



Quarterly Report for Q1 2011

Interim condensed consolidated financial statements
as at, and for the three-month period ending on, March 31st, 2011

TABLE OF CONTENTS:

| | | |
|-------|---|----|
| 1. | Selected consolidated financial data | 3 |
| 2. | Consolidated interim statement of financial position | 4 |
| 2. | Consolidated interim statement of financial position (continued) | 5 |
| 3. | Consolidated interim profit and loss account | 6 |
| 4. | Consolidated interim statement of comprehensive income..... | 6 |
| 5. | Consolidated interim statement of changes in equity | 7 |
| 6. | Consolidated interim statement of cash flow | 8 |
| 6. | Consolidated interim statement of cash flow (continued) | 9 |
| 7. | Notes to the condensed consolidated statements | 9 |
| 7.1. | Basic information..... | 9 |
| 7.2. | Accounting principles adopted in drawing up the quarterly report..... | 10 |
| 7.3. | Effects of adopted changes to accounting principles (restatement of financial statements for previous periods) with description | 10 |
| 7.4. | Description of significant achievements and failures of the Capital Group and indication of major events in Q1 2011..... | 10 |
| 7.5. | Factors and events, especially unusual events, which had a significant impact on achieved financial results | 19 |
| 7.6. | Information on Capital Group segments | 20 |
| 7.7. | Explanations concerning the seasonal and cyclical nature of the Capital Group's activity in the reported period..... | 20 |
| 7.8. | Information about the issue, redemption and repayment of debt securities and equity securities | 20 |
| 7.9. | Information on paid (or declared) dividend..... | 21 |
| 7.10. | Events which occurred after the day of drawing up these quarterly financial statements which were not recognised in the statements and which may have a significant impact on future financial results of the Capital Group | 21 |
| 7.11. | Information regarding changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year | 21 |
| 7.12. | Composition of the Echo Investment Capital Group..... | 22 |
| 7.13. | Effects of changes in the structure of the business unit, including business mergers, acquisitions or disposals of the Capital Group's entities, long-term investments, de-mergers, restructuring and discontinuation of activity | 25 |
| 7.14. | The management board's position regarding the possibility of fulfilling previously published profit forecasts for a given year in light of the results disclosed in the quarterly report against the forecasted results | 27 |
| 7.15. | Ownership structure of significant blocks of shares of Echo Investment S.A. | 28 |
| 7.16. | List of changes in the ownership of Echo Investment S.A. shares or rights thereto (options) by persons involved in the management and supervision of the Company, in accordance with information available to Echo Investment S.A., in the period after the presentation of the previous quarterly report..... | 28 |
| 7.17. | Information on court proceedings..... | 29 |
| 7.18. | Information on transactions with related entities under other than market conditions..... | 29 |
| 7.19. | Information on collaterals granted on a loan or borrowing and guarantees with a value equivalent to at least 10% of the Company's equity..... | 29 |
| 7.20. | Other information which, in the opinion of the Management Board of Echo Investment S.A., is vital to assess its condition in terms of HR matters, assets, finance, financial result or changes thereto as well as information which is vital for the assessment of the Echo Investment Capital Group's capability of fulfilling its obligations. | 29 |
| 7.21. | Factors which, in the opinion of the Company's Management Board, will have an impact on results obtained by the Capital Group in the perspective of at least the coming quarter | 30 |
| 8. | Condensed separate financial statements as at, and for the three-month period ending on, March 31st, 2011 | 31 |

1. Selected consolidated financial data

| | PLN '000 | | EUR '000 | |
|--|--|--|--|--|
| | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
| I. Operating revenue | 86,045 | 114,132 | 21,651 | 28,771 |
| II. Profit before tax and excluding financial revenue /costs | 127,129 | (62,601) | 31,989 | (15,781) |
| III. Gross profit (loss) | 69,383 | 35,717 | 17,458 | 9,004 |
| IV. Net profit (loss) | 55,243 | 29,765 | 13,900 | 7,503 |
| V. Net cash flow from operating activities | 25,329 | 82,694 | 6,373 | 20,846 |
| VI. Net investment cash flow | (217,395) | (84,967) | (54,702) | (21,419) |
| VII. Net cash flow from financial activities | 267,029 | 141,376 | 67,191 | 35,639 |
| VIII. Total net cash flow | 74,963 | 139,103 | 18,862 | 35,066 |
| IX. Total assets | 4,882,325 | 4,260,906 | 1,216,961 | 1,103,233 |
| X. Equity attributable to shareholders of the parent | 1,941,054 | 1,757,548 | 483,824 | 455,064 |
| XI. Non-current liabilities | 2,260,283 | 1,838,832 | 563,395 | 476,110 |
| XII. Current liabilities | 413,705 | 381,672 | 103,119 | 98,822 |
| XIII. Number of shares | 420,000,000 | 420,000,000 | 420,000,000 | 420,000,000 |
| XIV. Earnings (loss) per ordinary share (in PLN/EUR) | 0.41 | 0.19 | 0.10 | 0.05 |
| XV. Diluted earnings (loss) per ordinary share (in PLN/EUR) | 0.41 | 0.19 | 0.10 | 0.05 |
| XVI. Book value per share (in PLN/EUR) | 4.62 | 4.18 | 1.15 | 1.08 |
| XVII. Diluted book value per share (in PLN/EUR) | 4.62 | 4.18 | 1.15 | 1.08 |

2. Consolidated interim statement of financial position

| PLN '000 | as at 2011-03-31 | as at 2010-12-31 | as at 2010-03-31 |
|---|---------------------|---------------------|---------------------|
| Assets | | | |
| 1. Non-current assets | | | |
| 1.1. Intangible assets | 1,484 | 1,227 | 1,012 |
| 1.2. Tangible fixed assets | 24,692 | 25,952 | 26,532 |
| 1.3. Long-term receivables | 41 | 39 | 39 |
| 1.4. Investment property | 2,922,080 | 2,808,083 | 2,702,263 |
| 1.5. Investment property under construction | 791,301 | 689,039 | 717,152 |
| 1.6. Financial investments | 23 | 4 | 337 |
| 1.7. Borrowings granted | 7 | 21 | 13 |
| 1.8. Financial derivatives | - | - | 3,956 |
| 1.9. Deferred income tax assets | 18,844 | 15,404 | 21,888 |
| | 3,758,472 | 3,538,769 | 3,473,192 |
| 2. Current assets | | | |
| 2.1. Inventory | 489,859 | 474,593 | 402,284 |
| 2.2. Income tax receivables | 2,947 | 1,839 | 3,524 |
| 2.3. Other tax receivables | 42,880 | 42,111 | 26,909 |
| 2.4. Trade and other receivables | 65,531 | 52,491 | 46,167 |
| 2.5. Borrowings granted | 58,066 | 1,039 | 75 |
| 2.6. Financial derivatives | 83 | 828 | 6,453 |
| 2.7. Cash and cash equivalents | 464,487 | 379,289 | 302,302 |
| | 1,123,853 | 952,190 | 787,714 |
| Total Assets | 4,882,325 | 4,490,959 | 4,260,906 |

2. Consolidated interim statement of financial position (continued)

| PLN '000 | as at 2011-03-31 | as at 2010-12-31 | as at 2010-03-31 |
|--|---------------------|---------------------|---------------------|
| Equity and Liabilities | | | |
| 1. Equity | | | |
| 1.1. Equity attributable to shareholders of the parent | 1,941,054 | 1,875,575 | 1,757,548 |
| 1.1.1. Share capital | 21,000 | 21,000 | 21,000 |
| 1.1.2. Supplementary capital | 1,709,726 | 1,709,726 | 1,597,501 |
| 1.1.3. Accumulated profit (loss) | 202,981 | 147,738 | 141,990 |
| 1.1.4. Foreign exchange differences on translation of subordinates | 7,347 | (2,889) | (2,943) |
| 1.2. Non-controlling interest | (60) | (59) | (8) |
| | 1,940,994 | 1,875,516 | 1,757,540 |
| 2. Provisions | | | |
| 2.1. Provisions for liabilities | 11,691 | 11,565 | 13,250 |
| 2.2. Deferred income tax provision | 255,652 | 239,870 | 269,612 |
| | 267,343 | 251,435 | 282,862 |
| 3. Non-current liabilities | | | |
| 3.1. Loans and borrowings | 2,155,409 | 1,746,175 | 1,746,168 |
| 3.2. Financial derivatives | 8,019 | 10,310 | 6,158 |
| 3.3. Security deposits received | 41,818 | 40,439 | 46,599 |
| 3.4. Leasing | 55,037 | 56,756 | 39,907 |
| | 2,260,283 | 1,853,680 | 1,838,832 |
| 4. Current liabilities | | | |
| 4.1. Loans and borrowings | 235,673 | 325,200 | 193,157 |
| 4.2. Financial derivatives | 6,938 | 8,586 | 85,379 |
| 4.3. Income tax liabilities | 1,099 | 2,839 | 2,239 |
| 4.4. Other tax liabilities | 14,642 | 37,964 | 13,973 |
| 4.5. Trade and other liabilities | 110,364 | 102,550 | 37,738 |
| 4.6. Other liabilities | 9,622 | 11,908 | 13,745 |
| 4.7. Advance payments received | 35,367 | 21,281 | 35,441 |
| | 413,705 | 510,328 | 381,672 |
| Total Equity and Liabilities | 4,882,325 | 4,490,959 | 4,260,906 |
| Book value (PLN '000) | 1,941,054 | 1,875,575 | 1,757,548 |
| Number of shares | 420,000,000 | 420,000,000 | 420,000,000 |
| Book value per share (in PLN) | 4.62 | 4.47 | 4.18 |
| Diluted number of shares | 420,000,000 | 420,000,000 | 420,000,000 |
| Diluted book value per share (in PLN) | 4.62 | 4.47 | 4.18 |

| OFF-BALANCE SHEET ITEMS PLN '000 | as at 2011-03-31 | as at 2011-03-31 | as at 2010-03-31 |
|-------------------------------------|---------------------|---------------------|---------------------|
| 1. Off-balance sheet receivables | - | - | - |
| 2. Off-balance sheet liabilities | 600 | 600 | 4,051 |

3. Consolidated interim profit and loss account

| PLN '000 | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
|---|--|--|
| Operating revenue | 86,045 | 114,132 |
| Operating costs | (23,758) | (52,209) |
| Gross profit (loss) from sales | 62,287 | 61,923 |
| Profit (loss) from sale of property | - | - |
| Revaluation of property | 77,460 | (115,556) |
| Cost of sales | (5,489) | (4,470) |
| General and administrative expenses | (9,511) | (8,609) |
| Other operating revenue (expenses) | 2,382 | 4,111 |
| Profit before tax and excluding financial revenue /costs | 127,129 | (62,601) |
| Financial revenue | 9,866 | 100,054 |
| Financial costs | (51,386) | (75,210) |
| Foreign exchange profit (loss) | (16,221) | 73,526 |
| Revaluation of subsidiaries' equity | (5) | (52) |
| Gross profit (loss) | 69,383 | 35,717 |
| Income tax | (14,141) | (5,952) |
| Net profit (loss) | 55,242 | 29,765 |
| Profit (loss) attributable to non-controlling interest | (1) | - |
| Net profit (loss) attributable to shareholders of the parent | 55,243 | 29,765 |
| Net profit (loss) annualised | 173,216 | 80,684 |
| Average-weighted number of ordinary shares | 420,000,000 | 420,000,000 |
| Annualised earnings (loss) per ordinary share (in PLN) | 0.41 | 0.19 |
| Average-weighted diluted number of ordinary shares | 420,000,000 | 420,000,000 |
| Diluted earnings (loss) per ordinary share (in PLN) | 0.41 | 0.19 |

4. Consolidated interim statement of comprehensive income

| PLN '000 | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
|---|--|--|
| Net profit | 55,242 | 29,765 |
| Other comprehensive income: | | |
| - foreign exchange differences on translation of foreign operations | 10,236 | (10,610) |
| Other net comprehensive income | 10,236 | (10,610) |
| Comprehensive income for the period, including: | 65,478 | 19,155 |
| Comprehensive income attributable to shareholders of the parent | 65,479 | 19,155 |
| Comprehensive income attributable to non-controlling interest | (1) | - |

