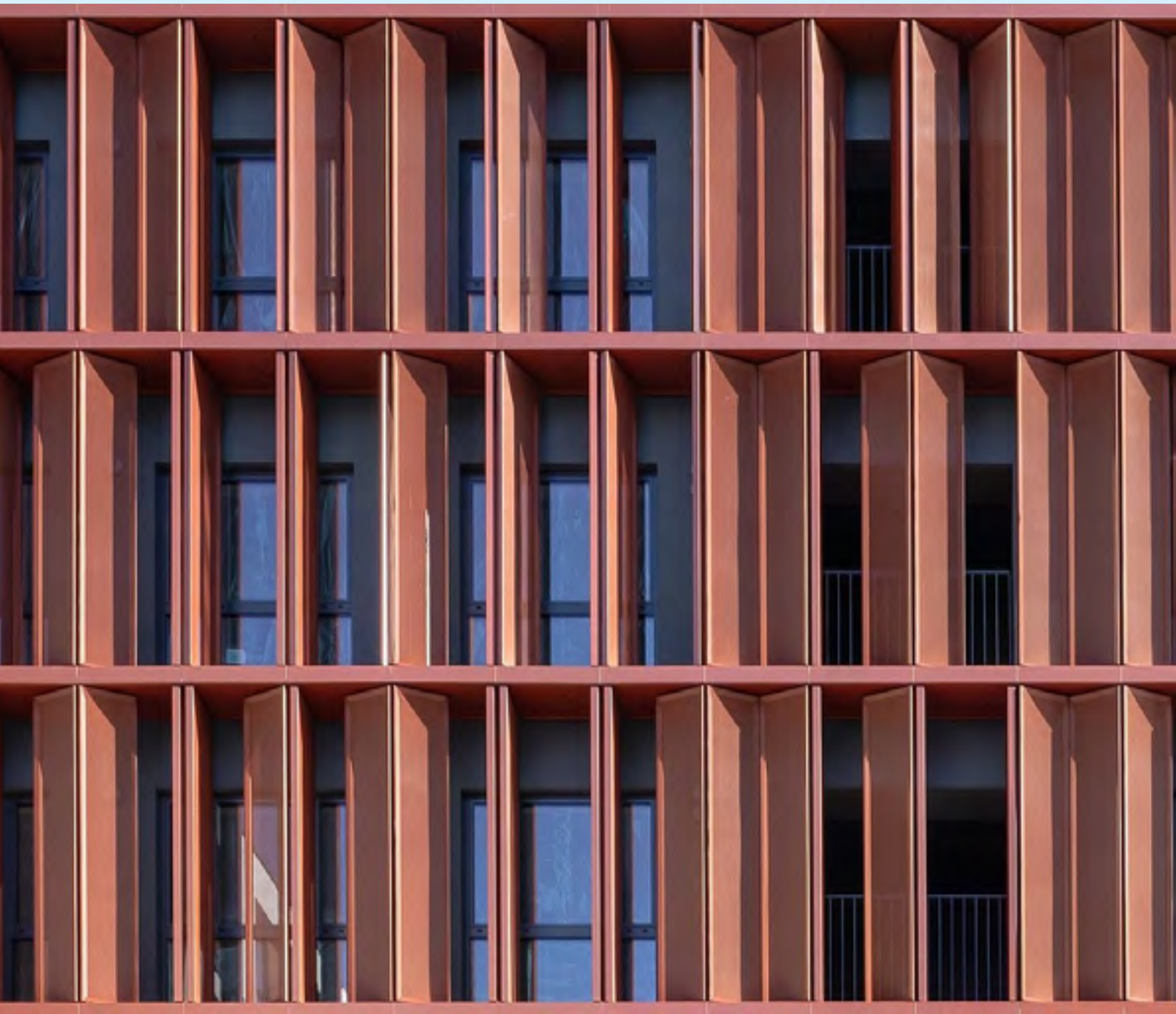


FINANCIAL REPORT OF
ECHO INVESTMENT
H1 2020



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DEAR SHAREHOLDERS, PARTNERS AND CLIENTS,

I am pleased to present you with the Echo Investment financial report for the first half of 2020. The Group's financial standing is stable and we are ready to maintain our strong position on the Polish market and are well prepared for the further expansion of our operations. In the second quarter of 2020, Echo Investment generated a net profit of PLN 10.4 million, which mainly resulted from the appreciation in the value of projects under construction and the handover of 222 apartments to buyers.

The second quarter of the year for the company was a time for reshaping, for significantly accelerating the development of our digital processes, and for a rethink about the way our clients use the apartments, office space and shopping centres we develop. The pandemic has shown once again that the company's diversified portfolio is one of its main strengths. We are active in the office, residential and retail real estate sectors. We invest in the most promising new segments, such as apartments for rent or serviced offices. Our strategy is flexible, such as in the way we adapt to the changing trends and business cycles of the real estate market. And, thanks to this, the company as a whole remains in a healthy financial and operational shape.

In March and April, when the strictest restrictions were in place, we focused our efforts on maintaining our business continuity: keeping the work going on construction sites and maintaining contacts with clients, as well as ensuring a safe and effective working environment for our employees. Thanks to the investment in technology and processes that Echo Investment has been consistently implementing for several years, all the operations of the company have been able to proceed without interruption, while the safety of employees, business partners and clients has been ensured.

Apartments

We sold 653 apartments in the first half of 2020. Since the beginning of the year we have completed the following projects: Widoki Mokotów and Moje Miejsce in Warsaw, Osiedle Jarzębinowe VI in Łódź, Osiedle Jaśminowe IV in Poznań and Ogrody Graua in Wrocław – and thanks to this we have been able to hand over 412 apartments to clients. The pandemic has had a transformative effect on social habits, which in turn has influenced the design and construction of apartments. Our designers have adapted our residential projects to the new reality and the changing expectations of buyers, who have greeted these new solutions and ideas with great interest and appreciation.

In terms of our business development, we are actively searching for new plots. In the first half of 2020 we bought two properties in Kraków and Warsaw, where 36,000 sqm of residential space could potentially be built. We also secured plots where approx. 305,000 sqm of usable space can be built, including properties in prime locations in Poznań, Łódź and Kraków from the Tesco group. Analytical work and preliminary design is currently underway for the development of each site.

Resi4Rent

In the first six months of 2020, Resi4Rent, the largest institutional apartment rental platform in Poland, has received an occupancy permit for its second Wrocław project. Resi4Rent Wrocław Kępa Mieszcząńska is already more than 80% leased. Less than a year after its opening, the first buildings of Resi4Rent Wrocław Rychtalska are almost entirely rented out. In August 2020, the company opened its first project in the Warsaw Resi4Rent Warszawa Browary. First residents already took keys to their apartments. Eventually, the project will comprise 450 apartments.

We believe that the new trends, expectations and habits of young professionals will be to the benefit of the development of the institutional residential rental market, so we are confident of achieving Resi4Rent' strategic goal of 7,500-10,000 apartments for rent by 2025.

The pandemic has shown once again that the company's diversified portfolio is one of its main strengths. We are active in the office, residential and retail real estate sectors. We invest in the most promising new segments, such as apartments for rent or serviced offices. Our strategy is flexible, such as in the way we adapt to the changing trends and business cycles of the real estate market. And, thanks to this, the company as a whole remains in a healthy financial and operational shape.

Offices

Despite the challenging market, we have been seeing substantial interest from new tenants looking to expand in Poland and who require safe and high quality office space in the best locations. Echo Investment is still the best partner they could have. Currently we have a number of office buildings under construction with a total leasable area of approx. 140,000 sqm, including Fuzja CD in Łódź, Moje Miejsce II in Warsaw, Face2Face II in Katowice and MidPoint71 in Wrocław. The construction process for all of them has been continuing at the usual pace and we are also happy with their healthy leasing rates. Upon completion, the Fuzja office building will become the headquarters of Fujitsu. Two other buildings to be delivered in fourth quarter of 2020 – Moje Miejsce II and Face2Face II – are also very well leased, having tenants secured for respectively 70% and 90% of their space.

The final stage of our flagship Warsaw Brewery project now lies just ahead of us. In April, the Villa Offices building came into use, when the first tenants were able to move in. The building is 66% leased and tenants for remaining space have already been secured. In the third quarter we also completed Malthouse Offices. The first tenants – Grupa Żywiec and law firm Allen & Overy – are in the process of moving in. Approximately 60% of the space in the building has been leased and tenants have been secured for the remainder. In line with our Profitable Growth Strategy, all of our completed buildings, as well as those that are under construction, are intended for sale. We are in advanced negotiations with a number of major investors to sell our completed buildings, while those that are under construction are also the subject of substantial interest in terms of potential transactions.

In each of these office buildings, we have also implemented anti-Covid measures. As a result of the research by our architects and constructors, we have launched our 'healthy office buildings' programme, which involves a series of new measures, such as using easy-to-disinfect materials, contact-free systems, air filtration, and stricter procedures for facility managers and the cleaning staff. We have already received a great deal of positive feedback from our tenants and potential clients.

To complement our traditional office leasing, we have been investing in our flex-space operator CitySpace, to provide ourselves with an added advantage on the market. In response to the pandemic, many companies are looking for more space so that their employees can be adequately distanced or to separate their teams. CitySpace was quickly able to adapt its offer to meet their requirements. In the first half the company increased the space it manages, including in its newly opened office in the O3 Business Campus complex in Kraków and through extensions in Warsaw (Beethovena), Wrocław (Nobilis Business House) and Gdańsk (Tryton Business House).

The retail and entertainment sector

In terms of retail projects, the most significant event for us in recent weeks was the opening of the first Primark store in Poland – in Galeria Młociny in Warsaw. This was one of the most anticipated debuts on the Polish retail market and has attracted crowds of shoppers since its opening in mid-August. As a new anchor tenant, the Primark store has strengthened the position of Galeria Młociny as a leading shopping centre in Warsaw. In the first half of 2020, the company's retail department was also busy completing the commercialisation of the Warsaw Brewery complex. Thanks to the contracts it managed to sign, our flagship investment's retail and service section is almost fully leased.

The pandemic measures introduced in March limited the functioning of most of our tenants for several weeks. Our leasing and management departments at that time faced the challenge of reaching agreements with tenants over the terms on which the centres could return to their normal operations. These efforts have had excellent results: clients have returned to our Libero centre in Katowice, as is confirmed in our figures. At the moment the turnover of the entire center is higher than a year ago, while the average monthly footfall amounts to 85% of the figure for the same period of 2019.

Financial position

Echo Investment continues to enjoy a stable financial standing. The Group has also maintained its healthy cash position: at the end of the first half of the year this came to more than PLN 340 million. The value of our assets now amounts to over PLN 5 billion, almost 17% higher than a year ago. The value of investment properties increased by 80% and a 12% increase in the value of commercial and residential projects under construction and in preparation is noted. With trust we continue to receive from financial institutions, we were able to place new bonds and obtain financing for our office buildings, which will allow the company to develop its operations further.

I encourage you to read our financial report for the first half of 2020 in detail.

Yours sincerely



Nicklas Lindberg
CEO of Echo Investment

CHAPTER 1

MANAGEMENT BOARD REPORT





Kielce

1996

Incorporation of Echo Investment

Echo Investment Group'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.

The parent company Echo Investment S.A., with its office in Kielce, al. Solidarności 36, was registered in Kielce on 23 July 1992. Echo is a Joint Stock Company entered in the National Court Register under no. 0000007025 by the District Court in Kielce, 10th Economic Division of the National Court Register.

Since 5 March 1996, the Company's shares are listed at the Warsaw Stock Exchange on the regulated market, sector - WIG - Real Estate. The Company was established for an indefinite period of time.

The Management Board of Echo Investment S.A

**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 September 22nd, 2020

Noah M. Steinberg

Chairman
of the Supervisory Board



Tibor Veres

Vice-Chairman
of the Supervisory Board



Margaret Dezse

Independent
Supervisory Board
Member
Deputy Chair
of the Audit Committee



Sławomir Jędrzejczyk

Independent
Supervisory Board
Member
Vice-Chairman
of the Audit Committee



Maciej Dyjas

Member
of the Supervisory
Board



Péter Kocsis

Member
of the Supervisory
Board



Bence Sass

Member
of the Supervisory
Board



Nebil Senman

Member
of the Supervisory
Board
Member of the Audit
Committee



As at June 30th, 2020, Mark Abramson and Stefan Kawalec remained members of the Supervisory Board. Mark Abramson resigned effective as of August 13th, 2020, while Stefan Kawalec was dismissed by the Ordinary General Meeting of Shareholders on August 13th, 2020. They were replaced by Margaret Dezse and Sławomir Jędrzejczyk.

The new members of the Supervisory Board also became members of the Audit Committee: Margaret Dezse as chair and Sławomir Jędrzejczyk as vice-chairman.

What is more, the Supervisory Board appointed the Investment Committee that will be responsible for the ongoing evaluation of the activities in the field of purchasing and selling assets, financing plans, the asset sales strategy development and the implementation of investment plans based on the approved annual budget. The Investment Committee consisted of Noah M. Steinberg, Maciej Dyjas, Péter Kocsis, Bence Sass and Nebil Senman.

The new members of the supervisory board appointed by the GMS on August 13th, 2020



Margaret Dezse

Independent member of the supervisory board, chair of the audit committee

Margaret is a former partner of Ernst & Young (EY) and PwC and has spent a total of 35 years employed by the Big 4 accounting firms. In that period, for 20 years she was a partner in the fields of transactions advisory and corporate finance, initially with PwC and for the final ten years with EY.

As a chartered accountant, Margaret started out as an auditor, in her home country of Canada. After moving to Hungary in 1989, her career quickly evolved from audit into the fields of privatisation and corporate finance. In the last 30 years, she has advised on hundreds of transactions and assisted clients from a

variety of industries on strategic and investment decision making.

In addition to leading the corporate finance and transactions advisory teams in Hungary, she has held different regional leadership roles in the CEE region, including establishing a corporate finance department in Ukraine. She is presently serving as a member of the board of directors and chairman of the audit committee of Masterplast Nyrt and is an executive committee member of Kometa Zrt. She is also a supervisory board member of United Way Hungary and of the supervisory board of social impact oriented venture capital fund Impact Ventures.



Sławomir Jędrzejczyk

Independent member of the supervisory board, vice-chairman of the audit committee

Sławomir has more than 20 years of experience working for Warsaw Stock Exchange listed companies. In 2008–2017, he was vice-chairman of the management board and CFO of PKN Orlen S.A., as well as vice-chairman of the supervisory board of Unipetrol a.s., a member of the management board of Orlen Lietuva, and a member of the board of directors of Orlen Upstream Canada. His main responsibilities have included implementing strategy geared towards increasing value, building capital market relations, providing financing, and increasing cash flows through operating excellence, investments and projects aimed at im-

proving working capital levels. He has also been responsible for planning and reporting, business controlling, accounting, supply chain management, investor relations, M&A and IT.

Sławomir has previously held the position of CEO of Emitel. He has also been employed by Telekomunikacja Polska, ORFE, Impexmetal and Price Waterhouse. He graduated from the London Business School (senior executive programme) and the Łódź University of Technology's faculty of electronics, and is also a member of the Association of Chartered Certified Accountants (ACCA).

In 2016, the Management Board of Echo Investment with the approval of the Supervisory Board developed and implemented “The strategy of profitable growth”. According to its assumptions, Echo Investment will accelerate the capital turnover and therefore generate higher returns for its shareholders. The Company intends to share profit in the form of regular dividends.

STRATEGY OF ECHO INVESTMENT

POLAND



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

LEADERSHIP



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

FOCUS ON DEVELOPMENT



The focus of the adopted strategy model is on development activities, which include land acquisition, construction, lease, active management to increase the market value and then sale of finished project in optimal time for the possible return ratio, capital management, market expectations and trends. Commercial and residential properties under construction constitute majority of the group's assets.

STRATEGIC COOPERATION WITH RELIABLE PARTNERS

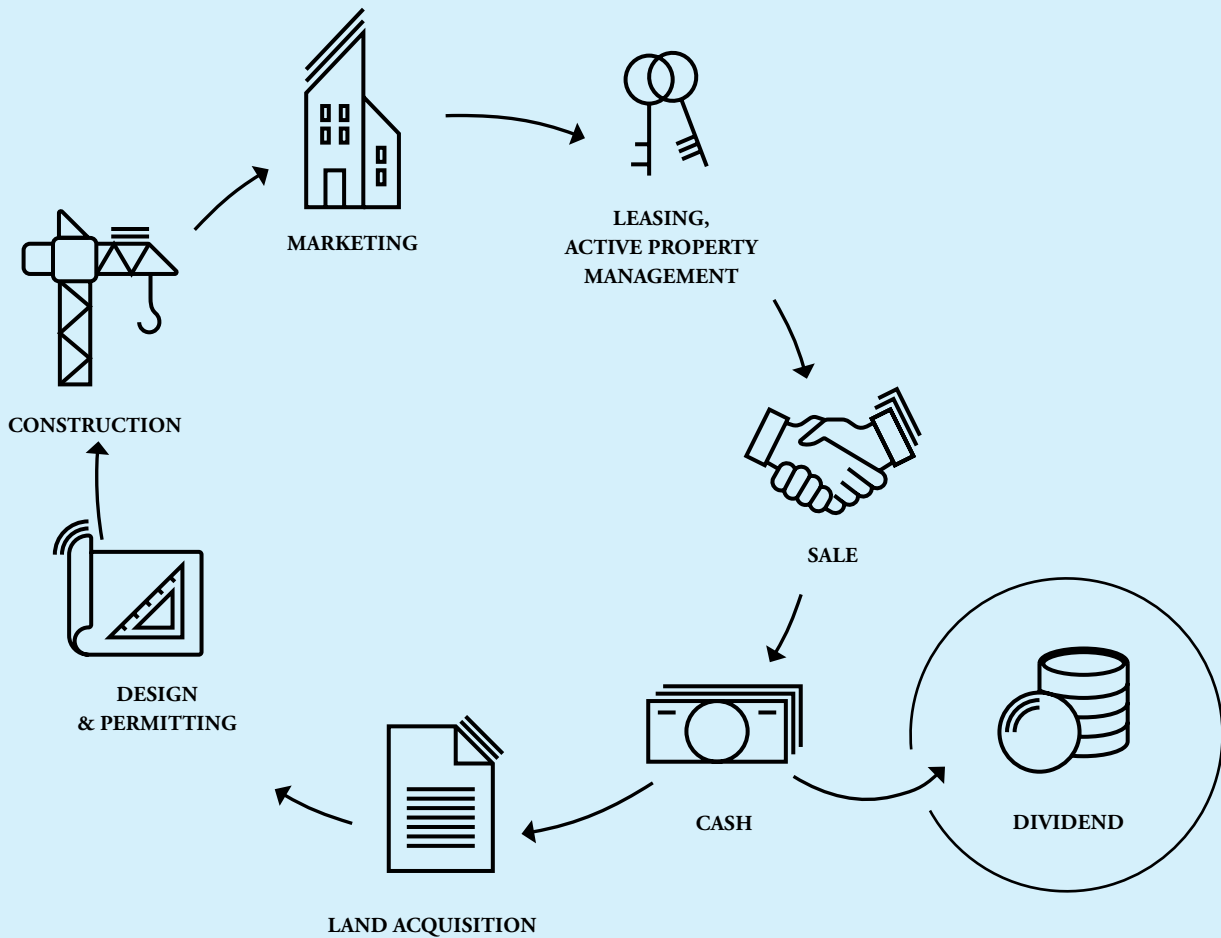


Echo Investment values long-term business relations with reliable partners, that created synergies for both sides. Development activities of Echo Investment are complementary to these entities. Such cooperation facilitates expanding Echo's scale of operation, accelerates speed of projects implementation and limits risks. Echo Investment assumes entering into joint-ventures for projects requiring significant capital expenditures, providing its partners with services such as development, planning, leasing, accounting etc. Partners may also be offered by Echo with priority to acquire ready projects on market conditions. Material agreements between Echo Investment and its partners need to be discussed and approved by the Supervisory Board.

DESTINATION PROJECTS



Many years of experience in three real estate sectors gives Echo Investment a competitive advantage resulting from skills to develop large, multi-functional and destination projects. This is why, the Company can buy larger lands where unit price is lower and competition among purchasers is much lower. Combining functions allows the Company to complete a project earlier and design a complex city space.



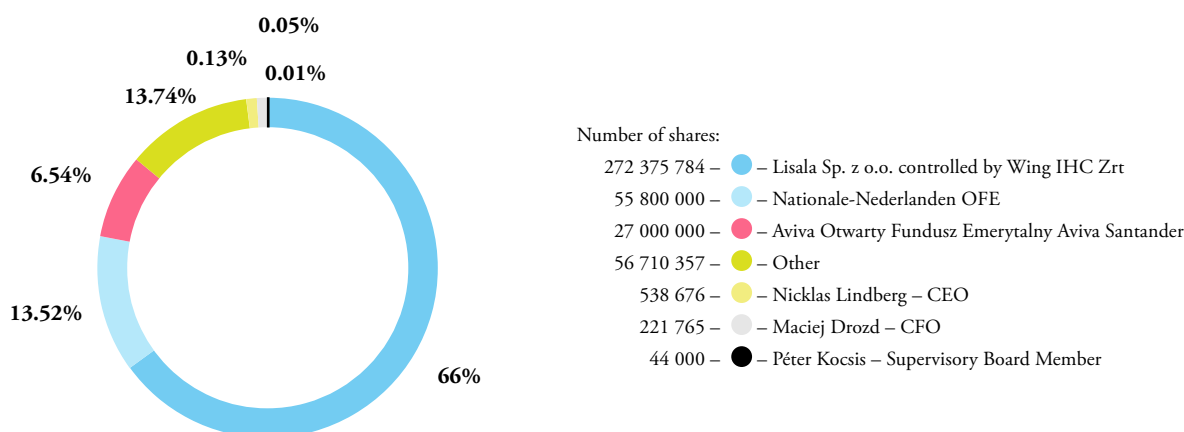
Echo Investment Group runs the entire investment process in-house, starting with acquisition of property, through obtaining administrative permits, financing and oversight of construction, to leasing, completion, active property management to increase its value, taking decision of sale and execution of this decision in optimal moment from return, cash management, expectation and market trends. These steps are taken in most cases through the special

purpose vehicles (SPV). The core business of Echo Investment Group falls into the following categories:

1. construction, lease, active property management to increase its value and sale of office buildings,
2. construction, lease, active property management to increase its value and sale of retail buildings,
3. construction and sale of residential apartments
4. provision of services (general contractor, managing contractor, leasing, consulting etc.).

Ownership structure of Echo Investment S.A. and description of shares

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF THE SHARE CAPITAL AS AT 22.09.2020



4.1 Description of shares

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

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

4.2 Shareholding structure

The major shareholder of Echo Investment S.A. is Lisala Sp. z o.o., controlled by Hungarian Wing IHC Zrt.

The shareholding structure information as it was on September 22nd, 2020 is based on data on shareholders who held minimum 5% of the total number of votes at the Ordinary General Meeting of Echo Investment S.A. of August 13th, 2020 and notification from shareholders.

Volume of the Company's shares and bonds held by managing and supervising persons

05

To the best of the Company's knowledge, among the persons in charge of Echo Investment S.A. management or supervisory functions, the shareholders and bondholders of the Company are Nicklas Lindberg, President of the Management Board, Maciej Drozd Vice-president, CFO

and Péter Kocsis, member of the Supervisory Board. Péter Kocsis has informed the Company on the purchase of the Company's shares on August 14th, 2020. To the best of the Company's knowledge, previously Péter Kocsis did not hold any shares or bonds of Echo Investment S.A.

VOLUME OF SHARES OF ECHO INVESTMENT S.A. HELD BY MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD AS AT 30.06.2020.

Surname / Position in the company	Number of shares held	Share in the capital and votes at GMS (in case of shares)
Nicklas Lindberg President of the Board, CEO	538 676	0,13%
Maciej Drozd Vice-President of the Board, CFO	221 765	0,05%
Péter Kocsis Supervisory Board Member	44 000*	0,01%

* Transaction concluded in Q3 2020.

VOLUME OF BONDS OF ECHO INVESTMENT S.A. HELD BY MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD AS AT 30.06.2020

Surname / Position in the company	Number of bonds held
Nicklas Lindberg President of the Board, CEO	219 (code ECH0721) 229 (code ECH1022)
Maciej Drozd Vice-President of the Board, CFO	219 (code ECH0522) 369 (code ECH0721) 50 (code ECH0923) 316 (code ECH1022)

To the best of the Company's knowledge, none of the other members of the Management Board or the Supervisory Board is a shareholder or a bondholder of the Company directly or indirectly as at the date of publication of the report, none of

them was a shareholder or bondholder on June 30th, 2020 and during the first half of 2020, and none of them concluded any transactions for shares or bonds in the Company.

6.1 Changes to the Supervisory Board

Following the sale of their 56% stake and thus the complete withdrawal from Echo Investment's share structure of the Pimco and Oaktree Capital Management funds, the following persons resigned from the Supervisory Board, effective from December 13th, 2019: Karim Khairallah, the Chairman of the Supervisory Board; Laurent Luccioni, the Vice-Chairman; and Sebastian A. Zilles, a member of the Supervisory Board. As a result, at the Extraordinary General Meeting of Shareholders held on January 9th, 2020, Noah Steinberg was appointed to the Supervisory Board and assigned as its Chairman, while Tibor Veres became the Vice-Chairman of the Supervisory Board, and Péter Kocsis and Bence Sass became Supervisory Board members for the current term. The new Supervisory Board members have all been appointed from Hungarian company Wing, being the new majority shareholder of Echo Investment.



6.2 Wing's announcement of a tender for an additional 10.04% stake in Echo Investment

Due to Wing indirectly exceeding the threshold of 33% of the shares of Echo Investment and of the votes at the General Meeting of Shareholders, on February 3rd, 2020 the Hungarian company announced a tender offer for an additional 41,444,928 of Echo Investment's shares, entitling it to a further 10.04% 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 February 21st, 2020 and ended on March 18th, 2020. As a result of the tender, Wing increased its stake to 66% and of the votes at the General Meeting of Shareholders of Echo Investment. The tender offer was conducted through brokerage house Santander Biuro Maklerskie.

6.3 The preliminary agreement for three plots with first generation shopping centres in Kraków, Poznań and Łódź

On February 28th, 2020, Echo Investment signed preliminary contracts to acquire plots situated on ul. Opieńskiego in Poznań, ul. Widzewska in Łódź and ul. Kapelanka in Kraków. These sites, which belonged to companies owned by Tesco Group, are in excellent locations and fit into Echo Investment's consistent strategy of continuing to expand the residential part of its business. The company is planning to develop mixed use projects on all the plots, which will include 4,000 apartments, retail space and (in Kraków) a building with office functions. The existing shopping centres will be managed by Echo Investment until construction work begins. Tesco's office space and store in Kraków will operate without disruption until their relocation to a new building to be developed on the plot. 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 should be concluded not later than early 2021, after the fulfilment of certain conditions in the preliminary agreement. This is the latest transaction concluded between Echo Investment and Tesco. At the end of last year, the developer bought the Tesco centre on al. Komisji Edukacji Narodowej in Warsaw's Kabaty district from the retail chain. This property is located next to the Kabaty metro station.

4,000

The number of apartments that could potentially be built on the plots in Łódź, Kraków and Poznań to be acquired from Tesco

6.4 Obtaining the occupancy permits for the Villa Offices and the Malthouse Offices buildings in the Warsaw Brewery complex

Echo Investment completed the construction work on the Villa Offices and the Malthouse Offices. On April 15th, 2020 the first building obtained an occupancy permit and WeWork clients, as well as Accenture already work on its premises. The second office building was provided with an occupancy permit on September 1st and its first tenants - law firm Allen & Overy and Grupa Żywiec - are currently moving in.

Both buildings are part of the city-forming Warsaw Brewery project, which will combine residential, office, retail and entertainment functions. Warsaw Brewery is situated on a plot of almost 4.5 ha between ul. Grzybowska, ul. Krochmalna, ul. Wronia and ul. Chłodna. The entire complex is scheduled for completion at the end of 2020.



Villahouse Offices building in the Warsaw Brewery complex in Warsaw



6.5 The issue of PLN 150 million of bonds and the purchase of bonds for redemption

Under the company's Bond Issue Programme, which could go up to a maximum value of PLN 1 billion, in cooperation with mBank S.A., on June 2nd 2020 Echo Investment issued bonds worth a total of PLN 150 million to institutional investors. The nominal value and issue price of each bond was PLN 10,000. They were issued for the period ending on May 31st 2024. The interest on the bonds was determined based on the variable WIBOR 6M rate supplemented by the investors' margin. The interest will be paid in semi-annual periods. The bonds are to be redeemed on the redemption date at their par value. The bonds that were issued are not secured and are traded on the alternative trading system operated by the Warsaw Stock Exchange.

At the same time, on June 1st 2020 the company purchased for redemption 1,005 own bonds bearing the ISIN code PLECHPS00258, 9,340 bonds with the code PLECHPS00282 and 349 bonds with the code PLECHPS00308. The unit par value of each bond was PLN 10,000.

7.1 Securing a construction loan for the MidPoint71 office building

On July 22nd 2020, Echo Investment secured a loan for the construction of the MidPoint71 office building, which is under development in Wrocław. PKO Bank Polski granted Echo Investment a EUR 54.4 million construction loan as well as a PLN 7 million VAT loan. Once the construction work is complete, the construction loan is to be converted into an investment loan. The loan is due to mature on June 30th 2026.

MidPoint71, which is being constructed on ul. Powstańców Śląskich in the city, will have 37,000 sqm of office space. Construction work started at the end of 2019, and the first tenants are due to move into the building in the fourth quarter of 2021. One of

these will be Pyszne.pl, which will move its Wrocław headquarters to the building, where it will occupy 3,500 sqm. The ground floors of the office building will include services, a restaurant and comfortable common areas. Medusa Group is responsible for the architectural design of the 14-storey building.

Echo Investment has been investing in Wrocław for 15 years, with MidPoint71 being the company's eighth office project in the city, after Aquarius Business House, Nobilis, Sagittarius Business House, West Gate and West Link. On ul. Na Ostatnim Groszu, the first construction stage of the West 4 Business Hub building complex is also currently underway.



MidPoint71
in Wrocław



7.2 The issue of PLN 100 million of bonds for an institutional investor

Echo Investment issued four-year coupon bonds worth PLN 100 million covered by the PKO Parasolowy - FIO Investment Fund. The coupon (or 'bearer') bonds mature on August 5th, 2024. The interest rate is calculated based on the variable six-month WIBOR (Warsaw Interbank Offered Rate) plus a mar-

gin and is to be paid in semi-annual periods. The bonds issued are not secured and are to be traded under the alternative trading system operated by the Warsaw Stock Exchange.

7.3 The Ordinary General Meeting of Shareholders

The Ordinary General Meeting of the Shareholders of Echo Investment was held on August 13th 2020. It was attended by shareholders entitled to over 86% of the votes. The shareholders unanimously approved the reports of the management board on the activities of Echo Investment S.A. and its Group for 2019, as well as separate and consolidated financial statements. The OGM also decided to allocate the profits for 2019 as follows:

- the net profit generated by the company in the financial year 2019, amounting to PLN 21,412,312.65, was allocated for distribution among all shareholders;
- the profit intended for distribution was increased by the sum of PLN 184,932,978.35 from the Dividend Fund (PLN 206,345,291 in total) and was allocated for distribution among all shareholders;
- the sum of PLN 206,345,291 was included in the dividend, paid on October 21st 2019, as a dividend advance;
- the dividend corresponds to the amount of the dividend advance payment, therefore it was de-

termined that the company would not pay additional funds from the profit for the financial year 2019.

In subsequent resolutions, the shareholders discharged all members of the management and supervisory boards from their duties, and made changes to the supervisory board, including those relevant to the resignation of Mark Abramson. The OGM recalled Stefan Kawalec from the supervisory board and appointed Margaret Dezse and Sławomir Jędrzejczyk as independent members of the supervisory board.

The OGM also introduced several changes to the company's articles of association. These resulted from, among other reasons, new regulations or were of a reorganizational nature. The significant changes introduced include empowering the supervisory board to adopt annual budgets and business plans for the company and its subsidiaries. The shareholders also adopted a remuneration policy for members of the management and supervisory boards.



See professional CVs of the new members of the Supervisory Board in item 1 on page 10.

7.4 Establishment of a bond issuance program for the issuance denominated in EUR

The Management Board of Echo Investment on September 3rd, 2020 concluded an issue agreement with Bank Polska Kasa Opieki S.A., establishing a program for the issuance of unsecured ordinary bearer bonds up to the total amount of the issued and outstanding bonds of EUR 100 million.

