REPORT ON THE OPERATIONS OF THE OCTAVA NFI SA CAPITAL GROUP FOR 2008

This consolidated annual report was prepared in accordance with the rules as defined in the International Financial Reporting Standards in force in EU countries.

I. INTRODUCTION

In 2008, especially in the second half, Poland's macroeconomic forecasts deteriorated significantly in comparison with the preceding year. The almost monthly changes in GDP growth forecasts show the deep instability and unpredictability of Poland's and the world's economic situation. There are no significant prospects for an improvement in the availability of financing from the banking sector within the coming months.

Continually deteriorating economic growth forecasts and a rise in unemployment are also prompting anxiety regarding the level of retail sales in upcoming quarters. As a result, it is hard to predict whether and to what degree tenants of commercial retail space will maintain their financial standing. Also, the lower value of the zloty decreases tenants' ability to service leases denominated in euros.

All of the above factors have affected investment activity in the sector in which the Octava Group operates. The limited availability of debt financing influences the profitability of development projects, and sometimes even their feasibility. The potential drop in not only the growth rate but also the level of retail sales directly affects tenants' financial condition. This in turn directly affects the ability of existing shopping centres to maintain their levels of net rental revenues, as well as the possibility of leasing available or new commercial space.

Despite deteriorating external conditions, the Octava Group's situation remains stable. The Group met its internal forecasts of net revenues from rent for 2008. As a result of its obtaining zoning plans for properties in Wrocław and Wałbrzych, added value was created. In consequence, despite the crash on the real estate market and the significant decrease in the valuation of the Magnolia Park Shopping Centre (by about 15 per cent), the total value of real estate assets controlled by the Fund decreased year-on-year from 248.4 million euros to 229.2 million euros – in other words by only about 19.2 million euros or 7.7 per cent.

At the same time we wish to draw your attention to the fact that, according to a real estate valuation by an independent expert, the total value of real properties controlled by the Fund rose in comparison with the end of 2007 by 7.3 per cent, and on 31 December 2008 amounted to 266.5 million euros. However, in line with the principles of cautious valuation adopted by the Octava Group, and based on conservative assumptions with regard to realising the value of the Wrocław properties, the valuation of the land around the Magnolia Park Shopping Centre in Wrocław was decreased by the Group's management by more than 37 million euros relative to the value determined by the expert.

At the end of 2008, the net value of assets allocated to Fund shareholders grew by approximately 24.9 million zlotys, or by 19 grosze per share, to 3.38 zlotys. In the Management Board's opinion this is a positive

result, especially in the context of the very difficult market conditions. We believe that professional investors searching for safe and long-term investments will recognise the Octava Group's potential.

II. OCTAVA NFI SA CAPITAL GROUP

The Octave Captial Group (the "Group") includes Octava NFI SA and its subsidiaries, and in particular companies established in order to implement development projects.

The basic aim and object of the Group's operations is the implementation of real estate projects.

Octava NFI SA is controlled by Elliott International Capital Group L.P. and Elliott Associates L.P.

