

# ECHO

investment

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*Everything  
begins  
with you*







# 2018 RESULTS AND OUTLOOK

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Warsaw, 21<sup>st</sup> March 2019

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# Agenda

- I. Financial Data & Highlights
- II. Echo Investment Key Facts
- III. Creating Destinations
- IV. Segment Achievements
  - Residential & R4R
  - Office
  - Retail
  - Landbank
- V. Financials
- VI. Appendix

# 2018 Highlights



Net profit  
of **PLN 305 M**,  
**PLN 0.74** per share



Sale of office buildings  
Sagittarius, Symetris II  
and West Link  
for **EUR 130 M**



Grand opening  
of **Libero** in Katowice:  
45,000 sqm GLA  
project generating NOI  
of EUR 9.5 M



Sale of **986** apartments  
and handover of **935**  
units



Placement  
of **PLN 100 M** bonds  
for individual investors  
and **PLN 140 M** for  
institutions



Divestment of all EPP  
shares for **EUR 57 M**



Payment of advanced  
dividend **PLN 0.5 per  
share**



Presale of Gatehouse  
Offices for **EUR 76.5 M**

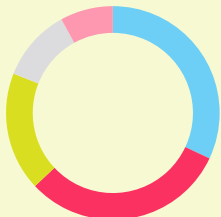
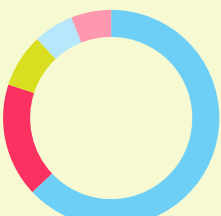
## Q4 2018 net profit of 147 M, over 21% above the consensus

PLN mln	Actual results				PAP consensus	Bloomberg consensus
	2018	2017	Q4 2018	Q4 2017	Q4 2018	2018
Revenue	713	641	274	312	253	586
Operating profit	404	276	203	64	159	338
Profit before tax	424	364	197	91	-	345
Net profit	305	313	147	71	121	266

## OUR RESULTS

- Very strong Q4 2018 results
- Q4 2018 net profit over 2 times higher than Q4 2017 and 21% above PAP consensus
- 2018 net profit at 2017 level, almost 14% above Bloomberg consensus
- Operating profit grows 46% vs 2017
- Profit before tax grows 16% vs 2017
- **PLN 0.74** per share vs PLN 0.76 per share in 2017

# Main profit drivers in 2018 and 2019 outlook

2018	Q4 2018	2019
<b>PLN 113 M</b> Margin earned on handover of 935 residential units	<b>PLN 54 M</b> Margin earned on handover of 530 residential units  <ul style="list-style-type: none"> <li>Kraków, Apartamenty Go</li> <li>Poznań, Osiedle Perspektywa I</li> <li>Warsaw, Brewery A</li> <li>Poznań, Park Sowińskiego IV</li> <li>Other</li> </ul>	Margin earned on handover of ca. 1,250 residential units
<b>PLN 423 M</b> Fair value increase of commercial properties: <ul style="list-style-type: none"> <li>○ O3 Business Campus III, Kraków</li> <li>○ Libero, Katowice</li> <li>○ Sagittarius, Wrocław</li> <li>○ Gatehouse Offices (Brewery J), Warsaw</li> <li>○ Villa Offices, Malthouse Offices (Brewery K, G-H), Warsaw</li> <li>○ West Link, Wrocław</li> <li>○ Others</li> </ul>	<b>PLN 164 M</b> Fair value increase of commercial properties  <ul style="list-style-type: none"> <li>Villa&amp;Malthouse Offices (Brewery K,G,H), Warsaw</li> <li>Gatehouse Offices (Brewery J), Warsaw</li> <li>Moje Miejsce I, Warsaw</li> <li>Libero, Katowice</li> <li>Other</li> </ul>	Fair value increase of commercial properties: <ul style="list-style-type: none"> <li>○ Villa Offices, Malthouse Offices (Brewery J, K, G-H), Warsaw</li> <li>○ Libero, Katowice</li> <li>○ Moje Miejsce I&amp;II, Warsaw</li> <li>○ Face2Face I&amp;II, Katowice</li> <li>○ West4 Business Hub I, Wrocław</li> <li>○ Powstańców Śląskich, Wrocław</li> <li>○ React, Łódź</li> <li>○ Other</li> </ul>
<b>PLN 16 M</b> - dividend from EPP	<b>PLN 4 M</b> - dividend from EPP	
<b>PLN 44 M</b> - valuation of equity interest in Galeria Młociny JV	<b>PLN 0,4</b> - valuation of equity interest in Galeria Młociny JV	Valuation of equity interest in Galeria Młociny JV



## Construction market stabilizing

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- Strengthening internal competences to coordinate packages, save costs and increase flexibility on all residential projects
- In-house competence to **manage risks** on construction sites
- Working on **standards and industrialization** in procurement
- **Optimization** and standardization 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**





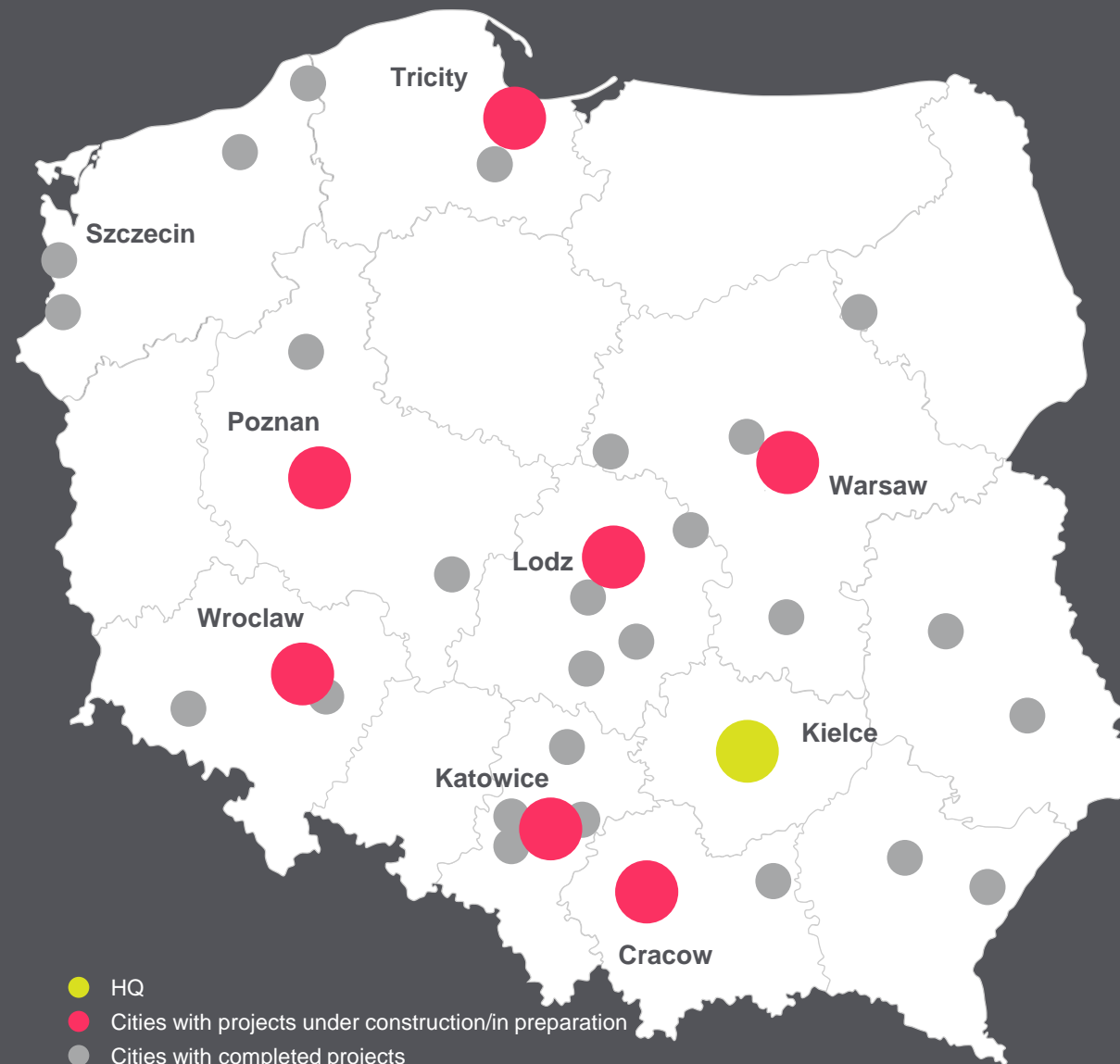
II.



