CONSOLIDATED ANNUAL REPORT OF THE ECHO INVESTMENT GROUP FOR 2014

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I. LETTER TO THE SHAREHOLDERS, PARTNERS AND CUSTOMERS

Dear Sir/Madam,

We are past another very good year in the history of our company. We are very pleased to inform you that not only was 2014 a successful period for Echo Investment, but also the period during which a number of events occurred which have allowed us to strengthen our market position.

The figures presented in the annual financial report published today clearly confirm that it was another good year for our Company. At the level of consolidated revenues we reached a value of nearly PLN 580 million, which is an increase by 10% as compared to 2013, which was also a good year. All profits in the consolidated income statement show a significant improvement compared to the previous year: PLN 662 million in EBIT (increase by 30%), a gross profit of PLN 448 million (increase by nearly 40%), and finally a net profit of PLN 405 million (increase by more than 22%).

In the past year, balance sheet items also strengthened, thus confirming a very strong condition and financial standing of the Issuer and the entire Group. For the first time in history, the Group's equity exceeded PLN 3 billion and amounted to PLN 3.16 billion. What should be also emphasised is a high level of cash, typical for the entire Group in recent years, which, at the end of 2014, amounted to PLN 363 million.

2014 saw a number of important events in our Company. As in the last year, we were actively engaged in the office sector implementing nine projects at the same time. We launched the construction of the Tryton Business House office buildings in Gdańsk, the Nobilis Business House in Wrocław, the Opolska Business Park in Kraków. In Warsaw, we are carrying out construction of Q22, a 155-metre office building. The building will house, among others, Deloitte, a global leader in the consulting industry, which leases 11,000 sqm in Q22. It should also be mentioned that the lease of 14,000 sqm by Nokia Networks in the West Gate, an office building in Wrocław was, in terms of area, the largest contract in the history of the Office and Hotel Department of Echo Investment. We completed the first stage of A4 Business Park in Katowice and the first stage of Park Rozwoju in Warsaw.

In the residential sector, we reported another record sales of flats (nearly 500). We completed four projects, i.e. Hortus Apartments, a luxury development in Kraków, the second stage of Kasztanowa Aleja in Poznań, the first stage of Nowy Mokotów and the third stage of Osiedle Południowe in Kielce. In 2014, we were actively engaged in the residential sector implementing as many as 12 projects. Among others, we started the construction of Park Avenue Apartments, a new luxury development in Kraków, Osiedle Grota 111 in Wrocław and Park Sowińskiego in Poznań.

In the shopping centre sector, the spring opening of Galeria Amber in Kalisz was the main event. The largest shopping and entertainment facility in the Kalisz-Ostrów Agglomeration quickly became the most popular place for shopping and meetings. We continued the construction and commercialisation of Galeria Sudecka in Jelenia Góra. We obtained a permission to extend CHR Galaxy in Szczecin. We started preparations to the second stage of Outlet Park Szczecin. 2014 was also another year of growing retail trade index, which was noticeable in our shopping centres in the form of significant increases in attendance and turnover of tenants.

In the past year, we received a number of significant industry awards, including the title of the Residential Developer of the Year (CIJ) and the Developer of the Year (Prime Property Prize 2014). Our residential developments (Złote Ville Award for three projects, the Residential Affordable Development of the Year) and the shopping centres (PRCH Retail Awards for Galeria Veneda and CHR Galaxy recognised as the best shopping place in Poland) were also recognised.

In 2015, we are continuing our development strategy, which proved to be a tool for ensuring a stable and long-term growth of the Company. Today, Echo Investment is a stable company with 19 years of experience which, as the market leader, is focused on the pursuance of the objectives set.

With kind regards,

Piotr Gromniak

President of the Management Board

II. CONSOLIDATED FINANCIAL STATEMENTS OF THE ECHO INVESTMENT GROUP FOR 2014

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION [IN PLN '000]

	NOTE	31.12.2014	31.12.2013 RESTATED*	31.12.2012 RESTATED*
ASSETS				
1. Non-current assets				
1.1. Intangible assets	2	473	815	1,186
1.2. Property, plant and equipment	3	46,299	75,406	55,875
1.3. Investment property	4	4,095,783	2,997,808	2,788,613
1.4. Investment property under construction	5	1,290,364	1,354,802	1,177,050
1.5. Shares in entities accounted for using the equity method		13,557	16,866	33,532
1.6. Long-term financial assets	6	13,068	57,993	57,917
1.7. Derivative financial instruments	11	2,645	5,962	626
1.8. Deferred tax asset	7	62,045	30,888	11,243
		5,524,234	**4,540,540**	**4,126,042**
2. Current assets				
2.1. Inventories	9	599,313	499,499	463,120
2.2. Income tax receivables		6,252	4,483	1,519
2.3. Other tax receivables		43,462	507,276	47,852
2.4. Trade and other receivables	10	55,258	57,084	63,452
2.5. Short-term financial assets	6	25,034	42,072	62,999
2.6. Derivative financial instruments	11	3,118	1,954	1,508
2.7. Restricted cash	12	54,482	64,570	40,181
2.8. Cash and cash equivalents	12	362,718	352,392	331,267
		1,149,637	**1,529,330**	**1,011,898**
3. Non-current assets held for sale	8	**-**	**94,152**	**250,059**
Total		**1,149,637**	**1,623,482**	**1,261,957**
TOTAL ASSETS		**6,673,871**	**6,164,022**	**5,387,999**

*Statements restated in connection with the newly implemented IFRS 11 - see Section: EFFECTS OF CHANGES IN ACCOUNTING POLICIES (FINANCIAL STATEMENTS FOR PREVIOUS PERIODS RESTATED)

	NOTE	31.12.2014	31.12.2013 RESTATED	31.12.2012 RESTATED
LIABILITIES AND EQUITY				
1. Equity				
1.1. Equity attributable to the parent entity's shareholders		3,160,368	2,765,438	2,431,620
1.1.1. Share capital	13	20,635	20,635	21,000
1.1.2. Legal reserve	13	2,742,257	2,411,154	2,065,321
1.1.3. Treasury shares purchased		-	-	(28,647)
1.1.4. Accumulated profit (loss)		405,149	331,103	374,115
1.1.5. Foreign currency translation differences - foreign operations		(7,673)	2,546	(169)
1.2. Non-controlling interests		(89)	17	23
		3,160,279	**2,765,455**	**2,431,643**
2. Provisions				
2.1. Long-term provisions	14	-	-	1,501
2.2. Short-term provisions	14	2,000	2,000	6,263
2.3. Deferred tax provision – long term portion	7	77,053	21,547	10,722
		79,053	**23,547**	**18,486**
3. Long-term liabilities				
3.1. Loans and borrowings	15	2,824,793	2,026,690	2,098,923
3.2. Derivative financial instruments	11	4,316	-	13,043
3.3. Security deposits and advances received		46,559	45,095	49,732
3.4. Lease liabilities (perpetual usufruct of land)	16	117,485	75,017	75,322
		2,993,153	**2,146,802**	**2,237,020**
4. Short-term liabilities				
4.1. Loans and borrowings	15	245,886	559,468	547,821
4.2. Derivative financial instruments	11	7,451	3,936	66
4.3. Income tax liabilities		12,303	29	2,292
4.4. Other tax liabilities		2,526	483,493	5,602
4.5. Trade payables	17	92,919	115,468	103,079
4.6. Other liabilities	17	28,470	19,707	16,189
4.7. Prepayments received		51,831	46,117	25,801
		441,386	**1,228,218**	**700,850**
TOTAL EQUITY AND LIABILITIES		**6,673,871**	**6,164,022**	**5,387,999**

CONSOLIDATED INCOME STATEMENT [IN PLN '000]

	NOTE	01.01.2014-31.12.2014	01.01.2013-31.12.2013 RESTATED
Revenue	18	577,364	517,371
Cost of sales	19	(259,404)	(232,949)
Gross profit on sales		**317,960**	**284,422**
Profit on investment property	20	450,343	294,287
Selling and distribution expenses		(30,906)	(27,459)
General and administrative expenses		(65,820)	(54,592)
Other operating income	21	19,435	34,278
Other operating expenses	22	(28,827)	(20,450)
Operating profit		**662,185**	**510,486**
Finance income	23	1,383	9,624
Finance costs	24	(159,273)	(162,741)
Profit (loss) on FX derivatives	25	(2,552)	3,154
Foreign exchange profit (loss)	26	(54,237)	(25,339)
Share of profit of equity-accounted investees		692	(12,667)
Profit before tax		**448,198**	**322,517**
Income tax	27	(42,960)	8,641
- current portion		*(18,829)*	*(179)*
- deferred portion		*(24,131)*	*8,820*
Net profit, including		**405,238**	**331,158**
Profit attributable to the parent entity's shareholders		405,149	331,103
Non-controlling interests		89	55
Basic earnings per share (in PLN)	28	0.98	0.80
Diluted earnings per share (in PLN)	28	0.98	0.80

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME [IN PLN '000]

	NOTE	01.01.2014-31.12.2014	01.01.2013-31.12.2013 RESTATED
Profit after tax		405,238	331,158
Other comprehensive income to be reclassified to profit or loss:			
- foreign currency translation differences - foreign operations		(10,219)	2,715
Other comprehensive income, net of tax		**(10,219)**	**2,715**
Comprehensive income for the period of 12 months, including		**395,019**	**333,873**
Comprehensive income attributable to the parent entity's shareholders		394,930	333,818
Comprehensive income attributable to non-controlling interests		89	55

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

	SHARE CAPITAL	LEGAL RESERVE	TREASURY SHARES PURCHASED	CURRENT YEAR ACCUMULATED PROFIT	CURRENCY TRANSLATION	EQUITY ATTRIBUTABLE TO THE PARENT ENTITYY'S SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014								
Opening balance	20,635	2,411,154	-	331,103	2,546	**2,765,438**	17	**2,765,455**
Distribution of profit from previous years	-	331,103	-	(331,103)	-	**-**	-	**-**
Dividend paid to minority shareholders	-	-	-	-	-	**-**	(110)	**(110)**
Acquisition of non-controlling interests	-	-	-	-	-	**-**	(85)	**(85)**
Other comprehensive income	-	-	-	-	(10,219)	**(10,219)**	-	**(10,219)**
Net profit (loss) for the period	-	-	-	405,149	-	**405,149**	89	**405,238**
Total comprehensive income	-	-	-	405,149	(10,219)	**394,930**	89	**395,019**
Closing balance	**20,635**	**2,742,257**	**-**	**405,149**	**(7,673)**	**3,160,368**	**(89)**	**3,160,279**
FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013								
Opening balance	21,000	2,065,321	(28,647)	374,115	(169)	**2,431,620**	23	**2,431,643**
Distribution of profit from previous years	-	374,115	-	(374,115)	-	**-**	-	**-**
Decrease of the share capital *	(365)	(28,282)	28,647	-	-	**-**	-	**-**
Dividend paid to minority shareholders	-	-	-	-	-	**-**	(61)	**(61)**
Other comprehensive income	-	-	-	-	2,715	**2,715**	-	**2,715**
Net profit (loss) for the period	-	-	-	331,103	-	**331,103**	55	**331,158**
Total comprehensive income	-	-	-	331,103	2,715	**333,818**	55	**333,873**
Closing balance	**20,635**	**2,411,154**	**-**	**331,103**	**2,546**	**2,765,438**	**17**	**2,765,455**

* In 2013, the National Court Register registered a decrease in the share capital of Echo Investment S.A. by PLN 365,000 due to redemption of 7,309,418 shares.

CONSOLIDATED CASH FLOW STATEMENT (IN PLN '000)

	01.01.2014-31.12.2014	01.01.2013-31.12.2013 RESTATED
A. Cash flows from operating activities– indirect method		
I. Gross profit (loss)	**448,198**	**322,517**
II. Total adjustments		
1. Share of (profit) loss of associates, net of tax	(692)	12,667
2. Depreciation of fixed assets	4,972	5,129
2. Gains (losses) from foreign exchange differences	54,237	25,339
4. Interest and profit-sharing (dividend)	134,070	104,816
5. (Profit) loss on revaluation of assets and liabilities	(438,610)	(251,567)
6. (Profit) loss on settlement of financial instruments	(11,763)	(966)
	(257,786)	**(104,582)**
III. Changes in working capital:		
1. Change in provisions	-	(5,764)
2. Change in inventories	(95,085)	(34,367)
3. Change in receivables	465,915	(452,708)
4. Change in short-term liabilities, excluding loans and borrowings	(456,906)	499,223
	(86,076)	**6,384**
IV. Net cash generated from operating activities (I+II+III)	**104,336**	**224,319**
1. Income tax paid	(8,105)	(5,406)
V. Net cash flows from operating activities	**96,231**	**218,913**
B. Cash flows from investing activities		
I. Inflows		
1. Disposal of intangible assets as well as property, plant and equipment	6,412	551
2. Disposal of real property investments	96,179	451,396
3. From loans and financial investments	52,949	79,469
4. Other investment proceeds	-	-
	155,540	**531,416**
II. Outflows		
1. Acquisition of intangible assets as well as property, plant and equipment	(4,179)	(24,840)
2. Investments in property	(513,923)	(398,727)
3. On loans and financial investments	(2,886)	(41,165)
4, Dividends paid to minority shareholders	(110)	(62)
	(521,098)	**(464,794)**
III. Net cash flows from investing activities (I-II)	**(365,558)**	**66,622**

CONSOLIDATED CASH FLOW STATEMENT (IN PLN '000) CONT.

	NOTE	01.01.2014-31.12.2014	01.01.2013-31.12.2013 RESTATED
C. Cash flows from financing activities			
1. Inflows			
1. Proceeds from issue of shares and other equity instruments and contributions to equity		-	-
2. Loans and borrowings		1,222,907	1,219,562
3. Issue of debt securities		370,500	315,000
4. Dividends received from equity-accounted investees		4,000	4,000
5. Other financial proceeds		11,763	966
		1,609,170	1,**53?, 528**
II. Outflows			
1. Purchase of treasury shares		-	-
2. Dividends and other payments to shareholders		-	-
3. Profit distribution other than payments to shareholders		-	-
4. Repayment of loans and borrowings		(866,607)	(1,323,660)
5. Redemption of debt securities		(300,000)	(320,000)
6. FX derivatives		-	-
7. Payments under finance leases		(31)	(305)
8. Interest		(162,748)	(138,299)
9. Other financial outflows		-	-
		(1,329,386)	**(1,782,264)**
III. Net cash flows from financing activities (I-II)		**279,784**	**(242,736)**
D. Total net cash flows (A.III+/-B.III+/-C.III)		10,457	42,799
E. Balance sheet change in cash, including		238	45,514
- change in cash from foreign exchange differences		(10,219)	2,715
F. Opening balance of cash		416,962	371,448
G. Closing balance of cash (F+/-D), including		**417,200**	**416,962**
- restricted cash		54,482	64,570

INTRODUCTION

OVERVIEW

The core activity of Echo Investment S.A. Group (the "Group") consists in the construction and lease or sale of space in commercial, shopping and entertainment, office, hotel and residential buildings and real property trading. The parent entity of the Group is Echo Investment S.A. ("Echo" or "Company"), with its registered office in Kielce, at Al. Solidarności 36.

The Company shares are traded on the Warsaw Stock Exchange, sector as per regulated market – WIG - property development companies.

The duration of the Company is unspecified.

INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Echo Investment S.A. Group contain the financial data for the period of 12 months ending on 31 December 2014 and comparative data for the period of 12 months ending on 31 December 2013. Unless indicated otherwise, all financial data in the consolidated financial statements of the Group are presented in thousands of PLN.

The financial statements were prepared in compliance with the International Financial Reporting Standards, as endorsed by the EU. These financial statements were prepared on the historical cost basis except for investment property and financial instruments measured at fair value. The statements were prepared on the going concern basis as there are no circumstances indicating a threat to continued activity.

INFORMATION ON ACCOUNTING STANDARDS AND INTERPRETATIONS OF IFRIC EFFECTIVE FROM 2014

In preparing these statements, the Group applied new standards, amendments to standards and interpretations issued by the IFRIC Committee which apply to the Group's reporting period beginning on 1 January 2014, i.e. IFRS 11 and amendments to IAS 28. The amendments applied had no significant impact on the financial result. However, they affected the presentation of the financial statements.

IFRS 11 Joint Agreements

IFRS 11 supersedes IAS 31 Interests in Joint Ventures and the interpretation SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Amendments in definitions limited the number of types of joint arrangements to two: joint operations and joint ventures. At the same time, the existing option to choose proportional consolidation in relation to jointly controlled entities was eliminated. All participants of joint ventures have an obligation now to account for them using the equity method.

The application of these provisions resulted in a change of classification of owned jointly controlled entity and a change in its pricing method (previously used was a proportionate consolidation method which, according to IFRS 11, is no longer allowed). In the opinion of the Management' Board, a jointly controlled entity will be a joint venture and it is accounted for using the equity method.

* Information on the application of IFRS 11 as of 1 January 2014 and the effects of restatement of comparative data are presented in Section: EFFECTS OF CHANGES IN ACCOUNTING POLICIES (FINANCIAL STATEMENTS FOR PREVIOUS PERIODS RESTATED).

Amendments to IAS 28 Investments in Associates and Joint Ventures

Amendments to IAS 28 resulted from the IASB project regarding joint agreements. The Board decided to incorporate principles for recognising joint ventures using the equity method in IAS 28 since this method applies to both joint ventures and associates. Apart from this exception, the other guidelines remained unchanged.

Description of the impact of this amendment is shown below the overview of the impact of IFRS 11.

INFORMATION ON ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS TO BE IMPLEMENTED

Prior to the date of these financial statements, the International Accounting Standards Board and International Financial Reporting Interpretations Committee issued new and amended standards and interpretations that are not yet effective and have not been earlier applied by the Group. In addition to the amendments described below, other amendments will have no impact on the consolidated financial statements in the period in which such amendments are applied for the first time.

Amendments to IAS 1

The purpose of the amendment is to clarify the concept of materiality and to further clarify that if an entity considers the information immaterial, it should not disclose it even if such disclosure is generally required by another IFRS. The revised IAS 1 clarifies that the items presented in the statement of financial position and statement of profit or loss and other comprehensive income may be aggregated or disaggregated according to their materiality. Additional guidance relating to the presentation of subtotals in these statements were included. The amendments are effective for annual periods beginning on or after 1 January 2016.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IAS 1 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Amendments to IAS 16 and IAS 38 concerning amortisation/depreciation

The amendment clarifies that a revenue-based amortisation/depreciation method is inappropriate because it reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits. The amendment is effective for annual periods beginning on or after 1 January 2016.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IAS 16 and IAS 38 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Amendments to IAS 16 and IAS 41 concerning bearer plants

The amendments require that certain bearer plants, such as grape vines, rubber trees and oil palms (i.e. those which bear produce for many years and are not intended for sale as planting or harvesting at harvest time) in accordance with IAS 16 Property, Plant and Equipment, because their operation is similar to the manufacturing. Consequently, the amendments include such plants within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants remain within the scope of IAS 41.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IAS 16 and IAS 41 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Amendments to IAS 19 Employee Benefits

Amendments to IAS 19 Employee Benefits were published by the International Accounting Standards Board in November 2013 and are effective for annual periods beginning on or after 1 July 2014. The amendments allow for recognition of contributions paid by employees as a reduction in employment costs in the period in which the work is performed by the employee, instead of assigning contributions to the employment periods, if the amount of the employee contribution is independent of the length of service.

At the date of preparation of these financial statements, amendments to IAS 19 have not yet been approved by the European Union.

The Group intends to apply the amendments to IAS 19 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Amendments to IAS 27 concerning the equity method in separate financial statements

The amendment to IAS 27 permits entities to use the equity method as one of the optional methods of accounting for investments in subsidiaries, joint ventures and associates in separate financial statements. The amendments were published on 12 August 2014 and are effective for annual periods beginning on or after 1 January 2016.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IAS 27 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments supersedes IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018. The standard introduces one model with only two classifications of financial assets: those measured at fair value and those measured at amortised cost. The classification is made on initial recognition and depends on the entity's financial instrument management model and the contractual cash flows from these instruments. IFRS 9 introduces a new model for determining write-downs - a model of expected credit losses. Most of the requirements in IAS 39 for classifying and measuring financial liabilities were transferred unchanged to IFRS 9. The key change is that entities are now required to present in other comprehensive income the effects of changes in own credit risk related to financial liabilities designated at fair value through profit or loss. In terms of hedge accounting, changes were designed to match more closely hedge accounting to risk management.

At the date of preparation of these financial statements, IFRS 9 has not yet been endorsed by the European Union.

The Group intends to apply IFRS 9 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture

The amendments eliminate the existing inconsistencies between IFRS 10 and IAS 28. Accounting recognition depends on whether or not non-monetary assets sold or contributed to an associate or joint venture constitute a business. Where non-monetary assets constitute a business, the investor shows the full gain or loss on the transaction. Where the assets do not meet the definition of a business, an investor recognises a gain or loss excluding the portion representing the interests of other investors.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IFRS 10 and IAS 28 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 regarding the application of consolidation exception by investment entities

The amendments clarify requirements for investment entities and introduce certain ease. The standard clarifies that an entity should measure at fair value through profit or loss all of its subsidiaries that are investment entities. In addition, it clarifies that the exemption from preparing consolidated financial statements applies if the intermediate parent entity prepares financial statements available to the public regardless of whether subsidiaries are consolidated or measured at fair value through profit or loss in accordance with IFRS 10 in the financial statements of the ultimate or intermediate parent entity. The amendments are effective for annual periods beginning on or after 1 January 2016.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IFRS 10, IFRS 12 and IAS 28 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Amendments to IFRS 11 concerning the acquisition of an interest in a joint operation

This amendment to IFRS 11 requires the investor, where the investor acquires an interest in a joint operation within the meaning of definition IFRS 3 as defined in IFRS 3, to apply to the acquisition of its interest the accounting principles for businesses combinations in accordance with IFRS 3, and other standards, unless they are contrary to the guidance set out in IFRS 11.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IFRS 11 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is effective for annual periods beginning on or after 1 January 2016. This standard permits entities which are first-time adopters of International Financial Reporting Standards to account for regulatory deferral account balances in accordance with the previously applied accounting policies. To improve comparability with units which already apply IFRS and which do not have such amounts, according to a published IFRS 14, resulting from the activities of regulated prices, should be subject to the presentation in a separate line both in the statement of financial position as well as in the income statement and statement of other comprehensive Income.

The Company does not expect the amendments to have a significant impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

The principles set out in IFRS 15 will cover all contracts resulting in revenue. The core principle of this new standard that an entity will recognise revenue at the time of the transfer of goods or services to the customer, at a transaction price. Any goods or services sold in bundles that are distinct should be recognised separately; in addition, all discounts and rebates on transaction prices should, as a rule, be allocated to the different components of the bundle. In line with the new standard, where the amount of revenue is variable, variable consideration is classified as revenue unless it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. Furthermore, in accordance with IFRS 15, costs incurred in obtaining and securing a contract with the customer must be capitalised and accounted for over a period in which the benefits of this contract are consumed.

At the date of preparation of these financial statements, the amendment has not yet been approved by the European Union.

The Group intends to apply the amendments to IFRS 15 upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Improvements to IFRSs 2010-2012

In December 2013, the International Accounting Standards Board published "Improvements to IFRSs 2010-2012" which amend 7 standards. The amendments include changes in presentation, recognition and measurement and include terminology and editorial changes. The amendments are effective mostly for annual periods beginning on or after 1 July 2014.

At the date of preparation of these financial statements, amendments to IFRS have not yet been approved by the European Union.

The Group intends to apply the amendments upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Improvements to IFRSs 2011-2013

In December 2013, the International Accounting Standards Board published "Improvements to IFRSs 2011-2013" which amend 4 standards. The amendments include changes in presentation, recognition and measurement and include terminology and editorial changes. The amendments are effective for annual periods beginning on or after 1 July 2014.

At the date of preparation of these financial statements, amendments to IFRS have not yet been approved by the European Union.

The Group intends to apply the amendments upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

Improvements to IFRSs 2012-2014

In September 2014, the International Accounting Standards published "Improvements to IFRSs 2012-2014", which amend 4 standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016.

At the date of preparation of these financial statements, amendments to IFRS have not yet been approved by the European Union.

The Group intends to apply the amendments upon their approval by the European Union. The application of these regulations will not have any significant impact on the financial results of the Group.

IFRIC 21 Levies

The interpretation IFRIC 21 clarifies the accounting recognition of liabilities for payment of levies that are not income taxes. An obligating event is an event that triggers the payment of the levy in accordance with the relevant legislation. The mere fact that the unit will continue to operate in the next period, or draw up a report on the going concern basis, does not create or imply that an obligating event has occurred. The same principles for recognition of liabilities apply to annual and interim reports. Application of the interpretation of the obligations arising from emission rights is optional.

The Group intends to apply the above amendments from 1 January 2015. The application of these regulations will not have any significant impact on the financial statements of the Group.

KEY ACCOUNTING PRINCIPLES

Measurement of items in foreign currencies

The reporting currency of the financial statements of the Group is the Polish zloty (PLN), which is also the presentation and functional currency of the parent entity.

Transactions in foreign currencies are translated into the operating currency at the exchange rate applicable as at the transaction or evaluation day, when items are revalued. Gains and losses arising from the settlement of such transactions and balance sheet valuation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Some of the Group's units have other functional currency than the PLN. The reporting data of these companies included in this report were converted to PLN in accordance with IAS 21. Balance sheet items were translated at the exchange rate as of the balance sheet date, and income statement items were translated at the average exchange rate for the period (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the dates of transaction - in which case income and expenses are translated at the dates of the transactions). The resulting foreign exchange differences were reported in other comprehensive income and accumulated amounts were disclosed as a separate equity item.

Property, plant and equipment

Property, plant and equipment comprise fixed assets owned by the Group.

Fixed assets owned by the Group comprise:
- real property (not leased or held for trading) used by the Group;
- plant and machinery;
- vehicles;
- other.

Fixed assets are measured and disclosed in the financial statements at cost, less any accumulated depreciation and impairment losses.

Land owned by the Group is not depreciated, other fixed assets are depreciated on a straight-line basis over their estimated useful lives which are reviewed on a quarterly basis. The estimated useful life of an asset is as follows:
- buildings and structures – between 17 and 67 years;
- plant and machinery – between 2 and 5 years;
- vehicles – between 1.5 and 15 years;
- other fixtures and fittings – 5 years.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate fixed asset (where appropriate), only when it is probable that the asset will generate economic benefits for the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are tested for impairment whenever facts or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset or of the cash generating unit to which the asset belongs) exceeds the recoverable amount and is recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

Gains and losses on disposals of fixed assets are determined as the difference between the proceeds and the carrying amount of the asset and recognised in the income statement as other operating income/expenses.

Investment property

Investment property includes property owned and leased out by the Group, including land directly related to the real property and land purchased and maintained for capital appreciation. Investment property is initially recognised at cost. Land used by the Group under operating lease is recognised and measured as investment property, assuming that other criteria for classifying the property as investment property are met. In particular, perpetual usufruct of land is recognised and measured as a finance lease.

In the process of erecting construction properties, the Group recognises them as investment property under construction and, once they are available for use, it recognises them under investment property.

Following the initial recognition on the first balance sheet date, investment property is stated at fair value. Fair value is updated at least once a quarter. Profits or losses on changes in the fair value of investment property are recognised in the income statement for the period in which they arise.

Fair value of land and buildings valued at fair value are updated as to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received for sale of an asset or paid for the transfer of liability in an orderly transaction between market participants at the measurement date under current market conditions. Fair value of fixed-income real property is determined using the income and simple capitalisation method by dividing net operating income of the project (NOI) and yield subject to the terms of lease and other contracts. The yield is verified by external property valuers at least once a year, net operating income (NOI) is revised quarterly on the basis of the existing leases, the values expressed in EUR and USD are converted on a quarterly basis according to the applicable exchange rates published by the NBP. Fair value of real property held in order to increase value and non-generating substantial income is determined primarily by external valuers.

The differences on the measurement of investment property and the result on the sale of investment property are recognised in the income statement under profit (loss) on investment property.

All costs related to the repair and maintenance of investment property are recognised as an expense in the income statement in the period to which they relate.

Investment property under construction comprises the Group's investments which the Group intends to use in the future as investment properties for lease that are under construction. For investment property under construction where a significant portion of risks involved in the construction process is eliminated and a credible measurement is possible, the property is measured at fair value.

The Group has specified the conditions which, once satisfied, allow it to examine whether substantial risks of investment properties under construction have been eliminated. These conditions are as follows:

- obtaining a building permit;
- contracting construction works with a value of at least 30% of the project budget;
- leasing at least 20% of the area under the project implemented.

An important issue in analysing the risks is the possibility and method of funding the project.

Each investment property under construction is examined individually in terms of the possibility to obtain a reliable measurement to fair value, given the general economic situation, the availability of data for similar real property and expectations for volatility of factors underlying the measurement. Once the above criteria are satisfied, a given property is measured at fair value, provided that, according to the Group's estimates, materials risks involved in the construction of an investment property under construction have been eliminated.

Otherwise, when the fair value cannot be reliably estimated, the investment property under construction is measured at cost less any accumulated impairment losses.

In measuring investment property under construction at fair value using the income approach, the Group takes account of the progress of a project at the end of the reporting period and the available accurate data on the status of the real property when construction is completed. In measuring investment property under construction at cost, the Group takes into account costs that are directly attributable to the investment not yet completed. They include expenditures for the purchase of land, design and construction of civil engineering structures (third party services mainly), finance costs, and other costs incurred in the course of implementation that are directly related to the investment.

If the use of a property changes, the property is reclassified in the financial statements as appropriate. A property is reclassified and disclosed under property, plant and equipment or inventories at the previously stated fair value.

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of an asset to the lessee. An operating lease is a lease in which a significant portion of the risks and rewards of ownership are retained by the lessor.

An operating lease of property (space rental) that meets the definition of investment property is recognised in line with the principles set out in Investment Property.

Perpetual usufruct of land is recognised and measured as finance lease.

When the nature of the contract indicates that the lease payments will be accrued progressively throughout the contractual term, the annual payments are depreciated on a straight line basis.

Benefits received and receivable by the lessee as an incentive to conclude an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

Where the nature of the contract indicates that the lease payments will be calculated progressively over the term of the contract, annual payment instalments are recognised on a straight-line basis.

Non-current assets held for sale

Non-current assets (or groups held for sale) are classified as held for sale if their carrying amount is recovered principally through a sale transaction and the sale is considered highly probable. Non-current assets are measured at the lower of their carrying amount and fair value less costs of sale.

Inventories

Inventories comprise semi-finished products and work in process, finished products and goods as well as advances for deliveries. Given the specific nature of business, the purchased land or the incurred fees due to perpetual usufruct of land are classified as work in progress, if the land is intended for development and resale, or as goods, if the land is intended for sale. Work in progress also comprises expenses related to the implementation of projects for sale (design, construction, etc. rendered by third party providers). Finished products mainly comprise residential and commercial premises completed and sold under final contracts.