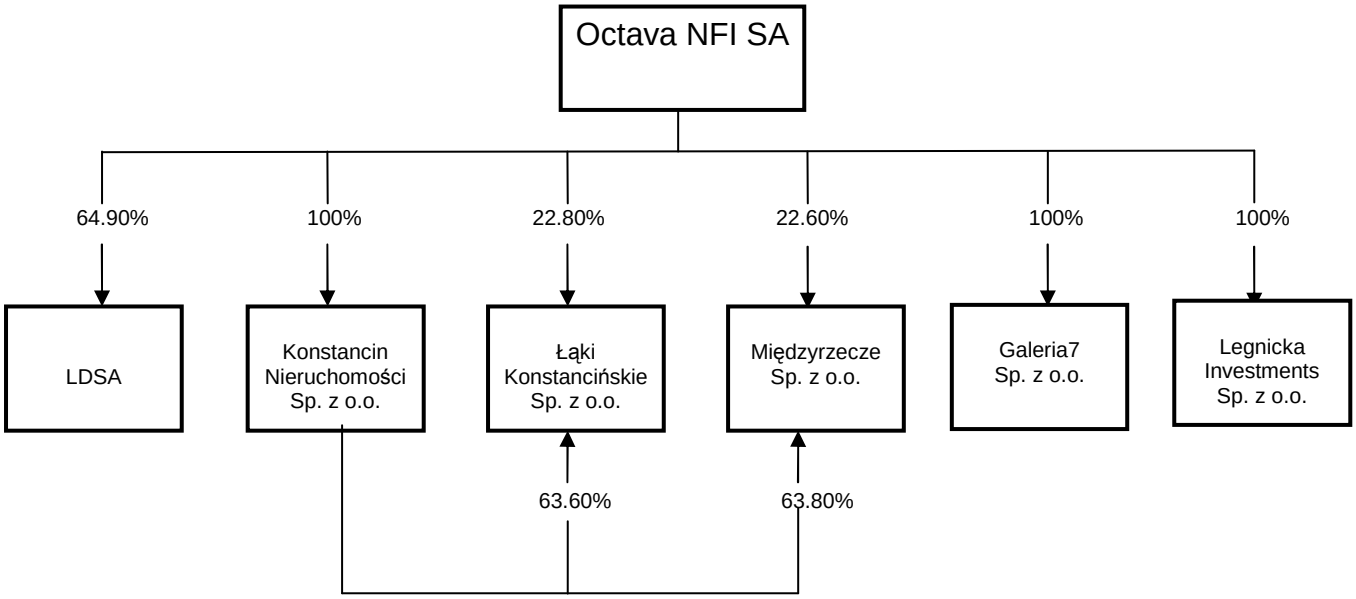
The following Octava NFI SA subsidiary companies comprise the Octava Capital Group:

- Legnicka Development SA (LDSA)
- Łąki Konstancińskie Sp. z o.o.
- Międzyrzecze Sp. z o.o.
- Konstancin Nieruchomości Sp. z o.o.
- Legnicka Investments Sp. z o.o.
- Galeria7 Sp. z o.o.

The Octava Group's member companies implement development projects on the following properties:

- **Legnicka Development SA** holds in perpetual usufruct about 24 hectares of land at ulica Legnicka in Wrocław. On this property it has built and operates the Magnolia Park shopping centre with a leasable area of approximately 65,000 square metres. Most of the land around the shopping centre is used as ground-level parking. At present, some three hectares of land is available for use without disturbing the existing parking lots. The entire grounds surrounding the shopping centre are included in a zoning plan that permits the construction of 200,000 to 470,000 square metres of commercial, office, hotel and residential space.
- **Konstancin Nieruchomości Sp. z o.o**. holds only cash and shares in Łąki Konstancińskie Sp. z o.o. and Międzyrzecze Sp. z o.o.
- **Łąki Konstancińskie Sp. z o.o.** holds, in perpetual usufruct, approximately 22 hectares of land in the centre of the District (*gmina*) of Konstancin Jeziorna.
- **Międzyrzecze Sp. z o.o.** holds, in perpetual usufruct, approximately 11 hectares of land in the centre of the District of Konstancin Jeziorna.
- **Legnicka Investments Sp. z o.o.** was established in 2008 in order to prepare a project for the expansion of the shopping centre in Wrocław. The Fund assumes that this company will be sold to LDSA.
- **Galeria7 Sp. z o.o.** holds more than 3.1 hectares of land in the centre of Wałbrzych (under ownership title and perpetual usufruct). The company plans to build a retail and entertainment centre on this plot. Pursuant to the zoning plan adopted in June 2008, it is possible to build a shopping centre with parking lots or residential buildings on this land. At present, the projected commercial space amounts to an estimated 40,000-47,000 square metres.

THE CAPITAL GROUP'S STRUCTURE:



III. THE CAPITAL GROUP'S ACHIEVEMENTS AND SIGNIFICANT CONTRACTS CONCLUDED

In 2008, the group concentrated its work on the effective management of the Magnolia Park shopping centre in Wrocław, preparing a project for the expansion of that centre and preparing a project for a shopping centre in Wałbrzych.