5. Consolidated interim statement of changes in equity

| PLN '000 | Share capital | Supplementary capital | Accumulated profit (loss) | Foreign exchange differences on translation | Equity attributable to shareholders of the parent | Minority interest | Total equity |
|--|---------------|-----------------------|---------------------------|---|---|-------------------|------------------|
| For Q1 (current year), period from 2011-01-01 to 2011-03-31 | | | | | | | |
| Opening balance after agreement of comparative data | 21,000 | 1,709,726 | 147,738 | (2,889) | 1,875,575 | (59) | 1,875,516 |
| Allocation of result from previous years | - | - | - | - | - | - | - |
| Change in minority interest | - | - | - | - | - | - | - |
| Other net comprehensive income | - | - | - | 10,236 | 10,236 | - | 10,236 |
| Net profit (loss) for the period | - | - | 55,243 | - | 55,243 | (1) | 55,242 |
| Closing balance | 21,000 | 1,709,726 | 202,981 | 7,347 | 1,941,054 | (60) | 1,940,994 |
| For 4 quarters (current year), period from 2010-01-01 to 2010-12-31 | | | | | | | |
| Opening balance after agreement of comparative data | 21,000 | 1,597,501 | 112,225 | 2,960 | 1,733,686 | (8) | 1,733,678 |
| Allocation of result from previous years | - | 112,225 | (122,225) | - | - | - | - |
| Change in minority interest | - | - | - | - | - | 43 | 43 |
| Other net comprehensive income | - | - | - | (5,849) | (5,849) | - | (5,849) |
| Net profit (loss) for the period | - | - | 147,738 | - | 147,738 | (94) | 147,644 |
| Closing balance | 21,000 | 1,709,726 | 147,738 | (2,889) | 1,875,575 | (59) | 1,875,516 |
| For Q1 (previous year), period from 2010-01-01 to 2010-03-31 | | | | | | | |
| Opening balance after agreement of comparative data | 21,000 | 1,597,501 | 112,225 | 2,960 | 1,733,686 | (8) | 1,733,678 |
| Allocation of result from previous years | - | - | - | - | - | - | - |
| Change in minority interest | - | - | - | - | - | - | - |
| Other net comprehensive income | - | - | - | (5,903) | (5,903) | - | (5,903) |
| Net profit (loss) for the period | - | - | 29,765 | - | 29,765 | - | 29,765 |
| Closing balance | 21,000 | 1,597,501 | 141,990 | (2,943) | 1,757,548 | (8) | 1,757,540 |

6. Consolidated interim statement of cash flow

| Statement of cash flow [PLN '000] | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
|---|--|--|
| A. Operating cash flow - indirect method | | |
| I. Net profit (loss) | 55,242 | 29,765 |
| II. Total adjustments | | |
| 1. Share in net profits (losses) of affiliated entities | - | - |
| 2. Depreciation of fixed assets | 1,169 | 897 |
| 3. Foreign exchange profit (loss) | 16,221 | (73,526) |
| 4. Interest and profit sharing (dividends) | 33,555 | 30,308 |
| 5. Current income tax | 14,141 | 5,952 |
| 6. Income tax paid | (4,647) | (5,358) |
| 7. Profit (loss) on investment activities | (72,705) | 59,665 |
| 8. Change in provisions | 125 | (3,400) |
| 9. Change in inventory | (14,714) | 18,684 |
| 10. Change in receivables | (13,810) | 53,350 |
| 11. Change in current liabilities, excluding loans and borrowings | 10,752 | (33,643) |
| | (29,913) | 52,929 |
| III. Net cash flow from operating activities (I+/-II) | 25,329 | 82,694 |
| B. Cash flow from investment activities | | |
| I. Proceeds | | |
| 1. Disposal of intangible and tangible fixed assets | 202 | 427 |
| 2. Disposal of investments in property and intangible assets | - | - |
| 3. From financial assets | 2,569 | 1,554 |
| 4. Other investment proceeds | - | - |
| | 2,771 | 1,981 |
| II. Expenses | | |
| 1. Purchase of intangible and tangible fixed assets | (1,369) | (9,203) |
| 2. Investment in property and intangible assets | (153,564) | (47,948) |
| 3. On financial assets | (65,233) | (29,797) |
| 4. Dividends and other share of profit paid to minority | - | - |
| 5. Other investment expenses | - | - |
| | (220,166) | (86,948) |
| III. Net cash flow from investment activities (I-II) | (217,395) | (84,967) |
| C. Cash flow from financial activities | | |
| I. Proceeds | | |
| 1. Net proceeds from issue of shares and other capital instruments and equity contributions | - | - |
| 2. Loans and borrowings | 121,541 | 217,970 |
| 3. Issue of debt securities | 295,000 | - |
| 4. Other financial proceeds | - | - |
| | 416,541 | 217,970 |

6. Consolidated interim statement of cash flow (continued)

| Statement of cash flow (continued) [PLN '000] | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
|---|--|--|
| II. Expenses | | |
| 1. Acquisition of own shares | - | - |
| 2. Dividends paid and other payments to equity holders | - | - |
| 3. Profit share expenses, other than payments to equity holders | - | - |
| 4. Repayment of loans and borrowings | (24,460) | (53,396) |
| 5. Redemption of debt securities | (98,500) | - |
| 6. On other financial liabilities | - | - |
| 7. Payment of financial lease liabilities | (32) | (2) |
| 8. Interest | (26,520) | (23,196) |
| 9. Other financial expenses | - | - |
| | (149,512) | (76,594) |
| III. Net cash flow from financial activities (I+II) | 267,029 | 141,376 |
| D. Total net cash flow (A.III+/-B.III+/-C.III) | 74,963 | 139,103 |
| E. Balance sheet change in cash, including: | 85,198 | 133,201 |
| - change in cash due to foreign exchange | 10,235 | (5,902) |
| F. Cash at the beginning of the period | 379,289 | 169,101 |
| G. Cash at the end of the period (F+/- D), including: | 464,487 | 302,302 |
| - of restricted availability | 42,570 | 11,035 |

7. Notes to the condensed consolidated statements**7.1. Basic information**

The Echo Investment Capital Group (the Capital Group) has been operating on the real estate market since 1996. The Parent Company of the Capital Group is Echo Investment S.A. (the Issuer, the Company), a company listed on Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) since 1996. The total number of shares issued by Echo Investment S.A. is 420,000,000 ordinary bearer shares.

Warsaw Stock Exchange since March 1996.

Echo Investment S.A. manages the whole investment process of a given project, starting from the purchase of property, through obtaining administrative permits, financing, and implementation supervision to putting the facility into service. It performs the activities on its own behalf or, more often, by providing services to a special-purposes subsidiary. Implementation of construction projects by subsidiaries significantly facilitates the management of conducted processes and ensures transparency of Group structure. Those entities are mainly responsible for lease of commercial property (shopping and entertainment centres, offices), project implementation and sales of flats as well as provision of property management services. The Company also provides general investment contractor services to foreign investors.

Basic activities of the Capital Group cover four segments:

- construction and lease of area in shopping and shopping-entertainment centres,
- construction and lease of area in office facilities,
- construction and sale of flats,
- construction and sale of hotels,

The Capital Group conducts business activity in Poland, Hungary, Romania and Ukraine.

As at March 31st, 2011 and March 31st, 2010, the Capital Group employed 317 and 307 people respectively.

The statements cover the three-month period ending on March 31st, 2011 and comparative data for the three-month period ending on March 31st, 2010 and comparative data for the twelve-month period ending on March 31st, 2010 (in the case of the balance sheet and statement of changes in equity). The statements have been drawn up in Polish zloty and in accordance with International Financial Reporting Standards approved by the European Commission.

7.2. Accounting principles adopted in drawing up the quarterly report

The consolidated statements for the Echo Investment Capital Group cover consolidated financial data for the three-month period ending on March 31st, 2011 and comparative data for the three-month period ending on March 31st, 2010 and comparative data for the twelve-month period ending on March 31st, 2010 (in the case of the balance sheet and statement of changes in equity). Unless indicated otherwise, all financial data in the Group's consolidated financial statements have been presented in thousands of PLN.

Reporting currency for the Group's financial statements is the Polish zloty ("PLN") - which is the reporting and functional currency of the Parent Company. The Group comprises entities which use a different functional currency than PLN. Reporting data for those companies, presented in these statements, was converted into PLN in accordance with IAS 21. Balance sheet items were converted according to balance sheet day exchange rates while result account items were converted according to average exchange rates for the period. F/X differences resulting from the conversion have been recognised under a separate equity item.

The statements have been drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards approved by the European Commission. Principles regarding valuation of assets and liabilities and measurement of financial result have been reported as at the balance sheet day. The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property valued at fair value and financial instruments valued in accordance with IAS 39. The statements have been drawn up with the assumption of continued business activity in the foreseeable future as there are no circumstances indicating a threat to further activity.

The Company's Management Board used their best judgment in the selection of the applicable standards, as well as measurement methods and principles for the different items of the condensed consolidated financial statements.

For the purpose of drawing up the statements, the Group applied the same accounting standards as those approved and described in the annual consolidated financial statements for 2010. New interpretations issued by the IMSF Commission applicable to the Group for the reporting period beginning on January 1st, 2011 did not have any significant impact on these financial statements.

7.3. Effects of adopted changes to accounting principles (restatement of financial statements for previous periods) with description

The Capital Group did not change accounting principles in Q1 2011. The detailed accounting policy was presented in the Annual Report for 2010.

7.4. Description of significant achievements and failures of the Capital Group and indication of major events in Q1 2011

7.4.1. Major events in Q1 2011

Entering into agreements regarding the transfer of shares in the share capital of subsidiaries

The following share transfer agreements were signed on January 3rd, 2011:

- On January 3rd, 2011, pursuant to a share transfer agreement, Echo - SPV 7 Sp. z o.o. with its registered office in Kielce (the Conveyor) transferred 7,651,001 shares of Echo - Galaxy Szczecin Sp. z o.o. with its registered office in Szczecin (Subsidiary I) with a total face value of PLN 382,550,050 to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus) (the Purchaser). As at the day of signing the agreement, the contract value of EUR 121,848,495, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 482,788,106.89. The book value of the shares, as recognised in the Conveyor's accounting books, is PLN 382,550,058.
Ownership structure of Subsidiary I:
 - Barconsel Holdings Limited holds 7,651,001 shares of a total face value of PLN 382,550,050, which constitutes 99.9869% of share capital and guarantees 7,651,001 votes on the general meeting,
 - the Company holds 979 shares of a total face value of PLN 48,950, which constitutes 0.0128% of share capital and guarantees 979 votes on the general meeting,
 - Grupa Echo Sp. z o.o. holds 20 shares of a total face value of PLN 1,000, which constitutes 0.0003% of share capital and guarantees 20 votes on the general meeting.
- On January 3rd, 2011, pursuant to a share transfer agreement, the Conveyor transferred to the Purchaser 7,731,000 shares of Projekt Echo - 62 Sp. z o.o. with its registered office in Kielce (Subsidiary II) with a total face value of PLN 386,550,000. As at the day of signing the agreement, the contract value of EUR 93,899,505, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 372,048,618.71. The book value of the shares, as recognised in the Conveyor's accounting books, is PLN 386,550,000.
Ownership structure of Subsidiary II:
 - Barconsel Holdings Limited holds 7,731,000 shares of a total face value of PLN 386,550,000, which constitutes 99.9871% of share capital and guarantees 7,731,000 votes on the general meeting,
 - the Company holds 980 shares of a total face value of PLN 49,000, which constitutes 0.0127% of share capital and guarantees 980 votes on the general meeting,
 - Grupa Echo Sp. z o.o. holds 20 shares of a total face value of PLN 1,000, which constitutes 0.0003% of share capital and guarantees 20 votes on the general meeting.

Before the afore-mentioned agreements had been signed, the transferred assets were used in construction and financial activities. The Purchaser intends to continue those activities. Barconsel Holdings Limited intends to treat the purchased shares in Subsidiary I and Subsidiary II as a short-term capital deposit.

The shares constitute a contribution in kind to cover 12,000 newly-issued share capital shares of Barconsel Holdings Limited with a face value of EUR 1 each. As at the day of signing the agreements, the purchase price of the newly-issued shares of EUR 215,748,000, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 854,836,725.60. The newly-issued shares constitute 52.1739% of the share capital after the registration of the Purchaser's share capital increase and guarantee 12,000 votes on the general meeting. The newly-issued shares will be covered by Echo - SPV 7 Sp. z o.o.

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

- Echo Investment S.A. holds 5,827 shares of a face value of EUR 5,827, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 23,087.74. This constitutes 25.33% of share capital and guarantees 5,827 votes on the general meeting;

- the subsidiary Echo - SPV 12 Sp. z o.o. holds 3,806 shares of a face value of EUR 3,806, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 15,080.13. This constitutes 16.55% of share capital and guarantees 3.806 votes on the general meeting;
- the subsidiary Echo - SPV 7 Sp. z o.o. (formerly: Echo - Centrum Biznesu Łódź Sp. z o.o.) holds 13,080 shares of a face value of EUR 13,080, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 15,825.58. This constitutes 56.87% of share capital and guarantees 13.080 votes on the general meeting;
- the subsidiary Echo - Kielce 1 Sp. z o.o. holds 287 shares of a face value of EUR 287, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 1,137.15. This constitutes 1.25% of share capital and guarantees 287 votes on the general meeting.

FORUM FIZ investment certificates covered

On January 24th, 2011, the Issuer's subsidiary, Barconsel Holdings Limited with its registered office in Nicosia (Barconsel, the Purchaser) subscribed for investment certificates issued by the FORUM XXXIV Closed-end Investment Fund with its registered office in Cracow (Issuer FIZ I) and the FORUM XXIX Closed-end Investment Fund with its registered office in Cracow (Issuer FIZ II).