Inventories of current assets are measured at the purchase price of land and the manufacturing costs of products plus capitalised finance costs, but not higher than the net realisable value. This value is obtained based on information from the active market. An impairment loss on inventories is reversed either in connection with the sale of an inventory item or in connection with an increase in net realisable value. Impairment losses on inventories recognised as an expense in the period and reversals of any impairment losses on inventories decreasing the value of inventories, recognised in the period as a reduction in cost are recognised in the income statement as cost of sales.

The cost of inventories is recognised using specific identification of their purchase prices and manufacturing cost.

Financial Instruments

The Group classifies its financial assets and liabilities as follows:

- Financial assets or financial liabilities measured at fair value through profit and loss include:
    - financial assets held for trading. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the short term;
    - financial assets designated on initial recognition at fair value through profit or loss;
    - derivative instruments which do not meet the conditions for hedge accounting;
- held-to-maturity investments - non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity;
- loans and receivables - non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;

- available-for–sale financial assets - non-derivative financial assets not classified as financial assets at fair value through profit or loss, loans and receivables and held-to–maturity assets.

Assets are recognised in the books at the transaction date and derecognised when the contractual rights to cash flows from the financial asset expire or when the financial asset is transferred together with all risks and benefits of its ownership.

Financial assets at fair value through profit or loss

Assets under this category are classified as current assets if they are held for trading or expected to be recovered within 12 months after the balance sheet date. The Group classifies investments in securities to this category.

Both at initial recognition and at the balance sheet date, financial assets at fair value through profit or loss are measured at fair value and the result of the measurement is reflected in the financial result.

Derivatives

Derivatives are recognised in the books when the Company becomes a party to a binding agreement.

The Group uses derivatives to mitigate the risks associated with changes in foreign exchange rates or interest rates.

The Group does not apply hedge accounting.

At the balance sheet date, derivatives are measured at fair value. Derivatives with fair value greater than zero are financial assets and derivatives with negative fair value are financial liabilities.

Derivatives in the form of IRS contracts, which are closely related to the concluded loan agreement and which cause change of rate to flat rate in terms of the percentage of credit volume specified in the agreement, are not separated from the host agreement but they are taken into account in the valuation of loan liabilities at amortised cost (i.e. the loan is treated as a loan with a fixed rate). Derivatives in the form of IRS contracts outside the scope of volume resulting from the loan agreement, which are not closely related to the concluded loan agreement, are regarded as a separate derivative instrument and are measured at fair value through profit or loss separately from loan liabilities.

The Group recognises the profit/loss from the measurement and settlement of derivatives which do not fulfil the hedge accounting criteria in operating income/expenses, finance income/costs or profit/loss on FX derivatives respectively, depending on whether a derivative involves:

- profit/loss on the measurement and settlement of IRS involving interest rates that change the loan interest from variable to fixed is recognised in finance costs;
- profit or loss on the measurement and settlement of derivatives involving FX rates (options, FX forwards) is recognised in profit (loss) on FX derivatives.

In the cash flow statement, the related cash flow is stated as cash flow from investing or financing activities respectively.

Bonds acquired, borrowings granted, trade and other receivables

Bonds acquired, borrowings granted, trade and other receivables constituting financial assets are classified as "Loans and receivables".

Bonds acquired, borrowings granted, trade and other receivables are initially recognised in the balance sheet at fair value (increased by transaction costs, if applicable) and, subsequently, at amortised cost less impairment losses. Receivables are revalued based on the probability of their payment by recognising an impairment loss.

Impairment losses on trade and other receivables are recognised at the end of each quarter, when there is objective evidence that the Company will not be able to recover all amounts due under the original terms of receivables. Such objective evidence includes, among others, severe financial difficulties of the debtor or delayed payments. An impairment loss is recognised as the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted using the original effective interest rate. The loss is recognised in the income statement as other operating expenses. Subsequent repayments of receivables previously written down are recognised as other operating income in the income statement.

Advances for deliveries are measured according to expenses incurred and according to VAT invoices documenting the advances so granted.

Financial assets available for sale

Upon being entered in the books, these assets are measured at fair value plus transaction costs, while as at the balance sheet date, they are measured at fair value.

Gains or losses arising from changes in the fair value of an asset are recognised directly in other comprehensive income. If an impairment is identified, amounts recognised initially in other comprehensive income are reclassified to profit or loss.

Available-for–sale assets comprise shares in companies other than subsidiaries and associates, not quoted in an active market, that are short-term or long-term assets.

Where the fair value cannot be determined, these assets are carried at cost less any accumulated impairment losses, and the effects of measurement are recognised in profit or loss.

Cash and cash equivalents

Cash at bank and cash in hand, short-term deposits held to maturity and other financial assets (liquid debt instruments, easily convertible to cash) are measured at the nominal value plus accrued interest.

For the cash flow statement the same definition of cash is taken.

Financial liabilities (including trade payables)

Financial liabilities include loans, borrowings, debt securities, trade payables and other financial liabilities. Financial liabilities (including trade liabilities) are initially measured at the fair value less transaction costs. Following initial recognition, long term liabilities are measured at the amortised cost. When the difference between the calculated value and the amount payable does not significantly affect the Group's financial results, such liabilities are recognised in the balance sheet at the amount payable.

Advances on deliveries include invoiced advances (including advances on apartments) and non-invoiced advances.

Financial guarantee contracts

Financial guarantee contracts are recognised initially at fair value (equal to a received bonus or estimated using measurement techniques) and, subsequently, at one of the two values, whichever is higher:

- amount of provision determined based on the estimated probable expenditure necessary to settle a liability under a guarantee contract
- initial value less amortisation/depreciation charges.

In addition, financial guarantee contracts are recognised in off-balance sheet liabilities and receivables. On every balance sheet date, the Group verifies whether there is a probability of payment and creation of a provision.

Income tax

Income tax on the profit or loss for the year comprises a current and deferred portion. Income tax is recognised in the income statement, except for amounts related to items recognised in other comprehensive income, in which case income tax is recognised in other comprehensive income.

The current portion of income tax is the expected amount of tax on taxable income for a given year, calculated based on the tax rates determined as at the balance sheet date along with any tax adjustments for previous years.

Deferred tax is calculated with the balance sheet method on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the tax base.

A deferred tax provision is created for all taxable temporary differences, except when the difference results from:

- initial recognition of goodwill, or
- initial recognition of an asset or a liability from a transaction other than a business combination, provided that this does not affect the financial result or the tax base at the time of the transaction.

Deferred tax assets are recognised for all deductible temporary differences up to the amount to which it is probable that taxable income will be generated, allowing for the deduction of deductible temporary differences An exception is when this difference results from the initial recognition of an asset or a liability from a transaction other than a business combination, provided that this does not affect the financial result or the tax base at the time of the transaction.

Deferred tax assets due to tax loss and deductible temporary differences are recognised up to the amount to which it is probable that tax income will be generated, allowing for the settlement of these differences and losses.

For the calculation of deferred income tax, a tax rate is used which will apply in the reporting periods in which assets will be settled or liabilities will be released.

Deferred tax assets and provisions are offset when they relate to income taxes levied by the same taxation authority on the same taxable entity, or when the entities of the Group have a legally enforceable right to set off.

No deferred tax is recognised in respect of temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, if the Group controls the reversal of these differences and the Group has the certainty that they will not be reversed in foreseeable future.

Deferred income tax is recognised in the income statement or other comprehensive income, depending on where the item to which the tax relates is recognised.

Equity

The share capital is measured at the nominal value registered in the National Court Register. The differences between the fair value of payment received and the nominal value of shares are disclosed in the share premium account.

Legal reserve comprises share premium and the profits of consolidated companies approved by the AGM. The issue costs of shares, incurred when increasing the share capital, decrease the company's supplementary capital down to the amount of the share premium.

Provisions

Provisions are recognised when the Group has a present obligation resulting from past events, it is probable that fulfillment of this obligation will cause an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the costs estimated to the best knowledge of the Group's management, which are necessary to settle the present obligation at the balance sheet date.

Operating income

Revenue from the sale of goods and products is recognised at fair value of consideration received or receivable, net of discounts, rebates and sales-related taxes, and is recognised upon delivery of goods and products to the buyer and transfer of the risks and rewards of ownership of the goods and products, and where such revenue can be reliably measured.

In particular, revenue from the sale of the Group's residential and commercial premises is recognised in accordance with IAS 18 at the time of transfer of ownership of these premises under relevant sales contracts after the project implementation is completed and the right to use the premises is obtained.

Revenue from the lease of residential and commercial space is recognised on a straight-line basis during the term of the concluded agreements.

Revenue from erecting civil engineering structures under long-term agreements is recognised according to IAS 11, based on the progress of construction works. The percentage progress of a service is determined as the ratio of the completed work on a given day to all works to be executed (in terms of the incurred costs).

Other revenue from the sale of services is recognised in the period in which the services are provided.

Cost of sales

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

Finance costs

Finance costs for the current period are recognised in the income statement, except for the costs to be capitalised in accordance with IAS 23. The Group capitalises part of financial costs that are directly attributable to the acquisition and production of assets that require a long time to prepare for their intended use or sale, recognised as inventories and investments in progress. Capitalisation includes finance costs determined using the effective interest rate less revenue from the temporary investment of cash (i.e. interest on bank deposits, except for deposits resulting from blocked accounts, letter of credit agreements), in the event of special purpose funding raised for a construction project. In the case of general financing, the financial expenses subject to capitalisation are determined using a capitalisation rate in relation to expenditure incurred for a given asset. In the case of general financing, general borrowing costs to be capitalised are determined by applying the capitalisation rate in relation to expenses incurred for the asset.

Consolidation of subsidiaries and recognition of shares in jointly controlled entities

These financial statements of the Echo Investment Group S.A. comprise the separate financial statements of Echo Investment S.A. and its subsidiaries. Subsidiaries are all the entities over which the Group exercises control, which usually occurs when the Company directly or through its other subsidiaries has more than half of the votes in a given entity. Control is also exercised when the Company is in a position to affect an entity's operating and financial activity, even if it holds less than half of voting rights. Subsidiaries are consolidated from the date of acquisition of control until the time when control over them is lost.

As at the day of acquisition of (control over) a subsidiary, its assets and liabilities are measured at fair value. The surplus of the acquisition price plus the fair value of previously held interests and the value of non-controlling interests over the fair value of identifiable acquired net assets of an entity is recognised under assets in the balance sheet as goodwill. If the acquisition price, plus the fair value of previously held interests and the value of non-controlling interests, is lower than the fair value of identifiable acquired net assets of an entity, the difference is recognised as profit in the profit and loss account for the period in which the acquisition took place. Non-controlling interest is recognised at the attributable fair value of net assets or at the fair value.

The most important role in the structure of the Group is played by Echo Investment S.A., which, as the owner of the entities comprising the Group, monitors, participates and provides funding for the implementation of development projects. The companies it is composed of have been established or acquired to meet specific investment projects and for the most part not engage in economic activity other than that which would arise from the implementation of a specific project, and subsequently lease already completed assets or provide other services.

In the process of consolidation all intercompany transactions and settlement balances are eliminated. Also eliminated is the value of shares held by the Company and other consolidated entities in subsidiaries which corresponds to the share of the Company and other entities of the Group under consolidation in the subsidiaries' equity. Jointly controlled entities are consolidated using the equity method.

As at 31 December 2014, the Echo Investment Capital Group comprises 118 fully consolidated subsidiaries and one jointly controlled entity consolidated with the proportionate method, while as at 31 December 2013 the Group comprised comprised 113 fully consolidated subsidiaries and one jointly controlled entity consolidated with the proportionate method. Basic information about the financial data of jointly controlled entities is presented in note 30.

Reporting by segment

The segments of the Group's activity are presented according to the data from internal management reporting and analysed by the key operating decision maker. The key operating decision maker responsible for the allocation of reserves and evaluation of the results of the operating segments is the Board of Echo Investment S.A.

The following reportable segments were separated in the Group, identical to operating segments, defined on the basis of the type of projects:

- residential space (lease and sale of residential and commercial space),
- shopping centres (lease and sale of commercial and entertainment space)
- office buildings and hotels (lease and sale of space in office buildings and hotels)

The principles for determining revenues, costs, measurement of a segment's performance, the valuation of assets and liabilities of a segment are accounting policies adopted for preparing and presenting consolidated financial statements, as well as the accounting principles that relate specifically to segment reporting.

The measure of an operating segment's performance is the "gross profit/loss on sale."

The financial information relating to segments are included in the notes 29A - 29E to the financial statements.

ESTIMATES OF THE MANAGEMENT BOARDS OF THE GROUP'S COMPANIES

The preparation of the financial statements required the Management of the Group to make certain estimates and assumptions that are reflected in these statements. Actual results may differ from these estimates. The main areas in which Management estimates are significant to the financial statements are as follows:

Investment property

Investment property include shopping centres and office buildings rented out by the Group companies, grouped according to risk and valuation method in a single class of investment property. The fair value of investment property is classified at level 3 in the hierarchy of fair value.

The fair value of fixed income-generating real property is determined by the entity through by the income approach, using a simple capitalization technique as the ratio of net operating income of the project (NOI) to yields. The yield is verified by external property valuers at least once a year, net operating income (NOI) is revised quarterly on the basis of the existing leases, the values expressed in EUR and USD are converted on a quarterly basis according to the applicable exchange rates published by the NBP.

Due to the fact that the majority of lease agreements entered into by the Group are denominated in EUR, the valuation of investment properties were prepared in EUR and converted into PLN using the average exchange rate as of the balance sheet date.

The measurement of the fair value of investment property depends on a number of assumptions made by the entity performing the valuation. In Q1 2014, the Group received the measurement of, among others, investment property as at 31 January 2014, prepared by an independent property advisor —Knight Frank Sp. z .o.o. with its registered office in Warsaw. According to these measurements, the total value of investment properties, as at 31 January 2014, was PLN 4,273,144 thousand (according to average EUR/PLN exchange rate as at 31 December 2014). This amount also includes investment properties in the balance sheet as at 31 December 2014 (without the Polkomtel Office Building Project in Warsaw, according to the change dictated in the newly introduced IFRS 11, described in Section 1.3). The measurements were prepared using the income method based on the so-called Discounted Cash Flow, as opposed to measurements used by the Group for projects in operation, i.e. valuations based on perpetuity (NOI / Yield).

In the measurements of investment properties as at 31 December 2014, the Group, in accordance with the accounting policy applied capitalisation rate (Yield) from the Knight Frank measurements, and adopted the net operating income (NOI) under the existing lease agreements (for surface rented) and under market rates (for vacancies) and expected operating costs independently for each property. In addition, the Management Board changed the estimate with respect to revenue from short-term movable booth lease agreements (due to the fact that these revenues have stabilised in recent years) and estimates of the amount of lease of vacancies (based on historic turnover of tenants and taking into account revenue from vacancies in the calculation of price in the real property sales contract concluded in the recent years). After taking these estimates into account, weighted average Yield rate, decreased by 5%, and net operating income (NOI) increased by an average of 5%.

According to the measurements by the Group, the total value of investment properties as at 31 December 2014 amounted to PLN 4,061,448 thousand (PLN 3,253,491 thousand is the value of shopping centres and PLN 807,957 is the value of office buildings), and as at 31 December 2013, the value amounted to PLN 2,435,656 thousand (PLN 2,435,656 thousand is the value of shopping centres and PLN 523,880 thousand is the value of office buildings). The yields used to measure the fair value as at 31 December 2014 ranged from 6.5% to 8.5% for shopping centres (as at 31 December 2013, ranging from 6.9% to 9.0%) and in the range from 7.0% to 8.4% for office buildings (as at 31 December 2013, ranging from 8.0% to 8.4%). The yields were measured by independent appraisers (with recognised professional qualifications) individually for each relevant investment property, taking into account the location and type of real property. Future net operating revenues were measured separately for each investment property based upon lease agreements existing at the balance sheet date, contracted revenues and the expected operating costs of property. Details are presented in notes 4A and 4B.

In 2014, due to changes in estimates of the assumptions for the valuation of real property and other and other parameters, the Group recognised a gain on measurement of property in the amount of PLN 450.2 million. The impact of changes in individual real property measurements shown in the table below:

EFFECT OF CHANGES ON REAL PROPERTY MEASUREMENTS IN THE SCOPE (IN PLN MLN)				
EUR/PLN EXCHANGE RATE	YIELD RATES	NOI FROM VACANCIES AND MOVABLE BOOTHS	OTHER CHANGES	TOTAL
111.4	138.2	107.0	93.6	450.2

Other changes were affected by the change in the measurement from the method based on discounted cash flows method to the method based on perpetuity for the following real property (Galeria Amber in Kalisz, the Park Rozwoju office buildings, Stage II in Warsaw and A4 Business Park, Stage I in Katowice), in connection with their commissioning in 2014, the first measurements of the West Gate office building in Wrocław and the indexation of lease rate and other factors.

The simulations showed that the effect of changes of EUR/PLN exchange rate in the amount of 1% of net profit in 2014 would be a maximum increase or decrease respectively in the case of investment property by PLN 32,897 thousand (PLN 26,353 thousand - shopping malls, and PLN 6,544 thousand - office buildings), and in 2013, PLN 24 045 thousand (PLN 19,729 thousand shopping malls, and PLN 4.316 thousand - office buildings).

As at 31 December 2014, the West Gate Project in Wrocław, which is under construction, was valued at fair value using the income method. Estimated completion date of the project is 4 - 6 months. Other projects under construction were characterised by the risks associated with the construction process, at levels which, according to the Board, did not allow a reliable estimate of the fair value of the property. The value of real property under construction valued using the income method amounted to PLN 91,498 thousand (31 December 2013, PLN 356,530 thousand), the value of the remaining property amounted to PLN 1,115,717 (as at 31 December 2013, PLN 952,527 thousand). Details are presented in note 5.

Financial instruments measured at fair value

The fair value of financial instruments (included in the fair value hierarchy level 2), which are not traded on an active market is determined using valuation techniques. The Company uses its judgement in the selection of valuation methods and adopts assumptions based on market conditions existing at each balance sheet date. In particular, the concluded forward contracts, option contracts and IRS instruments are measured based on measurements provided by the banks (note 11A and 11B), which use data such as current and historic exchange rates, and interest rates on deposits (WIBOR, EURIBOR).

Deferred income tax

The management boards of the Group companies are obliged to assess the probability of the realisation of deferred income tax assets. In the process of preparing the financial statements, the Company estimates the value of provisions and deferred tax assets on the basis of, among other things, the value of future levels of burden of income tax. The process includes an analysis of the current levels of income tax burdens and the value of temporary differences resulting from different treatment of transactions for tax and accounting purposes, from which assets and deferred income tax result.

In the process of that evaluation, a number of assumptions are adopted for the purpose of determining the value of assets and the deferred income tax. These estimates take into account tax projections, historical value of tax burden, current available operational activity planning strategies of the Company and realisation dates for the various temporary differences. Due to the fact that these estimates are subject to change resulting from external factors, the Company may periodically adjust the value of the assets and deferred income tax, which in turn may affect the Company's financial condition and its results.

Inventories

In estimating the amount of the write-down on inventory held by the Company as of the balance sheet date, active market data concerning the expected sales prices and current market trends and information arising out of the Company's preliminary sales agreements is analysed. Assumptions used when calculating the allowance mainly relate to market prices of property applicable in a given market segment or are based on the concluded sale agreements. In the case of land recognised under inventory, the value of the allowances is due to the usefulness (intended purpose) of land for the Company's current and prospective business estimated by the Management Board.

Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying value is recovered by way of a sale transaction rather than further use. Assets may only be included in this group if the entity's management board is actively looking for a buyer and there is a high probability that the assets will be disposed of within one year from the date of their inclusion in the group as well as the availability of these
assets for sale. These assets are measured at the lower of the following two amounts: the carrying value and the fair value less costs of sale.

FINANCIAL RISK MANAGEMENT

Interest rate risk of changes in cash flows and fair value

The Group's exposure to interest rate risk is associated with financial assets and liabilities, in particular with granted loans, cash and received bank loans and issued bonds. Loans, borrowings and bonds bearing interest at a variable interest rate expose the Group to interest rate risk, while loans and borrowings bear interest at a fixed interest rate expose the Company to fluctuations in fair value of financial instruments. In addition, the Group is exposed to the risk of fluctuations in interest rates in the case of taking out a new loan or refinancing the existing debt to long-term financing.

Based on various scenarios, the Group manages its risk of changes in cash flows as a result of interest rate variations, using interest rate swaps which convert the interest rate for selected loans or loan tranches from variable to fixed. The economic effect of these swaps is the conversion of debt instruments with a variable interest rate into debt instruments with a fixed interest rate. Based on arrangements regarding interest rate swaps, the Group and other parties undertake to swap, at specified intervals (typically every month), the difference between the fixed and variable interest rates determined based on a specified base amount. The Company uses these financial instruments only to hedge against risk and does not use them for speculation; however, no hedge accounting is used. As at 31 December 2014, 50.2% of liabilities due to loans and debt securities had fixed interest rates (swaps), and the remaining portion had variable rates. As at 31 December 2013, 54.6% of liabilities due to loans and debt securities had fixed interest rates (swaps), and the remaining portion had variable rates. As at 31 December 2014 and 31 December 2013, all borrowings granted and bonds held had had variable interest rates. Based on the conducted simulations, it was ascertained that the influence of a 1 p.p. change of interest rates on the net profit would be a corresponding maximum increase or decrease:

- for the purchased bonds: by PLN 0 thousand (in 2013: PLN 362 thousand)
- for cash and deposits: by PLN 3,582 thousand (in 2013: PLN 3,690 thousand)
- for loans received and bonds issued: by PLN 12,396 thousand (in 2013: PLN 9,510 thousand)

In total: PLN 8,814 thousand (in 2013: PLN 5,458 thousand)

Currency risk

Foreign exchange risk is related to investment loans in foreign currencies in the Group (as at 31 December 2014 —EUR 498,147 thousand and, as at 31 December 2013 —EUR 419,877 thousand) and to lease agreements in which the rents depend on the PLN/EUR exchange rates. This risk occurs in the following types of financial operations:

- conversion of the received loans (loan tranches) and funds from the sale of commercial developments from EUR to PLN:
  To reduce the risk related to the conversion of loans, the Group concludes forwards on the future FX market in the value of the planned cash flows.
- repayment of loan instalments
- receipt of amounts due to rents for the lease of property.

In the above cases, the Group uses natural hedge: Agreements with tenants are denominated in the currency of the loan that was raised to fund a given investment. Payments from tenants are used to repay the loans. This relation between funding and the sources of revenue reduces the FX risk to a minimum or eliminates it completely.

In 2013–2014, to hedge against the FX risk, the Group established a hedge on the future FX market by opening positions in derivatives, hedging the EUR/PLN exchange rate As a result of opening these positions, as at 31 December 2014, a portion of the Group's cash flow in 2015 (EUR 175 million —forward transactions and EUR 50 million—options), in 2016 (EUR 6.4 million and EUR 150 million—options) was hedged while as at 31 December 2013, a portion of the Group's cash flow in 2014 (EUR 57.8 million —forward transactions), in 2015 (EUR 16.8 million and EUR 50 million—options) and in 2016 (EUR 150 million — options). The transactions concluded under agreements with banks were not of a speculative nature and were concluded as part of the hedge policy (however, the Group did not treat them as hedge accounting, as stipulated by IAS 39) in order to secure prospective cash flows from the conversion of loan tranches in EUR and funds from the sale of commercial developments).

The Group runs a consistent policy for managing the FX risk and constantly monitors the risk areas, using the available strategies and mechanisms, to minimise any negative effects of market volatility and to secure the cash flow. The Group keeps financial surplus mainly in PLN, while funds kept in banks in other currencies are used mainly for current transactions. At the end of 2014, 58,9% of the Group's cash was denominated in PLN, 40,7% were denominated in EUR and 0,4% was denominated in other currencies while in 2013, 91% of the Group's cash was denominated in PLN, 8% were denominated in EUR and 1% was denominated in other currencies. The influence of variations of foreign exchange rates on the value of cash held is insignificant.

Based on the conducted simulations, it was ascertained that the influence of a 10 p.p. change of interest rates on the net profit would be a corresponding maximum increase or decrease:

- for forwards: by PLN 62,628 thousand (in 2013: PLN 25,060 thousand)
- for loans received in EUR: by PLN 171,983 thousand (in 2013: PLN 141,046 thousand); In total: PLN 109,355 thousand (in 2013: PLN 115,986 thousand).

Credit Risk

The credit risk occurs in relation to cash in the form of deposits in banks and financial institutions, financial derivatives which are financial assets, the purchased bonds as well as in relation to the Group's customers and tenants, in the form of unsettled amounts due (insolvency risk). The Group has procedures in place to protect the credit worthiness of its customers and tenants; security deposits and guarantees are also used for tenants (deposits and guarantees usually amount to 3-months rent). There is no significant concentration of risk in relation to any of the Group's customers. Note 10A presents the coverage of receivables as at the balance sheet date by deposits used to secure receivables. The
Group uses services provided by renowned financial institutions and banks; it keeps its cash mainly in PKO BP SA. (rating "A" according to Standard and Poor's) and Pekao S.A. (rating "BBB+" according to Standard and Poor's). The bonds were purchased from companies with whom the Group cooperates, and it constantly monitors their financial standing.

Liquidity risk

Liquidity risk means that the Group will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining a legal reserve at an appropriate level, using banking services offer and reserve facility lines and monitoring at all times projected and actual cash flows. As at 31 December 2014, of PLN 280 million available under loan facilities and PLN 35 million available under a guaranteed bonds programme, the Group held an unused amount of PLN 289 million while as at 31 December 2013, of PLN 230 million available under loan facilities and PLN 35 million available under a guaranteed bonds programme, the Group held an unused amount of PLN 265 million. Due to the dynamic nature of its business, the Company maintains flexible funding by making available cash and ensuring diversity of funding sources.

Company has sufficient cash to timely pay all its liabilities. Liquidity risk is in the long term mitigated through availability of bank loans. The Group may at any time avail of financing by utilising funds from credit lines maintained with banks.

Analysis of the Group's undiscounted financial liabilities which will be accounted for at relevant intervals, based on the period remaining until the contractual maturity.

As at the balance sheet date —31 December 2014:

[IN PLN '000]	LOANS	BONDS	FORWARD	TRADE AND OTHER LIABILITIES	LEASE PERPETUAL USUFRUCT OF LAND
Up to 1 year	161,114	141,121	4,185	92,907	10,039
Between 1 and 3 years	1,005,239	492,034	97	12	20,078
Between 3 and 5 years	1,089,210	403,563	-	-	20,078
over 5 to 10 years	126,770	-	-	-	50,195
Over 10 years	29,901	-	-	-	706,521
Total	**2,412,234**	**1,036,718**	**4,282**	**92,919**	**806,911**

As at the balance sheet date — 31 December 2013:

[IN PLN '000]	LOANS	BONDS	FORWARD	TRADE AND OTHER LIABILITIES	LEASE PERPETUAL USUFRUCT OF LAND
Up to 1 year	251,387	323,175	-	115,458	8,139
Between 1 and 3 years	443,648	285,574	-	10	16,277
Between 3 and 5 years	592,833	286,550	-	-	16,277
over 5 to 10 years	584,647	-	-	-	40,800
Over 10 years	-	-	-	-	591,035
Total	**1,872,515**	**895,299**	**-**	**115,468**	**672,528**

The analysis includes the estimated future interest payments.

EQUITY RISK MANAGEMENT

By managing capital, the Group seeks to ensure that it is able to continue its operations so as to generate return for shareholders and to maintain an optimal capital structure to reduce its cost.

By managing this capital, the Group takes decisions concerning financial leverage, dividend policy, issue of new shares, purchase and subsequent redemption or resale of previously issued shares and sale of assets to reduce debt, if any. Similarly to other businesses in this industry, the Group monitors equity using, for instance, debt ratios. This ratio is determined as net debt to total capital. Net debt is determined as the sum of loans and borrowings (including current and non-current loans and borrowings shown in the balance sheet) less cash and cash equivalents. Total capital is determined as equity shown in the balance sheet with net debt.

DEBT RATIOS AS AT 31 DECEMBER 2014 AND 31 DECEMBER 2013

	31.12.2014	31.12.2013
Total loans (note 15)	3,070,679	2,586,158
Cash (note 12)	(417,200)	(416,962)
Net debt	2,653,479	2,169,196
Equity attributable to the parent entity's shareholders	3,160,368	2,765,438
Total capital (equity and loans/borrowings)	5,813,847	4,934,634
Debt ratio	45.64%	43.96%

The values of the presented ratios were in line with the Group's financial assumptions.

EFFECT OF CHANGES OF ACCOUNTING PRINCIPLES APPLIED (TRANSFORMATION OF FINANCIAL STATEMENTS FOR PREVIOUS PERIODS)

In 2014, the Capital Group did not change its accounting principles, except for the application of IFRS 11 from January 2014. According to IFRS 11, joint arrangements are classified as joint ventures or joint operations. The Group analysed the joint agreement (WAN 11 Sp. z o.o) existing as at 1 January 2013 in the light of IFRS 11 and concluded that it fulfills the conditions for the joint venture under the conditions set out in IFRS 11, section B19-B33. In accordance with IFRS 11, the new accounting policy was used as refers the recognition of shares in the joint venture. The Group withdrew from the balance sheet the WAN 11 Sp. z o.o financial statements, which have so far been consolidated using the proportional method (in the ratio of 50%), and the Group applied the equity method accordingly to include investment in WAN 11 Sp. z o.o. Complying with IFRS 11 Joint Arrangements, the Group restated comparative figures for 2013.

The change in accounting policy had no impact on earnings per share.

