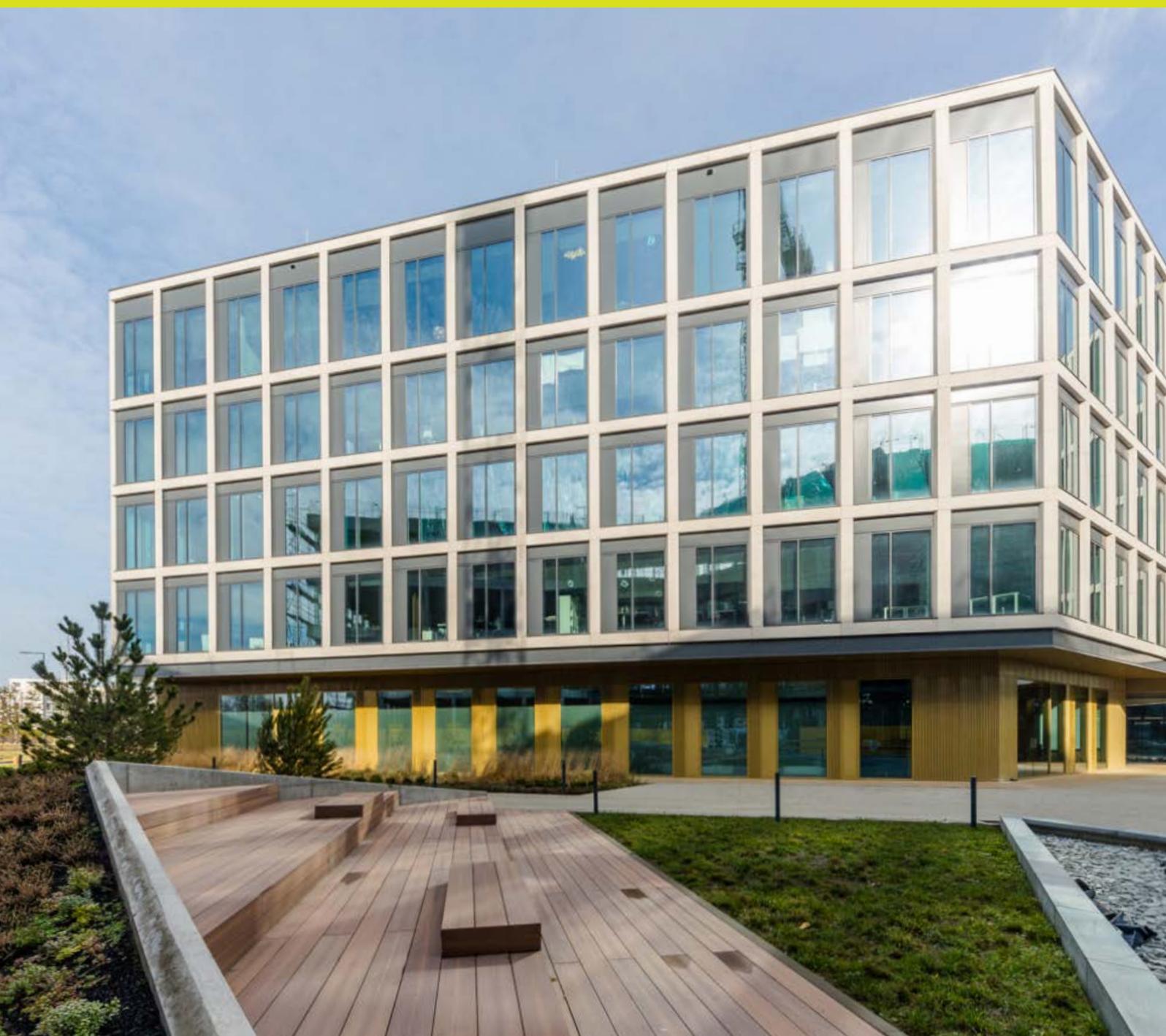


STANDALONE ANNUAL REPORT OF ECHO INVESTMENT S.A.

2019



Content

Message from CEO	4
STANDALONE FINANCIAL REPORT OF ECHO INVESTMENT S.A. FOR 2019	
CHAPTER 1	8
Statement of financial position	8
Profit and loss account	10
Statement of financial results and other comprehensive income	10
Cash flow statement	11
Statement of changes in equity	13
CHAPTER 2	14
EXPLANATORY NOTES	14
Explanatory notes to the statement of financial position	15
Explanatory notes to profit and loss account	73
Explanatory notes to cash flow statement	83
CHAPTER 3	86
INFORMATION ON THE FINANCIAL STATEMENTS	86
01. About the Company	87
The Management Board of Echo Investment S.A	88
The Supervisory Board of Echo Investment S.A.	89
02. Information on the financial statement	91
03. Application of new and amended standards and interpretations issued by the IFRS Interpretations Committee	92

04.	Published standards and interpretations which are not effective yet and have not been adopted by the company	95
05.	Main accounting principles	96
06.	Methods of determining the financial result	103
07.	Effects of changing the principles of accounting used – transformations of financial statements for previous periods	105
08.	Material estimates of the Company’s management board	107
09.	Financial risk management	109
10.	Capital risk management	113
11.	Material agreements concluded with related entities	114
12.	Material post-balance sheet events	116
13.	Remuneration of the Management Board and Supervisory Board	118
14.	Agreements concluded with an entity authorised to audit financial statements	121
 CHAPTER 4		122
 STATEMENT OF THE MANAGEMENT BOARD		122
 Contact		124



Dear Shareholders, Partners and Clients,

Echo Investment has had another successful year with a great operational and financial results. I am pleased to provide you with this report in which we describe all activities of the company: our business achievements and development plans.

We are proud that the results for 2019 were higher than the market expectations. The obtained net profit of PLN 300 million results from the increase in the value of our office and retail projects, handover of 1,263 apartments, as well as the sale of office buildings Gatehouse Offices in Warsaw and O3 Business Campus III in Kraków. All this allowed for the payment of an advance dividend of PLN 0.50 per share.

In December 2019, Wing, Hungary's leading real estate company, has become Echo Investment's main shareholder. I am glad to share with you that Noah Steinberg, CEO of Wing and Chairman of Supervisory Board of Echo Investment since January, stated that they intend to continue the company's development in line with our 'Strategy of Profitable Growth' announced in 2016.

Multifunctional 'destination' projects

Today, the ongoing 'destination' projects are Warsaw Brewery and Fuzja in Łódź. In Fuzja we are experiencing great interest from tenants which is reflected in a fact that we have leased almost entire available office space. The same thing applies to Warsaw Brewery - we are in advanced negotiations on the whole remaining office space in the buildings.

On Warsaw Brewery we are finalising construction works and in the end of the year this entire great

urban quarter will be fully available for citizens. In the Apartments near Malthouse project we are selling last units.

Attractive restaurateurs and tenants are being introduced into their premises. This is going to be the place to be in Warsaw for working, living and entertainment.

A year ago we have started construction works at Łódź-based Fuzja - the project that met a very warm reception. Its apartments' offer enjoys big interest from clients. In 2019 we received the building permit for the first office buildings in this complex and attracted Fujitsu Poland Global Delivery Center to move its headquarter here. This proves a great potential and attractiveness of Fuzja in Łódź.

Both projects confirm, that the strategy based on developing integrated part of the cities where the history meets the present in design, is efficient and socially responsible. That is why we are preparing another 'destination' projects, such as Towarowa 22 in Warsaw. I am particularly satisfied of the acquisition of the Tesco shopping mall in Warsaw's Kabaty which is going to be transformed into the new center of the district. Another great deal was concluded in the beginning of 2020 where we secured three standing and working first generation shopping malls belonging to the Tesco Group that enable us to develop around 240,000 sqm mixed use area consisting of residential, office and retail space in Poznań, Łódź and Cracow.

Residential

We systematically strengthen our position is among the biggest residential developers in Poland. As one of the few developers in 2019, we improved our

sale results. Our sales team signed 1,357 preliminary agreements, which translates into 38% of growth compared to 2018. Echo Investment began construction and launched nine projects offering over 1,800 apartments.

To develop our residential business, in 2019 and in the beginning of 2020, lands where over 8,000 apartments can be developed, were bought or secured.

Resi4Rent

Our residential-for-rent platform made a breakthrough in 2019: it started to market and lease its first projects Rychtalska in Wrocław and Wodna in Łódź. In just a dozen weeks from commissioning, the Wrocław-based project is rented in almost 70%, and the building in Łódź in approx. 40%.

The platform successfully grows and in just few weeks it will handover the third project Kępa Mieszkańska in Wrocław. With another projects being currently under construction Resi4Rent will manage a portfolio with 2,300 completed units already at the end of 2021. The client's huge interest and speed of leasing exceed our expectations and demonstrates huge potential of the institutional rental market in Poland. This is why we are going to develop the platform further and make it the first choice landlord for those, who seek comfortable apartment for rent from an institutional landlord.

Office

Last year, Echo Investment started construction of four office projects with a total leasable area of over 95,000 sqm, and has obtained the occupancy permit for two office buildings - Moje Miejsce I and Face 2 Face I - with a total area of nearly 40,000 sqm. Our leasing team signed lease agreements for a total area of 96,000 sqm. Among the largest tenants secured last year were such companies as Grupa Żywiec in the Warsaw Brewery, Pyszne.pl in Wrocław's MidPoint 71, LuxMed in O3 Business Campus III in Kraków, Just Gym in My Place in Warsaw, Medicover Polska in Katowice Face2Face, CitySpace in React in Łódź and last but not least Fujitsu Poland Global Delivery Center in Łódź-based Fuzja.

CitySpace

Last year our operator of flexible serviced offices increased its managed area by 70 pct. and it launched over 800 additional workstations. Currently it manages almost 17,000 sqm of space with around 1,900 workstations in ten locations. Last year the company launched as many as four offices: in the Aquarius Business House in Wrocław, Galeria Młociny in Warsaw, the Moje Miejsce office building in Warsaw's Mokotów district and the third building of the O3 Business Campus office complex in Kraków. The spaces under operations is having an occupancy rate of over 71% and it's growing.

Retail and entertainment

The opening of Galeria Młociny was one of key events of 2019, not only for Echo Investment, but for the entire retail sector in Poland. This complex is about 85,000 sqm of modern, well-designed space, where over 6,000 sqm is dedicated to food and entertainment. The international retail chain Primark confirmed its presence in Galeria Młociny. Its store in our scheme opens this spring and it will be the first location in Poland. Moreover, 40 new brands extended Galeria Młociny's offer in stores opened in August and September.

Although not yet fully completed, the Warsaw Brewery project is arousing enormous interest now. This is reflected, among others, by tenants who believed in the potential of this place and chose it for their market debut. Among them was Robert Lewandowski, Pjaca restaurant, as well as Craft & Beer Kumpel Atelier.

Financial standing and future outlook

Echo Investment enjoys a very stable financial situation and a low net asset-to-debt ratio, which as at 31 December 2019, was at 34%. The Group maintains a high cash balance: over PLN 490 million at the end of 2019.

The value of our projects under construction increased over the last four quarters by 30%.

Wing, Hungary's leading real estate company, has become Echo Investment's main shareholder. I am glad to share with you that Noah Steinberg, CEO of Wing and Chairman of Supervisory Board of Echo Investment since January, stated that they intend to continue the company's development in line with our 'Strategy of Profitable Growth' announced in 2016.

This is in line with our strategy to achieve dominant position on markets we operate in. This is why we constantly searching and buy land for further development. In 2019, we acquired land properties for over 170,000 sqm of residential and office space. Also another land for 190,000 sqm is already secured with preliminary agreements – mainly for residential projects (including projects for Resi4Rent).

Changes in global economy and all lines of business due to coronavirus, caused close analysis of our action plans to be prepared for the changes in the business environment that are ahead of us. We put great emphasis on the health and safety of our employees and business partners and with that in mind we are continually updating our plans for the next steps to ensure continuity of our business.



Nicklas Lindberg
CEO of Echo Investment

**STANDALONE
FINANCIAL REPORT OF
ECHO INVESTMENT S.A.
FOR 2019**



CHAPTER 1

STATEMENT OF FINANCIAL POSITION [PLN '000]

	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets	1	3 614	2 445
Property, plant and equipment	2	21 766	5 284
Investment property	3	2 212	2 212
Investments in subsidiaries, jointly controlled entities and associates	4	1 021 440	975 449
Long-term financial assets	5	487 387	796 125
Loans granted	6	281 264	221 504
Deferred tax assets	7	-	-
		1 817 683	2 003 019
Current assets			
Inventory	8	212 191	201 445
Current tax assets	9	-	-
Other taxes receivable	9	-	248
Trade and other receivables	9	121 507	109 224
Loans granted	10	533 608	265 621
Other financial assets	11	17 720	7 389
Cash and cash equivalents	11	232 147	181 977
		1 117 173	765 904
Total assets		2 934 856	2 768 923

STATEMENT OF FINANCIAL POSITION CONT. [PLN '000]

	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Equity			
Share capital	12	20 635	20 635
Supplementary capital	13	1 054 295	1 054 295
Dividend fund	13	164 639	326 309
Profit / (loss) from previous years	13	-	2 243
Net profit		21 412	42 432
		1 260 981	1 445 914
Provisions			
Long-term provisions	17	15 507	17 317
Short-term provisions	17	-	-
Deferred tax liabilities	7	4 639	1 468
		20 146	18 785
Long-term liabilities			
Loans, borrowings and bonds	14	1 063 866	903 448
- including from subsidiaries		127 007	-
Lease liabilities	14	12 645	-
Deposits and advances received	14	1 492	746
		1 078 003	904 194
Short-term liabilities			
Loans, borrowings and bonds	16	362 212	267 725
Income tax payable	15	3 215	1 219
Other taxes liabilities	15	12 100	1 678
Trade payable	15	53 402	32 595
Deposits and advances received	15	104 940	74 795
Lease and perpetual usufruct conversion fee liabilities	15	13 274	-
Other liabilities	15	26 583	22 018
		575 726	400 030
Total equity and liabilities		2 934 856	2 768 923

PROFIT AND LOSS ACCOUNT [PLN '000]

	Note	1.01.2019 -31.12.2019	1.01.2018 -31.12.2018
Revenues	19	312 924	430 233
Cost of sales	20	(224 388)	(326 629)
Gross profit		88 536	103 604
Profit / (loss) on investment property		-	-
Administrative costs associated with project implementation		(10 588)	(4 757)
Selling expenses	20	(19 340)	(24 254)
General and administrative expenses	20	(91 967)	(85 748)
Other operating income	21	121 474	118 582
Other operating expenses	21	(5 390)	(52 402)
Operating profit		82 725	55 025
Financial income	22	11 089	86 130
Financial cost	22	(64 007)	(73 076)
Profit before tax		29 807	68 079
Income tax	23	(8 395)	(25 647)
Net profit		21 412	42 432
Net profit		21 412	42 432
Weighted average number of ordinary shares		412 690 582	412 690 582
Profit per one ordinary share (PLN)		0,05	0,10
Diluted weighted average number of ordinary shares		412 690 582	412 690 582
Diluted profit per one ordinary share (PLN)		0,05	0,10

STATEMENT OF FINANCIAL RESULTS AND OTHER COMPREHENSIVE INCOME [PLN '000]

	Note	1.01.2019 -31.12.2019	1.01.2018 -31.12.2018
Net profit		21 412	42 432
Other comprehensive income for the year		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		21 412	42 432

CASH FLOW STATEMENT [PLN '000]

Note	1.01.2019 -31.12.2019	1.01.2018 -31.12.2018
A. Operating cash flow - indirect method		
I. Profit before tax	29 807	68 079
II. Adjustments	(46 770)	18 080
Depreciation	8 071	2 422
Foreign exchange gains / (losses)	-	-
Interest and profit sharing (dividends)	(57 355)	30 678
Profit / (loss) on revaluation of assets and liabilities	2 738	(15 020)
Profit (loss) on sale of fixed assets and investment properties	(224)	-
III. Changes in working capital	25 911	60 590
Change in provisions	(1 810)	(27 354)
Change in Inventory	(2 415)	16 542
Change in receivables	(28 687)	97 961
Change in short-term liabilities, except for loans and borrowings	69 154	(39 941)
Change in other financial assets	(10 331)	13 382
IV. Net cash generated from operating activities (I +/- II +/- III)	8 948	146 749
V. Income tax paid	(3 228)	(9 123)
VI. Net cash generated from operating activities (IV+/-V)	5 720	137 626
B. Cash flows from investing activities		
I. Inflows	430 350	1 095 545
Disposal of intangible assets and tangible fixed assets	717	589
Sale of investments in property	-	-
From financial assets, including:	429 633	1 094 956
a) in subsidiaries	429 633	1 094 956
- disposal of financial assets	564	-
- dividends and profit sharing	21B 22 879	81 514
- repayment of loans granted	212 094	392 499
- interest	27 756	6 795
- redemption of certificates	28 400	518 354
- other inflows from financial assets	137 940	95 794
b) in other entities	-	-
- disposal of financial assets	-	-
- repayment of loans granted	-	-
- interest	-	-
Other investment incomes	-	-

CASH FLOW STATEMENT [PLN '000]

Note	1.01.2019 -31.12.2019	1.01.2018 -31.12.2018
II. Outflows	(500 019)	(813 518)
Purchase of intangible assets and PP&E	(2 773)	(1 793)
Investment in property	-	-
On financial assets, including:	(497 246)	(811 330)
a) in subsidiaries	(497 246)	(788 094)
- acquisition of financial assets	(7 248)	(250 218)
- loans granted	(489 998)	(537 876)
b) in other entities	-	(23 236)
- acquisition of financial assets	-	(23 236)
- loans granted	-	-
Other investment outflows	-	(395)
Cash flow from financing activities	(69 669)	282 027
Net cash flow from investment activities	-	-
I. Inflows	25	634 648
Net inflows from issuing of shares and other capital instruments as well as capital additions	-	-
Loans and borrowings	500 816	431 675
Issue of debt securities	133 832	240 000
Other investment inflows	-	-
II. Outflows	25	(520 529)
Purchase of own shares	-	-
Dividends and other payments to equity holders	(206 345)	(412 690)
Outflows on profit distribution other than payments to owners	-	-
Repayment of loans and borrowings	(80 000)	(250 000)
Redemption of debt securities	(170 500)	(402 900)
Due to other financial liabilities	-	-
Payments of liabilities under leasing contracts	(6 269)	-
Interests	(54 825)	(65 440)
Other investment outflows	(2 590)	(6 400)
Net cash flow from financing activities	114 119	(465 755)
Total net cash flows	50 170	(46 102)
Balance sheet change in cash, including:	50 170	(85 740)
Cash and cash equivalents at the beginning of the period	25	181 977
Cash and cash equivalents at the end of the period	25	181 977

STATEMENT OF CHANGES IN EQUITY [PLN '000]

	Note	Share capital	Supplementary capital	Dividend fund	Accumulated retained earnings	Current profit	Total equity
Opening balance as at 1 January 2019		20 635	1 054 295	326 309	44 675	-	1 445 914
changes in accounting principle		-	-			-	-
Opening balance as at 1 January 2018		20 635	1 054 295	326 309	44 675	-	1 445 914
Changes in the period							
Distribution of previous years' profit/loss	13			44 675	(44 675)	-	-
Dividend paid	13			(206 345)			(206 345)
Dividend approved	13				-		-
Profit (loss) for the period		-	-	-	-	21 412	21 412
Total changes in the period		-	-	(161 670)	(44 675)	21 412	(184 933)
Closing balance as at 31 December 2019		20 635	1 054 295	164 639	-	21 412	1 260 981
Opening balance as at 1 January 2018		20 635	839 054	319 579	634 661	-	1 813 929
changes in accounting principle		-	-		2 243	-	2 243
adjustments to previous years' results		-	-		-	-	-
Opening balance as at 1 January 2018		20 635	839 054	319 579	636 904	-	1 816 172
Changes in the period							
Distribution of previous years' profit/loss	13	-	215 241	213 075	(428 316)	-	-
Dividend paid	13		-	(206 345)	(206 345)		(412 690)
Dividend approved	13				-		-
Profit for the period		-	-	-	-	42 432	42 432
Total changes in the period		-	215 241	6 730	(634 661)	42 432	(370 258)
Closing balance as at 31 December 2018		20 635	1 054 295	326 309	2 243	42 432	1 445 914

CHAPTER 2

EXPLANATORY NOTES



Explanatory notes to the statement of financial position

NOTE 1A

The company did not recognise impairment losses in “intangible assets” item during the periods covered by the financial statements. The company has no contractual obligations as at 31 December 2019.

INTANGIBLE ASSETS [PLN ‘000]

	31.12.2019	31.12.2018
Acquired concessions, patents, licenses and similar assets, including:	3 051	1 673
- computer software	2 097	14
Intangible assets under construction	563	772
Total intangible assets	3 614	2 445

NOTE 1B

CHANGES IN INTANGIBLE ASSETS BY TYPES [PLN ‘000]

For the period 01.01.2019 – 31.12.2019	Purchased permits, patents, licences and similar assets		Total Intangible assets
	Software	Other	
Gross value of intangible assets at the beginning of the period	4 580	2 710	7 290
Increases	2 424	-	2 424
- due to purchase	2 424	-	2 424
Decreases	-	-	(3)
- due to sale	-	-	(3)
Gross value of intangible assets at the end of the period	7 004	2 710	9 711
Accumulated depreciation at the beginning of the period	(4 566)	(1 051)	(5 617)
Depreciation for the period	(341)	(373)	(1 043)
- planned	(341)	(373)	(1 046)
- due to sale	-	-	3
Accumulated depreciation at the end of the period	(4 907)	(1 424)	(6 660)
Net value of intangible assets at the end of the period	2 097	1 286	3 051

All intangible assets owned by the Company were acquired.

Depreciation methods used and adopted periods of use or depreciation rates applied for:

- acquired concessions, patents, licenses and similar values –the straight-line method, 50%, depreciation booked on general administrative costs,
- other intangible assets – not transferred for use as at 31 December 2019 are not depreciated.

CHANGES IN INTANGIBLE ASSETS BY TYPES [PLN '000]

For the period 01.01.2018 - 31.12.2018	Purchased permits, patents, licences and similar assets		Total Intangible assets
	Software	Other	
Gross value of intangible assets at the beginning of the period	5 669	921	6 590
Increases	4	1789	1 793
due to purchase	4	1789	1 793
Decreases	(1 093)	-	(1 093)
- due to sale	(1 093)	-	(1 093)
Gross value of intangible assets at the end of the period	4 580	2 710	7 290
Accumulated amortization at the beginning of the period	(5 513)	(845)	(6 358)
Amortization for the period	947	(206)	741
- due to planning	(89)	(257)	(346)
- due to sale	1 036	51	1 087
Accumulated amortization at the end of the period	(4 566)	(1 051)	(5 617)
Net value of intangible assets at the end of the period	14	1 659	1 673

NOTE 2A

PROPERTY, PLANT AND EQUIPMENT [PLN '000]

The Company did not make any impairment losses on property, plant and equipment in the periods covered by these financial statements. Before January 1, 2019, the Company did not hold any rights of perpetual usufruct of land (PWUG), that should be included in the calculation value at the transition is IFRS 16.

The Company has no collateral established on fixed assets.

	31.12.2019	31.12.2018
PP&E, including:	21 669	5 040
- land	183	250
- buildings, premises, civil and water engineering structures	16 152	3 490
- plant and machinery	151	157
- means of transport	4 849	505
other PP&E	334	638
PP&E under construction	97	244
Advances on PP&E under construction	-	-
Total property, plant and equipment	21 766	5 284

NOTE 2B

CHANGES IN PP&E - BY TYPES [IN PLN '000]

For the period 01.01.2019 – 31.12.2019	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other PP&E	Total
Gross value of PP&E at the beginning of the period	258	4 266	4 479	2 665	4 364	16 032
- due to leases as at 01.01.2019	-	7 895	-	6 439	-	14 334
Gross value of PP&E at the beginning of the period	258	12 161	4 479	9 104	4 364	30 366
Increases	-	8 763	200	752	576	10 291
- due to purchase	-	760	200	-	576	1 536
- due to leases	-	8 003	-	752	-	8 755
Decreases	(64)	(421)	(1 183)	(392)	(1 211)	(3 271)
- due to liquidation	-	(190)	(782)	-	(578)	(1 550)
- due to sale	(64)	(231)	(401)	(392)	(633)	(1 721)
Gross PP&E at the end of the period	194	20 503	3 496	9 464	3 729	37 386
Accumulated depreciation at the beginning of the period	(8)	(776)	(4 322)	(2 160)	(3 726)	(10 992)
Depreciation for the period	(3)	(3 575)	977	(2 455)	331	(4 725)
- due to depreciation	(3)	(227)	(204)	(278)	(370)	(1 082)
- decrease due to sale	-	13	416	391	194	1 014
- due to leases	-	(3 406)	-	(2 568)	-	(5 974)
- due to liquidation	-	45	765	-	507	1 317
Accumulated depreciation at the end of the period	(11)	(4 351)	(3 345)	(4 615)	(3 395)	(15 717)
Net value of fixed assets at the end of the period	183	16 152	151	4 849	334	21 669
- including lease asset	-	12 492	-	4 623	-	17 115

The amount of contractual obligations incurred in connection with the acquisition of property, plant and equipment is: PLN 0.

CHANGES IN PP&E - BY TYPES [IN PLN '000]

	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other PP&E	Total
Gross value of fixed assets at the beginning of the period	258	3 248	5 132	3 297	4 137	16 072
Increases	-	1 018	634	-	690	2 342
- due to purchase	-	1 018	634	-	690	2 342
- due to transfer from inventories	-	-	-	-	-	-
Decreases	-	-	(1 287)	(632)	(463)	(2 382)
- due to sale	-	-	(1 287)	(632)	(463)	(2 382)
Gross value of fixed assets at the end of the period	258	4 266	4 479	2 665	4 364	16 032
Accumulated depreciation at the beginning of the period	(6)	(578)	(4 921)	(2 338)	(3 346)	(11 189)
Depreciation for the period	(2)	(198)	599	178	(380)	197
- due to depreciation	(2)	(198)	(668)	(445)	(770)	(2 083)
- decrease due to sale	-	-	1 267	623	390	2 280
Accumulated depreciation at the beginning of the period	(8)	(776)	(4 322)	(2 160)	(3 726)	(10 992)
Net value of fixed assets at the end of the period	250	3 490	157	505	638	5 040

NOTE 3A

The Company presents investment properties at the moment of their posting to the books at purchase price / production cost. After the initial posting, the Company measures properties at fair value at the end of each calendar quarter.

Profit/loss on valuation is disclosed under „Profit/loss on investment property” in the profit and loss account.

The fair value was determined using a market comparison model based on current market prices. In the hierarchy of fair value for investment properties, the Company assigned level 2.

The Company has no collateral established on investment properties. The Company has no contractual obligations as at 31 December 2019.

CHANGES IN INVESTMENT PROPERTY [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Value of property investments at the beginning of the period	2 212	2 212
Increases due to:	-	-
- inventory taking	-	-
- revaluation of property	-	-
Decreases due to:	-	-
- sales	-	-
- transfer of assets to sale	-	-
- revaluation of property	-	-
Value of property investments at the end of the period	2 212	2 212

NOTE 3B

INVESTMENT PROPERTY - INFLUENCE ON THE RESULT [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Revenue from investment property rents	27	37
Direct operating expenses (including repair and maintenance costs) on investment property generating rent revenue in the period	(34)	(4)
Direct operating expenses (including repair and maintenance costs) on investment property not generating rent revenue in the period	-	-

NOTE 4A

The Company's share in the financial result of associates is equal to the total number of votes at their general meeting.

