



# CONSOLIDATED QUARTERLY REPORT

of Echo Investment Capital Group

for Q3, 2011

**ECHO**  
investment

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## 1. SELECTED CONSOLIDATED FINANCIAL DATA

	in PLN '000		in EUR '000	
	1 January 2011 - 30 September 2011	1 January 2010 - 30 September 2010	1 January 2011 - 30 September 2011	1 January 2010 - 30 September 2010
I. Operating revenue	291,709	326,482	72,182	81,565
II. Profit before tax and excluding financial revenue /costs	490,781	133,201	121,441	33,278
III. Gross profit (loss)	169,526	105,846	41,948	26,444
IV. Net profit (loss)	147,303	115,906	36,449	28,957
V. Net cash flow from operating activities	212,228	113,054	52,515	28,244
VI. Net investment cash flow	(125,321)	(152,645)	(31,010)	(38,136)
VII. Net cash flow from financial activities	175,521	254,551	43,432	63,595
VIII. Total net cash flow	262,428	214,960	64,937	53,704
IX. Total assets	5,287,014	4,494,609	1,198,543	1,127,316
X. Equity attributable to shareholders of the parent	2,042,302	1,847,278	462,981	463,325
XI. Non-current liabilities	2,332,771	1,879,704	528,829	471,458
XII. Current liabilities	615,441	519,457	139,518	130,288
XIII. Number of shares	420,000,000	420,000,000	420,000,000	420,000,000
XIV. Earnings (loss) per ordinary share (in PLN/EUR)	0.43	0.32	0.11	0.08
XV. Diluted earnings (loss) per ordinary share (in PLN/EUR)	0.43	0.32	0.11	0.08
XVI. Book value per share (in PLN/EUR)	4.86	4.40	1.10	1.10
XVII. Diluted book value per share (in PLN/EUR)	4.86	4.40	1.10	1.10

## 2. CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION

PLN '000	as of 30 September 2011	as of 31 December 2010	as of 30 September 2010
<b>Assets</b>			
<b>1. Non-current assets</b>			
1.1. Intangible assets	1,376	1,227	937
1.2. Tangible fixed assets	56,667	24,952	24,653
1.3. Long-term receivables	309	39	39
1.4. Investment property	2,914,876	2,808,083	2,877,190
1.5. Investment property under construction	892,976	689,039	655,876
1.6. Financial investments	104,348	4	715
1.7. Borrowings granted	-	21	222
1.8. Deferred income tax assets	44,192	15,404	9,280
	<b>4,014,744</b>	<b>3,538,769</b>	<b>3,568,912</b>
<b>2. Current assets</b>			
2.1. Inventory	470,528	474,593	445,223
2.2. Income tax receivables	1,199	1,839	2,139
2.3. Other tax receivables	50,349	42,111	41,359
2.4. Trade and other receivables	88,671	52,491	50,213
2.5. Borrowings granted	383	1,039	-
2.6. Financial derivatives	-	828	5,016
2.7. Cash and cash equivalents	661,140	379,289	381,747
	<b>1,272,270</b>	<b>952,190</b>	<b>925,697</b>
<b>Total Assets</b>	<b>5,289,014</b>	<b>4,490,959</b>	<b>4,494,609</b>

## CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION CONT.

PLN '000	as of 30 September 2011	as of 31 December 2010	as of 30 September 2010
<b>Equity and Liabilities</b>			
<b>1. Equity</b>			
1.1. Equity attributable to shareholders of the parent	2,042,302	1,875,575	1,847,278
1.1.1. Share capital	21,000	21,000	21,000
1.1.2. Supplementary capital	1,857,464	1,709,726	1,709,726
1.1.3. Accumulated profit (loss)	147,303	147,738	115,906
1.1.4. Foreign exchange differences on translation of subordinates	16,535	(2,889)	646
1.2. Non-controlling interest	(48)	(59)	(57)
	<b>2,042,254</b>	<b>1,875,516</b>	<b>1,847,221</b>
<b>2. Provisions</b>			
2.1. Provisions for liabilities	13,410	11,565	11,294
2.2. Deferred income tax provision	283,138	239,870	236,933
	<b>296,548</b>	<b>251,435</b>	<b>248,227</b>
<b>3. Non-current liabilities</b>			
3.1. Loans and borrowings	2,226,293	1,746,175	1,766,555
3.2. Financial derivatives	11,912	10,310	15,376
3.3. Security deposits received	41,998	40,439	40,888
3.4. Lease	52,568	56,756	56,885
	<b>2,332,771</b>	<b>1,853,680</b>	<b>1,879,704</b>
<b>4. Current liabilities</b>			
4.1. Loans and borrowings	303,321	325,200	386,533
4.2. Financial derivatives	34,183	8,586	18,211
4.3. Income tax liabilities	356	2,839	2,437
4.4. Other tax liabilities	127,672	37,964	41,689
4.5. Trade liabilities	82,121	102,550	39,645
4.6. Other liabilities	9,173	11,908	11,628
4.7. Advance payments received	58,615	21,281	19,314
	<b>615,441</b>	<b>510,328</b>	<b>519,457</b>
<b>Total Equity and Liabilities</b>	<b>5,287,014</b>	<b>4,490,959</b>	<b>4,494,609</b>
Book value (PLN '000)	2,042,302	1,875,575	1,847,278
Number of shares	420,000,000	420,000,000	420,000,000
Book value per share (in PLN)	4.86	4.47	4.40
Diluted number of shares	420,000,000	420,000,000	420,000,000
Diluted book value per share (in PLN)	4.86	4.47	4.40
<b>OFF-BALANCE SHEET ITEMS in PLN '000</b>	<b>as of 30 September 2011</b>	<b>as of 31 December 2010</b>	<b>as of 30 September 2010</b>
1. Off-balance sheet receivables	-	-	-
2. Off-balance sheet liabilities	7,627	600	4,051

## 3. CONSOLIDATED QUARTERLY PROFIT AND LOSS ACCOUNT

PLN '000	Q3 1 July 2011 - 30 September 2011	Q1-Q3 1 January 2011 - 30 September 2011	Q3 1 July 2010 - 30 September 2010	Q1-Q3 1 January 2010 - 30 September 2010
Operating revenue	109,446	291,709	94,616	326,482
Operating costs	(45,087)	(107,484)	(32,656)	(134,091)
<b>Gross profit (loss) from sales</b>	<b>64,359</b>	<b>184,225</b>	<b>61,960</b>	<b>192,391</b>
Profit (loss) from sale of property	115,011	124,814	37,929	37,929
Revaluation of property	163,748	225,392	(95,369)	(66,425)
Cost of sales	(6,035)	(17,403)	(5,016)	(14,159)
General and administrative expenses	(15,173)	(33,580)	(9,900)	(27,175)
Other operating revenue (expenses)	1,668	7,333	3,940	10,640
<b>Profit before tax and excluding financial revenue /costs</b>	<b>323,578</b>	<b>490,781</b>	<b>(6,456)</b>	<b>133,201</b>
Financial revenue	(8,353)	8,677	43,386	161,198
Financial costs	(68,538)	(153,743)	(45,666)	(213,586)
Foreign exchange profit (loss)	(168,267)	(175,544)	43,388	25,100
Revaluation of subsidiaries' equity	(645)	(645)	(229)	(67)
<b>Gross profit (loss)</b>	<b>77,775</b>	<b>169,526</b>	<b>34,423</b>	<b>105,846</b>
Income tax	(5,590)	(22,236)	24,366	9,968
<b>Net profit (loss)</b>	<b>72,185</b>	<b>147,290</b>	<b>58,789</b>	<b>115,814</b>
Profit (loss) attributable to non-controlling interest	(11)	(13)	(45)	(92)
Net profit (loss) attributable to shareholders of the parent	72,196	147,303	58,834	115,906
Annualised net profit (loss)		174,823		134,960
Average-weighted number of ordinary shares		420,000,000		420,000,000
Annualised earnings (loss) per ordinary share (in PLN)		0.43		0.32
Average-weighted diluted number of ordinary shares		420,000,000		420,000,000
Diluted earnings (loss) per ordinary share (in PLN)		0.43		0.32

## 4. CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME

PLN '000	Q3 1 July 2011 - 30 September 2011	Q1-Q3 1 January 2011 - 30 September 2011	Q3 1 July 2010 - 30 September 2010	Q1-Q3 1 January 2010 - 30 September 2010
<b>Net profit</b>	72,185	147,290	58,789	115,814
Other comprehensive income:				
- foreign exchange differences on translation of foreign operations	13,301	19,424	(85)	(2,314)
<b>Other net comprehensive income</b>	<b>13,301</b>	<b>19,424</b>	<b>(85)</b>	<b>(2,314)</b>
<b>Comprehensive income for the period, including:</b>	<b>85,486</b>	<b>166,714</b>	<b>58,704</b>	<b>113,500</b>
Comprehensive income attributable to shareholders of the parent	85,497	166,727	58,749	113,592
Comprehensive income attributable to non-controlling interest	(11)	(13)	(45)	(92)

## 5. CONSOLIDATED QUARTERLY STATEMENT OF CHANGES IN EQUITY

PLN '000	Share capital	Supplementa ry capital	Accumulate d profit (loss)	Foreign exchange differences on translation	Equity attributable to shareholders of the parent	Minority interest	Total equity
<b>For Q1-Q3 (current year), period from 1 January 2011 until 30 September 2011</b>							
<b>Opening balance after adjustment to comparative date</b>	<b>21,000</b>	<b>1,709,726</b>	<b>147,738</b>	<b>(2,889)</b>	<b>1,875,575</b>	<b>(59)</b>	<b>1,875,516</b>
Allocation of result from previous years	-	147,738	(147,738)	-	-	-	-
Change in minority interest	-	-	-	-	-	24	24
Other net comprehensive income	-	-	-	19,424	19,424	-	19,424
Net profit (loss) for the period	-	-	147,303	-	147,303	(13)	147,290
<b>Closing balance</b>	<b>21,000</b>	<b>1,857,464</b>	<b>147,303</b>	<b>16,535</b>	<b>2,042,302</b>	<b>(48)</b>	<b>2,042,254</b>
<b>For Q1-Q4 (previous year), period from 1 January 2010 until 31 December 2010</b>							
<b>Opening balance after adjustment to comparative date</b>	<b>21,000</b>	<b>1,597,501</b>	<b>112,225</b>	<b>2,960</b>	<b>1,733,686</b>	<b>(8)</b>	<b>1,733,678</b>
Allocation of result from previous years	-	112,225	(122,225)	-	-	-	-
Change in minority interest	-	-	-	-	-	43	43
Other net comprehensive income	-	-	-	(5,849)	(5,849)	-	(5,849)
Net profit (loss) for the period	-	-	147,738	-	147,738	(94)	147,644
<b>Closing balance</b>	<b>21,000</b>	<b>1,709,726</b>	<b>147,738</b>	<b>(2,889)</b>	<b>1,875,575</b>	<b>(59)</b>	<b>1,875,516</b>
<b>For Q1-Q3 (previous year), period from 1 January 2010 until 30 September 2010</b>							
<b>Opening balance after adjustment to comparative date</b>	<b>21,000</b>	<b>1,597,501</b>	<b>112,225</b>	<b>2,960</b>	<b>1,733,686</b>	<b>(8)</b>	<b>1,733,678</b>
Allocation of result from previous years	-	112,225	(112,225)	-	-	-	-
Change in minority interest	-	-	-	-	-	43	43
Other net comprehensive income	-	-	-	(2,314)	(2,314)	-	(2,314)
Net profit (loss) for the period	-	-	115,906	-	115,906	(92)	115,814
<b>Closing balance</b>	<b>21,000</b>	<b>1,709,726</b>	<b>115,906</b>	<b>646</b>	<b>1,847,278</b>	<b>(57)</b>	<b>1,847,221</b>



## 6. CONSOLIDATED QUARTERLY STATEMENT OF CASH FLOW

Statement of cash flow [PLN '000]	Q1-Q3 1 January 2011 - 30 September 2011	Q1-Q3 1 January 2010 - 30 September 2010
<b>A. Operating cash flow – indirect method</b>		
<b>I. Net profit (loss)</b>	<b>147,290</b>	<b>115,814</b>
<b>II. Total adjustments</b>		
1. Share in net profits (losses) of affiliated entities	-	(162)
2. Depreciation of PP&E	4,054	1 759
3. Foreign exchange profit (loss)	175,544	(25,100)
4. Interest and profit sharing (dividends)	96,348	84,498
5. Current income tax	22,236	(9,968)
6. Income tax paid	(9,600)	(7,927)
7. Profit (loss) on investment activities	(317,991)	(41,328)
8. Change in provisions	1,845	(5,356)
9. Change in inventory	5,531	(23,617)
10. Change in receivables	(44,687)	34,854
11. Change in current liabilities, excluding loans and borrowings	131,658	(10,413)
	<b>64,938</b>	<b>(2,760)</b>
<b>III. Net operating cash flow (I+/-II)</b>	<b>212,228</b>	<b>113,054</b>
<b>B. Cash flow from investment activities</b>		
<b>I. Proceeds</b>		
1. Disposal of intangible and tangible fixed assets	1,480	900
2. Disposal of investments in property and intangible assets	509,220	126,658
3. From financial assets	11,217	8,108
4. Other investment proceeds	-	-
	<b>521,917</b>	<b>135,666</b>
<b>II. Expenses</b>		
1. Purchase of intangible and tangible fixed assets	(37,400)	(8,584)
2. Investment in property and intangible assets	(497,651)	(173,070)
3. For financial assets	(112,187)	(106,657)
4. Dividends and other share of profit paid to minority	-	-
5. Other investment expenses	-	-
	<b>(647,238)</b>	<b>(288,311)</b>
<b>III. Net cash flow from investment activities (I-II)</b>	<b>(125,321)</b>	<b>(152,645)</b>
<b>C. Cash flow from financial activities</b>		
<b>I. Proceeds</b>		
1. Net proceeds from issue of shares and holdings and other capital instruments and capital contributions	-	-
2. Loans and borrowings	370,352	311,443
3. Issue of debt securities	295,000	150,000
4. Other financial proceeds	-	-
	<b>665,352</b>	<b>461,443</b>