The following items have changed due to the introduction of new IFRS 11 Joint Arrangements:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS [PLN '000]

AS AT 31.12.2013	IS	WAS	DIFFERENCE
1. Non-current assets	**4,540,540**	**4,596,145**	**(55,605)**
- 1.3. Investment property	2,997,808	3,070,276	(72,468)
- 1.5. Shares in entities accounted for using the equity method	16,866	-	16,866
- 1.6. Long-term financial assets	57,993	57,996	(3)
3. Current assets	**1,529,330**	**1,534,114**	**(4,784)**
- 3.4. Trade and other receivables	57,084	57,181	(97)
- 3.8. Cash and cash equivalents	352,392	357,079	(4,687)
TOTAL ASSETS	**6,164,022**	**6,224,411**	**(60,389)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES [PLN '000]

AS AT 31.12.2013	IS	WAS	DIFFERENCE
2. Provisions	**23,547**	**34,044**	**(10,497)**
- 2.3. long-term deferred tax provision	21,547	32,044	(10,497)
3. Long-term liabilities	**2,146,802**	**2,193,802**	**(47,000)**
- 3.1. Loans and borrowings	2,026,690	2,072,341	(45,651)
- 3.4. - lease liabilities (perpetual usufruct to land)	75,017	76,366	(1,349)
4. Short-term liabilities	**1,228,218**	**1,231,110**	**(2,892)**
- 4.1. Loans and borrowings	559,468	561,956	(2,488)
- 4.4. Other tax liabilities	483,493	483,615	(122)
- 4.5. Trade payables	115,468	115,750	(282)
TOTAL EQUITY AND LIABILITIES	**6,164,022**	**6,224,411**	**(60,389)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS [PLN '000]

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES [PLN '000]

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

CONSOLIDATED INCOME STATEMENT [IN '000 PLN]

FOR THE PERIOD FROM 01.01.2013 TO 31.12.2013	IS	WAS	DIFFERENCE
Revenue	517,371	527,870	(10,499)
Cost of sales	(232,949)	(235,625)	2,676
Gross profit on sales	**284,422**	**292,245**	**(7,823)**
Profit (loss) on investment property	294,287	272,602	21,685
Selling and distribution expenses	(27,459)	(27,459)	-
General and administrative expenses	(54,592)	(54,625)	33
Other operating income	34,278	34,374	(96)
Other operating expenses	(20,450)	(20,450)	-
Operating profit	**510,486**	**496,687**	**13,799**
Finance income	9,624	9,624	-
Finance costs	(162,741)	(164,054)	1,313
Profit (loss) on FX derivatives	3,154	3,154	-
Foreign exchange profit (loss)	(25,339)	(26,110)	771
Share in profit of affiliates	(12,667)	(9)	(12,658)
Profit before tax	**322,517**	**319,292**	**3,225**
Income tax	8,641	11,866	(3,225)
- current portion	(179)	(179)	-
- deferred portion	8,820	12,045	(3,225)
Profit after tax	**331,158**	**331,158**	**-**

The impact of adoption of IFRS 11 from 1 January 2014 on the consolidated interim statement of cash flows is negligible.

INFORMATION ON SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The loan agreement of the Issuer's subsidiary

On 18 March 2015, a loan agreement (the "Agreement") was concluded between ECHO – WEST GATE spółka z ograniczoną odpowiedzialnością – spółka komandytowo-akcyjna, with its registered office in Kielce at al. Solidarności 36, 25-323 Kielce, the registration files of which are kept by the District Court in Kielce, 10th Commercial Division of the National Court Register, entered in the Register of Entrepreneurs of the National Court Register under KRS number 0000393284 (the "Borrower" or the "Company"), and BNP PARIBAS BANK POLSKA SPÓŁKA AKCYJNA, with its registered office in Warsaw, ul. Suwak 3, 02-676 Warsaw, the registration files of which are kept by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, entered in the Register of Entrepreneurs under KRS number 0000006421 (the "Lender or the "Bank").

The funds raised under the Agreement will be used by the Borrower to finance the construction of the WEST GATE office building under construction at ul. Na ostatnim Groszu 1 in Wrocław (the "Project").

Subject to the terms and conditions of the Agreement, the Bank provides the Borrower with the following:

1 / funds constituting a construction loan in the amount of EUR 19,000 thousand (nineteen million euros) for financing or refinancing the costs of the Project;

2/ funds constituting a VAT loan in the amount not exceeding PLN 4,000 thousand (four million zlotys) for financing or refinancing VAT in connection with the Project implementation.

3/ funds constituting an investment loan in the amount of EUR 25,000 thousand (twenty five million euros) for repayment of the construction loan by converting loans and for refinancing the Project costs.

The loan amounts bear the following interest: for the Construction Loan and investment loan at EURIBOR variable interest rate, for the VAT Loan at WIBOR variable interest rate, plus the Bank's margin.

The loan repayment date was set as follows:

1/ in relation to the Construction Loan - the final repayment date was set on 29 January 2016;

2/ in relation to the VAT Loan - 31 December 2015;

3/ in relation to the Investment Loan - the final repayment date was set on a date not later than 60 months from the date of the Investment Loan Utilisation, i.e. not later than 29 January 2021.

The Borrower shall provide or cause to be provided the following securities for the repayment of the loan and amounts due to the Bank:

1/ First ranking mortgage established on the Real Property for the benefit of the Bank, up to 150% of the total Investment Loan amount;

2/ Second ranking mortgage established on the Real Property for the benefit of the Bank, up to EUR 12,780 thousand, in order to secure repayment of the debt arising from the termination of Hedging Documents which are part of the Agreement;

3/ Statements on submission to enforcement;

4/ Power of attorney to the Borrower's bank accounts;

4/ Registered and Financial Pledge Agreements regarding interests, shares, rights and accounts under which first ranking registered pledges and financial pledges will be established to the benefit of the Lender on all shares in the share capital of the Borrower up to 150% of the secured obligations, in the form and substance satisfactory to the Lender;

6/ Agreement for the assignment of the Borrower's claims and rights under, among others, any lease Agreements, insurance contracts, agreements for construction works, performance bonds for construction works, investment management agreements and other Investment Documents;

7/ any other document signed by the Obligor establishing or intending to establish Security on all or some of its assets in respect of the Obligors' obligations under the Finance Documents

Resolutions of the Extraordinary General Meeting of Echo Investment S.A.

The Extraordinary General Meeting of Echo Investment S.A. was held on 13 April 2015. It was convened at the request of FTF Columbus S.A., a shareholder controlled by Michał Sołowow, in connection with the satisfaction of the condition precedent specified in the agreement for indirect acquisition of 41.55% of shares in Echo Investment S.A., which was concluded on 28 February 2015 with an entity belonging to Griffin Topco III S.à r.l. (an entity controlled by Oaktree) and to a fund managed by PIMCO (the request also specifies that the transaction is subject to the consent for concentration).

The EGM of Echo Investment S.A. adopted a resolution on conditional removal of the current members of the Supervisory Board and the conditional appointment of Kharim Khairallah, Laurent Luccioni, Maciej Dyjas, George Graham, Przemyslaw Krych, Nebil Senman and Stefan Kawalec to the Supervisory Board.

The resolutions above will become effective upon delivery to Echo Investment S.A. by LISALA Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw a notice to the effect that the threshold of 33 1/3 % of the total number of votes in Investment S.A. has been exceeded, as drawn up in accordance with Article 69 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (i.e. (Journal of Laws of 2013, item 1382).

TRANSACTIONS WITH RELATED PARTIES

As a result of transactions with affiliates at the end of 2014, the Echo Investment S.A. Group had trade receivables from entities jointly controlled by a major investor in the amount of PLN 2,066 thousand, receivables from loans from jointly controlled entities in the amount of PLN 26,233 thousand, and, in 2014, the Group generated revenues from jointly controlled entities in the amount of PLN 12,090 thousand.

As a result of transactions with affiliates at the end of 2013, the Echo Investment S.A. Group had trade receivables from jointly controlled entities in the amount of PLN 1,548 thousand, and, in 2013, the Group generated revenues from jointly controlled entities in the amount of PLN 15,486 thousand.

In 2014, the Management Board Members of Echo Investment S.A. received from Echo Investment S.A. remuneration as follows:

- Piotr Gromniak received remuneration from Echo Investment S.A. in the total amount of PLN 1,084 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Artur Langner received remuneration from Echo Investment S.A. in the total amount of PLN 983 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Waldemar Lesiak received remuneration from Echo Investment S.A. in the total amount of PLN 857 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;

In 2014, the Supervisory Board Members of Echo Investment S.A. received from Echo Investment S.A. remuneration for the performance of supervisory functions as follows:

- Wojciech Ciesielski received remuneration from Echo Investment S.A. in the total amount of PLN 84 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Andrzej Majcher received remuneration from Echo Investment S.A. in the total amount of PLN 60 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Mariusz Waniołka received remuneration from Echo Investment S.A. in the total amount of PLN 60 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Robert Oskard received remuneration from Echo Investment S.A. in the total amount of PLN 36 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Karol Żbikowski received remuneration from Echo Investment S.A. in the total amount of PLN 36 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;

In 2013, the Management Board Members of Echo Investment S.A. received from Echo Investment S.A. remuneration as follows:

- Piotr Gromniak received remuneration from Echo Investment S.A. in the total amount of PLN 803 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Artur Langner received remuneration from Echo Investment S.A. in the total amount of PLN 760 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Waldemar Lesiak received remuneration from Echo Investment S.A. in the total amount of PLN 512 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;

In 2013, the Supervisory Board Members of Echo Investment S.A. received from Echo Investment S.A. remuneration for the performance of supervisory functions as follows:

- Wojciech Ciesielski received remuneration from Echo Investment S.A. in the total amount of PLN 84 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Andrzej Majcher received remuneration from Echo Investment S.A. in the total amount of PLN 60 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Mariusz Waniołka received remuneration from Echo Investment S.A. in the total amount of PLN 60 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Robert Oskard received remuneration from Echo Investment S.A. in the total amount of PLN 36 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Karol Żbikowski received remuneration from Echo Investment S.A. in the total amount of PLN 36 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;

EXPLANATORY NOTES

NOTES TO THE BALANCE SHEET

NOTE 1

OFF BALANCE SHEET ITEMS (IN PLN '000)	31.12.2014	31.12.2013
1. Contingent liabilities:		
a) guarantees and sureties granted	77,450	53,609
b) lawsuits	181	406
Total contingent liabilities	**77,631**	**54,015**

Contingent liabilities are stated at nominal value. The Company believes that the fair value of the sureties and guarantees is near zero because the probability that they will be used is low.

As at 31 December 2014, the Group held investment liabilities due to the concluded contracts for prospective implementation of commenced and planned construction projects as part of investment property in the amount of PLN101,085 thousand (PLN 200,866 thousand as at 31 December 2013) and as part of inventory in the amount of PLN 81,493 thousand (PLN 65,062 thousand as at 31 December 2013). It is estimated that these liabilities will be funded from the available cash as part of current funding or special purpose borrowed funds or as part of existing and new sale agreements.

List of guarantees and securities:

Security for liabilities to BNY MELLON (Poland) Sp. z o.o. under the lease agreement concluded on 19 November 2012. The guarantee was issued in EUR. The guarantee amounts to PLN 10,130 thousand.

Security of liabilities due to Horta Sp .z o.o. in the case of improper performance of the final agreement for the sale of an office building, Aquarius Business House in Wrocław, Stage I. Guarantee issued in EUR. The guarantee amounts to PLN 21,312 thousand.

Security of liabilities due to Skua Sp .z o.o. in the case of improper performance of the final agreement for the sale of an office building, Aquarius Business House in Wrocław, Stage II. Guarantee issued in EUR. The guarantee amounts to PLN 38,361 thousand.

Bank guarantee of Pekao S.A. to the Municipality of Jelenia Góra as security for the payment of claims arising from a failure to perform in a timely manner the agreement concluded on 24 August 2012. The guarantee amounts to PLN 3,600 thousand.

Bank performance bond issued by PKO BP S.A. to ORBIS S.A. securing claims for non-performance or improper performance of the agreement of 4 September 2008, as amended. The guarantee amounts to PLN 2,155 thousand.

Bank performance bond issued by PKO BP S.A. to the Customs Chamber in Kielce as security for default under a promotional lottery organised in CHR Galeria Echo in Kielce. The guarantee amounts to PLN 101 thousand.

Bank performance bond issued by PKO BP S.A. to the Customs Chamber in Kielce as security for default under a promotional lottery organised in CHR Galeria Echo in Kielce.
The guarantee amounts to PLN 151 thousand.

Bank performance bond issued by PKO BP S.A. to the Customs Chamber in Kielce as security for default under a promotional lottery organised in CHR Galeria Echo in Kielce.
The guarantee amounts to PLN 134 thousand.

Bank performance bond issued by PKO BP S.A. to the Customs Chamber in Łódź as security for default under a promotional lottery organised in CHR Galeria Olimpia in Bełchatów.
The guarantee amounts to PLN 88 thousand.

Bank performance bond issued by PKO BP S.A. to the Customs Chamber in Łódź as security for default under a promotional lottery organised in CHR Galeria Olimpia in Bełchatów.
The guarantee amounts to PLN 188 thousand.

Bank guarantee of Pekao S.A. to the Municipality of Szczecin as security for the payment of claims arising from a failure to comply with the agreement concluded on 26 November 2012.
The guarantee amounts to PLN 1,230 thousand.

NOTE 2

CHANGES IN INTANGIBLE ASSETS (BY TYPES) (IN PLN '000)			
FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014	ACQUIRED PERMITS, PATENTS, LICENCES AND SIMILAR ASSETS	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
a) gross value of intangible assets at the beginning of the period	**5,850**	**2**	**5,852**
b) change (due to)			
- purchase	217		217
c) gross value of intangible assets at the end of the period	**6,067**	**2**	**6,069**
d) accumulated amortisation at the beginning of period	**5,035**	**2**	**5,037**
e) depreciation for the period (relative to)			
- amortisation	559		559
f) Accumulated amortisation (depreciation) at the end of period	**5,594**	**2**	**5,596**
g) net value of intangible assets at the end of period	**473**		**473**

FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013	ACQUIRED PERMITS, PATENTS, LICENCES AND SIMILAR ASSETS	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
a) gross value of intangible assets at the beginning of the period	**5,568**	**2**	**5,570**
b) change (due to)			
- purchase	282		282
c) gross value of intangible assets at the end of the period	**5,850**	**2**	**5,852**
d) accumulated amortisation at the beginning of period	**4,382**	**2**	**4,384**
e) depreciation for the period (relative to)			
- liquidation	653		653
f) Accumulated amortisation (depreciation) at the end of period	**5,035**	**2**	**5,037**
g) net value of intangible assets at the end of period	**815**		**815**

The estimated useful life of an asset is as follows:

permits, patents, licenses, etc. – 2 years;

other assets – 2 years.

NOTE 3

CHANGES IN PROPERTY, PLANT AND EQUIPMENT (BY TYPES) (IN PLN '000)						
FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014	OWN LAND	BUILDINGS AND STRUCTURES	PLANT AND MACHINERY	VEHICLES	OTHER FIXED ASSETS UNDER CONSTRUCTION	TOTAL FIXED ASSETS
a) gross value of fixed assets at the beginning of period	6,056	40,860	9,018	22,516	27,918	**106,368**
b) increases						
- purchase	-	59	1,189	1,222	1,458	**3,928**
- transfers from other operations	94	281	-	-	-	**375**
c) decreases						
- sales	(292)	(750)	(292)	(9631)	(44)	**(11,009)**
- transfers to other operations	-	-	-	-	(22,244)	**(22,244)**
- liquidation	-	(294)	(116)	-	(228)	**(638)**
d) gross value of fixed assets at the end of period	**5,858**	**40,156**	**9,799**	**14,107**	**6,860**	**76,780**
e) accumulated amortisation at the beginning of period	111	7,258	6,748	12,586	4,259	**30,962**
f) depreciation for the period (relative to)						
- amortisation	3	1,133	981	1,646	650	**4,413**
- liquidation	-	(39)	(116)	-	23	**(132)**
- adjustment for sale	(109)	(124)	(292)	(4,167)	(70)	**(4,762)**
g) accumulated amortisation (depreciation) at the end of period	**5**	**8,228**	**7,321**	**10,065**	**4,862**	**30,481**
h) impairment losses	**-**	**-**	**-**	**-**	**-**	**-**
i) net value of fixed assets at the end of period	**5,853**	**31,928**	**2,478**	**4,042**	**1,998**	**46,299**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT (BY TYPES) (IN PLN '000)						
FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013	OWN LAND	BUILDINGS AND STRUCTURES	PLANT AND MACHINERY	VEHICLES	OTHER FIXED ASSETS UNDER CONSTRUCTION	TOTAL FIXED ASSETS
a) gross value of fixed assets at the beginning of period	14,139	39,389	8,151	21,470	5,390	**88,539**
b) increases						
- purchase	-	563	1,067	1,528	22,642	**25,800**
- transfers from other operations	218	908	-	-	-	**1,126**
c) decreases						
- sales	-	-	(200)	(482)	(98)	**(780)**
- transfers to other operations	(8,301)	-	-	-	-	**(8,301)**
- liquidation	-	-	-	-	(16)	**(16)**
d) gross value of fixed assets at the end of period	**6,056**	**40,860**	**9,018**	**22,516**	**27,918**	**106,368**
e) accumulated amortisation at the beginning of period	109	5,868	5,874	10,741	3,783	**26,375**
f) depreciation for the period (relative to)						
- amortisation	2	1,390	1,070	2,175	492	**5,129**
- liquidation	-	-	-	-	(16)	**(16)**
- adjustment for sale	-	-	(196)	(330)	-	**(526)**
g) accumulated amortisation (depreciation) at the end of period	**111**	**7,258**	**6,748**	**12,586**	**4,259**	**30,962**
h) impairment losses	**-**	**-**	**-**	**-**	**-**	**-**
i) net value of fixed assets at the end of period	**5,945**	**33,602**	**2,270**	**9,930**	**23,659**	**75,406**

NOTE 4A

CHANGE IN INVESTMENT PROPERTY (BY TYPES) (IN PLN '000)	31.12.2014	31.12.2013
Opening balance	2,997,808	2,788,613
a) increases		
- capital expenditures for investments	159,433	31,878
- reclassification from investment property under construction (Note 5)	422,380	172,320
- revaluation of property (Note 20)	517,313	282,095
	1,099,126	**486,293**
b) decreases		
- sales	-	180504
- revaluation of property (Note 20)	-	-
- reclassification to investment property under construction (Note 20)	698	-
- reclassification to inventories (Note 5)	281	1,387
- decrease of lease payments for perpetual usufruct	3	291
- reclassification to non-current assets held for sale (Note 8)	-	94,152
- donations	169	764
	1,151	**277,098**
Investment property at the end of the period	**4,095,783**	**2,997,808**
- including liability due to the perpetual usufruct of land	34,335	29,272
- including vale from the measurement of property to fair value resulting from the expert valuation	4,061,448	2,968,536

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

As at 31 December 2014, the Group classified 17 investment properties located in Polish cities under the "Investment property" item. Since most lease agreements contain rents denominated in EUR, the measurements have been prepared in these currencies and converted to PLN according to the exchange rate of the NBP as at the balance sheet date. As at 31 December 2014, the value of properties according to the measurement was EUR 952,877 thousand (31 December 2013: EUR 715,793 thousand –14 properties).

In 2014, the Group commissioned to use the office building A4 Business Park in Katowice (stage I) and Park Rozwoju in Warsaw (stage I) and the shopping centre Galeria Amber in Kalisz.

In 2013, the Group commissioned to use the office building Aquarius Business House in Wrocław (stage II) and the shopping centre Veneda in Łomża.

Investment properties worth PLN 4,001,983 thousand are encumbered with capped mortgages up to EUR 1,547,268 thousand and PLN 138,281 to the benefit of the banks funding individual projects (as at 31 December 2013, the mortgages were established in the amount of up to EUR 822,518 thousand and PLN 59,181 thousand on investment property worth PLN 3,016,900 thousand).

NOTE 4B

INVESTMENT PROPERTY – EFFECT ON THE RESULT [IN PLN '000]	01.01.2014-31.12.2014	01.01.2013-31.12.2013
a) rental income from investment property	385,173	368,227
b) direct operating expenses (including repair and maintenance costs) on investment property generating rent revenue in the period	138,109	133,993
c) direct operating expenses (including repair and maintenance costs) on investment property not generating rent revenue in the period	-	-

NOTE 5

CHANGE IN INVESTMENT PROPERTY UNDER CONSTRUCTION (BY TYPE) (IN PLN '000)

CHANGE IN INVESTMENT PROPERTY UNDER CONSTRUCTION (BY TYPES) (IN PLN '000)	31.12.2014	31.12.2013
Opening balance	1,354,802	1,177,050
a) increases		
- capital expenditures for investments	447,887	367,727
- reclassification from investment property	698	-
	448,585	**367,727**
b) decreases		
- reclassification to investment real property (Note 4A)	422,380	172,320
- measurement of investment property under construction (Note 20)	66,351	86,40
- reclassification to inventory	2,436	4,884
- donations	9,230	3,855
- decrease of lease payments for perpetual usufruct	14	15
- exchange rate differences	12,612	261
	513,023	**189,975**
Investment property at the end of the period	**1,290,364**	**1,354,802**
- including perpetual usufruct of land	8,3149	45,745
- including value of the real property without perpetual usufruct of land	1,207,215	1,309,057

Investment properties worth PLN 141,031 thousand are encumbered with capped mortgages up to EUR 81,000 thousand and PLN 28,500 (as at 31 December 2013, the mortgages were established in the amount of up to EUR 135,000 thousand and PLN 76,600 thousand on investment property worth PLN 399,602 thousand).

In 2014, the borrowing costs capitalised amounted to PLN 14,880 thousand and 8,670 thousand in 2013.

The capitalisation rate was 4.45% in 2014 and 4.13% in 2013, respectively.

Finance costs relating to special purpose loans were charged to capital expenditures for investment property by 7,112 thousand in 2014.

NOTE 6

FINANCIAL ASSETS (IN PLN '000)	31.12.2014	31.12.2013
a) bonds	-	44,741
b) bank deposits	-	3,443
c) long-term security deposits	12,935	13,210
d) long-term loans granted	133	41
e) short-term loans granted	25,034	38,630
Closing balance, including	**38,102**	**100,065**
- long-term	13,068	57,993
- short-term	25,034	42,072

Bonds classified according to IAS 39 as "loans and receivables" are measured at amortised cost. The carrying amount does not deviate significantly from the fair value. The fair value was measured using the income approach (discounted cash flows using the current market interest rate). The fair value is classified to level 2 in the hierarchy of fair value.

The loans were granted to business entities and individuals in PLN and USD, the interest rate was determined at WIBOR/LIBOR + margin. The largest loan amounts to USD 7.1 million (granted to a jointly controlled entity by a major investor). All loans disclosed in the balance sheet are recoverable.

The maximum value of the credit risk associated with the loans is equal to their carrying value. The estimated fair value of the loans granted is determined using the income approach (expected future discounted cash flows) and is equivalent to the carrying amount of the loans granted. The fair value is classified to level 2 in the hierarchy of fair value.

The granted loans are not secured.

The granted loans disclosed in the balance sheet are not past due or impaired.

NOTE 7A

CHANGE IN DEFERRED INCOME TAX ASSETS (+) AND DEFERRED TAX PROVISIONS (-) (IN '000)	31.12.2014	31.12.2013
1. Deferred tax at the beginning of the period:		
- measurement of financial instruments	654	(866)
- measurement of investment property	3,860	2,855
- interests in subsidiaries, jointly controlled entities and associates *	(2,202)	-
- tax loss	597	793
- liabilities due to loans and borrowings (measurement, FX differences, etc.)	8,046	(4,527)
- other	(1,614)	2,266
	9,341	**521**
2. Change in the period		
- measurement of financial instruments	(1,034)	1,520
- measurement of investment property	(22,264)	1,005
- interests in subsidiaries, jointly controlled entities and associates *	2,202	(2,202)
- tax loss	8,506	(196)
- liabilities due to loans and borrowings (measurement, FX differences, etc.)	(10,252)	12,573
- other	(1,507)	(3,880)
	(24,349)	**8,820**
3. Total deferred income tax at the end of the period:		
- measurement of financial instruments	(380)	654
- measurement of investment property	(18,404)	3,860
- interests in subsidiaries, jointly controlled entities and associates *	-	(2,202)
- tax loss	9,103	597
- liabilities due to loans and borrowings (measurement, FX differences, etc.)	(2,206)	8,046
- other	(3,121)	(1,614)
	(15,008)	**9,341**
- of which:		
Deferred tax assets	**62,045**	**30,888**
- change during the year	**31,035**	**19,645**
Deferred tax provision	**77,053**	**21,547**
- change during the year	**55,166**	**10,825**

* Estimated tax burden related to the expected changes in the Group's structure resulting from the difference between the tax base and the carrying amount of interests of subsidiaries

The Group estimates that it will use tax losses in the following years: 2015: PLN 5,066 thousand; 2016 PLN 4,037 thousand.

By 2014, the Group did not recognise deferred tax assets in the amount of PLN 22,669 thousand due to tax losses (by 2013: PLN 4,595 thousand).

The right to reduce the income tax expires in 2015 (PLN 69 thousand), 2016 (PLN 2,018 thousand), 2017 (PLN 1,483 thousand), 2018 (PLN 10,235 thousand) and 2019 (PLN 8,864 thousand).

NOTE 7B

DEFERRED TAX ASSETS (+) AND DEFERRED TAX PROVISIONS (IN PLN '000)	31.12.2014	31.12.2013
a) assets to be settled within 12 months	10,360	13,374
b) provision to be settled within 12 months	(911)	(1,843)
c) assets to be settled after 12 months	51,685	17,514
d) provision to be settled after 12 months	(76,142)	(19,704)
	(15,008)	**9,341**

NOTE 8

NON-CURRENT ASSETS HELD FOR SALE

Assets held for sale as at 31 December 2013 comprise the investment property: Aquarius Bussines House, stage II, in Wrocław, with a total value of PLN 94,152 thousand. Along with the title to the property, the prospective buyer became the beneficiary of security deposits received from tenants, which amount to PLN 75 thousand. This property was sold in Q1 2014.

NOTE 9A

INVENTORIES (IN PLN '000)	31.12.2014	31.12.2013
a) materials	236	204
b) semi-finished products and work-in-progress	509,107	365,313
c) finished products	46,250	72,069
d) goods	43,720	45,308
d) advances for deliveries	-	16,605
Total inventories	**599,313**	**499,499**

As at 31 December 2014 and 31 December 2013, properties recognised as inventories were not encumbered with capped mortgages.

The borrowing costs capitalised amounted to PLN 4,736 thousand in 2014 and 3,238 thousand in 2013. The capitalisation rate was 4.45% in 2014 and 4.13% in 2013, respectively.

The "finished products" item includes ready residential premises intended for sale. The "semi-finished products and work-in-progress" item includes mainly the property owned by the Group and expenditures on residential projects in preparation and under construction.

NOTE 9B

INVENTORIES – EFFECT ON THE FINANCIAL RESULT (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
a) amount of inventories recognized as an expense in the period	119,017	78,958
b) impairment losses on inventories recognised in the period as cost	6,043	3,301
c) reversal of impairment losses which decreases the value of inventories recognised in the period as income	-	8,627

Recognition and reversal of impairment losses on inventories relates to housing projects and is aimed to be written down to a realisable value.

An impairment loss on inventories amounted to PLN -6,043 thousand in 2014 (in 2013: PLN -5,326 thousand) and can be found in the income statement under "Cost of sales".

NOTE 10A

SHORT-TERM RECEIVABLES (IN PLN '000)	31.12.2014	31.12.2013
a) trade receivables:		
- up to 12 months	17,437	38,441
- over 12 months	89	17
Total financial assets	**17,526**	**38,458**
b) other receivables	9,693	7,490
c) prepayments	28,039	11,136
Total non-financial assets	**37,732**	**18,626**
Total net short-term receivables	**55,258**	**57,084**
- impairment losses on receivables	12,581	9,461
Total gross short-term receivables	**67,839**	**66,545**

Trade receivables and services result from the lease of commercial and residential premises. There is no significant concentration of trade receivables in the Echo Investment Group. The Company monitors tenants' condition and ability to pay at all times. Payments are secured with security deposits or guarantees. At the end of 2014, security deposits securing receivables amounted to PLN 67,832 thousand and at the end 2013 PLN 55,731 thousand, respectively.

The maximum value of exposure to the credit risk related to trade receivables and receivables from loans is equivalent to the carrying amount of each balance sheet group of receivables The estimated fair value of trade receivables and receivables from loans is determined as the expected future cash flows discounted at the current market interest rate and does not differ from the carrying amount of these receivables. The fair value is classified to level 2 in the hierarchy of fair value.

The Group has securities established on receivables in the form of the assignment of amounts due under lease agreements to the banks lending funds for particular investments. The security is established for receivables in the amount of PLN 13,749 thousand (at the end of 2013: PLN 19,981 thousand).

NOTE 10B

CHANGE IN IMPAIRMENT LOSSES ON SHORT-TERM RECEIVABLES (IN PLN '000)	31.12.2014	31.12.2013
Opening balance	**9,461**	**6,262**
a) increases		
- establishment of an impairment loss	9,160	10,101
	9,160	**10,101**
b) decreases		
- reversal of a provision	5,464	6,810
- discontinuance of enforcement proceedings	576	92
	6,040	**6,902**
Impairment losses on short-term receivables at the end of the period	**12,581**	**9,461**

Impairment of receivables is due to the fact that they are past due by more than 6 months (50% impairment) or 12 months (100% impairment) Receivables for continued lease of commercial space that are past due by more than 3 months indicate that receivables may be impaired.

Impairment losses are recognised after all security deposits have been used up, if there are no other possibilities to collect the receivables.

NOTE 10C

TRADE RECEIVABLES (GROSS) BROKEN DOWN BY RECEIVABLES UNPAID IN THE PERIOD (IN PLN '000)	31.12.2014	31.12.2013
a) up to 1 month	5,280	12,417
b) between 1 and 3 months	2,007	4,778
c) between 3 and 6 months	1,331	3,378
d) between 6 months and 1 year	2,003	3,890
e) above 1 year	8,881	3,938
Total past due trade receivables (gross)	**19,502**	**28,401**
f) impairment losses on past due trade receivables	(12,581)	(9,461)
Total overdue trade receivables (net)	**6,921**	**18,940**

NOTE 11A

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (IN PLN '000)	31.12.2014	31.12.2013
a) FX options	3,108	1,061
b) FX fowards	2,655	6,855
Total financial investments in derivatives	**5,763**	**7,916**
with maturities:		
- up to 1 year	3,118	1,954
- between 1 and 3 years	2,645	5,962

NOTE 11B

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (IN PLN '000)	31.12.2014	31.12.2013
a) Interest Rate Swap	453	3,936
b) FX options	3,324	-
c) FX fowards	7,990	-
Total financial investments in derivatives	**11,767**	**3,936**
with maturities:		
- up to 1 year	7,451	3,936
- between 1 and 3 years	4,316	-

The total nominal value of FX options amounted to EUR 200 million as at 31 December 2014 and 31 December 2013. These contracts include:

- EUR 150 million — purchased EUR put options;
- EUR 50 million — purchased conditional EUR put options.

These instruments are intended to hedge a portion of the Group's forecast cash flows against FX risk in 2015 and 2016.

The total amount of the nominal value of unsettled FX forwards on 31 December 2014 amounted to EUR 181.4 million. These contracts involve the sale of EUR between 2015 and 2016 and are intended to hedge a portion of the Group's forecast cash flows against FX risk.

The total amount of the nominal value of unsettled FX forwards on 31 December 2013 amounted to EUR 74.6 million. These contracts involve the sale of EUR between 2014 and 2015 and are intended to hedge a portion of the Group's forecast cash flows against FX risk.

IRS instruments concern the conversion of variable into fixed interest rate. As at 31 December 2014, they applied to loans with the total nominal value of PLN 200,000 thousand by 28 April 2017. As at 31 December 2013, they applied to loans with the total nominal value of EUR 16,326 thousand by 31 December 2015 (the agreement was terminated in 2014).