Within this subscription, Barconsel covered 26,079 B-series investment certificates of the FORUM XXXIV Closed-end Investment Fund (FIZ I). The total issue price of the certificates was PLN 651,975,000. Barconsel paid for the afore-said certificates by making a contribution in kind to FIZ in the form of shares in the share capital of the following subsidiaries:

- 3,825,012 shares in the share capital of Echo - Galaxy Szczecin Sp. z o.o. with its registered office in Szczecin (Company I), with a face value of PLN 50 each and total face value of PLN 191,250,600, which constitutes 49.99% of the share capital of Company I. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 60,916,467.74 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 236,142,687.19.
- 3,825,012 shares in the share capital of Projekt Echo - 62 Sp. z o.o. with its registered office in Kielce (Company II), with a face value of PLN 50 each and total face value of PLN 193,250,600, which constitutes 49.99% of the share capital of Company II. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 46,943,825.33 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 181,977,738.89.
- 200,495 shares in the share capital of Projekt Echo - 58 Sp. z o.o. with its registered office in Kielce (Company III), with a face value of PLN 50 each and total face value of PLN 10,024,750, which constitutes 49.99% of the share capital of Company III. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 2,527,854.50 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 9,799,227.97.
- 624 shares in the share capital of Ultra Marina Sp. z o.o. with its registered office in Kielce (Company IV), with a face value of PLN 1,000 each and total face value of PLN 624,000, which constitutes 49.92% of the share capital of Company IV. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 23,047 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 89,341.70.
- 13,691 shares in the share capital of Echo - Galeria Kielce Sp. z o.o. with its registered office in Kielce (Company V), with a face value of PLN 500 each and total face value of PLN 6,845,500, which constitutes 49.98% of the share capital of Company V. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 9,215,904 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 35,725,451.86.
- 999,990 shares in the share capital of Projekt Echo - 47 Sp. z o.o. with its registered office in Kielce (Company VI), with a face value of PLN 50 each and total face value of PLN 49,999,500, which constitutes 99.99% of the share capital of Company VI. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 12,349,343 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 47,872,228.14.
- 950,466 shares in the share capital of Projekt Echo - 53 Sp. z o.o. with its registered office in Kielce (Company VII), with a face value of PLN 50 each and total face value of PLN 47,523,300, which constitutes 47.98% of the share capital of Company VII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 12,537,775 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 48,602,684.79.
- 326,400 shares in the share capital of Projekt Echo - 55 Sp. z o.o. with its registered office in Kielce (Company VIII), with a face value of PLN 50 each and total face value of PLN 16,320,000, which constitutes 99.99% of the share capital of Company VIII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 4,111,136 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 15,936,818.70.
- 796,760 shares in the share capital of Echo - Metropolis Sp. z o.o. with its registered office in Kielce (Company IX), with a face value of PLN 50 each and total face value of PLN 39,838,000, which constitutes 39.64% of the share capital of Company IX. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 10,013,283 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 38,816,491.55.
- 13,560 shares in the share capital of Echo - Veneda Sp. z o.o. with its registered office in Kielce (Company X), with a face value of PLN 500 each and total face value of PLN 6,780,000, which constitutes 99.98% of the share capital of Company X. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 1,605,933 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 6,225,399.27.
- 14,998 shares in the share capital of Malta Office Park Sp. z o.o. with its registered office in Kielce (Company XI), with a face value of PLN 500 each and total face value of PLN 7,499,000, which constitutes 99.98% of the share capital of Company XI. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 117,548 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 455,674.82.

Within the subscription for investment certificates issued by the Issuer FIZ II, Barconsel covered 11,502 D-series investment certificates of the FORUM XXIX Closed-end Investment Fund (FIZ II). The total issue price of the certificates was PLN 480,783,600. Barconsel paid for the afore-said certificates by making a contribution in kind to FIZ in the form of shares in the share capital of the following subsidiaries:

- 3,825,989 shares in the share capital of Echo - Galaxy Szczecin Sp. z o.o. with its registered office in Szczecin (Company XII), with a face value of PLN 50 each and total face value of PLN 191,299,450, which constitutes 49.99% of the share capital of Company XII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 60,932,027.26 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 236,203,003.67.

- 3,825,988 shares in the share capital of Projekt Echo - 62 Sp. z o.o. with its registered office in Kielce (Company XIII), with a face value of PLN 50 each and total face value of PLN 191,299,400, which constitutes 49.48% of the share capital of Company XIII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 46,469,845.99 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 180,140,357.98.

- 200,495 shares in the share capital of Projekt Echo - 58 Sp. z o.o. with its registered office in Kielce (Company XIV), with a face value of PLN 50 each and total face value of PLN 10,024,750, which constitutes 49.99% of the share capital of Company XIV. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 2,527,854.50 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 9,799,227.97.

- 624 shares in the share capital of Ultra Marina Sp. z o.o. with its registered office in Kielce (Company XV), with a face value of PLN 1,000 each and total face value of PLN 624,000, which constitutes 49.92% of the share capital of Company XV. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 23,047 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 89,341.70.

- 13,691 shares in the share capital of Echo – Galeria Kielce Sp. z o.o. with its registered office in Kielce (Company XVI), with a face value of PLN 500 each and total face value of PLN 6,845,500, which constitutes 49.98% of the share capital of Company XVI. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 9,215,904 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 35,725,451.86.

- 990 shares in the share capital of SPV – 1 Sp. z o.o. with its registered office in Kielce (Company XVII), with a face value of PLN 50 each and total face value of PLN 49,500, which constitutes 99.00% of the share capital of Company XVII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 50,896 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 197,298.34.

The purchased certificates of FIZ I and FIZ II shall be treated a long-term capital deposit. The transfer of those assets form part of restructuring in the Echo Investment Capital Group, which will optimise the management of project portfolio in the Echo Investment Capital Group in terms of costs and taxes as well as allow for acquisition and implementation of new projects. It was the intention of the Company's Management Board that the closed-end investment fund would be an attractive form of acquiring new external investors interested in financing existing and new projects.

Annexes to Bond Issue Programme Agreements

On January 31st, 2011, Echo Investment S.A. and BRE Bank S.A. with its registered office in Warsaw (BRE Bank) signed circulation annexes to agreements regarding the Bond Issue Programme (Bonds) of April 15th, 2004, which the Issuer announced in Current Report no. 19/2004 of April 16th, 2004 (Agreements). Annexes to those Agreements stipulate multiple bond issue performed by the Issuer in the form of tranche issue order. Pursuant to the Annexes, the maximum total face value of all issuable bonds was increased by PLN 300 million, up to PLN 1 billion.

Pursuant to the Annexes to Agreements, BRE Banks shall manage and perform complex services relating to the issue of Company's bonds on the non-public market. The bonds shall not be hedged and shall be issued as bearer-type securities. The interest rate on the bonds may be fixed or variable. The bonds shall not guarantee any benefits in kind. Issue terms and conditions shall be established before the issue is performed, within the time scope of the Bond Issue Programme Agreement.

Obtaining cash from the bond issue shall supplement currently held credit limits and shall allow the Company to finance planned investments and the development of current areas of activity on the Polish real estate market.

Bond issue within the Bond Issue Programme

The Bond Issue Programme (Current Report no. 7/2011 of February 1st, 2011) entered into with BRE Bank S.A. with its registered office in Warsaw stipulated that, on February 11th, 2011, the Company would issue coupon bonds of a total value of PLN 145 million.

The face value and the issue price of one bond is PLN 100 thousand. The bonds were issued for a 5-year period, i.e. the bond redemption day is February 11th, 2016. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day the bonds shall be redeemed based on their face value. Issued bonds are not hedged.

In the opinion of the Management Board of Echo Investment S.A., during the validity period of issued bonds, the general liabilities of Echo Investment S.A. will be maintained on a safe level, whereas debt servicing capability ratios will ensure that the Company is capable to provide for liabilities following from the issued bonds.

The bonds do not guarantee any benefits in kind from the Issuer.

Cash obtained through the issue of bonds shall be used to repay debt due to bonds of PLN 150 million with redemption date in May 2011.

The Bond Issue Programme (Current Report no. 7/2011 of February 1st, 2011) entered into with BRE Bank S.A. with its registered office in Warsaw stipulated that, on March 31st, 2011, the Company would issue coupon bonds of a total value of PLN 150 million.

The face value and the issue price of one bond is PLN 100 thousand. The bonds were issued for a 2-year period. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day the bonds shall be redeemed based on their face value. Issued bonds are not hedged. In the opinion of the Management Board of Echo Investment S.A., during the validity period of issued bonds, the general liabilities of Echo Investment S.A. will be maintained on a safe level, whereas debt servicing capability ratios will ensure that the Company is capable of providing for liabilities following from the issued bonds.

The bonds do not guarantee any benefits in kind from the Issuer.

Cash obtained through the issue of bonds shall be used to continue the development strategy of the Issuer and the Echo Investment S.A. Capital Group.

Purchase of property

On March 22nd, 2011:

- a subsidiary of the Issuer, "AVATAR-PROJEKT ECHO-93 Spółka z ograniczoną odpowiedzialnością" Spółka Komandytowo-Akcyjna with its registered office in Kielce (Subsidiary 1, Purchaser 1) and ORBIS Spółka Akcyjna with its registered office in Warsaw (the Conveyor) entered into a property sales agreement (Agreement 1),

- a subsidiary of the Issuer, "ECHO-GALAXY SZCZECIN" Spółka z ograniczoną odpowiedzialnością with its registered office in Szczecin (Subsidiary 2, Purchaser 2) and ORBIS Spółka Akcyjna with its registered office in Warsaw (the Conveyor) entered into a property sales agreement (Agreement 2),

and

- a subsidiary of the Issuer, "ECHO-GALAXY SZCZECIN" Spółka z ograniczoną odpowiedzialnością with its registered office in Szczecin (Subsidiary 2, Purchaser 2) and ORBIS Spółka Akcyjna with its registered office in Warsaw (the Conveyer) entered into a contingent property sales agreement (Agreement 3),

The subject of Agreement 1 was the purchase by Subsidiary 1 of the right of the perpetual usufruct of a developed land property located in Aleja Marszałka Ferdinanda Focha 1 in Kraków together with the ownership of the building which constitutes a separate ownership unit (Property 1).

The subject of Agreement 2 was the purchase by Subsidiary 2 of the right of the perpetual usufruct of a developed land property located in Jana Matejki Street 18 in Szczecin together with the ownership of the building which constitutes a separate ownership unit (Property 2).

The subject of Agreement 3 was the purchase by Subsidiary 2 of the right of the perpetual usufruct of an undeveloped land property located in Jana Matejki Street in Szczecin (Property 3). The agreement which transfers the right to perpetual usufruct will be entered into on condition that the Mayor of the City of Szczecin does not use his right of preemption under art. 109.1.2 of the Property Management Act of August 21st, 1997.

The total property purchase price pursuant to the aforementioned signed agreements is PLN 59.5 million net.

The payment of purchase prices for both properties shall be made in two installments: first installment - 80% of the purchase price was paid on the day of signing the agreements, i.e. March 22nd, 2011, the other installment - 20% of the purchase price shall be paid on the day of releasing the properties, i.e. on July 15th, 2011.

The purchase of assets shall be financed from the equity of Issuer's subsidiaries.

Before the aforementioned agreements had been signed the purchased assets were used for hotel activity. As agreed with city authorities, Property1 will be used to construct mixed-function facilities. Property2 and Property3 will be used to extend Centrum Galaxy, owned by the Issuer, the new part will be used for recreational, restaurant, service and exhibition purposes.

The agreements stipulate a ban on *[source unclear]* on purchased property for a period of 10 years, secured with a contractual penalty of PLN 5 million to the benefit of the Conveyer. Due to contractual penalties, there is no possibility of claiming compensation over the established amount of penalties.

The agreements stipulate that properties which will not be used for hotel activity are to be released on July 15th, 2011.

Amendment to the preliminary contingent property sales agreement and the investment agreement entered into with Orbis S.A.

On March 23rd, 2011 (further to Current Report no. 15/2011 of March 14th, 2011), the Issuer and "ECHO-KIELCE 1" Spółka z ograniczoną odpowiedzialnością with its registered office in Kielce (the Issuer's subsidiary) and ORBIS Spółka Akcyjna with its registered office in Warsaw entered into an agreement on amending the provisions of the Contingent Preliminary Sales Agreement entered into on September 4th, 2008 (Current Report no. 44/2008 of September 5th, 2008). Consequently, the date of signing the Final Agreement was set as not later than May 15th, 2011.

Furthermore, on March 23rd, 2011, Echo Investment S.A. (the Issuer) and ORBIS Spółka Akcyjna with its registered office in Warsaw signed an annex to the contingent general investment implementation agreement of September 4th, 2008 (Current Report no. 44/2008 of September 5th, 2008) which established a new investment implementation schedule with the investment completion day set for March 24th, 2013.

7.4.2. Information on the Capital Group's projects

In Q1 2011, Echo Investment S.A. and members of the Capital Group implemented projects launched in previous years and were involved in new investments.

In order to minimise the risk of unfavourable changes on the real estate market, the Company, being responsible for the whole project implementation process, has taken into account a possibility that planned investments may be implemented in stages and that the pace of implementation may be adjusted to market expectations and local market prices. The Management Board attentively follows developments on the real estate market and makes individual decisions regarding the implementation of particular projects based on the assessment of current market conditions. All project implementation deadlines are flexible and sensibly adjusted to the actual situation.

POLISH MARKET

THE SHOPPING AND SHOPPING-ENTERTAINMENT CENTRES SEGMENT

The stability of the shopping area market results from large demand, adaptability to particular customers' requirements and considerable diversity of industries.

Lessees of commercial area are both national and international shopping chains as well as local companies. Key lessees of shopping centres are: Carrefour, C&A, Douglas, Empik, Helios, H&M, Multikino, Nomi, Real, Rossmann, RTV Euro AGD, Tesco, Saturn, ZARA and other chain brands.

