



# Echo Investment Capital Group

## Q3 2010 Quarterly Report

Condensed interim consolidated financial statements  
as at and for a period of three months ended September 30, 2010

**echo**  
I N V E S T M E N T

## 1. Consolidated interim balance sheet, in thousands PLN

	balance as at 2010.09.30 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.09.30 end of quarter
<b>Assets</b>			
<b>1. Fixed assets</b>			
1.1. Intangible fixed assets	937	1 051	948
1.2. Tangible fixed assets	24 653	18 615	18 137
1.3. Non-current receivables	39	40	42
1.4. Investment property	2 877 190	2 780 096	2 761 729
1.5. Investment property under construction	655 876	705 577	655 435
1.6. Financial investments	715	337	23 487
1.7. Loans granted	222	12	12
1.8. Deferred income tax assets	9 280	42 545	32 790
	<b>3 568 912</b>	<b>3 548 273</b>	<b>3 492 580</b>
<b>2. Current assets</b>			
2.1. Inventories	445 223	420 525	431 193
2.2. Income tax receivables	2 139	4 969	3 438
2.3. Other tax receivables	41 359	30 005	22 647
2.4. Trade receivables and other receivables	50 213	96 420	82 569
2.5. Loans granted	-	82	108
2.6. Derivative instruments	5 016	1 558	60
2.7. Cash and cash equivalents	381 747	169 101	195 677
	<b>925 697</b>	<b>722 660</b>	<b>735 692</b>
<b>Assets total</b>	<b>4 494 609</b>	<b>4 270 933</b>	<b>4 228 272</b>

## 1. Consolidated interim balance sheet, in thousands PLN, continued

	balance as at 2010.09.30 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.09.30 end of quarter
<b>Liabilities</b>			
<b>1. Equity</b>			
1.1. Equity attributed to shareholders of the parent company	1 847 278	1 733 686	1 720 284
1.1.1. Initial capital	21 000	21 000	21 000
1.1.2. Reserve capital	1 709 726	1 597 501	1 597 501
1.1.3. Accumulated earnings (loss)	115 906	112 225	93 171
1.1.4. Foreign exchange gains/losses arising from conversion of foreign companies' data	646	2 960	8 612
1.2. Minority capitals	(57)	(8)	(8)
	<b>1 847 221</b>	<b>1 733 678</b>	<b>1 720 276</b>
<b>2. Provisions</b>			
2.1. Provisions for liabilities	11 294	16 650	16 020
2.2. Provisions for deferred income tax	236 933	287 760	280 510
	<b>248 227</b>	<b>304 410</b>	<b>296 530</b>
<b>3. Non-current liabilities</b>			
3.1. Borrowings	1 766 555	1 664 098	1 611 503
3.2. Derivatives	15 376	2 705	14 923
3.3. Deposits received	40 888	39 939	39 464
3.4. Leases	56 885	38 559	34 158
	<b>1 879 704</b>	<b>1 745 301</b>	<b>1 700 048</b>
<b>4. Current liabilities</b>			
4.1. Borrowings	386 533	176 759	178 622
4.2. Derivative instruments	18 211	163 984	222 507
4.3. Income tax liabilities	2 437	5 600	4 902
4.4. Other tax liabilities	41 689	8 284	7 724
4.5. Trade liabilities	39 645	65 870	29 981
4.6. Other liabilities	11 628	12 411	8 206
4.7. Deposits received	19 314	54 636	59 476
	<b>519 457</b>	<b>487 544</b>	<b>511 418</b>
<b>Liabilities total</b>	<b>4 494 609</b>	<b>4 270 933</b>	<b>4 228 272</b>
Book value (in thousands PLN)	1 847 278	1 733 686	1 720 284
Number of shares	420 000 000	420 000 000	420 000 000
Book value per share (in PLN)	4.40	4.13	4.10
Diluted number of shares	420 000 000	420 000 000	420 000 000
Diluted book value per share (in PLN)	4.40	4.13	4.10

OFF BALANCE ITEMS in thousands PLN	balance as at 2010.09.30 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.09.30 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	600	3 911	23 123

## 2. Consolidated interim profit and loss statement, in thousands PLN

	3 <sup>rd</sup> quarter the period from 2010.07.01 to 2010.09.30	3 quarters the period from 2010.01.01 to 2010.09.30	3 <sup>rd</sup> quarter the period from 2009.07.01 to 2009.09.30	3 quarters the period from 2009.01.01 to 2009.09.30
Operating incomes	94 616	326 482	98 172	328 570
Operating expenses	(32 656)	(134 091)	(35 454)	(123 283)
<b>Gross profit (loss) on sales</b>	<b>61 960</b>	<b>192 391</b>	<b>62 718</b>	<b>205 287</b>
Profit (loss) from sale of real property	37 929	37 929	-	-
Revaluation of real property	(95 369)	(66 425)	(143 576)	40 549
Costs of sales	(5 016)	(14 159)	(3 327)	(11 895)
Overheads	(9 900)	(27 175)	(9 102)	(22 852)
Other operating incomes (expenses)	3 940	10 640	(1 569)	6 045
<b>Earnings before tax and financial incomes/expenses</b>	<b>(6 456)</b>	<b>133 201</b>	<b>(94 856)</b>	<b>217 134</b>
Financial incomes	43 386	161 198	13 714	31 239
Financial expenses	(45 666)	(213 586)	39 383	(125 460)
Foreign exchange gains (losses)	43 388	25 100	64 344	(12 622)
Revaluation of goodwill of subsidiaries	(229)	(67)	21	-
<b>Gross profit (loss)</b>	<b>34 423</b>	<b>105 846</b>	<b>22 606</b>	<b>110 291</b>
Income tax	24 366	9 968	(9 094)	(25 649)
<b>Net profit (loss)</b>	<b>58 789</b>	<b>115 814</b>	<b>13 512</b>	<b>84 642</b>
Profit (loss) attributed to minority shareholders	(45)	(92)	-	-
Profit (loss) attributed to shareholders of the parent company	58 834	115 906	13 512	84 642
Net profit (loss) (annualized)		134 960		114 589
Weighted average number of ordinary		420 000 000		420 000 000
Profit (loss) annualized per ordinary share (in PLN)		0.32		0.27
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted profit (loss) per ordinary share (in PLN)		0.32		0.27



## 3. Consolidated interim total income statement in thousands PLN

	3 <sup>rd</sup> quarter the period from 2010.07.01 to 2010.09.30	3 quarters the period from 2010.01.01 to 2010.09.30	3 <sup>rd</sup> quarter the period from 2009.07.01 to 2009.09.30	3 quarters the period from 2009.01.01 to 2009.09.30
<b>Net profit</b>	58 789	115 814	13 512	84 642
Other total incomes:				
- foreign exchange gains/losses on conversion of foreign transactions	(85)	(2 314)	(12 140)	(4 958)
<b>Other total incomes net</b>	<b>(85)</b>	<b>(2 314)</b>	<b>(12 140)</b>	<b>(4 958)</b>
<b>Total income for the period, including:</b>	<b>58 704</b>	<b>113 500</b>	<b>1 372</b>	<b>79 684</b>
Total income attributed to shareholders of the parent company	58 749	113 592	1 372	79 684
Total income attributed to minority shareholders	(45)	(92)	-	-

## 4. Consolidated interim statement of changes in equity, in thousands PLN

	Initial capital	Reserve capital	Profit (loss) carried forward	Foreign exchange gain/losses arising from conversion	Equity attributed to shareholders of the parent company	Minority capitals	Total shareholders' equity
<b>For 3 quarters (present year) the period from 2010.01.01 to 2010.09.30</b>							
<b>Balance as at the beginning of period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>1 597 501</b>	<b>112 225</b>	<b>2 960</b>	<b>1 733 686</b>	<b>(8)</b>	<b>1 733 678</b>
Distribution of profit/loss carried forward	-	112 225	(112 225)	-	-	-	-
Changes in minority shares	-	-	-	-	-	43	43
Other total incomes net	-	-	-	(2 314)	(2 314)	-	(2 314)
Net profit (loss) of the given period	-	-	115 906	-	115 906	(92)	115 814
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>1 709 726</b>	<b>115 906</b>	<b>646</b>	<b>1 847 278</b>	<b>(57)</b>	<b>1 847 221</b>
<b>For 4 quarters (previous year) the period from 2009.01.01 to 2009.12.31</b>							
<b>Balance as at the beginning of period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>1 493 280</b>	<b>112 750</b>	<b>13 570</b>	<b>1 640 600</b>	<b>(8)</b>	<b>1 640 592</b>
Distribution of profit/loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-
Other total incomes net	-	-	-	(10 610)	(10 610)	-	(10 610)
Net profit (loss) of the given period	-	-	103 696	-	103 696	-	103 696
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>1 597 501</b>	<b>112 225</b>	<b>2 960</b>	<b>1 733 686</b>	<b>(8)</b>	<b>1 733 678</b>
<b>For 3 quarters (previous year) the period from 2009.01.01 to 2009.09.30</b>							
<b>Balance as at the beginning of period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>1 493 280</b>	<b>112 750</b>	<b>13 570</b>	<b>1 640 600</b>	<b>(8)</b>	<b>1 640 592</b>
Distribution of profit/loss carried forward	-	104 221	(104 221)	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-
Other total incomes net	-	-	-	(4 958)	(4 958)	-	(4 958)
Net profit (loss) of the given period	-	-	84 642	-	84 642	-	84 642
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>1 597 501</b>	<b>93 171</b>	<b>8 612</b>	<b>1 720 284</b>	<b>(8)</b>	<b>1 720 276</b>

## 5. Consolidated interim cash flow statement, in thousands PLN

Cash flow statement	3 quarters the period from 2010.01.01 to 2010.09.30	3 quarters the period from 2009.01.01 to 2009.09.30
<b>A. Cash flows on operating activities – indirect method</b>		
<b>I. Net profit (loss)</b>	<b>115 814</b>	<b>84 642</b>
<b>II. Adjustments total</b>		
1. Share in net (gains) losses of associated companies	(162)	26
2. Depreciation	1 759	3 229
3. Foreign exchange gains (losses)	(25 100)	12 622
4. Interest and shares in profits (dividends)	84 498	76 343
5. Current income tax	(9 968)	25 649
6. Income tax paid	(7 927)	(6 283)
7. (Profit) loss on investing activities	(41 328)	(19 618)
8. Change in provisions	(5 356)	(2 239)
9. Change in inventories	(23 617)	56 310
10. Change in receivables	34 854	(1 576)
11. Change in current liabilities, except for borrowings	(10 413)	(66 710)
	<b>(2 760)</b>	<b>77 753</b>
<b>III. Net cash flows on operating activities (I+/-II)</b>	<b>113 054</b>	<b>162 395</b>
<b>B. Cash flows on investing activities</b>		
<b>I. Incomes</b>		
1. Sales of intangible and tangible fixed assets	900	275
2. Sales of investments in property and in intangible assets	126 658	-
3. From financial assets	8 108	5 221
4. Other incomes from investments	-	-
	<b>135 666</b>	<b>5 496</b>
<b>II. Expenditures</b>		
1. Acquisition of intangible and tangible fixed assets	(8 584)	(1 923)
2. Investments in property and in intangible assets	(173 070)	(247 240)
3. On financial assets	(106 657)	(25 745)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditures	-	-
	<b>(288 311)</b>	<b>(274 908)</b>
<b>III. Net cash flows on investing activities (I-II)</b>	<b>(152 645)</b>	<b>(269 412)</b>
<b>C. Cash flows on financial activities</b>		
<b>I. Incomes</b>		
1. Net incomes from issue of stocks (issue of shares) and other equity instruments, additional payments to capital	-	-
2. Borrowings	311 443	151 743
3. Issue of debt securities	150 000	100 474
4. Other financial incomes	-	-
	<b>461 443</b>	<b>252 217</b>

