



**ECHO**  
investment



*Everything  
begins  
with you*



# Q3 2018 RESULTS AND OUTLOOK

---

Warsaw, 28<sup>th</sup> November 2018

# Disclaimer

---

Neither this presentation (the “Presentation”), nor any copy of it, nor the information contained herein is being issued or may be distributed directly or indirectly to or into the United States, Canada, Australia or Japan.

This Presentation has been prepared by Echo Investment S.A. (the “Company”) solely for informational purposes and does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group (the “Group”) in any jurisdiction, including Poland and the United States, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its Group, or any other contract or commitment whatsoever. This Presentation does not constitute a recommendation or legal, tax, accounting or investment advice regarding any securities of the Company or its Group. We recommend that the recipient seek independent third party legal, regulatory, accounting and tax advice regarding the contents of this document.

The information contained in the Presentation does not purport to be comprehensive and has not been independently verified. To the extent permitted by law, no representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein.

This Presentation contains certain “forward-looking statements”. Forward-looking statements are generally identifiable by the use of certain words, including but not limited to: “may”, “will”, “should”, “plan”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “goal” or “target” or the negative of these words or other variations on these words or comparable terminology or refer to information relating to the current year and the future. Forward-looking statements are based on current expectations and assumptions and involve a number of known and unknown risks, uncertainties and other factors that could cause the Company’s or its industry’s actual financial condition, results of operations or performance to be materially different from any future financial condition, results of operations or performance expressed or implied by such forward-looking statements. You should not place undue reliance on forward-looking statements and to the extent permitted by the applicable laws, the Company does not undertake to publicly update or revise any forward-looking statements that may be made herein, whether as a result of new information, future events or otherwise.

This Presentation contains certain statistical and market information. Such market information has been sourced from and/or calculated based on data provided by third-party sources identified herein or by the Company, if not attributed exclusively to third-party sources. Because such market information has been prepared in part based upon estimates, assessments, adjustments and judgments which are based on the Company’s or third-

party sources’ experience and familiarity with the sector in which the Company operates and has not been verified by an independent third party, such market information is to a certain degree subjective. While it is believed that such estimates, assessments, adjustments and judgments are reasonable and that the market information prepared appropriately reflects the sector and the market in which the Company operates, there is no assurance that such estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

This Presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or applicable regulations or which would require any authorisation, registration, notification or licensing within such jurisdiction. Persons into whose possession this Presentation, any part of it or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



# Agenda

I. Echo Investment Key Facts

II. Creating Destinations

III. Market and Project Update

- Residential
- Office
- Retail

IV. Financials

V. Appendix

# About Echo Investment

**22**  
years of experience

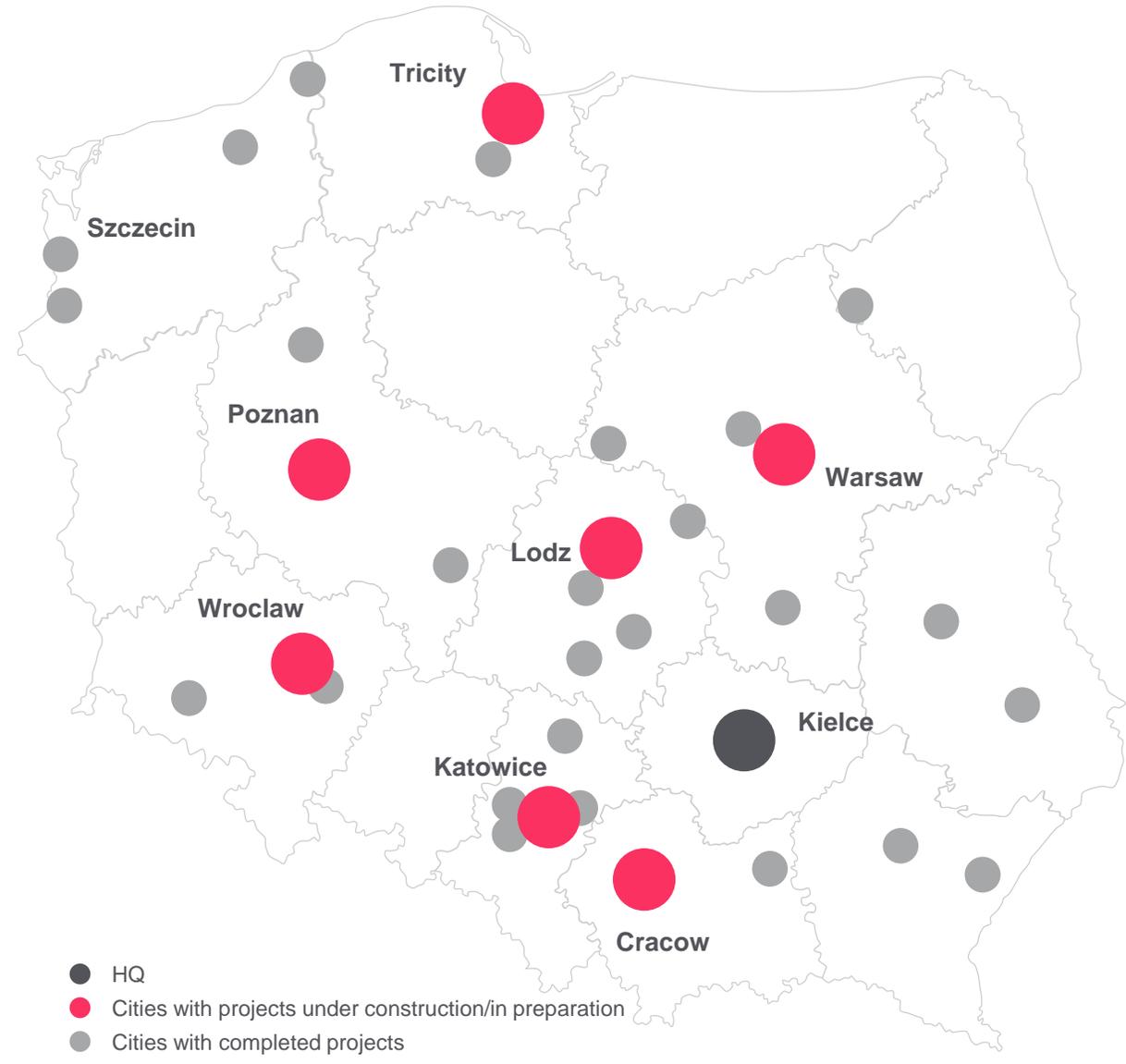
**1,500,000**  
sqm - total area  
of completed projects

**1,100,000**  
sqm - total area of projects  
currently under construction  
and in preparation

**150**  
completed projects

**80**  
projects under construction  
and in preparation

**7.5 bn**  
PLN - total budget of 50  
projects under construction  
and in advanced preparation



# The Management Board of Echo Investment S.A.

---



**Nicklas Lindberg**  
President of the Board  
CEO



**Maciej Drozd**  
Vice-President of the Board  
CFO



**Piotr Gromniak**  
Vice-President of the Board



**Artur Langner**  
Vice-President of the Board



**Marcin Materny**  
Member of the Board



**Rafał Mazurczak**  
Member of the Board



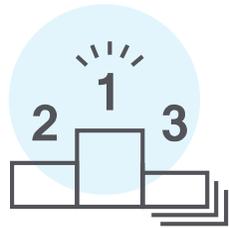
**Waldemar Olbryk**  
Member of the Board

# Strategy of Echo Investment Group



## Focus on Poland

- We buy land plots only in Poland's major cities
- Divestment of non-core assets substantially completed



## Leadership position

- Retention of leadership on office and retail markets
- A top 10 residential developer in Poland



## Achieving balance of risk & return

- Exit route for commercial properties under construction to optimize returns
- Mix of residential for sale and for rent stabilizing residential returns



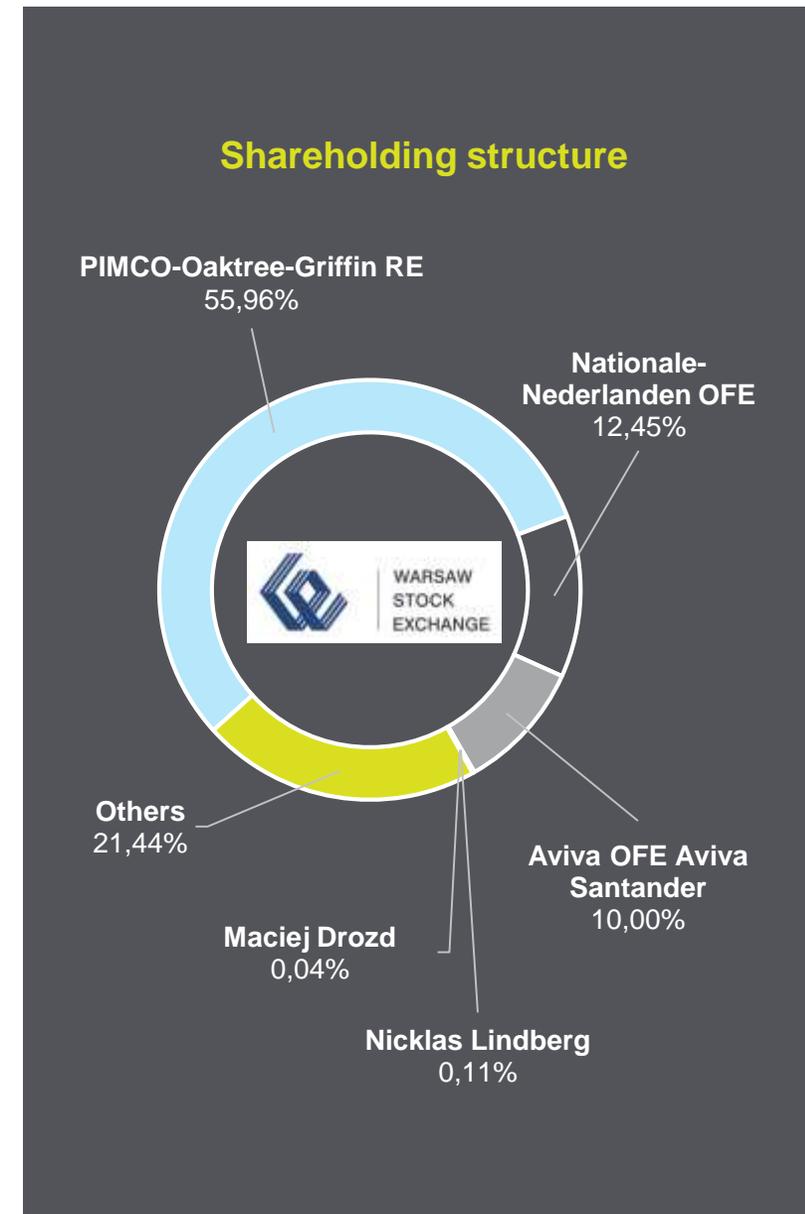
## Partnerships

- Effective cooperation with reputable partners to deliver large-scale retail projects
- ROFO and JV agreements
- Early sales to partners with a strong track record