The property portfolio of the Capital Group comprises 11 shopping and shopping-entertainment centres; the following table shows centres owned as at March 31st, 2011:

| Project location and name | Leasable area [sq.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 |
| Warsaw – Alma | 1,500 |
| Total shopping centres | 105,300 |
| Kielce – Galeria Echo* | 26,000 |
| Szczecin - Galaxy | 41,700 |
| Wrocław – Pasaż Grunwaldzki | 48,700 |
| Total shopping-entertainment centres | 116,400 |
| Total shopping projects | 221,700 |

* under construction

Moreover, the Capital Group owns land on which further projects will be developed.

In March 2011, Echo Investment and Orbis entered into sale-purchase agreements in Szczecin and Cracow of a total value of PLN 59.5 million.

The land purchased in Szczecin (Jana Matejki Street, currently the Neptune Hotel) shall be used to extend the neighbouring shopping-entertainment centre Galaxy owned by Echo Investment.

The property in Cracow (al. Marszałka Ferdynanda Focha 1, currently the Cracovia hotel) will be used to construct a complex of residential buildings. The detailed scope of functions, relation between them and the size of area shall be established together with representatives of the Cracow City Office.

Details of planned projects, their size, cost and implementation schedules shall be provided once market analyses have been performed and architectural concepts prepared.

Alphabetical list of projects in implementation and preparation stages:**Bełchatów, Galeria Olimpia shopping-entertainment centre (extension of the Echo Shopping Centre)**

A new building with additional commercial area will be constructed in Kolejowa Street in Bełchatów on a property adjacent to the existing Echo shopping centre. When the construction is completed, the new centre will be named Galeria Olimpia. The facility is to be put into service in 2012.

Kalisz, shopping-entertainment centre Galeria Amber

The Echo Capital Group is going to use its property in Kalisz to construct a modern, regional shopping-entertainment centre. The facility will be developed close to Górnośląska Street and Trasa Bursztynowa. The leasable area is approx. 30,000 sq.m. The construction is to be completed in H1 2013.

Katowice, Kościuszki Street project

The property in Kościuszki Street in Katowice was purchased in 2010. This area of 54,000 sq.m. will be used to construct a shopping centre with leasable area of approx. 50,000 sq.m. The Study of Conditions and Directions of Spatial Development is currently being developed for the area where the property is located.

Kielce, shopping-entertainment centre Galeria Echo (extension)

In Q1 2011, construction works relating to the extension of the shopping-entertainment centre Galeria Echo in Kielce were in progress, they will include constructing a facility with leasable area of over 70,000 sq.m. The General Contractor for the project is EIFFAGE BUDOWNICTWO MITEX SA. The facility is to open in Q3 2011.

Koszalin, shopping-entertainment centre

The new investment in Krakusa i Wandy Street in Koszalin will be a modern shopping-entertainment centre with leasable area of approx. 35,000 sq.m. The investment is to be completed in 2013.

Lublin, shopping-entertainment centre

Investment plans include construction of a shopping-entertainment centre in Górki Czechowskie in Lublin. The Company's Management Board intends to establish the details regarding the investment planned by the Echo Investment Group together with the Lublin County authorities.

Łomża, shopping-entertainment centre Veneda

In order to supplement its portfolio of shopping area, the Company intends to construct a shopping centre Galeria Veneda in Łomża. The facility will be constructed at the corner of Zawadzka and Sikorskiego Streets. The shopping area in the facility will be approx. 15,000 sq.m. There will be a car park for 600 parking places. The Galeria Veneda investment is to be completed in 2012.

Poznań, shopping-entertainment centre Metropolis

The property in Hetmańska Street in Poznań will be used to construct a modern shopping-entertainment centre Metropolis, which will offer approx. 50,000 sq.m. of leasable area. Currently, the project is at the architectural concept stage. The investment is to be completed in 2014.

Słupsk, shopping-entertainment centre Arena

The property in Grottgera Street in Słupsk will be used to construct a shopping-entertainment centre Arena. The facility will offer approx. 33,000 sq.m. of leasable area, it will be constructed in two stages. The Capital Group has obtained a building permit for this facility. Construction will begin once financial resources have been obtained.

Szczecin, Outlet Park

Outlet Park will be constructed to replace a currently operating facility in A.Struga Street in Szczecin. The total leasable area in the outlet, which will be constructed in stages, will reach approx. 23,000 sq.m. At present, there are administrative procedures aimed at obtaining required permits. The investment is to start in H1 2011.

Wrocław, shopping-entertainment centre Pasaż Grunwaldzki (extension)

Pasaż Grunwaldzki is a shopping-entertainment centre located in Grunwaldzki Square in Wrocław. The leasable area available at present is approx. 48,700 sq.m., there are nearly 200 shops and service outlets. The Echo Capital Group intends to extend the facility. After the extension is completed, the facility will offer approx. 65,000 sq.m. of leasable area. The shopping area will include nearly 50 new shops. The extended facility will be put into service in 2012.

Other shopping and shopping-entertainment centres

The Echo Capital Group also intends to extend some of currently owned shopping and shopping-entertainment centres. These projects are at the stage of purchasing new land and obtaining administrative permits.

In the future, activities of the Capital Group entities will concentrate on implementing new projects, including projects in smaller towns in Poland, and increasing the portfolio of commercial leasable area, including extension of currently existing facilities.

OFFICE AREA SEGMENT

As to the office investment segment, the Capital Group is currently constructing and commercialising leasable facilities in Warsaw, Szczecin and Poznań. The Capital Group also plans new investments, its offer includes office buildings of various standard, including top class facilities.

Despite large competition in this market segment, projects held in the Capital Group's investment portfolio have appropriate location and accurate standard, which guarantees stable revenue from long-term lease agreements. Office area is leased to renowned companies, including: Abbott Laboratories, BNP Paribas, Główny Inspektorat Transportu Drogowego, Grand Thornton Frąckowiak, Lux Med, Medcover, Polkomtel, Mentor Graphics, Pekao Financial Services, Polsoft, Pramerica, Roche, Tebodin-SAP, Tieto Poland and others.

The property portfolio of the Capital Group comprises 6 office projects; the following table shows offices owned as at March 31st, 2011:

| Project location and name | Leasable area [sq.m. GLA] |
|--------------------------------------|---------------------------|
| Warsaw – 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 |
| Total office projects | 86,300 |

* The Capital Group owns 50% shares in the project (area indicated in the table corresponds to the 50% share)

Alphabetical list of projects in implementation and preparation stages:**Gdańsk, Tryton project**

The property in Jana z Kolna Street in Gdańsk will be used to construct office space. An A-class building designed by the Arch-Deco architectural design studio will provide approx. 22,000 sq.m. of leasable area. At present, there are administrative procedures aimed at obtaining required permits and design works. The investment is to start in H2 2011, the building will be available to lessees in H2 2013.

Katowice, Francuska Street project

The property in Katowice, near the crossroads of Górnośląska and Francuska Streets, will be used to construct a business park with leasable area of approx. 31,000 sq.m. The facility, designed by the DDJM architectural design studio, will be constructed in three stages. At present, there are administrative procedures aimed at obtaining a building permit for the office complex. The implementation of stage I of the investment is to be launched in H2 2011. The first stage of the investment will be put into service in H1 2013.

Cracow, Opolska Street project

The property in Opolska and 29 Listopada Streets in Cracow will be used to construct a modern A-class office building with leasable area of approx. 58,000 sq.m. At present, there are administrative procedures aimed at obtaining a building permit for the office complex. The facility will be constructed in three stages, project implementation will begin in mid-2011, whereas stage I is to be completed in H2 2012.

Łódź, Aurus project

The property in Piłsudskiego Street in Łódź will be used to construct two A-class office buildings with a total leasable area of approx. 19,000 sq.m. The project is to be implemented in two stages. The first stage is to be completed in 2013.

Poznań, Malta Office Park project

In 2010, the company completed works on stage II of the office complex, which will offer over 15,000 sq.m. of leasable area. The first part was delivered to lessees in December 2009. Stage III of the investment began in October 2010. The facility is to be put into service by the end of 2011. The total leasable area of the whole complex will be approx. 29,000 sq.m.

Warsaw, Beethovena Street project

The property purchased in October 2010, located in Beethovena Street in Warsaw, will be used to construct an office park with a total leasable area of approx. 60,000 sq.m. The project is to be implemented in three stages. The construction of the first stage is to start in H1 2012.

Warsaw, Konstruktorska Street project

The property purchased in August 2010, located in Konstruktorska Street in Warsaw will be used to construct office buildings with a total leasable area of approx. 34,000 sq.m. The investment is to start in H1 2012.

Wrocław, Swobodna Street project

The property purchased in Q1 2010, located in Swobodna Street in Wrocław, will be used to construct office buildings with a total leasable area of approx. 24,000 sq.m. The project is to be implemented in stages. The investment is to start in H1 2011.

THE HOTEL SEGMENT

Many years' experience and renowned partners form a stable basis for the company's activity on the hotel market. In recent years, Echo Investment S.A. dealt with complex construction of hotels for key customers and operated as the general investment contractor. The Capital Group's projects in the hotel sector were carried out in cooperation with international hotel chains: Accor and Envergure chains from France and Qubus from Norway. Hotels constructed by the Group currently operate in Warsaw, Kielce, Cracow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze and Gliwice. In the future, the Company intends to implement hotel projects in cooperation with international hotel operators.

Łódź, Novotel hotel

Pursuant to a General Investment Contracting Agreement entered into in 2009, the property located in Piłsudskiego Street in Łódź will be used to construct a Novotel hotel with total area of approx. 7,200 sq.m. The facility is to be completed in H1 2013.

THE HOUSING SEGMENT

As for the housing segment, the Capital Group carries out investments of various categories: from luxurious apartment buildings, through top and medium standard blocks of flats, to complexes of detached houses.

Alphabetical list of projects in implementation and preparation stages:**Vicinity of Kielce, complex of detached houses in Bilcza**

In 2010, the sale of properties forming the complex of detached houses (Bilcza II) continued; it was designed by an architectural design studio Konsorcjum Pisarczyk & Tracz Architekci from Kielce. The offer comprises 122 (of approx. 130,000 sq.m.) developed allotments with prepared designs of houses. 92% of the investment has been sold.

Vicinity of Kielce, complex of detached houses in Dyminy

In 2010, the Group began constructing infrastructure for the first stage of the complex of detached houses on property located in Dyminy near Kielce. The complex was designed by an architectural design studio StoMM Konsorcjum Pisarczyk & Tracz Architekci from Kielce. It will consist of approx. 180 allotments (approx. 160,000 sq.m.) for sale. The allotments are sold together with house designs.

Cracow, "Dom Pod Słowikiem" project in Krasickiego Street

In H2 2010, the Company began the construction of a residential and services facility on a property located in Krasickiego Street in Cracow (area for sale - approx. 5,200 sq.m.) The building, designed by the architectural design studio Studio S – Biuro Architektoniczne Szymanowski from Cracow, will comprise approx. 85 flats. The investment is to be completed mid-2012.

Cracow, Korzeniowskiego Street project

A new housing investment will be implemented in Korzeniowskiego Street in Cracow. The building was designed by The Blok design studio; it will cover an area of approx. 3,000 sq.m. (40 flats). Currently, the project is at the stage of obtaining administrative permits. The implementation of the investment is due to start in mid-2011; it is to be completed by the end of 2012.

Cracow, Tyniecka and Czarodziejska Streets project

The property in Tyniecka Street in Cracow will be used to construct blocks of flats. The area for sale will reach approx. 4,600 sq.m. (approx. 50 flats). Obtaining administrative permits and beginning of project implementation are due in H1 2012.

Cracow, Bronowicka Street project

The property in Bronowicka Street in Cracow will be used to construct a block of flats with area for sale of approx. 3,000 sq.m. Construction works are to commence at the beginning of 2012. Project implementation is to be completed in 2013.

Cracow, Kilińskiego Street project

The Company owns a property of 1,100 sq.m. in Kilińskiego Street in Cracow. The land use concept for this property provided for constructing an intimate residential facility. However, due to the small scale of the project, the Company has resigned from its implementation and decided to sell the property after administrative permits have been gained.

Łódź, Okopowa Street project

The preparation process prior to constructing blocks of flats continued, the buildings will be developed on a property located in Okopowa and Górnicza Streets in Łódź. According to the present architectural concept, the area for sale will reach approx. 45,000 sq.m. (approx. 700 flats). This project will be implemented in stages. The investment implementation process is due to take five years, beginning in H1 2011.

Łódź, Wodna Street project

The property in Wodna Street in Łódź will be used to construct blocks of flats. The new concept provides for constructing approx. 200 flats with total area for sale of nearly 14,000 sq.m. The Company obtained land use conditions which allow for the investment to be implemented. At present, the project is at the stage of establishing the concept and obtaining a building permit; this should be completed in mid-2011. The project will be implemented in stages. The investment implementation is to start in H2 2011; it is to be completed in 2014.

Poznań, "Osiedle Naramowice", "Pod Klonami"

The construction of a multi-family facility "Pod Klonami" continued in 2010. All the while, the company also completed preparation works before implementing a single-family project of the same name. The residential complex was designed by an architectural design studio Archikwadrat Sp. z o.o. from Poznań; it will offer an area for sale of approx. 15,000 sq.m. The multi-family project will be completed in H2 2012. The single-family project will be carried out for approx. two years, beginning from Q3 2011.

The Echo Investment Capital Group owns reserve land which will allow for constructing further stages of "Osiedle Naramowice".