## 6. Consolidated interim statement of cash flow (cont.)

Statement of cash flow cont. [PLN '000]	Q1-Q3 1 January 2011 - 30 September 2011	Q1-Q3 1 January 2010 - 30 September 2010
<b>II. Expenses</b>		
1. Acquisition of equity shares (holdings)	-	-
2. Dividends paid and other payments to equity holders	-	-
3. Profit share expenses, other than payments to equity holders	-	-
4. Repayment of loans and borrowings	(207,002)	(133,454)
5. Redemption of debt securities	(185,000)	-
6. On other financial liabilities	-	-
7. Payment of financial lease liabilities	(2,501)	(81)
8. Interest	(95,328)	(73,357)
9. Other financial expenses	-	-
	<b>(489,831)</b>	<b>(206,892)</b>
<b>III. Net cash flow from financial activities (I+II)</b>	<b>175,521</b>	<b>254,551</b>
<b>D. Total net cash flow (A.III+/-B.III+/-C.III)</b>	<b>262,428</b>	<b>214,960</b>
<b>E. Balance sheet change in cash, including:</b>	<b>281,851</b>	<b>212,646</b>
- change in cash due to foreign exchange	19,423	(2,314)
<b>F. Cash at the beginning of the period</b>	<b>379,289</b>	<b>169,101</b>
<b>G. Cash at the end of the period (F+/- D), including:</b>	<b>661,140</b>	<b>381,747</b>
- of restricted availability	52,336	14,673

## 7. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS

### 7.1. Basic information

The Echo Investment Capital Group (the Capital Group) has been operating on the real estate market since 1996. The Capital Group's parent company is Echo Investment S.A. (Issuer, Company), which has been quoted at the WSE since 1996. The total number of shares issued by Echo Investment S.A. is 420,000,000 ordinary bearer shares.

Echo Investment S.A. manages the whole investment process of a given project, starting from the purchase of property, through obtaining administrative permits, financing, implementation supervision to putting the facility into service. It performs the activities on its own behalf or, more often, by providing services to a special-purposes subsidiary. Implementation of construction projects by subsidiaries significantly facilitates the management of conducted processes and ensures transparency of Group structure. Those entities are mainly responsible for the renting out of commercial property (shopping and entertainment centres, offices), project execution and sales of apartments as well as provision of property management services. The Company also provides general investment contractor services to foreign investors.

Basic activities of the Capital Group cover four segments:

- construction and rent of area in shopping and shopping and entertainment centres,
- construction and rent of space in office facilities,
- construction and sale of residential apartments,
- construction and sale of hotels.

The Capital Group conducts business activity in Poland, Hungary, Romania and Ukraine.

As of 30 September 2011 and 30 September 2010, the Capital Group employed 324 and 305 people respectively.

## 7.2. Accounting principles adopted in drawing up the quarterly report

The consolidated statements for the Echo Investment Capital Group cover consolidated financial data for the nine-month period ending on 30 September 2011 and comparative data for the nine-month period ending on 30 September 2010 and comparative data for the twelve-month period ending on 31 December 2010 (in case of the balance sheet and statement of changes in equity). Unless indicated otherwise, all financial data in the Group's consolidated financial statements have been presented in thousands PLN.

Reporting currency for the Group's financial statements in Polish zloty ("PLN") - which is the reporting and functional currency of the Parent Company. The Group comprises entities which use a different functional currency than PLN. The comparative data of these companies comprising these statements were converted to the Polish zloty in accordance with the IAS 21 principles. The balance sheet items were converted at the rate as of the balance sheet date while the items of the profit and loss account were converted at the average rate for this period. FX differences resulting from the conversion have been recognised under a separate equity item.

The statements have been drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards approved by the European Commission. Principles regarding valuation of assets and liabilities and measurement of financial result have been reported as of the balance sheet day. The financial statements have been prepared in accordance with the historical cost principle except for investment property measured at fair value and financial instruments valued in accordance with IAS 39. The statements have been drawn up under the assumption of ongoing business activity in the foreseeable future having regard to the fact that there are no circumstances posing a threat to the ongoing business activity.

The Company's Management Board used their best judgment in the selection of the applicable standards, as well as measurement methods and principles for the different items of the condensed consolidated financial statements.

For the purpose of drawing up the statements, the Group applied the same accounting standards as those approved and described in the annual consolidated financial statements for 2010. New interpretations issued by the IFRS Interpretations Committee applicable to the Group for the reporting period beginning on 1 January 2011 did not have any significant impact on these financial statements.

## 7.3. Effects of adopted changes to accounting principles (restatement of financial statements for previous periods) with description

The Capital Group did not change accounting principles in Q3, 2011. Detailed accounting policy was presented in the Annual Report for 2010.

## 7.4. Description of significant achievements and failures of the Capital Group and indication of major events in Q3, 2011

### 7.4.1. Major events in Q3, 2011

#### Fulfilment of the condition for investment execution agreement

On 25 July 2011, the Issuer and "ECHO-KIELCE 1" Spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce (the Issuer's subsidiary), and ORBIS Spółka Akcyjna, with its registered office in Warsaw, signed – as part of the performance of the Contingent Preliminary Sales Agreement concluded on 4 September 2008 (Current Report no. 44/2008 of 5 September 2008) – the Final Agreement, under which the Issuer sold the right of perpetual usufruct of property to Orbis S.A.

The conclusion of the above-mentioned agreement was one of the conditions precedent for the agreement signed on 4 September 2008 for the Issuer's general execution of a Novotel class hotel for Orbis S.A. (Current Report No. 44/2008 of 5 September 2008). Łódź municipal commune did not exercise its right of pre-emption and the above-mentioned agreement was executed.

#### Registration of a merger between subsidiaries

See section 7.13 of this report.

#### Agreement for the purchase of holdings

On 11 August 2011 the Issuer and the company "Ustra" sp. z o.o. (Seller) with its registered office in Kielce in al. Solidarności 36, entered into the Register of Entrepreneurs kept by the District Court in Kielce, 10th Commercial Division of the National Court Register (KRS) under KRS number 224675, concluded an initial agreement for the sale of shares in the company Astra Park sp. z o.o. ("Company") with its registered office in Kielce in al. Solidarności 36 entered into the Register of Entrepreneurs of the National Court Register kept by the District Court in Kielce, 10th Commercial Division of the National Court Register under KRS number 271678. The agreement covers all the shares of the company Astra Park Sp. z o.o., i.e. 738,801 (seven hundred thirty-eight thousand, eight hundred and one) shares of the Company having the total face value of PLN 36,940,050 (thirty-six million, nine hundred forty-five thousand and fifty). The final agreement will be concluded on the condition that, among other things, Eurohypo Aktiengesellschaft,

with registered office in Eschborn, Germany, a bank in which Astra sp. z o.o. has raised a loan of EUR 21.8 million, approves the sale of the shares. The final sale agreement will be concluded after the terms and conditions have been duly satisfied, though not later than by 30 September 2011. In the case these terms and conditions are not duly satisfied by the above-mentioned deadline, the agreement shall be cancelled. The parties agree the holdings' sale price to be PLN 67.50 million. The price for the holdings shall be paid within 3 days from the conclusion of the final sale agreement. The value of the assets acquired was recognised as significant on the basis of the Issuer's equity criteria. The acquisition of the assets will be financed with the Issuer's equity and the assets acquired will constitute a long-term investment. The Seller is a subsidiary of Mr. Michał Sołowow, a major shareholder of the Issuer. The company Astra Park Sp. z o.o. owns a modern office complex in Kielce in al. Solidarności 36 comprising three office buildings with combined space leased of 16,300 sq. m and the adjacent land property that constitutes a reserve for expanding the office park. The Issuer holds a legally binding permit for the construction of the fourth office building with a total surface of 10,000 sq. m. The Issuer, in addition to increasing the portfolio of office space as a result of acquiring the Company, plans to use the acquired Company's land property potential to expand the existing office complex and thus to increase the project's NOI.

The final agreement for the acquisition of shares in the company Astra Park Sp. z o.o. was signed on 9 September 2011. As a result of signing the final agreement, the Issuer acquired 738,800 shares in the company Astra Park Sp. z o.o. while the Issuer's subsidiary Grupa Echo sp. z o.o. with its registered office in Kielce acquired 1 share in the Company. Both the Issuer and Grupa Echo sp. z o.o. acquired a total of 738,801 shares in the company Astra Park sp. z o.o., i.e. all the shares constituting 100% of equity and votes at the shareholders' meeting.

### **Investment loan agreement**

On 14 September 2011, "Projekt Echo – 5 Spółka z ograniczoną odpowiedzialnością" S.K.A. with its registered office in Kielce, the Issuer's subsidiary, (the Borrower) and Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw (the Lender) entered into an investment loan agreement (the Agreement).

On the terms and conditions specified in the Agreement, the Lender grants to the Borrower an investment loan in an amount not exceeding the lowest of the amounts below:

EUR 18 million (eighteen million euro) or 75% of investment outlays net, provided that, as of the day of entering into the agreement and at the average exchange rate of the National Bank of Poland, EUR 18 million is equivalent to PLN 82.36 million. After completing the project the loan may be raised to 75% of the project market value determined on the basis of a market valuation drawn up by an appraisal expert.

An interest is charged p.a. on the amount of the loan utilised at a floating interest rate equivalent to EURIBOR 3M plus bank's margin.

The Borrower will use the funds raised under the agreement to develop an "Outlet Park" shopping centre in Szczecin. The loan has been granted for the period between 14 September 2011 and 14 September 2028 with the stipulation that the construction period of this shopping centre will not be longer than 24 months.

Collaterals on repayment of all Lender's receivables due to the granted Loan include:

- blank promissory note issued by the Borrower together with the blank promissory note agreement,
- consolidated mortgage up to EUR 31.5 million established on the Borrower's right of perpetual usufruct to the property situated in Szczecin,
- a transfer of receivables from the project insurance policy during the implementation period,
- a transfer of receivables from the property insurance policy after completing the project,
- a transfer of receivables from lease agreements and guarantees securing the lease agreements.

### **Agreement for the sale of Park Postępu office project**

On 21 September 2011 the Issuer's subsidiary, the company under the business name Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna with its registered office in Kielce (Seller), and the company under the business name "IMMOPOLAND" Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (Buyer) concluded an agreement for the sale of the right of usufruct to the land lots situated in Warsaw in ul. Postępu 21 and the rights of ownership to the four office buildings developed on those plots together with the accompanying infrastructure (Office Project).

The selling price of the Office Project stands at EUR 101,865,368 (one hundred and one million, eight hundred and sixty-five thousand, three hundred and sixty-eight euro) augmented by VAT due and payable, which as of the date of entering into the said agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 447,443,629 (four hundred and forty-seven million, four hundred and forty-three thousand, six hundred and twenty-nine zloty) net.

The book value of the assets disposed of in the consolidated financial statements of the Issuer's Capital Group measured in accordance with the IAS standards amounts to PLN 336,659,597 (three hundred and thirty-six million, six hundred and fifty-nine thousand, five hundred and ninety-seven zloty).

There are no links between the Issuer or the persons managing or supervising the Issuer and the Buyer or the persons managing the Buyer.

The Issuer's Management Board reports that the current events observed on global financial markets may to a significant degree negatively affect the situation on the Polish property market, including in the particular the area of availability as well as terms and conditions of financing for developing projects. Estimating the risk above as highly probable, the Issuer will earmark the funds raised from the sale of the Park Postępu Office Project for securing sources of financing of projects prepared for implementation.

### Bank loan repayment

On 21 September 2011, in relation to the transaction of sale by the Issuer's subsidiary, the company under the business name Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością SKA with its registered office in Kielce, to the company under the business name "IMMOPOLAND" Sp. z o.o. with its registered office in Warsaw, the Issuer repaid the bank loan related to the Park Postępu Office Project of EUR 49.59 million to bank Eurohypo AG with its registered office in Eschborn (Germany), on which the Issuer reported in current report No. 24/2009 dated 12 June 2009. As of the date of preparing this report, the Issuer is not encumbered with any loan related to the Park Postępu Office Project.

### Shopping Centre General Contractor Agreement

On 27 September 2011 the company "Veneda – Projekt Echo – 97 Spółka z ograniczoną odpowiedzialnością" spółka komandytowo – akcyjna with its registered office in al. Solidarności 36, 25-323 Kielce, entered into the Register of Entrepreneurs kept by the 10th Commercial Division of the National Court Register of the District Court in Kielce under KRS number 0000396369 (a subsidiary of the Issuer) and the company Instal Białystok S.A. with its registered office in ul. Orzeszkowej 32, 15-084 Białystok, entered into the Register of Entrepreneurs kept by the 12th Commercial Division of the National Court Register of the District Court in Białystok under KRS number 0000035195 (Contractor) entered into the General Contractor Agreement for the Shopping Centre "Galeria Veneda" in Łomża in ul. Sikorskiego and ul. Zawadzka.

Pursuant to this agreement, the Contractor will carry out construction works comprising general contractorship of the shopping centre together with the surroundings, the external infrastructure, the road infrastructure, underground fittings, car parks and land development.

The Contractor' lump-sum remuneration for the performance of the subject of the agreement amounts to: PLN 69,635,000 (say: sixty-nine million, six hundred and thirty-five thousand zloty) net.

