

INTERIM FINANCIAL REPORT OF THE ECHO INVESTMENT GROUP

—
Q1-Q3 2017



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Ladies and Gentlemen,

I am pleased to present Echo Investment's financial report for Q3 2017. In that period we generated a net profit of PLN 50 mln. The main factors contributing to the result included delivering keys to 238 apartments, a positive revaluation of projects under construction and price increase on Q22 projects amounting to PLN 59 mln in total, dividend received from EPP, as well as remuneration earned for the development of Outlet Park in Szczecin extension.

The financial standing of Echo Investment group remains very stable. At the end of Q3 and early Q4 we completed the Second Public Bond Issue Programme, having sold bonds with a total value of PLN 300 mln to individual investors in 2017. Flexibility of such financing and a very strong demand encourage us to use this source in the future.

The second half of the year is a period of intensive activity for the Company's residential sector. We are starting the construction of 10 projects with over 1,200 apartments, significantly enhancing our offer. In Q3 our sales representatives signed preliminary contracts concerning 336 apartments. Our annual goal – the sale of 1,300 apartments – is within our reach. Q3 results reflect deliveries of 238 apartments. The number of deliveries in October alone amounted to 310, indicating very good end of the year, according to our plan.

Autumn is the best retail season. In Q3 Echo signed lease contracts for over 15,400 sqm of retail space. Conclusion of significant number of transactions is scheduled for Q4. In September we completed the extension of Outlet Park Szczecin and two weeks ago we celebrated the completion of the Galaxy shopping centre extension, also located in the capital of West Pomerania. Both projects were developed for EPP and they are fully leased. The leasing department is now focused on Libero in Katowice and Galeria Młociny in Warsaw. Libero is now leased in 80% and Galeria Młociny – in 64%. Both projects obtained loans from renowned banks over the last few weeks, which is a confirmation of their excellent perception on the market and the high level of trust from both tenants and financing institutions.

We started construction of the first office building on Beethovena street in Warsaw. That will be another mixed-use project in our portfolio. We see very positive signals coming from office markets both in Warsaw and in regional cities. Between July and September our leasing team signed lease agreements for almost 19,000 sqm of office space. Seeing high demand from potential tenants, the construction team is getting ready to start 7 new projects in 2018.

While thinking about the future, we continue purchases of land. Since the beginning of the year we have secured plots for over 120,000 sqm of apartments and 240,000 sqm of offices at similar prices as the average prices of the historical landplots we own. In Łódź, Kraków and Wrocław we acquired plots which will become 'destinations': mixed use projects in excellent locations, where we want to develop city-forming projects comparable to Browary Warszawskie, which is already under construction. We have gained experience and competence from various market sectors and such projects allow us to reach a better land price, use the resources optimally and generate the effect of scale.

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There were also some changes in our shareholders structure in early Q4. We and our main shareholder carried out a process which will result in increased liquidity of shares traded on the Warsaw stock exchange and diversified shareholder base, however the PIMCO-Oaktree-Griffin Real Estate group remains our main shareholder holding almost 56% of our capital.

I encourage you to read our report in detail.
Yours sincerely,



Nicklas Lindberg
President of the Management Board

General information about Echo Investment S.A. and its Group

Echo Investment Groups core activity consists in the construction, lease and sale of office and retail buildings, construction and sale of residential buildings as well as trade in real estate. The Groups business activity is located in Poland.

The parent company – Echo Investment S.A. – with its office in Kielce, al. Solidar-

ności 36, was registered in Kielce on 23 July 1992. Echo is a Joint Stock Company entered into the National Court Register under no. 0000007025 by the District Court in Kielce, 10th Economic Department of the National Court Register.

Since 5 March 1996, the Companys shares are listed at the Warsaw Stock Exchange on

the regulated market, sector – WIG-Real Estate (former WIG-Developers). The Company is established for an indefinite period of time. As at 30 September 2017, number of the Groups employees amounted to 426 (362 employment contracts and 64 civil law contracts). As at 30 September 2017, the Group employed 336 people (287 employment contracts and 49 civil law contracts).

On 10th of October 2017 Mikołaj Martynuska and Waldemar Olbryk were appointed by the Supervisory Board as members of the management board for a joint term of management board.

Mikołaj Martynuska has worked in Echo Investment since 2016. As a managing director he has been responsible for the purchase of plots, planning procedures, work with cities on the land zoning plans, administrative procedures as well as the sale of non-core business projects and assets. Mikołaj's team has purchased projects with a potential of app. 600,000 sqm of office, retail and residential

space since 2016. Earlier, for over 10 years, Mikołaj Martynuska worked in CBRE Polska in management positions while supervising company's consulting strategy for developers. Until 2006 he worked for CBRE Spain, Dragados and Buma System, among others.

He is a graduate of the University of Reading and Kraków University of Economics, he is also a member of the Royal Institution of Chartered Surveyors (RICS) with specialization in planning and development.

As a member of the management board **Waldemar Olbryk** is responsible for the de-

velopment of the residential sector. He joined Echo Investment in August 2017 and he earlier worked for companies from the Skanska group, including positions such as: managing director of business development, manager of teams responsible for new business such as public private partnerships or shared services. Until 2008 he worked for Philips Poland, Apsys Poland and BP.

He is a graduate of International Economic Relations at the University of Łódź, he also completed MBA studies at the University of Łódź/the University of Maryland.

The Extraordinary Meeting of Echo Investment S.A. of the 16th of October 2017 appointed **Mark E. Abramson** as a member of the supervisory board. Mark Abramson fulfils independence criteria stipulated in the Act of the 11th of May 2017 on statutory auditors, audit companies and public supervision.

Since 2005 Mark Abramson has been the executive director at HIREG GmbH, a subsidiary of Heitman LLC. He manages and

supervises the company's investment activity on the securities market in Europe. In the years 1994-1995 he was the senior executive director at Bear Stearns & Co. in New York and Sao Paulo. He worked on the public equity market and was involved in the analysis of companies representing a lot of business lines in various geographic regions, including the United States, Europe, Latin America, Asia and the Pacific and other parts of the world.

He is a graduate of the Johns Hopkins University where he earned a B.A. degree in Political Economics (1990) as well as the American University in Washington, where he earned an M.A. degree in Theory of Monetary Economics (1991). In 1994 he was awarded a PhD degree (ABD) in International Public Policy at the University of Maryland, College Park.

**THE MANAGEMENT BOARD
OF ECHO INVESTMENT S.A.**



Nicklas Lindberg
President of the Management
Board, CEO



Maciej Drozd
Vice-President of the Management
Board, CFO



Piotr Gromniak
Vice-President of the Management
Board



Artur Langner
Vice-President of the Management
Board



Marcin Materny
Member of the Management Board



Mikołaj Martynuska
Member of the Management
Board



Rafał Mazurczak
Member of the Management
Board



Waldemar Olbryk
Member of the Management Board

**THE SUPERVISORY BOARD
OF ECHO INVESTMENT S.A.**



Karim Khairallah
Chairman of the Supervisory Board



Laurent Luccioni
Vice-Chairman
of the Supervisory Board



Mark Abramson
Independent member
of the Supervisory Board



Maciej Dyjas
Member of the Supervisory Board



Stefan Kawalec
Independent member
of the Supervisory Board



Przemysław Krych
Member of the Supervisory Board



Nebil Senman
Member of the Supervisory Board



Sebastian Zilles
Member of the Supervisory Board

The Supervisory Board confirmed after the inquiry that Mark. E. Abramson and Stefan Kawalec are independent members of the supervisory board.

As at 30.09.2017, the Audit Committee was composed of:

Stefan Kawalec – Chairman of the Audit Committee

Maciej Dyjas – Member of the Audit Committee

Nebil Senman – Member of the Audit Committee.

A resolution of the Supervisory Board of the 19th of October 2017 introduced changes in the composition of the Audit Committee. Starting from this date the committee consists of:

Stefan Kawalec – President of the Audit Committee

Mark Abramson – Member of the Audit Committee

Nebil Senman – Member of the Audit Committee.

Independent members of the Supervisory Board constitute the majority in the Audit Committee. In this way the Company has fulfilled the requirements of the Act on statutory auditors, audit companies and public supervision of the 11th of May 2017 and another item indicated in the 'Best Practices of WSE Listed Companies 2016'.



Management Report

01

Strategy of Echo Investment Group

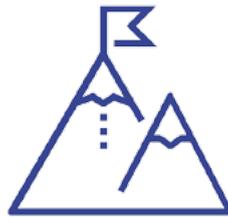
In 2016, the Management Board of Echo Investment with the approval of the Supervisory Board developed new strategic directions called "The strategy of profitable growth". According to it, Echo Investment will accelerate

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



POLAND

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



LEADERSHIP

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



PURE DEVELOPER

The focus of the adopted business model is on development activities, which include land acquisition, construction, lease and sale of finished projects in short period of time after completion.

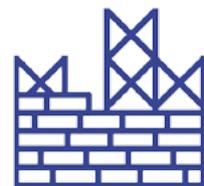
Echo Investment is not going to be the long term owner and manager of finished commercial projects therefore rental income is going to constitute only a minor part of its total income.



COOPERATION WITH THE MAJOR SHAREHOLDER

The strategy of Echo Investment assumes cooperation with the major shareholder and its subsidiaries on market terms. Entities concentrated around PIMCO, Oaktree or Griffin may subcontract development, consulting and other services to Echo Investment. They may also be co-investors in property development projects as well as potential buyers of

newly-built commercial, office or residential investments. Development activities of Echo Investment are complementary to these of other entities in this group. Material agreements between Echo Investment and affiliates of the major shareholders and Griffin Real Estate Group need to be discussed and approved by the Supervisory Board.

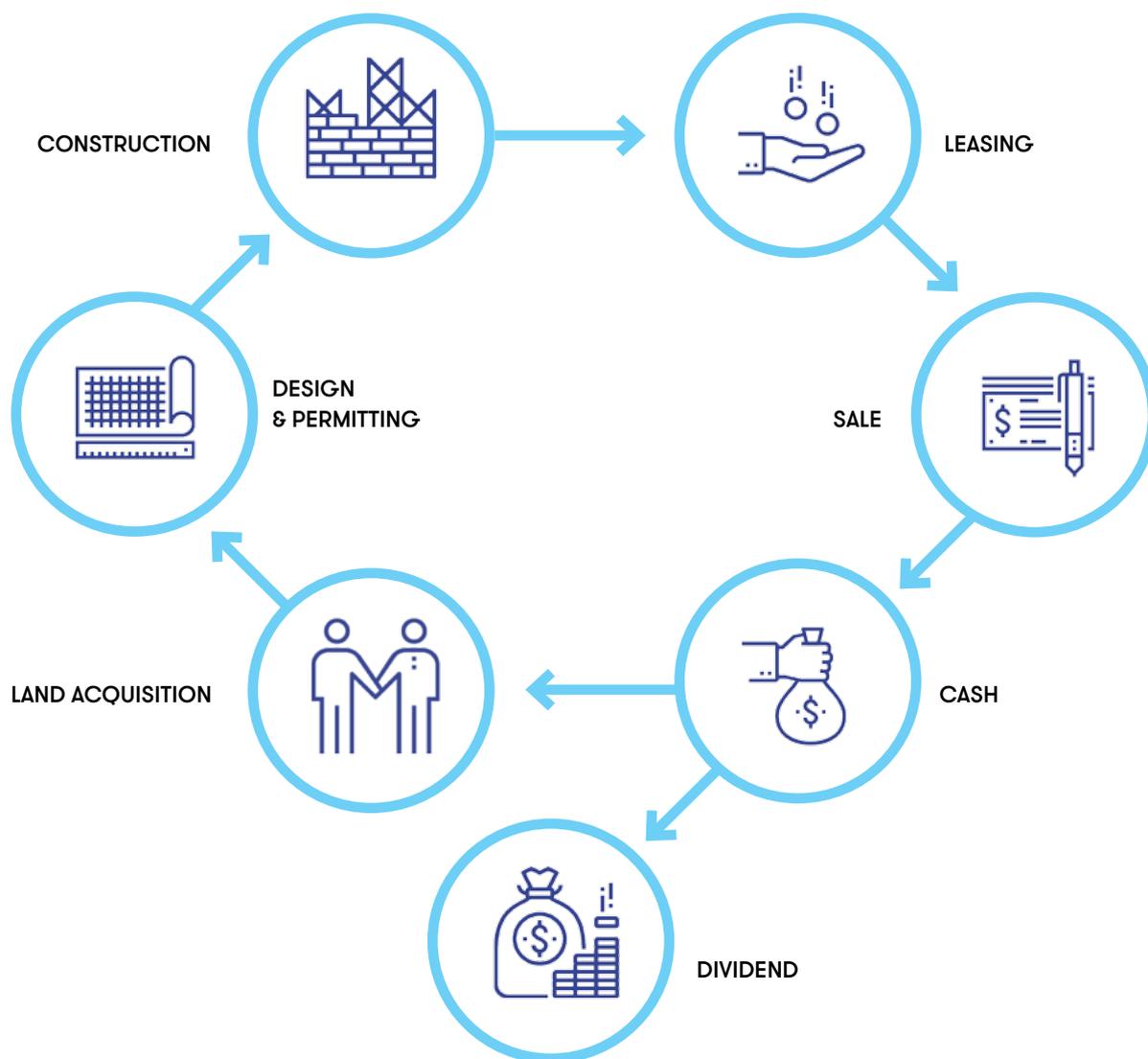


LARGE SCALE PROJECTS

The ambition of Echo Investment is to run major, multi-function and city-forming projects. The Company intends to create "the destinations" – functioning space for agglomeration residents – comfortable for work, living, entertainment and satisfaction of all needs. Projects realized by Echo Investment are supposed to promote city lifestyle and attract people for the entire day.

02

Business model



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

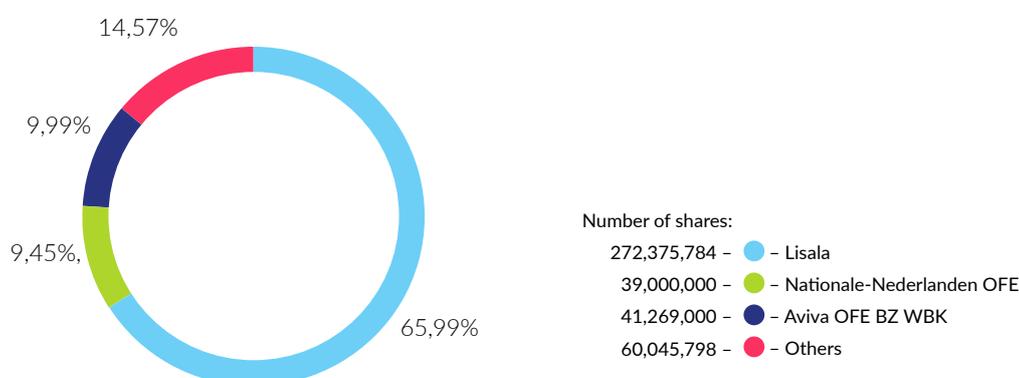
The core business of Echo Investment Group is divided into following segments:

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

03

The ownership structure of Echo Investment S.A. and shares description

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF THE SHARE CAPITAL AS AT 30.09.2017



3.1 Description of shares

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

The number of shares equals the number of votes at the General Meeting of Shareholders.

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

3.2 Shareholding structure

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

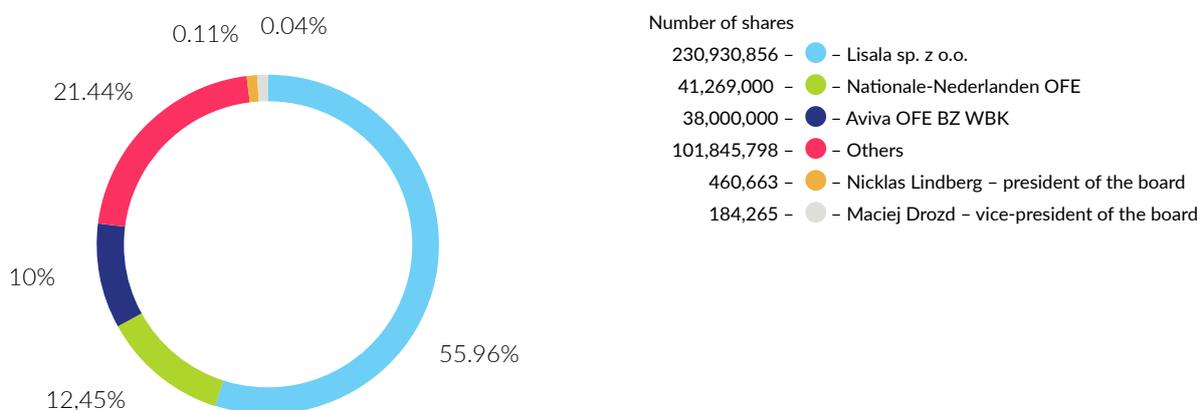
Data concerning the shareholding structure as at 30 September 2017 result from information about shareholders who held minimum 5% of the total number of votes at the General Meeting of Echo Investment S.A. Shareholders of 29 June 2017, directly or indirectly through subsidiaries.

3.3 Changes in company's shareholding structure

On 20 September 2017 the main shareholder of Echo Investment and the Management Board of the Company started concept work concerning the diversification of the shareholding structure, increasing the number of shares in free trade and supporting the liquidity of shares on the stock exchange. Because the company does not need any additional share capital, the main shareholder and the Management Board indicated that the process would take place as part of an offer which is not subject to the obligation of drawing up an offer document addressed to institutional investors. The following companies have been involved in supporting it: Kempen & Co N.V., Pekao Investment Banking S.A. as well as the Polish branch of WOOD & Company Financial Services, a.s. Spółka Akcyjna. The Company and Lisala sp. z o.o. concluded a Share Offering and Placement Agreement with the above companies on 17 October 2017. The agreement was con-

cluded in order for the main shareholder to offer no more 136,187,891 existing ordinary shares of the Company (nearly 33% of all the issued shares of the Company). The number was to be reduced by the number of shares which would be sold in this process to president Nicklas Lindberg (at the cost of no more than EUR 500,000 or its equivalent in Polish zlotys) as well as Maciej Drozd, vice-president responsible for financial issues, (at the cost of no more than EUR 200,000 or its equivalent in Polish zlotys). Ultimately, on 19 October 2017 the main shareholder informed the Company about its decision to sell 40,800,000 shares of the Company (app. 9.9% of all the shares) at the sales price of PLN 4.6 per share. In connection with the offer it also decided to sell at the same price 460,663 shares of the Company to Nicklas Lindberg at the total price of app. PLN 2.1 mln and 184,265 shares to Maciej Drozd at the price of app. PLN 848,000.

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



Data about the shareholding structure as at the date of the report result from the information about shareholders holding minimum 5% of the total number of votes at the

Extraordinary General Meeting of Echo Investment S.A. of 16 October 2017 and notifications sent to the Company by shareholders on 25-30 October 2017.

04

Significant events in Q1-Q3 2017

300 mln PLN

The total value of bonds from Echo Investment's Second Public Bond Issue Programme placed in Q2 and Q3 2017

4.1 Establishing the public bond issue programme

On 27 February, 2017 the Management Board of Echo Investment passed a resolution on establishing the 2nd Bond Issue Programme worth up to PLN 300 mln or its equivalent in euro. Financial Supervision Authority (KNF) approved the Prospectus on 26 May 2017.

The Company started a public offer of E-series bonds worth up to PLN 100 mln on 8 June 2017 and the value of subscriptions made by investors exceeded the value of the offer already on the first day. Consequently the Company shortened the subscription period and reduced the subscriptions proportionately. Ultimately, the Company allocated 1 mln bonds to 862 investors, with an average reduction rate of 60%. Bonds were registered in the National Depository for Securities (KDPW) on 6 July 2017, on 20 July 2017 they were authorized for trading by the Management Board of the Warsaw Stock Exchange (WSE) and on 28 July 2017 – introduced to the Catalyst market. The bonds issued have four-year maturity, their profitability is based on WIBOR 6M plus a margin of 2.9% and the interest is to be paid semi-annually.

The second tranche of (F-series) public bonds worth up to PLN 125 mln was offered to investors on the 20th of September 2017. Investors subscribed for a higher number of bonds compared to the number of offered bonds within less than two days. F-series bonds are unsecured, they have five-year maturity period, the profitability based on six-month WIBOR plus a margin of 2.9% and semi-annual interest payment periods. This time the rate of reduction amounted to nearly 70% and the securities were allocated to 574 investors. On the 12th of October the Management Board of WSE admitted F-series bonds to trading on the primary market and the Management Board of the National Depository for Securities registered F-series bonds on the 13th of October 2017 and marked them with the PLECHPS00233 code. Since the 17th of October 2017 the bonds have been offered on the Catalyst market in the continuous trading system under the abbreviated name 'ECH1022'.

The third, last tranche of bonds from the Second Public Bond Issue Programme, which is marked as G-series, was offered to investors on the 4th of October 2017. The value of G-series amounted to PLN 75 mln, the oversubscription took place already on the first day. The parameters of the offer were the same as for the F-series: G-series bonds are unsecured, they have a five-year maturity period, the profitability of six-month WIBOR plus a margin of 2.9% and semi-annual interest payment periods. The reduction rate amounted to 18%, the bonds were allocated to 464 investors. The Management Board of the National Depository for Securities registered F-series bonds on the 24th of October 2017 and marked them with the PLECHPS00241 code, the bonds were subsequently admitted to trading in the continuous trading system by WSE on the 26th of October 2017. G-series of bonds is quoted from 3rd November 2017.

