



CONSOLIDATED QUARTERLY REPORT  
OF THE ECHO INVESTMENT CAPITAL  
GROUP  
FOR Q3 2014

**ECHO**  
investment

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## I. SELECTED CONSOLIDATED FINANCIAL DATA

		IN PLN '000		IN EUR '000	
		FROM 01.01.2014 TO 30.09.2014	FROM 01.01.2013 TO 30.09.2013	FROM 01.01.2014 TO 30.09.2014	FROM 01.01.2013 TO 30.09.2013
I.	Operating revenue	372 510	398 703	89 111	94 410
II.	Operating profit (loss)	597 053	492 094	142 825	116 524
III.	Gross profit (loss)	491 534	315 074	117 583	74 607
IV.	Net profit (loss) attributable to shareholders of the parent company	454 887	307 443	108 817	72 800
V.	Net operating cash flow	51 413	214 646	12 299	50 827
VI.	Net cash flow from investing activities	(240 489)	179 620	(57 529)	42 533
VII.	Net cash flow from financing activities	56 085	(179 589)	13 417	(42 525)
VIII.	Total net cash flow	(132 991)	214 677	(31 813)	50 834
IX.	Total assets	6 424 665	5 908 711	1 528 483	1 401 397
X.	Equity attributable to shareholders of the parent	3 206 102	2 745 193	767 837	651 091
XI.	Long-term liabilities	2 633 767	2 320 625	620 593	550 394
XII.	Short-term liabilities	528 504	819 475	126 573	194 359
XIII.	Number of shares	412 690 582	412 690 582	412 690 582	412 690 582
XIV.	Earnings (loss) per ordinary share (in PLN/EUR)	1,16	1,55	0,28	0,37
XV.	Book value per share (in PLN/EUR)	7,77	6,65	1,86	1,58

## II. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS OF THE CAPITAL GROUP AS OF 30 SEPTEMBER 2014 FOR A 9-MONTH PERIOD ENDED ON 30 SEPTEMBER 2014

### 1. CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION – ASSETS (PLN '000)

	AS OF 30.09.2014 END OF QUARTER	AS OF 31.12.2013 END OF PREVIOUS YEAR	AS OF 30.09.2013 END OF QUARTER
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
1.1. Intangible assets	484	815	896
1.2. Property, plant and equipment	46 832	75 406	67 284
1.3. Investment property	3 974 989	2 997 807	3 022 476
1.4. Investment property under construction	1 237 764	1 354 802	1 316 092
1.5. Interests in companies recognised with the equity method	16 281	16 866	20 822
1.6. Long-term financial assets	61 812	57 993	46 597
1.7. Derivative financial instruments	809	5 962	-
1.8. Deferred income tax assets	35 028	30 888	10 615
	<b>5 373 999</b>	<b>4 540 539</b>	<b>4 484 782</b>
<b>2. Current assets</b>			
2.1. Inventory	628 703	499 499	466 745
2.2. Income tax receivables	5 254	4 483	3 280
2.3. Other tax receivables	74 723	507 276	224 352
2.4. Trade and other receivables	41 029	57 084	76 016
2.5. Short-term financial assets	24 223	42 072	61 282
2.6. Derivative financial instruments	6 986	1 954	-
2.7. Restricted cash	60 522	64 570	61 686
2.8. Cash and cash equivalents	209 226	352 392	530 568
	<b>1 050 666</b>	<b>1 529 330</b>	<b>1 423 929</b>
<b>3. Non-current assets held for sale</b>	-	94 152	-
<b>Total current assets and non-current assets held for sale</b>	<b>1 050 666</b>	<b>1 623 482</b>	<b>1 423 929</b>
<b>TOTAL ASSETS</b>	<b>6 424 665</b>	<b>6 164 021</b>	<b>5 908 711</b>

## CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES (PLN '000)

	AS OF 30.09.2014 END OF QUARTER	AS OF 31.12.2013 END OF PREVIOUS YEAR	AS OF 30.09.2013 END OF QUARTER
<b>EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
1.1. Equity attributable to shareholders of the parent	3 206 102	2 765 438	2 745 193
1.1.1. Share capital	20 635	20 635	21 000
1.1.2. Supplementary capital	2 742 257	2 411 154	2 439 436
1.1.3. Equity shares purchased	-	-	(28 647)
1.1.4. Accumulated profit (loss)	454 887	331 103	307 443
1.1.5. Foreign exchange gains/losses on translation of foreign operations	(11 677)	2 546	5 961
1.2. Equity of non-controlling shareholders	14	17	121
	<b>3 206 116</b>	<b>2 765 455</b>	<b>2 745 314</b>
<b>2. Provisions</b>			
2.1. Long-term provisions	-	-	-
2.2. Short-term provisions	2 000	2 000	6 451
2.3. Long-term deferred income tax provision	54 278	21 547	16 846
	<b>56 278</b>	<b>23 547</b>	<b>23 297</b>
<b>3. Long-term liabilities</b>			
3.1. Loans and borrowings	2 469 049	2 026 690	2 192 867
3.2. Derivative financial instruments	-	-	6 374
3.3. Security deposits and advance payments received	47 234	45 095	46 367
3.4. Lease liabilities (perpetual usufruct of land)	117 484	75 016	75 017
	<b>2 633 767</b>	<b>2 146 801</b>	<b>2 320 625</b>
<b>4. Short-term liabilities</b>			
4.1. Loans and borrowings	284 897	559 468	448 331
4.2. Derivative financial instruments	173	3 936	171
4.3. Income tax liabilities	2 381	29	55
4.4. Other tax liabilities	7 432	483 493	238 857
4.5. Trade liabilities	108 558	115 468	89 406
4.6. Other liabilities	18 772	19 707	13 056
4.7. Security deposits and advance payments received	106 291	46 117	29 599
	<b>528 504</b>	<b>1 228 218</b>	<b>819 475</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 424 665</b>	<b>6 164 021</b>	<b>5 908 711</b>
Book value (in PLN '000)	3 206 102	2 765 438	2 745 193
Number of shares	412 690 582	412 690 582	412 690 582
Book value per share (in PLN)	7,77	6,70	6,65
Diluted number of shares	412 690 582	412 690 582	412 690 582
Diluted book value per share (in PLN)	7,77	6,70	6,65

## OFF-BALANCE SHEET ITEMS (PLN '000)

	AS OF 30.09.2014 END OF QUARTER	AS OF 31.12.2013 END OF PREVIOUS YEAR	AS OF 30.09.2013 END OF QUARTER
1. Off-balance sheet receivables	-	-	-
2. Off-balance sheet liabilities	75 952	54 015	54 409

## 2. CONSOLIDATED QUARTERLY PROFIT AND LOSS ACCOUNT

### CONSOLIDATED QUARTERLY PROFIT AND LOSS ACCOUNT (PLN '000)

	Q3 01.07.2014 - 30.09.2014	3 QUARTERS 01.01.2014 - 30.09.2014	Q3 01.07.2013 - 30.09.2013	3 QUARTERS 01.01.2013 - 30.09.2013
Revenue	149 124	372 510	138 064	398 703
Cost of goods sold	(59 319)	(150 413)	(57 162)	(172 857)
<b>Gross profit (loss) on sales</b>	<b>89 805</b>	<b>222 097</b>	<b>80 902</b>	<b>225 846</b>
Profit (loss) on investment property	4 977	437 202	(70 090)	317 492
Selling costs	(6 471)	(20 318)	(5 780)	(17 460)
General administrative expenses	(18 050)	(47 980)	(14 929)	(41 589)
Other operating revenue (expenses)	(283)	6 052	7 551	7 805
<b>Operating profit</b>	<b>69 978</b>	<b>597 053</b>	<b>-2 346</b>	<b>492 094</b>
Financial revenue	1 275	5 519	(73)	7 941
Financial expenses	(33 108)	(105 249)	(35 110)	(118 541)
Profit (loss) on FX derivatives	2 053	3 544	3 972	(3 658)
Foreign exchange profit (loss)	(6 645)	(12 749)	41 731	(54 065)
Share of profit (loss) of companies recognised with the equity method	1 153	3 416	(1 677)	(8 697)
<b>Gross profit (loss)</b>	<b>34 706</b>	<b>491 534</b>	<b>6 497</b>	<b>315 074</b>
Income tax	(4 633)	(36 540)	(1 103)	(7 527)
<b>Net profit (loss), including:</b>	<b>30 073</b>	<b>454 994</b>	<b>5 394</b>	<b>307 547</b>
Profit (loss) attributable to non-controlling interest	-	107	28	104
Profit (loss) attributable to shareholders of the parent company	30 073	454 887	5 366	307 443
(Annualised) net profit (loss)		478 547		640 534
Average weighted ordinary shares		412 690 582		412 690 582
Annualised earnings (loss) per ordinary share (in PLN)		1,16		1,55

## 3. CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME

### CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	Q3 01.07.2014 - 30.09.2014	3 QUARTERS 01.01.2014 - 30.09.2014	Q3 01.07.2013 - 30.09.2013	3 QUARTERS 01.01.2013 - 30.09.2013
<b>Net profit (loss)</b>	<b>30 073</b>	<b>454 994</b>	<b>5 394</b>	<b>307 547</b>
<b>Other comprehensive income:</b>				
- foreign exchange gains/losses on translation of foreign operations	(465)	(14 223)	(7 059)	6 130
	<b>(465)</b>	<b>(14 223)</b>	<b>(7 059)</b>	<b>6 130</b>
<b>Comprehensive income for the period, including:</b>	<b>29 608</b>	<b>440 771</b>	<b>(1 665)</b>	<b>313 677</b>
Comprehensive income attributable to shareholders of the parent company	29 608	440 664	(1 693)	313 573
Minority comprehensive income	-	107	28	104

