

# Echo Investment 2023 results presentation

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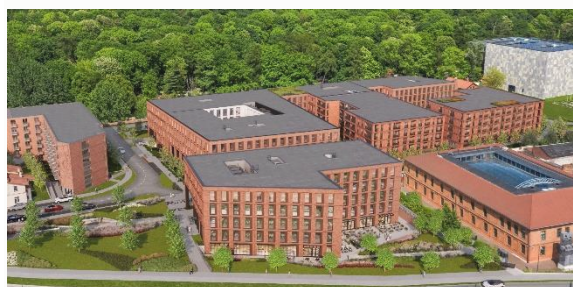
# Agenda

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- I. Highlights
  - II. Segments Outlook
  - III. Key Financial Data
  - IV. Living - Residential
  - V. Living - Resi4Rent
  - VI. Living - Student Housing
  - VII. Commercial - Office and Retail
  - VIII. ESG
  - IX. Financials
  - X. Q&A

# I. Highlights

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**ECHO**  
investment



1 Echo Investment as an Investor in platforms: **Resi4Rent** and **Student Housing** to develop, invest and build stronger diversified business.

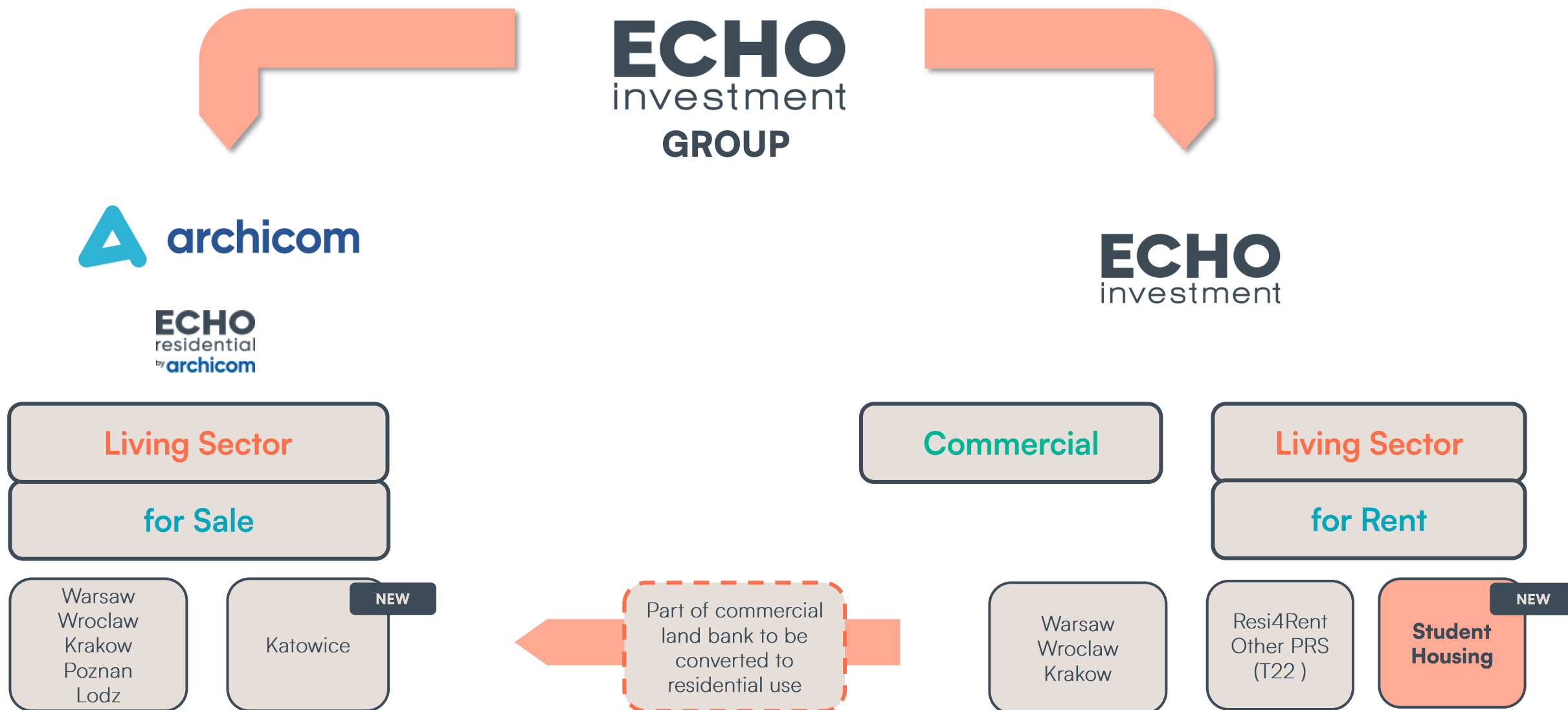
2 **Impressive growth of resi for sale segment** supported by the market. In 2024 construction start of 5,000 units with 3,000 units to be sold.

3 CBDs of Warsaw, Wroclaw and Cracow meets **strong tenant demand for new office projects**.

4 **Robust bond and bank financing market** to support Echo Group growth as a diverse developer in multiple segments of the Polish real estate.

5 Working on **exits from offices and retail yielding projects** as market improving with lower financing cost. Investor demand is expected to come back in H2 2024/H1 2025.

## New strategy of Echo Investment Group





# 2023 Highlights

Echo contributed on August 1, 2023 its residential business to Archicom

**Residential sales** of 1,835 apartments by Echo Group in 2023 (1,515 in 2022)

**2,122 apartments handed over** in the same period (2,168 in 2022)



## Residential



## Finance



To refinance bonds maturing in 2024 and 2025 Echo successfully issued **PLN 140m** and **EUR 43m** bonds to institutions and **PLN 100m** within PKO Prospectus program to individuals

Archicom issued historically the largest bond issue **PLN 210m** to institutions

Start of construction of the office building Towarowa 22 in Warsaw and SPOT Wrocław Swobodna

**Leasing of 45,000 sqm** based on strong tenant demand



## Commercial



## Corporate



Archicom successfully increased its share capital raising **PLN 220m** at the WSE in October

# Post 2023 Highlights

New acquisitions for residential purposes in Lodz and Wrocław for 120,000sqm PUM and 2,500 units



## Residential



## Living Sector



The new **student housing platform** launched by Signal Capital Partners, along with Griffin Capital Partners and Echo Investment S.A as 30% partner, subject to anti-monopoly clearance Echo will develop and source land plots as in R4R JV

Start of construction works on the first stage of Swobodna project in Wrocław

Fully leased projects in Lodz – REACT and in Wrocław – CITY2 refinanced (equity release) and ready to be sold



## Commercial



## Finance

Echo issued oversubscribed **PLN 140m** bonds within PKO Prospectus program to individuals and rolled over for 5Y **PLN 100m** to institutions to refinance 2024/2025 bonds

Historically the second largest issue of Archicom bonds raised **PLN 168m** in February highly oversubscribed