The completion date for the subject of the Agreement is 26 November 2012.

The agreement contains provisions allowing Echo to calculate contractual penalties in the event of non-performance or ill-performance of the Agreement. The total value of the penalties may not exceed 10% of the remuneration for the performance of the subject of the Agreement.

### Acquiring assets of significant value

On 30 September 2011 the Issuer's subsidiary, the company under the business name Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna with its registered office in Kielce, entered into the Register of Entrepreneurs under KRS number 0000381482 kept by the District Court in Kielce, the Commercial Division of the National Court Register, acquired bonds issued within a private placement by Barlinek S.A. (Company) with its registered office in Kielce for PLN 60 million.

The total face value of the bonds acquired is PLN 60 million. These are bearer non-secured bonds paying an interest at a floating interest rate based on WIBOR 3M plus market margin. The redemption date for all the bonds falls on 31 December 2013 at the latest.

The company Barlinek S.A. is a subsidiary of Mr. Michał Sołowow, a major shareholder of the Issuer.

Two Members of the Issuer's Supervisory Board are also members of the Company's governing bodies.

The purchase of assets shall be financed from the equity of the Issuer's subsidiary.

## 7.4.2. Information on the Capital Group's projects

In Q3, 2011, Echo Investment S.A. and members of the Capital Group implemented projects launched in previous years as well as were involved in new investments.

In order to minimise the risk of unfavourable changes on the real estate market, the Company, being responsible for the whole project implementation process, has taken into account a possibility that planned investments may be implemented in stages and that the pace of implementation may be adjusted to market expectations and local market prices. The Management Board attentively follows developments on the real estate market and makes individual decisions regarding the implementation of particular projects based on the assessment of current market conditions. All project implementation deadlines are flexible and sensibly adjusted to the actual situation.

## POLISH MARKET

**SHOPPING AND SHOPPING AND ENTERTAINMENT CENTRES SEGMENT**

The stability of the shopping area market results from large demand, adaptability to particular customers' requirements and considerable diversity of industries.

Lessees of commercial area are both national and international shopping chains as well as local companies. Key lessees of shopping centres are: Carrefour, C&A, Douglas, Empik, Helios, H&M, Multikino, Nomi, Real, Rossmann, RTV Euro AGD, Tesco, Saturn, ZARA and other chain brands.

**In its property portfolio, the Capital Group holds 9 shopping and entertainment centres; the table below presents the centres held as of 30 September 2011:**

Project location and name	Leasable area [sq. m GLA]
Jelenia Góra – Galeria Echo	19,000
Pabianice – Galeria Echo	13,500
Piotrków – Galeria Echo	17,400
Przemyśl – Galeria Echo	4,900
Radom – Galeria Echo	19,500
Tarnów – Galeria Echo	20,200
<b>Total shopping centres</b>	<b>94,500</b>
Kielce – Galeria Echo	70,500
Szczecin – Galaxy	41,700
Wrocław – Pasaż Grunwaldzki	48,700
<b>Total shopping and entertainment centres</b>	<b>160,900</b>
<b>Total shopping projects</b>	<b>255,400</b>

Moreover, the Capital Group owns land on which further projects will be developed.

In March 2011, Echo Investment and Orbis entered into sale-purchase agreements in Szczecin and Krakow of a total value of PLN 59.5 million.

The land purchased in Szczecin (ul. Jana Matejki, currently the Neptune Hotel) shall be used to extend the neighbouring shopping and entertainment centre Galaxy owned by Echo Investment.

A complex of residential buildings will be developed in the property in Cracow (al. Marszałka Ferdinanda Focha 1, currently hotel Cracovia). The detailed scope of functions, relation between them and the size of area shall be established together with representatives of the Krakow City Office.

Details of planned projects, their size, cost and implementation schedules shall be provided once market analyses have been performed and architectural concepts prepared.

**Alphabetical list of projects in implementation and preparation stages:****Bełchatów, shopping and entertainment centre Galeria Olimpia**

In Q3, 2011 the construction of Galeria Olimpia began on the property situated in ul. Kolejowa in Bełchatów. The shopping and entertainment centre with leasable area of approx. 20,700 sq. m is due to be delivered in H2, 2012.

**Kalisz, shopping and entertainment centre Galeria Amber**

The Echo Capital Group is going to use its property in Kalisz to construct a modern, regional shopping and entertainment centre. The centre will be constructed in ul. Górnośląska and Trasa Bursztynowa. The leasable area is approx. 34,000 sq. m. The construction is to be completed in H1, 2013.

**Katowice, project in ul. Kościuszki**

A shopping centre with the leasable area of approx. 50,000 sq. m is due to be constructed on the property purchased in 2010 in Katowice in ul. Kościuszki having the area of over 54,000 sq. m. The Study of Conditions and Directions of Spatial Development is currently being developed for the area where the property is located.

**Kielce, shopping and entertainment centre Galeria Echo (expansion)**

In Q3, 2011, construction works relating to the extension of the shopping-entertainment centre Galeria Echo in Kielce was completed, they included constructing a facility with the leasable area of over 70,000 sq.m. The General Contractor for the project was EIFFAGE BUDOWNICTWO MITEX SA.

**Koszalin, shopping and entertainment centre**

A modern shopping and entertainment centre with the leasable area of approx. 35,000 sq. m is due to be constructed in Koszalin in ul. Krakusa i Wandy. The project is to be completed in 2014.

**Lublin, shopping and entertainment centre**

Investment plans include construction of a shopping and entertainment centre in Górki Czechowskie in Lublin. The Company's Management Board intends to establish the details regarding the investment planned by the Echo Investment Group together with the Lublin County authorities.

**Łomża, shopping and entertainment centre Veneda**

In Q3 the construction of the shopping centre Galeria Veneda in Łomża got underway. The facility is situated at the corner of ul. Zawadzka and ul. Sikorskiego. The shopping centre will have the leasable area of approx. 15,000 sq. m. There will be a car park with 600 parking places. The Galeria Veneda project is to be completed in H2, 2012.

**Poznań, shopping and entertainment centre Metropolis**

The Company is planning to develop a modern shopping and entertainment centre Metropolis with the leasable area of approx. 70,000 sq. m on the land property situated in Poznań in ul. Hetmańska. Currently, the project is at the architectural concept stage. The project is to be completed in 2015.

**Słupsk, shopping and entertainment centre Arena**

The Company is planning to develop a shopping and entertainment centre Arena on the land property situated in Słupsk in ul. Grottgera. The facility will have the leasable area of approx. 20,000 sq. m. Implementation will begin after financing has been raised.

**Szczecin, Outlet Park**

The construction of the Outlet Park in Szczecin got underway in Q3, 2011. It is being developed on the land formerly occupied by a facility in ul. A. Struga. The leasable area of the outlet developed in stages will total at approx. 23,000 sq. m. The first stage will be put into service in H2, 2012.

**Wrocław, shopping and entertainment centre Pasaż Grunwaldzki (expansion)**

Pasaż Grunwaldzki is a shopping and entertainment centre located in Grunwaldzki Square in Wrocław. Currently in the area of approx. 48,700 sq. m there are about 200 shops and service outlets. The Echo Capital Group intends to expand the facility. After the expansion is completed, the facility will offer approx. 62,500 sq. m of leasable area. The shopping area will include nearly 50 new shops. The expanded facility will be put into service in 2013.

**Other shopping and shopping and entertainment centres**

The Echo Capital Group also intends to extend some of currently owned shopping and entertainment centres. These projects are at the stage of purchasing new land and obtaining administrative permits.

In the future, activities of the Capital Group entities will concentrate on implementing new projects, including projects in smaller towns in Poland, and increasing the portfolio of commercial leasable area, including expansion of existing facilities.

**OFFICE AREA SEGMENT**

As to the office investment segment, the Capital Group is currently constructing and commercialising leasable facilities in Warsaw, Szczecin, Poznań and Wrocław. The Capital Group also plans new investments, its offer includes office buildings of various standard, including top class facilities.

Despite large competition in this market segment, projects held in the Capital Group's investment portfolio have appropriate location and accurate standard, which guarantees stable revenue from long-term lease agreements. Office area is leased to renowned companies, including: Abbott Laboratories, BNP Paribas, Główny Inspektorat Transportu Drogowego, Grand Thornton Frąckowiak, Lux Med, Medcover, Polkomtel, Mentor Graphics, Pekao Financial Services, Polsoft, Pramerica, Roche, Tebodin-SAP, Tieto Poland and others.

In its property portfolio, the Capital Group holds 6 office projects; the table below presents the office facilities held as of 30 September 2011:

Project location and name	Leasable area [sq. m GLA]
Warsaw – Babka Tower	6,200
Warszawa – Postępu 3*	10,200
Poznań – Malta Office Park, stage I	6,800
Poznań – Malta Office Park, stage II	15,200
Szczecin – Oxygen	14,100
<b>Total office projects</b>	<b>52,500</b>

\* The Capital Group owns 50% shares in the project (area indicated in the table corresponds to the 50% share)

### Alphabetical list of projects in implementation and preparation stages:

#### Gdańsk, Tryton project

The Company is planning to develop office space on the property situated in Gdańsk in ul. Jana z Kolna. An A-class building designed by the Arch-Deco architectural design studio will provide approx. 22,000 sq. m of leasable area. At present, there are administrative procedures aimed at obtaining required permits and design works. The investment is to start in H1, 2012 and the building will be made available to the lessees in H1 2014.

#### Katowice, project in ul. Francuska

The Company is planning to develop a business park with the leasable area of approx. 31,000 sq. m on the land situated in Katowice at the intersection of al. Górnośląska and ul. Francuska. The facility, designed by the DDJM architectural design studio, will be constructed in three stages. At present, there are administrative procedures aimed at obtaining a building permit for the office complex. The execution of stage I of the investment is to be launched in H1, 2012. The first stage of the investment will be put into service in H2, 2013.

#### Cracow, project in ul. Opolska

The Company is planning to develop an A-class office building with the leasable area of approx. 58,000 sq. m on the property situated in Cracow in ul. Opolska and ul. 29 Listopada. At present, there are administrative procedures aimed at obtaining a building permit for the office complex. The facility will be constructed in three stages, project implementation will begin in H1, 2012, whereas stage I is to be completed in H2, 2013.

#### Łódź, Aurus project

The Company is planning to develop two A-class office buildings with total leasable area of approx. 19,000 sq. m on the property situated in Łódź in ul. Piłsudskiego. The project is to be implemented in two stages. The first stage is to be completed in 2013. A decision to start the execution will be made in consideration of the situation on the office space market in Łódź.

#### Poznań, Malta Office Park project

In 2011, the execution of stage III of the investment, which started at the end of 2010, continued. A building with the area of approx. 6,500 sq. m will be leased at the end of this year. The leasable area of the whole complex is approx. 29,000 sq. m.

#### Warsaw, project in ul. Beethovena

The Company is planning to develop an office park with total leasable area of approx. 60,000 sq. m on the property situated in Warsaw in ul. Beethovena. The project is to be implemented in three stages. The construction of the first stage is to start in H2, 2012.

#### Warsaw, project in ul. Konstruktorska

The Company is planning to develop an office park with total leasable area of approx. 34,000 sq. m on the property situated in Warsaw in ul. Konstruktorska. The project is to start in H2, 2012.

#### Wrocław, project in ul. Swobodna

Construction of office buildings on the property situated in ul. Swobodna in Wrocław continued in Q3, 2011. The first stage of the project with the leasable area of approx. 15,700 sq. m is to be completed in H2, 2012. The leasable area of the whole project will be approx. 25,200 sq. m.



## **THE HOTEL SEGMENT**

Many years' experience and renowned partners form a stable basis for the company's activity on the hotel market. In recent years, Echo Investment S.A. dealt with complex construction of hotels for key customers and operated as the general investment contractor. The Capital Group carried out projects in the hotel segment in cooperation with international hotel chains: the French groups Accor and Envergure and the Norwegian group Qubus. Hotels constructed by the Group currently operate in Warsaw, Kielce, Krakow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze and Gliwice. In the future, the Company intends to implement hotel projects in cooperation with international hotel operators.

### **Łódź, Novotel hotel**

Pursuant to the General Contracting Agreement concluded in 2009, a Novotel class hotel with the area of approx. 7,200 sq. m will be developed on the property situated in ul. Piłsudska in Łódź. The facility is to be completed in H1, 2013.

## **THE HOUSING SEGMENT**

As for the housing segment, the Capital Group carries out investments of various categories: from luxurious apartment buildings, through top and medium standard residential buildings, to complexes of detached houses.

### **Alphabetical list of projects in implementation and preparation stages:**

#### **Vicinity of Kielce, complex of detached houses in Bilcza**

In Q3, 2011, the sale of properties forming the complex of detached houses (Bilcza II) continued; it was designed by the architectural design studio Konsorcjum Pisarczyk & Tracz Architekci from Kielce. The offer comprises the sale of 122 (about 130,000 sq. m) developed plots with ready house designs. 94% of the project has been sold.

#### **Vicinity of Kielce, complex of detached houses in Dyminy**

The Company continued developing the infrastructure for the first stage of the project comprising a complex of detached houses in Dyminy near Kielce. The complex designed by the StoMM Architektura Maciej Stoczkiewicz architectural design studio from Kielce will comprise about 180 plots (approx. 160,000 sq. m) on sale. The plots are sold together with house designs.

#### **Cracow, Dom Pod Słowikiem, project in ul. Krasickiego**

Construction of the residential and service facility developed on the property situated in Cracow in ul. Krasickiego continued in Q3, 2011 (area for sale of approx. 5,200 sq. m). The building, designed by the architectural design studio Studio S – Biuro Architektoniczne Szymanowski from Krakow, will comprise approx. (85 apartments). The project is to be completed mid-2012.

