

Echo Investment Capital Group

Condensed interim consolidated financial statements
as at and for a period of twelve months ended December 31, 2009



Kielce, March 1, 2010

1. Condensed consolidated balance sheet, in thousands PLN

	balance as at 2009.12.31 end of quarter	balance as at 2008.12.31 end of previous year
Assets		
1. Non-current assets		
1.1. Intangible assets	1 053	1 002
1.2. Tangible fixed assets	18 613	19 899
1.3. Non-current receivables	40	58
1.4. Investment property	2 781 444	2 481 014
1.5 Investment property under construction	705 449	711 555
1.6. Investments in associated companies	406	24 119
1.7. Loans granted	12	13
1.8. Derivative financial instruments	8 225	1 287
1.9. Deferred income tax assets	-	-
	3 515 242	3 238 947
2. Current assets		
2.1. Inventories	419 490	486 655
2.2. Deferred income tax receivables	4 936	3 478
2.3. Other tax receivables	29 926	46 944
2.4. Trade receivables and other receivables	94 282	56 679
2.5. Loans granted	82	638
2.6. Derivative financial instruments	1 558	357
2.7. Cash and cash equivalents	169 129	321 793
	719 403	916 544
Assets total	4 234 645	4 155 491

1. Condensed consolidated balance sheet, in thousands PLN, continued

	balance as at 2009.12.31 end of quarter	balance as at 2008.12.31 end of previous year
Liabilities		
1. Equity		
1.1. Equity attributable to equity holders of the parent	1 731 434	1 640 600
1.1.1. Issued capital	21 000	21 000
1.1.2. Supplementary capital	1 597 501	1 493 280
1.1.3. Accumulated profit (loss)	109 971	112 750
1.1.4. Foreign exchange gains/losses arising from conversion of foreign companies' data	2 962	13 570
1.2. Minority interest in equity	(8)	(8)
	1 731 426	1 640 592
2. Non-current liabilities		
2.1. Borrowings	1 663 328	1 589 154
2.2. Derivative financial instruments	3 246	174 123
2.3. Deposits received	39 940	37 871
2.4. Leases	39 909	34 235
2.5. Provision for deferred income tax	244 574	233 040
	1 990 997	2 068 423
3. Current liabilities		
3.1. Borrowings	177 549	125 010
3.2. Derivative financial instruments	171 668	65 833
3.3. Deferred income tax liabilities	5 649	256
3.4. Other tax liabilities	8 276	13 199
3.5. Trade liabilities and other liabilities	79 781	112 528
3.6. Advances received	54 649	111 390
3.7. Provisions for liabilities	14 650	18 260
	512 222	446 476
Liabilities total	4 234 645	4 155 491
Book value (in thousands PLN)	1 731 434	1 640 600
Number of shares	420 000 000	420 000 000
Book value per share (in PLN)	4,12	3,91
Diluted number of shares	420 000 000	420 000 000
Diluted book value per share (in PLN)	4,12	3,91

OFF-BALANCE ITEMS in thousands PLN	balance as at 2009.12.31 end of quarter	balance as at 2008.12.31 end of previous year
1. Off-balance receivables	-	-
2. Off-balance liabilities	3 911	22 870

2. Condensed consolidated income statement, in thousands PLN

	4th quarter, the period from 2009.10.01 to 2009.12.31	4 quarters, the period from 2009.01.01 to 2009.12.31	4th quarter, the period from 2008.10.01 to 2008.12.31	4 quarters, the period from 2008.01.01 to 2008.12.31
Operating incomes	100 591	429 161	165 124	438 189
Operating expenses	(45 037)	(168 320)	(62 080)	(177 789)
Sales profit (loss) before tax, interest and expenses	55 554	260 841	103 044	260 400
Profit (loss) on sales of property	-	-	(63)	(63)
Revaluation of properties	(62 608)	(22 059)	455 854	458 138
Costs of sales	(6 114)	(18 009)	(5 360)	(21 345)
Administrative costs	(14 357)	(37 209)	(12 149)	(48 291)
Other operating incomes (expenses)	3 960	10 005	7 584	22 813
Profit before tax and finance incomes/costs	(23 565)	193 569	548 910	671 652
Finance incomes	59 994	91 233	(20 513)	13 316
Finance costs	(53 028)	(178 488)	(289 789)	(372 192)
Foreign exchange gains (losses)	33 188	20 566	(188 805)	(167 387)
Revaluation of goodwill of subsidiaries	(67)	(67)	(26)	(24)
Profit (loss) before tax and interest	16 522	126 813	49 777	145 365
Income tax	278	(25 371)	(19 830)	(41 154)
Net profit (loss)	16 800	101 442	29 947	104 211
Profit (loss) attributable to holders of non-controlling interest in equity	-	-	-	(10)
Profit (loss) attributable to equity holders of the parent	16 800	101 442	29 947	104 221
Net profit (loss) (annualized)		101 442		104 221
Weighted average number of ordinary shares		420 000 000		420 000 000
Earnings per ordinary share, annualized (in PLN)		0,24		0,25
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted earnings per ordinary share (in PLN)		0,24		0,25

3. Condensed statement of changes in consolidated equity, in thousands PLN

	Issued capital	Supplementary capital	Accumulated earnings (loss)	Foreign exchange differences on translation	Equity attributable to equity holders of parent	Non-controlling interest in equity	Total shareholders' equity
For 4 quarters (current year), the period from 2009.01.01 to 2009.12.31							
Balance as at the beginning of period, after reconciliation to comparable data	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592
Distribution of profit/loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	101 442	(10 608)	90 834	-	90 834
Balance as at the end of period	21 000	1 597 501	109 971	2 962	1 731 434	(8)	1 731 426
For 4 quarters (previous year), the period from 2008.01.01 to 2008.12.31							
Balance as at the beginning of period, after reconciliation to comparable data	21 000	1 174 241	327 568	(3 744)	1 519 065	19	1 519 084
Distribution of profit/loss carried forward	-	319 039	(319 039)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	(17)	(17)
Net profit (loss) of the current period	-	-	104 221	17 314	121 535	(10)	121 525
Balance as at the end of period	21 000	1 493 280	112 750	13 570	1 640 600	(8)	1 640 592

4. Condensed consolidated cash flow statement, in thousands PLN

Cash Flow Statement	4 quarters, the period from 2009.01.01 to 2009.12.31	4 quarters, the period from 2008.01.01 to 2008.12.31
A. Cash flows on operating activities – indirect method		
I. Net profit (loss)	101 442	104 211
II. Adjustments total		
1. Share of net (profit) loss of associates	26	26
2. Depreciation of fixed assets	3 538	4 846
3. Revaluation of goodwill	-	-
4. Foreign exchange (gains) losses	(20 566)	187 995
5. Interest and shares in profits (dividends)	84 871	37 805
6. Current income tax	25 371	41 154
7. Income tax paid	(9 901)	(19 460)
8. (Profit) loss on investment activities	5 338	(225 130)
9. Change in provisions	(3 610)	58 624
10. Change in inventories	68 477	21 484
11. Change in receivables	(20 566)	16 349
12. Change in current liabilities, except for borrowings	(51 033)	(193 715)
13. Change in accruals	-	(493)
14. Other adjustments	-	-
	81 945	(70 515)
III. Net cash flows from operating activity (I+/-II)	183 387	33 696
B. Cash flows on investing activities		
I. Incomes		
1. Sales of intangible and tangible fixed assets	605	1 417
2. Sales of investments in property and intangible assets	-	27
3. From financial assets	6 964	64 811
4. Other incomes from investments	-	-
	7 569	66 255
II. Expenditures		
1. Acquisition of intangible and tangible fixed assets	(3 138)	-
2. Investments in property and in intangible assets	(357 462)	(327 650)
3. On financial assets	(38 633)	(56 747)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditures	-	(2 714)
	(399 233)	(387 111)
III. Net cash flows on investing activity (I-II)	(391 664)	(320 856)
C. Cash flows on financing activities		
I. Incomes		
1. Net income from issue of stocks (issue of shares) and other equity instruments, additional payments to capital	-	-
2. Borrowings	231 797	320 344
3. Issue of debt securities	100 897	-
4. Other financial incomes	-	600
	332 694	320 944

4. Condensed consolidated cash flow statement, in thousands PLN, continued

Cash flow statement, continued	4 quarters, the period from 2009.01.01 to 2009.12.31	4 quarters, the period from 2008.01.01 to 2008.12.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayments of loans and credits	(79 075)	(39 662)
5. Redemption of debt securities	(105 000)	-
6. Other financial liabilities	-	-
7. Payments of liabilities under financial lease contracts	5 675	-
8. Interest	(91 090)	(89 661)
9. Other financial expenses	-	(1)
	(269 490)	(129 324)
III. Net cash flows on financing activity (I-II)	63 204	191 620
D. Net cash flows total (A.III+/-B.III+/-C.III)	(145 073)	(95 540)
E. Cash balance change, including:	(152 664)	(72 253)
- change in cash balance through foreign exchange differences	(7 591)	23 287
F. Cash as at the beginning of period	321 793	394 046
G. Cash as at the end of period (F+/-D), including:	169 129	321 793
- with limited disposability	8 759	8 885

5. Additional information to condensed consolidated report**5.1 Basic information**

Echo Investment SA (Echo Investment Joint Stock Company, hereinafter "the Company"), formerly incorporated and operating under the business name "Echo Press" Sp. z o.o. , was registered in Kielce on July 23, 1992. The registered office of the Company is located in Kielce at Al. Solidarności 36.

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

- building and letting of space in shopping centers and shopping/entertainment centers,
- building and selling apartments,
- building and letting of office space,
- building and selling hotel projects.

As at December 31, 2009 and December 31, 2008, the Capital Group's headcount was 304 and 345 employees, respectively.

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

The statements are presented for the twelve months' period ended December 31, 2009, with comparable data referring to the twelve months' period ended December 31, 2008. The statements are prepared in thousands Polish zlotys (PLN), according to the International Financial Reporting Standards as approved by the European Commission.

Shares of Echo Investment S.A. (the parent) have been quoted on the Warsaw Stock Exchange since 1996. Volume of shares of Echo Investment SA: 420,000,000 ordinary bearer shares.

5.2 Principles applied during preparation of the quarterly report

The consolidated statements of Echo Investment Capital Group present consolidated financial data for the period of 12 months ended December 31, 2009, and comparable data for the period of 12 months ended December 31, 2008 (in respect of the balance sheet and statement of changes in equity). Unless otherwise specified, all financial data in the Group's consolidated financial statements are given in thousands PLN.

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

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

The Company's Management Board applied its best knowledge regarding implementation of standards and interpretations, methods and principles of valuating specific items of the condensed consolidated financial statements.

In preparing the present financial statements, the Group has applied new interpretations issued by the IFRS Committee and applicable to the Group's reporting period starting as at 1 January 2009. The guidelines thus applied have not affected these financial statements to any significant extent. The Group has implemented the following interpretations:

Revised IAS 1 Presentation of Financial Statements

The revised IAS 1 was published by the International Accounting Standards Board on 6 September 2007 and applies to annual periods beginning on or after 1 January 2009. The changes mainly refer to the issues of equity presentation and the objective was to facilitate data analysis and comparison by users of the financial statements.

Revised IAS 32 Financial Instruments: Presentation, and IAS 1 Presentation of Financial Statements

Revisions to IAS 32 and IAS 1 were published by the International Accounting Standards Board on 14 February 2008 and apply to annual periods beginning on or after 1 January 2009. The changes relate to accounting approach to some financial instruments bearing certain similarity to capital instruments but classified as financial liabilities. According to the new Standard requirement, such financial instruments as financial instruments with sell option and instruments obligating the company to disburse the share in net assets only if the company is wound up, upon fulfilling certain conditions, are presented as equity.

Revised IAS 40 -Investment Property

The revised IAS 40 shall apply to yearly periods beginning on or after 1 January 2009. The revisions involve a change concerning property being constructed or developed for future use as investment property. As a consequence of IAS 40 revision, such items will also be disclosed as investment property. If the company applies valuation of investment property to fair value, then such items shall also be valued to fair value according to the revised IAS. However, if fair value of investment property cannot be reliably estimated in a continuous manner, an investment property shall be valued according to historical cost model back to the earlier of the following two dates: construction or development process completion date, or the date on which it will be possible to reliably estimate the fair value. Application of the revised Standard did not affect the presented comparable results of the Group.

Revised IFRS 1 First-time Adoption of International Financial Reporting Standards, and IAS 27 Consolidated and Separate Financial Statements

Revisions to IFRS 1 and IAS 27 were published by the International Accounting Standards Board on 22 May 2008 and apply to annual periods beginning on or after 1 January 2009. These revisions allow the use of either the fair value or balance sheet value determined according to existing accounting principles as the 'assumed cost' for fully owned subsidiaries, associated companies and partially owned subsidiaries in a separate financial statement. In addition, the definition of *cost-based approach* has been eliminated and substituted by dividend-based revenue recognition in a separate financial statement.

Revised IFRS 2 - Share-based Payment

The revised IFRS 2 was published by the International Accounting Standards Board on 17 January 2008 and applies to annual periods beginning on or after 1 January 2009. The revision of this Standard concerns the following two issues: explaining that the only requirements for effective vesting of rights is the service provision condition and the condition relating to the entity's operating results. Other qualities of share-based payment scheme are not acknowledged as vesting conditions. The standard clarifies that the accounting representation of scheme cancellation by the entity or other party to the transaction should be identical.