In particular, the concluded forward contracts, option contracts and IRS instruments are measured based on measurements provided by the banks, which use data such as current and historic exchange rates, and interest rates on deposits (WIBOR, EURIBOR). The fair value of financial instruments is classified at level 2 in the hierarchy of fair value.

NOTE 12

CASH – FINANCIAL ASSETS (IN PLN '000)	31.12.2014	31.12.2013
a) cash in hand and at bank	417,200	416,962
Total cash and other monetary assets	**417,200**	**416,962**
Including restricted cash		
- on escrow accounts	24,625	20,581
- securing the repayment of interest and principal instalments	17.684	39.362
- securing the payment of renovation costs under loan agreements	3,288	282
- securing the refund of security deposits	4,764	2,882
- proceeds from residential customers released by the bank in the course of the progress of investment	4,121	1,463
	54,482	64,570

The Group deposits its cash surplus with renowned Polish banks (mainly PKO BP SA and Pekao SA).

The maximum credit risk of cash is equivalent to the carrying amount of cash.

NOTE 13A

SHARE CAPITAL

At 31 December 2014, Echo Investment S.A issued 412,690,582 shares with a nominal value of PLN 0.05. All shares were fully paid up.

NOTE 13B

LEGAL RESERVE (IN '000)	31.12.2014	31.12.2013
a) share premium	100,943	100,943
b) created out of profits	2,641,314	2,310,211
Total legal reserve and share premium	**2,742,257**	**2,411,154**

Echo Investment S.A.'s net profit in 2013 amounting to PLN 60,663 thousand was allocated to the legal reserve pursuant to the resolution of the AGM Resolution of 30 May 2014.

NOTE 13C

BOOK VALUE PER SHARE	31.12.2014	31.12.2013
Equity attributable to the parent entity's shareholders (in PLN '000)	3,160,368	2,765,438
Number of shares (in thousands)	412,691	412,691
Book value per share (in PLN)	**7.66**	**6.70**

NOTE 13D

SHAREHOLDERS OF ECHOINVESTMENT S.A. HOLDING MORE THAN 5% OF THE SHARE CAPITAL AT 31 DECEMBER 2014

SHAREHOLDERS	NUMBER OF VOTES / SHARES	% OF SHARE CAPITAL	% OF VOTES AT THE AGM
Michał Sołowow - indirectly through subsidiaries	189,3619,30	45.88%	45.88%
Aviva OFE	41,269,050	10.00%	10.00%
ING OFE	35,241,541	8.54%	8.54%
PZU Złota Jesień OFE	25,602,249	6.20%	6.20%
Other Shareholders	121,215,812	29.38%	29.38%

A subsidiary of Mr. Michał Sołowow - FTF Columbus S.A. reported that on 28 February 2015 an agreement was entered into with an entity belonging to Griffin Topco S.à r.l. III (an entity controlled by Oaktree) and a fund managed by PIMCO regarding the indirect acquisition of 41.55% of shares in Echo Investment S.A. The transaction is subject to a consent for concentration.

NOTE 14

CHANGE IN PROVISIONS (BY TYPES) (IN PLN '000)	31.12.2014	31.12.2013
a) opening balance		
- provision for expected penalties and losses	2,000	3,500
- provision for expected costs of guarantee repairs, etc.	-	4,264
	2,000	**7,764**
b) use of provisions		
- provision for expected penalties and losses	-	1,500
- provision for expected costs of guarantee repairs, etc.	-	4,264
	-	**5,764**
c) closing balance		
- provision for expected penalties and losses	2,000	2,000
- provision for expected costs of guarantee repairs, etc.	-	-
	2,000	**2,000**

The provision for penalties covers the value of potential penalties the Company may be charged with under concluded agreements, with probability greater than 50%.

The provision for estimated warranty repairs costs include the value of repairs or compensation associated with sales of units and projects, with the probability of being charged greater than 50%.

The amount of the provisions were estimated to the best of the Company's knowledge and past experience.

The dates of realisation of the provisions for penalties and loss, warranty costs and litigation are not possible to assess, while there is a large probability of realisation within 12 months of the balance sheet date.

NOTE 15

LOANS AND BORROWINGS (BY TYPE) (IN PLN '000)	31.12.2014	31.12.2013
a) loans	2,151,664	1,742,857
b) debt securities	919,015	843,301
Total loans, borrowings and bonds	**3,070,679**	**2,586,158**
- long-term portion	2,824,793	2,026,690
- short-term portion	245,886	559,468

Under "loans", the Group presents its long-term special-purpose loans and overdraft facilities.

Loan agreements are secured by mortgages established on real properties, assignments of outstanding amounts due to the concluded agreements and registered pledges on the interests of subsidiaries. The interest rate on the loans in EUR is based on EURIBOR plus the bank's margin. The Group applies interest rate hedges in the form of IRS instruments. Most of IRS instrument are not stand-alone instruments but are included in loan agreements and measured together with loans.

Loan facilities in PLN are secured by blank promissory notes, statements on submission to enforcement and authorisations to use bank accounts. The interest rate on the loans is based on WIBOR plus the bank's margin.

As at 31 December 2014, 50.2% of liabilities due to loans and debt securities had fixed interest rates and the remaining portion had variable rates. As at 31 December 2013, 54.6% of liabilities due to loans and debt securities had fixed interest rates and the remaining portion had variable rates.

According to the best information and data of the Management Board of the Group, during the financial year and by the date of signing of the financial statements there has been no breach of the loan agreements and agreed security levels.

Under "debt securities", the Group presents bonds bonds; in 2014, the Group issued bonds with a nominal value of PLN 370.5 million (in 2013: PLN 315 million) and redeemed bonds with a nominal value of PLN 300 million (in 2013: PLN 320 million). The interest rate on the loans is based on WIBOR plus margin.

The fair value of liabilities due to loans and borrowings does not differ materially from the carrying amount. The fair value was determined using the income approach based on cash flows discounted using the current market interest rate. The measurement to fair value was classified to level 2 in the hierarchy of fair value.

NOTE 16

LEASE (PERPETUAL USUFRUCT OF LAND DISCLOSED IN INVESTMENT PROPERTIES AND INVESTMENT	31.12.2014	31.12.2013

PROPERTIES UNDER CONSTRUCTION) WITH REMAINING TERM OF REPAYMENT FROM THE BALANCE SHEET DATE		
a) up to 12 months	100	17
b) over 1 to 3 years	214	37
c) over 3 to 5 years	234	42
d) over 5 years	116,937	74,921
Total lease (perpetual usufruct of land)	**117,485**	**75,017**

NOTE 17

TRADE AND OTHER LIABILITIES (IN PLN '000)	31.12.2014	31.12.2013
a) trade payables maturing:		
- up to 12 months	92,907	115,458
- over 12 months	12	10
	92,919	**115,468**
b) other liabilities:		
- security deposits and deposits received	19,980	9,028
- payroll	76	83
- employee benefits fund	122	157
- accruals	6,294	3,527
- other liabilities	1,998	6,912
	28,470	**19,707**
Total trade and other liabilities	**121,389**	**135,175**

The fair value of trade payables and other liabilities does not differ significantly from their carrying amount. The fair value was determined using the income approach based on cash flows discounted using the current market interest rate. The measurement to fair value was classified to level 2 in the hierarchy of fair value.

EXPLANATORY NOTES TO THE INCOME STATEMENT

NOTE 18A

NET SALES (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
a) lease of space in commercial and entertainment centres,	311,300	302,103
b) sale of residential space	175,254	102,480
c) lease of residential space	1,245	1,637
d) construction and lease of space in office and hotel facilities	82,400	93,448
e) sale of plots	50	9,509
f) other services	2,578	3,353
g) other sales	4,537	4,841
Total net sales	**577,364**	**517,371**

The Group generated 99.97% of its revenue on domestic sales and 0.03% on foreign sales (in 2013: 99.95% of revenue on domestic sales and 0.05% on foreign sales).

NOTE 18B

PROSPECTIVE REVENUE FROM RENT IN THE PERIOD FOLLOWING THE BALANCE SHEET DATE (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
a) up to 12 months	271,051	252,373
b) over 1 to 5 years	726,266	827,285
c) over 5 to 10 years	350,179	657,356
Total prospective revenue	**1,347,496**	**1,737,014**

Based on the contracts, these amounts will be increased by incurred operating costs associated with tenants' activities.

The agreements continue for 5 to 10 years (shopping centres) or shorter (offices). They may be renewed.

NOTE 19

COSTS BY TYPE (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
a) amortisation/depreciation	(4,972)	(5,129)
b) consumption of materials and energy	(193,363)	(101,748)
c) outsourced services	(210,095)	(232,433)
d) taxes and charges	(31,160)	(31,683)
e) payroll	(39478)	(35,264)
f) social security contributions and other benefits	(6,176)	(5,792)
g) other costs by type	(94,153)	(21,100)
h) value of goods and materials sold	(170)	(182)
Total costs by type	**(579,567)**	**(433,331)**
Change in inventories, finished products and work in progress	(116,998)	(25,075)
Own work capitalised	(106,439)	(93,256)
Selling and distribution expenses	(30,906)	(27,459)
General and administrative expenses	(65,820)	(54,592)
Cost of products sold	**(259,404)**	**(232,949)**

NOTE 20

NET PROFIT (LOSS) ON INVESTMENT PROPERTY (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
Revenue from the sale of property	96,179	451,395
Property selling costs (Note 4A, Note 8)	(96,028)	(430,563)
Revaluation of property (Note 4A, Note 5)	450,192	273,455
Net profit (loss) on investment property	**450,343**	**294,287**

NOTE 21

OTHER OPERATING INCOME (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- profit from sale of non-financial non-current assets	57	368
- revaluation of receivables	1,979	1,610
- reversal of provisions and write-downs	-	5,954
- interest on operating activities (deposits, etc.)	10,920	19,306
- liquidated damages	2,268	2,045
- damages	664	2,352
- other	3,547	2,643
Total other operating income	**19,435**	**34,278**

Interest income is generated mainly from investing surplus cash in bank deposits.

NOTE 22

OTHER OPERATING EXPENSES (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- loss on sale of non-financial non-current assets	(180)	(278)
- revaluation of receivables	(5,970)	(4,386)
- donations	(1,067)	(2,079)
- extraordinary damage and losses	(337)	(2,758)
- transfer of assets	(16,078)	(7,769)
- other	(5,195)	(3,180)
Total other operating expenses	**(28,827)**	**(20,450)**

NOTE 23

FINANCE INCOME (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- income from interest on investing activities (loans, etc.)	1,090	164
- profit on disposal of investments	167	-
- income from revaluation of financial instruments (IRS)	-	9,107
- income from revaluation of other financial instruments — interest rate options	-	350
- other finance income	126	3
Total other finance income	**1,383**	**9,624**

NOTE 24

FINANCE COSTS (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- interest expense	(147,474)	(133,392)
- measurement of loans using amortised cost	645	(25,772)
- commissions	(11815)	(3,554)
- loss on disposal of investments	(4)	(7)
- costs of revaluation of other financial instruments (IRS)	(453)	-
- other finance costs	(172)	(16)
Total finance costs	**(159,273)**	**(162,741)**

In 2014, capitalised borrowing costs amounted to PLN 19,616 thousand (including PLN 14,880 thousand for investment property under construction and PLN 4,736 thousand for inventories); in 2013: PLN 11,908 thousand (including PLN 8,670 thousand for investment property under construction and PLN 3,238 thousand for inventories).

The capitalisation rate was 4.45% in 2014 and 4.13% in 2013, respectively.

NOTE 25

PROFIT (LOSS) ON FX DERIVATIVES (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- profit/loss on settlement of forwards	7,826	966
- income/costs due to revaluation of forwards	(7,251)	4,787
- income/costs due to revaluation of FX options	(3,127)	(2,599)
Total profit (loss) on FX derivatives	**(2,552)**	**3,154**

NOTE 26

FOREIGN EXCHANGE GAINS (LOSSES) (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- realised foreign exchange gains	-	-
- unrealised foreign exchange gains	18,050	47,629
- realised foreign exchange losses	(72,287)	(72,968)
- unrealised foreign exchange losses	-	-
Total foreign exchange gains (losses)	**(54,237)**	**(25,339)**

NOTE 27

CURRENT INCOME TAX (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
1. Profit before tax	448,198	322,517
2. Tax calculated at national rates	85,790	61,231
3. Differences:		
Tax effect of non-taxable income	(6,887)	(8,350)
Tax effect of non-deductible costs	4,518	10,561
Release of deferred tax provision for differences between the tax base and the carrying amount of interests in connection with the change of material estimates of the Management Board	236	-
Result of partnerships for the period *	-	(220,348)
Use of tax losses not settled previously	(8)	(3)
Tax losses due to which deferred income tax was not recognised	17,701	5,195
Tax effect of deductible temporary differences arising in the period from which deferred income tax was not recognised	(58,390)	64,896
Recognition of deferred income tax resulting from the change in legal and tax status **	-	78,177
	(42,830)	**(69,872)**
Charge on the financial result due to income tax	**42,960**	**(8,641)**

* In the structure of the Group, partners in partnerships (obliged to settle income tax on results achieved by the companies) include, among others, entities exempt from CIT.

** Due to changes in tax regulations, limited joint-stock partnerships became subject to corporate income tax as of 1 January 2014. As a result, as at 31 December 2013, deferred income tax on temporary differences was recognised in limited joint-stock partnerships included in the Group's structure.

NOTE 28

EARNINGS PER SHARE	01.01.2014-31.12.2014	01.01.2013-31.12.2013
Profit (loss) attributable to the parent entity's shareholders (in PLN '000)	405,149	331,103
Weighted average number of ordinary shares (in thousands)	412,691	412,691
Basic earnings per ordinary share (in PLN)	**0.98**	**0.80**
Profit (loss) attributable to the parent entity's shareholders (in PLN '000)	405,149	331,103
Diluted weighted average number of ordinary shares (in thousands)	412,691	412,691
Diluted earnings per ordinary share (in PLN)	**0.98**	**0.80**

SEGMENT REPORTING

The segments of the Group's activity are presented according to the data from internal management reporting and analysed by the key operating decision maker. The key operating decision maker responsible for the allocation of reserves and evaluation of the results of the operating segments is the Board of Echo Investment S.A.

The following reportable segments were separated in the Group, identical to operating segments, defined on the basis of the type of projects:
- shopping centres (lease and sale of commercial and entertainment space);
- office buildings and hotels (lease and sale of space in office buildings and hotels);
- residential space (lease and sale of residential and commercial space).

NOTE 29A

ASSIGNMENT OF ASSETS TO SEGMENTS (IN PLN '000)	31.12.2014	31.12.2013
- shopping centres	3,829,857	3,192,414
- office buildings and hotels	1,747,473	1,479,642
- residential areas	564,556	521,387
- unallocated assets	531,985	970,579
Total assets	**6,673,871**	**6,164,022**

The value of assets outside Poland is insignificant — less than 3% of the Group's assets.

NOTE 29B

ALLOCATION OF LIABILITIES TO SEGMENTS (IN PLN '000)	31.12.2014	31.12.2013
- shopping centres	1,824,166	1,138,378
- office buildings and hotels	562,059	391,003
- residential areas	47,895	45,000
- unallocated liabilities	1,079,472	1,824,186
Total liabilities	**3,513,592**	**3,398,567**

Unallocated assets and liabilities only include data that are not allocated to the Group's operating segments.
The measurement of segment assets and liabilities is the same as the measurement of the Group's assets and liabilities.
All items of the Group's assets, liabilities and provisions have been split into segments.

NOTE 29C

ALLOCATION OF OPERATING INCOME TO SEGMENTS (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- shopping centres	311,300	302,103
- office buildings and hotels	82,400	93,448
- residential areas	176,499	104,117
- other	7,165	17,703
Total operating income	**577,364**	**517,371**

In 2014 and 2013, there were no transactions between segments.
In 2014, operating income from 10 major counterparties accounted or 24.7% of total operating income (in 2013: 29.6%).

NOTE 29D

ALLOCATION OF OPERATING COSTS TO SEGMENTS (IN PLN '000)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- shopping centres	(98,522)	(97,334)
- office buildings and hotels	(32,814)	(36,633)
- residential areas	(119,988)	(80,853)
- other	(8,080)	(18,129)
Total operating costs	**(259,404)**	**(232,949)**

NOTE 29E

ALLOCATION OF GROSS PROFIT/LOSS ON SALES TO SEGMENTS	01.01.2014-31.12.2014	01.01.2013-31.12.2013
- shopping centres	212,778	204,769
- office buildings and hotels	49,586	56,815
- residential areas	56,511	23,264
- other	(915)	(426)
Total profit/loss on sales	**317,960**	**284,422**

The share of foreign revenue and costs is immaterial

NOTE 30

BASIC DATA OF EQUITY-ACCOUNTED INVESTEED (BY GROUP SHARE)	01.01.2014-31.12.2014	01.01.2013-31.12.2013
WAN 11 Sp. z o.o.:		
- non-current assets	66,879	71,275
- current assets	4,930	4,784
- liabilities	59,197	59,197
- revenue	10,660	10,597
- expenses	8,484	26,479
EBR Global Services Sp. z o.o.:		
- non-current assets	-	-
- current assets	3	3
- liabilities	2	-
- revenue	-	-
- expenses	3	4

Equity-accounted investees include Wan 11 Spółka z o.o., with its registered office in Warsaw (50% of interests controlled) and EBR Global Services Sp. z o.o. with its registered office in Kielce (25% of interests controlled).

Date: 21 April 2015

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

Piotr Gromniak	Artur Langner	Waldemar Lesiak
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board

Signature of the person entrusted with bookkeeping:

Tomasz Sułek

Chief Accountant

III. MANAGEMENT REPORT ON THE OPERATIONS OF THE ECHO INVESTMENT S.A. GROUP FOR 2014

The Echo Investment Capital Group (the Capital Group, the Group) has been active on the property market since 1996. The parent entity of the Capital Group is Echo Investment S.A. (the Issuer, the Company), a company traded on the Warsaw Stock Exchange since March 1996.

Echo Investment S.A. manages the entire investment process for a given project, starting from the purchase of real property, through obtaining administrative decisions, financing, supervision of construction to putting the facility into service. It performs the activities on its own behalf or, more often, by providing services to a special-purpose subsidiary. The implementation of development projects through subsidiaries greatly simplifies the organisation of implemented processes and ensures transparency in the structure of the Group. These entities carry out business activities principally in the scope of leasing commercial space (shopping and entertainment centres, offices), construction and sales of apartments as well as property management services. The Company also provides general contractor services for external investors.

The core business of the Capital Group is divided into three segments:

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

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

1. DESCRIPTION OF KEY ECONOMIC AND FINANCIAL DATA DISCLOSED IN THE FINANCIAL STATEMENTS OF THE ECHO INVESTMENT S.A. GROUP FOR 2014

CONSOLIDATED BALANCE SHEET

The balance sheet total of the Group at the end of 2014 amounted to **PLN 6,673,871 thousand** compared to the end of the corresponding period in 2013, an increase by **8%**.

Assets

Assets at the end of December 2014 were as follows:

- non-current assets account for 82.8% of total assets, of which the main item is investment property, 74.1% of non-current assets, investment property under construction accounts for 23.4% of non-current assets;
- current assets account for 17.2% of total assets, of which inventories account for 52.1% of total current assets, receivables 9.1% of current assets, and cash and cash equivalents 36.3% of total current assets.

Equity and liabilities

- as at 31 December 2014, the share capital of Echo Investment S.A., the parent entity, amounted to PLN 20.6 million and was divided into 412,690,582 A, B, C, D, E and F series ordinary bearer shares having a nominal value of 0.05 each;
- as at 31 December 2014, consolidated equity attributable to the shareholders of the parent entity amounted to PLN 3,160,368 thousand, up 14.3% compared to the end of December 2013;
- consolidated net book value per share is PLN 7.66;
- liabilities accounted for 52.60% of the balance sheet total and amounted to PLN 3,434,539 thousand.

CONSOLIDATED INCOME STATEMENT

- in 2014, consolidated net sales amounted to PLN 577,364 thousand;
- consolidated operating profit at the end of December 2014 amounted to PLN 662,185 thousand;
- consolidated gross profit amounted to PLN 448,198 thousand, up 39% compared to 2013;
- consolidated net profit attributable to the shareholders of the parent entity amounted to PLN 405,149 thousand;
- consolidated net profit per share for 12 months of 2014 was PLN 0.98.

CONSOLIDATED CASH FLOW STATEMENT

- at the beginning of the reporting period, cash amounted to PLN 416,962 thousand;
- In 2014, the Capital Group recorded cash flows amounting to PLN (+) 96,231 thousand,
- at the end of December 2014, the Group recorded cash flows from investing activities amounting to PLN (-) 365,558 thousand;
- the Group recorded cash flows from financing activities amounting to PLN (+) 279,784 thousand;

- between 1 January and 31 December 2014, cash increased by PLN 238 thousand and decreased due to foreign exchange differences by PLN 10,219 thousand;
- at the end of December 2014, cash amounted to PLN 417,200 thousand.

2. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS AND THE LEVEL OF THE GROUP'S EXPOSURE TO THEM

Significant risk factors and threats to the operations of the Company are as follows:

- **competition risk** - related to the operations of the entity on the domestic real estate market. While the advantage of the main competitors of the Group, which are international entities, is expressed in larger capital resources, the Group's advantage lies in its long-time experience in project implementation and market awareness, which results in the projects being implemented in locations that are attractive to customers. High offer quality and established customer trust make tenants of the existing shopping centres to opt for leasing spaces in the facilities in newly commissioned facilities. With a suitable mix of tenants, constant marketing and social campaigns, the Group's centres are one of most often visited places in the respective regions. With regard to potentially new entities, the risk is mitigated by high barriers to entry (high capital intensiveness).

- **interest rate risk** - the Group's activity is based largely on borrowings on which interest is calculated based on interest rates. For loans and bonds in PLN the applicable rate is WIBOR, and for loans in EUR the applicable rate is EURIBOR or LIBOR EUR. The interest rate risk is mitigated by hedging instruments available on the market (fixed rates, IRS).

- **foreign exchange risk** - in the Group the risk is related primarily to loans in foreign currencies (mainly in EUR) raised by special purpose vehicles. In order to minimize the risk, contracts with the lessees of a given project are denominated in the currency of the loan taken for its financing. Payments from tenants are used to repay the loans. This relation between funding and the sources of revenue significantly reduces the FX risk (natural hedge). In addition, since variations of exchange rates significantly affect the value of prospective cash flows (purchase of foreign currencies, sale of developments, disbursement of loan tranches), the Group uses the available derivatives, such as forwards or FX options.

- **risk associated with the Group's tenants** - is the risk that the tenants may lose their liquidity or that outstanding amounts may become unrecoverable. Most of the Capital Group's revenue is generated from leasing out commercial and office areas. The key aspect is to select tenants with a stable economic and financial situation. The tenants that lease spaces in shopping centres include well-known network operators (Tesco, Real, designer clothing stores, cinemas, etc.) and those that lease office buildings include well-known, major companies (Polkomtel, Tieto Poland, Medicover, Tebodin, Roche Polska, IKEA Shared Services). Lease contracts are secured by guarantees or security deposits. The Group accepts only guarantees issued by renowned and reputable banks and insurance companies, thus reducing the risk that a financial institution may not disburse the funds. The Debt Collection Department constantly monitors payments from tenants, allowing for a swift response to delays in payments. The effectiveness of the procedures for mitigating the risk is confirmed by nearly 100% recoverability of outstanding amounts in the Group.

- **risk associated with third party contractors** - refers to the quality of work and the risk that third party contractors may lose their liquidity. As the investor of a development, the Company subcontracts to third parties. Timeliness and quality of execution are largely the responsibility of these contractors. To a large extent, this factor is eliminated by securities provided for in the agreements for the construction of engineering objects, constant supervision over the construction process by inspectors or specialised external companies present on the construction sites and by Project Managers. In selecting a contractor, in addition to analysing the offer for construction works, the prospective contractor's financial situation and technical capabilities are examined.

- **risk of administrative procedures** - involves changes in the laws and indolence of authorities. Time-consuming administrative procedures in Poland and abroad have an impact on the commencement dates of the Company's projects. This may result in delays. In addition, third parties are vested broad powers to interfere with administrative procedures, which often leads to delays in the implementation of investments, affecting their profitability. The Group seeks to mitigate this risk by using its experience in administrative procedures and by employing staff specialised in this area.

- **liquidity risk** - involves the loss of solvency. The Group manages the liquidity risk by maintaining a constant supply of funds in the form of cash on bank accounts and/or by using the available loan limits granted. It constantly monitors the forecast and actual cash flows. This risk is reduced by constant proceeds from the property portfolio and the funding of projects using special purpose loans.

- **the risk of adverse changes in the real property market -** involves changes in demand and the market situation. The Company seeks to minimise the risk of adverse changes in the property market by implementing investments in steps and adjusting the implementation pace to the expected demand and price trends on local markets.
- **social and economic risk** - involves the effects of social and macroeconomic factors on business. They include inflation, overall condition of the economy, changes of the economic situation, changes in real income and tax policies in countries where the Group operates, and the global situation. Changes of macroeconomic indicators may result in a decrease in the planned revenues or an increase the costs of doing business. This is particularly significant in the event of a slower GDP growth, an increasing budget deficit and increase in unemployment, leading to a drop in real income. The social and economic situation may affect the Company's revenue and financial results because new housing, office, shopping and entertainment developments depend on consumers and the funds they are able to spend. On the other hand, social schemes may cause the demand to increase. This risk is limited by working with tenants who target their offer at various groups, including groups whose consumption expenditures are not strongly affected by a change in the macroeconomic situation. Apartments offered by the Group are mainly targeted at the medium segment which is less sensitive to the macroeconomic situation.

3. INFORMATION ON BASIC PRODUCTS TOGETHER WITH THEIR VALUE AND QUANTITY AND SHARE OF PARTICULAR PRODUCT GROUPS IN THE SALES OF THE ECHO INVESTMENT GROUP, AS WELL AS RELATED CHANGES IN THE FINANCIAL YEAR.

3.1. Business segments

At 31 December 2014, the Group had projects in operation, under construction or in preparation in its portfolio.

PORTFOLIO OF PROPERTIES IN OPERATION

At 31 December 2014, the Group's portfolio comprised 10 shopping centres and 7 office developments for lease.

REAL PROPERTY PORTFOLIO

CITY/TOWN	LOCATION	NAME	GLA[1] [SQM]	NOI[2] [EUR '000 000]
Kielce	ul. Świętokrzyska	Galeria Echo*	72,300	12.8
Wrocław	Plac Grunwaldzki	Pasaż Grunwaldzki	48,500	14.3
Szczecin	Al. Wyzwolenia	Galaxy	41,400	12.7
Kalisz	ul. Górnośląska	Amber	33,600	5.1
Bełchatów	ul. Kolejowa	Galeria Olimpia	21,300	3.0
Szczecin	Al. Struga	Outlet Park	16,400	3.3
Łomża	ul. Zawadzka 38	Galeria Veneda	15,000	2.5
Jelenia Góra	Al. Jana Pawła II	Galeria Sudecka**	12,900	1.2
Bełchatów	ul. Kolejowa	Centrum Echo	9,000	0.8
Przemyśl	ul. 29 Listopada	Centrum Echo	5,300	0.4
SHOPPING CENTRES	**TOTAL**		**275,700**	**56.1**
Poznań	ul. Baraniaka	Malta Office Park	29000	5.3
Warsaw	ul. Konstruktorska	Park Rozwoju (stage I)	17,800	3.0
Szczecin	ul. Malczewskiego	Oxygen	14,000	2.8
Kielce	Al. Solidarności	Astra Park***	11,200	1.7
Warsaw	ul. Postępu	Polkomtel Office Building****	10,200	1.9
Katowice	ul. Francuska	A4 Business Park (stage I)	9,200	1.5
Warsaw	Al. Jana Pawła II	Babka Tower	6,200	1.2
OFFICES	**TOTAL**		**97,600**	**17.4**
DEVELOPMENTS FOR LEASE	**TOTAL**		**373,300**	**73.5**

* Including space leased by JULA market
** Project under expansion; part of the centre which is currently in use
*** The project does not include the area occupied by the Echo Group.
**** Polkomtel Office Building (Warsaw, ul. Postępu) and NOI accounts for 50% of the project attributable to the Group.

Space in shopping centres as well as shopping and entertainment centres is leased by national and international retail chains and local businesses. Key retail tenants include:

- hypermarkets: Real, Tesco,
- specialised retail chains: Empik, RTV Euro AGD, Saturn,
- clothing chains: C&A, H&M, Zara, Reserved,
- cultural and entertainment chains: Helios, Multikino,

health and beauty retail chains: Douglas, Rossmann, Sephora, Super-Pharm, Hebe.

Office space is leased to domestic and international enterprises and local businesses. Key tenants of office space include: IBM Global Services Delivery Centre, Grand Thornton Frąckowiak, Roche Polska, Ikea Shared Services, McKinsey Emea Shared Services, Coloplast Shared Services, Nordea Bank Polska, Tieto Polska, Polkomtel, ING Usługi Finansowe S.A., Raiffeisen Bank Polska, Medicover, Altkom Investments, Mentor Graphics Polska, Kennametal Polska, Tebodin SAP-Projekt, Samsung Electronics Polska, Ericsson and Schneider Electric Polska.

1 GLA – gross leasable area

2 NOI– net operating income (takes into account valuation of vacancies, turnover rent and income from stands)

PROJECTS UNDER CONSTRUCTION AND IN PREPARATION FOR CONSTRUCTION

The Management Board closely monitors the situation in the property market and decisions concerning construction projects are made on the basis of an assessment of the current market conditions. All project implementation dates are flexible and reasonably adapted to the actual situation.

