

# SEPARATE ANNUAL REPORT ECHO INVESTMENT S.A. 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 2014, the balance sheet items were also strengthened, thus confirming a very strong condition and financial standing of the Issuer and the Group as a whole. For the first time in history, the Group's equity exceeded PLN 3 billion and amounted to PLN 3.16 billion. The level of cash, which has been high for the entire Group in recent years, amounted to PLN 363 million at the end of 2014.

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 completed the 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.

Yours faithfully,

Piotr Gromniak

President of the Management Board

# II. SEPARATE FINANCIAL STATEMENTS OF ECHO INVESTMENT S.A. FOR 2014

# STATEMENT OF FINANCIAL POSITION [IN PLN '000]

		NOTE	31.12.2014	31.12.2013
AS	SETS			
1.	Non-current assets			
	1.1. Intangible assets	1	472	813
	1.2. Property, plant and equipment	2	7,247	36,505
	1.3. Investment property	3	2,903	3,172
	<ol> <li>Investments in subsidiaries, jointly controlled entities and associates</li> </ol>	4	867,470	925,441
	1.5. Long-term financial assets	5	13,751	14,090
	1.6. Borrowings granted	3	156,987	32
	1.7. Deferred tax asset	6	23,160	11,452
			1,071,990	991,505
2.	Current assets			
	2.1. Inventories	7	348,024	266,624
	2.2. Income tax receivables	8	-	3,376
	2.3. Trade and other receivables	8	73,587	59,186
	2.4. Borrowings granted	9	131,348	208,128
	2.5. Restricted cash	10	2,372	40
	2.6. Cash and cash equivalents	10	56,710	9,897
			612,041	547,251
Tot	al assets		1,684,031	1,538,756

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

	NOTE	31.12.2014	31.12.2013
LIABILITIES AND EQUITY			
1. Equity			
1.1. Share capital	11	20,635	20,635
1.2. Legal reserve	12	635,536	574,873
1.3. Profit after tax		26,153	60,663
		682,324	656,171
2. Provisions			
2.1. Provisions for current liabilities	16	2,000	2,000
		2,000	2,000
3. Non-current liabilities			
3.1. Loans, borrowings and bonds	13	759,410	509,110
3.2. Security deposits and advances received	13	866	1,521
		760,276	510,631
4. Current liabilities			
4.1. Loans, borrowings and bonds	15	185,406	334,191
4.2. Current tax liabilities	14	8,127	2
4.3. Other tax liabilities	14	1,215	2,573
4.4. Trade payables	14	18,570	12,335
4.5. Security deposits and advances received	14	18,947	16,870
4.6. Other liabilities	14	7,166	3,983
		239,431	369,954
TOTAL LIABILITIES AND EQUITY		1,684,031	1,538,756

# INCOME STATEMENT [IN PLN '000]

	NOTE	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Revenue	18	211,570	249,261
Cost of sales	19	(82,261)	(147,186)
Gross profit on sales	-	129,309	102,075
Profit / (loss) on investment property		(269)	(580)
Selling and distribution expenses	19	(24,883)	(23,086)
General and administrative expenses	19	(49,433)	(39,744)
Other operating income	20	120,920	77,859
Other operating expenses	20	(43,843)	(1,473)
Profit before tax, including finance income / costs	-	131,801	115,051
Finance income	21	4,397	29
Finance costs	21	(111,582)	(52,191)
Profit before tax	-	24,616	62,889
Income tax	22	1,537	(2,226)
Profit after tax	-	26,153	60,663
Profit after tax		26,153	60,663
Weighted average number of ordinary shares		412,690,582	412,690,582
Basic earnings per share (in PLN)		0.06	0.15
Diluted weighted average number of ordinary shares		412,690,582	412,690,582
Diluted earnings per share (in PLN)		0.06	0.15

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME [IN PLN '000]

	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Profit after tax	26,153	60,663
Other comprehensive income:	-	-
Other comprehensive income, after tax	-	-
Comprehensive income	26,153	60,663

# CASH FLOW STATEMENT [IN PLN '000]

	NOTE	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013					
Cash fl	Cash flows from operating activities – indirect method							
I. Profit before tax 24,616								
ll. Adju	stments	37,726	(17,351)					
1.	Amortisation/Depreciation	3,231	3,782					
2.	Profit /(loss) on translation differences	-	-					
3.	Interest and profit-sharing (dividend)	(62,739)	(18,992)					
4.	Profit / (loss) on revaluation of assets and liabilities	97,234	(2,141)					
III. Cha	nge in working capital	(68,106)	7,516					
1.	Change in provisions	-	(498)					
2.	Change in inventories	(82,014)	35,037					
3.	Change in receivables	3,885	(5,566)					
4.	Change in current liabilities, excluding loans and borrowings	10,023	(21,457)					
IV. Net	cash generated from operating activities (I+/-II+/- III)	(5,764)	53,054					
VI Inco	ome tax paid	1,330	(5,319)					
•								
VII. Net	cash flows from operating activities (IV+/-V)	(4,434)	47,735					
Cash fl	ows from investing activities							
I. Inflow	-	578,214	639,834					
1. 11110	Disposal of intangible assets and property, plant and equipment	6,348	72					
2.	Disposal of investments in real property and intangible assets	0,040	145					
2. 3.	From financial assets, of which	571,757	639,617					
0.	a) in related parties	571,757	639,617					
	- disposal of financial assets	2,806	057,017					
	- dividends and profit-sharing	87,857	75,364					
	- repayment of borrowings granted	473,810	555,631					
	- interest	7,284	8,622					
4.	Other investment proceeds	109						
II. Outfl		(571,148)	(470,216)					
1.	Acquisition of intangible assets and property, plant and equipment	(2,239)	(470,210)					
2.	Investments in real property and intangible assets	(2,237)	435					
2. 3.	For financial assets, of which	(568,909)	(445,494)					
5.	a) in related parties	(568,909)	(445,494)					
	- acquisition of financial assets	(388,707)	(443,474) (3,495)					
	- loans granted	(1,307)	(3,473)					
4.	Other investment outflows	(307,302)	(441,999) (54)					
III Not	cash flows from investing activities	7,066	169,618					
m. Nel	caminoma noni inteaning dentinea	7,000	107,010					

# ANNUAL CASH FLOW STATEMENT CONT. [IN PLN '000]

		NOTE	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Cash fl	ows from financing activities			
I. Inflov	. Inflows		396,301	313,686
1.	Net proceeds from issue of shares and other equity instruments and contributions to equity		-	-
2.	Loans and borrowings		-25,801	-930
3.	Issue of debt securities		370,500	312,756
ll. Outfl	lows		(349,788)	(524,119)
1.	Purchase of treasury shares		-	(33,696)
2.	Dividends and other payments to owners		-	-
3.	Profit distribution outflows, other than payments to owners		-	-
4.	Repayment of loans and borrowings		-	(112,430)
5.	Redemption of debt securities		(300,000)	(320,000)
6.	Due to other financial liabilities		-	-
7.	Payment of finance lease liabilities		-	-
8.	Interest		(49,788)	(57,993)
9.	Other financial outflows		-	-
III. Net	cash flows from financing activities		46,513	(210,433)
Total ne	et cash flows		49,145	6,920
Balanc	e sheet change in cash, of which		49,145	6,920
- cł	nange in cash due to translation differences		-	-
Openir	ng balance of cash	24	9,937	3,017
Closing	y balance of cash, of which	24	59,082	9,937
- re	stricted cash		2,372	40

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

	SHARE CAPITAL	LEGAL RESERVE	RETAINED EARNINGS (LOSSES)	CURRENT YEAR PROFIT	TOTAL EQUITY
At 1 January 2014	20,635	574,873	60,663	-	656,171
Changes in the period:					
Treasury shares	-	-	-	-	-
Distribution of profit from previous years	-	60,663	(60,663)	-	-
Net profit for the period	-	-	-	26,153	26,153
Total changes	-	60,663	(60,663)	26,153	26,153
At 31 December 2014	20,635	635,536	-	26,153	682,324
At 1 January 2013	21,000	567,091	41,113	-	629,204
Changes in the period:					
Treasury shares	(365)	(33,331)	-	-	(33,696)
Distribution of profit from previous years	-	41,113	(41,113)	-	-
Net profit for the period	-	-	-	60,663	60,663
Total changes	(365)	7,782	(41,113)	60,663	26,967
At 31 December 2013	20,635	574,873	-	60,663	656,171

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

On 6 June 2013, the Annual General Meeting of Echo Investment S.A. adopted a resolution to redeem the shares acquired as a result of a call for subscription for shares made between 8 and 21 February 2012.

Treasury shares were purchase under:

- Resolution No. 3 of the Extraordinary General Meeting of Echo Investment S.A. of 19 December 2008, which authorised the Management Board of the Issuer to purchase treasury shares for redemption or further resale in the period between 20 December 2008 and 19 December 2013;

- Resolution No. 32 approving the Echo Investment S.A. treasury shares buyback programme on 18 January 2012.

On 31 October 2013, a share capital increase was registered by the court.

# INTRODUCTION

#### OVERVIEW

The core activity of Echo Investment S.A. consists in the construction and lease or sale of space in commercial, shopping and entertainment, office, hotel and residential buildings and trading in real property.

Echo Investment S.A. ("Echo"" or "Company"), with its registered office in Kielce at Al. Solidarności 36, was registered in Kielce on 23 July 1992. Echo is a joint stock company (Spółka Akcyjna), entered in the National Court Register under number 0000007025 by the District Court in Kielce, 11<sup>th</sup> Commercial Division of the National Court Register.

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.

The following persons served as Members of the Management Board of Echo Investment S.A. at 31 December 2014 and 31 December 2013: Piotr Gromniak, President, Artur Langner, Vice President and Waldemar Lesiak, Vice President. The following persons served as Members of the Supervisory Board of Echo Investment S.A. at 31 December 2014 and 31 December 2013: Wojciech Ciesielski, Chair, Andrzej Majcher and Mariusz Waniołka, Deputy Chairs, Robert Oskard and Karol Żbikowski, Members. The following persons served as Members of the Audit Committee at 31 December 2014: Mariusz Waniołka, Chair, Robert Oskard and Karol Żbikowski, Members.

#### INFORMATION ON THE FINANCIAL STATEMENTS

The financial statements of Echo Investment S.A. contain the financial data for the period of 12 months ending on 31 December 2014 and comparable data for the period of 12 months ending on 31 December 2013.

Polish zloty (PLN) is the presentation and functional currency of the financial statements of Echo Investment S.A. Unless stated otherwise, all financial data in the financial statements of the Company are presented in thousands of PLN.

The financial statements were prepared in compliance with the International Financial Reporting Standards, as endorsed by the EU. The financial statements were prepared under the historical cost convention, except for investment property and financial instruments measured at fair value. In order to fully understand the financial position and results of the Company, as the parent entity of Echo Investment Group, these financial statements should be read in conjunction with the annual consolidated financial statements for the financial year ending 31 December 2014. These consolidated financial statements are available on the Company's website at www.echo.com.pl. They were prepared assuming the going concern basis for the foreseeable future, considering that there are no circumstances indicating any threat to the going concern.

The Company's Management Board used their best judgment regarding the application of standards and interpretations, as well as methods and principles for measuring items of the financial statements.

#### APPLIED NEW AND AMENDED STANDARDS AND INTERPRETATIONS

In these financial statements, the following new and amended standards and interpretations which became effective as of 1 January 2014 were applied for the first time:

a) IFRS 10 Consolidated Financial Statements

The new standard replaces the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation - Special Purpose Entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. Detailed application guidelines accompany the amended definition.

Application of the new standard has no effect on disclosures in the financial statements.

b) IFRS 11 Joint Agreements

The new standard supersedes IAS 31 "Interests in Joint Ventures" and the interpretation SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Ventures". 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 equity method.

Application of the new standard has no effect on disclosures in the financial statements.

c) IFRS 12 Disclosures of Interest in Other Entities

The new standard relates to an entity that has an interest in a subsidiary, joint agreement, associate or unconsolidated structured entity. The standard supersedes disclosure requirements currently contained in IAS 27 Consolidated and Separate

Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, risks associated with and financial effects of entity investments in subsidiaries, associates, joint arrangements or unconsolidated structured entity. For that purpose, the new standard specifies disclosure requirements concerning a number of areas, including significant judgments and assumptions made in determining that an entity controls, has joint control of or has significant influence on its other entities; detailed information concerning the interest that non-controlling interests have in the group's activities and cash flows; summarised financial information concerning subsidiaries with significant non-controlling interests, and detailed information concerning interest in unconsolidated structured entity.

Application of the new standard has no significant effect on disclosures in the financial statements.

d) Amended IAS 27 Separate Financial Statements

IAS 27 was amended in connection with the publication of IFRS 10 Consolidated Financial Statements. The purpose of the amended IAS 27 is to determine the requirements for recognising and presenting investments in subsidiaries, joint ventures, and associates in cases where the entity prepares separate financial statements. The guidelines for control and consolidated financial statements were superseded by IFRS 10.

Application of amendments in the standard has no significant effect on disclosures in the financial statements.

e) Amended 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 regarding recognising joint ventures using the equity method in IAS 28 since this method applies to both joint ventures and associates. Aside from this exception, the remaining guidelines were not amended.

Application of amendments in the standard has no significant effect on disclosures in the financial statements.

f) Transition Guidance Amendments to IFRS 10, IFRS 11, IFRS 12

The amendments specify transition guidance to IFRS 10 Consolidated Financial Statements. The entities adopting IFRS 10 should assess whether they have control on the first day of the annual period when IFRS 10 were first adopted and if the conclusions from this assessment differ from the conclusions from IAS 27 and SIC 12, then the comparative data should be restated, unless it would be impractical. The amendments also provide additional transitional relief to IFRS 10, IFRS 11 and IFRS 12 by limiting the requirement to provide adjusted comparative data only to data for the period immediately preceding the reporting period. Moreover, the amendments eliminate the requirement to present comparative data for the disclosures related to unconsolidated structured entities for the periods preceding the first-time adoption of IFRS 12.

Application of amendments in the standard has no significant effect on disclosures in the financial statements.

g) Investment entities - amendments to IFRS 10, IFRS 12 and IAS 27

The amendments introduce a definition of investment entities to IFRS 10. Such entities will be required to demonstrate its subsidiaries at fair value through profit or loss and consolidate only those subsidiaries that provide services on its behalf related to investment activities of the company. IFRS 12 was also amended, introducing new disclosures on investment entities.

Application of amendments in the standard has no significant effect on disclosures in the financial statements.

h) Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

The amendments introduce additional application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes i.a. clarifying the meaning of "*currently has a legally enforceable right of set-off*" and that some gross settlement systems may be considered equivalent to net settlement under certain conditions.

Application of amendments in the standard has no significant effect on disclosures in the financial statements.

i) Disclosures relating to the recoverable value of non-financial assets – Amendments to IAS 36

The amendments supersede the requirement for disclosure of recoverable value where the cash- generating unit contains goodwill or intangible assets with indefinite useful life and there was no impairment.

Application of amendments in the standard has no significant effect on disclosures in the financial statements.

j) Novation of derivatives and continuation of hedge accounting – Amendments to IAS 39

The amendments allow for hedge accounting continuation where the derivative that was designated as a hedging instrument, is renewed (i.e., the Parties agreed to replace the original counterparty with a new one) as a result of the settlement of the instrument with a central clearing house, which is a consequence of the law if the strict conditions are met.

Application of amendments in the standard has no significant effect on disclosures in the financial statements.

# PUBLISHED STANDARDS AND INTERPRETATIONS WHICH ARE NOT YET EFFECTIVE AND WHICH HAVE NOT BEEN PREVIOUSLY APPLIED BY THE COMPANY

In these financial statements, the Company did not decide to early apply the following published standards, interpretations or amendments to the existing standards prior to their effective date:

#### a) Renewal of IFRS 9 Financial Instruments

IFRS 9 replaces 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.

The Company will apply IFRS 9 after it is endorsed by the European Union.

The Company has not yet analysed the impact of the standard on the financial statements.

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

b) Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

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.

The Company will apply amendments to IAS 19 as of 1 January 2015.

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

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

#### c) 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.

The Company will apply these amendments to IFRS as of 1 January 2015.

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

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

#### d) 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.

The Company will apply these amendments to IFRS as of 1 January 2015.

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

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

#### e) 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 standard to have a significant impact on financial statements.

#### f) IFRIC 21 Levies

The interpretation of IFRIC 21 was published on 20 May 2013, and it is effective for financial years beginning on or after 17 June 2014.

The interpretation 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 Company will apply IFRIC 21 as of 1 January 2015.

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

g) 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.

The amendment is effective for annual periods beginning on or after 1 January 2016.

The Company will apply the amendment as of 1 January 2016.

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

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

h) 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.

The Company will apply the amendment as of 1 January 2016. The Company does not expect the amendment to have a significant impact on the financial statements.

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

#### i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was published by the International Accounting Standards Board on 28 May 2014 and is effective for annual periods beginning on or after 1 January 2017.

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.

The Company will apply IFRS 15 as of 1 January 2017.

The Company has not yet analysed the impact of the standard on the financial statements.

At the date of preparation of these financial statements, IFRS 15 has not yet been endorsed by the European Union.

j) 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.

The amendments were published on 30 June 2014 and are effective for annual periods beginning on or after 1 January 2016.

The Company will apply the amendment as of 1 January 2016.

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

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

k) 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.

The Company will apply the amendment as of 1 January 2016.

The Company has not yet analysed the impact of the amendment on the financial statements.

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

I) 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 gain or loss on the transaction is to be recognised in full. 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.

The amendments were published on 11 September 2014 and are effective for annual periods beginning on or after 1 January 2016.

The Company will apply the amendment as of 1 January 2016.

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

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

#### 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 July 2016.

The Company will apply these amendments to IFRS as of 1 January 2016.

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

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

#### m) Amendments to IAS 1

On 18 December 2014, as part of work related to the so-called initiative on disclosure, the International Accounting Standards Board issued an amendment to IAS 1. The purpose of the amendment is to clarify the concept of materiality and to further clarify that if an entity considers that the information is immaterial, then 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 July 2016.

The Company will apply the amendment as of 1 January 2016.

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

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

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

On 18 December 2014, the International Accounting Standards Board published an amendment limited in scope. Amendment to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception specifies requirements for investment entities and introduces some 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 July 2016.

The Company will apply the above amendments as of 1 January 2016.

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

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

#### **KEY ACCOUNTING PRINCIPLES**

#### Intangible assets

Intangible assets are recognised if it is probable that future economic benefits directly attributable to these assets will flow to an entity. Intangible assets are initially recognised at cost. Subsequently, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful life which is reviewed on a quarterly basis. The estimated useful life of an asset is as follows:

- concessions, patents, licenses, etc. 2 years;
- other assets 2 years.

Intangible assets 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 asset's carrying amount exceeds the recoverable amount.

#### Property, plant and equipment

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

Fixed assets owned by the Company comprise:

- real property (not leased or held for trading) used by the Company;
- plant and machinery;
- vehicles;
- other complete and usable items with an estimated life longer than one year.

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



Land owned by the Company 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 22 and 67 years;
- plant and machinery between 2 and 5 years;
- vehicles between 1.5 and 10 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 Company 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 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 Company, including land directly related to the real property and land purchased and maintained for capital appreciation. Investment property is initially recognised at cost.

Subsequently, investment property is recognised at fair value. Fair value is updated at least once a quarter. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

Subsequent costs are included in the carrying amount of the investment property or recognised as a separate investment property (where appropriate), only when it is probable that the asset will generate economic benefits for the Company 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.

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 reviewed by independent valuers at least annually, net operating income (NOI) is updated quarterly on the basis of the existing leases, the values expressed in EUR and USD are converted quarterly according to the applicable exchange rates published by the NBP. The fair value of properties held in order to increase the value is determined by independent valuers.

Revaluation of investment property is recognized in the income statement as profit/loss from 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.

Profit/loss on sale of investment property is recognised as profit/loss from investment property.

Investment property under construction comprises any investment which is carried out by the Company for future lease. In the case of projects where a significant part of the risk associated with the implementation of the construction process has been eliminated and the fair value can be reliably determined, there properties are measured at fair value. Otherwise, where the fair value cannot be reliably determined, the properties under construction are measured at cost less any accumulated impairment losses.

The Company 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 founding the project. Each investment property under construction is analysed on a case-by-case basis.

In measuring investment property under construction at fair value using the income approach, the Company takes into account the progress of the project at the end of the reporting period. In measuring investment property under construction at cost, due to the fact that the fair value cannot be reliably determined, the Company 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.

Lease payments under operating leases are recognised as an expense (where the Company is a lessee) or income (where the Company is a lessor) in the income statement on a straight-line basis over the lease term.

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 accrued progressively throughout the contractual term, annual payment instalments are recognised on a straight-line basis.

#### Investments in subsidiaries, jointly controlled entities and associates

Shares in subsidiaries, jointly controlled entities and associates are presented at cost, adjusted for subsequent impairment losses. An impairment test is carried out when there is any objective evidence that the carrying amount of the investment will not be recovered. The Company analyses the net asset value of entities in which it holds shares, due to the fact that the main item of the assets of these entities are investment properties measured at fair value, while the largest item of liabilities are special-purpose bank loans and therefore the net asset value reflects the fair value of shares held. In the case of an impairment, an impairment loss is recognised in the income statement as finance costs. An impairment loss is recognised in the recoverable amount. In the case of reversal of an impairment loss, its value is recognised in finance income.

#### Inventories

Inventories comprise semi-finished products and work in process, finished products and goods. 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.

#### **Financial instruments**

The Company classifies its financial assets and liabilities to the following categories:

- financial asset or financial liability at fair value through profit or loss;
  - 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;
  - o 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 an entity 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 and loss

Assets in this category are classified as current assets if they are held for trading or expected to be realised within 12 months after the balance sheet date. Investments in securities are classified to this category.

Financial assets at fair value through profit or loss both on initial recognition and at the balance sheet date.

#### Derivatives

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

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

The Company 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.

Gains or losses on derivatives are recognized respectively as finance income or expenses, and in the statement of cash flow as cash flows used in investing activities if the acquisition results in an asset being recognised in the balance sheet.

#### Loans granted

Loans granted are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified as financial assets at fair value through profit and loss or available-for-sale assets.

These 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.

Loans granted are initially recognised at fair value plus transaction costs, and subsequently, at the balance sheet date, at amortised cost determined using the effective interest method.

Impairment losses on loans 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 the loans granted.

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any accumulated 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 default in repayment. The impairment loss is recognised as the difference between the carrying amount of the receivable and the present value of estimated future cash flows. 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.

Long-term trade receivables are generally measured at amortised cost using the effective interest method. However, where the difference between the amortised cost and the amount payable has no significant impact on the financial performance of the Company, such receivables are recognised in the balance sheet in the amount payable.

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

#### Financial assets available for sale

Financial assets available for sale 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.

On the date of entry in the books, these assets are measured at fair value plus transaction costs and, at the balance sheet date, they are measured at fair value, less any accumulated impairment losses, charged to the income statement.

Gains or losses arising from changes in the fair value of an asset are recognised in other comprehensive income.

Impairment losses on financial assets 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 these assets.

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 in hand and short-term investments held to maturity and other financial assets meeting the definition of cash equivalents are carried at nominal value.

Cash in foreign currencies are measured at the reporting date. For the cash flow statement the same definition of cash is taken.

#### Financial guarantee contracts

Financial guarantees are recognised as financial instruments. Such contracts are initially recognised at fair value (equal to the premium received or estimated using valuation techniques) and subsequently at the higher of:

- the amount of provision determined as the best estimate of probable expenditure required to settle the obligation resulting from the guarantee contract;
- initial value less depreciation charges.

In addition, financial guarantee contracts are recognised in off-balance sheet liabilities and receivables. At each balance sheet date the Company assesses whether there is a likelihood of the need to make the payment and to recognise a provision.

#### Income tax

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

Current tax is the amount expected to be paid in respect of taxable profit for the year and is calculated using the tax rates that have been enacted at the balance sheet date, including any tax adjustments for previous years.

Deferred tax is calculated using the balance sheet method as tax payable or recoverable in future on differences between the carrying amounts of assets and liabilities and their corresponding tax values used to calculate the tax base, with the exception of temporary differences that arise from the initial recognition of assets or liabilities and affect neither the accounting nor taxable profit.

No deferred tax is recognised in respect of temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, if the Company controls the reversal of such differences and they will not reverse in the foreseeable future.

Deferred tax assets arising on tax loss are recognised if settlement of such loss in the following years is probable.

In calculating deferred tax, a tax rate is applied which is to be in force in the reporting periods in which the assets will be recovered or liabilities settled.

Deferred tax is estimated at each balance sheet date, the differences are charged to the income statement, other comprehensive income or equity, depending on the item to which temporary differences on which deferred tax is recognised have been charged.

#### Equity

The share capital is carried 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.

Share issue costs reduce the share capital of the Company up to the premium amount.