Revised IFRS 7 Financial Instruments: Disclosures

Revised IFRS 7 Financial Instruments: Disclosures were published by the International Accounting Standards Board on 5 March 2009 and apply as from 1 January 2009. This revision introduces a three-step hierarchy for the purpose of disclosing valuation to fair value, and a requirement to

publish additional disclosures regarding relative reliability of valuation to fair value. In addition, these revisions clarify and extend previously existing requirements as to disclosures concerning liquidity risk.

New IFRS 8 Operating Segments

IFRS 8 was issued by the International Accounting Standards Board on 30 November 2006 and applies to annual periods beginning on or after 1 January 2009. The IFRS 8 substitutes the IAS 14 – “Segment Reporting”. The new standard sets forth the new requirements regarding posting of business segment data, product and service information, geographical range of activity, and key clients. IFRS 8 requires a “management approach” to reporting financial results of segments of activity.

IFRIC interpretation 13 Customer Loyalty Programmes

IFRIC interpretation 13 was issued by the International Financial Reporting Interpretations Committee on 27 June 2007 and applies to annual periods beginning on or after 1 July 2008. This interpretation contains guidelines as to the accounting recognition of transactions under loyalty programmes implemented by an entity for its customers, such as loyalty cards or loyalty award credits. Specifically, IFRIC 13 indicates a correct method of recognition of liabilities arising when the entity has to deliver certain products or services free of charge or for reduced prices to customers in exchange of their credits.

IFRIC interpretation 15 Agreements for the Construction of Real Estate

IFRIC interpretation 15 was issued by the International Financial Reporting Interpretations Committee on 3 July 2008 and applies to annual periods beginning on or after 1 January 2009. This interpretation provides guidance on how to assess an agreement for construction of real estate in order to determine whether its results should be presented in a financial statement under IAS 11 Construction Contracts, or IAS 18 Revenue. In addition, IFRIC 15 indicates the point of recognition of income from construction service.

IFRIC interpretation 16 Hedges of a Net Investment in a Foreign Operation

IFRIC interpretation 16 was issued by the International Financial Reporting Interpretations Committee on 3 July 2008 and applies to annual periods beginning on or after 1 October 2008. This interpretation contains guidelines on determining whether risk arises from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity’s consolidated financial statements. In addition, IFRIC 16 clarifies which entity within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument. IFRIC 16 also clarifies how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.

Until the effective date of the present financial statements, the International Accounting Standards Board and the International Financial Reporting Standards Interpretation Committee issued the following standards and interpretations that have not yet entered into force:

Revised IAS 27 Consolidated and Separate Financial Statements

The revised IAS 27 was published by the International Accounting Standards Board on 10 January 2008 and applies to annual periods beginning on or after 1 July 2009. The standard requires the outcomes of transactions with minority shareholders to be posted directly as equity, provided that the current holding company retains control over the entity. The standard further details the method of accounting in case of lost control over a subsidiary, requiring restatement of the remaining shares to fair value and posting the difference to the income statement. The Group intends to apply the revised IAS 27 as from January 1, 2010. Application of these standards shall not have any significant impact on the Group’s financial result.

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

Revisions to IAS 39 Hedged Item Classification Criteria were published by the International Accounting Standards Board on 31 July 2008 and apply to annual periods beginning on or after 1 July 2009. These revisions include explanations on the methods of applying the principles of assessing compliance of hedged risk or cash flow with the criteria for assessment as hedged items in specific circumstances. Inflation is no more allowed to be established as a potentially hedged component of a fixed interest rate instrument. Under these changes, it is not allowed to incorporate a time value to one-sided hedged risk when options are considered as a hedging instrument. The Group intends to apply the revised IAS 39 as from January 1, 2010. Application of these standards shall not affect the Group’s financial result.

Corrections to IFRS 2009

On 16 April 2009, the International Accounting Standards Board published the IFRS Corrections, amending 12 standards. These corrections involve changes in presentation, posting and valuation, as well as terminology and editorial changes. Most revisions shall apply for annual periods beginning on 1 January 2010. The Group intends to apply these changes as from 1 January 2010. Application of these standards shall not affect the Group's financial result.

Revised IFRS 3 Business Combinations

The revised IAS 3 was published by the International Accounting Standards Board on 10 January 2008 and applies prospectively to business combinations with acquisition dates on or after 1 July 2009. The changes involve an option to recognize minority shares at fair value or according to proportion in fair value of identified net assets, conversion of shares previously held in the acquired entity to fair value and posting the difference to the income statement, and additional guidelines regarding application of acquisition methods, including recognition of transaction costs as the cost of a period in which it was incurred. As at the date of preparation of these financial statements, the above specified revision of IFRS 3 has not yet been approved by the European Union. The Group intends to apply the revised IFRS 3 as from January 1, 2010. Application of these standards shall not have any significant impact on the Group's financial result.

Revised IFRIC 9 and IFRS 7 Embedded Derivatives

Revisions to IFRIC 9 and IFRS 7 "Embedded Derivatives" were published by the International Accounting Standards Board on 12 March 2008 and apply to annual periods ending on or after 30 June 2009. These revisions specify the changes to IFRS 7 and IAS 39 issued in October 2008 regarding embedded derivatives. These revisions clarify that all derivatives must be assessed and separately presented in the financial statements as required in the course of reassessment of a financial asset classified to assets valued to fair value through the income statement. As at the date of preparation of these financial statements, these revisions of IFRIC 9 and IFRS 7 have not yet been approved by the European Union. The Group intends to apply the revised IFRIC 9 and IFRS 7 as from 1 January 2010. Application of these standards shall not have any significant impact on the Group's financial result.

IFRIC interpretation 17 Distribution of Non-cash Assets to Owners

IFRIC interpretation 17 was issued by the International Financial Reporting Interpretations Committee on 27 November 2008 and applies to annual periods beginning on or after 1 July 2009. This interpretation contains guidelines as to the point of recognition of dividend, valuation of dividend, and posting of differences between the value of dividend and the balance sheet value of distributed assets. As at the date of preparation of these financial statements, IFRIC interpretation 16 has not yet been approved by the European Union. The Group intends to apply IFRIC interpretation 16 as from January 1, 2010. Application of these standards shall not affect the Group's financial result.

IFRIC interpretation 18 Transfers of Assets from Customers

IFRIC interpretation 18 was issued by the International Financial Reporting Interpretations Committee on 29 January 2009 and applies to annual periods beginning on or after 1 July 2009. This interpretation contains guidelines as to recognition of transfers of assets from customers, namely such situations in which the definition of assets is fulfilled, with identification of separately identifiable services (services provided in exchange for transferred assets), recognition of income and posting of cash obtained from customers. As at the date of preparation of these financial statements, IFRIC interpretation 16 has not yet been approved by the European Union. The Group intends to apply IFRIC interpretation 16 as from January 1, 2010. Application of these standards shall not affect the Group's financial result.

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

Echo Investment Capital Group did not change its accounting principles during the 4th quarter of 2009. Details of the accounting policy are presented in the semi-annual report for the 1st half of 2009.

5.4 Composition of Echo Investment Capital Group

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

As at December 31, 2009, Echo Investment Capital Group consists of 81 subsidiaries that are fully consolidated, 1 partially owned subsidiary consolidated according to the proportional method, and 2 companies valued according to ownership rights method.

Fully consolidated companies:

- "Athina Park" Spółka z o.o. ['Athina Park' Limited Liability Company], having its registered seat in Kielce
- "Centrum Handlowe PHS" Spółka Akcyjna ['PHS Shopping Center' Joint Stock Company], having its registered seat in Szczecin
- "Budivelnuy Soyuz Monolit" LLC, having its registered seat in Kiev, Ukraine
- "Echo - Arena" Spółka z o.o. ['Echo - Arena' Limited Liability Company], having its registered seat in Kielce
- "Echo - Arena Sp. z o.o." Spółka komandytowa ['Echo - Arena Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- "Echo - Aurus" Sp. z o.o. ['Echo - Aurus' Limited Liability Company], having its registered seat in Kielce,
- „Echo - Building Ingatlanhasznosito” Kft., having its registered seat in Budapest
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o. ['Echo - Łódź Banking and Finance Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Belchatów" Spółka z o.o. ['Echo - Belchatów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. ['Echo - Łódź Business Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Jelenia Góra" Spółka z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company], having its registered seat in Jelenia Góra
- "Echo - Centrum Poznań" Spółka z o.o. ['Echo - Poznań Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Przemysł" Spółka z o.o. ['Echo - Przemysł Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Rzeszów" Spółka z o.o. ['Echo - Rzeszów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Tarnów" Spółka z o.o. ['Echo - Tarnów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Galaxy" Spółka z o.o. ['Echo - Galaxy' Limited Liability Company], having its registered seat in Kielce
- "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa ['Echo - Galaxy Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- "Echo-Galaxy Szczecin" Sp. z o.o. ['Echo-Galaxy Szczecin' Limited Liability Company], having its registered seat in Szczecin
- "Echo - Galeria Kielce" Sp. z o.o. ['Echo - Galeria Kielce' Limited Liability Company], having its registered seat in Kielce
- "Echo - Kielce 1" Sp. z o.o. ['Echo - Kielce 1' Limited Liability Company], having its registered seat in Kielce
- "Echo - Metropolis" Spółka z o.o. ['Echo - Metropolis' Limited Liability Company], having its registered seat in Kielce
- "Echo - Oxygen" Sp. z o.o. ['Echo - Oxygen' Limited Liability Company], having its registered seat in Kielce (formerly "Projekt Echo - 65" Spółka z o.o. ['Project Echo - 65' Limited Liability Company] with its registered seat in Kielce)
- "Echo - Park Postępu" Spółka z o.o. ['Echo - Park Postępu' Limited Liability Company], having its registered seat in Kielce
- "Echo - Pasaż Grunwaldzki" Spółka z o.o. ['Echo - Pasaż Grunwaldzki' Limited Liability Company], having its registered seat in Kielce
- "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Spółka komandytowa ['Echo - Pasaż Grunwaldzki Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- "Echo - Project Management Ingatlanhasznosito" Kft., having its registered seat in Budapest
- „Echo - Project 1" LLC, having its registered seat in Kiev
- „Echo - Project 2" LLC, having its registered seat in Kiev
- "Echo - Property Poznań 1" Sp. z o.o. ['Echo - Property Poznań 1' Limited Liability Company], having its registered seat in Kielce
- "Echo - SPV 6" Sp. z o.o. ['Echo - SPV 6' Limited Liability Company], having its registered seat in Kielce
- "Echo - Veneda" Sp. z o.o. ['Echo - Veneda' Limited Liability Company], having its registered seat in Kielce,
- "Echo ACC" Spółka z o.o. ['Echo ACC' Limited Liability Company], having its registered seat in Kielce
- "Echo Bau" Spółka z o.o. ['Echo Bau' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment Hungary Ingatlanhasznosito Kft.", having its registered seat in Budapest
- "Echo Investment Project 1" S.R.L., having its registered seat in Bucharest
- "Echo Investment Project Management" S.R.L., having its registered seat in Bucharest
- "Echo Investment Ukraine" LLC, having its registered seat in Kiev
- "El Project Cyp - 1" Limited, having its registered seat in Nicosia
- "Est On Property Management" Spółka z o.o. ['Est On Property Management' Limited Liability Company], having its registered seat in Kielce
- "Malta Office Park" Spółka z o.o. ['Malta Office Park' Limited Liability Company], having its registered seat in Kielce
- "MDP" Spółka z o.o. ['MDP' Limited Liability Company], having its registered seat in Kielce
- "Princess Boryszewska" Spółka z o.o. ['Princess Boryszewska' Limited Liability Company], having its registered seat in Kielce
- "Princess Investment" Spółka z o.o. ['Princess Investment' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 17" Spółka z o.o. ['Project Echo - 17' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 30" Spółka z o.o. ['Project Echo - 30' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 37" Spółka z o.o. ['Project Echo - 37' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 39" Spółka z o.o. ['Project Echo - 39' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 41" Spółka z o.o. ['Project Echo - 41' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 41 spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa ['Project - Echo 41 Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- "Projekt Echo - 42" Spółka z o.o. ['Project Echo - 42' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 42 spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa ['Project - Echo 42 Limited Liability Company' Limited Partnership], having its registered seat in Kielce

- "Projekt Echo - 43" Spółka z o.o. ['Project Echo - 43' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 44" Spółka z o.o. ['Project Echo - 44' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 45" Spółka z o.o. ['Project Echo - 45' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 45 spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa ['Project - Echo 45 Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- "Projekt Echo - 46" Spółka z o.o. ['Project Echo - 46' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 47" Spółka z o.o. ['Project Echo - 47' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 53" Spółka z o.o. ['Project Echo - 53' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 54" Spółka z o.o. ['Project Echo - 54' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 55" Spółka z o.o. ['Project Echo - 55' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 56" Spółka z o.o. ['Project Echo - 56' Limited Liability Company], having its registered seat in Jelenia Góra
- "Projekt Echo - 57" Spółka z o.o. ['Project Echo - 57' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 58" Spółka z o.o. ['Project Echo - 58' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 59" Spółka z o.o. ['Project Echo - 59' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 61" Spółka z o.o. ['Project Echo - 61' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 62" Spółka z o.o. ['Project Echo - 62' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 63" Spółka z o.o. ['Project Echo - 63' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 67" Spółka z o.o. ['Project Echo - 67' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 68" Spółka z o.o. ['Project Echo - 68' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 69" Spółka z o.o. ['Project Echo - 69' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 70" Spółka z o.o. ['Project Echo - 70' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 77" Spółka z o.o. ['Project Echo - 77' Limited Liability Company], having its registered seat in Kielce
- "Projekt Echo - 93" Spółka z o.o. ['Project Echo - 93' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice" Spółka z o.o. ['Project Naramowice' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice Poznań" Spółka z o.o. ['Project Naramowice Poznań' Limited Liability Company], having its registered seat in Kielce
- "SPV-1" Sp. z o.o. ['SPV-1' Limited Liability Company]
- "Projekt S" Spółka z o.o. ['Project S' Limited Liability Company], having its registered seat in Kielce
- "Ultra Marina" Sp. z o.o. ['Ultra Marina' Limited Liability Company], having its registered seat in Kielce
- "Yevrobudgarant" LLC, having its registered seat in Kiev, Ukraine
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company], having its registered seat in Kielce

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

Companies valued according to equity method:

- "W.A. Hotele" Spółka z o.o. ['W.A. Hotels' Limited Liability Company], having its registered seat in Warsaw
- "WAN Invest" Spółka z o.o. ['WAN Invest' Limited Liability Company], having its registered seat in Warsaw

All wholly and partially owned subsidiaries and affiliated companies are consolidated. The parent company holds 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries.