After the first year of the Magnolia Park shopping centre's operation in Wrocław, it holds a dominant position among retail centres in the Wrocław region. Magnolia Park, the largest such centre in Lower Silesia, was visited by more than 8.5 million shoppers in the 2008 operating year. The marketing programme for opening the centre, prepared and implemented by Redis (the centre's developer and manager) won the prestigious Gold Solal Marketing Award, presented to European shopping centres by the International Council of Shopping Centers (ICSC).

In Q4 2008, the zoning plan for grounds belonging to LDSA was legally finalised. It is estimated that the new plan will make it possible to build up to 470,000 square metres of space (net) and 10,000 parking spaces. The Fund has not made a decision regarding the planned scale of land development, and is currently considering implementing the investment in stages.

In June 2008 a zoning plan was adopted for the Wałbrzych property held by Galeria7. The property has been assigned to a category that would enable the construction of a shopping centre and parking lots, including permission for residential construction.

Work conducted by Galeria7 Sp. z o.o. has resulted in the preparation of a construction project and the receipt of a building permit at the beginning of 2009. Work was also performed on leasing out the planned centre. At the date on which this report was published, leases had been signed with stores such as H&M Hennes&Mauritz, Reserved, Cropp Town, Esotiq, House, Mohito and Euro AGD. Moreover, terms have been agreed or advanced negotiations are underway with many companies, including Tesco, as to other stores being opened. In total, approximately 40 percent of the Wałbrzych Magnolia Park shopping centre's retail space has been leased.

IV. PROSPECTS FOR GROWTH IN 2009 AS WELL AS EXTERNAL AND INTERNAL FACTORS SIGNIFICANT TO THE FUND'S AND THE CAPITAL GROUP'S DEVELOPMENT

The Fund's most significant short-term goals with regard to realising value are:

- further leasing of the shopping centre in Wałbrzych;
- external work on preparing the grounds adjoining the Magnolia Park shopping centre in Wrocław for construction;
- work on changing the zoning decision for the property in Konstancin;
- implementation of one or two new real estate investments;

In the Fund's opinion, it will be possible to implement the above goals in 2009.

In the opinion of the Management Board, external factors of significance to the growth of the Fund include, first of all, the situation on the construction, real estate and financial markets, as well as the overall economic situation in Poland and abroad.

V. BASIC ECONOMIC AND FINANCIAL FIGURES

1. EXPLANATIONS OF SELECTED BALANCE SHEET ITEMS

The value of the Octava Capital Group's assets at the end of 2008 amounted to 1,069.2 million zlotys (256.2 million euros), while its net asset value amounted to 608.9 million zlotys (145.9 million euros). The table below shows the contribution of individual portfolio companies to the Group's assets:

Contribution of individual capital group members to the consolidated balance sheet of the Octava NFI SA Group
(status as at 31 December 2008)

Assets	Asset value (100%) [PLN '000,000]
LDSA – total assets	970.3
Galeria7 – total assets	24.1
Legnicka Investments – total assets	12.1
Konstancin companies – total assets	20.4
Octava NFI SA – total assets	42.3
including cash and equivalents in Octava NFI SA	38.6

TOTAL	1,069.2

The Group's equity on 31 December 2008 amounted to 608.9 million zlotys, which constituted 57 per cent of its total liabilities. Long-term debt constituted 40 per cent of the Group's balance sheet total and amounted to 427.4 million zlotys.

Equity allocated to the Fund's shareholders at the end of 2008 amounted to 425.7 million zlotys, and the equity allocated to the Fund's shareholders per share amounted to 3.38 zlotys.

Basic components of the Octava Group's liabilities

Liabilities	Liability value [PLN '000,000]
Bank credit	321.8
Deferred tax liabilities	111.1
Other liabilities	27.4
Equity	608.9
Equity allocated to the Fund's shareholders	425.7
including exchange rate differences on the conversion of the functional euro currency to zlotys	42.6
Equity allocated to the Fund's minority shareholders	183.2
Total	1,069.2

The main position among the Group's liabilities is an investment credit facility contracted by LDSA for a period of 10 years. The total credit line available to LDSA amounts to 135 million euros. As at 31 December 2008, about 78 million euros of the credit line had been drawn.

