

ECHO

investment



*Everything
begins
with you*



Q1 2021 RESULTS AND OUTLOOK

Warsaw, 27th May 2021

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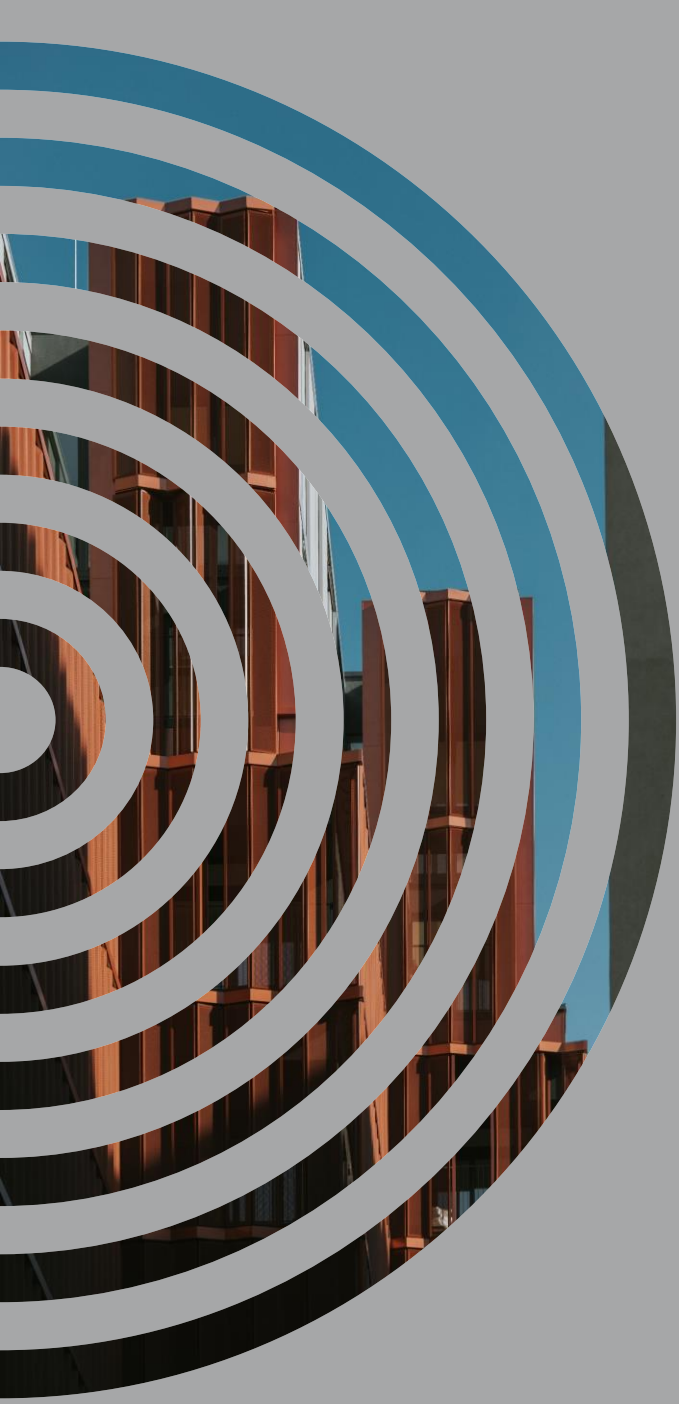
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Agenda

- I. Highlights
- II. Key Financial Data
- III. Residential
- IV. Resi4Rent
- V. Commercial
- VI. Landbank & Permitting
- VII. Financials





I.



Highlights

Q1 2021 Highlights

Sale of **633 apartments** by the end of April

Two new projects have started with **431 apartments** (ZAM in Cracow and next 2 phases of Enter in Poznan)



Residential



Land Bank



Closing plot acquisition for a new destination project in **Poznan, Janickiego** that will allow construction of 1,000 apartments

40.000 sqm of office space leased at the end of April

Disposal of **Villa Offices (Building K)** to KGAL at the gross price of EUR 86,7 mln

Start of **construction of Brain Park** in Cracow with 13,000 sqm in the first phase



Commercial



archicom



Corporate

Signing SPA for 66% shares of **Archicom** at a price of PLN 428.6 mln

Issuance of ordinary bearer coupon bonds in the total amount of **PLN 195,000,000** and **PLN 188,000,000** as part of Archicom transaction

Echo 2021 revised strategy

**Acquisition
of Archicom**



**Strategic
goals**



**Champion in residential
for sale market**



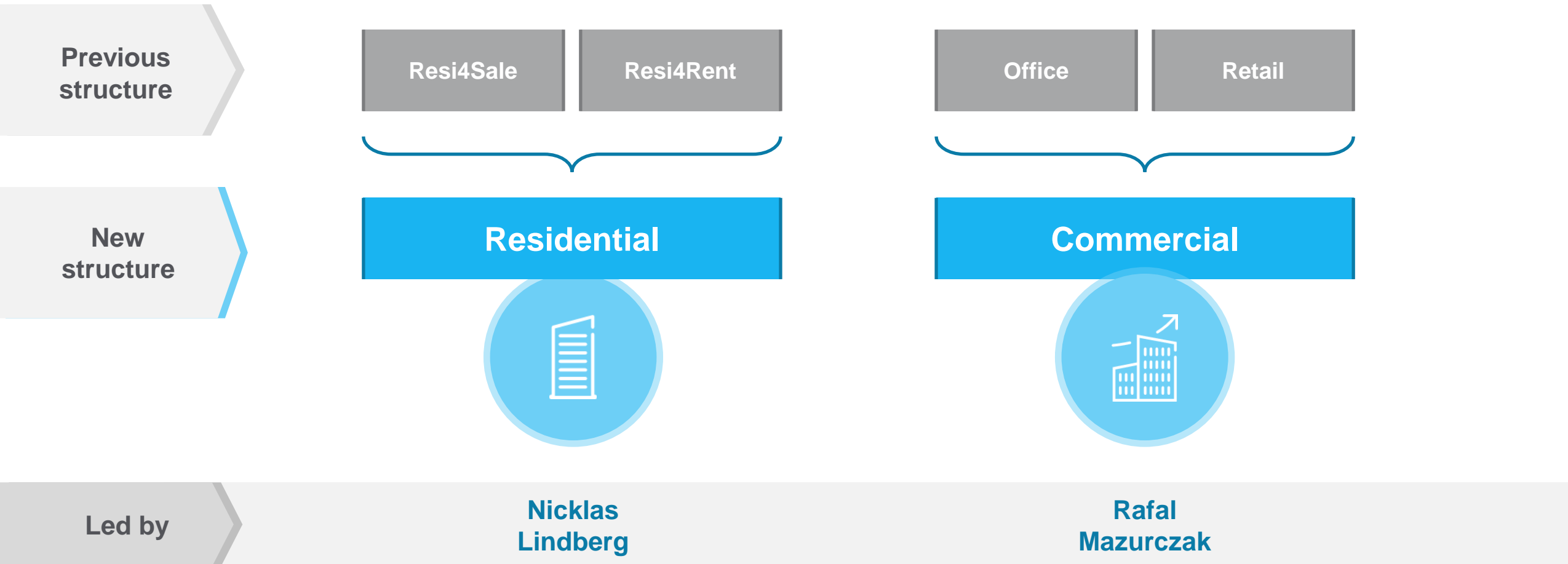
**>3,000 units to be sold
yearly**

**Leading position in
commercial business**

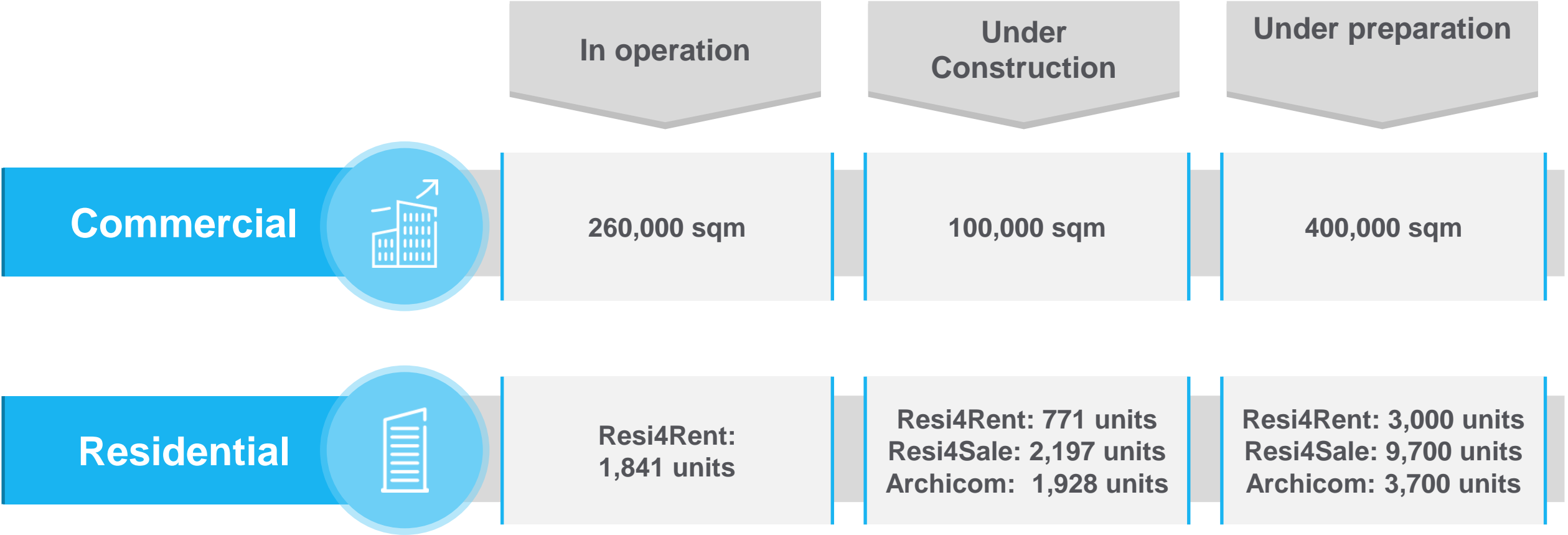


Leader in major markets

New organizational structure of Echo Investment



Strong pipeline for coming years





II.