## 4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PLN '000)

	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	EQUITY SHARES PURCHASED	ACCUMULATED PROFIT (LOSS)	FOREIGN EXCHANGE GAINS/LOSSES ON TRANSLATION	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	EQUITY OF NON-CONTROLLING SHAREHOLDERS	EQUITY
<b>3 QUARTERS, FROM 01.01.2014 TO 30.09.2014 (CURRENT YEAR)</b>								
<b>Opening balance</b>	<b>20 635</b>	<b>2 411 154</b>	<b>-</b>	<b>331 103</b>	<b>2 546</b>	<b>2 765 438</b>	<b>17</b>	<b>2 765 455</b>
Allocation of result from previous years	-	331 103	-	(331 103)	-	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	-	(110)	(110)
Other net comprehensive income	-	-	-	-	(14 223)	(14 223)	-	(14 223)
Net profit (loss) for the period	-	-	-	454 887	-	454 887	107	454 994
<b>Closing balance</b>	<b>20 635</b>	<b>2 742 257</b>	<b>-</b>	<b>454 887</b>	<b>(11 677)</b>	<b>3 206 102</b>	<b>14</b>	<b>3 206 116</b>
<b>3 QUARTERS, FROM 01.01.2013 TO 30.09.2013 (PREVIOUS YEAR)</b>								
<b>Opening balance</b>	<b>21 000</b>	<b>2 065 321</b>	<b>(28 647)</b>	<b>374 115</b>	<b>-169</b>	<b>2 431 620</b>	<b>23</b>	<b>2 431 643</b>
Allocation of result from previous years	-	374 115	-	(374 115)	-	-	-	-
Other net comprehensive income	-	-	-	-	6 130	6 130	(6)	6 124
Net profit (loss) for the period	-	-	-	307 443	-	307 443	104	307 547
<b>Closing balance</b>	<b>21 000</b>	<b>2 439 436</b>	<b>(28 647)</b>	<b>307 443</b>	<b>5 961</b>	<b>2 745 193</b>	<b>121</b>	<b>2 745 314</b>

## 5. CONSOLIDATED INTERIM CASH FLOW STATEMENT

## CONSOLIDATED QUARTERLY CASH FLOW STATEMENT (PLN '000)

	3 QUARTERS 01.01.2014 - 30.09.2014	3 QUARTERS 01.01.2013 - 30.09.2013
<b>A. Operating cash flow – indirect method</b>		
<b>I. Gross profit (loss)</b>	<b>491 534</b>	<b>315 074</b>
<b>II. Total adjustments</b>	<b>(341 671)</b>	<b>(127 778)</b>
1. Share in net profits (losses) of associates	(3 416)	8 697
2. Depreciation of PP&E	3 501	2 154
3. Foreign exchange (gains) losses	12 749	54 065
4. Interest	86 762	98 945
5. (Profit) loss on revaluation of assets and liabilities	(437 429)	(291 096)
6. (Profit) loss on settlement of financial instruments	(3 838)	(543)
<b>III. Movements in working capital:</b>	<b>(92 083)</b>	<b>32 123</b>
1. Movement in provisions	-	(1 313)
2. Movement in inventory	(126 582)	(453)
3. Movement in receivables	454 239	(175 376)
4. Movement in short-term liabilities, except for loans and borrowings	(419 740)	209 265
<b>IV. Net operating cash (I+II+III)</b>	<b>57 780</b>	<b>219 419</b>
1. Income tax paid	(6 367)	(4 773)
<b>V. Net operating cash flow</b>	<b>51 413</b>	<b>214 646</b>
<b>B. Cash flow from investing activities</b>		
<b>I. Proceeds</b>	<b>144 817</b>	<b>466 776</b>
1. Sale of intangible assets and PP&E	892	139
2. Sale of real property investments	96 179	451 396
3. On financial assets	47 746	15 241
4. Other investment proceeds	-	-
<b>II. Expenditures</b>	<b>(385 306)</b>	<b>(291 156)</b>
1. Purchase of intangible assets and PP&E	(3 097)	(15 401)
2. Real property investments	(374 697)	(270 058)
3. On financial assets	(7 402)	(5 697)
4. Dividends and other share of profit paid to minority	(110)	-
5. Other capital expenditures	-	-
<b>III. Net cash flow from investing activities (I-II)</b>	<b>(240 489)</b>	<b>175 620</b>



## CONSOLIDATED QUARTERLY CASH FLOW STATEMENT (PLN '000), CONTINUED

	3 QUARTERS 01.01.2014 - 30.09.2014	3 QUARTERS 01.01.2013 - 30.09.2013
<b>C. Cash flow from financing activities</b>		
<b>I. Proceeds</b>	<b>1 140 849</b>	<b>998 920</b>
1. Net proceeds from issue of shares (interests) and other equity instruments and capital contributions	-	-
2. Loans and borrowings	887 511	679 377
3. Issue of debt securities	245 500	315 000
4. Dividends received from companies recognised with the equity method	4 000	4 000
5. Other financial proceeds	3 838	543
<b>II. Expenditures</b>	<b>(1 084 764)</b>	<b>(1 174 509)</b>
1. Purchase of equity shares (interests)	-	-
2. Dividends and other payments to equity holders	-	-
3. Profit share expenses, other than payments to equity holders	-	-
4. Repayment of loans and borrowings	(682 706)	(744 855)
5. Redemption of debt securities	(300 000)	(320 000)
6. Due to FX derivatives	-	-
7. Payment of liabilities under finance lease agreements	(31)	(1 655)
8. Interest	(102 027)	(107 999)
9. Other financial expenditures	-	-
<b>III. Net cash flow from financing activities (I-II)</b>	<b>56 085</b>	<b>(175 589)</b>
<b>D. Total net cash flow (A.III+/-B.III+/-C.III)</b>	<b>(132 991)</b>	<b>214 677</b>
<b>E. Movement in cash in the consolidated statement of financial position, including:</b>	<b>(147 214)</b>	<b>220 806</b>
- movement in cash due to foreign exchange gains/losses	(14 223)	6 129
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>416 962</b>	<b>371 448</b>
<b>G. Cash at the end of the period (F+/-D), including:</b>	<b>269 748</b>	<b>592 254</b>
- restricted cash	60 522	61 686

**6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****6.1. General information**

The Echo Investment Capital Group (Capital Group, Group) has operated on the real property market since 1996. The Group's parent company is Echo Investment S.A. (Echo, Issuer, Company), which is listed on the Warsaw Stock Exchange.

Echo manages the whole investment process of a given project, starting from the purchase of property, through obtaining administrative permits, financing, implementation, and 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 mainly 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.

The Capital Group's core business is divided into three segments:

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

The Capital Group operates in Poland, Hungary, Romania and Ukraine.

As of 30 September 2014 and 30 September 2013, the Capital Group employed 374 and 353 people respectively.

The Company's shares have been listed on the Warsaw Stock Exchange since March 1996. The number of shares of the Issuer is 412,690,582 ordinary bearer shares. The total number of votes vested with all of the issued shares is 412,690,582.

## **6.2. Accounting principles adopted in drawing up the quarterly report**

The condensed interim consolidated financial statements of the Echo Investment Capital Group have been prepared in accordance with IAS 34 Interim Financial Reporting adopted in the European Union.

The condensed interim consolidated financial statements of the Group include consolidated financial data as of 30 September 2014 and for the 3-month period and 9-month period ended on 30 September 2014 as well as comparative data for the 3-month period and 9-month period ended on 30 September 2013 for the profit and loss account, the statement of changes in equity and the cash flow statement, and the comparative data as of 31 December 2013 and 30 September 2013 for the statement of financial position. Unless indicated otherwise, all financial data in the Group's condensed consolidated financial statements have been presented in thousands of PLN.

These financial statements should be analysed together with the annual consolidated financial statements for the FY ended on 31 December 2013, which were prepared according to the IFRS adopted for application in the EU.

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. 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 judgment in the selection of the applicable standards, as well as measurement methods and principles for the different items of the condensed consolidated financial statements.

The accounting principles applied to these interim condensed financial statements are consistent with the principles applied in the most recent annual financial statements and have been applied on a continuous basis to all periods presented in the consolidated financial statements, except for the change in accounting principles described in section 6.3 below.

New interpretations issued by the IFRS Committee applicable to the Group for the reporting period beginning on 1 January 2014 did not have any significant impact on the financial performance.

## **6.3. Effects of adopted changes in accounting principles (restatement of financial statements for previous periods)**

In the 9-month period of 2014, the Capital Group did not change its accounting principles, except for the adoption of IFRS 11 as of 1 January 2014. According to IFRS 11, joint arrangements are classified as joint ventures or joint operations. The Group has analysed a joint arrangement (WAN 11 Sp. z o.o.) existing as of 1 January 2013 in consideration of IFRS 11 and decided that it fulfils the requirements for a joint venture, based on the assessment of the requirements specified in IFRS 11 paragraphs B19-B33. According to IFRS 11, a new accounting policy has been adopted for recognising interests in a joint venture. The Group cancelled the financial statements of WAN 11 Sp. z o.o. from the balance sheet, which were previously consolidated proportionately (at 50%), and applied the equity method for recognising investments in WAN 11 Sp. z o.o. In accordance with IFRS 11 Joint Arrangements, the Group restated the comparative data for 2013 and for 9 months of 2013.

The changes in the accounting policy did not affect earnings per share.

## **6.4. Change of the Management Board's material estimates**

To prepare the financial statements, the Group's Management Board had to make certain estimates and assumptions, which are reflected in the statements. The actual results may differ from the estimates. The main area where the Management Boards' estimates materially affected the financial statements for 9 months of 2014 was Investment property.

