



LC CORP GROUP

CONSOLIDATED QUARTERLY REPORT

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 3 MONTHS, ENDED 31 MARCH 2016**

drawn up in accordance with the International Accounting Standards

CONTAINING THE QUARTERLY FINANCIAL INFORMATION OF LC CORP S.A.

(unaudited financial data)

Wrocław, 16 May 2016

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1. SELECTED FINANCIAL DATA

Data concerning interim condensed consolidated financial statements of LC Corp Group

	PLN'000		EUR' 000	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
I. Non-current assets	1,786,986	1,767,528	418,655	414,767
II. Current assets	1,168,995	1,123,357	273,872	263,606
III. Total assets	2,955,981	2,890,885	692,527	678,373
IV. Equity	1,381,501	1,364,610	323,658	320,218
V. Equity attributable to shareholders of the parent	1,381,501	1,364,610	323,658	320,218
VI. Minority interest	-	-	-	-
VII. Non-current liabilities	1,065,591	1,066,409	249,646	250,243
VIII. Current liabilities	508,889	459,866	119,223	107,912
IX. Book value of equity attributable to shareholders of the parent, per share (in PLN/EUR)	3.09	3.05	0.72	0.72

	Q1 2016	Q1 2015	Q1 2016	Q1 2015
	cumulative	cumulative	cumulative	cumulative
	from 1 Jan 2016	from 1 Jan 2015	from 1 Jan 2016	from 1 Jan 2015
	to 31 March 2016	to 31 March 2015	to 31 March 2016	to 31 March 2015
X. Sales revenue	86,270	117,858	19,805	28,407
XI. Pre-tax profit on sales	35,459	41,873	8,140	10,093
XII. Net profit	18,275	20,945	4,195	5,048
XIII. Net profit attributable to shareholders of the parent	18,275	20,945	4,195	5,048
XIV. Net profit attributable to minority interest	-	-	-	-
XV. Basic profit per share (in PLN/EUR) attributable to shareholders of the parent	0.04	0.05	0.01	0.01

Data concerning interim condensed consolidated financial statements of LC Corp S.A.

	PLN'000		EUR' 000	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
XVI. Total assets	1,366,969	1,376,975	320,253	323,120
XVII. Equity	881,265	862,198	206,463	202,323

	Q1 2016	Q1 2015	Q1 2016	Q1 2015
	cumulative	cumulative	cumulative	cumulative
	from 1 Jan 2016	from 1 Jan 2015	from 1 Jan 2016	from 1 Jan 2015
	to 31 March 2016	to 31 March 2015	to 31 March 2016	to 31 March 2015
XVIII. Net profit/(loss)	19,067	6,472	4,377	1,560

Selected financial data were converted to EUR in line with the following principles:

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- a) financial data concerning selected items of assets and liabilities were calculated using the average EUR/PLN exchange rate quoted by the National Bank of Poland and effective as at the balance-sheet date. As at 31/03/2016 it stood at EUR/PLN 4.2684, and at the balance-sheet date of 31/12/2015 at EUR/PLN 4.2615.
- a) financial data concerning selected items of the statement of comprehensive income for Q1 2016 and Q1 2015 were calculated using the average EUR/PLN exchange rate being the arithmetical mean of the average exchange rates quoted by the National Bank of Poland and effective as at the last day of the months of the reporting period, i.e. respectively: EUR/PLN 4.3559 and EUR/PLN 4.1489.

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2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE LC CORP GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN'000)	31 March 2016 end of quarter (unaudited)	31 December 2015 end of previous year (audited)
Assets		
A. Non-current assets	1,786,986	1,767,528
1. Intangible assets	246	267
2. Property, plant and equipment	5,608	5,779
2.1. Tangible assets	5,603	5,775
2.2. Tangible assets under construction	5	4
3. Non-current receivables	7,065	7,019
4. Land recognised as fixed assets	86,224	86,220
5. Investment property	1,668,751	1,648,059
6. Non-current prepayments and accrued income	426	294
7. Deferred tax assets	18,666	19,890
B. Current assets	1,168,995	1,123,357
1. Inventories	917,913	830,344
2. Trade and other receivables	30,455	37,071
3. Income tax receivable	880	825
4. Current financial assets	5,252	11,021
5. Cash and cash equivalents	203,401	242,087
6. Current prepayments and accrued income	11,094	2,009
C. Non-current assets classified as held for sale	0	0
Total assets	2,955,981	2,890,885
Equity and liabilities		
A. Equity	1,381,501	1,364,610
I. Equity attributable to shareholders of the parent	1,381,501	1,364,610
1. Share capital	447,558	447,558
2. Other capital	915,668	808,120
3. Net profit / (loss)	18,275	108,932
II. Minority interest	0	0
B. Non-current liabilities	1,065,591	1,066,409
1. Non-current liabilities on account of loans and bonds	854,568	858,121
2. Non-current liabilities on account of the acquisition of a subsidiary	110,013	109,045
3. Non-current trade and other payables	0	0
4. Provisions	22	22
5. Deferred tax liability	100,988	99,221
C. Current liabilities	508,889	459,866
1. Current liabilities on account of loans and bonds	49,633	76,547
2. Current liabilities on account of the acquisition of a subsidiary	39,342	38,996
3. Current trade and other payables	90,857	84,047
4. Income tax payable	1,000	1,316
5. Provisions	686	697
6. Accrued expenses and revenue	327,371	258,263
Total equity and liabilities	2,955,981	2,890,885

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	31 March 2016 end of quarter (unaudited)	31 December 2015 end of previous year (audited)
Book value of equity (PLN'000)	1,381,501	1,364,610
Book value of equity attributable to shareholders of the parent (PLN'000)	1,381,501	1,364,610
Number of registered shares (in pcs)	447,558,311	447,558,311
Book value of equity attributable to shareholders of the parent, per share (in PLN)	3.09	3.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(PLN'000)	Q1 2016 period from 1 Jan 2016 to 31 March 2016 (unaudited)	Q1 2015 period from 1 Jan 2015 to 31 March 2015 (unaudited)
Operating activity		
Sales revenue	86,270	117,858
Revenue from sales of services	35,492	31,593
Revenue from sales of goods and products	50,778	86,265
Cost of sales	(50,811)	(75,985)
Pre-tax profit on sales	35,459	41,873
Gain (loss) on disposal of non-current non-financial assets	0	0
Revaluation of non-financial non-current assets	1,932	(40,157)
Write-downs of inventories	0	0
Selling and distribution cost	(3,018)	(2,672)
General administrative expenses	(5,151)	(3,133)
Other operating income	2,987	379
Other operating expenses	(220)	(253)
Operating profit/(loss)	31,989	(3,963)
Financial income	732	29,010
Financial expenses	(9,400)	(8,554)
Pre-tax profit/(loss)	23,321	16,493
Corporate income tax (tax burden)	(5,046)	4,452
Net profit/(loss) on business activities	18,275	20,945
Discontinued operations		
Profit (loss) on discontinued operations	0	0
Net profit/(loss)	18,275	20,945

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Other comprehensive income*Items subject to reclassification to profit/(loss) in subsequent reporting periods:*

Financial assets available for sale	0	0
Cash flow hedges	(1,605)	(27)
Income tax relating to other components of comprehensive income	221	(11)
Other comprehensive income (net)	(1,384)	(38)
Total comprehensive income	16,891	20,907

Net profit/(loss) attributable to:

Equity holders of the parent	18,275	20,945
Minority interest	0	0
	18,275	20,945

Total comprehensive income attributable to:

Equity holders of the parent	16,891	20,907
Minority interest	0	0
	16,891	20,907

(PLN'000)	Q1 2016 period from 1 Jan 2016 to 31 March 2016 (unaudited)	Q1 2015 period from 1 Jan 2015 to 31 March 2015 (unaudited)
Net profit attributable to shareholders of the parent (PLN'000)	18,275	20,945
Average weighted number of ordinary shares (in pcs)	447,558,311	447,558,311
Net profit per share (in PLN) attributable to equity holders of the parent - basic	0.04	0.05
Net profit per share (in PLN) attributable to equity holders of the parent - diluted	0.04	0.05

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other capital		Net profit / (loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
As at 1 January 2016	447,558	810,171	(2,051)	108,932	1,364,610	0	1,364,610
<i>Net profit for the period of 3 months ended 31 March 2016</i>	0	0	0	18,275	18,275	0	18,275
<i>Other comprehensive income for the period of 3 months ended 31 March 2016</i>	0	0	(1,384)	0	(1,384)	0	(1,384)
Total comprehensive income for the period of 3 months ended 31 March 2016	0	0	(1,384)	18,275	16,891	0	16,891
Transfer of profit for the previous period to undistributed profit	0	108,932	0	(108,932)	0	0	0
As at 31 March 2016 (unaudited)	447,558	919,103	(3,435)	18,275	1,381,501	0	1,381,501

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	Share capital	Other capital		Net profit / (loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
As at 1 January 2015	447,558	733,851	(2,576)	76,320	1,255,153	0	1,255,153
<i>Net profit for 2015</i>	0	0	0	108,932	108,932	0	108,932
<i>Other comprehensive income for 2015</i>	0	0	525	0	525	0	525
Total comprehensive income for 2015	0	0	525	108,932	109,457	0	109,457
Transfer of profit for the previous period to undistributed profit	0	76,320	0	(76,320)	0	0	0
As at 31 December 2015	447,558	810,171	(2,051)	108,932	1,364,610	0	1,364,610

	Share capital	Other capital		Net profit / (loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
As at 1 January 2015	447,558	733,851	(2,576)	76,320	1,255,153	0	1,255,153
<i>Net profit for the period of 3 months ended 31 March 2015</i>	0	0	0	20,945	20,945	0	20,945
<i>Other comprehensive income for the period of 3 months ended 31 March 2015</i>	0	0	(38)	0	(38)	0	(38)
Total comprehensive income for the period of 3 months ended 31 March 2015	0	0	(38)	20,945	20,907	0	20,907
Transfer of profit for the previous period to undistributed profit	0	76,320	0	(76,320)	0	0	0
As at 31 March 2015 (unaudited)	447,558	810,171	(2,614)	20,945	1,276,060	0	1,276,060

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CONSOLIDATED STATEMENT OF CASH FLOWS

(PLN'000)	Q1 2016 period from 1 Jan 2016 to 31 March 2016 (unaudited)	Q1 2015 period from 1 Jan 2015 to 31 March 2015 (unaudited)
A. Cash flows from operating activities		
I. Pre-tax profit/(loss)	23,321	16,493
II. Total adjustments	(12,043)	(54,912)
1. Depreciation and amortisation	242	178
2. Foreign exchange gains (losses)	849	(25,512)
3. Interest and distributions from profit (dividends)	8,240	6,653
4. Profit (loss) on investing activities	0	0
5. Change in provisions	(11)	0
6. Change in inventories	(87,573)	(29,315)
7. Change in receivables	6,570	(6,349)
8. Change in current liabilities, excluding loans and borrowings	(1,160)	1,558
9. Change in accruals and deferrals	59,891	(14,183)
10. Corporate income tax	(2,205)	(957)
11. Other adjustments	3,114	13,015
III. Net cash provided by operating activities (I±II)	11,278	(38,419)
B. Cash flows from investing activities		
I. Cash	0	0
1. Sale of intangible assets and property, plant and equipment	0	0
2. Sale of investment property	0	0
3. Cash provided by financial assets	0	0
4. Other cash provided by investing activities	0	0
II. Expenses	(8,695)	(7,965)
1. Acquisition of intangible assets and property, plant and equipment	(87)	(81)
2. Cash used on investment property	(8,608)	(7,884)
3. Cash used on financial assets	0	0
4. Other cash used in investing activities	0	0
III. Net cash provided by investing activities (I-II)	(8,695)	(7,965)
C. Cash flows from financing activities		
I. Cash	5,659	71,880
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Loans and borrowings	5,659	7,340
3. Issue of debt securities	0	64,540
4. Other cash provided by financing activities	0	0
II. Expenses	(46,928)	(14,227)
1. Repayment of loans and borrowings	(39,189)	(8,352)
2. Redemption of debt securities	0	0
3. Interest	(7,739)	(5,875)
4. Other financial expenses	0	0
III. Net cash provided by financing activities (I-II)	(41,269)	57,653
D. Total net cash flow, total (A.III±B.III±C.III)	(38,686)	11,269
E. Balance-sheet change in cash, including:	(38,686)	11,269
– change in the position of cash on account of foreign exchange differences	0	0
F. Cash at beginning of period	242,087	286,435
G. Cash at end of period (F±D)	203,401	297,704
– restricted cash	3,899	20

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OTHER INFORMATION AND NOTES

2.1. General information about the LC Corp Group

The LC Corp Group (the "Group") consists of LC Corp S.A. and its subsidiary undertakings. The composition of the Group is presented in item 2.2.