Bonds issued pursuant to the Issuance Program will be offered for purchase without the need to draw up a prospectus or information memorandum. On the issuance date the Bonds will be registered in the depository maintained by Krajowy Depozyt Papi-

erów Wartościowych S.A. and it will be introduced to trading in an alternative trading system operated by Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.).

Bonds will be issued as unsecured ordinary bearer bonds denominated in EUR and bearing interest at a fixed or variable interest rate, with a maturity not exceeding 5 years. The final parameters of the Bonds will be determined through talks with investors and will be subject to approval of the Company's Management Board.

Residential segment – market outlook and Echo Investment business activities

8.1 The residential market in Poland

📈 Price variations and reduced sales

In the wake of the outbreak of the pandemic, a slump in both sales and the number of homes added to the Polish market had been expected. However, the actual figures for the residential market turned out as something of a surprise for market analysts. According to JLL, approximately 6,900 residential units were sold in the six largest urban centres in the second quarter of 2020 – around 64% fewer than in the previous quarter. Given the fact that for the first 6 or 7 weeks of Q2, sales offices were mostly closed, this could be viewed as quite an optimistic result. And as JLL points out, sales in June actually started to grow markedly.

In the second quarter, 10,600 units were introduced to the market, which is only 19% down on the first three months of the year. In terms of the number of new units on offer compared to those sold from April to June, the volume at the end of the last quarter had increased by over 10% since the end of March 2020. By that time, there were 48,900 units on sale.

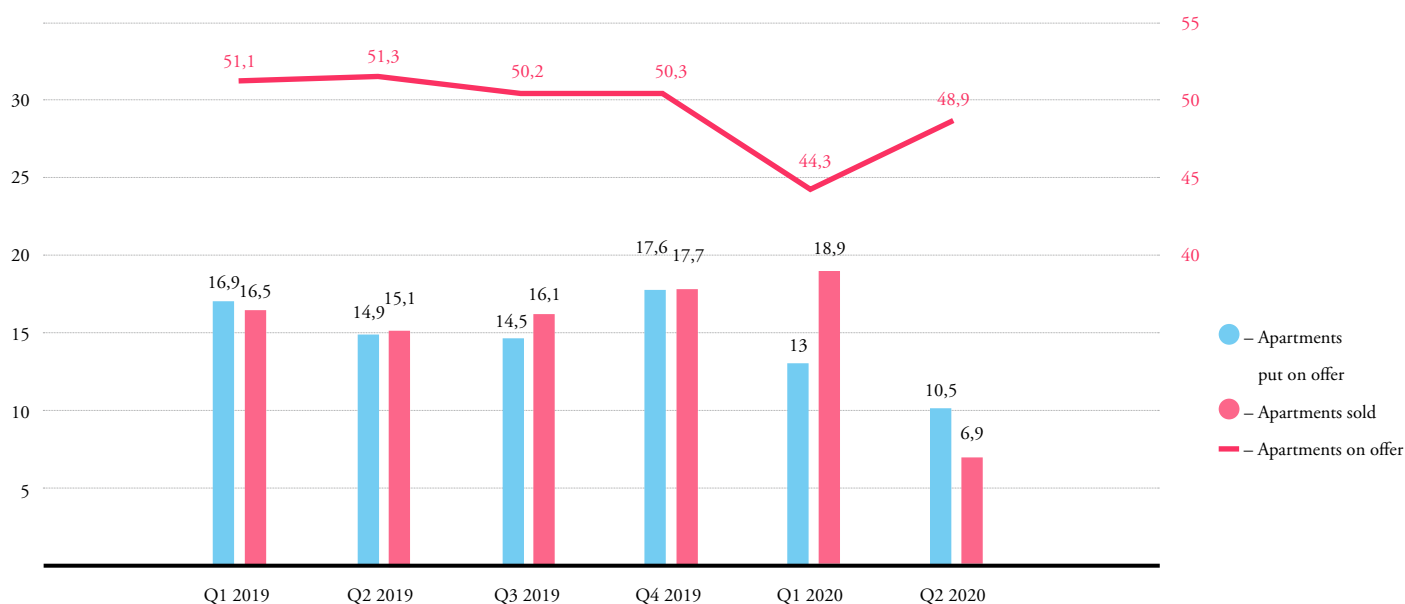
The number of homes available to buy saw the most impressive growth in Kraków – by more than 22%. In Warsaw, Wrocław, and Łódź, the increase in new units available to buy remained in the range of 11-14% over the quarter. The number of units available on the primary market in Poznań showed virtually no change, and even slightly decreased in the TriCity.

The year started with a clear surplus of demand over supply, which resulted in developers asking for higher prices. At the end of the first quarter, prices were still rising in the four largest cities. In the second quarter, the prices for units in newly completed projects differed significantly between the cities. The highest annual increases were recorded in the TriCity (almost 39%) and Poznań (12%). A significant decrease was only recorded in Wrocław, where prices were down by approx. 20%. According to JLL's analysts, it will be necessary to wait until the market returns to significantly higher volumes before any firm conclusions can be drawn.

Perspectives of each market sectors in coming 12 months:

- 📈 – Very optimistic
- 📊 – Optimistic
- ➡️ – Neutral
- 📉 – Pesimistic
- 📊 – Very pesimistic

RESIDENTIAL UNITS AVAILABLE TO BUY AGAINST THOSE SOLD AND THE SIZE OF THE OFFER IN POLAND [000' UNITS]



Source: JLL

8.2 Echo Investment's performance in the residential sector

Echo Investment sold 653 apartments in the first half of 2020, an improvement on the sales figure for the same period last year. In the second quarter alone, the company sold 254 apartments. The largest number of transactions were for homes in the Stacja 3.0 project in Wrocław, Nasze Jeżyce II in Poznań and Stacja Wola I in Warsaw. In July and August, sales remained at a stable, healthy level.

Due to the epidemic in Poland and the related restrictions, Echo Investment focused its efforts on maintaining its business continuity – in particular during the period of the most stringent restrictions at the turn of March and April. In the residential sector, this meant ensuring work was able to continue on construction sites with additional safety measures for the work supervision, as well as maintaining liaisons with clients and the collaboration between teams. Thanks to the company's quick response along with the introduction of additional precautionary procedures and safety measures for employees, all the construction work was carried out according to schedule. Echo Investment made huge efforts to accelerate the development of digital processes in order to make it easier for clients to buy

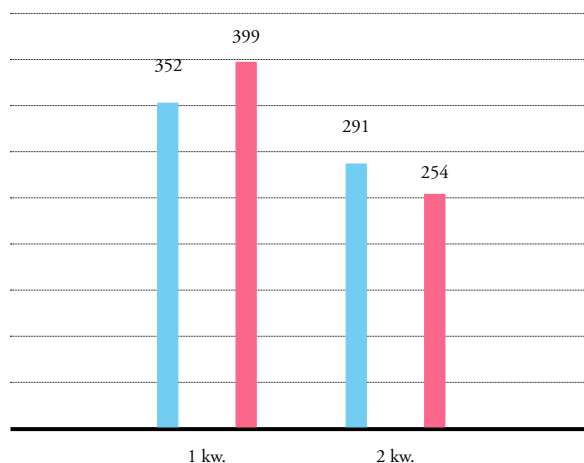
apartments without leaving home. Digital signatures were introduced in the apartment booking process, while online meetings with advisors were held and the viewing of projects and their immediate area was done using virtual reality. Additionally, the selection process for apartment sales was supported by the Aurelia chatbot. The company is well positioned to handle sales and customer service in the event of similar limitations in the future and has thus secured the business continuity it was aiming for.

At the end of June, Echo Investment's had over 1,300 apartments on sale. In July and August, the developer started the construction and sale of units in three further projects – Stacja Wola II in Warsaw, Bonarka Living on ul. Puzkarska in Kraków and the second stage of the KRK estate in Krakow. These new projects increased its offer by over 600 apartments.

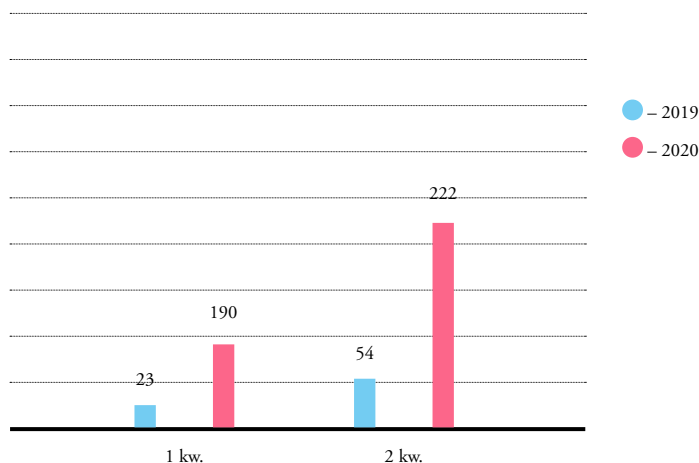
In the year to the end of June, Echo Investment handed 412 apartments over to buyers. In the first half of the year four projects received occupancy permits: Widoki Mokotów, Moje Miejsce and Reset II in Warsaw and Ogrody Graua in Wrocław.

THE SALE AND HANDOVER OF APARTMENTS BY ECHO INVESTMENT IN H1 2020 [UNITS]

RESIDENTIAL SALES



APARTMENT HANDOVERS



The pandemic has had a transformative effect on social habits and the ways space is used, which in turn has influenced the design and construction of apartments. After several weeks of analysing the behaviour and needs of those living in cities, Echo Investment's designers adapted its residential projects under construction to these new conditions and to buyers' changed expectations. These include features to increase security levels, such as

a resident identification system that automatically opens the door for them and summons an elevator to take them to their floor – without the need to touch buttons in the common areas. In the design and arrangement of the apartments, Echo Investment's architects also provided greater options for easily adapting the space for home office requirements. In response to the economic situation, Echo Investment adopted a more cautious approach to start-

ing new projects. Decisions to start construction will now depend on the projects having achieved a higher level of apartment pre-sales than hitherto, which entailed that the work on a number of projects was postponed for several months.

In terms of its business development, in the first half of the year Echo Investment secured by preliminary

sale agreement three plots in prime locations with first generation shopping centres from the Tesco group. A total of approx. 240,000 sqm could be built on the plots, which are situated in Poznań, Łódź and Kraków, including residential space as well as office and retail space. Preliminary design and analytical work is currently underway on the future development of each of these plots.



Nasze Jeżyce residential estate in Poznań

8.3 Echo Investment's performance in the apartments for rent segment

In the last six months, Resi4Rent, the largest institutional apartment rental platform in Poland, received an occupancy permit for its second Wrocław project – Resi4Rent Kępa Mieszczańska. The newly opened complex is already more than 80% leased. Meanwhile, less than a year after its official opening, the first buildings of Resi4Rent Wrocław Rychtałska have been rented out by as much as 95%.

In August 2020, the company opened its first project in the Polish capital: R4R Warszawa Browary. The renting out of the apartments has begun and keys have been handed over to the first tenants. Eventually, the project will comprise 450 apartments.

Resi4Rent was established in 2018. It is a joint venture between Echo Investment, which holds a 30% stake, and a leading international fund manager, which owns 70%. Echo Investment is the project developer for Resi4Rent and among the services it provides for the platform are identifying and purchasing plots. In total, there are more than 1,250 apartments for rent in completed Resi4Rent buildings in Warsaw, Łódź and Wrocław. The strategic goal is to build a platform of 7,500 - 10,000 apartments for rent by 2025.



Resi4Rent Warszawa Browary – the first completed project of Resi4Rent in Warsaw



Office segment – market outlook and Echo Investment business activities

9.1 The office market in Poland

→ Warsaw

In the first half of the year developers have completed five office buildings in Warsaw with an area of 106,800 sqm, including four in the city centre – according to research by CBRE. The total modern office stock in the city now comes to almost 5.7 mln sqm. Meanwhile, a record amount of space remains under construction: by 2022, another 700,000 sqm should have been added to the supply. Most of these projects (approx. 85%) are located in the city centre and Wola.

Tenants leased a total of 334,800 sqm in H1 2020, of which 195,900 sqm was leased in the second quarter alone. One notable transaction signed in the second quarter was PZU's pre-lease of 45,600 sqm in an office

complex in Wola. Furthermore, despite the adverse impact of the Covid-19 epidemic, tenant activity in the first half of the year was only 17% down on the same period last year. As was the case in the first quarter, also in the second one there was a noticeable increase in interest in renting flexible space, which for many companies may turn out to be an exciting supplement to office space needs after the pandemic. At the end of June, the vacancy rate had slightly increased to 7.88%, mainly due to an increase in vacancy in buildings outside the city centre. The research does not show any upwards pressure on rents, which stand at around EUR 24–25 per sqm per month in the city centre and approx. EUR 15.5 in non-central districts.

Perspectives of each market sectors in coming 12 months:

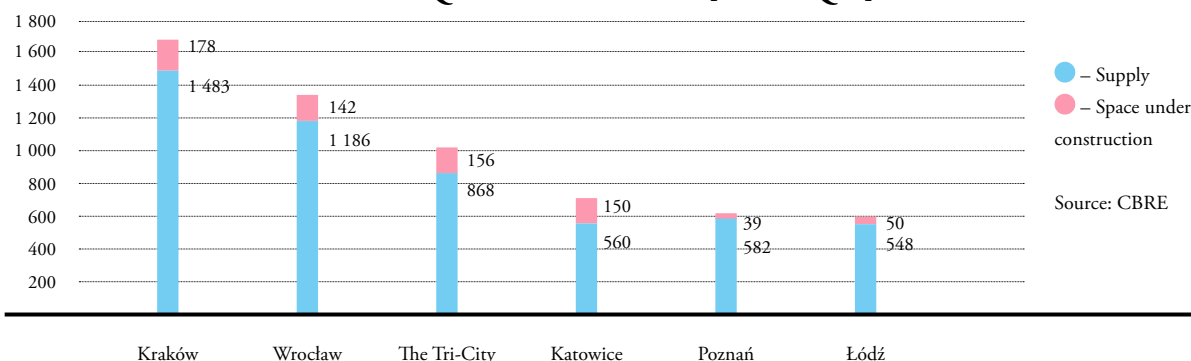
- ↑ – Very optimistic
- ↗ – Optimistic
- – Neutral
- ↘ – Pesimistic
- ↓ – Very pesimistic

→ Regional markets

In the first half of 2020, the regional office markets were much more active than Warsaw in terms of completions. In these cities 15 buildings with a total area of 175,600 sqm came into use in H1. The total office stock in the largest Polish regional cities at the end of the first six months of the year reached approx. 5.7 mln sqm. Most of the new space was delivered in Kraków (69,100 sqm in five projects), while another 800,000 sqm is under construction – mainly in Wrocław, Kraków, Łódź and the TriCity.

The demand for office space in regional markets reached the level of 334,800 sqm at the end of H1 – an increase of 9% on the same period of 2019. This good result is largely due to the Kraków market, which was the focus of a third of the tenant activity. IT remained the most active sector in the first months of the year, accounting for 48% of the demand. Due to the weaker demand in the second quarter, the average vacancy rate increased by 0.8 pp. to around 10.2%. As a result, CBRE has noted a slight decline in rents and a more flexible approach from landlords. However, rents remained at a similar level as in the previous quarter, i.e. between EUR 10.5 to 15 per sqm monthly.

SUPPLY OF OFFICE SPACE IN REGIONAL CITIES AT THE END OF THE SECOND QUARTER OF 2020 [000S SQM]



9.2 Echo Investment's activities in the office sector

Echo Investment currently has office buildings under construction with a total leasable area of approx. 135,000 sqm. In January, work on the construction of the first stage of the Face2Face Business Campus in Katowice was completed. During the summer, the structure of the second stage of the office complex was completed when the building reached its target height. Its construction should be completed in Q4 2020.

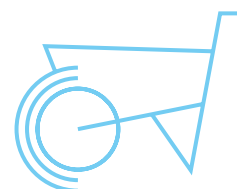
In April, the Villa Office building in Warsaw Brewery came into use with the first tenants being able to move in. In August, Echo Investment also completed work on the final and largest office building of the complex – Malthouse Offices. At present, the fit-out work is underway in the building and the first tenants – Grupa Żywiec and law firm Allen & Overy – are in the process of moving in.

In August, the preparatory work for the construction of two office buildings of the Fuzja complex in Łódź also began, which will together have a total of approx. 20,000 sqm of leasable space. Fujitsu is to be the main tenant of the new space. Another important event was the finance obtained for Mid-Point71 in Wrocław. In July, PKO Bank Polski granted a construction loan of EUR 54.4 million for the project along with a PLN 7 million VAT loan. MidPoint71, which is under development on ul. Powstańców Śląskich, will offer 37,000 sqm of office space.

In response to the pandemic, Echo Investment has implemented additional precautionary measures and enhanced its health and safety standards. In addition to this, Echo Investment's architects and constructors have reviewed their previous design approach in the light of the new hygiene requirements and rec-



Detailed information about the loan can be found in point 7.1 on page 18.



The construction works at the Warsaw Brewery complex last already in the fourth quarter of 2020

ommendations. As a result of this research, the company has launched its 'healthy office buildings' programme, which involves a series of new measures to address post-Covid needs in completed and planned buildings. Pilot projects for the most important innovations have taken place in React in Łódź (an air purification system for filtering microorganisms and viruses) and in West 4 Business Hub in Wrocław (an application for moving around the building that optimises the movement of employees and guests and picks out safe routes). Following the successful pilot of the air filtration system, Echo Investment has decided to introduce the same technology in a number of other office buildings.

CitySpace, Echo Investment's flexible and serviced offices operator, increased the space it manages by more than 3,200 sqm in H1 2020. Its newly opened office in the O3 Business Campus complex in Kraków, with an area of more than 1,700 sqm, accounted for most of this. In addition, centres in Warsaw (Beethoven), Wrocław (in the Nobilis Business House office building) and Gdańsk (in the Tryton Business House office building) were expanded, with some of the extensions having already been opened.

10.1 The retail real estate market in Poland



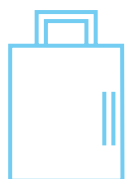
The first months of this year had a large effect on the market and especially on retail trade. Shopping centre operations were cut back to the minimum for almost two months. Retail chains had to find alternative sales channels in a very short time, while building owners had to prepare to reopen their centres again. The reopening of shopping centres took place on May 4th. Since this time, most shopping centres have recorded a footfall of around 70-80% compared to the same period of the previous year. Many market analysts are of the opinion that these figures are cause for optimism. Entertainment zones still face the most challenging situation, as well as cinemas, which also must contend with a lack of new movie productions.

In the first half of 2020, almost 130,000 sqm of leasable space in eleven new large-format buildings was added to the Polish retail real estate market, according to figures from CBRE. At the end of the second quarter, around 490,000 sqm of space was still under construction, with handover deadlines for 2020 and 2021. Despite the pandemic, convenience centres (projects comprising a leasable area of 2,000 - 4,999 sqm) continue to be developed at a rapid pace, and according to JLL almost 73,000 sqm of this type of space remains under construction.

The total value of retail transactions completed in the first half of 2020 came to around EUR 430 million, and they were dominated by one deal – the purchase of a 61.49% share of Globe Trade Centre.

Perspectives of each market sectors in coming 12 months:

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



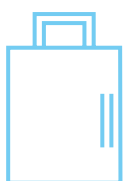
Galeria Młociny, Warsaw

10.2 Echo Investment's performance in the retail sector

When it comes to retail projects, Echo Investment's most significant event in recent weeks was the opening of the first Primark boutique in Poland – in Galeria Młociny in Warsaw. This was one of the most anticipated debuts on the Polish market, attracting crowds of shoppers since its opening in mid-August. Bringing the brand to Poland is one of Echo Investment's leasing department's most impressive achievements. The Primark store in Warsaw occupies almost 3,700 sqm of retail space on two floors of Galeria Młociny, which is 30% owned by Echo Investment with the remaining 70% being owned by EPP.

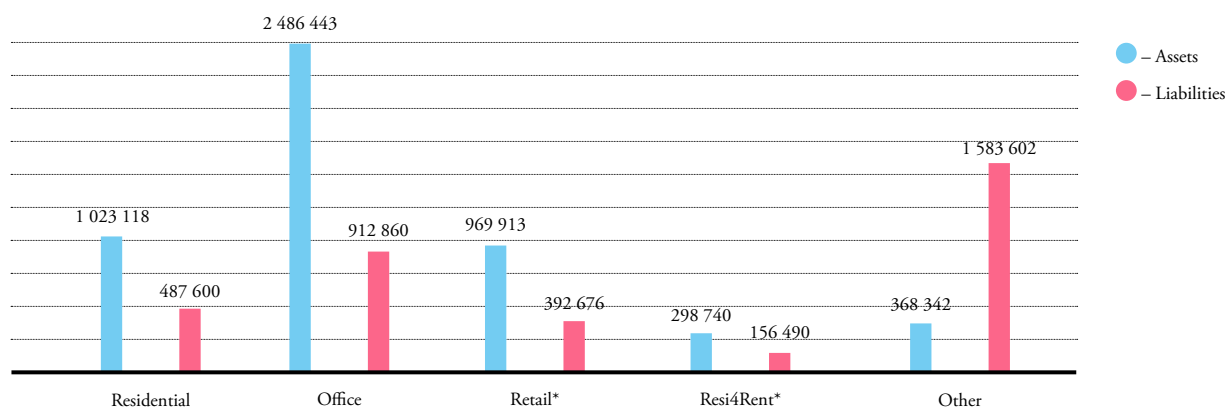
In H1 2020, the company's shopping centre department was busy completing the commercialisation of Browary Warszawskie. Thanks to the contracts it managed to sign, this flagship investment of Echo Investment in Warsaw will now feature (among others) a restaurant in the historic cellars of the storage room, a Deseo Patisserie & Chocolaterie confectionery, the Bakery Browary Warszawskie and the Mykonos restaurant (which has already opened). The retail and service section of Browary Warszawskie is almost fully leased.

The pandemic regulations introduced at the beginning of March limited the functioning of most tenants for several weeks. Echo Investment's leasing and management departments then faced the challenge of reaching agreements with tenants over the terms on which the centres could return to their normal operations. Despite the difficult nature of these negotiations and the series of controversies that erupted across the market, Echo Investment managed to reach agreements with the tenants of Libero in Katowice and Galeria Młociny in Warsaw in the shortest possible time, and to take measures to restore the full operations of both centres to their pre-pandemic levels as early as possible. Importantly, in the first days of operations following the re-opening of Echo Investment's shopping centres, the turnover they registered was higher than had been anticipated, given the figures in other countries. The conversion rate, i.e. the ratio of visitors to the number of transactions, also hit record highs, thus attesting to the responsible attitude of shoppers, many of whom had visited the centres only in order to make specific purchases.



Opening of the first Primark store in Poland in Warsaw's Galeria Młociny was one of the most important events for the retail market in 2020

ASSIGNMENT OF ASSETS AND LIABILITIES TO SEGMENTS AS AT 30.06.2020 [PLN '000]



ASSIGNMENT OF ASSETS TO SEGMENTS [‘000 PLN]

	30.06.2020	30.06.2019
Residential	1 023 118	1 214 052
Office	2 486 443	1 685 973
Retail*	969 913	960 667
Resi4Rent*	298 740	269 611
Other	368 342	284 107
Total	5 146 555	4 414 410

ASSIGNMENT OF LIABILITIES TO SEGMENTS [‘000 PLN]

	30.06.2020	30.06.2019
Residential	487 600	700 200
Office	912 728	545 236
Retail*	392 676	336 247
Resi4Rent*	156 490	145 007
Other	1 583 602	1 153 470
Total	3 533 096	2 880 160

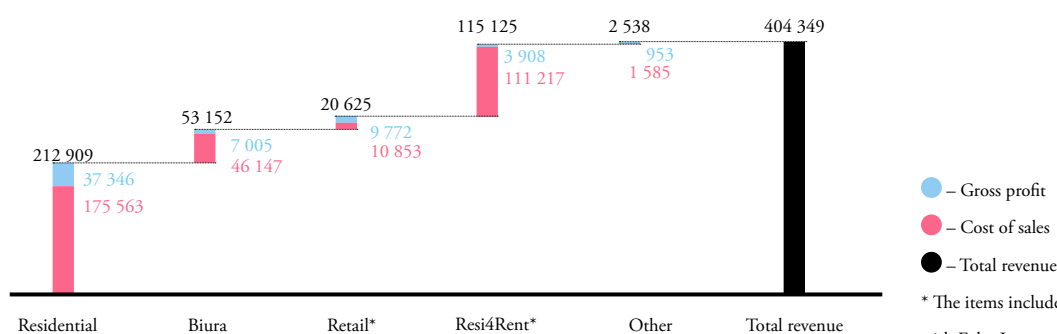
PLN **5,147** million

Total value of assets as at
30.06.2020

PLN **3,533** million

Total value of liabilities as at
30.06.2020

ASSIGNMENT OF REVENUE, COST OF SALES AND GROSS PROFIT TO SEGMENTS FOR THE PERIOD FROM 01.01.2020 TO 30.06.2020 [PLN '000]



PLN **60,0** million

Gross profit for H1 2020

* The items include portion of assets and liabilities in JVs corresponding with Echo Investment Group's share.

ASSIGNMENT OF REVENUE, COST OF SALES AND GROSS PROFIT TO SEGMENTS FOR THE PERIOD FROM 01.01.2020 TO 30.06.2020 [PLN '000]

	Revenues	Cost of sales	Gross profit
Residential	212 909	(175 563)	37 346
Office	53 152	(46 147)	7 005
Retail	20 625	(10 853)	9 772
Resi4Rent	115 125	(111 217)	3 908
Other	2 538	(1 585)	953
Total	404 349	(345 365)	58 984

RESIDENTIAL SEGMENT [PLN '000]

	Revenues	Cost of sales	Gross profit
Sales	212 275	(174 380)	37 895
Rents	117	-	117
Maintenance of the project in preparation and construction	517	(884)	(367)
Costs of projects completed in previous years	-	(299)	(299)
Total	212 909	(175 563)	37 346

OFFICE SEGMENT [PLN '000]

	Revenues	Cost of sales	Gross profit
Rents	20 098	(12 354)	7 744
Services (fit-outs)	32 730	(32 188)	542
Maintenance of the project in preparation and construction	324	(1 605)	(1 281)
Total	53 152	(46 147)	7 005

RETAIL SEGMENT [PLN '000]

	Revenues	Cost of sales	Gross profit
Sales	-	-	-
Rents	19 684	(9 177)	10 507
Services (development)	941	(1 673)	(732)
Maintenance of the project in preparation and construction	-	(3)	(3)
Total	20 625	(10 853)	9 772

RESI4RENT SEGMENT [PLN '000]

	Revenues	Cost of sales	Gross profit
Sales	115 125	(111 217)	3 908
Total	115 125	(111 217)	3 908

OTHER [PLN '000]

	Revenues	Cost of sales	Gross profit
Sales	1 125	(1 007)	118
Rents	194	(263)	(69)
Services	1 219	(315)	904
Total	2 538	(1 585)	953

12.1 Residential

Definitions:

Sales level – the item exclusively concerns preliminary contracts

An estimated budget includes the value of land, cost of design, construction and external supervision. It does not include the cost of supply maintenance, interest costs or activated financial costs,

marketing and total personnel costs related to the project. The Company estimates additional costs to equal on average 6% of the targeted budget.

RESIDENTIAL PROJECTS UNDER CONSTRUCTION

Project / address	Sales area [sqm]	Number of units	Sales level [% of units]	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Start	Targeted completion
Osiedle KRK I Kraków, ul. Zapolskiej	9 800	218	63%	96,6	71,4	43%	Q1 2020	Q3 2021
Fuzja I Łódź, ul. Tymienieckiego	14 200	282	59%	105,1	80,5	60%	Q2 2019	Q4 2020
Osiedle Jarzębinowe VII Łódź, ul. Okopowa	6 100	105	86%	36,3	28,4	56%	Q2 2019	Q4 2020
Osiedle Jarzębinowe VIII Łódź, ul. Okopowa	6 100	101	27%	38,1	28,7	13%	Q2 2020	Q4 2021
Apartamenty Esencja Poznań, ul. Grabary	12 500	260	77%	116,0	87,4	60%	Q1 2019	Q4 2020
Nasze Jeżyce I Poznań, ul. Szczepanowskiego	7 500	142	87%	57,8	44,5	51%	Q3 2019	Q1 2021
Nasze Jeżyce II Poznań, ul. Szczepanowskiego	8 200	162	48%	63,9	49,0	31%	Q3 2019	Q2 2021
Osiedle Enter I a Poznań, ul. Naramowice	6 300	118	47%	41,8	30,6	36%	Q1 2020	Q4 2021
Widoki Mokotów Warsaw, ul. Puławska	4 800	79	78%	69,3	49,9	97%	Q4 2017	Q2 2020
Browary Warszawskie E Warsaw, ul. Grzybowska	5 700	81	67%	113,5	71,6	74%	Q4 2018	Q4 2020
Moje Miejsce Warsaw, ul. Beethovena	13 300	251	94%	132,0	96,3	84%	Q3 2018	Q2 2020
Osiedle Reset II Warsaw, ul. Taśmowa	12 200	255	95%	118,6	95,9	76%	Q4 2018	Q3 2020
Stacja Wola I Warsaw, ul. Ordona	20 000	387	59%	200,1	141,8	43%	Q4 2019	Q3 2021
Stacja Wola II Warsaw, ul. Ordona	13 700	255	0%	146,3	96,8	27%	Q2 2020	Q2 2022
Ogrody Graua Wrocław, ul. Gdańska	4 000	57	77%	45,3	33,1	94%	Q4 2018	Q2 2020
Stacja 3.0 Wrocław, ul. Mińska	12 000	242	26%	91,9	69,0	50%	Q3 2019	Q4 2020
Total	156 400	2 995		1 472,6	1 074,7			

RESIDENTIAL PROJECTS UNDER PREPARATION

Project / address	Sales area [sqm]	Number of units	Targeted revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
Puszkarska I Kraków, ul. Puszkarska	8 000	143	69,0	49,3	21%	Q3 2020	Q4 2021
Puszkarska II Kraków, ul. Puszkarska	17 200	330	150,1	105,8	18%	Q3 2021	Q2 2023
ZAM I Kraków, ul. Rydlówka	6 300	115	61,7	48,1	26%	Q3 2020	Q1 2022
ZAM II Kraków, ul. Rydlówka	5 200	93	57,3	43,3	23%	Q3 2021	Q1 2023
Osiedle Krk II Kraków, ul. Zapolskiej	9 800	211	97,0	69,4	29%	Q3 2020	Q4 2021
Fuzja II Łódź, ul. Tymienieckiego	12 400	240	95,2	72,9	11%	Q4 2020	Q2 2022
Fuzja III Łódź, ul. Tymienieckiego	9 000	152	74,3	53,3	9%	Q3 2021	Q1 2023
Wodna 17-19 Łódź, ul. Wodna	12 700	234	84,3	62,7	11%	Q2 2021	Q4 2022
Osiedle Enter I b Poznań, ul. Sielawy	6 000	104	41,8	29,7	2%	Q4 2020	Q1 2022
Osiedle Enter II Poznań, ul. Sielawy	8 500	153	55,0	40,3	6%	Q1 2021	Q4 2022
Osiedle Enter III Poznań, ul. Sielawy	9 600	159	62,2	45,1	4%	Q3 2021	Q2 2023
Apartamenty Esencja II Poznań, ul. Garbary	6 300	130	60,9	47,4	18%	Q1 2021	Q4 2022
Stacja Wola III Warsaw, ul. Ordonia	14 900	270	146,3	103,0	26%	Q1 2021	Q4 2022
Kabaty Warsaw, al. KEN	17 200	299	211,0	151,8	26%	Q4 2021	Q3 2023
Total	143 100	2 633	1 266,0	922,2			

12.2 Residential projects for rental platform Resi4Rent

Definitions:

An estimated budget of Resi4Rent projects includes the value of land, cost of design, construction and external supervision, devel-

opment services and financial costs. It does not include the cost of the platform operation, such as marketing.