Poznań, "Kasztanowa Aleja" project in Wojskowa Street

Construction works relating to the "Kasztanowa Aleja" project in Wojskowa Street in Poznań continued (over 17,000 sq.m. to be constructed in two stages). The project has been implemented since the beginning of 2010. The first stage of investment is to be completed in H2 2011, and the second stage will be completed by mid-2013.

Poznań, Litewska and Grudzieniec Streets project

There have been activities aimed at preparing the sale of allotments comprising the property in Litewska and Grudzieniec Streets in Poznań. The total area of allotments to be sold is nearly 14,000 sq.m. The allotments will be sold together with prepared designs. As assumed, the sale will begin at the beginning of 2012 and will be carried out for sixteen months.

Warsaw, "Klimt House" project in Kazimierzowska Street

In 2010, the "Klimt House" project in Kazimierzowska Street in Warsaw was continued (area for sale reaching approx. 5,200 sq.m.) The block of flats was designed by an architectural design studio Mąka Sojka Architekci Sp. J. from Warsaw; there will be approx. 60 flats and a few service outlets. Project implementation is to be completed in mid-2011.

Warsaw, "Rezydencje Leśne" in Młociński Forest

In the end of 2010, the Company began constructing infrastructure of a new complex of houses in the Bielany district in Warsaw (Młociński Forest). 31 allotments were established on the property of 6.3 ha. The estimated area of allotments for sale is nearly 53,000 sq.m. The project was designed by architectural design studios W.M. Musiał Architekci Sp. z o.o. from Warsaw and StoMM Architektura Maciej Stoczkiewicz from Kielce. The investment will be completed in the end of 2011.

Warsaw, Konstruktorska Street project

The property of approx. 74,000 sq.m. was purchased in H2 2010. It is located in Konstruktorska Street in Warsaw. The purchased property will be used to construct an office and residential complex. The area of flats will reach approx. 44,000 sq.m. (over 700 flats). According to the preliminary concept, the project is to be implemented in three stages. The first stage is to begin in the end of 2011. The whole investment is to be completed in 2017.

Warsaw, Puławska Street project

In 2010, the Company continued design works relating to a project located near Puławska and Boryszewska Streets in Mokotów. The area of this multi-storey building is intended to reach approx. 5,300 sq.m. The facility will be built in cascade form and will serve residential and service purposes. The investment is intended to start in H1 2012.

Wrocław, "Przy Słowiańskim Wzgórzu" project in Jedności Narodowej Street

In 2010, the Company began a housing project located in Jedności Narodowej Street in Wrocław. The property of 7.4 sq.m. will be used to construct approx. 200 flats of a total area of approx. 14,000 sq.m. The investment is intended to be completed in mid-2012.

Wrocław, Grota-Roweckiego Street project

The property in Grota-Roweckiego Street in Wrocław, area of approx. 3 ha, will be used to construct a residential facility offering nearly 300 flats with a usable area of approx. 19,000 sq.m. This project will be implemented in stages. The first stage will be launched in H2 2011, and the whole investment will be completed in 2015.

FOREIGN MARKET**Hungary****THE SHOPPING AND SHOPPING-ENTERTAINMENT CENTRES SEGMENT****Budapest, shopping-entertainment centre Mundo**

The property in the 14th district in Budapest - Zuglo (area of approx. 6.84 ha) will be used to construct a modern shopping and entertainment facility MUNDO. At present, the Company is obtaining administrative permits and works on commercialising the project. The facility will offer a leasable area of approx. 40,000 sq.m. and will be put into service in H2 2013.

Romania**THE SHOPPING AND SHOPPING-ENTERTAINMENT CENTRES SEGMENT****Brasov, shopping-entertainment centre Korona**

The property in Stadionului Street in the Romanian city of Brasov will be used to construct a modern shopping-entertainment centre with a leasable area of approx. 33,000 sq.m. The Echo Capital Group has already obtained a building permit. Commercialisation of the project is still in progress. The implementation of the project will begin once an appropriate level of lease has been achieved and external funding has been obtained.

Ukraine**THE OFFICE SEGMENT****Kiev, Dehtiarivska Street project**

The property in Dehtiarivska Street in Kiev will be used to construct an office park with a leasable area of approx. 100,000 sq.m. Design works relating to the office park are conducted by an architectural design studio from Kiev - Atelier. The project will be implemented in stages. It is predicted that the building permit will be obtained in mid-2012.

7.5. Factors and events, especially unusual events, which had a significant impact on achieved financial results

1. Factors which had an impact on the Company's financial result in Q1 2011:
 - reporting revenue from final sales agreements on residential properties in Warsaw ("Osiedle Bemowo"), in Poznań ("Naramowice Rynek"), allotments with house designs ("Bilcza" near Kielce);
 - regular revenue obtained from the lease of area in offices and shopping centres;
 - quarterly revaluation of the fair value of property owned by the Echo Investment Capital Group, including:
 - changing foreign exchange rates (EUR & USD),
 - indexation of rents,
 - changing levels of net operating revenue,
 - revaluation of the fair value of property under construction;
 - cost of sales and general and administrative expenses;
 - valuation of liabilities due to bonds and loans under adjusted purchase price;
 - valuation and realisation of adjustments to the value of loans and cash due to changing foreign exchange rates;
 - valuation and realisation of hedging financial instruments to foreign currencies,
 - interest on bank deposits and granted loans,
 - discounts and interest on loans, bonds and borrowings.
2. Unusual events which had an impact on the Company's financial result in Q1 2011:
 - none.

Pursuant to agreements with banks, the Capital Group performs transactions to hedge foreign exchange rates. Such transactions are conducted within a continued hedging policy in order to ensure future cash flow levels on translating tranches of loans in EUR and operating revenue.

As at March 31st, 2011, due to open foreign exchange market positions, the Echo Investment Capital Group was hedged against part of cash flow for the year:

- 2011: EUR 51.7 million;
- 2012: EUR 67.0 million.

Balance sheet valuation of open positions on derivatives as at March 31st, 2011:

- forwards: PLN -6.9 million,

The average-weighted strike for remaining open transactions is PLN 4.0780 EUR/PLN.

Maturity periods for open hedging positions (as at March 31st, 2011):

| Financial instrument | Currency | Category | Balance sheet value as at 31.03.2011 (PLN '000,000) | Denomination (EUR '000,000) | Q2 2011 denomination (EUR '000,000) | H2 2011 denomination (EUR '000,000) | H1 2012 denomination (EUR '000,000) |
|----------------------|----------|----------|---|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Forward | EUR/PLN | | -6.9% | 118.7 | 25.3 | 26.4 | 67.0 |

7.6. Information on Capital Group segments

The Capital Group generates revenue from the lease of owned commercial areas, sale of flats, constructing facilities and providing property management services. The structure of obtained revenue:

Operating results obtained in Q1 2011, by segments:

| Item | Revenue [PLN '000,000] | % share | Costs [PLN '000,000] | % share |
|---|------------------------|---------------|----------------------|---------------|
| shopping and shopping-entertainment centres | 64.1 | 74.5% | 14.1 | 59.2% |
| residential area | 3.1 | 3.6% | 2.3 | 9.7% |
| offices and hotels | 16.0 | 18.6% | 5.3 | 22.3% |
| not classified | 2.8 | 3.3% | 2.1 | 8.8% |
| total operating result | 86.0 | 100.0% | 23.8 | 100.0% |

In Q1 2011, the Capital Group did not change the basis for segmentation, the sum of segments' assets did not significantly change in comparison to data presented in the 2010 report.

7.7. Explanations concerning the seasonal and cyclical nature of the Capital Group's activity in the reported period

The Capital Group's activity covers several segments of the real estate market. It has a portfolio of assets held for lease, regularly completes and sells residential facilities, provides property management services, which guarantees comparable revenue in each quarter. By contrast, revenue due general investment contractor services and property trade may appear in an irregular manner. The Management Board cannot exclude other one-time events which may influence results obtained in a given period.

7.8. Information about the issue, redemption and repayment of debt securities and equity securities

Apart from own resources and loans, current activities of the Capital Group are also funded through the issue of debt financial instruments. At present, the Company actively conducts a programme of issuing both long-term and short-term bonds.

The Company issued bonds pursuant to agreements signed with BRE Bank S.A. in 2004 under the Bond Issue Programme and further annexes. The table below presents liabilities due to the issued bonds as at the reporting day:

| Bank | Instrument type | Amount used [PLN '000] | Bond repurchase date |
|-------------|-----------------|------------------------|----------------------|
| BRE Bank SA | Bonds | 86,500 | 25.05.2011 |
| BRE Bank SA | Bonds | 115,000 | 18.05.2012 |
| BRE Bank SA | Bonds | 150,000 | 29.03.2013 |
| BRE Bank SA | Bonds | 100,000 | 25.05.2013 |
| BRE Bank SA | Bonds | 300,000 | 30.06.2014 |
| BRE Bank SA | Bonds | 145,000 | 11.02.2016 |

As at March 31st, 2011, the maximum total face value of all bonds issued by Echo Investment S.A. could not exceed PLN 1 billion. Pursuant to the Sale Guarantee Agreement and the Agreement to Establish the Guarantee Rate signed with BRE Bank S.A. within the Issue Programme, the bank undertook to purchase bonds issued by the Company which were not covered by other investors, up to PLN 35 million.

On March 2nd, 2011, the bank purchased the guarantee programme bonds of PLN 35 million.

On February 11th, 2011, within the Bond Issue Programme entered into with BRE Bank S.A. with its registered office in Warsaw, the Company issued coupon bonds of a total value of PLN 145 million. The issue price of one bond is PLN 100 thousand. The bonds were issued for a 5-year period, i.e. the bond redemption day is February 11th, 2016. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day the bonds shall be redeemed based on their face value. Issued bonds are not hedged.

On February 11th, 2011, Echo Investment S.A. successfully repurchased part of bonds of PLN 63,500 thousand from the issue for a total amount of PLN 150,000 thousand with repurchase date at May 25th, 2011.

On March 31st, 2011, pursuant to the Bond Issue Programme entered into with BRE Bank S.A. with its registered office in Warsaw, the Company conducted a further issue for a total value of PLN 150 million. The issue price of one bond is PLN 100 thousand. The bonds were issued for a 2-year period, i.e. the bond redemption day is March 29th, 2013. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day the bonds shall be redeemed based on their face value. Issued bonds are not hedged.

7.9. Information on paid (or declared) dividend

The Company did not pay any dividend in previous years and did not declare such payment in the current period or in the near future.

7.10. Events which occurred after the day of drawing up these quarterly financial statements which were not recognised in the statements and which may have a significant impact on future financial results of the Capital Group

Annex to the agreement on purchase of property in Warsaw

An annex to the property sales agreement was signed on April 14th, 2011 (further to the property sales agreement of October 1st, 2010 (see Current Report no. 31/2010 of October 4th, 2010)).

Pursuant to the signed annex:

1/ "Projekt Echo - 58" Spółka z ograniczoną odpowiedzialnością with its registered office in Kielce (the Issuer's subsidiary) resigned from its right, enforceable until July 22nd, 2011, to abandon the property sales agreement.

2/ payment terms and conditions regarding the last installment were established in detail, these are dependent on obtaining appropriate administrative permits regarding the property in question.

Loan agreement

On April 20th, 2011, "GALERIA SUDECKA – Projekt Echo – 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. with its registered office in Jelenia Góra, the Issuer's subsidiary, (the Borrower) and BANK POLSKA KASA OPIEKI S.A. with its registered office in Warsaw (the Lender) entered into a loan agreement (the Agreement).

Pursuant to the Agreement and in accordance with the Borrower's application, the Lender provided the Borrower with a loan (the Loan) of not more than the lesser of the following amounts:

EUR 18 million (eighteen million euro) or 70% of the market value of the property, provided that, as at the day of entering into the agreement and at the average exchange rate of the National Bank of Poland, EUR 18 million is equivalent to PLN 71.33 million. The interest rate on the loan will be variable, calculated as the three-month EURIBOR rate (3M EURIBOR) increased by the bank's commission.

Resources obtained pursuant to the Agreement will be used by the Borrower exclusively to fund expenditure borne on the implementation of the project: Echo Shopping Centre in Jelenia Góra, by repaying loans granted by business partners or granting loans to companies from the Issuer's capital group intended to finance current projects.

Collaterals on repayment of all Lender's receivables due to the granted Loan include:

- establishment of a ceiling mortgage on the Borrower's property, up to the double amount of the Loan throughout the credit period;
- registered and financial pledge agreements on: 1/ Issuer's shares in the Borrower's share capital, 2/ Forum XXIX FIZ shares in the Borrower's share capital, 3/ shares in the share capital of the general partner, 4/ Borrower's bank accounts;
- power of attorney for the bank regarding the Borrower's bank accounts within the scope set forth by the bank;
- security assignment of rights agreement;
- agreement on subordinating the receivables of Borrower's other creditors, being the Borrower's partners, to the Bank's receivables under the Agreement;
- Borrower's declaration pursuant to art. 97 of the Bank Act regarding willful submission to execution.

The Borrower has undertaken to repay the Loan to the Bank in the following manner:

- a) part in quarterly installments calculated on the basis of fixed payment scheme i.e. equal principal and interest payments,
- b) remaining part in a balloon payment on the last of the credit period,

provided that full repayment is made by the Borrower by the last day of the credit period, i.e. December 31st, 2015. The Schedule shall be updated after each Loan Release.