# Modern buildings in core locations with all ESG criteria in place



**React I**  
100% leased, Lodz



**City II**  
100% leased  
Developed by Archicom, Wroclaw



**Brain Park I**  
≈100% leased, Krakow



**Brain Park II**  
≈100% leased, Krakow

**Assets targeted  
to be sold in H2  
2024 / H1 2025**



**Libero**  
≈100% leased, Katowice

## II. Segments outlook

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# Residential business consolidation and expectation of commercial investment recovery

- **36% increase** in residential units under construction and **14% increase** of the landbank comparing to the end of Q3 2023
- **Strong residential landbank in the Group** and advanced negotiations of the new acquisitions; additional landbank in Echo of around 2,200 units to be prepared to support residential growth
- **Growing presence** of the Group in **Living sector** including Resi for sale, PRS and Student Housing targeted to be up to approx. 75% of the combined Echo/Archicom business
- **Fully rented office buildings** in Lodz, Wroclaw and Krakow
- **Stable increase in rents and footfall** in shopping centers: Galeria Mlociny Warszawa and Libero Katowice
- Growing **Resi4Rent performance**, 4,107 units operated (37% more vs. 2022 year end), with strong NOI, ca. 4,735 units under construction with a great outlook for the next quarters
- Strong tenant demand in both office and PRS markets

# Living – Residential for Sale

## Current situation

- 14,300 units were sold in Q4 2023 in the 6 main Polish markets, 13% less comparing to Q3 2023 and 68% more comparing to Q4 2022
- Throughout 2023, the number of apartments sold clearly exceeded new supply, leading to a situation where offerings at the end of December 2023 were at one of the lowest levels in the last decade - 36,200 apartments in 6 major Polish cities.
- The average prices of units remaining on offer at the end of 2023 have increased the most over the past three months in the Tri-City (5.9%), Warsaw (5.7%) and Poznan (5.0%). In other markets, the quarterly increase in average prices was moderate, with respective increases: 2.5% in Wroclaw, 2.1% in Lodz and 1.1% in Krakow.
- The residential market tends to consolidate smaller developers

## Echo/Archicom actions

- Residential business of the Echo Group concentrated within Archicom starting from August 1, 2023
- Focus on starting construction of 5,000 units and sale of 3,000 units in 2024
- Strong sales and introduction of the new projects ongoing in Q1 2024 and great pipeline planned to start in H1 2024
- Strong cash position and new perspectives allowing to look for opportunities arising on the market even for huge multipurpose plots
- Focus on maintaining high margins on projects
- Building permits received in Q4 for the Południk 17 (472 apartments) Wroclaw, Widzewska IID in Lodz (120), Loft G02 Lodz (186), Sady nad Zieloną Wroclaw (123)
- Purchase of the projects with the building permit already in place, as well as projects with a zoning to be changed at the attractive prices.

# Living – Resi4Rent

## Current situation

- ▶ 16,800 apartments is the existing housing stock in the PRS sector in Poland at the end of the fourth quarter of 2023
- ▶ 14,150 apartments under construction of which 5,800 being developed in Warsaw and 3,000 in Krakow
- ▶ Stabilisation of rents on the main markets
- ▶ The average rent price increase slowed down to one-digit number in Q4 comparing to Q3, the pressure on the rental market will weaken due to the return of Ukrainians to their country, as well as impact on the market of the Safe Credit 2% Program

## Echo actions

- ▶ R4R on the leading position in the PRS market having 30% share
- ▶ More than 4,100 units already under operation at the end of Q4, more than 4,700 units under construction and almost 1,350 more to be started this year
- ▶ Resi4Rent is targeting to reach 11,000 units in 2026 with 10,700 already secured
- ▶ Active rent management increasing valuation of the entire portfolio
- ▶ Handover of over 2,100 units during 2024 bring the portfolio of working assets to more than 6,200 units



# Living – Student Housing

## Current situation

- Poland is the fifth largest student market in Continental Europe with a student population of c. 1.2m (including part time students)
- Provision rates in all Polish cities including capital city Warsaw (0.6%) are well below European cities such as Madrid (6.35%), Berlin (10.83%), Barcelona (7.45%) and Paris (15.60%)
- Less than 12,000 apartments is the existing private student housing stock in Poland at the end of 2023
- 3,000 apartments under construction of which approx. 1,000 being developed in Warsaw
- Polish SH market has seen spectacular rental growth in recent years
- Polish cities (Gdansk, Lodz, Krakow, Wroclaw) recorded the highest rental growth in the PBSA sector in 2023 among European cities

## Echo actions

- Building a new PBSA platform with ultimate goal to become market leader within next 3-5 years
- Approx. 5,000 beds to be developed in the coming 3-5 years
- Search of plots for new projects for SH (focus on Warsaw, Krakow and Wroclaw) benefits from Echo's land bank and strong expertise in PRS sector
- Additional volume of works to be contracted allows to increase bargaining power while negotiating with sub-contractors

# Commercial - Office

## Current situation

- By 2023 gross take-up amounted to 749,000 sqm in Warsaw and 750,000 sqm on regional markets
- Very limited number of new projects entering the Warsaw market (only 60,000 sqm in 2023)
- Vacancy rates remained stable and with the new remote working law coming into force in H1 companies had to determine which working model they would choose, back to office trend visible
- Regional office market in Poland has not seen much investor interest in 2023, only one modern Office sold in regional cities was Onyx in Cracow, the remaining 6 office buildings sold being located in Warsaw (5 located outside the city centre)
- Fewer new projects started with a strong leasing demand

## Echo actions

- Focus on starts of new projects to meet shortage on market of new office space; T22 Warsaw, SPOT Wroclaw and WITA Krakow
- 45,000 sqm of GLA was leased in Echo Group buildings in 2023
- Lodz React I, City 2 and Krakow Brain Park fully leased with well-known tenants
- Echo actively looking for buyers for these projects
- Active search of plots for new projects
- Echo signed in Q1 2024 12,000 sqm of leases

# Commercial - Retail

## Current situation

- The average footfall of shopping centres and retail parks in 2023 increased 4,6% vs. 2022
- According to data from the Polish Council of Shopping Centres, the turnover of shopping centres in 2023 was 9,2% higher than in 2022
- High purchasing power and low unemployment - a increasing of the minimum wage in 2023 and again in 2024.
- High inflation has forced changes in shopping habits - an increasing share of discount stores
- Large retail chains are reducing their sales areas, especially in the electronics and home furnishings sectors
- An increasing impact of ESG factors on real estate

## Echo actions

- Optimization of tenants mix with best-selling brands with particular emphasis on discount brands
- Tenants turnover in Libero in 2023 is higher by 14% and footfall 9% (comparing to 2022)
- Further improvement is observed in Galeria Mlociny in Warsaw with an increase in turnover in 2023 by 12% in comparison to 2022. Mlociny footfall in 2023 was 4% higher than in 2022
- Echo set to stabilize both shopping malls (Mlociny and Libero) and achieve targeted NOI before disposal at a stronger investment market
- Constant marketing based on buy and get campaigns – promoting all retail destinations as the best choice to do shopping and get money back

