

# ANNUAL REPORT 2007

## Consolidated financial statement of Echo Investment S.A. Capital Group

Kielce, April 30, 2008

Letter to Shareholders, Partners and Clients

Dear Sirs,

2007 turned out to be another outstanding year in the history of Echo Investment Capital Group. We have strengthened our market position. We have been able to significantly expand the range of our operations. Again, we earned record gains:

the net profit of the Capital Group was PLN 319 million, i.e. 14.7% higher than that earned during the preceding year.

The value of consolidated revenues was 14.8% higher than in 2006, having reached PLN 382 million.

The key factor influencing the profit earned was the revaluation of real estates belonging to the Capital Group, as well as the sales of commercial projects in Lodz and Kielce.

The good results were achieved as a consequence of changes implemented in the Group's organizational structure at the beginning of last year, confirming that the assumed development strategy was correct.

In 2007, Echo Investment focused on guaranteeing new development opportunities through buying attractive land properties, continuation of commenced investments and preparing new projects.

The Group invested in largest Polish cities while launching its activities on new markets as well: land was purchased for housing projects in Lodz and Wroclaw, office investments in Szczecin, Gdansk and Katowice, and shopping & entertainment centers in Kalisz and Koszalin. One of last year's key events was the commencement of investment process in another country of our region – Echo Investment obtained land for building a shopping and entertainment center in Brasov, Romania.

The most important investment-related event was the opening of the Pasaż Grunwaldzki shopping and entertainment center in Wroclaw, which is the largest of all the Group's projects. An Office Park was also opened in Kielce as a new seat for Capital Group companies. Works were also commenced in 2007 on development of two large office projects, namely the Malta Office Park in Poznan and Park Postępu in Warsaw. Two housing projects were further launched in Poznan.

A number of new projects were prepared, to commence in 2008:

- in the malls sector: extension of Galeria Echo in Kielce
- in the office sector: business parks in Gdansk, Szczecin, Lodz and Krakow
- in the housing sector: Klimt House luxury apartment building in Warsaw, and an estate of detached houses in Bilcza near Kielce.

The year 2007 brought a breakthrough in terms of reinforcing the Group's organizational structure necessary for implementing the tasks determined in the adopted development strategy. An intensive training program for managers has been introduced, based on top project management standards of the Project Management Institute. Training courses were also held for the purpose of perfecting specialist staff's and ordinary workers' skills. Proper technological solutions were introduced, along with implementation of IT tools for supporting work of the entire organization, and project management support tools.

According to the Group's development strategy, the basic goal is to ensure guaranteed long-term growth of goodwill.

The following means will be used in achieving this goal: execution of development projects for sale (apartments and hotel), regular expansion of the investment project portfolio (offices and shopping centers for rent).

The Group's main task in 2008 and during the next years will be persistent implementation of the adopted strategy, where the assumptions for 2008 to 2013 include completion of 43 new investments, significant increase of expenditures and land bank for consecutive projects. Total rentable area and area for sale in the scheduled investments exceeds 1 million square meters.

As it was the case in the preceding years, all the Group's activities are focused on our global but still very simple goal – namely, achievement of best results possible to guarantee steady growth of asset value and yield rate of Echo Investment Capital Group, which is what our Shareholders and Partners expect from us.

On behalf of the Management Board, I would like to express my gratitude to all those who have contributed to the achievement of such outstanding results by Echo Investment Capital Group in 2007. I truly believe this success will make us stronger on our way to continued development and will motivate us to take more challenges in the future.

Yours sincerely,

Jarosław Grodzki

President of the Management Board

## POLISH FINANCIAL SUPERVISION AUTHORITY

## Consolidated annual report SA-RS 2007

(according to Article 86 clause 2 of the Regulation of the Board of Ministers as of October 19, 2005  
(Journal of Laws No. 209, item 1744)

(for issuers of securities performing production, construction, trade or service activities)

For the current financial year 2007, covering the period from January 01, 2007 to December 31, 2007  
containing an IAS consolidated financial statement

currency of the report: PLN

dated May 6, 2008

(submission date)

"Echo Investment" Spółka Akcyjna [Joint Stock Company]			
(full name of issuer)			
"Echo Investment" S.A.		building sector	
(contracted name of issuer)		(sector according to Warsaw Stock Exchange classification)	
25-323	Kielce	Solidarności 36	
(postcode)	(town/city)	(Street)	(number)
(0-41) 33 33 333	(0-41) 33 32 333	office@kielce.echo.com.pl.	
(phone)	(fax)	(e-mail)	
657 023 09 12	290463755	www.echo.com.pl	
(NIP – Tax Identification Number)	(REGON – Statistical Company Number)	(WWW)	

BDO Numerica S.A.  
(Certified auditors' organization)

The consolidated annual report contains:

- Report by a certified auditor of financial statements on review of the annual financial statement
- Opinion and report by a certified auditor of financial statements on audit of the annual financial statement
- Consolidated annual financial statement
- Introduction  Statement of changes in consolidated equity
- Consolidated balance sheet
- Consolidated profit and loss account  Consolidated cash flow statement
- Additional information and explanations
- Management Report (report on the issuer's activities)
- Statement of the Management Board on reliability of preparation of the consolidated financial statement
- Statement of the Management Board on specification of the organization certified to audit financial statements

Selected financial data	in thousands PLN		in thousands EUR	
	2007	2006	2007	2006
Operating revenues	382 430	333 249	101 255	85 468
Earnings before tax and financial revenues / costs	399 436	381 025	105 758	97 721
Gross profit (loss)	399 676	346 053	105 821	88 752
Net profit (loss)	319 039	278 132	84 471	71 332
Net cash flows on operating activity	55 207	43 852	14 617	11 247
Net cash flows on investment activity	(174 027)	(112 791)	(46 077)	(28 927)
Net cash flows on financial activity	222 071	132 597	58 797	34 007
Net cash flows total	103 251	63 658	27 337	16 326
Total assets	3 499 977	2 739 514	977 101	715 054
Equity capital allocated to shareholders of the dominant company	1 510 535	1 195 243	421 702	311 976
Long-term debts	1 315 401	943 766	367 225	246 337
Short-term debts	373 910	379 100	104 386	98 951
Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
Profit (loss) per one ordinary share (in PLN/EUR)	0,76	0,66	0,20	0,17
Book value per one share (in PLN/EUR)	3,60	2,85	1,00	0,74

## Introduction

1. The main object of business activity of the dominant company registered with company name “Echo Investment” Spółka Akcyjna [Joint Stock Company], with its registered seat in Kielce, Poland (address: 25-323 Kielce, al. Solidarności 36), recorded in the National Court Register with number 0000007025, District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register – according to Polish Classification of Activity – is the range of services relating to real estate – PKD code 70, trade according to the regulated market – construction industry. Duration of the company - unlimited.
2. Echo Investment S.A. prepares a consolidated financial statement. The dominant company for Echo Investment S.A., which prepares a consolidated financial statement, is Magellan Pro – Equity Fund I S.A. (address: 25-323 Kielce al. Solidarności 36). Ownership rights method applies to Echo shares. Consolidated accounts of Magellan Pro – Equity Fund I S.A. are prepared at the end of each respective financial year and published in Monitor Polski B.
3. The statement presents consolidated financial data for the period from January 1, 2007 to December 31, 2007 as compared to the period from January 1, 2006 to December 31, 2006. The reporting currency is the Polish zloty. The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards.
4. As on December 31, 2007, the Management Board of Echo Investment S.A. was composed of the following members: Jarosław Grodzki, President of the Management Board, Piotr Gromniak, Member of the Management Board and Artur Langner, Member of the Management Board. The following persons are members of the Supervisory Board: Wojciech Ciesielski, chairman, Andrzej Majcher, deputy chairman, and members: Tomasz Kalwat, Robert Oskard, Mariusz Waniołka and Karol Żbikowski.
5. Both the financial statement and the comparable financial information contains combined data, because the structure of “Echo Investment” S.A. comprises Echo Investment S.A.’s representative office in Ukraine, the latter being an internal unit of organization that prepares its own independent financial statement. No merger took place during the period covered by the statement with non-Group companies.
6. The financial statement has been drawn up under the assumption of continuation of business operations in foreseeable future and there are no circumstances indicating any risk for the continuation of operations.
7. Items disclosed in the report are determined in accordance with the following principles:

### 1. Intangible assets

Intangible assets are recognized if there is a probability of yielding economic advantages in the future that may be directly related to such assets. Initially, intangible assets are disclosed according to acquisition prices or production costs. After initial posting, intangible assets are valued according to acquisition prices or production cost, less depreciation and write-offs due to permanent loss in value.

Records of intangible assets are kept according to analytic methods. Tax rates are applied in the depreciation scheme. The most significant item of intangible assets is computer software.

### 2. Goodwill of subsidiaries

Goodwill resulting from acquisition of shares or stocks in subsidiaries is initially disclosed according to acquisition price, being a surplus of acquisition costs of these units over the Group’s share in net fair value of identifiable assets, liabilities and contingent liabilities. After initial disclosure, goodwill is presented according to acquisition price less all accumulated write-offs due to permanent loss in value. Goodwill is reviewed for possible loss of value at least once a year, or more frequently in case of occurrence of any events or changes indicating possible loss of value. Goodwill is not amortized.

### 3. Tangible assets

Fixed assets are interpreted as immovable property owned by the company (not leased and not intended for trade), machines and items of equipment, means of transport and other complete and usable items with an estimated life longer than one year. The following are particularly classified as fixed assets: furniture, fixed and mobile telephones, items of electronic equipment, regardless of their prices.

Fixed assets are valued and disclosed in the statements according to acquisition prices or production costs, less depreciation and write-downs due to permanent loss in value. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, refer to the profit and loss account, except for a situation where it is possible to prove that such costs resulted in an increase in expected future economic advantages on account of possessing the given fixed asset. In such case, the yielded costs add up to the initial value of the fixed asset.

Fixed assets are booked on summary accounts according to Fixed Assets Classification groups. Detailed records of fixed assets are also kept. Fixed assets are depreciated according to declining balance method and equally through tax rates. Fixed assets with acquisition prices lower than PLN 3.5 thousand are depreciated once in their full value under the date of purchase. For fixed assets that have permanently lost their economic usability, extraordinary depreciation write-offs are made in other operating costs. Fixed assets include, among other items, the right to perpetual usufruct of land, which is depreciated equally during the period of usufruct. Ownership rights of land are not depreciated.

The company has verified the value of available fixed assets. The values of fixed assets disclosed in the statement do not differ from their assumed costs.

### 4. Fixed assets under construction

This item includes costs that are directly related to an investment not yet completed. These include expenses incurred on acquisition of land property, expenditure on execution of buildings (mainly foreign services) and activated and direct financial costs. After obtaining an occupancy permit, the completed real estates are reclassified as fixed assets or investments in real property, depending on their designed use. Fixed assets under construction are valued according to acquisition prices or production costs.

### 5. Investment immovable property

Investment immovable property includes leased real estates with land directly related to such real estates, owned by the company. Investment properties are initially disclosed according to acquisition prices / production costs.

After initial posting as on the first balance day, investment properties are presented according to their fair value. Fair value is revaluated at least once every three months. Profits or losses resulting from change in fair value of investment real property is disclosed in the profit and loss account in the period of their occurrence.

Fair value is determined by the company individually, with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate. Yield rate is verified by independent property experts at least once a year.

Residential and garage properties with values below PLN 1,000 thousand, due to minor difference between such valuation and valuation according to fair value, are appraised according to production costs method corrected by depreciation and write-offs due to permanent loss in value.

Differences on investment properties are accounted for in the profit and loss account under the item of real estate revaluation.

### 6. Shares and stocks

Shares and stocks in other companies are valued according to acquisition prices, less write-downs due to permanent loss in value.

Differences on valuation of shares are applied to the profit and loss account under the item of financial revenues / costs.

## 7. Inventories

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

Inventories of non-current assets are valued according to equivalents of acquisition price of land property and costs of production of development activity products increased by activated financial costs. Inventories related to long-term construction contracts are valued according to the guidelines of IAS No. 11 'Construction Contracts'. Inventories are valued not higher than obtainable net value at sale. Advances on deliveries are valued according to cash expenditure and according to received VAT invoices documenting granting an advance.

## 8. Accounts receivable

Receivables are disclosed in the balance sheet as amounts due and payable, with due caution. The value of receivables is updated accounting for probability of their payment through a revaluation write-down. Revaluation write-downs on receivables are posted at the end of each consecutive 6-month period and each consecutive year according to the following criteria:

- for receivables aged over one year – for full value of the account,
- for receivables aged over six months but not longer than one year – 50% of the value of the account.

In certain justified cases, individual principles of calculating revaluation write-downs may apply.

Receivables include interest on deposits, charged but not matured, valued as amounts due and payable.

## 9. Short-term investments

Short-term investments, except for financial instruments, are valued according to acquisition price or market value, whichever is lower. Short-term investments for which an active market does not exist are valued according to acquisition prices, accounting for write-downs due to permanent loss of value. The results of increases or decreases in the value of short-term investments valued according to market prices (values) are classified as financial revenues or costs, respectively.

## 10. Cash

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

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

## 11. Loans granted

Loans granted are disclosed according to depreciated acquisition price, determined using effective interest rate method.

## 12. Deferred income tax

The following items are created on account of deferred tax: deferred income tax assets, and provision for income tax. These items are valued according to their reasonable estimated value. The provision is calculated with the tax rate to apply during the next reporting period. Assets on account of deferred income tax on account of tax loss are established if settlement of such loss in the following years is certain of occurring.

## 13. Equity capitals

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

shares above their nominal value. The costs of shares issue, which are borne at the point of establishment of a joint stock company or increase in initial capital reduce the company's reserve capital to the amount of surplus of issue value over nominal value of shares, while their remaining part is classified under financial costs.

#### **14. Reserves**

Reserves are established if the Company is under an existing obligation resulting from past events, it is probable that fulfillment of this obligation will occasion necessary expensing of funds existing as economic benefits, and the amount of such obligation can be fairly and credibly estimated. Reserves are specifically established for costs of investment projects in progress, costs of bonuses, cash equivalents for holidays not used by employees and audit costs, which have not been borne yet but which fall on the current period. Reserves for costs of bonuses are established pursuant to resolutions of the management board. Other reserves are established on the basis of resolutions of the management board or decisions of the chief accountant / deputy chief accountant.

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

#### **15. Accounts payable**

Accounts payable are disclosed in the balance sheet as amounts due and payable.

Financial obligations include in particular loans, credit facilities, debenture bonds, not matured interest on bank credit facilities which are booked according to the accruals method, as well as discount on short-term and long-term debenture bonds to be settled in the following accounting period, with a minus mark. Foreign currency credits are valued according to the sell rate of the bank employed by the Company.

Long-term financial obligations (debts) are valued with the 'depreciated cost of liabilities component' method, according to IAS 39. The risk and probability of early repayment of long-term debts is taken into consideration during appraisal.

The item of advances for deliveries covers both invoiced advances (including advances on apartments) and ones that have not been invoiced.

The amount of the company social benefits fund is established on the basis of the Act on Company Social Benefits Fund (Journal of Laws of 1994, no. 43, item 163, as amended) and disclosed in the balance sheet in its nominal value, in the about brought forward.

#### **16. Methods of determining the financial result (profit/loss)**

The bottom line is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the bottom line. The bottom line (profit/loss) is determined using the multiple-step method.

- a) The costs of production of products sold include yielded costs pertaining to the revenues of a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
- b) The cost of sold services and products is valued on the basis of production costs, using one of the following two methods, depending on the types of projects:
  - profitability level according to the sales contract, or average (calculated) profitability level assumed by the company;
  - percentage share of such items as: sold area of land, sold shares, etc. (according to average prices) In particular, own cost of sold premises and land is settled in proportion to sold shares in land.

In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.

- c) The following items are also classified as costs and revenues:

- in the range of other sales of products and services – revenues invoiced and due to the company, with corresponding costs,
- yielded costs of sales and overheads; costs not yet borne, booked according to the principle of matching revenues and costs,
- gains and losses from sales of securities and valuation of the company's assets and liabilities (including differences in receivables revaluation write-downs),
- all financial revenues receivable by the company,
- yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The Company activates the part of financial costs which are directly related to acquisition and production of assets disclosed as inventories and commenced investments. The following amount of costs is activated: interest, discount and commissions, less revenues earned on temporary deposition of cash (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts).
- realized extraordinary gains and yielded extraordinary losses, including only those items that did not occur in the course of normal economic activity.

### **17. Cash Flow Statement**

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

- The data of the financial statement for the period from January 1, 2007 to December 31, 2007 is comparable to the data of the report for the period from January 1, 2006 to December 31, 2006.

Basic data converted to EURO:

SELECTED FINANCIAL DATA	2007, in thousands PLN	2007, in thousands EUR	2006, in thousands PLN	2006, in thousands EUR
Operating revenues	382 430	101 258	333 249	85 468
Earnings before tax and financial revenues / costs	399 436	105 760	381 025	97 721
Gross profit (loss)	399 676	105 824	346 053	88 752
Net profit (loss)	319 039	84 473	278 132	71 332
Net cash flows on operating activity	55 207	14 617	43 852	11 247
Net cash flows on investment activity	(173 267)	(45 877)	(112 791)	(28 927)
Net cash flows on financial activity	221 312	58 598	132 597	34 007
Net cash flows total	103 252	27 338	63 658	16 326
Total assets	3 538 948	987 981	2 739 514	715 054
Equity capital allocated to shareholders of the dominant company	1 510 535	421 702	1 195 243	311 976
Long-term debts	1 315 401	367 225	943 766	246 337
Short-term debts	373 929	104 391	379 100	98 951
Number of shares	420 000 000	420 000 000	420 000 000	420 000 000
Profit (loss) per one ordinary share (in PLN/EUR)	0,76	0,20	0,66	0,17
Book value per one share (in PLN/EUR)	3,60	1,00	2,85	0,74

The conversion was made as follows:

- assets and liabilities items in the balance sheet were converted according to the average exchange rate as of the balance day, i.e. as on December 31, 2007 1 EUR = PLN 3.5820, as on December 31, 2006 1 EUR = PLN 3.8312,
- specific items of the profit and loss account and the cash flow statement for the period from January 1 to December 31, 2007 were converted according to an exchange rate that is an arithmetic average of average exchange rates published by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 3.7768. For the period from January 1 to December 31, 2006, the conversion was made according to an exchange rate that is an arithmetic average of average exchange rates published by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 3.8991.

**BALANCE SHEET**

(in thousands PLN)	Note	2007	2006
<b>ASSETS</b>			
<b>1. Fixed assets</b>		<b>2 592 004</b>	<b>2 154 508</b>
1.1. Intangible assets	1	525	91
1.2. Goodwill of subsidiaries	2	40 382	32 687
1.3. Tangible assets	3	463 167	411 699
1.3.1. Fixed assets		55 623	53 274
1.3.2. Fixed assets under construction		407 544	358 425
1.4. Long-term receivables	4	54	5
1.5. Investment immovable property	5	2 034 700	1 670 296
1.6. Long-term financial investments	6	11 000	21 671
1.7. Deferred income tax assets	7	42 176	18 059
<b>2. Current assets</b>		<b>946 944</b>	<b>585 006</b>
2.1. Inventories	8	455 619	208 075
2.2. Tax receivables	9	46 246	48 274
2.2. Short-term receivables	9	13 442	29 221
2.3. Short-term financial investments	10	33 478	613
2.4. Short-term accruals	11	3 212	1 032
2.5. Cash and cash equivalents	12	394 947	297 791
<b>ASSETS TOTAL</b>		<b>3 538 948</b>	<b>2 739 514</b>
<b>LIABILITIES</b>			
<b>1. Equity</b>		<b>1 526 341</b>	<b>1 205 827</b>
1.1. Equity capital allocated to shareholders of the dominant company		1 510 535	1 195 243
1.1.1. Initial capital	13	21 000	21 000
1.1.2. Supplementary capital	14	985 994	538 319
1.1.3. Profit/loss carried forward		188 247	357 790
1.1.4. Net profit (loss) of the accounting year		319 039	278 132
1.1.5. Foreign exchange gains/losses arising from conversion		(3 745)	2
1.2. Minority capitals	15	15 806	10 584
<b>2. Reserves</b>		<b>323 277</b>	<b>210 821</b>
2.1. Reserve for deferred income tax	16	252 836	178 766
2.2. Other reserves	17	70 441	32 055
<b>3. Long-term debts</b>	18	<b>1 315 401</b>	<b>943 766</b>
3.1. Financial debt	19	1 283 221	902 909
3.2. Other debt		32 180	40 857
<b>4. Short-term debts</b>	20	<b>373 929</b>	<b>379 100</b>
4.1. Financial debt	21	37 859	158 061
4.2. Trade debts for deliveries and services	21	121 352	88 333
4.3. Liabilities on account of taxes	21	9 245	8 838
4.4. Other debt		205 473	123 868
<b>LIABILITIES TOTAL</b>		<b>3 538 948</b>	<b>2 739 514</b>
Book value		1 526 341	1 205 827
Number of shares (thousands pcs.)		420 000	420 000
Book value per one share		3,63	2,87

**OFF-BALANCE ITEMS**

(in thousands PLN)	Note	2007	2006
1. Contingent receivables		-	-
2. Contingent debt		-	8 466
2.1 To affiliated companies, on account of:			
a) granted guarantees and sureties		-	8 466
2.2 To other companies, on account of:		22 501	4 568
a) granted guarantees and sureties		3 315	3 831
b) court proceedings		379	737
c) purchase of land property in Kalisz		18 807	-
d) other		-	-
<b>Contingent obligations total</b>		<b>22 501</b>	<b>13 034</b>

**GUARANTEES AND SURETIES GRANTED BY ECHO INVESTMENT S.A.**

Surety as of May 15, 2007 to an individual running their own business under company name MTM Consulting Sp. for payment of additional price of sale of perpetual usufruct right to land property situated in Kalisz. The surety was granted up to the amount of PLN 18,807 thousand.

Surety as of July 4, 2007 for repair of damage, up to the amount of PLN 3,315 thousand.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

(in thousands PLN)	Note	2007	2006
Operating revenues	22	382 430	333 249
Operating expenses	23	(189 852)	(144 163)
<b>Gross profit (loss) on sales</b>		<b>192 578</b>	<b>189 086</b>
Profit (loss) on sales of real estate	24	29 616	8 919
Revaluation of real estate		250 335	238 449
Costs of sales		(21 491)	(9 736)
Overheads		(48 991)	(43 694)
Other operating revenues and costs	25	(2 611)	(1 999)
<b>Earnings before tax and financial revenues / costs</b>		<b>399 436</b>	<b>381 025</b>
Financial revenues	26	39 227	14 773
Financial costs	27	(88 010)	(64 860)
Foreign exchange gains/losses	28	49 113	15 134
Revaluation of goodwill of subsidiaries		(75)	(18)
Shares in profits of associated companies		(15)	(1)
<b>Gross profit (loss)</b>		<b>399 676</b>	<b>346 053</b>
Income tax	29	(75 415)	(66 982)
- <i>current part</i>		(25 458)	(16 636)
- <i>deferred part</i>		(49 957)	(50 346)
<b>Net profit (loss), including:</b>	<b>30</b>	<b>324 261</b>	<b>279 071</b>
Profit (loss) allocated to shareholders of the dominant company		319 039	278 132
Gross minority profit (loss)		5 222	939
Profit (loss) allocated to shareholders of the dominant company (annualized)		319 039	278 132
Weighted average number of ordinary shares (in thousands pcs.)		420 000	420 000
Profit (loss) per one ordinary share (in PLN)		0,76	0,66

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (in thousands PLN)**

	Initial capital	Supplementary capital	Undistributed profit (loss) carried forward	Profit (loss) of the current year	Foreign exchange gains/losses arising from conversion	Equity capital allocated to shareholders of the dominant company	Minority capitals	Total owner's equity
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**For the period from January 01, 2007 to December 31, 2007**

Balance at the beginning of the period	21 000	538 319	635 922	-	2	1 195 243	10 584	1 205 827
Changes in applied accounting principles (policy)	-	-	-	-	-	-	-	-
<b>Balance at the beginning of the period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>538 319</b>	<b>635 922</b>	<b>-</b>	<b>2</b>	<b>1 195 243</b>	<b>10 584</b>	<b>1 205 827</b>
Distribution of profit/loss carried forward	-	447 675	(447 675)	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	-	319 039	(3 747)	315 292	5 222	320 514
<b>Balance at the end of the period</b>	<b>21 000</b>	<b>985 994</b>	<b>188 247</b>	<b>319 039</b>	<b>(3 745)</b>	<b>1 510 535</b>	<b>15 806</b>	<b>1 526 341</b>

**For the period from January 01, 2006 to December 31, 2006**

Balance at the beginning of the period	21 000	353 771	542 332	-	-	917 103	18 145	935 248
Changes in applied accounting principles (policy)	-	-	6	-	-	6	-	6
<b>Balance at the beginning of the period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>353 771</b>	<b>542 338</b>	<b>-</b>	<b>-</b>	<b>917 109</b>	<b>18 145</b>	<b>935 254</b>
Distribution of profit/loss carried forward	-	184 548	(184 548)	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	-	(8 500)	(8 500)
Net profit (loss) of the current period	-	-	-	278 132	2	278 134	939	279 073
<b>Balance at the end of the period</b>	<b>21 000</b>	<b>538 319</b>	<b>357 790</b>	<b>278 132</b>	<b>2</b>	<b>1 195 243</b>	<b>10 584</b>	<b>1 205 827</b>

**CONSOLIDATED CASH FLOW STATEMENT**

(in thousands PLN)	Note	2007	2006
<b>A. Cash flows on operating activity - indirect method</b>			
<b>I. Net profit (loss)</b>		<b>324 261</b>	<b>279 071</b>
<b>II. Adjustments total</b>		<b>(269 054)</b>	<b>(235 219)</b>
1. Share of associated companies in net (profit) loss		15	1
2. Depreciation of fixed assets		6 256	4 980
3. Revaluation of goodwill		75	18
4. Foreign exchange gains/losses		(31 671)	(8 841)
5. Interest and shares in profits (dividends)		43 641	49 576
6. (Profit) loss on investment activity		(262 909)	(245 389)
7. Change in reserves		55 235	58 995
8. Change in inventories		(250 088)	(125 788)
9. Change in receivables		(116 616)	(32 486)
10. Change in short-term debts, except for loans and credits		251 012	65 275
11. Change in accruals		4 413	(2 059)
12. Other adjustments	31	31 583	499
<b>III. Net cash flows on operating activity (I+/-II)</b>		<b>55 207</b>	<b>43 852</b>
<b>B. Cash flows on investment activity</b>			
<b>I. Incomes</b>		<b>397 201</b>	<b>153 394</b>
1. Sales of intangible assets and fixed assets		211 562	1 230
2. Sales of investments in real estate and in intangible assets		45 628	84 243
3. From financial assets		140 011	67 908
4. Other revenues from investments		-	13
<b>II. Expenditures</b>		<b>(570 008)</b>	<b>(266 185)</b>
1. Acquisition of intangible assets and fixed assets		(292 008)	(172 714)
2. Investments in immovable property and in intangible assets		(129 834)	(26 121)
3. On financial assets		(148 556)	(58 653)
4. Dividends and other shares in minority profits		-	(8 500)
5. Other investment expenditures		(70)	(197)
<b>III. Net cash flows on investment activity (I-II)</b>		<b>(173 267)</b>	<b>(112 791)</b>

**CONSOLIDATED CASH FLOW STATEMENT continued**

(in thousands PLN)	Note	2007	2006
<b>C. Cash flows on financial activity</b>			
<b>I. Incomes</b>		<b>600 811</b>	<b>580 633</b>
1. Net revenues from issue of stocks (issue of shares) and other capital instruments, additional payments to capital		-	-
2. Loans and credit facilities		254 406	246 019
3. Issue of debenture bonds		346 405	334 023
4. Other financial incomes		-	591
<b>II. Expenditures</b>		<b>(379 499)</b>	<b>(448 036)</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. Payments of loans and credits		(144 435)	(155 771)
5. Redemption of debenture bonds		(160 000)	(220 800)
6. On account of other financial obligations		-	-
7. Payments of obligations under financial lease contracts		(487)	(487)
8. Interest		(74 574)	(70 968)
9. Other financial expenses		(3)	(10)
<b>III. Net cash flows on financial activity (I-II)</b>		<b>221 312</b>	<b>132 597</b>
D. Net cash flows total (A.III+/-B.III+/-C.III)		103 252	63 658
E. Difference in cash balances, including:		97 156	55 309
- change in cash balance on account of exchange rate gains/losses		(6 096)	(8 349)
F. Cash at the beginning of period		297 791	242 483
<b>G. Cash at the end of period (F+/-D), including:</b>	<b>32</b>	<b>394 947</b>	<b>297 791</b>
- with limited disposability		150	57 333

## EXPLANATORY NOTES TO THE BALANCE SHEET

## Note 1A

INTANGIBLE ASSETS (in thousands PLN)	2007	2006
a) costs of finished development works	-	-
b) goodwill	-	-
c) acquired concessions, patents, licences and similar assets, including:	517	78
- computer software	424	75
d) other intangible assets	8	13
e) advances for intangible assets	-	-
<b>Intangible assets total</b>	<b>525</b>	<b>91</b>

## Note 1B

(in thousands PLN)	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible assets total
a) gross value of intangible assets at the beginning of period	1 716	35	1 751
b) increases (on account of)			
- purchase	994	-	994
- liquidation	-	(19)	(19)
c) gross value of intangible assets at the end of period	2 710	16	2 726
d) accumulated amortization at the beginning of the period	1 639	22	1 661
e) depreciation for the period (on account of)			
- scheduled	554	1	555
- liquidation	-	(15)	(15)
f) accumulated amortization (depreciation) at the end of the period	2 193	8	2 201
g) net value of intangible assets at the end of period	517	8	525

## Note 1C

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE) (in thousands PLN)	2007	2006
a) owned	525	91
b) used under a lease contract, rental agreement or another similar agreement, including lease agreements	-	-
<b>Intangible assets total</b>	<b>525</b>	<b>91</b>

**Note 2A**

<b>GOODWILL OF SUBSIDIARIES</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) goodwill - subsidiaries	40 382	32 687
b) goodwill - partially owned subsidiaries	-	-
c) goodwill - associated companies	-	-
d) negative goodwill - subsidiaries	-	-
e) negative goodwill - partially owned subsidiaries	-	-
f) negative goodwill - associated companies	-	-
<b>Goodwill of subsidiaries total</b>	<b>40 382</b>	<b>32 687</b>

**Note 2B**

<b>CHANGE IN GOODWILL - SUBSIDIARIES</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) gross goodwill at the beginning of period	45 095	12 390
b) increases (on account of)	7 771	32 706
- purchase of shares "Echo - Centrum Poznań" Sp. z o.o.	7 695	32 687
- acquisition of shares in other companies	76	19
c) decreases (on account of)	-	-
<b>d) gross goodwill at the end of period</b>	<b>52 866</b>	<b>45 096</b>
e) write-off of goodwill from consolidation at the beginning of period	12 408	12 390
f) write-off of goodwill from consolidation for the period (on account of)	76	19
- Projekt S Sp. z o.o.	76	19
e) adjustment of write-off of goodwill from consolidation for previous years	-	-
<b>h) write-off of goodwill from consolidation at the end of period</b>	<b>12 484</b>	<b>12 409</b>
<b>i) net goodwill at the end of period</b>	<b>40 382</b>	<b>32 687</b>

**Note 2C**

<b>CHANGE IN GOODWILL - ASSOCIATED COMPANIES (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) gross goodwill at the beginning of period	67	67
b) gross goodwill at the end of period	67	67
c) write-off of goodwill from consolidation at the beginning of period	67	67
d) write-off of goodwill from consolidation at the end of period	67	67
e) net goodwill at the end of period	-	-

**Note 3A**

<b>TANGIBLE ASSETS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) fixed assets, including:	55 623	53 274
- land (including the right to perpetual usufruct of land)	6 943	7 691
- buildings, premises and civil engineering structures	35 936	35 244
- technical equipment and machines	2 159	1 860
- means of transport	9 274	8 404
- other fixed assets	1 311	75
b) fixed assets under construction	407 544	358 425
<b>Tangible assets total</b>	<b>463 167</b>	<b>411 699</b>

**Note 3B**

<b>CHANGES IN FIXED ASSETS (ACCORDING TO TYPE GROUPS) (in thousands PLN)</b>	<b>- own land</b>	<b>- buildings and structures</b>	<b>- technical equipment and machines</b>	<b>- means of transport</b>	<b>- other fixed assets</b>	<b>fixed assets total</b>
a) gross value of fixed assets at the beginning of period	9 420	40 853	5 505	15 534	2 103	73 415
b) increases on account of:						
- purchase	11	1 745	1 451	3 024	2 676	8 907
- transfer to investment activity	34	717				751
- release of revaluation accounts		518				518
c) decreases on account of:						
- sale			(25)	(141)		(166)
- transfer to investment activity	(2 329)	(1 284)	(244)			(3 857)
- liquidation		(1 535)	(160)		(1 597)	(3 292)
- consolidation adjustments		(158)				(158)
d) gross value of fixed assets at the end of period	<b>7 136</b>	<b>40 856</b>	<b>6 527</b>	<b>18 417</b>	<b>3 182</b>	<b>76 118</b>
d) accumulated depreciation at the beginning of the period	1 729	5 609	3 644	7 129	2 028	20 139
e) depreciation for the period (on account of)						
- scheduled	27	821	1 056	2 137	1 415	5 456
- liquidation		(985)	(130)		(1 572)	(2 687)
- transfer to investment activity	(1 563)	(525)	(177)			(2 265)
- sales adjustments			(25)	(123)		(148)
f) accumulated amortization (depreciation) at the end of the period	<b>193</b>	<b>4 920</b>	<b>4 368</b>	<b>9 143</b>	<b>1 871</b>	<b>20 495</b>
g) write-downs for permanent loss of value						
<b>h) net value of fixed assets at the end of period</b>	<b>6 943</b>	<b>35 936</b>	<b>2 159</b>	<b>9 274</b>	<b>1 311</b>	<b>55 623</b>

**Note 3C**

<b>FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) owned	463 167	411 699
b) used under a lease contract, rental agreement or another similar agreement	-	-
<b>Balance fixed assets total</b>	<b>463 167</b>	<b>411 699</b>

**Note 4**

<b>FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) receivables from affiliated companies, including:	-	-
b) from other companies, on account of:	54	5
- deposits paid	54	5
Net long-term receivables	54	5
c) revaluation write-offs of receivables	-	-
<b>Long-term receivables gross</b>	<b>54</b>	<b>5</b>

**Note 5A**

<b>CHANGE IN THE BALANCE OF IMMOVABLE PROPERTIES (ACCORDING TO TYPE GROUPS)</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) balance at the beginning of the period	1 670 294	1 400 399
b) increases (on account of)	791 957	365 285
- purchase	-	8 618
- transfer from fixed assets under construction	367 073	-
- transfer from fixed assets	1 592	-
- transfer from inventories	-	98 223
- change of real estate valuation	423 292	258 444
- consolidation adjustments	-	-
c) decreases (on account of)	427 551	95 388
- sale	222 922	79 717
- change of real estate valuation	172 956	1 877
- transfer to inventories	31 673	13 794
<b>d) balance at the end of the period</b>	<b>2 034 700</b>	<b>1 670 296</b>

Land property in Radom, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 2,720 thousand, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Piotrków Trybunalski, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 2,440 thousand, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Pabianice, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 2,100 thousand, established in favor of BPH PBK S.A., as a bank credit collateral.

Land properties in Radom, Piotrków Trybunalski and Pabianice, disclosed under long-term investments, are charged with mortgage security up to the value of EUR 72,600 thousand, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Jelenia Góra, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 11,831 thousand, established in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral

Land property in Bełchatów, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 6,451 thousand, in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral.

Land property in Szczecin, disclosed under investment immovable property, is charged with ordinary real estate mortgage up to the value of PLN 3,165 thousand, established in favor of the State Treasury as a security of repayment of debt on account of a leasing contract.

Land property in Przemyśl, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 3,420 thousand, established in favor of ING Bank Śląski S.A., with its head office in Katowice, as a bank credit collateral.

Land property in Kielce, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 27,000 thousand, established in favor of Kredyt Bank S.A., with its head office in Warsaw, as a bank credit collateral.

Land property in Tarnów, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 15,540 thousand, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Szczecin, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 150,000 thousand, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Warsaw, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 48,000 thousand, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Warsaw, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 30,600 thousand, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Wrocław, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 150,000 thousand, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Kielce, disclosed under investment immovable property, is charged with mortgage security up to the value of USD 12,000 thousand, established in favor of Tesco, as a security of advance payment return.

**Note 5B**

AMOUNTS DISCLOSED IN THE PROFIT AND LOSS ACCOUNT (in thousands PLN)	2007	2006
a) revenues from lease rent pertaining to investment immovable property	247 754	190 296
b) direct operating costs (including costs of repairs and maintenance) pertaining to the investment immovable property that yielded revenues from lease rent during the given period	113 508	65 899
c) direct operating costs (including costs of repairs and maintenance) pertaining to the investment immovable property that did not yield revenues from lease rent during the given period	-	-

**Note 6A**

LONG-TERM FINANCIAL ASSETS (in thousands PLN)	2007	2006
a) in subsidiaries	-	10 665
- other long-term financial assets (according to type)	-	10 665
- advances for acquisition of shares	-	10 665
b) in partially owned subsidiaries	310	349
- shares or stocks	310	349
c) in associated companies	10 650	10 650
- shares or stocks	10 650	10 650
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies	40	1
- granted loans	40	-
- other long-term financial assets (according to type)	-	1
<b>Long-term financial assets total</b>	<b>21 671</b>	<b>21 671</b>

**Note 6B**

CHANGE IN LONG-TERM FINANCIAL ASSETS (ACCORDING TO TYPE GROUPS) (in thousands PLN)	2007	2006
a) balance at the beginning of the period	21 671	17 747
b) increases (on account of)	1 485	10 672
- advances for acquisition of shares	1 445	10 664
- charging interest and foreign exchange gains / losses	1	-
- shares revaluation	-	7
- other	-	1
c) decreases (on account of)	12 156	6 748
- sale of shares	45	-
- change of balance sheet qualification of loans	-	16
- settlement of advances	12 110	6 732
- other	1	-
<b>d) balance at the end of the period</b>	<b>11 000</b>	<b>21 671</b>

## Note 6C

## SHARES IN SUBSIDIARIES (in thousands PLN)

Item	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Nature of capital relationship of the organization	Applied method of consolidation	Date of seizing control	Value of stocks / shares according to acquisition price	Revaluation adjustments (total)	Balance sheet value of shares	Percentage of owned initial capital	Share in the total number of votes at the general meeting	Specification of other grounds for control that ones specified under j) or k)
1	"Athina Park" Sp. z o.o. ['Athina Park' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	6 009	-	6 009	100,00%	100,00%	none
2	"Centrum Handlowe PHS" S.A. [PHS Shopping Center' Joint Stock Company]	Szczecin	trade activity	subsidiary	full	01.06.1999	4 776	-	4 776	100,00%	100,00%	none
3	"Echo - Arena" Sp. z o.o. ['Echo - Arena' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	1 008	-	1 008	100,00%	100,00%	none
4	"Echo - Arena Spółka z ograniczona odpowiedzialnością" Sp.k. ['Echo - Arena Limited Liability Company' Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	31.10.2005	12	-	12	100,00%	100,00%	none
5	"Echo - Building Ingatlanhasznosito" Kft.	Budapest	construction activity and real estate services	subsidiary	full	23.05.2007	47	-	47	100,00%	100,00%	none
6	"Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo - Łódź Banking and Finance Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	3 008	-	3 008	100,00%	100,00%	none
7	"Echo - Centrum Belchatów" Sp. z o.o. ['Echo - Belchatów Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 084	-	2 084	100,00%	100,00%	none
8	"Echo - Centrum Biznesu Łódź" Sp. z o.o. ['Echo - Business Center Łódź Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 511	-	2 511	100,00%	100,00%	none
9	"Echo - Centrum Jelenia Góra" Sp. z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	5 401	-	5 401	100,00%	100,00%	none
10	"Echo - Centrum Poznań" Sp. z o.o. ['Echo - Poznań Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	04.09.2006	40 417	-	40 417	100,00%	100,00%	none
11	"Echo - Centrum Przemysł" Sp. z o.o. ['Echo - Przemysł Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	6.11.1998	1 279	-	1 279	100,00%	100,00%	none
12	"Echo - Centrum Rzeszów" Sp. z o.o. ['Echo - Rzeszów Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	4 969	4 304	665	100,00%	100,00%	none
13	"Echo - Centrum Tarnów" Sp. z o.o.	Kielce	construction activity and real estate	subsidiary	full	9.11.1998	13 329	-	13 329	100,00%	100,00%	none

	[‘Echo – Tarnów Center’ Limited Liability Company]		services									
14	"Echo - Galaxy" Sp. z o.o. [‘Echo - Galaxy’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
15	"Echo - Galaxy Spółka z ograniczona odpowiedzialnością" Sp.K. [‘Echo - Grunwaldzki Arcade Limited Liability Company’ Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	35 884	-	35 884	100,00%	100,00%	none
16	"Echo - Galeria Kielce" Sp. z o. o. [‘Echo - Kielce Gallery’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	13 696	-	13 696	100,00%	100,00%	none
17	"Echo - Kielce 1" Sp. z o.o. [‘Echo - Kielce 1’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	8 369	-	8 369	100,00%	100,00%	none
18	"Echo - Pasaż Grunwaldzki" Sp. z o.o. [‘Echo - Grunwaldzki Arcade’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
19	"Echo - Pasaż Grunwaldzki Spółka z Ograniczona Odpowiedzialnością" Sp.k. [‘Echo - Grunwaldzki Arcade Limited Liability Company’ Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	19.10.2005	11	-	11	100,00%	100,00%	none
20	„Echo - Projekt 1” LLC	Kiev	construction activity and real estate services	subsidiary	full	26.09.2007	22	-	22	100,00%	100,00%	none
21	„Echo - Projekt 2” LLC	Kiev	construction activity and real estate services	subsidiary	full	26.09.2007	22	-	22	100,00%	100,00%	none
22	"Echo - Property Poznań 1" Sp. z o.o. [‘Echo - Property Poznań 1’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	11 283	7 626	3 657	100,00%	100,00%	none
23	"Echo - SPV 6" Sp. z o.o. [‘Echo - SPV 6’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	23.02.1999	30 271	-	30 271	100,00%	100,00%	none
24	"Echo - Veneda" Sp. z o.o. [‘Echo - Veneda’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	6 134	-	6 134	100,00%	100,00%	none
25	"Echo ACC" Sp. z o.o. [‘Echo ACC’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
26	"Echo Bau" Sp. z o.o. [‘Echo Bau’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	53	-	53	100,00%	100,00%	none
27	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [‘Echo Investment - Piotrków Trybunalski Shopping Center’ Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	35 776	-	35 776	100,00%	100,00%	none

**Note 6C - SHARES IN SUBSIDIARIES (in thousands PLN) continued**

Item	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Nature of capital relationship of the organization	Applied method of consolidation	Date of seizing control	Value of stocks / shares according to acquisition price	Revaluation adjustments (total)	Balance sheet value of shares	Percentage of owned initial capital	Share in the total number of votes at the general meeting	Specification of other grounds for control that ones specified under j) or k)
28	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	3 489	77	3 412	100,00%	100,00%	none
29	"Echo Investment Hungary" Ingatlanhasznosító Kft.	Budapest	construction activity and real estate services	subsidiary	full	30.05.2006	47	-	47	100,00%	100,00%	none
30	"Echo Investment Projekt 1" SRL	Bucharest	construction activity and real estate services	subsidiary	full	03.03.2006	4	-	4	100,00%	100,00%	none
31	„Echo Investment Ukraine” LLC	Kiev	construction activity and real estate services	subsidiary	full	02.07.2007	76	-	76	100,00%	100,00%	none
32	"Est-On Property Management" Sp. z o.o. ['Est-On Property Management' Limited Liability Company]	Kielce	property management	subsidiary	full	27.10.1998	51	-	51	100,00%	100,00%	none
33	"Galeria Echo - Kielce" Sp. z o.o. ['Echo Arcade - Kielce' Limited Liability Company]	Kielce	development activity	subsidiary	full	25.04.1997	52	-	52	100,00%	100,00%	none
34	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 008	-	2 008	100,00%	100,00%	none
35	"MDP" Sp. z o.o. ['MDP' Limited Liability Company]	Kielce	construction activity	subsidiary	full	22.11.1996	16 020	16 020	-	100,00%	100,00%	none
36	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Limited Liability Company]	Kielce	automotive	subsidiary	full	11.03.1997	320	255	65	100,00%	100,00%	none
37	"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Limited Liability Company]	Kielce	development activity	subsidiary	full	26.10.1999	1 962	1 666	296	100,00%	100,00%	none
38	"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	Kielce	development activity	subsidiary	full	26.10.1999	2 663	1 736	927	100,00%	100,00%	none
39	„Echo - Project Management Ingatlanhasznosító” Kft.	Budapest	construction activity and real estate services	subsidiary	full	07.11.2006	815	-	815	100,00%	100,00%	none
40	"Projekt Echo 17" Sp. z o.o. ['Project Echo -17' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
41	"Projekt Echo 23" Sp. z o.o. ['Project Echo -23' Limited Liability Company]	Kielce	construction activity and real estate services	associated	ownership rights	30.10.1998	11	3	8	37,50%	37,50%	none
42	"Projekt Echo -28" Sp. z o.o. ['Project	Kielce	construction activity and real estate	subsidiary	full	30.10.1998	2 508	-	2 508	100,00%	100,00%	none

