



SEMI -ANNUAL REPORT  
OF THE ECHO INVESTMENT CAPITAL GROUP  
FOR H1 2013

## CONTENTS

I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	3
II. CONDENSED SEPARATE FINANCIAL STATEMENTS .....	31
III. MANAGEMENT REPORT OF ECHO INVESTMENT S.A. AND OF THE CAPITAL GROUP .....	58
1. Information on the Capital Group's segments .....	58
2. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITY SECURITIES.....	59
3. Information on paid (or declared) dividend .....	60
4. Events which occurred after the day of preparing the semi-annual financial statements which were not recognised in the statements and may have a material impact on future financial results of the Capital Group ...	60
5. Information on changes in contingent liabilities or contingent assets after the end of the last financial year	61
6. Composition of the Echo Investment Capital Group.....	63
7. IDENTIFICATION OF CHANGES IN THE STRUCTURE OF THE BUSINESS UNIT, INCLUDING THOSE RESULTING FROM BUSINESS MERGERS, ACQUISITIONS OR DISPOSALS OF THE CAPITAL GROUP MEMBERS, LONG-TERM INVESTMENTS, DIVISIONS, RESTRUCTURING AND DISCONTINUATION.....	65
8. POSITION OF THE MANAGEMENT BOARD CONCERNING THE POSSIBILITY OF MEETING PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR, IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT IN RELATION TO FORECASTED PROFIT/LOSS.....	66
9. Ownership structure of significant stakes of shares in Echo Investment SA.....	66
10. Statement of changes in the holding of shares of Echo Investment SA or rights to shares (options) by managerial and supervisory staff of the Company, according to information available to Echo Investment SA, since the submission of the previous quarterly report.....	67
11. INFORMATION ON COURT PROCEEDINGS.....	67
12. Information on transactions with related parties under terms other than market terms .....	67
13. Information on sureties granted on loans or borrowings and ON guarantees GRANTED with a value equivalent to at least 10% of the Company's equity .....	68
14. OTHER INFORMATION THAT, IN THE OPINION of the management board of ECHO INVESTMENT SA, IS SIGNIFICANT IN ORDER TO EVALUATE ITS HUMAN RESOURCES, PROPERTY AND FINANCIAL STANDING AND FINANCIAL PERFORMANCE AND CHANGES THEREOF AS WELL AS ANY INFORMATION CONSIDERED SIGNIFICANT IN ORDER TO EVALUATE THE CAPACITY of the ECHO INVESTMENT SA capital group TO fulfil ITS OBLIGATIONS. ....	68
15. FACTORS WHICH, IN THE OPINION of the company's management board, WILL INFLUENCE the capital group's FINANCIAL PERFORMANCE FOR AT LEAST the next QUARTER .....	73
16. Description of material risk factors and threats in the remaining months of 2013.....	73

**I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements of the Echo Investment Capital Group for H1 2013 for the period from 1 January 2013 to 30 June 2013 have been prepared according to the International Financial Reporting Standards.

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (PLN '000)**

	NOTE	30.06.2013	31.12.2012	30.06.2012
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
1.1. Intangible assets		1 010	1 186	1 343
1.2. Property, plant and equipment		54 740	55 875	55 423
1.3. Investment property	2	3 163 734	2 882 760	2 830 050
1.4. Investment property under construction	2	1 255 221	1 177 050	1 195 576
1.5. Long-term financial assets		45 118	44 970	107 225
1.6. Derivative financial instruments	4	-	626	-
1.7. Deferred income tax assets		13 839	11 243	20 384
		<b>4 533 662</b>	<b>4 173 710</b>	<b>4 210 001</b>
<b>2. Assets held for sale</b>		<b>163 894</b>	<b>250 059</b>	-
<b>3. Current assets</b>				
3.1. Inventory	3	460 901	463 120	474 265
3.2. Income tax receivables		3 053	1 519	1 196
3.3. Other tax receivables		28 717	47 852	30 574
3.4. Trade and other receivables		82 934	77 666	99 319
3.5. Short-term financial assets		61 746	61 915	198
3.6. Derivative financial instruments	4	-	1 508	1 935
3.7. Restricted cash		48 943	40 181	57 849
3.8. Cash and cash equivalents		422 204	335 643	336 624
		<b>1 108 498</b>	<b>1 029 404</b>	<b>1 001 960</b>
<b>TOTAL ASSETS</b>		<b>5 806 054</b>	<b>5 453 173</b>	<b>5 211 961</b>

	NOTE	30.06.2013	31.12.2012	30.06.2012
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
1.1. Equity attributable to shareholders of the parent		2 746 886	2 431 620	2 166 654
1.1.1. Share capital		21 000	21 000	21 000
1.1.2. Supplementary capital		2 439 436	2 065 321	2 065 321
1.1.3. Equity shares purchased		(28 647)	(28 647)	(28 647)
1.1.4. Accumulated profit (loss)		302 077	374 115	98 002
1.1.5. Foreign exchange differences on translation of foreign operations		13 020	(169)	10 978
1.2. Equity of non-controlling shareholders		93	23	(45)
		<b>2 746 979</b>	<b>2 431 643</b>	<b>2 166 609</b>
<b>2. Provisions</b>				
2.1. Long-term provisions		-	1 501	11 264
2.2. Short-term provisions		10 715	6 263	2 000
2.3. Deferred income tax provision		31 588	24 444	197 718
		<b>42 303</b>	<b>32 208</b>	<b>210 982</b>
<b>3. Long-term liabilities</b>				
3.1. Loans and borrowings	5	2 260 564	2 146 281	2 119 051
3.2. Derivative financial instruments	4	10 719	13 043	13 968
3.3. Security deposits and advances received		50 065	49 732	41 833
3.4. Lease liabilities (perpetual usufruct of land)		76 656	76 672	76 672
		<b>2 398 004</b>	<b>2 285 728</b>	<b>2 251 524</b>
<b>4. Short-term liabilities</b>				
4.1. Loans and borrowings	5	487 538	550 114	396 155
4.2. Derivative financial instruments	4	6 178	66	229
4.3. Income tax liabilities		115	2 292	893
4.4. Other tax liabilities		14 322	5 711	15 682
4.5. Trade liabilities		66 454	103 421	105 084
4.6. Other liabilities		11 958	16 189	6 983
4.7. Security deposits and advances received		32 203	25 801	57 820
		<b>618 768</b>	<b>703 594</b>	<b>582 846</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 806 054</b>	<b>5 453 173</b>	<b>5 211 961</b>

	30.06.2013	31.12.2012	30.06.2012
Book value (in thousands of PLN)	2 746 886	2 431 620	2 166 654
Number of shares (in thousands), excluding equity shares held	412 691	412 691	412 691
Book value per share	6.66	5.89	5.25

**CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (PLN '000)**

	NOTE	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
Revenue		265 846	276 746
Prime cost of sale		(117 145)	(129 035)
<b>Gross profit (loss) on sales</b>		<b>148 701</b>	<b>147 711</b>
Profit (loss) on investment property		378 541	(48 909)
Selling costs		(11 680)	(12 576)
General administrative expenses		(26 679)	(25 990)
Other operating revenue		13 156	22 660
Other operating expenses		(12 848)	(9 966)
<b>Operating profit</b>		<b>489 191</b>	<b>72 930</b>
Financial revenue		8 013	9 219
Financial expenses		(84 022)	(85 641)
Profit (loss) on FX derivatives		(7 630)	14 588
Foreign exchange profit (loss)		(98 727)	58 767
<b>Gross profit (loss)</b>		<b>306 825</b>	<b>69 863</b>
Income tax		(4 672)	28 153
- current portion		(106)	(1 225)
- deferred portion		(4 566)	29 378
<b>Net profit (loss), including:</b>		<b>302 153</b>	<b>98 016</b>
Profit (loss) attributable to shareholders of the parent company		302 077	98 002
Profit (loss) attributable to non-controlling interest		76	14
Profit (loss) attributable to shareholders of the parent (semi-annual)		302 077	98 002
Average weighted number of ordinary shares (in thousands), excluding equity shares held		412 691	412 691
Earnings (loss) per ordinary share (in PLN)		0.73	0.24

**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (PLN '000)**

	NOTE	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
<b>Net profit</b>		<b>302 153</b>	<b>98 016</b>
Other comprehensive income:			
- foreign exchange gains/losses on translation of foreign operations		13 189	1 722
<b>Other net comprehensive income</b>		<b>13 189</b>	<b>1 722</b>
<b>Comprehensive income, including:</b>		<b>315 342</b>	<b>99 738</b>
Comprehensive income attributable to shareholders of the parent company		315 266	99 724
Comprehensive income attributable to non-controlling interest		76	14

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (PLN '000)

	SHARE CAPITAL	SUPPLEMENTAR Y CAPITAL	EQUITY SHARES PURCHASED	ACCUMULATED PROFIT (LOSS)	FOREIGN EXCHANGE GAINS/LOSSES ON TRANSLATION	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON- CONTROLLING INTEREST	TOTAL EQUITY
<b>For the period from 01.01.2013 to 30.06.2013</b>								
Balance at the beginning of the period	21 000	2 065 321	(28 647)	374 115	(169)	2 431 620	23	2 431 643
Allocation of result from previous years	-	374 115	-	(374 115)	-	-	(6)	(6)
Other net comprehensive income	-	-	-	-	13 189	13 189	-	13 189
Net profit (loss) for the period	-	-	-	302 077	-	302 077	76	302 153
Total comprehensive income	-	-	-	302 077	13 189	315 266	76	315 342
<b>Balance at the end of the period</b>	<b>21 000</b>	<b>2 439 436</b>	<b>(28 647)</b>	<b>302 077</b>	<b>13 020</b>	<b>2 746 886</b>	<b>93</b>	<b>2 746 979</b>
<b>For the period from 01.01.2012 to 31.12.2012</b>								
Balance at the beginning of the period	21 000	1 857 464	-	207 857	9 256	2 095 577	(59)	2 095 518
Allocation of result from previous years	-	207 857	-	(207 857)	-	-	-	-
Purchase of equity shares	-	-	(28 647)	-	-	(28 647)	-	(28 647)
Sale of interests in subsidiaries	-	-	-	-	-	-	72	72
Other net comprehensive income	-	-	-	-	(9 425)	(9 425)	-	(9 425)
Net profit (loss) for the period	-	-	-	374 115	-	374 115	10	374 125
Total comprehensive income	-	-	-	374 115	(9 425)	364 690	10	364 700
<b>Balance at the end of the period</b>	<b>21 000</b>	<b>2 065 321</b>	<b>(28 647)</b>	<b>374 115</b>	<b>(169)</b>	<b>2 431 620</b>	<b>23</b>	<b>2 431 643</b>
<b>For the period from 01.01.2012 to 30.06.2012</b>								
Balance at the beginning of the period	21 000	1 857 464	-	207 857	9 256	2 095 577	(59)	2 095 518
Allocation of result from previous years	-	207 857	-	(207 857)	-	-	-	-
Purchase of equity shares	-	-	(28 647)	-	-	(28 647)	-	(28 647)
Other net comprehensive income	-	-	-	-	1 722	1 722	-	1 722
Net profit (loss) for the period	-	-	-	98 002	-	98 002	14	98 016
Total comprehensive income	-	-	-	98 002	1 722	99 724	14	99 738
<b>Balance at the end of the period</b>	<b>21 000</b>	<b>2 065 321</b>	<b>(28 647)</b>	<b>98 002</b>	<b>10 978</b>	<b>2 166 654</b>	<b>(45)</b>	<b>2 166 609</b>

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

	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
<b>A. Operating cash flow – indirect method</b>		
<b>I. Gross profit (loss)</b>	<b>306 825</b>	<b>69 863</b>
<b>II. Total adjustments</b>		
- 1. Depreciation of PP&E	2 700	2 960
- 2. Foreign exchange (gains) losses	98 727	(58 767)
- 3. Interest and profit sharing (dividends)	72 152	66 377
- 4. (Profit) loss on revaluation of assets and liabilities	(364 434)	18 686
- 5. (Profit) loss on settlement of financial instruments	(413)	8 600
	<b>(191 268)</b>	<b>37 856</b>
<b>III. Movements in working capital:</b>		
- 1. Movement in provisions	2 951	(123)
- 2. Movement in inventory	5 391	26 957
- 3. Movement in receivables	13 129	26 695
- 4. Movement in short-term liabilities, excluding loans and borrowings	(617)	(46 022)
	<b>20 854</b>	<b>7 507</b>
<b>IV. Net operating cash (I+II+III)</b>	<b>136 411</b>	<b>115 226</b>
1. Income tax paid	(3 835)	(3 711)
<b>V. Net operating cash flow (I+/-II)</b>	<b>132 576</b>	<b>111 515</b>
<b>B. Cash flow from investing activities</b>		
<b>I. Proceeds</b>		
- 1. Sale of intangible assets and property, plant and equipment	254	153
- 2. Sale of investments in real property and intangible assets	274 463	-
- 3. On financial assets	9 903	13 523
- 4. Other investment proceeds	-	-
	<b>284 620</b>	<b>13 676</b>
<b>II. Expenditures</b>		
- 1. Purchase of intangible assets and PP&E	(3 633)	(2 585)
- 2. Investments in real property and intangible assets	(203 374)	(196 120)
- 3. On financial assets	(3 696)	(8 366)
- 4. Other capital expenditures	-	-
	<b>(210 703)</b>	<b>(207 071)</b>
<b>III. Net cash flow from investing activities (I-II)</b>	<b>73 917</b>	<b>(193 395)</b>

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

	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
<b>C. Cash flow from financing activities</b>		
<b>I. Proceeds</b>		
- 1. Net proceeds from issue of shares (interests) and other equity instruments and capital contributions	-	-
- 2. Loans and borrowings	160 274	113 736
- 3. Issue of debt securities	315 000	290 000
- 4. Other financial proceeds	413	-
	<b>475 687</b>	<b>403 736</b>
<b>II. Expenditures</b>		
- 1. Purchase of equity shares (interests)	-	(28 647)
- 2. Dividends and other payments to equity holders	-	-
- 3. Profit share expenses, other than payments to equity holders	-	-
- 4. Repayment of loans and borrowings	(196 901)	(92 750)
- 5. Redemption of debt securities	(320 000)	(290 000)
- 6. Due to FX derivatives	-	-
- 7. Payment of liabilities under finance lease agreements	(16)	(15)
- 8. Interest	(83 128)	(79 078)
- 9. Other financial expenditures	-	-
	<b>(600 045)</b>	<b>(490 490)</b>
<b>III. Net cash flow from financing activities (I-II)</b>	<b>(124 358)</b>	<b>(86 754)</b>
D. Total net cash flow (A.III+/-B.III+/-C.III)	82 135	(168 634)
E. Balance sheet movement in cash, including: movement in cash due to foreign exchange gains/losses	95 323	(166 912)
	13 188	1 722
F. Cash at the beginning of the period	375 824	561 385
<b>G. Cash at the end of the period (F+/- D), including:</b>	<b>471 147</b>	<b>394 473</b>
restricted cash	48 943	57 849

## NOTES ON THE ADOPTED ACCOUNTING PRINCIPLES AND OTHER EXPLANATORY INFORMATION

### 1.1. General information

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

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

The Company was established for an indefinite period of time.

### 1.2. Information on the financial statements

The condensed consolidated financial statements of the Group present consolidated financial data for the six-month period ending on 30 June 2013 and comparative data for the six-month period ending on 30 June 2012, as well as comparative data for the twelve-month period ending on 31 December 2012 (in case of the statement of financial position and the statement of changes in equity). Unless indicated otherwise, all financial data in the Group's condensed consolidated financial statements have been presented in thousands of PLN.

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

When preparing the condensed financial statements, the Company used the principles included in IAS 34. These financial statements should be analysed in conjunction with the 2012 annual consolidated financial statements.

The statements have been prepared in accordance with the International Accounting Standards and International Financial Reporting Standards approved by the European Commission. The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property and financial instruments, which were measured at fair value. The statements have been drawn up according to the going concern principle as there are no circumstances indicating a threat to continued activity.

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

#### 1.3.1. Major events in H1 2013

##### Addendum to a material loan agreement

On 16 January 2013, the Issuer received an addendum (later referred to as the Addendum) dated 11 January 2013 to the loan agreement (which the Issuer announced in current report no. 18/2012 of 6 June 2012) signed by way of correspondence by Aquarius Business House – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna, with its registered office in Kielce, al. Solidarności 36, 25-323 Kielce, entered into the register of entrepreneurs of the National Court Register maintained by the District Court in Kielce, 10th Economic Department of the National Court register, under KRS no. 0000378348 (later referred to as the Borrower, Company), a subsidiary of the Issuer, and by ALIOR BANK SPÓŁKA AKCYJNA, with its registered office in Warsaw, in Al. Jerozolimskie 94, 00-807 Warsaw, entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court Register, under KRS no. 305178 (later referred to as the Lender, Bank).

According to the terms of the Addendum, the amount of the loan granted by the Bank to the Borrower was increased from PLN 93,368 thousand to PLN 134,036 thousand, which is intended for financing and refinancing the costs of the project involving the execution of the first and the second stage of the office and services facility Aquarius Business House in Wrocław. The addendum also amended the loan repayment date to be 30 June 2014.

##### Contingent preliminary agreements for the sale of property

On 19 March 2013, the Company published information whose announcement to the public was delayed pursuant to article 57 section 1 of the Act of 29 July 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies, and pursuant to § 2 section 1 item 3 of the Ordinance of the Minister of Finance of 13 April 2006 regarding the types of information which may violate the legitimate interest of an issuer and an issuer's procedure in connection with delayed publication of confidential information.

The notification about the delayed fulfilment of the disclosure obligation was presented to the Polish Financial Supervision Authority on 21 December 2012.

The information whose publication was delayed is the following:

"The Management Board of Echo Investment S.A. (later referred to as the Issuer) announces that on 20 December 2012:

1/ the Issuer's subsidiary Galeria Tarnów - Projekt ECHO- 43 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000385055 (Seller)

and CONNIE INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa, with its registered office in Warsaw (address: 00-803 Warsaw, Aleje Jerozolimskie 56C), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000342707 (Buyer)

concluded a preliminary agreement for the sale of the perpetual usufruct title to real property and ownership of buildings located on it along with properties comprising Centrum Handlowe ECHO in Tarnów in ul. Błonie 2.

2/ the Issuer's subsidiary PPR-Projekt ECHO-77 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000361525 (Seller)

and SYNCERUS INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa, with its registered office in Warsaw (address: 00-078 Warsaw, Piłsudskiego 3), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000342748 (Buyer)

concluded a preliminary agreement for the sale of the ownership title to real property along with properties comprising Centrum Handlowe ECHO in Radom in ul. Żółkiewskiego 4.

3/ the Issuer's subsidiary PPR-Projekt ECHO-77 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000361525 (Seller)

and XANTIRA INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa, with its registered office in Warsaw (address: 00-803 Warsaw, Aleje Jerozolimskie 56C), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000340765 (Buyer)

concluded a preliminary agreement for the sale of the ownership title and perpetual usufruct title to land and ownership title to a building along with properties comprising Centrum Handlowe ECHO in Piotrków Trybunalski in ul. Sikorskiego 13/17.

The total value of the signed preliminary contingent sale agreements for three shopping centres is EUR 67,092.99 thousand plus the applicable VAT, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 272,686.04 thousand net:

- The value of the agreement with CONNIE INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa is EUR 22,961.24 thousand, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 93,321.38 thousand net;

- The value of the agreement with SYNCERUS INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa is EUR 23,752.34 thousand, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 96,536.65 thousand net;

- The value of the agreement with XANTIRA INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa is EUR 20,379.41 thousand, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 82,828.02 thousand net;

The signing of the final agreements for the sale of the Shopping Centres depends on the satisfaction or waiver of the conditions specified in the agreements by the Buyers according to the stipulated dates, with the final date being 31 December 2013.

Terms and conditions of the agreements:

- Obtaining positive tax interpretations;
- All warranties made by the Sellers as at the date of this Agreement and as at the date of the Promised Agreement shall remain true and accurate, while all warranties made under the signed agreements are true and accurate;
- The land and mortgage registers maintained for the real property do not include any comments or warnings and do not specify any pre-emptive right;
- Achieving a renovation status provided for in the agreements;
- Real shall open its leased space to customers and shall operate its business in such space;
- There shall be parking places for customers on the properties in a number specified in the agreements;
- At least 50% of the shopping centre shall be leased out to tenants;
- Areas leased out to Nomi shall be opened for customers and Nomi shall operate its business in such space;
- Opening of the centres for customers;
- A guarantee of Echo Investment S.A. shall be issued and delivered to the Buyers;
- The Sellers shall repair any defects specified in annexes to the agreements or, if some of the defects are not repaired, the parties shall agree on the cost of repairing the defects which were not repaired;
- Save as provided for in the agreements, entries in the land and mortgage registers maintained for the properties shall not change as of the date of the signed agreements;
- The Sellers shall submit requests to competent governmental authorities as specified in the agreements;
- The perpetual usufruct title to a plot of land shall be extended;
- The Sellers shall conclude an addendum to the agreement for design works;
- Tenants who concluded new lease agreement have concluded agreements for the transfer of rights and obligations under the lease.