4.2 Acquisition of a stake in GaleriaMłociny project

On 31 May 2017, companies from the Echo Investment group and the EPP group signed an agreement concerning a joint purchase of 100% shares in Rosehill Investments, which was the indirect owner of the retail and office project Galeria Młociny that is under construction near Zgrupowania AK „Kampinos” Street in Warsaw. The sellers were: Broomfield Investments, Catfield Investments sp. z o.o., Powell Real Estate International B.V., Taberacle Limited, Taberacle Investments Limited and ElSORIA Trading Limited. The two companies paid EUR 104,5 mln for the project (including liabilities of the company being the subject of the transaction). The Echo Investment group will have the share of 30% in the transaction, the part of the

price attributable to the group was EUR 12 mln and its part of acquired liabilities amounted to EUR 19 mln.

Together with the conclusion of the preliminary contract an entity from the Echo Investment's group provided the SPV company which builds Galeria Młociny with a loan of a maximum value of PLN 70 mln for the repayment of its liabilities towards the general contractor.

Furthermore, Echo Investment also concluded an agreement with EPP, regulating the corporate governance principles in the acquired companies and a development agreement which provides Echo Investment with the function of the building site manager and project leasing agent.

Galeria Młociny is a retail and office project with a leasable area of 81,000 sqm, of which 75,000 sqm is retail, entertainment and gastronomy space. The facility is located near the main public transport hub in northern Warsaw, which sees 40 000 daily commuters. Construction of the first phase commenced in October 2016, and is on track for completion in Q2 2019. The development is approximately 64% pre-leased, and its key tenants include Inditex brands, Van Graaf, H&M and MediaMarktSaturn. Construction works on the site continue according to the schedule.

4.3 Sale of West Gate office building in Wrocław and ROFO agreement with Griffin Premium RE

Echo Investment and its subsidiaries concluded a preliminary contract concerning the sale of the West Link office building in Wrocław with entities from the Griffin Premium RE group with its seat in Netherlands. The buyer is a company affiliated with Griffin Real Estate.



The deal is to be closed subject to the following conditions:

1. the receipt of the final, unconditional occupancy permit for the building,
2. leasing minimum 60% of the building's area and the signing of a rental guarantee agreement for the period of five years, based on which Echo Investment will guarantee the payment of rent and service charges for vacant premises as well as rent-free periods, costs of finishing the premises and costs related to temporary rent abatements,
3. the first public offering of shares of Griffin Premium on Warsaw Stock Exchange will generate net proceeds of minimum EUR 28 mln for Griffin Premium until June 30th, 2017 (condition fulfilled on 19 April 2017),

4. the Buyer receives the anti-trust consent if it is required by law; and
5. the Supervisory Board of the Company approves the transaction (the approval granted on March 14th, 2017).

The sales price of the shares was established as follows:

- the quotient of NOI (i.e. the difference between the operating income and undeductable operating costs) and 6.873%, which amounted to EUR 36.06 mln on the day of signing of the preliminary contract,
- plus the estimated working capital and cash amount and
- minus the debt amount.

The price will be subject to standard adjustments after the closure of the transaction.

The initial sale price of 100% of the shares in the project companies amounts to EUR 18 mln (taking into account the predetermined price formula) and the difference between the pre-determined value of the building (EUR 36.06 mln) and the value of the shares in project companies will constitute a project debt.

On 12 June 2017, pursuant to the contract, the buyer was offered a purchase of bonds with a total nominal value and an issue price of EUR 18 mln, which were issued under private placement by an entity controlled by Echo Investment. The proposal was accepted by the buyer. The redemption date of West Link bonds is 31 December 2018. Early redemption is possible e.g. in case of early conclusion of a final contract. The West Link bonds are unsecured and they bear a fixed interest rate stipulated in the terms and conditions of the issue. Their redemption will take place by paying an amount equal to the nominal value of the bonds plus accrued interest, with the nominal value being deducted at the purchase price of 100% of the shares in the West Link project companies.

In exchange for the acquisition of the West Link bonds and making a payment of EUR 18 mln by Griffin Premium RE, the Echo Investment companies granted the buyer irrevocable powers of attorney entitling them to enter into the final sale agreement concerning the companies which own the West Link project. The Buyer will be entitled to use the powers of attorney in the event of:

1. failure to conclude the final contract in spite of a call; and
2. the occurrence of one of the violations contained in the West Link Bonds documentation.

At the same time with the preliminary sale agreement of West Link, the Griffin Premium RE and Echo Investment concluded an investment contract concerning the right of the first offer (ROFO) for office projects developed in Warsaw i.e. the Beethovena stages I and II and Browary Warszawskie stage J. Following the legal due diligence and provided that its results are considered satisfactory by Griffin Premium RE, Griffin Premium RE will invest 25% of the capital which was already invested and the future capital needed for the completion of the construction process and finalization of the project by the acquisition of bonds. The total estimated value of these bonds is EUR 9.9 mln.

DESCRIPTION OF PROPERTIES INCLUDED IN ROFO AGREEMENT WITH GRIFFIN PREMIUM RE

Project	GLA [sqm]	NOI [EUR mln]	Start	Commissioning
Warsaw, Browary Warszawskie J	15 000	3,2	II Q 2017	IV Q 2018
Warsaw, Beethovena I	17 800	3,0	III Q 2017	III Q 2019
Warsaw, Beethovena II	17 400	2,9	I Q 2018	IV Q 2019

The bonds will be issued in certain number of series, and the value of the first series amounted to EUR 6,4 mln. The maturity date for all the series of the ROFO bonds is 12 June 2032, with the earlier redemption of the series being possible e.g. in the case of early closure of the ROFO transaction. The bonds will be

redeemed by paying an amount equal to the nominal value of the bonds plus accrued interest. The ROFO Bonds are unsecured and they have a fixed interest rate which is stipulated in the terms and conditions of issue.

In connection with the investment in bonds, an entity controlled by Griffin Premium RE will be entitled to a 25%-share in the projects' profits. Griffin Premium RE is entitled to submit the first offer to buy 3 office buildings included in the ROFO agreement to Echo Investment.

4.4 Sale of A4 Business Park III office building in Katowice

As a result of preliminary contracts concluded on 30 September 2016 concerning the sale of seven office buildings to EPP, the sales contract of A4 Business Park III in Katowice was closed on 26 April 2017.

As part of the transaction the seller and the buyer concluded a rent guarantee agreement which envisages the seller covering rent payments and average operating costs for the parts of the building which were not leased on the day of signing the agreement or were leased but involved rent discounts or rent free periods. Furthermore, the seller and the buyer concluded a fit-out work agreement, based on which Echo Investment will conduct finishing work for EPP for extra remuneration.

The sales price was EUR 27.5 mln plus VAT, however, taking into consideration additional payments which the seller could receive on the basis of the fit-out work agreement, the total revenue related to the sale could increase to the estimated amount of EUR 28.5 mln plus VAT.

Echo Investment and EPP are bound by a preliminary contract concerning the sale of 3 office buildings: O3 Business Campus II and O3 Business Campus III in Kraków as well as Symetris Business Park II in Łódź. The conclusion of the contracts is subject to obtaining an occupancy permit for each of the buildings as well as the lease of minimum 60% of the area.



The above-mentioned building as well as Sagittarius and Nobilis in Wrocław and Libero in Katowice are part of a package of properties included in the Right of the First Offer (ROFO). Furthermore, EPP is their co-investor holding 25% shares, which also means that the company is entitled to 25% of the sales profit.

7,2 %

Echo Investment's share
in the shareholding structure
of EPP

4.5 Sale of part of a block of EPP' shares

On 22 June 2017 the Company and its subsidiary Echo Prime Assets B.V., which is a direct owner of the shares of EPP – a company established as a result of separating Echo Investment group's yielding assets in 2016 – received a notification from the main shareholder of EPP – Redefine Properties Limited – with regard to releasing Echo Investment from the lock-up of EPP's, blocking a sale of EPP's shares until September 2017. On the same day Echo Investment sold 40 mln shares of EPP, which constituted nearly 5.7% of EPP's share capital and 44% of the block held by Echo Investment. The sales price of the shares minus transaction costs was EUR 49 mln. The transaction made it possible for the company to finance the payment of a special dividend to its shareholders, which was additional to its adopted dividend policy.

Echo Investment Group is now the owner of 50,700 shares of EPP, which constitute app. 7.2% in the share capital. However, in the financial report for H1 2017 the shares were classified as financial assets held for sale.

4.6 Preliminary agreement for the sale of the Sagittarius Business House office building in Wrocław

Echo Investment signed a preliminary sale agreement for the office building Sagittarius Business House, which is under construction in Wrocław on 20 July 2017. Its buyer is Warburg- HIH Invest Real Estate (Warburg-HIH Invest), which will buy the building for a fund it administers on behalf of its institutional investors.

Conditions precedent to the conclusion of the contract include: completion of the construction process, receipt of the final occupancy permit, acquisition of a final tax interpretation of the transaction, geodetic division or transfer of minimum 60% of the leasable area to tenants. The parties plan to conclude the final contract upon the fulfilment (or waiving of the conditions precedent) but no later than 30 November 2018. The closing date may be postponed until 31 January 2019.

The company's sales price was set as the quotient of NOI (i.e. the difference between the operating income and non-deductible operating costs) of the enterprise and the capitalization rate of 6.175%.

73 mln EUR

Target price for Sagittarius Business
House

The price to be paid at the closing of the transaction is estimated at app. EUR 65 mln. After tenants acquire the units and parking spaces in the building constituting minimum 80% of the leasable area, the total estimated price will increase to app. EUR 73 mln. It should be noted that both the price paid at the closing of the transaction and the price after the increase will be reduced by the value of 'rent-free periods', 'rent-discount periods' and the cost of the fit-out work, which means that the estimated closing price and the estimated post-rise price will amount to app. EUR 56 mln and EUR 63 mln, respectively. At the same time, the fit-out contract provides for the remuneration to be paid to Echo Investment by the buyer for the work performed after the conclusion of the final contract in the premises which will not be leased at the date of conclusion of the final contract or will be leased but the finishing work will not be completed at the time. It is estimated that the remuneration will amount to EUR 6,414,606 + VAT, i.e. EUR 450 + VAT per square meter.

On the day of closing the transaction or shortly after the conditions precedent have been met, the parties also undertook to sign: contracts for the fit-out work, a guarantee of the quality of the building, a guarantee of the structure of the building and a contract of rent guarantee (if required).

The Sagittarius Business House is being developed in the future central business district of Wrocław. The building will have a leasable area of about 25,000 sqm. Its anchor tenants are EY and Bank of New York Mellon, which will jointly occupy more than 90% of the area (lease agreements plus extension options). Completion of the construction work on the office building is scheduled for Q1 2018.

05

Major events after the balance sheet day

5.1 Extraordinary General Meeting of Shareholders

The Management Board of the Company convened an Extraordinary General Meeting of Shareholders for the 16th of October 2017. The main points of the agenda were amendments to Echo Investment's Statute and the appointment of the second independent member of the Supervisory Board.



More information about the appointment of Mark E. Abramson to the Supervisory Board is available in the 'General Information about Echo Investment S.A. and its Group' item on page 6.

Shareholders gathered at the Extraordinary General Meeting of Shareholders approved the suggested resolutions. Mark E. Abramson was appointed as the second independent member of the Supervisory Board.

Shareholders gathered at the Extraordinary General Meeting of Shareholders also approved amendments to the Company's Statute, which were mostly ordinal in their character and clarified the previous provisions.

THE LIST OF THE ADMENDEMENTS INTRODUCED:

1.	Previous § 3 of the Statute which reads:	Shall read:
	The term of the Company shall be unspecified.	The Company is established for an indeterminate period of time.
2.	Previous § 6 of the Statute which reads:	Shall read:
	The shares may be delivered for contributions in cash or in-kind or for contributions in both of these forms at the same time. The shares may be disposed of and pledged without any limitations, subject to Art. 336 § 1 of the Code of Commercial Companies with respect to the shares delivered in exchange for contributions in-kind. Each share shall carry one vote at the General Meeting and it shall entitle its holder to a share in the distributable profit (the dividend) proportionally to the respective shareholding. The shares in the Company may be redeemed. The terms, conditions and method of redeeming shares shall be specified in a resolution of the General Meeting.	<ol style="list-style-type: none"> 1. The shares may be delivered for contributions in cash or in-kind or for contributions in both of these forms at the same time. 2. The shares may be disposed of and pledged without any limitations, subject to Art. 336 § 1 of the Code of Commercial Companies with respect to the shares delivered in exchange for contributions in-kind. 3. Each share shall carry one vote at the General Meeting. 4. Shareholders are entitled to a share in the profit disclosed in the financial statements audited by a statutory auditor and earmarked by the General Meeting to be paid to shareholders (the dividend) proportionally to the respective shareholding. 5. The shares in the Company may be redeemed. The terms, conditions and method of redeeming shares shall be specified in a resolution of the General Meeting.

THE LIST OF THE ADMENDEMENTS INTRODUCED:

3.	Previous § 9 of the Statute which reads:	Shall read:
	The General Meeting may be ordinary or extraordinary. The General Meeting shall be convened in the cases and on the terms specified in the Code of Commercial Companies. The General Meeting shall be held at the registered office of the Company or in any other place in the territory of the Republic of Poland – as specified in the notice of the general meeting.	<ol style="list-style-type: none"> 1. The General Meeting may be ordinary or extraordinary. The General Meeting shall be convened in the cases and on the terms specified in the Code of Commercial Companies. 2. The General Meeting shall be held at the registered office of the Company or in any other place in the territory of the Republic of Poland – as specified in the notice of the General Meeting.
4.	Previous § 9¹ section 2 of the Statute which reads:	Shall read:
	The Management Board shall convene an Extraordinary General Meeting within 2 (two) weeks from the date of the respective request, referred to in section 1 above.	The Management Board shall convene an Extraordinary General Meeting within 2 (two) weeks from the submission date of the respective request, referred to in section 1.
5.	Previous § 9² section 2 of the Statute which reads:	Shall read:
	The demand referred to in section 1 should be submitted to the Company not later than 21 (twenty-one) days in advance of the scheduled date of the General Meeting. Any demand made after the lapse of this term shall be treated as a request for the convocation of an Extraordinary General Meeting.	The demand referred to in § 11 section 1 should be submitted to the Company not later than 21 (twenty-one) days in advance of the scheduled date of the General Meeting. Any demand made after the lapse of this term shall be treated as a request for the convocation of an Extraordinary General Meeting.
6.	Previous § 9³ of the Statute which reads:	Shall read:
	The General Meeting may adopt resolutions irrespective of the number of shareholders present or shares represented, subject to mandatory legal provisions and this Statute.	The General Meeting may adopt resolutions irrespective of the number of shareholders present or shares represented, subject to current legal provisions and this Statute.
7.	Previous § 10 of the Statute which reads:	Shall read:
	<p>A session of the General Meeting shall be opened by the Chairman or by the Deputy Chairman of the Supervisory Board and, subsequently, out of the individuals entitled to participate in the general meeting a Chairman of such meeting shall be elected.</p> <p>If the Chairman or the Deputy Chairman of the Supervisory Board is absent, the General Meeting shall be opened by the President of the Management Board or by an individual appointed by the management board.</p>	<p>A session of the General Meeting shall be opened by the Chairman or by the Deputy Chairman of the Supervisory Board and, subsequently, out of the individuals entitled to participate in the General Meeting a Chairman of such meeting shall be elected. If the Chairman and the Deputy Chairman of the Supervisory Board are absent, the General Meeting shall be opened by the President of the Management Board or by an individual appointed by the Management Board.</p>

THE LIST OF THE ADMENDEMENTS INTRODUCED:

8.	Previous § 11 of the Statute which reads:	Shall read:
	<p>1. The scope of powers and authority of the General Meeting shall be specified in the provisions of this Statute, the Code of Commercial Companies and other applicable laws.</p> <p>In particular, the scope of powers and authority of the General Meeting shall comprise the appointment, dismissal and suspension in capacity of the members of the Supervisory Board and the adoption of resolutions on determining the entitlement to and the receipt of the dividend; the manner of the receipt thereof shall be specified by the Management Board.</p> <p>No resolution of the General Meeting shall be required for the acquisition and disposal by the Company of real property or of an interest in real property. A decision in this regard shall be taken by the Management Board of the Company, subject to § 13 section 1 letter d) thereof.</p> <p>2. The General Meeting may decide, under a resolution, to exclude the annual profit of the Company from distribution among the shareholders and to retain it for the needs of the Company's operations.</p> <p>2'. The Ordinary General Meeting shall determine, under a resolution, the dividend record date. The dividend record date must be scheduled for a date falling not later than within three months from the date on which the General Meeting adopted a resolution on the allocation of profit for distribution among shareholders.</p> <p>3. Resolutions at the General Meeting shall be adopted by an absolute majority of votes, unless the provisions of the Code of Commercial Companies or this Statute provide for other majority requirements for the effective adoption of specific resolutions. The procedure for holding the General Meeting and the adoption of resolutions is specified in the regulations of the General Meeting.</p> <p>4. The General Meeting may resolve to amend the objects of the business activity of the Company without the need to repurchase the shares of the shareholders who do not consent to an amendment. The resolution must be adopted by a two-thirds majority of votes in the presence of individuals representing at least half of the share capital.</p>	<p>1. The scope of powers and authority of the General Meeting shall be specified in the provisions of this Statute, the Code of Commercial Companies and other applicable laws.</p> <p>2. In particular, the scope of powers and authority of the General Meeting shall comprise the appointment, dismissal and suspension in capacity of the members of the Supervisory Board and the adoption of resolutions on determining the entitlement to and the receipt of the dividend; the manner of the receipt thereof shall be specified by the Management Board.</p> <p>3. No resolution of the General Meeting shall be required for the acquisition and disposal by the Company of real property or of an interest in real property.</p> <p>4. The General Meeting may decide, under a resolution, to exclude the annual profit of the Company from distribution among the shareholders and to retain it for the needs of the Company's operations.</p> <p>5. The Ordinary General Meeting shall determine the dividend record date under a resolution. The dividend record date must be scheduled for a date falling not earlier than 5 days and not later than three months from the date on which the General Meeting adopted a resolution on the allocation of profit for distribution among shareholders. The General Meeting can determine the dividend payment date within the following three months from the dividend record date.</p> <p>6. Resolutions at the General Meeting shall be adopted by an absolute majority of votes, unless the provisions of the Code of Commercial Companies or this Statute provide for other majority requirements for the effective adoption of specific resolutions. The procedure for holding the General Meeting and the adoption of resolutions is specified in the regulations of the General Meeting.</p> <p>7. The General Meeting may resolve to significantly amend the objects of the business activity of the Company without the need to repurchase the shares of the shareholders who do not consent to an amendment. The resolution must be adopted by a two-thirds majority of votes in the presence of individuals representing at least half of the share capital.</p>

9. Previous § 12 of the Statute acquires section 2 after § 12 section 1, which reads as follows:

In the case of an intention to appoint a member of the Supervisory Board who is to meet the independence criteria specified by law, the Shareholder submitting a candidate for a member of the Supervisory Board who is to meet the criteria, is obliged to present the Company with the candidacy at least eight (8) business days before the date of the General Meeting which is to appoint such a candidate to the Supervisory Board, together with all necessary information concerning the candidate (and confirmed by the candidate in writing) and at the request of the President of the Supervisory Board ensure the appearance of the candidate (or their participation in a tele- or videoconference) before or after the General Meeting at the time and place specified by the President of the Supervisory Board in order to enable the assessment of the fulfilment of the independence criteria by the candidate.

THE LIST OF THE ADMENDEMENTS INTRODUCED:

10.	Previous § 13 section 1 of the Statute which reads:	Shall read:
	<p>1. The scope of powers and authority of the Supervisory Board shall include the exercise of regular supervision over the operations of the Company as well as the performance of other activities in accordance with the Code of Commercial Companies and other applicable laws. The Supervisory Board shall also be authorised to:</p> <p>a) appoint, dismiss and suspend in their capacity the Management Board of the Company or any individual members thereof;</p> <p>b) appoint a statutory auditor to audit the financial statements of the Company, with which the Management Board will conclude an agreement;</p> <p>c) consent to the Management Board concluding an agreement with an underwriter, as referred to in Art. 433 § 3 of the Code of Commercial Companies;</p> <p>d) consent to contracting liabilities and disposing of rights in relation to matters falling within the scope of ordinary business activity of the Company – if the value thereof exceeds 20% of the Company's equity. If any doubt arises as to whether a given matter falls within the scope of ordinary business activity of the Company, the Supervisory Board shall be entitled to issue an interpretation in this regard at the request of the Management Board. Such interpretation shall be binding upon the Management Board. Any matters connected with trading in real property shall fall within the scope of ordinary business activity of the Company;</p> <p>e) consent to contracting liabilities and disposing of rights in relation to matters exceeding the scope of ordinary business activity of the Company – if the value thereof exceeds 10% of the Company's equity;</p> <p>f) consent to paying to the shareholders an advance towards the dividend proposed in a resolution of the Management Board.</p>	<p>1. The scope of powers and authority of the Supervisory Board shall include the exercise of regular supervision over the operations of the Company as well as the performance of other activities in accordance with the Code of Commercial Companies and other applicable laws. The Supervisory Board shall also be authorised to:</p> <p>a) appoint, dismiss and suspend in their capacity the Management Board of the Company or any individual members thereof;</p> <p>b) appoint a statutory auditor to audit the financial statements of the Company, with which the Management Board will conclude an agreement;</p> <p>c) consent to the Management Board concluding an agreement with an underwriter, as referred to in Art. 433 § 3 of the Code of Commercial Companies;</p> <p>d) consent to contracting liabilities and disposing of rights in relation to matters falling within the scope of ordinary business activity of the Company – if the value thereof exceeds 20% of the Company's equity. If any doubt arises as to whether a given matter falls within the scope of ordinary business activity of the Company, the Supervisory Board shall be entitled to issue an interpretation in this regard at the request of the Management Board. Such interpretation shall be binding upon the Management Board. Any matters connected with trading in real property shall fall within the scope of ordinary business activity of the Company;</p> <p>e) consent to contracting liabilities and disposing of rights in relation to matters exceeding the scope of ordinary business activity of the Company – if the value thereof exceeds 10% of the Company's equity;</p> <p>f) consent to paying to the shareholders an advance towards the dividend proposed in a resolution of the Management Board.</p> <p>g) determine the regulations of the Supervisory Board and approve the regulations of the Management Board;</p> <p>h) assess the fulfilment of the independence criteria specified by applicable laws by individual members of the Supervisory Board; the evaluation can take place before and after the General Meeting appointing a given member or members of the Supervisory Board.</p>

11. Previous § 13¹ of the Statute gains section 2 after § 131 section 1, which reads as follows:

In particular the Supervisory board appoints an audit committee the composition of which should comply with current laws.

