



CONSOLIDATED EXTENDED SEMI-ANNUAL REPORT OF THE ECHO INVESTMENT CAPITAL GROUP FOR H1 2014

ECHO
investment

CONTENTS

I.	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	3
II.	CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS	27
III.	MANAGEMENT REPORT OF ECHO INVESTMENT S.A. AND OF THE CAPITAL GROUP	51
1.	INFORMATION ON THE CAPITAL GROUP'S SEGMENTS	51
2.	INFORMATION ON THE CAPITAL GROUP'S PROJECTS	51
3.	INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITY SECURITIES.....	56
4.	INFORMATION ON PAID (OR DECLARED) DIVIDEND	57
5.	EVENTS WHICH OCCURRED AFTER THE DAY OF PREPARING THE SEMI-ANNUAL FINANCIAL STATEMENTS WHICH WERE NOT RECOGNISED IN THE STATEMENTS AND MAY HAVE A MATERIAL IMPACT ON FUTURE FINANCIAL RESULTS OF THE CAPITAL GROUP	57
6.	INFORMATION ON CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS AFTER THE END OF THE LAST FINANCIAL YEAR	57
7.	Composition of the Echo Investment Capital Group.....	59
8.	IDENTIFICATION OF CHANGES IN THE STRUCTURE OF THE BUSINESS UNIT, INCLUDING THOSE RESULTING FROM BUSINESS MERGERS, ACQUISITIONS OR DISPOSALS OF THE CAPITAL GROUP MEMBERS, LONG-TERM INVESTMENTS, DIVISIONS, RESTRUCTURING AND DISCONTINUATION.....	61
9.	POSITION OF THE MANAGEMENT BOARD CONCERNING THE POSSIBILITY OF MEETING PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR, IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT IN RELATION TO FORECASTED PROFIT/LOSS	61
10.	OWNERSHIP STRUCTURE OF SIGNIFICANT STAKES OF SHARES IN ECHO INVESTMENT SA.	61
11.	STATEMENT OF CHANGES IN THE HOLDING OF SHARES OF ECHO INVESTMENT SA OR RIGHTS TO SHARES (OPTIONS) BY MANAGERIAL AND SUPERVISORY STAFF OF THE COMPANY, ACCORDING TO INFORMATION AVAILABLE TO ECHO INVESTMENT SA, SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT	62
12.	INFORMATION ON COURT PROCEEDINGS.....	62
13.	INFORMATION ON TRANSACTIONS WITH RELATED PARTIES UNDER TERMS OTHER THAN MARKET TERMS	62
14.	INFORMATION ON SURETIES GRANTED ON LOANS OR BORROWINGS AND ON GUARANTEES GRANTED WITH A VALUE EQUIVALENT TO AT LEAST 10% OF THE COMPANY'S EQUITY	62
15.	OTHER INFORMATION THAT, IN THE OPINION OF THE MANAGEMENT BOARD OF ECHO INVESTMENT SA, IS SIGNIFICANT IN ORDER TO EVALUATE ITS HUMAN RESOURCES, PROPERTY AND FINANCIAL STANDING AND FINANCIAL PERFORMANCE AND CHANGES THEREOF AS WELL AS ANY INFORMATION CONSIDERED SIGNIFICANT IN ORDER TO EVALUATE THE CAPACITY OF THE ECHO INVESTMENT SA CAPITAL GROUP TO FULFIL ITS OBLIGATIONS.....	63
16.	FACTORS WHICH, IN THE OPINION OF THE COMPANY'S MANAGEMENT BOARD, WILL INFLUENCE THE CAPITAL GROUP'S FINANCIAL PERFORMANCE FOR AT LEAST THE NEXT QUARTER	68
17.	DESCRIPTION OF MATERIAL RISK FACTORS AND THREATS IN THE REMAINING MONTHS OF 2014	68

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (PLN '000)

	NOTE	30.06.2014	31.12.2013 RESTATED*	30.06.2013 RESTATED*	31.12.2012 RESTATED*
ASSETS					
1. Non-current assets					
1.1. Intangible assets		601	815	1 010	1 186
1.2. Property, plant and equipment		47 009	75 406	54 740	55 875
1.3. Investment property	2	3 935 941	2 997 807	3 078 621	2 788 613
1.4. Investment property under construction	2	1 002 482	1 354 802	1 255 221	1 177 050
1.5. Interests in companies recognised with the equity method		15 128	16 866	22 512	33 532
1.6. Long-term financial assets		61 115	57 993	45 106	57 917
1.7. Derivative financial instruments	4	681	5 962	-	626
1.8. Deferred income tax assets		37 109	30 888	13 839	11 243
		5 100 066	4 540 539	4 471 049	4 126 042
2. Current assets					
2.1. Inventory	3	559 404	499 499	460 901	463 120
2.2. Income tax receivables		5 421	4 483	3 053	1 519
2.3. Other tax receivables		33 195	507 276	28 717	47 852
2.4. Trade and other receivables		67 431	57 084	82 673	63 452
2.5. Short-term financial assets		23 373	42 072	61 746	62 999
2.6. Derivative financial instruments	4	6 636	1 954	-	1 508
2.7. Restricted cash		61 227	64 570	48 943	40 181
2.8. Cash and cash equivalents		497 781	352 392	419 816	331 267
		1 254 468	1 529 330	1 105 849	1 011 898
3. Assets held for sale		-	94 152	163 894	250 059
TOTAL ASSETS		6 354 534	6 164 021	5 740 792	5 387 999

*Restated in connection with IFRS 11, which has been introduced recently (see section 1.3).

	NOTE	30.06.2014	31.12.2013 RESTATED	30.06.2013 RESTATED	31.12.2012 RESTATED
EQUITY AND LIABILITIES					
1. Equity					
1.1. Equity attributable to shareholders of the parent		3 176 494	2 765 438	2 746 886	2 431 620
1.1.1. Share capital		20 635	20 635	21 000	21 000
1.1.2. Supplementary capital		2 742 257	2 411 154	2 439 436	2 065 321
1.1.3. Equity shares purchased		-	-	(28 647)	(28 647)
1.1.4. Accumulated profit (loss)		424 814	331 103	302 077	374 115
1.1.5. Foreign exchange gains/losses on translation of foreign operations		(11 212)	2 546	13 020	(169)
1.2. Equity of non-controlling shareholders		14	17	93	23
		3 176 508	2 765 455	2 746 979	2 431 643
2. Provisions					
2.1. Long-term provisions		-	-	-	1 501
2.2. Short-term provisions		2 000	2 000	10 715	6 263
2.3. Deferred income tax provision		55 841	21 547	19 618	10 722
		57 841	23 547	30 333	18 486
3. Long-term liabilities					
3.1. Loans and borrowings	5	2 399 851	2 026 690	2 211 648	2 098 923
3.2. Derivative financial instruments	4	-	-	10 719	13 043
3.3. Security deposits and advance payments received		49 715	45 095	50 065	49 732
3.4. Lease liabilities (perpetual usufruct of land)		75 001	75 016	75 306	75 322
		2 524 567	2 146 801	2 347 738	2 237 020
4. Short-term liabilities					
4.1. Loans and borrowings	5	381 431	559 468	485 025	547 821
4.2. Derivative financial instruments	4	237	3 936	6 178	66
4.3. Income tax liabilities		1 024	29	115	2 292
4.4. Other tax liabilities		10 680	483 493	14 008	5 602
4.5. Trade liabilities		73 952	115 468	66 255	103 079
4.6. Other liabilities		12 831	19 707	11 958	16 189
4.7. Security deposits and advance payments received		115 463	46 117	32 203	25 801
		595 618	1 228 218	615 742	700 850
TOTAL EQUITY AND LIABILITIES		6 354 534	6 164 021	5 740 792	5 387 999

	30.06.2014	31.12.2013 RESTATED	30.06.2013 RESTATED	31.12.2012 RESTATED
Book value (in PLN '000)	3 176 494	2 765 438	2 746 886	2 431 620
Number of shares (in thousands), excluding equity shares held	412 691	412 691	412 691	420 000
Book value per share	7.70	6.70	6.66	5.79

CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (PLN '000)

	NOTE	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013 RESTATED
Revenue	6	223 386	260 639
Prime cost of sale		(91 094)	(115 695)
Gross profit (loss) on sales		132 292	144 944
Profit (loss) on investment property	7	432 225	387 582
Selling costs		(13 847)	(11 680)
General administrative expenses		(29 930)	(26 660)
Other operating revenue		13 227	13 102
Other operating expenses		(6 892)	(12 848)
Operating profit		527 075	494 440
Financial revenue		4 244	8 014
Financial expenses		(72 141)	(83 431)
Profit (loss) on FX derivatives		1 491	(7 630)
Foreign exchange profit (loss)		(6 104)	(95 796)
Share of profit (loss) of companies recognised with the equity method		2 263	(7 020)
Gross profit (loss)		456 828	308 577
Income tax		(31 907)	(6 424)
- current portion		(3 831)	(106)
- deferred portion		(28 076)	(6 318)
Net profit (loss), including:		424 921	302 153
Profit (loss) attributable to shareholders of the parent company		424 814	302 077
Profit (loss) attributable to non-controlling interest		107	76
Profit (loss) attributable to shareholders of the parent (semi-annual)		424 814	302 077
Average weighted number of ordinary shares (in thousands), excluding equity shares held		412 691	412 691
Basic and diluted earnings (loss) per ordinary share (in PLN)		1,03	0,73

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013 RESTATED
Net profit	424 921	302 153
Other comprehensive income which may be reclassified to financial profit/loss on a later date:		
- foreign exchange gains/losses on translation of foreign operations	(13 758)	13 189
Other net comprehensive income	(13 758)	13 189
Comprehensive income, including:	411 163	315 342
Comprehensive income attributable to shareholders of the parent company	411 056	315 266
Comprehensive income attributable to non-controlling interest	107	76

CONSOLIDATED INTERIM 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	NON-CONTROLLING INTEREST	TOTAL EQUITY
FROM 01.01.2014 TO 30.06.2014								
Opening balance	20 635	2 411 154	-	331 103	2 546	2 765 438	17	2 765 455
Allocation of result from previous years	-	331 103	-	(331 103)	-	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	-	(110)	(110)
Other net comprehensive income	-	-	-	-	(13 758)	(13 758)	-	(13 758)
Net profit (loss) for the period	-	-	-	424 814	-	424 814	107	424 921
Total comprehensive income	-	-	-	424 814	(13 758)	411 056	107	411 163
Closing balance	20 635	2 742 257	-	424 814	(11 212)	3 176 494	14	3 176 508
From 01.01.13 to 30.06.13								
Opening balance	21 000	2 065 321	(28 647)	374 115	(169)	2 431 620	23	2 431 643
Allocation of result from previous years	-	374 115	-	(374 115)	-	-	(6)	(6)
Other net comprehensive income	-	-	-	-	13 189	13 189	-	13 189
Net profit (loss) for the period	-	-	-	302 077	-	302 077	76	302 153
Total comprehensive income	-	-	-	302 077	13 189	315 266	76	315 342
Closing balance	21 000	2 439 436	(28 647)	302 077	13 020	2 746 886	93	2 746 979

CONSOLIDATED INTERIM CASH FLOW STATEMENT (PLN '000)

	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013 RESTATED
A. Operating cash flow – indirect method		
I. Gross profit (loss)	456 828	308 577
II. Total adjustments		
1. Share in net (profit) loss of companies recognised with the equity method	(2 263)	7 020
2. Depreciation of PP&E	2 358	2 700
3. Foreign exchange (gains) losses	6 104	95 796
4. Interest	58 512	71 825
5. (Profit) loss on revaluation of assets and liabilities	(433 168)	(373 475)
6. (Profit) loss on settlement of financial instruments	(2 327)	(413)
	(370 784)	(196 547)
III. Movements in working capital:		
1. Movement in provisions	-	2 951
2. Movement in inventory	(59 331)	5 391
3. Movement in receivables	469 364	13 219
4. Movement in short-term liabilities, excluding loans and borrowings	(410 140)	(677)
	(107)	20 884
IV. Net operating cash (I+II+III)	85 937	132 914
- 1. Income tax paid	(3 777)	(3 835)
V. Net operating cash flow (I+/-II)	82 160	129 079
B. Cash flow from investing activities		
I. Proceeds		
1. Sale of intangible assets, and property, plant and equipment	889	254
2. Sale of real property investments	96 179	274 463
3. From borrowings and financial investments	45 133	13 848
4. Other investment proceeds	-	-
	142 201	288 565
II. Expenditures		
1. Purchase of intangible assets and PP&E	(2 245)	(3 633)
2. Real property investments	(192 846)	(203 368)
3. On borrowings and financial investments	(4 058)	(3 696)
4. Dividends paid to minority interest holders	(110)	-
5. Other capital expenditures	-	-
	(199 259)	(210 697)
III. Net cash flow from investing activities (I-II)	(57 058)	77 868

CONSOLIDATED INTERIM CASH FLOW STATEMENT (PLN '000), CONTINUED

	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
C. Cash flow from financing activities		
I. Proceeds		
1. Net proceeds from issue of shares (interests) and other equity instruments and capital contributions	-	-
2. Loans and borrowings	800 512	160 274
3. Issue of debt securities	170 500	315 000
4. Dividends received from companies recognised with the equity method	4 000	-
5. Other financial proceeds	2 327	413
	977 339	475 687
II. Expenditures		
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	(482 574)	(195 748)
5. Redemption of debt securities	(300 000)	(320 000)
6. Due to FX derivatives	-	-
7. Payment of liabilities under finance lease agreements	(31)	(16)
8. Interest	(64 031)	(82 747)
9. Other financial expenditures	-	-
	(846 636)	(598 511)
III. Net cash flow from financing activities (I-II)	130 703	(122 824)
D. Total net cash flow (A.III+/-B.III+/-C.III)	155 805	84 123
E. Balance sheet movement in cash, including:	142 046	97 311
movement in cash due to foreign exchange gains/losses	(13 759)	13 188
F. Cash at the beginning of the period	416 962	371 448
G. Cash at the end of the period (F+/- D), including:	559 008	468 759
restricted cash	61 227	48 943

NOTES ON THE ADOPTED ACCOUNTING PRINCIPLES AND OTHER EXPLANATORY INFORMATION

1.1. General information

The core business of the Echo Investment Capital Group (later referred to as the "Group") consists in the construction and renting out or sale of space in office, shopping, residential and hotel buildings as well as trade in real property. The Group's parent company is Echo Investment S.A. (later referred to as "Echo", the "Issuer" or the "Company"), with its registered office in Kielce, al. Solidarności 36.

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

The Company was established for an indefinite period of time.

In H1 2014, the Capital Group was expanded by Delia Investments S.A., with its registered office in Warsaw (at the time of acquisition, the company did not carry out any business operations)

1.2. Information on the financial statements

The interim condensed consolidated financial statements of the Echo Investment Capital Group for H1 2014 for the period from 1 January 2014 to 30 June 2014 have been prepared according to IAS 34 Interim Financial Reporting, as adopted for application in the European Union.

The interim condensed consolidated financial statements of the Group include consolidated financial data as of 30 June 2014 and for the 6-month period ended on 30 June 2014 as well as comparative data for the 6-month period ended on 30 June 2013 in relation to the profit and loss account, the statement of changes in equity and the cash flow statement. The comparative data as of 31 December 2013, 30 June 2013 and 31 December 2012 are provided 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.

The reporting currency for the Group's financial statements is Polish zloty ("PLN"), which is the reporting and functional currency of the parent company. The Group comprises entities which use a different functional currency than PLN. The comparative data of these companies comprising these statements was converted to the Polish zloty in accordance with the IAS 21 principles. The balance sheet items were converted at the rate applicable on the balance sheet date, while the items of the profit and loss account were converted at the average rate for this period. FX differences resulting from the conversion have been recognised in other comprehensive income, and the accumulated amounts are under a separate equity item.

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 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 1.3 below.

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

In H1 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 H1 2013.

