

FINANCIAL REPORT OF  
**ECHO INVESTMENT**  
Q1 2020



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## **DEAR SHAREHOLDERS, PARTNERS AND CLIENTS,**

It is my pleasure to present to you this financial report of Echo Investment for the first quarter of 2020, detailing stable financial position and business plans for the coming quarters. At that time Echo Investment generated a net profit of PLN 40 million, that mainly resulted from the value increase of projects under construction and hand over of 190 apartments to clients.

The epidemiological situation has shown once again our company's strengths, such as the diversification of business activities into different real estate sectors, the financial stability and having inhouse teams responsible for all basic functions in the development process. Due to restrictions, we focused our efforts on maintaining business continuity: keeping construction sites working, being in contact with clients, as well as ensuring a safe and effective working system for our employees. On construction sites and in offices, we have implemented extra safety precautions, increased safety standards and procedures. Parallel to all of these activities we stayed focused on permitting of all our coming projects to be ready to start when we see the demand on the different regional markets. We also looked over our internal resources and proper division of duties. To optimize organisation of work, we have delegated some tasks of overloaded teams to employees who can't perform their daily duties due to epidemic restrictions. Thanks to investments in technology and processes, that Echo Investment has been consistently implementing for several years, all functions in the company operated without interruptions, maintaining safety of employees, business partners and clients.

### **Apartments**

In the first quarter of 2020, we sold 399 apartments, compared to 352 in the corresponding period of 2019. Since the beginning of the year we have finished the projects: Widoki Mokotów in Warsaw, Osiedle Jarzębinowe VI in Łódź, Osiedle Jaśminowe IV in Poznań and Ogrody Graua in Wrocław. This translated into 190 apartments handed over to clients in the first quarter, compared to 23 apartments delivered in the corresponding period of 2019.

For several years now, we have been investing in modern tools for client communication and remote working. The epidemic has only proved the efficiency of these systems and the rightness of spending money on them. Thanks to these solutions, like virtual viewings of apartments for clients, they can go through almost the entire process of buying an apartment without leaving their home. And because of that, throughout the whole period of lock-down, we have been in constant contact with our clients and we quickly returned to our ordinary mode of operation: signing contracts and handing over apartments to clients. The epidemic did not affect construction schedules in any way, as we introduced extra precautionary procedures and safeguards for employees. In order to strengthen the stability of the company and the sense of safety of clients, we have also introduced our additional internal requirement to pre-sell of the apartments in the project before construction starts.

### **Resi4Rent**

Resi4Rent, the largest institutional platform of apartments for rent in Poland, received an occupancy permit for the second project in Wrocław - Resi4Rent Kępa Mieszcząńska in the last quarter. Thanks to this, the company already has almost 800 apartments on offer. All projects have a very good rental rate. In the third quarter of 2020, another 450 units located in the Warsaw Brewery will be put on offer. We believe that the limited supply of new apartments in combination with the uncertainty of the economic situation is a factor that supports the development of the institutional residential rental market, so we are confident of achieving the strategic goal of Resi4Rent, i.e. developing the platform of 7.5 thousand apartments for rent by 2024.

*The epidemiological situation has shown once again our company's strengths, such as the diversification of business activities into different real estate sectors, the financial stability and having inhouse teams responsible for all basic functions in the development process.*

### **Offices**

At the end of first quarter of 2020, Echo Investment held office buildings under construction with a total leasable area of 180,000 sqm. The construction of the first stage of the office Face2Face Business Campus complex in Katowice was finished in January. The first tenants have already moved into the building. In April, the building of the Villahouse Offices in the Warsaw Brewery was also completed and the tenants will soon start moving in. Also in case of this sector, all construction works are progressing according to schedule. The company is also constantly conducting promising negotiations on leasing of the projects under construction, as well as selling the finished ones.

We continue developing CitySpace, our operator of flexible serviced offices. Its tenants have recently appreciated the possibility of using the virtual office, and in post-epidemic circumstances they can also rent a desk for days or even hours, as part of expanding CitySpace offer.

### **Retail and entertainment sector**

The completion of commercialization of the Warsaw Brewery was one of the most important tasks of the retail and entertainment real estate department in the first quarter of 2020. It is on the quality of food and beverage operators and tenants offering all sorts of services that the success of the Warsaw Brewery depends, as a place that attracts people and encourages them to enjoy well-designed urban space. Thanks to the contracts signed, the retail and service part of the complex is fully leased.

Of all the sectors where Echo Investment is present, retail real estate has been most affected by the restrictions associated with the epidemic. With further steps to defrost the economy, the functioning of Libero in Katowice and Galeria Młociny in Warsaw (Echo Investment holds a 30% share) are returning to normal. This required a lot of effort and partner relations in negotiations with tenants. In recent days, we have managed to conclude individual agreements with over 90% of tenants, while we have agreed preliminary conditions with the rest and we are expecting the talks to be completed successfully in the near future. The basis of the compromise is the belief that this difficult situation in shopping centres is temporary and that owners and tenants will work together on a gradual return to normal operation of facilities. The first days after the reopening of the shopping centres showed that the results are better than we expected, based on experiences in other countries. The footfall is increasing every week, that is helped by the successive stages of the economy defrosting. The conversion rate, i.e. the number of visitors to the number of buyers, is record high, that is also a good forecast when it comes to returning the whole industry to normal.

### **Financial position**

Echo Investment enjoys a stable financial standing. The Group maintains a high cash position: at the end of the first quarter it was over PLN 450 million. The value of our assets amounts to PLN 5 billion, nearly 20% higher than a year ago, with a 36% increase in the value of commercial and residential projects under construction and in preparation. This is in line with our strategy to strengthen our position as a stable and diversified leader in the development sector. We continue to observe the changes in the economy caused by the pandemic and carefully analyze our plans for the coming months. The priority is to maintain a strong financial position and a healthy growth rate.

I encourage you to read our financial report for the first quarter of 2020 in details.

Yours sincerely



**Nicklas Lindberg**  
CEO of Echo Investment

# CHAPTER 1

# MANAGEMENT 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

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**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.

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**Noah M.  
Steinberg**  
Chairman of the  
Supervisory Board



**Tibor  
Veres**  
Deputy Chairman  
of the Supervisory Board



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



**Maciej  
Dyjas**  
Supervisory Board  
Member



**Stefan  
Kawalec**  
Independent Supervisory  
Board  
Member Chairman  
of the Audit Committee



**Nebil  
Senman**  
Supervisory Board  
Member  
Audit Committee  
Member



**Péter  
Kocsis**  
Supervisory Board  
Member



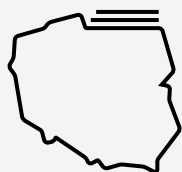
**Bence  
Sass**  
Supervisory Board  
Member



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

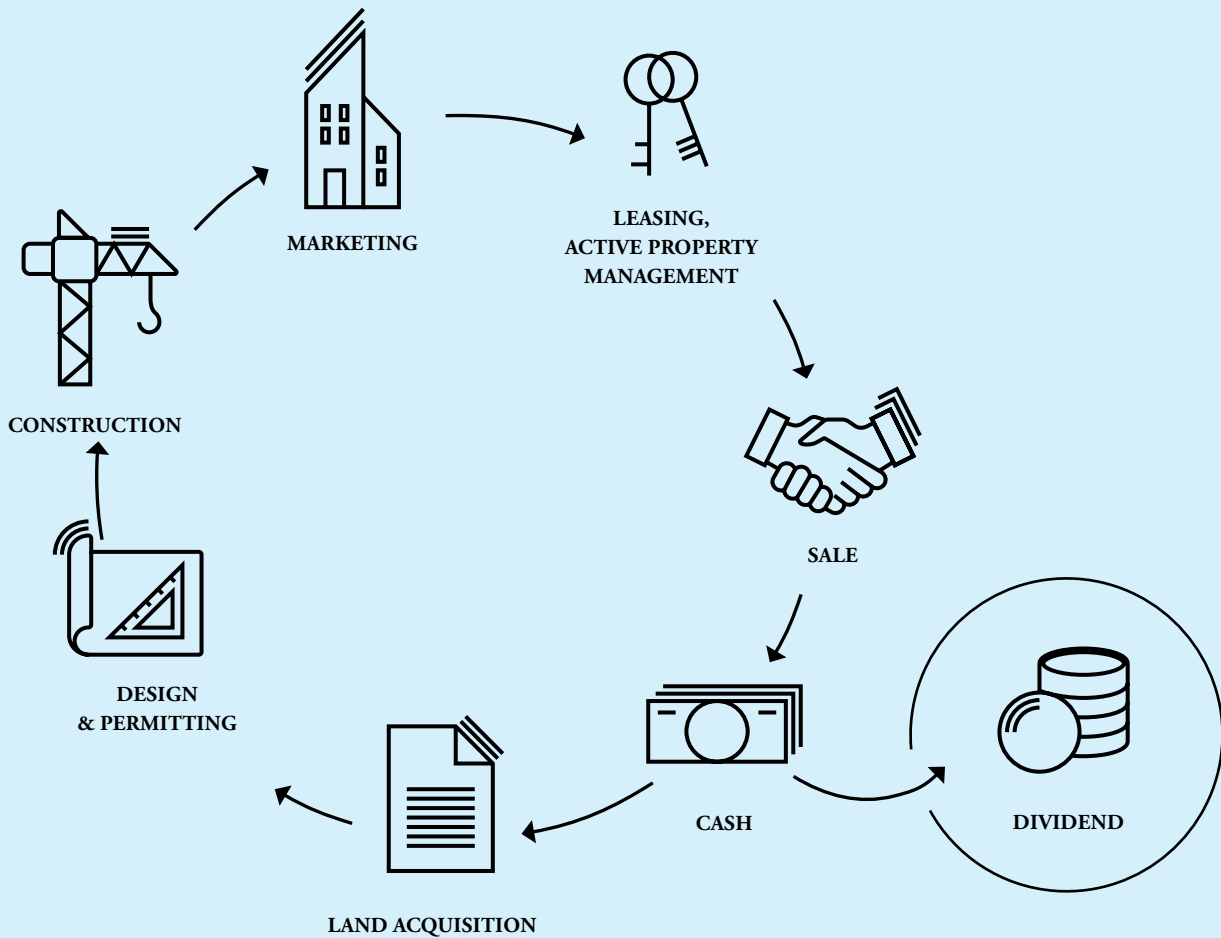


Echo Investment values long-term business relations with reliable partners, that created synergies for both sides. Development activities of Echo Investment are complementary to these entities. Such cooperation facilitates expanding Echo's scale of operation, accelerates speed of projects implementation 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.



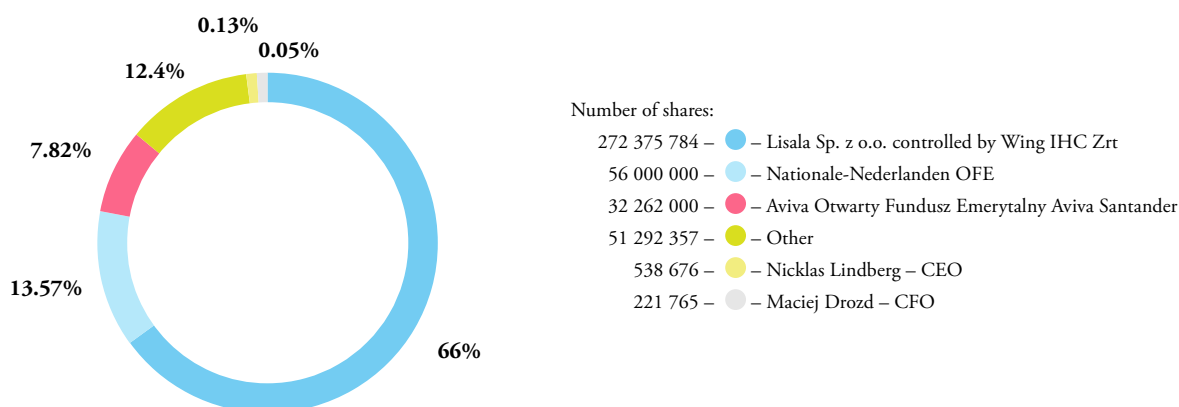
Echo Investment Group runs the entire investment process in-house, starting with acquisition of property, through obtaining administrative permits, financing and oversight of construction, to leasing, completion, active property management to increase its value, taking decision of sale and execution 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 31.03.2020



### 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 31 March 2020 is based on data acquired in 2019 on shareholders who held minimum 5% of the total number of votes at the Ordinary General Meeting of Echo Investment S.A. of 9th January 2020 and notification from shareholders.

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

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 only Nicklas Lindberg, President of the Management Board and Maciej Drozd Vice-president, CFO.

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 31 March 2020 and during the first quarter of 2020, and none of them concluded any transactions for shares or bonds in the Company.

#### VOLUME OF SHARES OR BONDS OF ECHO INVESTMENT S.A. HELD BY MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD AS AT 31.03.2020.

