

**Kielce, 12<sup>th</sup> December 2022**

### **The information on implemented tax strategy of Echo Investment S.A. in 2021**

Echo Investment S.A. ("Echo") is one of the largest Polish developers with extensive experience in the three main sectors of the real estate market: residential, retail as well as offices. Starting from 1996 Echo is listed on the Warsaw Stock Exchange.

Echo is a joint-stock company and a corporate income tax payer with its registered office in the Republic of Poland. As part of its core business, Echo carries out construction of residential projects (housing projects). On the other hand, subsidiaries of Echo belonging to the Echo Investment S.A. Capital Group ("Echo Group") carry out (i) office projects, (ii) service and retail projects as well as (iii) residential projects.

Echo conducts its activities in an ethical manner, which is reflected in Echo Investment's Code of Conduct implemented in late-2016, and in Echo Investment's Sustainable Growth Report prepared in 2020 (available on the website [www.echo.com.pl](http://www.echo.com.pl)). In its activity Echo emphasizes corporate responsibility as well as considers responsible governance and tax compliance as its business duty.

Echo complies with all of the provisions of Polish law, including all tax regulations. Echo's tax strategy reflects this principle and can be summarized as follows:

1. Echo's tax strategy relies on:
  - a) fulfilling all legal requirements, tax filing and settlement of tax liabilities according to Polish legislation as well as in line with Echo's best knowledge and with due diligence;
  - b) aiming at the application of available reliefs and incentives in accordance with public policy objectives;
  - c) exercising due care in identifying tax implications of complex business decisions, e.g. acquisitions of other entities;
  - d) compliance with tax risks governance procedures as well as on ensuring Management Board's supervision in matters of such compliance.
2. In pursuit of monitoring the accuracy of tax settlements Echo established a dedicated tax team tasked with substantive supervision of the accuracy of tax settlements in Echo. In Echo's corporate structure the Transfer Pricing Team was created, which was tasked with oversight of compliance with transfer pricing regulations. In 2021 the abovementioned teams were combined into a single Tax and Transfer Pricing Team responsible for supervision and assistance of Accounting Department in compliance with tax regulations and Echo Group's compliance with transfer pricing regulations. Human Resources Department is responsible for tax, social contributions and other public duties settlements related to Echo's employees.
3. Echo's internal corporate structure is designed to ensure that:
  - a) The Management Board understands the importance of ensuring the accuracy of the tax settlements and the means to achieve it.
  - b) There is an ongoing dialogue between the Management Board and those responsible for managing financial and tax issues at Echo in terms of managing the tax risk.
  - c) Echo's business activity positively reflects the importance accuracy of tax settlements and fulfilment of all tax obligations.
4. When engaging in commercial activities Echo takes into account among others Polish tax provisions with regard to sustainable creation of values for Echo's shareholders. Every reorganization must have

commercial and economic substance as well as must fully consider an influence on Echo's reputation and core objectives.

5. Given the scale of Echo's business activity and the amount of its tax liabilities, occasionally there may arise some risks related to the interpretation of tax law as a result of its complex nature. Echo proactively identifies, assesses, monitors and manages these risks to ensure that compliance with tax obligations remains in line with company's main objectives. Echo's tax risk management processes are designed to fulfil all tax obligations under the tax law as defined in Article 3 point 2 of Polish Tax Ordinance (consolidated text Journal of Laws from 2021, item 1540 as amended). In case any tax risk is identified, Echo takes measures to mitigate this risk, which is ensured by application of Echo's tax risk management procedures. Where significant uncertainties or complex issues arise in relation to a particular tax risk, Echo obtains the services provided by professional Tax Advisors.
6. Echo's management processes reflect the fiscal procedures implemented at Echo, such as:
  - a) Tax Policy;
  - b) Split Payment Mechanism Procedure;
  - c) Transfer Pricing Policy;
  - d) Procedure of avoiding non-compliance in regards to reporting obligations arising from the Mandatory Disclosure Regime (MDR).
7. Tax settlements issues are managed with the execution of abovementioned procedures and policies as well as through communication with tax authorities. In light of the above, Echo has identified no further need to expand forms of voluntary cooperation with the Polish tax authorities (in principle through the execution of the so-called cooperation agreement).
8. In response to the Article 27c section 2 of the Polish Corporate Income Tax Act (consolidated text Journal of Laws from 2021, item 1800 as amended), Echo states as follows:
  - a) In 2021 Echo was engaged in related party transactions involving loan agreements, guarantees/sureties agreements and subscription of bonds issued by related entities - the value of which exceeded 5% of total book value of assets as included in the latest approved financial statements of Echo.