INTERESTS AND SHARES [PLN '000]

	31.12.2019	31.12.2018
Investments in subsidiaries, joint ventures and associates		
- in subsidiaries	964 015	924 659
- in joint ventures	-	-
- in associates	57 425	50 790
Total Interests and shares	1 021 440	975 449

CHANGES IN INTERESTS AND SHARES [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Balance at the beginning of the period, including:	975 449	927 796
- shares and interests	975 449	927 796
Increases due to:	202 740	362 321
- purchase of interests	149 069	126 995
- increase in capital	53 671	189 260
- advanced payments for capital increas	-	46 066
Decreases due to	(156 749)	(314 668)
- sale of interests	(141)	(49)
- capital decrease	-	(300 192)
- advances to increase capital	(46 066)	
- subsidiary liquidation	(106 413)	(1 010)
- write-down on assets	(4 129)	(13 417)
Balance at the end of the period, including:	1 021 440	975 449
- shares and interests	1 021 440	975 449

CHANGES IN THE ECHO INVESTMENT CAPITAL GROUP IN 2019

ACQUISITION OF SHARES IN THE FOLLOWING COMPANIES

Company	Value of shares [PLN '000]
RPGZ Sp. z o.o.	21
Metropolis-Grupa Echo Sp. z o.o. S.K.A.	17 976
Duże Naramowice - PE-111 Sp. z o.o. S.K.A.	129 596
Villea Investments Sp. z o.o.	-

30 grudnia 2019 r. Spółka nabyła akcje spółki Duże Naramowice - PE 111 SP z o.o. SKA i Metropolis - Grupa Echo Sp. z o.o. SKA. Całość należności z tytułu nabycia akcji na 31 grudnia 2019 r. została rozliczona. Rozliczenie nastąpiło umowami potrącenia nabycia akcji z wykupem certyfikatów Forum 60 Fundusz Inwestycyjny Zamknięty dnia 30 grudnia 2019 r.

PAYMENT AND CAPITAL INCREASE IN THE FOLLOWING SUBSIDIARIES

Company	Value of shares [PLN '000]
Projekt 17 - GE Sp. z o.o. Sp.K.	46 000
City Space GP Sp. z o.o.	100
City Space Management Sp. z o.o.	900
Projekt 151 - PE13 GE Sp. z o.o. S.K.A. Sp.K.	5
Projekt 152 - PE14 GE Sp. z o.o. S.K.A. Sp.K.	5
Projekt 153 - PE21 GE Sp. z o.o. S.K.A. Sp.K.	5
Projekt 154 - PK-6 GE Sp. z o.o. S.K.A. Sp.K.	5
Projekt 150 - PE12 GE Sp. z o.o. S.K.A. Sp.K.	5
R4R Poland Sp. z o.o.	6 635

SALE OF SHARES IN THE FOLLOWING COMPANIES

Company	Value of shares [PLN '000]
Projekt 15 - GE Sp. z o.o. Sp.K.	21
Projekt 139 - GE Sp. z o.o. Sp.K.	6
Projekt 144 - GE Sp. z o.o. Sp.K.	6
Projekt 145 - GE Sp. z o.o. Sp.K.	6
Projekt 146 - GE Sp. z o.o. Sp.K.	6
Cornwall Investments Sp.K.	15
Selmer Investments Sp. z o.o. Sp.K.	51
Galeria Nova - Grupa Echo Sp. z o.o. S.K.A.	31

LIQUIDATION OF SUBSIDIARIES

Company	Value of shares [PLN '000]
Echo Prime Assets BV	106 000

All receivables due to the company's liquidation was settled as at 31 December 2019. The settlement was made on 25 June 2019 by bank transfer for the amount of EUR 1 million; due the agreement on assignment of receivables of 25 March 2019, resulting from the loan agreement of 7 August 2017 between

the Company and Berea Sp. z o.o.; the agreement on the deduction of receivables under the loan of EUR 23 million of 25 March 2019 and the agreement on the deduction under the dividend of receivables in the amount of EUR 7 million of 25 March 2019.

CHANGES IN THE ECHO INVESTMENT CAPITAL GROUP IN 2018

ACQUISITION OF SHARES IN THE FOLLOWING COMPANIES:

Company	Value of shares [PLN '000]
Projekt 1-Ge Sp. z o.o. SKA	4 004
Projekt 5 - Ge Sp. z o.o. SKA	50
Projekt Echo - 108 Sp. z o.o.	64
Villea Investments Sp. z o.o.	5
Bełchatów Ge Sp. z o.o. Ska	72
Fianar Investments Sp. z o.o.	5
PPR - Grupa Echo Sp. z o.o. SKA	159
Pudsey Sp. z o.o.	82
Seaford Sp. z o.o.	5
Kielce-Grupa Echo Sp. z o.o. SKA	136
Malta Office Park-Pe96 Sp. z o.o. SKA	2 467
53 - Ge Sp. z o.o. SKA	1 315
Projekt Beethovena - Pe-122 Sp. z o.o. SKA	3 429
Echo-Galaxy Sp. z o.o. SKA	8 560
Galeria Tarnów Grupa Echo Sp. z o.o. SKA	575
Avatar - Pe-119 Sp. z o.o. SKA	17 664
Oxygen - Pe-95 Sp. z o.o. SKA	26
Park Postępu-Pe-130 Sp. z o.o. SKA	1 587
Gosford Investments Sp. z o.o.	5
Doxent Investments Sp. z o.o.	5
Projekt Echo - 138 Sp. z o.o.	2
Gleann Sp. z o.o.	5
Perth Sp. z o.o.	5
Potton Sp. z o.o.	5
Rosehill Investments Sp. z o.o.	44 581
Projekt 140 - Ge Sp. z o.o. Sp.K.	15 000
R4r Poland Sp. z o.o.	4
Swanage Sp. z o.o.	10
Stranraer Sp. z o.o.	10
Dagnall Sp. z o.o.	10
Shanklin Sp. z o.o.	10
Strood Sp. z o.o.	27 125

SALE OF SHARES IN THE FOLLOWING COMPANIES:

Company	Value of shares [PLN '000]
Projekt 141 - Ge Sp. z o.o. Sp.K.	6
Projekt 142 - Ge Sp. z o.o. Sp.K.	6
Projekt 143 - Ge Sp. z o.o. Sp.K.	6
Projekt Echo - 114 Sp. z o.o.	31
Villea Investments Sp. z o.o.	
Fianar Investments Sp. z o.o.	
Pudsey Sp. z o.o.	1
Echo Investment Hungary Kft	

PAYMENT AND CAPITAL INCREASE IN THE FOLLOWING SUBSIDIARIES:

Company	Value of shares [PLN '000]
Projekt 139 - Ge Sp. z o.o. Sp.K.	5
Projekt 140 - Ge Sp. z o.o. Sp.K.	5
Projekt 141 - Ge Sp. z o.o. Sp.K.	5
Projekt 142 - Ge Sp. z o.o. Sp.K.	5
Projekt 143 - Ge Sp. z o.o. Sp.K.	5
Projekt 144 - Ge Sp. z o.o. Sp.K.	5
Projekt 145 - Ge Sp. z o.o. Sp.K.	5
Projekt 146 - Ge Sp. z o.o. Sp.K.	5
Projekt 147 - Ge Sp. z o.o. Sp.K.	5
Projekt 148 - Ge Sp. z o.o. Sp.K.	5
Projekt 20 - GE Sp. z o.o. SKA	50 000
Projekt 22 - GE Sp. z o.o. SKA	49 000
Projekt Echo - 136 Sp.K.	84 000
R4R Poland Sp. z o.o.	6 220

REDUCTION OF CAPITAL IN A SUBSIDIARY:

Company	Value of shares [PLN '000]
Echo Prime Assets BV	300 192

All receivables due to the capital reduction as at 31 December 2018 were settled. The settlement was made by a bank transfer of 27 November 2018 and the “datio in solutum” agreement of 26 November 2018 transferring the loan and ownership of the shares of the companies listed in the agreements.

LIQUIDATION OF SUBSIDIARIES:

Company	Value of shares [PLN '000]
Barconsel Holdings Limited	106 000
Projekt Echo - 77 Sp. z o.o.	
Projekt Echo - 95 Sp. z o.o.	
Projekt Echo - 96 Sp. z o.o.	
Projekt Echo - 100 Sp. z o.o.	
Mena Investment Sp. z o.o.	
Echo-Klimt House Sp. z o.o.	
Echo - Pod Klonami Sp. z o.o.	

ESTABLISHMENT OF REGISTERED PLEDGES AT OF 31.12.2019

The company whose shares have been pledged	Title of pledge
Projekt Echo 120 Sp. z o.o.	collateral for a loan granted to the subsidiary Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.K. by Bank Zachodni WBK S.A. in the amount of EUR 101 million.
Projekt Echo 120 Sp. z o.o.	collateral for a loan granted to the subsidiary Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.K. by Bank Zachodni WBK S.A. in the amount of PLN 18 million.
Rosehill Investments Sp. z o.o.	collateral for a loan granted by CBRE Loan Services Limited to its subsidiary Berea Sp. z o.o. Sp.K. in the amount of EUR 16 million.
Projekt Echo 115 Sp. z o.o.	collateral for a loan granted to the subsidiary Dellia Investments - Projekt Echo 115 Sp. z o.o. Sp.K. by Bank Polska Kasa Opieki S.A. in the amount of EUR 131 million.
Projekt Echo 115 Sp. z o.o.	collateral for a loan granted to the subsidiary Dellia Investments - Projekt Echo 115 Sp. z o.o. Sp.K. by Bank Polska Kasa Opieki S.A. in the amount of PLN 26 million.
Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.K.A.	collateral for a loan granted to the subsidiary Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. Sp.K. by Nordea Bank Polski S.A. in the amount of EUR 75 million.
Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.K.A.	a collateral for a loan granted to the subsidiary Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. Sp.K. by Nordea Bank Polski S.A. in the amount of EUR 75 million.
Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.K.A.	collateral for a loan granted to the subsidiary Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. Sp.K. by Nordea Bank Polski S.A. in the amount of PLN 24 million.
Projekt Echo - 122 Sp. z o.o.	collateral for the loan granted to a subsidiary Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. Sp.K. by Nordea Bank Polski S.A. in the amount of EUR 75 million.
Projekt Echo - 122 Sp. z o.o.	collateral for a loan granted to the subsidiary Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. Sp.K. by Nordea Bank Polski S.A. in the amount of EUR 75 million.
Projekt Echo - 122 Sp. z o.o.	collateral for a loan granted to the subsidiary Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. Sp.K. by Nordea Bank Polski S.A. in the amount of PLN 24 million.
Stranraer Sp. z o.o.	a collateral for a loan granted to the subsidiary Face2Face - Stranraer Sp. z o.o. SKA by Bank Polska Kasa Opieki S.A. in the amount of PLN 36 million.
Stranraer Sp. z o.o.	collateral for a loan granted to the subsidiary Face2Face - Stranraer Sp. z o.o. SKA by Bank Polska Kasa Opieki S.A. in the amount of PLN 130 million.
Face2Face - Stranraer Sp. z o.o. S.K.A.	collateral for a loan granted to the subsidiary Face2Face - Stranraer Sp. z o.o. SKA by Bank Polska Kasa Opieki S.A. in the amount of PLN 36 million.
Face2Face - Stranraer Sp. z o.o. S.K.A.	collateral for a loan granted to the subsidiary Face2Face - Stranraer Sp. z o.o. SKA by Bank Polska Kasa Opieki S.A. in the amount of PLN 130 million.
Dagnall Sp. z o.o.	collateral for a loan granted to React - Dagnall Sp. z o.o. SKA subsidiary by BNP Paribas Bank Polska S.A. for EUR 29 million.
Dagnall Sp. z o.o.	collateral for a loan granted to React - Dagnall Sp. z o.o. SKA subsidiary by BNP Paribas Bank Polska SA in the amount of PLN 1 million.

ESTABLISHMENT OF REGISTERED PLEDGES AT OF 31.12.2018

The company whose shares were pledged	Pledge description
Projekt Echo 120 Sp. z o.o.	A collateral for the loan granted to the subsidiary Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.K. by Santander Bank Polska S.A. (former Bank Zachodni WBK S.A.) in the amount of EUR 101 mln
Projekt Echo 120 Sp. z o.o.	A collateral for the loan granted to the subsidiary Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.K. by Santander Bank Polska S.A. (former Bank Zachodni WBK S.A.) in the amount of PLN 18 mln
Projekt Echo 113 Sp. z o.o.	A collateral for the loan granted to the subsidiary Sagittarius - Projekt Echo 113 Sp. z o.o. Sp.K. by PKO BP S.A. in the amount of EUR 48 mln
Projekt Echo 113 Sp. z o.o.	A collateral for the loan granted to the subsidiary Sagittarius - Projekt Echo 113 Sp. z o.o. Sp.K. by PKO BP S.A. in the amount of PLN 9 mln
Projekt Echo 95 Sp. z o.o.	A collateral for the loan granted to the subsidiary Oxygen - Projekt Echo 95 Sp. z o.o. Sp.K. by Nordea Bank Polska S.A. in the amount of EUR 26 mln
Oxygen - Projekt Echo 95 Sp. z o.o. SKA	A collateral for the loan granted to the subsidiary Oxygen - Projekt Echo 95 Sp. z o.o. Sp.K. by Nordea Bank Polska S.A. in the amount of EUR 26 mln
Projekt Echo 95 Sp. z o.o. SKA	A collateral for the loan granted to the subsidiary Oxygen - Projekt Echo 95 Sp. z o.o. Sp.K. by Nordea Bank Polska S.A. . in the amount of EUR 26 mln
Projekt 5 - Grupa Echo Sp. z o.o. SKA	A collateral for the loan granted to the subsidiary Outlet Park - Projekt Echo 125 Sp. z o.o. Sp.K. przyzez PKO BP S.A. . in the amount of EUR 26 mln

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
INTERESTS OR SHARES IN SUBSIDIARIES											
1	Projekt Echo - 93 Sp. z o.o.	Kielce	lease and property management	51	-		-	51	99,00%	99,00%	none
2	Echo - Aurus Sp. z o.o.	Kielce	lease and property management	199 021	-	-	-	199 021	99,99%	99,99%	none
3	Princess Investment Sp. z o.o.	Kielce	execution of construction projects related to buildings	5 063	(5 063)		(5 063)	-	99,99%	99,99%	none
4	Bełchatów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	73	-	(35)	(35)	38	99,95%	99,95%	none
5	PPR - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	160	(89)		(89)	71	99,95%	99,95%	none
6	Echo - SPV 7 Sp. z o.o.	Kielce	lease and property management	189 018	-		-	189 018	100,00%	100,00%	none
7	Grupa Echo Sp. z o.o.	Kielce	business and management consultancy	52	-	(52)	(52)	-	100,00%	100,00%	none
8	Kielce - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	153	-		-	153	99,95%	99,95%	none
9	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp.K.	Kielce	accounting and book-keeping activities	51	-		-	51	99,00%	99,00%	none
10	Malta Office Park - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	2 469	-	(2 301)	(2 301)	168	99,95%	99,95%	none
11	Echo - Arena Sp. z o.o.	Kielce	execution of construction projects related to buildings	1 008	(1 008)		(1 008)	-	99,95%	99,95%	none
12	Echo - Galaxy Sp. z o.o.	Kielce	execution of construction projects related to buildings	51	-		-	51	99,00%	99,00%	none

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
13	Echo - Opolska Biznes Park Sp. z o.o.	Kielce	lease and property management	52	-	(52)	(52)	-	100,00%	100,00%	none
14	Projekt Saska Sp. z o.o.	Kielce	real estate brokerage	20 420	(20 419)		(20 419)	1	95,00%	95,00%	none
15	Echo - Advisory Services Sp. z o.o.	Kielce	lease and property management	100	(100)		(100)	-	99,00%	99,00%	none
16	Echo - Browary Warszawskie Sp. z o.o.	Kielce	lease and property management	100	(71)		(71)	29	99,00%	99,00%	none
17	Echo - Kasztanowa Aleja Sp. z o.o. Sp.K.	Kielce	lease and property management	451	-		-	451	99,90%	99,90%	none
18	Klimt House - Grupa Echo Sp. z o.o. Sp.K.	Kielce	lease and property management	501	(200)	(22)	(222)	279	99,90%	99,90%	none
19	Echo - Browary Warszawskie Sp. z o.o. Sp.K.	Kielce	lease and property management	20 002	-		-	20 002	100,00%	100,00%	none
20	53 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	1 317	-		-	1 317	100,0000%	100,0000%	none
21	Echo - Galaxy Sp. z o.o. S.K.A.	Kielce	lease and property management	8 611	(8 611)		(8 611)	-	99,95%	99,95%	none
22	Galeria Tarnów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	577	-	(52)	(52)	525	99,95%	99,95%	none
23	Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A.	Kielce	lease and property management	130 908	-		-	130 908	100,00%	100,00%	none
24	Avatar - Projekt Echo - 119 Sp. z o.o. S.K.A.		business and management consultancy	17 665				17 665	99,95%	99,95%	none
25	Projekt Naramowice - Grupa Echo Sp. z o.o. S.K.A.	Kielce	execution of construction projects related to buildings	63 753	-		-	63 753	100,00%	100,00%	none
26	Oxygen - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	27	-	(27)	(27)	-	99,95%	99,95%	none
27	Park Postępu - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	1 587	(130)		(130)	1 457	99,95%	99,95%	none

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
28	Echo - Nowy Mokotów Sp. z o.o.	Kielce	lease and property management	94	(76)		(76)	18	99,90%	99,90%	none
29	Metropolis - Grupa Echo 121 Sp. z o.o. S.K.A.	Kielce	lease and property management	18 156	-	(349)	(349)	17 807	100,00%	100,00%	none
30	Galeria Nova - Grupa Echo Sp. z o.o. S.K.A.	Kielce	execution of construction projects related to buildings	16	-		-	16	100,00%	100,00%	none
31	Echo Investment Projekt Management SRL	Brasov	property management	4 129	(4 135)	6	(4 129)	-	100,00%	100,00%	none
32	Projekt Echo - 99 Sp. z o.o.	Kielce	buying and selling of property on own account	97	(42)		(42)	55	99,80%	99,80%	none
33	Projekt 1 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	4 007	(78)		(78)	3 929	99,95%	99,95%	none
34	Pod Klonami - Grupa Echo Sp. z o.o. Sp.K.	Kielce	buying and selling of property on own account	10	-		-	10	99,00%	99,00%	none
35	Projekt CS Sp. z o.o.	Kielce	other financial brokerage	122	(43)	(54)	(97)	25	99,00%	99,00%	none
36	Taśmowa - Projekt Echo - 116 Sp. z o.o. S.K.A.	Kielce	lease and property management	11	-		-	11	100,00%	100,00%	none
37	Projekt 5 - Grupa Echo Sp. z o.o. S.K.A.	Szczecin	lease and property management	51	(51)		(51)	-	99,95%	99,95%	none
38	Echo - Nowy Mokotów Sp. z o.o. Sp. K.	Kielce	buying and selling of property on own account	1 251	-		-	1 251	99,00%	99,00%	none
39	Projekt Echo - 104 Sp. z o.o.	Kielce	lease and property management	50	(50)		(50)	-	99,90%	99,90%	none
40	Projekt Echo - 108 Sp. z o.o.	Kielce	lease and property management	65				65	100,00%	100,00%	none

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
41	Echo - Babka Tower Sp. z o.o.	Kielce	lease and property management	51	(35)		(35)	16	100,00%	100,00%	none
42	Echo - Property Poznan 1 Sp. z o.o.	Kielce	business and management consultancy	197	-		-	197	99,00%	99,00%	none
43	Projekt K-6 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	business and management consultancy	61	(50)		(50)	11	100,00%	100,00%	none
44	Projekt 12 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	24	-		-	24	100,00%	100,00%	none
45	Projekt 13 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	lease and property management	24	-		-	24	100,00%	100,00%	none
46	Projekt 14 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	other financial brokerage	24	-		-	24	100,00%	100,00%	none
47	Projekt 16 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	real estate brokerage	50	-		-	50	100,00%	100,00%	none
48	Projekt 17 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	real estate brokerage	46 050	-		-	46 050	100,00%	100,00%	none
49	Projekt 18 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	real estate brokerage	50	(36)		(36)	14	100,00%	100,00%	none
50	Projekt 19 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	real estate brokerage	50	(30)		(30)	20	100,00%	100,00%	none
51	Face2Face - Stranraer Sp. z o.o. S.K.A.	Kielce	real estate brokerage	50 050	-		-	50 050	100,00%	100,00%	none
52	Projekt 21 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	real estate brokerage	50	(30)		(30)	20	100,00%	100,00%	none
53	Projekt 22 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	real estate brokerage	49 050	-		-	49 050	100,00%	100,00%	none
54	Pure Systems Sp. z o.o.	Cracow	other financial services, except insurance and retirement funds	1				1	99,90%	99,90%	none
55	Projekt Echo - 111 Sp. z o.o.	Kielce	lease and property management	101	(29)		(29)	72	99,95%	99,95%	none

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
56	Projekt Echo - 112 Sp. z o.o.	Kielce	lease and property management	31	-	(31)	(31)	-	100,00%	100,00%	none
57	Projekt Echo - 113 Sp. z o.o.	Kielce	lease and property management	31	-	(31)	(31)	-	100,00%	100,00%	none
58	Projekt Echo - 115 Sp. z o.o.	Kielce	lease and property management	31	-	(31)	(31)	-	99,83%	99,83%	none
59	Projekt Echo - 116 Sp. z o.o.	Kielce	lease and property management	31	-	-	-	31	99,83%	99,83%	none
60	Projekt Echo - 119 Sp. z o.o.	Kielce	lease and property management	25	(20)	-	(20)	5	99,80%	99,80%	none
61	Projekt Echo - 120 Sp. z o.o.	Kielce	lease and property management	31	-	(31)	(31)	-	100,00%	100,00%	none
62	Projekt Echo - 121 Sp. z o.o.	Kielce	lease and property management	31	-	-	-	31	100,00%	100,00%	none
63	Projekt Echo - 122 Sp. z o.o.	Kielce	lease and property management	31	-	(31)	(31)	-	100,00%	100,00%	none
64	Projekt Echo - 127 Sp. z o.o.	Kielce	lease and property management	31	-	-	-	31	100,00%	100,00%	none
65	Projekt Echo - 128 Sp. z o.o.	Kielce	lease and property management	31	-	(31)	(31)	-	100,00%	100,00%	none
66	Projekt Echo - 130 Sp. z o.o.	Kielce	lease and property management	41	(31)	-	(31)	10	100,00%	100,00%	none
67	Projekt Echo - 131 Sp. z o.o.	Kielce	lease and property management	31	(21)	(10)	(31)	-	100,00%	100,00%	none
68	Projekt Echo - 132 Sp. z o.o.	Kielce	lease and property management	5 373	(1 472)	-	(1 472)	3 901	100,00%	100,00%	none
69	Projekt Echo - 135 Sp. z o.o.	Kielce	lease and property management	31	-	(31)	(31)	-	100,00%	100,00%	none
70	Projekt Echo - 136 Sp. z o.o.	Kielce	lease and property management	31	-	-	-	31	100,00%	100,00%	none

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
71	Projekt Echo - 137 Sp. z o.o.	Kielce	lease and property management	31	-		-	31	100,00%	100,00%	none
72	Projekt Echo - 136 Sp. z o.o. Sp. K.	Kielce	lease and property management	84 006	-		-	84 006	99,00%	99,00%	none
73	Villea investments Sp. z o.o.	Warsaw	lease and property management	6				6	100,00%	100,00%	none
74	Selmer Investments Sp. z o.o.	Warsaw	business and management consultancy	12	-		-	12	100,00%	100,00%	none
75	Selmer Investments Sp. K.	Warsaw	business and management consultancy	14	-		-	14	100,00%	100,00%	none
76	Cornwall Investments Sp. z o.o.	Warsaw	business and management consultancy	12	-		-	12	100,00%	100,00%	none
77	Gosford Investments Sp.z o.o.	Warsaw	lease and property management	5				5	100,00%	100,00%	none
78	Fianar Investments Sp. z o.o.	Warsaw	business and management consultancy	5				5	100,00%	100,00%	none
79	Doxent Investments Sp. z o.o.	Warsaw	lease and property management	5				5	100,00%	100,00%	none
80	City Space - GP Sp. z o.o.	Warsaw	lease and property management	137	(37)	(100)	(137)	-	100,00%	100,00%	none
81	City Space - Management Sp. z o.o.	Warsaw	other activities related to the provision of employees	937	(37)	(900)	(937)	-	100,00%	100,00%	none
82	Gleann Sp. z o.o.	Warsaw	lease and property management	5				5	100,00%	100,00%	none
83	Perth Sp. z o.o.	Warsaw	lease and property management	5				5	100,00%	100,00%	none
84	Potton Sp. z o.o.	Warsaw	lease and property management	5				5	100,00%	100,00%	none
85	Pudsey Sp. z o.o.	Warsaw	business and management consultancy	82				82	100,00%	100,00%	none

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
86	Seaford Sp. z o.o.	Warsaw	business and management consultancy	6				6	100,00%	100,00%	none
87	Elektrownia RE Sp. z o.o.	Warsaw	buying and selling of property on own account	36 286				36 286	100,00%	100,00%	none
88	Projekt 140 Grupa Echo Sp. z o.o Sp. K.	Kielce	lease and property management	15 006				15 006	99,99%	99,99%	none
89	GRO Nieruchomości Sp. z o.o.	Cracow	lease and property management	10				10	100,00%	100,00%	none
90	Projekt 147 Grupa Echo Sp. z o.o Sp. K.	Kielce	lease and property management	6				6	99,99%	99,99%	none
91	Projekt 148 Grupa Echo Sp. z o.o Sp. K.	Kielce	lease and property management	6				6	99,99%	99,99%	none
92	Swanage Sp. z o.o.	Warsaw	lease and property management	10	(10)		(10)	-	100,00%	100,00%	none
93	Stranraer Sp. z o.o.	Warsaw	lease and property management	10				10	100,00%	100,00%	none
94	Dagnall Sp. z o.o.	Warsaw	lease and property management	10				10	100,00%	100,00%	none
95	Shanklin Sp. z o.o.	Warsaw	lease and property management	10				10	100,00%	100,00%	none
96	Strood Sp. z o.o.	Warsaw	lease and property management	27 125				27 125	100,00%	100,00%	none
97	RPGZ Sp. z o.o.*	Cracow	execution of construction projects related to buildings	21				21	100,00%	100,00%	none
98	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o - S.K.A.	Kielce	lease and property management	3 430		-	-	3 430	99,95%	99,95%	none
99	Projekt 150 - Shanklin z o.o. S.K.A. Sp.K.*	Kielce	lease and property management	6				6	99,99%	99,99%	none
100	Projekt 151 - PE13 GE z o.o. S.K.A. Sp.K.*	Kielce	lease and property management	6				6	99,99%	99,99%	none

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
101	Projekt 152 - PE14 GE z o.o. S.K.A. Sp.K.*	Kielce	lease and property management	6				6	99,99%	99,99%	none
102	Projekt 153 - PE21 GE Sp. z o.o. S.K.A. Sp.K.*	Kielce	lease and property management	6				6	99,99%	99,99%	none
103	Projekt 154 - PK-6 GE Sp. z o.o. S.K.A. Sp.K.*	Kielce	lease and property management	6				6	99,99%	99,99%	none
104	Projekt Echo - 139 Sp. z o.o.*	Kielce	buying and selling of property on own account	1				1	99,99%	99,99%	none
105	Projekt Echo - 140 Sp. z o.o.*	Kielce	buying and selling of property on own account	1				1	100,00%	100,00%	none
106	Projekt Echo - 141 Sp. z o.o.*	Kielce	buying and selling of property on own account	1				1	100,00%	100,00%	none
107	Projekt Echo - 142 Sp. z o.o.*	Kielce	buying and selling of property on own account	1				1	100,00%	100,00%	none
108	Projekt Echo - 143 Sp. z o.o.*	Kielce	buying and selling of property on own account	1				1	100,00%	100,00%	none
109	Projekt Echo - 144 Sp. z o.o.*	Kielce	buying and selling of property on own account	1				1	100,00%	100,00%	none
110	Projekt Echo - 145 Sp. z o.o.*	Kielce	buying and selling of property on own account	1				1	100,00%	100,00%	none
				1 010 184	(42 004)	(4 165)	(46 169)	964 015			

INTERESTS OR SHARES IN ASSOCIATED ENTITIES

1	SPC S.A	Warsaw	management of other entities	34	(34)	-	(34)	-	34,00%	34,00%	none
----------	----------------	--------	------------------------------	----	------	---	------	---	--------	--------	------

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2019

No.	Company name and legal form	Registered office	Business activity	Value of shares / interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests / shares	% of share capital held	Share in total number of votes at the general meeting	Another basis for control
Total				34	(34)	-	(34)	-			
INTERESTS OR SHARES IN CO-CONTROLLED ENTITIES											
1	Rosehill Investments Sp. z o.o.	Warsaw	lease and property management	44 581				44 581	30,00%	30,00%	none
2	Projekt Echo - 138 Sp. z o.o.	Warsaw	lease and property management	2				2	30,00%	30,00%	none
3	R4R Poland Sp. z o.o.	Warsaw	lease and property management	12 842				12 842	30,00%	30,00%	none
Total				57 425	-	-	-	57 425			
TOTAL INTERESTS OR SHARES IN SUBSIDIARIES				1 067 643	(42 038)	(4 165)	(46 203)	1 021 440			

* companies acquired and established in 2019

In the chart the Company presented a revaluation write-down of the value of owned shares and stocks in subsidiaries, jointly controlled entities and associates, which was made during the financial year.