Key Financial Data

Q1 2021 Profit

Actual results [PLN mln]

	Q1 2021	Q1 2020
Revenue	155	158
Operating profit	73.0	102.8
Profit before tax	37.3	49.3
Net profit	24.5	40.6

PAP Consensus

	Q1 2021 (average)	Q1 2021 (range)
Revenue	113	108 – 120.1
Operating profit	40	34.8 – 44.8
Profit before tax	-	-
Net profit	9.3	8 – 11.3

OUR RESULTS

PLN 155 mln

total **revenue** in Q1 2021

PLN 24.5 mln

total **net profit** in Q1 2021

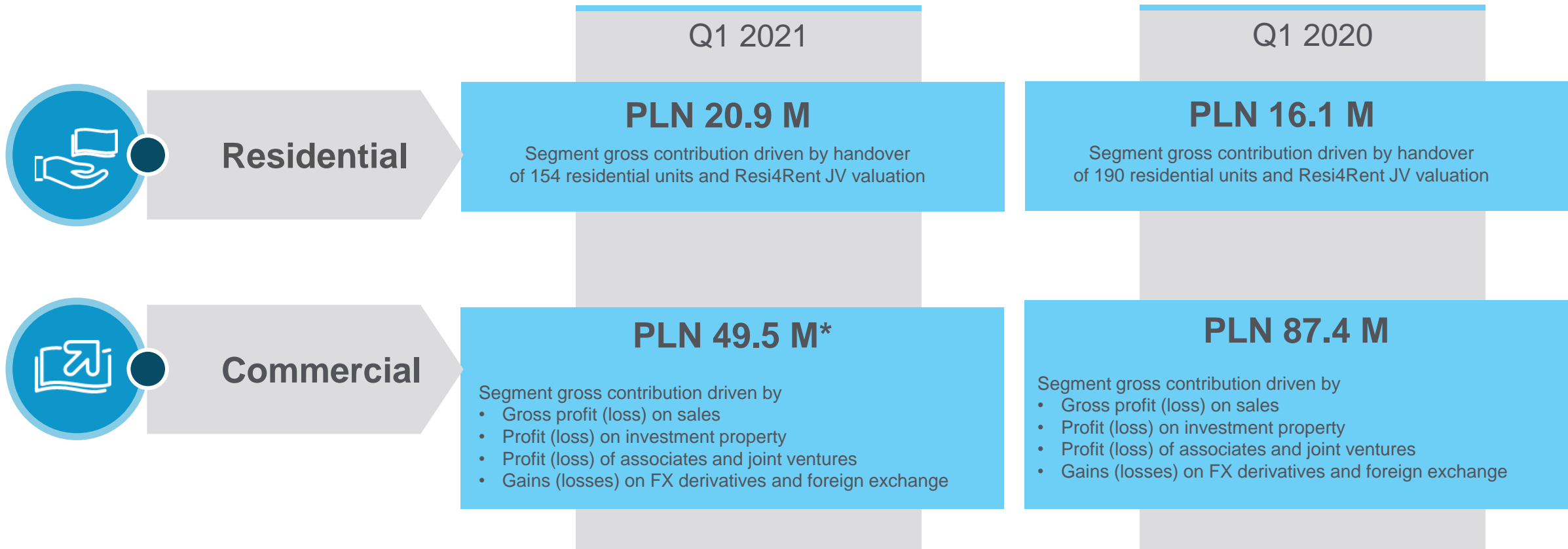
PLN 42.6 mln

Total **fair value gain** in Q1 2021

PLN 13.9 mln

margin earned on handover of 154 residential units

Segment gross contribution in Q1 2021



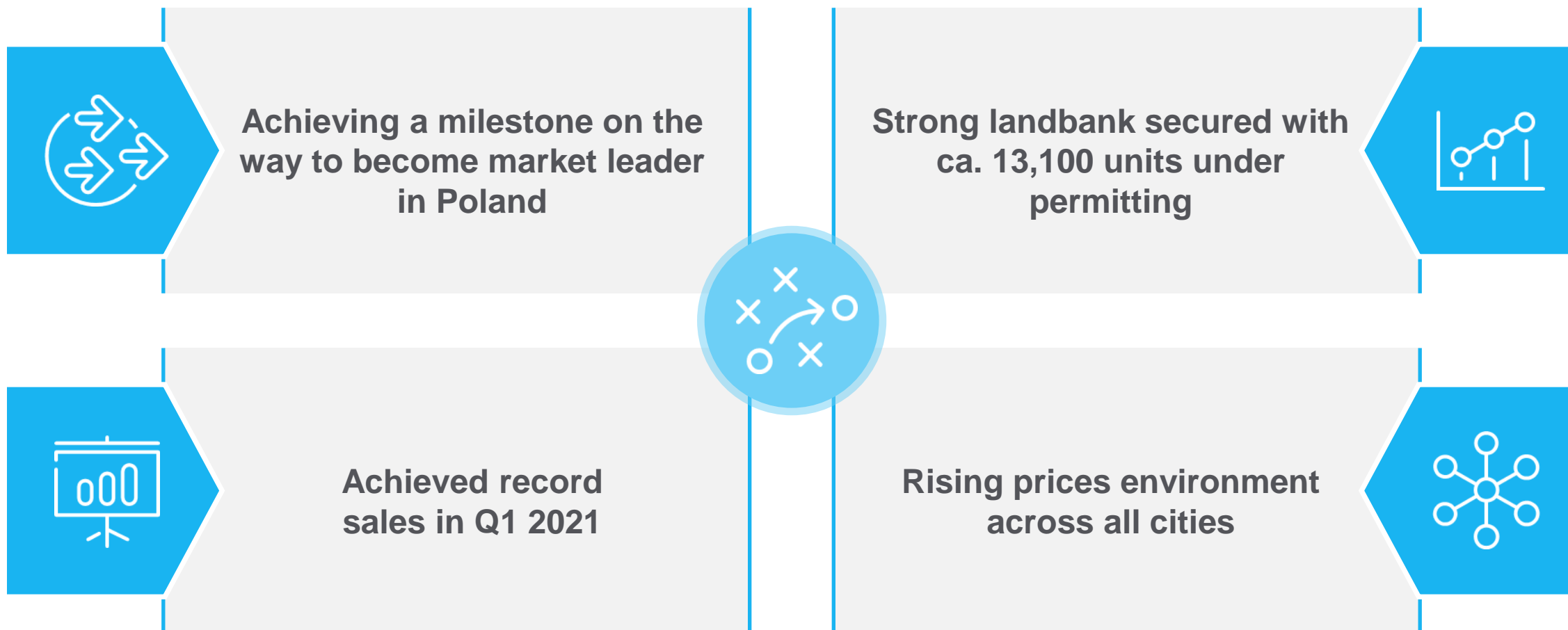


III.



Residential

Highlights

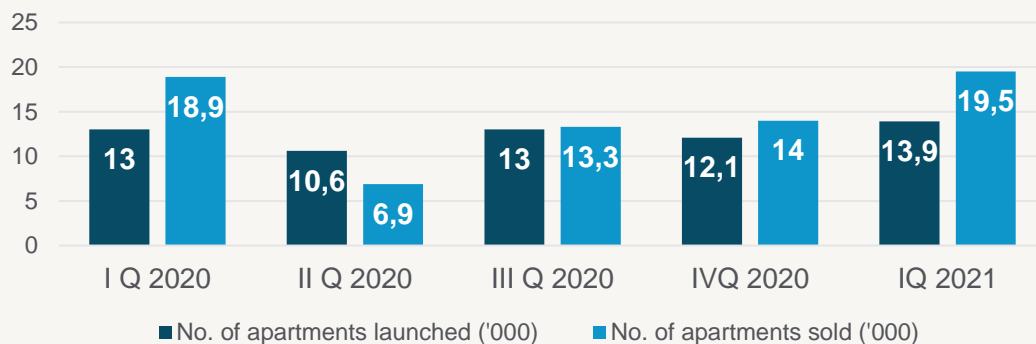


Rising residential prices driven by limited supply

Supply

- **13,900 apartments** were launched in Q1 2021 (7% more than in Q1 2020)
- Demand was much stronger than supply, number of available units decreased to ca. **42,100** (4,8% lower than at the end of Q1 2020)
- Most of the supply came from larger developers
- Strong balance sheet of larger developers allows for growth in the residential segment

No. of apartments launched and sold in 6 major cities* in Poland



* Warsaw, Cracow, Wroclaw, Tricity, Katowice, Lodz

Source: JLL

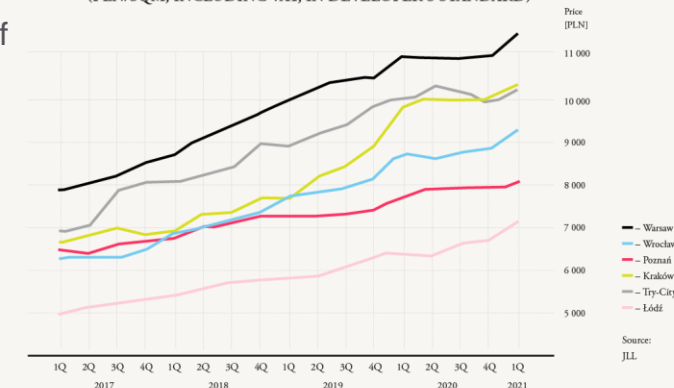
Demand

- **19,500 apartments** sold in Q1 2021 on primary market in 6 major cities
- Number of apartments sold increased by 3% compared to Q1 2020
- The excellent sales results seen in Q1 2021 may be partly caused by the realisation of the demand accumulated during the pandemic period
- Demand for residential properties supported by low interest rates as an alternative to bank savings

Prices

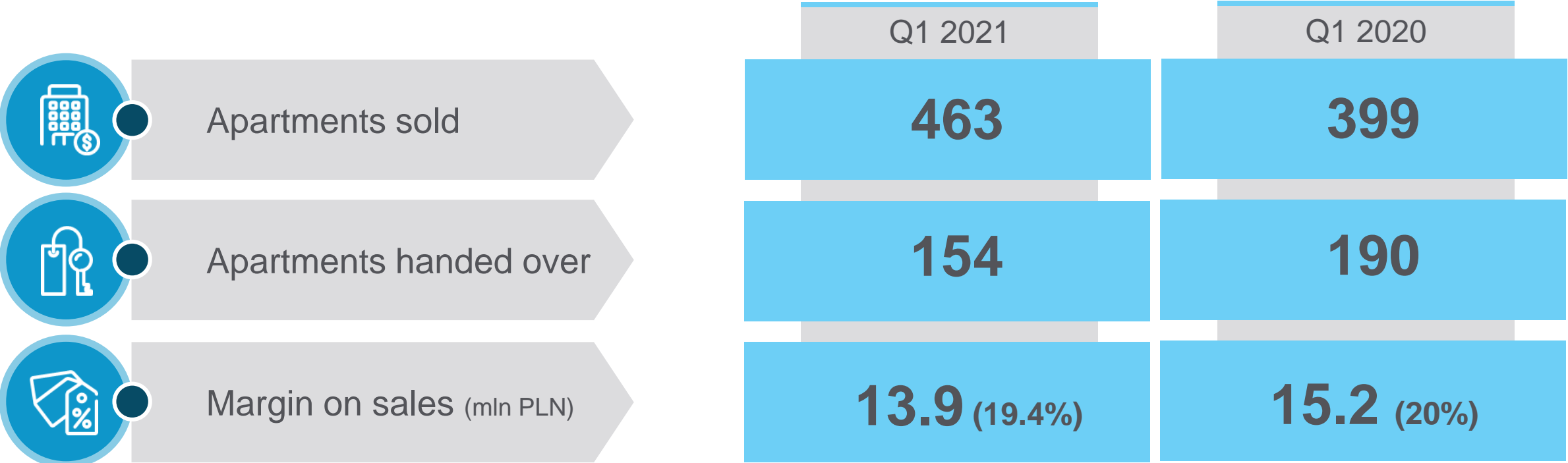
- In most of the cities (except Cracow), the average price of units newly put up for sale increased compared to previous quarter
- The highest increase was recorded in Wroclaw, where the lowest (by 3%) – in Lodz and Tri City.