In subsidiaries with non-controlling interests held by minority shareholders, Echo Investment is the holder of the following respective shares:

- "WAN 11" Sp. z o.o. ['WAN 11' Limited Liability Company] - 50% of basic equity and 50% of voting rights at the general meeting of shareholders;
- "Projekt S" Sp. z o.o. ['Project S' Limited Liability Company] - 95% of basic equity and 95% of voting rights at the general meeting of shareholders.

Equity relationships within the Capital Group concern the following:

- "MDP" Sp. z o.o., holding 1.84% of basic equity of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.;
- "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99.8% of basic equity of "Projekt Naramowice" Sp. z o.o.;
- "Echo - Kielce 1" Sp. z o.o., holding:
 - 99.97% of basic equity of "Echo - Galeria Kielce" Sp. z o.o.;
 - 100% of basic equity of "Princess Boryszewska" Sp. z o.o.
- "Projekt Echo - 37" Sp. z o.o., holding 0.001% of basic equity of "Echo - SPV 6" Sp. z o.o.;
- "Echo - Pasaż Grunwaldzki" Sp. z o.o., holding 1% share in "Echo - Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa;
- "Echo - Arena" Sp. z o.o., holding 1% share in "Echo - Arena Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy Szczecin" Sp. z o.o., holding 1% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Echo - Galaxy" Sp. z o.o., holding 1% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 93" Sp. z o.o., holding 0.01% of basic equity of "Echo - Galeria Kielce" Sp. z o.o.;
- "Projekt Echo - 41" Sp. z o.o., holding 1% share in "Projekt Echo - 41 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 42" Sp. z o.o., holding 1% share in "Projekt Echo - 42 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 43" Sp. z o.o., holding 0.01% share in "Echo - Galaxy Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 45" Sp. z o.o., holding 1% share in "Projekt Echo - 45 Sp. z o.o." Spółka komandytowa;
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o., holding 47.98% of basic equity of "Projekt Echo - 53" Sp. z o.o.;
- "Echo - Centrum Biznesu Łódź" Spółka z o.o., holding 51.96% of basic equity of "Projekt Echo - 53" Sp. z o.o.;

- "Echo - Centrum Tarnów" Sp. z o.o., holding 99.93% of basic equity of "Projekt Echo - 61" Sp. z o.o.;
- "Echo - Centrum Jelenia Góra" Sp. z o.o., holding 99.93% of basic equity of "Projekt Echo - 56" Sp. z o.o.;
- "Echo - Galaxy Sp. z o.o." Sp. k., holding 99.99% of basic equity of "Echo - Galaxy Szczecin" Sp. z o.o.;
- "Echo - Pasaż Grunwaldzki Sp. z o.o." Sp. k., holding 99.99% of basic equity of "Projekt Echo - 62" Sp. z o.o.;
- "Echo - Centrum Poznań" Sp. z o.o., holding 39.64% of basic equity of "Echo - Metropolis" Spółka z o.o. with its registered seat in Kielce,
- "Echo Investment Ukraine" LLC, holding:
 - 100% of basic equity of "Echo - Projekt 1" LLC
 - 99.99% of basic equity of "Echo - Projekt 2" LLC
 - 1.00% of basic equity of "Budivelnuy Soyuz Monolit" LLC
- "Echo - Projekt 1" LLC, holding 0.01% of basic equity of "Echo - Projekt 2" LLC;
- "EI Project Cyp - 1" Limited, holding 100% of basic equity of "Yevrobudgarant" LLC;
- "Yevrobudgarant" LLC, holding 99% of basic equity of "Budivelnuy Soyuz Monolit" LLC;
- "Echo Investment Project 1" SRL, holding 0.007% of basic equity of "Echo Investment Project Management" SRL;
- "Projekt Naramowice" Sp. z o.o., holding 99.97% of basic equity of "Projekt Naramowice Poznań" Sp. z o.o.;
- "Projekt Echo - 17" Sp. z o.o., holding the following respective interests in basic equity of:
 - 1.00% of equity of "Echo Aurus" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 37" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 39" Sp. z o.o.;
 - 1.00% of equity of "Echo ACC" Sp. z o.o.,
 - 1.00% of equity of "Projekt Echo - 30" Sp. z o.o.;
 - 1.00% of equity of "Echo - Galaxy" Sp. z o.o.,
 - 1.00% of equity of "Echo - Pasaż Grunwaldzki" Sp. z o.o.,
 - 1.00% of equity of "Est On Property Management" Sp. z o.o.,
 - 1.00% of equity of "Projekt Echo - 41" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 42" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 43" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 44" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 45" Sp. z o.o.;
 - 1.00% of equity of "Projekt Echo - 93" Sp. z o.o.,
 - 0.1% of equity of "Projekt Echo - 46" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 55" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 57" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 58" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 59" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 67" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 68" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 69" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 70" Sp. z o.o.;
 - 0.1% of equity of "Projekt Echo - 77" Sp. z o.o.;
 - 0.05% of equity of "Echo - Arena" Sp. z o.o.,
 - 0.05% of equity of "EI Project Cyp - 1" Limited;
 - 0.03% of equity of "Malta Office Park" Sp. z o.o.,
 - 0.03% of equity of "Echo - SPV 6" Sp. z o.o.,
 - 0.02% of equity of "Echo - Centrum Biznesu Łódź" Sp. z o.o.;
 - 0.02% of equity of "Projekt Naramowice" Sp. z o.o.;
 - 0.008% of equity of "Athena Park" Sp. z o.o.
 - 0.007% of equity of "Echo - Centrum Veneda" Sp. z o.o.;
 - 0.006% of equity of "Echo - Centrum Bełchatów" Sp. z o.o.;
 - 0.006% of equity of "Echo - Centrum Rzeszów" Sp. z o.o.;
 - 0.005% of equity of "Echo - Property Poznań 1" Sp. z o.o.;
 - 0.004% of equity of "Echo - Centrum Tarnów" Sp. z o.o.;
 - 0.002% of equity of "MDP" Sp. z o.o.;
 - 0.002% of equity of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.;
 - 0.002% of equity of "Echo - Kielce 1" Sp. z o.o.;
 - 0.001% of equity of "Echo - Galaxy Szczecin" Sp. z o.o.;
 - 0.001% of equity of "Echo - Oxygen" Sp. z o.o. (formerly: "Projekt Echo - 65" Spółka z o.o.)
 - 0.001% of equity of "Echo Park Postępu" Spółka z o.o.;
 - 0.001% of equity of "Echo - Metropolis" Spółka z o.o.;
 - 0.001% of equity of "Projekt Echo - 47" Sp. z o.o.;
 - 0.001% of equity of "Projekt Echo - 53" Sp. z o.o.;
 - 0.001% of equity of "Projekt Echo - 54" Sp. z o.o.;
 - 0.001% of equity of "Projekt Echo - 56" Sp. z o.o.;
 - 0.001% of equity of "Projekt Echo - 61" Sp. z o.o.;
 - 0.001% of equity of "Projekt Echo - 62" Sp. z o.o.;

- 0.001% of equity of "Projekt Echo - 63" Sp. z o.o.;

The remaining interests in the above mentioned companies are held by 'Echo Investment' S.A.

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

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

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

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

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

Bank	Type of instrument	Amount utilized [in thousands PLN]	Bonds redemption date
BRE Bank SA	Bonds	150.000	25.05.2011
BRE Bank SA	Bonds	100.000	25.05.2013
BRE Bank SA	Bonds	300.000	30.06.2014

Under the agreement signed with BRE Bank SA, Echo Investment SA is entitled to issue bonds up to the amount of 600 million PLN.

5.7 Dividend paid (or declared), total and per share, divided into ordinary shares and preference shares

The parent company - Echo Investment SA - did not pay any dividend in the previous years nor declare payment of such in the current period or the nearest future.

On May 12, 2009 the Management Board of the Company presented to the Supervisory Board of Echo Investment SA a proposal concerning allocation of net profit disclosed in the Company's financial statements for the year ended on December 31, 2008.

The Management Board of the Company proposed that the net profit for 2008 and net earnings carried forward from the preceding years be excluded from distribution to shareholders and allocated to supplementary capital of Echo Investment SA in its entirety for purposes of financing daily operations of the Company. The Supervisory Board of Echo Investment SA issued a positive opinion on the Management Board's proposal.

On May 28, 2008, pursuant to Resolution no. 6 on distribution of profit, the Ordinary General Meeting of Shareholders of Echo Investment SA decided to exclude the net profit earned by Echo Investment SA during the financial year 2008 from distribution among shareholders and to allocate the said profit in its entirety to supplementary capital for financing the Company's current operations.

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

On January 25, 2010 the SPV-1 Sp. z o.o. subsidiary acquired perpetual leasehold rights to real property with freehold of buildings, situated in Katowice at Kościuszki Street, area exceeding 54 thousand square meters, for a net price of 19 million PLN.

Before February 25, 2010, "Echo-Aurus" Sp. z o.o. entered into forward transactions closing some of the open items (27.5 million EUR). Clearing date of these transactions: June 22, 2010.

Before February 25, 2010, "Echo - Arena spółka z ograniczoną odpowiedzialnością" Sp. k. entered into forward transactions closing some of the open items (26.0 million EUR). Clearing date of that transaction: June 22, 2010.

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

I. 7 Group companies were closed, as follows:

As a consequence of acquisition on October 15, 2009 of shares in "YEVROBYDGARANT" LLC, incorporated and operating in Kiev, Ukraine, by the EI Project Cyp-1 Limited subsidiary, with its registered seat in Nicosia, Cyprus (99% shares in the initial capital), and by the Echo Investment Ukraine LLC subsidiary, incorporated and operating in Kiev, Ukraine, 100% of shares in the share capital of BUDIVELNUY SOYUZ MONOLIT LLC, with its registered seat in Kiev, Ukraine, were acquired. See detailed description in sub-paragraph 5.11.11 of the present Report.

The following companies were dissolved:

- "Projekt Echo - 23" Spółka z o.o. ['Project Echo - 23' Limited Liability Company] in liquidation, having its registered seat in Kielce,
- "Projekt Echo - 71" Spółka z o.o. ['Project Echo - 71' Limited Liability Company] in liquidation, having its registered seat in Kielce,
- "Projekt Echo - 89" Spółka z o.o. ['Project Echo - 89' Limited Liability Company] in liquidation, having its registered seat in Kielce.

The Capital Group organization shrank as a result of merger of the following subsidiaries (merged companies) with MDP Sp. z o.o. (the receiving company):

- "Piomot Auto" Spółka z o.o. ['Piomot Auto' Limited Liability Company], having its registered seat in Kielce,
- "Projekt Echo - 28" Spółka z o.o. ['Project Echo - 28' Limited Liability Company], having its registered seat in Kielce,
- "Projekt - Echo 34" Sp. z o.o. ['Project - Echo 34' Limited Liability Company], having its registered seat in Kielce,
- "Projekt Echo - 48" Spółka z o.o. ['Project Echo - 48' Limited Liability Company], having its registered seat in Kielce,
- "Projekt Echo - 80" Spółka z o.o. ['Project Echo - 80' Limited Liability Company], having its registered seat in Kielce,
- "Echo - Property Poznań 2" Sp. z o.o. ['Echo - Property Poznań 2' Limited Liability Company], having its registered seat in Kielce.

II. Shareholding structure of issued capital of the following subsidiaries was changed:

On December 10, 2009 the District Court in Kielce, 10th Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Echo - Metropolis" Sp. z o.o. ['Echo - Metropolis' Limited Liability Company] with its registered seat in Kielce (the Subsidiary). The value of the Subsidiary's initial capital was increased by PLN 60,612,000 and now equals PLN 100,500,000, divided into 2,010,000 shares with a par value of PLN 50 each. The capital was increased through creation of 1,212,240 new shares with a par value of PLN 50 each. Each share carries one vote at the Subsidiary's general meeting of shareholders. As at the registration date, Echo Investment SA took up the entirety of the increased share capital of the Subsidiary, corresponding to 60,31% of the current share capital. The newly established shares were covered with a cash contribution. The shares thus taken up shall be financed with Echo Investment SA's own funds. Echo Investment SA intends to use the shares taken up as a long-term equity investment.

Shareholding structure of the Subsidiary after registration of changes in the share capital is the following:

- Echo Investment SA is currently the holder of 1,213,239 shares, corresponding to 60,36% of share capital and carrying 1,213,239 votes at the general meeting of shareholders of the Subsidiary,
- the subsidiary "Echo - Centrum Poznań" Sp. z o.o. is the holder of 796,760 shares, corresponding to 39,64% of share capital and carrying 39,64% votes at the general meeting of shareholders of the Subsidiary.
- the subsidiary "Projekt Echo - 17" Sp. z o.o. is the holder of 1 share, corresponding to 0,00005% of share capital and carrying 0,00005% votes at the general meeting of shareholders of the Subsidiary.