Investment property includes shopping centres and office developments for lease. The fair value of investment property is classified as level 3 in the fair value hierarchy.

The fair value of real property generating fixed income is determined using the income approach and based on the perpetuity technique, i.e. dividing a project's net operating income (NOI) and the capitalisation rate (Yield). The yield is verified at least once a year by external property appraisers. 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.

The measurement of the fair value of investment property depends on a number of assumptions made by the measuring entity. The Group received a valuation of, among other things, investment property as of 31 January 2014, which was prepared by Knight Frank Sp. z o.o., an independent real property consulting company based in Warsaw. According to these measurements, the total value of investment property as of 31 January 2014 was PLN 4,186,123 thousand (according

to the EUR/PLN exchange rate of 30 September 2014), including investment property disclosed in the balance sheet as of 30 September 2014 (excluding the Polkomtel office building in Warsaw, due to the change resulting from the introduction of IFRS 11, as described in item 6.3). In contrast to the measurements applied by the Group to developments in use (i.e. based on perpetuity (NOI/Yield)), the said measurements were prepared using an income approach based on the discounted cash flow (DCF).

For the measurement of investment property as of 30 September 2014, according to the accounting policy, the Group applied the capitalisation rates (Yield) from the measurements prepared by Knight Frank, and the net operating income (NOI) was based on the applicable lease agreements (for leased space) and on the market rates (for vacancies). The Management Board also changed the estimated revenue from short-term stand mobile lease agreements (because this revenue has stabilised in the recent years) and the estimated number of leased vacancies (based on the historic turnover of tenants and the revenue from vacancies when conducting the measurement for the property sale agreements conducted in the recent years). According to these estimates, the weighted average yield decreased by 5% and the net operating income (NOI) increased by 5% on average.

## **6.5. Description of significant achievements and failures of the Capital Group and indication of major events in Q3 2014**

### **6.5.1. Major events in Q3 2014**

#### **Agreement for the purchase of real property**

On 3 July 2014, the Issuer's subsidiary, Dellia Investments Spółka Akcyjna, with its registered office in Warsaw (address: 00-803 Warsaw, Aleje Jerozolimskie 56C), 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. 0000441211 (later referred to as the Buyer), and a company operating under Spanish law, BANCO FINANCIERO Y DE AHORROS, S.A., with its registered office in Madrid, Spain, Paseo de la Castellana 189, entered into the Central Business Register (Registro Mercantil Central) in Madrid, sheet no. M-522312 (later referred to as the Seller), signed the final agreement on the purchase of the perpetual usufruct title to land and of the ownership title to the buildings forming a separate property, located in Warsaw, ul. Grzybowska 58 and Chłodna (later referred to as the Property).

The net price for the Property is EUR 42,000,000.00 (forty-two million euro), which, as of the publication date of the current report, according to the average exchange rate of the National Bank of Poland (NBP), amounts to PLN 174,451,200.00 (one hundred and seventy-four million, four hundred and fifty-one thousand, and two hundred zloty).

The purchase of assets was financed from the equity of the Issuer's Capital Group.

There are no relations between the Issuer and its managers or supervisors, and between the Buyer and its managers or supervisors.

The agreement does not include any special provisions and does not deviate from the provisions which can be usually found in this type of agreement.

Echo Investment S.A. plans to use the purchased Property (the area of the former Warsaw Brewery) to execute property developments within 5-7 years with an estimated area of approx. 100,000 sq. m in the office and residential segments. In the Issuer's opinion, the estimated cost of implementing the above-mentioned investment plans for the purchased Property amount to approx. PLN 1 billion.

#### **Addendum to a loan agreement**

On 30 July 2014, the Issuer signed an addendum to an overdraft facility agreement ("Addendum") with Bank Zachodni WBK Spółka Akcyjna, with its registered office in Wrocław ("Bank").

Under the signed Addendum, the Bank increased the loan granted to the Company to PLN 75 million and extended the loan period to 30 July 2016. At the end of 2014 and at the end of Q1 2015, the Bank will verify the level of the financial ratio specified in the loan agreement. If the required ratio levels are not met, the loan will have to be repaid by 30 July 2015.

### **6.5.2. Information on the Capital Group's developments**

As of 30 September 2014, the Group's portfolio included developments in use, in progress or in preparation.

#### **PORTFOLIO OF PROPERTIES IN USE**

As of 30 September 2014, the Group's portfolio included 9 shopping centres and 7 office developments for lease.

## REAL PROPERTY PORTFOLIO

CITY	LOCATION	NAME	GLA <sup>1</sup> (SQ. M)	NOI <sup>2</sup> (EUR 000,000)
Kielce	ul. Świętokrzyska	Galeria Echo	70 400	13,5
Wrocław	Plac Grunwaldzki	Pasaż Grunwaldzki	48 500	14,0
Szczecin	Al. Wyzwolenia	Galaxy	41 200	12,5
Kalisz	ul. Górnosłaska	Amber	33 600	5,1
Bełchatów	ul. Kolejowa	Galeria Olimpia	21 300	3,0
Szczecin	Al. Struga	Outlet Park	16 400	3,2
Łomża	ul. Zawadzka 38	Galeria Veneda	15 000	2,3
Jelenia Góra	Al. Jana Pawła II	Galeria Echo*	12 800	1,2
Przemyśl	ul. 29 Listopada	Galeria Echo	5 700	0,4
<b>SHOPPING CENTRES</b>	<b>TOTAL</b>		<b>264 900</b>	<b>55,2</b>
Poznań	ul. Baraniaka	Malta Office Park	29 000	5,2
Warsaw	ul. Konstruktorska	Park Rozwoju (stage I)	17 800	3,0
Szczecin	ul. Malczewskiego	Oxygen	13 900	2,8
Kielce	Al. Solidarności	Astra Park**	11 200	1,6
Warsaw	ul. Postępu	Polkomtel office building***	10 200	1,9
Katowice	ul. Francuska	A4 Business Park (stage I)	9 300	1,5
Warsaw	Al. Jana Pawła II	Babka Tower	6 200	1,1
<b>OFFICE DEVELOPMENTS</b>	<b>TOTAL</b>		<b>97 600</b>	<b>17,1</b>
<b>DEVELOPMENTS FOR LEASE</b>	<b>TOTAL</b>		<b>362 500</b>	<b>72,3</b>

\* Under expansion: the part of centre that is currently in use is presented.

\*\* The project does not include the area occupied by the Echo Capital Group.

\*\*\* The area and NOI attributable to the Capital Group comprise 50% of 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 shopping space include:

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

Office space is leased to multinationals as well as domestic and local businesses. The main tenants of office space include: Grand Thornton Frąckowiak, Roche Polska, Ikea Shared Services, McKinsey EMEA Shared Services, Coloplast Shared Services, Nordea Bank Polska, Tieto Polska, Polkomtel, ING Usługi Finansowe S.A., Pramerica Życie TUIR, Raiffeisen Bank Polska, Sygnity, Medicover, Altkom Investments, Mentor Graphics Polska, Kennametal Polska, Tebodin SAP-Projekt, Samsung Electronics Polska, IBM Global Services Delivery Centre, Ericsson and Schneider Electric Polska.

## DEVELOPMENTS IN PROGRESS 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.

<sup>1</sup> Gross Leasable Area

<sup>2</sup> Net Operating Income (includes the measurement of vacancies)

## DEVELOPMENTS IN PROGRESS AND PREPARATION IN THE SEGMENT OF SHOPPING CENTRES, AND SHOPPING AND ENTERTAINMENT CENTRES

DEVELOPMENT	GLA (SQ. M)	NOI (EUR 000,000)	COMMENCEMENT	COMPLETION
Jelenia Góra, Galeria Sudecka (expansion)	18 600	2,8	H2 2013	H1 2015
<b>UNDER CONSTRUCTION</b>	<b>18 600</b>	<b>2,8</b>		
Katowice, ul. Kościuszki	36 700	6,0	H1 2016	H1 2017
Szczecin, Galaxy (expansion)	15 700	3,0	H2 2015	H1 2017
Szczecin, Outlet Park (stage II)	4 900	0,8	H1 2015	H2 2015
Szczecin, Outlet Park (stage III)*	3 400	0,5		
Poznań Metropolis*	33 300	6,1		
<b>IN PREPARATION</b>	<b>94 000</b>	<b>16,4</b>		
Budapest Mundo (Hungary)	34 200	8,4	H2 2015	H2 2017
Brasov Korona (Romania)**	23 600	3,7		
<b>FOREIGN DEVELOPMENTS IN PREPARATION</b>	<b>57 800</b>	<b>12,1</b>		
<b>TOTAL SHOPPING CENTRES</b>	<b>170 400</b>	<b>31,3</b>		

\*development in the concept phase

\*\* Commencement contingent upon achieving the expected lease levels

## INVESTMENT LAND

DEVELOPMENT	PLOT AREA (SQ. M)
Koszalin***	39 300
Słupsk***	65 700
<b>INVESTMENT LAND</b>	<b>105 000</b>

