



SEPARATE ANNUAL REPORT OF ECHO INVESTMENT S.A. FOR 2012



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I. LETTER TO SHAREHOLDERS, PARTNERS AND CUSTOMERS

Dear Sirs and Madams

First, on behalf of the Management Board, I would like to express my gratitude for all who contributed to an excellent year at Echo Investment. It is especially important since our organisation has been very successful in implementing its projects in a tough market environment.

In 2012, Echo Investment achieved very good consolidated financial results. The following deserve special attention: best-in-history revenue, amounting to nearly PLN 584 million, and net profit, amounting to PLN 373 million.

At the end of December 2012, total value of the company's assets amounted to nearly PLN 5.45 billion and equity amounted to PLN 2.43 billion, which means a year-on-year increase by PLN 335 million. In late 2012, the company held PLN 336 million worth of cash. All of the company's segments contributed to the outstanding operating results; we generated the highest growth (more than 500%) on the sale of apartments.

The 2012 results indicate stability and a systematic growth in the value of the held property portfolio. We continue to optimise our portfolio: we sell completed objects, start new developments, expand existing ones and look for purchase opportunities.

In 2012, we strengthened our market position by completing several important developments, such as Galeria Olimp in Bełchatów, Galeria Veneda in Łomża and Outlet Park Szczecin. We have also completed a number of residential and office developments, including the Wrocław district Przy Słowiańskim Wzgórzu, the apartment complex Dom Pod Słowikiem in Kraków as well as stage I of the office building Aquarius Business House, which is our 100th project.

For 2013, we plan some new projects in all our business sectors, which, according to the adopted growth strategy, will allow us to complete our main objective: to ensure a stable and long-term growth of goodwill. Implementing developments intended for sale (apartments) and continued expansion of the investment portfolio (offices and shopping centres for lease) remain our core priorities. In the years to come, there will be more important commercial developments, with particular emphasis on increasing the size of office developments and the quality of the offered space.

2013 will surely be full of new challenges. Our success is guaranteed by Echo Investment's strong, stable and leading market position, a strong and recognisable brand, and diverse resources, which are constantly developed. A continued consolidation of these assets will allow us to grow in a competitive environment, irrespective of the economic ups and downs.

Yours sincerely

Piotr Gromniak

President of the Management Board

II. SEPARATE FINANCIAL STATEMENTS OF ECHO INVESTMENT S.A. FOR 2012

STATEMENT OF FINANCIAL POSITION (PLN '000)

ASSETS	NOTE	31.12.2012	31.12.2011
1. Non-current assets			
1.1. Intangible assets	1	1 181	1 419
1.2. Property, plant and equipment	2	14 067	14 664
1.3. Investment property	3	3 752	3 655
1.4. Investments in subsidiaries, jointly-controlled entities and associates	4	921 946	908 022
1.5. Long-term financial assets	5	14 629	18 599
1.6. Deferred tax assets	6	13 678	-
		969 253	946 359
2. Current assets			
2.1. Inventory	7	302 414	313 863
2.2. Income tax receivables		-	-
2.3. Other tax receivables	8	-	2 685
2.4. Trade and other receivables	8	65 629	97 731
2.5. Borrowings granted	9	318 736	144 929
2.6. Restricted cash	10	-	6 400
2.7. Cash and cash equivalents	10	3 017	79 986
		689 796	645 594
Total assets		1 659 049	1 591 953

STATEMENT OF FINANCIAL POSITION, CONTINUED (PLN '000)

	NOTE	31.12.2012	31.12.2011
EQUITY AND LIABILITIES			
1. Equity			
Share capital	11	21 000	21 000
Supplementary capital	12	567 091	550 574
Net profit		41 113	16 517
		629 204	588 091
2. Provisions			
Provisions for liabilities – short-term	16	2 000	4 273
Deferred income tax provision – long-term	6	-	7 778
		2 000	12 051
3. Long-term liabilities			
Loans, borrowings and bonds	13	527 138	654 374
Security deposits and advances received	13	17 707	16 288
		544 845	670 662
4. Short-term liabilities			
Loans, borrowings and bonds	15	438 557	232 691
Liabilities due to current portion of income tax	14	1 945	3 369
Other tax liabilities	14	4 187	14 033
Trade liabilities	14	17 267	42 391
Security deposits and advances received	14	16 016	20 859
Other liabilities	14	5 028	7 806
		483 000	321 149
Total equity and liabilities		1 659 049	1 591 953

PROFIT AND LOSS ACCOUNT (PLN '000)

	NOTE	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
Revenue	18	201 470	418 418
Prime cost of sale	19	(119 212)	(315 890)
Gross profit on sales		82 258	102 528
Profit / (loss) on investment property		2 082	1 961
Selling costs	19	(24 111)	(24 023)
General administrative expenses	19	(35 368)	(33 703)
Other operating revenue	20	59 215	49 756
Other operating expenses	20	(2 696)	(23 385)
Profit before tax and excluding financial revenue /costs		81 380	73 134
Financial revenues	21	3 048	1 118
Financial expenses	21	(62 538)	(58 430)
Gross profit		21 890	15 822
Income tax	22	19 223	695
Net profit		41 113	16 517
Net profit		41 113	16 517
Average weighted ordinary shares		420 000 000	420 000 000
Earnings per ordinary share (in PLN)		0,10	0,04
Average weighted diluted ordinary shares		420 000 000	420 000 000
Diluted earnings per ordinary share (in PLN)		0,10	0,04

STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
Net profit	41 113	16 517
Other comprehensive income:	-	-
Other net comprehensive income	-	-
Comprehensive income	41 113	16 517

CASH FLOW STATEMENT (PLN '000)

	NOTE	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
Cash flows from operating activities – indirect method			
I. Gross profit		21 890	15 822
II. Adjustments		15 645	46 718
1. Depreciation/Amortisation		3 984	3 837
2. Foreign exchange gains/(losses)		-	-
3. Interest and profit sharing (dividends)		11 886	16 536
4. Profit/(loss) on revaluation of assets and liabilities		(225)	26 345
III. Movements in working capital		29 547	6 869
1. Movement in provisions		(2 272)	(1 767)
2. Movement in inventory		10 432	13 139
3. Movement in receivables		59 607	(7 835)
4. Movements in short-term liabilities, except for loans and borrowings		(38 220)	3 332
IV. Net operating cash (I+/-II +/- III)		67 082	69 409
V. Income tax paid		(3 657)	21
VI. Net operating cash flow (IV+/-V)		63 425	69 430
Cash flows from investing activities			
I. Proceeds		147 210	145 713
1. Sale of intangible assets and property, plant and equipment		257	3 300
2. Sale of investments in real property and intangible assets		159	9 936
3. From financial assets, including:		146 794	132 477
a) in related parties		146 794	132 419
- sale of financial assets		-	-
- dividends and profit sharing		13 000	34 831
- repayment of borrowings granted		114 952	86 905
- interest		18 842	10 683
b) in other parties		-	58
- sale of financial assets		-	58
4. Other investment proceeds		-	-
		(303 989)	(252 565)
II. Expenditures			
1. Purchase of intangible assets and PP&E		(3 170)	(3 196)
2. Investments in real property and intangible assets		(256)	-
3. For financial assets, including:		(300 275)	(249 527)
a) in related parties		(300 273)	(249 527)
- purchase of financial assets		(10 492)	(158 733)
- borrowings granted		(289 781)	(90 794)
b) in other parties		(2)	-
- purchase of financial assets		(2)	-
4. Other capital expenditures		(288)	158
Net cash flow from investing activities		(156 779)	(106 852)

ANNUAL CASH FLOW STATEMENT (PLN '000), CONTINUED

	NOTE	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
Cash flow from financing activities			
I. Proceeds		504 202	380 191
1. Net proceeds from issue of shares (interests) and other equity instruments and capital contributions		-	-
2. Loans and borrowings		112 664	15 625
3. Issue of debt securities		391 538	364 566
		(494 217)	(322 210)
II. Expenditures			
1. Purchase of equity shares (interests)		-	-
2. Dividends and other payments to equity holders		-	-
3. Expenditure due to distribution of profit, other than payments to owners		-	-
4. Repayment of loans and borrowings		(32 774)	(51 922)
5. Redemption of debt securities		(395 000)	(220 000)
6. Due to other financial liabilities		-	-
7. Payment of liabilities under finance lease agreements		-	-
8. Interest		(66 443)	(50 288)
9. Other financial expenditures		-	-
Net cash flow from financing activities		9 985	57 981
Total net cash flows	(83 369)	20 559	
Movement in the balance of cash, including:		(83 369)	20 559
- movement in cash due to foreign exchange gains/losses		-	-
Cash at the beginning of the period	24	86 386	65 827
Cash at the end of the period, including:	24	3 017	86 386
- restricted cash		-	6 400

STATEMENT OF CHANGES IN EQUITY (PLN '000)

	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	PROFIT (LOSS) BROUGHT FORWARD	CURRENT YEAR PROFIT	TOTAL EQUITY
As at 1 January 2012	21 000	550 574	16 517		588 091
Changes in the period:					
Allocation of result from previous years	-	16 517	(16 517)	-	-
Net profit for the period	-	-	-	41 113	41 113
Total changes	-	16 517	(16 517)	41 113	41 113
As at 31 December 2012	21 000	567 091	-	41 113	629 204
As at 1 January 2011	21 000	511 902	38 672		571 574
Changes in the period:					
Allocation of result from previous years	-	38 672	(38 672)	-	-
Net profit for the period	-	-	-	16 517	16 517
Total changes	-	38 672	(38 672)	16 517	16 517
As at 31 December 2011	21 000	550 574	-	16 517	588 091

INTRODUCTION

GENERAL INFORMATION

Echo Investment S.A.'s core activity consists in the construction and lease of space in commercial, shopping and entertainment, office, hotel and residential buildings as well as trade in real property.

Echo Investment S.A. (later referred to as "Echo" or "Company"), with its registered office in Kielce, al. Solidarności 36, was registered in Kielce on 23 July 1992. Echo is a Joint Stock Company entered into the National Court Register under no. 0000007025 by the District Court in Kielce, 10th Economic Department of the National Court Register.

The Company's shares are quoted at the Warsaw Stock Exchange on the regulated market – WIG – property development companies.

The Company was established for an indefinite period of time.

As at 31 December 2012 and 31 December 2011, the Management Board of Echo Investment S.A. was composed of: President of the Management Board Piotr Gromniak and Vice-President of the Management Board Artur Langner. As at 31 December 2012 and 31 December 2011, the Supervisory Board was composed of: Chairman Wojciech Ciesielski, Vice-Chairman Andrzej Majcher, Vice-Chairman Mariusz Waniółka and the following members: Tomasz Kalwat, Robert Oskard, Mariusz Waniółka and Karol Żbikowski. As at 31 December 2012, the Audit Committee was composed of: Mariusz Waniółka – Chairman, Robert Oskard and Karol Żbikowski – members.

INFORMATION ON THE FINANCIAL STATEMENTS

The statements of Echo Investment S.A. present financial data for the 12-month period ended on 31 December 2012 and comparative data for the 12-month period ended on 31 December 2011.

The reporting currency in the financial statements and the functional currency of Echo Investment S.A. is Polish zloty ("PLN"). Unless indicated otherwise, all financial data in the Company's financial statements has been presented in thousand PLN.

The statements have been prepared in accordance with the International Accounting Standards and International Financial Reporting Standards approved by the European Commission. The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property and financial instruments, which were measured at fair value. To fully understand the financial situation and business results of the Company as the parent company of the Echo Investment group, these financial statements should be read together with the annual consolidated financial statements for the financial year ending on 31 December 2012. The consolidated financial statements are available on the Company's website www.echo.com.pl. The statements have been drawn up according to the going concern principle as there are no circumstances indicating a threat to continued activity.

The Company's Management Board used its best knowledge in the application of the standards and interpretations, as well as measurement methods and principles for the various items of the separate financial statements.

In 2012, the Company applied the following amendments to the standards and interpretations:

When preparing these statements, the Company used new standards, amendments to standards and interpretations released by the IFRS Interpretations Committee, which apply to the Company's reporting period starting on 1 January 2012. The introduced amendments have not had any material effect on the presentation of data and measurement in the financial statements.

After 1 January 2013, the Company will apply the following standards and interpretations, which are not yet applicable:**Amendments to IAS 1 "Presentation of financial statements"**

The amendments to IAS 1 "Presentation of financial statements", regarding the presentation of the items of other comprehensive income, were published by the International Accounting Standards Board in June 2011 and are effective for annual periods beginning on or after 1 July 2012.

The amendments require entities to classify the items presented under other comprehensive income into two groups, based on which whether they can be recognised in the financial result in the future. In addition, the name of the statement of comprehensive income was changed to "statement of profit or loss and other comprehensive income". The standard is effective for annual periods beginning on or after 1 July 2012. The application of these regulations will not significantly affect the Company's financial results. As at the day of preparing of these financial statements, IAS 1 was not yet approved by the European Union.

Amendments to IAS 19 "Employee benefits"

The amendments to IAS 19 "Employee benefits" were published by the International Accounting Standards Board in June 2011 and are effective for annual periods beginning on or after 1 January 2013. The amendments introduce new requirements for the recognition and measurement of costs of defined benefit schemes and benefits from the termination of employment, and change the required disclosures for all employee benefits. The standard is effective for annual periods beginning on or after 1 January 2013. The application of these regulations will not significantly affect the Company's financial results. As at the day of preparing of these financial statements, IAS 19 was not yet approved by the European Union.

Amendments to IAS 27 "Separate financial statements"

The amended IAS 27 "Separate financial statements" was published by the International Accounting Standards Board in May 2011 and is effective for annual periods beginning on or after 1 January 2013.

IAS 27 was amended in connection with the publication of IFRS 10 "Consolidated financial statements". The purpose of the amended IAS 27 is to define the requirements for the recognition and presentation of investments in subsidiaries, jointly controlled entities and associates, when the entity prepares separate financial statements. The guidelines regarding control and consolidated financial statements were replaced by IFRS

10. The standard is effective for annual periods beginning on or after 1 January 2013. The application of these regulations will not significantly affect the Company's financial results. As at the day of preparing of these financial statements, IAS 27 was not yet approved by the European Union.

Amendments to IAS 28 "Investments in associates and joint ventures"

The amended IAS 28 "Investments in associates and joint ventures" was published by the International Accounting Standards Board in May 2011 and is effective for annual periods beginning on or after 1 January 2013.

The amendments to IAS 28 resulted from the IASB's draft on joint ventures. The Board decided to include the principles for recognising joint ventures using the equity method in IAS 28 because this method applies to joint ventures as well as associates. Except for this one, the remaining guidelines remained unchanged. The standard is effective for annual periods beginning on or after 1 January 2013. The application of these regulations will not significantly affect the Company's financial results. As at the day of preparing of these financial statements, IAS 28 was not yet approved by the European Union.

Amendments to IAS 32 "Financial instruments"

The amendments to IAS 32 "Financial instruments: presentation", regarding the offsetting of financial assets and liabilities, were published by the International Accounting Standards Board in December 2011 and are effective for annual periods beginning on or after 1 January 2014. The amendments introduce additional explanations on the application of IAS 32 to clarify inconsistencies in the application of certain compensation criteria. They include an explanation of the phrase "holding a valid legal title to compensation" and explain that certain mechanisms for gross settlement may be regarded as a net settlement, when certain conditions are met. The standard is effective for annual periods beginning on or after 1 January 2014. The application of these regulations will not significantly affect the Company's financial results. As at the day of preparing of these financial statements, IAS 32 was not yet approved by the European Union.

IFRS 9 "Financial instruments: classification and measurement"

IFRS 9 was published by the International Accounting Standards Board on 12 November 2009 and supersedes these parts of IAS 39 which relate to the classification and measurement of financial assets. In October 2010, IFRS 9 was supplemented with the classification and measurement of financial liabilities. The new standard is effective for annual periods beginning on or after 1 January 2015. The standard introduces a single model with only two categories of financial assets: measured at fair value and measured at amortised cost. The classification is conducted at initial recognition and depends on the entity's model for managing financial instruments and the characteristics of contractual cash flows from these instruments. Most of the requirements of IAS 39 regarding classification and measurement of financial liabilities were transferred unchanged to IFRS 9. The key change is that entities are required to present, in other comprehensive income, the effects of changes of their credit risk due to financial liabilities designated for measurement at fair value through the financial profit or loss. The Company will apply IFRS 9 as of 1 January 2015. The application of these regulations will not affect the Company's financial results. As at the day of preparing of these financial statements, IFRS 9 was not yet approved by the European Union.

IFRS 11 "Joint arrangements"

IFRS 11 was published by the International Accounting Standards Board in May 2011 and is effective for annual periods beginning on or after 1 January 2013.

The new standard supersedes IAS 31 "Interests in joint ventures" and SIC-13 "Jointly controlled entities – non-monetary contributions by venturers". The amendments to the definitions limit the number of joint arrangements to two instances: joint operations and joint ventures. At the same time, the existing option to select proportionate consolidation for jointly controlled entities was eliminated. All parties to joint ventures are currently obliged to recognise them using the equity method. The new standard is effective for annual periods beginning on or after 1 January 2013. The application of these regulations will not affect the Company's financial results. As at the day of preparing of these financial statements, IFRS 11 was not yet approved by the European Union.

IFRS 12 "Disclosure of interests in other entities"

IFRS 12 was published by the International Accounting Standards Board in May 2011 and is effective for annual periods beginning on or after 1 January 2013.

The new standard addresses entities holding interests in a subsidiary, a joint venture, an associate or in an unconsolidated entity managed under an agreement. The standard supersedes the requirements regarding the disclosures currently included in IAS 28 "Investments in associates". IFRS 12 requires entities to disclose information that will help the users of financial statements assess the nature, risk and financial consequences of investments in subsidiaries, associates, joint ventures and unconsolidated entities managed under an agreement. To this end, the new standard introduces the requirement to disclose information regarding many areas, such as material judgements and assumptions adopted when determining whether an entity controls, jointly controls or has a significant influence on other entities; comprehensive information on the important of non-controlling interests on the business and the group's cash flows; summarised financial data on subsidiaries with indication of significant non-controlling interests, and detailed information on interests in unconsolidated entities managed under an agreement. The standards are effective for annual periods beginning on or after 1 January 2013. The application of these regulations will not affect the Company's financial results. As at the day of preparing of these financial statements, IFRS 12 was not yet approved by the European Union.

IFRS 13 "Fair value measurement"

IFRS 13 was published by the International Accounting Standards Board in May 2011 and is effective for annual periods beginning on or after 1 January 2013. The new standard is intended to improve the consistency and reduce the complexity by providing a more precise definition of fair value and include, in a single standard, the requirements for fair value measurement and the respective disclosures. The standard is effective for annual periods beginning on or after 1 January 2013. The application of these regulations will not affect the Company's financial results. As at the day of preparing of these financial statements, IFRS 13 was not yet approved by the European Union.

The Company has not conducted an early adoption of any standard, interpretation or amendment which was published but is not yet effective.

MAIN ACCOUNTING PRINCIPLES

Intangible assets

Intangible assets are recognised, if it is likely that they will result in economic benefits directly attributable to these assets in the future. Intangible assets are initially recognised at the purchase price or the manufacturing cost. After the initial recognition, intangible assets are measured at the purchase price or the manufacturing cost, less amortisation and impairment losses.

Straight line amortisation of intangible assets is applied over the expected useful life of intangible assets, which is verified on a quarterly basis. The estimated useful lives of assets are:

- for permits, patents, licenses, etc. – 2 years,
- for other items – 2 years.

Intangible assets are tested for impairment, if certain events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is disclosed in the amount by which the carrying value of an asset exceeds the recoverable value.

Property, plant and equipment

Property, plant and equipment include the Company's tangible assets.

The Company's tangible assets include:

- property (not leased and not intended for trading) used by the Company,
- machinery and equipment,
- means of transport,
- other complete and usable items with an expected useful life of more than one year.

PP&E is measured and presented in the statement at the purchase price or the manufacturing cost, less depreciation and impairment losses.

Land held by the Company is not depreciated and other PP&E is depreciated using straight line method over their estimated useful life, which is verified on a quarterly basis. The estimated useful lives of assets are:

- for buildings and structures – 22 to 67 years,
- for machines and equipment – 2 to 5 years,
- for means of transport – 1.5 to 10 years,
- for other equipment – 5 years.

Further expenditures are recognised at the carrying value of a PP&E item or recognised as a separate tangible asset (where appropriate) only when it is probable that this item will result in economic benefits for the Company and the cost of a given item can be credibly measured. Any other expenditures on repairs and maintenance are recognised in the profit and loss account in the financial year in which they were incurred.

PP&E is tested for impairment, if certain events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is disclosed in the amount by which the carrying value of an asset (or a cash-generating item to which an asset is related) exceeds the recoverable value, and is recognised in the profit and loss account. The recoverable value is one of the two amounts, whichever is higher: fair value of assets less selling costs or use value.

Profits and losses on the disposal of PP&E which constitute differences between sales revenue and the carrying value of a sold PP&E item are recognised in the profit and loss account under other operating revenue/costs.

Investment property

Investment properties include properties owned and leased out by the Company along with land directly related to the properties as well as land purchased and held to increase value. Investment properties are initially recognised at purchase price/manufacturing cost.

Following the initial recognition on the first balance sheet date, investment properties are disclosed at the fair value. Fair value is subject to a revaluation at least once every quarter. Profits or losses on changes in the fair value of investment property are recognised in the profit and loss account for the period in which they occurred.

Further expenditures are recognised at the carrying value of an investment property or recognised as a separate investment property (where appropriate) only when it is probable that this item will result in economic benefits for the Company and the cost of a given item can be credibly measured. Any other expenditures on repairs and maintenance are recognised in the profit and loss account in the financial year in which they were incurred.

Fair value of land and buildings measured at fair value is subject to a revaluation in such a way so that it reflects the market conditions at the end of the reporting period. Fair value of investment properties is the price for which a property could be subject to a transaction between well-informed, willing and unrelated parties. The fair value of real property generating constant income is determined by an entity with the investment method, by applying simple capitalisation technique as a division of a project's net operating income (NOI) and the capitalisation rate (Yield), taking into account the terms of lease, rent and other agreements in force. The yield is verified at least once a year by external property valuers. Net operating income (NOI) is revised every quarter based on the applicable lease agreements, and values expressed in EUR and USD are converted every quarter according to the applicable exchange rates published by the NBP. Fair value of property which is held for the purpose of increasing value is determined by external property valuers.

The differences on the measurement of investment properties are recognised in the income statement under "profit/loss on investment property".

All repair and maintenance costs of investment properties are disclosed as cost in the income statement for the period to which they pertain.

The result on the sale of investment properties is disclosed under "profit/loss on investment property".

Investment property under construction includes the Company's investments in progress that are intended to be rented out. For projects where a significant portion of risks involved in the construction process is eliminated and a credible measurement of fair value is possible, the property is measured at fair value. In other situations, when it is not possible to credibly determine the fair value, the value of property under construction is measured at the purchase price or the manufacturing cost, less any impairment losses.

The Company has specified criteria which, when satisfied, lead to an analysis whether the material risks related to investment property under construction have been eliminated. These criteria include:

- procurement of a building permit,
- contracting construction works with a value of at least 30% of the investment's budget,
- at least 20% of area in the project under construction has been leased.

An important issue when analysing risks is the possibility and mode of funding the project. Every investment property under construction is analysed individually.

When measuring investment property under construction at fair value using the income approach, the Company considers the project's progress at the end of the reporting period. When measuring investment property under construction according to the manufacturing costs, in the absence of a credibly determinable fair value, the costs directly related to the investment in progress are considered. They include expenditures on the purchase of land, design and construction of civil engineering objects (third party services mainly), capitalised and direct financial costs, and other costs incurred in the course of implementation that are directly related to the investment.

If the use of a property changes, the property is reclassified in the financial statements as appropriate. A property is reclassified and disclosed under PP&E or inventory at the previously disclosed fair value.

Lease

Lease is classified as finance lease, if the terms of the agreement essentially transfer all potential benefits and risks from holding an ownership title to an asset to the lessee. Operating lease is a lease arrangement where a significant portion of risks and benefits from the ownership title rests with the lessor (the financing party).

Operating lease payments are recognised as costs (if the Company is a lessee) or as revenue (if the Company is a lessor) in the profit and loss account, using the straight line method for the duration of the lease agreement.

Benefits received by the lessee and benefits due as incentive to conclude an operating lease agreement are recognised in the profit and loss account, using the straight-line method for the duration of the lease agreement

When the nature of the contract indicates that the lease payments will be accrued progressively for the duration of the agreement, the annual payments are depreciated with the straight line method.

Interests and shares in subsidiaries, jointly controlled entities and associates

Interests and shares in subsidiaries, jointly controlled entities and associates are presented at the purchase price adjusted for subsequent impairment losses. An impairment test is conducted when there are indications that the carrying value of an investment will not be recovered. The Company analyses the value of net assets of companies in which it holds interests because the main asset of these entities is investment property measured at fair value, while the main liability are special purpose loans and, consequently, the net value of assets reflects the fair value of the held interests. In the event of impairment, an impairment loss is recognised in the profit and loss account under other operating costs. The impairment loss is recognised in the amount by which the carrying value exceeds the recoverable value. If the loss is reversed, its value is recognised under other operating revenue.

Inventory

The following items are recognised under inventory: semi-finished products and work-in-progress, finished products, goods and advances on deliveries. Given the specific nature of business, the purchased land or the incurred fees due to perpetual usufruct of land are classified as work-in-progress, if the land is intended for development, or as goods related to residential activity, if the land is intended for sale. Finished products include mainly residential and commercial premises sold under final agreements. The costs of land purchase are disclosed as consumption of materials and energy in the income statement by types, given the specific nature of the Company's business.

Inventories of current assets are measured at the purchase price of land and at the manufacturing costs of products in the property development business, plus capitalised financial costs.

Inventory is measured up to the net realisable value. This value is obtained based on information from the active market. A reversal of the inventory allowance is made due to the sale of an inventory item or increase in the net selling price. Inventory allowances disclosed in the period as cost and reversals of inventory write-downs disclosed in the period as a decrease of costs are presented in the income statement under prime cost of sale.

Financial instruments

The Company categorises its financial assets and liabilities as follows:

- financial assets or liabilities measured at the fair value through the profit and loss account – assets and liabilities purchased or incurred mainly for short-term sale or repurchase;
- investments held to maturity – financial assets which are not derivative instruments with fixed or determinable payments and fixed maturity which the Company has a strong intention and ability to hold to maturity;
- borrowings and receivables – financial assets which are not derivative instruments with fixed or determinable payments, not quoted on

- an active market;
- financial assets available for sale – non-derivative financial assets not classified as financial assets disclosed at the fair value through the profit and loss account, borrowings and receivables, and assets held to maturity.

Financial assets disclosed at the fair value through the profit and loss account

Financial assets disclosed at the fair value through the profit and loss account include:

- financial assets held for trade. A financial asset is included in this category, if it is purchased primarily for short-term sale.
- financial assets designated at initial recognition as measured at the fair value through the profit and loss account.

These assets are classified as current assets, if they are intended for trade or are expected to be recovered within 12 months from the balance sheet date. In this category, the Company includes investments in securities.

Assets are entered into the books as at the transaction date and cancelled from the balance sheet when the contractual rights to cash flows from a financial asset expire, or when a financial asset is transferred along with all risks and benefits resulting from that asset.

Both at the entry date and at the balance sheet date, financial assets measured at the fair value through the profit and loss account are measured at their fair value.

Borrowings granted

Borrowings granted are non-derivative financial assets with a fixed or determinable payment, not quoted on an active market, and other than classified as financial assets disclosed at the fair value through the profit and loss account or other than available sale.

These assets are entered into the books as at the transaction date and cancelled from the balance sheet when the contractual rights to cash flows from a financial asset expire, or when a financial asset is transferred along with all risks and benefits resulting from that asset.

Borrowings granted are disclosed on the day of entry into the books at the fair value plus transaction costs and, subsequently, as at the balance sheet date, according to the amortised cost determined with the effective interest rate method.

Revaluation allowances for borrowings granted are created at the end of every quarter, if there is objective evidence that the Company will not receive all amounts due under the original terms of the granted borrowings.

Financial assets available for sale

Financial assets available for sale are entered into the books as at the transaction date and cancelled from the balance sheet when the contractual rights to cash flows from a financial asset expire, or when a financial asset is transferred along with all risks and benefits resulting from that asset.

As at the day of entry into the books, these assets are measured at the fair value plus transaction costs, while as at the balance sheet date, they are measured at the fair value, taking account of impairment losses recognised in the income statement.

Profits or losses from movements in the fair value of an asset are recognised in other comprehensive income.

Revaluation allowances for financial assets are created at the end of every quarter, if there is objective evidence that the Company will not receive all amounts due under the original terms of the assets.

Assets available for sale include shares and interests in companies which are not subsidiaries and associates, are not quoted on an active market, and which comprise short-term or long-term assets.

Where it is not possible to determine their fair value, the assets are measured at the purchase price, less impairment losses, and the effects of the measurement are recognised in the financial profit or loss.

Trade receivables

Trade and other receivables are recognised in the balance sheet at the fair value and, subsequently, according to the amortised cost using the effective interest rate method, less impairment losses. Receivables are revaluated by creating a revaluation allowance, in consideration of how probable it is that the receivables will be repaid.

Revaluation allowances for trade and other receivables are created at the end of every quarter, if there is objective evidence that the Company will not receive all amounts due under the original terms of the receivables. Indications of impairment of receivables: severe financial problems of a debtor or delayed payments. The allowance amount is the difference between the carrying value of an item of receivables and the current value of the estimated prospective cash flows related to such an item. The amount of loss is recognised in the profit and loss account in "other operating expenses". Unrecoverable receivables are written down on the receivables provisions account. Subsequent repayments of the written-down receivables are recognised in "other operating revenue" in the profit and loss account.

In principle, long-term trade receivables are measured according to the amortised cost, using the effective interest rate method. However, when the difference between the amortised cost value and the payable amount has no material effect on the Company's financial results, such receivables are recognised in the balance sheet at the payable amount.

Advances on deliveries are measured according to the expended cash and the received VAT invoices documenting the advances.

Cash and cash equivalents

Cash in bank and cash in hand, short-term deposits held to maturity and other financial assets that fulfil the definition of a cash equivalent are

measured at the nominal value.

Foreign currency cash is measured as at the reporting day. The same definition of cash applies to the cash flow statement.

Derivative instruments

Derivative instruments are recognised in the books when the Companies become a party to a binding agreement.

The Company uses derivatives to mitigate the FX or interest rate risk.

The Company does not apply hedge accounting.

As at the balance sheet date, derivatives are measured at their fair value. Derivatives with a positive fair value are financial assets, while derivatives with a negative fair value are financial liabilities.

Profit or loss on derivatives is recognised in financial revenue or costs respectively, while in the cash flow statement, it is recognised as cash flow from operating activity, if the purchase leads to the recognition of an asset in the Company's balance sheet.

Financial guarantee agreements

Financial guarantees are recognised as financial instruments. These agreements are initially recognised at the fair value (equal to a received bonus or estimated using measurement techniques) and, subsequently, at one of the two values, whichever is higher:

- amount of provision determined based on the estimated probable expenditure necessary to settle a liability under a guarantee agreement;
- initial value less amortisation allowances.

In addition, financial guarantee agreements are disclosed in off-balance sheet liabilities and receivables.

Income tax

Income tax on the profit or loss for the financial year includes current and deferred income tax. Income tax is recognised in the profit and loss account, except for amounts related to items recognised directly in equity or in other comprehensive income; in this case, income tax is disclosed in equity and other comprehensive income respectively.

The current portion of income tax is the expected amount of tax on taxable income for a given year, calculated based on the tax rates determined as at the balance sheet date along with any tax adjustments for previous years.

Deferred tax is calculated with the balance sheet method as tax to be paid or reimbursed in the future on the differences between the carrying values of assets and liabilities and the corresponding tax values used to calculate the tax base, except for temporary differences which arise at the time of initial recognition of an asset or liability, and do not affect the accounting or tax result. For the calculation of deferred income tax, a tax rate is used which will apply in the reporting periods in which assets will be settled or liabilities will be released.

Deferred tax is not created for temporary differences on investments in subsidiaries, jointly controlled entities and associates, if the Company controls the reversal of these differences and they will not be reversed in foreseeable future.

Deferred income tax assets due to tax loss are created, if the settlement of the loss in the following years is probable.

Deferred income tax is estimated on every balance sheet date by recognising differences in the profit and loss account, other comprehensive income or equity, depending where the temporary difference from which the deferred tax is subtracted was recognised.

Equity

Share capital is measured at the nominal value disclosed in the National Court Register. Differences between the fair value of a payment and the nominal value of shares are recognised in the share premium.

The issue costs of shares decrease the Company's supplementary capital down to the amount of the share premium.

Provisions

Provisions are established when the Company has a present obligation as a result of past events and when it is probable that the fulfilment of that obligation will involve an outflow of assets representing economic benefits and the amount of such obligation can be credibly estimated.

Provisions are measured at the current value of costs estimated by the company's management according to its best knowledge which must be incurred to settle a current liability as at the balance sheet date.

According to the adopted principle, no provisions are established for retirement gratuities. Potential provisions would not materially affect the presented financial statements. When they occur, they will be accounted for on a cash basis.

Financial liabilities – including trade liabilities

Financial liabilities include loans, borrowings, debt securities, not payable interest on bank loans accounted for according to the accrual principle as well as the discount of debt securities to be settled in subsequent accounting periods. Foreign currency loans are measured at the selling rate of the bank serving the Company.

Financial liabilities are initially recognised at the fair value less costs of transaction and subsequently measured with the method "amortised cost of a liability", according to IAS 39. Measurement takes account of the risk and the possibility of an early repayment of long-term liabilities.

Trade liabilities are initially measured at the fair value and, subsequently, long-term liabilities are measured at the amortised cost, using the effective interest rate method. When the difference between the amortised cost value and the value in the amount payable does not significantly affect the Company's financial results, such liabilities are recognised in the balance sheet at the amount payable. Advances on deliveries include invoiced advances (including advances on apartments) and non-invoiced advances. Trade liabilities include security deposits.

METHODS OF DETERMINING THE FINANCIAL RESULT

The financial result is determined using the calculation method.

