



CONSOLIDATED QUARTERLY REPORT OF ECHO INVESTMENT CAPITAL GROUP FOR Q1 2012

ECHO
investment

TABLE OF CONTENTS

| | |
|---|----|
| I. Selected consolidated financial data | 3 |
| II. Consolidated QUARTERLY financial statements of the capital group | 4 |
| 1. Consolidated QUARTERLY statement of financial position | 4 |
| 2. Consolidated QUARTERLY profit and loss account | 6 |
| 3. Consolidated QUARTERLY statement of comprehensive income | 6 |
| 4. Consolidated statement of changes in equity | 7 |
| 5. Consolidated interim statement of cash flow | 8 |
| 6. Notes to the consolidated financial statements | 9 |
| 6.1. Basic information | 9 |
| 6.2. Accounting principles adopted in drawing up the quarterly report | 10 |
| 6.3. Effects of adopted changes to accounting principles (restatement of financial statements for previous periods) with description | 10 |
| 6.4. Description of significant achievements and failures of the Capital Group and indication of major events in Q1 2012 | 10 |
| 6.5. Factors and events, especially unusual events, with a significant impact on the generated financial results | 16 |
| 6.6. Information on Capital Group segments | 17 |
| 6.7. Explanations concerning the seasonal and cyclical nature of the Capital Group's activity in the reported period | 17 |
| 6.8. Information about the issue, redemption and repayment of debt securities and equity securities | 18 |
| 6.9. Information on paid (or declared) dividend | 18 |
| 6.10. 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 | 18 |
| 6.11. Information regarding changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year | 19 |
| 6.12. Composition of the Echo Investment Capital Group | 21 |
| 6.13. 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 | 23 |
| 6.14. 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 forecast results | 24 |
| 6.15. Ownership structure of significant stakes of shares in Echo Investment S.A. | 24 |
| 6.16. 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 | 24 |
| 6.17. Information on court proceedings | 25 |
| 6.18. Information on transactions with related entities under terms other than market terms | 25 |
| 6.19. Information on sureties granted on loans or borrowings and guarantees with a value equivalent to at least 10% of the Company's equity | 25 |
| 6.20. 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 | 25 |
| 6.21. 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 | 26 |
| III. Condensed separate financial statements as at, and for the three-month period ending on, 31 March 2012 | 27 |

I. SELECTED CONSOLIDATED FINANCIAL DATA

| | PLN '000 | | EUR '000 | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
| I. Operating revenue | 153,837 | 86,045 | 36,847 | 21,651 |
| II. Operating profit (loss) | (31,970) | 127,129 | (7,657) | 31,989 |
| III. Gross profit (loss) | 32,786 | 69,383 | 7,853 | 17,458 |
| IV. Net profit (loss) | 30,661 | 55,243 | 7,344 | 13,900 |
| V. Net operating cash flow | 49,858 | 25,329 | 11,942 | 6,373 |
| VI. Net investment cash flow | (72,468) | (209,194) | (17,358) | (52,638) |
| VII. Net financial cash flow | (97,124) | 258,828 | (23,263) | 65,127 |
| VIII. Total net cash flow | (119,734) | 74,963 | (28,679) | 18,862 |
| IX. Total assets | 5,148,073 | 4,882,325 | 1,237,042 | 1,216,961 |
| X. Equity attributable to shareholders of the parent | 2,061,019 | 1,941,054 | 495,247 | 483,824 |
| XI. Non-current liabilities | 2,172,634 | 2,260,283 | 522,067 | 563,395 |
| XII. Current liabilities | 625,582 | 413,705 | 153,322 | 103,119 |
| 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) | 0.07 | 0.13 | 0.02 | 0.03 |
| XV. Book value per share (in PLN/EUR) | 4.91 | 4.62 | 1.18 | 1.15 |

II. CONSOLIDATED QUARTERLY FINANCIAL STATEMENT OF THE CAPITAL GROUP

1. CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION - ASSETS [PLN '000]

| | 31 March 2012 | 31 December 2011 | 31 March 2011 |
|---|------------------|------------------|------------------|
| ASSETS | | | |
| 1. Fixed assets | | | |
| 1.1. Intangible assets | 1,379 | 1,428 | 1,484 |
| 1.2. Tangible fixed assets | 55,682 | 55,866 | 24,692 |
| 1.3. Long-term receivables | 616 | 7 | 41 |
| 1.4. Investment property | 2,784,798 | 2,893,756 | 2,922,080 |
| 1.5. Investment property under construction | 1,090,640 | 1,047,624 | 791,301 |
| 1.6. Financial investments | 107,421 | 106,019 | 23 |
| 1.7. Borrowings granted | - | - | 7 |
| 1.8. Deferred income tax assets | 36,281 | 42,201 | 18,844 |
| | 4,076,817 | 4,146,901 | 3,758,472 |
| 2. Current assets | | | |
| 2.1. Inventory | 483,543 | 500,938 | 489,859 |
| 2.2. Income tax receivables | 1,486 | 1,345 | 2,947 |
| 2.3. Other tax receivables | 59,613 | 82,925 | 42,880 |
| 2.4. Trade and other receivables | 90,012 | 73,663 | 65,531 |
| 2.5. Borrowings granted | 158 | 161 | 58,066 |
| 2.6. Financial derivatives | - | - | 83 |
| 2.7. Cash and cash equivalents | 436,444 | 561,385 | 464,487 |
| | 1,071,256 | 1,220,417 | 1,123,853 |
| TOTAL ASSETS | 5,148,073 | 5,367,318 | 4,882,325 |

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES [PLN '000]

| | 31 March 2012 | 31 December 2011 | 31 March 2011 |
|--|------------------|------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| 1. Equity | | | |
| 1.1. Equity attributable to shareholders of the parent | 2,061,019 | 2,064,213 | 1,941,054 |
| 1.1.1. Share capital | 21,000 | 21,000 | 21,000 |
| 1.1.2. Supplementary capital | 1,857,464 | 1,857,464 | 1,709,726 |
| 1.1.3. Acquired equity shares | (28,647) | - | - |
| 1.1.4. Accumulated profit (loss) | 207,154 | 176,493 | 202,981 |
| 1.1.5. Foreign exchange differences on translation | 4,048 | 9,256 | 7,347 |
| 1.2. Equity of non-controlling shareholders | (54) | (59) | (60) |
| | 2,060,965 | 2,064,154 | 1,940,994 |
| 2. Provisions | | | |
| 2.1. Provisions for liabilities | 9,120 | 8,613 | 4,890 |
| 2.2. Deferred income tax provision | 4,273 | 4,773 | 6,801 |
| 2.3. Long-term deferred income tax provision | 275,499 | 280,323 | 255,652 |
| | 288,892 | 293,709 | 267,343 |
| 3. Non-current liabilities | | | |
| 3.1. Loans and borrowings | 2,042,508 | 2,241,553 | 2,155,409 |
| 3.2. Financial derivatives | 12,877 | 13,169 | 8,019 |
| 3.3. Security deposits and advance payments received | 40,577 | 40,413 | 41,818 |
| 3.4. Lease liabilities (perpetual usufruct of land) | 76,672 | 76,688 | 55,037 |
| | 2,172,634 | 2,371,823 | 2,260,283 |
| 4. Current liabilities | | | |
| 4.1. Loans and borrowings | 423,658 | 317,499 | 235,673 |
| 4.2. Financial derivatives | 324 | 20,670 | 6,938 |
| 4.3. Income tax liabilities | 4,305 | 3,481 | 1,099 |
| 4.4. Other tax liabilities | 19,919 | 16,434 | 14,642 |
| 4.5. Trade liabilities | 114,002 | 192,528 | 110,364 |
| 4.6. Other liabilities | 10,840 | 10,004 | 9,622 |
| 4.7. Security deposits and advance payments received | 52,534 | 77,016 | 35,367 |
| | 625,582 | 637,632 | 413,705 |
| TOTAL EQUITY AND LIABILITIES | 5,148,073 | 5,367,318 | 4,882,325 |
| Book value (PLN '000) | 2,061,019 | 2,064,213 | 1,941,054 |
| Number of shares | 420,000,000 | 420,000,000 | 420,000,000 |
| Book value per share (in PLN) | 4.91 | 4.91 | 4.62 |
| Diluted number of shares | 420,000,000 | 420,000,000 | 420,000,000 |
| Diluted book value per share (in PLN) | 4.91 | 4.91 | 4.62 |

OFF-BALANCE SHEET ITEMS [PLN '000]

| | 31 March 2012 | 31 December 2011 | 31 March 2011 |
|----------------------------------|---------------|------------------|---------------|
| 1. Off-balance sheet receivables | - | - | - |
| 2. Off-balance sheet liabilities | - | - | 600 |

2. CONSOLIDATED QUARTERLY PROFIT AND LOSS ACCOUNT

CONSOLIDATED QUARTERLY PROFIT AND LOSS ACCOUNT [PLN '000]

| | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
|--|-----------------------------------|-----------------------------------|
| Revenue | 153,837 | 86,045 |
| Cost of sales | (64,766) | (23,758) |
| Gross profit (loss) from sales | 89,071 | 62,287 |
| Profit (loss) from investment property (valuation) | (109,647) | 77,460 |
| Cost of sales | (6,249) | (5,489) |
| General and administrative expenses | (12,320) | (9,511) |
| Other operating revenue (expenses) | 7,175 | 2,382 |
| Operating profit | (31,970) | 127,129 |
| Financial revenue | 4,019 | 4,130 |
| Financial costs | (47,930) | (40,642) |
| Profit (loss) on currency derivatives | 12,308 | (5,008) |
| Foreign exchange profit (loss) | 96,437 | (16,221) |
| Share in profit of affiliated companies | (78) | (5) |
| Gross profit (loss) | 32,786 | 69,383 |
| Income tax | (2,120) | (14,141) |
| Net profit (loss), including: | 30,666 | 55,242 |
| Minority profit (loss) | 5 | (1) |
| Net profit (loss) attributable to shareholders of the parent | 30,661 | 55,243 |
| (Annualised) net profit (loss) | 151,911 | 173,216 |
| Average-weighted number of ordinary shares | 420,000,000 | 420,000,000 |
| Annualised earnings (loss) per ordinary share (in PLN) | 0.36 | 0.41 |

3. CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME [PLN '000]

| | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
|---|-----------------------------------|-----------------------------------|
| Net profit (loss) | 30,666 | 55,242 |
| Other comprehensive income: | | |
| - foreign exchange differences on translation of foreign operations | (5,208) | 10,236 |
| | (5,208) | 10,236 |
| Comprehensive income for the period, including: | 25,458 | 65,478 |
| Comprehensive income attributable to shareholders of the parent | 25,453 | 65,479 |
| Comprehensive income of the minority | 5 | (1) |

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [PLN '000]

| | SHARE CAPITAL | SUPPLEMENTARY CAPITAL | ACQUIRED EQUITY SHARES | ACCUMULATED PROFIT (LOSS) | FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT | EQUITY OF NON-CONTROLLING SHAREHOLDERS | EQUITY |
|--|---------------|-----------------------|------------------------|---------------------------|---|---|--|------------------|
| Q1 1 January 2012 - 31 March 2012 | | | | | | | | |
| Opening balance | 21,000 | 1,857,464 | - | 176,493 | 9,256 | 2,064,213 | (59) | 2,064,154 |
| Allocation of result from previous years | - | - | - | - | - | - | - | - |
| Acquisition of equity shares | - | - | (28,647) | - | - | (28,647) | - | (28,647) |
| Change in minority interest | - | - | - | - | - | - | - | - |
| Other net comprehensive income | - | - | - | - | (5,208) | (5,208) | - | (5,208) |
| Net profit (loss) for the period | - | - | - | 30,661 | - | 30,661 | 5 | 30,661 |
| Closing balance | 21,000 | 1,857,464 | (28,647) | 207,154 | 4,048 | 2,061,019 | (54) | 2,060,960 |
| Q1-Q4 1 January 2011 - 31 December 2011 | | | | | | | | |
| Opening balance | 21,000 | 1,709,726 | - | 147,738 | (2,889) | 1,875,575 | (59) | 1,875,516 |
| Allocation of result from previous years | - | 147,738 | - | (147,738) | - | - | - | - |
| Change in minority interest | - | - | - | - | - | - | 25 | 25 |
| Other net comprehensive income | - | - | - | - | 12,145 | 12,145 | - | 12,145 |
| Net profit (loss) for the period | - | - | - | 176,493 | - | 176,493 | (25) | 176,468 |
| Closing balance | 21,000 | 1,857,464 | - | 176,493 | 9,256 | 2,064,213 | (59) | 2,064,154 |
| Q1 1 January 2011 - 31 March 2011 | | | | | | | | |
| Opening balance | 21,000 | 1,709,726 | - | 147,738 | (2,889) | 1,875,575 | (59) | 1,875,516 |
| Allocation of result from previous years | - | - | - | - | - | - | - | - |
| Change in minority interest | - | - | - | - | - | - | - | - |
| Other net comprehensive income | - | - | - | - | 10,236 | 10,236 | - | 10,236 |
| Net profit (loss) for the period | - | - | - | 55,243 | - | 55,243 | (1) | 55,242 |
| Closing balance | 21,000 | 1,709,726 | - | 202,981 | 7,347 | 1,941,054 | (60) | 1,940,994 |

5. CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

CONSOLIDATED QUARTERLY STATEMENT OF CASH FLOW [PLN '000]

| | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
|---|-----------------------------------|-----------------------------------|
| A. A. Operating cash flow – indirect method | | |
| I. Net profit (loss) | 30,666 | 55,242 |
| II. Total adjustments | | |
| 1. Share in net profits (losses) of affiliated entities | - | - |
| 2. Depreciation of non-current assets | 4,668 | 1,169 |
| 3. Foreign exchange profit (loss) | (96,437) | 16,221 |
| 4. Interest and profit sharing (dividends) | 37,614 | 33,555 |
| 5. Current income tax | 2,120 | 14,141 |
| 6. Income tax paid | (342) | (4,647) |
| 7. Profit (loss) on investment activities | 96,645 | (72,705) |
| 8. Change in provisions | 6 | 125 |
| 9. Change in inventory | 17,679 | (14,714) |
| 10. Change in receivables | 6,352 | (13,810) |
| 11. Change in current liabilities, excluding loans and borrowings | (49,113) | 10,752 |
| | 19,192 | (29,913) |
| III. Net operating cash flow (I+/-II) | 49,858 | 25,329 |
| B. Net investment cash flow | | |
| I. Proceeds | | |
| 1. Disposal of intangible and tangible fixed assets | 82 | 202 |
| 2. Disposal of investments in property and intangible assets | - | - |
| 3. From financial assets | 6,576 | 2,569 |
| 4. Other investment proceeds | - | - |
| | 6,658 | 2,771 |
| II. Expenses | | |
| 1. Purchase of intangible and tangible fixed assets | (4,517) | (1,369) |
| 2. Investments in property and intangible assets | (73,183) | (153,564) |
| 3. For financial assets | (1,426) | (57,032) |
| 4. Other investment expenses | - | - |
| | (79,126) | (211,965) |
| III. Net investment cash flow (I-II) | (72,468) | (209,194) |

CONSOLIDATED QUARTERLY STATEMENT OF CASH FLOW CONT. [PLN '000]

| | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
|---|-----------------------------------|-----------------------------------|
| C. Financial cash flow | | |
| I. Proceeds | | |
| 1. Net proceeds from issue of shares and holdings and other capital instruments and capital contributions | 67,733 | 121,541 |
| 2. Loans and borrowings | | |
| 3. Issue of debt securities | 105,000 | 295,000 |
| 4. Other financial proceeds | - | - |
| | 172,733 | 416,541 |
| II. Expenses | | |
| 1. Acquisition of equity shares (holdings) | (28,647) | - |
| 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 | (65,370) | (24,460) |
| 5. Redemption of debt securities | (105,000) | (98,500) |
| 6. On currency derivatives | (8,853) | (8,201) |
| 7. Payment of financial lease liabilities | (19,944) | (32) |
| 8. Interest | (42,043) | (26,520) |
| 9. Other financial expenses | - | - |
| | (269,857) | (157,713) |
| III. Net financial cash flow (I+II) | (97,124) | 258,828 |
| D. Total net cash flow (A.III+/-B.III+/-C.III) | (119,734) | 74,963 |
| E. Balance sheet change in cash, including: | (124,941) | 85,198 |
| - change in cash due to foreign exchange | (5,207) | 10,235 |
| F. Cash at the beginning of the period | 561,385 | 379,289 |
| G. Cash at the end of the period (F+/-D), including: | 436,444 | 464,487 |
| - of restricted availability | 44,990 | 42,570 |

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

6.1. Basic information

The Echo Investment Capital Group (the Capital Group, Group) has been operating on the real estate market since 1996. The Parent Company of the Capital Group is Echo Investment S.A. (Issuer, Company)

The Company manages the whole project investment process, starting from the purchase of property, through obtaining administrative permits, financing, and implementation supervision to putting the facility into service. It performs the activities on its own behalf or by provision of general contractor or investment project implementation service via a special-purposes subsidiary. Implementation of construction projects by subsidiaries significantly facilitates the management of processes and ensures transparency of the Group's structure. Those entities are mainly responsible for the renting out of commercial property (shopping and entertainment centres, offices), and, to a lesser degree, 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 three segments:

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

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

As at 31 March 2012 and 31 March 2011, the Capital Group employed 326 and 317 people respectively.

The shares of the parent company (Echo Investment S.A.) have been listed on Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) since 1996. The number of shares of the Issuer is 420,000,000 ordinary bearer shares.

6.2. Accounting principles adopted in drawing up the quarterly report

The statements cover the three-month period ending on 31 March 2012 and comparative data for the three-month period ending on 31 March 2011 and comparative data for the twelve-month period ending on 31 December 2011 (in case of the balance sheet and statement of changes in equity).

Presentation currency for the Group's financial statements is Polish zloty ("PLN") - which is the presentation and functional currency of the parent company. The Group comprises entities which use a different functional currency than PLN. Reporting data for those companies, presented in these statements, were converted into PLN in accordance with IAS 21. Balance sheet items were converted according to balance sheet day exchange rates, while result account items were converted according to average exchange rates for the period. FX differences resulting from the conversion have been recognised under other comprehensive income and accumulated amounts disclosed 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 at the balance sheet day. The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property measured at fair value and financial instruments measured in accordance with IAS 39. The statements have been drawn up according to the going concern principle as there are no circumstances indicating a threat to further activity.

The Company's Management Board used their best judgement 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 2011. New interpretations issued by the IFRS Interpretations Committee applicable to the Group for the reporting period beginning on 1 January 2012 did not have any significant impact on these financial statements.

6.3. 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 Q1 2012. Detailed accounting policy was presented in the Annual Report for 2011.

6.4. Description of significant achievements and failures of the Capital Group and indication of major events in Q1 2012

6.4.1. Major events in Q1 2012

ECHO INVESTMENT S.A. Equity Shares Buyback Programme

On 18 January 2012, the Management Board of Echo Investment S.A. passed a resolution on adopting a buyback programme for the equity shares of Echo Investment S.A.

Acting pursuant to resolution No. 3 of the Extraordinary General Shareholders' Meeting of Echo Investment S.A. of 19 December 2008, the Management Board of Echo Investment S.A. adopted the Echo Investment S.A. Equity Shares Buyback Programme (later referred to as the "Programme").

The Programme involves the buyback of shares of Echo Investment S.A. (later also referred to as the "Company") listed on the basic market of the Warsaw Stock Exchange (later referred to as "WSE").

The purpose of the Programme is the repurchase of equity shares by the Company for resale or cancellation according to the terms and procedure specified in resolution No. 3 of Echo Investment S.A. Extraordinary General Meeting of 19 December 2008.