#### **Cracow, project in ul. Korzeniowskiego**

The Company is planning to develop a residential project in Cracow in ul. Korzeniowskiego. The building was designed by The Blok design studio, it will cover an area of approx. 3,000 sq. m (40 apartments). Currently, the project is at the stage of obtaining administrative permits. The execution of the project is due to start in mid-2012 and it is to be completed by the end of 2013.

#### **Cracow, project in ul. Tyniecka and ul. Czarodziejska**

The Company is planning to develop residential buildings on the property situated in Cracow in ul. Tyniecka. It will offer the area for sale of approx. 5,200 sq. m (about 50 apartments). The procurement of administrative permits and the start of project execution are due at the beginning of 2013.

#### **Cracow, project in ul. Bronowicka**

The Company is planning to develop a residential building with the area for sale of approx. 3,000 sq. m on the property situated in Cracow in ul. Bronowicka. Construction works are to be launched at the beginning of 2012. Project implementation is to be completed in Q4, 2013.

#### **Cracow, project in ul. Kilińskiego**

The Company owns a plot of 1,100 sq. m in ul. Kilińskiego in Cracow. The land use concept for this property provided for constructing an intimate residential facility. However, due to a small scale of the project, the Company resigned from its implementation and decided to sell the property after administrative permits have been gained.

#### **Łódź, project in ul. Okopowa**

The preparation process for constructing residential buildings continued. The buildings will be erected on a property located in ul. Okopowa and ul. Górnicza in Łódź. According to the present building concept the area for sale will be approx. 45,000 sq. m (about 700 apartments). This project will be implemented in stages. The project execution process is due to take five years, beginning at the end of 2011. A decision to start the execution will be made in consideration of the situation on the residential apartments market in Łódź.

#### **Łódź, project in ul. Wodna**

The Company is planning to develop residential houses on the property owned by the Company and situated in Łódź in ul. Wodna. The new concept provides for delivering about 200 apartments with the total area for sale of approx. 14,000 sq. m. The Company

obtained land use conditions which allow for the investment to be implemented. At present, the project is at the stage of obtaining the building permit, this should be completed at the end of 2011. The project will be implemented in stages. The project implementation is to start at the beginning of 2012 and it is to be completed in 2014. A decision to start the execution will be made in consideration of the situation on the residential apartments market in Łódź.

#### **Poznań, Osiedle Naramowice, Pod Klonami**

The construction of a multi-family facility "Pod Klonami" continued in Q3, 2011. All the while, the company also completed preparation works before implementing a single-family project of the same name. The residential complex was designed by the architectural design studio Archikwadrat Sp. z o.o. from Poznań, it will offer an area for sale of approx. 15,000 sq. m. The multi-family project will be completed in H2, 2012. The single-family project will be carried out for approx. two years, starting from the end of 2011. The Echo Investment Capital Group owns reserve land which will allow for constructing further stages of Osiedle Naramowice.

#### **Poznań, Kasztanowa Aleja, project in ul. Wojskowa**

Construction works continued within the project Kasztanowa Aleja in Poznań in ul. Wojskowa (over 17,000 sq. m in two stages). The project has been implemented since the beginning of 2010. The first stage of the project is to be completed at the end of 2011, whereas the second stage will be completed by the end of 2013.

#### **Wrocław, project in ul. Litewska and ul. Grudzieniec**

Activities were carried out with the aim of preparing the sale of plots comprising the property in ul. Litewska and ul. Grudzieniec in Poznań. The total area of the plots to be sold is nearly 14,000 sq. m. The plots will be sold together with prepared designs. It has been assumed that the sale will begin in H2, 2012 and will continue for sixteen months.

#### **Warsaw, Klimt House, project in ul. Kazimierzowska**

The Company continued the sale of Klimt House in Warsaw in ul. Kazimierzowska (the area for sale of approx. 5,200 sq. m). The building designed by Małga Sojka Architekci Sp. J. from Warsaw houses 60 apartments and service premises.

#### **Warsaw, "Rezydencje Leśne" in Młociński Forest**

The Company continued the construction of the infrastructure for a complex of houses in Bielany district in Warsaw (Las Młociński). 31 plots were outlined on an area of 6.3 ha. The estimated area of the plots for sale is nearly 53,000 sq. m. The project was designed by the architectural design studios W.M. Musiał Architekci Sp. z o.o. from Warsaw and StOMM Architektura Maciej Stoczkiewicz from Kielce. The project will be completed at the end of 2011.

#### **Warsaw, project in ul. Konstruktorska**

Conceptual and design works are underway related to the planned construction of an office and residential complex on an approx. 74,000 sq. m large plot purchased in H2, 2010. The apartments will have the total area of approx. 44,000 sq. m (over 700 apartments). According to the preliminary concept, the project is to be executed in four stages. The first stage is to begin in H1, 2012. The whole project is to be completed in 2019.

#### **Warsaw, project in ul. Puławska**

In Q3, 2011, the Company continued design works relating to a project located near ul. Puławska and ul. Boryszewska in Mokotów. The area of this multi-storey building is intended to reach approx. 4,700 sq. m. The facility will be built in cascade form and will serve residential and service purposes. The project is planned to start in H2, 2012.

#### **Wrocław, Przy Słowiańskim Wzgórzu, project in ul. Jedności Narodowej**

The execution of a residential housing project located in ul. Jedności Narodowej in Wrocław continued. About 200 apartments having the total area of approx. 14,000 sq. m will be developed on the property having the area of 7,400 sq. m. The project is intended to be completed in mid-2012.

#### **Wrocław, project in ul. Grota – Roweckiego**

The Company is planning to develop a residential project comprising nearly 300 apartments with the use area of approx. 19,000 sq. m on the property owned by the Company and situated in Wrocław in ul. Grota Roweckiego having the area of approx. 3 ha. This project will be implemented in stages. The first stage will be launched in early 2012, while the project will be completed in 2016.

## **FOREIGN MARKET**

### **Hungary**

#### **SHOPPING AND SHOPPING AND ENTERTAINMENT CENTRES SEGMENT**

##### **Budapest, shopping and entertainment centre Mundo**

A modern shopping and entertainment centre called MUNDO is to be developed on the property situated in the 16<sup>th</sup> District of Budapest – Zuglo (the area of approx. 6.84 ha). At present, the Company is obtaining administrative permits and works on commercialising the project. The facility having the leasable area of approx. 40,000 sq. m will be put into service in mid-2015.

### **Romania**

#### **SHOPPING AND SHOPPING AND ENTERTAINMENT CENTRES SEGMENT**

**Brasov, shopping and entertainment centre Korona**

The Echo Capital Group is planning to develop a modern shopping and entertainment centre with the leasable area of approx. 33,000 sq. m on the land owned by the Company and situated in Stadionului Street in Brasov, Romania. The Echo Capital Group has already obtained a building permit. Commercialisation of the project is still in progress. The execution of the project will begin once appropriate level of lease has been achieved and external funding has been obtained.

**Ukraine****OFFICE PROJECT SEGMENT****Kiev, project in Dehtiarivska Street**

The property in Dehtiarivska Street in Kiev will be used to construct an office park with a leasable area of approx. 100,000 sq. m. Design works relating to the office park are conducted by an architectural design studio from Kiev - Atelier. The project will be implemented in stages. It is predicted that the building permit will be obtained in mid-2012.

**7.5. Factors and events, especially unusual events, with a significant impact on the generated financial results**

1. Factors which had impact on the Company's financial result in Q3, 2011:
  - entering into final sales agreements on housing projects:
    - in Warsaw: in ul. Zeusa, ul. Inflanckiej and ul. Kazimierzowska,
    - in Kielce: Bilcza complex (second stage) – sale of plots with house designs – Maślów – sale of undeveloped plots without house designs,
  - measurement of the fair value of projects under construction and/or after they have been put into service:
    - Oxygen in Szczecin (office segment),
    - Malta Office Park in Poznań (office segment),
    - Galeria Echo in Kielce (a shopping and entertainment centre),
  - regular revenue obtained from the rent of area in offices and shopping centres;
  - sale of the office building in ul. Postępu and the market in ul. Zwycięzców as well as a shopping centre in Betchatów,
  - sale of a plot in Łódź for a hotel,
  - quarterly revaluation of the fair value of property owned by the Echo Investment Capital Group, including:
    - changes in foreign exchange rates (EUR & USD),
    - indexation of rents,
    - changing levels of net operating revenue,
    - change of capitalisation rates,
  - cost of sales and general and administrative expenses,
  - measurement of liabilities due to bonds and borrowings at adjusted purchase price,
  - measurement and realisation of adjustments to the value of loans and cash due to changing foreign exchange rates,
  - measurement and realisation of hedging financial instruments to foreign currencies,
  - interest on bank deposits and borrowings granted,
  - discounts and interest on loans and bonds.
2. Unusual events affecting Company's financial result in Q3, 2011:
  - none.

Pursuant to agreements with banks, the Capital Group performs transactions to hedge foreign exchange rates. Such transactions are conducted as part of the hedging policy in order to ensure future cash flow levels on translating tranches of loans in EUR and operating revenue.

As of 30 September 2011, due to open foreign exchange market positions, the Echo Investment Capital Group was hedged for a portion of the cash flow in the year:

- 2011: EUR 8.4 million,
- 2012: EUR 67.0 million.

Balance sheet valuation of open positions on derivatives as of 30 September 2011:

- forwards: - PLN 34 million,

The average-weighted strike for the remaining open transactions is PLN 4.1057 EUR/PLN.

Maturity periods for open hedging positions (as of 30 September 2011):

Financial instrument	Currency	Category	Balance sheet value as of 31 September 2011 (in million zloty)	Denomination (EUR '000,000)	Q4 2011 denomination (EUR '000,000)	H1 2012 denomination (EUR '000,000)
Forward	EUR/PLN		-34.0	75.4	8.4	67.0

## 7.6. Information on Capital Group segments

The Capital Group generates revenue from the rent of its commercial space, sale of apartments, constructing facilities and providing property management services. Structure of the generated revenue:

Operating results obtained in Q1-Q3, 2011, by segments:

Item	Revenue [PLN '000,000]	% share	Costs [PLN '000,000]	% share
shopping and shopping and entertainment centres	211.6	72.5%	62.7	58.3%
residential area	20.0	6.9%	14.4	13.4%
offices and hotels	51.0	17.5%	24.7	23.0%
not classified	9.1	3.1%	5.7	5.3%
<b>Total operating result</b>	<b>291.7</b>	<b>100.0%</b>	<b>107.5</b>	<b>100.0%</b>

In Q3, 2011, the Capital Group did not change the basis for segmentation, the sum of segments' assets did not significantly change in comparison to data presented in the 2010 report.

## 7.7. Explanations concerning the seasonal and cyclical nature of the Capital Group's activity in the reported period

The Capital Group's activity covers a few segments of the real estate market. It has a portfolio of assets held for lease, regularly completes and sells residential facilities, provides property management services, which guarantees comparable revenue in each quarter. By contrast, revenue due general investment contractor services and property trade may appear in an irregular manner. The Management Board cannot exclude other one-time events which may influence results obtained in a given period.

## 7.8. Information about the issue, redemption and repayment of debt securities and equity securities

Apart from own resources and loans, current activities of the Capital Group are also funded through the issue of debt financial instruments. At present, the Company actively conducts a programme of issuing both long-term and short-term bonds.

The Company issued bonds pursuant to agreements signed with BRE Bank S.A. in 2004 under the Bond Issue Programme and further annexes. The table below presents liabilities due to the issued bonds as of the reporting day:

Bank	Instrument type	Amount used [PLN '000]	Bond maturity
BRE Bank SA	Bonds	115,000	18 May 2012
BRE Bank SA	Bonds	150,000	29 March 2013
BRE Bank SA	Bonds	100,000	25 May 2013
BRE Bank SA	Bonds	300,000	30 June 2014
BRE Bank SA	Bonds	145,000	11 February 2016

As of 30 September 2011, the maximum total nominal value of all bonds issued by Echo Investment S.A. could not exceed PLN 1 billion. Pursuant to the Sale Guarantee Agreement and the Agreement to Establish the Guarantee Rate signed with BRE Bank S.A. under the Issue Programme, the bank undertook to purchase bonds issued by the Company which were not covered by other investors, up to PLN 35 million.

## 7.9. Information on paid (or declared) dividend

The Company did not pay any dividend in previous years and did not declare such payment in the current period or in the near future.

## 7.10. Events which occurred after the day of drawing up these quarterly financial statements which were not recognised in the statements and which may have a significant impact on future financial results of the Capital Group

### Agreements for the transfer of holdings in subsidiaries

The following agreements for the transfer of holdings were concluded on 18 October 2011:

1/ Pursuant to the agreement for the transfer of holdings in the company Zakład Ogrodniczy "Naramowice" Sp. z o.o., a subsidiary of the Issuer (Company), Echo Investment S.A. with its registered office in Kielce (Seller), on 18 October 2011 sold to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Buyer), 189,900 (one hundred and eighty-nine thousand, nine hundred) shares of the Company having the face value of PLN 100 (one hundred) each and the total face value of PLN 18,990,000. The agreement value is in compliance with the book value of the shares, i.e. PLN 1,146,996.

Apart from the Seller, 1 share in the Company is held by Olympus Prime sp. z o.o., a subsidiary of the Issuer.

2/ Pursuant to the agreement for the transfer of holdings in the company "Astra Park" spółka z o.o. with its registered office in Kielce, a subsidiary of the Issuer (Company), Echo Investment S.A. with its registered office in Kielce (Seller), on 18 October 2011 sold to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Buyer), 738,000 (seven hundred and thirty-eight thousand) shares of the Company having the face value of PLN 50 (fifty) each and the total face value of PLN 36,900,000. The agreement value is in compliance with the book value of the shares, i.e. PLN 25,977,600.