RESIDENTIAL PROJECTS OF RENTAL PLATFORM RESI4RENT IN OPERATION

Project / address	Residential area [sqm]	Number of units	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Completion	Comments
R4R Wrocław Rychtalska Wrocław, ul. Zakładowa	11 400	302	8,4	76,8	Q3 2019	Project owned by Resi4Rent
R4R Łódź Wodna Łódź, ul. Wodna	7 900	219	4,9	52,4	Q4 2019	Project owned by Resi4Rent
R4R Wrocław Kępa Mieszczańska Wrocław, ul. Dmowskiego	9 300	269	6,8	76,3	Q2 2020	Project owned by Resi4Rent
Total	28 600	790	20,1	205,5		

RESIDENTIAL PROJECTS OF RENTAL PLATFORM RESI4RENT UNDER CONSTRUCTION

Project / address	Residential area [sqm]	Number of units	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Start	Targeted completion	Comments
R4R Warszawa Browary Warsaw, ul. Grzybowska	19 000	450	16,6	187,6	Q4 2017	Q3 2020	Preliminary sale agreement from Echo Investment to Resi4Rent
R4R Warszawa Taśmowa Warsaw, ul. Taśmowa	13 000	372	11,1	111,9	Q1 2019	Q1 2021	Project owned by Resi4Rent
R4R Warszawa Woronicza Warsaw, ul. Woronicza	7 900	229	6,2	60,6	Q2 2019	Q4 2020	Project owned by Resi4Rent
R4R Poznań Szczepanowskiego Poznań, ul. Szczepanowskiego	5 000	160	3,8	42,2	Q3 2019	Q3 2021	Project owned by Resi4Rent
R4R Gdańsk Kołobrzeska Gdańsk, ul. Kołobrzeska	10 200	301	8,9	90,2	Q3 2019	Q2 2021	Project owned by Resi4Rent
Total	55 100	1 512	46,6	492,5			

RESIDENTIAL PROJECTS OF RENTAL PLATFORM RESI4RENT IN PREPARATION

Project / address	Residential area [sqm]	Number of units	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Targeted start	Targeted completion	Comments
R4R Kraków 3- Maja Kraków, ul. 3- Maja	12 100	387	9,8	106,1	Q1 2021	Q3 2022	Project owned by Resi4Rent
R4R Warszawa Wilanowska Warsaw, al. Wilanowska	12 400	407	11,5	129,4	Q4 2020	Q4 2022	Project owned by Resi4Rent
R4R Póhoskiego Warszawa Warsaw, ul. Póhoskiego	8 600	304	8,3	90,1	Q2 2021	Q1 2023	Project owned by Resi4Rent
R4R Warszawa Żwirki Warsaw, ul. Żwirki i Wigury	5 200	161	5,0	53,5	Q3 2020	Q3 2022	Project owned by Resi4Rent
R4R Kraków Puskarska Kraków, ul. Puskarska	5 000	149	3,5	37,0	Q3 2020	Q2 2022	Preliminary sale agreement from Echo Investment to Resi4Rent
R4R Warszawa Jana Pawła Warsaw, al. Jana Pawła II	9 400	296	7,2	77,0	Q2 2021	Q2 2023	Project acquired by Resi4Rent in Q3 2020
Total	52 700	1 704	45,3	493,1			

12.3 Office

Definitions:

GLA – gross leasable area

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

ROFO – (right of first offer)

Due to 25% of capital participation in the project, ROFO partner is entitled to 25% of profit after sale of project.

Completion – date of commissioning permit.

Significant part of fit-out works to be done after this date.

An estimated budget includes the value of land, cost of design, construction and external supervision. It does not include the personnel costs related to the project, cost of marketing, leasing and financing, which are estimated by the Company to equal on average 7% the targeted budget. In addition, it does not include

costs reducing sales revenue (price), such as master lease, profit share and costs of projects sale. Fair value includes currency differences on investment loans

The recognised fair value gain is reduced by the profit share obligation and the provision to secure rent-free periods (master lease).

OFFICE BUILDING IN OPERATION

Project / address	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Recognized fair value gain [PLN mln]	Completion	Comments
Moje Miejsce I Warsaw, ul. Beethovena	18 900	92%	3,4	158,5	94%	27,0	Q2 2019	ROFO agreement with Globalworth Poland
Face 2 Face I Katowice, ul. Grundmanna	20 400	88%	3,7	153,1	99%	48,7	Q4 2019	
Villa Offices (Warsaw Brewery K) Warsaw, ul. Grzybowska	16 600	66%	4,0	177,5	67%	168,2	Q2 2020	
Total	55 900		11,1	489,1		243,9		

OFFICE BUILDINGS UNDER CONSTRUCTION

Project / address	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Recognized fair value gain [PLN mln]	Start	Targeted completion	Comments
Solidarności Gdańsk, ul. Nowomiejska	25 400	0%	4,3	187,8	16%		Q4 2019	Q4 2022	
Face 2 Face II Katowice, ul. Grundmanna	26 200	82%	4,6	202,9	48%	39,8	Q4 2018	Q4 2020	
Fuzja C, D Łódź, ul. Tymienieckiego	19 900	82%	3,4	149,8	9%	8,8	Q2 2020	Q1 2022	
React I Łódź, ul. Piłsudskiego	15 000	23%	2,6	107,5	38%	16,1	Q2 2019	Q1 2021	
Malthouse Offices (Warsaw Brewery GH) Warsaw, ul. Grzybowska	29 500	57%	7,2	333,3	62%	258,7	Q4 2018	Q3 2020	
Moje Miejsce II Warsaw, ul. Beethovena	17 100	13%	3,1	145,2	59%	14,1	Q2 2019	Q4 2020	ROFO agreement with Globalworth Poland.
Wrocław, Midpoint 71 Wrocław, ul. Powstańców Śląskich	36 200	20%	6,7	292,3	24%	65,5	Q4 2019	Q4 2021	
West 4 Business Hub I Wrocław, ul. Na Ostatnim Groszu	15 600	22%	2,7	115,7	73%	24,2	Q4 2018	Q3 2020	
Total	184 900		34,6	1 534,4		427,1			

OFFICE BUILDINGS IN PREPARATION

Project / address	GLA [sqm]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
Piotra Skargi Katowice, ul. P. Skargi/Sokolska	26 600	4,6	177,9	8%	Q1 2021	Q3 2022
Al. Pokoju (etap I i II) Kraków, ul. Fabryczna / Al. Pokoju	46 700	8,3	391,8	20%	Q4 2020	Q2 2022
Wita Stwosza Kraków, ul. Wita Stwosza	51 500	9,0	443,7	7%	Q3 2022	Q4 2024
React II Łódź, ul. Kilińskiego / al. Piłsudskiego	25 900	4,4	183,8	7%	Q1 2021	III kw 2022
React III Łódź, ul. Kilińskiego / al. Piłsudskiego	13 000	2,2	97,2	6%	Q4 2021	Q1 2023
Fuzja I, J Łódź, ul. Tymienieckiego	13 500	2,2	107,0	8%	Q2 2021	Q4 2022
Swobodna Wrocław, ul. Swobodna	46 000	8,5	382,7	12%	II kw 2022	Q3 2024
West 4 Business Hub II Wrocław, ul. Na Ostatnim Groszu	23 100	4,0	168,6	12%	Q1 2021	Q4 2022
West 4 Business Hub III Wrocław, ul. Na Ostatnim Groszu	33 100	5,7	236,5	12%	Q3 2022	Q3 2024
West 4 Business Hub IV Wrocław, ul. Na Ostatnim Groszu	11 500	2,0	87,1	11%	Q3 2024	Q3 2025
Total	290 900	50,9	2 276,3			

12.4 Retail

Definitions:

GLA – gross leaseable area

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

ROFO – right of first offer

Due to 25% of capital participation in the project, ROFO partner is entitled to 25% of profit after sale of project.

Completion – date of commissioning permit.

Significant part of fit-out works to be done after this date.

An estimated budget includes the value of land, cost of design, construction and external supervision. It does not include the personnel costs related to the project, cost of marketing, leasing and financing, which are estimated by the Company to equal on average 7% the

targeted budget. In addition, it does not include costs reducing sales revenue (price), such as master lease, profit share and costs of projects sale. Fair value includes currency differences on investment loans

The recognised fair value gain is reduced by the profit share obligation and the provision to secure rent-free periods (master lease).

RETAIL PROJECTS IN OPERATION

Project / address	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Recognized fair value gain [PLN mln]	Completion	Comments
Libero Katowice, ul. Kościuszki	44 900	99%	9,3	390,4	100%	172,0	Q4 2018	ROFO agreement with EPP
Galeria Młociny Warsaw, ul. Zgrupowania AK „Kampinos”	84 300	97%	22,4	1 298,6	96%	30,0	Q2 2019	30% JV with EPP holding 70%
Total	129 200		31,7	1 689,0		202,0		

* Applies to 30% of shares in the project.

12.5 Land Bank

Legenda:

GLA – (gross leasable area) całkowita powierzchnia wynajmu.

PUM – powierzchnia użytkowa mieszkań.

EARLY STAGE PROJECTS

Project / address	Plot area [sqm]	Potential of leasing/ sales area [sqm]	Comments
Warsaw, ul. Towarowa	64 900	230 000	Plot for office, residential, retail and service functions. Project own by Echo Investment in 30% and by EPP in 70%
Poznań, ul. Hetmańska	65 300	80 000	Plot for residential and office function
Łódź, ul. Tymienieckiego	59 800	19 200	Plot for office and services
Warsaw, al. KEN	29 700	32 000	Plot for retail, services and entertainment functions
Kraków, Al. Pokoju	4 000	18 500	Plot for hotel
Total	223 700	379 700	

INVESTMENT PROPERTIES

Property	Plot area [sqm]	Comments
Poznań, Naramowice	77 500	
Katowice, ul. Rzepakowa / Jankego	26 200	Preliminary sale agreement
Warsaw, ul. Antoniewska	14 100	
Radom, Beliny	6 300	Preliminary sale agreement
Warsaw, ul. Konstruktorska	7 200	Plot for educational function
Zabrze, Miarki	8 100	
Warsaw, ul. Chłodna / ul. Wronia	600	Sold in Q3 2020
Total	140 000	

Main investments in H1 2020 – acquisition of plots

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PROPERTIES ACQUIRED BY ECHO INVESTMENT GROUP IN 2020

Date of transaction	Address	Legal form	Area	Capacity
Q1 2020	Kraków, ul. Puzkarska	ownership	25,800 sqm	29,900 sqm of residential and service space
Q2 2020	Warsaw, ul. Żwirki i Wigury	perpetual usufruct	6,000 sqm	5,100 of residential space for rent, the plot was sold to Resi4Rent

In 2020 Echo Investment group has acquired land properties for 35,000 sqm of residential and service space. The total value of this transactions amounted to PLN 39 million. In addition, plots for 305,000 sqm of residential, residential for rent, office and retail space has been secured by preliminary agreements in 2020.

The potential of purchased real properties is estimated based on planning documents and guidelines valid at the date of purchase. Ultimately, the use of each property is determined at a later stage of project preparation, taking into account current planning documents, arrangements, market potential and finally accepted project concept.

PLN **1,114**

Average land price in 1 sqm of leasable or sellable space possible to build on plots acquired in 2020.

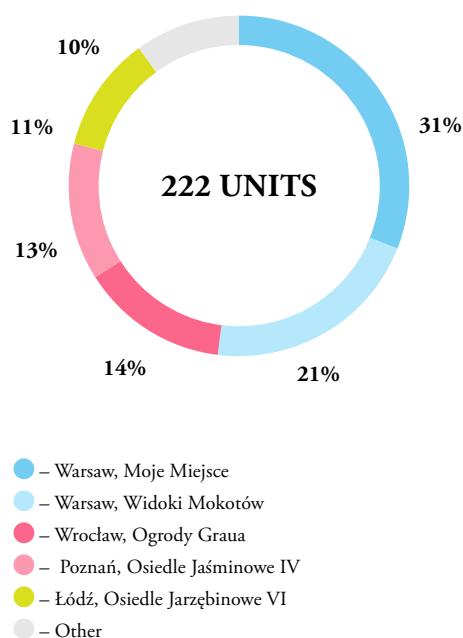
Factors which influenced the Group's financial results in Q2 2020

14

Factors which influenced the Group's financial results in Q2 2020

Revenue resulting from hand overs of 222 housing units.

RESIDENTIAL PROJECTS SHARES IN THE TOTAL NUMBER OF FINAL CONTRACTS [UNITS]



Sale of R4R Wrocław Kępa Mieszczańska project to Resi4Rent.

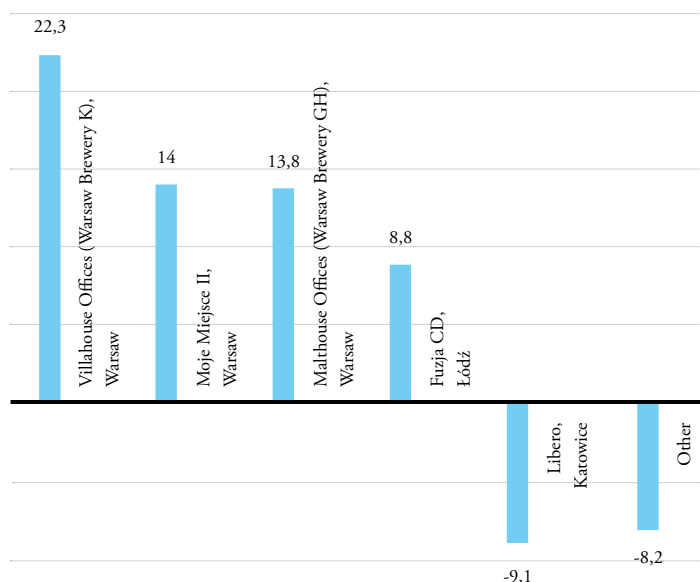
Valuation of joint-venture projects: Galeria Młociny in Warsaw, Towarowa 22 in Warsaw and Resi4Rent.

Costs of sales and overheads.

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

Profit on investment property amounting to PLN 41.6 million.

PROFIT ON INVESTMENT PROPERTY BY ASSETS [MLN PLN]



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

Measurement and settlement of FX hedging instruments.

Interest on deposits and borrowings granted.

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

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Revenues from hand overs of apartments, mainly in the projects:

- Moje Miejsce, Reset II and Malthouse Apartments (Warsaw Brewery E) in Warsaw;
- Fuzja I and Osiedle Jarzębinowe VII in Łódź;
- Apartamenty Esencja in Poznań;
- Stacja 3.0 in Wrocław.

Revaluation and sale of completed properties:

- Malthouse Offices (Warsaw Brewery GH) in Warsaw;
- Villa Offices (Warsaw Brewery K) in Warsaw;
- Moje Miejsce I and II in Warsaw.

Revaluation of the fair value of the properties owned by the Group, which are in the course of leasing and construction:

- Face 2 Face I and II in Katowice;
- React I in Łódź;
- MidPoint 71 in Wrocław;
- Fuzja CD w Łodzi;
- West 4 Business Hub I in Wrocław.

Revaluation of the fair value of the ready properties owned by the Group:

- Libero in Katowice.
-

Valuation of interests entities accounted for using the equity method:

- Galeria Młociny in Warsaw;
- Towarowa 22 in Warsaw;
- Resi 4 Rent.

Sale of R4R Warszawa Browary project to Resi4Rent.

Sale and administrative costs.

Valuation of liabilities on account of bonds and loans, at amortized cost.

Valuation of loans and cash on account of changes in exchange rates of foreign currencies.

Valuation and implementation of hedging financial instruments for foreign currencies.

Interest on deposits and loans granted.

Discounts and interest on credits, bonds and loans.

Seasonal or cyclical nature of operations

16

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

17.1 The dividend policy

On 26 April, 2017 the Management Board of Echo Investment adopted a resolution on the Company's dividend policy. The adopted dividend policy states that from the profit in 2018 and subsequent years the Management Board will be recommending the payment of the dividend up to amount of 70% of the consolidated net profit of the Capital Group attributable to shareholders of the parent company. When recommending the dividend payment the Management Board will take into consideration the current and expected condition of the Company and the Capital Group as well as their development strategy, in particular:

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

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

17.2 Advanced dividend from the 2019 profit

The Management Board of Echo Investment adopted on 11 September 2019 a resolution on conditional payment of the advance payment for the dividend for the accounting year 2019 to its shareholders. The total amount of the advance dividend amounts to PLN 206.3 million, i.e. PLN 0.5 per share. It did not exceed half of the Company's profit generated after the end of the previous financial year, as published in the financial report dated 30 June 2019, increased by a reserve capital created in order to pay dividend or an advance payment towards the dividend and reduced by uncovered losses and value of own shares. The advance dividend was paid on 21 October 2019 to those shareholders who held shares on 14 October 2019, i.e. 7 days before the payment date.

The dividend policy states that the Management Board recommends the payment of the dividend up to amount of 70% of the consolidated net profit annually.

The OGM also decided to allocate the profits for 2019 as follows:

- the net profit generated by the company in the financial year 2019, amounting to PLN 21,412,312.65, was allocated for distribution among all shareholders;
- the profit intended for distribution was increased by the sum of PLN 184,932,978.35 from the Dividend Fund (PLN 206,345,291 in total) and was allocated for distribution among all shareholders;
- the sum of PLN 206,345,291 was included in the dividend, paid on October 21st 2019, as a dividend advance;
- the dividend corresponds to the amount of the dividend advance payment, therefore it was decided that the company would not pay additional funds from the profit for the financial year 2019.

0,50 pln

Amount of advanced dividend paid from 2019 profit.

17.1 Bonds

COMPANY'S LIABILITIES DUE TO BONDS ISSUED AS AT JUNE 30.06.2020 [PLN '000]

Bonds for institutional investors							
Series	ISIN code	Bank	Nominal value	Maturity	Interest rate	Securities	Quotation market
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3,0%	-	ASO CATALYST
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST
2/2017	PLECHPS00258	mBank S.A.	139 950	30.11.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST
1/2018	PLECHPS00282	mBank S.A.	46 600	25.04.2022	WIBOR 6M + margin 2,9%	-	ASO CATALYST
1/2019	PLECHPS00308	mBank S.A.	96 510	11.04.2023	WIBOR 6M + margin 4,25%	-	ASO CATALYST
1/2020	PLO017000012	mBank S.A.	150 000	31.05.2024	WIBOR 6M + margin 4,5%	-	ASO CATALYST
Total			688 060				
Bonds for individual investors							
E-series	PLECHPS00217	DM PKO BP S.A.	100 000	6.07.2021	WIBOR 6M + margin 2,9%	-	CATALYST regulated market
F-series	PLECHPS00233	DM PKO BP S.A.	125 000	11.10.2022	WIBOR 6M + margin 2,9%	-	CATALYST regulated market
G-series	PLECHPS00241	DM PKO BP S.A.	75 000	27.10.2022	WIBOR 6M + margin 2,9%	-	CATALYST regulated market
H-series	PLECHPS00266	DM PKO BP S.A.	50 000	22.05.2022	WIBOR 6M + margin 2,8%	-	CATALYST regulated market
I-series	PLECHPS00274	Consortium: DM PKO Banku Polskiego S.A., Noble Securities S.A. i Centralny Dom Maklerski Pekao S.A.	50 000	8.11.2023	WIBOR 6M + margin 3,4%	-	CATALYST regulated market
J and J2-series	PLECHPS00290	J-series: consortium Noble Securities S.A., Michael / Ström Dom Maklerski S.A., Dom Maklerski Banku Ochrony Środowiska S.A J2-series: DM PKO Banku Polskiego S.A.	33 832	21.09.2023	WIBOR 6M + margin 3,4%	-	CATALYST regulated market
Total			433 832				
Total bonds			1 121 892				

Value of the bonds corresponds to undiscounted cash flows without interests.

Change of business and economic conditions had no significant effect on the financial obligations' fair value.

Under the company's Bond Issue Programme, which could go up to a maximum value of PLN 1 billion, in cooperation with mBank S.A., on June 2nd 2020 Echo Investment issued bonds worth a total of PLN 150 million to institutional investors. The nominal value and issue price of each bonds was PLN 10,000. They were issued for the period ending on May 31st 2024. The interest on the bonds was determined based on the variable WIBOR 6M rate supplemented

by the investors' margin. The interest will be paid in semi-annual periods. The bonds are to be redeemed on the redemption date at their par value. The bonds that were issued are not secured and are traded on the alternative trading system operated by the Warsaw Stock Exchange.

At the same time, on June 1st 2020 the company purchased for redemption 1,005 own bonds bearing the ISIN code PLECHPS00258, 9,340 bonds with the code PLECHPS00282 and 349 bonds with the code PLECHPS00308. The unit par value of each bond was PLN 10,000.

17.2 Credit facilities

INVESTMENT LOANS OF ECHO INVESTMENT GROUP AS AT 30.06.2020 ['000]

Investment project	Borrower	Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline
Libero, Katowice	Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.K.	Santander Bank Polska S.A. / BNP Paribas Bank Polska S.A.	67 566 EUR	66 890 EUR	Margin + EURIBOR 3M	22.11.2022
Galeria Młociny, Warsaw*	Berea Sp. z o.o.	Santander Bank Polska S.A. / PKO BP S.A. / Bank Gospodarstwa Krajowego	**56 100 EUR	56 100 EUR	Margin + EURIBOR 3M	30.04.2025
Moje Miejsce I i II, Warsaw	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. SKA	PKO BP S.A.	50 280 EUR	31 349 EUR	Margin + EURIBOR 3M	30.09.2023
			16 000 PLN	-	Margin + WIBOR 1M	31.03.2021
Villahouse Offices and Malthouse Offices (wWarsaw Brewery K, GH), Warsaw	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K.	Bank Pekao S.A.	87 386 EUR	30 269 EUR	Margin + EURIBOR 3M	31.12.2027
			17 000 PLN	-	Margin + WIBOR 1M	31.12.2022
West 4 Business Hub I, Wrocław	Projekt 17 - Grupa Echo Sp. z o.o. SKA	Bank Millennium S.A.	20 630 EUR	8 270 EUR	Margin + EURIBOR 3M	30.06.2023
			4 000 PLN	-	Margin + WIBOR 1M	30.06.2021
Face 2 Face I i II, Katowice	Face2Face - Stranraer Sp. z o.o. SKA	Bank Pekao S.A.	64 997 EUR	26 716 EUR	Margin + EURIBOR 3M	31.12.2023
			18 000 PLN	-	Margin + WIBOR 1M	31.12.2021
React I, Łódź	React - Dagnall Sp. z o.o. SKA	BNP Paribas Bank Polska S.A.	19 200 EUR	-	Margin + EURIBOR 3M	01.12.2022
			4 000 PLN	-	Margin + WIBOR 1M	01.12.2022
Projekt Echo 129	Projekt Echo 129 Sp. z o.o.	Bank Pekao S.A.	50 000 EUR	49 720 EUR	Margin + EURIBOR 3M	30.09.2021
Resi4Rent* - 1st tranche	SO SPV 101 Sp. z o.o./ SO SPV 103 Sp. z o.o./ R4R Warszawa Browary Sp. z o.o./ R4R Wrocław Kępa Sp. z o.o.	consortium with Bank Pekao S.A. as a leading agent	77 600 PLN	69 000 PLN	Margin + WIBOR 1M	30.06.2026
Resi4Rent* - 2nd tranche	R4R Poznań Szczepanowski Sp. z o.o./ R4R Warszawa Taśmowa Sp. z o.o./ R4R Warszawa Woronicza Sp. z o.o./ R4R Gdańsk Kołobrzaska Sp. z o.o.	Santander S.A. / Helaba AG	***59 490 PLN	11 580 PLN	Margin + WIBOR 1M	27.06.2027
Total			416 159 EUR	269 314 EUR		
			196 090 PLN	80 580 PLN		

* Echo Investment owns 30% of shares in the projects and presents 30% of credit value.

** Upon fulfillment specified conditions the construction loan will be converted into an investment loan of a value of EUR 56,7 mln.

*** Upon fulfillment specified conditions the construction loan will be converted into an investment loan of a value of PLN 69 mln.

Investment loans are secured by standard instruments such as mortgages, registered and financial pledge agreements, powers of attorney to bank accounts, subordination agreements, statements

on submission to enforcement proceedings, agreements to secure the transfer of claims and rights and claims of a borrower under selected agreements.

17.3 Credit facilities

CREDIT FACILITIES OF ECHO INVESTMENT S.A. AS AT 30.06.2020 ['000]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline
PKO BP S.A.*	75 000	63 536	WIBOR 1M + margin	30.10.2020
Alior Bank S.A.	55 000	55 000	WIBOR 3M + margin	15.03.2021
Santander Bank Polska S.A.**	100 000	73 714	WIBOR 1M + margin	30.11.2020
Total	230 000	192 250		

* The available loan amount as at June 30th, 2020 is decreased by the guarantees issued and amounts to PLN 1.4 million.

** Under the credit limit of PLN 100 million, the Company has been granted a sublimit for current loan up to PLN 75 million and a sublimit up to PLN 25 million for guarantees. As at June 30th, 2020 whole limit for guarantees was available.

Credit facilities are secured by standard instruments, such as authorization to bank account or statement on submission to enforcement proceedings.

The loan value corresponds to undiscounted cash flows.

20.1 Surety agreements

SURETY AGREEMENTS ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2020 [PLN '000]

Issuer	Beneficiary	Value	Validity	Description
Echo Investment S.A.	Bletwood Investments Sp. z o.o.	1 502	until 4.07.2026	Surety for liabilities of Cogl II Poland Limited Sp. z o.o. as a collateral of liabilities resulting from the lease agreement of 6.11.2015. Issued in EUR.
Echo Investment S.A.	HPO AEP Sp. z o.o. Sp.J.	11 165	Until the date of issuance of the occupancy permit for the projects but no later than 7.12.2031.	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 a collateral of liabilities resulting from the lease agreement of 7.12.2016. Mutual surety issued in EUR.
Echo Investment S.A.	Human Office Polska Sp. z o.o.	100	until 1.08.2022	Surety for liabilities of Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp.K. resulting from the lease agreement concluded on 2.08.2018.
Echo - Aurus Sp. z o.o.	Human Office Polska Sp. z o.o.	340	until 27.09.2021	Surety for liabilities of Nobilis - City Space GP Sp. z o.o Sp.K. resulting from lease agreement of 27.09.2017.
Echo - Aurus Sp. z o.o.	PKO Leasing S.A.	312	until 6.12.2020	Surety for liabilities of Supersam - City Space - GP Sp. z o.o resulting from leasing agreement of 6.12.2017.
Echo - Aurus Sp. z o.o.	Grenkeleasing Sp. z o.o.	297	until 22.11.2022	Surety for liabilities of Tryton - City Space - GP Sp. z o.o. resulting from leasing agreement of 22.11.2018.
Echo - Aurus Sp. z o.o.	PEAC (Poland) Sp. z o.o.	513	until 5.02.2024	Surety for liabilities of Aquarius - City Space - GP Sp. z o.o. Sp.K. resulting from leasing agreement of 5.02.2019.
Echo - SPV 7 Sp. z o.o. / Echo - Aurus Sp. z o.o.	Warburg - HiH Invest Real Estate GmbH	31 490	until 21.01.2022	Surety for liabilities of Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp.K. resulting from sale agreement.
Echo - SPV 7 Sp. z o.o. / Echo - Aurus Sp. z o.o.	Warburg - HiH Invest Real Estate GmbH	152 000	until 31.10.2028	Surety for liabilities of Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp.K. resulting from quality guarantee agreement and agreement on fit-out works.
Total		197 719		

No changes in surety agreements in Q2 2020.

20.2 Guarantees

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2020 [PLN '000]

Issuer	Beneficiary	Value	Validity	Description
Echo Investment S.A.	Horta Sp. z o.o.	22 330	until 2.07.2020	Security of the proper performance of the final sale contract of the Aquarius Business House I office building in Wrocław. Issued in EUR.
Echo Investment S.A.	Skua Sp. z o.o.	26 796	until 31.07.2021	Security of the proper performance of the final sale contract and the master lease contract for the Aquarius Business House II office building in Wrocław. Issued in EUR.
PKO BP S.A.	IREEF – Stryków Propco Sp. z o.o.	1 046	until 31.07.2020	Guarantee for the obligations of Echo Investment S.A. resulting from the lease contract concluded on 24.10.2016. Issued in EUR.
Echo Investment S.A.	issued for Ventry Investments Sp. z o.o. Sp. k. (currently entitled EPP Office O3 Business Campus Sp. z o.o.)	40 750	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 a corporate guarantee issued by Echo Investment S.A. The guarantee issued in EUR.
Echo Investment S.A.	issued for Emfold Investments Sp. z o.o. (currently entitled Tryton Business Park Sp. z o.o.)	42 508	until 21.12.2026	Construction guarantee related to the sale of the Tryton office building in Gdańsk. The construction guarantee is secured by a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
Echo Investment S.A.	issued for Flaxton Investments Sp. z o.o. (currently entitled EPP Office – Symetris Business Park Sp. z o.o.)	18 184	until 21.12.2026	Construction guarantee related to the sale of the Symetris I office building in Łódź. The construction guarantee is secured by a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
Echo Investment S.A.	A4 Business Park Sp. z o.o.	24 563	until 26.04.2027	Construction guarantee related to the sale of the A4 Business Park III office building in Katowice. The guarantee is secured by a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
Echo Investment S.A.	EPP Office O3 Business Campus Sp. z o.o.	38 854	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 a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
Echo Investment S.A.	Santander Bank Polska S.A., PKO BP S.A., Bank Gospodarstwa Krajowego and mBank S.A.	41 534	until the date of conversion of the construction loan into an investment loan	Security for exceeding the costs of the Galeria Młociny project in Warsaw and the obligations of Berea Sp. z o.o. arising from the loan agreement concluded on 17.10.2017. Issued in EUR.
Echo Investment S.A.	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.
Echo Investment S.A.	IB 14 FIZAN	79 835	until 24.05.2024	Security for the proper performance of the obligations arising from the contract for the sale of the West Link office building in Wrocław. Issued in EUR. After 24.05.2021 the maximum amount of the liability will be reduced by 80 percent.
Echo Investment S.A.	A 19 Sp. z o.o.	26 796	until 4.07.2038	Guarantee for the obligations of Midpoint 71-Cornwall Investments Sp. z o.o. SKA (Midpoint 71 project) arising from the good neighborly agreement concluded on 4.07.2018. Issued in EUR.
Echo Investment S.A.	issued for Flaxton Investments Sp. z o.o. (currently entitled EPP Office – Symetris Business Park Sp. z o.o.)	17 050	until 15.11.2020	Construction guarantee related to the sale of the office building Symetris II in Łódź. Issued in EUR. The maximum amount of the liability will be successively reduced as the amount of the liability that is secured by the guarantee decreases.
Echo Investment S.A.	Pekao S.A.	14 147	until 30.06.2029	Guarantee securing exceeding the costs of performing Resi4REnt projects: Łódź Wodna, Wrocław Rychtalska, Warsaw Brewery, Wrocław Kępa.

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2020 [PLN '000]

Issuer	Beneficiary	Value	Validity	Description
Echo Investment S.A.	R4R Wrocław Kępa Sp. z o.o. / R4R Warszawa Browary Sp. z o.o.	84 809	until 31.07.2021	Guarantee for advance payments paid by R4R companies in accordance with the preliminary contracts for the sale of real estate Kępa Mieszcząrska in Wrocław and Warsaw Brewery E in Warsaw. Echo SPV 7 Sp. z o.o. joined to preliminary contracts as a joint and several debtor responsible for the obligations of the sellers.
Echo Investment S.A.	IB 6 FIZAN / GPF 3 FIZAN	139 201	until 31.10.2021	Security for the proper performance of the obligations of Rosehill Investments Sp. z o.o. resulting from the program contract concluded on 31.08.2017. Issued in EUR.
Echo Investment S.A.	PKO BP S.A.	36 000	until 30.06.2023	Security for exceeding the costs of performing the Moje Miejsce office project in Warsaw.
PKO BP S.A.	LUX Europa III S.a.r.l.	6 450	until 7.05.2021	Security for the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the contract of quality guarantee concluded on 27.03.2019.
Echo Investment S.A.	LUX Europa III S.a.r.l.	97 985	until 31.12.2024	Security for the proper performance of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the sale contract of the Gatehouse Offices building being part of the Warsaw Brewery complex. Issued in EUR.
Echo Investment S.A.	LUX Europa III S.a.r.l.	163 550	until 30.06.2030	Security for the proper performance of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. liabilities, arising from the sale agreement of the Gatehouse Office building in the Warsaw Brewery complex. Issued in PLN.
Echo Investment S.A.	LUX Europa III S.a.r.l.	49 126	until 3.03.2027	Security for the proper performance of the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the sale contract of the Gatehouse Offices building being part of the Warsaw Brewery complex. Issued in EUR.
Echo – Aurus Sp. z o.o.	Echo – Park Rozwoju Sp. z o.o. Sp.K.	790	until 28.02.2027	Guarantee securing the liabilities of Projekt 133 - City Space GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 4.11.2016. Issued in EUR.
Echo – Aurus Sp. z o.o.	Nobilis – Projekt Echo 117 Sp. z o.o. Sp.K.	790	until 31.07.2027	Guarantee securing the liabilities of Nobilis - City Space GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 28.02.2017. Issued in EUR.
Echo – Aurus Sp. z o.o.	issued for Ventry Investments Sp. z o.o. Sp. k. (currently entitled EPP Office O3 Business Campus Sp. z o.o.)	1 242	until 9.04.2027	Guarantee securing the liabilities of Projekt 132 - City Space - GP sp.z o.o. sp.K. arising from the lease agreement concluded on 12.10.2016. Issued in EUR.
Echo – Aurus Sp. z o.o.	Sagittarius – Projekt Echo -113 Sp. z o.o. Sp.K.	52	until 31.01.2024	Guarantee for the liabilities of Echo Investment S.A. arising from the lease agreement concluded on 22.06.2018. Issued in EUR.
Echo-SPV 7 Sp. z o.o.	issued for Ventry Investments Sp. z o.o. Sp. k. (currently entitled EPP Office O3 Business Campus Sp. z o.o.)	44	until 28.02.2021	Guarantee for the liabilities of Echo Investment S.A. arising from the lease agreement concluded on 24.11.2017. Issued in EUR.
Echo Investment S.A.	Pekao S.A.	71 361	until the date of conversion of the construction loan into an investment loan	Guarantee securing the costs exceed of the office project in the Warsaw Brewery complex in Warsaw. Issued in EUR.
Echo Investment S.A.	Bank Millennium S.A.	8 045	until the date of conversion of the construction loan into an investment loan	Guarantee of exceeding the costs of performing the West 4 Business Hub office project in Wrocław.
Echo Investment S.A.	Bank Millennium S.A.	4 779	until the date of conversion of the construction loan into an investment loan	Guarantee securing rent proceeds during the performance of the West 4 Business Hub office project in Wrocław. Issued in EUR.