	Echo -28' Limited Liability Company]		services										
43	"Projekt Echo 30" Sp. z o.o. ['Project Echo -30' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none	
44	"Projekt Echo 34" Sp. z o.o. ['Project Echo -34' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none	
45	"Projekt Echo 37" Sp. z o.o. ['Project Echo -37' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none	
46	"Projekt Echo 39" Sp. z o.o. ['Project Echo -39' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1999	52	-	52	100,00%	100,00%	none	
47	"Projekt Echo 41" Sp. z o.o. ['Project Echo -41' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.04.2006	51	-	51	100,00%	100,00%	none	
48	"Projekt Echo - 41 Spółka z ograniczona odpowiedzialnością" Sp.k. ['Project Echo -41 Limited Liability Company' Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	27.09.2006	12	-	12	100,00%	100,00%	none	
49	"Projekt Echo 42" Sp. z o.o. ['Project Echo -42' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.04.2006	51	-	51	100,00%	100,00%	none	
50	"Projekt Echo - 42 Spółka z ograniczona odpowiedzialnością" Sp.k. ['Project Echo -42 Limited Liability Company' Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	27.09.2006	12	-	12	100,00%	100,00%	none	
51	"Projekt Echo 43" Sp. z o.o. ['Project Echo -43' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.04.2006	51	-	51	100,00%	100,00%	none	
52	"Projekt Echo 44" Sp. z o.o. ['Project Echo -44' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.04.2006	51	-	51	100,00%	100,00%	none	
53	"Projekt Echo 45" Sp. z o.o. ['Project Echo -45' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.04.2006	51	-	51	100,00%	100,00%	none	
54	"Projekt Echo - 45 Spółka z ograniczona odpowiedzialnością" Sp.k. ['Project Echo -45 Limited Liability Company' Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	27.09.2006	12	-	12	100,00%	100,00%	none	

### Note 6C - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Nature of capital relationship of the organization	Applied method of consolidation	Date of seizing control	Value of stocks / shares according to acquisition price	Revaluation adjustments (total)	Balance sheet value of shares	Percentage of owned initial capital	Share in the total number of votes at the general meeting	Specification of other grounds for control that ones specified under j) or k)
55	"Projekt Echo 46" Sp. z o.o. ['Project Echo -46' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.11.2006	52	-	52	100,00%	100,00%	none
56	"Projekt Echo 47" Sp. z o.o. ['Project Echo -47' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.11.2006	52	-	52	100,00%	100,00%	none

57	"Projekt Echo 48" Sp. z o.o. ['Project Echo -48' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.11.2006	52	-	52	100,00%	100,00%	none
58	"Projekt Echo 53" Sp. z o.o. ['Project Echo -53' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	99 037	-	99 037	100,00%	100,00%	none
59	"Projekt Echo 54" Sp. z o.o. ['Project Echo -54' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	110 147	-	110 147	100,00%	100,00%	none
60	"Projekt Echo 55" Sp. z o.o. ['Project Echo -55' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
61	"Projekt Echo 56" Sp. z o.o. ['Project Echo -56' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	74 200	-	74 200	100,00%	100,00%	none
62	"Projekt Echo 57" Sp. z o.o. ['Project Echo -57' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
63	"Projekt Echo 58" Sp. z o.o. ['Project Echo -58' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
64	"Projekt Echo 59" Sp. z o.o. ['Project Echo -59' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
65	"Projekt Echo 60" Sp. z o.o. ['Project Echo -60' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	382 600	-	382 600	100,00%	100,00%	none
66	"Projekt Echo 61" Sp. z o.o. ['Project Echo -61' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	76 705	-	76 705	100,00%	100,00%	none
67	"Projekt Echo 62" Sp. z o.o. ['Project Echo -62' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	386 600	-	386 600	100,00%	100,00%	none
68	"Projekt Echo 63" Sp. z o.o. ['Project Echo -63' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	12 794	-	12 794	100,00%	100,00%	none
69	"Projekt Echo 64" Sp. z o.o. ['Project Echo -64' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
70	"Projekt Echo 65" Sp. z o.o. ['Project Echo -65' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	9 620	-	9 620	100,00%	100,00%	none
71	"Projekt Echo 66" Sp. z o.o. ['Project Echo -66' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	53 283	-	53 283	100,00%	100,00%	none
72	"Projekt Echo 67" Sp. z o.o. ['Project Echo -67' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
73	"Projekt Echo 68" Sp. z o.o. ['Project Echo -68' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
74	"Projekt Echo 69" Sp. z o.o. ['Project Echo -69' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
75	"Projekt Echo 70" Sp. z o.o. ['Project Echo -70' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
76	"Projekt Echo 71" Sp. z o.o. ['Project Echo -71' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
77	"Projekt Echo 72" Sp. z o.o. ['Project Echo -72' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
78	"Projekt Echo 73" Sp. z o.o. ['Project Echo -73' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none
79	"Projekt Echo 74" Sp. z o.o. ['Project Echo -74' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none

	-74' Limited Liability Company]		services										
80	"Projekt Echo 75" Sp. z o.o. ['Project Echo -75' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none	
81	"Projekt Echo 76" Sp. z o.o. ['Project Echo -76' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none	
82	"Projekt Echo 77" Sp. z o.o. ['Project Echo -77' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none	
83	"Projekt Echo 80" Sp. z o.o. ['Project Echo -80' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	50	-	50	100,00%	100,00%	none	
84	"Projekt Echo 81" Sp. z o.o. ['Project Echo -81' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	21.12.2006	39 888	-	39 888	100,00%	100,00%	none	
85	"Projekt Echo 83" Sp. z o.o. ['Project Echo -83' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none	
86	"Projekt Echo 84" Sp. z o.o. ['Project Echo -84' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none	
87	"Projekt Echo 85" Sp. z o.o. ['Project Echo -85' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none	
88	"Projekt Echo 86" Sp. z o.o. ['Project Echo -86' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none	
89	"Projekt Echo 87" Sp. z o.o. ['Project Echo -87' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none	

### Note 6C - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company name) of the organization, specifying the legal status	Registered office address	Objects of the undertaking	Nature of capital relationship of the organization	Applied method of consolidation	Date of seizing control	Value of stocks / shares according to acquisition price	Revaluation adjustment (total)	Balance sheet value of shares	Percentage of owned initial capital	Share in the total number of votes at the general meeting	Specification of other grounds for control that are specified under j) or k)
89	"Projekt Echo 88" Sp. z o.o. ['Project Echo -88' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none
90	"Projekt Echo 89" Sp. z o.o. ['Project Echo -89' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none
91	"Projekt Echo 90" Sp. z o.o. ['Project Echo -90' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none
92	"Projekt Echo 91" Sp. z o.o. ['Project Echo -91' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none
93	"Projekt Echo 92" Sp. z o.o. ['Project Echo -92' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	19.06.2007	50	-	50	100,00%	100,00%	none
94	"Projekt Naramowice" Sp. z o.o. ['Project Naramowice' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	15.05.2001	3 542	-	3 542	100,00%	100,00%	none
95	"Projekt S" Sp. z o.o. ['Project S' Limited Liability Company]	Kielce	construction activity and real estate services	subsidiary	full	23.04.2003	6 402	-	6 402	63,00%	63,00%	none

96	"SPC" S.A. ['SPC' Joint Stock Company]	Warsaw	management of companies	associated	ownership rights	26.03.1996	34	34	-	34,00%	34,00%	none
97	"W.A. Hotele" Sp. z o.o. ['W.A. Hotels' Limited Liability Company]	Warsaw	construction activity and real estate services	associated	ownership rights	18.04.2002	10 639	-	10 639	43,45%	43,45%	none
98	"WAN 11" Sp. z o.o. ['WAN 11' Limited Liability Company]	Warsaw	construction activity and real estate services	partially owned subsidiary	full	08.03.2004	1 500	-	1 500	50,00%	50,00%	none
99	"WAN - Invest" Sp. z o.o. ['WAN - Invest' Limited Liability Company]	Warsaw	construction activity and real estate services	partially owned subsidiary	ownership rights	18.04.2002	447	103	344	50,00%	50,00%	none
100	"Wyględów" Sp. z o.o. ['Wyględów' Limited Liability Company]	Kielce	construction activity	subsidiary	full	21.10.1998	51	-	51	100,00%	100,00%	none
101	"Zakład Ogrodniczy Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company]	Poznan	orcharding activity	subsidiary	full	11.05.2000	40 676	5 702	34 974	100,00%	100,00%	none

## NOTE 6D

## SHARES IN SUBSIDIARIES (in thousands PLN)

Item	a company name	m equity of the company, including:							n liabilities and provisions for liabilities of the company, including:			o receivables of the company, including:		p total assets of the company	r revenues from sales	s value of shares unpaid by the issuer	t received or due dividends from the company for the last financial year
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:		long-term debts	short-term debts	long-term receivables	short-term receivables							
					Profit (loss) carried forward	net profit (loss)											
1	"Athina Park" Sp. z o.o. [‘Athina Park’ Limited Liability Company]	23 638	6 000	6 610	11 028	9 551	1 477	86 327	66 268	20 059	1 065	-	1 065	109 965	16 094	-	-
2	"Centrum Handlowe PHS" S.A. [‘PHS Shopping Center’ Joint Stock Company]	19 340	2 519	7 883	8 938	10 615	(1 677)	16 002	11 582	4 420	428	-	428	35 343	7 483	-	-
3	"Echo - Arena" Sp. z o.o. [‘Echo - Arena’ Limited Liability Company]	1 169	1 000	124	45	-	45	16	11	5	4	-	4	1 185	-	-	-
4	"Echo - Arena Spółka z ograniczoną odpowiedzialnością" Sp.k. [‘Echo - Arena Limited Liability Company’ Limited Partnership]	142	11	-	131	-	131	27 178	-	27 178	220	-	220	27 320	560	-	-
5	"Echo - Building Ingatlanhasznosító" Kft.	(106)	47	-	(153)	-	(153)	7 145	7 127	19	5	-	5	7 028	-	-	-
6	"Echo - Centrum Bankowości i Finansów Łódź" Sp. z o.o. [‘Echo - Łódź Banking and Finance Center’ Limited Liability Company]	23 298	3 000	5 232	15 066	5 493	9 573	24 385	22 342	2 043	75	-	75	47 682	801	-	-
7	"Echo - Centrum Bełchatów" Sp. z o.o. [‘Echo - Bełchatów Center’ Limited Liability Company]	26 463	8 524	10 084	7 855	8 428	(573)	6 144	3 806	2 338	111	-	111	32 607	5 364	-	-
8	"Echo - Centrum Biznesu Łódź" Sp. z o.o. [‘Echo - Business Center Łódź Limited Liability Company]	22 367	2 504	11 026	8 837	890	7 947	29 294	28 871	423	28	-	28	51 661	1 040	-	-

9	"Echo - Centrum Jelenia Góra" Sp. z o.o. ["Echo - Jelenia Góra Center" Limited Liability Company]	67 069	11 057		20 372	35 640	32 307	3 333	7 548	7 319	229	273	-	273	74 617	10 555	-	-
10	"Echo - Centrum Poznań" Sp. z o.o. ["Echo - Poznań Center" Limited Liability Company]	(19)	50		7	(76)	(50)	(26)	1 129	-	1 129	866	-	866	1 110	58	-	-
11	"Echo - Centrum Przemysław" Sp. z o.o. ["Echo - Przemysław Center" Limited Liability Company]	14 257	3 784		7 448	3 025	4 452	(1 427)	7 443	4 819	2 624	41	-	41	21 700	3 146	-	-
12	"Echo - Centrum Rzeszów" Sp. z o.o. ["Echo - Rzeszów Center" Limited Liability Company]	690	7 782		-	(7 092)	(7 132)	40	2 742	1 541	1 201	4	-	4	3 432	-	-	-
13	"Echo - Centrum Tarnów" Sp. z o.o. ["Echo - Tarnów Center" Limited Liability Company]	68 261	12 894		12 729	42 638	37 138	5 500	9 085	8 787	298	571	-	571	77 346	9 111	-	2 500
14	"Echo - Galaxy" Sp. z o.o. ["Echo - Galaxy" Limited Liability Company]	696	50		347	299	-	299	3	2	1	59	-	59	698	-	-	-

## Note 6D - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a company name	m equity of the company, including:							n liabilities and provisions for liabilities of the company, including:			o receivables of the company, including:		p total assets of the company	r income on sales	s value of shares unpaid by the issuer	t received or due dividends from the company for the last financial year	
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:		long-term debts	short-term debts	long-term receivables	short-term receivables								
					Profit (loss) carried forward	net profit (loss)												
15	"Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.K. ['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership]	317 006	36 636		237 033	43 337	-	43 337	66 494	65 421	1 073	647	-	647	383 500	54 731	-	35 000
16	"Echo - Galeria Kielce" Sp. z o.o. ['Echo - Kielce Gallery' Limited Liability Company]	81 696	13 695		10 815	57 186	57 439	(253)	90 832	83 842	6 991	627	-	627	172 528	21 099	-	14 000
17	"Echo - Kielce 1" Sp. z o.o. ['Echo - Kielce 1' Limited Liability Company]	48 281	32 132		226	15 923	-	15 923	39 603	37 946	1 657	239	-	239	87 884	-	-	4 000
18	"Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Limited Liability Company]	41	50		4	(13)	(2)	(11)	23	-	23	10	-	10	64	-	-	-
19	"Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.k. ['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership]	328 810	11		3 215	325 584	(115)	325 699	64 453	59 195	5 258	6 562	-	6 562	393 263	51 363	-	-
20	"Echo - Projekt 1" LLC	17	22		-	(5)	-	(5)	1	-	1	-	-	-	16	-	-	-
21	"Echo - Projekt 2" LLC	17	22		-	(5)	-	(5)	1	-	1	-	-	-	16	-	-	-
22	"Echo - Property Poznań 1" Sp. z o.o. ['Echo - Property Poznań 1' Limited Liability Company]	3 634	11 239		-	(7 605)	(7 612)	7	1 461	1 456	5	516	-	516	5 095	4	-	-
23	"Echo - SPV 6" Sp. z o.o. ['Echo - SPV 6' Limited Liability Company]	81 490	33 689		43 835	3 966	27	3 939	4 027	586	3 441	687	-	687	85 517	-	-	13 000

24	"Echo - Veneda" Sp. z o.o. ['Echo - Veneda' Limited Liability Company]	6 771	6 781		-	(10)	(28)	18	330	329	1	-	-	-	7 101	24	-	-
25	"Echo ACC" Sp. z o.o. ['Echo ACC' Limited Liability Company]	1 551	50		762	739	-	739	1 255	9	1 246	420	-	420	2 806	3 910	-	-
26	"Echo Bau" Sp. z o.o. ['Echo Bau' Limited Liability Company]	52	50		3	(1)	(1)	-	2	2	1	1	-	1	54	-	-	-
27	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company]	183 594	38 833		64 270	80 491	77 563	2 928	132 030	120 689	11 342	416	-	416	315 624	32 817	-	-

## Note 6D - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a company name	m equity of the company, including:							n liabilities and provisions for liabilities of the company, including:			o receivables of the company, including:		p total assets of the company	r income on sales	s value of shares unpaid by the issuer	t received or due dividend from the company for the last financial year
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:		long-term debts	short-term debts	long-term receivables	short-term receivables							
					Profit (loss) carried forward	net profit (loss)											
28	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Limited Liability Company]	3 503	4 433	-	(930)	(1 035)	105	23	19	5	70	-	70	3 526	-	-	-
29	"Echo Investment Hungary" Ingatlanhasznosító Kft.	(406)	44	-	(450)	(22)	(428)	63 527	38 885	24 642	32	-	32	63 097	-	-	-
30	"Echo Investment Projekt 1" SRL	(655)	4	-	(659)	(84)	(575)	97 085	243	96 842	266	5	261	92 805	-	-	-
31	"Echo Investment Ukraine" LLC	67	76	-	(9)	-	(9)	1	-	1	2	-	2	60	-	-	-
32	"Est-On Property Management" Sp. z o.o. ['Est-On Property Management' Limited Liability Company]	2 200	50	1 113	1 037	(952)	1 989	2 348	-	2 348	1 430	-	1 430	4 548	12 461	-	-
33	"Galeria Echo - Kielce" Sp. z o.o. ['Echo Arcade - Kielce' Limited Liability Company]	53	50	1	2	(1)	3	2	2	1	2	-	2	55	-	-	-
34	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Limited Liability Company]	2 228	2 000	76	152	-	152	27 283	-	27 283	5 272	-	5 272	29 510	6 350	-	-
35	"MDP" Sp. z o.o. ['MDP' Limited Liability Company]	16	16 004	3 831	(19 819)	(29 521)	9 702	9 599	1 794	7 806	1 676	-	1 676	9 615	3 019	-	-
36	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Limited Liability Company]	53	150	-	(97)	(85)	(12)	102	58	44	-	-	-	156	-	-	-
37	"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Limited Liability Company]	(3 069)	900	-	(3 969)	(620)	(3 349)	72 085	68 638	3 447	-	-	-	69 015	-	-	-

38	"Princess Investment" Sp. z o.o. ['Princess Investment' Limited Liability Company]	775	1 600		-	(825)	(673)	(152)	4 581	1 798	2 783	52	-	52	5 356	-	-	-
39	„Echo - Project Management Ingatlanhasznosító” Kft.	-280	805		(20)	(1 065)	-	(1 065)	940	-	940	149	50	99	588	11	-	-
40	"Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company]	46	50		10	(14)	(11)	(3)	1	-	1	6	-	6	47	-	-	-
41	"Projekt Echo - 23" Sp. z o.o. ['Project Echo - 23' Limited Liability Company]	18	28		-	(10)	(8)	(2)	-	-	-	-	-	-	18	-	-	-
42	"Projekt Echo - 28" Sp. z o.o. ['Project Echo - 28' Limited Liability Company]	2 941	2 500		325	116	-	116	28	28	1	4	-	4	2 969	-	-	-

## Note 6D - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a company name	m equity of the company, including:							n liabilities and provisions for liabilities of the company, including:			o receivables of the company, including:		p total assets of the company	r income on sales	s value of shares unpaid by the issuer	t received or due dividend from the company for the last financial year	
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:		long-term debts	short-term debts	long-term receivables	short-term receivables								
					Profit (loss) carried forward	net profit (loss)												
43	"Projekt Echo - 30" Sp. z o.o. ['Project Echo - 30' Limited Liability Company]	104	50		4	50	-	50	24 749	24 744	5	1 029	-	1 029	24 853	8	-	-
44	"Projekt Echo - 34" Sp. z o.o. ['Project Echo - 34' Limited Liability Company]	52	50		4	(2)	-	(2)	3	2	1	1	-	1	54	-	-	-
45	"Projekt Echo - 37" Sp. z o.o. ['Project Echo - 37' Limited Liability Company]	53	50		4	(1)	-	(1)	3	2	1	1	-	1	55	-	-	-
46	"Projekt Echo - 39" Sp. z o.o. ['Project Echo - 39' Limited Liability Company]	73	50		4	19	(2)	21	21 705	21 704	1	1 784	-	1 784	21 778	49	-	-
47	"Projekt Echo - 41" Sp. z o.o. ['Project Echo - 41' Limited Liability Company]	45	50		-	(5)	(2)	(3)	2	-	2	-	-	-	46	-	-	-
48	"Projekt Echo - 41 Spółka z	7	10		-	(3)	-	(3)	2	-	2	-	-	-	9	-	-	-

	ograniczona odpowiedzialnością" Sp.k. ['Project Echo - 41 Limited Liability Company' Limited Partnership]																	
49	"Projekt Echo - 42" Sp. z o.o. ['Project Echo - 42' Limited Liability Company]	45	50		-	(5)	(2)	(3)	2	-	2	-	-	-	46	-	-	-
50	"Projekt Echo - 42 Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Project Echo - 42 Limited Liability Company' Limited Partnership]	7	10		-	(3)	-	(3)	2	-	2	-	-	-	9	-	-	-
51	"Projekt Echo - 43" Sp. z o.o. ['Project Echo - 43' Limited Liability Company]	48	50		-	(2)	(2)	-	2	-	2	1	-	1	50	-	-	-
52	"Projekt Echo - 44" Sp. z o.o. ['Project Echo - 44' Limited Liability Company]	45	50		-	(5)	(2)	(3)	2	-	2	-	-	-	46	-	-	-
53	"Projekt Echo - 45" Sp. z o.o. ['Project Echo - 45' Limited Liability Company]	45	50		-	(5)	(2)	(3)	2	-	2	-	-	-	46	-	-	-
54	"Projekt Echo - 45 Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Project Echo - 45 Limited Liability Company' Limited Partnership]	7	10		-	(3)	-	(3)	2	-	2	-	-	-	9	-	-	-
55	"Projekt Echo - 46" Sp. z o.o. ['Project Echo - 46' Limited Liability Company]	46	50		-	(4)	-	(4)	2	-	2	-	-	-	48	-	-	-
56	"Projekt Echo - 47" Sp. z o.o. ['Project Echo - 47' Limited Liability Company]	53	50		-	3	-	3	49 403	49 285	118	7 290	-	7 290	49 455	-	-	-
57	"Projekt Echo - 48" Sp. z o.o. ['Project Echo - 48' Limited Liability Company]	46	50		-	(4)	-	(4)	2	-	2	-	-	-	48	-	-	-
58	"Projekt Echo - 53" Sp. z o.o. ['Project Echo - 53' Limited Liability Company]	93 112	99 037		-	(5 925)	(2)	(5 923)	2 320	121	2 199	139	-	139	95 432	3 608	-	-
59	"Projekt Echo - 54" Sp. z o.o. ['Project Echo - 54' Limited Liability Company]	111 040	110 147		-	893	(2)	895	2 874	111	2 763	40	-	40	113 913	4 036	-	-

## Note 6D - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a company name	m equity of the company, including:							n liabilities and provisions for liabilities of the company, including:			o receivables of the company, including:		p total assets of the company	r income on sales	s value of shares unpaid by the issuer	t received or dividends from the company for the last financial year
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:			long-term debts	short-term debts	long-term receivables	short-term receivables						
					Profit (loss) carried forward	net profit (loss)											
60	"Projekt Echo - 55" Sp. z o.o. ["Project Echo - 55' Limited Liability Company]	44	50	-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
61	"Projekt Echo - 56" Sp. z o.o. ["Project Echo - 56' Limited Liability Company]	69 140	74 200	-	(5 060)	(2)	(5 058)	9 968	5 738	4 230	468	-	468	79 108	1 957	-	-
62	"Projekt Echo - 57" Sp. z o.o. ["Project Echo - 57' Limited Liability Company]	44	50	-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
63	"Projekt Echo - 58" Sp. z o.o. ["Project Echo - 58' Limited Liability Company]	44	50	-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
64	"Projekt Echo - 59" Sp. z o.o. ["Project Echo - 59' Limited Liability Company]	44	50	-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
65	"Projekt Echo - 60" Sp. z o.o. ["Project Echo - 60' Limited Liability Company]	365 853	382 600	-	(16 747)	(2)	(16 745)	150 584	135 762	14 822	2 490	-	2 490	516 437	5 506	-	-
66	"Projekt Echo - 61" Sp. z o.o. ["Project Echo - 61' Limited Liability Company]	70 186	76 705	-	(6 519)	(2)	(6 517)	15 879	10 724	5 154	335	-	335	86 065	4 318	-	-
67	"Projekt Echo - 62" Sp. z o.o. ["Project Echo - 62' Limited Liability Company]	339 956	386 600	-	(46 644)	(2)	(46 642)	324 176	266 530	57 646	3 600	-	3 600	664 131	5 587	-	-
68	"Projekt Echo - 63" Sp. z o.o. ["Project Echo - 63' Limited Liability Company]	12 688	12 794	-	(106)	(2)	(104)	186	-	186	23	-	23	12 874	10	-	-
69	"Projekt Echo - 64" Sp. z o.o. ["Project Echo - 64' Limited Liability Company]	44	50	-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
70	"Projekt Echo - 65" Sp. z o.o. ["Project Echo - 65' Limited Liability Company]	9 561	9 620	-	(59)	(2)	(57)	536	-	536	92	-	92	10 097	7	-	-

	Liability Company]																	
71	"Projekt Echo - 66" Sp. z o.o. ['Project Echo - 66' Limited Liability Company]	52 957	53 283		-	(326)	(2)	(324)	2 363	-	2 363	333	-	333	55 320	9	-	-
72	"Projekt Echo - 67" Sp. z o.o. ['Project Echo - 67' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
73	"Projekt Echo - 68" Sp. z o.o. ['Project Echo - 68' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
74	"Projekt Echo - 69" Sp. z o.o. ['Project Echo - 69' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
75	"Projekt Echo - 70" Sp. z o.o. ['Project Echo - 70' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
76	"Projekt Echo - 71" Sp. z o.o. ['Project Echo - 71' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
77	"Projekt Echo - 72" Sp. z o.o. ['Project Echo - 72' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-

## Note 6D - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a company name	m equity of the company, including:						n liabilities and provisions for liabilities of the company, including:				o receivables of the company, including:		p total assets of the company	r income on sales	s value of shares unpaid by the issuer	t received or dividends from the company for the last financial year	
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:		long-term debts	short-term debts	long-term receivables	short-term receivables								
					Profit (loss) carried forward	net profit (loss)												
78	"Projekt Echo - 73" Sp. z o.o. ['Project Echo - 73' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
79	"Projekt Echo - 74" Sp. z o.o. ['Project Echo - 74' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
80	"Projekt Echo - 75" Sp. z o.o. ['Project Echo - 75' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
81	"Projekt Echo - 76" Sp. z o.o.	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-

	['Projekt Echo - 76' Limited Liability Company]																	
82	"Projekt Echo - 77" Sp. z o.o. ['Project Echo - 77' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
83	"Projekt Echo - 80" Sp. z o.o. ['Project Echo - 80' Limited Liability Company]	44	50		-	(6)	(2)	(4)	2	-	2	1	-	1	46	-	-	-
84	"Projekt Echo - 81" Sp. z o.o. ['Project Echo - 81' Limited Liability Company]	39 635	39 888		-	(253)	(2)	(251)	45 745	-	45 745	14	-	14	85 380	3	-	-
85	"Projekt Echo - 83" Sp. z o.o. ['Project Echo - 83' Limited Liability Company]	48	50		-	(2)	-	(2)	-	-	-	-	-	-	48	-	-	-
86	"Projekt Echo - 84" Sp. z o.o. ['Project Echo - 84' Limited Liability Company]	48	50		-	(2)	-	(2)	-	-	-	-	-	-	48	-	-	-
87	"Projekt Echo - 85" Sp. z o.o. ['Project Echo - 85' Limited Liability Company]	48	50		-	(2)	-	(2)	-	-	-	-	-	-	48	-	-	-
88	"Projekt Echo - 86" Sp. z o.o. ['Project Echo - 86' Limited Liability Company]	48	50		-	(2)	-	(2)	-	-	-	-	-	-	48	-	-	-
89	"Projekt Echo - 87" Sp. z o.o. ['Project Echo - 87' Limited Liability Company]	48	50		-	(2)	-	(2)	-	-	-	-	-	-	48	-	-	-
90	"Projekt Echo - 88" Sp. z o.o. ['Project Echo - 88' Limited Liability Company]	48	50		-	(2)	-	(2)	-	-	-	-	-	-	48	-	-	-
91	"Projekt Echo - 89" Sp. z o.o. ['Project Echo - 89' Limited Liability Company]	47	50		-	(3)	-	(3)	-	-	-	-	-	-	48	-	-	-
92	"Projekt Echo - 90" Sp. z o.o. ['Project Echo - 90' Limited Liability Company]	47	50		-	(3)	-	(3)	-	-	-	-	-	-	48	-	-	-
93	"Projekt Echo - 91" Sp. z o.o. ['Project Echo - 91' Limited Liability Company]	47	50		-	(3)	-	(3)	-	-	-	-	-	-	48	-	-	-
94	"Projekt Echo - 92" Sp. z o.o. ['Project Echo - 92' Limited Liability Company]	48	50		-	(2)	-	(2)	-	-	-	-	-	-	48	-	-	-
95	"Projekt Naramowice" Sp. z o.o. ['Project Naramowice' Limited Liability Company]	44 166	2 838		37 976	3 352	-	3 352	116 139	96 747	19 392	577	-	577	160 305	272	-	-

96	"Projekt S" Sp. z o.o. ['Project S' Limited Liability Company]	41	50		3	(12)	(7)	(5)	1 136	10	1 126	2	-	2	1 177	-	-	-
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## Note 6D - SHARES IN SUBSIDIARIES (in thousands PLN) continued

Item	a company name	m equity of the company, including:							n liabilities and provisions for liabilities of the company, including:			o receivables of the company, including:		p total assets of the company	r income on sales	s value of shares unpaid by the issuer	t received or dividends from the company for the last financial year	
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:			long-term debts	short-term debts	long-term receivables	short-term receivables							
					Profit (loss) carried forward	net profit (loss)												
97	"SPC" S.A. ['SPC' Joint Stock Company]	data not available	data not available	b.d.-	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available
98	"W.A. Hotele" Sp. z o.o. ['W.A. Hotels' Limited Liability Company]	25 771	25 537		36	198	-	198	44	-	44	98	-	98	25 580	24	-	-
99	"WAN 11" Sp. z o.o. ['WAN 11' Limited Liability Company]	31 574	3 000		18 126	10 448	-	10 448	121 159	117 235	3 924	520	-	520	152 733	17 409	-	-
100	"WAN - Invest" Sp. z o.o. ['WAN -Invest' Limited Liability Company]	672	760		-	(88)	(60)	(28)	6	-	6	3	-	3	678	-	-	-
101	"Wyględów" Sp. z o.o. ['Wyględów' Limited Liability Company]	94	50		2	42	-	42	24 940	24 673	268	247	-	247	25 034	9	-	-
102	"Zakład Ogrodniczy Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company]	(65)	13 000		602	(13 667)	(13 183)	(484)	13 324	-	13 324	567	-	567	13 258	3 708	-	-

## Note 6E

<b>SECURITIES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	10 960	21 671
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
<b>Securities, shares and other long-term financial assets total</b>	<b>10 960</b>	<b>21 671</b>

## Note 6F

<b>SECURITIES (ACCORDING TO TRANSFERABILITY) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
A. With unlimited transferability, quoted on stock exchanges (balance sheet value)	-	-
a) stocks (balance sheet value):	-	-
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	-	-
B. With unlimited transferability, quoted on OTC markets (balance sheet value)	-	-
a) stocks (balance sheet value):	-	-
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	-	-
C. With unlimited transferability, not quoted on regulated market (balance sheet value)	10 960	11 005
a) stocks (balance sheet value):	10 960	11 005
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	10 960	11 005
- value according to acquisition prices	11 121	11 121
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value)	-	-
D. With limited transferability (balance sheet value)	-	-
a) shares and stocks (balance sheet value):	-	-
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	-	-
c1 shares	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value according to acquisition prices	-	-
<b>Value according to acquisition prices total</b>	<b>11 121</b>	<b>11 121</b>
Value at the beginning of the period total	10 960	11 005
Revaluation adjustments (for the period) total	-	-
<b>Balance sheet value total</b>	<b>10 960</b>	<b>11 005</b>

## Note 6G

<b>GRANTED LONG-TERM LOANS (CURRENCY STRUCTURE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	40	-
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
<b>Granted long-term loans total</b>	<b>40</b>	<b>-</b>

**Note 6I**

<b>OTHER LONG-TERM INVESTMENTS AND FINANCIAL ASSETS (ACCORDING TO TYPE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
- advances for shares	-	10 665
- other	-	1
<b>Other long-term investments total</b>	<b>-</b>	<b>10 666</b>

**Note 7**

<b>CHANGE IN THE BALANCE OF DEFERRED INCOME TAX ASSETS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
1. Balance of deferred income tax assets at the beginning of period, including:	18 059	15 613
a) applied to the bottom line	18 059	15 613
- tangible assets	1 139	-
- investment immovable property	-	-
- long-term investments	1 762	1 489
- inventories	3 540	4 721
- short-term receivables	579	580
- short-term investments	1555	2 019
- accruals	3 593	2 953
- reserves	462	913
- long-term debts	1 177	181
- short-term debts	3 308	2 368
- tax loss	944	389
b) applied to equity	-	-
c) applied to goodwill or negative goodwill	-	-
2. Increases	35 599	7 028
a) compared to the financial result of the period due to negative timing differences (on account of)	34 763	6 340
i. occurrence of timing differences	34 763	6 340
- tangible assets	-	1 139
- investment immovable property	20 453	-
- long-term investments	118	530
- inventories	1 107	18
- short-term receivables	1	-
- short-term investments	2 280	576
- short-term accruals	1 629	1 121
- reserves	747	156
- long-term debts	2 472	1 547
- short-term debts	5 956	1 253
b) applied to the bottom line of the period in relation to tax loss	855	688
c) applied to equity due to negative timing differences	-	-

CHANGE IN THE BALANCE OF DEFERRED INCOME TAX ASSETS (in thousands PLN) continued	2007	2006
d) applied to equity in relation to tax loss	-	-
e) applied to goodwill or negative goodwill due to negative timing differences	-	-
<b>3. Decreases</b>	<b>11 501</b>	<b>4 582</b>
a) compared to the financial result of the period due to negative timing differences (on account of)	11 305	4 449
i. occurrence of timing differences	11 305	4 449
- tangible assets	-	-
- investment immovable property	8 945	-
- long-term investments	284	257
- inventories	-	1 199
- short-term receivables	-	1
- short-term investments	-	1 040
- short-term accruals	648	481
- reserves	14	607
- long-term debts	614	551
- short-term debts	800	313
b) applied to the bottom line of the period in relation to tax loss	196	133
c) applied to equity due to negative timing differences		-
d) applied to equity in relation to tax loss		-
e) applied to goodwill or negative goodwill due to negative timing differences		-
<b>4. Balance of deferred income tax assets at the end of the period total, including:</b>	<b>42 176</b>	<b>18 059</b>
a) applied to the bottom line	42 176	18 059
- tangible assets	1 139	1 139
- investment immovable property	11 508	-
- long-term investments	1 596	1 762
- inventories	4 647	3 540
- short-term receivables	580	579
- short-term investments	3 835	1 555
- short-term accruals	4 574	3 593
- reserves	1 195	462
- long-term debts	3 035	1 177
- short-term debts	8 464	3 308
- tax loss	1 603	944
b) applied to equity	-	-
c) applied to goodwill or negative goodwill	-	-

**Note 8A**

<b>INVENTORIES (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) materials	197	187
b) semi-finished products and work in process	427 539	186 840
c) finished products	11 886	12 238
d) goods	1 825	6 490
e) advances for deliveries	14 172	2 320
<b>Inventories total</b>	<b>455 619</b>	<b>208 075</b>

The immovable property in Zabrze, disclosed under semi-finished products and work in progress, is charged with mortgage security in the amount of PLN 3,700 thousand in favor of the Municipal Commune of Zabrze as a security of payment of any possible claims that could occur due to payment of contractual indemnity in case the Company fails to execute the investment in due time.

Inventories are valued not higher than obtainable net value. This value is obtained on the basis of information from the active market. Reversal of write-downs of inventory value takes place as a result of sale of inventory or increase in net sales price. The amounts of write-downs disclosed as cost in a given period and amounts of reversals of write-offs of values decreasing the value of inventories disclosed in the period as costs are disclosed in the profit and loss account under other operating income / costs.

**Note 8B**

<b>INVENTORIES - IMPACT ON PROFIT/LOSS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) value of inventories recognized as cost in a given period	187 134	194 941
b) amounts of write-downs to the values of inventories in the given period	7 396	5 405
c) amounts of reversed write-downs on the values decreasing the value of inventories in the given period	1 594	3 642

**Note 9A**

<b>SHORT-TERM RECEIVABLES (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) from affiliated companies	-	-
b) receivables from other companies	13 442	29 221
- for deliveries and services, payable within:	13 118	4 175
- up to 12 months	12 386	3 260
- beyond 12 months	732	915
- other	324	25 046
<b>Short-term receivables total</b>	<b>13 442</b>	<b>29 221</b>
c) revaluation write-downs on receivables	3 623	6 453
<b>Gross short-term receivables total</b>	<b>17 065</b>	<b>35 674</b>

**Note 9B**

<b>CHANGE IN THE BALANCE OF REVALUATION WRITE-DOWNS ON SHORT-TERM RECEIVABLES (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
Balance at the beginning of the period	6 453	11 320
a) increases (on account of)	1 326	2 119
- creating a write-down	1 326	2 119
b) decreases (on account of)	4 156	6 984
- repayment	1 306	1 444
- cancellation of reserve	2 706	5 538
- discontinuance of enforcement proceedings	144	2
<b>Balance of revaluation write-downs of short-term receivables at the end of period</b>	<b>3 623</b>	<b>6 455</b>

**Note 9C**

<b>SHORT-TERM RECEIVABLES GROSS (CURRENCY STRUCTURE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	17 064	35 674
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
<b>Short-term receivables total</b>	<b>17 064</b>	<b>35 674</b>

**Note 9D**

<b>TRADE RECEIVABLES (GROSS) - DUE PERIOD REMAINING UP TO THE BALANCE DATE (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) up to 1 month	3 602	1 903
b) over 1 month up to 3 months	2 531	306
c) over 3 months up to 6 months	20	133
d) over 6 months up to 1 year	183	196
e) over 1 year	732	923
f) receivables overdue	9 673	6 497
<b>Trade receivables total (gross)</b>	<b>16 741</b>	<b>9 958</b>
g) revaluation write-downs on trade receivables	(3 623)	(5 783)
<b>Trade receivables total (net)</b>	<b>13 118</b>	<b>4 175</b>

**Note 9E**

<b>OVERDUE TRADE RECEIVABLES (GROSS) - DIVIDED INTO RECEIVABLES NOT PAID DURING THE PERIOD (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) up to 1 month	2 772	383
b) over 1 month up to 3 months	3 456	2 682
c) over 3 months up to 6 months	329	807
d) over 6 months up to 1 year	157	334
e) over 1 year	2 959	2 291
<b>Trade receivables overdue total (gross)</b>	<b>9 673</b>	<b>6 497</b>
f) revaluation write-downs on trade receivables overdue	(3 623)	(2 680)
<b>Trade receivables overdue total (net)</b>	<b>6 050</b>	<b>3 817</b>

**Note 9F**

<b>TAX RECEIVABLES ACCORDING TO TITLES (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
- income tax	10 948	542
- VAT	34 896	47 588
- PCC	402	144
<b>Tax receivables total</b>	<b>46 246</b>	<b>48 274</b>

**Note 10A**

<b>SHORT-TERM FINANCIAL INVESTMENTS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in subsidiaries	-	-
b) in partially owned subsidiaries	-	-
c) in associated companies	-	-
- shares or stocks	-	-
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies	33 478	613
- loans granted (including interest on loans)	26 758	613
- foreign currency exchange rate options	6 720	-
<b>Short-term financial investments total</b>	<b>33 478</b>	<b>613</b>

**Note 10B**

<b>SECURITIES AND OTHER SHORT-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	26 758	613
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
<b>Securities, shares and other short-term financial assets total</b>	<b>26 758</b>	<b>613</b>

**Note 11**

<b>ACCRUALS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) accrued costs, including	3 212	1 032
- perpetual usufruct	9	13
- energy	394	62
- insurance	250	174
- costs of sales	-	365
- other	2 559	418
<b>Total accruals</b>	<b>3 212</b>	<b>1 032</b>

**Note 12A**

<b>CASH AND OTHER MONETARY ASSETS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) cash in hand and on bank accounts	394 943	297 790
b) other cash	-	1
c) other cash assets	4	-
<b>Cash and cash equivalents total</b>	<b>394 947</b>	<b>297 791</b>

**Note 12B**

<b>CASH AND OTHER MONETARY ASSETS (CURRENCY STRUCTURE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	269 005	171 482
b) in foreign currencies (according to currency, after conversion to zlotys)	125 941	126 310
b1. in thousands USD	32 867	8 531
b1. converted into thousands PLN	80 000	24 765
b2. in thousands EUR	12 832	26 532
b2. converted into thousands PLN	45 941	101 545
<b>Cash and cash equivalents total</b>	<b>394 946</b>	<b>297 792</b>

**Note 13A**

<b>INITIAL CAPITAL (STRUCTURE)</b>								
Series / issue	Class of shares	Shares preference	Type of restriction of rights to shares	Number of shares	Value of series / issue according to nominal value (in thousands PLN)	Method of capital coverage	Date of registration	Right to dividend as from
A	bearer shares	ordinary shares	none	1 600 000	80	non-cash contribution	1994-06-30	1995-01-01
B	bearer shares	ordinary shares	none	38 400 000	1 920	cash	1994-06-30	1995-01-01
C	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1995-11-13	1995-01-01
D	bearer shares	ordinary shares	none	60 000 000	3 000	cash	1997-02-18	1996-01-01
E	bearer shares	ordinary shares	none	20 000 000	1 000	cash	1997-12-30	1997-01-01
F	bearer shares	ordinary shares	none	280 000 000	14 000	cash	2002-11-26	2002-01-01
<b>Number of shares total</b>				<b>420 000 000</b>				
<b>Initial capital total</b>					<b>21 000</b>			

Nominal value of one share = PLN 0.05\*

\* On October 18, 2007 the General Meeting of Shareholders of the Company decided to change the existing number of the Company's shares through splitting their nominal value in the proportion of 1: 10 so that the current value of each share being PLN 0.50 shall now be determined as PLN 0.05 per share. On December July 10, 2007 the District Court in Kielce recorded the split of shares in the National Court Register (KRS).