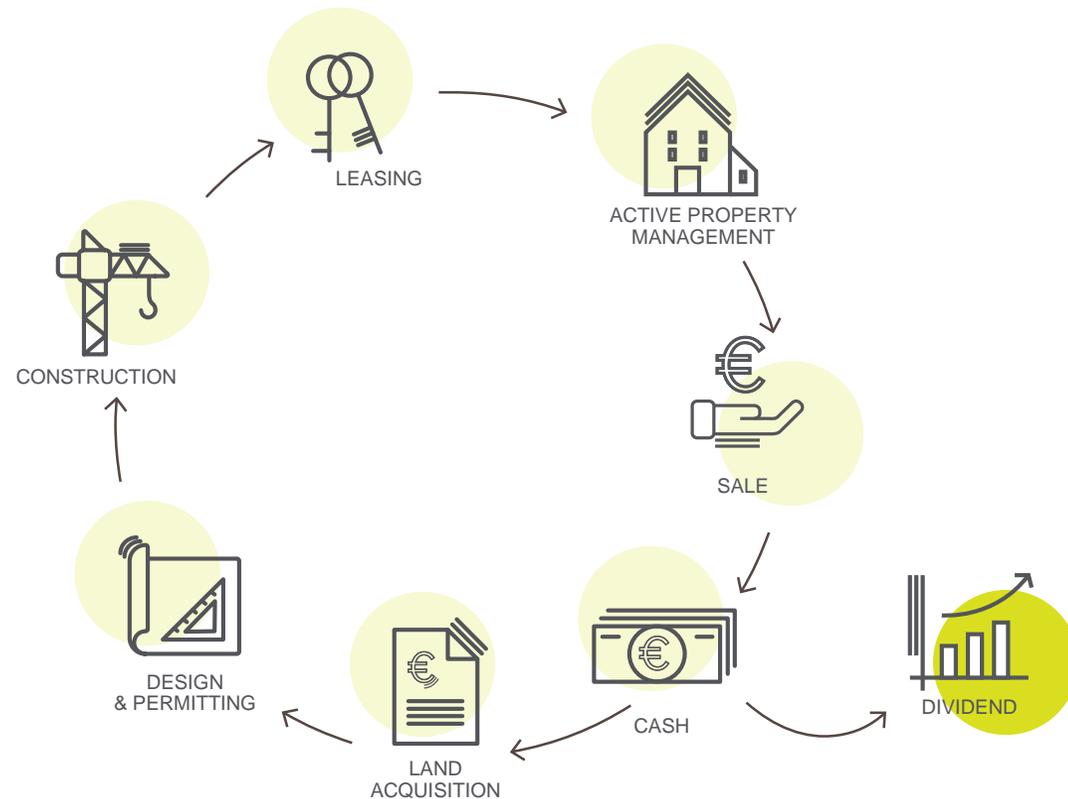


## Destination projects

- Launch of destination projects starting with Warsaw Brewery and Moje Miejsce
- Purchase of plots to create more destinations in regional cities – Łódź, Kraków, Wrocław



# Business model



o **Echo Investment** runs the entire investment process in-house, starting with acquisition of plot, through obtaining administrative permits, financing, oversight of construction, leasing, active management to increase value of property until sale of project. These steps are taken in most cases through the special purpose vehicles (SPV).

o The core business of Echo Investment Group falls into the following categories:

- o construction, lease, management and sale of office buildings,
- o construction, lease, management and sale of retail buildings,
- o construction of residential apartments for rent and for sale
- o provision of services (general contractor, managing contractor, leasing, consulting etc.)

# Highlights



PLN 31 M of net profit in Q3, PLN 158 M cumulatively



Sale of Sagittarius Business House for EUR 74.5 M



Grand opening of Libero in Katowice: PLN 350 M project of Echo



Sale of 163 apartments and hand over of 228 units



Placement of PLN 50 M bonds for individual investors



All EPP shares divested for EUR 57 M



Announcement of advanced dividend: PLN 0.5 per share



Pre-sale of Gatehouse Offices for EUR 76.5 M



II.



# Creating Destinations

# Destinations are the main pillar of our strategy

---

- Echo Investment is the only Polish developer with **broad experience** in residential, office, retail and hotel sectors. We can use it to create **large, integrated parts of cities**
- Creating urban destinations is a part of responsibility to grow cities in a **sustainable way**
- Advantages of **flexibility, risk diversification and optimal utilisation** of resources resulting in lower acquisition and development costs and shorter time to completion
- We create **friendly, open and useful** city space, where people can live, work, entertain and run everyday business
- Destination is a mix of functions in buildings plus **full public space and infrastructure**, such as roads, parks, squares, green areas, street furniture
- Our destinations respond to needs and trends of modern people:
  - **smartphones** (remote control over home systems),
  - **sharing economy** (cars, bikes, washing machines),
  - **mobility** (easy access to the public transport),
  - **urban services** (laundry, package boxes, electric cars)
- Destinations to become **city landmarks**



# The whole area under construction and will be ready by 2020

Villa Offices  
(building K)  
95% of space  
under lease negotiations

Gatehouse Offices  
(building J)  
completed

Resi4Rent  
under construction

Warsaw Brewery A, B, C  
100% residential units  
sold



Malthouse Offices  
(building G-H)  
construction started

Warsaw Brewery E  
great interest from clients  
to buy an apartment

## Handover of Gatehouse Offices, two office buildings under construction



- Gatehouse Offices (Brewery J) completed in December 2018
- The building is 100% leased out to L'Oréal Polska, WeWork and Epam
- 16,200 sqm office building Villa Offices (building K) and 26,700 sqm Malthouse Offices (G-H) already **under construction**
- **Huge interest** of tenants: advanced negotiations to lease 95% of building K

## Gatehouse Offices sold to a fund managed by GLL Real Estate Partners for EUR 76.5 mln



- Gatehouse Offices (Brewery J) completed and presold to a fund managed by GLL Real Estate Partners for EUR 76.5 mln
- The transaction is expected to be closed in H1 2019
- The office space is already leased out to L'Oréal Polska, WeWork and Epam
- In December 2018 all tenants to move in
- The retail space to be leased out until the year end making 100% of the total space leased out

## The first apartments completed, the last residential building started

- Launch of sale of the last residential building Brewery E (82 units) – **2018 sales plan executed in 2 weeks**
- Apartments' hand over already started – **all 98 units of building A presold** to clients
- Second residential building (190 units) to be handed over **in Q2/Q3 2019**
- Restoration works on **historical cellars**
- Entire area including all functions and public squares to be **ready in 2020**



## Tymienieckiego project in Łódź to start in Q1 2019

- Masterplan allowing Echo to create a **destination project** has been approved by the City Council in August 2018
- **80,000 sqm** of residential, office and service space to be built
- Application for **building permit** for the first residential building – the permit expected in **February 2019**
- Working on the **entertainment and leisure program** for the whole area, including historical buildings and power plant
- New **city squares** and **bicycle roads** connected to the city network



## First office building leased up to 60% by YE

- **Destination** project with office and residential functions being created on Dolny Mokotów
- Havas Media, City Space and ANG Spółdzielnia signed **leasing agreements for 7,000 sqm**
- **Advanced negotiations** with other tenants - the first office building to be **60% leased** at the year end
- Very good reception of the project encourages Echo Investment to **start 2nd phase in Q1 2019**



## Residential destination in the heart of the largest Warsaw business district

- Mix of **apartments for sale** – Osiedle Reset – and **Resi4Rent**
- Direct neighbourhood of the biggest business district in Warsaw with **c.a. 85,000 employees** and **very limited residential offer**
- Positive response from buyers: 1st phase of Reset (164 units) sold in **70% a year before completion**
- 2nd phase (253 units) **started last week**
- Resi4Rent building **to be started in Q4 2018**