If the revaluation write-down is not made, in opinion of the Company, there were no indications as at the balance sheet date that

the need to change the value of adjustments have to be made.

The change in the value of adjustments updating the value of shares was recognised in the result as at 31 December 2019 in the 'revaluation of investments' item in financial revenue/expenses. The costs included the amount of

the impairment loss created amounting to PLN 4,165,000.

According to IFS 12 paragraph 44, the Company analyzed an asset on owned shares in subsidiaries and does not create it, due to lack of possibility to reversal of its value in predictable future.

The Company has 100% control over entities listed above directly - by holding its shares or indirectly, by other subsidiaries controlled by the Company. The exemptions of this are companies: Projekt Saska Sp. z o.o., Rosehill Investments Sp. z o.o., Projekt Echo - 138 Sp. z o.o. and R4R Poland Sp. z o.o.

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
INTERESTS OR SHARES IN SUBSIDIARIES											
1	Projekt Echo - 93 Sp. z o.o.	Kielce	property lease and management	51	-		-	51	99,00%	99,00%	-
2	Echo - Aurus Sp. z o.o.	Kielce	property lease and management	199 021	-	-	-	199 021	99,99%	99,99%	-
3	Princess Investment Sp. z o.o.	Kielce	construction works involving erection of buildings	5 063	(5 063)		(5 063)	-	99,99%	99,99%	-
4	Bełchatów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	73	-		-	73	99,95%	99,95%	-
5	PPR - Grupa Echo Sp. z o. o. S.K.A.	Kielce	property lease and management	160	-	(89)	(89)	71	99,95%	99,95%	-
6	Echo - SPV 7 Sp. z o. o.	Kielce	property lease and management	189 018	-		-	189 018	100,00%	100,00%	-
7	Grupa Echo Sp. z o.o.	Kielce	business consulting and management	52	-		-	52	100,00%	100,00%	-
8	Kielce - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	153	-		-	153	99,95%	99,95%	-
9	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp.K.	Kielce	accounting and book keeping activity	51	-		-	51	99,00%	99,00%	-
10	Malta Office Park - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	2 469	-		-	2 469	99,95%	99,95%	-
11	Echo - Arena Sp. z o.o.	Kielce	rimplementation of projects by construction of buildings	1 008	(1 008)		(1 008)	-	99,95%	99,95%	-
12	Echo - Galaxy Sp. z o.o.	Kielce	implementation of projects by construction of buildings	51	-		-	51	99,00%	99,00%	-
13	Echo - Opolska Biznes Park Sp. z o.o.	Kielce	property lease and management	52	-		-	52	100,00%	100,00%	-

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
14	Projekt Saska Sp. z o.o.	Kielce	real estate brokerage	20 420	(20 419)		(20 419)	1	95,00%	95,00%	-
15	Echo - Advisory Services Sp. z o.o.	Kielce	property lease and management	100	(100)	-	(100)	-	99,00%	99,00%	-
16	Echo - Browary Warszawskie Sp. z o.o.	Kielce	property lease and management	100	(71)		(71)	29	99,00%	99,00%	-
17	Echo - Kasztanowa Aleja Sp. z o.o. Sp.K.	Kielce	property lease and management	451	-		-	451	99,90%	99,90%	-
18	Klimt House - Grupa Echo Sp. z o.o. Sp.K.	Kielce	property lease and management	501	(200)		(200)	301	99,90%	99,90%	-
19	Echo - Browary Warszawskie Sp. z o.o. Sp.K.	Kielce	property lease and management	20 002	-		-	20 002	100,00%	100,00%	-
20	53 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	1 317	-		-	1 317	99,9500%	99,9500%	-
21	Echo - Galaxy Sp. z o.o. S.K.A.	Kielce	property lease and management	8 611	(49)	(8 562)	(8 611)	-	99,95%	99,95%	-
22	Galeria Tarnów - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	577	-		-	577	99,95%	99,95%	-
23	Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A.	Kielce	property lease and management	17	-		-	17	0,0127%	0,0127%	-
24	Avatar - Projekt Echo - 119 Sp. z o.o. S.K.A.		other business consulting and management	17 665				17 665	99,95%	99,95%	-
25	Projekt Naramowice - Projekt Echo - 100 Sp. z o.o. S.K.A.	Kielce	construction works involving erection of buildings	63 753	-		-	63 753	0,0319%	0,0319%	-
26	Oxygen - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	27	-		-	27	99,95%	99,95%	-
27	Park Postępu - Grupa Echo Sp. z o.o. S.K.A.	Kielce	property lease and management	1 587	-	(130)	(130)	1 457	99,95%	99,95%	-
28	Echo - Nowy Mokotów Sp. z o.o.	Kielce	property lease and management	94	(76)		(76)	18	99,90%	99,90%	-

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
29	Metropolis - Grupa Echo 121 Sp. z o. o. S.K.A.	Kielce	property lease and management	-	-	-	-	-	0,000050%	0,000050%	-
30	Galeria Nova - Grupa Echo Sp. z o.o. S.K.A	Kielce	implementation of projects by construction of buildings	16	-	-	-	16	100,00%	100,00%	-
31	Echo Investment Projekt Management SRL	Brasov	property management	4 129	(4 059)	(76)	(4 135)	(6)	100,00%	100,00%	-
32	Projekt Echo - 99 Sp. z o. o.	Kielce	buying and selling of property on own account	97	(42)	-	(42)	55	99,80%	99,80%	#ADR!
33	Projekt 1 -Grupa Echo Sp. z. o. o. S.K.A.	Kielce	property lease and management	4 007	-	(78)	(78)	3 929	99,95%	99,95%	-
34	Pod Klonami - Grupa Echo Sp. z o. o. Sp.K.	Kielce	buying and selling of property on own account	10	-	-	-	10	99,00%	99,00%	-
35	Projekt CS Sp. z o.o.	Kielce	other cash brokerage	122	(43)	-	(43)	79	99,00%	99,00%	-
36	Taśmowa - Projekt Echo - 116 Sp. z o.o. S.K.A.	Kielce	property lease and management	11	-	-	-	11	100,00%	100,00%	-
37	Projekt 5 - Grupa Echo Sp. z o.o. S.K.A.	Szczecin	property lease and management	51	-	(51)	(51)	-	99,95%	99,95%	-
38	Echo - Nowy Mokotów Sp. z o. o. Sp. K.	Kielce	buying and selling of property on own account	1 251	-	-	-	1 251	99,00%	99,00%	-
39	Projekt Echo - 104 Sp. z o. o.	Kielce	property lease and management	50	(50)	-	(50)	-	99,90%	99,90%	-
40	Projekt Echo - 108 Sp. z o. o.	Kielce	property lease and management	65	-	-	-	65	100,00%	100,00%	-
41	Echo - Babka Tower Sp. z o. o.	Kielce	property lease and management	51	(35)	-	(35)	16	100,00%	100,00%	-
42	Echo - Property Poznan 1 Sp. z o. o.	Kielce	other business consulting and management	197	-	-	-	197	99,00%	99,00%	-

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
43	Projekt K-6 - Grupa Echo Sp. z o.o. S.K.A.	Kielce	other business consulting and management	61	(50)		(50)	11	100,00%	100,00%	-
44	Projekt 12 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	property lease and management	24	-		-	24	100,00%	100,00%	-
45	Projekt 13 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	property lease and management	24	-		-	24	100,00%	100,00%	-
46	Projekt 14 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	other financial brokerage	24	-		-	24	100,00%	100,00%	-
47	Projekt 15 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	50	(29)		(29)	21	100,00%	100,00%	-
48	Projekt 16 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	50	-		-	50	100,00%	100,00%	-
49	Projekt 17 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	50	-		-	50	100,00%	100,00%	-
50	Projekt 18 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	50	(36)		(36)	14	100,00%	100,00%	-
51	Projekt 19 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	50	(30)		(30)	20	100,00%	100,00%	-
52	Projekt 20 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	50 050	-		-	50 050	100,00%	100,00%	-
53	Projekt 21 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	50	(30)		(30)	20	100,00%	100,00%	-
54	Projekt 22 - Grupa Echo Sp. z o.o - S.K.A.	Kielce	real estate brokerage	49 050	-		-	49 050	100,00%	100,00%	-
55	Pure Systems Sp. z o.o.	Cracow	other financial services, except insurance and retirement funds	1				1	99,90%	99,90%	-
56	Projekt Echo - 111 Sp. z o. o.	Kielce	property lease and management	101	(29)		(29)	72	99,95%	99,95%	-
57	Projekt Echo - 112 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
58	Projekt Echo - 113 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
59	Projekt Echo - 115 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	99,83%	99,83%	-
60	Projekt Echo - 116 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	99,83%	99,83%	-
61	Projekt Echo - 119 Sp. z o. o.	Kielce	property lease and management	25	(20)		(20)	5	99,80%	99,80%	-
62	Projekt Echo - 120 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
63	Projekt Echo - 121 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
64	Projekt Echo - 122 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
65	Projekt Echo - 123 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
66	Projekt Echo - 127 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
67	Projekt Echo - 128 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
68	Projekt Echo - 129 Sp. z o. o.	Kielce	property lease and management	51	(36)	-	(36)	15	99,90%	99,90%	-
69	Projekt Echo - 130 Sp. z o. o.	Kielce	property lease and management	41	(31)	-	(31)	10	100,00%	100,00%	-
70	Projekt Echo - 131 Sp. z o. o.	Kielce	property lease and management	31	(21)	-	(21)	10	100,00%	100,00%	-
71	Projekt Echo - 132 Sp. z o. o.	Kielce	property lease and management	5 373	-	(1 472)	(1 472)	3 901	100,00%	100,00%	-
72	Projekt Echo - 135 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
73	Projekt Echo - 136 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
74	Projekt Echo - 137 Sp. z o. o.	Kielce	property lease and management	31	-		-	31	100,00%	100,00%	-
75	Projekt Echo - 136 Sp. z o. o Sp. K.	Kielce	property lease and management	84 006	-		-	84 006	99,00%	99,00%	-
76	Villea investments Sp. z o. o.	Warsaw	property lease and management	5				5	100,00%	100,00%	-
77	Selmer Investments Sp. z o.o.	Warsaw	other business consulting and management	12	-		-	12	100,00%	100,00%	-
78	Selmer Investments Sp. K.	Warsaw	other business consulting and management	14	-		-	14	100,00%	100,00%	-
79	Cornwall Investments Sp. z o.o.	Warsaw	other business consulting and management	12	-		-	12	100,00%	100,00%	-
80	Cornwall Investments Sp. K.	Warsaw	other business consulting and management	15	-		-	15	100,00%	100,00%	-
81	Gosford Investments Sp.z o.o	Warsaw	property lease and management	5				5	100,00%	100,00%	-
82	Fianar Investments Sp. Z o.o.	Warsaw	other business consulting and management	5				5	100,00%	100,00%	-
83	Doxent Investments Sp.z o.o.	Warsaw	property lease and management	5				5	100,00%	100,00%	-
84	City Space - GP Sp. z o. o.	Warsaw	property lease and management	37	(37)		(37)	-	100,00%	100,00%	-
85	City Space - Management Sp. z o.o.	Warsaw	other activity involving hiring of labour	37	(37)		(37)	-	100,00%	100,00%	-
86	Echo Prime Assets BV	Amsterdam	activity of head offices and holdings, excluding financial holdings	106 413	-		-	106 413	100,00%	100,00%	-
87	Gleann Sp. z o.o.	Warsaw	property lease and management	5				5	100,00%	100,00%	-

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
88	Perth Sp. z o.o	Warsaw	property lease and management	5				5	100,00%	100,00%	-
89	Potton Sp. z o.o.	Warsaw	property lease and management	5				5	100,00%	100,00%	-
90	Pudsey Sp. z o.o.	Warsaw	other business consulting and management	82				82	100,00%	100,00%	-
91	Seaford Sp. z o.o.	Warsaw	other business consulting and management	6				6	100,00%	100,00%	-
92	Elektrownia RE Sp.z o.o.		buying and selling of property on own account	36 286				36 286	100,00%	100,00%	-
93	Projekt 139 Grupa Echo Sp. z o.o Sp. K.	Kielce	property lease and management	6				6	99,99%	99,99%	-
94	Projekt 140 Grupa Echo Sp. z o.o Sp. K.	Kielce	property lease and management	15 006				15 006	99,99%	99,99%	-
95	GRO Nieruchomości Sp. z o.o.	Kraków	property lease and management	10				10	100,00%	100,00%	-
96	Projekt 144 Grupa Echo Sp. z o.o Sp. K.	Kielce	property lease and management	6				6	99,99%	99,99%	-
97	Projekt 145 Grupa Echo Sp. z o.o Sp. K.	Kielce	property lease and management	6				6	99,99%	99,99%	-
98	Projekt 146 Grupa Echo Sp. z o.o Sp. K.	Kielce	property lease and management	6				6	99,99%	99,99%	-
99	Projekt 147 Grupa Echo Sp. z o.o Sp. K.	Kielce	property lease and management	6				6	99,99%	99,99%	-
100	Projekt 148 Grupa Echo Sp. z o.o Sp. K.	Kielce	property lease and management	6				6	99,99%	99,99%	-
101	Swanage Sp. z o.o.	Warsaw	property lease and management	10		(10)	(10)	-	100,00%	100,00%	-
102	Stranraer Sp. z o.o.	Warsaw	property lease and management	10				10	100,00%	100,00%	-

INTERESTS OR SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES AS AT 31.12.2018

No.	Company name and legal form	Registered office	Business activity	Value of shares/ interests according to the purchase price	Revaluation adjustments - opening balance	Revaluation adjustments - movement	Revaluation adjustments - closing balance	Carrying value of interests/ shares	% Share capital held	Share in total number of votes at the general meeting	Another basis for control
103	Dagnall Sp. z o.o.	Warsaw	property lease and management	10				10	100,00%	100,00%	-
104	Shanklin Sp. z o.o.	Warsaw	property lease and management	10				10	100,00%	100,00%	-
105	Strood Sp. z o.o.	Warsaw	property lease and management	27 125				27 125	100,00%	100,00%	-
106	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o - S.K.A.	Kielce	property lease and management	3 430		-	-	3 430	99,95%	99,95%	-
Total				920 662	(31 601)	(10 468)	(42 069)	878 593			

INTERESTS OR SHARES IN ASSOCIATES

1	"SPC" S.A	Warsaw	management of other entities	34	(34)	-	(34)	-	34,00%	34,00%	-
Total				34	(34)	-	(34)	-			

INTERESTS OR SHARES IN JOINT-VENTURES

1	Rosehill Investments Sp. z o.o.	Warsaw	property lease and management	44 581	-	-	-	44 581	30,00%	30,00%	-
2	Projekt Echo - 138 Sp. z o.o.	Warsaw	property lease and management	2	-	-	-	2	30,00%	30,00%	-
3	R4R Poland Sp. z o.o.	Warsaw	property lease and management	6 207	-	-	-	6 207	30,00%	30,00%	-
Total				50 790	-	-	-	50 790			

TOTAL INTERESTS OR SHARES IN SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

	971 486	(31 635)	(10 468)	(42 103)	929 383
--	----------------	-----------------	-----------------	-----------------	----------------

In the chart the Company presented a revaluation write-down of the value of owned shares and stocks in subsidiaries, jointly controlled entities and associates, which was made during the financial year.

If the revaluation write-down is not made, in opinion of the Company, there were no indications as at the balance sheet date that

the need to change the value of adjustments have to be made.

The change in the value of adjustments updating the value of shares was recognised in the result as at 31 December 2019 in the 'revaluation of investments' item in financial revenue/expenses. The costs included the amount of

the impairment loss created amounting to PLN 4,165,000.

According to IFS 12 paragraph 44, the Company analyzed an asset on owned shares in subsidiaries and does not create it, due to lack of possibility to reversal of its value in predictable future.

The Company has 100% control over entities listed above directly - by holding its shares or indirectly, by other subsidiaries controlled by the Company. The exemptions of this are companies: Projekt Saska Sp. z o.o., Rosehill Investments Sp. z o.o., Projekt Echo - 138 Sp. z o.o. and R4R Poland Sp. z o.o.

LONG-TERM FINANCIAL ASSETS [PLN '000]

	31.12.2019	31.12.2018
advances received	-	-
investment certificates	4 791	170 849
bonds	473 564	625 276
receivables for purchase and sale of shares	9 032	-
Total long-term financial assets	487 387	796 125

In 2019, the Company redeemed 138,993 B-series certificates issued by Forum 60 Funduszu Inwestycyjnego Zamkniętego for PLN 175 million. As at 31 December 2019, all receivables due for the redemption of certificates were settled. The amount of PLN 28 million was settled by the bank transfer on 15 February 2019 and the amount of PLN 147 million by deduction agreements transferring the ownership of shares in the companies listed in the agreements of 30 December 2019.

As at 31 December 2019, the Company estimated the value of bonds impairment loss in the amount PLN 39 million and as at 29 December 2018 at PLN 31 million.

Bonds meet the SPPI test according to IFRS 9 par. 4.1.2., therefore they are not measured at fair value, but at amortised cost. The valuation does not differ significantly from the valuation at fair value. The bonds were granted to related entities with good financial standing. In relation to

related entities, credit risk, in the opinion of the Management Board, is minimized through current control of operating activity and evaluation of investment projects of these companies. In the opinion of the Management Board, through the possibility of monitoring operations of subsidiaries and periodically confirming the profitability of their projects, the Company is able to assess and identify receivables for which credit risk has significantly increased. The Company's Management Board did not find such bonds. The Management Board assessed the bonds granted in terms of creating a write-down for expected credit losses based on the evaluation of Echo Investment Capital Group's credibility. In accordance with the requirements of IFRS 9, a write-down for expected credit losses was created. As at 31 December 2019, the write-down amounted PLN 287 thousand and as at 31 December 2018, the write-down amounted PLN 288 thousand.

LONG-TERM LOANS GRANTED [PLN '000]

	31.12.2019	31.12.2018
In subsidiaries	174 421	140 100
In co-controlled entities	106 843	81 404
In other entities	-	-
Total long-term loans granted	281 264	221 504

Borrowings meet the SPPI test according to IFRS 9 par. 4.1.2., therefore they are not measured at fair value, but at amortized cost. The measurement does not differ significantly from the fair value measurement.

The maximum value of credit risk related to the borrowings equals their carrying amount. The loans granted are not secured, they are not overdue and there is no material impairment of their value. The loans were granted to related entities with good financial standing. In relation to related entities, credit risk is, in the opinion of the Management Board, minimized through current control of operating activities and evaluation of investment projects of these companies.

In the opinion of the Management Board, through the possibility of monitoring the operations of subsidiaries and periodically confirming the profitability of their projects, the Company is able to assess and identify the borrowings for which credit risk has significantly increased. The Company's Management Board did not find any such borrowings. The Management Board assessed the loans in terms of creating a write-down for expected credit losses based on the assessment of Echo Investment Capital Group „s credibility. In accordance with the requirements of IFRS 9, a write-down for expected credit losses was created as at 31.12.2019 in the amount of PLN 1,078 thousand, and as at 31.12.2018 in the amount of PLN 650 thousand.

KEY FIGURES ON LONG-TERM BORROWINGS WITHOUT INTEREST AS AT 31.12.2019

Contractor's name	Amount [PLN '000]	Interest rate	Payment time limit
GRO Nieruchomości Sp. z o.o.	21 657	WIBOR 3M + margin	31.12.2021
R4R Poland Sp. z o.o.	77 251	WIBOR 3M + margin	01.07.2026
Galeria Libero Sp. z o.o. Sp.K.	97 507	WIBOR 3M + margin	10.10.2026
Rosehill Investments Sp. z o.o.	25 702	WIBOR 3M + margin	31.12.2021
RPGZ IX Sp. z o.o.*	47 465	WIBOR 3M + margin	31.12.2021
Total	269 582		

* Borrowings granted in 2019

The maximum value of credit risk associated with borrowings equals their carrying amount. The granted borrowings are not

secured. The granted borrowings are not overdue and there is no impairment of the granted borrowings

KEY FIGURES ON LONG-TERM BORROWINGS WITHOUT INTEREST AT 31.12.2018

Contractor's name	Amount [PLN '000]	Interest rate	Payment time limit
GRO Nieruchomości Sp. z o.o.	21 642	WIBOR 3M + margin	31.12.2021
R4R Poland Sp. z o.o.	35 151	WIBOR 3M + margin	01.07.2026
Galeria Libero Sp. z o.o. Sp.K.	115 540	WIBOR 3M + margin	10.10.2026
Berea Sp. z o.o.	41 193	WIBOR 3M + margin	31.12.2020
Total	213 526		

MOVEMENT IN DEFERRED TAX ASSETS/PROVISION [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Deferred tax assets/provision at the beginning of the period:	(1 468)	13 840
- financial instruments	-	(4)
- investment property	513	513
- receivables and liabilities due to borrowings	(3 701)	(1 409)
- liabilities due to loans and bonds	(779)	100
- tax loss	3 454	10 244
- inventory	3 602	5 800
- other	(4 557)	(1 404)
Increases:	1 808	4
- financial instruments	-	4
- investment property	-	-
- receivables and liabilities due to borrowings	-	-
- liabilities due to loans and bonds	374	-
- tax loss	1 362	-
- inventory	-	-
- interests and shares	-	-
- leasing	72	-
- other	-	-
Decreases:	(4 979)	(15 312)
- financial instruments	-	-
- investment property	-	-
- receivables and liabilities due to borrowings	(3 466)	(2 292)
- liabilities due to loans and bonds	-	(879)
- tax loss	-	(6 790)
- inventory	(1 439)	(2 198)
- interests and shares	-	-
- leasing	-	-
- other	(74)	(3 153)
Deferred tax assets/provision at the end of the period:	(4 639)	(1 468)
- financial instruments	-	-
- investment property	513	513
- receivables and liabilities due to borrowings	(7 167)	(3 701)
- liabilities due to loans and bonds	(405)	(779)
- tax loss	4 816	3 454
- inventory	2 163	3 602
- interests and shares	-	-
- leasing	72	-
- other	(4 631)	(4 557)

The right to reduce the income tax due to tax strategy expires in 2024 (PLN 25,212 thousand).

NOTE 8A

INVENTORY [PLN '000]

	31.12.2019	31.12.2018
Semi-finished products and work-in-progress	190 186	188 298
- land use right asset	8 331	-
Finished products	16 365	11 559
Goods	5 640	1 588
Inventory in total	212 191	201 445

Inventories are measured at production or purchase cost, but not higher than the net realisable value of sales. This value is obtained from information from an active market. In the hierarchy of fair value for inventories, the Company assigned level 2. Reversal of inventory write-down takes place either in connection with sale of inventories or in connection with increase of net sale price. The amounts of inventory write-downs recognised as cost in the period and amounts of reversals of write-

downs of values decreasing the value of inventories recognised as cost reductions in the period are presented in the income statement under „cost of sales”.

The 'finished products' item contains completed residential units intended for sale. The 'intermediate products and products in progress' item contains mainly real estate and expenditures on residential projects under preparation and construction. The 'goods' item contains land for sale.

NOTE 8B

INVENTORIES - INFLUENCE ON THE RESULT [PLN '000]

	31.12.2019	31.12.2018
Inventories write-offs recognised as cost in the period	-	(4)
Reversed write-downs on inventories recognised as revenue in the period	7 088	8 745
Movement in write-down on inventories	7 088	8 741

Inventory write-downs and their reversals apply to residential projects and are intended to write down the value to the level of obtainable price.

The change in the inventory write-down in 2019 concerns, among others, Grota - Roweckiego residential projects in Wrocław and Wodna in Łódź.

The value of inventories recognized as income/cost in the period is disclosed in the income statement under „cost of sales”.

The change in the inventory write-down as at 31 December 2019 amounted PLN 7 088 thousand, it was PLN 8 741 thousand as at 31 December 2018.

SHORT-TERM TRADE RECEIVABLES, TAXES AND OTHER [PLN '000]

	31.12.2019	31.12.2018
Receivables from subsidiaries	75 269	72 548
Trade, with maturity:	21 436	22 806
- up to 12 months	21 436	22 806
Other:	53 833	49 742
- due to profit from limited partnerships	53 833	49 742
Receivables from other parties	46 238	36 924
Trade, with maturity:	21 310	25 643
- up to 12 months	21 310	25 643
- over 12 months	-	-
Due to other taxes,	-	248
Other	718	5 336
- paid securities	132	4 831
- claims related to repayment of certificates	94	-
- security deposits paid	-	-
Advances on deliveries	24 210	5 697
write-downs for expected credit losses of receivables	(1 319)	(1 545)
Total net short-term trade receivables, taxes and other	121 507	109 472
- total write-downs for expected credit losses of receivables	(1 319)	(1 545)
Total gross short-term trade receivables, taxes and other receivables	122 826	111 017

The maximum value of credit risk related to trade receivables does not significantly differ from the carrying amount. The estimated fair value of trade receivables is the current value of future expected discounted cash flows and it does not deviate significantly from the balance sheet value of these receivables.

Receivables from affiliated companies are not secured. In relation to related entities, credit risk, in the opinion of the Management Board, is minimised by the ongoing control of operating activities and assessment of investment projects of these companies. By monitoring the operations of subsidiaries and periodically confirming the profitability of their projects, the Company has the option of assessing receivables for which the credit risk has significantly increased. The Management Board of the Compa-

ny did not find such receivables, even with respect to overdue receivables over 30 days, based on the assessment of investment projects of subsidiaries.

The company regularly monitors the condition and payment capability of contractors. There is no significant risk concentration in relation to any of the clients of the Company from outside the Echo Investment Group. As at 31 December 2018, the Company estimated the value of the impairment loss for trade receivables, using a provision matrix developed on the basis of historical data regarding the repayment of receivables by counterparties.

NOTE 9B

CHANGES IN WRITE-DOWNS ON SHORT-TERM RECEIVABLES [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Opening balance	1 545	264
Increases	77	1 380
- due to write-down recognition	77	1 380
Decreases	(303)	(99)
- due to repayment	(30)	-
- due to termination	(273)	(99)
Write-downs on expected credit losses on short-term receivables at the end of the period	1 319	1 545

The impairment loss expected credit losses on receivables has been disclosed under 'other operating revenue/ costs' in the profit and loss account of the Company.