#### Provisions

Provisions are established whenever the Company has a present obligation as a result of past events and when it is probable or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of such obligation can be reliably estimated.

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

#### Financial liabilities, including trade payables

Financial liabilities comprise bank loans, loans, debt securities, interest recognised on an accrual basis not yet matured on bank loans, as well as any discount on debt securities to be settled in subsequent reporting periods. Loans in foreign currencies are measured at the exchange rate of the bank which provides services to the Company.

Financial liabilities are initially recognised at fair value less transaction costs and subsequently measured at amortised cost of a liability in accordance with IAS 39. The measurement takes into account the risk and possibility of early repayment of long-term liabilities.

Trade payables are initially measured at fair value, subsequently long-term liabilities are measured at amortised cost using the effective interest method. Where the difference between the amortised cost and the amount payable has no significant impact on the financial performance of the Company, such liabilities are recognised in the balance sheet at the amount payable. Advances for deliveries comprise both invoiced (including advances for flats) and non-invoiced advances. Trade payables comprise security deposits.

#### METHODS FOR DETERMINING THE FINANCIAL RESULT

The financial result is determined using the calculation method.

#### 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 measured reliably.

In particular, revenue from the sale of the Company's residential and commercial premises is recognised in accordance with IAS 18 and IFRIC 15 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 lease of residential and commercial premises is recognised on a straight-line basis during the contractual terms.

Revenue from legal, consulting, IT, finance, marketing, security and other services from sales is recognised in period in which the services are provided.

#### Cost of sales

Costs of goods, products and services sold comprise incurred costs relating to revenue of the financial year and accrued costs, which have not been incurred yet.

The costs of goods and products sold are measured at cost using the method of strict identification of actual costs of sold assets or the percentage of, e.g. sold acreage, sold shares, etc. In particular, cost of sales of the units and land sold is measured in proportion to their share of the total cost of construction of the project and of the land constituting the 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 Company 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 applies to costs determined using the effective interest rate reduced by income yielded on temporary cash deposits (i.e. the amount of interest on bank deposits, except for deposits resulting from holds of accounts, letters of credit). In the case of general financing general, general borrowing costs to be capitalised are determined by applying the capitalisation rate in relation to expenses incurred for the asset.

#### Cash flow statement

The cash flow statement is calculated using the indirect method. Liabilities due to overdrafts are presented as loan debt, not as cash equivalent.

#### Segment reporting

The Company does not present the information on segments in accordance with IFRS 8 paragraph 4. This information can be found in the consolidated financial statements of the Echo Investment Capital Group, which will be published together with the separate financial statements of the Company.

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

The preparation of the financial statements requires the Management Board of the Company to make certain estimates and assumptions that are reflected in these statements. Actual results may differ from these estimates. Critical estimates that have the most significant effect on the amounts recognised in the financial statements include the following areas:

#### Investment property

Investment property includes properties owned and leased out by the Company along with land directly related to these properties. Investment property is initially recognised at cost.

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

Subsequently, investment property is recognised 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 at which this property could be exchanged between knowledgeable, willing and unrelated parties. 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 reviewed by independent valuers at least annually, net operating income (NOI) is updated quarterly on the basis of the existing leases, the values expressed in EUR and USD are converted quarterly according to the applicable exchange rates published by the NBP. Fair value of property held in order to increase value which do not generate significant income is determined by external property appraisers.

Revaluation of investment property is charged to the income statement under revaluation of 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.

Profit/loss on sale of investment property is recognised as profit/loss from investment property.

#### Inventories

In estimating the amount of a write-down on inventories held by the Company as at 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.

The assumptions used in the calculation of a write-down are mainly real property market prices prevailing in a given market segment. The Management Board believes that the changes in these assumptions would not have a material impact on the value of the write-down of inventories at the balance sheet due to the fact that the assumptions and information on write-down value were based in a significant part on the concluded sales agreements. In the case of land included as an inventory item, write-downs arise from the suitability of the land for the present and future needs of the Company estimated by the Board.

#### Impairment of shares in subsidiaries, jointly controlled entities and associates

An impairment test is carried out when there is any objective evidence that the carrying amount of the investment will not be recovered. Assessment of impairment of shares in subsidiaries, jointly controlled entities and associates is based on an analysis of the fair value of assets and liabilities held by the entities and the expectations for future cash flows from the activities of these entities. During the assessment the Company also measures the duration and degree in which the current value of shares is lower than purchasing price and the prospects of the entity and the plans concerning its investment projects. All material declines in the fair value of the subsidiaries were recognised by the Management Board as long-term and resulted in the shares in subsidiaries being written down. In particular, in the case of significant subsidiaries which as at 31 December 2014 did not carry out operating activities, the value of write downs corresponds to the total value of the difference between the net asset value of the subsidiary and the purchase price of the shares.

SENSITIVITY ANALYSIS FOR LOSS OF VALUE OF SHARES AND FUNDS (IN PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS			
(IN FEN 000)	AT 31.12.2014	AT 31.12.2013		
Shares and funds held	868,800	926,571		
Finance income/costs from the measurement of shares and funds	(56,028)	-		
Estimated percentage change in the value of shares and funds	+/- 1 p.p.	+/- 1 p.p.		

Estimated finance income/costs from a potential change in the value of shares and funds	8,688	9,266
TOTAL effect on the gross profit for the period	8,688	9,266
Income tax	1,651	1,761
TOTAL effect on the net profit for the period	7,037	7,505

In calculating an impairment of shares and funds in subsidiaries, jointly controlled associates, the Company refers to the net asset value of the company, taking into account cash flows of the resulting from the investment properties held by these companies.

#### Deferred tax

The Management Board of the Company is obliged to estimate the probability of realisation of deferred income tax assets. In 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 tax burden. The process involves analysing the current levels of tax burdens and the value of temporary differences resulting from different treatment of transactions for fiscal and accounting purposes, resulting in the creation of deferred income tax assets and provisions.

In the process of that evaluation, a number of assumptions are adopted for the purpose of determining the value of deferred tax assets and provisions in the assessment process described above. 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

differences in periodically adjust the value of the assets and deferred income tax, which in turn may affect the Company's financial condition and its results.

In 2012, the Management Board changed its expectations and decided not to sell the interests in "Barconsel Holdings" Ltd, Echo - Aurus Sp. z o.o. and in "Echo - SPV 7" Sp. z o.o. in the foreseeable future. Accordingly, in accordance with paragraph 39 IAS 12, a deferred tax liability on tax and accounting respect of shares in the above subsidiaries in the amount of PLN 14,559 thousand was reversed:

#### FINANCIAL RISK MANAGEMENT

#### Price risk

Price risk is not significant. The Company is not involved in trading in securities on any active market. The Company may enter into transactions with derivative financial instruments to hedge forecasted future cash flows against foreign exchange risk.

#### Interest rate risk of changes in cash flows and fair value

The Company'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 Company 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 Company 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.

INTEREST RATE RISK OF LOANS GRANTED (IN PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS		
	AT 31.12.2014	AT 31.12.2013	
Loans granted	288,335	208,160	
Finance interest income on loans granted	11,435	11,679	
Estimated change in interest rates	+/-1p.p.	+/-1p.p.	
Finance interest income on loans granted, taking into changes in interest rates	2,883	2,082	
TOTAL effect on the gross profit for the period	2,883	2,082	
Income tax	548	396	
TOTAL effect on the net profit for the period	2,335	1,686	

The Company granted loans in PLN with a variable interest rate dependent on WIBOR + margin. If at 31.12.2014 interest rates had been higher or lower by 1 percentage point that current interest rates, the Company's net profit would have been higher or lower by PLN 2,335 thousand on account of higher or lower interest on loans granted in PLN.

INTEREST RATE RISK – LIABILITIES ARISING ON ISSUE OF DEBT SECURITIES (IN PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS		
	AT 31.12.2014	AT 31.12.2013	
Issue of debt securities	919,015	843,301	
Finance costs of interest on issue of debt securities	52,008	52,550	
Estimated change in interest rates	+/- 1 p.p.	+/-1p.p.	
Finance costs of interest on issue of debt securities	9,190	8,433	
taking into account an increase / (decrease) in interest rates			
TOTAL effect on the gross profit for the period	9,190	8,433	
Income tax	1,746	1,602	
TOTAL effect on the net profit for the period	7,444	6,831	

INTEREST RATE RISK – CASH (IN PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS		
	AT 31.12.2014	AT 31.12.2013	
Cash	59,082	9,937	
Other operating interest income	1,878	1,215	
Estimated change in interest rates	+/-1p.p.	+/-1p.p.	
Other operating interest income, taking into account changes in interest rates	591	99	
TOTAL effect on the gross profit for the period	591	99	
Income tax	112	19	
TOTAL effect on the net profit for the period	479	80	

INTEREST RATE RISK – LIABILITIES ARISING ON BORROWINGS (IN PLN '000)	VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS		
	AT 31.12.2014	AT 31.12.2013	
Borrowings	25,801	-	
Finance costs of interest on borrowings	(1,648)	(1,373)	
Estimated change in interest rates	+/-1p.p.	+/-1p.p.	
Finance costs of interest on borrowings	258	-	
taking into account an increase / (decrease) in interest rates		-	
TOTAL effect on the gross profit for the period	258	-	
Income tax	49	-	
TOTAL effect on the net profit for the period	209	-	

#### Currency risk

At the balance sheet date and during the financial year, the Company did not have any other significant balances denominated in foreign currency. Therefore, the risk was assessed as insignificant and no analysis of sensitivity of other balance sheet items to changes in exchange rates was carried out.

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ITEM BY CURRENCY	AT 31.12.2014 IN FOREIGN CURRENCY	BALANCE SHEET VALUATION AT 31.12.2014	ESTIMATED CHANGE IN EXCHANGE RATE (IN %)	EFFECTS OF CHANGES IN ITEMS
Cash				
EUR	20	83	+/1 %	1
USD	71	216	+/1 %	3
HUF	-	-	+/1 %	-
Total effect on the gross profit for the period				4
Income tax				1
Total effect on the net profit for the period				3

In order to carry out an analysis of exposure to FX changes at 31.12.2014, it was assumed that FX rates may vary in the range of -/+ 1%. If at 31.12.2014 FX rates for the Company's major currencies, i.e. EUR, USD and HUF, had been higher or lower by 1%, the Company's net profit would have been higher or lower by PLN 3 thousand respectively, as a result of foreign exchange gains or losses on the translation of cash held at bank.

#### CURRENCY RISK - EXPOSURE TO FX CHANGES (IN PLN '000)

ITEM BY CURRENCY	AT 31.12.2013 IN FOREIGN CURRENCY	BALANCE SHEET VALUATION AT 31.12.2013	ESTIMATED CHANGE IN EXCHANGE RATE (IN %)	EFFECTS OF CHANGES IN ITEMS
Cash				
EUR	25	104	+/1 %	1
USD	12	36	+/1 %	1
HUF	3,007	42	+/1 %	-
Total effect on the gross profit for the period				2
Income tax				-
Total effect on the net profit for the period				2

CURRENCY RISK – INVESTMENT PROPERTY		VALUE CALCULATED FOR THE PURPOSE OF ANALYSIS		
	AT 31.12.2014	AT 31.12.2013		
Investment property	2,903	3,172		
Income/costs due to investment property valuation	(269)	(580)		
Estimated change in exchange rates	+-1%	+-1%		
Estimated income/costs due to a change in exchange rates	29	32		
TOTAL effect on the gross profit for the period	29	32		
Income tax	6	6		
TOTAL effect on the net profit for the period	23	26		

#### Credit risk

Credit risk arises in the case of cash, loans, financial derivatives and deposits in banks and financial institutions, as well as in the case of the Company's customers and tenants in respect of outstanding receivables. The Company has procedures in place to assess the creditworthiness of customers and tenants; security deposits and guarantees are applied as security in the case of tenants. No significant risk concentration arises in respect of any customer of the Company outside the Echo Investment Group. For related parties, the Management Board believes that credit risk is mitigated through ongoing monitoring of operations and evaluation of investment projects of these entities. In the case of cash and deposits in financial institutions and banks, the Company uses the services of reputable entities.

#### Liquidity risk

Liquidity risk means that the Company 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. Due to the dynamic nature of its business, the Company maintains flexible funding by making available cash and ensuring diversity of funding sources.

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

Analysis of the Company's financial liabilities and net-settled derivatives that will be accounted for in relevant maturity groupings, based on the period remaining to the contractual maturity date at the balance sheet date, are presented in the relevant notes: loans, borrowings, debt securities, trade receivables and payables.

Analysis of the Company's undiscounted financial liabilities which will be accounted for at relevant intervals, based on the period remaining to the contractual maturity date at 31 December 2014:

ANALYSIS OF UNDISCOUNTED FINANCIAL LIABILITIES (IN PLN' 000)

PERIOD	FINANCIAL GUARANTEES	BONDS	TRADE AND OTHER LIABILITIES
Up to 1 year	56,019	162,361	25,736
Between 1 and 3 years	347,273	485,734	-
Between 3 and 5 years	21,312	391,433	-
Over 5 years	273,928	-	-
TOTAL	698,532	1,039,528	25,736

Debt ratios at 31 December 2014 and 31 December 2013 respectively were consistent with the Company's objectives.

#### CAPITAL MANAGEMENT

By managing capital, the Company 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 risk, the Company 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.

The Company monitors capital using 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 (IN PLN '000)	NOTE	31.12.2014	31.12.2013
Total borrowings	13, 15	944,816	843,301
Cash and cash equivalents	10	(59,082)	(9,937)
Net debt		885,734	833,364
Total equity		682,324	656,171
Total capital		1,568,058	1,489,535
Debt ratio		56.49%	55.95%

Debt ratios at 31 December 2014 and 31 December 2013 respectively were consistent with the Company's objectives.

#### ADDITIONAL EXPLANATIONS

#### Material agreements entered into with related parties performed during the period

In connection with the strategy of Echo Investment Group S.A. involving the construction of all shopping centres, offices and residential buildings and selected apartments by different subsidiaries, a large part of the transactions made by Echo Investment are made with related parties. The largest transactions in 2014 with related parties were made under the following agreements:

- Agreement to manage an investment project concluded on 25 August 2011 with Echo Galeria – Amber Spółka z ograniczoną odpowiedzialnością S.K.A. as the Investor. Under this agreement, Echo Investment S.A. agreed to provide comprehensive investment management and consulting services in all matters related to the construction

of the shopping, servicer and entertainment centre situated on a real property located in Kalisz at Górnośląska and Pomorska Streets. The transaction value for 2014 is PLN 1,751 thousand.

- Agreement to manage an investment project concluded on 1 October 2012 with Park Rozwoju Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A. as the Investor. Under this agreement, Echo Investment S.A. agreed to provide comprehensive investment management and consulting services in all matters related to the implementation of the office building (stage I) situated on the real property located in Warsaw at Konstruktorska Street. The transaction value for 2014 is PLN 2,390 thousand.
- Agreement to manage an investment project concluded on 31 October 2013 with Park Rozwoju Grupa Echo Spółka z ograniczoną odpowiedzialnością S.K.A. as the Investor. Under this agreement, Echo Investment S.A. agreed to provide comprehensive investment management and consulting services in all matters related to the implementation of the office building (stage II) situated on the real property located in Warsaw at Konstruktorska Street. The transaction value for 2014 is PLN 3,778 thousand.
- Agreement to manage an investment project concluded on 1 September 2013 with A4 -Business Park "Iris Capital" Spółka z ograniczoną odpowiedzialnością S.K.A. as the Investor. Under this agreement, Echo Investment S.A. agreed to provide comprehensive investment management and consulting services in all matters related to the implementation of the office building (stage II) situated on the real property located in Katowice at Francuska Street. The transaction value for 2014 is PLN 3,560 thousand.
- Agreement to prepare an investment concluded on 24 June 2010 with Projekt Echo 70 Sp. z o.o. as the Investor. Under this agreement, Echo Investment S.A. agreed to carry out the work to procure that a building permit is obtained by the Investor authorising the construction of an office complex to be situated on the property located in Warsaw at Jana Pawła Street. The transaction value for 2014 is PLN 1,221 thousand.
- Agreement to manage an investment project concluded on 1 July 2012 with Projekt Echo -70 Sp. z o.o. as the Investor. Under this agreement, Echo Investment S.A. agreed to provide comprehensive investment management and consulting services in all matters related to the construction of the office complex to be situated on the real property located in Warsaw at Jana Pawła Street. The transaction value for 2014 is PLN 7,913 thousand.
- Agreement to manage an investment project involving the reconstruction of the shopping centre in Jelenia Góra concluded on 1 July 2013 with Galeria Sudecka Projekt Echo 43 Spółka z ograniczoną odpowiedzialnością S.K.A. as the Investor. Under this agreement, Echo Investment S.A. agreed to provide comprehensive investment management and consulting services in all matters related to the reconstruction of the shopping centre situated on the real property located in Jelenia Góra at 52, Jana Pawła Street. The transaction value for 2014 is PLN 4,590 thousand.
- Agreement to manage an investment project concluded on 1 August 2013 with Echo West Gate Echo Spółka z ograniczoną odpowiedzialnością S.K.A. as the Investor. Under this agreement, Echo Investment S.A. agreed provide comprehensive investment management and consulting services in all matters related to the construction of the office facility situated in Wrocław at Lotnicza Street. The transaction value for 2014 is PLN 4,465 thousand.
- Agreement to manage an investment project concluded on 3 January 2013 with Echo Nowy Mokotów Sp. z o.o.
   S.K. as the Investor. Under this agreement, Echo Investment S.A. agreed provide comprehensive investment management and consulting services in all matters related to the construction of the office facility situated in Warsaw at Konstruktorska Street. The transaction value for 2014 is PLN 1,710 thousand.
- Agreement to manage an investment project concluded on 31 October 2013 with Projekt Echo 102 Sp. z o.o. as the Investor. Under this agreement, Echo Investment S.A. agreed provide comprehensive investment management and consulting services in all matters related to the construction of the office facility situated in Gdańsk at Jana z Kolna Street. The transaction value for 2014 is PLN 5,997 thousand.
- Agreement to prepare an investment concluded on 18 February 2013 with Galaxy -Projekt Echo 106 Sp. z o.o. as the Investor. Under this agreement, Echo Investment S.A. agreed to carry out the work to procure that a building permit is obtained by the Investor authorising the reconstruction and expansion of Galaxy Shopping Centre in Szczecin. The transaction value for 2014 is PLN 1,090 thousand.
- Agreement to manage an investment project concluded on 1 April 2014 with Echo-Opolska Business Park Projekt Echo – 102 Spółka z ograniczoną odpowiedzialnością S.K.A as the Investor. Under this agreement, Echo Investment S.A. agreed provide comprehensive investment management and consulting services in all matters related to the implementation of the office facility (stage II) situated in Kraków at Opolska Street. The transaction value for 2014 is PLN 2,733 thousand.

Agreement to manage an investment project involving the overhaul and modernisation of CH-R complex in Wrocław concluded on 1 April 2014 with Projekt Echo Pasaż Grunwaldzki – Magellan West 3 Spółka z ograniczoną odpowiedzialnością S.K.A. as the Investor. Under this agreement, Echo Investment S.A. agreed to provide comprehensive investment management and consulting services in all matters related to the overhaul and modernisation of the shopping centre situated on the real property located in Wrocław at 22, Plac Grunwaldzki Street. The transaction value for 2014 is PLN 1,427 thousand.

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

#### MATERIAL EVENTS AFTER THE BALANCE SHEET DATE:

#### 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, Przemysław 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).

#### REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

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

- Piotr Gromniak received from Echo Investment S.A. total remuneration of PLN 1,084 thousand,
- Artur Langner received from Echo Investment S.A. total remuneration of PLN 983 thousand,
- Tomasz Kalwat received from Echo Investment S.A. total remuneration of PLN 857 thousand,

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 from Echo Investment S.A. total remuneration of PLN 84 thousand,
- Andrzej Majcher received from Echo Investment S.A. total remuneration of PLN 60 thousand,
- Mariusz Waniołka received from Echo Investment S.A. total remuneration of PLN 60 thousand,
- Robert Oskard received from Echo Investment S.A. total remuneration of PLN 36 thousand,
- Karol Żbikowski received from Echo Investment S.A. total remuneration of PLN 36 thousand,

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

- Piotr Gromniak received from Echo Investment S.A. total remuneration of PLN 803 thousand,
- Artur Langner received from Echo Investment S.A. total remuneration of PLN 760 thousand,
- Tomasz Kalwat received from Echo Investment S.A. total remuneration of PLN 512 thousand,

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 from Echo Investment S.A. total remuneration of PLN 84 thousand,
- Andrzej Majcher received from Echo Investment S.A. total remuneration of PLN 60 thousand,
- Mariusz Waniołka received from Echo Investment S.A. total remuneration of PLN 60 thousand,
- Robert Oskard received from Echo Investment S.A. total remuneration of PLN 36 thousand,
- Karol Żbikowski received from Echo Investment S.A. total remuneration of PLN 36 thousand,

# EXPLANATORY NOTES

# NOTES TO THE STATEMENT OF FINANCIAL POSITION

## NOTE 1 A

31.12.2014	31.12.2013
472	813
318	686
-	-
472	813
	<b>472</b> 318 

The Company did not recognise any impairment loss on intangible assets in the periods covered by these financial statements. The Company has no contractual obligations as at 31.12.2014.

#### NOTE 1B

#### CHANGES IN INTANGIBLE ASSETS (BY TYPES) [IN PLN '000]

FOR THE PERIOD 01.01.2014 – 31.12.2014	ACQUIRED PERMITS, PATENTS, LICENCES AND SIMILAR ASSETS, INCLUDING	SOFTWARE	B) OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
a) gross value of intangible assets at the beginning of period	5,836	5,279	-	5,836
increases	216	107	-	216
- purchase	216	107	-	216
gross value of intangible assets at the end of period	6,052	5,386	-	6,052
b) accumulated amortisation at the beginning of period	(5,023)	(4,593)		(5,023)
depreciation for the period	(557)	(475)	-	(557)
- planned	(557)	(475)	-	(557)
accumulated amortisation at the end of period	(5,580)	(5,068)	-	(5,580)
c) net value of intangible assets at the end of period	472	318	-	472

All intangible assets held by the company were acquired.

The amortisation methods used and the useful lives or the amortisation rates used for:

- acquired permits, patents, licenses and similar assets straight-line basis, 50%, amortisation charged to general administrative expenses;
- other intangible assets not commissioned for use, they are not amortised at 31 December 2014.

# CHANGES IN INTANGIBLE ASSETS (BY TYPES) (IN PLN '000) CONT.

FOR THE PERIOD 01.01.2013 – 31.12.2013	ACQUIRED PERMITS, PATENTS, LICENCES AND SIMILAR ASSETS, INCLUDING	SOFTWARE	B) OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
a) gross value of intangible assets at the beginning of period	5,554	5,059	-	5,554
increases	282	220	-	282
- purchase	282	220	-	282
gross value of intangible assets at the end of period	5,836	5,279	-	5,836
b) accumulated amortisation at the beginning of period	(4,373)	(4,108)	-	(4,373)
depreciation for the period	(650)	(485)	-	(650)
- planned	(650)	(485)	-	(650)
accumulated amortisation at the end of period	(5,023)	(4,593)		(5,023)
c) net value of intangible assets at the end of period	813	686	-	813

#### NOTE 2A

PROPERTY, PLANT AND EQUIPMENT [IN PLN '000]	31.12.2014	31.12.2013
a) fixed assets, including	7,247	14,236
- land	165	194
- buildings, premises and civil engineering structures	2,849	3,816
- plant and machinery	261	406
- vehicles	3,350	9,409
- other fixed assets	622	411
b) fixed assets under construction	-	26
c) advances for fixed assets under construction	-	22,243
Total property, plant and equipment	7,247	36,505

The Company did not make any impairment loss on property, plant and equipment in the periods covered by these financial statements.

The Company has no securities established on fixed assets.

The Company withdrew from the purchase of a fixed asset; an advance of PLN 22,243 thousand was refunded.

# NOTE 2B

# CHANGES IN FIXED ASSETS (BY TYPES) (IN PLN '000)

FOR THE PERIOD 01.01.2014 – - 31.12.2014	OWN LAND	BUILDINGS AND STRUCTURES	PLANT AND MACHINERY	VEHICLES	OTHER FIXED ASSETS	TOTAL FIXED ASSETS
a) gross value of fixed assets at the beginning of period	202	4,294	4,711	20,830	3,493	33,530
increases	-	10	535	962	728	2,235
- purchase	-	10	535	962	546	2,053
- stock-taking	-	-	-	-	182	182
decreases	(34)	(1,041)	(317)	(9,422)	(142)	(10,956)
- stock-taking	-	(294)	(116)	-	(109)	(519)
- sale	(34)	(747)	(201)	(9,422)	(33)	(10,437)
gross value of fixed assets at the end of period	168	3,263	4,929	12,370	4,079	24,809
b) accumulated depreciation at the beginning of period	(8)	(478)	(4,305)	(11,421)	(3,082)	(19,294)
depreciation for the period	5	64	(363)	2,401	(375)	1,732
- depreciation	(2)	(98)	(680)	(1,563)	(331)	(2,674)
- sale	(7)	(123)	(201)	(3,964)	(30)	(4,325)
- stock-taking	-	(39)	(116)	-	74	(81)
accumulated depreciation at the end of period	(3)	(414)	(4,668)	(9,020)	(3,457)	(17,562)
c) net value of fixed assets at the end of period	165	2,849	261	3,350	622	7,247

Contractual liabilities arising on the acquisition of property, plant and equipment amounts to PLN 176 thousand.