## Echo Investment Key Facts

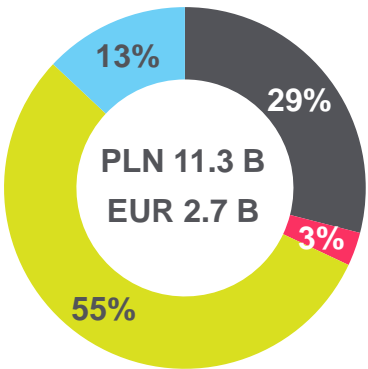
*\*including 100% of JV projects*

**\*\* adjusted for Echo's share in the projects**



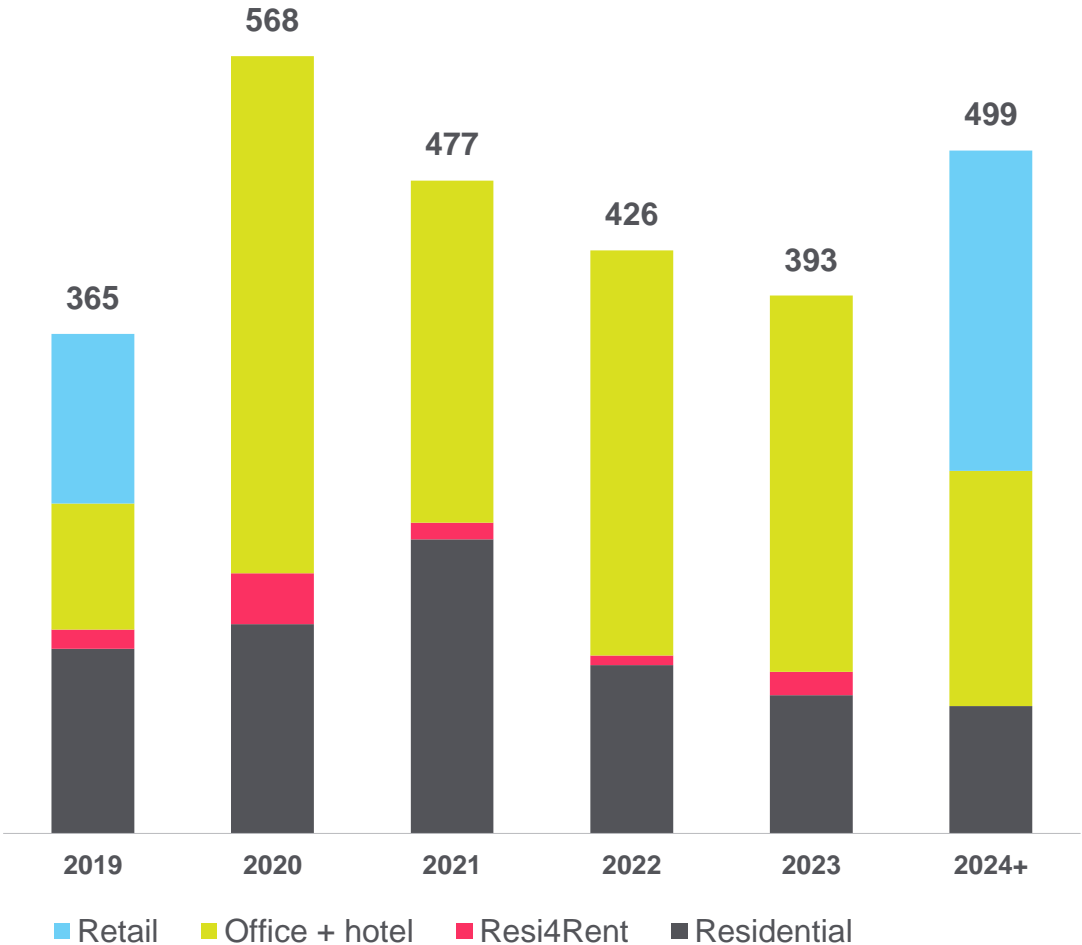
# EUR 2.7 bn pipeline for 2019-2024+

Value of development pipeline  
adjusted for Echo's share in the projects



EUR/PLN rate - 4.2

Value of completed projects per year  
[EUR mln]



30% +

targeted average  
profit on costs

## PIPELINE VALUE

EUR 1.7 bn – projects  
under construction and  
in advanced preparation

EUR 1 bn – projects on  
early stage

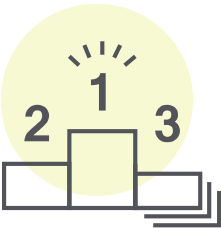
Completed projects  
(Libero, O3 Business  
Campus II and Brewery J)  
are **not included**

# Strategy of Echo Investment Group



## Focus on Poland

- We develop projects only in Poland within our core business
- Divestment of non-core assets substantially completed



## Leadership position

- A leader in returns from our projects due to effective organisation with inhouse competences
- 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

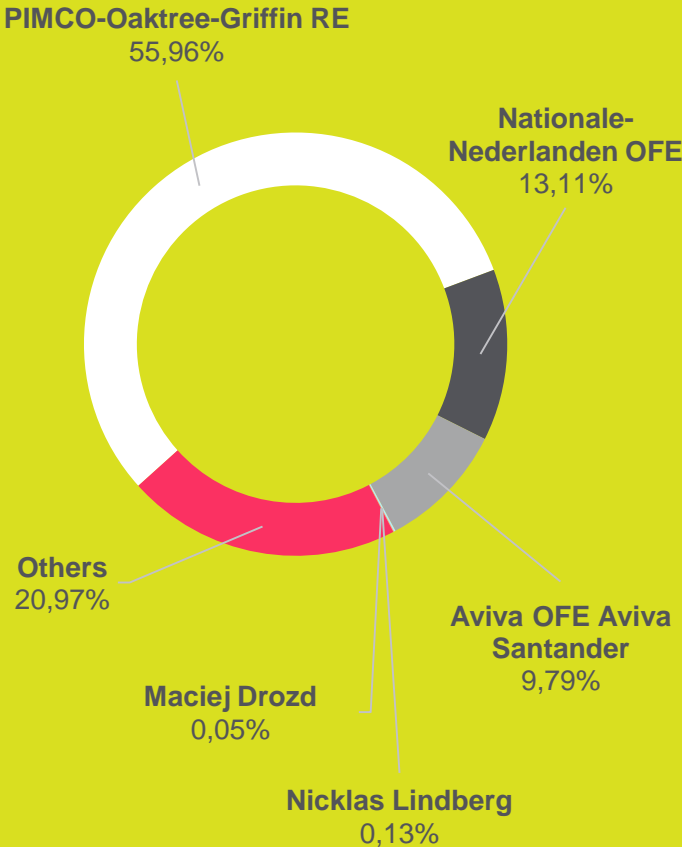
- Effective cooperation with reputable partners to deliver large-scale retail projects
- ROFO and JV agreements
- Early sales to partners with a strong track record



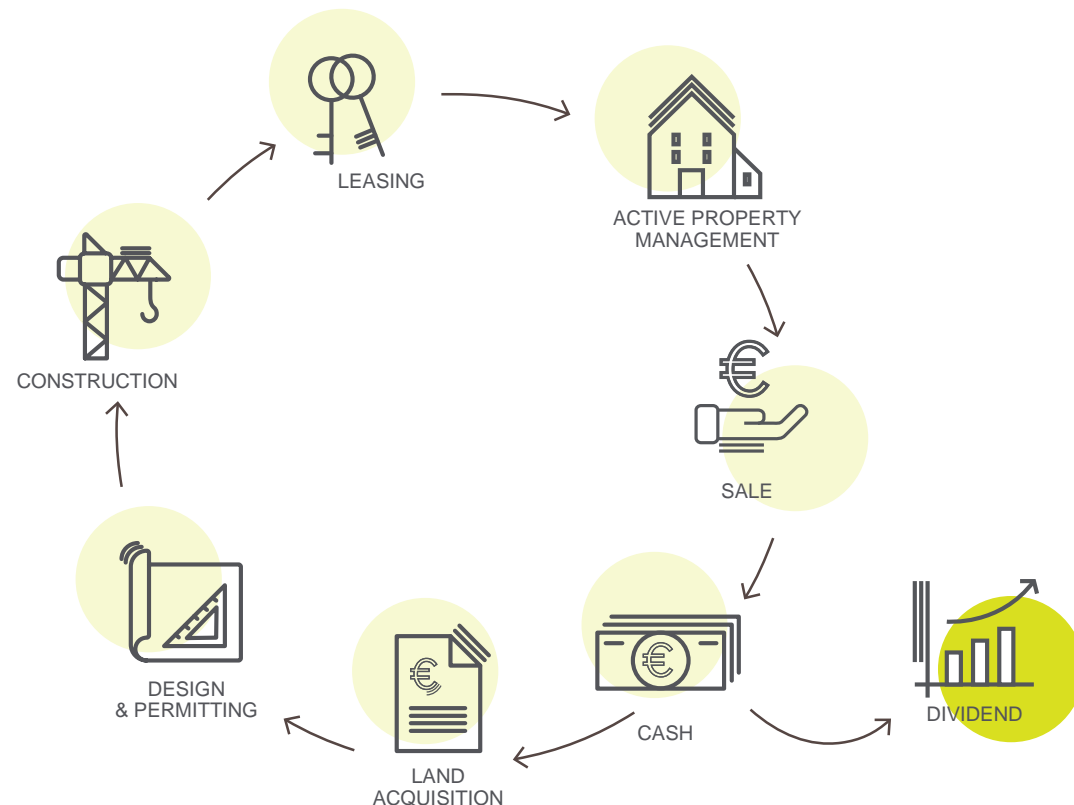
## Destination projects

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

## Shareholding structure



# Business model



- **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).
- The core business of Echo Investment Group falls into the following categories:
  - construction, lease, management and sale of office buildings,
  - construction, lease, management and sale of retail buildings,
  - construction of residential apartments for rent and for sale
  - provision of services (general contractor, managing contractor, leasing, consulting etc.)



## The Management Board of Echo Investment S.A.

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**Nicklas  
Lindberg**  
President  
of the Board | CEO



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



**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



**Małgorzata  
Turek**  
Member  
of the Board



III.



# Creating Destinations



## Creating Destinations

# Destination projects cover 45% of Echo's pipeline

- Destination is a mix of functions in buildings plus **full public space and infrastructure**: roads, squares, green areas
- Using our **broad experience** in residential, office, retail and hotel sectors
- Growing cities in a **sustainable way**
- **Flexibility, risk diversification and optimal utilisation** of resources
- Lower acquisition and development costs and shorter time to completion
- Respond to needs and trends of modern people



## The whole area of Warsaw Brewery under construction

RESIDENTIAL	UNITS	STATUS
Building A	98	Sold and handed over
Building B	190	Sold, completion in Q3 2019
Building C	114	Sold, completion in Q3 2019
Building E	82	20% units sold, completion in Q4 2020
Building R4R	451	Presold to R4R

OFFICE	SPACE	STATUS
Gatehouse Offices (J)	15,700 sqm	Completed, presold to GLL Real Estate
Villa & Malthouse Offices (K, G, H)	46,000 sqm	23% leased, big interest for remaining space. Completion in Q3 2020
Historical cellars	2,000 sqm	Under construction





## Great urban space attracting people to live, work and entertain

- Over **110,000 sqm** of residential, office and services space
- Fast implementation: construction works will be finished in **only 4 years**
- Very **good design** well received by all stakeholders
- Multifunctional concept has become a **commercial success**
- Apartment sales and demand for offices reached **record levels** on the back of huge interest in the area