AVERAGE PRICES OF APARTMENTS ON OFFER ON THE PRIMARY MARKET (PLN/SQM, INCLUDING VAT, IN DEVELOPER'S STANDARD)



Source: JLL

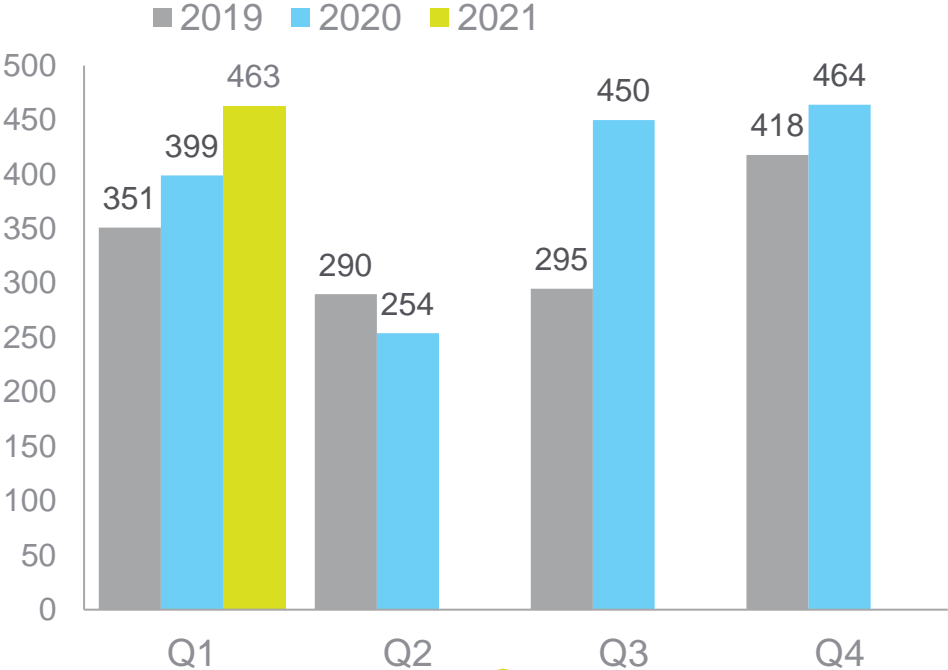
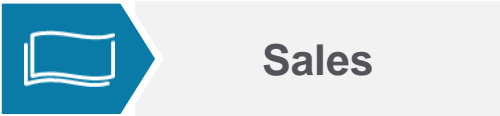
Echo delivers a significant sales increase in Q1 2021 YoY



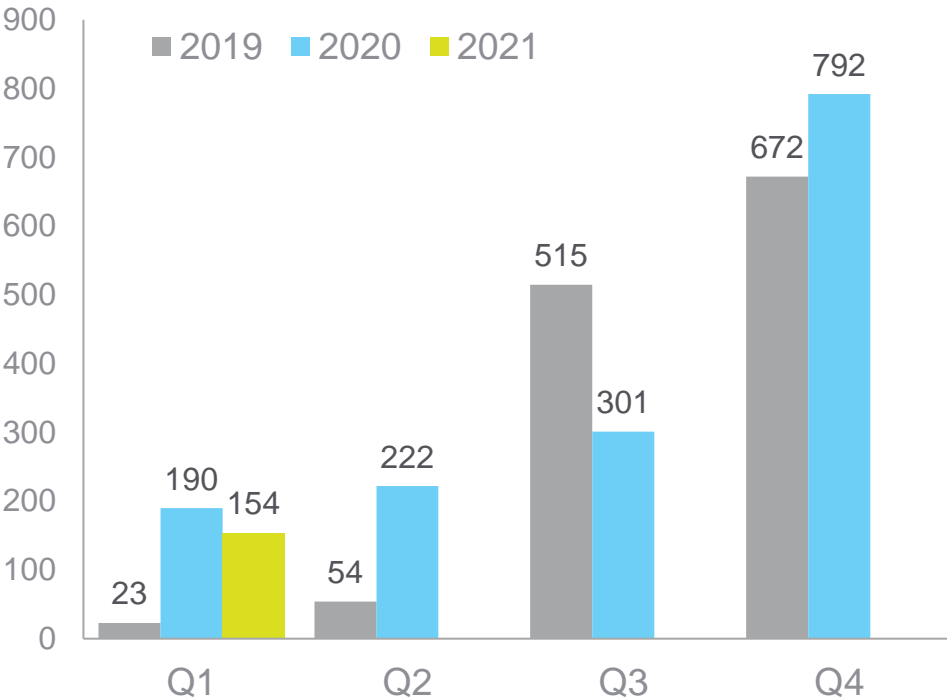
Echo will continue to focus on residential growth to increase market share while sustaining strong margins

Strong increases in sales in Q1 2021 are a good predictor of the entire year

Highest quarterly sales in Q1




Growth + 16%
In Q1 2021 vs. Q1 2020

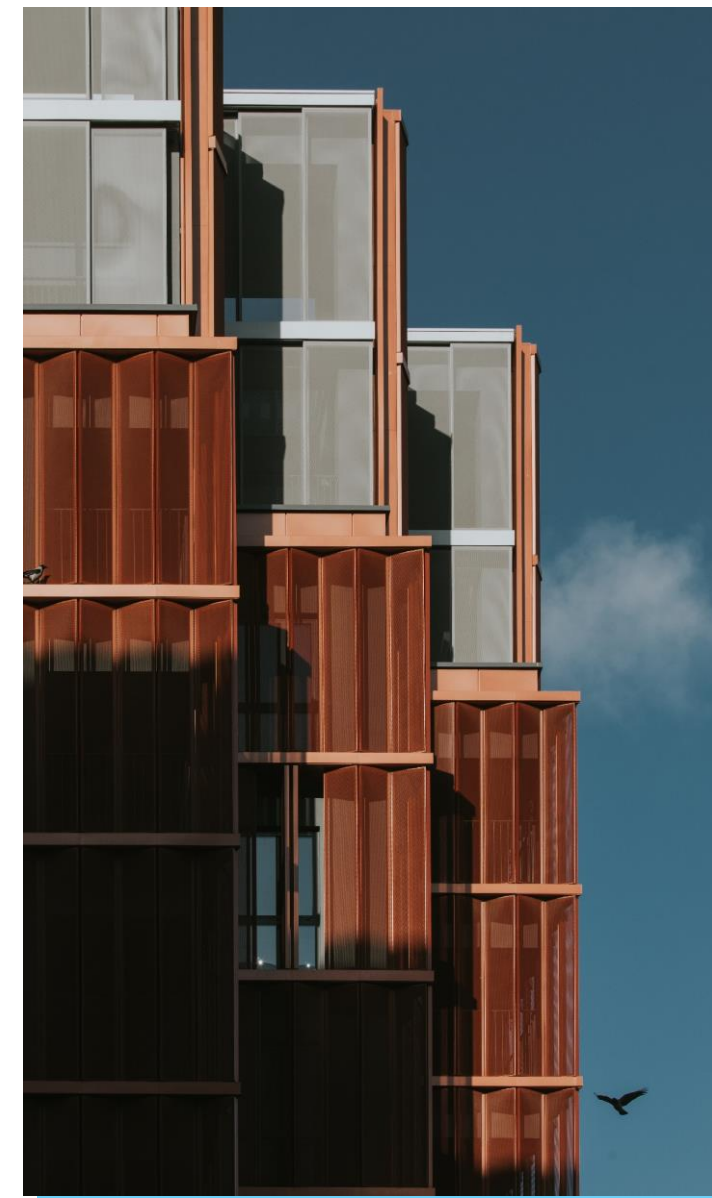


Leading position in residential market in Poland

- Through Archicom acquisition Echo achieves **strategic goal** to become one of the largest residential developers in Poland
- The combined potential of both companies places the group in the **TOP 3 in terms of apartment sales** not including R4R platform to which Echo delivered 601 apartments in Q1 2021

Name	Units Sold in Q1 2021
	1,084
	848
	840
 MURAPOL	779
 DEVELIA	580
 VICTORIA DOM	506
	494
	463
	377

Source: PAP



Echo group targets sales above 3,200 units in 2021

- Echo Group aims to launch sales of **3,700 apartments** including 2,500 units by Echo Investment and 1,200 by Archicom
- Echo Investment new projects in 2021 include:
 - **1,820** apartments on plots already acquired and under preparation
 - ca. **700** apartments on plots under pre-SPA with building permits under preparation (Tesco projects, Sluzewiec, Przasnyska)
- Whole Echo Group sales target for 2021 is above 3,200 units, including 2,000 by Echo Investment
- Acquisition of new plots is ongoing across seven largest cities in Poland



Current offer & Pipeline

Allows to deliver 15,100 apartments to the market

Current pipeline and offer	Echo	Archicom
No. of apartments in landbank	9,400	3,700



13,100

Total no. of apartments in landbank (Echo & Archicom)