On December 10, 2009 the District Court in Kielce, 10th Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Echo Projekt - 47" Sp. z o.o. ['Echo Projekt - 47' Limited Liability Company] with its registered seat in Kielce (the Subsidiary). The value of the Subsidiary's initial capital was increased by PLN 49,950,000 and now equals PLN 50,000,000, divided into 1,000,000 shares with a par value of PLN 50 each. The capital was increased through creation of 999,999 new shares with a par value of PLN 50 each. Each share carries one vote at the Subsidiary's general meeting of shareholders. As at the registration date, Echo Investment SA took up the entirety of the increased share capital of the Subsidiary, corresponding to 99,9% of the current share capital. The newly established shares were covered with a cash contribution. The shares thus taken up shall be financed with Echo Investment SA's own funds. Echo Investment SA intends to use the shares taken up as a long-term equity investment.

Shareholding structure of the Subsidiary after registration of changes in the share capital is the following:

- Echo Investment SA is currently the holder of 999,999 shares, corresponding to 99,99% of share capital and carrying 99,99% votes at the general meeting of shareholders of the Subsidiary,
- the subsidiary "Projekt Echo - 17" Sp. z o.o. is the holder of 1 share, corresponding to 0,0001% of share capital and carrying 0,0001% votes at the general meeting of shareholders of the Subsidiary.

On December 10, 2009 the District Court in Kielce, 10th Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Echo Projekt - 81" Sp. z o.o. ['Echo Projekt - 81' Limited Liability Company] with its registered seat in Kielce (the Subsidiary). The value of the Subsidiary's initial capital was increased by PLN 39,838,000 and now equals PLN 39,888,000, divided into 797,760 shares with a par value of PLN 50 each. The capital was increased through creation of 796,760 new shares with a par value of PLN 50 each. Each share carries one vote at the Subsidiary's general meeting of shareholders.

As at the registration date, the "Echo - Centrum Poznań" Sp. z o.o. subsidiary took up the entirety of the increased share capital of the Subsidiary, corresponding to 99,87% of the current share capital. The newly created shares were covered with a non-cash contribution in the form of the

enterprise of "Echo - Centrum Poznań" Sp. z o.o., as defined by Article 55.1 of the Civil Code, incorporating a group of tangible and non-tangible assets and constituting an employer establishment within the meaning of Article 23.1 of the Labor Code, with a value of PLN 39,838,000, comprising in particular the freehold rights to non-developed properties situated in Poznań, Krauthofera Street, with an area of 90,655 square meters, and Dmowskiego Street, with an area of 9,832 square meters. "Echo - Centrum Poznań" Sp. z o.o. considers the shares thus taken up as a long-term equity investment.

Shareholding structure of the Subsidiary after registration of changes in the share capital is the following:

- the subsidiary "Echo - Centrum Poznań" Sp. z o.o. is the holder of 796,760 shares, corresponding to 99,87% of share capital and carrying 99,87% votes at the general meeting of shareholders of the Subsidiary,
- Echo Investment SA is currently the holder of 999 shares, corresponding to 0,12% of share capital and carrying 0,12% votes at the general meeting of shareholders of the Subsidiary,
- the subsidiary "Projekt Echo - 17" Sp. z o.o. is the holder of 1 share, corresponding to 0,0002% of share capital and carrying 0,0002% votes at the general meeting of shareholders of the Subsidiary.

On December 29, 2009 the District Court in Kielce, 10th Economic Department of the National Court Register registered a change of the value of initial capital of the subsidiary MDP Sp. z o.o. [MDP Limited Liability Company] with its registered seat in Kielce.

As at the date of registration, the MDP Sp. z o.o. subsidiary (the Receiving Company) merged with the following subsidiaries: Piomot Auto Sp. z o.o., Projekt Echo - 28 Sp. z o.o., Projekt Echo - 34 Sp. z o.o., Projekt Echo - 48 Sp. z o.o., Projekt Echo - 80 Sp. z o.o., and Echo - Property Poznań 2 Sp. z o.o. (Merged Companies).

Merger took place through transfer of all assets of the merged companies to the holding company, with an increase of the holding company's initial capital through establishing new shares that were assigned to the merged companies' present shareholders in exchange for their existing shares in the merged companies.

The newly created shares in MDP Sp. z o.o. as at the date of the above registration were issued in their entirety to Echo Investment SA in the quantity of 14,465 shares with a total value of PLN 7,232,500, carrying 14,464 votes at the general meeting of shareholders and constituting 31.13% of the initial capital after registration of the merger.

The newly created shares constitute a long-term equity investment.

The assets of the merged Companies were used in developer and financial activity. The holding company will continue the operations of the merged Companies and present utilization of transferred assets.

As at the date of registration of the aforementioned changes, the value of initial capital of MDP Sp. z o.o. is PLN 23,236,500 and is divided into 46,473 shares with a nominal value of PLN 500 each. The total number of votes at the general meeting of shareholders, according to shares, is 46,473.

Shareholding structure of MDP Sp. z o.o. has changed and is now as follows:

- Echo Investment SA holds 46,472 shares with a total value of PLN 23,236,000, carrying 46,472 votes at the meeting of shareholders and constituting 99,99% of the initial capital after registration of the given merger
- the subsidiary "Projekt Echo - 17" Sp. z o.o. with its registered seat in Kielce holds 1 share in the Receiving Company, with a total value of PLN 500, carrying 1 vote at the meeting of shareholders which constitutes 0.0022% of the initial capital.

On December 30, 2009, MDP Sp. z o.o. subsidiary as the Seller and Echo Investment SA as the Buyer signed a contract of sale of 24,227 shares in the issued capital of the subsidiary Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with a nominal value of PLN 50 each. The sale price was PLN 9.55 million.

III. Change of company name:

The name of "Projekt - Echo 65" Spółka z o.o. [Project - Echo 65' Limited Liability Company], having its registered seat in Kielce, was changed into "Echo - Oxygen" sp. z o.o. [Echo - Oxygen' Limited Liability Company'], having its registered seat in Kielce.

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

Certain changes have occurred in contingent liabilities since the end of last financial year, as follows:

5.10.1 Surety agreements

Surety agreements of Echo Investment SA, in force as at December 31, 2009, are presented in the following table:

Surety in favor of	Value [in thousands]	Expiry date	On account of
Bank PeKaO SA	PLN 740	until signing a contract of transfer under the rights of bank performance guarantee in favor of PeKaO SA Bank	Surety for the liabilities of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Limited Liability Company] as a collateral of a loan granted by PeKaO SA Bank
Projekt – Echo 49 Sp. z o.o.	PLN 3,880	until July 04, 2010	Surety for liabilities concerning remediation of damage regarding Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company]
EUROHYPO AG	PLN 821,640	shall remain in force until lawful registration of capped mortgage on the property and registration of liens in pledge registry (with regard to the amount of 100 million EUR) and until obtaining a valid occupancy permit for the extended Galeria Echo mall in Kielce (with regard to the amount of 100 million EUR).	The surety guaranteeing fulfillment of liabilities of Echo – Galeria Kielce Sp. z o.o under the credit agreement made on October 6, 2009 with Eurohypo AG Bank of Eschborn, Germany

1. See sub-paragraph 5.20 of this Report.

2. A surety granted by a natural person as a security of subsidiary's liabilities, for the amount of PLN 18,807 thousand, expired on December 15, 2009.

5.10.2 Guarantee agreements

Guarantees in force as at December 31, 2009 are presented in the table below:

Guarantor	Value [in thousands]	Expiry date	On account of
Echo Investment SA	PLN 7,300	until repayment of obligations under credit agreement of June 22, 2009	Security guaranteeing coverage of any excess costs of execution of the 2nd stage of Malta Office Park
PKO BP SA	PLN 157	until 2010-09-30	Surety constituting a collateral for possible non-performance of outstanding liabilities in favor of J&P Sp. z o.o. under the Contract of lease of service premises, dated 2009-09-24.
PKO BP SA	PLN 1,100	until 2011-12-31	Collateral concerning payment of amounts adjudicated in favor of Master Serwis Opon Sp. z o.o.

1. On January 13, 2009 PKO BP SA Bank granted a bank guarantee to PKP SA with its registered seat in Warsaw as a security of payment of consulting costs, up to the amount of PLN 1.8 million. This guarantee expired as at November 9, 2009.
2. On June 22, 2009 Echo Investment SA issued a guarantee in favor of Westdeutsche ImmobilienBank AG as a collateral securing coverage of possible excess of costs of development of the 2nd stage of Malta Office Park in Poznań. The guarantee shall remain in force until the effective date of repayment of all liabilities arising from the credit agreement signed between Malta Office Park Sp. z o.o. and Westdeutsche ImmobilienBank AG (Germany) on June 22, 2009. The value of guarantee is PLN 7.3 million.
3. On October 22, 2009, Bank PKO BP SA issued a bank guarantee in favor of J&P Sp. z o.o. as a collateral for potential non-performance by Centrum Handlowe PHS SA (subsidiary) of liabilities due and outstanding under the Contract of lease of service premises, dated September 24, 2009. The value of guarantee is 38.19 thousand EUR.
4. On November 3, 2009 PKO BP SA Bank granted a bank guarantee to Master Serwis Opon Sp. z o.o. as a security of payment of the amounts adjudicated in favor of the Beneficiary. The value of guarantee is PLN 1.1 million.

5.11 Significant achievements or failures of the Capital Group, indicating key events of the 4th quarter of 2009

5.11.1 Key events in the 4th quarter of 2009

On October 6, 2009 a credit agreement (the Agreement) was signed by between the Issuer's subsidiaries "Echo - Galeria Kielce" Sp. z o.o. with its registered office in Kielce (the Borrower), "Projekt Echo - 62" Sp. z o.o. with its registered office in Kielce (the Guarantor), and Eurohypo AG Bank with its registered seat in Eschborn, Germany (the Bank, the Lender). Under the said Agreement, the Lender lends to the Borrower 100 million EUR (which, according to the average rate of exchange of the National Bank of Poland as at the effective date of contract, is an equivalent of PLN 417.8 million). The credit facility will be disbursed in two installments until March 31, 2012 inclusive. Interest rate shall be based on annual EURIBOR rate plus margin. The ultimate due date for repayment of this credit facility shall be March 31, 2020. The funds obtained under the Agreement will be allocated to financing the costs of extension of the Galeria Echo shopping & entertainment center in Kielce at the crossing of al. Solidarności and ul. Świętokrzyska (the Center). The total gross leasable area of the extended Center will be approx. 67,000 square meters, with ca. 2,200 parking spaces. The following collaterals are provided as a guarantee of repayment of all amounts due to the Lender under the credit agreement:

- capped mortgage established by the Borrower on real estate situated in Kielce at Świętokrzyska Street, with a total area of ca. 5,7951 ha,
- registered pledges on shares in the Borrower's issued capital, owned by subsidiaries of Echo Investment SA: "Echo Kielce - 1" Sp. z o.o. and "Projekt Echo - 93" Sp. z o.o.,
- assignment of receivables due to the Borrower under lease contracts and insurance policy,
- lien on the Borrower's bank accounts,
- capped mortgage established by the Guarantor on real estate situated in Wrocław, Grunwaldzki Square, with a total area of approx. 3.4758 hectares, which shall expire not later than March 31, 2012,
- registered pledge on shares in the Guarantor's issued capital, owned by subsidiaries of Echo Investment SA: "Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.k. and "Projekt Echo - 17" Sp. z o.o., which shall expire not later than March 31, 2012,
- lien on the Borrower's Guarantor's bank accounts, which shall expire not later than March 31, 2012,
- surety given by Echo Investment SA, valid as from the date of utilizing the first installment of loan until the date of entry into force of a decision concerning registration of registered pledges,
- the Borrower's statement of submission to enforcement proceedings.

At the same time, as a security against foreign exchange risk and interest rate risk, the Borrower is obliged to enter into hedging contracts with the Bank whereunder swap, forward swap or derivatives transactions will be executed for all or part of outstanding installments.

On October 8, 2009, a General Contracting Agreement was made for development of a Project (the Agreement) between Echo Investment SA and Eiffage Budownictwo Mitex S.A. with its registered seat in Warsaw (the Contractor).

Under the said Agreement, the Contractor agreed to carry out works consisting in general performance of extension of Galeria Echo shopping & entertainment center (the Center), with external facilities and site development, on a property situated in Kielce at the intersection of Świętokrzyska and Aleja Solidarności Streets (the Project), including:

- dismantling and modernization of a part of the existing Mall,
- general contractor's works on extension of the Project,
- obtaining necessary acceptances by competent authorities,
- obtaining a valid occupancy permit for the Project,

The total gross leasable area of the extended Center will be approx. 67,000 sq. m.

Project development should be completed until May 9, 2011.

The Contractor's fee for Project development shall be a lump sum fee of PLN 161.3 million net.

The Agreement contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000 but not exceeding 10% of the net value of fee for development of the Project. Liquidated damages shall be charged for such events as non-performance or inadequate performance of works involved in development of the Project, including delay in timely completion or termination of Agreement by

Echo Investment S.A. or Contractor by the other Party's default. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages.

In pursuance of the obligation referred to in Article 57 (3) of the Act on Public Offering, Conditions of Introducing Financial Instruments to Organized Trade, and on Public Companies, of July 29, 2005 (Journal of Laws no. 184, item 1539, as amended), on October 16, 2009 the Management Board of Echo Investment SA communicated the following confidential information, the publication whereof was delayed under Regulation of the Minister of Finance of April 13, 2006 concerning types of information that may affect issuer's reasonable interest and manner of proceeding by an issuer with respect to delayed public disclosure of confidential information (Journal of Laws of 2006, No. 67, item 476).