## 5. Consolidated interim cash flow statement, in thousands PLN

Cash flow statement continued	3 quarters the period from 2010.01.01 to 2010.09.30	3 quarters the period from 2009.01.01 to 2009.09.30
<b>II. Expenditures</b>		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than disbursements to owners	-	-
4. Repayment of borrowings	(133 454)	(90 134)
5. Redemption of debt securities	-	(105 000)
6. Other financial liabilities	-	-
7. Payments of liabilities under financial lease contracts	(81)	(77)
8. Interest	(73 357)	(71 006)
9. Other financial expenses	-	-
	<b>(206 892)</b>	<b>(266 217)</b>
<b>III. Net cash flows on financial activities (I-II)</b>	<b>254.551</b>	<b>(14.000)</b>
<b>D. Net cash flows total (A.III+/-B.III+/-C.III)</b>	<b>214 960</b>	<b>(121 017)</b>
<b>E. Cash balance change, including:</b>	<b>212 646</b>	<b>(126 116)</b>
- change in cash balance due to foreign exchange gains/losses	(2 314)	(5 099)
<b>F. Cash as at the beginning of period</b>	<b>169 101</b>	<b>321 793</b>
<b>G. Cash as at the end of period (F+/-D), including</b>	<b>381 747</b>	<b>195 677</b>
- with limited disposability	14 673	8 759

## 6. Additional information to condensed consolidated report

## 6.1 Basic information

Echo Investment Capital Group (the Capital Group) has been operating on the real estate market since 1996. The parent company in the Capital Group is Echo Investment S.A. the Issuer, the Company), a company listed on the Warsaw Stock Exchange from March, 1996. Echo Investment S.A. organizes the complete investment process for each project, starting from the purchase of a property, to acquisition of administrative decisions, to financing, supervision of the construction and putting a facility into operation. This is done on its own behalf or, in most cases, by providing general contractor services for a specially created for that purpose subsidiary. Implementation of development projects by subsidiaries simplifies the organization of the processes and ensures transparency of the Group's structure. These entities are mainly engaged in leasing commercial areas (shopping and entertainment centres and offices) and, to a lesser extent, construction and sales of apartments and property management services. The company also provides general contractor services to external investors.

The basic operations of the Capital Group can be divided into four major segments:

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

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

As at September 30, 2010 and September 30, 2009 the Capital Group employed 305 and 304 people respectively.



The present statements refer to the nine months' period ended September 30, 2010 with comparable data referring to the nine months' period ended September 30, 2009. The statement is presented in thousands Polish zlotys (PLN), according to the International Financial Reporting Standards as approved by the European Commission.

Shares of Echo Investment S.A., which is the parent company, have been quoted on the Warsaw Stock Exchange since 1996. The volume of shares of Echo Investment SA amounts to 420,000,000 ordinary bearer shares.

## 6.2 Principles applied during preparation of the quarterly report

The consolidated statements of Echo Investment Capital Group present consolidated financial data for a period of 9 months ended September 30, 2010, comparable data for a period of 9 months ended September 30, 2009, and comparable data for a period of 12 months ended December 31, 2009 (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 holding company. The Group comprises companies with other functional currencies than PLN. The reporting data of these companies, incorporated in this statement, have been converted into PLN according to the principles set out in IAS 21. Balance sheet items were recalculated according to the exchange rate as of the balance date and the profit and loss statement items were recalculated according to the average rate of exchange for the period. Foreign exchange differences arising from conversion are presented as a separate equity item.

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

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

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

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

Echo Investment Capital Group did not change its accounting principles during the 3<sup>rd</sup> quarter of 2010. Details of the accounting policy are presented in the annual report for 2009.

## 6.4 Composition of Echo Investment Capital Group

Echo Investment S.A. plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current development projects as the owner of the companies constituting the Group. 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 September 30, 2010, Echo Investment Capital Group consists of 71 subsidiaries that are fully consolidated and 1 partially owned subsidiary consolidated according to the proportional method.

Subsidiaries:

Company name	Registered office	% of capital held	Controlling company
'ACC - Projekt Echo - 17 Sp. z o.o.' Sp. kom. [LP] (former 'Echo ACC' Sp. z o.o. [LLC])	Kielce	100%	Echo Investment S.A. [PLC]
'Athina Park - Projekt Echo - 93 Sp. z o.o.' S.k.a. [Limited Joint-Stock Partnership] (former 'Athina Park' Sp. z o.o. [LLC])	Kielce	100%	XXIX FIZ Forum
'Avatar - Projekt Echo - 93 Sp. z o.o.' S.k.a. [Limited Joint-Stock Partnership] (former 'Projekt Echo - 63' Sp. z o.o. [LLC])	Kielce	100%	XXIX FIZ Forum

Company name	Registered office	% of capital held	Controlling company
'Barconsel Holdings' Ltd	Nicosia	100%	Echo Investment S.A.[PLC]
'Budivelnuy Soyuz Monolit' LLC	Kiev	100%	Yevrobudgarant LLC
'Centrum Handlowe PHS' SA [PLC]	Szczecin	100%	Echo Investment S.A.[PLC]
'Echo - Arena' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Arena Sp. z o.o. [LLC]' Sp. kom. [LP]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Aurus' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Centrum Biznesu Łódź' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Centrum Przemysł - Projekt Echo - 93 Sp. z o.o.' S.k.a. [Limited Joint-Stock Partnership] (former „Echo - Centrum Przemysł' Sp. z o.o. [LLC])	Kielce	100%	XXIX FIZ Forum
'Echo - Galaxy' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Galaxy Sp. z o.o.' Sp. kom. [LP]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Galaxy Szczecin' Sp. z o. o.	Szczecin	100%	'Echo - Galaxy Sp. z o.o.' Sp. kom. [LP]
'Echo - Galeria Kielce' Sp. z o.o. [LLC]	Kielce	100%	Echo - Kielce 1 Sp. z o.o.[LLC]
'Echo - Galeria Olimpia' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Galeria Sudecka' Sp. z o.o. [LLC]	Jelenia Góra	100%	Echo - SPV 12 Sp. z o.o.[LLC]
'Echo - Galeria Tarnów' Sp. z o.o. [LLC]	Kielce	100%	Echo - SPV 12 Sp. z o.o.[LLC]
'Echo - Kasztanowa Aleja' Sp. z o.o. [LLC] (former „Projekt Echo - 41' Sp. z o.o. [LLC])	Kielce	100%	Echo Investment S.A.[PLC]
„Echo - Kasztanowa Aleja Sp. z o.o.' Sp. kom. [LP] (former „Projekt Echo - 41 Sp. z o.o.' Sp. kom. [LP])	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Kielce 1' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Klimt House' Sp. z o.o. [LLC] (former 'Projekt Echo - 42' Sp. z o.o. [LLC])	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Klimt House Sp. z o.o.' Sp. z kom. (former 'Projekt Echo - 42 Sp. z o.o. [LLC]' Sp. kom. [LP])	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Metropolis' Sp. z o.o. [LLC]	Kielce	100%	Echo - SPV 12 Sp. z o.o. [LLC]
'Echo - Oxygen' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Park Postępu' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Pasaż Grunwaldzki' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Pasaż Grunwaldzki Sp. z o.o.' Sp. kom. [LP]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Project 1' LLC	Kiev	100%	Echo Investment Ukraine LLC
'Echo - Project 2' LLC	Kiev	100%	Echo Investment Ukraine LLC
'Echo - Project Management Ingatlanhasznosito' Kft.	Budapest	100%	Echo Investment S.A.[PLC]
'Echo - Property Poznań 1' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - SPV 12' Sp. z o.o. [LLC] (former „Echo - Centrum Bankowości i Finansów Łódź' Sp. z o.o. [LLC])	Kielce	100%	Echo Investment S.A.[PLC]
'Echo - Veneda' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Echo Investment Hungary Ingatlanhasznosito' Kft.	Bucharest	100%	Echo Investment S.A.[PLC]
'Echo Investment Project 1' S.R.L.	Bucharest	100%	Echo Investment S.A.[PLC]
'Echo Investment Project Management' S.R.L.	Bucharest	100%	Echo Investment S.A.[PLC]
'Echo Investment Ukraine' LLC	Kiev	100%	Echo Investment S.A.[PLC]
'EI - Project Cyp - 1' Ltd	Nicosia	100%	Echo Investment S.A.[PLC]
'Est On - Projekt Echo - 17 Sp. z o.o.' Sp. kom. [LP] (former 'Est On Property Management' Sp. z o.o.	Kielce	100%	Echo Investment S.A.[PLC]

Company name	Registered office	% of capital held	Controlling company
'Malta Office Park' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'MDP' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A. [PLC]
'PPR - Projekt Echo - 77 Sp. z o.o.' S.k.a. [Limited Joint-Stock Partnership] (former „Echo Investment - Centrum Handlowe Piotrków Trybunalski' Sp. z o.o. [LLC])	Kielce	100%	XXIX FIZ Forum
'Princess Boryszewska' Sp. z o.o. [LLC]	Kielce	100%	Echo - Kielce 1 Sp. z o.o.[LLC]
'Princess Investment' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 17' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A. [PLC]
'Projekt Echo - 30' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 37' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 39' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 43' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 45' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 45 Sp. z o.o.' Sp. kom. [LP]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 47' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 53' Sp. z o.o. [LLC]	Kielce	100%	Echo - Centrum Biznesu Łódź Sp. z o.o. [LLC]
'Projekt Echo - 54' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 55' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 57' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 58' Sp. z o.o. [LLC]	Kielce	51%	Echo Investment S.A.[PLC]
'Projekt Echo - 59' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 62' Sp. z o.o. [LLC]	Kielce	100%	"Echo - Pasaż Grunwaldzki Sp. z o.o." Sp. kom. [LP]
'Projekt Echo - 70' Sp. z o.o. [LLC]	Kielce	51%	Echo Investment S.A.[PLC]
'Projekt Echo - 77' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 93' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Echo - 94' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt Naramowice' Sp. z o.o. [LLC]	Kielce	100%	Zakłady Ogrodnicze Naramowice Sp. z o.o. [LLC]
'Projekt Naramowice Poznań' Sp. z o.o. [LLC]	Kielce	100%	Projekt Naramowice Sp. z o.o. [LLC]
'SPV - 1' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Projekt S' Sp. z o.o. [LLC]	Kielce	95%	Echo Investment S.A.[PLC]
'Ultra Marina' Sp. z o.o. [LLC]	Kielce	100%	Echo Investment S.A.[PLC]
'Yevrobudgarant' LLC	Kiev	100%	EI - Project Cyp - 1 Ltd
'Zakłady Ogrodnicze Naramowice' Sp. z o.o. [LLC]	Poznań	100%	Echo Investment S.A.[PLC]

'Wan 11' Spółka z o.o. [LLC] with its registered seat in Warsaw is the partially owned subsidiary.