LC Corp S.A. (the "Parent Undertaking", the "Company", the "Issuer") was established by the Notarial Deed dated 3 March 2006. The registered office of the Parent Undertaking is located in Wrocław, at ul. Powstańców Śląskich 2-4. The Parent Undertaking has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, under KRS No. 0000253077.

The Parent Undertaking and the Group's subsidiaries were established for an indefinite time. The Group's primary activity is:

- PKD 64.20.Z Activities of financial holding companies
- PKD 68.20.Z Rental and management of own or leased real estate
- PKD 41.10.Z Completion of construction projects related to putting up buildings
- PKD 68.10.Z Buying and selling of own real estate
- PKD 41.20.Z Construction works related to the completion of residential and non-residential buildings

LC Corp B.V., controlled by Mr Leszek Czarnecki, is the Parent Undertaking of LC Corp S.A. and the whole Group.

The interim condensed consolidated financial statements of the LC Corp Group cover the period of three months, ended 31 March 2016. The detailed description of the component parts of the consolidated financial statements is included in item 2.3.

2.2. Description of the organisation of the LC Corp Group, indicating the undertakings subject to consolidation and the effects of changes in the Group' structure, including those resulting from mergers, acquisitions or sale of the Group's subsidiary undertakings, long-term investments, divisions, restructuring and discontinued operations

As at 31 March 2016 and as at 31 December 2015, the LC Corp Group comprised the following subsidiaries of LC Corp S.A.:

Company name	Registered office	Effective share of LC Corp S.A.	
		31 March 2016 Share in capital	31 December 2015 Share in capital
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Sky Tower S.A.	Wrocław	100%	100%
Warszawa Przyokopowa Sp. z o.o.	Wrocław	100%	100%
Kraków Zielony Złocięń Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest I Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%

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LC Corp Invest III Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest VII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest VIII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest IX Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest X Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XI Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XV Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XVI Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XVII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XVIII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 9 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 10 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 11 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 12 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 14 Sp. k.	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. ⁽¹⁾	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 22 Sp. k. ⁽²⁾	Wroclaw	100% (indirectly)	-
LC Corp Invest XV Sp. z o.o. Finance S.K.A.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Investments S.K.A.	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A.	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)

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- (1) On 7 January 2016, LC Corp S.A. made a payment of of PLN 3,000,000.00 to pay up the contribution increase of 9 December 2015.
On 15 February 2015, LC Corp S.A. increased the amount of its contribution by PLN 3,000,000.00, i.e. to PLN 83,609,900.00.
On 14 March 2016, LC Corp S.A. increased the amount of its contribution by PLN 2,300,000.00, i.e. to PLN 85,909,900.00.
- (2) On 5 January 2016, a new company - LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 22 Spółka komandytowa was created. The limited partner of the Company is LC Corp S.A., while LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością is the general partner representing the company and conducting its affairs.

As at 31 March 2016 and as at 31 December 2015, the share in the total vote held by the Parent Undertaking in its subsidiaries was equal to the share of the Parent Undertaking in the capitals of these entities.

2.3. Rules adopted for preparing the quarterly report (in particular the information on changes in the accounting principles/policy)

These interim condensed consolidated financial statements of the LC Corp Group contain:

- consolidated statement of financial position as at 31 March 2016 and comparable financial data as at 31 December 2015;
- consolidated statement of comprehensive income for the first quarter of 2016, i.e. for the period of three months, cumulative from 1 January 2016 to 31 March 2016 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2015 to 31 March 2015;
- consolidated statement of cash flows for the first quarter of 2016, i.e. for the period of three months, cumulative from 1 January 2016 to 31 March 2016 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2015 to 31 March 2015;
- statement of changes in equity as at 31 March 2016 and comparable financial data as at 31 March 2015 and as at 31 December 2015;
- notes to consolidated financial statements.

additional information and other information within the scope set out in § 87 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by the issuers of securities and the conditions for recognising as equivalent the information required by the law of a non-member state, representing an element of this Consolidated Quarterly Report for Q1 2016, are included in item 4.

The enclosed condensed consolidated financial statements of the LC Corp Group were prepared in accordance with the International Financial Reporting Standards ("IFRS"), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to interim financial reporting.

As at the date of the approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, in the scope of the accounting principles adopted by the Group there were no differences between IFRS already in effect and those approved by the EU. IFRS approved by the EU include the standards and interpretations accepted by IASB and IFRIC.

The interim condensed consolidated statements of the LC Corp Group do not contain all information and disclosures required in the annual consolidated financial statements of the Group and they must be read together with the annual consolidated financial statements of the Group for the year ended 31 December 2015.

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The interim condensed consolidated financial statements of the LC Corp Group are presented in thousand zlotys ('PLN'), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The interim condensed consolidated financial statements of the LC Corp Group were prepared on the going concern assumption, i.e. the continuation of the business activity by the Group companies in the foreseeable future. As at the day of the approval of these financial statements, there were no circumstances identified implying any threats to the continuation of the Group companies' activity.

These interim condensed financial statements the LC Corp Group were approved by the Management Board for publication on 16 May 2016.

The information on the accounting policies adopted by the LC Corp Group was presented in the annual consolidated financial statements of the LC Corp Group for the year ended 31 December 2015, published on 8 March 2016.

Standards and interpretations adopted for the first time in 2016

The accounting principles (policy) applied for the preparation of the interim condensed consolidated financial statements are consistent with those adopted for the drawing up of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the application of the following new or amended standards and interpretations, applicable to annual periods starting on or after 1 January 2016:

- Amendments to IFRS (2012-2014) – changes as part of a procedure of introducing annual amendments to IFRS – applicable to reporting periods starting on or after 1 January 2016;
- Amendments to IFRS 11 "Joint Arrangements" - Accounting for interests in joint operations - applicable to reporting periods beginning on or after 1 January 2016;
- Amendments to IAS 1 "Disclosures" applicable to reporting periods beginning on or after 1 January 2016;
- Amendments to IAS 16 "Property, Plant and Equipment" - applicable to reporting periods beginning on 1 January 2016 or later.
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of acceptable methods of depreciation - applicable to reporting periods beginning on 1 January 2016 or later;
- Amendments to IAS 27 "Equity method in separate financial statements" applicable to reporting periods beginning on 1 January 2016 or later;

The application of the above changes had no impact on the Group's financial situation and business results.

The Group did not decide to choose the option of early application of any other standard, interpretation or amendment, which was published, but has not yet become effective under EU regulations.

Standards and interpretations which are not yet approved by the European Union:

- IFRS 9 "Financial Instruments" - applicable to reporting periods beginning on or after 1 January 2018;
- IFRS 14 "Regulatory deferral accounts – applicable to reporting periods beginning on 1 January 2016 or later (the European Commission decided to postpone the adoption of this standard until completion of the works on its overall form);
- IFRS 15 "Revenue from Contracts with Customers" - applicable to reporting periods beginning on or after 1 January 2018;
- IFRS 16 "Leases" - applicable to reporting periods beginning on or after 1 January 2019;
- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: Applying the consolidation exception applicable to reporting periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture" - the application date has been postponed for an indefinite time;
- Amendments to IAS 12 "Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses - applicable to reporting periods beginning on or after 1 January 2017;

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- Amendments to IAS 7 "Statement of Cash Flows: Disclosures" – applicable to reporting periods beginning on or after 1 January 2017;
- Explanations to IFRS 15 "Revenue from Contracts with Customers" - applicable to reporting periods beginning on or after 1 January 2018;

In the period covered by the financial statements the Group did not decide to apply the above interpretations, which were published but are not yet effective.

2.4. Seasonal or cyclical character of the activity of the LC Corp Group

The activity of the LC Corp Group is not seasonal by nature. It is related to the investment cycles of the implemented property development projects, which is particularly noticeable in the recognition of the proceeds from the sale of residential and retail premises. In accordance with IAS 18, such proceeds can only be recognized when practically all risks and benefits related to given premises have been transferred to the client and the revenue can be reasonably measured. In consequence, the sales results in a given period depend on the value of the premises transferred to the clients in accordance with the above definition.

2.5. Information on material estimates and professional judgement

The Management Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of the valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company Management Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments. The presented financial data as at the end of Q1 2016 were not subject to examination by an auditor.

Professional judgement

In the process of applying the accounting principles (policy) to the issues specified hereinbelow, the professional judgement of the management was, apart from the accounting estimates, of the greatest importance.

Determination of the moment when, upon the sale of residential premises, the risk is transferred to the client

The moment of transferring the risk to the client determines when the revenue from sales of residential and retail premises can be recognized.

Upon the sale of residential and retail premises, the risk is transferred to the client when the following conditions are fulfilled:

- (i) obtaining the occupancy permit for the buildings;
- (ii) payment of 100% of the value of the premises, based on the developer agreement or preliminary agreement;
- (iii) acceptance of the premises by the client, evidenced by the delivery and acceptance protocol;
- (iv) signing of the developer agreement or notarial deed transferring the title.

Investment property under construction

As at 31 March 2016, investment property under construction concerned office buildings at ul. Piłsudskiego in Wrocław and stage 2 of Silesia Star investment in Katowice.

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Taking into consideration the advancement of the investment at ul. Piłsudskiego and impossibility to reliably estimate the fair value, the value of investment expenditure on the construction of the office complex was measured at historic cost.

In the case of stage 2 of Silesia Star investment, its construction has not yet been completed, thus the estimation of this part of the investment to fair value has been made on the basis of the measurement by a professional property valuer according to the state after investment completion, minus the expenditure to be incurred and proportional part of developer's margin (residual method).

Uncertainty of estimates

The Management Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of the valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company Management Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments.

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring at as the balance sheet date and entailing a significant risk of the considerable adjustment of the net book value of assets and liabilities in the following reporting period.

Deferred tax asset

The Group recognizes a deferred tax asset based on the assumption that a tax profit enabling its utilization should be obtained in the future. The worsening of the tax results attained in the future could cause that this assumption might become groundless.

Fair value of investment property

At the end of each quarter of the financial year, the Group will independently measure the fair value of investment property in EUR based on an agreed model of capitalisation of investment or maintain the valuation in EUR prepared by an independent expert at the end of the previous year (unless significant circumstances to update the valuation exist). At the end of each accounting year, the fair value of investment property is established or verified by an independent valuer.

Fair value of financial instruments in the form of forward contracts

The fair value of financial instruments in the form of forward contracts, measured at fair value through profit or loss, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (among others by the Bank) or on the basis of a financial model built to make a valuation and accepted by the Statutory Auditor.

The fair value of financial instruments of the IRS type

The fair value of financial instruments of the IRS type, covered by the cash flow hedge accounting, measured at fair value through equity, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (among others by the Bank) or on the basis of a financial model built to make a valuation and accepted by the Statutory Auditor.

Write-downs of inventories

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At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the loss of value of its property development projects under completion, on the basis of sales reports, market research and other available evidence. Should the risk of the loss of value occur, the value of such projects is estimated employing the DCF method, which is used to establish the write-down of inventories. The DCF method is based on discounted cash flows generated within the approved investment schedules and proceeds from the sale of premises, allowing for the sale price of 1 square metre of usable floor space in accordance with the current market situation. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The level of inventory write-down is the figure estimated as at 31 March 2016 and it may be subject to change depending on the fluctuations of the market prices of land, sales prices of flats, construction costs, project completion schedules and discount rate calculations in the future. The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, the level of write-downs may change in the following accounting periods.

The table below presents the significant estimates as at 31 March 2016 and as at 31 December 2015.