On July 28, 2008, a preliminary agreement under conditions precedent (the Preliminary Agreement) was made between a subsidiary of Echo Investment SA - Wlementor Holdings Limited, with its registered office in Nicosia, Cyprus, currently operating under the business name EI Project Cyp-1 Limited (the Subsidiary, or the Buyer), and Janisola Investments Limited, with its registered office in Limassol, Cyprus (the Seller).

The object of the Preliminary Agreement was the acquisition by the Buyer of 100% shares in the issued capital of Budivelnuy Soyuz "Monolit" LLC with its registered seat in Kiev, Ukraine (Monolit), with a nominal value of UAH 52,000 (being an equivalent of PLN 25,261.60 as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland), carrying 100% of votes at the general meeting of shareholders.

The following prerequisites applied as conditions precedent of final contract of acquisition of shares in Monolit:

- acquisition by Monolit of freehold of a real property situated in Kiev, with the area of approximately 43,000 square meters (the Property),
- positive results obtained by the Buyer in legal, financial and technical due diligence of Monolit and of the Property. The Parties to the Preliminary Agreement have agreed that the final share purchase contract will be executed upon effective fulfillment of the aforementioned conditions, until March 31, 2009 at the latest.

The aforementioned prerequisites were conditions precedent.

The purchase price of 100% shares in Monolit's issued capital was determined as the equivalent of USD 1,000 per 1 square meter of the Property (an equivalent of PLN 2,268.80 per sq. m as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland) less 1 million USD (an equivalent of PLN 2,268,800 as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland). The Seller was entitled to additional compensation in the event of acquisition of freehold of the Property by Monolit for a price lower than UAH 2,000 per sq. m of the Property (an equivalent of PLN 971.60 per square meter as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland).

Under the Preliminary Agreement, the Buyer advanced the amount of 8 million USD to the Seller (an equivalent of PLN 18,150,400 as at the effective date of the Preliminary Agreement, according to the average rate of exchange of the National Bank of Poland).

The Preliminary Agreement contained certain provisions that allowed charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 641,600 as at the effective date of the Preliminary Agreement according to the average rate of exchange of the National Bank of Poland, and 10% of the Preliminary Agreement value. In the event of failure to sign the final Agreement by the Seller's default, the Buyer was entitled to demand payment of liquidated damages in the amount of 10 million USD (an equivalent of PLN 22,688,000 as at the effective date of the Preliminary Agreement, according to the average rate of exchange published by the National Bank of Poland). In the event of failure to sign the final Agreement by the Buyer's default, the Seller was entitled to retain the advance payment and to demand payment of liquidated damages in the amount of 2 million USD (an equivalent of PLN 4,537,600 as at the effective date of the Preliminary Agreement, according to the average rate of exchange published by the National Bank of Poland).

On October 28, 2008, considering unsatisfactory results of financial calculations of the contemplated investment, resulting from extraordinary deterioration of global economic situation, the Buyer terminated the Preliminary Agreement by way of a notice served upon the Seller, and the Agreement was therefore terminated as a consequence of the Buyer's notice to that effect. Termination of the Preliminary Agreement did not have any negative financial consequences for the Subsidiary.

As a result of termination of the Preliminary Agreement, the parties launched a negotiation process leading to execution of a share transfer contract in Monolit on new terms and conditions. Due to the circumstances and confidential nature of negotiations between the parties to the Preliminary Agreement, the Management Board of Echo Investment SA concluded that public communication of information concerning signing and termination of the Preliminary Agreement could unfavorably affect further advancement and outcome of negotiations, leading as a consequence to infringement of the issuer's reasonable interest.

On October 15, 2009 a contract of acquisition of shares in "YEVROBUDGARANT" LLC with its registered office in Kiev, Ukraine (YBG) (the Contract) was signed between a subsidiary of Echo Investment SA - EI Project Cyp-1 Limited with its registered office in Nicosia, Cyprus (the Subsidiary, or the Buyer) and Janisola Investments Limited with its registered office in Limassol, Cyprus (the Seller).

The object of the aforementioned Contract is acquisition by the Buyer of 99% shares in the issued capital of YBG, with a nominal value of UAH 62,370 (being an equivalent of PLN 21,810.79 as at the effective date of Contract, according to the average rate of exchange of the National Bank of Poland), carrying 99% of votes at the general meeting of shareholders.

The remaining 1% of shares in YBG, with a nominal value of UAH 630 (being an equivalent of PLN 220.31 as at the effective date of Contract, according to the average rate of exchange of the National Bank of Poland), carrying 1% of votes at the general meeting of shareholders, were acquired by a subsidiary of Echo Investment SA - Echo Investment Ukraine LLC with its registered office in Kiev, Ukraine.

YBG is a holder of 100% shares in Monolit. As at the effective date of Contract, Monolit has been granted the right to purchase from the Municipality of Kiev freehold of the Property and the right to enter into a contract of lease of the Property, which shall remain in force until the effective date of transfer of freehold title to the Property to Monolit. Freehold title to the Property shall entitle Monolit to develop an office park on the Property.

Acquisition price of shares in YBG is 26 million USD (an equivalent of PLN 72,995,000 as at the effective date of Contract according to the average rate of exchange published by the National Bank of Poland), which shall be reduced by the USD equivalent of the price for purchase of Property freehold by Monolit and the equivalent of any possible unfulfilled obligations of YBG and Monolit. The amount of 8 million USD (an equivalent of

22.46 million PLN as at the effective date of Contract according to the average rate of exchange published by the National Bank of Poland), paid by the Buyer previously under the Preliminary Agreement, will be advanced to the price of shares in YBG.

Echo Investment SA granted a corporate warranty of payment of the price for shares in YBG up to the amount of 13 million USD (which, according to the average rate of exchange of the National Bank of Poland as at the effective date of Contract, is an equivalent of PLN 36,497,500). At the same time, YBG established a lien on shares in Monolit in favor of the Seller, effective until payment by the Buyer of the entire price for YBG shares.

The acquired assets were financed with the Buyer's and Echo Investment Ukraine LLC's own funds. These companies intend to treat the acquired assets as long-term financial investment.

The Contract does not contain any provisions that would allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 839,160 as at the effective date of the Contract according to the average rate of exchange of the National Bank of Poland, or 10% of the Contract value.

Purchase of shares in the issued capital of YBG - 100% shareholder in Monolit, which is the owner of real property in Kiev, is in accordance with the adopted strategy, whereunder Echo Investment SA is expanding its range of operations on real estate markets in Central and Eastern Europe countries. Development of a group of office buildings is envisaged on the purchased land, with gross leasable area of approximately 100,000 sq. m.

On October 16, 2009, annex 1 (the Annex) to the conditional agreement for general contracting of investment and project management of September 4, 2008 (the General Contracting Agreement) was signed between Orbis SA with its registered office in Warsaw (the Investor) and Echo Investment SA with its registered seat in Kielce (the General Contractor of Investment and Project Manager, or the Project Manager). According to the provisions of the aforementioned Annex, the General Contracting and Project Management Agreement shall enter into force as at October 16, 2009. Under the General Contracting and Project Management Agreement, the Project Manager shall build a Novotel-class hotel to ACCOR standards, with a net area of approximately 7,200 sq. m, and deliver the same to the Investor in turnkey condition (the Investment). The Investment shall be executed on the real property owned by a subsidiary of Echo Investment SA - "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce. The property is located in Łódź, Piłsudskiego Street. The General Contractor of Investment and Project Manager shall take all legal, administrative and financial steps and actions leading to effective execution of the Investment, including:

- obtaining a building permit decision and an occupancy permit for the completed hotel,
- the competent administrative authority issuing a decision acknowledging effective assignment of the zoning decision to the Investor,
- the Investor (the Buyer) and a subsidiary of Echo Investment SA - "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce (the Seller) entering into the promised contract of sale of perpetual leasehold of property (the Promised Contract).

Execution of the Investment Project should be completed not later than December 12, 2012. This Agreement will be terminated in the event of the Project Manager's failure to obtain a final building permit for the Investment on behalf of the Investor until April 14, 2011 at the latest. In addition, the Investor is entitled to terminate the General Contracting and Project Management Agreement if the Investment is not delivered within the above specified completion deadline, or if the Investment is not executed properly. The net price for development of the Investment is PLN 40.32 million. The General Contracting and Project Management Agreement contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000, which corresponds to the amount of PLN 841,560 as at the effective date of the Annex according to the average rate of exchange of the National Bank of Poland, and possibly in excess of 10% of the net value of fee for Contract performance. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages.

Liquidated damages shall be charged on such basis as, among others, failure to obtain a building permit, delays in executing the Investment, or termination of the General Contracting and Project Management Agreement.

On October 16, 2009, an annex was signed to the preliminary conditional contract of property sale (the Preliminary Conditional Contract of Sale) between a subsidiary of Echo Investment SA - "Echo - Kielce 1" Sp. z o.o. with its registered seat in Kielce (the Seller) and Orbis Spółka Akcyjna with its registered seat in Warsaw (the Buyer).

Pursuant to their respective statements made to that effect, the Parties agreed that the Seller and the Buyer would sign the Promised Contract upon fulfillment until December 15, 2010 of the additional condition supplementing the prerequisites enumerated in Current Report no. 44/2008 of September 5, 2008. The additional condition is the Seller being required to submit to the Buyer a final building permit decision issued for the Investment, together with all administrative decisions required for execution of the Investment in regard of engineering utilities, communication system and necessary fire emergency route.

The object of the Preliminary Conditional Contract of Sale is the perpetual usufruct right to immovable property - land plots situated in Łódź at Piłsudskiego Street, with a total area of ca. 1,450 square meters (the Property). The contract value is PLN 5 million net.

Furthermore, the Parties to the annexed Preliminary Conditional Contract of Sale decided that in the event of unfeasibility of executing the Investment under the General Contracting and Project Management Agreement, the Buyer might refuse to sign the Promised Contract by accession, and if the Buyer is notified of unfeasibility of executing the Investment after signing the Promised Contract, then the Buyer should be entitled to rescind the Promised Contract and/or demand repurchase of the Property during the period from May 31, 2011 to the date of withdrawal from the Promised Contract.

On November 4, 2009 an annex (hereafter the Annex) was executed between the Echo - Arena Spółka z ograniczoną odpowiedzialnością Spółka komandytowa subsidiary, with its registered seat in Kielce (the Lessor, or the Subsidiary), and Tesco (Polska) Sp. z o.o., with its registered seat in Krakow (the Lessee), to the preliminary contract of lease (the Contract) of November 27, 2007, as amended. Under the Annex, the deadline for entering into the final lease contract was changed and it shall now be not later than February 15, 2012. The Contract concerns lease of approx. 8,900 square meters of commercial surface in the Arena shopping and entertainment center that is being prepared for development in Słupsk at Grottgera Street (the Mall). The Tenant is going to engage in trade and service activity in the Mall in the form of a grocery and household goods store in unlimited range of standard commodities typically sold in such Tesco outlets in Poland. Duration of lease of space in the contemplated Mall shall be 30 years.

On November 26, 2009, an annex was signed between the Projekt Echo - 62 Sp. z o.o. subsidiary, with its registered seat in Kielce (the Borrower, or the Subsidiary), and Eurohypo AG Bank with its registered office in Eschborn, Germany (the Lender, or the Bank), to the credit agreement of March 10, 2006, as amended.

Under the said Annex, the Bank lends to the Borrower an additional amount of up to 15.5 million EUR (which, according to the average rate of exchange of the National Bank of Poland as at the effective date of the Annex, is an equivalent of PLN 64,078,550.00). This credit amount shall be used for financing the Subsidiary's day-to-day operations. The ultimate due date for repayment of this credit facility shall be September 30, 2022.

Variable interest rate will be applied to this credit, based on EURIBOR plus Bank margin.

The following collaterals are provided as a guarantee of repayment of all amounts due to the Lender under the aforementioned credit:

- capped mortgage on freehold of the Borrower's developed property situated in Wrocław at the junction of Piastowska Street, Grunwaldzka Street, M.Reja Street, M.Curie-Skłodowskiej Street, and Grunwaldzki Square,
- registered pledge on the shares in the Subsidiary's issued capital.

5.11.2 Projects of Echo Investment Capital Group

During the 4th quarter of 2009, Echo Investment SA and Echo Capital Group companies were executing projects launched during the previous periods, and became involved in new investments in the segments described below.

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

The Polish market

Segment of shopping centers and malls

Shopping centers built by the Group operate in more than ten larger cities in Poland. Stability of the market of shop floor areas is due to high market demand, adaptability to specific clients' requirements, and high diversification of sectors and industries.

Domestic and international shopping chains, as well as local companies are tenants of commercial areas in these buildings. Key tenants in shopping centers include: Carrefour, Tesco, Real, Nomi, RTV Euro AGD, Empik, Douglas, Saturn Planet, Rossman, and other chain brands.

Projects in progress and under preparation, in alphabetical order:

Bełchatów, Galeria Echo shopping center (extension)

Extension of the existing Echo shopping center is intended in Bełchatów, Kolejowa Street. The existing facility will be modernized, and a new building with extra commercial space will be erected on the neighboring plot of land. After extension, total floor area of the center will be about 26,000 square meters (leasable area), and more than 750 parking places will be made available to customers. The anticipated date of delivery of this project falls in the 2nd half of 2011.