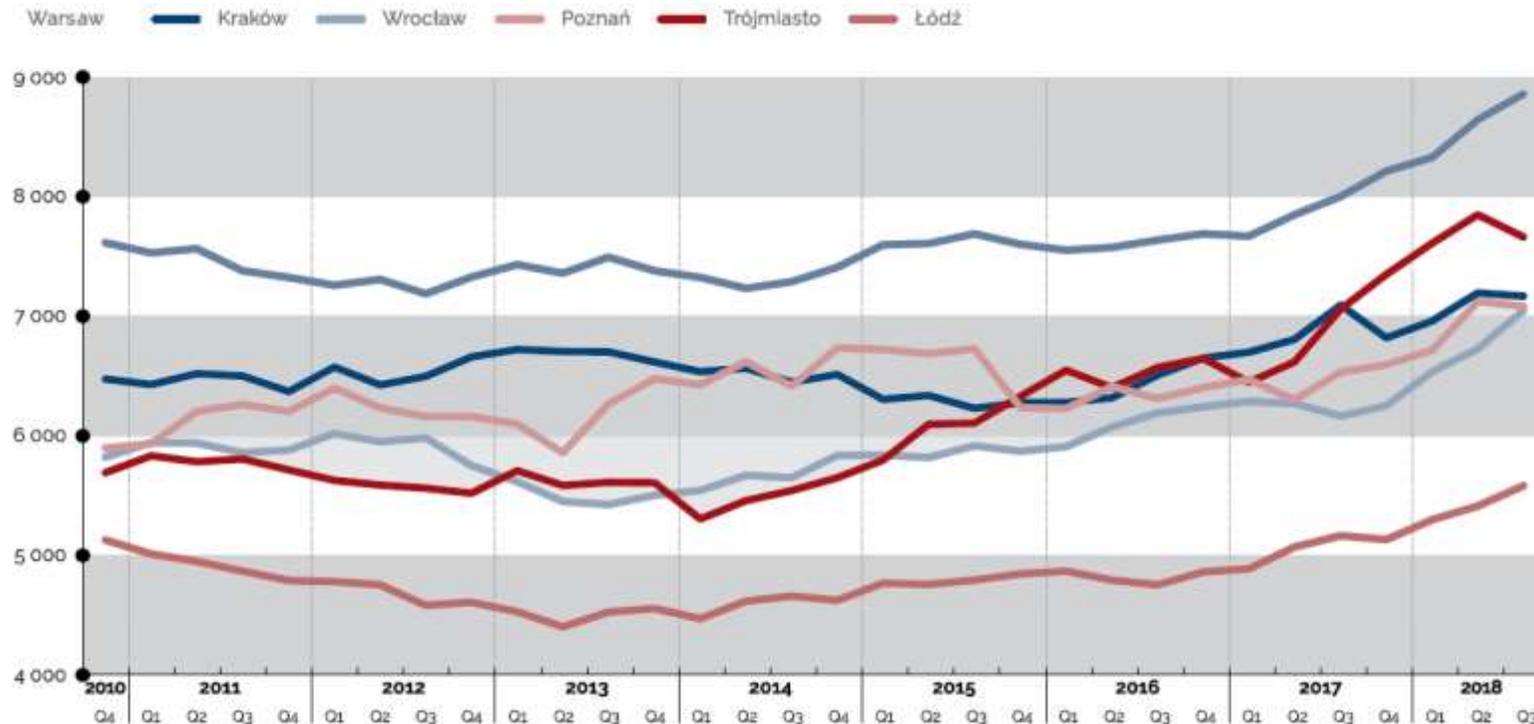
III.



Market and project update  
**Residential**

# Residential market volume slowing down but at increasing prices

Average price of apartments introduced to offer in each quarter  
(PLN/sqm including VAT, shell and core standard)



## Increase of average price (Q3 2018 vs Q3 2017)

+14.2% Warsaw

+13.6% Wrocław

+9.3% Łódź

+7.1% Poznań

+7.0% Tricity

+5.2% Kraków

## Decrease of number of transactions in Q3 2018

-8,9% compared to Q2 2018

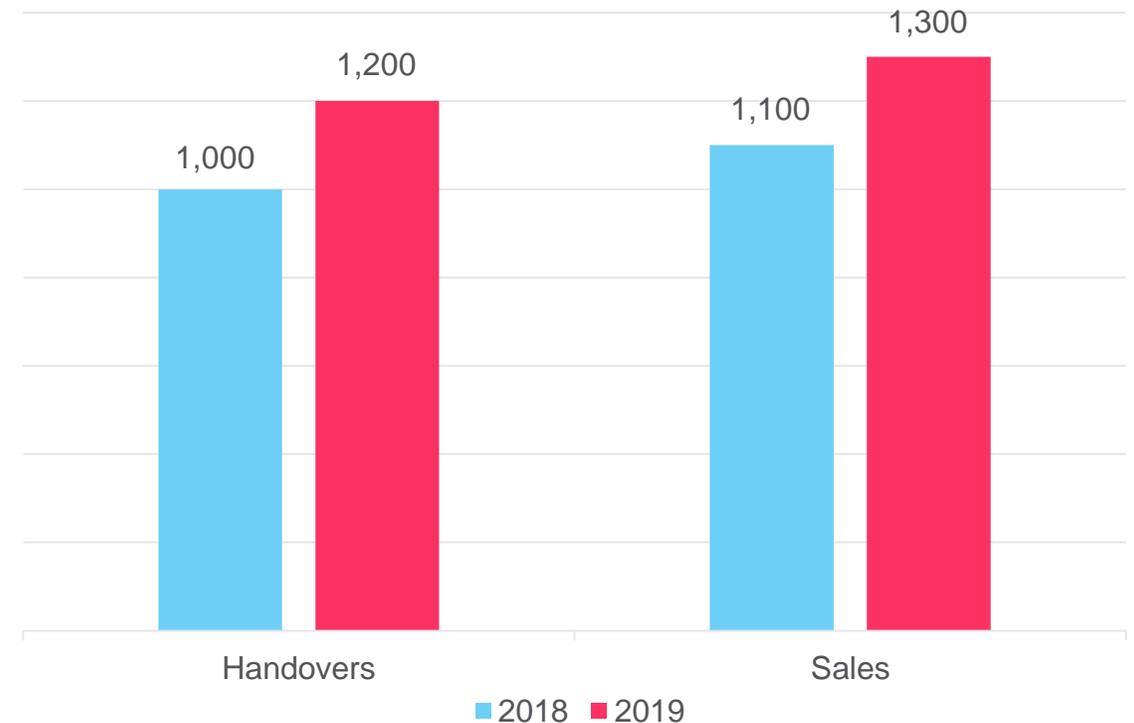
-25% compared to Q4 2017

Source: REAS

## Residential sector on its way to reach 2018 targets

- **950 apartments for sale** started in 2018
- **1,450 units** to enter the offer in 2019 – including big and attractive projects as Ordonia Warsaw, Tymienieckiego Łódź
- Implementing **new sales strategy**: 80% of the apartments sold at completion and the remaining apartments within 6 months after completion
- **1,100 units** – annual sale target for 2018 to keep margins on high level (the target completed in 75% YTD)
- Approximately **1,000 units** to be handed over in 2018 (the target completed in 65% until October)