The agreements provide for the payment of standard contractual penalties for this type of agreements, while the maximum amount of the contractual penalties does not exceed 10% of the value of each agreement.

The payment of contractual penalties does not preclude either party's right to claim compensation in excess of such contractual penalties.

The agreements have been recognised as material agreements based on the criterion of the Issuer's equity."

The aforementioned entities described as "Buyers" are members of London & Cambridge Properties Ltd, with its registered office in London.

From among the aforementioned conditions, as at the date of submitting this current report, the following conditions were fulfilled:

- Real's opening of its leased space for customers;
- Leasing out of at least 50% of the shopping centre to tenants;
- Guarantee of Echo Investment S.A. issued and delivered to the Buyers;
- Extension of the perpetual usufruct title to a plot of land shall;
- Opening of the centres for customers;
- Areas leased out to Nomi remain open for customers and Nomi operates its business in such areas.

On 22 March, the Issuer submitted a report stating that the Issuer's subsidiaries:

1) Galeria Tarnów - Projekt ECHO- 43 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000385055 (Seller 1)

2) PPR-Projekt ECHO-77 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000361525 (Seller 2)

started the negotiations of final property sale agreements including the following:

1) perpetual usufruct title to real property and ownership of buildings located on it along with properties comprising Centrum Handlowe ECHO in Tarnów in ul. Błonie 2 (Property 1);

2) ownership title to real property along with properties comprising Centrum Handlowe ECHO in Radom in ul. Żółkiewskiego 4 (Property 2);

3) ownership title and perpetual usufruct title to land and ownership title to a building along with properties comprising Centrum Handlowe ECHO in Piotrków Trybunalski in ul. Sikorskiego 13/17 (Property 3)

with the following buyers:

1) CONNIE INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa, with its registered office in Warsaw (address: 00-803 Warsaw, Aleje Jerozolimskie 56C), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000342707 (Buyer 1) – with regard to Property 1;

2) SYNCERUS INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa, with its registered office in Warsaw (address: 00-078 Warsaw, Plac Piłsudskiego 3), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000342748 (Buyer 2) – with regard to Property 2;

3) XANTIRA INVESTMENTS spółka z ograniczoną odpowiedzialnością spółka komandytowa, with its registered office in Warsaw (address: 00-803 Warsaw, Aleje Jerozolimskie 56C), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000340765 (Buyer 3) – with regard to Property 3.

According to the provisions of the preliminary sale agreements announced in current report no. 10/2013 of 20 March 2013, the Buyers reserved the right to transfer the rights and obligations under the said agreements to BRE Leasing Sp. z o.o., with its registered office in Warsaw, which shall act as the buyer when the contractual rights and obligations are transferred. The final sales prices for Properties 1-3 shall be verified by the Parties as at the day of concluding the final sale agreements according to the verification mechanisms included in the preliminary sale agreements.

\*\*\*\*\*

On 24 April 2013, the Company published information whose announcement to the public was delayed pursuant to article 57 section 1 of the Act of 29 July 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies, and pursuant to § 2 section 1 item 3 of the Ordinance of the Minister of Finance of 13 April 2006 regarding the types of information which may violate the legitimate interest of an issuer and an issuer's procedure in connection with delayed publication of confidential information.

The notification about the delayed fulfilment of the disclosure obligation was presented to the Polish Financial Supervision Authority on 18 October 2012 and 3 January 2013.

The information of 18 October 2012 whose publication was delayed is the following:

"The Management Board of Echo Investment S.A. (later referred to as the Issuer) announces that, on 17 October 2012, the Issuer's subsidiary Aquarius Business House – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna, with its registered office in Kielce (25-323), Al. Solidarności 36, entered into the register of entrepreneurs maintained by the District Court in Kielce under KRS no. 378348 (later referred to as the Seller), and:

Horta Spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: ul. Emilii Plater 53, 00-133 Warsaw), entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 12th Economic Department of the National Court Register, under KRS no. 397696, and SKUA Spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: ul. Emilii Plater 53, 00-133 Warsaw), entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 12th Economic Department of the National Court Register, under KRS no. 422523 (later referred to as the Buyers), concluded a preliminary contingent sale agreement for land property located in Wrocław in ul. Swobodna and Borowska, including ownership title to two office buildings Aquarius Business House erected on the property with a total area of nearly 32 thousand sq. m along with accompanying infrastructure (Office Development).

The total value of the signed preliminary contingent sale agreements for the Office Development is EUR 66,513.1 thousand plus the applicable VAT, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 272,304.6 thousand net: The value of the agreement with Horta Sp. z o.o. is EUR 41,554.5 thousand, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 170,124.3 thousand net, and the value of the agreement with SKUA Sp. z o.o. is EUR 24,958.6 thousand, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 102,180.3 thousand net.

The signing of the final agreements for the sale of the Office Development Aquarius Business House – in connection with, among other things, a two-stage implementation of the development – depends on the satisfaction or waiver of the conditions specified in the agreements by the Buyers according to the stipulated dates, with the final date being 31 May 2014.

Terms and conditions of the agreements:

- Land surveying of the Office Development with division into two separate properties;
- Completion of the construction of the office buildings and obtaining final usage permits;
- Leasing out of at least 80% of total area in each building;
- Buyers' final due diligence review with a satisfactory outcome for the Sellers and for the bank funding the purchase of the property;
- Conclusion of lease agreements between the Issuer and the Buyers for areas remaining unoccupied on the date of conclusion of final agreements;
- Signing of addenda to the lease agreements with tenants specified in the preliminary contingent sale agreements and signing of an addendum to the agreement for design works;
- Seller's statements and guarantees, submitted on the day of the final agreement, regarding the final legal, technical, tax, financial, commercial and environmental status of the property;
- Handover of premises to tenants;
- Buyers obtaining funding for the purchase of the Office Development.

The Buyers may withdraw from the conclusion of the final agreement, if:

- any representation of the Seller turns out to be inaccurate or false;
- any condition is not satisfied;
- prior the conclusion of the final agreement there is a significant adverse incident related to the property;
- the Seller refuses to conclude the final agreement even if all conditions are satisfied;
- the Seller becomes insolvent;
- no negotiated lease agreement is concluded with a potential tenant specified in the preliminary contingent sale agreement.

The Seller may withdraw from the conclusion of the final agreement, if the Buyers do not accept the wording of the lease agreement with a potential tenant specified in the preliminary contingent sale agreement.

The concluded preliminary agreements provide for the payment of contractual penalties for withdrawal from the preliminary agreement for reasons attributable to either party. The amount of the contractual penalty was set to be EUR 4 million, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 16.38 million.

The payment of contractual penalties does not preclude either party's right to claim compensation in excess of such contractual penalties.

The agreements have been recognised as material agreements based on the criterion of the Issuer's equity.

Legal basis: § 5 section 1 item 3 and §9 of the Ordinance of the Minister of Finance (Journal of Laws No. 33, item 259), dated 19 February 2009, on current and interim information to be submitted by issuers of securities and terms for considering as equivalent information required under the law of a non-member state.

The information of 3 January 2013 whose publication was delayed is the following:

"The Management Board of Echo Investment S.A. (later referred to as the Issuer) announces that due to the failure to satisfy, by 31 December 2012, one of the conditions for the preliminary sale agreements of 17 October 2012 (the Issuer signing addenda to lease agreements with the tenants specified in the preliminary contingent sale agreements), the Buyer, i.e. Horta Spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw, may withdraw from the conclusion of the final sale agreement.

Legal basis: § 5 section 1 item 4 and §10 of the Ordinance of the Minister of Finance (Journal of Laws No. 33, item 259), dated 19 February 2009, on current and interim information to be submitted by issuers of securities and terms for considering as equivalent information required under the law of a non-member state.

The aforementioned entities described as the "Buyers" are members of Azora Europe.

The Issuer's Management Board also announces that, as at the date of submitting the current report, the following conditions (from among the aforementioned conditions) were fulfilled:

- Land surveying of the Office Development with division into two separate properties;
- Leasing out and handover to tenants of at least 80% of total area in the building as part of STAGE 1 of the Office Development.

The Issuer's Management Board announces that, in spite of punctual satisfaction of one of the formal conditions for one of the above-mentioned preliminary agreements, the parties to the agreements seek to fulfil all conditions required under the signed contingent agreements, which should lead to the signing of final agreements.

#### **Sale of assets with a significant value – final agreements for the sale of shopping centres**

On 24 April 2013:

1/ the Issuer's subsidiary Galeria Tarnów - Projekt ECHO- 43 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000385055 (Seller)

and BRE Leasing spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: 00-963 Warsaw, Ks. I. Skorupki 5, statistical no. REGON 012527809, tax identification no. NIP 5260212925), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000090905 (Buyer)

concluded a final agreement for the sale of the perpetual usufruct title to land and ownership title to buildings located on it along with properties comprising Centrum Handlowe ECHO in Tarnów in ul. Błonie 2 (Agreement 1);

2/ the Issuer's subsidiary PPR-Projekt ECHO-77 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000361525 (Seller)

and BRE Leasing spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: 00-963 Warsaw, Ks. I. Skorupki 5, statistical no. REGON 012527809, tax identification no. NIP 5260212925), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000090905 (Buyer)

concluded a final agreement for the sale of the ownership title to real property along with properties comprising Centrum Handlowe ECHO in Radom in ul. Żółkiewskiego 4 (Agreement 2);

3/ the Issuer's subsidiary PPR-Projekt ECHO-77 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce (address: 25-323 Kielce, Aleja Solidarności 36), entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000361525 (Seller)

and BRE Leasing spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: 00-963 Warsaw, Ks. I. Skorupki 5, statistical no. REGON 012527809, tax identification no. NIP 5260212925), entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Economic Department of the National Court register, under KRS no. 0000090905 (Buyer)

concluded a final agreement for the sale of the ownership title and perpetual usufruct title to land and ownership title to a building along with properties comprising Centrum Handlowe ECHO in Piotrków Trybunalski in ul. Sikorskiego 13/17 (Agreement 3).

The total value of the signed sale agreements for three shopping centres is EUR 66,467 thousand plus the applicable VAT, which, as at the date of signing the agreements, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 275,193 thousand net:

- The value of Agreement 1 is EUR 22,767 thousand, which is equivalent to PLN 94,262 thousand net,
- The value of Agreement 2 is EUR 23,748 thousand, which is equivalent to PLN 98,324 thousand net,
- The value of Agreement 3 is EUR 19,952 thousand, which is equivalent to PLN 82,607 thousand net.

The fixed value of the assets sold in the consolidated financial statements of the Echo Investment Capital Group measured according to IAS amounts to PLN 250,058 thousand, including:

- The fixed value of assets comprising Centrum Handlowe Echo in Tamów is PLN 83,440 thousand,
- The fixed value of assets comprising Centrum Handlowe Echo in Radom is PLN 89,267 thousand,
- The fixed value of assets comprising Centrum Handlowe Echo in Piotrków Trybunalski is PLN 77,351 thousand.

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

In addition, on 25 April 2013, in connection with the above-mentioned sales transactions, the Issuer's subsidiary PPR-Projekt ECHO-77 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce, repaid an investment loan to Bank Polska Kasa Opieki S.A., with its registered office in Warsaw, in the total amount of EUR 17,239 thousand, which is equivalent to PLN 71,573 thousand.

As at the day of preparing the report, the Issuer's Capital Group does not have any loan liability related to the said shopping centres.

The Issuer plans to use the funds obtained from the sale of the Shopping Centres to secure funding for developments in preparation and to fund potential purchases of attractive plots of land and/or property developments.

#### **Information on the purchase of equity shares**

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

The transaction was settled with the National Depository for Securities on 26 April 2013.

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

The said purchase of the Issuer's shares was based on:

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

The nominal value of each of the Issuer's shares is PLN 0.05 and the total nominal value of the purchased shares is PLN 365,470.9. The purchased shares account for 1.74% of the Issuer's share capital and are vested with 7,309,418 votes, representing 1.74% of the overall number of votes at the General Meeting of Echo Investment S.A.

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

### Issue of bonds

On 31 January 2013, the Company issued coupon bonds in the total amount of PLN 200 million.

The nominal value and the issue price of one bond is PLN 10 thousand. The bonds were issued for the period ending on 28 April 2017. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value. The issued bonds are not hedged.

The value of the incurred liabilities on the last day of the quarter preceding the day when purchase was offered, i.e. 30 September 2012, amounts to PLN 956 million.

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

As at 30 September 2012, the issued bonds account for 32.73% of the equity of Echo Investment S.A.

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

The cash obtained from the issue of the said bonds fully secure the Company's borrowing requirements related to the service of previously issued bonds which mature in the current financial year.

-----  
The Bond Issue Programme (Current Report no. 7/2011 of 1 February 2011) entered into with BRE Bank S.A. with its registered office in Warsaw stipulated that, on 19 June 2013, the Company would issue coupon bonds of a total value of PLN 80 million.

The nominal value and the issue price of one bond is PLN 10 thousand. The bonds were issued for the period ending on 19 June 2018. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value. The issued bonds are not hedged.

The value of the incurred liabilities on the last day of the quarter preceding the day when purchase was offered, i.e. 31 March 2013, amounts to PLN 975 million.

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

As at 31 March 2013, the issued bonds account for 12.55% of the equity of Echo Investment S.A.

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

The funds from the current issue will be used for a partial rollover of the bonds whose redemption date is in the next year and for expenditures related to investment processes on the real property market as part of the Echo Investment Capital Group's development strategy.

### 1.3.2. Information on the Capital Group's projects

As at 30 June 2013, the Group's portfolio included developments in use, in progress or in preparation

## PORTFOLIO OF PROPERTIES IN USE

As at 30 June 2013, the Group's portfolio included 3 shopping centres, 5 shopping and entertainment centres and 6 office developments for lease.

## PROPERTY PORTFOLIO AS AT 30 JUNE 2012

CITY	LOCATION	NAME	GLA [SQ. M]
Kielce	ul. Świętokrzyska	Galeria Echo	70 500
Wrocław	Plac Grunwaldzki	Pasaż Grunwaldzki	48 200
Szczecin	Al. Wyzwolenia	Galaxy	41 200
Bełchatów	ul. Kolejowa	Galeria Olimpia	21 400
Jelenia Góra	Al. Jana Pawła II	Galeria Echo	19 000
Szczecin	al. Struga	Outlet Park	16 600
Łomża	ul. Zawadzka 38	Galeria Veneda	15 200
Przemyśl	ul. 29 Listopada	Galeria Echo	5 500
<b>Shopping centres</b>	<b>TOTAL</b>		<b>237 600</b>
Kielce	al. Solidarności	Astra Park (*)	11 200
Poznań	ul. Baraniaka	Malta Office Park	28 400
Szczecin	ul. Malczewskiego	Oxygen	14 100
Warsaw	Al. Jana Pawła II	Babka Tower	6 200
Warsaw	ul. Postępu	Polkomtel office building (**)	10 200
Wrocław	ul. Swobodna	Aquarius (stage I)	15 700
<b>Office developments</b>	<b>TOTAL</b>		<b>85 800</b>
<b>developments for lease</b>	<b>TOTAL</b>		<b>323 400</b>

\* The Astra Park project does not include area occupied by the Group.

\*\* The area attributable to the Capital Group comprises 50% of Polkomtel office building development (Warsaw, ul. Postępu).

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

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

Office space is leased to renowned companies and local businesses. The main tenants of office space include: Grand Thornton Frąckowiak, Roche Polska Sp. z o.o., Ikea Shared Services Sp. z o.o., McKinsey Emea Shared Services, Coloplast Shared Services Sp. z o.o., Nordea Bank Polska S.A., Tieto Polska S.A., Polkomtel S.A., Pramerica Życie TUIR S.A., Raiffeisen Bank Polska S.A., Sygnity S.A., Medcover Sp. z o.o., Altkom Investments Sp. z o.o., Mentor Graphics Polska Sp. z o.o., Kennametal Polska Sp. z o.o., Tebodin SAP-Projekt Sp. z o.o., Samsung Electronics Polska Sp. z o.o., Bank Ochrony Środowiska, Lux Med. Sp. z o.o., PwC Polska Sp. z o.o., The Bank of New York Mellon.

**PROJECTS IN THE COURSE OF IMPLEMENTATION AND PREPARATION**

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

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

<b>PROJECT</b>	<b>GLA [SQ. M]</b>	<b>COMMENCEMENT</b>	<b>COMPLETION</b>
Kalisz, Galeria Amber	34 300	H1 2012	H1 2014
Jelenia Góra, Galeria Sudecka (expansion)	12 300	H1 2013	H1 2015
Poznań, Metropolis	75 300	H1 2014	H1 2016
Szczecin, Outlet Park (stage II)	8 300	H1 2014	H2 2014
Szczecin, Galaxy (expansion)	16 700	H2 2014	H2 2015
Katowice, ul. Kościuszki	50 000	H1 2015	H1 2017
Koszalin, Galeria Nova	27 200	H1 2015	H1 2016
Słupsk, ul. Grottgera *			
Krakow, Cracovia *			
<b>PROJECTS IN POLAND</b>	<b>224 100</b>		
Brasov Korona (Romania)	30 500	H1 2015	H2 2016
Budapest Mundo (Hungary)	42 700	H1 2015	H1 2017
<b>FOREIGN PROJECTS</b>	<b>73 200</b>		
<b>TOTAL PROJECTS</b>	<b>297 300</b>		

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

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

<b>PROJECT</b>	<b>GLA [SQ. M]</b>	<b>COMMENCEMENT</b>	<b>COMPLETION</b>
Warsaw, Park Rozwoju (stage I)	17 800	H2 2012	H1 2014
Warsaw, Park Rozwoju (stage II)	16 100	H1 2014	H2 2015
Warsaw, Jana Pawła II	52 900	H2 2013	H2 2016
Warsaw, Beethovena (stage I)	18 100	H2 2013	H1 2015
Warsaw, Beethovena (stages II - III)	36 700	H1 2015	H1 2018
Warsaw, Taśmowa (stages I - IV)	59 400	H1 2014	H2 2020
Krakow, Opolska (stage I)	19 200	H2 2013	H1 2015
Krakow, Opolska (stages II - III)	38 400	H1 2015	H1 2018
Wrocław, Aquarius Business House (stage II)	9 300	H1 2012	H2 2013
Wrocław, Lotnicza	16 300	H1 2013	H2 2014
Wrocław, Plac Grunwaldzki (stages I-II)	19 000	H1 2014	H1 2017
Gdańsk, Tryton	24 000	H2 2013	H1 2015
Katowice, A4 Business Park (stage I)	9 000	H2 2012	H1 2014
Katowice, A4 Business Park (stage II)	9 400	H2 2013	H1 2015
Katowice, A4 Business Park (stage III)	12 400	H1 2015	H2 2016
Łódź, Aurus (stages I - II)	19 200	H1 2014	H2 2016
<b>PROJECTS IN POLAND</b>	<b>377 200</b>		
Kiev, Dehtiarivska (stage I)	17 500	H2 2013	H1 2015
Kiev, Dehtiarivska (stages II-VI)	87 900	H2 2014	H2 2020
<b>FOREIGN PROJECTS</b>	<b>105 400</b>		
<b>TOTAL PROJECTS</b>	<b>482 600</b>		

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

PROJECT	USABLE AND RESIDENTIAL AREA/PLOT AREA [SQ. M]	COMMENCEMENT	COMPLETION
Warsaw, Nowy Mokotów (stage I)	11 600	H2 2012	H2 2014
Warsaw, Nowy Mokotów (stages II-IV)	30 500	H1 2015	H1 2022
Warsaw, Princess, Puławska	4 900	H2 2013	H1 2015
Poznań, Kasztanowa Aleja (stage II)	8 600	H2 2012	H2 2014
Poznań, Naramowice, Pod Klonami I-III, row houses	4 500	H1 2012	H1 2016
Poznań, Naramowice, Jaśminowy Zakątek (stage I)	6 000	H1 2013	H1 2015
Poznań, Naramowice, Jaśminowy Zakątek (stages II-III)	13 500	H1 2015	H1 2019
Poznań, Sowińskiego (stages I-IV)	19 800	H1 2014	H1 2019
Krakow, Hortus Apartments	3 000	H2 2012	H1 2014
Krakow, Bronowicka	3 000	H2 2013	H1 2015
Krakow, Tyniecka / Czarodziejska	5 600	H1 2014	H2 2015
Wrocław, Grota Roweckiego (stage I)	5 800	H2 2013	H1 2015
Wrocław, Grota Roweckiego (stages II – III)	12 500	H2 2015	H1 2019
Łódź, Osiedle Jarzębinowe (stage I)	6 900	H2 2011	H1 2013
Łódź, Osiedle Jarzębinowe (stages II-IV)	39 900	H1 2014	H2 2021
Łódź, Wodna (stages I – II)	13 700	H1 2014	H2 2017
Kielce, Zielone Tarasy	2 100	H1 2014	H1 2015
<b>SALE OF APARTMENTS [USABLE AND RESIDENTIAL AREA]</b>	<b>191 900</b>		
Dyminy, Osiedle Południowe (stage III)	43 400	H2 2013	H2 2014
Poznań, Sołacz	13 700	H1 2015	H2 2016
Warsaw, Rezydencje Leśne (project in the course of sale)	52 900	H2 2010	H2 2012
<b>SALE OF PLOTS [PLOT AREA]</b>	<b>110 000</b>		
Lublin, ul. Poligonowa (*)	1 130 000		
Poznań, Naramowice(*)	330 000		
<b>INVESTMENT LAND [PLOT AREA]</b>	<b>1 460 000</b>		

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

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

- Factors affecting the Capital Group's financial results in H1 2013:
  - posting of revenues from the concluded final agreements for the sale of residential properties in:
    - Krakow (Dom Pod Słowikiem in ul. Krasickiego);
    - Poznań (Kasztanowa Aleja in ul. Wojskowa, Pod Klonami in ul. Rubież);
    - Warsaw (Klimt House in ul. Kazimierzowska, Zeusa district);
    - Wrocław (Przy Słowiańskim Wzgórzu in ul. Jedności Narodowej);
  - posting of revenues from the concluded final agreements for the sale of plots with house designs:
    - Bilcza near Kielce (Osiedle Bilcza II);
    - Dyminy near Kielce (Osiedle Południowe, stages I and II);
  - regular revenue obtained from the lease of space in offices and shopping centres;
  - sale of building expenditures related to the development of Novotel hotel in Łódź;
  - quarterly revaluation of the fair value of property owned by the Group:
    - in use, including:
      - movements in foreign exchange rates (EUR and USD);
      - indexation of rents;
      - change of the capitalisation rate (yield) for Pasaż Grunwaldzki;
      - change of assumptions for the calculation of net operating revenue,
    - in the course of construction and commercialisation:
      - Galeria Amber in Kalisz (another measurement);
      - Galeria Sudecka in Jelenia Góra (another measurement);
      - Office building Aquarius, stage II, in Wrocław (first measurement);
      - land reserve in Romania;
  - final sale of real property in Piotrków, Radom and Tarnów;
  - cost of sales and general and administrative expenses;
  - measurement of liabilities due to bonds and borrowings at amortised cost;
  - measurement of loans and cash due to changing foreign exchange rates;
  - measurement and settlement of FX hedging financial instruments;
  - interest on deposits and borrowings granted;
  - discounts and interest on loans, bonds and borrowings.