\*\*\* development in the concept phase

## DEVELOPMENTS IN PROGRESS AND PREPARATION IN THE SEGMENT OF OFFICE AND HOTEL SPACE

DEVELOPMENT	GLA (SQ. M)	NOI (EUR 000,000)	COMMENCEMENT	COMPLETION
Warsaw, Q22	52 500	14,9	H2 2013	H2 2016
Warsaw, Park Rozwoju (stage II)	15 600	2,8	H2 2013	H1 2015
Wrocław, Plac Grunwaldzki	16 900	3,0	H2 2014	H1 2016
Wrocław, West Gate	16 200	2,9	H1 2013	H1 2015
Katowice, A4 Business Park (stage II)	9 300	1,6	H2 2013	H2 2015
Krakow, Opolska (stage I)	19 100	3,3	H1 2014	H2 2015
Gdańsk, Tryton	23 700	4,0	H2 2013	H2 2015
<b>UNDER CONSTRUCTION</b>	<b>153 300</b>	<b>33,0</b>		
Warsaw, Beethovena (stage I)	18 100	3,5	H2 2015	H1 2017
Warsaw, Beethovena (stages II - III)	36 700	6,8	H1 2017	H1 2020
Warsaw, Taśmowa (stage I)	15 000	2,7	H1 2015	H2 2016
Warsaw, Taśmowa (stages II - IV)	44 400	8,1	H1 2016	H2 2019
Krakow, Opolska (stages II - III)	38 200	6,6	H2 2015	H2 2018
Wrocław, Sucha I - II	25 600	4,5	H1 2015	H1 2017
Katowice, A4 Business Park (stage III)	12 400	2,1	H1 2015	H1 2016
Poznań, Hetmańska (stages I - III)	39 900	6,7	H1 2015	H1 2019
Łódź, Aurus (stage I)	9 600	1,6	H1 2015	H1 2016
Łódź, Aurus (stage II)	9 600	1,6	H1 2016	H1 2017
<b>IN PREPARATION</b>	<b>249 500</b>	<b>44,2</b>		
Kiev, Dehtiarivska (stages I-VI)*	107 600	23,1		
<b>FOREIGN DEVELOPMENTS IN PREPARATION</b>	<b>107 600</b>	<b>23,1</b>		
<b>TOTAL OFFICE DEVELOPMENTS</b>	<b>510 400</b>	<b>100,3</b>		

\* Commencement depends on the stabilisation of the political situation in Ukraine.

## INVESTMENT LAND

DEVELOPMENT	PLOT AREA (SQ. M)
Krakow, Cracovia **	17 400
Warsaw, Brewery***	27 600
<b>INVESTMENT LAND</b>	<b>45 000</b>

\*\* development in the concept phase

\*\*\* land purchased in 2014

## DEVELOPMENTS IN PROGRESS AND PREPARATION IN THE RESIDENTIAL SEGMENT

DEVELOPMENT	USABLE AND RESIDENTIAL AREA (SQ. M)	REVENUE (000,000)	COMMENCEMENT	COMPLETION
Warsaw, Nowy Mokotów (stage I)	11 600	94,0	H2 2012	H2 2014
Warsaw, Nowy Mokotów (stage II)	11 800	94,8	H1 2014	H1 2016
Poznań, Sowińskiego (stage I)	7 100	47,3	H1 2014	H2 2015
Poznań, Naramowice, Pod Klonami I-III, row houses	3 700	17,7	H2 2013	H2 2017
Poznań, Naramowice, Osiedle Jaśminowe (stage I)	6 000	32,2	H1 2013	H1 2015
Krakow, Hortus Apartments	3 000	38,1	H2 2012	H2 2014
Krakow, Bronowicka	3 000	22,0	H2 2013	H2 2015
Krakow, Czarodziejska/Tyniecka	5 700	84,4	H2 2014	H1 2016
Wrocław, Grota Roweckiego (stage I)	5 900	32,5	H2 2013	H2 2015
Łódź, Osiedle Jarzębinowe (stage II)	5 500	27,7	H1 2014	H2 2015
<b>DEVELOPMENTS IN PROGRESS (USABLE AND RESIDENTIAL AREA)</b>	<b>63 300</b>	<b>490,7</b>		
Warsaw, Nowy Mokotów (stages III - IV)	18 900	161,4	H2 2015	H2 2018
Warsaw, Princess, Puławska	4 700	71,8	H1 2015	H1 2017
Poznań, Naramowice, Osiedle Jaśminowe (stages II - IV)	13 500	73,3	H1 2015	H1 2020
Poznań, Jackowskiego	8 000	52,0	H1 2015	H1 2017
Poznań, Sowińskiego (stages II - IV)	12 700	85,5	H2 2014	H1 2019
Krakow, Kościuszki	5 400	57,8	H1 2015	H1 2017
Krakow, Rydla	8 700	63,8	H2 2015	H2 2017
Krakow, Spiska I	6 600	52,2	H2 2014	H2 2016
Krakow, Spiska II - III	13 800	114,2	H2 2016	H1 2020
Wrocław, Grota Roweckiego (stages II - III)	12 500	67,7	H1 2016	H2 2019
Łódź, Osiedle Jarzębinowe (stages III - V)	34 400	171,8	H2 2015	H2 2021
Łódź, Wodna (stages I - II)	13 700	68,2	H1 2016	H2 2019
<b>DEVELOPMENTS IN PREPARATION (USABLE AND RESIDENTIAL AREA)</b>	<b>152 900</b>	<b>1 039,7</b>		
<b>TOTAL RESIDENTIAL DEVELOPMENTS</b>	<b>216 200</b>	<b>1 530,4</b>		

## PLOTS FOR SALE AND INVESTMENT LAND

DEVELOPMENT	PLOT AREA (SQ. M)	REVENUE (000,000)	COMMENCEMENT	COMPLETION
Dyminy, Osiedle Południowe (stage III)	43 400	7,6	H2 2013	H2 2014
Kielce, Występa	134 500	15,5	H2 2016	H2 2017
Poznań, Sołacz	17 300	11,0	H1 2016	H2 2017
Warsaw, Rezydencje Leśne (in the course of sale)	52 900	41,0	H2 2010	H2 2012
Kielce, Zielone Tarasy	3 600			
<b>PLOTS FOR SALE</b>	<b>251 700</b>	<b>74,1</b>		
Lublin, ul. Poligonowa*	1 060 000			
Poznań, Naramowice*	350 000			
Warsaw, Brewery**	16 100			
<b>INVESTMENT LAND</b>	<b>1 426 100</b>			
<b>TOTAL LAND</b>	<b>1 677 800</b>			

\*development in the concept phase

\*\* land purchased in 2014

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

### 1. Factors affecting the Capital Group's financial results in Q3 2014:

- posting of revenues from the concluded final agreements for the sale of residential properties:
  - in Łódź: Osiedle Jarzębinowe in ul. Okopowa,
  - in Krakow: Dom Pod Słowikiem in ul. Krasickiego,
  - in Poznań: Kasztanowa Aleja II in ul. Wojskowa (development commissioned in Q3), Pod Klonami in ul. Rubież,
  - in Warsaw: Klimt House in ul. Kazimierzowska,
  - in Wrocław: Przy Słowiańskim Wzgórzu in ul. Jedności Narodowej,
- posting of revenues from the concluded final agreements for the sale of plots with house designs:
  - in Dyminy near Kielce (Osiedle Południowe),
- regular revenue generated from the lease of space in offices and shopping centres,
- quarterly revaluation of the fair value of property owned by the Group:
  - in use, including:
    - movements in foreign exchange rates (EUR and USD),
    - movements in net operating revenue,
    - measurement of vacancies and stands,
  - in the course of construction and commercialisation:
    - Galeria Sudecka in Jelenia Góra (another measurement) – under 'investment property' in the balance sheet,
  - cost of sales, and general and administrative expenses,
  - measurement of liabilities due to bonds and borrowings at amortised cost,
  - measurement of loans and cash due to changing foreign exchange rates,
  - measurement and settlement of FX hedging financial instruments,
  - interest on deposits and borrowings granted.

Unusual events affecting Company's financial result in Q3 2014:

- none.

### 2. Exchange rate hedging transactions

Exchange rate hedging transactions are concluded as part of the hedging policy in order to ensure future cash flow levels on translating tranches of loans in EUR and one-off material operating revenue (e.g. from the sale of investment projects).

The average-weighted strike rate for the remaining open forward transactions is EUR/PLN 4.2693.

### MATURITIES OF OPEN HEDGING TRANSACTIONS AS OF 30 SEPTEMBER 2014:

		HEDGE VALUE		MATURITY AT NOMINAL VALUE (EUR 000,000)						
		CARRYING VALUE (PLN '000,000)	NOMINAL VALUE (EUR 000,000)	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	H1 2016	H2 2016
Options	EUR/PLN	0,8	150,0					50,0		100,0
Forward	EUR/PLN	6,9	108,7	60,1	19,9	25,1	3,0		0,6	



### 6.7. Information on the Capital Group's segments

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

STRUCTURE OF OPERATING REVENUES AND EXPENSES IN Q3 2014:

ITEM	REVENUE (PLN '000,000)	% SHARE	EXPENSES (PLN '000,000)	% SHARE
Shopping centres, and shopping and entertainment centres	77	52%	21	35%
Residential areas	51	34%	30	51%
Office facilities	20	13%	7	13%
Not classified	1	1%	1	1%
<b>Total operating result</b>	<b>149</b>	<b>100%</b>	<b>59</b>	<b>100%</b>

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

The Capital Group's activity covers several segments of the real property market. The asset portfolio held for lease largely ensures comparable revenues in every quarter. The sale of housing developments depends on the commissioned residential buildings and revenue on these operations is generated in every quarter but it varies in terms of stability. By contrast, revenue from general investment contractor services and trade in property may be irregular. The Management Board cannot exclude other one-time events which may influence results generated in a given period.

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

In addition to own funds, borrowings and loans, current activities of the Capital Group are also funded through the issue of debt financial instruments.

