide good grounds for the Company's operations in the hotel market. During the previous years Echo Investment S.A. provided complex development services related to hotels as key clients, acting as a project manager and general contractor of such investments. The Capital Group's projects in the hotel segment were executed in cooperation with the operators of international hotel chains: Accor and Envergue groups of France, and the Qubus group of Norway. Its complete hotels operate in Warsaw, Kielce, Krakow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze, Gliwice. In the future, the Company is going to build hotels in cooperation with international hotel operators.

Łódź, Novotel Hotel

In line with the General Contracting Agreement signed in 2009 a Novotel-class hotel will be built on the property in Łódź at Piłsudskiego Street, with an area ca. 7,200 square metres. The completion of the development is scheduled for the 1st half of 2012.

HOUSING SEGMENT

In the housing segment, Echo Capital Group carries out investment projects ranging 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:

Vicinity of Kielce, estate of detached houses in Bilcza

In 2010 the sale of land plots was continued within an estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci design studio of Kielce. The offering concerns the sale of 122 (ca. 130,000 square metres) land plots with utility connections and finished house designs. 92% of the project has been sold.

Vicinity of Kielce, estate of detached houses in Dyminy

In 2010 the development of another housing estate on the immovable property situated in Dyminy near Kielce was started. The housing estate designed by StoMM Architektura Maciej Stoczkiewicz design office of Kielce will comprise about 180 land plots (ca. 160,000 square metres). The Company intends to sell these land plots with house designs. The company is selling the houses with house designs.

Krakow, Dom Pod Słowikiem, project at Krasickiego Street

In the 2nd half of 2010, the Company started the development of a housing and commercial facility to be erected in Krakow, at Krasickiego Street (area for sale around 5,200 square metres). The building, designed by Studio S - Biuro Architektoniczne

Szymanowski design office of Krakow, will contain ca. 85 apartments. The investment is planned to commence at the beginning of the second half of 2010. Its completion is scheduled for the beginning of 2012.

Krakow, project at Korzeniowskiego Street

The Company is going to commence the development of a housing project in Krakow, at Korzeniowskiego Street. This building, designed by The Blok design office, will have an area of about 3,000 square metres (40 apartments). The project is in the phase of obtaining administrative permits. The launch of the project is expected in the 1st half of 2011 and its completion is planned for the end of 2012.

Krakow, project at Tyniecka Street and Czarodziejska Street

The Company intends to develop residential buildings on its land situated in Krakow, at Tyniecka Street. Area for sale will be about 4,600 square metres (ca. 50 apartments). The Company intends to obtain administrative decisions and start the investment in the 1st half of 2012.

Krakow, project at Bronowicka Street

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka Street, for an approximate sale area of 3,000 square metres. The investment is scheduled to start at the beginning of 2010 and will be completed in 2013.

Krakow, project at Kilińskiego Street

The Company owns a plot of land (1,100 square metres) in Krakow, at Kilinskiego Street. The development concept assumes the construction of a small residential building. Due to a low scale of the project, the Company has resigned from its execution and decided to sell the property after obtaining relevant administrative decisions.

Łódź, project at Okopowa Street

Preparatory work continued in relation to the construction of residential buildings in Łódź, at Okopowa and Gornicza Streets. According to the current development concept the estimated area for sale will be about 45,000 square metres (ca. 700 apartments). The Company is at the stage of obtaining administrative decisions relating to the development of the project. The project will be executed in stages. The duration of the project is scheduled for five years, starting from the first half of 2011.

Łódź, project at Wodna Street

The Company is also going to develop residential buildings on its real estate in Łódź, at Wodna Street. The new development concept provides for the construction of about 200 apartments, with a total area for sale exceeding 13,000 sq. m. The Company has already obtained the zoning decision allowing for the development of the project. The project is in the phase of concept agreement and the obtaining of a construction permit, which should take place in the first of 2011. The project will be executed in stages. It is scheduled to commence in the 2nd half of 2011 and to finish in 2014.

Poznań, Osiedle Naramowice, Pod Klonami

The Naramowice Housing Estate development (area to sell amounts to ca. 15,000 sq m), designed by Archikwadrat Sp. z o.o. of Poznan, continued in 2010. Preparation to commence an estate of detached houses under the same name was also finalized. The anticipated completion of the project is the second half of 2012. The work connected with the detached houses will take about two years, starting from the end of 2011. Echo Investment Capital Group's reserve of land in Poznan enables the Company to carry on with subsequent stages of the Naramowice Housing Estate project.

Poznań, Kasztanowa Aleja (Chestnut Alley), Project at Wojskowa Street

The decision was made to re-commence the Kasztanowa Aleja (Chestnut Alley) in Poznan, at Wojskowa Street (over 17,000 square meters, two stages). The project development started in early 2010. The completion of the first stage is planned for mid 2011. The second stage of the project will be probably completed by the end of 2012.

Poznań, Project at Litewska and Grudzieniec Street

Preparatory works connected with the sale of land plots within the property situated in Poznan at Litewska Street and Grudzieniec Street took place. The total area of plots of land for sale is ca. 14,000 sq. m. The Company plans to sell the plots of land with house designs. The sale is scheduled to commence in the first half of 2012 and will last for 16 months.

Warsaw, Klimt House, project at Kazimierzowska Street

In 2010 the work connected with the Klimt House project, situated in Warsaw at Kazimierzowska Street, re-commenced (area for sale is about 5,200 square metres). The design of this residential building, developed by Mąka Sojka Architekci Sp. J. design

company from Warsaw, assumes the development of ca. 60 apartments with several service outlets. The project is going to last until mid 2011.

Warsaw, Rezydencje Leśne (estate of detached houses), Młociński Forest

A development project of a housing estate in Warsaw, Bielany district (Młociński Forest) started at the end of 2010. 31 plots of land have been detached from the property 6.3 hectares in size. The anticipated area of plots of land for sale is nearly 53,000 square metres. The project was designed by W.M. Musiał Architekci Sp. z o.o. architectural design studio from Warsaw, and StoMM Architektura Maciej Stoczkiewicz from Kielce. The development will be completed in 2011.

Warsaw, project at Konstruktorska Street

In the 2nd half of 2010 a plot of land of square area of ca. 74 000 square metres was bought. The property is located in Warsaw, at Konstruktorska Street. The Company intends to develop office and residential buildings in the area. The anticipated area of apartments is ca. 44.000 square metres (over 700 apartments). The project will be carried out in three stages, with commencement of the first stage expected in the first half of 2011. The completion is planned in 2017.

Warsaw, project at Puławska Street

In 2010 design work continued in relation to the construction of the project located in Mokotow, in the vicinity of Puławska and Boryszewska Street. The anticipated area of this multi-storey, residential and commercial cascade building will be ca. 5 300 square metres. The commencement of the project is planned for the 1st half of 2012.

Wrocław, Przy Słowiańskim Wzgórzu, Project at Jedności Narodowej Street

In 2010 the Company commenced the development of a residential project comprising ca. 200 apartments with a total area of ca. 14,000 sq. m. on the property situated in Wrocław, at Jedności Narodowej Street, of 7.4 thousand sq. m. The completion of the project is planned for mid 2012.

Wrocław, project at Grota – Roweckiego Street

The Company plans to develop a residential project comprising almost 280 apartments with a living area of ca. 20.000 sq. m. on the property situated in Wrocław, at Grota Roweckiego Street, with a total area of ca. 3 ha. The project will be carried out in stages. The first stage of the project will commence in the first half of 2011 and the completion of the project is planned for 2015.

FOREIGN MARKET

Hungary

SEGMENT OF SHOPPING CENTRES AND SHOPPING-ENTERTAINMENT CENTRES

Budapest, Mundo shopping-entertainment centre

A modern, multifunctional shopping and entertainment centre called MUNDO will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of Budapest. The process of obtaining administrative permits and the commercialisation of the project are currently in progress. The project with a leasable area of ca. 40,000 sq. m. will be handed over in the second half of 2013.

Romania

SEGMENT OF SHOPPING CENTRES AND SHOPPING-ENTERTAINMENT CENTRES

Brasov, Korona shopping-entertainment centre

Echo Capital Group intends to develop a modern shopping and entertainment centre, with a leasable area of ca. 33,000 sq. m., in Brasov, at Stadionului Street. A building permit has already been obtained. The commercialisation process of the project is in progress. The development is scheduled to commence as soon as the appropriate lease ratio is achieved and relevant external financing is secured.

Ukraine

SEGMENT OF OFFICE BUILDING PROJECTS

Kiev, Project at Dehtiarivska Street

The Company plans to develop an office park, with a leasable area of about 100,000 sq. M., on the property in Kiev, at Dehtiarivska Street. The design works connected with the office park are carried out by Atelier design office in Kiev. The project will be executed in stages. Obtaining work permits is planned for mid 2012.

3.2. Structure of net sales revenues

Structure of net sales revenues (in millions PLN) earned by Echo Investment S.A. Capital Group during the years 2009-2010:

Specification	01.01.2010 - 31.12.2010	percentage	01.01.2009 - 31.12.2009	Percentage
Letting of space in shopping centres and shopping-entertainment centres	248.2	58.2%	256.3	59.4%
Sale and lease of residential areas	82.9	19.5%	113.4	26.3%
Development and letting of areas in office and hotel facilities	71.3	16.7%	50.2	11.6%
Property trade	0.0	0.0%	0.2	0.04%
Other Incomes	24.0	5.6%	11.3	2.6%
Net income front sales of products total	426.4	100%	431.4	100%

4. INFORMATION ON THE SALES MARKETS, DIVIDED INTO DOMESTIC AND FOREIGN, AND CHANGES IN SOURCES OF SUPPLY OF MATERIALS FOR PRODUCTION, SPECIFYING DEPENDENCY ON ONE OR SEVERAL CLIENTS OR SUPPLIERS AND IF THE SHARE OF A SINGLE CLIENT OR SUPPLIER REACHES AT LEAST 10% OF INCOME FROM SALES TOTAL - SPECIFYING THE NAME OF SUCH SUPPLIER OR CLIENT, HIS SHARE IN SALES OR PURCHASES AND HIS FORMAL RELATIONSHIPS WITH ECHO INVESTMENT CAPITAL GROUP.

Sales markets

All projects executed by Echo Investment Capital Group in 2010 were located in the Polish market only.

Changes in sources of supply

With regard to purchase of services provided by Echo Investment Capital Group companies, the dominant share measured as the proportion between purchases and income front sales total is held by companies partnering Echo Investment Capital Group in the range of execution of specific developer projects. In 2010, the value of trade with three parties exceeded the 10% threshold of the value of the Capital Group's income. These parties are not related to Echo Investment Capital Group.

Largest vendors of Echo Investment Capital Group in 2010:

Contract party	Value of turnover [in millions PLN]	% in net sales income
Eiffage Budownictwo MITEX S.A.	103.4	24.2%
BRJ Invest Panikowski Kubiak Drozd S.J.	64.3	15.1%
PBU Warszawa – Północ	63.2	14.8%

Changes among buyers

The clients of Echo Investment S.A. and of the subsidiaries include lessees of commercial space and buyers of investment development services. As far as sale of the whole projects is concerned, the clients of the Group include property investment companies.

In 2010 trade with two contract parties (not related to the Capital Group) exceeded 10% of consolidated net income from sales. The transactions included the sale of Avatar and Athina Park projects and are presented in the income statement as 'Profit from real property sale'.

The largest buyers of Echo Investment Capital Group in 2010:

Buyer	Value of turnover [in millions PLN]	% in net sales income
„PB 2 Spółka z ograniczoną odpowiedzialnością” S.K.A.	154.8	36.3%
„Kasteli” Sp. z o.o.	148.5	34.8%

5. SIGNIFICANT CONTRACTS FOR ECHO INVESTMENT CAPITAL GROUP'S BUSINESS OPERATIONS, INCLUDING CONTRACTS MADE BETWEEN SHAREHOLDERS, KNOWN TO ECHO INVESTMENT CAPITAL GROUP COMPANIES, AND INSURANCE CONTRACTS, PARTNERING AGREEMENTS OR COOPERATION AGREEMENTS MADE DURING THE YEAR 2010.

5.1. Contracts significant for the economic activity of Echo Investment Capital Group

The Management Board of Echo Investment S.A. (the Issuer) hereby communicates that on March 18, 2010 Echo Investment S.A. and BRE Bank S.A. with its registered seat in Warsaw, Poland, signed new annexes (the Annexes) to contracts concerning a Bonds Issue Programme (the Bonds) of April 15, 2004 (the Contracts), which were communicated by the Issuer in current report no. 19/2004 on April 16, 2004.

The Annexes to the aforementioned Contracts envisage multiple issues of bonds to be executed by the Issuer through tranche issue order. Under the Annexes, the maximum total nominal value of all issuable bonds was increased to PLN 700 million, and duration of the Contracts was changed into unlimited term.

Under the aforementioned Annexes to the Contracts, BRE Bank S.A. shall organise and handle the issue of the Company's bonds on unregistered market. The bonds will be straight debt, issued as bearer securities. Interest rates on the bonds can be fixed or variable. The bonds shall not yield any non-financial performances. The conditions of issue shall be set out prior to issue, during the term of the Bonds Issue Programme Contract.

The Management Board of Echo Investment S.A. (the Issuer, the Company) hereby informs that, under the Bonds Issuance Programme signed with BRE Bank S.A., with its registered seat in Warsaw (Current Report no. 19/2004 of April 16, 2004, and Current Report no. 4/2010 of March 19, 2010), on May 19, 2010 the Company issued discount bonds for a total value of PLN 115 million.

Nominal value and issue price of one bond is PLN 100 thousand. The bonds were issued for a term of 2 years, i.e. the bonds redemption date shall be May 18, 2012. 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.

According to the Management Board of Echo Investment SA, during the validity period of the issued bonds, Echo Investment S.A.'s general obligations will be maintained on a safe level.

Funds from the issuance of bonds shall provide grounds for continued implementation of the Issuer's and Echo Investment Capital Group's development strategy.

On June 30, 2010 Echo Investment SA (the Borrower) and Bank PeKaO SA, with its registered seat in Warsaw, (the Lender, the Bank) signed the annexes to credit agreements.

In accordance with the aforementioned annex to the credit agreement in current account as at March 25, 2003, including later amendments, signed by Echo Investment SA (the Borrower) and Bank BPH PBK SA (the Lender, at present its legal successor is Bank PeKaO SA), operating credit in the current bank account amounting to PLN 30 million was granted until June 30, 2011. Interest rate will be determined on the basis of variable WIBOR 1M rate plus the Bank's profit margin. The Issuer published information about the current account in Current Report number 7/2003 of March 26, 2003.

Under the annex of June 30, 2010 to the operating credit contract of March 07, 2002, later amendments included, signed by Echo Investment SA (the Borrower) and Bank PeKaO SA (the Lender), the credit amounting to PLN 100 million was granted until June 30, 2011. Cash was granted to finance the purchase of real property and land plots related to new investment projects and finance the expenditure related to design, preparation, development and execution of investment projects developed by the Borrower. Interest rate will be determined on the basis of variable WIBOR 1M rate, plus the Bank's profit margin. The Issuer published information about the aforementioned contract in Current Report number 11/2002 of March 8, 2002.

The Issuer's Management Board informs that the total value of contracts and annexes signed in the last 12 months by the Issuer and the Issuer's subsidiary and the Bank and the Bank subsidiary amounted to PLN 131,170,691.75. The aforementioned contracts are the contracts of the highest value.

The management board of Echo Investment SA (the Issuer, the Company) hereby informs that on August 3, 2010 the company AVATAR – Projekt Echo – 93 Limited Liability Company Joint-Stock Limited Partnership (the Vendor) and Kasteli Ltd with its registered seat in Warsaw (the Buyer) concluded a preliminary sales agreement (the Preliminary Agreement).

In accordance with the provisions of the Preliminary Agreement the parties undertake to conclude the sales agreement (the Final Agreement) on the basis of which the Vendor sells to the Buyer:

-ownership of the plot of land with an area of 248 sq m and the perpetual usufruct of the land with an area of 5,017 sq m located in Cracow on Armii Krajowej street, together with sole proprietorship of the AVATAR building located on it, including an underground garage (the Office Building) (hereinafter referred to as the Property),

- proprietary rights,
- building guarantees,
- rights and obligations resulting from lease agreement and service agreements.

The gross area of the Office Building amounts to approx. 21,000 sq m. The Office Building has been 100% leased by Fortis Bank Polska SA with its registered seat in Warsaw (the Tenant).

The value of the Final Agreement shall amount to approx. EUR 30.51 million (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 approx. PLN 121.66 million).

The Final Agreement will be concluded on December 22, 2010 at the latest after the following conditions have been fulfilled:

- entry of the Office Building in the Land and Mortgage Register,
- entry of the change of the Vendor's status of business in the Land and Mortgage Register with regard to the Property (before: Projekt Echo – 63 Sp. z o.o. with its registered seat in Kielce),
- settlement of the shared charges of 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.

The aforementioned conditions are reserved for the Buyer, which means that the Buyer can demand conclusion of the Final Agreement in the event one or more of the conditions are not fulfilled.