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

The following items changed as a result of the adoption of the new IFRS 11 Joint Arrangements:

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

AS OF 31.12.2013	CURRENTLY	PREVIOUSLY	DIFFERENCE
1. Non-current assets	4 540 539	4 596 145	(55 606)
- 1.3. Investment property	2 997 807	3 070 276	(72 469)
- 1.5. Interests in companies recognised with the equity method	16 866	-	16 866
- 1.6. Long-term financial assets	57 993	57 996	(3)
3. Current assets	1 529 330	1 534 114	(4 784)
- 3.4. Trade and other receivables	57 084	57 181	(97)
- 3.8. Cash and cash equivalents	352 392	357 079	(4 687)
TOTAL ASSETS	6 164 021	6 224 411	(60 390)

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

AS OF 31.12.2013	CURRENTLY	PREVIOUSLY	DIFFERENCE
2. Provisions	23 547	34 044	(10 497)
- 2.3. Long-term deferred income tax provision	21 547	32 044	(10 497)
3. Long-term liabilities	2 146 801	2 193 802	(47 001)
- 3.1. Loans and borrowings	2 026 690	2 072 341	(45 651)
- 3.4. Liabilities under lease (perpetual usufruct of land)	75 016	76 366	(1 350)
4. Short-term liabilities	1 228 218	1 231 110	(2 892)
- 4.1. Loans and borrowings	559 468	561 956	(2 488)
- 4.4. Other tax liabilities	483 493	483 615	(122)
- 4.5. Trade liabilities	115 468	115 750	(282)
TOTAL EQUITY AND LIABILITIES	6 164 021	6 224 411	(60 390)

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

AS OF 30.06.2013	CURRENTLY	PREVIOUSLY	DIFFERENCE
1. Non-current assets	4 471 049	4 533 662	(62 613)
- 1.3. Investment property	3 078 621	3 163 734	(85 113)
- 1.5. Interests in companies recognised with the equity method	22 512	-	22 512
- 1.6. Long-term financial assets	45 106	45 118	(12)
3. Current assets	1 105 849	1 108 498	(2 649)
- 3.4. Trade and other receivables	82 673	82 934	(261)
- 3.8. Cash and cash equivalents	419 816	422 204	(2 388)
TOTAL ASSETS	5 740 792	5 806 054	(65 262)

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

AS OF 30.06.2013	CURRENTLY	PREVIOUSLY	DIFFERENCE
2. Provisions	30 333	42 303	(11 970)
- 2.3. Long-term deferred income tax provision	19 618	31 588	(11 970)
3. Long-term liabilities	2 347 738	2 398 004	(50 266)
- 3.1. Loans and borrowings	2 211 648	2 260 564	(48 916)
- 3.4. Liabilities under lease (perpetual usufruct of land)	75 306	76 656	(1 350)
4. Short-term liabilities	615 742	618 768	(3 026)
- 4.1. Loans and borrowings	485 025	487 538	(2 513)
- 4.4. Other tax liabilities	14 008	14 322	(314)
- 4.5. Trade liabilities	66 255	66 454	(199)
TOTAL EQUITY AND LIABILITIES	5 740 792	5 806 054	(65 262)

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

AS OF 31.12.2012	CURRENTLY	PREVIOUSLY	DIFFERENCE
1. Non-current assets	4 126 042	4 186 669	(60 627)
- 1.3. Investment property	2 788 613	2 882 760	(94 147)
- 1.5. Interests in companies recognised with the equity method	33 532	-	33 532
- 1.6. Long-term financial assets	57 917	57 929	(12)
3. Current assets	1 011 898	1 016 445	(4 547)
- 3.4. Trade and other receivables	63 452	63 623	(171)
- 3.8. Cash and cash equivalents	331 267	335 643	(4 376)
TOTAL ASSETS	5 387 999	5 453 173	(65 174)

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

AS OF 31.12.2012	CURRENTLY	PREVIOUSLY	DIFFERENCE
2. Provisions	18 486	32 208	(13 722)
- 2.3. Long-term deferred income tax provision	10 722	24 444	(13 722)
3. Long-term liabilities	2 237 020	2 285 728	(48 708)
- 3.1. Loans and borrowings	2 098 923	2 146 281	(47 358)
- 3.4. Liabilities under lease (perpetual usufruct of land)	75 322	76 672	(1 350)
4. Short-term liabilities	700 850	703 594	(2 744)
- 4.1. Loans and borrowings	547 821	550 114	(2 293)
- 4.4. Other tax liabilities	5 602	5 711	(109)
- 4.5. Trade liabilities	103 079	103 421	(342)
TOTAL EQUITY AND LIABILITIES	5 387 999	5 453 173	(65 174)

CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (PLN '000)

FROM 01.01.2013 TO 30.06.2013	CURRENTLY	PREVIOUSLY	DIFFERENCE
Revenue	260 639	265 846	(5 207)
Prime cost of sale	(115 695)	(117 145)	1 450
Gross profit on sales	144 944	148 701	(3 757)
Profit (loss) on investment property	387 582	378 541	9 041
Selling costs	(11 680)	(11 680)	-
General administrative expenses	(26 660)	(26 679)	19
Other operating revenue	13 102	13 156	(54)
Other operating expenses	(12 848)	(12 848)	-
Operating profit	494 440	489 191	5 249
Financial revenue	8 014	8 013	1
Financial expenses	(83 431)	(84 022)	591
Profit (loss) on FX derivatives	(7 630)	(7 630)	-
Foreign exchange profit (loss)	(95 796)	(98 727)	2 931
Share in profit of associates	(7 020)	-	(7 020)
Gross profit	308 577	306 825	1 752
Income tax	(6 424)	(4 672)	(1 752)
- <i>current portion</i>	(106)	(106)	-
- <i>deferred portion</i>	(6 318)	(4 566)	(1 752)
Net profit	302 153	302 153	-

FROM 01.01.2013 TO 31.12.2013	CURRENTLY	PREVIOUSLY	DIFFERENCE
Revenue	517 371	527 870	(10 499)
Prime cost of sale	(232 949)	(235 625)	2 676
Gross profit on sales	284 422	292 245	(7 823)
Profit (loss) on investment property	294 287	272 602	21 685
Selling costs	(27 459)	(27 459)	-
General administrative expenses	(54 592)	(54 625)	33
Other operating revenue	34 278	34 374	(96)
Other operating expenses	(20 450)	(20 450)	-
Operating profit	510 486	496 687	13 799
Financial revenue	9 624	9 624	-
Financial expenses	(162 741)	(164 054)	1 313
Profit (loss) on FX derivatives	3 154	3 154	-
Foreign exchange profit (loss)	(25 339)	(26 110)	771
Share in profit of associates	(12 667)	(9)	(12 658)
Gross profit	322 517	319 292	3 225
Income tax	8 641	11 866	(3 225)
- <i>current portion</i>	(179)	(179)	-
- <i>deferred portion</i>	8 820	12 045	(3 225)
Net profit	331 158	331 158	-

The effects of the adoption of IFRS 11 as of January 2014 on the consolidated interim cash flow statement are insignificant.

1.4. Description of material achievements or failures of the Capital Group and indication of major events

1.4.1. Major events in H1 2014

Sale of assets with a significant value – final agreement for the sale of stage II of an office project in Wrocław

On 31 January 2014, the Issuer's subsidiary operating under the business name Projekt Echo – 104 Spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce (25-323), Al. Solidarności 36, entered into the register of entrepreneurs maintained by the District Court in Kielce under KRS no. 446924 (later referred to as the Seller), and the company operating under the business name Skua Spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: ul. Mokotowska 49, 00-542 Warsaw), entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 12th Economic Department of the National Court Register, under KRS no. 422523 (later referred to as the Buyer), concluded the final agreement for the sale of the real property located in Wrocław in ul. Swobodna and ul. Borowska, including the ownership title to the building erected on that property, forming stage II of the office development Aquarius Business House, along with the accompanying infrastructure (Office Development).

The total value of the signed sale agreement is EUR 22,703 thousand, which, as of the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 96,188 thousand net, plus the applicable VAT.

The fixed value of the sold assets in the consolidated financial statements of the Echo Investment Capital Group at the end of Q3 2013, measured in conformity with the IAS, amounted to PLN 79,844 thousand.

The Issuer's Capital Group does not hold any loan debts related to the sold asset, thus the transaction generates cash flows in the amount equal to the sale price.

The Issuer's subsidiary, Echo Investment Property Management – Grupa Echo Sp. z o.o. Spółka komandytowa, will manage the office building until December 2017. The office building is fully rented out.

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

Loan agreement of the Issuer's subsidiary

On 31 March 2014, the Issuer's subsidiary, A4 BUSINESS PARK – IRIS CAPITAL SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ – SPÓŁKA KOMANDYTOWO-AKCYJNA, with its registered office in Kielce (address: al. Solidarności 36, 25-323 Kielce), whose registration files are maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, entered into the register of entrepreneurs of the National Court Register under no. KRS 0000445973 (later referred to as the "Borrower"), and BNP PARIBAS BANK POLSKA SPÓŁKA AKCYJNA, with its registered office in Warsaw (address: ul. Suwak 3, 02-676 Warsaw), whose registration files are maintained by the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, entered into the register of entrepreneurs of the National Court Register under no. KRS 0000006421 (later referred to as the "Lender" or "Bank"), signed a loan agreement (later referred to as the "Agreement" or "Loan").

The funds raised under the Loan will be used in connection with the construction of buildings by the Issuer's subsidiary as part of stages I and II of the office building complex under the name "A4 Business Park Katowice" in Katowice (later referred to as the "Development").

According to the terms of the Agreement, the Bank provides the Borrower with the following:

- cash under the Construction Loan, amounting to EUR 24,821 thousand, for financing and refinancing the construction costs as part of stages I and II of the Development;
- cash under the VAT Loan, amounting to PLN 5,000 thousand, for paying or refinancing the VAT due from the Borrower;
- cash under the Investment Loan for refinancing the debt raised under the Construction Loan, in the amount of EUR 29,000 thousand.

The loan amounts bear the following interest: for the Construction and Investment Loan – according to EURIBOR, for the VAT Loan – according to WIBOR, plus the Bank's margin in all cases.

The deadlines for repaying the funds raised under the Agreement were set as follows:

- for the Construction Loan: 14 and 24 months from the conclusion date of the Agreement, but not later than 6 months from the Required Completion Date for Buildings 1 and 2;
- for the VAT Loan: 24 months from the conclusion date of the Agreement, but not later than 6 months from the Required Completion Date for Building 2;
- for the Investment Loan: not later than 60 months from the Conversion Date, i.e. the date when the Construction Loan is repaid with the Investment Loan.

The loan and the amounts due to the Bank are mainly secured by the following:

- first ranking mortgage on the Property for the benefit of the Lender, up to 150% of the total loan amount;
- first ranking registered pledge and financial pledge for the benefit of the Lender on all interests in the General Partner's share capital, up to 150% of the secured liability;
- first ranking registered pledges and financial pledges for the benefit of the Lender on all shares in the Borrower's share capital, up to 150% of the secured liability;
- first ranking registered pledge for the benefit of the Lender on the movable property and rights forming the Borrower's business, up to 150% of

the secured liability;

- first ranking registered pledges for the benefit of the Lender on the General Partner's transferrable rights from the participation in the Borrower's company, up to 150% of the secured liability;

- first ranking registered pledges and financial pledges for the benefit of the Lender on the amounts due from the Accounts, up to 150% of the secured liability;

- authorisation granted by the Borrower to the Lender to use the accounts;

- security agreement on the transfer of the Borrower's due amounts and rights from, among other things, all Lease Agreements, Insurance Agreements, Construction Work Agreements, performance bonds for the Construction Work Agreements, Investment Management Agreements and other rights transferred by the Borrower to the Lender;

- debt subordination agreement;

- guarantee agreement on the capitalisation of the Borrower in the event that the investment costs are exceeded;

- Borrower's statement on the submission to enforcement proceedings.

Addendum to a loan agreement

On 27 June 2014, the Issuer signed an addendum to an overdraft facility agreement ("Addendum") with Bank Polska Kasa Opieki SA, with its registered office in Warsaw ("Bank").

Under the signed Addendum, the Bank granted a loan to the Company in the amount of PLN 75 million and extended the loan period to 30 June 2015.

In addition, if certain financial requirements specified in the agreement are satisfied in the following quarters, the loan repayment date will be automatically extended to another year, i.e. to 30 June 2016.

Addendum to a loan agreement

On 30 June 2014, the Issuer's subsidiary, FARRINA INVESTMENTS spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce in 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. 0000429965, and Westdeutsche ImmobilienBank AG, with its registered office in Mainz, entered into the commercial register maintained by the District Court (Amtsgericht) in Mainz under no. HRB 40640, signed an addendum to a loan agreement.

According to the addendum, the loan repayment date was changed from 19 August 2014 to 19 August 2019.

Other terms of the amended agreement do not introduce any material changes with regard to the information presented by the Issuer in current report no. 47/2013 of 6 December 2013.

1.5. 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 H1 2014:

- posting of revenues from the concluded final agreements for the sale of residential properties:

- in Łódź (Osiedle Jarzębinowe in ul. Okopowa),
- in Poznań (Naramowice Rynek, Pod Klonami in ul. Rubież),
- in Warsaw (Klimt House in ul. Kazimierzowska, Zeusa district),
- 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),

- sale of Aquarius II office building in Wrocław,

- 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),
 - indexation of rents,
 - movements in net operating revenue,
 - measurement of vacancies and stands,
 - movement in yields according to Knight Frank's measurements,
 - initial measurements (using the perpetuity method) after the commissioning of developments (Galeria Amber in Kalisz, stage I of A4 Business Park in Katowice, stage I of Park Rozwoju in Warsaw),
- 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,

- creation of provisions on investment land in Poznań, Koszalin, Brasov and Łódź,

- 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.

Unusual events affecting the Company's financial result in H1 2014: - none.

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 4.2941.

MATURITIES OF OPEN HEDGES (AS OF 30 JUNE 2014) IN MILLIONS OF EUR:

		HEDGE VALUE		MATURITY AT NOMINAL VALUE (EUR 000,000)				
		CARRYING VALUE (EUR 000,000)	NOMINAL VALUE (EUR 000,000)	Q3 2014	Q4 2014	H1 2015	H2 2015	H1 2016
Options	EUR/PLN	0.4	150.0				50.0	100.0
Forward	EUR/PLN	6.7	78.4	22.2	31.0	21.7	3.0	0.6

1.6. 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.

1.7. Accounting policy

When drawing up these statements, the Group applied the accounting principles that are consistent with the principles adopted and described in the annual consolidated financial statements for 2013, except for the change resulting from the adoption of IFRS 11 Joint Arrangements as of 1 January 2014 and from the adoption of IFRS 10 Consolidated Financial Statements, and except for the adoption of the requirements of IAS 34 to determine the amount of income tax in the interim financial statements.

Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2013. According to IFRS 11, investments in joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of each investor. The Group has verified the nature of its joint arrangements and classified them as joint ventures. Joint ventures are measured with the equity method.

Under the equity method, interests in joint ventures are initially recognised according to the cost and later adjusted so that the Group's share is recognised in the financial profit/loss and in the movements of other comprehensive income in the period following the acquisition. If the Group's share in the losses of a venture is equal to or higher than the Group's interest in the venture (including all long-term interests constituting the net portion of the Group's investments in joint ventures), the Group does not recognise any further losses, unless it incurred liabilities or made payments on behalf of joint ventures.

All unrealised gains on transactions between the Group and its joint ventures are eliminated to reflect the Group's interest in joint ventures. Unrealised losses are also subject to elimination, unless a transaction provides evidence of impairment of a transferred asset. Where necessary, the accounting principles applied by joint ventures have been changed to ensure compliance with the accounting principles applied by the Group. The change of the accounting principles has been applied from 1 January 2013 (section 1.3).

Subsidiaries

The change of the accounting policy results from the adoption of IFRS 10. The adoption of the new standard has not resulted in a re-consideration as to which companies are controlled by the Group.

Subsidiaries are companies controlled by the Parent Company. The Group is considered to control a company if it is exposed or entitled to variable returns on its involvement with the company, and has the option to influence the returns by exercising authority over the company.

Subsidiaries are subject to full consolidation from the moment they start being controlled by a parent company to the moment when that control discontinues. As of the day of acquisition of (control over) a subsidiary, its assets and liabilities are measured at fair value. The surplus of the acquisition price plus the fair value of previously held interests and the value of non-controlling interests over the fair value of identifiable acquired net assets of an entity is recognised under assets in the balance sheet as goodwill. If the acquisition price, plus the fair value of previously held interests and the value of non-controlling interests, is lower than the fair value of identifiable acquired net assets of an entity, the difference is recognised as profit in the profit and loss account for the period in which the acquisition took place. Non-controlling interest is recognised at the attributable fair value of net assets or at the fair value.

Deferred tax

The amount of the income tax in the interim period has been determined as per the requirements of IAS 34, using the effective tax rate expected for the annual result.

The influence of new standards and interpretations which are not yet effective is described in the annual consolidated financial statements for 2013. There were no material changes in that regard in H1 2014.

1.8. Segment reporting

The Group's operating segments are presented according to data from internal management reporting analysed by the Management Board, which is the key operating decision-maker responsible for allocating resources and evaluating the results of the operating segments.

The following reporting segments, which correspond to the operating segments, have been defined in the Capital Group, based on the type of the implemented projects:

- office buildings and hotels,
- shopping centres,
- housing developments.

The rules for determining the revenue and costs, measuring a segment's results, assets and liabilities are the accounting principles adopted for preparing and presenting the Group's consolidated financial statements and they relate specifically to segment reporting.

The measure of an operating segment's result is "gross sales profit/loss".

In the interim period, there were no changes regarding the individual segments and segment results, and the measurement of segment assets compared to the recent annual financial statements, except for the changes resulting from the change in the recognition of investments in WAN 11 Sp. z o.o. (section 1.3). Previously, all assets, equity and liabilities of that company classified under "office buildings and hotels" were recognised proportionately as part of the same segment. At present, the segment of "office buildings and hotels" includes the net value of investments in WAN 11 Sp. z o.o. The change in the recognition of a joint venture has translated into a change of the way the results of the joint venture are analysed by the Group's main authority responsible for making operating decisions.

Financial data of segments is disclosed in notes 8A-8E to these condensed financial statements. The data for comparative periods has been restated accordingly to reflect the change in the accounting principles resulting from the adoption of IFRS 11.

1.9. Estimates by the Group companies' Management Boards

To prepare the financial statements, the Group's Management Board had to make certain estimates and assumptions, which are reflected in the statements. The material estimates and judgements used to prepare these interim financial statements are the same as the ones presented in the annual consolidated financial statements for the FY ended on 31 December 2013, except for the estimate required for determining the deferred tax based on the effective tax rate. The actual results may differ from the estimates. Main areas where the Management Boards' estimates materially affect the financial statements:

Investment property

The fair value of real property generating constant income is determined by an entity with the income approach, by applying simple capitalisation 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.

Since most rent agreements concluded by the Group are denominated in EUR, the valuations of investment properties have been prepared in EUR and converted to PLN according to the average exchange rate of the NBP as of the balance sheet day.