Kalisz, shopping & entertainment center

Echo Capital Group intends to develop a modern regional shopping and entertainment center on its immovable property located in Kalisz. The facility will be built at Górnosłaska Street and the Amber Route. Area to let is about 32,000 square meters. Completion of development is scheduled for the second half of 2012.

Kielce, Galeria Echo shopping & entertainment center - extension

In August 2009, execution works on the 1st stage of extension of the Galeria Echo mall in Kielce concerning construction of a seven-level car park were finished. In October 2009, an agreement was signed with EIFFAGE BUDOWNICTWO MITEX SA as the General Contractor of consecutive phases of development. The new mall, tripled in size, with gross leasable area of approximately 65,000 square meters, will be opened in 2011.

Koszalin, shopping & entertainment center

Development of a modern shopping & entertainment center is planned in Koszalin, Krakusa i Wandy Street. Area to let in the building will be about 22,500 square meters. Completion of development is scheduled for the first half of 2013.

Lublin, shopping & entertainment center

The Company's investment plans include development of the so-called Echo Park in Górki Czechowskie, Lublin. The Company intends to build the following establishments on that property:

- a shopping, entertainment and service center (the Mall) with a total shopping area reaching 80,000 square meters, developed in combination with reconstruction of the traffic system around the contemplated building as a necessary Mall service component,
- a complex of service and office establishments complementing the functions offered by the Mall,
- a city-like recreation and landscape park.

The Management Board of the Company is attempting at an agreement with the Commune of Lublin on the details concerning the investment project scheduled by Echo Investment Group.

Łomża, Veneda shopping & entertainment center

Erection of a shopping center in Łomża is going to supplement the Company's portfolio of retail space. The center will be built at the crossing of Zawadzka and Sikorskiego Streets. The mall will have approximately 14,000 square meters of floor space. In mid-2009, the City Council adopted a Local Spatial Development Plan for the center, which enabled the Company to take further steps in project execution. Completion of Galeria Veneda development is scheduled for the second half of 2011.

Poznań, Metropolis shopping & entertainment center

Echo Capital Group is planning to build a modern shopping and entertainment center called Metropolis on its property situated in Poznań, Hetmańska Street, offering about 80,000 sq. m of space for rent. The Group is currently determining the architectural concept of the design. Completion of development is scheduled for the second half of 2013.

Słupsk, Arena shopping & entertainment center

The Company is planning to build a shopping and entertainment center called Arena on its immovable property situated in Słupsk, Grottgera Street. The facility shall offer about 38,000 sq. m leasable area. 94% of the project area have already been let to tenants. The Capital Group has obtained a building permit for erection of the aforementioned establishment. Implementation works are going to start as soon as financing is obtained, and completion is scheduled for the 2nd half of 2011.

Szczecin, Astra shopping center

The Astra shopping center will be developed in place of the operating establishment at A. Struga Street in Szczecin. Total leasable area of the mall will be about 25,000 square meters. An entertainment part will be added during the consecutive stage of the project, to be developed during the upcoming years. The Astra shopping center will be opened for customers in the 2nd half of 2011.

Wrocław, Pasaż Grunwaldzki shopping & entertainment center (extension)

Pasaż Grunwaldzki is a shopping and entertainment center located at Plac Grunwaldzki in Wrocław. Currently, nearly 200 shops and service outlets operate on the approximate area of 52,000 square meters. Echo Capital Group intends to expand this project. After completion of investment, the center will exceed 68,000 square meters leasable area. Almost 50 new shops will be opened in the shopping section, and nearly 1,600 parking places will be made available to customers. The extended center will be delivered to lessees at the turn of 2011 and 2012.

Other shopping centers and shopping/entertainment centers

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

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

Segment of office space

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

Although this market segment is highly competitive, the projects contained in the portfolio of Echo Capital Group ensure stable income from long-term lease contracts due to proper location and appropriate standards. Office space is let to such recognized companies as Polkomtel SA, Deutsche Leasing, Impel SA, Colgate-Palmolive, Porr Polska, Modzelewski & Rodek, Roche Diagnostic Polska, and many others.

Projects in progress and under preparation, in alphabetical order:

Gdańsk, project at Jana z Kolna Street

The Company intends to develop office space on the immovable property in Gdańsk, Jana z Kolna Street. The class A building designed by Arch - Deco designing office of Gdynia shall comprise ca. 23,000 sq. m of rentable area. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of development will be in the first half of 2011, and the date of delivery of the building to lessees will fall in the second half of 2012.

Katowice, project at Francuska Street

A business park with rentable area of ca. 50,000 square meters is planned on the Company's land in Katowice at the crossing of al. Górnośląska and Francuska Street. This establishment, designed by DDJM Biuro Architektoniczne design office, will be executed in three stages. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. Commencement of development of the first stage of this investment is scheduled for the second half of 2010. The 1st stage of the project will be ready for opening in mid-2012.

Krakow, project at Lea Street

During the 4th quarter of 2008, development of a new seven-storey modern class A office building commenced in Krakow, Lea Street, with above-ground and underground car parks. The architectural concept was developed by DDJM Biuro Architektoniczne Sp. z o.o., a design studio of Krakow. The contractor of core and shell construction is Modzelewski & Rodek Sp. z o.o. of Warsaw. The entire building has been leased by Fortis Bank Polska SA with its registered seat in Krakow. Area to let is about 11,000 square meters. Approximately one third of the overall area of the building was delivered to users in January 2010. Anticipated completion date of the entire project is the end of 1st quarter of 2010.

Krakow, project at Opolska Street

A modern class A office project is scheduled for development on the land property in Krakow, Opolska and 29 Listopada Streets, with rentable area in excess of 60,000 sq. m. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The project will be executed in three stages, with commencement expected in the first half of 2011 and completion of the 1st stage scheduled for the second half of 2012.

Łódź, AURUS project

For the purpose of optimizing the investment process, the class A office building project in Łódź, Piłsudskiego Street, is currently being redesigned. The envisaged modifications will enable more flexible adaptation to the current situation on the property market and will enable development and sales of this project in stages. Area to let is about 21,000 square meters. According to current plans, 1st stage of the project is scheduled for completion in the first half of 2012.

Poznań, Malta Office Park

During the 4th quarter of 2009, development works were carried out on the consecutive 2nd stage of that complex, incorporating about 15,000 sq. m of space for rent. The first part was delivered to lessees in December 2009 and the next part will be ready for opening in the 2nd half of 2010. In June 2009, a valid building permit was obtained for construction of the 3rd stage of investment, with start date scheduled for the 1st half of 2010 and date of delivery to users before the end of 2011. The envisaged leasable area of the entire complex shall be about 31,000 square meters.

Szczecin, Oxygen project

Development works are being carried out on Oxygen, a modern office building at the Company's plot of land in Szczecin, Malczewskiego Street. Approximately 14,000 sq. m of that building area will be designed for rent by companies specializing in IT and telecommunication technologies. Architectural design of the establishment was developed by Arch Deco, a design studio of Gdynia. Completion of this project is scheduled for mid-2010.

Warsaw, Park Postępu

A valid occupancy permit decision was obtained in September 2009 for 3 out of 4 buildings of the office park built on the property in Warsaw, 21 Postępu Street. Fitting-out works are still being carried out in the last building. This project with nearly 34,000 square meters leasable area was designed by APA Wojciechowski studio of Warsaw. The contractor of core and shell construction and the general contractor and manager of the investment is Modzelewski & Rodek Sp. z o.o. of Warsaw. Anticipated completion date of the 2nd stage falls in the 1st half of 2010.

Segment of hotels

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

Łódź, Novotel hotel

During the third quarter of this year, Echo Investment Capital Group concluded the negotiations with Orbis SA and agreed on the ultimate schedule of investment. According to the General Contracting and Project Management Agreement in force, a Novotel-class hotel with the approximate area of 7,200 sq. m will be built on the property situated at Piłsudskiego Street, Łódź, whereof the terms of sale were agreed in a separate preliminary agreement. Anticipated completion date of this development falls in the 1st half of 2012.

Housing segment

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

Considering the difficult situation on the housing market, the Company is considering the option of executing its scheduled investments in stages, suspending execution of certain housing projects, or adapting its investment execution schedules to actual market situation.

Projects in progress and under preparation, in alphabetical order:

Vicinity of Kielce, estate of detached houses in Bilcza

Sales of land plots were continued in the fourth quarter of 2009 within an estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci design studio of Kielce and located in Bilcza near Kielce. The offering concerns sales of land plots with utility connections, the combined area whereof is 125,000 square meters, together with finished designs of houses.

Vicinity of Kielce, estate of detached houses in Dyminy

Preparatory works are being carried out for the development of another housing estate on the immovable property situated in Dyminy near Kielce. The housing estate designed by StoMM Architektura Maciej Stoczkiewicz design office of Kielce will cover about 160,000 square meters total area of land plots for sale. The Company intends to sell plots of land with designs of houses. The project is now in the phase of obtaining building permits, and execution of the investment is fixed for the first half of 2010. Completion of civil works is scheduled for the end of 2013.

Krakow, project at Kilińskiego Street

Echo Capital Group is the freehold owner of 1,000 sq. m land plot at Kilińskiego Street in Krakow. According to the original concept of plot management, development of a 2.5-floor residential building was contemplated. At the moment, in view of the negligible scale of this project, the Company is considering the option of selling that plot of land.

Krakow, project at Korzeniowskiego Street

The Company is going to commence development of a housing investment at Korzeniowskiego Street, Krakow. This building, designed by The Blok office, will have an area of about 3,000 square meters (40 apartments). The project is in the phase of obtaining administrative permits. These permits are expected in the first half of 2010. Launch of this investment project is scheduled for the beginning of the 2nd half of 2010, and execution will last until the end of 2011.

Krakow, project at Krasickiego Street

In the 4th quarter of 2009, the Company continued preparation for development of a housing and commercial establishment to be erected in Krakow, Krasickiego Street (area for sale is about 4,700 square meters). The building designed by Studio S – Biuro Architektoniczne Szymanowski design office of Krakow will contain about 80 apartments. The investment is planned to commence at the beginning of the second half of 2010. Completion of the development process is scheduled not later than the beginning of 2012.

Krakow, project at Tyniecka Street

The Company intends to develop residential buildings on its land situated in Krakow, Tyniecka Street. Area for sale will be about 4,500 square meters (43 apartments). Administrative permits for project development are expected around the middle of the second half of 2010. Project implementation will commence at the end of 2010 and should be completed around the beginning of 2012.

Krakow, project at Bronowicka Street

The Company intended to develop a residential building on its land situated in Krakow, Bronowicka Street, for an approximate area of 3,300 square meters. Considering the small scale of this project, the Company is considering the option of selling the property as soon as the required administrative permits for project development are obtained.

Łódź, project at Okopowa Street and Górnicza Street

The Company is proceeding with the process of preparing construction of residential buildings to be developed on real estate in Lodz, Okopowa and Gornicza Streets. The estimated area for sale will be about 45,000 square meters (700 apartments). The Company is currently applying for

administrative decisions required for project implementation. The project will be executed in stages. Duration of project execution is scheduled to exceed five years, from the second half of 2010 until the end of 2015.

Łódź, project at Wodna Street

The Company is also going to develop residential buildings with about 300 apartments on its real estate in Łódź, Wodna Street (approx. 20,000 square meters of area for sale). The Company has already obtained the zoning decision allowing for development of the investment. The project is in the phase of concept approvals and applying for a building permit. It will be executed in stages. Development will commence at the beginning of 2011 and the execution process shall be completed until 2014 at the latest.

Poznań, Naramowice Housing Estate

Preparation of realization of the consecutive 4th and 5th stage of Naramowice Housing Estate in Poznań has also begun (area for sale approx. 15,000 square meters), as designed by Archikwadrat Sp. z o.o. of Poznań. The anticipated duration of execution of the 4th stage will cover the period from the beginning of 2010 until the end of 2011. Stage 5 will take about two years, starting mid-2010.

Echo Investment Capital Group's reserve of land in Poznań enables the Company to carry on with subsequent stages of the Naramowice Housing Estate.

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

After a period of suspension, the Company has decided to recommence development of the "Kasztanowa Aleja" project in Poznań, Wojskowa Street (over 17,000 sq. m, in two stages). With regard to certain changes occurring on the market, decision has been taken to alter the schedule of project implementation. Recommencement of development works is scheduled for the beginning of 2010, completion of the 1st stage of investment - for mid-2011, and completion of the 2nd stage - until the end of 2012.

Poznań, project at Litewska Street and Grudzieniec Street

During the fourth quarter of the year, certain activities were undertaken with the purpose of preparing sales of land plots incorporated in a real property in Poznań, Litewska Street and Grudzieniec Street. The total area of land plots to be offered is 11,000 square meters. The Company intends to sell these plots of land with finished designs of houses. Sales are expected to commence at the beginning of 2011 and the duration of this undertaking should not exceed twelve months.

Warsaw, project at Kazimierzowska Street, Klimt House

With regard to certain changes occurring on the market, decision has been taken to alter the schedule of implementation and sales of the project in Warsaw, Kazimierzowska Street (net area is about 5,200 square meters). Design of this residential building, developed by Mąka Sojka Architekci Sp. J. designing firm of Warsaw, comprises 60 apartments with several service outlets. Recommencement of project works is scheduled for the beginning of 2010. Execution is going to last until the end of 2010.

Warsaw, estate of detached houses in Bielany district

A new development project of a housing estate in Warsaw, Bielany district (Młociński Forest) is under preparation. 31 plots of land have been detached from a property 6.3 hectares in size. The anticipated area of land plots for sale is nearly 53,000 square meters. This project was designed by W.M. Musiał Architekci Sp. z o.o. architectural design studio of Warsaw, and StoMM Architektura Maciej Stoczkiewicz of Kielce. It was assumed that the Company would obtain a building permit until mid-2010. Duration of execution is assumed as approximately one year.