In the event of failure to fulfil the aforementioned conditions and to conclude the Final Agreement, the Preliminary Agreement will be suspended.

The concluded Preliminary Agreement assumes contractual penalties on account of withdrawal from the Preliminary Contract by fault of any of the parties. The amount of the contractual penalty amounts to EUR 400,000 (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the Preliminary Agreement is an equivalent of approx. PLN 1.595 million). Payment of contractual penalties is without prejudice to claims for indemnity.

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

The management board of Echo Investment S.A. (the Issuer) hereby reports that in connection with the current report no. 37/2010, on August 19, 2009 annex 2 (the Annex) to the conditional agreement on general realisation of investment of September 4, 2008 (the General Realisation of Investment Agreement) was signed between Orbis S.A. with its registered seat in Warsaw (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the General Contractor of Investment).

Under the General Realisation of Investment Agreement, the General Contractor of Investment shall build a Novotel-class hotel to ACCOR standards, with a net area of approximately 7,200 sq m, and deliver the same to the Investor in turnkey condition (the Investment). The Investment shall be executed on the real property owned by the Issuer's subsidiary 'Echo – Kielce 1' Sp. z o.o. with its registered seat in Kielce. The property is located in Łódź, at Piłsudskiego Street.

In accordance with the provisions of the concluded Annex the completion of the Investment is to take place no later than June 8, 2012. The net price of completion of the Investment has been established at the level of PLN 40,583,760.00.

The management board of the Issuer reports at the same time that on August 19, 2010 the subsidiary of the Issuer, 'Echo – Kielce 1' Sp. z o.o. with its registered seat in Kielce (the Seller), handed over the offer (the Offer) concerning an amendment to the preliminary conditional contract of sale (the Contract) to Orbis S.A. with its registered seat in Warsaw (the Buyer) and the Buyer has accepted the Offer.

Pursuant to their respective statements made to that effect, the Parties established, among other things, that in the event the Seller fails to fulfil one of the conditions of concluding the Promised Contract until December 15, 2010 i.e. does not conclude respective contracts with owners of the neighbouring properties, which are necessary to complete the project, the Seller and the Buyer shall conclude the Promised Contract until January 15, 2011. The conditions of concluding the Promised Contract have been enumerated 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 (the Issuer, the Company) hereby announces that on September 10, 2010 there was a property sales agreement (the Agreement) signed between Athina Park – Projekt Echo – 93 Limited Liability Company Limited Joint-Stock Partnership with its registered seat in Kielce (the Vendor) and Pridehold Limited Liability Company Limited Joint-Stock Partnership with its registered seat in Warsaw (the Buyer).

The subject matter of the Agreement is sale of the perpetual usufruct right to the land located at Wybrzeże Gdynińskie street (in Żoliborz district) in Warsaw with an area of 11,870 sq m including ownership of office buildings located on the land with a total net area of approx. 22,170 sq m. As a result of entering into the Agreement also all and any interest and obligations connected with them are transferred, including interest and obligations resulting from lease agreements of office buildings, rights and receivables from bank guarantees of tenants and rights from insurance policies.

The net sales price amounted to EUR 32,129,483.67 (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the Preliminary Agreement is an equivalent of PLN 126,320,278.00).

The bookkeeping value of the aforementioned assets in the account books of the Issuer's subsidiary amounts to PLN 60,141,593.20.

There are no ties present between the Issuer or persons managing or supervising the Issuer and the Buyer or persons managing it.

The funds acquired as a result of sales of the Athina Park office complex will be allocated to funding of purchase and construction of planned projects on the real estate market in Poland.

On September 29, 2010 the Issuer received a credit facility agreement (the Agreement) signed by correspondence by the Issuer's subsidiary „Echo – Oxygen” Sp. z o.o., with its registered seat in Kielce (the Subsidiary, the Borrower) and Nordea Bank Polska S.A., with its registered seat in Gdynia (the Bank, the Lender) on September 27, 2010.

Under the provisions of the Agreement, the Lender grants the Borrower with a credit amounting to EUR 17 million (as at a day of signing of the Agreement, the corresponding amount in PLN was PLN 67,289,400, as at average NBP rate). The credit facility shall be in two instalments:

- building instalment to the maximum amount of EUR 14,6 million (as at a day of signing of the Agreement, the corresponding amount in PLN was PLN 57,789,720, as at average NBP rate),
- investment instalment to the maximum amount of EUR 17 million (as at a day of signing of the Agreement, the corresponding amount in PLN was PLN 67,289,400, as at average NBP rate).

The interest rate of the credit has been determined on the basis of annual EURIBOR rate plus the Bank's profit margin. The final repayment day of the credit is March 27, 2017.

Cash granted under the Agreement shall finance and refinance the development of office and residential complex Oxygen in Szczecin (the Investment), with a letting space of ca. 14,119 square metres, including 181 parking lots (Office building), located on land at Malczewskiego Street in Szczecin (the Property). The subsidiary company owns the aforementioned building and has the right of perpetual usufruct of the aforementioned land.

The credit is secured by the following:

- capped mortgage on the Borrower's Property;
- a registered pledge on the shares of share capital of the Subsidiary, belonging to the Issuer and the Issuer's Subsidiary 'Projekt Echo – 17' Sp. z o.o.;
- a guarantee issued by Echo Investment (the Guarantor) for the Bank, amounting up to EUR 14,6 million (as at a day of signing of the Agreement, the corresponding amount in PLN was PLN 57,789,720, as at average NBP rate), which shall be in force until the completion day of the Investment and the issue of the certificate of occupancy of the Office building, however, no later than on December 31, 2013. Under the issued guarantee, the Company shall receive from the Borrower (a direct subsidiary) a remuneration, which shall be based on the percentage rate charged on the issued guarantee;
- an assignment of receivables under the Borrower's lease contracts and insurance policies;
- a registered pledge on the Borrower's bank accounts;
- a registered pledge on the collection of the Borrower's items and rights;
- a statement of the Borrower on voluntary submission to enforcement proceedings.

At the same time, the parties to the Agreement shall sign a security agreement, which will serve as a basis for swap and cap transactions and other similar financial instruments. This will serve as a security against the risk of changes in interest rates for the whole credit or for the part of the remaining instalments.

The management board of Echo Investment S.A. (Public Limited Company) (the Issuer, the Company) hereby announces that due to the conclusion of the agreement for general contractorship of the facility – Residential Complex – Cracow, Krasickiego street between the Issuer and Eiffage Budownictwo Mitex S.A. with its registered seat in Warsaw (the Contractor) on October 22nd, 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 PLN 64,570,991.44 million net. The agreement with the highest value is the agreement dated on July 2, 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 of general construction of the residential complex including external infrastructure, underground utilities, car parks and land development on the property located in Wrocław at Jedności Narodowej Street (the Facility), including among others:

- general construction of the Facility,
- acquiring all necessary technical acceptance 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 sq m. 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 PLN 43,19 million 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.

Due to the conclusion of lease agreement (the Agreement) between the subsidiary company Echo-Veneda Sp. z o.o., with its registered seat in Kielce (the Landlord) and Tesco (Polska) Sp. z o.o., with its registered seat in Krakow (the Tenant) on October 28, 2010, the total value of agreements concluded and annexed between the Issuer's subsidiaries and the Tenant within the last 12

months exceeded the total value of 10% of the Issuer's entity and amounted to PLN 121,740,285 net (including EUR 17,69 million, which at a day of conclusion of the Agreement, at average NBP rate equals to PLN 70,273,525). The agreement with the highest value is the aforementioned Agreement signed on October 28, 2010 between the Landlord and the Tenant.

On the basis of the concluded Agreement the Landlord shall let the area of ca. 7,591 square metres of commercial space in Galeria Veneda shopping centre, located in Lomża at Zawadzka Street and at Gen. W. Sikorskiego Street (the Centre), which is under the preparation to be developed. The Tenant shall conduct in the Centre its trade and/or services business as a grocery and general merchandise hypermarket with an unlimited range of products, as in other Tesco chain shops in Poland.

The Tenant leases the Centre from the Landlord for a term of 10 years, beginning on the day of the Centre opening. An estimated value of the Agreement amounts to PLN 26,03 million. The Centre shall be opened no later than 22 months from the day of receiving by the Landlord the construction permit and obtaining funds for the development of the project.

In the event of the Landlord not obtaining funds necessary to finance the Centre development or not receiving the construction permit until June 30, 2012, the Tenant has the right to withdraw from the Agreement until July 30, 2012. The Tenant may terminate the Agreement if the Landlord does not obtain the final construction permit until November 30, 2012. The Agreement shall be terminated if the Landlord does not obtain the building permission until June 30, 2013.

The Agreement includes the provision on contractual penalties, which may amount up to PLN 1,5 million. Contractual penalties are calculated by the Tenant if the Tenant has to withdraw from the Agreement due to the Landlord's fault, and vice versa. Payment of contractual penalties does not exclude the right to indemnity claims, which may exceed the value of the aforementioned penalties.

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

The development of Galeria Veneda shopping Centre in Lomza results from the strategy adopted by the Group, according to which Echo Investment Capital Group develops projects in the shopping and entertainment sector. The Project will have ca. 15,400 square metres of space to let.

The management board of Echo Investment S.A. (the Issuer) hereby reports with reference to the current report no. 23/2010 of August 20, 2010 that on December 10, 2010 a subsidiary of the Issuer, Echo – Kielce 1 Sp. z o.o. with its registered seat 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 seat 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 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 seat in Kielce (the Vendor) and Kasteli Limited Liability Company with its registered seat 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 sq m located in Cracow 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 sq m located at Armii Krajowej Street in Cracow,
- 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 Vendor'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 seat in Kielce),

- settlement of the shared charges between the Vendor 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 seat in Kielce (the Subsidiary) and Kasteli Limited Liability Company.

On the basis of the Final Agreement the Vendor sold to the Buyer:

- the perpetual usufruct of the land with an area of 5,017 sq m located in Cracow at 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 sq m located at Armii Krajowej Street in Cracow,
- proprietary copyrights to the documentation and Office Building designs.

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

The value price of the aforementioned assets amounts to EUR 30,410,362.88 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. PLN 121,471,153.48). The book value of the assets sold in the books of the Subsidiary, kept in accordance with the Polish Accounting Standards, amounts to PLN 77,634,950.06 while the value of the assets in the consolidated financial report of Echo Investment Capital Group amounts to PLN 110,411,070, as valued in accordance with the International Accounting Standards.

There are no ties present between the Issuer or persons managing or supervising the Issuer and the Buyer or persons managing it.

The Final Agreement has been considered significant on the basis of Issuer's equity criteria. The concluded Final Agreement will allow acquiring funds that will be allocated to funding of projects planned on the property market in Poland.

5.2. Contracts made between shareholders

The Issuer does not know about any contracts made between shareholders during the year 2010.

5.3. Insurance contracts of the Capital Group

Range of coverage	Underwriter	Insurance amount [in thousands PLN]
property insurance - buildings	TU Compensa S.A., Chartis S.A. , Generali TU S.A., TU Allianz Polska S.A.	1 538 611
property insurance - equipment	TU Compensa S.A., Chartis S.A. , Generali TU S.A., TU Allianz Polska S.A	10 151
third-party liability insurance	TU Compensa S.A., PZU SA., STU Ergo Hestia S.A., Generali TU SA	34 032
construction and assembly risk insurance policies	TU Compensa S.A., Generali TU S.A., PTU S.A.	518 528
insurance against loss of profit	Generali TU S.A, TU Compensa S.A.	249 023
other insurance policies	PZU S.A.	4 528
TOTAL		2 354 873

5.4. Partnering or cooperation agreements

Echo Investment Capital Group did not conclude any significant partnering or cooperation agreements during 2010.

6. INFORMATION ABOUT CHANGES IN ORGANISATIONAL OR CAPITAL RELATIONSHIPS OF ECHO INVESTMENT S.A. WITH OTHER COMPANIES, INDICATING ITS KEY DOMESTIC AND FOREIGN INVESTMENTS (SECURITIES, FINANCIAL INSTRUMENTS AND REAL ESTATE), INCLUDING CAPITAL INVESTMENTS MADE OUTSIDE ITS CAPITAL GROUP, AND A DESCRIPTION OF METHODS OF THEIR FINANCING.

Echo Investment S.A., which is the owner of the Capital 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 the development of a specific project, followed by the provision of lease services of already completed property components or other services.

Echo Investment Capital Group, as at December 31, 2010, consists of 71 fully consolidated subsidiaries and one proportionately consolidated subsidiary.

Subsidiaries:

Company name	Registered seat	% of owned capital	Dominant company
„ACC - Grupa Echo Sp. z o.o.” Sp. kom. [‘ACC - Grupa Echo Ltd’ Limited Partnership (previously ‘ACC - Projekt Echo – 17 Ltd’ Limited Partnership)]	Kielce	100%	Echo Investment S.A.
„Athina Park - Projekt Echo – 93 Sp. z o.o.” S.k.a. [‘Athina Park - Projekt Echo – 93 Ltd’ Joint-stock Limited partnership]	Kielce	100%	XXIX FIZ Forum
„Avatar - Projekt Echo – 93 Sp. z o.o.” S.k.a. [‘Avatar - Projekt Echo – 93 Ltd’ Joint-stock limited partnership]	Kielce	100%	XXIX FIZ Forum
„Barconsel Holdings” Ltd	Nicosia	100%	Echo Investment S.A.
„BudiweInuy Soyuz Monolit” LLC	Kiev	100%	Yevrobudgarant LLC
"Centrum Handlowe PHS" SA [PHS Shopping Centre]	Szczecin	100%	XXIX FIZ Forum
"Echo – Arena" Sp. z o.o.[‘ Echo – Arena Limited Liability Company’]	Kielce	100%	Echo Investment S.A.
"Echo – Arena Sp. z o.o.” Sp. kom. [‘Echo – Arena Ltd’ Limited partnership]	Kielce	100%	Echo Investment S.A.
"Echo - Aurus” Sp. z o.o.[‘ Echo – Aurus’ Limited Liability Company’]	Kielce	100%	Echo Investment S.A.
"Echo – Bełchatów” Sp. z o.o.[‘ Echo – Bełchatów’ Limited Liability Company’] (previously „Echo – Galeria Olimpia” Sp. z o.o.[‘ Echo – Galeria Olimpia’ Limited Liability Company]	Kielce	100%	XXIX FIZ Forum
"Echo – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o.” S.k.a. [‘Echo – Centrum Przemysł - Projekt Echo – 93 Ltd’ Joint-stock limited partnership]	Kielce	100%	XXIX FIZ Forum
"Echo – Galaxy” Sp. z o.o. [‘Echo – Galaxy’ Limited Liability Company’]	Kielce	100%	Echo Investment S.A.
"Echo – Galaxy Szczecin” Sp. z o. o. [‘Echo – Galaxy Szczecin’ Limited Liability Company’]	Szczecin	100%	Echo – SPV 7 Sp. z o.o.
"Echo – Galeria Kielce” Sp. z o.o. [‘Echo – Galeria Kielce’ Limited Liability Company’]	Kielce	100%	Barconsel Holdings Ltd
"Echo – Galeria Sudecka” Sp. z o.o. [‘Echo – Galeria Sudecka’ Limited Liability Company’]	Jelenia Gora	100%	XXIX FIZ Forum
"Echo – Galeria Tarnów” Sp. z o.o. [‘Echo – Galeria Tarnów’ Limited Liability Company’]	Kielce	100%	XXIX FIZ Forum
" Echo – Kasztanowa Aleja” Sp. z o.o. [‘Echo – Kasztanowa Aleja’ Limited Liability Company’]	Kielce	100%	Echo Investment S.A.
„Echo – Kasztanowa Aleja Sp. z o.o.” Sp. kom. [‘Echo – Kasztanowa Aleja’ Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo – Kielce 1” Sp. z o.o. [‘Echo – Kielce 1’ Limited Liability Company’]	Kielce	100%	Echo Investment S.A.
„Echo – Klimt House” Sp. z o.o. [‘Echo – Kielce 1’ Limited Liability Company’]	Kielce	100%	Echo Investment S.A.
„Echo – Klimt House Sp. z o.o.” Sp. z kom. [‘Echo – Klimt House Ltd’ Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Echo – Metropolis” Sp. z o.o. [‘Echo – Metropolis’ Limited Liability Company’]	Kielce	100%	Barconsel Holdings Ltd
"Echo – Oxygen” Sp. z o.o. [‘Echo – Oxygen’ Limited Liability Company’]	Kielce	100%	XXIX FIZ Forum
"Echo – Park Postępu” Sp. z o.o. [‘Echo – Park Postępu’ Limited Liability Company’]	Kielce	100%	XXIX FIZ Forum

