

Q1 2018

FINANCIAL  
REPORT OF ECHO  
INVESTMENT S.A.



**ECHO**  
investment

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## Dear Shareholders,

It is with great pleasure that I present this Echo Investment's financial report for the first quarter of 2018, detailing our accomplishments and results.

These early months of the year set our company on track to achieve our ambitious plans for 2018. We are scaling up rapidly, and in order to sustain this trend, a good part of our effort is geared towards obtaining funds for our current and future projects. We prepared a new bond issuance program targeted at individual investors, with successful placement of the first PLN 50 million tranche. Another PLN 140 million worth of bonds has been offered to institutional investors, and met with great interest too. Moreover, almost PLN 140 million of working capital loans were obtained from reputable banks over the recent months. We are proud of the trust we have earned from investors and financial institutions.

I am delighted to witness the residential sector's dynamics of growth. In the first quarter we sold 348 residential units, which is 35% more than in the same period last year. We are quite confident that our year-end result will see as many as 1,300-1,400 apartments sold. In pursuit of this target, we have already launched one project in Kraków and until the year ends, we will have extended our portfolio by another 1,300 apartments in eight projects. Apart of the sales dynamics, we also focus our attention on the margins and on managing the increasing construction costs, which now influence the whole market situation. The hand-over target for 2018 remains at 1,000 apartments, which will be reflected in our revenues and profit.

To further strengthen our position in the residential segment, in cooperation with our financial partner we started a new unique project: the apartment rental platform Resi4Rent. For Echo Investment, a venture into this segment will be a great opportunity to significantly expand the scale of our residential operations. Resi4Rent will add value to our flagship 'destination' projects, such as Browary Warszawskie or Wita Stwosza in Kraków. With the rental segment less cyclical than sale of apartments, this long-term business should stabilize our profitability in the sector. Furthermore, we are happy to be able to develop scalable rental platform with a strong financial partner, who owns 70% interests in the new undertaking. Our belief in the huge potential of Poland's housing rental market is based on both market research and the changing social dynamics. A trend now observed, especially among young professionals, is that they choose flexibility and mobility over ownership of an apartment.

The platform launches with over 1,200 apartments under construction, and further 1,700 units the pipeline within the coming 12 months. This is a good starting point for Resi4Rent on its way to become the first institutional rental apartment platform in Poland, dominant on this fast developing segment of the market. It is worth to highlight that the initial phase of Resi4Rent project has already secured bank financing, which strengthens our positive outlooks on the project.

Our retail department is quickly commercializing Libero in Katowice and Galeria Młociny in Warsaw.

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Lease agreements have already been signed for 95% of space in Libero, which is scheduled to open in the third quarter of 2018. Nearly one year before the opening, 75% of space in Galeria Młociny has already been leased out. These are very promising results.

Our biggest success in the office sector is the lease of 100% of space in the first office building in Browary Warszawskie; the construction works are scheduled to be completed at the end of this year. We already see a lot of interest among funds considering the purchase of this asset. This serves as a confirmation of the fact that we build great projects and are effective at implementing the Strategy of Profitable Growth. We also closed the sale of West Link in Wrocław soon after the building was completed, and in Katowice Face2Face complex broke ground. But this is only the beginning; by the end of this year, we will kick off the construction of another five office buildings in Warsaw, Gdańsk, and Łódź.

Our work bears fruit in the form of stable returns for our Shareholders. In line with our dividend policy, in May we disbursed a dividend of PLN 0.5 per share, and in subsequent years we will distribute up to 70% of our net profit.

I invite you to study in detail our financial report for the first quarter of 2018. We are pleased with the results of our work. Echo Investment Group generated a net profit of PLN 51 million, which is predominantly the effect of the increasing value of commercial projects under construction and handover of 70 apartments. We maintain a healthy net debt ratio, which accounts for as little as 29% of the value of our assets.

Best regards,



**Nicklas Lindberg**  
President of Echo Investment

# CHAPTER 1

# MANAGEMENT REPORT



# General information about the Company and its Group

01

## 1996



Incorporation of Echo Investment Group

Echo Investment Group's core activity consists in the construction, lease and sale of office and retail buildings, construction and sale of residential buildings as well as trade in real estate.

The parent company Echo Investment S.A., with its registered office in Kielce, al. Solidarności 36, was registered in Kielce on 23 July 1992. Echo is a Joint Stock Company entered in the National Court Register under no. 0000007025 by the District Court in Kielce, 10th Economic Division of the National Court Register.

Since 5 March 1996, the Company's shares are listed at the Warsaw Stock Exchange on the regulated market, sector - WIG - Real Estate. The Company was established for an indefinite period of time.

# The Management Board of Echo Investment S.A.

as at 31 March 2018



**Nicklas Lindberg**  
President of the Board, CEO



**Maciej Drozd**  
Vice-President of the Board,  
CFO



**Piotr Gromniak**  
Vice-President of the Board



**Artur Langner**  
Vice-President of the Board



**Marcin Materny**  
Member of the Board



**Rafał Mazurczak**  
Member of the Board



**Waldemar Olbryk**  
Member of the Board

# The Supervisory Board of Echo Investment S.A.

as at 31 March 2018



**Karim Khairallah**  
Chairman of the Supervisory  
Board



**Laurent Luccioni**  
Vice-President  
of the Supervisory Board



**Mark Abramson**  
Independent Member  
of the Supervisory Board



**Maciej Dyjas**  
Member of the Supervisory  
Board



**Stefan Kawalec**  
Independent Member  
of the Supervisory Board



**Nebil Senman**  
Member of the Supervisory  
Board



**Sebastian Zilles**  
Member of the Supervisory  
Board

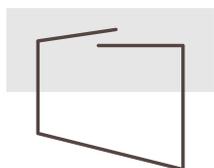
# Strategy of Echo Investment Group

02

In 2016, the Management Board of Echo Investment with the approval of the Supervisory Board developed and implemented “The strategy of profitable growth”. According to its assumptions,

Echo Investment will accelerate the capital turnover and therefore generate higher returns for its shareholders. The Company intends to share profit in the form of regular dividends.

## STRATEGY OF ECHO INVESTMENT



### POLAND

It is the strongest economy and real estate market in the Central and Eastern Europe. Echo Investment, which has been operating on this market for two decades, knows perfectly its potential, background and principles of functioning. This is why the Company will focus on running projects in the most important Polish cities, which are at the same time the most attractive and liquid real estate markets: Warsaw, Tricity, Poznań, Katowice, Wrocław, Cracow and Łódź.



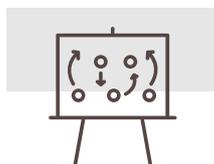
### LEADERSHIP

Echo Investment is one of the biggest real estate development companies operating in Poland. The Company is active in three sectors: office, retail and residential. In accordance with the strategy of profitable growth, Echo Investment is going to be one of the leaders in each of the three sectors. This is going to translate into optimum use of resources and adequately large scale of activity.



### PURE DEVELOPER

The focus of the adopted business model is on development activities, which include land acquisition, construction, lease and sale of finished projects in possibly shortest period of time after completion. Echo Investment is not going to be the long term owner and manager of finished commercial projects therefore rental income is going to constitute only a minor part of its total income.



### STRATEGIC COOPERATION WITH RELIABLE PARTNERS

Echo Investment values long-term business relations with reliable partners, that created synergies for both sides. Development activities of Echo Investment are complementary to these entities. Such cooperation facilitates expanding Echo's scale of operation, accelerates speed of projects implementation and limits risks. Echo Investment assumes entering into joint-ventures for projects requiring significant capital

expenditures, providing its partners with services such as development, planning, leasing, accounting etc. Partners may also be offered by Echo with priority to acquire ready projects on market conditions. Material agreements between Echo Investment and its partners need to be discussed and approved by the Supervisory Board.

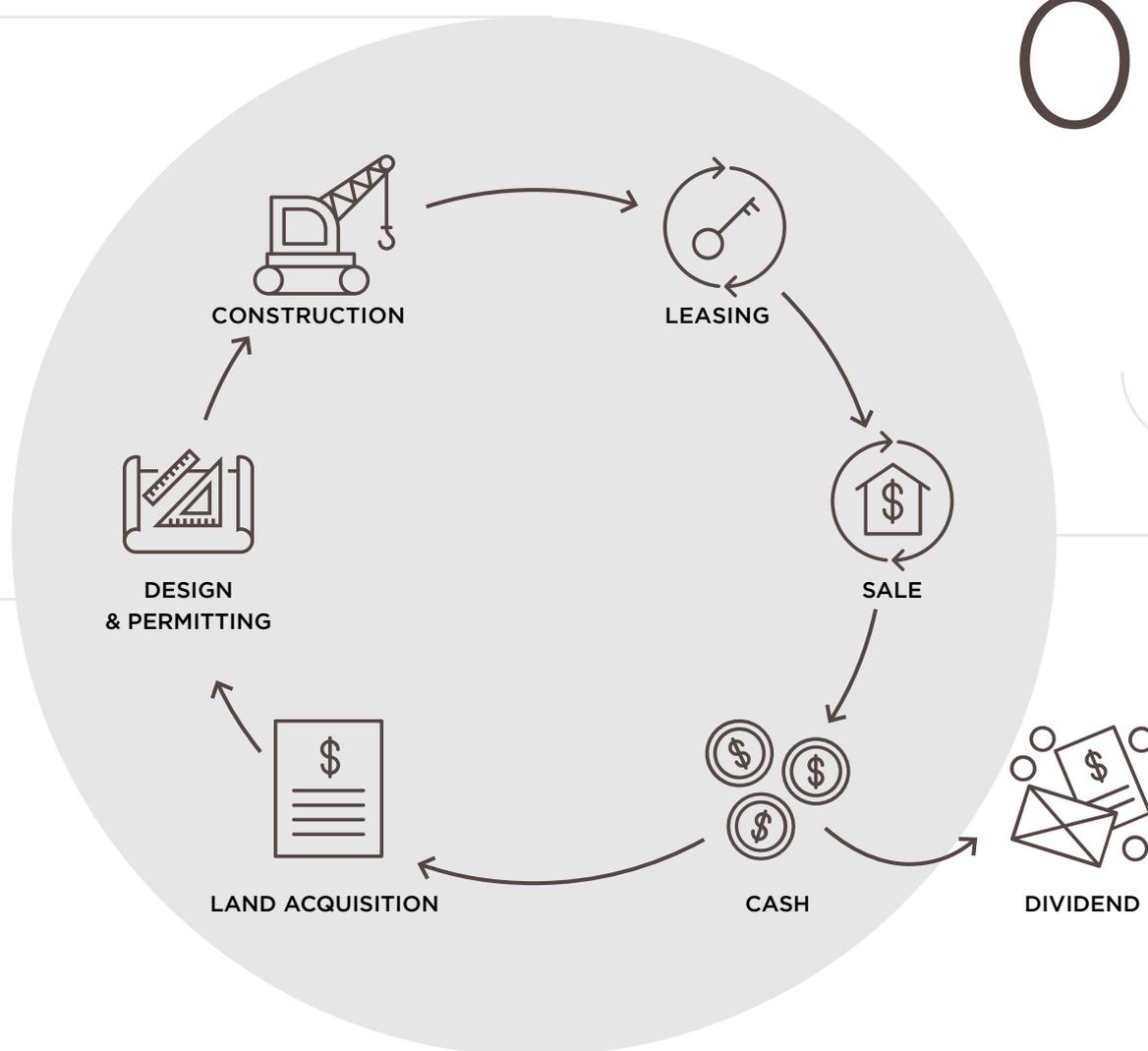


### DESTINATION PROJECTS

The ambition of Echo Investment is to run major, multi-function and city-forming projects. The Company intends to create “destinations” - functional spaces for inhabitants of the entire agglomeration - giving them a place to live, work, entertain and catering for all their needs. Projects delivered by Echo Investment promote urban lifestyle and bustle with life all day long.

# Business model

03



Echo Investment Group runs the entire investment process in-house, starting with acquisition of property, through obtaining administrative permits, financing and oversight of construction, to leasing and sale. These steps are taken in most cases through the special purpose vehicles (SPV).

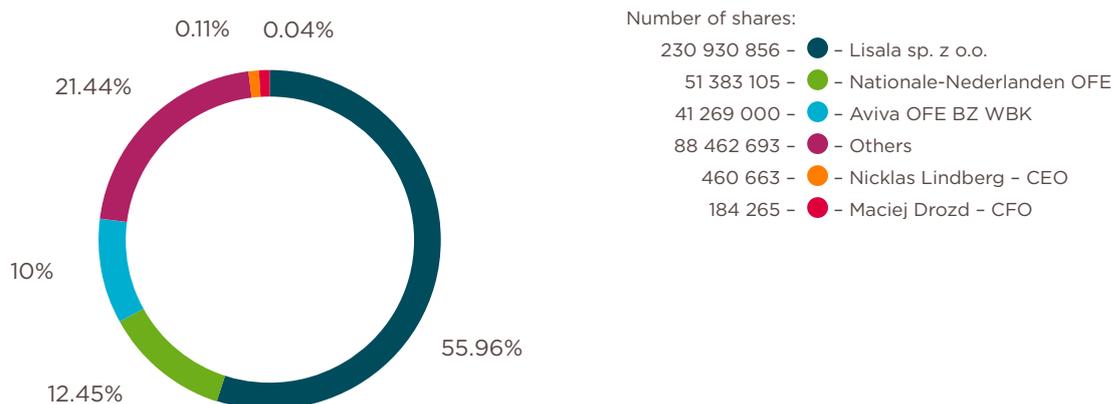
The core business of Echo Investment Group falls into the following categories:

1. construction, lease and sale of office buildings,
2. construction, lease and sale of retail buildings,
3. construction and sale of residential apartments
4. provision of services (general contractor, managing contractor, leasing, consulting etc.).

# Ownership structure of Echo Investment S.A. and description of shares

04

## SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF THE SHARE CAPITAL AS AT 31.03.2018



### 4.1 Description of shares

The share capital of Echo Investment S.A. is divided into 412,690,582 ordinary bearer shares of A, B, C, D, E and F series. None of the shares has limited rights. The Company's share capital, i.e. the nominal value of all the shares, amounts to PLN 20,635, and it was paid in cash. The nominal value of one share is PLN 0.05. The number of shares equals the number of votes at the General Meeting of Shareholders.

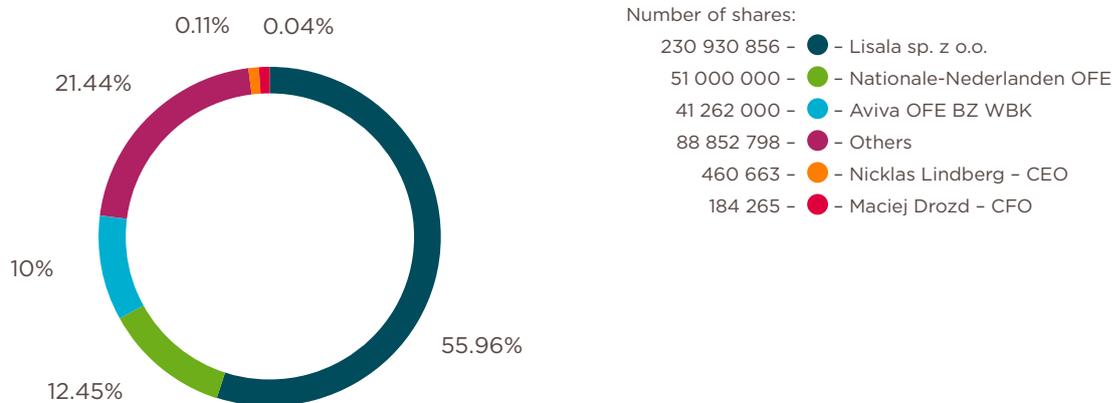
The securities issued by Echo Investment S.A. do not provide their owners with any special controlling powers. Echo Investment S.A. does not have any information on limitations in exercising the voting right or transferring ownership rights by owners of its securities.