FOR THE PERIOD 01.01.2013 – - 31.12.2013	OWN LAND	BUILDINGS AND STRUCTURES	PLANT AND MACHINERY	VEHICLES	OTHER FIXED ASSETS	TOTAL FIXED ASSETS
a) gross value of fixed assets at the beginning of period	61	3,221	4,235	19,958	3,258	30,733
increases	141	1,073	671	1,175	251	3,311
- purchase	-	166	671	1,175	251	2,263
- reclassified from inventories	141	907	-	-	-	1,048
decreases	-	-	(195)	(303)	(16)	(514)
- sale	-	-	(195)	(303)	-	(498)
- liquidation	-	-	-	-	(16)	(16)
gross value of fixed assets at the end of period	202	4,294	4,711	20,830	3,493	33,530
b) accumulated depreciation at the beginning of period	(6)	(382)	(3,790)	(9,616)	(2,872)	(16,666)
depreciation for the period	(2)	(96)	(515)	(1,805)	(210)	(2,628)
- depreciation	(2)	(96)	(710)	(2,104)	(226)	(3,138)
- sale	-	-	(195)	(299)	-	(494)
- liquidation	-	-	-	-	(16)	(16)
accumulated depreciation at the end of period	(8)	(478)	(4,305)	(11,421)	(3,082)	(19,294)
c) net value of fixed assets at the end of period	194	3,816	406	9,409	411	14,236

CHANGE IN INVESTMENT PROPERTY [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) value of investments in real property at the beginning of period	3,172	3,752
increases	-	-
- changes in the valuation of property	-	-
decreases	(269)	(580)
- sale	-	-
- reclassified to inventories	-	-
- changes in the valuation of property	(269)	(580)
Value of investments in real property at the end of period	2,903	3,172

The Company measures its real properties at fair value at the end of each calendar quarter. Profit/loss on measurement is shown in "Profit / Loss on investment property" in the income statement.

At 31 December 2014 the Company held investment property located in Poland. Since leases specify rents denominated in EUR, the valuation was made in that currency and converted to PLN at the NBP exchange rate prevailing at the balance sheet date.

The Company has no securities established on investment properties. The Company has no contractual obligations as at 31.12.2014.

#### NOTE 3B

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	457	525
b) direct operating expenses (including repairs and maintenance) arising from investment property which generated rental income during the period	(407)	(343)
c) direct operating expenses (including repairs and maintenance) arising from investment property which did not generate rental income during the period	-	-

#### NOTE 3C

LONG-TERM LOANS GRANTED	31.12.2014	31.12.2013
- in subsidiaries	156,929	-
- in other entities	58	32
Total long-term loans granted	156,987	32

#### BASIC DATA ON LONG-TERM LOANS WITHOUT INTEREST AT 31.12.2014

NAME OF THE COUNTERPARTY	AMOUNT [IN PLN '000]	INTEREST RATE	REPAYMENT DATE
Echo - Park Rozwoju Sp. z o. o. S.K.A.	6,500	3M WIBOR + margin	31 December 2016
"47- Grupa Echo Sp. z o. o." SKA	24,300	3M WIBOR + margin	31 December 2016
Dellia Investment SA	17,760	3M WIBOR + margin	31 December 2016
Echo Investment Hungary Ingatlanhasznosito KFT	27,164	3M WIBOR + margin	31 December 2016
Echo - Projekt Management Ingatlanhasznosito KFT	276	3M WIBOR + margin	31 December 2016
El Project CYP - 1 LIMITED	49,639	3M WIBOR + margin	31 December 2016
Projekt Echo Galeria Kielce -Magellan West Sp. z o.o. S.K.A.	10,000	3M WIBOR + margin	31 December 2016
Projekt 4 - Grupa Echo Sp. z o. o. S.K.A.	1,500	3M WIBOR + margin	31 December 2016
Projekt Echo Pasaż Grunwaldzki - Magellan West Sp. z o. o. S.K.A.	11,000	3M WIBOR + margin	31 December 2016
Echo-West Gate Sp. z o. o. S.K.A.	45,900	3M WIBOR + margin	31 December 2016
other - unrelated entities	58	3M WIBOR + margin	
Total:	194,097		



The maximum value of lending risk associated with the loans is equal to their carrying amount.

The granted loans are not secured.

The granted loans are not past due.

In view of the political and economic situation in Ukraine, BS Monolit LLC revalued a plot of land in Kiev at Diehtiarivskiej Street (investment properties under construction) to PLN 10 million. Given the ownership relationships between the companies, Echo Investment holds shares in El Project Cyp-1 Ltd which holds shares in Evrobudgarant LLC, which in turn holds shares in BS Monolit LLC, the owner of the aforementioned real property - an impairment loss on the loan of El project Cyp - 1 Limited was recognised in the amount of PLN 42,527 thousand.

#### BASIC DATA ON LONG-TERM LOANS WITHOUT INTEREST AT 31.12.2013

NAME OF THE COUNTERPARTY	AMOUNT [IN PLN '000]	INTEREST RATE	REPAYMENT DATE
Other unrelated entities	32	6M WIBOR + margin	30 April 2015
Total:	32		

#### NOTE 4A

SHARES [IN PLN '000]	31.12.2014	31.12.2013
a) Investments in subsidiaries, jointly controlled entities and associates		
- in subsidiaries	865,957	923,928
- in jointly controlled entities	1,500	1,500
- in associates	13	13
	867,470	925,441
Total interests and shares	867,470	925,441

The Company has shares in the financial result of associated companies equal to the total number of votes at the General Meeting.

In view of the political and economic situation in Ukraine, BS Monolit LLC revalued a plot of land in Kiev at Diehtiarivskiej Street (investment properties under construction) to PLN 10 million. Given the ownership relationships between the companies, Echo Investment holds shares in El Project Cyp-1 Ltd which holds shares in Evrobudgarant LLC, which in turn holds shares in BS Monolit LLC, the owner of the aforementioned real property - an impairment loss on the shares in El Project Cyp - 1 Limited was recognised in the amount of PLN 56,028 thousand.

#### NOTE 4B

CHANGE IN INTERESTS AND SHARES [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) at the beginning of period, including	925,441	921946
- interests and shares	925,441	921,946
b) increases	944	3,498
- purchase of shares	151	3
- share capital increase	793	3,495
- reversal of an impairment loss on assets	-	-
c) decreases	(58,915)	(3)
- sale of shares	(50)	(1)
- liquidation of companies	(2,837)	(2)
- impairment loss on assets	(56,028)	-
- settlement of advances for the purchase of shares	-	-
d) at the end of period, including	867,470	925,441
- interests and shares	867,470	925,441

In 2014, the Company caused the share capital in the following subsidiaries to be decreased:

- Echo – Przy Słowiańskim Wzgórzu Sp. K. by reducing the value of contribution by PLN 2,673 thousand.

- Galeria Tarnów - Grupa Sp. z o. o. S.K.A. by reducing the nominal value of shares from PLN 1.00 to PLN 0.01 by PLN 49 thousand.

- 53 Grupa Echo Sp. z o.o. S.K.A. by reducing the nominal value of shares from PLN 1.00 to PLN 0.01 by PLN 49 thousand.
- Projekt Echo 62 -Magellan West Sp. z o.o. S.K.A. by reducing the nominal value of shares from PLN 1.00 to PLN 0.35 by PLN 32 thousand.
- Projekt Naramowice Grupa Echo S.K.A. by reducing the nominal value of shares from PLN 1.00 to PLN 0.35 by PLN 33 thousand.

In addition, in 2014 the Company acquired interests in:

- "Echo-Opolska Business Park" Sp. z o. o. with a value of PLN 1 thousand
- Galeria Nova "Grupa Echo" Sp. z o. o. S.K.A. with a value of PLN 10 thousand
- Vousoka Polska Sp. z o.o. S.K.A. with a value of PLN 50 thousand
- Vousoka Polska Sp. z o.o. with a value of PLN 29 thousand
- Projekt 4 Grupa Echo Sp. z o. o. S.K.A. with a value of PLN 10 thousand
- Magellan West Sp. z o. o. with a value of PLN 50 thousand

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

- Vousoka Polska Sp. z o.o. S.K.A. with a value of PLN 50 thousand.

In 2014, the Company caused the share capital in the following subsidiaries to be increased:

- -Barconsel Holdings Limited of PLN 2 thousand
- - Projekt Echo -101 Sp. z o.o. of PLN 750 thousand
- -Projekt Echo -99 Sp. z o.o. o Sp. K. of PLN 40 thousand.

In 2014, the Company recognised an impairment loss on the shares in El Project Cyp - 1 Limited in the amount of PLN 56,028 thousand.

## NOTE 4C

#### Pledges on interests and shares

A registered pledge was established on the shares of "Projekt Echo Galeria Kielce - Magellan West Spółka z ograniczoną odpowiedzialnością" S.K.A. as security for the loan granted to the subsidiary "Projekt Echo Galeria Kielce - Magellan West Spółka z ograniczoną odpowiedzialnością" S.K.A. by Hypothekenbank Frankfurt AG in the amount of EUR 66 million.

A registered pledge was established on the shares of "Oxygen - Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością" S.K.A. as security for the loan granted to the subsidiary "Oxygen - Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Nordea Bank Polska S.A. in the amount of EUR 26 million.

A registered pledge was established on the shares of "Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością" as security for the loan granted to the subsidiary "Oxygen - Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Nordea Bank Polska S.A. in the amount of EUR 26 million.

A registered pledge was established on the shares of "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. of PLN 50 thousand as security for the loan granted to the subsidiary "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 36 million.

A registered pledge was established on the shares of "Projekt Echo - 43" Sp. z o.o. of PLN 51 thousand as security for the loan granted to the subsidiary "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 36 million.

A registered pledge was established on the shares of "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. of PLN 50 thousand as security for the loan granted to the subsidiary "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 71 million.

A registered pledge was established on the interests of "Projekt Echo - 43" Sp. z o.o. of PLN 51 thousand as security for the loan granted to the subsidiary "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 71 million.

A registered pledge was established on the shares of "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. of PLN 50 thousand as security for the loan granted to the subsidiary "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 14 million.

A registered pledge was established on the interests of "Projekt Echo - 43" Sp. z o.o. of PLN 51 thousand as security for the loan granted to the subsidiary "Galeria Sudecka - Projekt Echo - 43 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 14 million.

A registered pledge was established on the interests of "Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością" of PLN 26 thousand as security for the loan granted to the subsidiary "Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Raiffeisen Bank Polska S.A. in the amount of EUR 22 million.

A registered pledge was established on the shares of "Projekt Echo - 95 Spółka z ograniczoną odpowiedzialnością" of PLN 26 thousand as security for the loan granted to the subsidiary "Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Raiffeisen Bank Polska S.A. in the amount of PLN 8 million.

A registered pledge was established on the interests of "Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością" S.K.A. of PLN 1 thousand as security for the loan granted to the subsidiary "Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Raiffeisen Bank Polska S.A. in the amount of EUR 22 million.

A registered pledge was established on the interests of "Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością" S.K.A. of PLN 1 thousand as security for the loan granted to the subsidiary "Veneda - Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Raiffeisen Bank Polska S.A. in the amount of PLN 8 million.

A registered pledge was established on the shares of "Projekt - 5 Grupa Echo Spółka z ograniczoną odpowiedzialnością" S.K.A. of PLN 1 thousand as security for the loan granted to the subsidiary "Projekt - 5 Grupa Echo Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 26 million.

A registered pledge was established on the interests of Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością of PLN 26 thousand as security for the loan granted to the subsidiary "Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Nordea Bank Polska S.A. in the amount of EUR 36 million.

A registered pledge was established on the interests of Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością of PLN 26 thousand as security for the loan granted to the subsidiary "Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną

odpowiedzialnością" S.K.A. by Nordea Bank Polska S.A. in the amount of PLN 10 million.

A registered pledge was established on the shares of "Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością" S.K.A. of 1 thousand as security for the loan granted to the subsidiary "Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Nordea Bank Polska S.A. in the amount of EUR 36 million.

A registered pledge was established on the shares of "Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością" S.K.A. of 1 thousand as security for the loan granted to the subsidiary "Galeria Olimpia - Projekt Echo - 98 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Nordea Bank Polska S.A. in the amount of PLN 10 million.

A registered pledge was established on the interests of "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" of PLN 101 thousand as security for the loan granted to the subsidiary "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 94 million.

A registered pledge was established on the shares of "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" of PLN 101 thousand as security for the Ioan granted to the subsidiary "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of PLN 14 million.

A registered pledge was established on the shares of "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" of PLN 51 thousand as security for the Ioan granted to the subsidiary "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of EUR 94 million.

A registered pledge was established on the shares of "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" of PLN 51 thousand as security for the Ioan granted to the subsidiary "Echo Galeria - Amber Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Polska Kasa Opieki S.A. in the amount of PLN 14 million.

A registered pledge was established on the shares of "Projekt Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o." S.K.A. as security for the loan granted to the subsidiary "Projekt Echo Pasaż Grunwaldzki - Magellan West Sp. z o.o." S.K.A. by Hypothekenbank Frankfurt AG in the amount of EUR 158 million.

A registered pledge was established on the shares of "Park Rozwoju - Grupa Echo Spółka z ograniczoną odpowiedzialnością" of PLN 97 thousand as security for the loan granted to the subsidiary "Park Rozwoju - Grupa Echo Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Zachodni WBK S.A. in the amount of EUR 38 million.

A registered pledge was established on the shares of "Park Rozwoju - Grupa Echo Spółka z ograniczoną odpowiedzialnością" of PLN 1 thousand as security for the loan granted to the subsidiary "Park Rozwoju - Grupa Echo Spółka z ograniczoną odpowiedzialnością" S.K.A. by Bank Zachodni WBK S.A. in the amount of EUR 38 million.

A registered pledge was established on the shares of "Projekt Babka Tower - Grupa Echo Sp. z o.o. S.K.A. of PLN 1 thousand as security for the loan granted to the subsidiary "Projekt Babka Tower - Grupa Echo Sp. z o.o. SKA by Hypothekenbank Frankfurt AG in the amount of EUR 9 million.

A registered pledge was established on the interests of "Grupa Echo Sp. z o.o. of PLN 52 thousand as security for the loan granted to the subsidiary "Projekt Babka Tower - Grupa Echo Sp. z o.o. SKA by Hypotekenbank Frankfurt AG in the amount of EUR 9 million.

A registered pledge was established on the shares of "Galaxy - Projekt Echo 106 Spółka z ograniczoną odpowiedzialnością" S.K.A. as security for the loan granted to the subsidiary "Galaxy - Projekt Echo 106 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Hypothekenbank Frankfurt AG in the amount of EUR 164 million.

A registered pledge was established on the interests of "Projekt Echo - 106 Spółka z ograniczoną odpowiedzialnością" as security for the loan granted to the subsidiary "Projekt Echo - 106 Spółka z ograniczoną odpowiedzialnością" by Hypothekenbank Frankfurt AG in the amount of EUR 164 million.

A registered pledge was established on the interests of "Farrina Investment" Sp. z o.o. of PLN 60 thousand as security for the loan granted to the subsidiary of "Farrina Investment" Sp. z o.o. by Westdeutsch Immobilien Bank in the amount of EUR 56 million.

A registered pledge was established on the interests of Projekt Echo - 105 Sp. z o.o. of PLN 50 thousand as security for the loan granted to the subsidiary of Projekt Echo - 105 Sp. z o.o. by Nordea Bank Polska S.A. in the amount of EUR 20 million.

A registered pledge was established on the shares of "Astra Park - Projekt Echo 69 Spółka z ograniczoną odpowiedzialnością" S.K.A. of PLN 74 thousand as security for the loan granted to the subsidiary of "Astra Park - Projekt Echo 69 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Europaische Hypothekenbank Der Deutschen Bank in the amount of EUR 36 million.

A registered pledge was established on the interests of "Projekt Echo 69 Spółka z ograniczoną odpowiedzialnością" of PLN

115 thousand as security for the loan granted to the subsidiary of "Astra Park - Projekt Echo 69 Spółka z ograniczoną odpowiedzialnością" S.K.A. by Europaische Hypothekenbank Der Deutschen Bank in the amount of EUR 36 million.

A registered pledge was established on the interests of "Wan - 11" Sp. z o.o. of PLN 1,500 thousand as security for the loan granted to the subsidiary of "Wan - 11" Sp. z o.o. by Eurohypo Aktiengesellschaft Europaische Hypothekenbank Der Deutschen Bank. in the amount of EUR 48 million.

## NOTE 4D

## SHARES IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES AT 31 DECEMBER 2014

NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
SHARES	/INTERESTS IN SUBSIDIARIES										
1	"PHS - Projekt CS Sp. z o. o." S.K.A.	Szczecin	rental and operating of real estate	-	-		-	-	0.0040%	0.0040%	NONE
2	"Projekt Echo - 93" Sp. z o.o.	Kielce	rental and operating of real estate	51	-		-	51	99.00%	99.00%	NONE
3	"Echo - Aurus" Sp. z o.o.	Kielce	rental and operating of real estate	199,440	-		-	199,440	99.9925%	99.9925%	NONE
4	"Princess Investment" Sp. z o.o.	Kielce	erection of buildings	5,063	(2,663)		(2,663)	2,400	99.9875%	99.9875%	NONE
5	"Bełchatów - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-		-	1	0.0059%	0.0059%	NONE
6	"PPR - Projekt Echo - 77" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.0002%	0.0002%	NONE
7	"Echo - SPV 7 " Sp. z o. o.	Kielce	rental and operating of real estate	188,601	-		-	188,601	99.9989%	99.9989%	NONE
8	"Echo - Centrum Przemyśl - Projekt Echo 93" Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.0013%	0.0013%	NONE
9	"Grupa Echo" Sp. z o.o.	Kielce	business and other management consultancy activities	52	-		-	52	100.00%	100.00%	NONE
10	"Veneda - Projekt Echo -97 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-		-	1	0.0074%	0.0074%	NONE
11	"Echo Galeria Kielce -Magellan West Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	16	-		-	16	0.0219%	0.0219%	NONE
12	"Echo Investment ACC -Grupa Echo Sp. z o.o." Sp.K.	Kielce	accounting and bookkeeping activities	52	-		-	52	99.00%	99.00%	NONE



NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
13	"Babka Tower - Projekt Echo - 93 Sp. z o. o." S.K.A.	Kielce	rental and operating of real estate	1	-		-	1	0.0083%	0.0083%	NONE
14	"Malta Office Park -Projekt Echo - 96 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-		-	1	0.0067%	0.0067%	NONE
15	"A4 Business Park - Iris Capital Sp. z o.o." S.K.A.	Kielce	realization of building projects related to erection of buildings	51	-		-	51	2.20%	2.20%	NONE
16	"Echo - Arena" Sp. z o.o.	Kielce	realization of building projects related to erection of buildings	1008	-		-	1008	99.95%	99.95%	NONE
17	"Echo - Galaxy" Sp. z o.o.	Kielce	realization of building projects related to erection of buildings	51	-		-	51	99.00%	99.00%	NONE
18	"Echo - Opolska Biznes Park " Sp. z o.o.	Kielce	rental and operating of real estate	52	-		-	52	100.00%	100.00%	NONE
19	Echo -Galeria Amber Sp. z o.o. - S.K.A.	Kielce	rental and operating of real estate	51	(49)		(49)	2	0.825%	0.825%	NONE
20	Zakład Ogrodniczy Naramowice -Pamiątkowo Sp.z o. o. S.K.A.	Pamiątkowo	agricultural cultivation together with raising of animals	24	-		-	24	0.0521%	0.0521%	NONE
21	"Echo Investment Property Management-Grupa Echo Sp. z o. o." Sp.K.	Kielce	operating of real estate	51	-		-	51	99.00%	99.00%	NONE
22	Projekt Saska Sp. z o.o.	Kielce	Real estate agencies	20,420	(20,419)		(20,419)	1	95.00%	95.00%	NONE
23	"Echo -Kasztanowa Aleja" Sp. z o.o.	Kielce	rental and operating of real estate	51	(15)		(15)	36	99.00%	99.00%	NONE
24	"Echo - Klimt House" Sp. z o.o.	Kielce	rental and operating of real estate	51	(15)		(15)	36	99.00%	99.00%	NONE
25	"Projekt Echo -43" Sp. z o.o.	Kielce	rental and operating of real estate	51	(10)		(10)	41	99.00%	99.00%	NONE

NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
26	"Echo - Przy Słowiańskim Wzgórzu " Sp. z o.o.	Kielce	rental and operating of real estate	51	(14)		(14)	37	99.00%	99.00%	NONE
27	Echo Investment Hungary IngatlanhasznositoKFT	Budapest	rental and operating of real estate	89,130	(40,093)		(40,093)	49,037	100.00%	100.00%	NONE
28	"Echo -Kasztanowa Aleja Sp. z o.o."Sp.K.	Kielce	rental and operating of real estate	15901	-		-	15901	99.90%	99.90%	NONE
29	"Echo - Klimt House Sp. z o.o." Sp.K.	Kielce	rental and operating of real estate	501	-		-	501	99.90%	99.90%	NONE
30	"Echo - Przy Słowiańskim Wzgórzu Sp. z o.o." Sp.K.	Kielce	rental and operating of real estate	20,002	-		-	20,002	99.9995%	99.9995%	NONE
31	Echo Projekt Management Ingatlanhasznosito KFT	Budapest	operating of real estate	2,126	(1,035)		(1,035)	1,091	100.00%	100.00%	NONE
32	Echo - Opolska Business Park Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.0009%	0.0009%	NONE
33	"53 - Grupa Echo" Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.0504%	0.0504%	NONE
34	"Galeria Olimpia - Projekt Echo - 98 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-		-	1	0.0031%	0.0031%	NONE
35	"Galeria Sudecka - Projekt Echo - 43 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	50	-		-	50	0.0673%	0.0673%	NONE
36	Projekt Beethovena -"Grupa Echo" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	1	-		-	1	0.0022%	0.0022%	NONE
37	"Echo - Galaxy" Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	50	-		-	50	0.0128%	0.0128%	NONE
38	"Galeria Tarnów - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.0651%	0.0651%	NONE
39	"Projekt Echo 62 -Magellan West Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	17	-		-	17	0.0127%	0.0127%	NONE
40	"AVATAR - Projekt Echo -93" Sp.	Kielce	rental and operating of	-	-		-	-	0.0004%	0.0004%	NONE



NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
	z o.o. S.K.A.		real estate								
41	Projekt Naramowice -"Grupa Echo" Sp. z o.o. S.K.A.	Kielce	erection of buildings	20	-		-	20	0.0319%	0.0319%	NONE
42	"Oxygen - Projekt Echo – 95 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.0005%	0.0005%	NONE
43	"Park Postępu - Projekt Echo - 93 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.0001%	0.0001%	NONE
44	Echo - Nowy Mokotów Sp. z o.o.	Kielce	rental and operating of real estate	94	-		-	94	99.90%	99.90%	NONE
45	"Projekt Echo -69" Sp. z o.o.	Kielce	other monetary intermediation	115	-		-	115	99.99%	99.99%	NONE
46	"Projekt Echo -70" Sp. z o.o.	Kielce	rental and operating of real estate	5047	(7)		(7)	5,040	99.90%	99.90%	NONE
47	"Projekt Echo -77" Sp. z o.o.	Kielce	rental and operating of real estate	50	(14)		(14)	36	99.90%	99.90%	NONE
48	Metropolis - "Grupa Echo" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	-	-		-	-	0.000050%	0.000050%	NONE
49	Echo Investment Ukraina LLC	Kiev	operating of real estate	666	(319)		(319)	347	100.00%	100.00%	NONE
50	Galeria Nova - Grupa Echo Sp. z o.o. S.K.A	Kielce	realization of building projects related to erection of buildings	16	-		-	16	100.00%	100.00%	NONE
51	Echo Investment Projekt Management SRL	Brasov	operating of real estate	4,986	(3,478)		(3,478)	1,508	99.9998%	99.9998%	NONE
52	El Projekt Cyp - 1 Limited	Nicosia	activities of head office and holding companies	56,028	-	(56,028)	) (56,028)	-	99.99%	99.99%	NONE
53	Barconsel Holdings Limited	Nicosia	activities of head office and holding companies	374,332	-		-	374,332	25.3996%	25.3996%	NONE
54	"Projekt Echo - 95" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-		-	26	99.80%	99.80%	NONE

NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
55	"Projekt Echo - 96" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-		-	- 26	99.80%	99.80%	NONE
56	"Projekt Echo - 97" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-		-	- 26	99.80%	99.80%	NONE
57	"Projekt Echo - 98" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-		-	- 26	99.80%	99.80%	NONE
58	"Projekt Echo - 99" Sp. z o.o.	Kielce	buying and selling of own real estate	97	-		-	97	99.80%	99.80%	NONE
59	Projekt 1 -"Grupa Echo Sp. z. o. o." S.K.A.	Kielce	rental and operating of real estate	2	-		-	- 2	0.000042%	0.000042%	NONE
60	Vousoka Polska Sp. z o. o. S.K.A.	Warsaw	rental and operating of real estate	-	-		-		0.0040%	0.0040%	NONE
61	"Echo – Pod Klonami Sp. z o. o." Sp.K.	Kielce	buying and selling of own real estate	10	-		-	- 10	99.00%	99.00%	NONE
62	"Echo Investment Facility Management-Grupa Echo Sp. z o. o. Sp.K.	Kielce	rental and operating of real estate	11	-		-	. 11	99.00%	99.00%	NONE
63	Vousoka Polska S. z o. o.	Warsaw	other monetary intermediation	29	-		-	- 29	99.00%	99.00%	NONE
64	"Projekt CS" Sp. z o.o.	Szczecin	other monetary intermediation	122	-		-	- 122	99.00%	99.00%	NONE
65	"Pamiątkowo" Sp. z o.o.	Pamiątkowo	other monetary intermediation	83	-		-	. 83	99.00%	99.00%	NONE
66	"Echo - West Gate Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-		-	. 1	0.0001%	0.0001%	NONE
67	"Projekt 4 - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	11	-		-	. 11	100.00%	100.00%	NONE
68	"Projekt 5 - Grupa Echo Sp. z o.o." S.K.A.	Szczecin	rental and operating of real estate	1	-		-	. 1	0.0040%	0.0040%	NONE



NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
69	Projekt Babka Tower -''Grupa Echo'' Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	1	-		-	. 1	0.0040%	0.0040%	NONE
70	"Echo - Park Rozwoju Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-		-	. 1	0.0002%	0.0002%	NONE
71	"Echo - Galeria Lublin" Sp. z o. o.	Kielce	rental and operating of real estate	1,006	-		-	1,006	99.90%	99.90%	NONE
72	Echo - Nowy Mokotów Sp. z o.o. Sp.K.	Kielce	buying and selling of own real estate	1,251	-		-	1,251	99.00%	99.00%	NONE
73	ASTRA PARK - "Projekt Echo 69" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	74	-		-	74	0.1083%	0.1083%	NONE
74	Mena Investments Sp. z o.o.	Kielce	business and other management consultancy activities	105	-		-	105	99.00%	99.00%	NONE
75	Echo – Galeria Amber Sp. z o.o.	Kielce	business and other management consultancy activities	101	-		-	101	99.00%	99.00%	NONE
76	Vasco Investment Sp. z o.o.	Kielce	business and other management consultancy activities	90	-		-	90	99.00%	99.00%	NONE
77	Projekt Echo Pasaż Grunwaldzki - Magellan West Sp.z o. o. S.K.A.	Kielce	rental and operating of real estate	-	-		-		0.0040%	0.0040%	NONE
78	Projekt Echo Galeria Kielce - Magellan West Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	-	-		-		0.0040%	0.0040%	NONE
79	Galaxy - Projekt Echo -106 Sp. z o.o. S.K.A.	Szczecin	rental and operating of real estate	-	-		-		0.0040%	0.0040%	NONE
80	Projekt Echo - 99 Sp. z o. o. Sp.K.	Kielce	buying and selling of own real estate	52	-		-	52	99.80%	99.80%	NONE
81	"Echo - West Gate Sp. z o.o."	Kielce	business and other management consultancy activities	290	-		-	290	100.00%	100.00%	NONE

NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
82	Iris Capital Sp. z o.o.	Kielce	business and other management consultancy activities	122	-		-	122	100.00%	100.00%	NONE
83	Projekt Echo - 101 Sp. z o.o.	Kielce	rental and operating of real estate	800	-		-	800	99.99%	99.99%	NONE
84	Projekt Echo - 102 Sp. z o.o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
85	Projekt Echo - 103 Sp. z o.o.	Szczecin	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
86	Projekt Echo - 104 Sp. z o.o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
87	Projekt Echo - 105 Sp. z o.o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
88	Projekt Echo - 106 Sp. z o.o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
89	Projekt Echo - 107 Sp. z o.o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
90	Projekt Echo - 108 Sp. z o.o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
91	Projekt Echo - 109 Sp. z o.o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
92	Echo - Babka Tower Sp. z o. o.	Kielce	rental and operating of real estate	51	-		-	51	100.00%	100.00%	NONE
93	"Echo - Property Poznan 1" Sp. z o. o.	Kielce	business and other management consultancy activities	197	-		-	197	99.00%	99.00%	NONE
94	"Echo - Park Rozwoju Sp. z o.o."	Kielce	business and other management consultancy activities	97	-		-	97	100.00%	100.00%	NONE
95	Farrina Investments Sp. z o. o.	Kielce	buying and selling of	60	-		-	60	99.90%	99.90%	NONE

NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERE STS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
			own real estate								
96	Elmira Investments Sp. z o. o.	Kielce	business and other management consultancy activities	60	-		-	- 60	99.90%	99.90%	NONE
97	Elmira Investments Sp. z o. o. S.K.A.	Kielce	business and other management consultancy activities	61	-		-	- 61	99.998%	99.998%	NONE
98	Projekt 11 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	rental and operating of real estate	-	-		-		0.0040%	0.0040%	NONE
99	Projekt 12 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	rental and operating of real estate	-	-		-		0.0040%	0.0040%	NONE
100	Projekt 13 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	rental and operating of real estate	-	-		-		0.0040%	0.0040%	NONE
101	Projekt 14 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	other financial intermediation	-	-		-		0.0040%	0.0040%	NONE
102	Projekt - Pamiątkowo Sp. z o.o.	Kielce	buying and selling of own real estate	51	-		-	- 51	100.00%	100.00%	NONE
103	Projekt 15 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	- 50	100.00%	100.00%	NONE
104	Projekt 16 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	- 50	100.00%	100.00%	NONE
105	Projekt 17 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	- 50	100.00%	100.00%	NONE
106	Projekt 18 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	- 50	100.00%	100.00%	NONE
107	Projekt 19 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	- 50	100.00%	100.00%	NONE
108	Projekt 20 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	- 50	100.00%	100.00%	NONE

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109	Projekt 21 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	50	100.00%	100.00%	NONE
110	Projekt 22 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	Real estate agencies	50	-		-	50	100.00%	100.00%	NONE
111	Magellan West Sp. z o. o.	Kielce	rental and operating of real estate	50	-		-	50	99.90%	99.90%	NONE
112	SPV-1 Grupa Echo Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	1	-		-	1	0.90%	0.90%	NONE
				990,116	(68,131)	(56,028)	(124,159)	865,957			
SHARES	IN JOINTLY CONTROLLED ENTITIES										
1	"Wan 11" Sp. z o.o.	Warsaw	rental and operating of real estate	1,500	-	-	-	1,500	50.00%	50.00%	NONE
				1,500	-	-	-	1,500			

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SHARES	S/INTERESTS IN ASSOCIATES										
1	EBR Global Services Sp. z o.o.	Kielce	accounting and bookkeeping activities	13	-	-	-	13	25.00%	25.00%	NONE
2	"SPC" S.A.	Warsaw	management of other entities	34	(34)	-	(34)	-	34.00%	34.00%	NONE
				47	(34)	-	(34)	13			
TOTAL	Shares/interests in subordinat	ES		991,663	(68,165)	(56,028)	(124,193)	867,470			

In the table, the Company has presented impairment losses on shares in subsidiaries, jointly controlled entities and associates held by the Company, recognised during the financial year.

In the absence of an impairment loss, the Company believes that at the balance sheet date there were no indications that the need to make adjustments for impairment losses.

Changes in the value of share revaluation adjustments were stated in profit or loss at 31 December 2014 as revaluation of investments in finance income / costs.

An impairment loss in the amount of PLN (56,028) thousand was recognised in costs.

The Company has control over its subsidiaries through direct shareholding or shares held by other subsidiaries.

### SHARES/INTERESTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES AT 31 DECEMBER 2013

No.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD		OTHER BASIS FOR CONTROL
SHARE	S/INTERESTS IN SUBSIDIARIES										
1	"PHS - Projekt CS Sp. z o. o." S.K.A.	Szczecin	rental and operating of real estate	-	-	-	-	-	0.0040%	0.0040%	NONE
2	"Projekt Echo - 93" Sp. z o.o.	Kielce	rental and operating of real estate	51	-	-	-	51	99.00%	99.00%	NONE
3	"Echo - Aurus" Sp. z o.o.	Kielce	rental and operating of real estate	199,440	-	-	-	199,440	99.9925%	99.9925%	NONE
4	"Princess Investment" Sp. z o.o.	Kielce	erection of buildings	5,063	(2,663)	-	(2,663)	2,400	99.9875%	99.9875%	NONE
5	"Bełchatów - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	1	0.0059%	0.0059%	NONE
6	"PPR - Projekt Echo - 77" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	-	-	-	-	-	0.0002%	0.0002%	NONE
7	"Echo - SPV 7 " Sp. z o. o.	Kielce	rental and operating of real estate	188,601	-	-	-	188,601	99.9989%	99.9989%	NONE
8	"Echo - Centrum Przemyśl - Projekt Echo 93" Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	-	-	-	-	-	0.0013%	0.0013%	NONE
9	"Grupa Echo" Sp. z o.o.	Kielce	business and other management consultancy activities	52	-	-	-	52	100.00%	100.00%	NONE
10	"Veneda - Projekt Echo -97 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	1	0.0074%	0.0074%	NONE
11	"Echo Galeria Kielce - Magellan West Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	16	-	-	-	16	0.0219%	0.0219%	NONE
12	"Echo Investment ACC - Grupa Echo Sp. z o.o." Sp.K.	Kielce	accounting and bookkeeping activities	51	-	-	-	51	99.00%	99.00%	NONE
13	"Babka Tower - Projekt Echo - 93 Sp. z o. o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	1	0.0083%	0.0083%	NONE
14	"Malta Office Park -Projekt Echo - 96 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	1	0.0067%	0.0067%	NONE
15	A4 Business Park – Grupa Echo Sp. z o.o. S.K.A.	Kielce	realization of building projects related to erection of buildings	51	-	-	-	51	2.20%	2.20%	NONE
16	"Echo - Arena" Sp. z o.o.	Kielce	realization of building projects related to	1,008	-	-	-	1,008	99.95%	99.95%	NONE



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			erection of buildings								
17	"Echo - Galaxy" \$p. z o.o.	Kielce	realization of building projects related to erection of buildings	51	-	-	-	51	99.00%	99.00%	NONE
18	"Projekt Echo - 33" Sp. z o.o.	Kielce	rental and operating of real estate	51	-	-	-	51	99.00%	99.00%	NONE
19	Echo -Galeria Amber Sp. z o.o S.K.A.	Kielce	rental and operating of real estate	51	(49)	-	(49)	2	0.825%	0.825%	NONE
20	Zakład Ogrodniczy Naramowice -Pamiątkowo Sp.z o. o. S.K.A.	Pamiątkowo	agricultural cultivation together with raising of animals	24	-	-	-	24	0.521%	0.521%	NONE
21	"Echo Investment Property Management-Grupa Echo Sp. z o. o." Sp.K.	Kielce	operating of real estate	50	-	-	-	50	99.00%	99.00%	NONE
22	Projekt Saska Sp. z o.o.	Kielce	real estate agencies	20,420	(20,419)	-	(20,419)	1	95.00%	95.00%	NONE
23	"Echo -Kasztanowa Aleja" Sp. z o.o.	Kielce	rental and operating of real estate	51	(15)	-	(15)	36	99.00%	99.00%	NONE
24	"Echo - Klimt House" Sp. z o.o.	Kielce	rental and operating of real estate	51	(15)	-	(15)	36	99.00%	99.00%	NONE
25	"Projekt Echo -43" Sp. z o.o.	Kielce	rental and operating of real estate	51	(10)	-	(10)	41	99.00%	99.00%	NONE
26	"Echo - Przy Słowiańskim Wzgórzu " Sp. z o.o.	Kielce	rental and operating of real estate	51	(14)	-	(14)	37	99.00%	99.00%	NONE
27	Echo Investment Hungary IngatlanhasznositoKFT	Budapest	rental and operating of real estate	89,130	(40,093)	-	(40,093)	49,037	100.00%	100.00%	NONE
28	"Echo -Kasztanowa Aleja Sp. z o.o."Sp.K.	Kielce	rental and operating of real estate	15,901	-	-	-	15,901	99.90%	99.90%	NONE
29	"Echo - Klimt House Sp. z o.o." Sp.K.	Kielce	rental and operating of real estate	501	-	-	-	501	99.90%	99.90%	NONE
30	"Echo - Przy Słowiańskim Wzgórzu Sp. z o.o." Sp.K.	Kielce	rental and operating of real estate	22,675	-	-	-	22,675	99.9996%	99.9996%	NONE
31	Echo Projekt Management Ingatlanhasznosito KFT	Budapest	operating of real estate	2,126	(1,035)	-	(1,035)	1,091	100.00%	100.00%	NONE
32	"47- Grupa Echo Sp. z o. o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	1	0.0009%	0.0009%	NONE
33	"53 - Grupa Echo" Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	50	-	-	-	50	0.0504%	0.0504%	NONE
34	"Galeria Olimpia - Projekt Echo - 98 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	1	0.0031%	0.0031%	NONE
35	"Galeria Sudecka - Projekt	Jelenia Góra	rental and operating	50	-	-	-	50	0.0673%	0.0673%	NONE

No.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
	Echo - 43 Sp. z o.o."S.K.A.		of real estate								
36	Projekt Beethovena -"Grupa Echo" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	1	0.0022%	0.0022%	NONE
37	"Echo - Galaxy" Sp. z o.o. S.K.A.	Szczecin	rental and operating of real estate	50	-	-	-	50	0.0128%	0.0128%	NONE
38	"Galeria Tarnów - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	50	-	-	-	50	0.651%	0.651%	NONE
39	Echo Pasaż Grunwaldzki – Magellan West Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	49	-	-	. <u>-</u>	49	0.0127%	0.0127%	NONE
40	"AVATAR - Projekt Echo -93" Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	-	-	-	-	-	0.0004%	0.0004%	NONE
41	Projekt Naramowice -"Grupa Echo" Sp. z o.o. S.K.A.	Kielce	erection of buildings	53	-	-	-	53	0.0319%	0.0319%	NONE
42	"Oxygen - Projekt Echo – 95 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	-	-	-		-	0.0005%	0.0005%	NONE
43	"Park Postępu - Projekt Echo - 93 Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	-	-	-		-	0.0001%	0.0001%	NONE
44	Echo - Nowy Mokotów Sp. z o.o.	Kielce	rental and operating of real estate	94	-	-		94	99.90%	99.90%	NONE
45	"Projekt Echo -69" Sp. z o.o.	Kielce	other monetary intermediation	115	-	-	-	115	99.99%	99.99%	NONE
46	"Projekt Echo -70" Sp. z o.o.	Kielce	rental and operating of real estate	5047	(7)	-	. (7)	5,040	99.90%	99.90%	NONE
47	"Projekt Echo -77" Sp. z o.o.	Kielce	rental and operating of real estate	50	(14)	-	(14)	36	99.90%	99.90%	NONE
48	Metropolis - "Grupa Echo" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	-	-	-	-	-	0.000050%	0.000050%	NONE
49	Echo Investment Ukraina LLC	Kiev	operating of real estate	666	(319)	-	(319)	347	100.00%	100.00%	NONE
50	Galeria Nova - Grupa Echo Sp. z o.o. S.K.A	Kielce	realization of building projects related to erection of buildings	6	-	-	-	6	0.0571%	0.0571%	NONE
51	Echo Investment Projekt Management SRL	Bucharest	operating of real estate	4,986	(3,478)	-	(3,478)	1,508	99.9998%	99.9998%	NONE
52	El Projekt Cyp - 1 Limited	Nicosia	activities of head office and holding companies	56,028	-	-	-	56,028	99.99%	99.99%	NONE
53	Barconsel Holdings Limited	Nicosia	activities of head	374,329	-	-	-	374,329	24.4371%	24.4371%	NONE



No.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD		OTHER BASIS FOR CONTROL
			office and holding companies								
54	"Projekt Echo - 95" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-	-	-	- 26	99.80%	99.80%	NONE
55	"Projekt Echo - 96" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-	-	-	- 26	99.80%	99.80%	NONE
56	"Projekt Echo - 97" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-	-	-	- 26	99.80%	99.80%	NONE
57	"Projekt Echo - 98" Sp. z o.o.	Kielce	buying and selling of own real estate	26	-	-	-	- 26	99.80%	99.80%	NONE
58	"Projekt Echo - 99" Sp. z o.o.	Kielce	buying and selling of own real estate	97	-	-	-	- 97	99.80%	99.80%	NONE
59	Aquarius Business House – Grupa Echo Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	2	-	-	-	- 2	0.000042%	0.000042%	NONE
60	"Echo – Pod Klonami Sp. z o. o." Sp.K.	Kielce	buying and selling of own real estate	10	-	-	-	- 10	99.00%	99.00%	NONE
61	"Echo Investment Facility Management-Grupa Echo Sp. z o. o. Sp.K.	Kielce	rental and operating of real estate	11	-	-	-	- 11	99.00%	99.00%	NONE
62	"Projekt CS" Sp. z o.o.	Szczecin	other monetary intermediation	122	-	-	-	- 122	99.00%	99.00%	NONE
63	"Pamiątkowo" Sp. z o.o.	Pamiątkowo	other monetary intermediation	83	-	-	-	- 83	99.00%	99.00%	NONE
64	"Projekt 3 - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	- 1	0.0040%	0.0040%	NONE
65	"Projekt 4 - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	- 1	0.0040%	0.0040%	NONE
66	"Projekt 5 - Grupa Echo Sp. z o.o." S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	- 1	0.0040%	0.0040%	NONE
67	Projekt Babka Tower -"Grupa Echo" Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	- 1	0.0040%	0.0040%	NONE
68	Park Rozwoju – Grupa Echo Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	1	-	-	-	- 1	0.0002%	0.0002%	NONE
69	•	Kielce	rental and operating of real estate	1,006	-	-	-	- 1,006	99.90%	99.90%	NONE
70	Echo - Nowy Mokotów Sp. z o.o. Sp.K.	Kielce	buying and selling of own real estate	1,251	-	-	-	- 1,251	99.00%	99.00%	NONE
71	ASTRA PARK - "Projekt Echo 69" Sp. z o. o. S.K.A.	Kielce	rental and operating of real estate	74	-	-	-	- 74	0.1083%	0.1083%	NONE
72	Mena Investments Sp. z o.o.	Kielce	business and other management	105	-	-	-	- 105	99.00%	99.00%	NONE

No.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD		OTHER BASIS FOR CONTROL
			consultancy activities								
73	Echo – Galeria Amber Sp. z o.o.	Kielce	business and other management consultancy activities	101	-	-	-	101	99.00%	99.00%	NON
74	Vasco Investment Sp. z o.o.	Kielce	business and other management consultancy activities	90	-	-	-	90	99.00%	99.00%	NON
75	Projekt Echo Pasaż Grunwaldzki - Magellan West Sp.z o. o. S.K.A.	Kielce	rental and operating of real estate	-	-	-	-	- <u>-</u>	0.0040%	0.0040%	NON
76	Projekt Echo Galeria Kielce - Magellan West Sp. z o.o. S.K.A.	Kielce	rental and operating of real estate	-	-	-	-		0.0040%	0.0040%	NON
77	Galaxy - Projekt Echo -106 Sp. z o.o. S.K.A.	Szczecin	rental and operating of real estate	-	-	-	-	-	0.0040%	0.0040%	NON
78	Projekt Echo - 99 Sp. z o. o. Sp.K.	Kielce	buying and selling of own real estate	12	-	-	-	12	99.00%	99.00%	NON
79	Intermedia Investment Sp. z o.o.	Kielce	business and other management consultancy activities	290	-	-	-	290	99.00%	99.00%	NON
80	lris Capital Sp. z o.o.	Kielce	business and other management consultancy activities	122	-	-	-	122	99.00%	99.00%	NON
81	Projekt Echo - 101 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NON
82	Projekt Echo - 102 Sp. z o.o.	Kielce	rental and operating	50	-	-	-	50	99.90%	99.90%	NON
83	Projekt Echo - 103 Sp. z o.o.	Szczecin	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NON
84	Projekt Echo - 104 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NON
85	Projekt Echo - 105 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NONE
86	Projekt Echo - 106 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NONE
87	Projekt Echo - 107 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NONE



No.	NAME (BUSINESS NAME) AND LEGAL FORM	OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
88	Projekt Echo - 108 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NONE
89	Projekt Echo - 109 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NONE
90	Projekt Echo - 110 Sp. z o.o.	Kielce	rental and operating of real estate	50	-	-	-	50	99.90%	99.90%	NONE
91	"Echo - Property Poznan 1" Sp. z o. o.	Kielce	business and other management consultancy activities	197	-	-		. 197	99.00%	99.00%	NONE
92	"Echo - Park Rozwoju Sp. z o.o."	Kielce	business and other management consultancy activities	97	-	-	-	97	100.00%	100.00%	NONE
93	Farrina Investments Sp. z o. o.	Kielce	buying and selling of own real estate	60	-	-	-	- 60	99.90%	99.90%	NONE
94	Elmira Investments Sp. z o. o.	Kielce	business and other management consultancy activities	60	-	-	-	. 60	99.90%	99.90%	NONE
95	Elmira Investments Sp. z o. o. S.K.A.	Kielce	business and other management consultancy activities	61	-	-	-	61	99.998%	99.998%	NONE
96	Projekt 11 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	rental and operating of real estate	-	-	-	-	-	0.0040%	0.0040%	NONE
97	Projekt 12 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	rental and operating of real estate	-	-	-	-	-	0.0040%	0.0040%	NONE
98	Projekt 13 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	rental and operating of real estate	-	-	-	-		0.0040%	0.0040%	NONE
99	Projekt 14 - "Grupa Echo" Sp. z o.o - S.K.A.	Kielce	other financial intermediation	-	-	-	-		0.0040%	0.0040%	NONE
100	Projekt - Pamiątkowo Sp. z o.o.	Pamiątkowo	buying and selling of own real estate	51	-	-	-	51	100.00%	100.00%	NONE
101	Projekt 15 - "Grupa Echo" Sp. z o.o - S.K.A.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE
102	Projekt 16 - "Grupa Echo" Sp. z o.o - S.K.A.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE
103	Projekt 17 - "Grupa Echo" Sp. z o.o - S.K.A.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE
104	Projekt 18 - "Grupa Echo" Sp.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE

No.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	BUSINESS ACTIVITY	VALUE OF SHARES/INTERESTS BY PURCHASE PRICE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS	CARRYING AMOUNT OF SHARES/INTERESTS	PERCENTAGE OF SHARE CAPITAL HELD	SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING	OTHER BASIS FOR CONTROL
	z o.o - S.K.A.										
105	Projekt 19 - "Grupa Echo" Sp. z o.o - S.K.A.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE
106	Projekt 20 - "Grupa Echo" Sp. z o.o - S.K.A.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE
107	Projekt 21 - "Grupa Echo" Sp. z o.o - S.K.A.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE
108	Projekt 22 - "Grupa Echo" Sp. z o.o - S.K.A.	Pamiątkowo	real estate agencies	50	-	-	-	50	100.00%	100.00%	NONE
109	SPV-1 Grupa Echo Sp. z o.o. S.K.A.	Szczecin	rental and operating of real estate	1	-	-	-	1	0.90%	0.90%	NONE
				992,059	(68,131)	-	(68,131)	923,928			
NO.	NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	OBJECTS	VALUE OF SHARES/INTERESTS BY PURCHASE	OPENING REVALUATION ADJUSTMENTS	CHANGE IN REVALUATION ADJUSTMENTS	CLOSING REVALUATION ADJUSTMENTS		PERCENTAGE SHARE OF THE SHARE CAPITAL	SHARE IN THE TOTAL NUMBER OF VOTES AT THE	OTHER BASIS FOR CONTROL
				PRICE						GENERAL MEETING	
SHARE	S IN JOINTLY CONTROLLED ENTIT	-								MEETING	
SHARE 1	S IN JOINTLY CONTROLLED ENTIT "Wan 11" Sp. z o.o.	TIES Warsaw	rental and operating of real estate	1,500	-	-	-	1,500	50.00%		NONE
1	"Wan 11" Sp. z o.o.	-			-	-			50.00%	MEETING	NONE
1	"Wan 11" Sp. z o.o. S/INTERESTS IN ASSOCIATES	Warsaw	of real estate	1,500 <b>1,500</b>	-	-	-	1,500		<b>MEETING</b> 50.00%	
1	"Wan 11" Sp. z o.o.	Warsaw		1,500	-	-		1,500	50.00%	MEETING	NONE
1	"Wan 11" Sp. z o.o. S/INTERESTS IN ASSOCIATES	Warsaw	of real estate accounting and bookkeeping	1,500 <b>1,500</b>				<b>1,500</b> 13		<b>MEETING</b> 50.00%	
1 SHARE 1	"Wan 11" Sp. z o.o. S/INTERESTS IN ASSOCIATES EBR Global Services Sp. z o.o.	Warsaw Kielce	of real estate accounting and bookkeeping activities management of	1,500 1,500 13	-		-	<b>1,500</b> 13	25.00%	MEETING           50.00%           25.00%	NONE

## NOTE 5

LONG-TERM FINANCIAL ASSETS [IN PLN '000]	31.12.2014	31.12.2013
a) advances paid	12,421	12,959
b) investment certificates	1,330	1,130
c) advances for shares	-	1
Total long-term financial assets	13,751	14,090

## NOTE 6

CHANGE IN DEFERRED TAX ASSETS / PROVISION [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
1. Opening balance of deferred tax assets / provision	11,452	13,678
investment property	(285)	(396)
loans receivable and payable	(329)	(8)
loans and bonds payable	(656)	(263)
tax loss	121	-
inventories	4,966	6,503
shares/interests	12,951	13,200
limited partnership income tax	-	-
other	(5,316)	(5,358)
2. Increases	12,550	274
investment property	51	111
loans receivable and payable	-	-
loans and bonds payable	167	-
tax loss	-	121
inventories	1,687	-
shares/interests	10,645	-
limited partnership income tax	-	-
other	-	42
3. Decreases	(842)	(2,500)
investment property	-	-
loans receivable and payable	(230)	(321)
loans and bonds payable	-	(393)
tax loss	(61)	-
inventories	-	(1,537)
shares/interests	-	(249)
other	(551)	-
4. Closing balance of deferred tax assets / provision	23,160	11,452
investment property	(234)	(285)
loans receivable and payable	(559)	(329)
loans and bonds payable	(489)	(656)
tax loss	60	121
inventories	6,653	4,966
shares/interests	23,596	12,951
limited partnership income tax	-	-
other	(5,867)	(5,316)

In 2012, the Management Board changed its expectations and decided not to sell the interests in "Barconsel Holdings" Ltd, Echo - Aurus Sp. z o.o. and in "Echo - SPV 7" Sp. z o.o. in the foreseeable future. Therefore, in accordance with paragraph 39 IAS 12, a deferred tax provision and accounting differences related to the interests in the above subsidiaries in the amount of PLN 14,559 thousand was reversed:

INVENTORIES [IN PLN '000]	31.12.2014	31. 12.2013
a) semi-finished products and work-in-progress	263,850	198,284
b) finished products	39,827	25,119
c) goods	44,347	43,221
Total inventories	348,024	266,624

Inventories are measured up to 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. The amounts of impairment losses on inventories recognized as an expense in the period and any reversals of impairment loss which decreases the value of inventories recognized as income in the period are disclosed in the income statement under "Cost of sales."