Surname / Position in the company	Financial instrument	Number of shares or bonds held	Share in the capital and votes at GMS (in case of shares)
<b>Nicklas Lindberg</b> President of the Board, CEO	Shares	538 676	0,13%
	Bonds	219 (code ECH0721) 229 (code ECH1022)	-
<b>Maciej Drozd</b> Vice-President of the Board, CFO	Shares	221 765	0,05%
	Bonds	219 (code ECH0522)	-
		369 (code ECH0721)	
		50 (code ECH0923) 316 (code ECH1022)	

## 5.1 Change in the Supervisory Board

Following the sale of 56 percent of the shares and complete withdrawal from the Echo Investment's shareholding by the funds PIMCO and Oaktree Capital Management, the following persons resigned from the Supervisory Board, effective immediately on 13 December 2019: Karim Khairallah - Chairman of the Supervisory Board, Laurent Luccioni - Vice-Chairman and Sebastian A. Zilles - Member of the Supervisory Board. Therefore, the Extraordinary General Meeting of Shareholders, held on 9 January 2020, appointed Noah Steinberg to the Supervisory Board, who was assigned to be Chairman of the Supervisory Board, Tibor Veres, who became Vice-Chairman of the Supervisory Board, and Péter Kocsis and Bence Sass, who became Supervisory Board Members of the current term. New members of the Supervisory Board are related to the Hungarian company Wing, which is the new main shareholder of Echo Investment.



## 5.2 Wing's announcement of a tender for additional 10.04 percent shares of Echo Investment

Due to Wing indirectly exceeded the threshold of 33 percent of the shares and the votes at the General Meeting of Shareholders of Echo Investment, on 3 February 2020 the Hungarian company announced the tender offer for additional 41,444,928 shares of Echo Investment, entitling to 10.04 percent of the total number of the votes at the General Meeting of Shareholders, at a price of PLN 4.65 per share. Subscriptions started on 21 February 2020 and ended on 18 March 2020. As a result of the tender, Wing has increase its stake to 66 percent of the shares and the votes at the General Meeting of Shareholders of Echo Investment.

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

## 5.3 Preliminary agreement of three plots with first generation shopping centres in Krakow, Poznań and Łódź

On 28 February 2020, Echo Investment has signed preliminary contracts to acquire the plots situated in Poznań at Opieńskiego Street, Łódź at Widzewska Street and Cracow at Kapelanka Street. The sites belonging to companies of the Tesco Group are perfectly located and consistent with the Echo Investment's strategy to continue growing the residential part of the business. The developer plans to dedicate all the plots to mixed use projects. On the sites the company is to deliver 4,000 apartments, retail space and in Cracow also a building with office purposes. The existing shopping centers will be managed by Echo Investment until construction works begin. The Tesco's office space and store in Cracow will operate undistracted until a new building has been developed on the plot to relocate the store and offices. 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 amounts to EUR 42.5 million. The

# 4,000

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Number of apartments that might be built on plots in Łódź, Kraków and Poznań being acquired from Tesco

transaction will be concluded not later than early 2021, after fulfilment of certain conditions of preliminary agreement.

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

#### **5.4 Impact of the coronavirus SARS-CoV-2 and COVID-19 outbreak on the operations and financial results of the company**

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

- a. income generated by shopping centers due to the limitations imposed on shopping centers' functioning, including cinemas and gastronomic establishments (as Echo Investment owns Libero in Katowice and 30% of Galeria Młociny in Warsaw);
- b. residential apartments' sales volume, in particular in the event of potential tightening of the mortgage loan eligibility criteria by banks or other disruptions on the housing or banking market;
- c. timely execution of projects and transactions undertaken by the Company or its related entities within a planned schedule, in particular due to possible delays in construction works, caused by potential shortages of the construction personnel and/or interruptions in supplies of material and components;
- d. timing of the sale of commercial projects and their prices that may be achieved; and
- e. availability and terms of new financing if banks and other lenders are materially affected by the extended economic downturn.

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

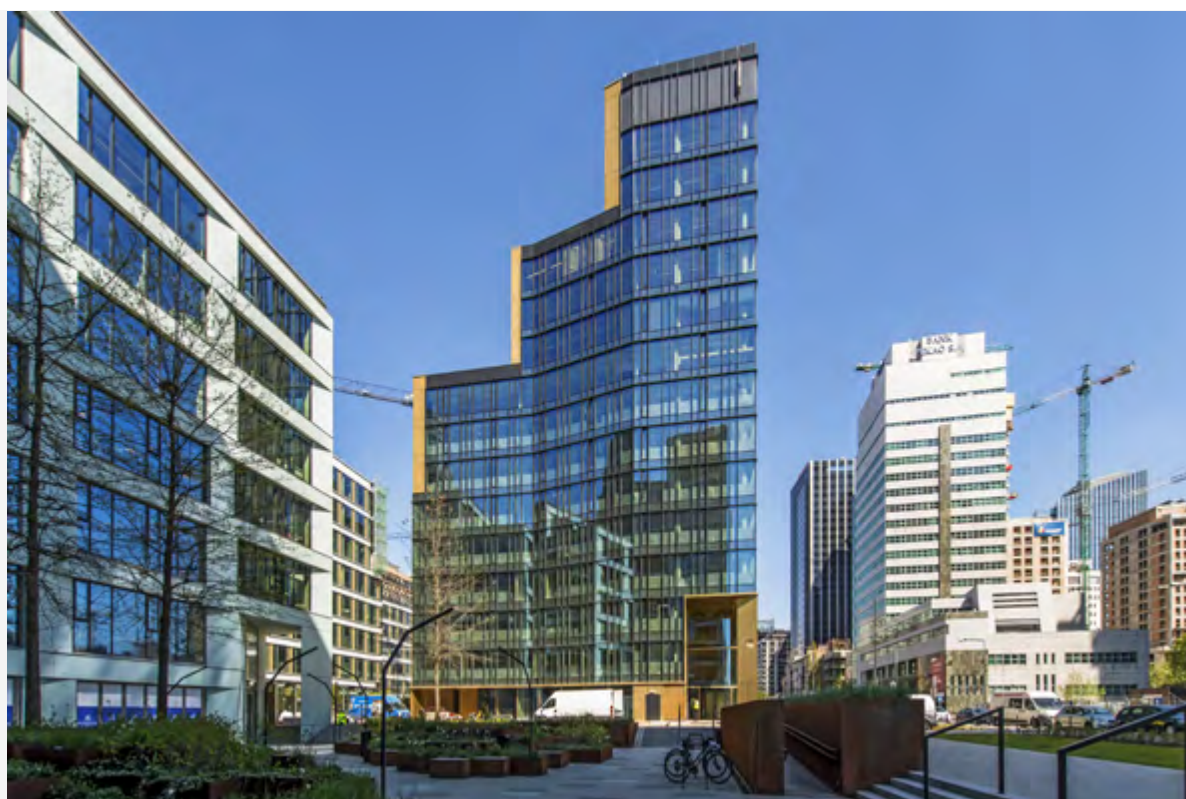
## 6. Obtaining the occupancy permit for the Villa Offices building in Warsaw Brewery complex

Echo Investment has completed construction work on the Villa Offices and on 15 April 2020 has obtained an occupancy permit for the building. It is another finished part of city-forming Warsaw Brewery project, that will combine residential, office, retail and entertainment functions.

The Villa Offices are a 55-metre building with a total area of over 16,000 sqm. Just here the tenants of the global co-working office space network WeWork will soon be the first to start operating. The building will provide comfort and security for all employees. It offers the most innovative solutions, including zone lighting, comfort room temperature and good quality water and air. What is more, bicycle racks, cabinets and drying cabinets are available in a garage, as

well as two stations for charging electric cars. Office tenants also have at their disposal green terraces, located on the top floors. On the ground floor of the building, service premises are being built, i.a. a two-level Adriatic restaurant Pjaca and a café. Architects from JEMS have focused on environmentally friendly solutions, which is why the office building received an 'Excellent' BREEAM rating already at the design stage.

Warsaw Brewery are located on a nearly 4.5 hectare plot of land in the quarter of Grzybowska, Krochmalna, Wronia and Chłodna Streets. The complex is planned to be finished at the end of 2020.



Villahouse Offices building in the Warsaw Brewery complex, Warsaw



# Residential segment – market outlook and Echo Investment business activities

## 7.1 Residential market in Poland



In the first quarter of 2020, the residential market in the six largest cities turned out to be very good in terms of the number of apartments sold, while relatively weak in terms of the number of apartments placed on the market. According to JLL analyses, the sales of new apartments amounted to 18.9 thousand, i.e. 7% more than in the previous quarter and by as much as 14% more than in the first quarter of the previous year.

Since the beginning of the year, 13 thousand apartments have been marketed, i.e. 26% less than in the fourth quarter of 2019. It should also be highlighted that this result is much weaker than in the same period last year. When comparing the number of new apartments on the market with units sold from January to March, the number at the end of the quarter decreased by 12% compared to the end of 2019. More precisely, 44.3 thousand apartments remained on the

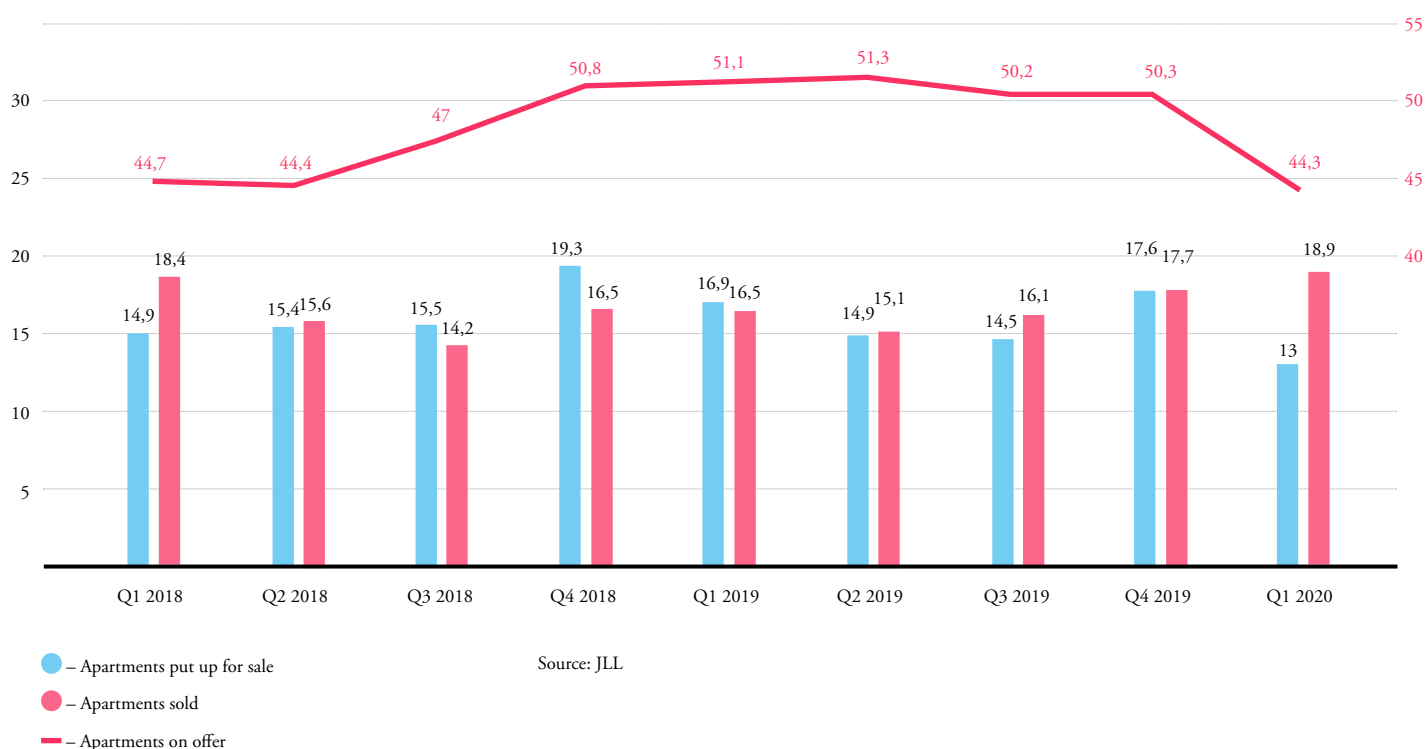
market. According to JLL, the level of the market offer at the end of the quarter was the lowest in 6 years. At the same time as the number of units on the market declined, the number of finished unsold apartments was also reduced (by 12% q/q), reaching only 3,700. Thanks to the simultaneous decrease in the number of units on the primary market and the finished units, the share of the latter on the market amounted to - similarly to the end of 2019 - only 8%. Due to the current pandemic, this information may be very good for the whole industry, the lower the offer, the lower the risk for developers who will not be forced to make deep and quick price reductions.

During the current pandemic, the most attention is focused on prices. At the end of the first quarter, the prices were still rising in the four largest cities. The highest increases were recorded in Kraków (9%), while in the remaining cities they were insignificant.