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2020 [PLN '000]

Issuer	Beneficiary	Value	Validity	Description
Echo Investment S.A.	issued for Echo Opolska Business Park Sp. z o.o. Sp. k. (currently entitled EPP Development 6 Sp. z o.o.)	1 099	until 30.06.2021	Security for the liabilities of Projekt 132 - City Space - GP Sp.z o.o. Sp.K. arising from the lease agreement concluded on 4.06.2019. Issued in EUR.
Echo Investment S.A.	Pekao S.A.	70 000	until 29.12.2023	Guarantee securing cost overrun, covering interests on minimal level and securing own contribution on Face-2Face office project in Katowice. Issued in PLN.
Echo Investment S.A.	BNP Paribas Bank Polska S.A.	10 499	until 1.12.2022	Security for exceeding the costs of performing the React office project in Łódź.
Echo Investment S.A.	EPP Development 6 Sp. z o.o.	36 026	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. Guarantee issued in EUR.
PKO BP S.A. (commissioned by Echo Investment S.A.)	Tax Administration Office Director in Kielce	873	until 10.02.2021	Lottery guarantee for Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.K.
Echo Investment S.A.	142 - City Space - GP Sp. z o.o. Sp.K.	21	until 22.06.2024	Security for the liabilities of Projekt 142 - City Space - GP Sp.z o.o. Sp.K. arising from the lease agreement concluded on 21.05.2019. Issued in EUR.
Echo Investment S.A.	143 - City Space - GP Sp. z o.o. Sp.K.	109	until 29.09.2024	Security for the liabilities of Projekt 142 - City Space - GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 21.05.2019. Issued in EUR.
PKO BP S.A. (commissioned by Echo Investment S.A.)	Skua Sp. z o.o.	24	until 17.12.2020	Bank guarantee issued by PKO Bank Polski S.A. at the request of Echo Investment securing the liabilities of Aquarius - City Space - GP Sp. z o.o. Sp.K. under the lease agreement of 5.09.2018.
PKO BP S.A. (commissioned by Echo Investment S.A.)	Horta Sp. z o.o.	594	until 17.12.2020	Bank guarantee issued by PKO Bank Polski S.A. at the request of Echo Investment securing the liabilities of Aquarius - City Space - GP Sp. z o.o. Sp.K. under the lease agreement of 5.09.2018.
Echo Investment S.A.	Tesco (Polska) Sp. z o.o.	non-applicable	until 30.06.2025	Echo Investment S.A. corporate guarantee securing performance of obligations of Project 12 - Grupa Echo Sp. z o.o. SKA regarding priority to lease space in the new shopping center, resulting from the preliminary sales contract of real estate concluded on 30.07.2019 between Project 12 - Grupa Echo Sp. z o.o. SKA and Tesco (Polska) Sp. z o.o. Due to business and legal arrangements the warranty has no upper limit potential liability.
Echo Investment S.A.	Topaz Jewel Sp. z o.o.	6 699	until advanced payment, not later than to 31.04.2021	Echo Investment S.A. corporate guarantee securing performance of obligations of Cinema Asset Manager - Grupa Echo Sp. z o.o. SKA of deposit payment for Topaz Jewel Sp. z o.o. in relation to purchase agreement of Tesco property in Kraków (Kapelanka str.).
Echo Investment S.A.	Tryton Business Park Sp. z o.o.	773	until 31.01.2021	Security for the liabilities of Tryton City Space - GP Sp.z o.o. Sp.K. arising from the lease contract concluded on 12.06.2018. Issued in EUR.
Echo Investment S.A.	DH Supersam Katowice Sp. z o.o. Sp.K.	377	until 31.01.2021	Security for the liabilities of Supersam City Space - GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 28.02.2017. Issued in EUR.
Towarzystwo Ubezpieczeń Euler Hermes S.A. (commissioned by Echo Investment S.A.)	PDG MA-SKI Auto Parksystemy Sp. z o.o.	363	until 19.11.2020	Security of the payment for producing and delivery of parklift installation in Fuzja B project in Łódź.
Towarzystwo Ubezpieczeń Euler Hermes S.A. (commissioned by Echo Investment S.A.)	PDG MA-SKI Auto Parksystemy Sp. z o.o.	1 367	until 4.08.2020	Security of the payment for producing and delivery of parklift installation in Reset II project in Warsaw.
Total		1 227 441		


CHANGES IN GUARANTEE AGREEMENTS ISSUED BY ECHO INVESTMENT GROUP IN Q2 2020
[PLN '000]

Change	Issuer	Beneficiary	Date of change	Value	Description
Extention	Echo Investment S.A.	issued for Echo Opol-ska Business Park Sp. z o.o. Sp. k. (currently entitled EPP Development 6 Sp. z o.o.)	30.06.2020	1 099	Security for the liabilities of Projekt 132 - City Space - GP Sp.z o.o. Sp.K. arising from the lease agreement concluded on 4.06.2019. Issued in EUR. Updated by annex on 22.05.2020.
Issue	Towarzystwo Ubezpieczeń Euler Hermes S.A. (commissioned by Echo Investment S.A. and from its limit)	PDG MA-SKI Auto Parksystemy Sp. z o.o.	8.06.2020	363	Security of payment due to parklifts production and delivery to Fuzja B project in Łódź.
Issue	PKO BP S.A. (commissioned by Echo Investment S.A.)	LUX Europa III S.a.r.l.	20.05.2020	6 450	Security for the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the contract of quality guarantee concluded on 27.03.2019.
Total				7 912	

Remuneration of the Management Board and Supervisory Board

20

REMUNERATION OF THE MANAGEMENT BOARD [PLN]



	H1 2020					H1 2019				
	Basic remuneration	From Echo Investment S.A. Bonus	From subsidiaries, joint-ventures and associates	Other benefits	Total	Basic remuneration	From Echo Investment S.A. Bonus	From subsidiaries, joint-ventures and associates	Other benefits	Total
Nicklas Lindberg	328 413		1 043 089	420 601	1 792 103	536 789	642 705	1 052 677	372 978	2 605 149
Maciej Drozd	163 511	336 000	586 246	32 440	1 118 197	375 894	359 100	349 630	540	1 085 164
Artur Langner	84 000	228 000	714 000	2 302	1 028 302	120 000	167 400	592 800	1 800	882 000
Marcin Materny	87 000	180 000	564 516	4 776	836 292	120 000	125 280	453 326	3 900	702 506
Rafał Mazurczak	87 000	177 120	559 476	4 776	828 372	120 000	180 000	564 516	3 900	868 416
Waldemar Olbryk	318 000	537 350	-	16 206	871 556	351 000	386 100	-	2 640	739 740
Małgorzata Turek (appointed on 7.03.2019)	84 000	114 538	484 076	2 202	684 816	80 000		170 000	1 500	251 500
Total	1 151 924	1 573 008	3 951 403	483 303	7 159 638	1 703 684	1 860 585	3 182 949	387 258	7 134 476

REMUNERATION OF THE SUPERVISORY BOARD [PLN]

	H1 2020		H1 2019	
	From Echo Investment S.A.	From subsidiaries, joint-ventures and associates	From Echo Investment S.A.	From subsidiaries, joint-ventures and associates
Noah M. Steinberg (appointed on 9.01.2020)	47 419	-	-	-
Karim Khairallah (resigned on 13.12.2019)	-	-	-	-
Tibor Veres (appointed on 9.01.2020)	33 194	-	-	-
Laurent Luccioni (resigned on 13.12.2019)	-	-	-	-
Mark E. Abramson (resigned on 13.08.2020)	90 000	-	90 000	-
Maciej Dyjas	30 000	-	30 000	-
Stefan Kawalec (dismissed on 13.08.2020)	90 000	-	90 000	-
Péter Kocsis (appointed on 9.01.2020)	23 710	-	-	-
Bence Sass (appointed on 9.01.2020)	23 710	-	-	-
Nebil Senman	30 000	-	30 000	-
Sebastian Zilles (resigned on 13.12.2019)	-	-	-	-
Total	368 033	-	240 000	-

Influence of the results disclosed in the report for Q2 2020 on fulfillment of result forecasts

21

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

Significant court, arbitration or public administration proceedings

22

From January 1st, 2020 to June 30th, 2020, there were no proceedings pending in court, arbitration authority or public administration authority concerning liabilities or claims of Echo Investment S.A. or its subsidiary, the value of which constitutes at least 10% of the equity of the Company.

Significant transactions concluded by the Company or its subsidiaries with entities affiliated on conditions other than market ones

23

In H1 2020, no material transactions were concluded between Echo Investment S.A. and its subsidiaries, and related parties on terms other than market terms.

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 Deloitte Audyt Sp. z o.o. Sp.K. based in Warsaw, al. Jana Pawła II, registered as number 73 in the list of expert auditors to audit separate financial reports of Echo Investment and consolidated financial reports of the Echo Investment Capital Group for the years 2020-2021. The agreement was concluded by the Management Board, based on the Supervisory Board's authorisation.

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

Due	Contractual amount
Audit of a yearly standalone and consolidated financial statement for 2020	260 000
Review of a half-year standalone and consolidated financial statement for H1 2020	135 000
Additional costs	58 000
Total	453 000

The impact of the COVID-19 pandemic on the operations of Echo Investment Group

25

Activities of Echo Investment S.A. capital group — in particular in the second quarter of 2020 — were exposed to a number of macroeconomic and environmental risks associated with the spread of SARS-CoV-2 coronavirus and COVID-19. The restrictions introduced by the government directly affected the course of business processes and the organization of the Group's work. On March 17th, 2020, the Management Board of Echo Investment S.A. published a current report on the potential impact of the pandemic on the Company's operations, listing potential areas of impact and associated risks. Due to the removal of the vast majority of restrictions, the Management Board is now able to describe in detail the impact of the pandemic on operations in the second quarter of 2020, describe the steps taken and remedial actions, and better estimate potential risks and impacts in the near future.

Securing the functioning of the company

The introduction of restrictions on the functioning of the economy and society in mid-March 2020 resulted in the vast majority of companies and organizations — as far as possible — deciding to reduce their operations or switch to remote working (home office) procedures. In the case of Echo Investment, the situation was monitored on an ongoing basis by the management staff and a crisis management center appointed in accordance with internal procedures. The company focused on the following activities:

1. Securing the possibility for employees to work remotely.
2. Securing the continuity of the company's basic functions.
3. Securing the offices and construction sites with additional personal protective equipment.
4. Elaboration and implementation of emergency procedures.
5. Permanent, daily management teleconferences for ongoing risk analysis and decisions.
6. Elaboration and implementation of precautionary procedures after the personnel returns to the offices.
7. Accelerating the plan of digitization of business processes — primarily accounting.

Continuity of work on construction sites

The most important task for the Management Board was to ensure the continuity of work on all construction sites. The company has introduced additional emergency procedures at the construction sites in the event of an illness, and has equipped all the sites with personal protective equipment, antibacterial gels, masks and information materials. The Management Board also conducted daily monitoring of the number of employees on individual construction sites, and in the event of a threat to continuity, it was prepared to introduce additional employees to the construction sites. The state of supplies of materials and the associated risks were monitored, a plan was implemented to secure supplies by anticipatory deliveries directly to the construction site, especially as regards equipment and materials from abroad whose transport to Poland could be threatened or delayed due to the virus. As a result, all the constructions have maintained undisturbed activity.

Due to the expected reduction in demand for construction services in the future, the Management Board also takes steps to reduce the costs of construction services and materials. Negotiations and a number of savings initiatives have been undertaken, as a result of which costs on individual projects may be reduced by up to 10%. The effects of these procedures are already visible when contracting subsequent construction works. There is a noticeable increase in the number of construction companies submitting tenders, which gives the contracting authorities a better negotiating position.

Group's financial liquidity security

The priority for securing the Group at the time of the lockdown and in the face of a potential economic slowdown was to secure financial liquidity. The Management Board has undertaken a number of activities to this end, such as, among others:

- involvement of operating teams in planning the cash flow on a larger scale than before;
- reviewing the budgets of all departments and reducing costs;
- reducing new hires;
- limiting employee benefits;
- minimizing the number of days of outstanding leave to employees;

- withholding of bonuses for employees in 2020;
- exemption and deferment of payment of social insurance (ZUS) contributions;
- deferral of payment of fees for perpetual usufruct of land, based on the so-called anti-crisis shields;
- ongoing and constant analysis of proceeds from the sale of apartments;
- ongoing and constant analysis of the balance of rent receivables in finished office buildings and other receivables;
- analyzing the land bank and commencing the process of selling real estate outside the main area of the company's strategy;
- halting or slowing down the construction of projects at an early stage of construction that do not have secured tenants;
- introducing the requirement of pre-selling apartments before the construction of a housing project begins;
- reducing external costs, in particular for consultancy and marketing services;
- discussions with banks to suspend or reduce project debt handling.

Commercial sector

Due to the nature of the introduced restrictions, the greatest burden of the pandemic was borne by the retail and entertainment property sector, which in the case of Echo Investment Group concerned the Libero shopping centre in Katowice and Galeria Młociny in Warsaw (in which the Group holds 30% of shares). From March 14th, to May 4th, 2020, the operations of most of the tenants of both shopping centers were very limited (only about 11% of the tenants were operating in Libero). Maintaining the work of the remaining tenants required taking additional precautions, securing the protective materials and maintaining the operation of the center (security, cleaning, ongoing operation). Gradual "defrosting" of tenants' activities from the beginning of May was connected with the necessity to renegotiate lease agreements and to reach an agreement with tenants on incurring losses incurred during the lockdown.

As a result of discussions on future rental rates between tenants, landlords and banks, a compromise has been agreed upon, which optimally distributes costs between tenants and landlords, with the long-term aim of restoring turnover and visits to shopping centers to pre-pandemic levels. The agreement sets out the rules for reducing the amount of rent and the payment of service charges to tenants.

Echo Investment strived to reach agreements with the tenants as soon as possible and to return Libero and Galeria Młociny to normal operations in the shortest time possible. Despite difficult negotiation conditions, both centers were among the first to be fully operational on the market. As a result of the pandemic, the composition of tenants changed slightly in terms of several service outlets, whose owners declared bankruptcy. Despite many limita-

tions and security measures, the rate of return of customers to both projects and turnover is faster than expected. The historically high conversion rate (visitor-to-transactions ratio) is a proof of the responsibility of customers who come to the shopping center for specific purchases.

In order to minimize the shopping center's operating costs, steps have been taken to defer or write off certain payments (e.g. for perpetual usufruct or property tax, capital and interest installments of loans) and operating costs have been optimized.

Housing and apartments for rent sector

Although regulations related to the pandemic did not limit the operation of sales offices, notaries and authorities, in practice, the sale of apartments was almost completely stopped during the second half of March. Clients returned to the analysis of the housing market and submitting their inquiries in the second week of April. Due to the already advanced work related to the digitalization of sales processes, Echo Investment's salesmen were prepared for remote customer service: they could present their offers at online meetings and with the help of virtual reality tools, negotiate contract provisions in the CRM system or present the progress of construction work through cameras. The introduction of the pandemic state accelerated the implementation of further elements of on-line service: a system for signing binding booking agreements or initial customer service using artificial intelligence.

Taking into account new trends and customers' needs, Echo Investment's designers and vendors have introduced new solutions and facilities to their projects, which support sales. Depending on the project, these include applications allowing for contact-free entry into apartments (from the housing estate gate, in front of the main door and the elevator), the services of architects (who help arrange an apartment in such a way that office space can be made easily accessible), special marking and training materials, washbasins or disinfectants in common areas (e.g. at playgrounds). Balconies, terraces, loggias and gardens have also become more important for customers.

Since June 2020, the number of inquiries and meetings with potential customers has remained at a level similar to before the pandemic. However, customers are still more cautious when making purchasing decisions. There is a noticeable increase in the number of transactions for investment purposes, with no or little credit, which involves the desire to protect the capital after a series of interest rate cuts. Ready apartments and apartments with near commissioning dates are bought more willingly. Clients pay more attention to security of transactions, which works in favor of large and capital-stable entities such as Echo Investment. The most sensitive group are clients buying their first apartment, who depend on

obtaining a credit, with relatively low income and low own contribution. Because of the uncertainty about macroeconomic developments and, therefore, about their personal financial situation, these clients prefer suspending transactions. The housing sector is also strongly affected by the tightening of banks' lending policies.

As a consequence of the economic downturn, greater caution and Echo Investment's conservative policy of starting new projects on the condition of achieving pre-sale, the company reduced this year's sales target to 1,600 apartments.

Restrictions related to the pandemic did not have a significant impact on the operation of the Resi4Rent residential platform, in which Echo Investment has a 30% stake. Although in the first weeks of the restrictions introduced, the process of renting projects was almost completely stopped, very quickly the interest of potential clients returned to normal. In the opinion of the Management Board of Echo Investment, Resi4Rent may reach a larger number of clients in the long term, due to suspension by some people of their plans to purchase their own apartments and the need to lease apartments.

Office sector

The most important task in the office sector was maintaining negotiations on leasing space in projects built by the company and continuing the sales processes of the finished buildings. The rental department is observing an elongation of decisions on the part of tenants, which is connected to the uncertainty about the future work system and the impact of remote working on companies. However, the potential tenants do not withdraw from negotiations.

In the sales processes, the Group lowered its expectations concerning yields on future sales transactions and suspended the sale of some buildings.

CHAPTER 2

**CONDENSED
INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS**



CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION [PLN '000]

		30.06.2020 (non-audited)	31.12.2019	30.06.2019 restated (non-audited)
ASSETS				
Non-current assets				
Intangible assets		3 540	3 741	2 916
Property, plant and equipment	2	24 508	25 762	19 668
Investment property	3	1 477 043	941 983	825 318
Investment property under construction	4	1 470 951	1 517 866	1 015 644
Investment in associates and joint ventures	14	231 655	254 142	255 681
Long-term financial assets		142 896	115 862	131 689
Deferred tax asset		48 812	53 903	57 792
		3 399 405	2 913 259	2 308 708
Current assets				
Inventory	6	1 084 990	1 052 327	1 208 290
Current tax assets		2 993	1 484	3 807
Other taxes receivable		70 075	59 006	62 048
Trade and other receivables		115 634	144 844	248 991
Short-term financial assets		47 650	64 465	18 139
Derivative financial instruments		555	2 669	1 095
Other financial assets *		85 235	57 157	73 554
Cash and cash equivalents		340 018	492 295	309 071
		1 747 150	1 874 247	1 924 995
Assets held for sale	5	-	22 923	180 707
Total assets		5 146 555	4 810 429	4 414 410

* Mainly cash on escrow accounts from residential clients.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION [PLN '000]

	Note	30.06.2020 (non-audited)	31.12.2019	30.06.2019 restated (non-audited)
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent		1 613 583	1 562 365	1 534 368
Share capital		20 635	20 635	20 635
Supplementary capital		1 259 252	1 259 252	1 420 922
Retained earnings		332 832	281 739	92 045
Foreign currency translation reserve		864	739	766
Non-controlling interest		(124)	(122)	(119)
		1 613 459	1 562 243	1 534 249
Provisions				
Long-term provisions	7	46 441	35 931	43 984
Short-term provisions	7	44 625	89 428	114 689
Deferred tax liabilities		172 593	152 733	104 944
		263 659	278 092	263 618
Long-term liabilities				
Credits, loans, bonds	8	1 793 183	1 602 126	1 427 443
Leasing	17	105 143	117 889	127 896
Other liabilities		17 370	16 018	24 138
Liabilities due to customers		38 394	45 754	114 489
		1 954 090	1 781 787	1 693 966
Short-term liabilities				
Credits, loans, bonds	8	484 070	367 545	58 975
Income tax payable		3 853	5 035	1 535
Other taxes liabilities		15 831	16 126	5 614
Trade payable		227 150	238 011	169 095
Leasing	17	52 516	67 076	63 773
Other liabilities		136 587	87 362	116 790
Liabilities due to customers		395 340	407 152	506 795
		1 315 347	1 188 307	922 577
Total equity and liabilities		5 146 555	4 810 429	4 414 410
Book value		1 613 583	1 562 365	1 534 368
Number of shares		412 690 582	412 690 582	412 690 582
Book value per one share (in PLN)		3,91	3,79	3,72

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT [PLN '000]

Note	1.01.2020 – 30.06.2020	1.01.2019 – 30.06.2019	01.04.2020 – 30.06.2020	01.04.2019 – 30.06.2019	
Revenues	9, 13	404 349	130 801	248 374	61 386
Cost of sales	13	(345 365)	(93 239)	(213 926)	(42 449)
Gross profit		58 984	37 562	34 448	18 937
Profit on investment property	10	160 226	130 804	41 586	67 329
Administrative costs associated with project implementation		(17 259)	(10 330)	(8 861)	(4 868)
Selling expenses		(15 246)	(8 610)	(7 287)	(4 185)
General and administrative expenses		(30 628)	(49 565)	(13 341)	(27 484)
Other operating income		5 307	24 336	2 278	13 651
Other operating expenses		(13 443)	(19 402)	(3 639)	(10 652)
Operating profit		147 941	104 795	45 184	52 728
Financial income	11	6 749	11 463	427	5 760
Financial cost	12	(24 337)	(29 581)	(6 490)	(11 945)
Profit (loss) on FX derivatives		(11 356)	1 095	5 131	1 095
Foreign exchange gains (losses)		(19 970)	3 858	2 876	4 349
Share of profit (loss) of associates and joint ventures	14	(22 933)	(2 000)	(20 303)	371
Profit before tax		76 094	89 630	26 825	52 358
Income tax		(25 003)	(21 731)	(16 362)	(16 288)
- current tax		503	(30 922)	(3 061)	(2 492)
- deferred tax		(25 506)	9 191	(13 301)	(13 796)
Net profit (loss), including:		51 091	67 899	10 463	36 070
Equity holders of the parent		51 093	67 904	10 464	36 071
Non-controlling interest		(2)	(5)	(1)	(1)
Equity holders of the parent		51 093	67 904	10 464	36 071
Weighted average number of ordinary shares (in '000) without shares held		412 691	412 691	412 691	412 691
Profit (loss) per one ordinary share (in PLN)		0,12	0,16		
Diluted profit (loss) per one ordinary share (PLN)		0,12	0,16		

CONDENSED INTERIM CONSOLIDATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [PLN '000]

	1.01.2020 – 30.06.2020	1.01.2019 – 30.06.2019	01.04.2020 – 30.06.2020	01.04.2019 – 30.06.2019
Profit for the year	51 091	67 899	10 463	36 070
Components of other comprehensive income that may be reclassified to profit or loss in later periods				
Exchange differences on translation of foreign operations	125	(7 707)	(81)	(7 315)
Other comprehensive income for the year, net of tax	125	(7 707)	(81)	(7 315)
Total comprehensive income for the year, including:	51 216	60 192	10 382	28 755
Comprehensive income attributable to shareholders of the parent company	51 218	60 197	10 383	28 756
Comprehensive income attributable to non-controlling interest	(2)	(5)	(1)	(1)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [PLN '000]

	Share capital	Supplementa- ry capital	Accumulated retained earnings	Currency translation differences	Equity attributable to equity holders of the parent	Capital of non-con- trolling interests	Equity total
For the period 01.01.2020 - 30.06.2020							
Opening balance	20 635	1 259 252	281 739	739	1 562 365	(122)	1 562 243
Other comprehensive income	-	-	-	125	125	-	125
Net profit (loss) for the period	-	-	51 093	-	51 093	(2)	51 091
Closing balance	20 635	1 259 252	332 832	864	1 613 583	(124)	1 613 459
For the period 01.01.2019 - 30.06.2019							
Opening balance	20 635	1 420 922	45 543	8 473	1 495 573	(114)	1 495 459
Impact of implementation MSSF 16 on 1st January 2019			(21 402)		(21 402)		(21 402)
Opening balance, with restated figures	20 635	1 420 922	24 141	8 473	1 474 171	(114)	1 474 057
Other comprehensive income	-	-	-	(7 707)	(7 707)	-	(7 707)
Net profit (loss) for the period	-	-	67 904	-	67 904	(5)	67 899
Closing balance	20 635	1 420 922	92 045	766	1 534 368	(119)	1 534 249

CONSOLIDATED CASH FLOW STATEMENT [PLN '000]

	1.01.2020 - 30.06.2020	1.01.2019 - 30.06.2019
A. Operating cash flow – indirect method		
I. Profit (loss) before tax	76 094	89 630
II. Total adjustments		
Share in net (profit) loss of associates and joint ventures	22 933	2 000
Depreciation of PP&E	1 862	1 522
Foreign exchange (gains) losses	31 557	(12 326)
- result on Echo Prime Assets BV liquidation	-	(7 210)
Interest and profit sharing (dividends)	32 344	14 948
(Profit) loss on revaluation of assets and liabilities	(181 312)	(168 863)
(Profit) loss on revaluation of assets and liabilities	1 075	-
	(91 541)	(162 719)
III. Changes in working capital		
Change in provisions	(34 293)	18 063
Change in inventories	(48 186)	(329 854)
Change in receivables	16 917	(7 685)
Change in short-term liabilities, except for loans and borrowings	19 095	341 818
Change in restricted cash	(28 078)	(18 836)
	(74 545)	3 506
IV. Net cash generated from operating activities (I+II+III)		
	(89 992)	(69 583)
Income tax paid	(2 187)	(38 671)
V. Net cash generated from operating activities		
	(92 179)	(108 254)
B. Cash flows from investing activities		
I. Inflows		
Disposal of intangible assets and tangible fixed assets	3	832
Sale of investments in property	32 133	236 918
From borrowings and financial investments	-	8 168
Sale of investments	9 251	-
	41 387	245 918
II. Outflows		
Purchase of intangible assets and tangible fixed assets	(2 310)	(1 213)
Investment in property	(320 213)	(271 431)
On loans and financial investments	(4 553)	(28 587)
Purchase of investments	(5 943)	-
	(333 019)	(301 231)
III. Net cash flow from investing activities (I+II)		
	(291 632)	(55 313)

CONSOLIDATED CASH FLOW STATEMENT CONT. [PLN '000]

	1.01.2020 - 30.06.2020	1.01.2019 - 30.06.2019
C. Cash flow from financing activities		
I. Inflows		
Loans and borrowings	323 627	181 508
Issue of debt securities	150 000	133 832
	473 627	315 340
II. Outflows		
Repayment of loans and borrowings	(31 630)	(84 543)
Redemption of debt securities	(150 272)	(170 500)
Due to FX derivatives	(1 075)	-
Payment of liabilities due to leasing agreements	(7 560)	-
Interest paid	(51 556)	(27 191)
	(242 093)	(282 234)
III. Net cash flow from financing activities (I+II)	231 534	33 106
D. Total net cash flows (A.III+B.III+C.III)	(152 277)	(130 461)
E. Change in the balance of cash in consolidated statement of financial position, including:	(152 277)	(130 461)
F. Cash and cash equivalents at the beginning of the period	492 295	439 532
G. Cash and cash equivalents at the end of the period (D+F)	340 018	309 071

**EXPLANATORY NOTES
TO THE CONDENSED
INTERIM CONSOLIDATED
FINANCIAL STATEMENT**



OFF-BALANCE SHEET ITEMS [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
Off-balance sheet liabilities	1 436 661	1 389 812	1 811 250
Total	1 436 661	1 389 812	1 811 250

Contingent liabilities are presented according to its nominal value. In the Group's assessment, the fair

value of guarantees and sureties is close to zero, due to low risk of its occurrence.

CHANGES IN GUARANTEE AGREEMENTS ISSUED BY ECHO INVESTMENT GROUP IN H1 2020 ['000]

Change	Issuer	Beneficiary	Date	Value	Due
Expiry	Santander Bank Polska S.A.	City of Katowice	16.01.2020	758	Security of Galeria Libero – Projekt Echo 120 Sp. z o.o. Sp.K. liabilities on warranty and quality guarantee resulting from road construction agreement on 16.06.2016.
Expiry	Echo Investment S.A.	Tryton Business Park Sp. z o.o.	31.01.2020	577	Security for the liabilities of Tryton City Space - GP Sp.z o.o. Sp.K. arising from the lease contract concluded on 12.06.2018. Issued in EUR
Expiry	Echo Investment S.A.	DH Supersam Katowice Sp. z o.o. Sp.K.	31.01.2020	384	Security for the liabilities of Supersam City Space - GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 28.02.2017. Issued in EUR.
Expiry	PKO BP S.A.	LUX Europa III S.a.r.l.	25.03.2020	6 450	Security for the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the contract of quality guarantee concluded on 27.03.2019
Issue	Echo Investment S.A.	Topaz Jewel Sp. z o.o.	28.02.2020	6 828	Echo Investment S.A. corporate guarantee securing performance of obligations of Cinema Asset Manager – Grupa Echo Sp. z o.o. SKA of deposit payment for Topaz Jewel Sp. z o.o. in relation to purchase agreement of Tesco property in Kraków (Kapelanka str.).
Issue	Echo Investment S.A.	Tryton Business Park Sp. z o.o.	31.01.2020	788	Security for the liabilities of Tryton City Space - GP Sp.z o.o. Sp.K. arising from the lease contract concluded on 12.06.2018. Issued in EUR.
Issue	Echo Investment S.A.	DH Supersam Katowice Sp. z o.o. Sp.K.	31.01.2020	384	Security for the liabilities of Supersam City Space - GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 28.02.2017. Issued in EUR.
Extention	Echo Investment S.A.	issued for Echo – Opolska Business Park Sp. z o.o. Sp.K. (current beneficiary EPP Development 6 Sp. z o.o.)	30.06.2020	1 099	Security for the liabilities of Projekt 132 - City Space - GP Sp.z o.o. Sp.K. arising from the lease agreement concluded on 4.06.2019. Issued in EUR.
Issue	Towarzystwo Ubezpieczeń Euler Hermes S.A. (commissioned by Echo Investment S.A. and from its limit)	PDG MA-SKI Auto Parksystemy Sp. z o.o.	08.06.2020	363	Security of payment due to parklifts production and delivery to Fuzja B project in Łódź.
Issue	PKO BP S.A. (commissioned Echo Investment S.A.)	LUX Europa III S.a.r.l.	20.05.2020	6 450	Security for the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the contract of quality guarantee concluded on 27.03.2019.