### 4.2 Shareholding structure

Lisala sp. z o.o. is an entity which is directly controlled by Echo Partners B.V. and indirectly by the Oaktree Capital Management, Pacific Investment Management Corporation (PIMCO) and Griffin Real Estate funds.

The shareholding structure information as it was on 31 March 2018 is based on data on shareholders who held minimum 5% of the total number of votes at the Extraordinary General Meeting of Echo Investment S.A. of 16 October 2017 and notifications sent to the Company by shareholders on 25-30 October 2017.

### 4.3 The ownership structure of Echo Investment S.A. as at the balance sheet day



Data concerning the shareholding structure as at the balance sheet day result from information about shareholders who held minimum 5% of the total number of votes at the Ordinary General Meeting of Echo Investment S.A. of 25 April 2018.



# Major events in Q1 2018

05

**50** mln PLN

value of H-series bonds placement for individual investors in Q2 2018

## Third Public Bonds Issuance Programme

On 14 February 2018 the Management Board of Echo Investment adopted a resolution on the establishment of the Third Public Bond Issue Programme up to the amount of PLN 400 mln or its equivalent in EUR. The bonds will be offered to retail investors in a public offering. Detailed terms of the bond issuance will be determined prior to the issuance of a given series of bonds. The company plans to introduce bonds issued on the basis of the prospectus for trading on the Catalyst regulated market.

The company filed the Prospectus with the Polish Financial Supervision Authority on 28 February 2018. The prospectus was approved on 16 April 2018. Based on the above, in Q2 2018 Echo Investment placed H-series bonds with a total value of PLN 50 mln, a four-year maturity and a 2.8% margin.

# Major events after the balance sheet day

06

## 6.1. Issuance of PLN 140 mln worth of bonds for institutional investors

As part of the Bond Issuance Programme of up to PLN 1 bln of 2011, which was signed with mBank, Echo Investment issued coupon bonds with a total value of PLN 140 mln on 23 April 2018. The nominal value and the issue price of one bond was PLN 10,000. The bonds were issued for the period ending on 25 April 2022. The interest rate on the bonds was determined based on the variable WIBOR 6M rate plus 2.9% plus WIBOR. The interest will be paid semi-annually. The issued bonds are not secured.

# 140

 mln PLN

Total value of bonds issued by Echo Investments in Q2 2018 for institutional investors

## 6.2. Entry into the segment of apartments for rent – Resi4Rent

Echo Investment has signed a framework agreement aimed at creating the first private institutional residential rental platform in Poland – Resi4Rent – with R4R Sarl, an entity controlled by a fund managed by one of the leading investment management companies in the world. Echo Investment will have a 30% stake in the new entity while R4R Sarl – the remaining 70%. Echo will be responsible for planning, design and implementation of the project while Resi4Rent will independently manage the assets platform. The condition for the conclusion of the contract is the consent of the relevant antimonopoly authorities.

The platform has over 1,200 apartments under construction and 1,700 more apartments are prepared for implementation in the next 12 months. The first residents will move into the Resi4Rent projects as soon as Q4 2019. In the first phase Resi4Rent will take over four projects: one building of the Bro-

wary Warszawskie complex in Warsaw, a project on Wodna Street in Łódź, the Rychtalska and Kępa Mieszcząńska projects in Wrocław.

The Management Board of Echo Investment believes that entering the segment of apartments for rent will significantly increase the scale of its operations in the residential sector, it will enrich large, city-forming multifunctional projects e.g. Browary Warszawskie and it will respond to new social trends – employees' mobility, less attachment to property with more reluctance to incur long-term mortgage loans.

According to the latest Property Index research by Deloitte, only slightly more than 15% of Poles rent an apartment, which is a much lower rate compared to the average in Europe. For example 23% of Czechs, 24% of Britons, 30% of Austrians and 54% of Germans live in rented accommodation.



Details on the projects which will enter the Resi4Rent platform are available in section 10.3 on page 32

### 6.3. Closing the sale of West Link office building

Following the preliminary agreement for the sale of the West Link office building in Wrocław on 9 March 2017 and the fulfilment of conditions precedent, Echo Investment and its subsidiaries signed a final agreement for the sale of the building with entities from the Globalworth Poland group (former Griffin Premium RE) 25 May 2018.

The sales price calculated on the basis of the established NOI ratio formula (rental income less non-recoverable operating costs of the building) and the value of 6.873% (the yield) is app. EUR 35.8 mln on the day of conclusion of the agreement. It was increased by the estimated working capital and funds of the Targets which are the owner of the building, and then decreased by the debt of the Targets, the

costs of outstanding fit-out works and construction works, rent free periods and rent reductions under the lease agreements as well as the income from the leased but not handed over premises.

The transaction was prepaid by the acquisition of bonds with an issue price of EUR 18 mln by Globalworth Poland as part of a private placement.

The building with an area of more than 14,200 sqm is fully rented. Nokia is the anchor tenant and Hilti has also leased office space in West Link. A nursery school with a crèche and a canteen will also be opened in the office building. The weighted average lease term exceeds 6 years.



West Link, Wrocław



# Description of markets the Company and its Group operate

07

## 7.1 Office

### ↑ WARSAW

Perspectives  
of each market  
sectors in coming  
12 months:

- ↑ - Very optimistic
- ↗ - Optimistic
- - Neutral
- ↘ - Pessimistic
- ↓ - Very pessimistic

Q1 2018 confirmed stable and high demand for new space and a downward trend in the vacancy rate on the office market in the capital city. According to Cushman & Wakefield, the total supply of office space in Warsaw amounted to nearly 5.3 mln sqm at the end of March. 23,700 sqm were put into operation – 70% less than in Q1 2017. According to estimates, there will be nearly 230,000 sqm on the market throughout the year.

Despite the limited supply of new space, tenants signed contracts for a total of over 203,700 sqm in Q1 2018 i.e. 5% more than a year earlier. Most popular were locations in the city centre (57% of the entire

value). The vacancy rate in Q1 2018 has once again decreased – this time by 0.8 percentage points, to 10.9%. It currently amounts to 7.4% in the central zone. The net absorption of offices amounted to 45,400 sqm.

Interestingly, the base rates for the best office space increased by EUR 0.25 per sqm per month for the fringes of the centre and the eastern part of Warsaw. These zones enjoy a relatively high interest of tenants, although the supply of new office space is quite limited there. Base rates in the Central Business Zone have not changed and they amount to EUR 23.75 per sqm per month.

THE RATIO OF VACANT SPACE IN WARSAW [%]



## ↑ REGIONAL MARKETS

Regional office markets remained stable at the beginning of the year. According to CBRE data, the total supply of office space amounted to 4.5 mln sqm at the end of March 2018. The demand dropped by 40% compared to Q1 2017 and it amounted to 127,100 sqm. However, the first quarter is not authoritative for this market: the demand for the first three months of the year is in line with the 4-year average of the first quarters.

The demand translated into a decrease of the vacancy rate, which is the lowest since the end of 2015 for all conurbations combined and amounts to 9.1%

(0.7 percentage points less than a year earlier). CBRE predicts that the downward trend should last until H2 of 2018, when a significant amount of office space will be completed.

In 2018, the total supply of offices on regional markets may exceed 550,000 sqm. Most of the new space will be put into operation in Kraków and Wrocław, which will make these markets increase by 16% and 13% respectively. Lease conditions on regional markets remain unchanged, with headline rents estimated at EUR 15 per sqm in Wrocław and EUR 14 in Kraków and Poznań.



# 550,000

sqm

the increase of regional office markets in 2018

## 7.2 Retail market



According to JLL, the total supply of modern retail space in Poland amounted to 13.8 mln sqm at the end of Q1. The retail space saturation increased to 256 sqm per 1,000 residents. Warsaw remains the largest and most competitive retail market. CBRE indicates that the capital market offers 1.2 mln sqm and it has a saturation level of 717 sqm per 1,000 residents. The vacancy rate is very low here and it amounts to 2.9% (1 percentage points more than the year before).

55,600 sqm were completed in Q1 2018: Gemini Park in Tychy, Galeria Wiatraczna in Warsaw and Galeria Piastowa in Gniezno. By the end of the year the market could gain 300,000 sqm more, which means that

throughout the year the supply may slightly exceed 2017 result. Developers are increasingly focused on maintaining the attractiveness of older facilities through their modernization and expansion. At the same time, they focus on the construction of multifunctional facilities comprising retail, office and residential areas.

Rental rates for the best area in the best shopping centres (prime rents) were recorded in Warsaw (up to EUR 130 per sqm per month). Rent rates on most local markets remain stable and range from EUR 45 to EUR 60 per sqm per month.



# 150,000

sqm

retail space under construction in Warsaw

### 7.3 Residential market



The good sales of apartments, following a record year in this respect, were also maintained in the first quarter of 2018. Poles' decisions regarding the purchase of their own apartments continued to be supported by rising salaries, decreasing unemployment as well as still low interest rates which encourage borrowing and investing in residential real estate. 18,400 apartments were sold in the six largest Polish conurbations monitored by the REAS consulting company i.e. 2.5% less than in the same period of the previous year.

However, there was a noticeably lower supply of new apartments. In the first quarter, the number of units put on offer amounted to 14,900 – 6.8% less than a year earlier. This translated into a reduction in the developers' offer by 11.1% at the end of the period compared to the end of Q1 2017. REAS noted the largest decrease in the size of the offer in Warsaw (17%) and Kraków (33.6%). Meanwhile the offer in Łódź increased significantly – by as much as 42%. Predictions of Echo Investment's management regarding a price increase are confirmed: according to REAS analysts, the average price of apartments on offer increased by 8.4% annually. The greatest dynamics was observed in Tri-City (16%), Warsaw

(11%), Wrocław (9%), Łódź (8%), Poznań (6%) and Kraków (5%). The increase in prices is influenced by the increase in construction costs (wages and prices of building materials), a lower supply of the cheapest premises in connection with the closure of the Apartment for the Young (MdM) governmental programme as well as the growing price of land.

REAS data shows that although the demand for new apartments is still high, the supply of new premises is becoming a problem. According to forecasts, the situation on the property development market should remain stable this year. The factor that currently has the strongest impact on the market is the interest rate: with the inflation stabilizing below 2%, the prospects for its further growth are becoming less probable. Changes in the concept of the new Apartment Plus governmental programme dispelled the fear of supplying the rental market with thousands of low-rent apartments. In this situation, investment demand should remain at a high level. The demand from buyers who improve the standard of living and buy apartments mostly for their savings, should also be stable. Stable interest rates will also help to finance purchases financed by loans, although apartment prices will certainly grow faster than the credit worthiness of average buyers.



Moje Miejsce in Warsaw

## 7.4 Investment market



According to CBRE, the total value of investment transactions in commercial real estate exceeded EUR 2.1 bln in Q1 2018. This is the best result in the history of the Polish market obtained in this period of the year, but at the same time an exceptional situation caused by closing the sale of the portfolio of 28 M1 retail properties for app. EUR 1 bln by ARES/AXA/Apollo Rida. Capitalization rates for the best

shopping centres in Poland amount to as much as 4.9%, and for the best retail parks – app. 7.0%. No significant transactions in the office sector have been recorded in 2018, but taking into account market trends and the demand, CBRE expects that transactions in this sector will soon close at a capitalization rate below 5%.



EUR **2,1** bln

value of transactions concluded in Q1 2018  
on the commercial real estate market

## 7.5 Construction market



According to the Central Statistical Office (GUS), the first quarter of 2018 was one of the best periods in terms of production volume. The output growth resulted from a good situation in the residential sector, acceleration in infrastructural investment in the public sector as well and increase in local governments' investment that started in the last quarter of 2017. However, some negative phenomenon can be noticed: the Polish Association of Construction Industry Employers (PZPB) points out to accumulation of public investment that can further increase

prices for construction and raw materials, gradual exhaustion of enterprises' capacity, labour force deficit (Polish construction sector lack about 100,000 -150,000 employees) as well as rising labour costs (in 2017 average gross wages in the construction sector rose by about 18%). At its construction sites Echo Investment focuses on maintaining the pace of work, managing rising costs as well as looking for cost effectiveness. However, the situation affects especially less advanced projects through higher costs and slower pace of work.

# Echo Investment Group business segments – activities and outlook

08

## 8.1. Office

The most important event in the office department of Echo Investment in Q1 2018 was the completion of the construction of O3 Business Campus III in Kraków whereas in April the company obtained an occupancy permit for the Sagittarius and West Link buildings in Wrocław. Each of these buildings was subject to a preliminary sales agreement at the time of putting into operation. In Q2 Echo Investment signed the final sale agreement for the West Link building and it is preparing to close the remaining transactions.

The buyer of West Link is Globalworth Poland (former Griffin Premium RE). The building sold is 14,200 sqm and it is fully rented to Nokia and Hilti. Its value has been agreed as EUR 35.8 mln. It is worth mentioning that the transaction was prepaid by the buyer in 2017 by way of acquiring bonds issued by the Echo Investment group.

The first office building of Browary Warszawskie reached its highest point. Building J is very popular among tenants. The first of them is L'Oréal Polska, which took almost half of the space while the remaining part will be occupied by Epam and other reputable tenants. Thanks to its rapid leasing and construction, Echo Investment has already started the early sale process of this office building and met with great interest of potential investors.

After the successful A4 Business Park office project in Katowice, the Company started the construction of the first office building of the Face2Face complex on Grundmanna street in Katowice in Q2. It will consist of two buildings. The first one has 20,100 sqm of leasable space and it should be completed in Q4 2019.



The sale of the West Link building is described in section 6.3 on page 15

## 8.2 Retail

In Q1 2018, in the retail sector Echo Investment focused on the construction and leasing of Libero in Katowice and Galeria Młociny in Warsaw.

The installation and finishing work is underway in Libero in Katowice and the first tenants take over their premises. The building will be opened in Q3 2018. According to the adopted strategy, significant part of its area will be occupied by services, catering and entertainment zone, which is a response to the latest trends in the retail sector. It is worth mentioning that according to JLL, app. 4-8% of the area in shopping centres operating in Poland is on average intended for a non-retail offer, whereas in Europe it is 10-15%.

Since the beginning of 2018 the group of Libero's tenants has been joined by: Carry, Ryłko, Sizeer, Calzedonia, Apart,

Wittchen, Douglas, Simple, Gino Rossi, New Yorker, Yes, Triumph, Homel, Zebano Rano, Giacomo or Greenpoint. Libero is 95% leased now – a few months before its opening.

The road system is being redeveloped around the project, which will make it possible to improve the capacity of roads near Kościuszki, Kolejowa and Jankego streets, and will provide easy access to Libero. The redevelopment is financed by Echo Investment and the project is carried out in consultation with the City of Katowice.