PROJECTS UNDER CONSTRUCTION OR IN PREPARATION WITHIN THE SEGMENT OF SHOPPING CENTRES AND SHOPPING AND ENTERTAINMENT CENTRES

PROJECT	GLA [SQM]	NOI [EUR '000 000]	PROJECT COMMENCEMENT	PROJECT COMPLETION
Jelenia Góra, Galeria Sudecka (expansion)	18,400	2.8	H2 2013	April 2015
PROJECTS UNDER CONSTRUCTION	**18,400**	**2.8**		
Katowice, ul. Kościuszki	41,800	8.6	H1 2016	H2 2017
Szczecin, Galaxy (expansion)	15,700	3.2	H2 2015	H1 2017
Szczecin, Outlet Park (stage II)	4,800	0.8	H1 2015	H2 2015
Szczecin, Outlet Park (stage III)	3,500	0.6	H1 2016	H2 2016
Poznań Metropolis*	33,300	6.1		
PROJECTS IN PREPARATION	**99,100**	**19.3**		
Budapest, Mundo (Hungary)	34,200	8.4	H2 2015	H2 2017
Brasov Korona (Romania)**	35,400	5.6		
FOREIGN PROJECTS IN PREPARATION	**69,600**	**14.0**		
TOTAL SHOPPING CENTRES	**187,100**	**36.1**		

* Project in the concept phase
** Commencement of the implementation depends on the achievement of the expected level of lease

INVESTMENT LAND

PROJECT	PLOT AREA [SQM]
Koszalin***	39,300
Słupsk***	65,700
INVESTMENT LAND	**105,000**

*** Project in the concept phase

PROJECTS UNDER CONSTRUCTION AND IN PREPARATION IN THE SEGMENT OF OFFICE AND HOTEL SPACES

PROJECT	GLA [SQM]	NOI [EUR '000 000]	PROJECT COMMENCEMENT	PROJECT COMPLETION
Warsaw, Q22	52,500	14.0	H2 2013	H1 2016
Warsaw, Park Rozwoju (stage II)	15,600	2.8	H2 2013	H1 2015
Wrocław, Nobilis Business House	16,900	2.9	H2, 2014	H1 2016
Wrocław, West Gate	16,200	2.8	H1 2013	H1 2015
Katowice, A4 Business Park (stage II)	9,300	1.5	H2 2013	January 2015
Kraków, Opolska (stage I)	19,100	3.2	H1 2014	H2 2015
Gdańsk, Tryton	23,700	3.8	H2 2013	H2 2015
PROJECTS UNDER CONSTRUCTION	**153,300**	**31.0**		
Warsaw, Browary* (stages I-IV)	82,000	17.6	H1 2016	II H 2023
Warsaw, Beethovena (stage I)	18,000	3.3	H1 2016	H2 2017
Warsaw, Beethovena (stages II - III)	37,500	6.8	H2 2017	H2 2020
Warsaw, Taśmowa (stage I)	15,000	2.6	H2 2015	H1 2017
Warsaw, Taśmowa (stages II - IV)	44,400	7.8	H2 2016	H1 2020
Kraków, Opolska (stage II)	19,100	3.2	H2 2015	H1 2017
Kraków, Opolska (stage III)	19,100	3.2	H1 2017	H1 2019
Wrocław, Sucha (stage I)	18,000	3.2	H2 2015	H1 2017
Wrocław, Sucha (stage II)	7,600	1.4	H1 2017	H1 2018
Katowice, A4 Business Park (stage III)	11,900	2.0	H1 2015	H2 2016
Poznań, Hetmańska (stage I)	17,500	2.9	H2 2015	H1 2017
Poznań, Hetmańska (stages II - III)	22,400	3.8	H1 2017	H2 2019
Łódź, Aurus (stage I)	9,400	1.6	H1 2015	H1 2016
Łódź, Aurus (stage II)	9,600	1.6	H1 2016	H2 2017
PROJECTS IN PREPARATION	**331,500**	**61.0**		
TOTAL OFFICE DEVELOPMENTS	**484,800**	**92.0**		

* land purchased in 2014 - project in the concept phase, the data may change.

INVESTMENT LAND

PROJECT	PLOT AREA [SQM]
Kiev, Dehtiarivska **	43,600
Kraków, Cracovia***	17,400
INVESTMENT LAND	**61,000**

** Commencement depends on the stabilization of the political situation in Ukraine
*** Project in the concept phase

PROJECTS UNDER CONSTRUCTION OR IN PREPARATION WITHIN THE RESIDENTIAL SEGMENT

PROJECT	USABLE RESIDENTIAL AREA [SQM]	Revenue [MILLION]	COMMENCEMENT COMPLETION	PROJECT COMPLETION
Warsaw, Nowy Mokotów (stage I)	11,600	94.6	H2, 2012	October 2014
Poznań, Naramowice, Osiedle Jaśminowe (stage I)	6,000	32.9	H1 2013	December 2014
Poznań, Kasztanowa Aleja II	8,700	58.3	H2, 2012	June 2014
Kraków, Hortus Apartments	3,000	36.0	H2, 2012	October 2014
PROJECTS COMMISSIONED IN 2014 [USABLE RESIDENTIAL AREA]	**29,300**	**221.8**		
Warsaw, Nowy Mokotów (stage II)	11800	96.6	H1 2014	H1 2016
Poznań, Sowińskiego (stage I)	7,100	48.1	H1 2014	H2 2015
Poznań, Naramowice, Pod Klonami II, Terraced	1,900	8.6	H2 2013	H1 2015
Poznań, Naramowice, Pod Klonami III, Terraced	1,800	8.9	H2 2016	H2 2017
Kraków, Bronowicka	3,000	22.7	H2 2013	H2 2015
Kraków, Park Avenue	5,600	82.2	H2, 2014	H1 2016
Wrocław, Grota Roweckiego (stage I)	5,900	32.0	H2 2013	H2 2015
Łódź, Osiedle Jarzębinowe (stage II)	5,500	27.7	H1 2014	H2 2015
PROJECTS UNDER CONSTRUCTION [USABLE RESIDENTIAL AREA]	**42,600**	**326.8**		
Warsaw, Nowy Mokotów (stage III)	16,100	132.0	H2 2015	H2 2017
Warsaw, Nowy Mokotów (stage IV)	3,200	26.7	H2 2016	H2, 2018
Warsaw, Princess, Puławska	4,900	76.9	H2 2015	H2 2017
Warsaw, Browary* (stages I-IV)	30,000	288.0	H1 2016	H1 2020
Poznań, Naramowice, Osiedle Jaśminowe (stage II - IV)	13,700	75.3	H1 2015	H1 2020
Poznań, Jackowskiego	8,100	52.5	H1 2015	H1 2017
Poznań, Sowińskiego (stage II)	2,600	19.6	H1 2015	H2 2017
Poznań, Sowińskiego (stage III)	5,000	33.5	H1 2015	H2 2017
Poznań, Sowińskiego (stage IV)	5,100	34.9	H2 2017	H1 2019
Kraków, Kościuszki	5,200	58.3	H1 2015	H1 2017
Kraków, Rydla	8,700	63.8	H1 2016	H1 2018
Kraków, Spiska* IKraków, Spiska* I	6,500	51.9	H2 2015	H1 2017
Kraków, Spiska* II - III	13,800	114.2	H2 2016	H1 2020
Wrocław, Grota Roweckiego (stages II - III)	12,500	67.7	H1 2016	H2 2019
Łódź, Osiedle Jarzębinowe (stage III)	6,800	34.1	H2 2015	H2 2017
Łódź, Osiedle Jarzębinowe (stages IV - V)	27,700	132.8	H1 2018	H2, 2021
Łódź, Wodna (stage I - II)	13,700	73.8	H1 2016	H2 2019
PROJECTS IN PREPARATION [USABLE RESIDENTIAL AREA]	**183,600**	**1327.9**		
RESIDENTIAL PROJECTS, TOTAL	**255,500**	**1,876.5**		

* land purchased in 2014 - project in the concept phase, the data may change.

LAND FOR SALE AND INVESTMENT LAND

PROJECT	PLOT AREA [SQM]	Revenue [MILLION]	PROJECT COMMENCEMENT	PROJECT COMPLETION
Dyminy, Osiedle Południowe (stage III)	43,400	6.9	H2 2013	H2, 2014
Kielce, Występa **	134,500	15.5	H2 2016	H2 2017
Poznań, Sołacz	17,300	11.0	H1 2016	H2 2017
Warsaw, Rezydencje Leśne (project for sale)	52,900	41.5	H2, 2010	H2, 2012
PLOTS FOR SALE	**248,100**	**74.9**		
Lublin, ul. Poligonowa*	1,060,000			
Poznan, *Naramowice	350,000			
Wrocław, Gdańska**	5,000			
INVESTMENT LAND	**1,415,000**			
TOTAL LAND	**1,663,100**			

* Project in the concept phase
** land purchased in 2014

In 2014, the Group signed 466 preliminary contracts (which did not transfer ownership to the buyer) for the sale of apartments and 416 final contracts (which transferred ownership to the buyer).

3.2. Structure of revenue

STRUCTURE OF THE GROUP'S NET SALES [IN MILLIONS OF PLN] IN THE PERIOD BETWEEN 2013 AND 2014:

DESCRIPTION	01.01.2014-31.12.2014	SHARE %	01.01.2013-31.12.2013	SHARE %
Shopping centres segment	311.3	53.9%	302.1	58.4%
Housing segment	176.5	30.6%	104.1	20.1%
Offices and hotels segment	82.4	14.3%	93.5	18.1%
Other revenue	7.2	1.2%	17.7	3.4%
Net revenue from sales of products, total	**577.4**	**100%**	**517.4**	**100%**

4. INFORMATION ON THE MARKETS, BROKEN DOWN BY DOMESTIC AND FOREIGN MARKETS, SOURCES OF SUPPLY OF MATERIALS FOR PRODUCTION, INCLUDING DEPENDENCY ON ONE OR MORE CUSTOMERS AND SUPPLIERS, AND IF THE SHARE OF ONE CUSTOMER OR SUPPLIER ACCOUNTS FOR AT LEAST 10% OF TOTAL REVENUE FROM SALES, NAME OF THE SUPPLIER/CUSTOMER, ITS SHARE IN SALES OR SUPPLY AND FORMAL RELATIONSHIP WITH THE ISSUER.

Markets

In 2014, all projects implemented by the Group were located in the Polish market only.

Changes in sources of supply

With regard to purchase of services and goods provided by the Group's entities, the prevailing share measured as the proportion between purchases and income from total sales is held by entities with which the Group cooperates in the implementation of specific development projects or purchase of real properties. In 2014, turnover with two counterparties exceeded the threshold of 10% of the Group's total revenue. All these companies are unrelated to the Group by capital.

MAJOR SUPPLIERS OF THE CAPITAL GROUP IN 2014:

COUNTERPARTY	TURNOVER (IN PLN '000 000)	% SHARE OF NET SALES
Banco Financiero Y De Ahorros S.A.	214.4	37.1%
Eiffage Budownictwo MITEX SA	62.9	10.9%
Modzelewski & Rodek Sp. z o.o.	54.3	9.4%

Changes to customers

The customers of the Capital Group include tenants leasing commercial space and entities to which property development services are provided. Where whole projects are sold, the Group's customers include companies investing in real property.

MAJOR CUSTOMERS OF THE CAPITAL GROUP IN 2014:

COUNTERPARTY	TURNOVER (IN PLN '000 000)	% SHARE OF NET SALES
Skua Sp. z o.o. *	118.9	20.6%
Real Spółka z ograniczoną odpowiedzialnością i Spółka Sp. kom.	29.3	5.1%

* sales of investment property

5. INFORMATION ON AGREEMENTS THAT ARE SIGNIFICANT FOR THE CAPITAL GROUP'S BUSINESS, INCLUDING AGREEMENTS BETWEEN SHAREHOLDERS AS WELL AS INSURANCE, PARTNERSHIP OR COOPERATION AGREEMENTS CONCLUDED IN 2014 AND KNOWN TO THE COMPANIES OF THE CAPITAL GROUP

5.1. Agreements significant for the Capital Group's business

Disposal of assets of significant value - final agreement for the sale of an office development in Wrocław, stage II

On 31 January 2014, a final agreement for the sale of a real property located in Wrocław at Swobodna and Borowska Streets along with the ownership of the office building erected thereon constituting stage II of the office development of Aquarius Business House and the related facilities (Office Development was signed between a subsidiary of the Issuer, i.e. Projekt Echo – 104 Spółka z ograniczoną odpowiedzialnością with its registered office in Kielce (25-323), Al. Solidarności 36, entered in the Register of Entrepreneurs kept by the District Court in Kielce, under KRS number 446924 (the Seller), and Skua Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (address: ul. Mokotowska 49, 00-542 Warsaw), entered in the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, under KRS number 422523 (the Buyer).

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

The fixed value of the assets sold in the consolidated financial statements of the Echo Investment Capital Group at the end of Q3 2014, measured in accordance with IAS standards amounted to PLN 79,844 thousand.

The Issuer's Capital Group has no debt related to the asset sold, so the value of the transaction generates cash flows of the same value as the purchase price.

The Issuer's subsidiary, i.e. Echo Investment Property Management – Grupa Echo Sp. z o.o. Spółka komandytowa will manage the office building until December 2017. The entire office space project is leased.

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

Loan agreement of the Issuer's subsidiary – A4

On 31 March 2014, a loan agreement (the "Agreement") was concluded between a subsidiary of the Issuer, A4 BUSINESS PARK – "IRIS CAPITAL" SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ – SPÓŁKA KOMANDYTOWO-AKCYJNA, with its registered office in Kielce (the address: al. Solidarności 36, 25-323 Kielce), whose registration files are kept by the District Court in Kielce, 10th Commercial Division of the National Court Register, entered in the Register of Entrepreneurs of the National Court Register under KRS number 0000445973 (the "Borrower"), and BNP PARIBAS BANK POLSKA SPÓŁKA AKCYJNA, with its registered office in Warsaw (the address: ul. Suwak 3, 02-676 Warsaw) whose registration files are kept by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, entered in the Register of Entrepreneurs under KRS number 0000006421 (the "Lender", the "Bank").

The Borrower will use the funds raised under the Agreement for the construction of the first and second stages of the office complex called "A4 Business Park Katowice" in Katowice (the "Project").

Subject to the terms and conditions of the Agreement, the Bank provides the Borrower with the following:

- funds constituting a construction loan in the amount of EUR 24,821 thousand earmarked for financing or refinancing the costs of the Project, stages I and II;

- funds under a VAT Loan in the amount of PLN 5,000 thousand earmarked for financing or refinancing VAT due from the Borrower;

- funds from the Investment Loan earmarked for refinancing the debt on debt used in the Construction Loan in the amount of EUR 29,000 thousand;

The loan amounts bear interest, for the Construction and Investment Loans at EURIBOR, for the VAT Loan – WIBOR, plus relevant bank's margin in each case.

Final repayment dates under the agreements are as follows:

- with respect to the Construction Loan – on the day falling 14 and 24 months after the date of the Agreement, but not later than 6 months from the Required Completion Date for Buildings 1 and 2;

- with respect to the VAT Loan – on the day falling 24 months after the date of the Agreement, but not later than 6 months from the Required Completion Date for Building 2;

- with respect to the Investment Loan – on the day falling not later than 60 months after the Conversion Date, i.e. the repayment date for the Construction or Investment Loan.

The Borrower must provide the following security for the repayment of the loan and amounts due to the Bank:

-first and paramount mortgage established by the Borrower on the Property to the Lender up to the amount equal to 150% of the loan;

-first and paramount registered and financial pledge established to the Lender on all interests in the share capital of the General Partner up to the amount equal to 150% of the secured liability;

-first and paramount registered and financial pledges established to the Lender on all shares in the share capital of the Borrower up to the amount equal to 150% of the secured liability;

-first and paramount registered pledge established to the Lender on a set of tangibles and intangibles comprising the Borrower's enterprise up to the amount equal to 150% of the secured liability;

-first and paramount registered pledges established to the Lender on transferable rights of the General Partner attached to his interest in the Borrower's company up to the amount equal to 150% of the secured liability;

-first and paramount registered and financial pledges established to the Lender on receivables standing to the Accounts up to the amount equal to 150% of the secured liability;

-power of attorney granted by the Borrower authorising the Lender to manage the Borrower's accounts;

-agreement for the assignment of rights under, among others, any lease Agreements, insurance contracts, agreements for construction works, performance bonds for construction works, investment management agreements and other agreements, made by the Borrower to the Lender;

-debt subordination agreement;

-guarantee agreement to cover excess project implementation costs;

-statements on submission to enforcement made by the Borrower.

Annex to the Overdraft Facility Agreement - Echo Investment

On 27 June 2014, the Issuer signed with Bank Polska Kasa Opieki S.A., based in Warsaw (the "Bank"), an annex to the Overdraft Facility Agreement ("Annex").

Under the Annex, the Bank granted to the Company a loan in the amount of PLN 75 million and extended the lending term until 30 June 2015.

In addition, if the financial indicators specified in the Agreement are met in subsequent quarters, the loan repayment period will be automatically extended for another year, i.e. until 30 June 2016.

Annex to the Loan Agreement - Malta Office Park

On 30 June 2014, an annex to the loan agreement was signed between the Issuer's subsidiary „FARRINA INVESTMENTS" spółka z ograniczoną odpowiedzialnością with its registered office in Kielce, at Al. Solidarności 36, 25-323 Kielce, entered in the Register of Entrepreneurs kept by the District Court in Kielce, 10th Commercial Division of the National Court Register, under KRS number 0000429965 and Westdeutsche ImmobilienBank AG with its registered office in Mainz, entered into the commercial register kept by the District Court (Amtsgericht) in Mainz under HRB number 40640.

Under the annex, the final repayment date for the loan was changed from 19 August 2014 to 19 August 2019.

Other terms of the amended agreement do not incorporate any significant changes in relation to the information provided by the Issuer in Current Report No. 47/2013 of 6 December 2013.

Agreement for the purchase of real property - Browary

On 3 July 2014, the Issuer's subsidiary, Dellia Investments Spółka Akcyjna, with is registered office in Warsaw (address: 00-803 Warsaw, Aleje Jerozolimskie 56C), entered in the Register of Entrepreneurs maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, under KRS number 0000441211 (the "Buyer"), and a Spanish company BANCO FINANCIERO Y DE AHORROS, S.A., based in Madrid, Spain, Paseo de la Castellana 189, entered in the Central Business Register (Registro Mercantil Central) in Madrid, sheet no. M-522312 (the "Seller"), signed a final agreement for the sale of the perpetual usufruct title to land and of the ownership to the buildings forming a separate property, located in Warsaw, ul. Grzybowska 58 and Chłodna (the "Property").

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

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

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

The agreement does not include any special provisions, nor does it deviate from the provisions which are typically incorporated in such agreements.

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

Annex to the Overdraft Facility Agreement - Echo Investment

On 30 July 2014, the Issuer signed with Bank Zachodni WBK Spółka Akcyjna, based in Wrocław ("Bank"), an annex to the Overdraft Facility Agreement ("Annex").

Under the Annex, the Bank increased the loan granted to the Company up to PLN 75 million and extended the lending term until 30 July 2016. At the end of 2014 and the end of Q1 2015 the Bank will review the financial ratio specified in the Agreement. If the required ratio levels are not met, the loan repayment date will fall on 30 July 2015.

Loan agreement of the Issuer's subsidiary - Q22

On 18 November 2014, a subsidiary of the Issuer, Projekt Echo - 70 Sp. z o.o, based in Kielce, Al. Solidarności 36, 25-323 Kielce, entered in the Register of Entrepreneurs kept by the District Court in Kielce, 10th Commercial Division of the National Court Register, under KRS number 0000271630 (the "Borrower" or the "Company"), signed with the following banks:

1/ BANK ZACHODNI WBK S.A., based in Wrocław, Rynek 9/11, 50-950 Wroclaw, entered in the Register of Entrepreneurs kept by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register under KRS number 0000008723;

2/ Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, with its registered office in Warsaw at ul. Puławska 15, 02-515 Warsaw, entered in the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under KRS number 0000026438 (the "Lenders" or the "Banks");

a loan agreement (the "Agreement").

The funds raised under the Agreement will be used by the Borrower to finance the construction of Q22 office building located at the injunction of ul. Jana Pawła II and ul. Grzybowska in Warsaw (the "Project").

Subject to the terms and conditions of the Agreement, the Banks provide the Borrower with the following:

1/ funds constituting an investment loan in the amount not exceeding EUR 112,000 thousand (twelve million euro), where the Bridge Loan and the Construction Loan will be used to finance or refinance Total Project Costs and the funds under the Investment Loan will be used to refinance the debt under the Construction Loan through Conversion.

2/ funds constituting a VAT loan in the amount not exceeding PLN 16,000 thousand (sixteen million zlotys) used to finance or refinance VAT in connection with the Project implementation.

The loan amounts bear the following interest: for the Bridge Loan, Construction Loan and Investment Loan at EURIBOR variable interest rate, the VAT Loan at WIBOR variable interest rate, plus the Bank's margin.

The loan repayment dates are as follows:

1/ with respect to the investment loan - the final repayment date was set on a day falling not later than 60 (sixty) months after the Conversion date (of the Construction or Investment Loan);.

2/ with respect to the VAT Loan – on the day falling 39 (thirty-nine) months after the first Utilisation Date, but not later than 45 (forty-five) months from the date of the Agreement.

The Borrower shall provide or cause to be provided the following securities for the repayment of the loan and amounts due to the Bank:

1/ first ranking mortgage established by the Borrower in the form of a notarial deed on the Land Property to:

- BZ WBK as the Security Agent in the amount of EUR 174,000 thousand (one hundred seventy-four million euros) to secure the repayment of the principal amount of the loan, interest, fees and other costs associated with the Loans;

- BZ WBK in the amount of EUR 56,000 thousand (fifty-six million euros) to secure all claims under the Hedging Agreements to which BZ WBK is a party;

- PKO BP in the amount of EUR 56,000 thousand (fifty-six million euros) to secure all claims under the Hedging Agreements to which PKO BP is a party;

2/ statements on submission to enforcement;

3/ power of attorney to manage the Borrower's bank accounts;

4/ Agreement for the Assignment of Rights, i.e. an agreement concluded between the Borrower (as the assignor) and the Security Agent (as the assignee) for the assignment of (existing and future) rights of the Borrower under relevant Project Agreements, each Lease Agreement and Insurance Policies;

5/ Guarantee Agreement, i.e. an agreement concluded between the Borrower, the Issuer and the Lenders for a period ending by a total repayment of the Construction Loan (until the Conversion Date), covering the Issuer's obligations to provide a for payment, a guarantee to support and a surety;

6/ Agreements for Registered and Financial Pledges on shares and accounts;

7/ each power of attorney granted by the Obligor to the Security Agent or the Lender in connection with Finance Documents.

Loan agreements of the Issuer's subsidiaries - Galeria Echo, Kraków Opolska, Gdańsk Tryton

On 22 December 2014, the following Issuer's subsidiaries:

Projekt Echo Galeria Kielce – Magellan West Spółka z ograniczoną odpowiedzialnością SKA based in Kielce, Al. Solidarności 36, entered in the Register of Entrepreneurs kept by the District Court in Kielce, 10th Commercial Division of the National Court Register under KRS number 000044006;

Projekt Echo – 102 Sp. z o.o., based in Kielce, Al. Solidarności 36, 25-323 Kielce, entered in the Register of Entrepreneurs kept by the District Court in Kielce, 10th Commercial Division of the National Court Register under KRS number 0000440683; and

Echo – Opolska Business Park Spółka z ograniczoną odpowiedzialnością SKA, based in Kielce, Al. Solidarności 36, 25-323 Kielce, entered in the Register of Entrepreneurs kept by the District Court in Kielce, 10th Commercial Division of the National Court Register under KRS number 0000396362;

(the "Borrowers" or the "Entities"), signed with the following banks:

HSBC plc, with its registered office in London (the address: 8 Canada Square, London E14 5HQ, United Kingdom);

HSBC Bank Polska Spółka Akcyjna, based in Warsaw at ul. Marszałkowska 89, 00-693 Warsaw, entered in the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, under KRS number 0000030437 (the "Lenders" or the "Banks");

a loan agreement (the "Agreement").

The funds obtained under the Agreement will be used by the Borrower to:

1/ refinance the loan reported by the Issuer in current report No. 39/2013 of 17 October 2013 and to finance own contribution to the development project of Galeria Echo in Kielce, located at ul. Świętokrzyska 20;

2/ finance the construction of Opole Business Park Stage I office building located on a real property located in Kraków, Al. 29 listopada;

3/ finance the construction of Tryton Business House office building located on a real property located in Gdańsk, ul. Jana z Kolna 11, (the "Projects").

Subject to the terms and conditions of the Agreement, the Banks provide the Borrower with the following:

a) funds under the Kielce Construction Loan in the amount not exceeding EUR 100,000,000 (one million euros) to finance the construction of Galeria Echo in Kielce;

b) funds under the Tryton Development Loan in the amount of EUR 29,000,000 for the purpose of financing and refinancing the construction costs of Tryton Business House; funds under the Tryton Investment Loan in the amount of EUR 36,000,000 for the purpose of refinancing the debt under the Tryton Development Loan;

c) funds under the Opolska Development Loan in the amount of EUR 22,500,000 for the purpose of financing and refinancing the construction costs of Opolska Business Park, Stage I; funds under the Opolska Investment Loan in the amount of EUR 29,000,000 for the purpose of refinancing the debt under the Opolska Development Loan;

d) funds constituting a VAT loan in the amount not exceeding PLN 7,000,000 (seven million zlotys) used to partially finance or refinance VAT in connection with the construction of Tryton Business House;

e) funds constituting a VAT loan in the amount not exceeding PLN 7,000,000 (seven million zlotys) used to partially finance or refinance VAT in connection with the construction of Opolska Business Park, Stage I.

The loan amounts bear the following interest: for the Construction and Investment Loans at EURIBOR variable interest rate, the VAT Loan at WIBOR variable interest rate, plus the Bank's margin.

The loan repayment dates are as follows:

1/ with respect to Kielce Investment Loan - the final repayment date was set on a day falling on the fifth anniversary of the utilisation of Kielce Investment Loan;

2/ with respect to Tryton Investment Loan and Opolska Investment Loan- the final repayment date was set on a day falling on the seventh anniversary of the utilisation of Kielce Investment Loan;

3/ with respect to the VAT Loan – on the day falling on the second anniversary of the Agreement.

The Borrower shall provide or cause to be provided the following securities for the repayment of the loan and amounts due to the Bank:

a) first ranking mortgages established by the Borrower in the form of a notarial deed on each of the Borrower's Land to the Lender in the amount of EUR 495 million (four hundred ninety-five million euros) and PLN 21 million (twenty-one million zlotys) to secure the repayment of the principal amount of the loan, interest, fees and other costs associated with the Loans;
b) statements on submission to enforcement;
c) power of attorney to manage the Borrower's bank accounts;
d) Agreements for the Assignment of Rights, i.e. agreements concluded between the Borrowers (as the assignors) and the Lender (as the assignee) for the assignment of (existing and future) rights of the Borrowers under relevant Agreements concluded by the Borrowers, each Lease Agreement and Insurance Policies;
e) Guarantee Agreement, i.e. an agreement concluded between the Borrowers, the Issuer and the Lender for a period ending 12 months after the completion of respectively Tryton Business House and Opolska Business Park, Stage I, covering the Issuer's obligations to provide a guarantee for payment;
f) Agreements for Registered and Financial Pledges on shares and accounts;
g) Agreements for Registered Pledges on the Borrowers' property;

powers of attorney granted to the Lender in connection with the Finance Documents.

5.2. Agreements between shareholders

The Company is not aware of any agreements concluded in 2014 among its shareholders which are relevant to its operations.

5.3. Insurance agreements of the Capital Group

INSURED OBJECT	INSURER	SUM INSURED [IN PLN '000]
property insurance policies	TU Compensa S.A., PZU S.A.	2,886,568
civil liability policies	TU Compensa S.A., STU Ergo Hestia S.A., Generali T.U. SA., PZU SA	51,682
construction/erection all-risks insurance policies	TU Compensa S.A., Generali TU S.A., TUiR Warta S.A.	353,622
business interruption insurance policies	TU Compensa S.A.	297,609
other policies	PZU S.A., Generali S.A , AIG	1,170
title insurance policies	Stewart Title Limited Sp. z o.o.	179,017
TOTAL		**3,769,668**

5.4. Cooperation agreements

In 2014, the Capital Group did not conclude any material cooperation agreements.

6. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP, INDICATION OF CONSOLIDATED ENTITIES, DESCRIPTION OF CHANGES IN THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP AND REASONS FOR SUCH CHANGES, INFORMATION ON ORGANISATIONAL OR CAPITAL RELATIONS OF THE ISSUER WITH OTHER ENTITIES AND INDICATION OF ITS MAIN DOMESTIC AND FOREIGN INVESTMENTS (SECURITIES, FINANCIAL INSTRUMENTS AND REAL PROPERTIES), INCLUDING EQUITY INVESTMENTS OF RELATED PARTIES OUTSIDE THE ISSUER'S GROUP AND DESCRIPTION OF THE RELATED PARTY FUNDING METHODS

The most important role in the structure of the Group is played by Echo Investment S.A., which, as the owner of the entities comprising the Group, monitors, participates and provides funding for the implementation of development projects. Companies which form the Group were established or acquired in order to perform certain investment tasks and do not conduct any business activities other than those which follow from the process of implementing a particular project and which are related to providing lease services regarding assets linked to completed projects or other services.

At 31 December 2014 the Group consisted of 118 subsidiaries that are fully consolidated, one partially owned subsidiary and one affiliated company consolidated under the equity method.

SUBSIDIARIES:

NO.	NAME	REGISTERED OFFICE	% OF CAPITAL HELD	PARENT ENTITY
1	53 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
2	Astra Park - Projekt Echo - 69 Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
3	Avatar - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
4	A4 Business Park - Iris Capital Sp. z o.o. - S.k.a.	Kielce	100%	XXIX FIZ Forum
5	Babka Tower - Projekt Echo – 93 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
6	Barconsel Holdings Ltd	Nicosia	100%	Echo – SPV 7 Sp. z o.o.
7	Bełchatów – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
8	Budivelnuy Soyuz Monolit LLC	Kiev	100%	Yevrobudgarant LLC
9	Dellia Investments S.A.	Kielce	100%	PHS – Projekt CS Sp. z o.o. S.k.a.
10	Echo – Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.
11	Echo – Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
12	Echo - Babka Tower Sp. z o. o. (formerly known as Projekt Echo -110 Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
13	Echo – Centrum Przemyśl - Projekt Echo – 93 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
14	Echo - Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
15	Echo - Galaxy Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
16	Echo – Galeria Amber Sp. z o.o.	Kielce	100%	Echo Investment S.A.
17	Echo – Galeria Amber Sp. z o.o. S.k.a	Kielce	100%	XXXIV FIZ Forum.
18	Echo – Galeria Lublin Sp. z o.o.	Kielce	100%	Echo Investment S.A.
19	Echo – Kasztanowa Aleja Sp. z o.o.	Kielce	100%	Echo Investment S.A.
20	Echo – Kasztanowa Aleja Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
21	Echo – Klimt House Sp. z o.o.	Kielce	100%	Echo Investment S.A.
22	Echo – Klimt House Sp. z o.o. Sp. z kom.	Kielce	100%	Echo Investment S.A.
23	Echo - Nowy Mokotów Sp. z o.o.	Kielce	100%	Echo Investment S.A.
24	Echo - Nowy Mokotów Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
25	Echo - Opolska Business Park Sp. z o.o.	Kielce	100%	Echo Investment S.A.
26	Echo – Opolska Business Park Spółka z ograniczoną odpowiedzialnością S.k.a. (formerly known as 47 – Grupa Echo Sp. z o.o S.k.a.)	Kielce	100%	60 FIZ Forum
27	Echo - Park Rozwoju Sp. z o.o.	Kielce	100%	Echo Investment S.A.