## 6.5 Explanations concerning seasonal or cyclical activities of the issuer during the presented period

Echo Investment Capital Group's activities cover several segments of the 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, its revenues from general contracting and project management services, property trade and other minor

ranges of activities may be seasonal or cyclical in nature. The Management Board cannot preclude certain other incidental events that can affect the results earned in a given period.

## 6.6 Information about issuance, redemption and repayment of debt securities and equity instruments

Apart from own funds, loans and credit facilities, current operations of the Capital Group are also financed through issuance of debt instruments. The parent company - Echo Investment S.A. - is currently implementing active programmes of issuance of long-term and short-term bonds.

Pursuant to contracts made in respect of the Bonds Issuance Programme with BRE Bank S.A. in 2004 and their subsequent annexes, the company issued bonds, on account of which it has liabilities. The balance of these liabilities as at the submission date of these statements is presented in the table below:

Bank name	Type of instrument	Amount utilized [in thousands PLN]	Bonds redemption date
BRE Bank SA	Bonds	150,000	25.05.2011
BRE Bank SA	Bonds	115,000	18.05.2012
BRE Bank SA	Bonds	100,000	25.05.2013
BRE Bank SA	Bonds	300,000	30.06.2014
BRE Bank SA	Bonds	35,000	01.12.2010

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

See also item 6.11.1 of this report.

## 6.7 Information about paid (or declared) dividend, total and per share, divided into ordinary and preference shares

The parent company company - Echo Investment S.A. - did not pay any dividend in the previous years nor declare payment of such in the nearest future.

On May 11, 2010 the Management Board of the Company presented to the Supervisory Board of Echo Investment SA a proposal concerning allocation of the net profit disclosed in the Company's financial statements for the year ended on December 31, 2009.

The Management Board of the Company proposed that the net profit for 2009 and net earnings carried forward from the preceding years should be excluded from distribution to shareholders and allocated to reserve 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 26, 2010, the Ordinary Annual General Meeting of Shareholders, on the basis of the adopted resolution no. 6 concerning the retained financial result (profit) from the previous years and the resolution no. 7 concerning the split of profit from 2009, decided to exempt the net profit generated by Echo Investment SA in the previous years and the net profit generated in the finished turnover year 2009 from the split between shareholders and to appropriate it in total as a contribution to the reserve capital in order to fund current operations of the Company.

## 6.8 Specification of events occurring after the consolidated quarterly financial statement date, not disclosed in the statement but capable of significantly affecting future financial results of the Capital Group

On October 1, 2010 there was a property sales agreement (the Agreement) signed between Projekt Echo – 58 Sp. z o.o. with its registered office in Kielce (an entity in which the Issuer holds 100% shares in the share capital) (the Buyer) and BRJ Invest - Panikowski, Kubiak with its registered office in Warsaw, Drozd – Sp. J. (General Partnership) and BP Inwestycje – Panikowski i Przybylski Sp. J. (General Partnership) with its registered office in Warsaw (the Vendor).

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



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

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

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

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

The purchase of the aforementioned property results from the assumed strategy, according to which the Capital Group Echo Investment develops its activities on the property market in Poland. There is an office building complex with an office area of approx. 60,000 sqm planned to be developed on the aforementioned property including an underground and above-ground car park. According to the plans the project is to be carried out in three stages.

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The following contracts of transfer of title to shares were concluded on October 5, 2010:

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

The ownership structure of Subsidiary I is as follows:

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

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

The ownership structure of Subsidiary II is as follows:

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

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

The ownership structure of Subsidiary III is as follows:

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



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

The ownership structure of Subsidiary IV is as follows:

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

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

The ownership structure of Subsidiary V is as follows:

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

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

The ownership structure of Subsidiary VI is as follows:

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

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

The ownership structure of Subsidiary VII is as follows:

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

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

The ownership structure of Subsidiary VIII is as follows:

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

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

The aforementioned shares constitute a non-cash contribution for covering newly formed 7,2000 shares in the share capital of Barconsel Holdings Limited, with a total nominal value of 1 EUR each. The acquisition price of the newly formed shares amounts to 90,049,248 EUR million which,

according to the average exchange rate of the National Bank of Poland as at the effective date of contract is an equivalent of PLN 357,873,721.40 PLN. The newly formed shares constitute 72% of the share capital after registration of increase of the Buyer's share capital and they shall carry 7,200 votes at the general meeting of shareholders. The newly formed shares will be taken up by the following companies:

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

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

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

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

On October 19, 2010 the subsidiary company Barconsel Holdings Limited with its registered office in Nicosia (Barconsel, the Subscriber) made a subscription for investment certificates issued by FORUM XXIX Fundusz Inwestycyjny Zamknięty [FORUM XXIX Closed Investment Fund] with its registered office in Cracow (Issuer FIZ).

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

- 17,045 shares in the share capital of Echo - Galeria Olimpia Sp. z o.o. with its registered office in Kielce, Poland (Company I) with a nominal value of PLN 500 each and a total nominal value of PLN 8,522,500, constituting 99.99% of the share capital of Company I. The book value of the above specified shares amounts to EUR 6,575,660.17 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction, is an equivalent of PLN 25,853,523.09.

- 1,483,000 shares in the share capital of Echo - Galeria Sudecka Sp. z o.o. with its registered office in Jelenia Góra, Poland (Company II) with a nominal value of PLN 50 each and a total nominal value of PLN 74,150,000, constituting 99.93% of the share capital of Company II. The book value of the above specified shares amounts to EUR 21,423,032.08 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 84,228,935.23.

- 192,399 shares in the share capital of Echo - Oxygen Sp. z o.o. with its registered office in Kielce, Poland (Company III) with a nominal value of PLN 50 each and a total nominal value of PLN 9,619,950, constituting 99.99% of the share capital of Company III. The book value of the above specified shares amounts to EUR 1,620,309.89 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 6,370,572.39.

- 1,065,655 shares in the share capital of Echo - Centrum Park Postępu Sp. z o.o. with its registered office in Kielce, Poland (Company IV), with a nominal value of PLN 50 each and a total nominal value of PLN 53,282,750, constituting 99.99% of the share capital of Company IV. The book value of the above specified shares amounts to EUR 5,466,282.43 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 21,491,782.63.

- 1,533,107 shares in the share capital of Echo - Galeria Tarnów Sp. z o.o. with its registered office in Kielce, Poland (Company V), with a nominal value of PLN 50 each and a total nominal value of PLN 76,655,350, constituting 99.93% of the share capital of Company V. The book value of the above specified shares amounts to EUR 22,003,104.42 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 86,509,605.65.

- 25,184 shares in the share Centrum Handlowe PHS S.A. with its registered office in Szczecin, Poland (Company VI), with a nominal value of PLN 100 each and a total nominal value of PLN 2,518,400, constituting 100% of the share capital of Company VI. The book value of the above specified shares amounts to EUR 4,514,840.57 in Barconsel's accounting books, which according to the average exchange rate of the National Bank of Poland as at the effective date of transaction is an equivalent of PLN 17,750,998.67.

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

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

On October 21, 2010 there was a contract signed between Malta Office Park Sp. z o.o. and Fakt Budownictwo Sp. z o.o. with its registered office in Kielce (the Contractor) for the execution of the shell of the Facility – Malta Office Park III Office Complex in Poznań on Baraniaka Street (Contract Subject). The Contractor undertook to deliver construction work consisting in construction of the shell structure, including dehydration of the foundation trench, construction of internal and external brick walls of the building, conversion of the foul drain, providing electricity and water connections and acquiring necessary changes in the building permit. The completion date of the Contract Subject is May 20, 2011. The remuneration of the Contractor is a lump sum of PLN 6,305,000 net. The contracts includes provisions that enable the charging of contractual penalties in the case of failure to execute or improper execution of the Contract by the Contractor, the total value of which cannot exceed 10% of the remuneration of the Contractor. Moreover, the Contractor has the right to demand a contractual penalty in the amount of 5% of its remuneration should delays occur in the payment of the remuneration.

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There was a contract for general contractorship of the facility – Residential Complex – Kraków, Krasickiego Street (the Facility, the Contract Subject) signed between the Company and Eiffage Budownictwo Mitex S.A. with its registered office in Warsaw (the Contractor) on October 22, 2010. The Contractor undertook to carry out construction work consisting in general construction of the residential complex including external infrastructure, underground utilities, car parks and land development on the property located in Wrocław on Jedności Narodowej Street (the Facility), including among others: general construction of the Facility, acquiring all necessary technical acceptances from relevant services, acquiring a legally binding certificate of occupancy of the Facility. Completion date of the Contract Subject is to take place by December 31, 2011. The Contractor's remuneration is a lump sum of PLN 16.85 mln net. The contracts includes provisions that enable the charging of contractual penalties in the case of failure to execute or improper execution of the Contract by the Contractor, the total value of which can exceed EUR 200,000 expressed in Polish zlotys, whereby the sum of the penalties cannot exceed 10% of the Contractor's remuneration. Moreover, the Contractor has the right to demand a contractual penalty in the amount of 5% of its remuneration should delays occur in the payment of the remuneration.

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From October 08, 2010 until October 29, 2010 'Echo – Arena spółka z ograniczoną odpowiedzialnością' Sp. k. concluded forward transactions (taking a position of EUR 16.0 mln) with the closing dates on June 28, 2011, September 27, 2011 and December 15, 2011.

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On October 20, 2010 'Echo – Galeria Kielce' Sp. z o.o. carried out a closing and settlement of a number of open positions (EUR 19.0 mln) with a profit of PLN 870,000. At the same time it concluded forward transactions (taking a position of EUR 19.0 mln) with the closing dates on November 12, 2010, March 22, 2011 and May 26, 2011.

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On October 20, 2010 'Echo-Aurus' Sp. z o.o. carried out a closing and settlement of open positions (EUR 11.0 mln) with a profit of PLN 806,000.

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## **6.9 Specification of results of changes in the structure of the organization, including changes arising out of mergers, acquisitions or sales of Capital Group companies, long-term investments, splits, restructuring or discontinuation of business activity**

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

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

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

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

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

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

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

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

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On August 20, 2010 the Company received a decision from the District Court in Kielce 10th Commercial Division of National Court Register, on the basis of which on August 12, 2010 there were registered amendments in the amount and structure of the share capital of the subsidiary 'Echo - Centrum Bankowości i Finansów Łódź' Sp. z o.o. with its registered office in Kielce.