801

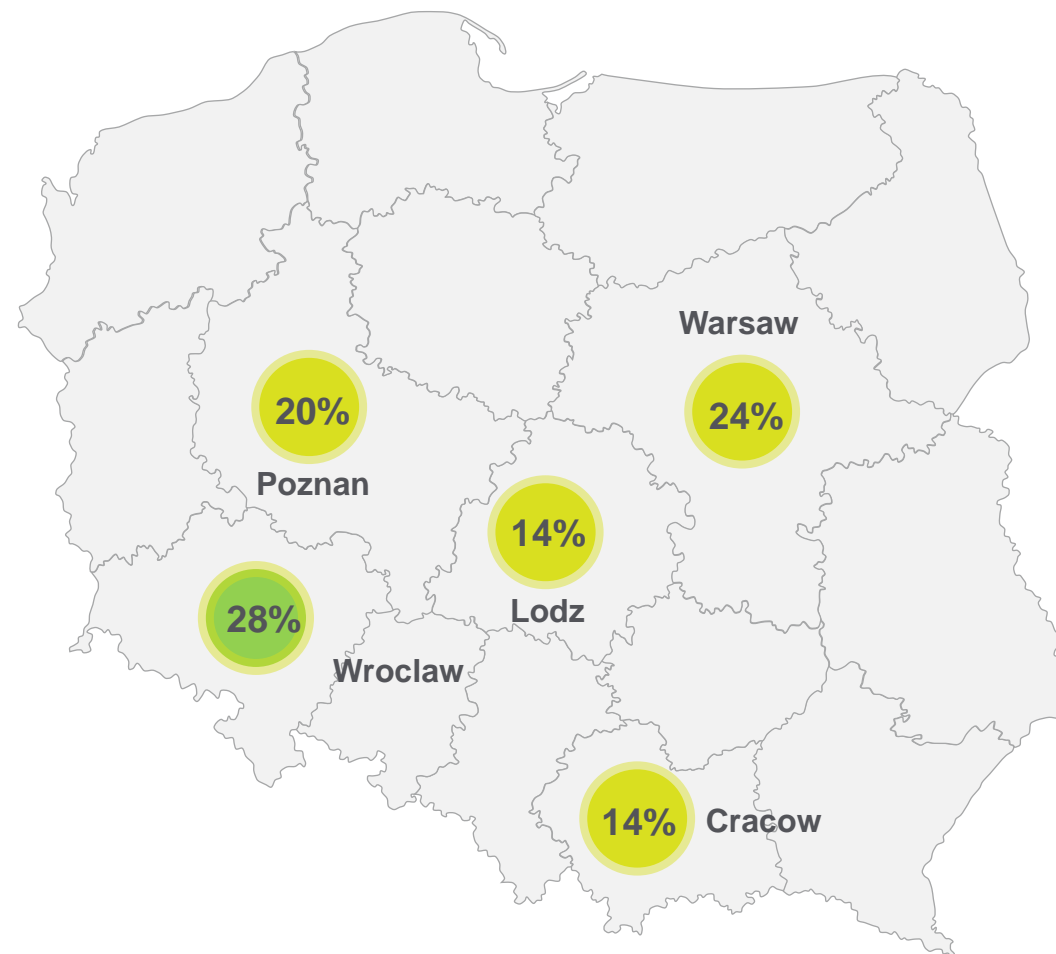
No. of apartments in the Echo offer (as at 31.03.2021)



1,205

No. of apartments in the Archicom offer (as at 31.03.2021)

Landbank pipeline secured*

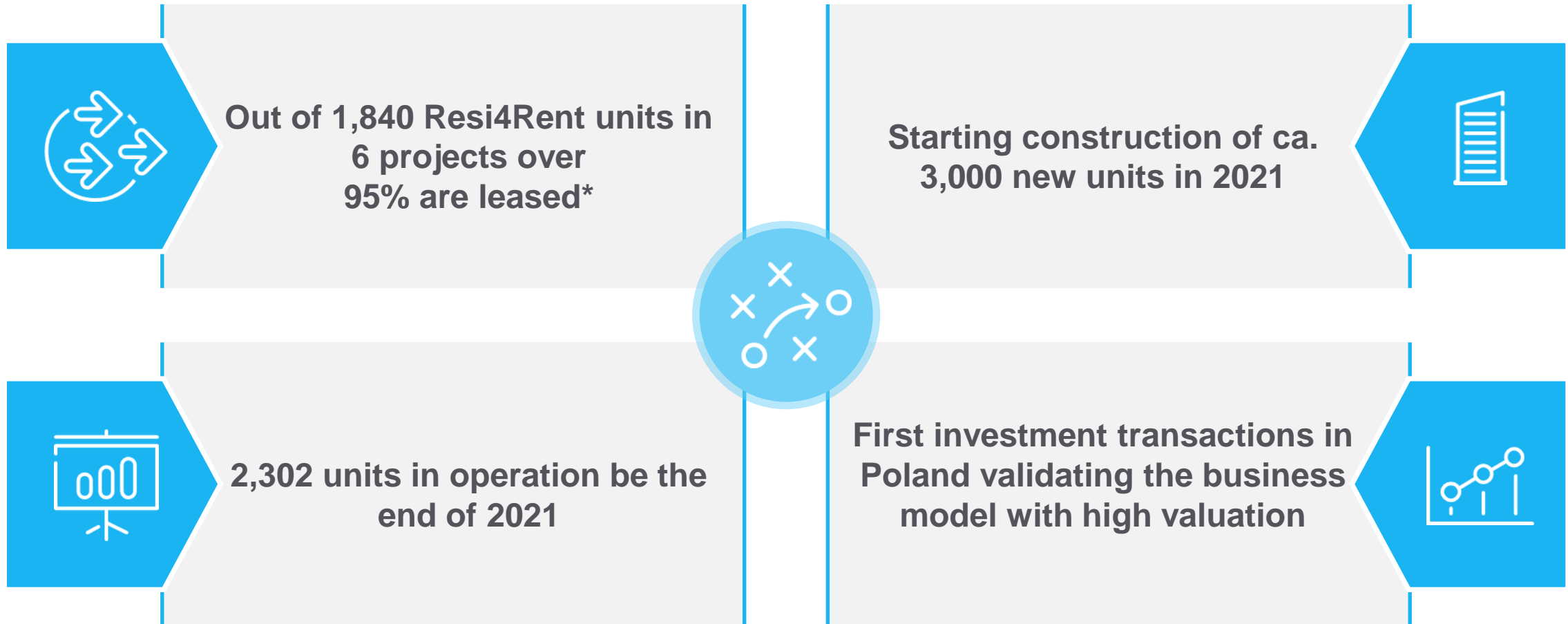




IV.

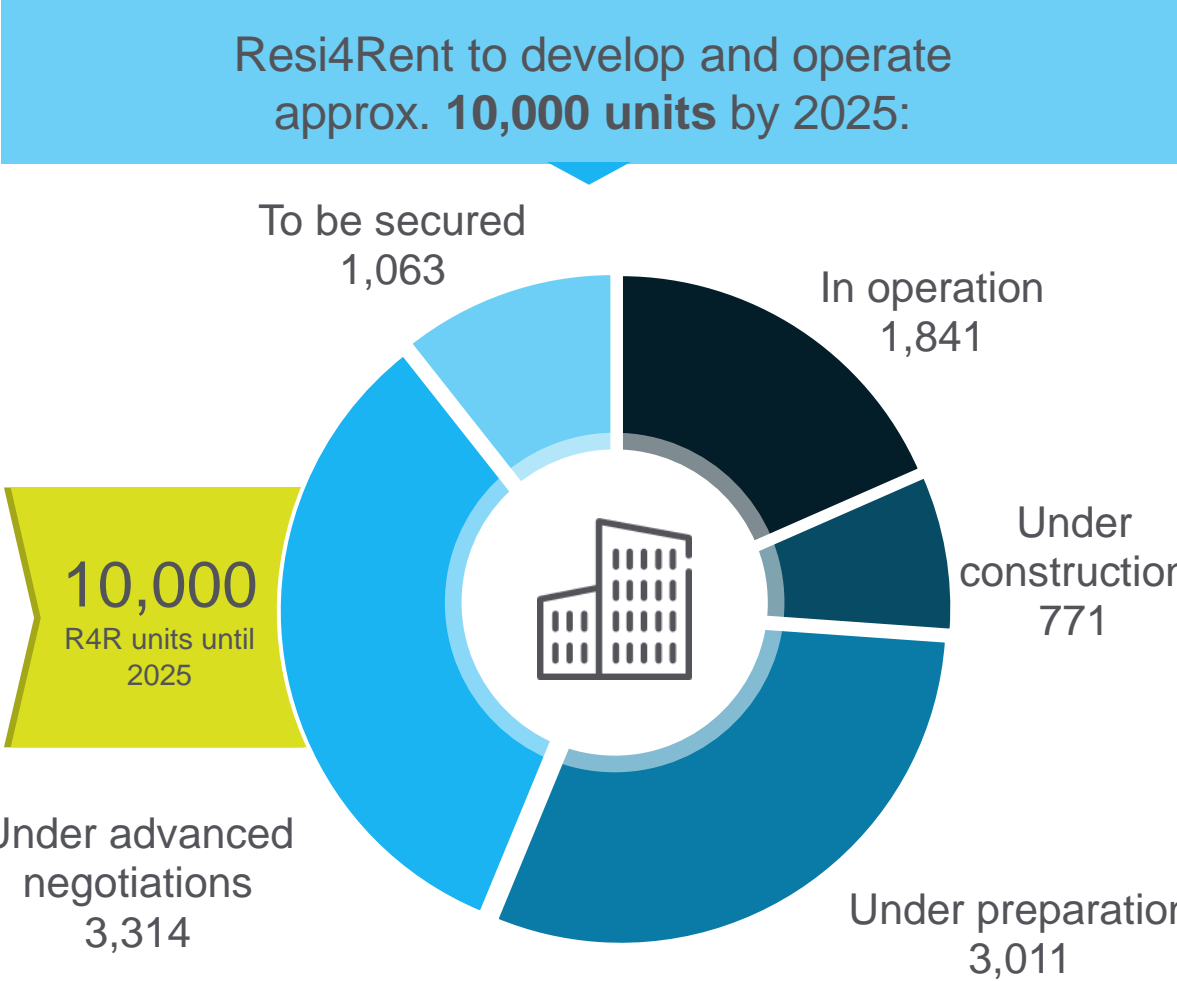
Resi4Rent

Highlights



Resi4Rent on path to achieve 5,600 units portfolio in operation and under construction in 2021

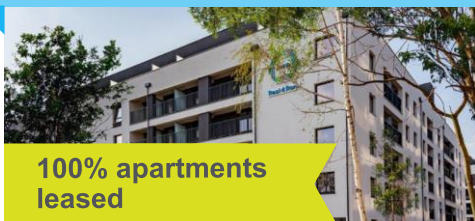
- Resi4Rent has secured **three additional plots** for future projects increasing the number of units under preparation to 3,011 (41% increase quarterly)
- By the end of 2021, Resi4Rent will have a portfolio of **5,600 apartments** in operation or under construction
- Advanced negotiations for plots suitable for additional **3,300 units**
- In order to achieve the goal of **10,000 units** by 2025, Echo need to secure plots for **1,100** apartments more



Quick lease-up due to high interest

1,240 units in operation in 2020
over 95% leased

R4R Wroclaw, Kepa



R4R Wroclaw, Rychtalska



R4R Lodz, Wodna



R4R Warsaw, Brewery

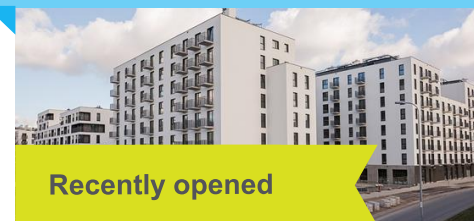


Standard of apartments and services provided by the platform has been well received by the market which is reflected in outstanding leasing progress.