2. Unusual events affecting the Company's financial result in H1 2013:

- none.

3. Exchange rate hedging transactions

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

The average-weighted strike for the remaining open transactions is PLN 4.2804 EUR/PLN.

MATURITIES OF OPEN HEDGES (AS AT 30 JUNE 2013) IN MILLIONS OF EUR:

		CARRYING VALUE 30.06.2013	NOMINAL VALUE [millions of EUR]	2013		2014			
				Q3	Q4	Q1	Q2	Q3	Q4
Forward	EUR/PLN	-6,2	70,6	43,7	7,7	11,3	6,5	0,7	0,7

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

The Capital Group's activity covers several segments of the real property market. It has a portfolio of assets held for lease, regularly completes and sells residential facilities and provides property management services, which guarantees comparable revenue in each quarter. By contrast, revenue from general investment contractor services and trade in property may be irregular. The Management Board cannot exclude other one-time events which may influence results generated in a given period.

**1.6. Accounting policy**

For the purpose of drawing up the statements, the Group applied the same accounting standards as those approved and described in the annual consolidated financial statements for 2012.

**1.7. Segment reporting**

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

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

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

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

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

Financial data of segments is disclosed in notes 6A-6D to these condensed financial statements.

**1.8. Estimates by the Group companies' Management Boards**

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

**Investment property**

The fair value of real property generating constant income is determined by an entity with the investment method, by applying simple capitalisation technique as a division of a project's net operating income (NOI) and the capitalisation rate (Yield). The yield is verified at least once a year by external property valuers. Net operating income (NOI) is revised every quarter based on the applicable lease agreements, and values expressed in EUR and USD are converted every quarter according to the applicable exchange rates published by the NBP.

Since most rent agreements concluded by the Group are denominated in EUR, the valuations of investment properties have been prepared in EUR and converted to PLN according to the average exchange rate of the NBP as at the balance sheet day. According to the Group's measurements, the total value of investment properties and investment properties held for sale, as at 30 June 2013, was EUR 806,505 thousand (EUR 766,308 thousand as at 31 December 2012 and EUR 664,128 thousand as at 30 June 2012). The yields used to estimate fair value as at 30 June 2013 ranged from 6.9% to 9.95%. The yields have been estimated by independent valuers individually for every material investment property, taking into consideration the property's location and type. Prospective net operating income has been estimated independently for every investment property based on rent agreements existing as at the balance sheet day, the contracted revenue and expected maintenance costs of real property. At the end of the reporting period, 2 projects under construction (Galeria Amber in Kalisz and Aquarius Business House – stage II in Wrocław) were measured at the fair value based on the discounted cash flow. The estimated time for the completion of the investment process for these properties is from 6 to 9 months. Other projects under construction were characterised by execution risk levels which – according to the Management Board – did not allow for a credible estimate of the properties' fair value. The value of properties under construction measured with the income method was PLN 240,683 thousand (as at 31 December 2012: PLN 194,233 thousand, as at 30 June 2012: PLN 222,896 thousand), and the value of other properties (disclosed at the amount of expenditures incurred) was PLN 1,014,960 thousand (PLN 982,827 thousand as at 31 December 2012 and PLN 972,680 thousand as at 30 June 2012).

As a result of the improved economic situation, the Management Board of Echo Investment decided not to establish provisions for a potential decrease in rent rates for agreements that expire later than two years from the date of the report. The decrease in provisions resulted in an increase in the value of investment properties by PLN 79 million.

**Non-current assets held for sale**

Non-current assets held for sale include stage I of the Aquarius Business House project (sold in July 2013), measured at PLN 163.9 million.

**Transactions of purchase or sale of non-current assets**

In H1 2013, the Capital Group sold 3 properties with Echo shopping centres in Tarnów, Radom and Piotrków Trybunalski (see page 14 of this report).

**Financial instruments measured at fair value**

The fair value of financial instruments (level 2 in the hierarchy of fair value) not traded on an active market is determined using measurement techniques. The company uses its own judgement when selecting the measurement method and makes assumptions based on market conditions on each balance sheet day. In particular, the concluded forward contracts and option contracts are measured based on measurements provided by the banks, which use data such as current and historic exchange rates, and interest rates on deposits (WIBOR, EURIBOR). In H1 2013, the Capital Group did not change the principles for measuring financial instruments.

**Changes in the classification of financial assets**

In H1 2013, the Capital Group did not make any changes in the classification of financial assets involving the change of purpose or use of such assets.

## Inventory

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

Assumptions used when calculating the allowance mainly relate to market prices of property applicable in a given market segment. In the case of land recognised under inventory, the value of the allowances is due to the usefulness of land for the Company's current and prospective business estimated by the Management Board. The data on revaluation allowances for inventory to net realisable value and reversals of such allowances are presented in note 3B.

## Deferred income tax

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

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

In H1 2013, the Group created and released deferred income tax provisions and assets in the total amount of PLN 4,566 thousand. As a result, as at the balance sheet date, it held deferred income tax provisions amounting to PLN 31,588 thousand and deferred income tax assets amounting to PLN 13,839 thousand.

In 2012, the Management Boards of the Group companies changed their expectations and decided not to sell the interests of Barconsel Holdings Ltd. Echo – Aurus Sp. z o.o. and Echo - SPV 7 Sp. z o.o. in the foreseeable future. Therefore, pursuant to IAS 12 item 39, as at 31 December 2012, the provision for deferred income tax on tax and accounting differences related to the said interest in the above-mentioned subsidiaries in the amount of PLN 164,123 thousand was released.

## 1.9. Additional information

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

In H1 2013, no measures were taken in relation to not repaid loans or violations of material provisions of loan agreements.

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

See section 3.2 of the Management Report.

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

In H1 2013, no transactions between related parties were concluded under terms other than market terms in the Capital Group.

### Court proceedings

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

### Information on changes in the economic situation

In H1 2013, the Company's Management Board observed an improvement of the economic situation and the business environment (increased demand for housing space and in the commercial property market).

**1.10. Restatement of financial statements/adjustment of fundamental error**

In 2012, the Company's Management Board changed its approach to creating deferred income tax on the differences between the tax value and the carrying value of assets and liabilities held by general partnerships limited by shares. Since, according to the applicable tax laws, general partnerships limited by shares are not payers of the corporate income tax and their partners are exempted from the income tax, the Group has abandoned the creation of the deferred income tax on the differences between the tax value and the carrying value of assets and liabilities held by general partnerships limited by shares.

Therefore, the Group decided to adjust a fundamental error and restate the comparative H1 2012 financial statements in consideration of the said decision with regard to the differences between the tax value and the carrying value of assets and liabilities held by general partnerships limited by shares as at 30 June 2012. The following were changed.

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

	AS AT 30.06.2012, FORMERLY	AS AT 30.06.2012, CURRENTLY
1. Non-current assets	4 219 224	4 210 001
1.7. Deferred income tax assets	29 607	20 384
<b>TOTAL ASSETS</b>	<b>5 221 184</b>	<b>5 211 961</b>

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

	AS AT 30.06.2012 FORMERLY	AS AT 30.06.2012 CURRENTLY
1. Equity	2 097 718	2 166 609
1.1 Equity attributable to shareholders of the parent	2 097 763	2 166 654
1.1.2 Supplementary capital	2 033 957	2 065 321
1.1.4 Accumulated profit (loss)	60 475	98 002
2. Provisions	289 096	210 982
2.3 Long-term deferred income tax provision	275 832	197 718
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5 221 184</b>	<b>5 211 961</b>

**CONSOLIDATED PROFIT AND LOSS ACCOUNT (PLN '000)**

	01.01.2012 - 30.06.2012 FORMERLY	01.01.2012 - 30.06.2012 CURRENTLY
Income tax (deferred portion)	(8 149)	29 378
<b>Net profit (loss), including:</b>	<b>60 489</b>	<b>98 016</b>
Profit (loss) attributable to non-controlling interest	(14)	(14)
Profit (loss) attributable to shareholders of the parent company	60 475	98 002
Basic/diluted earnings (loss) per ordinary share (in PLN)	0,15	0,24

**1.11. Information on material post-balance sheet events****Sale of assets with a significant value – final agreement for the sale of stage I of an office project in Wrocław**

On 2 July 2013, the Issuer's subsidiary Aquarius Business House – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna, with its registered office in Kielce (25-323), Al. Solidarności 36, entered into the register of entrepreneurs maintained by the District Court in Kielce under KRS no. 378348 (later referred to as the Seller), and:

Horta Spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: ul. Mokotowska 49, 00-542 Warsaw), entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 12th Economic Department of the National Court Register, under KRS number 397696 (later referred to as the Buyer),

concluded a final agreement for the sale of the land property located in Wrocław in ul. Swobodna and ul. Borowska and the ownership title to the erection of an office building comprising stage I of the implemented Aquarius Business House office project along with accompanying infrastructure (Office Development).

The total value of the signed sale agreement for the Office Development is EUR 41,905 thousand, plus the applicable VAT, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 181,301 thousand net.

The fixed value of the sold assets in the consolidated financial statements of the Echo Investment Capital Group, measured in conformity with the IAS, amounts to PLN 148,437 thousand.

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

In addition, on 1 and 2 July 2013, in connection with the said sale transaction, the Issuer's subsidiary Aquarius Business House – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna, repaid the loan to ALIOR BANK S.A., with its registered office in Warsaw, in the total amount of PLN 69,924 thousand.

As at the day of preparing the current report, the Issuer's Capital Group does not have any loan liability related to the sold asset.

Echo Investment Property Management – Grupa Echo Sp. z o.o. Spółka komandytowa, the Issuer's subsidiary, will manage the office building for 5 years. 98 per cent of the office building are already rented.

### Loan agreement of the Issuer's subsidiary

On 17 July 2013, the Issuer's subsidiary Projekt 8 – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo – akcyjna, with its registered office in Kielce in Al. Solidarności 36, 25-323 Kielce, entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no.: 0000440165 (later referred to as: the Borrower, the Company), and Hypothekbank Frankfurt AG, a bank duly incorporated and operating under the laws of Germany, with its registered office in Eschborn, Helfmann-Park 5, 65760 Eschborn, Germany, entered into the commercial register maintained by the District Court for the City of Frankfurt under no. HRB 45701 (later referred to as: the Lender, the Bank), signed a loan agreement (later referred to as: the Agreement) in the amount of EUR 105,620 thousand, which, as at the date of signing the agreement, was equivalent to PLN 450,195 thousand.

The Borrower shall use the funds obtained under the loan agreement to finance the purchase of PASAŻ GRUNWALDZKI Shopping and Entertainment Centre in Wrocław, at the junction of ul. Piastowska, ul. Grunwaldzka, ul. M. Reja, ul. M. Curie – Skłodowskiej and Pl. Grunwaldzki (later referred to as the Property).

The contractual loan repayment date was set to be 30 September 2018.

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

- mortgage of up to EUR 150,000 thousand established on the Property, for the benefit of the Lender;
- mortgage of up to EUR 23,250 thousand established on the Property, for the benefit of the Lender;
- assignment of rights under project documents to the Lender;
- agreement for a registered pledge on the Borrower's interests;
- assignment of rights under Project Documents to the Lender, concluded by the Seller;
- declaration on the submission to enforcement proceedings.

In addition, the Issuer's Management Board announces that the said loan agreement was concluded in connection with the planned agreement for the transfer of assets, i.e. Pasaż Grunwaldzki Shopping and Entertainment Centre in Wrocław, from Echo Pasaż Grunwaldzki - Magellan West Spółka z ograniczoną odpowiedzialnością S.K.A., with its registered office in Kielce, to Projekt 8 – Grupa Echo Spółka z ograniczoną odpowiedzialnością – Spółka komandytowo - akcyjna, with its registered office in Kielce, with both companies being the Issuer's subsidiaries.

### Conclusion of a material agreement between the Issuer's subsidiaries

On 19 July 2013:

the Issuer's subsidiary, Echo Pasaż Grunwaldzki - Magellan West Spółka z ograniczoną odpowiedzialnością S.K.A., with its registered office in Kielce in Al. Solidarności 36, 25-323 Kielce, tax ID no. NIP 9591762633, statistical no. REGON 260133484, entered into the register of entrepreneurs maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000387317 (later referred to as the Seller),

and the Issuer's subsidiary, Projekt 8 – Grupa Echo Spółka z ograniczoną odpowiedzialnością – Spółka komandytowo - akcyjna, with its registered office in Kielce in Al. Solidarności 36, 25-323 Kielce, entered into the register of entrepreneurs of the National Court Register maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no. 0000440165 (later referred to as the Buyer),

concluded an agreement for the sale of the perpetual usufruct title to land and the ownership title to the building along with other properties comprising Pasaż Grunwaldzki Shopping and Entertainment Centre in Wrocław, located at the junction of ul. Piastowska, ul. Grunwaldzka, ul. M. Reja, ul. M. Curie – Skłodowskiej and Pl. Grunwaldzki (later referred to as the Property).

The total value of the signed agreement is PLN 869,781 thousand, plus the applicable VAT.

In connection with the said sale agreement, in reference to yesterday's current report no. 27/2013, the Issuer's subsidiary, Projekt 8 – Grupa Echo Spółka z ograniczoną odpowiedzialnością – Spółka komandytowo - akcyjna, with its registered office in Kielce, in order to pay for the purchased Property, disbursed funds under the loan agreement in the amount of EUR 105,620 thousand, which, as at the report publication date, is equivalent to PLN 448,389 thousand, and Echo Pasaż Grunwaldzki - Magellan West Spółka z ograniczoną odpowiedzialnością S.K.A., with its registered office in Kielce, as of today, has repaid the investment loan to Hypothekenbank Frankfurt AG, with its registered office in Eschborn, Germany, in the amount of EUR 105,620 thousand, which, as at the report publication date, is equivalent to PLN 448,389 thousand.

The Buyer shall obtain the remaining funds for financing the purchase of the Property from the equity held by the Issuer's Capital Group.

The agreement is neutral to the economic situation of the Issuer's Capital Group and is related to the transfer of assets, i.e. Pasaż Grunwaldzki Shopping and Entertainment Centre in Wrocław, from Echo Pasaż Grunwaldzki - Magellan West Spółka z ograniczoną odpowiedzialnością S.K.A., with its registered office in Kielce, to Projekt 8 – Grupa Echo Spółka z ograniczoną odpowiedzialnością – Spółka komandytowo - akcyjna, with its registered office in Kielce, with both companies being the Issuer's subsidiaries.

#### **Issue of bonds by the subsidiaries of Echo Investment S.A.**

On 27 August, the Issuer's subsidiaries: Projekt 4 - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.k.a., with its registered office in Kielce, and A4 Business Park – Grupa Echo Spółka z ograniczoną odpowiedzialnością S.k.a., with its registered office in Kielce, issued 10-year bonds with a total nominal value of PLN 109 million, of which:

1/ Projekt 4 - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.k.a., with its registered office in Kielce, issued bonds with a total nominal value of PLN 64 million;

2/ A4 Business Park – Grupa Echo Spółka z ograniczoną odpowiedzialnością S.k.a. issued bonds with a total nominal value of PLN 45 million.

The bond interest rate was established based on the variable WIBOR 6M rate plus margin. Interest shall be paid in 6-month periods. The bonds shall be redeemed based on their nominal value. The issued bonds are not hedged.

In addition, after 13 August 2013, three other subsidiaries of the Issuer issued 10-year bonds with a total nominal value of PLN 55.5 million.

All bonds issued by the Issuer's subsidiaries were acquired by the following funds: Forum XXIX Fundusz Inwestycyjny Zamknięty and Forum XXXIV Fundusz Inwestycyjny Zamknięty, with their registered offices in Krakow. The Issuer is a direct and indirect owner of all investment certificates issued by the said funds.

The above-mentioned bond issues are neutral to the economic situation of the Issuer's Capital Group and related to the process of cash management in the Echo Investment S.A. Capital Group.

#### **1.12. Transactions with related parties**

As a result of transactions with related parties in H1 2013, the Echo Investment Capital Group generated revenue on entities controlled jointly with a significant investor in the amount of PLN 7,113 thousand. In addition, the Group holds bonds of the entity controlled jointly with a significant investor purchased for PLN 60 million and receivables from entities controlled jointly with a significant investor in the amount of PLN 2,047 thousand.

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

In H1 2013, Managers of Echo Investment S.A. received remuneration in Echo Investment S.A. and for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies:

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

In H1 2012, Managers of Echo Investment S.A. received remuneration in Echo Investment S.A. and for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies:

- Piotr Gromniak received remuneration in Echo Investment S.A. in a total amount of PLN 508 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.
- Artur Langner received remuneration in Echo Investment S.A. in a total amount of PLN 477 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.

In H1 2013, supervisory staff of Echo Investment S.A. received remuneration in Echo Investment S.A. for holding supervisory functions in the Company:

- Wojciech Ciesielski received remuneration in Echo Investment S.A. in a total amount of PLN 42 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Andrzej Majcher received remuneration in Echo Investment S.A. in a total amount of PLN 30 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies;
- Mariusz Waniółka received remuneration in Echo Investment S.A. in a total amount of PLN 30 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Robert Oskard received remuneration in Echo Investment S.A. in a total amount of PLN 18 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Karol Żbikowski received remuneration in Echo Investment S.A. in a total amount of PLN 18 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Tomasz Kalwat received remuneration in Echo Investment S.A. in a total amount of PLN 16 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.

In H1 2012, supervisory staff of Echo Investment S.A. received remuneration in Echo Investment S.A. for holding supervisory functions in the Company:

- Wojciech Ciesielski received remuneration in Echo Investment S.A. in a total amount of PLN 42 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Andrzej Majcher received remuneration in Echo Investment S.A. in a total amount of PLN 30 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies;
- Mariusz Waniółka received remuneration in Echo Investment S.A. in a total amount of PLN 30 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Robert Oskard received remuneration in Echo Investment S.A. in a total amount of PLN 18 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Karol Żbikowski received remuneration in Echo Investment S.A. in a total amount of PLN 18 thousand; he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly controlled entities and associates;
- Tomasz Kalwat received remuneration in Echo Investment S.A. in a total amount of PLN 18 thousand, he did not receive remuneration for exercising functions in the bodies of subsidiaries, jointly-controlled and affiliated companies.