Perspectives of each market sectors in coming 12 months:

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

### APARTMENTS SOLD AND PUT UP FOR SALE AND OFFER VOLUME [THOUS.]



## 7.2 Echo Investment's activities in the segment of apartments for sale

In the first quarter of 2020, Echo Investment sold 399 apartments, compared to 352 in the first quarter of 2019. Since the beginning of the year, the company commissioned projects: Widoki Mokotów in Warsaw, Osiedle Jarzębinowe VI in Łódź, Osiedle Jaśminowe IV in Poznań and Ogrody Graua in Wrocław. As a result, 190 apartments were handed over to clients in the first quarter, that is a significant increase compared to only 23 apartments delivered in analogous period of 2019.

The state of epidemic in Poland and related restrictions have made Echo Investment focus its efforts on maintaining business continuity. In the residential sector, this concerned maintaining works on construction sites, contacts with clients, and secure cooperation between teams. Thanks to the quick response, the introduction of additional prudential procedures and safeguards for employees, all constructions are carried out according to schedule. Currently, clients are receiving apartments - primarily in the projects: Widoki Mokotów in Warsaw and Ogrody Graua in Wrocław. The construction of the Esencja apartments in Poznań is at an advanced stage. Soon, it will reach the target height of six floors. Echo Investment has also started the sale of Osiedle KRK project in Kraków and the eighth, last stage of the Jarzębinowe Osiedle residential estate in Łódź.

After a short break, during which sales office employees worked with clients only remotely, currently the clients can choose both the remote form of

contact and physical one. The number of inquiries and visits to sales offices is high, which allows for cautious optimism regarding the condition of the residential market in the following quarters.

Echo Investment has been investing in remote work and online communication tools for several years, and the epidemic has only confirmed the efficiency of these systems and the legitimacy of spending funds on them. Thanks to these solutions, clients can go through almost the entire process of buying an apartment without leaving their home: see the apartments and the progress of construction, negotiate and co-create contract provisions remotely, sign reservation contracts using a secure digital signature or participate in online pre-acceptance days. In addition, the apartment selection process is supported using the Aurelia chatbot.

In response to the economic situation, Echo Investment has adopted a policy of a more cautious approach to starting new projects. Currently, the decision to start the construction will depend on achieving approx. 25% of the pre-sale of apartments, which will translate into postponing the start of construction works on some projects for several months. Caring for business development, in the first quarter Echo Investment has secured by preliminary agreement three perfectly located first generation shopping centres from the Tesco group. On the plots located in Poznań, Łódź and Kraków, a total of approx. 240 thousand sqm of residential space can be created, as well as office and retail and service spaces.



Widoki Mokotów, Warsaw

### **7.3 Echo Investment's activities in the segment of apartments for rent**

Resi4Rent, the largest institutional platform of apartments for rent in Poland, received an occupancy permit for the second project in Wrocław - Resi4Rent Kępa Mieszkańska in the last quarter. The project offers 270 units in two buildings. In total, Resi4Rent has nearly 800 apartments in Wrocław and Łódź in its portfolio. In the third quarter of 2020 another 450 units located in the Warsaw Brewery will start to be rented.

Resi4Rent was founded in 2018. It is a joint venture of Echo Investment, that holds 30% of the shares, and one of the leading international fund management companies, that controls 70%. Echo Investment is a developer of projects dedicated for Resi4Rent and provides certain services for the platform, such as looking for and purchasing plots. The strategic goal of Resi4Rent is to develop the platform of 7.5 thousand apartments for rent by 2024.

## 8.1 Office market in Poland

### → Warsaw

Since the beginning of the year, developers have delivered only one building of 6,700 sqm in Warsaw (the first stage of Varso). Thus, the total space remained at a similar level to the end of 2019 - almost 5.6 million sqm. However, a record-breaking amount of space remains under construction: office space should increase by over 800,000 sqm by 2022. Most of these projects (approx. 70%) are located in the city centre and in the Wola district.

In the first quarter, the tenants were active in Warsaw as a similar level compared to the first quarter of

2019. However, CBRE analysts predict a slowdown in decision-making processes in the following quarters due to situations related to the development of the COVID-19 pandemic. It should also be noted that interest in flex leases is expected to increase, because they may be the best optimal solution for many entities after the pandemic ends. The low supply with the high demand for office space contributed to a decrease in vacancy rates up to 7.48%. The analysts did not notice any changes in rental rates, that stand at EUR 24-25 per sqm per month in the city centre and approx. EUR 15.5 outside the centre of Warsaw.

Perspectives of each market segments in coming 12 months:

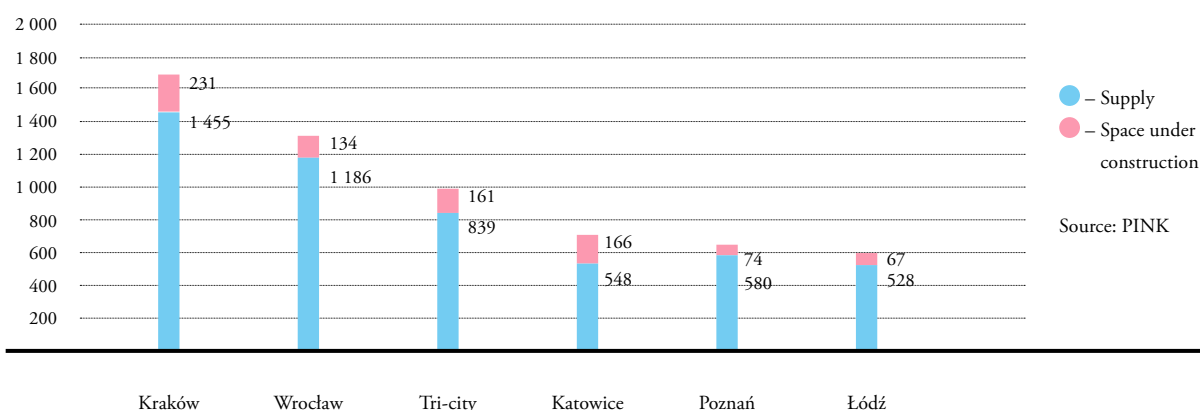
- ↑ – Very optimistic
- ↗ – Optimistic
- – Neutral
- ↘ – Pesimistic
- ↓ – Very pesimistic

## Regional markets

In the first quarter of 2020, regional markets were much more active than Warsaw. Or more precisely, 12 times more leased space was delivered there, i.e. 78 thousand sqm. In total, the office space stock in major regional cities in Poland exceeded 5.5 million sqm at the end of the quarter. The most space was delivered in Kraków (High5ive) and Katowice (Face2Face) - a total of approx. 44,000 sqm. There is approx. 850 thousand sqm under construction, mainly in Wrocław, Kraków, Łódź and the Tricity.

The demand for office space in regional cities reached almost the highest number in history, amounting to 220.2 thousand sqm. In terms of the demand, Kraków proved to be the leader (27% of leased space), followed by Wrocław (19%). The most active sector in the first months of the year was IT, that accounted for 57% of the demand. Due to the high demand, the average vacancy rate fell by 0.2 percentage points and amounted to approx. 9.4%. Similarly to the Warsaw market, rental rates remained at the levels recorded in the previous quarter, i.e. between EUR 10.5 and 15 per sqm per month.

**SUPPLY OF OFFICE SPACE IN REGIONAL CITIES AT THE END OF Q1 2020 [THOUS. SQM]**



## 8.2 Echo Investment's activities in the office segment

At the end of the first quarter of 2020, Echo Investment held office buildings under construction with a total leasable area of 180 thousand sqm. In January the construction of the first stage of the Face2Face Business Campus office complex in Katowice was finished. The first tenants have already moved into the building. In April, the building of the Villahouse Offices in the Warsaw Brewery was also commissioned and the first tenants will soon start moving into the building. This office building is another finished part of Echo Investment's city-forming project, that will combine residential, office, retail and entertainment purposes. The highest construction point was also reached by the Moje Miejsce II office building, that is part of a all-purpose project developed by Echo Investment in the Warsaw's Dolny Mokotów district. The elevation is currently being mounted in the building.

All the office buildings are being built according to schedule. Due to the epidemiological state, the company has implemented additional precautions as well as increased health and safety standards. The developer systematically reacts to all recommendations of epidemiological services.

CitySpace, a Polish operator of flexible serviced offices owned by Echo Investment, has acquired a new tenant in its Warsaw office in Moje Miejsce. Pro Progressio, a business organization engaged in developing entrepreneurship and shared services sector (BPO / SSC) in Poland, has moved to CitySpace Club Beethovena.



Construction works on the Malthouse Offices in the Warsaw Brewery complex



## 9.1 Retail real estate market in Poland



In the first quarter of 2020, the Polish retail market grew by nearly 71,000 sqm of leasable space in six new large-format facilities, according to JLL research. As a result, the total supply of modern retail space in Poland amounted to over 14,6 mln sqm in large-format objects (shopping centres, retail parks and warehouses, outlet centres). At the end of the first quarter, about 446 000 sqm of space was under construction planned to be commissioned in 2020 and 2021. Interestingly, 87% of the supply will be located in the smallest and largest cities.

The average vacancy rate in shopping centres in the eight largest agglomerations in the country amounted to 4.4% at the beginning of 2020, that is slightly higher than half a year ago (3.8%). The highest va-

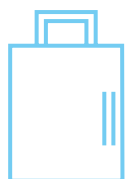
cancy rate was recorded in Kraków and Poznań (6.5% each) and the lowest in Szczecin (1.3%).

Retail real estate sale transactions concluded in the first quarter of 2020 amounted to about EUR 110 million in total and mainly concerned smaller convenience shops and home-improvement (construction) stores.

The Covid-19 epidemic caused the entire retail market to operate to a very limited extend from mid-March to early May. Currently, shopping centres are returning to their normal operation and their managers are holding talks with tenants to regulate the rules of returning to business. The vast majority of these negotiations are meaningful.

Perspectives of each market segments in coming 12 months:

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



Galeria Młociny, Warsaw

## 9.2 Echo Investment's activities in the retail segment

In the first quarter of 2020, the shopping centre team was responsible for the completion of the commercialisation process of the Warsaw Brewery. Thanks to the signed agreements, Echo Investment's flagship Warsaw project will be joined by, among others, the popular Deseo Patisserie & Chocolaterie confectionery, the cozy French bistro or the Badyle Concept Store café and florist. As a result, the retail and service part of the Warsaw Brewery is almost fully leased.

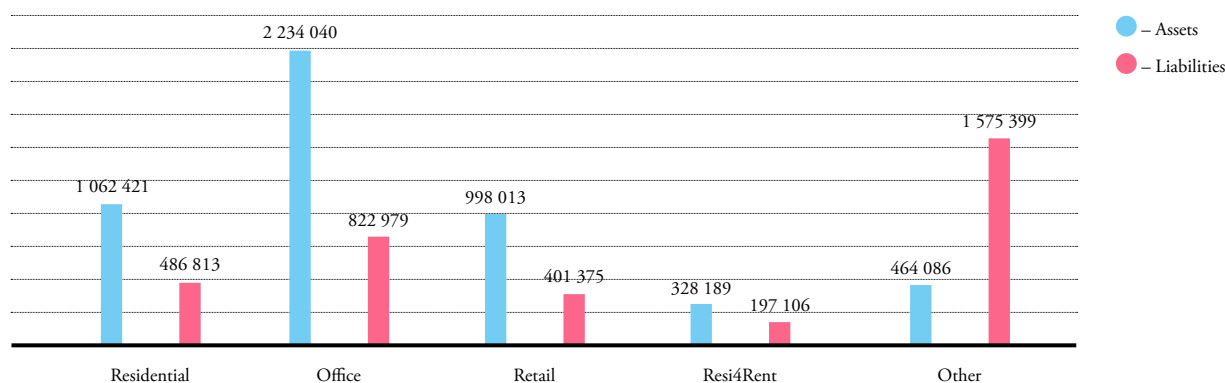
Epidemiological regulations introduced at the beginning of March limited the activities of most tenants of shopping centres for several weeks, until 4 May. The key challenge for Echo Investment's leasing and management teams was to agree with the tenants on the rules of returning shopping centres to their nor-

mal operation. The company reached a compromise with the vast majority of the tenants, that allowed to open about 80% of shops and service outlets already in the first days. With further steps on the defrosting of the economy and the progress in concluding agreements with other tenants, commercial activities of Libero in Katowice and Galeria Młociny in Warsaw (Echo Investment holds a 30% share) has been returning to normal. What is more, in the first days of operation of shopping centres, the turnover was higher than expected based on the experience of other countries. The conversion rate, i.e. the number of visitors to the number of transactions made, was also historically high. This shows the responsibility of customers who come to the stores to make specific purchases.