# Construction

## Current situation

- Construction and assembly output grew strongly 5% in December in real terms in 12 months of 2023 on thanks to strong data for civil engineering construction companies and specialist construction companies
- After a 4.3% decrease in November, the cement market's output declined by 9.4% y-o-y in December. The annual growth rate of cement production for the 12-month rolling total was at -12% after December.
- One of the factors reducing construction prices is the increased availability of construction companies due to lower developers' activity as proven by increased interest in tenders in Q1-Q4 2023 vs. mid 2022
- Despite high inflation and increased cost of energy, construction costs started to decrease compared to the mid 2022

\* Data source: Spectis

## Echo actions

- Construction cost budgets decreased by 10% in last 6 months and are expected to stabilise in coming months
- Standardized Echo procurement supports cost control and mitigates the impact of potential cost increases
- Echo will focus on strong cost control using project packaging
- Echo is organizing tenders for construction of new projects to benefit from reduced costs
- Effects of scale will drive Echo's project's optimization

# III. Key Financial Data

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# 2023 Profit vs. PAP consensus

## Actual results [PLN m]

## PAP Consensus

	2023	2022	Q4 2023	Q4 2022	Q4 2023 (average)	Q4 2023 (range)
Revenue	1,573,3	1,394,3	922.7	370.7	872.5	838.7 - 890.0
Operating profit	180,7	275,4	80.8	-4.2	-	-
Profit before tax and minority interest	178,3	219,0	93.0	16.0	-	-
<b>Net profit</b> attributable to equity holders of the parent entity	<b>67,4</b>	<b>127,2</b>	<b>34.2</b>	<b>2.3</b>	<b>28.4</b>	<b>23.3 – 31.5</b>