The measurement of the fair value of investment property depends on a number of assumptions made by the measuring entity. In H1 2014, 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 4,171,486 thousand (according to the EUR/PLN exchange rate of 30 June 2014), including investment property disclosed in the balance sheet as of 30 June 2014 (excluding the Polkomtel office building in Warsaw, due to the change resulting from the introduction of IFRS 11, as described in item 1.3). 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 June 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), on the market rates (for vacancies) and on the expected operating costs of each investment property. 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.

Based on the above assumptions, the estimated fair value of investment properties as of 30 June 2014 amounted to PLN 3,900,908 thousand (PLN 2,968,245 thousand as of 31 December 2013 and PLN 3,049,059 thousand as of 30 June 2013). The yields used to estimate fair value as of 30 June 2014 ranged from 6.53% to 8.48%. Future net operating income has been estimated.

As a result of the changed assumptions regarding the measurement of real property and changes in other parameters, in H1 2014, the Group recognised a profit from the measurement of real property in the amount of PLN 432.1 million. The impact of changes in the estimates on the measurement of property is presented in the table below:

IMPACT OF CHANGES ON THE MEASUREMENT OF REAL PROPERTY, INCLUDING				
EUR/PLN EXCHANGE RATE	YIELDS	NOI FROM VACANCIES AND STANDS	OTHER CHANGES	TOTAL
PLN 18.0 million	PLN 138.2 million	PLN 107.0 million	PLN 168.9 million	PLN 432.1 million

Other changes included the change of the measurement method from the discounted cash flow based method to the perpetuity based method for three properties (Galeria Amber in Kalisz, Park Rozwoju office buildings, stage I, in Warsaw and A4 Business Park, stage I, in Katowice) in connection with the properties' commissioning to use in H1 2014 as well as the indexation of lease rates and other factors.

All investment properties under construction were characterised by execution risk levels which – according to the Management Board – did not allow for a credible estimate of the properties' fair value. The Group does not hold any properties under construction measured using the income approach (as of 31 December 2013, they amounted to PLN 356,530 thousand, and as of 30 June 2013: PLN 240,683 thousand). The value of other property (disclosed at the amount of expenditures incurred) amounted to PLN 962,514 thousand (PLN 952,527 thousand as of 31 December 2013 and PLN 968,793 thousand as of 30 June 2013).

Financial instruments measured at fair value

The fair value of financial instruments (level 2 in the hierarchy of fair value) not traded on an active market is determined using measurement techniques. The company uses its own judgement when selecting the measurement method and makes assumptions based on market conditions on each balance sheet day. In particular, the concluded forward contracts and option contracts are measured based on measurements provided by the banks, which use data such as current and historic exchange rates, and interest rates on deposits (WIBOR, EURIBOR). In H1 2014, the Capital Group did not change the principles for measuring financial instruments.

Inventory

When estimating the revaluation allowance for inventory held by the Company as of 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. 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. The data on revaluation allowances for inventory to net realisable value and reversals of such allowances are presented in note 3B.

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 H1 2014, the Group created and released deferred income tax provisions and assets in the total amount of PLN 28,076 thousand, which decreased the Group's financial result. As of the balance sheet date, the Group held deferred income tax provisions in the amount of PLN 55,841 thousand and deferred income tax assets in the amount of PLN 37,109 thousand.

1.10. Additional information

Transactions of purchase or sale of non-current assets

In H1 2014, the Capital Group sold a real property in Wrocław: the office building Aquarius Business Park – stage II (see section 1.4 of this report).

Changes in the classification of financial assets

In H1 2014, the Capital Group did not make any changes in the classification of financial assets involving the change of purpose or use of such assets.

Information on defaults on loans or violations of material provisions of loan agreements with regard to which no repair measures were taken by the end of the reporting period.

In H1 2014, no measures were taken in relation to not repaid loans or violations of material provisions of loan agreements.

Information on the issue, redemption and repayment of non-equity securities

See section 3 of the Management Report and Note 5 to the Financial Statements.

Information on transactions with related parties concluded under terms other than market terms

In H1 2014, no transactions between related parties were concluded under terms other than market terms in the Capital Group.

Court proceedings

In H1 2014, there were no material settlements resulting from court proceedings.

Information on changes in the economic situation

In H1 2014, the Company's Management Board observed a continued improvement of the economic situation and the business environment (increased demand for housing space and in the commercial property market).

1.11. Information on material post-balance sheet events

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 sale 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.

1.12. Transactions with related parties

As a result of transactions with related parties in H1 2014, the Echo Investment Capital Group generated rent revenue on entities controlled by a significant investor in the amount of PLN 5,493 thousand (in H1: PLN 7,113 thousand), and interest revenue on a borrowing from an entity controlled by a significant investor in the amount of PLN 118 thousand. In addition, the Group holds trade receivables from entities controlled by a significant investor in the amount of PLN 1,273 thousand (at the end of H1 2013: PLN 2,047 thousand) and short-term financial assets (borrowing) in the amount of PLN 22,362 thousand (at the end of H1 2013: PLN 0).

1.13. Information on remuneration of the Management Board and the Supervisory Board

In H1 2014, the Managers of Echo Investment S.A. received remuneration in Echo Investment S.A. and remuneration for holding functions in the bodies of subsidiaries:

- Piotr Gromniak received remuneration in Echo Investment S.A. in a total amount of PLN 418 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.
- Artur Langner received remuneration in Echo Investment S.A. in a total amount of PLN 394 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.
- Waldemar Lesiak received remuneration in Echo Investment S.A. in a total amount of PLN 268 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates.

In H1 2013, the Managers of Echo Investment S.A. received remuneration in Echo Investment S.A. and remuneration for holding functions in the bodies of subsidiaries:

- Piotr Gromniak received remuneration in Echo Investment S.A. in a total amount of PLN 384 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.
- Artur Langner received remuneration in Echo Investment S.A. in a total amount of PLN 364 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.
- Waldemar Lesiak received remuneration in Echo Investment S.A. in a total amount of PLN 126 thousand; he did not receive

remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates.

In H1 2014, supervisory staff of Echo Investment S.A. received 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 42 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 30 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies;
- Mariusz Waniółka received remuneration in Echo Investment S.A. in a total amount of PLN 30 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 18 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 18 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates.

In H1 2013, supervisory staff of Echo Investment S.A. received 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 42 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 30 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies;
- Mariusz Waniółka received remuneration in Echo Investment S.A. in a total amount of PLN 30 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 18 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 18 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 16 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates.

NOTES

NOTE 1

OFF-BALANCE SHEET ITEMS (PLN '000)	30.06.2014	31.12.2013	30.06.2013
1. Contingent liabilities			
1.1 For related entities, due to:			
a) guarantees and sureties granted	-	-	-
	-	-	-
1.2 Due to other entities:			
a) guarantees and sureties granted	75 050	53 609	47 939
b) court cases	-	406	-
	75 050	54 015	47 939
Total contingent liabilities	75 050	54 015	47 939

Contingent liabilities are presented at nominal value, which does not deviate from the fair value.

List of guarantees (issued on the Group's behalf) and securities:

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 9,889 thousand.

Security for the liabilities due to Horta Sp. z o.o. in the event of 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. The guarantee amounts to PLN 20,805 thousand.

Security for the liabilities due to Skuaa Sp. z o.o. in the event of 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. The guarantee amounts to PLN 37,448 thousand.

Bank guarantee of Pekao S.A. for Jelenia Góra Gmina as a security for the payment of amounts due to a failure to observe the completion deadline for the subject of the understanding concluded on 24.08.2012. The guarantee amounts to PLN 3,600 thousand.

Bank performance bond issued 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 2,155 thousand.

Bank performance bond issued by 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 153 thousand.

Bank performance bond issued by PKO BP S.A. to Leroy - Merlin Inwestycje Sp. z o.o., securing claims due to non-performance or ill-performance of the agreement of 9 April 2014, as amended. The guarantee amounts to PLN 1,000 thousand.

NOTE 2A

MOVEMENT IN PROPERTY (BY TYPES) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
Opening balance	2 997 807	2 788 613	2 788 613
a) increases (due to)			
- reclassification from investment property under construction	422 272	172 320	107 584
- capital expenditures incurred	49 109	31 878	5 104
- revaluation of property	467 853	282 095	342 143
	939 234	486 293	454 831
b) decreases (due to)			
- sale	-	145	145
- reclassification to inventory	1 097	1 387	782
- repayment of perpetual usufruct (lease)	3	292	2
- reclassification to non-current assets held for sale	-	274 511	163 894
- donations	-	764	-
	1 100	277 099	164 823
Property at the end of the period	3 935 941	2 997 807	3 078 621
- including liability due to perpetual usufruct of land	35 033	29 562	29 562
- including measurement of property at fair value, as per appraiser's valuation	3 900 908	2 968 245	3 049 059

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 of 30 June 2014, the Group held 16 investment properties located in cities in Poland. Since most 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 NBP as of the balance sheet date.

NOTE 2B

AMOUNTS DISCLOSED IN THE CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (PLN '000)	01.01.2014 - 30.06.2014	01.01.2013 - 31.12.2013	01.01.2013 - 30.06.2013
a) revenue from investment property rents	187 014	368 227	192 888
b) direct operating expenses (including repair and maintenance costs) on investment property generating rent revenue in the period	68 029	133 993	72 959
c) direct operating expenses (including repair and maintenance costs) on investment property not generating rent revenue in the period	-	-	-

NOTE 2C

CHANGE IN THE BALANCE OF PROPERTY UNDER CONSTRUCTION (BY TYPES) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
Opening balance	1 354 802	1 177 050	1 177 050
a) increases (due to)			
- capital expenditures incurred	119 161	367 727	156 134
- revaluation of property	-	-	80 567
- exchange rate differences	-	-	11 478
	119 161	367 727	248 179
b) decreases (due to)			
- reclassification to investment property	422 272	172 320	107 584
- revaluation of property	35 007	8 640	55 785
- reclassification to inventory	845	4 884	6 624
- donations	-	3 855	-
- exchange rate differences	13 344	261	-
- repayment of perpetual usufruct (lease)	13	15	15
	471 481	189 975	170 008
Property at the end of the period	1 002 482	1 354 802	1 255 221
- including liability due to perpetual usufruct of land	39 968	45 745	45 745
- including value of real property, without perpetual usufruct of land	962 514	1 309 057	1 209 476

In H1 2014, capitalised borrowing costs amounted to PLN 5,715 thousand (in 2013: PLN -8,670).

In H1 2014 and in 2013, annual capitalisation rate amounted to 3.86% and 4.13% respectively.

NOTE 3A

INVENTORY (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) materials	203	204	192
b) semi-finished products and work-in-progress	458 060	365 313	304 001
c) finished products	55 915	72 069	110 540
d) goods	45 223	45 308	46 168
e) advances on deliveries	3	16 605	-
Total inventory	559 404	499 499	460 901

In H1 2014, capitalised borrowing costs amounted to PLN 1,605 thousand (in 2013: PLN -3,238 thousand, and in H1 2013: PLN -1,181).

In H1 2014 and in 2013, annual capitalisation rate amounted to 3.86% and 4.13% respectively.

Finished products include finished residential apartments for sale.

"Semi-finished products and products in progress" mainly include the Group's property and expenditures on housing developments in the course of planning and execution.

Inventory is measured at the manufacturing cost, 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 Profit and Loss Account under "Prime cost of sale".

NOTE 3B

INVENTORY – EFFECT ON THE RESULT (PLN '000)	01.01.2014 - 30.06.2014	01.01.2013 - 31.12.2013	01.01.2013 - 30.06.2013
a) value of inventory recognised as cost in the period	18 503	78 958	35 467
b) inventory allowances in the period	1 700	3 301	-
c) reversals of write-downs on inventory in the period	-	8 627	566

The value of inventory recognised as cost in the period is presented in the income statement under “Cost of sales”.

NOTE 4A

DERIVATIVES (ASSETS) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) FX options	354	1 061	-
b) FX forwards	6 963	6 855	-
Total investment in derivatives	7 317	7 916	-
with maturities:			
- up to 1 year	6 636	1 954	-
- 1 to 3 years	681	5 962	-
- 3 to 5 years	-	-	-
- over 5 years	-	-	-

NOTE 4B

DERIVATIVES (LIABILITIES) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) Interest Rate Swap	-	3 936	10 719
b) FX forwards	237	-	6 178
Total liabilities due to derivatives	237	3 936	16 897
with maturities:			
- up to 1 year	237	3 936	6 178
- 1 to 3 years	-	-	4 904
- 3 to 5 years	-	-	5 815
- over 5 years	-	-	-

As of 30 June 2014, the total nominal value of FX options amounted to EUR 200 million. These contracts involve the sale (EUR 150 million) and purchase (EUR 50 million) of EUR in between 2015 and 2016, and are intended to hedge a portion of the Group's forecast cash flows against FX risk.

As of 30 June 2014, the total nominal value of unsettled FX forwards amounted to EUR 78.4 million. These contracts involve the sale of EUR between 2014 and 2016 and are intended to hedge a portion of the Group's forecast cash flows against FX risk.

IRS transactions and FX options hedge a portion of prospective interest payments in the Group against interest rate risk.

NOTE 5

LOANS AND BORROWINGS (BY TYPE) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) loans	2 064 108	1 742 857	1 853 136
b) debt securities	717 174	843 301	843 537
c) interest on loans and borrowings	-	-	-
Total loans and borrowings	2 781 282	2 586 158	2 696 673
- long-term portion	2 399 851	2 026 690	2 211 648
- short-term portion	381 431	559 468	485 025

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

On 31 March 2014, A4 Business Park – Iris Capital Spółka z o.o. S.k.a., with its registered office in Kielce, and BNP Paribas Bank Polska S.A., with its registered office in Warsaw, signed a loan agreement up to the amount of EUR 29 million for financing and refinancing the construction of the complex of office buildings A4 Business Park Katowice in Katowice. The loan is secured mainly by a first ranking mortgage established for the benefit of the Lender on the Property, up to 150% of the loan amount, and by first ranking registered pledges and financial pledges established for the benefit of the Lender on all interests in the General Partner's share capital, on all shares in the share capital of the Borrower, on movable property and legal titles comprising the Borrower's business, on the General Partner's transferrable rights in connection with the participation in the Borrower's company and on due amounts on the Accounts (for details see section 1.4).

On 19 February 2014, under the Bond Issue Programme entered into with BRE Bank S.A., with its registered office in Warsaw, the Company issued coupon bonds in a total amount of PLN 100 million. 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. The issued bonds are not secured.

On 15 May 2014, the Company issued coupon bonds in the total amount of PLN 70.5 million. 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. The issued bonds are not secured.

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

NOTE 6

NET SALES REVENUE, DUE TO: (PLN '000)	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
a) lease of space in shopping centres, and in shopping and entertainment centres	158 297	160 311
b) construction and lease of space in office and hotel objects	40 350	46 680
c) sale and lease of residential space	20 611	50 639
d) other sales	4 128	3 009
Total net sales revenue	223 386	260 639

NOTE 7

NET PROFIT (LOSS) ON INVESTMENT PROPERTY (PLN '000)	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
Revenue from the sale of property	96 179	274 463
Property selling costs	(96 028)	(265 231)
Revaluation of property	432 074	378 350
Net profit (loss) on investment property	432 225	387 582

REPORTING BY INDUSTRY SEGMENTS

NOTE 8A

ASSIGNMENT OF ASSETS TO SEGMENTS (PLN '000)	30.06.2014	31.12.2013	30.06.2013
- shopping centres	3 617 526	3 192 414	3 377 752
- office buildings and hotels	1 541 269	1 479 642	1 538 763
- residential space	537 245	521 387	471 583
- non-assigned assets	658 494	970 578	352 694
Total assets	6 354 534	6 164 021	5 740 792

NOTE 8B

ASSIGNMENT OF LIABILITIES TO SEGMENTS (PLN '000)	30.06.2014	31.12.2013	30.06.2013
- shopping centres	1 611 019	1 138 378	1 541 012
- office buildings and hotels	481 786	391 003	484 372
- residential space	106 813	45 000	34 744
- non-assigned liabilities	978 408	1 824 185	933 685
Total liabilities	3 178 026	3 398 566	2 993 813

NOTE 8C

ASSIGNMENT OF OPERATING REVENUE TO SEGMENTS (PLN '000)	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
- shopping centres	158 297	160 311
- office buildings and hotels	40 350	46 680
- residential space	20 611	50 639
- non-assigned revenue	4 128	3 009
Total operating revenue	223 386	260 639

NOTE 8D

ASSIGNMENT OF OPERATING EXPENSES TO SEGMENTS (PLN '000)	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
- shopping centres	(49 438)	(51 889)
- office buildings and hotels	(17 716)	(23 802)
- residential space	(18 987)	(37 012)
- non-assigned expenses	(4 953)	(2 992)
Total operating revenue	(91 094)	(115 695)

NOTE 8E

ASSIGNMENT OF OPERATING PROFIT (LOSS) TO SEGMENTS (PLN '000)	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
- shopping centres	108 859	108 422
- office buildings and hotels	22 634	22 878
- residential space	1 624	13 627
- non-assigned expenses	(825)	17
Total operating profit (loss)	132 292	144 944

Unallocated assets and liabilities include items which cannot be clearly assigned to specific segments.
There was no inter-segment revenue in the Group.

FINANCIAL RISK MANAGEMENT

NOTE 9

In the interim period, there were no material changes in the management of financial risk compared to the previous reporting year.

As a result of new loans raised, non-discounted contractual cash flows have changed compared to 31.12.2013.