**Note 13B**

<b>SHAREHOLDERS OF ECHO INVESTMENT S.A. OWNING MORE THAN 5% OF SHARE CAPITAL AS ON DECEMBER 31, 2007</b>			
Shareholders	Number of votes / shares	Percentage of share capital	Percentage of votes General Meeting of Shareholders
Michał Sołowow - directly	11 855 680	2,82%	2,82%
Michał Sołowow - indirectly through:	152 953 950	36,42%	36,42%
- Magellan Pro-Equity Fund I S.A.	104 329 680	24,84%	24,84%
- Columbus Pro-Equity Fund II Sp. z o.o.	37 080 000	8,83%	8,83%
- Amundsen Pro-Equity Fund III Sp. z o.o.	11 300 000	2,69%	2,69%
- Barcocapital Investment Ltd.	244 270	0,06%	0,06%
Commercial Union PTE*	37 850 690	9,01%	9,01%
OFE PZU Złota Jesień PTE*	35 430 620	8,44%	8,44%
Otwarty Fundusz Emerytalny ING NN*	35 259 850	8,40%	8,40%

Other Shareholders	219 930 520	52,36%	52,36%
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\*Balance according to the structure of investment portfolios of the OFEs (Open Pension Funds) as on December 31, 2007

**Note 14**

<b>SUPPLEMENTARY CAPITAL (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) from sales of shares above their nominal value	100 943	100 943
b) established by force of law	80	80
c) established by force of articles / agreement above the value required by law	885 144	437 469
d) from additional payments of shareholders / partners	-	-
e) costs of issue of shares	(195)	(195)
f) other	22	22
g) reserve (on account of immovable property revaluation)	-	-
<b>Supplementary capital total</b>	<b>985 994</b>	<b>538 319</b>

**Note 15**

<b>CHANGE IN THE BALANCE OF MINORITY CAPITALS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
Balance at the beginning of the period	10 584	18 145
a) increases (on account of)	5 222	939
- net result of Projekt S Sp. z o.o.	(2)	(4)
- net result of WAN 11 Sp. z o.o.	5 224	943
b) decreases (on account of)	-	8 500
- redemption of shares of minority shareholders in PHS S.A.	-	8 500
- net result and purchase of shares of Projekt S Sp. z o.o.	-	-
<b>Balance of minority capitals at the end of the period</b>	<b>15 806</b>	<b>10 584</b>

**Note 16**

<b>CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
I. Balance of deferred income tax reserve at the beginning of the period, including:	178 766	125 972
a) applied to the bottom line	178 766	125 972
- tangible assets	5 566	7 178
- long-term receivables	1	1 325
- investment immovable property	137 581	93 617
- long-term investments	14 119	4 398
- inventories	1 351	1 812
- short-term receivables	1 699	1 679
- short-term investments	2 719	3 000
- accruals	734	520
- long-term debts	15 283	12 662
- short-term debts	(287)	(219)

<b>CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX (in thousands PLN) continued</b>	<b>2007</b>	<b>2006</b>
<b>2. Increases</b>	<b>111 816</b>	<b>58 636</b>
a) applied to the bottom line of the period due to positive timing differences (on account of)	111 816	58 636
- tangible assets	-	-
- long-term receivables	-	-
- investment immovable property	73 879	43 574
- long-term investments	21 275	9 765
- inventories	7 852	-
- short-term receivables	(42)	835
- short-term investments	1 046	992
- accruals	76	268
- long-term debts	7 625	3 182
- short-term debts	105	20
b) applied to equity due to positive timing differences	-	-
c) applied to goodwill or negative goodwill due to positive timing differences	-	-
<b>3. Decreases</b>	<b>37 746</b>	<b>5 842</b>
a) applied to the bottom line of the period due to positive timing differences (on account of)	37 746	5 842
- tangible assets	5 304	1 612
- long-term receivables	1	1 324
- investment immovable property	21 868	(390)
- long-term investments	-	44
- inventories	43	461
- short-term receivables	1 190	815
- short-term investments	783	1 273
- accruals	274	54
- long-term debts	8 193	561
- short-term debts	90	88
b) applied to equity due to positive timing differences	-	-
c) applied to goodwill or negative goodwill due to positive timing differences	-	-
<b>4. Balance of reserve for deferred income tax at the end of period total</b>	<b>252 836</b>	<b>178 766</b>
a) applied to the bottom line	252 836	178 766
- tangible assets	262	5 566
- long-term receivables	-	1
- investment immovable property	189 592	137 581
- long-term investments	35 394	14 119
- inventories	9 160	1 351
- short-term receivables	467	1 699
- short-term investments	2 982	2 719
- accruals	536	734
- long-term debts	14 715	15 283
- short-term debts	(272)	(287)
b) applied to equity	-	-
c) applied to goodwill or negative goodwill	-	-

**Note 17**

<b>CHANGE IN THE BALANCE OF OTHER SHORT-TERM RESERVES (ACCORDING TO TITLES) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) balance at the beginning of the period	32 055	30 797
b) increases (on account of)	51 560	10 967
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	10 153	8 514
- reserve for foreseen penalties and losses	40 307	2 453
- incurred costs of guarantee repairs, renovations and related damages	1 100	-
c) utilization (on account of)	3 216	7 099
- incurred overheads	3 199	6 308
- incurred penalties and losses	17	791
d) release (on account of)	9 958	2 610
- reserve for foreseen costs of guarantee repairs, renovations and related damages	-	5 976
- reserve for foreseen payments on account of granted sureties	4 047	-
- reserve for foreseen costs and losses resulting from transfer of assets	5 786	152
- reserve for court proceedings	125	434
<b>e) balance at the end of the period</b>	<b>70 441</b>	<b>32 055</b>
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	20 575	13 623
- reserve for foreseen penalties and losses	48 325	8 035
- reserve for foreseen costs of guarantee repairs, renovations and related damages	1 100	-
- reserve for foreseen payments on account of granted sureties	-	4 047
- reserve for foreseen costs and losses resulting from transfer of assets	-	5 786
- reserve for court proceedings	441	566

The reserve for penalties covers a reserve for potential penalties that the Company can be charged with in relation to performed services,

The reserve for losses covers a reserve for potential losses that might be incurred by the Company as a consequence of anticipated expenditure that is certain of occurring, and as a result of decreasing value of assets.

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

The reserve for overheads covers the reserve of unpaid bonuses for the second half of 2007, for costs of audit of the statement, costs of unused holiday entitlements, etc.

**Note 18A**

<b>LONG-TERM FINANCIAL OBLIGATIONS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) to subsidiaries	-	-
b) to partially owned subsidiaries	-	-
c) to associated companies	-	-
d) to the significant investor	-	-
e) to the dominant company	-	-
f) to other companies	1 283 221	902 909
- loans and credits (including interest)	729 733	656 705
- for issue of debenture bonds	553 488	245 961
- other financial obligations, including:	-	243
- on account of financial lease	-	243
<b>Long-term financial obligations total</b>	<b>1 283 221</b>	<b>902 909</b>

**Note 18B**

<b>LONG-TERM FINANCIAL OBLIGATIONS - DUE PERIOD REMAINING FROM THE BALANCE DATE (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) over 1 year up to 3 years	729 803	112 385
b) over 3 years up to 5 years	227 648	88 753
c) over 5 years	325 770	701 771
<b>Long-term financial obligations total</b>	<b>1 283 221</b>	<b>902 909</b>

**Note 18C**

<b>LONG-TERM FINANCIAL OBLIGATIONS (CURRENCY STRUCTURE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) in the Polish currency	553 488	246 203
b) in foreign currencies (according to currency, after conversion to zlotys)	729 733	656 706
b1. in thousands USD	7 333	20 749
b1. converted into thousands PLN	17 923	63 431
b2. in thousands EUR	196 259	152 350
b2. converted into thousands PLN	711 810	593 275
<b>Long-term financial obligations total</b>	<b>1 283 221</b>	<b>902 909</b>

## NOTE 18D

## LONG-TERM DEBTS UNDER LOANS AND CREDITS (in thousands PLN)

Name (company name) of the organization, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		in thousands PLN	currency	in thousands PLN	currency				
PEKAO S.A. [PEKAO Joint Stock Company]	Warsaw	90 000		-		Wibor + margin	2009-06-30	- power of attorney to a bank account	
Bank Zachodni WBK S.A. [Bank Zachodni WBK Joint Stock Company]	Wroclaw	20 000		-		Wibor + margin	2009-05-31	- blank promissory note, statement of voluntary submission to enforcement proceedings - power of attorney to a bank account	
PKO BP SA [Joint Stock Company]	Warsaw	20 000		-		Wibor + margin	2009-08-20	- surety clause under current account in PKO BP S.A., - statement of submission to enforcement proceedings.	
PKO BP SA [Joint Stock Company]	Warsaw	40 000		-		Wibor + margin	2009-08-20	- surety clause under current account in PKO BP S.A., - statement of submission to enforcement proceedings.	
PEKAO S.A. [PEKAO Joint Stock Company]	Warsaw	32 600	9,101 thousand EUR	9 017	2,509 thousand EUR	EURIBOR + margin	2010-08-31	- capped mortgage on immovable property for 11,831 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under execution contracts, - assignment of receivables under insurance policies, - statement of 'Echo Investment' S.A. on voluntary submission to enforcement proceedings, - registered pledge on shares of "Echo - Centrum Jelenia Góra" Sp. z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company], - power of attorney to bank account	
PEKAO S.A. [PEKAO Joint Stock Company]	Warsaw	17 774	4,962 thousand EUR	4 085	1,176 thousand EUR	EURIBOR + margin	2010-04-30	- capped mortgage on immovable property for 6,451 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees or sureties, - assignment of receivables under execution contracts, - assignment of receivables under insurance policies, - statement of 'Echo Investment' S.A. on voluntary submission to enforcement proceedings, - power of attorney to bank account	

Eurohypo AG	Eschborn	39 760	11,100 thousand EUR	14 054	4,973 thousand EUR	EURIBOR + margin	2010-07-15	<ul style="list-style-type: none"> <li>- capped mortgage on immovable property for 15,540 thousand EUR,</li> <li>- assignment of receivables under lease contracts and management contract,</li> <li>- assignment of receivables under guarantees or sureties,</li> <li>- assignment of receivables under insurance policies,</li> <li>- assignment of receivables under execution contracts,</li> <li>- registered pledge on shares of "Echo - Centrum Tarnów" Sp. z o.o. ["Echo - Tarnów Center Limited Liability Company],</li> <li>- assignment of receivables under bank account agreement</li> </ul>	
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## LONG-TERM DEBTS UNDER LOANS AND CREDITS (in thousands PLN) continued

Name (company name) of the organization, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit due		Interest rate arrangements	Due date	Collaterals	Other
		in thousands PLN	currency	in thousands PLN	currency				
ING Bank Śląski SA [Joint Stock Company]	Katowice	15 152	4,230 thousand EUR	5 181	1,358 thousand EUR	EURIBOR + margin	2012-06-30	<ul style="list-style-type: none"> <li>- capped mortgage on immovable property for 3,420 thousand EUR,</li> <li>- assignment of receivables under lease contracts and management contract,</li> <li>- assignment of receivables under guarantees or sureties,</li> <li>- assignment of receivables under insurance policies,</li> <li>- assignment of receivables under execution contracts,</li> <li>- registered pledge on shares of "Echo Investment - Centrum Handlowe Przemysł" Sp. z o.o. ["Echo Investment - Przemysł Shopping Center" Limited Liability Company],</li> <li>- surety of "Echo - SPV 6" Sp. z o.o. ["Echo - SPV 6" Limited Liability Company],</li> <li>- assignment of receivables under bank account agreement</li> </ul>	
Eurohypo AG	Eschborn	358 200	100,000 thousand EUR	143 976	36,657 thousand EUR	EURIBOR + margin	2022-09-22	<ul style="list-style-type: none"> <li>- capped mortgage on immovable property for 150,000 thousand EUR,</li> <li>- assignment of receivables under lease contracts and management contract,</li> <li>- assignment of receivables under guarantees or sureties,</li> <li>- assignment of receivables under insurance policies,</li> <li>- assignment of receivables under execution contracts,</li> <li>- registered pledge on shares of "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp. k. ["Echo - Galaxy Limited Liability Company" Limited Partnership],</li> <li>- assignment of receivables under bank account agreement,</li> <li>- assignment of receivables due from CAP transactions,</li> <li>- assignment of receivables under the claims of "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp. k. ["Echo - Galaxy Limited</li> </ul>	

								Liability Company' Limited Partnership] concerning VAT return, - assignment of receivables under lease contract of parcel, - covenant of "Echo Investment" S.A. with statement of voluntary submission to enforcement proceedings	
BPH PBK S.A. [Joint Stock Company]	Krakow	130 027	36,300 thousand EUR	105 830	31,221 thousand EUR	EURIBOR + margin	2019-01-23	- capped mortgage on immovable properties up to 79,860 thousand EUR, - registered pledge on shares of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [Echo Investment - Piotrków trybunalski Shopping Center' Limited Liability Company], - assignment of receivables under lease contracts, - assignment of receivables under insurance contracts of the financed real estates, - registered pledge on receivables under bank account agreements	

## LONG-TERM DEBTS UNDER LOANS AND CREDITS (in thousands PLN) continued

Name (company name) of the organization, specifying the legal status	Registered office address	Amount of loan / credit contract		Amount of loan / credit due		Interest rate arrangements	Due date	Collaterals	Other
		in thousands PLN	currency	in thousands PLN	currency				
Kredyt Bank S.A. [Joint Stock Company]	Warsaw	64 476	18,000 thousand EUR	44 349	12,001 thousand EUR	EURIBOR + margin	2013-10-31	- capped mortgage on immovable property for 27,000 thousand EUR, - assignment of receivables under lease contracts, - assignment of receivables under guarantees, - assignment of receivables under insurance policies, - assignment of receivables under execution contracts, - registered pledge on shares of "Echo - Galeria Kielce" Sp. z o.o. ['Echo - Kielce Gallery' Limited Liability Company], - power of attorney to bank accounts of "Echo - Galeria Kielce" Sp. z o.o. ['Echo - Kielce Gallery' Limited Liability Company]	
Eurohypo AG	Eschborn	69 542	13,840 thousand EUR 8,200 thousand USD	64 525	12,809 thousand EUR 7,610 thousand USD	EURIBOR + margin LIBOR + margin	2014-09-30	- capped mortgage on immovable property for 30,600 thousand EUR, transfer of receivables due from lease contracts, transfer of receivables due from guarantees, transfer of receivables due from insurance policies, transfer of receivables due from execution contracts, transfer of receivables due from hedging contracts, transfer of receivables from income statements from lease and deposits, registered pledge on shares of 'Athina Park' Sp. z o.o.	
Eurohypo AG	Eschborn	358 200	100,000 thousand EUR	265 360	73,875 thousand EUR	EURIBOR + margin	2022-09-30	- capped mortgage on immovable property for 100,000 thousand EUR, - registered pledge on the shares of "Echo Pasaż Grunwaldzki" Sp. z o.o. ['Echo Grunwaldzki Arcade Limited Liability Company], - registered pledge on receivables of shareholders on account of their shares in "Echo Pasaż Grunwaldzki Sp. z o.o." Sp. k. ['Echo Grunwaldzki Arcade Limited Liability Company' Limited Partnership], - assignment of receivables under contracts, - statement on voluntary submission to enforcement proceedings, - declaration of Echo Investment S.A. to cover the costs of further realizations in an amount exceeding the credit amount	

LONG-TERM DEBTS UNDER LOANS AND CREDITS (in thousands PLN) continued									
Name (company name) of the organization, specifying the legal status	Registered office address	Amount of loan / credit of the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		in thousands PLN	currency	in thousands PLN	currency				
Eurohypo AG	Eschborn	114 982	32,100 thousand EUR	108 208	29,185 thousand EUR	EURIBOR + margin	2016-01-29	- capped mortgage on immovable property for 48,000 thousand EUR, transfer of receivables due from lease contracts, registration pledge on the shares of 'WAN 11' Sp. z o.o., subordination of the borrower's debts towards partners to the borrower's debts towards the bank on account of granted loan	
<b>Total</b>		<b>1 370 713</b>		<b>764 585</b>					

\* The value of loans remaining due consists of amounts of loan due within one year: PLN 34,521 thousand (short-term debts) and over one year (long-term debt) PLN 729,733 thousand.

## NOTE 18E

LONG-TERM DEBTS UNDER ISSUED DEBENTURE BONDS (in thousands PLN)							
Debenture bonds according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / collaterals	Additional privileges	Quotation market	Other
Bonds (BRE S.A.)	150 000	WIBOR + margin	2011-05-25	-	-	-	-
Bonds (BRE S.A.)	100 000	WIBOR + margin	2013-05-25	-	-	-	-
Bonds (BRE S.A.)	300 000	WIBOR + margin	2014-06-30	-	-	-	-
<b>Total</b>	<b>550 000</b>						

**Note 19**

<b>OTHER LONG-TERM OBLIGATIONS</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) advances received	29 806	31 194
b) deposits received	2 374	6 139
c) right of perpetual usufruct	-	3 524
<b>Other long-term obligations total</b>	<b>32 180</b>	<b>40 857</b>

**Note 20A**

<b>SHORT-TERM FINANCIAL OBLIGATIONS</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) to subsidiaries	-	-
b) to partially owned subsidiaries	-	-
c) to associated companies	-	-
d) to the significant investor	-	-
e) to the dominant company	-	-
f) to other companies	37 859	158 061
- loans and credits, including:	34 888	48 975
- long-term payable	34 814	41 791
- on account of interest on loans and credits	2 971	1 672
- for issue of debenture bonds	-	106 927
- other financial obligations, including:	-	487
- leasing	-	487
<b>Short-term debts total</b>	<b>37 859</b>	<b>158 061</b>

**Note 20B**

<b>SHORT-TERM FINANCIAL OBLIGATIONS (CURRENCY STRUCTURE)</b> (in thousands PLN)	<b>2007</b>	<b>2006</b>
a) in the Polish currency	3 007	116 270
b) in foreign currencies (according to currency, after conversion to zlotys)	34 852	41 791
b1. in thousands USD	277	1 544
b1. converted into thousands PLN	677	4 660
b2. in thousands EURO	9 504	9 643
b2. converted into thousands PLN	34 175	37 131
<b>Short-term debts total</b>	<b>37 859</b>	<b>158 061</b>

## NOTE 20C

SHORT-TERM DEBTS UNDER LOANS AND CREDITS (in thousands PLN)									
Name (company name) of company	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		in thousands PLN	currency	in thousands PLN	currency				
Bank Handlowy w Warszawie S.A. [Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	WIBOR + margin	2008-03-07	- obligation to transfer an appropriate amount through the bank account, - statement of voluntary submission to enforcement proceedings	
Pekao S.A. [Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	WIBOR + margin	2008-06-29	- power of attorney to a bank account	
Pekao S.A. [Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	WIBOR + margin	2008-06-30	- blank promissory note, - power of attorney to bank account, - statement of voluntary submission to enforcement proceedings	
ING Bank Śląski S.A. [ING Bank Śląski Joint Stock Company]	Katowice	30 000	PLN	-	PLN	Wibor + margin	2008-09-05	- statement of submission to enforcement proceedings.	
Fortis Bank Polska S.A. [Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2008-11-29	- blank promissory note, - statement of voluntary submission to enforcement proceedings	
<b>Total</b>		<b>110 000</b>		<b>-</b>					

**Note 21A**

<b>OTHER SHORT-TERM OBLIGATIONS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) to subsidiaries	-	-
b) to partially owned subsidiaries	-	-
c) to associated companies	-	-
d) to the significant investor	-	-
e) to the dominant company	-	-
f) to other companies	336 070	221 039
- on account of deliveries and services, payable within:	121 352	88 333
- up to 12 months	114 695	79 423
- beyond 12 months	6 657	8 910
- on account of taxes, customs duties, securities and other performances	9 245	8 838
- other (according to titles)	205 473	123 868
- advances received for deliveries	192 076	114 126
- deposits	7 416	3 632
- accrued income	3 443	826
- received hedging deposits	592	1 503
- on account of salaries and wages	65	30
- obligation to issue shares	-	2 966
- right of perpetual usufruct	6	-
- insurance	143	217
- company social benefits fund	318	296
- other	1 414	272
<b>Short-term debts total</b>	<b>336 070</b>	<b>221 039</b>

**EXPLANATORY NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT****Note 22A**

<b>NET SALES REVENUES (MATERIAL STRUCTURE - TYPES OF ACTIVITY) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) from affiliated companies	-	-
b) from other companies, on account of:	382 430	333 249
- letting of space in shopping centers and shopping/entertainment centers	216 776	150 855
- sale and lease of residential and commercial areas	32 030	111 538
- development and letting of space in office and hotel establishments	125 696	59 756
- property trade	278	3 101
- other revenues	7 650	7 999
<b>Net sales revenues total</b>	<b>382 430</b>	<b>333 249</b>

**Note 22B**

<b>NET SALES REVENUES (TERRITORIAL STRUCTURE) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) domestic	382 430	333 249
- including: from affiliated companies	-	-
b) export	-	-
- including: from affiliated companies	-	-
<b>Net sales revenues total</b>	<b>382 430</b>	<b>333 249</b>
- including: from affiliated companies	-	-

**Note 23A**

<b>COSTS ACCORDING TO TYPE (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) depreciation	(6 461)	(4 303)
b) consumption of materials and energy	(220 891)	(93 559)
c) third party services	(177 161)	(107 828)
d) taxes and levies	(25 534)	(16 548)
e) salaries and wages	(30 457)	(22 212)
f) social security and other performances	(5 799)	(4 169)
g) other costs by type	(10 270)	(3 603)
h) value of sold goods and materials	(66)	(267)
Costs according to type, total	(476 639)	(252 489)
Change in the balance of inventories, products and accruals	(215 761)	(13 591)
Cost of manufacture of products for the company ' s own purposes (negative value)	(544)	(41 305)
Costs of sales (negative value)	(21 491)	(9 736)
Overheads (negative value)	(48 991)	(43 694)
<b>Production cost of sold products</b>	<b>(189 852)</b>	<b>(144 163)</b>

**Note 23B**

<b>OPERATING COSTS (MATERIAL STRUCTURE - TYPES OF OPERATIONS) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) from affiliated companies	-	
b) from other companies, related to revenues from:	(189 852)	(144 163)
- letting of space in shopping centers and shopping/entertainment centers	(74 705)	(44 001)
- sale and lease of residential and commercial areas	(20 135)	(74 346)
- development and letting of space in office and hotel establishments	(91 149)	(18 536)
- property trade	(191)	-
- legal, accounting, managing and consulting services	-	(978)
- other	(3 672)	(6 302)
<b>Operating costs total</b>	<b>(189 852)</b>	<b>(144 163)</b>

**Note 24**

<b>PROFIT (LOSS) ON SALES OF INVESTMENTS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
Sales revenues	253 884	84 243
- of real estate	253 884	84 243
Costs of sales	(224 268)	(75 324)
- of real estate	(224 268)	(75 324)
<b>Net profit (loss) on sales of investments</b>	<b>29 616</b>	<b>8 919</b>

**Note 25A**

<b>OTHER OPERATING REVENUES (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) revenues from sales of non-financial tangible assets	1 425	1 032
b) revaluation of non-financial assets	3 750	7 671
b) release of reserve	13 580	1 514
d) contractual penalties	633	7 348
e) other, including:	1 000	1 546
- subsidies	335	313
- extraordinary profit	4	35
- indemnities and penalties	287	28
- aging of debts	-	315
- other	374	855
<b>Other operating revenues total</b>	<b>20 388</b>	<b>19 111</b>

**Note 25B**

<b>OTHER OPERATING COSTS (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) costs of sales of non-financial tangible assets	(1 854)	(1 415)
b) revaluation of non-financial assets	(9 536)	(9 642)
b) established reserves	(4 627)	(161)
d) contractual penalties	-	(1 296)
e) donations	(250)	(4 461)
f) other, including:	(6 732)	(4 135)
- write-down of bad receivables	(323)	(400)
- extraordinary loss	(59)	(50)
- contractual penalties other than costs of income	(643)	(469)
- costs of court proceedings	(295)	-
- PCC costs	(4 147)	-
- other	(1 265)	(3 216)
<b>Other operating costs total</b>	<b>(22 999)</b>	<b>(21 110)</b>

**Note 26**

<b>FINANCIAL REVENUES (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) from affiliated companies	-	-
b) from other companies	39 227	14 773
- income from interest on loans	688	401
- income from other interest	17 384	9 515
- profit on sale of investments	81	1 229
- income from revaluation of financial assets and liabilities	20 218	2 888
- other financial revenues	856	740
<b>Financial revenues total</b>	<b>39 227</b>	<b>14 773</b>

**Note 27**

<b>FINANCIAL COSTS OF INTEREST (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) from affiliated companies	-	-
b) from other companies	(88 010)	(64 860)
- costs of other interest	(70 715)	(45 866)
- financial commissions	(3 649)	(447)
- loss on sale of investments	-	(318)
- costs of revaluation of financial assets and liabilities	(13 542)	(9 403)
- other financial costs	(104)	(8 826)
<b>Financial costs total</b>	<b>(88 010)</b>	<b>(64 860)</b>

**Note 28**

<b>FOREIGN EXCHANGE GAINS (LOSSES) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) foreign exchange gains	69 079	15 134
- realized	69 079	694
- unrealized	-	14 440
b) foreign exchange losses	(19 966)	-
- realized	-	-
- unrealized	(19 966)	-
<b>Foreign exchange gains/losses total</b>	<b>49 113</b>	<b>15 134</b>

**Note 29A**

<b>CURRENT INCOME TAX (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
1. Gross profit (loss) (consolidated)	399 676	346 053
2. Consolidation adjustments	77 795	51 077
3. Differences between gross profit (loss) and income tax taxable base (according to titles)	(309 863)	(308 872)
- Estimated income	(1 096)	(6 974)
- Tax / accounting differences in incomes (utilities, lease rents)	(756)	264
- Interest earned on loans for the previous years	5 313	1 936
- Output interest on loans, not received	(13 949)	(5 090)
- Other interest earned for the previous years	307	295
- Other output interest, not received	810	95
- Release of receivables revaluation write-downs	(13 329)	(16 245)
- Release of reserve	(8 905)	(101)
- Contractual penalty charges	-	-
- Dividends received	(68 336)	(42 500)
- Tax / accounting differences in depreciation	(24 396)	(19 902)
- Output interest on loans and credits that has not been paid	5 407	876
- Interest on loans and credits booked as costs in the previous year but paid this year	(10 002)	(1 421)
- Other output interest that has not been paid	69	3 030
- Other interest booked as costs in the previous year but paid this year	(7)	(2 402)
- Budget interest and penalties	(266)	67
- Establishment of receivables revaluation write-downs	2 490	13 325
- Contractual penalties not classified as costs of income	3 376	376
- Donations	181	3 965
- Receivables written off as costs	81	(43)
- Established reserves	6 596	(8)
- Costs of representation and limited advertising	20	-
- Costs of perpetual usufruct of property	145	(7 541)
- Estimated costs	-	-
- Unrealized foreign exchange differences	20 019	(1 475)
- Valuation of financial instruments	4 469	(131 351)
- Valuation of investments	(259 067)	(96 614)
- Estimated costs	6 068	15
- Activated financial costs	(494)	1 471

<b>CURRENT INCOME TAX (in thousands PLN) continued</b>	<b>2007</b>	<b>2006</b>
- Costs not classified as costs of income	8 302	7 464
- Results of partnerships	14	(17 414)
- Tax losses of consolidated companies	23 677	6 655
- Other	3 396	375
<b>4. Income tax taxable base</b>	<b>167 608</b>	<b>88 258</b>
<b>5. Income tax under 19% rate</b>	<b>26 097</b>	<b>16 769</b>
6. Increases, abandonments, exemptions, deductions and reductions of tax	(639)	(133)
<b>7. Current income tax presented (disclosed) in the tax return of the period, including:</b>	<b>25 458</b>	<b>16 636</b>
- disclosed in the profit and loss account	25 458	16 636
- concerning items that have reduced or increased equity	-	-
- concerning items that have reduced or increased goodwill or negative goodwill	-	-

**Note 29B**

<b>DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
- reduction (increase) due to occurrence and reversal of timing differences	49 957	50 346
- reduction (increase) due to change in tax rates	-	-
<b>Deferred income tax total</b>	<b>49 976</b>	<b>50 346</b>

**Note 30**

<b>NET PROFIT (LOSS) (in thousands PLN)</b>	<b>2007</b>	<b>2006</b>
a) net profit (loss) of the dominant company	54 893	80 754
b) net profit (loss) of subsidiaries	355 851	247 906
c) net profit (loss) of partially owned subsidiaries	-	-
d) net profit (loss) of associated companies	-	-
e) consolidation adjustments	(86 484)	(49 589)
<b>Net profit (loss)</b>	<b>324 260</b>	<b>279 071</b>

The net profit yielded by 'Echo Investment S.A.' in the year 2006, amounting to PLN 80,754 thousand was assigned to supplementary capital through a resolution as of May 29, 2007.

## EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### Note 31

ADJUSTMENTS OF CHANGES IN THE BALANCE OF BALANCE SHEET ITEMS DISCLOSED UNDER A.II.10 'OTHER ADJUSTMENTS' (in thousands PLN)	2007	2006
Valuation of credit facilities	-	499
Adjustment of transfer of commenced investment to inventories	31 583	-
<b>Adjustments total</b>	<b>31 583</b>	<b>499</b>

### Note 32

CASH DISCLOSED IN THE CASH FLOW STATEMENT (in thousands PLN)	2007	2006
<b>Balance at the beginning of the period, including</b>	<b>297 791</b>	<b>242 483</b>
- cash in hand and on bank accounts	297 715	242 478
- other monies	-	-
- other cash equivalents	76	5
<b>Balance at the end of the period</b>	<b>394 947</b>	<b>297 791</b>
- cash in hand and on bank accounts	394 873	297 715
- other monies	-	-
- other cash equivalents	4	76

'Echo Investment' S.A. qualifies revenues earned and costs incurred in relation to running developer activity, i.e. provision of a wide range of services related to the property market.

Investment activity covers payment for acquired and sold components of fixed assets, i.e. tangible assets, intangible assets, financial deposits, granting and repayment of loans, including benefits earned on deposits and granted loans.

Financial activity refers to obtaining own and foreign capital engaged in the form of short- and long-term credits and cash loans, their return and service (interest paid).

**Types of segments of activity, specifying products (services) and goods under each disclosed field segment or composition of each disclosed geographical segments, indicating the basic classification (division of segments according to fields or geographical location) and the supplementary classification.**

The basic classification is the division into geographical segments.

Three territorial segments have been distinguished in the Capital Group:

- operations in Poland,
- operations in Hungary,
- operations in Romania.

The supplementary classification is the division into field segments.

Three field segments have been distinguished in the Capital Group:

- letting and sales of commercial space,
- letting and sales of hotel and office space,
- letting and sales of residential premises.

**Accounting principles (policy) applied to segment-related reporting, particularly referring to: method of distinguishing segments, allocation and valuation of income, costs and determination of financial result,**

**method of allocation to segments and valuation of assets and liabilities, methods of determining transfer prices.**

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

**Accounting rules**

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

**Revenues from a segment**

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

- a) extraordinary profits,
- b) revenues from interest or dividends, including interest earned on advances paid or loans granted to other segments, unless the operations of the given segment are primarily focused on financial issues,
- c) profits from sales of investments or profits resulting from debt expiry, unless the operations of the segment are mainly focused on financial issues.

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

**Costs of segment**

Costs of segment mean the costs composed of costs of sales to outside clients or costs of transactions realized with other segments within the Group, which result from the given segment's operating activity and can be directly allocated to the given segment, along with the respective part of the Group, which can be allocated to this segment on the basis of reasonable premises. The following are not classified as costs of segment:

- a) extraordinary losses,
- b) interest, including interest on advances or loans obtained from other segments, unless the operations of the given segment are primarily focused on financial issues,
- c) losses from sales of investments or losses incurred from debt expiry, unless the operations of the segment are mainly focused on financial issues,
- d) economic entity's share in losses of associated companies, joint ventures or other financial investments consolidated with the ownership rights method,
- e) income tax charges, or
- f) overheads and other costs occurring on Group level, applicable to the Group as a whole. However, certain costs occurring on Group level are yielded for the segment. Such costs can be classified as costs of segment if they apply to the segment's operating activity and can be directly allocated or assigned to the segment on reasonable bases.

**Result of segment**

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

**Assets of segment**

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

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

**Liabilities of segment**

Liabilities of segment are current liabilities occurring as a result of the segment's operating activity that can be directly allocated to the given segment or assigned to that segment on the basis of reasonable premises.

If the result of segment comprises costs of interest, the segment's liabilities shall comprise relevant liabilities incurring interest.

**BASIC CLASSIFICATION ACCORDING TO GEOGRAPHICAL SEGMENTS**

With regard to commencement of operations in Hungary and Romania, below is a division of balance sheet items as on December 31, 2007 according to geographical segments, in thousands PLN:

	Poland	Hungary	Romania
Allocated assets (commercial space)	1 957 893	66 660	91 959
Allocated assets (hotel and office space)	462 898	-	-
Allocated assets (residential premises)	218 837	-	-
Non-allocated assets	732 805	7 647	249
Total	3 372 433	74 307	92 208

	Poland	Hungary	Romania
Allocated liabilities (commercial space)	634 771	777	33 686
Allocated liabilities (hotel and office space)	184 961	-	-
Allocated liabilities (residential premises)	193 349	-	-
Non-allocated liabilities	641 235	551	-
Total	1 654 316	1 328	33 686

Revenues and costs in 2007 were earned by Echo Investment S.A. Capital Group on its operations in Poland exclusively – the division into field segments is the same as presented in Notes 22A and 23B.

## Additional explanations:

### 1. Risks

The company can be exposed to a risk of change in short-term interest rates applied to variable rate debts and to changes in long-term interest rates in case of incurring new debts or refinancing of the current debt as long-term financing. In 2007, the Capital Group did not apply any hedging against interest rate risks.

Echo Investment S.A. can be exposed to credit risk related to the following key areas:

- credit credibility of clients with which transactions of sale of products are executed;
- credit credibility of financial institutions with which financing contracts are made;

The Company does not manage financial risks through financial instruments but applies a wide range of internal reporting and close cooperation between the Department of Studies and the Management Board when taking decisions that may affect financial risk.

The Company did not hedge scheduled transactions or future obligations that are certain of occurring.

### 2. Sensitivity to change

Sensitivity to change of interest rate – on loans granted

Balance of loans granted as on 2007-12-31	26 258
Financial revenues from interest	688
Estimated variation of interest rates	+/- 1 p.p.
Change of financial interest revenues from loans granted on account of interest rate variation	263
Estimated income tax	50
Net impact on the result	213

Sensitivity to change of interest rates – on loans received and debenture bonds

Balance of obligations under loans and debenture bonds as on 2007-12-31	1 318 109
Financial costs of interest	70 715
Estimated variation of interest rates	+/- 1 p.p.
Change of financial interest costs on account of interest rate variation	13 181
Estimated income tax	2 504
Net impact on the result	10 677

Sensitivity to change of EUR exchange rate – on credit facilities received

Balance of credit obligations in EUR as on 2007-12-31	745 985
Estimated change of EUR/PLN exchange rate	+/- 1%
Foreign exchange gains/losses on credit obligations on account of varying interest rate	7 460
Estimated income tax	1 417
Net impact on the result	6 043

### 3. Financial instruments

Specification of financial instruments held by the Capital Group

Type of instrument	Note	Balance sheet value (in thousands PLN)	
		2007-12-31	2006-12-31
<b>Assets</b>			
Foreign currency exchange rate options	10A	6 720	-
Granted long-term loans	6A	40	-
Granted short-term loans	10A	26 758	613
Short-term receivables	9A	17 065	35 674
<b>Liabilities</b>			
Long-term credit facilities received	18A	729 733	656 705
Debenture bonds issued	18A, 20A	553 488	352 888
Short-term credit facilities received	20A	34 888	48 975
Other short-term obligations	20A, 21A	124 323	90 005
Off-balance items			
Contingent debt	-	22 501	13 034

### 4. Discontinued operations

No items related to discontinued operations occurred during the year 2007. The Management Board does not foresee abandonment of any current operations during the consecutive period.

### 5. Affiliated companies

As a result of the strategy applied by "Echo Investment" S.A. whereunder each building to let is developed by a different subsidiary, a large volume of transactions are executed by Echo Investment with affiliated companies. The largest transactions with affiliated companies in 2007 were executed under a Contract for general contracting of an investment project, made on December 30, 2005 with "Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp. k. ['Echo -Grunwaldzki Arcade Limited Liability Company' Limited Partnership] as the investor. Pursuant to the said contract, 'Echo - Pasaż Grunwaldzki Spółka z o.o.' Sp. k. ordered the General Contractor to realize the entire investment of a modern shopping, service and entertainment center with a parking lot on a real property situated in Wrocław between Marii Curie-Skłodowskiej Street, Grunwaldzki Square, Piastowska Street and Grunwaldzka Street.

Managers and supervisors in Echo Investment S.A. Capital Group did not receive any of the following during the year 2007: benefits after the employment period, other long-term benefits, employment termination benefits or payments on account of shares held. Managers of Echo Investment S.A. received a total of PLN 2,980 thousand of compensation on account of short-term wages during the year 2007. Supervisors of Echo Investment S.A. received a total of PLN 286 thousand of remuneration for performance of their functions during 2007. Managers of other companies from Echo Investment S.A. Capital Group received a total of PLN 292 thousand of compensation on account of short-term employment benefits. Supervisors of other companies from Echo Investment S.A. Capital Group did not receive any compensation.

As on December 31, 2007 there were no credit facilities, loans, guarantees or advances granted to managers or supervisors of the Capital Group Companies or to their spouses, relations and in-laws to the second degree, relations by adoption or other personal relations.

### 6. Significant events following the balance date:

- On January 10, 2008 Echo Investment SA (the Buyer) signed a contract of sale of shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company) with Mr. Wiesław Prusiecki as the Seller. Under the aforementioned contract, the Buyer acquires 100% of shares in the

Company's initial capital. The nominal value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. One share carries one vote at the Company's general meeting of shareholders. Acquisition price of the shares was PLN 11,770,455. Ultra Marina Sp. z o.o. is going to carry out development activity in Koszalin. Echo Investment Capital Group intends to develop a shopping and entertainment center on its immovable property located in Koszalin, exceeding 3 hectares in size. Rentable area of the contemplated mall will be about 35 thousand square meters. The anticipated completion date for the establishment is 2011.

- On January 14, 2008 as a consequence of signing agreements of transfer of shares between Echo Investment S.A. with its registered seat in Kielce (the Buyer) and Mr. Mr. M. Bieniek and D. Kościkiewicz (the Sellers), Echo Investment S.A. acquired the shares of the Issuer's subsidiary "Projekt S" Sp. z o.o. with its registered seat in Kielce (the Subsidiary). The object of contract are 32 shares in the Subsidiary's initial capital, constituting 32% of the initial capital of Projekt S Sp. z o.o., with a total nominal value of PLN 16,000 (the Shares). The sales price of the shares was a PLN equivalent of USD 5.6 million, which equaled PLN 13,470,900 as on the shares acquisition day (according to average rate of exchange published by the National Bank of Poland). Upon acquisition of the aforementioned assets, Echo Investment SA now holds 95% share in the Company's initial capital, carrying 95 votes at the general meeting of shareholders.
- On February 28, 2008 the Issuer received a decision of registration of a subsidiary named Echo Investment Project Management SRL, seated in Bucharest (the Subsidiary). The Subsidiary was registered on February 11, 2008 by the Registration Court of Bucharest. The value of the new Subsidiary's initial capital is RON 150,000 (an equivalent of PLN 148,605 according to the average exchange rate of the National Bank of Poland as on the date of registration), divided into 15,000 shares with nominal value of RON 10 each.
- On March 04, 2008 the Issuer received a decision of the District Court in Cracow, 7<sup>th</sup> Economic Department of Pledge Registry on the making of an entry in the Pledge Registry on February 25, 2008 concerning a pledge on shares of the Issuer's subsidiary Projekt - Echo 60 Sp. z o.o. (Project - Echo 60 Limited Liability Company) with its registered seat in Kielce (the Subsidiary). Pledge was established on 7,651,001 shares of the subsidiary, which is owned by the Issuer's subsidiary called Echo - Galaxy Sp. z o.o. Sp.k. (Echo - Galaxy Limited Liability Company, Limited Partnership) with its registered seat in Kielce. The encumbered shares constitute 99.99% of the Subsidiary's initial capital, with nominal value of PLN 382,550,050, carrying 7,651,001 vote at the meeting of shareholders. The book value of the shares whereon the registered pledge was established in the books of accounts of Echo - Galaxy spółka z ograniczoną odpowiedzialnością Sp. k. is PLN 382,550,058. The pledge established on these shares constitutes a collateral in favor of Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of obligations under a credit facility agreement, which the Issuer reported in the current report no. 34/2001 on April 26, 2001. The pledge on the shares has been established on the basis of an agreement of registered pledge on shares, made on January 24, 2008 between Echo Galaxy spółka z ograniczoną odpowiedzialnością Sp. k. (the Pledger) and Eurohypo AG Bank (the Pledgee). The value of receivables secured by the said registered pledge is EUR 100 million.
- On April 16, 2008 an agreement for general contracting of investment was executed between the Issuer's subsidiary „Projekt Echo - 66” Sp. z o.o. [Project Echo - 66' Limited Liability Company] with its registered seat in Kielce (the Investor) and Echo Investment S.A. with its registered seat in Kielce (the General Contractor of Investment). Under the said agreement, Echo Investment S.A. (the Contractor) agrees to carry out full-ranged development of a complex of office buildings on immovable property situated in Warsaw, 21 Postępu Street, until the time of delivery of the office complex to the Investor and to individual users. At the same time, the Contractor agrees and covenants to obtain all permits from competent authorities as required for commencement of operation of that office complex. Execution of this investment will be completed not later than

December 31, 2009. The Contractor shall receive a fee for execution of the aforementioned agreement, based on the investment budget. The estimated net value of the agreement is PLN 218.7 million.

- On April 23, 2008 an Annex (Annex) amending the contract for core & shell construction of a development was signed by and between Echo Investment S.A. with its registered seat in Kielce (the Company) and Modzelewski&Rodek Sp. z o.o. with its registered seat in Warsaw (the Contractor), which the Issuer communicated in the current report no. 5/2008 of January 4, 2008 (the Contract).

Under the said Annex, the scope of Contract was extended by general contracting of the Park Postępu office complex in Warsaw (the Development). The said scope includes:

- general contracting of the development consisting of four seven-storey office buildings with above-ground garage and two-level underground garage,
- obtaining necessary acceptances by competent authorities,
- obtaining a valid occupancy permit for the Development on behalf of the Company,
- as-is inventory taking of the premises within the Development, according to valid laws.

Considering the aforementioned extension of the range of cooperation, the Contractor's fee is raised by PLN 128,596,469, to reach PLN 192,796,469.

The anticipated Development completion date is July 20, 2009.

Date: April 30, 2008

_____ Jarosław Grodzki President of the Management Board Member of the Management Board	_____ Piotr Gromniak Member of the Management Board	_____ Artur Langner Member of the Management Board
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Person in charge of keeping books of accounts

\_\_\_\_\_  
Tomasz Sulek  
Chief Accountant

**Management Report on the operations  
of Echo Investment S.A. Capital Group  
in 2007**

Kielce, April 30, 2008

## Management Report on the activity of Echo Investment Capital Group in 2007

Echo Investment S.A. Capital Group (hereinafter the Group, or the Capital Group) has been operating on the real estate market since 1996. The dominant organization in the Capital Group is Echo Investment S.A., quoted on the Warsaw Stock Exchange. Echo Investment S.A. organizes the entire investment process for a given project, starting from purchasing real property, through obtaining administrative decisions, financing, supervision over execution, until handover of the completed facility. Echo Investment S.A. also provides general contracting services for third party investors. Individual developer and investment projects are implemented by affiliated companies, which largely facilitates organization of implemented processes and guarantees transparency of the Group structure. These companies are mainly involved in leasing commercial areas (shopping and entertainment centers, offices), realization and sales of apartments, and property management services.

As on December 31, 2007 and as on December 31, 2006, Echo Investment Capital Group hired 342 and 286 persons, respectively.

As from October 1, 2007 the Company's registered address in Kielce has been changed from: ul. Zagnańska 27 to Al. Solidarności 36.