## NOTES

## NOTE 1

OFF-BALANCE SHEET ITEMS (PLN '000)	30.06.2013	31.12.2012	30.06.2012
1. Contingent liabilities			
1.1 For related entities, due to:			
a) guarantees and sureties granted	47 939	10 058	-
	47 939	10 058	-
1.2 Due to other entities:			
a) guarantees and sureties granted	-	-	-
	-	-	-
<b>Total contingent liabilities</b>	<b>47 939</b>	<b>10 058</b>	<b>-</b>

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

## NOTE 2A

MOVEMENT IN PROPERTY (BY TYPES) (PLN '000)	30.06.2013	31.12.2012	30.06.2012
Balance at the beginning of the period	2 882 760	2 893 756	2 893 756
a) increases (due to)			
- reclassification from investment property under construction	107 584	312 019	-
- capital expenditures incurred	5 111	13 077	6 327
- revaluation of property	333 103	156 123	-
	<b>445 798</b>	<b>481 219</b>	<b>6 327</b>
b) decreases (due to)			
- sale	145	-	-
- revaluation of property	1	238 941	68 047
- reclassification to investment property under construction	-	1 229	-
- reclassification to inventory	782	1 985	1 985
- repayment of perpetual usufruct (lease)	2	1	1
- reclassification to non-current assets held for sale	163 894	250 059	
	<b>164 824</b>	<b>492 215</b>	<b>70 033</b>
<b>Property at the end of the period</b>	<b>3 163 734</b>	<b>2 882 760</b>	<b>2 830 050</b>

The company measures property at the fair value at the end of every calendar quarter.

Profit/loss on measurement is disclosed under "Profit (loss) on investment property" in the profit and loss account.

As at 30 June 2013, the Group held 15 investment properties located in cities in Poland. Since most lease agreements contain rents denominated in EUR, the measurements have been prepared in these currencies and converted to PLN according to the exchange rate of the NBP as at the balance sheet date.

## NOTE 2B

AMOUNTS DISCLOSED IN THE CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (PLN '000)	01.01.2013	01.01.2012	01.01.2012
	- 30.06.2013	- 31.12.2012	- 30.06.2012
a) revenue from investment property rents	198 095	366 901	179 725
b) direct operating expenses (including repair and maintenance costs) on investment property generating rent revenue in the period	74 409	124 026	60 090
c) direct operating expenses (including repair and maintenance costs) on investment property not generating rent revenue in the period	-	92	-

**NOTE 2C**

<b>CHANGE IN THE BALANCE OF PROPERTY UNDER CONSTRUCTION (BY TYPES) (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
Balance at the beginning of the period	1 177 050	1 047 624	1 047 624
a) increases (due to)			
- capital expenditures incurred	156 134	427 827	133 512
- reclassification from inventory	-	21 983	-
- lease (perpetual usufruct)	-	-	817
- revaluation of property	80 567	7 105	19 138
- exchange rate differences	11 478	-	2 883
- reclassification from investment property	-	1 229	-
	<b>248 179</b>	<b>458 144</b>	<b>156 350</b>
b) decreases (due to)			
- reclassification to investment property	107 584	312 019	-
- revaluation of property	55 785	-	-
- exchange rate differences	-	16 685	8 384
- repayment of perpetual usufruct (lease)	15	14	14
- reclassification to inventory	6 624	-	-
	<b>170 008</b>	<b>328 718</b>	<b>8 398</b>
<b>Property at the end of the period</b>	<b>1 255 221</b>	<b>1 177 050</b>	<b>1 195 576</b>

**NOTE 3A**

<b>INVENTORY (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
a) materials	192	187	148
b) semi-finished products and work-in-progress	304 001	347 716	385 556
c) finished products	110 540	112 164	85 475
d) goods	46 168	3 053	3 086
e) advances on deliveries	-	-	-
<b>Total inventory</b>	<b>460 901</b>	<b>463 120</b>	<b>474 265</b>

"Finished products" include finished residential apartments for sale.

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

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

**NOTE 3B**

<b>INVENTORY – EFFECT ON THE RESULT (PLN '000)</b>	<b>01.01.2013 - 30.06.2013</b>	<b>01.01.2012 - 31.12.2012</b>	<b>01.01.2012 - 30.06.2012</b>
a) value of inventory recognised as cost in the period	35 467	116 543	53 602
b) inventory allowances in the period	-	29 770	20 462
c) reversals of write-downs on inventory in the period	566	9 946	4 458

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

## NOTE 4A

<b>DERIVATIVES (ASSETS) (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
a) FX forwards	-	2 134	1 931
b) FX options	-	-	4
<b>Total investment in derivatives</b>	-	<b>2 134</b>	<b>1 935</b>
with maturities:			
- up to 1 year	-	1 508	1 935
- 1 to 3 years	-	626	-
- 3 to 5 years	-	-	-
- over 5 years	-	-	-

## NOTE 4B

<b>DERIVATIVES (LIABILITIES) (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
a) Interest Rate Swap	10 719	13 043	13 968
b) FX forwards	6 178	66	229
<b>Total liabilities due to derivatives</b>	<b>16 897</b>	<b>13 109</b>	<b>14 197</b>
with maturities:			
- up to 1 year	6 178	66	229
- 1 to 3 years	4 904	-	-
- 3 to 5 years	5 815	13 043	13 968
- over 5 years	-	-	-

As at 30 June 2013, the total nominal value of unsettled FX forwards amounted to EUR 70.6 million. These contracts involve the sale of EUR between 2013 and 2014 and are intended to hedge a portion of the Group's forecast cash flows against FX risk.

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

## NOTE 5

<b>LOANS AND BORROWINGS (BY TYPE) (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
a) loans	1 904 565	1 843 131	1 661 476
b) debt securities	843 537	853 264	853 729
c) interest on loans and borrowings	-	-	1
<b>Total loans and borrowings</b>	<b>2 748 102</b>	<b>2 696 395</b>	<b>2 515 206</b>
- long-term portion	2 085 264	2 146 281	2 119 051
- short-term portion	662 838	550 114	396 155

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

## NOTE 6A

## REPORTING BY INDUSTRY SEGMENTS

<b>ASSIGNMENT OF ASSETS TO SEGMENTS (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
- shopping centres	3 377 752	3 216 230	3 135 792
- office buildings and hotels	1 604 025	1 392 999	1 225 248
- residential space	471 583	443 486	496 195
- non-assigned assets	352 695	400 458	354 726
<b>Total assets</b>	<b>5 806 055</b>	<b>5 453 173</b>	<b>5 211 961</b>

## NOTE 6B

ASSIGNMENT OF LIABILITIES TO SEGMENTS (PLN '000)	30.06.2013	31.12.2012	30.06.2012
- shopping centres	1 541 012	1 438 543	1 381 953
- office buildings and hotels	537 336	504 048	451 479
- residential space	34 744	44 555	92 442
- non-assigned liabilities	945 983	1 034 384	1 119 478
<b>Total liabilities</b>	<b>3 059 075</b>	<b>3 021 530</b>	<b>3 045 352</b>

## NOTE 6C

ASSIGNMENT OF OPERATING REVENUE TO SEGMENTS (PLN '000)	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
- shopping centres	160 311	150 808
- office buildings and hotels	51 887	38 508
- residential space	50 639	84 485
- non-assigned revenue	3 009	2 945
<b>Total operating revenue</b>	<b>265 846</b>	<b>276 746</b>

## NOTE 6D

ASSIGNMENT OF OPERATING EXPENSES TO SEGMENTS (PLN '000)	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
- shopping centres	(51 889)	(39 671)
- office buildings and hotels	(25 252)	(14 197)
- residential space	(37 012)	(70 685)
- non-assigned expenses	(2 992)	(4 482)
<b>Total operating revenue</b>	<b>(117 145)</b>	<b>(129 035)</b>

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

Date: 27 August 2013

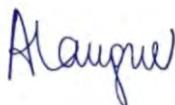
*Signatures of the Management Board of Echo Investment S.A.*

Piotr Gromniak



President of the Management Board

Artur Langner



Vice-President of the Management Board

Waldemar Lesiak



Vice-President of the Management Board

*Signature of the individual entrusted with bookkeeping:*

Tomasz Sulek



Chief Accountant

## II. CONDENSED SEPARATE FINANCIAL STATEMENTS

The condensed separate financial statements of Echo Investment S.A. for H1 2013 for the period from 01 January 2013 to 30 June 2013 have been prepared according to the International Financial Reporting Standards.

## SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION (PLN '000)

	NOTE	30.06.2013	31.12.2012	30.06.2012
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
1.1. Intangible assets		1 007	1 181	1 336
1.2. Property, plant and equipment		15 091	14 067	14 471
1.3. Investment property	1	3 607	3 752	3 496
1.4. Investments in subsidiaries, jointly-controlled entities and associates	2	922 236	921 946	922 806
1.5. Long-term financial assets		14 359	14 629	14 902
1.6. Borrowings granted	3	44	-	-
1.7. Deferred income tax assets	7	12 978	13 678	-
		<b>969 322</b>	<b>969 253</b>	<b>957 011</b>
<b>2. Current assets</b>				
2.1. Inventory	3	265 030	302 414	298 425
2.2. Income tax receivables		1 842	-	-
2.3. Other tax receivables		-	-	51
2.4. Trade and other receivables		43 666	65 629	52 523
2.5. Borrowings granted	4	156 802	318 736	195 154
2.6. Restricted cash		1 019	-	-
2.7. Cash and cash equivalents		91 460	3 017	36 963
		<b>559 819</b>	<b>689 796</b>	<b>583 116</b>
<b>TOTAL ASSETS</b>		<b>1 529 141</b>	<b>1 659 049</b>	<b>1 540 127</b>

## SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION (PLN '000)

	NOTE	30.06.2013	31.12.2012	30.06.2012
<b>EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
1.1. Share capital		21 000	21 000	21 000
1.2. Supplementary capital		608 204	567 091	567 091
1.3. Equity shares		(33 696)	-	-
1.4. Net profit		12 626	41 113	17 327
		<b>608 134</b>	<b>629 204</b>	<b>605 418</b>
<b>2. Provisions</b>				
2.1. Provisions for liabilities – short-term	8	2 000	2 000	2 000
2.2. Deferred income tax provision – long-term	7	-	-	9 154
		<b>2 000</b>	<b>2 000</b>	<b>11 154</b>
<b>3. Long-term liabilities</b>				
3.1. Loans, borrowings and bonds	5	508 133	527 138	523 702
3.3. Security deposits and advances received		16 997	17 707	15 976
		<b>525 130</b>	<b>544 845</b>	<b>539 678</b>
<b>4. Short-term liabilities</b>				
4.1. Loans, borrowings and bonds	6	359 624	438 557	337 405
4.2. Liabilities due to current portion of income tax		307	1 945	728
4.3. Other tax liabilities		2 794	4 187	5 803
4.4. Trade liabilities		6 963	17 267	16 237
4.5. Security deposits and advances received		21 094	16 016	18 970
4.6. Other liabilities		3 095	5 028	4 734
		<b>393 877</b>	<b>483 000</b>	<b>383 877</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 529 141</b>	<b>1 659 049</b>	<b>1 540 127</b>

**INTERIM SEPARATE PROFIT AND LOSS ACCOUNT (PLN '000)**

	NOTE	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
Revenue	10	121 660	99 822
Prime cost of sale		(78 233)	(62 062)
<b>Gross profit on sales</b>		<b>43 427</b>	<b>37 760</b>
Profit / (loss) on investment property		(145)	1 826
Selling costs		(11 862)	(12 507)
General administrative expenses		(18 098)	(16 390)
Other operating revenue		28 137	39 585
Other operating expenses		(465)	(278)
<b>Profit before tax and excluding financial revenue / expenses</b>		<b>40 994</b>	<b>49 996</b>
Financial revenue		2 540	986
Financial expenses		(30 208)	(31 420)
<b>Gross profit</b>		<b>13 326</b>	<b>19 562</b>
Income tax		(700)	(2 235)
<b>Net profit</b>		<b>12 626</b>	<b>17 327</b>
Net profit		12 626	17 327
Average weighted ordinary shares		412 690 582	420 000 000
Earnings per ordinary share (in PLN)		0,03	0,04
Average weighted diluted ordinary shares		412 690 582	420 000 000
Diluted earnings per ordinary share (in PLN)		0,03	0,04

**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME (PLN '000)**

	NOTE	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
<b>Net profit</b>		<b>12 626</b>	<b>17 327</b>
Other net comprehensive income		-	-
<b>Comprehensive income</b>		<b>12 626</b>	<b>17 327</b>

## INTERIM SEPARATE CASH FLOW STATEMENT (PLN '000)

	NOTE	01.01.2013 -30.06.2013	01.01.2012 -30.06.2012
<b>Operating cash flow – indirect method</b>			
<b>I. Gross profit</b>		<b>13 326</b>	<b>19 562</b>
<b>II. Adjustments</b>		<b>5 947</b>	<b>(1 813)</b>
1. Depreciation/Amortisation		1 815	1 982
2. Foreign exchange gains/(losses)		-	-
3. Interest and profit sharing (dividends)		4 183	(3 695)
4. Profit/(loss) on revaluation of assets and liabilities		(51)	(100)
<b>III. Movement in working capital</b>		<b>55 396</b>	<b>37 266</b>
1. Movement in provisions		(961)	(897)
2. Movement in inventory		37 385	14 226
3. Movement in receivables		29 006	66 964
4. Movement in short-term liabilities, except for loans and borrowings		(10 034)	(43 027)
<b>IV. Net operating cash (I+/-II +/- III)</b>		<b>74 669</b>	<b>55 015</b>
<b>V. Income tax paid</b>		<b>(3 480)</b>	<b>(3 500)</b>
<b>VI. Net operating cash flow (IV+/-V)</b>		<b>71 189</b>	<b>51 515</b>
<b>Cash flow from investing activities</b>			
<b>I. Proceeds</b>		<b>317 290</b>	<b>51 307</b>
1. Sale of intangible assets and property, plant and equipment		52	110
2. Sale of investments in real property and intangible assets		145	159
3. From financial assets, including:		317 093	51 038
a) in related parties		317 093	51 038
- sale of financial assets		-	-
- dividends and profit sharing		14 971	13 000
- repayment of borrowings granted		297 112	35 003
- interest		5 010	3 035
4. Other investment proceeds		-	-
<b>II. Expenditures</b>		<b>(135 842)</b>	<b>(94 813)</b>
1. Purchase of intangible assets and PP&E		(2 669)	(1 723)
2. Investments in real property and intangible assets		-	-
3. On financial assets, including:		(133 066)	(92 822)
a) in related parties		(133 065)	(92 822)
- purchase of financial assets		(290)	(11 356)
- borrowings granted		(132 775)	(81 466)
b) in other parties		(1)	-
- purchase of financial assets		(1)	-
4. Other capital expenditures		(107)	(268)
<b>Net cash flow from investing activities</b>		<b>181 448</b>	<b>(43 506)</b>

## INTERIM SEPARATE CASH FLOW STATEMENT (PLN '000)

	NOTE	01.01.2013 -30.06.2013	01.01.2012 -30.06.2012
<b>Cash flow from financing activities</b>			
<b>I. Proceeds</b>		<b>313 530</b>	<b>290 475</b>
1. Net proceeds from issue of shares (interests) and other equity instruments and capital contributions		-	-
2. Loans and borrowings		1 216	2 280
3. Issue of debt securities		312 314	288 195
<b>II. Expenditures</b>		<b>(476 705)</b>	<b>(347 907)</b>
1. Purchase of equity shares (interests)		(33 696)	-
2. Dividends and other payments to equity holders		-	-
3. Expenditure due to distribution of profit, other than payments to equity holders		-	-
4. Repayment of loans and borrowings		(90 484)	(27 305)
5. Redemption of debt securities		(320 000)	(290 000)
6. Due to other financial liabilities		-	-
7. Payment of liabilities under finance lease agreements		-	-
8. Interest		(32 525)	(30 602)
9. Other financial expenditures		-	-
<b>Net cash flow from financing activities</b>		<b>(163 175)</b>	<b>(57 432)</b>
<b>Total net cash flows</b>		<b>89 462</b>	<b>(49 423)</b>
Movement in the balance of cash, including:		<b>89 462</b>	<b>(49 423)</b>
- movement in cash due to foreign exchange gains/losses		-	-
<b>Cash at the beginning of the period</b>		<b>3 017</b>	<b>86 386</b>
<b>Cash at the end of the period, including:</b>		<b>92 479</b>	<b>36 963</b>
- restricted cash		1 019	-

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

	SHARE CAPITAL	SUPPLEMENTAR Y CAPITAL	EQUITY SHARES	PROFIT BROUGHT FORWARD	CURRENT YEAR PROFIT	TOTAL EQUITY
<b>As at 1 January 2013</b>	21 000	567 091	-	41 113	-	629 204
Changes in the period:						
Equity shares			(33 696)			(33 696)
Allocation of result from previous years	-	41 113		(41 113)	-	-
Net profit for the period	-	-		-	12 626	12 626
Total changes	-	41 113	(33 696)	(41 113)	12 626	(21 070)
<b>As at 30 June 2013</b>	<b>21 000</b>	<b>608 204</b>	<b>(33 696)</b>	<b>-</b>	<b>12 626</b>	<b>608 134</b>
<b>As at 1 January 2012</b>	21 000	550 574	-	16 517	-	588 091
Changes in the period:						
Allocation of result from previous years	-	16 517		(16 517)	-	-
Net profit for the period	-	-		-	41 113	41 113
Total changes	-	16 517		(16 517)	41 113	41 113
<b>As at 31 December 2012</b>	<b>21 000</b>	<b>567 091</b>	<b>-</b>	<b>-</b>	<b>41 113</b>	<b>629 204</b>
<b>As at 1 January 2012</b>	21 000	550 574	-	16 517	-	588 091
Changes in the period:						
Allocation of result from previous years	-	16 517		(16 517)	-	-
Net profit for the period	-	-		-	17 327	17 327
Total changes	-	16 517		(16 517)	17 327	17 327
<b>As at 30 June 2012</b>	<b>21 000</b>	<b>567 091</b>	<b>-</b>	<b>-</b>	<b>17 327</b>	<b>605 418</b>

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

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

The said purchase of the equity shares was based on:

- Resolution 3 of the Extraordinary General Meeting of Echo Investment S.A. of 19 December 2008, authorising the Issuer's Management Board to purchase equity shares for redemption or for resale between 20 December 2008 and 19 December 2013.

- Resolution on the adoption of the equity share redemption programme of Echo Investment S.A. on 18 January 2012.

As at 30 June 2013, the decrease in the share capital was not registered with the court.

**NOTES ON THE ADOPTED ACCOUNTING PRINCIPLES AND OTHER EXPLANATORY INFORMATION****GENERAL INFORMATION**

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

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

The Company's shares are quoted at the Warsaw Stock Exchange on the regulated market – construction industry.

The Company was established for an indefinite period of time.

As at 30 June 2013, the Management Board of Echo Investment S.A. was composed of Piotr Gromniak (President of the Management Board), Artur Langner (Vice-President of the Management Board) and Waldemar Lesiak (Vice-President of the Management Board), and, as at 30 June 2012, the Management Board was composed of Piotr Gromniak (President of the Management Board) and Artur Langner (Vice-President of the Management Board). As at 30 June 2013, the Supervisory Board was composed of Wojciech Ciesielski (Chairman), Andrzej Majcher and Mariusz Waniółka (Vice-Chairmen), and Robert Oskard and Karol Żbikowski (Members), and, as at 30 June 2012, the Supervisory Board was composed of Wojciech Ciesielski (Chairman), Andrzej Majcher and Mariusz Waniółka (Vice-Chairmen), and Tomasz Kalwat, Robert Oskard and Karol Żbikowski (Members). As at 30 June 2013, pursuant to article 86 section 3 of the Act of 7 May 2009 on statutory auditors and their professional associations, the Audit Committee is composed of the members of the Supervisory Board.

**INFORMATION ON THE FINANCIAL STATEMENTS**

The condensed interim statements of Echo Investment S.A. present financial data for the 6-month period ending on 30 June 2013, comparative data for the 6-month period ending on 30 June 2012 and comparative data for the 12-month period ending on 31 December 2012.

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

When preparing the condensed financial statements, the Company used the principles included in IAS 34. These financial statements should be analysed in conjunction with the 2012 annual separate financial statements.

The statements have been prepared in accordance with the International Accounting Standards and International Financial Reporting Standards approved by the European Commission. The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property and financial instruments, which were measured at fair value. To fully understand the financial situation and business results of the Company as the parent company of the Echo Investment Capital Group, these financial statements should be read together with the semi-annual consolidated financial statements for the 6-month period ending on 30 June 2013. These consolidated financial statements are available on the Company's website [www.echo.com.pl](http://www.echo.com.pl). The statements have been drawn up according to the going concern principle as there are no circumstances indicating a threat to continued activity.