12.	Previous § 14 section 2 of the Statute which reads:	Shall read:
	<p>The term of office of the first Management Board shall be two years, and the term of office of the following Management Boards shall be three years, provided that members of the Management Board shall be appointed for a joint term of office, which does not exclude the right to dismiss each member of the Management Board at an earlier date. Mandates of members of the Management Board shall expire on the date of holding the General Meeting approving the financial statements for the last year of the term of office of the Management Board. The Management Board or individual members thereof may be dismissed by the Supervisory Board before the end of the term of office, including, in particular, at the written request submitted by the shareholders representing at least one-third of the share capital or as a result of an Ordinary General Meeting having adopted a resolution refusing to grant approval to the members of the Management Board for the performance of their duties in the preceding financial year (in Polish: rok obrachunkowy)</p>	<p>The term of office of the first Management Board shall be two years, and the term of office of the following Management Boards shall be three years, members of the Management Board shall be appointed for a joint term of office, which does not exclude the right to dismiss each member of the Management Board at an earlier date. Mandates of members of the Management Board shall expire on the date of holding the General Meeting approving the financial statements for the last year of the term of office of the Management Board. The Management Board or individual members thereof may be dismissed by the Supervisory Board before the end of the term of office, including, in particular, at the written request submitted by the shareholders representing at least one-third of the share capital or as a result of an Ordinary General Meeting having adopted a resolution refusing to grant approval to the members of the Management Board for the performance of their duties in the preceding financial year.</p>

THE LIST OF THE ADMENDEMENTS INTRODUCED:

<p>13. Previous § 14 sections 4, 5, 6 and 7 of the Statute which read:</p> <p>4. In the case of a collective Management Board, making representations on behalf of the Company, including incurring liabilities, signing contracts and other documents on behalf of the Company, requires cooperation of:</p> <p>a) the President of the Board together with the Vice President of the Board, or</p> <p>b) two Vice-Presidents acting jointly, or</p> <p>c) the President or the Vice President of the Management Board acting jointly with a Member of the Board, or</p> <p>d) the President or the Vice President of the Management Board acting jointly with a Proxy.</p> <p>The Management Board shall manage all of the day-to-day business of the Company, subject to the limitations arising under the Code of Commercial Companies and this Statute. The acquisition and disposal by the Company of real property, perpetual usufruct or an interest in real property or in perpetual usufruct shall fall within the scope of the Management Board, subject to § 13 section 1 letters (d) and (e) of the Statute. While exercising their powers and authority at General Meetings of Shareholders in subsidiaries, the Management Board of the Company shall be required to obtain prior approval from the Supervisory Board of the Company also in the case where the contracting of a liability or disposing of a right by a subsidiary will exceed the limits specified in § 13 section 1 letters (d) and (e) of the Statute.</p> <p>5. Contracts of employment or any agreements of another type concluded with members of the Management Board shall be signed by the Chairman of the Supervisory Board or by any other member of the Supervisory Board authorised thereto under a resolution of the Supervisory Board. The contents of the contract or agreement and the amount of the remuneration of a member of the Management Board must be pre-approved under a resolution of the Supervisory Board.</p> <p>6. The detailed operating procedure of the Management Board is specified in the rules of operation of the Management Board, which are adopted by the Management Board and approved by the Supervisory Board.</p> <p>7. In the event that an equal number of votes is cast in respect of the resolutions of the Management Board, the President of the Management Board shall have the casting vote.</p>	<p>Shall read:</p> <p>4. In the case of a collective Management Board, making representations on behalf of the Company, including incurring liabilities, signing contracts and other documents on behalf of the Company, requires cooperation of:</p> <p>a) the President of the Board together with the Vice President of the Board, or</p> <p>b) two Vice-Presidents acting jointly, or</p> <p>c) the President or the Vice President of the Management Board acting jointly with a Member of the Board, or</p> <p>d) the President or the Vice President of the Management Board acting jointly with a Proxy.</p> <p>5. The Management Board shall manage all of the day-to-day business of the Company, subject to the limitations arising under the Code of Commercial Companies and this Statute. The acquisition and disposal by the Company of real property, perpetual usufruct or an interest in real property or in perpetual usufruct shall fall within the scope of the Management Board and it does not require adoption of a resolution by the Management Board but acting in accordance with section 4, subject to § 16 section 1 letters (d) and (e) of the Statute. While exercising their powers and authority at General Meetings of Shareholders in subsidiaries, the Management Board of the Company shall be required to obtain prior approval from the Supervisory Board of the Company also in the case where the contracting of a liability or disposing of a right by a subsidiary will exceed the limits specified in § 16 section 1 letters (d) or (e) of the Statute.</p> <p>6. Contracts of employment or any agreements of another type concluded with members of the Management Board shall be signed by the Chairman of the Supervisory Board or by any other member of the Supervisory Board authorised thereto under a resolution of the Supervisory Board. The contents of the contract or agreement and the amount of the remuneration of a member of the Management Board must be pre-approved under a resolution of the Supervisory Board.</p> <p>7. The detailed operating procedure of the Management Board is specified in the rules of operation of the Management Board, which are adopted by the Management Board and approved by the Supervisory Board.</p> <p>8. In the event that an equal number of votes is cast in respect of the resolutions of the Management Board, the President of the Management Board shall have the casting vote.</p>
<p>14. Previous § 15 of the Statute which reads:</p> <p>Individuals who are not shareholders of the Company may also be appointed to serve on the management board of the Company.</p>	<p>Shall read:</p> <p>Individuals who are not shareholders of the Company may also be appointed to serve on the Management Board of the Company.</p>
<p>15. Previous § 16 section 1 of the Statute which reads:</p> <p>The Company may issue bonds, including convertible bonds or bonds with a priority right attached thereto. In respect of the issuance of convertible bonds or bonds with a priority right attached thereto, a resolution of the General Meeting must be adopted. The resolution referred in the second sentence shall be adopted by a three-quarters majority (3/4) of votes.</p>	<p>Shall read:</p> <p>The Company may issue bonds, including convertible bonds or bonds with a priority right attached thereto. In respect of the issuance of convertible bonds or bonds with a priority right attached thereto, a resolution of the General Meeting must be adopted. The resolution referred in the second sentence shall be adopted by a three-quarters majority (3/4) of votes.</p>

THE LIST OF THE ADMENDEMENTS INTRODUCED:

16.	Previous § 16 section 2 of the Statute which reads:	Shall read:
	The General Meeting may also adopt a resolution on the provision by the Company of dividend in physical form, by way of delivering specific objects, designated in terms of type, or by way of transferring other property rights, thereby specifying the terms, method and other conditions of providing dividend in such form. A resolution in this respect must be adopted by a simple majority of votes cast.	The General Meeting may also adopt a resolution on the provision by the Company of dividend in physical form, by way of delivering specific objects, designated in terms of type, or by way of transferring other property rights, thereby specifying the terms, method and other conditions of providing dividend in such form. A resolution in this respect must be adopted by a simple majority of votes cast.
17.	Previous § 19 section 1 of the Statute which reads:	Shall read:
	<p>1. The Company may create other funds, including:</p> <p>1) a reserve capital for covering extraordinary losses suffered by the Company;</p> <p>2) a social fund;</p> <p>3) a housing fund; and</p> <p>4) a reserve fund for the acquisition of the Company's own shares, as well as other funds obligatorily created in accordance with the applicable provisions of law.</p>	<p>1. The Company may create other funds, including:</p> <p>a) a reserve capital for covering extraordinary losses suffered by the Company;</p> <p>b) a social fund;</p> <p>c) a housing fund;</p> <p>d) a dividend fund;</p> <p>e) a reserve fund for the acquisition of the Company's own shares, as well as other funds obligatorily created in accordance with the applicable provisions of law or decisions of the General Meeting.</p>

After the introduction of the above amendments the numbers of the Statute were unified.

On the adoption of the above amendments by the Extraordinary General Meeting of Shareholders the Company applied to the National Court Register for the registration of the amendments to the Statute. The amendments were registered in the National Court Register on 22 November 2017.

5.2 Diversification of the shareholding structure



More details concerning the diversification of the shareholding structure are provided in the 'The ownership structure of Echo Investent S.A. and shares description' item on page 13.

On 20 September 2017 the main shareholder of Echo Investment and the Management Board of the Company undertook actions aimed at the diversification of the shareholding structure, increasing the number of shares in free trade and supporting the liquidity of shares on the stock exchange. Consequently Lisala sp. z o.o. sold 40,800,000 shares of the Company in transactions which took place on the 25 and 27 October 2017 (app. 9.9% of all the shares), at the sales price of PLN 4.60 per share, to selected financial investors and 644 928 shares to two members of Echo Investment S.A. Management Board.

5.3 Loans for construction of Libero and Galeria Młociny

On 10 October 2017, Echo Investment concluded a loan agreement worth over EUR 67.5 mln with Bank Zachodni WBK S.A. and Bank BGŻ BNP Paribas S.A. as well as a VAT loan of PLN 12 mln. It is financing which is earmarked for the construction of Libero in Katowice. The shopping centre is under construction on ul. Kościuszki and it is currently 80% leased. The completion of the construction work is planned for H1 2018.

Meanwhile on 17 October 2017, the consortium of Echo Investment and EPP signed a loan agreement worth EUR 175 mln with Bank Zachodni WBK, PKO Bank Polski and Bank Gospodarstwa Krajowego as well as a VAT loan of over PLN 34 mln for the construction of Galeria Młociny in Warsaw. The loan was provided for the construction period and a five-year investment period. The project is currently 64% leased. The construction work started in autumn 2016 and its completion is planned for Q2 2019.

06

Description of markets the Company and its Group operate in

Perspectives of each market sectors

in coming 12 months:

-  - Very optimistic
-  - Optimistic
-  - Neutral
-  - Pesimistic
-  - Very pesimistic

6.1 Office market

WARSAW REGIONAL CITIES

A high vacancy has been a malady of Warsaw office market for a few years. However, Q3 2017 was the fifth quarter of the index decline in a row. It currently amounts to 12.9% i.e. it is 2.5 percentage points lower compared to mid-2016. CBRE points out a very strong demand for office space, which amounted to 198,600 sqm from July until September, as well as the net absorption of 116,000 sqm. The agency indicates that the demand exceeds the majority of earlier assumptions, because of this 2017 will be another record year in this respect. The fact that few new buildings were completed in Q3 also has an influence on a decline of the index. Office buildings with a combined area of app. 250,000 sqm will be completed in the entire year, which is 38% less compared to 2016. However, it does not mean that the pressure on rents is lower: over 790,000 sqm of offices will be completed in the years 2018-2019 and an accumulation of openings of new buildings is expected in 2020, which could result in another increase of the vacancy index.

According to JLL's data, Poland has become a strong business location on a European scale. The dynamic development of cities other than the capital, the continuously growing positive office market indexes and the trust placed in our country by foreign investors additionally strengthen the situation. Such a positive image of the market is reflected in a strong demand. The total demand for office space amounted to 466,300 sqm in Q1-Q3 2017, which is 16% more compared to the corresponding

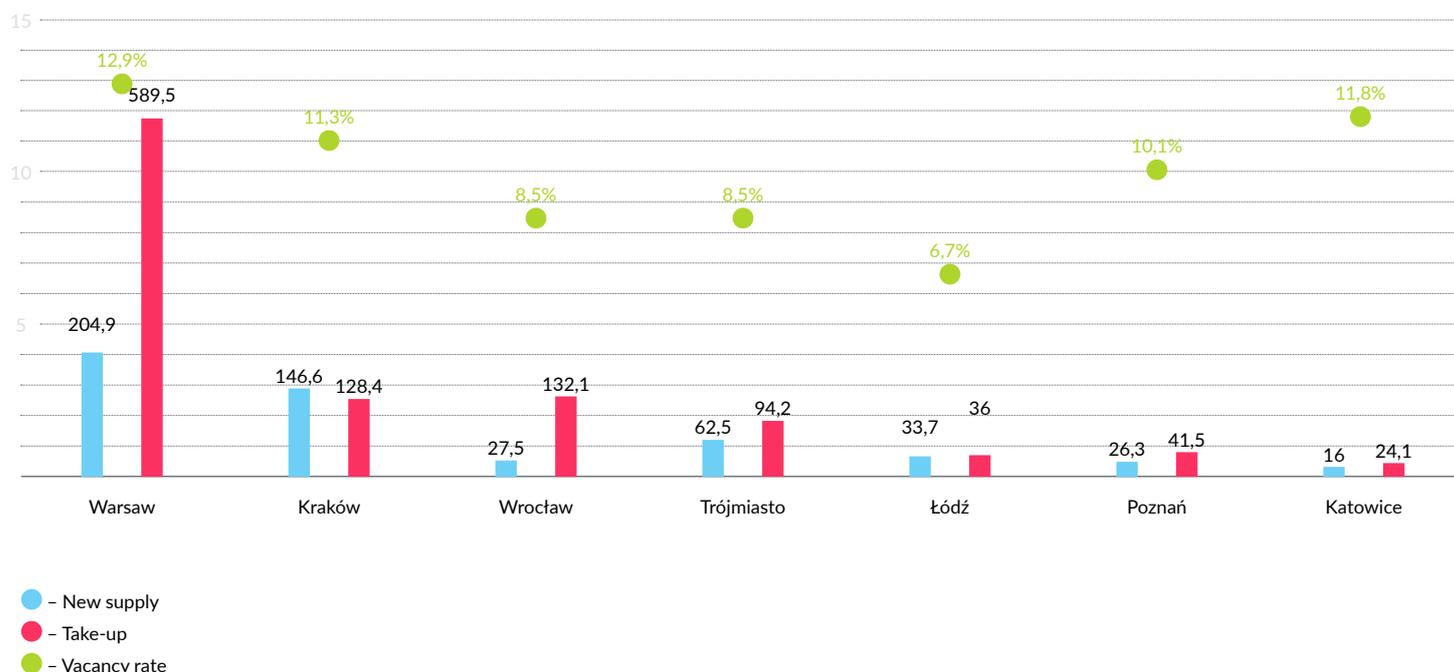
period in 2016. Wrocław and Kraków are responsible for more than half of the demand (56%) but all the cities contributed to this success. According to calculations of JLL's analysts, app. 128,700 sqm of the total demand was attributable to new contracts in existing buildings whereas 119,500 sqm was attributable to preleases. The following area of 148,300 sqm referred to contract renewals while expansions amounted to 69,800 sqm.

The strong demand has an influence on the supply. From January until September 2017 an area of app. 343,000 sqm was completed on markets other than Warsaw. The end of the year will be a very busy time for office developers – the market might gain 185,000 sqm in this period.

An area of app. 1 mln sqm is currently under construction outside the capital city, 1.8 mln sqm including Warsaw. JLL analysts indicate that although it is a significant value, taking into consideration the extent of preleases that secure the projects, the outlook for the market is positive. Vacancy indexes might increase as new facilities are completed, but the vast majority of the new supplies will be absorbed by the market soon after project completion.

Office rents are relatively stable, which results from the balance between the supply and the demand. However, a rent pressure might be reflected in incentive packages (i.e. rent holidays or contributions to fit out costs, etc), particularly in the case of older facilities.

OFFICE MARKET IN Q1-Q3 2017 ['000 SQM]



6.2 Retail market



H1 is traditionally a quiet period with regard to openings of retail facilities. It is also the case in 2017. According to JLL's data, only Q3 was active in this respect: the supply of modern retail space increased by 145,000 sqm in five new facilities and three extensions. The most significant new project is Galeria Północna in Warsaw (64,000 sqm). However, this is only the beginning. In accordance with developers' announcements, an area of app. 235,000 sqm is to be delivered to the market in Q4, which means that the market will gain a net area of app. 361,000 sqm (including closed down facilities and those which changed their functions) in the entire year.

At the end of Q3 2017 a retail area of app. 588,000 sqm was under construction with the completion planned for 2017-2019. As much as 74% of them are located in eight main conurbations. The total supply of modern retail space in Poland amounted to 13.5 mln sqm.

After the opening of the Wroclavia shopping centre in Q4 2017, Wrocław has the highest index of retail space saturation in the country: 729 sqm/ 1,000 residents. It is followed by Poznań with 727 sqm/1,000 inhabitants. Szczecin and Katowice are the least saturated markets out of eight largest Polish conurbations, with 421 sqm and 446 sqm/1,000 residents respectively.

An increase in the number of redevelopments (including overall or partial closure of an existing facility), extensions, modernizations as well as a change of the function of existing facilities (e.g. into an outlet centre or an office area) can be clearly observed on the retail market. Projects combining various functions (retail, office, residential and hotel ones) have become more and more popular e.g. EC Powiśle, Koneser, CEDET, Centrum Marszałkowska and Browary Warszawskie in Warsaw. Gastronomy is gaining significance in the tenant mix selection – it currently

occupies the average of 12.5% of the leasable area of retail centres. JLL's analysts estimate that its share will be growing in response to the changing customers' needs and habits.

13 mln sqm

The amount of modern retail space in Poland at the end of Q3 2017.
It was 3% more compared to the end of September 2016

The new law on the restrictions on Sunday trade will undoubtedly impact the retail sector. On 24 November 2017 it was passed by the lower chamber of Polish parliament. From 1 March 2018 there will be two Sundays each month when trade will be allowed – the first and the last one. In 2019 trade will be allowed only on one Sunday each month, and since 2020 shopping centres will be closed on Sundays, with certain exemptions. The law needs to be passed by Parliament's higher chamber and signed by the president to be effective.

6.3 Residential market



REAS consultancy's data from the residential market in the six main conurbations confirm the stabilization of the demand and the supply with a very high level of activity. The good economic climate is supported by a stable economic growth, a record low unemployment rate, an increase of salaries and exceptionally low deficit of the public finance sector. REAS analysts also point out an increase of the number of mortgages granted. The sales are positively influenced by the combination of low interest rates and considerable bank savings gathered by Poles, while looking for higher returns Poles decide to invest in apartments.

In Q3 2017 developers sold exactly the same number of apartments as in the previous one (17,500) and they added to offer a similar number of apartments (also 17,500). REAS also observes a strong increase of the prices of the apartments marketed in Q3. For the first time the nominal price per sqm (VAT included) exceeded its Q1 2009 level.

Even though the number of transactions concluded from July until September remained at the same level as in Q2, the last 12 months (Q4 2016 – Q3 2017)

were the best four quarters in the history of the Polish market: nearly 72,000 apartments were sold i.e. 23.3% more compared to the corresponding period a year earlier. For comparison: at the peak of the last boom on the residential market in 2007, over 35,000 transactions were concluded on the six monitored markets. Interestingly, the number of transactions in the last four quarters was only 2,000 higher than the number of apartments introduced to the market. So the surplus of the demand is quite small compared to the supply.

It does not mean that the demand is similar on each market. For example developers in Kraków observed a 19% decline of sales and it was their subsequent quarter of declines. A decrease in the number of transactions, although only a 5% one, was also registered in Poznań. A growth of nearly 12% was observed in TriCity on the other hand.

The reported data lead to the conclusion that the sales pace is faster and faster as far as the residential offer is concerned, but prices grow in a stable way and slowly because developers manage to market enough

apartments to match their sales. REAS assumes that 2017 will be a record year in terms of the number of apartments sold, the supply of new ones will be only slightly lower, thanks to which the offer will not decrease considerably. Research of the Central Statistical Office confirms that the number of people planning

to buy an apartment or house is the highest from the time of the last boom in 2006-2008. If salaries continue to grow and the political climate does not disturb consumers' optimism, the residential demand should not decrease considerably even though it will be harder and harder to break sales records.

6.4 Investment market



By the end of Q3 the value of transactions concluded on the commercial real estate market was EUR 2.4 bln. CBRE analysts estimate that the value of transactions in entire year will be similar to 2015 and 2016: EUR 4 – 4.5 bln. It is reflected in transactions which are in progress.