Company name	Registered seat	% of owned capital	Dominant company
"Echo – Pasaż Grunwaldzki" Sp. z o.o. ['Echo – Pasaż Grunwaldzki 'Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Project Management Ingatlanhasznosito" Kft.	Budapest	100%	Echo Investment S.A.
"Echo - Property Poznań 1" Sp. z o.o. ['Echo - Property Poznań 1' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
„Echo – Przy Słowiańskim Wzgórzu” Sp. z o.o. ['Echo – Przy Słowiańskim Wzgórzu' Limited Liability Company] (previously "Projekt Echo - 45" Sp. z o.o. ['Projekt Echo – 45' Limited Liability Company])	Kielce	100%	Echo Investment S.A.
„Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.” Sp. kom. ['Echo – Przy Słowiańskim Wzgórzu Ltd' Limited Liability Company] (previously "Projekt Echo - 45 Sp. z o.o." Sp. kom. ['Projekt Echo – 45 Ltd' Limited partnership])	Kielce	100%	Echo Investment S.A.
"Echo – SPV 7" Sp.z o.o. ['Echo – SPV 7' Limited Liability Company] (previously „Echo – Centrum Biznesu Łódź” Sp. z o.o.[Echo – Business Centre Lodz Limited Liability Company])	Kielce	100%	Echo Investment S.A.
"Echo – SPV 12" Sp. z o.o. ['Echo – SPV 12' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Echo – Veneda" Sp. z o.o. ['Echo – Veneda' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Echo Investment Hungary Ingatlanhasznosito" Kft.	Budapest	100%	Echo Investment S.A.
"Echo Investment Project 1" S.R.L.	Bucarest	100%	Echo Investment S.A.
"Echo Investment Project Management" S.R.L.	Bucarest	100%	Echo Investment S.A.
"Echo Investment Ukraine" LLC	Kiev	100%	Echo Investment S.A.
"EI – Project Cyp - 1" Ltd	Nicosia	100%	Echo Investment S.A.
"Est-On – Grupa Echo Sp. z o.o.” Sp. kom. ['Est-On – Echo Group – 17 Ltd' Limited Partnership] (previously " Est-On - Projekt Echo – 17 Sp. z o.o.” Sp. kom.[' Est-On - Projekt Echo – 17 Ltd' Limited Partnership])	Kielce	100%	Echo Investment S.A.
"Grupa Echo" Sp. z o.o. ['Grupa Echo' Limited Liability Company] (previously "Projekt Echo - 17" Sp. z o.o.[' Projekt Echo – 17' Limited Liability Company])	Kielce	100%	Echo Investment S.A.
"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"MDP" Sp. z o.o. ['MDP' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
„PPR - Projekt Echo – 77 Sp. z o.o. „ S.k.a. ['PPR - Projekt Echo – 77 Ltd' Joint Stock limited Partnership]	Kielce	100%	XXIX FIZ Forum
"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 30" Sp. z o.o. ['Projekt Echo – 30' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 39" Sp. z o.o. ['Projekt Echo – 39' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 43" Sp. z o.o. ['Projekt Echo – 43' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 47" Sp. z o.o. ['Projekt Echo – 47' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd

Company name	Registered seat	% of owned capital	Dominant company
"Projekt Echo - 53" Sp. z o.o. ['Projekt Echo – 53' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt Echo - 55" Sp. z o.o. ['Projekt Echo – 55' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt Echo - 57" Sp. z o.o. ['Projekt Echo – 57' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 58" Sp. z o.o. ['Projekt Echo – 58' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt Echo - 62" Sp. z o.o. ['Projekt Echo – 62' Limited Liability Company]	Kielce	100%	Echo – SPV 7 Sp. z o.o.
"Projekt Echo - 67" Sp. z o.o. ['Projekt Echo – 67' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 70" Sp. z o.o. ['Projekt Echo – 70' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 77" Sp. z o.o. ['Projekt Echo – 77' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 93" Sp. z o.o. ['Projekt Echo – 93' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 94" Sp. z o.o. ['Projekt Echo – 94' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 94 Sp. z o.o." Sp. kom. ['Projekt Echo – 94 Ltd.' Joint Stock Limited Partnership]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 95" Sp. z o.o. ['Projekt Echo – 95' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 96" Sp. z o.o. ['Projekt Echo – 96' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 97" Sp. z o.o. ['Projekt Echo – 97' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 98" Sp. z o.o. ['Projekt Echo – 98' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 99" Sp. z o.o. ['Projekt Echo – 99' Limited Liability Company]	Kielce	100%	Echo Investment S.A.
"Projekt Naramowice" Sp. z o.o. ['Projekt Naramowice' Limited Liability Company]	Kielce	100%	Zakłady Ogrodnicze Naramowice Sp. z o.o.
"Projekt Naramowice Poznań" Sp. z o.o. ['Projekt Naramowice Poznań' Limited Liability Company]	Kielce	100%	Projekt Naramowice Sp. z o.o.
"SPV – 1" Sp. z o.o. ['SPV – 1' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Projekt S" Sp. z o.o. ['Projekt S' Limited Liability Company]	Kielce	95%	Echo Investment S.A.
"Ultra Marina" Sp. z o.o. ['Ultra Marina' Limited Liability Company]	Kielce	100%	Barconsel Holdings Ltd
"Yevrobudgarant" LLC	Kiev	100%	EI – Project Cyp - 1 Ltd
"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Zakłady Ogrodnicze Naramowice' Limited Liability Company]	Poznań	100%	Echo Investment S.A.

"WAN 11" Spółka z o.o. ['WAN 11' Limited Liability Company] with its registered seat in Warsaw is a partially owned subsidiary.

All certificates issued by XIX FIZ Forum are owned by companies in the Echo Investment Capital Group.

6.1. Changes in organisational or capital relationships of the Issuer's Capital Group, including the reasons

I. Echo Investment S.A. Capital Group was expanded with 6 companies:

- On June 22, 2010 the District Court for Kielce registered a subsidiary named Projekt Echo – 94 Sp. z o.o. [Projekt Echo – 94 Limited Liability Company], with its registered seat in Kielce. The value of the new subsidiary's initial capital is PLN 50 thousand,
- On 10.11.2010 and 18.11.2010 the District Court for Kielce registered the following subsidiaries:
- Projekt Echo – 95 Sp. z o.o. [Projekt Echo – 95 Limited Liability Company], with its registered seat in Kielce. The value of the new subsidiary's initial capital is PLN 25 thousand,
- Projekt Echo – 96 Sp. z o.o. [Projekt Echo – 96 Limited Liability Company], with its registered seat in Kielce. The value of the new subsidiary's initial capital is PLN 25 thousand,
- Projekt Echo – 97 Sp. z o.o. [Projekt Echo – 97 Limited Liability Company], with its registered seat in Kielce. The value of the new subsidiary's initial capital is PLN 25 thousand,
- Projekt Echo – 98 Sp. z o.o. [Projekt Echo – 98 Limited Liability Company], with its registered seat in Kielce. The value of the new subsidiary's initial capital is PLN 25 thousand,
- Projekt Echo – 99 Sp. z o.o. [Projekt Echo – 99 Limited Liability Company], with its registered seat in Kielce. The value of the new subsidiary's initial capital is PLN 25 thousand,

II. Echo Investment S.A. Capital Group sold 6 companies:

- On February 8, 2010 the Issuer sold 100% of its shares in the subsidiary Projekt Echo – 68 Sp. z o.o. [Projekt Echo – 68 Limited Liability Company], with its registered seat in Kielce. The value of the sale was PLN 35.6 thousand,
- On March 30, 2010 the Issuer sold 100% of its shares in the subsidiary Projekt Echo – 44 Sp. z o.o. [Projekt Echo – 44 Limited Liability Company], with its registered seat in Kielce. The value of the sale was PLN 35.9 thousand,
- On June 9, 2010 the Issuer sold 50% of its shares in the subsidiary WAN – Invest Sp. z o.o. [WAN – Invest Limited Liability Company], with its registered seat in Kielce. The value of the sale was PLN 500 thousand,
- On June 22, 2010 the Issuer sold 43.45% of its shares in the subsidiary WA Hotele Sp. z o.o. [WA Hotele Limited Liability Company]. The value of the sale was 1,022.6 PLN thousand,
- On December 27, 2010 the Issuer sold 100% of its shares in the subsidiary Projekt Echo – 59 Sp. z o.o. [Projekt Echo – 59 Limited Liability Company], with its registered seat in Kielce. The value of the sale was PLN 1.0 thousand.

III. The structure of share capital of the following subsidiaries was changed:

On April 7, 2010 as a consequence of signing agreement of sale of shares between Echo Investment S.A. (the Seller) and Magellan Holding Sarl, with its registered seat in Luxemburg (the Buyer), Echo Investment sold 490 shares in the share capital of the subsidiary Projekt Echo – 58 Sp. z o.o. [Projekt Echo – 58 Limited Liability Company], with its registered seat in Kielce, with a total nominal value of PLN 24,500, constituting 49% of the share capital. The sale price was PLN 18,514.71.

On April 7, 2010 as a consequence of signing sale agreement between Echo Investment SA (the Seller) and Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] (the Buyer), Echo Investment sold 1 share in the share capital of the subsidiary Echo Investment – Centrum Handlowe Przemysł Sp. z o.o. [Shopping Centre Limited Liability Company], with a total nominal value of PLN 50, constituting 0.001% of the share capital. The sale price was PLN 202.08 PLN.

On April 7, 2010 as a consequence of signing sale agreement between Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] (the Seller) and Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] (the Buyer), Echo Investment sold 1 share in the share capital of the subsidiary Projekt Echo – 63 Sp. z o.o. [Projekt Echo – 63 Limited Liability Company], with a total nominal value of PLN 50, constituting 0.0004% of the share capital. The sale price was PLN 50.00.

On April 7, 2010 as a consequence of signing sale agreement between the subsidiary Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] (the Seller) and the subsidiary Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] (the Buyer), Projekt Echo – 17 sold 1 share in the share capital of the subsidiary Athina Park Sp. z o.o. [Athina Park Limited Liability Company], with a total nominal value of PLN 500, constituting 0.008% of the share capital. The sale price was PLN 3,708.02.

On April 7, 2010 as a consequence of signing sale agreement between the subsidiary Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] (the Seller) and the subsidiary Projekt Echo – 77 Sp. z o.o. [Projekt Echo – 77 Limited Liability Company] (the Buyer), Projekt Echo – 17 sold 125 shares in the share capital of the subsidiary Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Shopping Centre Piotrkow Trybunalski Limited Liability Company], with a total nominal value of PLN 50 per share, constituting 0.02% of the share capital. The sale price was PLN 47,620.00.

On April 26, 2010 as a consequence of signing sale agreement between the Issuer (the Buyer) and the subsidiary Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] (the Seller), the Issuer acquired 1 share in the share capital of the subsidiary Projekt Echo – 58 Sp. z o.o. [Projekt Echo – 58 Limited Liability Company], with a total nominal value of PLN 50, at a price of PLN 50.

On May 20, 2010, the Company (the Seller) and Barconsel Holdings Limited with its registered seat in Nicosia (the Buyer) executed certain contracts of transfer of title to shares.

1. Under the contract of transfer of title to shares in Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Centre Limited Liability Company] with its registered seat in Kielce, Poland (Subsidiary I), the Company sold 655,321 shares with a nominal value of PLN 32,766,050 to the Buyer. The value of contract was EUR 34,444,165 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 141,761,849.89. The book value of the above specified shares in the Issuer's accounting books was PLN 48,404,533.64 (as at March 31, 2010).
2. Under the contract of transfer of title to shares in Athina Park Sp. z o.o. [Athina Park Limited Liability Company] with its registered office in Kielce, Poland (Subsidiary II), the Company sold 11,998 shares with a nominal value of PLN 5,999,000 to the Buyer. The value of contract was EUR 5,202,812 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 21,413,213.35. The book value of the above specified shares in the Issuer's accounting books was PLN 6,007,858.34 (as at March 31, 2010).
3. Under the contract of transfer of title to shares in Echo - Centrum Przemysł Sp. z o.o. [Echo - Przemysł Centre Limited Liability Company] with its registered office in Kielce, Poland (Subsidiary III), the Company sold 75,673 shares with a nominal value of PLN 3,783,650 to the Buyer. The value of contract was EUR 2,709,093 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 11,149,814.06. The book value of the above specified shares in the Issuer's accounting books was PLN 1,279,312.59 (as at March 31, 2010).
4. Under the contract of transfer of title to shares in Projekt Echo - 63 Sp. z o.o. [Project Echo - 63 Limited Liability Company] with its registered office in Kielce, Poland (Subsidiary IV), the Company sold 255,886 shares with a nominal value of PLN 12,794,300 to the Buyer. The value of contract was EUR 1,322,930 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 5,444,783.00. The book value of the above specified shares in the Issuer's accounting books was PLN 10,327,776.91 (as at March 31, 2010).

The aforementioned shares constitute a non-cash contribution to be used in financing new shares in the share capital of Barconsel Holdings Limited and amount to 1,000 shares with a total nominal value of 1 EUR per share. The new shares will be taken up by Echo Investment SA in their entirety. The acquisition price of new shares is 43,679,000 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 179,769,660.30 PLN. New shares constitute 35.7% of the share capital after the registration of the increase in the Buyer's share capital and carry 1,000 votes at the meeting of shareholders.

On May 31, 2010 as a consequence of signing sale agreement between the Issuer (the Seller) and the subsidiary Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] (the Buyer), the Issuers sold 1 share in the share capital of the subsidiary SPV - 1 Sp. z o.o. [SPV - 1 Limited Liability Company], with a nominal value of PLN 50, at a price of PLN 50.

On June 1, 2010 as a consequence of signing sale agreement between the Issuer (the Seller) and Magellan Holding, with its registered seat in Luxemburg (the Buyer), the Issuer sold 490 shares in the share capital of the subsidiary Projekt Echo – 70 Sp. z o.o. [Projekt Echo – 70 Limited Liability Company], with its registered seat in Kielce, with a total nominal value of PLN 24,500, constituting 49% of the share capital. The sale price was PLN 17,500.00.

On June 9, 2010 as a consequence of signing sale agreement between the Issuer (the Buyer) and the subsidiary Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] (the Seller), the Issuer acquired 1 share in the share capital of the subsidiary Projekt Echo – 70 Sp. z o.o. [Projekt Echo – 70 Limited Liability Company], with its registered seat in Kielce, with a total nominal value of PLN 50, constituting 0.1% of the share capital. The sale price was PLN 50.00.

On June 22, 2010 r. as a consequence of signing sale agreement between Echo Investment S.A. and Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] and Mr Mariusz Gromek, 100% of shares in the subsidiary Projekt Echo – 67 Sp. z o.o. [Projekt Echo – 67 Limited Liability Company], with its registered seat in Kielce, was sold. The total sale price was PLN 35.4 thousand.

On July 21, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the structure of the subsidiary „Echo ACC” Sp. z o.o. [Echo ACC Limited Liability Company], with its registered seat in Kielce. The company was transformed from a limited liability company into a limited partnership. The subsidiary name has also been changed and at present it is „ACC Projekt Echo – 17 Spółka z ograniczoną odpowiedzialnością” Sp. k. [ACC Projekt Echo – 17 Ltd Limited Partnership], with its registered seat in Kielce. The commendam sum is PLN 50,000. The Issuer made a contribution of PLN 49,500, and the subsidiary Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] made a contribution of PLN 500.

On July 21, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the structure of the subsidiary „Est-On Property Management” Sp. z o.o. [Est-On Property Management Limited Liability Company], with its registered seat in Kielce. The company was transformed from a limited liability company into a limited partnership. The subsidiary name has also been changed and at present it is: „Est-On Projekt – 17 Spółka z ograniczoną odpowiedzialnością” Sp. k. [Est-On Projekt – 17 Ltd Limited Partnership], with its registered seat in Kielce. The commendam sum is PLN 50,000. The Issuer made a contribution of PLN 49,500, and the subsidiary Projekt Echo – 17 Sp. z o.o. [Projekt Echo – 17 Limited Liability Company] made a contribution of PLN 500.

On July 21, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the capital in the subsidiary "Echo - Kasztanowa Aleja Sp. z o.o." Sp. K. [Echo - Kasztanowa Aleja Ltd Limited Partnership] (previously known as Projekt Echo – 41 Sp. z o.o. Sp. K.[Echo - Kasztanowa Aleja Ltd Limited Partnership]. The capital has been increased through a non-cash contribution of PLN 21,645 thousand. In return for the contribution, Echo Investment S.A. has taken up shares of a total value of PLN 21,645 thousand, at a standard value of PLN 15,890 thousand.

On July 23, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the structure of the subsidiary „Athina Park” Sp. z o.o. [Athina Park Limited Liability Company], with its registered seat in Kielce. The company was transformed from a limited liability company into a joint-stock limited partnership. The subsidiary name has also been changed and at present it is: „Athina Park - Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością” Spółka komandytowo-akcyjna [Athina Park - Projekt Echo – 93 Ltd Joint-stock Limited Partnership], with its registered seat in Kielce. The initial capital is PLN 5,999,500. After the registration of the amendments, the shareholding structure of the initial capital is as follows: The Issuer (the Shareholder) holds 10,000 ordinary inscribed shares of a total nominal value of PLN 500, FORUM XXIX Closed Investment Fund (the Shareholder) holds 119,980,000 privileged inscribed shares (silent) of a total nominal value of PLN 5,999,000. The subsidiary Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] (Active Partner) has made a contribution of PLN 500.