On the day of registration the subsidiary 'Echo - Centrum Bankowości i Finansów Łódź' Sp. z o.o. (the Acquiring Company) merged with the following Issuer's subsidiaries:

- 'Echo - SPV 6' Sp. z o.o. with its registered office in Kielce,
  - 'Echo - Centrum Tarnów' Sp. z o.o. with its registered office in Kielce,
  - 'Echo - Centrum Jelenia Góra' Sp. z o.o. with its registered office in Kielce,
  - 'Echo Bau' Sp. z o.o. with its registered office in Kielce,
  - 'Projekt Echo - 46' Sp. z o.o. with its registered office in Kielce,
  - 'Echo - Centrum Rzeszów' Sp. z o.o. with its registered office in Kielce,
  - 'Echo - Centrum Poznań' Sp. z o.o. with its registered office in Kielce,
- (hereinafter referred to as the 'Acquired Companies').

The merger took place by way of transferring the whole property of the Acquired Companies onto the Acquiring Company with concurrent increasing of the share capital of the Acquiring Company by establishing shares which were granted to previous shareholders of the Acquired Companies in exchange for their previous shares in the Acquired Companies.

The book value of the Acquired Companies' shares in the account books of the Issuer and its subsidiaries was as follows:

- 'Echo - SPV 6' Sp. z o.o. with its registered office in Kielce: 21,030 PLN,
- 'Echo - Centrum Tarnów' Sp. z o.o. with its registered office in Kielce: 13,829 PLN,
- 'Echo - Centrum Jelenia Góra' Sp. z o.o. with its registered office in Kielce: 5,401 PLN,
- 'Echo Bau' Sp. z o.o. with its registered office in Kielce: 52,000 PLN,
- 'Projekt Echo - 46' Sp. z o.o. with its registered office in Kielce: 50,000 PLN,
- 'Echo - Centrum Rzeszów' Sp. z o.o. with its registered office in Kielce: 1,009 PLN,
- 'Echo - Centrum Poznań' Sp. z o.o. with its registered office in Kielce: 39,384 PLN.

The newly created shares in 'Echo - Centrum Finansów i Bankowości Łódź' Sp. z o.o. were given out on the aforementioned registration date to the following entities:

- Echo Investment SA in the amount of 131,065 shares with a total value of 68,532,500 PLN carrying 131,065 votes at the shareholders' meeting, constituting 95.60% of the share capital,
- Issuer's subsidiary 'Projekt Echo - 17' Sp. z o.o. with its registered office in Kielce in the amount of 23 shares with a total value of 11,500 PLN, carrying 23 votes at the shareholders' meeting, constituting 0.01% of the share capital,
- Issuer's subsidiary 'Projekt Echo - 37' Sp. z o.o. with its registered office in Kielce in amount of 1 share with a total value of 500 PLN, carrying 1 vote at the shareholders' meeting, constituting 0.0007% of the share capital.

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

The book value of the transferred assets of the Acquired Companies' in the account books of the Issuer and its subsidiaries was as follows:

- 'Echo - SPV 6' Sp. z o.o. with its registered office in Kielce: 66,776 PLN,
- 'Echo - Centrum Tarnów' Sp. z o.o. with its registered office in Kielce: 67,952 PLN,
- 'Echo - Centrum Jelenia Góra' Sp. z o.o. with its registered office in Kielce: 67,022 PLN,
- 'Echo Bau' Sp. z o.o. with its registered office in Kielce: 45,000 PLN,
- 'Projekt Echo - 46' Sp. z o.o. with its registered office in Kielce: -7,416 PLN,
- 'Echo - Centrum Rzeszów' Sp. z o.o. with its registered office in Kielce: 531,000 PLN,
- 'Echo - Centrum Poznań' Sp. z o.o. with its registered office in Kielce: -85,000 PLN.

Property of the Acquired Companies was used for development and financial activity. The Acquiring Company shall continue activities of the Acquired Companies and the previous use of transferred assets.

From the day of registration of the aforementioned amendments, the amount of the share capital of 'Echo - Centrum Bankowości i Finansów Łódź' Sp. z o.o. amounts to 68,545,000 PLN and divides into 137,090 shares of face value of 50 PLN per share. The total number of votes resulting from the shares amounts to 137,090 votes at the shareholders' meeting.

The proprietary structure of 'Echo - Centrum Bankowości i Finansów Łódź' Sp. z o.o. has undergone some modifications and currently looks as follows:

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

Members of the management boards of the Acquiring Company and companies acquiring assets of significant value also held managing functions in the Acquired Companies up to the time of the merger registration.

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

The management board of the Issuer also informs that on August 12, 2010 the name of the Acquiring Company 'Echo - Centrum Bankowości i Finansów Łódź' Sp. z o.o. with its registered office in Kielce was modified. Its current name is: 'Echo - SPV 12' Sp. z o.o. with its registered office in Kielce.

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

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

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

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On September 22, 2010 the District Court in Kielce 10th Commercial Division of National Court Register, registered amendments in the share capital Projekt Echo - 58 Sp. z o.o., which was increased by PLN 50,000 to the amount of PLN 20,050,000. The share capital is divided into 401,000 shares



with a nominal value of PLN 50 each. As of the day of the registration of the aforementioned changes the ownership structure changed and is currently as follows:

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

The aforementioned shares are financed with Echo Investment SA funds.

On September 23, 2010, as a consequence of signing sale agreement between Echo Investment SA (the Buyer) and Glemarco Limited, with its registered seat in Nicosia (Cyprus) (the Seller), the Issuer acquired 98,490 shares in the share capital of its subsidiary Projekt Echo – 58 Sp. z o.o. with its registered seat in Kielce (the Subsidiary), with a nominal value of PLN 4,924,500, constituting 24.56% of the share capital of the Subsidiary. The value of Agreement was EUR 1,951,025, which, according to the average exchange rate of the National Bank of Poland as at the effective date of contract, is an equivalent of PLN 7,767,615.83.

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

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

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

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

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

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

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

## II. Changes of Company names:

The names of the following companies have changed:

- 'Projekt Echo – 41' Sp. z o.o. with its seat in Kielce became 'Echo – Kasztanowa Aleja' Sp. z o.o. with its seat in Kielce
- 'Projekt Echo – 42' Sp. z o.o. with its seat in Kielce became 'Echo – Klimt House' Sp. z o.o. with its seat in Kielce.

## 6.10 Information about changes in contingent liabilities or contingent assets that occurred after the end of the last financial year

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

### 6.10.1 Surety agreements

Sureties granted as at September 30, 2010 are presented in the table below:

Surety in favour of	Value (in thousands)	Expiry date	On account of
EUROHYPO AG	PLN 398,700	Valid until obtaining a legally binding occupancy permit of the expanded shopping and entertainment centre Galeria Echo in Kielce	Surety for the obligations of a subsidiary Echo – Galeria Kielce Sp. z o.o related to the credit agreement signed on October 6, 2009 with Bank Eurohypo AG with its registered seat in Eschborn (Germany)
NORDEA BANK POLSKA SA	PLN 58,210.20	Valid until obtaining a final occupancy permit of an office building, but no later than on December 31, 2013	Surety for the obligations of a subsidiary Echo-Oxygen Sp. z o.o. related to the credit agreement signed on September 27, 2010 with Bank Nordea Bank Polska SA

1. On July 4, 2010 a surety expired. The surety was granted for the obligations on account of redressing a damage to Projekt Echo 49 Sp. z o.o.
2. On September, 27, 2010, a surety was granted in favour of Nordea Bank Polska SA for the obligations of Echo – Oxygen Sp. z o.o. resulting from the credit agreement concluded on September 27, 2010. The surety shall be valid until the final certificate of occupancy is issued for the office building, however, no later than December 31, 2013.
3. See also item 6.20 of this Report

### 6.10.2 Guarantee agreements

Guarantee agreements as at September 30, 2010 are presented in the table below:

Guarantor	Value [in thousands]	Expiry date	On account of
Echo Investment SA	PLN 7,300	Until the repayment of obligations related to a credit agreement signed on June 22, 2009	Security of payment in the event of overspending during the implementation of stage II of Malta Office Park
PKO BP SA	PLN 1,100	Until 31.12.2011	Security of payment of amounts awarded in favour of Master Serwis Opom Sp. z o.o.
Echo Investment SA	PLN 17,767.59	Until the Investment completion but no later than December 31, 2013	Security of payment in the event of insufficient funds or overspending during the implementation of office building Oxygen in Szczecin

1. On September 30, 2010 a bank guarantee expired. The guarantee was granted by Bank PKO BP SA in favour of J&P Sp. z o.o. as a security for failure to fulfill liabilities resulting from the lease contract of business premises, signed on September 24, 2009.
2. On September 27, 2010 Echo Investment SA granted a guarantee in favour of Nordea Bank Polska SA as a security in the event of insufficient funds or overspending during the implementation of an office building Oxygen in Szczecin. The guarantee shall be valid until the day of project completion specified in this credit agreement, but no later than December 31, 2013.

## 6.11 Description of significant achievements or failures of the Capital Group including the most important events in Q1 2010

### 6.11.1 Key events in Q3 2010

On July 22, 2010 it was decided by the Tender Committee of Przedsiębiorstwo Budownictwa Uprzemysłowego Warszawa Północ, with its registered seat in Warsaw (the Seller), that Echo Investment SA (the Buyer) would acquire the perpetual usufruct right to the developed land located in Warsaw on Konstruktorska Street with an area of 73,596 sqm, and the ownership of the buildings, structures and other equipment located on the land (the Property). On August 20, 2010 there was a property sales agreement (the Agreement) concluded between Echo Investment SA (the Buyer) and Przedsiębiorstwo Budownictwa Uprzemysłowego Warszawa Północ with its registered seat in Warsaw (the Seller).

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

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

On August 3, 2010 AVATAR – Projekt Echo – 93 Sp. z o.o. Limited Joint Stock Partnership (the Vendor) and Kasteli Ltd with its registered office in Warsaw (the Buyer) concluded a preliminary sales agreement (the Preliminary Agreement).

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

- ownership of the plot of land with an area of 248 sqm and the perpetual usufruct of the land with an area of 5,017 sqm located in Kraków on Armii Krajowej Street, together with sole proprietorship of the AVATAR building located on it, including an underground garage (the Office Building) (hereinafter referred to as the Property),
- proprietary rights
- building guarantees
- rights and obligations resulting from lease agreement and service agreements,

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

The value of the Final Agreement shall amount to approx. 30.51 mln EUR (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the agreement is an equivalent of approx. 121.66 mln PLN).

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

1. entry of the Office Building in the Land and Mortgage Register,
2. entry of the change of the Vendor's status of business in the Land and Mortgage Register with regard to the Property (before: Projekt Echo – 63 Sp. z o.o. with its registered office in Kielce),
3. settlement of the shared charges of the Seller and the Tenant for the period ending on June 30, 2010,
4. carrying out the final measurement of the area for lease in the Office Building and presenting its results to the Tenant, in accordance with the lease agreement in force.