# The Groups segments - financial structure

# 10

## ASSIGNMENT OF ASSETS AND LIABILITIES TO SEGMENTS AS AT 31.03.2020 ['000 PLN]



### ASSIGNMENT OF ASSETS TO SEGMENTS ['000 PLN]

	31.03.2020	31.03.2019
Residential	1 062 421	998 333
Office	2 234 040	1 818 584
Retail	998 013	979 484
Resi4Rent	328 189	224 995
Other	464 086	342 589
<b>Total</b>	<b>5 086 749</b>	<b>4 363 984</b>

### ASSIGNMENT OF LIABILITIES TO SEGMENTS ['000 PLN]

	31.03.2020	31.03.2019
Residential	486 813	546 123
Office	822 979	712 458
Retail	401 375	340 249
Resi4Rent	197 106	95 710
Other	1 575 399	1 166 885
<b>Total</b>	<b>3 483 672</b>	<b>2 861 424</b>

PLN **5 087** mln

Total value of assets as at  
31.03.2020

PLN **3 484** mln

Total value of liabilities as at  
31.03.2020

## ASSIGNMENT OF REVENUE, COST OF SALES AND GROSS PROFIT TO SEGMENTS FOR THE PERIOD FROM 01.01.2020 TO 31.03.2020 [PLN '000]



PLN **24,5** mln

Gross profit for Q1 2020



**ASSIGNMENT OF REVENUE, COST OF SALES AND GROSS PROFIT TO SEGMENTS FOR THE PERIOD FROM 01.01.2020 TO 31.03.2020 [PLN '000]**

	Revenues	Cost of sales	Gross profit
Residential	74 290	(59 131)	15 159
Office	20 944	(17 783)	3 161
Retail	12 197	(6 416)	5 781
Resi4Rent	47 810	(47 631)	179
Other	734	(478)	256
<b>Total</b>	<b>155 975</b>	<b>(131 439)</b>	<b>24 536</b>

**RESIDENTIAL SEGMENT [PLN '000]**

	Revenues	Cost of sales	Gross profit
Sales	73 821	(58 338)	15 483
Rents	45	(13)	32
Maintenance of the project in preparation and construction	424	(770)	(346)
Costs of projects completed in previous years	-	(10)	(10)
<b>Total</b>	<b>74 290</b>	<b>(59 131)</b>	<b>15 159</b>

**OFFICE SEGMENT [PLN '000]**

	Revenues	Cost of sales	Gross profit
Rents	8 591	(5 111)	3 480
Services (fit-outs)	12 214	(12 088)	126
Maintenance of the project in preparation and construction	139	(584)	(445)
<b>Total</b>	<b>20 944</b>	<b>(17 783)</b>	<b>3 161</b>

**RETAIL SEGMENT [PLN '000]**

	Revenues	Cost of sales	Gross profit
Sales	-	-	-
Rents	11 588	(5 456)	6 132
Services (development)	609	(959)	(350)
Maintenance of the project in preparation and construction	-	(1)	(1)
<b>Total</b>	<b>12 197</b>	<b>(6 416)</b>	<b>5 781</b>

**RESI4RENT SEGMENT [PLN '000]**

	Revenues	Cost of sales	Gross profit
Sales	47 810	(47 631)	179
<b>Total</b>	<b>47 810</b>	<b>(47 631)</b>	<b>179</b>

**OTHER [PLN '000]**

	Revenues	Cost of sales	Gross profit
Sales	341	(247)	94
Rents	46	(24)	22
Services	347	(207)	140
<b>Total</b>	<b>734</b>	<b>(478)</b>	<b>256</b>

## 11.1 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
<b>Osiedle KRK I</b> Kraków, ul. Zapolskiej	9 800	218	51%	96,6	71,5	42%	Q1 2020	Q3 2021
<b>Fuzja I</b> Łódź, ul. Tymienieckiego	14 200	282	50%	105,0	80,4	45%	Q2 2019	Q4 2020
<b>Osiedle Jarzębinowe VI</b> Łódź, ul. Okopowa	3 300	52	100%	20,2	15,7	96%	Q4 2018	Q1 2020
<b>Osiedle Jarzębinowe VII</b> Łódź, ul. Okopowa	6 000	105	73%	36,2	28,5	47%	Q2 2019	Q4 2020
<b>Apartamenty Esencja</b> Poznań, ul. Grabary	12 500	260	74%	115,4	86,8	47%	Q1 2019	Q4 2020
<b>Nasze Jeżyce I</b> Poznań, ul. Szczepanowskiego	7 500	142	81%	57,8	44,4	40%	Q3 2019	Q1 2021
<b>Nasze Jeżyce II</b> Poznań, ul. Szczepanowskiego	8 200	162	30%	63,7	48,9	20%	Q3 2019	Q2 2021
<b>Osiedle Jaśminowe IV</b> Poznań, ul. Sielawy	5 300	103	97%	32,4	24,6	97%	Q2 2018	Q1 2020
<b>Osiedle Enter I a</b> Poznań, ul. Naramowice	6 300	118	36%	41,8	30,6	14%	Q1 2020	Q4 2021
<b>Widoki Mokotów</b> Warsaw, ul. Puławska	4 800	79	58%	69,3	50,3	96%	Q4 2017	Q2 2020
<b>Warsaw Brewery E</b> Warsaw, ul. Grzybowska	5 700	81	64%	113,5	72,1	62%	Q4 2018	Q4 2020
<b>Moje Miejsce</b> Warsaw, ul. Beethovena	13 300	251	87%	131,8	96,9	83%	Q3 2018	Q2 2020
<b>Osiedle Reset II</b> Warsaw, ul. Taśmowa	12 200	255	93%	118,6	95,9	77%	Q4 2018	Q3 2020
<b>Stacja Wola I</b> Warsaw, ul. Ordona	20 000	387	51%	199,5	141,6	36%	Q4 2019	Q3 2021
<b>Stacja 3.0</b> Wrocław, ul. Mińska	12 000	242	12%	94,4	68,9	41%	Q3 2019	Q4 2020
<b>Ogrody Graua</b> Wrocław, ul. Gdańska	4 000	57	74%	44,8	32,9	84%	Q4 2018	Q2 2020
<b>Total</b>	<b>145 100</b>	<b>2 794</b>		<b>1 341,0</b>	<b>990,1</b>			

## 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
<b>Puszkarska I</b> Kraków, ul. Puszkarska	8 000	143	66,6	48,1	20%	Q3 2020	Q1 2022
<b>Puszkarska II</b> Kraków, ul. Puszkarska	17 200	330	147,8	105,2	20%	Q3 2021	Q2 2023
<b>ZAM I (Rydłówka)</b> Kraków, ul. Rydlówka	6 300	115	61,7	48,1	26%	Q3 2020	Q1 2022
<b>ZAM II (Rydłówka)</b> Kraków, ul. Rydlówka	5 200	93	56,3	42,9	23%	Q3 2021	Q1 2023
<b>Osiedle Krk II</b> Kraków, ul. Zapolskiej	9 800	211	95,4	70,6	28%	Q3 2020	Q2 2022
<b>Fuzja II</b> Łódź, ul. Tymienieckiego	12 400	240	95,2	72,9	10%	Q4 2020	Q2 2022
<b>Fuzja III</b> Łódź, ul. Tymienieckiego	9 000	152	74,1	53,3	9%	Q4 2021	Q2 2023
<b>Wodna 17-19</b> Łódź, ul. Wodna	12 700	234	84,3	62,7	10%	Q2 2021	Q4 2022
<b>Osiedle Jarzębinowe VIII</b> Łódź, ul. Okopowa	6 100	101	38,1	29,6	12%	Q2 2020	Q4 2021
<b>Osiedle Enter I b</b> Poznań, ul. Sielawy	6 000	104	40,1	29,8	5%	Q3 2020	Q4 2021
<b>Osiedle Enter II</b> Poznań, ul. Sielawy	8 500	153	55,0	40,3	5%	Q1 2021	Q3 2022
<b>Osiedle Enter III</b> Poznań, ul. Sielawy	9 600	159	62,2	45,3	4%	Q3 2021	Q2 2023
<b>Apartamenty Esencja II</b> Poznań, ul. Garbary	6 300	130	60,9	47,4	18%	Q4 2020	Q2 2022
<b>16 MW I</b> Poznań, ul. Sielawy	9 600	178	61,5	47,7	3%	Q2 2021	Q1 2023
<b>16 MW II</b> Poznań, ul. Sielawy	10 100	187	64,5	50,0	2%	Q4 2021	Q3 2023
<b>16 MW III</b> Poznań, ul. Sielawy	10 100	186	64,5	49,1	2%	Q2 2022	Q1 2024
<b>20 MW I</b> Poznań, ul. Sielawy	7 500	136	48,4	37,2	2%	Q4 2022	Q3 2024
<b>20 MW II</b> Poznań, ul. Sielawy	7 500	139	48,4	37,2	2%	Q2 2023	Q1 2025
<b>20 MW III</b> Poznań, ul. Sielawy	7 500	136	48,4	37,2	2%	Q4 2023	Q3 2025
<b>Stacja Wola II</b> Warsaw, ul. Ordona	13 700	255	137,1	97,4	27%	Q2 2020	Q2 2022
<b>Stacja Wola III</b> Warsaw, ul. Ordona	14 900	270	146,3	103,5	26%	Q1 2021	Q4 2022
<b>Kabaty</b> Warsaw, al. KEN	17 200	278	220,3	158,9	26%	Q4 2021	Q3 2023
<b>Rzepakowa I</b> Katowice, ul. Rzepakowa	4 800	90	31,8	24,1	13%	Q1 2021	Q4 2022
<b>Rzepakowa II</b> Katowice, ul. Rzepakowa	16 900	319	112,9	82,6	13%	Q2 2022	Q1 2024
<b>Total</b>	<b>236 900</b>	<b>4 339</b>	<b>1 921,8</b>	<b>1 421,2</b>			

## 11.2 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 FOR 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
<b>R4R Wrocław Rychtalska</b> Wrocław, ul. Zakładowa	11 400	302	8,4	76,8	Q3 2019	Project owned by Resi4Rent
<b>R4R Łódź Wodna</b> Łódź, ul. Wodna	7 900	219	4,9	52,4	Q4 2019	Project owned by Resi4Rent
<b>R4R Wrocław Kępa Mieszczkańska</b> Wrocław, ul. Dmowskiego	9 300	269	6,8	76,3	Q2 2020	Preliminary sale agreement from Echo Investment to Resi4Rent
<b>Total</b>	<b>28 600</b>	<b>790</b>	<b>20,1</b>	<b>205,5</b>		

### RESIDENTIAL PROJECTS FOR 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
<b>R4R Warszawa Browary</b> Warsaw, ul. Grzybowska	19 000	450	16,6	187,6	Q4 2017	Q3 2020	Preliminary sale agreement from Echo Investment to Resi4Rent
<b>R4R Warszawa Taśmowa</b> Warsaw, ul. Taśmowa	13 000	372	11,1	113,6	Q1 2019	Q1 2021	Project owned by Resi4Rent
<b>R4R Warszawa Woronicza</b> Warsaw, ul. Woronicza	7 900	229	6,2	61,5	Q2 2019	Q4 2020	Project owned by Resi4Rent
<b>R4R Poznań Szczepanowskiego</b> Poznań, ul. Szczepanowskiego	5 000	160	3,8	42,9	Q3 2019	Q3 2021	Project owned by Resi4Rent
<b>R4R Gdańsk Kołobrzeska</b> Gdańsk, ul. Kołobrzeska	10 200	301	8,9	90,2	Q3 2019	Q2 2021	Project owned by Resi4Rent
<b>Total</b>	<b>55 100</b>	<b>1 512</b>	<b>46,6</b>	<b>495,8</b>			

### RESIDENTIAL PROJECTS FOR 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
<b>R4R Kraków 3- Maja</b> Kraków, ul. 3- Maja	12 200	387	9,8	107,7	Q3 2020	Q4 2021	Project owned by Resi4Rent
<b>R4R Warszawa Wilanowska</b> Warsaw, al. Wilanowska	12 500	407	11,5	128,2	Q3 2020	Q2 2022	Project owned by Resi4Rent
<b>R4R Połoskiego Warszawa</b> Warsaw, ul. Połoskiego	8 900	307	8,3	92,6	Q1 2021	Q1 2023	Final purchase agreement from seller to Resi4Rent signed in Q2 2020
<b>R4R Warszawa Żwirki</b> Warsaw, ul. Żwirki i Wigury	5 000	162	5,0	53,5	Q3 2020	Q2 2022	Project owned by Resi4Rent
<b>Total</b>	<b>38 600</b>	<b>1 263</b>	<b>34,6</b>	<b>382,0</b>			

## 11.3 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
<b>Moje Miejsce I</b> Warsaw, ul. Beethovena	18 900	92%	3,4	158,5	93%	31,7	Q2 2019	ROFO agreement with Globalworth Poland
<b>Face 2 Face I</b> Katowice, ul. Grundmanna	20 400	88%	3,7	153,1	88%	52,5	Q4 2019	
<b>Total</b>	<b>39 300</b>		<b>7,0</b>	<b>311,6</b>		<b>84,2</b>		