Operating revenues

Revenue from the sale of goods and products is disclosed at the fair value of the received or due payment, less rebates, discounts and taxes on the sale, and recognised at the moment of the delivery of goods and products and the transfer of risks and benefits from the ownership title to the goods and products to the buyer, and when the amount of revenue can be credibly determined.

In particular, revenue from the sale of residential and commercial premises constructed by the Company is recognised according to IAS 18 and IFRIC 15 at the time of the transfer of the ownership title to these premises in a sale agreement, after the development is completed and the right to use the premises has been acquired.

Revenue from the lease of residential and commercial areas is recognised on a straight line basis for the duration of the concluded agreements.

Revenue from legal, consulting, IT, financial, marketing, security and other sales services is recognised in the period in which such services were provided.

Prime cost of sale

Manufacturing costs of goods, products and services sold include the incurred costs related to revenue for the financial year and the costs accrued but not yet incurred.

The costs of goods and products sold are measured at the manufacturing costs, using strict identification of actual costs of the sold assets or the percentage share, e.g.: of the sold land, interests, etc. In particular, the prime cost of the sold premises and land is determined proportionately to their share in the overall construction cost of an object and in the whole land comprising a project.

Financial expenses

The financial costs related to the current period are recognised in the profit and loss account, except for costs capitalised according to the solution presented in IAS 23. The Company capitalises this portion of the financial costs which are directly related to the purchase and manufacturing of items of assets recognised as inventories and commenced investments. Capitalisation includes the amount of costs comprising interest, discounts and commissions, less revenue from the temporary investment of cash (i.e. interest on bank deposits, except for deposits resulting from blocked accounts, letter of credit agreements).

Cash flow statement

The cash flow statement is prepared using the indirect method. Liabilities due to overdraft facilities are presented as debt due to loan and not as cash equivalents.

Segment reporting

The Company does not recognise information on segments according to IFRS 8, paragraph 4. This information is included in the consolidated financial statements of the Echo Investment capital group, which will be published simultaneously with the Company's separate financial statements.

MATERIAL ESTIMATES OF THE COMPANY'S MANAGEMENT BOARD

To prepare the financial statements, the Company's Management Board had to make certain estimates and assumptions, which are reflected in the statements. The actual results may differ from the estimates. Main areas where the Management Board's estimates materially affect the financial statements:

Investment property

Investment properties include properties owned and rented out by the company along with land directly related to the properties. Investment properties are initially recognised at purchase price/manufacturing cost.

Properties built by the Company are recognised as investment property once they are commissioned to use.

Following the initial recognition on the first balance sheet date, investment properties are disclosed at the fair value. Fair value is subject to a revaluation at least once every quarter. Profits or losses on changes in the fair value of investment property are recognised in the profit and loss account for the period in which they occurred.

Fair value of land and buildings measured at fair value is subject to a revaluation in such a way so that it reflects the market conditions at the end of the reporting period. Fair value of investment properties is the price for which a property could be subject to a transaction between well-informed, willing and unrelated parties. The fair value of real property generating constant income is determined by an entity with the investment method, by applying simple capitalisation technique as a division of a project's net operating income (NOI) and the capitalisation rate (Yield), taking into account the terms of lease, rent and other agreements in force. The yield is verified at least once a year by external property valuers. Net operating income (NOI) is revised every quarter based on the applicable lease agreements, and values expressed in EUR and USD are converted every quarter according to the applicable exchange rates published by the NBP. Fair value of property which is held for the purpose of increasing value and does not generate material income is determined by external property valuers.

The differences on the measurement of investment properties are recognised in the profit and loss account under revaluation of property.

All repair and maintenance costs of investment properties are disclosed as cost in the income statement for the period to which they pertain.

The result on the sale of investment properties is disclosed under a separate item of the profit and loss account.

Inventory

When estimating the revaluation allowance for inventory held by the Company as at the balance sheet day, information from the active market regarding the expected sales prices and current market trends as well as information from preliminary sales agreements concluded by the Company is analysed.

Assumptions used when calculating the allowance mainly relate to market prices of property applicable in a given market segment. According to the Management Board, a change of these assumptions would not materially affect the value of the inventory allowance as at the balance sheet day because the adopted assumptions and information on the value of the allowance were largely based on the concluded sales agreements. In the case of land recognised under inventory, the value of the allowances is due to the usefulness of land for the Company's current and prospective business estimated by the Management Board.

Impairment of interests in subsidiaries, jointly controlled entities and associates

An impairment test is conducted when there are indications that the carrying value of an investment will not be recovered. The assessment of the impairment of interests in subsidiaries, jointly-controlled and associated companies is based on an analysis of the fair value of assets and liabilities held by the companies and the expected prospective cash flows from the operations of such companies. In the course of the assessment, the Company also evaluates the duration and extent to which the current value of the shares is lower than its purchase price and a company's perspectives and plans for its investment developments. All material impairments of the fair value of assets in subsidiaries have been regarded to be long-term by the Management Board and have resulted in impairment losses on interests in subsidiaries. In particular, for material subsidiaries which, as at 31 December 2012, did not run any material operating activity, the value of the allowances made corresponds to the total difference between the net value of the subsidiary's assets and the purchase price of the interests.

ANALYSIS OF EXPOSURE TO IMPAIRMENT OF INTERESTS, SHARES AND FUNDS (PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS	
	AS AT 31.12.2012	AS AT 31.12.2011
Interests, shares and funds held	923 076	909 152
Financial revenues/expenses from the measurement of interests, shares and funds	-1 972	-19 376
Estimated percentage change in the value of interests, shares and funds	+/- 1 p.p.	+/- 1 p.p.
Estimated financial revenues/expenses from a potential change in the value of interests, shares and funds	9 231	9 092
TOTAL effect on the gross result for the period	9 231	9 092
Income tax	1 754	1 727
TOTAL effect on the net result for the period	7 477	7 364

When calculating the impairment of interests, shares and funds held in subsidiaries, associates and jointly controlled entities, the Company refers to the net value of the these companies' assets and takes into consideration the cash flow generated by investment properties held by these companies.

Deferred income tax

The Company's Management Board is obliged to assess the probability of the realisation of deferred income tax assets. When preparing the financial statements, the Company estimates the value of the deferred income tax provision and asset based on, among other things, the value of prospective income tax burden. The process involves analysing current income tax burden and the value of temporary differences from different treatment of transactions in terms of fiscal and accounting aspects, resulting in the creation of deferred income tax assets and provisions.

A number of assumptions are adopted for determining the value of deferred income tax assets and provisions in the assessment process described above. The above estimates take account of fiscal forecasts, historic tax burden, currently available strategies for planning the Company's operating activity and timelines for realising the individual temporary differences. Since the above estimates may change due to external factors, the Company may periodically adjust the deferred income tax assets and provisions, which in turn may affect the Company's financial standing and performance.

In 2012, the Company's Management Boards changed its expectations and decided not to sell the interests of Barconsel Holdings Ltd. Echo – Aurus Sp. z o.o. and Echo - SPV 7 Sp. z o.o. in the foreseeable future. Therefore, pursuant to IAS 12 item 39, the provision for deferred income tax on tax and accounting differences related the said interest in the above-mentioned subsidiaries in the amount of PLN 14,559 thousand was released.

FINANCIAL RISK MANAGEMENT

Price risk

The price risk is not material. The Company does not trade in securities on any active market. The Company may conclude transactions on derivatives to hedge against the FX risk related to the forecast cash flows.

Risk of changes in cash flows and fair value related to interest rate

The Company's exposure to the interest rate risk is related to financial assets and liabilities, in particular the granted borrowings, the received bank loans and the issued bonds. Borrowings, loans and bonds bearing a variable interest rate expose the Company to the interest rate risk,

while borrowings and loans with a fixed interest rate expose the Company to variations of the fair value of financial instruments. In addition, the Company is exposed to the risk of interest rate variations when raising a new loan or refinancing an existing long-term debt.

INTEREST RATE RISK OF BORROWINGS GRANTED (PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS	
	AS AT 31.12.2012	AS AT 31.12.2011
Balance of borrowings granted	318 736	144 929
Financial revenue from interest on borrowings granted	16 434	7 334
Estimated change of interest rates	+/- 1 p.p.	+/- 1 p.p.
Financial revenue from interest on borrowings granted, taking account of changes of interest rates	3 187	1 449
TOTAL effect on the gross result for the period	3 187	1 449
Income tax	606	275
TOTAL effect on the net result for the period	2 581	1 174

The Company granted borrowings in PLN, where the interest rate is variable and depends on WIBOR + margin. If, as at 31.12.2012, interest rates had been higher or lower than the applicable rate by 1 percentage point, the Company's net result would have been higher or lower by PLN 2,581 thousand respectively, as a result of higher or lower interest on the borrowings granted in PLN.

INTEREST RATE RISK OF LIABILITIES DUE TO ISSUE OF DEBT SECURITIES (PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS	
	AS AT 31.12.2012	AS AT 31.12.2011
Balance of liabilities due to issue of debt securities	853 264	854 291
Financial costs of interest on the issue of debt securities	58 907	52 093
Estimated change of interest rates	+/- 1 p.p.	+/- 1 p.p.
Financial costs of interest on the issue of debt securities, taking account of increase/(decrease) in interest rates	8 533	8 543
TOTAL effect on the gross result for the period	8 533	8 543
Income tax	1 621	1 623
TOTAL effect on the net result for the period	6 912	6 920

INTEREST RATE RISK – CASH (PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS	
	AS AT 31.12.2012	AS AT 31.12.2011
Balance of cash	3 017	86 386
Other operating revenue from interest	1 227	4 586
Estimated change of interest rates	+/- 1 p.p.	+/- 1 p.p.
Other operating revenue from interest, taking account of changes of interest rates	30	864
TOTAL effect on the gross result for the period	30	864
Income tax	6	164
TOTAL effect on the net result for the period	24	700

INTEREST RATE RISK OF LOAN LIABILITIES (PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS	
	AS AT 31.12.2012	AS AT 31.12.2011
Balance of loan liabilities	112 431	32 774
Financial costs of interest on loans	3 494	4 218
Estimated change of interest rates	+/- 1 p.p.	+/- 1 p.p.
Financial costs of interest on loans, taking account of increase/(decrease) in interest rates	1 124	328
TOTAL effect on the gross result for the period	1 124	328
Income tax	214	62
TOTAL effect on the net result for the period	910	266

FX risk

As at the balance sheet date and during the financial year, the Company did not hold any other material foreign currency cash. Therefore, the risk has been estimated as not material and no analysis has been performed of the exposure of other balance sheet items to changing foreign exchange rates.

FX RISK – EXPOSURE TO FX VARIATIONS (PLN '000)

ITEM BY CURRENCY	AS AT 31.12.2012, IN FOREIGN CURRENCY	BALANCE SHEET MEASUREMENT AS AT 31.12.2012	ESTIMATED CHANGE IN FX RATE (IN %)	EFFECTS OF CHANGES IN FX RATES IN INDIVIDUAL ITEMS
Cash				
EUR	14	57	+1%	1
USD	4	12	+1%	0

HUF	3 363	47	+1%	0
Total effect on the gross result for the period				1
Income tax				-
Total effect on the net result for the period				1

To conduct an analysis of exposure to FX variations as at 31.12.2012, it has been assumed that FX rates may vary in the range of +/-1% (based on historic data and the available knowledge). If, as at 31.12.2012, the FX rate of the Company's main currencies, i.e. EUR, USD and HUF, had been higher or lower by 1%, the Company's net result would have been higher or lower by PLN 1 thousand respectively, as a result of FX gains or losses on the translation of cash on bank accounts.

FX RISK – exposure to FX VARIATIONS (PLN '000)

ITEM BY CURRENCY	AS AT 31.12.2011, IN FOREIGN CURRENCY	BALANCE SHEET MEASUREMENT AS AT 31.12.2011	ESTIMATED CHANGE IN FX RATE (IN %)	EFFECTS OF CHANGES IN FX RATES IN INDIVIDUAL ITEMS
Cash				
EUR	28	124	+1%	1
USD	325	1 111	+1%	11
HUF	211	3	+1%	0
Total effect on the gross result for the period				12
Income tax				2
Total effect on the net result for the period				10

FX RISK – INVESTMENT PROPERTY	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS	
	AS AT 31.12.2012	AS AT 31.12.2011
Balance of investment property	3 752	3 655
Revenue/expenses due to measurement of investment property	2 082	1 961
Estimated change of the exchange rate	+1%	+1%
Estimated revenue/expenses due to change of the exchange rate	38	37
TOTAL effect on the gross result for the period	38	37
Income tax	7	7
TOTAL effect on the net result for the period	30	30

Credit risk

The credit risk occurs in cash, borrowings granted, derivatives, deposits in banks and financial institutions as well as, in relation to the Company's customers and tenants, in the form of unsettled amounts due. The Company has procedures in place to protect the credit worthiness of its customers and tenants; security deposits and guarantees are also used for tenants. There is no significant concentration of risk in relation to any of the Company's customers outside the Echo Investment Group. In relation to related entities, the credit risk, in the opinion of the Management Board, is minimised through regular monitoring of operating activities and the assessment of investment projects of these companies. For cash and deposits in financial institutions and in banks, the Company uses the services of renowned companies.

Liquidity risk

The liquidity risk occurs when the Company is unable to settle its financial liabilities in due time. The Company manages the liquidity risk by maintaining an adequate amount of supplementary capital, using bank services and reserve loan facilities, and by constantly monitoring the forecast and actual cash flows. Given the dynamic nature of its business, the Company ensures flexible funding through the availability of cash and by diversifying the sources of funding.

In the opinion of the Management Board, the Company has sufficient cash to settle all liabilities in due time. In the long term, the liquidity risk is minimised by the available bank loans. At any time, the Company may use sufficient funds from the loan facilities granted by banks.

The analyses of the Company's financial liabilities and derivatives settled in the net amount which will be settled at specific maturities, based on the period remaining until the contractual maturity as at the balance sheet date, have been presented in the respective notes: loans, borrowings, debt securities, trade receivables and trade liabilities.

Analysis of the Company's undiscounted financial liabilities which will be settled at specific maturities, based on the period remaining until the contractual maturity as at the balance sheet date (31 December 2012):

ANALYSIS OF UNDISCOUNTED FINANCIAL LIABILITIES (PLN '000)

PERIOD	LOANS	BONDS	TRADE AND OTHER LIABILITIES
Up to 1 year	116 928	322 528	22 295
Between 1 and 3 years	-	444 896	-
Between 3 and 5 years	-	146 283	-
Over 5 years	-	-	-
Total	116 928	913 707	22 295

The analysis includes the estimated future interest payments.

CAPITAL MANAGEMENT

The Company's objective in terms of capital management is to protect the Company's ability to continue its business, allowing for the generation of returns for the shareholders and benefits for other stakeholders, and to maintain an optimal structure of capital to reduce its cost.

When managing this risk, the Company makes decisions on the financial leverage, the dividend policy, the issue of new shares, the repurchase and subsequent redemption or resale of the issued shares, or the sale of assets to reduce debt.

The Company monitors the capital using debt ratios. This ratio is calculated as the relation between net debt and total equity. The net debt is calculated as the sum of loans and borrowings (including current and long-term loans and borrowings disclosed in the balance sheet) less cash and cash equivalents. The total value of capital is calculated as equity disclosed in the balance sheet along with the net debt.

DEBT RATIOS (PLN '000)	NOTE	31.12.2012	31.12.2011
Total loans	13, 15	965 695	887 065
Cash and cash equivalents	10	-3 017	-86 386
Net debt	962 678	800 679	
Total equity	629 204	588 091	
Total capital		1 591 882	1 388 770
Debt ratio		60,47%	57,65%

The value of debt ratios, as at 31 December 2012 and 31 December 2011 respectively, was consistent with the Company's objectives.

ADDITIONAL EXPLANATIONS

Material agreements concluded with related entities and performed during the period

In connection with the Echo Investment S.A. Group's strategy involving the construction of all shopping centres, office buildings and apartments by different subsidiaries and Echo Investment S.A.'s contribution – to its special purpose vehicles – of properties where shopping centres and office buildings are constructed, a large portion of Echo Investment S.A.'s transactions is executed with related entities. The largest 2012 transactions with related companies were executed based on the following agreements:

- General contractor agreement concluded on 29 August 2008 with Echo Galeria Kielce - Magellan West Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Galeria Kielce - Magellan West Spółka z ograniczoną odpowiedzialnością S.K.A. commissioned Echo Investment S.A. with the expansion of the existing shopping centre in Kielce at al. Solidarności. The value of the transaction for 2012 is PLN 1,865 thousand.
- General contractor agreement concluded on 8 September 2010 with Echo – Przy Słowiańskim Wzgórzu Spółka z ograniczoną odpowiedzialnością Sp.K., as the investor. Under this agreement, Echo Investment S.A. (Contractor) commits itself to a comprehensive construction of a residential building on a property located in Wrocław at ul. Jedności Narodowej. The value of the transaction for 2012 is PLN 14,697 thousand.
- General contractor agreement concluded on 17 June 2010 with Echo – Kasztanowa Aleja Spółka z ograniczoną odpowiedzialnością Sp.K., as the investor. Under this agreement, Echo Investment S.A. (Contractor) commits itself to a comprehensive construction of a residential building on a property located in Poznań at ul. Wojskowa. The value of the transaction for 2012 is PLN 1,473 thousand.
- Agreement for the management of an investment project concluded on 16 March 2011 with Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the shopping centre located on a real property in Bełchatów at ul. Kolejowa. The value of the transaction for 2012 is PLN 3,232 thousand.
- Agreement for the management of an investment project concluded on 25 August 2011 with Echo Galeria – Amber Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the shopping, services and entertainment centre located on a real property in Kalisz at ul. Górnoląska and Pomorska. The value of the transaction for 2012 is PLN 7,332 thousand.
- Agreement for the management of an investment project concluded on 1 September 2011 with Veneda - Projekt Echo - 97 Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the shopping centre located on a real property in Łomża at ul. Zawadzka and Katyńska. The value of the transaction for 2012 is PLN 4,588 thousand.
- Agreement for the management of an investment project concluded on 15 September 2011 with Projekt 5 - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the shopping centre located on a real property in Szczecin at ul. Struga. The value of the transaction for 2012 is PLN 3,806 thousand.
- Agreement for the management of an investment project concluded on 1 October 2012 with Projekt 7 - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the office facility located on a real property in Warsaw at ul. Konstruktorska. The value of the transaction for 2012 is PLN 1,346 thousand.
- Agreement for the management of an investment project concluded on 1 October 2011 with Aquarius Business House - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide

comprehensive investment management and consulting services in all matters related to the implementation of stage I of the office facility located on a real property in Wrocław at ul. Swobodna. The value of the transaction for 2012 is PLN 5,412 thousand.

- Agreement for the management of an investment project concluded on 02 May 2012 with Aquarius Business House - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the implementation of stage II of the office facility located on a real property in Wrocław at ul. Swobodna. The value of the transaction for 2012 is PLN 1,461 thousand.
- Agreement for the preparation of an investment concluded on 22 July 2008 with A4 - Business Park - GE Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works so that the Investor can obtain a permit for the construction of an office facility on a real property located in Katowice at ul. Francuska. The value of the transaction for 2012 is PLN 1,256 thousand.
- Agreement for the preparation of an investment concluded on 23 December 2008 with Echo - Metropolis Sp. z o.o., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works so that the Investor can obtain a permit for the construction of a shopping facility on a real property located in Poznań at ul. Duszna, Hetmańska and Krauthofera. The value of the transaction for 2012 is PLN 2,615 thousand.
- Agreement for the preparation of an investment concluded on 24 June 2010 with Projekt Echo - 70 Sp. z o.o., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works so that the Investor can obtain a permit for the construction of an office facility on a real property located in Warsaw at ul. Jana Pawła. The value of the transaction for 2012 is PLN 3,769 thousand.
- Agreement for the preparation of an investment concluded on 23 December 2011 with Projekt 7 - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works so that the Investor can obtain a permit for the construction of an office facility on a real property located in Warsaw at ul. Konstruktorska. The value of the transaction for 2012 is PLN 2,364 thousand.
- Agreement for the preparation of an investment concluded on 04 May 2010 with Projekt Echo - 58 Sp. z o.o., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works so that the Investor can obtain a permit for the construction of an office park on a real property located in Warsaw at ul. Bettovena. The value of the transaction for 2012 is PLN 2,178 thousand.

Transactions with related entities detailed in the financial statements involve subsidiaries.

Material post-balance sheet events:

On 15 February 2013, Echo Investment S.A. received a notification saying that as a result of the purchase of the shares of Echo Investment S.A., with its registered office in Kielce, concluded on 14 February 2013, Barcocal Investment Limited, with its registered office at Agiou Pavlou 15, Ledra House, Agios Andreas, 1105 Nicosia, Republic of Cyprus, registered in the Department for the Registration of Companies and the Receiver of the Republic of Cyprus (Register of Companies) under no. HE 145969, increased its share in the overall number of votes at the general shareholders' meeting of Echo Investment S.A. by at least 1%. The shares were purchased from Mr Michał Sołowow, who is the parent of Barcocal Investment Limited.

On 31 January 2013, Echo Investment S.A., as part of the Bond Issue Programme (Current Report no. 7/2011 of 1 February 2011) concluded with BRE Bank S.A., with its registered office in Warsaw, issued coupon bonds in the total amount of PLN 200 million. The nominal value and the issue price of one bond is PLN 10 thousand. The bonds were issued for the period ending on 28 April 2017. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value. The issued bonds are not hedged.

On 22 January 2013, Echo Investment S.A. received a notification by fax from Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK S.A., saying that, as a result of the purchase of the shares of Echo Investment S.A. concluded on 15 January 2013, Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK (later referred to as Aviva OFE) increased its share in the overall number of votes in the Company to more than 10%.

On 2 January 2013, Echo Investment S.A. received a notification from ING Powszechne Towarzystwo Emerytalne S.A. saying that, as a result of the sale of the shares of Echo Investment S.A. during transactions at the Warsaw Stock Exchange, settled on 20 December 2012, ING Otwarty Fundusz Emerytalny decreased its holding of the Company's shares by at least 2% of votes at the Company's general shareholders' meeting.

On 21 March 2013, the Supervisory Board of Echo Investment S.A. passed a resolution on appointing Mr Waldemar Lesiak as the Vice-President of the Company's Management Board for the joint term of office of the present Management Board. As the Vice-President of the Management Board of Echo Investment S.A., Mr Waldemar Lesiak will be responsible for the acquisition and sale of completed commercial developments in Poland and abroad.

On 2 January 2013, Echo Investment SA signed an agreement for the sale of the perpetual usufruct title and the related separate ownership title to a building with a subsidiary, Projekt Echo - 67 Spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36). The agreement involves the purchase of a real property in Warsaw with an area of 51,260 sq. m, located at ul. Konstruktorska. The value of the agreement for the purchase of real property is PLN 57 million.

Information on remunerations of the Management Board

In 2012, managerial staff of Echo Investment S.A. received the following remuneration in Echo Investment S.A.:

- Piotr Gromniak received remuneration in Echo Investment S.A. totalling PLN 878 thousand;
- Artur Langner received remuneration in Echo Investment S.A. totalling PLN 829 thousand.

In 2012, supervisory staff of Echo Investment S.A. have received remuneration in Echo Investment S.A. for holding supervisory functions in the Company:

- Wojciech Ciesielski received remuneration in Echo Investment S.A. totalling PLN 84 thousand;
- Andrzej Majcher received remuneration in Echo Investment S.A. totalling PLN 60 thousand;
- Mariusz Waniolka received remuneration in Echo Investment S.A. totalling PLN 60 thousand;
- Robert Oskard received remuneration in Echo Investment S.A. totalling PLN 36 thousand;
- Karol Żbikowski received remuneration in Echo Investment S.A. totalling PLN 36 thousand;
- Tomasz Kalwat received remuneration in Echo Investment S.A. totalling PLN 36 thousand.

In 2011, managerial staff of Echo Investment S.A. received the following remuneration in Echo Investment S.A.:

- Piotr Gromniak received remuneration in Echo Investment S.A. totalling PLN 793 thousand;
- Artur Langner received remuneration in Echo Investment S.A. totalling PLN 753 thousand.

In 2011, supervisory staff of Echo Investment S.A. have received remuneration in Echo Investment S.A. for holding supervisory functions in the Company:

- Wojciech Ciesielski received remuneration in Echo Investment S.A. totalling PLN 84 thousand;
- Andrzej Majcher received remuneration in Echo Investment S.A. totalling PLN 60 thousand;
- Mariusz Waniolka received remuneration in Echo Investment S.A. totalling PLN 60 thousand;
- Robert Oskard received remuneration in Echo Investment S.A. totalling PLN 36 thousand;
- Karol Żbikowski received remuneration in Echo Investment S.A. totalling PLN 36 thousand;
- Tomasz Kalwat received remuneration in Echo Investment S.A. totalling PLN 36 thousand.

EXPLANATORY NOTES

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

NOTE 1A

INTANGIBLE ASSETS (PLN '000)	31.12.2012	31.12.2011
a) purchased permits, patents, licences and similar assets, including:	1 181	1 419
- software	951	1 339
b) other intangible assets	-	-
Total intangible assets	1 181	1 419

The Company did not create impairment losses for intangible assets in the periods covered by the financial statements. As at 31.12.2012, the Company does not have any contractual obligations.

NOTE 1B

MOVEMENT IN INTANGIBLE ASSETS (BY TYPES) (PLN '000)

FOR THE PERIOD 01.01.2012 – 31.12.2012	A) PURCHASED PERMITS, PATENTS, LICENCES AND SIMILAR ASSETS, INCLUDING:	SOFTWARE	B) OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
a) gross value of intangible assets at the beginning of the period	5 233	4 966	-	5 233
increases (due to)	321	93	-	321
- purchase	321	93	-	321
gross value of intangible assets at the end of the period	5 554	5 059	-	5 554
b) accumulated amortisation at the beginning of the period	(3 814)	(3 627)	-	(3 814)
amortisation for the period (due to)	(559)	(481)	-	(559)
- planned	(559)	(481)	-	(559)
accumulated depreciation at the end of the period	(4 373)	(4 108)	-	(4 373)
c) net value of intangible assets at the end of the period	1 181	951	-	1 181

All intangible assets held by the company have been purchased.

The applied amortisation methods and the adopted useful lives or the applied amortisation rates for:

- the purchased permits, patents, licenses and similar assets – straight line method, 50%, amortisation posted as general administrative expenses,
- other intangible assets – not commissioned to use, not amortised as at 31 December 2012.

MOVEMENT IN INTANGIBLE ASSETS (BY TYPES) (PLN '000), CONTINUED

FOR THE PERIOD 01.01.2011 – 31.12.2011	A) PURCHASED PERMITS, PATENTS, LICENCES AND SIMILAR ASSETS, INCLUDING:	SOFTWARE	B) OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
a) gross value of intangible assets at the beginning of the period	4 914	4 247	8	4 922
increases (due to)	835	719	-	835
- purchase	835	719	-	835
decreases (due to)	(516)	-	(8)	(524)
- liquidation	(516)	-	(8)	(524)
gross value of intangible assets at the end of the period	5 233	4 966	-	5 233
b) accumulated amortisation at the beginning of the period	(3 695)	(3 206)	-	(3 695)
amortisation for the period (due to)	(119)	(421)	-	(119)
- planned	(448)	(363)	-	(448)
- liquidation	329	(58)	-	329
accumulated depreciation at the end of the period	(3 814)	(3 627)	-	(3 814)
c) net value of intangible assets at the end of the period	1 419	1 339	-	1 419

NOTE 2A

PROPERTY, PLANT AND EQUIPMENT (PLN '000)	31.12.2012	31.12.2011
a) PP&E, including:	14 067	14 664
- land	55	56
- buildings, premises, civil and maritime engineering structures	2 839	2 824
- plant and machinery	445	367
- means of transport	10 342	10 708
- other PP&E	386	709
Total property, plant and equipment	14 067	14 664

The Company did not create impairment losses for PP&E in the periods covered by the financial statements.

The company has no securities established on PP&E.

NOTE 2B

MOVEMENTS IN PP&E (BY TYPES) (in '000 PLN)

FOR THE PERIOD 01.01.2012 - 31.12.2012	OWN LAND	BUILDINGS AND STRUCTURES	TECHNICAL EQUIPMENT	MEANS OF TRANSPORT	OTHER PP&E	TOTAL PP&E
a) gross value of PP&E at the beginning of the period	61	3 129	4 652	19 624	3 200	30 666
increases (due to)	-	92	803	1 896	58	2 849
- purchase	-	92	803	1 896	58	2 849
decreases (due to)	-	-	(1 220)	(1 562)	-	(2 782)
- sale	-	-	(274)	(1 562)	-	(1 836)
- liquidation	-	-	(946)	-	-	(946)
gross PP&E at the end of the period	61	3 221	4 235	19 958	3 258	30 733
b) accumulated depreciation (depreciation) at the beginning of the period	(5)	(305)	(4 285)	(8 916)	(2 491)	(16 002)
depreciation for the period (due to)	(1)	(77)	495	(700)	(381)	(664)
- depreciation	(1)	(77)	(724)	(2 242)	(381)	(3 425)
- sale	-	-	273	1 542	-	1 815
- liquidation	-	-	946	-	-	946
accumulated depreciation at the end of the period	(6)	(382)	(3 790)	(9 616)	(2 872)	(16 666)
c) net PP&E at the end of the period	55	2 839	445	10 342	386	14 067

Contractual liabilities incurred in connection with the purchase of property, plant and equipment amount to: PLN 121 thousand.

FOR THE PERIOD 01.01.2011 - 31.12.2011	OWN LAND	BUILDINGS AND STRUCTURES	TECHNICAL EQUIPMENT	MEANS OF TRANSPORT	OTHER PP&E	TOTAL PP&E
a) gross value of PP&E at the beginning of the period	100	3 646	5 382	22 125	3 534	34 787
increases (due to)	-	3	696	1 872	103	2 674
- purchase	-	3	696	1 872	103	2 674
decreases (due to)	(39)	(520)	(1 426)	(4 373)	(437)	(6 795)
- sale	(39)	(520)	(196)	(4 373)	(10)	(5 138)
- inventory taking	-	-	(1 230)	-	(427)	(1 657)
gross PP&E at the end of the period	61	3 129	4 652	19 624	3 200	30 666
b) accumulated depreciation (depreciation) at the beginning of the period	(5)	(258)	(4 698)	(9 960)	(2 525)	(17 446)
depreciation for the period (due to)	-	(47)	413	1 044	34	1 444
- depreciation	(1)	(80)	(884)	(1 921)	(503)	(3 389)
- sale	(1)	(29)	(196)	(3 059)	(10)	(3 295)
- inventory taking	-	(4)	(1 101)	94	(527)	(1 538)
accumulated depreciation at the end of the period	(5)	(305)	(4 285)	(8 916)	(2 491)	(16 002)
c) net PP&E at the end of the period	56	2 824	367	10 708	709	14 664

NOTE 3A

MOVEMENT IN INVESTMENT PROPERTY (IN PLN '000)	31.12.2012	31.12.2011
a) value of property investments at the beginning of the period	3 655	11 631
increases (due to)	2 082	91
- revaluation of property	2 082	91
decreases (due to)	(1 985)	(8 067)
- sale	-	(8 067)
- reclassification to inventory	(1 985)	-
Value of property investments at the end of the period	3 752	3 655

The company measures property at the fair value at the end of every calendar quarter. Profit/loss on measurement is disclosed under "Profit/loss on investment property" in the profit and loss account.

As at 31 December 2012, the Company held investment property located in Poland. Since the lease agreements contain rents denominated in EUR, the measurements have been prepared in these currencies and converted to PLN according to the exchange rate of the leading bank maintaining the Company's accounts, applicable as at the balance sheet date.

The company has no securities established on investment properties. As at 31.12.2012, the Company does not have any contractual obligations.

NOTE 3B

INVESTMENT PROPERTY – INFLUENCE ON THE RESULT (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) revenue from investment property rents	404	851
b) direct operating expenses (including repair and maintenance costs) on investment property generating rent revenue in the period	153	160
c) direct operating expenses (including repair and maintenance costs) on investment property not generating rent revenue in the period	-	-

NOTE 4A

INTERESTS OR SHARES (PLN '000)	31.12.2012	31.12.2011
a) Investments in subsidiaries, jointly controlled entities and associates		
- in subsidiaries	920 433	906 522
- in jointly controlled entities	1 500	1 500
- in associates	13	-
Total interests or shares	921 946	908 022

The company holds interests in the financial result of associates, equivalent to the overall number of votes at the general meeting.

NOTE 4B

MOVEMENT IN INTERESTS AND SHARES (PLN '000)	01.01.2012-31.12.2012	01.01.2011- 31.12.2011
a) balance at the beginning of the period, including:	908 022	782 401
- shares and interests	908 022	782 401
b) increases (due to)	15 937	158 982
- purchase of interests	12 190	58 369
- increase in capital	3 747	100 613
- reversal of revaluation allowance for assets	-	-
c) decreases (due to)	(2 013)	(33 361)
- sale of interests	(41)	(189)
- liquidation of companies	-	-
- revaluation allowance for assets	(1 972)	(19 387)
- settlement of advances on the purchase of interests	-	(13 785)
d) balance at the end of the period, including:	921 946	908 022
- shares and interests	921 946	908 022

In 2012, the Company increased capital in the subsidiary:

- Princes Investment Sp. z o.o., by way of a cash contribution of PLN 2,400 thousand. In exchange for the contribution, the company acquired interests with a total value of PLN 2,400 thousand.
- Echo Investment Project Management SRL, by way of a cash contribution of PLN 1,030 thousand. In exchange for the contribution, the company acquired interests with a total value of PLN 1,030 thousand.
- Ultra Marina Sp. z o.o., by way of a cash contribution of PLN 1 thousand. In exchange for the contribution, the company acquired interests with a total value of PLN 1 thousand.

Projekt Echo - 99 Sp. z o.o. Sp.K., by way of a cash contribution of PLN 10 thousand. In exchange for the contribution, the company acquired interests with a total value of PLN 10 thousand.

