



Q22

CONSOLIDATED QUARTERLY REPORT
OF ECHO INVESTMENT CAPITAL GROUP
FOR Q3 2016

ECHO
investment

3Q 2016 REPORT



Ladies and Gentlemen,

Since the beginning of the third quarter 2016 we have been implementing the new strategy, with a series of major investment decisions I would like to outline.

In recent months, we have entered into a preliminary agreement with Invesco Real Estate to sell Q22 skyscraper in Warsaw; we have also agreed to sell seven office buildings in a number of Polish regional cities to Echo Polska Properties (EPP). In coming months, we expect to finalize deal with EPP to sell four buildings. Also, together with EPP, we have bought a retail & entertainment project Towarowa 22 in Warsaw which is going to be another flagship investment property, boasting a unique location and being a perfect match with our ambitions and expertise.

The second half of the year also saw new projects being launched. Construction works commenced at sites of Galeria Libero in Katowice, Sagittarius and West Link office buildings in Wrocław as well as five residential projects. However, it is the kick-off of Browary Warszawskie that we are especially proud of. This historically important and prestigious location will soon become another great place for work, living and entertainment, and the idea has been very well received by the market and Varsovians themselves.

However, not only big events confirm how successful the period the last nine months were for Echo Investment. In our operational activity, we have seen continuation of positive trends. From January to September 2016, apartments sale grew 46%, with 503 clients being attracted by our projects. The office leasing team signed contracts amounting to over 50,000 sqm., which more than doubles the results of the corresponding period of the last year. In retail, we could also see 50,000 sqm. of space being leased out, which is a stable result in comparison to the three quarters of 2015.

Looking forward, we are constantly present on the land market. At the moment, we negotiate purchasing a number of properties for residential, office and retail projects. Within 6 to 12 next months, we expect to acquire land plots for the construction with total GLA or usable space of about 500,000 sqm. We are also working on optimising our land bank, by launching construction work on the plots that meet our requirements and selling non-core properties.

Echo Investment carefully looks at its cost base. Here, thanks to current trends on the construction market, we are able to increase our competitiveness as compared to previous years. We are able to commission construction services at much better prices, while maintaining the same quality and standard level. At the same time, we remain committed to long-term cooperation with partners representing good financial and organisational standing and reliable brands.

I would like to present Echo Investment financial report for the third quarter of 2016.

Sincerely

Nicklas Lindberg
CEO of Echo Investment

TABLE OF CONTENTS

I.	SELECTED CONSOLIDATED FINANCIAL DATA	6
II.	CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS OF THE CAPITAL GROUP AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016	7
1.	Consolidated quarterly statement of financial position	7
2.	Consolidated quarterly profit and loss account	11
3.	Consolidated quarterly statement of comprehensive income	12
4.	Consolidated statement of changes in equity	13
5.	Consolidated interim statement of cash flows	14
6.	SUPPLEMENTARY INFORMATION TO CONSOLIDATED REPORT FOR Q3 2016	15
6.1.	General information	15
6.2.	Strategy of Echo Investment Group	16
6.3.	Business model	16
7.	Description of the Company's operating markets	17
8.	Accounting principles adopted in drawing up the quarterly report	20
8.1.	Effects of adopted changes in accounting principles (restatement of financial statements for previous periods)	21
9.	Description of achievements or failures of the Capital Group and indication of major events in Q3 2015	21
9.1.	Major events in Q3 2015	21
9.1.1.	Withdrawal from property and facility management activities	21
9.1.2.	Partial sale of EPP block of shares	21
9.1.3.	EPP's foreign stock exchanges IPO	22
9.1.4.	Conclusion of a preliminary agreement for the sale of office buildings	22
9.1.5.	Acquisition of shares in the retail project Towarowa 22	24
9.1.6.	Acquisition of Compass Offices	24
9.2.	Events after the day of drawing up these quarterly financial statements which have not been recognised in the statements and which have a potentially significant effect on the Capital Group's future financial results	24
9.2.1.	Preliminary agreement for the sale of Q22 project	24
9.3.	Operating activities	26
9.3.1.	Offices	26
9.3.2.	Shopping centres	28
9.3.3.	Apartments	29
9.3.4.	Acquisition of land	30
10.	Information regarding to group's projects	31
10.1.	Portfolio of properties in use	31
10.2.	Projects under construction and in preparation for construction	31
10.3.	Investment land	34
11.	Factors and events, especially those of a non-typical character, that have had an impact on the profit/loss of the Company	35
11.1.	Factors having an impact on the financial performance of the Capital Group in Q3 2016	35
11.2.	Foreign currency hedging	35
12.	Segments of the Capital Group	36
13.	Explanations on the seasonality or cyclicity of the Capital Group's business in the presented period	36
14.	Information about the issue, redemption and repayment of debt securities and equity securities	37

3Q 2016 REPORT

15.	Information on changes in contingent liabilities or contingent assets after the end of the last financial year	38
15.1.	Surety agreements	38
15.2.	Guarantee agreements	38
16.	Composition of Echo Investment Capital Group	40
16.1.	Indication of results of the modifications in the economic entity's structure, including merger of economic entities, take-overs or sales of entities of the Corporate Group, long-term investments, division, restructuring and discontinued operations	44
17.	Position of the Management Board concerning the option to implement previously published result forecasts for the relevant year in the light of the results presented in the quarterly report in relation to predicted results	45
18.	The ownership structure of major holdings of Echo Investment S.A.	46
18.1.	Summary of changes in shareholding of Echo Investment S.A. or rights to shares (options) by the Issuer's managers and supervisors, as to the knowledge of Echo Investment S.A. since the submission of the previous quarterly report	46
19.	Information on court proceedings	46
20.	Information on transactions with related entities on other than market conditions	46
21.	Information of granted loan sureties and granted guarantees equivalent in value to at least 10% of the issuer's equity capitals	47
22.	Other information that the Management Board of Echo Investment SA believes to be important to assess the personnel, economic and financial situation, the financial result and any changes in these aspects of business, and information significant for the assessment of Echo Investment Capital Group's capacity to meet its obligations	47
23.	Factors which, in the opinion of the Management Board, will influence the Capital Group's financial performance for at least the upcoming quarter	48
24.	Dividend paid (or declared)	48
III.	CONDENSED SEPARATE FINANCIAL STATEMENTS AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016	50

3Q 2016 REPORT

Q3 2016 HIGHLIGHTS

	Q3 2016	Q3 2015	dynamics	Q1-Q3 2016	Q1-Q3 2015	dynamics
Operating revenues	131 838	135 826	-3%	412 370	409 578	1%
Operating profit (loss)	82 955	112 910	-26%	487 573	144 191	238%
Gross profit (loss)	46 482	60 548	-23%	159 147	88 748	79%
Net profit (loss)	52 440	50 285	4%	351 393	73 020	381%
Total assets	4 000 034	6 890 168	-42%			
1) Investment properties	58 385	4 465 360	-99%			
2) Assets under construction	650 197	1 256 459	-48%			
3) Assets held for sale	1 558 504	0	-			
4) Inventory	601 118	606 173	-1%			
5) Cash	322 151	241 833	33%			
Non-current liabilities	653 982	2 929 633	-78%			
Current liabilities	1 039 801	646 297	61%			
Sale of apartments (units)	194	139	40%	503	343	46%
Office leasing (000 GLA)	27,1	5	442%	51	21,7	135%
Retail leasing (000 GLA)	12	19,8	-40%	49,9	56,2	-11%

3Q 2016 REPORT

I. SELECTED CONSOLIDATED FINANCIAL DATA

		'000 PLN		'000 EUR	
		FROM 01.01.2016 TO 30.09.2016	FROM 01.01.2015 TO 30.09.2015	FROM 01.01.2016 TO 30.09.2016	FROM 01.01.2015 TO 30.09.2015
I.	Operating revenues	412 370	409 578	94 390	98 492
II.	Operating profit (loss)	487 573	144 191	111 603	34 674
III.	Gross profit (loss)	159 147	88 748	36 428	21 341
IV.	Net profit (loss)	351 396	73 022	80 433	17 560
V.	Net cash flows from operating activities	32 282	125 793	7 389	30 250
VI.	Net cash flows from investing activities	1 318 545	(419 843)	301 809	(100 960)
VII.	Net cash flows from financing activities	(1 849 688)	180 091	(423 386)	43 307
VIII.	Total net cash flows	(498 861)	(113 959)	(114 188)	(27 403)
IX.	Total assets	4 000 034	6 890 168	927 652	1 625 576
X.	Equity attributable to shareholders of the parent	1 843 105	3 218 730	427 436	759 385
XI.	Non-current liabilities	653 982	2 929 633	151 666	691 179
XII.	Current liabilities	1 039 801	646 297	241 141	152 479
XIII.	Number of shares	412 690 582	412 690 582	412 690 582	412 690 582
XIV.	Earnings per share (in PLN/EUR)	1,92	0,06	0,44	0,01
XV.	Diluted earnings per share (in PLN/EUR)	1,92	0,06	0,44	0,01
XVI.	Diluted net assets value per share	4,47	7,80	1,04	1,84
XVII.	Declared or paid dividend per share	4,47	7,80	1,04	1,84

II. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS OF THE CAPITAL GROUP AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016

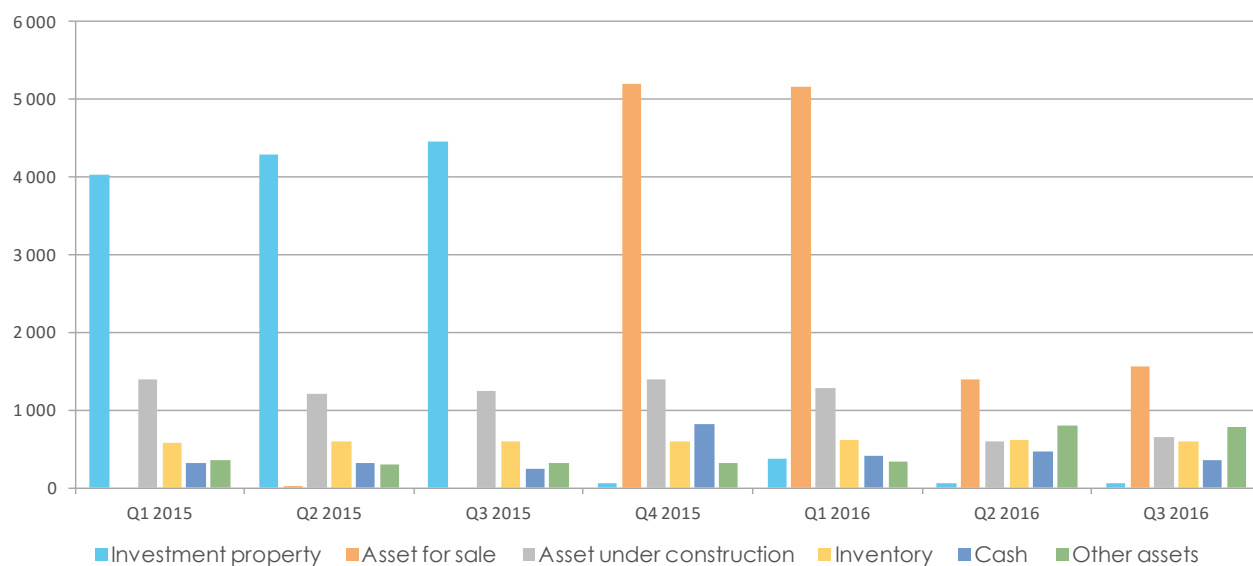
1. CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION – ASSETS [‘000 PLN]

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	AS OF 30.09.2015 END OF QUARTER
ASSETS			
1. Non-current assets			
1.1. Intangible assets	143	160	201
1.2. Property, plant and equipment	8 979	17 645	45 490
1.3. Investment real property	58 385	63 342	4 465 360
1.4. Investment real property under construction	650 197	1 398 628	1 256 459
1.5. Shares in entities accounted for using the equity method	572 905	-	1 095
1.6. Long-term financial assets	24 171	14 065	13 169
1.7. Derivative financial instruments	-	-	1 713
1.8. Deferred income tax assets	54 275	78 682	69 646
	1 369 055	1 572 522	5 853 133
2. Assets held for sale	1 558 504	5 192 965	-
3. Current assets			
3.1. Inventories	601 118	595 460	606 173
3.2. Income tax receivables	150	6 391	5 062
3.3. Other tax receivables	55 207	44 664	45 879
3.4. Trade and other receivables	40 451	41 641	44 997
3.5. Short-term financial assets	22 419	23 381	19 762
3.6. Derivative financial instruments	4	1 175	237
3.7. Restricted cash	30 975	89 447	73 092
3.8. Cash and cash equivalents	322 151	821 305	241 833
	1 072 475	1 623 464	1 037 035
Current assets and non - current assets for sale	2 630 979	6 816 429	1 037 035
TOTAL ASSETS	4 000 034	8 388 951	6 890 168

3Q 2016 REPORT

ECHO INVESTMENT ASSETS STRUCTURE



WARSAW, BROWARY WARSZAWSKIE

3Q 2016 REPORT

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES [‘000 PLN]

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	AS OF 30.09.2015 END OF QUARTER
EQUITY AND LIABILITIES			
1. Equity			
1.1. Equity attributable to shareholders of the parent	1 843 105	3 663 596	3 218 730
1.1.1. Share capital	20 635	20 635	20 635
1.1.2. Supplementary capital	1 478 883	3 139 672	3 139 672
1.1.3. Acquired treasury shares	-	-	-
1.1.4. Accumulated profit (loss)	351 396	514 091	73 022
1.1.5. Currency translation differences (foreign companies)	(7 809)	(10 802)	(14 599)
1.2. Capitals of non-controlling shareholders	(96)	(93)	(91)
	1 843 009	3 663 503	3 218 639
2. Provisions			
2.1. Long-term provisions	12 150	4 006	960
2.2. Short-term provisions	57 659	10 592	2 800
2.3. Deferred income tax provision – long term	12 812	245 726	91 839
	82 621	260 324	95 599
3. Non-current liabilities			
3.1. Loans and borrowings	644 373	3 707 943	2 863 461
3.2. Derivative financial instruments	12	1 580	1 587
3.3. Received security deposits and advance payments	9 597	65 919	64 585
	653 982	3 775 442	2 929 633
4. Current liabilities			
4.1. Loans and borrowings	813 614	331 822	439 045
4.2. Derivative financial instruments	154	129 489	4 879
4.3. Income tax liabilities	27	3 256	1 270
4.4. Other tax liabilities	2 455	3 372	8 154
4.5. Trade liabilities	103 045	112 643	81 334
4.6. Other liabilities	32 508	37 352	20 884
4.7. Received security deposits and advance payments	87 998	71 748	90 731
	1 039 801	689 682	646 297
5. Liabilities of assets held for sale	380 621	-	-
TOTAL EQUITY AND LIABILITIES	4 000 034	8 388 951	6 890 168

3Q 2016 REPORT

CONSOLIDATED QUARTERLY STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES [‘000 PLN]

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	AS OF 30.09.2015 END OF QUARTER
Book value	1 843 105	3 663 596	3 218 730
Number of shares	412 690 582	412 690 582	412 690 582
Book value per share (in PLN)	4,47	8,88	7,80
Diluted number of shares	412 690 582	412 690 582	412 690 582
Diluted book value per share (in PLN)	4,47	8,88	7,80

OFF-BALANCE SHEET ITEMS [‘000 PLN]

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	AS OF 30.09.2015 END OF QUARTER
1. Off-balance sheet receivables	-	-	-
2. Off-balance-sheet liabilities	671 449	372 359	309 891

3Q 2016 REPORT

2. CONSOLIDATED QUARTERLY PROFIT AND LOSS ACCOUNT

CONSOLIDATED QUARTERLY PROFIT AND LOSS ACCOUNT ['000 PLN]

