

(Current Report No 018/2009)

March, 16th 2009

Supervisory Board's Assessment of LC Corp SA Standing

Legal basis: Other regulations

The Management Board of LC Corp SA ("the Issuer") reports that today i.e. March 16th 2009 the Company's Supervisory Board, acting pursuant to the Code Commercial Companies and "Best Practices of WSE Listed Companies", assessed the operations of the Company and approved the report on the activities of the Supervisory Board in 2008.

The Management Board of LC Corp S.A. hereby presents the assessment and the report on the activities of the Supervisory Board:

1. THE SUPERVISORY BOARD'S ASSESSMENT OF THE OPERATIONS OF LC CORP S.A. WITH ITS REGISTERED OFFICE IN WROCLAW.

The Supervisory Board has given a positive evaluation of the Company's business strategy and the target set by the Management Board, consisting in investments in property development. The Supervisory Board reviewed the Management Board's report on the Company's operations in 2008 and the information of the Management Board on further financing of the property development projects executed by LC Corp's special purpose entities, and concludes that this strategy was followed. The Management Board's report on LC Corp SA's operations in 2008 includes the necessary synthetic information concerning the operation of the Company in the business year, and has received approval of the Supervisory Board.

2. REPORT OF THE SUPERVISORY BOARD OF LC CORP S.A. ON ITS ACTIVITIES IN 2008

I. Composition of the Supervisory Board in the reported period:

The Composition of the Supervisory Board as at December 31st 2008 was as follows:

- Leszek Czarnecki - Chairman
- Remigiusz Baliński - Vice Chairman;
- Artur Wiza - Member,
- Andrzej Błażejowski - Member.

There were changes in the makeup of the Supervisory Board within the year 2008.

On April 21st 2008, the day the Ordinary General Meeting was held, Mr Ludwik Czarnecki, Mr Jarosław Dowbaj and Mr William Michael Pollard resigned from their membership in the Supervisory Board. Mr Leszek Czarnecki, Mr Artur Wiza and Mr Andrzej Błażejowski were appointed to replace the aforementioned.

On April 22nd 2008, at its meeting the Supervisory Board entrusted Mr Leszek Czarnecki with the position of Chairman of the Supervisory Board. Resolutions were also adopted on appointing Mr Remigiusz Baliński to the position of Vice Chairman of the Supervisory Board, in place of his former position of Chairman of the Supervisory Board, and on appointing Mr Dariusz Niedośpiał to the position of Member of the Supervisory Board, in place of his former position of Vice Chairman of the Supervisory Board.

On November 24th 2008, Mr Dariusz Niedośpiał resigned from his membership in the Supervisory Board.

II. The Supervisory Board provided permanent supervision over all fields of business of the Company.

The supervisory and monitoring activities included:

- Analysis of the Company's current financial results and their evaluation,
- Analysis of the periodic financial reports,
- Review of the Management Board's periodic reports and planned activities of the Company,
- Analysis of materials obtained from the Management Board (at the request of the Supervisory Board)
- Approval and granting consent to obligations undertaken by the Company.

III. The Supervisory Board of LC Corp S.A. while fulfilling its duties in the business year 2008, held 8 meetings, during which it adopted 22 resolutions, and 23 resolutions pursuant to Art. 19.6 of the Company's Articles of Association i.e. by circulation. Minutes of the Supervisory Board meetings were taken, and are kept with other documentation at the Company's registered office.

While performing its duties the Supervisory Board:

- Made changes in the composition of the Management Board, and set rules for remunerating members of the Management Board,
- Gave its opinion on draft resolutions, including amendments of the Company's Articles of Association, before they were submitted to the General Meeting,
- Evaluated the Management Board's report its operations and the financial statements for 2007,
- Prepared and adopted the report on the activities of the Supervisory Board in 2007,
- Prepared an assessment of the Company,
- Made changes in functions/positions held within the Supervisory Board,