NOTE 9C

**GROSS SHORT-TERM TRADE RECEIVABLES, TAXES AND OTHER
- CURRENCY STRUCTURE [PLN '000]**

	31.12.2019	31.12.2018
In the Polish currency (PLN)	121 280	105 117
In foreign currencies, after translation into PLN	1 546	5 900
- unit/currency EUR	356	1 365
- PLN '000	1 516	5 870
- unit/currency USD	8	8
- PLN '000	30	30
Total gross short-term trade receivables, taxes and other	122 826	111 017

NOTE 9D

**GROSS TRADE RECEIVABLES - WITH REMAINING MATURITY FROM THE
BALANCE SHEET DATE [PLN '000]**

	31.12.2019	31.12.2018
up to 1 month	8 477	18 339
between 1 month and 3 months	31 054	11 752
between 3 month and 6 months	-	-
between 6 month and 12 months	-	-
over 12 months	-	-
overdue receivables	4 534	19 388
Total (gross) trade receivables	44 065	49 479
write-downs on expected credit losses on trade receivables	(1 319)	(1 030)
Total (net) trade receivables	42 746	48 449

NOTE 9E

OVERDUE GROSS TRADE RECEIVABLES, WITH REMAINING MATURITY FROM THE BALANCE SHEET DATE [PLN '000]

	31.12.2019	31.12.2018
up to 1 month	1 406	5 042
between 1 month and 3 months	543	2 487
between 3 month and 6 months	211	9 381
between 6 month and 12 months	717	1 978
over 12 months	1 657	500
Total (gross) overdue trade receivables	4 534	19 388
overdue write-downs on trade receivables	(1 319)	(1 030)
Total (net) overdue trade receivables	3 215	18 358

NOTE 9F

GROSS TRADE RECEIVABLES [PLN '000]

	31.12.2019	31.12.2018
Unimpaired current receivables	39 531	30 091
Unimpaired overdue receivables	3 215	17 843
Impaired overdue receivables	1 319	1 545
Total (gross) trade receivables	44 065	49 479

NOTE 9G

DISPUTED AND OVERDUE RECEIVABLES [PLN '000]

	31.12.2019	31.12.2018
Disputed receivables	-	-
Other	-	-
- not covered by write-down	-	-
Overdue receivables	4 534	19 388
Trade receivables	4 534	19 388
- not covered by write-down	3 215	17 843

SHORT-TERM LOANS GRANTED [PLN '000]

	31.12.2019	31.12.2018
In subsidiaries		
- loans granted	502 354	229 533
- interest	30 571	9 427
	532 925	238 960
In joint-ventures		
- loans granted	638	25 566
- interest	45	1 095
	683	26 661
Total short-term loans granted	533 608	265 621

Loans meet the SPPI test in accordance with IFRS 9, paragraph 4.1.2. Therefore, they are not measured at fair value, but at amortised cost. The valuation does not differ significantly from the fair valuation.

The maximum value of credit risk related to loans equals their carrying value. The loans granted are not secured. The loans granted are not overdue and the value of the loans has not been lost. In respect of affiliated companies, the risk is minimised through the control of their operations on a regular basis and through the evaluation of investment projects in the aforementioned companies. In the opinion of the Management Board, through the ability to monitor

the operations of subsidiaries and periodically confirm the profitability of their projects, the Company has the opportunity to assess and identify loans for which the credit risk has increased significantly. The Management Board of the Company did not find such loans. The Management Board assessed the loans in terms of creating a write-down for expected loan losses based on the assessment of Echo Investment Capital Group's credibility. In accordance with the requirements of IFRS 9, a write-down for expected credit losses was created as at 31.12.2019 in the amount of PLN 1,078 thousand, and as at 31.12.2018 in the amount of PLN 650 thousand.

SHORT-TERM LOANS GRANTED - CURRENCY STRUCTURE [PLN '000]

	31.12.2019	31.12.2018
In the Polish currency (PLN)	532 925	265 621
In foreign currencies (after translation into PLN)	683	-
Total	533 608	265 621

The note includes short-term borrowings with interests.

**BASIC DATA ON MAJOR SHORT-TERM BORROWINGS,
WITHOUT INTEREST, AS AT 31 DECEMBER 2019 [PLN '000]**

Contractor's name	Amount [PLN '000]	Interest rate	Payment time limit
City Space Management Sp. z o.o.	5 029	WIBOR 3M + margin	30.06.2020
Rondo 1 City Space - GP Sp. z o.o. Sp. K.	4 051	WIBOR 3M + margin	30.09.2020
Plac Unii City Space - GP Sp. z o.o. Sp. K.	499	WIBOR 3M + margin	30.09.2020
Fianar Investments Sp. z o.o.	71 360	WIBOR 3M + margin	31.12.2020
Elektrownia Sp. z o.o.	109	WIBOR 3M + margin	30.06.2020
Echo - SPV 7 Sp. z o.o.	18 404	WIBOR 3M + margin	31.12.2020
Echo Aurus Sp. z o.o.	43 569	WIBOR 3M + margin	31.12.2020
Villea Investments Sp. z o.o.	63 375	WIBOR 3M + margin	31.03.2020
Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp. K.*	19 365	WIBOR 3M + margin	31.12.2020
Gosford Investments Sp. z o.o.*	15 725	WIBOR 3M + margin	31.12.2020
ZAM - Projekt Echo - 127 Sp. z o.o. Sp. K.*	27 725	WIBOR 3M + margin	31.12.2020
Berea Sp. z o.o.	47 386	EURIBOR 3M + margin	30.06.2020
Projekt 144 - Grupa Echo Sp. z o.o. Sp. K.*	43 770	WIBOR 3M + margin	31.03.2020
GRO Nieruchomości Sp.z o.o.*	1 415	WIBOR 3M + margin	31.03.2020
142 - City Space- Gp Sp. z o.o. Sp. K.*	440	WIBOR 3M + margin	30.09.2020
Projekt 12 - Grupa Echo Sp. z o.o. Sp. K.*	121 073	WIBOR 3M + margin	30.09.2020
Perth Sp. z o.o.*	25 990	WIBOR 3M + margin	31.12.2020
Total	509 285		

* Loans granted in 2019.

The maximum value of credit risk associated with the loans equals their carrying amount. The granted loans are not secured, they are not overdue or impaired. The loans were granted to related entities with good financial standing. In relation to affiliated companies, the credit risk, in the opinion of the Management Board, is minimized through current control of operating activity and evaluation of investment projects of

these companies. In the opinion of the Management Board, through the possibility of monitoring the operations of subsidiaries and periodically confirming the profitability of their projects, the Company is able to evaluate and identify the loans for which the credit risk has significantly increased. The Company's Management Board has not found any such loans.

**BASIC DATA ON MAJOR SHORT-TERM BORROWINGS, WITHOUT INTEREST,
AS AT 31 DECEMBER 2018 [PLN '000]**

Contractor's name	Amount [PLN '000]	Interest rate	Payment time limit
Villea Investments Sp. z o.o.	63 100	WIBOR 3M + marża	31.03.2019
Rosehill Investments Sp. z o.o.	25 555	WIBOR 3M + marża	31.03.2019
Elektrownia Sp. z o.o.	109	WIBOR 3M + marża	30.06.2019
City Space - SPV 3 Sp. z o.o.	498	WIBOR 3M + marża	30.09.2019
City Space - Management Sp. z o.o.	29	WIBOR 3M + marża	30.09.2019
City Space - SPV 2 Sp. z o.o.	4 051	WIBOR 3M + marża	30.09.2019
Fianar Investments Sp. z o.o.	71 360	WIBOR 3M + marża	31.12.2019
Echo - SPV 7 Sp. z o.o.	39 400	WIBOR 3M + marża	31.12.2019
Echo Aurus Sp. z o.o.	55 980	WIBOR 3M + marża	31.12.2019
Berea Sp. z o.o.	11	WIBOR 3M + marża	31.12.2019
Total	260 093		

NOTE 11A

CASH AND OTHER FINANCIAL ASSETS [PLN '000]

	31.12.2019	31.12.2018
Other financial assets	17 720	7 389
- inflows from residential clients, blocked on fiduciary accounts, released by the bank as the investment progresses	17 518	7 324
- on VAT split payment accounts	202	65
Cash in hand and in bank accounts	232 147	181 977
Total	249 867	189 366

As at 31 December 2019, the Company has cash at renowned banks, mainly DNB Nord S.A., PKO S.A. and Santander Bank Polska S.A.

The maximum value of credit risk related to cash equals its balance sheet value.

Cash in the bank bears interest at variable interest rates, the amount of which depends on the interest rate on one-day bank deposits. Short-term deposits are made for various periods, from one day to one month, depending on the current demand of the Company for cash and they bear interest according to the interest rates set for them.

NOTE 11B

CASH AND CASH EQUIVALENTS OF LIMITED DISPOSABILITY - CURRENCY STRUCTURE [PLN '000]

	31.12.2019	31.12.2018
In the Polish currency (PLN)	119 549	174 855
In foreign currencies (after translation into PLN)	130 318	14 511
unit/currency EUR	30 602	3 627
PLN '000	130 317	14 508
unit/currency USD	-	1
PLN '000	1	3
Total	249 867	189 366

SHARE CAPITAL

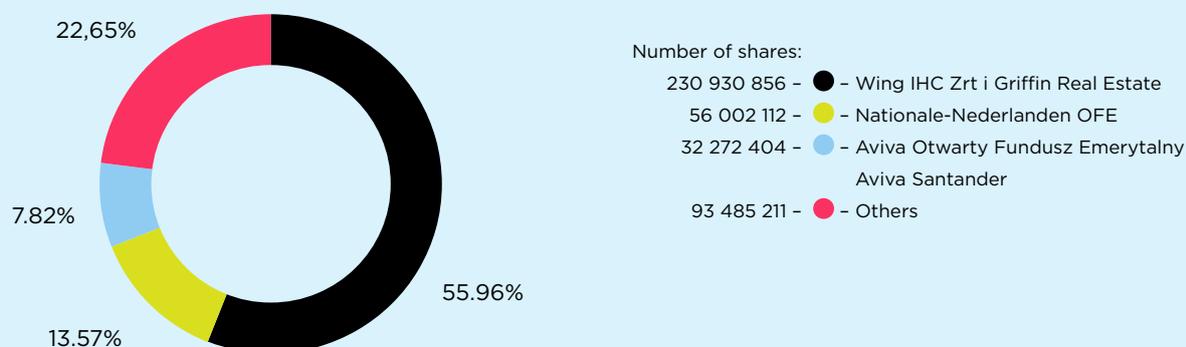
Nominal value per 1 share = PLN
0,05

Series / Issue	Type of share	Type of limited rights to shares	No. of shares	Value of series / issue at nominal value [PLN '000]	Capital coverage method
A, B, C, D, E, F	bearer shares	none	412 690 582	20 635	cash
Total no. of shares			412 690 582		
Total share capital				20 635	

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF THE SHARE CAPITAL AS AT 31.12.2019

Shareholders	Type of share	Number of shares / votes	0% of capital held
Wing oraz Griffin Real Estate (poprzez Lisala Sp. z o.o.)	230 930 856	55,96	55,96
Nationale Nederlanden OFE	56 002 112	13,57	13,57
Aviva OFE Aviva Santander	32 272 404	7,82	7,82
Others	93 485 211	22,65	22,65
Total	412 690 582	100,00	100,00

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF THE SHARE CAPITAL AS AT 31.12.2019



SUPPLEMENTARY CAPITAL [PLN '000]

	31.12.2019	31.12.2018
Share premium	100 748	100 748
Statutory	6 878	6 878
Created from generated profits according to the statute/articles, above the statutorily required (minimum) value	946 647	946 647
Other	22	22
Total	1 054 295	1 054 295

CHANGE ON DIVIDEND FUND [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Opening balance	326 309	319 579
Changes in the period	-	-
- supplementary capital	-	-
- dividend fund	(206 345)	(206 345)
- distribution of the result from previous years	44 675	213 075
Closing balance	164 639	326 309

On April 26, 2017 Management Board of Echo Investment S.A. adopted a resolution regarding the adoption of the Company's dividend policy.

The dividend policy of the Company assumes that for 2018 and subsequent years, the Management Board intends to recommend dividend payment in the amount of up to 70% of the consolidated net profit of the Company's Capital Group, assigned to the shareholders of the parent company.

When recommending dividend payment, the Company's Management Board will take into account the current and pre-

dicted financial condition of the Company and the Capital Group as well as the development strategy.

In particular, the Company's Management Board in its annual recommendations regarding dividend payment will take into account:

- the safe and most effective level of debt and liquidity management in Capital Group;
- implementation of investment plans on the development market resulting from development strategies, in particular in the area of land purchase.

CHANGE ON PROFIT/LOSS OF PREVIOUS YEARS [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Opening balance	44 675	634 661
Changes in the period		
- adjustments of result from previous years	-	2 243
- distribution of result from previous years	(44 675)	(634 661)
Closing balance	-	2 243

LONG-TERM LIABILITIES WITHOUT INCOME TAX PROVISION [PLN '000]

	31.12.2019	31.12.2018
Due to subsidiaries		
- on account of credits and loans	127 007	-
	127 007	-
Due to other entities:		
- due to lease	12 645	-
- due to deposits received	1 492	746
- due to issue of debt securities	936 859	903 448
	950 996	904 194
Total long-term liabilities	1 078 003	904 194
Interest rates used to discount expected lease cash flows	from 3,43% to 3,61%	0,00%

According to the best information and data of the Company, there were no breaches of terms of loan agreements

and established security levels during the financial year and until the date of signing of the financial statement.

DATA ON LONG-TERM LOANS WITHOUT INTEREST AND UPDATE ENTRIES AS OF DECEMBER 31, 2019

Contractor name	Amount [PLN '000]	Interest rate	Repayment date
Projekt Echo - 129 Sp. z o.o.	127 005	Wibor 3M + margin	30.09.2021
Total	127 005		

LONG-TERM LIABILITIES WITHOUT INCOME TAX PROVISION WITH REMAINING MATURITIES FROM THE BALANCE SHEET DATE [PLN '000]

	31.12.2019	31.12.2018
Between 1 to 3 years	903 512	483 671
Between 3 to 5 years	177 985	420 368
Over 5 years	1 997	155
Total	1 083 494	904 194
Interest rates used to discount expected cash flows:	5,15%	5,02%

Long-term liabilities in nominal value were presented by the Company in note 14E.

NOTE 14C

**LONG-TERM LIABILITIES WITHOUT PROVISION FOR INCOME TAX -
CURRENCY STRUCTURE [PLN '000]**

	31.12.2019	31.12.2018
In Polish currency	1 083 494	904 194
In foreign currencies (by currency and after conversion to PLN)	-	-
Total	1 083 494	904 194

Financial liabilities due to debt financial instruments are measured at amortized cost of a liability component, in accordance with IFRS 9. The fair value of long-term liabilities does not differ significantly from their carrying amount.

According to the best information and data of the Management Board of the Company, there was no breach of terms of loan agreements and established security levels during the financial year and until the date of signing of the financial statement.

NOTE 14D

**LONG-TERM LIABILITIES - CHANGE DUE TO INTRODUCTION OF MSSF 16
[PLN '000].**

	31.12.2019	31.12.2018
Opening balance	8 843	-
Changes in the period	3 802	-
- new purchases	8 756	-
- financial costs	657	-
- payment	(5 611)	-
- completion of the project/sale	-	-
Closing balance	12 645	-

REVENUES - COSTS OF LEASE [PLN '000]

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
Cost related to leases of low-value assets	878	-
Cost related to long-term leases	6 285	-
Total	7 163	-

The total cash outflow from leases amounted to PLN 6,269 thousand in 2019.

CREDIT FACILITIES AS AT 31.12.2019 [PLN '000]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline	Security
PKO BP S.A.*	75 000	65 452	WIBOR 1M + margin	30.10.2020	authorisation to bank account, statement on submission to enforcement proceedings
Alior Bank S.A.	75 000	75 000	WIBOR 3M + margin	26.03.2020	authorisation to bank account, statement on submission to enforcement proceedings
Santander Bank Polska S.A.**	100 000	73 423	WIBOR 1M + margin	30.11.2020	authorisation to bank account, statement on submission to enforcement proceedings
Total	250 000	213 875			

* The available loan amount as at 31/12/2019 is reduced by the issued guarantees and amounts to PLN 0.2 million.

** Within the credit limit of PLN 100 million, the Company is granted a sublimit for a current loan of up to PLN 75 million and a sublimit of up to PLN 25 million for guarantees. As at 31/12/2019, the utilization of the guarantee limit was PLN 24.2 million.

The loan value corresponds to undiscounted cash flows.

CREDIT FACILITIES AS AT 31.12.2018 [PLN '000]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline	Security
PKO BP S.A.*	75 000		WIBOR 1M + margin	30.10.2020	authorisation to bank account, statement on submission to enforcement proceedings
Alior Bank S.A.	75 000	50 000	WIBOR 3M + margin	15.12.2019	authorisation to bank account, statement on submission to enforcement proceedings
Santander Bank Polska S.A.**	100 000		WIBOR 1M + margin	30.11.2020	authorisation to bank account, statement on submission to enforcement proceedings
Raiffeisen Bank Polska S.A***	62 000		WIBOR 1M + margin	16.12.2019	authorisation to bank account, statement on submission to enforcement proceedings
Total	****312 000	50 000			

* The available loan amount as at 31/12/2018 is reduced by the guarantees issued and amounts to PLN 54.1 million.

** Within the credit limit of PLN 100 million, the Company is granted a sublimit for a current loan of up to PLN 75 million and a sublimit of up to PLN 25 million for guarantees. As at 31/12/2018, the utilization of the guarantee limit was PLN 24.2 million.

*** As at 31.12.2018, the available loan amount is reduced by guarantees issued and amounts to nearly PLN 60 million.

**** Including PLN 25 million of the guarantee limit in Santander Bank Polska S.A. The total amount of current and working capital loan limits amounts PLN 287 million as at 31 December 2018.

The loan value corresponds to undiscounted cash flows.

**LONG AND SHORT-TERM LIABILITIES DUE TO THE DEBT FINANCIAL INSTRUMENTS ISSUED
AS AT 31 DECEMBER 2019**

Series	ISIN code	Bank/brokerage house	Nominal value	Maturity	Interest rate	Securities	Quotation market
Bonds purchased by the company in 2019							
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3,0%	none	ASO CATALYST
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	none	ASO CATALYST
2/2017	PLECHPS00258	mBank S.A.	150 000	30.11.2021	WIBOR 6M + margin 2,9%	none	ASO CATALYST
1/2018	PLECHPS00282	mBank S.A.	140 000	25.04.2022	WIBOR 6M + margin 2,9%	none	ASO CATALYST
1/2019	PLECHPS00308	mBank S.A.	100 000	11.04.2023	WIBOR 6M + margin 4,25%	none	ASO CATALYST
Total			645 000				
Bonds for individual investors							
E-series issue	PLECHPS00217	DM PKO BP S.A.	100 000	06.07.2021	WIBOR 6M + margin 2,9%	none	CATALYST regulated market
F-series issue	PLECHPS00233	DM PKO BP S.A.	125 000	11.10.2022	WIBOR 6M + margin 2,9%	none	CATALYST regulated market
G-series issue	PLECHPS00241	DM PKO BP S.A.	75 000	27.10.2022	WIBOR 6M + margin 2,9%	none	CATALYST regulated market
H-series issue	PLECHPS00266	DM PKO BP S.A.	50 000	22.05.2022	WIBOR 6M + margin 2,8%	none	CATALYST regulated market
I-series issue	PLECHPS00274	Consortium: DM PKO Bank Polski S.A., Noble Securities S.A. and Centralny Dom Maklerski Pekao S.A.	50 000	08.11.2023	WIBOR 6M + margin 3,4%	none	CATALYST regulated market
J and J2-series issue	PLECHPS00290	J-series: consortium of Noble Securities S.A., Michael / Ström Dom Maklerski S.A., Dom Maklerski Banku Ochrony Środowiska S.A. J2 series: DM PKO Bank Polski S.A.	33 832	21.09.2023	WIBOR 6M + margin 3,4%	none	CATALYST regulated market
Total			433 832				
Bonds in total			1 078 832				

The value of the bonds corresponds to undiscounted cash flows, not including interest.

BONDS PURCHASED BY THE COMPANY IN 2019

Series	Date	Value [PLN '000]
bonds for institutional investors - series 1/2014	19.02.2019	100
bonds for institutional investors - series 2/2014	12.04.2019	10
bonds for institutional investors - series 2/2014	15.05.2019	61
	Total	171

BONDS ISSUED BY THE COMPANY IN 2019

Series	Date of subscription / issue	Value [PLN '000]
bonds for individual investors - J-series	18.02.-1.03.2019	34
bonds for individual investors - series 1/2019	11.04.2020	100
	Total	134

ISSUANCE OF PLN 33.8 MLN WORTH OF BONDS FOR INDIVIDUAL INVESTORS

After the balance sheet date, the Company placed 188,315 J-series bonds and 150,000 J2-series bonds, which were issued on the basis of the Prospectus approved by the Polish Financial Supervision Authority on 16 April 2018. The total issue value of the placed bonds was PLN 33,831,500.

The subscription for J-series bonds lasted from 18 February to 1 March 2019, while J2-series bonds from 18 February to 25 February 2019. The allocation of the bonds took place on 5 March 2019. The interest rate on J-series and J2-series bonds is based on the WIBOR 6M rate increased by a 3.4% margin. The bonds have a 4.5-year maturity. The offering was organized by Dom Maklerski PKO Banku Polskiego and the consortium of Noble Securities S.A., Michael / Ström Dom Maklerski S.A. and Dom Maklerski Bank Ochrony Środowiska S.A.

ISSUANCE OF BONDS FOR INSTITUTIONAL INVESTORS

As part of the Bond Issuance Programme of up to PLN 1 bln of 2011, which was signed with mBank, Echo Investment issued coupon bonds with a total value of PLN 100 mln on 11 April 2019. The nominal value and the issue price of one bond was PLN 10,000. The bonds were issued for the period ending on 11 April 2023. The interest rate on the bonds was determined based on the variable WIBOR 6M rate plus a margin for investors. The redemption of the bonds on the redemption date will be at the nominal value of the bonds. The interest will be paid semi-annually. The issued bonds are not secured. At the same time, the Company acquired 1,000 own bonds marked with the ISIN code PLECHPS00159 for redemption.

**LONG-TERM AND SHORT-TERM LIABILITIES DUE TO BONDS ISSUED
AS AT 31.12.2018 [PLN '000]**

Bonds for institutional investors

Series	ISIN code	Bank / brokerage house	Issue value	Maturity	Interest rate	Guarantees / securities	Quotation market
1/2014	PLECHPS00134	mBank S.A.	100 000	19.02.2019	WIBOR 6M + margin 3,6%	none	ASO CATALYST
2/2014	PLECHPS00159	mBank S.A.	70 500	15.05.2019	WIBOR 6M + margin 3,6%	none	ASO CATALYST
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3,0%	none	ASO CATALYST
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	none	ASO CATALYST
2/2017	PLECHPS00258	mBank S.A.	150 000	30.11.2021	WIBOR 6M + margin 2,9%	none	ASO CATALYST
1/2018	PLECHPS00282	mBank S.A.	140 000	25.04.2022	WIBOR 6M + margin 2,9%	none	ASO CATALYST
Total			715 500				

Bonds for individual investors

E-series	PLECHPS00217	DM PKO BP S.A.	100 000	06.07.2021	WIBOR 6M + margin 2,9%	none	regulated market CATALYST
F-series	PLECHPS00233	DM PKO BP S.A.	125 000	11.10.2022	WIBOR 6M + margin 2,9%	none	regulated market CATALYST
G-series	PLECHPS00241	DM PKO BP S.A.	75 000	27.10.2022	WIBOR 6M + margin 2,9%	none	regulated market CATALYST
H-series	PLECHPS00266	DM PKO BP S.A.	50 000	22.05.2022	WIBOR 6M + margin 2,8%	none	regulated market CATALYST
I-series	PLECHPS00274	DM PKO Bank Polski S.A., Noble Securities S.A. and Centralny Dom Maklerski Pekao S.A.	50 000	08.11.2023	WIBOR 6M + margin 3,4%	none	regulated market CATALYST
Total			400 000				
Total bonds			1 115 500				

**SHORT-TERM TRADE LIABILITIES, TAXES, SECURITY DEPOSITS RECEIVED,
ADVANCES RECEIVED AND OTHER - WITHOUT PROVISIONS [PLN '000]**

	31.12.2019	31.12.2018
Trade, due to subsidiaries, with maturity:	2 590	3 002
- up to 12 months	2 590	3 002
- over 12 months	-	-
Trade, due to other entities, with maturity:	50 812	29 593
- up to 12 months	50 812	29 593
- over 12 months	-	-
Total short-term trade liabilities	53 402	32 595
Advances received ("contract liability")	100 163	69 657
Security deposits received	4 777	5 138
Total security deposits and advances received	104 940	74 795
Taxes, customs duties, insurance and other benefits	15 315	2 897
On account of current income tax	3 215	1 219
Total tax	15 315	2 897
Lease liabilities	13 059	
Perpetual usufruct conversion fees	215	
Lease and perpetual usufruct conversion fee liabilities	13 274	
Other liabilities	26 583	22 018
- due to payroll	10	2
- other (due to)	26 673	22 016
- dividend	-	-
- cash on escrow account	17 720	7 389
- acquisition of share	370	-
- other, including:	8 483	14 627
- bonuses for management and employees	5 940	10 867
Total other short-term liabilities	26 583	22 018
	Total	132 305
Interest rates used to discount expected cash flows due to leases:	6,94%	0,00%

The fair value of trade and other liabilities does not differ materially from their carrying value.

NOTE 15B

SHORT-TERM TRADE LIABILITIES, TAXES, SECURITY DEPOSITS RECEIVED, ADVANCES RECEIVED AND OTHER - WITHOUT PROVISIONS [PLN '000]

	31.12.2019	31.12.2018
In the Polish currency (PLN)	199 729	132 289
In foreign currencies (after translation into PLN)	13 785	16
unit/currency EUR	3 237	4
- PLN '000	13 785	16
unit/currency USD	-	-
- PLN '000	-	-
Total	213 514	132 305

NOTE 15C

SHORT-TERM LIABILITIES (CHANGE IN CONNECTION WITH THE ADOPTION OF MSSF 16) [PLN ,000].

	31.12.2019	31.12.2018
Opening balance	15 048	-
Changes in the period	(1 774)	-
- new purchases	-	-
- financing costs	450	-
- payment	(647)	-
- project completion/sale	(1 577)	-
Closing balance	13 274	-

The Company described the changes related to the introduction of IFRS 16 in the chapter „Main accounting principles” under „Leasing”.

NOTE 16A

SHORT-TERM LOANS, BORROWINGS AND BONDS [PLN '000]

	31.12.2019	31.12.2018
Due to subsidiaries		
- borrowings	-	-
	-	-
Due to other entities		
- loans and borrowings	213 874	50 000
- due to issue of debt securities	148 338	217 725
Total	362 212	267 725
Total short-term loans, borrowings and bonds	362 212	267 725

According to the best information and data of the Company, there were no breaches of terms of loan agreements and established security levels during the financial year and until the date of signing of the financial statement.

SHORT-TERM LOANS, BORROWINGS AND BONDS - CURRENCY STRUCTURE
[PLN '000]

	31.12.2019	31.12.2018
In the Polish currency (PLN)	362 212	267 725
In foreign currencies (by currency and after translation into PLN)	-	-
Total	362 212	267 725

As at 31.12.2019 the Company has no short-term borrowings without interests.

MOVEMENT IN SHORT-TERM PROVISIONS - DUE TO [PLN '000]

	31.12.2019	31.12.2018
At the beginning of the period		
- provisions for penalties	2 000	2 000
- provisions for guarantees	270	-
- court proceedings	-	2 066
- provision for costs	15 047	40 605
	17 317	44 671
Increases		
- provisions for guarantees	244	270
- provisions for expected losses	4 003	11 363
- provision for costs	-	-
- court proceedings	4 247	11 633
Utilisation due to		
- provision for costs	(4 840)	(10 000)
- provision for penalties	-	(2 066)
	(4 840)	(12 066)
Release due to		
- provision for costs	(1 217)	(26 921)
- provisions for expected losses	-	-
	(1 217)	(26 921)
At the end of the period		
- provisions for penalties	2 000	2 000
- provisions for guarantees	514	270
- court proceedings	-	-
- provision for costs	12 993	15 047
	15 507	17 317

Provision for penalties includes the value of any penalties with which the Company may be charged due to contracts concluded, with a probability of charging that exceeds 50%. The amount of the provision was estimated based on the best knowledge of the Company and based on its past experience.