More than half of concluded transactions concerned retail properties. An increased supply of offices and most probably also the number of transactions in this sector is only expected in the years 2020-2021 when the market

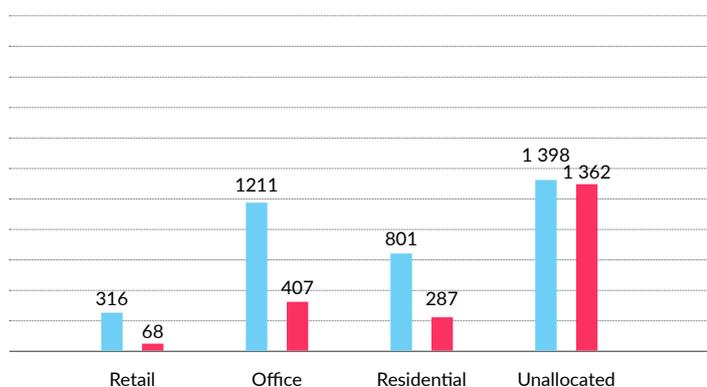
should gain a few large skyscraper projects. An increase of the weight of large portfolio transactions can be observed at present. As many as 10 such contracts with a total value of nearly EUR 1.2 bln were concluded by Q3.

Quite a stable economic environment and foundations contribute to compression of cap rates in sales transactions concerning the best commercial properties. Cap rates for office buildings in Warsaw are estimated by CBRE at 5.2% and in regional cities they amount to 6.15%. In the shopping centre sector they amount to 5.15%.

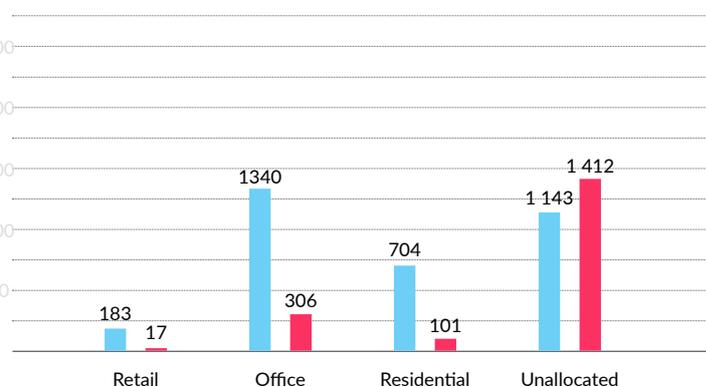
07

The Groups segments

ASSIGNMENT OF ASSETS AND LIABILITIES TO SEGMENTS
AS AT 30.09.2017 [PLN MLN]



ASSIGNMENT OF ASSETS AND LIABILITIES TO SEGMENTS
AS AT 31.12.2016 - RESTATED [PLN MLN]



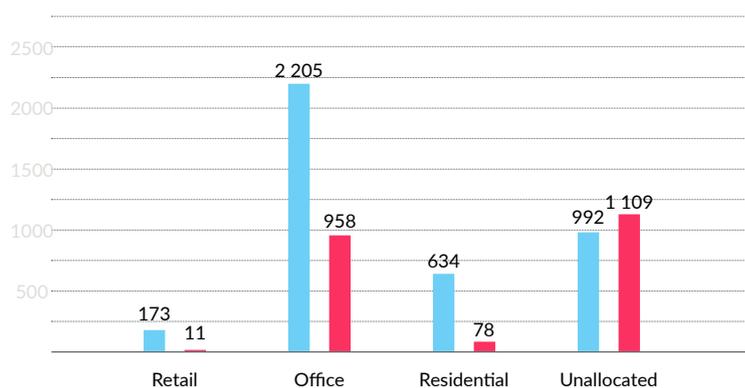
3 726 mln PLN

Total value of assets as at 30.09.2017

2 124 mln PLN

Total value of liabilities as at 30.09.2017

ASSIGNMENT OF ASSETS AND LIABILITIES TO SEGMENTS
AS AT 30.09.2016 - RESTATED [PLN MLN]



● - Assets
● - Liabilities

ASSIGNMENT OF ASSETS TO SEGMENTS

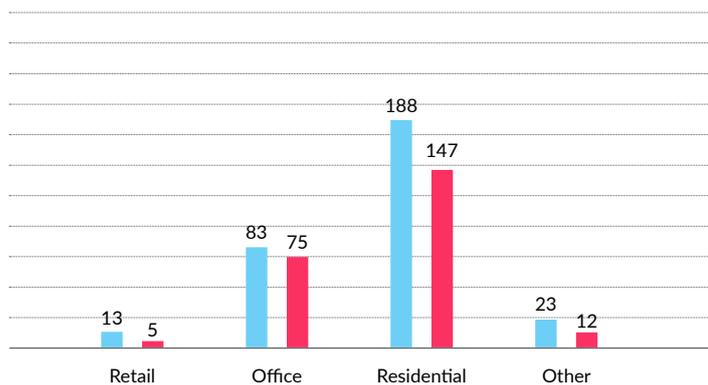
	30.09.2017	31.12.2016 - restated	30.09.2016 - restated
Retail	316 395	183 280	172 901
Office	1 211 364	1 340 220	2 205 324
Residential	801 401	703 788	634 196
Unallocated	1 397 098	1 142 504	991 970
Total	3 726 259	3 369 792	4 004 391

ASSIGNMENT OF LIABILITIES TO SEGMENTS

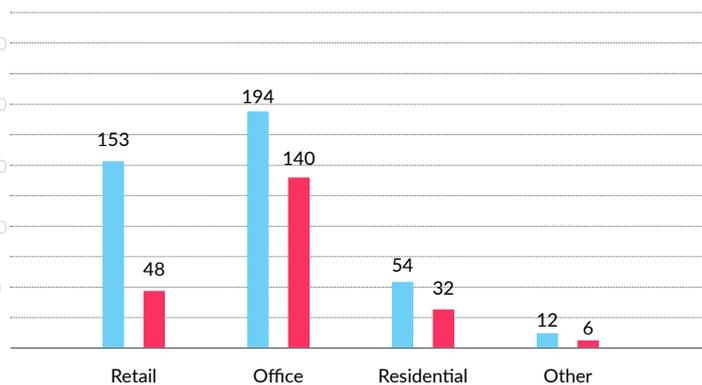
	30.09.2017	31.12.2016	30.09.2016
Retail	68 228	17 496	11 113
Office	406 689	305 605	958 354
Residential	286 876	100 826	78 098
Unallocated	1 362 030	1 412 071	1 109 460
Total	2 123 823	1 835 998	2 157 025

ASSIGNMENT OF OPERATING REVENUES AND OPERATING COSTS TO SEGMENTS [PLN MLN]

3 QUARTERS 2017



3 QUARTERS 2016



- - Operating revenues
- - Operating costs

307 mln PLN

Total operating revenues as at 30.09.2017

239 mln PLN

Total operating costs as at 30.09.2017

ASSIGNMENT OF OPERATING REVENUES TO SEGMENTS

	01.01.2017 - 30.09.2017	01.01.2016. - 30.09.2016
Retail	12 653	152 909
Office	83 213	193 645
Residential	188 345	54 223
Other	22 329	11 594
Total	306 540	412 370

ASSIGNMENT OF OPERATIONAL COSTS TO SEGMENTS

	01.01.2017 - 30.09.2017	01.01.2016. - 30.09.2016
Retail	(5 459)	(48 032)
Office	(74 525)	(139 727)
Residential	(147 063)	(32 340)
Other	(12 413)	(6 249)
Total	(239 460)	(226 349)

- - Retail
- - Office
- - Residential
- - Others



67 mln PLN

Gross profit on sales as at 30.09.2017

ASSIGNMENT OF GROSS PROFIT ON SALES TO SEGMENTS

	01.01.2017 - 30.09.2017	01.01.2016. - 30.09.2016
Retail	7 194	104 876
Office	8 687	53 917
Residential	41 282	21 882
Other	9 916	5 345
Total	67 080	186 021

Unallocated assets and liabilities covers positions that can not be clearly allocated to any of segments.

There was no revenues between segments.

FAIR VALUE GAIN BY SEGMENTS IN O1-Q3 2017



FAIR VALUE GAIN BY SEGMENTS IN Q3 2017



- - Office
- - Retail

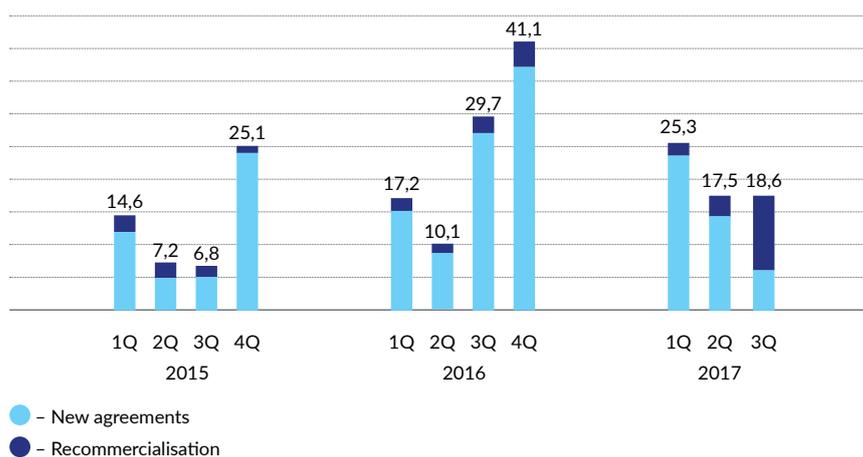
08

Echo Investment Group business segments – activities and outlook

8.1 Office

In Q3 2017 the office leasing department signed leases covering an area of 18,600 sqm, the majority of which were recommercialization agreements concerning buildings from EPP's portfolio. Since the beginning of the year they have leased 61,500 sqm i.e. 8% more than in the corresponding period last year. According to its strategy Echo Investment continues to lease the buildings which it sold shortly after the receipt of the occupancy permit e.g. Tryton in Gdańsk (88% leased after the signing of the contract with Pramerica Życie TUiR and extension of offices of earlier tenants), O3 Business Campus I in Kraków (93%), Q22 in Warsaw (92% leased) and Symetris I in Łódź (83% leased after the conclusion of a contract with ZF TRW, a global automotive supplier).

LEASE OF OFFICE SPACE ['000 SQM]



In H1 2017 Echo Investment dug the first hole at the building site of the first office building in the Browary Warszawskie complex (GLA of 15,000 sqm). The first lease agreement for 6,000 sqm. was signed recently. In Q3 the Company started the construction work at the site of another building on Beethovena Street in Warsaw (GLA of 18,000 sqm). The launch of construction of seven office buildings with a combined area of 142,500 sqm is planned for 2018 in Warsaw, Łódź, Gdańsk, Wrocław and Katowice.

8.2 Retail

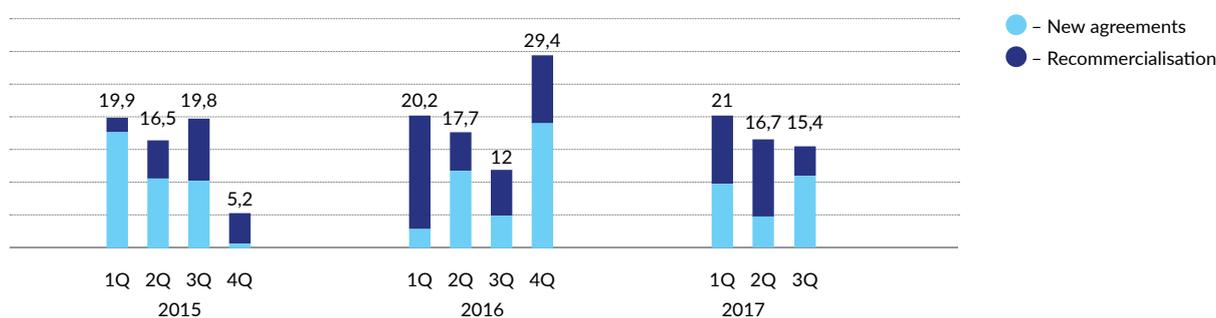
The most important event in the retail department in Q3 was the completion of stage III of Outlet Park in Szczecin, which Echo Investment built and leased for EPP. The project was fully leased. In Q4 the Company completed the construction of Galaxy in Szczecin, which was also carried out for EPP. This project was also fully leased. Echo Investment will receive

remuneration for the completion of the two projects.

The retail space leasing departments signed contracts covering an area of 15,400 sqm in shopping centres in Q3, nearly 5,000 sqm of which are recommercialization contracts concerning projects from EPP's portfolio.



LEASE OF RETAIL SPACE ['000 SQM]



The most of the new contracts concerned Libero in Katowice with tenants such as: Wojas, H&M, Guess, Forever 21, Diverse, KFC, Piotr i Paweł and Deichmann. The project is currently 76% leased. At the beginning of October Echo Investment concluded loan agreement with Bank Zachodni WBK and the BGŻ BNP Paribas for over EUR 67.5 mln as well

as a VAT loan of PLN 12 mln to finance the construction of the project.

After swift acquisition of the building site of Galeria Młociny, Echo Investment signed a lease agreement with MediaMarkt Saturn. The project is 64% leased. Together with EPP, which is the 70% shareholder of Galeria

Młociny, Echo Investment signed a loan agreement with Bank Zachodni WBK, PKO Bank Polski and Bank Gospodarstwa Krajowego, for EUR 175 mln as well as a VAT loan of over PLN 34 mln. The loan was provided for the construction financing and subsequently for a five-year investment period.

8.3 Residential segment

It is the most dynamically growing business segment of Echo Investment. Over the three quarters of 2017 the Company sold 887 apartments, 336 in Q3 alone. In October our sales agents signed preliminary contracts concerning 148 apartments – it was twice as many as the average monthly sales from the beginning of 2015. 1,045 apartments were sold after ten months, which brings the Company closer to reaching its annual target of minimum 1,300 apartments.

The number of apartments delivered to their final owners indicates that Echo Investment reached a higher scale of operations. After three quarters the Company handed over keys to 396 apartments, 238 in Q3 alone.

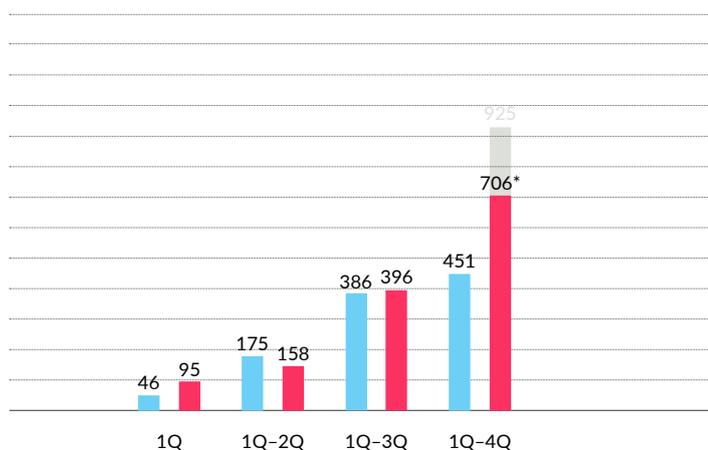
As many as 310 final sales contracts were signed in October. It is eight times as many as the monthly average from the beginning of 2015. There was no quarter in the history of Echo which could match such a high number of apartments.

In H1 2017 the company completed only two projects, both in Poznań: Pod Klonami III (14 terraced houses) and Park Sowińskiego II (42 apartments). In H2 of the year Echo obtained occupancy permits for the projects: Park Sowińskiego III in Poznań, Dom pod Wilgą I in Kraków, Osiedle Jarzębinowe III in Łódź, Kościuszki Apartments in Kraków, Jackowskiego in Poznań, Nowy Mokotów III and IV in Warsaw as well as Grota-Roweckiego II

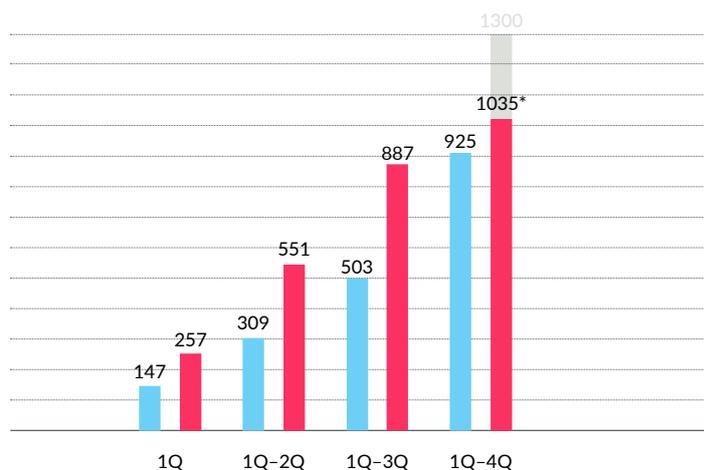
in Wrocław. The projects completed in H2 comprise a total of 956 apartments.

New projects are also being launched. In H1 the first hole was dug at the building site of the Dom pod Wilgą III estate in Kraków (63 apartments) and after the publication of the report they will also be dug at 4 other building sites: Nowa Dzielnica in Łódź (former Wodna), Żebra in Wrocław, Osiedle Perspektywa (stages II and III) in Poznań and Browary Warszawskie (stages B and C). Construction will also be launched at the Jarzębinowe 5 estate in Łódź and Widoki Mokotów in Warsaw (former Princess) as well as the Reset estate (Taśmowa I).

HAND OVERS OF APARTMENTS - CUMULATIVELY [UNITS]



SALE OF APARTMENTS - CUMULATIVELY [UNITS]



● - 2016
● - 2017
● - target

*achieved until October 2017

09

Portfolio of properties

9.1 Office

Definitions:

GLA – global leasing area

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

ROFO – right of first offer

The estimated budget includes the value of land, cost of design, construction and external supervision; it does not include the costs of hedging the revenue against rent-free periods, profit share on ROFO projects, interest costs or activated financial costs, marketing and total personnel costs related to the project.

OFFICE BUILDINGS IN OPERATION

Project	GLA [sqm]	Leasing [%]	Targeted NOI	Comments
Wrocław, Nobilis Business House	16 900	73%	2,9	
Warsaw, Babka Tower	6 200	74%	1,2	
Kraków, O3 Business Campus II	19 000	70%	3,3	ROFO agreement and preliminary sale agreement with EPP
Total	42 100		7,4	

OFFICE BUILDINGS UNDER CONSTRUCTION

Project	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted commissioning	Comments
Łódź, Symetris Business Park II	9 700	42%	1,6	67,4	67%	II Q 2016	IV Q 2017	ROFO agreement and preliminary sale agreement with EPP
Wrocław, Sagittarius	24 900	83%	4,5	176,9	44%	II Q 2016	I Q 2018	ROFO agreement with EPP, preliminary agreement with Warburg HIH
Kraków, O3 Business Campus III	18 900		3,3	120,1	32%	IV Q 2016	I Q 2018	ROFO agreement and preliminary sale agreement with EPP
Wrocław, West Link	14 200	96%	2,5	91,0	44%	III Q 2016	I Q 2018	preliminary sale agreement with Griffin Premium RE
Warsaw, Browary Warszawskie J	15 000		3,2	135,6	26%	II Q 2017	IV Q 2018	ROFO agreement with Griffin Premium RE
Warsaw, Beethovena I	17 800		3,0	132,5	25%	III Q 2017	III Q 2019	ROFO agreement with Griffin Premium RE
Total	100 500		18,1	723,5				

OFFICE BUILDINGS IN PREPARATION

Project	GLA [sqm]	Targeted NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted commissioning	Comments
Katowice, Grundmanna I	20 100	3,4	142,0	17%	I Q 2018	IV Q 2019	
Warsaw, Browary Warszawskie K	16 200	3,2	129,9	25%	I Q 2018	I Q 2020	
Warsaw, Browary Warszawskie G i H	23 100	5,0	225,2	22%	II Q 2018	I Q 2020	
Warsaw, Beethovena II	17 400	2,9	117,2	24%	I Q 2018	IV Q 2019	ROFO agreement with Griffin Premium RE
Łódź, Piłsudskiego-Kilińskiego	14 100	2,3	87,2	12%	II Q 2018	III Q 2019	
Gdańsk, Solidarności I	13 900	2,3	95,0	9%	I Q 2018	III Q 2019	
Wrocław, Powstańców Śląskich	37 700	6,7	275,7	18%	III Q 2018	II Q 2020	
Katowice, Grundmanna II	26 100	4,5	185,8	11%	II Q 2019	I Q 2021	
Gdańsk, Solidarności II	15 800	2,6	101,1	9%	I Q 2019	III Q 2020	
Kraków, Wita Stwosza	9 800	1,7	74,6	21%	I Q 2019	III Q 2020	
Total	194 200	34,6	1 433,7				

9.2 Retail

Definitions:

GLA – global leasing area

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

ROFO – right of first offer

* The estimated budget includes the value of land, cost of design, construction and external supervision; it does not include the costs of hedging the revenue against rent-free periods, profit share on ROFO projects, interest costs or activated financial costs, marketing and total personnel costs related to the project.