The most important event of Q1 2018 in Galeria Młociny in Warsaw was presenting a new concept of the restaurant and entertainment space, which was designed by the Warsaw studio of the Broadway Malyan international architectural company. The studio presented the

architectural concept of the restaurant and entertainment zone, including the possibility to enjoy the green garden located on the roof or organizing events all year round. An important element of the task was planning the greenery, the maximum use of access to natural light, the development of intuitive and friendly passageways as well as proposing a coherent idea for arranging the shop windows to future tenants. A vantage point which enables you to admire Bielany is also an element of this concept.

Galeria Młociny enjoys tenants' interest. It is currently 75% leased. Since the beginning of the year tenants have been joined by brands such as: Pepco, Flying Tiger Copenhagen, Carry, Bowling MK Bowling and the Enel-Med clinic. EPP remains co-investor of Galeria Młociny with 70% stake.

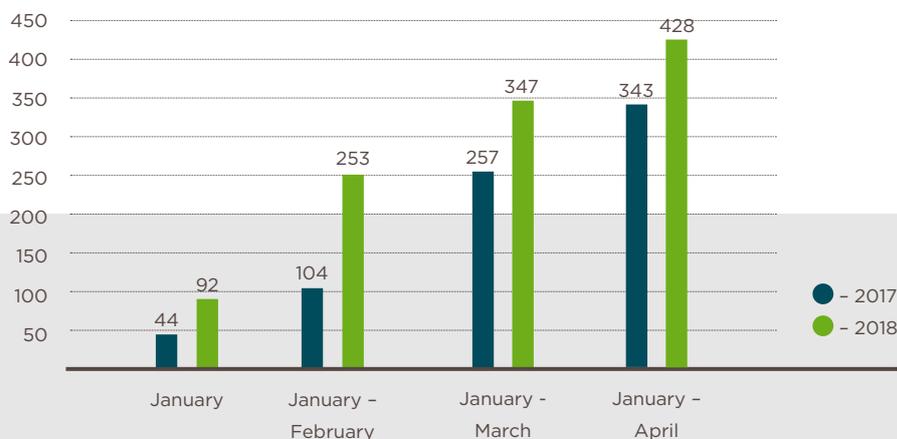


Food and leisure area in Galeria Młociny in Warsaw

### 8.3 Residential

The residential sector is the most dynamic one for Echo Investment. In Q1 2018 the Group sold 348 apartments – 35% more compared to Q1 last year. A positive trend was also visible in April. 428 apartments were sold from January until April compared to 343 apartments from January until April 2017. Since the beginning of 2018 the Company commissioned one project - Dom pod Wilgą II, and started Rydla 32 – both located in Krakow. Nine projects with over 1,400 units are planned to be started in entire 2018.

**SALE OF ECHO INVESTMENT APARTMENTS  
- CUMULATIVELY [IN PCS]**



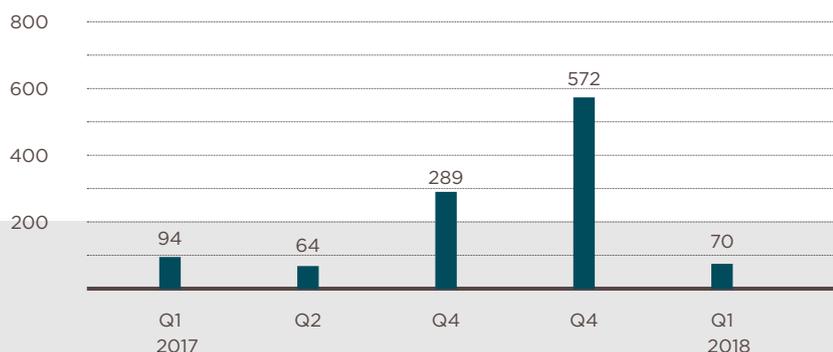
In Q1 2018 the Group signed final contracts transferring ownership of 112 apartments to clients, 125 including April. The quarterly rate of growth amounted to 14% whereas the rate of growth for the period from January to April was 24%. However, the company decided to change the accounting principles regarding the moment of recognition of the sale of apartments in the results. Previously, revenues from the sale of residential units were recognized at the time of the transfer of ownership of premises on the basis of the final sale agreement. Having analyzed the dominant market practice, the Manage-

ment Board of Echo Investment decided to recognize revenues at the time of transferring significant risks and benefits – i.e. transferring property to the buyer based on the acceptance protocol signed by the parties after completion of construction, being awarded an occupancy permit and receiving 100% of payments for the purchase price of the real estate from the buyer. In connection with this change, Q1 results will reflect the transfer of 70 units to clients while the difference will be entered in the result for previous periods. Due to the change the result of Q1 2018 is decreased by PLN 2.8 mln.



The description of the change in accounting principles regarding the entering of apartments into books is provided in section 04 'Effects of changes in applied accounting principles' on page 76

**NUMBER OF APARTMENTS REFLECTED IN THE COMPANY  
RESULTS IN EACH QUARTER AFTER CHANGE  
OF ACCOUNTING PRINCIPLES**



The company is building competitive advantages on the residential market, also through technology. In May 2018 Echo Investment began cooperation with Somfy – a global provider of home automation. This will make it possible to make the residential offer more attractive by adding Tahoma device – the heart of an integrated management system of intelligent control functionalities, which was created especially for Echo. The device will be installed in apartments in all new projects. The first to experience this development are: Widoki Mokotów and Moje Miejsce in Warsaw as well as Ogrody Graua in Wrocław. Within three years Echo Investment wants to become the industry leader in the field of smart solutions and have 4,500 apartments equipped with the smart heart under construction or on offer. A noteworthy event in the residential sector was the signing of

a framework agreement for the creation of the Resi4Rent platform of apartments for rent was a significant event for Echo Investment. The platform currently has over 1,200 apartments under construction and 1,700 more apartments are under preparation. In the opinion of Echo Investment's Management Board, apartments for rent will provide the Company with a rapid growth in the residential sector, they will supplement the functions of city-forming projects such as Browary Warszawskie and they will also respond to changing social trends.



Details on the creation of Resi4Rent are available in section 6.2 'Significant events after the balance sheet date' on page 14



Moje Miejsce on Mokotów district in Warsaw - another 'destination' project of Echo Investment

# The Group's segments

09

## ASSIGNMENT OF ASSETS AND LIABILITIES TO SEGMENTS AS AT 31.03.2018 ['000 PLN]

	Assets	Liabilities
Office	1 288 914	570 499
Retail	640 837	83 695
Residential	891 623	233 274
Unallocated	1 167 690	1 423 809
<b>Total</b>	<b>3 989 064</b>	<b>2 311 277</b>

## 3 989 mln PLN

Total value of assets as at  
31.03.2018

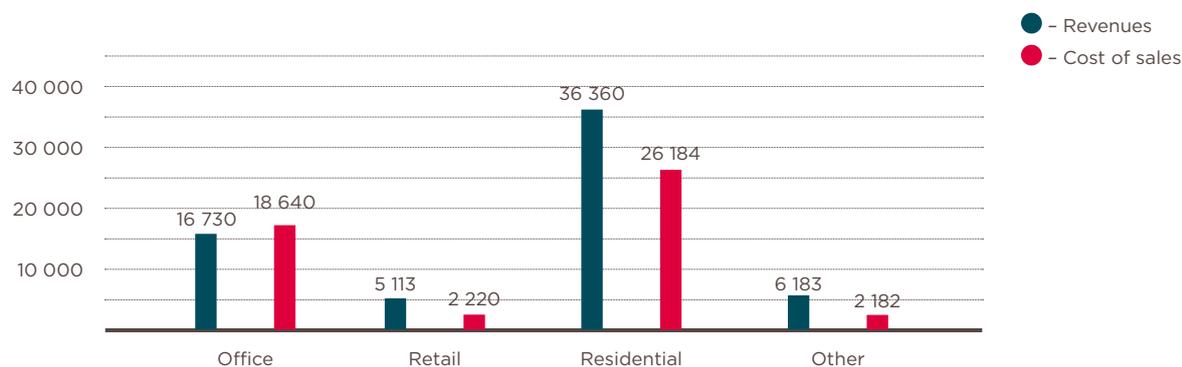
## 2 311 mln PLN

Total value of liabilities as at  
31.03.2018

## ASSIGNMENT OF REVENUE, COST OF SALES AND GROSS PROFIT TO SEGMENTS AS AT 31.03.2018 ['000 PLN]

	Revenue	Cost of sales	Gross profit
Office	16 730	18 640	(1 910)
Retail	5 113	2 220	2 893
Residential	36 360	26 184	10 176
Unallocated	6 183	2 182	4 001
<b>Total</b>	<b>64 386</b>	<b>49 226</b>	<b>15 160</b>

### ASSIGNMENT OF REVENUE AND COST OF SALES TO SEGMENTS [‘000 PLN]



# 15

mIn PLN

Gross profit of Echo Investment Group  
in Q1 2018

#### REVENUE, COST OF SALES AND GROSS PROFIT OF OFFICE SEGMENT - BY TYPE [‘000 PLN]

	Revenue	Cost of sales	Gross profit
Lease	3 816	3 796	20
Services (fit-out works)	11 149	12 931	(1 782)
Maintenance of projects in preparation and under construction	1 765	1 913	(148)
<b>Total</b>	<b>16 730</b>	<b>18 640</b>	<b>(1 910)</b>

#### REVENUE, COST OF SALES AND GROSS PROFIT OF RETAIL SEGMENT - BY TYPE [‘000 PLN]

	Revenue	Cost of sales	Gross profit
Lease	138	38	100
Services (development)	4 774	1 671	3 103
Maintenance of projects in preparation and under construction	201	511	(310)
<b>Total</b>	<b>5 113</b>	<b>2 220</b>	<b>2 893</b>

**REVENUE, COST OF SALES AND GROSS PROFIT OF RESIDENTIAL SEGMENT  
- BY TYPE ['000 PLN]**

	Revenue	Cost of sales	Gross profit
Sales	34 744	25 046	9 698
Lease	1 148	170	978
Maintenance of projects in preparation and under construction	468	968	(500)
<b>Total</b>	<b>36 360</b>	<b>26 184</b>	<b>10 176</b>

**OTHER ['000 PLN]**

	Revenue	Cost of sales	Gross profit
Sales	240	248	(8)
Lease	849	1 383	(534)
Services	5 094	551	4 543
<b>Total</b>	<b>6 183</b>	<b>2 182</b>	<b>4 001</b>

# Portfolio of properties

10

## 10.1 Office

### Definitions:

**GLA** – gross leasing area

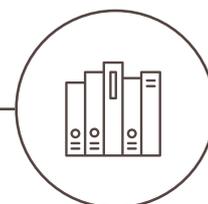
**NOI** – net operating income with the assumption of full rental and the average market rent rates

**ROFO** – right of first offer

**Completion** – date of commissioning permit. Significant part of fit-out works to be done after this date.

**An estimated budget** includes the value of land, cost of design, construction and external supervision. It does not include the personnel costs related to the project, cost of marketing, leasing and financing, which

are estimated by the Company to equal on average 7% the targeted budget. In addition, it does not include costs reducing sales revenue (price), such as master lease, profit share and costs of projects sale.



### OFFICE BUILDINGS IN OPERATION

Project / address	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expend- iture incurred [%]	Completion	Comments
<b>Symetris Business Park II</b> Łódź, ul. Piłsudskiego	9 700	73%	1,6	73,9	84%	IV Q 2017	ROFO agreement and preliminary sale agreement with EPP
<b>O3 Business Campus III</b> Kraków, ul. Opolska	18 900	27%	3,2	120,3	74%	I Q 2018	ROFO agreement and preliminary sale agreement with EPP
<b>Total</b>	<b>28 600</b>		<b>4,8</b>	<b>194,2</b>			

## OFFICE BUILDINGS UNDER CONSTRUCTION

Project / address	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion	Comments
<b>Sagittarius</b> Wrocław, ul. Sucha	24 900	81%	4,5	177,8	83%	II Q 2016	II Q 2018	ROFO agreement with EPP, preliminary sale agreement with Warburg HIH
<b>West Link</b> Wrocław, ul. Na Ostatnim Groszu	14 200	100%	2,5	92,7	95%	III Q 2016	II Q 2018	Sold to Globalworth Poland (former Griffin Premium RE) in Q2 2018
<b>Browary Warszawskie J</b> Warsaw, ul. Grzybowska	15 400	44%	3,7	153,7	33%	II Q 2017	IV Q 2018	ROFO agreement with Globalworth Poland
<b>Moje Miejsce I</b> Warsaw, ul. Beethovena	18 300	0%	3,1	132,3	30%	III Q 2017	I Q 2019	ROFO agreement with Globalworth Poland
<b>Total</b>	<b>72 800</b>		<b>13,8</b>	<b>556,5</b>				

## OFFICE BUILDINGS IN PREPARATION

Project / address	GLA [sqm]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion	Comments
<b>Face 2 Face I</b> Katowice, ul. Grundmanna	20 100	3,4	142,0	14%	II Q 2018	IV Q 2019	
<b>Browary Warszawskie K</b> Warsaw, ul. Grzybowska	15 100	3,2	137,6	22%	II Q 2018	I Q 2020	
<b>Browary Warszawskie G i H</b> Warsaw, ul. Grzybowska	23 100	5,0	229,0	20%	II Q 2018	I Q 2020	
<b>Moje Miejsce II</b> Warsaw, ul. Beethovena	17 400	2,8	117,0	23%	IV Q 2018	II Q 2020	ROFO agreement with Globalworth Poland
<b>Piłsudskiego</b> Łódź, ul. Piłsudskiego	14 100	2,4	91,0	12%	II Q 2018	IV Q 2019	
<b>Solidarności I</b> Gdańsk, ul. Nowomiejska	13 900	2,3	95,0	11%	III Q 2018	I Q 2020	
<b>Powstańców Śląskich</b> Wrocław, ul. Powstańców Śląskich	37 400	6,6	274,3	17%	I Q 2019	I Q 2021	
<b>Face 2 Face II</b> Katowice, ul. Grundmanna	26 100	4,5	185,8	13%	II Q 2019	I Q 2021	
<b>Solidarności II</b> Gdańsk, ul. Nowomiejska	15 800	2,6	101,1	12%	I Q 2019	III Q 2020	
<b>Wita Stwosza</b> Kraków, ul. Wita Stwosza	25 900	4,5	195,5	18%	II Q 2020	II Q 2022	
<b>West 4 Business Campus I</b> Wrocław, ul. Na Ostatnim Groszu	21 200	3,6	140,6	13%	I Q 2019	IV Q 2020	
<b>Total</b>	<b>230 100</b>	<b>40,9</b>	<b>1 708,9</b>				

## 10.2 Retail

### Definitions:

**GLA** – gross leasing area

**NOI** – net operating income with the assumption of full rental and the average market rent rates

**ROFO** – right of first offer

**Completion** – date of commissioning permit.

Significant part of fit-out works to be done after this date.

**An estimated budget** includes the value of land, cost of design, construction and external supervision. It does not include the personnel costs related to the project, cost of marketing, leasing and financing, which

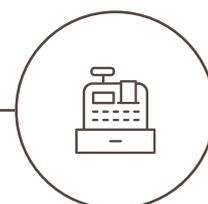
are estimated by the Company to equal on average 7% the targeted budget. In addition, it does not include costs reducing sales revenue (price), such as master lease, profit share and costs of projects sale.