7.11. Information regarding changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year.

7.11.1. Surety agreements

The following table presents surety agreements to which Echo Investment S.A. was party as at March 31st, 2011:

| Surety to: | Value ['000] | Validity period | Regarding |
|-----------------------|-----------------|---|---|
| EUROHYPO AG | PLN 401,190 | shall remain in force until a binding permit to use the extended shopping-entertainment centre Galeria Echo in Kielce has been granted. | Surety for the liabilities of Echo – Galeria Kielce Sp. z o.o. under the loan agreement of October 6th, 2009 with Bank Eurohypo AG with its registered office in Eschborn (Germany) |
| NORDEA BANK POLSKA SA | PLN 58,574 | shall remain in force until the final permit to use the office building is granted, however, not longer than until December 31st, 2013. | Surety for the liabilities of Echo-Oxygen Sp. z o.o. under the loan agreement of September 27th, 2010 with Bank Nordea Bank Polska S.A. |

*See also p. 7.19 of this Report

7.11.2. Guarantee agreements

The following table presents guarantees valid as at March 31st, 2011:

| the Guarantor | Value ['000] | Validity period | Regarding |
|----------------------|-----------------|--|---|
| Echo Investment S.A. | PLN 7,300 | until the repayment of liabilities under the loan agreement of June 22nd, 2009 | Hedge on exceeded costs of the implementation of stage II of Malta Office Park |
| PKO BP SA | PLN 1,100 | until 31.12.2011 | Hedge on changes due to a court decision to the benefit of Master Serwis Opon Sp. z o.o. |
| Echo Investment S.A. | PLN 17,768 | valid until the Investment is completed, however, no longer than December 31st, 2013 | Hedge on the lack of resources or exceeded costs of constructing the office building Oxygen in Szczecin |

7.12. Composition of the Echo Investment Capital Group

The most important entity in the Capital Group structure is Echo Investment S.A., which is the owner of other entities in the group and supervises, co-implements and raises finance for the implementation of construction projects carried out by the Group. Companies which form the Group have been established or purchased in order to perform certain investment tasks and do not conduct any business activities other than those which follow from the process of implementing a particular project and which are related to providing lease services regarding assets linked to completed projects or other services.

As at March 31st, 2011, the Echo Investment Capital Group comprised 75 fully consolidated subsidiaries and one jointly-controlled company consolidated by means of the pro-rata method.

Subsidiaries:

| Company name | Registered office | % share of the capital | Parent |
|---|-------------------|------------------------|----------------------------------|
| "ACC - Grupa Echo Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |
| "Athina Park - Projekt Echo – 93 Sp. z o.o." S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Avatar - Projekt Echo - 93 Sp. z o.o." S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Barconsel Holdings" Ltd | Nicosia | 100% | Echo - SPV 7 |
| "Budivelnuy Soyuz Monolit" LLC | Kiev | 100% | Yevrobudgarant LLC |
| "Centrum Handlowe PHS" S.A. | Szczecin | 100% | XXIX FIZ Forum |
| "CP Investment" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Arena" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Arena Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Aurus" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Bełchatów" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum |
| "Echo – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o." S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Echo - Galaxy" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo - Galaxy Szczecin" Sp. z o.o. | Szczecin | 100% | XXIX FIZ Forum |
| "Echo – Galeria Kielce" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum / XXXIV FIZ Forum |
| "Echo – Galeria Tarnów" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum |
| "Echo – Kasztanowa Aleja" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| „Echo – Kasztanowa Aleja Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Kielce 1" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Klimt House" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Klimt House Sp. z o.o." Sp. z kom. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Metropolis" Sp. z o.o. | Kielce | 100% | Barconsel Holdings Ltd |
| "Echo - Oxygen" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum |
| "Echo – Pasaż Grunwaldzki" Sp. z o.o. | 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. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Przy Słowiańskim Wzgórzu" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Przy Słowiańskim Wzgórzu Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |
| "Echo - SPV 7" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo - SPV 12" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo - Veneda" Sp. z o.o. | Kielce | 100% | XXXIV FIZ Forum |
| "Echo Facility Management - Grupa Echo Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |
| "Echo Investment Hungary Ingatlanhasznosito" Kft. | Budapest | 100% | Echo Investment S.A. |
| "Echo Investment Project 1" S.R.L. | Bucharest | 100% | Echo Investment S.A. |
| "Echo Investment Project Management" S.R.L. | Bucharest | 100% | Echo Investment S.A. |
| "Echo Investment Ukraine" LLC | Kiev | 100% | Echo Investment S.A. |
| "EI – Project Cyp - 1" Ltd | Nicosia | 100% | Echo Investment S.A. |
| "Est-On - Grupa Echo Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |

| Company name | Registered office | % share of the capital | Parent |
|--|-------------------|------------------------|--|
| "Galeria Sudecka - Projekt Echo - 43 Sp. z o.o." S.k.a. (formerly: "Echo - Galeria Sudecka" Sp. z o.o.) | Jelenia Góra | 100% | XXIX FIZ Forum |
| "Grupa Echo" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Grupa Echo Sp. z o.o. - 1" S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Grupa Echo Sp. z o.o. - 2" S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Malta Office Park - Projekt Echo - 96 Sp. z o.o." S.k.a. (formerly: "Malta Office Park" Sp. z o.o.) | Kielce | 100% | XXXIV FIZ Forum |
| "MDP" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Olympus Prime" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Park Postępu - Projekt Echo - 93 Sp. z o.o." S.k.a. (formerly: "Echo - Park Postępu" Sp. z o.o.) | Kielce | 100% | XXIX FIZ Forum |
| "PPR - Projekt Echo - 77 Sp. z o.o. „ S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Princess Boryszewska" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Princess Investment" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt CS" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 30" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 39" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 43" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 47" Sp. z o.o. | Kielce | 100% | XXXIV FIZ Forum |
| "Projekt Echo - 53" Sp. z o.o. | Kielce | 100% | Barconsel Holdings Ltd |
| "Projekt Echo - 55" Sp. z o.o. | Kielce | 100% | XXXIV FIZ Forum |
| "Projekt Echo - 58" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum / XXXIV FIZ Forum |
| "Projekt Echo - 62" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum |
| "Projekt Echo - 67" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 70" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 77" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 93" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 94" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 94 Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 95" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 96" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 97" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Echo - 98" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Projekt Naramowice" Sp. z o.o. | Kielce | 100% | Zakłady Ogrodnicze Naramowice Sp. z o.o. |
| "Projekt Naramowice" Sp. z o.o. | Kielce | 100% | Projekt Naramowice Sp. z o.o. |
| "SPV - 1" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum |
| "Projekt S" Sp. z o.o. | Kielce | 95% | Echo Investment S.A. |
| "Ultra Marina" Sp. z o.o. | Kielce | 100% | XXIX FIZ Forum / XXXIV FIZ Forum |
| "Yevrobudgarant" LLC | Kiev | 100% | EI - Project Cyp - 1 Ltd |
| "Zakłady Ogrodnicze Naramowice" Sp. z o.o. | Poznań | 100% | Echo Investment S.A. |

The jointly-controlled entity is "Wan 11" Spółka z o.o. with its registered office in Warsaw.

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

7.13. Effects of changes in the structure of the business unit, including business mergers, acquisitions or disposals of the Capital Group's entities, long-term investments, de-mergers, restructuring and discontinuation of activity

Entering into agreements regarding the transfer of shares in the share capital of subsidiaries

The following share transfer agreements were signed on January 3rd, 2011:

- On January 3rd, 2011, pursuant to a share transfer agreement, Echo - SPV 7 Sp. z o.o. with its registered office in Kielce (the Conveyor) transfers 7,651,001 shares of Echo Galaxy Szczecin Sp. z o.o. with its registered office in Szczecin (Subsidiary I) with a total face value of PLN 382,550,050 to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus) (the Purchaser). As at the day of signing the agreement, the contract value of EUR 121,848,495, at the average exchange rate of the National Bank of Poland, is equivalent to PLN 482,788,106.89. The book value of the shares, as recognised in the Conveyor's accounting books, is PLN 382,550,058.

Ownership structure of Subsidiary I:

- Barconsel Holdings Limited holds 7,651,001 shares of a total face value of PLN 382,550,050, which constitutes 99.9869% of share capital and guarantees 7,651,001 votes on the general meeting,
- the Company holds 979 shares of a total face value of PLN 48,950, which constitutes 0.0128% of share capital and guarantees 979 votes on the general meeting,
- Grupa Echo Sp. z o.o. holds 20 shares of a total face value of PLN 1,000, which constitutes 0.0003% of share capital and guarantees 20 votes on the general meeting.

- On January 3rd, 2011, pursuant to a share transfer agreement, the Conveyor transfers to the Purchaser 7,731,000 shares of Projekt Echo - 62 Sp. z o.o. with its registered office in Kielce (Subsidiary II) with total face value of PLN 386,550,000. As at the day of signing the agreement, the contract value of EUR 93,899,505, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 372,048,618.71. The book value of the shares, as recognised in the Conveyor's accounting books, is PLN 386,550,000.

Ownership structure of Subsidiary II:

- Barconsel Holdings Limited holds 7,731,000 shares of a total face value of PLN 386,550,000, which constitutes 99.9871% of share capital and guarantees 7,731,000 votes on the general meeting,
- the Company holds 980 shares of a total face value of PLN 49,000, which constitutes 0.0127% of share capital and guarantees 980 votes on the general meeting,
- Grupa Echo Sp. z o.o. holds 20 shares of a total face value of PLN 1,000, which constitutes 0.0003% of share capital and guarantees 20 votes on the general meeting.

Before the afore-mentioned agreements had been signed, the transferred assets were used in construction and financial activities. The Purchaser intends to continue those activities. Barconsel Holdings Limited intends to treat the purchased shares in Subsidiary I and Subsidiary II as a short-term capital deposit.

The shares constitute a contribution in kind to cover 12,000 newly-issued share capital shares of Barconsel Holdings Limited with a face value of EUR 1 each. As at the day of signing the agreements, the purchase price of the newly-issued shares of EUR 215,748,000, at the average exchange rate of the National Bank of Poland, is equivalent to PLN 854,836,725.60. The newly-issued shares constitute 52.1739% of the share capital after the registration of the Purchaser's share capital increase and guarantee 12,000 votes on the general meeting. The newly-issued shares will be covered by Echo - SPV 7 Sp. z o.o.

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

- Echo Investment S.A. holds 5,827 shares of a face value of EUR 5,827, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, is equivalent to PLN 23,087.74. This constitutes 25.33% of share capital and guarantees 5,827 votes on the general meeting;
- the subsidiary Echo - SPV 12 Sp. z o.o. holds 3,806 shares of a face value of EUR 3,806, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, is equivalent to PLN 15,080.13. This constitutes 16.55% of share capital and guarantees 3,806 votes on the general meeting;
- the subsidiary Echo - SPV 7 Sp. z o.o. (formerly: Echo - Centrum Biznesu Łódź Sp. z o.o.) holds 13,080 shares of a face value of EUR 13,080, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, is equivalent to PLN 51,825.58. This constitutes 56.87% of share capital and guarantees 13,080 votes on the general meeting;
- the subsidiary Echo - Kielce 1 Sp. z o.o. holds 287 shares of a face value of EUR 287, which as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, is equivalent to PLN 1,137.15. This constitutes 1.25% of share capital and guarantees 287 votes on the general meeting.

FORUM FIZ investment certificates covered

On January 24th, 2011, the Issuer's subsidiary, Barconsel Holdings Limited with its registered office in Nicosia (Barconsel, the Purchaser) subscribed for investment certificates issued by the FORUM XXXIV Closed-end Investment Fund with its registered office in Cracow (Issuer FIZ I) and the FORUM XXIX Closed-end Investment Fund with its registered office in Cracow (Issuer FIZ II).

Within this subscription, Barconsel covered 26,079 B-series investment certificates of the FORUM XXXIV Closed-end Investment Fund (FIZ I). The total issue price of the certificates was PLN 651,975,000. Barconsel paid for the afore-said certificates by making a contribution in kind to FIZ in the form of shares in the share capital of the following subsidiaries:

- 3,825,012 shares in the share capital of Echo - Galaxy Szczecin Sp. z o.o. with its registered office in Szczecin (Company I), with a face value of PLN 50 each and total face value of PLN 191,250,600, which constitutes 49.99% of the share capital of Company I. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 60,916,467.74, which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 236,142,687.17.
- 3,865,012 shares in the share capital of Projekt Echo - 62 Sp. z o.o. with its registered office in Kielce (Company II), with a face value of PLN 50 each and total face value of PLN 193,250,600, which constitutes 49.99% of the share capital of Company II. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 46,943,825.33 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 181,977,738.89.
- 200,495 shares in the share capital of Projekt Echo - 58 Sp. z o.o. with its registered office in Kielce (Company III), with a face value of PLN 50 each and total face value of PLN 10,024,750, which constitutes 49.99% of the share capital of Company III. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 2,527,854.50 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 9,799,227.97.
- 624 shares in the share capital of Ultra Marina Sp. z o.o. with its registered office in Kielce (Company IV), with a face value of PLN 1,000 each and total face value of PLN 624,000, which constitutes 49.92% of the share capital of Company IV. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 23,047 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 89,341.70.
- 13,691 shares in the share capital of Echo - Galeria Kielce Sp. z o.o. with its registered office in Kielce (Company V), with a face value of PLN 500 each and total face value of PLN 6,845,500, which constitutes 49.98% of the share capital of Company V. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 9,215,904, which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 35,725,451.86.
- 999,990 shares in the share capital of Projekt Echo - 47 Sp. z o.o. with its registered office in Kielce (Company VI), with a face value of PLN 50 each and total face value of PLN 49,999,500, which constitutes 99.99% of the share capital of Company VI. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 12,349,343 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 47,872,228.14.
- 950,466 shares in the share capital of Projekt Echo - 53 Sp. z o.o. with its registered office in Kielce (Company VII), with a face value of PLN 50 each and total face value of PLN 47,523,300, which constitutes 47.98% of the share capital of Company VII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 12,537,775 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 48,602,684.79.
- 326,400 shares in the share capital of Projekt Echo - 55 Sp. z o.o. with its registered office in Kielce (Company VIII), with a face value of PLN 50 each and total face value of PLN 16,320,000, which constitutes 99.99% of the share capital of Company VIII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 4,111,136 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 15,936,818.70.
- 796,760 shares in the share capital of Echo - Metropolis Sp. z o.o. with its registered office in Kielce (Company IX), with a face value of PLN 50 each and total face value of PLN 39,838,000, which constitutes 39.64% of the share capital of Company IX. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 10,013,283 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 38,816,491.55.
- 13,560 shares in the share capital of Echo - Veneda Sp. z o.o. with its registered office in Kielce (Company X), with a face value of PLN 500 each and total face value of PLN 6,780,000, which constitutes 99.98% of the share capital of Company X. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 1,605,933 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 6,225,399.27.
- 14,998 shares in the share capital of Malta Office Park Sp. z o.o. with its registered office in Kielce (Company XI), with a face value of PLN 500 each and total face value of PLN 7,499,000, which constitutes 99.98% of the share capital of Company XI. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 117,548 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 455,674.82.