### 1. Structure of Echo Investment S.A. Capital Group

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

As on December 31, 2007 the Echo Investment S.A. Capital Group consists of 98 subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

- "Athina Park" Spółka z o.o. ['Athina Park' Limited Liability Company], having its registered seat in Kielce
- "Centrum Handlowe PHS" Spółka Akcyjna ['PHS Shopping Center' Joint Stock Company], having its registered seat in Szczecin
- "Echo - Arena" Spółka z o.o. ['Echo - Arena' Limited Liability Company], having its registered seat in Kielce
- "Echo - Arena Sp. z o.o." Spółka komandytowa ['Echo - Arena Limited Liability Company' Limited Partnership], having its registered seat in Kielce
- „Echo - Building Ingatlanhasznosító” Kft., having its registered seat in Budapest
- "Echo - Centrum Bankowości i Finansów Łódź" Spółka z o.o. ['Echo Łódź Banking and Finance Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Bełchatów" Spółka z o.o. ['Echo - Bełchatów Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Biznesu Łódź" Spółka z o.o. ['Echo Łódź Business Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Jelenia Góra" Spółka z o.o. ['Echo - Jelenia Góra Center' Limited Liability Company], having its registered seat in Jelenia Góra
- "Echo - Centrum Poznań" Spółka z o.o. ['Echo - Poznań Center' Limited Liability Company], having its registered seat in Kielce
- "Echo - Centrum Przemyśl" Spółka z o.o. ['Echo - Przemyśl Center' Limited Liability Company], having its registered seat in Kielce

- “Echo - Centrum Rzeszów” Spółka z o.o. [‘Echo - Rzeszów Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Centrum Tarnów” Spółka z o.o. [‘Echo - Tarnów Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Galaxy” Spółka z o.o. [‘Echo - Galaxy’ Limited Liability Company], having its registered seat in Kielce
- „Echo - Galaxy spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [“Echo - Galaxy Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- “Echo - Galeria Kielce” Sp. z o.o. [‘Echo - Kielce Gallery’ Limited Liability Company], having its registered seat in Kielce,
- “Echo - Kielce 1” Sp. z o.o. [‘Echo - Kielce 1’ Limited Liability Company’], having its registered seat in Kielce, formerly “Echo Investment - Centrum Handlowe Kielce” Spółka z o.o. [‘Echo Investment - Kielce Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Pasaż Grunwaldzki” Spółka z o.o. [‘Echo - Grunwaldzki Arcade’ Limited Liability Company], having its registered seat in Kielce
- „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [“Echo - Grunwaldzki Arcade Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- „Echo - Projekt 1” LLC, having its registered seat in Kiev
- „Echo - Projekt 2” LLC, having its registered seat in Kiev
- “Echo - Property Poznań 1” Spółka z ograniczoną odpowiedzialnością [‘Echo - Property Poznań 1’ Limited Liability Company’], having its registered seat in Kielce, formerly “Echo Centrum - Gdynia” Spółka z o.o. [‘Echo - Gdynia Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo - SPV 6” Sp. z o.o. [‘Echo - SPV 6’ Limited Liability Company], having its registered seat in Kielce
- “Echo - Veneda” Sp. z o.o. [‘Echo - Veneda’ Limited Liability Company], having its registered seat in Kielce,
- “Echo ACC” Spółka z o.o. [‘Echo ACC’ Limited Liability Company], having its registered seat in Kielce
- “Echo Bau” Spółka z o.o. [‘Echo Bau’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Piotrków Trybunalski” Spółka z o.o. [‘Echo Investment - Piotrków Trybunalski Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice” Spółka z o.o. [‘Echo Investment - Gliwice Shopping, Service and Entertainment Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment Hungary Inगतlanhasznosito Kft.”, having its registered seat in Budapest
- “Echo Investment Projekt 1” S.R.L., having its registered seat in Bucharest
- „Echo Investment Ukraine” LLC, having its registered seat in Kiev
- “Est On Property Management” Spółka z o.o. [‘Est On Property Management’ Limited Liability Company], having its registered seat in Kielce
- “Galeria Echo - Kielce” Spółka z o.o. [‘Echo Gallery - Kielce’ Limited Liability Company], having its registered seat in Kielce
- “Malta Office Park” Spółka z o.o. [‘Malta Office Park’ Limited Liability Company], having its registered seat in Kielce
- “MDP” Spółka z o.o. [‘MDP’ Limited Liability Company], having its registered seat in Kielce
- “Piomot Auto” Spółka z o.o. [‘Piomot Auto’ Limited Liability Company], having its registered seat in Kielce

- “Princess Boryszewska” Spółka z o.o. [‘Princess Boryszewska’ Limited Liability Company], having its registered seat in Kielce
- “Princess Investment” Spółka z o.o. [‘Princess Investment’ Limited Liability Company], having its registered seat in Kielce
- „Echo - Project Management Ingatlanhasznosito” Kft., having its registered seat in Budapest, formerly „Project 2 - Echo Hungary” Kft. with its registered seat in Budapest
- “Projekt Echo - 17” Spółka z o.o. [‘Project Echo - 17’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 28” Spółka z o.o. [‘Project Echo - 28’ Limited Liability Company’], having its registered seat in Kielce, formerly “Echo Centrum Ślichowice” Spółka z o.o. [‘Echo Ślichowice Center’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 30” Spółka z o.o. [‘Project Echo - 30’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 34” Spółka z o.o. [‘Project Echo - 34’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 37” Spółka z o.o. [‘Project Echo - 37’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 39” Spółka z o.o. [‘Project Echo - 39’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 41” Spółka z o.o. [‘Project Echo - 41’ Limited Liability Company], having its registered seat in Kielce
- „Projekt Echo - 41 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [“Project Echo - 41 Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- “Projekt Echo - 42” Spółka z o.o. [‘Project Echo - 42’ Limited Liability Company], having its registered seat in Kielce
- „Projekt Echo - 42 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [“Project Echo - 42 Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- “Projekt Echo - 43” Spółka z o.o. [‘Project Echo - 43’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 44” Spółka z o.o. [‘Project Echo - 44’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 45” Spółka z o.o. [‘Project Echo - 45’ Limited Liability Company], having its registered seat in Kielce
- „Projekt Echo - 45 spółka z ograniczoną odpowiedzialnością” Spółka Komandytowa [“Project Echo - 45 Limited Liability Company” Limited Partnership], having its registered seat in Kielce
- “Projekt Echo - 46” Spółka z o.o. [‘Project Echo - 46’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 47” Spółka z o.o. [‘Project Echo - 47’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 48” Spółka z o.o. [‘Project Echo - 48’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 53” Spółka z o.o. [‘Project Echo - 53’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 54” Spółka z o.o. [‘Project Echo - 54’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 55” Spółka z o.o. [‘Project Echo - 55’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 56” Spółka z o.o. [‘Project Echo - 56’ Limited Liability Company], having its registered seat in Jelenia Góra
- “Projekt Echo - 57” Spółka z o.o. [‘Project Echo - 57’ Limited Liability Company], having its registered seat in Kielce



- “Projekt Echo - 88” Spółka z o.o. [‘Project Echo - 88’ Limited Liability Company], having its registered seat in Kielce,
- “Projekt Echo - 89” Spółka z o.o. [‘Project Echo - 89’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 90” Spółka z o.o. [‘Project Echo - 90’ Limited Liability Company], having its registered seat in Kielce,
- “Projekt Echo - 91” Spółka z o.o. [‘Project Echo - 91’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Echo - 92” Spółka z o.o. [‘Project Echo - 92’ Limited Liability Company], having its registered seat in Kielce
- “Projekt Naramowice” Spółka z o.o. [‘Project Naramowice’ Limited Liability Company], having its registered seat in Kielce
- “Projekt S” Spółka z o.o. [‘Project S’ Limited Liability Company], having its registered seat in Kielce
- “WAN 11” Spółka z o.o. [‘WAN 11’ Limited Liability Company], having its registered seat in Warsaw
- “Wygłędów” Spółka z o.o. [‘Wygłędów’ Limited Liability Company], having its registered seat in Kielce
- “Zakłady Ogrodnicze Naramowice” Spółka z o.o. [‘Naramowice Gardening Enterprise’ Limited Liability Company], having its registered seat in Kielce

Companies valuated according to ownership rights method:

- “Projekt Echo - 23” Spółka z o.o. [‘Project Echo - 23’ Limited Liability Company], having its registered seat in Kielce
- “SPC” Spółka Akcyjna [‘SPC’ Joint Stock Company], having its registered seat in Warsaw,
- “W.A. Hotele” Spółka z o.o. [‘W.A. Hotels’ Limited Liability Company], having its registered seat in Warsaw
- “WAN Invest” Spółka z o.o. [‘WAN Invest’ Limited Liability Company], having its registered seat in Warsaw

All wholly and partially owned subsidiaries and affiliated companies are covered by the range of consolidation. The dominant company owns 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries.

In partially owned subsidiaries, the dominant Company is the owner of the following respective shares:

- “WAN 11” Sp. z o.o. [‘WAN 11’ Limited Liability Company] – 50% of basic capital and 50% of voting rights at the general meeting of shareholders;
- “Projekt Echo - 64” Sp. z o.o. [‘Project Echo - 64’ Limited Liability Company] – 50% of basic capital and 50% of voting rights at the general meeting of shareholders;
- “Projekt S” Sp. z o.o. [‘Project S’ Limited Liability Company] – 63% of basic capital and 63% of voting rights at the general meeting of shareholders.

Capital relationships within the Capital Group concern the following:

- “Piomot – Auto” Sp. z o.o., holding 5.53% of basic capital of “Echo Investment – Centrum Handlowe Piotrków Trybunalski” Sp. z o.o.;
- “Zakłady Ogrodnicze Naramowice” Sp. z o.o., holding 99,8% of basic capital of “Projekt Naramowice” Sp. z o.o.;
- „Echo – Kielce 1” Sp. z o.o., holding:
  - 99.97% of basic capital of “Echo – Galeria Kielce” Sp. z o.o.,
  - 100% of basic capital of “Princess Boryszewska” Sp. z o.o.
- “Projekt Echo - 37” Sp. z o.o., holding 0,001% of basic capital of “Echo – SPV 6” Sp. z o.o.;
- “Echo – Pasaż Grunwaldzki” Sp. z o.o., holding 1% of share of “Echo – Pasaż Grunwaldzki Sp. z o.o.” Spółka komandytowa;
- “Echo – Arena” Sp. z o.o., holding 1% of share of “Echo – Arena Sp. z o.o.” Spółka komandytowa;
- “Echo – Galaxy” Sp. z o.o., holding 1% of share of “Echo – Galaxy Sp. z o.o.” Spółka komandytowa;
- “Projekt Echo - 60” Sp. z o.o., holding 1% of share of “Echo – Galaxy Sp. z o.o.” Spółka komandytowa;

- "Projekt Echo - 43" Sp. z o.o., holding 0.01% of share of "Echo – Galaxy Sp. z o.o." Spółka komandytowa;
- "Galeria Echo - Kielce" Sp. z o.o., holding 0,01% of basic capital of "Echo – Galeria Kielce" Sp. z o.o.;
- "Projekt Echo - 41" Sp. z o.o., holding 1% of share of "Projekt Echo - 41 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 42" Sp. z o.o., holding 1% of share of "Projekt Echo - 42 Sp. z o.o." Spółka komandytowa;
- "Projekt Echo - 45" Sp. z o.o., holding 1% of share of "Projekt Echo - 45 Sp. z o.o." Spółka komandytowa;
- „Echo – Centrum Bankowości i Finansów Łódź” Spółka z o.o., holding 47.98% of basic capital of „Projekt Echo - 53” Sp. z o.o.;
- „Echo – Centrum Biznesu Łódź” Spółka z o.o., holding 51.96% of basic capital of „Projekt Echo - 53” Sp. z o.o.;
- „Echo – Centrum Tarnów” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 61” Sp. z o.o.;
- „Echo – Centrum Jelenia Góra” Sp. z o.o., holding 99.93% of basic capital of „Projekt Echo - 56” Sp. z o.o.;
- „Echo – Galaxy Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Projekt Echo - 60” Sp. z o.o.;
- „Echo – Pasaż Grunwaldzki Sp. z o.o.” Sp. k., holding 99.99% of basic capital of „Projekt Echo - 62” Sp. z o.o.;
- „Echo – Centrum Poznań” Sp. z o.o., holding 99.87% of basic capital of „Projekt Echo - 81” Sp. z o.o.;
- „Echo Investment Ukraine” LLC, holding:
  - 99.99% of basic capital of „Echo – Projekt 1” LLC
  - 99.99% of basic capital of „Echo – Projekt 2” LLC
- „Echo – Projekt 1” LLC, holding 0.01% of basic capital of „Echo – Projekt 2” LLC;
- „Echo – Projekt 2” LLC, holding 0.01% of basic capital of „Echo – Projekt 1” LLC;
- "Projekt Echo - 17" Sp. z o.o., holding the following respective shares of basic capital of:
  - 1.00% of capital of "Wyględów" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 37" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 39" Sp. z o.o.,
  - 1.00% of capital of "Galeria Echo - Kielce" Sp. z o.o.,
  - 1.00% of capital of "Echo ACC" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 30" Sp. z o.o.,
  - 1.00% of capital of "Echo - Galaxy" Sp. z o.o.,
  - 1.00% of capital of "Echo – Pasaż Grunwaldzki" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 34" Sp. z o.o.,
  - 1.00% of capital of "Est On Property Management" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 41" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 42" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 43" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 44" Sp. z o.o.,
  - 1.00% of capital of "Projekt Echo - 45" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 55" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 57" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 58" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 59" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 64" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 67" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 68" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 69" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 70" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 71" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 72" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 73" Sp. z o.o.,
  - 0.1% of capital of "Projekt Echo - 74" Sp. z o.o.,

- 0.1% of capital of "Projekt Echo - 75" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 76" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 77" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 80" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 83" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 84" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 85" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 86" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 87" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 88" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 89" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 90" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 91" Sp. z o.o.,
- 0.1% of capital of "Projekt Echo - 92" Sp. z o.o.,
- 0.05% of capital of "Echo - Arena" Sp. z o.o.,
- 0.03% of capital of "Malta Office Park" Sp. z o.o.,
- 0.03% of capital of "Echo - SPV 6" Sp. z o.o.,
- 0.02% of capital of "Projekt Echo - 28" Sp. z o.o.,
- 0.02% of capital of "Echo - Centrum Biznesu Łódź" Sp. z o.o.,
- 0.02% of capital of "Projekt Naramowice" Sp. z o.o.,
- 0.01% of capital of "Echo Investment - Centrum Handlowo-Rozrywkowe Gliwice" Sp. z o.o.,
- 0.008% of capital of "Athina Park" Sp. z o.o.,
- 0.007% of capital of "Echo - Centrum Veneda" Sp. z o.o.,
- 0.006% of capital of "Echo - Centrum Bełchatów" Sp. z o.o.,
- 0.006% of capital of "Echo - Centrum Rzeszów" Sp. z o.o.,
- 0.005% of capital of „Echo - Property Poznań 1” Sp. z o.o.;
- 0.004% of capital of "MDP" Sp. z o.o.,
- 0.004% of capital of "Echo - Centrum Tarnów" Sp. z o.o.,
- 0.002% of capital of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.,
- 0.002% of capital of „Echo - Kielce 1” Sp. z o.o.;
- 0.001% of capital of "Projekt Echo - 53" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 54" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 56" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 60" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 61" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 62" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 63" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 65" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 66" Sp. z o.o.,
- 0.001% of capital of "Projekt Echo - 81" Sp. z o.o.

Other shares in the above mentioned companies are held by 'Echo Investment' S.A.

## 2. Description of key economic and financial values disclosed in the annual financial statement of Echo Investment S.A. Capital Group for 2007

### Consolidated balance sheet

Balance total of the Capital Group as at the end of the year 2007 amounted to **PLN 3,539 million**, showing an increase in value by 29.2% in comparison with the balance as at the end of 2006.

### Assets

The structure of assets at the end of 2007 was the following:

- fixed assets constitute 73.0% of all assets, where the dominant items include investment immovable property – 78.8% of fixed assets, and tangible assets – 17.9% of total fixed assets,

- current assets constitute 26.8% of all assets, including inventories – 48.1% of total current assets, cash worth 41.7% of total current assets, and tax receivables give 4.9% of current assets.

#### **Liabilities**

- share capital of Echo Investment S.A., the dominant company, as on December 31, 2007, was worth PLN 21.0 million and was divided into 420,000,000 ordinary bearer shares series A, B, C, D, E and F, with nominal value of PLN 0.05 each,

- the value consolidated equity as on December 31, 2007 amounted to **PLN 1,510.5 million**, showing an increase by 26.4% in comparison with the balance as at the end of December 2006.
- consolidated net book value per one share is PLN 3.63,
- obligations and reserves constituted 56.9% of the balance total and amounted to **PLN 2,012.6 million**.

#### **Consolidated profit and loss account**

- consolidated net income from sales reached the level of PLN 382.4 million in 2007,
- consolidated earnings before tax and financial revenues / costs at the end of 2007 amounted to PLN 399.4 million in comparison to the earnings of PLN 381.0 million in 2006,
- consolidated gross profit amounted to PLN 399.7 million and outgrew the balance of 2006 by 15.5%,
- consolidated net profit reached the value of PLN 319.0 million, in comparison with PLN 278.1 million in 2006,
- consolidated net profit per one share was PLN 0.76.

#### **Consolidated cash flow statement**

- the reporting period began with the cash balance of PLN 297.8 million,
- on operating activity, the Capital Group recorded income of cash in the amount of PLN 55.2 million in 2007,
- on investment activity, the Capital Group recorded expenditure of cash in the amount of PLN 173.3 million in 2007,
- on financial activity, the Company recorded income of cash in the amount of PLN 221.3 million in 2007,
- during the period from January 01, 2007 to December 31, 2007 the cash balance increased by PLN 103.2 million,

**the value of cash as at the end of December 2007 amounted to PLN 394.9 million.**

### 3. Description of major risk factors and threats, specifying the extent to which the issuer's Capital Group is exposed to them

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

- competition risk – the real estate market in Poland has become very attractive for foreign investors in the recent years due to achievable rates of return. The advantages of foreign companies include their capital resources, which constitute competitive advantage over domestic developer companies. The advantage of Echo Investment S.A. is its extensive experience in execution of developer projects in various market segments and its recognized position in the real estate market in Poland. Dynamic growth of the Capital Group in the recent years and its portfolio of assets indicate that Echo Investment S.A. is capable of efficient functioning in the conditions of market competition.
- risk of operations on foreign markets – related to the economic and political situation in the country where the Company intends to launch its operations. The Company's policy relies on diversification of geographic locations (Central and Eastern Europe) and sector-based diversification of its portfolio.
- risk of adverse changes on the real estate market – relating to adverse variation of market factors influencing Echo Capital Group's activities on the property market. Echo Investment SA and the subsidiaries try to minimize the risk of adverse changes on the real estate market through executing investment projects in stages and adapting investment realization rate to expectations, trends, demand and prices on local markets.
- interest rate risk – the operations of Echo Investment S.A. and its subsidiaries are based on external financing (during the execution phase of a building) and refinancing (during the period of project exploitation). The risk related to changes in interest rates is limited through diversification of interest on loans taken and securing instruments. Echo Investment S.A. as the dominant company focuses the operations in the financial market, whose range covers the finance of the entire capital group.
- lost liquidity risk – this relates to potential loss of financial liquidity. Echo Capital Group eliminates this risk through maintaining proper balance between financing of its investment activities and timely handling of debts and maintaining a sufficient level of working capital.
- foreign exchange risk – this refers to loans taken in foreign currencies (most commonly in Euro) within the Capital Group. Contracts with tenants are expressed in the currency of the credit facility taken out for refinancing. Thus obtained payments from tenants are allocated to repayment of the above mentioned loans. Such combination of financing with sources of income minimizes or eliminates foreign exchange risk.
- risk of tenants' financial condition – most of the revenues are earned within the range of operations performed by the capital group from lease of commercial and office areas. The key aspect is selection of tenants with stable economic and financial condition. In shopping centers, tenants include chain operators (Tesco, Carrefour, Ahold, Nomi, brand clothing shops, multiplex cinemas, etc.). Cooperation with tenants enables undertaking such activities that would continuously improve the attractiveness of leased areas and emphasize the prestige of a given building, thus attracting new clients. The following companies can be mentioned among clients in office buildings: Philips, Nordea, Polkomtel S.A., BRE Bank S.A., Deutsche Leasing and others.
- risk related to external contractors – when acting as an investor in a given project, Echo Investment S.A. or its subsidiary contracts its execution to external companies. Execution of these

facilities, timely completion, quality and possible increase in costs largely depend on these companies. This factor is eliminated to a significant extent through various types of protective measures included in contracting agreements.

- fiscal and legal risk related to the unstable taxation and legal system, lack of certain ownership-related regulations. Accession to European structures and adoption of procedures applied by the EU should significantly foster reduction or elimination of this risk in the forthcoming years.
- risk of administrative procedures – as Echo Investment S.A. is involved in the process of executing individual projects from the beginning, its operations depend on administrative procedures. Time-consuming procedures of administrative authorities determine commencement of implementation of the Company's planned investments, which may result in delays in their completion.

#### 4. Information about key products, with value and quantity specification and shares of specific product groups in the sales of Echo Investment S.A. Capital Group. Information about changes in the above fields during the financial year.

##### 4.1. Segments of operation

During the year 2007, Echo Investment S.A. and Capital Group companies were developing projects initiated in the previous years, and became involved in new investments in the segments described below. Seven new Polish markets were gained, along with one foreign market.

##### Segment of shopping centers and shopping/entertainment centers

Shopping and shopping/entertainment centers built by the Group operate in more than ten cities in Poland. The stability of the market of shopping areas is due to high market demand, possibility of adapting to the requirements of specific clients and high diversification of industries.

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

In April 2007, an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław at Grunwaldzki Square, was opened. Rentable area of about 48,700 sq. m has been let to tenants in 100%.

In July 2007, final agreements of sale of Echo Capital Group's real estates were signed. The object of the contracts is the perpetual usufruct of immovable property situated in Łódź at Al. Piłsudskiego, whereon MDP shopping and entertainment center is built, and perpetual usufruct right to immovable property situated in Kielce at Massalskiego Street, whereon the Pasaż Świętokrzyski shopping center is developed. The Catalyst Capital investment group is the buyer. The total value of transaction was PLN 151,634,726.81, including EUR 10,770,882 worth of the contract of sale of the Lodz immovable properties (an equivalent of PLN 40,474,820.38 as on the effective date of contract) and the value of the contract of sale of the Kielce real estates: EUR 29,581,113 net, an equivalent of PLN 111,159,906.43 as on the effective date of contract. The funds earned through this transaction will be allocated to performance of Echo Investment Capital Group's investment projects, particularly to financing realization of consecutive investments.

The parties to the transaction further signed a developer agreement whereunder Echo Capital Group was allowed to expand the Pasaż Świętokrzyski mall.

A modern shopping and entertainment center called METROPOLIS will be built on the Company's immovable property situated in Poznań, Hetmańska Street, offering about 80,000 sq. m of space for rent. The Center will be designed by Studio ADS, architects' office of Poznań. The anticipated

commencement date of investment falls in the 1<sup>st</sup> half of 2009 and completion date in the 2<sup>nd</sup> half of 2011.

Development of the largest shopping and entertainment center in Słupsk, called ARENA, is planned on the Company's property of 64,000 sq. m, to be situated in an attractive location of Słupsk at Grottgera Street. The facility shall offer about 75,000 sq. m total area and 38,000 sq. m rentable area.

A preliminary lease agreement was signed with Tesco (Polska) Sp. z o.o. The preliminary lease agreement concerns lease of ca. 8,900 square meters of commercial surface in the Arena shopping and entertainment center that is being prepared for development in Słupsk at Grottgera Street (the Mall). The Tenant is going to engage in trade and service activity in the Mall in the form of a grocery and household goods store in unlimited range of standard commodities typically sold in such Tesco outlets in Poland. The contract of lease that the parties agreed to sign foresees a term of 30 years. The estimated value of contract for 30 years of lease is a Polish zloty equivalent of EUR 17.69 million, i.e. PLN 65.31 as on the contract effective date according to the average rate of exchange published by the National Bank of Poland. A precondition for signing the aforementioned lease contract is obtaining a final building permit decision for the Mall by the Subsidiary or another organization contracted thereby and taking possession of the real estates dedicated to the development of the Mall not later than on July 31, 2008. The aforementioned condition is a condition precedent.

Lease agreements were made with such companies as Helios, Media Markt, BC Club, Rossmann, Ravel. The anticipated project commencement date will be the 1<sup>st</sup> half of 2008, and completion date will fall in the 2<sup>nd</sup> half of 2010.

Echo Capital Group intends to develop a modern regional shopping and entertainment center on the immovable property purchased in the 3<sup>rd</sup> quarter of 2007, located in Kalisz. The facility will be built at Górnosłaska Street and Trasa Bursztynowa (the Amber Route). The contract value was PLN 18.8 million. The total area of the contemplated center shall be ca. 100,000 square meters, with rentable area of about 40,000 square meters. The launching of the project is scheduled for 2009 and completion in 2011.

On January 10, 2008 through acquisition of shares in Ultra Marina Sp. z o.o., Echo Investment SA acquired the title to immovable property exceeding 3 hectares in size, located at Krakusa i Wandy Street in Koszalin. The value of shares acquisition contract was PLN 11.77 million. The Company intends to develop a modern shopping and entertainment center on this land. Area to let in the building will be about 35 thousand square meters. The anticipated commencement date of investment falls in the 1<sup>st</sup> half of 2010 and completion date in the 1<sup>st</sup> half of 2012.

In the 4<sup>th</sup> quarter of 2007, Echo Investment SA entered into an agreement with the City of Lublin regarding development of PARK ECHO on Górki Czechowskie, Lublin. The city is going to initiate amendment of the spatial development plan, thus enabling commencement of development activities on the scheduled investment. The Company shall at its own expense reconstruct the traffic system in the neighborhood of the contemplated shopping and entertainment center Park Echo and the existing crossing of al. Solidarności with al. Sikorskiego and ul. Gen. Bolesława Ducha. The estimated value of this investment project shall be about 80 million zlotys. According to the provisions of the aforementioned agreement, the City agreed to take whatever action is required to amend the local spatial development plan of the City of Lublin, within 36 months from the effective date of agreement, for the Company's real estate with the approximate area of 113 hectares, located in Lublin at Poligonowa Street, in the area of so-called Górki Czechowskie, in order to enable Echo Investment SA to execute its contemplated investments. The Company intends to build the following establishments on the aforementioned property: - a shopping, entertainment and service center (the Mall) with a total shopping area reaching 80,000 square meters, developed in combination with reconstruction of the traffic system around the contemplated building as a necessary Mall service component,

- a complex of service and office establishments complementing the functions offered by the Mall,  
- a city-style recreation and landscape park. When the aforementioned changes are made to the spatial development plan, Echo Investment SA shall: - prepare a concept and complete technical documentation with a building permit for reconstruction of the traffic system in the vicinity of the

contemplated Mall and the existing crossing of Al. Solidarności with Al. Sikorskiego and ul. Gen. Bolesława Ducha,

- reconstruct the traffic system at the Company's sole expense,
- deliver the reconstructed traffic system before opening the Mall and complete the development of the park comprised by the contemplated investment not later than within 36 months from entry into force of a Resolution of the Lublin City Council, approving the amendments to the local spatial development plan,
- transfer the entire road system gratuitously to the City following completion of the investment consisting in reconstruction of the traffic system. If a building permit for the Mall cannot be obtained within 24 months from the date of entry into force of the aforementioned Resolution of the Lublin City Council approving of the amendments to the local spatial development plan, Echo Investment SA shall be entitled to terminate the agreement. The estimated cost of reconstruction of the traffic system will be about 80 million PLN. Specific terms and conditions of reconstruction of the traffic system shall be stipulated in a separate agreement (Road Agreement). Should the parties to the agreement fail to enter into a Road Agreement within 9 months from the effective date of the present agreement, either party may terminate the agreement.

Erection of shopping centers in Łomża supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the Company's offering. In the shopping center in Łomża, which is currently being prepared to execution, the REAL superstore will be opened, with an approximate area of 8,500 square meters. The parties to the contract, i.e. Echo Investment SA and real,- Sp. z o.o. and Spółka sp.k., are entitled to terminate the contract if Echo Investment SA's subsidiary does not, until June 22, 2008, acquire the immovable property situated in Łomża and if it fails to obtain a final building permit until June 30, 2009. The Company is expecting completion of administrative procedures.

During the 4<sup>th</sup> quarter of 2007, the Łomża City Council agreed to an amendment of the spatial development conditions and directions study in order to allow development of a shopping center exceeding 2,000 square meters in size.

Echo Investment Group also intends to expand some of its existing shopping and shopping/entertainment centers. The plans concern extension of the Galeria Echo shopping and entertainment center in Kielce. Target area of the building will be 64,000 square meters. Anticipated completion date of this development falls in the 1<sup>st</sup> quarter of 2010.

Echo Capital Group is also planning extension of its shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław. Target rentable area will be about 78,700 square meters. Anticipated completion date of this extension project falls in the 2<sup>nd</sup> half of 2011.

The process of designing the 2<sup>nd</sup> stage of Pasaż Świętokrzyski in Kielce was initiated. Echo Investment S.A. intends to extend the mall surface in the 1<sup>st</sup> half of 20089 (ca. 4 thousand square meters of area to let).

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 investments segment, Echo Investment Capital Group has facilities to let in Warsaw. The Group is executing new investments and acquiring projects already functioning in the market. Its offer covers office buildings of various standards, including top class.

Although this market segment is highly competitive, the Capital Group's projects ensure stable income from long-term lease contracts due to proper location and appropriate standards. Office space is let to such recognized companies as BRE Bank SA, Bank PeKaO SA, Bank Zachodni WBK SA, Polkomtel SA, Deutsche Leasing, Impel SA, Colgate-Palmolive, Porr Polska, Modzelewski & Rodek, Roche Diagnostic Polska, Dell, and others.

### The Warsaw market

In 2007, execution works on a group of office buildings with multi-storey underground parking lot have commenced on real estate situated in Warsaw at 21 Postępu Street. This project with approximately 34,000 square meters of area to let, comprising four office buildings, was designed by APA Wojciechowski studio of Warsaw. During the 4<sup>th</sup> quarter of 2007, a contract was signed with Modzelewski & Rodek Sp. z o.o. of Warsaw for core & shell construction. The fee for performance of the object of Contract shall be a lump sum fee of PLN 64.2 million. The anticipated commencement date of investment falls in the 1<sup>st</sup> half of 2008 and completion date of the 1<sup>st</sup> stage shall be in the 2<sup>nd</sup> half of 2009.

### The Poznan market

In 2007, realization of the 'Malta Office Park' office complex in Poznan was progressing (rentable area of about 31,000 square meters). Core and shell of the first stage is being developed by Fakt Budownictwo Sp. z o.o. construction company of Kielce. Commercialization of the project was also initiated. 30% of area comprised in the 1<sup>st</sup> stage of development was let to Projekty Bankowe POLSOFT. The six office buildings designed by Litoborski-Marciniak design office of Poznań shall be executed in three stages. First stage of construction is expected to complete in the 2<sup>nd</sup> half of the year 2008.

### The Kielce market

During the third quarter of the year 2007, the Company successfully completed execution of an investment consisting in a complex of office buildings in Kielce at Al. Solidarności Street (area of the buildings is about 18,000 square meters). The project assumed realization of three six-storey buildings. Under a General Contracting Agreement made with Ustra Sp. z o.o., Echo Investment S.A. as the Contractor agreed and covenanted to develop the above mentioned office building complex.

### The Krakow market

The Company is preparing to the development of a new seven-storey modern class A office building in Krakow, Lea Street, with above-ground and underground parking lots. The architectural concept was developed by DDJM Biuro Architektoniczne Sp. z o.o., a designing office of Krakow. In December 2007, a contract of lease of 100% of the building area was made with Fortis Bank (Polska) SA with its registered seat in Krakow. The estimated net income to be earned during the 10-year term of contract is about 92 million zlotys (PLN value as on the contract effective date). Area to let is about 12,000 square meters. The anticipated commencement date of this investment project falls in the 1<sup>st</sup> half of 2008 and completion date in the 2<sup>nd</sup> half of 2009.

During the 4<sup>th</sup> quarter of 2007, a conditional agreement of purchase of real estate situated in Krakow at 29 Listopada and Opolska Streets was signed. The property could be purchased on the condition that the Commune of Krakow would not exercise its first right of refusal. As the Commune did not exercise its first right of refusal, on February 28, 2008 the subsidiary "Projekt Echo - 47" Sp. z o.o.,

pursuant to an agreement made with Pergranso Sp. z o.o. with its registered seat in Warsaw, acquired the right of usufruct to the aforementioned real estate with the area of 23,770 square meters. Furthermore, in the 4<sup>th</sup> quarter of 2007 an approximately 11,625 sq. m land plot was also purchased at Opolska Street, to become incorporated in the envisaged investment project in the future. The value of both agreements was PLN 41.4 million net. The company intends to develop an advanced office project with area to let exceeding 50 thousand square meters on the purchased properties. The anticipated commencement date of the 1<sup>st</sup> stage of investment will be in the 1<sup>st</sup> half of 2009, and completion date – in the 2<sup>nd</sup> half of 2010.

#### The Gdansk market

The Company intends to develop office space on its immovable property in Gdansk, Jana z Kolna Street. The class A building designed by Arch – Deco designing office of Gdynia shall comprise ca. 23,000 sq. m of rentable area. The anticipated commencement date of the development process falls in the 2<sup>nd</sup> half of 2008 and completion date in the 2<sup>nd</sup> half of 2010.

#### The Szczecin market

The Company intends to develop a modern office building at its plot of land in Szczecin (High Technology Center). About 14,000 sq. m of that building area will be designed for rent by companies specializing in advanced IT and telecommunication technologies. Architectural design of the building will be developed at Arch Deco, a design office of Gdynia. The anticipated project commencement date will be in the 1<sup>st</sup> half of 2008, and completion date – in the 2<sup>nd</sup> half of 2009.

#### The Katowice market

A business park with rentable area of ca. 50,000 square meters is planned on the Company's land, purchased in 2007, located in Katowice at the crossing of al. Górnośląska and Francuska Street. This establishment, designed by DDJM Biuro Architektoniczne design office, will be executed in two stages. The launch of this investment project is anticipated in the 2<sup>nd</sup> half of 2008 and the first stage should be completed in the 1<sup>st</sup> half of 2010.

#### The Lodz market

In July 2007, final agreements of sale of two real estates in Łódź were signed. The object of these contracts is perpetual usufruct of immovable property situated in Łódź at Piotrkowska/ Piłsudskiego Streets, whereon the Business Center office building has been erected, and perpetual usufruct right to immovable property situated in Łódź at Sienkiewicza Street, whereon the Banking and Finance Center office building is developed. The Catalyst Capital investment group is the buyer. The total value of transaction was PLN 97,107,400.04, where the agreement of sale of the immovable property in Łódź, Piotrkowska/Piłsudskiego Street is worth a net of USD 17,383,406 (an equivalent of PLN 48,021,659.08 as on the effective date of contract) and the contract of sale of immovable property situated in Łódź at Sienkiewicza Street is worth a net of USD 8,216,767 and EUR 7,021,907 net, an equivalent of PLN 49,085,740.96 as on the effective date of contract. The funds earned from this transaction will be allocated to financing of consecutive investment projects.

In 2007, a land plot was purchased in Lodz, Piłsudskiego Street, where a modern complex of A-class office buildings is envisaged. Rentable area shall be about 26,000 square meters. The launch of this investment project is planned for the 2<sup>nd</sup> half of 2008 and completion for the 1<sup>st</sup> half of 2010.

## Segment of hotels

The Group's long experience and recognized partners provide good grounds for the company's operations on the market of hotels. During the preceding years, Echo Investment S.A. dealt with complex realization 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: with the French chains of hotels Accor and Envergue, and with the Qubus group of Norway. Realized hotels operate in Warsaw, Kielce, Krakow, Szczecin, Lodz, Poznan, Czestochowa, Zabrze, Gliwice.

In the future, the Company is going to build hotels in cooperation with international hotel operators.

## Housing segment

In the residential sector, Echo Investment Capital Group realizes investments from luxury apartment complexes, through high- and medium-standard residential buildings, to single-family houses estates.

### The Warsaw market

During the first quarter of the year 2007, the Company succeeded with completion of the Inflancka Housing Estate in Warsaw (2<sup>nd</sup> stage). 140 apartments were handed over to occupants. Realization of the 3<sup>rd</sup> stage of Inflancka Housing Estate, designed by Are Sp. z o.o. design office of Warsaw, was in progress (area for sale is 7,000 square meters). The anticipated date of completion of the next housing estate falls in the 1<sup>st</sup> half of 2008. (130 apartments).

During the consecutive quarters of 2007, realization of the 3<sup>rd</sup> stage of Inflancka Housing Estate, designed by Are Sp. z o.o. design office of Warsaw, was in progress (area for sale is 7,000 square meters). The anticipated date of completion of the next housing estate (130 apartments) falls in the 1<sup>st</sup> half of 2008.

2<sup>nd</sup> stage of the investment project at Zwycięzców Street was in progress (ca. 15,100 square meters for sale). The expected date of completion of 240 apartments designed by Szaroszyk & Rycerski Architekci Sp z o.o. of Warsaw shall be in the 2<sup>nd</sup> half of 2008.

A project concerning residential buildings is currently under preparation: in Warsaw at Kazimierzowska Street (net area is about 5,300 square meters). The Company has already obtained the zoning decision. The anticipated commencement date for building the 60 apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 1<sup>st</sup> half of 2008 and completion date in the 1<sup>st</sup> half of 2010.

Development of an estate of 37 houses (area of 9,200 square meters) is planned on a 6.3-hectare property in Warsaw, Bielany District (Młociński Forest), which was purchased in 2007. The anticipated project commencement date will be in the 2<sup>nd</sup> half of 2008, and completion date – in the 1<sup>st</sup> half of 2010.

### The Poznan market

Construction works were also performed in Poznań. Stage III of the Naramowice Housing Estate (155 apartments) was realized. Anticipated completion date of the Poznań investment falls in the 2<sup>nd</sup> half of the year 2008.

Preparation of realization of the consecutive 4<sup>th</sup> stage of Naramowice Housing Estate in Poznań has also begun (area for sale: 15,300 square meters), as designed by Archikwadrat Sp. z o.o. of Poznań. The completion of this investment project is anticipated in the 2<sup>nd</sup> half of 2009.

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

A housing project called Kasztanowa Aleja in Poznan, Wojskowa Street, was commenced in 2007. A General Contracting agreement was made concerning this residential complex with Weko Prof Sp. z o.o. of Warsaw. The contract value was PLN 30.61 million. About 282 apartments will be built in the residential buildings designed by Studio Lisiak Sp. z o.o. of Poznan (area for sale exceeds 17,200 sq. m). Anticipated date of delivery of these buildings falls in the 2<sup>nd</sup> half of 2009.

The process of preparing execution of an estate of city-style multi-family houses was launched on the immovable property situated in Poznan at Litewska Street and Grudzieniec Street (area for sale is about 3,000 square meters). Approx. 20 apartments will be built within this estate designed by Arpa Pracownia Autorska architects' office of Poznan. Anticipated completion date falls in the 1<sup>st</sup> quarter of 2010.

#### The Krakow market

A 4-storey building with an area of 1,500 square meters will be built in Cracow, Kilińskiego Street, (15 apartments). The launch of this investment is anticipated in the 1<sup>st</sup> half of 2009. The building was designed by Oleksy&Polaczek design office

During the 1<sup>st</sup> half of the year 2009, the Company is also going to launch a housing investment at Korzeniowskiego Street, Krakow, Wola Justowska district. This building, designed by The Blok office, will have an area of about 3,000 square meters. (40 apartments).

The Company intends to develop a residential building on land purchased in 2007, situated in Krakow, Bronowicka Street, with an approximate area for sale of 3,000 sq. m (40 apartments). A contract was made with Studio S Michał Szymanowski design office of Krakow concerning performance of designing works on the above mentioned project. The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

In 2007, the Company initiated the process of designing a residential and commercial building to be erected in Krakow, Krasickiego Street (area for sale of 5,600 sq. m, 84 apartments). A contract was made with Studio S – Biuro Architektoniczne Szymanowski of Krakow concerning performance of designing works on the above mentioned building. The anticipated commencement date of investment falls in the 2<sup>nd</sup> half of 2008 and completion date in the 1<sup>st</sup> half of 2010.

The Company intends to develop residential buildings on its land situated in Krakow, Tyniecka Street, purchased in 2007. Area for sale will be about 5,000 square meters. (55 apartments). The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

#### The Kielce market

Preparatory works were also performed for the development of another housing estate on the immovable property situated in Dyminy near Kielce. The housing estate will be designed by StoMM Architektura Maciej Stoczkiewicz design office of Kielce. The total area of land is about 200,000 square meters. The anticipated completion date of this investment project falls in the 2<sup>nd</sup> half of 2009.

Sales of land plots commenced in 2007 within an estate of single-family houses (Bilcza II) designed by Konsorcjum Pisarczyk & Tracz Architekci design studio of Kielce and located in Bilcza near Kielce. The offering concerns sales of land plots with utility connections and finished designs of houses. Total area of land plots for sale is about 130,000 square meters. The anticipated completion date of this investment project falls in the 2<sup>nd</sup> half of 2008.

### The Lodz market

In 2007, the Company acquired ownership right of perpetual usufruct of immovable property situated in Lodz, Okopowa and Górnicza Streets. The value of concluded real estate purchase agreements was a net of PLN 43.3 million. The Company intends to erect residential buildings on the above mentioned real estate, with an area of about 53,000 sq. m for sale (800 apartments). The anticipated commencement date of investment falls in the 1<sup>st</sup> half of 2009 and completion date in the 2<sup>nd</sup> half of 2011.

In July 2007, real estate in Łódź, Wodna Street was purchased. The Company intends to develop residential buildings comprising 320 apartments on the purchased land (ca. 19,000 square meters of area for sale). The launch of this investment project is anticipated in the 2<sup>nd</sup> half of 2008 and completion in the 1<sup>st</sup> half of 2011.

### The Rzeszow market

The Company intends to develop a housing estate on its immovable property situated in Rzeszow, Kopisto Street. The anticipated area for sale is about 24,000 square meters. About 430 apartments will be handed over to buyers in the 2<sup>nd</sup> half of 2010.

### The Wroclaw market

In November 2007, by way of a tender being resolved, Echo Investment SA purchased real estate situated in Wroclaw, Jedności Narodowej Street. The Company intends to develop a housing project on the above mentioned land. The land plot with an area of 7.4 thousand square meters was purchased for a price of 18.55 million PLN. A zoning decision has been issued for the real estate that allows erection of a multi-family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 12,000 square meters. Design works are going to commence as early as this year, and launching of development is anticipated for 2009.

In December 2007 Echo Investment SA purchased immovable property in Wroclaw with an approximate area of 3 hectares, situated at Grota Roweckiego Street. The purchase price was PLN 32.2 million. The Company intends to develop a housing project on the above mentioned land, with approximate usable area of 19 thousand square meters, including almost 17 thousand square meters to be allocated to apartments (over 300 apartments) and about 2 thousand square meters for service outlets. The anticipated realization commencement date will be the 1<sup>st</sup> half of 2009, and completion date will fall in the 2<sup>nd</sup> half of 2011.

### **Foreign markets**

The Company intends to limit the risk related to its activity, thus aiming at geographical diversification of its territories of operations and launching its new investments abroad. Investments on foreign markets will primarily focus on the segment of commercial projects in Central and Eastern Europe. Within the range of its foreign operations, the Company intends to collaborate with local partners.

### Romania

#### Segment of shopping centers and shopping/entertainment centers

Echo Investment Capital Group intends to develop a modern shopping and entertainment center with a total area exceeding 150,000 square meters and area to let of over 60,000 square meters on its immovable property 4 hectares in size, which was purchased in 2007 and is located in Brasov, Romania, Stadionului Street. The value of property purchase contract was RON 78.84 million which, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN

88,111,584 as on the effective date of contract. The anticipated project commencement date will be in the 1<sup>st</sup> half of 2009, and completion date – in the 2<sup>nd</sup> half of 2012.

## Hungary

### Segment of shopping centers and shopping/entertainment centers

A modern, multifunctional shopping, entertainment and office project called MUNDO will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14<sup>th</sup> District of Budapest. The rentable area of this shopping and entertainment project shall be about 65,000 square meters. The anticipated project implementation commencement date will be in the 2<sup>nd</sup> half of 2008, and completion date – in the 2<sup>nd</sup> half of 2011.

### Segment of office projects

An office park to be comprised within the MUNDO project of Budapest is being prepared. Rentable area will be about 30,000 square meters. Further plans include location of the Zuglo District Mayor's Office in the complex. The project is scheduled for commencement in the 2<sup>nd</sup> half of 2008 and for completion in the 2<sup>nd</sup> half of 2011.

## **4.2. Structure of revenues**

Echo Investment S.A. Capital group yields revenues from lease of its commercial areas, sales of apartments, realization of buildings and provision of real property management services. The structure of revenues earned is as follows:

### **- lease of areas shopping centers and commercial and entertainment centers**

Revenues from lease services are generated through letting of areas in shopping centers and shopping/entertainment centers. Consolidated revenues earned on this account at the end of 2007 constituted 56.7% of net sales revenues.

### **- sales of residential space:**

The main source of revenues in this segment is the sale of apartments and, to a lesser extent, sale of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues earned on this account constituted approx. 8.4% of all consolidated revenues from sales of products.

### **- development and letting of areas in office and hotel facilities:**

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues yielded on this account and on account of realization of investments at the end of 2007 constituted approx. 32.9% of net sales revenues.

### **- real estate trade:**

The characteristics of Echo Investment S.A. Capital Group's operations somehow enforces owning certain real property resources, which are then allocated to specific projects. Income yielded in this area of the Capital Group's operations constitutes about 0.07% of total revenues on sales.

### **- legal, accounting and consulting services:**

This range of operations is related to providing legal, accounting and consulting services to companies. In 2007, the Capital Group did not earn any net revenues on sales generated within this field.

Structure of net sales revenues (in millions PLN) earned by Echo Investment S.A. Capital Group during the years 2007-2006:

Specification	01.01.2007 - 31.12.2007	01.01.2006 - 31.12.2006
Lease of areas shopping centers and commercial and entertainment centers	216,8	150,9
Sales of residential space	32,0	111,5
Development and letting of areas in office and hotel facilities	125,7	59,8
Real estate trade	0,3	3,1
Legal, accounting and consulting services	-	1,1
Other revenues	7,6	6,8
<b>Net revenues from sales of products total</b>	<b>382,4</b>	<b>333,2</b>

**5. Information about changes in the sales market, divided into domestic and foreign, and changes in sources of supply of materials for production, specifying dependency on one or several clients or suppliers and if the share of a single client or supplier reaches at least 10% of income from sales total - specifying the name of such supplier or client, his share in sales or purchases and his formal relationships with Echo Investment S.A. Capital Group.**

#### Sales markets

All projects executed by Echo Investment S.A. Capital Group in 2007 were located on the Polish market only. The companies forming the Capital Group realized their investments in the markets of the following cities: Warsaw, Lodz, Krakow, Poznan, Kielce, Katowice, Szczecin and Wroclaw.