### RETAIL PROJECTS UNDER CONSTRUCTION

Project / address	GLA [mkw.]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expend- iture incurred [%]	Start	Targeted completion	Comments
<b>Libero</b> Katowice, ul. Kościuszki	45 000	95%	9,3	349,3	42%	III Q 2016	III Q 2018	ROFO agreement with EPP
<b>Galeria Młociny</b> Warsaw, ul. Zgrupowania AK "Kampinos"	81 900	75%	21,0	1 167,6	56%	IV Q 2016	II Q 2019	Echo's joint-venture with EPP: 30%:70%
<b>Total</b>	<b>126 900</b>		<b>30,3</b>	<b>1 516,9</b>				

### RETAIL PROJECT IN PREPARATION

Project / address	GLA [sqm]	NOI [EUR mln]	Targeted budget [PLN mln]	Expend- iture incurred [%]	Targeted start	Targeted completion	Comments
<b>Towarowa 22</b> Warsaw, ul. Towarowa	105 000	34,0	1 720,3	25%	2020	2021+	Echo's joint-venture with EPP: targeted split 30%:70%



## 10.3 Residential

### Definitions:

**Sales level** – the item exclusively concerns preliminary contracts

**An estimated budget** includes the value of land, cost of design, construction and external supervision. It does not include the cost of supply maintenance, interest costs or

activated financial costs, marketing and total personnel costs related to the project. The Company estimates additional costs to equal on average 6% of the targeted budget.

### RESIDENTIAL PROJECTS UNDER CONSTRUCTION

Project / address	Sales area [sqm]	Number of units	Sales level [% of units]	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion
<b>Dom pod Wilgą II</b> Kraków, ul. Spiska	8 800	131	95%	73,0	47,1	96%	III Q 2016	II Q 2018
<b>Dom pod Wilgą III</b> Kraków, ul. Spiska	4 600	63	92%	41,4	28,7	46%	II Q 2017	II Q 2019
<b>Apartamenty GO</b> Kraków, ul. Rakowicka	6 600	174	99%	59,6	40,6	85%	IV Q 2016	III Q 2018
<b>Rydla 32</b> Kraków, ul. Rydla	5 700	95	22%	46,8	36,3	26%	I Q 2018	III Q 2019
<b>Osiedle Jarzębinowe IV</b> Łódź, ul. Okopowa	4 400	75	48%	21,2	16,2	80%	IV Q 2016	II Q 2018
<b>Osiedle Jarzębinowe V</b> Łódź, ul. Okopowa	8 100	145	11%	42,0	34,0	22%	IV Q 2017	III Q 2019
<b>Nowa Dzielnica</b> Łódź, ul. Wodna	5 300	87	13%	29,0	22,4	44%	III Q 2017	I Q 2019
<b>Osiedle Jaśminowe III</b> Poznań, ul. Sielawy	3 800	77	99%	21,1	16,0	65%	IV Q 2016	III Q 2018
<b>Park Sowińskiego IV</b> Poznań, ul. Sowińskiego	5 100	89	99%	38,5	26,3	70%	IV Q 2016	III Q 2018
<b>Osiedle Perspektywa I</b> Poznań, ul. Sielawy	8 200	169	91%	44,8	34,6	37%	IV Q 2016	IV Q 2018
<b>Osiedle Perspektywa II</b> Poznań, ul. Sielawy	4 600	94	79%	25,1	20,7	6%	IV Q 2017	III Q 2019
<b>Osiedle Perspektywa III</b> Poznań, ul. Sielawy	5 600	105	60%	31,1	25,4	6%	IV Q 2017	III Q 2019
<b>Browary Warszawskie A</b> Warsaw, ul. Grzybowska	5 200	98	100%	55,4	38,9	70%	IV Q 2016	IV Q 2018
<b>Browary Warszawskie B</b> Warsaw, ul. Grzybowska	10 500	190	93%	121,8	78,0	37%	IV Q 2017	II Q 2019
<b>Browary Warszawskie C</b> Warsaw, ul. Grzybowska	6 900	114	59%	87,6	52,9	29%	IV Q 2017	II Q 2019
<b>Widoki Mokotów</b> Warsaw, ul. Puławska	4 800	87	28%	65,7	47,8	32%	IV Q 2017	IV Q 2019
<b>Osiedle Reset I</b> Warsaw, ul. Taśmowa	7 300	164	39%	66,5	54,8	32%	IV Q 2017	IV Q 2019
<b>Zebra</b> Wrocław, ul. Zakładowa	11 300	233	80%	75,9	55,6	37%	III Q 2017	II Q 2019
<b>Total</b>	<b>116 800</b>	<b>2 190</b>		<b>946,4</b>	<b>676,4</b>			

## RESIDENTIAL PROJECTS IN PREPARATION

Project / address	Sales area [sqm]	Number of units	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Wita Stwosza I</b> Kraków, ul. Wita Stwosza	11 700	284	101,6	75,1	22%	IV Q 2018	IV Q 2020
<b>Wita Stwosza II</b> Kraków, ul. Wita Stwosza	10 800	240	93,4	68,3	22%	III Q 2019	III Q 2021
<b>Osiedle Jaśminowe IV</b> Poznań, ul. Sielawy	5 200	103	28,7	21,8	12%	II Q 2018	IV Q 2019
<b>Garbary</b> Poznań, ul. Garbary	12 600	257	104,8	75,7	20%	III Q 2018	II Q 2020
<b>Moje Miejsce</b> Warsaw, ul. Beethovena	13 400	252	114,6	83,9	25%	II Q 2018	Q1 2020
<b>Browary Warszawskie E</b> Warsaw, ul. Grzybowska	6 100	82	93,8	62,6	19%	IV Q 2018	II Q 2020
<b>Osiedle Reset II</b> Warsaw, ul. Taśmowa	11 900	247	101,0	79,5	26%	III Q 2018	III Q 2020
<b>Grota-Roweckiego III</b> Wrocław, ul. Grota-Roweckiego	2 200	48	11,6	10,1	11%	III Q 2018	Q1 2020
<b>Ogrody Graua</b> Wrocław, ul. Gdańska	4 200	59	38,3	28,4	21%	II Q 2018	Q1 2020
<b>Total</b>	<b>78 100</b>	<b>1 572</b>	<b>687,8</b>	<b>505,5</b>			

**Definition:**

An estimated budget of R4R projects includes the value of land, cost of design, construction and external supervision, development services and financial costs. It does not

include the cost of the platform operation, such as marketing.

**RESIDENTIAL PROJECTS FOR RENTAL PLATFORM RESI4RENT UNDER CONSTRUCTION**

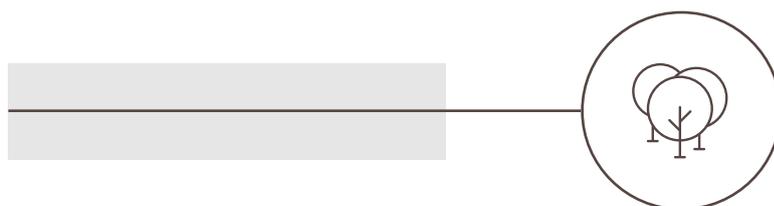
Project / address	Sales area [sqm]	Number of units	Targeted annual stabilized rents [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion
<b>Rychtalska</b> Wrocław, ul. Zakładowa	11 400	303	7,8	80,0	30%	IV Q 2017	III Q 2019
<b>Browary Warszawskie</b> Warsaw, ul. Grzybowska	19 000	451	16,1	187,0	25%	IV Q 2017	II Q 2020
<b>Wodna</b> Łódź, ul. Wodna	7 800	211	4,4	53,0	21%	IV Q 2017	IV Q 2019
<b>Total</b>	<b>38 200</b>	<b>965</b>	<b>28,3</b>	<b>320</b>			

**RESIDENTIAL PROJECTS FOR RENTAL PLATFORM RESI4RENT IN PREPARATION**

Project / address	Sales area [sqm]	Number of units	Targeted annual stabilized rents [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Kępa Mieszczańska</b> Wrocław, ul. Dmowskiego	9 300	270	6,8	77,0	20%	II Q 2018	IV Q 2019
<b>Taśmowa</b> Warsaw, ul. Taśmowa	13 300	363	9,3	106,0	15%	IV Q 2018	III Q 2020
<b>Woronicza</b> Warsaw, ul. Woronicza	8 000	229	5,4	54,0	20%	III Q 2018	III Q 2020
<b>Wita Stwosza I</b> Kraków, ul. Wita Stwosza	7 100	198	4,2	50,0	15%	IV Q 2019	III Q 2021
<b>Wita Stwosza II</b> Kraków, ul. Wita Stwosza	7 000	190	4,1	49,0	15%	IV Q 2019	III Q 2021
<b>Ordona</b> Warsaw, ul. Ordona	9 600	265	6,9	87,0	20%	II Q 2019	II Q 2021
<b>Total</b>	<b>54 300</b>	<b>1 515</b>	<b>36,7</b>	<b>423</b>			



## 10.4 Land bank



## EARLY STAGE PROJECTS

Project / address	Plot area [sqm]	Potential of leasing/sales area [sqm]	Comments
Łódź, ul. Tymienieckiego	77 200	80 000	Plot for residential and office functions
Wrocław, ul. Na Ostatnim Groszu	32 300	58 800	Plot for office function
Warsaw, ul. Orłona	18 100	38 200	Plot for residential and resi for rent functions
Warsaw, ul. Chłodna/Wronia	600	1 100	Plot for residential function
Łódź, ul. Kilińskiego	9 500	35 000	Plot for office function
Warsaw, ul. Towarowa 22		45 000	Plot for office, hotel and residential functions
Katowice, ul. Piotra Skargi	3 700	22 000	Plot for office function, acquired in Q2 2018
Łódź, ul. Okopowa, Jarzębinowe VI	3 200	3 300	Plot for residential function
Poznań, ul. Sielawy, Naramowice, 18MW	32 200	25 300	Plot for residential function
<b>Total</b>	<b>176 800</b>	<b>308 700</b>	

## INVESTMENT PROPERTIES

Property	Plot area [sqm]	Comments
Poznań, Pamiątkowo	874 200	
Poznań, Naramowice	259 300	Preliminary sale agreement for a part of the plot
Występa k. Kielc	156 800	
Budapest pl. Bosniak	67 700	
Słupsk, ul. Krzywoustego	65 700	Preliminary sale agreement
Poznań, Hetmańska	65 300	
Koszalin, Krakusa i Wandy	39 300	
Katowice, Jankego	26 200	
Poznań, Sołacz	17 300	
Szczecin, Struga	11 000	
Łódź, Okopowa	9 200	
Ząbrze, Miarki	8 100	
Warsaw, Taśmowa	6 700	Preliminary sale agreement
Radom, Beliny	6 300	
Lublin, Nałkowskich	4 700	
<b>Total</b>	<b>1 617 800</b>	

# Main investments in Q1 2018 – acquisition of plots

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## PROPERTIES ACQUIRED BY ECHO INVESTMENT GROUP IN 2018

Date of transaction	Address	Legal form	Area	Capacity
Q1 2018	Kraków, ul. Żelazna i Wita Stwosza	perpetual usufruct and ownership	7,200 sqm	The plot for 23,000 sqm of office and residential for rent space - extension of the 'destination' project
Q2 2018	Katowice, ul. Piotra Skargi	perpetual usufruct	3,700 sqm	22,000 of office space

Echo Investment has acquired land properties for PLN 33 mln in total since the beginning of 2018.

In Q1 2018 the Company acquired perpetual usufruct right and ownership of plots with a total area of 7,200 sqm in Kraków, Żelazna Street. The properties are earmarked for office and residential purposes.

The potential of purchased real properties is estimated based on planning documents and guidelines valid at the date of purchase. Ultimately, the use of each property is determined at a later stage of project preparation, taking into account current planning documents, arrangements, market potential and finally accepted project concepts.

# Factors and unusual events influencing the financial result in Q1 2018

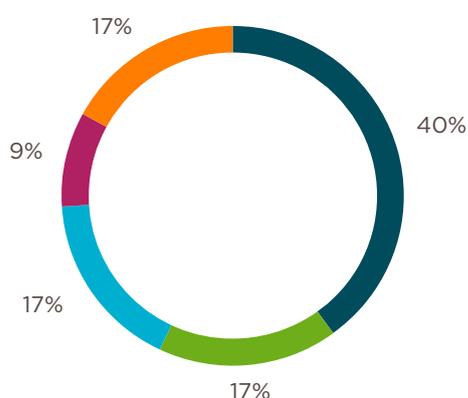
12

## Factors and unusual events influencing the financial result in Q1 2018:

a. Revenue resulting from hand overs of 70 housing units and housing plots.

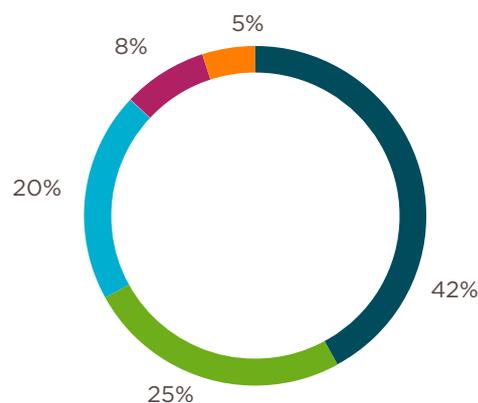
b. Profit on investment property amounting to PLN 98.6 mln.

**RESIDENTIAL PROJECTS SHARES IN THE TOTAL NUMBER OF FINAL CONTRACTS [UNITS]**



- - Poznań, Jackowskiego 47
- - Wrocław, Grota-Roweckiego 111, etap II
- - Kraków, Kościuszki Apartments
- - Warsaw, Nowy Mokotów IV
- - Other

**PROFIT ON INVESTMENT PROPERTY BY ASSETS [PLN MLN]**



- - O3 Business Campus III, Kraków
- - Browary Warszawskie J, Warsaw
- - Libero, Katowice
- - Sagittarius, Wrocław
- - Other

c. Costs of sales and overheads.

d. Valuation of liabilities related to of bonds and loans in accordance with amortised cost principle.

e. Cash and loans valuation on resulting from of currency exchange fluctuations.

f. Measurement and settlement of FX hedging instruments.

g. Interest on deposits and borrowings granted.

h. Revenues from framework services of EPP group.

# Factors which will influence the results of the Company and its Group in the perspective of at least the following quarter

13

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Revenues from final contracts for the sale of apartments, mainly in the projects:

- Dom Pod Wilgą and Go Apartments in Kraków,
- Osiedle Jarzębinowe in Łódź;
- Park Sowińskiego, Osiedle Jaśminowe and Osiedle Perspektywa in Poznań;
- Nowy Mokotów IV and Browary Warszawskie A in Warsaw;
- Grota-Roweckiego 111 in Wrocław.

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Revenues from final contracts for the sale of plots with house designs:

- Osiedle Południowe in Dyminy near Kielce;
- Rezydencje Leśne in Warsaw.

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Revaluation of the fair value of the properties owned by the Group, which are in the course of leasing and construction:

- Libero in Katowice;
- Browary J in Warsaw.

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The first valuations to the fair value of the office buildings under construction:

- Browary Warszawskie K in Warsaw;
- Moje Miejsce I in Warsaw;
- Face 2 Face in Katowice.

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Valuation, completion and sale of the projects:

- Symetris Business Park II in Łódź;
- Sagittarius in Wrocław;
- O3 Bussines Campus III in Kraków;
- West Link in Wrocław.

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Sale and administrative costs.

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Valuation of liabilities on account of bonds and loans, at amortized cost.

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Valuation of loans and cash on account of changes in exchange rates of foreign currencies.

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Valuation and implementation of hedging financial instruments for foreign currencies.

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Interest on deposits and loans granted.