## L'Oreal Polska, WeWork and Epam working already in Gatehouse Offices



- Gatehouse Offices (Brewery J) completed in December 2018 and presold to a fund managed by GLL Real Estate Partners for **EUR 76.5 M**
- The transaction is expected to be closed **in the near future**
- The building is 100% leased out to **L'Oréal Polska, WeWork and Epam**
- The success of Gatehouse Offices encouraged Echo to **start construction of another buildings** Villa Offices and Malthouse Offices (46,000 sqm of office space)
- **Huge interest** of tenants: **WeWork** is a major tenant of building K with over 10,000 sqm of space



## The first residents moved in, the last residential building started

- All **98 apartments** of the building A already handed over
- Launch of sale of the last residential building Brewery E (82 units) - the upper-market project **already sold in 20%**
- 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**





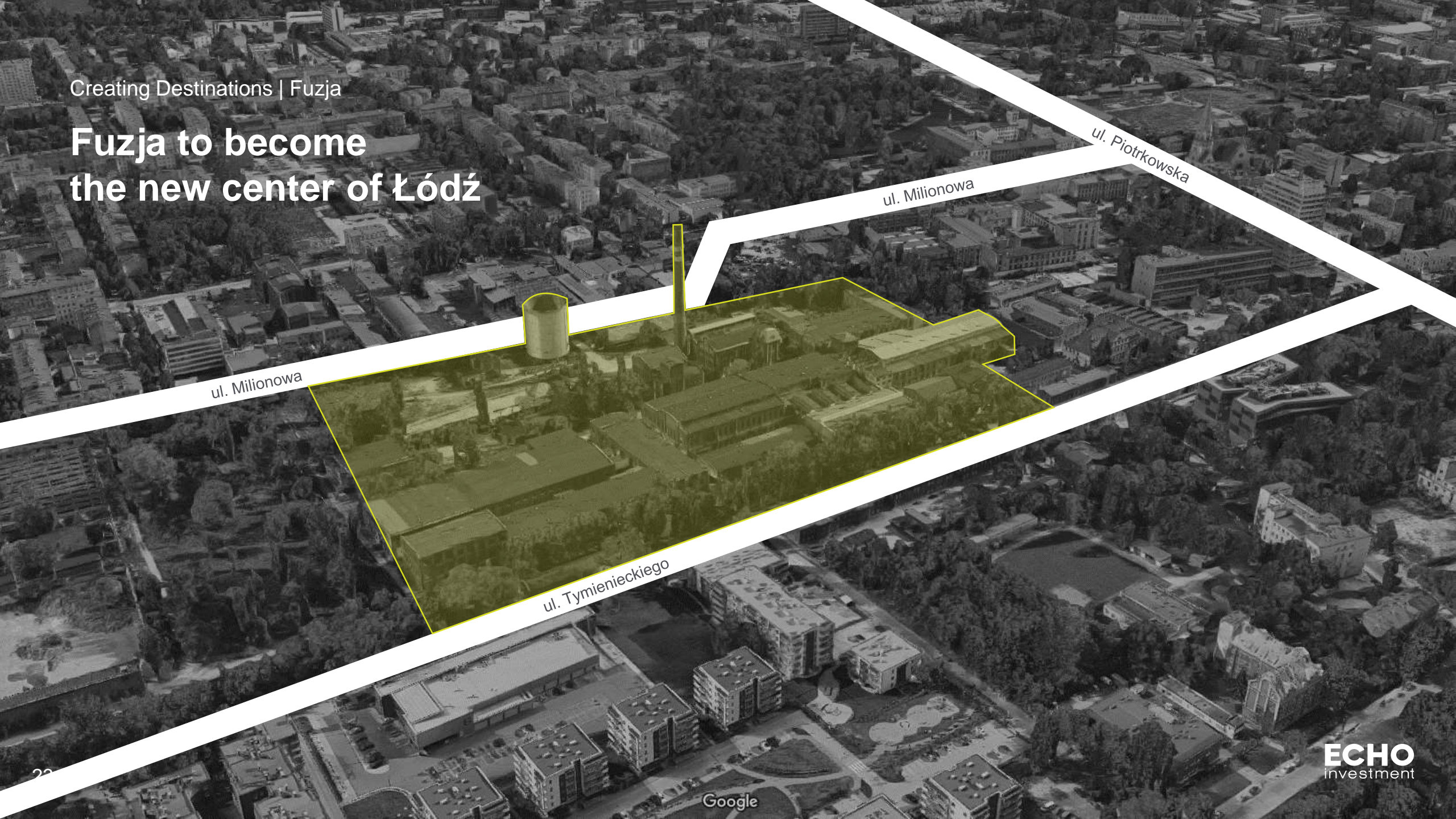
## Fuzja to become the new center of Łódź

- Very well received project bringing back 7.7 ha to the city
- **Excellent location** in a very calm part of the city, but walking distance from Piotrkowska St.
- **Post-industrial architecture** with great urban desing by Medusa studio
- Fuzja to become a new Łódź landmark



Creating Destinations | Fuzja

# Fuzja to become the new center of Łódź



ul. Milionowa

ul. Milionowa

ul. Piotrkowska

ul. Tymienieckiego

Google

**ECHO**  
investment



## Starting construction of Fuzja in Łódź



- Echo started construction works on its flagship, multifunctional project at **Tymienieckiego St.**
- Launch of residential buildings: **267 apartments** put on offer
- Great interest of potential buyers: **30 agreements** to buy or reserve in 3 weeks
- Promising talks with **potential office tenants** interested in having custom office space
- **90,000 sqm** of residential, office and service space to be built in total
- Working on the **entertainment and leisure program** for the whole area, including historical buildings and power plant with reputable Medusa architect studio
- New **city squares** and **bicycle roads** connected to the city network



## Towarowa 22 – creating the new Warsaw landmark

- Multifunctional project in the heart of the fastest growing district of the city
- World-famous studio **BIG Architects** working on the urban concept
- **230,000 sqm** of space with office, retail, residential, hotel, entertainment, gastronomy and culture functions
- **2-ha square** and a lot of **greenery** to make this place welcoming and open for visitors
- Close cooperation on the idea with the **city authorities**



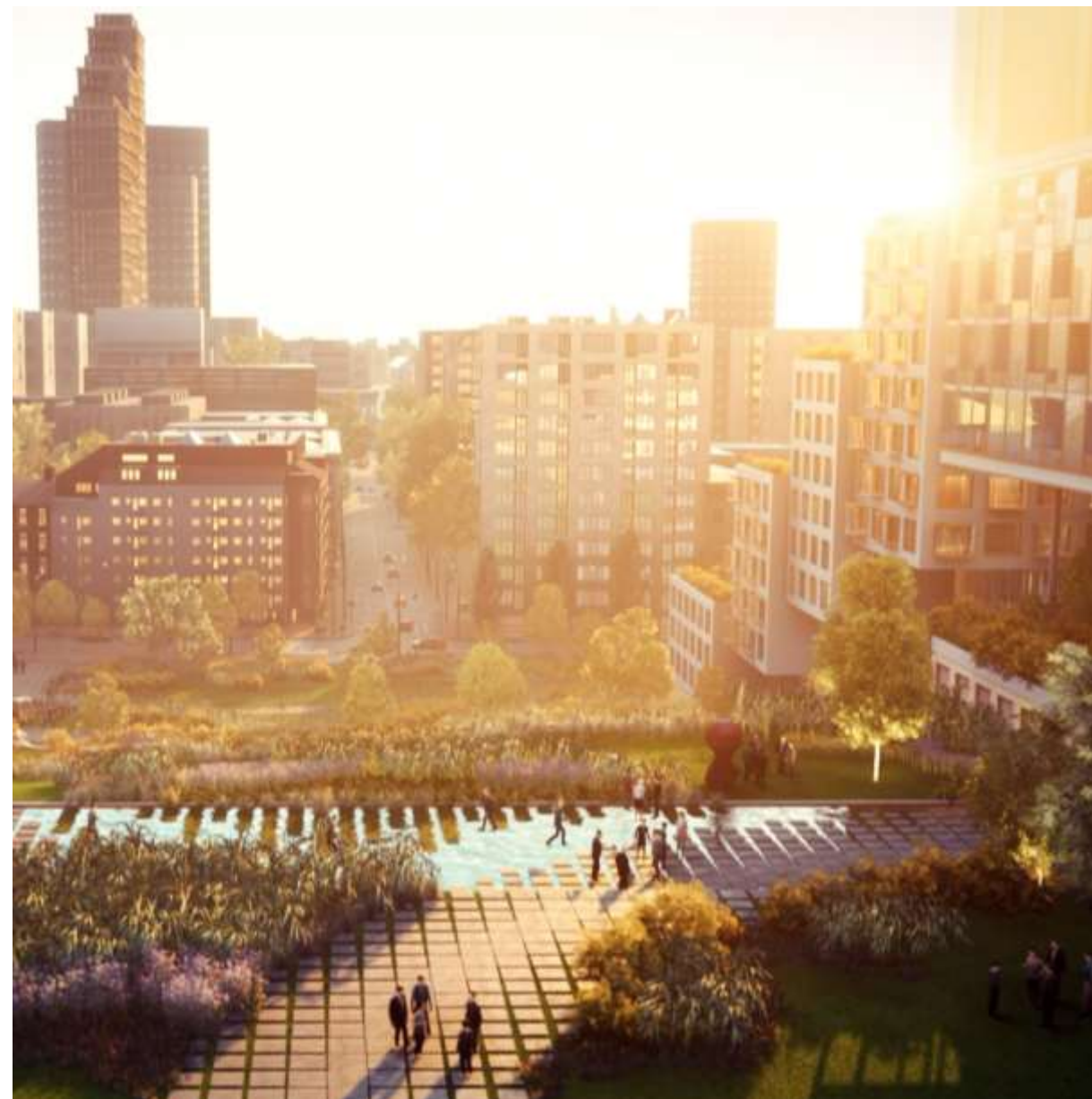


Creating Destinations | Towarowa 22

## Towarowa 22 moves the city center to Wola



Find out more at:  
[youtu.be/GsxcijJii2k](https://youtu.be/GsxcijJii2k)





IV.