Targeted handovers and sales of apartments



# 950 apartments started in 2018



# Keeping high margin on apartments: 28% in Q3 2018

**Recorded margin  
on revenues  
(handed over  
apartments)**

**25%** in 2017

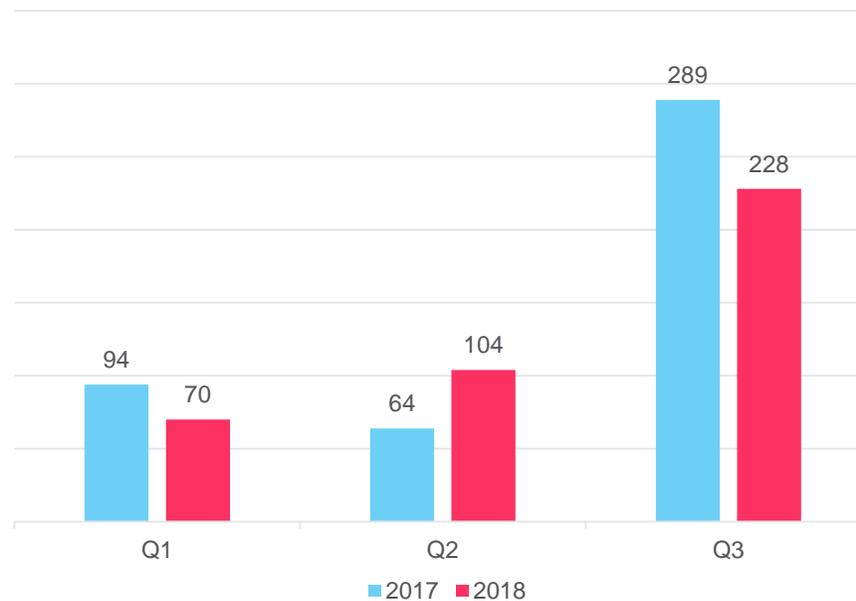
**28%** in Q1 2018

**33%** in Q2 2018

**28%** in Q3 2018

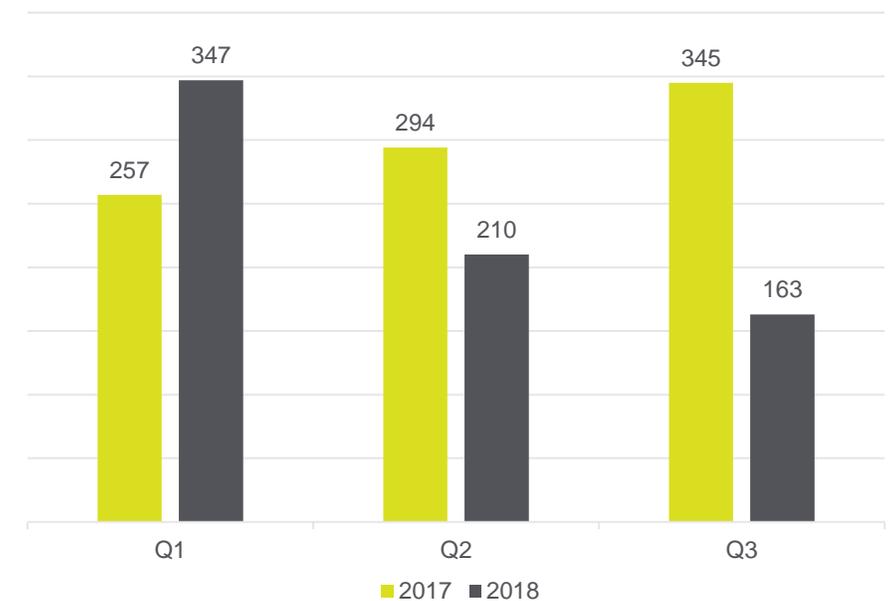
## Handovers

**511** units handed over in 2018 (Jan-Oct)



## Sales

**786** units sold in 2018 (Jan-Oct)



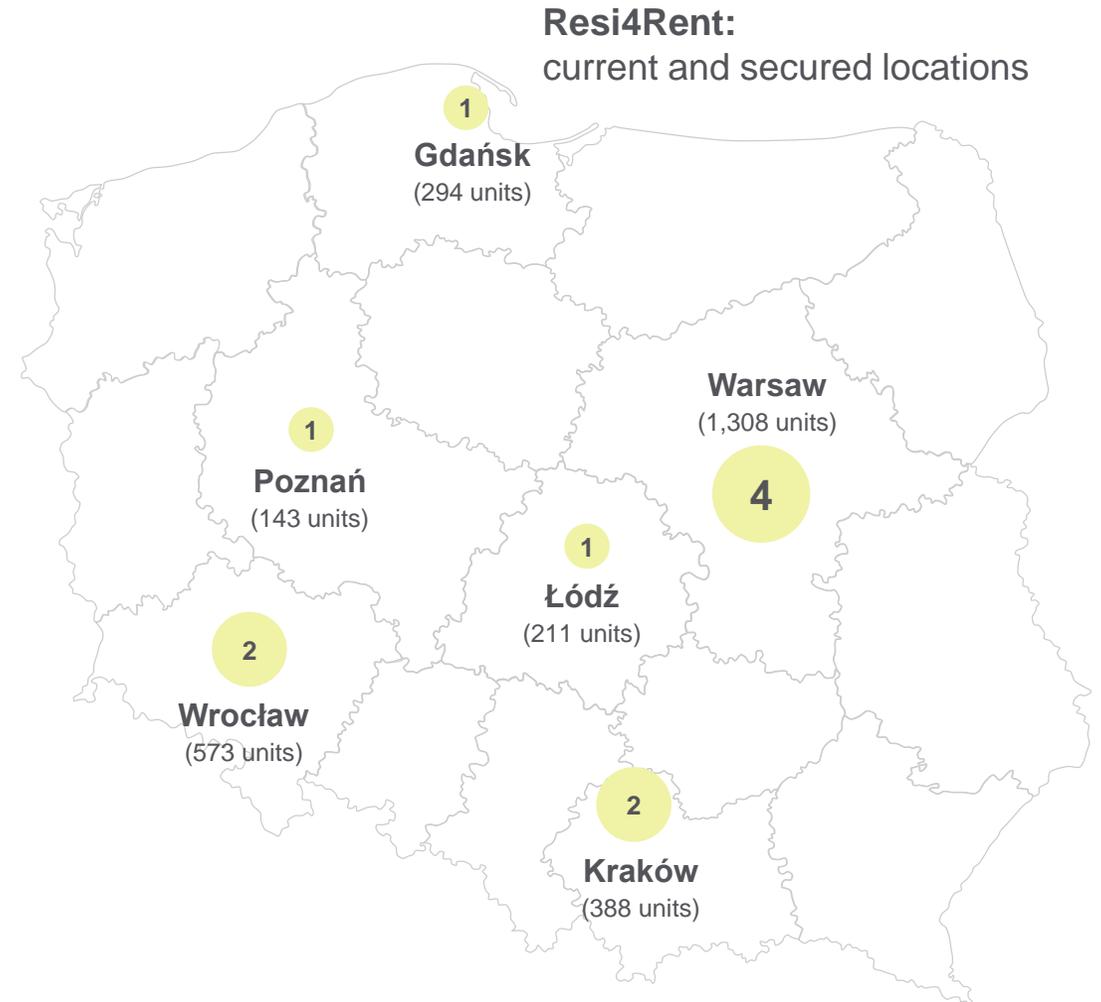
## Over 1,450 apartments to be started in 2019

- Starting **new big projects with 1,450 units** in total:
  - Tymienieckiego and Jarzębinowe VII in Łódź
  - Ordona in Warsaw
  - Nasze Jeżyce (Szczepanowskiego), Esencja Apartamenty (Garbary) and 18 MW in Poznań
  - Swobodna, Wrocław
- The **offer to be enlarged** by projects on already secured plots i.e. in Kraków
- Targeting to sell **1,300 units**



## The company Resi4Rent already established

- The **company Resi4Rent** set up in September 2018
- Echo Investment **holds 30% stake** and provides **development services**
- Resi4Rent **has aquired** from Echo Investment **four projects** with **1,235 units** for a total value of PLN 339 mln – under construction and **co-financed by Pekao S.A.**
- Another tranche of 6 projects (c.a.1,400 units) being **prepared for the transaction**
- 3 of them will be started **within 6 months**, remaining – in Q4 2019/Q1 2020
- Resi4Rent **has secured** project in Gdańsk for another **300 units** and it also **negotiates** to buy plots in Warsaw and Kraków for c.a. **1,000 units**
- Resi4Rent to develop and operate **5,000-7,000 units** by 2023, becoming the largest institutional rental platform in Poland





III.



# Market and project update **Office**

# Office demand higher than the supply

## WARSAW: LACK OF SPACE AVAILABLE „NOW”

- 635,000 sqm – total space leased in Q1-Q3 2018 + **8%** compared to Q1-Q3 2017
- 350,000 sqm – estimated net absorption in 2018
- 10% – **vacancy rate**, systematically falling since 2016
- High demand and lack of immediately available space may cause **increase of rents** in the short-term
- **Co-workings** became significant tenants amounting to 16% of the demand in Q3 2018
- Historically low – **sub 5% yields** observed in recent transactions

## REGIONAL MARKETS OUTPERFORM WARSAW

- **430,000 sqm of new office space** delivered on regional markets in Q1-Q3 2018 – twice as much as in Warsaw
- **5 mln sqm** – expected office space in regional cities in 2019, as **805,000 sqm** remain **under construction**
- **421,000 sqm** – total space leased in Q1-Q3 2018: Kraków and Tricity are the most dynamic cities
- **9.6%** – average **vacancy rate**: lower than in Warsaw
- **+ 22%** – **expected growth** of employment in BPO/SSC sector until Q1 2020
- **Rent price most likely to grow** due to high demand

Source: CBRE, JLL, ABSL



## Continuation of successful office divestment: closing of O3 Business Campus III in Q1 2019



**SOLD**

**Symetris Business Park II**  
Łódź

9,700 sqm GLA

94% of space leased to Philips Polska  
and Office Bistro

EUR 21,4 mln - transaction price

7.5% - transaction yield

Sold in Q3 2018 to EPP



**SOLD**

**Sagittarius Business House**  
Wrocław

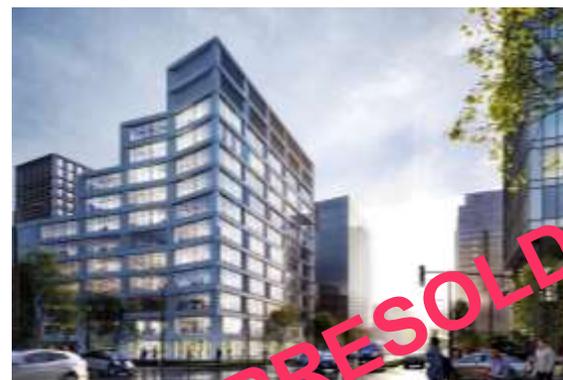
25,600 sqm GLA

90% leased to BNY Mellon and EY

EUR 74,5 mln - transaction price

6.175% - transaction yield

Sold in Q3 2018 to Warburg-HIH  
Invest



**PRESOLD**

**Gatehouse Offices (Brewery J)**  
Warsaw

15,400 sqm GLA

100% of office space leased to  
L'Oreal, Epam and WeWork

Presold to a fund manager by  
GLL Real Estate Partners

Q4 2018 – targeted preliminary  
agreement signing



**PRESOLD**

**O3 Business Campus III**  
Kraków

18,800 sqm GLA

30% of space leased, remaining space  
under advanced negotiations

Presold to EPP

Q1 2019 – targeted closing of the  
transaction

## Sale of Sagittarius in Wrocław confirms huge potential of regional markets

- **Warburg-HIH Invest** become the owner of Wrocław building for **EUR 74,5 mln**
- The 25,600 sqm building is over 90% occupied by reputable tenants **EY** and **Bank of New York Mellon**
- Yield of the transaction amounted to **6.18%**