### 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
<b>Solidarności</b> Gdańsk, ul. Nowomiejska	25 400		4,3	187,8	13%		Q4 2019	Q2 2022	
<b>Face 2 Face II</b> Katowice, ul. Grundmanna	26 200	82%	4,6	200,2	33%	39,1	Q4 2018	Q4 2020	
<b>React I</b> Łódź, ul. Piłsudskiego	15 000	20%	2,6	103,3	32%	22,3	Q2 2019	Q2 2021	
<b>Villa Offices (Warsaw Brewery K)</b> Warsaw, ul. Grzybowska	16 600	66%	4,0	172,5	64%	145,9	Q3 2018	Q2 2020	
<b>Malthouse Offices (Warsaw Brewery GH)</b> Warsaw, ul. Grzybowska	29 500	57%	7,2	331,9	43%	244,9	Q4 2018	Q3 2020	
<b>Moje Miejsce II</b> Warsaw, ul. Beethovena	17 100	13%	3,2	140,1	45%		Q2 2019	Q1 2021	ROFO agreement with Globalworth Poland
<b>Wrocław, Midpoint 71</b> Wrocław, ul. Powstańców Śląskich	36 100	20%	6,7	292,8	21%	68,3	Q4 2019	Q4 2021	
<b>West 4 Business Hub I</b> Wrocław, ul. Na Ostatnim Groszu	15 600	22%	2,7	115,0	57%	19,0	Q4 2018	Q3 2020	
<b>Total</b>	<b>181 500</b>		<b>35,3</b>	<b>1 543,5</b>		<b>539,5</b>			

## OFFICE BUILDINGS IN PREPARATION

Project / address	GLA [sqm]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Targeted start	Targeted completion
<b>Piotra Skargi</b> Katowice, ul. P. Skargi/Sokolska	26 600	4,6	189,7	6%	Q1 2021	Q3 2022
<b>Al. Pokoju (phase I and II)</b> Kraków, ul. Fabryczna / Al. Pokoju	45 600	8,1	390,8	20%	Q3 2020	Q4 2021
<b>Wita Stwosza</b> Kraków, ul. Wita Stwosza	29 600	5,2	234,8	14%	Q3 2021	Q2 2023
<b>React II</b> Łódź, ul. Kilińskiego / al. Piłsudskiego	26 600	4,5	180,4	6%	Q2 2021	Q3 2022
<b>React III</b> Łódź, ul. Kilińskiego / al. Piłsudskiego	12 700	2,2	91,5	6%	Q4 2021	Q1 2023
<b>Fuzja C i D</b> Łódź, ul. Tymienieckiego	19 900	3,4	154,5	5%	Q3 2020	Q1 2022
<b>Fuzja I, J</b> Łódź, ul. Tymienieckiego	13 500	2,2	107,0	8%	Q1 2021	Q3 2022
<b>Swobodna</b> Wrocław, ul. Swobodna	46 000	8,5	382,7	12%	II kw 2022	Q3 2024
<b>West 4 Business Hub II</b> Wrocław, ul. Na Ostatnim Groszu	23 100	4,0	164,0	12%	Q1 2021	Q4 2022
<b>West 4 Business Hub III</b> Wrocław, ul. Na Ostatnim Groszu	33 100	5,7	229,9	12%	Q3 2021	Q1 2023
<b>West 4 Business Hub IV</b> Wrocław, ul. Na Ostatnim Groszu	11 500	2,0	85,2	11%	Q2 2023	Q3 2024
<b>Total</b>	<b>288 200</b>	<b>50,4</b>	<b>2 210,5</b>			

## 11.4 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 PROJECT IN OPERATION

Project / address	GLA [sqm]	Leasing [%]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]	Recognized fair value gain [PLN mln]	Completion	Comments
<b>Libero</b> Katowice, ul. Kościuszki	44 900	99%	9,3	390,4	99%	181,1	Q4 2018	ROFO agreement with EPP
<b>Galeria Młociny</b> Warsaw, ul. Zgrupowania AK „Kampinos”	84 300	97%	22,4	1 298,6	96%	55,4 *	Q2 2019	30% JV with EPP holding 70%
<b>Total</b>	<b>129 200</b>		<b>31,7</b>	<b>1 689,0</b>		<b>236,5</b>		

\* Applies to 30% of shares in the project.

## 16.5 Towarowa 22

Definitions:

GLA – gross leaseable area

Joint-venture with EPP. Echo Investment Group will own 30% shares in the project. Start of construction is expected in 2021/2022.

Due to planning works, the final numbers can differ.

### TOWAROWA 22, WARSAW

Function	Usable space [sqm]	NOI [EUR mln]	Targeted budget [PLN mln]	Expenditure incurred [%]
Retail, services and entertainment	116 500	39,1	1 933,1	16%
Office	60 700	14,7	780,7	14%
Hotel	18 900	5,1	288,6	12%
<b>Total</b>	<b>196 100</b>	<b>58,9</b>	<b>3 002,4</b>	

### TOWAROWA 22, WARSAW

Function	Usable space [sqm]	Number of apartments	Targeted revenues [PLN mln]	Targeted annual rental revenues [PLN mln]	Targeted budget [PLN mln]	Expenditure incurred [%]
Apartments for sale	18 400	261	324,5	-	216,5	13%
Apartments for lease	16 300	444	-	14,7	144,5	18%
<b>Total</b>	<b>34 700</b>	<b>705</b>	<b>324,5</b>	<b>14,7</b>	<b>361,0</b>	



## 11.6 Land Bank

### EARLY STAGE PROJECTS

Project / address	Plot area [sqm]	Potential of leasing/ sales area [sqm]	Comments
Łódź, ul. Tymienieckiego	59 800	19 200	Plot for office and services
Kraków, Al. Pokoju	4 000	18 500	Plot for hotel
Poznań, ul. Hetmańska	65 300	80 000	Plot for office and residential
Warsaw, ul. Chłodna / ul. Wronia	600	1 100	Plot for residential
Warsaw, ul. Antoniewska	14 100	10 000	Plot for residential
Warsaw, al. KEN	29 700	32 000	Plot for retail, service and entertainment functions
<b>Total</b>	<b>173 500</b>	<b>160 800</b>	

### INVESTMENT PROPERTIES

Property	Plot area [sqm]	Comments
Poznań, Naramowice	77 500	
Poznań, Sołacz	17 300	
Radom, Beliny	6 300	Preliminary sale agreement
Warsaw, ul. Konstruktorska	7 200	
Zabrze, Miarki	8 100	
<b>Total</b>	<b>116 400</b>	

# Main investments in 2020 – acquisition of plots

# 12

## 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 350,000 sqm of residential, residential for rent, office and retail space has been secured by preliminary agreements.

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.

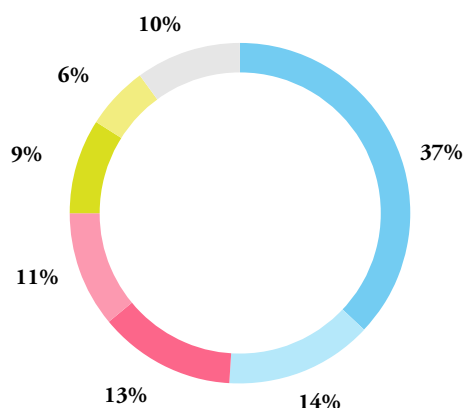
# Factors and unusual events influencing the financial result in Q1 2020

# 13

## Factors which influenced the Group's financial results in Q1 2020

Revenue resulting from hand overs of 190 housing units.

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



- – Osiedle Jaśminowe IV, Poznań
- – Grota-Roweckiego 111 phase III, Wrocław
- – Osiedle Jarzębinowe VI, Łódź
- – Osiedle Reser I, Warsaw
- – Warsaw Brewery B, Warsaw
- – Osiedle Perspektywa III, Poznań
- – Other

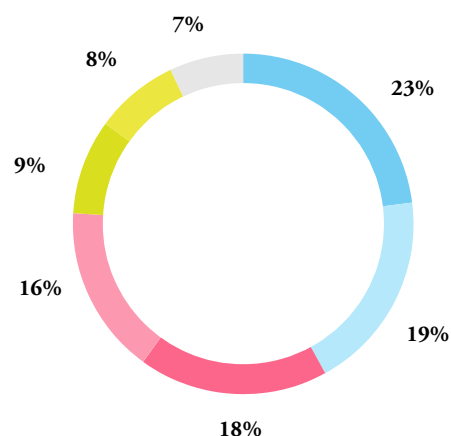
Sale of R4R Łódź Wodna project to Resi4Rent

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 118,6 mln.

### PROFIT ON INVESTMENT PROPERTY BY ASSETS [MLN PLN]



- – MidPoint 71, Wrocław
- – Libero, Katowice
- – Face2Face II, Katowice
- – Malthouse Offices (Warsaw Brewery GH), Warsaw
- – Face2Face I, Katowice
- – West IV Business Hub, Wrocław
- – Other

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:

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

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Revaluation and sale of completed properties:

- Villa Offices (Warsaw Brewery K) in Warsaw;
- Face 2 Face I in Katowice;
- Moje Miejsce I in Warsaw.

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

- Face 2 Face II in Katowice;
- React I in Łódź;
- MidPoint 71 in Wrocław;
- West 4 Business Hub I in Wrocław;
- Malthouse Offices (Warsaw Brewery GH) in Warsaw.

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The first valuations to the fair value of the office buildings under construction:

- Fuzja C&D in Łódź;
  - Moje Miejsce II in Warsaw;
  - Al. Pokoju in Kraków.
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Revaluation of the fair value of the ready properties owned by the Group:

- Libero in Katowice.

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Valuation of interests entities accounted for using the equity method:

- Galeria Młociny in Warsaw;
- Towarowa 22 in Warsaw;
- Resi4Rent.

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Sale of R4R Wrocław Kępa Mieszcząńska project to Resi4Rent.

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Sale and administrative costs.

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

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

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Valuation and implementation of hedging financial instruments for foreign currencies.

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Interest on deposits and loans granted.

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Discounts and interest on credits, bonds and loans.

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# Seasonal or cyclical nature of operations

**15**

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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.

## 16.1 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.

## 16.2 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.*

**0,50** PLN

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Amount of advanced dividend paid from 2019 profit.

# Financial liabilities of the Company and its Group

# 17

## 17.1 Bonds

### COMPANY'S LIABILITIES DUE TO BONDS ISSUED AS AT 31.03.2020 [PLN '000]

Series	ISIN code	Bank / brokerage house	Nominal value	Maturity	Interest rate	Guarantees / securities	Quotation market
<b>Bonds for institutional investors</b>							
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
<b>Total</b>			<b>645 000</b>				
<b>Bonds for individual investors</b>							
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 Bank Polski S.A.	33 832	21.09.2023	WIBOR 6M + margin 3,4%	-	regulated market CATALYST
<b>Total</b>			<b>433 832</b>				
<b>Total bonds</b>			<b>1 078 832</b>				

## 17.2 Investment loans

### INVESTMENT LOANS OF ECHO INVESTMENT GROUP AS AT 31.03.2020 ['000]

Project	Borrower - subsidiary	Bank	Contractual amount of loan ['000]	Outstanding loan amount ['000]	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 10 350 PLN	54 666 EUR 848 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	30.04.2025 30.04.2020
Moje Miejsce I i II, Warsaw	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. SKA	PKO BP S.A.	50 280 EUR 16 000 PLN	25 150 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	30.09.2023 31.03.2021
Villa Offices and Malthouse Offices (Warsaw Brewery K, GH), Warsaw	Dellia Investments - Projekt Echo - 115 Sp. z o.o. Sp.K.	Bank Pekao S.A.	87 386 EUR 17 000 PLN	13 120 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	31.12.2027 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 4 000 PLN	4 145 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	30.06.2023 30.06.2021
Face 2 Face I i II, Katowice	Face2Face - Stranraer Sp. z o.o. SKA	Bank Pekao S.A.	64 997 EUR 18 000 PLN	20 873 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	31.12.2023 31.12.2021
React I, Łódź	React - Dagnall Sp. z o.o. SKA	BNP Paribas Bank Polska S.A.	19 200 EUR 4 000 PLN	0 EUR 0 PLN	Margin + EURIBOR 3M Margin + WIBOR 1M	01.12.2022 01.12.2022
Projekt Echo 129	Projekt Echo 129 Sp. z o.o.	Bank Pekao S.A.	50 000 EUR	44 122 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 financial agent	77 600 PLN	55 254 PLN	Margin + WIBOR 1M	30.06.2026
Resi4Rent* - 2nd tranche	R4R Poznań Szczepanowskiego Sp. z o.o./ R4R Warszawa Taśmowa Sp. z o.o./ R4R Warszawa Woronicza Sp. z o.o./ R4R Gdańsk Kołobrzeska Sp. z o.o.	Santander S.A. / Helaba AG	69 000 PLN	2 190 PLN	Margin + WIBOR 1M	27.06.2027
<b>Total</b>			<b>416 159 EUR</b>	<b>228 966 EUR</b>		
			<b>215 950 PLN</b>	<b>58 292 PLN</b>		

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

\*\* After fulfilment specified conditions the construction loan will be converted into an investment loan of a value of EUR 56.7 million.

Security for the loans listed above: mortgages, registered and financial pledges, authorisation to bank account, subordination agreement, submission to

enforcement proceedings, transfer of rights and claims of selected agreements.