Apart from the Seller, 1 share in the Company is held by Grupa Echo sp. z o.o., a subsidiary of the Issuer.

3/ Pursuant to the agreement for the transfer of holdings in the company "Projekt Naramowice Poznań" spółka z ograniczoną odpowiedzialnością with its registered office in Kielce, a subsidiary of the Issuer (Company), "Echo – Aurus" Sp. z o.o. with its registered office in Kielce, a subsidiary of the Issuer (Seller), on 18 October 2011 sold to Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Buyer), 3,138,580 (three million, one hundred and thirty-eight thousand, five hundred and eighty) shares of the Company having the face value of PLN 50 (fifty) each and the total face value of PLN 156,929,000. The agreement value is in compliance with the book value of the shares, i.e. PLN 151,405,099.20.

Apart from the Seller, the Company's shares are held by: Grupa Echo sp. z o.o., (20 shares) and Echo Investment S.A. (1,000 shares);

Before the afore-mentioned agreements had been signed, the transferred assets were used in construction and financial activities. The Purchaser intends to continue those activities. The company Barconsel Holdings Limited intends to treat the assets bought in the Companies as a short-term capital deposit.

The agreements for the transfer of holdings in the three above-mentioned Companies were concluded to perform the Resolution of the shareholders of the company Barconsel Holdings Limited with its registered office in Nicosia to raise the share capital by way of issuing 2,250 shares having the face value of EUR 1 and paying for it with a non-cash contribution in the form of shares of the above-mentioned Companies, of which the Issuer purchased 342 shares and the Issuer's subsidiary, the company "Echo – Aurus" Sp. z o.o., purchased 1,908 shares. The total price of purchasing the newly issued shares is EUR 40,470,993.85, which as of the date of drawing up this report is equivalent to PLN 176,044,776.10.

After raising the capital, shares in the company Barconsel Holdings Limited are held by:

- the Issuer holds 6,169 shares representing 24% of the share capital and vested with 24% of votes at the shareholders' meeting;
- the Issuer's subsidiary, the company Echo – SPV 7 Sp. z o.o., holds 13,080 shares representing 52% of the share capital and vested with 52% of votes at the shareholders' meeting;
- the Issuer's subsidiary, the company Echo – Aurus Sp. z o.o., holds 6,001 shares representing 24% of the share capital and vested with 24% of votes at the shareholders' meeting.

### Agreements for the transfer of holdings in subsidiaries

The following agreements for the transfer of holdings were concluded on 25 October 2011:

1/ Pursuant to the agreement for the transfer of holdings in the company "Echo – Metropolis" spółka z ograniczoną odpowiedzialnością with its registered office in Kielce, a subsidiary of the Issuer (Company), Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Seller), on 25 October 2011 sold to "Forum XXXIV Fundusz Inwestycyjny Zamknięty" with its registered office in Cracow (Buyer, Fund) 1,213,238 (one million, two hundred and thirteen thousand, two hundred and thirty-eight) shares of the Company having the face value of PLN 50 (fifty) each and having the total face value of PLN 60,661,900 (sixty million, six hundred and sixty-one thousand, nine hundred).

The book value of these shares in the books of account of the company Barconsel Holdings Limited stood at EUR 15,241,575, which as of the date of drawing up this report was equivalent to PLN 66,738,284.

Apart from the Seller, the Company's shares are held by: the Buyer (so far 796,760 shares), Echo Investment SA (1 share) and Grupa Echo sp. z o.o. (1 share), a subsidiary of the Issuer.

2/ Pursuant to the agreement for the transfer of holdings in the company "Astra Park" spółka z o.o. with its registered office in Kielce, a subsidiary of the Issuer (Company), Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Seller), on 25 October 2011 sold to "Forum XXXIV Fundusz Inwestycyjny Zamknięty" with its registered office in Cracow (Buyer, Fund), 738,000 (seven hundred and thirty-eight thousand) shares of the Company having the face value of PLN 50 (fifty) each and the total face value of PLN 36,900,000.

The book value of these shares in the books of account of the company Barconsel Holdings Limited stood at EUR 5,888,876, which as of the date of drawing up this report was equivalent to PLN 25,785,623.

Apart from the Seller, the Company's shares are held by: Projekt Echo - 69 sp. z o.o. (1 share) and Echo Investment S.A. (800 shares).

3/ Pursuant to the agreement for the transfer of holdings in the company Zakład Ogrodniczy "Naramowice" spółka z ograniczoną odpowiedzialnością with its registered office in Pamiątkowo, a subsidiary of the Issuer (Company), Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Seller), on 25 October 2011 sold to "Forum XXXIV Fundusz Inwestycyjny Zamknięty" with its registered office in Cracow (Buyer, Fund), 189,900 (one hundred and eighty-nine thousand, nine hundred) shares of the Company having the face value of PLN 100 (one hundred) each and the total face value of PLN 18,990,000.

The book value of these shares in the books of account of the company Barconsel Holdings Limited stood at EUR 260,013, which as of the date of drawing up this report was equivalent to PLN 1,138,520.

Apart from the Seller, the Company's shares are held by: Echo Investment SA (99 shares) and Olympus Prime sp. z o.o. (1 share), a subsidiary of the Issuer.

4/ Pursuant to the agreement for the transfer of holdings in the company "Projekt Echo - 53" spółka z ograniczoną odpowiedzialnością with its registered office in Kielce, a subsidiary of the Issuer (Company), Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Seller), on 25 October 2011 sold to "Forum XXXIV Fundusz Inwestycyjny Zamknięty" with its registered office in Cracow (Buyer, Fund), 1,029,279 (one million, twenty-nine thousand, two hundred and seventy-nine) shares of the Company having the face value of PLN 50 (fifty) each and the total face value of PLN 51,463,950.

The book value of these shares in the books of account of the company Barconsel Holdings Limited stood at EUR 13,204,445, which as of the date of drawing up this report was equivalent to PLN 57,818,303.

Apart from the Seller, the Company's shares are held by: the Buyer (so far 950,466 shares), Echo Investment SA (999 shares) and Grupa Echo sp. z o.o. (1 share).

5/ Pursuant to the agreement for the transfer of holdings in the company "Projekt Naramowice Poznań" spółka z ograniczoną odpowiedzialnością with its registered office in Kielce, a subsidiary of the Issuer (Company), Barconsel Holdings Limited with its registered office in Nicosia (Cyprus), a subsidiary of the Issuer (Seller), on 25 October 2011 sold to "Forum XXXIV Fundusz Inwestycyjny Zamknięty" with its registered office in Cracow (Buyer, Fund), 3,138,580 (three million, one hundred and thirty-eight thousand, five hundred and eighty) shares of the Company having the face value of PLN 50 (fifty) each and the total face value of PLN 156,929,000. The book value of these shares in the books of account of the company Barconsel Holdings Limited stood at EUR 34,322,104, which as of the date of drawing up this report was equivalent to PLN 150,286,197.

Apart from the Seller, the Company's shares are held by: Echo Investment SA (1,000 shares) and Grupa Echo sp. z o.o. (20 shares)

The agreements for the transfer of holdings in the above-mentioned subsidiaries result from the execution of the declaration on subscription for the Fund's investment certificates of the third issue issued by FORUM XXXIV Fundusz Inwestycyjny Zamknięty with its registered office in Cracow and paying for them with a non-cash contribution in the form of shares in the above-mentioned companies.

All in all, within the subscription for the investment certificates issued by Forum XXXIV Fundusz Inwestycyjny Zamknięty, the subsidiary Barconsel Holdings Limited subscribed for 11,764 investment certificates.

The total issue price of the certificates subscribed for was PLN 296,241,048.

Barconsel Holdings Limited intends to treat the investment certificates acquired as a long-term capital investment.

The transfer of those assets forms part of restructuring in the Echo Investment Capital Group, which will optimise the management of project portfolio in the Issuer's Capital Group in terms of costs and taxes as well as allow for acquisition and implementation of new projects.

#### **Agreement for the sale of the shopping centre in Pabianice**

On 27 October 2011 Issuer's subsidiaries, the company under the business name "PPR - Projekt Echo - 77" spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna with its registered office in Kielce (Seller), and the company under the business name PH 3 spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna with its registered office in Warsaw (Buyer), entered into an agreement for the sale of the right of usufruct to the plots of land situated in Pabianice in ul. Zamkowa 31 and the right of ownership to the buildings and other structures developed on those plots (Pabianice shopping centre).

The total selling price of the Pabianice shopping centre stands at EUR 23,848,300 plus due and payable VAT, which as of the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, was equivalent to PLN 104,589,200 net.

The book value of the assets sold in the consolidated financial statements of the Issuer's Capital Group in conformity with the IAS stands at PLN 80,114,000.

In addition, having regard to the above-mentioned sale transaction, the Issuer repaid some of the investment loan related to the shopping centre in Pabianice in the amount of EUR 530,000, which as of the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, was equivalent to PLN 2,322,000.

The balance of the loan due for repayment as of the date of publishing this report stands at EUR 20,700,000, which is equivalent to PLN 90,782,000. The relevant loan agreement was entered into on 23 January 2004 (current report no. 3/2004) and it provided financing for three shopping centres: in Radom, in Piotrków and in Pabianice.

The Issuer will earmark the funds raised from the sale of the Pabianice shopping centre for securing the sources of financing for projects ready for implementation. As a result, the Issuer's Management Board maintains its position expressed in current report dated 22 September 2011 (current report no. 44/2011).

## 7.11. Information regarding changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year.

### 7.11.1. Surety agreements

The following table presents surety agreements to which Echo Investment S.A. was party as of 30 September 2011:

Surety to	Value [PLN '000]	Validity period	Regarding
EUROHYPO AG	PLN 441,120	shall remain in force until the Loan Conversion Date but for a period not exceeding 31 March 2012	Surety for the liabilities of Echo – Galeria Kielce Sp. z o.o. under the loan agreement of 6 October 2009 with Bank Eurohypo AG with its registered office in Eschborn (Germany) The surety was concluded in the euro.
NORDEA BANK POLSKA SA	PLN 64,404	shall remain in force until the project is completed but for a period not exceeding 31 December 2013.	Surety for the liabilities of Echo-Oxygen Sp. z o.o. under the loan agreement of 27 September 2010 with Bank Nordea Bank Polska S.A. The surety was concluded in the euro.

\* See also Section 7.19 of this report.



### 7.11.2. Guarantee agreements

The following table presents guarantees valid as of 30 September 2011:

Guarantor	Value [PLN '000]	Validity period	Regarding
Echo Investment S.A.	PLN 7,300	until the repayment of liabilities under the loan agreement of 22 June 2009	Security on exceeded costs of the execution of stage II of Malta Office Park
PKO BP SA	PLN 1,100	until 31 December 2011	Security on payment to Master Serwis Opon Sp. z o.o. ordered by a court decision
Echo Investment S.A.	PLN 17,768	shall remain in force until the investment is completed but for a period not exceeding 31 December 2013	Security on insufficient funds or exceeded costs of constructing the office building Oxygen in Szczecin
PKO BP SA	PLN 200	until 15 April 2012	Security for non-performance or ill-performance of all obligations towards Fortis Bank Polska SA under a finishing works agreement of 15 December 2010
PKO BP SA	PLN 4,073	until 24 March 2013	Security for non-performance or ill-performance of all obligations towards Orbis SA under the conditional General Contracting Agreement dated 4 September 2008
PKO BP SA	PLN 500	until 29 February 2012	Security for non-performance of obligations towards PGE Dystrybucja SA under agreement no. 12164/102010 for connection to the distribution network dated 8 March 2011
PKO BP SA	PLN 500	until 29 February 2012	Security for non-performance of obligations towards PGE Dystrybucja SA under agreement no. 12146/102010 for connection to the distribution network dated 8 March 2011
PKO BP SA	PLN 500	until 29 February 2012	Security for non-performance of obligations towards PGE Dystrybucja SA under agreement no. 12168/102010 for connection to the distribution network dated 8 March 2011
PKO BP SA	PLN 500	until 29 February 2012	Security for non-performance of obligations towards PGE Dystrybucja SA under agreement no. 12152/102010 for connection to the distribution network dated 8 March 2011
PKO BP SA	PLN 324	until 29 August 2012	Security for non-performance of obligations towards PGE Dystrybucja SA under agreement no. 1091/1/RP2/2009 for connection to the distribution network dated 12 May 2011
PKO BP SA	PLN 434	until 29 August 2012	Security for non-performance of obligations towards PGE Dystrybucja SA under agreement no. 1091/2/RP2/2009 for connection to the distribution network dated 12 May 2011
PKO BP SA	PLN 196	until 31 August 12	Security for non-performance of obligations towards ImmoPoland Sp. z o.o. under the lease agreement dated 28 August 2009. The guarantee was issued in the euro.

1. On 7 July 2011 Bank PKO BP S.A. extended a bank guarantee to Orbis S.A. as security for non-performance or ill-performance by Echo Investment SA of obligations under the conditional General Contracting Agreement dated 4 September 2008. The guarantee amount stands at PLN 4,073,376.00. The Guarantee shall remain in force until 24 March 2013.