In the opinion of Echo Investment S.A. Management Board, the buyback of equity shares is justified in consideration of the following:

- safe financial condition of the Company and its Capital Group, including high cash balance,

- safe parameters and ratios describing debt and debt servicing capability of the Company and its Capital Group, also taking account of the funds intended for the purchase of equity shares,
- potentially slower growth of Poland's real estate market compared to the previous two years and higher risk of starting new projects and project funding risk due to the debt crisis in some of the euro zone countries and capital requirements of leading European banks,
- repurchase as an alternative to the payment of dividend.

DETAILED INFORMATION CONCERNING THE PROGRAMME

1. The start of the Equity Shares Buyback Programme is scheduled for 19 January 2012.
2. The Programme will be implemented in line with the applicable Polish and EU laws as well as the principles laid down in resolution No. 3 of the Echo Investment S.A. Extraordinary General Meeting of 19 December 2008.
3. The total number of shares purchased for cancellation will not exceed 210,000,000 shares.
4. The total number of shares purchased for resale will not exceed 84,000,000 shares, taking account of other equity shares that were not sold by the Company.
5. The amount of funds earmarked for the purchase of the Company's shares for cancellation and resale shall be within the limits laid down in the provisions of resolution No. 3 of the Echo Investment S.A. Extraordinary General Shareholders' Meeting of 19 December 2008.
6. The Programme will end on 19 December 2013 at the latest.
7. Bearing in mind the Company's interest and after consulting the Supervisory Board, the Management Board may:
 - a) end the purchase of shares before 19 December 2013 or before the exhaustion of funds for their purchase;
 - b) abandon the purchase of shares entirely or partially.

In case of a decision to end the Programme before 19 December 2013, the Management Board will announce the relevant information to the public.
8. The price for which the Company is to purchase its equity shares may not be higher than the price during the last independent trading session and the highest present independent bid in transactions concluded during WSE trading sessions.
9. On a single day the Company may not purchase more than 25% of the average daily share volume at the WSE, with the stipulation that the value of the average daily volume will be based on the daily average volume during 20 days prior to the purchase day.
10. In the event of exceptionally low liquidity of shares, the Company may exceed the 25% limit specified in item 9 by not more than 50% after notifying the Polish Financial Supervision Authority, the WSE, and announcing such intention to the public.
11. The Company's shares may be purchased based on a tender offer.
12. The Company's shares will be purchased via a subsidiary or a brokerage house which will purchase the Company's shares on their own account by way of transactions concluded at the WSE and in observance of the terms of the Programme, in particular with regard to quantity and price limitations.
13. The shares purchased by a subsidiary or a brokerage house as part of implementing this Programme will be then purchased by the Company (when purchasing from a subsidiary or a brokerage house) or a subsidiary (when purchasing from a brokerage house for resale to the Company) in block transactions. Block transactions referred to in the previous sentence shall not be subject to quantity and price limitations on the purchased shares referred to above.
14. The Company's Management Board will announce to the public:
 - a) for every day of the Programme's implementation – the number of shares purchased on a given day under the Programme and their average purchase price, unless no equity shares were purchased under the Programme on a given day;
 - b) after the Programme is completed – collective and detailed report on the Programme's implementation.
15. The Company's Management Board is authorised to amend the provisions of the Programme, while information on amendments to the Programme will be announced to the public before such amendments come into effect.

After the Programme has been completed, the Company's Management Board will decide whether to cancel the purchased equity shares or to resell them. If it is decided that the equity shares are to be cancelled, the Management Board will promptly, but not later than within 3 months from that date, convene the Company's General Meeting to pass resolutions on cancelling the shares and decreasing the Company's share capital.

Announcement of a tender offer for the sale of the Issuer's shares

On 19 January 2012 the Echo Investment S.A. Management Board decided to announce through the Company's subsidiary "Park Postępu - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością" spółka komandytowo – akcyjna, with its registered office in Kielce (the "Acquirer"), a tender offer, under Article 72 section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, for the sale of the Company's shares, aimed at the purchase for cancellation and/or resale of the Company's 42,000,420 (forty-two million, four hundred and twenty) equity shares with a nominal value of PLN 0.05 (five grosz) each, for a price of PLN 3.90 (three zloty and ninety grosz) per share, according to the terms specified in the Tender Offer attached to this report.

The Management Board decided that the period for accepting subscriptions will start on 8 February 2012 and end on 21 February 2012. The remuneration for the purchase of the Company's equity shares under the Tender Offer will be paid from the Acquirer's own funds.

At the same time the Management Board reports that the content of the tender offer for the sale of the Company's shares (the "Tender Offer") was submitted to the Financial Supervision Authority, the Warsaw Stock Exchange and the Polish Press Agency in Warsaw today through Dom Inwestycyjny BRE Bank S.A., in accordance with the requirements of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies and the Ordinance of the Minister of Finance of 19 October 2005 on the form of tender offers for the sale or exchange of shares of a public company, the specific rules of their announcement, and terms of acquisition of shares under these announcements.

In the opinion of the Company's Management Board, the buyback of equity shares is justified in consideration of the following:

- safe financial condition of the Company and its Capital Group, including high cash balance,
- safe parameters and ratios describing debt and debt servicing capability of the Company and its Capital Group, also taking account of the funds intended for the purchase of equity shares,
- potentially slower growth of Poland's real estate market compared to the previous two years and higher risk of starting new projects and project funding risk due to the debt crisis in some of the euro zone countries and capital requirements of leading European banks,
- considering it an alternative to the payment of dividend to the Company's shareholders.

Information on the purchase of Issuer's shares as a result of the tender offer for the sale of equity shares

On 24 February 2012, a subsidiary of the Issuer, "Park Postępu - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością" spółka komandytowo - akcyjna (the Company, the Acquirer), purchased 7,309,418 (seven million three hundred nine thousand four hundred eighteen) shares of the company Echo Investment S.A. at the price of PLN 3.9 per share as part of the tender offer for the sale of shares of Echo Investment S.A. under the tender offer.

The settlement of the concluded transactions will take place on 27 February 2012.

The aforementioned purchase of the shares of the Issuer by the Company took place on the basis of:

- resolution No. 3 of the Extraordinary General Meeting of Echo Investment S.A. of 19 December 2008, which entitled the Management Board of the Issuer to purchase equity shares for further redemption or resale from 20 December 2008 until 19 December 2013.
- a resolution on adopting a buyback programme for the equity shares of Echo Investment S.A. of 18 January 2012 (Current report No. 3/2012).
- a resolution of the General Meeting of the limited joint-stock partnership (spółka komandytowo-akcyjna) of 18 January 2012.

The Acquirer shall not exercise any rights attached to the shares acquired as a result of the tender except the right to resell them or perform actions aimed at retaining the Acquirer's rights.

The nominal value of each share of the Issuer amounts to PLN 0.05 and the total nominal value of the purchased shares equals PLN 365,470.90.

The purchased shares correspond to 1.74% of the share capital of the Issuer and carry 7,309,418 shares constituting 1.74% of the total number of votes at the General Meeting of Echo Investment S.A.

The Company holds a total of 7,309,418 ordinary bearer shares of Echo Investment S.A. corresponding to 1.74% of the share capital of the Issuer and carries 7,309,418 votes constituting 1.74% of the total number of votes at the General Meeting of Echo Investment S.A.

Conclusion of significant lease agreements

The Management Board of ECHO INVESTMENT S.A. (the Issuer) reports that on 15 March 2012 subsidiaries of the Issuer signed lease agreements with "real,- Spółka z ograniczoną odpowiedzialnością and Spółka" Spółka komandytowa with its registered office in Warsaw (02-183) at Al. Krakowska 61, entered into the register of companies kept by the District Court for the city of Warsaw, 13th Commercial Department of the National Court Register, under the KRS number: 0000011498 (the Tenant), concerning lease of retail space for the period of 10 years in shopping centres that belong to the subsidiaries listed below.

The aforementioned lease agreements were concluded by the following subsidiaries of the Issuer:

1/ "Galeria Sudecka – Projekt Echo – 43 Spółka z ograniczoną odpowiedzialnością" Spółka komandytowo-akcyjna with its registered office in Jelenia Góra (58-506) at Al. Jana Pawła II 51, entered into the register of companies kept by the District Court for Wrocław – Fabryczna in Wrocław, 9th Commercial Department of the National Court Register, under the KRS number: 0000380072 – concerning a retail area in the shopping centre in Jelenia Góra at ul. Jana Pawła II 51;

2/ "PPR – Projekt Echo – 77 Spółka z ograniczoną odpowiedzialnością" Spółka komandytowo-akcyjna with its registered office in Kielce (25-323) at Al. Solidarności 36, entered into the register of companies kept by the District Court for Kielce, 10th Commercial Department of the National Court Register, under the KRS number: 0000361525 – concerning a retail area in the shopping centres in Radom at ul. Żółkiewskiego 4 and Piotrków Trybunalski at ul. Sikorskiego 13/17;

3/ "Galeria Tarnów – Projekt Echo – 43 Spółka z ograniczoną odpowiedzialnością" Spółka komandytowo-akcyjna with its registered office in Kielce (25-323) at Al. Solidarności 36, entered into the register of companies kept by the District Court for Kielce, 10th Commercial Department of the National Court Register, under the KRS number: 0000385055 – concerning a retail area in the shopping centre in Tarnów at ul. Błonie 2.

The total value of four agreements signed by the aforementioned subsidiaries amounts to EUR 38.15 million for the period of 10 years, which according to the average exchange rate of the National Bank of Poland constitutes an equivalent of PLN 158.04 million on the day of notifying the WSE (Current report No. 10/2012).

The agreement of the highest value is the one concerning an area in the shopping centre in Radom worth EUR 11.17 million, which according to the average exchange rate of the National Bank of Poland constitutes an equivalent of PLN 46.27 million on the day of notifying the WSE (Current report No. 10/2012).

The retail areas will be made available to the Tenant on 30 January 2013.