On July 23, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the structure of the subsidiary „Projekt Echo - 63 ” Sp. z o.o. [Projekt Echo - 63 Limited Liability Company], with its registered seat in Kielce. The company was transformed from a limited liability company into a joint-stock limited partnership. The subsidiary name has also been changed and at present it is: „AVATAR - Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością” Spółka komandytowo-akcyjna [AVATAR - Projekt Echo – 93 Ltd Joint-stock Limited Partnership], with its registered seat in Kielce. The share capital is 12,794,350 PLN. After the registration of the amendments, the shareholding structure of the share capital is as follows: The Issuer (the Shareholder) holds 1,000 ordinary inscribed shares of a total nominal value of PLN 50, FORUM XXIX Closed Investment Fund (the Shareholder) holds 255,886,000 privileged inscribed shares (silent) of a total nominal value of PLN 12,794,300. The subsidiary Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] (Active Partner) has made a contribution of PLN 50.

On July 26, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the structure of the subsidiary „Echo Investment - Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. [Echo Investment Shopping Centre Piotrkow Trybunalski Limited Liability Company], with its registered seat in Kielce. The company was transformed from a limited liability company into a joint-stock limited partnership. The subsidiary name has also been changed and at present it is: „PPR - Projekt Echo – 77 Spółka z ograniczoną odpowiedzialnością” Spółka komandytowo-akcyjna [PPR - Projekt Echo – 77 Ltd Joint-stock Limited Partnership], with its registered seat in Kielce. The share capital is PLN 32,766,100. After the registration of the amendments, the shareholding structure of the share capital is as follows: the Issuer (the Shareholder) holds 1,000 ordinary inscribed shares of a total nominal value of PLN 50, FORUM XXIX Closed Investment Fund (the Shareholder) holds 655,321,000 privileged inscribed shares (silent) of a total nominal value of PLN 32,766,050. The subsidiary Projekt Echo – 77 Sp. z o.o. [Projekt Echo – 77 Limited Liability Company] (Active Partner) has made a contribution of PLN 6,250.

On July 26, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the structure of the subsidiary „Echo - Centrum Przemysł ” Sp. z o.o. [Echo - Centre Przemysl Limited Liability Company], with its registered seat in Kielce. The company was transformed from a limited liability company into a joint-stock limited partnership. The subsidiary name has also been changed and at present it is: „Echo - Centrum Przemysł - Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością” Spółka komandytowo-akcyjna [Echo - Centre Przemysl – Projekt Echo – 93 Ltd Joint-stock Limited Partnership], with its registered seat in Kielce. The share capital is PLN 3,783,700. After the registration of the amendments, the shareholding structure of the initial capital is as follows: the Issuer (the Shareholder) holds 1,000 ordinary inscribed shares of a total nominal value of PLN 50, FORUM XXIX Closed Investment Fund (the Shareholder) holds 3,783,700 privileged inscribed shares (silent) of a total nominal value of PLN 3,783,650. The subsidiary Projekt Echo – 93 Sp. z o.o. [Projekt Echo – 93 Limited Liability Company] (Active Partner) has made a contribution of PLN 50.

On July 11, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the capital of "Echo - Klimt House Sp. z o.o." Sp. K. [Echo - Klimt House Ltd Joint-Stock Limited Partnership] (previously known as Projekt Echo – 42 Sp. z o.o. Sp. K. [Projekt Echo – 42 Ltd Limited Partnership]). The capital has been increased through a cash contribution of PLN 490 thousand. In return for the contribution, Echo Investment S.A. has taken up shares of a total value of PLN 490 thousand.

On August 11, 2010 as a consequence of signing sale agreement between Echo Investment SA (the Buyer) and Glemarco Limited, with its registered seat in Nicosia (Cyprus) (the Seller), Echo Investment SA acquired 490 shares in the share capital of Projekt Echo – 70 Sp. z o.o. [Projekt Echo – 70 Limited Liability Company], with a total nominal value of PLN 24,500, constituting 49% of the initial capital. The value of the Agreement was PLN 4,976,715.45.

On August 20, 2010 the Issuer received a decision from the District Court in Kielce, X Commercial Division KRS, on the basis of which on August 12, 2010 there were changes registered in the amount and share capital structure of its subsidiary „Echo – Centrum Bankowości i Finansów Łódź” Sp. z o.o. [Echo – Banking and Finance Centre Lodz Limited Liability Company], with its registered seat in Kielce.

On the day of the registration the subsidiary ‘Echo – Centrum Bankowości i Finansów Łódź’ Sp. z o.o. (the Acquiring Company) merged with the subsidiaries of the Issuer:

- „Echo - SPV 6” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce,
- „Echo - Centrum Tarnów” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce,
- „Echo - Centrum Jelenia Góra” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce,
- „Echo Bau” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce,
- „Projekt Echo - 46” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce,
- „Echo - Centrum Rzeszów” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce,
- „Echo - Centrum Poznań” Sp. z o.o. [Limited Liability Company] with its registered seat 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:

- „Echo - SPV 6” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 21,030 thousand,
- „Echo - Centrum Tarnów” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 13,829 thousand,
- „Echo - Centrum Jelenia Góra” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 5,401 thousand,
- „Echo Bau” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 52 thousand,
- „Projekt Echo - 46” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 50 thousand,
- „Echo - Centrum Rzeszów” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 1,009 thousand,
- „Echo - Centrum Poznań” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 39,384 thousand.

The newly created shares in ‘Echo – Centrum Bankowosci I Finansow 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 131,065 shares with a total nominal value of PLN 68,532,500 carrying 131,065 votes at the meeting of shareholders and constituting 95.60% of the share capital,
- „Projekt Echo – 17” Sp. z o.o., a subsidiary of the Issuer, with its registered seat in Kielce, received 23 shares with a total nominal value of PLN 11,500, carrying 23 votes at the meeting of shareholders and constituting 0.01% of the share capital,
- „Projekt Echo – 37” Sp. z o.o. a subsidiary of the Issuer, with its registered seat in Kielce, received 1 share with a value of PLN 500, carrying 1 vote at the meeting of shareholders and constituting 0.0007% 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:

- „Echo - SPV 6” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 66,776 thousand,
- „Echo - Centrum Tarnów” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 67,952 thousand,
- „Echo - Centrum Jelenia Góra” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 67,022 thousand,
- „Echo Bau” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 45 thousand,
- „Projekt Echo - 46” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN -7,416 thousand,
- „Echo - Centrum Rzeszów” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN 531 thousand,
- „Echo - Centrum Poznań” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce: PLN -85 thousand.

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 Bankowosci I Finansow Łódź’ Sp. z o.o. amounts to PLN 68,545,000 and is divided into 137,090 shares with a nominal value of PLN 500 each. The total number of votes carried by the shares amounts to 137,090 votes at the meeting of shareholders.

The ownership structure of ‘Echo – Centrum Bankowosci I Finansow Łódź’ Sp. z o.o. changed and is currently as follows:

- Echo Investment SA holds 137,066 shares with a total value of PLN 68,533,000 carrying 137,066 votes at the meeting of shareholders and constituting 99.98% of the share capital,
- „Projekt Echo – 17” Sp. z o.o., with its registered seat in Kielce, a subsidiary of the Issuer, holds 23 shares with a total value of PLN 11,500, carrying 23 votes at the meeting of shareholders and constituting 0.01% of the share capital,
- „Projekt Echo – 37” Sp. z o.o. with its registered seat in Kielce, a subsidiary of the Issuer, holds 1 share with a value of PLN 500, carrying 1 vote at the meeting of shareholders and constituting 0.0007% of the share capital.

Persons managing the Acquiring Company and the companies acquiring assets of significant value executed managing functions at the Acquired Companies at the same time.

The newly created shares and the value of the transferred assets have been considered significant on the basis of Issuer’s equity criteria.

The management board of the Issuer also reports that on August 12, 2010 the name of the Acquiring Company, „Echo – Centrum Bankowości i Finansów Łódź” Sp. z o.o. with its registered seat in Kielce was changed. Its current name is „Echo – SPV 12” Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce.

On August 26, 2010, as a consequence of signing sale agreement between Echo Investment SA (the Buyer) and Projekt Echo – 17 Sp. z o.o. (the Seller), Echo Investment SA acquired 1 share in the subsidiary Projekt Echo – 70 Sp. z o.o. with a nominal value of PLN 50, constituting 0.1% of the share capital. The value of Agreement was PLN 10,156.56.

On September 21, 2010, as a consequence of signing sale agreement between Projekt Echo – 17 Sp. z o.o. (the Seller) and Projekt Echo – 43 Sp. z o.o. (the Buyer), Projekt Echo – 17 Sp. z o.o. sold 1 share in the share capital of Echo – Galeria Sudecka Sp. z o.o. with a nominal value of PLN 50. The value of Agreement was PLN 57.

On September 21, 2010, as a consequence of signing sale agreement between Projekt Echo – 17 Sp. z o.o. (the Seller) and Projekt Echo – 93 Sp. z o.o. (the Buyer), Projekt Echo – 17 Sp. z o.o. sold 1 share in the share capital of Echo - Park Postępu Sp. z o.o. with a nominal value of PLN 50. The value of Agreement was PLN 50.

On September 22, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the share capital Projekt Echo – 58 Sp. z o.o., which was increased by PLN 50,000 to the amount of PLN 20,050,000. The share capital is divided into 401,000 shares with a nominal value of PLN 50 each. As of the day of the registration of the aforementioned changes the ownership structure changed and is currently as follows:

- Echo Investment SA holds 302,510 shares with a total nominal value of PLN 15,125,500, constituting 75.44% of the share capital and votes at the meeting of shareholders,
- Magellan Holding Societe a Responsabilite Limitee holds 98,490 shares with a total nominal value of PLN 4,924,500, constituting 24.56% of the share capital and votes at the meeting of shareholders.

The aforementioned shares are financed with Echo Investment SA funds.

On September 23, 2010, as a consequence of signing sale agreement between Echo Investment SA (the Buyer) and Glemarco Limited, with its registered seat in Nicosia (Cyprus) (the Seller), the Issuer acquired 98,490 shares in the share capital of its subsidiary Projekt Echo – 58 Sp. z o.o. [Limited Liability Company], with its registered seat in Kielce (the Subsidiary), with a nominal value of PLN 4,924,500, constituting 24.56% of the share capital of the Subsidiary. The value of Agreement was EUR 1,951,025, 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 7,767,615.83.

On September 30, 2010 the Issuer informed that on September 21, the Ministry Of Commerce, Industry and Tourism Department of Registrar of Companies and Official Receiver Nicosia registered an increase in the share capital of the subsidiary Barconsel Holdings Limited, with its registered seat in Nicosia (the Subsidiary).

As at the date of the registration of the aforementioned changes, the share capital of the Subsidiary was increased by EUR 1,000 (which, as at the date of the registration, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 3,945.80) to the amount of EUR 2,800 (which, as at the date of the registration, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 11,048.24) and currently is divided into 2,800 with a nominal value of EUR 1 each (which, as at the date of the registration, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 3,945.80). In total, the shares carry 2,800 votes at the meeting of shareholders.

The newly created shares, in a number of 1,000, have been taken up by Echo Investment SA in entirety. After the registration of an increase in the share capital of the Subsidiary, the Issuer holds 2,800 shares in capital, constituting 100% of the current share capital of the Subsidiary. The registration of amendments to the share capital of the Subsidiary was carried out as result of a non-cash contribution made by Echo Investment SA, constituting shares in the subsidiaries of the Issuer, which was communicated by the Issuer in current report no. 11/2010 on May 21, 2010, i.e.:

- Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o., with its registered seat in Kielce, holds 655,321 shares with a nominal value of PLN 32,766,050,
- Athina Park Sp. z o.o. , with its registered seat in Kielce, holds 11,998 shares with a nominal value of PLN 5,999,000,
- Echo – Centrum Przemysł Sp. z o.o. , with its registered seat in Kielce, holds 75,673 shares with a nominal value of PLN 3,783,650,
- Projekt Echo - 63 Sp. z o.o. , with its registered seat in Kielce, holds 255,886 shares with a nominal value of PLN 12,794,300.

The acquisition price of newly created shares was EUR 43,679,000, which, as at the date of the registration of the amendments, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 172,348,598.20.

Newly created shares constitute 35.7% of the share capital after the registration of an increase in the share capital of the Subsidiary and carry 1,000 votes at the meeting of shareholders.

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

On October 5, 2010 the following contracts of transfer of title to shares were signed:

On October 5, 2010, under the contract of transfer of title to shares in Projekt Echo - 53 Sp. z o.o., with its registered seat in Kielce (Subsidiary I), the subsidiary Echo-Centrum Biznesu Łódź Sp. z o.o., with its registered seat in Kielce (the Seller I) sold 1,029,279 shares with a nominal value of PLN 51,463,950 to Barconsel Holdings Limited, with its registered seat in Nicosia (Cyprus) (the Buyer).

The ownership structure of Subsidiary I is as follows:

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

On October 5, 2010, under the contract of transfer of title to shares in Echo – Galeria Sudecka Sp. z o.o., with its registered seat in Kielce (Subsidiary II), Echo – SPV 12 Sp. z o.o. (the Seller II) sold the Buyer 1,483,000 shares with a nominal value of PLN 74,150,000. The value of contract was EUR 21,423,032.08, which, as at the date of signing the aforementioned contract, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 85,139,414. The book value of the Acquired Companies' shares in the account books of the Seller II is PLN 74,150,000.

The ownership structure of Subsidiary II is as follows:

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

On October 5, 2010, under the contract of transfer of title to shares in Echo – Oxygen Sp. z o.o., with its registered seat in Kielce (Subsidiary III), the Issuer (the Seller III) sold the Buyer 192,399 shares with a nominal value of PLN 9,619,950.

The ownership structure of Subsidiary III is as follows:

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

On October 5, 2010, under the contract of transfer of title to shares in Centrum Handlowe PHS S.A. [Shopping Centre PHS S.A.], with its registered seat in Kielce (the Subsidiary IV), the Issuer (the Seller IV) sold the Buyer 25,184 shares with a nominal value of PLN 2,518,400.

The ownership structure of Subsidiary IV is as follows:

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

On October 5, 2010, under the contract of transfer of title to shares in Echo – Galeria Tarnów Sp. z o.o., with its registered seat in Kielce (the Subsidiary V), Echo – SPV 12 Sp. z o.o. (the Seller V) sold the buyer 1,533,107 shares with a nominal value of PLN 76,655,350.

The ownership structure of Subsidiary V is as follows:

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

On October 5, 2010, under the contract of transfer of title to shares in Echo – Park Postępu Sp. z o.o., with its registered seat in Kielce (the Subsidiary VI), the Issuer (the Seller VI) sold the Buyer 1,065,655 shares with a nominal value of PLN 53,282,750.

The ownership structure of Subsidiary VI is as follows:

- Barconsel Holdings Limited holds 1,065,655 shares with a nominal value of PLN 53.282.750, constituting 99.99% of the share capital, carrying 1,065,655 votes at the meeting of shareholders,
- The Issuer holds 1 share with a nominal value of PLN 50, constituting 0.0001% of the share capital, carrying 1 vote at the meeting of shareholders,
- Projekt Echo – 93 Sp. z o.o. holds 1 share with a nominal value of PLN 50, constituting 0.0001% of the share capital, carrying 1 vote at the meeting of shareholders.

On October 5, 2010, under the contract of transfer of title to shares in Echo – Metropolis Sp. z o.o., with its registered seat in Kielce (the Subsidiary VII), the Issuer (the Seller VII) sold the Buyer 1,213,238 shares with a nominal value of PLN 60,661,900.

The ownership structure of Subsidiary VII is as follows:

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

On October 5, 2010, under the contract of transfer of title to shares in Echo – Galeria Olimpia Sp. z o.o., with its registered seat in Kielce (the Subsidiary VIII), the Issuer (the Seller VIII) sold the Buyer 17,045 shares with a nominal value of PLN 8,522,500.

The ownership structure of Subsidiary VIII is as follows:

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

The aforementioned shares constitute a non-cash contribution for covering newly formed 7,200 shares in the share capital of Barconsel Holdings Limited, with a total nominal value of EUR 1 each. The acquisition price of the newly formed shares was EUR 90,049,248, 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. The newly formed shares constitute 72% after registration of increase of the Buyer's share capital and they shall carry 7,200 votes at the meeting of shareholders. The newly formed shares will be taken up by the following companies:

- Echo Investment SA will take up 2,664 shares with a nominal value of EUR 2,664, 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 10,587.27, constituting 26.64% of the share capital after registration of increase of the Buyer's share capital, carrying 2,664 votes at the meeting of shareholders.
- Echo – SPV 12 will take up 3,456 shares with a nominal value of EUR 3,456, 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 13,734.84, constituting 34.56% of the share capital after registration of increase of the Buyer's share capital, carrying 3,456 votes at the meeting of shareholders.
- Echo – Centrum Biznesu Łódź will take up 1,080 shares with a nominal value of EUR 1,080, 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 4,292.14, constituting 10.8% of the share capital after registration of increase of the Buyer's share capital, carrying 1,080 votes at the meeting of shareholders.

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

On October 6, 2010 the District Court issued a decision of registration of increase in the share capital in „Projekt Echo -55” Sp. z o.o. by the amount of PLN 50,000 to PLN 16,320,550. The Issuer has taken up 325,411 newly created shares by way a non-cash contribution (real property in Bełchatow).