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

When preparing these statements, the Company used new standards, amendments to standards and interpretations released by the IFRS Interpretations Committee, which apply to the Company's reporting period starting on 01 January 2013. The introduced amendments have not had any material effect on the presentation of data and measurement in the financial statements.

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

### MAJOR EVENTS IN H1 2013

#### Issue of bonds

On 31 January 2013, the Company issued coupon bonds in the total amount of PLN 200 million.

The nominal value and the issue price of one bond is PLN 10 thousand. The bonds were issued for the period ending on 28 April 2017. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value. The issued bonds are not hedged.

The value of the incurred liabilities on the last day of the quarter preceding the day when purchase was offered, i.e. 30 September 2012, amounts to PLN 956 million.

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

As at 30 September 2012, the issued bonds account for 32.73% of the equity of Echo Investment S.A.

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

The cash obtained from the issue of the said bonds fully secure the Company's borrowing requirements related to the service of previously issued bonds which mature in the current financial year.

-----  
The Bond Issue Programme (Current Report no. 7/2011 of 1 February 2011) entered into with BRE Bank S.A. with its registered office in Warsaw stipulated that, on 19 June 2013, the Company would issue coupon bonds of a total value of PLN 80 million.

The nominal value and the issue price of one bond is PLN 10 thousand. The bonds were issued for the period ending on 19 June 2018. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value. The issued bonds are not hedged.

The value of the incurred liabilities on the last day of the quarter preceding the day when purchase was offered, i.e. 31 March 2013, amounts to PLN 975 million.

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

As at 31 March 2013, the issued bonds account for 12.55% of the equity of Echo Investment S.A.

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

The funds from the current issue will be used for a partial rollover of the bonds whose redemption date is in the next year and for expenditures related to investment processes on the real property market as part of the Echo Investment S.A. Capital Group's development strategy.

#### Information on the purchase of equity shares

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

The transaction is to be settled with the National Depository for Securities today, i.e. 26 April 2013.

During the next Ordinary General Shareholders' Meeting of Echo Investment S.A., the Issuer's Management Board plans to submit a resolution on the redemption of the said shares, which were purchased as a result of a call to subscribe for the sale of shares between 8 and 21 February 2012 (see current report no. 4/2012 of 19 January 2012 and current report no. 7/2012 of 27 February 2012).

The said purchase of the Issuer's shares was based on:

- Resolution 3 of the Extraordinary General Meeting of Echo Investment S.A. of 19 December 2008, authorising the Issuer's Management Board to purchase equity shares for redemption or for resale between 20 December 2008 and 19 December 2013.

- Resolution on the adoption of the equity share redemption programme of Echo Investment S.A. on 18 January 2012 (Current Report no. 3/2012).

The nominal value of each of the Issuer's shares is PLN 0.05 and the total nominal value of the purchased shares is PLN 365,470.9. The purchased shares account for 1.74% of the Issuer's share capital and are vested with 7,309,418 votes, representing 1.74% of the overall number of votes at the General Meeting of Echo Investment S.A.

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

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

1. Factors affecting the Company's financial result in H1 2013:

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

2. Unusual events affecting the Company's financial result in H1 2013:

- none.

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

The Company operates in several segments of the real property market. Regular implementation of projects for subsidiaries under agreements for the preparation and management of investments ensures stable revenue in each quarter. The sale of housing developments depends on the commissioned residential buildings and revenue on these operations is generated in every quarter but it varies in terms of stability. Revenue from general investment contractor services for third parties and from trade in property may be irregular. The Management Board cannot exclude other one-time events which may influence results generated in a given period.

## MAIN ACCOUNTING PRINCIPLES

The accounting policy is in line with the policy used in the financial statements for the year ending on 31 December 2012.

### METHODS OF DETERMINING THE FINANCIAL RESULT

The financial result is determined using the calculation method.

#### Operating revenues

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

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

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

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

#### Prime cost of sale

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

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

#### Financial expenses

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

#### Cash flow statement

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

#### Segment reporting

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

### MATERIAL ESTIMATES OF THE COMPANY'S MANAGEMENT BOARD

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

**Investment property**

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

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

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

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

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

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

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

**Inventory**

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

Assumptions used when calculating the allowance mainly relate to market prices of property applicable in a given market segment. In the case of land recognised under inventory, the value of the allowances is due to the usefulness of land for the Company's current and prospective business estimated by the Management Board.

**Impairment of interests in subsidiaries, jointly controlled entities and associates**

An impairment test is conducted when there are indications that the carrying value of an investment will not be recovered. The assessment of the impairment of interests in subsidiaries, jointly-controlled and associated companies is based on an analysis of the fair value of assets and liabilities held by the companies and the expected prospective cash flows from the operations of such companies. In the course of the assessment, the Company also evaluates the duration and extent to which the current value of the shares is lower than its purchase price and a company's perspectives and plans for its investment developments. All material impairments of the fair value of assets in subsidiaries have been regarded to be long-term by the Management Board and have resulted in impairment losses on interests in subsidiaries. In particular, for material subsidiaries which, as at 30 June 2013, did not run any material operating activity, the value of the allowances made corresponds to the total difference between the net value of the subsidiary's assets and the purchase price of the interests.

Analysis of exposure to impairment of interests, shares and funds (PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS		
	AS AT 30.06.2013	AS AT 31.12.2012	AS AT 30.06.2012
Interests, shares and funds held	923 366	923 076	923 936
Financial revenues/expenses from the measurement of interests, shares and funds	-	-1 972	-
Estimated percentage change in the value of interests, shares and funds	+/- 1 p.p.	+/- 1 p.p.	+/- 1 p.p.
Estimated financial revenues/expenses from a potential change in the value of interests, shares and funds	9 234	9 231	9 239
<b>Total effect on the gross result for the period</b>	<b>9 234</b>	<b>9 231</b>	<b>9 239</b>
Income tax	1 755	1 754	1 755
<b>Total effect on the net result for the period</b>	<b>7 479</b>	<b>7 477</b>	<b>7 484</b>

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

#### Deferred income tax

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

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

In 2012, the Company's Management Boards changed its expectations and decided not to sell the interests of Barconsel Holdings Ltd. Echo – Aurus Sp. z o.o. and Echo - SPV 7 Sp. z o.o. in the foreseeable future. Therefore, pursuant to IAS 12 item 39, as at 31 December 2012, the provision for deferred income tax on tax and accounting differences related the said interest in the above-mentioned subsidiaries in the amount of PLN 14,559 thousand was released.

## ADDITIONAL EXPLANATIONS

#### Material agreements concluded with related entities and performed during the period

In connection with the Echo Investment S.A. Group's strategy involving the construction of all shopping centres, office buildings and apartments by different subsidiaries and Echo Investment S.A.'s contribution – to its special purpose vehicles – of properties where shopping centres and office buildings are constructed, a large portion of Echo Investment S.A.'s transactions is executed with related entities. The largest H1 2013 transactions with related companies were executed based on the following agreements:

- Agreement for the management of an investment project concluded on 25 August 2011 with Echo Galeria – Amber Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the shopping, services and entertainment centre located on a real property in Kalisz in ul. Górnośląska and ul. Pomorska. The value of the transaction for H1 2013 is PLN 2,483 thousand.
- Agreement for the management of an investment project concluded on 1 September 2011 with Veneda - Projekt Echo - 97 Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the shopping centre located on a real property in Łomża in ul. Zawadzka and ul. Katyńska.

The value of the transaction for H1 2013 is PLN 1,574 thousand.

- Agreement for the management of an investment project concluded on 1 October 2012 with Projekt 7 - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the office facility located on a real property in Warsaw in ul. Konstruktorska. The value of the transaction for H1 2013 is PLN 2,692 thousand.
- Agreement for the management of an investment project concluded on 02 May 2012 with Aquarius Business House - Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the implementation of stage II of the office facility located on a real property in Wrocław in ul. Swobodna. The value of the transaction for H1 2013 is PLN 1,096 thousand.
- Agreement on investment management concluded on 1 September 2012 with A4 - Business Park - GE Spółka z ograniczoną odpowiedzialnością S.K.A., as the investor. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of the office facility located on a real property in Katowice in ul. Francuska. The value of the transaction for H1 2013 is PLN 1,355 thousand.
- Agreement for the preparation of an investment concluded on 23 December 2008 with Echo - Metropolis Sp. z o.o., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works so that the Investor can obtain a permit for the construction of a shopping facility on a real property located in Poznań in ul. Duszna, Hetmańska and Krauthofera. The value of the transaction for H1 2013 is PLN 1,772 thousand.
- Agreement for the preparation of an investment concluded on 24 June 2010 with Projekt Echo - 70 Sp. z o.o., as the investor. Under this agreement, Echo Investment S.A. obliged to perform works so that the Investor can obtain a permit for the construction of an office facility on a real property located in Warsaw in ul. Jana Pawła. The value of the transaction for H1 2013 is PLN 1,816 thousand.
- Agreement of 2 January 2013 on the sale of the perpetual usufruct title to the property located in Warsaw in ul. Konstruktorska 10 along with the ownership title to buildings, concluded with Projekt Echo -67 Spółka z ograniczoną odpowiedzialnością Sp. K. Transaction value: PLN 46,710 thousand.
- Agreement of 3 January 2013 on the sale of proprietary copyrights to design works, concluded with Projekt Echo - 67 Spółka z ograniczoną odpowiedzialnością Sp. K. Transaction value: PLN 2,618 thousand.
- Agreement of 3 January 2013 on investment management, concluded with Projekt Echo - 67 Spółka z ograniczoną odpowiedzialnością Sp. K. Under this agreement, Echo Investment S.A. obliged to provide comprehensive investment management and consulting services in all matters related to the construction of stage I of Nowy Mokotów housing complex in Warsaw in ul. Konstruktorska 10. The value of the transaction for H1 2013 is PLN 995 thousand.

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

## **INFORMATION ON MATERIAL POST-BALANCE SHEET EVENTS**

The Company did not identify any material events after the balance sheet date.

## **INFORMATION ON REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD**

In H1 2013, managerial staff of Echo Investment S.A. received the following remuneration in Echo Investment S.A.:

- Piotr Gromniak received remuneration in Echo Investment S.A. totalling PLN 384 thousand;
- Artur Langner received remuneration in Echo Investment S.A. totalling PLN 364 thousand.
- Waldemar Lesiak received remuneration in Echo Investment S.A. totalling PLN 126 thousand.

In H1 2013, supervisory staff of Echo Investment S.A. received the following remuneration for holding supervisory functions in the Company:

Remuneration in Echo Investment S.A.:

- Wojciech Ciesielski received remuneration in Echo Investment S.A. totalling PLN 42 thousand;
- Andrzej Majcher received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Mariusz Waniółka received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Robert Oskard received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand;
- Karol Żbikowski received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand;
- Tomasz Kalwat received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand.

In H1 2012, managerial staff of Echo Investment S.A. received the following remuneration in Echo Investment S.A.:

- Piotr Gromniak received remuneration in Echo Investment S.A. in the total amount of PLN 508 thousand;
- Artur Langner received remuneration in Echo Investment S.A. in the total amount of PLN 477 thousand.

In H1 2012, supervisory staff of Echo Investment S.A. received the following remuneration for holding supervisory functions in the Company:

Remuneration in Echo Investment S.A.:

- Wojciech Ciesielski received remuneration in Echo Investment S.A. in the total amount of PLN 42 thousand;
- Andrzej Majcher received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Mariusz Waniółka received remuneration in Echo Investment S.A. in the total amount of PLN 30 thousand;
- Robert Oskard received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand;
- Karol Żbikowski received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand;
- Tomasz Kalwat received remuneration in Echo Investment S.A. in the total amount of PLN 18 thousand.

## NOTES TO THE INTERIM STATEMENT OF FINANCIAL POSITION

## NOTE 1

<b>MOVEMENT IN INVESTMENT PROPERTY (IN PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
<b>Value of property investments at the beginning of the period</b>	<b>3 752</b>	<b>3 655</b>	<b>3 655</b>
<b>a) increases (due to)</b>	-	<b>2 082</b>	<b>1 825</b>
- revaluation of property	-	2 082	1 825
<b>b) decreases (due to)</b>	<b>(145)</b>	<b>(1 985)</b>	<b>(1 984)</b>
- sale	(145)	-	-
- reclassification to inventory	-	(1 985)	(1 984)
<b>Value of property investments at the end of the period</b>	<b>3 607</b>	<b>3 752</b>	<b>3 496</b>

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

As at 30 June 2013, the Company held investment property located in Poland. Since the lease agreements contain rents denominated in EUR, the measurements have been prepared in these currencies and converted to PLN according to the exchange rate of the leading bank maintaining the Company's accounts, applicable as at the balance sheet date.

The company has no securities established on investment properties. As at 30 June 2013, the Company does not have any contractual obligations.

## NOTE 2A

<b>INTERESTS OR SHARES (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
<b>a) Investments in subsidiaries, jointly controlled entities and associates</b>			
- in subsidiaries	920 723	920 433	921 306
- in jointly controlled entities	1 500	1 500	1 500
- in associates	13	13	-
	<b>922 236</b>	<b>921 946</b>	<b>922 806</b>
<b>Total interests or shares</b>	<b>922 236</b>	<b>921 946</b>	<b>922 806</b>

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

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

## NOTE 2B

MOVEMENT IN INTERESTS AND SHARES (PLN '000)	30.06.2013	31.12.2012	30.06.2012
<b>a) balance at the beginning of the period, including:</b>	<b>921 946</b>	<b>908 022</b>	<b>911 453</b>
- shares and interests	921 946	908 022	911 453
<b>b) increases (due to)</b>	<b>293</b>	<b>15 937</b>	<b>14 825</b>
- purchase of interests	3	12 190	11 392
- increase in capital	290	3 747	3 433
<b>c) decreases (due to)</b>	<b>(3)</b>	<b>(2 013)</b>	<b>(3 472)</b>
- sale of interests	(1)	(41)	(41)
- liquidation of companies	(2)	-	-
- revaluation allowance for assets	-	(1 972)	-
- settlement of advances on the purchase of interests	-	-	(3 431)
<b>d) balance at the end of the period, including:</b>	<b>922 236</b>	<b>921 946</b>	<b>922 806</b>
- shares and interests	922 236	921 946	922 806

In 2013, the Company increased capital in the subsidiary:

- Echo - Aurus Sp. z o.o., through a contribution in kind of PLN 60,633 thousand, and acquired interests in the total amount of PLN 60,633 thousand.
- Projekt Echo - 107 Sp. z o. o., through a cash contribution of PLN 50 thousand, and acquired interests in the total amount of PLN 50 thousand.
- Projekt Echo - 108 Sp. z o. o., through a cash contribution of PLN 50 thousand, and acquired interests in the total amount of PLN 50 thousand.
- Projekt Echo - 109 Sp. z o. o., through a cash contribution of PLN 50 thousand, and acquired interests in the total amount of PLN 50 thousand.
- Projekt Echo - 110 Sp. z o. o., through a cash contribution of PLN 50 thousand, and acquired interests in the total amount of PLN 50 thousand.
- Farina Investments Sp. z o. o., through a cash contribution of PLN 45 thousand, and acquired interests in the total amount of PLN 45 thousand.
- Elmia Investments Sp. z o. o., through a cash contribution of PLN 45 thousand, and acquired interests in the total amount of PLN 45 thousand.

In addition, in 2013, the Company acquired interests in:

- Echo - SPV7 Sp. z o. o., with a value of PLN 2 thousand. In addition, in 2013, the Company sold interests in:

- Echo Aurus Sp. z o.o., for PLN 1 thousand.

## NOTE 3

LONG-TERM BORROWINGS GRANTED (PLN '000)	30.06.2013	31.12.2012	30.06.2012
- in subsidiaries	-	-	-
- in other entities	44	-	-
<b>Total long-term borrowings granted</b>	<b>44</b>	<b>-</b>	<b>-</b>

## BASIC DATA ON LONG-TERM BORROWINGS, WITHOUT INTEREST, AS AT 30.06.2013

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Other – unrelated parties	44	WIBOR 6M + margin	30 April 2015
<b>Total:</b>	<b>44</b>		

## NOTE 3A

INVENTORY (PLN '000)	30.06.2013	31.12.2012	30.06.2012
a) semi-finished products and work-in-progress	176 924	272 772	272 883
b) finished products	44 087	18 758	23 239
c) goods	44 019	10 884	2 303
<b>Total inventory</b>	<b>265 030</b>	<b>302 414</b>	<b>298 425</b>

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

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

## NOTE 3B

INVENTORY – INFLUENCE ON THE RESULT (PLN '000)	30.06.2013	31.12.2012	30.06.2012
Allowances for inventory recognised as cost in the period	-	29 770	20 770
Reversed write-downs on inventory recognised as revenue in the period	566	9 946	6 019

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

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

The amount of the revaluation allowance for inventory in H1 2013 changed by PLN 566 thousand (as at 31 December 2012: PLN 19,824 thousand, as at 30 June 2012: PLN 14,751 thousand).

## NOTE 4A

SHORT-TERM BORROWINGS GRANTED (PLN '000)	30.06.2013	31.12.2012	30.06.2012
<b>a) in subsidiaries</b>			
- borrowings granted	154 310	318 691	188 786
- interest	2 490	42	6 311
	<b>156 800</b>	<b>318 733</b>	<b>195 097</b>
<b>b) in other parties</b>			
- borrowings granted	2	3	56
- interest	-	-	1
	<b>2</b>	<b>3</b>	<b>57</b>
<b>Total short-term borrowings granted</b>	<b>156 802</b>	<b>318 736</b>	<b>195 154</b>

Note 4A contains short-term borrowings plus interest.

## NOTE 4B

SHORT-TERM BORROWINGS GRANTED (CURRENCY STRUCTURE) (PLN '000)	30.06.2013	31.12.2012	30.06.2012
a) in the Polish currency (PLN)	156 802	318 736	195 154
b) in foreign currencies (by currency and after translation into PLN)	-	-	-
<b>Total short-term borrowings granted</b>	<b>156 802</b>	<b>318 736</b>	<b>195 154</b>

Note 4B contains short-term borrowings plus interest.

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

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

The maximum value of lending risk related to the borrowings is equivalent to their carrying value.

The granted borrowings are not secured.

The granted borrowings are not overdue and they have not been impaired. The borrowings have been granted to related entities with a good financial standing.

## BASIC DATA ON MAJOR SHORT-TERM BORROWINGS, WITHOUT INTEREST, AS AT 31.12.2012

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

## BASIC DATA ON MAJOR SHORT-TERM BORROWINGS, WITHOUT INTEREST, AS AT 30.06.2012

COUNTERPARTY	AMOUNT (PLN '000)	INTEREST RATE	REPAYMENT DATE
Projekt Echo - 70 Sp. z o.o.	25 050	WIBOR 3M + margin	31 December 2012
Echo - Galeria Kielce Sp. z o. o.	73 400	WIBOR 3M + margin	31 December 2012
Echo Investment Hungary Ingatlanhasznosito KF	20 585	WIBOR 3M + margin	31 December 2012
Projekt S Sp. z o.o.	960	WIBOR 3M + margin	31 December 2012
Echo Investment Project 1 SRL	16 950	WIBOR 3M + margin	31 December 2012
Barconsel Holding Limited	646	WIBOR 3M + margin	31 December 2012
EI Project CYP 1 LIMITED	27 250	WIBOR 3M + margin	30 September 2012
Veneda - Projekt Echo - 97 Sp. z o.o. S.K.A.	25 350	WIBOR 3M + margin	31 December 2012
other – non-related parties	57	WIBOR 6M + margin	30 June 2013
<b>Total:</b>	<b>190 248</b>		

## NOTE 5A

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) (PLN '000)	30.06.2013	31.12.2012	30.06.2012
a) due to subsidiaries	-	-	-
b) due to other entities			
- advances received	15 351	15 663	15 976
- security deposits received	1 646	2 044	-
- due to issue of debt securities	508 133	527 138	523 702
	<b>525 130</b>	<b>544 845</b>	<b>539 678</b>
<b>Total long-term liabilities</b>	<b>525 130</b>	<b>544 845</b>	<b>539 678</b>

Under an agreement signed with BRE Bank S.A., the Company issued coupon bonds on 31 January 2013 in the amount of PLN 200 million, and on 19 June 2013 in the amount of PLN 80 million.

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) WITH REMAINING MATURITIES FROM THE BALANCE SHEET DATE (PLN '000)	30.06.2013	31.12.2012	30.06.2012
a) over 1 year to 3 years	248 851	391 288	412 538
b) over 3 years to 5 years	263 051	139 546	113 316
c) over 5 years	13 228	14 011	13 824
<b>Total long-term liabilities</b>	<b>525 130</b>	<b>544 845</b>	<b>539 678</b>
Interest rates applied for discounting the expected cash flows:	6,68%	6,71%	7,63%

The Company has presented its long-term liabilities at nominal value in note 5E.