The provision for projected costs of warranty repairs includes the value of repairs or compensation for sold premises and projects with a probability of charging

that exceeds 50%. The amount of the provision was estimated based on the best knowledge of the Company and based on its past experience.

The dates of crystallising of the provisions for penalties and losses, warranty costs and court cases are not possible to be estimated, however, there is a high probability of their implementation within 12 months from the balance sheet date.

OFF-BALANCE SHEET ITEMS [PLN '000]

	31.12.2019	31.12.2018
1. Contingent receivables	-	-
2. Contingent liabilities	1 941 756	1 215 651
2.1. For related parties	1 941 756	1 215 651
- due to guarantees and sureties granted	1 941 756	1 215 651
2.2. For other parties	-	-
- due to guarantees and sureties granted	-	-
2.3. Other	719	100
- due to court proceedings against Echo Investment	719	100
Total	1 942 475	1 215 751

SURETIES ISSUED BY „ECHO INVESTMENT” S.A AS AT DECEMBER 31, 2019

For	Value [PLN '000]	Validity	Description
Bletwood Investments Sp. z o.o.	1 432	The entire duration of the lease and three consecutive months from the date of its termination	Surety for liabilities of the company Cogl II Limited Poland Sp. z o.o. as security for the obligations arising from the lease agreement concluded on 6.11.2015. Issued in EUR.
HPO AEP Sp. z o.o. Sp. J.	10 646	Until obtaining the occupancy permit for projects carried out, however not later than until 07.12.2031.	Surety for liabilities of Echo - Browary Warszawskie Sp. z o.o. Sp.K. and Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp. K. as security for the obligations arising from the contract concluded on 7.12.2016. Mutual guarantee issued in EUR.
Human Office Polska Sp. z o.o.	100	Until the expiry of the lease contract	Surety for liabilities of Sagittarius - Sagittarius - Projekt Echo-113 Sp. z o.o. Sp.K. resulting from the lease contract
PKO BP S.A.	344 944	until 31.12.2026	Surety for liabilities of Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.K.A. as a collateral of claims resulting from housing project in the Company and mortgage separation of real estate. Issued in EUR
PeKaO S.A.	389 135	until 31.12.2030	Surety for liabilities Dellia Investments - Projekt Echo - 115 Sp. z o.o. S.K. as a collateral of claims resulting from housing projects, sold office building in the Company and fulfilling the terms of the lease agreement with one of the tenants. Issued in EUR.
Total	746 258		

SURETIES ISSUED AS AT DECEMBER 31, 2018

For	Value [PLN '000]	Validity	Description
Bletwood Investments Sp. z o.o.	1 446	Entire validity period of the lease and three months following its termination date	Surety for liabilities of Cogl II Poland Limited Sp. z o.o. as a collateral of liabilities resulting from the lease agreement of 06.11.2015. Issued in EUR.
HPO AEP Sp. z o.o. Sp. J.	10 750	Until the date of issuance of the occupancy permit for the projects but no later than 07.12.2031.	Surety for liabilities of Echo - Browary Warszawskie Sp. z o.o. Sp.K. and Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp. K. j as a collateral of liabilities resulting from the lease agreement of 07.12.2016. Mutual surety issued in EUR.
Human Office Polska Sp. z o.o.	100	Until the expiry of obligations under leasing agreement	Surety for liabilities of Sagittarius - Projekt Echo-113 Sp. z o.o. Sp.K. resulting from leasing contract
Total	12 296		

GUARANTEES AS AT DECEMBER 31, 2019

For	Value [PLN '000]	Validity	Description
Horta Sp. z o.o.	21 293	until 02.07.2020	Performance bond for the final sale agreement of the Aquarius Business House I office building in Wrocław. Issued in EUR.
Skua Sp. z o.o.	25 551	until 31.07.2021	Performance bond for the final contract sales and the master lease agreements for the Aquarius Business office building House II in Wrocław. Issued in EUR.
IREEF – Stryków Propco Sp. z o.o.	997	until 15.12.2019	Construction work quality guarantee related to the Q22 office building in Warsaw.
IREEF – Stryków Propco Sp. z o.o.	1 187	until 31.05.2022	Rental guarantee related to the sale of the office building Q22 in Warsaw. The guarantee is issued in EUR. The amount of the guarantee is updated as the liability decreases.
issued to Ventry Investments Sp. z o.o. Sp.K. (currently authorized entity of EPP Office O3 Business Campus sp.z o.o.)	38 857	until 21.12.2026	Construction guarantee related to the sale of the O3 Business Campus I office building in Kraków. The construction guarantee is secured by is the corporate guarantee issued by Echo Investment S.A. The guarantee issued in EUR. The maximum amount of responsibilities will be progressively reduced as the amount of the liability that the guarantee secures decreases.
issued to Ventry Investments Sp. z o.o. Sp.K. (currently authorized entity EPP Office O3 Business Campus sp.z o.o.)	958	until 21.05.2020	Rental guarantee related to the sale of O3 Business Campus I in Kraków. The rental guarantee is secured by the corporate guarantee issued by Echo Investment S.A. Partly issued in EUR. The maximum amount of responsibilities will be progressively reduced as the amount of the liability that the guarantee secures decreases.
issued to Emfold Investments Sp. z o.o. (currently authorized entity Tryton Business Park sp.z o.o.)	40 533	until 21.12.2026	Construction guarantee related to the sale of the Tryton office building in Gdańsk. The construction guarantee is secured by the corporate guarantee issued by Echo Investment S.A. The guarantee is issued in EUR.
issued to Emfold Investments Sp. z o.o. (currently authorized entity Tryton Business Park sp.z o.o.)	-	until 21.05.2020	Rental guarantee related to the sale of the Tryton office building in Gdańsk. The rental guarantee is secured by the corporate guarantee issued by Echo Investment S.A. Partly issued in EUR. The maximum amount of responsibilities will be progressively reduced as the amount of the liability that the guarantee secures decreases.
issued to Flaxton Investments Sp. z o.o. (currently authorized entity EPP Office - Symetris Business Park sp. Z o.o.)	17 339	until 21.12.2026	Construction guarantee related to the sale of the Symetris I office building in Łódź. The construction guarantee is secured by the corporate guarantee issued by Echo Investment S.A. Issued in EUR.
issued to Flaxton Investments Sp. z o.o. (currently authorized entity EPP Office - Symetris Business Park sp. Z o.o.)	71	until 21.05.2020	Rental guarantee related to the sale of the Symetris I office building in Łódź. The rental guarantee is secured with the corporate guarantee issued by Echo Investment S.A. Partly issued in EUR. The maximum amount of the liability shall be decreased successively as the amount of the liability covered by the guarantee decreases.
A4 Business Park sp. z o.o.	23 422	until 26.04.2027	Construction guarantee related to the sale of the A4 Business Park III stage office building in Katowice. The guarantee is secured by the corporate guarantee issued by Echo Investment S.A. Issued in EUR
A4 Business Park sp. z o.o.	-	until 26.09.2020	Rental guarantee related to the sale of the A4 Business Park III stage office building in Katowice. The rental guarantee is secured by the corporate guarantee issued by Echo Investment S.A. Partly issued in EUR. The maximum amount of the liability will be successively reduced as the amount of the liability that the guarantee secures decreases.
EPP Office O3 Business Campus Sp. z o.o.	37 048	until 21.12.2027	Construction guarantee related to the sale of the O3 Business Campus II office building in Kraków. The guarantee is secured by the corporate guarantee issued by Echo Investment S.A. The guarantee is issued in EUR.

GUARANTEES AS AT DECEMBER 31, 2019

For	Value [PLN '000]	Validity	Description
EPP Office O3 Business Campus Sp. z o.o.	1 873	until 28.05.2021	Corporate guarantee of Echo Investment SA securing the rent guarantee related to the sale of O3 Business Campus II in Kraków. Partly issued in EUR. The maximum amount of the liability shall be successively reduced as the amount of the liability secured by the guarantee decreases.
Santander Bank Polska, PKO BP SA, Bank Gospodarstwa Krajowego oraz mBank S.A.	39 604	until credit conversion from construction into investment loan	Security of overrun of costs of the construction of the Galeria Młociny project in Warsaw and obligations of Berea Sp. z o.o. resulting from the loan contract signed on 17.10.2017. Issued in EUR
Nobilis - Projekt Echo - 117 Sp. z o.o. Sp. K.	40 000	until 31.10.2026	Quality guarantee for construction work related to the Nobilis office building in Wrocław.
Nobilis - Projekt Echo - 117 Sp. z o.o. Sp. K.	1 611	until 28.12.2020	Rental guarantee related to the sale of the Nobilis office building in Wrocław. Issued in EUR. The maximum amount of liability will be successively reduced as the amount of liability secured by the guarantee decreases.
IB 14 FIZAN	76 126	until 24.05.2024	Security of due performance of obligations resulting from the contract of sale of the West Link office building in Wrocław. Issued in EUR. After 24.05.2021 the amount of maximum liability will be reduced by 80%.
A 19 Sp. z o.o.	25 551	until 4.07.2038	Guarantee for obligations of Projekt 22 - „Grupa Echo” Spółka z ograniczoną odpowiedzialnością - SKA (Midpoint 71) under the good neighbourly agreement concluded on 4.07.2018. Issued in EUR
issued to Flaxton Investments Sp. z o.o. (currently authorized entity EPP Office - Symetris Business Park sp. Z o.o.)	16 258	until 15.11.2020	Construction guarantee related to the sale of the Symetris II stage project in Łódź. Issued in EUR. The maximum amount of liability may be successively reduced as the amount of liability secured by the guarantee decreases.
issued to Flaxton Investments Sp. z o.o. (currently authorized entity EPP Office - Symetris Business Park sp. Z o.o.)	205	until 27.12.2021	Rental guarantee related to the sale of the Symetris II stage in Łódź. Partially issued in EUR. The maximum amount of liability will successively decrease as the amount of liability secured by the guarantee decreases.
PeKaO S.A.	14 147	until 30.06.2029	Guarantee of exceeding costs of residential projects: R4R Łódź Wodna, R4R Wrocław Rychtalska, R4R Warszawa Browary, R4R Wrocław Kępa.
R4R Wrocław Kępa Sp. z o.o./R4R Warszawa Browary Sp. z o.o.	84 809	until 31.07.2021	Guarantee of repayment of advance payments made by R4R companies in accordance with preliminary property sales contracts: Kępa Mieszkańska in Wrocław and Browary Warszawskie E in Warsaw, Echo SPV 7 sp. z o.o. entered into preliminary agreements as a joint and several debtor responsible for the sellers' obligations.
IB 6 FIZAN / GPF 3 FIZAN	132 733	until 31.10.2021	Security for proper performance of Rosehill Investments Sp. z o.o.'s obligations under the programme agreement concluded on 31.08.2017. Issued in EUR.
Tryton Business Park Sp. z o.o.	540	until 31.01.2020	Security for liabilities of Tryton City Space - GP sp.z o.o. sp.k. arising from the lease agreement concluded on 12/06/2018. Issued in EUR.
DH Supersam Katowice Sp. z o.o. Sp.k.	359	until 31.01.2020	Security for liabilities of Supersam City Space - GP sp. z o.o. sp.k. resulting from the lease agreement concluded on 28.02.2017. Issued in EUR.
Miasto Katowice	758	until 16.01.2020	Warranty security and quality guarantee for liabilities of Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.K. arising from an agreement concluded on 16.06.2016 concerning the execution of a road investment.
PKO BP S.A.	36 000	until 30.06.2023	Securing the cost overrun of the Moje Miejsce office project in Warsaw.

GUARANTEES AS AT DECEMBER 31, 2019

For	Value [PLN '000]	Validity	Description
LUX Europa III S.a.r.l.	6 450	till 25.03.2020	Collateral for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.k. arising from the quality assurance agreement of 27.03.2019.
LUX Europa III S.a.r.l.	93 432	until 31.12.2024	Security for proper performance of obligations of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp. k., arising from the contract of the sale of the Gatehouse Offices building in the Browary Warszawskie complex. Issued in EUR.
LUX Europa III S.a.r.l.	570	until 30.06.2029	Security for proper performance of obligations of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. under the contract of the sale of the Gatehouse Offices building in the Browary Warszawskie complex. The rental guarantee issued in EUR. The maximum amount of liability will be successively reduced as the amount of liability covered by the guarantee decreases.
LUX Europa III S.a.r.l.	163 550	until 30.06.2030	Security for proper performance of obligations of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. under the contract of the sale of the Gatehouse Offices office building in the Browary Warszawskie complex. Issued in PLN.
LUX Europa III S.a.r.l.	46 844	until 03.03.2027	Security for proper performance of obligations of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. under the contract of the sale of the Gatehouse Offices building in the Browary Warszawskie complex. Issued in EUR.
LUX Europa III S.a.r.l.	366	till 30.06.2020	Security for liabilities of Dellia Investments - Project Echo - 115 Sp. z o.o. Sp.k. resulting from the rental guarantee agreement. The maximum amount of liability will be successively reduced as the amount of the liability that the guarantee secures.
PeKaO S.A.	68 045	until credit conversion from construction into investment loan	Guarantee of exceeding the costs of the office project in the Browary Warszawskie complex in Warsaw. Issued in EUR.
Bank Millenium S.A.	8 045	until credit conversion from construction into investment loan	Guarantee of exceeding the costs of the West 4 Business Hub office project in Wrocław.
Bank Millenium S.A.	4 557	until credit conversion from construction into investment loan	Guarantee securing the income from leases during the construction of the West 4 Business Hub office project in Wrocław. Issued in EUR
issued to Echo-Opolska Business Park Sp. z o.o. Sp.k. (currently authorized entity EPP DEVELOPMENT 6 sp.z o.o.)	1 008	until 30.06.2020	Security for liabilities of Projekt 132 - City space - GP sp. z o.o. sp.k. resulting from the lease agreement concluded on 04.06.2019. Issued in EUR.
PeKaO S.A.	70 000	until 29.12.2023	Guarantee for cost overruns, minimum interest coverage and securing of own contribution for Face2Face office project in Katowice. Issued in PLN.
BNP Paribas Bank Polska S.A.	10 499	until 1.12.2022	Security of exceeding the costs of the React office project in Łódź.
EPP Development 6 Sp. z o.o.	8 337	until 11.02.2025	Corporate guarantee of Echo Investment SA securing the rent guarantee related to the sale of O3 Business Campus III in Cracow. Partly issued in EUR. The maximum amount of liability will be successively reduced as the amount of liability secured by the guarantee decreases.
EPP Development 6 Sp. z o.o.	34 352	until 9.08.2028	Construction guarantee related to the sale of the O3 Business Campus III office building in Kraków. The guarantee is secured by a corporate guarantee issued by Echo Investment S.A. The guarantee is issued in EUR.
Dyrektor Izby Administracji Skarbowej w Kielcach	873	till 10.02.2021	Lottery guarantee for Galeria Libero - Projekt Echo - 120 Sp. z o.o. SK

GUARANTEES AS AT DECEMBER 31, 2019

For	Value [PLN '000]	Validity	Description
142 - City Space - GP Sp. z o.o. sp. K	20	until 22.06.2024	Security for liabilities of Projekt 142 - City space - GP Sp. z o.o. Sp. k. resulting from the lease agreement concluded on 21.05.2019. Issued in EUR.
142 - City Space - GP Sp. z o.o. sp. K	103	until 29.09.2024	Security for liabilities of Projekt 142 - City space - GP sp.z o.o. Sp.K. arising from the lease agreement concluded on May 21, 2019. Issued in EUR.
Skua Sp. z o.o.	24	until 17.12.2020	Bank guarantee issued at request of Echo Investment, securing liabilities of Aquarius - City Space - GP Sp. z o.o. Sp.K. under the lease agreement of 5.09.2018.
Horta Sp. z o.o.	594	until 17.12.2020	Bank guarantee issued at the request of Echo Investment to secure obligations of Aquarius - City Space - GP Sp. z o.o. Sp.K. under the lease agreement of 5.09.2018.
Tesco (Polska) Sp. z o.o.	-	until 30.06.2025	Corporate guarantee of Echo Investment SA securing the performance of obligations Project 12 - Grupa Echo Sp. z o.o. S.K.A on provision of priority lease of space in the new shopping centre and resulting from the preliminary property sales agreement concluded on 30.07.2019 between Projekt 12 - Grupa Echo Sp. z o.o. S.K.A a Tesco (Poland) sp. z o.o. Due to business and legal arrangements, the guarantee has no upper limit of potential liability.
Total	1 195 499		

FRS 9 introduced a model based on the concept of expected loss, also in relation to the issuer of financial guarantees. The company does not conduct separate activities in this area but is only a party to guarantees and sureties in relation to office and commercial projects implemented by subsidiaries. Such guarantees constitute either collateral related to project implementation or after-sales collateral for new investors and constitute a form of collateral commonly used on the market. In the opinion of the Management Board, through the ability to monitor the activities of subsidiaries, the Company has the

full ability to monitor the credit risk associated with issued guarantees. The units of the Echo Investment Capital Group have full capacity and readiness to meet the contractual obligations, therefore the Management Board of the Company has not identified the existence of significant expected losses due to issuing guarantees and sureties by the Company. In accordance with the requirements of IFRS 9, a provision for expected credit losses as at 31 December 2019 in the amount of PLN 514 thousand was created and as at 31 December 2018 in the amount of PLN 270 thousand.

GUARANTEES AS AT DECEMBER 31, 2018

For	Value [PLN '000]	Validity	Description
Horta Sp. z o.o.	21 500	until 02.07.2020	Performance bond for the final sale agreement of the Aquarius Business House I office building in Wrocław. Issued in EUR.
Skua Sp. z o.o.	25 800	until 30.07.2021	Performance bond for the final sale agreement of the Aquarius Business House II office building in Wrocław. Issued in EUR.
Skarb Państwa	45 466	until 22.05.2019	Surety bond for liabilities of Outlet Park - Projekt Echo - 126 Sp. z o.o. Sp.K.
Skarb Państwa	4 550	until 20.06.2019	Surety bond for liabilities of Outlet Park - Projekt Echo - 126 Sp. z o.o. Sp.K.
IREEF - Stryków Propco Sp. z o.o.	420 000	until 15.12.2019	Construction work quality guarantee related to the Q22 office building in Warsaw.
IREEF - Stryków Propco Sp. z o.o.	27 358	until 15.12.2021	Rent guarantee related to the sale of the Q22 office building in Warsaw. The rent guarantee is secured by a bank guarantee issued by BZ WBK S.A. on behalf of Echo Investment S.A. The guarantee issued in EUR.
Ventry Investments Sp. z o.o.	28 360	until 20.12.2019	Rental guarantee related to sale of O3 Business Campus I office building in Kraków. Performance bond for the rental guarantee is corporate guarantee issued by Echo Investment S.A. Partially issued in EUR.
Emfold Investments Sp. z o.o.	43 193	until 20.12.2019	Rental guarantee related to sale of Tryton office building in Gdańsk. Performance bond for the rental guarantee is corporate guarantee issued by Echo Investment S.A. Partially issued in EUR.
Flaxton Investments Sp. z o.o.	18 148	until 20.12.2019	Rental guarantee related to sale of Symetris I office building in Łódź. Performance bond for the rental guarantee is corporate guarantee issued by Echo Investment S.A. Partially issued in EUR.
Projekt Echo 135 Sp. z o.o. Sp. K.	21 538	do 25.04.2020	Rental guarantee related to sale of A4 Business Park III office building in Katowice. Performance bond for the rental guarantee is corporate guarantee issued by Echo Investment S.A. Partially issued in EUR.
IREEF - Stryków Propco Sp. z o.o.	992	until 31.07.2019	Guarantee securing the execution of liabilities of Echo Investment S.A. resulting from the lease agreement of 24.10.2016. Issued in EUR
Santander Bank Polska S.A. oraz Bank BNP Paribas S.A.	56 954	until credit conversion from construction into investment loan	Surety bond for costs overrun of the project of Galeria Libero in Katowice. Issued in EUR.
Santander Bank Polska S.A., PKO BP S.A., Bank Gospodarstwa Krajowego oraz mBank S.A.	39 990	until credit conversion from construction into investment loan	Surety bond for costs overrun of the project of Galeria Młociny in Warsaw and liabilities of Berea Sp. z o.o. resulting from the agreement on 17.10.2017. Issued in EUR.
Ventry Investments Sp. z o.o. Sp. K.	47 399	until 27.12.2020	Corporate guarantee of Echo Investment S.A. securing the rental guarantee related to sale of Q3 Business Campus II office building in Kraków. Partially issued in EUR.
Nobilis - Projekt Echo - 117 Sp. z o.o. Sp. K.	40 000	until 31.10.2026	Construction work quality guarantee related to the Nobilis office building in Wrocław.
Nobilis - Projekt Echo - 117 Sp. z o.o. Sp. K.	15 983	until 28.12.2020	Rental guarantee related to sale of Nobilis office building in Wrocław. Issued in EUR.
Novaform Polska Sp. z o.o.	4 616	until 31.05.2019	Guarantee securing the execution of liabilities of Duże Naramowice - Projekt Echo - 111 Sp. z o.o. S.K.A. resulting from the agreement of 08.01.2018.

GUARANTEES AS AT DECEMBER 31, 2018

For	Value [PLN '000]	Validity	Description
IB 14 FIZAN	88 334	until 24.05.2024	Performance bond for liabilities resulting from the final sale agreement of the West Link office building in Wrocław. Issued in EUR.
A 19 Sp. z o.o.	25 800	until the expiry of the agreement of 4.07.2018	Performance bond for liabilities of Projekt 22 - „Grupa Echo” Sp. z o.o. - SKA resulting from agreement concluded on 4.07.2018 r. Issued in EUR.
Flaxton Investments Sp. z o.o.	11 278	do 27.07.2021	Rental guarantee related to sale of Symetris II office building in Łódź. Partially issued in EUR.
Bank Polska Kasa Opieki S.A.	14 147	do 30.06.2029	Cost overrun guarantee agreement regarding housing projects
R4R Wrocław Kępa Sp. z o.o. / SO SPV 103 Sp. z o.o. / R4R Warszawa Browary Sp. z o.o.	82 818	do 31.07.2021	Advance payment guarantee.
IB 6 FIZAN / GPF 3 FIZAN	119 131	do 31.10.2021	Performance bond for liabilities of Rosehill Investments Sp. z o.o. resulting from the framework agreement of 31.08.2017. Issued in EUR.
Total	1 203 355		

Explanatory notes to profit and loss account

NOTE 19A

The Company did not conclude transactions with related parties on terms other than market terms. The agreements concerning significant transactions with related entities executed in the previous year were presented by the Company in additional explanations.

OPERATING INCOME MATERIAL STRUCTURE - TYPES OF ACTIVITY [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Sale of residential and commercial space	179 452	187 986
- from related entities	-	-
Investment development services	76 506	196 843
From related entities	73 573	131 506
- from subsidiaries	57 873	131 506
Sale of plots of land	2 962	1 337
- from related entities	-	-
Leasing services	1 862	4 932
From related entities	1 395	2 751
- from subsidiaries	-	2 751
- from the parent company	-	-
Legal, accounting, consulting and IT services	9 999	6 609
From related entities	9 595	6 506
- from subsidiaries	9 595	6 506
- from jointly controlled entities	-	-
Financial, marketing, security and other revenue services	42 143	32 526
-From related entities	39 932	30 824
- from subsidiaries	26 031	30 821
- from key personnel	58	3
Operating income, in total	312 924	430 233
From related entities	124 495	171 587
- from subsidiaries	93 499	171 584
- from the parent company	-	-
- from key personnel	58	3

NOTE 19B

The company did not conclude transactions with affiliated entities on terms other than market terms. Agreements regarding significant transactions with affiliated

entities implemented in the previous year were presented by the Company in additional explanations.

REVENUES RELATED TO PROPERTY DEVELOPMENT (I.E. SALE OF RESIDENTIAL AND COMMERCIAL UNITS)

The Company recognizes revenue when the obligation to perform the service is met. The obligation to perform the service is considered fulfilled upon the release of the property to the buyer, which takes place on the basis of the acceptance protocol signed by the parties only after the completion of the property construction process and receipt of the occupancy permit, and provided that the buyer makes 100% payments for the purchase price property. Agreements concluded within this group of revenues do not contain the element of variable remuneration. In

addition, in the Company's opinion, the concluded contracts do not contain a significant financing element. Due to such nature of contracts, the Company, as a rule, does not show receivables or other assets balances under contracts related to this group of revenues. The contractual obligations reflect the short-term down payments made by the clients. The table below presents changes in the liabilities balance under agreements in relation to this group of revenues.

SHORT-TERM ADVANCED RECEIVED [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Short-term advanced payments received (note 15A)		
- opening balance	69 657	44 266
Increase – payments	209 968	213 377
Presented as revenue in the period	(179 452)	(187 986)
- including revenue in the period, recognized in received advanced payments balance at the beginning of the period	(69 657)	(40 089)
Short-term advanced payments received (note 15A)		
- closing balance	100 163	69 657

The total value of revenues to be recognized in the future related to the obligations to perform the contract for the sale of residential and commercial space under contracts signed as at the balance sheet date, December 31, 2019 is PLN 403,497 thousand, of which up to the balance sheet date the Company received advance payments in the amount of PLN

100,416 thousand. zł. These revenues will be recognized when real estate is handed over to buyers, after construction is completed and necessary administrative decisions are obtained, which occurs on average after a period of approximately 1-3 months after the completion of construction.

REVENUE RELATED TO DEVELOPMENT SERVICES [PLN '000]

Project	Targeted completion	Targeted revenue	Total value deferred revenue related to liabilities resulting from concluded agreements	Received advanced payments
Dom Pod Wilgą III, Kraków	completed	41 839	492	420
Rydla 32, Kraków	completed	48 557	3 994	2 082
Osiedle Jarzębinowe V, Łódź	completed	43 926	2 952	936
Nowa Dzielnica, Łódź	completed	30 076	3 503	1 023
Osiedle Jarzębinowe VI, Łódź	I Q 2020	20 063	20 063	10 027
Osiedle Jarzębinowe VII, Łódź	IV Q 2020	35 864	35 864	4 493
Grota - Roweckiego 111 etap III, Wrocław	completed	16 300	8 939	5 851
Wodna Resi4Rent, Łódź	III Q 2019	45 791	45 791	42 168
Nasze Jeżyce, Poznań	I Q 2021	57 823	57 823	5 628
Nasze Jeżyce II, Poznań	II Q 2021	63 695	63 695	845
Apartamenty Esencja, Poznań	IVQ 2020	115 398	115 398	14 621
Ogrody Graua, Wrocław	IIQ 2020	44 846	44 846	11 860
Other projects		209	209	209
	Total	564 387	403 569	100 163

REVENUES OF INVESTMENT IMPLEMENTATION SERVICES

The Company provides services for implementation of development projects: preparation and organisation of the investment process of projects owned by other entities - mostly subsidiaries. As part of its duties, the Company undertakes to perform supervisory, management, legal and other activities necessary to manage the investment. The process includes preparation of investments, organisation and service of tenders for construction works, supervision and coordination of construction works as well as customer. The company recognises revenues

at the time of fulfilment of the obligation to perform the service, i.e. during the service provision period. The remuneration resulting from the concluded contracts is permanent and due to the Company monthly. In addition, in the Company's opinion, the concluded contracts do not contain a significant element of financing. Due to such nature of the contracts signed, there are no significant balances of assets or liabilities under contracts, except for trade receivables (see note 9).