Within the subscription for investment certificates issued by the Issuer FIZ II, Barconsel covered 11,502 D-series investment certificates of the FORUM XXIX Closed-end Investment Fund (FIZ II). The total issue price of the certificates was PLN 480,783,600. Barconsel paid for the afore-said certificates by making a contribution in kind to FIZ in the form of shares in the share capital of the following subsidiaries:

- 3,825,989 shares in the share capital of Echo - Galaxy Szczecin Sp. z o.o. with its registered office in Szczecin (Company XII), with a face value of PLN 50 each and total face value of PLN 191,299,450, which constitutes 49.99% of the share capital of Company XII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 60,932,027.26, which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 236,203,003.67.
- 3,825,988 shares in the share capital of Projekt Echo - 62 Sp. z o.o. with its registered office in Kielce (Company XIII), with a face value of PLN 50 each and total face value of PLN 191,299,400, which constitutes 49.48% of the share capital of Company XIII. The book value of the shares, as recognised in

Barconsel's accounting books, is EUR 46,469,845.99 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 180,140,357.98.

- 200,495 shares in the share capital of Projekt Echo - 58 Sp. z o.o. with its registered office in Kielce (Company XIV), with a face value of PLN 50 each and total face value of PLN 10,024,750, which constitutes 49.99% of the share capital of Company XIV. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 2,527,854.50 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 9,799,227.97.

- 624 shares in the share capital of Ultra Marina Sp. z o.o. with its registered office in Kielce (Company XV), with a face value of PLN 1,000 each and total face value of PLN 624,000, which constitutes 49.92% of the share capital of Company XV. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 23,047 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 89,341.70.

- 13,691 shares in the share capital of Echo – Galeria Kielce Sp. z o.o. with its registered office in Kielce (Company XVI), with a face value of PLN 500 each and total face value of PLN 6,845,500, which constitutes 49.98% of the share capital of Company XVI. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 9,215,904 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 35,725,451.86.

- 990 shares in the share capital of SPV – 1 Sp. z o.o. with its registered office in Kielce (Company XVII), with a face value of PLN 50 each and total face value of PLN 49,500, which constitutes 99.00% of the share capital of Company XVII. The book value of the shares, as recognised in Barconsel's accounting books, is EUR 50,896 which, as at the day of signing the agreements, at the average exchange rate of the National Bank of Poland, was equivalent to PLN 197,298.34.

The purchased certificates of FIZ I and FIZ II shall be treated a long-term capital deposit. The transfer of those assets form part of restructuring in the Echo Investment Capital Group, which will optimise the management of project portfolio in the Echo Investment Capital Group in terms of costs and taxes as well as allow for acquisition and implementation of new projects. It was the intention of the Company's Management Board that the closed-end investment fund would be an attractive form of acquiring new external investors interested in financing existing and new projects.

I. The Echo Investment S.A. Capital Group grew to comprise the following companies:

- on February 14th this year, the District Court in Kielce registered a new company "Grupa Echo spółka z ograniczoną odpowiedzialnością 1" SKA with its registered office in Kielce. The company's share capital is PLN 50 thousand,
- on March 29th this year, the District Court in Kielce registered a new company "Grupa Echo spółka z ograniczoną odpowiedzialnością 2" SKA with its registered office in Kielce. The company's share capital is PLN 50 thousand,
- on March 29th this year, the District Court in Kielce registered a new company "Echo - Facility Management – Grupa Echo spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered office in Kielce.
- on January 27th and 31st, 2011, the Group purchased 100% shares in Olympus Prime Sp. z o.o. with its registered office in Kielce. The total purchase price was PLN 83,300. The company's share capital is PLN 5 thousand.
- on January 27th and 31st, 2011, the Group purchased 100% shares in Projekt CS Sp. z o.o. with its registered office in Kielce. The total purchase price was PLN 121,745. The company's share capital is PLN 5 thousand.
- on January 27th and 31st, 2011, the Group purchased 100% shares in CP Investment Sp. z o.o. with its registered office in Kielce. The total purchase price was PLN 58,352. The company's share capital is PLN 5 thousand.

II. The Echo Investment S.A. Capital Group disposed of 2 companies:

- on February 8th, 2011, it disposed of 100% shares in Projekt Echo – 99 Sp. z o.o. with its registered office in Kielce. The sale price was PLN 35.6 thousand. The company's share capital was PLN 25 thousand,
- on March 30th, 2010, it disposed of 100% shares in Projekt Echo – 57 Sp. z o.o. with its registered office in Kielce. The sale price was PLN 35.9 thousand. The company's share capital was PLN 50 thousand,

III. Other transformations in companies which form the Issuer's Capital Group:

- "Echo – Galeria Sudecka" Sp. z o.o. was transformed into "Galeria Sudecka – Projekt Echo – 43 spółka z ograniczoną odpowiedzialnością" SKA,
- "Malta Office Park" Sp. z o.o. was transformed into "Malta Office Park – Projekt Echo 96 Spółka z ograniczoną odpowiedzialnością" SKA,
- "Echo – Park Postępu" Sp. z o.o. was transformed into "Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością" SKA,

7.14. The management board's position regarding the possibility of fulfilling previously published profit forecasts for a given year in light of the results disclosed in the quarterly report against the forecasted results

The Management Board did not publish any financial forecasts.

7.15. Ownership structure of significant blocks of shares of Echo Investment S.A.

As at May 16th, 2011, the following entities held, directly or indirectly through affiliated entities, at least 5% of the total number of votes at the General Meeting of Echo Investment S.A.:

| Shareholder | Number of shares [pcs.] | % share in the share capital of Echo Investment S.A. | Number of votes on the General Meeting of Echo Investment S.A. | % of the total number of votes at the General Meeting of Echo Investment S.A. |
|--|-------------------------|--|--|---|
| Michał Sołowow (directly and indirectly) | 169,916,580 | 40.46% | 169,916,580 | 40.46% |
| AVIVA OFE AVIVA BZ WBK* | 36,683,460 | 8.73% | 36,683,460 | 8.73% |
| ING OFE* | 37,528,063 | 8.94% | 37,528,063 | 8.94% |
| PZU Złota Jesień OFE* | 21,419,085 | 5.1% | 21,419,085 | 5.1% |

* based on the annual structure of investment portfolios of Open Pension Funds (OFE) as at December 31st, 2010.

In period between the publication of the previous quarterly report, i.e. February 24th, 2011 and the day of publishing this report, the company did not receive any information regarding changes to share ownership of major shareholders.

Information from supervising persons regarding a transaction on Issuer's securities performed by a closely linked person

On March 1st, 2011, the Issuer was received announcements in which four members of the Issuer's Supervisory Board informed that on February 25th, 2011, Synthos S.A. (a person who is closely linked to them) disposed, by way of a session transaction, of 17,884,050 Issuer's shares to the benefit of a subsidiary in which Synthos S.A. holds 100% shares. Unit transaction price was PLN 4.77 per share.

The announcing persons requested that their personal data be kept confidential pursuant to § 3.2 of the Ordinance of the Minister of Finance of November 15th, 2005 regarding communicating and releasing information on certain transactions on financial instruments and principles of collecting and managing the list of persons having access to certain confidential information.

7.16. List of changes in the ownership of Echo Investment S.A. shares or rights thereto (options) by persons involved in the management and supervision of the Company, in accordance with information available to Echo Investment S.A., in the period after the presentation of the previous quarterly report

The table below presents changes in the ownership of Echo Investment S.A. shares or rights thereto (options) by persons involved in the management and supervision of the Company, in accordance with information available to Echo Investment S.A., in the period after the presentation of the previous quarterly report:

| Managing persons | as at 24.02.2011 | as at 16.05.2011 |
|--|---------------------|---------------------|
| Piotr Gromniak - President of the Management Board | held no shares | held no shares |
| Artur Langner - Vice-President of the Management Board | held no shares | held no shares |

| Supervising persons | as at 24.02.2011 | as at 16.05.2011 |
|---|---------------------|---------------------|
| Wojciech Ciesielski – Chairman of the Supervisory Board | 1,200,000 shares | 1,200,000 shares |
| Andrzej Majchert – Vice-chairman of the Supervisory Board | 98,800 shares | 98,800 shares |
| Mariusz Waniółka – Vice-chairman of the Supervisory Board | held no shares | held no shares |
| Karol Żbikowski - Member of the Supervisory Board | held no shares | held no shares |
| Robert Oskard - Member of the Supervisory Board | held no shares | held no shares |
| Tomasz Kalwat - Member of the Supervisory Board | held no shares | held no shares |

7.17. Information on court proceedings

In the period from January 1st to March 31st, 2011, there were no court or administrative proceedings regarding liabilities or receivables of the Company or its affiliates of total value of at least 10% of the Company's equity.

7.18. Information on transactions with related entities under other than market conditions

In Q1 2011, neither the Company nor its subsidiaries entered into transactions with related entities under other than market conditions.

7.19. Information on collaterals granted on a loan or borrowing and guarantees with a value equivalent to at least 10% of the Company's equity.

In Q1 2011, the Capital Group provided no collaterals on loans or borrowings, nor did it grant any guarantees to one entity or to its subsidiary with a total value equivalent to at least 10% of the Company's equity.

See also p. 7.11

7.20. Other information which, in the opinion of the Management Board of Echo Investment S.A., is vital to assess its condition in terms of HR matters, assets, finance, financial result or changes thereto as well as information which is vital for the assessment of the Echo Investment Capital Group's capability of fulfilling its obligations.**Launch of Galeria Veneda project**

Galeria Veneda is a shopping centre being constructed in Łomża, on a property at the corner of Zawadzka and Sikorskiego Streets. The facility will offer approx. 15,000 sq.m. of leasable area. Its customers will benefit from 80 outlets - including a food court and a Tesco supermarket (area of 7.5 thousand sq.m.). There will be approx. 600 parking places. The works will begin once the building permit becomes legally binding. At first, the terrain will be prepared; this includes cutting down trees, removing colliding power lines. Construction works will begin in the summer 2011. The whole facility is to be completed in Q4 2012. The architectural concept was prepared in an architectural design studio Mąka Sojka Architekci in Warsaw, in cooperation with a team of architects from Echo Investment.

Launch of Galeria Olimpia project

Echo Investment began the construction of Galeria Olimpia in Bełchatów. The facility is to open in August 2012. The leasable area in Galeria Olimpia will reach 30,500 sq.m. There will be approx. 100 shops in the facility. There will also be 1,100 parking places for customers.

Launch of "Osiedle Południowe" project in Dyminy near Kielce

"Osiedle Południowe" is another housing project of Echo Investment to be carried out in the vicinity of Kielce. It is a full architectural concept based on complete technical infrastructure. A person purchasing an allotment shall receive a complex construction product: a building permit, agreed project and a fully developed allotment.

The project will be implemented in three stages. The first stage will cover the sale of 29 allotments for detached houses and 40 allotments to be used for terraced houses. The whole area will be fenced and guarded 24/7. There will be a porter's lodge at the gate; the lodge will constitute the joint property of all inhabitants. The first stage of this residential complex is to be completed in Q4 2011; this will allow for the house building to begin.

Echo Investment obtained an environmental approval regarding the construction of Galeria Amber in Kalisz

The Mayor of Kalisz has granted an environmental approval which paves the way to apply for a building permit.

Echo Investment owns an allotment of 3.5 ha in the centre of Kalisz, at the corner of Górnośląska Street and Trasa Bursztynowa. This is where Galeria Amber is to be constructed. This will be a four-storey shopping-entertainment centre offering approx. 30,000 sq.m. of leasable area. In the facility, there will be 140 shops and service outlets as well as cafes and restaurants. There will also be a 7-room cinema operated by Helios and a car park with 1,170 parking places. The architectural concept of Galeria Amber was prepared by renowned design studio Bose International Planning and Architecture.