NO.	NAME	REGISTERED OFFICE	% OF CAPITAL HELD	PARENT ENTITY
28	Echo - Park Rozwoju Sp. z o.o. - S.k.a.	Kielce	100%	XXIX FIZ Forum
29	Echo – Pod Klonami Sp. z o.o.	Kielce	100%	Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.
30	Echo – Pod Klonami Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
31	Echo – Project - Management Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
32	Echo - Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
33	Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	100%	Echo Investment S.A.
34	Echo – Przy Słowiańskim Wzgórzu Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
35	Echo - SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
36	Echo - West Gate Sp. z o.o.	Kielce	100%	Echo Investment S.A.
37	Echo – West Gate Spółka z ograniczoną odpowiedzialnością S.k.a. (formerly known as Projekt 3 - Grupa Echo Sp. z o.o. S.k.a.)	Kielce	100%	XXIX FIZ Forum
38	Echo Galeria Kielce – Magellan West Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
39	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
40	Echo Investment Facility Management - Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
41	Echo Investment Hungary Ingatlanhasznosito KFT	Budapest	100%	Echo Investment S.A.
42	Echo Investment Project 1 S.R.L.	Brasov	100%	Echo - Aurus Sp. z o.o.
43	Echo Investment Project Management" S.R.L.	Brasov	100%	Echo Investment S.A.
44	Echo Investment Property Management – Grupa Echo Sp. z o.o. Sp. kom.	Kielce	100%	Echo Investment S.A.
45	Echo Investment Ukraine LLC	Kiev	100%	Echo Investment S.A.
46	Elmira Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
47	Elmira Investments Sp. z o. o. S.k.a.	Kielce	100%	Echo Investment S.A.
48	El Project Cypr - 1 Ltd	Nicosia	100%	Echo Investment S.A.
49	Farrina Investments Sp. z o. o.	Kielce	100%	Echo Investment S.A.
50	Galaxy - Projekt Echo -106 Sp. z o.o. S.k.a.	Szczecin	100%	XXXIV FIZ Forum
51	Galeria Nova – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
52	Galeria Olimpia – Projekt Echo – 98 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
53	Galeria Sudecka - Projekt Echo – 43 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
54	Galeria Tarnów - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
55	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
56	Iris Capital Sp. z o.o.	Kielce	100%	Echo Investment S.A.
57	Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
58	Magellan West Sp. z o. o.	Kielce	100%	Echo Investment S.A.
59	Mena Investments Sp. z o.o.	Kielce	100%	Echo Investment S.A.
60	Metropolis - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
61	Oxygen - Projekt Echo - 95 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
62	Pamiątkowo Sp. z o.o.	Pamiątkowo	100%	Echo Investment S.A.
63	Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
64	PHS – Projekt CS Sp. z o.o. S.k.a.	Szczecin	100%	60 FIZ Forum
65	PPR - Projekt Echo – 77 Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
66	Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
67	Projekt Babka Tower -Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum

NO.	NAME	REGISTERED OFFICE	% OF CAPITAL HELD	PARENT ENTITY
68	Projekt Beethovena - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
69	Projekt CS Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
70	Projekt Echo - 43 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
71	Projekt Echo 62 - Magellan West Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
72	Projekt Echo - 69 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
73	Projekt Echo - 70 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
74	Projekt Echo - 77 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
75	Projekt Echo - 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
76	Projekt Echo - 95 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
77	Projekt Echo - 96 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
78	Projekt Echo - 97 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
79	Projekt Echo - 98 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
80	Projekt Echo - 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
81	Projekt Echo - 99 Sp. z o.o. Sp. kom	Kielce	100%	Echo Investment S.A.
82	Projekt Echo - 101 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
83	Projekt Echo - 102 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
84	Projekt Echo - 103 Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
85	Projekt Echo - 104 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
86	Projekt Echo - 105 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87	Projekt Echo - 106 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
88	Projekt Echo - 107 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
89	Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
90	Projekt Echo - 109 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
91	Projekt Echo Galeria Kielce - Magellan West Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
92	Projekt Echo Pasaż Grunwaldzki - Magellan West Sp. z o. o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
93	Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
94	Projekt - Pamiątkowo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
95	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
96	Projekt 1 - Grupa Echo Sp. z o.o. Projekt - S.k.a.	Kielce	100%	60 FIZ Forum
97	Projekt 4 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
98	Projekt 5 – Grupa Echo Sp. z o.o. S.k.a.	Szczecin	100%	60 FIZ Forum
99	Projekt 11 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
100	Projekt 12 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
101	Projekt 13 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
102	Projekt 14 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
103	Projekt 15 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
104	Projekt 16 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
105	Projekt 17 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
106	Projekt 18 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
107	Projekt 19 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
108	Projekt 20 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
109	Projekt 21 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.

NO.	NAME	REGISTERED OFFICE	% OF CAPITAL HELD	PARENT ENTITY
110	Projekt 22 – Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	Echo Investment S.A.
111	SPV 1 - Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	60 FIZ Forum
112	Vasco Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
113	Veneda - Projekt Echo -97 Sp. z o.o. S.k.a.	Kielce	100%	XXXIV FIZ Forum
114	Vousoka Ltd	Nicosia	100%	El Project Cypr - 1 Ltd
115	Vousoka Polska Sp. z o. o.	Warsaw	100%	Echo Investment S.A.
116	Vousoka Polska Sp. z o. o. S.k.a.	Warsaw	100%	XXXIV FIZ Forum
117	Yevrobudgarant LLC	Kiev	100%	El Project Cypr - 1 Ltd
118	Zakład Ogrodniczy Naramowice - Pamiątkowo Sp. z o.o. S.k.a.	Pamiątkowo	100%	60 FIZ Forum

A jointly controlled entity is Wan 11 Spółka z o.o. based in Warsaw. EBR Global Services Spółka z o.o. based in Kielce is an associate.

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

6.1. Description of changes in the organisation of the Issuer's Capital Group and reasons for the changes

I. The composition of the Echo Investment S.A. Capital Group increased by 5 entities:

- On 26 May 2014, 100% of shares were purchased in Dellia Investments S.A. based in Kielce. The total purchase price amounted to PLN 116,714.80. The share capital of the company amounts to PLN 100 thousand.
- On 18 November 2014, 100% of interests were purchased in Magellan West Sp. z o.o. based in Kielce. The total purchase price amounted to PLN 50,000.00. The share capital of the company amounts to PLN 50 thousand.
- On 3 December 2014, 100% of interests were purchased in Vousoka Polska Sp. z o.o. based in Warsaw. The total purchase price amounted to PLN 29,000.00. The share capital of the company amounts to PLN 5 thousand.
- On 3 December 2014, 100% of shares were purchased in Vousoka Polska Spółka z ograniczoną odpowiedzialnością S.k.a with its registered office in Warsaw. The total purchase price amounted to PLN 50,000.00. The share capital of the company amounts to PLN 50 thousand.
- On 10 December 2014, 100% of interests were purchased in Vousoka Ltd. based in Nicosia. The total purchase price amounted to EUR 1,000.00. The share capital of the partnership amounts to EUR 1 thousand.

II. Other changes in the entities of the Issuer's Capital Group

- the business name of Park Rozwoju – Grupa Echo Sp. z o.o. S.k.a. changed to Echo - Park Rozwoju Sp. z o. o. - S.k.a. (registered in the National Court Register on 19 February 2014);
- the business name of Aquarius Business House - Grupa Echo Sp. z o.o.S.k.a. changed to Projekt 1 - Grupa Echo Sp. z o.o. - S.k.a. (registered in the National Court Register on 25 February 2014);
- the business name of A4 - Business Park - Grupa Echo Sp. z o.o. S.k.a. changed to A4 Business Park - Iris Capital Sp. z o.o. - S.k.a. (registered in the National Court Register on 31 March 2014);
- the business name of Echo Pasaż Grunwaldzki - Magellan West Spółka z ograniczoną odpowiedzialnością S.k.a. changed to Projekt Echo 62 - Pod Klonami Spółka z ograniczoną odpowiedzialnością S.k.a. (registered in the National Court Register on 4 July 2014);
- the business name of Projekt Echo – 110 Sp. z o.o. changed to Echo - Babka Tower Sp. z o.o. (registered in the National Court Register on 17 July 2014);
- the business name of Intermedia Investment Sp. z o.o. changed to Echo - West Gate Sp. z o.o. (registered in the National Court Register
- on 18 July 2014);
- the business name of Projekt Echo - 33 Sp. z o.o. changed to Echo – Opolska Business Park" Sp. z o.o. (registered in the National Court Register on 25 July 2014);
- the share capital of Projekt 4 - Grupa Echo Sp. z o.o. S.k.a. increased by XXXIV FIZ Forum (registered in the National Court Register on 26 February 2014);
- the share capital of Projekt 3 - Grupa Echo Sp. z o.o. S.k.a. increased by XXXIV FIZ Forum (registered in the National Court Register on 28 February 2014);
- the share capital of Projekt Echo - 99 Spółka z ograniczoną odpowiedzialnością" Sp. kom. increased by Echo Investment S.A. (resolved on 26 August 2014);

- the share capital of Barconsel Holdings Limited by Echo Investment S.A. and Echo – Aurus Sp. z o.o. (registered in the National Court Register on 20 October 2014);
- the share capital of Projekt Echo – 101 Sp. z o.o. by Echo Investment S.A. (registered in the National Court Register on 20 October 2014);
- change of the general partner: on 14 January 2014, Grupa Echo Sp. z o.o. transferred to Echo - Park Rozwoju" Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in Echo - Park Rozwoju Sp. z o.o. S.k.a.;
- change of the general partner: on 18 February 2014, Grupa Echo Sp. z o.o. transferred to "Iris Capital" Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in A4 Business Park - Iris Capital Sp. z o.o. - S.k.a.;
- change of the general partner: on 26 August 2014 Grupa Echo Sp. z o.o. transferred to Echo – Opolska Business Park Sp. z o.o with its registered office in Kielce, the rights and obligations of the general partner in 47 – Grupa Echo Sp. z o.o. S.k.a.;
- change of the general partner: on 26 August 2014, Grupa Echo Sp. z o.o. transferred to Echo - West Gate Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in Projekt 3 – Grupa Echo Sp. z o.o. S.k.a.;
- change of the general partner: on 26 August 2014, Grupa Echo Sp. z o.o. transferred to Echo - Babka Tower Sp. z o.o., with its registered office in Kielce, the rights and obligations of the general partner in Projekt Babka Tower - Grupa Echo Sp. z o. o. S.k.a.;
- the share capital of Echo - Przy Słowiańskim Wzgórzu Sp. kom. decreased by decreasing a partner's contribution (resolved on 8 April 2014);
- the share capital of Galeria Tarnów – Grupa Echo Sp. z o.o. S.k.a. decreased by decreasing the nominal value of shares (registered in the National Court Register on 14 May 2014);
- the share capital of 53 – Grupa Echo Sp. z o.o. S.k.a. decreased by decreasing the nominal value of shares (registered in the National Court Register on 29 May 2014);
- the share capital of Projekt Echo 62 – Magellan West Sp. z o.o. S.k.a. decreased by decreasing the nominal value of shares (registered in the National Court Register on 4 May 2014);
- the share capital of Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a. decreased by decreasing the nominal value of shares (registered in the National Court Register on 8 July 2014);
- the share capital of Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a. decreased by decreasing the nominal value of shares (registered in the National Court Register on 21 July 2014);
- as a result of the transaction within the Group, the following shareholdings were transferred to 60 FIZ Forum:
    1. 8,522,500 registered shares in Bełchatów - Grupa Echo Sp. z o.o. S.k.a.;
    2. 655,321 B-series registered shares in PPR - Projekt Echo – 77 Sp. z o.o. „ S.k.a.;
    3. 13,691,000 B-series registered shares in Echo Galeria Kielce – Magellan West Sp. z o.o. S.k.a.;
    4. 119,980,000 B-series registered shares in Babka Tower - Projekt Echo – 93 Sp. z o.o. S.k.a.;
    5. 7,499,000 B-series registered shares in Malta Office Park - Projekt Echo - 96 Sp. z o.o. S.k.a.;
    6. 49,999,500 B-series registered shares in Echo – Opolska Business Park Spółka z ograniczoną odpowiedzialnością S.k.a.;
    7. 47,523,300 B-series registered shares and 51,463,950 C-series registered shares in 53 – Grupa Echo Sp. z o.o. S.k.a.;
    8. 20,049,500 B-series registered shares in Projekt Beethovena – Grupa Echo Sp. z o.o. S.k.a.;
    9. 382,550,050 B-series registered shares in Echo – Galaxy Sp. z o.o. S.k.a.;
    10. 76,655,350 B-series registered shares in Galeria Tarnów – Grupa Echo Sp. z o.o. S.k.a.;
    11. 386,550,000 B-series registered shares in Projekt Echo 62 – Magellan West Sp. z o.o. S.k.a.;
    12. 255,886,000 B-series registered shares in Avatar - Projekt Echo – 93 Sp. z o.o. S.k.a.;
    13. 156,929,000 B-series registered shares in Projekt Naramowice – Grupa Echo Sp. z o.o. S.k.a.;
    14. 53,282,750 B-series registered shares in Park Postępu - Projekt Echo - 93 Sp. z o.o. S.k.a.;
    15. 100,499,900 B-series registered shares in Metropolis - Grupa Echo Sp. z o.o. S.k.a.;
    16. 2,518,400 B-series registered shares in PHS – Projekt CS Sp. z o.o. S.k.a.;
    17. 49,500 B-series registered shares in SPV 1 – Grupa Echo Sp. z o.o. S.k.a.;
    18. 49,998 B-series registered shares and 4,750,00 C-series registered shares in Projekt 1 - Grupa Echo Sp. z o.o. - S.k.a.;
    19. 49,998 B-series registered shares in Projekt 5 – Grupa Echo Sp. z o.o. S.k.a.;
    20. 18,990,000 B-series registered shares in Zakład Ogrodniczy Naramowice – Pamiątkowo Sp. z o.o. S.k.a.;
    21. 49,998 B-series registered shares in Projekt 11 – Grupa Echo Sp. z o.o. S.k.a.;
    22. 49,998 B-series registered shares in Projekt 12 – Grupa Echo Sp. z o.o. S.k.a.;
    23. 49,998 B-series registered shares in Projekt 13 – Grupa Echo Sp. z o.o. S.k.a.;
    24. 49,998 B-series registered shares in Projekt 14 – Grupa Echo Sp. z o.o. S.k.a.;

25. 9,619,950 B-series registered shares in Oxygen – Projekt Echo – 95 Sp. z o.o. S.k.a.;

- as a result of the transaction within the Group, the following shareholdings were transferred to XXIX FIZ Forum:
  1. 2,200,500 B-series registered shares in A4 Business Park - Iris Capital Sp. z o.o. - S.k.a.;
  2. 49,999 B-series registered shares, 1,000,000 C-series registered shares and 950,000 D-series registered shares in Echo – West Gate Spółka z ograniczoną odpowiedzialnością S.k.a.;
  3. 36,900,000 B-series registered shares in Astra Park - Projekt Echo - 69 Sp. z o.o. S.k.a.;
- as a result of the transaction within the Group, the following shareholdings were transferred to XXXIV FIZ Forum:
  1. 75,673,000 B-series registered shares in Echo – Centrum Przemyśl - Projekt Echo – 93 Sp. z o.o. S.k.a.;
  2. 74,150,000 B-series registered shares in Galeria Sudecka - Projekt Echo – 43 Sp. z o.o. S.k.a.;
  3. 24,999 B-series registered shares in Projekt Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o. S.k.a.;
  4. 24,999 B-series registered shares in Projekt Echo Galeria Kielce - Magellan West Sp. z o.o. S.k.a.;
  5. 24,999 B-series registered shares in Galaxy - Projekt Echo - 106 Sp. z o. o. S.k.a.;
- as a result of the transaction within the Group, the following shareholdings were transferred to Echo Investment S.A.:
  1. 3,498,000 A-series registered shares in Galeria Nova – Grupa Echo Sp. z o.o. S.k.a.;
  2. 49,998 B-series registered shares and 950,000 C-series registered shares in Projekt 4 – Grupa Echo Sp. z o.o. S.k.a.

6.2. Major domestic and foreign investments

Real property

In 2014, Echo Investment acquired the following real properties:

- plots:

- Jelenia Góra, ul. Legnicka – area of 5.1 ha – intended for resale;

- Kraków, ul. Spiska – area of 1.7 ha – intended for residential developments;

- Występa near Kielce, Łączna municipality – area of 15.7 ha – intended for residential developments;

- Wrocław, ul. Gdańska – area of .5 ha – intended for residential developments;

- other:

- company operating Echo shopping centre in Bełchatów.

In 2014, the subsidiaries of Echo Investment acquired the following plots:

- Warsaw, ul. Grzybowska – area of 4.3 ha – intended for office and residential developments;

- Katowice, ul. Jankego – area of 2.6 ha – intended for resale.

7. DESCRIPTION OF THE DEVELOPMENT DIRECTIONS POLICY OF THE ISSUER'S CAPITAL GROUP

The strategic objective of the Capital Group is a long-term stable growth of goodwill and satisfaction of the shareholders. This objective may be achieved by developing a dynamic, simple and modern organisation, ensuring high-margin investments in the office, commercial and housing segments, as well as through effective management of the project portfolio.

The Capital Group's mission is "The customer is our priority." The Capital Group remembers that its customers are more than just corporations, retail chains or hotel operators. Most importantly, these are apartment owners, customers of shopping centres, office staff and hotel guests.

The Company wants to get as close as possible to its customers, learn what they really need and deliver it. It also want to help its customers to identify their needs and propose solutions to improve their daily life. Through all its activities, the Company wants to say to the customer: Your comfort is our standard.

In 2014, the following projects were implemented:

- commercial projects: Galeria Amber in Kalisz, expansion of Galeria Sudecka in Jelenia Góra;
- office projects: Q22 in Warsaw, West Gate in Wrocław, A4 Business Park (stages I and II) in Katowice, Park Rozwoju (stages I and II) in Warsaw, Tryton in Gdańsk, Opolska Business Park (stage I)) in Kraków, Nobilis Business House in Wrocław;
- residential projects: in Kraków –Hortus, Bronowicka 42 and Park Avenue; in Poznań –Pod Klonami (stage IIB), Kasztanowa Aleja (II), Osiedle Jasminowe (I), park Sowińskiego (I); in Wrocław –Grota 111 (I); in Warsaw – Nowy Mokotów (I and II), in Łódź – Osiedle Jarzębinowe (I); in Kielce – Osiedle Południowe (III)

In 2014, the Group also focused on continuing the preparation of other investments for implementation. This allowed the Group to quickly and smoothly start investment projects, and it has projects to be launched in 2015.

The Company continues to optimise property development processes in individual investments. The Management Board closely monitors developments on the real estate market and decides to implement specific projects on an individual basis, based on current analyses. To minimise the risk of unfavourable market changes, large projects are implemented in several stages.

In 2014, the Group focused on commercialising projects, which resulted in high lease ratios of the commercial developments in Jelenia Góra and Kalisz, and of office developments: Q22 in Warsaw, A4 Business Park in Katowice, West Gate in Wrocław and Park Rozwoju in Warsaw.

In 2015 and subsequent years, the Company plans to launch further investments in response to the continued recovery on the housing market (2014 was a record year for the sales of apartments). The number and implementation of these investments in individual years will depend on supply and demand-related factors, such as purchasing power, availability of loans, remunerations and housing prices on the market.

The construction of a multi-purpose shopping, services and office centre in Budapest, and a shopping and entertainment centre in the Romanian city of Brasov is currently prepared. The launch of the office project in Kiev was suspended due to unstable political situation in Ukraine.

In 2014, the Company monitored the market to obtain more investment land, and it purchased a plot for an office and residential development in Warsaw (former Browar Królewski) and plots in Wrocław (ul. Gdańska) and in Występa near Kielce for housing developments. In addition, the Group acquired two plots for resale in Katowice at ul. Jankego and in Jelenia Góra at ul. Legnicka. The Company still intends to monitor the market for prime locations for property development projects. The Company's Management Board does not preclude the possibility of purchasing completed projects in attractive locations to increase their profitability.

The main direction for the Group's development involves office projects in Warsaw, Krakow, Wrocław, Poznań, Tricity and Katowice. In these cities, BPO companies are becoming more and more interested in office space. Office buildings erected by the Company are characterised by top quality, attractive architectural design, excellent functionality and innovative technical solutions (BREEAM certifications).

Land for shopping centres is acquired in large and middle-sized cities. From the Company's perspective, the market of shopping centres is entering a mature phase and, therefore, the Management Board does not expect this market to develop as dynamically as the office segment.

The Company is looking for land for housing developments in Warsaw, Krakow, Poznań and Wrocław. The implemented projects will be of a mid and high standard because they can generate a higher margin than the low cost housing segment.

A large land reserve allowing for the implementation of projects in all segments provides the Group with very good growth perspectives, and the partially completed preparation works will allow for the launch of further developments in the coming years. By 2020, the Group plans to launch 20 office developments (GLA of 330 thousand sq. m) 7 shopping centres (GLA of 170 thousand sq. m) and nearly 30 housing developments (more than 3,100 apartments) on the land held.

8. INFORMATION ON SIGNIFICANT TRANSACTIONS ENTERED INTO BY THE ISSUER OR ITS SUBSIDIARY WITH RELATED PARTIES ON TERMS OTHER THAN MARKET TERMS, INCLUDING THE AMOUNTS AND INFORMATION SPECIFYING THE NATURE OF THE TRANSACTIONS

In 2014, neither Echo Investment SA nor its subsidiaries entered into any agreements with related parties on terms other than market terms.

9. NFORMATION ON LOAN AND BORROWING AGREEMENTS CONCLUDED AND TERMINATED IN THE FINANCIAL YEAR

9.1. Loan agreements of the parent entity

COMPANY'S LIABILITIES UNDER LOANS RAISED AT 31 DECEMBER 2014

BANK NAME	NATURE OF LIABILITY	LOAN CURRENCY	LOAN AMOUNT UNDER THE AGREEMENT [IN PLN '000]	UTILISED AT 31.12.2012 [IN PLN '000]	TYPE OF INTEREST RATE	FINAL REPAYMENT DATE
PKO BP S.A.	Overdraft facility	PLN	60,000	-	1M WIBOR + margin	19.08.2015
PKO BP S.A.	Revolving facility	PLN	40,000	25,770	1M WIBOR + margin	19.08.2015
PeKaO S.A.	Overdraft facility	PLN	75,000	-	1M WIBOR + margin	*30.06.2016
ALIOR BANK S.A.	Overdraft facility	PLN	30,000	-	3M WIBOR + margin	30.01.2016
BZ WBK S.A.	Overdraft facility	PLN	75,000	-	1M WIBOR + margin	**30.07.2016
TOTAL			**280,000**	**25,770**		

* automatic renewal clause, Loan Agreement from 30.06.2015 to 30.06.2016 following payment of all liabilities thereunder,
** Loan repayment date is 30.07.2016 or 30.07.2015 in the case of failure to meet the required level or in the case of breach of the Loan Agreement.

9.2. Loan agreements of subsidiaries

The Capital Group's liabilities under the loans raised, as at 31 December 2014, are presented in the table below.

BORROWER	BANK NAME	NATURE OF LIABILITY	LOAN CURRENCY	LOAN AMOUNT UNDER THE AGREEMENT (IN '000)	UTILISED [IN PLN '000] AT 31.12.2014	TYPE OF INTEREST RATE	FINAL REPAYMENT DATE
Farrina Investments Sp. z o. o.	Westdeutsche ImmobilienBank AG	Long-term loan	EUR	37042	36,055	3M EURIBOR, IRS	2019-08-19
"Wan 11" Sp. z o.o.	Hypothekenbank Frankfurt AG	Long-term loan	EUR	**32,100	22,152	1M EURIBOR, IRS	2016-01-29
Projekt Echo Galeria Kielce –Magellan West spółka z ograniczoną odpowiedzialnością - SKA	HSBC BANK PLC	Long-term loan	EUR	100,000	100,000	3M EURIBOR, IRS	2019-12-30
Projekt Echo – 102	HSBC BANK PLC	Long-term loan	EUR	36,000	0	1M/3M EURIBOR, IRS	2021-12-30
	HSBC BANK POLSKA S.A.		PLN '000	7,000	0	1M WIBOR	2016-12-22
Echo – Opolska Business Park Spółka z ograniczoną odpowiedzialnością S.k.a.	HSBC BANK PLC	Long-term loan	EUR	29,000	0	1M/3M EURIBOR, IRS	2021-12-30
	HSBC BANK POLSKA S.A.		PLN '000	7,000	0	1M WIBOR	2016-12-22
Projekt Echo-105 Sp. z o.o.	PKO BP SA	Long-term loan	EUR	13,269	12,129	3M EURIBOR, IRS	2017-03-27
Projekt Echo Pasaż Grunwaldzki – Magellan West spółka z ograniczoną odpowiedzialnością - SKA	Hypothekenbank Frankfurt AG	Long-term loan	EUR	10,5620	101,472	3M EURIBOR, IRS	2016-12-31
"Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością" SKA	PKO BP SA	Long-term loan	EUR	24,200	20,378	3M EURIBOR, IRS	2018-06-30
"Veneda - Projekt Echo - 97 Spółka z ograniczoną odpowiedzialnością" SKA	Raiffeisen Bank Polska S.A.	Long-term loan	EUR	14,350	13,047	3M EURIBOR, IRS	2019-09-30
ASTRA PARK - "Projekt Echo 69" Spółka z ograniczoną odpowiedzialnością - Spółka komandytowo - akcyjna	Hypothekenbank Frankfurt AG	Long-term loan	EUR	24,000	17,213	1M EURIBOR, IRS	2018-12-31
"Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" SKA	Pekao SA.	Long-term loan	EUR	35,626	18,629	1M/3M EURIBOR, IRS	2022-06-30
			PLN '000	7,000	683	1M WIBOR	2015-06-30
Echo - Galeria Amber Spółka z ograniczoną odpowiedzialnością – SKA	Pekao S.A.	Long-term loan	EUR	47,000	46,706	3M EURIBOR, IRS	2019-10-31
"Echo-Park Rozwoju"- spółka z ograniczoną odpowiedzialnością - SKA	BZ WBK SA	Long-term loan	EUR	22,403	15,182	1M/3M EURIBOR, IRS	2021-02-28
			PLN '000	5,000	0	1M WIBOR	2016-03-31
Galaxy - Projekt Echo-106 spółka z ograniczoną odpowiedzialnością - SKA	Hypothekenbank Frankfurt AG	Long-term loan	EUR	81,830	79,630	3M EURIBOR, IRS	2016-12-31
Projekt Echo – 103 Sp. z o.o.	PKO BP SA	Long-term loan	EUR	21,480	20,343	3M EURIBOR, IRS	2028-12-31
A4 Business Park - "IRIS Capital" Spółka z ograniczoną odpowiedzialnością - SKA	BNP Paribas Bank Polska SA	Long-term loan	EUR	29,000	17,364	3M EURIBOR, IRS	2019-09-30
			PLN '000	5,000	1,298	3M WIBOR	2015-09-30
Projekt Echo – 70 Sp. z o.o.	BZ WBK SA and PKO BP SA	Long-term loan	EUR	112,000	0	1M/3M EURIBOR, IRS	2023-05-18
			PLN '000	16,000	0	1M WIBOR	2018-05-05

*Loan utilised according to nominal value

**100% indebtedness under the loan agreement; Echo Group owns 50% of the project.

Changes regarding loan agreements in 2014:

On 8 January 2014, Echo - Galaxy" Spółka z ograniczoną odpowiedzialnością SKA, with its registered office in Kielce, the Issuer's subsidiary, made the final repayment of the investment loan to Hypothekenbank Frankfurt AG, with its registered office in Eschborn (Germany) in accordance with the loan agreement.

On 31 January 2014, Projekt 5 - Grupa Echo spółka z ograniczoną odpowiedzialnością, with its registered office in Szczecin, the Issuer's subsidiary, made the final repayment of the investment loan to Powszechna Kasa Oszczędności Bank Polski S.A. in accordance with the loan agreement.

On 31 March 2014, A4 Business Park - "IRIS Capital" Spółka z ograniczoną odpowiedzialnością – SKA, with its registered office in Kielce, the Issuer's subsidiary, signed a loan agreement with BNP Paribas Bank Polski S.A. with its registered office in Warsaw.

On 30 September 2014, Echo – Babka Tower Spółka z ograniczoną odpowiedzialnością – SKA (formerly known as Projekt Babka Tower – Grupa Echo Spółka z ograniczoną odpowiedzialnością - SKA), with its registered office in Kielce, the Issuer's subsidiary, made the final repayment of the investment loan to Hypothekenbank Frankfurt AG, with its registered office in Eschborn (Germany) in accordance with the loan agreement.

On 18 November 2014, Projekt Echo – 70 Sp. z o.o., with its registered office in Kielce, the Issuer's subsidiary, signed a loan agreement with BZ WBK S.A. with its registered office in Wrocław and Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw.

On 22 December 2014, the following Issuer's subsidiaries:

1. Projekt Echo Galeria Kielce –Magellan West spółka z ograniczoną odpowiedzialnością - SKA, with its registered office in Kielce;
2. Projekt Echo – 102 Sp. z o.o. with its registered office in Kielce;
3. Echo – Opolska Business Park Spółka z ograniczoną odpowiedzialnością S.k.a., with its registered office in Kielce;

signed with the following banks:

1. HSBC plc, with its registered office in London;
2. HSBC Bank Polska Spółka Akcyjna with its registered office in Warsaw;

a loan agreement.

On 30 December 2014, Echo - Galaxy" Spółka z ograniczoną odpowiedzialnością SKA, with its registered office in Kielce, the Issuer's subsidiary, made the final repayment of the investment loan to Hypothekenbank Frankfurt AG, with its registered office in Eschborn (Germany) in accordance with the loan agreement.

9.3. Borrowing agreements

The Capital Group did not raise any borrowings in 2014.

9.4. Debt instrument agreements

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

On 15 April 2004, Echo Investment S.A signed a dealership and brokerage agreement with mBank S.A. for the establishment of the programme of issue of short-, medium-, and long-term bonds denominated in PLN, with the total nominal value of the program up to PLN 1 billion. Under these agreements, mBank S.A. agreed to arrange for and comprehensively deal with the Company's bond issue under the Bond Issue Programme. These agreements, together with subsequent annexes, are to continue until terminated and provide for multiple bond issues to be effected by the Company in a private placement. The maximum aggregate nominal value of all issuable bonds is PLN 1 billion. The bonds under the Bond Issue Programme are issued as unsecured bearer securities. The bonds may bear interest at a fixed or variable rate. The final issue terms are set prior to the issue during the Bond Issue Programme.

Cash proceeds from the bond issue are complementary to credit limits and enable the Company to finance the investments planned and to develop the existing areas of activity in the real property market.

At 31 December 2014, the Issue Programme allowed the Group to issue bonds up to the maximum aggregate nominal value of PLN 1 billion. Under this package, the amount of PLN 35 million is covered by a purchase guarantee issued by mBank S.A. under Guarantee Agreement which is valid until 1 December 2016.

On 19 February 2014, the Company issued coupon bonds for a total amount of PLN 100 million. The nominal value of one bond is PLN 10 thousand. The bonds were issued for a period ending on 19 February 2019. The bond ISIN Code is PLECHPS00134. The interest on the bonds was determined on the basis of variable 6M WIBOR plus investors' margin. The interest will be paid semi-annually. The bonds will be redeemed at maturity at their nominal value. The bonds issued are not hedged.