In addition, in 2012, the Company acquired interests in:

- Echo Aurus Sp. z o. o., with a value of PLN 10,903 thousand
- Projekt Echo - 59 Sp. z o.o., with a value of PLN 81 thousand
- Mena Investments Sp. z o.o., with a value of PLN 105 thousand
- Echo - Galeria Amber Sp. z o. o., with a value of PLN 101 thousand
- VASCO Investment Sp. z o. o., with a value of PLN 90 thousand
- Intermedia Investment Sp. z o. o., with a value of PLN 287 thousand
- Iris Capital Sp. z o. o., with a value of PLN 120 thousand
- Monolit Investment Sp. z o. o., with a value of PLN 195 thousand
- Nikson Capital Sp. z o. o., with a value of PLN 96 thousand
- Farrina Investments Sp. z o. o., with a value of PLN 15 thousand
- Elmira Investments Sp. z o. o., with a value of PLN 15 thousand
- Elmira Investments Sp. z o. o. S.K.A., with a value of PLN 60 thousand

In addition, in 2012, the Company sold interests in:

- Mena Investments Sp. z o.o., for PLN 1 thousand
- Echo - Galeria Amber Sp. z o. o., for PLN 1 thousand
- VASCO Investment Sp. z o. o., for PLN 1 thousand
- EBR Global Services Sp. z o. o., for PLN 40 thousand

On 12 November 2012, the subsidiary Echo - SPV 7 SP. z o. o., with its registered office in Kielce, merged with the subsidiaries:

- Projekt Echo - 59 Sp. z o. o.,
- Echo Arena Sp. z o. o. Sp. K. (late referred to as the "acquired companies").

The business combination did not result in changes in the Company's financial data but merely affected the holding structure of interests presented in note 4D.

NOTE 4C

Pledges on interests

A registered pledge was established on the interests of Wan - 11 Sp. z o.o., with a value of PLN 1,500 thousand, as a collateral for the loan granted to the subsidiary Wan - 11 Sp. z o.o. by Eurohypo Aktiengesellschaft Europäische Hypothekenbank Der Deutschen Bank in the amount of EUR 48,000 thousand.

A registered pledge was established on the interests of Echo - Pasaż Grunwaldzki Sp. z o.o., with a value of PLN 51 thousand, as a collateral for the loan granted to the subsidiary Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.K.A. by Eurohypo AG in the amount of EUR 150 million.

A registered pledge was established on the shares of Malta Office Park - Projekt Echo - 96 Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 1 thousand, as a collateral for the loan granted to the subsidiary Malta Office Park - Projekt Echo - 96 Spółka z ograniczoną odpowiedzialnością S.K.A. by Westdeutsche Immobilien Bank in the amount of EUR 58,418 thousand.

A registered pledge was established on the interests of Projekt Echo - 96 Sp. z o.o., with a value of PLN 26 thousand, as a collateral for the loan granted to the subsidiary Malta Office Park - Projekt Echo - 96 Spółka z ograniczoną odpowiedzialnością S.K.A. by Westdeutsche Immobilien Bank in the amount of EUR 58,418 thousand.

A registered pledge was established on the interests of Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością, with a value of PLN 26 thousand, as a collateral for the loan granted to the subsidiary Oxygen - Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością S.K.A. by Nordea Bank Polska S.A. in the amount of EUR 25,500 thousand.

A registered pledge was established on the interests of Echo - Przy Słowiańskim Wzgórzu Sp. z o. o., with a value of PLN 50 thousand, as a collateral for the loan granted to the subsidiary Echo - Przy Słowiańskim Wzgórzu Spółka z ograniczoną odpowiedzialnością Sp. k. by Raiffeisen Bank Polska S.A. in the amount of PLN 75,000 thousand.

A registered pledge was established on the shares of PPR - Projekt Echo - 77 Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 1 thousand, as a collateral for the loan granted to the subsidiary PPR - Projekt Echo - 77 Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 72,600 thousand.

A registered pledge was established on the interests of Projekt Echo - 77 Sp. z o.o., with a value of PLN 50 thousand, as a collateral for the loan granted to the subsidiary PPR - Projekt Echo - 77 Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 72,600 thousand.

A registered pledge was established on the shares of Babka Tower - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 1 thousand, as a collateral for the loan granted to the subsidiary Babka Tower -Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 11,250 thousand.

A registered pledge was established on the interests of Projekt Echo - 93 Sp. z o.o., with a value of PLN 51 thousand, as a collateral for the loan granted to the subsidiary Babka Tower - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 11,250 thousand.

A registered pledge was established on the shares of Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 50 thousand, as a collateral for the loan granted to the subsidiary Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 36,000 thousand.

A registered pledge was established on the interests of Projekt Echo - 43 Sp. z o.o., with a value of PLN 50 thousand, as a collateral for the loan

granted to the subsidiary Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 36,000 thousand.

A registered pledge was established on the shares of Echo - Galaxy Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 50 thousand, as a collateral for the loan granted to the subsidiary Echo - Galaxy Spółka z ograniczoną odpowiedzialnością S.K.A. by Europäische Hypothekenbank Der Deutschen Bank in the amount of EUR 150,000 thousand.

A registered pledge was established on the interests of Projekt Echo - 97 Spółka z ograniczoną odpowiedzialnością, with a value of PLN 26 thousand, as a collateral for the loan granted to the subsidiary Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością S.K.A. by Raiffeisen Bank Polska S.A. in the amount of EUR 21,525 thousand.

A registered pledge was established on the interests of Projekt Echo - 97 Spółka z ograniczoną odpowiedzialnością, with a value of PLN 26 thousand, as a collateral for the loan granted to the subsidiary Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością S.K.A. by Raiffeisen Bank Polska S.A. in the amount of PLN 7,500 thousand.

A registered pledge was established on the shares of Projekt - 5 Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 1 thousand, as a collateral for the loan granted to the subsidiary Projekt - 5 Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 26,451 thousand.

A registered pledge was established on the interests of Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością, with a value of PLN 26 thousand, as a collateral for the loan granted to the subsidiary Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością S.K.A. by Nordea Bank Polska S.A. in the amount of EUR 23,059 thousand.

A registered pledge was established on the interests of Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością, with a value of PLN 26 thousand, as a collateral for the loan granted to the subsidiary Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością S.K.A. by Nordea Bank Polska S.A. in the amount of PLN 9,881 thousand.

Pledges on interests

A registered pledge was established on the shares of Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 1 thousand, as a collateral for the loan granted to the subsidiary Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością S.K.A. by Nordea Bank Polska S.A. in the amount of EUR 23,059 thousand.

A registered pledge was established on the shares of Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 1 thousand, as a collateral for the loan granted to the subsidiary Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością S.K.A. by Nordea Bank Polska S.A. in the amount of PLN 9,881 thousand.

A registered pledge was established on the shares of Aqarius Business House - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 2 thousand, as a collateral for the loan granted to the subsidiary Aqarius Business House - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A. by Alior Bank S.A. in the amount of PLN 201,054 thousand.

A registered pledge was established on the interests of Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością, with a value of PLN 101 thousand, as a collateral for the loan granted to the subsidiary Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 94,000 thousand.

A registered pledge was established on the interests of Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością, with a value of PLN 101 thousand, as a collateral for the loan granted to the subsidiary Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of PLN 14,000 thousand.

A registered pledge was established on the shares of Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 51 thousand, as a collateral for the loan granted to the subsidiary Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 94,000 thousand.

A registered pledge was established on the shares of Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością S.K.A., with a value of PLN 51 thousand, as a collateral for the loan granted to the subsidiary Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of PLN 14,000 thousand.

NOTE 4D

INTERESTS OR SHARES IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES AS AT 31 DECEMBER 2012

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
SHARES/INTERESTS IN SUBSIDIARIES											
1	PHS - Projekt CS Sp. z o. o. S.K.A.	Szczecin	property lease and management	-	-	-	-	0,0040%	100,00%	100,00%	none
2	Projekt Echo - 93 Sp. z o.o.	Kielce	property lease and management	51	-	-	51	99,00%	99,00%	99,00%	none
3	Echo - Aurus Sp. z o.o.	Kielce	property lease and management	138 390	(12)	12	-	138 390	97,90%	97,90%	none
4	Princess Investment Sp. z o.o.	Kielce	construction works involving erection of buildings	5 063	(2 663)	-	(2 663)	2 400	100,00%	100,00%	none
5	Bełchatów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	0,0059%	100,00%	100,00%	none
6	PPR - Projekt Echo - 77 Sp. z o. o. S.K.A.	Kielce	property lease and management	-	-	-	-	0,0002%	100,00%	100,00%	none
7	Echo - SPV 7 Sp. z o. o.	Kielce	property lease and management	188 599	-	-	-	188 599	99,99%	99,99%	none
8	Echo - Centrum Przemysł - Projekt Echo 93 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	0,0013%	100,00%	100,00%	none
9	Grupa Echo Sp. z o.o.	Kielce	business consulting and management	52	-	-	-	52	100,00%	100,00%	none
10	Veneda - Projekt Echo -97 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	0,0074%	100,00%	100,00%	none

	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTE RESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
11	Echo Galeria Kielce -Magellan West Sp. z o.o. S.K.A.	Kielce	property lease and management	16	-		-	16	0,0219%	0,0219%	none
12	Echo Investment ACC -Grupa Echo Sp. z o.o. Sp.K.	Kielce	accounting and book keeping activity	51	-		-	51	99,00%	99,00%	none
13	Babka Tower - Projekt Echo - 93 Sp. z o. o. S.K.A.	Kielce	property lease and management	-	-		-	-	0,0083%	100,00%	none
14	Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-		-	1	0,0067%	100,00%	none
15	A4 Business Park Grupa Echo Sp. z o.o. S.K.A.	Kielce	property development involving erection of buildings	51	-		-	51	99,00%	99,00%	none
16	Echo - Arena Sp. z o.o.	Kielce	property development involving erection of buildings	1 008	-		-	1 008	99,95%	99,95%	none
17	Echo - Galaxy Sp. z o.o.	Kielce	property development involving erection of buildings	51	-		-	51	99,00%	99,00%	none
18	Projekt Echo - 33 Sp. z o.o.	Kielce	property lease and management	51	-		-	51	99,00%	99,00%	none
19	Echo -Galeria Amber Sp. z o.o. - S.K.A.	Kielce	property lease and management	51	(49)		(49)	2	99,00%	99,00%	none
20	Zakład Ogrodniczy Naramowice - Pamiątkowo Sp.z o. o. S.K.A.	Pamiątkowo	crop growing and animal production	24	-		-	24	0,0005%	0,0005%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
21	Echo Investment Property Management-Grupa Echo Sp. z o. o. Sp. K.	Kielce	property management	50	-		-	50	99,00%	99,00%	none
22	Projekt Saska Sp. z o.o.	Kielce	property trade agency	20 419	(20 419)		(20 419)	-	95,00%	95,00%	none
23	Echo -Kasztanowa Aleja Sp. z o.o.	Kielce	property lease and management	51	(15)		(15)	36	99,00%	99,00%	none
24	Echo - Klimt House Sp. z o.o.	Kielce	property lease and management	51	(15)		(15)	36	99,00%	99,00%	none
25	Projekt Echo -43 Sp. z o.o.	Kielce	property lease and management	51	(10)		(10)	41	99,00%	99,00%	none
26	Echo - Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	property lease and management	51	(14)		(14)	37	99,00%	99,00%	none
27	Echo Investment Hungary Ingatlanhasznosító KFT	Budapest	property lease and management	89 130	(40 093)		(40 093)	49 037	100,00%	100,00%	none
28	Echo - Kasztanowa Aleja Sp. z o.o. Sp.K.	Kielce	property lease and management	15 901	-		-	15 901	99,90%	99,90%	none
29	Echo - Klimt House Sp. z o.o. Sp.K.	Kielce	property lease and management	501	-		-	501	99,90%	99,90%	none
30	Echo - Przy Słowiańskim Wzgórzu Sp. z o.o. Sp.K.	Kielce	property lease and management	22 675	-		-	22 675	99,99%	99,99%	none
31	Echo Projekt Management Ingatlanhasznosító KFT	Budapest	property management	2 126	(81)	(954)	(1 035)	1 091	100,00%	100,00%	none
32	47 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-		-	-	0,0009%	100,00%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
33	Echo Investment Project 1 S.R.L.	Bucharest	property lease and management	61 941	(1 309)		(1 309)	60 632	100,00%	100,00%	none
34	53 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	50	-		-	50	0,0504%	0,0504%	none
35	Galeria Olimpia - Projekt Echo - 98 Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-		-	1	0,0031%	100,00%	none
36	Galeria Sudecka - Projekt Echo - 43 Sp. z o.o. S.K.A.	Jelenia Góra	property lease and management	50	-		-	50	0,0673%	100,00%	none
37	Projekt Beethovena - Grupa Echo Sp. z o. o. S.K.A.	Kielce	property lease and management	1	-		-	1	0,0022%	0,0022%	none
38	Galaxy - Grupa Echo Sp. z o.o. S.K.A.	Szczecin	property lease and management	50	-		-	50	0,0128%	100,00%	none
39	Galeria Tarnów - Projekt Echo - 43 Sp. z o.o. S.K.A.	Kielce	property lease and management	50	-		-	50	0,0647%	100,00%	none
40	Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.K.A.	Kielce	property lease and management	49	-		-	49	0,0127%	100,00%	none
41	AVATAR - Projekt Echo -93 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-		-	-	0,0004%	100,00%	none
42	Projekt Naramowice - Grupa Echo Sp. z o.o. S.K.A.	Kielce	construction works involving erection of buildings	53	-		-	53	0,0319%	0,0319%	none
43	Oxygen - Projekt Echo - 95 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-		-	-	0,0005%	100,00%	none
44	Park Postępu - Projekt Echo - 93 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-		-	-	0,0001%	100,00%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SHARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
45	Projekt Echo -67 Sp. z o.o.	Kielce	property lease and management	94	-		-	94	99,90%	99,90%	none
46	Projekt Echo -69 Sp. z o.o.	Kielce	other monetary intermediation	115	-		-	115	99,99%	99,99%	none
47	Projekt Echo -70 Sp. z o.o.	Kielce	property lease and management	5 047	(7)		(7)	5 040	99,90%	99,90%	none
48	Projekt Echo -77 Sp. z o.o.	Kielce	property lease and management	50	(14)		(14)	36	99,90%	99,90%	none
49	Metropolis - Grupa Echo Sp. z o. o. S.K.A.	Kielce	property lease and management	-	-		-	-	0,0001%	0,0001%	none
50	Echo Investment Ukraina LLC	Kiev	property management	666	(319)		(319)	347	100,00%	100,00%	none
51	Ultra Marina Sp. z o.o.	Kielce	property development involving erection of buildings	6	-		-	6	0,0800%	0,0800%	none
52	Echo Investment Projekt Management SRL	Bucharest	property management	3 477	(2 448)	(1 030)	(3 478)	(1)	99,99%	99,99%	none
53	EI Projekt Cyp - 1 Limited	Nicosia	activity of head offices and holding companies	56 028	-		-	56 028	99,99%	99,99%	none
54	Barconsel Holdings Limited	Nicosia	activity of head offices and holding companies	374 747	-		-	374 747	25,30%	25,30%	none
55	Projekt Echo - 95 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-		-	26	99,80%	99,80%	none
56	Projekt Echo - 96 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-		-	26	99,80%	99,80%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/IN TERESTS ACCORDIN G TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/S HARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
57	Projekt Echo - 97 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-	-	-	26	99,80%	99,80%	none
58	Projekt Echo - 98 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-	-	-	26	99,80%	99,80%	none
59	Projekt Echo - 99 Sp. z o. o.	Kielce	buying and selling real property on own account	97	-	-	-	97	99,80%	99,80%	none
60	Aquarius Business House - Grupa Echo Sp. z. o. o. S.K.A.	Kielce	property lease and management	2	-	-	-	2	0,0040%	0,0040%	none
61	Echo - Pod Klonami Sp. z o. o. Sp.K.	Kielce	buying and selling real property on own account	10	-	-	-	10	99,0000%	99,0000%	none
62	Echo Investment Facility Management-Grupa Echo Sp. z o. o. Sp.K.	Kielce	property lease and management	11	-	-	-	11	99,00%	99,00%	none
63	Projekt CS Sp. z o.o.	Szczecin	other monetary intermediation	122	-	-	-	122	99,00%	99,00%	none
64	Pamiętkowo Sp. z o.o.	Pamiętkowo	other monetary intermediation	83	-	-	-	83	99,00%	99,00%	none
65	Projekt 3 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0040%	100,00%	none
66	Projekt 4 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0040%	100,00%	none
67	Projekt 5 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0040%	100,00%	none
68	Projekt 6 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-	-	-	1	0,0040%	100,00%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/IN TERESTS ACCORDIN G TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/S HARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
69	Projekt 7 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-	-	-	1	0,0040%	100,00%	none
70	Echo - Galeria Lublin Sp. z o.o.	Lublin	property lease and management	1 006	-	-	-	1 006	99,90%	99,90%	none
71	Projekt Echo - 67 Sp. z o.o. Sp. K.	Kielce	buying and selling real property on own account	11	-	-	-	11	99,00%	99,00%	none
72	ASTRA PARK - Projekt Echo 69 Sp. z o.o. S.K.A.	Kielce	property lease and management	74	-	-	-	74	0,1083%	0,1083%	none
73	Mena Investments Sp.z o.o.	Kielce	other business and management consulting services	105	-	-	-	105	99,00%	99,00%	none
74	Echo - Galeria Amber Sp. z o.o.	Kielce	other business and management consulting services	101	-	-	-	101	99,00%	99,00%	none
75	VASCO Investment Sp. z o.o.	Kielce	other business and management consulting services	90	-	-	-	90	99,00%	99,00%	none
76	Projekt 8 - Grupa Echo Sp. z o.o. - S.K.A.	Kielce	property lease and management	-	-	-	-	-			none
77	Projekt 9 - Grupa Echo Sp. z o.o. - S.K.A.	Kielce	property lease and management	-	-	-	-	-			none
78	Projekt 10 - Grupa Echo Sp. z o.o. - S.K.A.	Kielce	property lease and management	-	-	-	-	-			none
79	Projekt Echo - 99 Sp. z o.o. Sp.K.	Kielce	buying and selling real property on own account	12	-	-	-	12	99,00%	99,00%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
80	Intermedia Investment Sp. z o. o.	Kielce	other business and management consulting services	290	-		-	290	99,00%	99,00%	none
81	Iris Capital Sp. z o. o.	Kielce	other business and management consulting services	122	-		-	122	99,00%	99,00%	none
82	Projekt Echo - 101 Sp. z o. o.	Kielce	property lease and management	50	-		-	50	99,90%	99,90%	none
83	Projekt Echo - 102 Sp. z o. o.	Kielce	property lease and management	50	-		-	50	99,90%	99,90%	none
84	Projekt Echo - 103 Sp. z o. o.	Kielce	property lease and management	50	-		-	50	99,90%	99,90%	none
85	Projekt Echo - 104 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	50	-		-	50	99,90%	99,90%	none
86	Projekt Echo - 105 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	50	-		-	50	99,90%	99,90%	none
87	Projekt Echo - 106 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	50	-		-	50	99,90%	99,90%	none
88	Projekt Echo - 107 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	1	-		-	1	99,90%	99,90%	none
89	Projekt Echo - 108 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	1	-		-	1	99,90%	99,90%	none
90	Projekt Echo - 109 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	1	-		-	1	99,90%	99,90%	none
91	Projekt Echo - 110 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	1	-		-	1	99,90%	99,90%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/IN TERESTS ACCORDIN G TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/S HARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
92	Projekt Echo - 111 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	1	-	-	-	1	99,90%	99,90%	none
93	Projekt Echo - 112 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	-	-	-	-	-	99,90%	99,90%	none
94	Projekt Echo - 113 Sp. z o. o. in the course of incorporation	Kielce	property lease and management	-	-	-	-	-	99,90%	99,90%	none
95	Monolit Investment Sp. z o. o.	Kielce	other business and management consulting services	197	-	-	-	197	99,90%	99,90%	none
96	Nikson Capital Sp. z o. o.	Kielce	other business and management consulting services	97	-	-	-	97	99,90%	99,90%	none
97	Farrina Investments Sp. z o. o.	Warsaw	other business and management consulting services	15	-	-	-	15	100,00%	100,00%	none
98	Elmira Investments Sp. z o. o.	Kielce	other business and management consulting services	15	-	-	-	15	100,00%	100,00%	none
99	Elmira Investments Sp. z o. o. S.K.A.	Warsaw	other business and management consulting services	61	-	-	-	61	100,00%	100,00%	none
100	SPV-1 Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-	-	-	1	0,90%	0,90%	none
				989 873	(67 468)	(1 972)	(69 440)	920 433			

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SHARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
SHARES/INTERESTS IN JOINTLY CONTROLLED ENTITIES											
1	Wan 11 Sp. z o.o.	Warsaw	property lease and management	1 500	-		-	1 500	50,00%	50,00%	none
				1 500	-	-	-	1 500			
SHARES/INTERESTS IN ASSOCIATES											
1	EBR Global Services Sp. z o. o.	Kielce	accounting and book keeping activity	13	-		-	13	25,00%	25,00%	none
2	SPC S.A	Warsaw	management of other entities	34	(34)	-	(34)	-	34,00%	34,00%	none
				47	(34)	-	(34)	13			
TOTAL SHARES/INTERESTS IN SUBORDINATES				991 420	(67 502)	(1 972)	(69 474)	921 946			

In the table, the Company has presented the revaluation allowance created during the financial year for the Company's interests and shares in subsidiaries, jointly controlled entities and associates.

Where no revaluation allowances have been created, the Company believes that, as at the balance sheet date, there were no indications that the allowances had to be adjusted.

The change in the value of revaluation adjustments of interests was disclosed in the result, as at 31 December 2012, under revaluation of investments, in other operating revenue/costs.

The costs include the created impairment loss in the amount of PLN 1,972 thousand.

The Company controls the mentioned subsidiaries through a direct capital share or through interests/shares held by other subsidiaries of the Company.

INTERESTS OR SHARES IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES AS AT 31 DECEMBER 2011

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
SHARES/INTERESTS IN SUBSIDIARIES											
1	PHS - Projekt CS Sp. z o. o. S.K.A.	Szczecin	property lease and management	-	-	-	-	-	0,0040%	100,00%	none
2	Projekt Echo - 93 Sp. z o.o.	Kielce	property lease and management	51	-	-	-	51	99,00%	99,00%	none
3	Echo Aurus Sp. z o.o.	Kielce	property lease and management	127 378	(4 282)	4 282	-	127 378	97,90%	97,90%	none
4	Princess Investment Sp. z o.o.	Kielce	construction works involving erection of buildings	2 663	(2 575)	(88)	(2 663)	-	100,00%	100,00%	none
5	Bełchatów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0059%	100,00%	none
6	PPR - Projekt Echo - 77 Sp. z o. o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0002%	100,00%	none
7	Echo - SPV 7 Sp. z o. o.	Kielce	property lease and management	148 616	-	-	-	148 616	99,99%	99,99%	none
8	Echo - Centrum Przemysł - Projekt Echo 93 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0013%	100,00%	none
9	Grupa Echo Sp. z o.o.	Kielce	business consulting and management	52	-	-	-	52	100,00%	100,00%	none
10	Veneda - Projekt Echo -97 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0074%	100,00%	none
11	Echo - Galeria Kielce Sp. z o.o.	Kielce	property lease and management	16	-	-	-	16	0,0219%	0,0219%	none
12	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp.K.	Kielce	accounting and book keeping activity	51	-	-	-	51	99,00%	99,00%	none
13	Babka Tower - Projekt Echo - 93 Sp. z o. o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0083%	100,00%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
14	Malta Office Park -Projekt Echo - 96 Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-		-	1	0,0067%	100,00%	none
	Projekt Echo -30 Sp. z o.o.	Kielce	property development involving erection of buildings	51	-		-	51	99,00%	99,00%	none
16	Echo - Arena Sp. z o.o.	Kielce	property development involving erection of buildings	1 008	-		-	1 008	99,95%	99,95%	none
17	Echo - Galaxy Sp. z o.o.	Kielce	property development involving erection of buildings	51	-		-	51	99,00%	99,00%	none
18	Echo - Pasaż Grunwaldzki Sp. z o.o.	Kielce	property lease and management	51	-		-	51	99,00%	99,00%	none
19	Projekt Echo -39 Sp. z o.o.	Kielce	property lease and management	51	(49)		(49)	2	99,00%	99,00%	none
20	Zakład Ogrodniczy Naramowice Sp. z o.o.	Poznań	crop growing and animal production	24	-		-	24	0,0005%	0,0005%	none
21	Echo Investment Property Management-Grupa Echo Sp. z o. o. Sp. K.	Kielce	property management	50	-		-	50	99,00%	99,00%	none
22	Projekt S Sp. z o.o.	Kielce	property trade agency	20 419	(20 419)		(20 419)	-	95,00%	95,00%	none
	Echo - Arena Sp. z o. o. Sp. K.	Kielce	property lease and management	39 901	(12)		(12)	39 889	99,95%	99,95%	none
	Echo -Kasztanowa Aleja Sp. z o.o.	Kielce	property lease and management	51	(15)		(15)	36	99,00%	99,00%	none
	Echo - Klimt House Sp. z o.o.	Kielce	property lease and management	51	(15)		(15)	36	99,00%	99,00%	none

	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
26	Projekt Echo -43 Sp. z o.o.	Kielce	property lease and management	51	(10)		(10)	41	99,00%	99,00%	none
27	Echo - Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	property lease and management	51	(14)		(14)	37	99,00%	99,00%	none
28	Echo Investment Ingatlanhasznosító Hungary KFT	Budapest	property lease and management	89 130	(2 374)	(37 719)	(40 093)	49 037	100,00%	100,00%	none
29	Echo -Kasztanowa Aleja Sp. z o.o. Sp.K.	Kielce	property lease and management	15 901	(11)	11	-	15 901	99,90%	99,90%	none
30	Echo - Klimt House Sp. z o.o. Sp. K.	Kielce	property lease and management	501	(369)	369	-	501	99,90%	99,90%	none
31	Echo - Przy Słowiańskim Wzgórzu Sp. z o.o. Sp.K.	Kielce	property lease and management	22 675	(756)	756	-	22 675	99,99%	99,99%	none
32	Echo Projekt Management Ingatlanhasznosító KFT	Budapest	property management	2 126	(923)	842	(81)	2 045	100,00%	100,00%	none
33	47 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-			-	-	0,0009%	100,00%	none
34	Echo Investment Project 1 S.R.L.	Bucharest	property lease and management	61 941	(12 276)	10 967	(1 309)	60 632	100,00%	100,00%	none
35	53 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	50	-		-	50	0,0504%	0,0504%	none
36	Galeria Olimpia - Projekt Echo - 98 Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-		-	1	0,0031%	100,00%	none
37	Galeria Sudecka - Projekt Echo - 43 Sp. z o.o. S.K.A.	Jelenia Góra	property lease and management	50	-		-	50	0,0673%	100,00%	none
38	Projekt Echo -58 Sp. z o.o.	Kielce	property lease and management	1	-		-	1	0,0022%	0,0022%	none
39	Galaxy - Grupa Echo Sp. z o.o. S.K.A.	Szczecin	property lease and management	50	-		-	50	0,0128%	100,00%	none
40	Galeria Tarnów - Projekt Echo - 43 Sp. z o.o. S.K.A.	Kielce	property lease and management	50	-		-	50	0,0647%	100,00%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
41	Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.K.A.	Kielce	property lease and management	49	-	-	-	49	0,0127%	100,00%	none
42	AVATAR - Projekt Echo - 93 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0004%	100,00%	none
43	Projekt Naramowice Poznań Sp. z o.o.	Kielce	construction works involving erection of buildings	53	-	-	-	53	0,0319%	0,0319%	none
44	Oxygen - Projekt Echo - 95 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0005%	100,00%	none
45	Park Postępu - Projekt Echo - 93 Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0001%	100,00%	none
46	Projekt Echo - 67 Sp. z o.o.	Kielce	property lease and management	94	-	-	-	94	99,90%	99,90%	none
47	Projekt Echo - 69 Sp. z o.o.	Kielce	other monetary intermediation	115	-	-	-	115	99,99%	99,99%	none
	Projekt Echo - 70 Sp. z o.o.	Kielce	property lease and management	5 047	(7)	-	(7)	5 040	99,90%	99,90%	none
49	Projekt Echo - 77 Sp. z o.o.	Kielce	property lease and management	50	(14)	-	(14)	36	99,90%	99,90%	none
	Echo - Metropolis Sp. z o.o.	Kielce	property lease and management	-	-	-	-	-	0,0001%	0,0001%	none
51	Echo Investment Ukraina LLC	Kiev	property management	666	(319)	-	(319)	347	100,00%	100,00%	none
52	Ultra Marina Sp. z o.o.	Kielce	property development involving erection of buildings	5	-	-	-	5	0,0800%	0,0800%	none
53	Echo Investment Projekt Management SRL	Bucharest	property management	2 448	(2 448)	-	(2 448)	-	99,99%	99,99%	none
54	EI Projekt Cyp - 1 Limited	Cyprus	activity of head offices and holding companies	56 028	-	-	-	56 028	99,99%	99,99%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INT ERESTS ACCORDING TO THE PURCHASE PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/SH ARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
55	Barconsel Holdings Limited	Cyprus	activity of head offices and holding companies	374 747	(1 193)	1 193	-	374 747	25,30%	25,30%	none
56	Projekt Echo - 95 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-	-	-	26	99,80%	99,80%	none
57	Projekt Echo - 96 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-	-	-	26	99,80%	99,80%	none
58	Projekt Echo - 97 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-	-	-	26	99,80%	99,80%	none
59	Projekt Echo - 98 Sp. z o. o.	Kielce	buying and selling real property on own account	26	-	-	-	26	99,80%	99,80%	none
60	Projekt Echo - 99 Sp. z o. o.	Kielce	buying and selling real property on own account	97	-	-	-	97	99,80%	99,80%	none
61	Grupa Echo Sp. z. o. o. 1 S.K.A.	Kielce	property lease and management	2	-	-	-	2	0,0040%	0,0040%	none
62	Projekt Echo - 94 Sp. z o. o. Sp.K.	Kielce	buying and selling real property on own account	10	-	-	-	10	99,0000%	99,0000%	none
63	Echo Investment Facility Management - Grupa Echo Sp. z o. o. Sp.K.	Kielce	property lease and management	11	-	-	-	11	99,00%	99,00%	none
64	Projekt CS Sp. z o.o.	Kielce	other monetary intermediation	122	-	-	-	122	99,00%	99,00%	none
65	Pamiętkowo Sp. z o.o.	Pamiętkowo	other monetary intermediation	83	-	-	-	83	99,00%	99,00%	none
66	Projekt 3 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0040%	100,00%	none
67	Projekt 4 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0040%	100,00%	none
68	Projekt 5 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,0040%	100,00%	none
69	Projekt 6 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-	-	-	1	0,0040%	100,00%	none

No.	BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/IN TERESTS ACCORDIN G TO THE PURCHAS E PRICE	REVALUATION ADJUSTMENTS – OPENING BALANCE	REVALUATION ADJUSTMENTS – MOVEMENT	REVALUATION ADJUSTMENTS – CLOSING BALANCE	CARRYING VALUE OF INTERESTS/ SHARES	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN OVERALL NUMBER OF VOTES AT THE GENERAL MEETING	ANOTHER BASIS FOR CONTROL
70	Projekt 7 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	1	-	-	-	1	0,0040%	100,00%	none
71	Echo - Galeria Lublin Sp. z o. o.	Lublin	property lease and management	1 006	-	-	-	1 006	99,90%	99,90%	none
72	Projekt Echo - 67 Sp. z o. o. Sp. K.	Kielce	buying and selling real property on own account	11	-	-	-	11	99,00%	99,00%	none
73	Projekt Echo - 100 Sp. z o. o.	Kielce	buying and selling real property on own account	51	-	-	-	51	99,90%	99,90%	none
74	Astra Park Sp. z o.o.	Kielce	property lease and management	74	-	-	-	74	0,1083%	0,1083%	none
75	SPV-1 Sp. z o.o.	Kielce	property lease and management	1	-	-	-	1	0,9000%	0,9000%	none
				973 990	(48 081)	(19 387)	(67 468)	906 522			
SHARES/INTERESTS IN JOINTLY CONTROLLED ENTITIES											
1	Wan 11 Sp. z o.o.	Warsaw	property lease and management	1 500	-	-	-	1 500	50,00%	50,00%	none
				1 500	-	-	-	1 500			
SHARES/INTERESTS IN ASSOCIATES											
1	SPC S.A	Warsaw	management of other entities	34	(34)	-	(34)	-	34,00%	34,00%	none
				34	(34)	-	(34)	-			
TOTAL SHARES/INTERESTS IN SUBORDINATES				975 524	(48 115)	(19 387)	(67 502)	908 022			

NOTE 5

LONG-TERM FINANCIAL ASSETS (PLN '000)	31.12.2012	31.12.2011
a) advances received	13 498	14 038
b) investment certificates	1 130	1 130
c) advances on interests	1	3 431
Total long-term financial assets	14 629	18 599

NOTE 6

MOVEMENT IN DEFERRED INCOME TAX ASSETS/PROVISION (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
1. Deferred income tax assets/provision at the beginning of the period	(7 778)	(12 007)
investment property	1 118	465
receivables and liabilities due to borrowings	(218)	(884)
liabilities due to loans and bonds	26	(347)
tax loss	1 869	4 170
inventory	1 967	225
interests and shares	(1 734)	(5 415)
limited partnership income tax	(6 245)	(5 386)
other	(4 561)	(4 835)
2. Increases	25 925	7 389
investment property	-	653
receivables and liabilities due to borrowings	210	666
liabilities due to loans and bonds	-	373
inventory	4 536	1 742
interests and shares	14 934	3 681
limited partnership income tax	6 245	-
other	-	274
3. Decreases	(4 469)	(3 160)
investment property	(1 514)	-
liabilities due to loans and bonds	(289)	-
tax loss	(1 869)	(2 301)
limited partnership income tax	-	(859)
other	(797)	-
4. Deferred income tax assets/provision at the end of the period	13 678	(7 778)
investment property	(396)	1 118
receivables and liabilities due to borrowings	(8)	(218)
liabilities due to loans and bonds	(263)	26
tax loss	-	1 869
inventory	6 503	1 967
interests and shares	13 200	(1 734)
limited partnership income tax	-	(6 245)
other	(5 358)	(4 561)

The Company does not hold any items where deferred tax has not been recognised.