- Under the authorization of the GM dated April 21st 2008, adopted a uniform text of the Company's Articles of Association, following the amendments made by the GM,
- Gave its approval for the granting of security by LC Corp S.A., to the loan agreement between LC Corp Bajkowy Park Sp. z o.o. and Bank DnB NORD Polska S.A.,
- Gave its approval for the Management Board's increase in the share capital of the subsidiary Warszawa Przyokopowa Sp. z o.o., accession of a new shareholder and acquisition of all new shares by the new shareholder, with concurrent amendment of that company's Articles of Association,
- Gave its approval for the Management Board's increases in the share capital of subsidiaries, and acquisition of the newly-created shares by the Company,
- Selected the auditor appointed to examine the separate (non-consolidated) and consolidated financial statements of the Company for 2008,
- Appointed an advisor to the Supervisory Board,
- Gave its approval for continuation of the Sky Tower project,
- Approved the budget of the Company for 2008 and the forecast for 2009-2011,
- Gave its approval for entering into an agency agreement for search, consultancy service and assistance in negotiations and the sale of shares in Arkady Wrocławskie S.A. (including the shopping and service centre) with CB Richard Ellis Sp. z o.o.,
- Gave its approval for financing subsidiary companies in relation to their purchases of real estates and completion of projects, including those not given approval by the Supervisory Board,
- Gave its approval for the Company's disposal of its shares in LC Corp Sky Tower Sp. z o.o.,
- Gave its approval for issuing zero-coupon series C and D bonds,
- Gave its approval for advancing loans to subordinated related undertakings, and for loans advanced by one subsidiary company to another,
- Gave its approval for granting security in connection with the bank loan agreement between Arkady Wrocławskie S.A. and a lending consortium of banks,
- Gave its approval for the transfer to Łódź Pustynna Sp. z o.o. of rights and obligations resulting from the preliminary property purchase contract between LC Corp S.A. and M. Kaleta, M. Kaleta, M. Bryszewska and J. Bryszewski.

IV. Assessment of the Company's operations.

The Supervisory Board gave its approval for entering (by the Company's Management Board) into agreements related to its operations, gave its consent to share acquisition decisions of the Company which acted as a dominant undertaking with respect to other companies running construction projects. The Supervisory Board monitored the relevant negotiations, and the progress in preparing documentation according to building project procedures.

The Supervisory Board has given positive evaluation of the Company's business strategy and the target set by the Management Board, consisting in continuing investments in property development.

The Supervisory Board reviewed the Management Board's report on the Company's operations in 2008 and the information of the Management Board on further financing of the property development projects executed by LC Corp's special purpose entities, and concludes that this strategy was followed. The Management Board's report on LC Corp SA's operations

in 2008 includes the necessary synthetic information concerning the operation of the Company in the business year, and has received approval of the Supervisory Board

V. Assessment of the financial statements for 2008

The Supervisory Board selected the auditor – Deloitte Audyt Sp. z o.o. of Warsaw, ul. Piękna 18 – appointed to examine the separate (non-consolidated) and consolidated financial statements of the Company for 2008. While deciding on the auditor company, the Supervisory Board considered the following factors:

- Reputation of Deloitte Audyt Sp. z o.o.,
- Good knowledge of finance and accounting issues, as well as experience on the market of these services.

Pursuant to Art. 382.3 of the Code of Commercial Companies, the Supervisory Board verified:

1. the financial statements of the Company for 2008;
2. the Management Board's report on the Company's operations for the period Jan 1 2008 - Dec 31 2008;
3. the Management Board's proposal concerning the distribution of the balance-sheet surplus for 2008;

in terms of their conformity to the books and documents, as well as the actual status.

The financial statements for 2008 include:

- 1) Balance sheet for the period ended December 31 2008, with total assets and liabilities amounting to PLN 944,330,000 (nine hundred forty four million three hundred thirty thousand zloty).
- 2) Profit and loss account for the period from January 1 2008 to December 31 2008, disclosing a net loss of PLN 10,645,000 (ten million six hundred forty five thousand zloty).
- 3) Specification of changes in equity for the period from January 1 2008 to December 31 2008, disclosing a decrease in the equity by PLN 9,703,000 (nine million seven hundred and three thousand zloty)
- 4) cash flow statement for the period from January 1 2008 to December 31 2008, disclosing a net cash outflow by PLN 179,164,000 (one hundred seventy nine million one hundred sixty four thousand zloty).
- 5) additional information – accounting principles and explanatory notes.

The Supervisory Board indicates that the figures presented in the annual report are reliable, correct as well as real, and were calculated and disclosed in compliance with relevant legal regulations.

The Board reviewed the auditor's opinion and the supplementary report, and reported no remarks or reservations concerning the financial statements, giving its approval of the Management Board's proposed covering of the 2008 loss of PLN 10,645,000 (ten million six hundred forty five thousand zloty) from reserve funds.

VI. Recommendation

The Supervisory Board hereby gives a positive opinion on the activities of the Company in 2008 and the reports submitted for its evaluation, and requests the Ordinary General Meeting of the Company's Shareholders to accept:

1. the Management Board's report on LC Corp SA's operations for the period Jan 1 2008-Dec 31 2008
2. the financial statements of the Company for 2008,
3. the motion of the Management Board concerning the proposed covering of the 2008 loss from reserve funds.