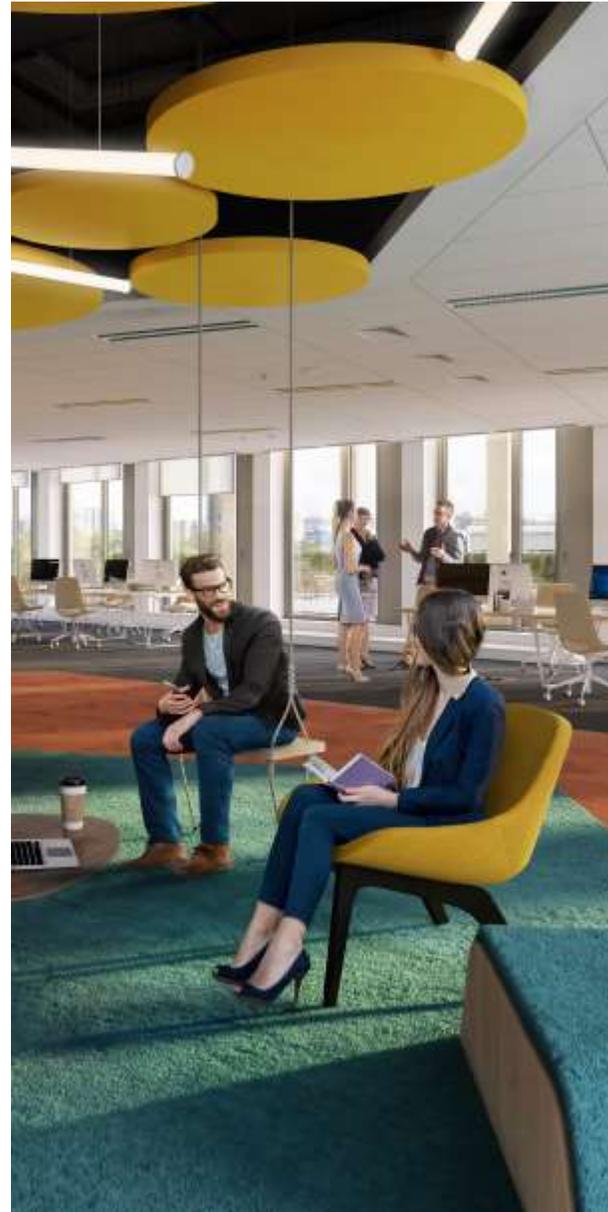
## Starting the second building of Face 2 Face in Katowice

- Two-buildings office complex Face 2 Face on Grundmanna street with **47,200 sqm GLA** in total
- Construction of the first building **started in Q2 2018**
- Big interests of tenants encourage Echo Investment to start the second building **in Q4 2018 - half a year earlier** than previously planned
- **50% of space in both buildings** to be secured with tenants **in Q1 2019**
- **Katowice** remains one of the **most dynamic** regional office markets in Poland



## Starting construction of 100,000 sqm of office space in 2019

- **Four office projects to be started:**
  - West 4 Business Campus I, Wrocław (14,700 sqm)
  - Moje Miejsce, Warsaw (16,900 sqm)
  - Solidarności, Gdańsk (30,600 sqm)
  - Powstańców Śląskich, Wrocław (36,700 sqm)
- Construction **permits already obtained** or expected soon
- **Very good market conditions** encourage Echo Investment to start construction works on early stage of leasing negotiations
- **Continuation of leasing** of Warsaw Brewery, Face 2 Face and other projects under construction
- Moje Miejsce I and Face 2 Face I **to be handed over** to tenants in 2019





III.



# Market and project update

## **Retail**

## Retail projects creating modern city hubs, destinations attracting people

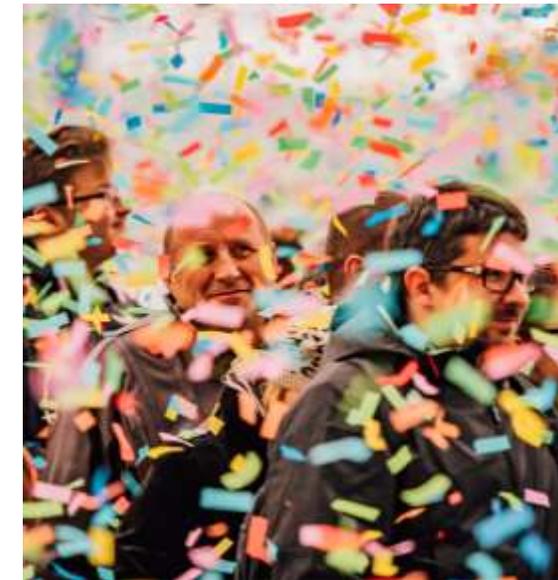
- Food and entertainment growing from 5% historically to **15-20%** in new centres
- Meeting place **with attractions and center square** like Libero or Galeria Młociny
- Warsaw remains the **most attractive retail market** in Poland, with rents being three times more expensive than in the other major cities
- New retail formats containing **more service and entertainment functions** displacing older 1st and 2nd generation schemes on the market
- Extensions and remodeling of older schemes to amount c.a. **20% of new retail space** in coming years
- **Lower volume of new space:** c.a. 480,000 sqm to be opened in 2018 while 10-years average amounts to 660,000 sqm
- Growing employment, salaries and consumption
- Further **decrease of average vacancy** rate to 3,2%
- 2% - current vacancy rate in Warsaw
- 3.6% - vacancy rate in Katowice area
- **Rent price most likely to grow** due to high demand

Source: CBRE, C&W



## Libero has become the 150th project delivered by Echo Investment

- Libero opened its doors on **15th November**
- After the event the total Polish shopping centre area exceeded **10 mln sqm**
- Libero almost **fully leased** with reputable tenants
- Creating a new shopping destination in that area of the city with a high spending power - Katowice is a market with one of the highest purchasing powers in Poland
- Successful leasing increased net operating income (NOI) to **EUR 9.4 mln**
- Modern format with c.a. **20% of space** for food & entertainment zone



## Galeria Młociny - a new Warsaw retail destination

- Construction works **according to the schedule**
- The building **shell&core** structure completed
- Project **leased in 87%**
- First, big tenants handed over its permits and have started fit-out works
- Fantastic **food & entertainment zone** on the top floor exceeding 6,000 sqm
- Grand opening in **Q2 2019**
- Solid **partnership** with EPP





III.



Market and project update  
**Construction & landbank**

# Construction market stabilizing

---

- In-house competence to **manage risks** on construction sites
- Working on **standards and industrialization** in procurement
- **Optimization** and standarization of projects
- Benefits of having **strengthened the construction function** in the Company over the last 2 years
- Strong **economies of scale**: being a general contractor we buy directly from suppliers
- **Packaging of orders** on all projects including residential to speed up construction start and manage costs
- Market struggling with **lack of labour**



# Building the future – extending landbank

**PLN 180 mln**

value of plots acquired and secured in 2018

**PLN 1,247**

average land price per 1 sqm of leasing/selling area

**PLN 110 mln**

value of plots divested in 2018

## Acquired & Secured Land Bank 144,000 sqm of office & residential space

**Kraków:**  
extension of the „destination” project by 23,000 sqm of office and residential area

**Katowice:**  
22,000 sqm of office space

**Poznań:**  
2 plots for 26,000 sqm of residential space

**Wrocław:**  
35,000 sqm of office and residential area

**Kraków:**  
38,000 sqm of office space

## Under negotiations

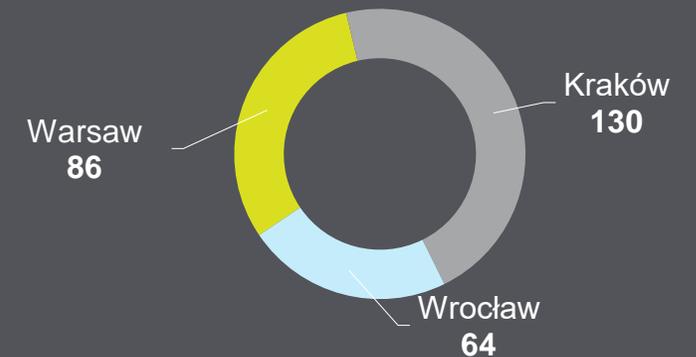
280,000 sqm of potential space on plots under advanced negotiations – vast majority for residential projects

## Plots under negotiations split of 280,000 sqm

Split by function [sqm thous.]



Split by location [sqm thous.]





IV.



# Financials

## Excellent results exceeding consensus

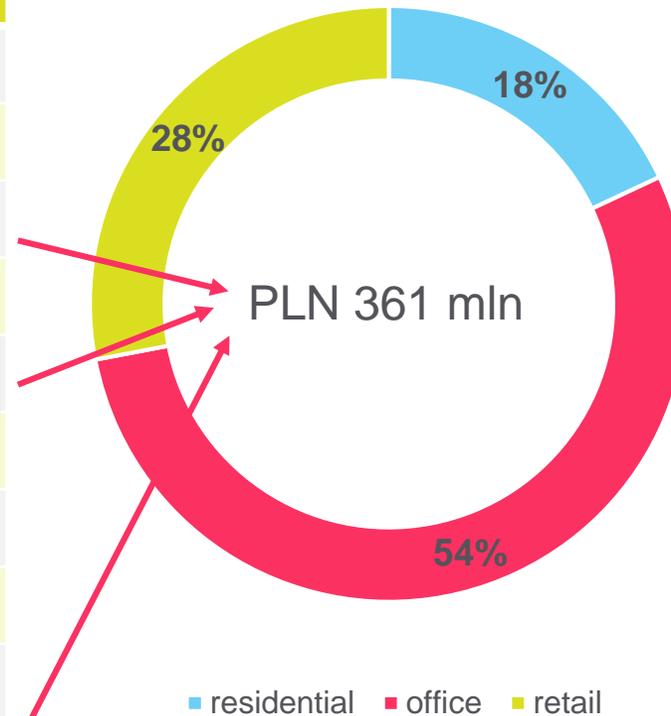
PLN mln	Proforma results excluding EPP impact				Actual results				PAP consensus
	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017	Q3 2018
Revenue	439	329	249	154	439	329	249	154	119
Operating profit	201	212	69	77	201	212	69	77	34
Profit before tax	216	160	53	64	228	273	53	64	-
Net profit	146	129	31	53	158	242	31	53	16