In 2012, the Company's Management Boards changed its expectations and decided not to sell the interests of Barconsel Holdings Ltd. Echo – Aurus Sp. z o.o. and Echo - SPV 7 Sp. z o.o. in the foreseeable future. Therefore, pursuant to IAS 12 item 39, the provision for deferred income tax on tax and accounting differences related the said interest in the above-mentioned subsidiaries in the amount of PLN 14,559 thousand was released.

NOTE 7A

INVENTORY (PLN '000)	31.12.2012	31.12.2011
a) semi-finished products and work-in-progress	272 772	301 786
b) finished products	18 758	10 216
c) goods	10 884	1 861
d) advances on deliveries	-	-
Total inventory	302 414	313 863

Inventory is measured up to the net realisable sales value. This value is obtained based on information from the active market. A reversal of the inventory allowance is made due to the sale of an inventory item or increase in the net selling price. Inventory allowances disclosed in the period as cost and reversals of inventory write-downs disclosed in the period as revenue are presented in the income statement under cost of sales.

"Finished products" include finished residential apartments for sale. "Semi-finished products and products in progress" mainly include the Company's property and expenditures on housing developments in the course of planning and execution. The "Goods" item includes land.

NOTE 7B

INVENTORY – INFLUENCE ON THE RESULT (PLN '000)	31.12.2012	31.12.2011
Allowances for inventory recognised as cost in the period	29 770	10 393
Reversed write-downs on inventory recognised as revenue in the period	9 946	4 273

Inventory allowances and their reversals apply to residential developments where there is a time delay between the sale of residential apartments and the sale of the apartments' garages, and are intended to reflect the actual sales margin in the period.

The value of inventory recognised as cost in the period is presented in the income statement under "Prime cost of sale".

The movement in the revaluation allowance for inventory in 2012 amounted to PLN 19,824 thousand (in 2011: PLN 6,120 thousand).

NOTE 8A

SHORT-TERM TRADE RECEIVABLES, TAXES AND OTHER (PLN '000)	31.12.2012	31. 12.2011
a) from associates	55 404	87 425
- trade, with maturity:	27 761	87 425
- up to 12 months	27 761	87 425
- other	27 643	-
b) revaluation allowances for receivables from related parties	-	-
c) receivables from other entities	10 225	12 991
- trade, with maturity:	4 809	3 107
- up to 12 months	4 809	2 924
- over 12 months	-	183
- relative to taxes, subsidies, customs duties, social and health insurance and other benefits	-	2 685
- other	3 117	5 917
- advances on deliveries	2 299	1 282
d) revaluation allowances for receivables from other entities	(1 350)	(1 475)
Total net short-term trade receivables, taxes and other	65 629	100 416
- total revaluation allowances for receivables	(1 350)	(1 475)
Total gross short-term trade receivables, taxes and other	66 979	101 891

The maximum value of credit risk related to trade receivables is equivalent to their carrying value.

Receivables from related companies are not secured. As at 31 December 2012, no receivables from related parties were written off.

The estimated fair value of trade receivables is the amount of the expected future discounted cash flows and is equivalent to the carrying value of these receivables.

Trade receivables result from the lease of office space and residential apartments, and from the implementation of investments. The Company constantly monitors its tenants' financial situation and solvency. The payments are secured with security deposits. As at 31 December 2012, the value of security deposits amounts to PLN 197 thousand and, as at 31 December 2011, it amounted to PLN 231 thousand.

NOTE 8B

MOVEMENT IN SHORT-TERM RECEIVABLES REVALUATION ALLOWANCES (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
Balance at the beginning of the period	1 475	1 558
a) increases (due to)	-	21
- creation of an allowance	-	21
b) decreases (due to)	(125)	(104)
- repayment	(22)	(6)
- release	(103)	(98)
Revaluation allowances for short-term receivables at the end of the period	1 350	1 475

The revaluation allowance for receivables has been disclosed under "other operating revenue" in the Company's profit and loss account.

Based on experience and expectations regarding future cash flows, the Company creates a revaluation allowance for receivables:

- for receivables overdue more than one year, for a full value of receivables,
- for receivables overdue more than half a year but not longer than one year, in the amount of 50% of receivables.

NOTE 8C

GROSS SHORT-TERM TRADE RECEIVABLES, TAXES AND OTHER (CURRENCY STRUCTURE) (PLN '000)	31.12.2012	31.12.2011
a) in the Polish currency (PLN)	66 979	101 322
b) in foreign currencies (by currency and after translation into PLN)	-	569
- unit/currency EUR	-	128
- PLN '000	-	569
- unit/currency USD	-	-
- PLN '000	-	-
Total gross short-term trade receivables, taxes and other	66 979	101 891

NOTE 8D

(GROSS) TRADE RECEIVABLES, WITH A MATURITY AFTER THE BALANCE SHEET DATE (PLN '000) OF	31.12.2012	31. 12.2011
a) up to 1 month	15 643	49 876
b) between 1 month and 3 months	15 468	39 034
c) between 3 months and 6 months	-	-
d) between 6 months and 1 year	-	-
e) over 1 year	-	948
f) overdue receivables	2 709	2 049
Total (gross) trade receivables	33 820	91 907
g) revaluation allowances for trade receivables	(1 250)	(1 375)
Total (net) trade receivables	32 570	90 532

NOTE 8E

OVERDUE (GROSS) TRADE RECEIVABLES – DIVISION INTO RECEIVABLES UNPAID IN THE PERIOD (PLN '000)	31.12.2012	31.12.2011
a) up to 1 month	476	380
b) between 1 month and 3 months	505	62
c) between 3 months and 6 months	404	73
d) between 6 months and 1 year	148	319
e) over 1 year	1 176	1 215
Total (gross) overdue trade receivables	2 709	2 049
f) revaluation allowances for overdue trade receivables	(1 250)	(1 375)
Total (net) overdue trade receivables	1 459	674

NOTE 8F

(GROSS) TRADE RECEIVABLES (PLN '000)	31.12.2012	31.12.2011
a) unimpaired current receivables	31 111	89 858
b) unimpaired overdue receivables	1 459	674
c) impaired overdue receivables	1 250	1 375
Total (gross) trade receivables	33 820	91 907

NOTE 8G

DISPUTED AND OVERDUE RECEIVABLES (PLN '000)	31.12.2012	31.12.2011
Disputed receivables	-	-
- other	-	-
- not included in revaluation allowance	-	-
Overdue receivables	2 709	2 049
- trade	2 709	2 049
- not included in revaluation allowance	1 459	674

NOTE 9A

SHORT-TERM BORROWINGS GRANTED (PLN '000)	31.12.2012	31.12.2011
a) in subsidiaries		
- borrowings granted	318 691	142 400
- interest	42	2 526
b) in other parties	318 733	144 926
- borrowings granted	3	3
- interest	-	-
	3	3
Total short-term borrowings granted	318 736	144 929

Note 9A contains short-term borrowings plus interest.

NOTE 9B

SHORT-TERM BORROWINGS GRANTED (CURRENCY STRUCTURE) (PLN '000)	31.12.2012	31.12.2011
a) in the Polish currency (PLN)	318 736	144 929
b) in foreign currencies (by currency and after translation into PLN)	-	-
Total short-term borrowings granted	318 736	144 929

Note 9B contains short-term borrowings plus interest.

BASIC DATA ON MAJOR SHORT-TERM BORROWINGS, WITHOUT INTEREST, AS AT 31 DECEMBER 2012

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Echo Investment Projekt Management SRL	1 000	WIBOR 3M + margin	30 September 2013
Echo - Galeria Kielce -Magellan West Sp. z o. o. S.K.A.	73 400	WIBOR 3M + margin	31 December 2013
Echo Investment Hungary Ingatlanhasznosító KFT	22 881	WIBOR 3M + margin	30 September 2013
Echo Investment Projekt 1 SRL	36 450	WIBOR 3M + margin	31 December 2013
Veneda - Projekt Echo 97 Sp. Z o. o. S.K.A.	39 260	WIBOR 3M + margin	31 March 2013
EI Projekt CYP 1 LIMITED	22 650	WIBOR 3M + margin	31 October 2013
Projekt Echo - 70 Sp. z o.o.	25 050	WIBOR 3M + margin	31 December 2013
Projekt 4 - Grupa Echo Sp. z o.o. S.K.A.	63 000	WIBOR 3M + margin	30 September 2013
53 - Grupa Echo SP. Z o.o. S.A.K.	35 000	WIBOR 3M + margin	30 June 2013
other – unrelated parties	3	WIBOR 6M + margin	30 June 2013
Total:	318 694		

The maximum value of lending risk related to the borrowings is equivalent to their carrying value. The granted borrowings are not secured.

The granted borrowings are not overdue and they have not been impaired.

The borrowings were granted to related entities with a good financial standing.

BASIC DATA ON MAJOR SHORT-TERM BORROWINGS, WITHOUT INTEREST, AS AT 31 DECEMBER 2011

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Projekt Echo - 70 Sp. z o.o.	30 000	WIBOR 3M + margin	31 December 2012
Echo - Galeria Kielce -Magellan West Sp. z o. o. S.K.A.	83 400	WIBOR 3M + margin	31 December 2012
Echo Investment Hungary Ingatlanhasznosító Kft	18 585	WIBOR 3M + margin	31 December 2012
Projekt S Sp. z o.o.	960	WIBOR 3M + margin	31 December 2012
Echo Investment Project 1 SRL	250	WIBOR 3M + margin	31 December 2012
Barconsel Holding Limited	586	WIBOR 3M + margin	31 December 2012
EI Project CYP - 1 LIMITED	10 000	WIBOR 3M + margin	30 September 2012
other – non-related parties	3	WIBOR 6M + margin	31 December 2012
Total:	143 784		

NOTE 10A

CASH AND CASH EQUIVALENTS (PLN '000)	31.12.2012	31.12.2011
a) restricted cash	3 017	6 400 79 986
b) cash and cash equivalents		
Total cash and cash equivalents	3 017	86 386

As at 31.12.2012, the Company held cash in renowned banks, mainly in PKO SA and PKO BP. The maximum value of credit risk related to cash is equivalent to the carrying value of cash.

NOTE 10B

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE) (PLN '000)	31.12.2012	31.12.2011
a) in the Polish currency (PLN)	2 900	85 144
b) in foreign currencies (by currency and after translation into PLN)	117	1 242
- unit/currency EUR	14	28
- PLN '000	56	122
- unit/currency USD	4	325
- PLN '000	14	1 117
- unit/currency HUF	3 363	211
- PLN '000	47	3
Total cash and cash equivalents	3 017	86 386

NOTE 11

SHARE CAPITAL (STRUCTURE)

SERIES OF SHARES	TYPE OF SHARES	TYPE OF SHARE PREFERENCE	TYPE OF LIMITATION OF RIGHTS TO SHARES	NUMBER OF SHARES	VALUE OF SERIES/ISSUE ACCORDING TO NOMINAL VALUE (PLN '000)	TYPE OF CONTRIBUTION TO EQUITY	REGISTRATION DATE	RIGHT TO DIVIDEND (AS OF)
A	bearer	ordinary	none	1 600 000	80	contribution in-kind	1994-06-30	1995-01-01
B	bearer	ordinary	none	38 400 000	1 920	cash	1994-06-30	1995-01-01
C	bearer	ordinary	none	20 000 000	1 000	cash	1995-11-13	1995-01-01
D	bearer	ordinary	none	60 000 000	3 000	cash	1997-02-18	1996-01-01
E	bearer	ordinary	none	20 000 000	1 000	cash	1997-12-30	1997-01-01
F	bearer	ordinary	none	280 000 000	14 000	cash	2002-11-26	2002-01-01
Total number of shares				420 000 000				
Total share capital					21 000			
Nominal value per share = PLN 0.05								

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF THE SHARE CAPITAL AS AT 31 DECEMBER 2012

SHAREHOLDERS	NUMBER OF VOTES/SHARES	% OF SHARE CAPITAL	% OF VOTES AT THE GSM
Michał Solowow – directly and indirectly	189 361 930	45%	45%
ING OFE	44 569 720	11%	11%
Aviva OFE Aviva BZ WBK	42 958 079	10%	10%
PZU Złota Jesień OFE	22 011 702	5%	5%
Other Shareholders	121 098 569	29%	29%
Total	420 000 000	100%	100%

NOTE 12

SUPPLEMENTARY CAPITAL (PLN '000)	31.12.2012	31.12.2011
Separate annual report of Echo Investment SA for 2012		

a) share premium	100 943	100 943
b) statutory	80	80
c) created from generated profits according to the statute/articles, above the statutorily required (minimum) value	466 046	449 529
d) other (by type)	22	22
Total supplementary capital	567 091	550 574

NOTE 13A

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) (PLN '000)	31.12.2012	31.12.2011
a) due to subsidiaries	-	-
b) due to other entities		
- advances received	15 663	16 288
- security deposits received	2 044	-
- due to issue of debt securities	527 138	654 374
	544 845	670 662
Total long-term liabilities	544 845	670 662

Under an agreement signed with BRE Bank S.A., the Company issued coupon bonds on 18 November 2012 in the amount of PLN 115,000 million.

NOTE 13B

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) WITH REMAINING MATURITIES FROM THE BALANCE SHEET DATE (PLN '000)	31.12.2011	31.12.2010
a) over 1 year to 3 years	391 288	518 318
b) over 3 years to 5 years	139 546	138 556
c) over 5 years	14 011	13 788
Total long-term liabilities	544 845	670 662

Interest rates applied for discounting the expected cash flows: 6.71% in 2012

and 7.14% in 2011

The Company has presented its long-term liabilities at nominal value in note 13E.

NOTE 13C

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) (CURRENCY STRUCTURE) (PLN '000)	31.12.2011	31.12.2010
a) in Polish currency	544 845	670 662
b) in foreign currencies (by currency and after conversion into PLN)		
Total long-term liabilities	544 845	670 662

Financial liabilities due to financial debt instruments are measured with the amortised cost of a liability item, according to IAS 39. The fair value of long-term liabilities does not differ materially from their carrying value.

According to the best knowledge and information of the Company's Management Board, there were no violations of loan agreements and the established security levels during the financial year and by the day of signing the financial statements.

NOTE 13D

LOAN FACILITIES AS AT 31 DECEMBER 2012

BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	LOAN/BORROWING AMOUNT ACCORDING TO THE AGREEMENT		OUTSTANDING AMOUNT OF THE LOAN/BORROWING		INTEREST RATE TERMS	REPAYMENT DATE	COLLATERAL
		PLN '000	CURRENCY	PLN '000	CURRENCY			
PeKaO S.A.	Warsaw	50 000	PLN	12 869	PLN	WIBOR 1M + margin	2013-06-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	40 000 10 000	PLN	28 635	PLN	WIBOR 1M + margin	2013-08-19 2013-03-29	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 160 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	50 000	PLN	-	PLN	WIBOR 1M + margin	2015-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 100 million, sola blank bill of exchange
BZ WBK S.A.	Wrocław	50 000	PLN	46 369	PLN	WIBOR 1M + margin	2013-06-08	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 100 million, sola blank bill of exchange
Alior Bank S.A.	Warsaw	30 000	PLN	24 558	PLN	WIBOR 1M + margin	2013-01-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
Total		230 000		112 431				

The loan value corresponds to non-discounted cash flows.

LOAN FACILITIES AS AT 31 DECEMBER 2011

BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	LOAN/BORROWING AMOUNT ACCORDING TO THE AGREEMENT		OUTSTANDING AMOUNT OF THE LOAN/BORROWING		INTEREST RATE TERMS	REPAYMENT DATE	COLLATERAL
		PLN '000	CURRENCY	PLN '000	CURRENCY			
PeKaO S.A.	Warsaw	30 000	PLN	-	PLN	WIBOR 1M + margin	2012-06-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 36 million, sola blank bill of exchange
PeKaO S.A.	Warsaw	65 540	PLN	32 774	PLN	WIBOR 1M + margin	2012-06-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 79 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	40 000	PLN	-	PLN	WIBOR 1M + margin	2012-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 160 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	40 000	PLN	-	PLN	WIBOR 1M + margin	2012-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 160 million, sola blank bill of exchange
Alior Bank S.A.	Warsaw	20 000	PLN	-	PLN	WIBOR 1M + margin	2012-02-24	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 40 million, sola blank bill of exchange up to PLN 22 million
Total		1 95 540		32 774				

NOTE 13E

LONG-TERM AND SHORT-TERM LIABILITIES DUE TO DEBT FINANCIAL INSTRUMENTS ISSUED

DEBT FINANCIAL INSTRUMENTS BY TYPE	NOMINAL VALUE	INTEREST RATE TERMS	MATURITY	GUARANTEES/COLLATERALS	QUOTATION MARKET
bonds (BRE Bank S.A.)	150 000	WIBOR 6M + margin	2013-03-29	none	none
bonds (BRE Bank S.A.)	115 000	WIBOR 6M + margin	2015-05-18	none	none
bonds (BRE Bank S.A.)	100 000	WIBOR 6M + margin	2013-05-25	none	none
bonds (BRE Bank S.A.)	300 000	WIBOR 6M + margin	2014-06-30	none	none
bonds (BRE Bank S.A.)	145 000	WIBOR 6M + margin	2016-02-11	none	none
bonds (BRE Bank S.A.)	35 000	WIBOR 3M + margin	2013-01-09	none	none
Total	845 000				

The bond value corresponds to non-discounted cash flows, without interest.

NOTE 14A

SHORT-TERM TRADE LIABILITIES, TAXES, SECURITY DEPOSITS, ADVANCES RECEIVED AND OTHER (WITHOUT PROVISIONS) (PLN '000)	31.12.2012	31.12.2011
a) due to subsidiaries		
- trade, with maturity:	772	537
- up to 12 months	772	537
- over 12 months	-	-
	772	537
b) due to other entities		
- trade, with maturity:	16 495	41 854
- up to 12 months	16 464	39 820
- over 12 months	31	2 034
- advances received	13 216	20 628
- security deposits received	2 800	231
- due to taxes, customs duties, insurance and other benefits	6 132	17 402
- other liabilities	5 028	7 806
- due to remunerations	15	1
- other (due to)	5 013	7 805
	43 671	87 921
Total short-term trade liabilities, taxes, security deposits, advances received and other	44 443	88 458

The fair value of trade and other liabilities does not differ materially from their carrying value.

NOTE 14B

SHORT-TERM TRADE LIABILITIES, TAXES, SECURITY DEPOSITS, ADVANCES RECEIVED AND OTHER (WITHOUT PROVISIONS) (PLN '000)	31.12.2012	31.12.2011
a) in the Polish currency (PLN)	44 396	88 303
b) in foreign currencies (by currency and after translation into PLN)	47	155
- unit/currency EUR	4	-
- PLN '000	17	-
- unit/currency HUF	-	-
- PLN '000	-	-
- unit/currency USD	9	45
- PLN '000	30	155
Total short-term trade liabilities, taxes, security deposits, advances received and other	44 443	88 458

NOTE 15A

SHORT-TERM LOANS, BORROWINGS AND BONDS (PLN '000)	31.12.2012	31.12.2011
a) due to subsidiaries	-	-
b) due to other entities		
- loans and borrowings	112 431	32 774
- due to issue of debt securities	326 126	199 917
	438 557	232 691
Total short-term loans, borrowings and bonds	438 557	232 691

Under an agreement signed with BRE Bank S.A., the Company issued discount bonds on 25 January 2012, 29 February 2012, 30 March 2012, 9 May 2012, 13 June 2012, 13 July 2012, 10 September 2012 and 10 October 2012, each time in the amount of PLN 35,000 million.

According to the best knowledge and information available to the Company, there have been no violations of loan agreements and the established security levels during the financial year and by the day of signing the financial statements.

NOTE 15B

SHORT-TERM LOANS, BORROWINGS AND BONDS (CURRENCY STRUCTURE) (PLN '000)	31.12.2012	31.12.2011
a) in the Polish currency (PLN)	438 557	232 691
b) in foreign currencies (by currency and after translation into PLN)	-	-
Total short-term loans, borrowings and bonds	438 557	232 691

NOTE 16

MOVEMENT IN SHORT-TERM PROVISIONS (DUE TO) (PLN '000)	31.12.2012	31.12.2011
a) at the beginning of the period		
- provisions for penalties	2 000	5 600
- guarantee repairs	1 100	1 100
- court proceedings	1 173	-
	4 273	6 700
b) increases (due to)		
- provisions for penalties	-	616
- court proceedings	-	1 173

	-	1 789
c) use (due to)		
- provisions for penalties	-	(4 216)
	-	(4 216)
d) release (due to)		
- court proceedings	(1 173)	-
- guarantee repairs	(1 100)	-
	(2 273)	-
e) at the end of the period		
- provisions for penalties	2 000	2 000
- guarantee repairs	-	1 100
- court proceedings	-	1 173
	2 000	4 273

The provision for penalties includes the value of potential penalties which may be imposed on the Company under the concluded agreements with a probability higher than 50%. The amount of provisions was estimated to the best of the Company's knowledge and based on past experience.

The provision for the expected costs of guarantee repairs includes the value of repairs or compensation for the sold premises and designs with a probability higher than 50%. The amount of provisions was estimated to the best of the Company's knowledge and based on past experience.

The dates for the recovery of the provisions for penalties and losses, guarantee costs and court proceedings are impossible to estimate and it is highly probable that they will be recovered within 12 months from the balance sheet date.

NOTE 17A

CONTINGENT LIABILITIES DUE TO RELATED PARTIES (DUE TO) (PLN '000)	31.12.2012	31.12.2011
a) guarantees and sureties granted, including:	82 878	534 333
- due to subsidiaries	82 878	534 333
Total contingent liabilities due to related parties	82 878	534 333

NOTE 17B

OFF-BALANCE SHEET ITEMS (PLN '000)	31.12.2012	31.12.2011
1. Contingent receivables	-	-
2. Contingent liabilities		
2.1. For related parties (due to)	82 878	534 333
- guarantees and sureties granted	82 878	534 333
2.2. For other entities (due to)	4 288	4 269
- guarantees and sureties granted	4 288	4 269
	87 166	538 602
3. Other (due to)		
- court cases against Echo Investment	590	146
	590	146
Total	87 756	538 748

Sureties and guarantees granted by Echo Investment S.A.:

1. Surety for the liabilities of Galeria Olimpia-Projekt Echo-98 Spółka z ograniczoną odpowiedzialnością SKA and Veneda-Projekt Echo-97 Spółka z ograniczoną odpowiedzialnością SKA due to the reimbursement to Tesco (Polska) Sp. z o.o. up to the value of expenditures actually made by Tesco (Polska) Sp. z o.o. for the future subject of lease under the lease agreements concluded on 28.10.2010. The surety amounts to PLN 15,000 thousand.
2. Security for the non-performance of obligations to Eurovia Polska SA under agreement no. 7114/01/2012 of 7 August 2012. The security amounts to PLN 678 thousand.
3. Security of liabilities due to BNY MELLON (Poland) Sp. z o.o. under the lease agreement of 19 November 2012. The guarantee was issued in euro. The guarantee amounts to PLN 9,716 thousand.
4. Security for exceeding the development costs of the shopping and entertainment centre Amber in Kalisz, liabilities due to debt service and for the coverage of absent funds for the benefit of Bank Polska Kasa Opieki S.A. The guarantee amounts to PLN 39,073 thousand.
5. Security to Nordea Bank Polska SA to cover for a deficit of funds or the exceeding of the costs of constructing Centrum Handlowe Olimpia in Bełchatów. The security amounts to PLN 18,411 thousand.
6. Bank performance bond issued on 7 July 2011 by PKO BP S.A. to ORBIS S.A., securing claims due to non-performance or ill-performance of the agreement of 04.09.2008, as amended. The guarantee amounts to PLN 4,073 thousand.
7. Bank performance bond issued on 19 October 2012 by Bank PKO BP S.A. to ImmoPoland Sp. z o.o., securing proper performance of the

lease agreement of 28.08.2009, as amended, concluded between Echo Investment S.A. and Immopoland Sp. z o.o. The guarantee amounts to PLN 215 thousand.

In the Company's opinion, the fair value of the sureties and guarantees is near zero because the probability that they will be used is low.

EXPLANATORY NOTES TO THE PROFIT AND LOSS ACCOUNT

NOTE 18A

OPERATING REVENUE (STRUCTURE BY THE TYPES OF ACTIVITY) (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
A. Sale of residential and commercial area	34 234	4 338
- including: from related parties	-	-
B. Property development services	93 269	288 969
- including: from related parties	68 211	281 566
from subsidiaries	68 211	281 566
from jointly controlled entities	-	-
C. Trade in real property	7 017	41 309
- including: from related parties	-	35 458
D. Lease services	3 938	7 027
- including: from related parties	1 838	1 271
from subsidiaries	1 838	1 271
from the parent company	-	-
E. Legal, accounting, consulting and IT services	39 278	39 898
- including: from related parties	39 276	39 337
from subsidiaries	39 276	39 337
from jointly controlled entities	-	-
F. Financial, marketing, securing services and other revenue	23 734	36 877
- including: from related parties	22 254	35 993
from subsidiaries	22 230	35 987
from key personnel	24	6
Total operating revenue	201 470	418 418
- including: from related parties	131 579	393 625
from subsidiaries	131 555	393 619
from the parent company	-	-
from key personnel	24	6

The minimum contracted lease revenue for 2013 is PLN 4,500 thousand.

The Company has not concluded any transactions with related entities under terms other than market terms.

The Company concludes new agreements with subsidiaries based on investment management and not on general investment contractor services. At present, only margin is presented in revenue (implementation expenditures incurred by subsidiaries) in contrast to former general investment contractor agreements, where expenditures were incurred by the Company and comprised manufacturing cost on the one hand and revenue increased by margin on the other hand. Thus, only margin is presented in revenue and there are no expenditures in the costs. This can be seen in the slight change of gross profit on the sale of property development services.

NOTE 18B

OPERATING REVENUE (TERRITORIAL STRUCTURE) (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) domestic	200 979	415 770
- including: from related parties	131 088	390 977
b) abroad	491	2 648
- including: from related parties	491	2 648
Total net sales of products	201 470	418 418
- including: from related parties	131 579	393 625

NOTE 18C

DEFERRED REVENUE FROM PROPERTY LEASE AGREEMENTS (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) up to 12 months	319	344
b) over 1 year to 5 years	1 276	1 377
c) over 5 years	319	688
Total deferred revenue from property lease agreements	1 914	2 409

Under the concluded agreements, these amounts will be increased by the incurred costs of operation related to the activity of the tenants.

NOTE 19

OPERATING EXPENSES BY TYPE (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) amortisation/depreciation	3 984	3 837
b) consumption of materials and energy	1 508	4 059
c) third party services	122 694	314 316
d) taxes and charges	5 285	6 136
e) remunerations	26 279	24 399
f) social security and other benefits	4 004	3 639
g) other costs by type (due to)	4 350	4 847
- business trips	648	546
- other	3 702	4 301
Total costs by type	168 104	361 233
Movement in inventory and products	10 587	12 383
Own work capitalised (negative value)	-	-
Selling costs (negative value)	(24 111)	(24 023)
General administrative expenses (negative value)	(35 368)	(33 703)
Manufacturing cost of products sold	119 212	315 890

In 2012 and 2011, the costs of property development services amounted to PLN 61,430 thousand and PLN 258,877 thousand respectively.

NOTE 20A

OTHER OPERATING REVENUE (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) released provisions (due to)	2 376	3 698
- receivables	103	98
- other	2 273	3 600
b) other, including:	1 287	6 911
- contractual penalties	236	404
- revenue from sale of non-financial non-current assets	225	1 469
- other	826	5 038
c) interest on borrowings	16 434	7 334
- from related parties, including:	16 434	7 334
- from subsidiaries	16 434	7 334
- from other entities	-	-
b) other interest	1 227	4 685
- from other entities	1 227	4 685
Total other operating revenue	21 324	22 628

NOTE 20B

OTHER OPERATING REVENUE FROM DIVIDENDS AND SHARE IN PROFITS (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) from related parties, including:	37 891	27 128
- from subsidiaries	37 891	27 128
Total other operating revenue from dividends and share in profits	37 891	27 128

NOTE 20C

OTHER OPERATING EXPENSES (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) created provisions (due to)	-	1 173
- for expected costs	-	1 173
- receivables	-	-
b) other, including:	724	2 825
- donations	76	843
- contractual penalties	13	1 293
- other	635	689
c) revaluation of investments	1 972	19 387
- interests	1 972	19 387
Total other operating expenses	2 696	23 385

NOTE 21A

FINANCIAL REVENUE FROM INTEREST (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) other interest		
- from other entities	128	286
Total financial revenue from interest	128	286

NOTE 21B

OTHER FINANCIAL REVENUE (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) foreign exchange gains	-	787
b) profit on sale of interests	2	-
b) revaluation of borrowings, loans and bonds	2 902	-
c) other	16	45
Total other financial revenue	2 920	832

NOTE 21C

FINANCIAL COSTS OF INTEREST (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
--	---------------------------	---------------------------

a) on loans

- due to other entities	76	-
- due to subsidiaries	76	-
- due to other entities	60 336	54 585
	60 412	54 585

b) other interest

- due to other entities	24	78
	24	78

c) revaluation of borrowings, loans and bonds

	-	2 119
	-	2 119

Total financial costs of interest

	60 436	56 782
--	---------------	---------------

Capitalised borrowing costs amounted to PLN 4,246 thousand as at 31 December 2012 and PLN 2,540 thousand as at 31 December 2011.

NOTE 21D

OTHER FINANCIAL COSTS (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
a) foreign exchange losses:	148	9
- realised	143	-
- unrealised	5	9
b) loss on sale of:	-	44
- interests	-	44
c) other, including:	1 954	1 595
- commissions	1 936	1 595
- other	18	-
Total other financial costs	2 102	1 648

NOTE 22A

INCOME TAX – EFFECTIVE TAX RATE (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
Gross profit	21 890	15 822
Income tax according to the national rates, 19%	(4 159)	(3 006)
Dividends received	2 470	5 154
Release of provision for receivables	20	703
Release of deferred tax provision	20 803	-
Other non-deductible costs	89	(2 156)
Charges on the financial result due to income tax	19 223	695

NOTE 22B

DEFERRED INCOME TAX, TERM OF SETTLEMNT (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
Deferred income tax liabilities		
- to be settled within 12 months	5 366	712
- to be settled after 12 months	658	7 066
Deferred tax assets		
- to be settled within 12 months	-	-
- to be settled after 12 months	(19 703)	-
Total	(13 679)	7 778

NOTE 23

Distribution of profit

Echo Investment S. A.'s 2011 net profit, amounting to PLN 16,517 thousand, was earmarked for a contribution to the Company's supplementary capital, pursuant to the resolution of 06 June 2012. Echo Investment S. A.'s 2011 financial statements were approved by way of the resolution of the Ordinary GSM of 06 June 2012. It is proposed to earmark Echo Investment S. A.'s 2012 profit for the supplementary capital.

EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

NOTE 24

CASH INCLUDED IN THE CASH FLOW STATEMENT (PLN '000)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
As at the beginning of the period, including:	86 386	65 827
- cash in hand and cash in bank	86 386	65 827
Balance at the end of the period	3 017	86 386
- cash in hand and cash in bank	3 017	86 386
ADDITIONAL EXPLANATIONS TO THE STRUCTURE OF THE CASH FLOW STATEMENT		

The Company discloses interest on the borrowings granted in investing activities.

NOTE 25

INFORMATION ON FINANCIAL INSTRUMENTS (PLN '000)

No.	INSTRUMENT TYPE	NOTE	CARRYING VALUE AS AT 31.12.2012	CARRYING VALUE AS AT 31.12.2011
Financial assets				
1.	Borrowings and receivables:			
	- short-term borrowings	9	318 736	144 929
	- trade receivables	8	32 570	90 532
	- advances received	5	13 498	14 038
2.	Cash and cash equivalents	10	3 017	86 386
Financial liabilities				
1.	Other financial liabilities			
	- liabilities due to issue of debt securities	13, 15	853 264	854 291
	- trade liabilities	14	17 267	42 391
	- loans and borrowings	15	112 431	32 774

The Company's main financial instruments include:

- Borrowings granted are measured at amortised purchase price determined with the effective interest rate method.
- Financial liabilities, i.e. liabilities due to the issue of debt securities, bank loans and other liabilities (borrowings and trade liabilities).

Financial liabilities are measured with the amortised cost of a liability item, according to IAS 39.

Date: 23 April 2013

Signatures of the Management Board of Echo
Investment S.A.
Artur Langner

Piotr Gromniak

Waldemar Lesiak

President of the Management
Board

Vice-President of the Management Board

Vice-President of the Management
Board

Signature of the individual entrusted with bookkeeping:

Tomasz Sulek

Chief Accountant



MANAGEMENT REPORT OF ECHO INVESTMENT S.A. FOR 2012

ECHO
investment

III. MANAGEMENT REPORT OF ECHO INVESTMENT S.A. FOR 2012

Echo Investment S.A. has operated on the real property market since 1996. The company has been listed at the Warsaw Stock Exchange since March 1996.

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-purpose subsidiary. Implementing construction projects through subsidiaries significantly facilitates the management of the processes and ensures transparency of the Group's structure. These entities rent out commercial space (shopping and entertainment centres, offices), construct and sell apartments and provide property management services. The Company also provides services as a general contractor to foreign investors.

1. DISCUSSION OF BASIC ECONOMIC AND FINANCIAL FIGURES DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS OF ECHO INVESTMENT S.A.

BALANCE SHEET

As at the end of 2012, the balance sheet total amounted to PLN 1,659 million, which means a 4% increase in value compared to the balance as at the end of the same period in 2011.

Assets

As at the end of December 2012, the assets structure was as follows:

- Non-current assets comprise 58% of assets, and the main item are investments in subsidiaries, jointly controlled entities and associates: 95% of non-current assets,
- Current assets account for 42% of assets, while borrowings granted make up 46% of total current assets, inventory makes up 44% of total current assets, trade and other receivables account for 9% of current assets, and cash and cash equivalents make up 1% of total current assets.

Equity and liabilities

- As at 31 December 2012, Echo Investment S.A.'s share capital amounted to PLN 21 million and was divided into 420,000,000 ordinary series A, B, C, D, E and F bearer shares with a nominal value of PLN 0.05 each,
- As at 31 December 2012, equity amounted to PLN 629 million, which means a 7% increase compared to the end of December 2011,
- Long-term and short-term liabilities accounted for 62% of the balance sheet total, and amounted to PLN 1,028 million.