#### Changes in sources of supply

With regard to purchase of services provided by Echo Investment Capital Group companies, the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment Capital Group in the range of execution of specific developer projects. In 2007, the value of trade with one party exceeded the 10% threshold of the value of Echo Capital Group's income:

*Largest vendors of Echo Investment Capital Group in 2007:*

Contract party	Value of turnover (in millions PLN)	% of net sales revenues
Spedimex Sp. z o.o.	43,3	10,8%

#### Changes among clients

The clients of Echo Investment S.A. and of the subsidiaries include tenants of commercial surfaces and clients receiving investment realization services. In 2007, the value of trade with one party exceeded the 10% threshold of the value of Echo Capital Group's income:

*Largest buyers of Echo Investment Capital Group in 2007:*

Buyer	Value of turnover (in millions PLN)	% of net sales revenues
Ustra Sp. z o.o.	71,9	18,8%
Carrefour Polska Sp. z o.o.	26,5	6,9%
Polkomtel S.A.	17,1	4,5%

## 6. Information about contracts significant for Echo Investment S.A. Capital Group's business operations, including contracts made between shareholders, known to Echo Investment S.A. Capital Group companies and insurance, partnering or cooperation contracts made during the year 2007.

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

The unique quality of the operations of Echo Investment S.A. Capital Group assumes execution of investments through subsidiaries. Echo Investment S.A. individually executes housing projects and provides general contractor services to subsidiaries and external investors. The Capital Group companies operate under the commercial law and have been established for the purpose of realization and carrying out operations under a given project.

In May 2007, Echo Investment SA purchased undeveloped property in Częstochowa, with an area of ca. 3,900 square meters, for a gross price of 3.66 million PLN, designed for future investment.

#### Shopping centers and shopping/entertainment centers

In January 2007, Echo Investment SA assigned all rights and obligations to the immovable property situated in Budapest, 14<sup>th</sup> District Zuglo, with an area of 6.84 hectares, to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest under the contract of purchase of the aforementioned property, effected on June 12, 2006 between Echo Investment SA and the Local government of the 14<sup>th</sup> District of the Capital City of Budapest - Zuglo (the Seller). Pursuant to the annex signed, the subsidiary is going to continue development of a modern multifunctional project. In the 1<sup>st</sup> quarter of 2007, an agreement was made with MOFO Architekci Sp. z o.o. designing office for design works on the shopping, service and office center, which is going to be built by the Capital Group on the above mentioned property.

On July 4, 2007 Echo Investment S.A. published a current report that contained confidential information within the meaning of Article 60 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005, which were communicated to the public with delay under Article 57 of the Quotations Act, i.e.:

1. On October 20, 2006, with regard to negotiations being in progress, Echo Investment S.A. and the Issuer's subsidiaries signed a memorandum of understanding with Catalyst Capital of London, whereunder the Parties to that memorandum expressed their intent to enter into a contract of sale of selected real estates in Echo Investment Capital Group's portfolio, no later than until the end of January 2007. The Parties then agreed that the deadline for signing the aforementioned contract was extended to February 28, 2007.

II. On February 9, 2007:

- Echo Investment S.A. [Echo Investment Joint Stock Company], having its registered seat in Kielce, and the following subsidiaries:

- Echo – Centrum Biznesu Łódź Sp. z o.o. [Echo Łódź Business Center Limited Liability Company], having its registered seat in Kielce,

- Echo – Centrum Bankowości i Finansów Łódź Sp. z o.o. [Echo Łódź Banking and Finance Center Limited Liability Company], having its registered seat in Kielce,

- MDP Sp. z o.o. [MDP Limited Liability Company], having its registered seat in Kielce – as the Sellers,

and:

- Projekt – Echo 49" Sp. z o.o. [Project – Echo 49 Limited Liability Company], having its registered seat in Kielce,

- Projekt – Echo 50" Sp. z o.o. [Project – Echo 50 Limited Liability Company], having its registered seat in Kielce,

- Projekt – Echo 51” Sp. z o.o. [Project – Echo 51 Limited Liability Company], having its registered seat in Kielce,

- Projekt Echo – 52 Sp. z o.o. [Project Echo – 52 Limited Liability Company], having its registered seat in Kielce, as the Buyers (subsidiaries of Catalyst Capital of London), entered into a preliminary agreement of sale of real estate.

The object of the preliminary agreement was the sale of:

- perpetual usufruct of real estate situated in Łódź, Piotrkowska/Piłsudskiego Street, whereon the Business Center office building is developed (Real Estate I),

- perpetual usufruct of real estate situated in Łódź, Sienkiewicza Street, whereon the Banking and Finance Center office building is developed (Real Estate II),

- perpetual usufruct of real estate situated in Łódź, Al. Piłsudskiego Street, whereon the MDP shopping and entertainment center is developed (Real Estate III),

- ownership of real estate situated in Kielce, Massalskiego Street, whereon the Pasaż Świętokrzyski shopping center is developed (Real Estate IV).

The initial transaction price has been determined as a PLN equivalent of USD 27,124,907 and EUR 43,810,750, equaling PLN 81,108,896 and PLN 170,371,244, respectively.

The parties to the preliminary agreement have agreed and covenanted to sign the promised contracts until September 30, 2007. The preliminary agreement was signed under a condition precedent. The conditions of signing the promised contract included: obtaining legally required consent of the parties' statutory bodies to the signing of promised contracts, arranging the content of agreement concerning extension of Real Estate IV by the Seller, and content of agreement concerning services related to lease of space in office buildings situated on Real Estate I and real Estate II, submission of certificates of lack of arrears with payment of taxes and other duties, valid as on the day of signing the final agreement, currency permit for effecting payment of the final price in foreign currencies. The agreement has been considered significant on the basis of Issuer's equity criteria. No relationships occur between the Issuer or members of the Issuer's management and supervisory bodies and the parties buying the assets.

III. On July 4, 2007, as the aforementioned conditions precedent have been fulfilled according to the preliminary sales agreement as of February 9, 2007 and in the course of executing the aforementioned agreement, the Parties signed the contracts of sale of the real estates in question.

Total net price of transaction was the PLN equivalent of USD 25,600,173 and EUR 47,373,902.

The following contracts were made:

- Sales contract between Projekt Echo - 53 Sp. z o.o. [Project Echo – 53 Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary, buyer of the real estate from Echo – Centrum Biznesu Łódź Sp. z o.o. [Echo – Łódź Business Center Limited Liability Company]) and Projekt Echo – 49 Sp. z o.o. [Project Echo – 49 Limited Liability Company] with its registered seat in Kielce as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is perpetual usufruct of immovable property situated in Łódź at Piotrkowska/Piłsudskiego Street, whereon the Business Center office building is developed (Real Estate I). Transaction price has been determined as PLN equivalent of USD 17,383,406 net, equaling PLN 48,021,659.08, and the book value of these assets is PLN 47,009,588 (as on June 30, 2007).

- Sales contract between Projekt Echo - 53 Sp. z o.o. [Project Echo – 53 Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary, buyer of the real estate from Echo – Centrum Bankowości i Finansów Sp. z o.o. [Echo – Banking and Finance Center Limited Liability Company]) and Projekt Echo – 51 Sp. z o.o. [Project Echo – 51 Limited Liability Company] with its registered seat in Kielce as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is perpetual usufruct of immovable property situated in Łódź at Sienkiewicza Street, whereon the Banking and Finance Center office building is developed (Real Estate II). Transaction

price has been determined as PLN equivalent of USD 8,216,767 net, and EUR 7,021,907 net, equaling PLN 49,085,740.96, and the book value of these assets is PLN 46,255,934 (as on June 30, 2007).

- Sales contract between MDP Sp. z o.o. [MDP Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary) and Projekt Echo – 50 Sp. z o.o. [Project Echo – 50 Limited Liability Company] as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is perpetual usufruct of immovable property situated in Łódź at Al. Piłsudskiego Street, whereon the MDP shopping and entertainment center is developed (Real Estate III). Transaction price has been determined as PLN equivalent of EUR 10,770,882 net, equaling PLN 40,474,820.38, and the book value of these assets is PLN 27,286,123 (as on June 30, 2007).

- Sales contract between Projekt Echo - 54 Sp. z o.o. [Project Echo – 54 Limited Liability Company] with its registered seat in Kielce as the Seller (the Issuer's subsidiary, buyer of the real estate from Echo Investment S.A.) and Projekt Echo – 52 Sp. z o.o. [Project Echo – 52 Limited Liability Company] as the Buyer (company controlled by WCC Poland S.á.r.l. of Luxembourg, member of the capital group of Catalyst Capital of London). The object of the sales contract is ownership right to immovable property situated in Kielce at Massalskiego Street, whereon the Pasaż Świętokrzyski shopping center is developed (Real Estate IV). Transaction price has been determined as PLN equivalent of EUR 29,581,113 net, equaling PLN 111,159,906.43, and the book value of these assets is PLN 102,046,365 (as on June 30, 2007).

In addition, an agreement was signed on July 4, 2007 containing provisions whereunder Est-On Property Management Sp. z o.o. [Est-On Property Management Limited Liability Company], a subsidiary of Echo Investment S.A., and Cushman & Wakefield Polska Sp. z o.o. [Cushman & Wakefield Poland Limited Liability Company] with its registered seat in Warsaw shall provide services to the Buyer in the field of managing the sold properties.

Funds earned through this transaction will be allocated to performance of Echo Investment Capital Group's investment projects, particularly to realization of consecutive phases of shopping centers in Kielce, office projects in Krakow, Katowice and Lodz.

Echo Capital Group intends to develop a modern regional shopping and entertainment center on the immovable property purchased in the 3<sup>rd</sup> quarter of 2007, located in Kalisz. The facility will be built at Górnosłaska Street and Trasa Bursztynowa (the Amber Route). The contract value was PLN 18.8 million. The total area of the contemplated center shall be ca. 100,000 square meters, with rentable area of about 40,000 square meters. The launching of the project is scheduled for 2010 and completion in 2012.

During the 3<sup>rd</sup> quarter of 2007, the Issuer's subsidiary Echo – Arena Spółka z ograniczoną odpowiedzialnością Spółka komandytowa [Echo – Arena Limited Liability Company, Limited Partnership] with its registered seta in Kielce ("the Landlord", or "the Subsidiary") entered into a preliminary lease agreement with Tesco (Polska) Sp. z o.o. with its registered seat in Krakow ("the Tenant"). The preliminary lease agreement concerns lease of approx. 8,900 square meters of commercial surface in the Arena shopping and entertainment center that is being prepared for development in Słupsk at Grottger Street (the Mall). The Tenant is going to engage in trade and service activity in the Mall in the form of a grocery and household goods store in unlimited range of standard commodities typically sold in such Tesco outlets in Poland.

The contract of lease that the parties agreed to sign foresees a term of 30 years. The estimated value of contract for 30 years of lease is a Polish zloty equivalent of EUR 17.69 million, i.e. PLN 65.31 as on the contract effective date according to the average rate of exchange published by the National Bank of Poland. The final agreement of lease should be signed by the parties to the aforementioned contract not later than December 31, 2010.

A precondition for signing the aforementioned lease contract is obtaining a final building permit decision for the Mall by the Subsidiary or another organization contracted thereby and taking possession of the real estates dedicated to the development of the Mall not later than on July 31, 2008.

The aforementioned condition is a condition precedent.

The preliminary lease agreement contains certain stipulations on liquidated damages, the value whereof may reach 1.5 million. The basis for charging liquidated damages on the Tenant shall be the Tenant's termination of contract by the Landlord's default and accordingly on the Landlord – termination by the Landlord by default of the Tenant. The contract provides for the Tenant claiming indemnity in excess of the reserved value of liquidated damages.

This contract has been considered significant on the basis of equity criteria.

The envisaged development of the Arena shopping and entertainment center in Słupsk is a part of strategy whereunder Echo Investment Capital Group executed projects in the sector of shopping and entertainment centers. The establishment will offer about 38,000 thousand square meters of area to let.

In the 2<sup>nd</sup> quarter of 2007, an annex was executed between the Issuer's subsidiary "Echo Investment – Centrum Handlowe Łomża" Sp. z o.o. ["Echo Investment – Łomża Shopping Center" Limited Liability Company] (the Financing Party) and "real,- Sp. z ograniczoną i Spółka" Spółka komandytowa (the User), amending the deadline for the terminating condition of the Contract dated June 22, 2005 (the Annex). Under the Annex, the final date of purchase of real estate in Łomża by the Financing Party was amended. The presently envisaged deadline is June 22, 2008. Unless the above condition is complied with, the Contract will be terminated without any claims of the Parties. Furthermore, the Parties may terminate the Contract if a final building permit for a shopping center is not obtained until June 30, 2009.

In the 3<sup>rd</sup> quarter 2007, the Issuer's subsidiary called Echo Investment Project 1 Srl with its registered seat in Bucharest (the Buyer) signed an agreement of purchase of immovable property with Fartec SA with its registered seat in Brasov, Romania (the Seller).

The object of contract is an immovable property being a plot of land with production buildings erected thereon, situated in Brasov at Stadionului Street, Romania, with an area of 4.0 hectares. The value of contract is RON 78.84 million which, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 88,111,584.

The source of asset purchase financing shall be the funds obtained by the target company under a loan agreement of September 26, 2007. Ownership right to the aforementioned immovable property shall be transferred to the Buyer against payment of the last installment, i.e. within 180 days from the effective date of this Agreement. The agreement stipulates notice of liquidated damages for delayed payment by the Buyer, the value of such damages expressed in PLN may exceed the equivalent of EUR 200,000. The purchased assets used to be exploited before acquisition in production activity.

Purchase of land in Brasov is in accordance with the assumed strategy, whereunder Echo Investment SA is expanding its range of operations on the real estate markets of Central and East European countries.

An advanced shopping and entertainment center shall be built on the purchased land, total area in excess of 100,000 sq. m.

In the 4<sup>th</sup> quarter of 2007, Echo Investment SA entered into an agreement with the City of Lublin regarding development of PARK ECHO on Górki Czechowskie, Lublin. The city is going to initiate amendment of the spatial development plan, thus enabling commencement of development activities on the scheduled investment. The Company shall at its own expense reconstruct the traffic system in the neighborhood of the contemplated shopping and entertainment center Park Echo and the existing crossing of al. Solidarności with al. Sikorskiego and ul. Gen. Bolesława Ducha. The estimated value of this investment project shall be about 80 million zlotys. According to the provisions of the aforementioned agreement, the City agreed to take whatever action is required to amend the local spatial development plan of the City of Lublin, within 36 months from the effective date of agreement, for the Company's real estate with the approximate area of 113 hectares, located in Lublin at Poligonowa Street, in the area of so-called Górki Czechowskie, in order to enable Echo Investment SA to execute its contemplated investments. The Company intends to build the following establishments on the aforementioned property: - a shopping, entertainment and service center (the Mall) with a total shopping area reaching 80,000 square meters, developed in combination with reconstruction of the traffic system around the contemplated building as a necessary Mall service

component,

- a complex of service and office establishments complementing the functions offered by the Mall,
- a city-style recreation and landscape park. When the aforementioned changes are made to the spatial development plan, Echo Investment SA shall:
  - prepare a concept and complete technical documentation with a building permit for reconstruction of the traffic system in the vicinity of the contemplated Mall and the existing crossing of Al. Solidarności with Al. Sikorskiego and ul. Gen. Bolesława Ducha,
  - reconstruct the traffic system at the Company's sole expense,
  - deliver the reconstructed traffic system before opening the Mall and complete the development of the park comprised by the contemplated investment not later than within 36 months from entry into force of a Resolution of the Lublin City Council, approving the amendments to the local spatial development plan,
  - transfer the entire road system gratuitously to the City following completion of the investment consisting in reconstruction of the traffic system. If a building permit for the Mall cannot be obtained within 24 months from the date of entry into force of the aforementioned Resolution of the Lublin City Council approving of the amendments to the local spatial development plan, Echo Investment SA shall be entitled to terminate the agreement. The estimated cost of reconstruction of the traffic system will be about 80 million PLN. Specific terms and conditions of reconstruction of the traffic system shall be stipulated in a separate agreement (Road Agreement). Should the parties to the agreement fail to enter into a Road Agreement within 9 months from the effective date of the present agreement, either party may terminate the agreement.

1. On April 5, 2007 a preliminary agreement of sale of shares was made between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) under a condition precedent (the Preliminary Agreement).

The object of contract is acquisition by the Buyer of 1,250 shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company), which constitute 100% of all shares in the said Company.

The value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. Shares shall carry one vote at the general meeting of shareholders each.

Under the provisions of the preliminary agreement, the parties agreed to enter into the promised contract not later than on August 31, 2008. Acquisition price of the shares shall be not more than PLN 14.2 million.

The agreement was made under a condition precedent. The Buyer shall acquire the shares in Ultra Marina Sp. z o.o. provided that the Company formerly obtains the right of perpetual usufruct of developed land properties located in Koszalin with an area of 3.314 hectares and the Company is registered as the perpetual lessee of these properties in relevant land and mortgage registers.

2. On October 10, 2007 an annex was made to the preliminary agreement of sale of shares as of April 5, 2007 between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) (the Annex).

Under the provisions of the said Annex, the acquisition price of the shares is amended and shall be not more than PLN 11,787,820.

3. On January 10, 2008 the Buyer was notified by the Seller that Ultra Marina Sp. z o.o. obtained ownership title to the aforementioned real estate and was recorded in land and mortgage registers as the perpetual lessee of real estates located in Koszalin with an area of 3.314 hectares. Therefore, the condition precedent for effective acquisition of shares in the Company as specified in the preliminary agreement of sale of shares as of April 5, 2007 was fulfilled.

4. With reference to fulfillment of the Buyer's acquisition of shares in Ultra Marina Sp. z o.o., on January 10, 2008 Echo Investment SA (the Buyer) signed a contract of sale of shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company) with Mr. Wiesław Prusiecki as the Seller.

Under the aforementioned contract, the Buyer acquires 100% of shares in the Company's initial capital. The nominal value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. One share carries one vote at the Company's general meeting of shareholders.

Acquisition price of the shares was PLN 11,770,455. The acquired shares were financed with the Buyer's own funds. The Buyer intends to consider the acquired assets as long-term capital investment.

Ultra Marina Sp. z o.o. is going to carry out development activity in Koszalin. Echo Investment Capital Group intends to develop a shopping and entertainment center on its immovable property located in Koszalin, exceeding 3 hectares in size. Rentable area of the contemplated mall will be about 35 thousand square meters. The anticipated completion date for the establishment is 2011.

Before the date of signing the Contract of sales of shares, the information concerning:

- preliminary agreement of sales of shares under a condition precedent, and

- annex to the preliminary agreement of sale of shares was considered confidential by Echo Investment SA within the meaning of the provision of Article 60 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005, which were communicated to the public with delay under Article 57 of the Act on Quotations.

### Offices and Hotels

In December 2006, Echo Investment SA succeeded in an open tender for the sale of 99-year perpetual usufruct right to land situated in Gdańsk, Jana z Kolna Street. In the 1<sup>st</sup> quarter of 2007, a preliminary agreement was made for letting the aforementioned land in perpetual usufruct. The Company intends to develop office space on the above mentioned real estate. Another contract was made with Arch - Deco, a designing office of Gdynia, for execution of designing works related to the said office building.

On January 9, 2007 Echo Investment SA entered into a contract of lease of office space (ca. 3,690 sq. m) in one of the above mentioned buildings with Ustra Sp. z o.o. of Kielce. The contract was made for a period of 10 years. The value of contract for the entire 10-year period, as at the contract effective date, is PLN 32.9 million.

On July 5, 2007, a contract of purchase of real estate situated at the crossing of Górnosłaska Street and Francuska Street in Katowice. The local spatial development plan stipulates an office and administrative function for the purchased plot of land. The company intends to build a business park with an area exceeding 60,000 sq. m, with underground parking lots, on the purchased land. The launch of this investment project is anticipated in the 2<sup>nd</sup> half of 2008 and the first stage should be completed in the 1<sup>st</sup> half of 2010.

On August 14, 2007 Echo Capital Group became the owner of immovable property situated in Łódź, Piłsudskiego Street. The purchase price of this immovable property was PLN 22.8 million. A modern complex of A-class office buildings will be erected on the newly purchased plot of land. Rentable area shall exceed 26,000 sq. m. The launch of this investment project is planned for the 2<sup>nd</sup> half of 2008 and completion for the 2<sup>nd</sup> half of 2009.

During the 4<sup>th</sup> quarter of 2007, a conditional agreement of purchase of real estate situated in Krakow at 29 Listopada and Opolska Streets was signed. The property can be purchased on the condition that the Commune of Krakow does not exercise its first right of refusal. As the Commune did not exercise its first right of refusal, on February 28, 2008 the subsidiary "Projekt Echo - 47" Sp. z o.o., pursuant to an agreement made with Pergranso Sp. z o.o. with its registered seat in Warsaw, acquired the right of usufruct to the aforementioned real estate with the area of 23,770 square meters. Furthermore, in the 4<sup>th</sup> quarter of 2007 an approximately 11,625 sq. m land plot was also purchased at Opolska Street, to become incorporated in the envisaged investment project in the future. The value of both agreements was PLN 41.4 million net. The company intends to develop an advanced office project with area to let exceeding 50 thousand square meters on the purchased properties. The anticipated commencement date of the 1<sup>st</sup> stage of investment will be in the 1<sup>st</sup> half of 2009, and completion date - in the 2<sup>nd</sup> half of 2010.

On December 31, 2007, the Issuer's subsidiary called "Projekt Echo - 63" ["Project Echo - 63"] signed a lease agreement with Fortis Bank Polska SA on working terms. The object of this lease agreement shall be modern office space in a seven-storey class A office building to be erected in Krakow, Lea Street, with an area of ca. 12,000 square meters, with an above-ground and underground parking lot (the Leased Property). The leased property will be delivered before September 30, 2009.

The lease agreement was made for a period of 10 years as from effective delivery of the Leased Property for use. Estimated value of net revenues under the provisions of the said agreement for its 10-years life is about 91.6 million PLN (including 19.6 million EUR, an equivalent of 70.3 million PLN, converted according to the average rate of exchange of the National Bank of Poland as of the contract effective date).

The lease agreement contains certain provisions allowing the charging of liquidated damages, the aggregated value whereof may exceed 10% of the value of contract. Penalties will be charged on the basis of the monthly lease rent as from January 1, 2010 in respect of delayed delivery of the Leased Property to the Tenant.

The contract provides for claiming indemnity in excess of the reserved value of liquidated damages.

On December 20, 2007, the Company signed a contract with Modzelewski & Rodek Sp. z o.o. of Warsaw (the Contractor) for core & shell construction. Under the aforementioned Contract, the Contractor agrees and covenants to carry out the works consisting in core & shell construction of the Park Postępu office building complex to be developed in Warsaw at 21 Postępu Street (Object of Contract). The complex shall consist of four seven-storey office buildings with above-ground garage and two-level underground garage. Anticipated usable area shall exceed 33 thousand square meters. Development of the facility shall be completed until January 15, 2009. Contract provisions enable extension of cooperation with General Contracting of the Investment, thus expanding the scope of the object of Contract. The parties to the Contract are going to sign relevant Annexes to the Contract with this respect before January 31, 2008.

The Contractor's fee for the performance of the object of Contract shall be a lump sum fee of PLN 64.2 million.

The Contract contains certain provisions that allow charging of liquidated damages in excess of a total PLN equivalent of EUR 200,000 but not exceeding 10% of the net value of fee for Contract performance. Liquidated damages shall be charged for such events as delay in timely completion of the object of Contract or termination of Contract by the Company or Contractor by one party's default. Payment of liquidated damages shall not exclude the right to claim indemnity in the amount exceeding the value of such liquidated damages.

## **Apartments**

Echo Investment SA intends to develop residential buildings on its land situated in Krakow, Tyniecka Street, purchased in the 1<sup>st</sup> half of 2007. The Company has applied for a zoning decision. Area for sale will be about 5,000 square meters. (109 apartments). The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

In the 1<sup>st</sup> quarter of 2007, real estate was purchased in Warsaw, Bielany district (Młociński Forest), 6.3 hectares in size. The company intends to build an estate of 37 houses, comprising 9.25 thousand square meters.

In the 1<sup>st</sup> quarter of 2007, the Company purchased immovable property situated in Krakow, Bronowicka Street. The company intends to erect a residential building on that plot, with an area for sale of about 3,000 sq. m (39 apartments). The Company has applied for a zoning decision. The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

In the 1<sup>st</sup> quarter of 2007, Echo investment SA signed a contract with StoMM Architektura Maciej Stoczkiewicz of Kielce for design works on a single-family houses estate in Dyminy near Kielce.

In April 2007, Echo Investment S.A. (the Buyer) entered into a contract of sale of immovable property and a preliminary contract of sale with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller).

The object of the contract of sale is the immovable property situated in Łódź with two office and warehouse buildings erected thereon. The value of contract is PLN 30,000,000.

The object of preliminary contract of sale is the immovable property situated in Łódź with a fuel station and technical buildings erected thereon. The value of contract is PLN 13,300,000. A precondition to the making of the promised contract is that the Seller must disclose in the land and mortgage register the buildings and structures erected on the immovable property and submit a certificate of lack of arrears in tax payments valid as on the effective date of the final contract and a valid copy of the land and mortgage register. The aforementioned conditions were conditions precedent.

On July 19, 2007, as the condition precedent to executing the promised contract of sale was fulfilled, Echo Investment (the Buyer) signed a contract with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller) on sale of immovable property situated in Łódź at Górnicza Street, with fuel station buildings and technical buildings erected thereon. The contract value was PLN 13.3 million. A precondition to the making of the aforementioned promised contract was that the Seller had to disclose in the land and mortgage register the buildings and structures erected on the immovable property and submit a certificate of lack of arrears in tax payments valid as on the effective date of the final contract and a valid copy of the land and mortgage register. The aforementioned conditions were conditions precedent.

The Issuer intends to execute a project consisting in residential buildings on the newly purchased immovable property in Łódź at Górnicza and Okopowa Streets.

On July 18, 2007 a contract was signed for purchase of real estate in Łódź, Wodna Street. Echo Investment SA intends to develop residential buildings comprising 320 apartments on the purchased land. The contract value was PLN 26 million. The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2011.

On October 31, 2007 an agreement was made between Echo Investment SA and Weko Prof Sp. z o.o. with its registered seat in Warsaw, for general contracting of a residential building located in Poznan, Wojskowa Street. The contract value was PLN 30.61 million net.

On November 7, 2007, by way of a tender being resolved, Echo Investment SA purchased real estate situated in Wroclaw, Jedności Narodowej Street. The Company intends to develop a housing project on the above mentioned land. The land plot with an area of 7.4 thousand square meters was purchased for a price of 18.55 million PLN. A zoning decision has been issued for the real estate that allows erection of a multi-family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 12,000 square meters. Design works are going to commence as early as this year, and launching of development is anticipated for 2009.

On December 18, 2007 Echo Investment SA purchased immovable property in Wroclaw with an approximate area of 3 hectares, situated at Grota Roweckiego Street. The purchase price was PLN 32.2 million. The Company intends to develop a housing project on the above mentioned land, with approximate usable area of 19 thousand square meters, including almost 17 thousand square meters to be allocated to apartments (over 300 apartments) and about 2 thousand square meters for service outlets. The anticipated realization commencement date will be the 1<sup>st</sup> half of 2009, and completion date will fall in the 2<sup>nd</sup> half of 2011.

## 6.2. Contracts made between shareholders

Echo Investment S.A. does not know about any contracts made between shareholders during the year 2007.

### 6.3. Insurance contracts

Range of coverage	Underwriter	Insurance amount [in thousands PLN] balance as on 2007-12-31
property insurance – buildings	TU Compensa S.A., PTU S.A., PZU S.A., TU Allianz Polska S.A., Generali TU S.A.,	843 669
property insurance - equipment	TU Compensa S.A., PTU S.A., STU Ergo Hestia S.A., TU Allianz Polska S.A., Generali TU S.A., PZU S.A.	6 898
third party insurance (civil liability insurance)	TU Compensa S.A., STU Ergo Hestia S.A., PTU S.A., PZU S.A., TU Allianz Polska S.A.	55 853
construction and assembly risk insurance policies	TU Compensa S.A., Generali TU S.A.	403 700
insurance against loss of profit	TU Allianz Polska S.A., PTU S.A., Generali TU S.A, TU Compensa S.A.,	134 386
Other insurances	PZU SA	2 418
	<b>TOTAL</b>	<b>1 446 924</b>

### 6.4. Partnering or cooperation agreements

Echo Investment Capital Group did not conclude any partnering or cooperation agreements during 2007.

## 7. Information about changes in organizational or capital relationships of Echo Investment S.A. with other companies, indicating its key domestic and foreign investments (securities, financial instruments and real estate), including capital investments made outside its capital group, and a description of methods of their financing.

### 7.1. Changes in organizational or capital relationships of Echo Investment S.A.

I. The Capital Group was expanded with 54 new subsidiaries:

On January 09, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following subsidiaries:

1. "Projekt – Echo 53" Sp. z o.o. ['Project – Echo 53' Limited Liability Company], having its registered seat in Kielce,
2. "Projekt – Echo 54" Sp. z o.o. ['Project – Echo 54' Limited Liability Company], having its registered seat in Kielce,
3. "Projekt – Echo 55" Sp. z o.o. ['Project – Echo 55' Limited Liability Company], having its registered seat in Kielce,
4. "Projekt – Echo 56" Sp. z o.o. ['Project – Echo 56' Limited Liability Company], having its registered seat in Kielce,

5. "Projekt – Echo 60" Sp. z o.o. ['Project – Echo 60' Limited Liability Company], having its registered seat in Kielce,
6. "Projekt – Echo 62" Sp. z o.o. ['Project – Echo 62' Limited Liability Company], having its registered seat in Kielce,
7. "Projekt – Echo 63" Sp. z o.o. ['Project – Echo 63' Limited Liability Company], having its registered seat in Kielce,
8. "Projekt – Echo 65" Sp. z o.o. ['Project – Echo 65' Limited Liability Company], having its registered seat in Kielce,
9. "Projekt – Echo 67" Sp. z o.o. ['Project – Echo 67' Limited Liability Company], having its registered seat in Kielce,
10. "Projekt – Echo 71" Sp. z o.o. ['Project – Echo 71' Limited Liability Company], having its registered seat in Kielce,
11. "Projekt – Echo 76" Sp. z o.o. ['Project – Echo 76' Limited Liability Company], having its registered seat in Kielce,
12. "Projekt – Echo 77" Sp. z o.o. ['Project – Echo 77' Limited Liability Company], having its registered seat in Kielce,
13. "Projekt – Echo 79" Sp. z o.o. ['Project – Echo 79' Limited Liability Company], having its registered seat in Kielce,

The value of initial capital of each of these companies is PLN 50,000 and is divided into 1000 shares for a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000.

As on the registration day:

- Echo Investment SA took up 999 shares in each newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for each 999 shares.

- Projekt – Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary of Kielce took up 1 share in each newly established subsidiary, carrying 1% of votes at the general meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment.

Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. with its registered seat in Kielce.

On January 09, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following subsidiaries:

1. "Projekt – Echo 49" Sp. z o.o. ['Project – Echo 49' Limited Liability Company], having its registered seat in Kielce,
2. "Projekt – Echo 50" Sp. z o.o. ['Project – Echo 50' Limited Liability Company], having its registered seat in Kielce,
3. "Projekt – Echo 51" Sp. z o.o. ['Project – Echo 51' Limited Liability Company], having its registered seat in Kielce,
4. "Projekt – Echo 52" Sp. z o.o. ['Project – Echo 52' Limited Liability Company], having its registered seat in Kielce.

The value of initial capital of each of these companies is PLN 50,000 and is divided into 100 shares for a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 100.

On the registration day, the Issuer took up 100 shares in each of the newly established subsidiaries, entitling him to 100% of votes at the meeting of shareholders. The purchase price is PLN 50,000 for each 100 shares. The acquired shares constitute a long-term capital investment.

Acquisition of shares was financed with the Issuer's own funds.

On January 10, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following subsidiaries:

1. "Projekt – Echo 57" Sp. z o.o. ['Project – Echo 57' Limited Liability Company], having its registered seat in Kielce,

2. "Projekt – Echo 58" Sp. z o.o. ['Project – Echo 58' Limited Liability Company], having its registered seat in Kielce,
3. "Projekt – Echo 61" Sp. z o.o. ['Project – Echo 61' Limited Liability Company], having its registered seat in Kielce,
4. "Projekt – Echo 64" Sp. z o.o. ['Project – Echo 64' Limited Liability Company], having its registered seat in Kielce,
5. "Projekt – Echo 66" Sp. z o.o. ['Project – Echo 66' Limited Liability Company], having its registered seat in Kielce
6. "Projekt – Echo 68" Sp. z o.o. ['Project – Echo 68' Limited Liability Company], having its registered seat in Kielce,
7. "Projekt – Echo 69" Sp. z o.o. ['Project – Echo 69' Limited Liability Company], having its registered seat in Kielce,
8. "Projekt – Echo 70" Sp. z o.o. ['Project – Echo 70' Limited Liability Company], having its registered seat in Kielce,
9. "Projekt – Echo 72" Sp. z o.o. ['Project – Echo 72' Limited Liability Company], having its registered seat in Kielce,
10. "Projekt – Echo 73" Sp. z o.o. ['Project – Echo 73' Limited Liability Company], having its registered seat in Kielce,
11. "Projekt – Echo 74" Sp. z o.o. ['Project – Echo 74' Limited Liability Company], having its registered seat in Kielce,
12. "Projekt – Echo 75" Sp. z o.o. ['Project – Echo 75' Limited Liability Company], having its registered seat in Kielce,
13. "Projekt – Echo 78" Sp. z o.o. ['Project – Echo 78' Limited Liability Company], having its registered seat in Kielce,
14. "Projekt – Echo 80" Sp. z o.o. ['Project – Echo 80' Limited Liability Company], having its registered seat in Kielce,
15. "Projekt – Echo 81" Sp. z o.o. ['Project – Echo 81' Limited Liability Company], having its registered seat in Kielce,
16. "Projekt – Echo 82" Sp. z o.o. ['Project – Echo 82' Limited Liability Company], having its registered seat in Kielce.

The value of initial capital of each of these companies is PLN 50,000 and is divided into 1000 shares for a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in each newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for each 999 shares.
- Projekt – Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary of Kielce took up 1 share in each newly established subsidiary, carrying 1% of votes at the general meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. with its registered seat in Kielce.

On January 29, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary "Projekt Echo – 59" Sp. z o.o. ['Project Echo – 59' Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company's initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
- Projekt – Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

On February 7, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary “Projekt Echo – 47” Sp. z o.o. [“Project Echo – 47” Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company’s initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
- Projekt – Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

On February 15, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary “Projekt Echo – 48” Sp. z o.o. [“Project Echo – 48” Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company’s initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
- Projekt – Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

On February 27, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary “Projekt Echo – 46” Sp. z o.o. [“Project Echo – 46” Limited Liability Company] with its registered seat in Kielce.

The value of the newly registered Company’s initial capital is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1000. As on the registration day:

- Echo Investment SA took up 999 shares in the newly established subsidiary, entitling to 99,9% of votes at the meeting of shareholders. The purchase price is PLN 49,950 for the 999 shares.
- Projekt – Echo 17 Sp. z o.o. of Kielce took up 1 share in the newly established subsidiary, entitling to 1% of votes at the meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt - Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] subsidiary with its registered seat in Kielce.

The District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following subsidiaries:

- „Projekt – Echo 41 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [“Project – Echo 41 Limited Liability Company” Limited Partnership], having its registered seat in Kielce,
- „Projekt – Echo 42 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [“Project – Echo 42 Limited Liability Company” Limited Partnership], having its registered seat in Kielce,
- „Projekt – Echo 45 spółka z ograniczoną odpowiedzialnością” Spółka komandytowa [“Project – Echo 45 Limited Liability Company” Limited Partnership], having its registered seat in Kielce.

On May 31, 2007 the District Court in Budapest registered a subsidiary “Echo – Building Ingatlanhasznosító” Kft. with its registered seat in Budapest. The value of initial capital is HUF

3,000,000 (according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event, the said amount is an equivalent of PLN 45,771.00). As on the registration day, Echo Investment SA acquired 100% of initial capital of the aforementioned company, carrying 100% of votes at the general meeting of shareholders. The acquired shares were financed with the Issuer's own funds. The Issuer intends to use the acquired shares as long-term capital investment.

On June 26, 2007, the Regional State Registration in Kiev registered a subsidiary "Echo Investment Ukraine" Limited Liability Company with its registered seat in Kiev.

The value of initial capital is UAH 42,000 (an equivalent of PLN 23,616 as on the date of occurrence according to average rate of exchange published by the National Bank of Poland). As on the registration date, Echo Investment S.A. took up 99.99% of initial capital of Echo Investment Ukraine, worth UAH 41,995.80 and carrying 99.99% votes at the general meeting of shareholders. Shares were acquired on the basis of an agreement of sales of share in initial capital, which was executed between Echo Investment SA (the Buyer) and Mr. Andriy Smetana, citizen of Ukraine (the Seller). The purchase price of the shares is USD 8,350 (according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event, the said amount is an equivalent of PLN 23,616). The Issuer intends to use the acquired shares as long-term capital investment. The acquired shares were financed with the Issuer's own funds.

On September 26, 2007 the Regional State Registration in Kiev registered changes in the initial capital of the following subsidiaries: „Echo - Projekt 1” Limited Liability Company with its registered seat in Kiev, and „Echo -Projekt 2” Limited Liability Company with its registered seat in Kiev (the Subsidiaries).

The nominal value of each Subsidiary's initial capital is UAH 42,000 (an equivalent of PLN 22,264.20 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital).

As on the registration day, the Issuer's Subsidiary „Echo Investment Ukraine” Limited Liability Company with its registered seat in Kiev took up 100% of the initial capital of „Echo - Projekt 1” LLC with nominal value of UAH 42,000, carrying 100% of votes at the general meeting of shareholders, and 99.99% of the initial capital of „Echo - Projekt 2” LLC with nominal value of UAH 41,995.80, carrying 99.99% of votes at the general meeting of shareholders.

As on the registration day, the Subsidiary "Echo - Projekt 1" LLC took up 0.01% of the initial capital of "Echo - Projekt 2" LLC, worth UAH 4.2, carrying 0.01% of votes at the general meeting of shareholders.

Shares in the initial capital of „Echo - Projekt 1” LLC were acquired on the basis of contracts of transfer of shares, executed between „Echo Investment Ukraine” Limited Liability Company (the Buyer) and individuals being Ukrainian citizens (the Sellers). The purchase price of the shares is UAH 42,000, an equivalent of PLN 22,264.20 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital of the Subsidiaries). The Buyer intends to use the acquired shares as long-term capital investment. The acquired shares were financed with the Buyer's own funds.

Shares in the initial capital of „Echo - Projekt 2” LLC were acquired on the basis of a contract of transfer of shares, executed between „Echo Investment Ukraine” Limited Liability Company (the Buyer) and an individual being a Ukrainian citizen (the Seller). The purchase price of the shares is UAH 41,995.80, an equivalent of PLN 22,261.97 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital of the Subsidiaries).

The District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the following 10 subsidiaries:

- on October 9, 2007:

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

- "Projekt - Echo 90" Sp. z o.o. [Project - Echo 90' Limited Liability Company], having its registered seat in Kielce

- on October 15, 2007 - "Projekt – Echo 91" Sp. z o.o. [Project – Echo 91' Limited Liability Company], having its registered seat in Kielce.
- on October 30, 2007:
  - "Projekt – Echo 87" Sp. z o.o. [Project – Echo 87' Limited Liability Company], having its registered seat in Kielce
  - "Projekt – Echo 88" Sp. z o.o. [Project – Echo 88' Limited Liability Company], having its registered seat in Kielce.
- on November 09, 2007 - "Projekt – Echo 85" Sp. z o.o. [Project – Echo 85' Limited Liability Company], having its registered seat in Kielce.
- on November 20, 2007:
  - "Projekt – Echo 84" Sp. z o.o. [Project – Echo 84' Limited Liability Company], having its registered seat in Kielce
  - "Projekt – Echo 86" Sp. z o.o. [Project – Echo 86' Limited Liability Company], having its registered seat in Kielce
- on November 29, 2007 - "Projekt – Echo 92" Sp. z o.o. [Project – Echo 92' Limited Liability Company], having its registered seat in Kielce.
- on December 17, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered a new subsidiary "Projekt Echo – 83" Sp. z o.o. [Project Echo – 83' Limited Liability Company] with its registered seat in Kielce.

The value of initial capital capital of each of these companies is PLN 50,000 and is divided into 1000 shares with a nominal value of PLN 50 each. The total number of votes carried by the shares at each company's general meeting of shareholders is 1000. In each of the aforementioned newly established subsidiaries: - Echo Investment SA took up 999 shares carrying 99.9% of votes at the general meeting of shareholders. The acquisition price is PLN 49,950 for 999 shares, - the Issuer's subsidiary Projekt – Echo 17 Sp. z o.o. [Project – Echo 17 Limited Liability Company] of Kielce took up 1 share carrying 0.1% of votes at the general meeting of shareholders. The purchase price is PLN 50 for share. The acquired shares constitute a long-term capital investment. Acquisition of shares was financed with own funds of the Issuer and of Projekt – Echo 17 Sp. z o.o. with its registered seat in Kielce.

## II. 17 companies were eliminated from the Capital Group:

The Company: "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. [Echo Investment – Piotrków Trybunalski Shopping Center' Limited Liability Company], having its registered seat in Kielce (the merging company) merged with the following companies:

"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. [Echo Investment – Pabianice Shopping Center' Limited Liability Company], having its registered seat in Kielce

"Echo Investment - Centrum Handlowe Radom" Sp. z o.o. [Echo Investment – Radom Shopping Center' Limited Liability Company], having its registered seat in Kielce (the merged companies).

and

- „Echo Investment – Centrum Handlowe Świętochłowice" Sp. z o.o. [Echo Investment – Świętochłowice Shopping Center' Limited Liability Company] (the merging company) merged with the following companies:

- "Echo Investment - Centrum Handlowe Olkusz" Spółka z o.o. [Echo Investment – Olkusz Shopping Center' Limited Liability Company], having its registered seat in Kielce,

"Echo Investment - Centrum Handlowe Piła Sp. z o.o." [Echo Investment – Piła Shopping Center Limited Liability Company'], having its registered seat in Kielce

"Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o." [Echo Investment – Siemianowice Śląskie Shopping Center Limited Liability Company'], having its registered seat in Kielce,

- "Echo Investment - Centrum Handlowe Tczew Sp. z o.o." ['Echo Investment - Tczew Shopping Center Limited Liability Company'], having its registered seat in Kielce,
- "Echo Investment - Centrum Handlowe Zamość Sp. z o.o." ['Echo Investment - Zamość Shopping Center Limited Liability Company'], having its registered seat in Kielce (the merged companies).

The District Court in Kielce, 10<sup>th</sup> Department of the National Court Register, deleted the following from the registry:

- on April 24, 2007: "Echo Investment - Centrum Handlowe Piła Sp. z o.o." ['Echo Investment - Piła Shopping Center Limited Liability Company'], having its registered seat in Kielce,
- on May 23, 2007: "Echo Investment - Centrum Handlowe Radom Sp. z o.o." ['Echo Investment - Radom Shopping Center Limited Liability Company'], having its registered seat in Kielce,
- on June 05, 2007: "Echo Investment - Centrum Handlowe Pabianice Sp. z o.o." ['Echo Investment - Pabianice Shopping Center Limited Liability Company'], having its registered seat in Kielce

On January 30, 2007 Echo Investment SA transferred 100% of shares in the initial capital of the following companies:

- "Projekt - Echo 49" Spółka z o.o. ['Project - Echo 49' Limited Liability Company], having its registered seat in Kielce,
- "Projekt - Echo 50" Spółka z o.o. ['Project - Echo 50' Limited Liability Company], having its registered seat in Kielce,
- "Projekt - Echo 51" Spółka z o.o. ['Project - Echo 51' Limited Liability Company], having its registered seat in Kielce,
- "Projekt - Echo 52" Spółka z o.o. ['Project - Echo 52' Limited Liability Company], having its registered seat in Kielce.

The sales price of shares in the aforementioned companies was PLN 400,000 and the book value of these shares in the Issuer's books of accounts was PLN 200,000.

The nominal value of 100% shares in each company is PLN 50,000. The Issuer's previous share in the initial capital of each of the aforementioned companies was 100% and the number of votes carried by these shares was 100 votes at the general meeting of shareholders of each of the transferred companies.