## OUR RESULTS IN 2023

**PLN 1,573m**

Revenue in 2023

**PLN 178m**

Profit before tax in 2023

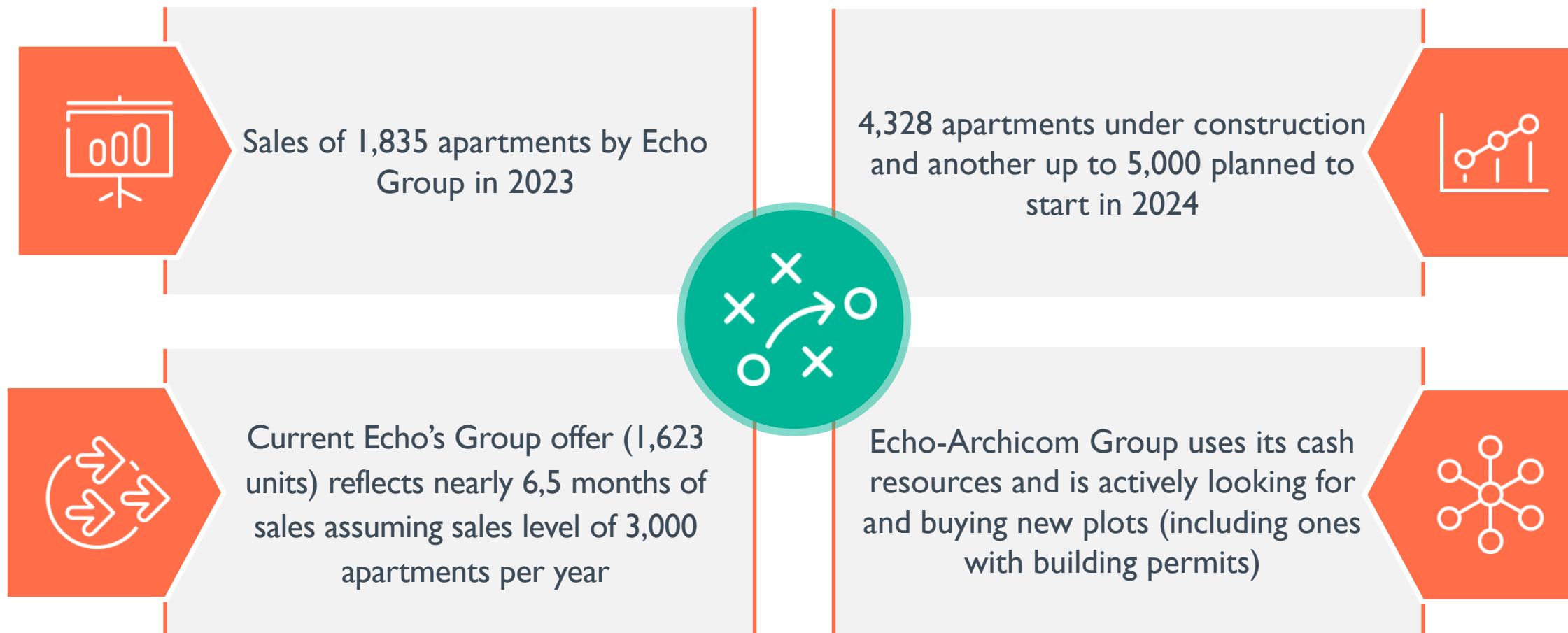
**PLN 67m**

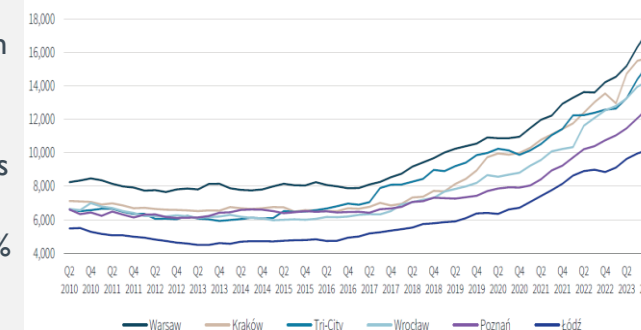
Net profit in 2023

# IV. Living - Residential

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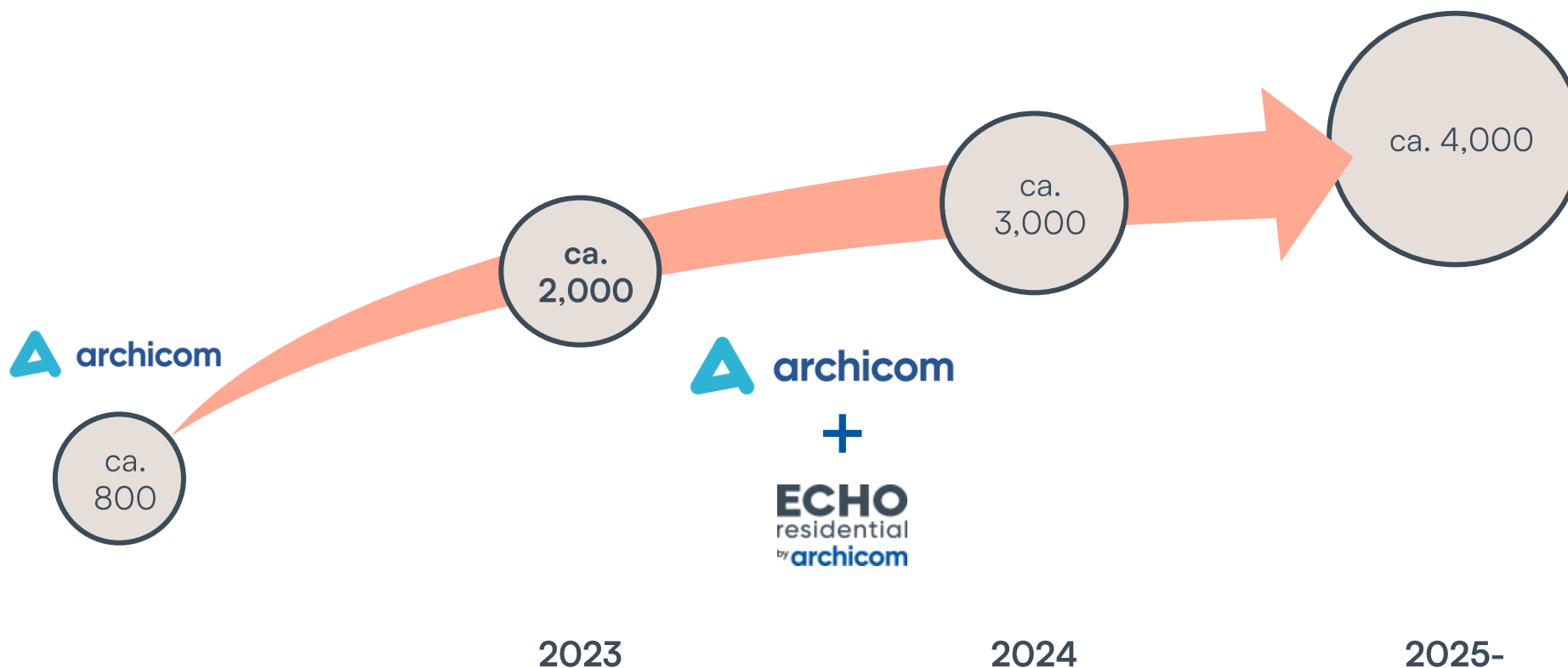
# Highlights





# Continued growth of the residential business

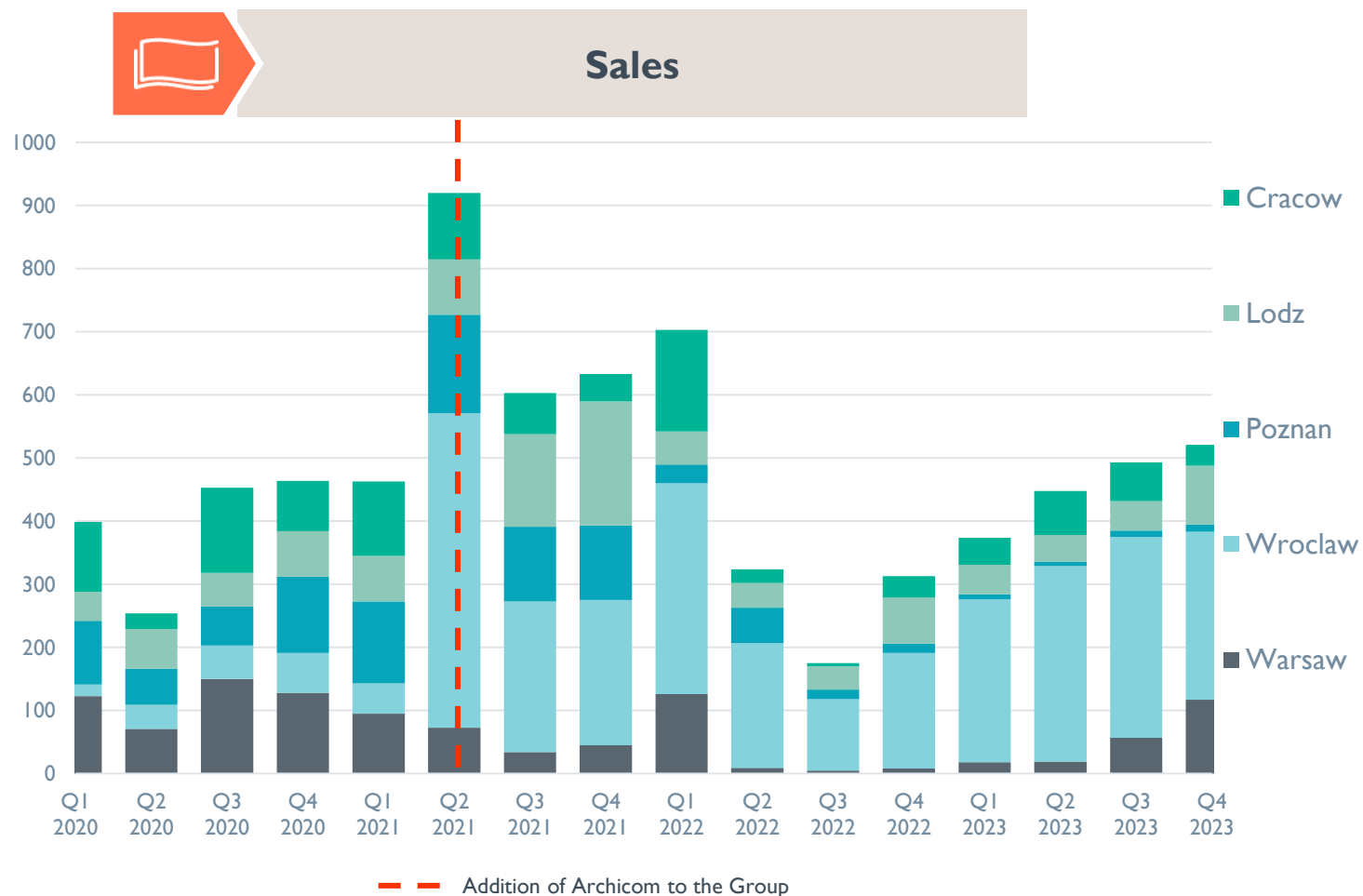
Sales of apartments (yearly)



- ✓ Operational efficiency
- ✓ Lower construction cost by a bigger volume
- ✓ In-house construction experience
- ✓ One of the leading Polish residential developers
- ✓ Focus on growth based on big in-house competence