As of the balance sheet date (30 June 2014), the non-discounted contractual cash flows are as follows:

(PLN '000)	LOANS	BONDS	FORWARD	TRADE LIABILITIES	LEASE (PERPETUAL USUFRUCT OF LAND)
Up to 1 year	227 832	115 000	237	73 949	8 139
Between 1 and 3 years	471 806	345 000	-	3	16 277
Between 3 and 5 years	541 543	250 500	-	-	16 277
Between 5 and 10 years	793 794	-	-	-	32 556
Over 10 years	30 881	-	-	-	591 140
Total	2 065 856	710 500	237	73 952	664 389

Date: 27 August 2014

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

Piotr Gromniak



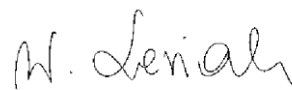
President of the Management Board

Artur Langner



Vice-President of the Management Board

Waldemar Lesiak



Vice-President of the Management Board

Signature of the person entrusted with bookkeeping:

Tomasz Sulek



Chief Accountant

II. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

The condensed interim separate financial statements of Echo Investment S.A. for H1 2014 for the period from 1 January 2014 to 30 June 2014 have been prepared according to the International Financial Reporting Standards.

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION (PLN '000)

	NOTE	30.06.2014	31.12.2013	30.06.2013
ASSETS				
1. Non-current assets				
1.1. Intangible assets		601	813	1 007
1.2. Property, plant and equipment	1	7 879	36 505	15 091
1.3. Investment property	2	2 869	3 172	3 607
1.4. Investments in subsidiaries, jointly-controlled entities and associates	3	922 670	925 441	922 236
1.5. Long-term financial assets		13 910	14 090	14 359
1.6. Borrowings granted	4	46	32	44
1.7. Deferred income tax assets	5	10 880	11 452	12 978
		958 855	991 505	969 322
2. Current assets				
2.1. Inventory	6	336 983	266 624	265 030
2.2. Income tax receivables		59	3 376	1 842
2.3. Other tax receivables		3 639	-	-
2.4. Trade and other receivables		60 221	59 186	43 666
2.5. Borrowings granted	4	135 701	208 128	156 802
2.6. Restricted cash		2 102	40	1 019
2.7. Cash and cash equivalents		183 343	9 897	91 460
		722 048	547 251	559 819
TOTAL ASSETS		1 680 903	1 538 756	1 529 141

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION (PLN '000)

EQUITY AND LIABILITIES	NOTE	30.06.2014	31.12.2013	30.06.2013
1. Equity				
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		80 210	60 663	12 626
		736 381	656 171	608 134
2. Provisions				
2.1. Provisions for liabilities – short-term	10	2 000	2 000	2 000
		2 000	2 000	2 000
3. Long-term liabilities				
3.1. Loans, borrowings and bonds	7	583 669	509 110	508 133
3.3. Security deposits and advance payments received		1 298	1 521	16 997
		584 967	510 631	525 130
4. Short-term liabilities				
4.1. Loans, borrowings and bonds	9	302 106	334 191	359 624
4.2. Liabilities due to current portion of income tax	8	188	2	307
4.3. Other tax liabilities	8	954	2 573	2 794
4.4. Trade liabilities	8	8 644	12 335	6 963
4.5. Security deposits and advance payments received	8	40 771	16 870	21 094
4.6. Other liabilities	8	4 892	3 983	3 095
		357 555	369 954	393 877
TOTAL EQUITY AND LIABILITIES		1 680 903	1 538 756	1 529 141

INTERIM SEPARATE PROFIT AND LOSS ACCOUNT (PLN '000)

	NOTE	01.01.2014-30.06.2014	01.01.2013-30.06.2013
Revenue	12	76 395	121 660
Prime cost of sale		(20 622)	(78 233)
Gross profit on sales		55 773	43 427
Profit / (loss) on investment property		(303)	(145)
Selling costs		(11 763)	(11 862)
General administrative expenses		(21 884)	(18 098)
Other operating revenue		85 570	28 137
Other operating expenses		(210)	(465)
Profit before tax and excluding financial revenue/expenses		107 183	40 994
Financial revenue		1 928	2 540
Financial expenses		(27 271)	(30 208)
Gross profit		81 840	13 326
Income tax		(1 630)	(700)
Net profit		80 210	12 626
Net profit		80 210	12 626
Average weighted ordinary shares		412 690 582	412 690 582
Earnings per ordinary share (in PLN)		0.19	0.03
Average weighted diluted ordinary shares		412 690 582	412 690 582
Diluted earnings per ordinary share (in PLN)		0.19	0.03

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	NOTE	01.01.2014-30.06.2014	01.01.2013-30.06.2013
Net profit		80 210	12 626
Other net comprehensive income		-	-
Comprehensive income		80 210	12 626

INTERIM SEPARATE CASH FLOW STATEMENT (PLN '000)

	NOTE	01.01.2014-30.06.2014	01.01.2013-30.06.2013
Operating cash flow – indirect method			
I. Gross profit		81 840	13 326
II. Adjustments		(51 512)	5 947
1. Amortisation and depreciation		1 654	1 815
2. Foreign exchange gains/(losses)		-	-
3. Interest and profit sharing (dividends)		(52 397)	4 183
4. Profit/(loss) on revaluation of assets and liabilities		(769)	(51)
III. Movement in working capital		(40 807)	55 396
1. Movement in provisions		(572)	(961)
2. Movement in inventory		(70 359)	37 385
3. Movement in receivables		10 497	29 006
4. Movement in short-term liabilities, except for loans and borrowings		19 627	(10 034)
IV. Net operating cash (I+/-II +/- III)		(10 479)	74 669
V. Income tax paid		2 445	(3 480)
VI. Net operating cash flow (IV+/-V)		(8 034)	71 189
Cash flow from investing activities			
I. Proceeds		208 314	317 290
1. Sale of intangible assets, and property, plant and equipment		828	52
2. Sale of investments in real property and intangible assets		-	145
3. From financial assets, including:		207 486	317 093
a) in related parties		207 585	317 093
- sale of financial assets		-	-
- dividends and profit sharing		72 601	14 971
- repayment of borrowings granted		132 945	297 112
- interest		2 039	5 010
- other proceeds from financial assets		-	-
b) in other parties		(99)	-
- sale of financial assets		(99)	-
4. Other investment proceeds		-	-
II. Expenditures		(37 164)	(135 842)
1. Purchase of intangible assets and PP&E		(1 167)	(2 669)
2. Investments in real property and intangible assets		303	-
3. On financial assets, including:		(36 248)	(133 066)
a) in related parties		(36 248)	(133 065)
- purchase of financial assets		(747)	(290)
- borrowings granted		(35 501)	(132 775)
b) in other parties		-	(1)
- purchase of financial assets		-	(1)
4. Other capital expenditures		(52)	(107)
Net cash flow from investing activities		171 150	181 448

INTERIM SEPARATE CASH FLOW STATEMENT (PLN '000)

	NOTE	01.01.2014- 30.06.2014	01.01.2013- 30.06.2013
Cash flow from financing activities			
I. Proceeds		339 101	313 530
1. Net proceeds from issue of shares (interests) and other equity instruments and capital contributions		-	-
2. Loans and borrowings		168 601	1 216
3. Issue of debt securities		170 500	312 314
II. Expenditures		(326 709)	(476 705)
1. Purchase of equity shares (interests)		-	(33 696)
2. Dividends and other payments to equity holders		-	-
3. Expenditure due to distribution of profit, other than payments to equity holders		-	-
4. Repayment of loans and borrowings		-	(90 484)
5. Redemption of debt securities		(300 000)	(320 000)
6. Due to other financial liabilities		-	-
7. Payment of liabilities under finance lease agreements		-	-
8. Interest		(26 709)	(32 525)
9. Other financial expenditures		-	-
Net cash flow from financing activities		12 392	(163 175)
Total net cash flows		175 508	89 462
Movement in the balance of cash, including:		175 508	89 462
- movement in cash due to foreign exchange gains/losses		-	-
Cash at the beginning of the period		9 937	3 017
Cash at the end of the period, including:		185 445	92 479
- restricted cash		2 102	1 019

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY (PLN '000)

	SHARE CAPITAL	SUPPLEMENTAR Y CAPITAL	EQUITY SHARES	PROFIT BROUGHT FORWARD	CURRENT YEAR PROFIT	TOTAL EQUITY
As of 1 January 2014	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 for the period	-	-	-	-	80 210	80 210
Total changes	-	60 663	-	(60 663)	80 210	80 210
As of 30 June 2014	20 635	635 536	-	-	80 210	736 381
As of 1 January 2013	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 for the period	-	-	-	-	60 663	60 663
Total changes	(365)	7 782	-	(41 113)	60 663	26 967
As of 31 December 2013	20 635	574 873	-	-	60 663	656 171
As of 1 January 2013	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 for the period	-	-	-	-	12 626	12 626
Total changes	-	41 113	(33 696)	(41 113)	12 626	(21 070)
As of 30 June 2013	21 000	608 204	(33 696)	-	12 626	608 134

On 25 April 2013, as a result of a block transaction on the regulated market of Warsaw Stock Exchange, Echo Investment SA purchased from its subsidiary, Park Postępu-Projekt Echo-93 Spółka z ograniczoną odpowiedzialnością S.K.A., with its registered office in Kielce, 7,309,418 (seven million, three hundred and nine thousand, four hundred and eighteen) equity shares for PLN 4.61 per share.

On 6 June 2013, the Ordinary General Shareholders' Meeting of Echo Investment S.A. passed a resolution on the redemption of the said shares, which were purchased as a result of the call to subscribe for the sale of shares between 8 and 21 February 2012.

The said purchase of the equity shares 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. of 18 January 2012.

On 31 October 2013, the decrease in the share capital was registered with the court.

NOTES ON THE ADOPTED ACCOUNTING PRINCIPLES AND OTHER EXPLANATORY INFORMATION

GENERAL INFORMATION

Echo Investment S.A.'s core business consists in the construction and lease or sale of space in office, shopping, residential and hotel 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 – property development companies.

The Company was established for an indefinite period of time.

As of 30 June 2014, the Management Board of Echo Investment S.A. was composed of Piotr Gromniak (President of the Management Board), Artur Langner (Vice-President of the Management Board) and Waldemar Lesiak (Vice-President of the Management Board), and, as of 30 June 2013, the Management Board was composed of Piotr Gromniak (President of the Management Board), Artur Langner (Vice-President of the Management Board) and Waldemar Lesiak (Vice-President of the Management Board). As of 30 June 2014, the Supervisory Board was composed of Wojciech Ciesielski (Chairman), Andrzej Majcher and Mariusz Waniolka (Vice-Chairmen), and Robert Oskard and Karol Żbikowski (Members), and, as of 30 June 2013, the Supervisory Board was composed of Wojciech Ciesielski (Chairman), Andrzej Majcher and Mariusz Waniolka (Vice-Chairmen), and Robert Oskard and Karol Żbikowski (Members). As of 30 June 2014, pursuant to article 86 section 3 of the Act of 7 May 2009 on statutory auditors and their professional associations, the Audit Committee is composed of the members of the Supervisory Board.

INFORMATION ON THE FINANCIAL STATEMENTS

The condensed interim statements of Echo Investment S.A. present financial data for the 6-month period ended on 30 June 2014, comparative data for the 6-month period ended on 30 June 2013 and comparative data for the 12-month period ended on 31 December 2013.

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.

When preparing the condensed financial statements, the Company used the principles included in IAS 34. These financial statements should be analysed in conjunction with the 2013 annual separate financial statements.

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 Capital Group, these financial statements should be read together with the semi-annual consolidated financial statements for the 6-month period ending on 30 June 2014. These 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.

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 01 January 2014. The introduced amendments have not had any material effect on the presentation of data and measurement in the financial statements.

MAIN ACCOUNTING PRINCIPLES

The accounting policy is in line with the policy used in the financial statements for the year ending on 31 December 2013.

METHODS OF DETERMINING THE FINANCIAL RESULT

The financial result is determined using the calculation method.

Operating revenue

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, framework, 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 income 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 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. Fair value of property which is held for the purpose of increasing value and does not generate material income is determined by external property appraisers.

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 of 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. 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 of 30 June 2014, 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 OF 30.06.2014	AS OF 31.12.2013	AS OF 30.06.2013
Interests, shares and funds held	923 800	926 571	923 366
Financial revenues/expenses from the measurement of interests, shares and funds	-	-	-
Estimated percentage change in the value of interests, shares and funds	+/- 1 p.p.	+/- 1 p.p.	+/- 1 p.p.
Estimated financial revenues/expenses from a potential change in the value of interests, shares and funds	9 238	9 266	9 234
Total effect on the gross result for the period	9 238	9 266	9 234
Income tax	1 755	1 761	1 755
Total effect on the net result for the period	7 483	7 505	7 479

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.

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 H1 2014 transactions with related companies were executed based on the following agreements:

- 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 in ul. Górnośląska and ul. Pomorska. The value of the transaction for H1 2014 is PLN 1,712 thousand.
- Agreement for the management of an investment project, concluded on 1 October 2012 with Park Rozwoju – 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 in ul. Konstruktorska. The value of the transaction for H1 2014 is PLN 2,194 thousand.
- Agreement for the preparation of an investment, concluded on 23 December 2011 with Park Rozwoju – Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works necessary to obtain a building permit for the construction of an office facility in Warsaw, ul. Konstruktorska. The value of the transaction for H1 2014 is PLN 2,243 thousand.
- Agreement on investment management, concluded on 1 September 2013 with A4 - Business Park - GE 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 in Katowice in ul. Francuska. The value of the transaction for H1 2014 is PLN 1,743 thousand.
- Agreement for investment management, concluded on 1 July 2013 with Projekt Echo -70 Sp. z o.o., 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 the office facility located in Warsaw in ul. Jana Pawła. The value of the transaction for H1 2014 is PLN 4,905 thousand.
- Agreement for the management of an investment project: alteration of a shopping centre in Jelenia Góra, concluded on 01 July 2013 with Galeria Sudecka - Projekt Echo - 43 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 alteration of the shopping centre located on a real property in Jelenia Góra in ul. Jana Pawła II 52. The value of the transaction for H1 2014 is PLN 2,704 thousand.
- Agreement for the management of an investment project, concluded on 1 August 2013 with Projekt 3 - 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 the office facility located in Wrocław in ul. Lotnicza. The value of the transaction for H1 2014 is PLN 2,685 thousand.
- Agreement for investment management, concluded on 3 January 2013 with Echo – Nowy Mokotów Sp. z o.o. S.K., 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 the residential facility located in Warsaw in ul. Konstruktorska. The value of the transaction for H1 2014 is PLN 995 thousand.
- Agreement for the management of an investment project concluded on 31 October 2013 with Projekt Echo - 102 Spółka z ograniczoną odpowiedzialnością, 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 Gdańsk in ul. Jana z Kolna. The value of the transaction for H1 2014 is PLN 2,910 thousand.
- Agreement for the management of an investment project concluded on 1 April 2014 with 47 - 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 Krakow in ul. Opolska. The value of the transaction for H1 2014 is PLN 1,118 thousand.

- Agreement of 31 March 2014, for the purchase by Echo Investment S.A. of a property located in Poznań, ul. Słoneczna 26 (plot no. 28), with an area of 25,693 m², concluded with Mena Investments Spółka z ograniczoną odpowiedzialnością. Transaction value: PLN 22,592 thousand.

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

INFORMATION ON MATERIAL POST-BALANCE SHEET EVENTS

On 6 July 2014, the Management Board of Echo Investment S.A. received an addendum dated 30 July 2014 to an overdraft facility agreement ("Addendum") signed by 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.

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. As of the publication date of the semi-annual report, the Company carried out two issues with a total nominal value of PLN 75 million. The Issue Date of series A Bonds and the Issue Date of series B bonds is 22 July 2014.

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

INFORMATION ON REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In H1 2014, 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. in the total amount of PLN 418 thousand;
- Artur Langner received remuneration in Echo Investment S.A. in the total amount of PLN 394 thousand.
- Waldemar Lesiak received remuneration in Echo Investment S.A. totalling PLN 268 thousand.

In H1 2014, 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. in the total amount of PLN 42 thousand;
- Andrzej Majcher received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Mariusz Waniolka received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Robert Oskard received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand;
- Karol Żbikowski received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand.

In H1 2013, 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. in the total amount of PLN 384 thousand;
- Artur Langner received remuneration in Echo Investment S.A. in the total amount of PLN 364 thousand.
- Waldemar Lesiak received remuneration in Echo Investment S.A. totalling PLN 126 thousand.

In H1 2013, 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. in the total amount of PLN 42 thousand;
- Andrzej Majcher received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Mariusz Waniolka received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Robert Oskard received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand;
- Karol Żbikowski received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand;
- Tomasz Kalwat received remuneration in Echo Investment S.A. in the total amount of PLN 16 thousand.

DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS AND FAILURES OF THE COMPANY AND INDICATION OF MAJOR EVENTS

MAJOR EVENTS IN H1 2014**Sale of assets with a significant value – final agreement for the sale of stage II of an office project in Wrocław**

On 31 January 2014, the Issuer's subsidiary operating under the business name Projekt Echo – 104 Spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce (25-323), Al. Solidarności 36, entered into the register of entrepreneurs maintained by the District Court in Kielce under KRS no. 446924 (later referred to as the Seller), and the company operating under the business name Skua Spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: ul. Mokotowska 49, 00-542 Warsaw), entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 12th Economic Department of the National Court Register, under KRS no. 422523 (later referred to as the Buyer), concluded the final agreement for the sale of the real property located in Wrocław in ul. Swobodna and ul. Borowska, including the ownership title to the building erected on that property, forming stage II of the office development Aquarius Business House, along with the accompanying infrastructure (Office Development).

The total value of the signed sale agreement for the Office Development is EUR 22,703 thousand, which, as of the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 96,188 thousand net, plus the applicable VAT.