The Company declares that this document provides information on transactions with related parties which: i) individual value exceeded 5% of total book value of assets as included in the latest approved financial statements of Echo, and ii) total value calculated for the transactions of the same type exceeded 5% of total book value of assets as included in the latest approved financial statements of Echo.

- b) In 2021 Echo carried out restructuring transactions that could affect the amount of its tax liabilities or the tax liabilities of related parties within the meaning of Article 11a Section 1 Point 4 of the Polish CIT Act, such as the acquisition of shares in a capital company, disposals of shares in capital companies, disposal of rights and obligations in partnerships, decrease in contributions in a partnership, increase in share capital in subsidiary capital companies. In 2021 Echo has acquired a majority stake in Archicom S.A.
- c) In 2021 Echo applied for an individual tax rulings confirming the possibility of entering into books and deducting VAT from invoices stored only in electronic form (the application was left unacknowledged however in 2022 the company re-applied, this time obtaining confirmation of its tax approach).
- d) In 2021, the entire Echo Group fulfilled the obligations to report tax schemes (a total of 2 MDR-1 filings and 14 MDR-3 filings) to the Head of the National Tax Administration (KAS) under the *Mandatory Disclosure Rules* as follows:

- i. activities relating to the restructuring of the Echo Capital Group, involving the simplification of the group's structure, including, *inter alia*, the dissolution of limited partnerships without conducting the liquidation process; the sale of investment properties between Echo Group entities; the liquidation or dissolution without liquidation of those limited partners and general partners of limited partnerships that will be dissolved and who do not perform significant functions in the Echo Group (1 MDR-1 filing, Corporate Income Tax).
  - ii. activities related to the amendment of the tax treatment of interest paid to a lender from the EPP Capital Group in connection with the restructuring of that Group - notification by beneficiary companies in the joint-venture structure of the Echo Group and the EPP Capital Group and by companies paying interest on financing provided to them (14 MDR-3 filings, Corporate Income Tax)
  - iii. the concluding a preliminary agreement for the sale of shares in the share capital of the main shareholder in Echo Investment S.A. (1 MDR-1 filing, corporate income tax)
- e) In 2021 Echo did not make any tax settlements in states and territories applying harmful tax competition as set forth in regulations issued on the basis of Article 11j section 2 of the Polish CIT Act, Article 23v section 2 Personal Income Tax Act (consolidated text Journal of Laws from 2021, item 1128 as amended) and in the announcement of the Minister of Finance from 14 October 2022 regarding the announcement of a list of states and territories indicated in the European Union's list of jurisdictions uncooperative in tax matters adopted by the European Union Council, which were not indicated in a list of states and territories applying harmful tax competition issued on the basis of Personal Income Tax Act provisions and Corporate Income Tax Act provisions, as well as the day of adoption of this list by the European Union Council (Official Gazette of the Republic of Poland "Monitor Polski" from 2022, item 992).

Echo reviews its tax strategy on an ongoing basis taking into account all legislative and regulatory amendments.

*The Company declares that for the purpose of providing information on the implementation of the tax strategy, no confidential information that could involve commercial, industrial, professional or process secrecy was disclosed.*