On October 19, 2010 the subsidiary company Barconsel Holdings Limited with its registered seat 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 Sp. z o.o. [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.
 - 1,483,000 shares in the share capital of Echo – Galeria Sudecka Sp. z o.o. [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.
 - 192,399 shares in the share capital of Echo – Oxygen Sp. z o.o. [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.
 - 1,065,655 shares in the share capital of Echo – Centrum Park Postępu Sp. z o.o. [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.
 - 1,533,107 shares in the share capital of Echo – Galeria Tarnów Sp. z o.o. [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.
 - 25,184 shares in the share Centrum Handlowe PHS S.A. [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.
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On October 20, 2010 as a consequence of signing sale agreement between Echo Investment SA and Mr Mariusz Gromek and Grupa Echo Sp. z o.o. [Limited Liability Company] and Mr Michał Sołowow, 100% shares in Projekt Echo – 67 Sp. z o.o. [Limited Liability Company], with its registered seat in Kielce, were acquired. The total acquisition price is 94 thousand PLN.

On October 20, 2010 as a consequence of signing sale agreement between Grupa Echo Sp. z o.o. [Limited Liability Company] (the Seller) and Projekt Echo – 43 Sp. z o.o. [Limited Liability Company], the Seller sold 1 share in Echo –Galeria Tarnów Sp. z o.o. [Limited Liability Company], with a nominal value of the share amounting to 50 PLN.

On October 20, 2010 as a consequence of signing sale agreement between Echo Investment S.A. (the Seller) and Grupa Echo Sp. z o.o. [Limited Liability Company], the Seller sold 1 share in Projekt Echo –58 Sp. z o.o. [Limited Liability Company], with a nominal value of the share amounting to PLN 50.

On October 20, 2010 as a consequence of signing sale agreement between Echo Investment S.A. (the Seller) and Grupa Echo Sp. z o.o. [Limited Liability Company], the Seller sold 2 inscribed privileged series A shares (double vote) in the subsidiary PHS, with a nominal value of the share amounting to PLN 100.

On November 19, 2010 the District Court in Kielce 10th Commercial Division of National Court Register issued a decision of registration of increase in the share capital in "Echo - Przy Słowiańskim Wzgórzu Sp. z o.o." Sp. K. [Limited Partnership] (previously

known as Projekt Echo – 45 Sp. z o.o. Sp. K. [Limited Partnership]) by way of non-cash contribution of PLN 22,663 thousand. In return for the contribution, Echo Investment S.A. took up shares with a total nominal value of PLN 22,663 thousand.

On November 24, 2010 as a consequence of signing sale agreement between Echo – Kielce 1(the Seller) and Grupa Echo Sp. z o.o. [Limited Liability Company], the Seller sold 1 share in the subsidiary Princess Boryszewska, with a nominal value amounting to PLN 500.

On November 24, 2010 as a consequence of signing sale agreement between Echo – Kielce 1(the Seller) and Echo Investment S.A., the Seller sold 1,799 shares in the subsidiary Princess Boryszewska, with a nominal value amounting to PLN 500.

On November 24, 2010 as a consequence of signing sale agreement between Projekt Echo – 93(the Seller) and Echo Investment S.A. , the Seller sold 6 shares in Echo – Galeria Kielce Sp. z o.o. [Limited Liability Company], with a nominal value amounting to PLN 500.

On November 24, 2010 as a consequence of signing sale agreement between Echo Investment S.A.(the Seller) and Grupa Echo Sp. z o.o. [Limited Liability Company], the Seller sold 19 shares in Projekt Echo – 62 Sp. z o.o. [Limited Liability Company], with a nominal value amounting to PLN 50.

On December 7, 2010 as a consequence of signing sale agreement between Grupa Echo Sp. z o.o. (the Seller) and Projekt Echo – 95 Sp. z o.o. [Limited Liability Company], the Seller sold 1 share in Echo – Oxygen Sp. z o.o.[Limited Liability Company], with a nominal value amounting to PLN 50.

On December 7, 2010 as a consequence of signing sale agreement between Grupa Echo Sp. z o.o. (the Seller) a Projekt Echo – 43 Sp. z o.o. the Seller sold 1 share in Echo – Galeria Tarnów Sp. z o.o.[Limited Liability Company], with a nominal value amounting to PLN 50.

On December 15, 2010 the following contracts of transfer of title to shares were concluded:

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 seat in Kielce (Subsidiary I), Echo – Kielce 1 Sp. z o.o. [Echo – Kielce 1 Limited Liability Company] with its registered seat in Kielce (Vendor I) sells on December 15, 2010 27,382 shares with a nominal value of PLN 13,691,000 to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus) (the Buyer).

The ownership structure of Subsidiary I is as follows:

- Barconsel Holdings Limited holds 27,382 shares with a nominal value of PLN 13,691,000, 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 PLN 3,000, 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 PLN 1,000, 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 seat in Kielce (Subsidiary II), the Company (Vendor II) sells on December 15, 2010 999,990 shares with a nominal value of PLN 49,999,500 to the Buyer.

The ownership structure of Subsidiary II is as follows:

- Barconsel Holdings Limited holds 999,990 shares with a nominal value of PLN 49,999,500, 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 PLN 450, 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 PLN 50, 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 seat in Kielce (Subsidiary III), Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] with its registered seat in Kielce (Vendor III) sells on December 15, 2010 950,466 shares with a nominal value of PLN 47,523,300 to the Buyer.

The ownership structure of Subsidiary III is as follows:

- Barconsel Holdings Limited holds 1,979,745 shares with a nominal value of PLN 98,987,250, 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 PLN 49,950, 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 PLN 50, 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 seat in Kielce (Subsidiary IV), the Company (Vendor IV) sells on December 15, 2010 326,400 shares with a nominal value of PLN 16,320,000 to the Buyer.

The ownership structure of Subsidiary IV is as follows:

- Barconsel Holdings Limited holds 326,400 shares with a nominal value of PLN 16,320,000, 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 PLN 500, 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 PLN 50, 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 (Vendor V) sells on December 15, 2010 400,990 shares with a nominal value of PLN 20,049,500 to the Buyer.

The ownership structure of Subsidiary V is as follows:

- Barconsel Holdings Limited holds 400,990 shares with a nominal value of PLN 20,049,500, 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 PLN 450, 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 PLN 50, 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 seat in Kielce (Subsidiary VI), the Company (Vendor VI) sells on December 15, 2010 990 shares with a nominal value of PLN 49,500 to the Buyer.

The ownership structure of Subsidiary VI is as follows:

- Barconsel Holdings Limited holds 990 shares with a nominal value of PLN 49,500, 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 PLN 450, 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 PLN 50, 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 seat in Kielce (Subsidiary VII), Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] with its registered seat in Kielce (Vendor VII) sells on December 15, 2010 796,760 shares with a nominal value of PLN 39,838,000 to the Buyer. The ownership structure of Subsidiary VII is as follows:

- Barconsel Holdings Limited holds 2,009,998 shares with a nominal value of PLN 100,499,900, 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 PLN 50, 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 PLN 50, 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 seat in Kielce (Subsidiary VIII), the Company (Vendor VIII) sells on December 15, 2010 13,560 shares with a nominal value of PLN 6,780,000 to the Buyer.

The ownership structure of Subsidiary VIII is as follows:

-Barconsel Holdings Limited holds 13,560 shares with a nominal value of PLN 6,780,000, 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 PLN 500, 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 PLN 500, 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 seat in Kielce (Subsidiary IX), the Company (Vendor IX) sells on December 15, 2010 1,248 shares with a nominal value of PLN 1,248,000 to the Buyer.

The ownership structure of Subsidiary IX is as follows:

-Barconsel Holdings Limited holds 1,248 shares with a nominal value of PLN 1,248,000, 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 PLN 2,000, 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 a 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 created shares amounts to EUR 64,388,500 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. The newly created shares constitute 9.09 % of the share capital after registration of increase in the Buyer's share capital and they shall carry 1,000 votes at the general meeting of shareholders. The newly created 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 EUR 363, 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 PLN 1,447.54, 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.
- Echo – SPV 12 Sp. z o.o. [Echo – SPV 12 Limited Liability Company] shall take up 350 shares with a nominal value of EUR 350 , 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 PLN 1,395.69, 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.
- Echo – Kielce 1 Sp. z o.o. [Echo – Kielce 1 Limited Liability Company] shall take up 287 shares with a nominal value of EUR 4,563.76, 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 PLN 4,563.76, 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.

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 of PLN 21,788.79, 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 EUR 3,456, 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 PLN 13,781.49, 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 EUR 1,080, 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 PLN 4,306.71, constituting 10.8 % of the share capital and carrying 1,080 votes at the meeting of shareholders.

The management board of Echo Investment S.A. (the Issuer) hereby reports that 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 seat 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 seat in Kielce,
- 'Projekt Echo – 54' Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce,
- 'Echo – Pasaż Grunwaldzki Limited Liability Company' Sp. k. [Limited Partnership] with its registered seat in Kielce,
- 'Echo – Galaxy Limited Liability Company' Sp. k. [Limited Partnership] with its registered seat 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 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 seat 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 seat 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.

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 seat 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 seat 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 seat 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 seat 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 seat 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.

Names of the following subsidiaries were changed:

- „Echo - Centrum Bełchatów: Sp. z o.o. [Limited Liability Company] into „Echo – Galeria Olimpia” Sp. z o.o. [Limited Liability Company]
- „Projekt Echo – 56” Sp. z o.o. [Limited Liability Company] into „Echo – Galeria Sudecka” Sp. z o.o. [Limited Liability Company]
- „Projekt Echo – 61” Sp. z o.o. [Limited Liability Company] into „Echo – Galeria Tarnów” Sp. z o.o. [Limited Liability Company]
- „Projekt Echo – 41” Sp. z o.o. [Limited Liability Company] into „Echo – Kasztanowa Aleja” Sp. z o.o. [Limited Liability Company]
- „Projekt Echo – 42” Sp. z o.o. [Limited Liability Company] into „Echo – Klimt House” Sp. z o.o. [Limited Liability Company]
- „Echo - Galeria Olimpia” Sp. z o.o. [Limited Liability Company] into „Echo – Bełchatów” Sp. z o.o. [Limited Liability Company]
- „Projekt Echo - 17 Sp. z o.o. into „Grupa Echo” Sp. z o.o.
- „ACC Projekt Echo – 17 Spółka z ograniczoną odpowiedzialnością” Sp.k. [Limited Partnership] into „ACC Grupa Echo Spółka z ograniczoną odpowiedzialnością” Sp. k. [Limited Partnership]
- „Est-On Projekt Echo – 17 Spółka z ograniczoną odpowiedzialnością” Sp. k. [Limited Partnership] into „Est-On Grupa Echo Spółka z ograniczoną odpowiedzialnością” Sp. k. [Limited Partnership]
- „Echo – Centrum Biznesu Łódź” Sp. z o.o. [Limited Liability Company] into „Echo – SPV 7” Sp. z o.o. [Limited Liability Company] into
- „Projekt Echo – 45 Sp. z o.o. [Limited Liability Company] into „Echo – Przy Słowiańskim Wzgórzu” Sp. z o.o. [Limited Liability Company]
- „Projekt Echo – 45 Spółka z ograniczoną odpowiedzialnością” Sp. k. [Limited Partnership] into „Echo – Przy Słowiańskim Wzgórzu Spółka z ograniczoną odpowiedzialnością” Sp. k. [Limited Partnership]
- „Projekt Echo – 41” Sp. z o.o. [Limited Liability Company] into „Echo – Kasztanowa Aleja” Sp. z o.o. [Limited Liability Company]
- „Projekt Echo – 41” Sp. K. [Limited Partnership] with its registered seat in Kielce into „Echo – Kasztanowa Aleja” Sp. k. [Limited Partnership]

6.2. Main foreign and domestic investment

Properties

The Management Board of Echo Investment SA (the Issuer, the Company) hereby informs that on April 8, 2010 a preliminary sale agreement (the Preliminary Agreement) was executed between Projekt Echo – 58 Sp. z o.o. with its registered seat in Kielce (a controlled company in which the Issuer holds 51% of share capital) (the Buyer), and BRJ Invest - Panikowski, Kubiak with its registered seat in Warsaw, with Drozd – Sp. J. i BP Inwestycje – Panikowski i Przybylski Sp. J. with its registered seat in Warsaw (the Seller).

The purpose of the aforementioned Preliminary Agreement is the acquisition of freehold title to properties constituting undeveloped plots of land situated in Warsaw, within the quarter of Sikorskiego and Witosza Streets, with a total area of 34,271 square metres (the Property). The purchase price of the Property was determined as PLN 70 million net. Payment shall be effected in 4 instalments, payable until April 1, 2013 at the latest.

The Parties to the preliminary agreement agreed to execute the promised contract until October 1, 2010 (the Promised Contract), provided that all of the following conditions are fulfilled until September 29, 2010:

- the Property is not encumbered with any debt or limited rights in rem, whether or not these are disclosed in the land and mortgage register,

-no claims are raised with respect to the Property by previous owners,

- no lease contracts, hire contracts or any other similar contracts exist in relation to the Property,

- the Seller has presented appropriate certificates of no arrears with payments of tax and other public charges.

The aforementioned conditions are conditions precedent.

The Preliminary Agreement does not contain any provisions would allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 770,520 as at the effective date of the Preliminary Agreement according to the average rate of exchange of the National Bank of Poland). Notwithstanding the liquidated damages, either party may pursue indemnity to compensate for any loss incurred.

The preliminary agreement has been considered significant on the basis of Issuer's equity criteria.

The preliminary property acquisition agreement is in accordance with the strategy adopted by Echo Investment Capital Group, where under the Group is expanding its range of operations on the real estate market in Poland. Development of a group of office buildings is envisaged on the above specified property, with gross leasable area of approximately 60,000 sq. m, with an above-ground and underground car park. The project is intended to be developed in three stages.

The Management Board of Echo Investment SA (the Issuer, the Company) hereby informs that on June 24, 2010 a preliminary sale agreement (the Preliminary Agreement) was executed between Projekt Echo – 70 Sp. z o.o. with its registered seat in Kielce (a controlled company in which the Issuer holds 51% of share capital) (the Buyer) and Accor Polska Sp. z o.o. [Limited Liability Company] with its registered seat in Warsaw.

The purpose of the aforementioned Preliminary Agreement is the execution of the sale agreement (the Promised Agreement) on the basis of which the Seller shall sell the Buyer the perpetual usufruct right to the property located in Warsaw at Grzybowska and Jana Pawła II Streets, consisting of a plot of land, with a total area of 3,260 sq. m., including the ownership of the hotel building located on the land and constituting a property separate from the land (the Property).

The purchase price has been established at the level of at least EUR 31 million (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned Preliminary Agreement is an equivalent of PLN 126,718,700). The Buyer shall pay the Seller an advance of EUR 6.25 million net (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned Preliminary Agreement is an equivalent of PLN 25,548,125). The advance shall be accounted for the sale price and shall be effected in two instalments, i.e. EUR 1.25 million net (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned Preliminary Agreement is an equivalent of PLN 5,109,625) at the date of conclusion of the aforementioned Promised Agreement and EUR 5 million net (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned Preliminary Agreement is an equivalent of PLN 20,438,500) until December 31, 2011 at the latest.

The Parties to the preliminary agreement agreed to execute the promised agreement until December 31, 2012 at the latest, provided that all of the following conditions are fulfilled:

- the Buyer shall obtain a final planning permission until June 30, 2011, which shall enable to develop on the aforementioned Property an office building with an underground parking space, with an area of ca. 63,000 sq m, 1 parking lot per 100 sq m of an office area,
- a positive technical and legal due diligence report on the Property shall be obtained until December 31, 2011,
- the Seller shall acquire the perpetual usufruct right to the Property (land) and the ownership right of the hotel building located on the land,
- the contractual ordinary mortgage on the Property shall be re-conveyed until July 31, 2012.

In the event of not fulfilling the aforementioned conditions and not concluding the Promised Agreement, the Preliminary Agreement shall be terminated.

The Preliminary Agreement contains certain provisions that allow charging of liquidated damages in the event of not concluding the Promised Agreement (including not fulfilling the aforementioned conditions of the Preliminary Agreement):

- due to reasons attributable to the Buyer to the benefit of the Seller up to the maximum amount of EUR 8 million (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned Preliminary Agreement is an equivalent of PLN 32,701,600), or
- due to reasons attributable to the Seller to the benefit of the Buyer up to the amount of EUR 6.25 million (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the aforementioned Preliminary Agreement is an equivalent of PLN 25,548,125).

Payment of liquidated damages shall not exclude the right of either party to claim indemnity to compensate for any loss incurred.

The preliminary property acquisition agreement is in accordance with the strategy adopted by Echo Investment Capital Group, where under the Group is expanding its range of operations on the real estate market in Poland. Development of an office building

is envisaged on the above specified property, with gross leasable area of approximately 45,000 sq. m, with an underground car park.