	Q3 PERIOD 01.07-2016 -30.09.2016	THREE QUARTERS PERIOD 01.01.2016-30.09.2016	Q3 PERIOD 01.07.2015 -30.09.2015	THREE QUARTERS PERIOD 01.01.2015-30.09.2015
Revenues	131 838	412 370	135 826	409 578
Cost of goods sold	(91 174)	(226 349)	(55 318)	(193 990)
Gross profit (loss) on sales	40 664	186 021	80 508	215 588
Profit (loss) on investment real property	49 845	435 063	53 985	13 414
Selling costs	(8 446)	(34 288)	(9 475)	(27 106)
General and administrative expenses	(19 413)	(68 378)	(14 966)	(64 626)
Other operating revenues (costs)	20 305	(30 845)	2 858	6 921
Operating profit	82 955	487 573	112 910	144 191
Financial revenues	14 852	61 514	7 109	15 988
Financial costs	(67 588)	(331 382)	(35 494)	(94 447)
Profit (loss) on currency derivatives	83	(92)	(2 724)	15 053
Gains (losses) from foreign exchange differences	17 377	(78 960)	(21 788)	14 415
Share in profits (losses) of entities accounted for using the equity method	(1 197)	20 494	535	(6 452)
Gross profit (loss)	46 482	159 147	60 548	88 748
Income tax	5 958	192 246	(10 263)	(15 728)
Net profit (loss), of which:	52 440	351 393	50 285	73 020
Profit (loss) attributable to non-controlling interest	(1)	(3)	-	(2)
Profit (loss) attributable to the parent company's shareholders	52 441	351 396	50 285	73 022
Net profit (loss) (annualised)		792 465		24 210
Average weighted ordinary shares		412 690 582		412 690 582
Annualised earnings per share (in PLN)		1,92		0,06
Weighted average number of ordinary shares		412 690 582		412 690 582
Diluted earnings per ordinary share (in PLN)		1,92		0,06

3. CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME ['000 PLN]

	Q3 PERIOD 01.07.2016-30.09.2016	THREE QUARTERS PERIOD 01.01.2016-30.09.2016	Q3 PERIOD 01.07.2015-30.09.2015	3 QUARTERS PERIOD 01.01.2015-30.09.2015
Net profit (loss)	52 440	351 393	50 285	73 020
Other comprehensive income: - currency conversion differences of foreign operations	(6 918)	2 993	(39)	(6 926)
Others	(6 918)	2 993	(39)	(6 926)
Comprehensive income for the period, of which:	45 522	354 386	50 246	66 094
Comprehensive profit (loss) attributable to the parent company's shareholders	45 523	354 389	50 246	66 096
Comprehensive income attributable to minority interests	(1)	(3)	-	(2)

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ['000 PLN]

	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	ACCUMULATED PROFIT (LOSS)	CURRENCY TRANSLATION DIFFERENCES	EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS	CAPITAL ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDERS	EQUITY
3 QUARTERS FROM 01.01.2015 TO 30.09.2015 (CURRENT YEAR)							
At the beginning of the period	20 635	3 139 672	514 091	(10 802)	3 663 596	(93)	3 663 503
Profit appropriation	-	-	-	-	-	-	-
Dividend payment	-	(1 660 789)	(514 091)	-	(2 174 880)	-	(2 174 880)
Other comprehensive net income	-	-	-	2 993	2 993	-	2 993
Net profit (loss) for the period	-	-	351 396	-	351 396	(3)	351 393
As at the end of period	20 635	1 478 883	351 396	(7 809)	1 843 105	(96)	1 843 009
3 QUARTERS FROM 01.01.2014 TO 30.09.2014 (PREVIOUS YEAR)							
Stan na początek okresu	20 635	2 735 454	404 218	(7 673)	3 152 634	(89)	3 152 545
Profit appropriation	-	404 218	(404 218)	-	-	-	-
Dividend payment	-	-	-	-	-	-	-
Other comprehensive net income	-	-	-	(6 926)	(6 926)	-	(6 926)
Net profit (loss) for the period	-	-	73 022	-	73 022	(2)	73 020
As at the end of period	20 635	3 139 672	73 022	(14 599)	3 218 730	(91)	3 218 639

5. CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

CONSOLIDATED QUARTERLY STATEMENT OF CASH FLOWS ['000 PLN]

	3 QUARTERS 01.01.2016-30.09.2016	THREE QUARTERS PERIOD 01.01.2014-30.09.2014
A. Operating cash flows – indirect method		
I. Gross profit (loss)	159 147	88 748
II. Total adjustments	(251 260)	42 205
1. Share in net losses (profits) of associates	(20 494)	6 452
2. Depreciation of fixed assets	2 450	3 565
3. Foreign exchange (gains) losses	82 246	(14 415)
4. Interest	49 783	71 049
5. (Profit) loss on revaluation of assets and liabilities	(366 148)	(8 833)
6. (Profit) loss on putting financial instruments into effect	903	(15 613)
7. Other adjustments	-	-
III. Changes in working capital:	137 646	11 411
1. Change in provisions	124 797	1 760
2. Change in inventories	(4 633)	(9 786)
3. Change in receivables	4 338	644
4. Change in short-term liabilities, except for borrowings and loans	(45 328)	37 403
5. Change in cash on blocked accounts	58 472	(18 610)
IV. Net cash generated from operating activities (I+II+III)	45 533	142 364
1. Income tax paid	(13 251)	(16 571)
V. Net cash flows from operating activities	32 282	125 793
B. Cash flows from investing activities		
I. Inflows	1 735 625	39 254
1. Disposal of intangible assets and tangible fixed assets	1 131	772
2. Disposal of real property investments	1 701 144	9 500
3. From financial assets	33 350	28 982
4. Other investment inflows	-	-
II. Outflows	(417 080)	(459 097)
1. Acquisition of intangible and tangible fixed assets	(972)	(3 255)
2. Real property investments	(362 971)	(433 210)
3. On financial assets	(53 137)	(22 632)
4. Dividends and other profit sharing paid to minority shareholders	-	-
5. Other investment outflows	-	-
III. Net cash flows from investing activities (I-II)	1 318 545	(419 843)

CONSOLIDATED QUARTERLY STATEMENT OF CASH FLOWS CONT. ['000 PLN]

		3 QUARTERS 01.01.2016-30.09.2016	THREE QUARTERS PERIOD 01.01.2015-30.09.2015
C.	Cash flows from financing activities		
I.	Inflows	1 224 177	455 293
1.	Net inflows from issue of stocks (shares) and other equity instruments and contributions to equity	-	-
2.	Loans and borrowings	1 210 461	433 680
3.	Issue of debt securities	-	-
4.	Dividends received from units accounted for using the equity method	13 716	6 000
5.	Other financial inflows	-	15 613
II.	Outflows	(3 073 865)	(275 202)
1.	Acquisition of own stocks (shares)	-	-
2.	Dividends and other payments to equity holders	(2 174 880)	-
3.	Outflows under distribution of profit other than payments to equity holders	-	-
4.	Repayment of loans and borrowings	(624 170)	(69 322)
5.	Redemption of debt securities	(200 000)	(115 000)
6.	Outflows on account of foreign currency derivatives	(903)	-
7.	Payment of liabilities arising from financial lease agreements	-	-
8.	Interest	(73 912)	(90 880)
9.	Other financial outflows	-	-
III.	Net cash flows from financing activities (I-II)	(1 849 688)	180 091
D.	Total net cash flows (A.III+/-B.III+/-C.III)	(498 861)	(113 959)
E.	Change in cash in the consolidated statement of financial position, of which:	(499 154)	(120 885)
	- change in cash due to foreign exchange gains/losses	(293)	(6 926)
F.	Cash and cash equivalents at the beginning of the period	821 305	362 718
G.	Cash at the end of the period (F+/-D), of which:	322 151	241 833

6. SUPPLEMENTARY INFORMATION TO CONSOLIDATED REPORT FOR Q3 2016

6.1. General information

Echo Investment Group has been operating on the real estate market since 1996. The Group's parent company is Echo Investment S.A.

As at 30 September 2016, the Group employed 279 people, i.e. 79 fewer than as at 30 September 2015, when the Group had 358 employees. This significant drop in the number of employees is connected with the sale of companies providing property and facility management services to Echo Polska Properties on 1 July 2016.

Echo Investment S.A. shares have been listed on the Warsaw Stock Exchange since 5 March 1996. Shares available for trading constitute 100% of all shares, i.e. 412,690,582 ordinary bearer shares, each giving one vote at the General Meeting of Shareholders.

6.2. Strategy of Echo Investment Group

In Q3 2016, the Management Board of Echo Investment with the approval of the Supervisory Board developed new strategic directions called **"The strategy of profitable growth"**. According to it, Echo Investment will accelerate the capital turnover and therefore generate higher growth rates for its shareholders. The Company intends to share generated profit with its shareholders in the form of regular **dividends**.

The activity of Echo Investment will be based on the following pillars:

Poland

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

Leadership

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

Development activities

Echo Investment is not going to be the owner and manager of constructed commercial investments any longer and rental income is going to constitute only a minor part of its total income. The focus of the adopted business model is on development activities, which include land acquisition, construction, lease and sale of finished projects in as short period of time as possible.

Cooperation with the major shareholder

The strategy of Echo Investment assumes cooperation with the major shareholder on market conditions. Entities concentrated around PIMCO-Oaktree-Griffin Group may subcontract development, consulting and other services to Echo Investment. They may also be co-investors in property development projects as well as potential buyers of newly-built commercial, office or residential investments. Development activities of Echo Investment are complementary to these of other entities in this group. It should be highlighted that the material agreements between Echo Investment and affiliates of the major shareholders and Griffin Real Estate Group need to be discussed and approved by the Supervisory Board.

Big scale projects

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

6.3. Business model

Echo Investment Group organizes the entire investment process for a given real property project, starting from purchasing property, through obtaining administrative decisions, financing and oversight of construction, ending with construction commissioning. These steps are taken in the Group's own name or – in most cases – through the special purpose vehicles (SPV). Implementation of development projects through subsidiaries considerably simplifies the organization of implemented processes and ensures transparency in the structure of the Group. The core business of Echo Investment Group is divided into following segments:

- construction and lease of space in office facilities,
- construction and lease of space in shopping centres and shopping and entertainment centres,
- construction and sale of residential apartments,
- provision of services of a general contractor or managing contractor.

7. DESCRIPTION OF THE COMPANY'S OPERATING MARKETS

Legend:



Very optimistic



Optimistic



Stable



Pessimistic



Very pessimistic

Office sector



Warsaw

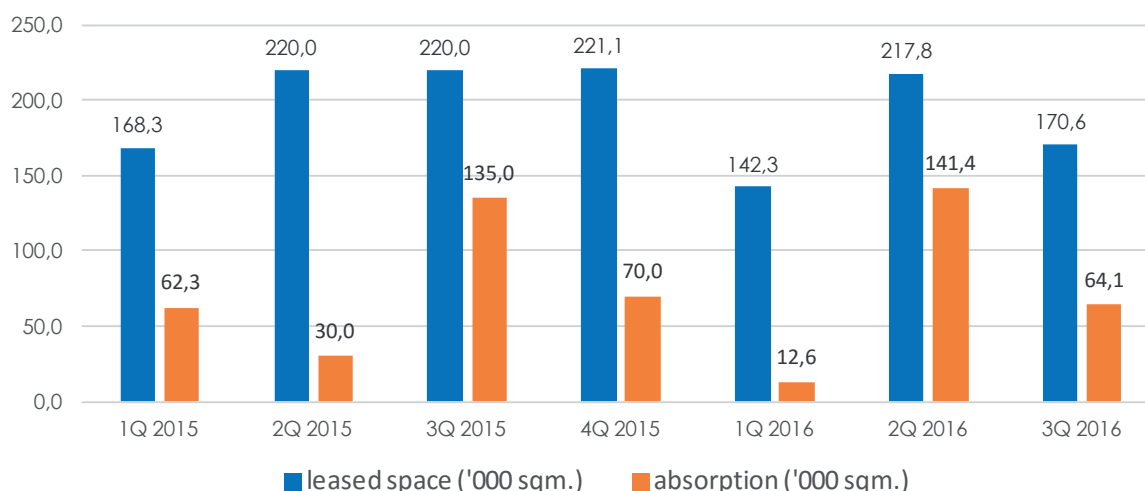
The Warsaw office market reached 5 mln sqm. GLA in recent months. In H2 2016, a drop in the number of delivered office buildings has been noted. In Q3 itself, the market increased only by the building West Station I (28,700 sqm. of GLA) and according to analysts it will increase by the end of the year by 75,300 sqm. (in the entire 2016, the total area of commissioned office buildings is to equal 454,100 sqm. of GLA). Simultaneously, tenants' significant activity has been observed. Between Q1 and Q3 2016, lease agreements concluded in Warsaw covered 530,700 sqm., i.e. more than new space delivered. Lease space absorption between January and September 2016, i.e. increased demand for modern office area (new companies, expansion of existing area, relocation from unclassified offices), constituted 218,000 sqm., which means it consumed approx. 41% of the entire demand.

Despite the record-breaking office supply in Warsaw, the vacancy rate dropped slightly during Q3 2016 from 15.4% to 14.6%. However, it is only a temporary effect: in comparison with Q3 2015, the rate increased by 1.6 percentage point and CBRE analysts expect its further growth until the end of H1 2018. They also notice that the problem affects new buildings to a lesser degree because lessees are willing to relocate to new offices, which is a good news for the real property development branch. Strong competition affects mainly owners of older office buildings and the ones with less convenient locations. Tenants are not attached to their former locations. It is enough to mention that as much as 60% of concluded agreements are new agreements (not extensions). This means that tenants are willing to change their seat and it's highly probable they will choose new buildings.

Towards the end of the last quarter, office premium rental rates did not drop for the first time in several years and stayed at approx. EUR 23/sqm./month. CBRE estimates that in the next two years rental rates should not change due to limited supply of the best office projects in central locations. In the long-term, an extra demand for office space may be observed as companies will be moving from Great Britain as a result of Brexit.

Currently, 50 office projects of the total lease area of almost 600,000 sqm. of GLA are under construction in Warsaw.

Demand for office space in Warsaw



Source: CBRE

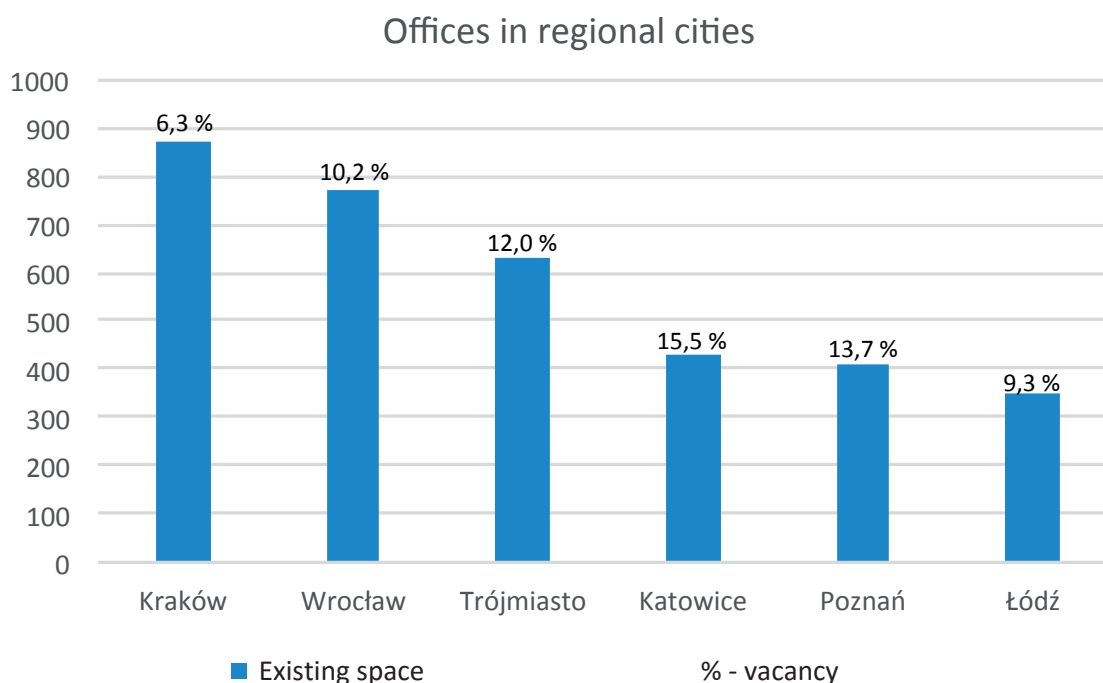


Regional cities

The growth factor for regional office markets in Poland are companies operating in the sector of shared services (BPO/SSC), generating approx. 60% of demand. The scale of eight regional markets (Cracow, Wrocław, Katowice, Trójmiasto, Poznań, Łódź, Szczecin and Lublin) is smaller than the scale of Warsaw but the dynamics of their development significantly exceeds the dynamics of the capital city. CBRE analysts expect that by 2019 office space in regional cities will increase by 22% – almost 800,000 sqm. of GLA is under construction and in the near future Cracow and Wrocław will exceed GLA 1 million sqm. each.