PROFIT AND LOSS ACCOUNT

- At the end of December 2012, net sales revenue amounted to PLN 201 million, which means a 52% decrease compared to the same period a year earlier;
- At the end of 2012, operating profit amounted to PLN 81 million and was higher by 11% than the profit generated in the previous financial year;
- Gross profit amounted to PLN 22 million and was higher than in 2011 by 38%;
- Net profit amounted to PLN 41 million, which means a 149% increase compared to 2011;
- Net profit per share amounted to PLN 0.10.

CASH FLOW STATEMENT

- At the beginning of the reporting period, cash amounted to PLN 86 million;
- In 2012, the Company recorded a positive cash flow from operating activities, amounting to (+) PLN 63 million; the main items were the following:
 - movements in receivables (+) PLN 60 million,
 - Interest and share in profit (dividends) (+) PLN 12 million,
- In 2012, the Company recorded a negative cash flow from investing activities, amounting to (-) PLN 157 million, mainly as a result of:
 - borrowings granted (-) PLN 290 million,
- At the end of December 2012, the Company recorded a cash flow from financing activities amounting to (+) PLN 10 million, mainly as a result of:
 - loans and borrowings (+) PLN 113 million,
- Between 1 January and 31 December 2012, the balance of cash decreased by PLN 83 million;
- At the end of December 2012, cash amounted to PLN 3 million.

2. DESCRIPTION OF MATERIAL RISKS AND THREATS AND INDICATION OF THE ISSUER'S LEVEL OF EXPOSURE TO SUCH RISKS AND THREATS

Material risks and threats to the Company's business:

- The **risk of competition** is related to the company's operation on the domestic real property market. Since 2009, this has been a tough market for the lease of commercial and office space and the sale of apartments. Recently, the real property market has been dictated by the customer and the high number of foreign investors, whose competitive edge is expressed in greater capital resources, has increased the risk of competition. With regard to potentially new entities, the risk is limited by high barriers to entry (high capital-intensiveness). In the present market situation, the Group's advantage lies in its long-time experience in the implementation of projects and market awareness, leading to projects in locations that are attractive to customers. Thanks to high quality of the offer and established customer trust, tenants from present shopping centres decide to lease space in newly commissioned objects. With a suitable mix of the tenants, constant marketing and social campaigns, the Group's centres are some of the mostly visited centres in their respective regions.
- **Interest rate risk.** The Group's business is largely based on loans, on which interest is calculated based on interest rates. For loans and bonds in PLN, the applicable rate is WIBOR and for loans in EUR, the applicable rate is EURIBOR or LIBOR EUR. The interest rate risk is limited by hedging instruments (fixed rates, IRS) available on the market.
- **Foreign exchange risk.** In the Group, this risk is linked primarily to loans in foreign currencies (mainly in the euro) raised by special purpose vehicles. To minimise this risk, agreements with tenants of a specific object are denominated in the currency of the loan obtained for funding this object. Payments from tenants are used to repay the loans. This relation between funding and the sources of revenue significantly reduces the FX risk (natural hedge). In addition, since variations of exchange rates significantly affect the value of prospective cash flows (purchase of foreign currencies, sale of developments, disbursement of loan tranches), the Group uses the available derivatives, such as forwards or FX options.
- The **risk related to the Group's tenants** is the risk that the tenants may lose their liquidity or that outstanding amounts may become unrecoverable. Most of the Capital Group's revenue is generated from renting out commercial and office areas. The key aspect is to select tenants with a stable economic and financial situation. Areas in shopping centres are rented out to renowned retail chains (Tesco, Real, Carrefour, NOMI, brand clothing outlets, cinemas, etc.) and areas in office facilities are rented out to the largest companies (Polkomtel, Tieto Poland, Medcover, Tebodin, Roche Polska, IKEA Shared Services). Lease agreements are secured with guarantees or security deposits. The Group only accepts guarantees provided by renowned banks and insurance companies, thus reducing the risk that a financial institution may not disburse the funds. The Debt Collection Department constantly monitors payments from tenants, allowing for a swift response to delayed payments. The effectiveness of the applied procedures for minimising this risk is confirmed by nearly 100% recoverability of outstanding amounts in the Group.
- The **risk related to external contractors** is the risk related to the quality of work performed and the risk that the contractors may lose their liquidity. The Company, as the investor of a development, commissions external entities. Punctuality and quality of execution are largely the responsibility of these contractors. To a large extent, this factor is eliminated by securities provided for in the agreements for the construction of engineering objects, constant supervision over the construction process by inspectors or specialised external companies present on the construction sites and by Project Managers. When selecting a supplier, in addition to analysing the offer of construction works, the prospective contractor's financial situation and technical capabilities are examined.
- The **risk of administrative procedures** involves changes in the laws and indolence of authorities. Time-consuming administrative procedures at home and abroad determine the execution dates of the Group's projects. This may result in delays. In addition, third parties have significant powers to interfere with administrative procedures, which often leads to delays in the implementation of investments, affecting their profitability. The Group attempts to mitigate this risk by using its experience in administrative procedures and by employing staff specialised in this area.
- The **liquidity risk** involves the loss of solvency. The Group manages the liquidity risk by maintaining a constant supply of funds in the form of cash on bank accounts and/or by using the available loan limits granted. It constantly monitors the forecast and the actual cash flows. This risk is reduced by constant proceeds from the property portfolio and the funding of projects using special purpose loans.
- The **risk of unfavourable changes in the property market** involves changes in demand and the market situation. The Capital Company attempts to minimise the risk of unfavourable changes in the property market by implementing investments in steps and adjusting the implementation pace to the expected demand and price trends on local markets.
- The **social and economic risk** involves the effects of social and macroeconomic factors on business activity. They include inflation, overall condition of the economy, changes of the economic situation, changes in real income and tax policies in countries where the Group operates, and the global situation. Changes of macroeconomic indicators may result in a decrease in the planned revenues or an increase the costs of doing business. This is particularly significant in the event of a slower GDP growth, an increasing budget deficit and increase in unemployment, leading to a drop in real income. The social and economic situation may affect the Company's revenue and financial results because new housing, office, shopping and entertainment developments depend on consumers and the funds they are able to spend. On the other hand, social schemes may cause the demand to increase. This risk is limited by working with tenants who target their offer at various groups, including groups whose consumption expenditures are not strongly affected by a change of the macroeconomic situation. Apartments offered by the Group are mainly targeted at affluent consumers, whose spending decisions are less effected by the macroeconomic situation.

3. PROCEEDINGS PENDING BEFORE COURT, COMPETENT ARBITRATION AUTHORITY OR PUBLIC ADMINISTRATION AUTHORITY, INCLUDING ANY INFORMATION ON A PROCEDURE, OR TWO OR MORE PROCEEDINGS CONCERNING ECHO INVESTMENT S.A.'S OR ITS SUBSIDIARY'S LIABILITIES OR CLAIMS WHOSE VALUE EQUALS AT LEAST 10% OF THE COMPANY'S EQUITY

Between 1 January and 31 December 2012, there were no proceedings pending before court, a competent arbitration authority or a public

administration authority concerning liabilities or claims of Echo Investment S.A. or its subsidiary whose value equals at least 10% of the Company's equity.

4. INFORMATION ON BASIC PRODUCTS WITH SPECIFICATION OF THEIR VALUE AND VOLUME AND SHARE OF INDIVIDUAL PRODUCT GROUPS IN ECHO INVESTMENT S.A. AS WELL AS THE RELATED CHANGES IN THE FINANCIAL YEAR

4.1. Business segments

In 2012, Echo Investment S.A. and companies of the Group implemented projects launched in previous years and 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 reasonably adjusted to the actual situation.

As at 31 December 2012, the Capital Group held projects already commissioned to use as well as projects in the course of implementation or preparation.

PORTFOLIO OF PROPERTIES IN USE

As at 31 December 2012, the Capital Group held 5 shopping centres, 5 shopping and entertainment centres and 6 office developments for lease.

REAL PROPERTY PORTFOLIO AS AT 31 DECEMBER 2012

CITY	LOCATION	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	5 500
Radom	ul. Żółkiewskiego	Galeria Echo	19 500
Tarnów	ul. Błonie	Galeria Echo	20 200
SHOPPING CENTRES	TOTAL		81 600
Bełchatów	ul. Kolejowa	Galeria Olimpia	21 400
Kielce	ul. Świętokrzyska	Galeria Echo	70 500
Szczecin	Al. Wyzwolenia	Galaxy	41 200
Szczecin	al. Struga	Outlet Park	16 600
Wrocław	Plac Grunwaldzki	Pasaż Grunwaldzki	48 200
SHOPPING AND ENTERTAINMENT CENTRES	TOTAL		197 900
Kielce	al. Solidarności	Astra Park (*)	11 200
Poznań	ul. Baraniaka	Malta Office Park	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
Wrocław	ul. Swobodna	Aquarius (stage I)	15 700
OFFICE DEVELOPMENTS	TOTAL		85 800
DEVELOPMENTS FOR LEASE	TOTAL		365 300

*The Astra Park project does not include area occupied by the Group. The area attributable to the Capital Group comprises 50% of the Polkomtel office building development (Warsaw, ul. Postępu).

Tenants in shopping centres and shopping and entertainment centres include domestic and international retail chains and local businesses. The main tenants of commercial space include:

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

Office space is leased to renowned companies and local businesses. The main tenants of office space include: Grand Thornton Frackowiak, 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., Medicover 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., Samsung Electronics Polska Sp. z o.o., Bank Ochrony Środowiska, Lux Med. Sp. z o.o., Pwc Polska Sp. z o.o., BNY Mellon.

PROJECTS IN THE COURSE OF IMPLEMENTATION AND PREPARATION

The Management Board closely monitors the situation on the real property market and decides to implement specific projects based on the assessment of the present market situation. All project implementation deadlines are flexible and reasonably adjusted to the actual situation.

PROJECTS IN THE COURSE OF IMPLEMENTATION AND PREPARATION IN THE SEGMENT OF SHOPPING CENTRES AND SHOPPING AND ENTERTAINMENT CENTRES

PROJECT	GLA [SQ. M]	COMMENCEMENT	COMPLETION
Łomża Veneda,	14 900	H2 2011	H1 2013
Kalisz Amber,	34 300	H1 2012	H1 2014
Jelenia Góra Sudecka (expansion)	12 300	H2 2013	H1 2015
Szczecin Galaxy (expansion)	17 200	H1 2014	H2 2015
Poznań Metropolis	75 300	H1 2014	H1 2016
Szczecin Outlet Park (stage II)	8 300	H1 2014	H2 2014
Koszalin Nova	27 200	H2 2014	H2 2015
Katowice, ul. Kościuszki	50 000	H1 2015	H1 2017
Słupsk, ul. Grottgera **			
PROJECTS IN POLAND	239 500		
Brasov Korona (Romania)	30 500	H2 2013	H1 2015
Budapest Mundo (Hungary)*	42 700		
FOREIGN PROJECTS	73 200		
TOTAL PROJECTS	312 700		

* Due to the unstable economic situation in this country, it is uncertain whether the project will be commenced within the next three years. ** Any projects for which no dates are specified are in the design phase.

PROJECTS IN THE COURSE OF IMPLEMENTATION AND PREPARATION IN THE SEGMENT OF OFFICE AND HOTEL SPACE

PROJECT	GLA [SQ. M]	COMMENCEMENT	COMPLETION
Warsaw Park Rozwoju (stage I)	17 800	H2 2012	H1 2014
Warsaw Park Rozwoju (stage II)	16 100	H1 2014	H2 2015
Warsaw Jana Pawła II	52 900	H2 2013	H2 2016
Warsaw Beethovena (stage I)	18 100	H2 2013	H1 2015
Warsaw Beethovena (stages II-III)	36 700	H1 2015	H1 2018
Warsaw Taśmowa (stages I-IV)	60 800	H1 2014	H2 2018
Krakow Opolska (stage I)	19 200	H2 2013	H1 2015
Krakow Opolska (stages II-III)	38 400	H2 2014	H1 2018
Wrocław Aquarius Business House (stage II)	9 300	H1 2012	H2 2013
Wrocław Lotnicza	16 300	H1 2013	H2 2014
Wrocław Plac Grunwaldzki (stages I-II)	20 600	H1 2014	H1 2017
Gdańsk Tryton	22 800	H2 2013	H1 2015
Katowice A4 Business Park (stage I)	9 000	H2 2012	H1 2014
Katowice A4 Business Park (stage II)	9 300	H2 2013	H1 2015
Katowice A4 Business Park (stage III)	11 900	H1 2015	H2 2016
Łódź Novotel	7 300	H2 2011	H1 2013
Łódź Aurus (stages I – II)	19 200	H1 2014	H2 2016
PROJECTS IN POLAND	385 700		
Kiev Dehtiarivska (stage I)	17 500	H2 2013	H1 2015
Kiev Dehtiarivska (stages II-VI)	87 900	H2 2014	H1 2020
FOREIGN PROJECTS	105 400		
TOTAL PROJECTS	491 100		

PROJECTS IN THE COURSE OF IMPLEMENTATION AND PREPARATION IN THE RESIDENTIAL SEGMENT

PROJECT	USABLE AND RESIDENTIAL AREA/PLOT AREA [SQ. M]	COMMENCEMENT	COMPLETION
Dyminy, Osiedle Południowe (stage III)	43 400	H2 2013	H2 2014
Poznań, Sołacz	13 700	H1 2014	H2 2014
Warsaw, Rezydencje Leśne, in the course of sale	52 900	H2 2010	H2 2012
SALE OF PLOTS (PLOT AREA)	110 000		
Kielce, Zielone Tarasy	2 100	H2 2013	H1 2015
Krakow, Korzeniowskiego	3 000	H2 2012	H1 2014
Krakow, Bronowicka	3 000	H2 2013	H1 2015
Krakow, Tyniecka / Czarodziejska	5 600	H2 2013	H1 2015
Łódź, Osiedle Jarzębinowe (stage I)	6 900	H2 2011	H1 2013
Łódź, Osiedle Jarzębinowe (stages II-IV)	39 900	H1 2014	H2 2021
Łódź, Wodna (stages I-II)	13 700	H1 2014	H1 2017
Poznań, Kasztanowa Aleja (stage II)	8 600	H2 2012	H2 2014
Poznań, Naramowice, Pod Klonami II, row houses	4 500	H1 2012	H2 2013
Poznań, Naramowice, Jaśminowy Zakątek (stage I)	6 000	H1 2013	H2 2014
Poznań, Naramowice, Jaśminowy Zakątek (stages II-IV)	13 500	H2 2014	H2 2018
Poznań, Sowińskiego (stages I-III)	19 800	H1 2014	H1 2019
Warsaw, Nowy Mokotów (stage I)	11 600	H2 2012	H2 2014
Warsaw, Nowy Mokotów (stages II-IV)	30 500	H1 2015	H1 2022
Warsaw, Princess, Puławska	4 900	H2 2013	H1 2015
Wrocław, Grota Roweckiego (stages I-III)	18 300	H2 2013	H1 2019
SALE OF APARTMENTS [USABLE AND RESIDENTIAL AREA]	191 900		
Lublin, ul. Poligonowa (**)	1 130 00		
Poznań Naramowice (**)	330 00		
INVESTMENT LAND [PLOT AREA]	1 460 000		

** Any projects for which no dates are specified are in the design phase.

4.2. Revenue structure

STRUCTURE OF THE COMPANY'S NET REVENUE FROM SALES (IN MILLIONS OF PLN) BETWEEN 2011 AND 2012:

ITEM	01.01.2012- 31.12.2012	% SHARE	01.01.2011 - 31.12.2011	% SHARE
Sale of residential and commercial area	34,2	17%	4,3	1,0%
Property development services	93,3	46%	289,0	69,1%
Trade in real property	7,0	3%	41,3	9,9%
Lease services	3,9	2%	7,0	1,7%
Legal, accounting and consulting services	39,3	20%	39,9	9,5%
Other revenue	23,7	12%	36,9	8,8%
Total net revenue from sale of products	201,4	100%	418,4	100%

5. INFORMATION ON SALES MARKETS, GROUPED INTO DOMESTIC AND FOREIGN MARKETS, INFORMATION ON SOURCES OF SUPPLY OF MANUFACTURING MATERIALS, GOODS AND SERVICES, INDICATION OF OVERDEPENDENCE ON ONE OR MORE CUSTOMERS AND SUPPLIERS, AND, WITH A SHARE OF A SINGLE CUSTOMER OR SUPPLIER EQUAL TO AT LEAST 10% OF TOTAL SALES REVENUE, NAME OF SUCH CUSTOMER OR SUPPLIER, THEIR SHARE IN SALES OR SUPPLY AND FORMAL RELATIONS WITH THE ISSUER

Sales markets

In 2012, all projects implemented by the Company were located in the Polish market only.

Changes in sources of supply

In terms of Echo Investment S.A.'s purchase of services, the main share, measured by the share of purchases in total sales revenue, was attributable to entities with whom the Company works together as part of specific property developments. In 2012, turnover with a single counterparty exceeded 10% of the Company's revenue. There are no capital relations between Echo Investment S.A. and that company.

MAJOR SUPPLIERS OF THE COMPANY IN 2012:

COUNTERPARTY	TURNOVER (IN MILLIONS OF PLN)	% SHARE OF NET SALES REVENUE
Eiffage Budownictwo MITEX S.A.	35,7	17,7%

Changes among customers

The customers of Echo Investment S.A. include entities to whom property development services are provided.

In 2012, turnover with a single counterparty, an entity from the Capital Group, exceeded 10% of the Company's net sales revenue. The capital relations are described in section 7.1 of this Management Report.

MAJOR CUSTOMERS OF THE COMPANY IN 2012:

COUNTERPARTY	TURNOVER (IN MILLIONS OF PLN)	% SHARE OF NET SALES REVENUE
Orbis SA	29,5	14,6%
ECHO - Przy Słowiańskim Wzgórzu Sp. z o.o. Sp.K.	25,6	12,7%
ECHO - Galeria Magellan WEST Sp. z o.o. S.K.A.	22,5	11,2%

6. INFORMATION ON THE CONCLUDED AGREEMENTS THAT ARE SIGNIFICANT FOR THE ISSUER'S BUSINESS, INCLUDING AGREEMENTS CONCLUDED BETWEEN SHAREHOLDERS AS WELL AS INSURANCE, PARTNERSHIP OR COOPERATION AGREEMENTS OF WHICH THE ISSUER IS AWARE

6.1. Information on significant agreements for the Issuer's business

Conclusion of material lease agreements

The Management Board of ECHO INVESTMENT SA (Issuer) announces that on 15 March 2012, the Issuer's subsidiaries and real, - Spółka z ograniczoną odpowiedzialnością i Spółka komandytowa, with its registered office in Warsaw (02-183), at Al. Krakowska 61, entered into the register of entrepreneurs of the National Court Register by the District Court for the capital city of Warsaw, 13th Economic Department of the National Court Register, under KRS no. 000011498 (Tenant), signed 10-year agreements for the lease of commercial space in shopping centres owned by the subsidiaries listed below.

The said 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 entrepreneurs maintained by the District Court for Wrocław-Fabryczna in Wrocław, 9th Economic Department of the National Court Register, under KRS no. 0000380072 – applies to commercial space in the Shopping Centre in Jelenia Góra, 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 entrepreneurs maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000361525 – applies to commercial space in the Shopping Centres in Radom, ul. Żółkiewskiego 4, and in Piotrków Trybunalski, 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 entrepreneurs maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000385055 – applies to commercial space in the Shopping Centre in Tarnów, ul. Błonie 2.

The total value resulting from the four 10-year lease agreements signed by the said subsidiaries of the Issuer is EUR 38.15 million, which, on the day when the Warsaw Stock Exchange was informed (Current Report no. 10/2012), amounted to PLN 158.04 million according to the average exchange rate of the National Bank of Poland.

The agreement with the highest value is the agreement for the lease of space in the Shopping Centre in Radom, amounting to EUR 11.17

million, which, on the day when the Warsaw Stock Exchange was informed (Current Report no. 10/2012), amounted to PLN 46.27 million according to the average exchange rate of the National Bank of Poland.

The commercial space will be handed over to the Tenant on 30 January 2013.

The agreements provide for standard market contractual penalties for this type of agreements. The liability of the Tenant and the landlord companies due to contractual penalties is limited to EUR 3 million, which, on the day when the Warsaw Stock Exchange was informed (Current Report no. 10/2012), amounted to PLN 12.43 million according to the average exchange rate of the National Bank of Poland. The payment of contractual penalties does not preclude the parties' right to claim compensation under generally applicable terms and conditions.

Loan agreement for the financing of stage I of Aquarius Business House (Alior Bank)

On 6 June 2012, GRUPA ECHO SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ 1 SPÓŁKA KOMANDYTOWO-AKCYJNA, with its registered office in Kielce, al. Solidarności 36, 25-323 Kielce, entered into the register of entrepreneurs of the National Court Register maintained by the District Court in Kielce, 10th Economic Department of the National Court register, under KRS no. 0000378348 (later referred to as the Borrower, Company), a subsidiary of the Issuer, and ALIOR BANK SPÓŁKA AKCYJNA, with its registered office in Warsaw, at Al. Jerozolimskie 94, 00-807 Warsaw, entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 305178 (later referred to as the Lender, Bank), signed a loan agreement (later referred to as the Agreement).

According to the terms of the Agreement, the Bank grants to the Borrower a construction loan in the amount of PLN 93,368,427 thousand for financing and refinancing the costs of the project involving the execution of the first stage of the office and services facility Aquarius Business House in Wrocław.

The loan bears interest amounting to 1-month WIBOR plus the bank's margin.

The loan repayment date was set to be 30 September 2013.

The repayment of the Borrower's liabilities under the Loan due to the Bank is secured by the following:

1. priority mortgage on the Property up to 150% of the Loan amount;
2. registered pledge and priority financial pledge on all shares in the Borrower's company up to 150% of the Loan amount and the Shareholders' statement on submission to enforcement proceedings regarding the shares held, pursuant to the banking law;
3. registered pledge and financial pledge on the Borrower's Accounts, authorisation to use and blockade of the Borrower's Accounts;
4. transfer to secure outstanding amounts under insurance agreements;
5. transfer to secure outstanding amounts under Lease Agreements and transfer of securities for Lease Agreements;
6. transfer to secure outstanding amounts under Agreements with Contractors and transfer of securities for such agreements;
7. Borrower's statement on submission to enforcement proceedings pursuant to the banking law.

Overdraft facility agreement (BZ WBK)

On 12 June 2012, the Issuer and Bank Zachodni WBK Spółka Akcyjna, with its registered office in Wrocław, address: Rynek 9/11, 50-950 Wrocław, entered into the Register of Entrepreneurs of the National Court Register under KRS no. 0000008723 by the District Court for Wrocław-Fabryczna in Wrocław, 6th Economic Department of the National Court Register (later referred to as the Bank), signed an overdraft facility agreement (later referred to as the Agreement).

According to the terms of the Agreement, the Bank grants a loan to the Company up to the amount of 50,000,000.00 PLN (in words: fifty million zloty and zero grosz) for financing its current operations.

The contractual loan repayment date was set to be 8 June 2013.

Addendum to overdraft facility agreement (PeKaO)

On 29 June 2012, the Issuer and Bank Polska Kasa Opieki S.A., with its registered office in Warsaw, signed an addendum to the overdraft facility agreement, which the Company announced in current report no. 34/2011 of 30 June 2011.

The Addendum increased the loan amount from PLN 30 million to PLN 50 million and extended the loan period to 30 June 2013.

Loan agreement for the construction of Galeria Amber in Kalisz (PeKaO)

On 27 July 2012, PROJEKT ECHO - 39 SP. Z O. O., with its registered office in Kielce, at Al. Solidarności 36, 25-323 Kielce, entered into the register of entrepreneurs maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no.: 0000196339 (later referred to as: Borrower, Company) – the Issuer's subsidiary, and BANK POLSKA KASA OPIEKI S.A., with its registered office in Warsaw, at ul. Grzybowska 53/57, PO Box 1008, 00-950 Warsaw, entered into the Register of Entrepreneurs of the National Court Register by the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, under KRS no. 14843 (hereinafter referred to as: Lender, Bank), signed a loan agreement (hereinafter referred to as: Agreement).

According to the terms of the Agreement, the Bank – at the Borrower's request – shall provide the Borrower with the following:

- 1/ cash constituting a construction and investment loan of up to EUR 47 million (forty-seven million euro);

2/ cash constituting a VAT loan of up to PLN 7 million (seven million zloty).

The Borrower shall use the loans only for the following purposes:

1. Construction loan – for financing or refinancing project expenditures;
2. Investment loan – for refinancing debt as part of the construction loan through a Conversion (repayment of debt under the construction loan by using cash made available under the investment loan);
3. VAT loan – for financing or refinancing VAT in connection with implementing the project.

The loans bear interest: for the Investment Loan and Construction Loan – according to 1-month or 3-month EURIBOR, for VAT Loan – according to 1-month WIBOR, plus the bank's margin.

The Borrower will use the funds raised under the agreement to build Galeria Amber in Kalisz at the junction of ul. Górnośląska and Trasa Bursztynowa.

The loan repayment deadlines are as follows:

1. for the Investment Loan – on the fifth anniversary of the Conversion day or on 31 December 2019, whichever is earlier;
2. for the VAT Loan – 6 months from the date of the usage permit or 31 December 2014, whichever is earlier.

To secure the repayment of the Loan and of the amounts due to the Bank, the Borrower shall establish the following securities or shall cause them to be established:

1. priority mortgage to secure Loans in the amount of up to 200% of loan exposure,
2. Borrower's declaration on the submission to enforcement proceedings,
3. Issuer's declaration on the submission to enforcement proceedings,
4. Declaration of every shareholder of the Borrower who is a partner on the conclusion date of the Agreement on the submission to enforcement proceedings,
5. Authorisation to the Borrower's bank accounts,
6. Subordination Agreement which prioritises payments due to the Lender under the Loan Agreement over other payments,
7. Pledge Agreements – registered and financial pledges on the rights to the Borrower's accounts, General Partner's cash debt, registered and financial pledges on the Borrower's interests and shares.

Addendum to overdraft facility agreement (PKO BP)

On 21 August 2012, the Issuer received an addendum signed by way of correspondence and dated 17 August 2012 to the loan agreement for a multi-purpose facility of 21 August 2006 with the bank Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, with its registered office in Warsaw (hereinafter referred to as: Bank, PKO BP). See current reports: no. 49/2006 of 22 August 2006 and no. 29/2009 of 1 September 2009.

Pursuant to the addendum, the amount of the multi-purpose facility was increased from PLN 80 million to PLN 100 million and the loan period was extended to another three-year period, i.e. to 19 August 2015.

As part of the facility agreement, the Bank shall grant the following to the Borrower:

- overdraft in PLN up to 40% of the facility,
- working capital revolving loan in PLN up to 50% of the facility,
- bank guarantees up to 65% of the facility.

The interest on the funds has been determined according to a variable interest rate WIBOR 1M plus the Bank's margin. Securities for the repayment of the amounts due to the Bank in connection with the use of the facility:

1. Sola blank bill of exchange issued by the Borrower along with the Borrower's blank promissory note agreement,
2. Declaration on the submission to enforcement proceedings pursuant to article 97 of the Banking Law Act.
3. Clause for the withdrawal of cash from the Borrower's bank accounts maintained by PKO BP.

6.2. Agreements between shareholders

The Company was not aware of any agreements concluded in 2012 between the shareholders which would be important for its business.

6.3. Insurance agreements

SUBJECT OF INSURANCE	INSURER	SUM INSURED (PLN '000)
property insurance policies – objects	TU Compensa S.A.	27 659
property insurance policies – equipment	TU Compensa S.A.	8 310

civil liability policies	TU Compensa S.A., Generali TU S.A.	5 102
construction and assembly risk policies	TU Compensa S.A., Generali S.A., Ergo Hestia TU S.A.	90 744
other policies	TU Compensa S.A.	2 076
TOTAL SUM INSURED:		133 891

6.4. Partnership or cooperation agreements

In 2012, the Company did not conclude any material partnership or cooperation agreements.

7. INFORMATION ON ORGANISATIONAL OR CAPITAL RELATIONS BETWEEN ECHO INVESTMENT S.A. AND OTHER ENTITIES; INDICATION OF ITS MAJOR DOMESTIC AND FOREIGN INVESTMENTS (SECURITIES, FINANCIAL INSTRUMENTS AND REAL PROPERTY), INCLUDING CAPITAL INVESTMENTS OUTSIDE THE CAPITAL GROUP AND DESCRIPTION OF FINANCING METHODS

7.1. Information on organisational or capital relations of Echo Investment S.A.

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. The companies which form the Group have been established or purchased in order to perform specific 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 December 2012, the Echo Investment Capital Group comprises 93 fully consolidated subsidiaries and one jointly controlled entity consolidated with the proportionate method.

SUBSIDIARIES:

NO.	COMPANY	REGISTERED OFFICE	% CAPITAL HELD AS AT		PARENT COMPANY
			31.12.2012	31.12.2011	
1	47 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
2	53 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
3	Astra Park - Projekt Echo - 69 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
4	Aquarius Business House - Grupa Echo Sp. z o.o. S.k.a. (formerly: Grupa Echo Sp. z o.o. 1 S.k.a.)	Kielce	100%	100%	XXIX FIZ Forum
5	Avatar - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
6	A4 Business Park - Grupa Echo Sp. z o.o. S.k.a. (formerly: Projekt Echo - 30 Sp. z o.o.)	Kielce	100%	100%	XXXIV FIZ Forum.
7	Babka Tower - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
8	Barconsel Holdings Ltd	Nicosia	100%	100%	Echo – SPV 7 Sp. z o.o.
9	Bełchatów - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
10	Budivelnuy Soyuz Monolit LLC	Kiev	100%	100%	Yevrobudgarant LLC
11	Echo - Arena Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
12	Echo - Aurus Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
13	Echo - Centrum Przemysł - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
14	Echo - Galaxy Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
15	Echo - Galaxy Sp. z o.o. S.k.a.	Szczecin	100%	100%	XXIX FIZ Forum
16	Echo - Galeria Amber Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
17	Echo - Galeria Amber Sp. z o.o. S.k.a (formerly: Projekt Echo - 39 Sp. z o.o.)	Kielce	100%	100%	XXXIV FIZ Forum.
18	Echo - Galeria Lublin Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
19	Echo - Kasztanowa Aleja Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
20	Echo - Kasztanowa Aleja Sp. z o.o. Sp. kom.	Kielce	100%	100%	Echo Investment S.A.
21	Echo - Klimt House Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
22	Echo - Klimt House Sp. z o.o. Sp. z kom.	Kielce	100%	100%	Echo Investment S.A.
23	Echo - Pod Klonami Sp. z o.o.	Kielce	100%	100%	Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.
24	Echo - Pod Klonami Sp. z o.o. Sp. kom.	Kielce	100%	100%	Echo Investment S.A.
25	Echo - Project - Management Ingatlanhasznosito Kft.	Budapest	100%	100%	Echo Investment S.A.
26	Echo - Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
27	Echo - Przy Słowiańskim Wzgórzu Sp. z o.o. Sp. kom.	Kielce	100%	100%	Echo Investment S.A.

NO.	COMPANY	REGISTERED OFFICE	% CAPITAL HELD AS AT		PARENT COMPANY
			31.12.2012	31.12.2011	
28	Echo - SPV 7 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
29	Echo Galeria Kielce - Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	100%	XXIX FIZ Forum / XXXIV FIZ Forum
30	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	100%	Echo Investment S.A.
31	Echo Investment Facility Management - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	100%	Echo Investment S.A.
32	Echo Investment Hungary Ingatlanhasznosito Kft.	Budapest	100%	100%	Echo Investment S.A.
33	Echo Investment Project 1 S.R.L.	Brasov	100%	100%	Echo Investment S.A.
34	Echo Investment Project Management S.R.L.	Brasov	100%	100%	Echo Investment S.A.
35	Echo Investment Property Management - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	100%	Echo Investment S.A.
36	Echo Investment Ukraine LLC	Kiev	100%	100%	Echo Investment S.A.
37	Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	99,95%	XXIX FIZ Forum
38	Elmira Investments Sp. z o. o.	Kielce	100%	0%	Echo Investment S.A.
39	Elmira Investments Sp. z o. o. S.k.a.	Warsaw	100%	0%	Echo Investment S.A.
40	El Project Cyp - 1 Ltd	Nicosia	100%	100%	Echo Investment S.A.
41	Farrina Investments Sp. z o. o.	Warsaw	100%	0%	Echo Investment S.A.
42	Galeria Olimpia - Projekt Echo - 98 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
43	Galeria Sudecka - Projekt Echo - 43 Sp. z o.o. S.k.a.	Jelenia Góra	100%	100%	XXIX FIZ Forum
44	Galeria Tarnów - Projekt Echo - 43 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
45	Grupa Echo Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
46	Intermedia Investment Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
47	Iris Capital Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
48	Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
49	Mena Investments Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
50	Metropolis - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
51	Monolit Investment Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
52	Nikson Capital Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
53	Oxygen - Projekt Echo - 95 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
54	Pamiętkowo Sp. z o.o.	Pamiętkowo	100%	100%	Echo Investment S.A.
55	Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
56	PHS - Projekt CS Sp. z o.o. S.k.a.	Szczecin	100%	100%	XXIX FIZ Forum
57	PPR - Projekt Echo - 77 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
58	Princess Investment Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
59	Projekt Beethovena - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum / XXXIV FIZ Forum
60	Projekt CS Sp. z o.o.	Szczecin	100%	100%	Echo Investment S.A.