*Proforma results excluding EPP impact are calculated based on actual Echo Investment's results excluding accounting impact of valuation and sale of EPP shares, dividend paid by EPP to Echo Investment and share of EPP results allocated to Echo Investment.*

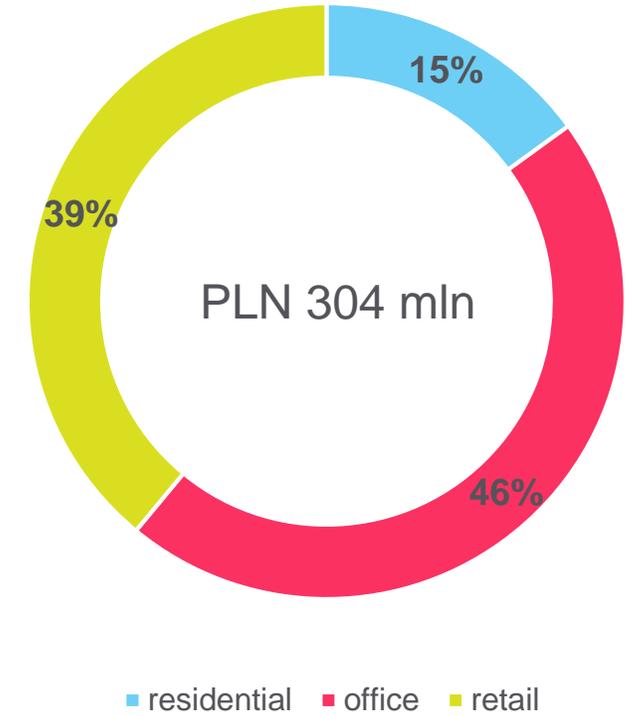
# Growing development profit

PLN mln	Q1-Q3 2017	Q1-Q3 2018
Revenue	329	439
Cost of sales	256	375
Gross profit	73	65
SG&A	-80	-94
Profit on investment property	225	260
EBIT	212	201
Dividend from EPP	11	12
Interest	-30	-42
EPP share valuation & disposal	88	0
Share of profit in associates & JVs	20	36
Net profit	237	158

Q1-Q3 2018

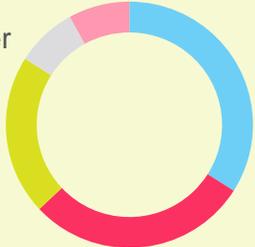
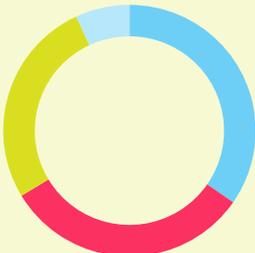


Q1-Q3 2017



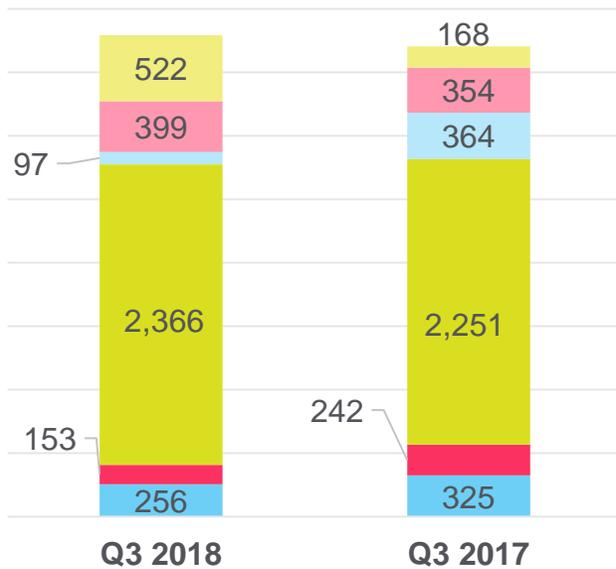
Segments contribution to profit before tax

# Main profit drivers in Q3 2018 and tasks for Q4 2018

H1 2018	Q3 2018	Q4 2018
<p><b>PLN 33 mln</b> Margin earned on handover of 174 residential units (Kraków, Poznań, Wrocław)</p>	<p><b>PLN 26 mln</b> Margin earned on handover of 225 residential units</p>  <ul style="list-style-type: none"> <li>Poznań, Osiedle Jaśminowe</li> <li>Kraków, Dom pod Wilgą II</li> <li>Łódź, Osiedle Jarzębinowe IV</li> <li>Poznań, Park Sowińskiego IV</li> <li>Pozostałe</li> </ul>	<p>Margin earned on handover of c.a 500 residential units (mostly Poznań, Łódź and Warsaw)</p>
<p><b>PLN 186 mln</b> Fair value increase of commercial properties:</p> <ul style="list-style-type: none"> <li>O3 Business Campus III, Kraków</li> <li>Libero, Katowice</li> <li>Sagittarius, Wrocław</li> <li>Brewery Villa Offices (Brewery K), Warsaw</li> <li>West Link, Wrocław</li> <li>Others</li> </ul>	<p><b>PLN 74 mln</b> Fair value increase of commercial properties</p>  <ul style="list-style-type: none"> <li>Libero, Katowice</li> <li>Gatehouse Offices (Warsaw Brewery J)</li> <li>Sagittarius, Wrocław</li> <li>Other</li> </ul>	<p>Fair value increase of commercial properties:</p> <ul style="list-style-type: none"> <li>Gatehouse Offices, Brewery Villa Offices, Malthouse Offices (Brewery J, K, G-H), Warsaw</li> <li>Libero, Katowice</li> <li>O3 Business Campus III, Kraków</li> <li>Moje Miejsce I, Warsaw</li> <li>Face2Face, Katowice</li> <li>Other</li> </ul>
<p><b>PLN 12 mln</b> - dividend from EPP</p>		<p>Dividend from EPP</p>
<p><b>PLN 44 mln</b> - valuation of equity interest in Galeria Młociny JV</p>	<p><b>PLN -6 mln</b> – EUR/PLN exchange rates impact on valuation of equity interest in Galeria Młociny JV</p>	<p>Valuation of equity interest in Galeria Młociny JV</p>

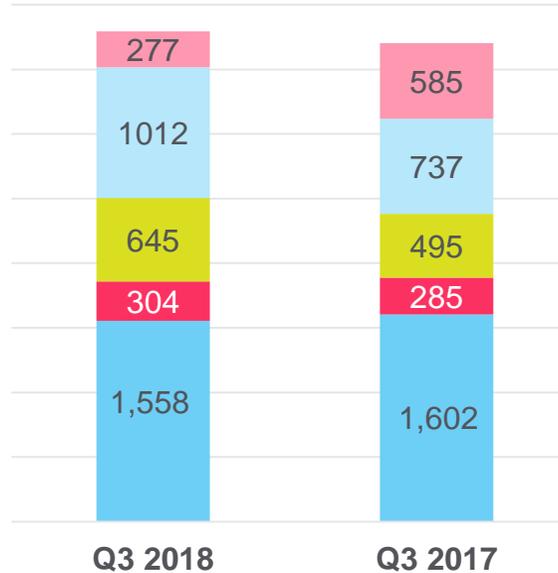
# Focus on development with a low debt level (PLN mln)

Assets



- Cash
- Trade receivables + restricted cash
- Assets for sale
- Commercial and residential properties under construction
- Investment properties
- Other

Equity and liabilities



- Short term financial debt
- Long term financial debt
- Other
- Provisions
- Equity