The management board of Echo Investment SA (the Issuer, the Company) hereby announces that on July 22, 2010, as was decided by the Tender Committee of Przedsiębiorstwo Budownictwa Uprzemysłowego Warszawa Północ, with its registered seat in Warsaw (the Seller), Echo Investment SA (the Buyer) shall acquire the perpetual usufruct right to the developed land located in Warsaw at Konstruktorska Street with an area of 73,596 sq m, and the ownership of the buildings, structures and other equipment located on the land (the Property). The price of the property amounts to PLN 63 million. The sale agreement shall be concluded within 30 days from the date of tender completion.

Development of an office and residential building is envisaged on the above specified property, with gross selling and letting space of approximately 60,000 sq m.

The management board of Echo Investment SA (the Issuer, the Company) hereby announces in connection to the current report nr 20/2010 of July 23, 2010 that on August 20, 2010 there was a property sales agreement (the Agreement) concluded between Echo Investment SA (the Buyer) and Przedsiębiorstwo Budownictwa Uprzemysłowego Warszawa Północ with its registered seat in Warsaw (the Seller).

The subject-matter of the Agreement is the acquisition of the perpetual usufruct right to the developed land located in Warsaw at Konstruktorska Street with an area of 73,596 sq m including the ownership of the buildings, structures and other equipment located on the land (the Property) by the Company. The price of the property amounts to PLN 63 million. The sources of financing the Property purchase are the Issuer's own funds.

There are no ties present between the Issuer or persons managing or supervising the Issuer and the Seller or persons managing it.

Before entering into the Agreement the Property was used for service business. Development of buildings fulfilling residential and office functions is planned on the aforementioned property. The total area allotted for sale (apartments) and lease (offices) will amount to approx. 60,000 sq m.

In connection to the current report 5/2010 of April 9, 2010 the management board of Echo Investment SA (Public Limited Company) (the Issuer, the Company) hereby informs that on September 29, 2010 the conditions of a preliminary property sales agreement (the Preliminary Agreement) were fulfilled. The Agreement was signed on April 8, 2010 between Projekt Echo – 58 Sp. z o.o. (Limited Liability Company) with its registered seat 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 seat in Warsaw, Drozd – Sp. J. (General Partnership) and BP Inwestycje – Panikowski i Przybylski Sp. J. (General Partnership) with its registered seat in Warsaw (the Seller).

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 sq m (the Property).

The Parties to the preliminary agreement agreed to execute the promised agreement until October 1, 2010 at the latest, provided that all of the following conditions are fulfilled:

- the Property is not encumbered with any debt or limited rights in rem, whether or not these are disclosed in the land and mortgage register,
- no claims are raised with respect to the Property by previous owners,
- no lease contracts, hire contracts or any other similar contracts exist in relation to the Property,
- the Seller has presented appropriate certificates of no arrears with payments of tax and other public charges.

All of the aforementioned conditions were fulfilled.

In connection to the current report 5/2010 of April 9, 2010 the management board of Echo Investment SA (Public Limited Company) (the Issuer, the Company) hereby informs that on October 4, 2010 the Issuer has become aware of the conclusion of a

property sales agreement (the Agreement) between Projekt Echo – 58 Sp. z o.o. (Limited Liability Company) with its registered seat 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 seat in Warsaw, Drozd – Sp. J. (General Partnership) and BP Inwestycje – Panikowski i Przybylski Sp. J. (General Partnership) with its registered seat 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 sq m (the Property). The purchase price has been established at the level of PLN 69,915,000 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 PLN 26 million. 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 utilisation 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 sq m until March 31, 2011. In order to execute its right of repudiation the Buyer shall inform the Vendor 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 aforementioned Agreement has been considered significant on the basis of Issuer's equity criteria.

The Agreement does not include provisions enabling calculation of contractual penalties whose total value could exceed the amount of EUR 200,000 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 PLN 789,300). Lack of contractual penalties is without prejudice to claims for indemnity.

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

There are no ties present between the Issuer or persons managing or supervising the Issuer and the Vendor selling assets or persons managing it.

The purchase of the aforementioned property results from the assumed strategy, according to which the Capital Group Echo Investment develops its activities on the property market in Poland. There is an office building complex with an office area of approx. 60,000 sq m 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.

Financial instruments

The Management Board of Echo Investment S.A. (the Issuer, the Company) hereby reports that on June 17, 2010 its subsidiary Barconsel Holdings Limited with its registered seat 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 seat in Cracow (Issuer FIZ).

Barconsel has acquired 6,672 B series investment certificates of FORUM XXIX Fundusz Inwestycyjny Zamknięty (FIZ) as part of the subscription. The total certificate issue price amounts to PLN 166,809,984. 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:

- 11,998 in the share capital of Athina Park Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce (Company I) with a nominal value of PLN 500 each and a total nominal value of PLN 5,999,000, constituting 99.98% of the share capital of Company I. The book value of the above specified shares amounts to EUR 5,202,812, 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 21,233,196.05.
- 75,673 in the share capital of Echo – Centrum Przemysł Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce (Company II) with a nominal value of PLN 50 each and a total nominal value of PLN 3,783,650, constituting 99.99% of the share capital of Company II. The book value of the above specified shares amounts to EUR 2,709,093, 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 11,056,079.44.

- 255,886 in the share capital of Projekt Echo – 63 Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce (Company III) with a nominal value of PLN 50 each and a total nominal value of PLN 12,794,300, constituting 99.99% of the share capital of Company III. The book value of the above specified shares amounts to EUR 1,322,930, 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 5,399,009.62.
- 655,321 in the share capital of Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Limited Liability Company] with its registered seat in Kielce (Company IV) with a nominal value of PLN 50 each and a total nominal value of PLN 32,766,050, constituting 99.98% of the share capital of Company IV. The book value of the above specified shares amounts to EUR 34,444,165, 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 140,570,081.78.

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

There are no ties present between the Issuer or persons managing or supervising the Issuer and the Issuer FIZ or persons managing it.

The Proxy of the Issuer executes managing functions in Barconsel.

There were transactions concluded between the Issuer and the subsidiary of the Issuer at a total value of PLN 167,389,984 within the last 12 months. The above specified transaction is the one with the highest value.

The aforementioned transaction of certificate acquisition and the value of asset transfer have been considered significant on the basis of Issuer's equity criteria.

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 October 19, 2010 the subsidiary company Barconsel Holdings Limited with its registered seat 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 seat 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 Sp. z o.o. [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 Sp. z o.o. [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 Sp. z o.o. [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 Sp. z o.o. [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 Sp. z o.o. [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 S.A. [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 a long-term equity investment.

There are no ties present between the Issuer or persons managing or supervising the Issuer and the Issuer FIZ or persons managing it.

The Proxy of the Issuer executes managing functions in Barconsel.

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.

7. DESCRIPTION OF THE ANTICIPATED DEVELOPMENT OF THE ISSUER'S CAPITAL GROUP

The policy and development of the Group is directly influenced by its strategy, which takes into consideration the fluctuating economic conditions and new opportunities for development on the real estate market. The strategy assumes the strengthening of the Group's position on the developer market. The Group's aim is to ensure steady growth of the corporate value of the property portfolio on the basis of steady increase in revenues earned from the Group's activities. The Company experience, the consistent use of its competitive advantage and the establishment of an optimised property portfolio have made it possible for the Group to develop further in a changing market environment.

In the year 2010 the Group's activities focused on continuing the projects commenced in the critical year 2009 and the preparation of investments to be implemented. Hence, the Group was able to implement quickly new investment projects and to prepare projects to be implemented in 2011. In 2010 numerous projects were implemented, including the expanded Galeria Echo in Kielce and Osiedle Południowe in Dyminy near Kielce, Park Postępu and Klimt House in Warsaw, Malta Office, Kasztanowa Aleja and Pod Klonami in Poznan, Oxygen in Szczecin, Avatar and Dom pod Słowikiem in Cracow, Przy Słowiańskim Wzgórzu in Wrocław.

The Group objective is to achieve optimized implementation processes in particular investments. The Company is monitoring the changes on the property market. All decisions concerning the implementation of particular projects are made individually and on the basis of current analyses. In order to minimize the risk of adverse market changes, certain planned investments might be executed in stages.

In 2010 the Group focused on the commercialisation of office and shopping-centre projects, which resulted in a high percentage of leased space in office projects in Warsaw, Poznan and Szczecin, and the shopping centre in Kielce. In connection to the anticipated implementation of projects for hire, the commercialisation of the projects will continue in the future.

The Company intends to continue already implemented residential projects. Moreover, having observed the reinvigoration in the housing market, the Company intends to start new investments. Their number and implementation in particular years will depend on supply and demand factors, such as the purchasing power, availability of loans, remuneration levels and market prices of flats. Recent months have brought positive changes in the market, hence plans to implement subsequent projects. The optimisation of implementation processes has also brought changes in the funding structure of the housing projects. In 2010 first credit agreements were signed, related to the aforementioned projects.

Implementation of hotels depends largely on the situation in tourist industry and on hotel chains' willingness to start new investments. Currently Echo Investment S.A. focuses on the hotel segment in the Polish market, where the Company cooperates with the operators of international hotel chains.

The company management board plans to develop its operations on foreign markets in Central and Eastern Europe. At present, the Company is working on the implementation of a multi-purpose commercial and office centre in Budapest, shopping and entertainment centre in Brasov, in Romania and continues its activity aimed at the implementation of an office park in Ukraine. In the nearest future the Group will carry out its operations in the aforementioned three foreign markets and develop projects related to these markets. The Company is not actively looking for other areas on the foreign market.

In 2010 the Company also observed the market in order to acquire new investment properties, and this resulted in the increase of 'land bank' by the land purchased in 2010 and at the beginning of 2011. The Company aims to continue the observation of the market in order to find good locations for its investment projects. The selection of locations is determined by a particular market segment. Residential projects will be located in big cities, with a special emphasis on Warsaw. These projects will mainly include buildings located not far from the city centre or in the centre itself, of a higher than average standard with a bigger number of flats or luxury projects with a small number of flats to sell.

As concerns office projects, they will also be located in big cities, such as Warszawa, Cracow, Wroclaw, Poznan, where business is growing rapidly and where there is not a sufficient number of such projects. Office projects developed by the Company will not only be architectonically stimulating, but also functional and equipped with state-of-the-art technological developments.

Shopping centres will be located in cities and large towns. Shopping centres in cities will be located in big shopping and entertainment centres, whereas the size and location of shopping centres in large towns will depend on the specific needs of the local market.

A large 'land bank' enables to implement projects in all market segments of the Company and also supports promising outlook for the Group. Partially performed preparatory work will enable to constantly implement subsequent projects in the following years, which in turn will guarantee rapid and steady growth of the Company. Until 2016 the Group intends to implement 22 office projects, 1 hotel, 16 shopping centres and 24 residential projects, with a letting space of 880 thousand sq m and a selling space of 290 thousand sq m.

8. INFORMATION ON SIGNIFICANT TRANSACTIONS EXECUTED BY THE ISSUER OR THE ISSUER'S SUBSIDIARY WITH AFFILIATED COMPANIES ON DIFFERENT TERMS THAN ARM'S LENGTH TRANSACTIONS, SPECIFYING THE AMOUNT AND CHARACTER OF SUCH TRANSACTIONS

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

9. INFORMATION ABOUT CREDITS AND LOANS TAKEN IN THE FINANCIAL YEAR

9.1. Credit agreements of the dominant company

Echo Investment S.A.'s liabilities on account of credits taken as at the end of 2010 are presented in the table below:

Bank name	Type of obligation	Credit currency	Credit amount according to contract [thousands PLN]	Credit used as at 31.12.2010 [thousands PLN]	Interest rate type %	Final repayment date
PeKaO SA	Working capital facility	PLN	100 000	69 916	1M WIBOR + margin	30.06.2011
PeKaO S.A.	Advance on current account	PLN	30 000	0	1M WIBOR + margin	30.06.2011
PKO BP SA	Advance on current account	PLN	40 000	0	3M WIBOR + margin	19.08.2012
PKO BP SA	Working capital facility	PLN	40 000	0	3M WIBOR + margin	19.08.2012
TOTAL			210 000	69 916		

9.2. Credit agreements of subsidiaries

Echo Investment S.A.'s liabilities on account of credits taken as at the end of 2010 are presented in the table below:

Company raising the loan	Bank name	Type of obligation	Credit currency	Credit amount according to contract	Credit used as at 31.12.2010* [thousands PLN]	Interest rate type %	Final repayment date
Athina Park - Projekt Echo 93 Sp. z o.o. S.K.A.***	EUROHYPO AG	Long-term credit	EUR		7 340	1M EURIBOR	2014-09-30
Malta Office Park Sp. z o.o.	Westdeutsche ImmobilienBank AG	Long-term credit	EUR	31 785	16 761	1M/3M EURIBOR	2014-08-20
Echo-Park Postępu Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	50 000	49 885	3M EURIBOR	2019-11-17
Wan 11 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	32 100**	26 525	1M EURIBOR	2016-01-29
Echo - Galeria Kielce Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	100 000	19 442	3M EURIBOR	2020-02-22
PPR Projekt - Echo 77 Sp. z o.o. S.K.A.	Pekao S.A.	Long-term credit	EUR	36 300	22 981	1M EURIBOR	2014-02-15
Echo - Centrum Przemysł Projekt Echo-93 Sp. z o.o. S.K.A.	ING Bank Śląski SA	Long-term credit	EUR	4 230	383	1M EURIBOR	2012-06-30
Echo - Galaxy Szczecin Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	100 000	90 380	1M/3M EURIBOR	2022-09-30
Echo-Oxygen Sp. z o.o.	Nordea Bank Polska SA	Long-term credit	EUR	17 000	0	1M/3M EURIBOR	2017-03-27

Projekt Echo 62 Sp. z o.o.	EUROHYPO AG	Long-term credit	EUR	115 500	111 611	1M/3M EURIBOR	2022-09-30
Echo - Kasztanowa Aleja Sp. o.o. Spółka komandytowa	Pekao S.A	Long-term credit	PLN	35 798	0	1M WIBOR	2013-07-31

*Credit used given in nominal value

** 100% of debt arising from credit agreement, Echo Group holds 50% of the project,

*** Part of credit amounting to 3 979 thousand EUR and 6 833 thousand USD was paid off on September 09, 2010

Amendments to credit agreements in 2010:

- Credit agreement signed on June 28, 2000 between Bank Polska Kasa Opieki SA and Echo – Bełchatów Sp. z o.o. (at the day of signing the agreement Echo Investment - Centrum Handlowe Bełchatów Sp. z o.o.). The final repayment date is on April 30, 2010.
- Credit agreement signed on May 30, 2000 between Eurohypo AG and Echo - Galeria Tarnów Sp. z o.o. (at the day of signing the agreement Echo Investment - Centrum Handlowe Tarnów Sp. z o.o.). The final repayment date is on July 15, 2010.
- Credit agreement signed on February 09, 2000 between Bank Polska Kasa Opieki SA and Echo - Galeria Sudecka Sp. z o.o. (at a day of signing the agreement Echo Investment - Centrum Handlowe Jelenia Góra Sp. z o.o.). The final repayment date is on August 31, 2010.

9.3. Loan agreements

Echo Investments Capital Group did not take out any loans in 2010.

9.4. Debt instruments contracts

Apart from own funds, loans and credit facilities, current operations of the Capital Group are also financed through issuance of debt instruments. The dominant company is currently implementing active programmes of issuance of long-term and short-term financial instruments (bonds).

Pursuant to contracts made in respect of the Bonds Issuance Programme with BRE Bank in 2004, Echo Investment S.A. has certain liabilities under issued debenture bonds. Maximum total par value of all bonds thus issued by Echo Investment SA as at December 31, 2010 shall not exceed PLN 700 million. Under the Sale Guarantee Agreement and Guarantee Rate Agreement signed in respect of the Bonds Issuance Program with BRE Bank S.A., the bank is obliged to purchase bonds issued by the Company, which are not taken up by other investors, up to the amount of PLN 35 million.

The balance of these liabilities as at the end of 2010 is show in the table below:

Bank name	Type of instrument	Amount utilised [thousands PLN]	Bonds redemption date	Interest conditions
BRE Bank S.A.	Bonds	150 000	25.05.2011	WIBOR 6 M + margin
BRE Bank S.A.	Bonds	100 000	25.05.2013	WIBOR 6 M + margin
BRE Bank S.A.	Bonds	300 000	30.06.2014	WIBOR 6 M + margin
BRE Bank S.A.	Bonds	115 000	18.05.2012	WIBOR 6 M + margin
BRE Bank S.A.	Bonds*	35 000	02.03.2011	WIBOR 3 M + margin

*from guaranteed PLN 35 million.

On January 27, 2011 in accordance with provisions of an annex to the agreement made in respect of the Bonds Issuance Programme with BRE Bank in 2004 between Echo Investment S.A. and BRE Bank S.A., the maximum total nominal value of all bonds issued by Echo Investment SA was increased to the amount of PLN 1 billion.

Under the agreement made in respect of the Bonds Issuance Programme with BRE Bank S.A., with its registered seat in Warsaw, on February 11, 2011 Echo Investment S.A. issued coupon bonds with a total nominal value PLN 145 million. The issue price of one bond is PLN 100 thousand. The bonds were issued for 5 years, which means that bonds redemption date is on February 11, 2016. The bonds interest was determined on the basis of a variable WIBOR 6M rate, plus investors' profit margin. The interest shall be paid in six-month intervals. The bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured.