NO.	COMPANY	REGISTERED OFFICE	% CAPITAL HELD AS AT		PARENT COMPANY
			31.12.2012	31.12.2011	
61	Projekt Echo - 33 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
62	Projekt Echo - 43 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
63	Projekt Echo - 67 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
64	Projekt Echo - 67 Sp. z o.o. Sp. kom.	Kielce	100%	100%	Echo Investment S.A.
65	Projekt Echo - 69 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
66	Projekt Echo - 70 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
67	Projekt Echo - 77 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
68	Projekt Echo - 93 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
69	Projekt Echo - 95 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
70	Projekt Echo - 96 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
71	Projekt Echo - 97 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
72	Projekt Echo - 98 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
73	Projekt Echo - 99 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
74	Projekt Echo - 99 Sp. z o.o. Sp. kom	Kielce	100%	0%	Echo Investment S.A.
75	Projekt Echo - 101 Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
76	Projekt Echo - 102 Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
77	Projekt Echo - 103 Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
78	Projekt Naramowice - Grupa Echo Sp. z o.o. S.k.a. (formerly: Projekt Naramowice Poznań Sp. z o.o.)	Kielce	100%	100%	XXXIV FIZ Forum
79	Projekt Saska Sp. z o.o. (formerly: Projekt S Sp. z o.o.)	Kielce	95%	95%	Echo Investment S.A.
80	Projekt 3 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
81	Projekt 4 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
82	Projekt 5 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
83	Projekt 6 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
84	Projekt 7 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
85	Projekt 8 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	0%	XXXIV FIZ Forum
86	Projekt 9 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	0%	XXXIV FIZ Forum
87	Projekt 10 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	0%	XXXIV FIZ Forum
88	SPV 1 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	100%	XXIX FIZ Forum
89	Ultra Marina Sp. z o.o.	Kielce	100%	100%	XXIX FIZ Forum / XXXIV FIZ Forum
90	Vasco Investment Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
91	Veneda - Projekt Echo -97 Sp. z o.o. S.k.a.	Kielce	100%	100%	XXXIV FIZ Forum
92	Yevrobudgarant LLC	Kiev	100%	100%	EI Project Cyp - 1 Ltd
93	Zakład Ogrodniczy Naramowice - Pamiątkowo Sp. z o.o. S.k.a.	Pamiątkowo	100%	100%	XXXIV FIZ Forum

The jointly controlled entity is Wan 11 Spółka z o.o., with its registered office in Warsaw (50% of interests controlled). The associate EBR Global Services Spółka z o.o. has its registered office in Kielce. As at 31.12.2011, the Echo Investment Capital Group owned 100% of interests and consolidated the Company with the full method.

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

7.2. Main domestic and foreign investments

Real property

On 15 October 2012, the Issuer's subsidiary Projekt 4 - Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs maintained by the District Court in Kielce, 10th Economic Department of the National Court Register under KRS no.: 0000392867, and Agencja Rozwoju Przemysłu Spółka Akcyjna, with its registered office in Warsaw, ul. Wołoska 7, entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, under KRS no.: 0000037957, signed agreements for the purchase of real property in Warsaw with an area of 30,804 sq. m, located at ul. Taśmowa 10/12.

The value of the agreement for the purchase of real property is PLN 60 million.

The Issuer plans to develop a complex of 4 office buildings with an area of approx. 60 thousand sq. m on the purchased property.

Financial instruments

Equity shares redemption programme of ECHO INVESTMENT S.A.

On 18 January 2012, the Management Board of Echo Investment S.A. passed a resolution on adopting Echo Investment S.A.'s equity share redemption programme.

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

The Programme involves the repurchase 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 Group's repurchase of equity shares for resale or cancellation according to the terms and procedure specified in resolution no. 3 of Echo Investment S.A.'s Extraordinary General Meeting of 19 December 2008.

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

- safe financial situation of the Company and its Capital Group, including vast resources of cash,
- safe parameters and ratios defining the Company's and its Capital Group's indebtedness and debt service ability, taking account of funds earmarked for the purchase of equity shares,
- potentially slower growth of Poland's real property market compared to the previous two years and a higher risk of starting new projects and project funding risk due to the debt crisis in some of the countries of the euro zone and capital requirements of leading European banks,
- repurchase as an alternative to dividend payment.

DETAILED INFORMATION ABOUT THE PROGRAMME

1. The Equity Shares Redemption Programme is planned to start on 19 January 2012.
2. The Programme shall be implemented in line with the applicable Polish and EU laws as well as the principles laid down in resolution no. 3 of Echo Investment S.A.'s Extraordinary General Meeting of 19 December 2008.
3. The total number of shares purchased for cancellation shall not be greater than 210,000,000.
4. The total number of shares purchased for resale shall not be greater than 84,000,000, 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 share for cancellation and resale shall be within the limits laid down in the provisions of resolution no. 3 of Echo Investment S.A.'s Extraordinary General Meeting of 19 December 2008.
6. The Programme shall 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 earlier than 19 December 2013 or before the funds intended for the purchase run out;
 - (b) abandon the purchase of shares entirely or partially.

If a decision is made to end the Programme earlier than 19 December 2013, the Management Board shall make a suitable announcement 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 offer in transactions concluded during WSE trading sessions.
9. In one day, the Company may not purchase more than 25% of the average daily volume of shares at WSE, while the value of the average

daily volume shall be based on the average daily volume over a 20-day period preceding the day of purchase.

10. In the event of an exceptionally low liquidity of the shares, the Company may exceed the 25% limit specified in item 9 by not more than 50% after notifying the Polish Financial Supervision Authority, 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 shall 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 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 shall 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 before.
14. The Company's Management Board shall announce to the public:
 - (a) for every day of the programme's implementation – 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 Programme's provisions, while information on amendments to the Programme shall be announced to the public before such amendments come into effect.

After the Programme is completed, the Company's Management Board shall 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 shall 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 invitation to subscribe for the sale of the Issuer's shares

On 19 January 2012, the Management Board of Echo Investment S.A. decided to announce, via the subsidiary Park Postępu - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością spółka komandytowo – akcyjna, with its registered office in Kielce ("Caller"), a call pursuant to article 72, section 1 of the Act of 29 July 2005 on public offering, terms of introducing financial instruments into organised trading and public companies, to subscribe for the sale of the Company's shares, aimed at the purchase for redemption 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 PLN 3.90 (three zloty and ninety grosz) per share, according to the terms specified in the Invitation attached to this report.

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

The Management Board announces that today, via the Investment House of BRE Bank S.A., according to the requirements of the Act of 29 July 2005 on public offering, terms of introducing financial instruments to organised trading and on public companies and the Ordinance of the Minister of Finance of 19 October 2005 on specimen calls to subscribe for the sale or exchange of shares of a public company, details of announcements and terms of share purchasing under such calls, it submitted the content of the call to subscribe for the Company's shares ("Call") to the Polish Financial Supervision Authority, to the Warsaw Stock Exchange and to Polska Agencja Prasowa S.A. in Warsaw.

In the opinion of the Company's Management Board, the purchase of equity shares as part of the Invitation is justified in consideration of the following:

- safe financial situation of the Company and its Capital Group, including vast resources of cash,
- safe parameters and ratios defining the Company's and its Capital Group's indebtedness and debt service ability, taking account of funds earmarked for the purchase of equity shares,
- potentially slower growth of Poland's real property market compared to the previous two years and a higher risk of starting new projects and project funding risk due to the debt crisis in some of the countries of the euro zone and capital requirements of leading European banks,
- as an alternative for the payment of dividend to the Company's shareholders.

Information about the purchase of the Issuer's shares as a result of call to subscribe for the sale of equity shares

On 24 February 2012, as part of the call to subscribe for the sale of the shares of Echo Investment S.A., Park Postępu-Projekt Echo-93 Spółka z ograniczoną odpowiedzialnością spółka komandytowo – akcyjna (Company, Caller), a subsidiary of Echo Investment S.A., concluded purchase transactions for 7,309,418 (seven million, three hundred and nine thousand, four hundred and eighteen) of Echo Investment S.A.'s shares for a price of PLN 3.9 per share.

The concluded transactions were settled on 27 February 2012.

The said purchase of the Issuer's shares by the Company as a result of the call was based on:

- Resolution 3 of the Extraordinary General Meeting of Echo Investment S.A. of 19 December 2008, authorising the Issuer's Management Board to purchase equity shares for redemption or for resale between 20 December 2008 and 19 December 2013.
- Resolution on the adoption of the equity share redemption programme of Echo Investment S.A. on 18 January 2012 (Current Report no. 3/2012).
- Resolution of the General Meeting of the general partnership limited by shares of 18 January 2012.

The Caller shall not exercise the rights under the shares purchased as a result of the call, except for the rights to sell the shares or to perform
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actions intended to retain the Caller's rights.

The nominal value of each of the Issuer's shares is PLN 0.05 and the total nominal value of the purchased shares is PLN 365,470.9.

The purchased shares account for 1.74% of the Issuer's share capital and are vested with 7,309,418 votes, representing 1.74% of the overall number of votes at the General Meeting of Echo Investment S.A.

In total, the Company holds 7,309,418 ordinary bearer shares of Echo Investment S.A., which account for 1.74% of the Issuer's share capital and are vested with 7,309,418 votes, representing 1.74% of the overall number of votes at the General Meeting of Echo Investment S.A.

8. INFORMATION ON MATERIAL TRANSACTIONS CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY WITH RELATED PARTIES ON TERMS OTHER THAN MARKET TERMS; AMOUNTS AND INFORMATION EXPLAINING THE NATURE OF THESE TRANSACTIONS

In 2012, no material transactions were concluded between Echo Investment S.A. and its subsidiaries, and related parties on terms other than market terms.

9. INFORMATION ON LOAN AND BORROWING AGREEMENTS CONCLUDED AND TERMINATED IN A GIVEN FINANCIAL YEAR

9.1. Loan agreement

COMPANY'S LIABILITIES DUE TO LOANS RAISED, AS AT 31 DECEMBER 2012

BANK	TYPE OF LIABILITY	LOAN CURRENCY	LOAN AMOUNT AS PER THE AGREEMENT (PLN '000)	LOAN USED AS AT 31.12.2012 (PLN '000)	TYPE OF INTEREST RATE	REPAYMENT DEADLINE
PKO BP S.A.	Overdraft facility	PLN	10 000	28 635	1M WIBOR + margin	29.03.2013
PKO BP S.A.	Working capital facility	PLN	40 000	-	1M WIBOR + margin	19.08.2013
PeKaO S.A.	Overdraft facility	PLN	50 000	-	1M WIBOR + margin	19.08.2015
PeKaO S.A.	Overdraft facility	PLN	50 000	12 869	1M WIBOR + margin	30.06.2013
ALIOR BANK S.A.	Overdraft facility	PLN	30 000	24 558	1M WIBOR + margin	30.01.2013
BZ WBK S.A.	Overdraft facility	PLN	50 000	46 369	1M WIBOR + margin	08.06.2013
TOTAL			230 000	112 431		

9.2. Debt instrument agreements

In addition to own funds, borrowings and loans, the current operations of Echo Investment SA are also funded through the issue of debt financial instruments. At present, the Company operates an active programme for the issue of long-term and short-term debt instruments (bonds).

As part of the agreement on the Bond Issue Programme concluded with BRE Bank S.A. in 2004, the Company issued bonds, which, as at the day of preparing the financial statements, represent liabilities presented in the table below.

COMPANY'S LIABILITIES DUE TO BONDS ISSUED, AS AT 31 DECEMBER 2012

BANK	INSTRUMENT TYPE	AMOUNT USED (PLN '000)	MATURITY	INTEREST RATE TERMS
BRE Bank S.A.	Bonds	35 000	09.01.2013	WIBOR 3M + 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	115 000	18.05.2015	WIBOR 6M + margin
BRE Bank S.A.	Bonds	145 000	11.02.2016	WIBOR 6M + margin

Pursuant to the Sale Guarantee Agreement and the Agreement to Establish the Guarantee Rate (binding until 31.08.13), concluded as part of the Issue Programme with BRE Bank S.A., the bank undertakes to purchase bonds issued by the Company which were not acquired by other investors, up to PLN 35 million.

On 31 January 2013, the Company issued coupon bonds in the total amount of PLN 200 million, recording an oversubscription of more than 30%. The funds obtained from the issue of the said bonds were earmarked for the service of the previously issued bonds maturing in 2013. The remaining bonds maturing in 2013 in the amount of PLN 50 million will be repurchased using own funds.

The Bonds Issue Programme allows for the issue of bonds with a total maximum nominal value of PLN 1 billion.

9.3. Borrowing agreements

As at 31 December 2012, Echo Investment S.A. did not hold any borrowings raised.

10. INFORMATION ON BORROWINGS GRANTED IN A GIVEN FINANCIAL YEAR

I. BORROWINGS GRANTED TO LEGAL PERSONS

ENTITY	REMAINING BORROWING AMOUNT TO BE repaid (PLN '000), AS AT 31.12.2012	INTEREST RATE	REPAYMENT DEADLINE
Echo Investment Projekt Management SRL	1 000	WIBOR 3M + margin	30 September 2013
Echo - Galeria Kielce - Magellan West Sp. z o. o. S.K.A.	73 400	WIBOR 3M + margin	31 December 2013
Echo Investment Hungary Ingatlanhasznosító KFT	22 881	WIBOR 3M + margin	30 September 2013
Echo Investment Project 1 SRL	36 450	WIBOR 3M + margin	31 December 2013
Veneda - Projekt Echo 97 Sp. Z o. o. S.K.A.	39 260	WIBOR 3M + margin	31 March 2013
EI Project CYP 1 LIMITED	22 650	WIBOR 3M + margin	31 October 2013
Projekt Echo - 70 Sp. z o.o.	25 050	WIBOR 3M + margin	31 December 2013
Projekt 4 - Grupa Echo Sp. z o.o. S.K.A.	63 000	WIBOR 3M + margin	30 September 2013
53 - Grupa Echo SP. Z o.o. S.A.K.	35 000	WIBOR 3M + margin	30 June 2013
Total	318 691		

II. BORROWINGS GRANTED TO NATURAL PERSONS

ENTITY	REMAINING BORROWING AMOUNT TO BE repaid (PLN '000), AS AT 31.12.2012	INTEREST RATE	REPAYMENT DEADLINE
Person 1	3	WIBOR 6M + margin	30.06.2013
Total			

11. INFORMATION ON SURETIES AND GUARANTEES ISSUED AND RECEIVED IN A GIVEN FINANCIAL YEAR

11.1. Surety agreements

I. Sureties issued as at 31 December 2012

SURETY TO	VALUE ('000)	VALIDITY PERIOD	DESCRIPTION
TESCO (POLSKA) SP. Z O.O.	15 000	until 30.06.2015	Surety for the liabilities of Galeria Olimpia-Projekt Echo-98 Spółka z ograniczoną odpowiedzialnością SKA and Veneda-Projekt Echo-97 Spółka z ograniczoną odpowiedzialnością SKA due to the reimbursement to Tesco (Polska) Sp. z o.o. up to the value of expenditures actually made by Tesco (Polska) Sp. z o.o. for the future subject of lease under the lease agreements concluded on 28.10.2010

II. Amendments to agreements of surety issued by Echo Investment S.A. in 2012:

On 30 March 2012, the surety in the amount of EUR 100,000,000 granted by Echo Investment SA for the liabilities of Echo Galeria Kielce - Magellan West Spółka z ograniczoną odpowiedzialnością SKA (formerly: Galeria Kielce - Projekt Echo - 93 Spółka z ograniczoną odpowiedzialnością SKA) under the loan agreement concluded on 6 October 2009 with Bank Eurohypo AG, with its registered office in Eschborn (Germany), expired.

On 31 May 2012, the surety in the amount of EUR 14,600,000 granted by Echo Investment SA for the liabilities of Oxygen - Projekt Echo - 95 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna (formerly: Echo - Oxygen Sp. z o.o.) under the loan agreement concluded on 27 September 2010 with Nordea Bank Polska S.A., expired.

On 9 July 2012, a surety was granted by Echo Investment SA for the liabilities of Galeria Olimpia-Projekt Echo-98 Spółka z ograniczoną odpowiedzialnością SKA and Veneda-Projekt Echo-97 Spółka z ograniczoną odpowiedzialnością SKA due to the reimbursement to Tesco (Polska) Sp. z o.o. up to the value of expenditures actually made by Tesco (Polska) Sp. z o.o. for the future subject of lease under the lease agreements concluded on 28.10.2010. The value of the surety is PLN 15,000,000. The surety was granted for the period ending on 30 June 2015.

III. As at 31 December 2012, the value of valid sureties received by Echo Investment S.A. is as follows:

- due to the concluded lease agreements: PLN 0, EUR 0, USD 0
- due to implementation of projects: PLN 0.

11.2. Guarantee agreements

I. Valid guarantee agreements as at 31 December 2012

GUARANTOR	VALUE ('000)	VALIDITY PERIOD	DESCRIPTION
PKO BP SA	4 073	until 24.03.2013	Security for non-performance or ill-performance of all obligations towards Orbis SA under the conditional General Contractor Agreement dated 4 September 2008
PKO BP SA	215	until 31.10.2013	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 euro.
Echo Investment SA	18 411	shall remain in force until the Conversion Date but for a period not exceeding 30 June 2018	Security to Nordea Bank Polska SA to cover for a deficit of funds or the exceeding of the costs of constructing Centrum Handlowe Olimpia in Bełchatów
PKO BP SA	678	until 28.02.2013	Security for the non-performance of obligations to Eurovia Polska SA under agreement no. 7114/01/2012 of 7 August 2012
Echo Investment S.A.	9 716	until the handover date of the subject of lease, not exceeding 30.06.2015	Security of liabilities due to BNY MELLON (Poland) Sp. z o.o. under the lease agreement of 19 November 2012. The guarantee was issued in euro.
Echo Investment S.A.	39 073	shall remain in force until the Conversion Date but for a period not exceeding 31 December 2014	Security for exceeding the development costs of the shopping and entertainment centre Amber in Kalisz, liabilities due to debt service and for the coverage of absent funds for the benefit of Bank Polska Kasa Opieki S.A.

II. Amendments to agreements of guarantee issued by Echo Investment S.A. in 2012:

On 9 January 2012, Bank PKO BP SA granted a bank guarantee to Ravenna Warszawa Sp. z o.o. as a security for the non-fulfilment of payment obligations under the agreement for the purchase of perpetual usufruct title to real property concluded on 21 December 2011 by Projekt Echo-70 Sp. z o.o. (Issuer's subsidiary). The guarantee amounts to EUR 4,000,000. The guarantee was valid until 31 October 2012.

On 23 January 2012, Bank PKO BP SA granted a bank guarantee to Master Serwis Opon Sp. z o.o. as a security for the payment of possible claims to the Beneficiary due to the termination of the leasehold agreement by Ultra Marina Sp. z o.o. (the Issuer's subsidiary). The guarantee amounts to PLN 1,300,000. The guarantee was valid until 30 December 2012.

On 26 January 2012, Echo Investment SA granted a guarantee to Nordea Bank Polska SA as a security to cover for a deficiency or the exceeding of execution costs of Centrum Handlowe Olimpia in Bełchatów by Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością spółka komandytowo – akcyjna (the Issuer's subsidiary). The guarantee amounts to PLN 18,410,850. The guarantee is valid until the Conversion Date but for a period not exceeding 30 June 2018.

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

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

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

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

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

On 31 May 2012, the guarantee in the amount of PLN 17,767,586.20, granted by Echo Investment SA to Nordea Bank Polska S.A. as a security to cover for exceeding the execution costs of the office facility Oxigen in Szczecin, expired.

On 6 June 2012, Bank PKO BP SA granted a bank guarantee to Szczecin Municipal Gmina as a security for the non-fulfilment of obligations under the Understanding of 22 May 2012 by Projekt 5 – Grupa Echo spółka z ograniczoną odpowiedzialnością S.K.A. (the Issuer's subsidiary). The guarantee amounts to PLN 18,450.00. The guarantee was valid until 30 November 2012.

On 6 June 2012, Bank PKO BP SA granted a bank guarantee to Szczecin Municipal Gmina as a security for the non-fulfilment of obligations under understanding no. CRU/12/ of 22 May 2012 by Projekt 5 – Grupa Echo spółka z ograniczoną odpowiedzialnością S.K.A. (Issuer's subsidiary). The guarantee amounts to PLN 18,450.00. The guarantee was valid until 30 November 2012.

On 14 September 2012, Bank PKO BP SA granted a bank guarantee to Eurovia Polska SA as a security for the non-fulfilment of obligations under agreement no. 7114/01/2012 of 7 August 2012 by Projekt 5 – Grupa Echo spółka z ograniczoną odpowiedzialnością S.K.A. (Issuer's subsidiary). The guarantee amounts to PLN 678,025.12. The guarantee was valid until 28 February 2013.

On 29 August 2012, the guarantee in the amount of PLN 323,620.00, granted by PKO BP SA to PGE Dystrybucja SA as a security for the non-performance of obligations under agreement no. 1091/1/RP2/2009 of 12 May 2011, expired.

On 29 August 2012, the guarantee in the amount of PLN 433,620.00, granted by PKO BP SA to PGE Dystrybucja SA as a security for the non-performance of obligations under agreement no. 1091/2/RP2/2009 of 12 May 2011, expired.

On 31 August 2012, the guarantee in the amount of EUR 44,355.08, granted by PKO BP SA to ImmoPoland Sp. z o.o. as a security for the non-performance of obligations under the lease agreement of 28 August 2009, expired.

On 21 September 2012, the guarantee in the amount of EUR 6,000,000.00, granted by PKO BP SA to Ravenna Warszawa Sp. z o.o. as a security for the non-performance of payment obligations under the agreement for the purchase of the right of perpetual usufruct of property concluded on 21 December 2011, expired.

On 19 October 2012, Bank PKO BP SA granted a bank guarantee to ImmoPoland Sp. z o.o. as a security for proper performance of the Lease Agreement of 28 August 2009 by Echo Investment SA. The guarantee amounts to EUR 52,627.00. The Guarantee is valid until 31 October

2013.

On 19 November 2012, Echo Investment S.A. granted a corporate guarantee to BNY MELLON (POLAND) Sp. z o.o. as a security for liabilities under the agreement for the lease of space in Aquarius Business House stage II in Wrocław, concluded on 19 November 2012 by Aquarius Business House – Grupa Echo spółka z ograniczoną odpowiedzialnością S.K.A. The guarantee amounts to EUR 2,376,535.24. The guarantee is valid until the subject of lease is handed over but for a period not exceeding 30 June 2015.

On 27 November 2012, Echo Investment S.A. granted a guarantee to Bank Polska Kasa Opieki S.A. as a security for exceeding the development costs of the shopping and entertainment centre Amber in Kalisz, for liabilities due to debt service and for the coverage of absent funds by Echo-Galeria Amber Spółka z ograniczoną odpowiedzialnością S.K.A. The guarantee is a sum of PLN 29,670,00.00 and EUR 300,000.00. The guarantee is valid until the Conversion Date but for a period not exceeding 31 December 2014.

On 30 December 2012, the guarantee in the amount of EUR 1,300,000.00, granted by PKO BP SA to Master Serwis Opon Sp. z o.o. as a security for the payment of possible claims to the Beneficiary due to the termination of the Leasehold Agreement by Ultra Marina Sp. z o.o., expired.

On 30 November 2012, the guarantee in the amount of PLN 18,450.00, granted by PKO BP SA to Szczecin Municipal Gmina as a security for the non-fulfilment of obligations under understanding no. CRU/12/ of 22 May 2012 by Projekt 5 – Grupa Echo spółka z ograniczoną odpowiedzialnością S.K.A., expired.

On 14 October 2012, the guarantee in the amount of EUR 32,100.00, granted by PKO BP SA to Immo Poland Sp. z o.o. as a security for correct performance of the lease agreement of 20 September 2011 by Echo Investment Property Management – Grupa Echo Spółka z ograniczoną odpowiedzialnością spółka komandytowa, expired.

III. As at 31 December 2012, the value of guarantees received by the Company is as follows:

- under lease agreements: PLN 0 and EUR 0
- under contractor agreements: PLN 26.24 million and USD 71.36 thousand.

12. FOR THE ISSUE OF SECURITIES IN THE REPORTING PERIOD – DESCRIPTION OF HOW ECHO INVESTMENT S.A. USES FUNDS RAISED FROM THE ISSUE

Bond issue as part of the Bond Issue Programme

As part of the Bond Issue Programme (Current Report no. 7/2011 of 1 February 2011) entered into with BRE Bank S.A., with its registered office in Warsaw, the Company issued coupon bonds in the total amount of PLN 115 million.

The nominal value and the issue price of one bond is PLN 100 thousand. The bonds were issued for a 3-year period. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value. The issued bonds are not hedged.

The value of the incurred liabilities on the last day of the quarter preceding the day when purchase was offered, i.e. 31 March 2012, amounts to PLN 949 million.

In the opinion of the Management Board of Echo Investment S.A., during the validity period of issued bonds, the general liabilities of Echo Investment S.A. will be maintained on a safe level, while debt service ratios will ensure that the Company is capable to settle its liabilities following from the issued bonds.

As at 31 March 2012, the issued bonds account for 19.2% of the equity of Echo Investment S.A.

The bonds do not guarantee any benefits in kind from the Issuer.

Cash from the issue of bonds will be used in investment processes on the real property market according to the development strategy of the Echo Investment S.A. Capital Group.

13. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS PRESENTED IN THE ANNUAL REPORT AND FORECAST FINANCIAL RESULTS PUBLISHED EARLIER

Echo Investment S.A. did not publish any forecasts of financial results for 2012.

14. ASSESSMENT AND EXPLANATION OF THE MANAGEMENT OF FINANCIAL RESOURCES, WITH PARTICULAR EMPHASIS ON THE ABILITY TO SETTLE THE RAISED OBLIGATIONS, AND IDENTIFICATION OF POTENTIAL THREATS AND MEASURES WHICH THE ISSUER HAS TAKEN OR INTENDS TO TAKE TO COUNTERACT SUCH THREATS

The management of the Company's financial resources focused mainly on obtaining funding for the projects and maintaining safe levels of liquidity and the planned funding structure. In the opinion of the Management Board, the Company's economic and financial situation at the end of December 2012 testifies to a strong financial standing, which is confirmed by the following ratios.

PROFITABILITY RATIOS

Operating profit margin (operating profit/sales revenue): The increase of the margin compared to the same period a year earlier is caused by a higher operating profit accompanied by a decrease in net sales revenue. The increase of this ratio, accompanied by a decrease in net sales revenue, results from the transformation of general contractor agreements concluded with companies into investment management agreements. Previously, the development costs were incurred by the Company, which then issued an invoice to a subsidiary in the amount of the costs plus margin. At present, with investment management agreements, the cost invoices are issued directly to subsidiaries and the Company issues an invoice to a subsidiary in the amount of the margin. The Company only incurs the costs of supervising an investment. Therefore, the Company's profit has remained at the same level, while revenue decreased, leading to improved profitability. In addition, the change of the revenue structure influenced profitability.

Balance sheet net profit margin (net profit/revenue): The increase of the margin compared to the same period a year earlier has been caused by a higher net profit, accompanied by a decrease in sales revenue compared to the same period a year earlier. The factors leading to decreased revenue and increased profitability are described in the section regarding the operating profit margin.

Return on assets, ROA (net profit/total assets): The ratio increased in comparison to the same period a year earlier because net profit increased faster than the value of assets.

Return on equity, ROE (net profit/equity): The ratio increased in comparison to the same period a year earlier because net profit increased faster than equity.

PROFITABILITY RATIOS

PROFITABILITY RATIOS	31.12.2012	31.12.2011
Operating profit margin	40,4%	17,5%
Net balance sheet profit margin	20,4%	3,9%
Return on assets (ROA)	2,5%	1,0%
Return on equity (ROE)	6,5%	2,8%

TURNOVER RATIOS

Turnover ratios depend on the specific nature of business. Since inventories include the acquired ownership titles, construction expenditures and costs of developments for sale, it must be stressed that this cycle will always be longer compared to other industries, such as the FMCG industry.

Inventory days (inventory*360/revenue): The ratio increased compared to the previous year because the value of inventory decreased slower than sales revenue. The decrease in revenue is described in the section regarding the margin. The change of the form of agreements with subsidiaries did not affect inventory (expenditures were also sold on a regular basis). Therefore, the decrease in revenue has resulted in increased inventory days, which is similar to the inventory days ratio of residential projects.

Short-term debtor days (short-term receivables*360/revenue): The ratio decreased due to an increase in short-term receivables, accompanied by a decrease in net sales revenue.

Short-term trade creditor days (short-term trade liabilities*360/revenue): The ratio decreased because short-term liabilities decreased faster than sales revenue compared to the same period a year earlier. Following the decrease, this ratio still amounts to approx. 30 days, which means that the Company can settle its liabilities punctually and its suppliers, believing in the Company's good standing, pay their invoices within a similar period.

TURNOVER RATIOS

TURNOVER RATIOS	31.12.2012	31.12.2011
Inventory days	540	270
Short-term debtor days	117	84
Short-term trade creditor days	31	36

LIQUIDITY RATIOS

Current ratio (current assets/short-term liabilities): The ratio decreased due to a faster growth rate of liabilities in relation to the growth rate of current assets compared to the same period a year earlier. The increase in liabilities is mainly due to the reclassification of some of the bonds maturing within a period shorter than one year. This ratio is maintained at safe, even ideal, levels (1.2 to 2.0), even though the liabilities become payable soon, which indicates that the Company is in a good financial situation.

Quick ratio ((current assets - inventory) / short-term liabilities): Similarly to the current ratio, this ratio decreased because liabilities increased faster than current assets less inventory compared to the same period a year earlier. The reasons for the increase in liabilities is described before. This ratio lies within the ideal range, which testifies to the Company's good financial standing.

Cash ratio (cash/short-term liabilities): The decrease of this ratio results from the increase in liabilities accompanied by a decrease in cash. The low level of this ratio is not a threat to the Company and is intended. The Company holds high limits in loan facilities, which it can disburse at any time when cash is required. The Company uses free funds to develop its business through borrowings to special purpose vehicles, which they use as their own contribution for property development projects or for the purchase of land for prospective developments.

LIQUIDITY RATIOS

LIQUIDITY RATIOS	31.12.2012	31.12.2011
Current ratio	1,43	2,01
Quick ratio	0,80	1,03
Cash ratio	0,01	0,27

DEBT RATIOS:

Equity to assets ratio (equity/total assets): The ratio increased because equity increased faster than total assets.

Equity to non-current assets ratio (equity/non-current assets): The ratio increased because equity increased faster than non-current assets.

Overall indebtedness ratio (total liabilities/total assets): The ratio decreased because total assets increased faster than liabilities. The increase by only 3 base points shows that the Company's indebtedness is at safe and constant levels in relation to assets.

Debt to equity ratio (total liabilities/equity): The ratio decreased because equity increased faster than liabilities compared to the previous year.

DEBT RATIOS

DEBT RATIOS	31.12.2012	31.12.2011
Equity to assets ratio	37,9%	36,9%
Equity to non-current assets ratio	64,9%	62,1%
Overall indebtedness ratio	62,0%	62,3%
Debt to equity ratio	163,4%	168,7%

15. FEASIBILITY OF INVESTMENT PLANS, INCLUDING CAPITAL EXPENDITURES, COMPARED TO THE FUNDS HELD AND TAKING ACCOUNT OF POSSIBLE CHANGES IN THE FUNDING STRUCTURE OF SUCH OPERATIONS

The Company is fully capable of funding the current investment projects. It uses its own funds, bank loans and funds from the issue of bonds.

Developments for lease (shopping centres, shopping and entertainment centres and offices) are usually financed through funds obtained (special purpose loans) by special purpose vehicles established to carry out the developments.

Special purpose loans are used to finance large housing projects in special purpose subsidiaries.

New properties for prospective developments are acquired using the Group's own funds or general purpose loans (overdraft facilities, working capital facilities and bonds) raised by the Company.

16. ASSESSMENT OF UNUSUAL FACTORS AND EVENTS INFLUENCING THE PROFIT/LOSS FOR THE FINANCIAL YEAR AND SPECIFICATION OF IMPACT OF SUCH UNUSUAL FACTORS OR EVENTS ON THE GENERATED PROFIT/LOSS

1. Factors affecting the Company's financial result in 2012:

- posting of revenues from the concluded final agreements for the sale of residential properties:
 - in Krakow, (Dom Pod Słowikiem at ul. Krasickiego)
 - in Warsaw (Zeusa district in Bemowo)
- posting of revenues from the concluded final agreements for the sale of plots with house designs:
 - in Bilcza near Kielce (Osiedle Bilcza II)
 - in Dyminy near Kielce (Osiedle Południowe)
- posting of revenues from the concluded final agreements for the sale of plots in:
 - in Masłów near Kielce
- agreement involving implementation of projects:
 - General Contractor Agreements,
 - Project Management Agreements,
 - Investment Preparation Agreements,
 - agreements for the contribution or sale of land to a subsidiary to implement a project,
- agreements with subsidiaries:
 - master agreements,
 - for the lease of computer hardware,
 - agency agreements: for the sale of apartments, projects and lease of commercial space,
 - for financial agency services,
 - for payment services,
 - for using a trade mark,
 - for establishing collaterals,
 - for marketing services,
- sale of building expenditures related to the development of Novotel hotel in Łódź
- quarterly revaluation of the fair value of property owned by the Company
- cost of sales and general and administrative expenses
- measurement of liabilities due to bonds and borrowings at amortised cost
- measurement of cash due to changing foreign exchange rates,
- revaluation of inventory

- interest on deposits, bonds purchased and borrowings granted
 - discounts and interest on loans, bonds and borrowings.
 - payments of dividends and posting of accrued profits from limited partnerships,
2. Unusual events affecting the Company's financial result in 2012:
- In 2012, the Company's Management Boards changed its expectations and decided not to sell the interests of Barconsel Holdings Ltd. Echo – Aurus Sp. z o.o. and Echo - SPV 7 Sp. z o.o. in the foreseeable future. Therefore, pursuant to IAS 12 item 39, the provision for deferred income tax on tax and accounting differences related the said interest in the above-mentioned subsidiaries in the amount of PLN 14,559 thousand was released.
3. As at 31 December 2012, the Company did not have any open positions hedging against FX variations.

17. DESCRIPTION OF EXTERNAL AND INTERNAL FACTORS MATERIAL FOR THE DEVELOPMENT OF THE ISSUER'S BUSINESS AND DESCRIPTION OF DEVELOPMENT PERSPECTIVES FOR THE ISSUER'S BUSINESS, AT LEAST UNTIL THE END OF THE FINANCIAL YEAR

17.1. Description of external and Internal factors significant for the development of Echo Investment S.A.

The most important external factors affecting the Company's development include:

Positive factors:

- ever increasing investment activity of Polish and foreign businesses (BPO sector in particular) and the resulting demand for services provided by the Group companies,
- the ratio of office space per 1,000 residents (Poland and Ukraine) and the ratio of shopping centre space (Romania and Hungary) remaining lower than in Western Europe,
- deficit of residential areas,
- continued economic growth in Poland,
- good condition of the Polish financial sector,
- actions by the Government to promote economic growth, such as the scheme "Mieszkanie dla Młodych".