On 15 May 2014, the Company issued coupon bonds in the total amount of PLN 70.5 million. The nominal value of one bond is PLN 10 thousand. The bonds were issued for the period of 5 years, i.e. the redemption of bonds is due on 15 May 2019. The bond ISIN Code is PLECHPS00159. The interest on the bonds was determined on the basis of variable 6M WIBOR plus investors' margin. The bonds issued are not hedged.

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

Listed bonds

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

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

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

The Company issued the following:

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

- 250,000 (two hundred and fifty thousand) B series bearer bonds having a nominal value of PLN 100 (one hundred Polish zloty) each, maturing on 2 July 2016. The issue was effected under the Issue Resolution of the Company's Management Board dated 1 July 2014. The bond ISIN Code is PLECHPS00167. The Issue Date of B Series Bonds was 22 July 2014.

- 750,000 (seven hundred and fifty thousand) C series bearer bonds having a nominal value of PLN 100 (one hundred Polish zloty) each, maturing on 4 March 2018. The issue was effected under the Issue Resolution of the Company's Management Board dated 1 September 2014. The bond ISIN Code is PLECHPS00175. The Issue Date of C Series Bonds was 6 October 2014.

- 500,000 (five hundred thousand) D series bearer bonds having a nominal value of PLN 100 (one hundred Polish zloty) each, maturing on 20 April 2018. The issue was effected under the Issue Resolution of the Company's Management Board dated 15 October 2014. The bond ISIN Code is PLECHPS00183. The Issue Date of B Series Bonds was 7 November 2014.

The interest on the bonds was determined on the basis of variable 6M WIBOR plus investors' margin. The bonds issued are not secured.

LIABILITIES DUE TO BONDS ISSUED AS AT 31 DECEMBER 2014 [IN PLN '000]

BANK NAME	LISTED ON THE BONDSPOT	TYPE OF FINANCIAL INSTRUMENT	AMOUNT USED [IN PLN '000]	BOND REDEMPTION DATE	INTEREST RATE TERMS
mBank S.A.	(ISIN : PLECHPS00100)	Bonds	115,000	18.05.2015	6M WIBOR + margin
mBank S.A.	UNLISTED	Bonds	145,000	11.02.2016	6M WIBOR + margin
mBank S.A.	(ISIN : PLECHPS00118)	Bonds	200,000	28.04.2017	6M WIBOR + margin
mBank S.A.	(ISIN : PLECHPS00126)	Bonds	80,000	19.06.2018	6M WIBOR + margin
mBank S.A.	(ISIN ; PLECHPS00134)	Bonds	100,000	19.02.2019	6M WIBOR + margin
mBank S.A.	(ISIN : PLECHPS00159)	Bonds	70,500	15.05.2019	6M WIBOR + margin
Unlisted bonds			**710,500**		
Issue of A series	(ISIN : PLECHPS00142)	Bonds	50,000	26.06.2016	6M WIBOR + margin
Issue of B series	(ISIN : PLECHPS00167)	Bonds	25,000	02.07.2016	6M WIBOR + margin
Issue of C series	(ISIN : PLECHPS00175)	Bonds	75,000	04.03.2018	6M WIBOR + margin
Issue of D series	(ISIN : PLECHPS00183)	Bonds	50,000	20.04.2018	6M WIBOR + margin
Listed bonds (DM PKO)			**200,000**		

TOTAL	910,500

10. INFORMATION ON THE LOANS GRANTED IN THE FINANCIAL YEAR

The Capital Group's receivables under the loans granted as at 31 December 2014 are presented in the table below.

ENTITY	OUTSTANDING LOAN AMOUNT [IN PLN '000]
Legal persons	25,090
Natural persons	77

11. INFORMATION ON SURETIES AND GUARANTEES GRANTED AND RECEIVED IN THE FINANCIAL YEAR

11.1. Surety agreements

I. Sureties granted as at 31 December 2014 are presented in the table below.

SURETY TO	VALUE [IN PLN '000]	VALID UNTIL	DESCRIPTION
TESCO (POLSKA) SP. Z O.O.	15,000	30 June 2015	Surety of Echo Investment S.A. for liabilities of Galeria Olimpia-Projekt Echo-98 Spółka z ograniczoną odpowiedzialnością" SKA and "Veneda-Projekt Echo-97 Spółka z ograniczoną odpowiedzialnością" SKA arising on to the reimbursement to Tesco (Polska) Sp. z o.o. up to the amount of expenses actually incurred by Tesco (Polska) Sp. z o.o. for the future leased object under lease agreements concluded on 28.10.2010.
BANK POLSKA KASA OPIEKI S.A.	222,419	will be in force until the conditions specified in the surety agreement are satisfied, but not later than 31.12.2025.	Surety of Echo Investment S.A. for liabilities of Galeria Sudecka - Projekt Echo - 43 spółka z ograniczoną odpowiedzialnością SKA as security for liabilities under the loan agreement concluded on 19.12..2013, framework agreement of 19.04.2011 and agreement no. 2013/127/DDF of 17.09.2013. The value of the surety is PLN 222,419 thousand. Part of the surety in EUR currency.

II. Amendments to surety agreements granted by Echo Investment S.A. in 2014:

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

On 29 July 2014, Echo Investment S.A. granted a surety in the amount of EUR 42,751,440 and PLN 40,200,000 to Bank Polska Kasa Opieki S.A. as security for the liabilities of Galeria Sudecka - Projekt Echo - 43 spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary) under a loan agreement concluded on 19 December 2013, a framework agreement dated 19 April 2011 and agreement No. 2013/127/DDF concluded on 17 September 2013. On 19 September 2014, the surety in the amount of EUR 55,562,406.24 granted by Echo Investment S.A. to Westdeutsche Immobilienbank AG for the liabilities of Farrina Investments Sp. z o.o. (the Issuer's subsidiary) under the loan agreement signed on 5 December 2013, expired.

III. As at 31 December 2014, the value of valid sureties received by the Capital Group and its subsidiaries is as follows

- - under the lease agreements: PLN 2.80 million, EUR 3.54 million, USD 0 million
- under the project implementation: PLN 0 million, EUR 0 million, USD 0 million.

11.2. Guarantee agreements

I. The existing guarantee agreements as at 31 December 2014 are presented in the table below.

GUARANTOR	VALUE [IN PLN '000]	VALID UNTIL	DESCRIPTION

GUARANTOR	VALUE [IN PLN '000]	VALID UNTIL	DESCRIPTION
PKO BP SA	2,155	17 May 2016	Security for remedying defects and faults for Orbis S.A. under the conditional agreement for General Project Implementation of 04 September 2008
PKO BP SA	134	until 15.03.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce.
PKO BP SA	188	until 07.05.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Olimpia in Bełchatów.
PKO BP SA	88	until 10.08.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Olimpia in Bełchatów.
PKO BP SA	101	until 29.04.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce.
PKO BP SA	151	until 31.08.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce.
Echo Investment S.A.	10,130	the date of release of the leased item, but not later than 30.06.2015	Security of liabilities to BNY MELLON (Poland) Sp. z o.o. arising under the lease agreement dated 19 November 2012. Guarantee issued in EUR.
Echo Investment S.A.	21,312	2 July 2020	Security of liabilities in the event of improper performance of the final agreement for sale of an office building Aquarius Business House in Wroclaw, stage I. Guarantee issued in EUR.
Echo Investment S.A.	27,300	the date of the project completion, but not later than 28 February 2016	Security for exceeded costs, debt service liabilities and construction management support during the implementation of Park Rozwoju project, stage I, in Warsaw, to Bank Zachodni WBK S.A.
Echo Investment S.A.	38,361	until 30.07.2021	Security of liabilities in the event of improper performance of the final contract of sale of an office building Aquarius Business House in Wroclaw, stage II. Guarantee issued in EUR.
Echo Investment S.A.	30,227	30 June 2015	Security for exceeded implementation costs of A4 Business Park project, stages I and II, in Katowice, Guarantee issued in EUR.
Echo Investment S.A.	13,148	shall be in force until the Date of Conversion, but no later than until 31 December 2025.	Security for exceeded costs of development of CHR Galeria Sudecka in Jelenia Góra and for the coverage of absent own funds, to Bank Pekao Kasa Opieki S.A.
Bank Pekao S.A.	3,600	30 June 2016	Security for the payment of claims arising from a failure to timely perform the agreement concluded on 24 August 2012 to the Community of Jelenia Góra. The guarantee issued to replace the guarantees in the item above.
PKO BP SA	1,230	until 27.12.2017	Security for the payment of claims arising from a failure to comply with the terms of the agreement concluded on 26 November 2012 to the Municipality of Szczecin.
Echo Investment S.A.	255,738	the Conversion Date, but not	Security for exceeded costs, coverage of

GUARANTOR	VALUE [IN PLN '000]	VALID UNTIL	DESCRIPTION
		later than 06.02.2018.	absent own funds, liabilities arising under debt service and hedging agreements, construction management support during the implementation of an office building Q22 project in Warsaw, to Bank Zachodni WBK S.A. and PKO BP S.A.
Echo Investment S.A.	34,974	within 12 months after the Construction Completion	Security for exceeded costs of the implementation of Tryton Business House office building project, stage I, in Gdańsk, to HSBC BANK plc,
Echo Investment S.A.	27,106	within 12 months after the Construction Completion	Security for exceeded costs of the implementation of Opolska Business Park project, stage I, in Kraków, to HSBC BANK plc,
Projekt Echo Galeria Kielce –Magellan West spółka z ograniczoną odpowiedzialnością - SKA	160,443	until repayment of all obligations under the loan agreement	Security of non-performance of financial obligations under the loan agreement concluded on 22 December 2014 by Projekt Echo – 102 Sp. z o.o. to HSBC Bank plc. Part of the surety in EUR currency.
Projekt Echo Galeria Kielce –Magellan West spółka z ograniczoną odpowiedzialnością - SKA	130,607	until repayment of all obligations under the loan agreement	Security of non-performance of financial obligations under the loan agreement concluded on 22 December 2014 by Echo-Opolska Business Park Spółka z ograniczoną odpowiedzialnością SKA to HSBC Bank plc. Part of the surety in EUR currency.

II. Amendments to guarantee agreements granted by Echo Investment S.A. in 2014:

The guarantee in the amount of EUR 4,000,000.00 issued by Echo Investment S.A. as security for payment of claims arising from possible termination of the preliminary conditional agreement for the sale of the Aquarius Business House office building in Wrocław, stage II, concluded between Aquarius Business House House – Grupa Echo Spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary) and Skua Sp. z o.o., expired on 31 January 2014.

On 31 January 2014 Echo Investment S.A. granted a guarantee as security for proper performance of the final agreement for the sale of the Aquarius Business House office building in Wrocław, stage II, concluded between Projekt Echo – 104 Sp. z o.o. (the Issuer's subsidiary) and Skua Sp. z o.o. The total guarantee amount is EUR 9,000,000.00. The guarantee is valid until 30 July 2021.

On 07 March 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as security for non-performance of obligations under a promotional lottery organised in CHR Olimpia in Bełchatów. The guarantee amounts to PLN 188,332.50. The guarantee is valid until 07 May 2015.

On 14 March 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as security for non-performance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce. The guarantee amounts to PLN 134460.00. The guarantee is valid until 15 March 2015.

On 31 March 2014, Echo Investment S.A. granted a guarantee to BNP Paribas Bank Polska S.A. to secure exceeded costs of the implementation of A Business Park project, stages I and II in Katowice incurred by the Borrower -A4 Business Park – "Iris Capital" Spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary). The guarantee amounts to EUR 3,545,886.40. The guarantee is valid until 30 June 2015.

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

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

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

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

A guarantee in the amount of PLN 30,000,000.00 issued by PKO BP SA as security for default under the agreement and annex 1 to the lease agreement dated 29 November 2002 concluded on 21 October 2013 by Projekt Echo Galeria Kielce - Magellan West spółka z ograniczoną odpowiedzialnością – S.K.A. (a subsidiary of the Issuer).

On 09 July 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as security for default under a promotional lottery organised in CHR Galeria Echo in Kielce. The guarantee amounts to PLN 100,770.00. The guarantee is valid until 29 April 2015.

On 29 July 2014, Echo Investment S.A. issued a guarantee to Bank Polska Kasa Opieki S.A. as security for the exceeded costs of the expansion of CHR Galeria Sudecka in Jelenia Góra and for the coverage of absent own funds by Galeria Sudecka - Projekt Echo - 43 spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary). The guarantee amounts to PLN 13,148,420. The gurantee will be valid until the Conversion Date, but in no event later than 31 December 2025.

On 31 July 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Łódź as security for default under a promotional lottery organised in CHR Olimpia in Bełchatów. The guarantee amounts to PLN 88,466.00. The guarantee is valid until 10 August 2015.

On 11 August 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as security for default under a promotional lottery organised in CHR Galeria Echo in Kielce. The guarantee amounts to PLN 151,250.00. The guarantee is valid until 31 August 2015.

A guarantee in the amount of EUR 36,995,00 issued by Echo Investment S.A. as security for default to ImmoPoland Sp. z o.o. under the lease agreement of 28 August 2009, expired on 31 October 2014.

On 31 October 2014, a guarantee issued by Echo Investment S.A. to Bank Polska Kasa Opieki S.A. as security for the exceeded costs of construction of CHR Amber in Kalisz, for debt service liabilities and for the coverage of absent own funds by Echo-Galeria Amber Spółka z ograniczoną odpowiedzialnością S.K.A, expired on 31 October 2014. The guarantee totals PLN 29,670.00 and EUR 2,300,000.00.

On 31 December 2014, an advance payment bank guarantee issued by Echo Investment S.A. to "Leroy - Merlin Inwestycje" Sp. z o.o. in connection with the preliminary agreement for the sale of real property concluded on 9 April 2014, expired on 31 December 2014.

On 9 July 2014, Bank PKO BP SA granted a bank guarantee to the Municipality of Szczecin as performance bond connected to the obligations of the agreement signed on 26 November 2012 between the Municipality of Szczecin and Galaxy – Projekt Echo – 106 Sp. z o.o. - SKA (the Issuer's subsidiary). The guarantee amounts to PLN 1,230,000.00. The guarantee is valid until 27 December 2017.

On 18 November 2014, Echo Investment S.A. issued a guarantee to Bank Zachodni WBK S.A. and PKO BP S.A. as security for the exceeded costs, coverage of absent own funds, debt service liabilities and construction management support during the construction of an office building Q22 in Warsaw by the Borrower, i.e. Development Park – Projekt Echo – 70 spółka z ograniczoną odpowiedzialnością (the Issuer's subsidiary). The total guarantee amount is EUR 60,000,000.00. The guarantee is valid until the Conversion Date, but not later than 06.02.2018.

On 22 December 2014, Echo Investment S.A. issued a guarantee to HSBC Bank plc as security for the exceeded costs of the construction of an office building Tryton Business House in Gdańsk, by Projekt Echo – 102 Sp. z o.o. (the Issuer's subsidiary), The guarantee amounts to PLN 34,974,200.00. The guarantee will be valid within 12 months after the Construction Completion.

On 22 December 2014, Echo Investment S.A. issued a guarantee to HSBC Bank plc as security for the exceeded costs of the construction of an office building Tryton Business House in Gdańsk, by Echo-Opolska Business Park Spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary), The guarantee amounts to PLN 27106000.00. The guarantee will be valid within 12 months after the Construction Completion.

On 22 December 2014, Projekt Echo Galeria Kielce - Magellan West spółka z ograniczoną odpowiedzialnością -SKA (the Issuer's subsidiary) issued a guarantee to HSBC Bank plc as security for non-performance of financial obligations under the loan agreement concluded on 22 December 2014 by Projekt Echo – 102 Sp. z o.o. (the Issuer's subsidiary) to HSBC Bank plc. The guarantee amounts to EUR 36,000,000.00 and PLN 7,000,000.00. The guarantee will be valid until all obligations under the loan agreement are performed.

On 22 December 2014, Projekt Echo Galeria Kielce - Magellan West spółka z ograniczoną odpowiedzialnością -SKA (the Issuer's subsidiary) issued a guarantee to HSBC Bank plc as security for non-performance of financial obligations under the loan agreement concluded on 22 December 2014 by Echo-Opolska Business Park Spółka z ograniczoną odpowiedzialnością SKA (the Issuer's subsidiary) to HSBC Bank plc. The guarantee amounts to EUR 29,000,000.00 and PLN 7,000,000.00. The guarantee will be valid until all obligations under the loan agreement are performed.

III. As at 31 December 2014, the value of valid guarantees received by the Capital Group and its subsidiaries is as follows:

- under the lease agreements: PLN 6.69 million, EUR 14.85 million, USD 0 million
- under the project implementation: PLN 64.68 million, EUR 2.96 million, USD 10.02 thousand.

12. IN THE EVENT OF ISSUE OF SECURITIES IN THE REPORTING PERIOD – DESCRIPTION OF HOW THE PROCEEDS FROM THE ISSUE WERE USED BY THE ISSUER UNTIL THE DATE OF THIS MANAGEMENT REPORT

Issue of bonds

Under the Bond Issue Programme signed with BRE Bank S.A., with its registered office in Warsaw (CR No. 7/2011 of 1 February 2011), the Company issued coupon bonds at a total amount of PLN 100 million on 19 February 2014.

The nominal value and issue price of one bond is PLN 10 thousand. The bonds were issued for a period ending on 19 February 2019. The interest on the bonds was determined on the basis of variable 6M WIBOR plus investors' margin. The interest will be paid semi-annually. The bonds will be redeemed at maturity at their nominal value. The bonds issued are not hedged.

Liabilities incurred by the Issuer as at the last day of the quarter preceding the offer to purchase, i.e. 30 September 2013, amounts to PLN 928 million.

In the opinion of the Management Board of Echo Investment S.A., during the period of validity of the issued bonds, general liabilities of Echo Investment S.A. will be maintained at a safe level and the indicators of the debt servicing capability are at levels which ensure the ability of handling the liabilities arising from the issued bonds.

As at 30 September 2013, the issued bonds account for 16.33% of the equity of Echo Investment S.A.

The bonds do not carry a right to a benefit in kind on the part of the Issuer.

Proceeds from the current issue will be used to rollover bonds maturing in June 2014.

Under the Bond Issue Programme signed with BRE Bank S.A., with its registered office in Warsaw (CR No. 7/2011 of 1 February 2011), the Company issued coupon bonds at a total value of PLN 70.5 million on 15 May 2014. The nominal value and issue price of one bond is PLN 10 thousand. The bonds were issued for a period ending on 15 May 2019. The interest on the bonds was determined on the basis of variable 6M WIBOR plus investors' margin. The interest will be paid semi-annually. The bonds will be redeemed at maturity at their nominal value. The bonds issued are not hedged.

The Issuer's Management Board also decided to redeem 105 bonds with a total nominal value of PLN 10.5 million from the issue maturing on 30 June 2014.

The Issuer's liabilities as at the last day of the quarter preceding the offer to purchase, i.e. 31 March 2012, amount to PLN 1,009 million.

In the opinion of the Management Board of Echo Investment S.A., during the period of validity of the issued bonds, general liabilities of Echo Investment S.A. will be maintained at a safe level and the indicators of the debt servicing capability are at levels which ensure the ability of handling the liabilities arising from the issued bonds.

The issued bonds represent 10.07% of the equity of Echo Investment SA, as at 31 March 2014.

The bonds do not carry a right to a benefit in kind on the part of the Issuer.

Proceeds from the current issue will be used to rollover bonds maturing in June 2014.

Issue of bonds by the Issuer's subsidiaries

On 27 May 2014. Issuer's subsidiaries issued 10-year bonds with a total nominal value of PLN 84 million, including:

1/ Projekt Echo - 70 spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce, issued bonds with the total nominal value of PLN 44 million;

2/ Echo - Arena spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce, issued bonds with the total nominal value of PLN 4 million;

3/ Echo – SPV 7 spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce, issued bonds with the total nominal value of PLN 36 million;

The interest on the bonds was determined on the basis of variable 6M WIBOR plus margin. The interest will be paid semi-annually. The bonds will be redeemed at the nominal value. The bonds issued are not hedged as defined in the provisions of the Act on Bonds.

All the bonds issued by the Issuer's subsidiaries were taken up by the following funds: Forum XXIX Fundusz Inwestycyjny Zamknięty and Forum XXXIV Fundusz Inwestycyjny Zamknięty, both with their registered offices in Kraków. The Issuer directly and indirectly owns all the investment certificates issued by the aforementioned funds.

The issued bonds account for 12% of the equity of Echo Investment SA, as at 31 March 2014.

The above bond issues have a neutral influence on the economic situation of the Capital Group of the Issuer and they are connected with the process of managing cash of the Capital Group Echo Investment S.A.

On 11 June 2014, the Issuer's subsidiary, Projekt Echo – 103" Spółka z ograniczoną odpowiedzialnością, with its registered office in Szczecin, issued 10-year bonds with the total nominal value of PLN 78 million.

The interest on the bonds was determined on the basis of variable 6M WIBOR plus margin. The interest will be paid semi-annually. The bonds will be redeemed at the nominal value. The bonds issued are not hedged as defined in the provisions of the Act on Bonds.

All the bonds issued by the Issuer's subsidiary were taken up by the following funds: Forum XXIX Fundusz Inwestycyjny Zamknięty and Forum XXXIV Fundusz Inwestycyjny Zamknięty, both with their registered offices in Kraków. The Issuer directly and indirectly owns all the investment certificates issued by the aforementioned funds.

The issued bonds account for 11% of the equity of Echo Investment SA as at 31 March 2014.

The above bond issues have a neutral influence on the economic situation of the Capital Group of the Issuer and they are connected with the process of managing cash of the Echo Investment Group.

On 17 June 2014. Issuer's subsidiaries issued 10-year bonds with a total nominal value of PLN 167 million, including:

1/ SPV-7 issued bonds with the total nominal value of PLN 60 million;

2/ SPV -1 issued bonds with the total nominal value of PLN 11.5 million;

3/ Park Rozwoju issued bonds with the total nominal value of PLN 41.5 million;

4/ Veneda issued bonds with the total nominal value of PLN 54 million.

The interest on the bonds was determined on the basis of variable 6M WIBOR plus margin. The interest will be paid semi-annually. The bonds will be redeemed at the nominal value. The bonds issued are not hedged as defined in the provisions of the Act on Bonds.

All the bonds issued by the Issuer's subsidiaries were taken up by the following funds: Forum XXIX Fundusz Inwestycyjny Zamknięty and Forum XXXIV Fundusz Inwestycyjny Zamknięty, both with their registered offices in Kraków. The Issuer directly and indirectly owns all the investment certificates issued by the aforementioned funds.

The issued bonds represent 24% of the equity of Echo Investment SA, as of March 31, 2014.

The above bond issues have a neutral influence on the economic situation of the Capital Group of the Issuer and they are connected with the process of managing cash of the Capital Group Echo Investment S.A.

On 23 July 2014, the Issuer's subsidiary, Farrina Investments Spółka z ograniczoną odpowiedzialnością, with its registered office in Kielce, issued 10-year bonds with the total nominal value of PLN 122 million.

The interest on the bonds was determined on the basis of variable 6M WIBOR plus margin. The interest will be paid semi-annually. The bonds will be redeemed at the nominal value. The bonds issued are not hedged as defined in the provisions of the Act on Bonds.

All the bonds issued by the Issuer's subsidiary were taken up by the following funds: Forum XXIX Fundusz Inwestycyjny Zamknięty and Forum XXXIV Fundusz Inwestycyjny Zamknięty, both with their registered offices in Kraków. The Issuer directly and indirectly owns all the investment certificates issued by the aforementioned funds.

The issued bonds represent 17% of the equity of Echo Investment SA, as of March 31, 2014.

The above bond issues have a neutral influence on the economic situation of the Capital Group of the Issuer and they are connected with the process of managing cash of the Echo Investment Group.

On 6 November 2014. the Issuer's subsidiaries issued 10-year bonds with a total nominal value of PLN 589 million, including:

1/ Echo – SPV 7 Spółka z ograniczoną odpowiedzialnością with its registered office in Kielce issued bonds with the total nominal value of PLN 431 million;

2/ Dellia Investments spółka akcyjna, with its registered office in Warsaw, issued bonds with the total nominal value of PLN 98 million;

3/ Projekt Babka Tower – Grupa Echo Spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna, with its registered office in Kielce, issued bonds with the total nominal value of PLN 60 million.

The interest on the bonds was determined on the basis of variable 6M WIBOR plus margin. The interest will be paid semi-annually. The bonds will be redeemed at the nominal value. The bonds issued are not hedged as defined in the provisions of the Act on Bonds.

All the bonds issued by the Issuer's subsidiaries were taken up by the following funds: Forum XXIX Fundusz Inwestycyjny Zamknięty and Forum XXXIV Fundusz Inwestycyjny Zamknięty, both with their registered offices in Kraków. The Issuer directly and indirectly owns all the investment certificates issued by the aforementioned funds.

The issued bonds account for 80% of the equity of Echo Investment SA as at 30 June 2014.

Some of the bonds were taken up in exchange for cash contribution and most of them were taken up in exchange for non-cash contributions in connection with the decrease of the share capital in the Issuer's subsidiaries (see current reports No.: 14/2014 of 21.05.2014; No. 19/2014 of 05.06.2014; No. 32/2014 of 10.07.2014; No. 38/2014 of 25.07.2014, including;

1/ Echo – SPV 7 spółka z ograniczoną odpowiedzialnością received cash of PLN 4.79 million and receivables due to the decrease of the share capital of joint - stock partnerships of the Issuer's Group at a total value of PLN 426.21 million;

2/ Dellia Investments spółka akcyjna received cash of PLN 347 thousand and a receivable due to the decrease of the share capital of a joint - stock partnership of the Issuer's Group at a value of PLN 97.653 million;

3/ Projekt Babka Tower – Grupa Echo Spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna received cash of PLN 7.66 thousand and a receivable due to the decrease of the share capital of a joint - stock partnership of the Issuer's Group at a value of PLN 52.34 million;

These bond issues have a neutral impact on the economic situation of the Capital Group of the Issuer and they are connected with the process of the cash management of the Echo Investment Capital Group, where the above entities act in the Issuer's Group as funders of investment projects implemented by individual SPVs of the Echo Investment Capital Group.

Issue of the Issuer's listed bonds

A series bonds (the "Bonds") were issued under the public bond issue programme (the "Programme") under the base prospectus approved by the Polish Financial Supervision Authority on 24 June 2014.

Subscriptions for 500,000 Bonds under the offer were carried out between 26 June 2014 (inclusive) and 30 June 2014 (inclusive). The offer was not divided into tranches. The Bonds were allotted on 1 July 2014.

In the subscription period 324 Investors subscribed for 738,329 Bonds. The Company allotted 500,000 Bonds to 324 Investors. Pursuant to the prospectus, the Company reduced the subscriptions made between 27 June 2014 (inclusive) and 30 June 2014 (inclusive). The average reduction rate was 66%.

The Bonds were subscribed at the issue price ranging between PLN 100.00 and PLN 100.06 depending on the date the subscription was made.

The Company did not enter into underwriting agreements in connection with the offering of the Bonds.

The value of the issue determined as the product of the number of Bonds under the offer and the issue price was PLN 50,003,132.07.

The Company's costs associated with the offering of the Bonds are charged to the Company's operating costs.

B series bonds (the "Bonds") were issued under the public bond issue programme (the "Programme") under the base prospectus approved by the Polish Financial Supervision Authority on 24 June 2014.

Subscriptions for 250,000 Bonds under the offer were carried out between 2 July 2014 (inclusive) and 4 July 2014 (inclusive). The offer was not divided into tranches. The Bonds were allotted on 7 July 2014.

In the subscription period 200 Investors subscribed for 298,489 Bonds. The Company allotted 250,000 Bonds to 197 Investors. Pursuant to the prospectus, the Company reduced the subscriptions made between 3 July 2014 (inclusive) and 4 July 2014 (inclusive). The average reduction rate was 92.6%.

The Bonds were subscribed at the issue price ranging between PLN 100.00 and PLN 100.03 depending on the date the subscription was made.

The Company did not enter into underwriting agreements in connection with the offering of the Bonds.

The value of the issue determined as the product of the number of Bonds under the offer and the issue price was PLN 25,000,084.12.

The Company's costs associated with the offering of the Bonds are charged to the Company's operating costs.

C series bonds (the "Bonds") were issued under the public bond issue programme (the "Programme") under the base prospectus approved by the Polish Financial Supervision Authority on 24 June 2014.

Subscriptions for 750,000 Bonds under the offer were carried out between 4 September 2014 (inclusive) and 11 September 2014 (inclusive). The offer was not divided into tranches. The Bonds were allotted on 12 September 2014.

In the subscription period 509 Investors subscribed for 758,644 Bonds. The Company allotted 750,000 Bonds to 508 Investors. Pursuant to the prospectus, the Company reduced the subscriptions made between 10 September 2014 (inclusive) and 11 September 2014 (inclusive). The average reduction rate was 68%.

The Bonds were subscribed at the issue price ranging between PLN 100.00 and PLN 100.11 depending on the date the subscription was made.

The Company did not enter into underwriting agreements in connection with the offering of the Bonds.

The value of the issue determined as the product of the number of Bonds under the offer and the issue price was PLN 75,006,383.04.

The Company's costs associated with the offering of the Bonds are charged to the Company's operating costs.

D series bonds (the "Bonds") were issued under the public bond issue programme (the "Programme") under the base prospectus approved by the Polish Financial Supervision Authority on 24 June 2014.

Subscriptions for 500,000 Bonds under the offer were carried out between 20 October 2014 (inclusive) and 21 October 2014 (inclusive). The offer was not divided into tranches. The Bonds were allotted on 22 October 2014.

In the subscription period 420 Investors subscribed for 715,596 Bonds. The Company allotted 500,000 Bonds to 420 Investors. Pursuant to the prospectus, the Company reduced the subscriptions made between 20 October 2014 (inclusive) and 21 October 2014 (inclusive). The average reduction rate was 30%.

The Bonds were subscribed at the issue price ranging between PLN 100.00 and PLN 100.01 depending on the date the subscription was made.

The Company did not enter into underwriting agreements in connection with the offering of the Bonds.

The value of the issue determined as the product of the number of Bonds under the offer and the issue price was PLN 50,000,677.42.

The Company's costs associated with the offering of the Bonds are charged to the Company's operating costs. The Company's costs associated with the offering of the Bonds are charged to the Company's operating costs.

Proceeds from the issue of Bonds of all series will be used to finance current operations and further development of the Company.

13. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS PRESENTED IN THE ANNUAL REPORT AND FORECAST FINANCIAL RESULTS PUBLISHED EARLIER FOR A GIVEN YEAR

Neither the Capital Group, nor the parent company Echo Investment S.A. published any forecasts of financial results for 2014.