**PLN 3.793 bn**

total assets value as at 30.09.2018

**23% net debt ratio**

(net debt) / (total assets – cash)  
compared to 32% in Q3 2017

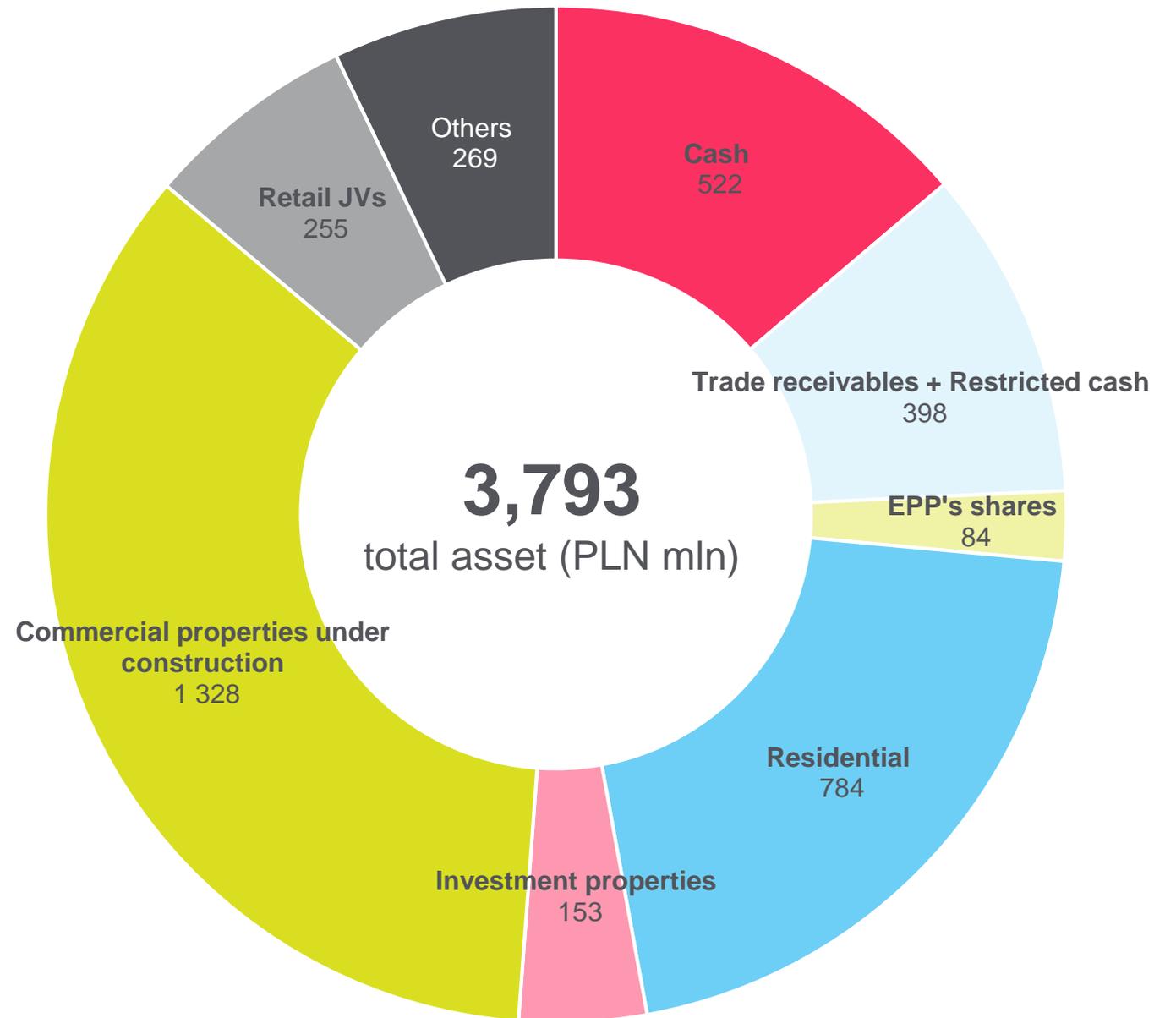
**PLN 522 mln**

cash  
(PLN 168 mln in Q3 2017)

## Assets' structure - focus on development and liquidity (PLN mln)

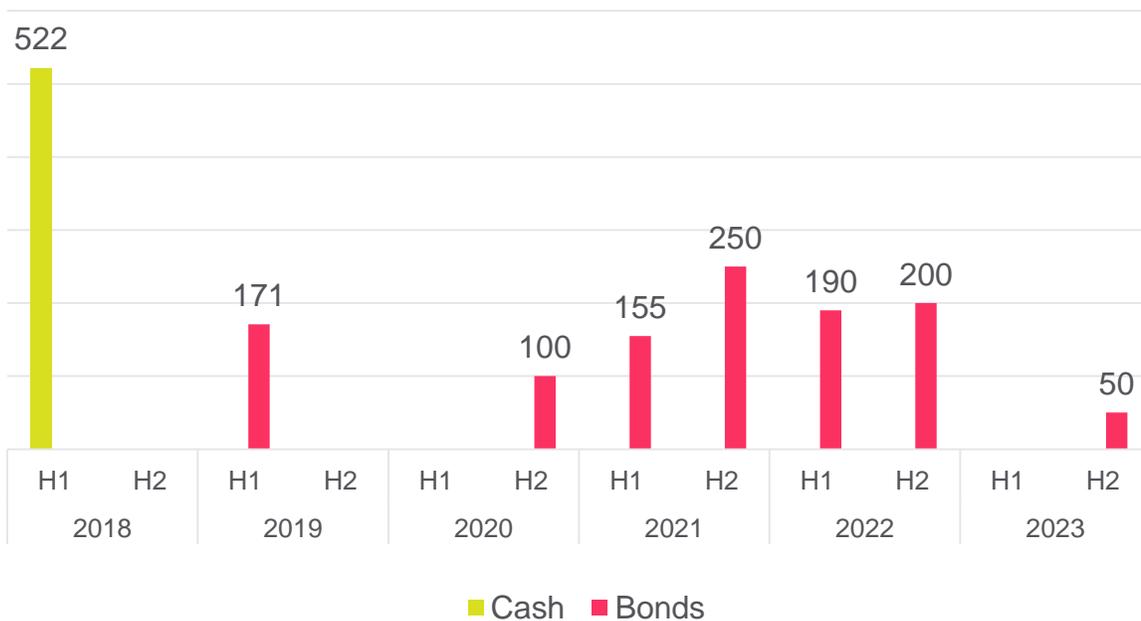
Compared to Q3 2017:

- **2%** increase of total assets
- **5%** increase of commercial properties under construction (incl. JVs)
- **210%** increase of cash position



# Stable cash position, low amount of bonds maturing until 2021

Cash and maturity of bonds as at 30.09.2018  
(PLN mln)



**Repayment of PLN 403 mln** bonds in H1, no more bond liabilities in 2018



**Bond prospectus** for PLN 400 mln approved, PLN 300 mln to be yet issued



**Issue of PLN 240 mln** bonds for individual and institutional investors in 2018 done

## Total divestment of the EPP shares

---

- Echo sold **50 mln of the EPP shares** in June and November to several financial institutions
- The total value of transactions amounted to approximately **EUR 57 mln**
- Echo has fully **divested all shares** in EPP to focus on its core business
- Total value of EPP shares sold:
  - **EUR 49 mln** in 2017
  - **EUR 57 mln** in 2018
- **C.a. 15% IRR** on EPP shares (from June 2016)



## Stable results and financial position allow Echo Investment to pay an advanced dividend from 2018 profit

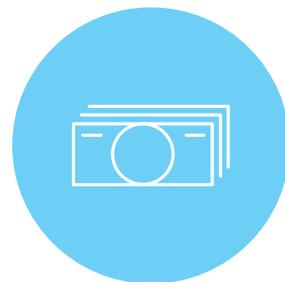
### DIVIDEND POLICY



**PLN 0.50**

per share

Amount of dividend already paid for 2017



**UP TO 70%**

of annual profit

To be paid as dividend for 2018 and later



**OVER 30%**

reinvested

In the Company's future growth

- The Management Board decided to pay conditionally **advanced dividend** towards the profit earned for 2018
- Both **conditions fulfilled** (Supervisory Board agreement and EY conformation of the profit recorded in H1)
- The dividend to be paid on **19 December 2018** to the shareholders holding shares on 12 December
- The total amount of the dividend amounts to PLN 206 mln – **PLN 0,5 per share**



V.



# Appendix

# Residential Projects Under Construction [1/2]

Project / address	Sales area [sqm]	Number of units	Sales level [% of units]	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion
<b>Dom pod Wilgą III</b> Kraków, ul. Spiska	4 600	63	100%	41,8	28,6	79%	II Q 2017	I Q 2019
<b>Rydla 32</b> Kraków, ul. Rydla	5 700	95	67%	48,4	36,5	38%	I Q 2018	III Q 2019
<b>Osiedle Jarzębinowe V</b> Łódź, ul. Okopowa	8 100	145	32%	42,8	34	42%	IV Q 2017	III Q 2019
<b>Osiedle Jarzębinowe VI</b> Łódź, ul. Okopowa	3 300	52	0%	19,8	15,6	13%	III Q 2018	I Q 2020
<b>Nowa Dzielnica (Wodna)</b> Łódź, ul. Wodna	5 300	87	28%	29,6	22,4	70%	III Q 2017	II Q 2019
<b>Osiedle Jaśminowe IV</b> Poznań, ul. Sielawy	5 200	103	29%	31,4	23,1	19%	II Q 2018	I Q 2020
<b>Osiedle Perspektywa I</b> Poznań, ul. Sielawy	8 200	169	100%	44,8	37,4	90%	IV Q 2016	IV Q 2018
<b>Osiedle Perspektywa II</b> Poznań, ul. Sielawy	4 600	94	96%	24,8	20,7	25%	IV Q 2017	III Q 2019
<b>Osiedle Perspektywa III</b> Poznań, ul. Sielawy	5 600	105	90%	31,2	25,4	24%	IV Q 2017	IV Q 2019

# Residential Projects Under Construction [2/2]

Project / address	Sales area [sqm]	Number of units	Sales level [% of units]	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion
<b>Warsaw Brewery A</b> Warsaw, ul. Grzybowska	5 200	98	100%	55,4	40,9	95%	IV Q 2016	IV Q 2018
<b>Warsaw Brewery B</b> Warsaw, ul. Grzybowska	10 500	190	99%	124,9	79,4	51%	IV Q 2017	II Q 2019
<b>Warsaw Brewery C</b> Warsaw, ul. Grzybowska	6 900	114	87%	9100%	54,1	50%	IV Q 2017	II Q 2019
<b>Widoki Mokotów</b> Warsaw, ul. Puławska	4 800	87	36%	67,1	49,4	44%	IV Q 2017	I Q 2020
<b>Osiedle Reset</b> Warszawa, ul. Taśmowa	7 300	164	65%	66,2	55,1	59%	IV Q 2017	IV Q 2019
<b>Moje Miejsce I</b> Warsaw, ul. Beethovena	13 400	251	0%	129,4	96,5	26%	III Q 2018	IV Q 2020
<b>Zebra</b> Wrocław, ul. Zakładowa	11 300	233	94%	75,9	55,7	54%	III Q 2017	II Q 2019
<b>Total</b>	<b>110 000</b>	<b>2 050</b>		<b>924,7</b>	<b>675</b>			