Negative factors:

- unclear legal status of many properties due to the absence of precise land development plans in cities and gminas,
- time-consuming court and administrative procedures with regard to clarifying legal status and acquiring rights to property,
- entry of large international investment and property development companies to the market,
- protests by local retail organisations, reducing the possibility to invest in the construction of shopping centres,
- slower economic growth and deterioration of the economic situation in Poland and in countries where the Group operates,
- variation of foreign exchange rates (EUR and USD),
- variation of interest rates,
- increase of VAT rates,
- decrease of the buying power of consumers amidst fear of a worsening economic situation in the country,
- property development act,
- uncertainty as to the key assumptions of fiscal and monetary policy in Poland (draft amendments to tax laws).

Major internal factors important for the Company's development:

Positive factors:

- clearly defined development strategy,
- stable shareholding structure of the Company with a defined and consistent ownership policy,
- strong position of the Group on the property development market and high credibility confirmed by the presence of Echo Investment S.A. on the Stock Exchange and the obtained Property Developer Certificate,
- partnership in the area of loans, investment of surplus and transactions on FX derivatives (forwards) and interest rates (IRS) with banks with a stable financial situation,
- successful partnership with stable and renowned partners described in sections 2 and 3 of the report,
- organisational structure with identified departments corresponding to business segments (departments for shopping centres, offices and hotels, and apartments) responsible for generating profit (revenue and costs) in their segment and for running whole projects, i.e. from purchasing plots of land to lease or sale,
- stable legal status (no court proceedings threatening the Company),
- experienced staff, including BREEAM certification specialists,
- large area of land held and intended for investments.

Negative factors:

- specific nature of business involving dependence on complicated and time-consuming administrative procedures (among other things, obtaining building or usage permits, waiting for modification of a local zoning plan, etc.)
- high demand for current funds, in particular in connection with a high number of ongoing projects.

17.2. Business growth perspectives for Echo Investment S.A.

The Group's activity on the real property market in 2012 is presented in the tables below:

PROJECTS COMMISSIONED TO USE IN 2012

SEGMENT	CITY	STREET	PROJECT NAME
offices	Wrocław	Swobodna	Aquarius (stage I)
shopping centres	Bełchatów	Kolejowa	Galeria Olimpia

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shopping centres	Szczecin	Struga	Outlet Park
apartments	Krakow	Krasickiego	Dom pod Słowikiem
apartments	Poznań	Naramowice	Pod Klonami (stage I)
apartments	Wrocław	Jedności Narodowej	Przy Słowiańskim Wzgórzu
apartments	Warsaw	Wóycickiego	Rezydencje Leśne
apartments	Kielce	Dyminy	Osiedle Południowe (stage II)

PROJECTS COMMENCED IN 2012

SEGMENT	CITY	STREET	PROJECT NAME
offices	Katowice	Francuska	A4 (stage I)
offices	Warsaw	Konstruktorska	Park Rozwoju (stage I)
offices	Wrocław	Swobodna	Aquarius (stage II)
shopping centres	Kalisz	Górnoślaska	Galeria Amber
apartments	Krakow	Korzeniowskiego	Kwartet
apartments	Poznań	Naramowice	Pod Klonami (stage II)
apartments	Poznań	Wojskowa	Kasztanowa Aleja (stage II)
apartments	Warsaw	Konstruktorska	Nowy Mokotów (stage I)

In 2013, the Company plans to launch and commission further projects presented in the table below. The Company will start the construction of 168.4 thousand sq. m of leasable area and 412 apartments. The leasable area to be commissioned to use in 2013 is 31.5 thousand sq. m and 156 apartments.

PROJECTS TO BE IMPLEMENTED IN 2013

SEGMENT	CITY	STREET	PROJECT NAME
offices	Gdańsk	Jana z Kolna	Tryton
offices	Katowice	Francuska	A4 (stage I)
offices	Kiev	Dehitarivska	stage I of the project
offices	Krakow	Opolska	stage I of the project
offices	Warsaw	Beethovena	stage I of the project
offices	Warsaw	Jana Pawła II	
offices	Wrocław	Lotnicza	West Gate
shopping centres	Jelenia Góra	Jana Pawła II	Galeria Sudecka
apartments	Kielce	Dyminy near Kielce	Osiedle Południowe (stage III)
apartments	Krakow	Czarodziejska	
apartments	Krakow	Bronowicka	
apartments	Poznań	Sielawy	Jaśminowy Zakątek (stage I)
apartments	Warsaw	Puławska	
apartments	Wrocław	Grota Roweckiego	stage I of the project
apartments	Kielce	Solidarności	Zielone Tarasy

PROJECTS TO BE COMMISSIONED IN 2013

SEGMENT	CITY	STREET	PROJECT NAME
offices	Wrocław	Swobodna	Aquarius (stage II)
hotels	Łódź	Piłsudskiego	Novotel
shopping centres	Łomża	Zawadzka	Galeria Veneda
apartments	Łódź	Okopowa	Osiedle Jarzębinowe (stage I)
apartments	Poznań	Naramowice	Pod Klonami (stage II)

18. CHANGES IN BASIC MANAGEMENT PRINCIPLES OF THE ISSUER'S BUSINESS AND ITS CAPITAL GROUP

In 2012, there were no material changes in the basic management principles of the Company and the Group.

19. AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND MANAGERS, PROVIDING FOR A COMPENSATION, IF SUCH PERSONS RESIGN OR ARE DISMISSED FROM THEIR POSITION WITHOUT A VALID REASON OR IF THEY ARE RECALLED OR DISMISSED AS A RESULT OF THE ISSUER'S MERGER BY ACQUISITION

In 2012 and as at 31 December 2012, there were no agreements between the Company and its managerial staff providing for such compensation.

20. REMUNERATIONS, BONUSES OR BENEFITS, INCENTIVE OR BONUS SCHEMES BASED ON THE ISSUER'S CAPITAL, INCLUDING SCHEMES BASED ON CONVERTIBLE BONDS WITH PRE-EMPTIVE RIGHT, SUBSCRIPTION WARRANTS (IN CASH, IN KIND OR IN ANY OTHER FORM), PAID, DUE OR POTENTIALLY PAYABLE, SEPARATELY FOR EVERY MANAGER AND SUPERVISOR OF THE ISSUER, IRRESPECTIVE OF WHETHER SUCH PAYMENTS WERE RECOGNISED IN COSTS OR RESULTED FROM THE DISTRIBUTION OF PROFIT, AND REMUNERATIONS AND BONUSES RECEIVED FROM HOLDING FUNCTIONS IN CORPORATE BODIES OF SUBORDINATE ENTITIES

20.1. Remuneration of managerial staff

In 2012, Managers of Echo Investment S.A. received remuneration in Echo Investment S.A. and for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates:

- Piotr Gromniak received remuneration in Echo Investment S.A. in a total amount of PLN 878 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Artur Langner received remuneration in Echo Investment S.A. in a total amount of PLN 829 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates.

Other managers of subsidiaries, jointly controlled entities and associates of Echo Investment S.A. (except for the persons specified before) received a total of PLN 204 thousand for holding functions in the bodies of subsidiaries, jointly controlled entities and associates.

20.2. Remuneration of supervisory staff

In 2012, supervisory staff of Echo Investment S.A. received the following remuneration in Echo Investment S.A. for holding supervisory functions in the Company:

- Wojciech Ciesielski received remuneration in Echo Investment S.A. in a total amount of PLN 84 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Andrzej Majcher received remuneration in Echo Investment S.A. in a total amount of PLN 60 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Mariusz Waniolka received remuneration in Echo Investment S.A. in a total amount of PLN 60 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Robert Oskard received remuneration in Echo Investment S.A. in a total amount of PLN 36 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Karol Żbikowski received remuneration in Echo Investment S.A. in a total amount of PLN 36 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Tomasz Kalwat received remuneration in Echo Investment S.A. in a total amount of PLN 36 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates.

Other supervisors of subsidiaries, jointly controlled entities and associates of Echo Investment S.A. (except for the persons specified before) did not receive remuneration for holding functions in the bodies of subsidiaries, jointly controlled entities and associates.

21. TOTAL NUMBER AND NOMINAL VALUE OF ALL SHARES OF THE ISSUER AS WELL AS SHARES AND INTERESTS IN THE ISSUER'S RELATED PARTIES HELD BY MANAGERIAL AND SUPERVISORY STAFF

21.1. Shareholding structure of Echo Investment S.A. by supervisory staff

The shareholding structure of Echo Investment S.A. by supervisory staff as at 31 December 2012 is presented in the table below:

SUPERVISORY STAFF	AS AT 31.12.2012 (NUMBER)	NOMINAL VALUE PER SHARE	TOTAL NOMINAL VALUE	% OF SHARE CAPITAL
Wojciech Ciesielski - Chairman of the Supervisory Board	1.200.000	PLN 0.05	PLN 60,000	0,29%
Andrzej Majcher - Vice-Chairman of the Supervisory Board	98.800	PLN 0.05	PLN 4,940	0,02%
Mariusz Waniółka - Vice-Chairman of the Supervisory Board	no shares	PLN 0.05	-	-
Robert Oskard - Member of the Supervisory Board	no shares	PLN 0.05	-	-
Karol Żbikowski - Member of the Supervisory Board	no shares	PLN 0.05	-	-
Tomasz Kalwat - Member of the Supervisory Board	no shares	PLN 0.05	-	-

21.2. Shareholding structure of Echo Investment S.A. by managerial staff

The shareholding structure of Echo Investment S.A. by managerial staff as at 31 December 2012 is presented in the table below:

SUPERVISORY STAFF	AS AT 31.12.2012 (NUMBER)	NOMINAL VALUE PER SHARE	TOTAL NOMINAL VALUE	% OF SHARE CAPITAL
Piotr Gromniak – President of the Management Board	no shares	PLN 0.05	-	-
Artur Langner – Vice-President of the Management Board	no shares	PLN 0.05	-	-

The shareholding structure of Echo Investment S.A. by managerial staff as at the day of publishing the report is presented in the table below:

MANAGERIAL STAFF	AS AT 24.04.2013 (NUMBER)	NOMINAL VALUE PER SHARE	TOTAL NOMINAL VALUE	% OF SHARE CAPITAL
Piotr Gromniak – President of the Management Board	no shares	PLN 0.05	-	-
Artur Langner – Vice-President of the Management Board	no shares	PLN 0.05	-	-
Waldemar Lesiak – Vice-President of the Management Board	no shares	PLN 0.05	-	-

22. INFORMATION ON AGREEMENTS KNOWN TO THE ISSUER (INCLUDING AGREEMENTS CONCLUDED AFTER THE BALANCE SHEET DATE), POTENTIALLY RESULTING IN CHANGES IN THE PROPORTION OF SHARES HELD BY EXISTING SHAREHOLDERS AND BONDHOLDERS

The Company is not aware of any agreements potentially resulting in changes in the proportion of shares held by existing shareholders.

In addition, the Company announces that it plans to redeem 7,309,418 shares purchased under the call to subscribe for the sale of equity shares (see section 7.2 of this report), accounting for 1.74% of the overall number of votes.

Therefore, the share of major shareholders in the Company's capital and votes, following the redemption of the said shares, will be as follows:

PRESENT SHARE OF MAJOR SHAREHOLDERS IN THE CAPITAL AND VOTES OF ECHO INVESTMENT S.A.:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL OF ECHO INVESTMENT SA	NUMBER OF VOTES AT THE GSM OF ECHO INVESTMENT SA	% OF TOTAL VOTES AT THE GSM OF ECHO INVESTMENT SA
MICHAŁ SOŁOWOW, indirectly through subsidiaries, including:	189 361 930	45,09%	189 361 930	45,09%
Barcocapital Investment Limited	171 477 880	40,83%	171 477 880	40,83%
Calgeron Investment Limited	17 884 050	4,26%	17 884 050	4,26%
ING OFE	44 569 720	10,61%	44 569 720	10,61%
AVIVA OFE AVIVA BZ WBK	42 958 079	10,23%	42 958 079	10,23%
PZU Złota Jesień OFE	22 011 702	5,24%	22 011 702	5,24%

MAJOR SHAREHOLDERS' SHARE IN THE CAPITAL AND VOTES OF ECHO INVESTMENT S.A. FOLLOWING THE REDEMPTION OF SHARES PURCHASED UNDER THE CALL TO SUBSCRIBE:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL OF ECHO INVESTMENT SA	NUMBER OF VOTES AT THE GSM OF ECHO INVESTMENT SA	% OF TOTAL VOTES AT THE GSM OF ECHO INVESTMENT SA
MICHAŁ SOŁOWOW, indirectly through subsidiaries, including:	189 361 930	45,88%	189 361 930	45,88%
Barcocapital Investment Limited	171 477 880	41,55%	171 477 880	41,55%
Calgeron Investment Limited	17 884 050	4,33%	17 884 050	4,33%
ING OFE	44 569 720	10,80%	44 569 720	10,80%
AVIVA OFE AVIVA BZ WBK	42 958 079	10,41%	42 958 079	10,41%
PZU Złota Jesień OFE	22 011 702	5,33%	22 011 702	5,33%

23. INFORMATION ON THE MONITORING SYSTEM FOR EMPLOYEE SHARE SCHEMES

The Company does not operate an employee share scheme.

24. INFORMATION ON AGREEMENT WITH AN ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS FOR THE AUDIT OR REVIEW OF FINANCIAL STATEMENTS OR CONSOLIDATED FINANCIAL STATEMENTS

On 24 May 2011, the Company's Supervisory Board, acting pursuant to § 13, section 1, letter b) of the Company's Statute, according to the applicable regulations and professional standards, appointed an entity authorised to audit financial statements. The entity authorised to audit the Company's financial statements is PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw, ul. Armii Ludowej 14, entered in the list of entities authorised to audit financial statements, maintained by the National Council of Statutory Auditors, under no. 144 (Statutory Auditor); an agreement was concluded with that entity for the audit and review of Echo Investment's financial statements between 2011 and 2013.

The remuneration of the entity authorised to audit financial statements of the Issuer and the Group, paid or due for the financial year, includes the following:

- for the audit of separate and consolidated annual statements for 2012: PLN 100,000; the remuneration paid for the audit of similar statements for 2011 amounts to PLN 110,000,
- due to other auditing services, including remuneration due to the review of the separate and consolidated financial statements for 2012: PLN 125,000 thousand, and remuneration paid for the review of the separate and consolidated financial statements for 2011: 125,000 PLN,
- due to tax consulting services: no services provided in 2012 and 2011,
- due to other services, including remuneration paid or due for 2012: PLN 140,000, and in 2011: PLN 140,000.

Signatures of the Management Board of Echo Investment S.A.

Piotr Gromniak

Artur Langner

Waldemar Lesiak

President of the Management Board Vice-President of the Management Board Vice-President of the Management Board

Kielce, 23 April 2013

IV. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. declares that, to the best of its knowledge, the annual separate financial statements for 2012 and comparative data have been presented in compliance with the applicable accounting principles, and that they reflect in a true, reliable and transparent manner the economic and financial situation of Echo Investment S.A. and its financial result. The management report of Echo Investment S.A. presents a true view of development, accomplishments and situation of Echo Investment S.A., including a description of fundamental risks and threats.

The Management Board of Echo Investment S.A. declares that the entity authorised to audit financial statements, auditing the annual financial statements for 2012, was selected in accordance with the laws. This entity and the statutory auditors conducting the audit fulfilled the conditions required to express an unbiased and independent opinion on the audited annual financial statements, pursuant to the applicable laws and professional standards.

Signatures of the Management Board of Echo Investment SA

Piotr Gromniak

Artur Langner

Waldemar Lesiak

President of the Management Board

Vice-President of the Management
Board

Vice-President of the Management Board

Kielce, 23 April 2013



STATEMENT OF THE MANAGEMENT
BOARD OF ECHO INVESTMENT S.A. ON
THE APPLICATION OF CORPORATE
GOVERNANCE RULES IN 2012

ECHO
investment

V. STATEMENT OF THE MANAGEMENT BOARD OF ECHO INVESTMENT S.A ON THE APPLICATION OF CORPORATE GOVERNANCE RULES IN 2012

1. INDICATION OF A SET OF CORPORATE GOVERNANCE RULES WHICH THE ISSUER IS REQUIRED TO FOLLOW, AND WHERE THESE RULES ARE PUBLICLY AVAILABLE, OR A SET OF CORPORATE GOVERNANCE RULES WHICH THE ISSUER MAY ADOPT VOLUNTARILY, AND WHERE THESE RULES ARE PUBLICLY AVAILABLE, OR ALL RELEVANT INFORMATION ABOUT THE APPLICATION BY THE ISSUER OF CORPORATE GOVERNANCE PRACTICES WHICH GO BEYOND THOSE REQUIRED BY DOMESTIC LAWS, AND INFORMATION ON THE APPLICATION BY THE ISSUER OF CORPORATE GOVERNANCE PRACTICES

Echo Investment S.A. (Issuer) is obliged to observe the rules of corporate governance specified in the document "Code of Best Practice for WSE Listed Companies" adopted by way of Resolution No. 17/1249/2010 of Warsaw Stock Exchange on 19 May 2010 (as amended). The text of the abovementioned rules is available on the website of Warsaw Stock Exchange: www.corp-gov.gpw.pl.

The website www.corp-gov.gpw.pl is the official website of Warsaw Stock Exchange devoted to corporate governance rules applicable to companies listed on the Main Market of WSE and on the NewConnect market.

At the same time, the Issuer explains that it does not apply corporate governance practices other than those mentioned before, going beyond the requirements specified by the national law.

2. INFORMATION ON THE EXTENT TO WHICH THE ISSUER DIVERGED FROM THE RULES OF CORPORATE GOVERNANCE, SPECIFICATION OF SUCH PROVISIONS AND EXPLANATION FOR NOT APPLYING THEM

The Management Board of Echo Investment S.A. (Company) announces that the Company does not apply the following corporate governance rules, as included in the document "Code of Best Practice for WSE Listed Companies", adopted by way of Resolution No. 17/1249/2010 of the Board of Warsaw Stock Exchange on 19 May 2010, as amended.

Part I "Recommendations for Best Practice for Listed Companies"

Rule 5: "A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company."

This principle is not and will not be applied. Pursuant to the corporate documents of the Company, the level of remuneration, awards and bonuses for members of the Management Board is defined by the Supervisory Board and the remuneration of the Supervisory Board members is subject to a decision of the General Shareholders' Meeting and is adopted by way of a resolution.

Rule 9: "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

This principle is not and will not be applied. Bodies authorised to appoint candidates for members of supervisory and management bodies care for the best interest of the Company and its shareholders and consider proper qualifications of candidates, satisfying the Company's requirements related with its operations. This process does not discriminate against women.

Rule 12: "A company should allow shareholders to exercise the right of vote in person or through an attorney at the general meeting, outside the location of the general meeting, using means of electronic communication".

This principle is not and will not be applied. Pursuant to the provisions of the Commercial Companies Code, participation in a General Meeting using electronic means of communication must be allowed by the statute. The Statute of Echo Investment S.A. does not allow for such manner of conducting a general meeting.

Part II "Best Practice for Management Boards of Listed Companies"

Rule 1 "A company should operate a corporate website and publish on it."

section 7: "shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions."

This principle is not and will not be applied. The Company does not take minutes of the General Meeting, including all statements and questions. The Chairman of the General Shareholders' Meeting decides on including individual issues in the minutes, taking into account the law, importance of a given issue and reasonable demands of the shareholders. According to the regulations of the Code of Commercial Companies, the participants of the General Meeting have the right to make statements in writing that are enclosed to the minutes. The Company acknowledges that such principles are sufficient to ensure the transparency of general meetings.

section 9a: "...audio or video material from the session of the general meeting."

This principle will not be applied. The Issuer does not plan to make audio and/or video records of the sessions of the general meeting and publish them on its website. Resolutions adopted by a general meeting are promptly disclosed in the form of current reports and published on the Issuer's website.

section 11: "...Information concerning relations between a member of the supervisory board with a shareholder, holding shares, which represent no less than 5% of the total number of votes at the company's general assembly, given to the Management Board by a member of the supervisory board in the form of a statement."

The Management Board of the Company has not applied this rule because it has not received such statements from members of the Supervisory Board.

Rule 3: "Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the operating business by the company with a subsidiary where the company holds a majority stake. For the purpose of this document, related entity shall be understood within the meaning of the Regulation of the Minister of Finance issued pursuant to Article 60, section 2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (J.L. No. 184, item 1539, as amended)."

This principle is not and will not be applied. In the opinion of the Company's Management Board, the provisions included in the existing legal regulations, the Statute and the regulations of the Company's Supervisory Board regarding transactions/agreements concluded with its related parties are sufficient. In addition, the powers of the Supervisory Board include continuous supervision of the Company's operations, also as regards decisions on all material contracts concluded by the Company, assuming specific criteria for the value of contracts, as indicated in the Company's Statute.

Part III "Good practice implemented by the members of supervisory boards"

Rule 1: "In addition to its responsibilities laid down in legal provisions, the Supervisory Board should:

section 1: "once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system."

This rule is not and will not be applied in the part regarding the evaluation of systems. Evaluation of the internal control system and the significant risk management system is not within the responsibilities of the Supervisory Board. Therefore, the Supervisory Board will not present an evaluation of these systems to the general meeting.

Rule 2: "A Member of the Supervisory Board should notify the Management Board of their affiliation with a shareholder holding shares that represent not less than 5% of the total number of votes at the general meeting of shareholders. The aforementioned obligation is related to the economic, family or other type of relations that may influence the opinion of a Member of the Supervisory Board on an issue decided by the Board."

This rule is not and will not be applied by the Supervisory Board of Echo Investment SA. The above rule is unnecessary due to the obligation of Members of the Supervisory Board to withdraw from participation in the Board's decisions in the case of a conflict of interest. The correct and sufficient criterion under the existing law is the criterion of the purpose and effect that a Member of the Supervisory Board pursues and achieves through their actions. This criterion includes acting for the benefit of the Company and its shareholders, and accountability for potential actions to the detriment of the Company or its shareholders.

Rule 6: "At least two Members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a Member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting."

This rule is not and will not be applied by the Supervisory Board of Echo Investment SA. According to the existing legal regulations, Members of the Supervisory Board are appointed independently by the General Shareholders' Meeting of the Company. Therefore, there is no reason to limit the freedom of choice of members of the Company's Supervisory Board. In addition, the "independence" criterion is not appropriate for laying down positions and criteria for Supervisory Board members to follow when making decisions as part of their mandate. Due to the very fact of the appointment and the shareholders' power to dismiss, as well as the position of the Board's member that consists in representing the shareholders, this criterion is illusory and vague. In the Company's opinion, independence of the members of the Company's authorities consists in the possibility and necessity to act lawfully and in the interests of the Company. Such a meaning of independence is respected by the Company.

Rule 8: "Annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors (...) should apply to the tasks and the operation of the committees of the Supervisory Board."

The above rule is not applied and it will not be applied. An Audit Committee operates as part of the Supervisory Board; its business is specified by the Rules and Regulations of the Audit Committee, which defines the Committee's tasks and operation.

Rule 9: "Execution by the company of an agreement/transaction with a related entity which meets the conditions of section II.3 requires the approval of the Supervisory Board."

This principle is not and will not be applied. The regulations included in the existing laws, in combination with the Statute and the Rules and Regulations of the Company's Supervisory Board, regarding transactions/agreements concluded with a related entity, are sufficient. The responsibilities of the Supervisory Board include continuous supervision over the Company's operations, also as regards decisions on all material contracts concluded by the Company, assuming specific criteria for the value of contracts, as indicated in the Company's Statute.

Part IV "Best practices of Shareholders"

Rule 1: "Presence of representatives of the media should be allowed at General Meetings."

This principle is not and will not be applied. General meetings of shareholders are attended by authorised persons and persons providing services to the General Meeting. The Company does not find it necessary to introduce additional obligations for the shareholders as regards enabling participation in general meetings for the media representatives under special conditions. The existing legal regulations sufficiently regulate the implementation of information obligations imposed on public companies as regards the openness and transparency of issues discussed at the General Meeting. The Company replies immediately to questions from media representatives related to the General Meeting.

Rule 9: "A resolution of the General Meeting to split the nominal value of shares should not set the new nominal value of the shares at a level which could result in a very low unit market value of the shares, which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange."

This principle is not and will not be applied. The current nominal of one share of Echo Investment S.A. is PLN 0.05 (five grosz). Adoption of this principle may result in inability to split the nominal value of Echo Investment S.A.'s shares, which is in conflict with the applicable laws.

Rule 10: "A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

- 1) live broadcast of General Meetings,
- 2) live bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting,

This principle will not be applied. In the Company's opinion, the application of this rule involves technical and legal hazards, which may affect correct and uninterrupted session of the general meetings as well as the genuine, reliable and secure transmission of information in such communication.

3. DESCRIPTION OF MAIN CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND OF RISK MANAGEMENT SYSTEMS USED IN THE ISSUER'S BUSINESS IN RELATION TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

I. DESCRIPTION OF MAIN CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND OF RISK MANAGEMENT SYSTEMS USED IN THE ISSUER'S BUSINESS

The Company's Management Board is responsible for the internal control system and its effectiveness in the process of preparing financial statements and periodic reports published according to the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (J.L. No. 33, item 259).

The effectiveness and correct operation of the internal control system and of the risk management system is ensured by:

- defined and transparent organisational structure,
- skills, know-how and experience of people involved in the internal control process,
- supervision by the management over the system and regular evaluation of the Company's business,
- verification of financial statements by an independent statutory auditor.

Mutual connections and interdependence of internal control elements in several areas, such as:

- operating activity,
- financial activity,
- reporting process (including the preparation of financial statements),
- analysis of costs and expenditures related to projects, costs and general administrative expenses and sale, and costs and expenditures related to the use of leasable area,
- risk management,

ensure an effective internal control system and support the management of the whole Group.

To make this process more optimal and effective, the Company has introduced a certain degree of automation in the internal control process:

- decision limits (approval of costs, expenditures, payments, selection of counterparties, posting of costs),
- supervision over employee quotas, independent of people assigning quotas,
- configuration of accounts (enabling manual postings on automatic accounts, transparent and easy process of transferring information for reporting),
- automation of payments (generating a payment plan from the accounting system for electronic banking systems),
- eKOD system (electronic Document Circulation Sheet) facilitating the circulation of cost invoices, approval of expenditures and costs and initial posting.

II. DETAILED DESCRIPTION OF MAIN CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND OF RISK MANAGEMENT SYSTEMS USED IN THE ISSUER'S BUSINESS IN RELATION TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Main characteristics of the internal control and of the risk management system in relation to the process of preparing separate and consolidated financial statements:

- transparent organisational structure,
- qualified staff,
- direct supervision by the management,

- expert verification of statements.

The people responsible for preparing financial statements, as part of the Company's financial and management reporting, are a highly qualified team of specialists of the Finance Branch, which is managed directly by the Finance Director and, indirectly, by the Company's Management Board. In the Finance Branch, this process involves mainly staff from the Accounting Division, assisted by employees from the Budgeting and Analysis Division and Funding Division, and the whole process is supervised by mid-level management staff of the Finance Branch.

Economic events in the course of the year are recorded by the Records Team of the Accounting Division. As part of internal control, the correctness of economic records is monitored by the Reporting Team from the Accounting Division, who have certificates of the Minister of Finance to provide services involving the keeping of accounting books (so called independent accountants).

After completing all pre-defined processes of closing the books, the Team prepares financial statements. The process of monitoring the correctness of posting costs also involves employees from the Budgeting and Forecasts Team.

Measurements recognised in the statements are prepared and submitted to the Reporting Division by the employees of the Budget and Forecasts Team. This Team has knowledge in the area of financial accounting (some of the staff are independent accountants), management accounting and financial analyses (some of the staff are adequately trained in audit and internal control). They also monitor the correct posting of these measurements.

The whole process of preparing statements is supervised by managers from the Accounting Division and the Budget and Forecasts Team. The reconciliation of settlements with banks is the responsibility of the Payments and Insurance Team. Thanks to a broad internal control system, which involves staff from individual teams, and supervision by managers from the Finance Branch, any errors are adjusted on an ongoing basis in the Company's accounting books according to the adopted accounting policy.

Before being given to an independent auditor, the prepared financial statements are checked by the Company's Chief Accountant. According to the applicable laws, the Group reviews or audits its financial statements using an renowned and highly qualified independent statutory auditor. During the audit by an independent statutory auditor, employees from the Divisions of the Finance Branch participating in the process of preparing the statements provide explanations.

III. DESCRIPTION OF OTHER USE OF INTERNAL CONTROL SYSTEM AND OF RISK MANAGEMENT SYSTEM IN THE COMPANY, TAKING ACCOUNT OF SIGNIFICANCE OF THE FINANCIAL AND ACCOUNTING SYSTEM

The controlling process in the Company, whose basic and key element is the internal control, is based on a system of budgets. On an annual basis, the Company updates short-term, mid-term and long-term plans, and prepares very detailed budgets for the following year with regard to:

- construction projects,
- utility projects,
- expenditures, general administrative and sales expenses.

Based on the budgets, financial forecasts and cash flow forecasts, which are necessary in the risk management process, are updated. The budgeting process is based on the Company's existing formalised rules and is closely supervised by the Finance Director. The process involves the Company's mid-level and senior management staff responsible for specific budget areas. Responsibility for the preparation and presentation rests with the Finance Branch and, with regard to costs of operation, the employees of the Property Management Division. They are also responsible for monitoring the incurred expenditures and reporting on the performance of budgets. The budget of construction projects is the responsibility of the Analysis and Project Controlling Team and Project Managers, the budget of utility projects is the responsibility of financial analysts from the Management Division, and the budget of costs and general administrative and sale expenses is the responsibility of the Budgeting and Forecasts Team. The Budgeting and Forecasts Team is also responsible for preparing financial and cash flow forecasts and for verifying them. The budget prepared for the following year on an annual basis is approved by the Company's Management Board.

The Company's financial and accounting system is the source of data for the whole reporting system of the Company, i.e.:

- for the process of preparing financial statements,
- periodic reports,
- management reporting system.

The whole reporting system uses the Company's financial and management accounting based on the accounting policy adopted in the Company (International Financial Reporting Standards). Thanks to this, management reporting is not detached from the prepared financial statements and takes account of the format and the level of detail of data presented in these statements. The process of preparing financial statements is described in the section before. The periodic and management reporting process is a continuation of the budgeting process described before. Once the accounting books have been closed, reports are prepared on the performance of budgets and forecasts. In relation to closed reporting periods, the Group's financial results are analysed in detail and compared to the budget assumptions and forecasts made in the month preceding the analysed reporting period.

The key element in this process is the monitoring of the deviation of actual performance from the plan, and explaining the reasons for such a deviation. Monitoring deviations and learning their reasons helps optimise the Group's operations and minimise potential risks. Initially, monthly performance reports are analysed in detail by mid-level and senior management staff from individual organisational units of the Accounting Division and the Budgeting and Forecasts Team. Given the specific nature of the industry, the analyses are multi-faceted: not only individual groups of costs are analysed but also specific investment projects, segments or result items are reviewed separately. Based on these reports, the Company's Management Board analyses current financial results and compares them with the adopted budgets in the course of the year.

IV. RISK MANAGEMENT IN THE COMPANY

Effective internal control (along with the existing reporting system) is the basic step in identifying risks and managing changes. In addition to the reporting system, effective risk management also involves a risk analysis. Therefore, the Company's key measure aimed at reducing its risk exposure is the correct assessment of prospective investments (Analysis and Project Controlling Team) and the monitoring of current investments (Project Managers). To this end, investment models and decision-making procedures are employed, whose observance is closely monitored by the Company's Finance Director and the Management Board. In addition, all requests and potential changes in the budgets of

investment projects are entered by the Budgeting and Forecasts Team into result forecast models and a cash flow forecast so that an issue can be examined globally, and to eliminate risks related to projects, liquidity, foreign exchange rates, etc. Global management and risk monitoring as well as internal control in all areas that are important for the organisation largely eliminates most risks to which the Group is exposed.

4. SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY, SUBSTANTIAL STAKES OF SHARES OF ECHO INVESTMENT S.A., NUMBER OF SHARES HELD BY SUCH ENTITIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, NUMBER OF VOTES VESTED WITH THE SHARES AND THEIR PERCENTAGE SHARE IN TOTAL VOTES AT THE GENERAL MEETING

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL OF ECHO INVESTMENT SA	NUMBER OF VOTES AT THE GSM OF ECHO INVESTMENT SA	% OF TOTAL VOTES AT THE GSM OF ECHO INVESTMENT SA
MICHAŁ SOŁOWOW, indirectly through subsidiaries, including:	189 361 930	45,09%	189 361 930	45,09%
Barccapital Investment Limited	171 477 880	40,83%	171 477 880	40,83%
Calgeron Investment Limited	17 884 050	4,26%	17 884 050	4,26%
ING OFE	44 569 720	10,61%	44 569 720	10,61%
AVIVA OFE AVIVA BZ WBK	42 958 079	10,23%	42 958 079	10,23%
PZU Złota Jesień OFE	22 011 702	5,24%	22 011 702	5,24%

Data as at the day of preparing the report.

Information received by Echo Investment in 2012 on the ownership of substantial stakes of shares

On 5 January 2012, the Issuer received a notification from a member of the Supervisory Board saying that Barccapital Investment Limited, with its registered office at Agiou Pavlou 15, Ledra House, Agios Andreas, 1105 Nicosia, Republic of Cyprus, registered in the Department for the Registration of Companies and the Receiver of the Republic of Cyprus (Companies Register) under no. HE 145969, a subsidiary of Mr Michał Sołowow, purchased 500,000 shares in the Issuer's company.

The share purchase transaction was concluded on a regulated market in a continuous trading system on 5 January 2012.

The average purchase price was PLN 3.29 per share and the total volume was 500,000 shares.

The notifying entity 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.

On 24 May 2012, the Issuer received the following notification from Mr Michał Sołowow, the main shareholder:

"Acting pursuant to article (69) of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial Instruments to organised trading, and on public companies (J.L. no. 185, item 1439) I announce that, as a result of the purchase of the shares of Echo Investment S.A. (later referred to as the Issuer, Company) by my subsidiary Barccapital Investment Limited during a transaction at the Warsaw Stock Exchange, settled on 23 May 2012, I increased my share by at least 1% of the overall number of votes at the Company's General Shareholders' Meeting.