A significant item on the balance sheet that could potentially lower LDSA's net asset value and, in consequence, influence the Group's balance sheet is its deferred tax liability. Legnicka Development SA's deferred tax liabilities have been calculated at 19 per cent of the difference between the value of the real estate valuation (taking into account all provisions) and the investment outlays. This liability becomes payable only in the event of the sale of the real property (including the shopping centre) by LDSA. However, if Octava NFI SA were to sell LDSA shares, this liability would not become payable. According to information obtained by the Fund from real estate advisors, current practice by entities concluding sale/purchase transactions of shares in special-purpose companies that own commercial real estate indicates that the liabilities of special-purpose companies stemming from deferred taxes are taken into consideration in the transaction price only to a limited extent. The Fund's future goal is to sell the company that owns the Magnolia Park shopping centre, and not the real property itself. Therefore, the deferred income tax liability may in fact never burden the Group's results in its full amount. If in calculating the net asset value the deferred tax liability were to be ignored, then the equity allocated to the Fund's shareholders at the end of 2008 would amount to 533.9 million zlotys and equity per share would amount to 5.7 zlotys.

Equity allocated to the Fund's shareholders was indicated as at the end of 2008, with the assumption that Legnicka Holding BV will execute its entitlement to receive 5.5 per cent of LDSA shares from Octava NFI SA. This entitlement was part of its remuneration for opening the shopping centre and achieving a specified level of net revenues from leasing retail space. This right was executed on 20 March 2009.

2. VERIFICATION OF REAL ESTATE VALUE BY AN INDEPENDENT EXPERT

In accordance with its policies, the Fund regularly commissions valuations of the Group's real estate portfolio. The results of a valuation carried out by independent estate expert Savillis Sp. z o.o. (Savillis) and the values assumed by the Management Board in financial statements are shown below. Moreover, the table presents the balance sheet value of individual properties after conversion into the presentation currency (zlotys) increased by the value of outlays related to the preparation of the expansion of the Magnolia Park shopping centre in Wrocław and the construction of the shopping centre in Wałbrzych.

List of valuations of real estate owned by the Group:

Property	Valuation method	Value according to Savills 31-12-2007 [EUR '000,000]	Value according to Savills 31-12-08 [EUR '000,000]	Value adopted by the Group in financial statements 31-12-08 [EUR '000,000]	Balance sheet value [PLN '000,000]
Magnolia Park – shopping centre	Income-based method	242,2	205,1	205,1	
Magnolia Park – land adjoining the shopping centre	Residual value method	0	54,7	17,5*	
Magnolia Park Wrocław – total		**242,2**	**259,8**	**222,5**	**938,4****
Galeria7	Comparative method	3,8	3,4	3,4	20,8***
Międzyrzecze	Comparative method	0,9	1,2	1,2	4,8
Łąki Konstancińskie	Comparative method	1,6	2,2	2,2	9,2
TOTAL:		**248,4**	**266,5**	**229,2**	**973,2**

* The Management Board of LDSA conservatively assumed the property value at 17.5 million euros;
** Includes the valuation of real estate and outlays made by Legnicka Investments Sp. z o.o. for the expansion of the Magnolia Park shopping centre in Wrocław;
*** Includes the valuation of real estate and outlays for the modernisation of the shopping centre made by Galeria7 Sp. z o.o.

In accordance with the valuation carried out by Savills as at 31 December 2008, the total value of real estate owned by LDSA (Magnolia Park with land adjoining the shopping centre) in Wrocław increased to 259.8 million euros.

However, the management board of LDSA has adopted more conservative assumptions with regard to the valuation and has listed the land's value at about 32 per cent of the amount determined by the expert. The management board of Octava concurs with the conservative approach taken in valuing the land.

3. EXPLANATIONS OF SELECTED ITEMS ON THE INCOME STATEMENT

At the end of 2008 the Octava Capital Group showed a net loss of 40.2 million zlotys. The net loss allocated to the Fund's shareholders at the end of 2008 amounted to 25.2 million zlotys.

Revenues and costs related to the lease of retail space in the Magnolia Park shopping centre in Wrocław in 2008 were in line with projections. The shopping centre's net operating revenues amounted to approximately 47.0 million zlotys, or about 13.5 million euros.