## Segment Achievements **Residential & R4R**



## Strong market fundamentals, residential outlook remains very strong

- **64,800 apartments sold in 2018 on primary market in 6 major cities** – this was the second highest sales result in the history, after 2017
- The sale prices increased in 2018 by **8%-13%**
- Warsaw, Kraków, Wrocław and Tricity noted the highest price growth
- Łódź noted the highest dynamic of transaction number: **+30%**
- Despite 11% decrease in number of transaction compared to 2017, the total value of transaction was only **4% lower**
- Low unemployment, expected GDP growth and low interest rates to keep the **residential market stable**, with only slight decrease of transaction numbers

Source: REAS / JLL Residential Advisory





## 950 apartments in 8 projects started in 2018



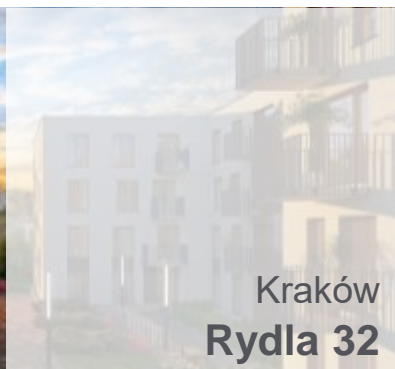
Wrocław  
**Grota 111 III**



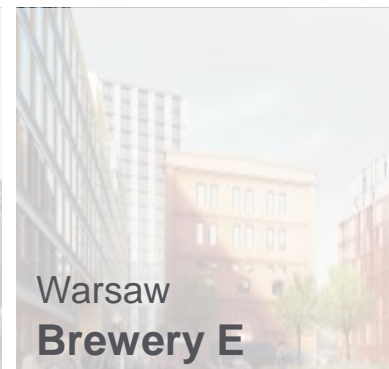
Wrocław  
**Ogrody Graua**



Kraków  
**Rydla 32**



Warsaw  
**Moje Miejsce**



Warsaw  
**Brewery E**



Poznań  
**Jaśminowe V**



Warsaw  
**Reset II**



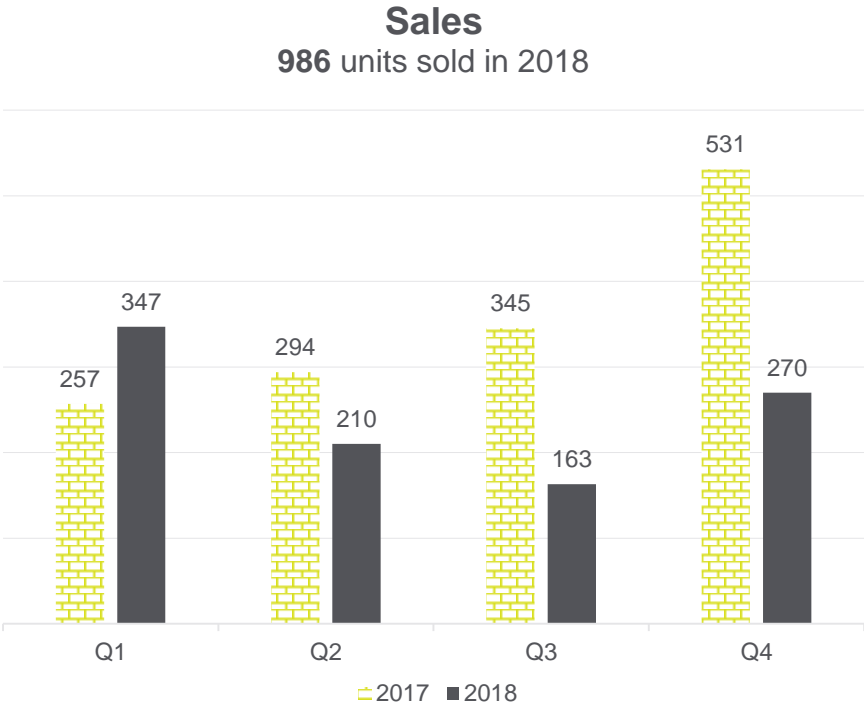
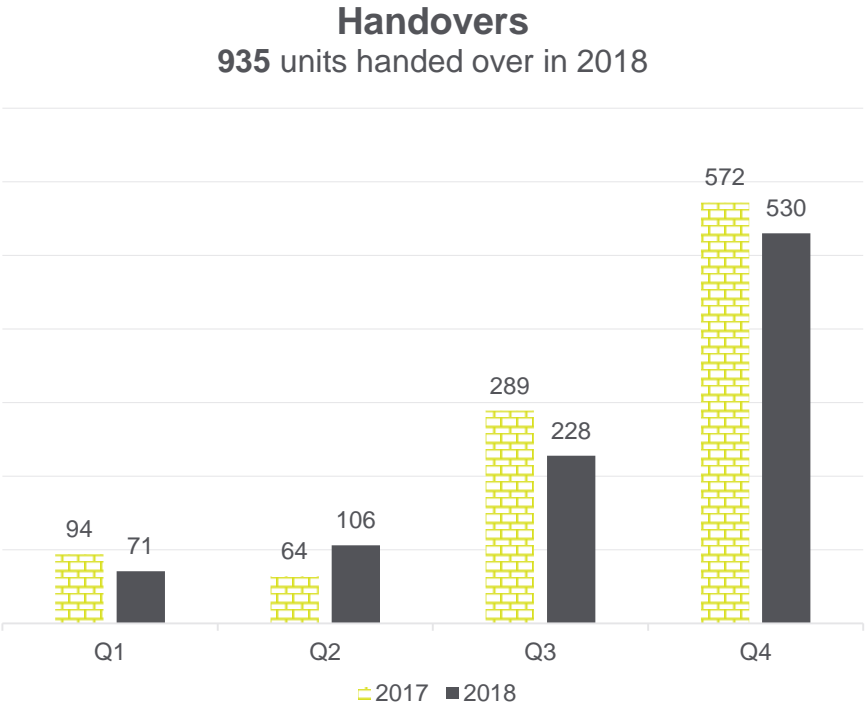
Łódź  
**Jarzębinowe VI**



# Change of sale strategy in Q2 2018: 80% of units to be sold until completion, remaining 20% - within 6 months after completion

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

- 25% in 2017
- 28% in Q1 2018
- 33% in Q2 2018
- 28% in Q3 2018
- 28% in Q4 2018





## Starting ca. 2,300 apartments in 2019

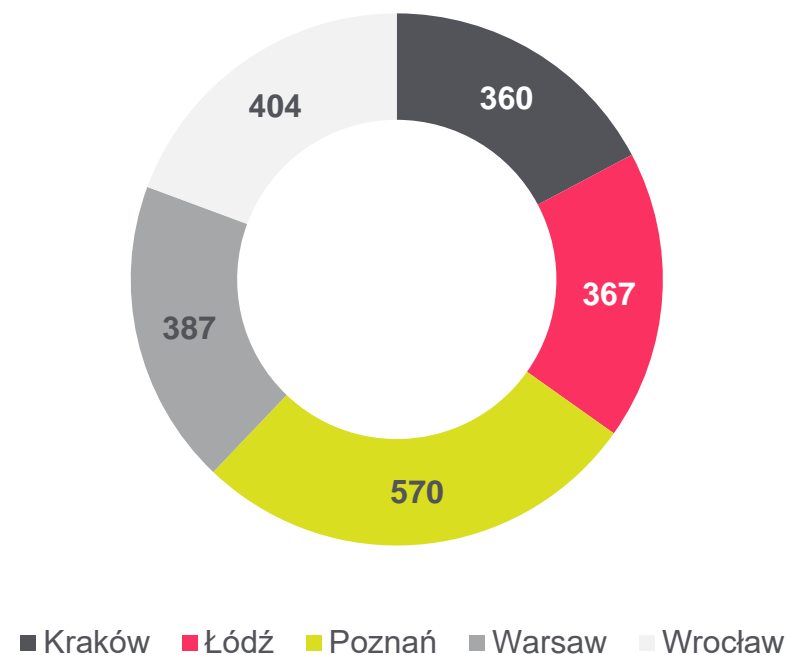
- New big projects to add **2,300** units to the offer
- **670 units** already put on offer in 2019:
  - Fuzja in Łódź
  - Nasze Jeżyce I in Poznań
  - Apartamenty Esencja in Poznań
- Targeting to sell **1,300 units**
- Targeting to handover **1,250 units**



## Growth of residential offer in all major markets in Poland

Project	No of units	City
Wita Stwosza I	252	Kraków
Rydłówka I	108	Kraków
Osiedle Jarzębinowe VII	100	Łódź
Fuzja I	267	Łódź
Apartamenty Esencja	260	Poznań
Nasze Jeżyce I and II	310	Poznań
Naramowice - 18 MW I	222	Poznań
Ordona I	387	Warszawa
Swobodna	200	Wrocław
Mińska	204	Wrocław
<b>Total:</b>	<b>2,310</b>	