On 15 April 2004, Echo Investment S.A. and BRE Bank S.A. (currently mBank S.A.) signed an agency agreement and a dealership agreement for establishing an issue programme for short-term, mid-term and long-term bonds denominated in the Polish zloty, with a maximum nominal value of the programme of PLN 1 billion. Based on those agreements, mBank S.A. undertook to organise and ensure comprehensive issue of the Company's bonds as part of the Bonds Issue Programme. Those agreements and the addenda thereto were concluded for indefinite time and they provide for multiple non-public issues of the bonds by the Company. The maximum total nominal value of all bonds that may be issued is PLN 1 billion. The bonds under the Bonds Issue Programme are issued as unsecured bearer securities. The interest rate on the bonds may be fixed or variable. The final issue terms and conditions are determined before the issue, during the Bonds Issue Programme.

The cash obtained from the bond issue will supplement currently held loan facilities and will allow the Company to finance the planned investments and to develop its operations on the real property market.

As part of the above agreements with mBank S.A. on the Bond Issue Programme, the Company issued bonds, which, as of the date of the financial statements, represent liabilities presented in the table below.

## LIABILITIES DUE TO BONDS ISSUED AS OF 30 SEPTEMBER 2014 (PLN '000)

BANK	QUOTED AT BONDSPOT	INSTRUMENT TYPE	AMOUNT USED (PLN '000)	MATURITY	INTEREST RATE TERMS
mBank S.A.	YES (ISIN : PLECHPS00100)	Bonds	115 000	18.05.2015	WIBOR 6M + margin
mBank S.A.	NO	Bonds	145 000	11.02.2016	WIBOR 6M + margin
DM PKO BP/ Series A issue	YES (ISIN : PLECHPS00142)	Public bonds	50 000	26.06.2016	WIBOR 6M + margin
DM PKO BP/ Series B issue	YES (ISIN : PLECHPS00167)	Public bonds	25 000	02.07.2016	WIBOR 6M + margin
mBank S.A.	YES (ISIN : PLECHPS00118)	Bonds	200 000	28.04.2017	WIBOR 6M + margin
mBank S.A.	YES (ISIN : PLECHPS00126)	Bonds	80 000	19.06.2018	WIBOR 6M + margin
mBank S.A.	YES (ISIN : PLECHPS00134)	Bonds	100 000	19.02.2019	WIBOR 6M + margin
mBank S.A.	YES (ISIN : PLECHPS00159)	Bonds	70 500	15.05.2019	WIBOR 6M + margin
<b>TOTAL</b>			<b>785 500</b>		

As of 30 September 2014, the Issue Programme allowed for the issue of bonds with a total maximum nominal value of PLN 1 billion.

As part of this package, mBank S.A. provides a purchase guarantee in the amount of PLN 35 million. The agreement expires on 31 August 2015.

On 19 February 2014, under the Bond Issue Programme entered into with BRE Bank S.A. (currently: mBank S.A.), with its registered office in Warsaw, the Company issued coupon bonds in a total amount of PLN 100 million. The nominal value and the issue price of one bond is PLN 10 thousand. The bonds were issued for a 5-year period. The maturity date is 19 February 2019. 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.

On 15 May 2014, the Company issued coupon bonds in the total amount of PLN 70.5 million. The issue price of one bond is PLN 10 thousand. The bonds were issued for a period of 5 years, i.e. the bonds mature on 19 May 2019. 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 secured.

On 30 June 2014, the Company redeemed bonds in the total amount of PLN 300 million.

On 18 March 2014, the Management Board of Echo Investment S.A. passed a resolution on establishing a programme for the issue of up to 2,000,000 of the Company's ordinary bearer bonds, with a nominal value of PLN 100 each, and with a total nominal value of up to PLN 200,000,000.

On 24 June 2014, the Polish Financial Supervision Authority approved the Issue Prospectus prepared in connection with the public offering and request for admission to public trading on the regulated market Catalyst, which is operated by the Warsaw Stock Exchange, of the bonds of Echo Investment S.A. issued under the issue programme, with a total nominal value of up to PLN 200,000,000. On 5 September 2014, the Polish Financial Supervision Authority approved Addendum 1 to the basic Issue Prospectus.

As of the publication date of the report for Q3 2014, the Company carried out four issues with a total nominal value of PLN 200 million.

The Company issued:

- 500,000 (five hundred thousand) series A bearer bonds with a nominal value of PLN 100 each (one hundred zloty), maturing on 26 June 2016. The issue was made based on the Issue Resolution of the Company's Management Board of 25 June 2014. The bonds' ISIN code is PLECHPS00142. The Issue Date of series A Bonds was 22 July 2014.

- 250,000 (two hundred and fifty thousand) series B bearer bonds with a nominal value of PLN 100 each (one hundred zloty), maturing on 2 July 2016. The issue was made based on the Issue Resolution of the Company's Management Board of 1 July 2014. The bonds' ISIN code is: PLECHPS00167. The Issue Date of series B Bonds was 22 July 2014.

- 750,000 (seven hundred and fifty thousand) series C bearer bonds with a nominal value of PLN 100 each (one hundred zloty), maturing on 4 March 2018. The issue was made based on the Issue Resolution of the Company's Management Board of 1 September 2014. The bonds' ISIN code is: PLECHPS00175. The Issue Date of series C Bonds was 6 October 2014.

- 500,000 (five hundred thousand) series D bearer bonds with a nominal value of PLN 100 each (one hundred zloty), maturing on 20 April 2018. The issue was made based on the Issue Resolution of the Company's Management Board of 15 October 2014. The bonds' ISIN code is: PLECHPS00183. The Issue Date of series D Bonds was 7 November 2014.

The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. The bonds are not secured.

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

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

#### 6.11. Events after the day of drawing up these quarterly financial statements which have not been recognised in the statements and which have a potentially significant effect on the Capital Group's future financial results

##### Issue of public bond series C and D.

See section 6.9 of this report.

#### 6.12. Information on changes in contingent liabilities or contingent assets after the end of the last financial year

##### 6.12.1. Surety agreements

##### CAPITAL GROUP'S SURETY AGREEMENTS IN FORCE AS OF 30 SEPTEMBER 2014 (PLN '000)

SURETY TO	VALUE	VALIDITY	DESCRIPTION
TESCO (POLSKA) SP. Z O.O.	15 000	until 30.06.2015	Surety of Echo Investment S.A. 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
BANK POLSKA KASA OPIEKI S.A.	218 709	shall remain in force until the fulfilment of conditions specified in the surety agreement but for a period not exceeding 31.12.2025	Surety of Echo Investment S.A. securing the obligations of Galeria Sudecka - Projekt Echo - 43 spółka z ograniczoną odpowiedzialnością SKA under the loan agreement concluded on 19.12.2013, the master agreement of 19.04.2011 and agreement no. 2013/127/DDF of 17.09.2013. A portion of the surety was granted in EUR.

See also item 6.20 of this Report.

On 29 July 2014, Echo Investment S.A. granted a surety in the amount of EUR 42,751,440 and PLN 40,200,000 to Bank Polska Kasa Opieki S.A. to secure the obligations of Galeria Sudecka - Projekt Echo - 43 spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary) under the loan agreement concluded on 19 December 2013, the master agreement of 19 April 2011 and agreement no. 2013/127/DDF concluded on 17 September 2013.

On 19 September 2014, the surety in the amount of EUR 55,562,406.24, granted by Echo Investment S.A. to Westdeutsche Immobilienbank AG to secure the obligations of Farrina Investments Sp. z o.o. (the Issuer's subsidiary) under the loan agreement concluded on 5 December 2013, expired.

## 6.12.2. Guarantee agreements

## GUARANTEES IN FORCE AS OF 30 SEPTEMBER 2014 (PLN '000)

GUARANTOR	VALUE (PLN '000)	VALIDITY	DESCRIPTION
PKO BP SA	154	until 31.10.2014	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.
PKO BP SA	2 155	until 17.05.2016	Security for the repair of defects and faults to Orbis S.A. under the General Contractor Agreement dated 4 September 2008
PKO BP SA	134	until 15.03.2015	Security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Galeria Echo in Kielce.
PKO BP SA	188	until 07.05.2015	Security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Olimpia in Betchatów.
PKO BP SA	1 000	until 31.12.2014	Security for the return of the advance payment to Leroy –Merlin Inwestycje Sp. z o.o. in connection with the preliminary agreement for the sale of property concluded on 9 April 2014.
PKO BP SA	88	until 10.08.2015	Security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Olimpia in Betchatów.
PKO BP SA	101	until 29.04.2015	Security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Galeria Echo in Kielce.
PKO BP SA	151	until 31.08.2015	Security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Galeria Echo in Kielce.
Echo Investment S.A.	9 923	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.	39 274	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.
Echo Investment S.A.	20 878	until 02.07.2020	Security for the ill-performance of the final agreement for the sale of the office facility Aquarius Business House in Wrocław, stage I. The guarantee was issued in EUR.
Echo Investment S.A.	26 744	shall remain in force until the project's completion but for a period not exceeding 28 February 2016	Security for exceeded costs and debt service liabilities, and construction management support during the implementation of the development Park Rozwoju in Warsaw, stage I, for Bank Zachodni WBK S.A.
Echo Investment S.A.	37 580	until 30.07.2021	Security for the ill-performance of the final agreement for the sale of the office facility Aquarius Business House in Wrocław, stage II. The guarantee was issued in EUR.
Echo Investment S.A.	29 612	until 30.06.2015	Security for exceeded implementation costs of the development A4 Business Park, stages I and II, in Katowice. The guarantee was issued in EUR.
Echo Investment S.A.	13 148	shall remain in force until the Conversion Date but for a	Security for exceeding the development costs of the expansion of the shopping and entertainment

		period not exceeding 31 December 2025	centre Galeria Sudecka in Jelenia Góra and for covering the shortage of own funds for the benefit of Bank Polska Kasa Opieki S.A.
Bank PeKaO S.A.	3 600	until 30.06.2016	Security for the payment of amounts due to the failure to observe the completion deadline for the subject of the understanding concluded on 24 August 2012, for Jelenia Góra Gmina. The guarantee was issued to replace the guarantee referred to in the item above.

