

Dear Sir/Madam,

The year 2008 witnessed considerable changes in the operations of the LC Corp Group, resulting from the need to respond to the sudden change in both local and global economic situation.

The first half of 2008 was marked by execution of the adopted strategy for development of the LC Corp Group. The Group continued with investing activities of its subsidiary developers operating within the areas of major Polish cities i.e. Warsaw, Wrocław, Kraków, Gdańsk, Katowice and Łódź. Following the acquisition of land, the subsidiaries selected architectural studios and architectural designs, and then prepared to commence construction work by announcing tenders and negotiating the contents of executory agreements. The Arkady Wrocławskie Company focused on efficient management of the centre and consolidation of its position on the Wrocław market.

In the third and fourth quarter of 2008, the financial crisis expanded and bore heavily on the Polish economy. Faced with the deepening crisis on the global and Polish market, the Company took steps to minimize its effect. The financial market slump resulted in the fall of the property market in which the Group operates. A crucial factor in the development of the Company was the initiation, in Q4 2008, of the process of streamlining the structure of the Group, accompanied by reduction in the cost of the Group's operation. This included reductions in administrative and financial expenses, as well as keeping the risk of losing to a minimum. The Company adopted the above-mentioned measures with the aim of preparing the Group for the temporary market situation. These efforts enabled the Group to prepare its projects for instant activation, hold debt-free assets and the company structure ready for development.

Despite the difficulties arising solely from external factors, the LC Corp Group will continue to make every effort to develop its projects. We believe that through joint endeavour, and strong commitment of both the Management and employees of the LC Corp Group, we will be able to overcome temporary problems and be successful, deserving the trust placed in us by our shareholders.

Dariusz Niedośpiał

President of the Management Board, LC Corp S.A.