In Q3 2013, the total demand for offices in regional cities was 135,600 sqm. CBRE expects that the BPO/SSC branch will continue to increase the demand in the following years. Currently, the vacancy rate in the cities where Echo Investment operates ranges between 6.3% and 15.5% and the average level is 10,7%. According to analyses, rental rates on these markets remain stable.

It's worth mentioning that the sector of shared services, due to technologies applied, sensitivity of processed data, necessary technical security or employee expectations, often has very high requirements as to office buildings and therefore there is practically no difference between the quality of buildings in Warsaw and regional cities.



Source: CBRE

Upon the development of investment market, also in the transaction area, the differences between Warsaw and regional cities diminish. CBRE analysts prove that the average capitalization rate of recently recorded transactions in regional cities was 6.50%, i.e. 0.75% higher than in Warsaw. Taking into account the current economic and financial situation on the European market and constant development of the office market in Poland, return on subsequent transactions should be decreasing.



Retail

For the sector of shopping centres, end of the year is the season for opening new facilities. This year the market is expected to grow by 386,500 sqm. of GLA, whereby 73% will be commissioned in Q4. The next year supply is to be higher. CBRE analysts estimate that it will amount to almost 580,000.

Currently, the market is becoming saturated and has less ability to absorb subsequent shopping centres. However, it should be remembered that over the past years Poland was one of the leading countries in terms of created retail space. In the following years, modernization, development and reconstruction of existing facilities will have greater influence on the market. At present, around a half of shopping centres operating on the market are older than ten years. It is worth noticing that this year in Poland (Sosonowiec) for the first time a shopping centre was closed, which shows that the market is maturing. Observation of these trends shows that operating on the retail market requires significant knowledge, experience and attention.

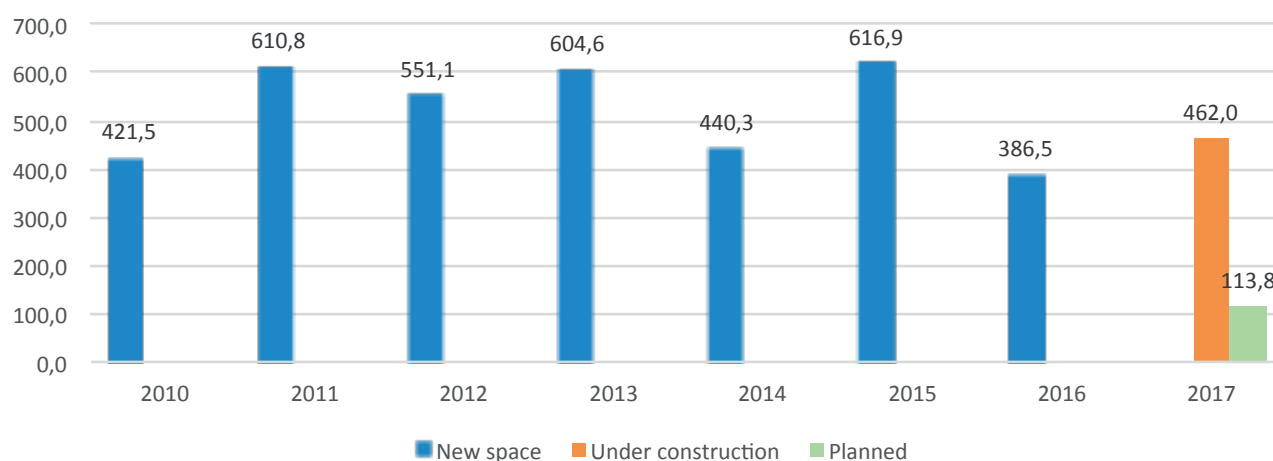
Due to stable positive economic indices (low unemployment, forecast GDP increase, demand stimulation by the government), Poland continues to be an interesting market for international retailers. In spite of the problems Alma delicatessen is facing and of the planned withdrawal of Marks and Spencer from the market, new brands appear in Poland. According to CBRE, more than 40% of retailers that appeared on the market in 2016 represent luxury goods, which is another proof of market maturity.

The Polish commercial real property market is characterized by low vacancy rate of around 3%. As a result of significant number of new investments starting in Q4, analysts expect a slight rate increase but mostly in these facilities which are older or of worse quality. Rental rates also remain stable.

CBRE analysts consider the Warsaw agglomeration to be the market with the highest growth potential, where the vacancy rate is outstandingly low and amounts to 1.6%, purchasing power is the strongest in Poland and the number of residents increases systematically.

The introduction of a prohibition on Sunday trading and the so-called tax on trade, as contemplated by the government, carries potential risk of weakening of the turnover in shopping centres.

Area of new shopping centres



Source: CBRE



Residential segment

The housing market is still at the top of the business cycle. According to REAS reports, in Q3 2016 in six major Polish agglomerations (Warsaw, Cracow, Wrocław, Poznań, Tricity and Łódź), developers sold 14,100 apartments, which shows a drop in comparison with Q2 by 6.3% (the first drop since Q4 2014). It was connected with the expiry of the source of financing, i.e. subsidies under the programme "Housing for the Young" ("Mieszkania dla Młodych"). However, the number of apartments introduced to the market dropped by as much as 20%. In Q3 2016, it reached the level of 14,200, which means that additional apartment supply was absorbed by the market and the market offer remains practically unchanged (51,000 apartments). It should be also highlighted that Q2 2016, which serves for comparison with Q3, was record-breaking in terms of the number of apartments of which construction started and the results achieved in Q3 are still very good. REAS reports also point to an increase in the price of apartments introduced to the offer in the last quarter: by 3.1% in comparison with Q2 2016 and 6% in comparison with Q3 2015, as well as an increase in the selling price: by 4.2% when comparing Q2 and Q3 2016 and by 5.8% when comparing Q3 2016 and Q3 2015. Average prices of the entire offer stayed at a similar level, which, according to REAS analysts, is caused by introducing to the offer apartments that are more expensive and relatively easy to sell. What is more, according to the Credit Information Bureau (BIK), the total value of mortgages requested by the Polish citizens in banks in Q1–Q3 2016 was 1.4% higher than in the corresponding period of 2015, although the dynamics is falling.

The Management of Echo Investment considers the condition of housing market to be stable and the potential of increasing market share to be very high, taking into account organizational preparation, financial potential and low share in particular local housing markets. However, the Board also recognizes the need to prepare for housing sector cooling, which – due to the healthy grounds of its previous growth (natural demand, evolutionary price changes, relative symmetry between demand and supply) – should not be deep or rapid. Nevertheless, it will require greater effort from the real property development sector. The demand will be negatively influenced by the expiry of the programme "Housing for the Young" ("Mieszkanie dla Młodych"), weaker than expected macroeconomic data, a slight drop in the consumer's optimism as well as the possibility of interest rate increase, which will translate into higher credit expenses and lower attractiveness of investment apartment purchase, and will encourage to keep money in banks. However, the market is still under the impact of such factors as very low unemployment (8.2% in October), structural lack of apartments, economic activity of population boom generation born between 1976 and 1985 or increase in the number of big agglomeration residents. An additional positive factor for developers is the reawakening market of institutional apartment lease. In the past months, first substantial block transactions were concluded. Subsequent transactions may help to compensate for the drop in traditional transactions.

At the moment, it is difficult to assess the influence of the government "National Housing Programme" ("Narodowy Program Mieszkaniowy") on the residential market; however, having analysed the principles of the programme, the Management Board believes that its influence on the Company's activity will be insignificant due to different target groups.



Construction services market

-15%

According to the Central Statistical Office (GUS), in October 2016, construction and assembly production dropped by 20% in comparison with October 2015, while cumulatively between January and October 2016 in comparison with the corresponding period of 2015 by **15%**. The main reason for this drop is a decrease in the number of orders on the infrastructure market and the prices of raw materials and construction materials, which continue to be relatively low. The decrease in the number of orders resulted in greater competition with regard to construction building tenders and - what follows - in lower prices of services offered. Echo Investment, as a purchaser of construction services, benefits from this situation.

It should be highlighted that construction building is more profitable than infrastructure building.

Echo Investment constantly cooperates with a selected and reliable group of subcontractors and suppliers with good financial and organizational standing and according to the Management Board the risk of problems as a result of these companies going bankrupt is low.

8. ACCOUNTING PRINCIPLES ADOPTED IN DRAWING UP THE QUARTERLY REPORT

The condensed interim consolidated financial statements of the Echo Investment Capital Group have been prepared in accordance with IAS 34 Interim Financial Reporting adopted in the European Union.

The interim condensed consolidated financial statements of the Group include consolidated financial data as of 31 September 2016 and for the 3-month period ended on 31 September 2016 as well as comparative data for the 3-month period ended on 31 September 2015 in relation to the profit and loss account, the statement of changes in equity and the cash flow statement. The comparative data as of 31 December 2015 and 31 September 2015 are provided for the statement of financial position. Unless indicated otherwise, all financial data in the Group's condensed consolidated financial statements have been presented in thousands of PLN.

These financial statements should be analysed together with the annual consolidated financial statements for the FY ended on 31 December 2015, which were prepared according to the IFRS adopted for application in the EU.

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

The Company's Management Board used its best judgment in the selection of the applicable standards, as well as measurement methods and principles for the different items of the condensed consolidated financial statements.

While developing this report, the Group has applied the accounting policies consistent with the principles adopted and set forth in the annual consolidated financial statements of 2015, with the exception of the application of following new or amended standards and new interpretations effective for annual periods commencing on 1 January 2016:

- Amendments to IAS 19 Employee Benefits: Employee contributions (published on 21 November 2013),
- Amendments stemming from the IFRSs 2010-2012 review (published on 12 December 2013),
- Amendments to IFRS 11 Settlement of Purchase of Share in Joint Arrangements (published on 6 May 2014),
- Amendments to IAS 16 and IAS 38 Explanation of Allowable Depreciation Methods (published on 12 May 2014),
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on 30 June 2014),
- Amendments to IAS 27, Equity method in the separate financial statements (published on 12 August 2014),
- Amendments stemming from the IFRSs 2012-2014 review (published on 25 September 2014),
- Amendments to IAS 1 Disclosures (published on 18 December 2014).

The Group analysed the above amendments and ascertained that they do not have any material impact on the Group's financial situation, results and the scope of disclosures in these interim condensed consolidated financial statements.

8.1. Effects of adopted changes in accounting principles (restatement of financial statements for previous periods)

In a 9-month period of 2016, the Capital Group did not change its accounting principles.

9. DESCRIPTION OF ACHIEVEMENTS OR FAILURES OF THE CAPITAL GROUP AND INDICATION OF MAJOR EVENTS IN Q3 2015

9.1. Major events in Q3 2015

9.1.1. Withdrawal from property and facility management activities

On 1 July 2016, Echo Investment sold to Echo Polska Properties (EPP) the companies Echo Investment Property Management – "Grupa Echo Spółka z ograniczoną odpowiedzialnością" Spółka Komandytowa and "Echo Investment Facility Management – Grupa Echo Spółka z o.o." Spółka Komandytowa. This transaction complemented the process of divestment to EPP of constructed and operating commercial property and the sale of majority of its shares. Through this transaction Echo Investment withdrew from facility and property management activities and shifted the focus on property development activities in accordance with the Company's strategy. At the same time, the companies sold will provide services to finished commercial properties of Echo Investment Group. As at the date of the transaction, the two companies employed 65 people. This number caused a drop in the level of employment in Echo Investment Group.

9.1.2. Partial sale of EPP block of shares

On 23 August 2016, Echo Investment informed about the planned partial sale of a block of shares in EPP. Echo Prime Assets B.V., a subsidiary of Echo Investment holding EPP shares, concluded two agreements for the sale of shares: one with Lisala sp. z o.o. with its registered office in Warsaw (the major shareholder of Echo Investment) and one with Leon Kok, a citizen of the Republic of South Africa and at the same time the Financial Director of Redefine Properties Limited.

Pursuant to the agreement, Lisala would acquire 12,863,228 of EPP shares, representing around 2.5% of the share capital, while Leon Kok – 25,726,456 shares, representing around 5% of the share capital. Lisala will be able to transfer rights under the agreement to Echo Partners B.V., a company incorporated under the Dutch law, holding 100% of its share capital. Meanwhile, in the agreement for the acquisition of EPP shares Leon Kok represents the managing directors of Redefine and the EEP shares acquired by him will be transferred to them or to an entity controlled by them within one month after the transaction conclusion date.

Pursuant to the agreement, Lisala will pay EUR 12.9 million for the acquired shares in EPP until 1 April 2018 (including interest on the selling price for the period until the payment thereof), while Redefine directors – EUR 25.7 million in two tranches, i.e. the first on the agreement closing date and the second (including interest) within 12 months after the agreement conclusion date. As a result of deferred payments, Echo Investment's previous obligation not to sell EPP shares was reduced from five years to one year after EPP's IPO on the Johannesburg Stock Exchange. At the same time, Lisala undertook not to sell EPP shares for five years as of this event.

The transaction will be closed subject to obtaining necessary permits of the financing banks. The parties to the agreements obliged to make efforts to ensure that the conditions precedent are fulfilled as soon as possible, i.e. before 30 November 2016. Both agreements will be closed within five business days as of the fulfilment of the conditions precedent or within another timeframe agreed by the parties to a given agreement.

Until the publication of this report, the transaction was not closed. Upon closing of the transaction, Echo Investment will be holding 89,917,597 ordinary shares and one preference share in EPP.

9.1.3. EPP's foreign stock exchanges IPO

On 25 July 2016, Echo Investment as a significant EPP shareholder, holding 24.98% of its shares and one preference share (in total 128,507,282 shares), obtained information on the planned IPO of EPP shares to two foreign stock exchanges. EPP was admitted for trading on the stock exchange in Luxembourg on 30 August 2016 and share trading started on 31 August 2016. Subsequently, as a result of share issue addressed to a limited group of investors, generating EUR 100 million for EPP, the share of Echo Investment in the share capital and votes at the General Meeting of EPP dropped from 24.98% to 21.93%. Following the share issue, all 586,051,293 EPP shares were introduced to trading on the Johannesburg Stock Exchange. Upon share issue to selected investors and closing the transaction of share sale to Lisala and Redefine directors, Echo Investment will be the holder of 89,917,597 ordinary shares and one preference share of EPP, representing **15.34%** of share capital and votes at the General Meeting of EPP.

9.1.4. Conclusion of a preliminary agreement for the sale of office buildings

Following the ROFO (right of first offer) agreement as of 1 June 2016 between Echo Investment and EPP, on 30 September 2016, a preliminary conditional agreement for the sale of seven office buildings of the total GLA of approx. 112,000 sqm. was signed. The agreement concerned the following buildings: Tryton Business House in Gdańsk, Symetris I and II in Łódź, A4 Business Park III in Katowice and O3 Business Campus I, II and III in Cracow.

Closing of transactions for the sale of particular buildings depends on the following events:

- obtaining occupancy permits for every facility,
- concluding lease agreements for at least 60% of leasable area in every facility,
- concluding new loan agreements,
- obtaining relevant individual tax rulings,
- obtaining a permit from the Antimonopoly Office for the following buildings: Symetris II, O3 Business Campus I and O3 Business Campus II,
- performing real property division for Symetris I and Symetris II,
- concluding an agreement for the acquisition of a legal title to use a car park as well as a put and call option agreement regarding the sale of rights and obligations in Tryton-Projekt Echo-127 sp. z o.o. sp. K. for the Tryton building.

Final agreements will be concluded not later than three years after the conclusion of preliminary sale agreements within:

- 7 business days from the satisfaction of all conditions for the buildings Tryton, O3 Business Campus I, A4 Business Park III and Symetris Business Park I,
- 25 business days for the buildings Symetris Business Park II, O3 Business Campus II and O3 Business Campus III.

3Q 2016 REPORT

264
mln EUR

The final selling price of every building will be established as a net amount corresponding to the quotient of NOI (annual real property rental income less non-deductible expenses, calculated as at the date stipulated in a given agreement) and the Yield value (the ratio of annual return on rental property and funds invested in it by the selling company) less the possible costs of completing design works and possible costs of rectifying defects increased by 30% (excluding O3 Business Campus – phase 2, O3 Business Campus – phase 3 and Symetris Business Park – phase 2). As at the transaction date, the total quotient of NOI and Yield for all agreements was **EUR 263,935,529**.