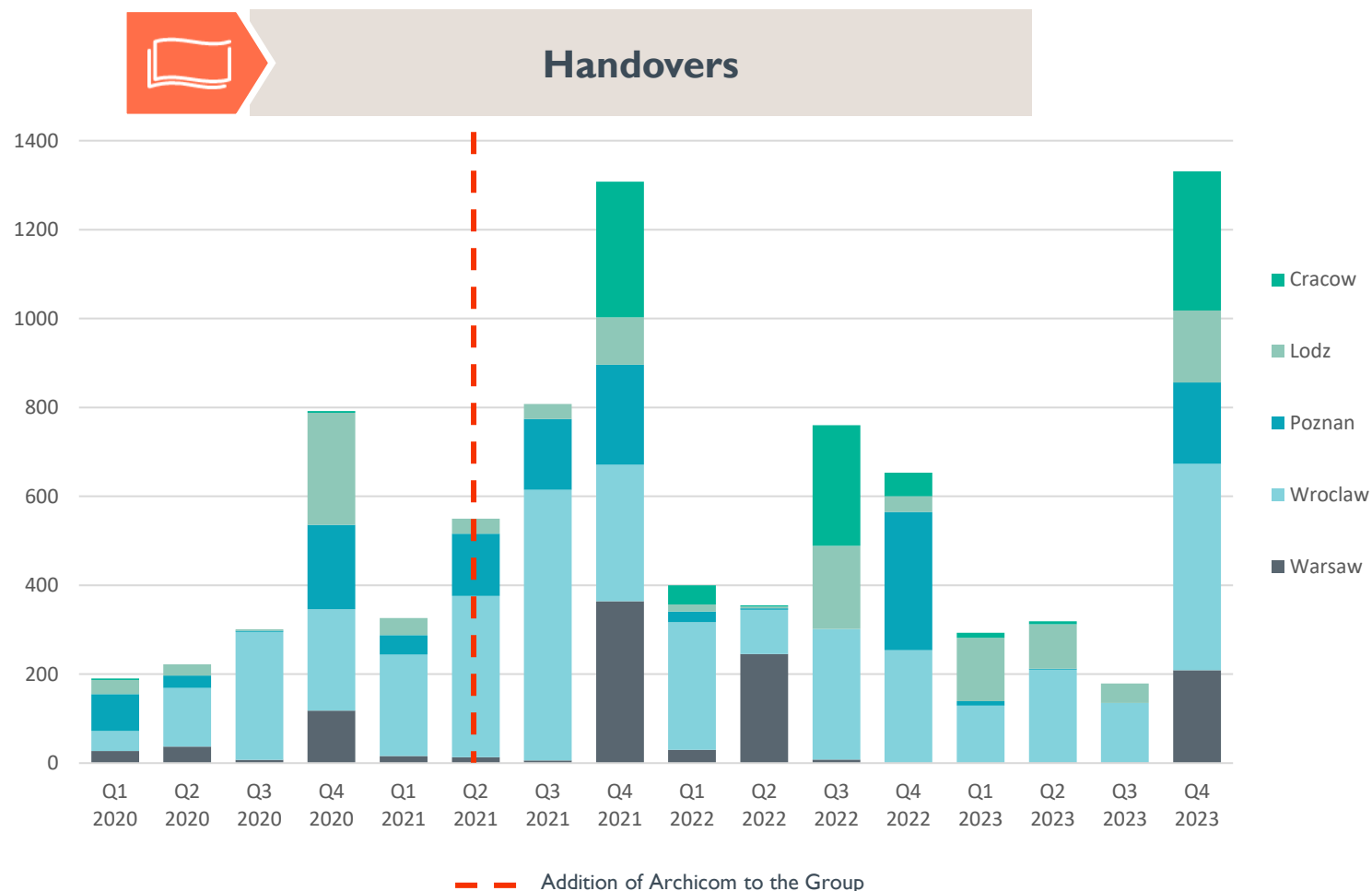
# Apartment sales of Echo Group



Sale of apartments	Q4 2022	Q4 2023	Main projects in Q4 2023
Warsaw	8	117	Modern Mokotów_I, Rytm
Wroclaw	183	266	Browary Wroclawskie, Olimpia Port, River Point, Planty Racławickie, Awipolis, Sady nad Zieloną
Poznan	15	12	Wieża Jeżyce_I
Lodz	73	93	Zenit I and II, Fuzja Lofty, Wodna
Krakow	34	33	Bonarka Living 2C&2D, Rydlówka_II
<b>Total Echo Group</b>	<b>313</b>	<b>521</b>	

Echo maintains the strategy of profitable growth with average gross margin at 30%+