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Dividends from EPP.

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Revenues from the framework service of the EPP group companies.

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Discounts and interest on credits, bonds and loans.

# Seasonal and cyclical nature of the Group's activity

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The Group's operations cover several segments of the real estate market. Accounting revenues from 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 and results from general investment contractor services, sales of commercial investments and trade in property may be irregular. The Management Board cannot exclude other one-off events which may influence results generated in a given period.

# Information on dividend

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## 15.1 The dividend policy

On 26 April, 2017 the Management Board of Echo Investment adopted a resolution on the Company's dividend policy.

The main principles of the adopted dividend policy:

- from the 2017 profit the Management Board will recommend the payment of PLN 0.5 per share,
- from the profit in 2018 and subsequent years the Management Board will be recommending the payment of the dividend up to amount of 70% of the consolidated net profit of the Capital Group attributable to shareholders of the parent company.

When recommending the dividend payment the Management Board will take into consideration the current and expected condition of the Company and the Capital Group as well as their development strategy, in particular:

- safe and the most effective management of debt and liquidity in the Group;
- investment plans resulting from the development strategy, purchase of land in particular.

Assumptions of the dividend policy were based on predictions concerning future profits from the Group's property development operations.

## 15.2 Dividend approved by Ordinary General Meeting of Shareholders

On 25 April 2018 the General Shareholders' Meeting of Echo Investment passed a resolution on the allocation of profits for 2017 and changes in the purpose and name of the existing Reserve Fund. Pursuant to the resolution, the Company's net profit of PLN 632,496,013 in the financial year 2017 was divided as follows:

- PLN 213,075,361 was allocated to supplementary capital;
- PLN 213,075,361 was allocated to the Company's reserve capital - the Dividend Fund;
- PLN 206,345,291 was allocated to all shareholders of the Company in the form of a dividend: PLN 0.50 per share.

The Ordinary General Meeting of Shareholders agreed that the right to dividend would be vested in shareholders holding shares on 4 May 2018, and the payout date would be 11 May 2018. The shareholders' decision was in line with the Management Board's recommendation and the Company's dividend policy, and it was fully executed.

The Ordinary General Meeting of Shareholders also decided to change the designation and name of the existing Reserve Fund created for the payment of the outstanding dividend or dividend advance. It was replaced by the Dividend Fund which was created for the payment of dividends or dividend advances.

**0,50** PLN



Amount of dividend per share paid from 2017 profit

# Financial liabilities of the Company and its Group

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## 16.1 Loans

### CREDIT FACILITIES OF ECHO INVESTMENT S.A. AS AT 31.03.2018 [‘000]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline	Security
PKO BP S.A.	75 000	0	WIBOR 1M + margin	31.10.2018	Authorisation to bank account, statement on submission to enforcement proceedings
Alior Bank S.A.	75 000	75 000	WIBOR 3M + margin	15.12.2018	Authorisation to bank account, statement on submission to enforcement proceedings
BZ WBK S.A. *	75 000	0	WIBOR 1M + margin	30.07.2018	Authorisation to bank account, statement on submission to enforcement proceedings
Raiffeisen Bank Polska S.A	62 000	0	WIBOR 1M + margin	14.12.2018 **	Authorisation to bank account, statement on submission to enforcement proceedings
<b>Total</b>	<b>287 000</b>	<b>75 000</b>			

\* As at 31 March 2018 the available credit line amounts to PLN 52 mln. The remaining amount is blocked as collateral for the guarantee granted by BZ WBK in connection with the sale of the Q22 project.

\*\* On 4 April 2018 the Company and Raiffeisen Bank Polska signed an annex extending the maturity of the loan to 16 December 2019.

## CREDIT FACILITIES OF ECHO INVESTMENT GROUP AS AT 31 MARCH 2018 [‘000]

Borrower	Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline	Security
<b>Symetris</b> – Projekt Echo – 131 Sp. z o.o. Sp. K.	BGŻ BNP Paribas S.A.	10 450 000 EUR 3 000 000 PLN	5 933 647 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 3M	30.06.2019 30.06.2019	Mortgages, registered and financial pledges, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
<b>West Gate II</b> – Projekt Echo – 114 Sp. z o.o. Sp. K.	Bank Millen- nium S.A.	16 500 000 EUR 2 000 000 PLN	9 669 958 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	30.06.2019 30.06.2019	Mortgages, registered and financial pledges, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
<b>Sagittarius</b> – Projekt Echo – 113 Sp. z o.o. Sp. K.	PKO BP S.A.	31 718 636 EUR 6 000 000 PLN	16 546 488 EUR 482 203 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	30.09.2020 30.09.2019	Mortgages, registered and financial pledges, authorisation to bank account, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
<b>Galeria Libero</b> – Projekt Echo – 120 Sp. z o.o. Sp. K.	BZ WBK S.A. Bank BGŻ BNP Paribas S.A.	67 566 000 EUR 12 000 000 PLN	0 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	10.04.2026 10.07.2021	Mortgages, registered and financial pledges, authorisation to bank account, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
<b>Berea</b> Sp. z o.o.*	BZ WBK S.A. PKO BP S.A. Bank Gosp- odarstwa Krajowego mBank S.A.	52 500 000** / 53 100 000 EUR*** 10 350 000 PLN	12 082 637 EUR 3 947 648 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	30.04.2025 30.04.2020	Mortgages, registered and financial pledges, authorisation to bank account, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
<b>Total</b>		<b>178 734 636 EUR/ 179 334 636 EUR 33 350 000 PLN</b>	<b>44 232 730 EUR 4 429 850 PLN</b>			

\* Echo Investment owns 30% of shares in Berea Sp. z o.o. and presents 30% of credit value.

\*\* Construction loan.

\*\*\* Investment loan with extended value.

## 16.2 Bonds

## COMPANY'S LIABILITIES DUE TO BONDS ISSUED AS AT 31.03.2018 [PLN '000]

Series	ISIN code	Bank	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market
<b>Bonds for institutional investors</b>							
1/2015	PLECHPS00191	mBank S.A.	197 900	23.04.2018*	WIBOR 6M + margin 2,5%	-	ASO Catalyst
3/2013	PLECHPS00126	mBank S.A.	80 000	19.06.2018	WIBOR 6M + margin 3,5%	-	ASO Catalyst
1/2014	PLECHPS00134	mBank S.A.	100 000	19.02.2019	WIBOR 6M + margin 3,6%	-	ASO Catalyst
2/2014	PLECHPS00159	mBank S.A.	70 500	15.05.2019	WIBOR 6M + margin 3,6%	-	ASO Catalyst
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3,0%	-	ASO Catalyst
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	-	ASO Catalyst
2/2017	PLECHPS00258	mBank S.A.	150 000	30.11.2021	WIBOR 6M + margin 2,9%	-	ASO Catalyst
<b>Bonds for institutional investors total</b>			<b>853 400</b>				
<b>Bonds for individual investors</b>							
D-series	PLECHPS00183	DM PKO BP S.A.	50 000	20.04.2018*	WIBOR 6M + margin 3,15%	-	regulated market Catalyst
E-series	PLECHPS00217	DM PKO BP S.A.	100 000	06.07.2021	WIBOR 6M + margin 2,9%	-	regulated market Catalyst
F-series	PLECHPS00233	DM PKO BP S.A.	125 000	11.10.2022	WIBOR 6M + margin 2,9%	-	regulated market Catalyst
G-series	PLECHPS00241	DM PKO BP S.A.	75 000	27.10.2022	WIBOR 6M + margin 2,9%	-	regulated market Catalyst
<b>Bonds for individual investors total</b>			<b>350 000</b>				
<b>Total</b>			<b>1 203 400</b>				

\* Redeemed in its redemption date in Q2 2018.

In Q1 2018 the Company redeemed C-series bonds with a total value of PLN 75 mln from individual investors, according to the redemption date. After the balance sheet date, in Q2 2018, the Company redeemed series 1/2015 bonds worth PLN 197.9 mln from institutional investors and D-series bonds worth PLN 50 mln from individual investors. Both series were redeemed in accordance with the redemption date.

**BONDS ISSUED IN Q2 2018 [PLN '000]**

Series	ISIN code	Bank	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market
<b>Bonds for individual investors</b>							
<b>H-series</b>	PLECHPS00266	DM PKO BP S.A.	50 000	22.05.2022	WIBOR 6M + margin 2,8%	-	regulated market Catalyst

Series	ISIN code	Bank	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market
<b>Bonds for institutional investors</b>							
<b>1/2018</b>	not yet marked by ISIN code	mBank S.A.	140 000	25.04.2022	WIBOR 6M + margin 2,9%	-	registration in progress

## 16.3 Guarantees

## GUARANTEE AGREEMENTS AS AT 31.03.2018

Guarantor	For	Value [PLN '000]	Validity	Description
Echo Investment S.A.	Horta Sp. z o.o.	21 043	to 02.07.2020	Performance bond concerning the final sales agreement of the Aquarius Business House I office building in Wrocław. Issued in EUR.
Echo Investment S.A.	Skua Sp. z o.o.	25 251	to 30.07.2021	Performance bond concerning the final sales agreement of the Aquarius Business House II office building in Wrocław. Issued in EUR.
Echo Investment S.A. / BZ WBK S.A.	State Treasury	43 045	to 22.05.2018	Performance bond concerning liabilities of Outlet Park - Projekt Echo - 126 Sp. z o.o. Sp.K.
Echo Investment S.A.	BGŻ BNP Paribas S.A.	5 147	until project completion date	Performance bond concerning cost overrun and liabilities on account of debt service in the course of construction of the Symetris II office building in Łódź. Issued in EUR.
Q22 - Projekt Echo - 128 Sp. z o.o. Sp.K. / Echo Investment S.A.	IREEF - Stryków Propco Sp. z o.o.	420 000	to 15.12.2019	Quality guarantee concerning construction work related to the Q22 office building in Warsaw.
Echo Investment S.A.	IREEF - Stryków Propco Sp. z o.o.	145 364	to 15.12.2018	Performance bond concerning liabilities of Q22 - Projekt Echo - 128 Sp. z o.o. Sp.k. resulting from the sales agreement of 16.12.2016 regarding the Q22 office building in Warsaw. Issued in EUR.
Echo Investment S.A.	Bank Millenium S.A.	7 300	until project completion date, no later than to 30.06.2019	Performance bond concerning construction cost overrun of the West Link office building in Wrocław and liabilities of West Gate II - Projekt Echo - 114 Sp. z o.o. Sp.K. resulting from a loan agreement of 23.03.2017.
Echo Investment S.A.	PKO BP S.A.	25 700	to 30.09.2020	Performance bond concerning construction cost overrun of the Sagittarius Business House office building in Wrocław.
BZ WBK S.A.	City of Katowice	18 274	to 15.05.2018	Performance bond concerning liabilities of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.k. resulting from a contract concluded on 16.06.2016 with reference to a road construction project.
BGŻ BNP Paribas S.A.	City of Katowice	18 274	to 15.05.2018	Performance bond concerning liabilities of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.k. resulting from a contract concluded on 16.06.2016 with reference to a road construction project.
PKO BP S.A. / Echo Investment S.A.	IREEF - Stryków Propco Sp. z o.o.	486	to 01.08.2018	Guarantee concerning liabilities of Echo Investment S.A. resulting from a lease concluded on 24.10.2016.
Echo - Aurus Sp. z o.o.	Echo - Park Rozwoju Sp. z o.o. Sp.K.	744	to 28.02.2027	Guarantee securing liabilities of Projekt 133 - City Space - GP Sp. z o.o. sp.k. resulting from a lease concluded on 4.11.2016.
Echo - Aurus Sp. z o.o.	Nobilis - Projekt Echo - 117 Sp. z o.o. Sp.K.	745	to 31.07.2027	Guarantee securing liabilities of Projekt 137 - City Space - GP Sp. z o.o. Sp.k. resulting from a lease concluded on 28.02.2017.
Echo - Aurus Sp. z o.o.	Ventry Investments Sp. z o.o. Sp.K.	1 170	to 9.04.2027	Guarantee securing liabilities of City Space - GP Sp. z o.o. resulting from a lease concluded on 12.10.2016.
Raiffeisen Bank S.A.	Agentia Nationala de Administrare Fiscala	2 118	31.08.2018	Performance bond concerning liabilities of S.C. Echo Investment Project 1 S.R.L.

## GUARANTEE AGREEMENTS AS AT 31.03.2018

Guarantor	For	Value [PLN '000]	Validity	Description
<b>Echo Prime Assets B.V.</b>	IB 6 FIZAN / GPF 3 FIZAN	91 607	31.10.2021	Performance bond concerning execution of the liabilities of Rosehill Investments Sp. z o.o. resulting from framework agreement of 31.08.2017.
<b>Echo Investment S.A.</b>	BZ WBK S.A. / Bank BGŻ BNP Paribas S.A.	55 742	to the date of construction loan conversion into investment loan	Surety bond for cost overrun on Galeria Libero in Katowice.
<b>Echo Investment S.A.</b>	BZ WBK S.A. / PKO BP S.A. / Bank Gospodarstwa Krajowego / mBank S.A.	43 053	to the date of construction loan conversion into investment loan	Surety bond of cost overrun on Galeria Młociny in Warsaw and liabilities of Berea Sp. z o.o. resulting from agreement on 17.10.2017. Issued in EUR.
<b>Echo Investment S.A.</b>	Nobilis - Projekt Echo - 117 Sp. z o.o. Sp.K.	40 000	to 31.10.2026	Construction work quality guarantee related to Nobilis office building in Wrocław.
<b>Echo Investment S.A.</b>	Novaform Polska Sp. z o.o.	3 053	to 31.12.2018	Performance bond concerning execution of the liabilities of Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A. resulting from agreement of 08.01.2018.
<b>Echo Investment S.A.</b>	Novaform Polska Sp. z o.o.	4 616	to 31.05.2019	Performance bond concerning execution of the liabilities of Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A. resulting from agreement of 08.01.2018.
<b>Echo Investment S.A.</b>	BNY Mellon (Poland) Sp. z o.o.	15 026	to the date of hand over protocol signing, no later than to 31.08.2019	Performance bond concerning execution of the liabilities of Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp.K. resulting from leasing agreement of 14.12.2016. Issued in EUR.
<b>Total</b>		<b>987 757</b>		

Due to the fact, that provisions for liabilities on rent free period are already presented in the consolidated balance sheet, they are not included above.