New concept of the Aurus office building in Łódź

There has been a change in the design of the Aurus office building constructed by Echo Investment. The introduced changes will allow for implementing the project in stages and flexible sale.

The new concept features two buildings of a total leasable area of 20,000 sq.m. The typical office space is approx. 18,500 sq.m., the remaining part located on the ground floor of the building will be used for services. Each building has 10 floors overground and an underground car park. Lessees will benefit from 381 parking places (252 underground and 129 in the facility area). A typical floor in Aurus will cover 950 sq.m. The design of the building was drawn up by professionals from B'ART, Pracownia Architektury, Urbanistyki i Wnętrz Bartłomiej Bielyszew.

The project is being developed in Aleja Piłsudskiego in Łódź. This area is characterised by numerous office buildings and other important and well-known facilities, such as: Centrum Biznesu (Business Centre), Centrum Rozrywki (Entertainment Centre) Silver Screen and IBIS Hotel (constructed by Echo Investment) or the shopping centre Galeria Łódzka. What is an advantage of the Aurus office building is the vicinity of the Łódź-Lublinek Airport.

Echo Investment implements the "Rezydencje Leśne" project - a complex of detached houses inspired by the "garden city" concept

The luxurious complex of detached houses will be constructed near Wóycickiego and Dankowickiej Streets, in the close vicinity of Młociński Forest located in the buffer zone of the Kampinoski National Park.

Crucially, "Rezydencje Leśne" is an architectural concept based on complete technical infrastructure. The Company offers a full base necessary to construct a house. Customers purchase a developed allotment with prepared infrastructure such as roads, pavements, lighting, public utilities and building permits. The only

decision which remains for the client to take after the purchase is when to begin the investment, which they can carry out on their own or commission to a selected company. "Rezydencje Leśne" is a complex of 31 developed allotments of 1,509 to 2,210 sq.m. The infrastructure of the complex (roads, pavements, lighting and utilities) is to be completed between 2011 / 2012. Then, the purchasers will be able to begin the construction of their houses.

7.21. Factors which, in the opinion of the Company's Management Board, will have an impact on results obtained by the Capital Group in the perspective of at least the coming quarter

Factors to influence the result in the coming periods include:

- entering into final sales agreements on housing projects:
 - in Warsaw: in Zeusa and Kazimierzowska Streets,
 - in Poznań: Naramowice Rynek,
 - in Kielce: "Bilcza" complex (stage II) - sale of allotments with house designs;
- valuation of the fair value of projects under construction and/ or after they have been put into service:
 - Oxygen in Szczecin (office segment),
 - Park Postępu in Warsaw (office segment),
 - Malta Office Park in Poznań (office segment),
 - Galeria Echo in Kielce (a shopping-entertainment centre);
- revaluation of the fair value of owned property;
- possible sale of shopping centres in Bełchatów and Pabianice;
- regular revenue from lease agreements;
- valuation of liabilities due to loans and cash in foreign currencies;
- valuation of financial instruments hedging foreign exchange rates and interest rates;
- revaluation of non-financial assets

8. Condensed separate financial statements as at, and for the three-month period ending on, March 31st, 2011

| Consolidated statement of financial position as at (PLN '000) | as at 2011-03-31 end of quarter | as at 2010-12-31 end of previous quarter | as at 2010-03-31 end of quarter |
|--|---------------------------------------|--|---------------------------------------|
| Assets | | | |
| 1. Non-current assets | | | |
| 1.1. Intangible assets | 1,485 | 1,227 | 1,012 |
| 1.2. Tangible fixed assets | 16,873 | 17,341 | 17,104 |
| 1.3. Investment property | 11,745 | 11,631 | 11,252 |
| 1.4. Investments in subsidiaries and jointly-controlled entities | 774,865 | 769,746 | 615,952 |
| 1.5. Investments in affiliates | | | 50 |
| 1.6. Borrowings granted | 7 | 8 | 359 |
| 1.7. Other financial assets | 13,975 | 13,785 | 2,307 |
| 1.8. Other receivables | 11,962 | 12,079 | - |
| | 830,912 | 825,817 | 648,036 |
| 2. Current assets | | | |
| 2.1. Inventory | 335,496 | 327,002 | 354,760 |
| 2.2. Current income tax receivables | 413 | 335 | - |
| 2.3. Other tax receivables | - | - | 49 |
| 2.4. Trade and other receivables | 68,043 | 94,675 | 27,773 |
| 2.5. Borrowings granted | 107,868 | 144,538 | 182,101 |
| 2.6. Cash and cash equivalents | 291,009 | 65,827 | 79,303 |
| | 802,829 | 632,377 | 643,986 |
| Total assets | 1,633,741 | 1,458,194 | 1,292,022 |
| Equity and liabilities | | | |
| 1. Equity | | | |
| 1.1. Share capital | 21,000 | 21,000 | 21,000 |
| 1.2. Supplementary capital | 511,901 | 511,901 | 477,859 |
| 1.3. Retained profit (loss) from previous years | 38,672 | - | 34,042 |
| 1.4. Net profit (loss) | 5,968 | 38,672 | 12,363 |
| | 577,541 | 571,573 | 545,264 |
| 2. Provisions | | | |
| 2.1. Provisions for liabilities | 6,700 | 6,700 | 10,930 |
| 2.2. Deferred income tax provision | 10,866 | 12,007 | 6,404 |
| | 17,566 | 18,707 | 17,334 |
| 3. Non-current liabilities | | | |
| 3.1. Loans, borrowings and bonds | 776,578 | 484,907 | 522,808 |
| | 776,578 | 484,907 | 522,808 |
| 4. Current liabilities | | | |
| 4.1. Loans, borrowings and bonds | 194,401 | 285,043 | 146,683 |
| 4.3. Current income tax liabilities | 26 | - | 1,465 |
| 4.4. Other tax liabilities | 3,266 | 7,450 | 822 |
| 4.5. Trade and other liabilities | 31,396 | 57,654 | 14,445 |
| 4.6. Advance payments received | 25,719 | 24,111 | 34,384 |
| 4.7. Other liabilities | 7,248 | 8,749 | 8,817 |
| | 262,056 | 383,007 | 206,616 |
| Total equity and liabilities | 1,633,741 | 1,458,194 | 1,292,022 |

| Book value (PLN '000) | as at 2011-03-31 end of quarter | as at 2010-12-31 end of previous quarter | as at 2010-03-31 end of quarter |
|-------------------------------|---------------------------------------|--|---------------------------------------|
| Book value | 577,541 | 571,573 | 545,264 |
| Number of shares | 420,000,000 | 420,000,000 | 420,000,000 |
| Book value per share (in PLN) | 1.38 | 1.36 | 1.30 |

| Off-balance sheet liabilities (PLN '000) | as at 2011-03-31 end of quarter | as at 2010-12-31 end of previous quarter | as at 2010-03-31 end of quarter |
|--|---------------------------------------|--|---------------------------------------|
| 1. Off-balance sheet receivables | - | - | - |
| 2. Off-balance sheet liabilities | 485,931 | 480,018 | 784,928 |
| Total off-balance sheet items | 485,931 | 480,018 | 784,928 |

| Statement of comprehensive income (PLN '000) | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
|---|--|--|
| Revenue | 65,909 | 63,190 |
| Cost of sales | (51,233) | (46,858) |
| Gross profit (loss) from sales | 14,676 | 16,332 |
| Profit (loss) from sale of property | - | 225 |
| Revaluation of non-financial assets | 114 | (360) |
| Cost of sales | (5,547) | (4,384) |
| General and administrative expenses | (6,261) | (5,926) |
| Other operating revenue | 2,818 | 5,930 |
| Other operating costs | (479) | (542) |
| Profit before tax and excluding financial revenue /costs | 5,321 | 11,275 |
| Financial revenue | 11,237 | 10,093 |
| Financial costs | (11,732) | (9,381) |
| Gross profit (loss) | 4,826 | 11,987 |
| Income tax | 1,142 | 376 |
| Net profit (loss) | 5,968 | 12,363 |
| Net profit (loss) (annualised) | 32,777 | 34,744 |
| Average-weighted number of ordinary shares | 420,000,000 | 420,000,000 |
| Earnings (loss) per ordinary share (in PLN) | 0.08 | 0.08 |
| Average-weighted diluted number of ordinary shares | 420,000,000 | 420,000,000 |
| Diluted earnings per ordinary share (in PLN) | 0.08 | 0.08 |

| Statement of changes in equity (PLN '000) | Share capital | Supplementary capital | Retained profit (loss) from previous years | Net profit (loss) | Total equity |
|---|---------------|-----------------------|--|-------------------|----------------|
| For Q1 (current year), period from 2011-01-01 to 2011-03-31 | | | | | |
| Opening balance | 21,000 | 511,901 | 39,172 | - | 572,073 |
| Change in the period: | | | | | |
| Allocation of result from previous years | - | - | - | - | - |
| Net profit (loss) for the period | | | | 5,968 | 5,968 |
| Total changes | - | - | - | 5,968 | 5,968 |
| Closing balance | 21,000 | 511,901 | 39,172 | 5,968 | 578,041 |
| For the previous period from 2010-01-01 to 2010-12-31 | | | | | |
| Opening balance | 21,000 | 477,859 | 34,042 | - | 532,901 |
| Change in the period: | | | | | |
| Allocation of result from previous years | - | 34,042 | (34,042) | - | - |
| Net profit (loss) for the period | | | | 38,672 | 38,672 |
| Total changes | - | 34,042 | (34,042) | 38,672 | 38,672 |
| Closing balance | 21,000 | 511,901 | - | 38,672 | 571,573 |
| For Q1 (previous year), period from 2010-01-01 to 2010-03-31 | | | | | |
| Opening balance | 21,000 | 477,859 | 34,042 | - | 532,901 |
| Change in the period: | | | | | |
| Allocation of result from previous years | - | - | - | - | - |
| Net profit (loss) for the period | | | | 12,363 | 12,363 |
| Total changes | - | - | - | 12,363 | 12,363 |
| Closing balance | 21,000 | 477,859 | 34,042 | 12,363 | 545,264 |

| Statement of cash flow (PLN '000) | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
|---|--|--|
| Cash flow from operating activities - indirect method | | |
| I. Net profit (loss) | 5,968 | 12,363 |
| II. Adjustments: | | |
| 1. Amortisation/depreciation | 655 | 673 |
| 2. Foreign exchange profit (loss) | - | - |
| 3. Interest and profit sharing (dividends) | (375) | (2,640) |
| 4. Current income tax recognised in profit and loss account | - | 1,521 |
| 5. Income tax paid | (51) | 2,140 |
| 6. Profit (loss) on investment activities | (132) | 106 |
| 7. Change in provisions | (1,475) | (2,398) |
| 8. Change in inventory | (5,402) | 10,933 |
| 9. Change in receivables | 25,076 | 95,286 |
| 10. Change in current liabilities, excluding loans and borrowings | (31,210) | (46,132) |
| | (12,914) | 59,489 |
| Net cash flow from operating activities | (6,946) | 71,852 |
| Cash flow from investment activities | | |
| I. Proceeds | | |
| 1. Disposal of intangible and tangible fixed assets | 150 | 402 |
| 2. Disposal of investments in property and intangible assets | - | - |
| 3. From financial assets | 49 514 | 40,198 |
| 4. Other investment proceeds | - | - |
| | 49,664 | 40,600 |
| II. Expenses | | |
| 1. Purchase of intangible and tangible fixed assets | (583) | (7,246) |
| 2. Investment in property and intangible assets | - | - |
| 3. On financial assets | (5,509) | (98,017) |
| 4. Other investment expenses | (212) | 73 |
| | (6,304) | (105,190) |
| Net investment cash flow | 43,360 | (64,590) |
| Cash flow from financial activities | | |
| I. Proceeds | | |
| 1. Net proceeds from issue of shares and other capital instruments and equity contributions | - | - |
| 2. Loans and borrowings | 11 091 | 27,119 |
| 3. Issue of debt securities | 294 868 | - |
| 4. Other financial proceeds | - | - |
| | 305,959 | 27,119 |

| Statement of cash flow (PLN '000)(continued) | period from 2011-01-01 to 2011-03-31 | period from 2010-01-01 to 2010-03-31 |
|---|--|--|
| II. Expenses | | |
| 1. Acquisition of own shares | - | - |
| 2. Dividends paid and other payments to equity holders | - | - |
| 3. Profit share expenses, other than payments to equity holders | - | - |
| 4. Repayment of loans and borrowings | (5,496) | - |
| 5. Redemption of debt securities | (98,500) | - |
| 6. Interest | (13,195) | (8,956) |
| | (117,191) | (8,956) |
| Net cash flow from financial activities | 188,768 | 18,163 |
| Total net cash flow | 225,182 | 25,425 |
| Balance sheet change in cash, including: | 225,182 | 25,425 |
| - change in cash due to foreign exchange | - | - |
| Cash at the beginning of the period | 65,827 | 53,878 |
| Cash at the end of the period, including: | 291,009 | 79,303 |
| - of restricted availability | 6,400 | 6,802 |

Kielce, May 16th, 2011

Piotr Gromniak



President of the Management Board

Artur Langner



Vice-President of the Management Board

Signature of the individual entrusted with bookkeeping:

Tomasz Sulek



Chief Accountant



**Echo Investment S.A.
Al. Solidarności 36
25-323 Kielce**

www.echo.com.pl