Agreements contain provisions concerning standard contractual penalties for this type of agreements used on the market. Liability of the Lessee and the subsidiaries with regard to the contractual penalties is limited to the amount EUR 3 million, which according to the average exchange rate of the National Bank of Poland was an equivalent of PLN 12.43 million on the day of notifying the WSE (Current report no. 10/2012). Payment of contractual penalties does not exclude the right of each contracting party to claim damages according to general principles.

6.4.2. Information on the Capital Group's projects

As at 31 March 2012, the Capital Group had projects put into service as well as in implementation and preparation stages.

PORTFOLIO OF PROPERTY IN SERVICE

As of 31 March 2012, the Capital Group owned 5 shopping centres, 3 shopping and entertainment centres and 7 office projects held for lease.

PROPERTY PORTFOLIO AS AT 31 MARCH 2012

| CITY | LOCALIZATION | NAME | GLA [SQ. M] |
|---|-------------------|------------------------------|----------------|
| Jelenia Góra | Al. Jana Pawła II | Galeria Echo | 19,000 |
| Piotrków Trybunalski | ul. Sikorskiego | Galeria Echo | 17,400 |
| Przemyśl | ul. 29 Listopada | Galeria Echo | 4,900 |
| Radom | ul. Żółkiewskiego | Galeria Echo | 19,500 |
| Tarnów | ul. Błonie | Galeria Echo | 20,200 |
| SHOPPING CENTRES | TOTAL | | 81,000 |
| Kielce | ul. Świętokrzyska | Galeria Echo | 70,500 |
| Szczecin | Al. Wyzwolenia | Galaxy | 41,700 |
| Wrocław | Plac Grunwaldzki | Pasaż Grunwaldzki | 48,700 |
| SHOPPING AND ENTERTAINMENT CENTRES | TOTAL | | 160,900 |
| Kielce | al. Solidarności | Astra Park (*) | 11,200 |
| Poznań | ul. Baraniaka | Malta Office Park (3 stages) | 28,400 |
| Szczecin | ul. Malczewskiego | Oxygen | 14,100 |
| Warsaw | Al. Jana Pawła II | Babka Tower | 6,200 |
| Warsaw | ul. Postępu | Polkomtel office building(*) | 10,200 |
| OFFICES | TOTAL | | 70,100 |
| PROJECTS FOR LEASE | TOTAL | | 312,000 |

*Astra Park project does not include the area taken by the Group. In the case of the Polkomtel office building (Warsaw, ul. Postępu), the area constitutes 50% of the project pertaining to the Capital Group.

Both national and international shopping chains as well as local companies are the lessees of the area in shopping and shopping and entertainment centres. Key lessees of commercial space are:

- hypermarkets: Real, Carrefour, Tesco,
- specialist commercial networks: Empik, Nomi, RTV Euro AGD, Saturn,
- clothing chains: C&A, H&M, Zara, Reserved,
- culture and entertainment chains: Helios, Multikino,
- health & beauty chains: Douglas, Rossmann.

Office space is leased to renowned companies and local entrepreneurs. Key lessees of office space are: Grand Thornton Frąckowiak, Roche Polska Sp. z o.o., Ikea Shared Services Sp. z o.o., McKinsey EMEA Shared Services, Coloplast Shared Services Sp. z o.o., Nordea Bank Polska S.A., Tieto Polska S.A., Polkomtel S.A., Pramerica Życie TUIR S.A., Raiffeisen Bank Polska S.A., Sygnity S.A., Medcover Sp. z o.o., Altkom Investments Sp. z o.o., Mentor Graphics Polska Sp. z o.o., Kennametal Polska Sp. z o.o., Tebodin SAP-Projekt Sp. z o.o., and Samsung Electronics Polska Sp. z o.o.

PROJECTS IN IMPLEMENTATION AND PREPARATION STAGES:

In order to minimise the risk of unfavourable changes on the real estate market, it is not ruled out that planned investments will be implemented in stages and that the pace of implementation will be adjusted to market expectations. The Management Board attentively follows the situation on the real estate market and makes 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.

PROJECTS IN IMPLEMENTATION AND PREPARATION STAGES IN THE SHOPPING AND SHOPPING AND ENTERTAINMENT CENTRES SEGMENT

| PROJECT | GLA [SQ. M] | COMMENCEMENT OF IMPLEMENTATION | END OF IMPLEMENTATION |
|--|----------------|-----------------------------------|--------------------------|
| Galeria Olimpia, Bełchatów | 21,200 | H1 2011 | H2 2012 |
| Galeria Veneda, Łomża | 15,200 | H2 2011 | H1 2013 |
| Outlet Park, Szczecin (stage I) | 15,900 | H2 2011 | H2 2012 |
| Outlet Park, Szczecin (stage II) | 8,500 | H1 2014 | H2 2014 |
| Galeria Amber, Kalisz | 34,100 | H1 2012 | H2 2013 |
| Pasaż Grunwaldzki, Wrocław (extension) | 16,500 | H2 2012 | H2 2013 |
| Galeria Arena, Słupsk (stage I - II) | 20,200 | H2 2012 | H1 2015 |
| Galeria Nova, Koszalin | 27,200 | H1 2013 | H2 2014 |
| Metropolis, Poznań | 73,300 | H1 2013 | H1 2015 |
| Galaxy, Szczecin (extension) | 16,100 | H1 2013 | H2 2014 |
| Lublin, ul. Poligonowa | 70,900 | H1 2013 | H2 2014 |
| Galeria Echo, Jelenia Góra (extension) | 9,800 | H2 2013 | H1 2015 |
| Katowice, ul. Kościuszki | 49,100 | H1 2014 | H2 2015 |
| PROJECTS IN POLAND | 378,000 | | |
| Korona, Brasov (Romania), stage I | 29,600 | H1 2013 | H2 2014 |
| Mundo, Budapest (Hungary) (*) | 42,700 | | |
| PROJECTS ABROAD | 72,300 | | |
| PROJECTS TOTAL | 450,300 | | |

* Due to Hungary's legislation limiting the construction of shopping centres and the country's economic situation, the commencement of the project is uncertain for the next three years.

PROJECTS IN IMPLEMENTATION AND PREPARATION STAGES IN THE OFFICE AND HOTEL SEGMENT

| PROJECT | GLA [SQ. M] | COMMENCEMENT OF IMPLEMENTATION | END OF IMPLEMENTATION |
|---------------------------------------|----------------|-----------------------------------|--------------------------|
| Novotel, Łódź | 7,300 | H2 2011 | H1 2013 |
| Aquarius, Wrocław (stage I) | 15,700 | H1 2011 | H2 2012 |
| Aquarius, Wrocław (stage II) | 9,500 | H1 2012 | H2 2013 |
| Warsaw, Konstruktorska (stage I - II) | 33,800 | H1 2012 | H2 2015 |
| Katowice, Francuska (stage I - III) | 32,500 | H2 2012 | H1 2017 |
| Kraków, Opolska (stage I - III) | 57,700 | H2 2012 | H1 2017 |
| Tryton, Gdańsk | 22,100 | H2 2012 | H1 2014 |
| Warsaw, Jana Pawła II | 52,900 | H1 2013 | H1 2016 |
| Warsaw, Beethovena (stage I - III) | 53,900 | H1 2013 | H2 2017 |
| Wrocław, Lotnicza | 16,200 | H1 2013 | H2 2014 |
| Aurus, Łódź (stage I - II) | 19,200 | H1 2013 | H2 2015 |
| PROJECTS IN POLAND | 320,800 | | |
| Kiev, Dehtiarivska (stage I-VI) | 110,400 | H1 2013 | H1 2015* |
| PROJECTS ABROAD | 110,400 | | |
| PROJECTS TOTAL | 431,200 | | |

*date of finish relates to stage I

PROJECTS IN IMPLEMENTATION AND PREPARATION STAGES IN THE HOUSING SEGMENT

| PROJECT | UFA [SQ. M] | COMMENCEMENT OF IMPLEMENTATION | END OF IMPLEMENTATION |
|---|----------------|-----------------------------------|--------------------------|
| Dyminy, Osiedle Południowe (stage I) | 48,100 | H2 2010 | H2 2012 |
| Dyminy, Osiedle Południowe (stage II - III) | 112,100 | H2 2011 | H1 2014 |
| Poznań, Sołacz | 13,700 | H1 2013 | H1 2014 |
| Warsaw, Rezydencje Leśne, Młociny | 52,900 | H2 2010 | H1 2012 |
| SALE OF PLOTS | 226,800 | | |
| Kielce, Solidarności | 2,100 | H2 2012 | H2 2013 |
| Kraków, Dom Pod Słowikiem, Krasickiego | 5,200 | H2 2010 | H1 2012 |
| Kraków, Korzeniowskiego | 3,000 | H2 2012 | H1 2014 |
| Kraków, Bronowicka | 3,100 | H2 2012 | H1 2014 |
| Kraków, Tyniecka / Czarodziejska | 4,600 | H1 2013 | H2 2014 |
| Łódź, Osiedle Jarzębinowe stage I | 6,900 | H2 2011 | H2 2013 |
| Łódź, Osiedle Jarzębinowe stage II-IV | 38,600 | H1 2013 | H2 2018 |
| Łódź, Wodna (stage I-II) | 13,700 | H1 2013 | H1 2016 |
| Poznań, Kasztanowa Aleja (stage I) | 8,600 | H1 2010 | H2 2011 |
| Poznań, Kasztanowa Aleja (stage II) | 8,600 | H2 2012 | H2 2014 |
| Poznań, Naramowice, Pod Klonami I multifamily | 9,300 | H1 2010 | H2 2012 |
| Poznań, Naramowice, Pod Klonami II terraced houses | 4,500 | H1 2012 | H2 2013 |
| Poznań, Naramowice, Karpia (stage I-II) | 20,300 | H2 2012 | H2 2015 |
| Warsaw, Klimt House, Kazimierzowska | 5,100 | H1 2008 | H1 2011 |
| Warsaw, Konstruktorska (stage I-IV) | 44,800 | H1 2012 | H1 2019 |
| Warsaw, Princess, Puławska | 4,700 | H2 2012 | H2 2014 |
| Warsaw, Kirkor, Szajnoch | 1,300 | H1 2013 | H1 2013 |
| Wrocław, Przy Słowiańskim Wzgórzu, Jedności Narodowej | 14,200 | H1 2010 | H1 2012 |
| Wrocław, Grota Roweckiego (stage I - III) | 18,300 | H2 2012 | H2 2016 |
| SALE OF APARTMENTS | 216,900 | | |
| TOTAL PROJECTS | 443,700 | | |