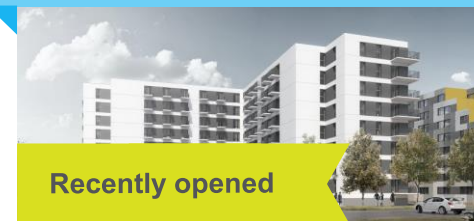
Projects take **6 to 8 months** on average to **complete lease-up**.

Openings in 2021 (1,062 units)

R4R Warsaw, Tasmowa



R4R Warsaw, Woronicza



R4R Gdansk, Kolobrzaska



R4R Poznan, Szczepanowskiego



Tasmowa and Woronicza projects in Warsaw started in **Q1 2021**.

Additional two projects are scheduled to be opened in Q2 and Q3 2021.



V.

—

Commercial

Strong leasing in 2021 fuels ongoing disposal negotiations

Almost 40,000 sqm leased in 2021 compared to 37,500 sqm in whole 2020



12,300



4,200



3,000



1,400



2,900



1,800

Q1 2021 – Increased investor interest in commercial real estate

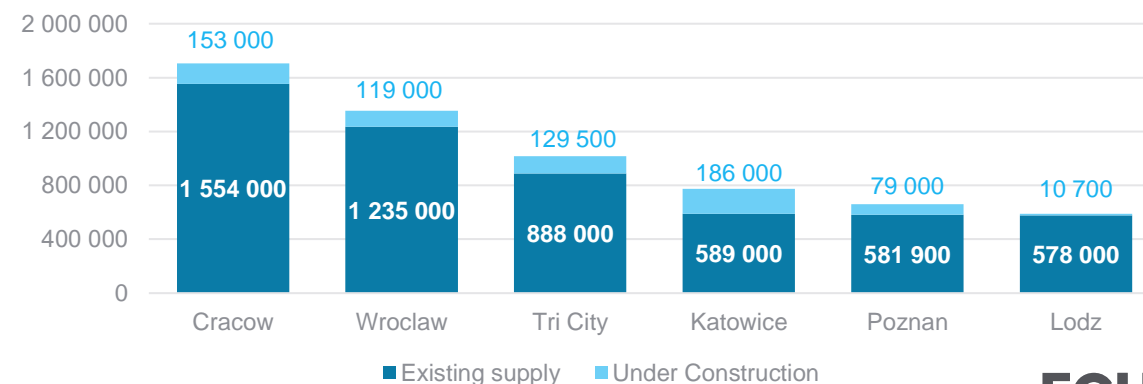
WARSAW

- **167,000 sqm** of office space has been provided in Q1 2021 across 8 projects (most of the space delivered in city center: Skyliner 48,500 sqm, 44,300 sqm)
- **6,0 mln sqm** - total supply of modern office space
- Q1 2021 gross take up result: **109,000 sqm** (ca. 22% lower than in the same period in 2020)
- **ca. 600,000 sqm** of office space under construction (ca. 50,000 sqm less than in the last few quarters)
- **11.4%** – average vacancy rate, increased comparing to the end of 2020 by 1.5. p.p.
- Investors very active and looking for core assets with stable tenants as proven by disposal of Brewery Villa Offices by Echo Investment
- Selected lease transactions on Warsaw office market signed: ZTM (9,800 sqm), Credit Suisse (7,500 sqm), Royal Bank of Scotland (5,700 sqm)

REGIONAL MARKETS

- **46,400 sqm** of new office space delivered on regional markets in Q1 2021
- **5,8 mln sqm** - total supply of modern office space
- Q1 2021 gross take up result: **98,300 sqm** (55% lower than in the same period in 2020)
- **ca. 700,000 sqm** of office space remain under construction
- **12.9%** – average vacancy rate (0.2 p.p. higher comparing to the end 2020)
- Selected lease transactions on regional office market signed: IBM (11,300 sqm), INTEL (9,800 sqm), LPP (8,500 sqm)

Supply and space under construction in regional cities
as at 31.03.2021



Sale of Warsaw Brewery Villa Offices

SOLD

- **Brewery K (Villa Offices)** sale agreement has been finalised in March 2021 at the price of 86,7 mln EUR (adjusted by value of rent-free period and fit-out works to be performed)
- The building has been sold to a German fund - KGAL
- Successful disposal shows strong investor appetite for core assets in CEE
- Upcoming months will bring inauguration of operation of largest tenants



Warsaw Brewery GH

advanced sales negotiations

- **Brewery GH (Malthouse Offices)** housed new openings in Q4 Bakery2020 and Q1 2021 including exciting food concepts like Japonka and French
- Expected leasing above 90% in Q2 which will enable next stage in asset sale negotiations
- Restaurants have inaugurated table service outside on May 16th and are ready to be fully open in line with the regulations

Entire office space is either leased or in advanced negotiation

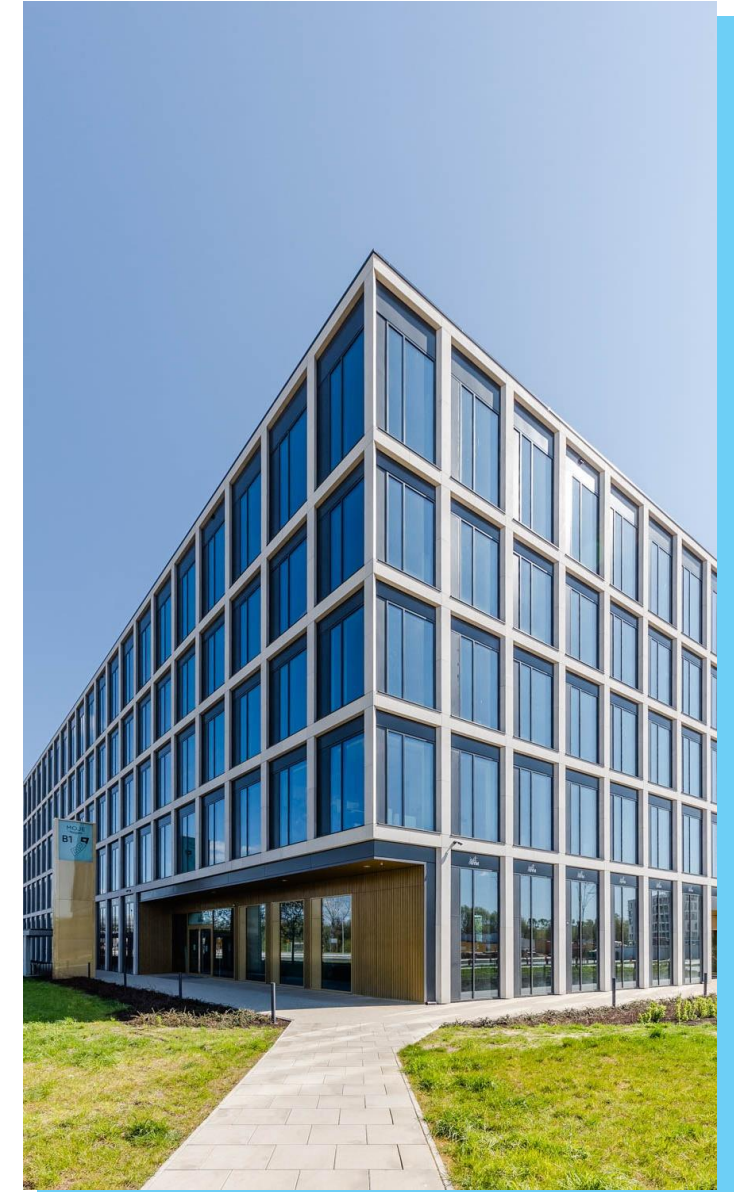
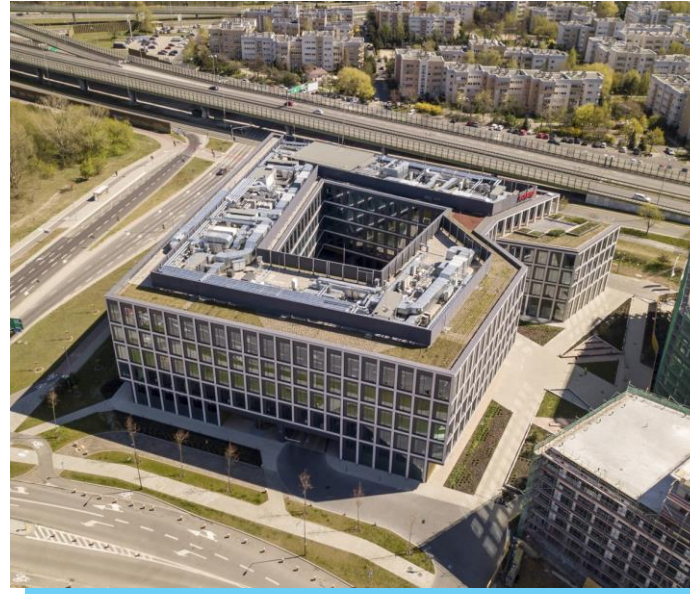


Warsaw

Moje Miejsce I & II

Advanced sales negotiation

- Moje Miejsce I is **leased up in 92%**
 - Disposal negotiations are in an advanced stage (Moje Miejsce I)
 - New leasing agreements signed on Moje Miejsce II which increased the building lease up to **50%**, with advanced negotiations on the remaining office space
 - Strong tenant mix, represented by occupiers from very defensive business sectors such as pharmaceutical, media and FMCG attracts number of potential buyers
- **Moje Miejsce II** in on track to be **fully leased-up** as negotiations for entire office space are ongoing