On March 31, 2011 under the agreement made in respect of the Bonds Issuance Programme with BRE Bank S.A. with its registered seat in Warsaw, Echo Investment S.A. issued bonds with a total value of PLN 150 million. The issue price of one bond is PLN 100 thousand. The bonds were issued for 2 years, which means that bonds redemption date is on March 29, 2013. The bonds interest was determined on the basis of a variable WIBOR 6M rate, plus investors' profit margin. The interest shall be paid in six-month intervals. The bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured.

10. LOANS GRANTED IN 2010

Echo Investment S.A.'s receivables on account of loans granted as at the end of 2010 are presented in the table below:

Person/Organisation	Outstanding loan amount [thousands PLN]	Final repayment day
Projekt Echo – 59 Sp. z o.o.	800	30.06.2011
Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością S.K.	200	31.12.2011
Individuals	30	-

11. SURETIES GRANTED AND OBTAINED IN 2010

11.1. Surety agreements

I. Sureties granted as at December 31, 2010 are presented in the table below:

Surety in favour of	Value [in thousands]	Expiry date	On account of
EUROHYPO AG	396,030 PLN	Valid until obtaining a legally binding occupancy permit of the expanded shopping and entertainment centre Galeria Echo in Kielce.	Surety for the obligations of a subsidiary Echo – Galeria Kielce Sp. z o.o related to the credit agreement signed on October 6, 2009 with Bank Eurohypo AG with its registered seat in Eschborn (Germany)
NORDEA BANK POLSKA SA	57,820 PLN	Valid until obtaining a final occupancy permit of an office building, but no later than on December 31, 2013	Surety for the obligations of a subsidiary Echo-Oxygen Sp. z o.o. related to the credit agreement signed on September 27, 2010 with Bank Nordea Bank Polska SA

II. Changes in sureties granted by Echo Investment S.A. in 2010:

On April 30, 2010 in relation to the repayment of credit granted by Bank PeKaO SA to the subsidiary which is the owner of the commercial building in Belchatow, a surety of PLN 740 thousand for the aforementioned transaction expired.

In 2010 a legally binding entry of a registered pledge was made in the pledge register. As a result, a surety of PLN 100 million for the obligations of a subsidiary Echo-Galeria Kielce Sp. z o.o. expired. The surety was granted in relation to the Credit Agreement signed on October 6, 2009 with Bank Eurohypo AG.

On July 4, 2010 a surety of USD 1,361 thousand expired. The surety was granted for the damages obligations of a subsidiary Projekt Echo 49 Sp. z o.o.

Under the credit agreement signed on September 27, 2010, a surety of PLN 57,820 thousand was granted in favour of Nordea Bank Polska SA for the obligations of Echo – Oxygen Sp. z o.o. The surety shall be valid until the Day of Investment Completion specified in this credit agreement, however, no later than December 31, 2013.

III. Value of guarantees received, valid as at December 31, 2010:

- Guarantees received on the basis of lease contracts: PLN 26.93 million, EUR 2.15 million and USD 33.95 thousand,
- Guarantees received on the basis of project development contracts: PLN 25.49 million.

11.2. Guarantee agreements

I. Guarantee agreements as at December 31, 2010 are presented in the table below:

Guarantor	Value [in thousands]	Expiry date	On account of
Echo Investment SA	7,300 PLN	Until the repayment of obligations related to a credit agreement signed on June 22, 2009	Security of payment in the event of overspending during the implementation of stage II of Malta Office Park
PKO BP SA	1,100 PLN	Until 31.12.2011	Security of payment of amounts awarded in favour of Master Serwis Opon Sp. z o.o.
Echo Investment SA	17,768 PLN	Until the Investment completion but no later than December 31, 2013	Security of payment in the event of insufficient funds or overspending during the implementation of office building Oxygen in Szczecin

II. Changes in guarantee agreements granted by Echo Investment S.A. in 2010:

On February 15, 2010 Bank PKO BP SA granted a guarantee of PLN 200 thousand in favour of Nova Technologie Obiektowe R. Niemyjski & P. Aninowski Sp. J. as a security of payment in relation the agreement signed on September 15, 2009. The aforementioned agreement concerns the delivery and instalment of carpets in the office building Malta Office Park. The guarantee is valid until 30.06.2010.

On September 30, 2010 a bank guarantee of EUR 38 thousand expired. The guarantee was granted by Bank PKO BP SA in favour of J&P Sp. z o.o. as a security for not fulfilling liabilities due to the lease contract of business premises, signed on September 24, 2009.

On September 27, 2010 Echo Investment SA granted a guarantee of PLN 17,768 thousand in favour of Nordea Bank Polska SA as a security in the event of insufficient funds or overspending during the implementation of an office building Oxygen in Szczecin. The guarantee shall be valid until the Day of Investment Completion specified in this credit agreement, but no later than December 31, 2013.

III. The value of guarantees received, valid as at December 31, 2010:

- Guarantees received on the basis of lease contracts: PLN 4.33 million, EUR 10.62 million,
- Guarantees received on the basis of project development contracts: PLN 54.40 million, USD 71.36 thousand and EUR 17.64 thousand.

12. IN CASE OF ISSUE OF SECURITIES DURING THE REPORTING PERIOD – DESCRIPTION OF THE USE OF REVENUES FROM THE ISSUE BY ECHO INVESTMENT S.A.

The dominant company - Echo Investment S.A. did not issue any securities (shares) in 2010.

Description of the use of revenues from the issue of bonds is presented in Chapter 9.4. of the Annual Report.

13. CLARIFICATION OF DIFFERENCES BETWEEN FINANCIAL RESULTS DISCLOSED IN THE ANNUAL REPORT AND PREVIOUSLY PUBLISHED FORECASTS FOR 2010

Neither Echo Investment S.A. Capital Group nor the dominant company - Echo Investment S.A. published any forecasts of financial results for the year 2010.

14. EVALUATION OF FINANCIAL RESOURCES MANAGEMENT AT ECHO INVESTMENT CAPITAL GROUP, WITH SPECIAL CONSIDERATION OF DEBT REPAYMENT CAPACITY AND DESCRIPTION OF POSSIBLE THREATS AND ACTIONS THE ISSUER HAS TAKEN OR INTENDS TO TAKE IN ORDER TO COUNTERACT THEM.

Management of financial resources of Echo Investment Capital Group in 2010 in relation to the acquisition of new land for investment and the investment process (erection of commercial facilities and apartments) was mainly focused on obtaining sources of financing for realised projects, maintaining safe liquidity ratios and assumed financial structure. This year the Group also started obtaining targeted funding for apartments, which has substantially added to the Group's financial standing.

According to the Management Board, the property and financial condition of the Company, as at the end of December 2010 indicates the Capital Group's stable financial standing.

YIELD RATIOS

1. **Operating profit margin ratio** (operating profit/net sales income) – the ratio was lower than in a corresponding period last year. This was related to a decrease in operating profit (as a result of negative impact of currency exchange gains/losses in 2010, as compared to 2009, fair value valuation and property sales profit had a higher negative value in 2010 than in 2009); if currency exchange gains/losses are eliminated, the ratio is even higher in 2010 than in 2009.
2. **Net balance profit margin ratio** (net profit/net sales income) – the increase of this ratio results from net result growth; (First of all, an effective tax rate had a more positive impact in 2010 than in 2009).
3. **Return on assets ROA** (net profit/assets total) – the increase of this ratio results from net result growth, caused by a positive effective tax rate. This increase indicates that the increase rate of net profit is higher than the Capital Group assets increase rate.
4. **Return on equity ROE** (net profit /equity) – the increase of this ratio results from more rapid net result growth as compared to equity growth. This indicates that the Capital Group is constantly and steadily increasing its corporate value and equity profitability.

Values of ratios are presented in the table below.

Yield ratios	2010	2009
Operating profit margin ratio	39.6%	45.5%
Net balance profit margin ratio	34.6%	24.0%
Return on assets ROA	3.3%	2.4%
Return on equity ROE	7.9%	6.0%

CYCLE RATIOS

Before analysing the changes in these ratios, a few characteristic features should be mentioned, which are independent of the period the ratios apply to. The rotation of key items of assets and liabilities is associated with the unique qualities of performed operations. They are related to a relatively long cycle of execution of specific investment projects and the value and volume increase of the 'portfolio' of executed investments. Due to the fact that the Capital Group inventories include acquired ownership rights and perpetual usufruct of land, together with all building expenses and costs pertaining to executed developer projects designated for sale, the cycle of execution will be long as compared to other businesses, e.g. the producers of FMCG.

1. **Inventories cycle in days** (average balance of inventories *360 / net sales revenues) – the increase of the ratio as compared to the previous year was due to inventories value growth, accompanied by a fall in sales income. The increase indicates further commencement of new apartment projects. The commencement increases the inventories value until the commission of the project and the implementation period naturally corresponds with inventories rotation rate, making it longer. The indicator

value will become lower on the commission day and on the day of signing of the final agreements and recording the profits in the Company books. This is the effect of specific operations performed by the Company.

2. **Current receivables cycles in days** (balance of current receivables* 360 / net sales income) - the decrease of this ratio is related to a more rapid rate of receivables decline versus rate of net sales income decline, as compared to a corresponding period last year. The ratio decline shows that the Capital Group does not experience any problems with receivables collection and it grants its recipients with shorter-term credits (commercial credits).
3. **Current trade liabilities cycle in days** (balance of current trade liabilities *360 / net sales income) – the increase of this ratio is caused by current liabilities growth accompanied by lower sales income, as compared to a corresponding period last year. The increase proves that the Company expands and increases executed investments, and that the Company is knowledgeable as far as commercial credits are concerned. The use of foreign capital funding and maintaining secure liquidity levels indicate effective management through financial leverage, which in turn improves the Company profitability.

Values of cycle ratios are presented in the table below.

Cycle ratios	2010	2009
Inventories cycle in days	401	351
Current receivables cycle in days	83	111
Current trade liabilities cycle in days	87	55

LIQUIDITY RATIOS

1. **Current ratio (current assets / current liabilities)** – the increase of this ratio results from a slower liabilities growth in relation to current assets growth, as compared to a corresponding period last year. The increase of the ratio is still at the borderline (from 1.2 to 2.0), which proves that the Group does not experience any liquidity problems and that it manages effectively its disposable financial resources. This way the company avoids keeping disposable financial resources at an unnecessarily high level.
2. **Quick ratio ((current assets – inventories) / current liabilities)** – the increase of this ratio results from a slower rate of liabilities growth in relation to current assets growth, inventories excluded. The ratio is in ideal brackets, i.e. from 0.6 to 1.0, which proves that the Group manages effectively its disposable financial resources.
3. **Cash ratio (cash / current liabilities)** – the increase of this ratio results from a slower rate of liabilities growth in relation to cash growth. Its high level indicates that the Company does not experience any liquidity problems, neither in the long, nor in the short run.

Values of liquidity ratios are presented in the table below.

Liquidity ratios	2010	2009
Current ratio	1.87	1.48
Quick ratio	0.94	0.62
Cash ratio	0.74	0.35

DEBT RATIOS:

1. **Equity to assets ratio** (equity / assets total) – the ratio was at a level similar to the previous year (41.8% in 2010 and 40.6% in 2009). This was due to a similar rate of equity growth in relation to the rate of assets growth in general.

2. **Equity to fixed assets ratio** (equity / fixed assets) – a slight increase of the ratio is associated with a more rapid equity growth in relation to a slight decline in fixed assets. A slight change of the ratio indicates that the sale of Athina Park and Avatar was ‘complemented’ by other assets intended for lease, and that the Capital Group aims to expand the portfolio in order to secure constant lease income.

Similar levels of those ratios indicate an increase in the Capital Group assets, which results from the Group’s operations, not from the increase in the property value due to changes in the EUR/PLN exchange rate. (In spite of the decline in the exchange rate and property sales, fixed assets remained at practically the same level.).

3. **Overall debt ratio** (liabilities total / assets total) – practically the same level of the ratio results from a similar growth of total liabilities and total assets.
4. **Debt to equity ratio** (liabilities total / equity) – a slight decline in this ratio results from a slower liabilities growth in relation to equity growth. This indicates that the Group has used the financial leverage effectively.

Values of debt ratios are presented in the table below.

Debt ratios	2010	2009
Equity to assets ratio	41.8%	40.6%
Equity to fixed assets ratio	53.0%	48.8%
Overall debt ratio	52.6%	52.3%
Debt to equity ratio	126.0%	128.9%

Practically identical debt ratios of the Company in 2010 and 2009 indicate its stable financial condition. When compared to ideal liquidity ratios, debt ratios prove that the Capital Group does not experience any financial problems and that it effectively manages its finances using financial leverage.

15. EVALUATION OF THE POSSIBILITY OF REALISATION OF INVESTMENT PLANS, INCLUDING CAPITAL INVESTMENTS, AS COMPARED TO THE VOLUME OF AVAILABLE RESOURCES, ACCOUNTING FOR POSSIBLE CHANGES IN THE STRUCTURE OF FINANCING OF THE THESE OPERATIONS

Within the Capital Group, Echo Investment S.A. and its subsidiaries are fully capable of financing the currently executed investment projects. While executing projects in all areas of activity, Echo Investment S.A. Capital Group intends to finance these projects using funds from equity capitals, bank loans, issue of debt securities.)

In 2010 the group of projects financed by project credit was expanded by big housing projects. These, as assumed in the Company policy, are financed through subsidiaries established for that particular purpose.

Acquisition of plots of land for future projects is financed by the Group’s own funds or by non-earmarked credits (credit facilities in bank accounts, working capital credits, bonds) obtained by the Company.

16. ASSESSMENT OF FACTORS AND UNUSUAL EVENTS AFFECTING THE FINANCIAL RESULTS IN 2010, INCLUDING THE EXTENT TO WHICH THE FACTORS OR UNUSUAL EVENTS HAVE AFFECTED THE EARNED RESULTS.

1. The following factors had a major impact on the bottom line of 2010:
- posting the incomes earned under final agreements of sale of the housing projects in Warsaw (Bemowo residential area at Inflancka and Zwycięzców Street, Poznań Naramowice Rynek), plots of land with house designs (Bilcza near Kielce),
 - steady income from letting of space in offices and shopping centres,
 - accounting and property management services,

- quarterly revaluation of Echo Investment Capital Group's real estates, accounting for such changes as those arising out of EUR/USD foreign exchange gains/losses, net sales value, fair value appraisal and changes in yield rates arising out of expert appraisals,
- sales costs and overheads amounting to PLN 62.4 million,
- sale of Athina Park and Avatar projects,
- appraisal of bonds and credit obligations at an adjusted purchase price,
- appraisal and adjustment of credit and cash in foreign currencies,
- appraisal and adjustment of hedge instruments in foreign currencies,
- revaluation of inventories,
- interest on deposits and loans granted,
- discounts and interest on credit, bonds and loans.

2. There were no unusual events affecting the financial results of the Company in 2010.

As a security against foreign exchange risks on the currency futures market, Echo Capital Group opened a position in derivatives hedging the EUR/PLN exchange rate. The transactions are executed on the basis of contracts signed with banks and are 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.

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

- 2011: EUR 99.5 million,
- 2012: EUR 53.0 million.

Balance sheet valuation of open items on derivatives as at December 31, 2010 is as follows:

- forwards PLN -1.1 million,
- options PLN -8.9 million.

These transactions were executed at the average forward/strike rate of 3.9832 EUR/PLN.

Maturity dates of hedging open items (as at December 31, 2010):

Financial instrument	Currency	Type	Balance sheet value as at 31.12.2010 (million PLN)	Nominal (million EUR)	1st half of 2011 Nominal (million EUR)	2 nd half of 2011 Nominal (million EUR)	1 st half of 2012 Nominal (million EUR)
Forwards	EUR/PLN		-1.1	136.5	71.1	12.4	53.0
Options	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

17. DESCRIPTION OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF ECHO INVESTMENT CAPITAL GROUP. DESCRIPTION OF DEVELOPMENT PERSPECTIVES FOR THE CAPITAL GROUP'S ECONOMIC ACTIVITY, INCLUDING ELEMENTS OF MARKET STRATEGY.

17.1. Description of external and internal factors significant for the development of Echo Investment Group

Key **external** factors affecting the development of the Capital Group include:

Positive factors:

- Constantly increasing investment activity of Polish and foreign business entities and resulting demand for services provided by Capital Group companies,

- lower proportion of office and shop floor per 1000 inhabitants in Poland, Romania, Hungary and Ukraine than in Western Europe,
- shortage of residential areas,
- constant economic growth in Poland,
- good condition of the Polish financial sector,
- Government campaigns supporting the economic growth, such as a programme 'A Family in its own Place'.

Negative factors:

- unclear legal status of numerous real properties, which is due to such issues as reprivatization or lack of precise spatial development plans in many towns and communities,
- time-consuming court and administrative proceedings related to legal status regulation and acquisition of rights to real property,
- market entry of large international investment & developer companies,
- legislation causing major difficulties in construction of large-size establishments; protests by local merchants' organizations, limiting the potential for investing in construction of malls,
- decreasing rate of economic growth, deteriorated economic situation in Poland and in other countries where Echo Group operates,
- variability of foreign exchange rates (EUR and USD),
- variability of interest rates,
- increase of VAT rates,
- uncertainty about key assumptions of the fiscal and monetary policies in Poland and countries where the Group performs its operations.