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

16. Factors which had impact on the financial result of the Capital Group in Q1 2012:

- posting of revenues from the concluded final agreements for the sale of residential properties:
 - in Poznań (Kasztanowa Aleja at ul. Wojskowa, Pod Klonami at ul. Rubież, Naramowice Rynek),
 - in Warsaw (Klimt House at ul. Kazimierzowska),
- posting of revenues from the concluded final agreements for the sale of plots together with house designs:
 - in Dyminy near Kielce (Osiedle Południowe),
- posting of revenues from the concluded final agreements for the sale of plots:
 - in Małkowo near Kielce
- regular revenue obtained from the rent of area in offices and shopping centres;
- sale of fixed assets under construction connected with the execution of the Novotel hotel in Łódź,
- quarterly revaluation of the fair value of property owned by the Group:
 - in service, including:
 - changes in foreign exchange rates (EUR and USD),
 - indexation of rents,
 - changing levels of net operating revenue,
 - under construction and in the course of commercialisation:
 - Malta Office Park in Poznań stage III (revaluation),
 - Outlet Park in Szczecin (revaluation),
 - Galeria Olimpia in Bełchatów (first valuation),
 - Galeria Veneda in Łomża (first valuation)
- cost of sales and general and administrative expenses,

- measurement of liabilities due to bonds and borrowings at amortised cost,
- valuation 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, bonds and borrowings.

17. Unusual events affecting Company's financial result in Q1 2011:

- none.

18. Transactions hedging foreign exchange rates

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 at 31 March 2012, due to open foreign exchange market positions, the Echo Investment Capital Group was hedged against part of the cash flow for the year 2012 – EUR 750 thousand and for 2013 – EUR 750 thousand.

Balance sheet valuation of open positions on derivatives as at 31 March 2012: PLN 0.3 million.

The average-weighted strike for the remaining open transactions is 4.4720 EUR/PLN.

MATURITY PERIODS FOR OPEN HEDGING POSITIONS AS AT 31 MARCH 2012:

| | | CARRYING VALUE [PLN '000,000] | DENOMINATION [EUR '000,000] | Q3 2012 [EUR '000,000] | Q1 2013 [EUR '000,000] |
|---------|---------|----------------------------------|--------------------------------|---------------------------|---------------------------|
| Forward | EUR/PLN | 0.3 | 1.5 | 0.75 | 0.75 |

6.6. 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:

STRUCTURE OF OPERATING REVENUE AND EXPENSES OBTAINED IN Q1 2012:

| ITEM | REVENUE [PLN '000,000] | % SHARE | COSTS [PLN '000,000] | % SHARE |
|---|---------------------------|-------------|-------------------------|-------------|
| shopping and shopping and entertainment centres | 76 | 49% | 20 | 31% |
| residential area | 56 | 37% | 34 | 52% |
| offices and hotels | 20 | 13% | 8 | 12% |
| not classified | 2 | 1% | 3 | 5% |
| total operating result | 154 | 100% | 65 | 100% |

In Q1 2012, the Capital Group did not change the basis for segmentation; the sum of assets in segments did not significantly change in comparison to data presented in the 2011 yearly report.

6.7. Explanations concerning the seasonal or cyclical nature of the Capital Group's activity in the reported period

The Capital Group's activity covers several 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 to the 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.

6.8. 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.

Bonds issued as at 31 March 2012 are issued under the Bond Issue Programme with BRE Bank S.A. of 2004.

LIABILITIES FROM ISSUED BONDS AS AT 31 MARCH 2012 [PLN '000]

| BANK | INSTRUMENT TYPE | AMOUNT USED | BOND MATURITY | INTEREST RATE TERMS |
|---------------|-----------------|-------------|---------------|---------------------|
| BRE Bank S.A. | Bonds | 35,000 | 9.05.2012 | WIBOR 1M + margin |
| BRE Bank S.A. | Bonds | 115,000 | 18.05.2012 | WIBOR 6M + margin |
| BRE Bank S.A. | Bonds | 150,000 | 29.03.2013 | WIBOR 6M + margin |
| BRE Bank S.A. | Bonds | 100,000 | 25.05.2013 | WIBOR 6M + margin |
| BRE Bank S.A. | Bonds | 300,000 | 30.06.2014 | WIBOR 6M + margin |
| BRE Bank S.A. | Bonds | 145,000 | 11.02.2016 | WIBOR 6M + margin |

As at 31 March 2012 the Issue Programme allows to issue bond to a maximum total nominal value of PLN 1 billion.

On 25 March 2012, the bank purchased guarantee programme bonds of PLN 35 million and on the same day further guarantee programme bonds were issued. The Company issued discount bonds for a total value of PLN 35 million. The issue price of one bond was PLN 100 thousand. The bonds were issued for a 1-month period. The bond redemption day was 29 February 2012. The bond interest rate was established based on the variable WIBOR 1M rate increased by investors' profit margin.

On 29 February 2012, the bank purchased the guarantee programme bonds of PLN 35 million and on the same day further guarantee programme bonds were issued. The Company issued discount bonds for a total value of PLN 35 million. The issue price of one bond was PLN 100 thousand. The bonds were issued for a 1-month period. The bond redemption day was 30 March 2012. The bond interest rate was established based on the variable WIBOR 1M rate increased by investors' profit margin.

On 30 March 2012, the bank purchased the guarantee programme bonds of PLN 35 million and on the same day further guarantee programme bonds were issued. The Company issued discount bonds for a total value of PLN 35 million. The issue price of one bond was PLN 100 thousand. The bonds were issued for a 1-month period. The bond redemption day was 9 May 2012. The bond interest rate was established based on the variable WIBOR 1M rate increased by investors' profit margin.

The issued bonds are not hedged.

6.9. 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.

6.10. 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

Information on the proposed allocation of profit for FY 2011

On 11 May 2012, in the draft resolutions included in the notice on convening the Ordinary General Shareholders' Meeting of Echo Investment S.A. the Company's Management Board presented a proposal for the allocation of net profit disclosed in the Company's financial statements for the financial year ending 31 December 2011.

The Company's Management Board proposed that the Company's net profit for FY 2011, amounting to PLN 16,517 thousand (in words: sixteen million five hundred and seventeen thousand zloty), is not shared with the shareholders but used in full to boost the Company's supplementary capital to fund its current operations.

This recommendation will be brought to the attention of the Company's Ordinary General Shareholders' Meeting convened for 6 June 2012.

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

6.11.1. Surety agreements

SURETY AGREEMENTS IN FORCE AS AT 31 MARCH 2012

| SURETY TO | VALUE [PLN '000] | VALIDITY PERIOD | REGARDING |
|----------------------------------|---------------------|--|--|
| NORDEA BANK POLSKA S.A. | 60,759 | Shall remain in force until the project is completed but for a period not exceeding 31 December 2013 | Surety for the liabilities of the company "Oxygen - Projekt Echo - 95 spółka z ograniczoną odpowiedzialnością" spółka komandytowo-akcyjna (formerly: "Echo-Oxygen" Sp. z o.o.) under the loan agreement of 27 September 2010 with the Bank Nordea Bank Polska S.A. The surety was concluded in EUR. |
| METALPLAST - STOLARKA SP. Z O.O. | 6,000 | Shall remain in force until the payment of the whole liability resulting from the agreement for the execution of the elevation of the office building "Aquarius Business House" in Wrocław (stage I) of 31.01.2012 | The surety refers to the payment of liabilities of the company "Grupa Echo Spółka z ograniczoną odpowiedzialnością 1" spółka komandytowo-akcyjna resulting from the agreement for the execution of the elevation of the office building "Aquarius Business House" in Wrocław (stage I) concluded on 31.01.2012 with Metalplast - Stolarka Sp. z o.o. |

See also p. 6.19 of this Report

On 31 January 2012, a surety agreement was concluded whereby surety was provided by "Park Postępu - Projekt Echo - 93 spółka z ograniczoną odpowiedzialnością" spółka komandytowo-akcyjna (subsidiary of the Issuer) for the payment of the liability under the agreement for execution of elevation of the office building "Aquarius Business House" (stage I) in Wrocław concluded on 31 January 2012 with the company Metalplast - Stolarka Sp. z o.o. The value of the surety is PLN 6,000,000. The surety is in force until the day of full payment of the liability under the agreement for execution of elevation of the office building "Aquarius Business House" in Wrocław (stage I) concluded on 31.01.2012.

On 30 March 2012, the surety in the amount of EUR 100,000,000 granted by Echo Investment S.A. for the liabilities of the company "Galeria Kielce - "Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością"" spółka komandytowo - akcyjna (formerly: "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) expired.