Wrocław, project at Jedności Narodowej Street

The Company intends to execute a housing project in Wrocław, on a property 7.4 thousand square meters in size, located at Jedności Narodowej Street. The project will comprise approximately 200 apartments with a total area of about 14,000 square meters. The Company has already obtained the zoning decision allowing for development of the investment. Design works were commenced. Commencement of execution is determined in the first half of 2010, and completion is planned in the first half of 2012.

Wrocław, project at Grota - Roweckiego Street

Development of a housing project is scheduled on the Company's property in Wrocław, Grota Roweckiego Street, about 3 hectares in size, comprising nearly 280 apartments with usable area of approximately 20,000 square meters. The project will be executed in stages. The first stage shall commence in the first half of 2011, and completion of the entire investment is anticipated in the first half of 2015.

Foreign markets

Hungary

Segment of shopping centers and malls

Budapest, Mundo shopping & entertainment center

A modern, multifunctional shopping, entertainment and office project called Mundo will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of Budapest. The building has been designed by Mofo Architekci Sp. z o.o. architectural design firm of Krakow. A preliminary building permit has been obtained for the center. Leasable area of the project will be about 60,000 square meters. Commercialization of the project is currently in progress, and the commencement of development is envisaged as soon as appropriate lease ratio is achieved and relevant external financing is secured.

Segment of office projects

Budapest, Mundo project

An office park to be comprised within the Mundo project of Budapest is being prepared. Leasable area will be about 37,000 square meters. The park has been designed by Mofo Architekci Sp. z o.o. architectural design firm of Krakow. A preliminary building permit has been obtained for erection of the office complex.

Romania

Segment of shopping centers and malls

Brasov, Korona shopping & entertainment center

Echo Capital Group intends to develop a modern shopping & entertainment center in Brasov, Romania, Stadionului Street, with gross leasable area of ca. 50,000 sq. m. Design of the mall was developed by a Polish design studio IMB Asymetria and by a Romanian architectural firm Dico si Tiganas. A building permit has already been obtained. Commercialization of the project has been started by Echo's experts in close cooperation with a Romanian representative of Jones Lang LaSalle. Commencement of development is envisaged as soon as appropriate lease ratio is achieved and relevant external financing is secured.

Ukraine

Segment of office projects

Kiev, project at Dehtiarivska Street

In October 2009, a subsidiary of Echo Investment SA acquired the right to dispose of property at Diehtiarivska Street, Kiev. Development of an office park is envisaged on that property, with gross leasable area of approximately 100,000 sq. m. The Kiev City Council has approved of purchase of freehold rights to that property. Design works related to the office park will commence during this year. The project will be executed in stages. Launch of 1st stage development is anticipated in the 1st half of 2011 and the stage should be completed in the 2nd half of 2012.

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

The following factor had a major impact on the bottom line of the 4th quarter of 2009:

- posting of incomes earned under final agreements of sale of the following housing projects:
 - in Warsaw, Inflancka Street (stage 3), and Zwycięzców Street (stage 2),
 - in Poznań - the Naramowice housing project (stage 3), and
 - land plots with designs of houses, consisted in the Bilcza II housing estate near Kielce,
- regular revenues earned from letting of office and commercial space,
- quarterly revaluation of fair value of properties owned by Echo Investment Capital Group, accounting for factors such as foreign exchange rate fluctuations (EUR and USD) and variations of net earnings,
- valuation of properties according to IAS 40 regarding the following projects:
 - Avatar in Krakow (under construction),
 - Park Postępu in Warsaw (partially delivered to users),
 - Malta Office Park, Stage 2, in Poznań (partially delivered to users),
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

The following measures were taken as a consequence of the decision concerning establishment of perpetual leasehold in favor of "Projekt S" Sp. z o.o. being repealed, considering that the date of potential reconsideration of the issue by the competent authority is not known:

- Echo Investment S.A. posted a revaluation write-down on the shares of the company-holder of claim ("Projekt S" Sp. z o.o.) and all related receivables and investments, which leads to decrease of unit earnings before tax by approx. 23 million PLN,
- the claim holder recognized revaluation write-down on the value of assets (claim), which leads to decrease of consolidated earnings before tax by approx. 16 million PLN (revaluation of the remaining part was already written down during the previous years).

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

With the open positions on the currency market, Echo Investment Capital Group was duly hedged as at December 31, 2009 for the part of cash flows allocated to 2010 (265.9 million EUR, including 137.4 million in the 1st half of 2010). The transactions executed on the basis of contracts signed with banks were effected within the scope of the applicable hedging policy to secure future levels of cash flows on operating activity and currency conversion of EUR-denominated credit facility tranches. Balance sheet valuation of open items on derivatives as at December 31, 2009 is as follows: forwards – PLN 148.8 million, currency options – PLN 13.1 million. Weighted average strike rate for the remaining open transactions is 3.5525 EUR/PLN.

The following transactions had an impact on the above specified balance of currency exchange hedging transactions in the 4th quarter of 2009:

On November 13, 2009 and on December 14, 2009, Park Postępu Sp. z o.o. closed its open currency positions: forwards with a nominal value of 30 million EUR (cost of closing: 19,656 thousand PLN) and at the same time, on December 14, 2009 it executed a forward transaction for 5.9 million EUR, expiration date being March 17, 2010.

On December 15, 2009, Malta Office Park Sp. z o.o. closed its open currency positions: forwards with a nominal value of 21 million EUR (cost of closing: 14,878 thousand PLN) and at the same time, on December 15, 2009 it executed a forward transaction for 21.0 million EUR, expiration date being December 14, 2010.

On December 29, Echo Investment S.A. closed part of its open currency positions: call option with nominal value of 2.1 million EUR (closing cost: 1,459 thousand PLN) and put option with nominal value of 3.0 million EUR (this option expired without cost).

On October 14, 2009, Projekt Echo 63 Sp. z o.o. swapped a pair of call and put options expiring October 16, 2009 for a pair of call and put options with expiration date April 14, 2010. Nominal amount of transaction is 21.0 million EUR (as at the date of swapping - the transaction was not executed with costs, transaction costs will occur as at the expiration date).

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

Maturity dates of open hedging items securing foreign exchange risks:

Financial instrument	Currency	Type	Balance sheet value as at 2009-12-31 (million PLN)	Nominal (million EUR)	1st half of 2010 nominal (million EUR)	2nd half of 2010 nominal (million EUR)
Forward	EUR/PLN		- 148,8	244,9	116,4	128,5
Options	EUR/PLN	call	-13,1	21,0	21,0	0,0
	EUR/PLN	put	0,05	21,0	21,0	0,0

5.13 Operating segments of Echo Investment Capital Group

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

– lease of areas in shopping centers and malls:

Revenues from lease services are generated through letting of areas in shopping centers and shopping/entertainment centers. Consolidated revenues earned on this account at the end of the 4th quarter of 2009 constituted 59,6% of net income from sales.

– sales of residential space:

The primary source of revenues in this segment is the sale of apartments and, to a lesser extent, sales of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues earned from this source constituted approx. 26,4% of all consolidated revenues from sales of products.

– **development and letting of space in office and hotel projects:**

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues earned from this source and from development of projects at the end of the 4th quarter of 2009 constituted 11,7% of net income from sales.

– **other revenues:**

Other sources of revenues include revenues earned on property management services and other services. Property trade also forms a portion of other revenues. As at the end of the 4th quarter of 2009, this income made up 2.3% of the total.

Operating earnings achieved during the four quarters of 2009, divided into segments:

Specification	Revenues [million PLN]	Costs [million PLN]
Shopping centers and malls	255,9	63,0
Housing areas	113,4	79,9
Office and hotel projects	49,8	17,7
None of the above	10,0	7,7
Operating earnings total	429,1	123,3

During the 4th quarter of 2009, Echo Investment Capital Group did not alter or modify the basis for distinguishing its segments, total assets of segments did not vary significantly as compared to the data presented in the report for the 1st half of 2009.

5.14 Selected consolidated financial data

	in thousands PLN		in thousands EURO	
	4 quarters accrued, the period from 2009-01-01 to 2009-12-31	4 quarters accrued, the period from 2008-01-01 to 2008-12-31	4 quarters accrued, the period from 2009-01-01 to 2009-12-31	4 quarters accrued, the period from 2008-01-01 to 2008-12-31
I. Operating incomes	429 161	438 189	98 871	124 052
II. Earnings before tax and finance incomes/expenses	193 569	671 652	44 595	190 146
III. Profit (loss) before tax	126 813	145 365	29 216	41 153
IV. Net profit (loss)	101 442	104 221	23 371	29 505
V. Net cash flows from operating activities	183 387	33 696	42 249	9 539
VI. Net cash flows from investing activities	(391 664)	(320 856)	(90 233)	(90 835)
VII. Net cash flows from financing activities	63 204	191 620	14 561	54 248
VIII. Net cash flows total	(145 073)	(95 540)	(33 423)	(27 048)
IX. Total assets	4 234 645	4 155 491	1 030 779	995 947
X. Equity attributed to equity holders of the parent	1 731 434	1 640 600	421 458	393 203
XI. Non-current liabilities	1 990 997	2 068 423	484 640	495 739
XII. Current liabilities	512 222	446 476	124 683	107 007
XIII. No. of shares	420 000 000	420 000 000	420 000 000	420 000 000
XIV. Earnings per ordinary share (in PLN/EUR)	0,24	0,25	0,06	0,07
XV. Diluted earnings per ordinary share (in PLN/EUR)	0,24	0,25	0,06	0,07
XVI. Book value per share (in PLN/EUR)	4,12	3,91	1,00	0,94
XVII. Diluted book value per share (in PLN/EUR)	4,12	3,91	1,00	0,94

5.15 Shareholding structure – significant stakes of Echo Investment SA shares

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of total votes at the general meeting of shareholders of Echo Investment SA as at March 1, 2010:

Shareholder	Number of shares [pcs.]	% of issued capital of Echo Investment SA	Number of votes at the General Meeting of Shareholders of Echo Investment SA	% of total votes at the General Meeting of Shareholders of Echo Investment SA
Michał Solowow (directly and indirectly)	169 916 580	40,46%	169 916 580	40,46%
AVIVA OFE AVIVA BZ WBK*	47 340 018	11,27%	47 340 018	11,27%
ING OFE*	37 898 195	9,02%	37 898 195	9,02%
PZU Złota Jesień OFE*	37 655 236	8,97%	37 655 236	8,97%

* on the basis of annual structure of investment portfolios of the OFEs (Open Pension Funds) as at December 31, 2009

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

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

As at March 1, 2009, 420,000,000 shares of the Company are presently available for stock trade (ISIN PLECHPS00019). All shares carry the same privileges. Each share carries one vote at the General Meeting of Shareholders of the Company. Par value of one share is PLN 0.05.

Information about issues of Echo Investment's shares:

Series	Number of shares	Par value total	Class of shares	Date of shares registration by court	Date of listing at the Warsaw Stock Exchange
A	1.600.000	80.000	Ordinary bearer shares	30.06.1994	10.08.2006
B	38.400.000	1.920.000	Ordinary bearer shares	30.06.1994	21.02.1996
C	20.000.000	1.000.000	Ordinary bearer shares	13.11.1995	21.02.1996
D	60.000.000	3.000.000	Ordinary bearer shares	18.02.1997	27.03.1997
E	20.000.000	1.000.000	Ordinary bearer shares	30.12.1997	02.03.1998
F	280.000.000	14.000.000	Ordinary bearer shares	26.11.2002	20.12.2002
Total:	420.000.000	21.000.000			

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

Managing persons	as at 2010-03-01	as at 2009-11-13
Piotr Gromniak, President of the Management Board	did not hold any shares	did not hold any shares
Artur Langner, Vice-President of the Management Board	did not hold any shares	did not hold any shares

Supervising persons	as at 2010-03-01	as at 2009-11-13
Wojciech Ciesielski, Chairman of the Supervisory Board	1,440,000 shares	1,440,000 shares
Andrzej Majcher, Deputy Chairman of the Supervisory Board	100,800 shares	100,800 shares
Mariusz Waniolka, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Karol Żbikowski, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Robert Oskard, Member of the Supervisory Board	did not hold any shares	did not hold any shares
Tomasz Kalwat, Member of the Supervisory Board	14,860 shares	14,860 shares

On November 20, 2009 the Company received notices where three Members of the Supervisory Board of Echo Investment SA reported acquisition by their close relations on November 20, 2009, as a result of block non-session transaction at the Warsaw Stock Exchange of November 19, 2009, of 17,884,050 ordinary bearer shares of Echo Investment SA on regulated market, for PLN 4.39 per share.

The notifying parties requested that their personal data be kept confidential, as per the provisions of §3 (2) of the Regulation of the Minister of Finance of November 15, 2005, concerning transmission and provision of information regarding certain transactions in financial instruments, rules of preparing and maintaining lists of persons having access to certain confidential information (Journal of Laws No. 229 item 1950).

5.17 Information about court proceedings

During the period from January 01, 2009 to December 31, 2009, no litigation was conducted before a court or a public administration authority concerning liabilities or receivables of Echo Investment SA or its subsidiaries, whose joint value constitutes at least 10% of equity of Echo Investment SA.

5.18 Opinion of the management board concerning the possibilities of realizing the previously published forecasts for the given year, in view of results presented in the quarterly report as compared to forecasts

The Management Board of Echo Investment SA did not publish any financial forecasts referring to the parent company or to the Capital Group.