On September 27, 2007 a contract was made between Echo Investment SA with its registered seat in Kielce, acting together with the Issuer's subsidiary Projekt Echo - 17 Sp. z o.o. (jointly referred to as the Seller) and Firma Chemiczna Dwory S.A. with its registered seat in Oświęcim (the Buyer), concerning transfer of shares of the issuer's subsidiary Projekt Echo - 79 Sp. z o.o. with its registered seat in Kielce (the Subsidiary). The contracts concern 100% shares in the Subsidiary's share capital with nominal value of PLN 50,000. The sales price of these shares equaled PLN 59,000 and the book value of these shares in the Issuer's and its subsidiary's books of accounts was PLN 50,000.

On November 12, 2007, 100% of shares of the Issuer's subsidiary "Projekt Echo - 82" Sp. z o.o. with its registered seat in Kielce were sold, of a total nominal value of PLN 50,000. The sales price of shares was PLN 58,000 and the book value of these shares in the Issuer's books of accounts was PLN 50,000. The buyers of the shares were Ustra Sp. z o.o. with its registered seat in Kielce (99 shares) and Magellan - Pro Equity Fund I SA with its registered seat in Kielce (1 share).

On November 28, 2007 Echo sold 100% of shares of the Issuer's subsidiary "Projekt Echo - 78" Sp. z o.o. with its registered seat in Kielce, with a total nominal value of PLN 50,000. The sales price of shares was PLN 57,798 and the book value of these shares in the Issuer's books of accounts was PLN 50,000. Buyers of shares: Cersanit I Sp. z o.o. with its registered seat in Krasnystaw (99 shares) and Cersanit SA (1 share).

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

On January 25, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary “Echo – Centrum Gdynia” Sp. z o.o. [‘Echo – Gdynia Center’ Limited Liability Company] with its registered seat in Kielce.

The present value of the Company’s initial capital is PLN 11,239,000 and is divided into 22,478 shares with a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 22,478.

As on the registration date, ownership structure in “Echo – Centrum Gdynia” Sp. z o.o. [‘Echo – Gdynia Center’ Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 18,538 shares in the subsidiary with a total value of PLN 9,269,500, giving 18,538 votes at the meeting of shareholders, forming 82.47% of the initial capital.
- “Giant” Sp. z o.o. (Limited Liability Company) with its registered seat in Poznań holds 3,939 shares with a total value of PLN 1,969,500, giving 3,939 votes at the meeting of shareholders, forming 17.52% of the initial capital,
- the subsidiary “Projekt Echo - 17” Sp. z o.o. (Limited Liability Company) with its registered seat in Kielce holds 1 share with a total value of PLN 500, giving 1 vote at the meeting of shareholders, forming 0.004% of the initial capital.

On February 2, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary “Echo Investment – Centrum Handlowo-Usługowo-Rozrywkowe Gliwice” Sp. z o.o. [‘Echo Investment – Gliwice Shopping, Service and Entertainment Center’ Limited Liability Company] with its registered seat in Kielce.

The present value of the Company’s initial capital is PLN 4,432,500 and is divided into 8,865 shares with a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 8,865.

As on the registration date, ownership structure in “Echo Investment – Centrum Handlowo-Usługowo-Rozrywkowe Gliwice” Sp. z o.o. has changed and is now as follows:

- Echo Investment SA holds 6,871 shares in the subsidiary with a total value of PLN 3,435,500, giving 6,871 votes at the meeting of shareholders, forming 77.51% of the initial capital,
- “Giant” Sp. z o.o. (Limited Liability Company) with its registered seat in Poznań holds 1,993 shares with a total value of PLN 996,500, giving 1,993 votes at the meeting of shareholders, forming 22.48% of the initial capital,
- the subsidiary “Projekt Echo - 17” Sp. z o.o. (Limited Liability Company) with its registered seat in Kielce holds 1 share with a total value of PLN 500, giving 1 vote at the meeting of shareholders, forming 0.01% of the initial capital.

In regard of the merger of “Echo Investment - Centrum Handlowe Piotrków Trybunalski” Spółka z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’ Limited Liability Company], having its registered seat in Kielce (the merging company) with the following companies:

- “Echo Investment - Centrum Handlowe Pabianice” Sp. z o.o. [‘Echo Investment – Pabianice Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Radom” Sp. z o.o. [‘Echo Investment – Radom Shopping Center’ Limited Liability Company], having its registered seat in Kielce (the merged companies),

the existing shareholders of the merged companies have taken up the newly established shares in the merging company:

- Echo Investment SA: 426,916 shares with a total value of PLN 21,345,800, giving 426,916 votes at the meeting of shareholders, forming 65.13% of the initial capital,
- the subsidiary “Projekt Echo - 17” Sp. z o.o. [‘Project Echo - 17’ Limited Liability Company] with its registered seat in Kielce: 125 shares with a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, forming 0.02% of the initial capital.

On January 25, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary “Echo Investment – Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’] Limited Liability Company with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment – Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the Issuer:

„Echo Investment – Centrum Handlowe Pabianice Sp. z o.o.” with its registered seat in Kielce, and „Echo Investment – Centrum Handlowe Radom Sp. z o.o.” with its registered seat in Kielce („the merged companies”).

Merger took place through transfer of all assets of each of the merged companies to the holding company, with an increase of the holding company’s initial capital through establishing new shares that were assigned to the merged companies’ present shareholders in exchange for their existing shares in the merged companies. The registered values of the merged Companies’ shares in the Issuer’s and its subsidiaries’ books of accounts were as follows, respectively:

- “Echo Investment - Centrum Handlowe Pabianice Sp. z o.o.” [‘Echo Investment – Pabianice Shopping Center Limited Liability Company’]: PLN 13,310,700,

- “Echo Investment - Centrum Handlowe Radom Sp. z o.o.” [‘Echo Investment – Radom Shopping Center Limited Liability Company’]: PLN 14,101,500.

As on the day of the aforementioned registration, the newly established shares in “Echo Investment - Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’ Limited Liability Company] were taken up by:

- Echo Investment SA: 426,916 shares with a total value of PLN 21,345,800, giving 426,916 votes at the meeting of shareholders, forming 65.13% of the initial capital,

- the Issuer’s subsidiary “Projekt Echo - 17” Sp. z o.o. [‘Project Echo – 17’ Limited Liability Company] with its registered seat in Kielce: 125 shares with a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, forming 0.02% of the initial capital.

The shares thus taken up constitute a long-term capital investment.

The respective values of transferred assets of the merged Companies, as determined by a chartered accountant and included in the Merger Schedule of the aforementioned companies, as on July 1, 2006, were the following:

- in “Echo Investment - Centrum Handlowe Pabianice Sp. z o.o.” [‘Echo Investment – Pabianice Shopping Center Limited Liability Company’]: 50.09 million PLN.

- in “Echo Investment - Centrum Handlowe Radom Sp. z o.o.” [‘Echo Investment – Radom Shopping Center Limited Liability Company’]: 76.95 million PLN.

The transferred assets included: perpetual usufruct right to the property, ownership right of property with shopping center buildings erected thereon, and rights based on lease contracts made.

The holding company will continue the operations of the merged Companies and present utilization of transferred assets.

As on the date of registration of the aforementioned changes, the value of initial capital of “Echo Investment - Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’ Limited Liability Company] is PLN 32,772,350 and is divided into 655,447 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 655,447.

Ownership structure of “Echo Investment – Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’ Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 619,053 shares in the subsidiary with a total value of PLN 30,952,650, giving 619,053 votes at the meeting of shareholders, forming 94.45% of the initial capital,

- the Issuer’s subsidiary “Piomot Auto” Sp. z o.o. [‘Piomot Auto’ Limited Liability Company] with its registered seat in Kielce holds 36,269 shares with a total value of PLN 1,813,450, giving 36,269 votes at the meeting of shareholders, forming 5.53% of the initial capital,

- the Issuer’s subsidiary “Projekt Echo - 17” Sp. z o.o. [‘Project Echo – 17’ Limited Liability Company] with its registered seat in Kielce holds 125 shares with a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, forming 0.02% of the initial capital.

In regard of merger of the subsidiary „Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company] (the merging company) with the following companies:

- “Echo Investment - Centrum Handlowe Olkusz” Spółka z o.o. [‘Echo Investment – Olkusz Shopping Center’ Limited Liability Company], having its registered seat in Kielce,

“Echo Investment - Centrum Handlowe Piła Sp. z o.o.” [‘Echo Investment - Piła Shopping Center Limited Liability Company’], having its registered seat in Kielce

“Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company’], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment - Tczew Shopping Center Limited Liability Company’], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment - Zamość Shopping Center Limited Liability Company’], having its registered seat in Kielce (the merged companies),

the existing shareholders of the merged companies have taken up the newly established shares in the holding company as follows:

- Echo Investment SA: 557,263 shares with a total value of PLN 27,863,150, giving 557,263 votes at the meeting of shareholders, forming 82.77% of the initial capital,

- the subsidiary “Projekt Echo - 17” Sp. z o.o. [‘Project Echo - 17’ Limited Liability Company] with its registered seat in Kielce: 195 shares with a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, forming 0.03% of the initial capital.

On January 25, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary “Echo Investment - Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment - Świętochłowice Shopping Center’] Limited Liability Company with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment - Centrum Handlowe Świętochłowice” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the Issuer:

- “Echo Investment - Centrum Handlowe Olkusz” Spółka z o.o. [‘Echo Investment - Olkusz Shopping Center’ Limited Liability Company], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Piła” Spółka z o.o. [‘Echo Investment - Piła Shopping Center’ Limited Liability Company], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company’], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment - Tczew Shopping Center Limited Liability Company’], having its registered seat in Kielce,

- “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment - Zamość Shopping Center Limited Liability Company’], having its registered seat in Kielce (hereinafter the ‘Merged companies’).

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

The registered values of the merged Companies’ shares in the Issuer’s and its subsidiaries’ books of accounts were as follows, respectively:

- “Echo Investment - Centrum Handlowe Olkusz Sp. z o.o.” [‘Echo Investment - Olkusz Shopping Center Limited Liability Company’]: PLN 10,058,020.99,

- “Echo Investment - Centrum Handlowe Piła Sp. z o.o.” [‘Echo Investment - Piła Shopping Center Limited Liability Company’]: PLN 4,450,650.70,

- “Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment - Siemianowice Śląskie Shopping Center Limited Liability Company’]: PLN 5,297,549.10,

- “Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment - Tczew Shopping Center Limited Liability Company’]: PLN 3,590,059.17,

- “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment - Zamość Shopping Center Limited Liability Company’]: PLN 4,551,520.01.

As on the day of the aforementioned registration, the newly established shares in “Echo Investment - Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment - Świętochłowice Shopping Center’ Limited Liability Company] were issued to:

- Echo Investment SA: 557,263 shares of a total value of PLN 27,863,150, giving 557,263 votes at the meeting of shareholder, i.e. 82.77% of initial capital,
- Issuer's subsidiary „Projekt Echo – 17” Sp. z o.o. [‘Project Echo – 17’ Limited Liability Company] with its registered seat in Kielce: 195 shares of a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, i.e. 0.03% of initial capital.

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

The registered values of the merged Companies' transferred assets in the Issuer's or its subsidiaries' books of accounts as on September 30, 2006 were as follows, respectively:

- in “Echo Investment - Centrum Handlowe Olkusz Sp. z o.o.” [‘Echo Investment – Olkusz Shopping Center Limited Liability Company’]: 19.44 million PLN.
- in “Echo Investment - Centrum Handlowe Piła Sp. z o.o.” [‘Echo Investment – Piła Shopping Center Limited Liability Company’]: 11.45 million PLN.
- in “Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment – Siemianowice Śląskie Shopping Center Limited Liability Company’]: 14.30 million PLN.
- in “Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment – Tczew Shopping Center Limited Liability Company’]: 12.52 million PLN.
- in “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment – Zamość Shopping Center Limited Liability Company’]: 16.44 million PLN.

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

As on the date of registration of the aforementioned changes, the value of initial capital of “Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company] is PLN 33,662,250 and is divided into 673,245 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 673,245.

Ownership structure of “Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 673,049 shares in the subsidiary with a total value of PLN 33,652,450, giving 637,049 votes at the meeting of shareholders, forming 99.97% of the initial capital,
- the Issuer's subsidiary “Projekt Echo – 17” Sp. z o.o. [‘Project Echo – 17’ Limited Liability Company] with its registered seat in Kielce holds 195 shares with a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, forming 0.03% of the initial capital.
- the Issuer's subsidiary “Projekt Echo – 37” Sp. z o.o. [‘Project Echo – 37’ Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, giving 1 vote at the meeting of shareholders, forming 0.0001% of the initial capital.

On February 28, 2007, in consequence of agreements of transfer of enterprises, which were made between the following subsidiaries: (i) „Echo – Centrum Bankowości i Finansów” Sp. z o.o. [‘Echo Banking and Finance Center’ Limited Liability Company] with its registered seat in Kielce, (ii) „Echo – Centrum Biznesu Łódź” Sp. z o.o. [‘Echo Łódź Business Center’ Limited Liability Company] with its registered seat in Kielce (the Selling Companies) and „Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] with its registered seat in Kielce (the Buying Company), the present shareholders of the Selling Companies acquired the 1,979,745 newly established shares in the Buying Company of a total value of PLN 98,987,250, where:

- 950,466 shares for a total nominal value of PLN 47,523,300 shall be taken up by “Echo – Centrum Bankowości i Finansów” Sp. z o.o. These shares constitute 47.99% of the company's initial capital, giving 950,466 votes at the meeting of shareholders.
- 1,029,279 shares for a total nominal value of PLN 51,463,950 shall be taken up by “Echo – Centrum Biznesu Łódź” Sp. z o.o. These shares constitute 51.96% of the company's initial capital, giving 1,029,279 votes at the meeting of shareholders.

On April 18, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the aforementioned changes in the initial capital of “Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] with its registered seat in Kielce.

In the course of execution of resolution no. 2, passed by the Extraordinary General Meeting of Shareholders of Echo Investment SA of March 5, 2007 on consenting to transfer of an organized part of the enterprise of Echo Investment SA Company through a non-cash contribution to a company of Echo Investment Capital Group, an agreement of transfer of an organized part of company Echo Investment SA – Oddział Pasaż Świętokrzyski (“the Branch”) was signed on March 8. The Branch is a non-cash contribution for coverage of newly established 2,201,947 shares in the initial capital of “Projekt Echo – 54” Sp. z o.o. with total value of PLN 110,097,350, where all these newly established shares were taken up by Echo Investment SA. These shares form 99.9% of the Company’s initial capital, giving 2,201,947 votes at the meeting of shareholders. On March 30, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the aforementioned changes in the initial capital of “Projekt Echo – 54” Sp. z o.o.

On March 30, 2007 the District Court, 10<sup>th</sup> Economic Department of the National Court Register of Kielce, registered changes to the initial capital of “Projekt Echo – 54” Sp. z o.o. [‘Project Echo - 54’ Limited Liability Company]. Echo Investment S.A. took up 2,201,947 shares in the initial capital with a nominal value of PLN 50 each, and covered them in whole with a non-cash contribution – the Branch named “Echo Investment S.A. – Oddział Pasaż Świętokrzyski” [‘Echo Investment Joint Stock Company – Świętokrzyski Arcade Branch’], classified as an organized part of the Company’s enterprise.

The present value of the Company’s initial capital is PLN 110,147,350 and is divided into 2,202,947 shares with a nominal value of PLN 50 each.

As on the date of registration of initial capital changes, ownership structure in “Projekt Echo - 54” Sp. z o.o. [‘Project Echo - 54’ Limited Liability Company] has changed and is now as follows:

- “Echo Investment SA” holds 2,202,946 shares in the subsidiary with a total value of PLN 110,147,300, yielding 2,202,946 votes at the meeting of shareholders, which forms 99.99995 % of the initial capital,

- the subsidiary “Projekt Echo - 17” Sp. z o.o. (“Project Echo - 17” Limited Liability Company) with its registered seat in Kielce holds 1 share with a total value of PLN 50, yielding 1 vote at the meeting of shareholders, which forms 0.00005 % of the initial capital.

On April 3, 2007 Echo Investment SA purchased from Giant Sp. z o.o. [Giant Limited Liability Company] of Poznań 1,993 shares in “Echo Investment – Centrum Handlowo-Usługowo-Rozrywkowe Gliwice” Sp. z o.o. [‘Echo Investment – Gliwice Shopping, Service and Entertainment Center’ Limited Liability Company] with its registered seat in Kielce, constituting 22.48% of the initial capital worth PLN 996,500, carrying 1,993 votes at the general meeting of shareholders of the company. Acquisition price of the shares was PLN 1,001,281.50.

On April 3, 2007 Echo Investment SA purchased from “Giant” Sp. z o.o. (“Giant” Limited Liability Company) with its registered seat in Poznań 3,939 shares in Echo-Centrum Gdynia Sp. z o.o. (Echo – Gdynia Center Limited Liability Company) with a total nominal value of PLN 1,969,500, giving 3,939 votes at the meeting of shareholders, forming 17.52% of the initial capital. The acquisition price was PLN 1,979,347.50.

On April 18, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered the changes in the initial capital of “Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] with its registered seat in Kielce.

On the basis of the agreements of transfer of enterprises, which were made on February 28, 2007 between the following subsidiaries: (i) „Echo – Centrum Bankowości i Finansów” Sp. z o.o. [‘Echo Banking and Finance Center’ Limited Liability Company] with its registered seat in Kielce, (ii) „Echo – Centrum Biznesu Łódź” Sp. z o.o. [‘Echo Łódź Business Center’ Limited Liability Company] with its registered seat in Kielce (the Selling Companies) and „Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] with its registered seat in Kielce (the Buying Company), the present shareholders of the Selling Companies acquired the 1,979,745 newly established shares in the Buying Company of a total value of PLN 98,987,250

„Echo – Centrum Biznesu Łódź” Sp. z o.o. [‘Echo – Łódź Business Center’ Limited Liability Company] took up 1,029,279 shares in the initial capital with nominal value of PLN 50 and covered

them up in whole with a non-cash contribution, being an enterprise, while „Echo – Centrum Bankowości i Finansów Łódź” Sp. z o.o. [‘Echo – Łódź Banking and Finance Center’ Limited Liability Company] took up 950,466 shares in the initial capital for a nominal value of PLN 50 each and covered them in whole with a non-cash contribution being an enterprise.

As on the registration date, ownership structure in “Projekt Echo - 53” Sp. z o.o. has changed and is now as follows:

- the subsidiary “Echo – Centrum Biznesu Łódź” Sp. z o.o. [“Echo – Łódź Business Center” Limited Liability Company] holds 1,029,279 shares in the subsidiary with a total value of PLN 51,463,950, yielding 1,029,279 votes at the meeting of shareholders, which forms 51.96% of the initial capital.
- the subsidiary “Echo – Centrum Bankowości i Finansów Łódź” Sp. z o.o. [“Echo – Łódź Banking and Financial Center” Limited Liability Company] holds 950,466 shares in the subsidiary with a total value of PLN 47,523,300, yielding 950,466 votes at the meeting of shareholders, which forms 47.98% of the initial capital.
- “Echo Investment SA” holds 999 shares in the subsidiary with a total value of PLN 49,950, yielding 999 votes at the meeting of shareholders, which forms 0.05% of the initial capital,
- the subsidiary “Projekt Echo - 17” Sp. z o.o. (“Project Echo - 17” Limited Liability Company) with its registered seat in Kielce holds 1 share with a total value of PLN 50, yielding 1 vote at the meeting of shareholders, which forms 0.0001% of the initial capital.

On May 16, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary “Echo – Centrum Bankowości i Finansów Łódź” Sp. z o.o. [‘Echo – Łódź Banking and Finance Center’ Limited Liability Company] with its registered seat in Kielce. The value of the company’s initial capital was reduced and now equals PLN 3,000,500, divided into 6,001 shares with a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 6,001.

As on the registration date, Echo Investment SA holds 6,001 in the subsidiary “Echo – Centrum Bankowości i Finansów Łódź” Sp. z o.o. [‘Echo – Lodz Banking and Finance Center’ Limited Liability Company], with a total value of PLN 3,000,500, carrying 6,001 votes at the general meeting of shareholders, which constitutes 100% of the initial capital.

On September 10, 2007, changes were registered in the value and structure of initial capital of subsidiary “Echo – Galeria Kielce” Sp. z o.o. [‘Echo – Kielce Gallery’] Limited Liability Company with its registered seat in Kielce (“the Subsidiary”).

The value of the subsidiary’s initial capital was increased by 2,151,000 and now equals PLN 13,695,000, divided into 27,390 shares with a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 27,390.

As on the registration date, ownership structure in “Echo – Galeria Kielce” Sp. z o.o. [‘Echo – Kielce Gallery’ Limited Liability Company] has changed and is now as follows:

- the Issuer’s subsidiary “Echo Kielce - 1” Sp. z o.o. [‘Echo Kielce - 1’ Limited Liability Company], having its registered seat in Kielce (formerly “Echo Investment – Centrum Handlowo – Rozrywkowe Kielce” Sp. z o.o. (“Echo Investment – Kielce Shopping and Entertainment Center” Limited Liability Company) with its registered seat in Kielce holds 27,382 shares with a total value of PLN 500, carrying 27,382 votes at the general meeting of shareholders, which constitutes 99.97% of the initial capital,
- “Echo Investment SA” holds 8 shares in the subsidiary with a total value of PLN 4,000, yielding 8 votes at the meeting of shareholders, which forms 0.03 % of the initial capital,

On September 28, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary “Projekt Echo - 61” Sp. z o.o. [‘Project Echo - 61’ Limited Liability Company] with its registered seat in Kielce (“the Subsidiary”).

The value of the Subsidiary’s initial capital was increased by 53,232,850 and now equals PLN 53,282,850, divided into 1,065,657 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1,065,657.

Changes in the initial capital of “Projekt Echo - 61” Sp. z o.o. [‘Project Echo - 61’ Limited Liability Company] were effected through non-cash contribution by the Issuer’s subsidiary “Echo – Centrum Tarnów” Sp. z o.o. [‘Echo – Tarnów Center’ Limited Liability Company] with its registered seat in

Kielce, constituting an enterprise, for covering up the newly established 1,533,107 shares in the initial capital of "Projekt Echo – 61" Sp. z o.o. with total nominal value of PLN 76,655,350, which the Issuer reported in its current report no. 55/2007 on August 31, 2007.

The accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries was PLN 74,742,798.66 (as on June 30, 2007) and the value of enterprise transfer contract was PLN 76,655,350.

On October 18, 2007, Echo Investment SA with its registered seat in Kielce (the Seller) sold to WAN SA (the Buyer) 500 shares constituting 50% of the initial capital of the subsidiary „Projekt Echo – 64” Sp. z o.o. with its registered seat in Kielce with total nominal value of PLN 25,000. The sales price of shares was PLN 28,000 and the book value of these shares in the Issuer's books of accounts was PLN 25,000. After sale of the aforementioned shares, Echo Investment SA holds 49.9% in the initial capital of "Projekt Echo – 64" Sp. z o.o.

On October 18, 2007 the Extraordinary General Meeting of Shareholders of Echo Investment SA passed Resolution no. 4 on expressing consent to transfer of three branches of the Company, forming organized parts of the Company's enterprise, through a non-cash contribution of the following three branches to Echo Investment SA subsidiaries:

- „Echo Investment SA – Oddział Kraków” (‘Echo Investment Joint Stock Company – Krakow Branch’)
- „Echo Investment SA – Oddział Szczecin” (‘Echo Investment Joint Stock Company – Szczecin Branch’)
- „Echo Investment SA – Oddział Warszawa” (‘Echo Investment Joint Stock Company – Warsaw Branch’).

On November 7, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce and a subsidiary „Projekt Echo – 65” Sp. z o.o. [‘Project Echo – 65’ Limited Liability Company] with its registered seat in Kielce. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name “Echo Investment SA – Oddział Szczecin” [‘Echo Investment Joint Stock Company – Szczecin Branch’] (the “Branch”), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, ownership right to immovable property situated in Szczecin at Malczewskiego Street, with an area of 5,242 square meters, with all rights and obligations pertaining thereto. The value of contract was PLN 9,570,050. The aforementioned organized part of enterprise forms a non-cash contribution for coverage of newly established 191,401 shares in the initial capital of "Projekt Echo – 65" Sp. z o.o. [‘Project Echo – 65’ Limited Liability Company] with a total value of PLN 9,570,050. All newly established shares will be taken up by Echo Investment SA.

On December 20, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 65" Sp. z o.o. [‘Project Echo - 65’ Limited Liability Company] with its registered seat in Kielce (“the Subsidiary”).

The value of the Subsidiary's initial capital was increased by 9,570,050 and now equals PLN 9,620,050, divided into 192,401 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 192,401.

As on the registration date, ownership structure in "Projekt Echo - 65" Sp. z o.o. has changed and is now as follows:

- Echo Investment SA with its registered seat in Kielce holds 192,400 shares in the Subsidiary with a total value of PLN 9,620,000, giving 192,400 votes at the meeting of shareholders, forming 99.9995% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. [Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share in the Subsidiary, with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0005% of the initial capital.

On November 23, 2007 Echo Investment SA received a decision whereunder on October 29, 2007 the District Court in Budapest recorded change in the value of initial capital of the Issuer's wholly owned subsidiary „Echo - Project Management Ingatlanhasznosito” Kft. with its registered seat in Budapest. The value of the subsidiary's initial capital was raised from 3 million HUF to 53 million HUF. The assets acquisition price was HUF 50 million, an equivalent of PLN 721,750 according to the average rate of exchange of the National Bank of Poland as on the day of registration of the changes in initial capital of the Subsidiary. Acquisition of such increased initial capital shall be financed with Echo Investment SA's own funds. As on the registration date, Echo Investment SA took up the entire increased initial capital for the Subsidiary, constituting 94.34% of the current value of initial capital. As a consequence, Echo Investment SA now holds 100% of the initial capital and the same proportion of votes at the general meeting of shareholders of the Subsidiary.

On November 30, 2007 an agreement of transfer of ownership of an establishment was made between the subsidiaries: „Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce („the Seller") and „Projekt Echo - 62" Sp. z o.o. with its registered seat in Kielce („the Buyer").

The object of contract is an enterprise comprising ownership right to land property with an area of 27,932 square meters and a building of the Pasaż Grunwaldzki shopping and entertainment center erected on the aforementioned property, as well as the right of perpetual usufruct of land property situated in Wrocław with the area of 6,826 square meters and ownership of an administrative and sanitary building erected on that land property and being a separate object of ownership, located in Wrocław, Grunwaldzki Square, and ownership right of an apartment located in Wrocław, and all rights and obligations pertaining thereto.

The value of contract is PLN 386,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 167,240,767.37 (as on September 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,731,000 shares in the initial capital of "Projekt Echo - 62" Sp. z o.o. [Project Echo - 62' Limited Liability Company] with total nominal value of PLN 386,550,000. These shares form 99.99% of the Company's initial capital, giving 7,731,000 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo - 62" Sp. z o.o. intends to continue their present manner of utilization.

On December 19, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 62" Sp. z o.o. [Project Echo - 62' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").

The value of the Subsidiary's initial capital was increased by 386,550,000 and now equals PLN 386,600,000, divided into 7,732,000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 7,732,000.

As on the registration date, ownership structure in "Projekt Echo - 62" Sp. z o.o. has changed and is now as follows:

- the Issuer's subsidiary "Echo - Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. ("Echo - Grunwaldzki Arcade Limited Liability Company" Limited Partnership) with its registered seat in Kielce holds 7,731,000 shares in the subsidiary with a total value of PLN 386,550,000, carrying 7,731,000 votes at the general meeting of shareholders, which constitutes 99.98707% of the initial capital,

- Echo Investment SA holds 999 shares in the subsidiary with a total value of PLN 49,950, carrying 999 votes at the meeting of shareholders, which constitutes 0.01292% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. [Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.00001% of the initial capital.

The object of contract is an enterprise comprising ownership right to land property with an area of 27,932 square meters and a building of the Pasaż Grunwaldzki shopping and entertainment center erected on the aforementioned property, as well as the right of perpetual usufruct of land property

situated in Wrocław with the area of 6,826 square meters and ownership of an administrative and sanitary building erected on that land property and being a separate object of ownership, located in Wrocław, Grunwaldzki Square, and ownership right of an apartment located in Wrocław, and all rights and obligations pertaining thereto.

On October 31, 2007, a contract of transfer of establishment was made between the Issuer's subsidiaries: „Echo – Centrum Jelenia Góra” Sp. z o.o. [‘Echo – Jelenia Góra Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo – 56” Sp. z o.o. [‘Project Echo – 56’ Limited Liability Company] with its registered seat in Kielce („the Buyer”).

The object of the establishment transfer contract is an establishment comprising right of perpetual usufruct of immovable property situated in Jelenia Góra, with an area of 48,209 sq. m, including ownership of a shopping center building erected thereon and forming a separate object of ownership, with all rights and obligations pertaining thereto.

The value of contract is PLN 74,150,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiary is PLN 73,327,760.14 (as on June 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 1,483,000 shares in the initial capital of “Projekt Echo – 56” Sp. z o.o. [‘Project Echo – 56’ Limited Liability Company] with total nominal value of PLN 74,150,000. These shares form 99.93% of the Company's initial capital, giving 1,483,000 votes at the meeting of shareholders.

On December 20, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary “Projekt Echo – 56” Sp. z o.o. [‘Project Echo – 56’ Limited Liability Company] with its registered seat in Kielce (“the Subsidiary”).

The value of the Subsidiary's initial capital was increased by 74,150,000 and now equals PLN 74,200,000, divided into 1,484,000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1,484,000.

As on the registration date, ownership structure in “Projekt Echo – 56” Sp. z o.o. has changed and is now as follows:

- the Issuer's subsidiary “Echo – Centrum Jelenia Góra” Sp. z o.o. (“Echo – Jelenia Góra Center” Limited Liability Company) with its registered seat in Jelenia Góra holds 1,483,000 shares with a total value of PLN 74,150,000, carrying 1,483,000 votes at the general meeting of shareholders, which constitutes 99.9326% of the initial capital,
- Echo Investment SA holds 999 shares in the subsidiary with a total value of PLN 49,950, carrying 999 votes at the meeting of shareholders, which constitutes 0.0673% of the initial capital,
- the Issuer's subsidiary “Projekt Echo – 17” Sp. z o.o. [‘Project Echo – 17’ Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0001% of the initial capital.

Changes in the initial capital of “Projekt Echo – 56” Sp. z o.o. [‘Project Echo – 56’ Limited Liability Company] were effected through non-cash contribution by the Issuer's subsidiary “Echo – Centrum Jelenia Góra” Sp. z o.o. [‘Echo – Jelenia Góra Center’ Limited Liability Company] with its registered seat in Jelenia Góra, constituting an enterprise, for covering up the newly established 1,483,000 shares in the initial capital of “Projekt Echo – 56” Sp. z o.o. with total nominal value of PLN 74,150,000.

The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiary was PLN 73,327,760.14 (as on June 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 74,150,000.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo – 66” Sp. z o.o. [‘Project Echo – 66’ Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name “Echo Investment SA – Oddział Warszawa” [‘Echo Investment Joint Stock Company – Warsaw Branch’] (the “Branch”), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the

Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, right of perpetual usufruct to immovable property situated in Warsaw at Postępu Street, with an area of 11,823 square meters, and ownership right to the building erected thereon forming a separate property, with all rights and obligations pertaining thereto. The value of contract is PLN 53,232,850 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 19,385,992 (as on September 30, 2007). The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 1,064,657 shares in the initial capital of "Projekt Echo - 66" Sp. z o.o. with total value of PLN 53,232,850, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 1,064,657 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo - 66" Sp. z o.o. intends to continue their present manner of utilization.

On December 17, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 66" Sp. z o.o. ["Project Echo - 66' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").

The value of the Subsidiary's initial capital was increased by 53,232,850 and now equals PLN 53,282,850, divided into 1,065,657 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 1,065,657.

As on the registration date, ownership structure in "Projekt Echo - 66" Sp. z o.o. has changed and is now as follows:

- Echo Investment SA with its registered seat in Kielce holds 1,065,656 shares in the Subsidiary with a total value of PLN 53,282,800, giving 1,065,656 votes at the meeting of shareholders, forming 99.9999% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ["Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share in the Subsidiary, with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0001% of the initial capital. Changes in the initial capital of "Projekt Echo - 66" Sp. z o.o. ["Project Echo - 66' Limited Liability Company] were effected through non-cash contribution by Echo Investment SA with its registered seat in Kielce, constituting an organized part of enterprise in the form of a Branch office under company name "Echo Investment SA - Oddział Warszawa" ("Echo Investment Joint Stock Company - Warsaw Branch") (the Branch), for covering up the 1,064,657 newly established shares in the initial capital of "Projekt Echo - 66" Sp. z o.o. with a total nominal value of PLN 53,232,850.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise - an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo - 63" Sp. z o.o. ["Project Echo - 63' Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Kraków" ["Echo Investment Joint Stock Company - Krakow Branch"] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Act as of January 15, 1992 on Corporate Income Tax (Journal of Laws of 2000 No. 54 item 694), which is an establishment preparing its independent balance sheet within the meaning of Article 6 item 1 of the Act as of March 11, 2004 on Tax on Goods and Services (VAT) (Journal of Laws No. item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto.

The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400.

The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly

established 254,888 shares in the initial capital of "Projekt Echo – 63" Sp. z o.o. ["Project Echo – 63' Limited Liability Company] with total nominal value of PLN 12,744,400, where all these newly established shares shall be taken up by Echo Investment SA.

On December 27, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 63" Sp. z o.o. ["Project Echo - 63' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").

The value of the Subsidiary's initial capital was increased by 12,744,400 and now equals PLN 12,794,400, divided into 255,888 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 255,888. As on the registration date, ownership structure in "Projekt Echo - 63" Sp. z o.o. has changed and is now as follows:

- Echo Investment S.A. with its registered seat in Kielce holds 255,887 shares in the subsidiary with a total value of PLN 12,794,250, giving 255,887 votes at the meeting of shareholders, forming 99.9996% of the initial capital,

- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ["Project Echo – 17' Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0004% of the initial capital.

Changes in the initial capital of "Projekt Echo – 63" Sp. z o.o. ["Project Echo – 63' Limited Liability Company] were effected through non-cash contribution by Echo Investment S.A. with its registered seat in Kielce, constituting an organized part of enterprise in the form of a Branch office under company name "Echo Investment S.A. – Oddział Kraków" ("Echo Investment Joint Stock Company – Krakow Branch") (the Branch), for covering up the 254,888 newly established shares in the initial capital of "Projekt Echo – 63" Sp. z o.o. with a total nominal value of PLN 12,744,400. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto.

The aforementioned non-cash contributions were effected on the basis of agreement of transfer of ownership of an organized part of an enterprise, which was made on November 22, 2007 between Echo Investment SA (the Seller) and the subsidiary "Projekt Echo – 63" Sp. z o.o. with its registered seat in Kielce (the Buyer).

The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400. Echo Investment S.A. with its registered seat in Kielce intends to consider the Subsidiary's shares thus taken up as a long-term capital investment.

On November 30, 2007 an agreement of transfer of ownership of an establishment was made between the subsidiaries: „Echo – Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce („the Seller") and „Projekt Echo – 60" Sp. z o.o. with its registered seat in Kielce („the Buyer"). The object of contract is an enterprise comprising right of perpetual usufruct of real estate located in Szczecin, Al. Wyzwolenia and Malczewskiego Streets, with an area of 20,361 sq. m, including ownership of the Galaxy shopping and entertainment center erected on the real estate and constituting a separate object of ownership, with all rights and obligations under the contract of lease of real estate situated in Szczecin at Malczewskiego Street, with an area of 5,831 square meters, and all rights and obligations pertaining thereto. The value of contract is PLN 382,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 393,500,834.5 (as on September 30, 2007). The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,651,000 shares in the initial capital of "Projekt Echo – 60" Sp. z o.o. ["Project Echo – 60' Limited Liability Company] with total nominal value of PLN 382,550,000. These shares form 99.99% of the Company's initial capital, giving 7,651,000 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo – 60" Sp. z o.o. intends to continue their present manner of utilization.

On December 19, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 60" Sp. z o.o. ["Project Echo - 60' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").

The value of the Subsidiary's initial capital was increased by 382,550,000 and now equals PLN 382,600,000, divided into 7,652,000 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 7,652,000.

As on the registration date, ownership structure in "Projekt Echo - 60" Sp. z o.o. has changed and is now as follows:

- the Issuer's subsidiary "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. ("Echo - Galaxy Limited Liability Company" Limited Partnership) with its registered seat in Kielce holds 7,651,001 shares in the subsidiary with a total value of PLN 382,550,050, carrying 7,651,001 votes at the general meeting of shareholders, which constitutes 99.99% of the initial capital,
- Echo Investment SA holds 999 shares in the subsidiary with a total value of PLN 49,950, carrying 999 votes at the meeting of shareholders, which constitutes 0.01% of the initial capital

Changes in the initial capital of "Projekt Echo - 60" Sp. z o.o. ["Project Echo - 60' Limited Liability Company] were effected through non-cash contribution by the Issuer's subsidiary "Echo - Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. ["Echo - Galaxy Limited Liability Company' Limited Partnership] with its registered seat in Kielce, constituting an enterprise, for covering up the newly established 7,651,000 shares in the initial capital of "Projekt Echo - 60" Sp. z o.o. with total nominal value of PLN 382,550,000, which the Issuer reported in its current report no. 86/2007 on December 01, 2007.

On December 10, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department registered changes in the articles and structure of the initial capital of Echo Investment SA. The changes were registered with regard to the Resolution no. 5 enacted by the Extraordinary General Meeting of Shareholders of Echo Investment SA of October 18, 2007 on amendment of the Company's objects and related changes to the Company Articles, and Resolution no. 6 on splitting the Company's shares and amending the Company Articles accordingly.

As a result of 1:10 split of shares, the nominal value of shares was reduced from 0.50 PLN to 0.05 PLN. At present, the value of share capital is PLN 21,000,000 and it is divided into:

- 1,600,000 (one million six hundred thousand) series A ordinary bearer shares,
- 38,400,000 (thirty-eight million four hundred thousand) series B ordinary bearer shares,
- 20,000,000 (twenty million) series C ordinary bearer shares,
- 60,000,000 (sixty million) series D ordinary bearer shares,
- 20,000,000 (twenty million) series E ordinary bearer shares,
- 280,000,000 (two hundred and eighty million) series F ordinary bearer shares.

All shares with nominal value of PLN 0.05. The total number of votes yielded by all shares is 420,000,000.

On December 10, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register registered a change in the value of initial capital of subsidiary "Projekt Echo - 81" Sp. z o.o. ["Project Echo - 81' Limited Liability Company] with its registered seat in Kielce ("the Subsidiary").

The value of the Subsidiary's initial capital was increased by 39,838,000 and now equals PLN 39,888,000, divided into 797,760 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 797,760.

As on the registration date, ownership structure in "Projekt Echo - 81" Sp. z o.o. ["Project Echo - 81' Limited Liability Company] has changed and is now as follows:

- the Issuer's subsidiary "Echo - Centrum Poznań" Sp. z o.o. ("Echo - Poznań Center" Limited Liability Company) with its registered seat in Kielce holds 796,760 shares with a total value of PLN 39,838,000, carrying 796,760 votes at the general meeting of shareholders, which constitutes 99.87% of the initial capital
- Echo Investment SA holds 999 shares in the subsidiary with a total value of PLN 49,950, carrying 999 votes at the meeting of shareholders, which constitutes 0.13% of the initial capital,
- the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ["Project Echo - 17' Limited Liability Company] with its registered seat in Kielce holds 1 share with a total value of PLN 50, carrying 1 vote at the general meeting of shareholders, which constitutes 0.0001% of the initial capital

Changes in the initial capital of "Projekt Echo - 81" Sp. z o.o. ["Project Echo - 81' Limited Liability Company] were effected through non-cash contribution by the Issuer's subsidiary "Echo - Centrum Poznań" Sp. z o.o. ["Echo - Poznań Center' Limited Liability Company] with its registered seat in

Kielce, constituting an enterprise, for covering up the newly established 796,760 shares in the initial capital of "Projekt Echo – 81" Sp. z o.o. with total nominal value of PLN 39,838,000

#### IV. Names of the following subsidiaries were changed:

The District Court in Kielce, 10<sup>th</sup> Department of the National Court Register, registered the following:

- replacement of company name of "Hotel Investment Sp. z o.o." Sp.k. ['Hotel Investment Limited Liability Company' Limited Partnership], having its registered seat in Kielce, with "Echo – Arena Sp. z o.o." Sp.k. ['Echo – Arena Limited Liability Company' Limited Partnership], having its registered seat in Kielce,
- replacement of company name of "Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping & Entertainment Center of Kielce' Limited Liability Company], having its registered seat in Kielce, with "Echo – Galeria Kielce" Sp. z o.o. ['Echo – Kielce Gallery' Limited Liability Company'], having its registered seat in Kielce,
- replacement of company name of "Echo Investment – Centrum Handlowe Świętochłowice" Spółka z o.o. ['Echo Investment – Świętochłowice Shopping Center' Limited Liability Company] with "Echo – SPV 6" Sp. z o.o. ['Echo – SPV 6' Limited Liability Company'], having its registered seat in Kielce, with its registered seat in Kielce,
- the name of "Echo Centrum – Ślichowice" Sp. z o.o. ['Echo Center – Ślichowice' Limited Liability Company], having its registered seat in Kielce, changed into "Projekt Echo – 28" Sp. z o.o. ['Project Echo – 28' Limited Liability Company'], having its registered seat in Kielce,
- replacement of company name of "Echo Investment – Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o. ['Echo Investment – Kielce Shopping & Entertainment Center' Limited Liability Company], having its registered seat in Kielce, with "Echo – Kielce 1" Sp. z o.o. ['Echo – Kielce 1' Limited Liability Company'], having its registered seat in Kielce,
- the name of „Project 2 - Echo Hungary” Kft.. with its registered seat in Budapest was changed into „Echo – Project – Management Inगतlanhasznosito” Kft. with its registered seat in Budapest.
- replacement of company name of "Echo Investment – Centrum Handlowe Łomża" Spółka z o.o. ['Echo Investment – Łomża Shopping Center' Limited Liability Company] with "Echo – Veneda" Sp. z o.o. ['Echo – Veneda' Limited Liability Company'], having its registered seat in Kielce, with its registered seat in Kielce.
- replacement of company name of "Echo Investment – Centrum Handlowe Bełchatów" Spółka z o.o. ['Echo Investment – Bełchatów Shopping Center' Limited Liability Company] with "Echo – Centrum Bełchatów" Sp. z o.o. ['Echo – Bełchatów Center' Limited Liability Company'], having its registered seat in Kielce, with its registered seat in Kielce,
- replacement of company name of "Echo Investment – Centrum Handlowe Jelenia Góra" Spółka z o.o. ['Echo Investment – Jelenia Góra Shopping Center' Limited Liability Company] with "Echo – Centrum Jelenia Góra" Sp. z o.o. ['Echo – Jelenia Góra Center' Limited Liability Company'], having its registered seat in Kielce, with its registered seat in Kielce,
- replacement of company name of "Echo Investment – Centrum Handlowe Przemysł" Spółka z o.o. ['Echo Investment – Przemysł Shopping Center' Limited Liability Company] with "Echo – Centrum Przemysł" Sp. z o.o. ['Echo – Przemysł Center' Limited Liability Company'], having its registered seat in Kielce, with its registered seat in Kielce,
- replacement of company name of "Echo Investment – Centrum Handlowe Rzeszów" Spółka z o.o. ['Echo Investment – Rzeszów Shopping Center' Limited Liability Company] with "Echo – Centrum Rzeszów" Sp. z o.o. ['Echo – Rzeszów Center' Limited Liability Company'], having its registered seat in Kielce, with its registered seat in Kielce,
- replacement of company name of "Echo Investment – Centrum Handlowe Tarnów" Spółka z o.o. ['Echo Investment – Tarnów Shopping Center' Limited Liability Company] with "Echo – Centrum Tarnów" Sp. z o.o. ['Echo – Tarnów Center' Limited Liability Company'], having its registered seat in Kielce, with its registered seat in Kielce.
- the name of "Echo Centrum – Gdynia" Sp. z o.o. ['Echo Center – Gdynia Limited Liability Company], having its registered seat in Kielce, changed into "Echo – Property Poznań 1" Spółka z ograniczoną odpowiedzialnością ['Echo – Property Poznań 1' Limited Liability Company'], having its registered seat in Kielce,

V. The District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register:

1. registered the following branches in the National Court Register:

- „Echo Investment SA – Oddział Pasaż Świętokrzyski” (‘Echo Investment Joint Stock Company – Świętokrzyski Arcade Branch’)
- „Echo Investment SA – Oddział Warszawa” (‘Echo Investment Joint Stock Company – Warsaw Branch’)
- „Echo Investment SA – Oddział Szczecin” (‘Echo Investment Joint Stock Company – Szczecin Branch’)
- „Echo Investment SA – Oddział Kraków” (‘Echo Investment SA – Krakow Branch’),

2. deleted the following branches from the National Court Register:

- „Echo Investment SA – Oddział Pasaż Świętokrzyski” (‘Echo Investment Joint Stock Company – Świętokrzyski Arcade Branch’)
- „Echo Investment SA – Oddział Warszawa” (‘Echo Investment Joint Stock Company – Warsaw Branch’)
- „Echo Investment SA – Oddział Szczecin” (‘Echo Investment Joint Stock Company – Szczecin Branch’)
- „Echo Investment SA – Oddział Kraków” (‘Echo Investment Joint Stock Company – Krakow Branch’).