2. On 26 July 2011 Bank PKO BP S.A. extended a bank guarantee to PGE Dystrybucja SA as security for non-performance by Galeria Olimpia – Projekt Echo – 98 Spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna (subsidiary) of obligations under agreement no. 12164/102010 for connection to the distribution network dated 8 March 2011. The guarantee amount stands at PLN 500,000.00. The Guarantee shall remain in force until 29 February 2012.
3. On 26 July 2011 Bank PKO BP S.A. extended a bank guarantee to PGE Dystrybucja SA as security for non-performance by Galeria Olimpia – Projekt Echo – 98 Spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna (subsidiary) of obligations under agreement no. 12146/102010 for connection to the distribution network dated 8 March 2011. The guarantee amount stands at PLN 500,000.00. The Guarantee shall remain in force until 29 February 2012.
4. On 26 July 2011 Bank PKO BP S.A. extended a bank guarantee to PGE Dystrybucja SA as security for non-performance by Galeria Olimpia – Projekt Echo – 98 Spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna (subsidiary) of obligations under agreement no. 12168/102010 for connection to the distribution network dated 8 March 2011. The guarantee amount stands at PLN 500,000.00. The Guarantee shall remain in force until 29 February 2012.
5. On 26 July 2011 Bank PKO BP S.A. extended a bank guarantee to PGE Dystrybucja SA as security for non-performance by Galeria Olimpia – Projekt Echo – 98 Spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna (subsidiary) of obligations under agreement no. 12152/102010 for connection to the distribution network dated 8 March 2011. The guarantee amount stands at PLN 500,000.00. The Guarantee shall remain in force until 29 February 2012.
6. On 26 July 2011 Bank PKO BP S.A. extended a bank guarantee to PGE Dystrybucja SA as security for non-performance by Veneda – Projekt Echo – 97 Spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna (subsidiary) of obligations under agreement no. 1091/1/RP2/2009 for connection to the distribution network dated 12 May 2011. The guarantee amount stands at PLN 323,620.00. The Guarantee shall remain in force until 29 August 2012.
7. On 26 July 2011 Bank PKO BP S.A. extended a bank guarantee to PGE Dystrybucja SA as security for non-performance by Veneda – Projekt Echo – 97 Spółka z ograniczoną odpowiedzialnością spółka komandytowo - akcyjna (subsidiary) of obligations under agreement no. 1091/2/RP2/2009 for connection to the distribution network dated 12 May 2011. The guarantee amount stands at PLN 433,620.00. The Guarantee shall remain in force until 29 August 2012.
8. On 24 August 2011 Bank PKO BP S.A. extended a bank guarantee to ImmoPoland Sp. z o.o. as security for non-performance by Echo Investment SA of obligations under the lease agreement dated 18 August 2009. The guarantee amount stands at EUR 44,355.08 (which as of the date of issuing the guarantee, according to the average exchange rate of the National Bank of Poland, was equivalent to PLN 184,521.57). The Guarantee shall remain in force until 31 August 2012.

## 7.12. Composition of the Echo Investment Capital Group

The most important entity in the Capital Group structure is Echo Investment S.A., which is the owner of other entities in the group and supervises, co-implements and raises finance for the implementation of construction projects carried out by the Group. Companies which form the Group have been established or purchased in order to perform certain investment tasks and do not conduct any business activities other than those which follow from the process of implementing a particular project and which are related to providing lease services regarding assets linked to completed projects or other services.

As of 30 September 2011, the Echo Investment Capital Group comprises 77 fully consolidated subsidiaries and one jointly-controlled company consolidated by means of the pro-rata method.

Subsidiaries:

Company name	Registered office	% share of the capital	Parent
"47 – Grupa Echo Sp. z o.o." S.k.a. (former "Projekt Echo - 47" Sp. z o.o.)	Kielce	100%	XXXIV FIZ Forum
"Athina Park - Projekt Echo – 93 Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Avatar - Projekt Echo – 93 Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Barconsel Holdings" Ltd	Nicosia	100%	Echo – SPV 7
"Bełchatów – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Budivelnuy Soyuz Monolit" LLC	Kiev	100%	Yevrobudgarant LLC
"Echo – Arena" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo – Arena Sp. z o.o." Sp. kom.	Kielce	100%	Echo Investment S.A.
"Echo – Aurus" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Echo – Galaxy" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo – Galeria Kielce" Sp. z o.o.	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
"Echo – Galeria Lublin" Sp. z o.o.	Lublin	100%	Echo Investment S.A.
"Echo – Kasztanowa Aleja" Sp. z o.o.	Kielce	100%	Echo Investment S.A.

"Echo – Kasztanowa Aleja Sp. z o.o." Sp. kom.	Kielce	100%	Echo Investment S.A.
Company name	Registered office	% share of the capital	Parent
"Echo – Klimt House" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo – Klimt House Sp. z o.o." Sp. z kom.	Kielce	100%	Echo Investment S.A.
"Echo – Metropolis" Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
"Echo – Pasaż Grunwaldzki" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo – Project Management Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo – Przy Słowiańskim Wzgórzu" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo – Przy Słowiańskim Wzgórzu" Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
"Echo – SPV 7" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Echo Investment ACC - Grupa Echo Sp. z o.o." Sp. kom. (former "ACC - Grupa Echo Sp. z o.o." Sp. kom.)	Kielce	100%	Echo Investment S.A.
"Echo Investment Facility Management - Grupa Echo Sp. z o.o." Sp. kom. (former "Echo Facility Management - Grupa Echo Sp. z o.o." Sp. kom.)	Kielce	100%	Echo Investment S.A.
"Echo Investment Hungary Ingatlanhasznosító" Kft.	Budapest	100%	Echo Investment S.A.
"Echo Investment Project 1" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Project Management" S.R.L.	Bucharest	100%	Echo Investment S.A.
"Echo Investment Property Management – Grupa Echo Sp. z o.o." Sp. kom. (former "Est-On – Grupa Echo Sp. z o.o." Sp. kom.)	Kielce	100%	Echo Investment S.A.
"Echo Investment Ukraine" LLC	Kiev	100%	Echo Investment S.A.
"El – Project Cyp - 1" Ltd	Nicosia	100%	Echo Investment S.A.
"Galaxy – Grupa Echo Sp. z o.o." S.k.a.	Szczecin	100%	XXIX FIZ Forum
"Galeria Olimpia – Projekt Echo – 98 Sp. z o.o." S.k.a. (former "Projekt Echo - 55" Sp. z o.o.)	Kielce	100%	XXXIV FIZ Forum
"Galeria Sudecka - Projekt Echo - 43 Sp. z o.o." S.k.a.	Jelenia Góra	100%	XXIX FIZ Forum
"Galeria Tarnów – Projekt Echo – 43 Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Grupa Echo" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Grupa Echo Sp. z o.o. - 1" S.k.a.	Kielce	100%	XXIX FIZ Forum
"Malta Office Park - Projekt Echo - 96 Sp. z o.o." S.k.a.	Kielce	100%	XXXIV FIZ Forum
"Olympus Prime" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Oxygen – Projekt Echo – 95 Sp. z o.o." S.k.a. (former "Echo – Oxygen" Sp. z o.o.)	Kielce	100%	XXIX FIZ Forum
"Park Postępu - Projekt Echo - 93 Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Pasaż Grunwaldzki – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"PHS – Projekt CS Sp. z o.o." S.k.a.	Szczecin	100%	XXIX FIZ Forum
"PPR - Projekt Echo – 77 Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Princess Investment" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt CS" Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
"Projekt Echo - 30" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 39" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 43" Sp. z o.o.	Kielce	100%	Echo Investment S.A.

"Projekt Echo - 53" Sp. z o.o.	Kielce	100%	Barconsel Holdings Ltd
Company name	Registered office	% share of the capital	Parent
"Projekt Echo - 58" Sp. z o.o.	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
"Projekt Echo - 59" Sp. z o.o.	Kielce	100%	Echo – Aurus Sp. z o.o.
"Projekt Echo - 67" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 69" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 70" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 77" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 93" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 94" Sp. z o.o.	Kielce	100%	Projekt Naramowice Poznań Sp. z o.o.
"Projekt Echo - 94 Sp. z o.o." Sp. kom.	Kielce	100%	Projekt Naramowice Poznań Sp. z o.o.
"Projekt Echo - 95" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 96" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 97" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 98" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Echo - 99" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
"Projekt Naramowice Poznań" Sp. z o.o.	Kielce	100%	Echo – Aurus Sp. z o.o.
"Projekt S" Sp. z o.o.	Kielce	95%	Echo Investment S.A.
"Projekt 3 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	XXXIV FIZ Forum
"Projekt 4 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	XXXIV FIZ Forum
"Projekt 5 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	XXXIV FIZ Forum
"Projekt 6 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"Projekt 7 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	XXIX FIZ Forum
"SPV – 1" Sp. z o.o.	Kielce	100%	XXIX FIZ Forum
"Ultra Marina" Sp. z o.o.	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
"Veneda – Projekt Echo -97 Sp. z o.o." S.k.a. (former "Echo – Veneda" Sp. z o.o.)	Kielce	100%	XXXIV FIZ Forum
"Yevrobudgarant" LLC	Kiev	100%	EI – Project Cyp - 1 Ltd
"Zakłady Ogrodnicze Naramowice" Sp. z o.o.	Poznań	100%	Echo Investment S.A.

The jointly-controlled entity is "Wan 11" Spółka z o.o. with its registered office in Warsaw.

All certificates issued by XXIX FIZ Forum and XXXIV FIZ Forum are held by companies from the Echo Investment Capital Group.

### **7.13. Effects of changes in the structure of the business unit, including business mergers, acquisitions or disposals of the Capital Group's entities, long-term investments, de-mergers, restructuring and discontinuation of activity**

#### **Registration of a merger between subsidiaries**

On 4 August 2011, the Issuer received a decision from the District Court in Kielce, 10th Commercial Division of the National Court Register, under which, on 28 July 2011, amendments in the amount and structure of the share capital of Echo – Aurus Sp. z o.o., with registered office in Kielce, were registered.

As of the registration day, the subsidiary Echo – Aurus Sp. z o.o. ("Acquiring Company") merged with the Issuer's subsidiaries:

- "Echo - SPV 12" Sp. z o.o. with its registered office in Kielce,
- "MDP" Sp. z o.o. with its registered office in Kielce,
- "Echo – Kielce 1" Sp. z o.o. with its registered office in Kielce,
- "Echo – Property Poznań 1" Sp. z o.o. with its registered office in Kielce,
- "Projekt Naramowice" Sp. z o.o. with its registered office in Kielce,
- "Princess Boryszewska" Sp. z o.o. with its registered office in Kielce (later referred to as "Acquired Companies").

The merger involved a transfer of all assets of the Acquired Companies to the Acquiring Company and a simultaneous increase in the Acquiring Company's share capital by creation of shares awarded to existing shareholders of the Acquired Companies in exchange for their shares in the Acquired Companies.

The fixed value of the holdings of the Acquired Companies in the Issuer's and its subsidiaries' accounting books:

- "Echo - SPV 12" Sp. z o.o. with its registered office in Kielce: PLN 85,182,000,
- "MDP" Sp. z o.o. with its registered office in Kielce: PLN 21,747,000,
- "Echo – Kielce 1" Sp. z o.o. with its registered office in Kielce: PLN 8,369,000,
- "Echo – Property Poznań 1" Sp. z o.o. with its registered office in Kielce: PLN 8,763,000,
- "Projekt Naramowice" Sp. z o.o. with its registered office in Kielce: PLN 3,542,000,
- "Princess Boryszewska" Sp. z o.o. with its registered office in Kielce: PLN 2,000.

The assets of the Acquired Companies were used for conducting and funding development activity. The Acquiring Company will continue the business of the Acquired Companies and will use the transferred assets as before.

Before the registration the share capital of the company "Echo – Aurus" Sp. z o.o. amounted to PLN 50,000 and was divided into 100 shares with the face value of PLN 500 each.

As of the date of registering these changes, the share capital of the company "Echo – Aurus" Sp. z o.o. amounts to PLN 138,940,000 and is divided into 277,880 shares with the face value of PLN 500 each. The overall number of votes vested with the holdings is 277,880 votes at the shareholders' meeting.

Following the registration of the merger, the ownership structure of Echo – Aurus Sp. z o.o. is as follows:

- Echo Investment SA holds 272,176 holdings with a total value of PLN 136,088,000, vested with 272,176 votes at the shareholders' meeting, representing 97.95% of the share capital,
- the Issuer's subsidiary Zakład Ogrodniczy Naramowice Sp. z o.o., with its registered office in Kielce, holds 5,674 holdings with a total value of PLN 2,837,000, vested with 5,674 votes at the shareholders' meeting, representing 2.04% of the share capital,
- the Issuer's subsidiary "Grupa Echo" Sp. z o.o., with its registered office in Kielce, holds 29 holdings with a total value of PLN 14,500 vested with 29 votes at the shareholders' meeting, representing 0.01% of the share capital,
- the Issuer's subsidiary "Echo – SPV 7" Sp. z o.o., with its registered office in Kielce, holds 1 holding with a nominal value of PLN 500, vested with 5,674 votes at the shareholders' meeting, representing 0.00% of the share capital.

#### **I. The Echo Investment S.A. Capital Group grew to comprise the following companies:**

- on 29 August 2011, the District Court in Kielce registered a new company "Projekt 3 - Grupa Echo spółka z ograniczoną odpowiedzialnością" S. K. A. with its registered office in Kielce. The company's share capital is PLN 50,000,
- on 6 September 2011, the District Court in Kielce registered a new company "Projekt 4 - Grupa Echo spółka z ograniczoną odpowiedzialnością" S. K. A. with its registered office in Kielce. The company's share capital is PLN 50,000,
- on 27 July 2011, the District Court in Kielce registered a new company "Projekt 5 - Grupa Echo spółka z ograniczoną odpowiedzialnością" S. K. A. with its registered office in Kielce. The company's share capital is PLN 50,000,

- on 16 September 2011, the District Court in Kielce registered a new company "Projekt 6 - Grupa Echo spółka z ograniczoną odpowiedzialnością" S. K. A. with its registered office in Kielce. The company's share capital is PLN 50,000,
- on 30 September 2011, the District Court in Kielce registered a new company "Projekt 7 - Grupa Echo spółka z ograniczoną odpowiedzialnością" S. K. A. with its registered office in Kielce. The company's share capital is PLN 50,000,
- on 1 August 2011, the District Court in Kielce registered a new company "Projekt Echo 67 spółka z ograniczoną odpowiedzialnością" spółka komandytowa with its registered office in Kielce.
- on 14 July 2011, 100% holdings were purchased in Projekt Echo - 99 Sp. z o.o. with its registered office in Kielce. The total purchase price was PLN 95,637. The company's share capital is PLN 25,000,
- on 9 September 2011, 100% holdings were purchased in Astra Park Sp. z o.o. with its registered office in Kielce. The total purchase price was PLN 67,500,000. The company's share capital is PLN 36,940,050.