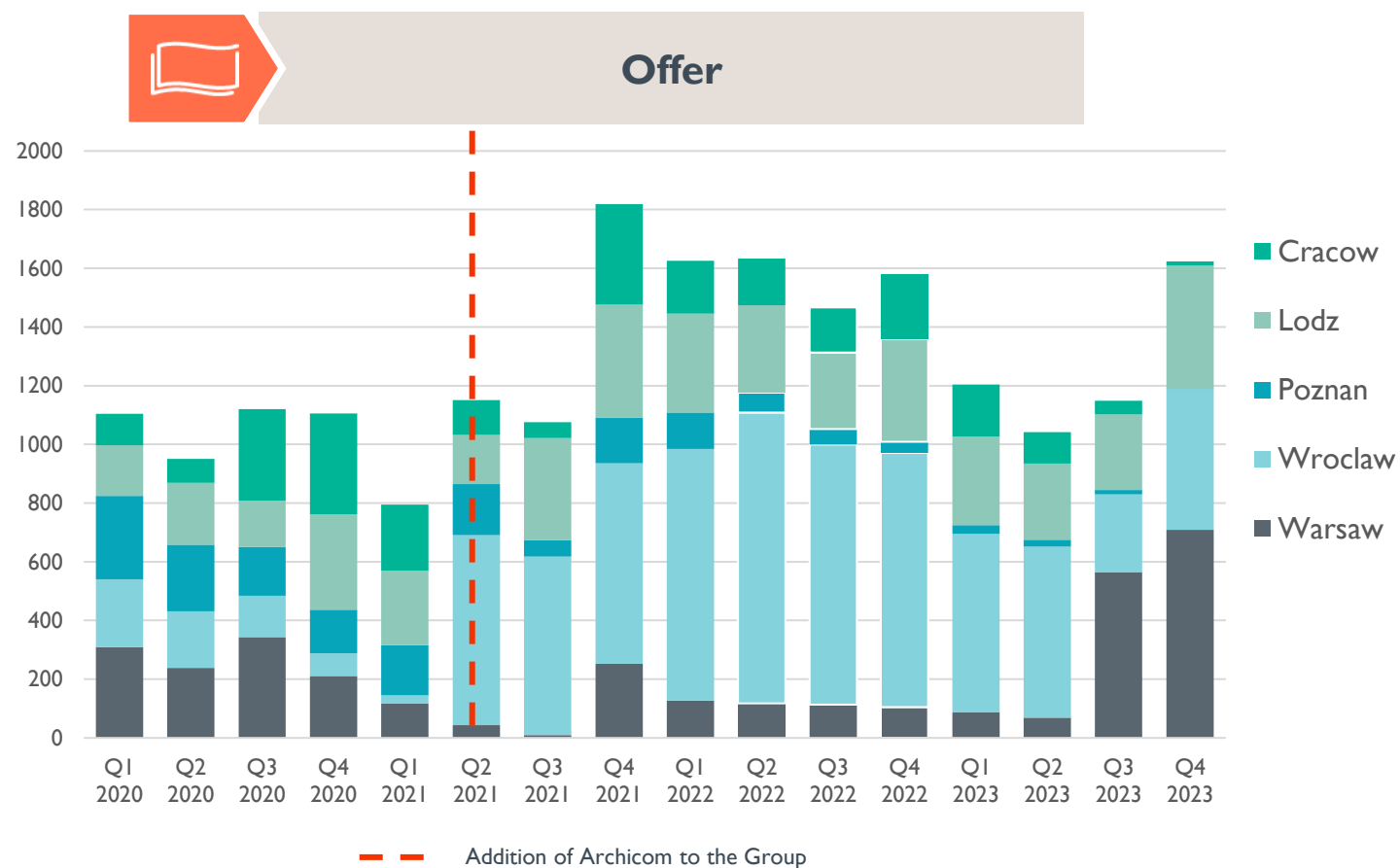
# Apartment handovers of Echo Group



Handovers	Q4 2022	Q4 2023	Main projects in Q4 2023
Warsaw	0	209	Rytm
Wroclaw	254	464	Browary Wroclawskie, Olimpia Port, Awipolis, Planty Racławickie
Poznan	311	183	Wieża Jeżyce_I
Lodz	35	162	Fuzja II and III, Wodna
Krakow	53	313	Bonarka Living 2C & 2D
<b>Total Echo Group</b>	<b>653</b>	<b>1,331</b>	

Echo Group Q4 handovers realized according to the plan

# Current offer of Echo Group



Current offer	End of Q4 2023	Main projects
Warsaw	709	Modern Mokotów I,II&VI, Rytm
Wroclaw	480	Awipolis, Sady nad Zieloną, Planty Raławickie, Południk 17 K2
Poznan	2	Wieża Jeżyce_I and Enter III
Lodz	419	Boho, Fuzja Lofty, Widzewska II, Flow_I
Krakow	13	Rydłówka I&II, Bonarka Living 2C
<b>Total Echo Group</b>	<b>1,623</b>	

Construction of 1,856 apartments started in 2023

# Offer & Landbank as of 31 December over 10 thousand apartments mainly in Warsaw and Wroclaw

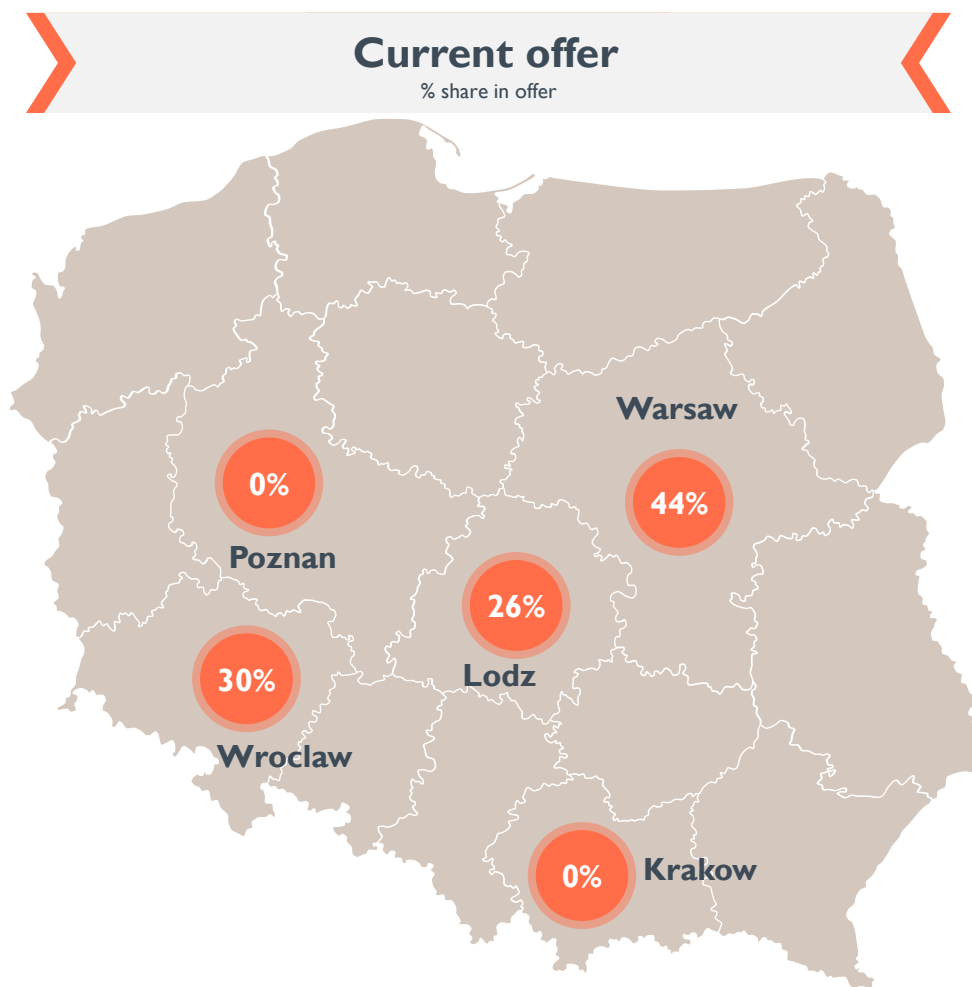
	Offer	Landbank	Total (as at 31.12.2023)
Archicom	856	9,952	10,808
Echo Investment	767	184	951



**11,759**

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

- Target to long term increase of pipeline to 20 thousands units to be able to sell approximately 4,000 units per year
- Already acquired plots and preliminary agreements to buy new ones give Archicom a competitive edge
- Group is actively searching for new residential project in main regional cities and works on conversion Echo's commercial plots into residential