On 9 July 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as a security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Galeria Echo in Kielce. The guarantee amounts to PLN 100,770.00. The Guarantee is valid until 29 April 2015.

On 29 July 2014, Echo Investment S.A. granted a guarantee to Bank Polska Kasa Opieki S.A. to secure the exceeding of the expansion costs of the shopping and entertainment centre Galeria Sudecka in Jelenia Góra and for the coverage of the shortage of own funds by Galeria Sudecka - Projekt Echo - 43 spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary). The guarantee amounts to PLN 13,148,420. The guarantee is valid until the Conversion Date but for a period not exceeding 31 December 2025.

On 31 July 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Łódź as a security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Galeria Olimpia in Bęchatów. The guarantee amounts to PLN 88,466.00. The Guarantee is valid until 10 August 2015.

On 11 August 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as a security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Galeria Echo in Kielce. The guarantee amounts to PLN 151,250.00. The Guarantee is valid until 31 August 2015.

### 6.13. Composition of the Echo Investment Capital Group

Echo Investment S.A. has the key role in the Group's structure; it supervises, co-implements and ensures funding for property developments. 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 of 30 September 2014, the Capital Group comprised 114 fully consolidated subsidiaries, one jointly controlled subsidiary and one associate, both consolidated with the equity method.

#### SUBSIDIARIES:

	COMPANY	REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
1	47 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
2	53 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
3	Astra Park - Projekt Echo - 69 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
4	Avatar - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
5	A4 Business Park - Iris Capital Sp. z o.o. - S.k.a.	Kielce	100%	XXXIV FIZ Forum
6	Babka Tower - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
7	Barconsel Holdings Ltd	Nicosia	100%	Echo - SPV 7 Sp. z o.o.
8	Bęchatów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
9	Budivelny Soyuz Monolit LLC	Kiev	100%	Yevrobudgarant LLC
10	Dellia Investments S.A.	Warsaw	100%	PHS – Projekt CS Sp. z o.o. S.k.a.
11	Echo – Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.
12	Echo – Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
13	Echo – Babka Tower Sp. z o.o. (formerly: Projekt Echo - 110 Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
14	Echo – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
15	Echo - Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
16	Echo - Galaxy Sp. z o.o. S.k.a.	Szczecin	100%	XXIX FIZ Forum
17	Echo – Galeria Amber Sp. z o.o.	Kielce	100%	Echo Investment S.A.
18	Echo – Galeria Amber Sp. z o.o. S.k.a	Kielce	100%	XXXIV FIZ Forum

	COMPANY	REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
19	Echo – Galeria Lublin Sp. z o.o.	Kielce	100%	Echo Investment S.A.
20	Echo – Kasztanowa Aleja Sp. z o.o.	Kielce	100%	Echo Investment S.A.
21	Echo – Kasztanowa Aleja Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
22	Echo – Klimt House Sp. z o.o.	Kielce	100%	Echo Investment S.A.
23	Echo – Klimt House Sp. z o.o. Sp. z kom.	Kielce	100%	Echo Investment S.A.
24	Echo – Nowy Mokotów Sp. z o.o.	Kielce	100%	Echo Investment S.A.
25	Echo – Nowy Mokotów Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
26	Echo - Opolska Business Park Sp. z o.o. (formerly: Projekt Echo - 33 Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
27	Echo - Park Rozwoju Sp. z o. o.	Kielce	100%	Echo Investment S.A.
28	Echo - Park Rozwoju Sp. z o.o. - S.k.a.	Kielce	100%	XXIX FIZ Forum
29	Echo – Pod Klonami Sp. z o.o.	Kielce	100%	Projekt Naramowice - Grupa Echo Sp. z o.o. S.k.a.
30	Echo – Pod Klonami Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
31	Echo - Project - Management Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
32	Echo - Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
33	Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	100%	Echo Investment S.A.
34	Echo – Przy Słowiańskim Wzgórzu Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
35	Echo - SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
36	Echo – West Gate Sp. z o. o. (formerly: Intermedia Investment Sp. z o. o.)	Kielce	100%	Echo Investment S.A.
37	Echo Galeria Kielce – Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	XXIX FIZ Forum / XXXIV FIZ Forum
38	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
39	Echo Investment Facility Management - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
40	Echo Investment Hungary Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
41	Echo Investment Project 1 S.R.L.	Brasov	100%	Echo - Aurus Sp. z o.o.
42	Echo Investment Project Management S.R.L.	Brasov	100%	Echo Investment S.A.
43	Echo Investment Property Management - Grupa Echo Sp. z o. o. Sp. kom.	Kielce	100%	Echo Investment S.A.
44	Echo Investment Ukraine LLC	Kiev	100%	Echo Investment S.A.
45	Elmira Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
46	Elmira Investments Sp. z o. o. S.k.a.	Kielce	100%	Echo Investment S.A.
47	El Project Cypr - 1 Ltd	Nicosia	100%	Echo Investment S.A.
48	Farina Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
49	Galaxy - Projekt Echo - 106 Sp. z o. o. S.k.a.	Szczecin	100%	XXXIV FIZ Forum/XXXIV FIZ Forum
50	Galeria Nova - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
51	Galeria Olimpia - Projekt Echo - 98 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
52	Galeria Sudecka - Projekt Echo - 43 Sp. z o.o. S.k.a.	Jelenia Góra	100%	XXIX FIZ Forum
53	Galeria Tarnów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
54	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
55	Iris Capital Sp. z o. o.	Kielce	100%	Echo Investment S.A.
56	Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
57	Mena Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
58	Metropolis - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
59	Oxygen - Projekt Echo - 95 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
60	Pamiętkowo Sp. z o.o.	Pamiętkowo	100%	Echo Investment S.A.
61	Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum

	COMPANY	REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
62	PHS – Projekt CS Sp. z o.o. S.k.a.	Szczecin	100%	XXIX FIZ Forum
63	PPR - Projekt Echo - 77 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
64	Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
65	Projekt Babka Tower - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
66	Projekt Beethovena - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
67	Projekt CS Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
68	Projekt Echo - 43 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
69	Projekt Echo 62 - Magellan West Sp. z o.o. S.k.a. (formerly: Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.k.a.)	Kielce	99,95%	XXIX FIZ Forum
70	Projekt Echo - 69 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
71	Projekt Echo - 70 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
72	Projekt Echo - 77 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
73	Projekt Echo - 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
74	Projekt Echo - 95 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
75	Projekt Echo - 96 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
76	Projekt Echo - 97 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
77	Projekt Echo - 98 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
78	Projekt Echo - 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
79	Projekt Echo - 99 Sp. z o.o. Sp. kom	Kielce	100%	Echo Investment S.A.
80	Projekt Echo - 101 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
81	Projekt Echo - 102 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
82	Projekt Echo - 103 Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
83	Projekt Echo - 104 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
84	Projekt Echo - 105 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
85	Projekt Echo - 106 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
86	Projekt Echo - 107 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87	Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
88	Projekt Echo - 109 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
89	Projekt Echo Galeria Kielce - Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	XXIX FIZ Forum / XXXIV FIZ Forum
90	Projekt Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	XXIX FIZ Forum / XXXIV FIZ Forum
91	Projekt Naramowice - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
92	Projekt - Pamiątkowo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
93	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
94	Projekt 1 - Grupa Echo Sp. z o.o. - S.k.a.	Kielce	100%	XXIX FIZ Forum
95	Projekt 3 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
96	Projekt 4 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
97	Projekt 5 – Grupa Echo Sp. z o.o. S.k.a.	Szczecin	100%	XXXIV FIZ Forum
98	Projekt 11 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
99	Projekt 12 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
100	Projekt 13 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
101	Projekt 14 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
102	Projekt 15 – Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.
103	Projekt 16 – Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.
104	Projekt 17 - Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.
105	Projekt 18 – Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.
106	Projekt 19 – Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.
107	Projekt 20 - Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.

COMPANY	REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
108 Projekt 21 – Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.
109 Projekt 22 – Grupa Echo Sp. z o.o. S.k.a.	Pamiątkowo	100%	Echo Investment S.A.
110 SPV 1 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
111 Vasco Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
112 Veneda - Projekt Echo -97 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
113 Yevrobudgarant LLC	Kiev	100%	El Project Cypr - 1 Ltd
114 Zakład Ogrodniczy Naramowice – Pamiątkowo Sp. z o.o. S.k.a.	Pamiątkowo	100%	XXXIV FIZ Forum

The jointly controlled entity is Wan 11 Spółka z o.o., with its registered office in Warsaw. The associate EBR Global Services Spółka z o.o. has its registered office in Kielce.