	31 March 2016 (unaudited)	31 December 2015 (audited)
Deferred tax assets	18,666	19,890
Fair value of investment property	1,649,880	1,629,863
Fair value of financial instruments in the form of forward contracts	0	10
The fair value of financial instruments of the IRS type	(9,649)	(8,046)
Deferred tax liability	(100,988)	(99,221)
Write-down of land recognised as fixed assets	(3,263)	(3,263)
Write-down of inventory	(114,386)	(115,832)

2.6. Information about the write-downs of inventory to the net realizable value and the reversal of the write-downs in respect thereof

(PLN'000)	31 March 2016 (unaudited)	31 December 2015 (audited)
Work in progress	1,000,256	895,477
Finished products	32,043	50,699
Write-downs of inventories	(114,386)	(115,832)
Total inventory	917,913	830,344

Changes in the write-down of inventory:

(PLN'000)	Period ended 31 March 2016 (unaudited)	Year ended 31 December 2015 (audited)
Beginning of period	115,832	118,833

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Increase	0	2,970
Utilization	(1,446)	(2,708)
Transfers to investment property item	0	(3,263)
Decrease	0	0
End of period	114,386	115,832

2.7. Information about impairment losses in respect of financial assets, property, plant and equipment, intangible assets or other assets and the reversal of such losses

During the period of three months ended 31 March 2016 there were no significant changes of impairment losses in respect of financial assets, property, plant and equipment, intangible assets, land recognised as fixed assets or other assets, except for impairment losses of trade and other receivables, presented in the table below:

(PLN'000)	Period ended 31 March 2016 (unaudited)	Year ended 31 December 2015 (audited)
Beginning of period	4,511	3,153
Increase	124	2,398
Utilization	(234)	(350)
Decrease	(473)	(690)
End of period	3,928	4,511

2.8. Information about creating, increasing, utilizing and reversing provisions

The amounts of provisions and the reconciliation presenting the changes in their position during the reporting period are shown in the table below:

	<i>One-off retirement, disability and death benefits</i>	<i>Contentious and court issues</i>	<i>Removal of construction defects and faults</i>	<i>Total</i>
As at 1 January 2016	22	597	100	719
Created	0	0	0	0
Utilized	0	(11)	0	(11)
Reversed	0	0	0	0
As at 31 March 2016 (unaudited)	22	586	100	708
Current provisions as at 31 March 2016	0	586	100	686
Non-current provisions as at 31 March 2016	22	0	0	22

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	<i>One-off retirement, disability and death benefits</i>	<i>Contentious and court issues</i>	<i>Removal of construction defects and faults</i>	<i>Total</i>
As at 1 January 2015	22	211	100	333
Created	0	507	0	507
Utilized	0	(121)	0	(121)
Reversed	0	0	0	0
As at 31 December 2015 (audited)	22	597	100	719
Current provisions as at 31 December 2015	0	597	100	697
Non-current provisions as at 31 December 2015	22	0	0	22

2.9. Information about deferred tax liabilities and deferred tax assets

Deferred income tax arises from the following items:

(PLN'000)	Statement of financial position		Deferred income tax burden for the period ended	
	31 March 2016 (unaudited)	31 December 2015 (audited)	31 March 2016 (unaudited)	31 December 2015 (audited)
Deferred tax liability				
Accrued interest and discounts on borrowings, bonds, notes and deposits	(14,917)	(15,839)	922	(336)
Valuation of investment property	(67,923)	(67,556)	(367)	(4,833)
Difference in the value of tangible assets (tax depreciation and book depreciation)	(36,960)	(35,236)	(1,724)	(7,430)
Difference in the value of other assets (tax value and book value)	0	(161)	161	(161)
Other	(51)	(381)	330	(307)
Gross deferred tax liability	(119,851)	(119,173)		
Deferred tax assets				
Provisions and prepayments and accrued income	1,706	1,645	61	1,295
Accrued interest and discounts on borrowings, bonds and notes	8,591	8,957	(366)	(1,220)
Foreign exchange differences	5,754	5,729	25	(592)
Difference in the value of other assets (tax value and book value)	2,292	0	2,292	(2,232)
Losses potentially deductible from the future taxable income	17,699	22,227	(4,528)	4,597
Other	1,487	1,284	203	(142)
Gross deferred tax assets	37,529	39,842		
Deferred tax burden			(2,991)	(11,361)
Net deferred tax asset	18,666	19,890		
Net deferred tax liability	(100,988)	(99,221)		

Because of the specific nature of its activity, involving the generation of taxable income which is deferred in time, the Group recognizes the incurred tax losses by the time it earns the taxable income, taking account of the tax regulations

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concerning the possibility of offsetting such losses. The amount of the deferred tax asset on account of tax losses, included in the deferred tax, is presented in the table above.

As at 31 March 2016, the Group conducted the recoverability analysis of the created and potential deferred tax asset and did not create a deferred tax asset on account of, among others, tax losses incurred in the companies of PLN 3,842,000 (the corresponding amount as at 31 December 2015 totalled PLN 3,738,000), which can be utilized within a maximum period of five years as of the end of the reporting period in which they arose. In addition, the Group did not create a deferred tax asset of PLN 12,400,000 based on the temporary differences between the book value and the tax value of respective items of assets and equity and liabilities (the corresponding amount as at 31 December 2015 totalled PLN 12,501,000).

2.10. Information about significant purchase and sale transactions regarding property, plant and equipment

During the period of three months ended 31 March 2016, the Company purchased property, plant and equipment having the value of PLN 87,000.

In the period of three months ended on 31 March 2016, the Group did not enter into any sale transactions regarding property, plant and equipment items.

2.11. Information about significant liabilities on account of the purchase of property, plant and equipment

As at 31 March 2016 there were no significant liabilities on account of the purchase of property, plant or equipment.

2.12. Information about significant settlements on account of litigation

In the period of three months ended on 31 March 2016, the Group recorded no significant settlements on account of litigation.

2.13. Disclosure of the correction of errors of the previous periods

During the period of three months ended 31 March 2016 there were no corrections of errors of the previous periods.

2.14. Information about changes in the economic situation and conditions for running a business activity which have a considerable impact on the fair value of the Group's financial assets and financial liabilities, regardless of whether such assets and liabilities are recognized at fair value or at adjusted purchase price (depreciated cost)

Considerable fluctuations of the EUR exchange rate translate into significant changes in the EUR valuation of assets/equity and liabilities (i.e. commercial property and the loans financing it) converted into PLN according to the average exchange rate of the NBP effective at the end of each accounting period. The situation on the financial markets also has an impact on the valuation of financial instruments in the form of forward and IRS contracts, disclosed in the statement of comprehensive income.

2.15. Information about the failure to repay a loan or borrowing or the infringement of material provisions of the loan or borrowing agreement with regard to which no corrective actions were taken by the end of the reporting period

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No such events occurred in any of the Group's undertakings.

2.16. Information on single or numerous transactions (individually or collectively deemed significant and made on the terms other than at arm's length) concluded by the Issuer or its subsidiary undertaking with related entities

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with related entities any transactions, which, individually or collectively, could be deemed significant and were effected on the terms other than at arm's length.

2.17. Information about the change in the way (method) of determining the fair value for the financial instruments measured at fair value

None occurred.

2.18. Information about the change in the classification of financial assets, resulting from the change in the purpose or utilization of such assets

None occurred.

2.19. Financial liabilities

2.19.1 Interest-bearing bank loans and bonds

Non-current	Interest rate	Repayment date	31 March 2016 (unaudited)	31 December 2015 (audited)
Bank loan in EUR (its non-current part) (a)	Euribor+margin	31 Dec 2017	130,322	134,629
Bank loan in EUR (its non-current part) (b)	Euribor+margin	15 Jun 2022	203,472	205,614
Bank loan in EUR (its non-current part) (c)	Euribor+margin	20 Dec 2022	216,122	218,047
Bank loan in EUR (its non-current part) (d)	Euribor+margin	31 Dec 2025	52,688	47,627
Bank loan in PLN (its non-current part) (f)	Wibor+margin	31 Dec 2018	49,706	49,681
Bank loan in PLN (its non-current part) (g)	Wibor+margin	31 Dec 2018	37,834	37,821
Bond scheme (h)	Wibor+margin	30 Oct 2018	49,671	49,643
Bond scheme (i)	Wibor+margin	6 Jun 2019	49,683	49,658
Bond scheme (j)	Wibor+margin	20 Mar 2020	64,635	64,612
			854,133	857,332

Current	Interest rate	Repayment date	31 March 2016 (unaudited)	31 December 2015 (audited)
Bank loan in EUR (its current part) (a)	Euribor+margin	31 Mar 2017	17,728	17,454
Bank loan in EUR (its current part) (b)	Euribor+margin	31 Mar 2017	9,758	9,648
Bank loan in EUR (its current part) (c)	Euribor+margin	31 Mar 2017	8,632	8,450
Bank loan in EUR (its current part) (d)	Euribor+margin	31 Mar 2017	2,162	2,126
Bank loan in PLN (its current part) (e)	Wibor+margin	-	-	29,995
Bond scheme (h)	Wibor+margin	30 Apr 2016	1,100	435

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Bond scheme (i)	Wibor+margin	6 Jun 2016	819	155
Bond scheme (j)	Wibor+margin	20 Sept 2016	220	1,027
			40,419	69,290

- (a) Loan in Arkady Wrocławskie company taken out in EUR on 28 February 2008 with the consortium of banks: ING Bank Śląski S.A. and BZ WBK S.A.
- (b) On 15 July 2011, Warszawa Przyokopowa Sp. z o.o. concluded with Raiffeisen Bank Polska S.A. an investment loan agreement up to the maximum amount of EUR 49,000,000 in order to partially finance the construction of the Wola Center office complex in Warsaw. On 26 June 2014, the company concluded an annexe to the Loan agreement under which the maximum amount of loan was increased to EUR 55,000 000.
- (c) Loan in Sky Tower S.A. taken out in EUR pursuant to the agreement of 29 December 2012 concluded with the consortium of banks Getin Noble Bank S.A. and Alior Bank S.A.
- (d) Loans in LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. concluded pursuant to the agreement of 14 May 2014 with PKO BP S.A. Loan in EUR up to the amount equivalent in EUR to PLN 62,000 000 intended for partial financing of the construction of the office complex with a service and retail part with car parks under the name Silesia Star (stage 1) in Katowice at ul. Roździeńskiego 10, and a revolving VAT loan for the maximum of PLN 3,000, 000. On 17 July 2015, the company concluded an annexe to the Loan agreement under which the bank gave its consent to the construction by the Company of stage 2 of the investment. On 26 February 2016, a loan agreement was concluded up to the amount equivalent in EUR to PLN 63,500,000, intended to partial financing of stage 2 of Silesia Star investment. As at 31 March 2016, the loan for stage 2 was not yet initiated.
- (e) Loan in LC Corp S.A. taken in PLN with Getin Noble Bank S.A. under an agreement concluded on 19 December 2011, initiated in 2012, repaid on 31 March 2016.
- (f) Loan in LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 29 April 2014, initiated on 30 April 2014 in LC Corp S.A.
- (g) Loan in LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 18 June 2014, initiated on 3 September 2015 in LC Corp S.A.
- (h) Coupon bonds – issue of 31 October 2013 of 500 unsecured five-year coupon bonds of a value of PLN 100,000 each and total nominal value of PLN 50,000,000 under the Bond Issue Scheme Agreement concluded with banks: PKO S.A. with its registered office in Warsaw and mBank S.A. (formerly: BRE Bank S.A.) with its registered office in Warsaw, with the maturity date falling on 30 October 2018.
- (i) Coupon bonds – issue of 6 June 2014 of 50,000 unsecured five-year coupon bonds of a value of PLN 1,000 each and total nominal value of PLN 50,000,000 under the Bond Issue Scheme Agreement concluded with banks: PKO S.A. with its registered office in Warsaw and mBank S.A. (formerly: (formerly: BRE Bank S.A.) with its registered office in Warsaw, with the maturity date falling on 6 June 2019.
- (j) Coupon bonds – issue of 20 March 2015 of 65,000 unsecured five-year coupon bonds of a value of PLN 1,000 each and total nominal value of PLN 65,000,000 under the Bond Issue Scheme Agreement concluded with banks: PKO S.A. with its registered office in Warsaw and mBank S.A. (formerly: (formerly: BRE Bank S.A.) with its registered office in Warsaw, with the maturity date falling on 20 March 2020.