## AMENDMENTS TO GUARANTEE AGREEMENTS IN Q1 2018

Change	Guarantor	For	Date of change	Value [PLN '000]	Description
<b>Expiry</b>	Echo Investment S.A.	mBank S.A.	06.03.2018	3 543 EUR	Performance bond concerning liabilities of Nobilis - Projekt Echo - 117 Sp. z o.o. Sp.K. resulting from loan agreement of 16.06.2016. Issued in EUR
<b>Expiry</b>	Echo Investment S.A.	mBank S.A.	06.03.2018	5 489 PLN	Performance bond concerning construction cost overrun of the Nobilis office building in Wrocław.
<b>Reduction of the collateral amount to PLN 18 274 046 and extension of the expiry date to 15.05.2018</b>	BZ WBK S.A.	City of Katowice	08.02.2018	18 274 PLN	Performance bond concerning liabilities of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.k. resulting from a contract concluded on 16.06.2016 with reference to a road construction project.
<b>Issue</b>	BGŻ BNP Paribas S.A.	City of Katowice	08.02.2018	18 274 PLN	Performance bond concerning liabilities of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.k. resulting from a contract concluded on 16.06.2016 with reference to a road construction project.
<b>Issue</b>	Echo Investment S.A.	Novaform Polska Sp. z o.o.	30.01.2018	3 053 PLN	Performance bond concerning execution of the liabilities of Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A. resulting from agreement of 08.01.2018
<b>Issue</b>	Echo Investment S.A.	Novaform Polska Sp. z o.o.	30.01.2018	4 616 PLN	Performance bond concerning execution of the liabilities of Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A. resulting from agreement of 08.01.2018
<b>Issue</b>	Echo Investment S.A.	BNY Mellon (Poland) Sp. z o.o.	26.01.2018	3 570 EUR	Performance bond concerning execution of the liabilities of Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp.K. resulting from leasing agreement of 14.12.2016. Issued in EUR

## 16.4 Sureties

## SURETY AGREEMENTS AS AT 31.03.2018

Guarantor	For	Value [PLN '000]	Validity	Description
Echo Investment S.A.	Bletwood Investments Sp. z o.o.	1 415	Entire validity period of the lease and three months following its termination date	Surety bond for liabilities of CogI II Poland Limited Sp. z o.o. as a collateral of the liabilities resulting from the lease concluded on 06.11.2015. Issued in EUR.
Echo Investment S.A.	HPO AEP Sp. z o.o. Sp.J.	10 521	Until acquisition of an occupancy permit for the projects but no later than 07.12.2031.	Surety bond for liabilities of Echo - Browary Warszawskie Sp. z o.o. Sp.K. and Dellia Invest- ments - Projekt Echo - 115 Sp. z o.o. Sp. K. j as a collateral of liabilities resulting from the lease concluded on 07.12.2016. Mutual surety issued in EUR.
Echo Prime Assets B.V.	Warburg-HiH Invest Real Estate GmbH	21 043	to 31.05.2019	Surety bond for liabilities of Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp. K., resulting from the agreement concluded on 20.07.2017. Issued in EUR.
<b>Total</b>		<b>32 979</b>		

No changes in surety agreements in Q1 2018.

## 17.1 Composition of the Group

Echo Investment S.A. plays the most important role in the structure of the Group, which it supervises, co-executes and provides financial resources for the implementation of development projects. A vast majority of companies be-

ing part of the Group were established or purchased in order to execute specific investment tasks, including those resulting from the construction process of a concrete development project.

As at 31 March 2018 the Capital Group included 144 subsidiaries consolidated according to the full method and 4 jointly controlled companies consolidated according to the equity method.

### SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
1	53 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
2	Avatar - Projekt Echo - 119 Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
3	Babka Tower - Projekt Echo - 93 Sp. z o.o. Sp.k.	Kielce	100%	Perth Sp. z o.o.
4	Barconsel Holdings Ltd.	Nicosia	100%	Echo - SPV 7 Sp. z o.o.
5	Bełchatów - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
6	City Space - GP Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
7	Supersam City Space - GP Sp. z o.o. Sp.k.	Warsaw	100%	City Space Management Sp. z o.o.
8	Rondo 1 City Space - GP Sp. z o.o. Sp.k.	Warsaw	100%	City Space Management Sp. z o.o.
9	Plac Unii City Space - GP Sp. z o.o. Sp.k.	Warsaw	100%	City Space Management Sp. z o.o.
10	City Space Management Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
11	Cornwall Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
12	Cornwall Investments Sp. z o.o. Sp.k.	Warsaw	100%	Echo Investment S.A.
13	Dagnall Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
14	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp z o.o.
15	Doxent Investments Sp. z o.o.	Warsaw	100%	60 FIZ Forum
16	Duże Naramowice - Projekt Echo - 111 Sp. z o.o. Sp.k.a.	Kielce	100%	60 FIZ Forum
17	Echo - Advisory Services Sp. z o.o.	Kielce	100%	Echo Investment S.A.
18	Echo - Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.
19	Echo - Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.

## SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
20	Echo - Babka Tower Sp. z o.o.	Kielce	100%	Echo Investment S.A.
21	Echo - Babka Tower Sp. z o.o. Sp.k.	Kielce	100%	Gleann Sp. z o.o.
22	Echo - Browary Warszawskie Sp. z o.o.	Kielce	100%	Echo Investment S.A.
23	Echo - Browary Warszawskie Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
24	Echo - Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
25	Echo - Galaxy Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
26	Echo - Klimt House Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
27	Echo - Nowy Mokotów Sp. z o.o.	Kielce	100%	Echo Investment S.A.
28	Echo - Nowy Mokotów Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
29	Echo - Opolska Business Park Sp. z o.o.	Kielce	100%	Echo Investment S.A.
30	Echo - Opolska Business Park Sp. z o.o. Sp.k.	Warsaw	100%	Perth Sp. z o.o.
31	Echo - Pod Klonami Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
32	Echo - Project - Management Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
33	Echo - Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
34	Echo - SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
35	Echo Innovations - City Space GP Sp. z o.o. Sp.k.	Warsaw	100%	City Space Management Sp. z o.o.
36	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp.k.	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 Prime Assets BV	Amsterdam	100%	Echo Investment S.A.
41	Elektrownia RE Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
42	Elissea Investments Sp. z o.o.	Warsaw	100%	60 FIZ Forum
43	Fianar Investments Sp. z o.o.	Warsaw	100%	60 FIZ Forum
44	Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.k.	Kielce	100%	Fianar Investments Sp. z o.o.
45	Galeria Nova - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
46	Galeria Tarnów - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
47	Gleann Sp. z o.o.	Warsaw	100%	60 FIZ Forum
48	Gosford Investments Sp. z o.o.	Warsaw	100%	60 FIZ Forum
49	GRO Nieruchomości Sp. z o.o.	Kraków	100%	Echo Investment S.A.
50	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
51	Kasztanowa Aleja - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
52	Kielce - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
53	Klimt House - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
54	Malta Office Park - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
55	Mena Investments Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
56	Metropolis - Projekt Echo 121 Sp. z o.o. Sp.k.a.	Kielce	100%	60 FIZ Forum
57	Oxygen - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
58	Park Postępu - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.

## SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
59	Park Rozwoju III - Projekt Echo - 112 Sp. z o.o. Sp.k.	Kielce	100%	Perth Sp. z o.o.
60	Perth Sp. z o.o.	Warsaw	100%	60 FIZ Forum
61	PHS - Projekt CS Sp. z o.o. Sp.k.	Warsaw	100%	Perth Sp. z o.o.
62	Pod Klonami - Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
63	Potton Sp. z o.o.	Warsaw	100%	60 FIZ Forum
64	PPR - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
65	Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
66	Projekt - Pamiątkowo Sp. z o.o.	Kielce	100%	Echo - SPV 7 Sp. z o.o.
67	Projekt 1 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
68	Projekt 12 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
69	Projekt 13 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
70	Projekt 132 - City Space - GP Sp. z o.o. Sp.k.	Warsaw	100%	City Space Management Sp. z o.o.
71	Projekt 133 - City Space - GP Sp. z o.o. Sp.k.	Warsaw	100%	City Space Management Sp. z o.o.
72	Projekt 137 - City Space - GP Sp. z o.o. Sp.k.	Warsaw	100%	City Space Management Sp. z o.o.
73	Projekt 14 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
74	Projekt 15 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
75	Projekt 16 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
76	Projekt 17 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
77	Projekt 18 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
78	Projekt 19 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
79	Projekt 20 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
80	Projekt 21 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
81	Projekt 22 - Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
82	Projekt 5 - Grupa Echo Sp. z o.o. Sp.k.a.	Szczecin	100%	60 FIZ Forum
83	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
84	Projekt CS Sp. z o.o.	Kielce	100%	Echo Investment S.A.
85	Projekt Echo - 100 Sp z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
86	Projekt Echo - 104 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87	Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
88	Projekt Echo - 111 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
89	Projekt Echo - 112 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
90	Projekt Echo - 113 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
91	Projekt Echo - 114 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
92	Projekt Echo - 115 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
93	Projekt Echo - 116 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
94	Projekt Echo - 119 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
95	Projekt Echo - 120 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
96	Projekt Echo - 121 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
97	Projekt Echo - 122 Sp. z o.o.	Kielce	100%	Echo Investment S.A.

## SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
98	Projekt Echo – 123 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
99	Projekt Echo – 127 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
100	Projekt Echo – 128 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
101	Projekt Echo – 129 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
102	Projekt Echo – 130 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
103	Projekt Echo – 131 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
104	Projekt Echo – 132 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
105	Projekt Echo – 135 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
106	Projekt Echo – 135 Sp. z o.o. Sp.k.	Kielce	100%	Perth Sp. z o.o.
107	Projekt Echo – 136 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
108	Projekt Echo – 136 Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
109	Projekt Echo – 137 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
110	Projekt 139 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
111	Projekt 140 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
112	Projekt 141 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
113	Projekt 142 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
114	Projekt 143 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
115	Projekt 144 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
116	Projekt 145 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
117	Projekt 146 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
118	Projekt 147 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
119	Projekt 148 – Grupa Echo Sp. z o.o. Sp.k.	Kielce	100%	Echo Investment S.A.
120	Projekt Echo – 77 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
121	Projekt Echo – 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
122	Projekt Echo – 95 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
123	Projekt Echo – 96 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
124	Projekt Echo – 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
125	Projekt K-6 – Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
126	Projekt Naramowice – Grupa Echo Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
127	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
128	Pudsey Sp. z o.o.	Warsaw	100%	60 FIZ Forum
129	Pure Systems Sp. z o.o.	Kraków	100%	Echo Investment S.A.
130	Q22 – Projekt Echo 128 Sp. z o.o. Sp.k.	Kielce	100%	Potton Sp z o.o.
131	Sagittarius – Projekt Echo 113 Sp. z o.o. Sp.k.	Kielce	100%	Doxent Investments Sp. z o.o.
132	Seaford Sp. z o.o.	Warsaw	100%	60 FIZ Forum
133	Selmer Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
134	Selmer Investments Sp. z o.o. Sp.k.	Warsaw	100%	Echo Investment S.A.
135	Senja 2 Sp. z o.o.	Warsaw	100%	Echo – Browary Warszawskie Sp. z o.o.
136	Shanklin Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV

## SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
137	Stranraer Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
138	Strood Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
139	Swanage Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
140	Symetris – Projekt Echo 131 Sp. z o.o. Sp.k.	Warsaw	100%	Gosford Investments Sp. z o.o.
141	Taśmowa – Projekt Echo 116 Sp. z o.o. Sp.k.a.	Kielce	100%	Echo Investment S.A.
142	Tryton – Projekt Echo – 127 Sp. z o.o. Sp.k.	Warsaw	100%	Perth Sp. z o.o.
143	Villea Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
144	West Gate II – Projekt Echo – 114 Sp. z o.o. Sp.k.	Kielce	100%	Elissea Investments Sp. z o.o.

All certificates issued by 60 FIZ Forum are in possession of the Echo Investment S.A.

## JOINT-VENTURES

No	Subsidiary	Registered office	% of capital held	Parent entity
1	Rosehill Investments Sp. z o.o. (Galeria Młociny)	Warsaw	30%	Echo Prime Assets BV
2	Berea Sp. z o.o. (Galeria Młociny)	Warsaw	30%	Rosehill Investments Sp. z o.o.
3	Projekt Echo – 138 Sp. z o.o. Sp.k. (Towarowa 22)	Warsaw	46,26%	Strood Sp. z o.o.
4	Projekt Echo – 138 Sp. z o.o. (Towarowa 22)	Warsaw	30%	Echo Prime Assets BV

## 17.2 Changes in the structure of the capital group

## INCREASE OF THE GROUP

Entity	Action	Date	Share capital
Projekt 144 – Grupa Echo Sp. z o.o. – Sp.k. with its registered office in Kielce	Registration by the District Court in Kielce	15.02.2018	5 000 PLN
Projekt 145 – Grupa Echo Sp. z o.o. – Sp.k. with its registered office in Kielce	Registration by the District Court in Kielce	19.02.2018	5 000 PLN
Projekt 146 – Grupa Echo Sp. z o.o. – Sp.k. with its registered office in Kielce	Registration by the District Court in Kielce	14.02.2018	5 000 PLN
Projekt 147 – Grupa Echo Sp. z o.o. – Sp.k. with its registered office in Kielce	Registration by the District Court in Kielce	15.02.2018	5 000 PLN
Projekt 148 – Grupa Echo Sp. z o.o. – Sp.k. with its registered office in Kielce	Registration by the District Court in Kielce	14.02.2018	5 000 PLN

## OTHER CHANGES

Entity	Action	Date
City Space – SPV 1 Sp. z o.o.	Transformation into Supersam City Space – GP Sp. z o.o. S.K.	11.01.2018
City Space – SPV 2 Sp. z o.o.	Transformation into Rondo 1 City Space – GP Sp. z o.o. S.K.	19.01.2018
City Space – SPV 3 Sp. z o.o.	Transformation into Plac Unii City Space – GP Sp. z o.o. S.K.	19.01.2018
PPR – Grupa Echo Sp. z o.o. Sp.k.a.	Umowa „datio in solutum” – przeniesienie akcji spółki z Forum 60 FIZ na Echo Investment S.A.	20.03.2018
Avatar – Projekt Echo 119 Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Bełchatów – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Galeria Tarnów – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Park Postępu – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Oxygen – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Kielce – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Echo – Galaxy Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
53 – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Malta Office Park – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Projekt 1 – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Projekt 5 – Grupa Echo Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Projekt Beethovena – Projekt Echo – 122 Sp. z o.o. Sp.k.a.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Projekt Echo – 108 Sp. z o.o.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018
Villea Investments Sp. z o.o.	„Datio in solutum” agreement – transfer of shares from Forum 60 FIZ to Echo Investment S.A.	20.03.2018

# Total number of the issuer's shares held by management and supervisory staff

18

Nicklas Lindberg, President of Echo Investment, and Maciej Drozd, Vice-president for financial affairs, informed the company on 30 October 2017 about the purchase of shares in Echo Investment as part of the sale of a portion of a block of shares by the main shareholder Lisala Sp. z o.o. to selected investors. Both Management Board members purchased shares at a unit price of PLN 4.60. Previously they were not shareholders of the Company, either directly or indirectly.

To the best of the Company's knowledge, none of the other members of the Management Board or Supervisory Board is a shareholder of the Company directly or indirectly as at the date of publication of the report, they were not shareholders on 31 December 2017 and throughout 2017 did not conclude any transactions involving the Company's shares.

Therefore, as at the date of publication of the report, the ownership of shares by members of the Management Board and the Supervisory Board was as follows:

Surname	Position in the company	Number of shares held	Share in the capital and votes at GMS
<b>Nicklas Lindberg</b>	President of the Board	460 663	0,11%
<b>Maciej Drozd</b>	Vice-President of the Board	184 265	0,04%



# Influence of the results disclosed in the report for Q1 2018 on fulfilment of result forecasts

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

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# Court, arbitration or public administration proceedings

20

Between 1 January and 31 March 2018, there were no proceedings pending before court, a competent arbitration authority or a public administration authority concerning liabilities or claims of Echo Investment S.A. or its subsidiary the value, of which equaled at least 10% of the Company's equity.

# Material transactions concluded by the Company or its subsidiary with related parties on terms other than market terms

21

In Q1 2018, no material transactions were concluded between Echo Investment S.A. and its subsidiaries, and related parties on terms other than market terms.