## 7.2. Investments in shares of public companies

On account of securities, Echo Investment Capital Group companies did not make any investments in shares of companies quoted on the stock exchange during the year 2007.

## 7.3. Investments in Poland and abroad – acquisition of immovable property

In 2007, the Company acquired immovable property for development of new significant investment projects at home and abroad.

In May 2007, Echo Investment SA purchased undeveloped property in Częstochowa, with an area of ca. 3,900 square meters, for a gross price of 3.66 million PLN, designed for future investment.

### Segment of shopping centers

Echo Capital Group intends to develop a modern regional shopping and entertainment center on the immovable property purchased in the 3<sup>rd</sup> quarter of 2007, located in Kalisz. The facility will be built at Górnosłaska Street and Trasa Bursztynowa (the Amber Route). The contract value was PLN 18.8 million. The total area of the contemplated center shall be ca. 100,000 square meters, with rentable area of about 40,000 square meters. The launching of the project is scheduled for 2009 and completion in 2011.

On April 5, 2007 a preliminary agreement of sale of shares was made between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) under a condition precedent (the Preliminary Agreement). The object of contract is acquisition by the Buyer of 1,250 shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company), which constitute 100% of all shares in the said Company. The value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. Shares shall carry one vote at the general meeting of shareholders each. Under the provisions of the preliminary agreement, the parties agreed to enter into the promised contract not later than on August 31, 2008. Acquisition price of the shares shall be not more than PLN 14.2 million. The agreement was made under a condition precedent. The Buyer shall acquire the shares in Ultra Marina Sp. z o.o. provided that the Company formerly obtains the right of perpetual usufruct of developed land properties located in Koszalin with an area of 3.314 hectares and the Company is registered as the perpetual lessee of these properties in relevant land and mortgage registers.

On October 10, 2007 an annex was made to the preliminary agreement of sale of shares as of April 5, 2007 between Echo Investment SA (the Buyer) and Mr. Wiesław Prusiecki (the Seller) (the Annex). Under the provisions of the said Annex, the acquisition price of the shares is amended and shall be not more than PLN 11,787,820.

In January 2008, Echo Investment SA was notified by the Seller that Ultra Marina Sp. z o.o. obtained ownership title to the aforementioned real estate and was recorded in land and mortgage registers as the perpetual lessee of real estates located in Koszalin with an area of 3.314 hectares. Therefore, the condition precedent for effective acquisition of shares in the Company as specified in the preliminary agreement of sale of shares as of April 5, 2007 was fulfilled.

With reference to fulfillment of the Buyer's acquisition of shares in Ultra Marina Sp. z o.o., on January 10, 2008 Echo Investment SA (the Buyer) signed a contract of sale of shares in the initial capital of Ultra Marina Sp. z o.o. with its registered seat in Poznań (the Company) with Mr. Wiesław Prusiecki as the Seller. Under the aforementioned contract, the Buyer acquires 100% of shares in the Company's initial capital. The nominal value of the Company's initial capital is PLN 1,250,000 and is divided into 1,250 shares with a nominal value of PLN 1,000 each. One share carries one vote at the Company's general meeting of shareholders. Acquisition price of the shares was PLN 11,770,455. Ultra Marina Sp. z o.o. is going to carry out development activity in Koszalin. Echo Investment Capital Group intends to develop a shopping and entertainment center on its immovable property located in Koszalin, exceeding 3 hectares in size. Rentable area of the contemplated mall will be about 35 thousand square meters. The anticipated completion date for the establishment is 2012.

In September 2007, by way of a successful tender, the subsidiary called "Echo Investment Project 1" Srl with its registered seat in Bucharest (the Buyer) signed an agreement of purchase of immovable property with Fartec SA with its registered seat in Brasov, Romania (the Seller). The object of contract is an immovable property being a plot of land with production buildings erected thereon, situated in Brasov at Stadionului Street, Romania, with an area of 4.0 hectares. The value of contract was RON 78.84 million which, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 88,111,584.

Purchase of land in Brasov is in accordance with the assumed strategy, whereunder Echo Investment SA is expanding its range of operations on the real estate markets of Central and East European countries. An advanced shopping and entertainment center shall be built on the purchased land, rentable area in excess of 50,000 sq. m.

On December 27, 2007 the Issuer's subsidiary "Projekt Echo - 56" Sp. z o.o. ["Project Echo - 56" Limited Liability Company] signed an agreement with the Commune of Jelenia Góra for perpetual usufruct of immovable property located in Jelenia Góra, Al. Jana Pawła II Street, with an area of 10,684 square meters, for PLN 6 million.

### **Segment of offices and hotels**

In December 2006, Echo Investment SA succeeded in an open tender for the sale of 99-year perpetual usufruct right to land situated in Gdansk, Jana z Kolna Street. In the 1<sup>st</sup> quarter of 2007, a preliminary agreement was made for letting the aforementioned land in perpetual usufruct. The Company intends to develop office space on the above mentioned real estate. Another contract was made with Arch - Deco, a designing office of Gdynia, for execution of designing works related to the said office building.

During the 3<sup>rd</sup> quarter of 2007, the subsidiary "Projekt Echo - 30" Sp. z o.o. ["Project Echo - 30 Limited Liability Company] purchased immovable property in Katowice, at the crossing of al. Górnośląska and Francuska Streets. The local spatial development plan stipulates an office and administrative function for the purchased plot of land. The company intends to build a business park with rentable area of approx. 45,000 sq. m on the purchased land. In the 3<sup>rd</sup> quarter of 2007, a contract was signed with DDJM Biuro Architektoniczne design office concerning performance of design works on the facility. The launch of this investment project is anticipated in the 2<sup>nd</sup> half of 2008 and the first stage should be completed in the 1<sup>st</sup> half of 2010.

During the 3<sup>rd</sup> quarter of 2007 Echo Capital Group became the owner of immovable property situated in Łódź, Piłsudskiego Street. The purchase price of this immovable property was PLN 22.8 million. A modern complex of A-class office buildings will be erected on the newly purchased plot of land. Rentable area shall be about 23,000 square meters. The launch of this investment project is planned for the 2<sup>nd</sup> half of 2008 and completion for the 2<sup>nd</sup> half of 2009.

During the 4<sup>th</sup> quarter of 2007, the subsidiary called "Projekt Echo - 47" Sp. z o.o. ["Project Echo - 47" Limited Liability Company] and Pergranso Sp. z o.o. seated in Warsaw signed a conditional agreement of purchase of immovable property situated in Krakow, 29 Listopada and Opolska Street. The property could be purchased on the condition that the Commune of Krakow would not exercise its first right of refusal. As the Commune did not exercise its first right of refusal, on February 28, 2008 the subsidiary "Projekt Echo - 47" Sp. z o.o., pursuant to the final agreement made with Pergranso Sp. z o.o. with its registered seat in Warsaw, acquired the right of usufruct to the aforementioned real estate with the area of 23,770 square meters. Furthermore, in the 4<sup>th</sup> quarter of 2007 an approximately 11,625 sq. m land plot was also purchased at Opolska Street, to become incorporated in the envisaged investment project in the future. The value of both agreements was PLN 41.4 million net. The company intends to develop an advanced office project with area to let exceeding 50 thousand square meters on the purchased properties. The anticipated commencement date of the 1<sup>st</sup> stage of investment will be in the 1<sup>st</sup> half of 2009, and completion date - in the 2<sup>nd</sup> half of 2010.

### **Housing segment**

In the 1<sup>st</sup> quarter of 2007, the Company purchased real estate located in Warsaw, Bielany district (Młociński Forest), 6.3 hectares in size. The company intends to build an estate of 37 houses (area of 9.25 thousand square meters) on this newly acquired land. The Company has launched the process of designing the estate. The anticipated project commencement date will be in the 2<sup>nd</sup> half of 2008, and completion date - in the 1<sup>st</sup> half of 2010.

In the 1<sup>st</sup> quarter of 2007, the Company purchased immovable property situated in Krakow, Bronowicka Street. The company intends to erect a residential building on that plot, with an area for sale of about 3,000 sq. m (39 apartments). The Company has applied for a zoning decision. The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2010.

During the 2<sup>nd</sup> quarter of 2007, Echo Investment S.A. (the Buyer) entered into a contract of sale of immovable property and a preliminary promised contract of sale with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller).

1. The object of the contract of sale was the immovable property situated in Łódź with two office and warehouse buildings erected thereon. The contract value was PLN 30 million.
2. The object of preliminary contract of sale was the immovable property situated in Łódź with a fuel station and technical buildings erected thereon. The value of contract is PLN 13.3. A precondition to the making of the promised contract is that the Seller must disclose in the land and mortgage register the buildings and structures erected on the immovable property and submit a certificate of lack of arrears in tax payments valid as on the effective date of the final contract and a valid copy of the land and mortgage register. The Parties have agreed that the promised contract shall be executed when the aforementioned conditions are fulfilled, in any case no later than until December 31, 2007. The aforementioned conditions were conditions precedent. On July 19, 2007, as the condition precedent to executing the promised contract of sale was fulfilled, Echo Investment (the Buyer) signed a contract with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller) on sale of immovable property situated in Łódź at Górnicza and Okopowa Streets, with fuel station buildings and technical buildings erected thereon. The contract value was PLN 13.3 million. The Company intends to execute a project consisting in residential buildings on the aforementioned newly purchased immovable property in Łódź at Górnicza and Okopowa Streets.

During the 3<sup>rd</sup> quarter of 2007, a contract was signed for purchase of real estate in Łódź, Wodna Street. The Company intends to develop residential buildings comprising 320 apartments on the purchased land. The contract value was PLN 26 million. The launch of this investment project is anticipated in the 1<sup>st</sup> half of 2009 and completion in the 2<sup>nd</sup> half of 2011.

During the 4<sup>th</sup> quarter of 2007, by way of a tender being resolved, Echo Investment SA purchased real estate situated in Wroclaw, Jedności Narodowej Street. The Company intends to develop a housing project on the above mentioned land. The land plot with an area of 7.4 thousand square meters was purchased for a price of 18.55 million PLN. A zoning decision has been issued for the real estate that allows erection of a multi-family residential building. Echo Investment intends to carry out a project comprising ca. 200 apartments with a total area of about 12,000 square meters. Design works are going to commence as early as this year, and launching of development is anticipated for 2009.

During the 4<sup>th</sup> quarter of 2007, Echo Investment SA purchased immovable property in Wroclaw with an approximate area of 3 hectares, situated at Grota Roweckiego Street. The purchase price was PLN 32.2 million. The Company intends to develop a housing project on the above mentioned land, with approximate usable area of 19 thousand square meters, including almost 17 thousand square meters to be allocated to apartments (over 300 apartments) and about 2 thousand square meters for service outlets. The anticipated realization commencement date will be the 1<sup>st</sup> half of 2009, and completion date will fall in the 2<sup>nd</sup> half of 2011.

## **8. Description of transactions with affiliated companies if the individual or total value of several transactions made by a given affiliated company during a period of 12 months is a Polish zloty equivalent of the amount of EUR 500,000.**

### **8.1. Transactions with companies from Echo Investment S.A. Capital Group**

As a result of the strategy applied by the dominant company - Echo Investment S.A., involving execution of each shopping center by a separate subsidiary, and as a result of contribution by 'Echo Investment' S.A. to target companies of real property on which the shopping centers have been built, a significant part of transactions executed by Echo Investment are made with affiliated companies.

In 2007, the following contracts were made between Echo Investment S.A. and companies from Echo Investment S.A. Capital Group:

- on January 15, 2007, Echo Investment SA assigned all rights and obligations to the immovable property situated in Budapest, 14<sup>th</sup> District Zuglo, with an area of 6.84 hectares, to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest under the contract of purchase of the aforementioned property, effected on June 12, 2006 between Echo Investment SA and the Local government of the 14<sup>th</sup> District of the Capital City of Budapest - Zuglo (the Seller). Pursuant to the annex signed, the subsidiary is going to continue development of a modern multifunctional project.

- on January 19, 2007 the District Court in Krakow, 7<sup>th</sup> Department of Pledge Registry, registered a pledge in the Pledge Registry on one share in the share capital of the Issuer's subsidiary "Echo - Galaxy" Sp. z o.o. ['Echo - Galaxy' Limited Liability Company], owned by the Issuer's subsidiary "Projekt - Echo 43" Sp. z o.o. ['Project - Echo 43' Limited Liability Company], in favor of EUROHYPO AG Bank with its registered seat in Eschborn, Germany. The pledge on share is a collateral of the maximum amount of credit facility granted to "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Echo - Galaxy Limited Liability Company' Limited Partnership] by EUROHYPO AG Bank. The value of the collateral is EUR 150 million.

- on January 22, 2007 the District Court in Krakow, 7<sup>th</sup> Department of Pledge Registry, registered a pledge in the Pledge Registry on all rights and obligations in the Issuer's subsidiary "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Echo - Galaxy Limited Liability Company' Limited Partnership], owned by the Issuer's subsidiary "Echo - Galaxy" Sp. z o.o. ['Echo - Galaxy' Limited Liability Company], in favor of EUROHYPO AG Bank with its registered seat in Eschborn, Germany, as a collateral of the maximum amount of credit facility granted to "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Echo - Galaxy Limited Liability Company' Limited Partnership] by EUROHYPO AG Bank. The value of the collateral is EUR 150 million.

- on January 22, 2007 the District Court in Krakow, 7<sup>th</sup> Department of Pledge Registry, registered a pledge in the Pledge Registry on one share in the initial capital of the Issuer's subsidiary "Projekt Echo - 43" Sp. z o.o. ['Project Echo - 43' Limited Liability Company], owned by the Issuer's subsidiary "Projekt Echo - 17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company] in favor of EUROHYPO AG Bank with its registered seat in Eschborn, Germany, as a collateral of the maximum amount of credit facility granted to "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Echo - Galaxy Limited Liability Company' Limited Partnership] by EUROHYPO AG Bank. The value of the collateral is EUR 150 million.

- on January 25, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center'] Limited Liability Company with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment - Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the Issuer: „Echo Investment - Centrum Handlowe Pabianice Sp. z o.o.” with its registered seat in Kielce, and „Echo Investment - Centrum Handlowe Radom Sp. z o.o.” with its registered seat in Kielce („the merged companies”).

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

The registered values of the merged Companies' shares in the Issuer's and its subsidiaries' books of accounts were as follows, respectively:

- "Echo Investment - Centrum Handlowe Pabianice Sp. z o.o." [Echo Investment - Pabianice Shopping Center Limited Liability Company]: PLN 13,310,700,
- "Echo Investment - Centrum Handlowe Radom Sp. z o.o." [Echo Investment - Radom Shopping Center Limited Liability Company]: PLN 14,101,500.

As on the day of the aforementioned registration, the newly established shares in "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company] were taken up by:

- Echo Investment SA: 426,916 shares of a total value of PLN 21,345,800, giving 426,916 votes at the meeting of shareholder, i.e. 65.13% of initial capital,
- Issuer's subsidiary „Projekt Echo - 17" Sp. z o.o. [Project Echo - 17' Limited Liability Company] with its registered seat in Kielce: 125 shares of a total value of PLN 6,250, giving 125 votes at the meeting of shareholders, i.e. 0.02% of initial capital.

- on January 26, 2007 the District Court in Krakow, 7<sup>th</sup> Economic Department of the Registry of Pledges, registered pledges on shares of the Issuer's subsidiaries in the Registry of Pledges. Pledges were established on 99 shares of the Issuer's subsidiaries:

- "Projekt - Echo 43" Sp. z o.o. [Project - Echo 43' Limited Liability Company], having its registered seat in Kielce,
  - "Echo-Galaxy" Sp. z o.o. [Echo-Galaxy' Limited Liability Company], having its registered seat in Kielce,
- owned by Echo Investment SA.

The pledges established on shares constitute a collateral in favor of Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of obligations under a loan agreement, up to EUR 150 million, which the Issuer reported in the current report no. 66/2006. The pledges on the shares have been established on the basis of agreements of registered pledge on shares, made between Echo Investment SA and Eurohypo AG Bank of Eschborn (Germany) on December 29, 2006.

The pledged shares constitute:

- 99% of share capital of Projekt Echo-43 Sp. z o.o. [Project Echo-43 Limited Liability Company], in nominal value of PLN 49,500, giving 99 vote at the meeting of shareholders,
- 99% of share capital of Echo Galaxy Sp. z o.o. [Echo Galaxy Limited Liability Company], in nominal value of PLN 49,500, giving 99 vote at the meeting of shareholders.

The aforementioned shares constitute a long-term capital investment for the Issuer. The book value of the assets in the Issuer's books of accounts of the assets on which pledge was established is:

- "Projekt Echo - 43" Sp. z o.o. ["Project Echo - 43" Limited Liability Company]: PLN 50,482.
- "Echo Galaxy" Sp. z o.o. [Echo Galaxy' Limited Liability Company]: PLN 51,252.

- on February 8, 2007 the District Court in Szczecin, 12<sup>th</sup> Department of Land and Mortgage Registers entered in the land and mortgage register capped mortgage securities on the immovable property owned by the Issuer's subsidiary Echo - Galaxy Spółka z ograniczoną odpowiedzialnością Sp. k. [Echo - Galaxy Limited Liability Company, Limited Partnership] with its registered seat in Kielce. The assets, on which the mortgage was established, are situated in Szczecin, al. Wyzwolenia Street, and constitute real estate let for perpetual usufruct, whereon the Galaxy shopping and entertainment center building is erected.

The established mortgages are collaterals for Eurohypo AG Bank, seated in Eschborn, Germany, Bank Zachodni BZ WBK SA, seated in Wrocław, Poland, and Investkredit Bank AG, seated in Vienna (the latter banks forming a consortium with Eurohypo AG Bank) concerning repayment of debt under a loan agreement, not exceeding the amount of EUR 150 million, which the Issuer reported on December 29, 2006. The book value of sold assets in the books of accounts of the assets on which mortgage was established is PLN 195,331,000 (according to the balance as on September 30, 2006).

- on February 21, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register, registered changes in the value and structure of initial capital of subsidiary "Echo

Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company] with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the Issuer:

- “Echo Investment - Centrum Handlowe Olkusz” Spółka z o.o. [‘Echo Investment – Olkusz Shopping Center’ Limited Liability Company], having its registered seat in Kielce,
- “Echo Investment - Centrum Handlowe Piła” Spółka z o.o. [‘Echo Investment – Piła Shopping Center’ Limited Liability Company], having its registered seat in Kielce,
- „Echo Investment – Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment – Siemianowice Śląskie Shopping Center Limited Liability Company] with its registered seat in Kielce,
- „Echo Investment – Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment – Tczew Shopping Center Limited Liability Company] with its registered seat in Kielce,
- “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment – Zamość Shopping Center Limited Liability Company’], having its registered seat in Kielce (hereinafter the ‘Merged companies’).

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

The registered values of the merged Companies’ shares in the Issuer’s and its subsidiaries’ books of accounts were as follows, respectively:

- “Echo Investment - Centrum Handlowe Olkusz Sp. z o.o.” [‘Echo Investment – Olkusz Shopping Center Limited Liability Company’]: PLN 10,058,020.99,
- “Echo Investment - Centrum Handlowe Piła Sp. z o.o.” [‘Echo Investment – Piła Shopping Center Limited Liability Company’]: PLN 4,450,650.70,
- “Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment – Siemianowice Śląskie Shopping Center Limited Liability Company’]: PLN 5,297,549.10,
- “Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment – Tczew Shopping Center Limited Liability Company’]: PLN 3,590,059.17,
- “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment – Zamość Shopping Center Limited Liability Company’]: PLN 4,551,520.01.

As on the day of the aforementioned registration, the newly established shares in “Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company] were issued to:

- Echo Investment SA: 557,263 shares of a total value of PLN 27,863,150, giving 557,263 votes at the meeting of shareholder, i.e. 82.77% of initial capital,
- Issuer’s subsidiary „Projekt Echo – 17” Sp. z o.o. [‘Project Echo – 17’ Limited Liability Company] with its registered seat in Kielce: 195 shares of a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, i.e. 0.03% of initial capital.

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

The registered values of the merged Companies’ transferred assets in the Issuer’s or its subsidiaries’ books of accounts as on September 30, 2006 were as follows, respectively:

- in “Echo Investment - Centrum Handlowe Olkusz Sp. z o.o.” [‘Echo Investment – Olkusz Shopping Center Limited Liability Company’]: 19.44 million PLN.
- in “Echo Investment - Centrum Handlowe Piła Sp. z o.o.” [‘Echo Investment – Piła Shopping Center Limited Liability Company’]: 11.45 million PLN.
- in “Echo Investment - Centrum Handlowe Siemianowice Śląskie Sp. z o.o.” [‘Echo Investment – Siemianowice Śląskie Shopping Center Limited Liability Company’]: 14.30 million PLN.
- in “Echo Investment - Centrum Handlowe Tczew Sp. z o.o.” [‘Echo Investment – Tczew Shopping Center Limited Liability Company’]: 12.52 million PLN.
- in “Echo Investment - Centrum Handlowe Zamość Sp. z o.o.” [‘Echo Investment – Zamość Shopping Center Limited Liability Company’]: 16.44 million PLN.

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

As on the date of registration of the aforementioned changes, the value of initial capital of “Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company] is PLN 33,662,250 and is divided into 673,245 shares with a nominal value of PLN 50 each. The total number of votes at the meeting of shareholders, according to shares, is 673,245.

Ownership structure of “Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company] has changed and is now as follows:

- Echo Investment SA holds 673,049 shares in the subsidiary with a total value of PLN 33,652,450, giving 637,049 votes at the meeting of shareholders, forming 99.97% of the initial capital,
- the Issuer’s subsidiary “Projekt Echo - 17” Sp. z o.o. [‘Project Echo – 17’ Limited Liability Company] with its registered seat in Kielce holds 195 shares with a total value of PLN 9,750, giving 195 votes at the meeting of shareholders, forming 0.03% of the initial capital.
- the Issuer’s subsidiary “Projekt Echo - 37” Sp. z o.o. [‘Project Echo – 37’ Limited Liability Company] with its registered seat in Kielce holds 1 share with a value of PLN 50, carrying 1 vote at the meeting of shareholders, forming 0.0001% of the initial capital.

- on February 28, 2007, contracts of transfer of establishments were made between the issuer’s subsidiaries: „Echo – Centrum Bankowości i Finansów” Sp. z o.o. [‘Echo Banking and Finance Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”), „Echo – Centrum Biznesu Łódź” Sp. z o.o. [‘Echo Łódź Business Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] with its registered seat in Kielce („the Buyer”). The object of contract of transfer of establishment made between „Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] and „Echo – Centrum Bankowości i Finansów” Sp. z o.o. [‘Echo – Banking and Finance Center’ Limited Liability Company] is an establishment comprising the right of perpetual usufruct of immovable property situated in Łódź, Sienkiewicza Street, with an area of 1,265 sq. m, including ownership of an office building erected thereon, usable area of 8,318 sq. m, forming a separate object of ownership, with all rights and obligations pertaining thereto.

The value of contract is PLN 47,523,341.95 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 29,702,029.99 (as on December 31, 2006).

The object of contract of transfer of establishment made between „Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] and „Echo – Centrum Biznesu Łódź” Sp. z o.o. [‘Echo – Łódź Business Center’ Limited Liability Company] is an establishment comprising the right of perpetual usufruct of immovable property situated in Łódź, Piotrkowska Street, with an area of 2,487 sq. m, including ownership of an office building erected thereon, usable area of 12,291 sq. m, forming a separate object of ownership, with all rights and obligations pertaining thereto.

The value of contract is PLN 51,463,974.57 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 40,052,646.83 (as on December 31, 2006).

The aforementioned establishments form a non-cash contribution for coverage of newly established 1,979,745 shares in the initial capital of “Projekt Echo – 53” Sp. z o.o. with total value of PLN 98,987,250, where:

- 950,466 shares for a total nominal value of PLN 47,523,300 shall be taken up by “Echo – Centrum Bankowości i Finansów” Sp. z o.o. These shares constitute 47.99% of the company's initial capital, giving 950,466 votes at the meeting of shareholders.
- 1,029,279 shares for a total nominal value of PLN 51,463,950 shall be taken up by “Echo – Centrum Biznesu Łódź” Sp. z o.o. These shares constitute 51.96% of the company's initial capital, giving 1,029,279 votes at the meeting of shareholders.

- on March 01, 2007 the District Court in Krakow, 7<sup>th</sup> Department of Pledge Registry, registered a pledge in the Pledge Registry on all rights and obligations in the Issuer’s subsidiary “Echo – Galaxy Spółka z ograniczoną odpowiedzialnością” Sp.k. [‘Echo – Galaxy Limited Liability Company’ Limited Partnership], owned by Echo Investment SA, in favor of EUROHYPO AG Bank with its registered seat in Eschborn, Germany, as a collateral of the maximum amount of credit facility granted to “Echo – Galaxy Spółka z ograniczoną odpowiedzialnością” Sp.k. [‘Echo – Galaxy Limited

Liability Company' Limited Partnership] by EUROHYPO AG Bank. The value of the collateral is EUR 150 million.

- on March 01, 2007 the District Court in Krakow, 7<sup>th</sup> Department of Pledge Registry, registered a pledge in the Pledge Registry on all rights and obligations in the Issuer's subsidiary "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. [Echo - Galaxy Limited Liability Company' Limited Partnership], owned by the Issuer's subsidiary "Projekt Echo - 43" Sp. z o.o. [Project Echo - 43' Limited Liability Company], in favor of EUROHYPO AG Bank with its registered seat in Eschborn, Germany, as a collateral of the maximum amount of credit facility granted to "Echo - Galaxy Spółka z ograniczoną odpowiedzialnością" Sp.k. [Echo - Galaxy Limited Liability Company' Limited Partnership] by EUROHYPO AG Bank. The value of the collateral is EUR 150 million.

- on March 8, 2007 an agreement was made between Echo Investment SA with its registered seat in Kielce („the Seller”) and a subsidiary „Projekt Echo - 54” Sp. z o.o. [Project Echo - 54' Limited Liability Company] with its registered seat in Kielce („the Buyer”) on transfer of an organized part of enterprise - establishment preparing an individual balance sheet. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Pasaż Świętokrzyski" [Echo Investment Joint Stock Company - Świętokrzyski Arcade Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Act as of January 15, 1992 on Corporate Income Tax (Journal of Laws of 2000 No. 54 item 694), which is an establishment preparing its independent balance sheet within the meaning of Article 6 item 1 of the Act as of March 11, 2004 on Tax on Goods and Services (VAT) (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, ownership right to immovable property situated in Kielce at Massalskiego Street and Kredowa Street, with an area of 50,716 sq. m, including ownership of a shopping center building erected thereon, usable area of 16,467 sq. m, with all rights and obligations pertaining thereto.

The value of contract is PLN 110,097,350 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 96,452,018.78 (as on March 8, 2007). The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 2,201,947 shares in the initial capital of "Projekt Echo - 54" Sp. z o.o. with total value of PLN 110,097,350, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 2,202,946 votes at the meeting of shareholders.

On August 31, 2007, a contract of transfer of establishment was made between the Issuer's subsidiaries: „Echo - Centrum Tarnów” Sp. z o.o. [Echo - Tarnów Center' Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo - 61” Sp. z o.o. [Project Echo - 61' Limited Liability Company] with its registered seat in Kielce („the Buyer”).

The object of the enterprise transfer contract is an establishment comprising right of perpetual usufruct of immovable property situated in Tarnów, with an area of 55,797 sq. m, including ownership of a shopping center building erected thereon and forming a separate object of ownership, with all rights and obligations pertaining thereto.

The value of contract is PLN 76,655,350 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 74,742,798.66 (as on June 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 1,533,107 shares in the initial capital of "Projekt Echo - 61" Sp. z o.o. [Project Echo - 61' Limited Liability Company] with total nominal value of PLN 76,655,350. These shares form 99.93% of the Company's initial capital, giving 1,533,107 votes at the meeting of shareholders.

The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo - 61" Sp. z o.o. intends to continue their present manner of utilization.

On September 26, 2007, a loan agreement was made between the Issuer's subsidiaries: „Projekt Echo – 54” Sp. z o.o. [‘Project Echo - 54’ Limited Liability Company] with its registered seat in Kielce (the Lender) and „Echo Investment Project 1” S.r.l. with its registered seat in Bucharest (the Borrower). Under the said agreement, the Lender lends to the Borrower 25 million EUR which, according to the average exchange rate of the National Bank of Poland as on the effective date of contract, is an equivalent of PLN 94.47 million. The loan is granted for a period expiring on June 30, 2008. The rate of interest on the loan was determined on the basis of EURIBOR 3M + margin. Interest will be charged as at the end of each consecutive quarter of year. The funds thus obtained will be allocated to financing of the business operations of Echo Investment Project 1 S.r.l. in the territory of Romania.

On October 31, 2007, a contract of transfer of establishment was made between the Issuer's subsidiaries: „Echo – Centrum Jelenia Góra” Sp. z o.o. [‘Echo – Jelenia Góra Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo – 56” Sp. z o.o. [‘Project Echo – 56’ Limited Liability Company] with its registered seat in Kielce („the Buyer”).

The object of the establishment transfer contract is an establishment comprising right of perpetual usufruct of immovable property situated in Jelenia Góra, with an area of 48,209 sq. m, including ownership of a shopping center building erected thereon and forming a separate object of ownership, with all rights and obligations pertaining thereto.

The value of contract is PLN 74,150,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiary is PLN 73,327,760.14 (as on June 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 1,483,000 shares in the initial capital of “Projekt Echo – 56” Sp. z o.o. [‘Project Echo – 56’ Limited Liability Company] with total nominal value of PLN 74,150,000. These shares form 99.93% of the Company's initial capital, giving 1,483,000 votes at the meeting of shareholders.

On November 7, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce and a subsidiary „Projekt Echo – 65” Sp. z o.o. [‘Project Echo – 65’ Limited Liability Company] with its registered seat in Kielce. The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name “Echo Investment SA – Oddział Szczecin” [‘Echo Investment Joint Stock Company – Szczecin Branch’] (the “Branch”), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, ownership right to immovable property situated in Szczecin at Malczewskiego Street, with an area of 5,242 square meters, with all rights and obligations pertaining thereto. The value of contract was PLN 9,570,050. The aforementioned organized part of enterprise forms a non-cash contribution for coverage of newly established 191,401 shares in the initial capital of “Projekt Echo – 65” Sp. z o.o. [‘Project Echo – 65’ Limited Liability Company] with a total value of PLN 9,570,050. All newly established shares have been taken up by Echo Investment SA.

On November 15, 2007, a contract of transfer of enterprise was made between Echo Investment SA's subsidiaries: „Echo – Centrum Poznań” Sp. z o.o. [‘Echo – PoznańCenter’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo – 81” Sp. z o.o. [‘Project Echo – 81’ Limited Liability Company] with its registered seat in Kielce. The accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiary was PLN – 1,034,618.05 (as on September 30, 2007), including the following major components of the enterprise. - tangible assets, including ownership right to land property situated in Poznań at Krauthofera Street and Dmowskiego Street, in the amount of PLN 43.15 million, - obligations under loan agreements in the amount of PLN 44.19 million. The value of the enterprise forming the non-cash contribution, as on the date of the enterprise transfer agreement (the Agreement) made between “Echo – Centrum Poznań” Sp. z o.o. (the Seller) and “Projekt Echo – 82” Sp. z o.o. (the Buyer), i.e. as on November 15, 2007,

amounted to PLN 39,838,000, including the value of fixed assets revaluated according to market value as on the effective date of the Agreement was PLN 85.00 million and the value of the enterprise's loan obligations was PLN 45.17 million. The aforementioned establishment forms a non-cash contribution for coverage of newly established 796,760 shares in the initial capital of "Projekt Echo - 81" Sp. z o.o. [Project Echo - 81' Limited Liability Company] with total nominal value of PLN 39,838,000. These shares form 99.87% of the Company's initial capital, giving 796,760 votes at the meeting of shareholders.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo - 63" Sp. z o.o. [Project Echo - 63' Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Kraków" [Echo Investment Joint Stock Company - Krakow Branch] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Act as of January 15, 1992 on Corporate Income Tax (Journal of Laws of 2000 No. 54 item 694), which is an establishment preparing its independent balance sheet within the meaning of Article 6 item 1 of the Act as of March 11, 2004 on Tax on Goods and Services (VAT) (Journal of Laws No. item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets included, among other, right of perpetual usufruct and ownership right of real estates situated in Krakow at Lea Street, with the office building erected thereon and constituting ownership separate from land, with all rights and obligations pertaining thereto.

The accounting value of the transferred establishment in the form of contributions books of accounts of the Issuer's subsidiaries was PLN 3,668,704.84 (as on September 30, 2007) and the value of enterprise transferred as non-cash contribution was PLN 12,744,400.

The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 254,888 shares in the initial capital of "Projekt Echo - 63" Sp. z o.o. [Project Echo - 63' Limited Liability Company] with total nominal value of PLN 12,744,400, where all these newly established shares shall be taken up by Echo Investment SA.

On November 22, 2007, in the course of execution of Resolution no. 4, which was passed on October 18, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, an agreement of transfer of an organized part of enterprise – an establishment preparing an individual balance sheet was signed between Echo Investment SA with its registered seat in Kielce (the Seller) and a subsidiary „Projekt Echo - 66" Sp. z o.o. [Project Echo - 66' Limited Liability Company] with its registered seat in Kielce (the Buyer). The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name "Echo Investment SA - Oddział Warszawa" [Echo Investment Joint Stock Company - Warsaw Branch] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch. These assets include, among other, right of perpetual usufruct to immovable property situated in Warsaw at Postępu Street, with an area of 11,823 square meters, and ownership right to the building erected thereon forming a separate property, with all rights and obligations pertaining thereto. The value of contract is PLN 53,232,850 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 19,385,992 (as on September 30, 2007). The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 1,064,657 shares in the initial capital of "Projekt Echo - 66" Sp. z o.o. with total value of PLN 53,232,850, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 1,064,657 votes at the meeting of shareholders. The assets mentioned

above used to be exploited before transfer in development and financial operations. "Projekt Echo – 66" Sp. z o.o. intends to continue their present manner of utilization.

On November 30, 2007 an agreement of transfer of ownership of an establishment was made between the subsidiaries: „Echo – Galaxy spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce („the Seller") and „Projekt Echo – 60" Sp. z o.o. with its registered seat in Kielce („the Buyer"). The object of contract is an enterprise comprising right of perpetual usufruct of real estate located in Szczecin, Al. Wyzwolenia and Malczewskiego Streets, with an area of 20,361 sq. m, including ownership of the Galaxy shopping and entertainment center erected on the real estate and constituting a separate object of ownership, with all rights and obligations under the contract of lease of real estate situated in Szczecin at Malczewskiego Street, with an area of 5,831 square meters, and all rights and obligations pertaining thereto. The value of contract is PLN 382,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 393,500,834.5 (as on September 30, 2007). The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,651,000 shares in the initial capital of "Projekt Echo – 60" Sp. z o.o. [Project Echo – 60' Limited Liability Company] with total nominal value of PLN 382,550,000. These shares form 99.99% of the Company's initial capital, giving 7,651,000 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo – 60" Sp. z o.o. intends to continue their present manner of utilization.

On November 30, 2007 an agreement of transfer of ownership of an establishment was made between the subsidiaries: „Echo – Pasaż Grunwaldzki spółka z ograniczoną odpowiedzialnością" Sp. k. with its registered seat in Kielce („the Seller") and „Projekt Echo – 62" Sp. z o.o. with its registered seat in Kielce („the Buyer").

The object of contract is an enterprise comprising ownership right to land property with an area of 27,932 square meters and a building of the Pasaż Grunwaldzki shopping and entertainment center erected on the aforementioned property, as well as the right of perpetual usufruct of land property situated in Wrocław with the area of 6,826 square meters and ownership of an administrative and sanitary building erected on that land property and being a separate object of ownership, located in Wrocław, Grunwaldzki Square, and ownership right of an apartment located in Wrocław, and all rights and obligations pertaining thereto.

The value of contract is PLN 386,550,000 and the accounting value of the transferred establishment in the books of accounts of the Issuer's subsidiaries is PLN 167,240,767.37 (as on September 30, 2007).

The aforementioned establishment forms a non-cash contribution for coverage of newly established 7,731,000 shares in the initial capital of "Projekt Echo – 62" Sp. z o.o. [Project Echo – 62' Limited Liability Company] with total nominal value of PLN 386,550,000. These shares form 99.99% of the Company's initial capital, giving 7,731,000 votes at the meeting of shareholders. The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo – 62" Sp. z o.o. intends to continue their present manner of utilization.

On December 04, 2007 the District Court in Krakow, 7<sup>th</sup> Economic Department of the Pledge Registry, made an entry in the Pledge Registry concerning pledges on shares of the issuer's subsidiary Projekt Echo – 61 Sp. z o.o. with its registered seat in Kielce (the Subsidiary), owned by the Issuer's subsidiary Echo – Centrum Tarnów 17 Sp. z o.o. with its registered seat in Kielce. The pledges established on these shares constitute a collateral in favor of Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of obligations under a credit facility agreement, which the Issuer reported in the current report no. 46/2000 on May 31, 2000. The pledges on the shares have been established on the basis of agreements of registered pledge on shares, made on October 29, 2007 between Echo – Centrum Tarnów Sp. z o.o. (the Pledger) and Eurohypo AG Bank (the Pledgee). The value of receivables secured by the said registered pledge is EUR 8,873,596 (according to the average exchange rate of the National Bank of Poland as on the date of making the registered pledge, the said amount is an equivalent of PLN 32.09 million). The encumbered shares constitute 99.93% of the initial capital of Projekt Echo-61 Sp. z o.o., in nominal value of PLN 76,655,350, carrying 1,533,107 votes at the general meeting of shareholders of the company. The book value of the assets whereon the registered pledge was established in the books of accounts of Echo – Centrum Tarnów Sp. z o.o. is

PLN 76,655,350. Echo – Centrum Tarnów Sp. z o.o. considers these shares as a long-term capital investment.

Apart from the aforementioned agreements, neither Echo Investment S.A. nor its subsidiaries entered into any transaction with affiliated companies that would be considered extraordinary or differing from market conditions, or not resulting from the Capital Group companies' current operating activity, but whose value would exceed the PLN equivalent of EUR 500,000 during the period from the beginning of the financial year.

## **8.2. Transactions with managers or supervisors of Echo Investment S.A.**

During the year 2007, no transactions occurred between Echo Investment S.A. and its managers or supervisors with individual or total value during a period of 12 months would make a Polish zloty equivalent of the amount of EUR 500,000.

## 9. Information about credits taken and loan agreements, specifying their due dates, and surety / guarantee contracts.

### 9.1. Credit agreements of the dominant company

Echo Investment S.A.'s obligations arising out of credit facilities taken out as at the end of the financial year 2007 are presented in the table below:

Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used amount as on 2007-12-31 [in thousands PLN]	Final repayment date
PeKaO S.A.	Advance on current account	PLN	20.000	0	29.06.2008
Bank Handlowy w Warszawie S.A.	Advance on current account	PLN	20.000	0	07.03.2008
BZ WBK SA	Advance on current account	PLN	20.000	0	31.05.2009
PKO BP SA	Advance on current account	PLN	20.000	0	20.08.2009
PKO BP SA	Working capital facility	PLN	40.000	0	20.08.2009
PeKaO SA	Advance on current account	PLN	20.000	0	30.06.2008
PeKaO SA	Working capital facility	PLN	90.000	0	30.06.2009
ING Bank Śląski	Advance on current account	PLN	30.000	0	05.09.2008
FORTIS Bank S.A.	Advance on current account	PLN	20.000	0	29.11.2008

## 9.2. Credit agreements of subsidiaries

Company raising the loan	Bank name	Type of obligation	Credit currency	Credit amount according to contract [in thousands]	Credit usage level (in thousands) as on December 12, 2007	Final repayment date
Projekt Echo 56 Sp. z o.o. [Project Echo 56 Limited Liability Company]	Pekao S.A.	Long-term credit	EUR	9 101	2 509	2010-08-31
Echo Investment - Centrum Handlowe Bełchatów Sp. z o.o. [Echo Investment - Bełchatów Shopping Center Limited Liability Company]	Pekao S.A.	Long-term credit	EUR	4 962	1 175	2010-04-30
Projekt Echo 61 Sp. z o.o. [Project Echo 61 Limited Liability Company]	Eurohypo AG	Long-term credit	EUR	11 100	3 900	2010-07-15
Echo Investment - Centrum Handlowe Przemyśl Sp. z o.o. [Echo Investment - Przemyśl Shopping Center Limited Liability Company]	ING Bank Śląski S.A.	Long-term credit	EUR	4 230	1 358	2012-06-30
Kieleckie Centrum Handlowo - Rozrywkowe Sp. z o.o. [Shopping and Entertainment Center of Kielce Limited Liability Company]	Kredyt Bank S.A.	Long-term credit	EUR	18 000	12 001	2013-10-31
Athina Park Sp. z o.o. [Athina Park Limited Liability Company]	Eurohypo AG	Long-term credit	EUR USD	13 840 8 200	12 809 7 907	2014-09-30
Wan 11 Sp. z o.o. [Wan 11 Limited Liability Company]	Eurohypo AG	Long-term credit	EUR	32 100	29 185	2016-01-29

Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center Limited Liability Company]	Bank BPH S.A.	Long-term credit	EUR	36 300	29 346	2019-01-23
Projekt Echo 62 Sp. z o.o. [Project Echo 62 Limited Liability Company]	Eurohypo AG	Long-term credit	EUR	100 000	73 875	2022-09-30
Projekt Echo 60 Sp. z o.o. [Project Echo 60 Limited Liability Company]	Eurohypo AG	Long-term credit	EUR	100 000	40 481	2022-09-22
Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.K. [Echo - Grunwaldzki Arcade Limited Liability Company Limited Partnership]	Eurohypo AG	Long-term credit	EUR	100 000	16 126	2022-09-30

### 9.3. Loan agreements

#### 9.3.1. Loans taken – short-term

As on December 31, 2007 Echo Investment Capital Group has not taken out any short-term loans.

#### 9.3.2. Granted loans – short-term

Echo Investment Capital Group's receivables on account of loans granted as at the end of the financial year 2007 are presented in the table below:

Organization	Outstanding loan amount [capital in thousands PLN]	Final repayment date
Ultra Marina Sp. z o.o.	18.862	30.06.2008
Astra Sp. z o.o.	6.400	30.06.2008
Ustra Sp. z o.o.	277	31.12.2008
Other	180	-

#### 9.3.3. Loans taken – long-term

As on December 31, 2007 Echo Investment Capital Group has not taken out any long-term loans.

#### 9.3.4. Granted loans – long-term

Echo Investment Capital Group's receivables on account of long-term loans granted as at the end of the financial year 2007 are presented in the table below:

Organization	Outstanding loan amount [capital in thousands PLN]	Final repayment date
Natural person	40	31.12.2009

### 9.4. Debenture bond agreements

Pursuant to contracts made as regards the Bonds Issue Program with BRE Bank in 2004 and BPH S.A. Bank in 2003, Echo Investment S.A. has certain obligations under debenture bonds issued. The maximum total nominal value of all bonds thus issued by Echo Investment SA shall not exceed:

- 600 million PLN under the agreement signed with BRE Bank SA,
- 250 million PLN under the agreement signed with BPH SA Bank.

The balance of these obligations as at the end of the financial year 2007 is presented in the table below:

Bank name	Type of instrument	Amount utilized [in thousands PLN]	Bonds redemption date
BRE Bank S.A. [BRE Bank Joint Stock Company]	Bonds	150.000	25.05.2011
BRE Bank S.A. [BRE Bank Joint Stock Company]	Bonds	100.000	25.05.2013
BRE Bank S.A. [BRE Bank Joint Stock Company]	Bonds	300.000	30.06.2014

Events in 2007:

1. On April 16, 2007, Echo Investment SA signed annexes to contracts concerning the Bonds Issuance Program as of April 15, 2004 with BRE Bank S.A., with its registered seat in Warsaw. The annexes to

the foregoing Contracts stipulate multiple issues of short-, medium- and long-term bonds denominated in Polish zlotys, to be executed by the Company within 3 years from the date of signing the annexes. The maximum total nominal value of all bonds thus issued shall not exceed PLN 600 million. The company shall allocate the funds obtained from issues to financing its daily activities.