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Respective loans and bonds assigned to operating segments are presented in Note 8.

2.19.2 Other payables due to financial instruments

As at 31 March 2016 and as at 31 December 2015 the measurement of the fair values of interest rate swaps (IRS) and forward transactions is recognised under Loans and bonds payable:

	31 March 2016 (unaudited)	31 December 2015 (audited)
Non-current	435	789
Current	9,214	7,257
Total	9,649	8,046

Assignment of individual instruments to operating segments are presented in point 2.24.

2.19.3 Issue and redemption of equity securities

In the period of three months ended 31 March 2016 there were no new issues or redemptions of bonds.

2.19.4 Incurring and repaying bank loans and borrowings

Repayment of the loan taken out by Arkady Wrocławskie with a bank consortium

During the period of three months ended 31 March 2016, Arkady Wrocławskie S.A. repaid in accordance with the payment schedule the instalments of the loan in EUR taken out with the consortium of banks: ING Bank Śląski S.A. and Kredyt Bank S.A. (at present BZ WBK SA) of PLN 4,282,000. As at 31 March 2016, the total debt value translated into the zloty was PLN 148,050,000.

Repayment of the loan by Warszawa Przyokopowa Sp. z o.o.

During the period of three months ended 31 March 2016, Warszawa Przyokopowa Sp. z o.o. repaid in accordance with the payment schedule the instalments of the loan in EUR taken out with Raiffeisen Bank Polska SA of PLN 2,340,000. As at 31 March 2016, the total debt value translated into the zloty was PLN 213,230,000.

Conclusion of forward and IRS transactions by Warszawa Przyokopowa Sp. z o.o.

In the period from 1 January 2016 to 31 March 2016 the Company did not enter into any new forward or derivative transactions.

Repayment of the loan taken out by Sky Tower S.A. with a bank consortium

During the period of three months ended 31 March 2016, Sky Tower S.A. repaid in accordance with the payment schedule the instalments of the loan in EUR taken out with the consortium of banks: Getin Noble Bank and Alior Bank SA of PLN 2,062,000. As at 31 March 2016, the total debt value translated into the zloty was PLN 224,754,000.

Conclusion of forward and IRS transactions by Sky Tower S.A.

In the period from 1 January 2016 to 31 March 2016 the Company did not enter into any new forward or derivative transactions.

Repayment of loans by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.

During the period of three months ended 31 March 2016, the Company initiated, in accordance with the loan agreement on financing the construction of the office building stage 1 Silesia Star, a loan in EUR of the total amount of PLN

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5,659,000 and repaid this loan in the amount of PLN 505,000. As at 31 March 2016, the total debt value translated into the zloty was PLN 54,850,000.

Taking out a loan by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.

On 26 February 2016, the Issuer's subsidiary undertaking, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 20 Sp. k., as borrower, concluded with PKO BP S.A. a loan agreement for the amount equivalent in EUR to PLN 63,500,000 intended for partial financing of stage 2 of the construction of an office complex with retail and service facilities and car parks under the name Silesia Star in Katowice at ul. Uniwersytecka 20. The loan will be secured by: a mortgage of up to 170% of the amount of loan granted on the land property owned by the borrower, established due to the increase of the security established in relation to Stage 1, a support agreement concluded by the borrower, the bank and the Issuer, pursuant to which the Issuer, acting as the guarantor, will be obliged, among others, to provide financial support to the borrower under the circumstances specified in the agreement, along with submission by the Issuer to enforcement pursuant to Art. 777 of the Code of Civil Procedure, a promissory note with a promissory note agreement, a pledge by registration and the financial pledge on bank accounts of the borrower, pledge on the receivables, assignment of the rights under subordination loan agreements, subordination agreement. The loan was initiated on 21 April 2016.

Conclusion of forward and IRS transactions by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.

In the period from 1 January 2016 to 31 March 2016 the Company did not enter into any new forward or derivative transactions.

Repayment of loan by LC Corp S.A.

On 29 January 2016, LC Corp S.A. concluded with Getin Noble Bank S.A. an annexe to the loan agreement concluded on 19 December 2011 with Getin Noble Bank S.A., extending the repayment period of the bank loan to 31 March 2016. On 31 March 2016, the loan in the amount of PLN 30 million was repaid in full in accordance with the agreement.

2.19.5 Collaterals

As at 31 March 2016 the repayment of loans was secured mainly by:

Security for loans granted for the purpose of financing commercial property:

1. Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:
 - capped mortgage (*loan in EUR*) – up to the amount of EUR 86,802,000,
 - pledge on the shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – up to the amount of EUR 91,500,000,
 - pledge by registration on bank accounts - up to the amount of PLN 38,220,000,
 - pledge by registration on bank accounts (*loan in EUR*) – up to the amount of EUR 91,500,000,
 - assignment of the rights arising from rental contracts, insurance and guarantees related to agreements with contractors to the extent to which they apply to particular property development projects,
 - deposit of EUR 500,000.
2. Security for the bank loan agreement taken out by Warszawa Przyokopowa Sp. z o.o.:
 - contractual capped mortgage of the highest priority up to the amount of EUR 75,957,124.43,
 - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage the accounts,
 - pledge by registration on all shares of Warszawa Przyokopowa Sp. z o.o. with a financial pledge,
 - transfer of rights to the borrower's security, arising from all agreements concluded by the Borrower,
 - subordination agreement on claims from other creditors of the borrower, who are the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.

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3. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 1 June 2012, established by Warszawa Przyokopowa Sp. z o.o.:
 - contractual mortgage up to the amount of PLN 135,000,000,
 - declaration of submission to enforcement pursuant to Art. 97 of the Banking Law for up to the total of PLN 135,000,000.
4. Security for the agreement on a bank loan taken out by Sky Tower S.A.:
 - contractual mortgage of the highest priority up to the amount of EUR 90,000,000,
 - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage the accounts,
 - declarations of submission to enforcement according to Art. 97 of the Banking Law, a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure
 - pledges by registration on all shares of Sky Tower S.A. with a financial pledge for up to EUR 90,000,000,
 - transfer of rights to the borrower's security, arising from all agreements concluded by the Borrower,
 - subordination agreement on claims from other creditors of the borrower, who are the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
5. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 27 December 2012, established by Sky Tower S.A.:
 - contractual mortgage of the highest priority up to the amount of EUR 44,000,000,
 - declaration of submission to enforcement pursuant to Art. 97 of the Banking Law.
6. Security for bank loan agreements taken out by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.:
 - contractual mortgage for up to the total of EUR 72,816,666.66 established on the property in the form of land owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k., (securing loan agreements for stage 1 and 2 of the investment),
 - support agreement concluded by the borrower, the bank and the Issuer, pursuant to which the Issuer, acting as guarantor, will be obliged among others to provide the borrower with financial support in the situations specified in this agreement,
 - four blank promissory notes with promissory note agreements, guaranteed by the Issuer until the provision to the Bank of rental contracts with lessees not related to the Issuer, holding at least 20% of leasable area in building A in Silesia Star
 - transfer of a cash receivable under the agreement on the building site insurance against construction and installation risks, when the construction is in progress, and, upon its completion, the transfer of a cash receivable under the agreement on the real property insurance against fire and other accidents, concluded with an insurance company for the sum not lower than the amount due on account of the loan,
 - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage the accounts,
 - surety contract concluded between the borrower, bank PKO BP S.A. and the Issuer concerning the loan agreement for the implementation of stage 2 of Silesia Star investment in Katowice under which LC Corp S.A. acting as the guarantor will be obliged to provide financial support to the borrower in circumstances described in the agreement, for a potential cost overrun up to a maximum amount of PLN 31,750,000.
 - a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure in connection with the support agreement and surety contract described above,
 - declarations of submission to enforcement according to Art. 97 of the Banking Law, a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure,

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- pledges by registration on LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.,
 - transfer of rights to the borrower's security, arising from all agreements concluded by the Borrower,
 - subordination agreement on claims from other creditors of the borrower, who are the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
7. Collaterals for transactions hedging against foreign exchange and interest rate risks (hedging agreements), concluded pursuant to a framework agreement of 31 March 2016 (which substituted upon its conclusion the hedging agreement for Stage 1 of the investment concluded on 30 June 2014), established by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k. to secure both credit agreements:
- next ranking contractual mortgage up to the amount of PLN 82,210,300, subordinated to the mortgage established as a security of the investment loan and a revolving loan for VAT on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.,
 - a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure

Security for loans granted for the purpose of financing housing investments or financing the purchase of land for housing investments and financing the initial operations of these investments:

8. The bank loan agreement taken out by LC Corp S.A. with Getin Noble Bank S.A. is secured by:
- a) with regard to the loan agreement of 19 December 2011 for the amount of PLN 30,000,000:
 - contractual mortgage of the highest priority up to the amount of PLN 45,000,000,
 - declaration of submission to enforcement pursuant to Art. 97 of the Banking Law.
 - b) in reference to the loan agreement of 29 April 2014 for the amount of PLN 50,000,000:
 - joint contractual mortgage for up to PLN 75,000,000.00 on the property owned by the Issuer and on the property owned by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A,
 - guarantee granted by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.
 - declaration of submission to enforcement pursuant to Art. 97 of the Banking Law.
 - c) with regard to the loan agreement of 18 June 2014 for the amount of PLN 40,000,000:
 - joint mortgage for up to PLN 60,000,000.00 on the property in the right of perpetual usufruct by LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.,
 - guarantee granted by the Issuer's subsidiary - LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.
 - declaration of submission to enforcement pursuant to Art. 97 of the Banking Law submitted by the Issuer's subsidiary - LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k. with the restriction to lift enforcement from mortgaged property.
9. Collateral for the property exchange agreement concluded by LC Corp Invest III Sp. z o.o.
- contractual mortgage up to the amount of PLN 3,000,000 established on the real property in Gdańsk to secure contractual penalties provided for in the real property exchange agreement concluded between LC Corp Invest III Sp. z o.o. and the Capital City of Warsaw.
10. On 8 December 2015, LC Corp S.A. submitted a declaration of providing surety for LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k. as to the payment by this company of PLN 3,948,232.82 to the President of Kraków if the conditions described in the agreement on the change of perpetual usufruct of the property in Kraków are fulfilled. As to the payment of the above amount of the fee for the change of the perpetual usufruct agreement, LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k. submitted a declaration of submission to enforcement pursuant to Art. 777 § 1.5 of the Code of Civil Procedure against the President of Kraków.

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2.19.6 Liabilities on account of the acquisition of a subsidiary undertaking

In connection with the extension of the payment term regarding the price of the shares of Sky Tower S.A. (under the agreement of 6 December 2013), the related liability is discounted. As at 31 March 2016, the amount of the discount to be settled was PLN 12,245,000, while as at 31 December 2015 it amounted to PLN 13,559,000.

Discounted liabilities as at 31 March 2016 and as at 31 December 2015 are presented in the table below:

	31 March 2016 (unaudited)	31 December 2015 (audited)
Non-current	110,013	109,045
Current	39,342	38,996
Total	149,355	148,041

2.20. Information concerning paid out (or declared) dividend, in total and per share, in a breakdown by ordinary and preference shares

After the accounting reference date, i.e. after 31 March 2016, a resolution regarding the payment of dividend from LC Corp S.A. was adopted - for description see 2.21 point 1.