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

## NOTE 7B

INVENTORIES – EFFECT ON THE FINANCIAL RESULT [IN PLN '000]	31.12.2014	31. 12.2013
The amount of impaiment loss on inventories recognised in the period as cost	(6,043)	(3,301)
The amount of reversal of impairment loss which decreases the value of inventories recognised in the period as income	-	8,627
Change in impairment loss on inventories	(6,043)	5,326

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

The amount of inventories recognized as an expense in the period can be found in the income statement under "Cost of sales". Change in an impairment loss on inventories at 31 December 2014 was PLN 6,043 thousand (at 31 December 2013: PLN 5,326 thousand). Work-i-progress in respect of which financing costs were not capitalised during the year amounted to PLN 183,295 thousand at 31 December 2014.

## NOTE 8A

SHORT-TERM TRADE, TAXES AND OTHER RECEIVABLES [IN PLN '000]	31.12.2014	31. 12.2013
a) receivables from subsidiaries:	66,935	53,995
- trade payables maturing:	33,068	38,165
- up to 12 months	33,068	38,165
- other	33,867	15,830
b) impairment losses on receivables from related parties	-	-
c) receivables from other entities	6,652	8,567
- trade payables maturing:	407	456
- up to 12 months	407	456
- over 12 months	-	-
- income tax	-	3,376
- other	3,964	3,068
- advances for deliveries	2,281	1,667
d) impairment losses on receivables from other entities	(886)	(1,118)
Total net short-term trade, taxes and other receivables	73,587	62,562
- total impairment losses on receivables	(886)	(1,118)
Total gross short-term trade, taxes and other receivables	74,473	63,680

The maximum value of credit risk associated with trade receivables is equal to their carrying amount.

Receivables from related parties are not secured. At 31 December 2014, receivables from related parties were not written down.

The estimated fair value of trade receivables is determined as the value of the expected future discounted cash flows and does not differ from the carrying amount of these receivables.

Trade receivables and services result from the rental of office spaces and residential premises and investment implementation. The Company monitors tenants' condition and ability to pay at all times. Payments are secured with security deposits. The value of the deposit oat 31 December 2014 was PLN 219 thousand and at 31 December 2013 PLN 165 thousand.

#### NOTE 8B

CHANGE IN IMPAIRMENT LOSSES ON SHORT-TERM RECEIVABLES [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Opening balance	1,118	1,350
a) increases	65	503
- establishment of an impairment loss	65	503
b) decreases	(297)	(735)
- repayment	(1)	(20)
- release	(296)	(715)
Impairment losses on short-term receivables at the end of period	886	1,118

An impairment loss on receivables was recognised in "Other operating income" in the income statement of the Company.

Based on historical experience and expectations with respect to future cash flows, the Company recognises impairment losses as follows:

- in the case of receivables which are past due by more than one year at the full value of receivables;
- in the case of receivables which are past due by more than half a year but up to one year at 50% of the value of receivables.

NOTE 8C

GROSS SHORT-TERM TRADE, TAXES AND OTHER RECEIVABLES [IN PLN '000]	31.12.2014	31. 12.2013
a) in the Polish currency	74,473	63,680
b) in foreign currencies (by currency and after conversion into PLN)	-	-

- unit/currency EUR	-	-
- PLN '000	-	-
- unit/currency USD	-	-
- PLN '000	-	-
Total gross short-term trade, taxes and other receivables	74,473	63,680

NOTE 8D

TRADE RECEIVABLES (GROSS) MATURING AFTER THE BALANCE SHEET DATE (IN PLN '000)	31.12.2014	31. 12.2013
a) up to 1 month	28,230	18,627
b) between 1 and 3 months	5,087	18,101
c) between 3 and 6 months	-	-
d) between 6 months and 1 year	-	-
e) above 1 year	-	-
f) past due receivables	1,044	2,911
Total trade receivables (gross)	34,361	39,639
g) impairment losses on trade payables	(886)	(1,018)
Total trade payables (gross)	33,475	38,621

NOTE 8E

PAST DUE 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	31	1,701
b) between 1 and 3 months	58	30
c) between 3 and 6 months	56	677
d) between 6 months and 1 year	25	32
e) above 1 year	874	471
Total trade receivables, past due (gross)	1,044	2,911
f) impairment losses on past due trade payables	(886)	(1,018)
Total trade receivables, past due (net)	158	1,893

NOTE 8F

TRADE RECEIVABLES (GROSS) [IN PLN '000]	31.12.2014	31. 12.2013
a) current receivables, not impaired	33,317	36,728
b) past due receivables, not impaired	158	1,893
c) past due receivables, impaired	886	1,018
Total trade receivables (gross)	34,361	39,639

NOTE 8G

DISPUTED AND PAST DUE RECEIVABLES [IN PLN '000]	31.12.2014	31.12.2013
Disputed receivables	-	-
- other	-	-
- including those not covered by an impairment loss	-	-
Past due receivables	1,044	2,911
- trade payables	1,044	2,911
- including those not covered by an impairment loss	158	1,893

SHORT-TERM LOANS GRANTED [IN PLN '000]	31.12.2014	31.12.2013
a) in subsidiaries		
- loans granted	106,112	206,399

131,348	208,128
25,027	-
205	-
24,822	-
106,321	208,128
209	1,729

Note 9A comprises short-term loans with interest.

NOTE 9B

SHORT-TERM LOANS GRANTED (CURRENCY STRUCTURE) [IN PLN '000]	31.12.2014	31.12.2013
a) in the Polish currency	106,335	208,128
b) in foreign currencies (by currency and after conversion into PLN)	25,013	-
Total short-term loans granted	131,348	208,128

Note 9B comprises short-term loans with interest.

## BASIC DATA ON MAJOR SHORT-TERM LOANS WITHOUT INTEREST AT 31 DECEMBER 2014

NAME OF THE COUNTERPARTY	AMOUNT [IN PLN '000]	INTEREST RATE	REPAYMENT DATE
Magellan Pro-Service Sp. z o.o.	22,244	3M Libor USD + margin	30 April 2015
Metropolis - "Grupa Echo" Sp. z o. o. S.K.A.	1,600	3M WIBOR + margin	31 December 2015
Veneda - Projekt Echo - 97 Sp. z o.o. S.K.A.	820	3M WIBOR + margin	31 December 2015
SPV1 Grupa Echo Sp. z o.o. S.K.A.	500	3M WIBOR + margin	31 December 2015
Projekt Beethovena -"Grupa Echo" Sp. z o. o. S.K.A.	28,190	3M WIBOR + margin	31 December 2015
"Echo - SPV 7 " Sp. z o. o.	52,000	3M WIBOR + margin	31 December 2015
Echo - Aurus Sp. z o.o.	23,000	3M WIBOR + margin	31 December 2015
EBR Global Services Sp. z o.o.	2	3M WIBOR + margin	30 September 2015
other - unrelated entities	13	3M WIBOR + margin	
Total:	128,369		

The maximum value of lending risk associated with the loans is equal to their carrying amount.

The granted loans are not secured.

The granted loans are not past due or impaired.

The loans were granted to related parties with a good financial standing.

BASIC DATA ON MAJOR SHORT-TERM LOANS WITHOUT INTEREST AT 31 DECEMBER 2013

NAME OF THE COUNTERPARTY	AMOUNT [IN PLN '000]	INTEREST RATE	REPAYMENT DATE
Echo Investment Projekt Management SRL	145	3M WIBOR + margin	30 September 2014
Park Rozwoju – Grupa Echo Sp. z o.o. S.K.A.	32,350	3M WIBOR + margin	31 December 2014
Echo Investment Hungary Ingstlanhasznosito KFT	23,071	3M WIBOR + margin	31 December 2014
Veneda - Projekt Echo - 97 Sp. z o.o. LJSP	54204	3M WIBOR + margin	31 March 2014
El Project CYP 1 LIMITED	48,679	3M WIBOR + margin	31 December 2014
Barconsel Holding Limited	150	3M WIBOR + margin	30 September 2014
Projekt Babka Tower -"Grupa Echo" Sp. z o.o. S.K.A.	47,800	3M WIBOR + margin	31 December 2014
Total:	206,399		

NOTE 10A

CASH AND MONETARY ASSETS [IN PLN '000]	31.12.2014	31.12.2013
a) restricted cash	2,372	40
b) cash and cash equivalents	56,710	9,897

59,082

At 31.12.2014, the Company held cash with reputable banks, mainly PekaO SA and PKO BP.

The maximum value of lending risk associated with cash is equal to its carrying amount.

#### NOTE 10B

CASH AND OTHER MONETARY ASSETS (CURRENCY STRUCTURE) [IN PLN '000]	31.12.2014	31.12.2013
a) in the Polish currency	58,749	9,755
b) in foreign currencies (by currency and after conversion into PLN)	333	182
- unit/currency EUR	20	25
- PLN '000	85	104
- unit/currency USD	71	12
- PLN '000	248	36
- unit/currency HUF	-	3,007
- PLN '000	-	42
Total cash and other monetary assets	59,082	9,937

NOTE 11

	SHARE CAPITAL		NOMINAL VALUE PER SHARE = PLN 0.05			
SERIES /ISSUE TYPE OF SHARES		RESTRICTION OF THE RIGHT TO SHARES	NIIMBER OF SHARES		TYPE OF CAPITAL CONTRIBUTION	
A, B, C, D, E, F	Bearer shares	NONE	412,690,582	20,635	cash	
Total number of shares			412,690,582			
Total share capital				20,635		

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 (directly and indirectly)	189,361,930	45.88%	45.88%
ING OFE	35,241,541	8.54%	8.54%
Aviva OFE Aviva BZ WBK	41,269,050	10.00%	10.00%
PZU Złota Jesień OFE	25,602,249	6.20%	6.20%
Other Shareholders	121,215,812	29.38%	29.38%
Total	412,690,582	100.00%	100.00%

NOTE 12

LEGAL RESERVE [IN PLN '000]	31.12.2014	31.12.2013
a) share premium	100,943	100,943
b) statutorily established	80	80
c) established out of profits in accordance with the Articles of Association beyond the (minimum) value required by law	534,491	473,828
d) other (by type)	22	22
Total legal reserve	635,536	574,873

NOTA 13A

LONG-TERM LIABILITIES (EXCLUDING TAX PROVISION) [IN PLN '000]	31.12.2014	31.12.2013	
a) to subsidiaries	-	-	

## b) to other entities

- advances received	-	-
- security deposits received	866	1,521
- arising on debt securities	759,410	509,110
	760,276	510,631
Total long-term liabilities	760,276	510,631

Under an agreement signed with BRE Bank S.A. (now mBank S.A.), the Company issued coupon bonds on 19 February 2014 in the amount of PLN 100 million and on 15 May 2014 in the amount of PLN 70.5 million. On 30 June 2014, the Company redeemed bonds for a total amount of PLN 300 million.

The Company issued 2,000,000, ordinary bearer bonds of a nominal value of PLN 100 each and the total nominal value of PLN 200 million. The Company issued the following bonds:

- A-series bonds, 22 July 2014, for the amount of PLN 50 million;
- B-series bonds, 22 July 2014, for the amount of PLN 25 million;
- C-series bonds, 6 October 2014, for the amount of PLN 75 million;
- D-series bonds, 7 November 2014, for the amount of PLN 50 million;.

### NOTE 13B

LONG-TERM LIABILITIES (EXCLUDING TAX PROVISION) MATURING AFTER THE BALANCE SHEET DATE [IN PLN '000]	31.12.2014	31.12.2013
a) over 1 to 3 years	598,174	284,590
b) over 3 to 5 years	162,046	226,041
c) over 5 years	56	-
Total long-term liabilities	760,276	510,631

Interest rates used to discount the expected cash flows: 5.79% in 2014 and 6.58% in 2013. The Company presented long-term liabilities in the nominal value in Note 13E.

#### NOTE 13C

LONG-TERM LIABILITIES (EXCLUDING TAX PROVISION) (CURRENCY STRUCTURE) [IN PLN '000]	31.12.2014	31.12.2013
a) in the Polish currency	760,276	510,631
b) in foreign currencies (by currency and after conversion into PLN)	-	-
Total long-term liabilities	760,276	510,631

Financial liabilities on debt instruments are measured using the "amortized cost of a liability," according to IAS 39. The fair value of long-term liabilities does not differ significantly from their carrying value.

To the best information and data of the Company's Management Board, 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.

#### NOTE 13D

## LOAN FACILITIES AT 31 DECEMBER 2014

NAME (BUSINESS NAME) AND LEGAL FORM	REGISTERED OFFICE	AMOUN	ORROWING I AS PER THE EEMENT CURRENCY	AMOU	TANDING INT OF THE ORROWING CURRENCY	INTEREST RATE TERMS	REPAYMENT DATE	COLLATERAL
PKO BP S.A.	Warsaw	60,000	PLN	-	PLN	1M WIBOR + margin	2015-08-19	power of attorney to the bank account, declaration of submission to enforcement up to the amount of PLN 200 million (applies to a multi-purpose facility line), blank promissory note

Total		280,000		25,770				
Alior Bank S.A.	Warsaw	30,000	PLN	-	PLN	3M WIBOR + margin	2016-01-30	power of attorney to the bank account, declaration of submission to enforcement up to PLN 60 million
BZ WBK S.A.	Wrocław	75,000	PLN	-	PLN	1M WIBOR + margin	2016-07-30**	power of attorney to the bank account, declaration of submission to enforcement up to PLN 90 million
PekaO S.A.	Warsaw	75,000	PLN	-	PLN	1 M WIBOR + margin	2015-06-30*	power of attorney to the bank account, declaration of submission to enforcement up to PLN 90 million
PKO BP S.A.	Warsaw	40,000	PLN	25,770	PLN	1 M WIBOR + margin	2015-08-19	power of attorney to the bank account, declaration of submission to enforcement up to the amount of PLN 200 million (applies to a multi-purpose facility line), blank promissory note

\* 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.

The value of the facility corresponds to non-discounted cash flows.

#### LOAN FACILITIES AT 31 DECEMBER 2013

NAME (BUSINESS NAME) AND	REGISTERED	LOAN/BORROWING AMOUNT AS PER THE AGREEMENT		OUTSTANDING AMOUNT OF THE LOAN/BORROWING		INTEREST RATE TERMS	REPAYMENT DATE	COLLATERAL
LEGAL FORM		IN PLN '000	CURRENCY	IN PLN '000	CURRENCY			
PKO BP S.A.	Warsaw	60,000	PLN	-	PLN	1M WIBOR + margin	2014-08-19	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 200 million, blank promissory note
PKO BP S.A.	Warsaw	40,000	PLN	-	PLN	1M WIBOR + margin	2015-08-19	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 200 million, blank promissory note
PekaO S.A.	Warsaw	50,000	PLN	-	PLN	1M WIBOR + margin	2014-06-30	power of attorney over bank account, declaration of submission to

Total		230,000		-			. ,
Alior Bank S.A.	Warsaw	30,000	PLN	- PLN	1M WIBOR + margin	2014-01-29	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 60 million, blank promissory note
BZ WBK S.A.	Wrocław	50,000	PLN	- PLN	1M WIBOR + margin	2014-07-30	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 100 million, blank promissory note
							enforcement up to the amount of PLN 60 million, blank promissory note

## NOTE 13E

LONG- AND SHORT-TERM LIABILITIES ARISING ON ISSUE OF DEBT FINANCIAL INSTRUMENTS

DEBT FINANCIAL INSTRUMENTS BY TYPE	NOMINAL VALUE	INTEREST RATE TERMS	REDEMPTION DATE	GUARANTEES/COLL ATERALS	QUOTATION MARKET
bonds (mBank S.A. )	115,000	6M WIBOR + margin	2015-05-18	NONE	NONE
bonds (mBank S.A. )	145,000	6M WIBOR + margin	2016-02-11	NONE	NONE
bonds (mBank S.A. )	200,000	6M WIBOR + margin	2017-04-28	NONE	NONE
bonds (mBank S.A. )	80,000	6M WIBOR + margin	2018-06-19	NONE	NONE
bonds (mBank S.A. )	100,000	6M WIBOR + margin	2019-02-19	NONE	NONE
bonds (mBank S.A. )	70,500	6M WIBOR + margin	2019-05-15	NONE	NONE
Unlisted bonds	710,500				
bonds DM PKO BP, A-series	50,000	6M WIBOR + margin	2016-06-26	NONE	NONE
bonds DM PKO BP, B-series	25,000	6M WIBOR + margin	2016-07-02	NONE	NONE
bonds DM PKO BP, C-series	75,000	6M WIBOR + margin	2018-03-04	NONE	NONE
bonds DM PKO BP, D-series	50,000	6M WIBOR + margin	2018-04-20	NONE	NONE
Listed bonds	200,000				
Total	910,500				

The value of bonds corresponds to non-discounted cash flows, excluding the value of interest. A change in business and economic conditions has no significant effect on the fair value of financial liabilities.

## NOTE 14A

SHORT-TERM TRADE PAYABLES, TAXES, DEPOSITS RECEIVED, ADVANCES RECEIVED AND OTHER LIABILITIES (NO PROVISIONS)	31.12.2014	31.12.2013
- trade payables to subsidiaries maturing:	3	-
- up to 12 months	3	-
- over 12 months	-	-
- trade payables to other entities maturing:	18,567	12,335
- up to 12 months	18,567	12330
- over 12 months	-	5
Total short-term payables	18,570	12,335

Total short-term trade payables, taxes, deposits and advances received and other liabilities	54,025	35,763
Total other short-term liabilities	7,166	3,983
- other (by titles)	7,164	3,974
- salaries and wages	2	9
- other liabilities	7,166	3,983
Total taxes	9,342	2,575
- taxes, customs duties, social security contributions and other benefits	9,342	2,575
Total security deposits and advances received	18,947	16,870
- security deposits received	34,06	2,864
- advances received	15,541	14,006

The fair value of trade payables and other liabilities does not differ significantly from their carrying amount.

## NOTE 14B

SHORT-TERM TRADE PAYABLES, TAXES, DEPOSITS AND ADVANCES RECEIVED AND OTHER LIABILITIES (NO PROVISIONS) [IN PLN '000]	31.12.2014	31.12.2013
a) in the Polish currency	53,954	35,748
b) in foreign currencies (by currency and after conversion into PLN)	71	15
- unit/currency EUR	14	1
- PLN '000	59	3
- unit/currency HUF	-	-
- PLN '000	-	-
- unit/currency USD	4	4
- PLN '000	12	12
Total short-term trade payables, taxes, deposits and advances received and other liabilities	54,025	35,763

### NOTE 15A

SHORT-TERM LOANS, BORROWINGS AND BONDS [IN PLN '000]	31.12.2014	31.12.2013
a) to subsidiaries	-	-
b) to other entities		
- loans and borrowings	25,801	-
- arising on debt securities	159,605	334,191
	185,406	334,191
Total short-term loans, borrowings and bonds	185,406	334,191
To the best information and data of the Company, during the financial year and	by the date of signing of	of the financia

To the best information and data of the Company, 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.

NOTE 15B

SHORT-TERM LOANS, BORROWINGS AND BONDS (CURRENCY STRUCTURE) [IN PLN '000]	31.12.2014	31.12.2013
a) in the Polish currency	185,406	334,191
b) in foreign currencies (by currency and after conversion into PLN)	-	-
Total short-term loans, borrowings and bonds	185,406	334,191

NOTE 16

CHANGE IN THE BALANCE OF SHORT-TERM PROVISIONS (BY TYPES) [IN PLN '000]	31.12.2014	31.12.2013
a) at the beginning of period		



The provision for penalties covers the value of potential penalties the Company may be charged with under concluded agreements, with a probability higher than 50%. The amount of the provision was estimated to the best knowledge of the Company's knowledge and past experience.

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 provision was estimated to the best knowledge of the Company's knowledge and past experience.

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

NOTE 17A

CONTINGENT LIABILITIES TO RELATED PARTIES (DUE TO) [IN PLN '000]	31.12.2014	31.12.2013
a) guarantees and sureties granted, including	695,991	561,078
- to subsidiaries	695,991	561,078
Total contingent liabilities to related parties	695,991	561,078

#### NOTE 17B

OFF-BALANCE SHEET ITEMS [IN PLN '000]	31.12.2014	31.12.2013
1. Contingent receivables	-	-
2. Contingent liabilities		
2.1. To related parties (due to)	695,991	561,078
- guarantees and sureties granted	695,991	561,078
2.2. To other entities (due to)	2,541	2,543
- guarantees and sureties granted	2,541	2,543
	698,532	563,621
3. Other (due to)		
- lawsuits against Echo Investment	181	406
	181	406
Total	698,713	564,027

#### Guarantees and sureties granted by Echo Investment S.A.

1. Surety for liabilities of Galeria Olimpia-Projekt Echo-98 Spółka z ograniczoną odpowiedzialnością" SKA and "Veneda-Projekt Echo-97 Spółka z ograniczoną odpowiedzialnością" SKA due to the reimbursement to Tesco (Polska) Sp. z o.o. up to the 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. The surety amounts to PLN 15,000 thousand.

2. 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.

3. 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 surety amounts to PLN 222,419 thousand.

4. Security for non-performance of obligations under the promotional lottery organised in CHR Olimpia in Bełchatów. The guarantee amounts to PLN 188 thousand.

5. Bank performance bond of 13 May 2013 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.

6. Security of non-performance of obligations under the promotional lottery organised in CHR Olimpia in Bełchatów. The guarantee amounts to PLN 88 thousand.

7. Security of liabilities for Horte Sp. z o.o. in the event of improper performance of the final contract of sale of an office building Aquarius Business House in Wroclaw, stage I. The guarantee was issued in EUR. The guarantee amounts to PLN 21,312 thousand.

8. Security of non-performance of obligations under the promotional lottery organised in CHR Galeria Echo in Kielce. The guarantee amounts to PLN 101 thousand.