CHANGES IN GUARANTEE AGREEMENTS ISSUED BY ECHO INVESTMENT GROUP IN H1 2019

Change	Issuer	Beneficiary	Date	Value ['000]	Due
Expiry	Santander Bank Polska S.A.	City of Katowice	31.01.2019	2 676 PLN	Performance bond for liabilities of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.K. resulting from the agreement of 16.06.2016 on a road construction project.
Expiry	BNP Paribas Bank Polska S.A.	City of Katowice	31.01.2019	2 676 PLN	Performance bond for liabilities of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.K. resulting from the agreement of 16.06.2016 on a road construction project.
Issue	Santander Bank Polska S.A.	City of Katowice	16.01.2019	617 PLN	Construction work quality guarantee of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.K. resulting from the agreement of 16.06.2016 on a road construction project.
Increase of value to pln 758,000 and extending to 16.01.2020	Santander Bank Polska S.A.	City of Katowice	17.01.2019	758 PLN	Construction work quality guarantee of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.K. resulting from the agreement of 16.06.2016 on a road construction project.
Increase of value to pln 106,97 mln	SPV 7 Sp. z o.o. /Echo Investment S.A.	R4R Wrocław Kępa Sp. z o.o./SO SPV 103 Sp. z o.o./R4R Warszawa Browary Sp. z o.o.	29.03.2019	107 082 PLN	The advance payment guarantee
Issue	Echo Investment S.A.	PKO BP S.A.	08.02.2019	36 000 PLN	Cost overrun guarantee agreement regarding to Moje Miejsce office project in Warsaw.
Issue	Echo Investment S.A./PKO BP S.A.	LUX Europa III S.a.r.l.	26.03.2019	6 450 PLN	Guarantee securing the execution of liabilities of Dellia Investments - Projekt Echo - 115 Sp z o.o. Sp.k. resulting from quality guarantee agreement on 27.03.2019.
Issue	Echo Investment S.A.	LUX Europa III S.a.r.l.	25.01.2019	4 500 EUR	Performance bond for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. resulting from preliminary sale agreement concluded on 25.01.2019.
Expiry	Echo Investment S.A.	LUX Europa III S.a.r.l.	28.03.2019	4 500 EUR	Performance bond for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. resulting from preliminary sale agreement concluded on 25.01.2019.
Issue	Echo Investment S.A.	LUX Europa III S.a.r.l.	28.03.2019	37 258 EUR and 163 550 PLN	Performance bond for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. resulting from the sale agreement of Gatehouse Offices, one of office buildings of Warsaw Brewery complex in Warsaw.
Issue	Echo Investment S.A.	DH Supersam Katowice Sp. z o.o. Sp.k.	05.03.2019	84 EUR	Performance bond for liabilities of Supersam City Space - GP Sp. z o.o. Sp.k. resulting from a lease agreement concluded on 28.02.2017.
Issue	Echo Investment S.A.	Tryton Business Park Sp. z o.o.	05.03.2019	127 EUR	Performance bond for liabilities of Tryton City Space - GP Sp. z o.o. Sp.k. resulting from a lease agreement concluded on 12.06.2018.
Expiry	Echo Investment S.A./Santander Bank Polska S.A.	State Treasury	22.05.2019	45 466 PLN	Performance bond for liabilities of Outlet Park - Projekt Echo - 126 Sp. z o.o. Sp.K.
Expiry	Echo Investment S.A./Santander Bank Polska S.A.	State Treasury	20.06.2019	4 550 PLN	Performance bond for liabilities of Outlet Park - Projekt Echo - 126 Sp. z o.o. Sp.K.
Increase of value to eur 32 million	Echo Investment S.A.	IB 6 FIZAN / GPF 3 FIZAN	20.05.2019	31 169 EUR	Performance bond for liabilities of Rosehill Investments Sp. z o.o. resulting from framework agreement concluded on 31.08.2017. Issued in EUR.
Increase of value to pln 152 million	Echo Investment S.A.	R4R Wrocław Kępa Sp. z o.o./SO SPV 103 Sp. z o.o./R4R Warszawa Browary Sp. z o.o.	28.06.2019	151 895 PLN	The advance payment guarantee

CHANGES IN GUARANTEE AGREEMENTS ISSUED BY ECHO INVESTMENT GROUP IN H1 2019

Change	Issuer	Beneficiary	Date	Value ['000]	Due
Issue	Echo Investment S.A.	Bank Polska Kasa Opieki S.A.	25.04.2019	15 979 EUR	Cost overrun guarantee agreement related to the office project in Warsaw Brewery complex in Warsaw. Issued in EUR.
Issue	Echo Investment S.A.	Bank Millenium S.A.	26.04.2019	8 045 PLN	Cost overrun guarantee agreement related to the office project West 4 Business Hub in Wrocław.
Issue	Echo Investment S.A.	Bank Millenium S.A.	26.04.2019	1 070 EUR	Guarantee securing rental income during construction of West 4 Business Hub in Wrocław. Issued in EUR.
Issue	Echo Investment S.A.	Echo-Opolska Business Park Sp. z o.o. Sp.k.	28.06.2019	236 EUR	Performance bond for liabilities of 132 - City Space - GP Sp. z o.o. Sp.K. resulting from leasing agreement signed on 4.06.2019. Issued in EUR.
Issue	Echo Investment S.A.	PKO BP S.A.	11.06.2019	25 263 EUR	Guarantee securing execution of liabilities of Echo-Opolska Business Park Sp. z o.o.Sp.K. resulting from loan agreement. Issued in EUR.

AMENDMENTS TO SURETY AGREEMENTS OF ECHO INVESTMENT GROUP IN H1 2020

No changes in the surety agreements of Echo Investment S.A. in H1 2020.

AMENDMENTS TO SURETY AGREEMENTS OF ECHO INVESTMENT GROUP IN H1 2019

Change	Issuer	For	Date	Value ['000]	Due
Issue	Echo-Aurus Sp. z o.o.	PEAC (Poland) Sp. z o.o.	05.02.2019	513 PLN	Surety of liabilities of Aquarius - City Space - GP Sp. z o.o. Sp.K. resulting from leasing agreement of 5.02.2019.

PROPERTY, PLANT AND EQUIPMENT [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
PP&E, including:	24 451	25 762	19 668
Land	281	282	283
Buildings, premises, civil and water engineering structures, including:	15 676	16 663	10 438
- asset on leasing (MSSF 16)	11 782	12 580	6 327
Plant and machinery	583	550	762
Means of transport, including:	3 784	5 050	5 545
- asset on leasing (MSSF 16)	3 690	4 842	5 267
Other PP&E	4 126	3 218	2 640
PP&E under construction	57	-	-
Total PP&E	24 508	25 762	19 668

In H1 2020 lease asset amortised in the amount of PLN 3,173 thousand, out of which: buildings (office space) PLN 1,721 thousand, means of transport (cars) PLN 1,452 thousand.

CHANGES IN INVESTMENT PROPERTY [PLN '000]

	30.06.2020	31.12.2019	30.06.2019 (restated)
Value at the beginning of the period	941 983	988 903	988 903
- impact of implementation MSSF 16 as of 1st January 2019	-	51 398	51 398
Value at the beginning of the period after corrections	941 983	1 040 301	1 040 301
Increases due to:			
- purchase	-	117 494	-
- investment properties under construction taking	498 138	173 657	187 193
- investment properties under construction taking - asset on leasing (MSSF 16)	10 844		
- revaluation of property	14 543	-	-
- expenditure on investments	11 021	93 178	70 239
- asset on leasing (MSSF 16)	514	9 528	389
	535 060	393 857	257 821
Decreases due to:			
- sale	-	(303 637)	(303 637)
- sale - asset on leasing MSSF 16	-	(3 510)	(3 510)
- revaluation of property	-	(7 488)	(3 967)
- taking to assets held for sale	-	(168 702)	(152 851)
- taking to assets held for sale - asset on leasing MSSF 16	-	(8 838)	(8 838)
	-	(492 175)	(472 804)
Value of property investments at the end of the period	1 477 043	941 983	825 318

The Group assesses its investment properties according to their fair value at the end of each calendar quarter of a year.

Due to the completion of the office buildings Face2Face I in Katowice and Villa Offices (Warsaw Brewery K) in Warsaw, the Group moved the value of those properties in the amount of PLN 508,982 thousand (including lease asset due to IFRS 16 in the amount of PLN 10,844 thousand) from "investment properties under construction" item to "investment properties".

As at June 30th, 2020 the value of investment properties consists of Libero shopping centre in Katowice and Face2Face II office building in Katowice, Moje Miejsce I office building in Warsaw and Villa Offices (Warsaw Brewery K) in Warsaw, as well as land properties in Radom and Zabrze. At the same time, as at June 30th, 2020 the lease asset in the amount of PLN 56,824 thousand resulting from IFRS 16 implementation was included in the "investment property" item.

The fair value of investment properties was classified as level 3 of the fair value hierarchy.

CHANGES IN INVESTMENT PROPERTY UNDER CONSTRUCTION [PLN '000]

	30.06.2020	31.12.2019	30.06.2019 (restated)
Value at the beginning of the period	1 517 866	872 509	872 509
- impact of implementation MSSF 16 as of 1st January 2019	-	36 355	36 355
Value at the beginning of the period after corrections	1 517 866	908 864	908 864
Increases due to:			
- purchase	-	45 850	44 000
- expenditure on investments	309 194	399 715	157 193
- revaluation of property	152 873	399 472	127 267
- asset on leasing (MSSF 16)	-	4 156	4 677
	462 067	849 193	333 137
Decreases due to:			
- movement to investment properties	(498 138)	(173 657)	(187 193)
- movement to investment properties - asset on leasing (MSSF 16)	(10 844)	-	-
- sale	-	(2 829)	-
- movement to inventory	-	(63 704)	(39 164)
	(508 982)	(240 190)	(226 357)
Value of property under construction at the end of the period	1 470 951	1 517 866	1 015 644

Expenses incurred for the investment implementation concerned investments located in Kraków, Katowice, Łódź, Gdańsk, Wrocław and Warsaw.

Due to the fulfilment of the conditions enabling the fair value valuation of the investment property under construction, the Group recognised the result from the first update of the value of Moje Miejsce II office building in Warsaw in the amount of PLN 14,076 thousand and Fuzja CD in Łódź in the amount of PLN 8,844 thousand. In addition the Group updated the fair value of the office buildings: Malthouse Offices in Warsaw (Warsaw Brewery GH) (PLN 33,278 thousand), Face to Face I in Katowice (PLN 21,608 thousand), Moje Miejsce I in Warsaw (PLN -4 498 thousand), MidPoint71 in Wrocław (PLN 24,227 thousand), West 4 Business Hub in Wrocław (PLN 14,572 thousand) and React I in Łódź (PLN 2,428 thousand). Total net value of recognised fair value gain on investment properties under construction amounted to PLN 114,535 thousand, taking into account provisions due to master lease and profit share obligations.

At the same time, due to completion of Face2Face I in Katowice and Villa Offices in Warsaw, its value amounting PLN 508,982 thousand (including asset on leasing resulting from IFRS 16 in the amount of PLN 10,844 thousand) was transferred from „investment property under construction” item to „investment property”.

In the report as at 30 June 2020, the Group presented investment properties under construction with a total value of PLN 1,470,951 thousand. The closing balance of the reporting period consists primarily of: Face 2 Face II office building in Katowice, West 4 Business Hub and Midpoint71 in Wrocław, Moje Miejsce II in Warsaw and Malthouse Offices office building (Warsaw Brewery GH) in Warsaw. The balance at the end of the period increased due to the recognition of lease assets (adaption of IFRS 16) amounting PLN 29,182 thousand.

The fair value of investment properties was classified as level 3 of the fair value hierarchy.

CHANGES IN ASSETS HELD FOR SALE [PLN '000]

	30.06.2020	31.12.2019	30.06.2019 (restated)
Value at the beginning of the period	22 923	13 500	13 500
- impact of implementation MSSF 16 as of 1st January 2019	-	5 518	5 518
Value at the beginning of the period after corrections	22 923	19 018	19 018
Increases due to:			
- investment properties taking	-	168 702	152 851
- investment properties taking - asset on leasing MSSF 16	-	8 838	8 838
	-	177 540	161 689
Decreases due to:			
- sale	(17 405)	(164 797)	-
- sale - asset on leasing MSSF 16	(5 518)	(8 838)	-
	(22 923)	(173 635)	-
Assets held for sale at the end of the period	-	22 923	180 707

Decreasing assets held for sale in H1 2020 is related to the sale of the land properties located in Pamiątkowo near Poznań in its value of PLN 3,905 thousand and in Koszalin in its value of PLN 13,500 thousand. The value of property in Koszalin includes lease asset of IFRS 16 in the amount of PLN 5,518 thousand.

The details of property sale transactions in 2019 are described in note 15.

In the fair value hierarchy, for investment property classified as held for sale, the Group assigned level 3.

INVENTORY [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
Semi-finished products and work-in-progress	912 389	939 245	1 178 862
- asset on perpetual usufruct	41 375	53 478	67 437
Finished products	128 816	64 925	28 045
Goods	43 785	48 157	1 383
Total	1 084 990	1 052 327	1 208 290

The 'finished goods' item includes completed housing units earmarked for sale.

The 'half-finished goods and goods in progress' item mostly includes properties held by the Group and the expenditure on residential projects under preparation and under construction. In addition, this item increased by the asset due to the right to use of land as a result of the adoption of IFRS 16. The remaining value of the item relates to the outlays incurred for providing fit-out services.

The 'goods' item includes land earmarked for sale.

Inventories are valued no higher than their feasible net sales value. This value is based on information from the active market. The reversal of inventory write-downs occurs in connection with inventory sales with a price above the item current net value. The amount of inventory write-downs recognized as a cost in the period and reversals of inventory write-downs in the period decreasing the value of inventories in the period as a cost reduction are included in the 'cost of sales' item in the income statement.

In accordance with IAS 23, the Group activates the portion of financial costs directly related to the acquisition and production of assets presented as inventories. The activation concerns the amount of

financial expenses determined using the effective interest rate reduced by the income from the temporary placement of cash (i.e. the interest on bank deposits, except for deposits resulting from blockades of accounts or letters of credit) in the case of targeted financing contracted for a given construction project. In the case of general financing, the overall financing costs subject to capitalization are determined by applying the capitalization rate to the expenditure incurred for a given asset.

The activated amount of borrowing costs for inventories in H1 2020 amounted to PLN 4,422 thousand (capitalization rate 1.11%) whereas in 2019 it amounted to PLN 7,630 thousand (capitalization rate 1.17%) and in H1 2019 it amounted to PLN 3,393 thousand (capitalization rate 1.16%).

In the item "liabilities resulting from agreements with clients", the Group presents payments received and unblocked from fiduciary accounts from clients for apartments in residential projects in progress. As at June 30th, 2020, the amount of unblocked payments amounted to PLN 433,734 thousand (as at December 31st, 2019 - PLN 452,906 thousand, as at June 30th, 2019 - PLN 621,284 thousand), where long-term: PLN 38,394 thousand (as at December 31st, 2019 it amounted to PLN 45,754 thousand, as at June 30th, 2019 - PLN 114,489 thousand).

INVENTORY – IMPACT ON PROFIT/LOSS [PLN '000]

	1.01.2020 – 30.06.2020	1.01.2019 - 31.12.2019	1.01.2019 - 30.06.2019
Amount of inventories recognised as an expense in the period	(336 748)	(657 730)	(89 108)
Impairment losses on inventories recognised in the period as cost	(1 555)	(7 142)	-
Reversal of impairment losses which decreases the value of inventories recognised in the period as income	10 877	24 872	1 945

Inventory write-downs and reversals refer to residential projects and they are intended to write down the value to the level of a feasible price.

The inventory value recognized as income / cost in a given period is included in the profit and loss account under "cost of sales".

The change in inventory write-down until June 30th, 2019 amounted to PLN 10,877 thousand (as at De-

cember 31, 2019, this value amounted to PLN 24,872 thousand, as at June 30th, 2019 - PLN 1,945 thousand).

The reversal of write-downs in H1 2020 concerned mainly residential projects located in Wrocław (Grota-Roweckiego 111), Poznań (Naramowice, Sołacz), Łódź (Nowa Dzielnicza) and Warsaw (Reset), in relation to sale transactions concluded.

NOTE 7

CHANGE IN PROVISIONS [PLN '000]

	30.06.2020	31.12.2019	30.06.2019 (restated)
Opening balance			
- provisions on expected costs of general administrative (audit, bonuses, leave of absence, etc.)	531	4 441	4 441
- provision for estimated penalties and losses	12 631	15 967	15 967
- provision for court cases	5 773	6 126	6 126
- provision for liabilities related to investment projects	2 585	8 753	8 753
- provision for master lease obligations	19 679	33 182	33 182
- provision for profit share obligations	78 306	97 443	97 443
- provision for fit-out works	5 855	7 610	7 610
- provision for the final settlement of the investment property sale price	-	1 294	1 294
	125 359	174 816	174 816
Increases due to:			
- provisions on estimated costs of general administrative (audit, bonuses, leave of absence, etc.)	1 054	631	451
- provision for estimated penalties and losses	1 666	5 247	217
- provision for estimated costs of warranty repairs, etc.	987	-	-
- provision for court cases	-	369	369
- provision for liabilities related to investment projects	3 907	7 363	4 297
- provision for master lease obligations	6 535	17 888	9 974
- provision for profit share obligations	11 607	29 489	30 535
- provision for fit-out works	1 498	6 498	5 019
	27 254	67 485	50 862
Utilization due to:			
- incurred costs of general administrative	(2)	(4 541)	(100)
- incurred penalties and losses	(550)	(8 583)	(8 093)
- provision for court cases	-	(722)	-
- provision for liabilities related to investment projects	(3 763)	(13 531)	(9 216)
- provision for master lease obligations	(11 724)	(31 391)	(17 031)
- provision for profit share obligations	(44 512)	(48 626)	(29 189)
- provision for fit-out works	(996)	(8 253)	(3 375)
- provision for the final settlement of the investment property sale price	-	(1 294)	-
	(61 547)	(116 941)	(67 004)
Closing balance			
- provisions on estimated costs of general administrative (audit, bonuses, leave of absence, etc.)	1 582	531	4 792
- provision for estimated penalties and losses	13 747	12 631	8 091
- provision for estimated costs of warranty repairs, etc.	987	-	-
- provision for court cases	5 773	5 773	6 495
- provision for liabilities related to investment projects	2 729	2 585	3 834
- provision for master lease obligations	14 490	19 679	26 124
- provision for profit share obligations	45 401	78 306	98 789
- provision for fit-out works	6 357	5 855	9 255
- provision for the final settlement of the investment property sale price	-	-	1 294
	91 066	125 359	158 674
Including:			
Long-term provisions	46 441	35 931	43 984
Short-term provisions	44 625	89 428	114 689

NOTE 8

LOANS, BORROWINGS AND BONDS [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
Loans and borrowings	1 134 086	819 241	338 828
Debt securities	1 142 602	1 149 510	1 146 523
Interest on loans and borrowings	565	920	1 067
Total loans, borrowings and bonds	2 277 253	1 969 671	1 486 418
- long-term	1 793 183	1 602 126	1 427 443
- short-term	484 070	367 545	58 975

The „loans and borrowings” item presents special purpose loans and lines of credit in current accounts. The purpose credit agreements are secured by real estate mortgages, assignment of receivables resulting from lease agreements, construction agreements, policies and registered pledges on shares, accounts, belongings and rights of subsidiaries. Interest rates on loans denominated in EUR are based on the EU-RIBOR plus a margin. The Group uses interest rate hedging in the form of IRS instruments. The majority of IRS instruments are not self-contained but are included in loan agreements and are assessed together with loans.

Credit lines denominated in PLN are secured by blank promissory notes, declarations of submission to enforcement and powers of attorney to bank accounts. The loan interest rate is based on the WIBOR

rate plus a bank's margin. According to the best information and data of the Management Boards of the Group's companies, there were no breaches of the terms of loan agreements or the agreed levels of collateral during the financial year and until the date of signing the financial statements.

In the 'debt securities' item the Group presents bonds issued. The interest on bonds is based on the WIBOR rate plus a margin.

The fair value of loans and borrowings does not differ significantly from their balance value. The fair value was determined by the income method based on the cash flows discounted by the current market interest rate. The fair value measurement was classified as level 3 of the fair value hierarchy.

NOTE 9

REVENUES [PLN '000]

	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Revenue from Contracts with Customers		
Sale and lease of residential space	212 275	41 830
Services in office space	33 054	18 275
Services in retail space	941	10 606
Sale to the Resi4Rent	115 125	12 118
Other sale	2 344	3 910
Revenue from Contracts with Customers	363 739	86 739
Lease (MSSF16)	40 610	44 062
Revenue total	404 349	130 801

Assignment of revenue to segments is presented in the note 13.

NOTE 10

NET PROFIT ON INVESTMENT PROPERTY [PLN '000]

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Revenue from the sale of property	23 106	356 309
Property selling costs (notes 3, 4, 5)	(22 532)	(346 219)
Revaluation of property (notes 3, 4, 5), including:	179 317	158 660
- asset on leasing IFRS 16	513	(277)
Costs of collateral on rental income (master lease)	(11 899)	(38 651)
Costs of profit share	(7 766)	705
Net profit (loss) on investment property	160 226	130 804

In H1 2020 the Group sold land properties located in Pamiętkowo near Poznań and in Koszalin. The transactions are described in note 15.

The item of property revaluation includes costs related to rent-free periods and profit share commit-

ments mainly in the Face 2 Face Business Campus office projects (phases I and II), the Villa Offices at Malthouse Offices (Warsaw Brewery K, GH), Moje Miejsce (phases I and II) in Warsaw and Fuzja CD in Łódź.

NOTE 11

FINANCIAL INCOME [PLN '000]

	1.01.2020 – 30.06.2020	1.01.2019 – 30.06.2019
Profit on disposal of investments	4 367	7 210
Income from borrowings interest with amortized cost	2 175	3 595
Income from interest	200	615
Other financial income	7	43
Total	6 749	11 463

NOTE 12

FINANCIAL EXPENSES [PLN '000]

	1.01.2020 – 30.06.2020	1.01.2019 – 30.06.2019
Interest expense from credit and bonds with amortized cost	(13 968)	(19 088)
Commissions	(5 222)	(5 654)
Costs of expected credit loss	(1 180)	(1 590)
Costs due to interest of leasing	(3 125)	(3 087)
Loss on disposal of investments	(842)	(162)
Total	(24 337)	(29 581)

ALLOCATION OF REVENUES TO SEGMENTS [PLN '000]

	1.01.2020-30.06.2020	1.01.2019-30.06.2019
Residential	212 909	41 980
Office	53 152	33 870
Retail properties	20 625	36 398
Resi4Rent	115 125	12 118
Other	2 538	6 435
Total	404 349	130 801

ALLOCATION OF COST OF SALE TO SEGMENTS [PLN '000]

	1.01.2020-30.06.2020	1.01.2019-30.06.2019
Residential	(175 563)	(35 198)
Office	(46 147)	(23 647)
Retail properties	(10 853)	(20 086)
Resi4Rent	(111 217)	(11 051)
Other	(1 585)	(3 257)
Total	(345 365)	(93 239)

ALLOCATION OF GROSS PROFIT TO SEGMENTS [PLN '000]

	1.01.2020-30.06.2020	1.01.2019-30.06.2019
Residential	37 346	6 782
Office	7 005	10 223
Retail properties	9 772	16 312
Resi4Rent	3 908	1 067
Other	953	3 178
Total	58 984	37 562

Allocation of assets and liabilities to segments is presented in item 11 of Management Report - 'The Groups segments - financial structure'.

**Rosehill Investments Sp. z o.o.,
Berea Sp. z o.o. (Galeria Młociny)**

On May 31st, 2017 the Echo Investment Group together with the EPP Group concluded a purchase agreement concerning a property located in Warsaw at ul. Zgrupowania AK „Kampinos”. Under the concluded transaction the companies purchased shares in Rosehill Investments Sp. z o.o., which is the owner of Galeria Młociny project by way of holding 100% shares in Berea Sp. z o.o. The property value was established as EUR 104.5 mln. As at the day of the acquisition and the balance date i.e. on June 30th, 2020 the Echo Investment Group held 30% shares in the project company being the owner of the property and the remaining 70% was held by the EPP Group. Echo Investment S.A. and EPP are only responsible for their respective parts of the purchase price. The share of the Group in Berea Sp. z o.o. presented in the financial report is estimated according to the equity method.

A summary of financial information in the joint venture is presented below. The carrying value of the investment as at June 30th, 2020 amounted to PLN 60,142 thousand.

In 2019, the company analyzed the impairment of net investment value based on the equity method in a jointly controlled company Rosehill Investments Sp. z o.o (Galeria Młociny). In the first half of 2019, due to Galeria Młociny opening, the company updated the fair value of the project in the net assets of the jointly controlled entity. The company estimated that the recoverable amount of the net investment as at the balance sheet date is lower than the value of the shares in net assets as at that day. As a result, the company recognized an impairment loss of PLN 13,749,000 as at June 30th, 2020.

**JOINT VENTURE'S FINANCIAL DATA – GALERIA MŁOCINY SELECTED
DATA FROM THE FINANCIAL SITUATION [PLN '000]**

	30.06.2020
Current assets	76 207
Fixed assets - investment property	1 790 419
Total assets	1 866 626
Long-term liabilities	1 431 290
Short-term liabilities	306 026
Total liabilities	1 737 316
Equity	129 310
Share of the Echo Investment S.A.	30,00%
Share of the Echo Investment S.A.	38 793

JOINT VENTURE'S FINANCIAL DATA – GALERIA MŁOCINY
SELECTED DATA FROM THE STATEMENT OF COMPREHENSIVE
INCOME [PLN '000]

1.01.2020 – 30.06.2020

Operating income	30 555
Operating costs	(12 713)
Revenue/cost - revaluation of property *	(84 204)
Costs of general administrative	(609)
Other income / operating costs	(3 349)
Financial income	482
Financial costs	(26 428)
Gross profit (loss)	(96 267)
Income tax	6 124
Net profit (loss)	(90 143)
<hr/>	
Total comprehensive income	(90 143)
Share of the Echo Investment Group (%)	30,00%
Share of the Group in comprehensive income resulting from joint-venture	(27 043)

* As a result of new valuation of Galeria Młociny, as at June 30th 2020 there is a loss of fair value due to COVID-19 pandemic.

Projekt Echo – 138 Sp. z o.o. Sp.K. (Towarowa 22)

On September 15th, 2016 the Echo Investment Group and the EPP Group concluded a conditional purchase agreement under which they were planning to purchase a property located at ul. Towarowa 22 in Warsaw, where a joint investment enterprise is to be developed. The final purchase agreement was concluded on December 23rd, 2016. The property sales price was EUR 77.4 mln, however, it will be increased to EUR 119.4 mln upon the fulfilment of conditions stipulated in the agreement. Echo Investment paid EUR 35.82 mln and EPP's contribution amounted to EUR 41.58 mln. Thus, as at the balance date i.e. on June 30th, 2020 the Echo Investment Group had 46.26% share in the project company being the owner of the property at ul. Towarowa 22. EPP held the remaining 53.74%.

Upon the fulfilment of all conditions increasing the price, the share of Echo Investment in the transaction and the planned enterprise will ultimately amount to 30% and 70% will be held by the EPP Group. As at the balance sheet day, on June 30th, 2020 those conditions were not yet fulfilled. Echo Investment S.A. and EPP N.V. are only responsible for their proportional parts of the price. The share of the Echo Investment Group in the joint venture is shown in the consolidated financial statement and it is estimated using the equity method. The carrying value of the investment as at June 30th, 2020, amounted to PLN 147,387 thousand. A summary of financial information in the joint venture is presented below.

JOINT VENTURE'S FINANCIAL DATA – TOWAROWA 22
SELECTED DATA FROM THE FINANCIAL SITUATION [PLN '000]

30.06.2020

Current assets	3 627
Fixed assets - investment property	427 563
Other fixed assets	629
Total assets	431 820
<hr/>	
Long-term liabilities	84 868
Short-term liabilities	22 666
Total liabilities	107 534
<hr/>	
Equity	324 286
Share of the Echo Investment S.A.	46,20%
Elimination of mutual transactions between unit and the Group	(2 412)
Share of the Echo Investment S.A.	147 398

JOINT VENTURE'S FINANCIAL DATA – TOWAROWA 22
SELECTED DATA FROM THE STATEMENT
OF COMPREHENSIVE INCOME [PLN '000]

1.01.2020 – 30.06.2020

Operating income	4 498
Operating costs.	(5 095)
Costs of general administrative	(112)
Other income / operating costs	(412)
Financial costs	(1 262)
Gross profit (loss)	(2 384)
Income tax	186
Net profit (loss)	(2 198)
<hr/>	
Total comprehensive income	(2 198)
Share of the Echo Investment Group (%)	46,20%
Share of the Group in comprehensive income resulting from joint-venture	(1 017)

R4R Poland Sp. z o.o.

On July 20th, 2018 Echo Investment S.A. acquired 30% of shares and votes in a joint investment venture. The remaining 70% of shares and votes was acquired by R4R S.a.r.l. Pursuant to the agreement, the project will operate as a platform of apartments for rent in Poland. As part of the project, buildings with apartments for rent will be built - primarily in four locations in Warsaw, Łódź and Wrocław. Under the agreement, Echo Investment S.A. will provide planning, design and investment implementation services while R4R Poland Sp. z o.o. will be responsible for the operational management of the platform. On September 14th, 2018, subsidiaries of R4R Poland Sp. z o.o. concluded preliminary purchase agreements for four development projects developed by subsidiaries of Echo Investment S.A. for a total price of PLN 338,670 thousand. The projects created approximately 1,200 apartments, which, according to the assumptions of the project, are dedicated to rent. The projects that are the subject of the agreements are:

- R4R Warszawa Browary located in Warsaw at 58 Grzybowska street,
- R4R Wrocław Rychtalska located in Wrocław at Rychtalska street,
- R4R Wrocław Kępa Mieszcząńska located in Wrocław on the island of Kępa Mieszcząńska,
- R4R Łódź Wodna located in Łódź at 23 Wodna street.

As at June 30th 2020 projects R4R Wrocław Rychtalska, R4R Wrocław Kępa Mieszcząńska and R4R Łódź Wodna are completed and sold with final agreement by Echo Investment to Resi4Rent.

By fulfilling its commitment to co-finance the project, Echo Investment S.A. provided capital to R4R Poland Sp. z o.o. and took over new shares in the increased share capital in 2018 r. – of a value of PLN 41,354,269; in 2019 r. – 9,434,700; in H1 2020 r. – 1,422,000. Moreover, Echo Investment S.A. granted R4R Poland Sp. z o.o. a loan amounted PLN 77,250,728 in 2019 and PLN 15,860,700 in H1 2020.

In 2019 new subsidiaries of R4R Poland Sp. z o.o. were created in order to develop projects located among others in Warsaw (ul. Taśmowa, Woronicza, Wilanowska, Pohorskiego, Żwirki i Wigury), Gdańsk (ul. Kołobrzeska), Kraków (ul. 3 Maja) and Poznań (ul. Szczepanowski). The share of the Echo Investment Group in the consolidated financial statements is recognised by using the equity method. A summary of financial information in the joint venture is provided below. The carrying value of the investment as at June 30th, 2020 amounted PLN 24,126 thousand.

**JOINT VENTURE'S FINANCIAL DATA
– RESI4RENT PLATFORM
SELECTED DATA FROM THE FINANCIAL SITUATION [PLN '000]**

	30.06.2020
Current assets	64 266
Goodwill	1 059
Fixed assets - investment property	181 517
Fixed assets - investment properties under construction	225 211
Fixed assets - Plant, property and equipment	277 567
Other fixed assets	7 712
Total assets	757 332
Long-term liabilities	642 685
Short-term liabilities	25 602
Total liabilities	668 287
Equity	89 045
Share of the Echo Investment S.A.	30,00%
Elimination of mutual transactions between unit and the Group	(2 588)
Share of the Echo Investment S.A.	24 126

**JOINT VENTURE'S FINANCIAL DATA – RESI4RENT PLATFORM
SELECTED DATA FROM THE STATEMENT OF COMPREHENSIVE INCOME
[PLN '000]**

	1.01.2020 – 30.06.2020
Operating income	3 391
Administrative costs related to project	(1 354)
Revenue - revaluation of property	36 813
Costs of general administrative	(5 773)
Other income / operating costs	(393)
Financial costs	(8 626)
Gross profit (loss)	24 058
Income tax	(3 667)
Net profit (loss)	20 391
Total comprehensive income	20 391
Share of the Echo Investment Group (%)	30,00%
Share of the Group in comprehensive income resulting from joint-venture	6 117

Plot located in Koszalin

On January 30th, 2020, Echo Investment S.A. subsidiary, Galeria Nowa – Grupa Echo Sp. z o.o. Sp.K. with its registered seat in Kielce as a seller, and the company Sent To Sp. z o.o. Sp.K. with its registered seat in Koszalin – as a buyer, concluded sale agreement of a land property located in Koszalin on ul. Krakusa i Wandy and ul. Zwycięstwa. The transaction price amounted PLN 13,500 thousand. The Group recognised a profit on the sale of investment property in the amount of PLN 158 thousand after adjustment of transaction costs.