The net loss on real estate valuation, amounting to 60.6 million zlotys, is mainly a result of the lower valuation of the Magnolia Park shopping centre. The decrease in the value of the shopping centre was in part compensated for by an increase in the value of land adjoining the shopping centre due to the adoption of a new zoning plan. However, it should be noted that due to the weakening of the zloty in 2008, the value of the shopping centre in zlotys rose in comparison with its status at 31 December 2007, which was reflected in the balance sheet.

Other operating costs, in the amount of 17.5 million zlotys, consist of outlays on the construction and rebuilding of public roads in the vicinity of the Magnolia Park shopping centre, in the amount of 8.2 million zlotys. Moreover, in consistently applying a conservative asset valuation policy, provisions were created for overdue receivables, environmental fines and other potential cash expenditures, in a total amount of 8.2 million zlotys.

Other administrative costs include but are not limited to the costs of operating the portfolio companies, and legal and tax advice. Some of these expenditures were of a one-off nature, and they are not expected to weigh on the Group's results in subsequent years.

The main component of financial costs was the costs of servicing credit facilities contracted by LDSA.

The decrease in the euro-denominated provision for deferred income tax had a positive effect on the income statement. The decrease in the provision for deferred income tax is a consequence of the decrease in the valuation of the Magnolia Park shopping centre. However, it should be noted that the value of this provision denominated in zlotys rose due to the weakening of the zloty against the euro in 2008, which was reflected in the balance sheet.

The Group also generated revenues of about 4.2 million zlotys on interest on cash from an issue of the Fund's shares in 2007 and on cash held by LDSA. These funds are being invested conservatively in bank deposits or short-term debt securities that are secure, in the management board's opinion.

None of the Group's companies has concluded contracts that would aim to secure currency exchange rate risk in connection with their operations. LDSA, the Fund's main portfolio investment, operates using revenues indexed to the euro and has most of its liabilities and most of its costs denominated in this currency.

4. NOTES TO SELECTED ITEMS ON THE CASH FLOW STATEMENT AND THE LIQUIDITY OF THE GROUP'S FINANCING

In 2008, the Group's net operating cash flow amounted to 23.2 million zlotys. The most important source of income was the leasing of retail space in the Magnolia Park shopping centre in Wrocław. In 2008, this source generated income of 88.0 million zlotys for the Group. The main item among expenditures was the cost of operating the Magnolia Park shopping centre in Wrocław, in the amount of about 28 million zlotys.

Moreover, during the reporting period, outlays were made on preparing the expansion of the Magnolia Park shopping centre in Wrocław, the construction of the shopping centre in Wałbrzych and settling contracts related to the construction of the Magnolia Park shopping centre in Wrocław. The Group's financial liquidity is at a high level and does not constitute a threat. As at 31 December 2008, cash and debt securities held by the Group amounted to 58.0 million zlotys. Moreover, LDSA has access to an investment credit facility. At present about 57 million euros of that credit facility remain to be used if needed.

The Group's financial liquidity

Category	**Value (PLN '000,000)**
Cash and equivalents in Group companies	58.0
Available lines of credit	(EUR 57m) 237.8
Total	**295.8**

VI. SIGNIFICANT RISK FACTORS AND HAZARDS

The basic risk factors that will influence the Fund's results in the upcoming year are mainly related to external events currently taking place in the economy, and include:

- risks related to the current operations of the shopping centre in Wrocław:
  - the risks of recession and falling retail sales may cause a deterioration in tenants' financial situation, and in consequence lead to the termination of lease agreements and decreased rent revenues;
  - an increase in the euro exchange rate may negatively influence tenants' ability to meet their obligations under lease agreements and increase pressure from them for rent levels to be decreased;
  - the possible reduction of rent revenues may negatively influence LDSA's ability to fully utilise the full value of credit lines available from banks;
  - the deteriorating financial situation of banks and limited liquidity on the inter-bank market may induce a more restrictive and careful execution of credit agreements by banks and increased debt costs;
- risks related to development operations:
  - the slow-down of the economy and of credit activity by banks may restrict conditions for the acquisition of financing for new development projects;
  - the slow-down of the economy may negatively influence the possibility of attractively leasing projects prepared for construction;
  - the risk regarding the date and terms for the commencement of construction on grounds adjoining the Magnolia Park shopping centre and the property in Wałbrzych.