2.21. Events subsequent to 31 March 2016, not disclosed in these statements, which could have a material bearing on the future financial results of LC Corp Group

- On 13 April 2016, the Ordinary General Meeting of Shareholders of LC Corp S.A. adopted a resolution on the payment of dividend based on the following principles:
 - Amount of dividend: PLN 80,560,495.98
 - Amount of dividend per one share: PLN 0.18
 - Number of shares subject to dividend: 447,558,311 shares
 - Record day: 6 May 2016
 - Dividend payment day: 20 May 2016
- On 14-19 April 2016, LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. concluded, pursuant to the framework agreement dated 31 March 2016, forward currency transactions within the scope of forward and derivative transactions related to the performance of the loan agreement dated 26 February 2016, for the total amount of PLN 57,150,000. The total nominal amount of the said transactions in the base amount was EUR 13,100,000, with the deadline for execution falling until 31 August 2017.
- On 22 April 2016, LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k., as a result of a mutual agreement of the parties, terminated the preliminary sales agreement of the right of perpetual usufruct of the property located in Kraków in the vicinity of Wroclawska and Raclawicka Street, and the ownership right to buildings, structures, and equipment left on the above-mentioned property along with all administrative decisions (including decisions concerning the construction permit and decisions concerning the development conditions), design documentation, propriety copyrights to this documentation, concluded with KCI S.A. with its registered office in Kraków on 28 July 2014, in the non-executed part, i.e. in the part concerning Plots 2-6. In connection with the termination of the Agreement, the Seller will refund to LC Corp Invest XV spółka z ograniczoną odpowiedzialnością Projekt 3 spółka komandytowa the amount of the advances on the selling price of Plots 2-6, in the total amount of PLN 15,990,000.00, and will pay PLN 275,000.00 as compensation for the termination of the above-mentioned agreement.
- On 10 May 2016 an issue of 85,000 unsecured five-year coupon bonds of the value of PLN 1,000 each and total nominal value of PLN 85,000,000 under the Bond Issue Scheme Agreement concluded with banks: PKO S.A. with its registered office in Warsaw and mBank S.A. (formerly: BRE Bank S.A.) with its registered office in Warsaw, with the buyback date on 10 May 2021.

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2.22. Information on the changes in contingent liabilities or contingent assets after the end of the last accounting year

As of the end of the last accounting year there were no significant changes with regard to contingent liabilities or contingent assets of the Group companies.

Apart from the contingent liabilities representing the security for the bank loans, described in detail in Note 2.19.5, as at 31 March 2016 the Group companies did not have any significant liabilities other than those presented in the statement of financial position.

2.23. Other information material for the assessment of the Group's personnel, asset, financial and profit/loss standing and changes thereof, and of the feasibility of fulfilling its obligations

In the discussed reporting period, there were no events material for the assessment of the Group's personnel, asset, financial or profit/loss standing or changes thereof or of the feasibility of discharging its obligations.

2.24. Revenue and profit-loss attributable to respective operating segments

For management purposes, the Group distinguishes three reporting operating segments:

- rental services segment
- property development activity segment
- holding activity segment (other)

The Group measures the results of operating segments on the basis of sales revenue and gross sales result. The results of other operating activity and financial activity are managed at the Group's level and are not allocated to operating segments.

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In the tables below, the data (PLN'000) concerning revenues and profits of the Group's individual segments have been provided for the period of three months ended 31 March 2016 and 31 March 2015 and those concerning assets and liabilities as at 31 March 2016 and 31 December 2015.

Period of 3 months ended 31 March 2016 (unaudited)	Activity-rental services	Property development activity	Holding activity (other)	Total activity
Total sales revenue	35,356	50,771	143	86,270
Pre-tax profit/(loss) on sales	24,855	10,461	143	35,459
Unallocated revenues				5,651
Unallocated expenses				(17,789)
Pre-tax profit (loss)				23,321
Corporate income tax (tax burden)				(5,046)
Profit (loss) after tax				18,275

Period of 3 months ended 31 March 2015 (unaudited)	Activity-rental services	Property development activity	Holding activity (other)	Total activity
Total sales revenue	31,377	86,254	227	117,858
Pre-tax profit/(loss) on sales	21,131	20,515	227	41,873
Unallocated revenues				29,389
Unallocated expenses				(54,769)
Pre-tax profit (loss)				16,493
Corporate income tax (tax burden)				4,452
Profit (loss) after tax				20,945

As at 31 March 2016				
Assets and liabilities				
Total assets	1,756,590	1,173,838	25,553	2,955,981
<i>Including: Non-current receivables</i>	7,065	0	0	7,065
<i>Current financial assets</i>	251	5,001	0	5,252
<i>Cash and cash equivalents</i>	52,193	131,361	19,847	203,401
Total liabilities	792,993	622,228	159,259	1,574,480
<i>including: Liabilities on account of loans and bonds</i>	650,533	253,668	0	904,201
<i>Liabilities on account of the acquisition of a subsidiary</i>	0	0	149,355	149,355

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As at 31 December 2015

Assets and liabilities

Total assets	1,719,861	1,066,608	104,416	2,890,885
<i>Including: Non-current receivables</i>	7,019	0	0	7,019
<i>Current financial assets</i>	261	10,760	0	11,021
 <i>Cash and cash equivalents</i>	 47,525	 105,677	 88,885	 242,087
Total liabilities	779,173	589,746	157,356	1,526,275
<i>including: Liabilities on account of loans and bonds</i>	651,641	283,027	0	934,668
<i>Liabilities on account of the acquisition of a subsidiary</i>	0	0	148,041	148,041

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3. INTERIM CONDENSED FINANCIAL STATEMENTS OF LC CORP S.A.

STATEMENT OF FINANCIAL POSITION

(PLN'000)	31 March 2016 end of quarter (unaudited)	31 December 2015 end of previous year (audited)
Assets		
A. Non-current assets	1,125,798	1,229,213
1. Intangible assets	234	254
2. Property, plant and equipment	825	906
2.1. Tangible assets	825	903
2.2. Tangible assets under construction	0	3
3. Non-current loans and receivables	277,767	386,683
4. Non-current investments	835,503	830,193
5. Non-current prepayments and accrued income	0	0
6. Deferred tax assets	11,469	11,177
B. Current assets	241,171	147,762
1. Inventories	143,856	102,011
2. Trade and other receivables	23,627	6,180
3. Income tax receivable	44	0
4. Current financial assets	63,406	10,238
5. Cash and cash equivalents	9,373	29,017
6. Current prepayments and accrued income	865	316
C. Non-current assets classified as held for sale	0	0
Total assets	1,366,969	1,376,975
Equity and liabilities		
A. Equity	881,265	862,198
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	294,493	294,493
4. Other reserve funds	100,000	100,000
5. Other capital	3,068	3,068
6. Retained profit/(Loss carried forward)	36,146	17,079
B. Non-current liabilities	374,119	390,427
1. Non-current financial liabilities	264,087	281,363
2. Non-current liabilities on account of the acquisition of a subsidiary	110,013	109,045
3. Provisions	19	19
4. Deferred tax liability	0	0
C. Current liabilities	111,585	124,350
1. Current financial liabilities	62,513	73,734
2. Current liabilities on account of the acquisition of a subsidiary	39,342	38,996
3. Current trade and other payables	2,448	4,532
4. Income tax payable	0	47
5. Provisions	0	11
6. Accrued expenses and revenue	7,282	7,030
Total equity and liabilities	1,366,969	1,376,975

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STATEMENT OF COMPREHENSIVE INCOME

(PLN'000)	Q1 2016 period from 1 Jan 2016 to 31 March 2016 (unaudited)	Q1 2015 period from 1 Jan 2015 to 31 March 2015 (unaudited)
Revenue		
Revenue from sale of services, products and goods	3,097	9,790
Revenue from interest and discounts	5,484	5,956
Revenue from dividend	22,868	0
Other financial income	3	8,435
Other operating income	0	180
Total operating income	31,452	24,361
Expenses		
Operating expenses, cost of sold products and goods	(6,783)	(11,557)
Costs of interest and discounts	(4,318)	(4,154)
Other financial expenses	(1,552)	(1,868)
Other operating expenses	(57)	(1)
Total operating expenses	(12,710)	(17,580)
Pre-tax profit/(loss)	18,742	6,781
Corporate income tax (tax burden)	325	(309)
Net profit/(loss) on continued operations	19,067	6,472
Discontinued operations		
Profit (loss) on discontinued operations in an accounting year	0	0
Net profit/(loss)	19,067	6,472
Other comprehensive income		
Other components of comprehensive income	0	0
Income tax relating to other components of comprehensive income	0	0
Other comprehensive income (net)	0	0
Total comprehensive income	19,067	6,472

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STATEMENT OF CHANGES IN EQUITY

(PLN'000) (unaudited)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit/(Loss carried forward)	Total
As at 1 January 2016	447,558	0	294,493	100,000	3,068	17,079	862,198
<i>Net profit for the period of 3 months ended 31 March 2016</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>19,067</i>	19,067
<i>Other comprehensive income for the period of 3 months ended 31 March 2016</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	-
Total comprehensive income for the period of 3 months ended 31 March 2016	0	0	0	0	0	19,067	19,067
As at 31 March 2016	447,558	0	294,493	100,000	3,068	36,146	881,265

(PLN'000) (audited)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit/(Loss carried forward)	Total
As at 1 January 2015	447,558	0	357,285	30,000	3,068	7,208	845,119
<i>Net profit for 2015</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>17,079</i>	<i>17,079</i>
<i>Other comprehensive income for 2015</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for 2015	0	0	0	0	0	17,079	17,079
<i>Transfer of profit for 2014 to supplementary capital</i>	<i>0</i>	<i>0</i>	<i>7,208</i>	<i>0</i>	<i>0</i>	<i>(7,208)</i>	<i>0</i>
<i>Transfer of profit from previous years from supplementary capital to reserve capital</i>	<i>0</i>	<i>0</i>	<i>(70,000)</i>	<i>70,000</i>	<i>0</i>	<i>0</i>	<i>0</i>
As at 31 December 2015	447,558	0	294,493	100,000	3,068	17,079	862,198

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(PLN'000) (unaudited)	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit/(Loss carried forward)</i>	<i>Total</i>
As at 1 January 2015	447,558	0	357,285	30,000	3,068	7,208	845,119
<i>Net profit for the period of 3 months ended 31 March 2015</i>	0	0	0	0	0	6,472	6,472
<i>Other comprehensive income for the period of 3 months ended 31 March 2015</i>	0	0	0	0	0	0	0
Total comprehensive income for the period of 3 months ended 31 March 2015	0	0	0	0	0	6,472	6,472
As at 31 March 2015	447,558	0	357,285	30,000	3,068	13,680	851,591

CONSOLIDATED QUARTERLY REPORT

STATEMENT OF CASH FLOWS

(PLN'000)	Q1 2016 period from 1 Jan 2016 to 31 March 2016	Q1 2015 period from 1 Jan 2015 to 31 March 2015
	(unaudited)	(unaudited)
A. Cash flows from operating activities		
I. Net profit/(loss) on continued operations	18,742	6,781
II. Total adjustments	(5,464)	37
1. Change in tangible assets and intangible assets	100	55
2. Change in provisions	(11)	0
3. Change in inventories	(41,845)	7,142
4. Change in receivables	(17,447)	1,054
5. Change in current liabilities (net of loans and borrowings)	(2,084)	533
6. Change in accruals and deferrals	(297)	(372)
7. Change if financial liabilities	5,740	5,958
8. Change in financial assets resulting from loans and notes	55,748	(5,898)
9. Change in financial assets resulting from shares	(5,310)	(8,435)
10. Corporate income tax	(58)	0
11. Other adjustments	0	0
III. Net cash provided by operating activities (I±II)	13,278	6,818
B. Cash flows from financing activities		
I. Cash	0	64,540
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Issue of debt securities	0	64,540
3. Loans	0	0
II. Expenses	(32,922)	(943)
1. Acquisition of own (treasury) shares	0	0
2. Redemption of debt securities	0	0
3. Loans	(30,000)	0
4. Interest	(2,922)	(943)
5. Other financial expenses	0	0
III. Net cash provided by financing activities (I–II)	(32,922)	63,597
C. Total net cash flow (A.III±B.III)	(19,644)	70,415
D. Balance-sheet change in cash, including:	(19,644)	70,415
– change in the position of cash on account of foreign exchange differences		
E. Cash at beginning of period	29,017	5,797
F. Cash at end of period (F±D)	9,373	76,212
- restricted cash	20	20

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OTHER INFORMATION AND NOTES

3.1. General information about the Issuer

LC Corp S.A. (the "Issuer" or the "Company") was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Company has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, under KRS No. 0000253077.

As at 31 March 2016, the shares of LC Corp S.A. are in public trading.

The Company has been assigned statistical identification number REGON 020246398.

The Company has been established for an indefinite time. Its primary activity includes:

- PKD 64.20.Z Activities of financial holding companies

LC Corp B.V., controlled by Mr Leszek Czarnecki, is the Parent Undertaking of LC Corp S.A.