DESCRIPTION AND STATUS OF BUILDINGS UNDER THE AGREEMENT:

PROJECT	GLA	NOI ['000 000 EUR]	PROJECT START	PROJECT COMPLETION	LEASING (%)
Tryton Business House	23 700	3,8	Q2 2014	Q1 2016	77
O3 Business Campus I	19 100	3,2	Q1 2014	Q1 2016	81
A4 Business Park III	12 000	2,1	Q2 2015	Q3 2016	83
Symetris I	9 400	1,6	Q2 2015	Q3 2016	53
Symetris II	9 500	1,6	Q2 2016	Q3 2017	-
O3 Business Campus II	19 100	3,2	Q1 2016	Q3 2017	-
O3 Business Campus III	19 100	3,2	Q4 2016	Q1 2018	-

It should be emphasised that under the agreement of 1 June 2016, EPP is a co-investor of the buildings covered by the ROFO agreement and finances 25% of those investment projects. Accordingly, it is entitled to 25% of the profit from the sale thereof.



GDĄSK, TRYTON BUSINESS HOUSE

9.1.5. Acquisition of shares in the retail project Towarowa 22

On 15 September 2016, Echo Investment and Echo Polska Properties (EPP) concluded conditional agreements for the purchase of 13 land properties within the boundaries of the following streets: Towarowa, Pańska and Miedziana in Warsaw, and a retail and leisure project planned in this area. The share of Echo Investment in the transaction and planned enterprise equals 30%, while the remaining 70% will belong to EPP.

The property selling price was established at EUR 78 million; however, it may be increased to **EUR 120** million to be paid in instalments upon achievement certain project milestones.

The seller is a company from Griffin Real Estate Group. The conclusion of the conditional sales agreement and the payment of the basic price depend on the fulfilment of the following conditions precedent:

- obtaining a relevant anti-monopoly permit;
- obtaining a relevant tax ruling;
- establishing a payment guarantee stipulated in the agreement;
- obtaining a statement of repayment stipulated in the agreement;
- obtaining obligation to provide insurance of the property title stipulated in the agreement;
- non-execution by the capital city of Warsaw of its right of pre-emption in respect of the property.

120
mln EUR

9.1.6. Acquisition of Compass Offices

On 26 July 2016, Echo Investment purchased 100% of shares of five companies making up an enterprise called Compass Offices. Through this investment Echo Investment entered the market of short-term office space lease contracts. With the support of Echo Investment, Compass Offices will be developing its business models at new locations, mainly in buildings developed by Echo Investment. The total transaction value (acquisition of shares and subrogation of borrowings) exceeded EUR 1 million.

Due to change in ownership, Compass Offices was rebranded into CitySpace. Currently, the company offers serviced office space lease in the buildings Rondo 1 and Plac Unii in Warsaw and in 2017 this service will be available in Echo Investment's buildings - Symetris in Łódź, Q3 Business Campus in Cracow and Park Rozwoju in Warsaw.

9.2. EVENTS AFTER THE DAY OF DRAWING UP THESE QUARTERLY FINANCIAL STATEMENTS WHICH HAVE NOT BEEN RECOGNISED IN THE STATEMENTS AND WHICH HAVE A POTENTIALLY SIGNIFICANT EFFECT ON THE CAPITAL GROUP'S FUTURE FINANCIAL RESULTS

9.2.1. Preliminary agreement for the sale of Q22 project

Echo Investment and a special purpose vehicle established for the construction of the Q22 office building at ul. Jana Pawła II in Warsaw signed a preliminary agreement for the sale of this project with Invesco Real Estate. The contract was signed on 28 October 2016.

Conditions precedent:

1. The Seller will provide the Purchaser with the original document confirming the repayment of the Seller's existing loans (in particular, indicating loan amounts as at the transaction date), issued by relevant banks;
2. The Seller will satisfy the last condition specified in the building occupancy permit (performance of certain finishing works), send a notice informing thereof to a relevant body and send the original notice to the Purchaser;
3. The Seller will annexe one of the lease agreements concerning premises in the building, as indicated and according to the conditions specified in the Preliminary Agreement;
4. The Seller will perform certain works and other activities connected with the technical state of the real property;
5. The Purchaser and the Seller will obtain a written tax ruling regarding VAT taxation, issued by a relevant body.

The Purchaser will have the right to waive some or all of the conditions precedent (except for the ones indicated in points 1 and 5 above) and in such case every condition precedent subject to a waiver will be considered not reserved.

Date of concluding the final agreement

The final agreement will be concluded upon satisfaction of all conditions precedent. The Parties have decided that the final agreement will be concluded not later than on 30 June 2017 or other date specified in a written agreement between the Seller and the Purchaser.

Price

The price will be established as at the date of concluding the final agreement according to the formula being the sum of:

1. the quotient of annual net rental income from the property and the Yield of 5.35%,
2. the current net value of rents in the periods and for the area agreed by the Parties less,
3. the product of the amount EUR 700 + VAT (i.e. PLN 3,030.51 in the average exchange rate of National Bank of Poland of the day the preliminary agreement + VAT), being the finishing cost of one square meter of net office space in the building, and the total area which as at the date of the final agreement is not leased or handed over to lessees.

At the same time, Echo Investment will receive remuneration for fit-out works performed after the date of the final agreement with respect to areas which as at the date of this agreement are not leased or are leased but the fit-out works have not been completed. The remuneration is EUR 700 + VAT (i.e. PLN 3,030.51 + VAT) for every square meter of such area.

After concluding the final agreement, the price may change in accordance with the terms of the preliminary agreement.

The preliminary agreement stipulates that, upon satisfaction of the condition precedent regarding the performance of fit-out works specified in the occupancy permit, the Purchaser will transfer to his own escrow account an advance payment towards the price in the amount of EUR 13,500,000, i.e. PLN 58,445,550.00, which will be transferred to the Seller's bank account on the date of concluding the final agreement.

Additional agreements

The companies have decided that on the date of closing the transaction, including the final agreement, the following agreements will be concluded:

1. a quality assurance agreement regarding construction works in the building – between the Seller (a special purpose vehicle) as the guarantor, Echo Investment as the party accessing debt resulting from the Seller's obligations and the Purchase as the beneficiary;
2. a real property management agreement – between the Purchaser and EPP Property Management (a company from the Echo Polska Properties Group, formed and sold by Echo Investment);
3. a rental guarantee ensuring the minimum level of revenues from vacant premises in the building - between the Purchaser as the beneficiary, the Seller as the guarantor and Echo Investment as the party accessing debt resulting from the Seller's obligations; and
4. an agreement for finishing works and additional works.

Debt

Echo Investment as a party to a preliminary agreement accessed the debt resulting from some of the Seller's (a special purpose vehicle's) obligations. Echo Investment will also be a party to the final agreement and will access the debt resulting from all of the Seller's obligations specified therein.

The Purchaser's guarantor as a party to a preliminary agreement accessed the debt resulting from some of the Purchaser's obligations specified therein. The Purchaser's guarantor will also be a party to the final agreement and will access the debt resulting from all of the Purchaser's obligations specified therein.

Contractual penalties

The preliminary agreement provides for the following instances when a contractual penalty may be imposed:

1. failure to transfer an advance payment by the Purchaser to his escrow account – a contractual penalty for the benefit of the Seller in the amount of EUR 13,500,000.00, i.e. PLN 58, 445,550.00;
2. withdrawal from the agreement by the Seller or by the Purchaser (in some instances stipulated in the Preliminary Agreement) - a contractual penalty for the benefit of the Seller or the Purchaser respectively in the amount of EUR 13,500,00.00, i.e. PLN 58,445,550.00;
3. possible insufficient inflows from service charges due from some of the lessees to cover all real property operating costs - a contractual penalty for the benefit of the Purchaser calculated as the total deficit in the entire 2017 divided by 5.35%;
4. failure to obtain a specific BREEAM certificate for the building by the Purchaser – a contractual penalty for the benefit of the Purchaser in the amount of EUR 500,000.00, i.e. PLN 2,164,650.00;

5. a breach by the Company of its obligation to ensure that the Seller is not wound up or liquidated after the conclusion of the Preliminary Agreement for a definite period of time – a contractual penalty due by the Company for the benefit of the Purchaser in the amount of EUR 54,000,000.00, i.e. PLN 233,782,200.00 according to the average rate.

The payment of the aforesaid contractual penalties opts out the right to claim damages exceeding the amount thereof.

If the Seller fails to perform some of the works stipulated in the agreement for finishing works on time and as a result the Purchaser performs substitute works the cost of which will be higher than the Seller's remuneration, the Purchaser will be entitled to a contractual penalty in the amount equal to the difference between the cost of substitute works and the Seller's remuneration. The payment of this contractual penalty opts out the right to claim damages exceeding the amount thereof.

Put Option and Profit Sharing Agreement

On 22 June 2015 Echo Investment concluded a put option and profit share agreement with FTF Columbus ("POPSA"), a subsidiary of Michał Sołowow, and Michał Sołowow as a guarantor. The purpose of the agreement was to limit investment risk connected with the construction and commercialization of the Q22 building.

On the basis of this agreement, Echo Investment is entitled to exercise a put option and sell the building to FTF Columbus within 6 months from the date of obtaining the occupancy permit for the Q22 building at a price covering its costs. If the put option is not exercised, FTF Columbus will have a right to acquire Q22 building at the price offered by Echo and to obtain a 75% share in the profit from the Q22 investment calculated according to the agreed formula, regardless if it buys the building or not.

FTF Columbus also undertook to cause that in the event that Echo Investment is not able to take out a part of the financing for the construction of Q22 from third parties for reasons beyond its control, the Company will be granted a loan in the amount of 60% of the missing financing. The loan could be subordinated to financing granted by third parties at the request of these entities.

9.3. OPERATING ACTIVITIES

9.3.1. Offices

In Q3 2013, Echo Investment started the construction of two office buildings in Wrocław. The first one – Sagittarius Business Park – will have 24,900 sqm. of GLA and will be commissioned in H2 2017. The general contractor for the building shell is Porr Polska Construction. The second building – **West Link** – will have 14,200 sqm. GLA, whereby 7,000 sqm. will be occupied by Nokia Networks. In the case of this office building, construction works are to be completed also in H2 2017.

In the discussed period, Echo Investment obtained occupancy permits for the office building A4 Business Park III in Katowice and after the end of Q3 also for Symetris I in Łódź and Nobilis in Wrocław. Every building achieved satisfactory lease level – respectively: 83%, 53% and 52%.

Having obtained an occupancy permit for **Q22** in June 2016, Echo Investment has been conducting fit-out works with respect to particular tenants area, moving them into the building and working on the leasing of the remaining leasable area. The current level of Q22 commercialization amounts to 82% and till the end of the year should reach approx. 90%. The first tenant to move into the building was Deloitte, occupying 10 floors, i.e. 10,000 sqm. GLA and soon will take up another 4,000 sqm. In Q3 2016, the new tenants included Boston Scientific Corporation (2,000 sqm. GLA), the provider of serviced offices OmniOffice (over 2,000 sqm. GLA), the law firm White and Case (2,500 sqm.) and the agency Savills (more than 1,000 sqm. – agreement signed in October).

The Q22 building is highly valued by the property market and sector. Among others, it was awarded the title of "Investment of the Year in the Office Space Market" and the main prize in the category "Architecture" in the Prime Property Prize competition as well as the title of "Office Project of the Year" in the CEE Investment & Green Building Awards competition, organized by EuropaProperty.

A significant event for the Company was the signing on 18 August 2016 with BGŻ BNP Paribas a loan agreement for the total value of almost EUR 25 million for the financing of construction of two phases of Symetris Business Park in Łódź. The first phase of construction of this complex (9,400 sqm. GLA) was completed in Q3 2016, and the second phase (9,500 sqm. of GLA) is scheduled for H2 2017. Currently, the level of leased space for the first phase amounts to 53%.



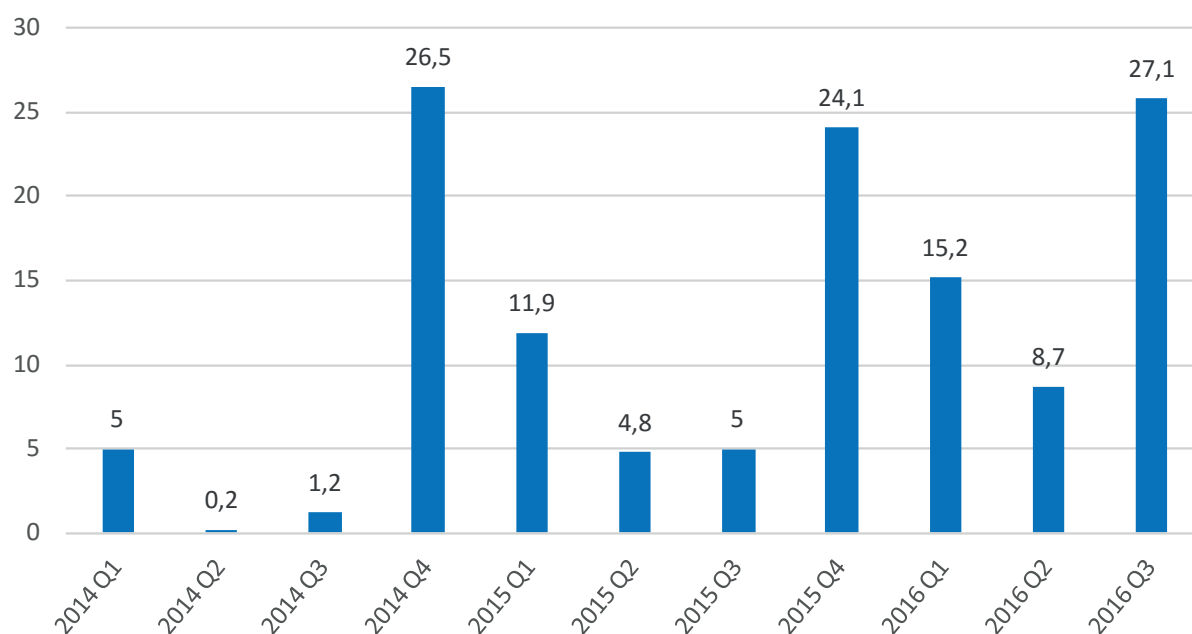
WARSZAWA, Q22

Results of the leasing activity

Q3 2016 may be considered very successful in terms of contracted lease space. The commercialization team closed agreements covering 27,100 sqm GLA. Historically, it was one of the best quarters for Echo Investment in spite of the fact that such intense activity is usually observed in the last quarter of a year. Cumulatively, between Q1 and Q3 2016, Echo Investment rented 51,100 sqm. of office space, which is a result two times higher than in the corresponding period of 2015.

Echo Investment has currently 5 office buildings under construction with total 86,800 sqm. GLA in regional cities. Their total construction budget was 10,5% paid while the lease level achieved 8,5%.

LEASED OFFICE SPACE (IN THOUSAND SQM.)



9.3.2. Shopping centres

In the sector of shopping centres, the most important investment at the moment is the shopping centre **Galeria Libero** in Katowice, which will offer 44,700 sqm of GLA. On 5 September, Echo Investment concluded an agreement for the construction of building shell with the company Erbud. The net contract value is PLN 75 million. According to the schedule of works, foundations will be laid by the end of February 2017, then reinforced concrete construction will be erected for six months and finally the building shell will be completed at the end of July 2017. The project is scheduled to be completed in spring 2018.



KATOWICE, GALERIA LIBERO

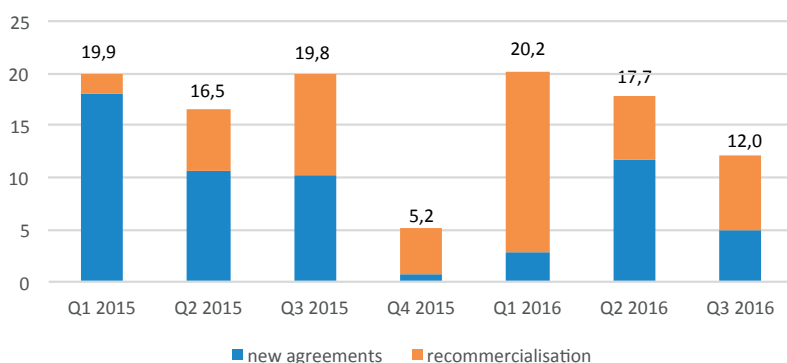
3Q 2016 REPORT

At the moment, 37% of leasable area in Galeria Libero is occupied. The most significant lease agreements concluded since July 2016 are: Martes Sport (1,200 sqm.), the outpatient clinic GynCentrum (900 sqm.), Smyk (500 sqm.) or MK Bowling (1,400 sqm.).