VII. PROCEEDINGS PENDING BEFORE COURTS, RELEVANT AUTHORITIES IN RESPECT OF ARBITRATION PROCEEDINGS, OR PUBLIC ADMINISTRATION BODIES

No proceedings regarding payables or debts of the Fund or its subsidiaries whose total value would constitute 10 per cent or more of the Fund's equity are currently pending before courts or public administration bodies.

VIII. ORGANISATIONAL AND CAPITAL TIES

In 2008, the Fund was organisationally related to the company that manages its assets: KP Capital Sp. z o.o., whereas the Group's capital ties relate to companies in which the Fund holds shares. A description of the Capital Group is presented in Section II of this Report.

IX. PRODUCTS, GOODS AND SERVICES

In the period covered by this report, the Fund did not conduct production, trading or service operations, and therefore does not present information regarding products, goods and services.

X. TRANSACTIONS CONCLUDED BY THE FUND WITH AFFILIATED ENTITIES

In the period covered by this report, LDSA repaid its obligations towards the Fund under a loan with a value of 12.6 million zlotys.

XI. CONTRACTED CREDIT FACILITIES AND LOAN AGREEMENTS

On 15 September 2008, a consortium of banks (BRE Bank SA, PKO BP SA, InvestKredit AG, DnB NORD Polska SA and ING Bank Śląski SA) granted LDSA a refinancing credit facility. The company used the first tranche (about 78 million euros) for:

a) repaying a construction credit facility and a VAT credit facility with a total value of 70.4 million euros;

b) repaying obligations of 7.7 million euros towards Manchester Securities Corporation and Octava NFI SA.

XII. GRANTING OF LOANS, SURETYSHIPS OF CREDIT FACILITIES OR LOANS OR GUARANTEES

In 2008 the Fund did not grant any loans, suretyships or guarantees.

XIII. ISSUING OF SECURITIES

In the period covered by this report, the Fund did not issue any securities.

XIV. USE OF FUNDS DERIVED FROM ISSUES OF SECURITIES

In the period covered by this report, the Fund did not issue any securities.

XV. DIFFERENCES BETWEEN THE FINANCIAL RESULTS AND PUBLISHED FORECASTS FOR THE GIVEN YEAR

No result forecasts were published.

XVI. MANAGEMENT OF FINANCIAL RESOURCES

The Capital Group invests free financial assets mainly in bank deposits and short-term debt securities issued or guaranteed by reputable business entities. These entities, due to the potential they represent and their position in areas in which they operate, appear to guarantee the fulfilment of contracted obligations.

The Fund's liquid assets cover needs related to the fulfilment of its obligations.

XVII. CAPACITY TO FULFIL INVESTMENT GOALS

The Management Board believes that the Capital Group has sufficient resources to fulfil its investment goals.

XVIII. CHANGES TO THE BASIC PRINCIPLES OF MANAGING THE BUSINESS

In 2008, no changes were made to the basic principles of managing the Fund's business.

XIX. CHANGES TO THE COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES IN 2008

Name and surname	period in which position was held
Management Board of Octava NFI SA	
Piotr Rymaszewski	1 January – 31 December 2008
Supervisory Board of NFI SA	
Charles D. DeBenedetti	1 January – 31 December 2008
Iain Gunn	1 January – 31 December 2008
Dorota Jakowlew-Zajder	1 January – 25 August 2008
Bogdan Kryca	1 January – 31 December 2008
Wiktor Sliwinski	1 January – 31 December 2008
Andrzej Wieczorkiewicz	1 January – 31 December 2008
Arkadiusz Chojnacki	16 October – 31 December 2008

In 2008, the Fund's assets were managed by a management company, KP Capital Sp. z o.o.

XX. RULES FOR APPOINTING AND DISMISSING MANAGEMENT PERSONNEL AND THE AUTHORITY OF MANAGEMENT PERSONNEL

The Management Board is composed of from one to seven persons appointed to a joint two-year term of office. The Supervisory Board appoints the President of the Management Board and the remaining members of the Management Board. The Supervisory Board is entitled to dismiss the President of the Management Board, members of the Management Board, or the entire Management Board before the end of their term of office.