Apartments to be started in 2019  
split by city



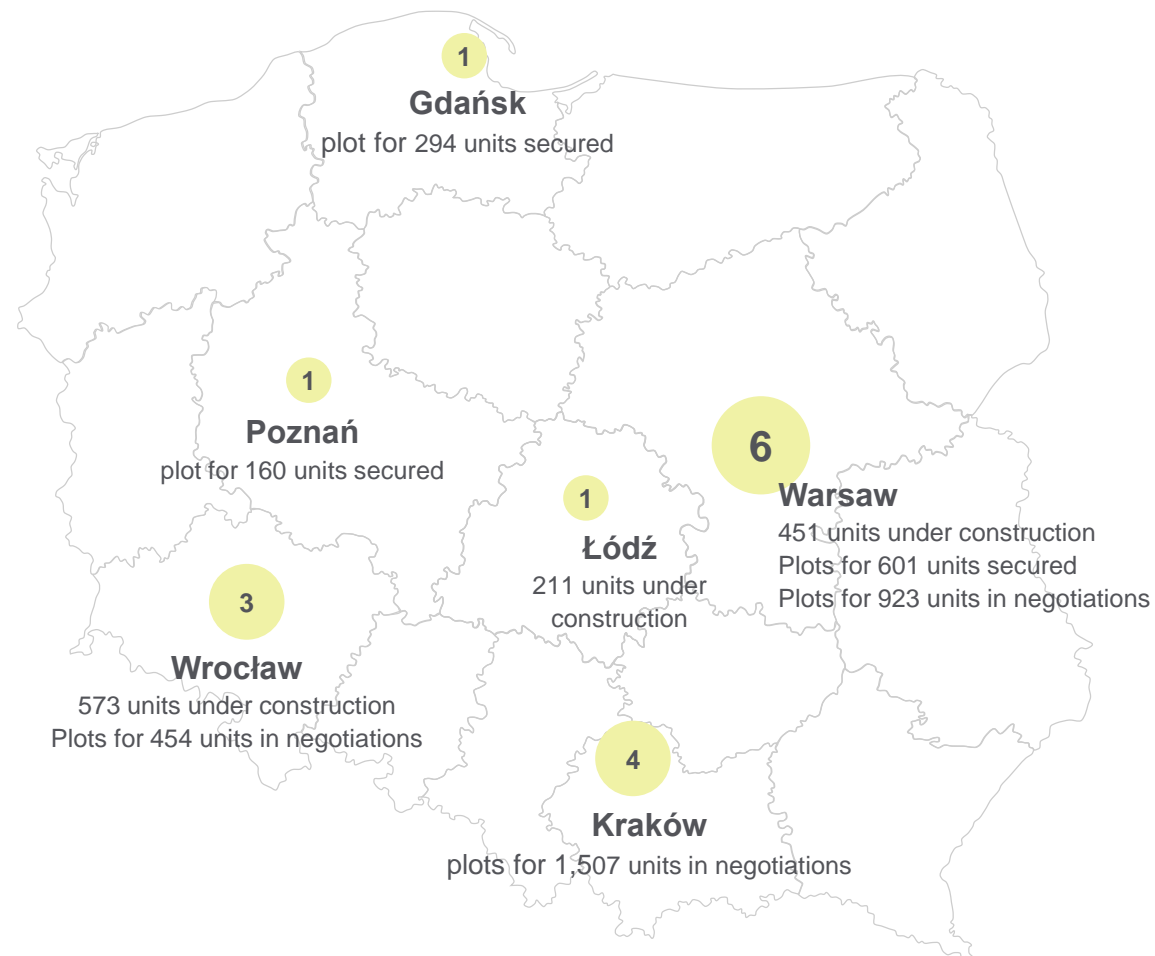


## Resi4Rent platform on the way to operate 5,000 apartments

- **Resi4Rent JV** set up in September 2018
- Echo Investment **holds 30% stake** and provides **development services**
- Resi4Rent **has acquired** 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.**
- The first projects with **over 500 units** in Wrocław and Łódź to be handed over and leased already in H2 2019
- Construction works of 4 projects (**nearly 1,100 units**) **starting soon**
- Resi4Rent is in advanced negotiations to acquire plots for **c.a. 2,600 units** in Kraków, Warsaw and Wrocław
- Resi4Rent to develop and operate **5,000-7,000 units** by 2023, becoming the largest institutional rental platform in Poland

### Resi4Rent

projects under construction,  
secured and in negotiations





V.



# Segment Achievements **Office**

## Polish office market 2018: 1.5 mln sqm leased and 744,000 sqm delivered

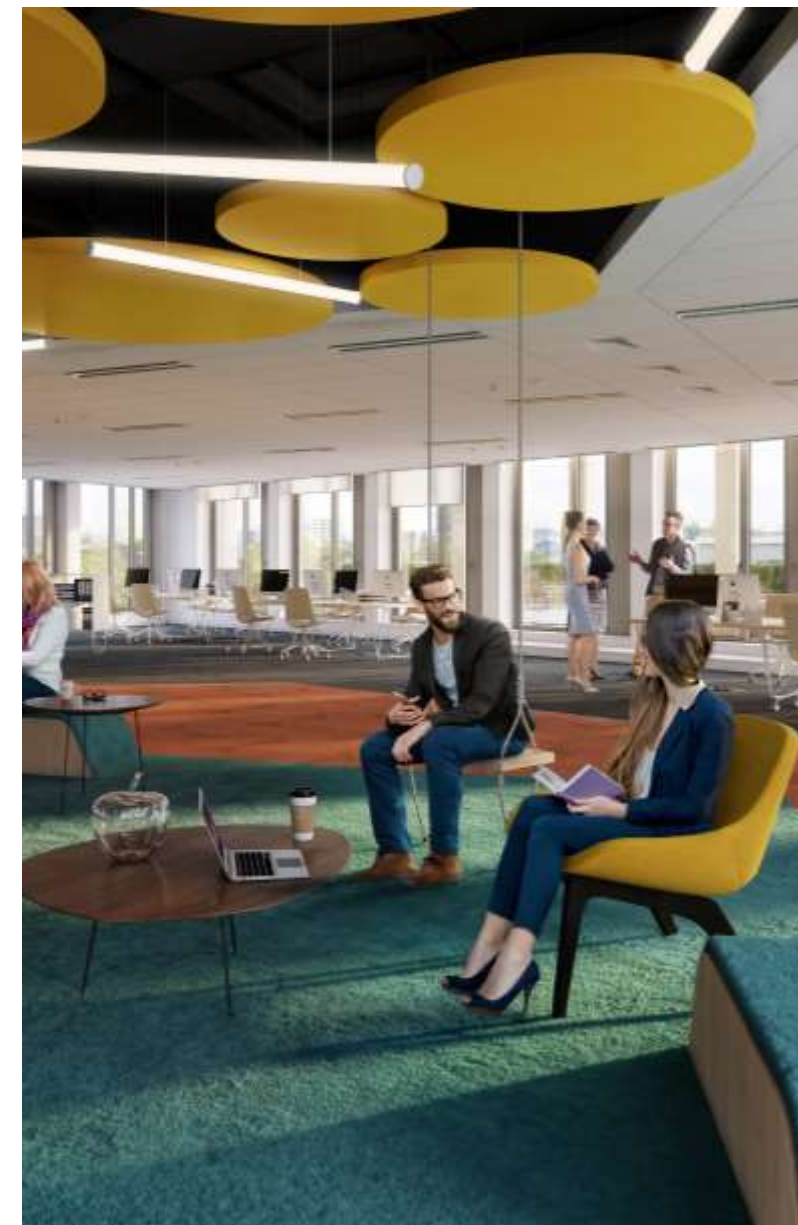
### WARSAW: MARKET REMAINING STRONG

- **233,000 sqm** – total space delivered in 2018  
- 16% less than in 2017
- **858,000 sqm** – lease transaction concluded in 2018
- **275,000 sqm** – net absorption
- **8.7% – 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** (including City Space) became the new, significant type of tenant
- Historically low – **sub 5% yields** observed in recent transactions

### REGIONAL MARKETS OUTPERFORM WARSAW

- **511,000 sqm of new office space** delivered on regional markets in 2018 – twice as much as in Warsaw
- **805,000 sqm** of office space remain **under construction**
- **9.6%** – average **vacancy rate**
- **+ 22%** – **expected growth** of employment in BPO/SSC sector until Q1 2020
- Rents **likely to grow** due to high demand

Source: CBRE, JLL, Colliers, ABSL



## Continuation of successful office divestment: closing of Gatehouse Offices and O3 Business Campus III in H1 2019



**West Link**  
Wrocław

14,200 sqm GLA

100% of space leased  
to Nokia and Hilti

EUR 36 M - transaction price

6,87% - transaction yield

Sold to GlobalWorth Poland in Q2



**Symetris Business Park II**  
Łódź

9,700 sqm GLA

94% of space leased  
to Philips Polska and Office Bistro

EUR 21,4 M - transaction price

7.5% - transaction yield

Sold 2018 to EPP in Q3



**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 to Warburg-HIH Invest in Q3



**Gatehouse Offices (Brewery J)**  
Warsaw

15,400 sqm GLA

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

Presold to a fund managed  
by GLL Real Estate Partners in Q4

H1 2019 – targeted closing of the  
transaction



**O3 Business Campus III**  
Kraków

18,800 sqm GLA

30% of space leased, remaining  
space under advanced negotiations

Presold to EPP in Q3 2016

H1 2019 – targeted closing of the  
transaction

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

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- **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%**
- The building was **presold being under construction** in Q3 2017, closing agreement concluded in **Q3 2018**





## Moje Miejsce – the first office building leased up to 65%

- **Destination** project with office and residential functions being created in Dolny Mokotów
- Mastercard, Havas Media, City Space and ANG signed **leasing agreements for 12,000 sqm**
- Construction of the 2nd building **already started**
- **Advanced negotiations** with tenants interested to lease the remaining space





## Starting the second building of Face2Face in Katowice

- Two-buildings office complex Face2Face on Grundmanna street with **47,200 sqm GLA** in total
- Construction of the first building **started in Q2 2018**
- Big interests of tenants encouraged Echo Investment to start the second building **in Q4 2018 - half a year earlier** than previously planned
- **Katowice** becomes one of the **most dynamic** regional office markets in Poland





## Starting construction of nearly 140,000 sqm of office space in 2019

- **Five 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)
  - Aleja Pokoju, Kraków (38,500 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 Face2Face I **to be handed over** to tenants in 2019
- Leasing plan for 2019: ca. 100,000 sqm







VI.