The marketing strategy of Galeria Libero is based on sports, which is why on 9 September 2016 Galeria Libero became a sponsor of the women's football team GKS Katowice.

Apart from Galeria Libero, Echo Investment has been expanding the shopping centre **Galaxy** in Szczecin by 15,100 sqm. and Outlet Park III in Szczecin (3,800 sqm. GLA). Construction of the **4th phase of Outlet Park** (Fitness & Medical Center - 3,300 sqm. GLA) was recently finished and works on III phase has started. Both investments Galaxy and Outlet Park are the properties of Echo Polska Properties and will be completed the second half of 2017. The level of leased area in Galaxy amounts to 68%.

Leased retail space (in thousand sqm.)



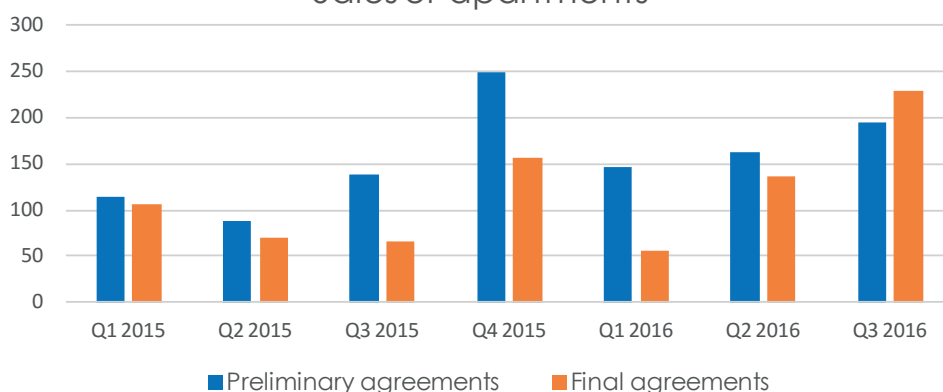
WARSAW, NOWY MOKOTÓW

9.3.3. Apartments

In Q3 2016, Echo Investment sold 194 apartments through preliminary contracts, compared with 139 apartments sold in the corresponding period of 2015. Cumulatively, between January and September 2016, the Company sold 503 apartments. Taking into account the number of reservations and sales after the end of Q3 2016, the Management Board of Echo Investment is certain that the established sales target, i.e. 825 apartments, will be achieved.

Moreover, the results for Q3 2016 reflect the final sale of 229 premises (mostly, in the projects Nowy Mokotów II in Warsaw, Park Sowińskiego I in Poznań and Park Avenue Apartments in Cracow), compared with 67 handed over in the corresponding period of 2015. Cumulatively, from the beginning of the year until the end of September, the Company handed over 421 premises, compared with 243 in the corresponding period of 2015.

Sales of apartments



3Q 2016 REPORT

INVESTMENTS WHOSE CONSTRUCTION AND SALE STARTED IN Q3 2016

PROJECT	NUMBER OF APARTMENTS	USABLE AREA	CONSTRUCTION START DATE	SCHEDULED COMPLETION DATE
Cracow/Dom pod Wilgą II	131	8 800	Q3 2016	Q2 2018

INVESTMENTS WHOSE CONSTRUCTION AND SALE STARTED AFTER Q3 2016

Cracow / Rakowicka	182	7 600	Q4 2016	Q2 2018
Warsaw / Browary A	96	5 200	Q4 2016	Q2 2018
Poznań / Sowińskiego IV	89	5 100	Q4 2016	Q2 2018

At the moment, Echo Investment has 14 investments under construction with 90,100 sqm. of usable area – in total 1,521 apartments. Currently, the Company's offer includes 1144 apartments, whereby 149 in the projects which are already constructed. Echo Investment is ready to launch in 2017 another 13 projects, whereby 1,100 apartments will be allocated for traditional sale and approx. 1,700 apartments - for the Resi for Rent (R4R) platform, offering apartments for rent and created, among others, by Griffin Real Estate.

9.3.4. Acquisition of land

In Q3 2016 (on 29 July 2016), Echo Investment signed a final contract for purchasing the right of perpetual usufruct of plots of land with the total area of 23,800 sqm. in Katowice at ul. Żelazna/Chorzowskiego/Grundmanna, where it plans to develop an office complex with the total GLA of 47,000 sqm. Moreover, the Company signed a final contract for purchasing the right of perpetual usufruct of plots of land with the total area of almost 6,500 sqm. in the neighbourhood of ul. Garbary in Poznań, where it plans to develop a residential investment with the total useable and residential area of approx. 12,300 sqm.

The implementation of the adopted Company strategy requires considerable development of its land bank. The Company continues to monitor the land market and the market of office, residential, retail and hotel development projects in all agglomerations, where it plans to conduct activity. The search for and analysis of potential acquisition targets is conducted by the Company's own team of professional experts as well as within cooperation with renowned consulting agencies. The Company is negotiating real property purchase in several dozen locations. Taking into account the Company's demand, the statistical effectiveness of negotiations as well their advanced stage, it seems real that in the next 6-12 months the Company will take over plots enabling to build about 500,000 sqm. of usable or leasable area in all segments of its activity.

500 000
sqm.



10. INFORMATION REGARDING TO GROUP'S PROJECTS

10.1. PORTFOLIO OF PROPERTIES IN USE

PROPERTIES IN OPERATION

NAME	CITY	LOCATION	GLA ¹ [SQM.]	NOI ² ['000 000 EUR]
Tryton Business House	Gdańsk	ul. Jana z Kolna	23 700	3,8
A4 Business Park (etap III)	Katowice	ul. Francuska	12 000	2,1
O3 Business Campus (etap I)	Kraków	ul. Opolska	19 100	3,2
Symetris (etap I)	Łódź	ul. Piłsudskiego	9 400	1,6
Nobilis*	Wrocław	ul. M. Skłodowskiej-Curie	16 900	2,9
Q22	Warszawa	al. Jana Pawła II	53 000	14,4
Babka Tower	Warszawa	al. Jana Pawła II	6 200	1,2
PROJECTS FOR LEASE TOTAL			140 300	29,0

*commissioning permit obtained in Q4 2016

¹GLA – gross leasable area, including warehouse and common leased space

²NOI – net operating income, based on full lease

Office space is leased to multinational and national enterprises and local companies. Key office tenants include: Deloitte, Linklaters, Grupa Allegro, mBank, Ecolab Services Poland, KPMG, Orlen Oil, Kainos Software, Rockwell Automation, Nordea Bank Polska, Philips Polska, Bank New York Mellon, Skąpiec.pl, Synexus.

As of 30 September 2015 the Group's portfolio included 10 shopping centres and 4 office projects for lease. The whole portfolio was separated to Echo Polska Properties and sold to South African fund Redefine Properties on 1 June 2016.

10.2. Projects under construction and in preparation for construction

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

RETAIL PROJECTS

PROJECT	GLA [SQM]	NOI ['000 000 EUR]	START	CONSTRUCTION END
Szczecin, Galaxy, (extention)*	15 100	3,3	I Q 2016	IV Q 2017
Szczecin, Outlet Park, (phase III)*	3 800	0,6	IV Q 2016	IV Q 2017
Katowice, Libero	44 700	9,0	III Q 2016	I Q 2018
RETAIL PROJECTS UNDER CONSTRUCTION	63 600	12,9		

* projects belong to Echo Polska Properties N.V

3Q 2016 REPORT

OFFICE PROJECTS

PROJECT	GLA [SQM]	NOI ['000 000 EUR]	START	CONSTRUCTION END
Łódź, Symetris, (phase II)	9 500	1,6	II Q 2016	III Q 2017
Kraków, O3 Business Campus (phase II)	19 100	3,2	I Q 2016	III Q 2017
Kraków, O3 Business Campus (phase III)	19 100	3,2	IV Q 2016	I Q 2018
Wrocław, Sagittarius	24 900	4,5	II Q 2016	I Q 2018
Wrocław, West Link	14 200	2,5	III Q 2016	IV Q 2017
PROJECTS UNDER CONSTRUCTION	86 800	15,0		
Warszawa, Beethovena (phase I)	18 000	3,1	I Q 2017	III Q 2018
Warszawa, Beethovena (phase II)	17 400	2,9	III Q 2018	I Q 2020
Warszawa, Beethovena (phase III)	20 100	3,2	I Q 2020	III Q 2021
Warszawa, Taśmowa (phase I)	17 700	3,0	III Q 2017	II Q 2019
Warszawa, Grzybowska, Browary J	15 000	3,1	II Q 2017	III Q 2018
Warszawa, Grzybowska, Browary K	21 000	3,4	II Q 2018	I Q 2020
Warszawa, Grzybowska, Browary G	8 800	1,8	II Q 2018	III Q 2019
Warszawa, Grzybowska, Browary H	12 200	2,5	IV Q 2019	IV Q 2020
PROJECTS UNDER PREPARATION	130 200	23,0		
TOTAL OFFICE PROJECTS	217 000	38,0		



WROCLAW, SAGITTARIUS

3Q 2016 REPORT

RESIDENTIAL SEGMENT

PROJECT	USABLE FLOOR AREA [SQM]	REVENUES ['000 000]	START	CONSTRUCTION END
Kraków, Kościuszki Apartments	5 300	64,5	IV Q 2015	IV Q 2017
Kraków, Dom pod Wilgą (phase I)	6 500	51,9	IV Q 2015	III Q 2017
Kraków, Dom pod Wilgą (phase II)	8 800	72,3	III Q 2016	II Q 2018
Kraków, Rakowicka	7 600	65,7	IV Q 2016	II Q 2018
Łódź, Osiedle Jarzębinowe (phase III)	6 500	31,6	IV Q 2015	III Q 2017
Poznań, Sowińskiego (phases II - III)	7 700	55,7	II Q 2015	II Q 2017
Poznań, Jackowskiego	8 100	52,4	III Q 2015	III Q 2017
Poznań, Pod Klonami szeregi (phase III)	1 900	8,6	IV Q 2015	II Q 2017
Poznań, Sowińskiego (phase IV)	5 100	36,1	IV Q 2016	III Q 2018
Warszawa, Nowy Mokotów (phase III)	16 200	129,6	III Q 2015	III Q 2017
Warszawa, Nowy Mokotów (phase IV)	3 200	29,6	III Q 2016	I Q 2018
Warszawa, Grzybowska, Browary A	5 200	55,0	IV Q 2016	II Q 2018
Wrocław, Grota - Roweckiego (phase II)	8 100	40,9	IV Q 2015	IV Q 2017
PROJECTS UNDER CONSTRUCTION	90 200	693,9		
Kraków, Dom pod Wilgą (phase III)	4 600	38,7	I Q 2018	IV Q 2019
Łódź, Osiedle Jarzębinowe (phase IV)	4 300	20,9	IV Q 2016	IV Q 2018
Łódź, Osiedle Jarzębinowe (phase V)	8 600	42,3	III Q 2017	II Q 2019
Poznań, Osiedle Jaśminowe (phase III)	3 800	21,0	IV Q 2016	III Q 2018
Poznań, Osiedle Jaśminowe (phase IV)	5 100	27,7	I Q 2018	IV Q 2019
Poznań, 17 MW (phase I)	8 200	42,3	IV Q 2016	III Q 2018
Poznań, 17 MW (phase II)	4 600	23,5	IV Q 2017	II Q 2019
Poznań, 17 MW (phase III)	5 600	28,9	III Q 2018	I Q 2020
Poznań, Garbary	12 300	85,6	II Q 2018	IV Q 2019
Warszawa, Grzybowska, Browary B	10 600	109,3	I Q 2017	IV Q 2018
Warszawa, Grzybowska, Browary C	6 900	70,9	III Q 2017	IV Q 2018
Warszawa, Grzybowska, Browary E	5 100	52,0	I Q 2018	IV Q 2019
Wrocław, Rychalska	11 100	69,3	II Q 2017	I Q 2019
Wrocław, Gdańska	4 000	29,4	III Q 2017	I Q 2019
PROJECTS UNDER PREPARATION	94 800	661,8		
TOTAL PROJECTS IN THE RESIDENTIAL SEGMENT	185 000	1 355,7		

3Q 2016 REPORT

RESIDENTIAL PLOTS ON SALE

PROJECT	AREA OF A PLOT OF LAND [SQM]	REVENUES ['000 000]	START	CONSTRUCTION END
Kielce, Występa	134 500	15,5	I Q 2018	IV Q 2018
Warszawa, Rezydencje Leśne	52 900	26,5	II Q 2011	IV Q H 2012
TOTAL LAND	187 400	42,0		

10.3. Investment land

INVESTMENT LAND – PROJECTS AT CONCEPT STAGE

PROJECT	AREA OF A PLOT OF LAND [SQM]
Katowice, Jankego	26 200
Katowice, Grundmanna	23 800
Kielce, Zagnańska	6 900
Kraków, Focha, Cracovia	17 400
Kraków, Rydla	7 800
Lublin	4 700
Łódź, Okopowa	12 500
Łódź, Wodna	8 100
Poznań, Hetmańska	65 300
Poznań, Naramowice, Czarnucha	323 900
Poznań, Pamiątkowo	870 000
Radom	6 300
Szczecin, Struga	23 600
Warszawa Taśmowa	21 500
Warszawa, Grzybowska	5 200
Warszawa, Woronicza, Park Rozwoju III	9 500
Wrocław, Kępa Mieszczańska	8 100
Wrocław, Rychtańska	9 800
Zabrze	8 100
TOTAL INVESTMENT LAND	1 458 700

INVESTMENT LAND ON SALE

PROJECT	AREA OF A PLOT OF LAND [SQM]
Budapeszt Mundo (Węgry)	67 700
Brasov Korona (Rumunia)	49 700
Kijów, Dehtiarivska	43 300
Słupsk	65 700
Koszalin	39 300
Warszawa, Puławska	2 600
TOTAL	268 300

11. FACTORS AND EVENTS, ESPECIALLY THOSE OF A NON-TYPICAL CHARACTER, THAT HAVE HAD AN IMPACT ON THE PROFIT/LOSS OF THE COMPANY

11.1. Factors having an impact on the financial performance of the Capital Group in Q3 2016:

- posting of revenues from final agreements for the sale of residential properties:
 - Os. Jarzębinowe, ul. Okopowa, Łódź,
 - Hortus Apartments, ul. Korzeniowskiego and Park Avenue, ul. Czarodziejska, Cracow,
 - Os. Jaśminowe, ul. Karpia and Park Sowińskiego, ul. Sowińskiego, Poznań,
 - Nowy Mokotów, ul. Konstruktorska, Os. Zeusa, Bemowo, Warsaw,
 - Grota 111, ul. Grota-Roweckiego, Wrocław,
- accounting of revenues from final agreements of sales of plots with house projects:
 - Dyminy near Kielce (Osiedle Południowe),
 - Rezydencje Leśne, Młociny, Warsaw,
- posting of revenues from final agreements for the sale of investment plots:
 - Częstochowa, Al. Wolności,
- valuation of fair value of properties:
 - in operation: Babka Tower,
 - in the process of commercialization: Q22, O3 Business Campus I, Tryton Business House, A4 Business Park III,
 - under construction: Symetris I, Nobilis Business House,
- SGA costs,
- valuation of liabilities from bonds and borrowings at amortised cost,
- measurement of loans and cash due to changes in foreign exchange rates,
- measurement and settlement of FX hedging instruments,
- interest on deposits and borrowings granted,
- discounts and interests on loans, bonds and borrowings
- revenues from framework services of Echo Polska Properties group.

Unusual events affecting the financial performance of the Company in Q3 2016 **was not observed**.

11.2. Foreign currency hedging

Foreign currency hedging transactions are concluded as part of the security policy in order to ensure future cash flows from translation of loan tranches in the EUR and one-off significant investment revenues (e.g. from sales of investment projects). Weighted average forward rate of settlement (strike) for the remaining open forward trades is 4,3755 EUR/PLN.

