

**ASSESSMENT OF ANALYSIS OF LC CORP S.A.
MADE BY THE COMPANY'S SUPERVISORY BOARD**

I. ASSESSMENT OF COMPANY'S SITUATION

Year 2011 was the breakthrough year for both the Company and the entire development sector, which was severally affected by the crisis and turmoil on the financial and real estate markets. Looking at the perspective of the last year from Company's perspective it was, after the period of earlier material changes and restructuring of the projects, a period of putting the Company on the path of quick development benefitting from the noticeable boom in the economy.

The Supervisory Board of LC Corp S.A. believes that the Company managed to successfully survive this difficult period, which actually made the company stronger after the end of the crisis than it was before and is currently successfully implementing the adopted development strategy. This was reflected in the Company's financial performance in 2011.

The activities undertaken by the Company contributed both to the increase of financial results of Capital Group in 2011 and created the solid grounds for further development of the Group.

The Supervisory Board positively assesses the business strategy and objectives of the Company defined by the Management Board: enhancement of the activity in the key cities (Warsaw, Wrocław, Kraków, Gdańsk) through appropriate start-up of the investments from the existing portfolio and through the new acquisitions of real estate, thus diversifying the product offer due to the location and standard.

The Supervisory Board positively assesses the activity of the Company in 2011 and the work of the Company's Management Board, which was executing the adopted plans. The Supervisory Board resolved that the Company is managed correctly and effectively.

**II. ASSESSMENT OF THE INTERNAL CONTROL SYSTEM AND THE SYSTEM
OF MANAGEMENT OF THE RISK MATERIAL FOR THE COMPANY**

The risk management at LC Corp S.A. is conducted through the formalised process of periodical identification, analysis and evaluation of the risk factors in various areas of Company's and Group's operations. The appropriate procedures and processes are defined in the course of the identification of the risks, whose implementation is aimed at the elimination or mitigation of the risk for the Company and the Group. The Company does not have a specialised and functionally separated internal control (internal audit) unit - these activities are determined and supervised directly by the Management Board.

The Supervisory Board was supervising the activity of the Management Board in the area of risk management at the Company. In the opinion of the Supervisory Board, the systems of management of key risks (i.e. operating, legal and financial risks) developed at the Company, were functioning properly.

In the opinion of the Supervisory Board, the Company's Management Board was appropriately identifying the risks material for the Company and was managing them effectively in the dynamically changing external environment.