The Management Board exercises all rights with regard to managing the Fund, with the exception of rights reserved by law and the statute for the Fund's remaining corporate bodies. The Management Board may

turn to the Supervisory Board with a request for an opinion or for taking a position in any matter involving the Fund, though in such an event the Supervisory Board's position is not binding. The purchase of the Fund's own shares for redemption requires authorisation granted by the General Meeting of Shareholders in a resolution.

If the Management Board is composed of one person, one Management Board member is authorised to represent the Fund and to sign on its behalf. If the Management Board is composed of more than one person, in order to represent the company and to sign on its behalf, two members of the Management Board or a Management Board member and an authorised signatory (*prokurent*) must act jointly.

XXI. AGREEMENTS CONCLUDED BETWEEN THE FUND AND MANAGEMENT PERSONNEL

In 2008, the Fund did not conclude any agreements with Management Board members.

XXII. VALUE OF REMUNERATION DUE AND PAID TO MANAGING AND SUPERVISORY PERSONNEL IN 2008

Name and surname	**remuneration (PLN)**
Management Board	
Piotr Rymaszewski	0.00*
Supervisory Board	
Charles D. DeBenedetti	142,467.00
Iain Gunn	101,226.00
Dorota Jakowlew-Zajder	64,954.16
Bogdan Kryca	101,226.00
Wiktor Sliwinski	101,226.00
Andrzej Wieczorkiewicz	101,226.00
Arkadiusz Chojnacki	21,671.42

* Piotr Rymaszewski, who holds the position of President of the Management Board of Octava NFI SA, is at the same time the President of KP Capital Sp. z o.o. - the Fund's management company, and as a result of this he does not collect remuneration for holding the position of President of the Fund.

The value of remuneration received for holding positions on the corporate bodies of Legnicka Development SA:

Name and surname	remuneration (PLN)
Piotr Kurek	7,882.67
Piotr Rymaszewski	15,564.00
Wiktor Sliwinski	15,360.00

The value of remuneration received for holding a position on the corporate bodies of Konstancin Nieruchomości Sp. z o.o.:

Name and surname	PLN
Paweł Woźniak	3,000

XXIII. THE STATUS OF HOLDINGS OF THE FUND'S SHARES BY MANAGING AND SUPERVISORY PERSONNEL

Pursuant to information in the Fund's possession, the status of holdings of its shares by personnel managing and supervising the Fund as at the day of the publication of the Report for 2008 was as follows:

- No Management Board members held any shares in the Fund.
- A person closely related – within the meaning of Article 160 par. 2 of the Trading Act – to Supervisory Board member Charles D. DeBenedetti holds two shares in the Fund (nominal value PLN 0.20).

Managing and supervisory personnel did not report holding any shares in the Fund's affiliates.

XXIV. THE FUND'S SHAREHOLDING STRUCTRE

In accordance with information provided to the Fund pursuant to Article 69 of the Act on Public Offerings and the Conditions for Introducing Financial Instruments to an Organised System of Trading and on Public Companies of 29 July 2005, the following entities held five per cent or more of the total number of votes at the general meeting of shareholders as at the date on which the report for 2008 was published:

Status as at 30 April 2009:

Shareholder	Number of shares and votes at the GMS	Share in the share capital and the total number of votes at the GMS (per cent)
Capital Group:	**73,024,466**	**58.03**
Elliott International, L.P. and Elliott Associates, L.P through its member companies:		
-Manchester Securities Corporation Ltd		
-Senato Holdings Limited		
-NIF Fund Investments (Cyprus) Limited		
Deactiva Limited:	**12,571,282**	**9.99**
PZU Group companies:	**895,660 ***	**0.71 ***

* Pursuant to deposit certificates submitted before the Extraordinary General Meeting of Shareholders, as at 16 October 2008, PZU Życie SA registered 6,975,000 shares, which constituted 5.54 per cent of the total number of votes, and PZU SA registered 3,979,000 shares, which constituted 3.16 per cent of the total number of votes, and PZU FIO Akcji Małych i Średnich Spółek registered 280,000

shares, which constituted 0.22 per cent of the total number of votes; pursuant to a notification received on 13.02.2009 from PZU Życie SA regarding the sale of 204,712 shares, as a result of which PZU Życie SA holds 6,178,522 shares in the Fund, which constitutes 4.91 per cent of the total number of shares.