The interim condensed financial statements of LC Corp S.A. cover the period of three months ended 31 March 2016. The detailed description of component parts of the financial statements has been presented in item 3.2.

3.2. Rules adopted for preparing the quarterly report (in particular the information on changes in the accounting principles/policy)

These interim condensed financial statements of LC Corp S.A. comprise:

- statement of financial position as at 31 March 2016 and comparable data as at 31 December 2015;
- statement of comprehensive income for the first quarter of 2016, i.e. for the period of three months, cumulative from 1 January 2016 to 31 March 2016 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2015 to 31 March 2015;
- statement of cash flows for the first quarter of 2016, i.e. for the period of three months, cumulative from 1 January 2016 to 31 March 2016 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2015 to 31 March 2015;
- statement of changes in equity as at 31 March 2016 and comparable data as at 31 March 2015 and as at 31 December 2015;
- notes to financial statements.

Additional information and other information with the scope determined in § 87 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by the issuers of securities and the conditions for recognising as equivalent the information required by the law of a non-member state, representing an element of this Consolidated Quarterly Report for Q1 2016, are included in item 4.

The enclosed condensed financial statements of LC Corp S.A. were prepared in accordance with the International Financial Reporting Standards ("IFRS"), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU.

As at the date of the approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, in the scope of the accounting principles adopted by the Group there were no differences between IFRS already in effect and those approved by the EU.

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IFRS comprise standards and interpretations accepted by IASB and IFRIC.

The interim condensed financial statements of LC Corp S.A. do not contain all information and disclosures required in the annual separate financial statements and they must be read together with the annual financial statements of LC Corp S.A. for the year ended 31 December 2015.

The interim condensed consolidated financial statements are presented in thousand zlotys ('PLN'), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The interim condensed financial statements of LC Corp S.A. were prepared on the going concern assumption, i.e. the continuation of the Company's business activity in the foreseeable future. As at the day of the approval of these financial statements, there were no circumstances identified implying any threats to the continuation of the Company's activity.

These interim condensed financial statements of LC Corp S.A. were approved by the Management Board for publication on 16 May 2016.

The information on the accounting principles adopted by the Issuer was presented in the annual financial statements of LC Corp S.A. for the year ended 31 December 2015, published on 8 March 2016.

The information about new standards and interpretations is included in item 2.3.

3.3. Seasonal or cyclical character of the Issuer's activity

The Company's activity is not seasonal by nature, therefore the presented Company's operating results are not subject to significant fluctuations during a year.

3.4. Information about significant estimates

The Management Board of LC Corp S.A. used their best knowledge of the applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed condensed financial statements. Preparing the financial statements in accordance with IFRS required the Company Management Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments. The presented financial data as at the end of Q1 2016 were not subject to examination by an auditor.

Uncertainty of estimates

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring at the end of the reporting period and entailing a significant risk of considerable adjustment of the net book value of assets and liabilities in the following reporting period.

Deferred tax asset

The Company recognizes a deferred tax asset based on the assumption that a tax profit enabling its utilization should be obtained in the future. The worsening of the tax results attained in the future could cause that this assumption might become groundless.

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Write-downs of the shares held in subsidiary undertakings

As at the end of each reporting period the Management Board verifies if there is any evidence pointing to the impairment of the shares in subsidiary undertakings.

If the review reveals the existence of such impairment, the Management Board writes down these assets to their recoverable value. The recoverable value of an asset can be defined as being the higher one of two values: fair value less costs to sell and value in use.

The value in use was estimated employing the DCF method. The DCF method is based on discounted cash flows generated by the subsidiary undertakings within the approved investment schedules and proceeds from the sale of flats, allowing for the sale price of 1 square metre of usable floor space in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The recoverable value of shares and the level of their write-downs were estimated as at 31 March 2014 and it may be subject to change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, the level of write-downs may change in the following accounting periods.

Write-downs of borrowings granted to subsidiary undertakings

As at the end of each reporting period the Management Board verifies if there is any evidence pointing to the impairment of the borrowings granted to subsidiary undertakings.

If the objective evidence, pointing to impairment losses on account of the granted borrowings, exists, the Management Board makes write-downs of such assets.

The amount of write-down on account of impairment losses is equal to the difference between the carrying value of the financial assets and the present value of the estimated future cash flows generated by the subsidiary undertakings within the approved investment schedules and proceeds from the sale of flats, allowing for the sale price of 1 square metre of usable floor space in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The level of write-downs made with regard to the borrowings was estimated as at 30 September 2015 and it may be subject to change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

As at 31 March 2016 there were no write-downs of borrowings.

The table below presents the significant estimates as at 31 March 2016 and as at 31 December 2015.

	31 March 2016 (unaudited)	31 December 2015 (audited)
Deferred tax assets	11,469	11,177
Write-downs of shares	(74,914)	(74,914)

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3.5. Information about the write-downs of inventory to the net realizable value and the reversal of the write-downs in respect thereof

During the period of three months ended 31 March 2016 there were no write-downs of inventory to the net realizable value.

3.6. Information about impairment losses in respect of financial assets, property, plant and equipment, intangible assets or other assets and the reversal of such losses

During the period of three months ended 31 March 2016, there were no significant changes as compared to the previous year with regard to impairment losses in respect of financial assets, property, plant and equipment, intangible assets or other assets.

3.7. Information about creating, increasing, utilizing and reversing provisions

During the period of three months ended 31 March 2016 the Company made no changes with regard to provisions.

3.8. Information about deferred tax liabilities and deferred tax assets

Deferred income tax arises from the following items:

	Statement of financial position		Statement of comprehensive income for the period ended	
	31 March 2016 (unaudited)	31 December 2015 (audited)	31 March 2016 (unaudited)	31 December 2015 (audited)
Deferred tax liability				
Accrued interest on borrowings and deposits	(2,697)	(2,625)	(72)	2,432
Difference in the value of tangible assets (tax depreciation and book depreciation)	(53)	(62)	9	12
Participation in profits of a limited partnership	(653)	(590)	(63)	(590)
Other	(125)	(109)	(16)	(37)
Gross deferred tax liability	(3,528)	(3,386)		
Deferred tax assets				
Participation in profits of a limited partnership	0	0	0	(570)
Provisions and prepayments and accrued income	1,268	1,113	155	539
Accrued interest on borrowings and discounts on bonds	4,003	3,741	262	731
Write-downs of the shares held in subsidiary undertakings	8,958	8,958	0	8,958
Losses potentially deductible from the future taxable income	759	751	8	(1,349)
Other	9	0	9	0
Gross deferred tax assets	14,997	14,563		

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Deferred tax burden			292	10,126
Net deferred tax asset	11,496	11,177		
Net deferred tax liability	0	0		

3.9. Information about significant purchase and sale transactions regarding property, plant and equipment

During the period of three months ended 31 March 2016 the Company purchased property, plant and equipment having the value of PLN 20,000.

During the period of three months ended 31 March the Company did not enter into any significant sale transactions concerning property, plant or equipment.

3.10. Information about significant liabilities on account of the purchase of property, plant and equipment

As at 31 March 2016 there were no significant liabilities on account of the purchase of property, plant or equipment.

3.11. Information about significant settlements on account of litigation

In the period of three months ended on 31 March 2016, the Company recorded no significant settlements on account of litigation.

3.12. Disclosure of the correction of errors of the previous periods

During the period of three months ended 31 March 2016 there were no corrections of errors of the previous periods.

3.13. Information about changes in the economic situation and conditions for running a business activity which have a considerable impact on the fair value of the Issuer's financial assets and financial liabilities, regardless of whether such assets and liabilities are recognized at fair value or at adjusted purchase price (depreciated cost)

The description can be found in item 2.14.

3.14. Information about the failure to repay a loan or borrowing or the infringement of material provisions of the loan or borrowing agreement with regard to which no corrective actions were taken by the end of the reporting period

None occurred.

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3.15. Information on single or numerous transactions (individually or collectively deemed significant and made on the terms other than at arm's length) concluded by the Issuer or its subsidiary undertaking with related entities

During the period of three months ended 31 March 2016 the Issuer did not conclude any transactions with related entities, which, individually or collectively, could be deemed significant and were effected on the terms other than at arm's length.

3.16. Information about the change in the way (method) of determining the fair value for the financial instruments measured at fair value

None occurred.

3.17. Information about the change in the classification of financial assets, resulting from the change in the purpose or utilization of such assets

None occurred.

3.18. Financial liabilities

3.18.1 Interest bearing loans, borrowings, bonds and investment notes

Non-current	Interest rate	Repayment date	31 March 2016 (unaudited)	31 December 2015 (audited)
Bank loan in PLN (b)	Wibor+margin	31 Dec 2018	49,706	49,681
Bank loan in PLN (c)	Wibor+margin	31 Dec 2018	37,834	37,821
Bond scheme (d)	Wibor+margin	30 Oct 2018	49,671	49,643
Bond scheme (e)	Wibor+margin	6 Jun 2019	49,683	49,658
Bond scheme (f)	Wibor+margin	20 Mar 2020	64,635	64,612
Investment notes (g)	fixed	29 Jun 2018	12,558	12,421
Investment notes (h)	fixed	-	-	17,527
			264,087	281,363

Current	Interest rate	Repayment date	31 March 2016 (unaudited)	31 December 2015 (audited)
Bank loan in PLN (a)	Wibor+margin	-	-	29,995
Bond scheme (d)	Wibor+margin	30 Apr 2016	1,100	435
Bond scheme (e)	Wibor+margin	6 Jun 2016	819	155
Bond scheme (f)	Wibor+margin	20 Sept 2016	220	1,027
Investment notes (h)	fixed	31 Jan 2017	17,786	-
Investment notes (i)	fixed	9 Dec 2016	38,816	38,350
Borrowings (j)	Wibor+margin	31 Mar 2017	3,772	3,772
			62,513	73,734

(a) Bank loan taken out in PLN with Getin Noble Bank S.A. pursuant to an agreement concluded on 19 December 2011, initiated on 30 March 2012, and repaid on 31 March 2016.

(b) Bank loan taken out in PLN with Getin Noble Bank S.A. pursuant to an agreement concluded on 29 April 2014, initiated on 30 April 2014.

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- (c) Loan in LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 18 June 2014, initiated on 3 September 2015 in LC Corp S.A.
- (d) Coupon bonds – issue of 31 October 2013 of 500 unsecured five-year coupon bonds of the value of PLN 100,000 each and total nominal value of PLN 50,000,000 under the Bond Issue Scheme Agreement concluded with banks: PKO S.A. with its registered office in Warsaw and mBank S.A. (formerly: BRE Bank S.A.) with its registered office in Warsaw, with the maturity date falling on 30 October 2018.
- (e) Coupon bonds – issue of 6 June 2014 of 50,000 unsecured five-year coupon bonds of the value of PLN 1,000 each and total nominal value of PLN 50,000,000 under the Bond Issue Scheme Agreement concluded with banks: PKO S.A. with its registered office in Warsaw and mBank S.A. (formerly: BRE Bank S.A.) with its registered office in Warsaw, with the maturity date falling on 6 June 2019.
- (f) Coupon bonds – issue of 20 March 2015 of 65,000 unsecured five-year coupon bonds of the value of PLN 1,000 each and total nominal value of PLN 65,000,000 under the Bond Issue Scheme Agreement concluded with banks: PKO S.A. with its registered office in Warsaw and mBank S.A. (formerly: BRE Bank S.A.) with its registered office in Warsaw, with the maturity date falling on 20 March 2020.
- (g) Investment notes – the issue of 20 January 2011 of ten investment notes having a par value of PLN 1,000,000 each, taken up by the subsidiary Arkady Wrocławskie S.A. On 29 May 2013, the buyback date of the notes was rescheduled from 28 June 2013 to 30 June 2015 by way of an annexe. On 29 June 2015, the buyback date of the notes was rescheduled from 30 June 2015 to 29 June 2018 by way of an annexe.
- (h) Investment notes – the issue of 9 March 2012 of seven investment notes having a par value of PLN 2,000,000 each, taken up by the subsidiary Arkady Wrocławskie S.A. On 31 January 2014, the maturity date of the notes were changes by way of an annexe from 31 January 2014 to 31 January 2017.
- (i) Investment notes – the issue of 9 December 2010 of thirty investment notes having a par value of PLN 1,000,000 each, taken up by the subsidiary Warszawa Przyokopowa Sp. z o.o. On 9 December 2013, the buyback date of the notes was rescheduled from 9 December 2013 to 9 December 2016 by way of an annexe.
- (j) Liability on account of the agreement concluded on 8 July 2008 on a borrowing granted by a subsidiary undertaking, Warszawa Przyokopowa Sp. z o.o.