6.11.2. Guarantee agreements

GUARANTEES IN FORCE AS AT 31 MARCH 2011

| GUARANTOR | VALUE [PLN '000] | VALIDITY PERIOD | REGARDING |
|----------------------|---------------------|---|--|
| Echo Investment S.A. | 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 to Nordea Bank Polska S.A. |
| PKO BP S.A. | 200 | until 15.04.2012 | Security for non-performance or ill-performance of all obligations towards Fortis Bank Polska S.A. under a finishing works agreement of 15 December 2010 |
| PKO BP S.A. | 4,073 | until 24.03.2013 | Security for non-performance or ill-performance of all obligations towards Orbis S.A. under the conditional General Contracting Agreement dated 4 September 2008 |
| PKO BP S.A. | 324 | until 29.08.2012 | Security for non-performance of obligations Towards PGE Dystrybucja S.A. under agreement No. 1091/1/RP2/2009 for connection to the distribution network dated 12 May 2011. |
| PKO BP S.A. | 434 | until 29.08.2012 | Security for non-performance of obligations towards PGE Dystrybucja S.A. under agreement No. 1091/1/RP2/2009 for connection to the distribution network dated 12 May 2011 |

| GUARANTOR | VALUE [PLN '000] | VALIDITY PERIOD | REGARDING |
|----------------------|---------------------|---|---|
| PKO BP S.A. | 185 | until 31 August 2012 | 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 EUR. |
| PKO BP S.A. | 134 | until 14 October 2012 | Security for non-performance of obligations towards ImmoPoland Sp. z o.o. under the lease agreement dated 20 September 2011. The guarantee was issued in EUR. |
| Echo Investment S.A. | 18,411 | Shall remain in force until the Conversion Date but for a period not exceeding 30 June 2018 | Security on insufficient funds or exceeded costs of constructing the shopping centre "Olimpia" in Bełchatów to Nordea Bank Polska S.A. |
| PKO BP S.A. | 1,300 | until 31.12.2012 | Security on payment of potential claims required due to the cancellation of the lease agreement to Master Serwis Opon Sp. z o.o. |
| PKO BP S.A. | 16,646 | until 31.10.2012 | Security for non-performance of payment obligations under the agreement for the purchase of the perpetual usufruct title to a real property concluded on 21 December 2011 towards Ravenna Warszawa Sp. z o.o. Guarantee issued in UER |

On 9 January 2012, PKO BP S.A. issued a guarantee to Ravenna Warszawa Sp. z o.o. as a security for non-performance of payment obligations under the agreement for the purchase of the perpetual usufruct title to a real property concluded on 21 December 2011 by "Projekt Echo-70" Sp. z o.o. (subsidiary of the Issuer). The guarantee amounts to EUR 4,000,000. The Guarantee shall remain in force until 31 October 2012.

On 23 January 2012, PKO BP S.A. issued a guarantee to Master Serwis Opon Sp. z o.o. as a security on payment of potential claims to the Beneficiary due to the cancellation of the lease agreement by Ultra Marina Sp. z o.o. (subsidiary of the Issuer). The guarantee amounts to PLN 1,300,000. The guarantee is valid until 31 December 2012.

On 26 January 2012 Echo Investment S.A. issued a guarantee to Nordea Bank Polska S.A. as a security on insufficient funds or exceeded costs of constructing the shopping centre "Olimpia" in Bełchatów by "Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością" spółka komandytowo-akcyjna (subsidiary of the Issuer). The guarantee amounts to PLN 18,410,850. The guarantee shall remain in force until the Conversion Date but in no case for a period exceeding 30 June 2018.

On 21 February 2012, the guarantee to the amount of PLN 7,300,000 issued by Echo Investment S.A. to Westdeutsche ImmobilienBank AG as a security to cover for exceeding the execution costs of stage II of Malta Office Park expired.

On 29 February 2012, the bank guarantee to the amount of PLN 500,000 issued by PKO BP S.A. as a security for non-performance of obligations towards PGE Dystrybucja S.A. under agreement no. 12164/102010 for connection to the distribution network dated 8 March 2011 expired.

On 29 February 2012, the bank guarantee to the amount of PLN 500,000 issued by PKO BP S.A. as a security for non-performance of obligations towards PGE Dystrybucja S.A. under agreement no. 12146/102010 for connection to the distribution network dated 8 March 2011 expired.

On 29 February 2012, the bank guarantee to the amount of PLN 500,000 issued by PKO BP S.A. as a security for non-performance of obligations towards PGE Dystrybucja S.A. under agreement no. 12168/102010 for connection to the distribution network dated 8 March 2011 expired.

On 29 February 2012, the bank guarantee to the amount of PLN 500,000 issued by PKO BP S.A. as a security for non-performance of obligations towards PGE Dystrybucja S.A. under agreement no. 12152/102010 for connection to the distribution network dated 8 March 2011 expired.

6.12. 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 funds 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 at 31 March 2012, the Echo Investment Capital Group comprised 81 fully consolidated subsidiaries, one jointly-controlled company consolidated by means of the pro-rata method and one affiliated company consolidated by means of the equity method.

SUBSIDIARIES:

| COMPANY NAME | REGISTERED OFFICE | % SHARE OF THE CAPITAL | PARENT |
|--|-------------------|------------------------|----------------------|
| "47 - Grupa Echo Sp. z o.o." S.k.a. | Kielce | 100% | XXXIV FIZ Forum |
| "53 - Grupa Echo Sp. z o.o." S.k.a. | Kielce | 100% | XXXIV FIZ Forum |
| "Astra Park" Sp. z o.o. | Kielce | 100% | XXXIV FIZ Forum |
| "Avatar - Projekt Echo - 93 Sp. z o.o." S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Babka Tower - 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 – Galaxy Sp. z o.o." S.k.a. | Szczecin | 100% | XXIX 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. |
| "Echo – Klimt House" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Klimt House Sp. z o.o." Sp. kom. | Kielce | 100% | Echo Investment S.A. |
| "Echo – Metropolis" Sp. z o.o. | Kielce | 100% | XXXIV FIZ Forum |
| "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. | Kielce | 100% | Echo Investment S.A. |
| "Echo Investment 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. | Kielce | 100% | Echo Investment S.A. |
| "Echo Investment Ukraine" LLC | Kiev | 100% | Echo Investment S.A. |

| COMPANY NAME | REGISTERED OFFICE | % SHARE OF THE CAPITAL | PARENT |
|---|-------------------|------------------------|--------------------------------------|
| "Echo - Pod Klonami Sp. z o.o." Sp. kom. (former "Projekt Echo - 94" Sp. z o.o.) Sp. kom.) | Kielce | 100% | Echo Investment S.A. |
| "Echo Pasaż Grunwaldzki - „Magellan West Sp. z o.o.” S.k.a. | Kielce | 99.95% | XXIX FIZ Forum |
| "El Project Cyp - 1" Ltd | Nicosia | 100% | Echo Investment S.A. |
| "Galeria Kielce - „Projekt Echo - 93 Sp. z o.o.” S.k.a. (former "Echo - Galeria Kielce" Sp. z o.o.) | Kielce | 100% | XXIX FIZ Forum / XXXIV FIZ Forum |
| "Galeria Olimpia - Projekt Echo - 98 Sp. z o.o." S.k.a. | 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 |
| "Huxton Investments" Sp. z o.o. | Warsaw | 100% | Echo Investment S.A. |
| "Malta Office Park - Projekt Echo - 96 Sp. z o.o." S.k.a. | Kielce | 100% | XXXIV FIZ Forum |
| "Mena Investments" Sp. z o.o. | Warsaw | 100% | Echo Investment S.A. |
| "Oxygen - Projekt Echo - 95 Sp. z o.o." S.k.a. | Kielce | 100% | XXIX FIZ Forum |
| "Pamiątkowo" Sp. z o.o. | Pamiątkowo | 100% | Echo Investment S.A. |
| "Park Postępu - Projekt Echo - 93 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 |
| "Echo - Pod Klonami" Sp. z o.o. | Kielce | 100% | Projekt Naramowice Poznań Sp. z o.o. |
| "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 Beethovena - Grupa Echo Sp. z o.o." S.k.a. (former "Projekt Echo - 58" Sp. z o.o.) | Kielce | 100% | XXIX FIZ Forum / XXXIV FIZ Forum |
| "Projekt CS" Sp. z o.o. | Szczecin | 100% | Echo Investment S.A. |
| "Projekt Echo - 30" Sp. z o.o. | Kielce | 100% | XXXIV FIZ Forum |
| "Projekt Echo - 39" Sp. z o.o. | Kielce | 100% | XXXIV FIZ Forum |
| "Projekt Echo - 43" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "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 - 67 Sp. z o.o." Sp. kom. | 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 - 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% | XXXIV FIZ Forum |
| "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 |

| COMPANY NAME | REGISTERED OFFICE | % SHARE OF THE CAPITAL | PARENT |
|--|-------------------|------------------------|----------------------------------|
| "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 |
| "Vasco Investment" Sp. z o.o. | Kielce | 100% | Echo Investment S.A. |
| "Veneda – Projekt Echo -97 Sp. z o.o." S.k.a. | Kielce | 100% | XXXIV FIZ Forum |
| "Yevrobudgarant" LLC | Kiev | 100% | El Project Cyp - 1 Ltd |
| „Zakład Ogrodniczy Naramowice - Pamiątkowo Sp. z o.o." S.k.a. (former "Zakłady Ogrodnicze Naramowice" Sp. z o.o.) | Pamiątkowo | 100% | XXXIV FIZ Forum |

The jointly-controlled entity is "Wan 11" Spółka z o.o. with its registered office in Warsaw. The affiliated company is "Projekt Echo - 100" Spółka z o.o. with its registered office in Kielce.

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

6.13. 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

Agreements for the transfer of holdings in subsidiaries

On 29 March 2012, an agreement was concluded in the Echo Investment Capital Group concerning the sale of holdings in the company "Projekt Echo - 59" Sp. z o.o. with its registered office in Kielce (the Company). "Echo - Aurus" Sp. z o.o. with its registered office in Kielce (subsidiary of the Issuer) sold to Echo Investment S.A. with its registered office in Kielce 999 (nine hundred and ninety nine) holdings of the Company, each at face value of PLN 50 (fifty), which constitute 99.9% of the share capital of the Company.

I. The composition of Echo Investment S.A. Capital Group increased by 3 companies as a result of:

- the purchase on 5 March 2012 of 100% holdings in the company Huxton Investments Sp. z o.o. with its registered office in Warsaw. The total purchase price was PLN 101,048.06. The company's share capital is PLN 5 thousand,
- the purchase on 5 March 2012 of 100% holdings in the company Mena Investments Sp. z o.o. with its registered office in Warsaw. The total purchase price was PLN 105,081.00. The company's share capital is PLN 5 thousand,
- the purchase on 5 March 2012 of 100% holdings in the company Vasco Investment Sp. z o.o. with its registered office in Kielce. The total purchase price was PLN 89,569.00. The company's share capital is PLN 5 thousand.