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

Neither Echo Investment SA nor any subsidiary entered into any transactions with affiliated companies on different terms than arm's length transactions in the 4th quarter of 2009.

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

On November 25, 2009 Echo Investment SA granted a surety guaranteeing repayment of liabilities of its subsidiary "Echo - Galeria Kielce" Sp. z o.o. with its registered office in Kielce (the Borrower) under the credit agreement executed on October 6, 2009 with Eurohypo AG Bank with its registered seat in Eschborn, Germany (the Lender). The Lender has lent to the Borrower 100 million EUR (which, according to the average rate of exchange of the National Bank of Poland as at the effective date of the said surety, is an equivalent of 411.43 million PLN). The surety was granted up to the maximum amount of 200 million EUR (which, according to the average rate of exchange as at the effective date of the surety, is the equivalent of 822.86 million PLN) and shall remain in force until lawful registration of capped mortgage on the property and registration of liens in pledge registry (with regard to the amount of 100 million EUR) and until obtaining a valid occupancy permit for the extended Galeria Echo mall in Kielce (with regard to the amount of 100 million EUR).

For the surety thus granted, the Company shall receive a fee from the Borrower, in the amount defined on the basis of percentage of the amount of surety. Echo Investment SA is affiliated to the Borrower directly and indirectly via other subsidiaries: "Echo - Kielce 1" Sp. z o.o. and "Projekt Echo - 93" Sp. z o.o.

See also: clause 5.10.

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

On November 25, 2009, Echo Investment SA and Imptech Polska Sp. z o.o. of Warsaw signed a contract for building sanitary systems and facilities in the Oxygen office complex in Szczecin. The contract value is PLN 9.05 million.

On December 17, 2009 the District Court for Krakow-Śródmieście district in Krakow, 7th Department of Pledge Registry, registered a lien in the Pledge Registry on 999 shares of the subsidiary Projekt Echo - 62 Sp. z o.o., owned by Echo Investment SA, with a nominal value of PLN 50 each and with a total nominal value of PLN 49,950, corresponding to 0,013% of the issued capital and carrying 999 votes at the general meeting of shareholders. The value of the encumbered shares as registered in the accounting books of Echo Investment SA is PLN 49,950. Echo Investment SA considers these shares as a long-term equity investment. The lien established on these shares is a collateral in favor of Eurohypo AG Bank of Eschborn, Germany, concerning repayment of liabilities arising from the credit agreement executed between the subsidiaries: Projekt Echo - 62 Sp. z o.o. with its registered seat in Kielce (the Borrower), and Eurohypo AG Bank with its registered seat in Eschborn, Germany (the Bank, the Lender), which the Company communicated in its current report no. 41/2009 on November 26, 2009. The amount of debt secured by the said registered pledge is EUR 23.25 million.

On December 17, 2009 the District Court for Krakow-Śródmieście district in Krakow, 7th Department of Pledge Registry, registered a lien in the Pledge Registry on 1 share of the subsidiary Projekt Echo - 62 Sp. z o.o., owned by Projekt Echo - 17 Sp. z o.o., with a nominal value of PLN 50 each and with a total nominal value of PLN 50, corresponding to 0,0001% of the issued capital and carrying 1 vote at the general meeting of shareholders. The book value of the encumbered share in the accounting books of Projekt Echo - 17 Sp. z o.o. is PLN 50. Projekt Echo - 17 Sp. z o.o. considers these shares as a long-term equity investment. The lien established on the aforementioned share is a collateral in favor of Eurohypo AG Bank of Eschborn, Germany, concerning repayment of liabilities arising from the credit agreement executed between the subsidiaries: Projekt Echo - 62 Sp. z o.o. with its registered seat in Kielce (the Borrower), and Eurohypo AG Bank with its registered seat in Eschborn, Germany (the Bank, the Lender), which the Company communicated in its current report no. 41/2009 on November 26, 2009. The amount of debt secured by the said registered pledge is EUR 23.25 million.

On December 18, 2009, the District Court in Kielce, 6th Department of Land and Mortgage Registers, registered a joint contractual capped mortgage on land properties leased perpetually and owned by the subsidiary - "Echo - Galeria Kielce" Sp. z o.o. with its registered office in Kielce (the Subsidiary) in land and mortgage register. The mortgaged assets constitute land properties with an area of 5,7951 hectares, situated in Kielce at ul. Świętokrzyska, where the Galeria Echo mall is established as a freehold property separate from the land. The mortgage is a collateral in favor of Eurohypo AG Bank, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement dated October 6, 2009, up to the amount of 150 million EUR, corresponding to 627.09 million PLN as at the date of entry in the Land and Mortgage Register according to the average rate of exchange of the National Bank of Poland). The recognition value of mortgaged assets in the Subsidiary's books of accounts is 40,245,299.63 PLN (as at September 30, 2009).

On December 23, 2009 Echo Investment SA and Modzelewski & Rodek Sp. z o.o. with its registered seat in Warsaw signed a general contracting agreement for a housing complex in Warsaw, Kazimierzowska Street. The value of contract was PLN 19.8 million. Contract completion deadline is December 31, 2010.

See also: clauses 5.8, 5.9, 5.11 and 5.12 of this Report.

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

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

- signing final contracts of sale of housing projects:
 - in Warsaw, Inflancka Street (stage 3), and Zwycięzców Street (stage 2),
 - in Poznań - Naramowice project (stage 3),
 - in Kielce, Bilcza housing estate (stage 2) - sales of land plots with designs of houses,
- valuation of the following projects to fair value:
 - Malta Office Park (stage 2) in Poznań (office segment),
 - Oxygen in Szczecin (office segment),
 - Avatar in Krakow (office segment),
 - extension of Galeria Echo in Kielce (mall),
- quarterly revaluation of fair value of owned properties, accounting for factors such as foreign exchange rate fluctuations (EUR and USD),
- regular revenues from lease contracts,
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

6. Condensed separate financial statements, in thousands PLN, as at and for the period of 12 months ended December 31, 2009

Balance sheet (in thousands PLN)	balance as at 2009.12.31 end of quarter	balance as at 2008.12.31 end of previous year
Assets		
1. Non-current assets		
1.1. Intangible assets	1 051	1 001
1.2. Tangible fixed assets	10 669	11 636
1.3. Investment property	11 612	12 959
1.4. Investments in fully and partially owned subsidiaries	611 227	463 779
1.5. Investments in associated companies	50	62
1.6. Loans granted	359	12 909
1.7. Other financial assets	-	50
	634 968	502 396
2. Current assets		
2.1. Inventories	365 693	410 935
2.2. Current income tax receivables	2 195	1 890
2.3. Other tax receivables	57	4 000
2.4. Trade receivables and other receivables	122 731	138 599
2.5. Loans granted	124 363	192 772
2.6. Derivative financial instruments	-	295
2.7. Cash and cash equivalents	53 878	39 608
	668 917	788 099
Assets total	1 303 885	1 290 495
Liabilities		
1. Equity		
1.1. Issued capital	21 000	21 000
1.2. Supplementary capital	477 859	437 943
1.3. Retained earnings	6 401	6 401
1.4 Profit (loss) of current year	27 641	39 916
	532 901	505 260
2. Non-current liabilities		
2.1. Provisions	10 930	10 290
2.2. Provision for deferred income tax	8 300	2 919
	19 230	13 209
3. Non-current liabilities		
3.1. Borrowings	513 948	509 151
	513 948	509 151
4. Current liabilities		
4.1. Borrowings	128 017	78 854
4.2. Derivative financial instruments	-	8 257
4.3. Current income tax liabilities	-	-
4.4. Other tax liabilities	3 839	5 965
4.5. Trade liabilities	38 034	75 160
4.6. Advances received	53 759	85 508
4.7. Other liabilities	14 157	9 131
	237 806	262 875
Liabilities total	1 303 885	1 290 495

	balance as at 2009.12.31 end of quarter	balance as at 2008.12.31 end of previous year
Book value (in thousands PLN)	532 901	505 260
Number of shares	420 000 000	420 000 000
Book value per share (in PLN)	1,27	1,20

Off-balance liabilities (in thousands PLN)	balance as at 2009.12.31 end of quarter	balance as at 2008.12.31 end of previous year
1. Off-balance receivables	-	-
2. Off-balance liabilities	834 848	23 610
Off-balance items total	834 848	23 610

Income statement (in thousands PLN)	4th quarter, the period from 2009.10.01 to 2009.12.31	4 quarters, the period from 2009.01.01 to 2009.12.31	4th quarter, the period from 2008.10.01 to 2008.12.31	4 quarters, the period from 2008.01.01 to 2008.12.31
Operating incomes	77 864	329 874	223 258	408 167
Operating expenses	(61 953)	(260 835)	(160 186)	(286 814)
Sales profit (loss) before tax, interest and expenses	15 911	69 039	63 072	121 353
Profit (loss) on sales of property	(2)	145	(21)	82
Revaluation of non-financial assets	(1 095)	(900)	1 897	4 543
Costs of sales	(6 100)	(17 866)	(6 316)	(22 203)
Administrative costs	(10 836)	(27 066)	(10 727)	(36 807)
Other operating incomes	18 672	27 544	10 764	26 623
Other operating expenses	(7 433)	(13 022)	3 428	(2 729)
Earnings before tax and finance incomes/expenses	9 117	37 874	62 097	90 862
Finance incomes	15 640	50 915	(14 010)	43 005
Finance costs	(12 059)	(55 433)	(47 711)	(94 319)
Profit (loss) before tax and interest	12 698	33 356	376	39 548
Income tax	(2 725)	(5 715)	2 493	368
Net profit (loss)	9 973	27 641	2 869	39 916
Net profit (loss) (annualized)		27 641		39 916
Weighted average number of ordinary shares		420 000 000		420 000 000
Earnings per ordinary share, annualized (in PLN)		0,07		0,10
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted earnings per ordinary share (in PLN)		0,07		0,10

Statement of changes in equity (in thousands PLN)	Issued capital	Supplementary capital	Retained earnings	Profit (loss) of the current year	Total shareholders' equity
For 4 quarters (current year), the period from 2009.01.01 to 2009.12.31					
Balance as at the beginning of period, after reconciliation to comparable data	21 000	437 943	46 317	-	505 260
Changes during the period:					
Distribution of profit/loss carried forward		39 916	(39 916)		0
Net profit (loss) of the current period				27 641	27 641
Changes total	-	39 916	(39 916)	27 641	27 641
Balance as at the end of period	21 000	477 859	6 401	27 641	532 901
For 4 quarters (previous year), the period from 2008.01.01 to 2008.12.31					
Balance as at the beginning of period, after reconciliation to comparable data	21 000	378 967	65 377	-	465 344
Changes during the period:					
Distribution of profit/loss carried forward		58 976	(58 976)		-
Net profit (loss) of the current period				39 916	39 916
Changes total	-	58 976	(58 976)	39 916	39 916
Balance as at the end of period	21 000	437 943	6 401	39 916	505 260

Cash flow statement (in thousands PLN)	4 quarters the period from 2009.01.01 to 2009.12.31	4 quarters the period from 2008.01.01 to 2008.12.31
Cash flows on operating activity – indirect method		
I. Net profit (loss)	27 641	39 916
II. Adjustments:		
1. Amortization/Depreciation	3 613	4 384
2. Foreign exchange (gains) losses	-	-
3. Interest and shares in profits (dividends)	(3 249)	(11 778)
4. Current income tax in the income statement	315	313
5. Income tax paid	(620)	5 831
6. (Profit) loss on investment activity	2 070	17 982
7. Change in provisions	(1 771)	2 318
8. Change in inventories	44 717	29 529
9. Change in receivables	18 511	(93 567)
10. Change in current liabilities, except for borrowings	(62 381)	(80 623)
11. Other adjustments	-	-
	1 205	(125 611)
Net cash flows on operating activities	28 846	(85 695)
Cash flows from investing activities		
I. Incomes		
1. Sales of intangible and tangible fixed assets	182	260
2. Sales of investments in property and in intangible assets	-	27
3. From financial assets	226 132	105 440
4. Other incomes from investments	-	-
	226 314	105 727
II. Expenditures		
1. Acquisition of intangible assets and tangible assets	(1 732)	(2 724)
2. Investments in property and in intangible assets	-	(20)
3. On financial assets	(240 951)	(121 605)
4. Other investment expenditures	332	(2 693)
	(242 351)	(127 042)
Net cash flows from investing activities	(16 037)	(21 315)
Cash flows from financing activities		
I. Incomes		
1. Net income from issue of shares and other equity instruments, additional payments to capital	-	-
2. Borrowings	90 482	39 132
3. Issue of debt securities	100 897	-
4. Other financial incomes	-	-
	191 379	39 132

Cash flow statement (in thousands PLN) continued	4 quarters the period from 2009.01.01 to 2009.12.31	4 quarters the period from 2008.01.01 to 2008.12.31
II. Expenditures		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Profit distribution expenses other than payments to owners	-	-
4. Repayments of loans and credits	(33 029)	(463)
5. Redemption of debt securities	(105 000)	-
6. Interest	(51 889)	(40 757)
	(189 918)	(41 220)
Net cash flows from financing activities	1 461	(2 088)
Net cash flows total	14 270	(109 098)
Balance change in cash, including:	14 270	(109 098)
- change in cash balance through foreign exchange differences	-	-
Cash as at the beginning of period	39 608	148 706
Cash at the end of period, including:	53 878	39 608
- with limited disposability	8 759	8 885

Kielce, March 1, 2010

Representatives of the Company:**Person in charge of bookkeeping:**President of the
Management Board

Vice-President of the Board

Chief Accountant

Piotr Gromniak

Artur Langner

Tomasz Sulek