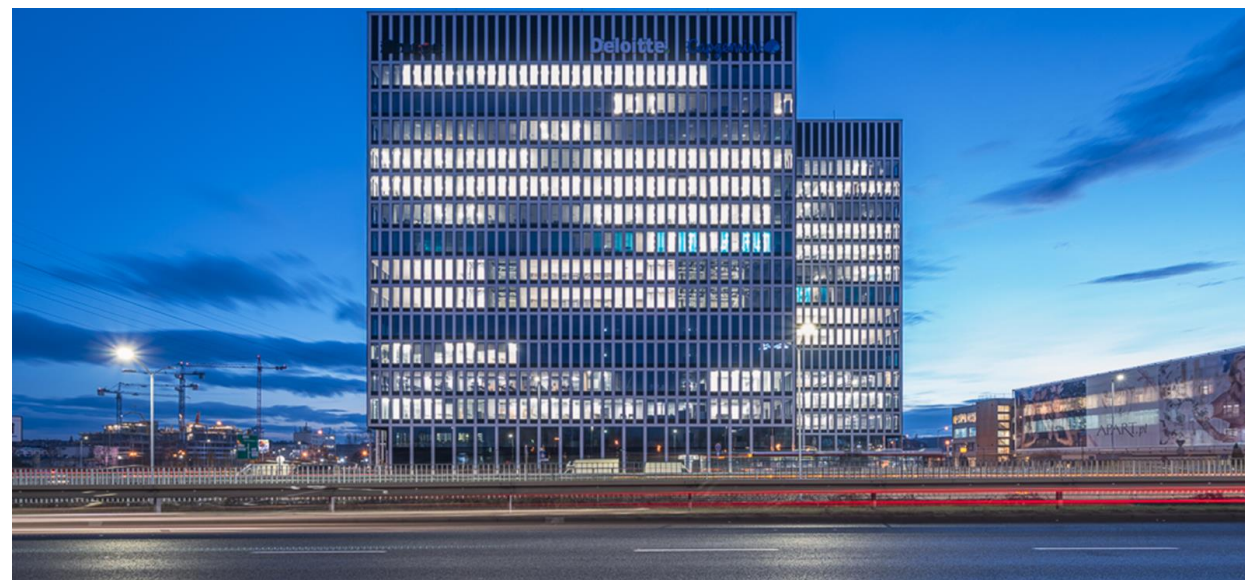


Katowice Face2Face

under advanced negotiations

- Face2Face Business Campus combines multifunctional courtyard with beautiful green areas, relaxing patio with hammocks, lunch zone and active area with basketball court
- Face2Face, with strong tenant mix (95% leased) and attractive market positioning, attracts investors focused on CEE market and is currently under advanced negotiations for sale
- Phase I with 20,400 sqm has been completed, all tenants took over their space
- Phase II with 26,200 has completed construction and opened for operation in December 2020
- Tenants include: Capgemini, Honeywell, Orange, Deloitte, Perform DAZN and Medicover

Office market in Katowice attracts **interest from institutional investors focused on CEE markets**



Mid Point Wrocław

3M lease signed for 12.300 sqm,
largest lease in 2021

- **Mid Point 71** construction started at the end of November 2019
- Office building will provide 36,900 sqm GLA
- **3M has become a major tenant** in the building after signing almost 12,300 sqm which increases the lease-up to **60% in Q1'21**
- Additional 20% of the building is under negotiations, which will result in 80% lease-up by the end of 2021
- The expected lease-up allows for entry to market and sales preparation
- Majority of tenants to occupy the offices by Q1 2022



Lodz Fuzja

to be marketed for sale

- **Main square and the surrounding buildings** are progressing according to schedule and will provide a lively combination of multi-functional space
- The completion of historic square in the summer will open up the area
- The revitalized area will be the **heart of the Fuzja destination project** attracting tenants, customers and residents
- First commercial tenancy agreements are at the final stages of negotiations and new tenants will be announced soon

Office buildings under construction are **fully leased** and handover is **scheduled for April 2022**



CitySpace responds to increased flexibility needs of tenants

CitySpace provides safe solutions in uncertain markets

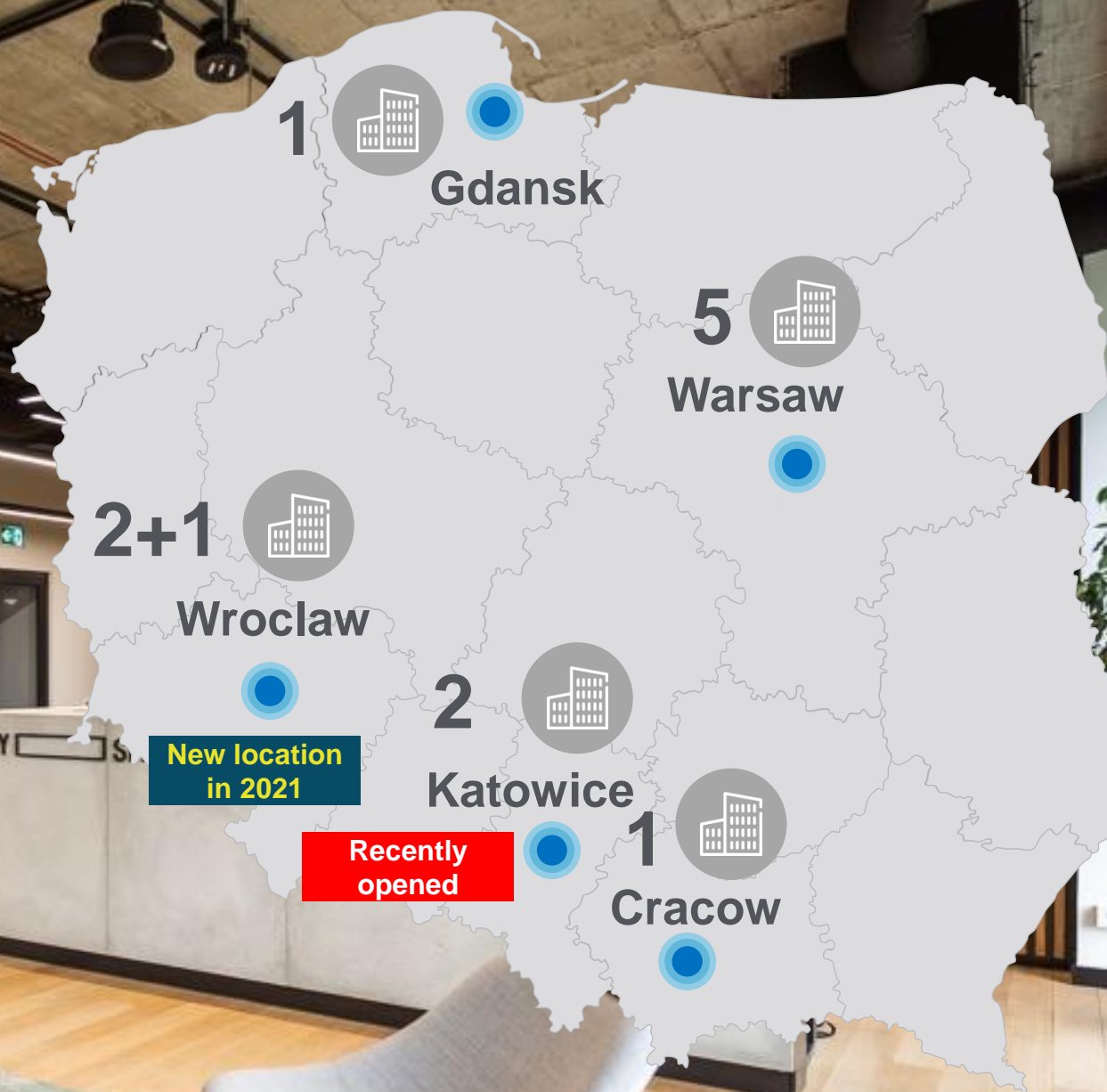
- Strong tenants demand has driven the opening of new CitySpace locations **Face2Face** (Q2 2021 and West4 (under fit-out)
- Stable **corporate tenants** are seeking flexible arrangements to accommodate adaptable growth strategies
- CitySpace drives **synergy** by enabling Echo to offer agile adaptation of working space to our long-term office tenants
- Echo currently **offers flexible working solutions** in all the office building in the portfolio, with up to 20% of total office GLA

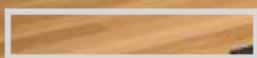


CitySpace will open two new locations

12 (by the end of 2021)
locations in Poland

2,300
workplaces



CITY  SPACE

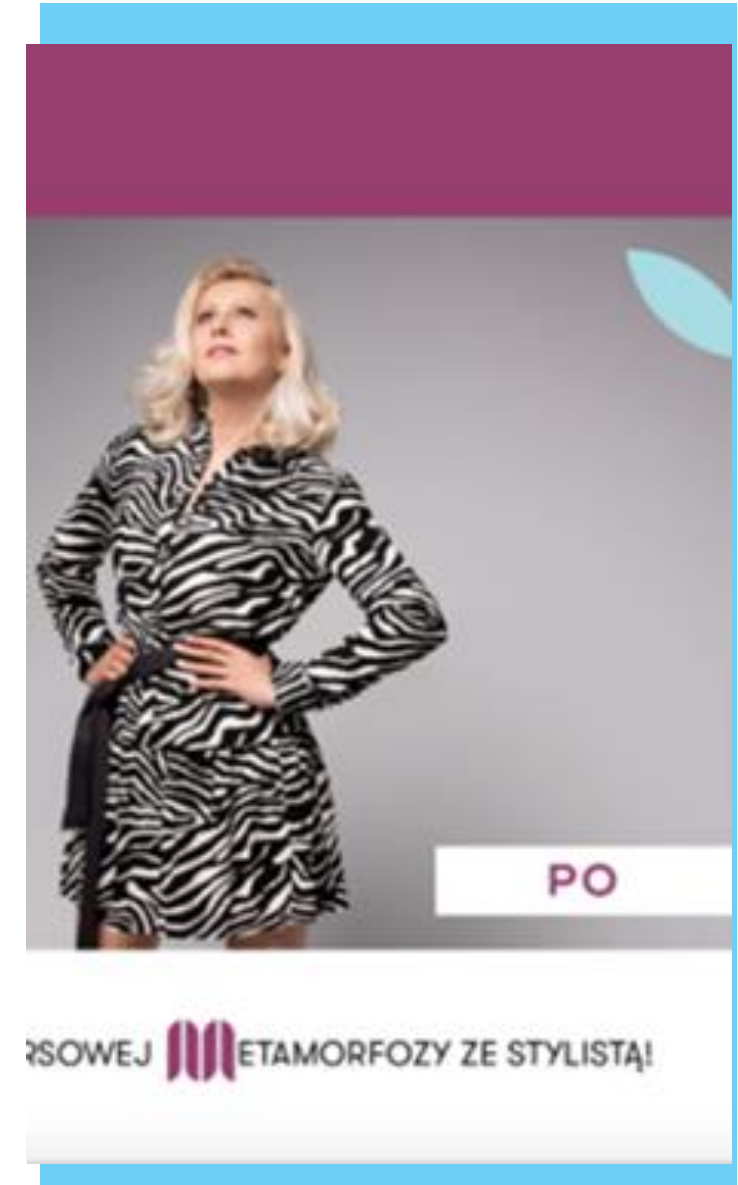
Customers are back to Libero and Mlociny

- Interest from shoppers has boomed following the restrictions easing, with **footfall higher** than in comparable periods (first two weeks of May) last year (+143% in Libero and +74% in Mlociny)
- Majority of tenants opened up as soon as regulations allowed for it, with not more than 4% remaining closed
- Industries still affected by restrictions correspond to 10% of the tenant mix and include cinemas and restaurants
- Medical clinics are growing as new tenants in both shopping centres
- Local and **online marketing campaigns** have been launched aimed at attracting customers to the reopened shopping malls
- **Creating destination projects with outdoor squares and outdoor entrances** which are the preferred choice of increasing number of customers



Echo initiates pro-sale campaigns

- Echo marketing initiatives **proactively promote spending** through lottery or voucher incentives as reward
- Promotional buy-and-get activities increase tenant turnover by offering prizes such as educational toys for kids for spending over 100 PLN (Libero) or the birthday lottery (Mlociny)
- **Footfall and customer spending have increased** since nearly full reopening of shopping malls.