MATURITY PERIODS FOR OPEN HEDGING POSITIONS AS OF 30 SEPTEMBER 2016:

		HEDGE VALUE		AMOUNTS DUE		
		BALANCE SHEET TOTAL ['000 000 PLN]	NOMINAL VALUE ['000 000 EUR]	Q4 2016	2017 I H	2017 II H
Options	EUR/PLN	0,0	100	100		
Forward	EUR/PLN	1,1	25,7	9,9	12,45	3,35

12. SEGMENTS OF THE CAPITAL GROUP

The Capital Group generates revenues from lease of owned commercial space, from the sales of apartments, from the construction of projects and provision of property management services. The structure of revenues is as follows:

STRUCTURE OF OPERATING REVENUES AND COSTS RECORDED IN Q1 - Q3 2016

DETAILS	REVENUES ['000 000 PLN]	SHARE %	COSTS ['000 000 PLN]	SHARE %
commercial centres as well as commercial and entertainment centres	153	37%	48	21%
residential space	194	47%	140	62%
office facilities	54	13%	32	14%
non-attributable to segments	11	3%	6	3%
Total	412	100%	226	100%

STRUCTURE OF OPERATING REVENUES AND COSTS RECORDED IN Q3 2016

DETAILS	REVENUES ['000 000 PLN]	SHARE %	COSTS ['000 000 PLN]	SHARE %
commercial centres as well as commercial and entertainment centres	3	2%	1	1%
residential space	116	88%	83	91%
office facilities	8	6%	5	6%
non-attributable to segments	6	4%	2	2%
Total	132	100%	91	100%

13. EXPLANATIONS ON THE SEASONALITY OR CYCLICALITY OF THE CAPITAL GROUP'S BUSINESS IN THE PRESENTED PERIOD

The operations of the Group cover several segments. The sale of housing projects depends on the commissioned residential buildings and revenue on these operations is generated practically in every quarter but it varies in terms of stability. As a result of sale on 1 June 2016 of almost the entire portfolio of operating commercial real property, revenue from the lease of commercial space is no longer comparable in different periods. Revenue from construction services and property trading can be irregular. The Management Board cannot exclude other one-time events which may influence results generated in a given period.

14. INFORMATION ABOUT THE ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITY SECURITIES

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

On 15 April 2004, Echo Investment S.A. and mBank S.A. signed an agency agreement and a dealership agreement on an issue programme for short-term, mid-term and long-term bonds denominated in the Polish zloty, with a maximum nominal value of the programme of PLN 1 billion. Based on those agreements, mBank S.A. undertook to organise and ensure comprehensive issue of the Company's bonds as part of the Bonds Issue Programme. Those agreements and the addenda thereto were concluded for indefinite time and they provide for multiple non-public issues of the bonds by the Company. The maximum total nominal value of all bonds that may be issued is PLN 1 billion. The bonds under the Bonds Issue Programme are issued as unsecured bearer securities. The interest rate on the bonds may be fixed or variable.

The final issue terms and conditions are determined before the issue, during the Bonds Issue Programme.

The cash obtained from the bond issue will supplement currently held loan facilities and will allow the Company to finance the planned investments and to develop its operations on the real property market.

As of 30 September 2016, the Issue Programme allowed for the issue of bonds with a total maximum nominal value of PLN 1 billion.

On 11 February 2016, Echo Investment S.A. redeemed bonds in the total amount of PLN 125 million.

On 27 June 2016 Echo Investment S.A. redeemed public bonds of A series in the total amount of PLN 50 million.

On 4 July 2016 Echo Investment S.A. redeemed public bonds of B series in the total amount of PLN 25 million.

Presented in the table below are Echo Investment S.A.'s liabilities due to the issued bonds as of the date of the report:

LIABILITIES DUE TO BONDS ISSUED AS OF 30 SEPTEMBER 2016 ['000 PLN]

BANK	LISTED ON BONDSPOT	FINANCIAL INSTRUMENT	UTILISED AMOUNT ['000 PLN]	REDEMPTION DATE	COUPON TERMS
mBank S.A./KDPW	(ISIN : PLECHPS00118)	Bonds	200 000	28.04.2017	WIBOR 6M + margin
mBank S.A./KDPW	(ISIN:PLECHPS00191)	Bonds	230 000	23.04.2018	WIBOR 6M + margin
mBank S.A./KDPW	(ISIN : PLECHPS00126)	Bonds	80 000	19.06.2018	WIBOR 6M + margin
mBank S.A./KDPW	(ISIN ; PLECHPS00134)	Bonds	100 000	19.02.2019	WIBOR 6M + margin
mBank S.A./KDPW	(ISIN : PLECHPS00159)	Bonds	70 500	15.05.2019	WIBOR 6M + margin
Non-public bonds			680 500		
Series C	[ISIN : PLECHPS00175]	Public bonds	75 000	04.03.2018	WIBOR 6M + margin
Series D	[ISIN : PLECHPS00183]	Public bonds	50 000	20.04.2018	WIBOR 6M + margin
Public bonds			125 000		
TOTAL			805 500		

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

15.1. Surety agreements

CAPITAL GROUP'S SURETY AGREEMENTS IN FORCE AS OF 31 SEPTEMBER 2016 ['000 PLN]

SURETY FOR BENEFIT OF	VALUE	EXPIRY DATE	TITLE
Echo Investment S.A.	1 450	(Valid until) will be in effect during the whole term of the lease contract and within three months after the termination thereof.	Guarantee of Echo Investment S.A. for the liabilities of the company Cogl II Poland Limited Spółka z ograniczoną odpowiedzialnością as a collateral for liabilities arising from the lease contract concluded on 6 November 2015 to the benefit of Bletwood Investments Sp. z o. o. The currency of the guarantee is EUR.

On 26 July 2016 the Echo Investment has granted a guarantee to the benefit of Bletwood Investments Spółka z ograniczoną odpowiedzialnością that amounted to 336 342.69 EUR as a collateral for liabilities of Cogl II Poland Limited Spółka z ograniczoną odpowiedzialnością (subsidiary of the issuer) that arise from the lease contract concluded on 6 November 2015. The guarantee will be in effect during the whole term of the lease contract and within three months after termination thereof.

15.2. Guarantee agreements

GUARANTEES IN FORCE AS OF 30 SEPTEMBER 2016 ['000 PLN]

GUARANTOR	VALUE ['000 PLN]	EXPIRY DATE	TITLE
Echo Investment S.A.	21 560	do 02.07.2020 r.	A collateral for improper performance of the final contract of sale of the office centre Aquarius Business House I in Wrocław. The guarantee is issued in EUR.
Echo Investment S.A.	38 808	do 30.07.2021 r.	A collateral for improper performance of the final contract of sale of the office centre Aquarius Business House II in Wrocław. The guarantee is issued in EUR.
Echo Investment S.A.	258 720	Until the Date of Conversion, however no later than until 06 February 2018	A guarantee for exceeding the costs, covering lack of own resources, liabilities related to debt servicing and hedge contracts servicing, support in the organisation of building process in the period of realisation of the business centre project Q22 in Warsaw to the benefit of Bank Zachodni WBK S.A. and PKO BP S.A.
Echo Investment S.A.	34 974 ⁴⁾	Until 12 months after having finished the building.	Guarantee for exceeding the costs of realisation of the business centre project Tryton Business House in Gdansk to the benefit of HSBC BANK plc.
Echo Investment S.A.	27 106	Until 12 months after having finished the building.	Guarantee for exceeding the costs of realisation of the business centre project Opolska Business Park stage I in Krakow to the benefit of HSBC BANK plc.
PZU S.A.	24 600	do 26.02.2017 r.	Collateral for improper performance of the contract concluded on 22 June 2015 by Echo Investment S.A. to the benefit of FTF Columbus S.A.

3Q 2016 REPORT

GUARANTOR	VALUE ['000 PLN]	EXPIRY DATE	TITLE
PZU S.A.	180 000	do 26.02.2017 r.	Guarantee of non-performance of agreements concluded 27 January 2016 by Echo Investment S.A. to the benefit of FTF Columbus S.A..
BZ WBK S.A.	40 163	do 22.05.2017 r.	Security of non-performance of the obligation of Outlet Park - Projekt Echo - 126 Spółka z o. o. spółka komandytowa to the benefit of the State Treasury..
Echo Investment S.A.	15 277	Until the date of confirmation that all appropriate financial ratios have been fulfilled, however no later than 31.03.2021	Collateral for liabilities of the company Nobilis - Projekt Echo - 117 spółka z ograniczoną odpowiedzialnością spółka komandytowa arising from the credit agreement concluded on 16 June 2016 to the benefit of MBANK S.A. The guarantee is issued in EUR.
Echo Investment S.A.	5 489	Until the date of completion of the project, however no later than 31 December 2016.	The collateral for exceeding the costs of realisation of the business centre project Nobilis in Wrocław to the benefit of mBank S.A.
Echo Investment S.A.	1 887	do 31.12.2016 r.	Collateral for liabilities of the company Cogil Poland Limited Spółka z ograniczoną odpowiedzialnością that arise from the lease contract concluded on 24 May 2015 to the benefit of Rondo 1 UG (haftungsbeschränkt) & Co. KG. The guarantee is issued in EUR.
Echo Investment S.A.	12 700	To the end of Investment	A collateral for exceeding the costs and liabilities in relation to debt servicing during the realisation of the project Symetris I and II in Łódź to the benefit of the bank BGŻ BNP Paribas S.A. The collateral is issued in EUR.
Echo Investment S.A.	8 566	do 30.06.2018 r.	The collateral for liabilities to the benefit of Nokia Solutions and Networks Sp. z o.o. arising from the lease contract concluded on 29 August 2016. The guarantee is issued in EUR.

On 29 July 2016 Echo Investment has granted a guarantee to the benefit of Rondo 1 UG (haftungsbeschränkt) & Co. KG that amounted to 437 661.57 EUR as a collateral for liabilities of Cogil Poland Limited Spółka z ograniczoną odpowiedzialnością (subsidiary of the issuer) that arise from the lease contract concluded on 24 May 2015. The guarantee is in force until 31 December 2016.

On 18 August 2016 the Echo Investment S.A. has granted a guarantee amounting to 2 945 255.30 EUR to the benefit of the bank BGŻ BNP Paribas S.A. as a collateral for exceeding the costs of construction of the business centre project Symetris stage I and II in Łódź and for covering the liabilities in relation to the debt servicing of the company Symetris - Projekt Echo - 131 Spółka z ograniczoną odpowiedzialnością limited partnership (a subsidiary of the issuer). The guarantee is in force until the date of Completion of the Investment.

On 29 August 2016 Echo Investment S.A. has granted a guarantee amounting to 1 986 440.70 EUR to the benefit of Nokia Solutions and Networks Sp. z o.o. as a collateral for liabilities arising from the lease contract concluded on 29 August 2016. The guarantee is in force until 30 June 2018.

16. COMPOSITION OF ECHO INVESTMENT CAPITAL GROUP

The key role in the group's structure is performed by Echo Investment S.A, which supervises, co-implements and provides financial resources 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.

As of 30 September 2016 the Capital Group comprised 134 subsidiaries, consolidated under the full method, and one co-subsidiary consolidated under the equity method.

SUBSIDIARIES:

	SUBSIDIARY	REGISTERED OFFICE	% OF EQUITY HELD	PARENT COMPANY
1	„Projekt Echo - 138 Sp. z o.o.” Sp. k.	Warszawa	100%	„SPV Development” SCSp
2	”Symetris - Projekt Echo - 131 Sp. z o.o.” Sp. k.	Kielce	100%	„SPV Development” SCSp
3	”Taśmowa - Projekt Echo - 116 Sp. z o.o.” S.k.a.	Kielce	100%	Echo Investment S.A.
4	”Avatar - Projekt Echo - 119 Sp. z o.o.” S.k.a.	Kielce	100%	60 FIZ Forum
5	”Cornwall Investments Sp. z o.o.” Sp. k.	Warszawa	100%	Echo Investment S.A.
6	”Cornwall Investments” Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
7	”Doxent Investments” Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
8	”Duże Naramowice - Projekt Echo - 111 Sp. z o.o.” S.k.a.	Kielce	100%	60 FIZ Forum
9	”Echo - Browary Warszawskie Sp. z o.o.” Sp. k.	Kielce	100%	Echo Investment S.A.
10	”Echo - Browary Warszawskie” Sp. z o.o.	Kielce	100%	Echo Investment S.A.
11	”Echo Innovations - Projekt Echo - 99 Sp. z o.o.” Sp. K.	Kielce	100%	Echo Investment S.A.
12	”Elissea Investments” Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
13	”Fianar Investments” Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
14	”Galeria Katowice - Projekt Echo 120 Sp. z o.o.” S.k.a.	Kielce	100%	„SPV Development” SCSp
15	”Gosford Investments” Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
16	”GP Development” sarl	Luksemburg	100%	„Barconsel Holdings” Ltd
17	”Kielce - Projekt Echo 129 Sp. z o.o.” S.k.a.	Kielce	100%	60 FIZ Forum
18	”Metropolis - Projekt Echo 121 Sp. z o.o.” S.k.a.	Kielce	100%	60 FIZ Forum
19	”Park Postępu - Projekt Echo - 130 Sp. z o.o.” S.k.a.	Kielce	100%	60 FIZ Forum
20	”Projekt Beethovena - Projekt Echo - 122 Sp. z o.o.” S.k.a.	Kielce	100%	„SPV Development” SCSp
21	”Selmer Investments Sp. z o.o.” Sp. k.	Warszawa	100%	Echo Investment S.A.
22	”Selmer Investments” Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
23	”Echo – Project - Management Ingatlanhasznosito” Kft.	Budapest	100%	Echo Investment S.A.
24	”Echo Investment Hungary Ingatlanhasznosito” Kft.	Budapest	100%	Echo Investment S.A.
25	”Echo Investment Project 1” S.R.L.	Brasov	100%	„Echo - Aurus” Sp. z o.o.
26	”Echo Investment Project Management” S.R.L.	Brasov	100%	Echo Investment S.A.
27	”Echo Investment Ukraine” LLC	Kijów	100%	Echo Investment S.A.
28	”EI Option” S.A.	Kraków	100%	Echo Investment S.A.