Under the signed annexes to Contracts, BRE Bank S.A. shall organize and provide complex service of issue of the Company's bonds on unregistered market. The bonds will be straight debt, issued as bearer securities. Interest rates on the bonds can be fixed or variable. The bonds shall not yield any non-financial performances. Terms and conditions of issue shall be set out a few days prior to issue, during the term of the Contract on Bonds Issue (until April 16, 2010).

2. Under a Bonds Issuance Program signed on April 15, 2004 with BRE Bank S.A., seated in Warsaw, on May 24, 2007 the Company issued discount bonds for a total value of PLN 50 million. The nominal value of one bond is PLN 100 thousand. The bonds were issued for a period of six months, i.e. the bonds redemption date falls on November 23, 2007. Issue price and interest rate was determined on the basis of WIBOR 6M rate plus investors' margin. On the redemption date, the bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured. The above mentioned issue shall be considered the roll-up process of 500 bonds issued on November 24, 2006, to be redeemed on May 24, 2007. Funds from the issuance of bonds shall provide grounds for continued implementation of the Issuer's and Echo Investment Capital Group's development strategy.

3. Under a Bonds Issuance Program signed on April 15, 2004 with BRE Bank S.A., seated in Warsaw, on June 28, 2007 the Company issued coupon bonds for a total value of PLN 300 million. The nominal value of one bond is PLN 100 thousand. The bonds were issued for a period of seven years. Bonds redemption date shall be June 30, 2014. On the redemption date, the bonds shall be redeemed for the nominal value of the bonds. The issue price is PLN 100 for PLN 100. Interest has been determined on the basis of WIBOR 6M rate plus investors' margin. The issued bonds are not secured.

Funds from the issuance of bonds shall provide grounds for continued implementation of Echo Investment S.A. and the entire Capital Group's development strategy. The bonds issue placement even better adjusts the financing of Echo Investment S.A.'s operations to the character and cycle of performance of the Company's investment projects on the real estate market.

The possibility of obtaining funds through current issue of bonds and using up the available credit limits open up a way for the Company to become involved in consecutive projects. According to the Management Board, the Company's activity in numerous fields effectively diversifies the risk of its functioning. It is the intention of the Management Board of Echo Investment S.A. to further strengthen the Company's position in the segments of its operation, i.e. extension of the shopping and shopping/entertainment centers chain is anticipated, along with building apartments, hotels, office buildings, and property management.

4. On September 04, 2007 Echo Investment SA (Issuer of Bonds) redeemed 3,000 discount bonds for a total nominal value of PLN 30 million. As a consequence of repurchase, the bonds were redeemed according to Article 24 clause 1 of the Act as of June 29, 1995 on Bonds (Journal of Laws No. 120 item 1300, as amended). The bonds were issued on December 04, 2006 under the contract of performance of a Bonds Issuance Program as of April 02, 2003 with Bank BPH S.A., seated in Krakow.

5. On September 11, 2007 Echo Investment SA (Issuer of Bonds) redeemed 3,000 discount bonds for a total nominal value of PLN 30 million. As a consequence of repurchase, the bonds were redeemed according to Article 24 clause 1 of the Act as of June 29, 1995 on Bonds (Journal of Laws No. 120 item 1300, as amended). The bonds were issued on December 11, 2006 under the contract of performance of a Bonds Issuance Program as of April 02, 2003 with Bank BPH S.A., seated in Krakow.

6. On September 13, 2007, an annex was signed between Echo Investment SA (Issuer of Bonds, the Company) and BPH S.A. Bank with its registered seat in Krakow (Issuance Agent) to the contract of performance of a Bonds Issuance Program (the Bonds) as of April 02, 2003 (the Agreement). Annex to the Agreement foresees multiple issues of short-, mid- and long-term bonds denominated in Polish zlotys, to be executed by the Issuer of Bonds before May 31, 2009. The maximum total nominal value of all bonds thus issued shall not exceed PLN 250 million. Under the foregoing Agreement, the

Company is presently not indebted on account of debt securities issued. The company shall allocate the funds obtained from issues to financing its daily activities.

Under the signed annex to the Agreement, BRE Bank S.A. shall organize and provide complex service of issue of the Company's bonds on unregistered market. The bonds will be straight debt, issued as bearer securities. Interest rates on the bonds can be fixed or variable. The bonds shall not yield any non-financial performances. The conditions of issue shall be set out prior to issue, during the term of the Bonds Issuance Program Agreement.

7. On November 23, 2007 Echo Investment SA (Issuer of Bonds) redeemed 500 discount bonds. As a consequence of repurchase, the bonds were redeemed according to Article 24 clause 1 of the Act as of June 29, 1995 on Bonds (Journal of Laws No. 120 item 1300, as amended). The bonds were issued on May 24, 2007 under the Contract for performance of a Bonds Issuance Program as of April 16, 2004 with BRE Bank S.A., seated in Warsaw (RB no. 38/2007 of May 24, 2007).

### 9.5. Suretyship agreements

The following changes occurred in 2007 in respect of the balance of obligations under the Company's suretyship agreements:

1. The surety for the debts of Echo-Galaxy Sp. z o.o. Sp.k. with its registered seat in Kielce on account of loan granted by EUROHYPO AG Bank, with its registered seat in Eschborn, Germany. The surety was granted by Echo Investment SA in favor of EUROHYPO AG to the amount not exceeding EUR 100 million.
2. The surety for the debts of Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp.k. [Echo - Grunwaldzki Arcade Limited Liability Company, Limited Partnership] with its registered seat in Kielce on account of loan granted by EUROHYPO AG Bank, with its registered seat in Eschborn, Germany, has expired. The surety was granted by Echo Investment SA in favor of EUROHYPO AG to the amount not exceeding EUR 13 million.
3. On May 15, 2007 Echo Investment SA granted a surety for the obligation of a subsidiary "Projekt - Echo 39" Sp. z o.o. [Project - Echo 39' Limited Liability Company] with its registered seat in Kielce for payment of sales price for the right of perpetual usufruct of immovable property situated in Kalisz. The surety was granted up to the amount of PLN 18,807 million.
4. On July 4, 2007 Echo Investment SA granted a surety to "Projekt Echo - 49" Sp. z o.o. [Project Echo - 49' Limited Liability Company] with its registered seat in Kielce on account of the obligation to remedy a damage, up to the amount of 1,361 thousand USD.
5. On July 4, 2007 surety granted in favor of the Municipal Office of Lodz concerning payment of fees for perpetual usufruct of land by MDP Sp. z o.o. [MDP Limited Liability Company] expired. The value of surety was PLN 8,370 thousand. The surety was valid until 2095.

Issuer's suretyship agreements in force as on December 31, 2007 are presented in the table below:

Surety in favor of	Value (in thousands)	Expiry date	On account of
Bank PeKaO SA	PLN 740	until the effective day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO SA Bank.	Surety for the obligations of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Limited Liability Company] as a collateral of a loan granted by PeKaO SA Bank on June 28, 2000.
Natural person	PLN 18,807	until December 31, 2010	Surety for a subsidiary's obligation to pay the price of sales of perpetual usufruct right to immovable property situated in Kalisz
Projekt Echo 49 Sp. z o.o. [Project Echo 49 Limited Liability Company]	PLN 3,315	until July 04, 2010	Surety for obligations concerning remediation of damage regarding Projekt – Echo 49 Sp. z o.o. [Project – Echo 49 Limited Liability Company] up to the amount of 1,361 thousand USD

#### 9.10. Guarantee agreements

As on December 31, 2007 Echo Investment SA did not have any valid guarantee agreements in force. The following changes occurred in 2007 in respect of the balance of obligations under guarantee agreements executed by the Company:

1. Bank guarantee as of September 23, 2005, granted by BZ WBK S.A. Bank by way of securing payment for execution of construction of an underground passage and other components of reconstruction of the road system of Grunwaldzki Square in Wrocław, granted in favor of the Commune of Wrocław, has expired. The value of that guarantee was PLN 17,894 thousand.
2. Bank guarantee as of August 15, 2004, granted by PeKaO SA Bank as a security of debts and possible liquidated damages related to the contract of purchase of land in Wrocław from the Commune of Wrocław, has expired. The value of that guarantee was PLN 3,831 thousand.
3. Bank guarantee as of August 2, 2006, granted by EUROHYPO AG as a collateral of payment of remuneration for construction works in favor of Strabag Sp. z o.o., has expired. The value of the guarantee was PLN 18,241 thousand.
4. On September 4, 2007, an annex was executed concerning extension of the validity period of a bank guarantee granted by PKO BP SA Bank as a security of obligations towards Spółdzielnia Spożywców MOKPOL. The validity period was changed from September 5, 2007 to March 5, 2008.
5. On September 27, 2007, the bank guarantee granted by PKO BP SA Bank as a security of obligations towards Spółdzielnia Spożywców MOKPOL expired. The value of that guarantee was PLN 3,995 thousand.

#### 10. In case of issue of securities during the reporting period – description of the use of revenues from the issue by Echo Investment S.A.

The dominant company - Echo Investment S.A. did not issue any securities (shares) in 2007.

## 11. Clarification of differences between financial results disclosed in the annual statement and previously published prognoses for the year 2007

Neither Echo Investment S.A. Capital Group nor the dominant company – Echo Investment S.A. published any prognoses of financial results for the year 2007.

## 12. Evaluation of management of financial resources of Echo Investment S.A. Capital Group, with special consideration of the capacity of paying off the incurred debts

Management of financial resources of Echo Investment S.A. Capital Group in 2007, in relation to the investment process in progress of erection of commercial facilities and apartments was mainly focused on obtaining sources of financing for realized projects, bridge financing (until the point of obtaining financing by subsidiaries) and maintaining safe liquidity ratios and assumed financing structure.

The capital group's operations during 2007 yielded a positive result on all levels of the profit and loss account. During the recent years, Echo Investment Capital Group has been increasingly emphasizing the increase of portfolio of commercial surfaces, which according to the Management Board of the Company should ensure stable revenues and cash flows. According to the Management Board, Echo Investment Capital Group's property and financial condition at the end of 2007 indicates the Group's stable financial standing.

Rates of return corresponding to the business activity carried out within the Capital Group in 2007 are lower than those of the preceding year. The ROA recorded most significant depreciation. Rates of return on assets and return on equity have deteriorated slightly, which is a consequence of more rapid growth of the value of assets and equity than of net profit.

*Profitability indicators during the years 2007-2006 are presented in the table below:*

<b>Yield ratios</b>	<b>2007</b>	<b>2006</b>
Operating profit margin ratio <i>operating profit / net revenues from sales</i>	104,4%	114,3%
Net balance profit margin ratio <i>net profit / net revenues from sales</i>	83,4%	83,5%
Rate of return on assets (ROA) <i>net profit / assets total</i>	9,0%	10,2%
Rate of return on equity (ROE) <i>net profit / equity capital</i>	21,1%	23,3%

The rotation of key items of assets and liabilities in Echo Investment Capital Group is due to the unique qualities of performed operations. It is related to the relatively long cycle of execution of the specific investment projects and the value and volume increase of the 'portfolio' of executed investments. This directly fosters an increase in the value of inventories, covering the following items in the Capital Group: acquired ownership rights and rights of perpetual usufruct of land and all building expenses and costs pertaining to executed developer projects designed for sale. Inventories and short-term liabilities rotation cycle became longer and the cycle of short-term receivables became shorter.

Movements of key assets and liabilities during the years 2007-2006 are presented in the table below:

Activity indicators	2007	2006
Inventories cycle in days (average balance of inventories * 365 / net sales revenues)	435	228
Short-term receivables cycle in days (balance of short-term receivables * 365 / net sales revenues)	57	85
Short-term trade debt cycle in days (balance of short-term trade debts * 365 / net sales revenues)	116	97

Liquidity ratios are maintained on safe levels. All the liquidity ratios presented below are higher than in 2006. This is primarily due to the Management Board's policy related to financing of investment projects in progress. Echo Investment Capital Group's reliability in the financial market keeps increasing, which is confirmed by the diversified structure of banks financing the operations of the entire Group. The cash balance, which increased in comparison with the year 2007, also fostered improvement of relevant ratios.

Liquidity ratios of Echo Investment S.A. Capital Group during the years 2007-2006 are presented in the table below:

Liquidity ratios	2007	2006
Current ratio current assets / short-term debts	2,53	1,54
Quick ratio (current assets - inventories) / short-term debts	1,31	0,99
Cash ratio cash / short-term debts	1,06	0,79

Due to appropriate financing structure, the values of presented ratios are safe for performed operations and confirm Echo Investment S.A. Capital Group's credibility in the financial market. Compared to the previous year, the level of debt on assets remained unchanged but debt to equity rate increased slightly

Assets coverage and debt ratios of Echo Investment S.A. Capital Group during the years 2007-2006 are presented in the table below:

Debt indicators	2007	2006
Equity to assets ratio equity / assets total	42,7%	43,6%
Equity to fixed assets ratio equity / fixed assets	58,3%	55,5%
Overall debt ratio debt total / assets total	47,7%	48,3%
Debt to equity ratio debts total / equity	111,8%	110,7%

### 13. Evaluation of the possibility of realization of investment plans, including capital investments, as compared to the volume of available resources, accounting for possible changes in the structure of financing of these operations

Under the Capital Group, Echo Investment S.A. and its subsidiaries are fully capable of financing the currently executed investment projects. While executing projects in all areas of activity, Echo Investment S.A. Capital Group intends to finance these projects using funds from equity capitals, bank loans, issue of debt securities. The dominant company focuses its efforts on achieving a situation when programs of issue of debt securities are guaranteed and their aging period is longer than one year.

At the same time, the Capital Group intends to execute a number of projects through subsidiaries. This refers in particular to projects designed for lease, i.e. shopping and commercial / entertainment centers and offices, obtaining financing (special purpose facilities) directly for these companies.

#### 14. Assessment of extraordinary factors and events affecting the financial results yielded in 2007

Reassessment of the value of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław after its delivery in the 2<sup>nd</sup> quarter of 2007 had a significant impact on the bottom line, as well as quarterly revaluation of Echo Capital Group's immovable properties, considering for changes due to EUR and USD exchange rate gains/losses (q/q) and yearly variation of capitalization rates, which is always carried out during the 3<sup>rd</sup> quarter of each year.

Another significant factor affecting the financial result was the clearing of the transaction of sale of two office projects and one shopping & entertainment center in Łódź, and of a Kielce mall. The contracts of sale of immovable property were executed on July 04, 2007. Total net price of transaction was USD 25,600,173 and EUR 47,373,902, i.e. an equivalent of PLN 248.7 million according to the exchange rate of the National Bank of Poland as on the transaction date. The book value of the assets in the books was PLN 222.6 million (balance as on June 30, 2007). Total area for sale in the sold projects is about 37.8 thousand square meters. Other important transactions were the sales of MDP shopping center and two office establishments in Lodz, and of the Pasaż Świętokrzyski mall in Kielce. The bottom line was also affected by the signing of final contracts of sale of the housing project of Warsaw, Inflancka Street, and clearing of the fee payable to Echo Investment S.A. under General Contracting Agreement signed with Ustra Sp. z o.o. with its registered seat in Kielce concerning erection of a complex of office buildings in Kielce, al. Solidarności Street.

Other factors include regular incomes from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments, purchase of real estate, and quality improvement and value increase of the available investment portfolio. Other important aspects shall include the situation in the financial market and general economic trends in Poland, Hungary and Romania, where Echo Capital Group is going to commence its operations.

#### 15. Description of external and internal factors significant for the development of Echo Investment S.A. Capital Group Description of development perspectives of the Capital Group's economic activity.

##### 15.1. Description of external and internal factors significant for the development of Echo Investment S.A.

Key **external** factors affecting the Company's development include:

###### *Positive factors:*

- maintained investment activity of Polish and foreign business entities and resulting demand for services provided by the Company,
- shortage of residential areas,
- decreasing cost of mortgages, encouraging consumers to take out such loans,
- Polish and foreign financial institutions' willingness to engage in financing investments in the real estate market,
- increased interest of foreign investment funds in the Polish real property markets, resulting from their encouragement by high yield rates,
- improved availability of capital sources, resulting from market entry of a number of institutions interested in investing in the real property sector,
- Poland's accession to the European structures

###### *Negative factors:*

- unclear legal status of numerous real properties, which is due to such issues as reprivatization or lack of precise spatial development plans in many towns and communes,

- time-consuming court and administrative proceedings related to legal status regulation and acquisition of rights to real property,
- adverse changes on the real estate market, having an immediate impact on Echo Capital Group's business,
- restriction of regulations concerning construction of large-size facilities in Poland,
- uncertainty about key assumptions of the fiscal and monetary policies in Poland.

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

**Positive factors:**

- clear and precise development strategy,
- stable structure of shareholders of Echo Investment S.A., with clear and consistent owners' policy towards the Company,
- well-defined product group,
- recognized position in the developer market and high reliability, acknowledged by Echo Investment S.A.'s presence in the Stock Exchange and obtained Developer's Certificate,
- good cooperation with stable partners,
- organizational structure accounting for the existence of profit centers, which are responsible for the specific segments of activity of Echo Investment S.A.

**Negative factors:**

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

#### **15.2. Perspectives for the development of economic activity of Echo Investment S.A. and the Capital Group.**

The Management Board of Echo Investment S.A. envisages further dynamic growth of the entire organization. Such growth will be based on good perspectives for the real estate market in Poland and in other countries of Central and Eastern Europe. The operations of Capital Group companies will focus on increasing the portfolio of commercial areas for lease (shopping and entertainment centers and offices). Furthermore, Echo Investment S.A. intends to increase the sales of residential projects. Realization of hotels strongly depends on the situation in the tourist industry and on hotel chains' willingness to undertake new investments. The Company is planning for further cooperation with the present hotel chain operators, for whom the Company has completed hotel projects. The current activities of the Company and of Echo Investment Capital Group are focused on the Polish market and is soon going to focus on the Hungarian and Romanian market as well. The Management Board of the Company intends to launch business operations on foreign markets, in Central and Eastern Europe. Certain efforts have been taken in order to extend the range of the Company's operations outside Poland.

Under its verification and portfolio improvement policy, the Company does not foreclose expansion of existing commercial projects and the sale of certain existing projects to obtain funds for financing its current and future investments.

## 16. Changes in the basic principles of managing the issuer's enterprise and its Capital Group.

No significant changes in the basic rules of management took place during the year 2007. The development of the organization enforces improving management procedures applied both by Echo Investment S.A. and by Capital Group companies.

## 17. Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during last financial years. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.

### 17.1. The Management Board

As at the end of the year 2007, the Management Board of the Company was composed of the following members:

Jarosław Grodzki, President of the Management Board  
Piotr Gromniak, Member of the Management Board  
Artur Langner, Member of the Management Board.

Certain significant events took place in 2007, causing changes in the composition of the Management Board of Echo Investment SA:

- On March 26, 2007 Mr. Andrzej Majcher resigned from his function as a Member and President of the Management Board of the Company. Mr. Andrzej Majcher is going to apply for a post of Supervisory Board member.

- On March 27, 2007 a meeting of the Supervisory Board of Echo Investment S.A. was held and a resolution was passed on appointing President of the Management Board of the Company and assigning a member of the Supervisory Board to temporary performance of functions of Management Board member.

In the course of resolutions passed, the Supervisory board of the Company appointed Mr. Jarosław Grodzki, former Vice-President of the Management Board of the Company, President of the Management Board of the Company as from March 27, 2007.

Furthermore, the Supervisory Board of Echo Investment S.A. assigned Mr. Mariusz Waniółka, acting as Deputy Chairman of the Supervisory Board of the Company, to temporary exercise of functions of a Management Board member as a substitute for Mr. Andrzej Majcher, for a period not exceeding 3 months as from the date of resolution by the Supervisory Board.

### 17.2. The Supervisory Board

The composition of the Supervisory Board changed in 2007. On May 29, 2007 the Ordinary General Meeting of Shareholders of Echo Investment SA passed a resolution no. 18, whereunder it decided to appoint 6 new members of the Supervisory Board for the next term of office (combined 3-years' term of office). In addition, on the basis of resolutions passed in respect of appointment of the Supervisory Board for the new term of office, on May 29, 2007 the Ordinary General Meeting of Shareholders of Echo Investment SA appointed the following persons as supervisors:

- Wojciech Ciesielski,
- Mariusz Waniółka,
- Robert Oskard,
- Karol Żbikowski,
- Tomasz Kalwat,
- Andrzej Majcher.

Compared to the Supervisory Board for the previous term of office, Mr. Andrzej Majcher is a new member.

Mr. Kamil Latos, who was a Member of the Management Board of Echo Investment SA until May 29, 2007, resigned from applying to a post for the next term of office.

During the meeting of June 11, 2007 the Supervisory Board of Echo Investment SA, acting pursuant to paragraph 1 clause 2 of the Regulations of the Supervisory Board of Echo Investment SA, enacted resolutions on election of Chairman and Deputy Chairman of the Supervisory Board of Echo Investment SA. Mr. Wojciech Ciesielski was elected Chairman and Mr. Andrzej Majcher was elected Deputy Chairman of the Supervisory Board of Echo Investment SA. Both functions shall be held as from June 11, 2007.

As on the submission date of the present annual report, the Supervisory Board of Echo Investment S.A. is composed of the following members:

Wojciech Ciesielski, Chairman of the Supervisory Board,  
Andrzej Majcher, Deputy Chairman of the Supervisory Board,  
Mariusz Waniołka, Member of the Supervisory Board,  
Robert Oskard, Member of the Supervisory Board,  
Karol Żbikowski, Member of the Supervisory Board,  
Tomasz Kalwat, Member of the Supervisory Board.

### **17.3. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.**

#### **17.3.1. Rules of appointing and dismissing members of managing bodies**

These rules, as applied by the company, are regulated by the Polish Code of Commercial Partnerships and Companies, and Company Articles of Echo Investment S.A. The Management Board as a whole and the individual members thereof shall be appointed and suspended by the Supervisory Board, who shall elect the President of the Management Board and the Vice-President of the Management Board.

The term of office of the first Management Board shall last two years and the terms of office of the subsequent Management Boards shall last three years, where management board members shall be appointed for a common term of office, which shall not preclude the right to early dismissal of each of the Management Board members. The terms of office of the Management Board members shall elapse on the day of a General Meeting of Shareholders that is held for the purpose of approving of a financial statement for the final year of the term of the Management Board. The Supervisory Board may dismiss the Management Board or its individual members before expiry of their terms of office, including specifically upon written request of shareholders representing at least 1/3 of the share capital or if the Ordinary General Meeting of Shareholders passes a resolution on refusal to grant a vote of acceptance to the Management Board on account of performance of its duties during the completed financial year.

#### **17.3.2. Authorizations of members of managing bodies**

Authorizations of managing bodies members are regulated by the Company Articles of Echo Investment SA. The Management Board members shall represent the Company in front of authorities, offices and third parties, during proceedings in court, state authorities and offices. Statements shall be made in the name of the Company by two members of the Management Board acting jointly, or by one Management Board member acting jointly with the Procurator. Incurring liabilities by persons authorized to make statements in the name of the Company for amounts exceeding 20% of the Company's ownership capitals shall require prior written consent of the Supervisory Board. The Management Board shall handle all current issues of the Company in the range not reserved by the

provisions of the Code of Commercial Partnerships and Companies or of the Company Articles for the General Meeting of Shareholders or the Supervisory Board.

Decisions regarding issue and redemption of shares are regulated by the provisions of the Polish Code of Commercial Partnerships and Companies.

**18. Value of all outstanding loans granted by the issuer to members of managing and supervisory bodies and their relatives (separately), and of guarantees and sureties granted to these persons (separately).**

As on December 31, 2007 there are no outstanding loans, guarantees or sureties granted by the issuer to managing or supervisory bodies members or to relatives of these persons.

**19. Agreements made between the issuer and members of managing bodies, stipulating compensation in case of their resignation or dismissal from their positions without an important reason, or if their removal or dismissal results from the issuer's merger through takeover**

As on December 31, 2007, no agreements exist between the issuer and members of managing bodies that would stipulate compensation.

**20. Value of remuneration, rewards and benefits, including ones resulting from motivation or bonus programs based on bonds with preemptive rights, convertible bonds, subscription warrants, paid, due or potentially due, separately for each member of the issuer's managing and supervisory bodies, as well as values of remuneration and rewards received for performance of functions in the bodies of subsidiaries.**

**20.1 Remuneration paid to members of managing bodies**

Managers of Echo Investment S.A. received the following compensation from Echo Investment S.A. and on account of their functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies in 2007:

- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 650 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Jarosław Grodzki received compensation from Echo Investment S.A. in the total amount of PLN 926 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 619 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 725 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mariusz Waniółka received compensation from Echo Investment S.A. in the total amount of PLN 60 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.

Other persons involved in management of wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) received a total

compensation of PLN 292 thousand for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies.

## 20.2 Remuneration paid to members of supervisory bodies

Supervisors of Echo Investment SA received the following compensation from Echo Investment S.A. on account of their supervisory functions for the Company during the year 2007:

- Wojciech Ciesielski received compensation from Echo Investment S.A. in the total amount of PLN 82 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mariusz Waniółka received compensation from Echo Investment S.A. in the total amount of PLN 46 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Robert Oskard received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Karol Żbikowski received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Tomasz Kalwat received compensation from Echo Investment S.A. in the total amount of PLN 36 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Kamil Latos received compensation from Echo Investment S.A. in the total amount of PLN 15 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 35 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies

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

## 21. Total number and nominal value of all shares of the issuer and shares in the issuer's Capital Group companies held by managing and supervising persons

### Split of shares

Shares of Echo Investment S.A. have been quoted on the Warsaw Stock Exchange since March 1996. On October 18, 2007 the Extraordinary General Meeting of Shareholders of Echo Investment SA passed Resolution no. 6 on split of the Company's shares with appropriate amendment of the Company Articles (split of shares in proportion 1:10). The former nominal value of each share of PLN 0.50 has now been determined as PLN 0.05. As a result of such change in the nominal value of shares, the number of issued shares will grow from 42 million to 420 million shares.

On December 10, 2007 the District Court in Kielce, 10<sup>th</sup> Economic Department registered changes in the articles and structure of the initial capital of Echo Investment SA. The changes were registered with regard to the Resolution no. 5 enacted by the Extraordinary General Meeting of Shareholders of Echo Investment SA of October 18, 2007 on amendment of the Company's objects and related

changes to the Company Articles, and Resolution no. 6 on splitting the Company's shares and amending the Company Articles accordingly. As a result of 1:10 split of shares, the nominal value of shares was reduced from 0.50 PLN to 0.05 PLN. At present, the value of share capital is PLN 21,000,000 and it is divided into:

- 1,600,000 (one million six hundred thousand) series A ordinary bearer shares,
- 38,400,000 (thirty-eight million four hundred thousand) series B ordinary bearer shares,
- 20,000,000 (twenty million) series C ordinary bearer shares,
- 60,000,000 (sixty million) series D ordinary bearer shares,
- 20,000,000 (twenty million) series E ordinary bearer shares,
- 280,000,000 (two hundred and eighty million) series F ordinary bearer shares.

All shares with nominal value of PLN 0.05. The total number of votes yielded by all shares is 420,000,000.

On December 20, 2007 the National Deposit of Securities (KDPW SA) of Warsaw, acting pursuant to paragraph 86 and paragraph 2 clause 1 and clause 4 of the Regulations of the National Deposit of Securities decided through a Resolution No. 904/07 as of December 20, 2007 that, because of change of the nominal value of Echo Investment SA's shares, the 31<sup>st</sup> day of December 2007 shall be the splitting date of 42,000,000 shares of Echo Investment SA with a nominal value of PLN 0.50 each, code PLECHPS00019, into 420,000,000 shares of Echo Investment SA for a nominal value of PLN 0.05 each. As on December 31, 2007, 420,000,000 shares of Echo Investment SA will be coded PLECHPS00019, with nominal value of PLN 0.05 each. On December 31, 2007 the National Deposit of Securities (KDPW SA), in the course of executing its resolution no. 904/07 as of December 30, 2007, swapped Echo Investment SA's shares in the deposit of securities.

As on the submission date of the present report, 420,000,000 shares of the Company are presently available for stock trade. All shares yield the same rights. Each share carries one vote at the General Meeting of Shareholders of the Company. Nominal value of one share is PLN 0.05.

Information about issues of Echo Investment's shares:

Series	Number of shares*	Nominal 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			

\* number of shares after 1:10 split (registration on December 10, 2007 by the District Court, 10<sup>th</sup> Economic Department of the National Court Register in Kielce).

### 21.1. Ownership of shares of Echo Investment S.A. by supervising persons

Ownership of shares of Echo Investment S.A. by supervising persons is presented in the table below:

	Balance as on 2007-12-31*	Nominal value of one share	Nominal value total	Percentage of share capital
<b>Wojciech Ciesielski</b> , Chairman of the Supervisory Board,	1.440.000	PLN 0.05	PLN 72,000	0,34%
<b>Andrzej Majcher</b> , Deputy Chairman of the Supervisory Board**	100.800	PLN 0.05	PLN 5,400	0,02%
<b>Mariusz Waniółka</b> , Member of the Supervisory Board	did not hold any shares	-	-	-
<b>Robert Oskard</b> , Member of the Supervisory Board,	did not hold any shares	-	-	-
<b>Karol Żbikowski</b> , Member of the Supervisory Board	did not hold any shares	-	-	-
<b>Kamil Latos</b> , Member of the Supervisory Board,	did not hold any shares	-	-	-
<b>Tomasz Kalwat</b> , Member of the Supervisory Board	did not hold any shares	-	-	-

\* number of shares after 1:10 split (registration on December 10, 2007 by the District Court, 10<sup>th</sup> Economic Department of the National Court Register in Kielce).

\*\* Member of the Supervisory Board as from May 29, 2007.

On February 14, 2007 the Company was notified by a member of the Supervisory Board that a person closely related to a member of the Supervisory Board of Echo Investment S.A., a company where he holds a director's post, entered on February 7, 2007 into a transaction of transfer of 755,573 shares of Echo Investment S.A. at the Stock Exchange (no. of shares after split: 7,555,730) for a unit price of PLN 110 each (value after split: PLN 11.00). The transaction was made as a block session transaction.

The notifying party requested that his or her personal data is kept confidential, quoting the provisions of Article 3 Clause 2 of the Regulation of the Minister of Finance as of November 15, 2005 on transmitting 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 (Journal of Laws No. 229 item 1950).

### 21.2. Ownership of shares of Echo Investment S.A. by managing persons

Ownership of shares of Echo Investment S.A. by managing persons is presented in the table below:

	Balance as on 2007-12-31 [pcs.]*	Nominal value of one share	Nominal value total	Percentage of share capital
<b>Jarosław Grodzki</b> , President of the Management Board**	did not hold any shares	-	-	-
<b>Piotr Gromniak</b> , Member of the Management Board	did not hold any shares	-	-	-
<b>Artur Langner</b> , Member of the Management Board.	did not hold any shares	-	-	-

\* number of shares after 1:10 split (registration on December 10, 2007 by the District Court, 10<sup>th</sup> Economic Department of the National Court Register in Kielce).

\*\* President of the Management Board of Echo Investment SA as from March 27, 2007, formerly Vice-President of the Management Board of Echo Investment SA.

**22. Shareholders of Echo Investment S.A. that, as on December 31, 2007, have at least 5% of the total number of votes at the general meeting of shareholders, directly or indirectly through subsidiaries.**

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on December 31, 2007:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	164 809 630	39,24%	164 809 630	39,24%
Commercial Union OFE*	37 850 690	9,01%	37 850 690	9,01%
OFE PZU Złota Jesień*	35 430 620	8,44%	35 430 620	8,44%
OFE ING Nationale – Nederlanden Polska*	35 259 850	8,40%	35 259 850	8,40%

\*balance of shares according to annual structure of investment portfolios of the OFEs (Open Pension Funds) as on December 29, 2007

On February 15, 2007 Echo Investment SA received a notice whereunder Mr. Michał Sołowow communicates that through a transaction of transfer of Echo Investment SA's shares by a subsidiary, as accounted on February 12, 2007, he has become a holder of the following assets, together with subsidiaries:

- directly: 1,185,568 shares of Echo Investment SA, giving 2.82% of the initial capital and 1,185,568 votes at the General Meeting of Shareholders (number of votes after the split of shares: 11,855,680), i.e. 2.82% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,
- indirectly through subsidiaries: 15,295,395 shares of Echo Investment SA (no. of shares after split: 152,953,950), giving 36.42% of the initial capital and 15,295,395 votes at the General Meeting of Shareholders (no. of votes after split of shares: 152,953,950), i.e. 36.42% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Directly and indirectly, he holds a total of 16,480,963 shares of Echo Investment SA (no. of shares after split: 164,809,630), giving 39.24% of the initial capital and 16,480,963 votes at the General Meeting of Shareholders (no. of votes after split of shares: 164,809,630), i.e. 39.24% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Before February 12, 2007, Mr. Michał Sołowow and the subsidiaries held the following assets:

- directly: 1,185,568 shares of Echo Investment SA (no. of shares after split: 11,855,680), giving 2.82% of the initial capital and 1,185,568 votes at the General Meeting of Shareholders (no. of votes after split of shares: 11,855,680), i.e. 2.82% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA,
- indirectly through subsidiaries: 16,050,968 shares of Echo Investment SA (no. of shares after split: 160,509,680), giving 38.22% of the initial capital and 16,050,968 votes at the General Meeting of Shareholders (no. of votes after split of shares: 160,509,680), i.e. 38.22% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Directly and indirectly, he was holding a total of 17,236,536 shares of Echo Investment SA (no. of shares after split: 172,365,360), giving 41.04% of the initial capital and 17,236,536 votes at the General Meeting of Shareholders (no. of votes after split of shares: 172,365,360), i.e. 41.04% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

On June 14, 2007, the clients of Pioneer Pekao Investment Management SA (PPIM) of Warsaw have become holders of shares giving more than 5% of the total number of votes at the Issuer's general

meeting of shareholders, as a result of performance of contracted financial instruments portfolio management service by PPIM.

Before the aforementioned increase of share, Pioneer Pekao Investment management SA's clients held 2,057,723 shares of Echo Investment SA (no. of shares after the split: 20,577,230) on their accounts covered by the management agreement, forming 4,90% of the Issuer's share capital. These shares carried 2,057,723 votes (no. of votes after the split of shares: 20,577,230), constituting 4,90% of the total number of votes at the Issuer's general meeting of shareholders.

On June 14, 2007 there were 2,100,123 shares of Echo Investment SA on Pioneer Pekao Investment Management SA customers' securities accounts (no. of shares after the split: 21,001,230), forming 5.0003% of the Issuer's initial capital. These shares carried 2,100,123 votes (no. of votes after the split of shares: 21,001,230), constituting 5.0003% of the total number of votes at the Issuer's general meeting of shareholders.

All clients of Pioneer Pekao Investment Management SA with respect to portfolios managed by PPIM have become the shareholders holding the aforementioned number of votes exceeding 5% of the total number of votes at the Issuer's general meeting of shareholders.

On June 20, 2007, the clients of Pioneer Pekao Investment Management SA (PPIM) of Warsaw have become holders of shares giving more than 4.99% of the total number of votes at the general meeting of shareholders of Echo Investment SA, as a result of performance of contracted financial instruments portfolio management service by PPIM, to the extent of the financial instruments contained in portfolios managed within the scope of PPIM's brokerage service concerning contracted management of financial instruments portfolio.

Before the aforementioned decrease of share, Pioneer Pekao Investment management SA's clients held 2,100,270 shares of Echo Investment SA (no. of shares after the split: 21,002,700) on their accounts covered by the management agreement, forming 5.0006% of the Issuer's share capital. These shares carried 2,100,270 votes (no. of votes after the split of shares: 21,002,700), constituting 5.0006% of the total number of votes at the Issuer's general meeting of shareholders.

On June 20, 2007 there were 2,097,401 shares of Echo Investment SA on Pioneer Pekao Investment Management SA customers' securities accounts (no. of shares after the split: 20,974,100), forming 4.99% of the Issuer's initial capital. These shares carried 2,097,401 votes (no. of votes after the split of shares: 20,974,100), constituting 4.99% of the total number of votes at the Issuer's general meeting of shareholders.

All clients of Pioneer Pekao Investment Management SA with respect to portfolios managed by PPIM have become the shareholders holding the aforementioned number of votes at the Issuer's general meeting of shareholders.

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA (hereinafter referred to as the Society), acting on behalf of Arka BZ WBK Akcji FIO, Arka BZ WBK Akcji Środkowej i Wschodniej Europy FIO, Arka BZ WBK Stabilnego Wzrostu FIO, ARKA BZ WBK Zrównoważony FIO and Lukas FIO (hereinafter called the „Funds”) and pursuant to Article 69 clause 1 item 1 with reference to Article 87 clause 1 item 2 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005 (Journal of Laws No. 184 item 1539, as amended) notified that as a result of acquisitions of shares that were cleared on July 16, 2007, the Funds enumerated above have become joint holders of shares carrying more than 5% of the total number of votes at the general meeting of shareholders of Echo Investment SA.

Before the increase of that percentage, the Funds' accounts contained 2,097,823 shares of Echo Investment SA (no. of shares after the split: 20,978,230), constituting 4.99% of the Issuer's share capital. These shares carried 2,097,823 votes at the general meeting of shareholders (no. of votes after the split of shares: 20,978,230), i.e. 4.99% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

As on July 16, 2007, a total of 2,108,623 shares were present in the Funds' securities accounts (no. of shares after the split: 21,086,230), giving 5.02% of the Issuer's share capital. These shares carried 2,108,623 votes at the general meeting of shareholders (no. of votes after the split of shares: 21,086,230), i.e. 5.02% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

The Society further informed that, in accordance with Article 46 clause 1 item 1 of the Act as of May 27, 2004 on Investment Funds (Journal of Laws No. 146, item 1546, as amended), it contracted the Funds' investment portfolios management from BZ WBK AIB Asset Management SA of Poznań.

BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK AIB Investment Funds Society Joint Stock Company, hereinafter referred to as the Society), acting on behalf of Arka BZ WBK Open Stock Investment Fund, Arka BZ WBK Stable Growth Investment Fund, Arka BZ WBK Balanced Open Investment Fund, and Lukas Open Investment Fund (hereinafter referred to as the Funds) and pursuant to Article 69 clause 1 item 2 with reference to Article 87 clause 1 item 2 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies as of July 29, 2005 (Journal of Laws No. 184 item 1539, as amended) notified that as a result of sales of shares that were cleared on October 30, 2007, the Funds enumerated above have become joint holders of shares carrying less than 5% of the total number of votes at the general meeting of shareholders of Echo Investment SA.

Before the decrease of that percentage, the Funds' accounts contained 2,100,144 shares of Echo Investment SA (no. of shares after the split: 21,001,440), constituting 5.0003% of the Issuer's share capital. These shares carried 2,100,144 votes at the general meeting of shareholders (no. of votes after the split of shares: 21,001,440), i.e. 5.0003% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

As on October 30, 2007, a total of 2,091,144 shares were present in the Funds' securities accounts (no. of shares after the split: 20,911,440), giving 4.9789% of the Issuer's share capital. These shares carried 2,091,144 votes at the general meeting of shareholders (no. of votes after the split of shares: 20,911,440), i.e. 4.9789% share in the total number of votes at the general meeting of shareholders of Echo Investment SA.

The Society further informs that, in accordance with Article 46 clause 1 item 1 of the Act as of May 27, 2004 on Investment Funds (Journal of Laws No. 146, item 1546, as amended), it contracted the Funds' investment portfolios management from BZ WBK AIB Asset Management SA of Poznań.

BZ WBK AIB Asset Management SA of Poznań communicated that as a result of transfers of the Issuer's shares as cleared on December 12, 2007 BZ WBK AIB Asset Management SA's customers whose accounts are covered by the management agreement have become owners of shares carrying less than 5% of the total number of votes at the Issuer's general meeting of shareholders.

Before the aforementioned increase of share, BZ WBK AIB Asset Management SA's clients held 2,113,861 shares of Echo Investment SA (no. of shares after the split: 21,138,610) on their accounts covered by the management agreement, forming 5.03% of the Issuer's share capital. These shares carried 2,113,861 votes (no. of votes after the split of shares: 21,138,610), constituting 5.03% of the total number of votes at the Issuer's general meeting of shareholders.

On December 12, 2007 there were 2,007,152 shares of Echo Investment SA on BZ WBK AIB Asset Management SA customers' securities accounts (no. of shares after the split: 20,071,520), forming 4.78% of the Issuer's share capital. These shares carried 2,007,152 votes (no. of votes after the split of shares: 20,071,520), constituting 4.78% of the total number of votes at the Issuer's general meeting of shareholders.

Furthermore, BZ WBK AIB Asset Management SA informs that BZ WBK AIB TFI SA of Poznań, pursuant to Article 46 clause 1 item 1 of the Act as of May 27, 2004 on investment funds (Journal of Laws No. 146 item 1546, as amended), contracted management of investment funds' portfolios from BZ WBK Asset Management SA. Considering the above, this information also accounts for Echo Investment SA's shares held by BZ WBK AIB TFI SA.

**23. Information about contracts known to the issuer, made during the last financial year, as a result of which changes may occur in the future in the proportions of shares held by existing shareholders.**

No such contracts are known to the Management Board of Echo Investment S.A.

**24. Owners of any securities giving special controlling privileges toward the issuer, including a description of such privileges**

Securities issued by Echo Investment S.A. do not give any special controlling privileges toward the issuer.

**25. Information about a system of control of matching shares programs**

No matching share program is functioning in the company.

**26. Restrictions concerning transfer of ownership right of the issuer's securities, and restrictions regarding execution of the voting rights assigned to the issuer's shares**

There are no restrictions as regards transfer of ownership of securities or execution of the voting rights from shares.

**27. Information concerning contract with certified auditor of financial statements for audit or review of a financial statement or consolidated financial statement**

On August 2, 2005 Echo Investment S.A. entered into an agreement with BDO Polska Sp. z o.o. with its registered seat in Warsaw, 12 Postępu Street, registration number of the National Board of Expert Auditors 523 (certified auditor of financial statements) for auditing and reviewing individual and consolidated financial statements. The contract was made for a term of 2 years, with an option of prolongation for a third year. On June 27, 2007, the Company took the option under the aforementioned agreement of contracting further audits of the financial statements of the Company and the Capital Group of Echo Investment S.A. for 2007 from BDO Numerica S.A. (former name: BDO Polska Sp. z o.o.).

The fee under the agreement for review and audit of the financial statement in 2007 will amount to PLN 107,100 and for review and audit of the consolidated financial statement in 2007: PLN 68,000. The same data for the equivalent period of the preceding year is: PLN 113,400 and PLN 72,000, respectively.

The remaining total fee for other services under the contract may refer to:

- compensation for verifying correctness of transformation of consolidated subsidiaries' data into the IAS if such subsidiaries had previously been preparing their financial statements according to the Polish Accounting Standards, in the amount of PLN 1,900 for each company requiring such verification, but no more than PLN 45,000 per year. This fee paid for the preceding year equaled PLN 45,000.
- costs of assignments borne by BDO Numerica S.A. with regard to the performance of contract, whose value according to the contract in force may not exceed PLN 21,000 per year. The fee paid for delegation costs for the preceding year equaled PLN 20,817.

*Kielce, April 30, 2008*

Signed by the Management Board of Echo Investment S.A.

\_\_\_\_\_  
Jarosław Grodzki

President of the Management Board  
Management Board

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Piotr Gromniak

Member of the Management Board

\_\_\_\_\_  
Artur Langner

Member of the Management Board

Member of the

## STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. hereby declares that, according to its best knowledge, the annual consolidated financial statement and comparative information have been prepared in accordance with valid accounting principles and they truly, reliably and clearly present the Company's property and financial condition and its financial result and that the annual management report contains a true presentation of the development, achievement and standing of the issuer's Capital Group, including a description of basic risks and threats.

Furthermore, the Management Board of Echo Investment SA hereby represents that BDO Numerica S.A. was chosen to audit the annual financial statement in compliance with valid laws and that both the company and chartered accountants carrying out the audit complied with the requirements for an impartial and independent audit report, according to relevant applicable national legislation.

Kielce, April 30, 2008

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Jarosław Grodzki  
President of the Management Board  
Management Board

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Piotr Gromniak

Member of the Management Board

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Artur Langner

Member of the