## II. The Echo Investment S.A. Capital Group disposed of the following companies:

- Echo - Kielce 1 sp. z o. o., Echo – SPV 12 sp. z o. o., MDP sp. z o. o., Echo – Property Poznań 1 sp. z o. o., Projekt Naramowice sp. z o. o., Princess Boryszewska sp. z o. o. – taken over by Echo – Aurus sp. z o. o. on 28 July 2011.

## III. Other transformations in companies which form the Issuer's Capital Group:

- transformation of the company "Echo - Oxygen" sp. z o. o. into "Oxygen – Projekt Echo - 95 spółka z ograniczoną odpowiedzialnością" S.K.A. (registration date: 1 July 2011),
- transformation of the company "Projekt Echo - 47" sp. z o. o. into "47 – Grupa Echo spółka z ograniczoną odpowiedzialnością" S.K.A. (registration date: 16 September 2011),
- transformation of the company "Projekt Echo – 55" sp. z o. o. into "Galeria Olimpia – Projekt Echo – 98 spółka z ograniczoną odpowiedzialnością" S.K.A. (registration date: 16 September 2011),
- transformation of the company "Echo – Veneda" sp. z o. o. into "Veneda – Projekt Echo – 97 spółka z ograniczoną odpowiedzialnością" S.K.A. (registration date: 16 September 2011),
- merger of the companies Echo - Kielce 1 sp. z o. o., Echo – SPV 12 sp. z o. o., MDP sp. z o. o., Echo – Property Poznań 1 sp. z o. o., Projekt Naramowice sp. z o. o., Princess Boryszewska sp. z o. o. with Echo – Aurus sp. z o. o. (the acquiring company) as of 28 July 2011,
- change of the company business name (due to change of the general partner) "PHS – Grupa Echo spółka z ograniczoną odpowiedzialnością" S. K. A. -> "PHS – Projekt CS spółka z ograniczoną odpowiedzialnością" S. K. A. (registration date: 15 July 2011).

### 7.14. Management Board's position regarding the possibility of fulfilment of previously published profit forecasts for a given year in light of the results disclosed in the quarterly report against the forecasted results

The Company's Management Board did not publish any financial forecasts.

### 7.15. Ownership structure of significant stakes of shares in Echo Investment S.A.

As of 14 November 2011, the following shareholders held, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of Echo Investment S.A.:

Shareholder	Number of shares [pcs.]	% share in the share capital of Echo Investment S.A.	Number of votes at the GSM of Echo Investment S.A.	% share of the general number of votes at the GSM of Echo Investment S.A.
<b>Michał Solowow, including:</b>	<b>171,997,552</b>	<b>40.95%</b>	<b>171,997,552</b>	<b>40.95%</b>
- directly:	758,630	0.18%	758,630	0.18%
- indirectly, including:	171,238,922	40.77%	171,238,922	40.77%

Barcocapital Investment Limited	103,041,680	24.53%	103,041,680	24.53%
Calgeron Investment Limited	17,884,050	4.26%	17,884,050	4.26%
FTF Galleon S.A.	50,313,192	11.98%	50,313,192	11.98%
AVIVA OFE AVIVA BZ WBK	36,683,460	8.73%	36,683,460	8.73%
ING OFE	43,987,495	10.47%	43,987,495	10.47%
PZU Złota Jesień OFE	21,419,085	5.1%	21,419,085	5.1%

### Notification after exceeded the 10% threshold at the general meeting

With reference to the notification dated 22 August 2011 on exceeding 10% of votes at the general shareholders meeting of the Issuer as a result of acquiring Issuer's shares in transactions on the WSE (current report no. 39 dated 22 August 2011), the Issuer was further notified that ING Otworthy Fundusz Emerytalny (ING OFE) did not rule out increasing or decreasing its holding within forthcoming 12 months depending on the market situation and the Company's operations. The purpose of acquiring the Company's shares is to invest funds within the investment activity of ING OFE.

### Notification from significant shareholders

On 27 September 2011 the Issuer received two notifications:

#### Notification 1

Acting in pursuance of Article 69 (2) of the Act dated 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Dziennik Ustaw [Journal of Laws] no. 185 item 1439), I notify that as a result of a block transaction carried out during the session on 26 September 2011, the company Barcocapital Investment Limited with its registered office in Agiou Pavlou 15, Ledra House, Agios Andreas, 1105 Nicosia, the Republic of Cyprus, registered in the Department of Registrar of Companies and the Official Receiver of the Republic of Cyprus (Companies Register) under no. HE 145969, a subsidiary of Mr Michał Sotowow, disposed of 38,870,000 (thirty-eight million, eight hundred and seventy thousand) shares and became holder of Echo Investment S.A. (Company) shares representing less than 25% of votes at the general shareholders' meeting of the Company.

As of the date of preparing this notification, the company Barcocapital Investment Limited holds 103,041,680 (one hundred and three million, forty-one thousand, six hundred and eighty) shares of the Company representing 24.53% of the share capital and it is entitled to 103,041,680 (one hundred and three million, forty-one thousand, six hundred and eighty) votes at the general shareholders meeting of the Company, which represents 24.53% of the general number of votes.

Prior to the transaction the company Barcocapital Investment Limited held 141,911,680 (one hundred and forty-one million, nine hundred and eleven thousand, six hundred and eighty) shares of the Company representing 33.79% of the share capital and was entitled to 141,911,680 (one hundred and forty-one million, nine hundred and eleven thousand, six hundred and eighty) votes at the general shareholders meeting, which represented 33.79% of the general number of votes.

#### Notification 2

Acting in pursuance of Article 69 (1) of the Act dated 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Dziennik Ustaw [Journal of Laws] no. 185 item 1439), I notify that as a result of a block transaction carried out during the session on 26 September 2011 the company FTF Galleon S.A. with its registered office in Luxembourg, Charles de Gaulle 2-8, L-1635 Luxembourg, registered in the Commercial Registry in Luxembourg under number B 154340, a subsidiary of Mr Michał Sotowow, acquired 38,870,000 (thirty-eight million, eight hundred and seventy thousand) shares and became holder of Echo Investment S.A. (Company) shares representing more than 10% of votes at the general shareholders meeting of the Company.

As of the date of preparing this notification, the company Galleon S.A. holds 50,313,192 (fifty three million, three hundred and thirteen thousand, one hundred and ninety-two) shares of the Company representing 11.98% of the share capital and it is entitled to 50,313,192 (fifty three million, three hundred and thirteen thousand, one hundred and ninety-two) votes at the general shareholders meeting of the Company, which represents 11.98% of the general number of votes.

Prior to the transaction the company FTF Galleon S.A. held 11,443,192 (eleven million, four hundred and forty-three thousand, one hundred and ninety-two) shares of the Company representing 2.72% of the share capital and was entitled to 11,443,192 (eleven million, four hundred and forty-three thousand, one hundred and ninety-two) votes at the general shareholders meeting, which represented 2.72% of the general number of votes.

The company FTF Galleon S.A. does not rule out increasing its holding in the forthcoming 12 months depending on the market situation and the Company's operations.

### Notification of transactions involving the Issuer's securities

On 27 September 2011 the Issuer received a notification from a Supervisory Board Member that on 26 September 2011 the company Barcocal Investment Limited with its registered office in Agiou Pavlou 15, Ledra House, Agios Andreas, 1105, Nicosia, the Republic of Cyprus, entered into the Department of Registrar of Companies and the Official Receiver of the Republic of Cyprus (Companies Register) under no. HE 145969, disposed of 38,870,000 shares of the company Echo Investment S.A. to the company FTF Galleon S.A. with its registered office in Luxembourg, Charles de Gaulle 2-8, L-1635 Luxembourg, registered in the Commercial Registry in Luxembourg under number B 154340.

The above-mentioned entities carried out the share purchase/sale transaction on the regulated market within a session block transaction on 26 September 2011. The average transaction price per Issuer's share amounted to PLN 3.676.

Both companies are subsidiaries of Mr Michał Sołowow. As a result of the above-mentioned transaction, the company Barcocal Investment Limited increased its number of votes held at the general meeting of the Issuer to less than 25% of votes while the company FTF Galleon S.A. increase its number of votes held at the general meeting of the Issuer to over 10% of votes.

The announcing person requested that their personal data be kept confidential pursuant to § 3.2 of the Ordinance of the Minister of Finance of 25 November 2005 regarding communicating and releasing information on certain transactions on financial instruments and principles of collecting and managing the list of persons having access to certain confidential information.

### 7.16. List of changes in the ownership of Echo Investment S.A.' shares or rights thereto (options) by the Company's managerial and supervisory staff, in accordance with information available to Echo Investment S.A., in the period after the presentation of the previous quarterly report

The table below presents changes in the ownership of Echo Investment S.A. shares or rights thereto (options) by persons involved in the management and supervision of the Company, in accordance with information available to Echo Investment S.A., in the period after the presentation of the previous quarterly report:

Managerial staff	as of 29 August 2011	as of 14 November 2011
Piotr Gromniak - President of the Management Board	no shares held	no shares held
Artur Langner - Vice-President of the Management Board	no shares held	no shares held

Supervisory staff	as of 29 August 2011	as of 14 November 2011
Wojciech Ciesielski – Chairman of the Supervisory Board	1,200,000 shares	1,200,000 shares
Andrzej Majchert – Vice-chairman of the Supervisory Board	98,800 shares	98,800 shares
Mariusz Waniotka – Vice-chairman of the Supervisory Board	no shares held	no shares held
Karol Żbikowski - Member of the Supervisory Board	no shares held	no shares held
Robert Oskard - Member of the Supervisory Board	no shares held	no shares held
Tomasz Kalwat - Member of the Supervisory Board	no shares held	no shares held

### 7.17. Information on court proceedings

In the period from 1 January to 30 September 2011, there were neither court nor administrative proceedings regarding liabilities or receivables of the Company or its subsidiaries in the total value of at least 10% of the Company's equity.

### 7.18. Information on transactions with related entities under terms other than market terms

In Q3, 2011, neither the Company nor its subsidiaries entered into transactions with related entities under other than market conditions.

### 7.19. Information on sureties granted on loans or borrowings and guarantees with a value equivalent to at least 10% of the Company's equity.



In Q3, 2011, the Capital Group provided no collaterals on loans or borrowings, nor did it grant any guarantees to one entity or to its subsidiary with a total value equivalent to at least 10% of the Company's equity.  
See also Section 7.11.

**7.20. Other information which, in the opinion of the Management Board of Echo Investment S.A., is material to assess its condition in terms of HR, assets, finance, financial result or changes thereto as well as information which is material for the assessment of the Echo Investment Capital Group's capability of fulfilling its obligations.**

**Helios Cinema in Galeria Olimpia**

Helios and Echo Investments concluded an agreement for the lease of space in Galeria Olimpia in Bełchatów which will be occupied by a six-screen cinema. The Helios cinema in Galeria Olimpia will have the total seating capacity of 1,233. This is another agreement between Echo Investment and Helios. Both companies have been cooperating for many years. There is a 7-screen Helios cinema in Galeria Echo in Kielce.

**"Piotr i Paweł in Outlet Park Szczecin**

A supermarket of the popular chain "Piotr i Paweł" will supplement the offer of Outlet Park Szczecin, the first outlet centre developed by Echo Investment in Zachodniopomorskie Region. An effective and functional design as well as an attractive range of top quality brand-name products are the distinctive feature of "Piotr i Paweł" supermarkets. The store in Outlet Park Szczecin will have the area of approx. 2,000 sq. m.

**Contractor of the building shell of AQUARIUS BUSINESS HOUSE**

Eiffage Budownictwo Mitex SA is the contractor of the building shell of Aquarius Business House, a class A office building located in the centre of Wrocław, at the corner of Swobodna and Borowska Street. The company Echo Investment concluded an agreement with Eiffage Budownictwo Mitex SA for developing the office building shell as well as the multi-storey car park and the land. The contract value is PLN 19 million net. Aquarius Business House is a modern office building offering a number of state-of-the-art technological solutions, high-end data communication lines, safety and access control system as well as technological solutions allowing for an environment-friendly, effective and efficient management of energy and utilities. The whole facility has an office area of 25,000 sq. m. The project is being executed in two stages. The first stage started in May 2011 and will be completed in October 2012. Next, in November 2012, the second stage will start and it is to be completed in February 2014. Depending on the rate of commercialisation, the second stage could be completed at the end of 2013.

**Echo takes over hotels in Cracow and Szczecin**

On 15 July 2011 the company Echo Investment took over the building of the former Cracow hotel Cracovia and the former hotel Neptun in Szczecin. This is a result of the purchase-sale agreement entered into on 22 March 2011 by Echo Investment and the Orbis company. It refers to the plot in Cracow in al. Marszałka Ferdinanda Focha 1 where the former Cracovia hotel is situated and the plot in ul. Jana Matejki 18 in Szczecin, where the building of the former Neptun hotel is located. Both hotels wound up their business on 30 June 2011. The well-known Cracovia had operated on the market for nearly 50 years, however, according to the agreement concluded, hotel services may not be provided at this facility. The company Echo Investment appointed a team that is to determine the future of the area in which the former hotel is situated. This task has been entrusted to a group of distinguished Cracow architects, Prof. Witold Cęckiewicz, the author of the urban planning and architectural concept of Cracovia, and architects from the DDJM architectural design studio run by Marek Dunikowski. First concepts will be presented at the end of 2011. The former Neptun hotel will be pulled down as the building does not meet current technical standards. Results of specialist architectural, functional and economic analyses will determine what kind of facility will be developed at this location. The land development concept will be announced in several months' time.