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

- on 20 January 2012, 750 holdings in the company "Projekt Echo - 100" Sp. z o.o. with its registered office in Kielce were sold. The total sale price was PLN 40,000. The company's share capital is PLN 50 thousand. The holdings sold comprise 75% of holdings in the company's share capital. Due to the transaction, "Projekt Echo - 100" Sp. z o.o. became an affiliate (formerly a fully consolidated subsidiary) and will be consolidated by means of the equity method.
- the capital of the company "Projekt Echo - 30" Sp. z o.o. was increased by XXXIV FIZ Forum (date of registration: 19 January 2012),
- the capital of the company "Projekt Echo - 39" Sp. z o.o. was increased by XXXIV FIZ Forum (date of registration: 13 February 2012),
- the capital of the company "Princess Investment" Sp. z o.o. was increased by Echo Investment S.A. and Grupa Echo Sp. z o.o. (date of registration: 5 March 2012),
- the capital of the company "Echo Investment Project Management" S.R.L. was increased by Echo Investment S.A. (date of registration: 21 March 2012),
- the capital of the company "Ultra Marina" Sp. z o.o. was increased by XXXIV FIZ Forum, XXIX FIZ Forum and Echo Investment S.A. (date of registration: 27 March 2012),
- the company "Zakłady Ogrodnicze Naramowice" Sp. z o.o. was transformed into "Zakład Ogrodniczy Naramowice - Pamiątkowo Spółka z ograniczoną odpowiedzialnością" S.k.a. (date of registration: 23 February 2012),
- the company "Echo – Galeria Kielce" Sp. z o.o. was transformed into "Galeria Kielce - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością" S.k.a. (date of registration: 15 March 2012),

- the company "Projekt Echo - 58" Sp. z o.o. was transformed into Projekt Beethovena - „Grupa Echo” Spółka z ograniczoną odpowiedzialnością S.K.A. (date of registration: 29 March 2012),
- the business name of the company "Projekt Echo - 94 Spółka z ograniczoną odpowiedzialnością" Sp. kom. was changed to "Echo - Pod Klonami Spółka z ograniczoną odpowiedzialnością" Sp. kom. (date of the resolution: 22 March 2012).

6.14. 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 forecast results

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

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

ENTITIES HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF ECHO INVESTMENT S.A., AS AT 15 MAY 2012:

| 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. | % OF OVERALL VOTES AT THE GSM OF ECHO INVESTMENT S.A. |
|-----------------------------------|-------------------------|--|--|---|
| MICHAŁ SOŁOWOW, including: | 185,786,775 | 44.23% | 185,786,775 | 44.23% |
| - directly: | 2,343,431 | 0.56% | 2,343,431 | 0.56% |
| - indirectly, including: | 183,443,344 | 43.68% | 183,443,344 | 43.68% |
| Barcocapital Investment Limited | 63,980,497 | 15.23% | 63,980,497 | 15.23% |
| Calgeron Investment Limited | 17,884,050 | 4.26% | 17,884,050 | 4.26% |
| FTF Galleon S.A. | 101,578,797 | 24.19% | 101,578,797 | 24.19% |
| ING OFE | 54,488,467 | 12.97% | 54,488,467 | 12.97% |
| AVIVA OFE AVIVA BZ WBK | 36,683,460 | 8.73% | 36,683,460 | 8.73% |
| PZU Żłota Jesień OFE | 21,419,085 | 5.10% | 21,419,085 | 5.10% |

In the period between the publication of the previous quarterly yearly, i.e. 30 April 2012 and the day of publishing this report, the company did not receive any information regarding changes to share ownership of major shareholders.

6.16. 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 tables below present 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 the Company, in the period after the presentation of the previous quarterly report:

OWNERSHIP OF THE COMPANY'S SHARES BY THE MEMBERS OF THE MANAGEMENT BOARD

MANAGERIAL STAFF 6.02.2012 - 15.05.2012

| | | |
|--|----------------|----------------|
| 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 |

OWNERSHIP OF THE COMPANY'S SHARES BY THE MEMBERS OF THE SUPERVISORY BOARD

SUPERVISORY STAFF 6.02.2012 - 15.05.2012

| | | |
|---|------------------|------------------|
| 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 Waniówka – 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 |

6.17. Information on court proceedings

In the period from 1 January to 31 March 2012, there were no court or administrative proceedings regarding liabilities or receivables of the Company or its affiliates of total value of at least 10% of the Company's equity.

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

In Q1 2012, neither the Company nor its subsidiaries entered into transactions with related entities under other than market conditions.

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

In Q1 2012, 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 p. 6.11

6.20. 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.**Well-known brands in Outlet Park Szczecin**

Next well-known brands open their shops in Outlet Park Szczecin - the first outlet centre developed by Echo Investment in Zachodniopomorskie Region.

Recently, the Company has concluded agreements, among others, with the following companies:

- Coccodrillo, known as the manufacturer of high-quality clothing and accessories for children,
- Cross Jeanswear, known as the manufacturer of jeans clothing, will open its shop with an area of 200 sq. m,
- Coffee Heaven chain,
- The Milano Shoes shop will have an area of 230 sq. m,
- The shop of the company Gabor in Outlet Park Szczecin - one of the most recognisable shoe brands in Poland - will have an area of 130 sq. m. The products of such brands as Camel-active, Bugatti, Snipe and Mimi will also be on offer.
- The North Fish chain will open its restaurant in Outlet Park Szczecin

The construction work at the facility began in June 2011 and its completion is scheduled for mid-2012. The company Polimex-Mostostal SA. is the contractor.

Loan of PLN 29.9 million for the development of the estate Małe Naramowice "Pod Klonami"

Echo Investment and the Pekao S.A. bank concluded a loan agreement with a value of PLN 29.9 million. The acquired funds will be earmarked for the development of the next stage of the Małe Naramowice estate in Poznań.

The "Pod Klonami" residential complex developed in the capital of the Greater Poland Region is being built at the junction of Rubież and Czarnucha streets. "Pod Klonami" is another stage of the Małe Naramowice estate, which is a modern district integrated into the picturesque area of north-east Poznań.

In the "Pod Klonami" project, the developer –Echo Investment – offers 145 apartments in urban villas and 35 two-storey terraced houses with garages.

Second stage of Aquarius Business House to be launched, Tieto Poland leases additional space

Tieto Poland, the Polish branch of the international IT concern, has officially confirmed the so-called "expansion option" included in its lease contract and increased the area leased in the Aquarius Business House office building in Wrocław to over 8,500 sq. m. Tieto's increase of leased space means that the facility reached the assumed occupancy level of 85 per cent, which makes it possible to start stage II of the project.

Tieto Poland, the Polish branch of the international IT concern, leased area in Aquarius Business House in October 2011. The concluded understanding confirms the final office area to be leased, and Tieto Poland is to take possession of it at the end of this year. The size of the area leased amounts to over 8,500 sq. m.

PwC Poland leases space in Aquarius Business House

The renowned consulting company PwC Polska has leased an area of nearly 1,000 sq. m in Aquarius Business House – an A class office building developed by Echo Investment in the centre of Wrocław.

PwC, former PricewaterhouseCoopers, is another international company, after Tieto Poland, to lease office space in Aquarius Business House.

Aquarius Business House is being developed in the centre of Wrocław at the junction of Borowska and Swobodna streets. The project is being implemented in two stages. The first one started in June 2011 and is to finish in November later this year. The completion of the second stage is planned for September 2013. The contractor of the shell of the facility is Eiffage Budownictwo Mitex S.A. Its architectural design was created in the Arcad architectural studio of Kielce.

ISO Environmental Certificate for Echo Investment Property Management

Echo Investment Property Management, the company managing Echo Investment facilities, obtained a certificate confirming compliance of its environmental management system with the requirements of the ISO norm 14001:2004.

The basic objective of the ISO norm 14001 is to support activities connected with environmental protection as well as limiting and preventing pollution, while the system model adopted in the norm assumes constant perfection, development and promotion of knowledge in this field.

The successfully accomplished certification process is a result of management standards which have been implemented by the company for a long time on the one hand and a response to expectations of tenants and investment partners on the other.

6.21. 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:

- posting of revenues from the concluded final agreements for the sale of residential properties in:
 - Kraków (Dom Pod Słowikiem at ul. Krasickiego),
 - Poznań (Kasztanowa Aleja at ul. Wojskowa, Pod Klonami at ul. Rubież),
 - Warsaw (Klimt House at ul. Kazimierzowska),
 - Wrocław (Przy Śłowiańskim Wzgórzu at ul. Jedności Narodowej),
- posting of revenues from the concluded final agreements for the sale of plots together with house designs in:
 - Bilcza near Kielce (Bilcza stage II)
 - Dyminy near Kielce (Osiedle Południowe),
- posting of revenues from the concluded final agreements for the sale of plots in:
 - Małowo near Kielce
- regular revenue obtained from the rent of area in offices and shopping centres;
- sale of fixed assets under construction connected with the execution of the Novotel hotel in Łódź,
- quarterly revaluation of the fair value of property owned by the Group:
 - in service, including:
 - changes in foreign exchange rates (EUR and USD),
 - indexation of rents,
 - change of capitalisation rates (yield),
 - changing levels of net operating revenue,
 - under construction and in the course of commercialisation:
 - Malta Office Park in Poznań stage III (revaluation),
 - Outlet Park in Szczecin (revaluation),
 - Galeria Olimpia in Bełchatów (revaluation),
 - Galeria Veneda in Łomża (revaluation)
 - Aquarius Business Park in Wrocław (first valuation)
- cost of sales and general and administrative expenses,
- measurement of liabilities due to bonds and borrowings at amortised cost,
- valuation 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, bonds and borrowings.

