

Kielce, 16 December, 2021

The information on implemented tax strategy of Echo Investment S.A. in 2020

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 Polish joint-stock company and a corporate income tax payer established in Poland. As its core business activity Echo carries out residential projects. Echo's subsidiaries that with Echo constitutes the Echo Investment S.A. Capital Group ("Echo Group") carry out office, retail and 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 a website 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 Polish legislation, including regulations related to tax. Echo's tax strategy reflects this requirement 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) Management Board understands the importance of accuracy in tax settlements and the importance of means of achieving such objective.
 - b) Management Board and personnel responsible for financial and tax management regularly communicate in matters related to tax risk governance.
 - c) Echo's activity positively reflects the importance of accuracy in tax settlements and the importance of tax compliance.
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. Taking into account the scale of Echo's activity and the magnitude of its tax liabilities, from time to time risks related to interpretation of tax provisions in light of their complicated nature may arise. Echo actively identifies, evaluates, monitors and manages those risks in order to ensure tax compliance is in accordance with Echo's objectives. Echo's tax risks governance procedures aim to ensure compliance with all tax provisions as defined in Article 3 point 2 of Tax Ordinance Act of 29 August 1997 (consolidated text Journal of Laws from 2021, item 1540 as amended). If a tax risk is identified, Echo undertakes measures to mitigate the risk through the execution of Echo's tax risks governance procedures. In case of a significant uncertainty or complex issues in regard to the risk, Echo may obtain assistance of professional tax advisors.
6. Echo's governance processes reflect implemented in Echo tax compliance procedures, 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 collaboration 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.
8. In response to Article 27c section 2 of the Act on Corporation Income Tax (consolidated text Journal of Laws from 2021, item 1800 as amended; further as "CIT Act") Echo would like to make the following statements:
 - a) In 2020 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.
Company declares that information on transactions with related parties covers those transactions 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 2020 Echo carried out restructuring activities that could affect the amount of its tax liabilities or tax liabilities of its related entities within the meaning of Article 11a section 1 point 4 of the Polish CIT Act, such as purchase of shares in a company, sale of shares in companies and a partnership, reduction of contribution to a partnership, increase of share capital in subsidiaries and increase in contribution to partnerships. In 2021 Echo has purchased the majority stake in Archicom S.A.
 - c) In 2020 Echo applied for two individual tax rulings connected with Echo's core business activity, concerning goods and services tax (GST/VAT) and civil law activities tax (CLAT) on a purchase of developed properties. In 2020 Echo did not apply for general tax rulings, binding rate information or binding excise information.
 - d) In 2020 Echo reported four arrangements to the Head of National Fiscal Administration according to the rules on mandatory disclosure of tax arrangements (Mandatory Disclosure Rules):
 - i. redemption of shares in a subsidiary (1 disclosure, corporate income tax);
 - ii. redemption of investment certificates in a closed investment fund (1 disclosure, corporate income tax);
 - iii. advance dividend payment of current year's earnings (2 disclosures, corporate income tax);
 - iv. sale of parking lots in residential projects (4 disclosures, for the period January-April 2020, value added tax).
 - e) In 2020, Echo did not make any tax settlements in territories or countries 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, Funds and Regional Policy from 13 October 2021 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 2021, item 940).

Echo reviews its tax strategy in light of legal and regulatory changes on a regular basis.

Echo states that no information disclosed for the purposes of information on implementation of tax strategy disclosure may be classified as Echo's trade, commercial, professional or production's process secret.