Vibrant entertainment district opening in Brewery

- Exciting food concepts like Munja, Japonki and Bakery Browary Warszawskie already opened in Q1 2021
- Further 20 exciting new concepts like by Kobielski Juzwin, Le Paradox, Sobremesa Tapas Bar, Olivos are already completing their fit-out and will open up their doors soon
- The existing restaurants, including Mykonos and Munja have inaugurated table service outside on May 16th and are ready to be fully open in line with the regulations
- The whole quarter is set to become a new culinary destination on the city map





VI.

Acquisitions and permitting

Archicom acquisition boosts land bank in Wroclaw and secures future growth



PLN 288.5 mln

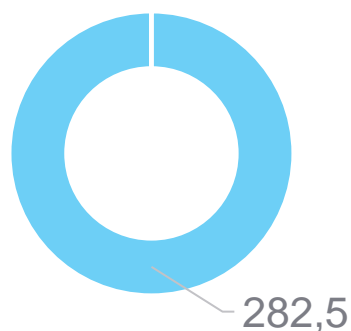
value of plots acquired in Q1 2021 (incl. acquisition of Archicom)



PLN 1,021

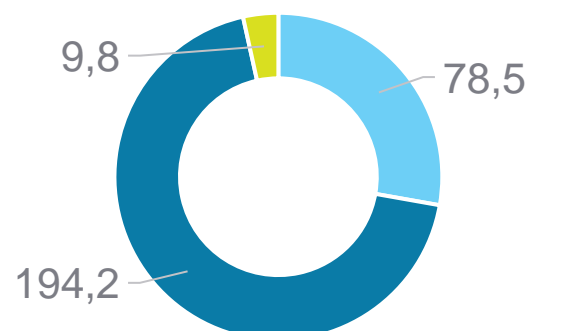
average land price per 1 sqm of selling area of plots acquired in Q1 2021 (incl. acq. of Archicom)

Split by function (sqm '000)



■ Residential

Split by location (sqm '000)



■ Poznan

■ Wroclaw

■ Cracow

Land bank acquired by Echo in Q1 2021

78,500 sqm of office & residential space in Poznan:

- 78,500 sqm of residential/commercial space (Janickiego)

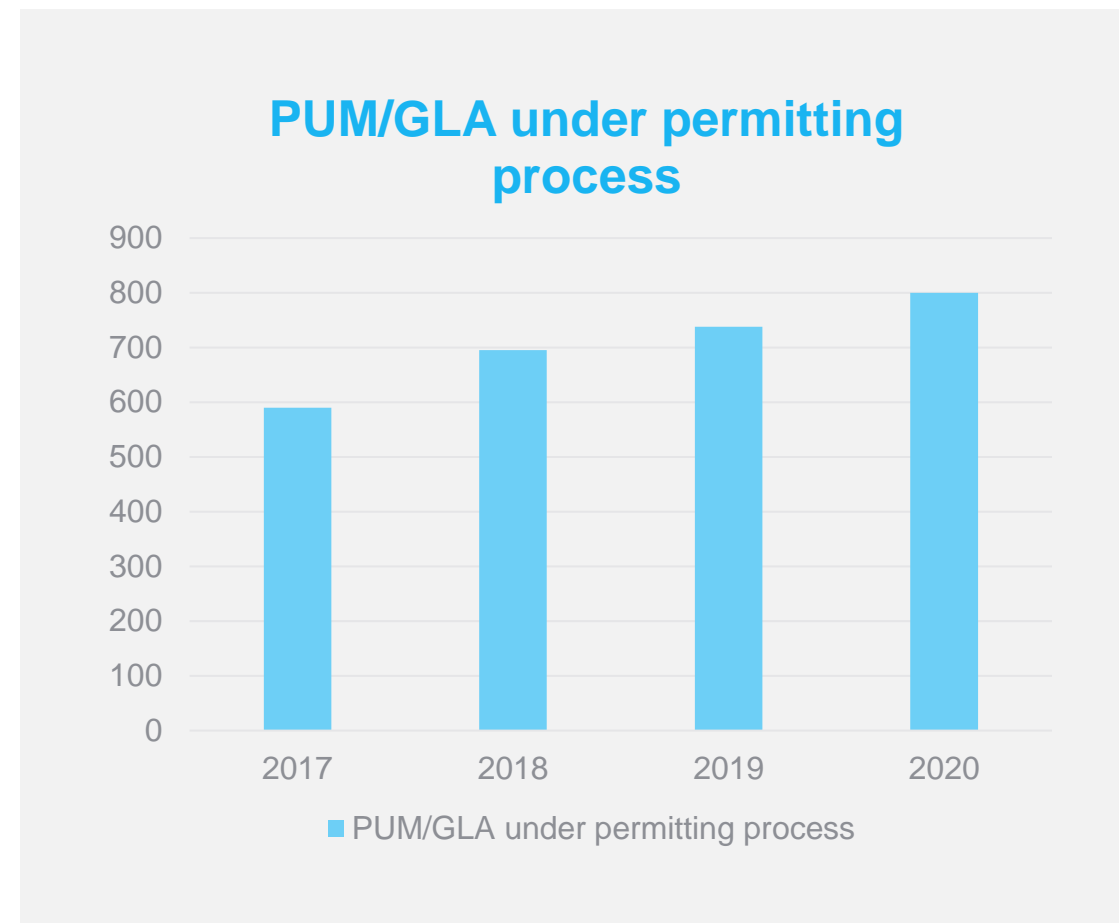
Land bank owned by Archicom

204,000 sqm of residential space in Wroclaw and Cracow:

- 9,800 sqm of residential space in Cracow
- 194,200 sqm of residential space in Wroclaw

Pipeline secured for the coming years

- Echo continuously works on acquiring and securing plots for new projects, increasing the landbank over the last years
- New plot acquisitions have slightly outpaced the offer and sales from existing projects
- Total Echo landbank has grown from 600,000 PUM/GLA in 2017 to ca. 800,000 PUM/GLA in 2020 and over 50% of it are destination projects
- Strong landbank secures future growth potential, especially in a thriving market and an environment of rising prices



800,000 sqm

PUM/GLA to be delivered upon obtaining the above mentioned permits for projects



VII.



Financials

Q1 2021 Profit

Actual results [PLN mln]

	Q1 2021	Q1 2020
Revenue	155	158
Operating profit	73.0	102.8
Profit before tax	37.3	49.3
Net profit	24.5	40.6

PAP Consensus

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Revenue	113	108 – 120.1
Operating profit	40	34.8 – 44.8
Profit before tax	-	-
Net profit	9.3	8 – 11.3

Revenues and margin

(PLN mln)

	Sales	Margin	Margin	Main source of revenue
Office	26.2	9.2	35.2%	Rents, fit-out
Retail	11.8	7.5	63.8%	Rents
Residential	71.5	13.9	19.4%	Apartments sale
R4R	2.5	0.9	34.9%	Sale of Services to R4R
Other	43.4	35.0	80.7%	Land sale
Total	155.4	66.5	42.8%	

Fair value gain on investment properties (PLN mln)

	Q1 2021	Accum.
Malthouse Offices	8.2	286.8
Moje Miejsce I	3.7	38.7
Moje Miejsce II	-2.2	15.6
MidPoint 71	8.9	91.2
Face2Face I	3.9	60.0
Face2Face II	7.1	68.2
Libero	7.3	195.6
React I	0.7	19.4
West IV Business Hub I	2.0	31.6
Fuzja CD	5.2	24.2
Impact of rent straightlining- Office and Retail	-3.9	
Other	1.7	
Total	42.6	

Segment gross contribution

Echo 2020 financial statements introduced a **new way of presentation of results** comprising various elements of Profit and Loss to show each segment gross contribution to total results

Segment gross contribution comprises:

- Gross profit (loss) on sales
- Profit (loss) on investment property
- Profit (loss) of associates and joint ventures
- Gains (losses) on FX derivatives and foreign exchange

New way of **presentation facilitates insight into main drivers** of the financial results and their change over time

Segment gross contribution

(PLN mln)

	Total in Q1 2021	Office	Retail	Residential	R4R	Other
Gross profit (loss) on sales	66	9	8	14	1	35
Profit (loss) on investment property	43	35	8	0	0	0
Share of profit (loss) of associates and joint ventures	7	0	-1	0	8	0
FX gains/(losses) incl. FX derivatives	-16	-6	-3	-2	0	-5
Total gross contribution	100	38	11	12	9	30