9. Security of non-performance of obligations under the promotional lottery organised in the CHR Galeria Echo in Kielce. The guarantee amounts to PLN 134 thousand.

10. 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. The guarantee was issued in EUR. The guarantee amounts to PLN 38,361 thousand.

11. 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. The guarantee amounts to PLN 27,300 thousand.

12. Security for exceeded implementation costs of A4 Business Park project, stages I and II, in Katowice, The guarantee was issued in EUR. The guarantee amounts to PLN 30,227 thousand.

13. Security for exceeded costs of the implementation of Opolska Business Park project, stage I, in Kraków, to HSBC BANK plc, The guarantee amounts to PLN 27,106 thousand.

14. Security for non-performance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce. The guarantee amounts to PLN 151 thousand.

15. Security for exceeded costs, coverage of 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. The guarantee amounts to PLN 255,738 thousand.

16. Security for exceeded costs of the implementation of Tryton Business House office building project, stage I, in Gdańsk, to HSBC BANK plc, The guarantee amounts to PLN 34,974 thousand.

17. 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. The guarantee amounts to PLN 13,148 thousand.

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

## NOTES TO THE INCOME STATEMENT

NOTE 18A

OPERATING INCOME (STRUCTURE BY TYPE OF ACTIVITY) [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
A. Sales of residential and commercial space	64,308	28,227
- including from related parties	-	-
B. Provision of investment services	55,339	69,198
- including from related parties	51,901	56,435
from subsidiaries	51,901	56,435
C. Sale of plots	2,674	71,992
- including from related parties	-	56,201
D. Lease services	3,618	3,885
- including from related parties	1,864	1,881
from subsidiaries	1,864	1,881

from the parent entity

E. Legal, accounting, consulting and IT services	42,425	40,128
- including from related parties	42,425	40,128
from subsidiaries	42,425	40,128
from jointly controlled entities	-	-
F. Financial, marketing and security services, and other income	43,206	35,831
- including from related parties	42,122	34,977
from subsidiaries	42,119	34973
from key staff	3	4
Total operating income	211,570	249,261
- including from related parties	138,312	189,622
from subsidiaries	138,309	189,618
from the parent entity	-	-
from key staff	3	4

The minimum contracted rental income for 2015 amounts to PLN 3,800 thousand.

The Company did not conclude any transactions with relate parties on terms others than market ones.

## NOTE 18B

OPERATING INCOME (BY TERRITORY) [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) domestic	211,546	248,592
- including from related parties	138,288	188,953
b) international	24	669
- including from related parties	24	669
Total net sales of products	211,570	249,261
- including from related parties	138,312	189,622

NOTE 18C

PROSPECTIVE INCOME FROM PROPERTY LEASE CONTRACTS [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) up to 12 months	307	332
b) over 1 to 5 years	922	1,327
c) over 5 years	-	-
Total prospective income from property lease contracts	1,229	1,659

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

NOTE 19A

OPERATING EXPENSES (BY TYPE) [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) amortisation/depreciation	3,231	3,789
b) consumption of materials and energy	67,587	24,801
c) outsourced services	116,198	106,176
d) taxes and charges	4,586	4,808
e) wages and salaries	31,663	27,215
f) social security contributions and other benefits	4,841	4,394
g) other sundry costs (due to)	8,177	4,870

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- business trips	837	789
- other	7,340	4,081
Total costs by type	236,283	176,053
Changes in inventories, products	(79,706)	34,716
Own work capitalised (negative value)	-	(753)
Selling and distribution costs (negative value)	(24,883)	(23,086)
General administrative expenses (negative value)	(49,433)	(39,744)
Cost of products sold	82,261	147,186

NOTE 19B

DEFERRED OPERATING LEASE COSTS PAYABLE FROM THE BALANCE SHEET DATE [IN PLN '000]	31.12.2014	31.12.2013
a) up to 12 months	4,618	-
b) over 1 to 5 years	18,470	-
c) over 5 to 10 years	10,390	-
Total deferred expenses	33,478	-

NOTA 20A

OTHER OPERATING INCOME [IN PLN'000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) provisions reversed (due to)	296	715
- receivables	296	715
- other	-	-
b) other, including	1,507	699
- liquidated damages	122	224
- disposal of non-financial non-current assets	-	71
- other	1,385	404
c) interest on loans	11,435	11,679
- from related parties, of which:	11,435	11,679
- from subsidiaries	11,435	11,679
- from other entities	-	-
d) other interest	1,878	1,215
- from other entities	1,878	1,215
Total other operating income	15,116	14,308

NOTE 20B

OTHER OPERATING INCOME FROM DIVIDENDS AND SHARES IN PROFITS [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) from related parties including	105,804	63,551
- from subsidiaries	105,804	63,551
Other operating income from dividends and shares in profits	105,804	63,551

NOTE 20C

OTHER OPERATING EXPENSES [IN PLN'000]	01.01.2014 31.12.2014	
a) provisions established (due to)	<u> </u>	-
- expected costs	-	-
- receivables	-	-
b) other, including	1,316	1,473
- donations	1,008	83
- liquidated damages	18	374
- disposal of non-financial non-current assets	20	-
- other	270	1,016
c) revaluation	42,527	-
- loans granted	42,527*	-
Total other operating expenses	43,843	1,473

 $^{\ast}$  See the description in Note 3C

## NOTE 21A

FINANCE INCOME FROM INTEREST [IN PLN'000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) other interest		
- from other entities	78	20
	78	20
Total finance income from interest	78	20

## NOTE 21B

OTHER FINANCE INCOME [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) foreign exchange gains	4,154	8
b) profit on disposal of shares	165	1
b) revaluation of loans, borrowings and bonds	-	-
c) other	-	-
Total other finance income	4,319	9

#### NOTE 21C

FINANCE COSTS OF INTEREST [IN PLN' 000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) on borrowings		
- for other entities	-	-
- for subsidiaries	-	-
- for other entities	49,818	52,143
	49,818	52,143
b) other interest		
- for other entities	5	7
	5	7
c) revaluation of loans, borrowings and bonds	-	(2,069)
	-	(2,069)

49,823

The borrowing costs capitalised to inventories amounted to PLN 3,838 thousand as at 31 December 2014 and PLN 2,013 thousand as at 31 December 2013.

## NOTE 21D

OTHER FINANCE COSTS [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
a) foreign exchange losses:	-	-
b) loss on disposal:	-	-
- shares	-	-
c) other, including	4,850	2,110
- commissions	4,682	2,110
- other	168	-
d) revaluation of investments, including	56,909	-
- shares	56,909*	-
Total other finance income	61,759	2,110

## \* See the description in Note 4A

### NOTE 22A

[INCOME TAX - EFFECTIVE TAX RATE [IN PLN '000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Profit before tax	24,616	62,889
Income tax at the rate of 19%	(4,677)	(11,949)
Dividends received	14,162	10,444
Write-downs on loans granted in respect of which no deferred income tax was recognised	(7,531)	-
Reversal of provision for receivables	56	136
Other non-deductible costs	(473)	(857)
Charge on the financial result due to income tax	1,537	(2,226)

NOTE 22B

DEFERRED INCOME TAX, TERM OF SETTLEMENT [IN PLN '000]	31.12.2014	-31.12.2013
Deferred tax liabilities		
- to be settled within 12 months	6,366	5,524
- to be settled after 12 months	723	941
Deferred tax asset		
- to be settled within 12 months	-	-
- to be settled after 12 months	(30,249)	(17,917)
Total	(23,160)	(11,452)

NOTE 23

#### PROFIT DISTRIBUTION

Net profit amounting to PLN 60,663 thousand generated in 2013 by "Echo Investment" S.A. was allocated to the legal reserve of the Company by resolution dated 30 May 2014. The financial statements of "Echo Investment" S.A. for 2013 were approved by resolution of the AGM dated 30 May 2014. Profit generated by "Echo Investment" S.A. in 2014 is to be transferred to legal reserve.

## NOTES TO THE CASH FLOW STATEMENT

NOTE 24

CASH INCLUDED IN THE CASH FLOW STATEMENT [IN PLN' 000]	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
Opening balance, including	9,937	3,017
- cash in hand and at bank	9,937	3,017
Closing balance	59,082	9,937
- cash in hand and at bank	59,082	9,937

Investing activities comprise interest on loans granted.

### NOTE 25

## INFORMATION ON FINANCIAL INSTRUMENTS [IN PLN '000]

NO.	TYPE OF FINANCIAL INSTRUMENT	NOTE	CARRYING AMOUNT AT 31.12.2014	CARRYING AMOUNT AT 31.12.2013
Financi	ial assets			
1.	Loans and receivables			
	-long term loans	4	156,987	32
	-short-term loans	9	131,348	208,128
	- trade payables	8	33,475	38,621
	- advances paid	5	12,421	12,959
2.	Cash and other monetary assets	10	59,082	9,937
Financi	ial liabilities			
1.	Other financial liabilities			
	- liabilities arising from debt securities	13, 15	919,015	843,301
	-trade payables	14	18,570	12,335
	- loans and borrowings	15	25,801	-

The main financial instruments in the Company are:

- loans granted valued at amortized purchase price determined using the effective interest method,

- financial liabilities, i.e. liabilities arising on debt securities, bank loans and other liabilities (loans and trade payables).

Financial liabilities are measured using the "amortized cost of a liability," according to IAS 39.

Fair value of financial instruments do not differ significantly from their carrying amounts.

Date: 21 April 2015

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

Piotr GromniakArtur LangnerWaldemar LesiakPresident of the Management BoardVice-President of the Management<br/>BoardVice-President of the Management<br/>Board

Signature of the person entrusted with bookkeeping:

Tomasz Sułek

## **Chief Accountant**



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



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

Echo Investment S.A. has been operating on the real estate market since 1996. The Company has been listed on the Warsaw Stock Exchange since 1996.

Echo Investment SA organizes the entire investment process for a given project, from purchasing real property, through obtaining administrative decisions, financing, oversight of construction to putting a project into service. It conducts these activities on its own behalf or, as it is in most cases, by providing services for a subsidiary specially established for this purpose. 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 are engaged in leasing commercial space (shopping and entertainment centres, offices), construction and sale of apartments, as well as property management services. The Company also provides general contractor services for third party investors.

# 1. DESCRIPTION OF KEY ECONOMIC AND FINANCIAL DATA DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS OF ECHO INVESTMENT S.A.

# BALANCE SHEET

The balance sheet total at the end of 2014 amounted to PLN 1,684 million, compared to the end of the corresponding period in 2013, an increase by 9%.

### Assets

Assets at the end of December 2014 were as follows:

- Non-current assets accounted for 64% of assets mainly comprising investments in subsidiaries, jointly controlled entities and associates: 81% of non-current assets, with loans accounting for 15% of non-current assets
- Current assets accounted for 36% of assets, of which loans account for 21% of total current assets, inventories 57% of total current assets, trade and other receivables 12% of current assets, and cash and cash equivalents 9% of total current assets.

#### Equity and liabilities

- the share capital of Echo Investment S.A. as at 31 December 2014 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,
- equity at 31 December 2014 amounted to PLN 684 million, compared to 31 December 2013, an increase by 4%.
- long- and short-term liabilities accounted for 59% of balance sheet total and amounted to PLN 999.7 thousand

#### **INCOME STATEMENT**

- Net revenue from sales at the end of December 2014 amounted to PLN 211.6 million, which is a decrease by 15% compared to the corresponding period of the previous year,
- operating profit at the end of 2014 amounted to PLN 132 million and was higher by 15% compared to the previous financial year,
- gross profit amounted to PLN 24.6 million and was by 61% lower compared to 2013,
- net profit amounted to PLN 26 million, a decline by 57% compared to 2013,
- net income per share was PLN 0.06.

#### CASH FLOW STATEMENT

- the closing balance of cash amounted nearly to PLN 10 million,
- cash flows from operating activities in 2014 amounted to PLN (-) 4.4 million, which was mainly attributable to:
  - changes in inventories (-) PLN 82 million,
  - interest and shares in profits (dividends) (-) PLN 63 million,
  - profit on revaluation of assets and liabilities (+) PLN 97 million,
- cash flows from operating activities in 2014 amounted to PLN (+) 7 million, which was mainly attributable to:
  - repayment of loans from related parties (+) PLN 473.8 million,
  - loans granted (-) PLN 568 million,
- cash flows from financing activities at the end of 2014 amounted to PLN (+) 46.5 million, which was mainly attributable to:
  - buy-back of debt securities (-) PLN 300 million,
  - issue of debt securities (+) PLN 370.5 million,
  - interest paid (-) PLN 50 million,
- in the period from 1 January to 31 December 2014 cash increased by PLN 49 million,
- at the end of December 2014, cash amounted to PLN 59 million

# 2. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS AND THE LEVEL OF THE ISSUER'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 mitigate the risk, contracts with the tenants of a given development 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 (IBM, 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 project, the Company subcontracts its implementation 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 have impact on the launch 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 **liquidity risk** is associated with the lack 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 - is associated with social and macroeconomic factors and their influence 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. PROCEEDINGS PENDING BEFORE COURT, COMPETENT ARBITRATION OR PUBLIC AUTHORITY, INCLUDING ANY INFORMATION REGARDING THE PROCEEDING OR TWO OR MORE PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ECHO INVESTMENT S.A. OR A SUBSIDIARY THE VALUE OF WHICH CORRESPONDS TO AT LEAST 10% OF THE COMPANY'S EQUITY

Between 1 January 2014 and 31 December 2014, there were no proceedings pending before any court, competent arbitration or public administration authority concerning liabilities or receivables of Echo Investment S.A. or any of its subsidiaries, the value of which corresponds to at least 10% of the Company's equity.

4. INFORMATION ON BASIC PRODUCTS TOGETHER WITH THEIR VALUE AND QUANTITY AND SHARE OF PARTICULAR PRODUCT GROUPS IN THE TOTAL SALES OF ECHO INVESTMENT S.A., AS WELL AS ANY CHANGES IN THIS RESPECT OCCURRED DURING THE FINANCIAL YEAR.

# 4.1. 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 projects for lease.

#### REAL PROPERTY PORTFOLIO

CITY/TOWN	LOCATION	NAME	GLA <sup>1</sup> [\$Q.M.]	NOI <sup>2</sup> [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	29,000	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 O	ffice 10,200	1.9

<sup>&</sup>lt;sup>1</sup> GLA – gross leasable area

<sup>&</sup>lt;sup>2</sup> NOL- net operating income (takes into account valuation of vacancies, turnover rent and income from stands)

PROJECTS FOR LEASE	TOTAL		373,300	73.5
OFFICES	TOTAL		97,600	17.4
Warsaw	Al. Jana Pawła II	Babka Tower	6,200	1.2
Katowice	ul. Francuska	A4 Business Park (stage I)	9,200	1.5
		Building****		

\* 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.

Tenants in shopping centres and shopping and entertainment centres include domestic and international retail chains and local businesses. Key retail tenants include:

- hypermarkets: Real, Tesco,
- specialised retail chains: Empik, RTV Euro AGD, Saturn,
- fashion chains: C&A, H&M, Zara, Reserved,
- cultural and entertainment retail 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 Frackowiak, Roche Polska, Ikea Shared Services, McKinsey Emea Shared Services, Coloplast Shared Services, Nordea Bank Polska, Tieto Polska, Polkomtel, <u>ING Usługi Finansowe S.A.</u>, Raiffeisen Bank Polska, Medicover, Altkom Investments, Mentor Graphics Polska, Kennametal Polska, Tebodin SAP-Projekt, Samsung Electronics Polska, Ericsson and Schneider Electric Polska.

#### PROJECTS UNDER CONSTRUCTION AND IN PREPARATION

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 [SQ.M.]	NOI [EUR '000 000]	PROJECT COMMENCEME NT	PROJECT COMPLETION
Galeria Sudecka, Jelenia Góra (extension)	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		
Mundo, Budapest (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	OT AREA [SQ.M.]
Koszalin***		39,300
Słupsk***		65,700
INVESTMENT LAND		105,000

\*\*\* Project in the concept phase

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

PROJECT	GLA [SQ.M.]	NOI [EUR '000 000]	PROJECT COMMENCEMEN T	PROJECT COMPLETION
Q22, Warsaw		14.0	H2 2013	H1 2016
Park Rozwoju, Warsaw (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	H2 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 [SQ.M.]	
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 IN THE RESIDENTIAL SEGMENT

PROJECT	USABLE RESIDENTIAL AREA [SQ.M.]	REVENUE [MILLION]	PROJECT COMMENCEMENT	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)	11,800	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	129.5	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* 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	68.2	H1 2016	H2 2019
PROJECTS IN PREPARATION [USABLE RESIDENTIAL AREA]	183,600	1327.9		
RESIDENTIAL PROJECTS, TOTAL	255,500	1876.5		

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

# LAND FOR SALE AND INVESTMENT LAND

PROJECT	PLOT AREA [SQ.M.]	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			
Poznań, Pamiątkowo*	870,000			
Poznan, Naramowice *	350,000			
Wrocław, Gdańska**	5,000			
INVESTMENT LAND	2,285,000			
TOTAL LAND	2,533,100			
* Project in the concept phase				

\* 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).

# 4.2. Structure of revenue

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

DESCRIPTION	01.01.2014 - 31.12.2014	% SHARE	01.01.2013 - 31.12.2013	% SHARE
Sale of residential and commercial space	64.3	30%	28.2	11%
Property development services	55.3	26%	69.2	28%
Real estate transactions	2.7	1%	72.0	29%
Lease services	3.6	2%	3.9	2%
Legal, accounting and consulting services	42.5	20%	40.1	16%
Other revenue	43.2	21%	35.8	14%
Net revenue from sales of products, total	211.6	100%	249.2	100%

#### 5. INFORMATION ON THE MARKETS, BROKEN DOWN BY DOMESTIC AND FOREIGN MARKETS, SOURCES OF SUPPLY OF MATERIALS FOR PRODUCTION, GOODS AND SERVICES, 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 Company were located in the Polish market only.

### Changes in sources of supply

With regard to purchase of services provided by Echo Investment S.A., the prevailing share measured as the proportion between purchases and income from total sales is held by entities with which the Company cooperates in the implementation of specific development projects. In 2014, no turnover with any counterparty exceeded the threshold of 10% of the Company's total revenue.

## Changes to customers

Customers of Echo Investment S.A. include the entities to which investment implementation management services are provided.

In 2014, no turnover with any counterparty exceeded the threshold of 10% of the Company's total net sales.

# 6. INFORMATION ON CONCLUDED AGREEMENTS SIGNIFICANT TO THE ISSUER'S ACTIVITY, INCLUDING AGREEMENTS CONCLUDED BETWEEN THE SHAREHOLDERS KNOWN TO THE ISSUER, INSURANCE OR COOPERATION AGREEMENTS.

### 6.1. Information on agreements significant to the Issuer's activity

#### Annex to the Overdraft Facility Agreement

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

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 the first quarter of 2015 the Bank will review the level of the financial indicator specified in the Agreement. If the required levels of the indicators are not met, the loan repayment date will fall on 30 July 2015.

# 6.2. Agreements among shareholders

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

# 6.3. Insurance agreements

OBJECT OF INSURANCE	INSURER	SUM INSURED [in PLN '000]
property insurance policies	TU Compensa S.A.	44,046
civil liability policies	TU Compensa S.A., Generali S.A.	5,526
construction/erection all-risks policies	insurance TU Compensa S.A., Generali S.A.	115,602
other policies	TU Compensa S.A.	1,170
TOTAL SUM INSURED		166,344

#### 6.4. Cooperation agreements

In 2014, the Company did not conclude any significant cooperation agreements.

## 7. INFORMATION ON ORGANIZATIONAL OR CAPITAL RELATIONSHIPS OF ECHO INVESTMENT S.A. WITH OTHER ENTITIES; INDICATION OF ITS MAJOR DOMESTIC AND FOREIGN INVESTMENTS (SECURITIES, FINANCIAL INSTRUMENTS AND REAL PROPERTY), INCLUDING CAPITAL INVESTMENTS MADE OUTSIDE THE CAPITAL GROUP AND DESCRIPTION OF FINANCING METHODS

# 7.1. Information on organizational or capital relationships of Echo Investment S.A.

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' goals and do 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.

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.

# 2014

# SUBSIDIARIES:

No.	SUBSIDIARY	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.
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.

No.	SUBSIDIARY	REGISTERED OFFICE	% OF CAPITAL HELD	PARENT ENTITY
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.

# 2014

No.	SUBSIDIARY	REGISTERED OFFICE	% OF CAPITAL HELD	PARENT ENTITY
67	Projekt Babka Tower -Grupa Echo Sp. z o.o. S.k.a.	Kielce	100%	XXIX FIZ Forum
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 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

No.	SUBSIDIARY	REGISTERED OFFICE	% OF CAPITAL HELD	PARENT ENTITY
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.
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 subsidiary is Wan 11 Spółka z o.o. based in Warsaw (50% of shares controlled). The associated company is EBR Global Services Spółka z o.o. based in Kielce.

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

# 7.2. Major domestic and foreign investments

#### **Real properties**

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 buildings,
- Występa near Kielce, Łączna commune area of 15.7 ha intended for residential buildings,
- Wrocław, ul. Gdańska area of 0.5 ha intended for residential construction,

- 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 buildings,
- Katowice, ul. Jankego area of 2.6 ha intended for residential buildings.

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

In 2014, no significant transactions were entered into between Echo Investment S.A. and its subsidiaries with related parties on other than market terms.

# 9. INFORMATION ON LOAN AND FACILITY AGREEMENTS CONCLUDED AND TERMINATED DURING THE FINANCIAL YEAR

### 9.1. Loan agreements

BANK NAME	NATURE OF LIABILITY	FACILITY CURRENC Y	FACILITY AMOUNT UNDER THE AGREEMENT [IN PLN '000]	UTILISED AS AT 31.12.2014 [in PLN '000]	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.	Revolving 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-		

COMPANY'S LIABILITIES UNDER FACILITIES AT 31 DECEMBER 2014

\* 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. Financial instrument agreements

The Group's current operations, in addition to its own resources, loans and borrowings, are also financed through the issuance of debt instruments.

On 15 April 2004, Echo Investment S.A. signed with mBank S.A. an agency agreement and a dealer agreement for the establishment of a programme of issue of short-, medium- and long-term bonds denominated in PLN with a programme total nominal value not exceeding 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 issued 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 specified prior to the issue during the Bond Issue Programme.

Cash proceeds from the bond issue are complementary to the credit limits and enable the Company to finance the investments planned and to develop current areas of the activity in the real estate 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 bond interest rate was established based on variable 6M WIBOR

plus investors' profit margin. Interest will be paid on a semi-annual basis. The bonds will be redeemed at their maturity at the nominal value. The bonds issued are not secured.

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 bond interest rate was established based on variable 6M WIBOR plus investors' profit margin. The bonds issued are not secured.

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 of the Company's ordinary bearer bonds, 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 main market Catalyst, which is operated by the Warsaw Stock Exchange, of the bonds of Echo Investment S.A. issued under the issue programme, with a total nominal value of up to PLN 200,000,000. 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 series A Bonds was 22 July 2014 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 bond interest rate was established based on variable 6M WIBOR plus investors' profit margin. The bonds issued are not secured.

# LIABILITIES OF THE COMPANY UNDER THE BONDS ISSUED AS AT 31 DECEMBER 2014

BANK NAME	NUMBER OF LISTING 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			200,000		
TOTAL			910,500		

# 9.3. Loan agreements

At 31 December 2014, Echo Investment S.A. did not have any loans taken out.