# Segment Achievements

## **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 to c.a. **20% of new retail space** in coming years
- **Lower volume of new space:** c.a. 430,000 sqm opened in 2018 while 10-years average amounts to 660,000 sqm
- **Only c.a. 300,000 sqm to be opened** in 2019, including Galeria Młociny
- 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, Colliers, C&W



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

- After the event the total Polish shopping centre area exceeded **10 mln sqm**
- Libero **fully leased** to 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 9.5 mln**
- Modern format with ca. **20% of space** for food & entertainment zone





## Galeria Młociny - a new retail destination to be opened in Q2 2019

- Construction works **according to the schedule**, fit-out works at full speed
- **85,000 sqm of retail and office space** generating NOI of **EUR 22,1 mln**
- Grand opening **in Q2 2019**
- Project **leased in 94%**, remaining space to be leased until the grand opening
- Fantastic **food & entertainment zone** on the top floor exceeding 6,000 sqm to attract clients and guests
- Warsaw remains **the strongest retail market in Poland**, with the highest purchasing power and c.a. 730 sqm of retail space per 1,000 inhabitants
- Solid **partnership** with EPP





VII.  
—

## Segment Achievements **Landbank**

## Fast rotation of acquired plots into construction sites

---

- Prices of developable **land have stabilized**, with sales prices and yields keeping the trend on the growth path
- Acquisition strategy focused on new projects that are ready to start quickly – shortening of predevelopment phase
- Recently **acquired projects to be started in 2019**
- Out of **240,000 sqm** of projects acquired and secured in 2018 and 2019 **c.a.60%** to be started this year
- This year, **6 residential** projects with **almost 1,100 units** (57,000 sqm) will be started on plots acquired in 2018-2019



## Building the future – extending landbank

**PLN 216 mln**

value of plots acquired in 2018 & 2019

**PLN 1,232**

average land price per 1 sqm  
of leasing/selling area

**PLN 110 mln**

value of plots divested in 2018

**Plots under negotiations**  
split of 360,000 sqm

Split by function [sqm thous.]



Split by location [sqm thous.]



### Acquired & Secured Land Bank 240,000 sqm of office & residential space

Kraków (5 projects):

- extension of the „destination” project Wita Stwosza by 23,000 sqm
- 38,000 sqm of office space
- 70,000 sqm of residential space

Katowice:

- 22,000 sqm of office space

Poznań:

- 2 plots for 25,000 sqm of residential space

Wrocław:

- 34,000 sqm of office and residential area
- 10,000 sqm of residential space

Warsaw

- 18,000 sqm of residential space

### Under negotiations

360,000 sqm of potential space on plots under advanced negotiations – vast majority for residential projects



VIII.



# Financials



# Increasing profit from growing development business

PLN mln	Actual results				Results excluding sales and revaluation of shares of EPP				PAP consensus	Bloomberg consensus
	2018	2017	Q4 2018	Q4 2017	2018	2017	Q4 2018	Q4 2017	Q4 2018	2018
Revenue	713	641	274	312	713	641	274	312	253	586
Operating profit	404	276	203	64	404	276	203	64	159	338
Profit before tax	424	364	197	91	408	253	193	91	-	345
Net profit	305	313	147	71	289	202	143	71	121	266

*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.*

## Financials

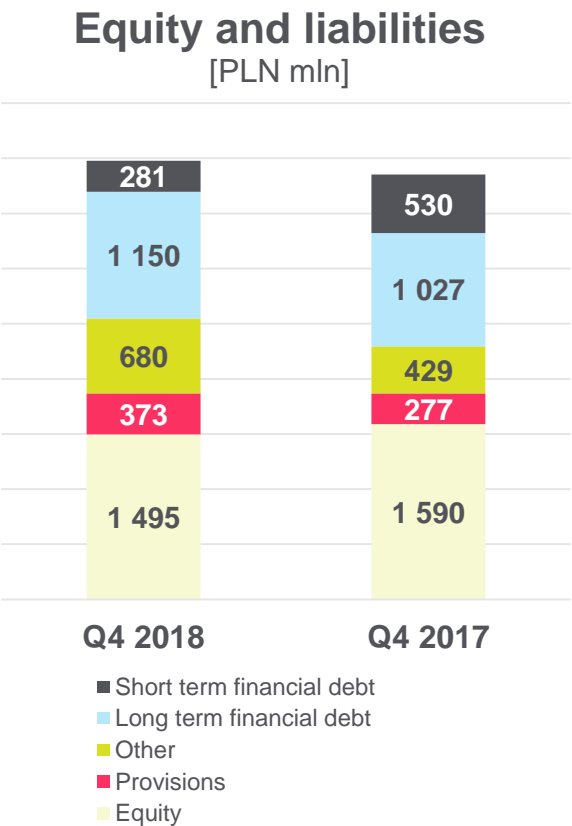
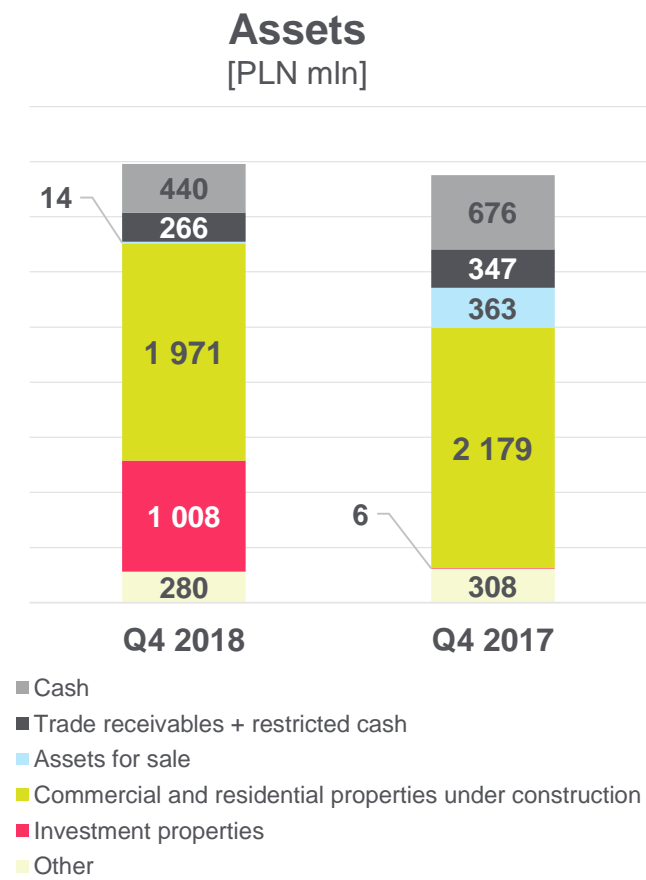
# Reduction of OH to improve operational efficiency

- G&A costs per sqm down by almost 19% compared to 2018
- In 2019 costs planned to remain at 2018 level with growing pipeline

	2018	2017
Total G&A costs [PLN mln]	94	86
Average pipeline [k sqm]	1,170	870
G&A costs [PLN/sqm]	80.3	98.9



# Focus on development, debt level stays low



**PLN 3.979 bn**

total assets value as at 31.12.2018  
(10% growth compared to Q4 2017)

**PLN 2.979 bn**

Total value of commercial and residential properties - completed and under construction  
(36% growth compared to Q4 2017)

**28% net debt ratio**

(net debt) / (total assets – cash)  
compared to 26% in Q4 2017

**PLN 440 mln**

cash (PLN 676 mln in Q4 2017)



## Assets' structure - focus on development and liquidity

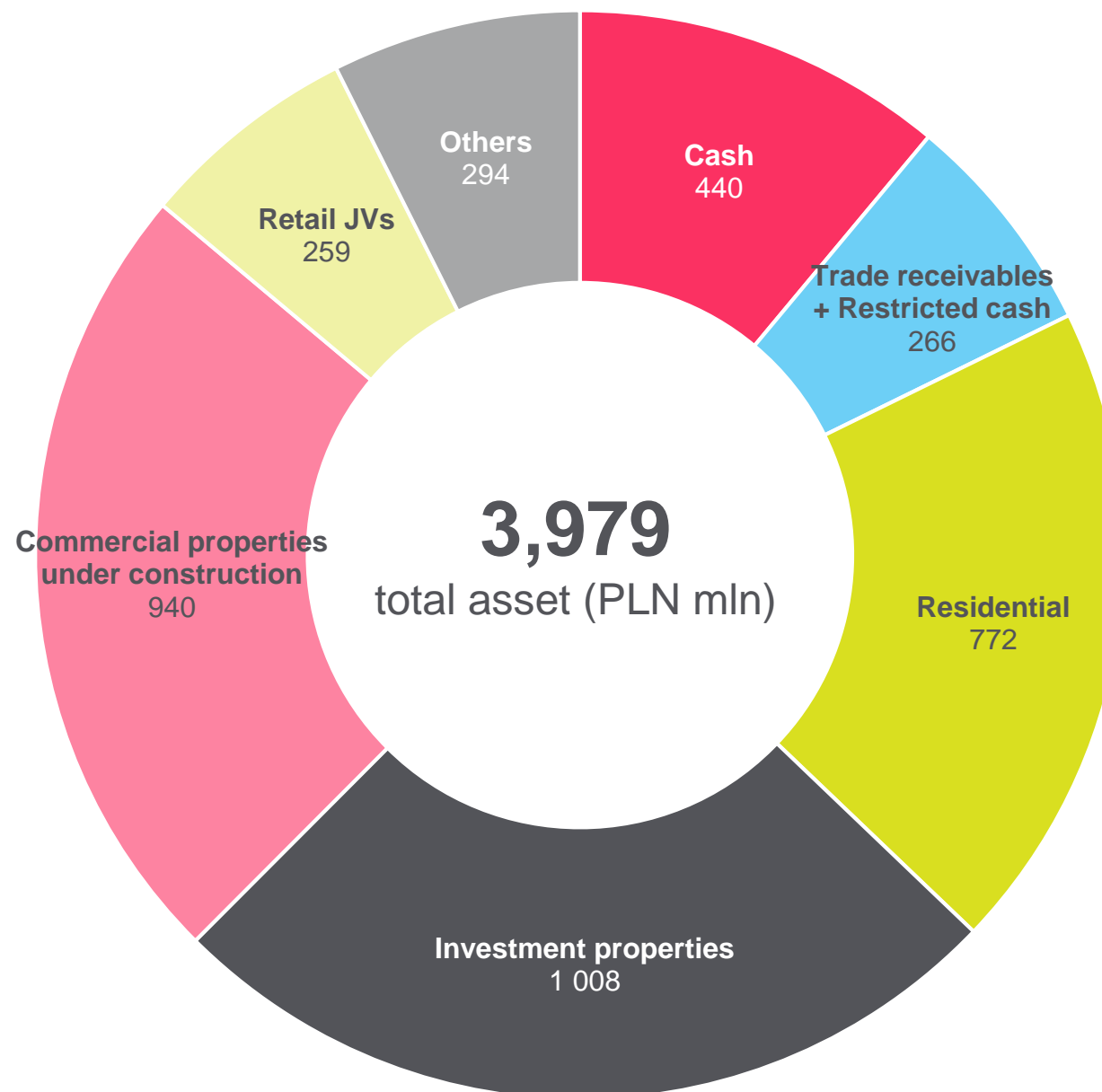
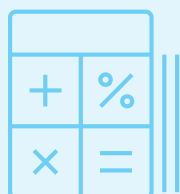
Compared to Q4 2017:

- **10%** increase of total assets
- **18%** increase of residential properties

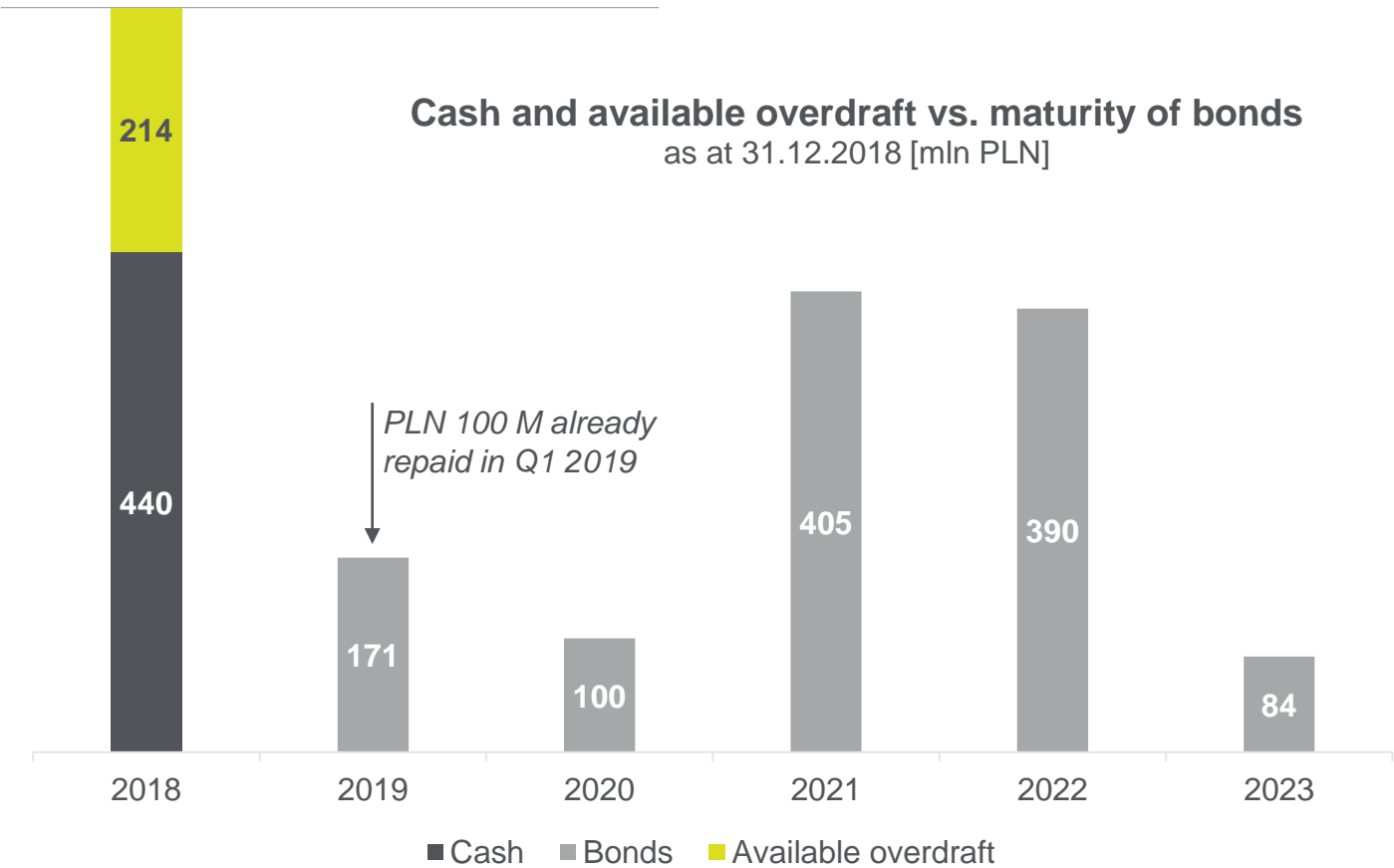
**Investment properties** include:

- Libero, Katowice (PLN 588 mln)
- O3 Business Campus III (PLN 143 mln)
- Gatehouse Offices (PLN 263 mln)
- Other (PLN 14 mln)

Almost **all non-core assets** sold off



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



Repayment of PLN 403 mln bonds in 2018



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



Issue of PLN 34 mln bonds for individual investors in 2019 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
- **Ca. 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

- Echo Investment has decided to pay **advanced dividend** towards the profit earned in 2018
- The dividend was paid on **19 December 2018**
- The total amount of the dividend amounts to PLN 206 mln – **PLN 0,5 per share**

# Analysts recognise potential of Echo’s shares

- Regular quarterly meetings with market
- 132 additional meetings with analysts and fund managers in 2018
- 18 recommendations since the begining of 2018: 12 BUY and 6 HOLD/NEUTRAL
- 21% - average price upside level for recent recommendations

## Recent recommendations

Date	Institution	Recommen- dation	Target price [PLN]	Market price at the day of recommendation [PLN]
14.03.2019	Kempen	BUY	4.30	3.83
25.02.2019	Santander Biuro Maklerskie	BUY	4.07	3.36
12.02.2019	PKO Securities	BUY	4.59	3.44
05.02.2019	DM BOŚ Bank	HOLD	3.95	3.40





V.

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# Appendix



## 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	90%	Q2 2017	Q1 2019
<b>Rydla 32</b> Kraków, ul. Rydla	5,700	95	92%	48.3	36.5	58%	Q1 2018	Q3 2019
<b>Osiedle Jarzębinowe V</b> Łódź, ul. Okopowa	8,100	145	55%	42.8	34.0	61%	Q4 2017	Q3 2019
<b>Osiedle Jarzębinowe VI</b> Łódź, ul. Okopowa	3,300	52	12%	20.0	15.6	30%	Q4 2018	Q1 2020
<b>Nowa Dzielnica</b> Łódź, ul. Wodna	5,300	87	45%	29.6	22.8	84%	Q3 2017	Q2 2019
<b>Osiedle Jaśminowe IV</b> Poznań, ul. Sielawy	5,300	103	53%	32.3	23.4	31%	Q2 2018	Q1 2020
<b>Osiedle Perspektywa II</b> Poznań, ul. Sielawy	4,600	94	100%	24.8	20.7	40%	Q4 2017	Q3 2019
<b>Osiedle Perspektywa III</b> Poznań, ul. Sielawy	5,600	105	100%	30.9	25.4	35%	Q4 2017	Q4 2019
<b>Warsaw Brewery B</b> Warsaw, ul. Grzybowska	10,500	190	100%	125.0	79.4	64%	Q4 2017	Q3 2019
<b>Warsaw Brewery C</b> Warsaw, ul. Grzybowska	6,900	114	100%	91.7	54.1	62%	Q4 2017	Q3 2019
<b>Warsaw Brewery E</b> Warsaw, ul. Grzybowska	6,100	82	2%	118.9	78.0	16%	Q4 2018	Q4 2020

## Appendix

### 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>Widoki Mokotów</b> Warszawa, ul. Puławska	4,800	87	38%	68.4	50.6	48%	Q4 2017	Q1 2020
<b>Osiedle Reset I</b> Warszawa, ul. Taśmowa	7,300	164	75%	66.2	55.1	68%	Q4 2017	Q4 2019
<b>Osiedle Reset II</b> Warszawa, ul. Taśmowa	12,200	253	23%	116.4	96.5	22%	Q4 2018	Q4 2020
<b>Moje Miejsce I</b> Warszawa, ul. Beethovena	13,300	251	5%	129.5	96.5	35%	Q3 2018	Q3 2020
<b>Zebra</b> Wrocław, ul. Zakładowa	11,300	233	96%	76.0	55.3	66%	Q3 2017	Q2 2019
<b>Grota 111 etap III</b> Wrocław, ul. Grota-Roweckiego	2,600	53	28%	16.2	12.6	38%	Q4 2018	Q4 2019
<b>Ogrody Graua</b> Wrocław, ul. Gdańska	4,000	57	4%	44.1	32.3	24%	Q4 2018	Q2 2020
<b>Total</b>	<b>121,500</b>	<b>2,228</b>		<b>1,122.9</b>	<b>817.4</b>			

## Appendix

### Residential Projects in Preparation [1/2]

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	13,800	252	127.2	93.1	19.9%	Q4 2019	Q2 2021
<b>Wita Stwosza II</b> Kraków, ul. Wita Stwosza	12,200	219	112.4	84.0	19.7%	Q4 2020	Q2 2022
<b>Rydlówka I **</b> Kraków, ul. Rydlówka	5,900	108	53.2	43.1	-	Q4 2019	Q3 2021
<b>Osiedle Jarzębinowe VII</b> Łódź, ul. Okopowa	6,100	100	34.7	28.6	11.4%	Q2 2019	Q3 2021
<b>Osiedle Jarzębinowe VIII</b> Łódź, ul. Okopowa	6,100	114	36.1	28.7	10.7%	Q1 2020	Q4 2021
<b>Esencja Apartamenty</b> Poznań, ul. Garbary	12,600	260	113.6	87.2	18.3%	Q1 2019	Q4 2020
<b>Nasze Jeżyce I</b> Poznań, ul. Szczepanowskiego	7,500	142	56.4	43.8	19.4%	Q2 2019	Q1 2021
<b>Nasze Jeżyce II</b> Poznań, ul. Szczepanowskiego	8,000	168	60.4	47.1	14.2%	Q3 2019	Q3 2021
<b>Ordona I</b> Warsaw, ul. Ordona	20,000	387	180.3	141.3	24.3%	Q2 2019	Q3 2021
<b>Ordona II</b> Warsaw, ul. Ordona	28,800	535	258.9	202.9	24.4%	Q2 2020	Q3 2022
<b>Swobodna</b> Wrocław, ul. Swobodna	10,800	200	93.1	68.1	-	Q4 2019	Q3 2021