RETAIL PROJECTS UNDER CONSTRUCTION

Project	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget* [PLN mln]	Expenditure incurred [%]	Start	Targeted commissioning	Comments
Szczecin, Galaxy (extention)	15 200	99%	3,6	-	-	I Q 2016	IV Q 2017	project run for EPP, commissioned in Q4
Katowice, Libero	45 100	76%	8,8	346,6	23%	III Q 2016	I Q 2018	ROFO agreement with EPP
Warsaw, Galeria Młociny	81 900	56%	20,4	1 167,6	44%	IV Q 2016	II Q 2019	JV with EPP: share split 30%-70%
Total	142 200		32,8	1 514,2				

Galaxy is run for EPP with development fee for Echo Investment. It is not consolidated in Echo Investment Group.

RETAIL PROJECT IN PREPERATION

Project	GLA [sqm]	Targeted NOI [EUR mln]	Targeted budget* [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted commissioning	Comments
Warsaw, Towarowa 22, 2 phases	111 100	36,4	1 696,4	20%	I Q 2019 *	IV Q 2021*	JV with EPP: target share split 30%-70%

* Concerns I phase

9.3 Residential

Definitions:

PUM – useable and residential area

Sales – the item exclusively concerns preliminary contracts

* The estimated budget includes the value of land, cost of design, construction and external supervision, it does not include the cost of supply maintenance, interest costs or activated financial costs, marketing and total personnel costs related to the project.

RESIDENTIAL PROJECTS UNDER CONSTRUCTION

Project	Sales area [sqm]	Number of units	Targeted revenues [PLN mln]	Targeted budget* [PLN mln]	Expenditure incurred* [%]	Start	Targeted commissioning
Kraków, Apartamenty GO	6 600	174	59,9	40,6	66%	IV Q 2016	II Q 2018
Kraków, Dom pod Wilgą II	8 800	131	72,9	45,8	72%	III Q 2016	III Q 2018
Kraków, Dom pod Wilgą III	4 600	63	41,1	27,1	33%	II Q 2017	II Q 2019
Kraków, Kościuszki Apartments	5 300	70	65,8	42,0	97%	IV Q 2015	IV Q 2017
Łódź, Osiedle Jarzębinowe IV	4 400	75	21,0	16,0	51%	IV Q 2016	III Q 2018
Łódź, Nowa Dzielnica (Wodna)	5 300	87	28,9	22,1	18%	III Q 2017	IV Q 2018
Poznań, Jackowskiego	8 100	155	53,0	37,9	69%	III Q 2015	IV Q 2017
Poznań, Osiedle Jaśminowe III	3 800	77	20,9	15,7	45%	IV Q 2016	III Q 2018
Poznań, Osiedle Perspektywa I	8 200	169	43,9	35,2	17%	IV Q 2016	IV Q 2018
Poznań, Park Sowińskiego IV	5 100	89	38,2	26,3	47%	IV Q 2016	III Q 2018
Warsaw, Browary Warszawskie A	5 200	98	55,4	37,6	47%	IV Q 2016	IV Q 2018
Warsaw, Nowy Mokotów III	16 300	251	131,3	85,2	97%	III Q 2015	IV Q 2017
Warsaw, Nowy Mokotów IV	3 200	45	30,1	18,2	93%	II Q 2016	IV Q 2017
Wrocław, Zebra	11 300	233	74,6	55,6	18%	III Q 2017	II Q 2019
Wrocław, Grota-Roweckiego II	8 200	135	42,9	32,2	100%	IV Q 2015	IV Q 2017
Total	104 400	1 852	779,8	537,5			

RESIDENTIAL PROJECTS IN PREPARATION

Project	Sales area [sqm]	Number of units	Targeted revenues [PLN mln]	Targeted budget* [PLN mln]	Expenditure incurred* [%]	Targeted start	Targeted commissioning
Łódź, Osiedle Jarzębinowe V	8 100	145	41,7	33,6	14%	IV Q 2017	III Q 2019
Kraków, Rydla	5 600	94	46,3	35,6	25%	I Q 2018	III Q 2019
Kraków, Wita Stwosza I	11 800	272	93,9	66,0	42%	III Q 2018	IV Q 2020
Kraków, Wita Stwosza II	9 400	224	75,0	52,2	42%	III Q 2019	III Q 2021
Poznań, Garbary	12 300	217	85,6	59,9	23%	II Q 2018	II Q 2020
Poznań, Osiedle Jaśminowe IV	5 100	103	27,7	20,3	13%	I Q 2018	IV Q 2019
Poznań, Osiedle Perspektywa II	4 600	94	25,4	20,5	6%	IV Q 2017	II Q 2019
Poznań, Osiedle Perspektywa III	5 600	104	31,4	25,1	5%	IV Q 2017	II Q 2019
Warsaw, Beethovena	13 400	252	107,2	75,7	26%	III Q 2018	III Q 2020
Warsaw, Browary Warszawskie B	10 500	190	119,3	76,8	28%	IV Q 2017	III Q 2019
Warsaw, Browary Warszawskie C	6 900	105	83,4	50,8	26%	IV Q 2017	III Q 2019
Warsaw, Browary Warszawskie E	5 800	81	91,1	57,5	17%	III Q 2018	II Q 2020
Warsaw, Widoki Mokotów	4 800	87	65,0	46,4	23%	IV Q 2017	II Q 2020
Warsaw, Reset (Taśmowa I)	7 300	164	61,7	49,6	30%	IV Q 2017	III Q 2019
Warsaw, Reset (Taśmowa II)	11 900	247	99,8	80,8	27%	I Q 2019	I Q 2021
Wrocław, Gdańska	4 500	75	33,1	25,3	22%	II Q 2018	I Q 2020
Total	127 600	2 454	1 087,5	776,0			

RESIDENTIAL PROJECTS FOR EXTERNAL RENTAL PLATFORM UNDER PREPARATION

Project	Sales area [sqm]	Number of units	Targeted start	Targeted commissioning
Wrocław, Rychalska I	11 400	303	III Q 2017	IV Q 2019
Warsaw, Browary Warszawskie D i F	19 000	451	IV Q 2017	I Q 2020
Łódź, Wodna II	7 700	211	IV Q 2017	IV Q 2019
Wrocław, Kępa Mieszczarska	9 300	270	I Q 2018	IV Q 2019
Total	47 600	1 235		

9.4 Land bank

EARLY STAGE PROJECTS

Project	Plot area [sqm]	Potential of GLA [sqm]	Comments
Łódź, Tymienieckiego	77 200	80 000	Plot for office and residential functions
Wrocław, Na Ostatnim Groszu	43 900	70 000	Plot for office function
Warsaw, Ordona	24 900	48 000	Plot for residential function
Warsaw, Chłodna/Wronia	600	1 100	Plot for residential function, transaction concluded in Q4 2017
Łódź, Kilińskiego	9 500	35 000	Plot for office function, transaction concluded in Q4 2017
Total	156 100	234 100	

INVESTMENT PROPERTIES

Location	Plot area [sqm]	Comments
Brasov Korona, (Rumunia)	49 700	Preliminary sale agreement
Budapest Mundo, (Węgry)	67 700	
Katowice, Jankego	26 200	
Koszalin, Krakusa i Wandy	39 300	Preliminary conditional sale agreement
Kraków, Wita Stwosza	7 300	
Lublin	4 700	
Łódź, Okopowa	12 500	
Poznań, Hetmańska	65 300	
Poznań, Naramowice	305 800	
Poznań, Pamiątkowo	874 200	
Radom, Beliny	6 300	
Słupsk	65 700	Preliminary conditional sale agreement
Szczecin, Struga	11 000	
Warsaw, Taśmowa	13 400	Preliminary sale contract for part of the plot
Warsaw, Woronicza	9 500	
Zabrze, Miarki	8 100	
Total	1 566 700	

10

Main investments in Q1-Q3 2017 – acquisition of plots

929 pln

Value of land in 1 sqm of residential or office space possible to build on plots acquired since the beginning of 2017.

Since the beginning of 2017 Echo Investment Group purchased number of properties with c.a. 360,000 sqm. of buildable office and residential space in total. The company spent a total of PLN 335 million net on the purchase of the plots. Following assets were acquired:

- plots with a combined area of 5.100 sqm on al. Piłsudskiego in Łódź, where an office project with a leasing area of 14.000 sqm is planned;
- perpetual usufruct of plot with an area of 8.600 sqm on Nowomiejska Street in Gdańsk, where an office complex with a leasing area of app. 30.000 sqm is planned;
- plots with 7.900 sqm of total area near ul. Powstańców Śląskich in Wrocław, where the office complex with 38.000 sqm GLA of space can be build;
- ownership of plots with 32,800 sqm near Rakowicka and Wita Stwosza streets in Krakow, where c.a. 44,000 sqm of office and residential space can be built;
- an entity being owner of perpetual usufruct of plots with combined area of 77,200 sqm near Tymienieckiego street in Lodz, where c.a. 80,000 sqm of residential and office space can be built;
- plots with a combined area of 44.000 sqm in Wrocław, located near Na Ostatnim Groszu and Horbaczewskiego streets, where c.a. 70.000 sqm of office space can be built;
- perpetual usufruct of plot with an area of 24.900 sqm located in Warsaw, near Ordonia street, where 48.000 sqm of residential space can be built;
- ownership of plots with 600 sqm located in Warsaw, near Chłoda street, where 1.100 sqm of residential space can be built (transaction concluded in Q4);
- ownership of plots with 9.500 sqm in Łódź, near Kilińskiego street, where 35.000 sqm of office GLA can be built (transaction concluded in Q4).

Furthermore in Q2 2017 the Group acquired 30% shares in Galeria Młociny, retail project under construction located near Zgrupowania AK street. The project's targeted GLA amounts to 82,000 sqm in Warsaw.

11

Factors and unusual events influencing the financial result in Q1-Q3 2017

FACTORS WHICH INFLUENCED THE GROUP'S FINANCIAL RESULTS IN Q1-Q3 2017:

Q1 2017:

Revenue resulting from 95 final contracts concerning the sale of housing units and housing plots mostly in the projects:

- Hortus Apartments and Park Avenue Apartments in Kraków;
- Osiedle Jarzębinowe in Łódź;
- Osiedle Jaśminowe, Pod Klonami and Park Sowińskiego in Poznań;
- Nowy Mokotów in Warsaw,
- Grota 111 in Wrocław;
- Osiedle Południowe in Dyminy near Kielce;
- Rezydencje Leśne in Warsaw.

Revenues resulting from sale of subsidiaries:

- EI Project Cypr 1 LTD
- Echo Investment Ukraine LLC

Revaluation of fair value of the Group's assets:

- in operation: Babka Tower in Warsaw and A4 Business Park III in Katowice, Nobilis Business House in Wrocław;
- first valuation of properties under construction: Libero in Katowice, West Link and Sagittarius Business House in Wrocław.

Q2 2017:

Revenue resulting from 63 final contracts concerning the sale of housing units and housing plots mostly in the projects:

- Hortus Apartments and Park Avenue Apartments in Kraków;
- Osiedle Jarzębinowe in Łódź;
- Park Sowińskiego, Osiedle Jaśminowe and Pod Klonami in Poznań;
- Nowy Mokotów in Warsaw,
- Grota 111 in Wrocław;
- Osiedle Południowe in Dyminy near Kielce;
- Rezydencje Leśne in Warsaw.

Revenues resulting from sale of A4 Business Park III office project in Katowice.

Revaluation of fair value of the Group's assets:

- in operation: Babka Tower in Warsaw and A4 Business Park III in Katowice;
- in the proces of leasing: Nobilis Business House in Wrocław;
- under construction: Libero in Katowice, West Link and Sagittarius Business House in Wrocław;

- first valuation of properties under construction: Symetris II in Łódź and O3 Business Park II in Krakow.

Revaluation of Echo Polska Property's shares to market value.

Q3 2017:

The revenue from 238 final apartment sales contracts concluded, mostly in the projects:

- Dom Pod Wilgą I, Park Avenue and Hortus Apartments in Kraków;
- Osiedle Jarzębinowe III in Łódź;
- Park Sowińskiego and Os. Jaśminowe in Poznań;
- Nowy Mokotów II in Warsaw;
- Grota 111 in Wrocław.

The revenue from final contracts concerning the sale of plots with house designs:

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

Fair value adjustment concerning properties held by the Group:

- in operation: Babka Tower in Warsaw;
- in the course of commercialization: Nobilis Business House in Wrocław, O3 II Business Park in Kraków;
- under construction: Libero in Katowice, West Link, Sagittarius Business House in Wrocław, Symetris II in Łódź.

Booking a special dividend from the EPP Group for Outlet Park III.

Dividend from EPP.

The revenue on account of investment project management for the EPP Group.

Booking future revenue on account of an increase of the price of the Q22 office building resulting from the lease of an area.

Factors listed above influence the financial results in each quarter:

- Costs of sales and overheads.
- Valuation of liabilities related to of bonds and loans in accordance with amortised cost principle.
- Cash and loans valuation on resulting from of currency exchange fluctuations.
- Measurement and settlement of FX hedging instruments.
- Interest on deposits and borrowings granted.
- Revenues from framework services of Echo Polska Properties group.

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

FACTORS WHICH WILL INFLUENCE THE GROUP'S FINANCIAL RESULTS IN THE FOLLOWING PERIODS:

Revenue resulting from final contracts concerning the sale of housing units, mostly in the projects:

- Dom Pod Wilgą I-II, Park Avenue in Krakow;
- Osiedle Jarzębinowe III in Łódź;
- Park Sowińskiego, Jackowskiego and Osiedle Jaśminowe in Poznań;
- Nowy Mokotów III and IV in Warsaw;
- Grota 111 in Wrocław.

Revenue resulting from final contracts concerning the sale of housing plots with house projects in the projects:

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

Revaluation of fair value of the Group's assets in operation (Babka Tower), in the proces of leasing and under construction: O3 Bussines Park II and III in Kraków, Libero in Katowice.

Special dividend from EPP for executing the construction of Galaxy extention in Szczecin.

Revaluation and sale of properties:

- O3 Business Park II and III in Krakow,
- Symetris Business Park II in Łódź,
- Nobilis Business House in Wrocław,
- Sagittarius in Wrocław,
- West Link in Wrocław.

Costs of sales and overheads.

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

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

Measurement and settlement of FX hedging instruments.

Interest on deposits and borrowings granted.

Valuation of shares and dividends received from Echo Polska Properties.

Revenues from framework services of EPP group.

Discounts and interests on loans, bonds and borrowings.

13

Seasonal and cyclical nature of the Group's activity

The Group's activity covers several segments of the real estate market. Accounting revenues from sale of housing developments depends on the commissioned residential buildings and revenue on these operations is generated in every quarter but it varies in terms of stability. Revenue and results from general investment contractor services, sales of commercial investments and trade in property may be irregular. The Management Board cannot exclude other one-off events which may influence results generated in a given period.

14

Information on dividend

14.1 THE DIVIDEND POLICY

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

- from 2016 profit the Management Board will recommend to the General Meeting of Shareholders the payment of dividend amounting to the dividend advance declared on 23 November 2016 i.e. PLN 0.85 per share.
- from 2017 profit the Management Board will recommend the payment of PLN 0.5 per share.
- from the profit in 2018 and subsequent years the Management will be recommending the payment of the dividend amounting to 70% of the consolidated net profit of the Capital Group attributable to shareholders of the parent company.

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

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

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

14.2 DIVIDENDS PAID OR DECLARED

According to the adopted dividend policy, the Management Board of Echo Investment S.A. proposed to earmark a portion of the Company's 2016 profit for distribution to the shareholders. Based on the Management Board resolution from 23 November, 2016 on the payment of interim dividend from 2016 financial year profit, the amount of PLN 350,786,994.70 (PLN 0.85 per share) was paid to the shareholders having the shares on accounts on 22 December, 2016. The first instalment of the dividend amounting to PLN 284,756,501.58 (PLN 0.69 per share) was paid on 29 December, 2016. Remaining part of the advance dividend amounting to PLN 66,030,493.12 (PLN 0.16 per share) was paid on 26 June 2017.

The Ordinary General Meeting of Shareholders which took place on 29 June 2017 decided to earmark PLN 557,132,285.70 for dividend. The amount came from 2017 profit (PLN 270,365,911.83), the Reserve Fund (PLN 80,421,082.87) as well as the supplementary capital (PLN 206,345,291). The previously paid dividend advance amounting to PLN 350,786,994.70 (PLN 0.85 per share) was credited towards the dividend – according to the Management's recommendation. The remaining part of the amount established by the Ordinary General Meeting of Shareholders i.e. PLN 206,345,291 (PLN 0.5 per share) was paid on 21 July 2017 and 5 July 2017 was the day of establishing the entitlement to the dividend.

The additional amount of the dividend exceeding the recommendation of the Management was financed from the sale of part of a block of EPP' shares, which took place on 22 June 2017.

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Bonds

COMPANY'S LIABILITIES DUE TO BONDS ISSUED, AS AT 30 SEPTEMBER 2017 [PLN '000]

Series	ISIN code	Bank	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market
Non-public bonds							
1/2015	PLECHPS00191	mBank S.A.	230 000	23.04.2018	WIBOR 6M + margin 2,5%	-	ASO Catalyst
3/2013	PLECHPS00126	mBank S.A.	80 000	19.06.2018	WIBOR 6M + margin 3,5%	-	ASO Catalyst
1/2014	PLECHPS00134	mBank S.A.	100 000	19.02.2019	WIBOR 6M + margin 3,6%	-	ASO Catalyst
2/2014	PLECHPS00159	mBank S.A.	70 500	15.05.2019	WIBOR 6M + margin 3,6%	-	ASO Catalyst
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3%	-	ASO Catalyst
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	-	ASO Catalyst
Non-public bonds total			735 500				
Public bonds							
C	PLECHPS00175	DM PKO BP	75 000	04.03.2018	WIBOR 6M + margin 3,15%	-	regulated market Catalyst
D	PLECHPS00183	DM PKO BP	50 000	20.04.2018	WIBOR 6M + margin 3,15%	-	regulated market Catalyst
E	PLECHPS00217	DM PKO BP	100 000	06.07.2021	WIBOR 6M + margin 2,9%	-	
Public bond total			225 000				
Total			960 500				

BONDS ISSUED AFTER BALANCE-SHEET DAY

Series	ISIN code	Bank	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market
F	PLECHPS00233	DM PKO BP	125 000	11.10.2022	WIBOR 6M + margin 2,9%	-	regulated market Catalyst
G	PLECHPS00241	DM PKO BP	75 000	27.10.2022	WIBOR 6M + margin 2,9%	-	regulated market Catalyst
Total			200 000				

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Loan and borrowing agreements

CREDIT FACILITIES OF ECHO INVESTMENT S.A. – GENERAL PURPOSE FACILITIES AS AT 30.09.2017 [PLN '000]

Bank	Registered office	Contractual amount of loan / borrowing	Outstanding loan / borrowing amount	Interest rate	Repayment deadline	Security
PKO BP S.A.	Warsaw	75 000	53 579	WIBOR 1M + margin	31.10.18	Authorisation to bank account, statement on submission to enforcement proceedings
Alior Bank S.A.	Warsaw	50 000		WIBOR 3M +.margin	30.01.18	Authorisation to bank account, statement on submission to enforcement proceedings
BZ WBK S.A.*	Wrocław	75 000		WIBOR 1M + margin	30.07.18	Authorisation to bank account, statement on submission to enforcement proceedings
Raiffeisen Bank Polska S.A	Wrocław	62 000	56 289	WIBOR 1M +.margin	14.12.18	Authorisation to bank account, statement on submission to enforcement proceedings
	Total	262 000	109 868			

* As at 30.09.2017 the available credit line is PLN 1.2 mln. The remaining amount of the credit line is blocked as collateral of the guarantee provided by BZ WBK in connection with the sale of the Q22 project (PLN 64.8 mln) and the guarantee in connection with road construction around Libero in Katowice (PLN 9 mln).