As at the day of preparing this notification, I hold a total of, directly and indirectly, 187,928,068 shares of Echo Investment S.A., which represent 44.74% of the share capital and are vested with 187,928,068 votes at Echo Investment S.A.'s General Shareholders' Meeting, accounting for 44.74% of the overall number of votes at Echo Investment S.A.'s General Shareholders' Meeting.

My detailed holding of shares of Echo Investment S.A., as at the day of preparing this notification, is presented in the table below:

	NUMBER OF SHARES	% OF SHARE CAPITAL	NUMBER OF VOTES AT THE GSM	% OF OVERALL VOTES
Total, directly and indirectly:	187 928 068	44,74%	187 928 068	44,74%
- directly:	2 343 431	0,56%	2 343 431	0,56%
- indirectly, including:	185 584 637	44,19%	185 584 637	44,19%
Barccapital Investment Limited	66 121 790	15,74%	66 121 790	15,74%
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%

Before the above-mentioned transactions, I held a total of – directly and indirectly – 186,842,775 shares of the Company, which represented 44.49% of the share capital, and I was entitled to 186,842,775 votes at the Company's General Shareholders' Meeting, accounting for 44.49% of the overall number of votes at the Company's General Shareholders' Meeting.

There are no persons referred to in article 87, section 1, item 3, letter c of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. No. 184, item 1539)."

On 26 September 2012, the Issuer received two notifications:

Notification 1 – regarding the purchase, by way of a block transaction, of 17,000,000 shares of Echo Investment S.A. during the trading session

on 24 September 2012 by FTF Galleon S.A., with its registered office in Luxembourg, a subsidiary of Mr Michał Solowow, and regarding a change in the capital and votes of Echo Investment S.A. by at least 2% and the exceeding of 25% of votes at the Company's general shareholders' meeting.

Notification 2 – regarding the sale, by way of a block transaction, of 17,000,000 shares of Echo Investment S.A. during the trading session on 24 September 2012 by Barccapital Investment Limited, with its registered office in the Republic of Cyprus, a subsidiary of Mr Michał Solowow, and regarding a change in the capital and votes of Echo Investment S.A. by at least 2% and the decrease in the number of votes at the Company's general shareholders' meeting to less than 15%.

Notification 1

"Acting pursuant to article 69 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. no. 185, item 1439), I announce that, as a result of the purchase, by way of a block transaction, of 17,000,000 shares in Echo Investment S.A. during the trading session on 24 September 2012, settled on 24 September 2012, FTF Galleon S.A., with its registered office in Luxembourg at Charles de Gaulle 2-8, L-1635 Luxembourg, registered in the Register of Commercial Companies in Luxembourg under no. B 154340, a subsidiary of Mr Michał Solowow, changed its share in the capital and votes of Echo Investment S.A. (hereinafter referred to as: Company) by at least 2% and it holds more than 25% of votes at the Company's general shareholders' meeting.

As at the day of preparing this notification, FTF Galleon S.A. holds 118,578,797 of the Company's shares, accounting for 28.23% of the share capital, and is entitled to 118,578,797 votes at the Company's general shareholders' meeting, representing 28.23% of the overall number of votes.

Before the transaction, FTF Galleon S.A. held 101,578,797 of the Company's shares, accounting for 24.19% of the share capital, and was entitled to 101,578,797 votes at the Company's general shareholders' meeting, representing 24.19% of the overall number of votes.

There are no subsidiaries of the notifying shareholder who hold the company's shares.

There are no persons referred to in article 87, section 1, item 3, letter c of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. No. 184, item 1539)."

Notification 2

"Acting pursuant to article 69 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. no. 185, item 1439), I notify that, as a result of the sale, by way of a block transaction, of 17,000,000 shares in Echo Investment S.A. during the trading session on 24 September 2012, settled on 24 September 2012, Barccapital Investment Limited, with its registered office at Agiou Pavlou 15, Ledra House, Agios Andreas, 1105 Nicosia, Republic of Cyprus, registered in the Department for the Registration of Companies and the Receiver of the Republic of Cyprus (Companies Register) under no. HE 145969, a subsidiary of Mr Michał Solowow, changed its share in the capital and votes of Echo Investment S.A. (hereinafter referred to as: Company) by at least 2% and it holds less than 15% of votes at the Company's general shareholders' meeting.

As at the day of preparing this notification, Barccapital Investment Limited holds 47,458,540 of the Company's shares, accounting for 11.3% of the share capital, and is entitled to 47,458,540 votes at the Company's general shareholders' meeting, representing 11.3% of the overall number of votes.

Before the transaction, Barccapital Investment Limited held 64,458,540 of the Company's shares, accounting for 15.35% of the share capital, and was entitled to 64,458,540 votes at the Company's general shareholders' meeting, representing 15.35% of the overall number of votes.

There are no subsidiaries of the notifying shareholder who hold the company's shares.

There are no persons referred to in article 87, section 1, item 3, letter c of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. No. 184, item 1539)."

On 21 December 2012, the Issuer received two notifications:

Notification 1: the sale of 118,578,797 shares of Echo Investment S.A. by FTF Galleon S.A., with its registered office in Luxembourg, a subsidiary of Mr Michał Solowow, as a result of which FTF Galleon S.A. does not hold any shares of Echo Investment S.A.

Notification 2: the purchase of 118,578,797 shares of Echo Investment S.A. by Barccapital Investment Limited, with its registered office in the Republic of Cyprus, a subsidiary of Mr Michał Solowow, as a result of which the share in the capital and in the number of votes at the general shareholders' meeting of Echo Investment S.A. changed by at least 2% and exceeded 33 1/3% of the overall number of votes at the general shareholders' meeting.

Notification 1

"Acting pursuant to article 69 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. no. 185, item 1439), I announce that, as a result of the sale of 118,578,797 shares of Echo Investment S.A. outside the regulated market on 21 December 2012, under a share sale agreement, FTF Galleon S.A., with its registered office in Luxembourg at Charles de Gaulle 2-8, L-1635 Luxembourg, entered into the Register of Commercial Companies in Luxembourg under no. B 154340, a subsidiary of Mr Michał Solowow, does not hold any shares of Echo Investment S.A. (later referred to as: the Company).

As at the day of preparing this notification, FTF Galleon S.A. does not hold any shares of Echo Investment S.A.

Before the transaction, FTF Galleon S.A. held 118,578,797 of the Company's shares, accounting for 28.23% of the share capital, and was entitled to 118,578,797 votes at the Company's general shareholders' meeting, representing 28.23% of the overall number of votes.

There are no subsidiaries of the notifying shareholder who hold the Company's shares.

There are no persons referred to in article 87, section 1, item 3, letter c of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. No. 184, item 1539)."

Notification 2

"Acting pursuant to article 69 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. no. 185, item 1439), I announce that, as a result of the purchase of 118,578,797 shares of Echo Investment SA outside the regulated market on 21 December 2012, under a share sale agreement, the share of Barccapital Investment Limited, with its registered office at Agiou Pavlou 15, Ledra House, Agios Andreas, 1105 Nicosia, Republic of Cyprus, registered in the Department for the Registration of Companies and the Receiver of the Republic of Cyprus (Register of Companies) under no. HE 145969, a subsidiary of Mr Michał Solowow, in the capital and in the number of votes held in Echo Investment S.A. (later referred to as the Company) changed by at least 2% and exceeded 33 1/3% of the overall number of votes at the Company's general shareholders' meeting.

As at the day of preparing this notification, Barccapital Investment Limited holds 166,358,337 shares of Echo Investment S.A., accounting for 39.61% of the share capital, and is entitled to 166,358,337 votes at the Company's general shareholders' meeting, representing 39.61% of the overall number of votes.

Before the transaction, Barccapital Investment Limited held 47,779,540 of the Company's shares, accounting for 11.38% of the share capital, and was entitled to 47,779,540 votes at the Company's general shareholders' meeting, representing 11.38% of the overall number of votes.

There are no subsidiaries of the notifying shareholder who hold the company's shares. There are no persons referred to in article 87, section 1, item 3, letter c of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. No. 184, item 1539)."

There are no persons referred to in article 87, section 1, item 3, letter c of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. No. 184, item 1539)."

Information on the ownership of shares received by the Issuer after the balance sheet date and by the date of publishing this report

On 2 January 2013, the Issuer received a notification from ING Powszechnie Towarzystwo Emerytalne S.A. saying that, as a result of the sale of the shares of Echo Investment S.A. during transactions at the Warsaw Stock Exchange, settled on 20 December 2012, ING Otwarty Fundusz Emerytalny (later referred to as the Fund) decreased its holding of the Company's shares by at least 2% of votes at the Company's general shareholders' meeting.

Before the sale of the shares, the Fund held 47,369,720 (forty-seven million, three hundred and sixty-nine thousand, seven hundred and twenty) shares in the Company, representing 11.28% of the Company's share capital, and was entitled to 47,369,720 (forty-seven million, three hundred and sixty-nine thousand, seven hundred and twenty) votes at the Company's general shareholders' meeting, accounting for 11.28% of the overall number of votes.

On 27 December 2012, the Fund's securities account included 44,569,720 (forty-four million, five hundred and sixty-nine thousand, seven hundred and twenty) of the Company's shares, representing 10.61% of the Company's share capital. These shares are vested with 44,569,720 (forty-four million, five hundred and sixty-nine thousand, seven hundred and twenty) votes at the Company's general shareholders' meeting, representing 10.61% of the overall number of votes.

The Fund does not rule out increasing or decreasing its holding of the shares in the forthcoming 12 months, depending on the market situation and the Company's operations. The purpose of acquiring the Company's shares is to invest cash as part of the Fund's investment activity.

On 22 January 2013, the Issuer received a notification by fax from Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK S.A., saying that, as a result of the purchase of the shares of Echo Investment S.A. concluded on 15 January 2013, Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK (later referred to as Aviva OFE) increased its share in the overall number of votes in the Company to more than 10%.

Before the settlement of the aforementioned transactions, as at 17 January 2013, Aviva OFE held 41,846,565 shares in the Company, accounting for 9.96% of the Company's share capital (shares issued), and vested with 41,846,565 votes at the General Shareholders' Meeting, which accounted for 9.96% of the overall number of votes.

After the conclusion and settlement of the aforementioned transaction, as at 18 January 2013, Aviva OFE held 42,958,079 shares in the Company, accounting for 10.23% of the Company's share capital (shares issued), and vested with 42,958,079 votes at the General Shareholders' Meeting, which accounted for 10.23% of the overall number of votes.

The investment is portfolio deposit investment. Aviva OFE allows for the possibility of further increasing its involvement in the Company within 12 months of submission of this notice in order to achieve the maximum degree of investment security and profitability of the open pension fund's deposits. At the same time, we announce that, in accordance with the provisions of the Act on the organisation and operation of pension funds and the specific regulations issued under this Act, Aviva OFE's involvement cannot exceed 20% in the Company's share capital. The Fund does not preclude the sale of the shares in the case of a satisfactory increase in value or the increase of investment risk."

On 15 February 2013, the Issuer received the following notification:

"Acting pursuant to article 69 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. no. 185, item 1439), I announce that, as a result of the purchase of the shares of Echo Investment SA for 2012

Investment S.A., with its registered office in Kielce, concluded on 14 February 2013, Barccapital Investment Limited, with its registered office at Agiou Pavlou 15, Ledra House, Agios Andreas, 1105 Nicosia, Republic of Cyprus, registered in the Department for the Registration of Companies and the Receiver of the Republic of Cyprus (Register of Companies) under no. HE 145969, increased its share in the overall number of votes at the general shareholders' meeting of Echo Investment S.A. (later referred to as the Company) by at least 1%.

The shares were purchased from Mr Michał Solowow, who is the parent of Barccapital Investment Limited.

As at the day of preparing this notification, following the settlement of the said transaction, Barccapital Investment Limited holds 171,477,880 of the Company's shares, accounting for 40.83% of the share capital, and is entitled to 171,477,880 votes at the Company's general shareholders' meeting, representing 40.83% of the overall number of votes.

Before the said transaction, Barccapital Investment Limited held 166,358,337 of the Company's shares, accounting for 39.61% of the share capital, and was entitled to 166,358,337 votes at the Company's general shareholders' meeting, representing 39.61% of the overall number of votes.

There are no subsidiaries of the notifying shareholder who hold the Company's shares.

There are no persons referred to in article 87, section 1, item 3, letter c of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies (J.L. No. 184, item 1539)."

5. IDENTIFICATION OF HOLDERS OF ALL SECURITIES WITH SPECIAL CONTROL RIGHTS AND DESCRIPTION OF SUCH RIGHTS

Securities issued by Echo Investment S.A. do not grant any special control powers to their holders.

6. ALL LIMITATIONS REGARDING THE RIGHT TO VOTE, SUCH AS RESTRICTED RIGHT TO VOTE BY HOLDERS OF A GIVEN SHARE AND NUMBER OF VOTES, TEMPORARY RESTRICTIONS ON THE RIGHT TO VOTE OR PROVISIONS UNDER WHICH, IN COOPERATION WITH THE COMPANY, CAPITAL RIGHTS LINKED TO SECURITIES ARE SEPARATED FROM THE HOLDING OF SECURITIES

Echo Investment S.A. does not have any information on restrictions on the right to vote by holders of the Issuer's securities.

7. IDENTIFICATION OF ALL RESTRICTIONS ON THE TRANSFER OF OWNERSHIP OF THE ISSUER'S SECURITIES

Echo Investment S.A. does not have any information on restrictions on the transfer of ownership of the Issuer's securities.

8. DESCRIPTION OF PRINCIPLES REGULATING THE APPOINTMENT AND DISMISSAL OF MANAGERIAL STAFF AND THEIR RIGHTS, IN PARTICULAR, THE RIGHT TO DECIDE ON THE ISSUE OR REDEMPTION OF SHARES

8.1. Rules for appointing and dismissing managers

In the Company, these rules are regulated by the Commercial Companies Code, Rules and Regulations of the Management Board and Echo Investment S.A.'s Statute.

The Management Board or its Members are appointed, dismissed and suspended by the Supervisory Board, which also appoints the President and the Vice-President of the Management Board.

The term of office of the first Management Board is two years, the term of office of subsequent Management Boards is three years, and Management Board members are appointed for a joint term of office, which does not preclude the right to dismiss a member of the Management Board earlier. Mandates of Members of the Management Board expire on the day of the GSM's approval of the financial statements for the last year of the Management Board's term of office. The Management Board or its individual Members may be dismissed by the Supervisory Board before the expiry of their term of office, especially following a justified written motion of shareholders who represent at least 1/3 of the share capital, or if the Management Board's fulfilment of duties for the last closed financial year is not acknowledged by the Ordinary General Shareholders' Meeting.

8.2. Powers of managers

Powers of managers are regulated by the Statute of Echo Investment SA and by the Commercial Companies Code.

The managers represent the Company before officials, institutions, third parties, courts as well as public authorities. Declarations of intent on behalf of the Company must be made jointly by two members of the Management Board or one member of the Management Board acting jointly with a proxy. Liabilities exceeding 20% of the Company's equity may be incurred by persons who make declarations of intent on behalf of the Company, following a written consent of the Supervisory Board. The Management Board runs all current affairs of the Company which are not reserved for the General Shareholders' Meeting and the Supervisory Board.

Decisions on the issue and redemption of shares are governed by the regulations of the Commercial Companies Code.

9. DESCRIPTION OF RULES FOR AMENDING THE ISSUER'S STATUTE OR ARTICLES OF ASSOCIATION

The rules for amending the Company's Statute or Articles of Association are governed by the Commercial Companies Code.

Amendments to the Statute require a resolution of the General Shareholders' Meeting of Echo Investment S.A. and an entry into the National Court Register (KRS). The Management Board reports the amendment to the Statute to the respective register court within three months of the date of the resolution of the General Meeting.

Together with the entry of an amendment to the Statute, the amendment to the Company's corporate data reported to the register court is entered into the National Court Register.

The General Shareholders' Meeting authorises the Supervisory Board of Echo Investment S.A. to specify a complete text of the amended Statute or to introduce other editorial amendments, as specified by the resolution of the Meeting.

10. OPERATION OF THE GENERAL SHAREHOLDERS' MEETING, ITS MAIN RIGHTS AND THE DESCRIPTION OF SHAREHOLDERS' RIGHTS AND HOW THESE RIGHTS ARE EXERCISED, IN PARTICULAR RULES AND REGULATIONS OF THE GENERAL SHAREHOLDERS' MEETING

The rules of operation of the Company's General Shareholders' Meeting, its rights and the rights of shareholders and the procedure by which these rights are exercised are governed by the Company's Statute and the Commercial Companies Code. The Company's Statute is available at the Company's website www.echo.com.pl in the tab Statute and Rules and Regulations.

The schedule of works related to organisation of the Company's General Meetings, including preparation of materials presented at the General Meeting, is planned in such a way so as to fulfil obligations towards shareholders and enable them to exercise their rights.

11. COMPOSITION OF THE ISSUER'S MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE AUTHORITIES AND OF THEIR COMMITTEES, CHANGES IN THEIR COMPOSITION DURING THE LAST FINANCIAL YEAR AND DESCRIPTION OF THEIR ACTIVITY

COMPANY'S MANAGEMENT BOARD – COMPOSITION IN 2012

The composition of the Company's Management Board did not change in FY 2012.

As at 31 December 2012, the Management Board was composed of:

- Piotr Gromniak – President of the Management Board
- Artur Langner – Vice-President of the Management Board

Post-balance sheet events

On 21 March 2013, the Issuer's Supervisory Board, acting pursuant to article 368 § 4 of the Commercial Companies Code and § 13 section 1 letter a) of the Company's Statute, passed a resolution on appointing Mr Waldemar Lesiak as the Vice-President of the Company's Management Board for the joint term of office of the present Management Board.

As the Vice-President of the Management Board of Echo Investment S.A., Mr Waldemar Lesiak will be responsible for the acquisition and sale of completed commercial developments in Poland and abroad.

Mr Waldemar Lesiak graduated from the Civil Engineering Department of Kielce University of Technology. He also graduated from the Economics Department at the Real Estate University in Warsaw and completed a Post-Graduate Tax Programme at the Warsaw School of Economics.

He started his career in Mitex-Trade/ Ahold Polska, where he held the function of the Operating Director and the Sales Director. Between 1998 and 2000, he held the position of the Vice-President of the Management Board of Hekon SA, which, together with Accor Group, constructed a hotel chain in Poland.

Since 1997, Echo Investment S.A. he held the post of the Residential Developments Sales Director and the Commercial Developments Sales Director. Previously, he held the function of the Director of the Office and Hotel Department, where he was responsible for the whole property development process in the office and hotel segment.

Mr Waldemar Lesiak is not involved in any competitive activity outside Echo Investment SA. He is not a partner in a competitive civil law company, personal partnership, or a member of the authority of an association of capital and he does not act as a member of the authority of any other competitive legal entity. He has not been entered into the register of insolvent debtors, which is kept pursuant to the Act on the National Court Register (KRS).

As at the day of publishing this report, the Issuer's Management Board is composed of:

- Piotr Gromniak – President of the Management Board
- Artur Langner – Vice-President of the Management Board
- Waldemar Lesiak – Vice-President of the Management Board

COMPANY'S MANAGEMENT BOARD – RULES OF OPERATION IN 2012

Separate annual report of Echo Investment SA for 2012

The Management Board of Echo Investment SA operates based on the Commercial Companies Code Act (J.L. of 2000, No. 94, item 1037, as amended), the Company's Statute, the Rules and Regulations of the Management Board of Echo Investment SA approved by way of Resolution of the Company's Supervisory Board of 14 May 2005, and according to the adopted "Code of Best Practice for WSE Listed Companies".

The Management Board may consist of one or more persons. The Management Board or its Members are appointed, dismissed and suspended by the Supervisory Board, which also appoints the President and the Vice-President of the Management Board.

The term of office of the first Management Board is two years, the term of office of subsequent Management Boards is three years, and Management Board members are appointed for a joint term of office, which does not preclude the right to dismiss a member of the Management Board earlier. Mandates of Members of the Management Board expire on the day of the GSM's approval of the financial statements for the last year of the Management Board's term of office. Management Board Members may be re-appointed. The Management Board or individual members may be dismissed before the expiry of the term of office by the Supervisory Board, in particular at a written request of shareholders representing at least 1/3 of the Company's share capital, or if the General Shareholders' Meeting fails to acknowledge the fulfilment of obligations by the Management Board in the closed business year.

Only those individuals who are not the Company's shareholders may be appointed to the Management Board.

The Management Board represents the Company before officials, institutions, third parties, courts as well as public authorities. An appointed Proxy may act on behalf of the Company to the same effect. Declarations of intent on behalf of the Company must be made jointly by two members of the Management Board or one member of the Management Board acting jointly with an appointed proxy. Management Board Members may only fulfil their duties in person.

The operation of the Management Board is described in detail in the Work Regulations of the Management Board, which is adopted by the Management Board and approved by the Supervisory Board. In the event of a tied vote when adopting resolutions by the Management Board, the President of the Management Board shall have the casting vote.

The Management Board runs all current affairs of the Company, subject to restrictions specified by the Commercial Companies Code and this Statute. The purchase and sale of real property, perpetual usufruct title or a share in real property or a share in perpetual usufruct title by the Company lies within the responsibilities of the Management Board, subject to § 13, section 1, letters d) and e) of the Statute. When exercising the rights of the General Meeting in subsidiaries, the Company's Management Board is obliged to obtain a prior consent from the Company's Supervisory Board, even if the incurred liability or the exercise of a right by a subsidiary exceeds the limits specified in § 13, section 1, letters d) and e) of the Statute, under which a consent from the Supervisory Board is required for the Company to incur liabilities exceeding 20% of its equity.

When deciding on the Company's issues, the Management Board is particularly obliged to act within the limits of reasonable economic risks, following an in-depth analysis and consideration of all available information, studies and opinions which, in the opinion of the Management Board, should be taken into consideration in the Company's interest.

In addition, the Management Board submits motions regarding issues to be discussed by the General Meeting to the Company's Supervisory Board for approval. Information on the produced opinions is announced to the public by the Company immediately after such information is received from the Company's Supervisory Board.

When contacting the media, members of the Management Board may only provide generally available information about the Company. All statements for the media regarding financial forecasts and the strategy of the Company or of the Management Board may only be made by the President or the Vice-President of the Management Board. With regard to other issues, all members of the Management Board or other authorised persons are allowed to contact the media.

The Management Board meets at least once a month, and the meetings are presided over by the President of the Management Board and, in his/her absence, by the Vice-President of the Management Board and, in the absence of the President and the Vice-President of the Management Board, the meetings are presided over by the longest-serving Management Board member of Echo Investment S.A. The meetings of the Management Board are held at the Company's office, unless all members of the Management Board agree to hold a meeting in a different location. A meeting of the Management Board may be held, if all members of the Management Board have been informed about the meeting, and at least two members of the Management Board are present.

The meetings of the Management Board are convened by the President of the Management Board or by any other member of the Management Board who sees fit to do so.

Every member of the Management Board must be informed about the date and agenda of the meeting at least 2 days prior to the planned meeting. The notification may be delivered by phone, through the Office of the Company's Management Board, by e-mail, by fax or in writing.

The meetings of the Management Board may be held even when they have not been formally convened, if all members of the Management Board are present and no present member objects to the meeting being held or to specific items on the agenda.

The Management Board may pass its resolutions in writing or using means of telecommunication, subject that, in such a case, the Management Board is presided over by the member requesting the adoption of a given resolution. This procedure is not allowed when at least one member of the Company's Management Board objects.

The Management Board makes decisions by way of resolutions. Resolutions of the Management Board are adopted by an absolute majority of votes. In the event of a tied vote when adopting resolutions by the Management Board, the President of the Management Board shall have the casting vote and, in the absence of the President of the Management Board, the Vice-President of the Management Board shall have the casting vote. In the absence of the President and the Vice-President of the Management Board, the longest-serving member of the Company's Management Board shall have the casting vote.

When required, minutes are taken from the meetings of the Management Board. Resolutions of the Management Board are recorded in the minutes in such a way so that they form attachments to the minutes, or are included in the text of the minutes. In addition, the minutes must include the date and place of the meeting of the Management Board, names of the present Management Board members and the number of votes cast on individual resolutions. The minutes must be signed by all Management Board members attending the meeting. Any dissenting

opinions of the attendees must be enclosed to the minutes. The minutes are kept at the Office of the Company's Management Board.

In 2012, the Company's Management Board, when defining strategic objectives and current tasks, considered the best interest of the Company, its shareholders, partners, customers, employees and creditors, and observed the law.

To ensure transparency and effectiveness of the management system, the Management Board followed the rule of professional conduct within the limits of reasonable economic risk, taking account of the wide range of the available information, analyses and opinions.

The remunerations of the Management Board Members were defined by the Supervisory Board, based on the responsibilities and skills of individual Management Board Members, and took account for the Company's financial results, and a reasonable relation was maintained to remunerations of Management Boards in similar companies on Polish real property market.

COMPANY'S SUPERVISORY BOARD – COMPOSITION IN 2012

The composition of the Company's Supervisory Board did not change in FY 2012.

The composition of Echo Investment SA's Supervisory Board, as at 31 December 2012 and on the day of submitting this report, was as follows:

- Wojciech Ciesielski – Chairman of the Supervisory Board
- Andrzej Majcher – Vice-Chairman of the Supervisory Board
- Mariusz Waniółka – Vice-Chairman of the Supervisory Board
- Robert Oskard – Member of the Supervisory Board
- Tomasz Kalwat – Member of the Supervisory Board
- Karol Żbikowski – Member of the Supervisory Board

COMPANY'S SUPERVISORY BOARD – RULES OF OPERATION IN 2012

The Supervisory Board of Echo Investment SA operates based on the Commercial Companies Code Act (J.L. of 2000, No. 94, item 1037, as amended), the Company's Statute, the Rules and Regulations of the Supervisory Board of Echo Investment SA of 26 June 2003, and according to the adopted "Code of Best Practice for WSE Listed Companies".

The Supervisory Board is composed of at least 5 (five) members who are appointed (and dismissed) by the General Meeting for a period of three years; members of the Supervisory Board are appointed for a joint term of office, which does not preclude an earlier dismissal of every member of the Supervisory Board. Supervisory Board Members may be re-appointed. A resolution of the General Meeting each time specifies the number and the members of the Supervisory Board. If the General Meeting does not specify the function of a given member of the Supervisory Board when appoint such a member, the Supervisory Board appoints the Chairman of the Supervisory Board from among its members and the Vice-Chairman in a secret ballot. Members of the Supervisory Board fulfil their duties only in person.

Members of the Supervisory Board delegated to constant and individual supervision may not, without the Company's consent, be involved in competitive business or participate in a competitive company as a partner in a civil law partnership, a partnership or as a member in a body of a capital company, or participate in another competitive legal person as a member of its bodies. This prohibition also includes participation in a competitive capital company in which a Supervisory Board member holds at least 10% of interests or shares, or has the right to appoint at least one management board member.

Members of the Supervisory Board may be dismissed at any time by the General Shareholders' Meeting.

A Supervisory Board member may resign his/her post before the expiry of the term of office for which he/she was appointed by submitting a statement to that effect to the Chairman of the Supervisory Board. If the Chairman of the Supervisory Board resigns his/her post, the statement to that effect is submitted to the Vice-Chairman. A Member of the Supervisory Board should not resign during the term of office, if such a resignation could prevent the Supervisory Board from operating, and especially if it could prevent the adoption of an important resolution.

The mandate of a Supervisory Board member expires, at the latest, on the day of the General Meeting which approves the Company's financial statements for the last full financial year in which the Supervisory Board member held his/her post (final year of the member's term of office). The mandate also expires upon death or dismissal of a Supervisory Board member. If, as a result of expiry of mandates of Supervisory Board members, the Supervisory Board is composed of fewer than 3 members, the Supervisory Board is unable to pass legally binding resolutions, and the Chairman of the Supervisory Board, or, in the absence of the Chairman, the Vice-Chairman, requests the Company's Management Board to promptly convene an Extraordinary General Meeting and to include the appointment of Supervisory Board members in the agenda of the General Meeting.

A member of the Supervisory Board should be primarily concerned about the Company's interest.

When contacting the media, members of the Supervisory Board may only provide generally available information about the Company. Any statements for the media regarding the Company or the Supervisory Board may only be made by the Chairman of the Supervisory Board and, in his/her absence, by the Vice-Chairman of the Supervisory Board.

The responsibilities of the Supervisory Board include supervision over the Company's business and other actions, as stipulated by the Commercial Companies Code and other acts. The Supervisory Board adopts resolutions or gives opinions on issues within its scope of responsibilities, according to the Company's Statute and under the procedure stipulated by the provisions of the Statute or other laws.

In particular, the Supervisory Board is authorised to:

- examine the Company's financial statements for the last financial year,
- examine the Company's Management Report and suggestions of the Management Board regarding the distribution of profit and the coverage of loss,

- submit a written report on the above actions to the General Meeting,
- express opinions on motions submitted by the Management Board directed to the General Meeting, and express opinion and pass resolutions on other issues submitted by the Company's Management Board,
- appoint, dismiss and suspend the Company's Management Board or its individual members,
- appoint a statutory auditor to audit the Company's financial statements with whom the Management Board concludes an agreement,
- approve the Management Board's conclusion of the agreement with a sub-issuer referred to in article 433 § 3 of the Commercial Companies Code,
- approve the contracting of liabilities and disposing of the rights to the extent within the current business of the Company – if their value exceeds 20% of the Company's equity. If it is dubious whether a given issue has been included in the current business of the Company, the Supervisory Board is entitled to make a relevant interpretation in this respect, at the request of the Management Board. The interpretation shall be binding for the Management Board; Issues related to trade in real property are within the scope of the Company's current business.
- approve the contracting of liabilities and disposing of the rights that go beyond the current business of the Company – if their value exceeds 10% of the Company's equity.
- The meetings of the Supervisory Board are held as necessary but at least three times per financial year. The meetings of the Supervisory Board are convened by the Chairman or the Vice-Chairman and are held in the Company's office or in a location indicated by the Chairman or the Vice-Chairman. The meetings of the Supervisory Board are convened upon the initiative of the Chairman of the Board or at a written request of the Management Board or a member of the Supervisory Board.

The meetings of the Supervisory Board convened at the request of the Management Board or a member of the Supervisory Board must be held within two weeks from the date of submitting the request.

The meetings are presided over by the Chairman and, in his/her absence, by the Vice-Chairman of the Supervisory Board. If neither the Chairman nor the Vice-Chairman of the Supervisory Board is present at the meeting, the meeting is presided over by the Board member appointed by the present attendees. The Chairman or the Vice-Chairman of the Supervisory Board notifies the remaining Members about the meetings and invites them by phone, by fax or in writing in due advance so that the invitation reaches the members 7 (seven) days before the planned date of the meeting at the latest. In emergencies, this period may be shorter.

The Supervisory Board may hold a meeting without being formally convened, if all of its members are present, and no member objects to the meeting being held and to including specific items in the agenda. The meetings of the Supervisory Board may be attended by other persons invited by the Chairman of the Supervisory Board, including Members of the Management Board, but they do not have the right to vote.

The members of the Supervisory Board make decisions related to the exercise of supervisory and control rights by way of resolutions. All Members of the Supervisory Board must be invited to the meeting and at least 50% of the Members must be present at the meeting or otherwise the resolutions of the Supervisory Board are null and void. The Supervisory Board may pass resolutions in writing or using telecommunication, subject that resolutions passed in such a way may not involve the appointment of the Chairman and the Vice-Chairman of the Supervisory Board, the appointment of a Member of the Management Board as well as the dismissal and suspension of these individuals. In such a case, for the resolutions to be valid, the Supervisory Board members must be notified in advance about the draft resolutions.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In case of a tied vote when adopting resolutions by the Supervisory Board, the Chairman of the Supervisory Board shall have the casting vote.

The meetings of the Supervisory Board are minuted. Resolutions of the Supervisory Board are recorded in the minutes in such a way so that they form attachments to the minutes, or are included in the text of the minutes. In addition, the minutes must include the date and place of the meeting of the Supervisory Board, names of the present Supervisory Board members and the number of votes cast on individual resolutions. The minutes must be signed by all Supervisory Board members attending the meeting. Any dissenting opinions of the attendees must be enclosed to the minutes. The minutes are kept at the Office of the Company's Management Board.

To fulfil their duties, the Supervisory Board has the right to control the full scale of the Company's operations, in particular:

- request the Management Board to provide documents and other materials on the Company's operations,
- verify the Company's files and documentation,
- demand explanations and reports from the Management Board and from the employees,
- revise the status of the company's assets.

The Supervisory Board has the right to submit motions to the General Meeting regarding all issues within its scope of tasks and responsibilities. The Supervisory Board fulfils its duties by acting jointly; it may, however, delegate individual members to independent and specific supervisory functions by way of a resolution. The Supervisory Board may appoint committees for specific matters.

The secretarial services to the Supervisory Board are provided by the office of Company's the Management Board. The secretarial services include: preparing invitations to the meetings of the Supervisory Board and sending them to the members of the Supervisory Board according to these rules and regulations, organising the premises where the meeting of the Supervisory Board is to be held, preparing minutes from the meeting, providing services during the meeting and archiving the Supervisory Board's documentation.

On 17 December 2009, the Supervisory Board of Echo Investment S.A., acting pursuant to article 86 of the Act on Statutory Auditors and their Professional Association, Entities Authorised to Audit Financial Statements and Public Supervision of 7 May 2009 (later referred to as the "Act on Statutory Auditors") appointed an Audit Committee composed of three members.

In FY 2012, the Audit Committee was composed of:

- Mariusz Waniółka – Chairman of the Audit Committee,
- Karol Żbikowski – Member of the Audit Committee,
- Robert Oskard – Member of the Audit Committee.

Mr Mariusz Waniółka, a member of the Audit Committee, fulfils the conditions of independence from the Company and entities with significant

relations with the Company, and has qualifications in the area of financial auditing or accounting, as stipulated by article 56, section 3 of the Act on Statutory Auditors.

Signatures of the Management Board of Echo Investment SA

Piotr Gromniak

Artur Langner

Waldemar Lesiak

President of the Management Board

Vice-President of the Management Board

Vice-President of the Management
Board

Kielce, 23 April 2013

2012

annual report

ECHO
investment

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