## 10. INFORMATION ON THE LOANS GRANTED IN THE FINANCIAL YEAR

### I. LOANS GRANTED TO LEGAL PERSONS AS AT 31 DECEMBER 2014

ENTITY	OUTSTANDING LOAN AMOUNT [IN PLN '000]	INTEREST RATE	FINAL REPAYMENT DATE
Magellan Pro-Service Sp. z o.o.	22,244	3M LIBOR USD + margin	30 April 2015
EBR Global Services Sp. z o.o.	2	3M WIBOR + margin	30 September 2015
Metropolis - Grupa Echo Sp. z o.o.	1,600	3M WIBOR + margin	31 December 2015
Veneda - Projekt Echo - 97 Sp. z o.o. S.K.A.	820	3M WIBOR + margin	31 December 2015
SPV1 Grupa Echo Sp. z o.o. S.K.A.	500	3M WIBOR + margin	31 December 2015
Projekt Betowena - Grupa Echo SP. z o. o. S.K.A.	28,190	3M WIBOR + margin	31 December 2015
"Echo - SPV 7 " Sp. z o. o.	52,000	3M WIBOR + margin	31 December 2015
Echo - Aurus Sp. z o.o.	23,000	3M WIBOR + margin	31 December 2015
Echo - Park Rozwoju Sp. z o. o. S.K.A.	6,500	3M WIBOR + margin	31 December 2016
"47- Grupa Echo Sp. z o. o." SKA	24,300	3M WIBOR + margin	31 December 2016
Dellia Investment SA	17,760	3M WIBOR + margin	31 December 2016
Echo Investment Hungary Ingatlanhasznosito KFT	27,164	3M WIBOR + margin	31 December 2016
Echo - Projekt Management Ingatlanhasznosito KFT	276	3M WIBOR + margin	31 December 2016
El Project CYP - 1 LIMITED	49,639	3M WIBOR + margin	31 December 2016
Projekt Echo Galeria Kielce -Magellan West Sp. z o.o. S.K.A.	10,000	3M WIBOR + margin	31 December 2016
Projekt 4 - Grupa Echo Sp. z o. o. S.K.A.	1,500	3M WIBOR + margin	31 December 2016
Projekt Echo Pasaż Grunwaldzki - Magellan West Sp.z o. o. S.K.A.	11,000	3M WIBOR + margin	31 December 2016
Echo-West Gate Sp. z o. o. S.K.A.	45,900	3M WIBOR + margin	31 December 2016
Total	322,395		

# II. LOANS GRANTED TO NATURAL PERSONS AS AT 31 DECEMBER 2014

ENTITY	OUTSTANDING LOAN AMOUNT [IN PLN '000]	INTEREST RATE	FINAL REPAYMENT DATE
Natural persons	71	3M WIBOR + margin	
Total	71		

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

## 11.1. Surety agreements

#### I. Sureties granted at 31 December 2014

SURETY FOR	VALUE [IN '000]	VALID UNTIL	DESCRIPTION
TESCO (POLSKA) SP. Z O.O.	15,000	30.06.2015	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.	<ul> <li>Surety of Echo Investment S.A. for liabilities of Galeria Sudecka - Projekt</li> <li>Echo - 43 spółka z ograniczoną odpowiedzialnością SKA as security for liabilities under the loan agreement concluded on 19.122013,</li> <li>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.</li> <li>Part of the surety in EUR currency.</li> </ul>

#### 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, a surety in the amount of EUR 55,562,406.24 granted by Echo Investment S.A. for Westdeutsche Immobilienbank AG for the liabilities of Farrina Investments Sp. z o.o. (the Issuer's subsidiary) under the Ioan agreement concluded on 5 December 2013.

#### III. The value of agreements for sureties received by Echo Investment S.A. as at 31 December 2014 is as follows:

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

# 11.2. Guarantee agreements

## I. Guarantee agreements in force as at 31 December 2014

GUARANTOR	VALUE [IN '000]	VALID UNTIL	DESCRIPTION
PKO BP SA	2,155	17.05.2016	Security for the remedying of defects and faults for Orbis S.A. under the General Project Implementation Agreement dated 4 September 2008
PKO BP SA	134	15.03.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce.
PKO BP SA	188	07.05.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Olimpia in Bełchatów.
PKO BP SA	88	10.08.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Olimpia in Bełchatów.
PKO BP SA	101	29.04.2015	Security for non-performance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce.
PKO BP SA	151	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 premises, 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	02.07.2020	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.	2,7300	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	30.07.2021	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 II. Guarantee issued in EUR.
Echo Investment S.A.	30,227	30.06.2015	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	the Conversion Date, but not later than 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. Security for exceeded costs, coverage of absent own
Echo Investment S.A.	255,738	the Conversion Date, but not later than 06.02.2018.	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,

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

Part of 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 – 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 7 March 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as security for nonperformance of obligations under a promotional lottery organised in CHR Olimpia in Betchatów. The guarantee amounts to PLN 188,332.50. The guarantee is valid until 7 May 2015.

On 14 March 2014, Bank PKO BP SA issued a bank guarantee to the Customs Chamber in Kielce as security for nonperformance of obligations under a promotional lottery organised in CHR Galeria Echo in Kielce. The guarantee amounts to PLN 134,460.00. 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. (the Issuer's subsidiary).

On 9 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 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 34974200.00. 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 27,106,000.00. The guarantee will be valid within 12 months after the Construction Completion.

#### III. The value of guarantees received by the Company as at 31 December 2014 is as follows:

- under the lease agreement: PLN 0, EUR 18.99, USD 0
- under the project implementation agreements: PLN 17.93, EUR 62.08, USD 0.

# 12. IN THE CASE OF ISSUE OF SECURITIES DURING THE REPORTING PERIOD – DESCRIPTION OF USE OF THE PROCEEDS FROM THE ISSUE BY ECHO INVESTMENT S.A.

#### Issue of bonds

Under the Bond Issuance Program signed with BRE Bank S.A., based in Warsaw (CR no. 7/2011 of 1 February 2011), the Company issued coupon bonds for a total amount of PLN 100 million on 19 February 2014.

The nominal value and issue price of a single bond is PLN 10 thousand. The bonds were issued for a period ending on 19 February 2019. The bond interest rate was established based on variable 6M WIBOR plus investors' profit margin. Interest will be paid on a semi-annual basis. The bonds will be redeemed at their maturity at the nominal value. The bonds issued are not secured.

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 Issuance Programme signed with BRE Bank S.A., based in Warsaw (CR No. 7/2011 of 1 February 2011), the Company issued coupon bonds for a total amount of PLN 70.5 million on 15 May 2014. The nominal value and issue price of a single bond is PLN 10 thousand. The bonds were issued for a period ending on 15 May 2019. The bond interest rate was established based on variable 6M WIBOR plus investors' profit margin. Interest will be paid on a semi-annual basis. The bonds will be redeemed at their maturity at the nominal value. The bonds issued are not secured.

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 account for 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 the Issuer's public 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.

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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.

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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.

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 FINANCIAL RESULTS PRESENTED IN THE ANNUAL REPORT AND PREVIOUSLY PUBLISHED FORECASTS

Echo Investment S.A. did not publish any financial results forecasts for 2014.

# 14. ASSESSMENT WITH JUSTIFICATION REGARDING FINANCIAL RESOURCES MANAGEMENT, WITH PARTICULAR REGARD TO THE ABILITY TO MEET CONTRACTUAL OBLIGATIONS AND IDENTIFICATION OF POSSIBLE THREATS AND STEPS THAT THE ISSUER HAS TAKEN OR INTENDS TO TAKE TO PREVENT SUCH THREATS

Financial resources management of the Company mainly focused on obtaining sources of financing for the projects implemented and maintaining safe liquidity ratios and assumed financing 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**

**Operating profit margin** (operating profit/sales revenue) increased compared to the same period in 2013 due to higher operating profit accompanied by a decrease in net sales. The increase in operating profit is attributable to a change in the structure of sales. In 2013, sales of plots to the subsidiaries without significant margin accounted for a large share in revenues. In addition, in 2013, operating costs were taken into account in the provision for valuation of plots. Sales of apartments in 2014 were more profitable than in 2013 (sales of projects in better locations, such as Nowy Mokotów in Warsaw).

**Net profit margin** (net profit/revenue) decreased compared to the same period in 2013 due to a faster decrease in net profit as compared to a decrease in sales revenue. In addition to the factors mentioned above, the decrease rate was affected by higher finance costs (write-down of shares in a company owning a plot in Ukraine) in 2014.

**Return on assets (ROA)** (net profit/total assets) decreased compared to the same period in 2013 due to a decrease in net profit accompanied by an increase in assets (an increase in inventories - purchase of plots for housing projects and expenditures for projects under construction).

**Return on equity (ROE)** (net profit/equity) decreased compared to the same period in 2013 due to a faster decrease in net profit as compared to an increase in equity.

#### PROFITABILITY RATIO VALUES

PROFITABILITY RATIOS	31.12.2014	31.12.2013
Operating profit margin	62.3%	46.2%
Net profit margin	12.4%	24.3%
Return on assets (ROA)	1.6%	3.9%
Return on equity (ROE)	3.8%	9.2%

#### **TURNOVER RATIOS**

Turnover is determined by the specific nature of the business. Due to the fact that inventories include the acquired ownership rights and expenses and costs related to development projects implemented for sale, it should be borne in mind that this cycle will always be long compared to other industries, such as the manufacture of fast moving consumer goods.

**Inventory turnover days** (inventories \* 360 / revenue) increased compared to the previous year due to an increase in inventories and a decrease in revenue from sales.

**Short-term receivables turnover in days** (short-term receivables\* 360 / revenue)decreased due to a faster decrease in short-term receivables (repayment of loans and borrowings) compared to a decrease in net sales.

**Short-term trade payables turnover** (short-term trade payables \* 360 / revenue) increased due to an increase in short-term liabilities accompanied by a decrease in revenue from sales.

#### TURNOVER RATIO VALUES

TURNOVER RATIOS	31.12.2014	31.12.2013
Inventories turnover in days	592	385
Short-term receivables turnover in days	349	391
Short-term payables turnover in days	32	18

#### LIQUIDITY RATIOS

**Current ratio** (current assets/current liabilities) increased due to a decrease in liabilities caused by the extension of the deadline for repayment of current loans. The ratio indicating a slight excess liquidity means that The Company has a stable financial condition.

Quick ratio ((current assets - inventories) / current liabilities) increased due to a faster decrease in liabilities compared to current assets less inventories compared to the same period in 2013. See explanations for the above ratios for a change in inventories and current liabilities. If the ratio is kept at reference levels, this means that the Company is in good financial standing.

**Cash ratio (cash / current liabilities)** increased due to a decrease in liabilities accompanied by an increase in cash. If the ratio is kept at reference levels, this means that the Company is in good financial standing.

#### LIQUIDITY RATIO VALUES

LIQUIDITY RATIOS	31.12.2014	31.12.2013
Current ratio	2.56	1.48
Quick ratio	1.10	0.76
Cash ratio	0.25	0.03

#### **DEBT RATIOS:**

Equity to assets (equity / total assets) decrease d slightly due to an increase in assets higher than an increase in equity.

Equity to non-current assets (equity / non-current assets) decreased slightly due to a slower increase in equity compared to an increase in non-current assets.

**Total debt ratio** (total liabilities / total assets) increased negligibly due to a slower increase in total assets compared to an increase in liabilities. If the ratio is maintained at safe levels, this means that the Company's debt is fixed at safe levels compared to the Company's assets.

**Debt to equity** (total liabilities / equity) increased compared to the previous year due to an increase in total liabilities accompanied by an increase in equity.

#### DEBT RATIO VALUES

DEBT RATIOS	31.12.2014	31.12.2013
Equity to assets	40.5%	42.6%
Equity to non-current assets	63.7%	66.2%
Total debt ratio	59.4%	57.2%
Equity debt ratio	146.5%	134.2%

# 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 Company is fully capable of financing the existing investment projects. For this purpose, it uses proceeds from equity, bank loans and bond issues.

Projects earmarked for lease (shopping centres, shopping and entertainment centres and offices) are usually financed through obtaining financing (special purpose facilities) in the companies established in order to implement them.

Housing projects are financed from the Company's own resources.

New real estate for future projects are acquired for the Company's own funds or non-purpose loans (facility lines in the accounts, working capital loans, bonds) acquired by the Company.

# 16. FACTORS AND EXTRAORDINARY EVENTS AFFECTING THE PROFIT/LOSS ON THE OPERATIONS FOR THE FINANCIAL YEAR, SPECIFYING THE IMPACT OF THESE FACTORS OR EVENTS ON THE PROFIT/LOSS

- 1. Factors affecting the financial performance of the Company in 2014:
  - posting of revenues from final agreements for the sale of residential properties:
    - in Kraków (Dom Pod Słowikiem, ul. Krasickiego and Hortus Apartments, ul. Korzeniowskiego)
    - In Łódź (Osiedle Jarzębinowe, stage I, ul. Okopowa)
    - in Poznań (Kasztanowa aleja, stage II, ul. Wojskowa)
    - in Warsaw (os. Zeusa, Bemowo)
  - posting of revenues from final agreements for the sale of plots with housing projects:
    - in Dyminy near Kielce (Osiedle Południowe, stages I, II and III)
  - posting of revenues from final agreements for the sale of plots:
  - in Masłów near Kielce
  - agreements involving project implementation:
    - Project Management Agreements;
    - Investment Preparation Agreements;
  - agreements with subsidiaries:
    - for finance servicing, legal, administrative, marketing, recommercialisation, management supervision, and trade mark services;
    - for the lease of computer hardware;
    - agency agreements: for the sale of apartments, projects and lease of commercial space;
    - for financial agency services;
    - for payment services;
    - for establishing collaterals;
    - for marketing services;
  - quarterly revaluation of the fair value of property owned by the Company
  - cost of sales and general and administrative expenses
  - valuation of liabilities from bonds and borrowings at amortised cost
  - measurement of cash due to changes in foreign exchange rates
  - revaluation of inventories
  - revaluation of plot located in Łódź, ul. Okopowa
  - interest on deposits, bonds purchased and borrowings granted
  - discounts and interests on loans, bonds and borrowings
  - payments of dividends and posting of accrued profits from limited partnerships.
- 2. Unusual events affecting the Company's financial results in 2014:
  - In view of the political and economic situation in Ukraine, BS Monolit LLC revalued a plot of land in Kiev at Diehtiarivskiej Street (investment properties under construction) to PLN 10 million. Given the ownership relationships between the companies, Echo Investment holds shares in El Project Cyp-1 Ltd which holds shares in Evrobudgarant LLC, which in turn holds shares in BS Monolit LLC, the owner of the aforementioned real property - an impairment loss on the shares in El Project Cyp - 1 Limited was recognised in the amount of PLN 56,028 thousand.
- 3. As at 31 December 2014, the Company did not have any open positions hedging FX changes.

# 17. 17. DESCRIPTION OF EXTERNAL AND INTERNAL FACTORS MATERIAL FOR THE GROWTH OF THE ISSUER'S BUSINESS AND DESCRIPTION OF GROWTH PERSPECTIVES FOR THE ISSUER'S BUSINESS, AT LEAST UNTIL THE END OF THE FINANCIAL YEAR

## 17.1. Internal and external factors material for the growth of Echo Investment S.A.

The most important external factors affecting the Company's growth 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 growth prospects for Echo Investment S.A.

The Group's activity on the real estate market in 2014 is presented in the tables below: PROJECTS HANDED OVER FOR USE 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

# 2014

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/TOWN	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/TOWN	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 Jarzębinowe (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, there were no material changes in the key management principles of the Company and the Group.

# 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 ISSUER'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.

#### Remuneration of managerial staff

In 2014, the Managers of Echo Investment S.A. received remuneration from Echo Investment S.A. and for service in the governing bodies of subsidiaries, jointly controlled entities and associates respectively:

- 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;

#### 20.1. 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;

Other supervisors of subsidiaries, jointly controlled entities and associates of Echo Investment S.A. (except for those named above) did not receive remuneration for service in the bodies of subsidiaries, jointly controlled entities and associates.

# 21. TOTAL NUMBER AND NOMINAL VALUE OF ALL OF THE ISSUER'S SHARES AS WELL AS SHARES AND INTERESTS IN THE ISSUER'S RELATED PARTIES HELD BY MANAGEMENT AND SUPERVISORY STAFF

### 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 31.12.2014 [NUMBER OF SHARES]	NOMINAL VALUE PER SHARE	TOTAL NOMINAL VALUE	% OF SHARE CAPITAL
Wojciech Ciesielski – Chair 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	-	-	-
<b>Robert Oskard</b> – Member of the Supervisory Board	no shares	-	-	-
<b>Karol Żbikowski</b> – 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 31.12.2014 [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	no shares	-	-	-
Board				
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. The Company is not aware of any agreements that may change the proportion of shares held by the existing shareholders.

# 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 7 May 2014, 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 Echo Investment's financial statements for 2014.



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

- 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: no services provided in 2014 and 2013;
- for other services, including remuneration paid or due for 2014: PLN 140,000, and in 2013: PLN 140,000.

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

# IV. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. states that, to the best of its knowledge, the annual separate financial statements for 2014 and comparative data were prepared in line with applicable accounting policies, and that they give a true and fair view of the state of affairs, assets and financial situation of Echo Investment S.A. and its financial result. The management report of Echo Investment S.A. gives a true view of the development, achievements and situation of the Echo Investment S.A. including a description of fundamental risks and threats.

The Management Board of Echo Investment S.A. states that the entity authorised to audit financial statements, auditing the annual financial statements for 2014, was selected in accordance with applicable law. The entity and the statutory auditors conducting the audit fulfilled the conditions required to express an unbiased and independent opinion on the audited annual 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

STATEMENT OF THE MANAGEMENT BOARD OF ECHO INVESTMENT S.A. ON THE APPLICATION OF CORPORATE GOVERNANCE RULES

BER

# IN 2014



# V. STATEMENT OF THE MANAGEMENT BOARD OF ECHO INVESTMENT S.A. ON THE APPLICATION OF CORPORATE GOVERNANCE RULES IN 2014

## 1. INDICATION OF A SET OF CORPORATE GOVERNANCE RULES WHICH THE ISSUER IS REQUIRED TO OBSERVE, AND WHERE THESE RULES ARE MADE PUBLICLY AVAILABLE, OR A SET OF CORPORATE GOVERNANCE RULES WHICH THE ISSUER MAY ADOPT AT ITS OWN DISCRETION, AND WHERE THESE RULES ARE MADE PUBLICLY AVAILABLE, OR ALL RELEVANT INFORMATION ABOUT THE APPLICATION BY THE ISSUER OF CORPORATE GOVERNANCE PRACTICES WHICH GO BEYOND THOSE REQUIRED BY DOMESTIC LAWS, AND INFORMATION ON THE APPLICATION BY THE ISSUER OF CORPORATE GOVERNANCE PRACTICES

Echo Investment S.A. (the Issuer) is obliged to observe the corporate governance rules specified in the "Code of Best Practice for WSE Listed Companies" adopted by Resolution No. 17/1249/2010 of the Warsaw Stock Exchange on 19 May 2010 (as amended). The text of the abovementioned rules is available on the website of the Warsaw Stock Exchange at www.corp-gov.gpw.pl.

www.corp-gov.gpw.pl. is the official website of the Warsaw Stock Exchange devoted to corporate governance rules applicable to companies listed on the Main Market of WSE and on the NewConnect market.

The Issuer further reports that it does not apply corporate governance rules other that those mentioned above, including those going beyond the requirements specified by national legislation.

### 2. INFORMATION ON THE EXTENT TO WHICH THE ISSUER DEPARTED FROM CORPORATE GOVERNANCE RULES, SPECIFICATION OF SUCH RULES AND REASONS FOR DEPARTURE.

The Management Board of Echo Investment S.A. (the Company) reports that the Company does not apply the following corporate governance rules, as included in the "Code of Best Practices for WSE Listed Companies", adopted by Resolution No. 17/1249/2010 of the Board of the Warsaw Stock Exchange on 19 May 2010, as amended.

#### Part I "Recommendations on best practices of listed companies"

Rule 5 "A company should have a remuneration policy and rules of defining the policy in place. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.

This rule is not and will not be applied. Pursuant to the corporate documents of the Company, the level of remuneration, rewards and bonuses of members of the Management Board is defined by the Supervisory Board and the remuneration of the Supervisory Board members is subject to a decision of the General Meeting and is adopted by resolution.

Rule 9 "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

This rule is not and will not be applied. Bodies authorised to appoint candidates for members of supervisory and management care for the best interest of the Company and its shareholders and consider proper qualifications of candidates, satisfying the Company's requirements related with its operation. This process does not discriminate women.

Rule 12: "A company should enable its shareholders to exercise their right to vote during a General Meeting either in person or through a plenipotentiary, from a location other than the General Meeting, using electronic communication means."

This rule is not and will not be applied. Pursuant to the Commercial Companies Code, participation in a general meeting using electronic communication means must be specifically permitted by the Articles of Association. The Articles of Association of Echo Investment S.A. do not allow for such manner of conducting a general meeting.

# Part II "Best practice for management boards of listed companies"

Rule 1: "A company should operate a corporate website and publish on it:"

section 7: "shareholders' questions regarding issues on the meeting agenda, submitted before and during the General Meeting, and answers to such questions;"

This rule is not and will not be applied. The Company does not take minutes of the General Meeting, including all statements and questions posed. The Chairperson of the General Meeting decides on including individual issues in the minutes, taking into account the law, importance of a given issue and reasonable demands of the shareholders. According to the regulations of the Code of Commercial Companies, participants at the General Meeting have the right to make statements in writing that are enclosed with the minutes. The Company acknowledges that such principles are sufficient to ensure the transparency of general meetings.

section 9a: "a record of the General Meeting in audio or video format;"

This rule will not be applied. The Issuer does not plan to have general meetings recorded in audio or video format or to have the recordings published on its website. Resolutions adopted by a general meeting are promptly disclosed by the Issuer in the form of current reports and published on the website.

**section 11**: "information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting."

The Management Board of the Company has not applied the aforementioned rule, as it has received no such statements from the Supervisory Board.

**Rule 3**: "Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the operating business by the company with a subsidiary where the company holds a majority stake. For the purpose of this document, related entity shall be understood within the meaning of the Regulation of the Minister of Finance issued pursuant to Article 60.2 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Dz. of Laws No. 184, item 1539)."

This rule is not and will not be applied. In the opinion of the Company's Management Board, the provisions included in the existing legal regulations, the Articles of Association and the Rules of the Company's Supervisory Board regarding transactions/agreements concluded with its related entity, are sufficient. In addition, the powers of the Supervisory Board include continuous supervision of the Company's operations, also as regards decisions on all material agreements concluded by the Company, assuming specific criteria for the value of agreements, as indicated in the Company's Articles of Association.

# Part III "Best practice for supervisory board members"

Rule 1: "In addition to its responsibilities laid down in legal provisions, the Supervisory Board should:"

section 1: "annually prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system."

This rule is not and will not be applied in the part regarding evaluation of systems. Evaluation of the internal control system and the significant risk management system is not within the powers of the Supervisory Board. That is why, the Supervisory Board did not present an evaluation of these systems to the Ordinary General Meeting.

**Rule 2**: "A Member of the Supervisory Board should submit to the Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family, and other relationships which may affect the position of the Member of the Supervisory Board on issues decided by the Supervisory Board."

The aforementioned rule is not and will not be applied by the Supervisory Board of Echo Investment S.A. The above rule is unnecessary, regarding the obligation of members of the Supervisory Board to withdraw from participation in the Board's decisions in the case of a conflict of interests. The correct and sufficient criterion under the existing law is the criterion of the aim and effect that a Member of the Supervisory Board intends to and does achieve with their actions. This criterion includes acting for the benefit of the Company and its shareholders and accountability for potential actions to the detriment of the Company or its shareholders.

**Rule 6**: "At least two Members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a Member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting".

The aforementioned rule is not and will not be applied by the Supervisory Board of Echo Investment S.A. According to the existing legal regulations, Members of the Supervisory Board are appointed independently by the General Meeting of Shareholders of the Company. That being so, there is no reason to limit the freedom of choice of members of the Company's Supervisory Board. In addition, the "independence" criterion is not appropriate for laying down positions and criteria for Supervisory Board members to follow when making decisions, as part of their mandate. Due to the very fact of the appointment and the shareholders' possibility to dismiss, as well as the position of the Board's member that consists in representing the shareholders, this criterion is illusory and vague. In the Company's opinion, independence of the members of the Company's authorities consists in the possibility and necessity to act lawfully and in the interests of the Company. Such a meaning of independence is respected by the Company.

**Rule 8**: "Annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors... should apply to the tasks and the operation of the committees of the Supervisory Board."

This rule is not and will not be applied. No committees operate within the Supervisory Board.

**Rule 9**: "Execution by the company of an agreement/transaction with a related entity which meets the conditions of section II.3 requires the approval of the Supervisory Board."

This rule is not and will not be applied. The regulations included in the existing legal regulations, the Articles of Association and the Rules of the Company's Supervisory Board, regarding transactions/agreements concluded with its related entity, are sufficient. The powers of the Supervisory Board include continuous supervision over the Company's operations, also as regards decisions on all material agreements concluded by the Company, assuming specific criteria for the value of agreements, as indicated in the Company's Articles of Association.

#### Part IV "Best practices of shareholders"

Rule 1: "Presence of representatives of the media should be allowed at General Meetings."

This rule is not and will not be applied. General meetings are attended by authorised persons and persons providing services to the General Meeting. The Company does not find it necessary to introduce additional obligations for the shareholders as regards enabling participation in general meetings for the media representatives under special conditions. The existing legal regulations sufficiently regulate the implementation of information obligations as imposed on public companies as regards the openness and transparency of issues discussed at the General Meeting. As regards questions related to the General Meeting, posed by the media representatives, the Company replies immediately.

**Rule 9**: "A resolution of the General Meeting to split the nominal value of shares should not set the new nominal value of the shares at a level which could result in a very low unit market value of the shares, which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange."

This rule is not and will not be applied. The current nominal value of one share of Echo Investment S.A. is PLN 0.05 (five grosz). Adoption of this rule might result in inability to split the nominal value of a share of Echo Investment S.A., which is in conflict with applicable regulations.

**Rule 10**: "A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

#### 1) real-life broadcast of General Meetings;

2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting."