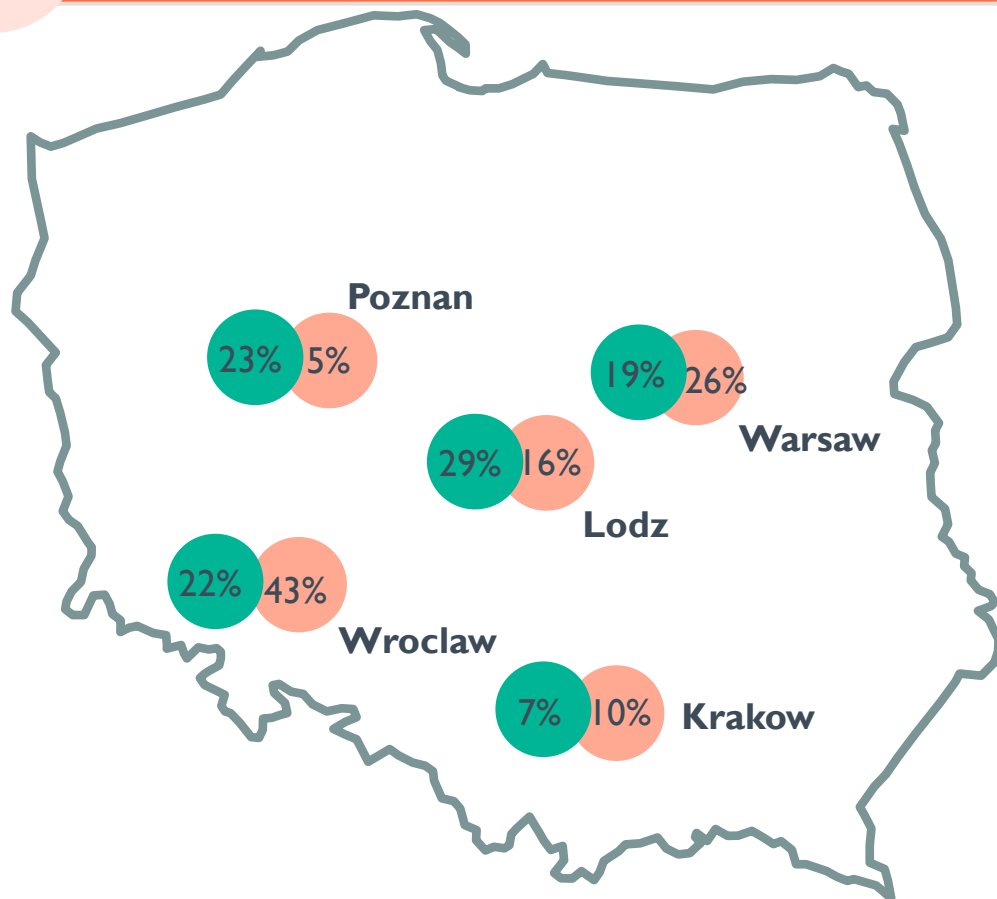


# Residential developer active on five markets

Portfolio of projects under construction and landbank as at 31.12.2023



Total apartments in 81 projects:  
under construction **4,328** and **10,136** in landbank



% - share of apartments under construction/ apartments in landbank



Projects under construction

City	# of projects		# of apartments	
	Archicom	Echo	Archicom	Echo
Wroclaw	13		1,884	
Warsaw	2	1	549	554
Krakow	3		430	
Lodz	1	3	120	585
Poznan	1		206	
<b>Total</b>	<b>20</b>	<b>4</b>	<b>3,189</b>	<b>1,139</b>



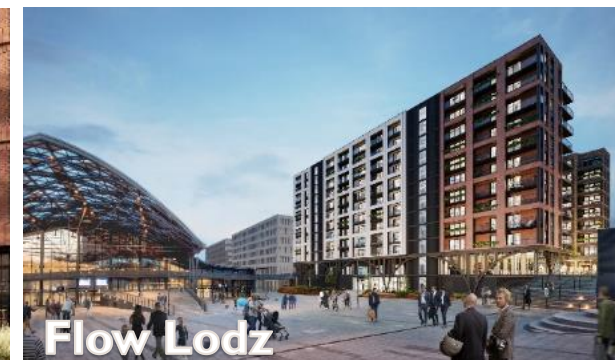
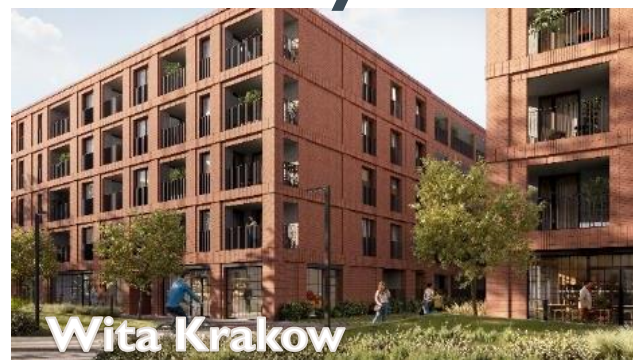
Land Bank

City	# of projects		# of apartments	
	Archicom	Echo	Archicom	Echo
Wroclaw	14		2,205	
Warsaw	10		1,928	
Krakow	5	1	538	184
Lodz	17		2,951	
Poznan	10		2,330	
<b>Total</b>	<b>56</b>	<b>1</b>	<b>9,952</b>	<b>184</b>

# 1,873 units in Q1 2024 already started

- Dąbrowskiego in **Krakow** – 77 units
- Wita in **Krakow** – 184 units
- Flow in **Lodz** – 192 units
- Zenit in **Lodz** – 159 unit
- Wieża Jezyce in **Poznan** – 538 units
- Stacja Wola in **Warsaw** – 232 units
- Południk 17 in **Wroclaw** – 285 units
- Przystań Reymonta in **Wroclaw** – 206 units

Potential **upcoming introduction** of new project in coming months **1,500 units** in Warsaw (incl. Towarowa 22),  
Wroclaw, Lodz and Poznan



# V. Living – Resi4Rent

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**ECHO**  
investment

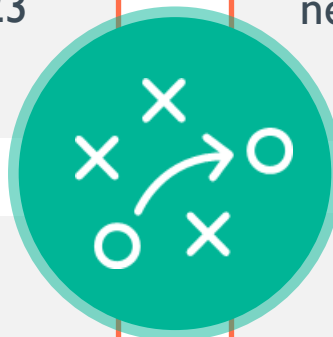


# Highlights



4,107 Resi4Rent units in completed projects and 4,735 units under construction at the end of 2023

Strong landbank with more than 10,700 apartments already secured, new projects under due diligence



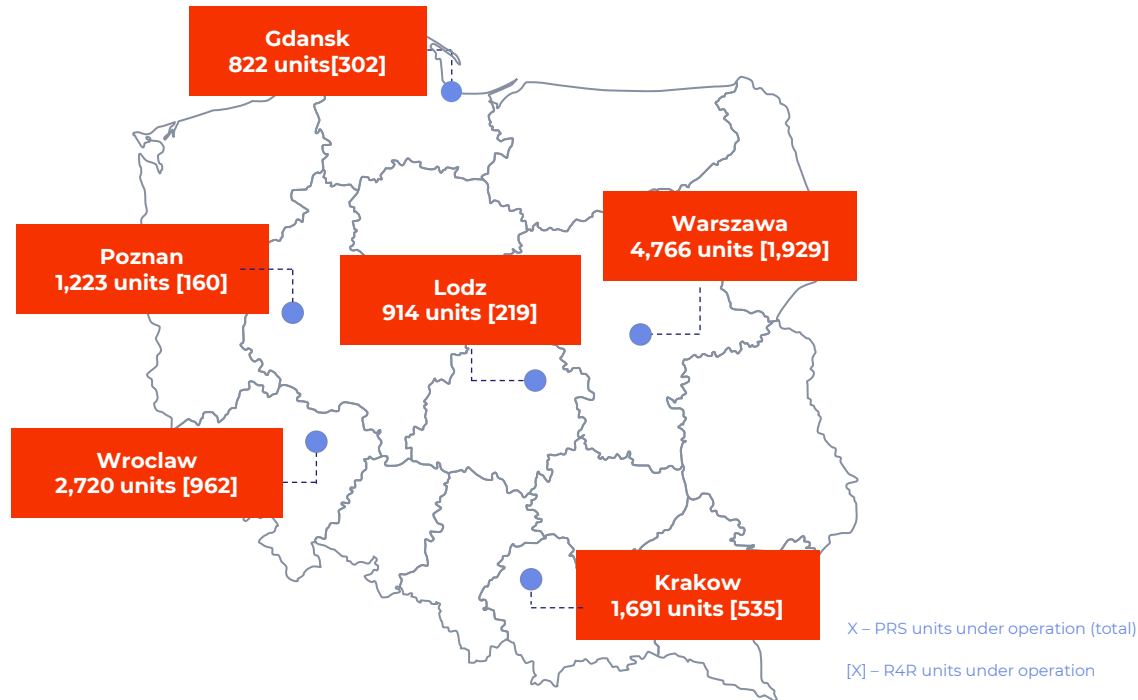
New 3 projects opened in Warsaw and Wroclaw with 1,110 units in 2023