## 17.3 Credit facilities

### CREDIT FACILITIES OF ECHO INVESTMENT S.A. AS AT 31.03.2020 [‘000 PLN]

Bank	Contractual amount of loan	Outstanding loan amount	Interest rate	Repayment deadline
PKO BP S.A.*	75 000	64 547	WIBOR 1M + margin	30.10.2020
Alior Bank S.A.	65 000	65 000	WIBOR 3M + margin	15.03.2021
Santander Bank Polska S.A.**	100 000	75 000	WIBOR 1M + margin	30.11.2020
<b>Total</b>	<b>240 000</b>	<b>204 547</b>		

\* The available loan amount as on 31 March 2020 is decreased by the guarantees issued and amounts to PLN 7.5 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 31 March 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.

## 18.1 Guarantees

### GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 31.03.2020

Issuer	Beneficiary	Value [PLN '000]	Validity	Description
Echo Investment S.A.	Horta Sp. z o.o.	22 762	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.
Echo Investment S.A.	Skua Sp. z o.o.	27 314	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.	1 066	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.)	41 538	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.)	43 330	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.)	18 535	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.	25 038	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.	39 604	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.	42 336	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	81 378	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.

## GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 31.03.2020

Issuer	Beneficiary	Value [PLN '000]	Validity	Description
<b>Echo Investment S.A.</b>	A 19 Sp. z o.o.	27 314	until 4.07.2038	Guarantee for the obligations of Projekt 22 - Grupa Echo Sp. z o.o. SKA (Midpoint 71 project) arising from the good neighborly agreement concluded on 4.07.2018. Issued in EUR.
<b>Echo Investment S.A.</b>	issued for Flaxton Investments Sp. z o.o. (currently entitled EPP Office - Symetris Business Park Sp. z o.o.)	17 380	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.
<b>Echo Investment S.A.</b>	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.
<b>Echo Investment S.A.</b>	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 Mieszkańska 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.
<b>Echo Investment S.A.</b>	IB 6 FIZAN / GPF 3 FIZAN	141 891	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.
<b>Echo Investment S.A.</b>	PKO BP S.A.	36 000	until 30.06.2023	Security for exceeding the costs of performing the Moje Miejsce office project in Warsaw.
<b>Echo Investment S.A.</b>	LUX Europa III S.a.r.l.	99 878	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.
<b>Echo Investment S.A.</b>	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.
<b>Echo Investment S.A.</b>	LUX Europa III S.a.r.l.	50 075	until 03.03.2027	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.
<b>Echo - Aurus Sp. z o.o.</b>	Echo - Park Rozwoju Sp. z o.o. Sp.K.	805	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.
<b>Echo - Aurus Sp. z o.o.</b>	Nobilis - Projekt Echo 117 Sp. z o.o. Sp.K.	805	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.
<b>Echo - Aurus Sp. z o.o.</b>	issued for Ventry Investments Sp. z o.o. Sp.K. (currently entitled EPP Office O3 Business Campus Sp. z o.o.)	1 266	until 09.04.2027	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.
<b>Echo - Aurus Sp. z o.o.</b>	Sagittarius - Projekt Echo -113 Sp. z o.o. Sp.K.	53	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.
<b>Echo-SPV 7 Sp. z o.o.</b>	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.
<b>Echo Investment S.A.</b>	Pekao S.A.	72 740	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.

## GUARANTEES ISSUED BY ECHO INVESTMENT GROUP AS AT 31.03.2020

Issuer	Beneficiary	Value [PLN '000]	Validity	Description
<b>Echo Investment S.A.</b>	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.
<b>Echo Investment S.A.</b>	Bank Millennium S.A.	4 871	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.
<b>Echo Investment S.A.</b>	issued for Echo-Opolska Business Park Sp. z o.o. Sp.K. (currently entitled EPP Development 6 Sp. z o.o.)	1 077	until 30.06.2020	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.
<b>Echo Investment S.A.</b>	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.
<b>Echo Investment S.A.</b>	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.
<b>Echo Investment S.A.</b>	EPP Development 6 Sp. z o.o.	36 722	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.
<b>PKO BP S.A.</b> (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.
<b>Echo Investment S.A.</b>	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.
<b>Echo Investment S.A.</b>	142 - City Space - GP Sp. z o.o. Sp.K.	111	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.
<b>PKO BP S.A.</b> (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.
<b>PKO BP S.A.</b> (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.
<b>Echo Investment S.A.</b>	Tesco (Polska) Sp. z o.o.	n.a.	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.
<b>Echo Investment S.A.</b>	Tryton Business Park Sp. z o.o.	788	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.
<b>Echo Investment S.A.</b>	DH Supersam Katowice Sp. z o.o. Sp.K.	384	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.
<b>Total</b>		<b>1 227 665</b>		

## CHANGES IN GUARANTEE AGREEMENTS ISSUED BY ECHO INVESTMENT GROUP IN Q1 2020

Change	Issuer	Beneficiary	Date of change	Value [PLN '000]	Description
<b>Expiry</b>	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.
<b>Expiry</b>	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.
<b>Expiry</b>	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.
<b>Expiry</b>	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.
<b>Issue</b>	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.).
<b>Issue</b>	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.
<b>Issue</b>	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.

## 18.2 Sureties

### SURETY AGREEMENTS ISSUED BY ECHO INVESTMENT GROUP AS AT 31.03.2020

Issuer	Beneficiary	Value [PLN '000]	Validity	Description
Echo Investment S.A.	Bletwood Investments Sp. z o.o.	1 531	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.
Echo Investment S.A.	HPO AEP Sp. z o.o. Sp.J.	11 381	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.
Echo Investment S.A.	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.
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 06.12.2020	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 05.02.2024	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	32 098	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.
<b>Total</b>		<b>198 572</b>		

No changes in surety agreements in Q1 2020.

## **Influence of the results disclosed in the report for Q1 2020 on fulfilment of result forecasts**

**19**

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Echo Investment S.A. did not publish any forecasts of financial results for Q1 2020.

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## **Significant court, arbitration or public administration proceedings**

**20**

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From 1 January to 31 March 2020, there were no proceedings pending before court, a competent arbitration authority or a 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.

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

**21**

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In Q1 2020, no material transactions were concluded between Echo Investment S.A. and its subsidiaries, and related parties on terms other than market terms.

# CHAPTER 2

# FINANCIAL STATEMENTS





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**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL  
STATEMENT AS OF AND  
FOR THE PERIOD ENDED  
31 MARCH 2020**

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION [‘000 PLN]

	As at 31.03.2020 – end of quarter	As at 31.12.2019 – end of year	As at 31.03.2019 – end of quarter (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3 550	3 741	2 646
Property, plant and equipment	25 194	25 762	22 886
Investment property	986 328	941 983	800 655
Investment property under construction	1 736 861	1 517 866	1 018 761
Investment in associates and joint ventures	251 074	254 142	256 191
Long-term financial assets	134 893	115 862	129 563
Deferred tax asset	62 270	53 903	58 582
	<b>3 200 170</b>	<b>2 913 259</b>	<b>2 289 284</b>
<b>Current assets</b>			
Inventory	1 127 213	1 052 327	1 017 991
Current tax receivables	9 108	1 484	6 964
Other taxes receivable	48 883	59 006	88 184
Trade and other receivables	130 608	144 844	288 719
Short-term financial assets	48 442	64 465	16 999
Derivative financial instruments	-	2 669	-
Restricted cash	65 225	57 157	76 873
Cash and cash equivalents	453 195	492 295	470 978
	<b>1 882 674</b>	<b>1 874 247</b>	<b>1 966 708</b>
<b>Assets held for sale</b>	<b>3 905</b>	<b>22 923</b>	<b>19 017</b>
<b>Total assets</b>	<b>5 086 749</b>	<b>4 810 429</b>	<b>4 275 009</b>

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL SITUATION CONT.**  
**[‘000 PLN]**

	As at 31.03.2020 – end of quarter	As at 31.12.2019 – end of year	As at 31.03.2019 – end of quarter (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent	1 603 200	1 562 365	1 502 679
Share capital	20 635	20 635	20 635
Supplementary capital	1 259 252	1 259 252	1 420 922
Retained earnings	322 368	281 739	53 041
Foreign currency translation reserve	945	739	8 081
Non-controlling interest	(123)	(122)	(118)
	<b>1 603 077</b>	<b>1 562 243</b>	<b>1 502 561</b>
<b>Provisions</b>			
Long-term provisions	50 134	35 931	50 892
Short-term provisions	73 640	89 428	134 693
Deferred tax liabilities	173 304	152 733	91 998
	<b>297 078</b>	<b>278 092</b>	<b>277 583</b>
<b>Long-term liabilities</b>			
Debt liabilities	1 676 345	1 602 126	1 296 022
Leasing and perpetual usufruct conversion fee liabilities	110 084	117 889	-
Other liabilities	19 732	16 018	158 950
Deferred income **	42 026	45 754	74 592
	<b>1 848 187</b>	<b>1 781 787</b>	<b>1 529 564</b>
<b>Short-term liabilities</b>			
Debt liabilities	498 599	367 545	158 571
Income tax payable	1 499	5 035	29 248
Other taxes liabilities	12 102	16 126	63 123
Trade payable	196 645	238 011	162 595
Leasing and perpetual usufruct conversion fee liabilities	61 587	67 076	-
Other liabilities *	130 053	87 362	185 266
Deferred income **	437 922	407 152	366 498
	<b>1 338 407</b>	<b>1 188 307</b>	<b>965 301</b>
<b>Total equity and liabilities</b>	<b>5 086 749</b>	<b>4 810 429</b>	<b>4 275 009</b>
Book value	1 603 200	1 562 365	1 502 679
Number of shares	412 690 582	412 690 582	412 690 582
Book value per one share (in PLN)	3,88	3,79	3,64

\* i.e. advance payments from residential clients on escrow accounts and FX

\*\* advance payments from residential clients released from escrow accounts

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

	1.01.2020 - 31.03.2020	1.01.2019 - 31.03.2019
Revenue	155 975	69 415
Cost of sales	(131 439)	(50 790)
<b>Gross profit</b>	<b>24 536</b>	<b>18 625</b>
Profit on investment property	118 640	63 475
Administrative costs associated with project implementation	(8 398)	(5 462)
Selling expenses	(7 959)	(4 425)
General and administrative expenses	(17 287)	(22 081)
Other operating income	3 029	10 685
Other operating expenses	(9 804)	(8 750)
<b>Operating profit</b>	<b>102 757</b>	<b>52 067</b>
Financial income	6 322	5 703
Financial cost	(17 847)	(17 636)
Profit (loss) on FX derivatives	(16 487)	-
Foreign exchange gains (losses)	(22 846)	(491)
Share of profit (loss) of associates and joint ventures	(2 630)	(2 371)
<b>Profit before tax</b>	<b>49 269</b>	<b>37 272</b>
Income tax	(8 641)	(5 443)
Current tax	3 564	(28 430)
Deferred tax	(12 205)	22 987
<b>Net profit (loss), including:</b>	<b>40 628</b>	<b>31 829</b>
Equity holders of the parent	40 629	31 833
Non-controlling interest	(1)	(4)
Equity holders of the parent	40 629	31 833
Weighted average number of ordinary shares (in '000) without shares held	412 691	412 691
Profit (loss) per one ordinary share (in PLN)	0,10	0,08
Diluted profit (loss) per one ordinary share (PLN)	0,10	0,08

## CONSOLIDATED QUARTERLY STATEMENT OF COMPREHENSIVE INCOME [PLN '000]

	1.01.2020 - 31.03.2020	1.01.2019 - 31.03.2019
Profit for the year	40 628	31 829
Components of other comprehensive income that may be reclassified to profit or loss in later periods		
exchange differences on translation of foreign entities	206	(392)
<b>Other comprehensive income for the year, net of tax</b>	<b>206</b>	<b>(392)</b>
<b>Total comprehensive income for the year, including:</b>	<b>40 834</b>	<b>31 437</b>
Comprehensive income attributable to shareholders of the parent company	40 835	31 441
Comprehensive income attributable to non-controlling interest	(1)	(4)

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

	Share Capital	Supplementa- ry capital	Accumula- ted retained earnings	Currency translation differences	Equity attributable to equity holders of the parent	Capital of non-control- ling interests	Equity total
<b>For the period from 1.03.2020 to 31.03.2020</b>							
<b>Opening balance</b>	<b>20 635</b>	<b>1 259 252</b>	<b>281 739</b>	<b>739</b>	<b>1 562 365</b>	<b>(122)</b>	<b>1 562 243</b>
Other comprehensive income	-	-	-	206	206	-	206
Profit (loss) for the period	-	-	40 629	-	40 629	(1)	40 628
<b>Closing balance</b>	<b>20 635</b>	<b>1 259 252</b>	<b>322 368</b>	<b>945</b>	<b>1 603 200</b>	<b>(123)</b>	<b>1 603 077</b>
<b>For the period from 1.03.2019 to 31.03.2019</b>							
<b>Opening balance</b>	<b>20 635</b>	<b>1 420 922</b>	<b>45 543</b>	<b>8 473</b>	<b>1 495 573</b>	<b>(114)</b>	<b>1 495 459</b>
Effect of IFRS 16 implementation as at 1 January 2019			(24 335)		(24 335)		(24 335)
<b>Opening balance, with restated figures</b>	<b>20 635</b>	<b>1 420 922</b>	<b>21 208</b>	<b>8 473</b>	<b>1 471 238</b>	<b>(114)</b>	<b>1 471 124</b>
Other comprehensive income	-	-	-	(392)	(392)	-	(392)
Net profit (loss) for the period	-	-	31 833	-	31 833	(4)	31 829
<b>Closing balance</b>	<b>20 635</b>	<b>1 420 922</b>	<b>53 041</b>	<b>8 081</b>	<b>1 502 679</b>	<b>(118)</b>	<b>1 502 561</b>