The fixed value of the sold assets in the consolidated financial statements of the Echo Investment Capital Group at the end of Q3 2013, measured in conformity with the IAS, amounted to PLN 79,844 thousand.

The Issuer's Capital Group does not hold any loan debts related to the sold asset, thus the transaction generates cash flows in the amount equal to the sale price.

The Issuer's subsidiary, Echo Investment Property Management – Grupa Echo Sp. z o.o. Spółka komandytowa, will manage the office building until December 2017. The office building is fully rented out.

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

Loan agreement of the Issuer's subsidiary

On 31 March 2014, the Issuer's subsidiary A4 BUSINESS PARK – IRIS CAPITAL SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ – SPÓŁKA KOMANDYTOWO-AKCYJNA, with its registered office in Kielce (address: al. Solidarności 36, 25-323 Kielce), whose registration files are maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, entered into the register of entrepreneurs of the National Court Register under no. KRS 0000445973 (later referred to as the "Borrower"), and BNP PARIBAS BANK POLSKA SPÓŁKA AKCYJNA, with its registered office in Warsaw (address: ul. Suwak 3, 02-676 Warsaw), whose registration files are maintained by the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, entered into the register of entrepreneurs of the National Court Register under no. KRS 0000006421 (later referred to as the "Lender" or "Bank"), signed a loan agreement (later referred to as the "Agreement" or "Loan").

The funds raised under the Loan will be used in connection with the construction of buildings by the Issuer's subsidiary as part of stages I and II of the office building complex under the name "A4 Business Park Katowice" in Katowice (later referred to as the "Development").

According to the terms of the Agreement, the Bank provides the Borrower with the following:

- cash under the Construction Loan, amounting to EUR 24,821 thousand, for financing and refinancing the construction costs as part of stages I and II of the Development;
- cash under the VAT Loan, amounting to PLN 5,000 thousand, for paying or refinancing the VAT due from the Borrower;
- cash under the Investment Loan for refinancing the debt raised under the Construction Loan, in the amount of EUR 29,000 thousand.

The loan amounts bear the following interest: for the Construction and Investment Loan – according to EURIBOR, for the VAT Loan – according to WIBOR, plus the Bank's margin in all cases.

The deadlines for repaying the funds raised under the Agreement were set as follows:

- for the Construction Loan: 14 and 24 months from the conclusion date of the Agreement, but not later than 6 months from the Required Completion Date for Buildings 1 and 2;
- for the VAT Loan: 24 months from the conclusion date of the Agreement, but not later than 6 months from the Required Completion Date for Building 2;
- for the Investment Loan: not later than 60 months from the Conversion Date, i.e. the date when the Construction Loan is repaid with the Investment Loan.

The loan and the amounts due to the Bank are mainly secured by the following:

- first ranking mortgage on the Property for the benefit of the Lender, up to 150% of the total loan amount;
- first ranking registered pledge and financial pledge for the benefit of the Lender on all interests in the General Partner's share capital, up to 150% of the secured liability;
- first ranking registered pledges and financial pledges for the benefit of the Lender on all shares in the Borrower's share capital, up to 150% of the secured liability;
- first ranking registered pledge for the benefit of the Lender on the movable property and rights forming the Borrower's business, up to 150% of the secured liability;
- first ranking registered pledges for the benefit of the Lender on the General Partner's transferrable rights from the participation in the

Borrower's company, up to 150% of the secured liability;

- first ranking registered pledges and financial pledges for the benefit of the Lender on the amounts due from the Accounts, up to 150% of the secured liability;
- authorisation granted by the Borrower to the Lender to use the accounts;
- security agreement on the transfer of the Borrower's due amounts and rights from, among other things, all Lease Agreements, Insurance Agreements, Construction Work Agreements, performance bonds for the Construction Work Agreements, Investment Management Agreements and other rights transferred by the Borrower to the Lender;
- debt subordination agreement;
- guarantee agreement on the capitalisation of the Borrower in the event that the investment costs are exceeded;
- Borrower's statement on the submission to enforcement proceedings.

Addendum to a loan agreement

On 27 June 2014, the Issuer signed an addendum to an overdraft facility agreement ("Addendum") with Bank Polska Kasa Opieki SA, with its registered office in Warsaw ("Bank").

Under the signed Addendum, the Bank granted a loan to the Company in the amount of PLN 75 million and extended the loan period to 30 June 2015.

In addition, if certain financial requirements specified in the agreement are satisfied in the following quarters, the loan repayment date will be automatically extended to another year, i.e. to 30 June 2016.

Addendum to a loan agreement

On 30 June 2014, the Issuer's subsidiary FARRINA INVESTMENTS spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce in 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. 0000429965, and Westdeutsche ImmobilienBank AG, with its registered office in Mainz, entered into the commercial register maintained by the District Court (Amtsgericht) in Mainz under no. HRB 40640, signed an addendum to a loan agreement.

According to the addendum, the loan repayment date was changed from 19 August 2014 to 19 August 2019.

Other terms of the amended agreement do not introduce any material changes with regard to the information presented by the Issuer in current report no. 47/2013 of 6 December 2013.

FACTORS AND EVENTS, ESPECIALLY UNUSUAL EVENTS, WITH A SIGNIFICANT IMPACT ON THE GENERATED FINANCIAL RESULTS

1. Factors affecting the Company's financial result in H1 2014:

- posting of revenues from the concluded final agreements for the sale of residential properties:
 - in Łódź (Osiedle Jarzębinowe, stage I, in ul. Okopowa),
 - in Warsaw (Zeusa district),
- posting of revenues from the concluded final agreements for the sale of plots with house designs:
 - Dyminy near Kielce (Osiedle Południowe, stages I and II),
- posting of revenues from the sale of plots in Masłów near Kielce,
- revenue generated on subsidiaries under agreements for the management and preparation of investments,
- revenue generated on subsidiaries under master agreements for financing and lease,
- revenue generated on subsidiaries under agency services in the sale of property,
- quarterly revaluation of fair value,
- cost of sales, and general and administrative expenses,
- quarterly revaluation of inventory,
- measurement of liabilities due to bonds and borrowings at amortised cost,
- interest on deposits and borrowings granted,
- discounts and interest on loans, bonds and borrowings.

Unusual events affecting the Company's financial result in H1 2014:

- none.

NOTE ON SEASONAL OR CYCLICAL NATURE OF THE COMPANY'S BUSINESS IN THE PRESENTED PERIOD

The Company operates in several segments of the real property market. Regular implementation of projects for subsidiaries under agreements for the preparation and management of investments ensures stable revenue in each 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. Revenue from general investment contractor services for third parties and from trade in property may be irregular. The Management Board cannot exclude other one-time events which may influence results generated in a given period.

NOTES TO THE INTERIM STATEMENT OF FINANCIAL POSITION

NOTE 1A

PROPERTY, PLANT AND EQUIPMENT	30.06.2014	31.12.2013	30.06.2013
a) PP&E, including	7 870	14 236	14 070
- land	166	194	54
- buildings, premises, civil and water engineering structures	3 143	3 816	2 814
- plant and machinery	440	406	587
- means of transport	3 670	9 409	10 171
- other PP&E	451	411	444
b) PP&E under construction	9	26	1 021
a) advances on PP&E under construction	-	22 243	-
Total property, plant and equipment	7 879	36 505	15 091

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 2A

MOVEMENT IN INVESTMENT PROPERTY (IN PLN '000)	30.06.2014	31.12.2013	30.06.2013
Value of property investments at the beginning of the period	3 172	3 752	3 752
a) decreases (due to)	(303)	(580)	(145)
- sale	-	-	(145)
- revaluation of property	(303)	(580)	
Value of property investments at the end of the period	2 869	3 172	3 607

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 of 30 June 2014, 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 NBP as of the balance sheet date.

The company has no securities established on investment properties. As of 30 June 2014, the Company does not have any contractual liabilities.

NOTE 3A

INTERESTS AND SHARES (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) Investments in subsidiaries, jointly controlled entities and associates			
- in subsidiaries	921 157	923 928	920 723
- in jointly controlled entities	1 500	1 500	1 500
- in associates	13	13	13
Total interests or shares	922 670	925 441	922 236

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

The change of the business and economic environment has not materially affected the fair value of financial assets.

NOTE 3B

MOVEMENT IN INTERESTS AND SHARES (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) balance at the beginning of the period, including:	925 441	921 946	921 946
- shares and interests	925 441	921 946	921 946
b) increases (due to)	1	3 498	293
- purchase of interests	1	3	3
- increase in capital	-	3 495	290
c) decreases (due to)	(2 772)	(3)	(3)
- sale of interests	-	(1)	(1)
- capital decrease	(2 772)	(2)	(2)
d) balance at the end of the period, including:	922 670	925 441	922 236
- shares and interests	922 670	925 441	922 236

In 2014, the Company decreased capital in the subsidiary:

- Echo - Przy Słowińskim Wzgórzu Sp. K. by decreasing the amount of contribution by PLN 2,673 thousand,
- Galeria Tarnów - Grupa Sp. z o. o. S.K.A. by decreasing the nominal value of shares from PLN 1.00 to PLN 0.01 (by PLN 49 thousand),
- 3 - Grupa Echo Sp. z o.o. S.K.A. by decreasing the nominal value of shares from PLN 1.00 to PLN 0.01 (by PLN 49 thousand).

In addition, in 2014, the Company acquired interests in:

- Projekt Echo - 33 Sp. z o.o., with a value of PLN 1 thousand.

NOTE 4

LONG-TERM BORROWINGS GRANTED (PLN '000)	30.06.2014	31.12.2013	30.06.2013
- in subsidiaries	-	-	--
- in other entities	46	32	44
Total long-term borrowings granted	46	32	44

BASIC DATA ON LONG-TERM BORROWINGS, WITHOUT INTEREST, AS OF 30.06.2014

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Other – unrelated parties	46	WIBOR 6M + margin	31 May 2016
Total:	46		

NOTE 4A

SHORT-TERM BORROWINGS GRANTED (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) in subsidiaries			
- borrowings granted	108 992	206 399	154 310
- interest	4 347	1 729	2 490
	113 339	208 128	156 800
b) in other parties			
- borrowings granted	22 244	-	2
- interest	118	-	-
	22 362	-	2
Total short-term borrowings granted	135 701	208 128	156 802

Note 4A contains short-term borrowings plus interest.

NOTE 4B

SHORT-TERM BORROWINGS GRANTED	30.06.2014	31.12.2013	30.06.2013
a) in the Polish currency (PLN)	135 701	208 128	156 802
Total short-term borrowings granted	135 701	208 128	156 802

Note 4B contains short-term borrowings plus interest.

BASIC DATA ON MAJOR SHORT-TERM BORROWINGS, WITHOUT INTEREST, AS OF 30.06.2014

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Magellan Pro-Service Sp. z o. o.	22 244	WIBOR 3M + margin	30 April 2015
Dellia Investment S.A.	2	WIBOR 3M + margin	30 September 2014
Echo Investment Hungary Ingatlanhasznosító KFT	24 115	WIBOR 3M + margin	31 December 2014
EI Project CYP 1 LIMITED	49 384	WIBOR 3M + margin	31 December 2014
Barconsel Holding Limited	191	WIBOR 3M + margin	30 September 2014
Projekt Babka Tower - Grupa Echo Sp. z o. o. S.K.A.	35 300	WIBOR 3M + margin	31 December 2014
Total:	131 236		

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 OF 31.12.2013

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Echo Investment Projekt Management SRL	145	WIBOR 3M + margin	30 September 2014
Park Rozwoju - Grupa Echo Sp. z o. o. S.K.A.	32 350	WIBOR 3M + margin	31 December 2014
Echo Investment Hungary Ingatlanhasznosító KFT	23 071	WIBOR 3M + margin	31 December 2014
Veneda - Projekt Echo - 97 Sp. z o. o. S.K.A.	54 204	WIBOR 3M + margin	31 March 2014
EI Project CYP 1 LIMITED	48 679	WIBOR 3M + margin	31 December 2014
Barconsel Holding Limited	150	WIBOR 3M + margin	30 September 2014
Projekt Babka Tower - Grupa Echo Sp. z o. o. S.K.A.	47 800	WIBOR 3M + margin	31 December 2014
other – unrelated parties	-	-	-
Total:	206 399		

BASIC DATA ON MAJOR SHORT-TERM BORROWINGS, WITHOUT INTEREST, AS OF 30.06.2013

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Echo Investment Projekt Management SRL	1 479	WIBOR 3M + margin	30 September 2013
Park Rozwoju - Grupa Echo Sp. z o. o. S.K.A.	14 350	WIBOR 3M + margin	31 December 2013
Echo Investment Hungary Ingatlanhasznosító KFT	22 881	WIBOR 3M + margin	30 September 2013
Veneda - Projekt Echo - 97 Sp. z o. o. S.K.A.	56 900	WIBOR 3M + margin	31 March 2013
EI Project CYP 1 LIMITED	44 700	WIBOR 3M + margin	31 October 2013
Echo - Pod Klonami Sp. z o. o. Sp.K.	4 000	WIBOR 3M + margin	30 June 2014
Metropolis - Grupa Echo PS. z o. o. S.K.A.	10 000	WIBOR 3M + margin	30 June 2014
other – non-related parties	2	WIBOR 6M + margin	30 June 2013
Total:	154 312		

NOTE 5

MOVEMENT IN DEFERRED INCOME TAX ASSETS/PROVISION (PLN '000)	30.06.2014	31.12.2013	30.06.2013
1. Deferred income tax assets/provision at the beginning of the period	11 452	13 678	13 678
investment property	(285)	(396)	(396)
receivables and liabilities due to borrowings	(329)	(8)	(8)
liabilities due to loans and bonds	(656)	(263)	(263)
tax loss	121	-	-
inventory	4 966	6 503	6 503
interests and shares	12 951	13 200	13 200
other	(5 316)	(5 358)	(5 358)
2. Increases	836	274	1 509
investment property	58	111	28
liabilities due to loans and bonds	130	-	-
tax loss	-	121	1 481
inventory	648	-	-
other	-	42	-
3. Decreases	(1 408)	(2 500)	(2 209)
investment property	-	-	-
receivables and liabilities due to borrowings	(520)	(321)	(465)
liabilities due to loans and bonds	-	(393)	(477)
tax loss	(61)	-	-
inventory	-	(1 537)	(753)
interests and shares	-	(249)	(249)
other	(827)	-	(265)
4. Deferred income tax assets/provision at the end of the period	10 880	11 452	12 978
investment property	(227)	(285)	(368)
receivables and liabilities due to borrowings	(849)	(329)	(473)
liabilities due to loans and bonds	(526)	(656)	(740)
tax loss	60	121	1 481
inventory	5 614	4 966	5 750
interests and shares	12 951	12 951	12 951
other	(6 143)	(5 316)	(5 623)

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

NOTE 6A

INVENTORY (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) semi-finished products and work-in-progress	273 462	198 284	176 924
b) finished products	20 656	25 119	44 087
c) goods	42 865	43 221	44 019
Total inventory	336 983	266 624	265 030

Inventory is measured at the manufacturing cost, 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 a decrease of costs are presented in the income statement under prime cost of sale.

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 for sale.

NOTE 6B

INVENTORY – INFLUENCE ON THE RESULT (PLN '000)	30.06.2014	31.12.2013	30.06.2013
Allowances for inventory recognised as cost in the period	1 703	3 301	-
Reversed write-downs on inventory recognised as revenue in the period	-	8 627	566

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 amount of the revaluation allowance for inventory in H1 2014 changed by PLN 1,703 thousand (as of 31 December 2013: PLN 5,326 thousand, and as of 30 June 2013: PLN 566 thousand).

As of 30 June 2014, work-in-progress for which there was no capitalisation of financing costs during the year amounted to PLN 190,816 thousand.

NOTE 7A

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) due to subsidiaries			-
b) due to other entities			
- advances received	-	-	15 351
- security deposits received	1 298	1 521	1 646
- loan	20 082		
- due to issue of debt securities	563 587	509 110	508 133
Total long-term liabilities	584 967	510 631	525 130
	584 967	510 631	525 130

Under an agreement signed with mBank SA, the Company issued coupon bonds on 19 February 2014 in the amount of PLN 100 million, and on 15 May 2014 in the amount of PLN 70.5 million.

NOTE 7B

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) WITH REMAINING MATURITIES FROM THE BALANCE SHEET DATE (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) over 1 year to 3 years	348 200	284 590	248 851
b) over 3 years to 5 years	236 767	226 041	263 051
c) over 5 years	-	-	13 228
Total long-term liabilities	584 967	510 631	525 130
Interest rates applied for discounting the expected cash flows:	6.56%	6.58%	6.68%

The Company has presented its long-term liabilities at nominal value in note 7E.

NOTE 7C

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) (CURRENCY STRUCTURE) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) in the Polish currency (PLN)	584 967	510 631	525 130
Total long-term liabilities	584 967	510 631	525 130

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 have been no violations of loan agreements and the established security levels during the financial year and by the day of signing the condensed financial statements.