3.18.2 Information about the issue, redemption and repayment of debt and equity securities

During the period of three months ended 31 March 2016, LC Corp S.A. did not issue or redeem debt securities.

After the accounting reference day, on 10 My 2016 a new issue of bonds took place – see 2.21 point 4.

3.18.3 Incurring and repaying bank loans and borrowings

During the period of three months ended 31 March 2016, LC Corp S.A. repaid the following loans:

- 1) On 29 January 2016, LC Corp S.A. signed with Getin Noble Bank S.A. an annexe to the loan agreement concluded on 19 December 2011 with Getin Noble Bank S.A., extending the repayment period of the bank loan to 31 March 2016. On 31 March 2016, the loan in the amount of PLN 30 million was repaid in full in accordance with the agreement.

3.18.4 Collaterals

As at 31 March 2016 the repayment of loans was secured mainly by:

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- 1) The bank loan agreement taken out by LC Corp S.A. with Getin Noble Bank S.A. is secured by:
 - a) with regard to the loan agreement of 19 December 2011 for the amount of PLN 30,000,000:
 - contractual mortgage of the highest priority up to the amount of PLN 45,000,000,
 - declaration of submission to enforcement pursuant to Art. 97 of the Banking Law.
 - b) in reference to the loan agreement of 14 May 2014 for the amount of PLN 50,000,000:
 - joint contractual mortgage for up to PLN 75,000,000.00 on the property owned by the Issuer and on the property owned by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV Sp. z o.o. Investments S.K.A,
 - guarantee granted by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.
 - declaration of submission to enforcement pursuant to Art. 97 of the Banking Law.

- 2) The repayment of loans taken by the subsidiary undertakings of LC Corp S.A. is secured, among others, by:
 - pledge on the shares of Arkady Wrocławskie S.A. owned by LC Corp S.A. - up to the amount of EUR 91,500,000,
 - pledges by registration on all shares of Sky Tower S.A. with a financial pledge for up to EUR 90,000,000,
 - pledge by registration on all shares of Warszawa Przyokopowa Sp. z o.o. with a financial pledge,
 - support agreement concluded by the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), the bank and the Issuer concerning the loan agreement for the implementation of stage 1 of Silesia Star investment in Katowice, under which LC Corp S.A., acting as a guarantor, shall be obliged, in certain situations specified in this agreement, to provide the borrower with financial support, a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure up to EUR 41,333,333.33, four blank promissory notes of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom. with promissory note agreements, guaranteed by LC Corp S.A. until the provision to the Bank of rental contracts with lessees not related to the Issuer, holding at least 20% of leasable area in Silesia Star building.
 - support agreement concluded by the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), the bank and the Issuer concerning the loan agreement for the implementation of stage 2 of Silesia Star investment in Katowice, under which LC Corp S.A., acting as a guarantor, shall be obliged, in certain situations specified in this agreement, to provide the borrower with financial support, a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure up to EUR 31,000,000.00.
 - surety contract concluded between the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), bank PKO BP S.A. and the Issuer concerning the loan agreement for the implementation of stage 2 of Silesia Star investment in Katowice under which LC Corp S.A. acting as the guarantor will be obliged to provide financial support to the borrower in circumstances described in the agreement, for a potential cost overrun up to a maximum amount of PLN 31,750,000.
 - a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure in connection with the support agreement and surety contract described above,

- 3) Security for the property exchange agreement concluded by LC Corp Invest III Sp. z o.o.
 - contractual mortgage up to the amount of PLN 3,000,000 established on the real property in Gdańsk to secure contractual penalties provided for in the real property exchange agreement concluded between LC Corp Invest III Sp. z o.o. and the Capital City of Warsaw.

- 4) On 8 December 2015, LC Corp S.A. submitted a declaration of providing surety for LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k. as to the payment by this company of PLN 3,948,232.82 to the President of Kraków if the

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conditions described in the agreement on the change of perpetual usufruct of the property in Kraków are fulfilled. As to the payment of the above amount of the fee for the change of the perpetual usufruct agreement, LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k. submitted a declaration of submission to enforcement pursuant to Art. 777 § 1.5 of the Code of Civil Procedure against the President of Kraków.

3.18.5 Liabilities on account of the acquisition of a subsidiary undertaking

In connection with the extension of the payment terms regarding the price of the shares of Sky Tower S.A., acquired on 6 December 2013, the resultant liabilities were disclosed in their discounted value. As at 31 March 2016 the discount amount was PLN 12,245,000 and as at 31 December 2015 it was PLN 13,559,000.

Discounted liabilities as at 31 March 2016 and as at 31 December 2015 are presented in the table below:

	31 March 2016 (unaudited)	31 December 2015 (audited)
Non-current	110,013	109,045
Current	39,342	38,996
Total	149,355	148,041

3.19. Information concerning paid out (or declared) dividend, in total and per share, in a breakdown by ordinary and preference shares

After the accounting reference date, i.e. after 31 March 2016, a resolution regarding the payment of dividend from LC Corp S.A. was adopted - for description see 2.21 point 1.

3.20. Events subsequent to 31/03/2016, not disclosed in these statements, which could have a material bearing on the future financial results of the Issuer

A description of significant events occurred after 31 March 2016 is presented in point 2.21.

3.21. Information on the changes in contingent liabilities or contingent assets after the end of the last accounting year

As of the end of the last accounting year, in LC Corp S.A. there were no changes with regard to contingent liabilities or contingent assets.

3.22. Other information material for the Issuer's assessment of its personnel, asset, financial and profit/loss standing and changes thereof and of the feasibility of fulfilling its obligations

In the discussed reporting period, in LC Corp S.A. there were no events material for the assessment of its personnel, asset, financial or profit/loss standing or changes thereof or of the feasibility of discharging obligations by the Company.

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4. MANAGEMENT BOARD'S COMMENTS ON THE ACTIVITY OF THE ISSUER AND ITS GROUP

4.1. Main achievement and failures of the LC Corp Group

In the first quarter of 2016, the Group was proceeding as planned with the completion of investment projects, carried out by its subsidiary undertakings.

The tables below presents the number of premises pre-sold and transferred in Q1 2016 as compared with relevant data from the previous year.

The last of the tables shows the level of the Group's offer as at 31 March 2016 and the expected number of premises to be introduced still in 2016. The fourth column of this tables shows the number of premises to be introduced after 2016 in each of the cities, estimated on the basis of the land bank currently owned by the Group. Continuous monitoring of the market also takes place as well as search for land in order to complement the offer ensuring appropriately high sales in the following years.

pre-sale

city	Q1'2015	Q1'2016
Warsaw	189	163
Wrocław	154	108
Kraków	72	140
Gdańsk	63	46
Łódź	2	4
total	480	461

-4%

transfers

city	Q1'2015	Q1'2016
Warsaw	70	4
Wrocław	260	15
Kraków	2	138
Gdańsk	3	9
Łódź	2	
total	337	166

-51%

offer

city	31/03/2016	to be implemented in 2016	to be implemented after 2016
Warsaw	574	1,188	1,362
Wrocław	188	546	231
Kraków	247	380	1,813
Gdańsk	269	295	735
Łódź	12		
total	1,290	2,409	4,141

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Below the Group's investments completed, under implementation and under preparation, are described.

4.1.1 Implemented investment projects

Commercial projects

Name of the project	City	District	Segment	Construction completion date	Area (m ²)
Wola Center	Warszawa	Wola	Office and service	Q3 2013	33,319
Arkady Wroclawskie	Wroclaw	Krzyki	Office retail and service	Q2 2007	38,908
Sky Tower	Wroclaw	Krzyki	Office retail and service	Q1 2013	51,293
Silesia Star (Building A)	Katowice	Bogucice Zawodzie	Office and service	Q4 2014	14,015

Housing projects

Name of the project	City	District	Segment	Construction completion date	Number of apartments and commercial premises	Area (m ²)
Osiedle Przy Promenadzie (stage 1, 2 and 3)	Warsaw	Praga Południe	Apartments, services	Q4 2010	730	48,160
Rezydencja Kaliska	Warszawa	Śródmieście-Ochota	Apartments, services	Q1 2011	101	7,430
Osiedle Powstańców 33 (stage 1 and 2)	Ząbki near Warsaw		Apartments, services	Q4 2012 Q3 2014	114 229	6,918 13,141
Osiedle Na Woli (stage 1 and 2)	Warszawa	Wola	Apartments, services	Q4 2014 Q4 2015	192 112	10,008 5,628
Osiedle Maestro (stage 1 and 2)	Wroclaw	Krzyki-Jagodno	Apartments	Q3 2012 Q3 2013	176 160	9,352 8,829
Osiedle Potokowa (stage 1, 2c and 3)	Wroclaw	Maślice	Apartments and houses	Q2 2013 Q3 2013 Q2 2014	72 42 73	2,819 4,486 3,621
Osiedle Graniczna (stage 1, 2, 3 and 4)	Wroclaw	Fabryczna	Apartments	Q3 2013 Q3 2014 Q4 2015 Q1 2016	173 179 187 125	9,200 8,716 9,688 6,449

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Osiedle Nowalia	Wrocław	Klecina	Terraced houses	Q1 2014	44	4,634
Brzeska 5	Wrocław	172 154	Apartments, services	Q4 2014	167	7,889
Stabłowicka 77 (stage 1 and 2)	Wrocław	Fabryczna	Apartments	Q3 2014	73	4,259
				Q1 2015	60	3,159
Słoneczne Miasteczko (stage 1, 2, 3 and 4)	Kraków	Bieżanów-Prokocim	Apartments	Q4 2011	120	6,624
				Q4 2012	164	8,960
				Q3 2014	42	2,162
				Q4 2015	120	6,498
Okulickiego 59	Kraków	Mistrzejowice	Apartments, services	Q4 2012	146	6,701
Grzegórzecka (stage 1, 2 and 3)	Kraków	Śródmieście	Apartments, services	Q2 2015	164	8,011
				Q4 2015	149	7,042
				Q1 2016	85	4,562
Osiedle Przy Srebrnej (stage 1, 2a, 2b and 3)	Gdańsk	Łostowice	Apartments, services	Q4 2012	72	3,795
				Q4 2013	6	565
				Q3 2014	22	1,169
				Q4 2014	46	2,104
Osiedle Przy Alejach (stage 1)	Gdańsk	Zaspa	Apartments	Q1 2016	110	5,521
Osiedle Dębowa Ostoja (stage 1)	Łódź	Bałuty	Terraced houses	Q3 2011	22	4,548
Osiedle Pustynna 43 (stage 1)	Łódź	Górnica	Apartments	Q4 2012	38	2,884

4.1.2 Development projects under implementation

Commercial projects

Name of the project	City	District	Segment	Planned commencement date	Planned completion date	Area (m ²)
Silesia Star (Building B)	Katowice	Bogucice Zawodzie	Office and service	Q2 2015	Q4 2016	13,496