OTHER REVENUES OF THE COMPANY

The Management Board analysed the other contracts for the provision of services, including real estate intermediation services, book-keeping, legal, consulting, informatic, financial, marketing and other services, most of which are carried out for affiliated entities within activities under Echo Investment SA's holding company. The Company recognises the revenue when the obligation to perform the service is fulfilled, i.e. for certain contracts - at the time of completion of a given type of service (e.g. signing a real estate sale contract as a result of the real estate intermediation service) or during the provision of a given type of service (e.g.

period of provision of bookkeeping services, marketing services, consultancy, legal and property management). In the majority of cases, services are provided on a monthly basis and are thus accounted for and payable to the Company. service. For some contracts (e.g. real estate intermediation) the remuneration resulting from concluded contracts contains a variable element, however, the nature of these contracts shows that the Company is entitled to remuneration only when the contractual obligation is fulfilled, which results in the fact that the variable remuneration is known at the moment of recognizing revenue and its value is not

changed later. Moreover, in the Company's opinion, the concluded agreements do not contain a significant element of financing. In connection with this nature of

the contracts signed, there are no significant balances of assets or liabilities under contracts, other than trade receivables (see note 9).

NOTE 19C

OPERATING REVENUE - TERRITORIAL STRUCTURE [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Domestic	312 744	429 884
incl.: from related entities	124 468	171 238
Abroad	180	349
incl.: from related entities	27	349
Total net revenue from sale of products	312 924	430 233
incl.: from related entities	124 495	171 587

NOTE 19D

OPERATING INCOME - SUBLEASING OF ASSETS DUE TO THE RIGHT OF USE [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Leasing services	1 421	-
Total	1 421	-

The company sublets part of the office space rented in Warsaw.

OPERATING EXPENSES BY TYPE [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Value of goods and materials sold	-	115 430
Depreciation	8 071	2 422
Consumption of materials and energy	15 649	21 777
Third party services	232 889	206 050
Taxes and charges	3 172	3 734
Remunerations	71 780	47 976
Social security and other benefits	11 830	11 583
Other costs by type (due to), including:	10 667	13 456
- business travel	6 251	3 018
- other	4 416	10 438
Total	354 058	422 428
Movement in inventory and products	(7 775)	18 960
Own work capitalised (negative value)	-	-
Administrative expenses related to projects*	(10 588)	(4 757)
Selling expenses (negative value)*	(19 340)	(24 254)
General administrative expenses (negative value)*	(91 967)	(85 748)
Manufacturing cost of products sold	224 388	326 629

* The costs of employee benefits and depreciation are disclosed in the costs of sales and general administrative expenses.

NOTE 21A

OTHER OPERATING REVENUES [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Released provisions	260	17 624
- due to receivables	260	-
- due to expected costs	-	17 624
Other, including:	9 214	1 463
- contractual penalties	147	-
- revenue from sale of debt	7 770	-
- revenue from sale of non-financial non-current assets	224	555
- other	1 073	908
Interest on borrowings and bonds	54 097	22 292
- from related entities, including:	54 097	15 885
- from subsidiaries	45 595	15 885
- from co-controlled entities	8 502	6 407
Valuation	-	-
- from loans and bonds	-	-
Other interests	104	132
- from other entities	104	132
Total	63 675	41 511

NOTE 21B

OTHER OPERATING INCOME FROM DIVIDENDS AND SHARES IN PROFITS
[PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
From related entities including	57 799	77 071
- from subsidiaries	57 799	77 071
From other entities	-	-
Total	57 799	77 071

NOTE 21C

OTHER OPERATING EXPENSES [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Provisions established	2 806	1 282
- due to expected costs	2 806	-
- due to receivables	-	1 282
Other, including:	294	12 334
- donations	276	621
- cost of loan sales	-	8 826
- contractual penalties	-	24
- compensation due to rent guarantee agreements	18	563
- due to using success fee provision	-	2 300
Revaluation	1 660	35 417
- loans and bonds*	1 660	35 417
Interests due to borrowings	630	3 369
- from related parties, including:	630	3 369
- from subsidiaries	630	3 369
Total	5 390	52 402

*After reviewing receivables on account of loans and bonds, on the basis of the forecasted and current results and cash flows of the borrowers, the Company estimated the amount of revaluation write-downs on particular loans and bonds. As at 31 December 2019, the value of impairment losses amounted PLN 49 million, and as at 31 December 2018 amounted PLN 34 million.

NOTE 22A

FINANCIAL INCOME FROM INTEREST [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Other interest		
- from other entities	837	1 331
Total	837	1 331

NOTE 22B

OTHER FINANCIAL INCOME [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Foreign exchange gains	-	1 974
Profit on sale of interests	337	87
Profit on interests and certificates redemption*	9 913	82 738
Other	2	-
Total	10 252	84 799

* The transactions are described in the notes 4B and 5.

NOTE 22C

FINANCE EXPENSES DUE TO INTERESTS [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
On borrowings, loans and bonds		
- for other entities	50 474	52 925
	50 474	52 925
Other interest		
- for other entities	16	60
	16	60
From Leases		
- for other entities	657	-
	657	-
Finance expenses due to interests, total	51 147	52 985

The amount of borrowing costs capitalised to the value of inventories as at 31 December 2019 amounted to PLN 3,436 thousand and as at 31 December 2018 - PLN 3 846 thousand.

NOTE 22D

OTHER FINANCIAL COSTS [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Foreign exchange losses	1 235	-
- executed	-	-
Loss on disposal	-	-
- interests	-	-
Other, including:	6 446	6 674
- commissions	3 798	6 400
- other	244	274
- liquidation of companies	2 404	-
Revaluation of investments	5179	13 417
- bonds	1079	-
- interests	4 100	13 417
Total	12 860	20 091

Write-off on share value is described in the note 4D.

NOTE 23A

INCOME TAX - EFFECTIVE TAX RATE [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Profit before tax	29 807	68 079
Income tax according to the national rates 19%	5 663	12 935
Dividends received	(10 016)	(14 250)
Distribution of profit from limited partnerships (Sp.K.)	(965)	(3 052)
Company's tax burden relative to the result of limited partnerships (subsidiaries)	(1 369)	2 135
Representation costs and other non-deductible costs during the year	15 372	14 354
Provision for expected cost	(931)	1 205
Measurement of interests of a subsidiary representing a permanent difference	791	1 989
Write-downs on loans granted due to which deferred tax was not recognised	567	6 729
Movements in the measurement of other items	(717)	3 602
Charges on the financial result due to income tax	8 395	25 647

NOTE 23B

DEFERRED TAX, TERM OF SETTLEMENT [PLN '000]

	31.12.2019	31.12.2018
Deferred tax liabilities		
- to be settled within 12 months	6 982	4 804
- to be settled after 12 months	(107)	267
Deferred tax assets		
- to be settled within 12 months	-	-
- to be settled after 12 months	(2 236)	(3 603)
Total	4 639	1 468

NOTE 23C

TAX BURDEN INCLUDED IN PROFIT OR LOSS [PLN '000]

	31.12.2019	31.12.2018
Current income tax		
- current tax burden due to income tax	5 352	10 328
- adjustments relative to current income tax result from previous years	(129)	12
Deferred income tax		
- related to arises and changes of temporary differences	3 173	15 307
Total	8 396	27 647

NOTE 24

PROFIT DISTRIBUTION

The net profit earned by Echo Investment S.A. in 2018, amounting to PLN 42,432 thousand was allocated to distribution among the Company's shareholders by resolution of the Ordinary General Meeting of Shareholders of 25 June 2019.

The financial statements of Echo Investment S.A. for 2018 were approved by resolution of the Ordinary General Meeting of Shareholders of 25 June 2019.

Explanatory notes to cash flow statement

NOTE 25A

CASH INCLUDED IN THE CASH FLOW STATEMENT [PLN '000]

	1.01.2019- 31.12.2019	1.01.2018- 31.12.2018
Opening balance, including	181 977	228 079
- cash in hand and at bank	181 977	228 079
Closing balance	232 147	181 977
- cash in hand and at bank	232 147	181 977

ADDITIONAL EXPLANATION TO CASH-FLOW STATEMENT STRUCTURE

In investing activity the Company does not present interests on borrowings granted.

In the statement of cash flows of financing activity, the lessee classifies:

- cash payments on the main part, including interest,
- short-term lease payments, lease payments for low-value assets and variable lease fees not included in the valuation of leasing liabilities as part of operating activity.

CHANGE OF LIABILITIES ARISING OUT OF FINANCIAL ACTIVITY

	liabilities due to loans, borrowings and bonds	other liabilities - dividend included
Balance at the beginning of the period, 01.01.2019	1 171 173	-
Financial cash flows		
- incomes	634 648	-
- expenses	(314 184)	(20 345)
Non-monetary changes	(65 559)	206 345
- accrued interest	54 540	-
- borrowings repayment	(125 825)	-
- valuation of exchange differences	923	-
- valuation by effective interest rate	(1 466)	-
- dividend approved for payment	-	206 345
- expenses	6 269	-
Balance at the end of the period, 31.12.2019	1 426 078	-

CHANGE OF LIABILITIES ARISING OUT OF FINANCIAL ACTIVITY

	liabilities due to loans, borrowings and bonds	other liabilities - dividend included
Balance at the beginning of the period, 01.01.2018	1 657 215	-
Financial cash flows		
- incomes	671 675	-
- expenses	(724 740)	(412 690)
Non-monetary changes	(432 977)	412 690
- accrued interest	54 035	-
- borrowings repayment	(486 895)	-
- valuation of exchange differences		-
- valuation by effective interest rate	(116)	-
- dividend approved for payment	-	412 690
- expenses	-	-
Balance at the end of the period, 31.12.2018	1 171 173	-

INFORMATION ON FINANCIAL INSTRUMENTS [PLN '000]

Type of instrument	Note	Classification according to IFRS 9	Carrying amount as at 31.12.2019	Carrying amount as at 31.12.2018
FINANCIAL ASSETS				
Long-term financial assets	5		478 355	796 125
- investment certificates			4 791	170 849
- bonds		depreciated cost	473 564	625 276
Borrowings and receivables			857 712	535 574
- long-term borrowings	6	depreciated cost	281 264	221 504
- short-term borrowings	10	depreciated cost	533 608	265 621
- trade receivables	9	depreciated cost	42 746	48 449
- leases	9	depreciated cost	94	-
Cash and other financial assets			249 867	189 366
- restricted cash	11	depreciated cost	17 720	7 389
- cash and cash equivalents	11	depreciated cost	232 147	181 977
FINANCIAL LIABILITIES				
Other financial liabilities			1 479 480	1 203 768
- liabilities due to issue of debt securities	14,16	depreciated cost	1 085 197	1 121 173
- trade liabilities	15	depreciated cost	53 402	32 595
- loans and borrowings	16	depreciated cost	340 881	50 000
- leases	15	depreciated cost	25 919	-

IFRS 9, which replaced IAS 39, defines three categories of financial assets, depending on the business model in terms of asset management and the characteristics of cash flows resulting from the agreement:

- assets measured after initial recognition at amortized cost - if financial assets are held according to the business model, the purpose of which is to maintain financial assets to obtain cash flows arising from the agreement and the contractual terms relating to those financial assets give rise to cash flows that are only repayment of the principal and the interest;
- assets measured after initial recognition at fair value through other comprehensive income - if financial assets are held according to the business model, the purpose of which is both to maintain financial assets to obtain contractual cash flows and to sell financial assets and the contractual terms relating to those financial assets give rise to cash flows, which are only repayment of the principal and the interest;
- assets measured at fair value through the profit and loss account - all other financial assets.

CHAPTER 3

INFORMATION ON THE FINANCIAL STATEMENTS



About the Company

Echo Investment S.A.'s core activity consists in the construction, lease and sale of office and retail buildings, construction and sale of residential buildings as well as trade in real estate.

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

Since 5 March 1996, the Company's shares are quoted at the Warsaw Stock Exchange on the regulated market. They are included into Warsaw Stock Exchange Index WIG, mWIG40 subindex, WIG ESG social responsible companies index as well as sector index WIG-Real Estate. The Company was established for an indefinite period of time.

The Management Board of Echo Investment S.A

as at 20 March, 2020

The Management Board of Echo Investment S.A. was appointed by the Supervisory Board on 29 June 2017, for 3 years term of office.

Nicklas Lindberg
President of the Board, CEO



Maciej Drozd
Vice-President of the Board,
CFO



Artur Langner
Vice-President of the Board



Marcin Materny
Member of the Board



Rafał Mazurczak
Member of the Board



Waldemar Olbryk
Member of the Board



Małgorzata Turek
Member of the Board



The Supervisory Board of Echo Investment S.A.

as at 20 March, 2020



Noah M. Steinberg
Chairman of the Supervisory Board

Tibor Veres
Deputy Chairman of the Supervisory Board



Mark Abramson
Independent Supervisory Board Member
Deputy Chairman of the Audit Committee



Maciej Dyjas
Supervisory Board Member



Stefan Kawalec
Independent Supervisory Board Member
Chairman of the Audit Committee



Nebil Senman
Supervisory Board Member
Audit Committee Member



Péter Kocsis
Supervisory Board Member



Bence Sass
Supervisory Board Member



**THE MANAGEMENT BOARD OF ECHO INVESTMENT S.A.
AS AT 31 DECEMBER 2019**

Nicklas Lindberg – President of the Management Board, CEO;
Maciej Drozd – Vice-President of the Management Board, CFO;
Artur Langner – Vice-President of the Management Board;
Marcin Materny – Member of the Management Board;
Rafał Mazurczak – Member of the Management Board;
Waldemar Olbryk – Member of the Management Board,
Małgorzata Turek – Member of the Management Board.

**CHANGES IN THE COMPOSITION
OF THE MANAGEMENT BOARD IN 2019**

Echo Investment's Supervisory Board appointed Małgorzata Turek as Member of the Board on 7th March, 2019. She is responsible for investment, divestment and planning department.

**SUPERVISORY BOARD OF ECHO INVESTMENT S.A.
AS AT 31 DECEMBER 2019**

Mark Abramson – Independent Supervisory Board Member,
Maciej Dyjas – Member of the Supervisory Board,
Stefan Kawalec – Independent Supervisory Board Member,
Nebil Senman – Member of the Supervisory Board.

**CHANGES IN THE COMPOSITION
OF THE SUPERVISORY BOARD IN 2019**

Due to sale of majority stake of shares of Echo Investment S.A., on 13 December 2019 following representatives of investment funds PIMCO and Oaktree Capital Management resign from their seats in the Supervisory Board: Karim Khairallah (Chairman of the Supervisory Board), Laurent Luccioni (Vice-Chairman the Supervisory Board) and Sebastian Zilles (Member the Supervisory Board).

**AUDIT COMMITTEE OF ECHO INVESTMENT S.A.
AS AT 31 DECEMBER 2019**

Stefan Kawalec – President of the Audit Committee,
Mark E. Abramson – Vice-President of the Audit Committee,
Nebil Senman – Member of the Audit Committee.

**CHANGES IN THE AUDIT COMMITTEE COMPOSITION
IN 2019**

There was no changes in the Audit Committee of Echo Investment S.A. during 2019.

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

Information on the financial statement

The statements of the Echo Investment S.A. present financial data for the 12-month period ending on 31 December 2019 and comparative data for the 12-month period ending on 31 December 2018.

The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property, which was measured at fair value.

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

DECLARATION OF CONFORMITY

The statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Commission.

To fully understand the financial situation and business results of the Company as the parent company of the Echo Investment Capital Group, these financial statements should be read together with the full consolidated financial statements for the 12-month

period ending on 31 December 2019. The consolidated financial statements are available at the Company's website <https://en.echo.com.pl/>.

ASSUMPTION OF CONTINUITY IN OPERATIONS

The statements have been drawn up according to the going concern principle as there are no circumstances indicating a threat to continued activity.

APPROVAL OF FINANCIAL STATEMENTS

The Company drew up the Separate Financial Statement for the year ended 31 December 2019, which was approved for publication on 20 March 2020.

The Management Board of the Company has used its best judgment regarding the application of standards and interpretations, as well as the methods and principles of measurement of individual items of separate financial statements.

Application of new and amended standards and interpretations issued by the IFRS Interpretations Committee

The following standards and changes in standards became effective on 1 January 2019:

IFRIC 23 Uncertainty related to income tax recognition

The interpretation explains how to recognise and measure income tax in accordance with IAS 12 if there is uncertainty about its recognition. It does not apply to taxes or fees that do not fall within the scope of IAS 12, or it does not cover interest and penalty requirements related to the uncertain recognition of income tax. The interpretation applies in particular to:

- separate consideration of uncertain tax treatment by the entity;
- assumptions made by the entity concerning the inspection of tax treatment by tax authorities;
- how the entity determines taxable income (tax loss), the tax base, unused tax losses, unused tax credits and tax rates;
- how the entity the entity reflects changes in facts and circumstances.

The entity must determine whether it considers each uncertain tax treatment separately or in combination with one or more other uncertain tax treatment. The approach, which better provides for resolution of uncertainty, should be followed.

The interpretation has no significant impact on the interim condensed financial statements of the Company.

Amendments to IFRS 9 Contracts with prepayment features with negative compensation

In accordance with IFRS 9, a debt instrument may be measured at amortized cost or at fair value through other total income, provided that contractual cash flows are only the principal repayments and interest on the outstanding principal amount (the SPPI criteri-

on) and the instrument is held under the appropriate business model for this classification. Amendments to IFRS 9 specify that a financial asset meets the SPPI criterion regardless of any event or circumstance that cause early termination of the contract and regardless of which party pays or receives reasonable compensation for early termination.

The amendments do not have a significant impact on the interim condensed financial statements of the Company.

Amendments to IAS 19 Plan amendments, curtailments, and settlements

The amendments to IAS 19 specify that in the event of the plan amendment, curtailment or settlement in the annual reporting period, the entity is obligated to determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using actuarial assumptions used to remeasure the net defined benefit liability (asset) that reflects the plan benefits and the plan assets after the event.

The entity is also obligated to determine net interest for the remainder of the period following the plan amendment, curtailment or settlement using the defined benefit obligation (asset) reflecting the plan benefits and the plan assets after that event, and the discount rate used for remeasurement of net liability (asset) for the defined benefits.

The amendments do not have a significant impact on the interim condensed financial statements of the Company.

Amendments to IAS 28 Long-term interests in associates and joint ventures

The amendments specify that the entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied, but as a rule they form part of the entity's net investment in the associate or joint venture (long-term interests). This explanation is important because it suggests that the expected credit loss model in IFRS 9 is applied to such long-term interests.

The amendments also specify that when applying IFRS 9, an entity does not take into account losses of an associate or joint venture or any losses due to impairment of net investment in the associate or joint venture that result from the application of IAS 28 Investments in associates.

The amendments do not have a significant impact on the interim condensed financial statements of the Company.

Amendments resulting from the review of IFRS 2015-2017:

IFRS 3 Business combinations

The amendments explain that when an entity gains control over the entity that is a joint operation, it applies the requirements for a business combination in stages, including to re-measure previously owned interests in the joint operation at fair value. In this way, the acquirer reassesses all previously held interests in the joint operation.

The amendments do not have a significant impact on the interim condensed financial statements of the Company.

IFRS 11 Joint arrangements

The amendments specify that a party that participates in a joint operation but does not exercise joint control over it may obtain joint control over the joint operation in which the activities of the joint operation is a business as defined in IFRS 3. In such cases, previously held interests in the joint operation are not subject to revaluation.

The amendments do not have a significant impact on the interim condensed financial statements of the Company.

IAS 12 Income tax

The amendments specify that the tax consequences of dividend payments are more directly related to past transactions or events that led to distributable profits than to payments to owners. Therefore, the entity recognises the tax consequences of dividend payments in profit or loss, other total income or equity, depending on where the entity recognised these past transactions or events.

The amendments do not have a significant impact on the interim condensed financial statements of the Company.

IAS 23 Borrowing costs

The amendments specify that the entity treats all loans originally contracted to produce a qualifying asset as part of general loans when, in principle, all activities necessary to prepare the asset for its intended use or sale are completed.

The amendments do not have a significant impact on the interim condensed financial statements of the Company.

The Company has not decided to apply earlier any standard, interpretation or amendment that was published but has not yet entered into force in the light of European Union regulations.

All these amendments introduced were analysed by the Company's Management Board. In addition to introducing changes resulting from the application of IFRS 16 Leases (explained below), which the Company has applied since 1 January 2019, the Management Board of the Company believes that other amendments do not have a material impact on the financial position, results of operations of the Company or the scope of information presented in to these interim condensed consolidated financial statements.

Changes to the Company's accounting policy introduced as a result of the adaption of IFRS 16

In order for a contract to be classified as a leasing agreement, the following conditions must be met:

- the contract must relate to an identified asset for which the supplier does not have a significant converting right
- the contract should give the beneficiary the right to control the use of the identified asset for a specified period of time. This means that the user has the right to take advantage of the economic benefits of using a given component and the right to decide on its use
- the contract must be payable.

In applying this standard retrospectively, the Company has benefited from the following exemptions

- The Company does not apply this standard to contracts that were not previously identified as leasing contracts in accordance with IAS 17 and IFRIC 4;
- The company will apply a single discount rate to a similar leasing portfolio;
- Operating lease agreements with the remaining lease period shorter than 12 months as at 1 January 2019 were treated as short-term leases and thus the treatment of these agreements will not change;
- Operating lease agreements for which the underlying asset is of low value (e.g. office equipment)

have not been recalculated and their treatment has not changed.

Operating lease agreements for which the base asset is of low value (e.g. office equipment) have not been recalculated and their treatment has not changed.

If the leasing element and non-leasing element is identified in the contract, the Company selects a practical solution according to which includes every lease element and any element accompanying non-leasing elements as a single leasing element.

In addition, in the case of a portfolio of leases with similar characteristics, the Company applies the standard to the entire portfolio when it reasonably expects that the impact that the application of this standard to the portfolio will have on the financial statements will not be significantly different from the impact of applying it to individual leases under this portfolio.

The duration of a lease contract is defined as the irrevocable duration of the lease contract including also possible periods of renewal of the lease contract if the lessee is reasonably certain that the lessee will use this option and possible periods of notice for the lease contract if the lessee is reasonably sure that this option will not be used.

At the time of the first recognition, the Company recognises the lease liability measured at the current value of lease payments due to the lessor over the lease period discounted at the marginal lending rate typical for a given asset. Lease payments include:

- fixed payments less any incentives due;
- variable lease payments, that depend on the index or the rate, initially priced using the index or the rate effective as at the starting date of the contract;
- amounts whose payment by the lessee is expected within the guaranteed residual value;

- the exercise price of the purchase option, if it can be assumed with sufficient certainty that the lessee will use this option;
- penalty payments for termination of the lease, if the lease terms stipulate that the lessee may use the option of termination of the lease.

At the same time, the Company recognises an asset for the right to use in the same amount as a liability, adjusted for all lease payments paid on or before the start date, less any lease incentives received and increased by any initial direct costs incurred by the lessee.

After initial recognition, the Company recognises a lease liability by:

- increasing the carrying amount to reflect interest on a lease liability,
- reducing the carrying amount to reflect lease payments paid, and
- updating the valuation of the carrying amount to take account of any reassessment or change in the lease or to account for substantially constant lease payments.

After the date of commencement of the lease, the asset under the right of use is measured at cost less total depreciation and (amortization) and total impairment losses as well as the lease liability adjusted for any revaluation. Depreciation is calculated using the straight-line method over the estimated useful life. If a lease agreement transfers to the Company the title of a given component before the end of a lease period or when the cost of the asset due to the right of use reflects the fact that the Company will exercise the option to buy the residual value of the leased asset, the Company depreciates the asset due to the right to use from the commencement of the lease contract until the end of the estimated useful life of the asset. In other cases, the Company depreciates assets due to the right of use from the date of commencement of the contract to the earlier of the two dates: the end date of the economic life of the asset or end date of the lease. For lease contracts, the subject of which is an asset that, in accordance with the Company's accountancy policy, is measured at fair value, the Company does not depreciate such assets due to the right to use, but measures them at fair value. For an asset under the right to use regarding the right of perpetual usufruct, which is measured at fair value in accordance with the Company's accounting policies, this value at each balance sheet date is equal to the value of the lease liability.

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

IFRS 14 Regulatory Deferral Accounts

- effective for financial years beginning on or after 1 January 2016 (issued on 30 January 2014). The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. Not yet endorsed by EU at the date of approval of these financial statements;

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

- (issued on 11 September 2014). The endorsement process of these Amendments has been postponed by EU. The effective date was deferred indefinitely by IASB;

IFRS 17 Insurance Contracts

- effective for financial years beginning on or after 1 January 2021 (issued on 18 May 2017). Not yet endorsed by EU at the date of approval of these financial statements;

Amendments to the Conceptual Framework References contained in the International Financial Reporting Standards

- applicable to annual periods beginning on or after 1 January 2020 (issued on 29 March 2018). Until the date of approval of these financial statements, not approved by the EU;

Amendment to IFRS 3 Business combinations

- applicable to annual periods beginning on or after 1 January 2020 (issued on 22 October 2018). Until the date of approval of these financial statements, it has not been approved by the EU;

Amendments to IAS 1 and IAS 8 Definition of Materiality

- applicable to annual periods beginning on or after 1 January 2020 (issued on 31 October 2018). Until the date of approval of these financial statements, not approved by the EU.

Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures” - Reforma referencyjnej stopy procentowe

- effective for annual periods beginning on or after 1 January 2020.

The effective dates are set out in the standards issued by the International Financial Reporting Interpretations Committee. The dates of application of the standards in the European Union may differ from the dates of application resulting from the content of the standards and are announced at the moment of the approval for application by the European Union.

Main accounting principles

INTANGIBLE ASSETS

Intangible assets are recognised, if it is likely that they will result in economic benefits directly attributable to these assets in the future. Intangible assets are initially recognised at the purchase price or the manufacturing cost. After the initial recognition, intangible assets are measured at the purchase price or the manufacturing cost, less amortisation and impairment losses.

Records of intangible assets are conducted analytically. Tax rates are adopted in the depreciation schedule.

Intangible assets are tested for impairment, if certain events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is disclosed in the amount by which the carrying value of an asset exceeds the recoverable value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include the Company's tangible assets.

The Company's tangible assets include:

- property (not leased and not intended for trading) used by the Company,
- machinery and equipment,
- means of transport,
- other complete and usable items with an expected useful life of more than one year.

PP&E is measured and presented in the statement at the purchase price or the manufacturing cost, less depreciation and impairment losses.

Fixed assets are booked on summary accounts according to Fixed Assets Classification groups.

Fixed assets are depreciated according to declining balance method and equally through tax rates. Depreciation rates for specific groups of fixed assets are:

- for buildings and structures - from 1.5% to 10%,
- for means of transport - from 7% to 20%,
- for technical devices and machines - from 4.5% to 25%,
- for other fixed assets - from 10% to 25%.

Fixed assets with acquisition prices lower than PLN 10,000 are depreciated once in their full value under the date of purchase. Subsequent costs are included in the carrying amount of a given fixed asset or are recognized as a separate fixed asset (where appropriate) only when it is probable that economic benefits will be obtained by the Company in relation to this item, and the cost of the given item can be reliably measured and assessed. All other expenses for repair and maintenance are recognized in the profit and loss account in the financial period in which they were incurred.

PP&E is tested for impairment, if certain events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is disclosed in the amount by which the carrying value of an asset (or a cash-generating item to which an asset is related) exceeds the recoverable value, and is recognised in the profit and loss account. The recoverable value is one of the two amounts, whichever is higher: fair value less selling costs or use value.

Profits and losses on the disposal of PP&E which constitute differences between sales revenue and the carrying value of a sold PP&E item are recognised in the profit and loss account under other operating revenue/costs.

LEASING

THE COMPANY AS A LESSEE

In order for a contract to be classified as a leasing agreement, the following conditions must be met:

- the contract must relate to an identified asset for which the supplier does not have a significant converting right
- the contract should give the beneficiary the right to control the use of the identified asset for a specified period of time. This means that the user has the right to take advantage of the economic benefits of using a given component and the right to decide on its use
- the contract must be payable.