Commercial segments
PLN 49 mln

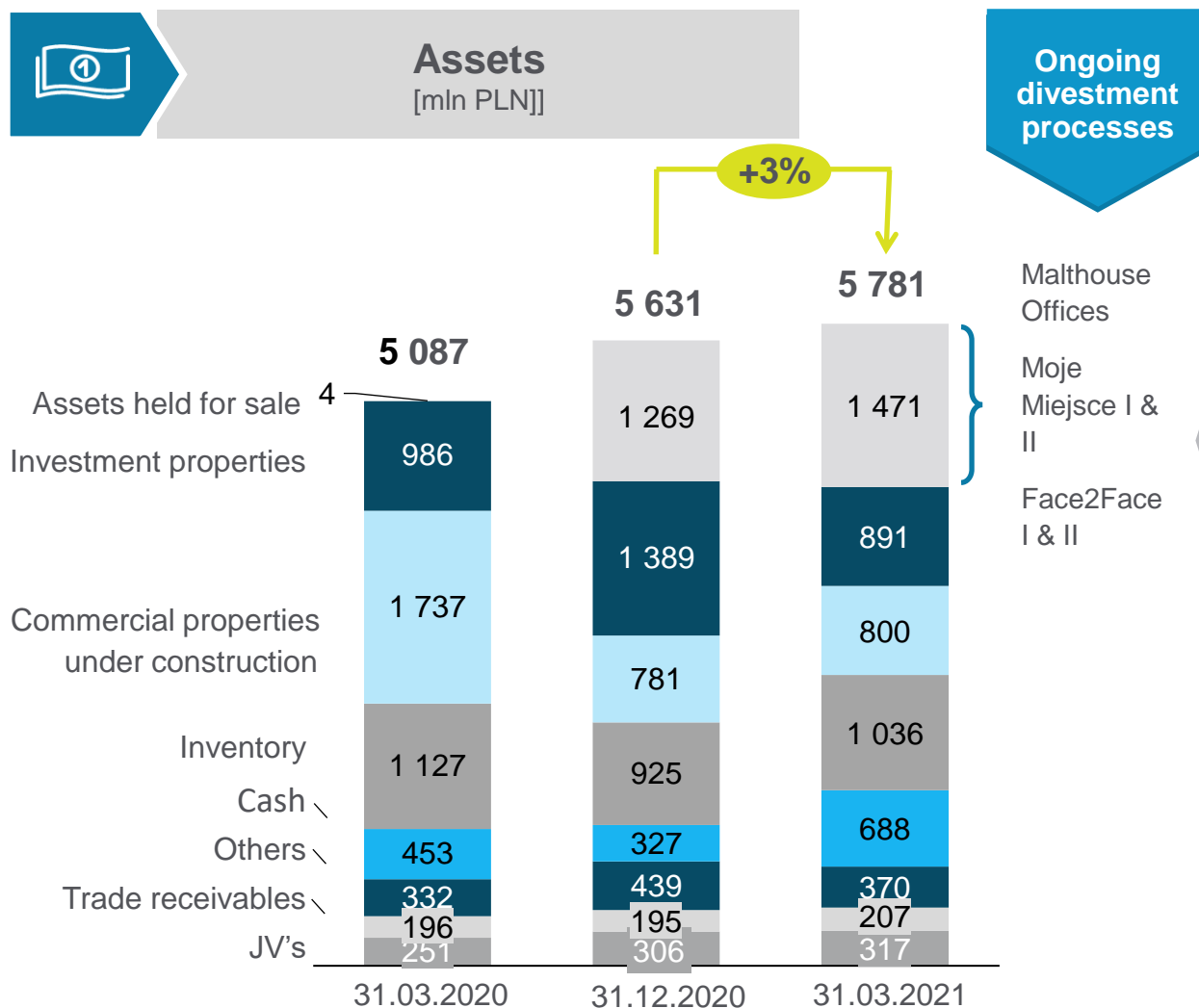
Residential segments
PLN 21 mln

	Total in Q1 2020	Office	Retail	Residential	R4R	Other
Gross profit (loss) on sales	27	5	6	15	0	0
Profit (loss) on investment property	117	95	22	0	0	0
Share of profit (loss) of associates and joint ventures	-3	0	-3	0	1	0
FX gains/(losses) incl. FX derivatives	-39	-17	-20	0	0	-2
Total gross contribution	101	82	5	15	1	-2

Commercial segments
PLN 87 mln

Residential segments
PLN 16 mln

Strong focus on divesting completed properties



PLN 5.781 bn

total assets value as at 31.03.2021
(14% growth compared to 31.03.2020)

PLN 694 mln

total assets increase compared to 31.03.2020

PLN 1.471 mln

total value of assets held for sale as at 31.03.2021, which includes Moje Miejsce I & II, Malthouse in Brewery and Face2Face I&II (added in Q1 2021)

PLN 891bn

total value of investment properties as at 31.03.2021
(36% decrease compared to 31.12.2020 due to transfer of F2F project to assets for sale*)

PLN 688 mln

cash (PLN 453 mln as at 31.03.2020)
210% increase compared to 31.12.2020 mainly due to sale of Villa Offices

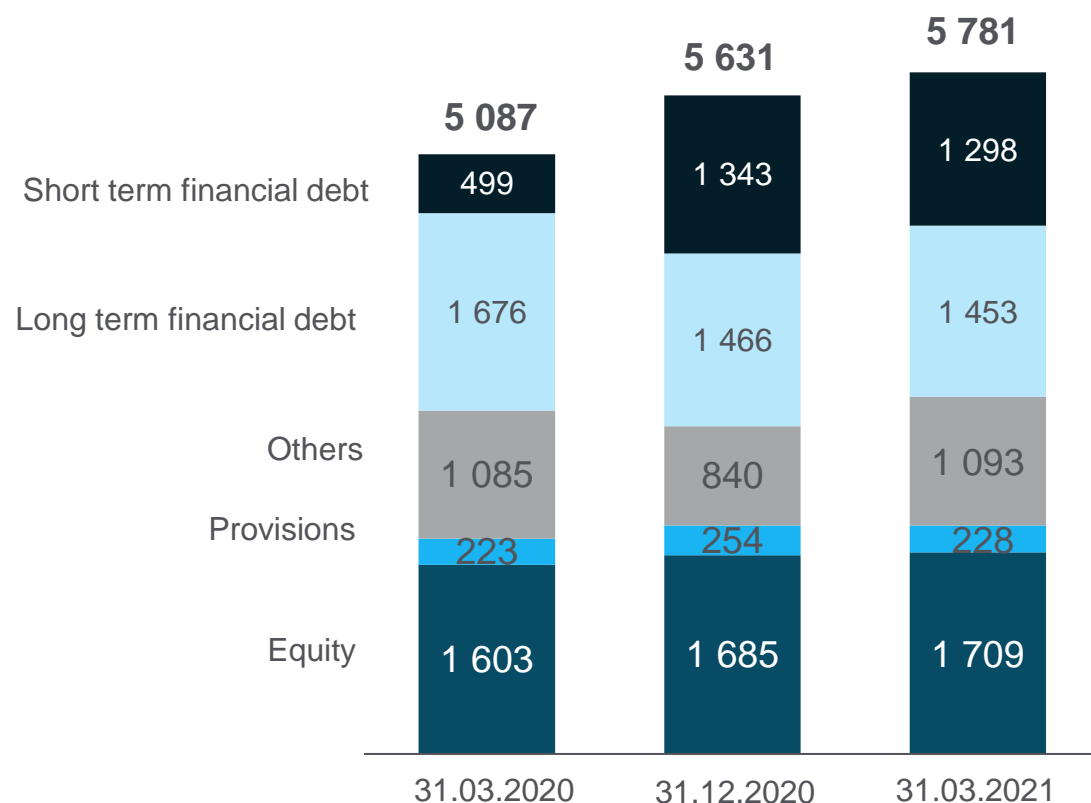
* F2F total balance sheet value: PLN 503 mln

Sustainable debt level enabling strong growth



Equity and liabilities

[mln PLN]



PLN 2.751 mln

Total long and short term debt as at 31.03.2021

Long-term debt decreased by PLN 45 mln compared to 31.12.2020

Short-term debt decreased by PLN 13 mln compared to 31.12.2020

- Disposal of Moje Miejsce I & II and Malthouse and Face2Face will decrease short-term debt by PLN 660 mln
- Maturing bonds in amount of PLN 300 mln will be refinanced and transferred to long-term debt

40.5% net debt ratio*

(net debt) / (total assets – cash)
compared to 47% as at 31.12.2020

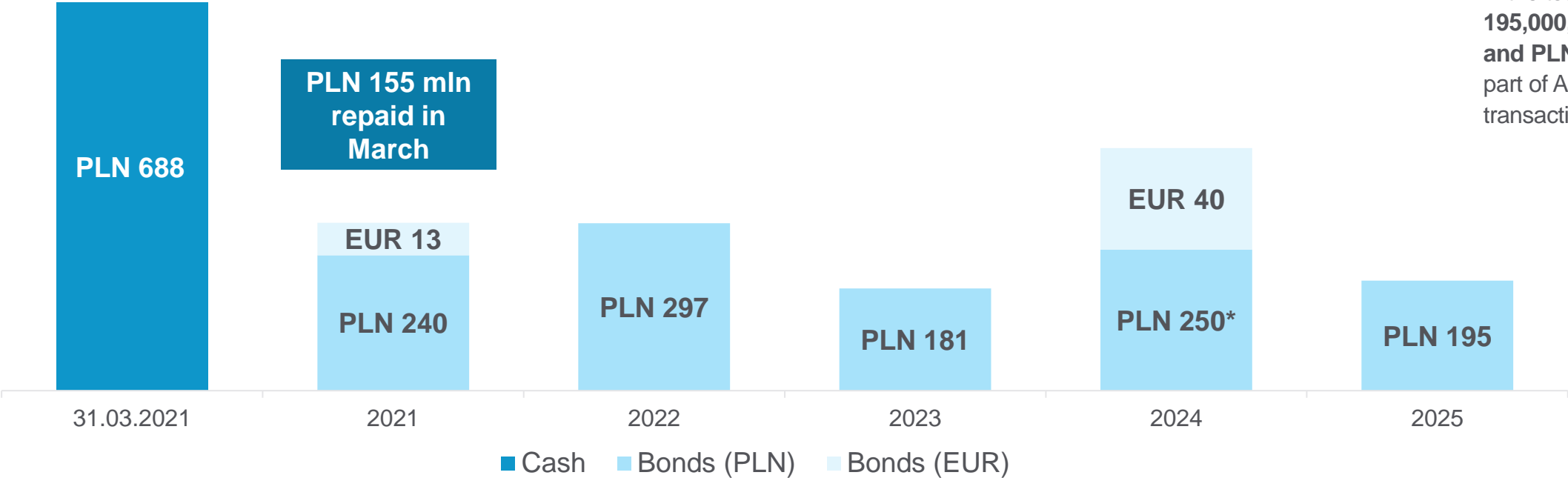
*Had MM I & II, Face2Face I & II and Malthouse Offices been sold by 31.03.2021, net debt ratio would have amounted to around 30%

Successful issuance of bonds

Cash and available overdraft vs. maturity of bonds
as at 31.03.2021 [mln PLN/EUR]

Bonds issued in 2021

Issuance of ordinary bearer coupon bonds in the total amount of **PLN 195,000,000 in March** and **PLN 188,000,000** as part of Archicom transaction in April



PLN 155 mln repaid in March

EUR 40

EUR 13

PLN 297

PLN 181

PLN 250*

PLN 195

31.03.2021

2021

2022

2023

2024

2025

* Bonds issued in April 2021 as part of Archicom transaction will be included in Q2 bond maturity breakdown as maturing in 2024



Thank you



Q & A



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