Key **internal** factors significant for the development of Echo Investment S.A. Capital Group include:

Positive factors:

- clear and precise development strategy,
- stable structure of shareholders of the dominant company - Echo Investment S.A., with clear and consistent owners' policy towards the company,
- well-defined product group,
- recognized position of the capital group in the developer market and high reliability, acknowledged by Echo Investment S.A.'s presence in the Stock Exchange and obtained Developer's Certificate,
- active partnership cooperation with largest banks in terms of financing current activities and specific projects,
- good cooperation with stable and recognized partners,
- organizational structure accounting for the existence of profit centres, which are responsible for the specific segments of activity of Echo Investment S.A. Capital Group,
- regulated legal status (no court actions threatening Echo Capital Group).
- numerous plots of land designed for future investment.

Negative factors:

- unique quality of the operations, involving high level of dependency on complicated and time-consuming legal procedure,
- high demand for current assets, particularly related to the high number of executed projects.

17.2. Development perspectives for economic activities of echo Investment S.A. and the capital Group at least until the end of 2010, including elements of market strategy.

In 2010 Echo Capital group was much more active than last year. 4 office projects were executed: subsequent stages of Park Postępu in Warsaw and the 2nd stage of Malta Office Park in Poznan, Avatar in Cracow, and Oxygen in Szczecin. 6 housing projects were commenced: Osiedle Południowe in Dyminy near Kielce, Dom Pod Słowikiem in Cracow, Kasztanowa Aleja and Pod Klonami in Poznan, Przy Słowiańskim Wzgórzu in Wrocław and Rezydencje Leśne in Warsaw. The 3rd stage of the implementation of an office project was commenced in Malta in Poznan.

Additionally, the implementation of an apartment building Klimt House was continued in Warsaw, as well as the expansion of a shopping and entertainment centre Galeria Echo in Kielce.

The Company not only intends to continue the commenced projects, but also, having observed reinvigoration in the market, it envisages more investments.

In 2011 the Group intends to commission 1 office project, 1 shopping and entertainment centre and 6 housing projects, with a letting space of 52 thousand sq m., and a selling space of 119 thousand sq m, and to commence 5 office projects, 1 hotel, 5 shopping centres and 9 housing projects, with a letting space of 200 thousand sq m. and a selling space of 59 thousand sq m.

In 2010 the Company was monitoring the market in order to acquire new plots of land for investment, which culminated in the expansion of the 'land bank' by land acquired in 2010 and at the beginning of 2011, respectively. The Company intends to search actively for good locations for investment projects.

18. CHANGES IN THE BASIC PRINCIPLES OF MANAGING THE ISSUER'S ENTERPRISE AND ITS CAPITAL GROUP

No significant changes in the basic rules of management of the Issuer's enterprise and its Capital Group took place during the year 2010.

19. AGREEMENTS MADE BETWEEN THE ISSUER AND MEMBERS OF MANAGING BODIES, STIPULATING COMPENSATION IN CASE OF THEIR RESIGNATION OR DISMISSAL FROM THEIR POSITIONS WITHOUT AN IMPORTANT REASON, OR IF THEIR REMOVAL OR DISMISSAL RESULTS FROM THE ISSUER'S MERGER THROUGH TAKEOVER

As at December 31, 2009 and in 2010, no agreements existed between the issuer and members of managing bodies that would stipulate compensation.

20. VALUE OF REMUNERATION, REWARDS AND BENEFITS, INCLUDING ONES RESULTING FROM MOTIVATION OR BONUS PROGRAMMES BASED ON BONDS WITH PREEMPTIVE RIGHTS, CONVERTIBLE BONDS, SUBSCRIPTION WARRANTS, PAID, DUE OR POTENTIALLY DUE, SEPARATELY FOR EACH MEMBER OF THE ISSUER'S MANAGING AND SUPERVISORY BODIES, AS WELL AS VALUES OF REMUNERATION AND REWARDS RECEIVED FOR PERFORMANCE OF FUNCTIONS IN THE BODIES OF SUBSIDIARIES.

20.1. Remuneration paid to members of managing bodies

Managers of Echo Investment S.A. received the following remuneration at Echo Investment S.A. and for exercising their functions in the bodies of wholly and partially owned subsidiaries and associated companies in 2009, respectively:

- Mr Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 818 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.
- Mr Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 774 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.

Other persons involved in management of wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) received a total compensation of PLN 285 thousand for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies.

20.2. Remuneration paid to members of supervisory bodies

Supervisors of Echo Investment SA received the following compensation from Echo Investment S.A. on account of their supervisory functions for the Company during 2010:

- Mr Wojciech Ciesielski received compensation from Echo Investment S.A. in the total amount of PLN 84 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.
- Mr Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 60 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.
- Mr Mariusz Waniółka received compensation from Echo Investment S.A. in the total amount of PLN 45 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.

- Mr Robert Oskard received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.
- Mr Karol Żbikowski received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.
- Mr Tomasz Kalwat received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.

Other persons involved in supervision over the wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) did not receive compensation for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies.

21. TOTAL NUMBER AND NOMINAL VALUE OF ALL SHARES OF THE ISSUER AND SHARES IN THE ISSUER'S CAPITAL GROUP COMPANIES HELD BY MANAGING AND SUPERVISING PERSONS

21.1. Shares of Echo Investment S.A. held by supervising persons

Shares of Echo Investment S.A. held by supervising persons as at December 31, 2010 are illustrated in the table below:

Supervising person	Balance as at 31.12.2010 [pes.]	Par value of one share	Total par value	Percentage of share capital
Wojciech Ciesielski – Chairman of the Supervisory Board	1,200,000	0.05	PLN 60,000	0.29%
Andrzej Majcher - Deputy Chairman of the Supervisory Board	98,800	PLN 0.05	PLN 4,940	0.02%
Mariusz Waniotka – Member of the Supervisory Board	did not hold any shares	PLN 0.05	–	–
Robert Oskard – Member of the Supervisory Board	did not hold any shares	PLN 0.05	–	–
Karol Żbikowski – Member of the Supervisory Board	did not hold any shares	PLN 0.05	–	–
Tomasz Kalwat – Member of the Supervisory Board	did not hold any shares	PLN 0.05	–	–

21.2. Shares of Echo Investment S.A held by managing persons

Shares of Echo Investment S.A. held by managing persons as at December 31, 2010 are illustrated in the table below:

Managing person	Balance as at 31.12.2010 [pes.]	Par value of one share	Total par value	Percentage of share capital
Piotr Gromniak – President of the Management Board	did not hold any shares	PLN 0.05	–	–
Artur Langner – Vice-President of the Management Board	did not hold any shares	PLN 0.05	-	-

22. AGREEMENTS KNOWN TO THE ISSUER (INCLUDING THOSE MADE AFTER A BALANCE SHEET DATE) WHICH IN THE FUTURE MAY RESULT IN CHANGES OF THE STRUCTURE OF SHARES HELD BY PRESENT SHAREHOLDERS.

The Company has no knowledge of agreements which in the future may result in changes of the structure of shares held by present shareholders.

23. INFORMATION ABOUT A SYSTEM OF CONTROL OF MATCHING SHARES PROGRAMMES

No matching share programme is functioning in the company.

24. CONTRACTS WITH CERTIFIED AUDITOR OF FINANCIAL STATEMENTS FOR AUDIT OR REVIEW OF THE FINANCIAL STATEMENTS OR CONSOLIDATED FINANCIAL STATEMENTS

On August 5, 2008, the Issuer's Supervisory Board, acting pursuant to paragraph 13 clause 1 letter b of the Company Articles, and paragraph 2 clause 1) chapter IV of the Regulations of the Supervisory Board of the Company, in accordance with valid laws and professional standards, selected a company certified to audit financial statements.

The company authorised to audit the Company's financial statements is PricewaterhouseCoopers Sp. z o.o. of Warsaw, ul. Armii Ludowej 14, registered on the list of certified auditors of financial statements maintained by the National Board of Chartered Accountants with registration number 144 (Chartered Accountant), who has signed a contract for audit and review of the financial statements of Echo Investment in 2008 and 2009.

The fee paid or payable to the certified auditor of financial statements of the Issuer and Echo Investment Capital Group for the financial year is:

- payable for audit of separate and consolidated annual statements for 2010: PLN 120,000; fee paid for audit of the same statements for 2009: PLN 115,000.
- for other certification services, including the fee payable for review of separate and consolidated financial statements for 2010: PLN 105,000, and fee paid for review of separate and consolidated financial statements for 2009: PLN 95,000.
- for tax consulting services, including PLN 0 paid in 2010, and PLN 0 in 2009.
- for other services, including PLN 140,000 paid or payable for 2010, and PLN 150,000 in 2009.

25. DESCRIPTION OF THE MAIN FEATURES OF INTERNAL CONTROLLING AND RISK MANAGEMENT SYSTEMS APPLIED AT THE ISSUER'S ENTERPRISE WITH RESPECT TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS.

I. Description of the main features of internal controlling and risk management systems applied at the Issuer's enterprise.

The Management Board of the Company is responsible for the internal controlling system at the Company and efficient operation of that system in the process of preparing periodical financial statements and reports, which are developed and published in accordance with the Regulation of the Minister of Finance as of February 19, 2009, on current and periodical information published by issuers of securities and on conditions of considering such information equally important by legal regulations of a non-member state (Journal of Laws of 2009 no. 33 item 259).

The following are classified as important aspects of the internal controlling and risk management systems applied by the Company, which guarantee proper efficiency of the financial reporting process:

- determined structures, ranges of competence and assignment of tasks during preparation of financial statements,
- competence, knowledge and experience of persons participating in the process of internal controlling,
- supervision of the system by the Company's management and regular evaluation of the Company's activity,
- verification of the Company's financial statements by an independent chartered accountant.

The features of the internal controlling permeate and overlap each other in the following areas:

- operational activity,
- financial activity,
- reporting process (including the preparation of financial statements),
- analysis of projects expenses, business expenses and overheads,
- risk management.

This not only guarantees the efficiency of the internal controlling system, but also enhances the management of the whole Group.

In order to optimise the process and make it more effective, the Company implemented an automatised process of internal controlling, which includes:

- decision limits (the acceptance of expenditure, overheads, payments, contractor's choice, bookkeeping of expenditure),
- supervision of limits concerning the employees who are independent of persons holding the limits, configuration of accounts (no possibility of manual booking in automatic accounts, transparency and ease of transferring information to be reported),
- automatic payments (generating a payment plan from the bookkeeping system into electronic banking systems),
- edc system (electronic document circulation) facilitating the process of circulation of expenditure invoices, expenditure acceptance and initial decrement.

II. Detailed description of the internal controlling system and risk management in the Issuer's company, with respect to the preparation of financial statements and consolidated financial statements.

The internal controlling system and risk management with regard to the preparation of financial statements and consolidated financial statements can be mainly characterised by:

- clear organisational structure,
- qualified employees,
- direct management supervision,
- verification of financial statements by an independent chartered accountant.

The persons responsible for preparing financial statements, periodical financial reports and daily management reports of the Company belong to a highly qualified team of the Financial Division, headed by the Financial Director, the Managing Director, and the Management Board of the Company. The Company's financial statements are prepared by a team of Financial Division employees, supported by persons in charge of reporting and reports control issues. The entire process is supervised by medium level management of the Financial Division.

During the financial year economic events are registered by the Registration Department in the Accounting Department. Their work is internally audited by the employees of the Reporting Department in the Accounting Department, all of whom hold the Minister of Finance certificates of professional bookkeeping (the so-called independent accountants). When all the predetermined book closing processes are completed, financial reports are developed.

Valuations recorded in the reports are prepared and submitted by the Budgeting and Forecasting Department to the Reporting Department. Employees of the Budgeting and Forecasting Department have knowledge of financial accounting (part of them are also independent accountants), management accounting and financial analysis. They also control the correct bookkeeping of the aforementioned valuations.

The whole process of completing the financial statements is supervised by the managers of the Accounting Department and Budget and Analysis Department. The Insurance and Payment Department is responsible for balance reconciliation with the banks. Internal controlling is an extensive process which involves employees of specific departments. This and the fact that it is supervised by the managers of the Financial Division allows for immediate correction of errors in the Company's books, in compliance with the accounting policy adopted by the Company.

The complete financial statements are reviewed by the Company's Financial Director before a submission to an independent auditor. In compliance with current legal regulations, the Company submits its financial reports for a review or analysis to a renowned and highly-qualified independent chartered accountant. The employees of the Departments involved in the financial statement preparation willingly provide any necessary explanations to the independent auditor.

III. Description of other systems of internal controlling and risk management in the Company with respect to the significance of financial and accounting system

Internal controlling is a basic and significant part of the controlling process in the Company, which in turn is based on a budget system. The Company updates its mid-term plan every year. A detailed operating budget and financial budget is also created every year, including in particular:

- a budget for construction projects,
- a budget for operation & maintenance projects,
- a budget related to overheads.

The Company uses the budgets to update financial statement forecasts and cash flow forecasts, which are indispensable in risk management process. This process is based on formal principles existing within the Company and closely supervised by the Financial Director. The process involves the Management Board and middle and senior management of the Company, responsible for specific budgets. The Financial Division is responsible for the preparation and presentation, and the Property Management team is responsible for operation and maintenance costs. The same team is in turn responsible for internal controlling of expenditure and reporting on the budget implementation. Project Analysis and Controlling Team is responsible for a budget for construction projects, EST-ON financial analysts are responsible for a budget for operation & maintenance projects and the Budgeting and Forecasting Department is responsible for a budget related to overheads. The latter are also responsible for the forecasts of financial statements and cash flow. Next year budget is prepared every year and submitted for the approval of the Management Board of the Company.

The financial and accounting system of the Company is the source of data for the whole reporting system of the Company, i.e.:

- for the process of financial statement preparation,
- for periodical reports,
- for the management reporting system.

The whole reporting system applies the principles of financial and management accounting based on the accounting policy adopted by the Company (International Financial Reporting Standards). As a result, management reporting remains closely related to financial statements and accounts for the format and details of data presented in financial statements. The process of financial statements preparation has been described above, whereas periodical and management reporting derives from the process described above. As soon as the books are closed, reports on budget implementation and forecasts are prepared. The Company analyses in detail the financial results in comparison to the budget assumptions and forecasts made in a month prior to the analysed reporting period.

The key element of this process is monitoring any deviations from the plan and explaining their reasons. The monitoring and discovering the reasons enables to optimise the Company activity and to minimise the potential risks. During the first stages, reports on monthly implementation are analysed in detail by the middle and senior management of particular units of the Accounting Department and Budget and Analysis Department. Due to a specific character of the industry, analyses are conducted on many levels, i.e. not only particular expenditure groups are analysed, but also separate investment projects, segments and results. During the year, the Management Board of the Company analyses the current financial results and compares them with the budgets.

IV. Risk management in the Company.

Effective internal controlling and reporting system, together with the reporting process, is a basic stage of risk identification and changes management. A correct evaluation of potential risks and control of current investments are crucial in minimising the Company's exposure to the risks. With this end in view, the Project Analysis and Controlling Department, the Financial Director of the Company and the Management Board of the Company apply and strictly follow investment models and decision-making procedures. Furthermore, all proposals and possible amendments to investment project budgets are transferred to the models of results forecast and cash flow forecast in order to look at the problem from a global perspective and eliminate risks not only related to the projects, but also to liquidity, exchange rates, etc. Such global risk management and monitoring, as well as internal controlling of all areas crucial to the Company eliminates considerably the majority of risks to which the Capital Group is exposed.

Signatures of the Management Board of Echo Investment SA

Piotr Gromniak

A stylized, handwritten signature in black ink, consisting of a large, flowing 'G' followed by a horizontal line.

President of the Management Board

Artur Langner

A handwritten signature in black ink, appearing to read 'Langner' with a stylized 'A'.

Vice-President of the Management Board

Kielce, May 2, 2011

IV. MANAGEMENT BOARD STATEMENT

We, the Management Board of Echo Investment S.A., hereby state that to the best of our knowledge, the annual consolidated financial statements for the year 2010, including the comparative figures, have been prepared in compliance with the International Financial Reporting Standards and that they are a true, fair and transparent presentation of the financial and economic standing of Echo Investment S.A. Capital Group and its profit/loss. The report concerning the activities of Echo Investment S.A. Capital group contains a true presentation of the development and achievements as well as the standing of the Group, including a description of fundamental risks and hazards.

We, the Management Board of Echo Investment S.A., hereby state that an entity authorised to audit financial statements, reviewing the annual consolidated financial statement for the year 2010 was selected in a lawful manner. This entity and the chartered accountants performing the review satisfied the conditions required to issue an impartial and autonomous opinion on the audited consolidated annual financial statement, as required by applicable regulations and professional standards.

Signatures of the Management Board of Echo Investment SA

Piotr Gromniak



President of the Management Board

Artur Langner



Vice-President of the Management Board

Kielce, May 2, 2011

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