Housing projects

Name of the project	City	District	Segment	Construction completion date	Number of apartments and commercial premises	Area (m ²)
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Osiedle Przy Promenadzie (stage 4)	Warszawa	Praga Pł	Apartments	Q3 2016	202	9,781
Osiedle Powstańców 33 (stage 3)	Ząbki near Warsaw		Apartments	Q1 2017	230	13,635
Mała Praga (stage 1 and 2)	Warszawa	Praga Południe	Apartments, services	Q2 2016 Q2 2017	140 217	7,409 11,351
Osiedle Poborzańska	Warszawa	Targówek	Apartments, services	Q3 2016	91	4,189
Korona Pragi (stage 1)	Warszawa	Praga Płd	Apartments	Q3 2017	170	8,992
Osiedle Krzemowe (stage 1)	Warszawa	Mokotów	Apartments	Q1 2017	159	8,592
Osiedle Maestro (stage 3)	Wrocław	Jagodno	Apartments	Q2 2017	125	7,163
Osiedle Graniczna (stage 5 and 6)	Wrocław	Fabryczna	Apartments	Q1 2017 Q3 2017	168 168	9,086 9,107
Osiedle Dolina Piastów	Wrocław	Fabryczna	Apartments	Q3 2016	176	9,278
Słoneczne Miasteczko (stage 5)	Kraków	Bieżanów- Prokocim	Apartments	Q4 2017	108	5,834
Grzegórzecka (stage 4)	Kraków	Śródmieście	Apartments, services	Q1 2017	242	11,908
5 Dzielnica (stage 1 and 2)	Kraków	Krowodrza	Apartments	Q1 2017 Q3 2017	187 112	8,178 4,709
Centralna Park (stage 1)	Kraków	Czyżyny	Apartments	Q1 2017	150	7,010
Osiedle Przy Srebrnej (stage 4)	Gdańsk	Łostowice	Apartments	Q3 2016	32	1,676
Osiedle Przy Alejach (stage 2)	Gdańsk	Zaspa	Apartments	Q2 2017	97	5,065
Osiedle Wałowa (stage 1)	Gdańsk	Śródmieście	Apartments	Q4 2017	230	12,333

4.1.3 Development projects in preparation

Commercial projects

Name of the project	City	District	Segment	Planned commencement date	Planned completion date	Area (m ²)
office building at ul. Piłsudskiego	Wrocław	Stare Miasto	Office and service	Q3 2016	Q3 2018	20,665

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office building at ul. Skierniewicka	Q1'2015	Wola	Office and service	Q4 2016	Q4 2018	22,800
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Housing projects

Name of the project	City	District	Segment	Planned commencement date	Planned completion date	Number of apartments and commercial premises	Area (m ²)
Osiedle Powstańców 33 (stage 3)	Ząbki near Warsaw		Apartments	Q3 2016	Q1 2018	165	10,049
Korona Pragi (stage 2)	Warszawa	Praga Południe	Apartments, services	Q3 2016	Q1 2018	171	9,037
Mała Praga (stage 3 and 4)	Warszawa	Praga Południe	Apartments, services	Q2 2016 Q4 2016	Q1 2018 Q2 2018	158 236	8,129 12,903
Osiedle Krzemowe (stage 2)	Warszawa	Mokotów	Apartments	Q2 2016	Q2 2018	244	11,914
Nakielska (stage 1 and 2)	Warszawa	Wola	Apartments	Q3 2016 Q4 2016	Q1 2018 Q3 2018	157 301	7,972 15,462
Tęczowa	Wrocław	Stare Miasto	Apartments, services	Q3 2016	Q4 2017	213	9,994
Sołtysowicka	Wrocław	Sołtysowice	Apartments	Q2 2016	Q4 2017	165	9,470
Raławicka	Wrocław	Krzyki	Apartments	Q3 2016	Q2 2018	0	13,162
Grzegórzecka (stage 5)	Kraków	Śródmieście	Apartments, services	Q3 2016	Q1 2018	250	12,923
Centralna Park (stage 1)	Kraków	Czyżyny	Apartments	Q2 2016	Q4 2017	130	6,192
Osiedle Przy Srebrnej (stage 4)	Gdańsk	Łostowice	Apartments	Q2 2016	Q3 2017	65	2,958
Osiedle Wałowa (stage 2)	Gdańsk	Śródmieście	Apartments	Q4 2016	Q3 2018	230	12,538

Furthermore, depending on the rate of sales of the premises in a given project, the initiation of subsequent stages is planned.

In Q1 2016, intensive preparatory works were also undertaken to enable the Group's companies to start subsequent projects and to find attractive locations for new investments, in both commercial and residential property segments.

The Group is also trying to obtain external financing for its projects. Negotiations with the banks concerning the loan agreements for respective projects are in progress.

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4.2. Description of factors and events, particularly non-typical ones, which have a significant impact on the achieved financial results

There occurred no special or uncommon events that could affect the produced financial results.

4.3. Opinion of the Management Board regarding the feasibility of meeting the earlier published financial forecasts for the year, in view of the results presented in this quarterly report as compared to the forecast results

The Issuer did not publish any financial forecasts for the year 2016.

4.4. Ownership structure of significant blocks of the Issuer's shares

As at 31 March 2016 the share capital of LC Corp S.A. amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares carrying one vote at the General Meeting, with a par value of PLN 1.00 each. This was also valid as at 16 May 2016.

The ownership structure of significant blocks of shares as at the date of submitting the financial statements for Q1 2016, according to the information obtained by the Issuer:

Shareholders possessing, directly or indirectly, at least 5% of the total vote at the General Meeting of LC Corp S.A. as at the date of submitting the financial statements for Q1 2016:

Shareholder	Number of shares	Number of votes	Share (%) in share capital	Share (%) in total vote at general meeting
Leszek Czarnecki directly and indirectly ⁽¹⁾ including: LC Corp B.V. seated in Amsterdam	229,359,795	229,359,795	51.24%	51.24%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	30,200,000	30,200,000	6.75%	6.75%
Nationale Nederlanden Otwarty Fundusz Emerytalny	36,000,000	36,000,000	8.04 %	8.94 %
OFE PZU "Złota Jesień"	44,669,000	44,669,000	9.98%	9.98%

(1) Mr Leszek Czarnecki directly holds 14,657,685 shares representing 3.27% of the share capital and 3.27% of the total vote at the General Meeting, and indirectly through his subsidiary undertakings Mr Leszek Czarnecki holds 214,702,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting. Mr Leszek Czarnecki's subsidiary undertakings include LC Corp B.V., seated in Amsterdam and holding 214,701,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting, and RB Investcom Sp. z o.o., seated in Wrocław and holding 1,000 shares representing 0.0002% of the share capital and 0.0002% of the total vote at the General Meeting.

CONSOLIDATED QUARTERLY REPORT

As at 31 December 2015, the shareholders possessing, directly or indirectly, at least 5% of the total vote at the General Meeting of the Issuer:

Shareholder	Number of shares	Number of votes	Share (%) in share capital	Share (%) in total vote at general meeting
Leszek Czarnecki directly and indirectly ⁽¹⁾ including: LC Corp B.V. seated in Amsterdam	229,359,795	229,359,795	51.24%	51.24%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	214,701,110	214,701,110	47.97%	47.97%
Nationale Nederlanden Otwarty Fundusz Emerytalny	30,200,000	30,200,000	6.75%	6.75%
OFE PZU "Złota Jesień"	35,000,000	35,000,000	7.82%	7.82%
	44,669,000	44,669,000	9.98%	9.98%

- (1) Mr Leszek Czarnecki directly holds 14,657,685 shares representing 3.27% of the share capital and 3.27% of the total vote at the General Meeting, and indirectly through his subsidiary undertakings Mr Leszek Czarnecki holds 214,702,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting. Mr Leszek Czarnecki's subsidiary undertakings include LC Corp B.V., seated in Amsterdam and holding 214,701,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting, and RB Investcom Sp. z o.o., seated in Wrocław and holding 1,000 shares representing 0.0002% of the share capital and 0.0002% of the total vote at the General Meeting.

4.5. Changes in the Issuer's shares or options held by the management and supervisory staff of the Issuer as at 16 May 2016, within the period following the submission of the previous quarterly report (including changes in ownership)

Full name	Function in the body	Holding of the Issuer's shares as at 08/03/2016 ^(*)	Increase	Decrease	Holding of the Issuer's shares as at 16/05/2016
Supervisory staff					
Leszek Czarnecki	Chairman of the Supervisory Board	14,657,685	-	-	14,657,685
Andrzej Błażejowski	Vice Chairman of the Supervisory Board	151,142	-	-	151,142
Remigiusz Baliński	Member of the Supervisory Board	32,722	-	-	32,722
Zbigniew Dorenda	Member of the Supervisory Board	-	-	-	-
Joanna Gransort	Member of the Supervisory Board	-	-	-	-
Grzegorz Korczyński	Member of the Supervisory Board	-	-	-	-
Management staff					
Dariusz Niedośpał	President of the Management Board	158,791	-	-	158,791
Jakub Malski ^(**)	First Vice President of the Management Board	9,830	-	-	9,830

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Joanna Jaskólska	Vice President of the Management Board	6,000	-	-	6,000
Tomasz Wróbel	Member of the Management Board	-	-	-	-
Mirosław Kujawski	Member of the Management Board	-	-	-	-
Małgorzata Danek	Member of the Management Board	15,000	-	-	15,000

(*) pursuant to the information included in the annual report for 2015.

(**) Mr Jakub Malski was a Member of the Supervisory Board until 12 March 2016.

4.6. Information about proceedings before courts, relevant arbitration authority or public administration authority

As at 31 March 2016 no proceedings were initiated before the court or public administration authority, with regard to liabilities or receivables of LC Corp S.A. and its subsidiaries, whose individual or aggregate value would represent at least 10% of the equity of LC Corp S.A.

4.7. Information on single or numerous transactions (individually or collectively deemed significant and made on the terms other than at arm's length) concluded by the Issuer or its subsidiary undertaking with related entities

In the said reporting period, the Issuer and its subsidiaries did not conclude any transactions with related undertakings that individually or collectively could be classified as significant and concluded under non-arm's length terms.

4.8. Information about the loan or borrowing surety or guarantee granted by the Issuer or its subsidiary undertaking

On 26 February 2016, the Issuer concluded a support agreement between the borrower (LC Corp Invest XVII Sp. z o.o. bank PKO BP S.A. and the Issuer concerning the loan agreement for the implementation of stage 2 of Silesia Star investment in Katowice under which LC Corp S.A. acting as the guarantor will be obliged to provide financial support to the borrower in circumstances described in the agreement, for a potential cost overrun up to a maximum amount of EUR 31,000,000.00.

On 14 April 2016, the Issuer concluded a surety contract between the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), bank PKO BP S.A. and the Issuer concerning the loan agreement for the implementation of stage 2 of Silesia Star investment in Katowice under which LC Corp S.A. acting as the guarantor will be obliged to provide financial support to the borrower in circumstances described in the agreement, for a potential cost overrun up to a maximum amount of PLN 31,750,000.

On account of the above-mentioned liabilities, LC Corp S.A. submitted for the benefit of PKO BP S.A. bank a declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure.

4.9. Other information material for the assessment of the Group's personnel, asset, financial and profit/loss standing and changes thereof and of the feasibility of fulfilling its obligations

In the discussed reporting period, there were no events material for the assessment of the Group's personnel, asset, financial or profit/loss standing or changes thereof or of the feasibility of discharging its obligations.

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4.10. Factors which in the Issuer's opinion may affect its performance at least in the following quarter

The results achieved by LC Corp Group will be highly influenced by the macroeconomic situation, in particular with regard to availability of mortgage loans for potential clients. These factors are strong determinants of the demand for new apartments and the structure and price thereof.

In compliance with IAS 18, the LC Corp Group recognises the revenue from the sale of residential and commercial premises only when, in principle, all risks and benefits related to given premises have been transferred to the client and revenue can be measured in a reasonable manner. As a consequence, in the next quarter the results on sale will depend on the value of premises transferred to the client in line with the above description.

The operating performance of the Group will be also influenced by the level of revenue generated from the rental of commercial space in Arkady Wrocławskie, Sky Tower, Wola Center and Silesia Star (stage 1), which is linked with the EUR exchange rate. The EUR exchange rate will also affect the valuation of foreign currency loans and investment property Arkady Wrocławskie, Sky Tower, Wola Center and Silesia Star.

In a longer perspective, the Group's strategic objective for the following years is to maintain the currently high sales volume of premises on 4 residential markets in Poland (Warsaw, Wrocław, Kraków, Gdańsk), while maintaining the level of currently implemented margins and the stable increase of income from commercial property (already operational and still under construction/preparation).

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 President of the Management Board
 Dariusz Niedośpiał

.....
 First Vice President of the Management Board
 Jakub Malski

.....
 Vice President of the Management Board
 Joanna Jaskólska

.....
 Member of the Management Board
 Mirosław Kujawski

.....
 Member of the Management Board
 Tomasz Wróbel

.....
 Member of the Management Board
 Małgorzata Danek

Wrocław, 16 May 2016