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

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

##### **I. Other changes in the companies of the Issuer's Capital Group during Q3 2014:**

- Change of the business name of Echo Pasaż Grunwaldzki - Magellan West Spółka z ograniczoną odpowiedzialnością S.k.a. to Projekt Echo 62 - Magellan West Spółka z ograniczoną odpowiedzialnością S.k.a. (date of registration in the National Court Register: 4 July 2014);
- Change of the business name of Projekt Echo – 110 Sp. z o.o. to Echo - Babka Tower Sp. z o.o. (date of registration in the National Court Register: 17 July 2014);
- Change of the business name of Intermedia Investment Sp. z o.o. to Echo - West Gate Sp. z o.o. (date of registration in the National Court Register: 18 July 2014);
- Change of the business name of Projekt Echo - 33 Sp. z o.o. to Echo – Opolska Business Park Sp. z o.o. (date of registration in the National Court Register: 25 July 2014);
- Increase of the share capital in Projekt Echo - 99 Spółka z ograniczoną odpowiedzialnością Sp. kom. by Echo Investment S.A. (date of resolution: 26 August 2014);
- Change of the general partner: On 26 August 2014, Grupa Echo Sp. z o.o. transferred to Echo – Opolska Business Park Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in 47 – Grupa Echo Sp. z o.o. S.k.a.;
- Change of the general partner: On 26 August 2014, Grupa Echo Sp. z o.o. transferred to Echo - West Gate Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in Projekt 3 – Grupa Echo Sp. z o.o. S.k.a.;
- Change of the general partner: On 26 August 2014, Grupa Echo Sp. z o.o. transferred to Echo - Babka Tower Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in Projekt Babka Tower - Grupa Echo Sp. z o.o. S.k.a.;
- Decrease of the share capital in Projekt Echo 62 – Magellan West Sp. z o.o. S.k.a. by decreasing the nominal value of shares (date of registration in the National Court Register: 4 July 2014);
- Decrease of the share capital in Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a. by decreasing the nominal value of shares (date of registration in the National Court Register: 8 July 2014);
- Decrease of the share capital in Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a. by decreasing the nominal value of shares (date of registration in the National Court Register: 21 July 2014).

#### **6.15. Management Board's position regarding the possibility of fulfilment of previously published result forecasts for a given year in light of the results disclosed in the quarterly report compared to the forecast results**

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



#### 6.16. Ownership structure of qualifying holdings in Echo Investment SA

The total number of votes vested with all of the issued shares is 412,690,582 (in words: four hundred and twelve million, six hundred and ninety thousand, five hundred and eighty-two).

SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE OVERALL NUMBER OF VOTES AT THE GENERAL MEETING OF ECHO INVESTMENT SA AS OF 12 NOVEMBER 2014

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
<b>MICHAŁ SOŁOWOW, indirectly through subsidiaries, including:</b>	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%
AVIVA OFE AVIVA BZ WBK*	41 269 050	10,00%	41 269 050	10,00%
ING OFE*	38 513 969	9,33%	38 513 969	9,33%
PZU Złota Jesień OFE *	22 011 702	5,33%	22 011 702	5,33%

\*The data regarding the holding of the Issuer's shares is derived from OFE's reports presenting the annual structure of assets at the end of December 2013.

In the period between the publication of the last financial report, i.e. 28 August 2014, and the day of publication of this report, the Issuer did not receive any notifications about changes in the holding of shares by major shareholders.

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

According to the Company's knowledge, the changes in the holding of shares in Echo Investment S.A. or rights to the shares (options) by the Company's managerial and supervisory staff in the period from the day of submitting the previous quarterly report are presented in the tables below:

##### HOLDING OF THE COMPANY'S SHARES BY MEMBERS OF THE MANAGEMENT BOARD

MANAGERIAL STAFF	12.11.2014	27.08.2014
Piotr Gromniak – President of the Management Board	no shares	no shares
Artur Langner – Vice-President of the Management Board	no shares	no shares
Waldemar Lesiak – Vice-President of the Management Board	no shares	no shares

##### HOLDING OF THE COMPANY'S SHARES BY MEMBERS OF THE SUPERVISORY BOARD

SUPERVISORY STAFF	12.11.2014	27.08.2014
Wojciech Ciesielski – Chairman of the Supervisory Board	900,000 shares	900,000 shares
Andrzej Majcher – Vice-Chairman of the Supervisory Board	no shares	no shares
Mariusz Waniotka – Vice-Chairman of the Supervisory Board	no shares	no shares
Karol Żbikowski – Member of the Supervisory Board	no shares	no shares
Robert Oskard – Member of the Supervisory Board	no shares	no shares

In the period between the publication of the last financial report, i.e. 28 August 2014, and the day of publication of this report, the Issuer did not receive any notifications from its supervisory staff about changes in their holding of the Issuer's shares.

#### 6.18. Information on court proceedings

In the period from 1 January to 30 September 2014, there were neither court nor administrative proceedings regarding liabilities or receivables of the Company or its subsidiaries in the total value of at least 10% of the Company's equity.

#### 6.19. Information on transactions with related parties under terms other than market terms

In Q3 2014, neither the Company nor its subsidiaries entered into transactions with related parties under terms other than market terms.

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

In Q3 2014, Echo Investment S.A. granted two sureties to non-related parties whose value exceeded 10% of the Company's equity.

See also item 6.12.

**6.21. Other information which, in the opinion of the Management Board of Echo Investment S.A., is material to assess the company's HR, economic and financial situation, and the financial result, as well as information which is material for the assessment of the Echo Investment Capital Group's ability to fulfil its obligations**

**Galeria Sudecka – agreement on the purchase of a plot of land**

Echo Investment and the Mayor of Jelenia Góra signed an agreement on the purchase of investment land in the vicinity of Galeria Sudecka.

Galeria Sudecka is being built in Zabobrze district, in the area of the Echo shopping centre, which has operated for more than 13 years. The centre's programme includes 100 shops, restaurants and service outlets as well as the multiplex cinema Helios with a coffee bar section and the fitness club Fabryka Formy. The commercialisation level of Galeria Sudecka has reached 91 per cent. In addition to Auchan hypermarket, Helios cinema and Fabryka Formy fitness club, other tenants include: Reserved, Carry, Go Sport, Empik, Smyk, RTV Euro AGD, House, Mohito, Sinsay, Cropp Town, Diverse, Top Secret, Monnari, Gino Rossi, Ochnik, CCC, Wojas, Rytko, Triumph, Lee Wrangler, Martes Sport, 4F, Rossmann, Apart, Yes, Matras, Wójcik, Jupi Park, North Fish, Thai Restaurant, Kuchnia Polska, Berlin Doner Kebap, Grycan and more.

In the design of Galeria Sudecka, the investor has planned 50,000 sq. m of commercial space. The initial phase will involve shops, boutiques and service outlets, and the city's first multiplex cinema. The final development stage of Galeria Sudecka will be a two-phase construction of a retail park, which will include the DIY chain Leroy Merlin with a total area of 15,000 sq. m. The prospective customers of Galeria Sudecka will be able to use more than 1,800 parking places.

**6.22. Factors which, in the opinion of the Company's Management Board, will influence the Capital Group's financial performance for at least the upcoming quarter**

Factors to influence the result in the coming periods include:

- posting of revenues from the concluded final agreements for the sale of residential properties in:
  - Krakow: Hortus Apartments in ul. Korzeniowskiego,
  - Łódź: Osiedle Jarzębinowe in ul. Okopowa,
  - Poznań: Kasztanowa Aleja II in ul. Wojskowa, Pod Klonami in ul. Rubież,
  - Warsaw: Klimt House in ul. Kazimierzowska, Nowy Mokotów in ul. Konstruktorska,
  - Wrocław: Przy Słowińskim Wzgórzu in ul. Jedności Narodowej,
- posting of revenues from the concluded final agreements for the sale of plots with house designs in:
  - Bilcza near Kielce: Bilcza, stage II
  - Dyminy near Kielce: Osiedle Południowe,
- posting of revenues from the concluded final agreements for the sale of plots in:
  - Mastów near Kielce,
- regular revenue obtained from the lease of space in offices and shopping centres,
- quarterly revaluation of the fair value of property owned by the Group:
  - in use, including:
    - movements in foreign exchange rates (EUR and USD),
    - changing levels of net operating revenue,
  - in the course of construction and commercialisation:
    - expansion of Galeria Sudecka in Jelenia Góra,
    - West Gate office building in Wrocław,
    - A4 Business Park office building, stage II, in Katowice,
    - Park Rozwoju office building, stage II, in Warsaw,
- cost of sales, and general and administrative expenses,
- measurement of liabilities due to bonds and borrowings at amortised cost,
- measurement of loans and cash due to changing foreign exchange rates,
- measurement and settlement of FX hedging financial instruments,
- interest on deposits and borrowings granted,
- discounts and interest on loans, bonds and borrowings.

### III. CONDENSED SEPARATE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014 AND FOR A 9-MONTH PERIOD ENDED ON 30 SEPTEMBER 2014

SEPARATE QUARTERLY STATEMENT OF FINANCIAL POSITION – ASSETS (PLN '000), AS OF:

ASSETS	30.09.2014	31.12.2013	30.09.2013
<b>1. Non-current assets</b>			
1.1. Intangible assets	483	813	894
1.2. Property, plant and equipment	7 974	36 505	27 029
1.3. Investment property	2 869	3 172	3 519
1.4. Investments in subsidiaries, jointly-controlled entities and associates	922 645	925 441	922 237
1.5. Long-term financial assets	17 372	14 090	16 184
1.6. Borrowings granted	65	32	38
1.7. Deferred income tax assets	11 431	11 452	12 139
	<b>962 839</b>	<b>991 505</b>	<b>982 040</b>
<b>2. Current assets</b>			
2.1. Inventory	331 587	266 624	268 926
2.2. Income tax receivables	-	3 376	2 139
2.3. Other tax receivables	2 460	-	-
2.4. Trade and other receivables	30 873	59 186	46 867
2.5. Borrowings granted	311 257	208 128	159 336
2.6. Restricted cash	1 126	40	41
2.7. Cash and cash equivalents	6 692	9 897	82 604
	<b>683 995</b>	<b>547 251</b>	<b>559 913</b>
<b>Total assets</b>	<b>1 646 834</b>	<b>1 538 756</b>	<b>1 541 953</b>

