

Wroclaw, March 19, 2010

Dear Sir/Madam,

2009 was another year, after 2008, witnessing a difficult period on the market influenced by the financial crisis. The property development industry was particularly affected. In the opinion of the Management Board of LC Corp S.A. the Company and the Group were successfully manoeuvred through this hard period, by minimising the consequences of the negative influence exerted by the crisis on their operations and preparing the Group for further development.

In 2009 carrying out of the projects ensuring the fastest return on the capital employed (Osiedle Przy Promenadzie, stage II – about 400 flats) was continued. The available project portfolio was reviewed and repositioned, by deciding on the adjustment of the projects to the changing market conditions by modifying their intended purpose (Warszawa Przyokopowa) or redesigning them to make it possible to complete them by smaller stages (Łódź, Osiedle Pustynna and Osiedle Dębowa Ostoja and Kraków, Zielony Złocień) and adjusting the size, structure and standard of apartments to the fluctuating market demand and requirements. Intense activities were undertaken to make the Company's projects reach the stage of obtaining building permits, owing to which such projects can be commenced at any time. Depending on the possibilities of raising funds and the market conditions the Company will decide on the sequence of completing the projects.

Disposal of shares of LC Corp Sky Tower Sp. z o.o. resulted in raising indispensable funds which secured the Group's financial liquidity, enabling it, among others, to repay the loans incurred by subsidiary undertakings for real property acquisition. Owing to the above, at present the Company has its own funds for carrying out the planned projects and prospective acquisitions.

Acting in accordance with the improving market situation, in the middle of 2009 the Company decided to start construction works in two projects in Warsaw: Calisia Residence and Osiedle Przy Promenadzie stage III. Owing to this the Company takes an active part in the returning upward trend on currently the strongest Warsaw market, observing carefully the local markets and being ready to commence subsequent projects.

Despite the difficult situation the Group generated a sales profit of PLN 58 million. Revenue from lease of Arkady Wroclawskie increased and a satisfactory margin was maintained on sales of apartments. The final result of the Group (loss of PLN 43,814,000) was influenced by the revaluation of Arkady Wroclawskie property. An increase in capitalization rates, which form the basis for the valuation methodology, decided to a considerable extent on the amount of write-down. It was a reflection of the global condition of the world economy.

Building a significant position on the Polish property development market remains the Group's main goal. So as to achieve this goal the Group has defined and fulfils the following strategic objectives:

- carrying out projects exclusively in the situation where there is no risk of deteriorating liquidity, on the assumption that their funding is provided to a large extent by external capital (credits, bond issues),
- starting in the first place with the projects already included in the portfolio so as to recover the capital employed as quickly as possible,

- monitoring the market situation and looking for projects which are safe from the financial point of view: ensuring the achievement of the highest possible internal rate of return, yet not requiring a very high level of capital employed for individual projects, and based on thoroughly investigated sale possibilities.

In the Management Board's opinion the Group's liquidity situation is very good – cash and current financial assets enabled the Group to pay its current financial liabilities on a timely basis; a non-current part (credit refinancing Arkady Wrocławskie) is secured by the proceeds from the operation of the shopping centre. At present there are no other liabilities arising from external funding, except for the credit refinancing Arkady Wrocławskie. Furthermore, by selling apartments built in completed stage III of the Przy Promenadzie project, the Group can recover the capital invested in this project.

I realise that the year 2010 will require still more effort, commitment, dedication, and concentration on all important areas of the Group's operation. We will be faced with new challenges and even more ambitious objectives, but I am convinced that we will do anything, as we always do, to meet these objectives, concurrently strengthening our market position.

I would like to thank our Shareholders, who, despite the trying market situation, supported our decisions and stayed with us. We are convinced that we proved our Group's ability to adjust quickly to a new market situation and recognise new opportunities enabling it to continue its dynamic development in the future.

I would like to thank also all Employees and Management Boards of the LC Corp Group companies for their enormous effort and contribution to our Group's results. Without your commitment we would not be able to achieve such amount of success and it would not be possible for the Group to develop so rapidly.

From the LC Corp S.A. Management Board's perspective the stated objectives were accomplished, as the Company's financial security was ensured. The effective implementation of the strategy which consisted in overcoming the difficulties caused by the worldwide financial crisis allows us to provide an optimistic forecast for the Company's prospective development.

Dariusz Niedośpiał

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