# Residential Projects in Preparation

Project / address	Sales area [sqm]	Number of units	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Wita Stwosza I</b> Kraków, ul. Wita Stwosza	11 700	284	101,6	75,1	22,20%	I Q 2020	IV Q 2022
<b>Wita Stwosza II</b> Kraków, ul. Wita Stwosza	10 800	240	93,4	68,3	22,20%	I Q 2020	IV Q 2022
<b>Esencja Apartamenty</b> Poznań, ul. Garbary	12 600	260	110,9	84,8	18,10%	I Q 2019	IV Q 2020
<b>Nasze Jeźyce I</b> Poznań, ul. Szczepanowskiego	7 700	142	55,8	43,7	16,80%	I Q 2019	I Q 2021
<b>Warsaw Brewery E</b> Warsaw, ul. Grzybowska	6 100	82	111,8	72,2	16,80%	IV Q 2018	III Q 2020
<b>Osiedle Reset</b> Warsaw, ul. Taśmowa	12 200	253	114,2	93,9	21,60%	IV Q 2018	III Q 2020
<b>Grota 111 III</b> Wrocław, ul. Grota	2 600	53	16	12,9	38,00%	IV Q 2018	II Q 2020
<b>Ogrody Graua</b> Wrocław, ul. Gdańska	4 100	57	43,7	33,8	19,60%	IV Q 2018	III Q 2020
<b>Total</b>	<b>67 800</b>	<b>1 371</b>	<b>647,4</b>	<b>484,7</b>			

## Residential Projects for Rental Platform Resi4Rent

PROJECTS UNDER CONSTRUCTION	Residential area [sqm]	Number of units	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion
<b>Rychtalska</b> Wrocław, ul. Zakładowa	11 400	303	8	76	41%	IV Q 2017	III Q 2019
<b>Warsaw Brewery</b> Warsaw, ul. Grzybowska	19 000	451	17	186,9	26%	IV Q 2017	II Q 2020
<b>Nowa Dzielnica</b> Łódź, ul. Wodna	7 800	211	4,9	52,2	39%	IV Q 2017	IV Q 2019
<b>Kępa Mieszczańska</b> Wrocław, Kępa Mieszczańska	9 300	270	6,5	76	22%	II Q 2018	I Q 2020
<b>Total</b>	<b>47 500</b>	<b>1 235</b>	<b>36,3</b>	<b>391,1</b>			
PROJECTS IN PERPARATION	Residential area [sqm]	Number of units	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Woronicza</b> Warsaw, ul. Woronicza	8 000	228	5,9	55,1	20%	IV Q 2018	III Q 2020
<b>Taśmowa</b> Warsaw, ul. Taśmowa	13 300	363	10,3	110,6	15%	IV Q 2018	IV Q 2020
<b>Szczepanowskiego</b> Poznań, ul. Szczepanowskiego	5 300	143	4	40,2	15%	II Q 2019	II Q 2021
<b>Wita Stwosza I</b> Kraków, ul. Wita Stwosza	7 100	198	5,1	50,8	15%	I Q 2020	IV Q 2021
<b>Wita Stwosza II</b> Kraków, ul. Wita Stwosza	7 000	190	5,1	50,5	15%	I Q 2020	IV Q 2021
<b>Ordona</b> Warsaw, ul. Ordona	9 600	265	6,7	88	18%	IV Q 2019	IV Q 2021
<b>Total</b>	<b>50 300</b>	<b>1 387</b>	<b>37,1</b>	<b>395,2</b>			

# Office Buildings

COMPLETED BUILDINGS	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Completion	Recognized fair value gain [PLN mln]	Comments
<b>O3 Business Campus III</b> Kraków, ul. Opolska	18 800	30%	3,2	121,5	66%	I Q 2018	44,3	preliminary sales contract to EPP
<b>Total</b>	<b>18 800</b>		<b>3,2</b>	<b>121,5</b>			<b>44,3</b>	

PROJECTS UNDER CONSTRUCTION	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion	Recognized fair value gain [PLN mln]	Comments
<b>Gatehouse Offices (Brewery J)</b> Warsaw, ul. Grzybowska	15 700	94%	3,8	155,2	52%	II Q 2017	IV Q 2018	78,4	ROFO agreement with Globalworth Poland
<b>Moje Miejsce I</b> Warsaw, ul. Beethovena	18 700	36%	3,3	148,9	41%	III Q 2017	I Q 2019	4,6	ROFO agreement with Globalworth Poland
<b>Face 2 Face I</b> Katowice, ul. Grundmanna	20 400		3,6	151	17%	II Q 2018	IV Q 2019	-	
<b>Villa Offices and Malthouse Offices (Brewery G, H, K)</b> Warsaw, ul. Grzybowska	46 000		10,2	483,4	18%	III Q 2018	II Q 2020	-	
<b>Total</b>	<b>100 800</b>		<b>20,9</b>	<b>938,5</b>				<b>83,0</b>	

# Office Buildings in Preparation

Project / address	GLA [sqm]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion	Comments
<b>Moje Miejsce II</b> Warszawa, ul. Beethovena	16 900	2,9	128,8	23%	I Q 2019	III Q 2020	ROFO agreement with Globalworth Poland
<b>React</b> Łódź, ul. Piłsudskiego	15 000	2,4	101,9	12%	IV Q 2018	II Q 2020	
<b>Solidarności</b> Gdańsk, ul. Nowomiejska	30 600	5	211,1	10%	I Q 2019	I Q 2021	
<b>Powstańców Śląskich</b> Wrocław, ul. Powstańców Śląskich	36 700	6,4	284,8	18%	I Q 2019	II Q 2021	
<b>Face 2 Face II</b> Katowice, ul. Grundmanna	26 800	4,6	196,7	13%	IV Q 2018	III Q 2020	
<b>Wita Stwosza</b> Kraków, ul. Wita Stwosza	25 900	4,5	195,9	18%	IV Q 2020	III Q 2022	
<b>West 4 Business Campus I</b> Wrocław, ul. Na Ostatnim Groszu	14 700	2,5	104	13%	IV Q 2018	III Q 2020	
<b>Total</b>	<b>166 600</b>	<b>28,3</b>	<b>1 223,10</b>				

# Retail Projects

PROJECTS UNDER CONSTRUCTION	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion	Recognized fair value gain [PLN mln]	Comments
<b>Libero</b> Katowice, ul. Kościuszki	44 900	97%	9,4	355,4	70%	III Q 2016	IV Q 2018	172,1	ROFO agreement with EPP
<b>Galeria Młociny</b> Warsaw, ul. Zgrupowania AK "Kampinos"	84 500	87%	21,7	1 255,2	59%	IV Q 2016	II Q 2019	80,0*	Echo's joint-venture with EPP: 30%:70%
<b>Total</b>	<b>129 400</b>		<b>31,1</b>	<b>1 610,6</b>				<b>252,1</b>	

\*30% of the project value

PROJECT IN PREPARATION	GLA [sqm]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Comments
<b>Towarowa 22</b> Warsaw, ul. Towarowa	105 000	34,0	1 720,3	25%	2021/2022	Echo's joint-venture with EPP: 30%:70%
<b>Total</b>	<b>105 000</b>	<b>34,0</b>	<b>1 720,3</b>			

# Early Stage Projects

Project / address	Plot area [sqm]	Potential of leasing /sales area [sqm]	Comments
Łódź, ul. Tymienieckiego	77 200	88 000	Plot for residential and office
Wrocław, ul. Na Ostatnim Groszu	32 300	65 000	Plot for office
Warsaw, ul. Ordon	18 100	39 700	Plot for residential
Warsaw, ul. Chłodna/Wronia	600	1 100	Plot for residential
Łódź, ul. Kilińskiego	9 500	35 000	Plot for office
Warsaw, Towarowa 22		45 000	Plot for residential, hotel and office
Katowice, ul. Piotra Skargi	3 700	22 000	Plot for office
Poznań, ul. Sielawy, Naramowice	32 200	29 500	Plot for residential
Poznań, ul. Szczepanowskiego	6 100	7 900	Plot for residential
<b>Total</b>	<b>179 700</b>	<b>333 200</b>	

## Appendix

# Investment Properties

Project / address	Plot area [sqm]	Comments
Poznań, Pamiątkowo	874 200	Preliminary sale agreement
Poznań, Naramowice	259 300	Part of the plot (29,000 sqm) sold in Q4 2018
Występa k. Kielc	156 800	
Poznań, Hetmańska	65 300	
Koszalin, Krakusa i Wandy	39 300	Preliminary sale agreement
Katowice, Jankego	26 200	
Poznań, Sołacz	17 300	
Łódź, Okopowa	9 800	
Zabrze, Miarki	8 100	
Warsaw, Konstruktorska	7 200	
Radom, Beliny	6 300	
Warsaw, Woronicza	5 100	Plot for the Student House dormitory
<b>Total</b>	<b>1 474 900</b>	

## Appendix

# Definitions

---

### The estimated budget includes:

- Value of land,
- Cost of design,
- Construction and external supervision.

### It does not include:

- Interest costs or activated financial costs, marketing and total personnel costs related to the project, which in total are estimated by the Company to equal 7% for office & retail and 6% for residential projects' targeted budgets.
- Costs reducing sales revenue (price):

Rent-free periods

Profit share on ROFO projects

Master lease

### Resi4Rent

Estimated budget of R4R projects includes:

- value of land,
- cost of design, construction and external supervision,
- development services
- financial costs.

It does not include costs of the platform operation and marketing.

- **GLA** - gross leasing area
- **NOI** - net operating income with the assumption of full rental and the average market rent rates
- **ROFO** - right of first offer

**Fair value** includes currency differences on investment loans.



© Echo Investment S.A.

**ECHO INVESTMENT**  
al. Solidarności 36  
Kielce, Poland

[www.echo.com.pl](http://www.echo.com.pl)

**Emil GÓRECKI**  
Investor Relations Manager

[emil.gorecki@echo.com.pl](mailto:emil.gorecki@echo.com.pl)  
+48 22 4 300 300

**ECHO**  
investment