## SEPARATE QUARTERLY STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES (PLN '000), AS OF

Equity and liabilities	30.09.2014	31.12.2013	30.09.2013
<b>1. Equity</b>			
1.1. Share capital	20 635	20 635	21 000
1.2. Supplementary capital	635 536	574 873	608 204
1.3. Equity shares	-	-	(33 696)
1.4. Net profit	88 557	60 663	16 734
	<b>744 728</b>	<b>656 171</b>	<b>612 242</b>
<b>2. Provisions</b>			
2.1. Short-term provisions	2 000	2 000	2 000
	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>
<b>3. Long-term liabilities</b>			
3.1. Loans, borrowings and bonds	638 691	509 110	512 670
3.2. Security deposits and advance payments received	1 295	1 521	16 690
	<b>639 986</b>	<b>510 631</b>	<b>529 360</b>
<b>4. Short-term liabilities</b>			
4.1. Loans, borrowings and bonds	230 321	334 191	375 612
4.2. Income tax liabilities	2 176	2	307
4.3. Other tax liabilities	1 444	2 573	1 741
4.4. Trade liabilities	5 733	12 335	2 368
4.5. Security deposits and advance payments received	16 665	16 870	15 347
4.6. Other liabilities	3 781	3 983	2 976
	<b>260 120</b>	<b>369 954</b>	<b>398 351</b>
<b>Total equity and liabilities</b>	<b>1 646 834</b>	<b>1 538 756</b>	<b>1 541 953</b>

BOOK VALUE (PLN '000)	30.09.2014	31.12.2013	30.09.2013
Book value	744 728	656 171	612 242
Number of shares	412 690 582	412 690 582	412 690 582
Book value per share (in PLN)	1,80	1,59	1,48

OFF-BALANCE SHEET LIABILITIES (PLN '000)	30.09.2014	31.12.2013	30.09.2013
1. Off-balance sheet receivables	-	-	-
2. Off-balance sheet liabilities	414 920	564 027	154 247
<b>Total off-balance sheet items</b>	<b>414 920</b>	<b>564 027</b>	<b>154 247</b>

PROFIT AND LOSS ACCOUNT (PLN '000)	Q3	3 QUARTERS	Q3	3 QUARTERS
	FROM 01.07.2014 TO 30.09.2014	FROM 01.01.2014 TO 30.09.2014	FROM 01.07.2013 TO 30.09.2013	FROM 01.01.2013 TO 30.09.2013
Revenue	70 362	146 757	58 171	179 831
Cost of goods sold	(31 615)	(52 237)	(28 326)	(106 559)
<b>Gross profit (loss) on sales</b>	<b>38 747</b>	<b>94 520</b>	<b>29 845</b>	<b>73 272</b>
Profit (loss) on investment property	-	(303)	(88)	(233)
Selling costs	(6 395)	(18 158)	(5 653)	(17 515)
General administrative expenses	(13 784)	(35 668)	(10 792)	(28 890)
Other operating revenue	11 953	97 523	4 620	32 757
Other operating expenses	(6 529)	(6 739)	(90)	(555)
<b>Profit before tax and excluding financial revenue/expenses</b>	<b>23 992</b>	<b>131 175</b>	<b>17 842</b>	<b>58 836</b>
Financial revenue	65	1 993	(45)	2 495
Financial expenses	(13 655)	(40 926)	(12 227)	(42 435)
<b>Gross profit</b>	<b>10 402</b>	<b>92 242</b>	<b>5 570</b>	<b>18 896</b>
Income tax	(2 055)	(3 685)	(1 462)	(2 162)
<b>Net profit</b>	<b>8 347</b>	<b>88 557</b>	<b>4 108</b>	<b>16 734</b>
(Annualised) net profit		132 486		36 890
Average weighted ordinary shares		412 690 582		412 690 582
Earnings per ordinary share (in PLN)		0,32		0,08
Average weighted diluted ordinary shares		412 690 582		412 690 582
Diluted earnings (loss) per ordinary share (in PLN)		0,32		0,08

STATEMENT OF CHANGES IN EQUITY (PLN '000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	EQUITY SHARES	ACCUMULATED NET PROFIT (LOSS)	TOTAL EQUITY
<b>For 3 quarters (current year), from 01.01.2014 to 30.09.2014</b>					
<b>Opening balance after adjustment to comparative data</b>	20 635	574 873	-	60 663	656 171
Changes in the period:					
Equity shares	-	-	-	-	-
Allocation of result from previous years	-	60 663	-	(60 663)	-
Net profit (loss) for the period	-	-	-	88 557	88 557
Total changes	-	60 663	-	27 894	88 557
<b>Closing balance</b>	<b>20 635</b>	<b>635 536</b>	<b>-</b>	<b>88 557</b>	<b>744 728</b>
<b>For previous year, from 01.01.2013 to 31.12.2013</b>					
<b>Opening balance after adjustment to comparative data</b>	21 000	567 091	-	41 113	629 204
Changes in the period:					
Equity shares	(365)	(33 331)	-	-	(33 696)
Allocation of result from previous years	-	41 113	-	(41 113)	-
Net profit (loss) for the period	-	-	-	60 663	60 663
Total changes	(365)	7 782	-	19 550	26 967
<b>Closing balance</b>	<b>20 635</b>	<b>574 873</b>	<b>-</b>	<b>60 663</b>	<b>656 171</b>
<b>For 3 quarters (previous year), from 01.01.2013 to 30.09.2013</b>					
<b>Opening balance after adjustment to comparative data</b>	21 000	567 091	-	41 113	629 204
Changes in the period:					
Equity shares	-	-	(33 696)	-	(33 696)
Allocation of result from previous years	-	41 113	-	(41 113)	-
Net profit (loss) for the period	-	-	-	16 734	16 734
Total changes	-	41 113	(33 696)	(24 379)	(16 962)
<b>Closing balance</b>	<b>21 000</b>	<b>608 204</b>	<b>(33 696)</b>	<b>16 734</b>	<b>612 242</b>

CASH FLOW STATEMENT (PLN '000)	Q3	Q3
	FROM 01.01.2014 TO 30.09.2014	FROM 01.01.2013 TO 30.09.2013
<b>A. Operating cash flow – indirect method</b>		
<b>IV. Gross profit</b>	<b>92 242</b>	<b>18 896</b>
<b>V. Adjustments:</b>	<b>(48 028)</b>	<b>15 315</b>
10. Amortisation and depreciation	2 463	2 780
11. Foreign exchange (gains) losses	-	-
12. Interest and profit sharing (dividends)	(51 032)	12 605
13. (Profit) loss on revaluation of assets and liabilities	541	(70)
<b>VI. Movements in working capital</b>	<b>(40 883)</b>	<b>38 236</b>
14. Movement in provisions	-	233
15. Movement in inventory	(65 484)	30 446
16. Movement in receivables	35 148	30 792
17. Movement in short-term liabilities, excluding loans and borrowings	(10 547)	(23 235)
18. Other adjustments	-	-
<b>VII. Net operating cash (I+/-II +/- III)</b>	<b>3 331</b>	<b>72 447</b>
<b>VIII. Income tax paid</b>	<b>1 885</b>	<b>(4 401)</b>
<b>IX. Net operating cash flow (IV+/-V)</b>	<b>5 216</b>	<b>68 046</b>
<b>B. Cash flow from investing activities</b>		
<b>X. Proceeds</b>	<b>322 324</b>	<b>546 997</b>
19. Sale of intangible assets, and property, plant and equipment	6 315	60
20. Sale of real property investments	-	-
21. On financial assets	316 009	546 937
22. Other investment proceeds	-	-
<b>XI. Expenditures</b>	<b>(312 397)</b>	<b>(380 247)</b>
23. Purchase of intangible assets and PP&E	(1 954)	(14 705)
24. Real property investments	-	-
25. On financial assets	(310 405)	(365 455)
26. Other capital expenditures	(38)	(87)
<b>XII. Net cash flow from investing activities (I-II)</b>	<b>9 927</b>	<b>166 750</b>

CASH FLOW STATEMENT (PLN '000)	Q3	Q3
	FROM 01.01.2014 TO 30.09.2014	FROM 01.01.2013 TO 30.09.2013
<b>C. Cash flow from financing activities</b>		
<b>XIII. Proceeds</b>	<b>317 746</b>	<b>317 913</b>
27. Net proceeds from issue of shares (interests) and other equity instruments and capital contributions	-	-
28. Loans and borrowings	72 246	5 558
29. Issue of debt securities	245 500	312 355
30. Other financial proceeds	-	-
<b>XIV. Expenditures</b>	<b>(335 008)</b>	<b>(473 081)</b>
31. Purchase of equity shares (interests)	-	(33 696)
32. Dividends and other payments to equity holders	-	-
33. Profit share expenses, other than payments to equity holders	-	-
34. Repayment of loans and borrowings	-	(74 494)
35. Redemption of debt securities	(300 000)	(320 000)
36. Interest	(35 008)	(44 891)
<b>XV. Net cash flow from financing activities (I-II)</b>	<b>(17 262)</b>	<b>(155 168)</b>
<b>D. Total net cash flow (A.VI+/-B.III+/-C.III )</b>	<b>(2 119)</b>	<b>79 628</b>
E. Movement in cash in the statement of financial position, including:	(2 119)	79 628
- movement in cash due to foreign exchange gains/losses	-	-
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>9 937</b>	<b>3 017</b>
<b>G. Cash and cash equivalents at the end of the period (F+/-D)</b>	<b>7 818</b>	<b>82 645</b>
- restricted cash	1 126	41

Kielce, 12 November 2014

**Company's representatives:**

President of the  
Management Board

Piotr Gromniak

Vice-President of the  
Management Board

Artur Langner

Vice-President of the  
Management Board

Waldemar Lesiak

**Person responsible for keeping the  
accounting books:**

Chief Accountant

Tomasz Sułek



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