The company applies the following simplifications, based on not including the lease liability:

- short-term lease - a short-term lease agreement is a contract with no option to purchase an asset, concluded for a period shorter than 12 months from the beginning of the contract
- low-value lease - the basis for the assessment of the „low” value should be the value of the new asset. The Management Board of the Company has decided that this applies to lease agreements regarding assets whose value did not exceed PLN 15,000 (when new), which can be treated as the upper limit of recognition as a low value item.

The Company recognizes a right of perpetual usufruct of land granted by an administrative decision as a leasing contract. This applies to all land, including those related to development projects presented in stock.

If leasing and non-leasing elements are identified in the contract, the Company chooses a practical solution according to which it recognizes each leasing element and any accompanying non-leasing elements as a single leasing element.

In addition, in the case of a portfolio of leases with similar characteristics, the Company applies the standard to the entire portfolio when it reasonably expects that the impact that the application of this standard will have on the financial statements will not be significantly different from the impact of applying it to individual leases under this portfolio.

The duration of the lease agreement is defined as the irrevocable period of the lease agreement including also possible periods of renewal of the lease agreement if the lessee has sufficient certainty that this option will be used and the possible periods of notice for the lease agreement if the lessee has sufficient certainty that this option will be used.

At the time of the first recognition, the Company recognizes the lease liability measured at the current value of lease payments due to the lessor over the lease period discounted at the marginal lending rate typical for a given asset. Lease payments include:

- fixed payments less any incentives due;

- variable lease payments, that depend on the index or the rate, initially priced using the index or the rate effective as at the starting date of the contract;
- amounts whose payment by the lessee is expected within the guaranteed residual value;
- the exercise price of the purchase option, if it can be assumed with sufficient certainty that the lessee will use this option;
- penalty payments for termination of the lease, if the lease terms stipulate that the lessee may use the option of termination of the lease.

At the same time, the Company recognises an asset for the right to use in the same amount as a liability, adjusted for all lease payments paid on or before the start date, less any lease incentives received and increased by any initial direct costs incurred by the lessee.

After initial recognition, the Company recognises a lease liability by:

- increasing the carrying amount to reflect interest on a lease liability,
- reducing the carrying amount to reflect lease payments paid, and
- updating the valuation of the carrying amount to take account of any reassessment or changes in the leases listed below (changes in the lease contract), or to reflect substantially updated constant lease payments.

Changes to the lease agreement that make it necessary to update the value of the liability include:

- change in the leasing period,
- change in the assessment of the call option of the underlying asset.

(For the above changes, the Company uses an updated discount rate)

- a change in the amount expected to be paid under the guaranteed final value
- a change in future lease payments resulting from a change in the index or rate used to set those payments, including, for example, a change to take into account changes in rental rates in the free market following a review of those rentals.

(For the above changes, the Company applies an unchanged discount rate, unless the change in lease payments results from changes in variable interest rates. In that case, the Company shall use a revised discount rate that reflects changes in the interest rate)

The Company shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes the remaining amount of the revaluation in the result.

After the date of commencement of the lease, the asset under the right of use is measured at cost less

total depreciation and amortization (impairment) and total impairment loss and the revised lease liability adjusted for any revaluation. Depreciation is calculated using the straight-line method over the estimated useful life. If the lease agreement transfers to the Company the title of the asset before the end of the lease period or when the cost of the asset due to the right of use reflects the fact that the Company will exercise the option to buy the residual value of the leased asset, the Company depreciates the asset from the right of use from the moment of commencement of the leasing contract until the end of the estimated economic useful life of the asset. In other cases, the Company depreciates assets due to

the right of use from the date of commencement of the contract to the earlier of two dates: the date of the end of the economic life of the asset or the end date of the lease. For lease contracts, the subject of which is an asset which, in accordance with the Company's accounting policies, is measured at fair value, the Company does not depreciate such assets due to the right of use but measures them at fair value. For an asset under the right to use regarding the right of perpetual usufruct, which is measured at fair value in accordance with the Company's accounting policies, this value at each balance sheet date is equal to the value of the lease liability. In addition, the Company applies the following simplifications:

Contract type and presentation in the balance sheet	Valuation method as at the balance sheet date	Impact on the income statement
Office space lease agreements:		
- investment property, or	Fair value measurement	Yes
- fixed assets	Depreciation	Yes
Rental agreement on means of transport:		
- fixed assets	Depreciation	Yes
Perpetual usufruct of land:		
- investment property, or	Valuation at fair value (*)	Yes
- investment property under construction, not valued at fair value, or	Depreciation with simultaneous capitalization of depreciation costs in the value of investment property under construction	Yes
- fixed assets	Depreciation	Yes
- inventory	Depreciation with simultaneous capitalization of depreciation costs in inventory	No

(*) The fair value of the asset due to the right of usufruct resulting from the right of perpetual usufruct of land is determined in the amount of the leasing liability calculated on a given balance sheet day.

The Company has decided to include assets due to the right of use in the same line of the statement of financial position, in which the corresponding leased assets are presented when they are the property of the Company. Liabilities are presented appropriately in long-term - when the asset due to the right of use is classified as a fixed asset, investment property or investment property under construction, or short-term - when perpetual usufruct concerns assets classified as inventory.

Lease liabilities are covered by IFRS 9 with respect to determining when these liabilities meet the criteria for removing them from the balance sheet. A liability in accordance with IFRS 9 par. B.3.31-B.3.34 is removed from the balance sheet once it has been settled, expired or the debtor has been legally released from debt, e.g. by transferring the debt to another party. The right of perpetual usufruct of land, in relation to which the Company is legally released from the debt arising from the obligation to pay fees for perpetual usufruct or transformation fees only at the time of legal (notarial) transfer of a share in the land belonging to the premises sold to the buyer, is a special case. Therefore, until the transfer of the above ownership, the liabilities of the lease of land, as well as the corresponding assets due to the right to use the land in perpetual usufruct, remain on the balance sheet, although in accordance with the policies described in section 20. Methods for determining the financial result, revenues from the sale of residential and service premises are recognized when the property is delivered to the buyer. For this reason, when the premises are transferred to the buyer (which is also the moment when the proceeds from the sale of the premises are recognized), a portion of the related leasing asset is transferred from inventory to receivables from the buyer, in the amount corresponding to the recognized liability for the leasing of the given land. Until the (notarial) transfer of the property to the purchaser, both the receivable and the liability are disclosed as short-term, because they will be settled by transfer to the buyer during the „operating cycle“. On the date of transfer of ownership to the buyer, the liability for land lease and receivables from the purchaser of premises are derecognised through the cost of sales.

THE COMPANY AS A LESSOR

In the case of contracts where the Company acts as a lessor, each lease contract is classified as operating or finance lease. Lease agreements under which the lessor retains a significant portion of the risks and rewards of ownership of the leased asset are classified as operating leases. A leasing contract is classified as a financial leasing if, as a result of this contract, substantially all of the risk and rewards of ownership of the leased asset are transferred to the lessee.

In the case of operating lease agreements, the Company recognizes lease revenues on an on-going basis in the statement of comprehensive income. In the case of finance leases, the Company derecognises the asset that is the subject of the agreement while recognizing the lease receivable.

- a. a transaction for which an underlying asset is re-leased by a lessee (‘intermediate lessor’) to a third party, and the lease (‘head lease’) between the head lessor and lessee remains in effect.

The Company sub-leasing is classified as follows:

- if it was decided to choose a short-term lease exemption for main lease, subleasing is classified as operating lease
- otherwise, sub-leasing is classified in relation to the asset due to the right to use the principal lease and not the underlying asset.

If the sub-lease agreement is classified as operating lease, the indirect lessor (the Company) continues to recognize the lease liability and asset due to the right to use of the main lease. At the same time, it recognizes sublease leasing revenues on an ongoing basis.

If the sub-lease agreement is classified as financial lease, the indirect lessor (the Company):

- ceases to recognize the asset due to the right to use the main lease as at the date of the initial sub-lease agreement
- recognizes the net investment from sub-leasing instead and assesses it for impairment (lease receivable)
- continues to recognize the original lease liability

INTERESTS AND SHARES IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Stocks and shares in subsidiaries, co-subsidiaries and associates, presented at purchase price adjusted for subsequent impairment losses. The impairment test is carried out when there are indications that the carrying amount of the investment will not be recovered.

The Company analyzes the net asset value of the companies in which it holds shares due to the fact that the main item of assets of these entities are investment properties, usually measured at fair value, while the largest liability item is special purpose loans and therefore the net asset value reflects fair value of the shares held. In the event that the net asset value of the company in which the Company owns investments does not correspond to fair value of these net assets, the Company determines fair value based on other methods (e.g. independent experts' valuation of the company's assets, valuation by discounted cash flow, etc.).

In case of impairment losses, adjustments are made in the income statement and are presented as an expenditure. An impairment loss is recognized for the amount by which the carrying amount exceeds the recoverable amount. If the loss is reversed, its value is recognised under financial income.

Company analyzes the net assets of the companies in which it holds shares because the main asset of these units is investment real estate measured at fair value while the largest item of liabilities are tied loans and therefore the net asset value reflects the

fair value of shareholding. In the case of impairment, the write-down is recognized in the profit and loss account in the financial costs item. The impairment loss is recognised in the amount by which the balance sheet value exceeds the recoverable amount. If the write-down is reversed, its value is recognized in the financial income item.

Subsidiaries are the entities controlled by the Company.

Executing control over subsidiaries occurs in following cases:

- management over indicated entity,
- undergoing exposition for changeable returns or
- possessing rights to changeable returns due to its involvement in indicated entity,
- possibility to execute power to influence on generated returns.

The impairment loss is recognised in the amount by which the carrying value exceeds the recoverable value. If the impairment loss is reversed, its value is recognised under financial revenue.

Associated companies are the units which the Company has a significant influence on yet are not subsidiaries or shares in joint enterprises of the Company. A significant influence is the ability to participate in decision making regarding financial and operational policies of the business but it does not involve control or co-control of the policy.

INVENTORIES

The following items are recognised under inventories: semi-finished products, work-in-progress, finished products and goods. Given the specific nature of business, the purchased land or the incurred fees due to perpetual usufruct of land are classified as “work-in-progress” – if the land is intended for development and resale, or as “goods” – if the land is intended for sale. “Work-in-progress” also includes the incurred expenditures related to the process of implementing projects for sale (design services, construction works etc., performed by external contractors). “Finished products” include mainly completed residential and commercial developments sold under final agreements.

Inventories of current assets are measured at the purchase price of land and at the manufacturing costs of products in the property development business, plus capitalised financial costs, but not exceeding the net realisable value. This value is obtained based on information from the active market. An inventory write-off is reversed due to the sale of an inventory item or increase in the net selling price. Inventory write-offs disclosed in the period as cost and reversals of inventory write-downs disclosed in the period as a decrease of costs are presented in the profit and loss account under ‘cost of sales’.

The ‘finished goods’ item includes completed apartments earmarked for sale. The ‘intermediates and

products in progress’ item mostly includes properties held by the Company and the expenditure on residential projects under preparation or constructions. The ‘goods’ item includes the land earmarked for sale.

FINANCIAL ASSETS

In accordance with IFRS 9, the Company classifies its financial assets into the following categories:

- financial assets measured at amortized cost,
- financial assets measured at fair value through other comprehensive income,
- financial assets at fair value through profit or loss.

The classification of assets takes place at the moment of initial recognition. It depends on the financial instruments management model adopted by the entity and analysis of the characteristics of contractual cash flows from these instruments. As a rule, loans granted, trade receivables and trade and other receivables are measured to amortized cost by the Company, as two conditions are met for them: assets are kept under the business model which intention is to maintain assets in order to obtain flows resulting from the agreement, and contractual conditions of these financial assets cause cash flows at specified times only for repayment of capital and interest on the unpaid the outstanding amount of capital.

Assets are recognised on the transaction date, and derecognised upon the expiry of the contractual rights to cash flows from the financial asset or where a financial asset is transferred along with all risks and benefits of ownership thereof. The Company applies the weighted average purchase price as the valid method of expenditure in the area of financial instruments.

RECEIVABLES

Trade and other receivables are recognized in the balance sheet at transaction price and then at amortized cost using the effective interest method, reducing them by impairment losses. When the difference between the value at amortized cost and the value of the amount of the payment required does not have a significant effect on the Company’s financial results, such receivables are recognized in the balance sheet as the amount of the payment required. The value of receivables is updated taking into account the degree of probability of their payment by making a write-down. The rules for creating revaluation write-offs are described below in the section Impairment of financial assets.

Advances for deliveries are valued according to cash disbursed and in accordance with received VAT invoices documenting the granting of advance payments.

CASH AND CASH EQUIVALENTS

Cash in bank and cash in hand, short-term deposits held to maturity and other financial assets that fulfil the definition of a cash equivalent are measured at the nominal value.

Foreign currency cash is measured as of the reporting date. The same definition of cash applies to the cash flow statement.

According to the Company, the financial resources of limited disposability mostly include funds constituting security for bank guarantees and funds accumulated on open residential fiduciary accounts.

LOSS OF VALUE OF FINANCIAL ASSETS („ECL“)

Pursuant to IFRS 9, as at each reporting day, the Company estimates the amount of the impairment loss equal to the expected credit loss („ECL“).

The Company calculates the write-off as follows for individual asset categories:

– Trade receivables

The Company uses a simplified approach and therefore does not monitor changes in credit risk during its lifetime and measures the impairment loss in the amount equal to the expected credit losses („ECL“) over the life of the debt. To calculate the value of the impairment loss for trade receivables, the Company uses a provision matrix made once a year as at December 31 based on historical data regarding the payment of receivables by contractors. Impairment losses are updated as at each reporting day. The provision matrix is based on the analysis of the payment of receivables in individual past due groups and determining the probability of non-payment of receivables from a given age range based on historical data. For the purposes of the analysis, trade receivables are divided into two groups: receivables from the sale of apartments, the lease and other receivables.

The calculated probability of non-payment of receivables in each of the past due groups for specific categories of receivables is applied to the current balance of receivables in each of the past due groups and the write-off for the expected credit losses of receivables is calculated. Additionally, the Company analyzes individual trade receivables and other receivables where it is highly probable they will become uncollectible, in cases justified by the type of business or the client structure - and recognizes the write-off in a reliably estimated value. Such receivables are excluded from the calculation of the allowance for expected credit losses.

– Loans granted and covered bonds

The Company calculates the expected credit losses („ECL“) for loans and bonds as the difference between the cash flows arising from the contracts signed and the cash flows that the entity expects to receive. Loans granted and covered bonds are classified as low risk instruments. Therefore, the write-off for expected credit losses is calculated for a period of 12 months.

The Company calculates the cash flows that it expects to obtain based on the default ratio determined on the basis of the margin on the bonds issued by the Company and adjusted by the recovery ratio.

In addition, the Company provides the individual analysis of loans granted and bonds covered with a significant level of probability of default, in cases justified by the type of business or the client structure - and recognizes the write-off in a reliably estimated value. Such loans and bonds are excluded from the calculation of the write-off for expected credit losses.

FINANCIAL GUARANTEE AGREEMENTS

Financial guarantee contracts are recognized in off-balance sheet liabilities and receivables. At each balance sheet date, the Company assesses whether there is a likelihood of a need to make a withdrawal and create a provision. The amount of the provision is determined based on estimates of the amount of probable expenditure necessary to settle the liability arising from the guarantee contract.

At the same time, in accordance with the requirements of IFRS 9, the Company creates the provision for expected credit losses („ECL“) due to financial guarantees granted.

The Company calculates the expected credit loss („ECL“) regarding the guarantees given as expected payments to compensate the guarantee holder for the incurred credit loss. The Company first determines the value of the Company's exposure due to guarantees granted (the actual total value of the contingent liability as at the balance sheet date) and reduces it by any amounts that the entity expects to receive from the guarantee holder, the debtor or any other party. The net exposure resulting from the guarantee thus determined is multiplied by the default ratio (determined on the basis of the margin on bonds issued by the Company and adjusted for the recovery ratio).

INCOME TAX

Income tax on the profit or loss for the financial year includes current and deferred income tax. Income tax is recognised in the profit and loss account, except for amounts related to items recognised directly in equity or in other comprehensive income; in this case, income tax is disclosed in equity and other comprehensive income respectively.

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

Deferred tax is calculated with the balance sheet method as tax to be paid or reimbursed in the future on the differences between the carrying values of assets and liabilities and the corresponding tax values used to calculate the tax base, except for temporary differences which arise at the time of initial recog-

inition of an asset or liability, and do not affect the accounting or tax result. Deferred tax is not created for temporary differences on investments in subsidiaries, jointly controlled entities and associates, if the Company controls the reversal of these differences and they will not be reversed in foreseeable future.

Deferred income tax assets due to tax loss are created, if the settlement of the loss in the following years is probable.

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

Deferred income tax is estimated on every balance sheet date by recognising differences in the profit and loss account, other comprehensive income or equity, depending where the temporary difference from which the deferred tax is subtracted was recognised. Assets and provisions on deferred income tax are presented jointly.

EQUITY

Share capital is measured at the nominal value disclosed in the National Court Register. Differences between the fair value of a payment and the nominal value of shares are recognised in the share premium.

The issue costs of shares decrease the Company's supplementary capital down to the amount of the share premium.

PROVISIONS

Provisions are established when the Company has a present obligation as a result of past events and when it is probable that the fulfilment of that obligation will involve an outflow of assets representing economic benefits and the amount of such obligation can be credibly estimated.

Provisions are measured at the current value of costs estimated by the Company's management according to its best knowledge which must be incurred to settle a current liability as of the balance sheet date.

In accordance with the adopted principle, no provisions are made for retirement benefits. Due to the age of employees and their rotation, potential reserves would not have a significant impact on the presented financial statements. Upon their occurrence, the payment of retirement severance pays will be booked on a cash basis.

FINANCIAL LIABILITIES

Financial liabilities include loans, borrowings, debt securities, not payable interest on bank loans accounted for according to the accrual principle as well as the discount of debt securities to be settled in subsequent accounting periods. Foreign currency loans are measured at the selling rate of the bank serving the Company.

Financial liabilities are initially recognized at fair value less transaction costs, and then measured using the „amortized cost” method. The valuation of liabilities includes all costs of obtaining financing, including directly related to financing costs of bank fees, costs of brokers and agents, legal costs, experts, a bank monitor, and costs related to marketing at obtaining the capital, occurring in the issue of bonds.

Trade liabilities are initially measured at fair value, and subsequently, long-term liabilities are measured at amortized cost using the effective interest method. In cases where the difference between the value at amortized cost and the value in the amount of the payment required does not have a significant effect on the financial results of the Company, such liabilities are recognized in the balance sheet in the amount of the payment required.

CURRENCY TRANSACTIONS

The functional currency of the Company is the Polish Zloty (PLN, zł.). Foreign currencies as at the balance sheet day are valued at the NBP exchange rate as at the balance sheet day. Exchange differences arising as at the date of their valuation and when the payment of receivables and liabilities in foreign currencies, are included respectively in financial income or costs, and in justified cases, the cost of manufacturing products or the purchase price of goods, as well as the purchase price or production cost of fixed assets, fixed assets under construction or intangible assets.

CASH FLOW STATEMENT

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

SEGMENT REPORTING

The Company does not separate segments according to IFRS 8, paragraph 4. This information is presented in the consolidated financial statements of the Echo Investment Capital Group.

NET PROFIT PER SHARE

The net profit per share for each period is calculated by dividing the net profit for a given period attributable to ordinary shareholders of the parent entity by the weighted average number of shares issued during the period.

Methods of determining the financial result

The financial result is determined from the profit and loss account and the matching principle, the yield and the precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference due to income tax and other charges of the financial result. The financial result is determined by the calculation method.

OPERATING REVENUE

In accordance with IFRS 15, the Company recognises revenues when the obligation is fulfilled (or in the course of fulfilling) by transferring a promised goods or services (i.e. an asset) to a customer. The asset is transferred when the customer obtains control of that asset.

After fulfilling (or in the course of fulfilling) obligations, the entity recognises an amount equal to a transaction price as income, which has been assigned to that performance obligation. To determine the transaction price, the entity shall consider the terms of the contract and its usual commercial practices. The transaction price is the amount of remuneration that the entity expects to be entitled to in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes). The remuneration specified in the contract with the client may include fixed amounts, variable amounts or both.

Revenue from the sale of residential and service premises are recognised on the date of handover of real estate to the buyer. This occurs on the basis of the acceptance protocol signed by the parties providing only after completion of the construction of real estate and receiving the occupancy permit on condition that the buyer will pay 100% towards the purchase price of real estate. Paid apartments are also considered to be cases of minor underpayments (up to PLN 500), larger underpayments, which the Company decides not to collect from customers, or in

the event of receivables from tenant changes, which, according to arrangements, are payable later than the moment of handover of the premises.

Revenues from the rental of residential and commercial space are recognised on a straight-line basis over the term of the contracts concluded.

Revenues from the rental of residential and commercial space are recognised on a straight-line basis over the term of the contracts concluded. Revenue from other contracts for the provision of services (legal, consulting, IT, financial, marketing, security and other services) is recognised by the Company when the performance obligation is met.

COST OF SALES

Costs of goods, products and services sold consist of costs incurred in respect of revenues of a given financial year and overheads not yet incurred. This item also includes costs that are directly related to revenue from related entities on account of services provided (including investment services, construction and engineering consultancy).

The cost of goods and products sold is measured at the production cost, using the method of detailed identification of the actual cost of assets sold or the percentage share e.g. of the land or shares sold, etc. In particular, the cost of sales of premises and land sold is determined proportionally to their share in the total cost of construction of the facility and the entire land constituting a given project. The detailed identification of the costs associated with employees' salaries as part of the cost of sales, is made on the basis of the employee's working time records, broken down into the individual projects developed.

ADMINISTRATIVE COSTS ASSOCIATED WITH PROJECTS

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

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

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

FINANCING COSTS

Financial costs related to the current period are recognized in the profit and loss account, except for

costs subject to activation in accordance with the solution included in IAS 23.

The Company activates the part of financial expenses which is directly related to the acquisition and production of financial assets recognized as stock and projects commenced.

In case of targeted financing, incurred to implement a project, the amount of financial costs, less income from temporary deposits of cash (i.e. amounts of interest on bank deposits, except for deposits resulting from blocking accounts, letters of credit agreement) is activated. In the case of general financing, financing costs subject to the capitalization are determined using the weighted average of all borrowing costs in relation to the expenditure incurred for a given asset.

Pursuant to the requirements of IAS 23, the Company begins to activate financial costs when the Company undertakes actions necessary to prepare an asset for its intended use or sale. These activities involve more than just activities related to its manual construction. They also include technical and administrative work preceding manual construction, such as activities related to obtaining necessary permits, design and preparation works. However, such activities do not include the holding of the asset if it is not accompanied by any processes that change the condition of the asset.

Effects of changing the principles of accounting used – transformations of financial statements for previous periods

The annual standalone financial statements were prepared in accordance with the IFRS applicable to the preparation of financial statements.

The accounting policies applied in these separate financial statements are the same as those applied by the Company in its separate financial statements for the year ended 31 December 2018.

FIRST-TIME ADOPTION OF IFRS 16 LEASES

The Company has applied IFRS 16 Leases since 1 January 2019. The standard introduced one lease model in lessee's accounting books - in general, IFRS 16 includes all lease agreements in a model similar to the financial lease model in accordance with IAS 17. The new IFRS 16 Leases replaces the existing IAS 17 standard and interpretations IFRIC 4, SIC 15 and SIC 27. Under IFRS 16, an agreement is a lease or includes a lease if it transfers the right to control an identified asset for a given period of time in exchange for consideration. As at the date of transition to IFRS 16, the Company recognized an asset due to the right to use and lease liabilities. The Company separately recognizes the cost of interest and depreciation. In applying this standard retrospectively, the Company used the following exemptions:

- the Company does not apply this standard to agreements that have not previously been identified as lease agreements in accordance with IAS 17 and IFRIC 4;
- the Company will apply a single discount rate to a similar leases portfolio;
- operating lease agreements, with the remaining lease period shorter than 12 months on 1 January 2019, were recognized as short-term leases and thus the treatment of these agreements will not change;

- operating lease contracts for which an underlying asset is of low value (e.g. office equipment) were not recalculated and their treatment were not changed.

The Company did not separate lease and non-lease elements.

As at 1 January 2019, the Company as a lessee recognized lease liabilities valued at current value of other lease fees, discounted at the Company's marginal interest rates, and recognised assets under the right to use in the amount equal to lease liabilities. The Company decided to present assets under the right to use under the same item in which the relevant underlying assets would be presented if they were owned by the Company (the lessee).

The impact of the adaption of IFRS 16 on 1 January 2019 resulted in the recognition of assets under the right to use and lease liabilities in the amount of PLN 23,891,000, of which PLN 9,558,000 concerns to inventory, PLN 7,894,000 concerns office space, and PLN 6,439,000 concerns cars. The adaption of IFRS 16 for the first time did not affect the result from previous years of the Company.

**IMPACT OF ADOPTION OF IFRS 16 ON STANDALONE STATEMENT
OF FINANCIAL POSITION [PLN '000]**

	Data approved 31.12.2018	Transition to IFRS 16	1.01.2019
Assets			
Property, plant and equipment	5 284	14 333	19 617
Inventory	201 445	9 558	211 003
Total assets		23 891	
Long-term liabilities			
Lease liabilities	-	8 842	8 842
Short-term liabilities			
Other liabilities	22 018	15 049	37 067
Total liabilities		23 891	

Material estimates of the Company's management board

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

Assumptions and estimates are based on management's best knowledge of current and future events and activities, however actual results may differ from expectations. The estimates and related assumptions are subject to ongoing verification. A change in accounting estimates is recognized in the period in which they were changed, if it concerns this period only, or in the current and future period, if the changes apply to both the current and future periods.

The main areas where the Management Board's estimates materially affect the financial statements:

INVENTORY

When estimating the write-down on inventory held by the Company as of the balance sheet date, information from the active market regarding the expected sales prices and current market trends as well as information from preliminary sales agreements concluded by the Company is analysed. Assumptions used when calculating the write-down mainly relate to market prices of property applicable in a

given market segment. According to the Management Board, a change of these assumptions would not materially affect the value of the inventory write-down as of the balance sheet date because the adopted assumptions and information on the value of the write-down were largely based on the concluded sales agreements. In the case of land recognised under inventory, the value of the write-downs results from the usefulness of land for the Company's current and prospective business estimated by the Management Board.

LEASING

The implementation and application of IFRS 16 required the Company to make various estimates and commit professional judgment. The main area in which it concerned the assessment of lease periods, in case of contracts for an indefinite period and contracts for which the Company was entitled to extend the contract. When determining the leasing period, the Company had to consider all facts and circumstances, including the existence of economic incentives to use or not to extend the contract and any termination option. The Company also estimated the discount rate used in the calculation of the lease liability - as a risk-free rate increased by the characteristic margin for the given asset component to which the lease relates.

IMPAIRMENT OF INTERESTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

An impairment test is conducted when there are indications that the carrying value of an investment will not be recovered. The assessment of the impairment of interests in subsidiaries, jointly-controlled and associated companies is based on an analysis of the fair value of assets and liabilities held by the companies and the expected prospective cash flows from the operations of such companies. In the course of the assessment, the Company also evaluates the duration and extent to which the current value of the shares is lower than its purchase price and a company's perspectives and plans for its investment developments. All material impairment of the fair value of assets in subsidiaries have been regarded to be long-term by the Management Board and have resulted in impairment losses on interests in subsidiaries. In particular, for material subsidiaries which, as at 31 December 2018, did not run any material operating activity, the value of the recognised write-downs corresponds to the total difference between the net value of the subsidiary's assets and the purchase price of the interests.