CREDIT FACILITIES OF ECHO INVESTMENT GROUP – PURPOSE FINANCING AS AT 30.09.2017 [‘000]

Borrower	Bank	Registered office	Contractual amount of loan / borrowing	Outstanding loan / borrowing amount	Interest rate	Repayment deadline	Security
Nobilis – Projekt Echo – 117 Sp. z o.o. Sp. K	mBank S.A.	Warsaw	EUR 20 000	EUR 13 657	Margin + EURIBOR 3M	31.12.2022	Mortgages, registered and financial pledges, authorisation to bank account, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
Symetris – Projekt Echo – 131 Sp. z o.o. Sp. K.	Bank BGŻ BNP Paribas S.A.	Warsaw	EUR 10 450 PLN 3 000	EUR 1 939 PLN 0	Margin + EURIBOR 3M Margin + WIBOR 3M	30.06.2019 30.06.2019	Mortgages, registered and financial pledges, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
West Gate II – Projekt Echo – 114 Sp. z o.o. Sp.	Bank Millennium S.A.	Warsaw	EUR 16 500 PLN 2 000	EUR 2 125 PLN 778	Margin + EURIBOR 3M Margin + WIBOR 1M	30.06.2019 30.06.2019	Mortgages, registered and financial pledges, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
Sagittarius – Projekt Echo – 113 Sp. z o.o. Sp. K.	PKO BP S.A.	Warsaw	EUR 31 719 PLN 6 000	EUR 3 355 PLN 722	Margin + EURIBOR 3M Margin + WIBOR 1M	30.09.2020 30.09.2019	Mortgages, registered and financial pledges, authorisation to bank account, subordination agreement, submission to enforcement proceedings, transfer of rights and claims of selected agreements
Total, in loans currency			EUR 78 669 PLN 11 000	EUR 21 076 PLN 1 500			

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Surety agreements

SURETY AGREEMENTS AS AT 30.09.2017 ['000 PLN]

Issuer	For	Value	Maturity	Description
Echo Investment S.A.	Bletwood Investments Sp. z o.o.	1 449	Entire validity period of the lease and three months following its termination date	Surety bond for liabilities of Cogl II Poland Limited Sp. z o.o. as a collateral of the liabilities resulting from the lease concluded on 06.11.2015. Issued in EUR.
Echo Investment S.A.	HPO AEP Sp. z o.o. Sp.J.	10 773	Until acquisition of an occupancy permit for the projects but no later than 07.12.2031.	Surety bond for liabilities of Echo – Browary Warszawskie Sp. z o.o. Sp.K. and Dellia Investments – Projekt Echo – 115 Sp. z o.o. Sp. K. j as a collateral of liabilities resulting from the lease concluded on 07.12.2016. Mutual surety issued in EUR.
Echo Prime Assets B.V.	Warburg-HiH Invest Real Estate GmbH	21 546	31.05.2019	Surety bond for liabilities of Sagittarius – Projekt Echo – 113 Sp. z o.o. Sp.K. resulting from the agreement concluded on 20.07.2017
		Total	33 768	

CHANGES IN SURETY AGREEMENTS IN Q3 2017 ['000 PLN]

Change	Issuer	For	Date of change	Value ['000]	Description
Issue	Echo Prime Assets B.V.	Warburg-HiH Invest Real Estate GmbH	20.07.2017	5 000 EUR	Surety bond for liabilities of Sagittarius – Projekt Echo – 113 Sp. z o.o. Sp.K. resulting from the agreement concluded on 20.07.2017

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Guarantee agreements

GUARANTEE AGREEMENTS ISSUED BY ECHO INVESTMENT S.A. AND ITS GROUP AS AT 30.09.2017 [PLN '000]

Guarantor	For	Value	Validity	Description
Echo Investment S.A.	Horta Sp. z o.o.	21 546	until 02.07.2020	Performance bond concerning the final sales agreement of the Aquarius Business House I office building in Wrocław. Issued in EUR.
Echo Investment S.A.	Skua Sp. z o.o.	25 855	until 30.07.2021	Performance bond concerning the final sales agreement of the Aquarius Business House II office building in Wrocław. Issued in EUR.
Echo Investment S.A. / BZ WBK S.A.	State Treasury	43 045	until 22.05.2018	Performance bond concerning liabilities of Outlet Park – Projekt Echo – 126 Sp. z o.o. Sp.K.
Echo Investment S.A.	mBank S.A.	15 266	until confirmation of fulfillment of appropriate financial indexes, no later than 31.03.2021	Performance bond concerning liabilities of Nobilis – Projekt Echo – 117 Sp. z o.o. Sp.K. resulting from loan agreement of 16.06.2016. Issued in EUR
Echo Investment S.A.	mBank S.A.	5 489	until project completion date, no later than 31.03.2018	Performance bond concerning construction cost overrun of the Nobilis office building in Wrocław.
Echo Investment S.A.	BGŻ BNP Paribas S.A.	5 270	until project completion date	Performance bond concerning cost overrun and liabilities on account of debt service in the course of construction of the Symetris II office building in Łódź. Issued in EUR
Q22 – Projekt Echo – 128 Sp. z o.o. Sp.K. / Echo Investment S.A.	IREEF – Stryków Propco Sp. z o.o.	420 000	until 15.12.2019	Quality guarantee concerning construction work related to the Q22 office building in Warsaw.
Echo Investment S.A.	IREEF – Stryków Propco Sp. z o.o.	148 839	until 15.12.2018	Performance bond concerning liabilities of Q22 – Projekt Echo – 128 Sp. z o.o. Sp.K. resulting from the sales agreement of 16.12.2016 regarding the Q22 office building in Warsaw. Issued in EUR
Echo Investment S.A.	Bank Millennium S.A.	7 300	until project completion date, no later than 30.06.2019	Performance bond concerning construction cost overrun of the West Link office building in Wrocław and liabilities of West Gate II – Projekt Echo – 114 Sp. z o.o. Sp.K. resulting from a loan agreement of 23.03.2017
Echo Investment SA	PKO BP SA	25 700	until 30.09.2020	Performance bond concerning construction cost overrun of the Sagittarius Business House office building in Wrocław.
BZ WBK SA	Katowice City	36 548	until 13.11.2017	Performance bond concerning liabilities of Galeria Libero – Projekt Echo – 120 Sp. z o.o. Sp.k. resulting from a contract concluded on 16.06.2016 with reference to a road construction project.

GUARANTEE AGREEMENTS ISSUED BY ECHO INVESTMENT S.A. AND ITS GROUP AS AT 30.09.2017 [PLN '000]

Guarantor	For	Value	Validity	Description
PKO BP SA	IREEF – Stryków Propco Sp. z o.o.	498	until 01.08.2018	Guarantee concerning liabilities of Echo Investment S.A. resulting from a lease concluded on 24.10.2016.
Echo – Aurus Sp. z o.o.	Echo – Park Rozwoju Sp. z o.o. Sp.K.	762	until 28.02.2027	Guarantee securing liabilities of Projekt 133 – City Space – GP Sp. z o.o. Sp.K. resulting from a lease concluded on 4.11.2016.
Echo – Aurus Sp. z o.o.	Nobilis – Projekt Echo – 117 Sp. z o.o. Sp.K.	762	until 31.07.2027	Guarantee securing liabilities of Projekt 137 – City Space – GP Sp. z o.o. Sp.K. resulting from a lease concluded on 28.02.2017.
Echo – Aurus Sp. z o.o.	Ventry Investments Sp. z o.o. Sp.K.	1 198	until 9.04.2027	Guarantee securing liabilities of City Space – GP Sp. z o.o. resulting from a lease concluded on 12.10.2016.
Raiffeisen Bank SA	Agentia Nationala de Administrare Fiscala	2 196	until 31.08.2018	Performance bond concerning liabilities of S.C. Echo Investment Project 1 S.R.L.
Total		760 274		

Due to the fact, that provisions on rental guarantees are already presented in consolidated balance sheet, off-balance sheet liabilities are not presented here.

AMENDMENTS TO GUARANTEE AGREEMENTS IN Q3 2017 ['000]

Change	Guarantor	For	Date of change	Value	Description
new guarantee	BZ WBK SA	Katowice City	14.07.2017	36,548 PLN	Performance bond concerning liabilities of Galeria Libero – Projekt Echo – 120 Sp. z o.o. Sp.K. resulting from a contract concluded on 16.06.2016 with regard to a road construction project.
new guarantee	PKO BP SA	IREEF – Stryków Propco Sp. z o.o.	20.09.2017	115 EUR	Guarantee concerning liabilities of Echo Investment S.A. resulting from a lease concluded on 24.10.2016.
new guarantee	Echo – Aurus Sp. z o.o.	Echo – Park Rozwoju Sp. z o.o. Sp.K.	15.09.2017	177 EUR	Guarantee securing liabilities of Projekt 133 – City Space – GP Sp. z o.o. Sp.K. resulting from a lease concluded on 4.11.2016.
new guarantee	Echo – Aurus Sp. z o.o.	Nobilis – Projekt Echo – 117 Sp. z o.o. Sp.K.	14.08.2017	177 EUR	Guarantee securing liabilities of Projekt 137 – City Space – GP Sp. z o.o. Sp.K. resulting from a lease concluded on 28.02.2017.
new guarantee	Echo – Aurus Sp. z o.o.	Ventry Investments Sp. z o.o. Sp.K.	15.09.2017	278 EUR	Guarantee securing liabilities of City Space – GP Sp. z o.o. resulting from a lease concluded on 12.10.2016.
new guarantee	Raiffeisen Bank SA	Agentia Nationala de Administrare Fiscala	31.08.2018	2,344 RON	Performance bond concerning liabilities of S.C. Echo Investment Project 1 S.R.L.

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Echo Investment Group

19.1 Composition of the Group

Echo Investment S.A. has the key role in the Group's structure; it supervises, co-implements and ensures funding for property developments. The companies which form the Group have been established or purchased in order to perform specific investment tasks.

As at 30 September 2017, the Group was composed of 137 fully consolidated subsidiaries and 4 subsidiary consolidated under the equity method.

SUBSIDIARIES

No	Name of the company	Registered office	% of capital held	Parent entity
1	Symetris – Projekt Echo – 131 Sp. z o.o. Sp. k.	Warsaw	100%	Gosford Investments Sp. z o.o.
2	Taśmowa – Projekt Echo – 116 Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
3	Avatar – Projekt Echo – 119 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
4	Cornwall Investments Sp. z o.o. Sp. k.	Warsaw	100%	Echo Investment S.A.
5	Cornwall Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
6	Doxent Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
7	Duże Naramowice – Projekt Echo – 111 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
8	Echo – Browary Warszawskie Sp. z o.o. Sp. k.	Kielce	100%	Echo Investment S.A.
9	Echo – Browary Warszawskie Sp. z o.o.	Kielce	100%	Echo Investment S.A.
10	Echo Innovations – Projekt Echo – 99 Sp. z o.o. Sp. K.	Kielce	100%	Echo Investment S.A.
11	Elissea Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
12	Fianar Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
13	Galeria Libero – Projekt Echo 120 Sp. z o.o. S.k.a.	Kielce	100%	Fianar Investments Sp. z o.o.
14	Gosford Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
15	GP Development sarl	Luxembourg	100%	Barconsel Holdings Ltd
16	Kielce – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
17	Metropolis – Projekt Echo 121 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
18	Park Postępu – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
19	Projekt Beethovena – Projekt Echo – 122 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
20	Selmer Investments Sp. z o.o. Sp. k.	Warsaw	100%	Echo Investment S.A.
21	Selmer Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.

SUBSIDIARIES

No	Name of the company	Registered office	% of capital held	Parent entity
22	Echo – Project – Management Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
23	Echo Investment Hungary Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
24	Echo Investment Project 1 S.R.L.	Brasov	100%	"Echo – Aurus" Sp. z o.o.
25	Echo Investment Project Management S.R.L.	Brasov	100%	Echo Investment S.A.
26	Elmira Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
27	Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
28	Projekt 1 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	60 FIZ Forum
29	Projekt Echo – 100 Sp z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
30	Park Rozwoju III – Projekt Echo – 112 Sp. z o.o. – Sp. k.	Kielce	100%	Perth Sp. z o.o.
31	53 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
32	Babka Tower – Projekt Echo – 93 Sp. z o.o. Sp.k.	Kielce	100%	Perth Sp. z o.o.
33	Barconsel Holdings Ltd	Nicosia	100%	"Echo – SPV 7" Sp. z o.o.
34	Bełchatów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
35	Dellia Investments – Projekt Echo – 115 sp. z o.o. Sp.k.	Kielce	100%	Pudsey Sp z o.o.
36	Echo – Advisory Services Sp. z o.o.	Kielce	100%	Echo Investment S.A.
37	Echo – Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.
38	Echo – Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
39	Echo – Babka Tower Sp. z o.o.	Kielce	100%	Echo Investment S.A.
40	Echo – Babka Tower Sp. z o.o. – Sp. k.	Kielce	100%	Gelann Sp. z o.o.
41	Echo – Galaxy Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
42	Echo – Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
43	Kasztanowa Aleja – Grupa Echo Sp. z o.o. Sp. k.	Kielce	100%	Echo Investment S.A.
44	Klimt House – Grupa Echo Sp. z o.o. Sp. k.	Kielce	100%	Echo Investment S.A.
45	Echo – Klimt House Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
46	Echo – Nowy Mokotów Sp. z o.o. – Sp. k.	Kielce	100%	Echo Investment S.A.
47	Echo – Nowy Mokotów Sp. z o.o.	Kielce	100%	Echo Investment S.A.
48	Echo – Opolska Business Park Sp. z o.o.	Kielce	100%	Echo Investment S.A.
49	Echo – Opolska Business Park Sp. z o.o. – Sp. k.	Warsaw	100%	Perth Sp. z o.o.
50	Pod Klonami – Grupa Echo Sp. z o.o. Sp. k.	Kielce	100%	Echo Investment S.A.
51	Echo – Pod Klonami Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
52	Echo – Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
53	Echo – SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
54	Echo Investment ACC – Grupa Echo Sp. z o.o. Sp. k.	Kielce	100%	Echo Investment S.A.
55	Galeria Nova – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
56	Galeria Tarnów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
57	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
58	Malta Office Park – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
59	Mena Investments Sp. z o. o. w likwidacji	Kielce	100%	Echo Investment S.A.
60	Nobilis – Projekt Echo – 117 Sp. z o.o. Sp. k.	Kielce	100%	Elmira Investments Sp. z o.o.

SUBSIDIARIES

No	Name of the company	Registered office	% of capital held	Parent entity
61	Oxygen – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
62	PHS – Projekt CS Sp. z o.o. – Sp.k.	Warsaw	100%	Perth Sp. z o.o.
63	PPR – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
64	Projekt 132 – City Space – GP Sp. z o.o. Sp. k.	Kielce	100%	City Space Management Sp. z o.o.
65	Projekt 133 – City Space – GP Sp. z o.o. Sp. k.	Kielce	100%	City Space Management Sp. z o.o.
66	Projekt 137 – City Space – GP Sp. z o.o. Sp. k.	Kielce	100%	City Space Management Sp. z o.o.
67	Projekt – Pamiątkowo Sp. z o.o.	Kielce	100%	Echo – SPV 7 Sp. z o.o.
68	Projekt 12 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	60 FIZ Forum
69	Projekt 13 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	60 FIZ Forum
70	Projekt 14 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	60 FIZ Forum
71	Projekt 15 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
72	Projekt 16 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
73	Projekt 17 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
74	Projekt 18 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
75	Projekt 19 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
76	Projekt 20 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
77	Projekt 21 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
78	Projekt 22 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
79	Projekt 5 – Grupa Echo Sp. z o.o. – S.k.a.	Szczecin	100%	60 FIZ Forum
80	Projekt CS Sp. z o.o.	Kielce	100%	Echo Investment S.A.
81	Projekt Echo – 104 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
82	Projekt Echo – 108 Sp. z o.o.	Kielce	100%	60 FIZ Forum
83	Projekt Echo – 111 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
84	Projekt Echo – 112 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
85	Projekt Echo – 113 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
86	Projekt Echo – 114 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87	Projekt Echo – 115 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
88	Projekt Echo – 116 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
89	Projekt Echo – 117 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
90	Projekt Echo – 119 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
91	Projekt Echo – 120 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
92	Projekt Echo – 121 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
93	Projekt Echo – 122 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
94	Projekt Echo – 123 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
95	Projekt Echo – 127 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
96	Projekt Echo – 128 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
97	Projekt Echo – 129 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
98	Projekt Echo – 130 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
99	Projekt Echo – 131 Sp. z o.o.	Kielce	100%	Echo Investment S.A.

SUBSIDIARIES

No	Name of the company	Registered office	% of capital held	Parent entity
100	Projekt Echo – 132 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
101	Projekt Echo – 135 Sp. z o.o. – Sp. k.	Kielce	100%	Perth Sp. z o.o.
102	Projekt Echo – 135 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
103	Projekt Echo – 136 Sp. z o.o. – Sp. k.	Kielce	100%	Echo Investment S.A.
104	Projekt Echo – 136 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
105	Projekt Echo – 137 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
106	Projekt Echo – 77 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
107	Projekt Echo – 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
108	Projekt Echo – 95 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
109	Projekt Echo – 96 Sp. z o.o. w likwidacji	Kielce	100%	Echo Investment S.A.
110	Projekt Echo – 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
111	Projekt K-6 – Grupa Echo Sp. z o.o. – S.k.a.	Kielce	100%	Echo Investment S.A.
112	Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
113	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
114	Pure Systems Sp. z o.o.	Kraków	100%	Echo Investment S.A.
115	Q22 – Projekt Echo – 128 Sp. z o.o. – Sp. k.	Kielce	100%	Potton Sp z o.o.
116	Sagittarius – Projekt Echo – 113 sp. z o.o. Sp. k.	Kielce	100%	Doxent Investments Sp. z o.o.
117	Tryton – Projekt Echo – 127 Sp. z o.o. – Sp. k.	Warsaw	100%	Perth Sp. z o.o.
118	Villea Investments Sp. z o.o.	Warsaw	100%	60 FIZ Forum
119	West Gate II – Projekt Echo – 114 Sp. z o.o. Sp.k.	Kielce	100%	Elissea Investments Sp. z o.o.
120	City Space – GP Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
121	City Space – SPV 1 Sp. z o.o.	Warsaw	100%	City Space Management Sp. z o.o.
122	City Space – SPV 2 Sp. z o.o.	Warsaw	100%	City Space Management Sp. z o.o.
123	City Space – SPV 3 Sp. z o.o.	Warsaw	100%	City Space Management Sp. z o.o.
124	City Space Management Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
125	Echo Prime Assets BV	Amsterdam	100%	Echo Investment S.A.
126	Gleann Sp. z o.o.	Warsaw	100%	60 FIZ Forum
127	Perth Sp. z o.o.	Warsaw	100%	60 FIZ Forum
128	Potton Sp. z o.o.	Warsaw	100%	60 FIZ Forum
129	Pudsey Sp. z o.o.	Warsaw	100%	60 FIZ Forum
130	Seaford Sp. z o.o.	Warsaw	100%	60 FIZ Forum
131	Shanklin Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
132	Stranraer Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
133	Strood Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
134	Swanage Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
135	Dagnall Sp. z o.o.	Warsaw	100%	Echo Prime Assets BV
136	Elektrownia RE Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
137	Senja 2 Sp. z o.o.	Warsaw	100%	Echo – Browary Warszawskie Sp. z o.o.

JOINT-VENTURES

No	Name of the company	Registered office	% of capital held	Parent entity
1	Rosehill Investments Sp. z o.o. (Galeria Młociny)	Warsaw	30%	Echo Prime Assets BV
2	Berea Sp. z o.o. (Galeria Młociny)	Warsaw	30%	Rosehill Investments Sp. z o.o.
3	Projekt Echo – 138 Sp. z o.o. (Towarowa 22)	Warsaw	30%	Echo Prime Assets BV
4	Projekt Echo – 138 Sp. z o.o. s.k. (Towarowa 22)	Warsaw	45,26%	Strood Sp. z o.o.

All certificates issued by 60 FIZ Forum are in possession of the companies of the Echo Investment Group.

19.2 Changes in the structure of the capital group

ECHO INVESTMENT GROUP WAS EXTENDED BY ONE COMPANY IN Q3 2017

AS A RESULT OF:

- the purchase of 100% shares in Senja 2 Sp. z o.o. with its registered office in Warsaw on 11 July 2017. The total purchase price amounted to PLN 7,000. The company's share capital amounts to PLN 5,000.

ECHO INVESTMENT GROUP DECREASED BY ONE COMPANY IN Q3 2017

AS A RESULT OF:

- liquidation of EI Option S.A. in liquidation with its registered office in Kraków on 15 September 2017. The share capital of the company amounted to PLN 100,000.00.

OTHER CHANGES IN THE COMPANIES CONSTITUTING THE ECHO INVESTMENT GROUP IN Q3 2017

- on 28 August 2017 Echo Investment S.A. sold shares in Projekt – Pamiętkowo Sp. z o.o. to SPV 7 Sp. z o.o. with its registered office in Kielce.

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Influence of the results disclosed in the report for Q3 2017 on possibility of fulfilment of previously published result forecasts

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

21

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

No Management Board or Supervisory Board member informs, or in Q1-Q3 2017, informed about the acquisition or sale any shares of Echo Investment S.A. No Management Board or Supervisory Board member holds or, in Q1-Q3 2017, held any shares of Echo Investment S.A.

In Q4 2017 two members of Echo Investment S.A. management board informed the Company about the purchase of shares in a transaction described in detail in item 3.3 of this report. Consequently on the day of publishing this report the number of shares held by members of the management board and the supervisory board was as follows:

Name and surname	Position in the company	Number of shares held	Share in the capital and votes at General Meetings
Nicklas Lindberg	President of the board	460,663	0.11%
Maciej Drozd	Vice-president of the board	184,265	0.04%

22

Court, arbitration or public administration proceedings

Between 1 January and 30 September 2017, there were no proceedings pending before court, a competent arbitration authority or a public administration authority concerning liabilities or claims of Echo Investment S.A. or its subsidiary the value, of which equaled at least 10% of the Company's equity.

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

In Q1-Q3 2017, no material transactions were concluded between Echo Investment S.A. and its subsidiaries, and related parties on terms other than market terms.



