

Appendix to the current report no. 7/2014

20 March 2014

Information on the portfolio valuation of Echo Investment Group

The valuation concerns the portfolio of commercial properties in use along with their subsequent construction phases and expansions as well as residential buildings being on sale along with their subsequent construction phases in the pipeline.

The following 4 methods of valuation have been used:

1. Market value of finished investment projects (MV) – an income value, the value assumes that a particular investment project is finished,
2. Market value of finished investment projects with expenditures to be incurred (MV-C) – an income-based method, the value assumes that a particular investment project is finished (commissioned), however there are still expenditures to be covered, the market value (MV) diminished by nominal expenditures to be covered constitutes the valuation result,
3. Residual value (RV) – an income-based method, a value including expenditures to be covered, it is discounted as on the valuation date,
4. Land value (CV) – a comparative method, the land value expressed based on market transactions involving sale of land on local or similar markets, this method has been used in the case of properties in the pipeline, whose construction has not commenced yet.

The valuation results are as follows:

[in thousand PLN]	Valuation Variant CV	Valuation Variant RV	Balance sheet value
Shopping centres	3,403,901	3,485,643	2,668,539
Offices	967,355	974,820	826,970
Residential buildings	299,010	291,200	255,268
Total	4,670,267	4,751,663	3,750,777

EUR rate used for conversion of the valuation results: 4,1472 (as of 31 December 2013).

The difference between the two variants results from adopting a different approach to investment projects in the pipeline:

- Variant CV: the value of investment projects in the pipeline has been shown as the value of land estimated using the comparative method (CV),
- Variant RV: the value of investment projects in the pipeline has been estimated using the method of residual value (RV).

Balance sheet value:

- In the context of commercial properties in use, under construction or in the pipeline, the balance sheet value is a book value adopted in the balance sheet as of 31 December 2013,

- In the context of residential buildings, the balance sheet value is inventory valuation as of 31 January 2014 – this is in accordance with the date and object of valuation.

The following table presents the list of investment projects along with the adopted valuation method:

No.	Investment Project	Type	Property condition	Valuation method Variant CV	Valuation method Variant RV
1	Galeria Echo – Kielce	Shopping centre	In use	MV	MV
2	Pasaż Grunwaldzki – Wrocław	Shopping centre	In use	MV	MV
3	Galaxy – Szczecin	Shopping centre	In use, expansion in the pipeline	MV CV	MV RV
4	Olimpia – Bełchatów	Shopping centre	In use	MV	MV
5	Outlet Park – Szczecin	Shopping centre	In use, expansion in the pipeline	MV CV	MV RV
6	Veneda – Łomża	Shopping centre	In use	MV	MV
7	Galeria Echo – Przemyśl	Shopping centre	In use	MV	MV
8	Galeria Sudecka – Jelenia Góra	Shopping centre	In use (part of the project) and under expansion	RV	RV
9	Amber – Kalisz	Shopping centre	In use since March 2014	MV-C	MV-C
10	Malta Office Park – Poznań	Offices	In use	MV	MV
11	Oxygen – Szczecin	Offices	In use	MV	MV
12	Postępu 3 – Warszawa	Offices	In use	MV	MV
13	Babka Tower – Warszawa	Offices	In use	MV	MV
14	Astra Park – Kielce	Offices	In use	MV	MV
15	Park Rozwoju – Warszawa	Offices	Phase I in use since February 2014, Phase II under construction	MV-C RV	MV-C RV
16	A4 Biznes Park – Katowice	Offices	Phase I in use since February 2014, Phase II under construction, Phase III in the pipeline	MV-C RV CV	MV-C RV RV
17	Klimt – Warszawa	Residential building	Construction phase finished, on sale	MV	MV
18	Przy Słowiańskim Wzgórzu – Wrocław	Residential building	Construction phase finished, on sale	MV	MV
19	Osiedle Jarzębinowe – Łódź	Residential building	Phase I - construction phase finished, on sale Other phases in the pipeline	MV CV	MV RV
20	Nowy Mokotów – Warszawa	Residential building	Phase I under construction, on sale, Other phases in the pipeline	RV CV	RV RV
21	Kasztanowa Aleja Phase II – Poznań	Residential building	Under construction, on sale	RV	RV
22	Osiedle Jaśminowe – Poznań	Residential building	Phase I under construction, on sale, Other phases in the pipeline	RV CV	RV RV
23	Hortus Apartments – Kraków	Residential building	Under construction, on sale	RV	RV
24	Bronowicka 42 – Kraków	Residential building	Under construction, on sale	RV	RV
25	Grota 111 – Wrocław	Residential building	Phase I under construction, on sale, Other phases in the pipeline	RV CV	RV RV
26	Osiedle Południowe – Dyminy near Kielce	Parcels of land	Phase I and II – construction finished, on sale, III phase under construction, on sale	MV RV	MV RV