ANALYSIS OF EXPOSURE TO IMPAIRMENT OF INTERESTS, SHARES AND FUNDS [PLN '000]

Value calculated for the purpose of analysis

	as at 30.06.2019	as at 31.12.2018
Interests, shares and funds held	1 011 203	1 146 298
Financial revenues / expenses from the measurement of interests, shares and funds	(3 405)	32 649
Estimated percentage change in the value of interests, shares and funds	+/- 1 p.p.	+/- 1 p.p.
Estimated financial revenues /expenses from a potential change in the value of interests, shares and funds	10 112	11 463
Total effect on the gross result for the period	10 112	11 463
Income tax	1 921	2 178
Total effect on the net result for the period	8 191	9 285

When calculating the impairment of interests, shares and funds held in subsidiaries, associates and jointly controlled entities, the Company refers to the net value of the these companies' assets and takes into consideration the cash flow generated by investment properties held by these companies. The fair values of financial instruments do not differ significantly from the carrying amounts.

ANALYSIS OF EXPOSURE TO IMPAIRMENT OF INTERESTS, SHARES AND FUNDS [PLN '000]

DEFERRED INCOME TAX

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

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

UNCERTAINTY CONNECTED WITH TAX SETTLEMENTS

The regulations concerning the tax on goods and services, corporation tax and social security charges are subject to frequent changes. These frequent changes lead to the absence of relevant benchmarks, inconsistent interpretations and a few established precedents that might be applicable. Existing regulations also contain ambiguities that cause differences in opinions as to the legal interpretation of the tax legislation, between state authorities as well as state bodies and businesses.

Tax settlements and other areas of activity (for example customs or foreign exchange) may be subject to inspection by the authorities that are entitled to impose high penalties and fines as well as any additional tax liability resulting from checks must be paid with a high interest. These conditions make the tax risk in Poland higher than in the countries with more mature tax systems. Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the tax auditing authority.

On 15 July 2016 changes were introduced to the Tax Code in order to reflect the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is designed to prevent the creation and use of artificial legal struc-

tures developed in order to avoid paying taxes in Poland. GAAR defines tax evasion as an act primarily for the purpose of obtaining a tax advantage, contradictory in given circumstances to the subject matter and purpose of the provisions of the tax law. According to GAAR, an operation like that does not result in a tax advantage if the mode of operation was artificial. Any occurrence of: – unreasonable division of operations, – involvement of intermediaries despite the lack of economic or economic justification, elements that are mutually abrasive or compensatory and – any other actions of similar effect to the aforementioned, may be treated as a premise of the existence of artificial operations subject to GAAR regulations. The new regulations will require much greater judgment when assessing tax consequences of individual transactions.

The GAAR clause should apply to transactions closed after it enters into force and to transactions that were closed before the GAAR clause entered into force, for which advantages were or still are being achieved after the date of the clause's entry into force. The implementation of the above provisions will allow Polish tax authorities to question the legal arrangements and agreements such as restructuring and reorganization of the group.

Financial risk management

PRICE RISK

The price risk is not material. The Company does not trade in securities on any active market. The Company may conclude transactions on derivatives to hedge against the FX risk related to the forecast cash flows.

RISK OF CHANGES IN CASH FLOWS AND FAIR VALUE RELATED TO INTEREST RATE

The Company's exposure to the interest rate risk is related to financial assets and liabilities, in particular the granted borrowings, cash, the received bank loans and the issued bonds. Borrowings, loans and bonds bearing a variable interest rate

expose the Company to the interest rate risk, while borrowings and loans with a fixed interest rate expose the Company to variations of the fair value of financial instruments. In addition, the Company is exposed to the risk of interest rate variations when raising a new loan or refinancing an existing long-term debt.

INTEREST RATE RISK - LOANS GRANTED [PLN '000]

	Value calculated for the purpose of the analysis	
	31.12.2019	31.12.2018
Loans granted	814 872	487 125
Financial income from interest on loans granted	33 200	20 236
Estimated change in interest rates	+/- 1 p.p.	+/- 1 p.p.
Estimated impact of changes in interest rates on financial income from interest on loans granted	8 149	4 871
Total: the impact on the gross profit of the period	8 149	4 871
Income tax	1 548	927
Total: impact on the net profit of the period	6 601	3 945

The Company granted loans in PLN, where interest rates is variable depending on the WIBOR rate plus a margin. If the level of interest rates as at December 31,

2019 was higher or lower than an applicable level by 1 percentage point, then the Company's net result would be higher or

lower by PLN 1,358,000 due to higher or lower interest on loans granted in PLN.

INTEREST RATES' RISK - LIABILITIES DUE TO DEBT SECURITIES ISSUE [PLN '000]

	Value calculated for the analysis	
	As at 31.12.2019	As at 31.12.2018
Balance of liabilities on debt securities issue	1 085 197	1 121 173
Financial costs of debt securities issue's interests	(52 612)	(55 033)
Estimated change in the interest rates	+/- 1 p.p.	+/- 1 p.p.
Estimated financial costs of debt securities issue's interests rates, taking into account increase / (decrease) of interests rates	10 852	11 212
Total impact on the gross results for the period	10 852	11 212
Income tax	2 062	2 130
Total impact on the net results for the period	8 790	9 082

INTEREST RATES' RISK - CASH [PLN '000]

	Value calculated for the analysis	
	As at 31.12.2019	As at 31.12.2018
Balance of cash	249 867	189 366
Other operational income from interests	104	132
Estimated change in the interest rates	+/- 1 p.p.	+/- 1 p.p.
Estimated other operational income from interests taking into account interests rates' changes	2 499	1 894
Total impact on the gross results for the period	2 499	1 894
Income tax	475	360
Total impact on the net results for the period	2 023	1 533

INTEREST RATES' RISK - LIABILITIES DUE TO LOANS [PLN '000]

	Value calculated for the analysis	
	As at 31.12.2019	As at 31.12.2018
Balance of loans and borrowings		50 000
Financial costs of interests		(1 736)
Estimated change in the interest rates		+/- 1 p.p.
Estimated financial costs of loan interest as a result of interest rate's change		500
Total impact on the gross results for the period		500
Income tax		95
Total impact on the net results for the period		405

FX RISK

As of the balance sheet date and during the financial year, the Company did not hold any other material foreign currency cash. Therefore, the risk has been esti-

mated as not material and no analysis has been performed of the exposure of other balance sheet items to changing foreign exchange rates.

CREDIT RISK

The credit risk occurs in cash, borrowings granted, derivatives, deposits in banks and financial institutions as well as, in relation to the Company's customers and tenants, in the form of unsettled amounts due. The nature of the Company's operations in the area of the sale of residential space, lease and services means that the Company is not exposed to significant credit risk.

As at 31 December 2018, the Company estimated the value of impairment write downs on trade receivables, applying a provision matrix based on historical data regarding the repayment of receivables by counterparties in the division of types of sales revenues. Credit loss ratios were calculated on the basis of a model based on historical repayment of receivables in individual overdue groups. The table

below presents data on exposures and the amount of the loss allowance.

Exposure and the amount of the loss allowance as to 31 December 2019

WRITE-OFF ON EXPECTED LOANS LOSS AS AT 31.12.2019 [PLN '000]

Period	The weighted average of default rates	The gross value of commercial receivables	The loss allowance
ongoing	0,00%	39 532	-
1-30	0,00%	1 406	-
31-90	0,00%	543	2
91-360	1,00%	927	7
>361	75,00%	1 657	1 310

WRITE-OFF ON EXPECTED LOANS LOSS AS AT 31.12.2019 [PLN '000]

Period	The weighted average of default rates	The gross value of commercial receivables	OThe loss allowance
ongoing	0,00%	30 091	-
1-30	0,00%	5 042	-
31-90	0,02%	2 487	1
91-360	0,26%	11 359	29
>361	74,79%	500	374

The company performs individual analysis of trade receivables. As at 31.12.2018 a write-off for receivables in the amount of PLN 1 million was created.

The Company has procedures in place to protect the credit worthiness of its customers and tenants; security deposits and guarantees are also used for tenants. There is no significant concentration of risk in relation to any of the Company's customers outside the Echo Investment Group. In relation to related entities, the credit risk, in the opinion of the Management Board, is minimised through regular monitoring of operating activities and the assessment of investment projects of

these companies. For cash and deposits in financial institutions and in banks, the Company uses the services of renowned institutions.

With regard to all classes of financial assets, the Company considers that the credit risk associated with financial instruments is too low. In the opinion of the Management Board, in view of the presented activity characteristics, the risk of non-performance of contractual

obligations is small, the debtors of the Company have a high short-term ability to fulfil their obligations within the scope of contracts concluded with the Company, and possible adverse changes in business and economic conditions in the long term may - but not necessarily and, in the opinion of the Management Board, they should not - limit their ability to fulfil their obligations within the scope resulting from concluded agreements.

LIQUIDITY RISK

The liquidity risk occurs when the Company is unable to settle its financial liabilities in due time. The Company manages the liquidity risk by maintaining an adequate amount of supplementary capital, using bank services and reserve loan facilities, and by constantly monitoring the forecast and actual cash flows. Given the dynamic nature of its business, the Company ensures flexible funding through the availability of cash and by diversifying the sources of funding.

In the opinion of the Management Board, the Company has sufficient cash to settle all liabilities in due time. In the long term, the liquidity risk is minimised by the available bank loans. At any time, the Company may use sufficient funds from the loan facilities granted by banks. The analyses of the Company's financial liabilities and derivatives settled in the net amount which will be settled at specific maturities, based on the period remaining until the contractual maturity as of the

balance sheet date, have been presented in the respective notes: loans, borrowings, debt securities, trade receivables and trade liabilities.

The analysis of the Company's undiscounted financial liabilities which will be settled at specific maturities, based on the period remaining until the contractual maturity as of the balance sheet day 31 December 2019 and 31 December 2018:

ANALYSIS OF UNDISCOUNTED FINANCIAL LIABILITIES AS AT 31.12.2019 [PLN '000]

Period	Guarantees	Bonds	Trade, lease and other payables	Leasing	Loans
Up to 1 year	51 287	148 338	87 768	13 274	213 874
Between 1 to 3 years	257 730	762 995	-	12 645	-
Between 3 to 5 years	275 681	173 864	-	-	-
Over 5 years	1 357 058	-	-	-	-
Total	1 941 756	1 085 197	87 768	18 136	213 874

The value of debt ratios, as at 31 December 2019 and 31 December 2018 respectively, was consistent with the Company's objectives.

ANALYSIS OF UNDISCOUNTED FINANCIAL LIABILITIES AS AT 31.12.2018 [PLN '000]

Period	Guarantees	Bonds	Trade, lease and other payables	Leasing	Loans
Up to 1 year	603 422	217 725	54 613	-	50 000
Between 1 to 3 years	469 749	483 671	-	-	-
Between 3 to 5 years	-	420 368	-	-	-
Over 5 years	142 481	-	-	-	-
Total	1 215 651	1 121 764	54 613	-	50 000

Capital risk management

The Company's objective in terms of capital management is to protect the Company's ability to continue its business, allowing for the generation of returns for the shareholders, and to maintain an optimal structure of capital to reduce its cost.

When managing this risk, the Company makes decisions on the financial leverage, the dividend policy, the issue of new shares, the repurchase and subsequent redemption or resale of the issued shares, or the sale of assets to reduce debt.

The Company monitors the capital using debt ratios. This ratio is calculated as the relation between net debt and total equity. The net debt is calculated as the sum of loans and borrowings (including current and long-term loans and borrowings disclosed in the balance sheet) less cash and cash equivalents. The total value of capital is calculated as equity disclosed in the balance sheet along with the net debt.

DEBT RATIO [PLN '000]

	Nota	31.12.2019	31.12.2018
Total loans, borrowings and bonds	14, 16	1 426 078	1 171 173
Dividend liabilities	24	-	-
Cash and cash equivalents	11	(249 867)	(189 366)
Net debt		1 176 211	981 807
Total equity		1 260 981	1 445 914
Total capital		2 437 192	2 427 721
Debt ratio		48,26%	40,44%

The value of debt ratios, as at 31 December 2019 and 31 December 2018 respectively, was consistent with the Company's objectives.

Material agreements concluded with related entities

According to the Echo Investment S.A. Group's strategy for building shopping centres, office buildings and selected residential buildings through a separate

subsidiary, a large portion of Echo Investment's transactions is concluded with related parties.

MATERIAL AGREEMENTS CONCLUDED WITH RELATED ENTITIES AND PERFORMED DURING 2019 [PLN '000]

Subject of the contract - liability of Echo Investment S.A.	Date of agreement	Contractor - investor	Transaction value
Comprehensive project management and advisory services in all matters related to construction of the complex of residential buildings in Wrocław	02.07.2018	Echo - Property Poznań 1 sp. z o.o.	2 013
Security agreement	16.12.2016	Q22 - Projekt Echo - 128 sp. z o.o. - Sp.k.	2 009
Investment project management contract - R4R	01.12.2017	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.k.	2 184
Agreement on advisory, management, legal services and engineering works necessary to manage a project	29.06.2018	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.k.	3 797
Investment project management agreement, office building with underground car park in Warsaw at Beethovena Street	06.05.2019	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.k.a.	2 062
Investment project management agreement, office building with underground car park in Warsaw at Beethovena Street,	20.02.2018	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.k.a.	1 555
Investment project management agreement - Beethoven Project (Moje Miejsce I)	01.08.2017	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.k.a.	1 561
Investment project management agreement	01.08.2018	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. S.k.a.	1 743
Comprehensive project management and advisory services in all matters related to of the property under construction in Wrocław at Jedności Narodowej Street	01.10.2017	Echo - Browary Warszawskie Sp. z o.o. S.k.	2 106
Comprehensive project management and advisory services in all matters related to the construction of the property in Warsaw	01.12.2018	Taśmowa - Projekt Echo - 116 Sp. z o.o. S.k.a.	2 419
Comprehensive project management and advisory services in all matters related to the construction of the office building in Wrocław	30.11.2018	Projekt 17 - 'Grupa Echo' Sp. z o.o. S.k.a.	2 797

MATERIAL AGREEMENTS CONCLUDED WITH RELATED ENTITIES AND PERFORMED IN 2019 [PLN '000]

Subject of the contract - liability of Echo Investment S.A.	Date of agreement	Contractor - investor	Transaction value
Financial intermediation agreement	20.08.2018	Dellia Investments - Projekt Echo - 115 Sp. z o.o. S.k..	2 351
Comprehensive project management and provision of advisory services in all matters related to the construction of the office building in Katowice	01.06.2018	Face2face - Stranraer Sp. z o.o. S.k.a.	4 185
Comprehensive project management and provision of advisory services in all matters related to the construction of stage II of the office building in Katowice	31.10.2018	Face2face - Stranraer Sp. z o.o. S.k.a.	4 426
Financial intermediation agreement	27.09.2018	Face2face - Stranraer Sp. z o.o. S.k.a.	1 763
Investment project management agreement, Warsaw, Grzybowska Street, GH office building	31.10.2018	Dellia Investments - Projekt Echo - 115 Sp. z o.o. S.k..	6 852
Real estate sale agency agreement related to Opolska Business Park stage 3	03.06.2019	Echo - Opolska Business Park Sp. z o.o. - S.k.	1 731
Investment project management agreement, FUZJA stage B, Łódź, Wincentego Tymienieckiego Street	01.04.2019	Elektrownia Re Sp. z o.o.	1 889
Investment project management agreement, REACT office complex	01.06.2019	React - Dagnall Sp. z o.o. - S.k.a.	1 831

Listed above transactions with related entities concern subsidiaries.

TRANSACTION WITH RELATED ENTITIES AS AT 31.12.2019 [PLN '000]

Related entity	Sales	Purchase	Receivables	Liabilities
Subsidiaries	93 499	15 589	21 436	2 590
Company's Management Board	58	-	-	-
Total	93 557	15 589	21 436	2 590

TRANSACTION WITH RELATED ENTITIES AS AT 31.12.2018 [PLN '000]

Related entity	Sales	Purchase	Receivables	Liabilities
Subsidiaries	171 584	81 717	22 806	3 002
Company's Management Board	3	-	-	-
Total	171 587	81 717	22 806	3 002

Material post-balance sheet events

6.1 Change in the Supervisory Board

Following the sale of 56 percent of the shares and complete withdrawal from the Echo Investment's shareholding by the funds PIMCO and Oaktree Capital Management, the following persons resigned from the Supervisory Board, effective immediately on 13 December 2019: Karim Khairallah - Chairman of the Supervisory Board, Laurent Luccioni - Vice-Chairman and Sebastian A. Zilles - Member of the Supervisory Board. Therefore, the Extraordinary General Meeting of Shareholders,

held on 9 January 2020, appointed Noah Steinberg to the Supervisory Board, who was assigned to be Chairman of the Supervisory Board, Tibor Veres, who became Vice-Chairman of the Supervisory Board, and Péter Kocsis and Bence Sass, who became Supervisory Board Members of the current term. New members of the Supervisory Board are related to the Hungarian company Wing, which is the new main shareholder of Echo Investment.

6.2 Wing's announcement of a tender offer to sell additional 10.04 percent shares of Echo Investment

Due to Wing indirectly exceeded the threshold of 33 percent of the shares and the votes at the General Meeting of Shareholders of Echo Investment, on 3 February 2020 the Hungarian company announced the tender offer for the sale of additional 41,444,928 shares of Echo Investment, entitling to 10.04 percent of

the total number of the votes at the General Meeting of Shareholders, at a price of PLN 4.65 per share. Subscriptions started on 21 February 2020 and ended on 18 March 2020.

The tender offer is conducted through Santander Biuro Maklerskie brokerage house.

6.3 Preliminary agreement of three plots with first generation shopping centres in Cracow, Poznań and Łódź

On 28 February 2020, Echo Investment has signed preliminary contracts to acquire the plots situated in Poznań at Opieńskiego Street, Łódź at Widzewska Street and Cracow at Kapelanka Street. The sites belonging to companies of the Tesco Group are perfectly located and consistent with the Echo Investment's strategy to continue growing the residential part of the business. The developer plans to dedicate

all the plots to mixed use projects. On the sites the company is to deliver 4,000 apartments, retail space and in Cracow also a building with office purposes. The existing shopping centers will be managed by Echo Investment until construction works begin. The Tesco's office space and store in Cracow will operate undistracted until a new building has been developed on the plot to relocate the store and of-

fices. The projects in Poznań and Łódź will continue to operate until permits are in place and construction starts. The total area of the acquired plots amounts to 190,000 sqm. The net price will amount to EUR 42.5 million. The transaction will be concluded not later than early 2021, after fulfilment of certain conditions of preliminary agreement.

This is another transaction concluded between Echo Investment and Tesco. At the end of last year, the developer bought Tesco in Kabaty in Warsaw at Komisji Edukacji Narodowej Street from the retail chain. This area located next to the metro station in Kabaty is going to be transformed into a destination project.

6.4 Impact of the coronavirus SARS-CoV-2 and COVID-19 outbreak on the operations and financial results of the company shopping centres in Cracow, Poznań and Łódź

Based on preliminary analysis, the Management Board of the company announced to the company shareholders that, according to its current knowledge and assessment, the coronavirus SARS-CoV-2 and COVID-19 outbreak and subsequent Government imposed limitations related to them may, depending on their duration and intensity, significantly and adversely affect the operations and financial results of the Company.

The influence, in particular, may be related to:

- a. income generated by shopping centers due to the limitations imposed on shopping centers' functioning, including cinemas and gastronomic establishments (as Echo Investment owns Libero in Katowice and 30% of Galeria Młociny in Warsaw);
- b. residential apartments' sales volume, in particular in the event of potential tightening of the mortgage loan eligi-

- bility criteria by banks or other disruptions on the housing or banking market;
- c. timely execution of projects and transactions undertaken by the Company or its related entities within a planned schedule, in particular due to possible delays in construction works, caused by potential shortages of the construction personnel and/or interruptions in supplies of material and components;
- d. timing of the sale of commercial projects and their prices that may be achieved; and
- e. availability and terms of new financing if banks and other lenders are materially affected by the extended economic downturn.

The Management Board is implementing certain actions aimed at mitigating to the extent possible the adverse impact of the factors mentioned above, which, in particular, may be partially offset in the future by the potential decrease in costs of construction works resulting from the reduced demand.

Remuneration of the Management Board and Supervisory Board

REMUNERATION OF THE MANAGEMENT BOARD [PLN '000]

	2019					2018						
	From Echo Investment S.A.	Basic remuneration	Bonuses	For holding functions or providing services to other companies of the Group	Other benefits	Total	From Echo Investment S.A.	Basic remuneration	Bonuses	For holding functions or providing services to other companies of the Group	Other benefits	Total
Nicklas Lindberg	1 076 227	20 861 365	2 192 026	843 250		24 972 867	1 642 625	636 083	1 992 623	-		4 271 331
Maciej Drozd	753 413	359 100	721 999	1 080		1 835 592	845 162	420 000	572 579	-		1 837 741
Piotr Gromniak (resigned on 31.12.2018)							244 200	120 000	856 000	-		1 220 200
Artur Langner	233 973	167 400	850 800	4 002		1 256 175	243 600	210 045	986 090	-		1 439 735
Marcin Materny	240 000	125 280	702 842	8 676		1 076 798	247 350	216 000	890 000	-		1 353 350
Rafał Mazurczak	200 000	180 000	814 032	8 676		1 202 708	246 539	216 000	877 032	-		1 339 571
Waldemar Olbryk	702 000	386 100		6 704		1 094 804	707 280	150 645		-		857 925
Małgorzata Turek (appointed on 7.03.2019)	217 857		467 500	3 702		689 059				-		
Total	3 423 469	22 079 245	5 749 199	876 090			4 176 756	1 968 773	6 174 324	-		
Total annual remuneration						32 128 003						12 319 853

THE CEO' BONUS SYSTEM

Nicklas Lindberg's management contract of 18 April 2016 provides for performance-based bonuses:

- annual performance-based bonus, paid for 2018 in the amount specified above,
- additional performance-based bonus.

The amount of the additional performance-based bonus depends on the increase of the share price of Echo Investment S.A. above the base value that is determined at the level of PLN 7.5 minus the cumulated amount of the dividend per share. The contract provides for bonus amount depending on the increase of the share price above the base level.

The contract was signed for 5 years and the bonus remuneration is payable at the end of the term of the contract. According to the amendment for the agreement, in 2017 Nicklas Lindberg received and advanced payment for additional bonus remuneration amounted to PLN 3,392 thousand gross (payment was reduced by an advanced tax liability). Due to the sale of majority stake of Echo Investment's shares, in December 2019 performance bonus was paid in the amount of PLN 19,579,000.

In January 2020, Nicklas Lindberg and Maciej Drozd - the company CFO, have signed the new management contracts for the period of 5 years. The employment conditions will remain similar to the previous and the conditions of bonus payment will be precise until June 2020.



REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

Members of the Management Board receive remuneration and bonuses in accordance with the remuneration model described in the 'Work Rules of the Management Board' adopted by the Supervisory Board in a resolution of 21 March 2013. The bonus system is based on an agreement in accordance with the MBO methodology (Management by Objectives) and it is related to the company's results. Each Member of the Management Board may receive an annual bonus expressed in a multiple of monthly basic salary, depending on the key business objectives which he/she has an influence on in the scope of their responsibility. At the same time, all Members of the Management Board have common goals, the execution of which below the expected level will result in a reduction of the bonus. The amount of remuneration and bonuses of Management Board Members is confirmed by a resolution of the Supervisory Board every time.

In 2019, in addition to the specific objectives set out for each Member of the Management Board in accordance with their scope of responsibility, the Supervisory Board established four common objectives for the Management Board, which concerned the sale of real estate, security on construction sites, strengthening internal systems and strengthening employee competencies.

In 2019 and as at the date of this report, there were no agreements concluded between the Company and the managing persons, providing for compensation in the event of their resignation or dismissal without a valid reason or if their dismissal is due to a merger of Echo Investment S.A. or due to acquisition.

REMUNERATION OF THE SUPERVISORY BOARD
[PLN '000]

	2019		2018	
	From Echo Investment S.A	For holding functions or providing services to other companies of the Group	From Echo Investment S.A	For holding functions or providing services to other companies of the Group
Karim Khairallah	-	-	-	-
Laurent Luccioni	-	-	-	-
Mark E. Abramson	180 000	-	130 333	-
Maciej Dyjas	60 000	-	60 000	-
Stefan Kawalec	180 000	-	180 000	-
Nebil Senman	60 000	-	60 000	-
Sebastian Zilles	-	-	-	-
Total	480 000	-	430 333	-

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is determined in the form of resolutions of the General Meeting of the Company's Shareholders. The resolution which is currently in force is resolution no. 23 of the General Meeting of Shareholders of 25 April 2018, which determines the amount of remuneration for Supervisory Board members as follows:

- monthly remuneration of the Chairman of the Supervisory Board - PLN 10,000 gross,
- monthly remuneration of the Deputy Chairman of the Supervisory Board - PLN 7,000 gross,
- monthly remuneration of a Member of the Supervisory Board - PLN 5,000 gross,

- additional monthly remuneration for the chairmen of the Supervisory Board committees - PLN 10,000 gross.

Members of the Supervisory Board shall also be entitled to reimbursement of costs incurred in connection with the exercise of the function, in particular - travel costs to the place of Supervisory Board meetings and back, costs of individual supervision as well as costs of accommodation and meals.

Agreements concluded with an entity authorised to audit financial statements

The Supervisory Board of Echo Investment S.A., upon the recommendation of the Audit Committee, has selected Ernst & Young Audyt Polska sp. o.o. sp.k. based in Warsaw, Rondo ONZ 1, registered as number 130 in the list of expert auditors to audit standalone financial

reports of Echo Investment and consolidated financial reports of the Echo Investment Capital Group for the years 2018-2019. The Management Board, authorised by the Supervisory Board, concluded an agreement with the selected auditor on 1 August 2018.

THE NET REMUNERATION DUE TO THE AUDITOR ENTITLED TO AUDIT FINANCIAL REPORTS OF THE COMPANY AND THE GROUP

Due	Contractual amount [PLN]
Review and audit of the standalone and consolidated financial statements for 2019	377 000
Review and audit of the interim standalone and consolidated financial statements for H1 2019	117 000
Additional audit of the interim standalone financial statements for H1 2019	89 000
Total	583 000

The document is signed with qualified electronic signature

Nicklas Lindberg

President of the Board, CEO

Maciej Drozd

Vice-President of the Board, CFO

Artur Langner

Vice-President of the Board

Marcin Materny

Member of the Board

Rafał Mazurczak

Member of the Board

Waldemar Olbryk

Member of the Board

Małgorzata Turek

Member of the Board

Kielce, 20 March, 2020

Anna Gabryszewska-Wybraniec

Chief Accountant

CHAPTER 4

STATEMENT OF THE MANAGEMENT BOARD



The Management Board of Echo Investment S.A. declares that, to the best of its knowledge, the annual separate financial statements for 2019 and comparative data have been presented in compliance with the applicable accounting principles, and that they reflect in a true, reliable and transparent manner the economic and financial situation of Echo Investment S.A. and its financial result. The management report of Echo Investment S.A. presents a true view of development, accomplishments and situation of Echo Investment S.A., including a description of fundamental risks and threats.

The Management Board of Echo Investment S.A. declares that the entity authorised to audit financial statements, auditing the annual financial statements for 2019, was selected in accordance with the laws. This entity and the statutory auditors conducting the audit fulfilled the conditions required to express an unbiased and independent opinion on the audited annual financial statements, pursuant to the applicable laws and professional standards.

The document is signed with qualified electronic signature

Nicklas Lindberg

President of the Board, CEO

Maciej Drozd

Vice-President of the Board, CFO

Artur Langner

Vice-President of the Board

Marcin Materny

Member of the Board

Rafał Mazurczak

Member of the Board

Waldemar Olbryk

Member of the Board

Małgorzata Turek

Member of the Board

Kielce, 20 March, 2020

Contact

Echo Investment S.A.
Warsaw office
Q22 building
al. Jana Pawła II 22
00-133 Warsaw



ECHO
investment

Design:
Damian Chomański
be.net/chomatowski