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

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

The concluded Preliminary Agreement assumes contractual penalties on account of withdrawal from the Preliminary Contract by fault of any of the parties. The amount of the contractual penalty amounts to 400,000 EUR (which according to the average exchange rate of the National Bank of Poland as at the date of conclusion of the Preliminary Agreement is an equivalent of approx. 1.595 mln PLN). Payment of contractual penalties is without prejudice to claims for indemnity. The concluded Preliminary Property Sales Agreement will enable acquiring funds that will be allocated to funding of projects planned on the property market in Poland.

Annex 2 (the Annex) to the conditional agreement for general contracting and project management of September 4, 2008 (the General Contracting and Project Management Agreement) was signed between Orbis S.A. with its registered office in Warsaw (the Investor) and Echo Investment S.A. with its registered office in Kielce (the General Contractor of Investment and Project Manager) on August 19, 2010.

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

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

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

Pursuant to their respective statements made to that effect, the Parties established, among other things, that in the event the Seller fails to fulfil one of the conditions of concluding the Promised Contract until December 15, 2010 i.e. does not conclude respective contracts with owners of the neighbouring properties, which are necessary to complete the project, the Seller and the Buyer shall conclude the Promised Contract until January 15, 2011. The conditions of concluding the Promised Contract have been enumerated in the current report no. 44/2008 of September 5, 2008 and in the current report no. 37/2009 of October 16, 2009.

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On September 10, 2010 there was a property sales agreement (the Agreement) signed between Athina Park - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością Sp. k.a. with its registered office in Kielce (the Vendor) and Pridehold Sp. z o.o. Limited Joint-Stock Partnership with its registered office in Warsaw (the Buyer).

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

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

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

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

The aforementioned agreement and the sold assets have been considered significant on the basis of Issuer's equity criteria.

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

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

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

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

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

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

The credit is secured by the following:

- capped mortgage on the Borrower's Property;
- a registered pledge on the shares of share capital of the Subsidiary, belonging to the Issuer and the Issuer's Subsidiary 'Projekt Echo - 17' Sp. z o.o.;

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

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

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See also item 6.9.

### 6.11.2 Projects of Echo Investment Capital Group

During Q3 2010, 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

### Shopping centres and shopping and entertainment centres

The stability of the market of retail areas results from a large market demand, adaptation possibilities and requirements of particular contractors as well as considerable diversification of businesses

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



The Capital Group has 11 shopping centres and shopping and entertainment centres in its portfolio as at September 30, 2010, which have been presented in the chart below:

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

\*extended projects

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

Projects under construction and preparation in alphabetical order:

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

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

#### **Kalisz, the Galeria Amber shopping and entertainment centre**

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

#### **Katowice, project on Kościuszki Street**

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

#### **Kielce, the Galeria Echo shopping and entertainment centre (extension)**

The extension work on the shopping and entertainment centre Galeria Echo in Kielce was in progress in Q3 2010, it included construction of a centre with a leasable area of over 65,000 sqm. The general contractor of the projects is EIFFAGE BUDOWNICTWO MITEK SA. The new centre is to be opened in Q3 2011.

#### **Koszalin, shopping and entertainment centre**

There is a modern shopping and entertainment centre planned in Koszalin on Krakusa i Wandy Street, which is to have a leasable area of approx. 35,000 sqm. Completion of the project is planned for 2013.

#### **Lublin, shopping and entertainment centre**

The company's investment plans include development of a shopping and entertainment centre in Górki Czechowskie in Lublin.

The management of the company is aiming at establishing details of the planned by the Echo Investment Group project with the Borough of Lublin

#### **Łomża, the Veneda shopping and entertainment centre**

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

**Poznań, the Metropolis shopping and entertainment centre**

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

**Ślupsk, the Arena shopping and entertainment centre**

The Company is planning to build the shopping and entertainment centre Arena on its real property situated in Ślupsk, Grottgera Street. The facility will offer a leasable area of approx. 33,000 sqm, which is to be built in two stages. The Capital Group has obtained a building permit for erection of the aforementioned facility. Construction work is going to start as soon as financing is obtained.

**Szczecin, Outlet Park**

Outlet Park will be developed on the site of an operating facility on A. Struga Street in Szczecin. The gross leasable area of the mall will amount to approx. 23,000 sqm, which is to be developed in stages. Administrative procedures connected with obtaining required permits are currently pending. The launch of the project is planned for H1 2011.

**Wrocław, the Pasaż Grunwaldzki shopping and entertainment centre (extension)**

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

**Other shopping and shopping and entertainment centres**

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

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

**Office space segment**

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

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

**The Capital group has 6 office projects in its property portfolio; offices owned as at September 30, 2010 have been presented in the chart below:**

Project location and name	GLA [sqm]
Warsaw – Babka Tower	6,200
Warsaw – Postępu 3*	10,200
Warsaw – Park Postępu	33,800
Poznań – Malta Office Park, stage 1	6,800
Poznań – Malta Office Park, stage 2**	6,800
Kraków – Avatar***	11,200
<b>Total office projects</b>	<b>75,000</b>

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

\*\* total GLA of the Malta Office Park stage 2 amounts to 15,200 sqm, so far buildings with a leasable area of 6.800 sqm have been put into operation.

\*\*\* preliminary agreement was signed in August this year concerning sale of the property, final agreement is to be signed by the end of 2010

Projects under construction and preparation in alphabetical order:

**Gdańsk, Tryton project**

The Company intends to develop office space on the real property in Gdańsk, Jana z Kolna Street. The A class building designed by Arch - Deco architectural studio Gdynia shall comprise a leasable area of approx. 22,000 sqm. Administrative procedures are currently advancing in regard of obtaining the required permits and design works. The anticipated start date of development will be H2 2011, and the preliminary date of delivery of the building to lessees is H2 2013.

**Katowice, project on Francuska Street**

A business park with a leasable area of approx. 45,000 sqm is planned on the Company's land in Katowice at the junction of al. Górnośląska and Francuska Street. This establishment, designed by DDJM Biuro Architektoniczne architectural studio, 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 H2 2011. The 1st stage of the project will be ready for opening in H1 2013.

**Kraków, project on Opolska Street**

A modern A class office project is scheduled for development on the real property in Krakow, Opolska and 29 Listopada Streets, with a leasable area of approx. 50,000 sqm. Administrative procedures are now in progress for obtaining a building permit for the planned office complex. The project will be executed in three stages, with commencement expected in H1 2011 and completion of the 1st stage scheduled for H2 2012.

**Łódź, Aurus project**

Development of two A class office buildings is planned in Łódź, Piłsudskiego Street, which are to offer a gross leasable area of approx. 19,000 sqm. The project is to be developed in two stages. In accordance with the schedule the 1st stage is to be completed in H1 2013..

**Poznań, the Malta Office Park project**

In 2010, development works were carried out on the 2nd stage of this complex, incorporating a leasable area of approx. 15,000 sqm. Its first part was delivered to tenants in December 2009 and the next part will be ready for opening at the end of H2 2010. The launch of the third stage is took place in October this year and the facility will be put into operation by the end of 2011. The planned leasable area of the whole complex is to amount to approx. 29,000 sqm.

**Szczecin, Oxygen project**

Development work on the modern office building Oxygen located on Malczewskiego Street finished in Q3. The architectural design of the establishment was developed by the Arch Deco architectural studio of Gdynia. Over 14,000 sqm is earmarked for lease to companies specializing in IT and telecommunication technologies.

**Warsaw, the Park Postępu project**

A valid occupancy permit decision was obtained for the last of 4 buildings of the office park built on the property in Warsaw, at 21 Postępu Street. The project with a leasable area of nearly 34,000 sqm was designed by APA Wojciechowski studio from Warsaw. The contractor of core and shell construction and the general contractor of the investment was Modzelewski & Rodek Sp. z o.o. of Warsaw.

**Warsaw, project on Beethovena Street**

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

**Warsaw, project on Konstruktorska Street**

The Company is planning to build office facilities with a total leasable area of approx. 24,000 sqm on a plot bought in August 2010 and located on Konduktorska Street in Warsaw. The launch of the project is planned at the beginning of 2012.

**Wrocław, project on Swobodna Street**

The Company is planning to build office facilities with a total leasable area of approx. 20,000 sqm on a plot bought in Q1 2010 and located on Swobodna Street in Wrocław. The project will be carried out in stages and its launch is planned in H1 2011.

**The hotel segment**

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

**Łódź, the Novotel hotel**

In accordance with the General Contracting and Project Management Agreement concluded in 2009 there will be a Novotel class hotel built on a property located on Piłsudskiego Street in Łódź with an area of approx. 7,200 sqm. The scheduled date of completing the facility is H1 2012.

**The residential segment**

Echo Capital Group realizes a full range of housing investment projects, from luxury apartment complexes, through high- and medium-standard residential buildings, to estates of single-family houses. Due to a difficult situation on the residential market the Capital Group does not exclude development of the planned projects in a number of stages, suspending some of the residential projects and adjustment of their schedules to the actual market situation.

Projects in progress and under preparation, in alphabetical order:

**Kielce area, residential estate in Bilcza**

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

**Kielce area, residential estate in Dyminy**

Preparation work was pending for the development of an estate of detached house on the property located in Dyminy near Kielce. The housing estate designed by StoMM Architektura Maciej Stoczkiewicz architectural studio of Kielce will include 180 plots (approx. 160,000 sqm) for sale. The Company intends to sell plots of land with designs of houses. The project is currently at the stage of obtaining a building permit and the launch of the construction work is to take place in H2 2010.

**Kraków, project on Kilińskiego Street**

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

**Kraków, project on Korzeniowskiego Street**

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

**Kraków, Dom Pod Słowikiem, project on Krasickiego Street**

In Q3 2010, the Company started development of a housing and commercial facility, which is to be built in Krakow on Krasickiego Street (its area for sale amounts to approx. 5,200 sqm). The building designed by Studio S - Biuro Architektoniczne Szymanowski architectural studio from Krakow will contain about 80 apartments. Completion of the project is planned at the beginning of 2012.

**Kraków, project on Tyniecka and Czarodziejska Streets**

The Company intends to develop residential buildings on its land situated in Krakow on Tyniecka Street. Area for sale will amount to about 4,600 sqm (approx. 43 apartments). Administrative permits for project development are to be obtained in H1 2011. Project implementation will commence in mid-2011.

**Kraków, project on Bronowicka Street**

The Company intends to develop a residential building on its land situated in Krakow, Bronowicka Street, with an approximate area for sale of 3,500 sqm. Acquisition of administrative permits for the development of the project and commencement of construction work is planned at the end of 2011. The development is to finish in mid-2013.

**Łódź, projekt on Okopowa**

The Company is proceeding with the preparation process of construction of residential buildings to be developed on the real estate in Łódź, Okopowa and Górnicza Streets. According to the current concept the area for sale will be about 50,000 sqm (approx. 700 apartments). The Company is currently applying for administrative decisions required for project implementation. The project will be executed in stages. Duration of project execution is scheduled for five years, starting from H1 2011.