3Q 2016 REPORT

	SUBSIDIARY	REGISTERED OFFICE	% OF EQUITY HELD	PARENT COMPANY
29	"El Project Cypr - I" Ltd	Nikozja	100%	Echo Investment S.A.
30	"Elmira Investments" Sp. z o. o.	Kielce	100%	Echo Investment S.A.
31	"Princess Investment" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
32	"Projekt 1 - Grupa Echo Sp. z o.o." - S.k.a.	Kielce	100%	60 FIZ Forum
33	"Projekt Echo - 100" Sp z o.o.	Kielce	100%	Echo Investment S.A.
34	"Park Rozwoju III - Projekt Echo - 112 Sp. z o.o." Sp. k.	Kielce	100%	"SPV Development" SCSp
35	"53 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
36	"Babka Tower - Projekt Echo – 93 Sp. z o.o." S.k.a.	Kielce	100%	"SPV Development" SCSp
37	"Barconsel Holdings" Ltd	Nikozja	100%	Echo – SPV 7 Sp. z o.o.
38	"Betchatów – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
39	"Budivelnuy Soyuz Monolit" LLC	Kijów	100%	Yevrobdugarat LLC
40	"Dellia Investments - Projekt Echo - 115 sp. z o.o." Sp.k.	Kielce	100%	"SPV Development" SCSp
41	"Echo – Advisory Services" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
42	"Echo – Arena" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
43	"Echo – Aurus" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
44	"Echo – Babka Tower Sp. z o.o."	Kielce	100%	Echo Investment S.A.
45	"Echo - Babka Tower Sp. z o.o." Sp. k.	Kielce	100%	"SPV Development" SCSp
46	"Echo – Galaxy Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
47	"Echo – Galaxy" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
48	"Echo – Kasztanowa Aleja Sp. z o.o." Sp. k.	Kielce	100%	Echo Investment S.A.
49	"Echo – Klimt House Sp. z o.o." Sp. k.	Kielce	100%	Echo Investment S.A.
50	"Echo – Klimt House" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
51	"Echo – Nowy Mokotów Sp. z o.o." Sp. k.	Kielce	100%	Echo Investment S.A.
52	"Echo – Nowy Mokotów" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
53	"Echo – Opolska Business Park Sp. z o.o."	Kielce	100%	Echo Investment S.A.
54	"Echo – Opolska Business Park Sp. z o.o." Sp. k.	Kielce	100%	"SPV Development" SCSp
55	"Echo – Pod Klonami Sp. z o.o." Sp. k.	Kielce	100%	Echo Investment S.A.
56	"Echo – Pod Klonami" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
57	"Echo - Property Poznań I" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
58	"Echo – SPV 7" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
59	"Echo Investment ACC - Grupa Echo Sp. z o.o." Sp. k.	Kielce	100%	Echo Investment S.A.
60	"Galeria Nova – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
61	"Galeria Tarnów – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
62	"Grupa Echo" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
63	"Malta Office Park - Projekt Echo - 96 Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
64	"Mena Investments" Sp. z o. o.	Kielce	100%	Echo Investment S.A.
65	"Nobilis - Projekt Echo – 117 sp. z o.o." Sp. k.	Kielce	100%	"SPV Development" SCSp
66	"Oxygen – Projekt Echo – 95 Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
67	"PHS – Projekt CS Sp. z o.o." S.k.a.	Warszawa	100%	"SPV Development" SCSp
68	"PPR - Projekt Echo – 77 Sp. z o.o. „ S.k.a.	Kielce	100%	60 FIZ Forum

3Q 2016 REPORT

	SUBSIDIARY	REGISTERED OFFICE	% OF EQUITY HELD	PARENT COMPANY
69	Projekt 132 - Cogl III Poland Limited" Sp. z o.o. Sp. k.	Kielce	100%	Compass Offices Management Poland Limited Sp. z o.o.
70	Projekt 133 - Cogl III Poland Limited" Sp. z o.o. Sp. k.	Kielce	100%	Compass Offices Management Poland Limited Sp. z o.o.
71	Projekt 137 - Cogl III Poland Limited" Sp. z o.o. Sp. k.	Kielce	100%	Compass Offices Management Poland Limited Sp. z o.o.
72	„Projekt - Pamiątkowo" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
73	„Projekt 12 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
74	„Projekt 13 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
75	„Projekt 14 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	60 FIZ Forum
76	„Projekt 15 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
77	„Projekt 16 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
78	„Projekt 17 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
79	„Projekt 18 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
80	„Projekt 19 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
81	„Projekt 20 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
82	„Projekt 21 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
83	„Projekt 22 – Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
84	„Projekt 5 – Grupa Echo Sp. z o.o." S.k.a.	Szczecin	100%	60 FIZ Forum
85	„Projekt CS" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
86	„Projekt Echo - 104" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87	„Projekt Echo - 108" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
88	„Projekt Echo - 111" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
89	„Projekt Echo - 112" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
90	„Projekt Echo - 113" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
91	„Projekt Echo - 114" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
92	„Projekt Echo - 115" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
93	„Projekt Echo - 116" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
94	„Projekt Echo - 117" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
95	„Projekt Echo - 119" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
96	„Projekt Echo - 120" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
97	„Projekt Echo - 121" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
98	„Projekt Echo - 122" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
99	„Projekt Echo - 123" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
100	„Projekt Echo - 127" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
101	„Projekt Echo - 128" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
102	„Projekt Echo - 129" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
103	„Projekt Echo - 130" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
104	„Projekt Echo - 131" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
105	„Projekt Echo - 132" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
106	„Projekt Echo - 135 Sp. z o.o." Sp. k.	Kielce	100%	„SPV Development" SCSp
107	„Projekt Echo - 135" Sp. z o.o.	Kielce	100%	Echo Investment S.A.

3Q 2016 REPORT

	SUBSIDIARY	REGISTERED OFFICE	% OF EQUITY HELD	PARENT COMPANY
108	„Projekt Echo - 136 Sp. z o.o." Sp. k.	Kielce	100%	Echo Investment S.A.
109	„Projekt Echo - 136" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
110	„Projekt Echo - 137" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
111	„Projekt Echo - 138" Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
112	„Projekt Echo - 77" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
113	„Projekt Echo - 93" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
114	„Projekt Echo - 95" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
115	„Projekt Echo - 96" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
116	„Projekt Echo - 99" Sp. z o.o.	Kielce	100%	Echo Investment S.A.
117	„Projekt K-6 - Grupa Echo Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
118	„Projekt Naramowice – „EBR Global Services Sp. z o.o." S.k.a.	Kielce	100%	Echo Investment S.A.
119	„Projekt Saska" Sp. z o.o.	Kielce	95%	Echo Investment S.A.
120	„Pure Systems" Sp. z o.o.	Kraków	100%	Echo Investment S.A.
121	„Q22 - Projekt Echo – 128 Sp. z o.o." Sp. k.	Kielce	100%	„SPV Development" SCSp
122	„Sagittarius - Projekt Echo – 113 sp. z o.o." Sp. k.	Kielce	100%	„SPV Development" SCSp
123	„SPV Development" SCSp	Luksemburg	100%	60 FIZ Forum
124	„Tryton - Projekt Echo – 127 sp. z o.o." Sp. k.	Kielce	100%	„SPV Development" SCSp
125	„Verwood Investments" Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
126	„Villea Investments" Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
127	„West Gate II - Projekt Echo - 114 Sp. z o.o." Sp.k.	Kielce	100%	„SPV Development" SCSp
128	„Yevrobudgarant" LLC	Kijów	100%	El Project Cypr - I Ltd
129	COGL II Poland Limited Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
130	COGL III Poland Limited Sp. zo.o.	Warszawa	100%	Echo Investment S.A.
131	COGL Poland Limited Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
132	Compass Offices Management Poland Limited Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
133	Compass Offices Services Poland Limited Sp. z o.o.	Warszawa	100%	Echo Investment S.A.
134	Echo Prime Assets BV	Amsterdam	100%	Echo Investment S.A.

Echo Polska Properties N.V. in Amsterdam is co-subsidiary.

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

16.1. Indication of results of the modifications in the economic entity's structure, including merger of economic entities, take-overs or sales of entities of the Corporate Group, long-term investments, division, restructuring and discontinued operations.

The amount of members of the Corporate Group Echo Investment S.A. in the third quarter 2016 has increased by 6 new companies due to:

- registration of a newly established company "Projekt Echo - 138 Sp. z o. o.", having its registered office in Warsaw, by the district court for the capital city of Warsaw in Warsaw on 1 August 2016. The share capital of the company amounts to 5 000 PLN;
- acquisition of 100% shares in the company COGL Poland Limited Sp. z o. o., having its registered office in Warsaw, on 26 July 2016. The total acquisition price amounted to 1.00 PLN. The share capital of the company amounts to 5 000 PLN;
- acquisition of 100% shares in the company COGL II Poland Limited Sp. z o. o., having its registered office in Warsaw, on 26 July 2016. The total acquisition price amounted to 1.00 PLN. The share capital of the company amounts to 5 000 PLN;
- acquisition of 100% shares in the company COGL III Poland Limited sp. z o. o., having its registered office in Warsaw, on 26 July 2016. The total acquisition price amounted to 1.00 PLN. The share capital of the company amounts to 5 000 PLN;
- acquisition of 100% shares in the company Compass Offices Management Poland Limited Sp. z o. o., having its registered office in Warsaw, on 26 July 2016. The total acquisition price amounted to 1.00 PLN. The share capital of the company amounts to 5 000 PLN;
- acquisition of 100% shares in the company Compass Offices Services Poland Limited Sp. z o. o., having its registered office in Warsaw, on 26 July 2016. The total acquisition price amounted to 1.00 PLN. The share capital of the company amounts to 5 000 PLN.

The number of members of the Corporate Group Echo Investment S.A. in the third quarter 2016 has decreased by 3 new companies due to:

- liquidation of the company Vousoka Ltd., having its registered office in Nikosia, on 28 July 2016. The share capital of the company amounted to 1,000.00 EUR;
- disposal of the rights of general partner and limited partner in the company "Echo Investment Facility Management - Grupa Echo Sp. z o.o." limited partnership, having its registered office in Kielce, on 1 July 2016. The value of the agreed contribution into the company amounted to: 9,900.00 PLN;
- Disposal of the rights of general partner and limited partner in the company "Echo Investment Property Management - Grupa Echo Sp. z o.o." limited partnership, having its registered office in Kielce, on 1 July 2016. The value of the agreed contribution into the company amounted to: 49,950.00 PLN;

Other alterations in the companies included in the Issuer Corporate Group in the third quarter 2016:

- increase in the capital of the company Echo Prime Assets B. V. by Echo Investment S.A. by creating new shares acquired via agreements concerning transfer of investment certificates and shares on 26 July 2016;
- a change of the general partner - on 20 September 2016 "Grupa Echo" Sp. z o.o. transferred, to the benefit of COGL III Poland Limited Sp. z o.o., having its registered office in Warsaw, general partner's rights and obligations in the company Projekt Echo 132 - "Grupa Echo" - sp. z o. o. - limited partnership;
- a change of the general partner - on 20 September 2016 "Grupa Echo" Sp. z o.o. transferred, to the benefit of COGL III Poland Limited Sp. z o.o., having its registered office in Warsaw, general partner's rights and obligations in the company Projekt Echo 133 - "Grupa Echo" - Sp. z o. o. - limited partnership.
- a change of the general partner - on 20 September 2016 "Grupa Echo" Sp. z o.o. transferred, to the benefit of COGL III Poland Limited Sp. z o.o., having its registered office in Warsaw, general partner's rights and obligations in the company Projekt Echo 137 - "Grupa Echo" - Sp. z o. o. - limited partnership.
- a change of the general partner - on 6 September 2016 "Grupa Echo" Sp. z o.o. transferred, to the benefit of Projekt Echo - 138 Sp. Z o.o., having its registered office in Warsaw, rights and obligations of a general partner in the company Projekt Echo 134 - "Grupa Echo" - Sp. z o.o. - limited partnership.
- a change of the general partner - on 30 September 2016 "Grupa Echo" Sp. z o.o. transferred, to the benefit of COGL III Poland Limited Sp. z o.o., having its registered office in Warsaw, general partner's rights and obligations in the company „Echo Kasztanowa Aleja Sp. z o.o." limited partnership;
- a change of the limited partner - on 20 September 2016 Echo Investment SA transferred, to the benefit of Compass Offices Management Poland Limited Sp. z o.o., having its registered office in Warsaw, limited partner's rights and obligations in the company Projekt Echo 132 - "Grupa Echo" - Sp. z o. o. - limited partnership.
- a change of the limited partner - on 20 September 2016 Echo Investment SA transferred, to the benefit of Compass Offices Management Poland Limited Sp. z o.o., having its registered office in Warsaw, limited partner's rights and obligations in the

- company Projekt Echo 133 - "Grupa Echo" - Sp. z o.o. - limited partnership.
- a change of the limited partner - on 20 September 2016 Echo Investment SA transferred, to the benefit of Compass Offices Management Poland Limited Sp. z o.o., having its registered office in Warsaw, limited partner's rights and obligations in the company Projekt Echo 134 - "Grupa Echo" - Sp. z o.o. - limited partnership.
- a change of the limited partner - on 14 September 2016 Echo Investment SA transferred, to the benefit of „SPV Development” SCSp with registered office in Warsaw, limited partner's rights and obligations in the company Projekt Echo 134 - "Grupa Echo" - Sp. z o.o. - limited partnership;
- as a result of transactions made in frames of the Corporate Group on 13 July 2016, the following investment certificates have been transferred to the Echo Prime Assets BV;
 - 200 investment certificates of A series of the closed-end investment fund Forum 60;
 - 1,492,074 investment certificates of B series of the closed-end investment fund Forum 60;
- change of the company Projekt Echo 132 - "Grupa Echo" - Sp. z o.o. - limited partnership to Projekt 132 - COGLL III Poland Limited" Sp. z o.o. Limited partnership (Change of the company: 23 September 2016)
- change of the company Projekt Echo 133 - "Grupa Echo" - Sp. z o.o. - limited partnership to Projekt 133 - COGLL III Poland Limited" Sp. z o.o. Limited partnership (Change of the company: 23 September 2016)
- change of the company Projekt Echo 137 - "Grupa Echo" - Sp. z o.o. - limited partnership to Projekt 137 - COGL III Poland Limited" Sp. z o.o. Limited partnership (Change of the company: 23 September 2016)
- change of the company "Echo Kasztanowa Aleja Sp. z o.o." Limited partnership to "Kasztanowa Aleja - Grupa Echo Sp. z o.o." Limited partnership (Change of the company: 30 September 2016)
- change of the company "Projekt 134 - Grupa Echo - Sp. z o.o." Limited partnership to "Projekt Echo - 138 Sp. z o.o." Limited partnership (Change of the company: 6 September 2016)

17. POSITION OF THE MANAGEMENT BOARD CONCERNING THE OPTION TO IMPLEMENT PREVIOUSLY PUBLISHED RESULT FORECASTS FOR THE RELEVANT YEAR IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT IN RELATION TO PREDICTED RESULTS

The Management of the Company did not publish any financial forecasts.



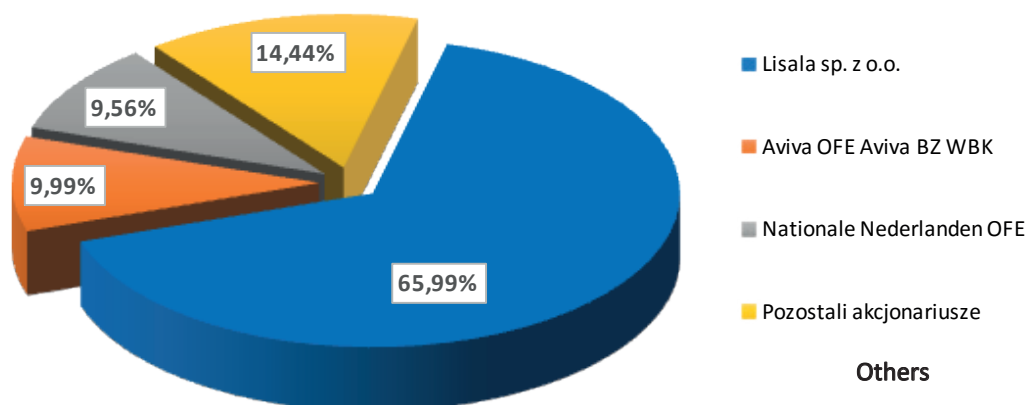
KRAKÓW, HORTUS APARTMENTS

18. THE OWNERSHIP STRUCTURE OF MAJOR HOLDINGS OF ECHO INVESTMENT S.A.

The total number of shares issued by the Company stands at 412,690,582 (in words: four hundred twelve million, six hundred ninety thousand five hundred and eighty-two), of which Lisala Sp. z o.o. holds 272,375,784 shares; Aviva OFE Aviva BZ WBK – 41,269,000 shares; Nationale-Nederlanden OFE – 39,443,048 shares. The other shareholders hold a total of 59,602,750 shares.

The share in the share capital is equivalent to the share in total votes at the General Meeting of Shareholders.

The ownership structure of Echo Investment's share



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

The above figures result from information about shareholders holding, directly or indirectly via subsidiaries, at least 5% of the overall number of votes at the GM of Echo Investment SA as of 28 June 2016.

In the period between the publication of the last financial report, i.e. 31 August 2016, and the date of this report, the Issuer did not receive any notifications of a change in the shareholding of significant shareholders.

18.1. Summary of changes in shareholding of Echo Investment S.A. or rights to shares (options) by the Issuer's managers and supervisors, as to the knowledge of Echo Investment S.A. since the submission of the previous quarterly report

According to the information held by the Company, no Management Board or Supervisory Board member holds or, in Q3 2016, held any shares of Echo Investment S.A.

19. INFORMATION ON COURT PROCEEDINGS

In Q3 2016 there were no proceedings pending before court or a public administration authority concerning liabilities or claims of the Company and its subsidiaries, whose total value constitutes at least 10% of the Company's equity.

20. INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES ON OTHER THAN MARKET CONDITIONS

In Q3 2016 the Company and its subsidiaries did not conclude any transactions with related parties on other than market conditions.

21. INFORMATION OF GRANTED LOAN SURETIES AND GRANTED GUARANTEES EQUIVALENT IN VALUE TO AT LEAST 10% OF THE ISSUER'S EQUITY CAPITALS

In Q3 2016, neither Echo Investment S.A. nor any of its subsidiaries issued any guarantees to third parties whose value exceeds 10% of the Company's equity.

See section 15.