14. ASSESSMENT OF THE MANAGEMENT OF THE CAPITAL GROUP'S FINANCIAL RESOURCES, WITH PARTICULAR EMPHASIS ON THE ABILITY TO SETTLE THE RAISED OBLIGATIONS, AND IDENTIFICATION OF POTENTIAL THREATS AND MEASURES WHICH THE ISSUER HAS TAKEN OR INTENDS TO TAKE TO COUNTERACT SUCH THREATS

In 2014, the management of the Group's financial resources, in connection with acquiring new land for developments and the ongoing investment process (construction of commercial objects and apartments), focused mainly on obtaining funding for the projects and maintaining safe levels of liquidity and the planned funding structure. The Management Board believes that property and financial situation of the Company at the end of December 2014 indicates a stable financial condition, as evidenced by the following ratios.

PROFITABILITY RATIOS

1. **Operating profit margin** (operating profit/revenue): the increase of the margin compared to the same period of 2013 is caused by a higher growth rate in operating profit and lower sales revenue. Higher operating profit results mainly from the measurement of investment properties (using capitalisation rates of measurements prepared by Knight Frank, measurement of vacancies and stands.
2. **Net profit margin** (net profit/revenue): the increase of this margin is due to higher net result and sales revenue. The increase in revenue is due to an increase in sales of apartments under final agreements (more viable residential developments than in 2013) and an increase in rental income.
3. **Return on assets ROA** (net profit/total assets): the ratio increased because the net result increased faster compared to assets.
4. **Return on equity ROE** (net profit/equity): the ratio increased because the net result increased faster compared to equity.

PROFITABILITY RATIOS IN THE GROUP

PROFITABILITY RATIOS	31.12.2014	31.12.2013
Operating profit margin	114.69%	98.67%
Net profit margin	70.19%	64.01%
Return on assets (ROA)	6.07%	5.37%
Return on equity (ROE)	12.82%	11.97%

TURNOVER RATIOS

The Group's turnover ratios depend on the specific nature of its business, which is characterised by a long cycle of implementing projects compared to other industries. Since the Group's inventories include the acquired ownership titles, perpetual usufruct titles, construction expenditures and costs of developments for sale, it must be stressed that this cycle will always be longer compared to other industries, such as the FMCG industry.

1. **Inventory turnover days** (inventories * 360 / revenue): the ratio increased compared to the previous year due to a decrease in sales revenue accompanied by an decrease in the value of inventories. An increase of this ratio indicates the commencement of implementation of some of the housing developments. Preliminary sales are not reflected in revenue, while implementation expenditure are starting to occur. This expenditure will be derecognised no sooner than upon the signing of final agreements and posting of revenue with will naturally shorten this ratio. The ratio will increase along with the commencement of new developments. This effect is due to the industry's specific nature.
2. **Short-term receivables turnover in days** (short-term receivables* 360 / revenue): the ratio decreased due to a faster decrease in receivables accompanied by an increase in net sales. The decrease in receivables is a result of VAT being refunded by the tax authorities.
3. **Short-term trade payables turnover** (short-term trade payables * 360 / revenue): the ratio decreased due to a significant decrease in short-term liabilities accompanied by an increase in revenue from sales compared to 2013. The decrease in short-term liabilities is attributable to the payment of VAT and the conversion of some short-term loans to long-term loans.

THE TABLE BELOW SHOWS THE LEVELS OF INDIVIDUAL RATIOS

TURNOVER RATIOS	31.12.2014	31.12.2013
Inventories turnover in days	374	348
Short-term receivables turnover in days	65	396
Short-term payables turnover in days	76	94

LIQUIDITY RATIOS

1. **Current ratio** ((current assets / short-term liabilities): the ratio increased due to a faster decrease in liabilities compared to current assets compared to the same period in 2013.
2. **Quick ratio** ((current assets - inventories) / short-term liabilities): the ratio increased due to a faster decrease in short-term liabilities (payment of VAT to the tax authorities) compared to a decrease in current assets less inventories (VAT refunds).
3. **Cash ratio** (cash / current liabilities): the increase of this ratio compared to the previous year is attributable to a significant decrease in short-term liabilities with practically unchanged cash.

This ratio is maintained within an ideal or higher range which means that the Group has good standing and has no liquidity problems.

THE TABLE BELOW SHOWS THE LEVELS OF INDIVIDUAL RATIOS

LIQUIDITY RATIOS	31.12.2014	31.12.2013
Current ratio	2.60	1.25
Quick ratio	1.25	0.84
Cash ratio	0.95	0.34

DEBT RATIOS:

1. **Equity to assets ratio** (equity/total assets): an increase in this ratio results from a faster growth of equity in relation to total assets.
2. **Equity to non-current assets** (equity / non-current assets): a decrease is due to a slower increase in non-current assets (due to the positive valuation of the real property and assets incurred for implementation) compared to an increase in non-current assets.
3. **Total debt ratio** (total liabilities / total assets): the ratio is lower than in 2013, which results from a faster growth of total assets compared to total liabilities.. Stable and ideal level of this ratio testify to the good financial standing of the Group.
4. **Debt to equity** (total liabilities / equity): an increase in this ratio is attributable to an increase in equity accompanied by a slower increase in liabilities.

DEBT RATIOS OF THE GROUP

DEBT RATIOS	31.12.2014	31.12.2013
Equity to assets	47.35%	44.86%
Equity to non-current assets	57.21%	60.91%
Total debt ratio	51.46%	54.75%
Debt to equity	108.68%	122.04%

Debt is at safe levels and covenants under loan agreements are fulfilled. The comparison of these two groups of ratios proves the Group's financial security.

15. FEASIBILITY OF INVESTMENT PLANS, INCLUDING CAPITAL INVESTMENTS, COMPARED TO THE FUNDS HELD, TAKING INTO ACCOUNT ANY CHANGES IN THE STRUCTURE OF FINANCING OF SUCH OPERATIONS.

The Group is fully capable of funding the current investment projects. For this purpose, it uses proceeds from equity, bank loans and bond issues. Developments for lease (shopping centres, shopping and entertainment centres and offices) are usually financed through funds obtained (special purpose loans) by special purpose vehicles established to carry out the developments. According to the Company's policy, they are funded in subsidiaries established for this purpose. New properties for housing projects are acquired using the Group's own funds or general purpose loans (overdraft facilities, working capital facilities and bonds) raised by the Company.

16. ASSESSMENT OF UNUSUAL FACTORS AND EVENTS INFLUENCING THE 2014 FINANCIAL RESULTS AND SPECIFICATION OF IMPACT OF SUCH UNUSUAL FACTORS OR EVENTS ON THE RESULT

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

- posting of revenues from final agreements for the sale of residential properties:
  - in Kraków (Hortus Apartments at ul. Korzeniowskiego)
  - In Łódź (Osiedle Jarzębinowe at ul. Okopowa)
  - in Poznań (Kasztanowa Aleja II at ul. Wojskowej, Naramowice Rynek, Pod Klonami at ul. Rubież)
  - in Warsaw (Nowy Mokotów I at ul. Konstruktorskiej, Klimt House at ul. Kazimierzowskiej, os. Zeusa)
  - in Wrocław (Przy Słowiańskim Wzgórzu at ul. Jedności Narodowej)
- posting of revenues from final agreements for the sale of plots with housing projects:
  - in Dyminy near Kielce (Osiedle Południowe)
- sales of the Aquarius Office Building Stage II in Wrocław
- regular revenues from the lease of offices and shopping centres
- quarterly revaluation of the fair value of the property owned by the Group:
  - in operation taking into account:
    - changes in exchange rates (EUR and USD)
    - indexation of rents
    - changes in net operating revenue
    - measurement of vacancies and movable booths
    - change of yield rates according to Knight Frank's measurements
    - first measurements (using the perpetuity method) after commissioning the developments (Galeria Amber in Kalisz, A4 Business Park in Katowice (stage I), Park Rozwoju in Warsaw (stage I)
  - under construction and in the process of commercialisation:
    - Galeria Sudecka in Jelenia Góra (subsequent measurement) - in the balance sheet as investment property
    - West Gate Office Building in Wrocław (first measurement)
- selling costs as well as general and administrative expenses
- establishment of provisions for investment land in Poznań, Koszalin, Brasov and Łódź
- accounting for the costs of terminating the IRS hedging instrument in connection with the refinancing of the loan for Galeria Echo in Kielce
- measurement of liabilities from bonds and borrowings at amortised cost
- measurement of loans and cash due to changes in foreign exchange rates
- measurement and settlement of FX hedging instruments
- interest on deposits and borrowings granted
- discounts and interests on loans, bonds and borrowings

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

- revaluation of the plot in Kiev, Diehtiarivskiej Street (investment properties under construction) up to PLN 10 million, resulting in a decrease in net profit by PLN 65 million (as profit/loss from investment property)
- transfer to the city of the plot for the construction of roads in Warsaw at Witosa/Jana III Sobieskiego/Idzikowskiego Streets (Beethoven project) (effect on the result: -11.9 million)
- sale of plot for the construction of roads to the city of Szczecin (the expansion of the Galaxy Project) (effect on the result: -3.9 million)

3. Foreign currency hedging transactions are concluded as part of the security policy in order to ensure future cash flows from translation of loan tranches in the EUR and one-off significant operating revenues (e.g. from sales of investment projects).

The average-weighted strike for the remaining open transactions is 4.2651 EUR/PLN.

MATURITIES OF OPEN HEDGING POSITIONS AS AT 31 DECEMBER 2014:

		VALUE OF HEDGING INSTRUMENTS		MATURITY BY NOMINAL VALUE [EUR '000 000]					
		BALANCE SHEET [PLN '000 000]	NOMINAL VALUE [EUR '000 000]	Q1-2015	Q2-2015	Q3-2015	Q4-2015	H1-2016	H2-2016
Options	EUR/PLN	-0.2	150.0				50.0		100.0
Forward	EUR/PLN	-5.3	181.4	80.8	37.2	40.8	16.0	6.6	

17. DESCRIPTION OF EXTERNAL AND INTERNAL FACTORS SIGNIFICANT TO THE GROUP'S DEVELOPMENT AND DESCRIPTION OF DEVELOPMENT PERSPECTIVES FOR THE GROUP'S BUSINESS, AT LEAST UNTIL THE END OF THE FINANCIAL YEAR, TAKING ACCOUNT OF THE MARKET STRATEGY ELEMENTS.

17.1. Internal and external factors significant to the Group's development

The most important external factors affecting the Group's development include:

Positive factors:
- ever increasing investment activity of Polish and foreign businesses (BPO sector in particular) and the resulting demand for services provided by the Group companies;
- the ratio of office space per 1,000 residents remaining lower than in Western Europe;
- deficit of residential areas;
- continued economic growth in Poland;
- good condition of the Polish financial sector;
- increase in retail sales growth rate;
- government actions to promote economic growth, such as "Mieszkanie dla Młodych" programme.

Negative factors:
- unclear legal status of many properties due to the absence of precise land development plans in cities and municipalities;
- time-consuming court and administrative procedures with regard to clarifying legal status and acquiring title to the property;
- protests by local retail organisations, reducing the possibility of investing in the construction of shopping centres;
- fluctuations of foreign exchange rates (EUR and USD);
- fluctuations of interest rates;
- uncertainty as to key assumptions of fiscal and monetary policy in Poland (draft amendments to tax laws);
- unstable political situation in Ukraine.

Major internal factors important for the Company's development:

Positive factors:
- clearly specified development strategy,
- stable ownership structure of the Company with a defined and consistent ownership policy;
- strong position of the Group on the property development market and high credibility confirmed by the presence of Echo Investment S.A. on the Warsaw Stock Exchange and the obtained Property Developer Certificate;
- partnership in the area of loans, investment of surplus and transactions on FX derivatives (forwards) and interest rates (IRS) with banks with a stable financial situation;
- successful partnership with stable and renowned partners described in sections 2 and 3 of the report;
- organisational structure with identified departments corresponding to business segments (departments for shopping centres, offices and apartments) responsible for generating profit (revenue and costs) in their segment and for implementing projects, i.e. from purchasing plots of land to lease or sale;
- stable legal status (no court proceedings threatening the Company);
- experienced staff, including BREEAM certification specialists;
- large area of land held and intended for investments.

Negative factors:
- specific nature of business involving dependence on complicated and time-consuming administrative procedures (among other things, obtaining building or usage permits, waiting periods for modification of a local zoning plan, etc.);
- high demand for current funds, in particular in connection with a high number of ongoing projects.

17.2. Business development perspectives of the Group, at least until the end of 2014, taking account of elements of the marketing strategy.

The Group's activity on the real property market in 2014 is presented in the tables below:

PROJECTS COMMISSIONED IN 2014

SEGMENT	CITY/TOWN	STREET	PROJECT NAME
offices	Warsaw	Konstruktorska	Park Rozwoju (stage I)
offices	Katowice	Francuska	A4 Business Park (stage I)

shopping centres	Kalisz	Górnośląska	Galeria Amber
apartments	Kielce	Dyminy	Osiedle Południowe (stage III)
apartments	Warsaw	Konstruktorska	Nowy Mokotów (stage I)
apartments	Kraków	Korzeniowskiego	Hortus Apartments
apartments	Poznań	Karpia	Osiedle Jaśminowe (stage I)
apartments	Poznań	Wojskowa	Kasztanowa Aleja (stage II)

PROJECTS LAUNCHED IN 2014

SEGMENT	CITY/TOWN	STREET	PROJECT NAME
offices	Kraków	Opolska	Opolska Business Park (stage I)
offices	Wrocław	Plac Grunwaldzki	Nobilis Business House
apartments	Kraków	Czarodziejska	Park Avenue
apartments	Łódź	Okopowa	Osiedle Jarzębinowe (stage I)
apartments	Poznań	Sowińskiego	Park Sowińskiego (stage I)
apartments	Warsaw	Konstruktorska	Nowy Mokotów (stage II)

In 2015, the Company plans to launch and commission further projects presented in the table below. The Company will start the construction of 145.8 thousand sq. m. of leasable area and 954 apartments. Thus, in 2015, the Group intends to commission 4 office projects, 2 expanded shopping centres and 5 residential projects. In total, the leasable area to be commissioned to use in 2015 includes 97.8 thousand sq. m. and 403 apartments.

PROJECTS TO BE LAUNCHED IN 2015

SEGMENT	CITY	STREET	PROJECT NAME
offices	Katowice	Francuska	A4 (stage III)
offices	Kraków	Opolska	Opolska Business Park (stage II)
offices	Poznań	Hetmańska	Metropolis (stage I)
offices	Łódź	Piłsudskiego	Aurus (stage I)
offices	Wrocław	Sucha	project stage I
offices	Warsaw	Taśmowa	project stage I
shopping centres	Szczecin	Struga	Outlet Park stage II
shopping centres	Szczecin	Wyzwolenia	Galaxy (expansion)
shopping centres	Budapest		Mundo
apartments	Kraków	Spiska	project stage I
apartments	Kraków	Kościuszki	
apartments	Łódź	Okopowa	Osiedle Jarzębinowe (stage III)
apartments	Poznań	Jackowskiego	
apartments	Poznań	Karpia	Osiedle Jaśminowe (stage II)
apartments	Poznań	Sowińskiego	Park Sowińskiego (stages II and III)
apartments	Warsaw	Puławska	Princess
apartments	Warsaw	Konstruktorska	Nowy Mokotów (stage III)

PROJECTS TO BE COMMISSIONED IN 2015

SEGMENT	CITY	STREET	PROJECT NAME
offices	Gdańsk	Jana z Kolna	Tryton
offices	Kraków	Opolska	Opolska Business Park (stage I)
offices	Warsaw	Konstruktorka	Park Rozwoju (stage II)
offices	Wrocław	Lotnicza	West Gate
shopping centres	Jelenia Góra	Jana Pawła II	Galeria Sudecka
shopping centres	Szczecin	Struga	Outlet Park (stage II)
apartments	Łódź	Okopowa	Osiedle Jarzebinowe (stage II)
apartments	Kraków	Bronowicka	Bronowicka 42
apartments	Poznań	Sowińskiego	Park Sowińskiego (stage I)
apartments	Poznań	Naramowice	Pod Klonami, terraced II
apartments	Wrocław	Grota Roweckiego	Grota 111 (stage I)

18. CHANGES IN KEY PRINCIPLES FOR MANAGING THE ISSUER'S AND THE GROUP'S BUSINESS

In 2014, no significant changes in the basic principles of management of the Issuer's business and its Capital Group occurred.

19. ALL AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND MANAGERS, PROVIDING FOR COMPENSATION IF SUCH PERSONS RESIGN OR ARE DISMISSED WITHOUT GOOD CAUSE OR IF THEY ARE REMOVED OR DISMISSED AS A RESULT OF THE COMPANY'S MERGER BY ACQUISITION

In 2014 and as at 31 December 2014, there were no agreements between the Company and its managerial staff providing for such compensation.

20. REMUNERATIONS, BONUSES OR BENEFITS, INCENTIVE OR BONUS SCHEMES BASED ON THE ISSUER'S CAPITAL, INCLUDING SCHEMES BASED ON CONVERTIBLE BONDS WITH PRE-EMPTIVE RIGHT, SUBSCRIPTION WARRANTS (IN CASH, IN KIND OR OTHERWISE), PAID, DUE OR POTENTIALLY PAYABLE, SEPARATELY FOR EVERY MANAGER AND SUPERVISOR OF THE ISSUER, IRRESPECTIVE OF WHETHER SUCH PAYMENTS WERE RECOGNISED IN COSTS OR RESULTED FROM THE DISTRIBUTION OF PROFIT, AND REMUNERATIONS AND BONUSES RECEIVED FROM HOLDING FUNCTIONS IN CORPORATE BODIES OF SUBORDINATE ENTITIES.

20.1. Remuneration of managerial staff

In 2014, the Management Board Members of Echo Investment S.A. received from Echo Investment S.A. remuneration as follows:

- Piotr Gromniak received remuneration from Echo Investment S.A. in the total amount of PLN 1,084 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Artur Langner received remuneration from Echo Investment S.A. in the total amount of PLN 983 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Waldemar Lesiak received remuneration from Echo Investment S.A. in the total amount of PLN 857 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;

20.2. Remuneration of supervisory staff

In 2014, the Supervisory Board Members of Echo Investment S.A. received from Echo Investment S.A. remuneration for the performance of supervisory functions as follows:

- Wojciech Ciesielski received remuneration from Echo Investment S.A. in the total amount of PLN 84 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Andrzej Majcher received remuneration from Echo Investment S.A. in the total amount of PLN 60 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Mariusz Waniołka received remuneration from Echo Investment S.A. in the total amount of PLN 60 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Robert Oskard received remuneration from Echo Investment S.A. in the total amount of PLN 36 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;
- Karol Żbikowski received remuneration from Echo Investment S.A. in the total amount of PLN 36 thousand; he did not receive remuneration for service in the governing bodies of subsidiaries, jointly controlled entities and associates;

21. The total number and par value of the Issuer shares as well as shares and stocks in affiliated entities of the Issuer held by the members of the management and supervisory bodies.

21.1. Shares in Echo Investment S.A. held by supervisory staff

Shares in Echo Investment S.A. held by supervisory staff as at 31 December 2014 are presented in the table below:

MANAGERIAL STAFF MEMBER	AS AT 31.12.2013 [NUMBER OF SHARES]	NOMINAL VALUE PER SHARE	TOTAL NOMINAL VALUE	% OF SHARE CAPITAL
Wojciech Ciesielski – President of the Supervisory Board	900.000	PLN 0.05	PLN 45,000	0.22%
Andrzej Majcher - Deputy Chair of the Supervisory Board	no shares	-	-	-
Mariusz Waniołka - Deputy Chair of the Supervisory Board	no shares	-	-	-
Robert Oskard – Member of the Supervisory Board	no shares	-	-	-
Karol Żbikowski – Member of the Supervisory Board	no shares	-	-	-

21.2. Shares in Echo Investment S.A. held by managerial staff

Shares in Echo Investment S.A. held by managerial staff as at 31 December 2014 are presented in the table below:

MANAGERIAL STAFF MEMBER	AS AT 31.12.2013 [NUMBER OF SHARES]	NOMINAL VALUE PER SHARE	TOTAL NOMINAL VALUE	% OF SHARE CAPITAL
Piotr Gromniak – President of the Management Board	no shares	-	-	-
Artur Langner – Vice-President of the Management Board	no shares	-	-	-
Waldemar Lesiak - Vice-President of the Management Board	no shares	-	-	-

22. INFORMATION ON AGREEMENTS KNOWN TO THE ISSUER (INCLUDING AGREEMENTS CONCLUDED AFTER THE BALANCE SHEET DATE) THAT MAY CHANGE THE PROPORTION OF SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS

The Company is not aware of any agreements that may change the proportion of shares held by the existing shareholders.

The Issuer notes that on 13 March 2015 it received a request from FTF Columbus S.A., its shareholder controlled by Michał Sołowow, to immediately convene the extraordinary general meeting of the Issuer to replace the Issuer's Supervisory Board Members.

The request of FTF Columbus S.A. provides that it is made in connection with the satisfaction of the condition precedent specified in the agreement for indirect acquisition of 41.55% of shares in the Issuer which was concluded on 28 February 2015 with an entity belonging to Griffin Topco III S.à r.l. (an entity controlled by Oaktree) and to a fund managed by PIMCO. The request also specifies that the transaction is subject to a consent for concentration.

23. INFORMATION ABOUT THE EMPLOYEE SHARE OWNERSHIP PLAN CONTROL SYSTEM

The Company does not operate an employee share scheme.

24. INFORMATION ON AGREEMENTS CONCLUDED WITH AN ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS FOR THE AUDIT OR REVIEW OF FINANCIAL STATEMENTS OR CONSOLIDATED FINANCIAL STATEMENTS

On 24 May 2011, the Company's Supervisory Board, acting under § 13(1)(b) of the Company's Articles of Association, in accordance with the applicable regulations and business standards, appointed an entity authorised to audit financial statements. The entity authorised to audit the Company's financial statements is PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw, ul. Armii Ludowej 14, entered in the list of entities authorised to audit financial statements, maintained by the National Council of Statutory Auditors, under no. 144 (Statutory Auditor); an agreement was concluded with that entity for the audit and review of the financial statements for 2011-2014.

The remuneration of the entity authorised to audit financial statements of the Issuer and of the Echo Investment Group, paid or due for the financial year, amounts to:

- for the audit of separate and consolidated annual statements for 2014: PLN 100,000; the remuneration paid for the audit of similar statements for 2013: PLN 100,000;

- for other auditing services, including remuneration due for the review of separate and consolidated financial statements for 2014: PLN 125,000, and remuneration paid for the review of separate and consolidated financial statements for 2013: PLN 125,000;
- for tax consulting services, including remuneration paid in 2014: PLN 0 and in 2013: PLN 0 net.
- for other services, including remuneration paid or due for 2014: PLN 140,000, and in 2013: PLN 140,000.

25. Major characteristics of the issuer's business as regards systems of internal control and risk management applicable to the process of preparation of financial statements and consolidated financial statements.

25.1. DESCRIPTION OF MAIN CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND OF RISK MANAGEMENT SYSTEMS USED IN THE COMPANY

The Company's Management Board is responsible for the internal control system and its effectiveness in the process of preparing financial statements and periodic reports published according to the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (Journal of Laws of 2009, no. 33, item 259).

The effectiveness and correct operation of the internal control system and of the risk management system is guaranteed by:

- defined and transparent organisational structure;
- skills, know-how and experience of people involved in the internal control process;
- supervision by the management over the system and systematic evaluation of the Company's business;
- verification of the Company's financial statements by an independent statutory auditor.

Mutual connections and interdependence of internal control elements in several areas, such as:

- operating activity;
- financial activity;
- reporting process (including preparation of financial statements);
- analysis of costs and expenditures related to projects, costs and general administrative expenses and sale, and costs and expenditures related to the use of leasable area;
- risk management;

ensure an effective internal control system and support the management of the Group as a whole ensure an effective internal control system and support the management of the Group as a whole.

To make this process more optimal and effective, the Company has introduced a certain degree of automation in the internal control process:

- decision limits (approval of costs, expenditures, payments, selection of counterparties, posting of costs);
- supervision over employee quotas, independent of people assigning quotas;
- configuration of accounts (enabling manual postings on automatic accounts, transparent and easy process of transferring information for reporting);
- automation of payments (generating a payment plan from the accounting system for electronic banking systems);
- eKOD system (electronic Document Circulation Sheet) facilitating the circulation of cost invoices, approval of expenditures and costs and initial posting.

25.2. DETAILED DESCRIPTION OF MAIN CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND OF RISK MANAGEMENT SYSTEMS USED IN THE ISSUER'S BUSINESS IN RELATION TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Main characteristics of the internal control and of the risk management system in relation to the process of preparing separate and consolidated financial statements:

- transparent organisational structure;
- qualified staff;
- direct supervision by the management;
- expert verification of financial statements.

The people responsible for preparing financial statements, as part of the Company's financial and management reporting, are a highly qualified team of specialists of the Finance Branch, which is managed directly by the Finance Director and, indirectly, by the Company's Management Board. In the Finance Branch, this process involves mainly staff from the Accounting Division, assisted by employees from the Budgeting and Analysis Division and Funding Division, and the whole process is supervised by mid-evel management staff of the Finance Branch.

Business operations made during the year are recorded by the Records Team of the Accounting Division. Under internal control, the correctness of economic records is monitored by the Reporting Team from the Accounting Division, who have certificates of the Minister of Finance to provide services involving the keeping of accounting books (so called independent accountants). After completing all pre-defined processes of closing the books, the Team prepares financial statements. The process of monitoring the correctness of posting costs also involves employees from the Budgeting and Forecasts Team.

Measurements recognised in the statements are prepared and submitted to the Reporting Division by the employees of the Budget and Forecasts Team. This Team has knowledge in the area of financial accounting (some of the staff are independent accountants), management accounting and financial analyses (some of the staff are adequately trained in audit and internal control). They also monitor the correct posting of these measurements.

The whole process of preparing statements is supervised by managers from the Accounting Division and the Budget and Forecasts Team The reconciliation of settlements with banks is the responsibility of the Payments and Insurance Team. Owing to a broad internal control system, which involves staff from individual teams, and supervision by managers from the Finance Branch, any errors are adjusted on an ongoing basis in the Company's accounting books according to the adopted accounting policy.

Prior to being given to an independent auditor, the prepared financial statements are checked by the Company's Chief Accountant. According to the applicable provisions of law, the Company reviews or audits its financial statements using an renowned and highly qualified independent statutory auditor. During the audit by an independent statutory auditor, employees from the Divisions of the Finance Branch participating in the process of preparing the statements provide explanations.

25.3. DESCRIPTION OF OTHER USE OF INTERNAL CONTROL SYSTEM AND OF RISK MANAGEMENTSYSTEM IN THE COMPANY, TAKING ACCOUNT OF SIGNIFICANCE OF THE FINANCIAL AND ACCOUNTING SYSTEM.

The controlling process in the Company, the basic and key element of which is the internal control, is based on a system of budgets. On an annual basis, the Company updates short-term, mid–term and long-term plans, and prepares very detailed budgets for the following year with regard to:

- construction projects,
- utility projects,
- expenditures, general administrative and sales expenses.

Based on the budgets, financial forecasts and cash flow forecasts necessary in the risk management process are updated. The budgeting process is based on the Company's existing formalised rules and is closely supervised by the Finance Director. The process involves the Company's mid-level and senior management staff responsible for specific budget areas. Responsibility for the preparation and presentation rests with the Finance Branch and, with regard to costs of operation, the employees of the Property Management Division. They are also responsible for monitoring the incurred expenditures and reporting on the performance of budgets. The budget of construction projects is the responsibility of Project Managers, who are assisted by the Budgeting and Analysis Division. The budget of utility projects is the responsibility of financial analysts from the Management Division, and the budget of costs and general administrative and sale expenses is the responsibility of the Budgeting and Analysis Division. This Division is also responsible for preparing financial and cash flow forecasts and for verifying them. The budget prepared for the following year on an annual basis is approved by the Company's Management Board.

The Company's financial and accounting system is the source of data for the whole reporting system of the Company, i.e.:

- for the process of preparing financial statements,
- periodic reports,
- management reporting system.

The entire reporting system uses the Company's financial and management accounting based on the accounting policy adopted in the Company (International Financial Reporting Standards). Owing to this, management reporting is not detached from the prepared financial statements and takes account of the format and the level of detail of data presented in these statements. The process of preparing financial statements is described in the above section. The periodic and management reporting process is a continuation of the above-described budgeting process. Once the accounting books have been closed, reports are prepared on the performance of budgets and forecasts. In relation to closed reporting periods, the Group's financial results are analysed in detail and compared to the budget assumptions and forecasts made in the month preceding the analysed reporting period.

The key element in this process is the monitoring of the deviation of actual performance from the plan, and explaining the reasons for such deviation. Monitoring deviations and learning their reasons helps optimise the Group's operations and minimise potential risks. Initially, monthly performance reports are analysed in detail by mid-level and senior management staff from individual organisational units of the Accounting Division and the Budgeting and Forecasts Team. Given the specific nature of the industry, the analyses are multi-faceted: not only individual groups of costs are analysed but also specific investment projects, segments or result items are reviewed separately. Based on these reports, the Company's Management Board analyses current financial results and compares them with the adopted budgets in the course of the year.

25.4. RISK MANAGEMENT IN THE COMPANY

Effective internal control (along with the existing reporting system) is the basic step in identifying risks and managing changes. In addition to the reporting system, effective risk management also involves a risk analysis. Therefore, the Company's key measure aimed at reducing its risk exposure is the correct assessment of prospective investments (Budgeting and Analysis Division) and the monitoring of current investments (Project Managers). For this purpose, investment models and decision-making procedures are utilised, the observance of which is closely monitored by the Company's Finance Director and the Management Board. In addition, all requests and potential changes in the budgets of investment projects are entered by the Budgeting and Analysis Division into result forecast models and a cash flow forecast so that an issue can be examined globally, and to eliminate risks related to projects, liquidity, foreign exchange rates, etc. Global management and risk monitoring as well as internal control in all areas that are important for the organisation largely eliminates most risks to which the Company is exposed.

Signatures of the Echo Investment S.A. Management Board

Piotr Gromniak	Artur Langner	Waldemar Lesiak
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board

Kielce, 21 April 2015

IV. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. states that, to the best of its knowledge, the annual consolidated financial statements for 2013 and comparable data were prepared in line with applicable accounting principles and give a true and fair view of the financial position of the Echo Investment S.A. Group and its financial results. The management report of the Echo Investment S.A. Group gives a true view of the development, achievements and situation of the Echo Investment S.A. Group including a description of fundamental risks and threats.

The Management Echo Investment S.A. states that the entity authorised to audit financial statements, auditing the consolidated financial statements for 2013, was selected in accordance with the applicable law. The entity and auditors carrying out the audit met the conditions required to issue an unbiased and independent opinion on the audited annual consolidated financial statements, pursuant to applicable law and professional standards.

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

Piotr Gromniak	Artur Langner	Waldemar Lesiak
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board

Kielce, 21 April 2015

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