NOTE 7D

LOAN FACILITIES AS OF 30 JUNE 2014

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			
Facilities								
PeKaO S.A.	Warsaw	75 000	PLN	38 089	PLN	WIBOR 1M + margin	2015-06-30	authorisation to bank account, statement on submission to enforcement proceedings up to PLN 90 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	60 000	PLN	54 937	PLN	WIBOR 1M + margin	2014-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 200 million, sola blank bill of exchange
Alior Bank S.A.	Warsaw	30 000	PLN	26 258	PLN	WIBOR 3M + margin	2016-01-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
BZ WBK S.A.	Wrocław	50 000	PLN	29 235	PLN	WIBOR 1M + margin	2014-07-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 100 million, sola blank bill of exchange
Working capital facility								
PKO BP S.A.	Warsaw	40 000	PLN	20 082	PLN	WIBOR 1M + margin	2015-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 200 million, sola blank bill of exchange
Total		255 000		168 601				

LOAN FACILITIES AS OF 31 DECEMBER 2013

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	-	-	WIBOR 1M + margin	2014-06-30	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	60 000	PLN	-	-	WIBOR 1M + margin	2014-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 200 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	40 000	PLN	-	-	WIBOR 1M + margin	2015-08-19	
BZ WBK S.A.	Wrocław	50 000	PLN	-	-	WIBOR 1M + margin	2014-07-30	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	-	-	WIBOR 1M + margin	2014-01-29	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
Total		230 000		-				

LOAN FACILITIES AS OF 30 JUNE 2013

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	24 203	PLN	WIBOR 1M + margin	2014-06-30	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	50 000	PLN	-	-	WIBOR 1M + margin	2013-08-19	authorisation to bank account, statement on submission to enforcement proceedings up to the amount of PLN 200 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	50 000	PLN	-	-	WIBOR 1M + margin	2015-08-19	
BZ WBK S.A.	Wrocław	50 000	PLN	17	PLN	WIBOR 1M + margin	2014-07-30	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	-	-	WIBOR 1M + margin	2014-01-29	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
Total		230 000		24 220				

The loan value corresponds to non-discounted cash flows.

NOTE 7E

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 (mBank S.A.)	200 000	WIBOR 6M + margin	2017-04-28	none	none
Bonds (mBank S.A.)	145 000	WIBOR 6M + margin	2016-02-11	none	none
Bonds (mBank S.A.)	115 000	WIBOR 6M + margin	2015-05-18	none	none
Bonds (mBank S.A.)	100 000	WIBOR 6M + margin	2019-02-19	none	none
Bonds (mBank S.A.)	80 000	WIBOR 6M + margin	2018-06-19	none	none
Bonds (mBank S.A.)	70 500	WIBOR 6M + margin	2019-05-15	none	none
Total	710 500				

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

The change of the business and economic environment has not materially affected the fair value of financial liabilities.

As of 30 June 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 2014.

NOTE 8A

SHORT-TERM TRADE LIABILITIES, TAXES, SECURITY DEPOSITS, ADVANCES RECEIVED AND OTHER (WITHOUT PROVISIONS)	30.06.2014	31.12.2013	30.06.2013
- trade, due to subsidiaries, with maturity:	157	-	103
- up to 12 months	157	-	103
- over 12 months	-	-	-
- trade, due to other companies, with maturity:	8 487	12 335	6 860
- up to 12 months	8 487	12 330	6 833
- over 12 months	-	5	27
Total short-term trade liabilities	8 644	12 335	6 963
- advances received	38 675	14 006	17 061
- security deposits received	2 096	2 864	4 033
Total security deposits and advance payments received	40 771	16 870	21 094
- taxes, customs duties, insurance and other benefits	1 142	2 575	3 101
Total tax	1 142	2 575	3 101
- other liabilities	4 892	3 983	3 095
- payroll	2	9	36
- other (due to)	4 890	3 974	3 059
Total other short-term liabilities	4 892	3 983	3 095
Total short-term trade liabilities, taxes, security deposits, advances received and other	55 449	35 763	34 253

The fair value of trade and other liabilities does not differ materially from their carrying value. The increase in the item "Advance payments received" is a result of an increase in the number of signed preliminary agreements.

NOTE 9A

SHORT-TERM LOANS, BORROWINGS AND BONDS (PLN '000)	30.06.2014	31.12.2013	30.06.2013
due to other companies			
- loans and borrowings,	148 519	-	24 220
- due to issue of debt securities	153 587	334 191	335 404
Total short-term loans, borrowings and bonds	302 106	334 191	359 624

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 condensed financial statements.

NOTE 9B

SHORT-TERM LOANS, BORROWINGS AND BONDS (CURRENCY STRUCTURE) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
due to other companies			
in Polish currency	302 106	334 191	359 624
Total short-term loans, borrowings and bonds	302 106	334 191	359 624

NOTE 10

MOVEMENT IN SHORT-TERM PROVISIONS (DUE TO) (PLN '000)	30.06.2014	31.12.2013	30.06.2013
a) at the beginning of the period			
- provisions for penalties	2 000	2 000	2 000
	2 000	2 000	2 000
b) at the end of the period			
- provisions for penalties	2 000	2 000	2 000
	2 000	2 000	2 000

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 11

OFF-BALANCE SHEET ITEMS (PLN '000)	30.06.2014	31.12.2013	30.06.2013
1. Contingent receivables			-
2. Contingent liabilities			
2.1. For related parties (due to)	409 919	561 078	118 310
- guarantees and sureties granted	409 919	561 078	118 310
2.2. For other entities (due to)	3 443	2 543	2 553
- guarantees and sureties granted	3 443	2 543	2 553
	413 362	563 621	120 863
3. Other (due to)			
- court proceedings against Echo Investment	682	406	167
	682	406	167
Total	414 044	564 027	121 030

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 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 9,889 thousand.

3. 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 39,240 thousand.

4. Security to Westdeutsche Immobilienbank AG for the liabilities under the loan agreement concluded on 5 December 2013. The guarantee was issued in EUR. The guarantee amounts to PLN 231,190 thousand.

5. Bank performance bond issued on 13 May 2013 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 2,155 thousand.

6. Bank performance bond issued on 19 October 2012 by Bank PKO BP S.A. to Immo Poland Sp. z o.o., securing proper performance of the lease agreement of 28.08.2009, as amended, concluded between Echo Investment S.A. and Immo Poland Sp. z o.o. The guarantee amounts to PLN 154 thousand.

7. Security for the liabilities due to Horte Sp. z o.o. in the event of 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. The guarantee amounts to PLN 20,805 thousand.

8. Bank performance bond issued on 16 June 2014 by PKO BP S.A. to Leroy - Merlin Inwestycje Sp. z o.o., securing claims due to non-performance or ill-performance of the agreement of 9 April 2014, as amended. The guarantee amounts to PLN 1,000 thousand.

9. 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 134 thousand.

10. 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. The guarantee amounts to PLN 37,448 thousand.

11. 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. The guarantee amounts to PLN 26,651 thousand.

12. Security for exceeded implementation costs of the development A4 Business Park, stages I and II, in Katowice. The guarantee was issued in EUR. The guarantee amounts to PLN 29,508 thousand.

13. Security for the non-performance of obligations under a promotional lottery organised in the shopping and entertainment centre Olimpia in Bełchatów. The guarantee amounts to PLN 188 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.

NOTES TO THE PROFIT AND LOSS ACCOUNT

NOTE 12

OPERATING REVENUE (STRUCTURE BY THE TYPES OF ACTIVITY) (PLN '000)	01.01.2014 -30.06.2014	01.01.2013 -30.06.2013
A. Sale of residential and commercial area	5 584	3 611
- including: from related parties	-	-
B. Property development services	32 800	33 183
- including: from related parties	30 940	21 405
from subsidiaries	30 940	21 405
from jointly controlled entities	-	-
C. Trade in real property	1 226	51 638
- including: from related parties	-	46 073
D. Lease services	1 791	2 003
- including: from related parties	969	899
from subsidiaries	969	899
from the parent company	-	-
E. Legal, accounting, consulting and IT services	20 868	21 094
- including: from related parties	20 868	21 094
from subsidiaries	20 868	21 094
from jointly controlled entities	-	-
F. Financial, marketing, securing services and other revenue	14 126	10 131
- including: from related parties	13 685	9 576
from subsidiaries	13 683	9 574
from key personnel	2	2
Total operating revenue	76 395	121 660
- including: from related parties	66 462	99 047
from subsidiaries	66 460	99 045
from the parent company	-	-
from key personnel	2	2

The minimum contracted lease revenue for 2015 is PLN 3,580 thousand. The Company has not concluded any transactions with related entities under terms other than market terms.

NOTE 13

INFORMATION ON FINANCIAL INSTRUMENTS (PLN '000)

No.	INSTRUMENT TYPE	NOTE	CARRYING VALUE (PLN '000)		
			30.06.2014	31.12.2013	30.06.2013
	Financial assets				
1.	Borrowings and receivables:				
	- long-term borrowings	4	46	32	44
	- short-term borrowings	4	135 701	208 128	156 802
	- trade receivables		28 365	38 621	17 986
	- advances received		12 780	12 959	13 228
2.	Cash and cash equivalents		185 445	9 937	92 479
	Financial liabilities				
1.	Other financial liabilities:				
	- liabilities due to issue of debt securities	7,9	717 174	843 301	843 537
	- trade liabilities		8 644	12 335	6 963
	- loans and borrowings	7,9	168 601	-	24 220

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.

The fair value of financial instruments does not differ materially from their carrying value.

Date: 27 August 2014

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

Piotr Gromniak




President of the Management Board

Artur Langner



Vice-President of the Management Board

Waldemar Lesiak



Vice-President of the Management Board

Signature of the person entrusted with bookkeeping:

Tomasz Sulek



Chief Accountant



MANAGEMENT REPORT OF ECHO INVESTMENT SA AND OF THE CAPITAL GROUP FOR H1 2014

III. MANAGEMENT REPORT OF ECHO INVESTMENT S.A. AND OF THE CAPITAL GROUP

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 June 2014 and 30 June 2013, the Capital Group employed 373 and 351 people respectively.

The report covers the six-month period ended on 30 June 2014, comparative data for the six-month period ended on 30 June 2013 and comparative data for the twelve-month period ended on 31 December 2013 (in the case of the balance sheet and statement of changes in equity). The report has been drawn up in Polish zloty and in accordance with International Financial Reporting Standards approved by the European Commission.

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.

1. 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:

OPERATING RESULTS GENERATED IN H1 2014, BY SEGMENTS:

ITEM	REVENUE (PLN 000,000)	% SHARE	EXPENSES (PLN 000,000)	% SHARE
Shopping centres, and shopping and entertainment centres	158.3	70.9%	49.4	54.3%
Residential areas	20.6	9.2%	19.0	20.8%
Office and hotel facilities	40.4	18.1%	17.7	19.5%
Not classified	4.1	1.8%	5.0	5.4%
Total operating result	223.4	100.0%	91.1	100.0%

In H1 2014, the Capital Group did not change the basis for segmentation and the sum of segments' assets did not change significantly in comparison to data presented in the 2013 report.

OPERATING RESULTS GENERATED IN H1 2013, BY SEGMENTS:

ITEM	REVENUE (PLN 000,000)	% SHARE	EXPENSES (PLN 000,000)	% SHARE
Shopping centres, and shopping and entertainment centres	160.3	61.5%	51.9	44.8%
Residential areas	50.6	19.4%	37.0	32.0%
Office and hotel facilities	46.7	17.9%	23.8	20.6%
Not classified	3.0	1.2%	3.0	2.6%
Total operating result	260.6	100.0%	115.7	100.0%

2. INFORMATION ON THE CAPITAL GROUP'S PROJECTS

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

PORTFOLIO OF PROPERTIES IN USE

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

PROPERTY PORTFOLIO AS OF 30 JUNE 2014

CITY	LOCATION	NAME	GLA ¹ (SQ. M)	NOI ² (EUR 000,000)
Kielce	ul. Świętokrzyska	Galeria Echo	70 400	13,6
Wrocław	Plac Grunwaldzki	Pasaż Grunwaldzki	48 500	14,0
Szczecin	Al. Wyzwolenia	Galaxy	41 200	12,2
Kalisz	ul. Górnosłaska	Amber	33 600	5,1
Bełchatów	ul. Kolejowa	Galeria Olimpia	21 300	3,1
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	0,5
SHOPPING CENTRES	TOTAL		264 900	55,2
Poznań	ul. Baraniaka	Malta Office Park	29 000	5,2
Warsaw	ul. Konstruktorska	Park Rozwoju (stage I)	17 400	3,1
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
OFFICE DEVELOPMENTS	TOTAL		97 200	17,2
DEVELOPMENTS FOR LEASE	TOTAL		362 100	72,4

* 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.

¹ Gross Leasable Area

² Net Operating Income

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, 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.

PROJECTS IN THE COURSE OF IMPLEMENTATION 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	3.0	H2 2013	H1 2015
UNDER CONSTRUCTION	18 600	3.0		
Katowice, ul. Kościuszki	30 500	5.3	H1 2015	H2 2016
Szczecin, Galaxy (expansion)	15 700	3.0	H1 2015	H2 2016
Szczecin, Outlet Park (stage II)	4 900	0.8	H1 2015	H2 2015
Szczecin, Outlet Park (stage III)*	3 400			
Poznań Metropolis*	33 300			
IN PREPARATION	87 800	9.1		
Budapest Mundo (Hungary)**	36 300	8.6		
Brasov Korona (Romania)***	29 800	5.3		
FOREIGN DEVELOPMENTS IN PREPARATION	66 100	13.9		
TOTAL SHOPPING CENTRES	172 500	26.0		

*development in the concept phase

** building permit obtained in 2014

*** The progress of administrative procedures allows for commencement in 2014.

INVESTMENT LAND

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

**** 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, West Gate	16 200	2.9	H1 2013	H2 2014
Katowice, A4 Business Park (stage II)	9 300	1.6	H2 2013	H2 2014
Krakow, Opolska (stage I)	19 200	3.5	H1 2014	H2 2015
Gdańsk, Tryton	24 600	4.1	H2 2013	H1 2015
UNDER CONSTRUCTION	137 400	29.8		
Warsaw, Beethovena (stage I)	18 100	3.5	H1 2015	H2 2016
Warsaw Beethovena (stages II - III)	36 700	6.8	H2 2016	H2 2019
Warsaw, Taśmowa (stage I)	15 000	2.7	H2 2014	H1 2016
Warsaw, Taśmowa (stages II - IV)	44 400	8.1	H2 2015	H1 2020
Krakow, Opolska (stages II - III)	38 400	6.9	H2 2015	H2 2018
Wrocław, Plac Grunwaldzki	16 900	3.0	H2 2014	H2 2015
Wrocław, Sucha I - II	28 200	5.0	H1 2015	H1 2017
Katowice, A4 Business Park (stage III)	12 400	2.1	H2 2014	H1 2016
Poznań, Hetmańska (stages I - III)	36 900	6.3	H1 2015	H2 2020
Łódź, Aurus (stage I)	9 600	1.6	H2 2014	H2 2015
Łódź, Aurus (stage II)	9 600	1.6	H2 2015	H2 2016
IN PREPARATION	266 200	47.6		
Kiev, Dehtiarivska (stages I-VI)*	107 600	23.1		
FOREIGN DEVELOPMENTS IN PREPARATION	107 600	23.1		
TOTAL OFFICE DEVELOPMENTS	511 200	100.5		

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

INVESTMENT LAND

DEVELOPMENT	PLOT AREA (SQ. M)
Krakow, Cracovia **	17 400
INVESTMENT LAND	17 400

** development in the concept phase

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)	11 700	94.5	H1 2014	H1 2016
Poznań, Kasztanowa Aleja (stage II)	8 600	57.8	H2 2012	H2 2014
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	H1 2016
Poznań, Naramowice, Osiedle Jaśminowe (stage I)	6 000	32.2	I H 2013	H1 2015
Krakow, Hortus Apartments	3 000	38.1	II H 2012	H2 2014
Krakow, Bronowicka	3 000	22.0	H2 2013	H2 2015
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
DEVELOPMENTS IN PROGRESS (USABLE AND RESIDENTIAL AREA)	66 100	463.8		
Warsaw, Nowy Mokotów (stages III-IV)	18 900	161.4	H2 2016	H2 2018
Warsaw, Princess, Puławska	4 700	71.8	H1 2015	H2 2016
Poznań, Naramowice, Osiedle Jaśminowe (stages II-IV)	13 500	73.6	H1 2015	H1 2019
Poznań, Jackowskiego	8 000	52.4	H1 2015	H2 2016
Poznań, Sowińskiego (stages II - IV)	12 700	85.6	H2 2014	H1 2019
Krakow, Kościuszki	5 200	55.8	H1 2015	H2 2016
Krakow, Czarodziejska/Tyniecka	5 700	84.6	II H 2014	H1 2016
Krakow, Rydla	8 700	63.8	H1 2015	H1 2017
Krakow, Spiska I	7 100	55.1	H2 2014	H2 2016
Krakow, Spiska II - III	13 900	113.5	H2 2016	H1 2020
Wrocław, Grota Roweckiego (stages II – III)	12 500	67.7	H2 2015	H2 2019
Łódź, Osiedle Jarzębinowe (stages III - V)	34 400	174.1	H2 2015	H2 2021
Łódź, Wodna (stages I – II)	13 700	68.2	H1 2015	H2 2018
Kielce, Zielone Tarasy	2 100	9.3	H2 2014	H2 2015
DEVELOPMENTS IN PREPARATION (USABLE AND RESIDENTIAL AREA)	161 100	1 136.9		
TOTAL RESIDENTIAL DEVELOPMENTS	227 200	1 600.7		
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	16.2	H1 2016	H1 2017
Poznań, Sołacz	13 700	11.0	H1 2015	H2 2016
Warsaw, Rezydencje Leśne (in the course of sale)	52 900	42.3	H2 2010	H2 2012
PLOTS FOR SALE	244 500	77.1		
Lublin, ul. Poligonowa*	1 060 000			
Poznań Naramowice*	350 000			
INVESTMENT LAND	1 410 000			
TOTAL LAND	1 654 500			

*development in the concept phase

3. INFORMATION CONCERNING 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 JUNE 2014 (PLN '000)

BANK	QUOTED AT BONDSPOT	INSTRUMENT TYPE	AMOUNT USED	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
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
TOTAL			710 500		

As of 30 June 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 2014.