## NOTE 5C

LONG-TERM LIABILITIES (WITHOUT INCOME TAX PROVISION) (CURRENCY STRUCTURE) (PLN '000)	30.06.2013	31.12.2012	30.06.2012
a) in the Polish currency (PLN)	525 130	544 845	539 678
b) in foreign currencies (by currency and after translation into PLN)	-	-	-
<b>Total long-term liabilities</b>	<b>525 130</b>	<b>544 845</b>	<b>539 678</b>

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

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

## NOTE 5D

## LOAN FACILITIES AS AT 30 JUNE 2013

BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	LOAN/BORROWING AMOUNT ACCORDING TO THE AGREEMENT		OUTSTANDING AMOUNT OF THE LOAN/BORROWING		INTEREST RATE TERMS	REPAYMENT DATE	COLLATERAL
		PLN '000	CURRENCY	PLN '000	CURRENCY			
PeKaO S.A.	Warsaw	50 000	PLN	24 203	PLN	WIBOR 1M + margin	2014-06-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	50 000	PLN	-		WIBOR 1M + margin	2013-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 200 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	50 000	PLN	-		WIBOR 1M + margin	2015-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 200 million, sola blank bill of exchange
BZ WBK S.A.	Wroclaw	50 000	PLN	17	PLN	WIBOR 1M + margin	2014-07-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 100 million, sola blank bill of exchange
Alior Bank S.A.	Warsaw	30 000	PLN	-		WIBOR 1M + margin	2014-01-29	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
<b>Total</b>		<b>230 000</b>		<b>24 220</b>				

## LOAN FACILITIES AS AT 31 DECEMBER 2012

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

## LOAN FACILITIES AS AT 30 JUNE 2012

BUSINESS NAME AND LEGAL FORM	REGISTERED OFFICE	LOAN/BORROWING AMOUNT ACCORDING TO THE AGREEMENT		OUTSTANDING AMOUNT OF THE LOAN/BORROWING		INTEREST RATE TERMS	REPAYMENT DATE	COLLATERAL
		PLN '000	CURRENCY	PLN '000	CURRENCY			
PeKaO S.A.	Warsaw	50 000	PLN	1 759	PLN	WIBOR 1M + margin	2013-06-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
PeKaO S.A.	Warsaw	65 540	PLN	5 469	PLN	WIBOR 1M + margin	2012-06-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 79 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	40 000	PLN	-		WIBOR 1M + margin	2012-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 160 million, sola blank bill of exchange
PKO BP S.A.	Warsaw	40 000	PLN	-		WIBOR 1M + margin	2012-08-19	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 160 million, sola blank bill of exchange
BZ WBK S.A.	Wroclaw	50 000	PLN	150	PLN	WIBOR 1M + margin	2013-06-08	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 100 million, sola blank bill of exchange
Alior Bank S.A.	Warsaw	30 000	PLN	-		WIBOR 1M + margin	2013-01-30	authorisation to a bank account, statement on submission to enforcement proceedings up to PLN 60 million, sola blank bill of exchange
<b>Total</b>		<b>275 540</b>		<b>7 378</b>				

The loan value corresponds to non-discounted cash flows.

**NOTE 5E**

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

DEBT FINANCIAL INSTRUMENTS BY TYPE	NOMINAL VALUE	INTEREST RATE TERMS	MATURITY	GUARANTEES/COLLATERALS	QUOTATION MARKET
bonds (BRE Bank S.A.)	300 000	WIBOR 6M + margin	2014-06-30	none	none
bonds (BRE Bank S.A.)	115 000	WIBOR 6M + margin	2015-05-18	none	none
bonds (BRE Bank S.A.)	145 000	WIBOR 6M + margin	2016-02-11	none	none
bonds (BRE Bank S.A.)	200 000	WIBOR 6M + margin	2017-04-28	none	none
bonds (BRE Bank S.A.)	80 000	WIBOR 6M + margin	2018-06-19	none	none
<b>Total</b>	<b>840 000</b>				

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

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

**NOTE 6A**

SHORT-TERM LOANS, BORROWINGS AND BONDS (PLN '000)	30.06.2013	31.12.2012	30.06.2012
<b>due to other companies</b>			
- loans and borrowings,	24 220	112 431	7 378
- due to issue of debt securities	335 404	326 126	330 027
<b>Total short-term loans, borrowings and bonds</b>	<b>359 624</b>	<b>438 557</b>	<b>337 405</b>

Under an agreement signed with BRE Bank S.A., the Company issued discount bonds on 9 January 2013 in the amount of PLN 35 million.

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

## NOTE 6B

<b>SHORT-TERM LOANS, BORROWINGS AND BONDS (CURRENCY STRUCTURE) (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
<b>due to other companies</b>			
in Polish currency	359 624	438 557	337 405
<b>Total short-term loans, borrowings and bonds</b>	<b>359 624</b>	<b>438 557</b>	<b>337 405</b>

## NOTE 7

<b>MOVEMENT IN DEFERRED INCOME TAX ASSETS/PROVISION (PLN '000)</b>	<b>01.01.2013</b>	<b>01.01.2012</b>	<b>01.01.2012</b>
	<b>-30.06.2013</b>	<b>-31.12.2012</b>	<b>-30.06.2012</b>
<b>1. Deferred income tax assets/provision at the beginning of the period</b>	<b>13 678</b>	<b>(7 778)</b>	<b>(7 778)</b>
investment property	(396)	1 118	1 118
receivables and liabilities due to borrowings	(8)	(218)	(218)
liabilities due to loans and bonds	(263)	26	26
tax loss	-	1 869	1 869
inventory	6 503	1 967	1 967
interests and shares	13 200	(1 734)	(1 734)
limited partnership income tax	-	(6 245)	(6 245)
other	(5 358)	(4 561)	(4 561)
<b>2. Increases</b>	<b>1 509</b>	<b>25 925</b>	<b>4 655</b>
investment property	28	-	-
receivables and liabilities due to borrowings	-	210	-
liabilities due to loans and bonds	-	-	-
tax loss	1 481	-	-
inventory	-	4 536	4 655
interests and shares	-	14 934	-
limited partnership income tax	-	6 245	-
other	-	-	-
<b>3. Decreases</b>	<b>(2 209)</b>	<b>(4 469)</b>	<b>(6 031)</b>
investment property	-	(1 514)	(1 465)
receivables and liabilities due to borrowings	(465)	-	(715)
liabilities due to loans and bonds	(477)	(289)	(163)
tax loss	-	(1 869)	(1 869)
inventory	(753)	-	-
interests and shares	(249)	-	(812)
limited partnership income tax	-	-	(363)
other	(265)	(797)	(644)
<b>4. Deferred income tax assets/provision at the end of the period</b>	<b>12 978</b>	<b>13 678</b>	<b>(9 154)</b>
investment property	(368)	(396)	(347)
receivables and liabilities due to borrowings	(473)	(8)	(933)
liabilities due to loans and bonds	(740)	(263)	(137)
tax loss	1 481	-	-
inventory	5 750	6 503	6 622
interests and shares	12 951	13 200	(2 546)
limited partnership income tax	-	-	(6 608)
other	(5 623)	(5 358)	(5 205)

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

In 2012, the Company's Management Boards changed its expectations and decided not to sell the interests of Barconsel Holdings Ltd. Echo – Aurus Sp. z o.o. and Echo - SPV 7 Sp. z o.o. in the foreseeable future. Therefore, pursuant to IAS 12 item 39, as at 31.12.2012, the provision for deferred income tax on tax and accounting differences related the said interest in the above-mentioned subsidiaries in the amount of PLN 14,559 thousand was released.

**NOTE 8**

<b>MOVEMENT IN SHORT-TERM PROVISIONS (DUE TO) (PLN '000)</b>	<b>30.06.2013</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
<b>a) at the beginning of the period</b>			
- provisions for penalties	2 000	2 000	2 000
- guarantee repairs	-	1 100	1 100
- court proceedings	-	1 173	1 173
	<b>2 000</b>	<b>4 273</b>	<b>4 273</b>
<b>b) release (due to)</b>			
- court proceedings	-	(1 173)	(1 173)
- guarantee repairs	-	(1 100)	(1 100)
	-	<b>(2 273)</b>	<b>(2 273)</b>
<b>c) at the end of the period</b>			
- provisions for penalties	2 000	2 000	2 000
- guarantee repairs	-	-	-
- court proceedings	-	-	-
	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>

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

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

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

## NOTE 9

OFF-BALANCE SHEET ITEMS (PLN '000)	30.06.2013	31.12.2012	30.06.2012
<b>1. Contingent receivables</b>	-	-	-
<b>2. Contingent liabilities</b>			
2.1. For related parties (due to)	118 310	82 878	29 147
- guarantees and sureties granted	118 310	82 878	29 147
2.2. For other entities (due to)	2 553	4 288	4 262
- guarantees and sureties granted	2 553	4 288	4 262
	<b>120 863</b>	<b>87 166</b>	<b>33 409</b>
<b>3. Other (due to)</b>			
- court proceedings against Echo Investment	167	590	1 798
	<b>167</b>	<b>590</b>	<b>1 798</b>
<b>Total</b>	<b>121 030</b>	<b>87 756</b>	<b>35 207</b>

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

1. Surety for the liabilities of Galeria Olimpia-Projekt Echo-98 Spółka z ograniczoną odpowiedzialnością SKA and Veneda-Projekt Echo-97 Spółka z ograniczoną odpowiedzialnością SKA due to the reimbursement to Tesco (Polska) Sp. z o.o. up to the value of expenditures actually made by Tesco (Polska) Sp. z o.o. for the future subject of lease under the lease agreements concluded on 28.10.2010 The surety amounts to PLN 15,000 thousand.

2. Security of liabilities due to BNY MELLON (Poland) Sp. z o.o. under the lease agreement of 19.11.12. The guarantee was issued in euro. The guarantee amounts to PLN 10,288 thousand.

3. Security for exceeding the development costs of the shopping and entertainment centre Amber in Kalisz, liabilities due to debt service and for the coverage of absent funds for the benefit of Bank Polska Kasa Opieki S.A. The guarantee amounts to PLN 39,627 thousand.

4. Security to Nordea Bank Polska SA to cover for a deficit of funds or the exceeding of the costs of constructing Centrum Handlowe Olimpia in Bełchatów. The security amounts to PLN 18,411 thousand.

5. Bank performance bond issued on 13.05.2013 by PKO BP S.A. to ORBIS S.A., securing claims due to non-performance or ill-performance of the agreement of 04.09.2008, as amended. The guarantee amounts to PLN 2,155 thousand.

6. Bank performance bond issued on 19.10.12 by Bank PKO BP S.A. to Immopoland Sp. z o.o., securing proper performance of the lease agreement of 28.08.2009, as amended, concluded between Echo Investment S.A. and Immopoland Sp. z o.o. The guarantee amounts to PLN 228 thousand.

7. Security for the liabilities due to Horte Sp. z o.o. in the event that the seller does not pay liquidated damages to the buyer upon the withdrawal from the Preliminary Property Sale Agreement of 17.10.2012. Guarantee issued in EUR. The guarantee amounts to PLN 17,317 thousand.

8. Security for the liabilities due to Skua Sp. z o.o. in the event that the seller does not pay liquidated damages to the buyer upon the withdrawal from the Preliminary Property Sale Agreement of 17.10.2012. Guarantee issued in EUR. The guarantee amounts to PLN 17,317 thousand.

9. Bank performance bond issued on 28.06.2013 by PKO BP S.A. to Dalkia Warszawa S.A., securing punctual and complete performance of works, as per the conditional agreement of 21.06.2013. The guarantee amounts to PLN 170 thousand.

10. Bank performance bond issued on 28.06.2013 by PKO BP S.A. to Dalkia Warszawa S.A., securing punctual and complete performance of works, as per the agreement of 07.06.2013. The guarantee amounts to PLN 350 thousand.

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

## NOTES TO THE PROFIT AND LOSS ACCOUNT

## NOTE 10

OPERATING REVENUE (STRUCTURE BY THE TYPES OF ACTIVITY) (PLN '000)	01.01.2013 -30.06.2013	01.01.2012 - 30.06.2012
<b>A. Sale of residential and commercial area</b>	<b>3 611</b>	<b>18 766</b>
- including: from related parties	-	-
<b>B. Property development services</b>	<b>33 183</b>	<b>46 328</b>
- including: from related parties	21 405	41 154
from subsidiaries	21 405	41 154
from jointly controlled entities	-	-
<b>C. Trade in real property</b>	<b>51 638</b>	<b>3 963</b>
- including: from related parties	46 073	-
<b>D. Lease services</b>	<b>2 003</b>	<b>2 007</b>
- including: from related parties	899	941
from subsidiaries	899	941
from the parent company	-	-
<b>E. Legal, accounting, consulting and IT services</b>	<b>21 094</b>	<b>19 152</b>
- including: from related parties	21 094	19 150
from subsidiaries	21 094	19 150
from jointly controlled entities	-	-
<b>F. Financial, marketing, securing services and other revenue</b>	<b>10 131</b>	<b>9 606</b>
- including: from related parties	9 576	9 014
from subsidiaries	9 574	9 014
from key personnel	2	-
<b>Total operating revenue</b>	<b>121 660</b>	<b>99 822</b>
- including: from related parties	99 047	70 259
from subsidiaries	99 045	70 259
from the parent company	-	-
from key personnel	2	-

The minimum contracted lease revenue for 2014 is PLN 4,010 thousand.

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

The Company concludes new agreements with subsidiaries based on investment management and not on general investment contractor services. At present, only margin is presented in revenue (implementation expenditures incurred by subsidiaries) in contrast to former general investment contractor agreements, where expenditures were incurred by the Company and comprised manufacturing cost on the one hand and revenue increased by margin on the other hand.

## NOTE 11

## INFORMATION ON FINANCIAL INSTRUMENTS (PLN '000)

No.	INSTRUMENT TYPE	NOTE	CARRYING VALUE (PLN '000)		
			AS AT 30.06.2013	AS AT 31.12.2012	AS AT 30.06.2012
<b>Financial assets</b>					
1.	<b>Borrowings and receivables:</b>				
	- long-term borrowings	3	44	-	-
	- short-term borrowings	4	156 802	318 736	195 154
	- trade receivables		17 986	32 570	26 234
	- advances received		13 228	13 498	13 769
2.	<b>Cash and cash equivalents</b>		<b>92 479</b>	<b>3 017</b>	<b>36 963</b>
<b>Financial liabilities</b>					
1.	<b>Other financial liabilities:</b>				
	- liabilities due to issue of debt securities	5, 6	843 537	853 264	853 729
	- trade liabilities		6 963	17 267	16 237
	- loans and borrowings	6	24 220	112 431	7 378

The Company's main financial instruments include:

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

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

Date: 27 August 2013

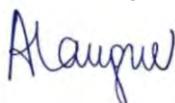
*Signatures of the Management Board of Echo Investment S.A.*

Piotr Gromniak



President of the Management Board

Artur Langner



Vice-President of the Management Board

Waldemar Lesiak



Vice-President of the Management Board

*Signature of the individual entrusted with bookkeeping:*

Tomasz Sułek



Chief Accountant



# MANAGEMENT REPORT OF ECHO INVESTMENT SA AND OF THE CAPITAL GROUP FOR H1 2013



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

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

Echo Investment S.A. manages the whole investment process of a given project, starting from the purchase of property, through obtaining administrative permits, financing, implementation, supervision to putting the facility into service. It performs the activities on its own behalf or, more often, by providing services to a special-purpose subsidiary. Implementing construction projects through subsidiaries significantly facilitates the management of the processes and ensures transparency of the Group's structure. These entities mainly rent out commercial space (shopping and entertainment centres, offices), construct and sell apartments and provide property management services. The Company also provides services as a general contractor to foreign investors.

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

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

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

As at 30 June 2013 and 30 June 2012, the Capital Group employed 351 and 333 people respectively.

The report covers the six-month period ending on 30 June 2013, comparative data for the six-month period ending on 30 June 2012 and comparative data for the twelve-month period ending on 31 December 2012 (in the case of the balance sheet and statement of changes in equity). The report has been drawn up in Polish zloty and in accordance with International Financial Reporting Standards approved by the European Commission.

The Company's shares have been listed on Warsaw Stock Exchange since March 1996. There are 420,000,000 of the Issuer's ordinary bearer shares (including 7,309,418 shares purchased by the Issuer; see commentary under the table on page 36 of this report).

#### 1. INFORMATION ON THE CAPITAL GROUP'S SEGMENTS

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

OPERATING RESULTS GENERATED IN H1 2013, BY SEGMENTS:

ITEM	REVENUE [IN MILLIONS OF PLN]	% SHARE	EXPENSES [IN MILLIONS OF PLN]	% SHARE
Shopping centres and shopping and entertainment centres	160,3	60,3%	51,9	44,3%
Residential areas	50,6	19,0%	37,0	31,6%
Office and hotel facilities	51,9	19,6%	25,2	21,5%
Not classified	3,0	1,1%	3,0	2,6%
<b>Total operating result</b>	<b>265,8</b>	<b>100,0%</b>	<b>117,1</b>	<b>100,0%</b>

In H1 2013, the Capital Group did not change the basis for segmentation and the sum of segments' assets did not change significantly in comparison to data presented in the 2012 report.

## OPERATING RESULTS GENERATED IN H1 2012, BY SEGMENTS:

ITEM	REVENUE [IN MILLIONS OF PLN]	% SHARE	EXPENSES [IN MILLIONS OF PLN]	% SHARE
Shopping centres and shopping and entertainment centres	150,8	54,5%	39,7	30,7%
Residential areas	84,5	30,5%	70,7	54,8%
Office and hotel facilities	38,5	13,9%	14,2	11,0%
Not classified	2,9	1,1%	4,4	3,5%
<b>Total operating result</b>	<b>276,7</b>	<b>100,0%</b>	<b>129,0</b>	<b>100,0%</b>

## 2. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITY SECURITIES

Apart from own resources and loans, the current activities of the Capital Group are also funded through the issue of debt financial instruments. At present, the Company actively conducts a programme of issuing both long-term and short-term bonds.

The Company issued bonds pursuant to agreements signed with BRE Bank S.A. in 2004 for the Bond Issue Programme, and under further annexes. The table below presents liabilities due to the issued bonds as at the reporting day:

LIABILITIES DUE TO BONDS ISSUED AS AT 30 JUNE 2013 (PLN '000)

BANK	INSTRUMENT TYPE	AMOUNT USED	MATURITY	INTEREST RATE TERMS
BRE Bank S.A.	Bonds	300 000	2014-06-30	WIBOR 6M + margin
BRE Bank S.A.	Bonds	115 000	2015-05-18	WIBOR 6M + margin
BRE Bank S.A.	Bonds	145 000	2016-02-11	WIBOR 6M + margin
BRE Bank S.A.	Bonds	200 000	2017-04-28	WIBOR 6M + margin
BRE Bank S.A.	Bonds	80 000	2018-06-19	WIBOR 6M + margin
<b>Total</b>		<b>840 000</b>		

As at 30 June 2013, the Issue Programme allowed for the issue of bonds with a total maximum nominal value of PLN 1 billion.

On 9 January 2013, bonds in the amount of PLN 35 million were redeemed under a guaranteed programme and another issue as part of that programme took place. The Company issued discount bonds in the total amount of PLN 35 million. The issue price of one bond was PLN 100 thousand. The bonds were issued for a 1-month period. The bonds were redeemed on 8 February 2013, which was the redemption date. The bond interest rate was established based on the variable WIBOR 1M rate plus the investors' margin.

On 31 January 2013, under the Bond Issue Programme entered into with BRE Bank S.A. with its registered office in Warsaw, the Company issued coupon bonds in a total amount of PLN 200 million. The nominal value and the issue price of one bond is PLN 10 thousand. The bonds were issued for the period ending on 28 April 2017. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value.

On 19 June 2013, the Company issued coupon bonds in the total amount of PLN 80 million. The issue price of one bond is PLN 10 thousand. The bonds were issued for a period of 5 years, i.e. the bonds mature on 19 June 2018. The bond interest rate was established based on the variable WIBOR 6M rate increased by investors' profit margin. Interest shall be paid in 6-month periods. On the redemption day, the bonds shall be redeemed based on their nominal value.

The issued bonds are not hedged.

### 3. INFORMATION ON PAID (OR DECLARED) DIVIDEND

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

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

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

On 2 July 2013, the Issuer's subsidiary Aquarius Business House – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna, with its registered office in Kielce (25-323), Al. Solidarności 36, entered into the register of entrepreneurs maintained by the District Court in Kielce under KRS no. 378348 (later referred to as the Seller), and:

Horta Spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw (address: ul. Mokotowska 49, 00-542 Warsaw), entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 12th Economic Department of the National Court Register, under KRS number 397696 (later referred to as the Buyer),

concluded a final agreement for the sale of the land property located in Wrocław in ul. Swobodna and ul. Borowska and the ownership title to the erection of an office building comprising stage I of the implemented Aquarius Business House office project along with accompanying infrastructure (Office Development).