Nicklas Lindberg
President of the Management
Board, CEO



Maciej Drozd
Vice-President of the Management
Board, CFO



Piotr Gromniak
Vice-President of the Management
Board



Artur Langner
Vice-President of the Management
Board



Marcin Materny
Member of the Management Board



Mikołaj Martynuska
Member of the Management
Board



Rafał Mazurczak
Member of the Management
Board



Waldemar Olbryk
Member of the Management Board

Kielce, 27 November, 2017

FINANCIAL STATEMENTS



**Condensed interim consolidated financial
statement as of and for the nine-month
period ended 30 September 2017**

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION [PLN '000]

	As at 30.09.2017	As at 31.12.2016 - restated	As at 30.09.2016 - restated (non-audited)
ASSETS			
Non-current assets			
Intangible assets	391	295	143
Property, plant and equipment	9 852	8 672	8 979
Investment property	242 044	248 037	58 385
Investment property under construction	1 270 072	539 797	652 478
Investment in associates and joint ventures	212 438	564 363	572 905
Long-term financial assets	57 493	78 692	24 171
Deferred tax asset	105 285	91 810	53 253
	1 897 575	1 531 666	1 370 314
Current assets			
Inventory	793 406	660 251	604 216
Income tax recoverable	6 537	736	150
Other taxes recoverable	65 170	20 403	55 207
Trade and other receivables	317 182	270 443	40 451
Short-term financial assets	80 431	24 544	22 419
Derivative financial instruments	-	154	4
Restricted cash	36 897	27 070	30 975
Cash and cash equivalents	168 039	636 359	322 151
	1 467 662	1 639 960	1 075 573
Non-current assets held for sale	66 113	198 166	1 558 504
Financial assets held for sale	297 626	-	-
Total assets	3 728 976	3 369 792	4 004 391

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION [PLN '000]

	as of 30.09.2017	as of 31.12.2016 - restated	as of 30.09.2016 - restated
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent	1 596 282	1 533 894	1 847 462
Share capital	20 635	20 635	20 635
Supplementary capital	1 309 462	1 128 096	1 478 883
Revaluation capital	4 262	-	-
Accumulated profit	243 005	393 345	355 753
Foreign currency translation	18 918	(8 182)	(7 809)
Non-controlling interest	(105)	(100)	(96)
	1 596 177	1 533 794	1 847 366
Provisions			
Long-term provisions	73 212	68 522	12 150
Short-term provisions	136 374	75 333	57 659
Deferred tax liabilities	74 433	41 541	12 812
	284 019	185 396	82 621
Non-current liabilities			
Loans and borrowings	737 333	760 981	644 373
Derivatives	81	39	12
Security deposits and advances received	17 115	9 331	9 597
	754 529	770 351	653 982
Current liabilities			
Loans and borrowings	584 643	220 940	813 614
Derivatives	20	-	154
Income tax payable	106	2 338	27
Other taxes payable	15 197	245 225	2 455
Trade payables	120 291	163 930	103 045
Dividend liability	-	66 030	-
Other payables	81 245	80 019	32 508
Security deposits and advances received	292 749	85 428	87 998
	1 094 251	863 910	1 039 801
Liabilities of assets held for sale	-	16 341	380 621
Total equity and liabilities	3 728 976	3 369 792	4 004 391
Book value (PLN '000)	1 596 282	1 533 894	1 847 462
Number of shares	412 690 582	412 690 582	412 690 582
Book value per share (in PLN)	3,87	3,86	4,48
Diluted number of shares	412 690 582	412 690 582	412 690 582
Diluted book value per share (in PLN)	3,87	3,86	4,48

CONSOLIDATED PROFIT AND LOSS ACCOUNT [PLN '000]

	1 quarter 01.07.2017 – 30.09.2017	1 quarter 01.07.2016 – 30.09.2016, restated	3 quarters 01.01.2017 – 30.09.2017	3 quarters 01.01.2016 – 30.09.2016, restated
Revenues from operations	137 140	131 838	306 540	412 370
Cost of operations	(101 142)	(92 930)	(239 460)	(231 235)
Gross profit (loss) on sales	35 998	38 908	67 080	181 135
Profit (loss) on investment property	58 919	44 370	225 200	429 200
Administrative costs associated with project implementation	(9 392)	(1 627)	(25 876)	(9 449)
Selling expenses	(2 321)	78	(14 434)	(17 698)
Administration expenses	(22 749)	(17 374)	(65 657)	(59 391)
Other operating revenue (expenses)	13 652	20 941	19 874	(30 845)
Operating profit	74 107	85 296	206 187	492 952
Finance income	11 932	14 218	125 118	61 514
Finance cost	(14 055)	(67 591)	(73 849)	(331 382)
Profit (loss) on FX derivatives	(34)	83	1 118	(92)
Foreign exchange differences profit (loss)	(6 510)	17 378	(11 131)	(78 960)
Share of profit (loss) of associates and joint ventures	(3 833)	(1 197)	19 822	20 494
Profit (loss) before tax	61 607	48 187	267 265	164 526
Income tax	(11 392)	5 633	(29 893)	191 224
Net profit (loss), attributable to:	50 215	53 820	237 372	355 750
Equity holders of the parent	50 216	53 821	237 377	355 753
Non-controlling interest	(1)	(1)	(5)	(3)
Annualised net profit (loss)			237 376	355 753
Weighted average ordinary shares			412 691	412 691
Annualised earnings (loss) per ordinary share (in PLN)			0,58	0,86
Weighted average diluted ordinary shares				

CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME [PLN '000]

	1 quarter 01.07.2017 – 30.09.2017	1 quarter 01.07.2016 – 30.09.2016, restated	3 quarters 01.01.2017 – 30.09.2017	3 quarters 01.01.2016 – 30.09.2016, restated
Net profit (loss)	50 215	53 820	237 372	355 750
Other comprehensive income:				
– foreign exchange gains/losses on translation of foreign operations	(1 196)	5 760	27 100	9 911
– revaluation capital	4 262	-	4 262	-
Other net comprehensive income	3 066	5 760	31 362	9 911
Comprehensive income for the period, including:	53 281	59 580	268 734	365 661
Comprehensive income attributable to shareholders of the parent company	53 282	59 581	268 739	365 664
Comprehensive income attributable to non-controlling interest	(1)	(1)	(5)	(3)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [PLN '000]

	Share capital	Supplementary capital	Revaluation capital	Accumulated current year profit	Currency translation differences	Equity attributable to equity holders of the parent entity	Capital of non-controlling interests	Equity total
period from 01.01.2017 to 30.09.2017								
Opening balance	20 635	1 128 096	-	387 711	(8 182)	1 528 260	(100)	1 528 160
Change of accounting principles				5 634		5 634	-	5 634
Opening balance, restated	20 635	1 128 096	-	393 345	(8 182)	1 533 894	(100)	1 533 794
Distribution of previous years' profit/loss	-	181 366	-	(181 366)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Dividend approved (not paid)	-	-	-	(206 345)	-	(206 345)	-	(206 345)
Other net comprehensive income	-	-	-	-	27 100	27 100	-	27 100
Results of financial investments revaluation	-	-	4 262	-	-	4 262	-	4 262
Profit (loss) for the period	-	-	-	237 371	-	237 371	(5)	237 366
Closing balance	20 635	1 309 462	4 262	243 005	18 918	1 596 282	(105)	1 596 177
period from 01.01.2016 to 30.09.2016								
Opening balance	20 635	3 139 672	-	514 091	(10 802)	3 663 596	(93)	3 663 503
Change of accounting principles	-	-	-	4 357		4 357		4 357
Opening balance, restated	20 635	3 139 672	-	518 448	(10 802)	3 667 953	(93)	3 667 860
Distribution of previous years' profit/loss	-	-	-	-	-	-	-	-
Dividend paid	-	(1 660 789)	-	(514 091)	-	(2 174 880)	-	(2 174 880)
Dividend approved (not paid)	-	-	-	-	-	-	-	-
Other net comprehensive income	-	-	-	-	2 993	2 993	-	2 993
Results of financial investments revaluation	-	-	-	-	-	-	-	-
Profit (loss) for the period	-	-	-	351 396	-	351 396	(3)	351 393
Closing balance	20 635	1 478 883	-	355 753	(7 809)	1 847 462	(96)	1 847 366

CONSOLIDATED QUARTERLY CASH FLOW STATEMENT [PLN '000]

	3 quarters 01.01.2017 – 30.09.2017	3 quarters 01.01.2016 – 31.03.2016, restated
A. Operating cash flow – indirect method		
I. Gross profit (loss)	267 265	164 526
II. Total adjustments	(246 764)	(251 260)
Share in net (profit) loss of companies recognised with the equity method	(19 822)	(20 494)
Depreciation of PP&E	2 911	2 450
Foreign exchange (gains) losses	38 230	82 246
Interest	29 661	49 783
(Profit) loss on revaluation of assets and liabilities	(297 744)	(366 148)
(Profit) loss on settlement of financial instruments	-	903
III. Movements in working capital:	(102 761)	134 548
Movement in provisions	49 389	124 797
Movement in inventory	(142 004)	(7 731)
Movement in receivables	(33 636)	4 338
Movement in short-term liabilities, excluding loans and borrowings	33 317	(45 328)
Movement in restricted cash	(9 827)	58 472
IV. Net operating cash (I+II+III)	(82 260)	47 814
Income tax paid	(18 119)	(13 251)
V. Net operating cash flows	(100 379)	34 563
B. Cash flow from investing activities		
I. Proceeds	366 312	1 735 625
Sale of intangible assets, and PP&E	-	1 131
Sale of real property investments	120 490	1 701 144
From borrowings and financial investments	245 822	33 350
II. Expenditures	(663 978)	(419 361)
Purchase of intangible assets and PP&E	(4 188)	(972)
Real property investments	(513 090)	(365 252)
On borrowings and financial investments	(146 700)	(53 137)
III. Net cash flow from investing activities (I+II)	(297 666)	1 316 264

CONSOLIDATED QUARTERLY CASH FLOW STATEMENT - CONTINUATION [PLN '000]

	3 quarters 01.01.2017 - 30.09.2017	3 quarters 01.01.2016 - 31.03.2016, restated
C. Cash flow from financing activities		
I. Proceeds	534 663	1 224 177
Net proceeds from issue of shares (interests) and other equity instruments and capital contributions	-	-
Loans and borrowings	267 672	1 210 461
Issue of debt securities	255 000	-
Dividends received from companies recognised with the equity method	11 991	13 716
Other financial proceeds	-	-
II. Expenditures	(604 938)	(3 073 865)
Purchase of equity shares (interests)	-	-
Dividends and other payments to equity holders	(272 376)	(2 174 880)
Expenditures on profit sharing, other than payments to equity holders	-	-
Repayment of loans and borrowings	(133 448)	(624 170)
Redemption of debt securities	(175 000)	(200 000)
Due to FX derivatives	-	(903)
Payment of liabilities under finance lease agreements	-	-
Interest	(24 114)	(73 912)
Other financial expenditures	-	-
III. Net cash flow from financing activities	(70 275)	(1 849 688)
D. Total net cash flow (A.III+B.III+C.III)	(468 320)	(498 861)
E. Balance sheet movement in cash, including:	(468 320)	(498 861)
- movement in cash due to foreign exchange gains/losses	142	293
F. Cash at the beginning of the period	636 359	821 305
G. Cash at the end of the period (F+D)	168 039	322 151



**Condensed interim separate financial
statement as of and for the nine-month
period ended 30 September 2017**

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION [‘000 PLN]

	As at 30.09.2017 – end of quarter	As at 31.12.2016 – end of previous year, restated	As at 30.09.2016 – end of quarter, restated
ASSETS			
Non-current assets			
Intangible assets	380	281	129
Property, plant and equipment	4 668	5 031	4 947
Investment property	2 212	5 648	5 194
Investments in subsidiaries, jointly-controlled entities and associates	2 370 775	2 328 625	2 348 548
Long-term financial assets	10	160	-
Borrowings granted	11 050	9 479	4 543
Deferred income tax assets	46 264	39 751	47 265
	2 435 359	2 388 975	2 410 626
Current assets			
Inventory	315 485	350 637	326 284
Income tax receivables	-	-	1 732
Receivables on other taxes	-	-	-
Trade and other receivables	96 454	135 688	98 631
Borrowings granted	172 038	84 170	124 679
Restricted cash	20 288	20 884	13 132
Cash and cash equivalents	12 778	21 542	159 253
	617 043	612 921	723 711
Assets hold for sale	8 000	-	-
Total assets	3 060 402	3 001 896	3 134 337

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION ['000 PLN]

	As at 30.09.2017 – end of quarter	As at 31.12.2016 – end of previous year, restated	As at 30.09.2016 – end of quarter, restated
EQUITY AND LIABILITIES			
Equity			
Share capital	20 635	20 635	20 635
Supplementary capital	839 055	1 045 400	1 445 400
Reserve capital	319 579	49 213	-
Accumulated profit	102 583	272 531	244 360
	1 281 852	1 387 779	1 710 395
Provisions			
Provisions for liabilities – short-term	27 026	25 990	41 314
Provision on deferred income tax – long-term	-	-	-
	27 026	25 990	41 314
Long-term liabilities			
Loans, borrowings and bonds	504 718	675 163	582 836
Security deposits and advance payments received	569	935	659
	505 287	676 098	583 495
Short-term liabilities			
Loans, borrowings and bonds	1 022 708	672 295	684 779
– from subsidiaries:	444 512	461 541	400 722
Liabilities due to current portion of income tax	-	1 131	1
Other tax liabilities	5 570	2 279	1 536
Trade liabilities	19 091	74 666	42 003
Security deposits and advance payments received	145 880	66 114	54 103
Other liabilities	52 988	95 544	16 711
	1 246 237	912 029	799 133
Total equity and liabilities	3 060 402	3 001 896	3 134 337
Book value	1 281 852	1 387 779	1 710 395
Number of shares	412 690 582	412 690 582	412 690 582
Book value per share (PLN)	3,11	3,36	4,14

OFF-BALANCE SHEET LIABILITIES [PLN '000]

	as at 30.09.2017 – end of quarter	as at 31.12.2016 – end of previous year	as at 30.09.2016 – end of quarter
Off-balance sheet receivable	-	-	-
Off-balance sheet liabilities	900 809	906 851	650 184
Total	900 809	906 851	650 184

SEPARATE QUARTERLY PROFIT AND LOSS ACCOUNT [PLN '000]

	Q3 01.07.2017 – 30.09.2017	Q3 01.07.2016 – 30.09.2016, restated	Q1–Q3 01.01.2017 – 30.09.2017	Q1–Q3 01.01.2016 – 30.09.2016 restated
Revenue	128 848	89 232	239 835	210 936
Sales cost	(92 861)	(66 862)	(171 369)	(138 530)
Gross profit on sales	35 987	22 370	68 466	72 406
Profit / (loss) on investment property	-	1 910	(1 819)	2 311
Administrative costs associated with project implementation	(4 186)	(859)	(9 235)	(4 476)
Selling costs	(5 273)	(4 813)	(14 216)	(11 814)
General administrative expenses	(15 960)	(13 663)	(53 322)	(41 537)
Other operating revenue	74 495	57 516	162 903	306 686
Other operating expenses	(8 433)	12 544	(21 821)	(14 241)
Profit before tax and financial revenue/expenses	76 630	75 005	130 956	309 335
Financial revenue	307	(23 772)	1 635	27 217
Financial expenses	(12 424)	(44 129)	(38 685)	(75 549)
Gross profit	64 513	7 104	93 906	261 003
Income tax	(2 438)	(2 924)	6 512	(11 486)
Net profit	62 075	4 180	100 418	249 517
(Annualised) net profit			128 589	3 137 016
Weighted average ordinary shares			412 690 582	412 690 582
Earnings per ordinary share (in PLN)			0,31	7,60
Weighted average diluted ordinary shares			412 690 582	412 690 582
Diluted earnings per ordinary share (in PLN)			0,31	7,60

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

	Share capital	Supplementary capital	Reserve capital	Accumulated net profit (loss)	Total equity
Q1-Q3 (current year), from 01.01.2017 to 30.09.2017					
Opening balance	20 635	1 045 400	49 213	270 366	1 385 614
change of accounting principles	-	-	-	2 165	2 165
Opening balance after adjustment to comparative data	20 635	1 045 400	49 213	272 531	1 387 779
Changes in the period					
Appropriation of result brought forward	-	-	270 366	(270 366)	-
Dividend paid	-	(206 345)	-	-	(206 345)
Net profit (loss) for the period	-	-	-	100 418	100 418
Total changes	-	(206 345)	270 366	(169 948)	(105 927)
Closing balance	20 635	839 055	319 579	102 583	1 281 852
For previous year, from 01.01.2016 to 31.12.2016					
Opening balance after adjustment to comparative data	20 635	105 926	555 763	2 953 433	3 635 757
Changes in the period					
Appropriation of result brought forward	-	939 474	400 000	(783 711)	555 763
Dividend paid	-	-	(840 520)	(2 174 879)	(3 015 399)
Dividend approved for payment	-	-	(66 030)	-	(66 030)
Net profit (loss) for the period	-	-	-	277 688	277 688
Total changes	-	939 474	(506 550)	(2 680 902)	(2 247 978)
Closing balance	20 635	1 045 400	49 213	272 531	1 387 779
Q1-Q3 (previous year), from 01.01.2016 to 30.09.2016					
Opening balance after adjustment to comparative data	20 635	105 926	555 763	2 953 433	3 635 757
Changes in the period					
Appropriation of result brought forward	-	1 339 474	(555 763)	(783 711)	-
Dividend paid	-	-	-	(2 174 879)	(2 174 879)
Dividend approved for payment	-	-	-	-	-
Net profit (loss) for the period	-	-	-	249 517	249 517
Total changes	-	1 339 474	(555 763)	(2 709 073)	(1 925 362)
Closing balance	20 635	1 445 400	-	244 360	1 710 395

CONDENSED INTERIM SEPARATE CASH FLOW STATEMENT
[PLN '000]

	Q1-Q3 01.01.2017 - 30.09.2017	Q1-Q3 01.01.2016 - 30.09.2016 restated
Operating cash flow - indirect method		
I. Gross profit	93 906	261 003
II. Adjustments	92 985	(131 524)
Depreciation/amortisation	1 151	1 762
Foreign exchange gains/(losses)	112	-
Interest and profit sharing (dividends)	88 173	(136 597)
Profit/(loss) on revaluation of assets and liabilities	4 613	2 184
Profit/loss on sale of PP&E and investment properties	(691)	1 127
III. Changes in working capital	(76 949)	18 205
Change in provisions	1 036	3 496
Change in inventory	25 976	(21 210)
Change in receivables	(87 868)	2 501
Change in short-term liabilities, except for loans and borrowings	(16 689)	29 979
Change in restricted cash	596	3 439
IV. Net cash generated from operating activities (I+II+III)	110 315	147 684
V. Income tax paid	(1 131)	(11 704)
VI. Net operating cash flow (I+/-II)	109 184	135 980
Cash flows from investment activities		
I. Inflows		
Disposal of intangible assets and tangible fixed assets	955	1 413
Sale of investments in property and intangible assets	-	1 500
From financial assets	344 758	2 522 953
Other investment inflows	-	61
	345 713	2 525 927
II. Outflows		
Purchase of intangible assets and PP&E	(1 140)	(494)
Investment in property and intangible assets	-	-
On financial assets	(319 616)	(35 224)
Other capital expenditures	(10)	-
	(320 766)	(35 718)
III. Net cash flow from investing activities	24 947	2 490 209

CONDENSED INTERIM SEPARATE CASH FLOW STATEMENT - CONTINUATION
[PLN '000]

	Q1-Q3 01.01. 2017 - 30.09.2017	Q1-Q3 01.01.2016 - 30.09.2016 restated
Cash flow from financing activities		
I. Inflows		
Net inflows from issue of shares (interests), and other equity instruments and capital contributions	-	-
Loans and borrowings	610 118	152 000
Issue of debt securities	255 000	-
Other financial inflows	-	-
	865 118	152 000
II. Outflows		
Purchase of equity shares (interests)	-	-
Dividends and other payments to equity holders	(272 376)	(2 174 879)
Profit share expenses, other than payments to equity holders	-	-
Repayment of loans and borrowings	(516 485)	(231 082)
Redemption of debt securities	(175 000)	(200 000)
Interest	(39 328)	(32 023)
Other financial outflows	(4 824)	-
	(1 008 013)	(2 637 984)
III. Net cash flow from financing activities (I - II)	(142 895)	(2 485 984)
Total net cash flows (A.VI+/-B.III+/-C.III)	(8 764)	140 205
Change in the balance of cash, including:	(8 764)	140 205
- change in cash due to foreign exchange gains/losses	(112)	-
Cash at the beginning of the period	21 542	19 048
Cash at the end of the period (F+/-D), including:	12 778	159 253
- restricted cash	20 288	13 132

01

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

The condensed interim consolidated financial statements of Echo Investment Group for 3 quarters of 2017 (for the period between 1 January 2017 and 30 September 2017), is prepared in accordance with IAS 34 'Interim Financial Reporting', adopted for application in the European Union.

The condensed interim consolidated financial statements of the Group include consolidated financial data as of 30 September 2017 and comparative data as at 31 December 2016 as well as for the 9-month period ended 30 September 2016. In relation to the profit and loss account, the statement of comprehensive income there are presented consolidated financial data as for the 9-month period ended 30 September 2017, comparative data for the 9-month period ended 30 September 2016, and consolidated financial data for the period of 3 months: since 1 July, 2017 to 30 September 2017, and comparative data for the period of 3 months: since 1 July, 2016 to 30 September 2016. In relations to the changes in equity and the cash flow statement there are presented consolidated financial data for the 9-months period ended 30 September 2017 and the comparative data as of 30 September 2016.

Unless indicated otherwise, the Group's financial statements are presented in the Polish zloty (PLN), which is also the presentation currency and the functional currency of the parent company. The Group comprises entities with a functional currency other than PLN. The reporting data of those companies included in these statements have been converted to PLN in accordance with IAS 21. Balance sheet items were translated at the exchange rate on the balance sheet date, and income statement items were translated at the average exchange rate for the period. The resulting exchange differences are recognized in other comprehensive income and the cumulative amounts are recognized in a separate component of equity.