On 19 February 2014, under the Bond Issue Programme entered into with BRE Bank 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.

As of the publication date of the semi-annual report, the Company carried out two issues with a total nominal value of PLN 75 million. The Issue Date of series A Bonds and the Issue Date of series B bonds is 22 July 2014.

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;

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

4. 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.

5. EVENTS WHICH OCCURRED AFTER THE DAY OF PREPARING THE SEMI-ANNUAL FINANCIAL STATEMENTS WHICH WERE NOT RECOGNISED IN THE STATEMENTS AND MAY HAVE A MATERIAL IMPACT ON FUTURE FINANCIAL RESULTS OF THE CAPITAL GROUP

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 sale 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. INFORMATION ON CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS AFTER THE END OF THE LAST FINANCIAL YEAR

SURETY AGREEMENTS

SURETY AGREEMENTS OF THE CAPITAL GROUP IN FORCE AS OF 30 JUNE 2014

SURETY TO	VALUE (PLN '000)	VALIDITY	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
WESTDEUTSCHE IMMOBILIENBANK AG	231 190	up to 6 months from a legally binding decision on the establishment of a mortgage on the Property	Surety in EUR to Westdeutsche Immobilienbank AG for the liabilities under the loan agreement concluded on 5 December 2013

On 22 January 2014, the surety in the amount of PLN 172,411,560.00, granted by Echo Investment S.A. to Projekt Echo – 105 Sp. z o.o. (the Issuer's subsidiary) for the liabilities of Oxygen – Projekt Echo – 95 Spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary) under the Property Sale Agreement concluded on 27 November 2013, expired.

As of 30 June 2014, the value of valid sureties received by the Capital Group is as follows:

- under lease agreements concluded: PLN 2.548 million; EUR 3.52 million, USD 0;
- due to the implementation of projects: PLN 0, EUR 117.60, USD 0.

GUARANTEE AGREEMENTS

GUARANTEES IN FORCE AS OF 30 JUNE 2014

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.
Echo Investment S.A.	9 889	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.	39 240	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.
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
Echo Investment S.A.	20 805	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.	26 651	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.
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.

GUARANTOR	VALUE (PLN '000)	VALIDITY	DESCRIPTION
Echo Investment S.A.	37 448	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.
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 Bełchatów.
Echo Investment S.A.	29 508	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.
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.

On 31 May 2014, the guarantee in the amount of PLN 350,000, issued by PKO BP SA to Dalkia Warszawa SA as a security for the non-fulfilment of obligations under Agreement no. HPN-HK/M-10-0198-2/PN-O/066/13, concluded on 7 June 2013 by Projekt Echo-67 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa (the Issuer's subsidiary), expired.

On 31 May 2014, the guarantee in the amount of PLN 170,000 issued by PKO BP SA to Dalkia Warszawa SA as a security for the non-fulfilment of obligations under Agreement no. HPN-HK/M-10-0198/UK-O/077/13, concluded on 21 June 2013 by Echo Investment SA, expired.

On 3 June 2014, an amendment agreement was executed to the guarantee agreement concluded on 31 March 2014 between BNP Paribas Bank Polska S.A. and A4 Business Park – Iris Capital Spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary), securing exceeded implementation costs of the office development A4 Business Park, stages I and II, in Katowice. The amount of the guarantee was increased to EUR 7,091,772.80.

On 16 June 2014, PKO BP SA issued a bank guarantee to Leroy - Merlin Inwestycje Sp. z o.o., as a security for the return of an advance payment, in connection with the preliminary agreement for the sale of property concluded on 9 April 2014 by Echo Investment SA. The guarantee amounts to PLN 1,000,000.00. The Guarantee is valid until 31 December 2014.

On 23 June 2014, the guarantee in the amount of PLN 30,000,000.00 issued by PKO BP SA as a security for the non-fulfilment of obligations under the understanding and addendum 1 to the lease agreement of 29 November 2002, concluded on 21 October 2013 by Projekt Echo Galeria Kielce - Magellan West spółka z ograniczoną odpowiedzialnością – S.K.A. (the Issuer's subsidiary), expired.

As of 30 June 2014, the value of guarantees received by the Capital Group is as follows:

- under lease agreements concluded: PLN 5.51 million; EUR 14.99 million, USD 0;
- under project execution agreements: PLN 62.86 million, EUR 2.03 million and USD 10.01 thousand.

7. Composition of the Echo Investment Capital Group

The most important entity in the Capital Group structure is Echo Investment S.A., which is the owner of other entities in the group and supervises, co-implements and raises funds for the implementation of construction projects carried out by the Group. 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 June 2014, the Echo Investment Capital Group comprises 114 fully consolidated subsidiaries, one jointly controlled entity and one associate, which are recognised 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	Belchatów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
9	Budivelnuy 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 – Centrum Przemysł - Projekt Echo – 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
14	Echo – Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
15	Echo – Galaxy Sp. z o.o. S.k.a.	Szczecin	100%	XXIX FIZ Forum
16	Echo – Galeria Amber Sp. z o.o.	Kielce	100%	Echo Investment S.A.
17	Echo – Galeria Amber Sp. z o.o. S.k.a	Kielce	100%	XXXIV FIZ Forum
18	Echo – Galeria Lublin Sp. z o.o.	Kielce	100%	Echo Investment S.A.
19	Echo – Kasztanowa Aleja Sp. z o.o.	Kielce	100%	Echo Investment S.A.
20	Echo – Kasztanowa Aleja Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
21	Echo - Klimt House Sp. z o.o.	Kielce	100%	Echo Investment S.A.
22	Echo – Klimt House Sp. z o.o. Sp. z kom.	Kielce	100%	Echo Investment S.A.
23	Echo – Nowy Mokotów Sp. z o.o.	Kielce	100%	Echo Investment S.A.
24	Echo – Nowy Mokotów Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
25	Echo - Park Rozwoju Sp. z o. o.	Kielce	100%	Echo Investment S.A.
26	Echo - Park Rozwoju Sp. z o.o. - S.k.a.	Kielce	100%	XXIX FIZ Forum
27	Echo – Pod Klonami Sp. z o.o.	Kielce	100%	Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.
28	Echo – Pod Klonami Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
29	Echo – Project - Management Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
30	Echo - Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
31	Echo – Przy Słowińskim Wzgórzu Sp. z o.o.	Kielce	100%	Echo Investment S.A.
32	Echo – Przy Słowińskim Wzgórzu Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
33	Echo – SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
34	Echo Galeria Kielce – Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	XXIX FIZ Forum / XXXIV FIZ Forum
35	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
36	Echo Investment Facility Management - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
37	Echo Investment Hungary Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
38	Echo Investment Project 1 S.R.L.	Brasov	100%	Echo – Aurus Sp. z o.o.
39	Echo Investment Project Management S.R.L.	Brasov	100%	Echo Investment S.A.
40	Echo Investment Property Management - Grupa Echo Sp. z o. o. Sp. kom.	Kielce	100%	Echo Investment S.A.

41	Echo Investment Ukraine LLC	Kiev	100%	Echo Investment S.A.
42	Echo Pasaż Grunwaldzki – Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	XXIX FIZ Forum
43	Elmira Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
44	Elmira Investments Sp. z o. o. S.k.a.	Kielce	100%	Echo Investment S.A.
45	EI Project Cypr - 1 Ltd	Nicosia	100%	Echo Investment S.A.
COMPANY		REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
46	Farrina Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
47	Galaxy - Projekt Echo - 106 Sp. z o. o. S.k.a.	Szczecin	100%	XXXIV FIZ Forum/XXXIV FIZ Forum
48	Galeria Nova – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
49	Galeria Olimpia – Projekt Echo – 98 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
50	Galeria Sudecka - Projekt Echo – 43 Sp. z o.o. S.k.a.	Jelenia Góra	100%	XXIX FIZ Forum
51	Galeria Tarnów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
52	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
53	Intermedia Investment Sp. z o. o.	Kielce	100%	Echo Investment S.A.
54	Iris Capital Sp. z o. o.	Kielce	100%	Echo Investment S.A.
55	Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
56	Mena Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
57	Metropolis - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
58	Oxygen – Projekt Echo – 95 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
59	Pamiętkowo Sp. z o.o.	Pamiętkowo	100%	Echo Investment S.A.
60	Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
61	PHS – Projekt CS Sp. z o.o. S.k.a.	Szczecin	100%	XXIX FIZ Forum
62	PPR - Projekt Echo – 77 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
63	Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
64	Projekt Babka Tower - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
65	Projekt Beethoven – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
66	Projekt CS Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
67	Projekt Echo - 33 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
68	Projekt Echo - 43 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
69	Projekt Echo - 69 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
70	Projekt Echo - 70 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
71	Projekt Echo - 77 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
72	Projekt Echo - 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
73	Projekt Echo - 95 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
74	Projekt Echo - 96 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
75	Projekt Echo - 97 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
76	Projekt Echo - 98 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
77	Projekt Echo - 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
78	Projekt Echo - 99 Sp. z o.o. Sp. kom	Kielce	100%	Echo Investment S.A.
79	Projekt Echo - 101 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
80	Projekt Echo - 102 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
81	Projekt Echo - 103 Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
82	Projekt Echo - 104 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
83	Projekt Echo - 105 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
84	Projekt Echo - 106 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
85	Projekt Echo - 107 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
86	Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87	Projekt Echo - 109 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
88	Projekt Echo - 110 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 - Pamiętkowo Sp. z o.o.	Pamiętkowo	100%	Echo Investment S.A.
93	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
COMPANY		REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
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.
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	Yevrobdugrant LLC	Kiev	100%	EI 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.

8. IDENTIFICATION OF CHANGES IN THE STRUCTURE OF THE BUSINESS UNIT, INCLUDING THOSE RESULTING FROM BUSINESS MERGERS, ACQUISITIONS OR DISPOSALS OF THE CAPITAL GROUP MEMBERS, LONG-TERM INVESTMENTS, DIVISIONS, RESTRUCTURING AND DISCONTINUATION

I. In H1 2014, the composition of the Echo Investment S.A. Capital Group has expanded and it includes the following companies:

- On 26 May 2014, 100% interests were purchased in Dellia Investments S.A., with its registered office in Warsaw. The total purchase price was PLN 116,714.80. The company's share capital is PLN 100 thousand.

II. Other changes in the companies of the Issuer's Capital Group during H1 2014:

- Change of the business name of Park Rozwoju – Grupa Echo Sp. z o.o. S.k.a. to Echo - Park Rozwoju Sp. z o.o. - S.k.a. (date of registration in the National Court Register: 19 February 2014);
- Change of the business name of Aquarius Business House - Grupa Echo Sp. z o.o. S.k.a. to Projekt 1 - Grupa Echo Sp. z o.o. -S.k.a. (date of registration in the National Court Register: 25 February 2014);
- Change of the business name of A4 - Business Park - Grupa Echo Sp. z o.o. S.k.a. to A4 Business Park - Iris Capital Sp. z o.o. -S.k.a. (date of registration in the National Court Register: 31 March 2014);
- Increase of the share capital of Projekt 4 – Grupa Echo Sp. z o.o. S.k.a. by XXXIV FIZ Forum (date of registration in the National Court Register: 26 February 2014);
- Increase of the share capital of Projekt 3 – Grupa Echo Sp. z o.o. S.k.a. by XXXIV FIZ Forum (date of registration in the National Court Register: 28 February 2014);
- Change of the general partner: On 14 January 2014, Grupa Echo Sp. z o.o. transferred to Magellan West Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in Projekt 8 – Grupa Echo Sp. z o.o. S.k.a.;
- Change of the general partner: On 18 February 2014, Grupa Echo Sp. z o.o. transferred to Iris Capital Sp. z o.o. , with its registered office in Kielce, the rights and obligations of the general partner in A4 Business Park - Iris Capital Sp. z o.o. - S.k.a.;
- Decrease of the share capital of by Echo - Przy Słowiańskim Wzgórzu S. z o.o. Sp. kom. by decreasing a partner's contribution (resolution passed on 8 April 2014);
- Decrease of the share capital of Galeria Tarnów – Grupa Echo Sp. z o.o. S.k.a. by decreasing the nominal value of shares (date of registration in the National Court Register: 14 May 2014);
- Decrease of the share capital of 53 – Grupa Echo Sp. z o.o. S.k.a. by decreasing the nominal value of shares (date of registration in the National Court Register: 29 May 2014).

9. POSITION OF THE MANAGEMENT BOARD CONCERNING THE POSSIBILITY OF MEETING PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR, IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT IN RELATION TO FORECASTED PROFIT/LOSS

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

10. OWNERSHIP STRUCTURE OF SIGNIFICANT STAKES OF SHARES 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 27 AUGUST 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
MICHAŁ SOŁOWOW, indirectly through subsidiaries, including:	189 361 930	45,88%	189 361 930	45,88%
Barcapital 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*	38 513 969	9,33%	38 513 969	9,33%
AVIVA OFE AVIVA BZ WBK*	41 269 050	10,00%	41 269 050	10,00%
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. 15 May 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.

11. STATEMENT OF CHANGES IN THE HOLDING OF SHARES OF ECHO INVESTMENT SA OR RIGHTS TO SHARES (OPTIONS) BY MANAGERIAL AND SUPERVISORY STAFF OF THE COMPANY, ACCORDING TO INFORMATION AVAILABLE TO ECHO INVESTMENT SA, SINCE THE SUBMISSION 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	27.08.2014	15.05.2014
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	27.08.2014	15.05.2014
Wojciech Ciesielski – Chairman of the Supervisory Board	900,000 shares	1,000,000 shares
Andrzej Majcher – Vice-Chairman of the Supervisory Board	no shares	no shares
Mariusz Waniółka – Vice-Chairman of the Supervisory Board	no shares	no shares
Karol Zbikowski – 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. 15 May 2014, and the day of publication of this report, the Issuer received a notification from a member of the supervisory staff regarding a change in the holding of the Issuer's shares:

- On 5 June 2014, the Issuer received a notification from a Supervisory Board Member regarding his sale of the shares of Echo Investment S.A. The sale of the shares was made on 4 June 2014 during an ordinary trading session at the regulated market of the Warsaw Stock Exchange. The average share sales price was PLN 6.36 and the total transaction volume was 100,000 shares.

The notifying party requested that their personal data be kept confidential pursuant to §3 section 2 of the Ordinance of the Minister of Finance of 25 November 2005 on 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.

12. INFORMATION ON COURT PROCEEDINGS

In the period from 1 January to 30 June 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.

13. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES UNDER TERMS OTHER THAN MARKET TERMS

In H1 2014, neither the Company nor its subsidiaries entered into transactions with related entities under terms other than market terms.

14. INFORMATION ON SURETIES GRANTED ON LOANS OR BORROWINGS AND ON GUARANTEES GRANTED WITH A VALUE EQUIVALENT TO AT LEAST 10% OF THE COMPANY'S EQUITY

In H1 2014, neither Echo Investment S.A. nor its subsidiaries granted jointly sureties on loans or borrowings or guarantees to a single entity or its subsidiary with a total value accounting for at least 10% of the Company's equity.

15. **OTHER INFORMATION THAT, IN THE OPINION OF THE MANAGEMENT BOARD OF ECHO INVESTMENT SA, IS SIGNIFICANT IN ORDER TO EVALUATE ITS HUMAN RESOURCES, PROPERTY AND FINANCIAL STANDING AND FINANCIAL PERFORMANCE AND CHANGES THEREOF AS WELL AS ANY INFORMATION CONSIDERED SIGNIFICANT IN ORDER TO EVALUATE THE CAPACITY OF THE ECHO INVESTMENT SA CAPITAL GROUP TO FULFIL ITS OBLIGATIONS.**

Resolution of the Management Board regarding the Bonds Issue Programme

On 18 March 2014, the Issuer's Management Board 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 ("Issue Programme", "Bonds").

The Bonds shall be issued under the following terms and conditions:

- The Bonds shall be issued pursuant to article 9 item 1 of the Bonds Act of 29 June 1995 ("Bonds Act").
- The Bonds shall be made available in a public offering, as stipulated by article 3 section 1 of the Act of 29 July 2005 ("Public Offering Act"), and based on the issue prospectus prepared by the Company according to article 21 section 2 of the Public Offering Act and approved by the Polish Financial Supervision Authority.
- The Bonds shall not have the form of a document. The Bonds shall be dematerialised and registered with the depository for securities maintained by Krajowy Depozyt Papierów Wartościowych S.A.
- The terms and conditions of the issue of the Bonds, as stipulated by article 5b of the Bonds Act, shall include the basic terms and conditions of the issue of the Bonds included in the issue prospectus and the issue supplement detailing the terms of issue of a given series of the Bonds, which shall be specified separately for each series of the Bonds before the issue.
- The Bonds shall be unsecured.
- The interest rate on the Bonds shall be variable or fixed. The method for calculating the interest rate, the date as of which the interest rate is calculated, the amount of the interest rate, the maturity dates and the place of payment shall be defined in the issue supplement for a given series of the Bonds.
- The Bonds shall be issued in a single or in multiple series for a period not longer than 12 months from the date when the Polish Financial Supervision Authority approves the basic issue prospectus for the Issue Programme. All series of the Bonds shall be identical in terms of the rights vested with them, which shall not preclude the possibility to differentiate the terms of issue of the individual series of the Bonds in other regards.
- The maturity of the Bonds shall not be longer than 10 years from the date of issue of a given series of the Bonds; the date and the terms of the buyout shall be determined in the issue supplement for a given series of the Bonds, which may also provide for an earlier buyout of the Bonds at the Company's or at the bondholder's request.
- The benefits from the Bonds shall only be in cash form and shall involve the payment of the nominal value plus the interest. A detailed description of the benefits from the Bonds, and in particular the amount of such benefits and how they are determined, and the dates and methods for fulfilling such benefits, shall be included in the basic terms and conditions of issue and in the issue supplement for a given series of the Bonds.
- Each series of the Bonds shall be subject to a request for the approval and introduction to trading on a regulated market as part of the Catalyst platform, which is operated by Giełda Papierów Wartościowych w Warszawie S.A.
- The Bonds shall be identified with a series number specified in the issue supplement for a given series of the Bonds.
- The issue terms and conditions for a given series of the Bonds shall not provide for a minimum number of the Bonds which must be subscribed for the issue to be effective.