**Łódź, project on Wodna Street**

The Company is also planning to develop residential buildings on its real estate in Łódź, Wodna Street. The new concept assumes construction of approx. 200 apartments with a total area of over 13,000 sqm. The company has acquired land development conditions decision enabling development of the project. The project is in the phase of concept approvals and obtaining a building permit, which is expected to happen in at the beginning of 2011. It will be executed in stages. Development will commence in mid-2012 and the execution process shall be completed in 2014.

**Poznań, Osiedle Naramowice, Pod Klonami**

In Q3 development of the multi-family project Pod Klonami was continued. Preparations for the development of a single-family project with the same name were being finalized. The area for sale in this estate, which has been designed by the Archikwadrat architectural studio from Poznań, amounts to approx. 15,000 sqm. The development of the multi-family project is to finish in H2 2012. The work connected with development of the single-family project will continue for the period of approx. two years starting from 2011. The land bank held by the Capital Group in Poznań allows for development of the next stages of Osiedle Naramowice.

**Poznań, Kasztanowa Aleja, project on Wojskowa Street**

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

**Poznań, project on Litewska and Grudzieniec Streets**

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



**Warsaw, Klimt House, project on Kazimierzowska Street**

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

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

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

**Warsaw, project on Konstruktorska Street**

A plot of land with an area of app. 74,000 sqm was bought in Q3 2010. The property is located in Warsaw, Konstruktorska Street. The Company is planning to build an office and residential complex on the purchased property. The area of the apartments will amount to app. 33,000 sqm. The initial concept assumes that the project is to be developed in three stages. The development of the first stage will start at the end of 2011. Completion of the whole project is planned in 2017.

**Wrocław, Przy Słowiańskim Wzgórzu, project on Jedności Narodowej Street**

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

**Wrocław, project on Grota - Roweckiego Street**

Development of a housing project is scheduled on the Company's property in Wrocław, Grota Roweckiego Street, about 3 hectares in size, comprising nearly 280 apartments with usable area of approximately 20,000 sqm. The project will be executed in stages. The first stage shall commence in H2 2011 and completion of the entire investment is anticipated in mid- 2015.

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

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

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

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

**UKRAINE****Segment of office Project****Kiev, project on Dehtiarivska Street**

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



## 6.12 Factors and events having an impact on the achieved financial results

The following factors had a major impact on the bottom line of Q3 2010:

- posting of incomes earned under final agreements of sale of the following housing projects:
  - in Warsaw, Inflancka Street (stage 3), and Zwycięzców Street (stage 2), Zeusa Street,
  - in Poznań - the Naramowice housing project (stage 3), and
  - plots with designs of houses, consisted in the Bılca II housing estate near Kielce,
- regular revenues earned from letting of office and commercial space,
- revaluation of fair value of properties owned by Echo Investment Capital Group, accounting for changes in:
  - foreign exchange – the biggest influence,
  - net operating earnings – minor influence,
  - yield rates – minor influence
- valuation of properties according to IAS 40 regarding the following projects:
  - Avatar in Kraków (delivered to users)
  - Park Postępu in Warsaw (delivered to users),
  - Malta Office Park, Stage 2, in Poznań (delivered to users),
  - Oxygen in Szczecin (delivered to users),
  - Galeria Echo in Kielce (extended),
- appraisal of credit obligations and cash in foreign currencies,
- sale of the Athina Park office building in Kraków,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets,
- release of provisions for deferred income tax due to a change of the company's organizational and legal structure.

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 September 30, 2010 for the part of cash flows allocated to:

- 2010: EUR 77.1 mln,
- 2011: EUR 15.0 mln,
- 2012: EUR 51.5 mln.

The transactions executed on the basis of contracts signed with banks were effected within the scope of the applicable hedging policy to secure future levels of cash flows on operating activity and currency conversion of EUR-denominated credit facility tranches. Balance sheet valuation of open items on derivatives as at September 30, 2010 is as follows:

- forwards – PLN 5.8 mln,
- currency options – PLN 11.1 mln.

Weighted average strike rate for the remaining open transactions is 4.0086 EUR/PLN.

The following transactions had an impact on the above specified balance of currency exchange hedging transactions in Q3 2010:

On July 28, 2010 'Malta Office Park' Sp. z o.o. made a premature closing of open positions (EUR 6.9 mln) with the original date of closing on December 14, 2010. At the same time a credit instalment for the Company with the same value was converted into zlotys.

On August 2010 'Echo-Aurus' Sp. z o.o. closed open positions (EUR 11.0 mln) with the cost of closing amounting to PLN 6 mln. At the same time it concluded a forward transaction taking a position at an amount of EUR 11 mln with the closing date on October 20, 2010. On September 16, 2010 it concluded a forward transaction, closing partly open positions (EUR 5 mln) with the settlement date on October 20, 2010. At the same time there was a currency exchange transaction made from EUR into PLN at an amount of EUR 5 mln within the Echo Capital Group.

On September 15, 2010 'Echo – Arena Spółka z ograniczoną odpowiedzialnością' S. K. made a premature closing of open positions (EUR 14 mln) with the closing date from October 6 to October 11, 2010. At the same time there was a currency exchange transaction made from EUR into PLN at an amount of EUR 14 mln within Echo Capital Group.

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

Maturity dates of open hedging items securing foreign exchange risks:

Financial instrument	Currency	Type	Balance as at 30.09.2010 (mln PLN)	Nominal (mln EUR)	H2 2010 nominal (mln EUR)	H1 2011 nominal (mln EUR)	H1 2012 nominal (mln EUR)
Forward	EUR/PLN		-5.8	129.5	63.0	15.0	51.5
Option	EUR/PLN	call	-9.3	14.1	14.1	0.0	0.0
	EUR/PLN	put	-1.8	14.1	14.1	0.0	0.0

### 6.13 Operating segments of Echo Investment Capital Group

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

Operating earnings generated during the three quarters of 2010, divided into segments

Specification	Revenues [mln PLN]	Share %	Costs [mln PLN]	Share %
Shopping and shopping/entertainment centres	185.8	56.9%	45.9	34.2%
Residential areas	70.0	21.4%	54.4	40.6%
Office and hotel projects	50.1	15.4%	15.5	11.6%
None of the above	20.6	6.3%	18.3	13.6%
<b>Operating incomes total</b>	<b>326.5</b>	<b>100.0%</b>	<b>134.1</b>	<b>100.0%</b>

During Q3 2010, Echo Investment Capital Group did not alter or modify the basis for distinguishing its segments, total assets of segments did not vary significantly as compared to the data presented in the report for H1 2010.

## 6.14 Selected consolidated financial data

	in thousands PLN		in thousands EUR	
	cumulative 3 quarters the period from 01.01.2010 to 30.09.2010	cumulative 3 quarters the period from 01.01.2009 to 30.09.2009	cumulative 3 quarters the period from 01.01.2010 to 30.09.2010	cumulative 3 quarters the period from 01.01.2009 to 30.09.2009
I. Operating incomes	326 482	328 570	81 565	74 687
II. Profit before tax and financial incomes/ costs	133 201	217 134	33 278	49 356
III. Profit (loss) before tax	105 846	110 291	26 444	25 070
IV. Net profit (loss)	115 906	84 642	28 957	19 240
V. Net operating cash flow	113 054	162 395	28 244	36 914
VI. Net investment cash flow	(152 645)	(269 412)	(38 136)	(61 240)
VII. Net financial cash flow	254 551	(14 000)	63 595	(3 182)
VIII. Total net cash flow	214 960	(121 017)	53 703	(27 508)
IX. Assets total	4 494 609	4 228 272	1 127 316	1 001 343
X. Equity attributable to shareholders of the parent company	1 847 278	1 720 284	463 325	407 399
XI. Non-current liabilities	1 879 704	1 700 048	471 458	402 607
XII. Current liabilities	519 457	511 418	130 288	121 114
XIII. Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
XIV. Profit (loss) per ordinary share (in PLN/ EUR)	0.32	0.27	0.08	0.06
XV. Diluted profit (loss) per ordinary share (in PLN / EUR)	0.32	0.27	0.08	0.06
XVI. Book value per share (in PLN/ EUR)	4.40	4.10	1.10	0.97
XVII. Diluted book value per share (in PLN / EUR)	4.40	4.10	1.10	0.97

## 6.15 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 November 15, 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	39 140 018	9.32%	39 140 018	9.32%
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 the annual structure of investment portfolios Open Peniosn Funds as at December 31, 2009

On August 19, 2010 the management board of Echo Investment S.A. was notified by Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK SA (AVIVA PTE) that Aviva Otwarty Fundusz Emerytalny (AVIVA OFE) reduced the volume of shares held in the Company to less than 10 pct of votes at the general meeting of shareholders of Echo Investment S.A. as a result of sale transactions of Echo Investment S.A. shares on the basis of art. 69 section 1 and section 4 of the Public Offering Act and Conditions for Introducing Securities to the Organised Public Market and on Public Companies (Journal of Laws no. 184 item 1539 with later amendments).

Before the aforementioned sale transactions, on August 12, 2010, AVIVA OFE held 42,680,018 shares of Echo Investment S.A. corresponding to 10.16% of the Issuer's share capital. The shares carried 42,680,018 votes constituting 10.16% of the total number of votes at the Issuer's general meeting of shareholders.

After closing and settlement of the aforementioned transactions, on August 13, 2010, AVIVA OFE held 39,140,018 shares of Echo Investments S.A. corresponding to 9.32% of the Issuer's share capital. The shares carried 39,140,018 votes constituting 9.32% of the total number of votes at the Issuer's general meeting of shareholders.

On November 10, 2010 the management board of Echo Investment S.A. was notified by Barcapital Investment Limited with its registered office at Agiou Pavlou Street 15, Ledra House, Agios Andreas, 1105 Nicosia, the Republic of Cyprus, registered in Department of the Registrar of Companies and Official Receiver (the Register of Companies) under the no. HE 145969, which reports that on November 4, 2010 it received the order of District Court of Nicosia dated October 29, 2010 on approval of the business merger of Barcapital Investment Ltd. (the Receiving Company) and Magellan Pro-Equity Fund I S.A. with its registered office in Kielce (the Acquired Company) with effect from November 1, 2010, as a result of which Barcapital Investment Ltd. took over assets and liabilities of Magellan Pro-Equity Fund I S.A. by way of general succession. Both companies are parties related to Mr Michał Solowow. As a result of the aforementioned event Barcapital Investment Ltd has become the holder of the stake of votes exceeding 33 1/3 % of the total number of votes at the general meeting of shareholders of Echo Investment S.A.

Before November 1, 2010 Barcapital Investment Ltd. used to hold 502,000 shares of Echo Investment S.A., corresponding to 0.12% in the share capital. These carried 502,000 votes constituting 0.12 % of the total number of votes at the general meeting of shareholders of Echo Investment S.A.

On the day of conclusion of this notice, after the approval of the merger of the aforementioned companies Barcapital Investment Ltd. holds 141,911,680 shares of Echo Investment S.A. corresponding to 33.79% in the share capital. These carry 141,911,680 votes constituting 33.79% of the total number of votes at the general meeting of shareholders of Echo Investment S.A.