## CONSOLIDATED CASH FLOW STATEMENT [PLN '000]

	1.01.2020 - 31.03.2020	1.01.2019 - 31.03.2019
<b>A. Operating cash flow – indirect method</b>		
<b>I. Profit (loss) before tax</b>	<b>49 269</b>	<b>37 272</b>
<b>II. Total adjustments</b>		
Share in net (profit) loss of associates and joint ventures	2 630	2 371
Depreciation of PP&E	2 540	842
FX gains (losses)	36 479	175
Interest and profit sharing (dividends)	11 806	6 467
(Profit) loss on revaluation of assets and liabilities	(108 087)	(73 420)
(Profit) loss on revaluation of assets and liabilities	(419)	-
	<b>(55 051)</b>	<b>(63 565)</b>
<b>III. Changes in working capital</b>		
Change in provisions	(1 586)	13 013
Change in inventories	(80 946)	(169 640)
Change in receivables	23 961	(77 275)
Change in short-term liabilities, except for loans and borrowings	35 282	180 151
Change in cash on escrow	(8 069)	(22 155)
	<b>(31 358)</b>	<b>(75 906)</b>
<b>IV. Net cash generated from operating activities (I+II+III)</b>	<b>(37 140)</b>	<b>(102 199)</b>
Income tax paid	(7 596)	(11 623)
<b>V. Net cash generated from operating activities</b>	<b>(44 736)</b>	<b>(113 822)</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>		
Disposal of intangible assets and tangible fixed assets	2	93
Sale of investments in property	21 726	238 082
From borrowings and financial investments	7 622	1 411
	<b>29 350</b>	<b>239 586</b>
<b>II. Outflows</b>		
Purchase of intangible assets and PP&E	(2 460)	(9)
Investment in property	(130 842)	(87 764)
On loans and financial investments	(13 143)	(17 818)
	<b>(146 445)</b>	<b>(105 591)</b>
<b>III. Net cash flow from investing activities (I+II)</b>	<b>(117 095)</b>	<b>133 995</b>

## CONSOLIDATED CASH FLOW STATEMENT CONT. [PLN '000]

	1.01.2020 - 31.03.2020	1.01.2019 - 31.03.2019
<b>C. Cash flow from financing activities</b>		
<b>I. Inflows</b>		
Loans and borrowings	166 086	136 996
Issue of debt securities	-	33 832
Other financial inflows	419	-
	<b>166 505</b>	<b>170 828</b>
<b>II. Outflows</b>		
Dividends and other payments to equity holders		
Repayment of loans and borrowings	(17 605)	(54 236)
Redemption of debt securities	-	(100 000)
Payments of leasing liabilities	(2 026)	-
Interest paid	(24 143)	(5 319)
	<b>(43 774)</b>	<b>(159 555)</b>
<b>III. Net cash flow from financing activities (I+II)</b>	<b>122 731</b>	<b>11 273</b>
<b>D. Total net cash flows (A.III+B.III+C.III)</b>	<b>(39 100)</b>	<b>31 446</b>
<b>E. Change in the balance of cash in consolidated statement of financial position</b>	<b>(39 100)</b>	<b>31 446</b>
- including change of cash from foreign exchange translation differences	-	-
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>492 295</b>	<b>439 532</b>
<b>G. Cash and cash equivalents at the end of the period (F+D)</b>	<b>453 195</b>	<b>470 978</b>

## OFF-BALANCE SHEET ITEMS [PLN '000]

	As at 31.03.2020 – end of quarter	As at 31.12.2019 – end of year	As at 31.03.2019 – end of quarter
Contingent liabilities for other entities	1 437 383	1 389 812	1 619 690

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.

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# INFORMATION ON FINANCIAL STATEMENTS OF ECHO INVESTMENT GROUP

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

The condensed interim consolidated financial statements of the Echo Investment Group for the period of 3 months ended on 31 March 2020 and comparative data for the period of 3 months ended on 31 March 2019.

Unless indicated otherwise, all financial data in the Company's financial statements has been presented in thousand PLN. The financial statements have been drawn up in accordance with the historical cost principle with the exception of investment property, which was measured at fair value.

As at 31 March 2020 the Capital Group consisted of 144 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 Groups' consolidated financial statements for Q1 2020 have been drawn up according to the going concern principle as there are no circumstances indicating a threat to continued activity by the Group's companies.

## **APPROVAL OF THE FINANCIAL STATEMENTS**

These consolidated financial statements were approved for publication by the Management Board on 28 May 2020.

## 2.1 Composition of the Group

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 31 March 2020 the Capital Group included 144 subsidiaries consolidated according to the full method and 21 jointly controlled companies consolidated according to the equity method.

### SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
1	53 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
2	Avatar - Projekt Echo - 119 Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
3	Babka Tower - Projekt Echo - 93 Sp. z o.o. Sp.K.	Kielce	100%	Perth Sp. z o.o.
4	Bełchatów - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
5	City Space - GP Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
6	Supersam City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
7	Rondo 1 City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
8	Plac Unii City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
9	City Space Management Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
10	Cornwall Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
11	React - City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
12	Dagnall Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
13	Dellia Investments - Projekt Echo - 115 sp. z o.o. Sp.K.	Kielce	100%	Pudsey Sp. z o.o.
14	Doxent Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
15	Duże Naramowice - Projekt Echo - 111 Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
16	Echo - Advisory Services Sp. z o.o.	Kielce	100%	Echo Investment S.A.
17	Echo - Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.
18	Echo - Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
19	Echo - Babka Tower Sp. z o.o.	Kielce	100%	Echo Investment S.A.
20	Echo - Babka Tower Sp. z o.o. Sp.K.	Kielce	100%	Gleann Sp. z o.o.
21	Echo - Browary Warszawskie Sp. z o.o.	Kielce	100%	Echo Investment S.A.
22	Echo - Browary Warszawskie Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
23	Echo - Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
24	Echo - Galaxy Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
25	Echo - Nowy Mokotów Sp. z o.o.	Kielce	100%	Echo Investment S.A.
26	Echo - Nowy Mokotów Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
27	Echo - Opolska Business Park Sp. z o.o.	Kielce	100%	Echo Investment S.A.
28	Echo - Opolska Business Park Sp. z o.o. Sp.K.	Warsaw	100%	Perth Sp. z o.o.
29	Echo - Property Poznań 1 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
30	Echo - SPV 7 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
31	Tryton - City Space GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
32	Echo Investment ACC - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
33	Echo Investment Project 1 S.R.L.	Brasov	100%	Echo - Aurus Sp. z o.o.
34	Echo Investment Project Management S.R.L.	Brasov	100%	Echo Investment S.A.
35	Elektrownia RE Sp. z o.o.	Kielce	100%	Echo Investment S.A.

## SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
36	Fianar Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
37	Galeria Libero - Projekt Echo 120 Sp. z o.o. Sp.K.	Kielce	100%	Fianar Investments Sp. z o.o.
38	Galeria Nova - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
39	Galeria Tarnów - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
40	Gleann Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
41	Gosford Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
42	GRO Nieruchomości Sp. z o.o.	Kraków	100%	Echo Investment S.A.
43	Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
44	Kasztanowa Aleja - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
45	Kielce - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
46	Klimt House - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
47	Malta Office Park - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
48	Metropolis - Projekt Echo 121 Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
49	Oxygen - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
50	Park Postępu - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
51	Park Rozwoju III - Projekt Echo - 112 Sp. z o.o. Sp.K.	Kielce	100%	Perth Sp. z o.o.
52	Perth Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
53	PHS - Projekt CS Sp. z o.o. Sp.K.	Warsaw	100%	Perth Sp. z o.o.
54	Pod Klonami - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
55	Potton Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
56	PPR - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
57	Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
58	Projekt - Pamiątkowo Sp. z o.o.	Kielce	100%	Echo - SPV 7 Sp. z o.o.
59	Projekt 1 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
60	Projekt 12 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
61	Projekt 13 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
62	Projekt 132 - City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
63	Projekt 133 - City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
64	Nobilis - City Space GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
65	Projekt 14 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
66	React - Dagnall Sp. z o.o. SKA	Kielce	100%	Potton Sp z o.o.
67	Projekt 16 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
68	Projekt 17 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
69	Projekt 18 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
70	Cinema Asset Manager - Grupa Echo sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
71	Face2Face - Stranraer Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
72	Projekt 21 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
73	Midpoint 71 - Cornwall Investments Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
74	Projekt 5 - Grupa Echo Sp. z o.o. SKA	Szczecin	100%	Echo Investment S.A.
75	Projekt Beethovena - Projekt Echo - 122 Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
76	Projekt CS Sp. z o.o.	Kielce	100%	Echo Investment S.A.
77	Projekt Echo - 104 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
78	Projekt Echo - 108 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
79	Projekt Echo - 111 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
80	Projekt Echo - 112 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
81	Projekt Echo - 113 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
82	Projekt Echo - 115 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
83	Projekt Echo - 116 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
84	Projekt Echo - 119 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
85	Projekt Echo - 120 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
86	Projekt Echo - 121 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
87	Projekt Echo - 122 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
88	Projekt Echo - 123 Sp. z o.o.	Kielce	100%	Galeria Nova - Grupa Echo Sp. z o.o. SKA
89	Projekt Echo - 127 Sp. z o.o.	Kielce	100%	Echo Investment S.A.

## SUBSIDIARIES

No	Subsidiary	Registered office	% of capital held	Parent entity
90	Projekt Echo - 128 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
91	Projekt Echo - 129 Sp. z o.o.	Kielce	100%	Selmer Investments Sp. z o.o. Sp.K.
92	Projekt Echo - 130 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
93	Projekt Echo - 131 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
94	Projekt Echo - 132 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
95	Projekt Echo - 135 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
96	Projekt Echo - 135 Sp. z o.o. Sp.K.	Kielce	100%	Perth Sp. z o.o.
97	Projekt Echo - 136 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
98	Projekt Echo - 136 Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
99	Projekt Echo - 137 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
100	Projekt 139 - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Perth Sp. z o.o.
101	Projekt 140 - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
102	Aquarius - City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
103	142 - City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
104	Beethovena - City Space - GP Sp. z o.o. Sp.K.	Warsaw	100%	City Space Management Sp. z o.o.
105	Projekt 144 - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo - Arena Sp. z o.o.
106	Projekt 145 - City Space - GP Sp. z o.o. Sp.K.	Kielce	100%	City Space Management Sp. z o.o.
107	Projekt 146 - City Space - GP Sp. z o.o. Sp.K.	Kielce	100%	City Space Management Sp. z o.o.
108	Projekt 147 - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
109	Projekt 148 - Grupa Echo Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
110	Projekt Echo - 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
111	Projekt Echo - 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
112	Projekt K-6 - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
113	Projekt Naramowice - Grupa Echo Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
114	Projekt Saska Sp. z o.o.	Kielce	95%	Echo Investment S.A.
115	Pudsey Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
116	Pure Systems Sp. z o.o.	Kraków	100%	Echo Investment S.A.
117	Q22 - Projekt Echo - 128 Sp. z o.o. Sp.K.	Kielce	100%	Potton Sp z o.o.
118	Sagittarius - Projekt Echo - 113 Sp. z o.o. Sp.K.	Kielce	100%	Doxent Investments Sp. z o.o.
119	Seaford Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
120	Selmer Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
121	Selmer Investments Sp. z o.o. Sp.K.	Warsaw	100%	Echo Investment S.A.
122	Senja 2 Sp. z o.o.	Warsaw	100%	Echo - Browary Warszawskie Sp. z o.o. Sp.K.
123	Shanklin Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
124	Stranraer Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
125	Strood Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
126	Swanage Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
127	Symetris - Projekt Echo - 131 Sp. z o.o. Sp.K.	Warsaw	100%	Gosford Investments Sp. z o.o.
128	Taśmowa - Projekt Echo - 116 Sp. z o.o. SKA	Kielce	100%	Echo Investment S.A.
129	ZAM - Projekt Echo - 127 Sp. z o.o. Sp.K.	Warsaw	100%	Perth Sp. z o.o.
130	Villea Investments Sp. z o.o.	Warsaw	100%	Echo Investment S.A.
131	Bowen Sp. z o.o.	Warsaw	100%	Echo - Browary Warszawskie Sp. z o.o. Sp.K.
132	RPGZ IX Sp. z o.o.	Kraków	100%	Echo Investment S.A.
133	Projekt 150 - Shanklin Sp. z o.o. Sp.K.	Kielce	100%	Echo Investment S.A.
134	Projekt 151 - Projekt 13 - Grupa Echo Sp. z o.o. SKA Sp.K.	Kielce	100%	Echo Investment S.A.
135	Projekt 152 - Projekt 14 - Grupa Echo Sp. z o.o. SKA Sp.K.	Kielce	100%	Echo Investment S.A.
136	Projekt 153 - Projekt 21 - Grupa Echo Sp. z o.o. SKA Sp.K.	Kielce	100%	Echo Investment S.A.
137	Projekt 154 - Projekt K-6 - Grupa Echo Sp. z o.o. SKA Sp.K.	Kielce	100%	Echo Investment S.A.
138	Projekt Echo - 139 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
139	Projekt Echo - 140 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
140	Projekt Echo - 141 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
141	Projekt Echo - 142 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
142	Projekt Echo - 143 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
143	Projekt Echo - 144 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
144	Projekt Echo - 145 Sp. z o.o.	Kielce	100%	Echo Investment S.A.