# CHAPTER 2

# FINANCIAL STATEMENTS



2.1

**CONDENSED  
INTERIM  
CONSOLIDATED  
FINANCIAL  
STATEMENT AS  
OF AND FOR THE  
THREE-MONTH  
PERIOD ENDED  
31 MARCH 2018**

## CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 31.03.2018	As at 31.12.2017 - end of previous year, restated	As at 31.03.2017 - end of quarter, restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	195	242	281
Property, plant and equipment	10 430	11 162	8 578
Investment property	6 117	6 117	242 279
Investment property under construction	1 567 591	1 281 230	722 490
Investment in associates and joint ventures	217 228	215 891	558 068
Long-term financial assets	36 111	86 560	69 058
Deferred tax asset	63 683	64 714	96 492
	<b>1 901 355</b>	<b>1 665 916</b>	<b>1 697 246</b>
<b>Current assets</b>			
Inventories	690 461	656 005	660 319
Current tax assets	4 112	3 426	3 594
Other taxes receivable	64 328	58 192	45 799
Trade and other receivables	268 995	292 406	235 931
Short-term financial assets	85 534	80 247	92 720
Derivative financial instruments	1 284	2 410	116
Restricted cash	83 110	54 766	41 781
Cash and cash equivalents	518 739	676 334	330 085
	<b>1 716 563</b>	<b>1 823 786</b>	<b>1 410 345</b>
<b>Assets held for sale</b>	<b>91 771</b>	<b>119 985</b>	<b>208 537</b>
<b>Financial assets held for sale</b>	<b>279 375</b>	<b>243 273</b>	<b>-</b>
<b>Total assets</b>	<b>3 989 064</b>	<b>3 852 960</b>	<b>3 316 128</b>

## CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION CONT. [PLN '000]

	As at 31.03.2018	As at 31.12.2017 - end of previous year, restated	As at 31.03.2017 - end of quarter, restated
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent	1 677 895	1 590 010	1 593 820
Share capital	20 635	20 635	20 635
Supplementary capital	1 192 117	1 192 117	1 128 096
Revaluation reserve	(13 575)	(49 676)	-
Retained earnings	488 087	437 410	456 053
Foreign currency translation reserve	(9 369)	(10 476)	(10 964)
Non-controlling interest	(108)	(107)	(100)
	<b>1 677 787</b>	<b>1 589 903</b>	<b>1 593 720</b>
<b>Provisions</b>			
Long-term provisions	72 375	85 028	78 092
Short-term provisions	157 758	141 963	74 620
Deferred tax liabilities	61 509	49 723	58 559
	<b>291 642</b>	<b>276 714</b>	<b>211 271</b>
<b>Long-term liabilities</b>			
Debt liabilities	947 239	1 026 830	815 138
Derivative financial instruments	-	-	39
Deferred income	-	16 073	17 782
	<b>947 239</b>	<b>1 042 903</b>	<b>832 959</b>
<b>Short-term liabilities</b>			
Debt liabilities	636 373	528 939	308 356
Income tax payable	2 020	7 500	399
Other taxes liabilities	7 021	35 404	6 175
Trade payable	166 703	179 252	91 090
Dividend liabilities	-	-	66 030
Other liabilities	147 472	138 079	72 432
Deferred income	112 807	54 265	109 828
	<b>1 072 396</b>	<b>943 439</b>	<b>654 310</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>23 868</b>
<b>Total equity and liabilities</b>	<b>3 989 064</b>	<b>3 852 960</b>	<b>3 316 128</b>
Book value	1 677 895	1 590 010	1 593 820
Number of shares	412 690 582	412 690 582	412 690 582
Book value per one share (in PLN)	4,07	3,85	3,86

## CONSOLIDATED PROFIT AND LOSS ACCOUNT [PLN '000]

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017, restated
Revenues	64 386	73 278
Cost of sales	(49 226)	(62 955)
<b>Gross profit (loss)</b>	<b>15 160</b>	<b>10 323</b>
Profit (loss) on investment property	98 579	100 116
Administrative costs associated with projects	(12 972)	(8 776)
Selling expenses	(5 114)	(5 428)
General and administrative expenses	(22 551)	(17 091)
Other operating income	15 862	11 578
Other operating expenses	(7 694)	(1 036)
<b>Operating profit</b>	<b>81 270</b>	<b>89 686</b>
Financial income	6 439	568
Financial cost	(17 824)	(21 441)
Profit (loss) on FX derivatives	(976)	-
Foreign exchange gains (losses)	(1 112)	222
Share of profit (loss) of associates and joint ventures	(1 795)	7 025
<b>Profit (loss) before tax</b>	<b>66 002</b>	<b>76 060</b>
Income tax	(15 326)	(13 412)
current tax	(2 509)	(736)
deferred tax	(12 817)	(12 676)
<b>Net profit (loss), attributable to:</b>	<b>50 676</b>	<b>62 648</b>
Equity holders of the parent	50 677	62 648
Non-controlling interest	(1)	-
Equity holders of the parent	50 677	62 648
Weighted average number of ordinary shares (in thousand) without shares held	412 691	412 691
Profit (loss) per one ordinary share (in PLN)	0,12	0,15
Diluted profit (loss) per one ordinary share (PLN)	0,12	0,15

## CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME [PLN '000]

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017 restated
<b>Profit for the year</b>	<b>50 676</b>	<b>62 648</b>
Other comprehensive income:		
exchange differences on translation of foreign operations	1 107	(2 782)
revaluation gains (EPPs' shares)	36 101	-
<b>Other comprehensive income for the year, net of tax</b>	<b>37 208</b>	<b>(2 782)</b>
<b>Total comprehensive income for the year, including:</b>	<b>87 884</b>	<b>59 866</b>
Comprehensive income attributable to shareholders of the parent company	87 885	59 866
Comprehensive income attributable to non-controlling interest	(1)	-

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [PLN '000]

	Share capital	Supplementary capital	Revaluation capital	Accumulated retained earnings	Currency translation differences	Equity attributable to equity holders of the parent	Capital of non-controlling interests	Equity total
<b>for the period from</b>								
<b>1 January 2018 to 31 March 2018</b>								
<b>Opening balance</b>	<b>20 635</b>	<b>1 192 117</b>	<b>(49 676)</b>	<b>435 150</b>	<b>(10 476)</b>	<b>1 587 750</b>	<b>(107)</b>	<b>1 587 643</b>
Changes in accounting principles	-	-	-	2 260	-	2 260	-	2 260
<b>Opening balance, with restated figures</b>	<b>20 635</b>	<b>1 192 117</b>	<b>(49 676)</b>	<b>437 410</b>	<b>(10 476)</b>	<b>1 590 010</b>	<b>(107)</b>	<b>1 589 903</b>
Other comprehensive income	-	-	-	-	1 107	1 107	-	1 107
Results of financial investment's revaluation (EPPs' shares)	-	-	36 101	-	-	36 101	-	36 101
Profit (loss) for the period	-	-	-	50 677	-	50 677	(1)	50 676
<b>Closing balance</b>	<b>20 635</b>	<b>1 192 117</b>	<b>(13 575)</b>	<b>488 087</b>	<b>(9 369)</b>	<b>1 677 895</b>	<b>(108)</b>	<b>1 677 787</b>
<b>for the period from</b>								
<b>1 January 2017 to 31 March 2017</b>								
<b>Opening balance</b>	<b>20 635</b>	<b>1 128 096</b>	<b>-</b>	<b>392 195</b>	<b>(8 182)</b>	<b>1 532 744</b>	<b>(100)</b>	<b>1 532 644</b>
Change of accounting principles	-	-	-	1 210	-	1 210	-	1 210
<b>Opening balance, restated</b>	<b>20 635</b>	<b>1 128 096</b>	<b>-</b>	<b>393 405</b>	<b>(8 182)</b>	<b>1 533 954</b>	<b>(100)</b>	<b>1 533 854</b>
Other comprehensive income	-	-	-	-	(2 782)	(2 782)	-	(2 782)
Net profit (loss) for the period	-	-	-	62 648	-	62 648	-	62 648
<b>Closing balance</b>	<b>20 635</b>	<b>1 128 096</b>	<b>-</b>	<b>456 053</b>	<b>(10 964)</b>	<b>1 593 820</b>	<b>(100)</b>	<b>1 593 720</b>

## CONSOLIDATED CASH FLOW STATEMENT [PLN '000]

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017 restated
<b>A. Operating cash flow – indirect method</b>		
<b>I. Profit (loss) before tax</b>	<b>66 022</b>	<b>76 060</b>
<b>II. Total adjustments</b>		
Share in net (profit) loss of associates and joint ventures	1 795	(7 024)
Depreciation of PP&E	818	1 162
Foreign exchange (gains) losses	1 900	(3 005)
Interest and profit sharing (dividends)	14 239	4 221
(Profit) loss on revaluation of assets and liabilities	(125 031)	(108 713)
(Profit) loss on revaluation of assets and liabilities	(116)	-
	<b>(106 394)</b>	<b>(113 359)</b>
<b>III. Changes in working capital</b>		
Change in provisions	3 141	16 384
Change in inventories	(7 518)	(8 954)
Change in receivables	22 224	11 179
Change in short-term liabilities, except for loans and borrowings	196	(254 430)
Change in restricted cash	(28 344)	47 666
	<b>(10 301)</b>	<b>(188 155)</b>
<b>IV. Net cash generated from operating activities (I+II+III)</b>	<b>(50 693)</b>	<b>(225 454)</b>
Income tax paid	(8 675)	(5 765)
<b>V. Net cash generated from operating activities</b>	<b>(59 369)</b>	<b>(231 219)</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>		
Disposal of intangible assets and tangible fixed assets	100	-
Sale of investments in property	29 329	-
From borrowings and financial investments	67 530	42 994
	<b>96 958</b>	<b>42 994</b>
<b>II. Outflows</b>		
Purchase of intangible assets and PP&E	-	(1 055)
Investment property	(162 004)	(140 778)
On loans and financial investments	(27 000)	(47 264)
	<b>(189 004)</b>	<b>(189 097)</b>
<b>III. Net cash flow from investing activities (I+II)</b>	<b>(92 045)</b>	<b>(146 103)</b>

## CONSOLIDATED CASH FLOW STATEMENT CONT. [PLN '000]

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017 restated
<b>C. Cash flow from financing activities</b>		
<b>I. Inflows</b>		
Net inflows from share issuance	-	-
Loans and borrowings	125 656	10 747
Issue of debt securities	-	130 000
Other financial inflows	-	-
	<b>125 656</b>	<b>140 747</b>
<b>II. Outflows</b>		
Repayment of loans and borrowings	(56 073)	(4 389)
Redemption of debt securities	(75 000)	-
Interest paid	(765)	(2 933)
	<b>(131 838)</b>	<b>(7 322)</b>
<b>III. Net cash flow from financing activities (I+II)</b>	<b>(6 182)</b>	<b>133 425</b>
<b>D. Total net cash flows (A.III+B.III+C.III)</b>	<b>(157 595)</b>	<b>(243 897)</b>
<b>E. Change in the balance of cash in consolidated statement of financial position, including:</b>	<b>(157 595)</b>	<b>(243 897)</b>
change in cash due to foreign exchange gains/losses	-	-
<b>F. Cash and equivalents at the beginning of the period</b>	<b>676 334</b>	<b>573 982</b>
<b>G. Cash and equivalents at the end of the period (F+D)</b>	<b>518 739</b>	<b>330 085</b>

## OFF-BALANCE SHEET ITEMS [PLN '000]

	As at 31.03.2018	As at 31.12.2017	As at 31.03.2017
Off-balance sheet receivables	-	-	-
Off-balance sheet liabilities	1 020 736	1 014 508	818 534
<b>Total</b>	<b>1 020 736</b>	<b>1 014 508</b>	<b>818 534</b>

2.2

**CONDENSED  
INTERIM SEPARATE  
FINANCIAL  
STATEMENT AS  
OF AND FOR THE  
THREE-MONTH  
PERIOD ENDED  
31 MARCH 2018**

## SEPARATE STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 31.03.2018	As at 31.12.2017 - end of previous year, restated	As at 31.03.2017 - end of quarter, restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	1 186	1 080	268
Property, plant and equipment	4 827	4 883	4 542
Investment property	2 212	2 212	6 047
Investments in subsidiaries, joint ventures and associates	967 914	927 796	2 328 569
Long-term financial assets	990 735	1 720 411	1 372
Borrowings granted	26 909	12 487	10 856
Deferred tax assets	13 390	13 803	42 978
	<b>2 007 173</b>	<b>2 682 672</b>	<b>2 394 632</b>
<b>Current assets</b>			
Inventories	229 730	219 704	342 695
Current tax assets	-	-	-
Other taxes receivable	-	-	2 363
Trade and other receivables	108 732	201 789	97 791
Borrowings granted	603 895	316 253	42 914
Restricted cash	18 262	20 771	27 205
Cash and cash equivalents	371 566	228 079	170 286
	<b>1 332 185</b>	<b>986 596</b>	<b>683 254</b>
<b>Assets held for sale</b>	-	-	-
<b>Total assets</b>	<b>3 339 358</b>	<b>3 669 268</b>	<b>3 077 886</b>

## SEPARATE STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 31.03.2018	As at 31.12.2017 - end of previous year, restated	As at 31.03.2017 - end of quarter, restated
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20 635	20 635	20 635
Supplementary capital	839 054	839 054	1 045 400
Reserve capital	319 579	319 579	49 213
Retained earnings	676 250	637 061	325 533
	<b>1 855 518</b>	<b>1 816 329</b>	<b>1 440 781</b>
<b>Provisions</b>			
Short-term provisions	38 490	41 814	24 634
Deferred tax provision - long-term	6 045	2 857	-
	<b>44 535</b>	<b>44 671</b>	<b>24 634</b>
<b>Long-term liabilities</b>			
Loans, borrowings and bonds	746 957	835 229	754 573
Security deposits and advances received	728	577	806
	<b>747 685</b>	<b>835 806</b>	<b>755 379</b>
<b>Short-term liabilities</b>			
Loans, borrowings and bonds	547 086	821 986	658 112
from subsidiaries	-	320 864	359 716
Income tax payable	701	3	2
Other taxes liabilities	4 115	7 155	1 361
Trade liabilities	24 043	35 642	20 421
Security deposits and advances received	75 272	53 025	75 848
Other liabilities	40 403	54 651	101 348
	<b>691 620</b>	<b>972 462</b>	<b>857 092</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 339 358</b>	<b>3 669 268</b>	<b>3 077 886</b>
Book value	1 855 518	1 816 329	1 440 781
Number of shares	412 690 582	412 690 582	412 690 582
Book value per share (PLN)	4,50	4,40	3,49

## OFF-BALANCE SHEET ITEMS [PLN '000]

	As at 31.03.2018	As at 31.12.2017 - Restated	As at 31.03.2017 - Restated
Off-balance sheet receivables	-	-	-
Off-balance sheet liabilities	1 065 950	859 857	842 417
<b>Total</b>	<b>1 065 950</b>	<b>859 857</b>	<b>842 417</b>