This rule will not be applied. In the Company's opinion, the execution of this rule is connected with some technical and legal threats and such factors could influence the correct and undisturbed course of General Meetings as well as the true, reliable and safe information flow during such communication process.

#### 3. 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

# I. 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.

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.

## II. 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-level 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.

# III. DESCRIPTION OF OTHER USE OF INTERNAL CONTROL SYSTEM AND OF RISK MANAGEMENT SYSTEM 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 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.

#### IV. 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.

#### 4. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY, SUBSTANTIAL STAKES OF SHARES OF ECHO INVESTMENT S.A., NUMBER OF SHARES HELD BY SUCH ENTITIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, NUMBER OF VOTES VESTED WITH THE SHARES AND THEIR PERCENTAGE SHARE IN TOTAL VOTES AT THE GENERAL MEETING.

Data as at 31 December 2014 and as of the date of the report.

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL OF ECHO INVESTMENT S.A.	NUMBER OF VOTES AT THE GM OF ECHO INVESTMENT S.A.	% OF TOTAL VOTES AT THE AGM OF ECHO INVESTMENT S.A.
MICHAŁ SOŁOWOW indirectly through subsidiaries, including:	189,361,930	45.88%	189,361,930	45.88%
TF Columbus S.A.	171,477,880	41.55%	171,477,880	41.55%
Synthos Dwory 7 Sp. z o.o. Sp. J.	17,884,050	4.33%	17,884,050	4.33%
AVIVA OFE AVIVA BZ WBK*	41,269,050	10.00%	41,269,050	10.00%
ING OFE*	35,241,541	8.54%	35,241,541	8.54%
OFE PZU Złota Jesień*	25,602,249	6.20%	25,602,249	6.20%

The data regarding the holding of the Issuer's shares is derived from OFE's reports presenting the annual structure of assets at the end of December 2014.

#### Information received by Echo Investment in 2014 on the ownership of substantial stakes of shares

On 18 December 2014, the Issuer received notifications from the two entities controlled by Mr. Michał Sołowow, drawn up under Article 69 of the Act of 29 July 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies (consolidated text, Journal of Laws as of 2013, item 1382) (the "Act on Public Offering") indicating the status of ownership of shares and voting rights after the transactions on the Warsaw Stock Exchange, concluded and settled on 15, 16, 17, 18 December 2014.

1/ Notification from FTF Columbus S.A., with its registered office at ul. Al. Jerozolimskie 56C, 00-803 Warsaw, KRS number 0000441371, a subsidiary of Michał Sołowow, of the purchase of 171,477,880 shares of the Issuer and of exceeding the threshold of 331/3% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A., referred to in Article 69(1)(1) of the Act on Public Offering;

2/ Notification from Barcocapital Investment Limited Agiou Pavlou 15, Ledra House, Agios Andreas 1105 Nicosia, Cyprus, a subsidiary of Michał Sołowow, of the transfer of 171,477,880 shares of the Issuer and of the decrease in the share below 5% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A., referred to in Article 69(1)(2) of the Act on Public Offering.

#### Notification No. 1 from FTF Columbus S.A. with its registered office in Warsaw

"(...) Please be advised that as a result of the acquisition of shares of Echo Investment S.A. (the "Issuer") in the transactions on the Warsaw Stock Exchange, entered into and settled on 15, 16, 17, 18 December 2014, FTF Columbus S.A. with its registered office in Warsaw registered under KRS number 0000441371, a subsidiary of Michał Sołowow, exceeded the threshold of 331/3% of the total number of votes at the General Meeting of Echo Investment S.A., referred to in Article 69(1)(1) of the Act on Public Offering.

As at the date of this notification, FTF Columbus S.A. holds 171,477,880 shares in the Issuer accounting for 41.55% of the share capital and 171,477,880 votes at the Issuer's General Meeting accounting for 41,55% of the total number of votes.

Before the settlement of the said transaction, FTF Columbus S.A. did not hold any shares in the Issuer.

No subsidiaries of the notifying shareholder exist that hold the Issuer's shares.

No persons referred to in Article 87(1)(3)(c) of the Act on Public Offering exist."

#### Notification No. 2 from Barcocapital Investment Limited with its registered office in Nicosia, Cyprus

"(...) Please be advised that as a result of the transfer of shares of Echo Investment S.A. (the "Issuer") in the transactions on the Warsaw Stock Exchange, entered into and settled on 15, 16, 17, 18 December 2014, Barcocapital Investment Limited, a

subsidiary of Michał Sołowow, decreased its share in the total number of votes at the General Meeting of Echo Investment S.A., as referred to in Article 69(1)(1) of the Act on Public Offering, below 5%.

As at the date of this notification, Barcocapital Investment Limited holds no shares in the Issuer.

Before the transactions were made, Barcocapital Investment Limited had held 171,477,880 shares, accounting for 41.55% of the share capital and 171,477,880 votes at the General Meeting of the Company, accounting for 41.55% of the total number of votes.

No subsidiaries of the notifying shareholder exist that hold the Company's shares.

No persons referred to in Article 87(1)(3)(c) of the Act on Public Offering exist."

# Information on the ownership of shares received by the Issuer after the balance sheet date and until the date of issue of this report.

Between the balance sheet date and the issue date of this report, the Issuer did not receive any notifications on changes in the number of shares held by major shareholders.

# 5. IDENTIFICATION OF HOLDERS OF ALL SECURITIES WITH CARRY SPECIAL CONTROL RIGHTS AND DESCRIPTION OF SUCH RIGHTS.

Securities issued by Echo Investment S.A. do not carry any special control rights.

6. ALL RESTRICTIONS REGARDING THE RIGHT TO VOTE, SUCH AS RESTRICTED RIGHT TO VOTE BY HOLDERS OF CERTAIN SHARES AND NUMBER OF VOTES, TEMPORARY RESTRICTIONS ON THE RIGHT TO VOTE OR PROVISIONS UNDER WHICH, IN COOPERATION WITH THE COMPANY, CAPITAL RIGHTS ATTACHED TO SECURITIES ARE SEPARATED FROM THE HOLDING OF SECURITIES.

Echo Investment S.A. does not have any information on restrictions on the right to vote by holders of the Issuer's securities.

# 7. IDENTIFICATION OF ALL RESTRICTIONS ON THE TRANSFER OF OWNERSHIP OF THE ISSUER'S SECURITIES

Echo Investment S.A. does not have any information on restrictions on the transfer of ownership of the Issuer's securities.

# 8. DESCRIPTION OF PRINCIPLES REGULATING THE APPOINTMENT AND DISMISSAL OF MANAGERIAL STAFF AND THEIR RIGHTS, IN PARTICULAR THE RIGHT TO DECIDE ON THE ISSUE OR REDEMPTION OF SHARE

#### 8.1. Rules for appointing and dismissing managerial staff

In the Company, these rules are regulated by the Commercial Companies Code, Rules of Procedure of the Management Board and the Articles of Association of Echo Investment S.A.

The Management Board Members are appointed, dismissed and suspended by the Supervisory Board which also appoints the President and the Vice-President of the Management Board.

The term of office of the first Management Board is two years, the term of office of subsequent Management Boards is three years, and Management Board members are appointed for a joint term of office, which does not preclude the right to dismiss a member of the Management Board earlier. Mandates of the Management Board Members expire on the date of the GSM's approval of the financial statements for the last year of the Management Board's term of office. The Management Board or its individual members may be dismissed by the Supervisory Board before the expiry of their term of office, especially following a justified written motion of shareholders who represent at least 1/3 of the share capital or if the Management Board's fulfilment of duties for the last closed financial year is not acknowledged by the Ordinary General Meeting of Shareholders.

# 8.2. Powers of managerial staff

Powers of managers are regulated by the Articles of Association of Echo Investment SA and the Commercial Companies Code.

The managers represent the Company before officials, institutions, third parties, courts as well as public authorities. Declarations of intent on behalf of the Company must be made jointly by two members of the Management Board or one member of the Management Board acting jointly with a holder of the commercial power of attorney. Liabilities exceeding 20% of the Company's equity may be incurred by persons authorised to make declarations of intent on behalf of the Company, upon a written consent of the Supervisory Board. The Management Board manages all current affairs of the Company which are not reserved to the General Meeting and the Supervisory Board.

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Decisions on the issue and redemption of shares are governed by the regulations of the Code of Commercial Companies.

# 9. DESCRIPTION OF RULES FOR AMENDING THE ISSUER'S ARTICLES OF ASSOCIATION.

The rules for amending the Company's Articles of Association are regulated in the Commercial Companies Code.

Amendments to the Articles of Association require a resolution of the General Meeting of Echo Investment S.A. and an entry into the National Court Register (KRS). The Management Board notifies the amendment to the Articles of Association to the respective registry court within up to three months of the date of the resolution of the General Meeting.

Together with the entry of an amendment to the Articles of Association, the amendment to the Company's corporate details notified to the registry court is entered in the National Court Register.

The General Meeting authorises the Supervisory Board of Echo Investment S.A. to approve a consolidated text of the amended Articles of Association or to make other amendments of editorial nature, as specified by the resolution of the Meeting.

## 10. PROCEDURE AT THE GENERAL MEETING, FUNDAMENTAL POWERS OF THE MEETING AND THE DESCRIPTION OF SHAREHOLDERS' RIGHTS AND HOW THESE RIGHTS ARE EXERCISED, IN PARTICULAR RULES OF PROCEDURE OF THE GENERAL MEETING.

The rules of procedure of the Company's General Meeting, its powers and rights of shareholders and how these rights are exercised are governed by the Company's Articles of Association and the Commercial Companies Code. The Company's Articles of Association are available at the Company's website at <u>www.echo.com.pl</u> under the "Articles of Association and By-Laws" tab.

The schedule of works related to organisation of the Company's General Meetings of Shareholders, including preparation of materials presented at the General Meeting, is planned in such a way as to fulfil obligations towards shareholders and enable them to exercise such rights.

### 11. COMPOSITION OF THE ISSUER'S MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE AUTHORITIES AND OF THEIR COMMITTEES, CHANGES IN THEIR COMPOSITION DURING THE LAST FINANCIAL YEAR AND DESCRIPTION OF THEIR ACTIVITY

# COMPANY'S MANAGEMENT BOARD - COMPOSITION IN 2014

The composition of the Management Board as at 1 January 2014 was as follows:

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

On 30 May 2014, acting pursuant to Article 368 § 4 of the Commercial Companies Code and § 13(1)(a) of the Company's Articles of Association, in connection with the approval by the Annual General Meeting of the financial statements for 2013, i.e. for the last year of the 4th term of office of the Management Board and expiry of the mandates of its members, the Issuer's Supervisory Board appointed the Management Board of Echo Investment S.A. for the joint 5th term of office.

The Supervisory Board appointed:

- Piotr Gromniak as a Member and President of the Management Board of the 5th term of office,
- Artur Langner as a Member and Vice-President of the Management Board of the 5th term of office,
- Waldemar Lesiak as a Member and Vice-President of the Management Board of the 5th term of office.

As at 31 December 2014 and the issue date of this report, the composition of the Management Board was as follows:

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

# COMPANY'S MANAGEMENT BOARD - RULES OF PROCEDURE IN 2014

The Management Board of Echo Investment SA operates under the Commercial Companies Code (Journal of 2000, No. 94, item 1037, as amended), the Company's Articles of Association, the Rules of Procedure of the Management Board of Echo Investment S.A. approved by Resolution of the Company's Supervisory Board of 14 May 2005, and according to the adopted Code of Best Practice for WSE Listed Companies.

The Management Board may consist of one or more members. The Management Board Members are appointed, dismissed and suspended by the Supervisory Board which also appoints the President and the Vice-President of the Management Board.

The term of office of the first Management Board is two years, the term of office of subsequent Management Boards is three years, and Management Board members are appointed for a joint term of office, which does not preclude the right to dismiss a member of the Management Board earlier. Mandates of the Management Board Members expire on the date of the GSM's approval of the financial statements for the last year of the Management Board's term of office. Members of the Management Board may be re-appointed. The Management Board or individual members may be dismissed before the expiry of the term of office by the Supervisory Board, in particular at a written request of shareholders representing at least one third of the Company's share capital, or if the General Shareholders' Meeting fails to acknowledge the fulfilment of obligations by the Management Board in the closed financial year.

Only those individuals who are not the Company's shareholders may be appointed to the Management Board.

The Management Board represents the Company before officials, institutions, third parties, courts as well as public authorities. An appointed holder of the commercial power of attorney may act on behalf of the Company to the same effect. Declarations of intent on behalf of the Company must be made jointly by two members of the Management Board or one member of the Management Board acting jointly with a holder of the commercial power of attorney. Management Board Members may only fulfil their duties in person.

The operation of the Management Board is described in detail in the Rules of Procedure of the Management Board which is adopted by the Management Board and approved by the Supervisory Board. In case of a tie, the President of the Management Board has the casting vote.

The Management Board manages all current affairs of the Company, subject to restrictions specified by the Commercial Companies Code and these Articles of Association. Purchase and sale of real property, perpetual usufruct title or a interest in real property or perpetual usufruct title by the Company fall within the powers of the Management Board, subject to § 13(1)(d) and (e) of the Articles of Association. When exercising the rights of the General Meeting in subsidiaries, the Company's Management Board is obliged to obtain a prior consent of the Company's Supervisory Board, even if the liability incurred or the right transferred by a subsidiary exceeds the limits specified in § 13(1)(d) and (e) of the Articles of Association, under which a consent from the Supervisory Board is required for the Company to incur liabilities exceeding 20% of its equity.

When deciding on the Company's issues, the Management Board is particularly obliged to act within the limits of reasonable economic risks, following an in-depth analysis and consideration of all available information, studies and opinions which, in the opinion of the Management Board, should be taken into account in the Company's interest.

In addition, the Management Board submits motions regarding issues to be discussed by the General Meeting to the Company's Supervisory Board for approval. Information on the opinions issued is communicated to the public by the Company promptly after such information is received from the Company's Supervisory Board.

When contacting the media, the Management Board Members may only provide generally available information about the Company. All statements addressed to the media regarding financial forecasts and the strategy of the Company or of the Management Board may only be made by the President or Vice-President of the Management Board. With regard to other issues, all Members of the Management Board or other authorised persons are authorised to contact the media representatives.

The Management Board meets at least once a month and the meetings are chaired by the President of the Management Board and, in his/her absence, by the Vice-President of the Management Board and, in the absence of the President and the Vice-President of the Management Board, the meetings are chaired by the longest serving Management Board Member of Echo Investment S.A. The meetings of the Management Board are held at the Company's offices, unless all Members of the Management Board otherwise agree. The meeting of the Management Board may be held, if all members of the Management Board have been notified thereof and at least two Members of the Management Board are present.

The meetings of the Management Board are convened by the President of the Management Board or by any other member of the Management Board who thinks fit to do so.

Each Member of the Management Board must be notified of the date and agenda of the meeting at least 2 days prior to the scheduled meeting. The notification may be delivered by phone, through the Office of the Company's Management Board, via email, by fax or in writing.

The meetings of the Management Board may be held even when they have not been duly convened, if all Members of the Management Board are present and none of those present objects to the meeting being held or to specific items being included in the agenda.

The Management Board may pass its resolutions in writing or using means of distance communication, except that, in such case, the Management Board is presided by the member requesting the adoption of the resolution. This procedure is not permitted when at least one member of the Company's Management Board objects thereto.

Resolutions of the Management Board are adopted by way of resolutions Resolutions are adopted by an absolute majority of votes. In the event of a tie, the President of the Management Board has the casting vote and, in the absence of the President of the Management Board, the Vice-President of the Management Board has the casting vote. In the absence of the President and the Vice-President of the Management Board, the longest-serving member of the Company's Management Board has the casting vote.

When required, minutes are taken from the meetings of the Management Board. Resolutions of the Management Board are recorded in such manner that they are attached to minutes, or are included in the text of the minutes. The minutes should further include: the agenda, date and place of the meeting of the Supervisory Board, full names of the members of the Management Board, number of votes cast for individual resolutions. The minutes must be signed by all Management Board members attending the meeting. Any dissenting opinions of the members who were absent during the meeting should be attached to minutes. The minutes are stored at the office of the Company's Management Board.

In 2014, the Company's Management Board, when defining strategic objectives and current tasks, considered the best interest of the Company, its shareholders, partners, customers, employees and creditors, and observed the law.

To ensure transparency and effectiveness of the management system, the Management Board followed the principle of professional conduct within the limits of reasonable economic risk, taking account of the wide range of the available information, analyses and opinions.

The remunerations of the Members of the Management Board have been determined by the Supervisory Board, based on the responsibilities and skills of individual Management Board Members, and took account of the Company's financial results, and a reasonable relation was maintained to remunerations of Management Boards in similar companies on the Polish real property market.

# COMPANY'S SUPERVISORY BOARD - COMPOSITION IN 2014

During 2014, there were no changes in the composition of the Supervisory Board of the Issuer.

As at December 1 January 2014, the composition of the Supervisory Board of Echo Investment S.A. was as follows:

- Wojciech Ciesielski Chair of the Supervisory Board
- Andrzej Majcher Deputy Chair of the Supervisory Board
- Mariusz Waniołka Deputy Chair of the Supervisory Board
- Robert Oskard Member of the Supervisory Board
- Karol Żbikowski Member of the Supervisory Board

#### Company's Supervisory Board – rules of procedure in 2014

The Supervisory Board of Echo Investment S.A. operates under the Commercial Companies Code (Journal of Laws of 2000, No. 94, item 1037, as amended), Articles of Association, Rules of Procedure of the Supervisory Board of Echo Investment S.A. dated 26 June 2003 and in accordance with adopted principles of the Code of Best Practice for WSE Listed Companies.

The Supervisory Board is composed of at least 5 (five) members who are appointed and dismissed by the General Meeting for a period of three years; members of the Supervisory Board are appointed for a joint term of office, which does not preclude an earlier dismissal of every member of the Supervisory Board. Supervisory Board Members may be re-appointed. A resolution of the General Meeting each time specifies the number and the members of the Supervisory Board. If the General Meeting does not specify the function of a given member of the Supervisory Board when appoint such a member, the Supervisory Board appoints the Chairman of the Supervisory Board from among its members and the Vice-Chairman in a secret ballot. Members of the Supervisory Board fulfil their duties only in person.

Members of the Supervisory Board delegated to constant and individual supervision may not, without the Company's consent, be involved in competitive business or participate in a competitive company as a partner in a civil law partnership, a partnership or as a member in a body of a corporation, or participate in another competitive legal person as a member of its bodies. This prohibition also includes participation in a competitive corporation, in which a Supervisory Board member holds at least 10% of interests or shares, or has the right to appoint at least one management board member.

Members of the Supervisory Board may be dismissed at any time by the General Shareholders' Meeting.

A Supervisory Board member may resign his/her post before the expiry of the term of office for which he/she was appointed by submitting a statement to that effect to the Chairman of the Supervisory Board. If the Chairman of the Supervisory Board resigns his/her post, the statement to that effect is submitted to the Vice-Chairman. A Member of the Supervisory Board should not resign during the term of office if such a resignation could prevent the Supervisory Board from operating, and in particular if it could prevent the adoption of an important resolution. The mandate of a member of the Supervisory Board expires, at the latest, on the day of the General Meeting which approves the Company's financial statements for the last full financial year in which the member of the Supervisory Board held his/her post (final year of the member's term of office). The mandate also expires upon death or dismissal of a Supervisory Board member. If, as a result of expiry of mandates of Supervisory Board members, the Supervisory Board is composed of fewer than 3 members, the Supervisory Board is unable to pass legally binding resolutions, and the Chairman of the Supervisory Board, or, in the absence of the Chairman, the Vice-Chairman, requests the Company's Management Board to promptly convene an Extraordinary General Meeting and to include the appointment of Supervisory Board members in the agenda of the General Meeting.

A member of the Supervisory Board should be primarily concerned about the Company's interest.

When contacting the media, members of the Supervisory Board may only provide generally available information about the Company. Any statements for the media regarding the Company or the Supervisory Board may only be made by the Chairman of the Supervisory Board and, in his/her absence, by the Vice-Chairman of the Supervisory Board.

The responsibilities of the Supervisory Board include supervision over the Company's business and other actions, as stipulated by the Commercial Companies Code and other acts. The Supervisory Board adopts resolutions or gives opinions on issues within its scope of responsibilities, according to the Company's Statute and under the procedure stipulated by the provisions of the Statute or other laws.

In particular, the Supervisory Board is authorised to:

- examine the Company's financial statements for the last financial year,
- examine the Company's Management Report and suggestions of the Management Board regarding the distribution of profit and the coverage of loss,
- submit a written report on the above actions to the General Meeting,
- express opinions on motions submitted by the Management Board directed to the General Meeting, and express opinion and pass resolutions on other matters submitted by the Company's Management Board,
- appoint, dismiss and suspend the Company's Management Board or its individual members,
- appoint a statutory auditor to audit the Company's financial statements with whom the Management Board concludes an agreement,
- approve the Management Board's conclusion of the agreement with a sub-issuer referred to in Article 433(3) of the Commercial Companies Code,
- approve the contracting of liabilities and disposing of the rights to the extent within the current business of the Company – if their value exceeds 20 % of the Company's equity. If it is dubious whether a given issue has been included in the current business of the Company, the Supervisory Board is entitled to make a relevant interpretation in this respect, at the request of the Management Board. The interpretation will be binding for the Management Board. Issues related to trade in real property are within the scope of the Company's current business;
- approve the contracting of liabilities and disposing of the rights that go beyond the current business of the Company, if their value exceeds 10% of the Company's equity.
- The meetings of the Supervisory Board are held as necessary but at least three times per financial year. The meetings of the Supervisory Board are convened by the Chair or Deputy Chair and are held in the Company's office or in a location indicated by the Chair or Deputy Chair. The meetings of the Supervisory Board are convened upon the initiative of the Chair of the Board or at a written request of the Management Board or a member of the Supervisory Board.

The meetings of the Supervisory Board convened at the request of the Management Board or a member of the Supervisory Board must be held within two weeks from the date of submitting the request.

The meetings are presided over by the Chair and, in his/her absence, by the Deputy Chair of the Supervisory Board. If neither the Chair nor the Deputy Chair of the Supervisory Board is present at the meeting, the meeting is chaired by the Board member appointed by those present. The Chair or Deputy Chair of the Supervisory Board notifies the other Members about the meetings and invites them by phone, by fax or in writing in due advance so that the invitation reaches the members 7 (seven) days before the planned date of the meeting at the latest. In emergencies, this period may be shortened.

The Supervisory Board may hold a meeting without being formally convened, if all of its members are present, and no member objects to the meeting being held and to including specific items in the agenda. The meetings of the Supervisory Board may be attended by other persons invited by the Chair of the Supervisory Board, including Members of the Management Board, but they do not have the right to vote.

The members of the Supervisory Board make decisions related to the exercise of supervisory and control rights by way of resolutions. All Members of the Supervisory Board must be invited to the meeting and at least 50% of the Members must be present at the meeting or otherwise the resolutions of the Supervisory Board are invalid. The Supervisory Board may pass resolutions in writing or using telecommunication, provided that the resolutions passed in such manner does not involve the

appointment of the Chair and the Deputy Chair of the Supervisory Board, the appointment of a Member of the Management Board as well as the dismissal and suspension of these individuals. In such case, for the resolutions to be valid, the Supervisory Board members must be notified in advance of the draft resolutions.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In case of a tied vote when adopting resolutions by the Supervisory Board, the Chairman of the Supervisory Board shall have the casting vote.

Minutes Resolutions of the Supervisory Board are recorded in such manner that they are attached to minutes, or are included in the text of the minutes. The minutes should further include: the agenda, date and place of the meeting of the Supervisory Board, full names of the members of the Supervisory Board, number of votes cast for individual resolutions. Minutes should be signed by all the meeting attendees. Any dissenting opinions of the members who were absent during the meeting should be attached to minutes. The minutes are stored at the office of the Company's Management Board.

In order to perform its duties, the Supervisory Board may control the full range of the Company's operations, in particular:

- request the Management Board to submit documents and other materials relating to the Company's operations;
- inspect files and records of the Company;
- request the reports and explanations of the Management Board and staff,
- revise the status of the Company's assets.

The Supervisory Board may submit motions to the General Meeting on all matters comprising tasks and powers of the Supervisory Board. The Supervisory Board performs its duties collectively. However, it may delegate its Members, by resolution, to perform specific supervisory tasks independently. The Supervisory Board may appoint committees for conducting individual affairs.

The secretarial services to the Supervisory Board shall be provided by the office of the Management Board. Secretarial service includes: preparation of invitations to the meeting of the Supervisory Board and sending them to individual members of the Supervisory Board, in accordance with this Regulation, arranging premises for holding a meeting of the Supervisory Board, drafting meeting minutes, supporting the meetings of the Supervisory Board, archiving of documentation of the Supervisory Board.

The Supervisory Board performed the tasks of the Audit Committee.

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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