22. OTHER INFORMATION THAT THE MANAGEMENT BOARD OF ECHO INVESTMENT S.A. BELIEVES TO BE IMPORTANT TO ASSESS THE PERSONNEL, ECONOMIC AND FINANCIAL SITUATION, THE FINANCIAL RESULT AND ANY CHANGES IN THESE ASPECTS OF BUSINESS, AND INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF ECHO INVESTMENT CAPITAL GROUP'S CAPACITY TO MEET ITS OBLIGATIONS

Appointment of managers

On 14 September 2016, the Supervisory Board of Echo Investment appointed Marcin Materny and Rafał Mazurczak as the Members of the Management Board for a common term of office of the Management Board. Marcin Materny and Rafał Mazurczak have been engaged in the Company's activity for years and as directors they have been responsible for its development in the sector of retail and office.



Marcin Materny has been working in Echo Investment since 1997. At first, he was employed at the position of a leasing specialist, later he managed a leasing team in 10 shopping centres, built between 1998 and 2000. Then, as the leasing director, he coordinated the process of commercialization and marketing for, among others, Pasaż Grunwaldzki. He also worked as a project development director in Romania and Hungary. Between 2007 and 2010, Marcin Materny was involved in the Capital Park company, where he coordinated the development of retail and office investments. Having returned to Echo Investment, he was responsible for the lease of shopping centres. Marcin Materny has been the Director of Retail Department since 2014. He participated in the creation of the Company's strategy in this sector and was responsible for its comprehensive development: preparation of subsequent projects, construction and commercialization of, among others, Galeria Libero in Katowice, revitalization of older shopping centres from the portfolio of Echo Investment and Echo Polska Properties.

He graduated from the Faculty of Economics at the AGH University of Science and Technology in Cracow.

Rafał Mazurczak started his career in 2000, as an office project leasing manager in Echo Investment. Between 2007 and 2013, he was the leasing director in the office department, where he was responsible, among others, for the commercialization of Park Rozwoju, Malta Office Park, Oxygen, Avatar or Aquarius Business Park. He has been the Director of the Office Department since 2013. He co-created and implemented the development strategy of this sector of Echo Investment's business. Among others, he has been responsible for the construction, lease and marketing of the Company's flagship project - the Q22 building in Warsaw.

He graduated in Economics from the University of Technology in Radom and he holds a bachelor degree in Finance and Economics awarded by the Cracow University of Economics.



23. FACTORS WHICH, IN THE OPINION OF THE MANAGEMENT BOARD, WILL INFLUENCE THE CAPITAL GROUP'S FINANCIAL PERFORMANCE FOR AT LEAST THE UPCOMING QUARTER

In subsequent periods, the financial performance of the Company and the Group will be influenced by the following factors:

- posting of revenues from final agreements for the sale of residential properties:
 - Os. Jarzębinowe, ul. Okopowa, Łódź
 - Hortus Apartments, ul. Korzeniowskiego and Park Avenue, ul. Czarodziejska, Cracow,
 - Os. Jaśminowe, ul. Karpia (phase I and II) and Park Sowińskiego, ul. Sowińskiego, Poznań,
 - Nowy Mokotów, ul. Konstruktorska,
 - Grota III, ul. Grota-Roweckiego, Wrocław,
- accounting of revenues from final agreements of sales of plots with house projects:
 - Dyminy near Kielce (Osiedle Południowe),
 - Rezydencje Leśne, Młociny, Warsaw.
- valuation of fair value of properties:
 - in operation: Babka Tower,
 - under construction or in the process of commercialization: Nobilis Business House, O3 Business Campus II (commissioning expected in Q2 2017), Galeria Libero, Katowice, Sagittarius Business House in Wrocław,
- sale of projects:
 - Q22,
 - Tryton Business House,
 - O3 Business Campus phase I,
 - A4 Business Park phase III,
 - Symetris Business Park phase I,
- SGA costs,
- valuation of liabilities from bonds and borrowings at amortised cost,
- measurement of loans and cash due to changes in foreign exchange rates,
- measurement and settlement of FX hedging instruments,
- interest on deposits and borrowings granted,
- discounts and interests on loans, bonds and borrowings.
- revenues from framework services of Echo Polska Properties group.
- valuation of EPP shares and dividends.

24. DIVIDEND PAID (OR DECLARED)

In the discussed period – on 8 July 2016 – Echo Investment paid out a dividend for the benefit of its shareholders of PLN 1,584,731,834.88, i.e. PLN 3.84 per share, of the Company's 2015 profit. It was the difference between the dividend adopted by the Ordinary General Meeting of Shareholders on 28 June 2016 and dividend advance payments made based on the resolution of the Management Board, approved by the Supervisory Board.

The advance payment was transferred in two parts: on 10 February 2016 and 22 April 2016 in the total amount of PLN 590,147,532.26. The record date for the remaining portion of the dividend was 5 July 2016.

In 23 November 2016 the Management Board of Echo Investment S.A. has taken a resolution concerning a conditional advance payment towards future dividend for financial year 2016, having taken into consideration that the approved separate financial report of the Company for the financial year 2015 included a net profit of PLN 2,958,589,735.86. The Management Board decides to conditionally pay an advance towards future dividend for financial year 2016 to Company's shareholders subject to the following conditions:

- the total amount earmarked for the Dividend Advance Payment will amount to PLN 350,786,994.70, i.e. PLN 0.85 per share.
- the Dividend Advance Payment will be paid until December 31st, 2017 in a few instalments to be determined by separate resolutions of the Management Board.
- the first instalment of the Dividend Advance Payment will be paid on December 28th, 2016.
- shareholders who hold Company's shares on December 21st, 2016 i.e. 7 days before the Payment Date of the First Instalment of Dividend Advance Payment will be entitled to the Dividend Advance Payment.



3Q 2016 REPORT

The Dividend Advance Payment will be made subject to the following conditions:

- approval of the Supervisory Board;
- completion of an assessment of the Company's financial report for the period from January 1st, 2016 until June 30th, 2016 by an auditor representing Ernst&Young Audyt Polska, which will involve a confirmation of Company's planned net profit generated from the end of the previous financial year;
- creation of a reserve capital by the Company's General Meeting in order to pay an overdue dividend or make an advance payment towards the dividend before the Payment Date of the First Instalment of Dividend Advance Payment.

The Management Board has convened the Extraordinary General Meeting for 19 December 2016 to decide the creation of a reserve capital in order to make an advance payment towards the dividend and transfer on it PLN 400 mln.

III. CONDENSED SEPARATE FINANCIAL STATEMENTS AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016

SEPARATE QUARTERLY STATEMENT OF FINANCIAL POSITION – ASSETS [‘000 PLN]:

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	30.09.2015 END OF QUARTER
Assets			
1. Non-current assets			
1.1. Intangible assets	129	160	200
1.2. Property, plant and equipment	4 947	6 945	5 801
1.3. Investment property	5 194	6 285	6 210
1.4. Investments in subsidiaries, co-subsidiaries and affiliates	2 348 548	464 167	867 912
1.5. Long-term financial assets	-	4 082 815	13 618
1.6. Borrowings granted	4 543	21	315 794
1.7. Deferred income tax asset	47 638	46 731	28 562
	2 410 999	4 607 124	1 238 097
2. Current assets			
2.1. Inventories	324 322	305 075	356 573
2.2. Income tax receivables	1 732	2 234	1 675
2.3. Trade and other receivables	98 631	59 374	58 253
2.4. Borrowings granted	124 679	278 731	80 387
2.5. Restricted cash	13 132	16 571	8 195
2.6. Cash and cash equivalents	159 253	19 048	6 456
	721 749	681 033	511 539
Total assets	3 132 748	5 288 157	1 749 636

3Q 2016 REPORT

SEPARATE QUARTERLY STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES [‘000 PLN]

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	30.09.2015 END OF QUARTER
Equity and liabilities			
1. Equity			
1.1. Share capital	20 635	20 635	20 635
1.2. Supplementary capital	1 445 400	105 926	661 689
1.3. Reserve capital	-	555 763	-
1.4. Accumulated net profit	242 771	2 953 433	65 934
	1 708 806	3 635 757	748 258
2. Provisions			
2.1. Short-term provisions	41 314	43 566	2 800
	41 314	43 566	2 800
3. Non-current liabilities			
3.1. Loans, borrowings and bonds	582 836	766 574	551 067
3.2. Received security deposits and advance payments	659	527	368
	583 495	767 101	551 435
4. Current liabilities			
4.1. Loans, borrowings and bonds	684 779	760 855	367 638
- from subsidiaries	400 722	501 969	-
4.2. Income tax liabilities	1	188	186
4.3. Other tax liabilities	1 536	1 852	1 381
4.4. Trade liabilities	42 003	25 898	13 547
4.5. Received security deposits and advance payments	54 103	30 280	51 865
4.6. Other liabilities	16 711	22 660	12 527
	799 133	841 733	447 143
Total equity and liabilities	3 132 748	5 288 157	1 749 636

BOOK VALUE AS OF [‘000 PLN]

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	30.09.2015 END OF QUARTER
Book value	1 708 806	3 635 757	748 258
Number of shares	412 690 582	412 690 582	412 690 582
Book value per share (in PLN)	4,14	8,81	1,81

OFF-BALANCE SHEET LIABILITIES ['000 PLN]:

	AS OF 30.09.2016 END OF QUARTER	AS OF 31.12.2015 END OF PREVIOUS YEAR	30.09.2015 END OF QUARTER
1. Off-balance sheet receivables	-	-	-
2. Off-balance-sheet liabilities	650 184	883 208	880 169
Total off-balance sheet items	650 184	883 208	880 169

PROFIT AND LOSS ACCOUNT ['000 PLN]:

	Q3 PERIOD 01.07.2016- 30.09.2016	3 QUARTERS PERIOD 01.01.2016 -30.09.2016	Q3 PERIOD 01.07.2015 -30.09.2015	3 QUARTERS PERIOD 01.01.2015 -30.09.2015
Revenues	88 461	210 936	55 064	122 688
Cost of goods sold	(63 267)	(129 840)	(32 570)	(61 366)
Gross profit (loss) on sales	25 194	81 096	22 494	61 322
Profit (loss) on investment real property	1 910	2 311	4 340	4 280
Selling costs	(7 244)	(20 290)	(6 316)	(18 857)
General and administrative expenses	(15 552)	(48 189)	(14 599)	(56 125)
Other operating revenues	57 516	306 686	33 957	112 420
Other operating costs	12 544	(14 241)	(222)	(1 301)
Profit before tax and financial revenues/costs	74 368	307 373	39 654	101 739
Financial revenues	(23 772)	27 217	77	2 159
Financial costs	(44 129)	(75 549)	(10 986)	(36 992)
Gross profit	6 467	259 041	28 745	66 906
Income tax	(2 803)	(11 113)	(718)	4 185
Net profit	3 664	247 928	28 027	71 091
Net profit (annualised)		3 135 427		5 479
Average weighted ordinary shares		412 690 582		412 690 582
Profit per share (in PLN)		7,60		0,01
Average weighted diluted ordinary shares		412 690 582		412 690 582
Diluted earnings per share (in PLN)		7,60		0,01

3Q 2016 REPORT

STATEMENT OF CHANGES IN EQUITY ['000 PLN]

	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	RESERVE CAPITAL	ACCUMULATED PROFIT (LOSS) NET	TOTAL EQUITY
For 3 quarters (current year), period from 01.01.2016 to 30.09.2016					
At the beginning of the period	20 635	105 926	555 763	2 953 433	3 635 757
Changes in the period:					-
Distribution of profit from previous years	-	1 339 474	(555 763)	(783 711)	-
Dividend paid	-	-	-	(2 174 879)	(2 174 879)
Net profit (loss) for the period	-	-	-	247 928	247 928
Total changes	-	1 339 474	(555 763)	(2 710 662)	(1 926 951)
As at the end of period	20 635	1 445 400	-	242 771	1 708 806
For the previous year, period from 01.01.2015 to 31.12.2015					
At the beginning of the period	20 635	635 536	-	26 153	682 324
Adjustment of profit from previous years	-	-	-	(5 157)	(5 157)
At the beginning of the period, reconciled with comparative data	20 635	635 536	-	20 996	677 167
Changes in the period:					-
Distribution of profit from previous years	-	(529 610)	555 763	(26 153)	-
Net profit (loss) for the period	-	-	-	2 958 590	2 958 590
Total changes	-	(529 610)	555 763	2 932 437	2 958 590
As at the end of period	20 635	105 926	555 763	2 953 433	3 635 757
For 3 quarters (previous year), period from 01.01.2015 to 30.09.2015					
At the beginning of the period	20 635	635 536	-	26 153	682 324
Adjustment of profit from previous years	-	-	-	(5 157)	(5 157)
At the beginning of the period, reconciled with comparative data	20 635	635 536	-	20 996	677 167
Changes in the period:					-
Distribution of profit from previous years	-	26 153	-	(26 153)	-
Net profit (loss) for the period	-	-	-	71 091	71 091
Total changes	-	26 153	-	44 938	71 091
As at the end of period	20 635	661 689	-	65 934	748 258

3Q 2016 REPORT

STATEMENT OF CASH FLOWS ['000 PLN]

	Q3 PERIOD 01.01.2016-30.09.2016	Q3 PERIOD 01.01.2015-30.09.2015
A. Cash flows from operating activities - indirect method		
I. Gross profit	259 041	66 906
II. Adjustments:	(131 524)	(63 547)
1. Amortisation/depreciation	1 762	1 917
2. Foreign exchange (gains) losses	-	(4 549)
3. Interest and profit sharing (dividends)	(136 597)	(70 578)
4. (Profit) loss on revaluation of assets and liabilities	2 184	14 363
5. Profit (loss) on sale of tangible assets and investment properties	1 127	(4 700)
III. Changes in working capital:	20 167	13 827
1. Change in provisions	3 495	800
2. Change in inventories	(19 247)	(23 443)
3. Change in receivables	2 501	13 659
4. Change in short-term liabilities, except for loans and borrowings	29 979	28 634
5. Change in restricted cash	3 439	(5 823)
IV. Net cash generated from operating activities (I+/-II +/- III)	147 684	17 186
V. Income tax paid	(11 704)	(3 651)
VI. Net cash flows from operating activities (IV+/-V)	135 980	13 535
B. Cash flows from investing activities		
I. Inflows	2 525 927	600 970
1. Disposal of intangible and tangible fixed assets	1 413	762
2. Disposal of real property investments	1 500	9 500
3. From financial assets	2 522 953	590 708
4. Other investment inflows	61	-
II. Outflows	(35 718)	(600 592)
1. Acquisition of intangible and tangible fixed assets	(494)	(601)
2. Real property investments	-	(93)
3. On financial assets	(35 224)	(599 774)
4. Other investment outflows	-	(124)
III. Net cash flows from investing activities (I-II)	2 490 209	378

3Q 2016 REPORT

STATEMENT OF CASH FLOWS ['000 PLN]

	Q3 PERIOD 01.01.2016-30.09.2016	Q3 PERIOD 01.01.2015-30.09.2015
C. Cash flows from financing activities		
I. Inflows	152 000	88 968
1. Net inflows from issue of stocks (shares) and other equity instruments and contributions to equity	-	-
2. Loans and borrowings	152 000	88 968
II. Outflows	(2 637 984)	(153 134)
1. Acquisition of own stocks (shares)	-	-
2. Dividends and other payments to equity holders	(2 174 879)	-
3. Outflows under distribution of profit other than payments to equity holders	-	-
4. Repayment of loans and borrowings	(231 082)	(31)
5. Redemption of debt securities	(200 000)	(115 000)
6. Interest	(32 023)	(38 103)
III. Net cash flows from financing activities (I-II)	(2 485 984)	(64 166)
D. Total net cash flows (A.VI+/-B.III+/-C.III)	140 205	(50 254)
E. Change in cash in the statement of financial position, of which:	140 205	(50 254)
– change in cash due to foreign exchange gains/losses	-	(4 549)
F. Cash and cash equivalents at the beginning of the period	19 048	56 710
G. Cash and cash equivalents at the end of the period (F+/-D)	159 253	6 456
- restricted cash	13 132	8 195

Kielce, 28 November 2016

Nicklas Lindberg


President of the Management Board

Maciej Drozd


Vice-President of the Management Board

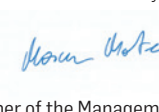
Piotr Gromniak


Vice-President of the Management Board

Artur Langner


Vice-President of the Management Board

Marcin Materny


Member of the Management Board

Rafał Mazurczak


Member of the Management Board

Signature of the person entrusted with bookkeeping:

Anna Gabryszewska-Wybraniec


Chief Accountant