## SEPARATE PROFIT AND LOSS ACCOUNT [PLN '000]

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017, restated
Revenue	61 264	60 749
Cost of sales	(38 291)	(44 818)
<b>Profit before tax on sales</b>	<b>22 973</b>	<b>15 931</b>
Profit / loss on investment property	-	399
Administrative costs associated with project implementation	(3 842)	(1 815)
Selling expenses	(3 833)	(5 091)
General and administrative expenses	(17 114)	(12 773)
Other operating income	57 292	91 747
Other operating expenses	(265)	(26 458)
<b>Profit before tax and financial revenue/expenses</b>	<b>55 211</b>	<b>61 940</b>
Financial income	1 695	57 765
Financial cost	(16 605)	(69 930)
<b>Profit before tax</b>	<b>40 301</b>	<b>49 775</b>
Income tax	(1 112)	3 227
<b>Profit for the year</b>	<b>39 189</b>	<b>53 002</b>
Profit for the year (annualised)	618 683	283 643
Weighted average number of ordinary shares	412 690 582	412 690 582
Earnings per ordinary share (in PLN)	1,50	0,69
Weighted average diluted ordinary shares	412 690 582	412 690 582
Diluted earnings per ordinary share (in PLN)	1,50	0,69

## SEPARATE STATEMENT OF CHANGES IN EQUITY [PLN '000]

	Share capital	Supplementary capital	Reserve capital	Profit (loss) brought forward	Total equity
<b>1-st quarter (current year)</b>					
<b>period from 01.01.2018 to 31.03.2018</b>					
<b>Opening balance</b>	<b>20 635</b>	<b>839 054</b>	<b>319 579</b>	<b>634 661</b>	<b>1 813 929</b>
change in accounting policy	-	-	-	2 400	2 400
<b>Opening balance, restated</b>	<b>20 635</b>	<b>839 054</b>	<b>319 579</b>	<b>637 061</b>	<b>1 816 329</b>
Changes in the period:					
Net profit for the period	-	-	-	39 189	39 189
Total changes	-	-	-	39 189	39 189
<b>Closing balance</b>	<b>20 635</b>	<b>839 054</b>	<b>319 579</b>	<b>676 250</b>	<b>1 855 518</b>
<b>1-st quarter (previous year)</b>					
<b>period from 01.01.2017 to 31.03.2017</b>					
<b>Opening balance, restated</b>	<b>20 635</b>	<b>1 045 400</b>	<b>49 213</b>	<b>272 531</b>	<b>1 387 779</b>
Changes in the period:					
Net profit for the period	-	-	-	53 002	53 002
Total changes	-	-	-	53 002	53 002
<b>Closing balance</b>	<b>20 635</b>	<b>1 045 400</b>	<b>49 213</b>	<b>325 533</b>	<b>1 440 781</b>

## SEPARATE CASH FLOW STATEMENT [PLN '000]

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017, restated
<b>A. Operating cash flow – indirect method</b>		
<b>I. Profit before tax</b>	<b>40 301</b>	<b>49 775</b>
<b>II. Adjustments</b>	<b>239 329</b>	<b>(58 725)</b>
Depreciation/amortisation	503	369
Foreign exchange gains/ losses	2	-
Interest and profit sharing (dividends)	239 063	(57 879)
Profit / loss on revaluation of assets and liabilities	(339)	(1 215)
Profit / loss on sale of PP&E and investment properties	100	-
<b>III. Changes in working capital</b>	<b>79 726</b>	<b>(19 325)</b>
Change in provisions	(136)	(1 355)
Change in inventories	(10 026)	(3 802)
Change in receivables	93 057	24 671
Change in short-term liabilities, except for loans and borrowings	(5 791)	(32 518)
Change in restricted cash	2 622	(6 321)
<b>IV. Net cash generated from operating activities (I+/-II+/-III)</b>	<b>359 356</b>	<b>(28 275)</b>
<b>V. Income tax paid</b>	<b>(2)</b>	<b>(1 129)</b>
<b>VI. Net cash generated from operating activities (IV+/-V)</b>	<b>359 354</b>	<b>(29 404)</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>		
Disposal of intangible assets and tangible fixed assets	38	159
From financial assets	499 880	129 834
	<b>499 918</b>	<b>129 993</b>
<b>II. Outflows</b>		
Purchase of intangible assets and PP&E	(553)	(73)
On financial assets	(334 749)	(3 069)
Other capital expenditures	(120)	(24)
	<b>(335 422)</b>	<b>(3 166)</b>
<b>III. Net cash flow from investing activities</b>	<b>164 496</b>	<b>126 827</b>

## SEPARATE CASH FLOW STATEMENT [PLN '000]

	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017, restated
<b>C. Cash flow from financing activities (I - II)</b>		
<b>I. Inflows</b>		
Loans and borrowings	75 000	6 294
Issue of debt securities	-	155 000
	<b>75 000</b>	<b>161 294</b>
<b>II. Outflows</b>		
Repayment of loans and borrowings	(367 955)	(101 825)
Redemption of debt securities	(75 000)	-
Interest	(11 834)	(8 148)
Other financial outflows	(572)	
	<b>(455 361)</b>	<b>(109 973)</b>
<b>III. Net cash flow from financing activities (I - II)</b>	<b>(380 361)</b>	<b>51 321</b>
<b>D. Total net cash flows (A.VI +/- B.III +/- C.III)</b>	<b>143 489</b>	<b>148 744</b>
<b>E. Change in the balance of cash, including:</b>	<b>143 487</b>	<b>148 744</b>
- change in cash due to foreign exchange gains/losses	(2)	-
<b>F. Cash at the beginning of the period</b>	<b>228 079</b>	<b>21 542</b>
<b>G. Cash at the end of the period, including:</b>	<b>371 566</b>	<b>170 286</b>
- restricted cash	18 262	27 205

# Accounting principles adopted in drawing up the quarterly report of Echo Investment Group

01

The statements of the Echo Investment S.A. present financial data for the 3-month period ending on 31 March 2018 and comparative data for the 3-month period ending on 31 March 2017. Unless indicated otherwise, all financial data in the Company's financial statements has been presented in thousand PLN. The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property, which was measured at fair value.

## **DECLARATION OF CONFORMITY**

The statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Commission.

## **ASSUMPTION OF CONTINUITY IN OPERATIONS**

The Groups' consolidated financial statements for Q1 2018 have been drawn up according to the going concern principle as there are no circumstances indicating a threat to continued activity by the Group's companies.

## **APPROVAL OF THE FINANCIAL STATEMENTS**

These consolidated financial statements were approved for publication by the Management Board on 29 May 2018.

As at 31 March 2018 the Capital Group consisted of 144 entities consolidated according to the full method, and four entities consolidated according to the equity method.

# New and changed standards and interpretations applied

## 02

Application of new standards, amendments to standards and interpretations issued by the IFRS Interpretations Committee, applicable to the Group (the Company) for the reporting period beginning on 1 January 2018.

The following standards and changes in standards became effective on 1 January 2018:

- IFRS 15 'Revenue from contracts with customers' published on 24 May 2014 (and Explanations to IFRS 15 'Revenue from contracts with customers' published on 12 April 2016);
- IFRS 9 Financial Instruments (published on 24 July 2014);
- Amendments to IFRS 2 'Classification and valuation of share-based payment transactions' (published on 20 June 2016).

# Published standards and interpretations which are not effective yet and have not been adopted by the company

03

In these financial statements the Group did not opt for early adoption of the following published standards, interpretations or amendments to the existing standards before their effective date:

#### **IFRS 14 Regulatory Deferral Accounts**

(issued on 30 January 2014) - The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard- not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2016;

#### **Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture**

(issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;

#### **IFRS 16 Leases**

(issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;

#### **IFRS 17 Insurance Contracts**

(issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;

#### **IFRIC 23 Uncertainty over Income Tax Treatments**

(issued on 7 June 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019,

#### **Amendments to IFRS 9: Prepayment Features with Negative Compensation**

(issued on 12 October 2017) - effective for financial years beginning on or after 1 January 2019;

#### **Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures**

(issued on 12 October 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019;

#### **Annual Improvements to IFRS Standards 2015-2017 Cycle**

(issued on 12 December 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019;

#### **Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

(issued on 7 February 2018) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019;

#### **Amendments to References to the Conceptual Framework in IFRS Standards**

(issued on 29 March 2018) - not yet endorsed by EU at the date of approval of these financial statements

– effective for financial years beginning on or after 1 January 2020.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

# Effects of changing the principles of accounting used – transformations of financial statements for previous periods

04

## Change of accounting policy

Interim condensed (consolidated) financial statements were prepared in accordance with IAS 34 Interim Financial Reporting, and in accordance with all other applicable International Financial Reporting Standards as adopted by the EU.

The accounting policies applied by the Company in these Interim Condensed (Consolidated) Financial

Statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 December 2017, except for voluntary change in accounting policies of the Group (Company) and the application of the new standards, changes to the standards and amendments which became effective as of 1 January 2018.

## Voluntary change in accounting policy

The Management Board of the Company decided to introduce the voluntary change in accounting policy with respect to accounting for revenue from sale of residential and commercial units and related costs of sales. Revenues were historically accounted for in accordance with IAS 18 “Revenue” once the notarial deed transferring the ownership of the unit was signed, which happened after the development project was finalized and occupancy permit was obtained. In the opinion of the Management, the provisions of newly adopted IFRS 15 “Revenue from contracts with customers” are not changing that rule. Having analyzed, inter alia the current market practice, the Management decided however, that the moment that better reflects the moment of transfer of significant risks and rewards (transfer of control under IFRS 15) to the customer occurs once the apartment is handed over. This happens based on hand over protocol signed by the parties and always after the development process is completed, occupancy permit is obtained and the customer paid 100% of the sale price. In the opinion of the Management Board, fulfilment of these conditions eliminates risk related to development process and effectively leads

to transfer of risks and rewards (transfer of control). In the course of the analysis, the Management Board of the Company analyzed historical cases of withdrawal from the sale contract after signing the hand over protocol and found out that these are extremely rare, which confirms the above conclusions.

The adopted change leads to quicker recognition of sales revenues and related costs of sales and, as a result, sales margin on sale of units. In accordance with the requirements of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” the change made is required to be accounted for retrospectively. The opening balance of the earliest presented period, i.e. 1 January 2017, was restated with adjustment to retained earnings recognized. In addition comparative data were restated as if the change of the accounting policy had always been applied.

To sum up, the Company (the Group) has decided to change its accounting policy because in the opinion of the Management Board new revenue recognition rules will provide more reliable and useful information. The new accounting policy better reflects the

economic substance of sales transactions of residential premises, including the moment of transfer of risks and rewards, and is consistent with the observed market practice applied by other residential developers.

New accounting policy is in line with International Financial Reporting Standards, especially with IFRS 15 Revenue from contracts with customers.

The comparative data in these financial statements have been restated accordingly. The impact of the above changes on particular items of the statement of financial position as at 1 January 2017, 31 March 2017 and 31 December 2017, as well as the profit and loss account for the period from 1 January 2017 to 31 March 2017 is presented in the tables below. There has been no impact on the cash flows from operating, investing and financing activity.

Major changes of comparable data as at 31 March 2017:

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 31.03.2017, restated	As at 31.03.2017, approved	Change
<b>Assets</b>			
Inventories	660 319	673 780	(13 461)
<b>Total assets</b>	<b>3 316 128</b>	<b>3 329 589</b>	<b>(13 461)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent	1 593 820	1 592 224	1 596
Retained earnings	456 053	454 457	1 596
<b>Provisions</b>			
Deferred tax liabilities	58 559	58 185	374
<b>Short-term liabilities</b>			
Deferred income	109 828	125 259	(15 431)
<b>Total equity and liabilities</b>	<b>3 316 128</b>	<b>3 329 589</b>	<b>(13 461)</b>

### CONSOLIDATED PROFIT AND LOSS ACCOUNT [PLN '000]

	Quarter 01.01.2017 – 31.03.2017, restated	Quarter 01.01.2017 – 31.03.2017, approved	Change
<b>Revenues</b>	73 278	67 692	5 586
Cost of sales	(62 955)	(57 846)	(5 109)
<b>Gross profit (loss)</b>	<b>10 323</b>	<b>9 846</b>	<b>477</b>
<b>Operating profit</b>	<b>89 686</b>	<b>89 209</b>	<b>477</b>
<b>Profit (loss) before tax</b>	<b>76 060</b>	<b>75 583</b>	<b>477</b>
Income tax	(13 412)	(13 321)	(91)
deferred tax	(12 676)	(12 585)	(91)
<b>Net profit (loss), attributable to:</b>	<b>62 648</b>	<b>62 262</b>	<b>386</b>
Equity holders of the parent	62 648	62 262	386

Major changes of comparable data as at 31 December 2017:

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 31.12.2017, restated	As at 31.12.2017, approved	Change
<b>Assets</b>			
Inventories	656 005	682 436	(26 431)
<b>Total assets</b>	<b>3 852 960</b>	<b>3 879 391</b>	<b>(26 431)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent	1 590 010	1 587 750	2 260
Retained earnings	437 410	435 150	2 260
<b>Provisions</b>			
Deferred tax liabilities	49 723	49 193	530
Deferred income	54 265	83 487	(29 222)
<b>Total equity and liabilities</b>	<b>3 852 960</b>	<b>3 879 391</b>	<b>(26 431)</b>

Major changes of comparable data as at 31 March 2017:

### SEPARATED STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 31.03.2017, restated	As at 31.03.2017, approved	Change
<b>Assets</b>			
Deferred income tax	42 978	43 406	(428)
Inventories	342 695	354 440	(11 745)
<b>Liabilities</b>			
Retained earnings	325 533	323 711	1 822
Deposits and advanced payments	75 848	89 843	(13 995)

### SEPARATED PROFIT AND LOSS ACCOUNT [PLN '000]

	Quarter 01.01.2017 - 31.03.2017, restated	Quarter 01.01.2017 - 31.03.2017, approved	Change
<b>Revenues</b>			
Cost of sales	(44 818)	(33 073)	(11 745)
Gross profit (loss)	15 931	13 681	2 250
<b>Profit before tax and financial income / expenses</b>	<b>61 940</b>	<b>59 690</b>	<b>2 250</b>
<b>Profit (loss) before tax</b>			
Income tax	3 227	3 655	(428)
<b>Net profit</b>	<b>53 002</b>	<b>51 180</b>	<b>1 822</b>

Major changes of comparable data as at 31 December 2017:

### SEPARATED STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 31.12.2017, restated	As at 31.12.2017, approved	Change
<b>Assets</b>			
Deferred tax asset	13 803	14 366	(563)
Inventories	219 704	229 422	(9 718)
<b>Liabilities</b>			
Retained profit	637 061	634 661	2 400
Security deposits and advances received	53 025	65 706	(12 681)



**Nicklas Lindberg**  
President of the Board,  
CEO



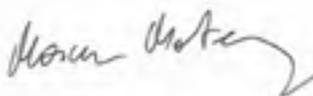
**Maciej Drozd**  
Vice-President of the Board,  
CFO



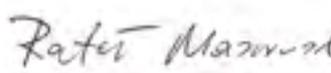
**Piotr Gromniak**  
Vice-President of the Board



**Artur Langner**  
Vice-President of the Board



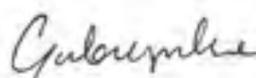
**Marcin Materny**  
Member of the Board



**Rafał Mazurczak**  
Member of the Board



**Waldemar Olbryk**  
Member of the Board



**Anna Gabryszewska-Wybraniec**  
Chief Accountant

Kielce, 29 May, 2018



# ECHO

investment

## CONTACT

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Echo Investment S.A.  
Warsaw office  
Q22 building  
al. Jana Pawła II 22  
00-133 Warsaw

Emil Górecki, Echo Investment's Communication and Investor Relations manager is happy to answer your questions regarding this financial statements and the Company's activity.

**Emil Górecki**  
Emil.Gorecki@echo.com.pl  
tel. +48 22 4 300 300

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