These financial statements need to be analysed in conjunction with the annual consolidated financial statements for the financial year ended 31 December 2016 prepared in line with the IFRS adopted for application in the EU. The financial statements have been developed on the historical cost basis, save for investment properties and financial instruments measured at fair value. The financial statements have been developed on the assumption of going concern in the foreseeable future, bearing in mind the fact that there are no circumstances implying a threat to going concern.

The accounting principles applied to these interim condensed financial statements are consistent with the principles applied in the most recent annual financial statements and have been applied on a continuous basis to all periods presented in the consolidated financial statements, except for the application of new standards, amendments to standards and interpretations issued by the IFRS Committee applicable, in the case of the Group, to the reporting period beginning on 1 January 2017. The applied changes had no material impact on the presentation of data and measurement in the financial statements.

02

Application of new and amended standards and interpretations

The accounting principles and policies applied during the preparation of this financial report are in compliance with the principles applied in the last annual financial report, except for the new standards, amendments to standards and interpretations issued by the IFRS [Interpretation of International Financial Reporting Standards] Committee, which are applicable to the Company for the reporting period beginning on January 1, 2017. The following new and amended standards have been applied in this report, all of them effective on January 1, 2017:

- Amendments to IAS 7 Statement of Cash Flows as result of the Disclosure initiative;
- Amendments to IAS 12 Income Taxes regarding the recognition of deferred tax assets for unrealised losses;
- Amendments resulting from Annual Improvements 2014–2016 Cycle.

The applied amendments have not had a significant impact on the presentation of data and valuation in the financial report.

03

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

- a. IFRS 9 'Financial Instruments' (issued on 24 July 2014) – effective for financial years beginning on or after 1 January 2018.
- b. IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – effective for financial years beginning on or after 1 January 2016. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. Not yet endorsed by EU at the date of approval of these financial statements.
- c. IFRS 15 'Revenue from Contracts with Customers' (issued on 28 May 2014), including amendments to IFRS 15 'Effective date of IFRS 15' (issued on 11 September 2015) – effective for financial years beginning on or after 1 January 2018.
- d. Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – the effective date was deferred indefinitely by IASB. The endorsement process of these Amendments has been postponed by EU.
- e. IFRS 16 'Leases' (issued on 13 January 2016) – effective for financial years beginning on or after 1 January 2019. Not yet endorsed by EU at the date of approval of these financial statements.
- f. Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' (issued on 12 September 2016) – effective for financial years beginning on or after 1 January 2018. Not yet endorsed by EU at the date of approval of these financial statements.
- g. Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses' (issued on 19 January 2016) – effective for financial years beginning on or after 1 January 2017. Not yet endorsed by EU at the date of approval of these financial statements.
- h. Amendments to IAS 7 'Disclosure Initiative' (issued on 29 January 2016) – effective for financial years beginning on or after 1 January 2017. Not yet endorsed by EU at the date of approval of these financial statements.
- i. Clarifications to IFRS 15 'Revenue from Contracts with Customers' (issued on 12 April 2016) – effective for financial years beginning on or after 1 January 2018. Not yet endorsed by EU at the date of approval of these financial statements.
- j. Amendments to IFRS 2 'Classification and Measurement of Share-based Payment Transactions' (issued on 20 June 2016) – effective for financial years beginning on or after 1 January 2018. Not yet endorsed by EU at the date of approval of these financial statements.
- k. Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) – not yet endorsed by EU at the date of approval of these financial statements. Amendments to IFRS 12 are effective for financial years beginning on or after 1 January 2017, while amendments to IFRS 1 and IAS 28 are effective for financial years beginning on or after 1 January 2018.
- l. IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018. Not yet endorsed by EU at the date of approval of these financial statements.
- m. Amendments to IAS 40 'Transfers of Investment Property' (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018. Not yet endorsed by EU at the date of approval of these financial statements.
- n. IFRS 17 'Insurance Contracts' (issued on 18 May 2017) – effective for financial years beginning on or after 1 January 2021. Not yet endorsed by EU at the date of approval of these financial statements.

o. IFRIC 23 'Uncertainty over Income Tax Treatments' (issued on 7 June 2017) – effective for financial years beginning on or after 1 January 2019. Not yet endorsed by EU at the date of approval of these financial statements.

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

04

Effects of adopted changes in accounting principles – restatement of financial statements for previous periods

4.1 For Echo Investment S.A.

Since the beginning of 2017 the Company has been presenting its profit and loss account in a changed structure. The changes result from the application of an updated methodology of cost attribution related to development projects, which were so far included in the 'general administrative costs' and 'costs of sales' items.

The most important changes in the comparable data vs. the financial report for the period ended on 30 September 2016:

STATEMENT OF FINANCIAL SITUATION ['000 PLN]

	Data transformed	Data confirmed	Change
Assets			
Deferred income tax asset	47 265	47 638	(373)
Inventory	326 284	324 322	1 962
Liabilities			
Net profit	249 517	247 928	1 589

PROFIT AND LOSS ACCOUNT ['000 PLN]

	Data transformed	Data confirmed	Change
Prime cost of sale	(138 530)	(129 840)	(8 690)
Administrative costs related to projects	(4 476)	-	(4 476)
Costs of sale	(11 814)	(20 290)	8 476
General administrative costs	(41 537)	(48 189)	6 652
Profit before tax and inclusion of financial income/costs	309 335	307 373	1 962
Gross profit	261 003	259 041	1 962
Income tax	(11 486)	(11 113)	(373)
Net profit	249 517	247 928	1 589

The most important changes in the comparable data vs. the financial report for the period ended on 31 December 2016:

STATEMENT OF FINANCIAL SITUATION ['000 PLN]

	Data transformed	Data confirmed	Change
Assets			
Deferred income tax asset	39 751	40 259	(508)
Inventory	350 637	347 964	2 673
Liabilities			
Net profit	(2 992)	(5 157)	2 165

4.2 For Echo Investment Group

In the period of 9 months of 2017 the Company made presentation changes in its consolidated profit and loss account. These changes result from the application of an updated methodology of allocating costs related to development projects that have so far been allocated to administration costs and sales costs.

As a result of the above alteration, the following changes were presented in these consolidated financial statements as compared to the consolidated financial statements for the period ended on 30 September 2016.

Major changes of comparable data as at 30 September 2016:

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL SITUATION ['000 PLN]

	As at 30.09.2016 - restated	As at 30.09.2016 - approved	Change
Assets			
Non-current assets			
Investment properties under construction	652 478	650 197	2 281
Deferred tax asset	53 253	54 275	(1 022)
Current assets			
Inventory	604 216	601 118	3 098
Equity and liabilities			
Equity			
Cumulated profit (loss)	355 753	351 396	4 357

CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT ['000 PLN]

	01.01.2016 – 30.09.2016 – restated	01.01.2016 – 30.09.2016 – approved	Change
Prime cost of sale	(231 235)	(226 349)	(4 886)
Gross profit (loss) on sales	181 135	186 021	(4 886)
Gains on investment properties	429 200	435 063	(5 863)
Administrative costs associated with project implementation	(9 449)	-	(9 449)
Sales costs	(17 698)	(34 288)	16 590
General and administrative costs	(59 391)	(68 378)	8 987
Profit before tax and financial revenue/expenses	492 952	487 573	5 379
Gross profit	164 526	159 147	5 379
Income tax	191 224	192 246	(1 022)
Net profit	355 750	351 393	4 357
Net profit attributable to shareholders of the parent company	355 753	351 396	4 357
Net profit attributable to non-controlling interest	(3)	(3)	-

Major changes of comparable data as at 31 December 2016:

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL SITUATION ['000 PLN]

	Restated	Approved	Change
Assets			
Non-current assets			
Investment properties under construction	539 797	536 692	3 105
Deferred tax asset	91 809	93 131	(1 322)
Current assets			
Inventory	660 251	656 401	3 850
Equity and liabilities			
Equity			
Cumulated profit (loss)	393 345	387 711	5 634

05

Methods of establishing financial results

5.1 For Echo Investment S.A.

OPERATING REVENUE

The revenue from the sale of goods and products is recognized at fair value received or payable, minus rebates, discounts and sales taxes, and it is recognized at the time the goods and products are delivered and the risks and benefits resulting from ownership of the goods and products are transferred to the buyer as well as when the amount of revenue can be measured reliably. In particular, the revenue from sales of residential and commercial properties is recognized in accordance with IAS 18 at the time of transfer of ownership of such units after the completion of the facility and obtaining an occupancy permit for the units.

The revenue from the rental of residential and commercial space is recognized on a linear basis over the contract period. The revenue from execution of construction projects based on long-term contracts are recognized in accordance with IAS 11 on the basis of their advancement. Percentage progress of the service is determined as the ratio of work performed on a given day in relation to the total work to be performed (in terms of costs incurred). The other revenue from the sale of services is recognized in the period in which the services are provided.

COST OF GOODS SOLD

The cost of goods sold is measured at the production cost, using the method of detailed identification of the actual cost of assets sold or the percentage share e.g. of the land or shares sold, etc. In particular, the cost of sales of premises and land sold is determined proportionally to their share in the total cost of construction of the facility and the entire land constituting a given project.

PROFIT (LOSS) FROM INVESTMENT PROPERTY

Profit (loss) on investment property includes changes in the fair value of investment property and any other gain or loss related to the investment property.

ADMINISTRATION COSTS RELATED TO PROJECTS

Project-related administrative costs include the administrative costs which are indirectly related to the execution of development projects such as: perpetual usufruct fees, real property taxes, operating fees, property protection, administrative staff's remuneration, employee maintenance costs in the portion attributable to the project, and other stock maintenance related costs.

These costs, despite their indirect connection with development projects, are not capitalized in the value of inventory / investment property because:

- in the light of IAS 2, they are excluded from the purchase price or cost of stock production as they are not incurred in order to bring the stock to its current status and location;
- IAS 40 in relations to IAS 16, does not allow to capitalize general and administrative costs in the value of investment properties.

FINANCIAL COSTS

Financial costs related to the current period are recognized in the profit and loss account, except for costs subject to activation in accordance with IAS 23. The Group activates the part of financial expenses which is directly related to the acquisition and production of financial assets requiring a longer preparation

period for their intended use or sale, recognized as stock and projects commenced. The activation concerns the amount of financial expenses determined using an effective interest rate minus net cash receipts (i.e. interest on bank deposits, except for deposits resulting from blockades or accreditation agreements) in the case of targeted financing incurred for a given construction project. General financing costs subject to capitalization are determined using the capitalization rate with respect to the expenditure incurred for a given element of assets.

INVESTMENT PROPERTY / INVESTMENT PROPERTY UNDER CONSTRUCTION

Investment properties include the real estate owned by the Group and leased as well as the land directly related to these properties and the land purchased and maintained in order to increase the value of the portfolio. Investment property is initially recognized at the purchase cost/production cost.

In the case of real estate built by the Group, during the construction period, the Group classifies it as investment property under construction and it is included in the investment property when it is available for use. After the initial recognition, at each balance sheet date, the investment property is presented at fair value. The valuation of fair value is updated quarterly. Gains or losses arising from changes in the fair value of investment property are recognized in profit or loss in the period in which they arise. The fair value of land and buildings measured at the fair value are updated in order to reflect market conditions at the end of the reporting period. The fair value of investment property is the price to be received for the sale of the asset or

paid for the transfer of the liability in transactions between market participants, carried out under normal conditions on the valuation date. The fair value of the property is subject to verification by external appraisers at least once a year. Values expressed in EUR and USD are converted quarterly according to current rates published by the National Bank of Poland.

Differences in the valuation of investment properties and the result on the sale of investment properties, as well as any other gains and losses on investment properties, are recognized in the profit and loss account as 'gain (loss) on investment property'.

All repair and maintenance costs of investment property are recognized as an expense in the profit and loss account for the period to which they relate.

'Investment property under construction' includes projects carried out by the Group, which are intended for future use as investment property for lease.

Investment property under construction, for which a significant part of the risks associated with the construction process has been eliminated and reliable valuation is possible, are measured at their fair value. The terms and conditions determined by the Group, on the fulfilment of which the analysis process starts in order to determine whether significant risks have been eliminated:

- obtaining a building permit,
- contracting construction work worth at least 30% of the project's budget,
- lease of at least 20% of the project area.

An important issue when analyzing risks is the possibility and method of financing the project. Each investment property under construction is individually analyzed for the ability to obtain a credible valuation to its fair value, taking into account the general economic situation, the availability of data for similar properties and the expectation of volatility of underlying factors.

Upon the fulfilment of the above conditions, provided that the Group estimates that significant risks concerning the investment property under construction are eliminated, the property is measured at fair value. In other cases, due to the inability to obtain reliable measurement at its fair value, investment property under construction is measured at its acquisition cost or production cost minus any impairment losses. When valuing in-

vestment properties under construction at fair value according to the income method, the Group takes into account the degree of project implementation at the end of the reporting period and the reliable data available on the expected investment property at the end of the construction process. Costbased valuation includes costs that are directly related to an unfinished project. Expenditure incurred on the purchase of land, expenditure on the design and construction of buildings (mainly external services), financial costs and other costs incurred in the implementation, directly related to the investment are taken into consideration in the course of valuation according to the cost of production. In the case of a change in the use of real property, it is appropriately reclassified in the insurance and financial statement of the real estate and disclosed in the item: property, plant and equipment or stocks according to the carrying amount as at the transfer date, i.e. the previously presented fair value.

INVENTORY

Inventory: semi-finished products and work in progress, finished goods and goods. Owing to the specific nature of the activity, land purchased or fees incurred for the right of perpetual usufruct of land are classified as work in progress – if the land is to be developed for further resale, or as goods – if the land is for sale. Work in progress also covers the costs associated with the implementation of projects for sale, such as expenditure on:

- design services, construction work, etc. provided by third parties,
- salaries of employees employed in construction teams, project managers and leasing managers.

Detailed identification of costs related to employee salaries, which is included in the cost of goods sold, is made on the basis of the employee's time records, broken down into individual projects.

Finished products mainly include residential and service units completed and sold on the basis of final contracts. The stock of property, plant and equipment are measured at the cost of acquisition of land property and the cost of product manufacture, increased by the activated financial costs incurred but no higher than the net realizable value. This value is derived from information from the active market. Reversal of stock write-offs takes place in connection with the sale of the stock or an increase in the net sales price. The amount of stock write-offs recognized as a cost and the reversals of write-offs de-

creasing the value of stock included in the period are recorded in the 'cost of goods sold' item. Stock disposals are accounted for using the method of detailed identification of their purchase prices and production costs.

5.2 For Echo Investment Group

OPERATING REVENUE

The revenue from the sale of goods and products is recognized at fair value received or payable, minus rebates, discounts and sales taxes, and it is recognized at the time the goods and products are delivered and the risks and benefits resulting from ownership of the goods and products are transferred to the buyer as well as when the amount of revenue can be measured reliably. In particular, the revenue from sales of residential and commercial properties is recognized in accordance with IAS 18 at the time of transfer of ownership of such units after the completion of the facility and obtaining an occupancy permit for the units.

The revenue from the rental of residential and commercial space is recognized on a linear basis over the contract period. The revenue from execution of construction projects based on long-term contracts are recognized in accordance with IAS 11 on the basis of their advancement. Percentage progress of the service is determined as the ratio of work performed on a given day in relation to the total work to be performed (in terms of costs incurred). The other revenue from the sale of services is recognized in the period in which the services are provided.

COST OF GOODS SOLD

The cost of goods sold is measured at the production cost, using the method of detailed identification of the actual cost of assets sold or the percentage share e.g. of the land or shares sold, etc. In particular, the cost of sales of premises and land sold is determined proportionally to their share in the total cost of construction of the facility and the entire land constituting a given project.

PROFIT (LOSS) FROM INVESTMENT WPROPERTY

Profit (loss) on investment property includes changes in the fair value of investment property and any other gain or loss related to the investment property.

ADMINISTRATION COSTS RELATED TO PROJECTS

Project-related administrative costs include the administrative costs which are indirectly related to the execution of development projects such as: perpetual usufruct fees, real property taxes, operating fees, property protection, administrative staff's remuneration, employee maintenance costs in the portion attributable to the project, and other stock maintenance related costs.

These costs, despite their indirect connection with development projects, are not capitalized in the value of stock / investment property because:

- in the light of IAS 2, they are excluded from the purchase price or cost of stock production as they are not incurred in order to bring the stock to its current status and location;
- IAS 40 in relations to IAS 16, does not allow to capitalize general and administrative costs in the value of investment properties.

FINANCIAL COSTS

Financial costs related to the current period are recognized in the profit and loss account, except for costs subject to activation in accordance with IAS 23. The Group activates the part of financial expenses which is directly related to the acquisition and production of financial assets requiring a longer preparation period for their intended use or sale, recognized as stock and projects commenced. The activation concerns the amount of financial expenses determined using an effective interest rate minus net cash receipts (i.e. interest on bank deposits, except for deposits resulting from blockades or accreditation agreements) in the case of targeted financing incurred for a given construction project. General financing costs subject to capitalization are determined using the capitalization rate with respect to the expenditure incurred for a given element of assets.

INVESTMENT PROPERTY / INVESTMENT PROPERTY UNDER CONSTRUCTION

Investment properties include the real estate owned by the Group and leased as well as the land directly related to these properties and the land purchased and maintained in order to increase the value of the portfolio. Investment property is initially recognized at the purchase cost/production cost.

In the case of real estate built by the Group, during the construction period, the Group classifies it as investment property under construction

and it is included in the investment property when it is available for use. After the initial recognition, at each balance sheet date, the investment property is presented at fair value. The valuation of fair value is updated quarterly. Gains or losses arising from changes in the fair value of investment property are recognized in profit or loss in the period in which they arise. The fair value of land and buildings measured at the fair value are updated in order to reflect market conditions at the end of the reporting period. The fair value of investment property is the price to be received for the sale of the asset or paid for the transfer of the liability in transactions between market participants, carried out under normal conditions on the valuation date. The fair value of the property is subject to verification by external appraisers at least once a year. Values expressed in EUR and USD are converted quarterly according to current rates published by the National Bank of Poland.

Differences in the valuation of investment properties and the result on the sale of investment properties, as well as any other gains and losses on investment properties, are recognized in the profit and loss account as 'gain (loss) on investment property'. All repair and maintenance costs of investment property are recognized as an expense in the profit and loss account for the period to which they relate. 'Investment property under construction' includes projects carried out by the Group, which are intended for future use as investment property for lease. Investment property under construction, for which a significant part of the risks associated with the construction process has been eliminated and reliable valuation is possible, are measured at their fair value. The terms and conditions determined by the Group, on the fulfilment of which the analysis process starts in order to determine whether significant risks have been eliminated:

- obtaining a building permit,
- contracting construction work worth at least 30% of the project's budget,
- lease of at least 20% of the project area.

An important issue when analyzing risks is the possibility and method of financing the project.

Each investment property under construction is individually analyzed for the ability to obtain a credible valuation to its fair value, taking into account the general economic situation, the availability of data for similar properties and the expectation of volatility of underlying factors.

Upon the fulfilment of the above conditions, provided that the Group estimates that significant risks concerning the investment property under construction are eliminated, the property is measured at fair value. In other cases, due to the inability to obtain reliable measurement at its fair value, investment property under construction is measured at its acquisition cost or production cost minus any impairment losses. When valuing investment properties under construction at fair value according to the income method, the Group takes into account the degree of project implementation at the end of the reporting period and the reliable data available on the expected investment property at the end of the construction process. Cost-based valuation includes costs that are directly related to an unfinished project. Expenditure incurred on the purchase of land, expenditure on the design and construction of buildings (mainly external services), financial costs and other costs incurred in the implementation, directly related to the investment are taken into consideration in the course of valuation according to the cost of production. In the case of a change in the use of real property, it is appropriately reclassified in the insurance and financial statement of the real estate and disclosed in the item: property, plant and equipment or stocks according to the carrying amount as at the transfer date, i.e. the previously presented fair value.

INVENTORY

Inventory: semi-finished products and work in progress, finished goods and goods. Owing to the specific nature of the activity, land purchased or fees incurred for the right of perpetual usufruct of land are classified as work in progress – if the land is to be developed for further resale, or as goods – if the land is for sale. Work in progress also covers the costs associated with the implementation of projects for sale, such as expenditure on:

- design services, construction work, etc. provided by third parties,
- salaries of employees employed in construction teams, project managers and leasing managers.

Detailed identification of costs related to employee salaries, which is included in the cost of goods sold, is made on the basis of the employee's time records, broken down into individual projects.

Finished products mainly include residential and service units completed and sold on the basis of final contracts. The stock of property, plant and equipment are measured at

the cost of acquisition of land property and the cost of product manufacture, increased by the activated financial costs incurred but no higher than the net realizable value. This value is derived from information from the

active market. Reversal of stock write-offs takes place in connection with the sale of the stock or an increase in the net sales price. The amount of stock write-offs recognized as a cost and the reversals of write-offs de-

creasing the value of stock included in the period are recorded in the 'cost of goods sold' item. Stock disposals are accounted for using the method of detailed identification of their purchase prices and production costs.



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Vice-President of the Management Board



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Marcin Materny

Member of the Management Board



Mikołaj Martynuska

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Member of the Management Board



Waldemar Olbryk

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Anna Gabryszewska-Wybraniec

Chief Accountant

Kielce, 27 November, 2017

Contact

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