The total value of the signed sale agreement for the Office Development is EUR 41,905 thousand, plus the applicable VAT, which, as at the date of signing the agreement, according to the average exchange rate of the National Bank of Poland, is equivalent to PLN 181,301 thousand net.

As at the day of submitting this current report, the fixed value of the sold assets in the consolidated financial statements of the Echo Investment Capital Group, measured in conformity with the IAS, amounts to PLN 163,894 thousand.

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

Assets sold under sale agreement have been considered to be material based on the Issuer's equity criterion.

In addition, on 1 and 2 July 2013, in connection with the said sale transaction, the Issuer's subsidiary Aquarius Business House – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna, repaid the loan to ALIOR BANK S.A., with its registered office in Warsaw, in the total amount of PLN 69,924 thousand.

As at the day of preparing the current report, the Issuer's Capital Group does not have any loan liability related to the sold asset.

Echo Investment Property Management – Grupa Echo Sp. z o.o. Spółka komandytowa, the Issuer's subsidiary, will manage the office building for 5 years. 98 per cent of the office building are already rented.

#### Loan agreement of the Issuer's subsidiary

On 17 July 2013, the Issuer's subsidiary Projekt 8 – Grupa Echo Spółka z ograniczoną odpowiedzialnością Spółka komandytowo – akcyjna, with its registered office in Kielce in Al. Solidarności 36, 25-323 Kielce, entered into the register of entrepreneurs of the National Court Register, maintained by the District Court in Kielce, 10th Economic Department of the National Court Register, under KRS no.: 0000440165 (later referred to as: the Borrower, the Company), and Hypothekenbank Frankfurt AG, a bank duly incorporated and operating under the laws of Germany, with its registered office in Eschborn, Helfmann-Park 5, 65760 Eschborn, Germany, entered into the commercial register maintained by the District Court for the City of Frankfurt under no. HRB 45701 (later referred to as: the Lender, the Bank), signed a loan agreement (later referred to as: the Agreement) in the amount of EUR 105,620 thousand, which, as at the date of signing the agreement, was equivalent to PLN 450,195 thousand.

The Borrower shall use the funds obtained under the loan agreement to finance the purchase of PASAŻ GRUNWALDZKI Shopping and Entertainment Centre in Wrocław, at the junction of ul. Piastowska, ul. Grunwaldzka, ul. M. Reja, ul. M. Curie – Skłodowskiej and Pl. Grunwaldzki (later referred to as the Property).

The contractual loan repayment date was set to be 30 September 2018.

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

- mortgage of up to EUR 150,000 thousand established on the Property, for the benefit of the Lender;
- mortgage of up to EUR 23,250 thousand established on the Property, for the benefit of the Lender;
- assignment of rights under project documents to the Lender;
- agreement for a registered pledge on the Borrower's interests;
- assignment of rights under Project Documents to the Lender, concluded by the Seller;
- declaration on the submission to enforcement proceedings.

In addition, the Issuer's Management Board announces that the said loan agreement was concluded in connection with the planned agreement for the transfer of assets, i.e. Pasaż Grunwaldzki Shopping and Entertainment Centre in Wrocław, from Echo Pasaż Grunwaldzki - Magellan West Spółka z ograniczoną odpowiedzialnością S.K.A., with its registered office in Kielce, to Projekt 8 – Grupa Echo Spółka z ograniczoną odpowiedzialnością – Spółka komandytowo - akcyjna, with its registered office in Kielce, with both companies being the Issuer's subsidiaries.

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

### 5.1.1. Surety agreements

#### SURETY AGREEMENTS OF THE CAPITAL GROUP IN FORCE AS AT 30 JUNE 2013

SURETY TO	VALUE (PLN '000)	VALIDITY	DESCRIPTION
TESCO (POLSKA) SP. Z O.O.	15 000	until 30.06.2015	Surety for the liabilities of Galeria Olimpia-Projekt Echo-98 Spółka z ograniczoną odpowiedzialnością SKA and Veneda-Projekt Echo-97 Spółka z ograniczoną odpowiedzialnością SKA due to the reimbursement to Tesco (Polska) Sp. z o.o. up to the value of expenditures actually made by Tesco (Polska) Sp. z o.o. for the future subject of lease under the lease agreements concluded on 28.10.2010
MERCOR S.A.	342	until 31.08.2013	Surety for the liabilities of Dostar Sp. z o.o. under agreement no. 2357/Gd/Hd/2012 concluded on 07.11.2012

See also item 3.13 of this Report.

**As at 30 June 2013, the value of valid sureties received by the Capital Group is as follows:**

- under lease agreements concluded: PLN 2.88 million; EUR 3.04 million, USD 0;
- due to the implementation of projects: PLN 0, EUR 0, USD 0.

## 5.1.2. Guarantee agreements

## GUARANTEES IN FORCE AS AT 30 JUNE 2013

GUARANTOR	VALUE (PLN '000)	VALIDITY	DESCRIPTION
PKO BP SA	228	until 31.10.2013	Security for non-performance of obligations to ImmoPoland Sp. z o.o. under the lease agreement of 28 August 2009. Guarantee issued in EUR.
Echo Investment SA	18 411	shall remain in force until the Conversion Date but for a period not exceeding 30.06.2018	Security to Nordea Bank Polska SA to cover for a deficit of funds or the exceeding of the costs of constructing Centrum Handlowe Olimpia in Bełchatów.
Echo Investment S.A.	10 288	until the handover date of the subject of lease, not exceeding 30.06.2015	Security of liabilities due to BNY MELLON (Poland) Sp. z o.o. under the lease agreement of 19 November 2012. The guarantee was issued in euro.
Echo Investment S.A.	39 627	shall remain in force until the Conversion Date but for a period not exceeding 31.12.2014	Security for exceeding the development costs of the shopping and entertainment centre Amber in Kalisz, liabilities due to debt service and for the coverage of absent funds for the benefit of Bank Polska Kasa Opieki S.A.
Echo Investment S.A.	34 633	shall remain in force until the expiry of preliminary contingent sale agreements but for a period not exceeding 31.07.2014	Security for the payment of outstanding amounts due to a potential termination of preliminary contingent agreements for the sale of the office development Aquarius Business House in Wrocław. Guarantee issued in EUR.
PKO BP SA	2 155	until 17.05.2016	Security for the repair of defects and faults to Orbis S.A. under the General Contractor Agreement dated 4 September 2008
PKO BP SA	350	until 31.05.2014	Security for the non-performance of obligations due to Dalkia Warszawa SA under Agreement no. HPN-HK/M-10-0198-2/PN-O/066/13 of 7 June 2013
PKO BP SA	170	until 31.05.2014	Security for the non-performance of obligations due to Dalkia Warszawa SA under Agreement no. HPN-HK/M-10-0198/UK-O/077/13 of 21 June 2013

On 14 April 2013, the bank guarantee in the amount of PLN 760,168.63, granted by PKO BP SA to Eurovia Polska SA as a security for the non-performance of obligations under agreement no. 7114/01/2012 of 7 August 2012, expired.

On 30 April 2013, the bank guarantee in the amount of PLN 4,073,376.00, granted by PKO BP SA to Orbis SA as a security for the non-performance or ill-performance of all obligations under the General Contractor Agreement of 4 September 2008, expired.

On 17 May 2013, PKO BP SA issued a guarantee to Orbis SA as a security for the repair of defects and faults under the agreement of 4 September 2008 concluded by Echo Investment SA. The guarantee amounts to PLN 2,154,946.45. The Guarantee is valid until 17 May 2016.

On 21 June 2013, Bank PKO BP SA granted a bank guarantee to Dalkia Warszawa SA as a security for the non-fulfilment of obligations under Agreement no. HPN-HK/M-10-0198-2/PN-O/066/13 concluded on 7 June 2013 by Projekt Echo-67 Spółka z ograniczoną odpowiedzialnością Spółka komandytowa (the Issuer's subsidiary). The guarantee amounts to PLN 350,000.00. The Guarantee is valid until 31 May 2014.

On 28 June 2013, Bank PKO BP SA granted a bank guarantee to Dalkia Warszawa SA as a security for the non-fulfilment of obligations under Agreement no. HPN-HK/M-10-0198/UK-O/077/13 concluded on 21 June 2013 by Echo Investment SA. The guarantee amounts to PLN 170,000.00. The Guarantee is valid until 31 May 2014.

**As at 30 June 2013, the value of guarantees received by the Capital Group is as follows:**

- under lease agreements concluded: PLN 5.48 million; EUR 12.08 million, USD 0;

- under project execution agreements: PLN 65.56 million, EUR 622.32 thousand and USD 71.36 thousand.

## 6. COMPOSITION OF THE ECHO INVESTMENT CAPITAL GROUP

The most important entity in the Capital Group structure is Echo Investment S.A., which is the owner of other entities in the group and supervises, co-implements and raises funds for the implementation of construction projects carried out by the Group. The companies which form the Group have been established or purchased in order to perform specific investment tasks and do not conduct any business activities other than those which follow from the process of implementing a particular project and which are related to providing lease services regarding assets linked to completed projects or other services.

As at 30 June 2013, the Echo Investment Capital Group comprises 100 fully consolidated subsidiaries, one jointly controlled entity consolidated with the proportionate method and one associate consolidated with the equity method.

### SUBSIDIARIES:

COMPANY	REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
1 47 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
2 53 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
3 A4 Business Park – Grupa Echo Sp. z o.o. S.k.a. (formerly: Projekt Echo - 30 Sp. z o.o.)	Kielce	100%	XXXIV FIZ Forum.
4 Astra Park - Projekt Echo - 69 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
5 Aquarius Business House - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
6 Avatar - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
7 Babka Tower - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
8 Barconsel Holdings Ltd	Nicosia	100%	Echo - SPV 7 Sp. z o.o.
9 Belchatów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
10 Budivelnuy Soyuz Monolit LLC	Kiev	100%	Yevrobudgarant LLC
11 Echo – Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.
12 Echo – Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
13 Echo - Centrum Przemysł - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
14 Echo - Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
15 Echo - Galaxy Sp. z o.o. S.k.a.	Szczecin	100%	XXIX FIZ Forum
16 Echo – Galeria Amber Sp. z o.o.	Kielce	100%	Echo Investment S.A.
17 Echo – Galeria Amber Sp. z o.o. S.k.a	Kielce	100%	XXXIV FIZ Forum.
18 Echo – Galeria Lublin Sp. z o.o.	Kielce	100%	Echo Investment S.A.
19 Echo - Kasztanowa Aleja Sp. z o.o.	Kielce	100%	Echo Investment S.A.
20 Echo - Kasztanowa Aleja Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
21 Echo - Klimt House Sp. z o.o.	Kielce	100%	Echo Investment S.A.
22 Echo - Klimt House Sp. z o.o. Sp. z kom.	Kielce	100%	Echo Investment S.A.
23 Echo – Pod Klonami Sp. z o.o.	Kielce	100%	Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.
24 Echo - Pod Klonami Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
25 Echo - Project - Management Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
26 Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	100%	Echo Investment S.A.
27 Echo – Przy Słowiańskim Wzgórzu Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
28 Echo - SPV 7 Sp.z o.o.	Kielce	100%	Echo Investment S.A.
29 Echo Galeria Kielce – Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	XXIX FIZ Forum / XXXIV FIZ Forum
30 Echo Investment ACC - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
31 Echo Investment Facility Management - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
32 Echo Investment Hungary Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
33 Echo Investment Project 1 S.R.L.	Brasov	100%	Echo Investment S.A.
34 Echo Investment Project Management S.R.L.	Brasov	100%	Echo Investment S.A.

COMPANY	REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
35 Echo Investment Property Management - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
36 Echo Investment Ukraine LLC	Kiev	100%	Echo Investment S.A.
37 Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.k.a.	Kielce	99,95%	XXIX FIZ Forum
38 Echo Property Poznań 1 Sp. z o.o. (formerly: Monolit Investment Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
39 Elmira Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
40 Elmira Investments Sp. z o. o. S.k.a.	Kielce	100%	Echo Investment S.A.
41 El Project Cyp - 1 Ltd	Nicosia	100%	Echo Investment S.A.
42 Farrina Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
43 Galeria Nova - Grupa Echo Sp. z o.o. - S.K.A. (formerly: Ultra Marina Sp. z o.o.)	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
44 Galeria Olimpia - Projekt Echo - 98 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
45 Galeria Sudecka - Projekt Echo - 43 Sp. z o.o. S.k.a.	Jelenia Góra	100%	XXIX FIZ Forum
46 Galeria Tarnów - Projekt Echo - 43 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
47 Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
48 Intermedia Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
49 Iris Capital Sp. z o.o.	Kielce	100%	Echo Investment S.A.
50 Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
51 Mena Investments Sp. z o.o.	Kielce	100%	Echo Investment S.A.
52 Metropolis - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
53 Nikson Capital Sp. z o.o.	Kielce	100%	Echo Investment S.A.
54 Oxygen - Projekt Echo - 95 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
55 Pamiątkowo Sp. z o.o.	Pamiątkowo	100%	Echo Investment S.A.
56 Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
57 Park Rozwoju - Grupa Echo Sp. z o.o. - S.K.A. (formerly: Projekt 7 - Grupa Echo Sp. z o.o. S.k.a.)	Kielce	100%	XXIX FIZ Forum
58 PHS – Projekt CS Sp. z o.o. S.k.a.	Szczecin	100%	XXIX FIZ Forum
59 PPR - Projekt Echo - 77 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
60 Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
61 Projekt Beethovena - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
62 Projekt CS Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
63 Projekt Echo - 33 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
64 Projekt Echo - 43 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
65 Projekt Echo - 67 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
66 Projekt Echo - 67 Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
67 Projekt Echo - 69 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
68 Projekt Echo - 70 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
69 Projekt Echo - 77 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
70 Projekt Echo - 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
71 Projekt Echo - 95 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
72 Projekt Echo - 96 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
73 Projekt Echo - 97 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
74 Projekt Echo - 98 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
75 Projekt Echo - 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
76 Projekt Echo - 99 Sp. z o.o. Sp. kom	Kielce	100%	Echo Investment S.A.
77 Projekt Echo - 101 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
78 Projekt Echo - 102 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
79 Projekt Echo - 103 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
80 Projekt Echo - 104 Sp. z o.o.	Kielce	100%	Echo Investment S.A.

COMPANY	REGISTERED OFFICE	% SHARE OF THE CAPITAL	PARENT COMPANY
81 Projekt Echo - 105 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
82 Projekt Echo - 106 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
83 Projekt Echo - 107 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
84 Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
85 Projekt Echo - 109 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
86 Projekt Echo - 110 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87 Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
88 Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
89 Projekt 3 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
90 Projekt 4 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
91 Projekt 5 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
92 Projekt 6 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
93 Projekt 8 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	99,95%	XXXIV FIZ Forum
94 Projekt 9 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
95 Projekt 10 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
96 SPV 1 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
97 Vasco Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
98 Veneda - Projekt Echo -97 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
99 Yevrobudgarant LLC	Kiev	100%	EI Project Cyp - 1 Ltd
100 Zakład Ogrodniczy Naramowice – Pamiątkowo Sp. z o.o. S.k.a.	Pamiątkowo	100%	XXXIV FIZ Forum

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

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

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

### I. In H1 2013, the composition of the Echo Investment S.A. Capital Group has expanded and it includes the following companies:

- On 9 January 2013, the District Court in Kielce registered a new company: Projekt Echo – 104 Sp. z o.o., with its registered office in Kielce. The company's share capital is PLN 50 thousand.
- On 30 January 2013, the District Court in Kielce registered a new company: Projekt Echo – 105 Sp. z o.o., with its registered office in Kielce. The company's share capital is PLN 50 thousand.
- On 18 February 2013, the District Court in Kielce registered a new company: Projekt Echo – 106 Sp. z o.o., with its registered office in Kielce. The company's share capital is PLN 50 thousand.
- On 18 March 2013, the District Court in Kielce registered a new company: Projekt Echo – 110 Sp. z o.o., with its registered office in Kielce. The company's share capital is PLN 50 thousand.
- On 25 March 2013, the District Court in Kielce registered a new company: Projekt Echo – 107 Sp. z o.o., with its registered office in Kielce. The company's share capital is PLN 50 thousand.
- On 26 March 2013, the District Court in Kielce registered a new company: Projekt Echo – 108 Sp. z o.o., with its registered office in Kielce. The company's share capital is PLN 50 thousand.
- On 26 March 2013, the District Court in Kielce registered a new company: Projekt Echo – 109 Sp. z o.o., with its registered office in Kielce. The company's share capital is PLN 50 thousand.

### II. Other changes in the companies of the Issuer's Capital Group during H1 2013:

- Change of the business name of Projekt 7 – Grupa Echo Sp. z o.o. S.k.a. to Park Rozwoju – Grupa Echo Sp. z o.o. S.k.a. and increase of the share capital by XXIX FIZ Forum (date of registration in the National Court Register: 28 February 2013);
- Increase of the share capital of Projekt 3 – Grupa Echo Sp. z o.o. S.k.a. by XXXIV FIZ Forum (date of registration in the National Court Register: 28 February 2013);

- Increase of the share capital of Echo – Galeria Amber Sp. z o.o. S.k.a. by XXXIV FIZ Forum (date of registration in the National Court Register: 28 February 2013);
- Change of company ownership: on 29 March 2013, Echo Investment S.A., as part of a share capital increase, transferred 100% of interests in Echo Investment Project 1 S.R.L. to Echo – Aurus Sp. z o.o.
- Transformation of Ultra Marina Sp. z o.o. into Galeria Nova – Grupa Echo Spółka z ograniczoną odpowiedzialnością - S.K.A. (date of registration in the National Court Register: 22 April 2013);
- Change of the business name of Monolit Investment Sp. z o.o. to Echo - Property Poznań 1 Sp. z o.o. (date of registration in the National Court Register: 3 June 2013).
- Change of the general partner: On 10 June 2013, Grupa Echo Sp. z o.o. transferred to Magellan West Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in Projekt 8 – Grupa Echo Sp. z o.o. S.k.a.;
- Increase of the share capital in Farrina Investments Sp. z o.o. by Echo Investment S.A. (date of registration in the National Court Register: 17 June 2013).
- Increase of the share capital in Elmira Investments Sp. z o.o. by Echo Investment S.A. (date of registration in the National Court Register: 17 June 2013).

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

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

## 9. OWNERSHIP STRUCTURE OF SIGNIFICANT STAKES OF SHARES IN ECHO INVESTMENT SA

As at 27 August 2013, the following shareholders held, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of Echo Investment S.A.:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL OF ECHO INVESTMENT SA	NUMBER OF VOTES AT THE GSM OF ECHO INVESTMENT SA	% OF TOTAL VOTES AT THE GSM OF ECHO INVESTMENT SA
<b>MICHAŁ SOŁOWOW, indirectly through subsidiaries, including:</b>	189 361 930	45,09%	189 361 930	45,09%
Barcocapital Investment Limited	171 477 880	40,83%	171 477 880	40,83%
Calgeron Investment Limited	17 884 050	4,26%	17 884 050	4,26%
ING OFE	44 569 720	10,61%	44 569 720	10,61%
AVIVA OFE AVIVA BZ WBK	41 995 525	9,99%	41 995 525	9,99%
PZU Złota Jesień OFE *	22 011 702	5,24%	22 011 702	5,24%

\* - based on the annual structure of investment portfolios of Open Pension Funds (OFE) as at 31 December 2012.

In the period between the publication of the last quarterly report, i.e. 15 May 2013, and the publication of this report, the Company received the following notification about a change in the holding of shares by a major shareholder:

On 19 August 2013, the Issuer received a notification by way of a registered letter (corrected on 20 August 2013 by way of fax) from Aviva Powszechno Towarzystwo Emerytalne Aviva BZ WBK S.A., saying that, as a result of the sale of the shares of Echo Investment S.A. on 7 August 2013, Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK (later referred to as Aviva OFE) decreased its share in the overall number of votes in the Company below 10%.

"Before the settlement of the aforementioned transactions, as at 09 August 2013, Aviva OFE held 42,377,261 shares in the Company, accounting for 10.09% of the Company's share capital (shares issued), and vested with 42,377,261 votes at the General Shareholders' Meeting, which accounted for 10.09% of the overall number of votes.

After the settlement of the aforementioned transactions, as at 12 August 2013, Aviva OFE held 41,995,525 shares in the Company, accounting for 9.999% of the Company's share capital (shares issued), and vested with 41,995,525 votes at the General Shareholders' Meeting, which accounted for 9.999% of the overall number of votes.

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

The Fund does not preclude a further sale of the shares in the case of a satisfactory increase in value or the increase of investment risk."