Barcapital Investment Ltd. does not intend to purchase shares of Echo Investment S.A. within the next 12 months.

#### **6.16 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 November 15, 2010 there were 420,000,000 shares of the Company available for stock trade (Code ISIN PLECHPS00019 ). All shares carry the same privileges. Each share carries one vote at tire 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 on the Warsaw Stock Exchange
A	1,600,000	80,000	Ordinary Bearer Shares	30.06.1994	10.08.2006
B	38,400,000	1,920,000	Ordinary Bearer Shares	30.06.1994	21.02.1996
C	20,000,000	1,000,000	Ordinary Bearer Shares	13.11.1995	21.02.1996
D	60,000,000	3,000,000	Ordinary Bearer Shares	18.02.1997	27.03.1997
E	20,000,000	1,000,000	Ordinary Bearer Shares	30.12.1997	02.03.1998
F	280,000,000	14,000,000	Ordinary Bearer Shares	26.11.2002	20.12.2002
Total:	420,000,000	21,000,000			



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

Managing persons	status as at 15.11.2010	status as at 17.05.2010
Piotr Gromniak – President of the Management Board	did not hold any shares	did not hold any shares
Artur Langner – Vice-President of the Management Board	did not hold any shares	did not hold any shares
Wojciech Ciesielski – President of the Supervisory Board	1,200,000 shares	1,440,000 shares
Andrzej Majcher – Vice-President of the Supervisory Board	100,800 shares	100,800 shares
Mariusz Waniółka – Vice-President of the Supervisory Board	did not hold any shares	did not hold any shares
Karol Żbikowski – Member of the Supervisory Board	did not hold any shares	did not hold any shares
Robert Oskard – Member of the Supervisory Board	did not hold any shares	did not hold any shares
Tomasz Kalwat – Member of the Supervisory Board	did not hold any shares	did not hold any shares

On May 21, 2010 the Management Board of the Company received a notice communicating that a member of the Supervisory Board of Echo Investment S.A. had transacted sale of a total of 14,860 shares of the Company. The sale transaction was closed during stock exchange session at the Warsaw Stock Exchange on May 18, 2010. 13,032 shares were sold for a price of PLN 4.30 per share, and 1,828 shares were sold for PLN 4.31 per share. The notifying party requested that his or her personal data is kept confidential, quoting the provisions of Article 3(2) of the Regulation of the Minister of Finance as of November 15, 2005 concerning transmission and announcing information about certain financial instruments transactions and the rules of preparing and keeping a list of persons to whom certain confidential information is made available.

On September 13, 2010 the Management Board of Echo Investment S.A. obtained a notice on the basis of which a Member of the Issuer's Supervisory Board announces that on September 13, 2010 they sold 240,000 common bearer shares of Echo Investment S.A. at the price of 4.58 PLN per share on the regulated market, in a session transaction of September 8, 2010 completed on the Warsaw Stock Exchange PLC. The informer demanded that his personal data be withheld, referring to the content of §3 (2) of the Decree by the Minister of Finance dated November 15, 2005 on passing and making accessible information on certain transactions in financial instruments and rules of making and conducting lists of persons having access to certain confidential information (Journal of Laws no. 229, item 1950).

On November 5, 2010 the management board of Echo Investment S.A. received a notice, on the basis of which a member of the Supervisory Board of the Issuer reports that on October 29, 2010 an entity closely related to him – FTF Galleon S.A. with its registered office in Luxembourg, Charles de Gaulle 2-8, L-1635 Luxembourg, registered in the Commercial Register in Luxembourg under the number B 154340, where the member of the Supervisory Board of the Issuer performs management functions at the same time – acquired ordinary bearer shares of Echo Investment S.A. The purchase of the Issuer's shares took place outside the regulated market, in Luxembourg, as a result of increase of the share capital of the closely related entity by way of contributing the Issuer's shares as contribution in kind, and in Poland by way of a relevant entry in the stock account. The Issuer's shares to the amount of 10,120,850 have been contributed in kind in accordance with their market value, which was established on the basis of share price performance on the Warsaw Stock Exchange within the last 6 months, with the closing date on October 22, 2010, i.e. 4.58 PLN per share. The informer demanded that his personal data be withheld, referring to the content of §3 (2) of the Decree by the Minister of Finance dated November 15, 2005 on passing and making accessible information on certain transactions in financial instruments and rules of making and conducting lists of persons having access to certain confidential information (Journal of Laws no. 229, item 1950).

On November 10, 2010 the management board of Echo Investment S.A. received a notice where a Member of the Issuer's Supervisory Board reported acquisition of 141,409,680 common bearer shares of Echo Investment S.A. by a company he is closely connected to – Barco Capital Investment Limited with its registered office at Agiou Pavlou Street 15, Ledra House, Agios Andreas, 1105 Nicosia, the Republic of Cyprus, registered in Department of the Registrar of Companies and Official Receiver (the Register of Companies) under the no. HE 145969, in which he serves managerial functions at the same time – which was executed on the basis of the order of District Court of Nicosia dated October 29, 2010, which was received on November 4, 2010. The acquisition of the Issuer's shares took place outside the regulated market, as a result of approval of the business merger of Barco Capital Investment Ltd. (the Receiving Company) and Magellan Pro-Equity Fund I S.A. with its registered office in Kielce (the Acquired Company) with effect from November 1, 2010. Both companies are parties related to Mr Michał Solowow. The price per share has not been established. In accordance with relevant provisions of the Cyprus Company Law and the Commercial Companies Code relating to cross-border mergers of capital companies as a result of business mergers, the company being acquired was terminated without carrying out its liquidation, and the receiving company acquired the assets and liabilities of the acquired company by way of universal succession. The informer demanded to keep his personal data secret, referring to the content of §3 (2) of the Decree by the Minister of Finance dated November 15, 2005 on passing and making accessible information on certain transactions in financial instruments and rules of making and conducting lists of persons having access to certain confidential information (Journal of Laws no. 229, item 1950).

### 6.17 Information about court proceedings

During the period from January 01 to September 30, 2010, no litigation was conducted before a court or a public administration authority concerning liabilities or receivables of Echo Investment SA or its subsidiaries, whose joint value constitutes at least 10% of equity of Echo Investment SA.

### 6.18 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 the company did not publish financial forecasts.

### 6.19 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 Q3 2010.

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

In Q3 2010 the Capital Group did not grant any collaterals of credit or loans or granted guarantees to any entity or subsidiaries, the value of which would correspond to at least 10% of the Issuer's equity.

See also item 6.10.

### 6.21 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 July 2, 2010 there was a general contractor agreement concluded between the Company and Eiffage Budownictwo Mitex S.A. with its seat in Warsaw (the Contractor) regarding a residential complex in Wrocław to be located on Jedności Narodowej Street (the Facility). In accordance with the agreement the Contractor undertakes to construct the Facility as the general contractor, including acquisition of a legally binding occupancy permit for the Facility on behalf of the Company by April 9, 2012. The remuneration of the Contractor is a lump sum and amounts to PLN 43.19 mln net. The agreement includes provisions concerning payment of contractual penalties in the case of failure to execute or improper execution of the Facility or withdrawal from the Agreement, the total value of which cannot exceed 10% of the remuneration of the Contractor.

On July 8, 2010 there was contract concluded between ARCAD Sp. z o.o. Sp. k.a. with its registered office in Kielce with regard to execution of design work concerning a complex of office and service buildings in Wrocław on Swobodna Street. The value of the contract amounts to PLN 2.69 mln net.

On July 15, 2010 there was an agreement signed to transfer the ownership of a property owned by the Company, located in Bełchatów, with a total area of 44,455 sqm to Echo - 55 Sp. z o.o. The value of the property amounts to PLN 16,270,550. The property constitutes a non-cash contribution to cover the newly-created shares in the share capital of Project Echo - 55 Sp. z o.o. in the amount of 325,411 shares with a nominal value of PLN 50 each. The shares will be acquired by the Company in their entirety.

On July 20, 2010 the Supervisory Board of Echo Investment SA, acting pursuant to § 1 sec. 2 of Echo Investment SA Supervisory Board Regulations, adopted resolutions on appointing President and Vice-Presidents of the Supervisory Board of Echo Investment SA. Mr Wojciech Ciesielski was entrusted with the post of President of the Supervisory Board and Mr Andrzej Majcher and Mr Mariusz Waniółka took over the posts of Vice-Presidents. The posts will be filled as of July 20, 2010.

The current composition and the posts held in the Supervisory Board of the Issuer are as follows:

Wojciech Ciesielski - President of the Supervisory Board

Andrzej Majcher - Vice-President of the Supervisory Board

Mariusz Waniółka - Vice-President of the Supervisory Board

Robert Oskard - Member of the Supervisory Board  
Tomasz Kalwat - Member of the Supervisory Board  
Karol Żbikowski - Member of the Supervisory Board

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On July 29, 2010 there was an agreement concerning preparation of a project concluded between Echo Investment SA and Projekt Echo-55 Sp. z o.o., including consulting, management, legal, design and engineering services as well as other services necessary in order to obtain a building permit concerning the Galerial Olimpia complex in Bełchatów. The net value of the agreement is a maximum of PLN 3.71 mln.

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On September 8, 2010 there was an agreement signed between Echo Investment SA and Projekt Echo -45 Spółka z ograniczoną odpowiedzialnością Sp. k. to transfer the ownership of a property located in Wrocław on Jedności Narodowej Street with an area of 0.7405-ha (the Property). The gross value of the property amounts to PLN 22,663,200. The property constitutes a contribution to cover the increase of the number of shares in Projekt Echo -45 Spółka z ograniczoną odpowiedzialnością Sp. k.

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On September 8, 2010 there was a general contracting and project management agreement signed between Echo Investment SA and Projekt Echo - 45 Spółka z ograniczoną odpowiedzialnością Sp.k. (the Investor) concerning the construction of a residential building in Wrocław on Jedności Narodowej Street (the Project). The remuneration calculated on the basis of the Project's budget will amount to approx. PLN 3.82 mln. The execution of the Project is to finish by June 30, 2012.

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On September 14, 2011 there was a contract signed between the Company and HS99 Sp. z o.o with its seat in Koszalin concerning the execution of design work of the Arena shopping centre in Słupsk on Krzyswoustego Street. The value of the contract amounts to PLN 1.355 mln.

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On September 28, 2010 there was a conditional lease agreement signed between Centrum Handlowe PHS S.A. and Centrum Filmowe Helios S.A. with its seat in Łódź regarding an area of 2,315 sqm in the Outlet Park shopping centre in Szczecin (the Centre) where a Helios cinema is to operate (the Subject of Lease). The agreement will come into force on condition of obtaining a building permits and financing for the development of the planned Centre by June 30, 2011. In the case of failure to fulfill the conditions by December 31, 2012 the agreement will be terminated. The lease period is 20 years starting from making the Subject of Lease available. The value of the agreement amounts to EUR 4.86 mln (which on according to the average exchange rate of the National Bank of Poland corresponds to approx. PLN 19.34 mln).