**General contractor of Outlet Park Szczecin**

Polimex-Mostostal has become the general contractor of Outlet Park Szczecin, the first outlet centre developed by Echo Investment in Zachodniopomorskie Region. Echo Investment concluded an agreement with Polimex-Mostostal SA for general contractorship of Outlet Park Szczecin. The contract value is PLN 48.65 net. Outlet Park Szczecin is being developed in Prawobrzeże district, in the existing shopping centre in ul. Struga, which is owned by Echo Investment. Tenants already include such brands as Reserved, Nike, Reebok, Adidas, Puma, House, Lee Wrangler, Atlantic, VIP, Wittchen, Bytom, Vero Moda, Jack & Jones, Ochnik, Ambra, Coffeeheaven, Wójcik, McArthur, Kazar, Lancerto, Leyla, Empik café or Willsoor Group. Outlet Park Szczecin is being developed in two stages. The first stage, already in progress, provides for developing a shopping centre with 70 shops, a Helios multiplex, a "Piotr i Paweł" supermarket and an electronics store. It is planned to be completed in mid-2012. One year after completing the first stage at the earliest, works on the second stage will commence during which about 60 shops will be developed. Outlet Park Szczecin will have the leasable area of over 23,000 sq. m. Customers will have 1,400 parking spaces at their disposal. The architectural concept of the facility has been prepared by the Vsf – Creative design studio while the substitute construction design has been prepared by the Szczecin-based STUDIO A4 design studio. Echo Investment is currently developing Galeria Olimpia in Bełchatów and Galeria Veneda in Łomża. This year construction of Galeria Amber in Kalisz and the expansion of Pasaż Grunwaldzki in Wrocław are also to begin.

**7.21. Factors which, in the opinion of the Company's Management Board, will have impact on results generated by the Capital Group in the perspective of at least the following quarter**

Factors to influence the result in the coming periods include:  
- entering into final sales agreements on housing projects:



- in Warsaw: in ul. Zeusa and ul. Kazimierzowska,
- in Poznań: in Naramowice district and in ul. Wojskowa,
- in Wrocław: in ul. Jedności Narodowej,
- in Cracow: in ul. Krasickiego,
- in Kielce: Bilocza complex (second stage) – sale of plots with house designs – Mastów – sale of plots without house designs,
- sale of the shopping centre in Pabianice,
- measurement of the fair value of projects under construction and/ or after they have been put into service:
- Oxygen in Szczecin (office segment),
- Malta Office Park in Poznań stage three (office segment),
- revaluation of the fair value of property held,
- regular revenue from rent agreements,
- measurement of loan liabilities and cash in foreign currencies,
- measurement of financial instruments hedging foreign exchange rates and interest rates,
- revaluation of non-financial assets.

## 8. CONDENSED STAND-ALONE FINANCIAL STATEMENTS AS OF 31 SEPTEMBER 2011

Statement of financial position as of (PLN '000 )	as of 30 September 2011 end of quarter	as of 31 December 2010 end of previous year	as of 30 September 2010 end of quarter
<b>Assets</b>			
<b>1. Non-current assets</b>			
1.1. Intangible assets	1,377	1,227	937
1.2. Tangible fixed assets	15,949	17,341	17,088
1.3. Investment property	3,655	11,631	11,685
1.4. Investments in subsidiaries and jointly-controlled entities	897,756	769,746	684,893
1.5. Investments in affiliates	-	8	50
1.6. Borrowings granted	-	8	67,295
1.7. Other financial assets	3,590	13,785	714
1.8. Other receivables	14,172	12,079	12,607
	<b>936,499</b>	<b>825,817</b>	<b>795,269</b>
<b>2. Current assets</b>			
2.1. Inventory	330,710	327,002	336,630
2.2. Current income tax receivables	-	335	253
2.3. Other tax receivables	2,474	-	11
2.4. Trade and other receivables	94,525	94,675	105,349
2.5. Borrowings granted	114,876	144,538	193,738
2.6. Cash and cash equivalents	94,125	65,827	64,042
	<b>636,710</b>	<b>632,377</b>	<b>700,023</b>
<b>Total assets</b>	<b>1,573,209</b>	<b>1,458,194</b>	<b>1,495,292</b>
<b>Equity and liabilities</b>			
<b>1. Equity</b>			
1.1. Share capital	21,000	21,000	21,000
1.2. Supplementary capital	550,573	511,901	511,901
1.3. Retained profit (loss) from previous years	-	-	-
1.4. Net profit (loss)	17,684	38,672	44,143
	<b>589,257</b>	<b>571,573</b>	<b>577,044</b>
<b>2. Provisions</b>			
2.1 Provisions for liabilities	7,146	6,700	6,530
2.2. Deferred income tax provision	10,699	12,007	9,295
	<b>17,845</b>	<b>18,707</b>	<b>15,825</b>
<b>3. Non-current liabilities</b>			
3.1. Loans, borrowings and bonds	655,106	484,907	492,207
	<b>655,106</b>	<b>484,907</b>	<b>492,207</b>
<b>4. Current liabilities</b>			
4.1. Loans, borrowings and bonds	235,191	285,043	346,355

4.3. Current income tax liabilities	1,782	-	28
4.4. Other tax liabilities	12,131	7,450	7,194
4.5. Trade liabilities	19,469	57,654	19,942
4.6. Advance payments received	35,009	24,111	28,085
4.7. Other liabilities	7,419	8,749	8,612
	<b>311,001</b>	<b>383,007</b>	<b>410,216</b>
<b>Total equity and liabilities</b>	<b>1,573,209</b>	<b>1,458,194</b>	<b>1,495,292</b>

<b>Book value (PLN '000 )</b>	as of 30 September 2011 end of quarter	as of 31 December 2010 end of previous year	as of 30 September 2010 end of quarter
Book value	589,257	571,573	577,044
Number of shares	420,000,000	420,000,000	420,000,000
Book value per share (in PLN)	1.40	1.36	1.37

<b>Off-balance sheet liabilities (PLN '000 )</b>	as of 30 September 2011 end of quarter	as of 31 December 2010 end of previous year	as of 30 September 2010 end of quarter
1. Off-balance sheet receivables	-	-	-
2. Off-balance sheet liabilities	538,918	472,783	483,078
<b>Total off-balance sheet items</b>	<b>538,918</b>	<b>472,783</b>	<b>483,078</b>

<b>Statement of comprehensive income (PLN '000 )</b>	Q3 1 July 2011 - 30 September 2011	Q1-Q3 1 January 2011 - 30 September 2011	Q3 1 January 2010 - 30 September 2010	Q1-Q3 1 January 2010 - 30 September 2010
Revenue	111,709	307,280	75,594	264,346
Cost of sales	(73,821)	(232,242)	(50,202)	(202,262)
<b>Gross profit (loss) from sales</b>	<b>37,888</b>	<b>75,038</b>	<b>25,392</b>	<b>62,084</b>
Profit (loss) from sale of property	5,482	6,146	1	18
Revaluation of non-financial assets	(3,530)	(3,438)	(219)	73
Cost of sales	(6,257)	(17,794)	(5,154)	(14,237)
General and administrative expenses	(9,641)	(22,715)	(6,784)	(18,630)
Other operating revenue	15,980	22,569	7,078	23,492
Other operating costs	(15,803)	(17,253)	(2,311)	(8,236)
<b>Profit before tax and excluding financial revenue /costs</b>	<b>24,119</b>	<b>42,553</b>	<b>18,003</b>	<b>44,564</b>
Financial revenue	744	18,907	5,485	43,620
Financial costs	(15,973)	(43,092)	(12,019)	(43,047)
<b>Gross profit (loss)</b>	<b>8,890</b>	<b>18,368</b>	<b>11,469</b>	<b>45,137</b>
Income tax	(1,942)	(684)	(1,444)	(994)
<b>Net profit (loss)</b>	<b>6,948</b>	<b>17,684</b>	<b>10,025</b>	<b>44,143</b>
(Annualised) net profit (loss)		12,213		54,116
Average-weighted number of ordinary shares		420,000,000		420,000,000
Earnings (loss) per ordinary share (in PLN)		0.03		0.13

Average-weighted diluted number of ordinary shares	420,000,000	420,000,000
Diluted earnings per ordinary share (in PLN)	0.03	0.13

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Statement of changes in equity (PLN '000 )	Share capital	Supplementary capital	Retained profit (loss) from previous years	Net profit (loss)	Total equity
<b>For Q1-Q3 (current year), period from 1 January 2011 until 31 September 2011</b>					
<b>Opening balance</b>	21,000	511,901	38,672	-	571,573
Changes in the period:					
Allocation of result from previous years	-	38,672	(38,672)	-	-
Net profit (loss) for the period				17,684	17,684
Total changes	-	38,672	(38,672)	17,684	17,684
<b>Closing balance</b>	<b>21,000</b>	<b>550,573</b>	<b>-</b>	<b>17,684</b>	<b>589,257</b>
<b>For the previous period from 1 January 2010 until 31 December 2010</b>					
<b>Opening balance</b>	21,000	477,859	34,042	-	532,901
Changes in the period:					
Allocation of result from previous years	-	34,042	(34,042)	-	-
Net profit (loss) for the period				38,672	38,672
Total changes	-	34,042	(34,042)	38,672	38,672
<b>Closing balance</b>	<b>21,000</b>	<b>511,901</b>	<b>-</b>	<b>38,672</b>	<b>571,573</b>
<b>For Q1-Q3 (previous year), period from 1 January 2010 until 30 September 2010</b>					
<b>Opening balance</b>	21,000	477,859	34,042	-	532,901
Changes in the period:					
Allocation of result from previous years	-	34,042	(34,042)	-	-
Net profit (loss) for the period				44,143	44,143
Total changes	-	34,042	(34,042)	44,143	44,143
<b>Closing balance</b>	<b>21,000</b>	<b>511,901</b>	<b>-</b>	<b>44,143</b>	<b>577,044</b>

Statement of cash flow (PLN '000 )	period 1 January 2011 - 30 September 2011	period 1 January 2010 - 30 September 2010
<b>Cash flow from operating activities - indirect method</b>		
<b>I. Net profit (loss)</b>	<b>17,684</b>	<b>44,143</b>
<b>II. Adjustments:</b>		
1. Amortisation/depreciation	2,648	2,197
2. Foreign exchange profit (loss)	-	-
3. Interest and profit sharing (dividends)	19,785	(8,427)
4. Current income tax recognised in profit and loss account	1,992	-
5. Income tax paid	126	1,970
6. Profit (loss) on investment activities	(2,155)	(9,720)
7. Change in provisions	(967)	(9,431)
8. Change in inventory	(615)	29,063
9. Change in receivables	(587)	35,079
10. Change in current liabilities, excluding loans and borrowings	(28,210)	(49,442)
	<b>(7,983)</b>	<b>(8,711)</b>
<b>Net cash flow from operating activities</b>	<b>9,701</b>	<b>35,432</b>
<b>Cash flow from investment activities</b>		
<b>I. Proceeds</b>		
1. Disposal of intangible and tangible fixed assets	1,401	505
2. Disposal of investments in property and intangible assets	7,651	-
3. From financial assets	105,071	147,506
4. Other investment proceeds	-	-
	<b>114,123</b>	<b>148,011</b>
<b>II. Expenses</b>		
1. Purchase of intangible and tangible fixed assets	(2,682)	(9,267)
2. Investment in property and intangible assets	-	292
3. For financial assets	(170,030)	(329,888)
4. Other investment expenses	(239)	568
	<b>(172,951)</b>	<b>(338,295)</b>
<b>Net investment cash flow</b>	<b>(58,828)</b>	<b>(190,284)</b>
<b>Cash flow from financial activities</b>		
<b>I. Proceeds</b>		
1. Net proceeds from issue of shares and other capital instruments and capital contributions	-	-
2. Loans and borrowings	10,470	44,396
3. Issue of debt securities	295,000	150,000
4. Other financial proceeds	-	-
	<b>305,470</b>	<b>194,396</b>

Statement of cash flow (PLN '000 ) cont.	period	
	1 January 2011 - 30 September 2011	1 January 2010 - 30 September 2010
<b>II. Expenses</b>		
1. Acquisition of equity shares (holdings)	-	-
2. Dividends paid and other payments to equity holders	-	-
3. Profit share expenses, other than payments to equity holders	-	-
4. Repayment of loans and borrowings	(759)	-
5. Redemption of debt securities	(185,000)	-
6. Interest	(42,286)	(29,380)
	<b>(228,045)</b>	<b>(29,380)</b>
<b>Net cash flow from financial activities</b>	<b>77,425</b>	<b>165,016</b>
<b>Total net cash flow</b>	<b>28,298</b>	<b>10,164</b>
Balance sheet change in cash, including:	28,298	10,164
- change in cash due to foreign exchange	-	-
<b>Cash at the beginning of the period</b>	<b>65,827</b>	<b>53,878</b>
<b>Cash at the end of the period, including:</b>	<b>94,125</b>	<b>64,042</b>
- of restricted availability	7,300	6,802

Kielce, 14 November 2011

Piotr Gromniak


President of the Management  
Board

Artur Langner


Vice-President of the  
Management Board

Signature of the individual entrusted with bookkeeping:

Tomasz Sułek



Chief Accountant