The Company is not aware of any agreements as a result of which its current shareholding structure might change in the future.

The Fund does not issue securities that would carry controlling rights with regard to the Fund.

The fund is not aware of limitations regarding the exercise of voting rights attached to shares in the Fund.

XXV. ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS

On 30 April 2008, the Fund concluded with Baker Tilly Smoczyński i Partnerzy Sp. z o.o. with its registered office in Warsaw, entered on the list of entities entitled to audit financial statements under No. 1898, an agreement for auditing the Fund's financial statements for the period of 1 January to 30 June 2008 and for auditing the Fund's financial statements and the Capital Group's consolidated financial statements for the period of 1 January to 31 December 2008. The total value of remuneration for the above services amounts to the equivalent of 53,000 zlotys. This amount does not include VAT.

On 30 April 2007, the Fund concluded with Baker Tilly Smoczyński i Partnerzy Sp. z o.o. with its registered office in Warsaw, entered on the list of entities entitled to audit financial statements under No. 1898, an agreement for auditing the Fund's financial statements for the period of 1 January to 30 June 2007 and for auditing the Fund's financial statements and the Capital Group's consolidated financial statements for the period of 1 January to 31 December 2007. The total value of remuneration for the above services amounts to the zloty equivalent of 14,000 euros. This amount does not include VAT.

XXVI. SYSTEMS FOR CONTROLLING EMPLOYEE SHARE PROGRAMMES

The Fund does not exercise such control, as it does not have an employee share programme.

XXVII. BASIC CHANGES TO THE INVESTMENT PORTFOLIO

In 2008, the Fund established Legnicka Investment Sp. z o.o., the main purpose of which is to prepare a project for expansion of the shopping centre in Wrocław. The startup capital (i.e. the share and reserve capital) of the company amounts to 7 million zlotys; all of its shares were taken up by the Fund. In 2008, the company's capital was increased, as a result of which Legnicka Investments Sp. z o.o. acquired about 4 million zlotys.

In 2008, the share capital of Galeria7 was increased three times, as a result of which the company acquired about 19.8 million zlotys for financing the project for constructing a shopping centre in Wałbrzych.

All shares in each new issue were taken up by the Fund.

Moreover, in 2008 the share capital of Konstancin Nieruchomości Sp. z o.o. was increased. The transaction was fully financed from the Fund's own funds. A sum of 800,000 zlotys was paid in cash, and 2.6 million zlotys were set off against the Fund's receivables from the company. All new shares were taken up by the Fund.

XXVIII. INVESTMENT POLICY

The Fund's investment policy includes investing and managing investments in real estate that make it possible to achieve high returns both in nominal and percentage terms. The investments are in sizeable

projects consisting of the construction or expansion of buildings with a variety of uses (residential, retail, office, as well as hotel and recreational). Investment operations are conducted mainly in Poland and are concentrated on large and mid-sized cities. The fund generates profits by selling buildings at a time that makes it possible to optimise the return on a given investment.

XXIX. EVENTS TAKING PLACE AFTER THE BALANCE SHEET DATE

Significant events that took place after the balance sheet date include chiefly the Fund's conclusion of an agreement on 20 March 2008 that concerned the gratuitous transfer of 323,206 registered shares in LDSA to Legnicka Holding BV with its registered office in Luchthaven Schiphol in the Netherlands. The shares constitute 5.5 per cent of LDSA's share capital. The transaction was concluded as part of the execution of LDSA's shareholders agreement of 16 December 2005, under which LHBV was entitled to receive 5.5 per cent of LDSA shares from the Fund at no charge. This entitlement was part of its remuneration for opening the Magnolia Park shopping centre in Wrocław and achieving a specified level of net revenues from leasing retail space.

The transaction did not and will not influence the values included in the Capital Group's consolidated financial statements because the consolidated statements since 2007 have been prepared with the assumption that Legnicka Holding BV would exercise its entitlement.

On 24 April 2008 Galeria7 received a final decision based upon which it was granted a building permit for the Magnolia Park shopping centre in Wałbrzych together with a multi-level car park.

Warsaw, 29 April 2009