

**Report of the Management Board of Echo Investment S.A.
supplementing the Management Board's Report on operations of Echo Investment S.A.
and its group for 2019**

Pursuant to § 70 sec. 1 point 7 and § 70 sec. 1 point 7 of the Regulation of the Minister of Finance on current and periodic information, the Management Board of Echo Investment S.A., based on the statement of the Supervisory Board on appointment of an audit firm to audit the annual financial statement, reports that the audit firm was appointed in accordance with the applicable laws, in particular the rules concerning the appointment procedure and appointment of an audit firm. Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw at Rondo ONZ 1, registered in the list of chartered auditors under number 130, and members of the team carrying out the audit met the conditions necessary to prepare an unbiased and independent report on the audit of the annual separate and consolidated financial statement pursuant to the applicable regulations, professional standards and rules of professional ethics.

Echo Investment S.A. complies with the applicable regulations related to audit firm rotation, key chartered auditor and mandatory grace periods.

Echo Investment has the policy for the appointment of an audit firm and the policy for the provision to an issuer by an audit firm, an audit firm affiliate or a member of its network of additional services other than an audit, including services conditionally exempt from the ban imposed on audit firms. Such documents are available at the following website: www.echo.com.pl/s,41,strategia-i-lad-korporacyjny.html

Pursuant to Article 70 sec. 6 point 5 letter I of the Regulation of the Minister of Finance on current and periodic information, the Management Board of Echo Investment represents that:

1. The Audit Committee of Echo Investment consists of three members, two of whom: Stefan Kawalec – Chairman of the Audit Committee, and Mark Abramson – Vice Chairman of the Audit Committee – meet the statutory independence criteria.
2. All members of the Audit Committee have adequate knowledge and skills in the field of accounting and auditing financial statements, and in the field of the real estate market and the construction market, i.e. the sector in which Echo Investment operates. The manner how such knowledge and skill were gained is indicated in professional bios of all members Audit Committee published in the Management Board Report on operations of Echo Investment S.A. and its group for 2019.
3. In 2019 Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw at Rondo ONZ 1, registered in the list of chartered auditors under number 130, performed for Echo Investment S.A. certain permitted services other than a statutory audit, i.e. additional examination of the financial statement for the first six months of 2019, which was revealed in the Management Board Report on operations of Echo Investment S.A. and its group for 2019. The Audit Committee had previously assessed the independence of the audit firm and consented to the performance of such services.
4. The Company has the Audit Firm Appointment Policy and the Non-Audit Services Purchase Policy in place.

Main assumptions of the Audit Firm Appointment Policy:

- a) The period of cooperation with one audit firm is limited to max. 5 years;
- b) Obligation to appoint a new audit firm for the Parent Company no later than on 30 October of the year preceding the fiscal year being subject to an audit;

- c) Specification of bodies responsible for the appointment of an audit firm for the parent company and group companies;
- d) Detailed tender procedure to be followed while appointing an audit firm;
- e) Detailed procedure to be followed while extending the cooperation with an audit firm;
- f) Sanctions related to non-observance of the Audit Firm Appointment Policy.

Main assumptions of the Non-Audit Services Purchase Policy:

- a) Specification of the scope of services encompassed by the policy;
 - b) Determination of indications that the auditor's or audit firm's independence may be compromised;
 - c) Determination of the list of prohibited services and permitted services;
 - d) Manner of termination of agreements with the audit firm which was appointed to audit financial statements;
 - e) Limit values of the purchased services.
5. The recommendation concerning the appointment of an audit firm to carry out an audit met the applicable legal requirements.
6. In 2019 the Audit Committee held 5 meetings which were intended to perform its tasks, including but not limited to carrying out analyses of the Company's financial statements, assessment of the risk management system, assessment of the effectiveness of the internal control system, compliance and current developments in the Company. Minutes of such meetings were drawn up. In addition, working meetings of the Audit Committee were organized as needed.

The document bears a qualified electronic signature

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Kielce, 17 July 2020 r.