## JOINT VENTURES

No	Subsidiary	Registered office	% of capital held	Parent entity
<b>GALERIA MŁOCINY</b>				
1	Rosehill Investments Sp. z o.o.	Warsaw	30%	Echo Investment S.A.
2	Berea Sp. z o.o.	Warsaw	30%	Rosehill Investments Sp. z o.o.
<b>TOWAROWA 22</b>				
3	Projekt Echo - 138 Sp. z o.o. Sp.K.	Warsaw	45,26%	Strood Sp. z o.o.
4	Projekt Echo - 138 Sp. z o.o.	Warsaw	30%	Echo Investment S.A.
<b>RESI4RENT</b>				
5	R4R Poland Sp. z o.o.	Warsaw	30%	Echo Investment S.A.
6	R4R Łódź Wodna Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
7	R4R Wrocław Kępa Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
8	R4R Wrocław Rychtalska Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
9	R4R Warszawa Browary Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
10	R4R Leasing Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
11	R4R Poznań Szczepanowskiego Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
12	R4R Warszawa Taśmowa Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
13	R4R Warszawa Woronicza Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
14	R4R Gdańsk Kołobrzeska Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
15	R4R RE Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
16	R4R Kraków 3 Maja Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
17	R4R Warszawa Wilanowska Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
18	R4R RE Wave 3 Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
19	R4R Warszawa Pohorskiego Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
20	R4R Warszawa Żwirki Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.
21	Pimech Invest Sp. z o.o.	Warsaw	30%	R4R Poland Sp. z o.o.

## 2.2 Changes in the structure of the capital group in Q1 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

### 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
Echo - Opolska Business Sp. z o.o.	Registration of the capital increase by Echo Investment S.A.	09.03.2020

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

03

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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 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

## **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 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 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.

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.

# Results of changes in presentation – transformation of previous periods financial statements

# 05

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 31 March 2019 by reducing the value of the provision for securing income for rent-free

periods by PLN 88,975 thousand, simultaneously 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 Q1 2019, as well as the Group's equity as at 31 March 2019.

The most significant changes in comparative data as at 31 March 2019:

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION [PLN '000]

	31.03.2019 - approved	31.03.2019 - restated	Change
<b>ASSETS</b>			
Investment property	814 091	800 655	(13 436)
Investment property underconstruction	1 094 300	1 018 761	(75 539)
<b>Total assets</b>	<b>4 363 984</b>	<b>4 275 009</b>	<b>(88 975)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Provisions</b>			
Long-termprovisions	79 042	50 892	(28 150)
Short-termprovisions	195 518	134 693	(60 825)
<b>Total equity and liabilities</b>	<b>4 363 984</b>	<b>4 275 009</b>	<b>(88 975)</b>



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**CONDENSED INTERIM  
STANDALONE FINANCIAL  
STATEMENT OF ECHO  
INVESTMENT S.A. AS OF  
AND FOR THE PERIOD  
ENDED 31 MARCH 2020**

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

	As at 31.03.2020 – end of quarter	As at 31.12.2019 – end of year	As at 31.03.2019 – end of quarter
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3 426	3 614	2 604
Property, plant and equipment	20 800	21 766	19 574
Investment property	2 212	2 212	2 212
Investments in subsidiaries, jointly controlled entities and associates	1 021 475	1 021 440	875 297
Long-term financial assets	498 141	487 387	779 079
Loans granted	307 129	281 264	256 813
	<b>1 853 183</b>	<b>1 817 683</b>	<b>1 935 579</b>
<b>Current assets</b>			
Inventory	206 891	212 191	231 897
Current tax assets	395	-	2 333
Other taxes receivable	6 189	-	333
Trade and other receivables	103 749	121 507	117 417
Loans granted	561 931	533 608	405 983
Other financial assets	24 128	17 720	6 778
Cash and cash equivalents	263 233	232 147	101 186
	<b>1 166 516</b>	<b>1 117 173</b>	<b>865 927</b>
<b>Total assets</b>	<b>3 019 699</b>	<b>2 934 856</b>	<b>2 801 506</b>

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

	As at 31.03.2020 – end of quarter	As at 31.12.2019 – end of year	As at 31.03.2019 – end of quarter
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	326 309
Accumulated profit	67 954	21 412	106 568
	<b>1 307 523</b>	<b>1 260 981</b>	<b>1 507 807</b>
<b>Provisions</b>			
Short-term provisions	12 723	15 507	16 216
Long-term provisions	1 565	4 639	1 619
	<b>14 288</b>	<b>20 146</b>	<b>17 835</b>
<b>Long-term liabilities</b>			
Loans, borrowings and bonds	1 023 096	1 063 866	944 117
- also from subsidiaries	226 577	127 007	-
Leasing liabilities	11 511	12 645	14 422
Deposits and advances received	1 320	1 492	749
	<b>1 035 927</b>	<b>1 078 003</b>	<b>959 288</b>
<b>Short-term liabilities</b>			
Loans, borrowings and bonds	499 317	362 212	148 847
Income tax payable	1	3 215	3
Other taxes liabilities	3 032	12 100	2 194
Trade payable	30 593	53 402	19 578
Deposits and advances received	79 840	104 940	114 143
Leasing and perpetual usufruct conversion fee liabilities	14 135	13 274	-
Other liabilities	35 043	26 583	31 811
	<b>661 961</b>	<b>575 726</b>	<b>316 576</b>
<b>Total equity and liabilities</b>	<b>3 019 699</b>	<b>2 934 856</b>	<b>2 801 506</b>
Book value	1 307 523	1 260 981	1 507 807
Number of shares	412 690 582	412 690 582	412 690 582
Book value per one share (in PLN)	3,17	3,06	3,65

## OFF-BALANCE SHEET ITEMS [PLN '000]

	As at 31.03.2020 – end of quarter	As at 31.12.2019 – end of year	As at 31.03.2019 – end of quarter
Off-balance sheet liabilities	1 426 237	1 942 475	1 956 427
<b>Total</b>	<b>1 426 237</b>	<b>1 942 475</b>	<b>1 956 427</b>

## CONDENSED STANDALONE PROFIT AND LOSS ACCOUNT [PLN '000]

	1.01.2020 - 31.03.2020	1.01.2019 - 31.03.2019
Revenues	91 808	37 499
Cost of sales	(80 077)	(19 332)
<b>Gross profit</b>	<b>11 731</b>	<b>18 167</b>
Profit / (loss) on investment property	-	-
Administrative costs associated with project implementation	(4 074)	(1 203)
Selling expenses	(6 276)	(4 043)
General and administrative expenses	(14 341)	(16 264)
Other operating income	68 605	72 861
Other operating expenses	(3 541)	(502)
<b>Operating profit</b>	<b>52 104</b>	<b>69 016</b>
Financial income	9 470	8 871
Financial cost	(18 400)	(16 031)
<b>Profit before tax</b>	<b>43 174</b>	<b>61 856</b>
Income tax	3 368	37
<b>Net profit</b>	<b>46 542</b>	<b>61 893</b>
Net profit (annualised)	65 136	655 200
Weighted average number of ordinary shares	412 690 582	412 690 582
Profit per one ordinary share (PLN)	0,01	1,59
Diluted weighted average number of ordinary shares	412 690 582	412 690 582
Diluted profit per one ordinary share (PLN)	0,01	1,59

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

	Share capital	Supplementary capital	Dividend fund	Accumulated profit (loss)	Total equity
<b>For quarter 1.01.2020-31.03.2020</b>					
<b>Opening balance</b>	<b>20 635</b>	<b>1 054 295</b>	<b>164 639</b>	<b>21 412</b>	<b>1 260 981</b>
Changes in the period					
Profit (loss) for the period	-	-	-	46 542	46 542
Total changes in the period	-	-	-	46 542	46 542
<b>Closing balance</b>	<b>20 635</b>	<b>1 054 295</b>	<b>164 639</b>	<b>67 954</b>	<b>1 307 523</b>
<b>For previous year - 1.01.2019-31.12.2019</b>					
<b>Opening balance</b>	<b>20 635</b>	<b>1 054 295</b>	<b>326 309</b>	<b>44 675</b>	<b>1 445 914</b>
Changes in the period					
Distribution of previous years' profit/loss	-	-	44 675	(44 675)	-
Dividend paid	-	-	(206 345)	-	(206 345)
Profit (loss) for the period	-	-	-	21 412	21 412
Total changes in the period	-	-	(161 670)	(23 263)	(184 933)
<b>Closing balance</b>	<b>20 635</b>	<b>1 054 295</b>	<b>164 639</b>	<b>21 412</b>	<b>1 260 981</b>
<b>For quarter (previous year) - 1.01.2019-31.03.2019</b>					
<b>Opening balance</b>	<b>20 635</b>	<b>1 054 295</b>	<b>326 309</b>	<b>44 675</b>	<b>1 445 914</b>
Changes in the period					
Profit (loss) for the period	-	-	-	61 893	61 893
Total changes in the period	-	-	-	61 893	61 893
<b>Closing balance</b>	<b>20 635</b>	<b>1 054 295</b>	<b>326 309</b>	<b>106 568</b>	<b>1 507 807</b>

## CONDENSED STANDALONE CASH FLOW STATEMENT [PLN '000]

	1.01.2020 - 31.03.2020	1.01.2019 - 31.03.2019
<b>A. Operating cash flow – indirect method</b>		
<b>I. Profit before tax</b>	<b>43 174</b>	<b>61 856</b>
<b>II. Adjustments</b>	<b>(51 903)</b>	<b>(61 953)</b>
Depreciation	2 159	631
Foreign exchange gains / (losses)	(8 890)	(1 352)
Interest and profit sharing (dividends)	(48 289)	(61 377)
Profit / (loss) on revaluation of assets and liabilities	3 118	99
Profit (loss) on sale of fixed assets and investment properties	(1)	46
<b>III. Changes in working capital</b>	<b>(30 038)</b>	<b>10 866</b>
Change in provisions	(2 784)	(950)
Change in Inventory	5 509	(30 452)
Change in receivables	25 375	(8 193)
Change in short-term liabilities, except for loans and borrowings	(51 731)	49 849
Change in other financial assets	(6 408)	611
<b>IV. Net cash generated from operating activities (I +/- II +/- III)</b>	<b>(38 767)</b>	<b>10 769</b>
<b>V. Income tax paid</b>	<b>(3 315)</b>	<b>(3 360)</b>
<b>VI. Net cash generated from operating activities (I+/-II)</b>	<b>(42 082)</b>	<b>7 409</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>		
Disposal of intangible assets and tangible fixed assets	1	46
From financial assets	75 164	82 979
	<b>75 165</b>	<b>83 025</b>
<b>II. Outflows</b>		
Purchase of intangible assets and PP&E	(337)	(1 333)
Investment in property	-	(1)
On financial assets	(66 812)	(207 048)
Other investment outflows	(296)	(387)
	<b>(67 445)</b>	<b>(208 769)</b>
<b>III. Net cash flow from investment activities</b>	<b>7 720</b>	<b>(125 744)</b>
<b>C. Net cash flow from financing activities (I - II)</b>		
<b>I. Inflows</b>		
Loans and borrowings	87 818	159 991
Issue of debt securities	-	33 832
	<b>87 818</b>	<b>193 823</b>
<b>II. Outflows</b>		
Repayment of loans and borrowings	(10 000)	(50 000)
Redemption of debt securities	-	(100 000)
Payments of liabilities under leasing contracts	(2 007)	-
Interests	(10 363)	(5 319)
Other investment outflows	-	(960)
	<b>(22 370)</b>	<b>(156 279)</b>
<b>III. Net cash flow from financing activities (I - II)</b>	<b>65 448</b>	<b>37 544</b>
<b>D. Total net cash flows (A.VI +/- B.III +/- C.III)</b>	<b>31 086</b>	<b>(80 791)</b>
<b>E. Balance sheet change in cash, including:</b>	<b>31 086</b>	<b>(80 791)</b>
- change in cash due to foreign exchange gains/losses	-	-
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>232 147</b>	<b>181 977</b>
<b>G. Cash and cash equivalents at the end of the period (F+/-D)</b>	<b>263 233</b>	<b>101 186</b>

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**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, 28 May 2020

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