NOTE 16

LIABILITIES DUE TO CUSTOMERS [PLN '000]

Projekt	Targeted completion	Targeted total value	Total value of deferred revenue related to concluded agreements	Advanced payments received/ liabilities due to agreements with clients (long-term)*	Received advance payments / deferred income (long and short-term) (note 9)*	Deposit on apartments (long and short-term other liabilities (note 18)**
Rydla 32, Kraków	project completed	48 513	2 483	-	1 366	-
Osiedle Krk I, Kraków	III Q 2021	96 558	96 558	5 444	-	420
Osiedle Jarzębinowe V, Łódź	project completed	43 900	514	-	-	-
Osiedle Jarzębinowe VI, Łódź	project completed	20 370	1 174	-	433	-
Osiedle Jarzębinowe VII, Łódź	IV Q 2020	36 313	36 313	-	14 252	894
Osiedle Jarzębinowe VIII, Łódź	IV Q 2021	38 087	38 087	-	0	2 003
Nowa Dzielnica, Łódź	project completed	30 077	2 000	-	1	-
Fuzja I, Łódź	IV Q 2020	105 113	105 113	-	22 506	868
Osiedle Jaśminowe IV, Poznań	project completed	32 230	1 477	-	465	21
Osiedle Perspektywa I, Poznań	project completed	43 661	150	-	150	-
Osiedle Perspektywa II, Poznań	project completed	24 795	16	-	-	-
Osiedle Perspektywa III, Poznań	project completed	30 818	47	-	-	35
Osiedle Enter IA, Poznań	IV Q 2021	41 767	41 767	3 200	-	782
Nasze Jeżyce I, Poznań	I Q 2021	57 829	57 829	-	11 664	13 667
Nasze Jeżyce II, Poznań	II Q 2021	63 885	63 885	-	6 071	2 112
Apartamenty Esencja, Poznań	IV Q 2020	115 986	115 986	-	35 618	22 131
Widoki Mokotów, Warsaw	project completed	69 271	29 090	-	9 041	17
Browary Warszawskie A, Warsaw	project completed	55 360	230	-	-	-
Browary Warszawskie B, Warsaw	project completed	125 304	1 094	-	607	123
Browary Warszawskie C, Warsaw	project completed	91 540	3 581	-	2 895	-
Browary Warszawskie E, Warsaw	IV Q 2020	113 466	113 466	-	39 895	1 731
Osiedle Reset I, Warsaw	project completed	67 374	1 010	-	4	86
Osiedle Reset II, Warsaw	III Q 2020	118 604	118 604	-	68 898	576
Moje Miejsce, Warsaw	project completed	131 970	95 521	-	32 065	8 375
Stacja Wola I, Warsaw	III Q 2021	200 073	200 073	29 750	-	1 597
Grota - Roweckiego 111 etap III, Wrocław	project completed	16 207	862	-	774	53
Ogrody Graua, Wrocław	project completed	45 323	23 476	-	4 113	1 043
Stacja 3.0, Wrocław	IV Q 2020	91 908	91 908	-	3 726	1 876
Zebra, Wrocław	project completed	75 849	1 855	-	104	382
Browary Warszawskie (R4R), Warsaw	III Q 2020	160 208	160 208	-	137 150	-
Other		3 794	3 794	-	3 542	252
Total		2 196 153	1 408 171	38 394	395 340	59 044

* Advance payments released from escrow accounts

** Advance payments (gross) to be released from escrow accounts

LIABILITIES - CHANGE DUE TO IFRS 16 INTRODUCTION ['000 PLN]

	1.01.2020	New purchases / change of ratio	Financial costs	Payments	Project completion/ sale	Reclassification	30.06.2020
Lease liabilities due to land perpetual usufruct	67 075	(1 056)	1 309	(786)	(14 790)	764	52 516
Other lease liabilities	117 889	1 946	2 540	(6 774)	(5 514)	(4 944)	105 143
Total lease liabilities	184 964	890	3 849	(7 560)	(20 305)	(4 180)	157 659

INFORMATION ON FINANCIAL STATEMENT OF THE ECHO INVESTMENT GROUP



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

The consolidated statements of the Echo Investment S.A. present financial data for the 6-month period ending on June 30th, 2020 and comparative data for the 6-month period ending on June 30th, 2019. The Group's financial statement in this financial statements is presented in thousand of Polish zloty (PLN), if not indicated differently. The consolidated statement was prepared according to the historical cost method, excluding investment properties and financial instruments that were measured by their fair value.

As at June 30th, 2020 the Capital Group consisted of 142 entities consolidated according to the full method, and 21 entities consolidated according to the equity method.

DECLARATION OF CONFORMITY

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

ASSUMPTION OF CONTINUITY IN OPERATIONS

The consolidated financial statements of the Echo Investment Group for the first half of 2020 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

This consolidated financial statement was approved for publication by the Management Board on September 23rd, 2020.

Echo Investment S.A. plays the most important role in the structure of the Group, which it supervises, co-executes and provides financial resources for the implementation of development projects. The vast majority of companies being part of

the Group were established or purchased in order to execute specific investment tasks, including those resulting from the construction process of a specific development project.

As at June 30th, 2020 the Capital Group included 142 subsidiaries consolidated according to the full method and 21 jointly controlled companies consolidated according to the equity method.

Changes in the structure of the capital group in H1 2020

INCREASE OF THE GROUP

Entity	Action	Date	Share capital
Projekt Echo - 141 Sp. z o.o.	Registration by the District Court in Kielce	27.01.2020	5 000 PLN
Projekt Echo - 142 Sp. z o.o.	Registration by the District Court in Kielce	28.01.2020	5 000 PLN
Projekt Echo - 143 Sp. z o.o.	Registration by the District Court in Kielce	24.01.2020	5 000 PLN
Projekt Echo - 144 Sp. z o.o.	Registration by the District Court in Kielce	28.01.2020	5 000 PLN
Projekt Echo - 145 Sp. z o.o.	Registration by the District Court in Kielce	23.01.2020	5 000 PLN

DECREASE OF THE GROUP

Entity	Action	Date	Share capital
Projekt - Pamiątkowo Sp. z o.o.	Sale of shares by Echo - SPV 7 Sp. z o.o. to Common Investment S.A.	5.05.2020	50 000 PLN
Projekt Echo 132 Sp. z o.o.	Sale of shares by Echo Investment S.A. to Common Investment S.A.	5.05.2020	3 910 000 PLN
Forum 60 Fundusz Inwestycyjny Zamknięty	Liquidation	1.06.2020	20 000 PLN

OTHER CHANGES

Entity	Action	Date
Projekt Echo - 120 Sp. z o.o.	Registration of the capital increase by Echo Investment S.A.	28.01.2020
Projekt Echo - 115 Sp. z o.o.	Registration of the capital increase by Echo Investment S.A.	28.01.2020
Projekt Echo - 113 Sp. z o.o.	Registration of the capital increase by Echo Investment S.A.	25.02.2020
Projekt Echo - 131 Sp. z o.o.	Registration of the capital increase by Echo Investment S.A.	28.02.2020
Echo - Opolska Business Sp. z o.o.	Registration of the capital increase by Echo Investment S.A.	09.03.2020
Projekt Echo - 122 Sp. z o.o.	Registration of the capital increase by Echo Investment S.A.	13.03.2020

The preparation of the financial statements requires the Management Board of the Company to adopt certain assumptions and make estimates and judgments that affect the figures disclosed in the financial statements. Assumptions and estimates are based on the best knowledge of current and future events and activities, however, actual results may differ from those anticipated. Estimates and related assumptions are subject to ongoing verification. Change in accounting estimates is recognized in the period in which they were changed – if it concerns only this period, or in the current and future period – if the changes concern both the current and future period.

The main fields in which the Management Board's estimates have a material impact on the financial statements and key sources of uncertainty as at the balance sheet date are:

INVESTMENT PROPERTIES / INVESTMENT PROPERTIES UNDER CONSTRUCTION / ASSETS HELD FOR SALE

Investment real estate includes facilities leased to clients by companies which are part of the Group. The fair value of investment real estate is classified at level 3 in the fair value hierarchy. There were no transfers between the levels.

After a change in the strategy of the Echo Investment Group, the Group most often measures properties at fair value during construction and / or commercialisation. The property valuation is based on the income method using the discounted cash flow technique, which takes into account future proceeds from rent (including rent guarantees), the sale of real estate and other expenditure to be incurred. The yield used to determine residual values recognized in cash flows result from the Management Board's estimates based on preliminary agreements for the sale of real estate, letters of intent, external

valuations of appraisers or their familiarity with the market. The rates used also take into account the risk, and the level of risk is assessed individually for each property subject to its status.

The fair value of real estate properties which are almost 100% commercialised and generate a fixed income is determined by the unit according to the income method, using simple capitalization technique as the quotient of the project's net operating income (NOI) and the yield, or using the value resulting from external valuation, a preliminary contract for the sale of real estate, a letter of intent or a purchase offer, provided they exist.

According to the valuations prepared by the Group, the value of investment properties as at June 30th, 2020 amounted to PLN 1,477,043 thousand and consisted of properties valued at fair value (1,311,471) and other properties (PLN 165,572 thousand). The capitalization rate used to estimate the value of the buildings measured using the income method as at June 30th, 2020, amounted to 6.50% – 7.15%.

The value of investment properties as at December 31st, 2019 amounted to PLN 941,983 thousand and consisted of office buildings valued at fair value (PLN 778,344 thousand) and other properties (PLN 163,639 thousand). The capitalization rate used to estimate the value of the office buildings measured using the income method amounted to 6.50% – 6.75%.

The value of investment properties as at June 30th, 2019 amounted to PLN 825,318 thousand and consisted of properties valued at the fair value (PLN 784,233 thousand) and other properties (PLN 41,085 thousand). The capitalization rates used to estimate the value of office buildings valued using the income method were: 6.50%-6.75%.

The value of investment properties under construction as at June 30th, 2020

amounted to PLN 1,470,951 thousand and consisted of property valued at the fair value (PLN 1,106,979 thousand) and properties valued at capital incurred (PLN 363,972 thousand). The capitalization rates used to estimate the value of office buildings valued using the income method were: 4.86%-7.50%.

When calculating the fair value of investment property under construction, the Group companies take into account foreign exchange differences and the result on the measurement of loans and borrowings at adjusted acquisition cost (SCN). The valuation of debt is related to the debt incurred in order to implement a specific investment project.

As at 31 December 2019, the value of investment property under construction amounted to PLN 1,517,866 thousand and consisted of real estate measured at fair value (PLN 1,113,543 thousand) and real estate valued at the value of expenditure incurred (PLN 404,323 thousand). Capitalization rates used to estimate the value of office properties valued using the income method were 4.60% to 7.50%.

The value of investment properties under construction as at June 30th, 2019 amounted to PLN 1,015,644 thousand and consisted of property valued at the fair value (PLN 536,730 thousand) and properties valued at capital incurred (PLN 478,914 thousand). The capitalization rates used to estimate the value of office buildings valued using the income method were: 5.17%-7.25%.

Under the 'assets held for sale' item the Group presents the properties with reference to which a decision was made to sell them within 12 months. This item includes completed projects as well as ongoing projects and investment plots. As at June 30th, 2020 no assets held for sale were presented at the balance sheet

As at December 31st, 2019, the value of assets held for sale was PLN 22,923 thousand and consisted of investment lands.

As at June 30th, 2019, the value of assets held for sale was PLN 180,707 thousand and consisted of investment land (PLN 19,017 thousand) and an office building (PLN 161,689 thousand) measured at fair value.

SECURING REVENUE FOR RENT-FREE PERIODS (MASTER LEASE)

When an investment property is selling, it occurs that buildings are not fully commercialized at the time of sale. The price is calculated based on the project's projected revenue (NOI) while the Group signs a contract securing the rent-free periods (master lease). Securing rental proceeds (master lease) is estimated on the basis of information obtained from the office project leasing team, accepted by the Member of the Management Board responsible for this segment of activity, concerning:

- terms of signed lease agreements,
- assumptions for vacant areas, such as expected transfer dates, estimates of rent rates and rental holidays.

The following is calculated on this basis:

- for vacancies: the rent that would be paid by the potential future tenant,
- for signed contracts: rental holidays (if any). The estimate is made from the balance sheet date for the period of securing rental proceeds. In each calculated month:
 - if a vacancy is expected on an area in a given month, the cost of securing rental revenue is a full rent which is provided for on this area;
 - if it is expected that a given area will be transferred and the tenant has a rental holiday, the cost of securing the rental proceeds related to this area in a given month is equal to the value of rental holidays;
 - if it is expected that the tenants' rental holidays are over in a given month, the cost of securing the rental proceeds is equal to zero. The basic rent and the maintenance fees are calculated in this way, the exception being that there are no rental holidays on maintenance fees.

The total of these values discounted as at the balance sheet date is the value of the reserve for securing rent-free periods

(master lease). The reserve for securing rent-free periods (master lease) is calculated for projects sold.

As at June 30th, 2020, the value of provisions established to secure rent free periods amounted to PLN 177,944 thousand.

As at 31 December 2019, the value of provisions established to secure rent free periods amounted to PLN 171,234 thousand.

As at June 30th, 2019, the value of reserves provisions to secure rent free periods amounted to PLN 147,061 thousand.

PROFIT SHARE FROM SALE OF REAL ESTATE

A profit share is a share in the minority investor's profit. It results from concluded agreements according to which the investor is obliged to pay the capital constituting a share in the investment. The capital is contributed to the entities which perform the project in the form of a loan or an issue participating bonds. At the time of the sale of the project, the capital is returned to the investor along with due profit share (calculated as the sale price - costs). The provision for the profit share is estimated for projects valued using the income method in proportion to the released profit on real estate. Therefore, the first provision for the profit share is created along with the first valuation of the project at fair value.

As at June 30th, 2020, the value of provision for costs on account of the profit share from the sale of real estate amounted to PLN 45,401 thousand.

As at 31 December 2019, the value of provision for costs on account of the profit share from the sale of real estate amounted to PLN 78,306 thousand.

As at June 30th, 2019, the value of provision for costs on account of the profit share from the sale of real estate amounted to PLN 98,789 thousand.

INVENTORY

When estimating the amount of the write-down revaluating the inventories held by the Group as at the balance sheet date, information from the active market is analyzed regarding expected sales prices and current market trends as well as information resulting from preliminary sales contracts concluded by the Group. Assumptions used in the calculation of the write-down are mainly based

on valid market prices of real estate in a given market segment. In the case of land included in the item of inventories, the value of write-downs results from the suitability of the given land for the needs of the current and future operations of the Group estimated by the Management. Data regarding write-downs updating the value of inventories to the net value possible to obtain and reversing write-downs on this account are presented in note 9.

FINANCIAL INSTRUMENTS VALUED ACCORDING TO FAIR VALUE

The fair value of financial instruments (located in the fair value hierarchy level 2) that are not traded on the active market is determined using valuation techniques (the income method). The Company is guided by the judgment in the selection of valuation methods and it adopts assumptions based on market conditions existing at each balance sheet date. In particular, concluded forward contracts and concluded option agreements are valued on the basis of valuations provided by banks, which use such data as current exchange rates, their historical volatility and interest rates on deposits (WIBOR, EURIBOR) when calculating them. As at 31 December 2019, the Group did not change the valuation principles for financial instruments, there were no changes in the classification or movements between levels of the fair value hierarchy. There is no difference between the carrying value and the fair value of financial instruments.

ASSET FROM DEFERRED INCOME TAX

The Group recognizes deferred tax asset based on the assumption that tax profit will be achieved in the future and it will be possible to use it. This assumption would be unjustified if the tax results deteriorated in the future. The Management Board verifies the adopted estimates regarding the probability of recovering deferred tax assets based on changes in factors taken into account when making them, new information and past experience.

LEASING

The adaption and application of IFRS 16 required the Company to make various estimates and to engage in professional judgment. The main area in which it happened concerning the assessment of lease periods, in agreements for an indefinite period and in agreements for which the Company was entitled to extend the

agreement. When determining a lease period, the Company had to consider all facts and circumstances, including the existence of economic incentives to use or not to extend the agreement 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 to which the lease relates. As at January 1st, 2019, the average weighted IBR rate used to discount of liability valuation amounted to 5.73%.

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 2020:

Amendments to References to the Conceptual Framework in IFRS Standards

(issued on 29 March 2018)

The standard is effective for financial years beginning on or after 1 January 2020.

Amendments to IFRS 3 Business Combinations

(issued on 22 October 2018)

Not yet endorsed by EU at the date of approval of these financial statements. The standard is effective for financial years beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material

(issued on 31 October 2018)

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

(issued on 26 September 2019)

All amendments introduced were analysed by the Group. The Management Board state, that the amendments have no material impact on financial position of the Group, effect of activity or the scope of information presented in the quarterly interim consolidated financial statement.

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

05

IFRS 14 Regulatory Deferral Accounts

(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. The standard is effective for financial years beginning on or after 1 January 2016.

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

(issued on 18 May 2017)

Not yet endorsed by EU at the date of approval of these financial statements. The standard is effective for financial years beginning on or after 1 January 2021.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

(issued on 23 January 2020)

Not yet endorsed by EU at the date of approval of these financial statements. The standard is effective for financial years beginning on or after 1 January 2022.

Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Amendments resulting from IFRS review 2018-2020

Effective for financial years beginning on or after 1 January 2022.

Amendments to IFRS 'Leases' – Covid-19-Related Rent Concessions

Effective for financial years beginning on or after 1 June 2020 or later. Allowed to apply earlier. Not yet endorsed by EU at the date of approval of these financial statements.

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

Effects of changing the presenting principles - restatement of statements for previous periods

In accordance with the Group's accounting policy, the provision to secure income for rent-free periods (masterlease) is recognized at the time of sale of investment projects, when an investment property or an investment property under construction is not fully leased and the Group guarantees a buyer to secure rent-free periods under a defined level of net operating income (NOI). The provision for securing income for rent-free periods is also recognized on investment properties under construction that are measured at fair value. The Group adjusted the amount of the provision for securing income for rent-free periods as at June 30th, 2019 by reducing the value of the provision for securing income for rent-free periods by PLN 120,937 thousand, simulta-

neously reducing the fair value of investment properties and investment properties under construction on those projects for which as at a valuation day, the Group did not have any signed sales or preliminary agreements guaranteeing that rent incomings for rent-free periods are secured.

The adjustment described above does not affect the Group's results for H1 2019, as well as the Group's equity as at June 30th, 2019.

The most significant changes in comparative data as at June 30th, 2019:

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION [PLN '000]

	30.06.2019 published	30.06.2019 restated	Change
ASSETS			
Investment property	832 784	825 318	(7 466)
Investment property under construction	1 118 253	1 015 644	(102 609)
Assets held for sale	191 569	180 707	(10 862)
Total assets	4 535 347	4 414 410	(120 937)
EQUITY AND LIABILITIES			
Provisions			
Long-term provisions	150 540	43 984	(106 556)
Short-term provisions	129 071	114 689	(14 382)
Total equity and liabilities	4 535 347	4 414 410	(120 937)

The Management Board of the Group voluntarily decided to change the presentation of financial costs and financial revenues related to amortised costs of interests on granted borrowing, received loans and issued bonds. After analysis, the Management Board decided that financial revenues related to amortised cost on received loans and issued

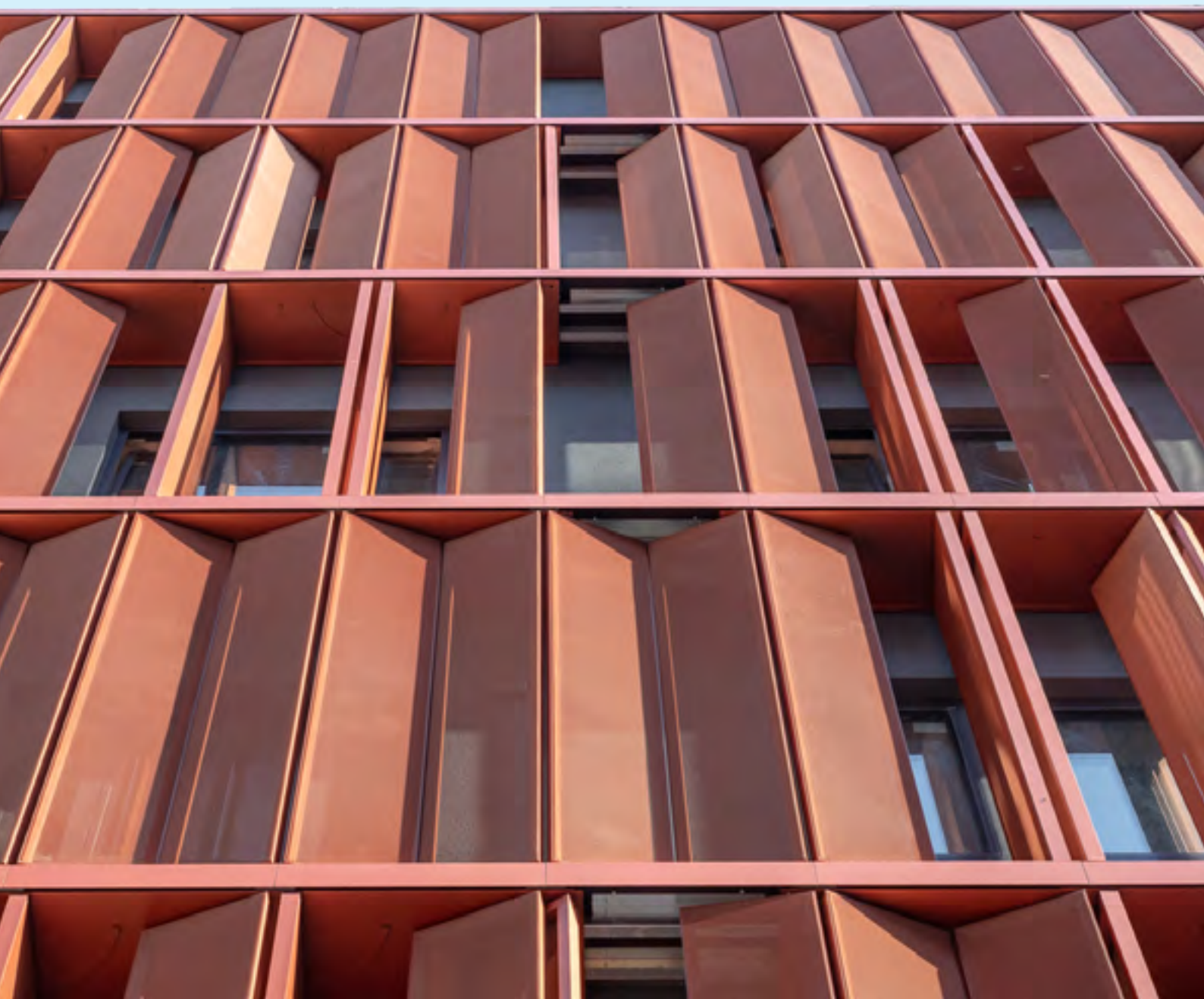
bonds in the amount of PLN 3,142 thousand should be presented as financial costs, and financial costs in the amount of PLN 1,528 thousand - as financial revenues. As a result, the Company made an appropriate change in the presentation of the profit and loss account in the comparable period (1.01.2019 - 30.06.2019). The changes are presented below:

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
[PLN '000]

	01.01.2019 - 30.06.2019 published	01.01.2019 - 30.06.2019 restated	Change
Financial income	16 133	11 463	(4 670)
Financial cost	(34 251)	(29 581)	4 670

CHAPTER 3

CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS OF ECHO INVESTMENT S.A.



CONDENSED INTERIM STANDALONE STATEMENT OF FINANCIAL POSITION
[PLN '000]

	Note	30.06.2020	31.12.2019	30.06.2019
ASSETS				
Non-current assets				
Intangible assets		3 421	3 614	2 878
Property, plant and equipment	1	19 601	21 766	16 129
Investment property	2	2 212	2 212	2 212
Investments in subsidiaries, jointly controlled entities and associates	3	1 020 373	1 021 440	866 526
Long-term financial assets	3	483 282	487 387	771 060
Loans granted	4	316 232	281 264	318 718
		1 845 121	1 817 683	1 977 523
Current assets				
Inventory	6	210 457	212 191	264 569
Other taxes receivable		6 383	-	3 528
Trade and other receivables		133 007	121 507	94 365
Loans granted	7	681 382	533 608	396 123
Other financial assets		42 011	17 720	11 635
Cash and cash equivalents		155 628	232 147	57 286
		1 228 868	1 117 173	827 506
Total assets		3 073 989	2 934 856	2 805 029

CONDENSED INTERIM STANDALONE STATEMENT OF FINANCIAL POSITION CONT.
[PLN '000]

	Note	30.06.2020	31.12.2019	30.06.2019
EQUITY AND LIABILITIES				
Equity				
Share capital		20 635	20 635	20 635
Supplementary capital		1 054 295	1 054 295	1 054 295
Dividend fund		164 639	164 639	370 984
Profit / (loss) from previous years		21 412	-	-
Net profit		56 504	21 412	37 006
		1 317 485	1 260 981	1 482 920
Provisions				
Short-term provisions	11	13 604	15 507	16 174
Long-term provisions		-	-	-
Deferred tax liabilities	5	12 785	4 639	2 941
		26 389	20 146	19 115
Long-term liabilities				
Loans, borrowings and bonds	8	1 053 653	1 063 866	1 030 739
- including from subsidiaries		223 556	127 007	-
Leasing liabilities	8	12 500	12 645	11 896
Deposits and advanced payments received	8	1 747	1 492	708
		1 067 900	1 078 003	1 043 343
Short-term liabilities				
Loans, borrowings and bonds	10	483 889	362 212	55 314
Income tax payable	9	2 638	3 215	974
Other taxes liabilities	9	7 448	12 100	1 663
Trade payable	9	30 356	53 402	27 450
Deposits and advanced payments received	9	78 291	104 940	137 230
Leasing liabilities		11 885	13 274	-
Other liabilities	9	47 708	26 583	37 020
		662 215	575 726	259 651
Total equity and liabilities		3 073 989	2 934 856	2 805 029

INTERIM STANDALONE PROFIT AND LOSS ACCOUNT
[PLN '000]

	Note	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019	1.04.2020- 30.06.2020	1.04.2019- 30.06.2019
Revenues	13	155 363	96 615	63 555	59 116
Cost of sales		(125 376)	(54 314)	(45 299)	(34 982)
Gross profit		29 987	42 301	18 256	24 134
Administrative costs associated with project implementation		(4 475)	(1 775)	(401)	(572)
Selling expenses		(12 078)	(7 232)	(5 802)	(3 189)
General and administrative expenses		(31 107)	(45 966)	(16 766)	(29 702)
Other operating income	14	105 481	86 219	36 876	13 358
- including interests from borrowings and bonds		24 011	23 597	10 275	10 899
Other operating expenses		(1 845)	(514)	1 696	(12)
Operating profit		85 963	73 033	33 859	4 017
Financial income	15	10 533	4 502	1 063	(4 369)
Financial cost		(31 441)	(38 273)	(13 041)	(22 242)
Profit before tax		65 055	39 262	21 881	(22 594)
Income tax		(8 551)	(2 256)	(11 919)	(2 293)
Net profit		56 504	37 006	9 962	(24 887)
Net profit		56 504	37 006		
Weighted average number of ordinary shares		412 690 582	412 690 582		
Profit per one ordinary share (in PLN)		0,14	0,09		
Diluted weighted average number of ordinary shares		412 690 582	412 690 582		
Diluted profit per one ordinary share (PLN)		0,14	0,09		

INTERIM STANDALONE STATEMENT OF FINANCIAL RESULT
AND COMPREHENSIVE INCOME [PLN '000]

	Note	1.01.2020- 30.06.2020	1.01.2019- 31.12.2019	1.01.2019- 30.06.2019
Net profit		56 504	21 412	37 006
Other comprehensive income for the year		-	-	-
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income		56 504	21 412	37 006

CONDENSED INTERIM STANDALONE STATEMENT OF CHANGES IN EQUITY
[PLN '000]

Note	Share capital	Supplementary capital	Dividend fund	Profit (loss) from previous years	Current years' profit	Total equity
As of January 1st, 2020	20 635	1 054 295	164 639	21 412	-	1 260 981
Changes in the period:						
Profit for the period	-	-	-	-	56 504	56 504
Total changes	-	-	-	-	56 504	56 504
As of June 30th, 2020	20 635	1 054 295	164 639	21 412	56 504	1 317 485
As of January 1st, 2019	20 635	1 054 295	326 309	44 675	-	1 445 914
Changes in the period:						
Distribution of previous years' profit/loss	-	-	44 675	(44 675)	-	-
Profit for the period	-	-	-	-	37 006	37 006
Total changes	-	-	44 675	(44 675)	37 006	37 006
As of June 30th, 2019	20 635	1 054 295	370 984	-	37 006	1 482 920

INTERIM STANDALONE CASH FLOW STATEMENT [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
Operating cash flow – indirect method		
I. Profit before tax	65 055	39 262
II. Adjustments	(58 588)	(48 624)
Depreciation	4 436	4 103
Foreign exchange gains / (losses)	8 326	2 437
Interest and profit sharing (dividends)	(75 256)	(58 358)
Profit / (loss) on revaluation of assets and liabilities	3 908	3 405
Profit (loss) on sale of fixed assets and investment properties	(2)	(211)
III. Changes in working capital	(48 739)	24 042
Change in provisions	(1 903)	(1 143)
Change in inventory	1 830	(53 566)
Change in receivables	18 628	19 465
Change in short-term liabilities, except for loans and borrowings	(43 003)	63 532
Change in other financial assets	(24 291)	(4 246)
IV. Net cash generated from operating activities (I +/- II +/- III)	(42 272)	14 680
V. Income tax paid	(982)	(1 029)
VI. Net cash generated from operating activities (I +/- II)	(43 254)	13 651
Cash flows from investing activities		
I. Inflows	128 209	130 459
Disposal of intangible assets and tangible fixed assets	3	541
From financial assets, including	128 206	129 918
a) in subsidiaries	128 206	129 918
disposal of financial assets	9 301	104
dividends and profit sharing	50 469	22 879
repayment of loans granted	48 373	61 480
interest	12 019	11 553
redemption of certificates	3 752	28 400
other inflows from financial assets	4 292	5 502
II. Outflows	(232 021)	(281 446)
Purchase of intangible assets and tangible fixed assets	(855)	-
On financial assets, including:	(231 131)	(280 833)
a) in subsidiaries	(231 131)	(280 833)
- acquisition of financial assets	(5 943)	(3 950)
- borrowings granted	(225 188)	(276 883)
Other investment outflows	(35)	(613)
III. Net cash flow from investment activities	(103 812)	(150 987)
Net cash flow from financing activities (I - II)		
I. Inflows	262 472	293 768
Loans and borrowings	112 472	159 936
Issue of debt securities	150 000	133 832
II. Outflows	(191 925)	(281 123)
Repayment of loans and borrowings	(47 397)	(80 000)
Redemption of debt securities	(106 940)	(170 500)
Payment of leasing liabilities	(3 450)	(3 288)
Interests	(33 633)	(27 335)
Other investment outflows	(505)	-
III. Net cash flow from financing activities	70 547	12 645

INTERIM STANDALONE CASH FLOW STATEMENT [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
Total net cash flows	(76 519)	(124 691)
Balance sheet change in cash, including:	(76 519)	(124 691)
change in cash due to foreign exchange gains/losses	-	(3 701)
Cash and cash equivalents at the beginning of the period	232 147	181 977
Cash and cash equivalents at the end of the period	155 628	57 286

**EXPLANATORY NOTES
TO THE INTERIM
CONDENSED STANDALONE
FINANCIAL STATEMENT**



Explanatory notes to the statement of financial position

NOTE 1A

PROPERTY, PLANT AND EQUIPMENT [PLN '000]

The Company did not make any impairment write-downs of tangible fixed assets in the periods under the financial statements. Before January 1st, 2019, the Company did not have perpetual usufruct rights to land, that should be included in the calculation value at the transition to IFRS 16.

The Company has no collateral established on fixed assets.

	30.06.2020	31.12.2019	30.06.2019
PP&E, including:	19 504	21 669	16 129
- land	181	183	183
- buildings, premises, civil and water engineering structures	15 275	16 152	9 866
- plant and machinery	129	151	141
- means of transport	3 651	4 849	5 503
- other PP&E	268	334	436
PP&E under construction	97	97	-
Total property, plant and equipment	19 601	21 766	16 129

NOTE 1B

CHANGES IN PP&E – BY TYPES [PLN '000]

For the period 1.01.2020 – 30.06.2020	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other PP&E	Total PP&E
Gross value of PP&E at the beginning of the period	194	20 503	3 496	9 464	3 729	37 386
Increases, due to	-	889	24	334	-	1 247
- purchase	-	-	24	-	-	24
- leasing	-	889	-	334	-	1 223
Decreases due to	-	-	(17)	-	(45)	(62)
- liquidation	-	-	-	-	(44)	(44)
- sale	-	-	(17)	-	(1)	(18)
Gross PP&E at the end of the period	194	21 392	3 503	9 798	3 684	38 571
Accumulated depreciation at the beginning of the period	(11)	(4 351)	(3 345)	(4 615)	(3 395)	(15 717)
Depreciation for the period	(2)	(1 766)	(29)	(1 532)	(21)	(3 350)
- depreciation	(2)	(128)	(46)	(113)	(66)	(355)
- sale	-	-	17	-	1	18
- leasing	-	(1 638)	-	(1 419)	-	(3 057)
- liquidation	-	-	-	-	44	44
Accumulated depreciation at the end of the period	(13)	(6 117)	(3 374)	(6 147)	(3 416)	(19 067)
Net value of PP&E at the end of period	181	15 275	129	3 651	268	19 504
Including leasing asset	-	(749)	-	(1 085)	-	(1 834)

No contractual liabilities related to PP&E.