III. CONDENSED SEPARATE FINANCIAL STATEMENTS AS AT, AND FOR THE THREE-MONTH PERIOD ENDING ON 31 MARCH 2012

| | 31 March 2012 | 31 December 2011 | 31 March 2011 |
|--|------------------|------------------|------------------|
| ASSETS | | | |
| 1. Fixed assets | | | |
| 1.1. Intangible assets | 1,371 | 1,419 | 1,485 |
| 1.2. Tangible fixed assets | 14,769 | 14,664 | 16,873 |
| 1.3. Investment property | 3,655 | 3,655 | 11,745 |
| 1.4. Investments in subsidiaries and jointly-controlled entities | 911,795 | 909,152 | 774,865 |
| 1.5. Investments in affiliates | - | - | - |
| 1.6. Borrowings granted | - | - | 7 |
| 1.7. Other financial assets | 1,156 | 3,431 | 13,975 |
| 1.8. Other receivables | 13,901 | 14,038 | 11,962 |
| | 946,647 | 946,359 | 830,912 |
| 2. Current assets | | | |
| 2.1. Inventory | 322,771 | 313,863 | 335,496 |
| 2.2. Current income tax receivables | - | - | 413 |
| 2.3. Other tax receivables | 51 | 2,685 | - |
| 2.4. Trade and other receivables | 35,293 | 97,731 | 68,043 |
| 2.5. Borrowings granted | 206,647 | 144,929 | 107,868 |
| 2.6. Cash and cash equivalents | 50,801 | 86,386 | 291,009 |
| | 615,563 | 645,594 | 802,829 |
| Total assets | 1,562,210 | 1,591,953 | 1,633,741 |

| | 31 March 2012 | 31 December 2011 | 31 March 2011 |
|---|----------------------|-------------------------|----------------------|
| Equity and liabilities | | | |
| 3. Equity | | | |
| 3.1. Share capital | 21,000 | 21,000 | 21,000 |
| 3.2. Supplementary capital | 550,574 | 550,574 | 511,901 |
| 3.3. Profit (loss) from previous years | 16,517 | - | 38,672 |
| 3.4. Net profit (loss) | 12,509 | 16,517 | 5,968 |
| | 600,600 | 588,091 | 577,541 |
| 4. Provisions | | | |
| 4.1. Provisions for liabilities – short-term | 5,873 | 4,273 | 6,700 |
| 4.2. Deferred income tax provision – long-term | 6,917 | 7,778 | 10,866 |
| | 12,790 | 12,051 | 17,566 |
| 5. Non-current liabilities | | | |
| 5.1. Loans, borrowings and bonds | 515,899 | 654,374 | 776,578 |
| 5.2. Advance payments received | 16,132 | 16,288 | 14,109 |
| | 532,031 | 670,662 | 790,687 |
| 6. Current liabilities | | | |
| 6.1. Loans, borrowings and bonds | 357,417 | 232,691 | 194,401 |
| 6.2. Current income tax liabilities | 4,143 | 3,369 | 26 |
| 6.3. Other tax liabilities | 6,556 | 14,033 | 3,266 |
| 6.4. Trade liabilities | 17,788 | 42,391 | 31,396 |
| 6.5. Advance payments received | 24,762 | 20,628 | 11,610 |
| 6.6. Other liabilities | 6,123 | 8,037 | 7,248 |
| | 416,789 | 321,149 | 247,947 |
| Total equity and liabilities | 1,562,210 | 1,591,953 | 1,633,741 |
| | | | |
| BOOK VALUE (PLN '000) | 31 March 2012 | 31 December 2011 | 31 March 2011 |
| Book value | 600,600 | 588,091 | 577,541 |
| Number of shares | 420,000,000 | 420,000,000 | 420,000,000 |
| Book value per share (in PLN) | 1.43 | 1.40 | 1.38 |
| | | | |
| OFF-BALANCE SHEET LIABILITIES (PLN '000) | 31 March 2012 | 31 December 2011 | 31 March 2011 |
| 1. Off-balance sheet receivables | - | - | - |
| 2. Off-balance sheet liabilities | 120,379 | 538,748 | 485,931 |
| Total off-balance sheet items | 120,379 | 538,748 | 485,931 |

| PROFIT AND LOSS ACCOUNT (PLN '000) | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
|---|-----------------------------------|-----------------------------------|
| Revenue | 42,245 | 65,909 |
| Cost of sales | (17,270) | (51,233) |
| Gross profit (loss) from sales | 24,975 | 14,676 |
| Profit (loss) from investment property | - | 114 |
| Cost of sales | (6,290) | (5,547) |
| General and administrative expenses | (7,383) | (6,261) |
| Other operating revenue | 17,093 | 2,818 |
| Other operating costs | (356) | (479) |
| Operating profit | 28,039 | 5,321 |
| Financial revenue | 125 | 11,237 |
| Financial costs | (15,689) | (11,732) |
| Gross profit (loss) | 12,475 | 4,826 |
| Income tax | 34 | 1,142 |
| Net profit (loss) | 12,509 | 5,968 |
| <hr/> | | |
| (Annualised) net profit (loss) | 23,058 | 32,277 |
| Average-weighted number of ordinary shares | 420,000,000 | 420,000,000 |
| Earnings (loss) per ordinary share (in PLN) | 0.05 | 0.08 |

| STATEMENT OF CHANGES IN EQUITY (PLN '000) | SHARE CAPITAL | SUPPLEMENTARY CAPITAL | RETAINED PROFIT (LOSS) FROM PREVIOUS YEARS | NET PROFIT (LOSS) | TOTAL EQUITY |
|---|------------------|--------------------------|---|----------------------|----------------|
| For Q1 (current year), period from 1 January 2012 to 31 March 2012 | | | | | |
| Opening balance | 21,000 | 550,573 | 16,517 | - | 588,091 |
| Change in the period: | | | | | - |
| Allocation of result from previous years | - | - | - | - | - |
| Net profit (loss) for the period | | | | 12,509 | 12,509 |
| Total changes | - | - | - | 12,509 | 12,509 |
| Closing balance | 21,000 | 550,573 | 16,517 | 12,509 | 600,600 |
| For the previous period from 1 January 2011 to 31 December 2011 | | | | | |
| Opening balance | 21,000 | 511,901 | 38,672 | - | 571,574 |
| Change in the period: | | | | | - |
| Allocation of result from previous years | - | 38,672 | (38,672) | - | - |
| Net profit (loss) for the period | | | | 16,517 | 16,517 |
| Total changes | - | 38,672 | (38,672) | 16,517 | 16,517 |
| Closing balance | 21,000 | 550,573 | - | 16,517 | 588,091 |
| For Q1, period from 1 January 2011 to 31 March 2011 | | | | | |
| Opening balance | 21,000 | 511,901 | 38,672 | - | 571,574 |
| Change in the period: | | | | | - |
| Allocation of result from previous years | - | - | - | - | - |
| Net profit (loss) for the period | | | | 5,968 | 5,968 |
| Total changes | - | - | - | 5,968 | 5,968 |
| Closing balance | 21,000 | 511,901 | 38,672 | 5,968 | 577,541 |

| STATEMENT OF CASH FLOW (PLN '000) | | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
|---|--|-----------------------------------|-----------------------------------|
| Operating cash flow - indirect method | | | |
| I. Net profit (loss) | | 12,509 | 5,968 |
| II. Adjustments: | | | |
| 1. Amortisation/depreciation | | 962 | 655 |
| 2. Foreign exchange profit (loss) | | - | - |
| 3. Interest and profit sharing (dividends) | | (435) | (375) |
| 4. Current income tax | | 827 | - |
| 5. Income tax paid | | (52) | (51) |
| 6. Profit (loss) on investment activities | | (48) | (132) |
| 7. Change in provisions | | (1,205) | (1,475) |
| 8. Change in inventory | | (7,626) | (5,402) |
| 9. Change in receivables | | 64,574 | 25,076 |
| 10. Change in current liabilities, excluding loans and borrowings | | (28,511) | (31,210) |
| 11. Other adjustments: | | - | - |
| Total adjustments | | 28,486 | (12,914) |
| Net operating cash flow | | 40,995 | (6,946) |
| Investment cash flow | | | |
| I. Proceeds | | | |
| 1. Disposal of intangible assets and PP&E | | 67 | 150 |
| 2. Disposal of investments in property and intangible assets | | - | - |
| 3. From financial assets | | 13,083 | 49,514 |
| 4. Other investment proceeds | | - | - |
| | | 13,150 | 49,664 |
| II. Expenses | | | |
| 1. Purchase of intangible assets and PP&E | | (1,035) | (583) |
| 2. Investments in property and intangible assets | | - | - |
| 3. For financial assets | | (58,935) | (5,509) |
| 4. Other investment expenses | | (211) | (212) |
| | | (60,181) | (6,304) |
| Net investment cash flow | | (47,031) | 43,360 |

| STATEMENT OF CASH FLOW (PLN '000) | 1 January 2012 - 31 March 2012 | 1 January 2011 - 31 March 2011 |
|---|-----------------------------------|-----------------------------------|
| Financial cash flow | | |
| I. Proceeds | | |
| 1. Net proceeds from issue of shares and holdings and other capital instruments and capital contributions | - | - |
| 2. Loans and borrowings | 2,658 | 11,091 |
| 3. Issue of debt securities | 105,000 | 294,868 |
| 4. Other financial proceeds | - | - |
| | 107,658 | 305,959 |
| II. Expenses | | |
| 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 | (16,470) | (5,496) |
| 5. Redemption of debt securities | (105,000) | (98,500) |
| 6. Interest | (15,737) | (13,195) |
| | (137,207) | (117,191) |
| Net financial cash flow | (29,549) | 188,768 |
| Total net cash flow | (35,585) | 225,182 |
| Balance sheet change in cash, including: | (35,585) | 225,182 |
| - change in cash due to foreign exchange | - | - |
| Cash at the beginning of the period | 86,386 | 65,827 |
| Cash at the end of the period, including: | 50,801 | 291,009 |
| - of restricted availability | 6,400 | 6,400 |

Kielce, 15 May 2012

Representatives of the Company:President of the
Management Board


Piotr Gromniak

Vice-President of the
Management Board


Artur Langner

**Signature of the person entrusted with
bookkeeping:**

Chief Accountant



Tomasz Sułek

ECHO
investment

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