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See also items 6.8, 6.9, 6.11 and 6.12 of this report

## **6.22 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), Zeusa Street and Kazimierzowska Street
  - in Poznań - Naramowice Rynek
  - in Kielce, the Bilcza housing estate (stage 2) - sales of plots with designs of houses
- valuation of projects under construction and/or delivered to users to fair value:
  - Malta Office Park (stage 2) in Poznań (office segment),
  - Oxygen in Szczecin (office segment),
  - Galeria Echo in Kielce (a shopping and entertainment centre),
- sale of the Avatar project in Kraków,
- revaluation of fair value of owned properties,
- regular revenues from lease contracts,
- appraisal of credit obligations and cash in foreign currencies,
- valuation of hedging instruments for securing foreign currency and interest rate risks,
- revaluation of non-financial assets.

## 7. Condensed separate financial statements as at and for a period of 9 months ended September 30, 2010

Balance (in thousands PLN)	balance as at 2010.09.30 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.09.30 end of quarter
<b>Assets</b>			
<b>1. Non-current assets</b>			
1.1. Intangible assets	937	1 051	950
1.2. Tangible fixed assets	17 088	10 669	10 222
1.3. Investment property	11 685	11 612	13 149
1.4. Investments in fully and partially owned subsidiaries	684 893	611 227	468 687
1.5. Investments in associated companies	50	50	61
1.6. Loans granted	67 295	359	11 691
1.7. Other financial assets	714	-	11 424
1.8. Other receivables	12 607	-	-
1.1. Intangible assets	<b>795 269</b>	<b>634 968</b>	<b>516 184</b>
1.2. Tangible fixed assets			
<b>2. Current assets</b>			
2.1. Inventories	336 630	365 693	372 702
2.2. Current income tax receivables	253	2 195	2 515
2.3. Other tax receivables	11	57	768
2.4. Trade receivables and other receivables	105 349	122 731	165 612
2.5. Loans granted	193 738	124 363	184 681
2.6. Derivative financial instruments	-	-	-
2.7. Cash and cash equivalents	64 042	53 878	32 892
	<b>700 023</b>	<b>668 917</b>	<b>759 170</b>
<b>Assets total</b>	<b>1 495 292</b>	<b>1 303 885</b>	<b>1 275 354</b>
<b>Liabilities</b>			
<b>1. Equity</b>			
1.1. Issued share capital	21 000	21 000	21 000
1.2. Supplementary capital	511 901	477 859	477 859
1.3. Retained earnings	-	6 401	6 401
1.4. Net profit (loss)	44 143	27 641	17 668
	<b>577 044</b>	<b>532 901</b>	<b>522 928</b>
<b>2. Provisions</b>			
2.1. Provisions for liabilities	6 530	10 930	9 729
2.2. Deferred income tax provision	9 295	8 300	5 891
	<b>15 825</b>	<b>19 230</b>	<b>15 620</b>
<b>3. Non-current liabilities</b>			
3.1. Borrowings	492 207	513 948	516 717
	<b>492 207</b>	<b>513 948</b>	<b>516 717</b>
<b>4. Current liabilities</b>			
4.1. Borrowings	346 355	128 017	134 638
4.2. Derivative financial instruments	-	-	1 686
4.3. Current income liabilities	28	-	-
4.4. Other tax liabilities	7 194	3 839	2 217
4.5. Trade liabilities	19 942	38 034	17 107
4.6. Advances received	28 085	53 759	58 504
4.7. Other liabilities	8 612	14 157	5 937
	<b>410 216</b>	<b>237 806</b>	<b>220 089</b>
<b>Total liabilities</b>	<b>1 495 292</b>	<b>1 303 885</b>	<b>1 275 354</b>



	balance as at 2010.09.30 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.09.30 end of quarter
Book value (in thousands PLN)	577 044	532 901	522 928
Number of shares	420 000 000	420 000 000	420 000 000
Book value per share (w PLN)	1.37	1.27	1.25

Off-balance liabilities (in thousands PLN)	balance as at 2010.09.30 end of quarter	balance as at 2009.12.31 end of previous year	balance as at 2009.09.30 end of quarter
1. Off-balance receivables	-	-	-
2. Off-balance liabilities	483 078	834 848	25 663
<b>Off-balance items total</b>	<b>483 078</b>	<b>834 848</b>	<b>25 663</b>

Profit and loss statement (in thousands PLN)	3 <sup>rd</sup> quarter the period from 2010.07.01 to 2010.09.30	3 quarters the period from 2010.01.01 to 2010.09.30	3 <sup>rd</sup> quarter the period from 2009.07.01 to 2009.09.30	3 quarters the period from 2009.01.01 to 2009.09.30
Operating incomes	75 594	264 346	56 596	252 010
Operating expenses	(50 202)	(202 262)	(42 902)	(198 882)
<b>Profit (loss) before tax, interest and expenses</b>	<b>25 392</b>	<b>62 084</b>	<b>13 694</b>	<b>53 128</b>
Profit (loss) on sales of property	1	18	105	147
Revaluation of non-financial assets	(219)	73	(585)	195
Costs of sales	(5 154)	(14 237)	(3 780)	(11 766)
Administrative costs	(6 784)	(18 630)	(6 352)	(16 230)
Other operating incomes	7 078	23 492	645	8 872
Other operating expenses	(2 311)	(8 236)	(5 216)	(5 589)
<b>Earnings before tax and finance incomes/expenses</b>	<b>18 003</b>	<b>44 564</b>	<b>(1 489)</b>	<b>28 757</b>
Financial incomes	5 485	43 620	25 231	35 275
Financial costs	(12 019)	(43 047)	(17 483)	(43 374)
<b>Profit (loss) before tax and interest</b>	<b>11 469</b>	<b>45 137</b>	<b>6 259</b>	<b>20 658</b>
Income tax	(1 444)	(994)	(1 262)	(2 990)
<b>Net profit (loss)</b>	<b>10 025</b>	<b>44 143</b>	<b>4 997</b>	<b>17 668</b>
Net profit (loss) (annualized)		54 116		20 537
Weighted average number of ordinary shares		420 000 000		420 000 000
Earnings per ordinary share (in PLN)		0.13		0.05
Weighted average diluted number of ordinary shares		420 000 000		420 000 000
Diluted earnings per ordinary share (in PLN)		0.13		0.05

Statment of changes in the equity (in thousands PLN)	Issued captial	Supplementary capital	Retained earnings from the previous years	Net profit (loss)	Total shareholders' equity
<b>For 3 quarters (current year), the period from 2010.01.01 to 2010.09.30</b>					
Balance as at the beginning of the period, after reconciliation to comparable data	21 000	477 859	34 042	-	532 901
Changes during the period					
Distribution of profit/loss carried forward	-	34 042	(34 042)	-	-
Net profit (loss) of the current period				44 143	44 143
Changes total	-	34 042	(34 042)	44 143	44 143
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>511 901</b>	<b>-</b>	<b>44 143</b>	<b>577 044</b>
<b>For the previous year, the period from 2009.01.01 to 2009.12.31</b>					
Balance as at the beginning of the 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)	-	-
Net profit (loss) of the current period				27 641	27 641
Changes total	-	39 916	(39 916)	27 641	27 641
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>477 859</b>	<b>6 401</b>	<b>27 641</b>	<b>532 901</b>
<b>For 3 quarters (the previous year) the period from 2009.01.01 to 2009.09.30</b>					
Balance as at the beginning of the 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)	-	-
Net profit (loss) of the current period				17 668	17 668
Changes total	-	39 916	(39 916)	17 668	17 668
<b>Balance as at the end of period</b>	<b>21 000</b>	<b>477 859</b>	<b>6 401</b>	<b>17 668</b>	<b>522 928</b>

Cash flow statement (in thousands PLN)	3 quarters the period from 2010.01.01 to 2010.09.30	3 quarters the period from 2009.01.01 to 2009.09.30
<b>Cash flows on operating activity – indirect method</b>		
<b>I. Net profit (loss)</b>	<b>44 143</b>	<b>17 668</b>
<b>II. Adjustments:</b>		
1. Share in net profits (losses) of associated companies	-	-
2. Amortization/Depreciation	2 197	2 762
3. Foreign exchange (gains) losses	-	-
4. Interest and shares in profits (dividends)	(8 427)	11 215
5. Current income tax in the profit and loss statement	-	-
6. Income tax paid	1 970	(625)
7. (Profit) loss on investing activities	(9 720)	(342)
8. Change in provisions	(9 431)	(1 289)
9. Change in inventories	29 063	37 709
10. Change in receivables	35 079	(22 595)
11. Change in current liabilities, except for borrowings	(40 996)	(88 686)
12. Change in accrued liabilities	(8 446)	86
<b>Net cash flows on operating activities</b>	<b>35 432</b>	<b>(44 097)</b>
<b>Cash flows on investing activities</b>		
<b>I. Incomes</b>		
1. Sales of intangible and tangible fixed assets	505	176
2. Sales of investments in property and in intangible assets	-	-
3. From financial assets	147 506	85 269
4. Other incomes from investments	-	-
	<b>148 011</b>	<b>85 445</b>
<b>II. Expenditures</b>		
1. Acquisition of intangible assets and tangible fixed assets	(9 267)	(771)
2. Investments in property and in intangible assets	292	-
3. On financial assets	(329 888)	(70 281)
4. Other investment expenditures	568	335
	<b>(338 295)</b>	<b>(70 717)</b>
<b>Net cash flows on investing activities</b>	<b>(190 284)</b>	<b>14 728</b>
<b>Cash flows on financial activities</b>		
<b>I. Incomes</b>		
1. Net income from issue of shares and other equity instruments, additional payments to capital	-	-
2. Borrowings	44 396	105 648
3. Issue of debt securities	150 000	100 474
4. Other financial incomes	-	-
	<b>194 396</b>	<b>206 122</b>

Cash flow statemtn (in thousands PLN) continued	3 quarters the period from 2010.01.01 to 2010.09.30	3 quarters the period from 2009.01.01 to 2009.09.30
<b>II. Expenditures</b>		
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	-	(38 382)
5. Redemption of debt securities	-	(105 000)
6. Interest	(29 380)	(40 118)
	<b>(29 380)</b>	<b>(183 500)</b>
<b>Net cash flows on financial activities</b>	<b>165 016</b>	<b>22 622</b>
<b>Net cash flows total</b>	<b>10 164</b>	<b>(6 747)</b>
Balance change in cash, including:	10 164	(6 747)
- change in cash balance through foreign exchange differences	-	-
<b>Cash as at the beginning of period</b>	<b>53 878</b>	<b>39 639</b>
<b>Cash at the end of period, including</b>	<b>64 042</b>	<b>32 892</b>
- with limited disposability	6 802	8 759

Kielce, November 15, 2010

**Representatives of the Company:**

**Person in charge of bookkeeping:**

President of the Management Board

Vice-President of the Management  
Board

Chief Accountant

Piotr Gromniak

Artur Langner

Tomasz Sulek





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

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