CHANGES IN PP&E – BY TYPES [PLN ‘000]

For the period 1.01.2019 – 30.06.2019	Own land	Buildings and struc- tures	Technical equipment and machines	Means of transport	Other PP&E	Total PP&E
Gross value of PP&E at the beginning of the period	258	4 266	4 479	2 665	4 364	16 032
- due to leasing as at 1 January 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, due to	-	650	77	-	502	1 229
- purchase	-	650	77	-	502	1 229
Decreases due to	(65)	(421)	(935)	(265)	(1 091)	(2 777)
- liquidation	-	(190)	(782)	-	(578)	(1 550)
- sale	(65)	(231)	(153)	(265)	(513)	(1 227)
Gross PP&E at the end of the period	193	12 390	3 621	8 839	3 775	28 818
Accumulated depreciation at the beginning of the period	(8)	(776)	(4 322)	(2 160)	(3 726)	(10 992)
Depreciation for the period	(2)	(1 748)	842	(1 176)	387	(1 697)
- depreciation	(2)	(101)	(92)	(170)	(240)	(605)
- sale	-	13	169	264	120	566
- leasing	-	(1 705)	-	(1 270)	-	(2 975)
- liquidation	-	45	765	-	507	1 317
Accumulated depreciation at the end of the period	(10)	(2 524)	(3 480)	(3 336)	(3 339)	(12 689)
Accumulated depreciation at the end of the period	183	9 866	141	5 503	436	16 129
including leasing asset	-	6 190	-	5 169	-	11 359

NOTE 2A

CHANGES IN INVESTMENT PROPERTY [PLN ‘000]

	1.01.2020- 30.06.2020	1.01.2019- 31.12.2019	1.01.2019- 30.06.2019
Value of property investments at the beginning of the period	2 212	2 212	2 212
Increases	-	-	-
Decreases	-	-	-
Value of property investments at the end of the period	2 212	2 212	2 212

The Company presents investment properties as at the date of their recognition in the books at acquisition price / production cost. After the initial recognition, the Company measures properties at fair value at the end of each calendar quarter.

Profit/loss on valuation is presented under “profit/loss on investment property” in the profit and loss account. The fair value was measured on the basis of

the market comparison model based on current market prices. The Company assigned level 2 for investment properties in the fair value hierarchy.

The Company has no collateral established on investment properties. The Company has no contractual obligations as of June 30th, 2020.

NOTE 3A

INTERESTS AND SHARES [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
Investments in subsidiaries, joint ventures and associates			
- in subsidiaries	960 149	964 015	815 736
- in joint ventures	60 224	57 425	50 790
	1 020 373	1 021 440	866 526
Total Interests and shares	1 020 373	1 021 440	866 526

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

NOTE 3B

CHANGES IN INTERESTS AND SHARES [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 31.12.2019	1.01.2019- 30.06.2019
Balance at the beginning of the period, including:	1 021 440	975 449	975 449
- shares and interests	1 021 440	975 449	975 449
Increases due to:	13 220	202 740	47 021
- purchase of interests	7 113	149 069	21
- increase in capital	6 107	53 671	47 000
Decreases due to:	(14 287)	(156 749)	(155 944)
- sale of interests	(11 014)	(141)	(60)
- advance payments for capital increase	-	(46 066)	(46 066)
- subsidiary liquidation	-	(106 413)	(106 413)
- write-off on assets	(3 273)	(4 129)	(3 405)
Balance at the end of the period, including:	1 020 373	1 021 440	866 526
- shares and interests	1 020 373	1 021 440	866 526

CHANGES IN INTERESTS AND SHARES IN H1 2020

Change	Entity	Value [PLN ,000]
Purchase of shares	M2 Hotel Sp. z o.o.	7 113
Sale of shares	M2 Hotel Sp. z o.o.	7 113
	Projekt Echo - 132 Sp. z o.o.	3 902
Payment and capital increase		
	Projekt Echo - 113 Sp. z o.o.	248
	Projekt Echo - 115 Sp. z o.o.	1 375
	Projekt Echo - 120 Sp. z o.o.	393
	Projekt Echo - 122 Sp. z o.o.	748
	Projekt Echo - 131 Sp. z o.o.	276
	Echo - Opolska Business Park Sp. z o.o.	233
	Projekt Echo - 139 Sp. z o.o.	5
	Projekt Echo - 140 Sp. z o.o.	5
	Projekt Echo - 141 Sp. z o.o.	5
	Projekt Echo - 142 Sp. z o.o.	5
	Projekt Echo - 143 Sp. z o.o.	5
	Projekt Echo - 144 Sp. z o.o.	5
	Projekt Echo - 145 Sp. z o.o.	5
	R4R Poland Sp. z o.o.	2 799
Write-off of interest value		
	Projekt Echo - 113 Sp. z o.o.	248
	Projekt Echo - 115 Sp. z o.o.	1 375
	Projekt Echo - 120 Sp. z o.o.	393
	Projekt Echo - 122 Sp. z o.o.	748
	Projekt Echo - 131 Sp. z o.o.	276
	Echo - Opolska Business Park Sp. z o.o.	233

NOTE 3C

LONG-TERM FINANCIAL ASSETS [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
Investment certificates	-	4 791	144 677
Bonds	480 009	473 564	622 982
Receivables for the repurchase of certificates and interest sale	3 273	9 032	3 401
Total long-term financial assets	483 282	487 387	771 060

As at June 1st, 2020 the Company redeemed 4 010 certificates issued by Forum 60 Fundusz Inwestycyjny Zamknięty in the amount of PLN 3.752 million. The total receivables on the redemption of certificates as of 30 June 2020 have been settled. The settlement of the amount of PLN 3.752 million was made by bank transfer on June 1st, 2020.

In previous periods the Company estimated the value of an impairment loss on bonds in the amount of PLN 29 million and, after the analysis as of June 30th, 2020, does not find it necessary to increase the impairment loss.

The bonds meet the SPPI test according to IFRS 9 paragraph 4.1.2., therefore they are not measured at fair value, but at amortized cost. The valuation does not differ significantly from the valuation at fair value. The bonds were granted to affiliated entities of good

financial standing. In relation to related entities, the credit risk in the opinion of the Management Board is minimized by the ongoing control of operating activity and review of investment projects of these entities. In the view of the Management Board, through monitoring the operations of subsidiaries and periodical confirming the profitability of their projects, the Company has the opportunity to assess and identify receivables where the credit risk significantly increased. The Management Board the Company did not find such bonds. The Management Board assessed the issued bonds in order to create a write-down due to expected credit losses based on the assessment of the credibility of the Echo Investment Capital Group. In accordance with the requirements of IFRS 9, a write-down was created in respect of expected credit losses. As at June 30th, 2020, the write-down amounted to PLN 460 thousand, and as at June 30th, 2019 - PLN 287 thousand.

LONG-TERM LOANS GRANTED [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
- in subsidiaries	177 088	174 421	238 330
- jointly controlled entities	139 144	106 843	80 388
Total long-term loans granted	316 232	281 264	318 718

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 the credit risk related to loans equals their carrying value. The loans granted are not secured. The loans granted are not overdue and there was no significant loss of their value. The loans were granted to affiliated entities with good financial standing. In respect

of affiliated companies, the risk is minimized 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 with respect to write-downs due to expected credit losses based on the financial credibility of Echo Investment Group. According to IFRS 9, a write-down on expected credit losses was created: as at June 30th, 2020 - in the amount of PLN 1,947 thousand; as at December 31st, 2019 - in the amount of PLN 1,078 thousand and as at June 30th, 2019 - in the amount of PLN 952 thousand.

LONG-TERM BORROWINGS, WITHOUT INTEREST, AS AT 30.06.2020
[PLN '000]

Contractor	Amount	Interest	Repayment date
GRO Nieruchomości Sp. z o.o.	21 657	WIBOR 3M + margin	31.12.2021
R4R Poland Sp. z o.o.	93 111	WIBOR 3M + margin	1.07.2026
Galeria Libero Sp. z o.o. Sp.K.	97 507	WIBOR 3M + margin	10.10.2026
Rosehill Investments Sp. z o.o.	25 703	WIBOR 3M + margin	31.12.2021
RPGZ IX Sp. z o.o.	47 465	WIBOR 3M + margin	31.12.2021
Berea Sp. z o.o.	12 210	WIBOR 3M + margin	31.12.2025
Total	297 653		

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

secured, they are not overdue and there was no impairment of their value.

LONG-TERM BORROWINGS, WITHOUT INTEREST, AS AT 30.06.2019
[PLN '000]

Contractor	Amount	Interest	Repayment date
GRO Nieruchomości Sp. z o.o.	21 642	Wibor 3M + margin	31.12.2021
R4R Poland Sp. z o.o.	52 896	Wibor 3M + margin	1.07.2026
Galeria Libero Sp. z o.o. Sp.K.	112 053	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.	52 725	Wibor 3M + margin	31.12.2021
Berea Sp. z o.o.	41 193	Wibor 3M + margin	31.12.2020
Total	306 211		

NOTE 5
MOVEMENT IN DEFERRED TAX ASSETS/PROVISION [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 31.12.2019	1.01.2019- 30.06.2019
Deferred tax assets/provision at the beginning of the period	(4 639)	(1 468)	(1 468)
Financial instruments	-	-	-
Investment property	513	513	513
Receivables and liabilities due to borrowings	(7 167)	(3 701)	(3 701)
Liabilities due to loan and bonds	(405)	(779)	(779)
Tax loss	4 816	3 454	3 454
Inventory	2 163	3 602	3 602
Leasing	72	-	-
Other	(4 631)	(4 557)	(4 557)
Increases	-	1 808	907
Liabilities due to loan and bonds	-	374	67
Tax loss	-	1 362	125
Leasing	-	72	102
Other	-	-	613
Decreases	(8 146)	(4 979)	(2 380)
Receivables and liabilities due to borrowings	(2 201)	(3 466)	(1 319)
Liabilities due to loan and bonds	(672)	-	-
Tax loss	(1 418)	-	-
Inventory	(2 100)	(1 439)	(1 061)
Leasing	(10)	-	-
Other	(1 745)	(74)	-
Deferred tax assets/provision at the end of the period	(12 785)	(4 639)	(2 941)
Investment property	513	513	513
Receivables and liabilities due to borrowings	(9 368)	(7 167)	(5 020)
Liabilities due to loan and bonds	(1 077)	(405)	(712)
Tax loss	3 398	4 816	3 579
Inventory	63	2 163	2 541
Leasing	62	72	102
Other	(6 376)	(4 631)	(3 944)

Dates of expiry of the right to lower income tax due to tax losses (PLN 17,887 thousand) are attributable to 2024.

NOTE 6A

INVENTORY [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
Semi-finished products and work-in-progress	188 036	190 186	247 289
- land use right asset	8 427	8 331	9 880
Finished products	21 469	16 365	15 897
Goods	952	5 640	1 383
Total inventory	210 457	212 191	264 569

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

are included in the profit and loss account 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 6B

INVENTORY – IMPACT ON PROFIT/LOSS [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
Reversal of inventory recognised as an expense in the period	-	-	-
Reversal of write-downs of values decreasing the value of inventory recognized as cost of sales correction	10 197	7 088	1 426
Change in write-down on inventory	10 197	7 088	1 426

Write-downs of inventories and their reversal concern residential projects and are aimed at the reduction of the value to the level of the price that can be obtained.

The value of inventories recognized as revenue/costs in the period is included in the profit and loss account under 'cost of sales'. The change in the inventory revaluation write-down in 2020 concerns

the residential projects: Grota-Roweckiego 111 in Wrocław and Nowa Dzielnica in Łódź.

The change in the inventory write-down as of June 30th, 2020 amounts PLN 10,002 thousand, as of December 31st, 2019 - PLN 7,088 thousand and as at June 30th, 2019 - PLN 1,426 thousand.

SHORT-TERM LOANS GRANTED [PLN '000]

	30.06.2020	31.12.2019	30.06.2019
In subsidiaries			
loans granted	644 258	502 354	379 212
Interests	34 792	30 571	16 911
	679 050	532 925	396 123
In joint-ventures			
loans granted	2 264	638	-
Interests	68	45	-
	2 332	683	-
Total short-term loans granted	681 382	533 608	396 123

The note includes short-term loans with interest and a write-down. 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 the credit risk related to loans equals their carrying value. The loans granted are not secured. The loans granted are not overdue and there was no significant loss of their value. The loans were granted to affiliated entities with good financial standing. In respect of affiliated companies, the risk is minimized 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 with respect to write-downs due to expected credit losses based on the financial credibility of Echo Investment Group. According to IFRS 9, a write-down on expected credit losses was created: as at 30 June 2020 - in the amount of PLN 1,947 thousand; as at 31 December 2019 - in the amount of PLN 1,078 thousand and as at 30 June 2019 - in the amount of PLN 952 thousand.

SHORT-TERM LOANS GRANTED – BY CURRENCY [PLN ‘000]

	30.06.2020	31.12.2019	30.06.2019
In Polish currency	636 417	532 925	395 443
In other currencies – after translation into Polish zloty	44 965	683	680
Total	681 382	533 608	396 123

Includes value of short-term borrowings with interest.

BASIC DATA ON SHORT-TERM BORROWINGS WITHOUT INTEREST AND IMPAIRMENT LOSSES AS AT 30.06.2020 [‘000 PLN]

Contractor	Amount [PLN ‘000]	Interest	Repayment date
City Space Management Sp. z o.o.	5 029	WIBOR 3M + margin	30.06.2021
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.	11 451	WIBOR 3M + margin	31.03.2021
Echo – SPV 7 Sp. z o.o.	34 997	WIBOR 3M + margin	31.12.2020
Echo Aurus Sp. z o.o.	42 029	WIBOR 3M + margin	31.12.2020
Villea Investments Sp. z o.o.	68 375	WIBOR 3M + margin	31.03.2021
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.	26 497	WIBOR 3M + margin	31.12.2020
ZAM – Projekt Echo – 127 Sp. z o.o. Sp.K.	40 997	WIBOR 3M + margin	31.12.2020
Berea Sp. z o.o.	26 711	EURIBOR 3M + margin	31.12.2020
Projekt 144 – Grupa Echo Sp. z o.o. Sp.K.	43 770	WIBOR 3M + margin	31.03.2021
GRO Nieruchomości Sp. z o.o.	1 590	WIBOR 3M + margin	31.03.2021
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.	122 718	WIBOR 3M + margin	30.09.2020
Perth Sp. z o.o.	25 990	WIBOR 3M + margin	31.12.2020
Senja 2 Sp. z o.o.	42 623	WIBOR 3M + margin	31.12.2020
Pudsey Sp. z o.o.	52 980	WIBOR 3M + margin	30.06.2021
Echo – Advisory Services Sp. z o.o.	5 510	WIBOR 3M + margin	30.06.2021
Projekt Echo – 123 Sp. z o.o.	7 000	WIBOR 3M + margin	30.06.2021
Total	653 982		

The maximum value of the credit risk associated with the loans equals their carrying amount. The loans granted are not secured, they are not overdue and there was no impairment of their value. The loans were granted to affiliated entities with good financial standing. In respect of affiliated companies, the risk is minimized through the control of their operations on a regular basis and through the evaluation of in-

vestment 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.

**BASIC DATA ON SHORT-TERM BORROWINGS WITHOUT INTEREST
AND IMPAIRMENT LOSSES AS AT 31.12.2019 [‘000 PLN]**

Contractor	Amount [PLN ‘000]	Interest	Repayment date
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		

* Borrowings granted in 2019.

**BASIC DATA ON SHORT-TERM BORROWINGS WITHOUT INTEREST
AND IMPAIRMENT LOSSES AS AT 30.06.2019 [‘000 PLN]**

Contractor	Amount [PLN ‘000]	Interest	Repayment date
Dellia Investments – Projekt Echo 115 Sp. z o.o. Sp.K.	89 365	WIBOR 3M + margin	31.12.2019
Fianar Investments Sp. z o.o.	71 360	WIBOR 3M + margin	31.12.2019
Villea Investments Sp. z o.o.	63 375	WIBOR 3M + margin	31.03.2020
Echo Aurus Sp. z o.o.	55 980	WIBOR 3M + margin	31.12.2019
Echo – SPV 7 Sp. z o.o.	39 400	WIBOR 3M + margin	31.12.2019
Tryton – Projekt Echo 127 Sp. z o.o. Sp.K.	27 725	WIBOR 3M + margin	31.12.2019
Gosford Investments Sp. z o.o.	15 725	WIBOR 3M + margin	31.12.2019
Projekt 144 – Grupa Echo Sp. z o.o. Sp.K.	14 770	WIBOR 3M + margin	31.03.2020
City Space – SPV 2 Sp. z o.o.	4 051	WIBOR 3M + margin	30.09.2019
Gro Nieruchomości Sp. z o.o.	1 135	WIBOR 3M + margin	31.03.2020
Berea Sp. z o.o.	643	EURIBOR 3M + margin	31.06.2020
City Space – SPV 3 Sp. z o.o.	498	WIBOR 3M + margin	30.09.2019
Elektrownia Sp. z o.o.	109	WIBOR 3M + margin	30.06.2020
City Space Management Sp. z o.o.	29	WIBOR 3M + margin	30.09.2019
Total	384 165		

NOTE 8A

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

	30.06.2020	31.12.2019	30.06.2019
Due to subsidiaries	-	-	-
- loans and borrowings	223 556	127 007	-
- securities issued	-	-	-
	223 556	127 007	-
Due to other entities			
- leasing	12 500	12 645	11 896
- deposits received	1 747	1 492	708
- loan	-	-	-
- securities issued	830 097	936 859	1 030 739
	844 344	950 996	1 043 343
Total long-term liabilities	1 067 900	1 078 003	1 043 343
Interest rates used to discount expected cash-flows due to leasing	3,43 - 3,61 %	3,43-3,61 %	3,43-3,61 %

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 statements.

BASIC DATA ON LONG-TERM BORROWINGS WITHOUT INTEREST AND IMPAIRMENT LOSSES AS AT 30.06.2020 ['000 PLN]

Contractor	Amount [PLN '000]	Interest	Repayment date
Projekt Echo – 129 Sp. z o.o.	213 581	WIBOR 3M + margin	30.09.2021
Total	213 581		

NOTE 8B

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

	30.06.2020	31.12.2019	30.06.2019
1-3 years	842 216	903 512	676 531
3-5 years	224 809	177 985	366 717
over 5 years	875	1 997	95
Total long-term liabilities	1 067 900	1 083 494	1 043 343
Interest rates used to discount expected cash flows	4,22%	5,15%	5,16%

Long-term liabilities in nominal value were presented by the Company in note 8E.

NOTE 8C

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

	30.06.2020	31.12.2019	30.06.2019
In the Polish currency (PLN)	844 344	1 083 494	1 043 343
In other currencies after translation into Polish zloty	223 556	-	-
Total long-term liabilities	1 067 900	1 083 494	1 043 343

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 longterm 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 statements.

NOTE 8D

LONG-TERM LIABILITIES
– CHANGE DUE TO APPLICATION OF IFRS 16 [PLN ‘000]

	30.06.2020	31.12.2019	30.06.2019
Opening balance	12 645	8 843	14 334
Changes in the period	(145)	3 802	(2 438)
- new purchases	1 223	8 756	-
- financial costs	281	657	201
- payment	(1 649)	(5 611)	(2 639)
- completion or sale of the project		-	-
Closing balance	12 500	12 645	11 896

NOTE 8E

CREDIT FACILITIES OF ECHO INVESTMENT S.A. AS AT 30.06.2020 [‘000 PLN]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline
PKO BP S.A.*	75 000	63 536	WIBOR 1M + margin	30.10.2020
Alior Bank S.A.	55 000	55 000	WIBOR 3M + margin	15.03.2021
Santander Bank Polska S.A.**	100 000	73 714	WIBOR 1M + margin	30.11.2020
Total	230 000	192 250		

* The available loan amount as at June 30th, 2020 is decreased by the guarantees issued and amounts to PLN 1.4 million PLN.

** Under the credit limit of PLN 100 million, the Company has been granted a sublimit for current loan up to PLN 75 million and a sublimit up to PLN 25 million for guarantees. As at June 30th 2020, the whole guarantee limit is available.

Credit facilities are secured with standard instruments such as authorisation to the bank account or statement on submission to enforcement proceedings.

Value of credit respond to non-discounted cash-flow.

CREDIT FACILITIES AS AT 31.12.2019 [PLN ‘000]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline
PKO BP S.A.*	75 000	65 452	WIBOR 1M + margin	30.10.2020
Alior Bank S.A.	75 000	75 000	WIBOR 3M + margin	26.03.2020
Santander Bank Polska S.A.**	100 000	73 423	WIBOR 1M + margin	30.11.2020
Total	250 000	213 875		

* The available loan amount as at December 31st, 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 December 31st, 2019 the utilization of the guarantee limit was PLN 24.2 million.

CREDIT FACILITIES OF ECHO INVESTMENT S.A. AS AT 30.06.2019 [‘000]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline
PKO BP S.A. *	75 000		WIBOR 1M + margin	30.10.2020
Alior Bank S.A.	75 000		WIBOR 3M + margin	15.12.2019
Santander S.A.**	100 000	2 595	WIBOR 1M + margin	30.11.2020
BNP Paribas ***	62 000		WIBOR 1M + margin	16.12.2019
Total	312 000	2 595		

* The available loan amount as at June 30th, 2019 is decreased by the guarantees issued and amounts to PLN 58.5 million.

** Under the credit limit of PLN 100 million, the Company has been granted a sublimit for current loan up to PLN 75 million and a sublimit up to PLN 25 million for guarantees. As at June 30th, 2019 the limit for guarantees was used in the amount of PLN 24.2 million.

*** As at June 30th, 2019 the available loan amount is reduced by the guarantees issued and amounts to nearly PLN 60 million.

NOTE 8F

COMPANY'S LIABILITIES DUE TO BONDS ISSUED AS AT 30.06.2020 [PLN '000]

Bonds for institutional investors

Series	ISIN code	Bank / Brokerage house	Value of issuance	Maturity	Interest	Security	Quotation market
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3,0%	-	ASO CATALYST
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST
2/2017	PLECHPS00258	mBank S.A.	139 950	30.11.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST
1/2018	PLECHPS00282	mBank S.A.	46 600	25.04.2022	WIBOR 6M + margin 2,9%	-	ASO CATALYST
1/2019	PLECHPS00308	mBank S.A.	96 510	11.04.2023	WIBOR 6M + margin 4,25%	-	ASO CATALYST
1/2020	PLO017000012	mBank S.A.	150 000	31.05.2024	WIBOR 6M + margin 4,5%	-	ASO CATALYST
Total			688 060				

Bonds for individual investors

E-series	PLECHPS00217	DM PKO BP S.A.	100 000	6.07.2021	WIBOR 6M + margin 2,9%	-	regulated market CATALYST
F-series	PLECHPS00233	DM PKO BP S.A.	125 000	11.10.2022	WIBOR 6M + margin 2,9%	-	regulated market CATALYST
G-series	PLECHPS00241	DM PKO BP S.A.	75 000	27.10.2022	WIBOR 6M + margin 2,9%	-	regulated market CATALYST
H-series	PLECHPS00266	DM PKO BP S.A.	50 000	22.05.2022	WIBOR 6M + margin 2,8%	-	regulated market CATALYST
I-series	PLECHPS00274	Consortium: DM PKO Bank Polski S.A., Noble Securities S.A. and Centralny Dom Maklerski Pekao S.A	50 000	8.11.2023	WIBOR 6M + margin 3,4%	-	regulated market CATALYST
J and J2-series	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%	-	regulated market CATALYST
Total			433 832				
Total bonds			1 121 892				

Value of the bonds corresponds to undiscounted cash flows without interests.

Change of business and economic conditions had no significant effect on the financial obligations' fair value.

Under the company's Bond Issue Programme, which could go up to a maximum value of PLN 1 billion, in cooperation with mBank S.A., on June 2nd 2020 Echo Investment issued bonds worth a total of PLN 150 million to institutional investors. The nominal value and issue price of each bonds was PLN 10,000. They were issued for the period ending on May 31st 2024. The interest on the bonds was determined

based on the variable WIBOR 6M rate supplemented by the investors' margin. The interest will be paid in semi-annual periods. The bonds are to be redeemed on the redemption date at their par value. The bonds that were issued are not secured and are traded on the alternative trading system operated by the Warsaw Stock Exchange.

At the same time, on June 1st 2020 the company purchased for redemption 1,005 own bonds bearing the ISIN code PLECHPS00258, 9,340 bonds with the code PLECHPS00282 and 349 bonds with the code PLECHPS00308. The unit par value of each bond was PLN 10,000.

COMPANY'S LIABILITIES DUE TO BONDS ISSUED AS AT 31.12.2019 [PLN '000]

Series	ISIN code	Bank / brokerage house	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market
Bonds for institutional investors							
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3,0%	-	ASO CATALYST
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST
2/2017	PLECHPS00258	mBank S.A.	150 000	30.11.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST
1/2018	PLECHPS00282	mBank S.A.	140 000	25.04.2022	WIBOR 6M + margin 2,9%	-	ASO CATALYST
1/2019	PLECHPS00308	mBank S.A.	100 000	11.04.2023	WIBOR 6M + margin 4,25%	-	ASO CATALYST
Total			645 000				
Bonds for individual investors							
E-series	PLECHPS00217	DM PKO BP S.A.	100 000	06.07.2021	WIBOR 6M + margin 2,9%	-	regulated market CATALYST
F-series	PLECHPS00233	DM PKO BP S.A.	125 000	11.10.2022	WIBOR 6M + margin 2,9%	-	regulated market CATALYST
G-series	PLECHPS00241	DM PKO BP S.A.	75 000	27.10.2022	WIBOR 6M + margin 2,9%	-	regulated market CATALYST
H-series	PLECHPS00266	DM PKO BP S.A.	50 000	22.05.2022	WIBOR 6M + margin 2,8%	-	regulated market CATALYST
I-series	PLECHPS00274	Consortium of 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%	-	regulated market CATALYST
J and J2-series	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 Banku Polskiego S.A.	33 832	21.09.2023	WIBOR 6M + margin 3,4%	-	regulated market CATALYST
Total			433 832				
Total bonds			1 078 832				

COMPANY'S LIABILITIES DUE TO BONDS ISSUED AS AT 30.06.2019 [PLN '000]

Series	ISIN code	Bank	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market	
Bonds for institutional investors								
1/2016	PLECHPS00209	mBank S.A.	100 000	18.11.2020	WIBOR 6M + margin 3,0%	-	ASO CATALYST	
1/2017	PLECHPS00225	mBank S.A.	155 000	31.03.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST	
2/2017	PLECHPS00258	mBank S.A.	150 000	30.11.2021	WIBOR 6M + margin 2,9%	-	ASO CATALYST	
1/2018	PLECHPS00282	mBank S.A.	140 000	25.04.2022	WIBOR 6M + margin 2,9%	-	ASO CATALYST	
1/2019	PLECHPS00308	mBank S.A.	100 000	11.04.2023	WIBOR 6M + margin 4,25%	-	ASO CATALYST	
Total			645 000					
Bonds for individual investors								
E-series	PLECHPS00217	DM PKO BP S.A.	100 000	06.07.2021	WIBOR 6M + margin 2,9%	-	regulated market CATALYST	
F-series	PLECHPS00233	DM PKO BP S.A.	125 000	11.10.2022	WIBOR 6M + margin 2,9%	-	regulated market CATALYST	
G-series	PLECHPS00241	DM PKO BP S.A.	75 000	27.10.2022	WIBOR 6M + margin 2,9%	-	regulated market CATALYST	
H-series	PLECHPS00266	DM PKO BP S.A.	50 000	22.05.2022	WIBOR 6M + margin 2,8%	-	regulated market CATALYST	
I-series	PLECHPS00274	Consortium: DM PKO Banku Polskiego S.A., Noble Securities S.A. i Centralny Dom Maklerski Pekao S.A.		50 000	08.11.2023	WIBOR 6M + margin 3,4%	-	regulated market CATALYST
J and J2-series	PLECHPS00290	Seria J: consortium Noble Securities S.A., Michael / Ström Dom Maklerski S.A., Dom Maklerski Banku Ochrony Środowiska S.A. Seria J2: DM PKO Banku Polskiego S.A.		33 832	21.09.2023	WIBOR 6M + margin 3,4%	-	regulated market CATALYST
Total			433 832					
Total bonds			1 078 832					

NOTE 9A

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

	30.06.2020	31.12.2019	30.06.2019
Trade, due to subsidiaries, with maturity:	7 337	2 590	3 257
- up to 12 months	7 337	2 590	3 257
Trade, due to other entities, with maturity:	23 019	50 812	24 193
- up to 12 months	23 019	50 812	24 193
Total short-term trade liabilities	30 356	53 402	27 450
- advances received (due to contracts)	73 520	100 163	131 702
- security deposits received	4 771	4 777	5 528
Total security deposits and advance payments received	78 291	104 940	137 230
Taxes, customs duties, insurance and other benefits	10 086	15 315	2 637
- due to current portion of income tax	2 638	3 215	974
Total tax	10 086	15 315	2 637
Leasing liabilities	11 780	13 059	9 230
Liabilities due to transformation charges	105	215	-
Total liabilities due to leasing and transformation charges	11 885	13 274	9 230
Other liabilities, including	47 708	26 583	27 790
- payroll	17	10	10
- other (due to)	47 691	26 573	27 781
- cash on escrow account	42 011	17 720	11 635
- acquisition of interests	20	370	20
- other, including	5 660	8 483	16 126
- bonuses for management and employees	720	5 940	13 455
Total other short-term liabilities	47 708	26 583	27 790
Total short-term trade liabilities, taxes, security deposits received and other	178 326	213 514	204 337
Interest rates used to discount expected cash-flows	6,94%	6,94%	6,94%

Fair value of trade and other liabilities does not differ significantly from its balance-sheet value.

NOTE 9B

**SHORT-TERM LIABILITIES – CHANGE DUE TO APPLICATION OF IFRS 16
[PLN '000]**

	30.06.2020	31.12.2019	30.06.2019
Opening balance	13 274	15 048	9 557
Changes in the period	(1 389)	(1 774)	(327)
- new purchases	-	-	-
- financial costs	85	450	322
- payment	(786)	(647)	(649)
- completion or sale of the project	(688)	(1 577)	-
Closing balance	11 885	13 274	9 230

Changes related to IFRS 16 adoption are described in item "Main accounting principles" under "leasing".

NOTE 10A

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

	30.06.2020	31.12.2019	30.06.2019
Due to subsidiaries			
- borrowings	-	-	-
Due to other entities			
- loans and borrowings	192 250	213 874	2 595
- due to issue of debt securities	291 639	148 338	52 719
	483 889	362 212	55 314
Total short-term loans, borrowings and bonds	483 889	362 212	55 314

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 statements.

NOTE 10B

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

	30.06.2020	31.12.2019	30.06.2019
In the Polish currency (PLN)	483 889	362 212	55 314
Total	483 889	362 212	55 314

No short-term borrowings as at June 30th, 2020.

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

	30.06.2019	31.12.2018	30.06.2018
At the beginning of the period			
- provisions for penalties	2 000	2 000	2 000
- provisions for guarantees	514	270	270
- provision for costs	12 993	15 047	15 047
	15 507	17 317	17 317
Increases due to			
- provisions for guarantees	383	244	81
- provision for costs	1 170	4 003	-
	1 553	4 247	81
Utilisation due to			
- provision for costs	-	(4 840)	(7)
- litigation	-	-	-
	-	(4 840)	(7)
Release due to			
- provision for costs	(3 456)	(1 217)	(1 217)
	(3 456)	(1 217)	(1 217)
At the end of the period			
- provisions for penalties	2 000	2 000	2 000
- provisions for guarantees	897	514	351
- provision for costs	10 707	12 993	13 823
	13 604	15 507	16 174

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 court cases includes court cases conducted against the Company, where a probability of success is less than 50%.