Grota 111 – Echo Investment's new residential development in Wrocław

Echo Investment started a new residential investment in the capital of Lower Silesia. As part of stage I of the Grota 111 investment, 100 apartments with an area of 27 to 99 sq. m will be built.

The investment comprises two small multi-family buildings with modern architecture. They were designed by the renowned studio Kuryłowicz & Associates. The first stage comprises 100 apartments with an area of 27 to 99 sq. m, with spacious balconies, terraces and gardens.

In January of this year, an agreement was signed with KRAK-CHEM, the general contractor building the residential complex Grota 111. The agreement's net value is PLN 19.33 million.

Bronowicka 42 – new residential development in Krakow

Echo Investment started the construction and sale of a new residential investment in Bronowice, which is one of the most popular districts in the city.

Bronowicka 42 is a neomodernist building arranged to resemble a terrace structure. It includes 60 apartments (with 1 to 4 rooms) with an area of 28 to 94 sq. m. The apartments overlook Las Wolski and Wzgórze Św. Bronisławy. Ground-floor apartments will have spacious gardens. The apartments' gross prices start at PLN 5,560 per 1 sq. m.

The building will be fitted with a silent-running lift connecting the garage level with the residential floors. At the main entrance, there will be a reception desk with 24/7 security. The sense of security will be further increased by video doorphones and a modern monitoring system.

The project was designed by the architectural studio Biuro Projektów Witold Saran from Krakow. In January of this year, Echo Investment signed an agreement with Expres Konkurent, a Krakow based company which will be the general contractor for the investment. The agreement's net value is PLN 9.85 million. The investment is to be completed in July 2015.

Commencement of stage II of Osiedle Jarzębinowe

Echo Investment started the construction of stage II of Osiedle Jarzębinowe in Łódź. The general contractor for the investment is RE-BAU.

Stage II of Osiedle Jarzębinowe includes a six-floor building with 97 apartments with an area of 32 to 113 sq. m. The investment is to commence in late March this year. The investment is to be completed in August 2015. The value of the agreement concluded with the contractor is nearly PLN 15.5 million.

Osiedle Jarzębinowe is located in Bałuty in ul. Okopowa. As part of stage I, Echo Investment built two buildings with 120 apartments with an area of 32 to 87 sq. m. With a high building standard and wide range of the offer, the investment has been highly popular among the customers. Finished apartments commissioned to use as part of this investment are still available.

Opening of Galeria Amber in Kalisz

On 20 March 2014, Galeria Amber, which was built by Echo Investment in Kalisz, was opened for business.

Galeria Amber is a 3-floor shopping and entertainment centre located in the centre of Kalisz, in the vicinity of two main stations: a railway station and a buss station, at the corner of ul. Górnośląska and Trasa Bursztynowa. It is the largest object of its type in the agglomeration of Kalisz and Ostrów Wielkopolski, with nearly 350,000 residents. The leasable area is 33,500 sq. m.

Information on the valuation of the real property portfolio of the Echo Investment Capital Group

On 20 March 2014, the Company received a valuation of the portfolio of 26 properties of the Echo Investment Capital Group as of 31 January 2014. The valuation was prepared by Knight Frank Sp. z o.o., an independent property consulting company with its registered office in Warsaw.

The valuation concerns a portfolio of commercial developments in use, further stages or expansions, as well as residential developments in sale along with further stages in the course of preparation.

4 valuation methods have been used:

- Market value after completion (MV): income approach; the value is established under the assumption that the investment is completed.
- Market value after completion, for projects where expenditures are required (MV-C): income approach; the value is established under the assumption that the investment is completed (commissioned to use) but capital expenditures expenditure still need to be incurred. The produced result (MV) is decreased by the nominal capital expenditures.
- Residual market value (RV): income approach; the value takes account of the expenditures to be incurred and is discounted on the valuation date.
- Market land value (CV): comparative approach; the land value is provided based on market transactions involving the sale of land on local or comparable markets. This method has been applied for properties in the course of preparation, where the implementation has not yet started, and for land without approved investment plans.

The results of the valuation are as follows:

(PLN '000)	VALUATION RESULT – CV VARIANT	VALUATION RESULT – RV VARIANT	CARRYING VALUE
Shopping centres	3 403 901	3 485 643	2 668 539
Office facilities	967 355	974 820	826 970
Residential developments	299 010	291 200	255 268
Total	4 670 267	4 751 663	3 750 777

The difference between the variants results from different approaches to developments in the course of preparation:

- CV Variant: The developments in the course of preparation have been valued with the comparative method (CV).
- RV Variant: The developments in the course of preparation have been valued using the residual market value method (RV).

The carrying amount means the following:

- for commercial developments in use, under construction or in preparation – the book value adopted for the balance sheet as of 31.12.2013,
- for residential developments – the value of inventory as of 31.01.2014; this is consistent with the date and the subject of the valuation.

On 28 April 2014, the Company received a valuation of the portfolio of 40 properties (stage 2) of the Echo Investment Capital Group as of 31 January 2014. The valuation was prepared by Knight Frank Sp. z o.o., an independent property consulting company with its registered office in Warsaw ("Appraiser"). The second stage is the final stage of valuation commissioned to the Appraiser and, along with stage 1 (described in current report no. 7/2014 of 20 March 2014), it covers all material properties held by the Company:

- commercial developments in use, under construction and in preparation,
- residential developments in sale, under construction and in preparation,
- land without approved investment plans.

4 valuation methods have been used:

1. Market value after completion (MV): income approach; the value is established under the assumption that the investment is completed.
2. Market value after completion, for projects where expenditures are required (MV-C): income approach; the value is established under the assumption that the investment is completed (commissioned to use) but capital expenditures expenditure still need to be incurred.

The produced result (MV) is decreased by the nominal capital expenditures.

3. Residual market value (RV): income approach; the value takes account of the expenditures to be incurred and is discounted on the valuation date.
4. Market land value (CV): comparative approach; the land value is provided based on market transactions involving the sale of land on local or comparable markets. This method has been applied for properties in the course of preparation, where the implementation has not yet started, and for land without approved investment plans.

The results of the valuation are as follows:

(PLN '000)	VALUATION RESULT – CV VARIANT	VALUATION RESULT – RV VARIANT	CARRYING VALUE
Shopping centres	3 603 617	3 832 183	2 867 460
Office facilities	1 682 152	1 856 017	1 421 710
Residential developments	490 610	507 700	423 979
Land	367 750	367 750	160 531
Total	6 144 129	6 563 650	4 873 681

The EUR exchange rate for converting the valuation amount is 4.1472 (as of 31.12.2013).

The difference between the variants results from different approaches to developments in the course of preparation:

- CV Variant: The developments in the course of preparation have been valued with the comparative method (CV).
- RV Variant: The developments in the course of preparation have been valued using the residual market value method (RV).

The carrying amount means the following:

- for commercial developments – book value in the following items:
 - investment property,
 - Investment property under construction,

accepted into the balance sheet as of 31.12.2013,

- for residential developments – the value of inventory accepted into the balance sheet as of 31.01.2014; this is consistent with the date and the subject of the valuation.
- for land without approved investment plans – the book value in the following items:
 - Investment property under construction,
 - inventory,

accepted into the balance sheet as of 31.12.2013.

The list of the valued developments and the adopted valuation methods for stage I are presented in the table below:

DEVELOPMENT	SEGMENT	REAL PROPERTY STATUS	VALUATION METHOD – CV VARIANT	VALUATION METHOD – RV VARIANT
1 Galeria Echo – Kielce	Shopping centre	In use	MV	MV
2 Pasaż Grunwaldzki – Wrocław	Shopping centre	In use	MV	MV
3 Galaxy – Szczecin	Shopping centre	In use, expansion in the course of preparation	MV CV	MV RV
4 Olimpia – Bełchatów	Shopping centre	In use	MV	MV
5 Outlet Park - Szczecin	Shopping centre	In use, expansion in the course of preparation	MV CV	MV RV
6 Veneda – Łomża	Shopping centre	In use	MV	MV
7 Galeria Echo – Przemyśl	Shopping centre	In use	MV	MV
8 Galeria Sudecka – Jelenia Góra	Shopping centre	In use (a part of the development) and under expansion	RV	RV
9 Amber – Kalisz	Shopping centre	In use since 03/2014	MV-C	MV-C
10 Malta Office Park – Poznań	Office facilities	In use	MV	MV
11 Oxygen – Szczecin	Office facilities	In use	MV	MV
12 Postępu 3 – Warsaw	Office facilities	In use	MV	MV
13 Babka Tower – Warsaw	Office facilities	In use	MV	MV
14 Astra Park – Kielce	Office facilities	In use	MV	MV
15 Park Rozwoju – Warsaw	Office facilities	Stage I in use since 02/2014, stage II under construction	MV-C RV	MV-C RV
16 A4 Biznes Park – Katowice	Office facilities	Stage I in use since 02/2014, stage II under construction, stage III in preparation	MV-C RV CV	MV-C RV RV
17 Klimt – Warsaw	Apartments	Construction completed, in the course of sale	MV	MV
18 Przy Słowiańskim Wzgórzu – Wrocław	Apartments	Construction completed, in the course of sale	MV	MV
19 Osiedle Jarzębinowe – Łódź	Apartments	Stage I completed, in the course of sale, further stages in preparation	MV CV	MV RV
20 Nowy Mokotów – Warsaw	Apartments	Stage I under construction, in the course of sale, further stages in preparation	RV CV	RV RV
21 Kasztanowa Aleja, stage II – Poznań	Apartments	Under construction, in the course of sale	RV	RV
22 Osiedle Jaśminowe – Poznań	Apartments	Stage I under construction, in the course of sale, further stages in preparation	RV CV	RV RV
23 Hortus Apartments – Krakow	Apartments	Under construction, in the course of sale	RV	RV
24 Bronowicka 42 – Krakow	Apartments	Under construction, in the course of sale	RV	RV
25 Grota 111 – Wrocław	Apartments	Stage I under construction, in the course of sale, further stages in preparation	RV CV	RV RV
26 Osiedle Południowe – Dyminy, near Kielce	Plots of land	Stages I and II completed, in the course of sale, stage III in progress, in the course of sale	MV RV	MV RV

The list of the valued developments and the adopted valuation methods for stage II are presented in the table below:

DEVELOPMENT			SEGMENT	REAL PROPERTY STATUS	VALUATION METHOD – CV VARIANT	VALUATION METHOD – RV VARIANT
1	Warsaw, Q22	Office facilities	In progress	RV	RV	
2	West Gate – Wrocław	Office facilities	In progress	RV	RV	
3	Tryton – Gdańsk	Office facilities	In progress	RV	RV	
4	Beethovena – Warsaw	Office facilities	In preparation	CV	RV	
5	Taśmowa – Warsaw	Office facilities	In preparation	CV	RV	
6	Opolska – Krakow	Office facilities	In preparation	CV	RV	
7	Plac Grunwaldzki – Wrocław	Office facilities	In preparation	CV	RV	
8	Sucha – Wrocław	Office facilities	In preparation	CV	RV	
9	Hetmańska – Poznań	Office facilities	In preparation	CV	RV	
10	Aurus – Łódź	Office facilities	In preparation, progress: 0	RV	RV	
11	Dehtiarivska – Kiev	Office facilities	In preparation	RV*	RV	
12	Katowice – Kościuszki	Shopping centre	In preparation	CV	RV	
13	Hetmańska – Poznań	Shopping centre	In preparation	CV	RV	
14	Korona – Brasov	Shopping centre	In preparation	CV	RV	
15	Mundo – Budapest	Shopping centre	In preparation	RV*	RV	
16	Zeusa – Warsaw	Apartments	Completed, remaining apartments in the course of sale	MV	MV	
17	Kirkor – Warsaw	Apartments	Completed, remaining apartments in the course of sale	MV-C	MV-C	
18	Pod Klonami (row houses) – Poznań	Apartments	Under construction, in the course of sale	RV	RV	
19	Princess Puławska – Warsaw	Apartments	In preparation	CV	RV	
20	Sowińskiego – Poznań	Apartments	In preparation	CV	RV	
21	Jackowskiego – Poznań	Apartments	In preparation	CV	RV	
22	Czarodziejska – Krakow	Apartments	In preparation	CV	RV	
23	Kościuszki – Krakow	Apartments	In preparation	CV	RV	
24	Spiska – Krakow	Apartments	Preliminary agreement, in preparation	CV	RV	
25	Rydla – Krakow	Apartments	In preparation	CV	RV	
26	Wodna – Łódź	Apartments	In preparation	CV	RV	
27	Zielone Tarasy – Kielce	Apartments	In preparation	CV	RV	
28	Rezydencje Leśne – Warsaw	Plots of land	Plots for the construction of houses, in sale	CV	CV	
29	Sołacz – Poznań	Plots of land	Plots for the construction of houses, in preparation	CV	CV	
30	Cracovia – Krakow	Land	In concept phase	CV	CV	
31	Grottgera – Słupsk	Land	In concept phase	CV	CV	
32	Krakusa i Wandy – Koszalin	Land	In concept phase	CV	CV	
33	Al. Wolności – Częstochowa	Land	In concept phase	CV	CV	
34	Rzepakowa – Katowice	Land	In concept phase	CV	CV	
35	Miarki – Zabrze	Land	In concept phase	CV	CV	
36	Prażmowskiego – Radom	Land	In concept phase	CV	CV	
37	Naramowice – Poznań	Land	In concept phase	CV	CV	
38	Pamiętkowo – Poznań	Land	In concept phase	CV	CV	
DEVELOPMENT			SEGMENT	REAL PROPERTY STATUS	VALUATION METHOD – CV VARIANT	VALUATION METHOD – RV VARIANT
39	Zagnańska – Kielce	Land	In concept phase	CV	CV	
40	Poligonowa – Lublin	Land	In concept phase	CV	CV	

* No valuation using the CV method is available because there have been no comparable transactions in the last 2 years.

Park Sowińskiego – new residential development in Poznań

Echo Investment has started the sale of apartments as part of stage I of Park Sowińskiego, an investment located in the very centre of Stary Grunwald.

Park Sowińskiego is a residential complex combining the unique climate of Stary Grunwald and the latest architectural trends. The investment is being implemented in four stages, with a total of 343 apartments with an area of 36 to 91 sq. m. 124 apartments are available as part of stage I. More information can be found on the website www.parksowinskiego.pl

Opolska Business Park: a new office investment in Krakow

Echo Investment has obtained a legally binding building permit for the office facility Opolska Business Park, which will be located in the northern part of Krakow, at the junction of ul. Opolska and al. 29 Listopada.

The investment comprises three 12-floor buildings, and an above-grade and a below-grade car park. The total office area of Opolska Business Park is 57,000 sq. m. The project is being executed in three stages. The first building, with an area of more than 18,000 sq. m, is to be completed in Q4 2015. More information can be found on the website www.opolskabusinesspark.pl

Contractor for the building shell of Tryton Business House

Allcon Budownictwo is the contractor constructing the building shell of the office building Tryton Business House, which Echo Investment is executing in Gdańsk.

The contractor has already entered the construction site and commenced another stage of the investment. The works are to be completed by spring 2015.

Tryton Business House is a modern class A office building, offering an area of 22,000 sq. m. The building is being erected at the junction of ul. Jana z Kolna and ul. Wałów Piastowskich. As part of the investment, a publicly available car park that will not serve the office building will be built.

Tryton Business House is to be completed in H1 2015. The execution costs of Tryton Business House amount to approx. PLN 150 million, and Echo Investment will expend more than PLN 20 million on the publicly available car park.

16. FACTORS WHICH, IN THE OPINION OF THE COMPANY'S MANAGEMENT BOARD, WILL INFLUENCE THE CAPITAL GROUP'S FINANCIAL PERFORMANCE FOR AT LEAST THE NEXT 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 in ul. Wojskowa, Pod Klonami in ul. Rubież),
 - Warsaw (Klimt House in ul. Kazimierzowska, Nowy Mokotów in ul. Konstruktorska),
 - 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:
 - 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:
 - Masłów 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,
 - construction of the office building West Gate in Wrocław,
- 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.

17. DESCRIPTION OF MATERIAL RISK FACTORS AND THREATS IN THE REMAINING MONTHS OF 2014

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. The advantage of multinationals, which are the Group's main competitors, lies in their higher capital resources, while 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. With regard to potentially new entities, the risk is limited by high barriers to entry (high capital-intensiveness).
- **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, brand clothing outlets, cinemas, etc.) and areas in office facilities are rented out to the largest companies (Polkomtel, Tieto Poland, Medicover, Tebodin, Roche Polska and 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. The apartments offered by the Group are mainly from the middle segment, which is less sensitive to the macroeconomic situation.

Date: 27 August 2014

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

Echo Investment S.A.
25-323 Kielce, al. Solidarności 36
phone (+48) 41 33 33 333, fax (+48) 41 33 32 333
e-mail: biuro@echo.com.pl

ECHO
investment