#### 10. STATEMENT OF CHANGES IN THE HOLDING OF SHARES OF ECHO INVESTMENT SA OR RIGHTS TO SHARES (OPTIONS) BY MANAGERIAL AND SUPERVISORY STAFF OF THE COMPANY, ACCORDING TO INFORMATION AVAILABLE TO ECHO INVESTMENT SA, SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT

In the period between the publication of the last quarterly report, i.e. 15 May 2013, and the day of preparing this report, Echo Investment S.A. did not receive any information on changes in the holding of Echo Investment SA's shares or rights (options) to the shares by the Company's managerial and supervisory staff.

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

MANAGERIAL STAFF	28.08.2013	15.05.2013
Piotr Gromniak – President of the Management Board	no shares	no shares
Artur Langner – Vice-President of the Management Board	no shares	no shares
Waldemar Lesiak – Vice-President of the Management Board	no shares	no shares

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

Supervisory staff	28.08.2013	15.05.2013
Wojciech Ciesielski – Chairman of the Supervisory Board	1,000,000 shares	1,100,000 shares
Andrzej Majcher – Vice-Chairman of the Supervisory Board	98,800 shares	98,800 shares
Mariusz Waniółka – Vice-Chairman of the Supervisory Board	no shares	no shares
Karol Żbikowski – Member of the Supervisory Board	no shares	no shares
<b>Robert Oskard</b> – Member of the Supervisory Board	no shares	no shares

In the period between the publication of the last quarterly report, i.e. 15 May 2013, and the day of preparing this report, Echo Investment S.A. received the following notification from a member of its supervisory staff:

On 31 July 2013, the Issuer received a notification from a Supervisory Board Member regarding his sale of the shares of Echo Investment S.A.

The share sale transaction was concluded on WSE's regulated market in a continuous trading system on 30 July 2013.

The average share sales price was PLN 6.63 and the total transaction volume was 100,000 shares.

The notifying party requested that their personal data be kept confidential pursuant to §3 section 2 of the Ordinance of the Minister of Finance of 25 November 2005 on communicating and releasing information on certain transactions on financial instruments and principles of collecting and managing the list of persons having access to certain confidential information.

#### 11. INFORMATION ON COURT PROCEEDINGS

In the period from 1 January to 30 June 2013, there were neither court nor administrative proceedings regarding liabilities or receivables of the Company or its subsidiaries in the total value of at least 10% of the Company's equity.

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

In H1 2013, neither the Company nor its subsidiaries entered into transactions with related entities under terms other than market terms.

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

In H1 2013, neither Echo Investment S.A. nor its subsidiaries granted jointly sureties on loans or borrowings or guarantees to a single entity or its subsidiary with a total value accounting for at least 10% of the Company's equity.

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

#### Schneider Electric in the office facility Park Rozwoju

Schneider Electric Polska rented 7,000 sq. m in Park Rozwoju, a modern category A office facility erected by Echo Investment S.A. in ul. Konstruktorska in Warsaw. The agreement with Schneider Electric Polska inaugurates the process of leasing out the new office facility of Echo Investment S.A. in Warsaw. In its new office, Schneider Electric Polska will employ approx. 700 people.

Schneider Electric Polska is a multinational company specialising in electricity management. It provides its customers in more than 100 countries with integrated solutions in various market segments. The company is a leader in power, infrastructure, industrial processes, building automation systems and data processing centres, and it has a robust and diverse offer for residential property development.

Park Rozwoju comprises two buildings with separate courtyards and a restaurant located in the connector. The facility has a total office area of 32,000 sq. m. The buildings will have a two-level below-grade and above-grade car park with a total of 740 parking places. The facility has rest and recreation areas: courtyard with a water cascade fountain and a canteen, indoor courtyards with comfortable benches, green terraces on rooftops and an open air gym. A garage with bike stands and locker rooms with showers will be available for cyclists.

The new office investment of Echo Investment S.A. is being developed in the southern part of Mokotów, in ul. Konstruktorska 10. The location will ensure easy and fast access to Chopin Airport and to the city centre. The object is surrounded by a well-developed public transport system. There are two tram terminuses and a bus terminus in the vicinity. The southern ring road of Warsaw and the Marynarska interchange ensure convenient car access.

The architectural design of Park Rozwoju was created by the design studio JEMS Architekci. The design process focused on the needs of the users, maintenance requirements as well as requirements for public utility building, taking account of sustainable development and qualifying for environmental certification.

As early as at the design stage, Park Rozwoju office facility has already been awarded the BREEAM certificate with the Very Good grade and the highest result in this category in Poland (67.83%). Park Rozwoju is being executed in two stages. The first stage is to be completed Q1 2014. The second stage is to be completed in Q2 2015.

#### Construction of Galeria Sudecka – final and legally binding building permit

On 4 February 2013, the building permit for Galeria Sudecka became final and enforceable.

The construction of Galeria Sudecka is according to the schedule. Echo Investment also holds a road investment permit for, among other things, the construction of a roundabout which will become the central point of the transport system, i.e. the ring road surrounding the facility to the west and to the north, connecting to ul. Legnicka and to a Voivodeship road in the direction of Wrocław.

The commercialisation process is underway. Agreements have already been signed with, among others, the hypermarket Real (12,000 sq. m), LPP group (Reserved, House, Mohito, Cropp, Sinsay – the total area of LPP shops is 3,500 sq. m) and with Helios. A 7-screen multiplex cinema will be constructed in Galeria Sudecka.

Galeria Sudecka will be erected in the Zabobrze district, in the north-eastern part of Jelenia Góra. The facility is being constructed as part of expansion of Centrum Handlowe Echo in al. Jana Pawła II, which has been in operation for 12 years.

Galeria Sudecka will be the first shopping and entertainment centre in the area of Jelenia Góra. A prime location, with 100 shops, restaurants, service outlets and a well-established brand, make this development ideal as a regional centre which, due to its unique location, has the change of being greatly popular among foreign customers.

The new facility will have a total area of 53,000 sq. m. The sales area is 30,000 sq. m. The centre's programme includes 100 shops, restaurants and service outlets as well as a 7-room multiplex Helios cinema with a coffee bar section. A new below-grade car park will be constructed as well; customers will have a total of 1,200 parking places at their disposal.

#### **Echo Investment S.A. carrying out a new residential development: Nowy Mokotów**

Echo Investment S.A. started the construction of Nowy Mokotów, a modern residential development located in Warsaw, in ul. Konstruktorska.

Nowy Mokotów in ul. Konstruktorska is located in a part of Mokotów which is Warsaw's largest office district. The planned residential complex will comprise 6 buildings with varying height (5 to 9 floors) connected by a three-floor base.

The district has been planned as an autonomous urban planning unit with an internal transport system, its own space that promotes social integration, greenery and public utility objects, such as a kindergarten, a health centre, shops and service outlets. The whole facility is a closed compound with an internal enclosed courtyard which is accessible from four directions. The development is complemented by planned greenery with small architectural objects and lighting. The investment design was created by APA Kuryłowicz & Associates, a renowned design studio.

All apartments in the ground floor will have gardens and apartments in top floors will have spacious terraces. Owners of other apartments will have comfortable loggias and balconies. The architects have also designed a spacious below-grade car park with cellar rooms and bicycle storage rooms. The car park is equipped with a security system that can also be used by drivers with LPG systems installed in their cars.

All buildings are fully accessible to people with disabilities. Staircases will be equipped convenient lifts travelling directly to the car park level, where there are carts for transporting shopping to apartments. The district will be enclosed and there will be video intercoms at entrances into staircases. The whole facility will be monitored and supervised by security.

Nowy Mokotów is another residential investment of Echo Investment S.A. in Warsaw. The current offer includes luxurious apartments in Klimt House in Sary Mokotów in ul. Kazimierzowska and plots of land for villas in Rezydencje Leśne, an investment surrounded by Las Młociński.

#### **Galeria Veneda opens for business**

On 7 March, Galeria Veneda, Łomża's first modern shopping centre, erected by Echo Investment S.A., opened for business.

Galeria Veneda is located in Łomża, at the junction of ul. Zawadzka and ul. Sikorskiego. The object has a total area of 40 thousand sq. m, of which 16 thousand sq. m are intended for lease. Outlets such as the hypermarket Tesco Extra, RTV Euro AGD, Reserved, House, Cropp Town, Mohito, Sinsay, CCC, Rossmann, Orsay, Deichmann, Martes Sport, Kari, Cliff Sport, Apart, 4F and Zabawkowy Raj will offer shopping opportunities. The car park offers 600 parking places for customers.

The general contractor for Galeria Veneda was Instal Białystok. The architectural design of Galeria Veneda was created by Mąka Sojka Architekci, a Warsaw design studio, in partnership with a team of architects from Echo Investment.

#### **Allocation of profit for FY 2012**

Echo Investment S.A.'s General Shareholders' Meeting, by way of resolution no. 7 of 6 June 2013, decided that the Company's net profit for the ended FY 2012, amounting to PLN 41,113 thousand shall not be shared with the shareholders but used in full to boost the Company's supplementary capital to fund its current operations.

**Echo Investment commences the construction of Osiedle Jaśminowe located in Naramowice, Poznań**

The general contractor is Pii-Building Sp. z o.o. The value of the agreement concluded between the investor and the general contractor is PLN 19.29 million net.

Osiedle Jaśminowe is being erected in ul. Karpia and ul. Sielawy. It comprises 14 friendly multi-family buildings with its own transport system, playgrounds and R&R space. All buildings will be fitted with quiet and modern lifts. The district will be fully suited to the needs of people with disabilities. Five-floor buildings include 375 apartments with an area of 28 to 89 sq. m, with the option to connect the apartments. Each apartment will have at least a balcony, a terrace or a loggia. Small gardens are planned near apartments in the ground floor. The residents of Osiedle Jaśminowe will have a total of 564 parking places at their disposal, including 195 parking places in a multi-level below-grade car park. Osiedle Jaśminowe will have a modern monitoring system. The residents' safety will be ensured by 24/7 security.

**Final usage permit obtained for Osiedle Jarzębinowe, constructed in Łódź by Echo Investment**

The investment is located in Bałuty. It comprises two 5-floor buildings designed on a common level forming a below-grade car park. The buildings are located at extreme sections of the plot, ensuring freedom and privacy. A courtyard, well-kept greenery and a safe playground complement the district's functionality. The district is enclosed to ensure safety.

At stage I of Osiedle Jarzębinowe, 120 apartments with areas of 32 to 87 sq. m were constructed. Each apartment has a balcony and there are terraces available for top-floor apartments. There are 93 parking places in the below-grade car park and 27 parking places in the district area. Cellar rooms and additional storage rooms for pushchairs and bicycles have been designed in both buildings. The general contractor for the investment is Eiffage Budownictwo Mitex SA.

**Echo Investment commences the construction of Q22, a 155 m high office building in the business centre of Warsaw at the junction of al. Jana Pawła II and ul. Grzybowska**

The 155 m high Q22 office building offering nearly 50,000 sq. m of office space is being constructed in place of the demolished Mercure hotel. The building design was prepared by Kuryłowicz & Associates, a renowned architectural design studio, in partnership with Buro Happold Polska.

Echo Investment has already obtained a building permit for Q22. The construction of slurry walls, which will form the basis for further works, is set to begin shortly. The process of selecting a general contractor is underway. The car park for Q22 is planned to start in September this year and it will take approx. 12 months to complete. The office building is to be completed in Q1 2016. The investment value is PLN 500 million.

**Information on the appointment of manager**

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

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

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

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

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

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

**Appointment of the Issuer's supervisory staff**

On 6 June 2013, the Ordinary General Shareholders' Meeting of Echo Investment SA, pursuant to resolution no. 16, determined that the Company's Supervisory Board for the new term of office will be composed of 5 (in words: five) persons and, pursuant to resolutions no. 17-21, it appointed the following supervisory staff members for a joint 3-year term of office:

- Karol Żbikowski;
- Mariusz Waniółka;
- Robert Oskard;
- Andrzej Majcher;
- Wojciech Ciesielski;

On 6 June 2013, acting pursuant to §1 section 3 of the Rules and Regulations of the Supervisory Board of Echo Investment SA, the Supervisory Board of Echo Investment SA passed resolutions on the appointment of the Chairman and the Vice-Chairmen of the Supervisory Board of Echo Investment SA.

Mr Wojciech Ciesielski was appointed as the Chairman of the Supervisory Board of Echo Investment SA, and Mr Andrzej Majcher and Mr Mariusz Waniółka were appointed as the Vice-Chairmen.

The present composition and functions held in the Issuer's Supervisory Board are as follows:

- Wojciech Ciesielski – Chairman of the Supervisory Board;
- Andrzej Majcher – Vice-Chairman of the Supervisory Board;
- Mariusz Waniółka – Vice-Chairman of the Supervisory Board;
- Robert Oskard – Member of the Supervisory Board;
- Karol Żbikowski – Member of the Supervisory Board.

Resumes of the Supervisory Board of Echo Investment S.A.:

**Wojciech Ciesielski**

Master of Laws, graduate of the Law and Administration Faculty of Jagiellonian University, barrister. Between 1987 and 1990, employed in the District Court in Kielce as a court trainee, passed the judge's exam in 1990. Since 1991, he has been involved with the group of companies owned by Mr Michał Solowow, as a Head of the Legal Team, Proxy and a member of management and supervisory boards. Between 2002 and 2004, supervisory board member in Orbis. As of June 2003, appointed to the supervisory board of Echo Investment S.A.

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

**Andrzej Majcher**

M.Sc., Engineer, graduate of the Faculty of Mechanical Engineering at Kielce University of Technology. Between 1987 and 1991, employed in Przedsiębiorstwo Budownictwa Rolniczego in Białobrzegi as chief mechanic. From June 1991, site manager in Przedsiębiorstwo Budowlane MITEX in Kielce. From September 1993, worked as the vice-president in ECHO PRESS Sp. z o.o. in Kielce; from November 1993, held the position of a director. From 30 June 1994 to 26 March 2007, held the function of the president of the management board of Echo Investment S.A. As of May 2007, appointed to the supervisory board of Echo Investment S.A.

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

**Mariusz Waniółka**

Master of Economics, graduate of the Cracow University of Economics. Between 1994 and 1996, held a number of positions in PepsiCo Trading Sp. z o.o., including the position of a financial director. From November 1996 to June 2001, he held the position of a financial director in NOMI S.A. in Kielce, and from December 1997 he was a vice-president of the management board of NOMI S.A. At present, administrative director in Magellan Pro-Service Sp. z o.o. and supervisory board member in: Cersanit S.A., Barlinek S.A. and Synthos S.A. As of April 2004, appointed to the supervisory board of Echo Investment S.A.

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

**Robert Oskard**

Graduate of the Faculty of Technical Physics and Applied Mathematics of Warsaw University of Technology. Between 1987 and 1990, employed in Fabryka Łożysk Tocznych Iskra, designing and programming IT systems; between 1990 and 1992, worked in the Voivodeship Office in Kielce as the Voivodeship IT Specialist. Between 1992 and 2000, worked in Exbud S.A. as, among other positions, Director of Economic Planning and Analysis Office, Director of Development Office and most recently as the Director of Management System Office. Between 2000 and 2002, he was the Director for Strategic Projects at Echo Investment S.A. Managing Director in Columbus Pro-Equity Fund II Sp. z o.o., Magellan Pro-Equity Fund I S.A. and Columbus Prime Sp. z o.o.; at present, Managing Director in Columbus Pro Sp. z o.o.

Supervisory board member in:

- Echo Investment S.A., with its registered office in Kielce;
- Synthos Kralupy a.s., with its registered office in Kralupy nad Vltavou (chairman);
- Barlinek S.A., with its registered office in Kielce;
- Synthos S.A., with its registered office in Oświęcim,
- Rovese S.A., with its registered office in Kielce;
- Megastore.pl S.A., with its registered office in Kielce;

Chairman or member in a dozen other supervisory boards, including several public companies.

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

**Karol Żbikowski**

Graduate of the Foreign Trade Faculty at the Warsaw School of Economics, Postgraduate Programme in Investment Banking.

- London Guildhall University Programme at Gdańsk Academy of Banking. In 1994, he obtained the license of a securities broker. Between 1994 and 1997, Karol Żbikowski was employed in Bank Handlowy in Warsaw – Equity Operations Centre, and between 1997 and 2003 he worked in Societe Generale Securities Polska, where he held the position of a management board member (1997-1998) and president of the management board (1999-2003). Between 2003 and 2005, he was an adviser in w Enterprise Investors, and between 2004 and 2005 he was a partner in Investor Relations Partners. In 2005, he was an adviser of the management board of Orbis S.A. From December 2005, worked in Unicredit CAIB group as the president of the management board of IR Services Sp. z o.o.; from October 2006, managing director in Unicredit Markets & Investment Banking. From April 2008 to January 2011, Mr Karol Żbikowski was a management board member in Wydawnictwa Szkolne i Pedagogiczne S.A. He also held functions in the supervisory boards of Fasing S.A. Capital Group, Elektrim Telekomunikacja Sp. z o.o., Cersanit S.A. and WSiP S.A. From February 2011, Mr Karol Żbikowski is vice-president of the management board of Incentive Solutions Polska. He is also a member of the Supervisory Board of Echo Investment S.A., vice-president of the Supervisory Board of Elektrobudowa S.A. and a member of the Supervisory Board of Magellan S.A.

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

## 15. FACTORS WHICH, IN THE OPINION OF THE COMPANY'S MANAGEMENT BOARD, WILL INFLUENCE THE CAPITAL GROUP'S FINANCIAL PERFORMANCE FOR AT LEAST THE NEXT QUARTER

Factors to influence the result in the coming periods include:

- posting of revenues from the concluded final agreements for the sale of residential properties in:
  - Krakow (Dom Pod Słowikiem in ul. Krasickiego);
  - Łódź (Osiedle Jarzębinowe in ul. Okopowa);
  - Poznań (Kasztanowa Aleja in ul. Wojskowa, Pod Klonami in ul. Rubież, Naramowice Rynek);
  - Warsaw (Klimt House in ul. Kazimierzowska, Zeusa district);
  - Wrocław (Przy Słowiańskim Wzgórzu in ul. Jedności Narodowej);
- posting of revenues from the concluded final agreements for the sale of plots with house designs in:
  - Bilcza near Kielce (Osiedle Bilcza II);
  - Dyminy near Kielce (Osiedle Południowe);
- posting of revenues from the concluded final agreements for the sale of plots in:
  - Masłów near Kielce;
- regular revenue obtained from the lease of space in offices and shopping centres;
- quarterly revaluation of the fair value of property owned by the Group:
  - in use, taking account of changing exchange rates, yields and operating revenue;
  - in the course of construction and commercialisation:
    - Office building Aquarius, stage II, in Wrocław (another measurement);
    - Galeria Amber in Kalisz (another measurement);
    - Galeria Sudecka in Jelenia Góra (another measurement);
- posting of revenue from the sale of Aquarius office building (stage I) in Wrocław;
- cost of sales and general and administrative expenses;
- revaluation of inventory;
- measurement of liabilities due to bonds and borrowings at amortised cost;
- measurement of loans and cash due to changing foreign exchange rates;
- measurement and settlement of FX hedging financial instruments;
- interest on deposits and borrowings granted;
- discounts and interest on loans, bonds and borrowings.

## 16. DESCRIPTION OF MATERIAL RISK FACTORS AND THREATS IN THE REMAINING MONTHS OF 2013

Material risks and threats to the Company's business:

- The **risk of competition** is related to the company's operation on the domestic real property market. Recently, the real property market has been dictated by the customer and the high number of foreign investors, whose competitive edge is expressed in greater capital resources, has increased the risk of competition. With regard to potentially new entities, the risk is limited by high barriers to entry (high capital-intensiveness). In the present market situation, the Group's advantage lies in its long-time experience in the implementation of projects and market awareness, leading to projects in locations that are attractive to customers. Thanks to high quality of the offer and established customer trust, tenants from present shopping centres decide to lease space in newly commissioned objects. With a suitable mix of the tenants, constant marketing and social campaigns, the Group's centres are some of the mostly visited centres in their respective regions.

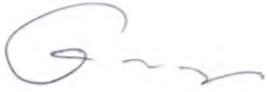
- **Interest rate risk.** The Group's business is largely based on loans, on which interest is calculated based on interest rates. For loans and bonds in PLN, the applicable rate is WIBOR and for loans in EUR, the applicable rate is EURIBOR or LIBOR EUR. The interest rate risk is limited by hedging instruments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

On the other hand, social schemes may cause the demand to increase. This risk is limited by working with tenants who target their offer at various groups, including groups whose consumption expenditures are not strongly affected by a change of the macroeconomic situation. Apartments offered by the Group are mainly targeted at affluent consumers, whose spending decisions are less effected by the macroeconomic situation.

Date: 27 August 2013

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

Piotr Gromniak



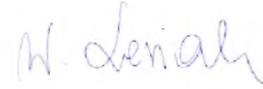
President of the Management Board

Artur Langner



Vice-President of the Management Board

Waldemar Lesiak



Vice-President of the Management Board

*Signature of the individual entrusted with bookkeeping:*

Tomasz Sutek



Chief Accountant

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