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 execution 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]

	30.06.2020	31.12.2019	30.06.2019
Contingent liabilities			
For related parties due to:	2 015 732	1 941 756	2 149 104
- guarantees and sureties granted	2 015 732	1 941 756	2 149 104
	2 015 732	1 941 756	2 149 104
Other due to:			
- court proceedings against Echo Investment	799	719	919
	799	719	919
Total	2 016 531	1 942 475	2 150 023

SURETY AGREEMENTS ISSUED BY ECHO INVESTMENT S.A. AS AT 30.06.2020 [PLN '000]

Beneficiary	Value	Validity	Due
Bletwood Investments Sp. z o.o.	1 502	until 04.07.2026	Surety for liabilities of Cogl II Poland Limited Sp. z o.o. as a collateral of liabilities resulting from the lease agreement of 6.11.2015. Issued in EUR.
HPO AEP Sp. z o.o. Sp. J.	11 165	until the date of obtaining a permit for use for the projects being carried out, but not later than 7.12.2031.	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 a collateral of liabilities resulting from the lease agreement of 7.12.2016. Mutual surety issued in EUR.
Human Office Polska Sp. z o.o.	100	until 01.08.2022	Surety for liabilities of Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp.K. resulting from the lease agreement concluded on 2.08.2018.
PKO BP S.A.	361 752	until 31.12.2026	Surety for particular liabilities of Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. SKA as a collateral of claims resulting from housing project and mortgage separation of real estate. Issued in EUR.
Bank Pekao S.A.	407 267	until 31.12.2030	Surety for particular liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. as a collateral of claims resulting from housing projects and sold office building, as well as fulfilling the terms of the lease agreement with one of the tenants. Issued in EUR.
Total	781 786		

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2020 [PLN '000]

For	Value	Validity	Due
Horta Sp. z o.o.	22 330	until 02.07.2020	Security of the proper performance of the final sale contract of the Aquarius Business House I office building in Wrocław. Issued in EUR.
Skua Sp. z o.o.	26 796	until 31.07.2021	Security of the proper performance of the final sale contract and the master lease contract for the Aquarius Business House II office building in Wrocław. Issued in EUR.
IREEF - Stryków Propco Sp. z o.o.	1 046	until 31.07.2020	Guarantee for the obligations of Echo Investment S.A. resulting from the lease contract concluded on 24.10.2016. Issued in EUR.
IREEF - Stryków Propco Sp. z o.o.	167	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.)	40 750	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 a corporate guarantee issued by Echo Investment S.A. The guarantee issued in EUR.
Issued to Emfold Investments Sp. z o.o. (currently authorized entity Tryton Business Park Sp. z o.o.)	42 508	until 21.12.2026	Construction guarantee related to the sale of the Tryton office building in Gdańsk. The construction guarantee is secured by a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
Issued to Flaxton Investments Sp. z o.o. (currently authorized entity EPP Office - Symetris Business Park Sp. z o.o.)	18 184	until 21.12.2026	Construction guarantee related to the sale of the Symetris I office building in Łódź. The construction guarantee is secured by a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
A4 Business Park Sp. z o.o.	24 563	until 26.04.2027	Construction guarantee related to the sale of the A4 Business Park III office building in Katowice. The guarantee is secured by a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
EPP Office O3 Business Campus Sp. z o.o.	38 854	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 a corporate guarantee issued by Echo Investment S.A. Guarantee issued in EUR.
EPP Office O3 Business Campus Sp. z o.o.	903	until 28.05.2021	Corporate guarantee of Echo Investment S.A. securing rental guarantee related to the sale of O3 Business Campus II in Kraków. Partially 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 S.A., PKO BP S.A., Bank Gospodarstwa Krajowego and mBank S.A.	41 534	to the date of construction loan conversion into investment loan	Security for exceeding the costs of the Galeria Młociny project in Warsaw and the obligations of Berea Sp. z o.o. arising from the loan agreement concluded 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.	650	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	79 835	until 24.05.2024	Security for the proper performance of the obligations arising from the contract for the sale of the West Link office building in Wrocław. Issued in EUR. After 24.05.2021 the maximum amount of the liability will be reduced by 80 percent.
A 19 Sp. z o.o.	26 796	until 4.07.2038	Guarantee for the obligations of Midpoint 71-Cornwall Investments Sp. z o.o. SKA (Midpoint 71 project) arising from the good neighborly 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.)	17 050	until 15.11.2020	Construction guarantee related to the sale of the office building Symetris II in Łódź. Issued in EUR. The maximum amount of the liability will be successively reduced as the amount of the liability that is 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.)	144	until 27.12.2021	Rental guarantee related to the sale of the office building Symetris II in Łódź. Partially issued in EUR. The maximum amount of the liability will be successively reduced as the amount of the liability that is secured by the guarantee decreases.

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2020 [PLN '000]

For	Value	Validity	Due
Pekao S.A.	14 147	until 30.06.2029	Guarantee securing exceeding the costs of performing Resi4REnt projects: Łódź Wodna, Wrocław Rychtalska, Warsaw Brewery, Wrocław Kępa.
R4R Wrocław Kępa Sp. z o.o. / R4R Warszawa Browary Sp. z o.o.	84 809	until 31.07.2021	Guarantee for advance payments paid by R4R companies in accordance with the preliminary contracts for the sale of real estate Kępa Mieszcząńska in Wrocław and Warsaw Brewery E in Warsaw. Echo SPV 7 Sp. z o.o. joined to preliminary contracts as a joint and several debtor responsible for the obligations of the sellers.
IB 6 FIZAN / GPF 3 FIZAN	139 201	until 31.10.2021	Security for the proper performance of the obligations of Rosehill Investments Sp. z o.o. resulting from the program contract concluded on 31.08.2017. Issued in EUR.
PKO BP S.A.	36 000	until 30.06.2023	Security for exceeding the costs of performing the Moje Miejsce office project in Warsaw.
LUX Europa III S.a.r.l.	6 450	until 7.05.2021	Security for the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the contract of quality guarantee concluded on 27.03.2019.
LUX Europa III S.a.r.l.	97 985	until 31.12.2024	Security for the proper performance of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the sale contract of the Gatehouse Offices building being part of the Warsaw Brewery complex. Issued in EUR.
LUX Europa III S.a.r.l.	121	until 30.06.2029	Security for the proper performance of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. liabilities, arising from the sale agreement of the Gatehouse Office building in the Warsaw Brewery complex. Rental guarantee issued in EUR. The maximum amount of the liability will be successively reduced as the amount of the liability that is secured by the guarantee decreases.
LUX Europa III S.a.r.l.	163 550	until 30.06.2030	Security for the proper performance of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. liabilities, arising from the sale agreement of the Gatehouse Office building in the Warsaw Brewery complex. Issued in PLN.
LUX Europa III S.a.r.l.	49 126	until 3.03.2027	Security for the proper performance of the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the sale contract of the Gatehouse Offices building being part of the Warsaw Brewery complex. Issued in EUR.
LUX Europa III S.a.r.l.	24	until 30.06.2021	Security of the liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. arising from the rental guarantee contract. The maximum amount of the liability will be successively reduced as the amount of the liability that is secured by the guarantee decreases.
Pekao S.A.	71 361	to the date of construction loan conversion into investment loan	Guarantee securing the costs exceed of the office project in the Warsaw Brewery complex in Warsaw. Issued in EUR.
Bank Millennium S.A.	8 045	to the date of construction loan conversion into investment loan	Guarantee of exceeding the costs of performing the West 4 Business Hub office project in Wrocław.
Bank Millennium S.A.	4 779	to the date of construction loan conversion into investment loan	Guarantee securing rent proceeds during the performance 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.)	1 099	until 30.06.2021	Security for the liabilities of Projekt 132 - City Space - GP Sp.z o.o. Sp.K. arising from the lease agreement concluded on 4.06.2019. Issued in EUR.
Pekao S.A.	70 000	until 29.12.2023	Guarantee securing cost overrun, covering interests on minimal level and securing own contribution on Face2Face office project in Katowice. Issued in PLN.
BNP Paribas Bank Polska S.A.	10 499	until 1.12.2022	Security for exceeding the costs of performing the React office project in Łódź.
EPP Development 6 Sp. z o.o.	6 366	until 11.02.2025	Corporate guarantee of Echo Investment S.A. 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.

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2020 [PLN '000]

For	Value	Validity	Due
EPP Development 6 Sp. z o.o.	36 026	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. Guarantee issued in EUR.
Tax Office Director in Kielce	873	until 10.02.2021	Lottery guarantee for Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.K.
142 - City Space - GP Sp. z o.o. Sp.K.	21	until 22.06.2024	Security for the liabilities of Projekt 142 - City Space - GP Sp.z o.o. Sp.K. arising from the lease agreement concluded on 21.05.2019. Issued in EUR.
143 - City Space - GP Sp. z o.o. Sp.K.	109	until 29.09.2024	Security for the liabilities of Projekt 142 - City Space - GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 21.05.2019. Issued in EUR.
Skua Sp. z o.o.	24	until 17.12.2020	Bank guarantee issued by PKO Bank Polski S.A. at the request of Echo Investment securing the 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 by PKO Bank Polski S.A. at the request of Echo Investment securing the liabilities 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	Echo Investment S.A. corporate guarantee securing performance of obligations of Project 12 - Grupa Echo Sp. z o.o. SKA regarding priority to lease space in the new shopping center, resulting from the preliminary sales contract of real estate concluded on 30.07.2019 between Project 12 - Grupa Echo Sp. z o.o. SKA and Tesco (Polska) Sp. z o.o. Due to business and legal arrangements the warranty has no upper limit potential liability.
Topaz Jewel Sp. z o.o.	6 699	until advanced payment, not later than to 31.04.2021	Echo Investment S.A. corporate guarantee securing performance of obligations of Cinema Asset Manager - Grupa Echo Sp. z o.o. SKA of deposit payment for Topaz Jewel Sp. z o.o. in relation to purchase agreement of Tesco property in Kraków (Kapelanka str.).
Tryton Business Park Sp. z o.o.	773	until 31.01.2021	Security for the liabilities of Tryton City Space - GP Sp.z o.o. Sp.K. arising from the lease contract concluded on 12.06.2018. Issued in EUR.
DH Supersam Katowice Sp. z o.o. Sp.K.	377	until 31.01.2021	Security for the liabilities of Supersam City Space - GP Sp. z o.o. Sp.K. arising from the lease agreement concluded on 28.02.2017. Issued in EUR.
PDG MA-SKI Auto Parksystemy Sp. z o.o.	363	until 19.11.2020	Security of the payment for producing and delivery of parklift installation in Fuzja B project in Łódź.
PDG MA-SKI Auto Parksystemy Sp. z o.o.	1 367	until 4.08.2020	Security of the payment for producing and delivery of parklift installation in Reset II project in Warsaw.
Warburg-HiH Invest Real Estate GmbH	1 047	until 05.05.2021	Security of the liabilities of Sagittarius-Projek Echo - 113 Sp.z o.o. Sp.k. arising from the rental guarantee contract. The maximum amount of the liability will be successively reduced as the amount of the liability that is secured by the guarantee decreases.
Total	1 233 945		

IFRS 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 developed by subsidiaries. Such guarantees constitute either security related to the development of projects or after-sales security

for new investors and they are a form of security commonly used on the market. In the opinion of the Management Board, through the ability to monitor the operations of subsidiaries, the Company has the full ability to monitor the credit risk associated with the issued guarantees. Entities of the Echo Investment Capital Group are fully capable and ready to meet contractual obligations, so the

Management Board of the Company did not find any material expected losses due to issuing guarantees and sureties by the Company. In accordance with IFRS 9 requirements, the provision due to expected credit losses was created and amounted to PLN 897 thousand as at June 30th, 2020 and PLN 351 thousand as at June 30th, 2019.

SURETY AGREEMENTS ISSUED BY ECHO INVESTMENT S.A. AS AT 30.09.2019 [PLN '000]

For	Value	Validity	Description
Bletwood Investments Sp. z o.o.	1 430	entire validity period of the lease and three months following its termination date	Surety for liabilities of Cogil 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.	10 630	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 the leasing agreement
PKO BP S.A.	344 418	until 31.12.2026	Surety for liabilities of Projekt Beethovena - Projekt 122 Sp. z o.o. SKA, resulting from loan agreement. Issued in EUR.
Total	356 578		

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2019 [PLN '000]

For	Value	Validity	Description
Horta Sp. z o.o.	21 260	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.	25 512	until 30.07.2021	Performance bond for the final sale agreement of the Aquarius Business House I office building in Wrocław. Issued in EUR.
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.	27 053	until 31.08.2019	Rental guarantee related to sale of Q22 office building in Warsaw. The guarantee is secured with bank guarantee issued by Santander Bank Polska S.A. to the order of Echo Investment S.A. Issued in EUR.
Ventry Investments Sp. z o.o. Sp.K.	28 065	until 20.12.2019	Rental guarantee related to sale of O3 Business Campus I in Kraków. The guarantee is secured with corporate guarantee issued by Echo Investment S.A. Partially issued in EUR.
Emfold Investments Sp. z o.o.	42 746	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.	17 975	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.	21 303	until 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.	981	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. and BNP Paribas Bank Polska S.A.	56 318	to the date of construction loan conversion into investment loan	Surety bond for costs overrun of the project of Libero in Katowice. Issued in EUR.
Santander Bank Polska S.A., PKO BP S.A., Bank Gospodarstwa Krajowego and mBank S.A.	39 544	to the date of construction loan conversion 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.	46 905	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.	15 805	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 28.02.2020	Guarantee securing the execution of liabilities of Duże Naradowice - Projekt Echo - 111 Sp. z o.o. S.K.A. resulting from the agreement of 8.01.2018.
IB 14 FIZAN	87 348	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.	25 512	until termination of the agreement concluded on 4.07.2018	Guarantee securing the execution of liabilities of Projekt 22 Grupa Echo Sp. z o.o. SKA, resulting from the agreement concluded on 4.07.2018. Issued in EUR.

GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 30.06.2019 [PLN '000]

For	Value	Validity	Description
Flaxton Investments Sp. z o.o.	17 975	until 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	until 30.06.2029	Guarantee securing costs overrun of projects.
R4R Wrocław Kępa Sp. z o.o./SO SPV 103 Sp. z o.o./R4R Warszawa Browary Sp. z o.o.	151 895	until 31.07.2021	Guarantee of deposit refund.
IB 6 FIZAN / GPF 3 FIZAN	132 531	until 31.10.2021	Guarantee securing the execution of liabilities of Rosehill Investments Sp. z o.o., resulting from framework agreement concluded on 31.08.2017. Issued in EUR.
Tryton Business Park Sp. z o.o.	539	until 31.01.2020	Guarantee securing the execution of liabilities of Tryton City Space - GP Sp. z o.o. Sp.k. resulting from the lease agreement of 12.06.2018. Issued in EUR
DH Supersam Katowice Sp. z o.o. Sp.K.	359	until 31.01.2020	Guarantee securing the execution of liabilities of Supersam City Space - GP Sp. z o.o. Sp.k. resulting from the lease agreement of 28.02.2017. Issued in EUR.
City of Katowice	758	until 15.01.2020	Performance bond for liabilities of Galeria Libero - Projekt Echo - 120 Sp. z o.o. Sp.K. resulting from the agreement of 16.06.2016 on a road construction project.
PKO BP S.A.	36 000	until 30.06.2023	Cost overrun guarantee agreement regarding Moje Miejsce office project in Warsaw.
LUX Europa III S.a.r.l.	6 450	until 25.03.2020	Guarantee securing the execution of liabilities of Dellia Investments - Projekt Echo - 115 Sp z o.o. Sp.k. resulting from quality guarantee agreement on 27.03.2019.
LUX Europa III S.a.r.l.	97 041	until 31.12.2024	Performance bond for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. resulting from the sale agreement of Gatehouse Offices, one of office buildings of Warsaw Brewery complex in Warsaw. Partially issued in EUR.
LUX Europa III S.a.r.l.	14 609	until 30.06.2029	Performance bond for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. resulting from the sale agreement of Gatehouse Offices, one of office buildings of Warsaw Brewery complex in Warsaw. Partially issued in EUR.
LUX Europa III S.a.r.l.	163 550	until 30.06.2023	Performance bond for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. resulting from the sale agreement of Gatehouse Offices, one of office buildings of Warsaw Brewery complex in Warsaw. Partially issued in EUR.
LUX Europa III S.a.r.l.	46 772	until 3.03.2027	Performance bond for liabilities of Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K. resulting from the sale agreement of Gatehouse Offices, one of office buildings of Warsaw Brewery complex in Warsaw. Partially issued in EUR.
Bank Polska Kasa Opieki S.A.	67 941	to the date of construction loan conversion into invest- ment loan	Cost overrun guarantee agreement related to the office project in Warsaw Brewery complex in Warsaw. Issued in EUR.
Bank Millenium S.A.	8 045	to the date of construction loan conversion into invest- ment loan	Cost overrun guarantee agreement related to the office project West 4 Business Hub in Wrocław.
Bank Millenium S.A.	4 550	to the date of construction loan conversion into invest- ment loan	Guarantee securing rental income during construction of West 4 Business Hub in Wrocław. Issued in EUR.
PKO BP S.A.	107 418	until 30.11.2021	Guarantee securing execution of liabilities of Echo-Opolska Business Park Sp. z o.o.Sp.K. resulting from loan agreement. Issued in EUR.
Echo-Opolska Business Park Sp. z o.o. Sp.K.	1 006	until 30.06.2020	Performance bond for liabilities of 132 - City Space - GP Sp. z o.o. Sp.K. resulting from leasing agreement signed on 4.06.2019. Issued in EUR.
Total	1 792 529		

Explanatory notes to the profit and loss account

NOTE 13

REVENUE STRUCTURE – TYPES OF ACTIVITIES [PLN ‘000]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
REVENUES RESULTING FROM AGREEMENTS WITH CLIENTS	154 805	95 665
Sale of residential and commercial space	103 604	34 432
From related parties	46 465	-
- from joint-ventures	46 465	-
Property development services	34 910	35 785
From related parties	34 910	32 080
- from subsidiaries	31 556	27 644
- from joint-ventures	3 354	-
Sale of plots	4 477	1 893
From related parties	-	-
Legal, accounting, consulting and IT services	1 221	6 560
From related parties	1 221	6 560
- from subsidiaries	1 221	6 560
Financial, marketing, securing services and other revenue	10 593	16 995
From related parties	8 630	16 157
- from subsidiaries	8 047	16 157
- from jointly-controlled entities	583	-
- from key personnel	-	-
REVENUES FROM LEASING ACTIVITY		
Lease services	558	950
From related parties	15	759
- from subsidiaries	15	759
Total revenue	155 363	96 615
From related parties	91 241	55 556
- from subsidiaries	40 839	51 120
- from joint-ventures	50 402	-
- from key personnel	-	-

The company did not conclude transactions with affiliated entities on terms other than market terms. The agreements regarding significant transactions with affiliated entities implemented in the previous year were presented by the Company in additional explanations.

NOTE 13A

OPERATING INCOME – SUBLEASING [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
Leasing services	364	710
Total leasing services	364	710

Until March 31st, 2020 the Company subleased part of its office space that was rented in Warsaw.

NOTE 13B

REVENUE FROM DEVELOPMENT SERVICES [PLN '000]

Project	Targeted completion date	Targeted project value	Total revenue brought forward resulting from concluded agreements	Advance payments received
Rydla 32, Kraków	project completed	48 513	2 483	1 366
Osiedle Jarzębinowe V, Łódź	project completed	43 900	499	-
Nowa Dzielnica, Łódź	project completed	30 077	2 000	1
Osiedle Jarzębinowe VI, Łódź	project completed	20 370	1 174	433
Osiedle Jarzębinowe VII, Łódź	Q4 2020	36 313	36 313	14 252
Osiedle Jarzębinowe VIII, Łódź	Q4 2021	38 087	38 087	-
Grota – Roweckiego 111 etap III, Wrocław	project completed	16 207	858	-
Nasze Jeżyce, Poznań	Q1 2021	57 829	57 829	11 664
Nasze Jeżyce II, Poznań	Q2 2021	63 885	63 885	6 071
Apartamenty Esencja, Poznań	Q4 2020	115 986	115 986	35 618
Ogrody Graua, Wrocław	project completed	45 323	23 476	4 113
Other		2	2	2
Total		516 492	342 591	73 520

The total value of future revenues related to obligations to perform a contract for the sale of residential and commercial space, resulting from agreements signed on June 30th, 2020, is PLN 516,492 thousand, of which until the balance sheet date the Company received advance payments in the amount of PLN

73,520 thousand. These revenues will be recognised when the property is delivered to buyers, after completion of construction and obtaining the necessary administrative decisions, which follows on average after about 1-3 months after completion of construction.

NOTE 14A

OTHER OPERATING REVENUE [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
Released provisions	1 903	1 240
- due to receivables	-	16
- due to expected costs	1 903	1 224
Other, including:	185	1 341
- contractual penalties	183	68
- revenue from sale of receivables	-	-
- revenue from sale of non-financial fixed asset	2	211
- other	-	1 062
Interest on borrowings and bonds	24 011	23 597
From related entities, including:	24 011	23 597
- from subsidiaries	21 847	21 323
- from joint-ventures	2 164	2 274
Other interests	39	44
From other entities	39	44
Total	26 138	26 222

NOTE 14B

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

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
From related parties including	79 343	59 997
- from subsidiaries	79 343	59 997
Total	79 343	59 997

NOTE 15A

FINANCIAL REVENUE FROM INTEREST [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
Other interest		
- from other entities	55	606
Total	55	606

NOTE 15B

OTHER FINANCIAL REVENUE [PLN '000]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
Foreign exchange gains	8 769	1 270
Profit on sale of interests	-	2 626
Profit on certificates redemption*	1 709	-
Total other financial revenue	10 478	3 896

*Transactions are described in the note 3C.

NOTE 16

INCOME TAX - EFFECTIVE TAX RATE ['000 PLN]

	1.01.2020- 30.06.2020	1.01.2019- 30.06.2019
Gross profit	65 055	39 262
Income tax calculated according to the country rules (19%)	12 360	7 460
Dividend received	(9 589)	(10 016)
Payment from profit of limited partnership subsidiaries	(5 486)	(1 383)
Company tax burden on the results of limited partnership subsidiaries	5 664	(724)
Representation costs and other non-tax deductible costs during the year	6 933	6 282
Provision on expected costs	(361)	(233)
Valuation of subsidiary interests, that is permanent difference	622	647
Impairment loss on loans and bonds granted for which no deferred tax was recognized	(324)	72
Change of valuation of other items	(1 268)	150
Income tax expense	8 551	2 256

INFORMATION ON FINANCIAL INSTRUMENTS [PLN '000]

Type of instrument	Note	IFRS 9 classification	Balance value		
			as at 30.06.2020	as at 31.12.2019	as at 30.06.2019
FINANCIAL ASSETS					
Long-term financial assets	3		480 009	478 355	767 659
Investment certificates			-	4 791	144 677
Bonds		amortised cost	480 009	473 564	622 982
Loans and receivables			1 019 992	857 712	742 267
Long-term loans	3	amortised cost	316 232	281 264	318 718
Short-term loans	7	amortised cost	681 382	533 608	396 123
Trade payables		amortised cost	22 318	42 746	27 426
Leasing		amortised cost	60	94	-
Cash and other monetary assets			197 639	249 867	68 921
Other monetary assets		amortised cost	42 011	17 720	11 635
Cash and cash equivalents		amortised cost	155 628	232 147	57 286
Financial liabilities					
Other financial liabilities			1 592 283	1 505 399	1 134 629
Liabilities due to issue of debt securities	8, 10	amortised cost	1 121 736	1 085 197	1 083 458
Trade liabilities	9	amortised cost	30 356	53 402	27 450
Loans and borrowings	8, 10	amortised cost	415 806	340 881	2 595
Leasing	9	amortised cost	24 385	25 919	21 126

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.

INFORMATION ON FINANCIAL STATEMENT OF ECHO INVESTMENT S.A.



Accounting principles adopted in drawing up the semi-annual report of Echo Investment S.A.

COMPLIANCE STATEMENT

Echo Investment's condensed standalone interim financial statements for the first half of 2020, covering the period from January 1st, 2020 to June 30th, 2020, were prepared following IAS 34 'Interim Financial Reporting' adopted by the European Union.

The condensed interim financial statements of Echo Investment S.A. present the financial data for the period of 6 months ended June 30th, 2020 and the comparative data for the period of 6 months ended June 30th, 2019 and the comparative data for the period of 12 month ended December 31st, 2019.

The financial statements have been developed on the historical cost basis, save for investment properties and financial instruments measured at fair value. Items in the financial statements of the Company are presented in the main currency of the economic environment in which the Company operates (functional currency). The financial data are presented in the Polish zloty (PLN) - the presentation currency and the functional currency of the Company, rounded to the nearest thousands of zlotys, unless otherwise specified in specific situations.

GOING CONCERN ASSUMPTION

The financial statements have been developed on the assumption of going concern in the foreseeable future, bearing in mind the fact that there are no circumstances implying a threat to going concern.

APPROVAL OF FINANCIAL STATEMENTS

The Company prepared separate financial statements for the mid-year period ended June 30th, 2020, which was approved for publication on 23 September 2020. The Management Board of the Company has used its best judgement regarding the application of standards and interpretations, as well as the methods and principles of measurement of individual items of these statutory financial statements.

The financial result is determined from the profit and loss account, applying the principles of the accruals concept 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.

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.

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 costs of remuneration of employees responsible for project construction, in part in which they can be assigned to a specific project during construction, are capitalised in the value of the project. Costs are allocated on the basis of working hours reported by employees.

ADMINISTRATIVE COSTS RELATED TO PROJECTS

Administrative costs related to projects include administrative costs indirectly related to the implementation of development projects which include: land perpetual usufruct tax, real estate tax, maintenance fees, property protection, administrative staff remuneration costs and maintenance costs of employees responsible for construction of projects in the part where cannot be assigned to a specific project or they relate to projects completed and other costs related to the maintenance of development projects.

These costs, despite an indirect connection with the construction of development projects, are not capitalised in the value of inventories/investment properties, because:

- in light of IAS 2, these costs are excluded from the purchase price or the cost of inventories due to the fact that they are not incurred in order to bring inventories to their current status and place;

- IAS 40, which refers in this respect to the provisions of IAS 16, does not permit capitalisation of administrative and general management costs in the value of investment property.

FINANCING COSTS

Financial costs related to the current period are recognized in the profit and loss account according to the amortized cost method described in the Liabilities section, 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.

Activation covers the amount of financial costs determined using the effective interest rate minus income received from temporary depositing of cash (i.e. interest on bank deposits with the exception of deposits resulting from the blocking of accounts, accreditation agreements) in the case of targeted

financing for a given construction project. In the case of general financing, the general financing costs subject to capitalization are determined using the capitalization rate in relation to the expenditures incurred for a given asset component.

In accordance with 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 physical construction. They also include technical and administrative work prior to commencing physical construction, such as activities related to obtaining necessary permits, design and preparatory works. However, such activities do not include the holding of an asset when no production or development that changes the asset's condition is taking place.

Material agreements made by Echo Investment S.A. with related parties

03

As a result of the Echo Investment Group's strategy of developing each shopping centre, office building and selected residential projects by a separate sub-

subsidiary, a significant part of transactions executed by Echo Investment S. A. is executed with related parties.

MATERIAL AGREEMENTS CONCLUDED WITH RELATED ENTITIES AND PERFORMED IN H1 2020 ['000 PLN]

Subject of the contract - liability of Echo Investment S.A.	Date of agreement	Contractor – investor	Transaction value
Final sale agreement on the real estate and movabilities related to project on ul. Wodna in Łódź	30.03.2020	R4R Łódź Wodna Sp. z o.o.	46 465
Investment project management agreement on Villa Offices construction in Warsaw on ul. Grzybowska	31.10.2018	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K.	3 426
Comprehensive project management on construction of MidPoint71 office building in Wrocław, on ul. Powstańców Śląskich	27.11.2019	Midpoint 71 - Cornwall Investments Sp. z o.o. SKA	2 898
Advisory, project management, legal advisory and engineering works	29.06.2018	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K.	2 264
Comprehensive project management and advisory services in all matters related to construction of Face2Face II office building in Katowice	31.10.2018	Face2face - Stranraer Sp. z o.o. SKA	2 213
Investment project management agreement – construction of an office building in Gdańsk on ul. Nowomiejska	2.12.2019	Projekt 16 - Grupa Echo Sp. z o.o. SKA	1 944
Investment project management agreement - construction of the office building of Moje Miejsce in Warsaw on ul. Beethovena	6.05.2019	Projekt Beethovena-Projekt Echo - 122 Sp. z o.o. S.K.A.	1 578
Investment project management agreement – construction of the office complex React in Łódź on ul. Kilińskiego	1.06.2019	React - Dagnall Sp. z o.o. SKA	1 570
Investment project management agreement – construction of the residential estate Stacja 3.0 in Wrocław on ul. Mińska	1.10.2019	Projekt Echo - 136 Sp. z o.o. Sp.K.	1 530
Investment project management agreement – construction of the residential estate Stacja 3.0 in Wrocław on ul. Mińska	1.06.2019	Gosford Investments Sp. z o.o.	1 436
Comprehensive project management and advisory services in all matters related to construction of office building in Wrocław	30.11.2018	Projekt 17 - Grupa Echo Sp. z o.o. SKA	1 398
Investment project management agreement Fuzja phase B, Łódź, ul. Tymienieckiego	1.04.2019	Elektrownia Re Sp. z o.o.	1 259
Comprehensive project management and advisory services in all matters related to construction project in Warsaw	1.12.2018	Taśmowa - Projekt Echo - 116 Sp. z o.o. SKA	1 210
Financial brokerage agreement	27.09.2018	Face2face - Stranraer Sp. z o.o. SKA	1 200
Investment project management agreement - Resi4Rent	1.12.2017	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K.	1 092
Comprehensive project management and advisory services in all matters related to construction of Face2Face I office building in Katowice	1.06.2018	Face2face - Stranraer Sp. z o.o. SKA	1 046

Listed above transactions with related entities concern subsidiaries.

AGREEMENTS CONCLUDED WITH RELATED ENTITIES AS AT 30.06.2020
['000 PLN]

Entity	Sale	Purchase	Receivables	Liabilities
Subsidiaries	40 839	8 538	16 762	7 337
Total	40 839	8 538	16 762	7 337

AGREEMENTS CONCLUDED WITH RELATED ENTITIES AS AT 30.06.2019
['000 PLN]

Entity	Sale	Purchase	Receivables	Liabilities
Subsidiaries	51 120	19 163	20 414	3 257
Total	51 120	19 163	20 414	3 257

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 the best knowledge of current and future events and activities, however, actual results may differ from those anticipated. Estimates and related assumptions are subject to ongoing verification. Change in accounting estimates is recognized in the period in which they were changed – if it concerns only this period, or in the current and future period – if the changes concern both the current and future period.

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

INVENTORY

When estimating the net 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.

LEASES

The adaption and application of IFRS 16 required the Company to make various estimates and to engage in professional judgment. The main area in which it happened concerning the assessment of lease periods, in agreements for an indefinite period and in agreements for which the Company was entitled to extend the agreement. When determining a lease period, the Company had to consider all facts and circumstances, including the existence of economic incentives to use or not to extend the agreement 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 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 30 June 2020, 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.

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 pre-

vent the creation and use of artificial legal structures 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 reorganisation of the group.

Effects of the change in presentation - restatement of financial statements for previous periods

05

The Management Board of the Company voluntarily decided to change the presentation of costs related to interest on loans received in the amount of PLN 487 thousand, previously presented under

“other operating expenses”. After analysis, the Management Board decided that these are the costs of acquired external financing, therefore they should be presented as financial costs. As a result, the

Company made an appropriate change in the presentation of the profit and loss account by transferring these costs to the item “financial costs”.

EFFECT OF CHANGES ON THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30.06.2019 [PLN ‘000]

Related entity	Period ended	Change of presentation	Period ended 30.06.2019 (restated)
Other operating revenues	88 594	(2 375)	86 219
Other operational costs	(3 376)	2 862	(514)
Operating profit	72 546	487	73 033
Financial costs	(37 786)	(487)	(38 273)
Gross profit	39 262	-	39 262

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

Anna Gabryszewska-Wybraniec
Chief Accountant

Kielce, September 22nd, 2020

STATEMENT OF THE MANAGEMENT BOARD



The Management Board of Echo Investment S.A. declares that, to the best of its knowledge, the interim financial report for H1 2020 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 and the financial results of Echo Investment S.A. and its Group. The management report of Echo Investment S.A. and its Group presents a real view of development, accomplishments and situation of Echo Investment S.A. and its Group, including a description of fundamental risks and threats.

The Management Board of Echo Investment S.A. declares that the entity authorized to review financial statements for H1 2020, was selected in accordance with the laws. This entity and the statutory auditors conducting the review fulfilled the conditions required to express an unbiased and independent opinion on the audited 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, September 22nd, 2020

CONTACT

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