## Appendix

### Residential Projects in Preparation [2/2]

Project / address	Sales area [sqm]	Number of units	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Mińska **</b> Wrocław, ul. Mińska	11,000	204	87.1	66.5	-	Q4 2019	Q2 2021
<b>Fuzja I</b> Łódź, ul. Tymienieckiego	14,300	267	100.6	84.2	10.5%	Q2 2019	Q1 2021
<b>Fuzja II</b> Łódź, ul. Tymienieckiego	12,200	231	93.5	71.5	7.7%	Q2 2020	Q2 2022
<b>Fuzja III</b> Łódź, ul. Tymienieckiego	6,100	114	48.7	37.1	7.5%	Q2 2021	Q2 2023
<b>Naramowice - 18 MW I</b> Poznań, ul. Sielawy	12,000	222	73.3	59.1	5.3%	Q3 2019	Q3 2021
<b>Naramowice - 18 MW II</b> Poznań, ul. Sielawy	8,500	153	51.5	41.2	2.3%	Q1 2020	Q1 2022
<b>Naramowice - 18 MW III</b> Poznań, ul. Sielawy	8,300	142	50.3	43.0	2.0%	Q1 2021	Q1 2023
<b>Towarowa 22**</b> Warszawa, ul. Towarowa	18,400	261	324.5	216.5	13.4%	2021/2020	-
<b>Total</b>	<b>222,600</b>	<b>4,079</b>	<b>1,955.8</b>	<b>1,487.0</b>			

\* Echo's joint-venture with EPP: 30%:70%

\*\* plot acquired in 2019, as at 31.12.2018 no expenditure occurred

## Appendix

### Residential Projects for Rental Platform Resi4Rent Under Construction\*

Project / address	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	8.4	76.0	53%	Q4 2017	Q3 2019
<b>Browary Warszawskie</b> Warszawa, ul. Grzybowska	19,000	451	16.5	187.0	35%	Q4 2017	Q2 2020
<b>Wodna</b> Łódź, ul. Wodna	7,800	211	4.9	52.2	50%	Q4 2017	Q4 2019
<b>Kępa Mieszczańska</b> Wrocław, ul. Dmowskiego	9,300	270	6.8	76.0	34%	Q2 2018	Q1 2020
<b>Total</b>	<b>47,500</b>	<b>1,235</b>	<b>36.6</b>	<b>391.1</b>			

\* Projects presold to Resi4Rent Group

### Residential Projects for Rental Platform Resi4Rent in Preparation [1/2]

Project / address	Residential area [sqm]	Number of units	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Woroniczna</b> Warszawa, ul. Woronicza	8,000	229	6.3	61.5	20%	Q1 2019	Q1 2021
<b>Taśmowa</b> Warszawa, ul. Taśmowa	13,300	372	10.9	113.0	15%	Q1 2019	Q4 2020

## Appendix

### Residential Projects for Rental Platform Resi4Rent in Preparation [2/2]

Project / address	Residential area [sqm]	Number of units	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Szczepanowskiego</b> Poznań, ul. Szczepanowskiego	5,300	160	3.8	43.0	15%	Q3 2019	Q3 2021
<b>Wita Stwosza</b> Kraków, ul. Wita Stwosza	8,000	241	6.1	64.0	15%	Q3 2020	Q2 2022
<b>Towarowa 22*</b> Warszawa, ul. Towarowa	16,300	444	15.1	144.5	18%	2021-2022	-
<b>Total</b>	<b>50,900</b>	<b>1,444</b>	<b>42.2</b>	<b>426.0</b>			

\* Echo's joint-venture with EPP: 30%:70%



## Appendix

### Office Buildings in Operation

Project / address	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	70%	Q1 2018	42.8	preliminary sales contract to EPP
<b>Gatehouse Offices (Brewery J)</b> Warszawa, ul. Grzybowska	15,700	94%	3.8	158.6	80%	Q4 2018	106.5	ROFO agreement with Globalworth Poland, preliminary sales contract to GLL Real Estate Partners
<b>Total</b>	<b>34,500</b>		<b>7.0</b>	<b>280.1</b>			<b>149.3</b>	

### Office Buildings Under Construction [1/2]

Project / address	GLA [sqm]	Leasing [%]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion	Recognized fair value gain [PLN mln]	Comments
<b>Moje Miejsce I</b> Warsaw, ul. Beethovena	18,700	64%	3.4	148.9	63%	Q3 2017	Q2 2019	15.8	ROFO agreement with Globalworth Poland
<b>Face 2 Face I</b> Katowice, ul. Grundmanna	20,500	30%	3.7	153.9	21%	Q2 2018	Q4 2019	5.3	
<b>Villa Offices and Malthouse Offices (Brewery G, H, K)</b> Warsaw, ul. Grzybowska	46,000	23%	10.4	483.0	21%	Q3 2018	Q3 2020	103.4	
<b>West 4 Business Hub I</b> Wrocław, ul. Na Ostatnim Groszu	15,600	0%	2.6	112.6	15%	Q4 2018	Q3 2020	-	

## Appendix

### Office Buildings Under Construction [2/2]

Project / address	GLA [sqm]	Leasing [%]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion	Recognized fair value gain [PLN mln]	Comments
<b>Face 2 Face II</b> Katowice, ul. Grundmanna	26,500	0%	4.6	195.4	16%	Q4 2018	Q4 2020	-	
<b>Total</b>	<b>127,300</b>		<b>24.7</b>	<b>1,093.8</b>				<b>124.5</b>	

### Office Buildings in Preparation [1/2]

Project / address	GLA [sqm]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion	Comments
<b>Moje Miejsce II</b> Warsaw, ul. Beethovena	16,900	2.9	128.8	23%	Q1 2019	Q3 2020	ROFO agreement with Globalworth Poland
<b>React</b> Łódź, ul. Piłsudskiego	15,000	2.4	101.9	12%	Q1 2019	Q3 2020	
<b>Solidarności</b> Gdańsk, ul. Nowomiejska	30,600	5.0	211.1	11%	Q4 2019	Q4 2021	
<b>Powstańców Śląskich</b> Wrocław, ul. Powstańców Śląskich	36,400	6.4	284.6	18%	Q2 2019	Q2 2021	
<b>Wita Stwosza</b> Kraków, ul. Wita Stwosza	23,400	4.1	177.8	20%	Q2 2020	Q2 2022	

## Appendix

### Office Buildings Under Construction [2/2]

Project / address	GLA [sqm]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion	Comments
Towarowa 22* Warszawa, ul. Towarowa	60,700	14.7	780.7	14%	2021/2022	-	
<b>Total</b>	<b>183,000</b>	<b>35.5</b>	<b>1,684.9</b>				

### Hotel Project in Preparation

Project / address	GLA [sqm]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion	Comments
Towarowa 22* Warszawa, ul. Towarowa	18,900	5.1	288.6	12%	2021/2022	-	
<b>Total</b>	<b>18,900</b>	<b>5.1</b>	<b>288.6</b>				

### Retail Project in Operation

Project / address	GLA [sqm]	Leasing [%]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Completion	Recognized fair value gain [PLN mln]	Comments
Libero Katowice, ul. Kościuszki	44,900	99%	9.5	377.8	92%	Q4 2018	183.7	ROFO agreement with EPP
<b>Total</b>	<b>44,900</b>		<b>9.5</b>	<b>377.8</b>			<b>183.7</b>	

## Appendix

### Retail Project Under Construction

Project / address	GLA [sqm]	Leasing [%]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion	Recognized fair value gain* [PLN mln]	Comments
<b>Galeria Młociny</b> Warsaw, ul. Zgrupowania AK „Kampinos”	84,800	94%	22.1	1,268.6	77%	Q4 2016	Q2 2019	73.6*	Echo's joint-venture with EPP: 30%:70%
<b>Total</b>	<b>84,800</b>		<b>22.1</b>	<b>1,268.6</b>				<b>73.3</b>	

\* 30% of net profit of SPVs

### Retail Project in Preparation

Project / address	GLA [sqm]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Comments
<b>Towarowa 22</b> Warsaw, ul. Towarowa	116,500	39.1	1 933,1	16%	2021/2022	Echo's joint-venture with EPP: 30%:70%
<b>Total</b>	<b>116,500</b>	<b>39.1</b>	<b>1 933.1</b>			



## Appendix

### Early Stage Projects

Project / address	Plot area [sqm]	Potential of leasing / sales area [sqm]	Comments
Łódź, ul. Tymienieckiego	59,800	55,400	Plot for office & retail
Wrocław, ul. Na Ostatnim Groszu	32,300	55,000	Plot for office
Warsaw, ul. Chłodna / Wronia	600	1,100	Plot for residential
Łódź, ul. Kilińskiego	9,500	35,000	Plot for office
Katowice, ul. Piotra Skargi	3,700	22,000	Plot for office
Kraków, al. Pokoju / ul. Fabryczna	14,900	38,000	Plot for office
Wrocław, ul. Swobodna	7,900	23,200	Plot for office
Poznań, ul. Hetmańska	65,300	80,000	Plot for residential, office & retail
Kraków, ul. Żelazna / Wita Stwosza	3,200	6,100	Plot for retail
<b>Total</b>	<b>197,200</b>	<b>315,800</b>	

### Land Bank

Project / address	Plot area [sqm]	Comments
Poznań, Pamiątkowo	874,200	Preliminary sale agreement
Poznań, Naramowice	230,300	
Koszalin, Krakusa i Wandy	39,300	Preliminary sale agreement
Katowice, Jankego	26,200	
Poznań, Sołacz	17,300	
Łódź, ul. Okopowa	9,800	
Zabrze, Miarki	8,100	
Warszawa, ul. Konstruktorska	7,200	
Radom, Beliny	6,300	
Warszawa, ul. Woronicza	5,100	Plot for the Student House dormitory
<b>Total</b>	<b>1,223,800</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 leaseable 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.

Presented data are for **100%** of each project. Echo has 75% of profit on ROFO projects and holds 30% of shares in JV's



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