Construction of new 1,347 apartments starts in 2024 and amount of units in construction or operation will reach ca. 10,200



# Institutional rental market in Poland

## PRS investments in Poland



## Institutional rental market in Poland

- With Poland being the largest CEE housing market, there is a significant rationale for this market to grow and mature
- Supply of the rental market in Poland is very limited and fragmented (average landlord owns 1.5 properties which leads to quality often being substandard)
- Higher accessibility to good quality and stable housing solutions will increase workforce mobility and have a positive effect on the general economic conditions of the country

## R4R's share in institutional rental market in Poland

### Institutional rental market in Poland

**16,800**  
units under operation

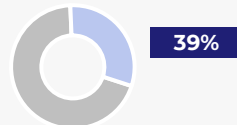
**14,150**  
units under construction

### Resi4Rent

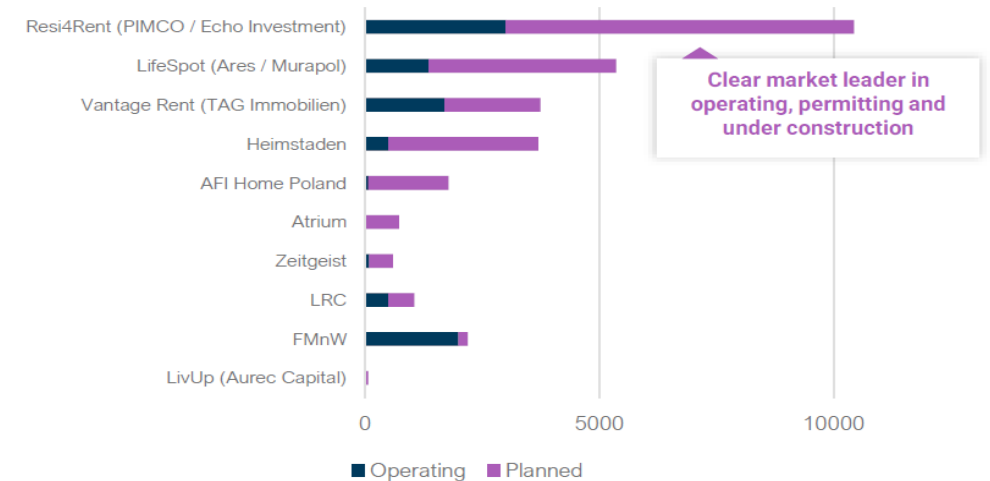
**4,107**  
units completed

**6,625**  
units under construction & projects approved

### % market share



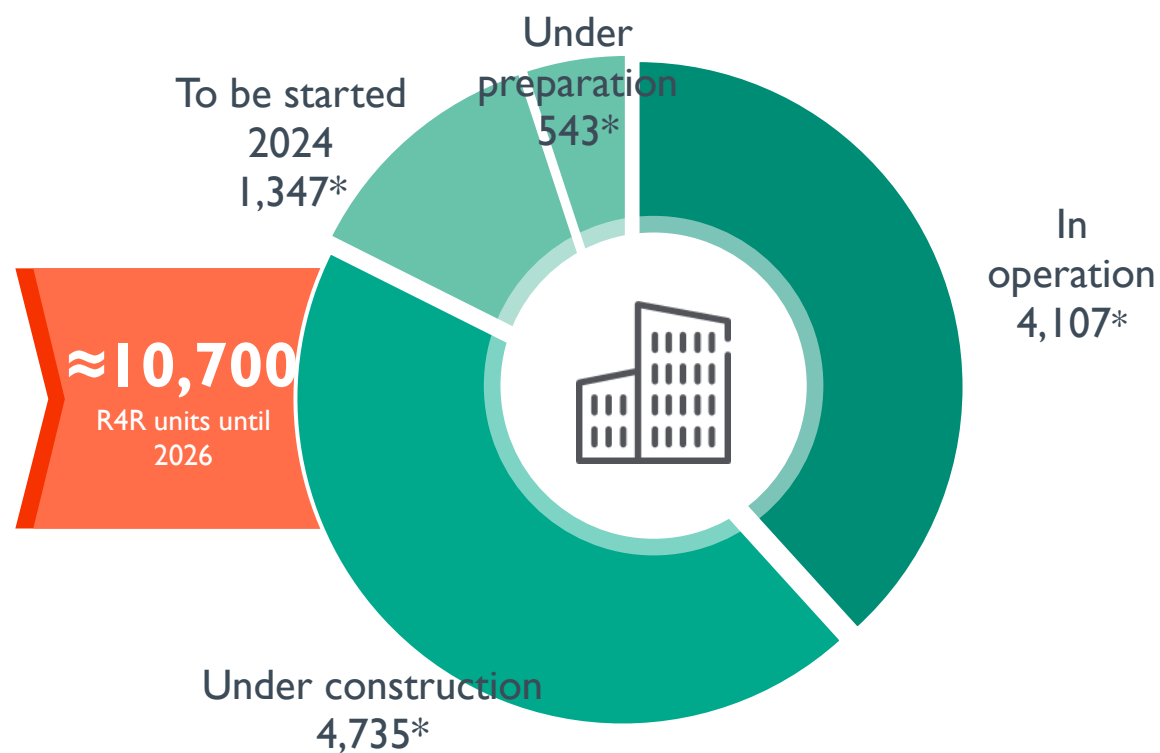
## Largest landlords of multifamily assets (expected to be delivered by 2026)



# Resi4Rent secured plots for over 10,700 units

- **4,107 units** are completed including **1,110 units** delivered in 2023
- Projects under construction will deliver approx. **4,735 new units** in coming years
- **2,135** ready units should be delivered to the working portfolio till the end of 2024
- Construction of **371 units** to be started in Q1 2024
- **1,890 units** are during intensive process of designing and permitting
- Over **10,700 units** completed and under construction planned at the end of 2023 to become operational by 2026

Resi4Rent to develop and operate more than **10,700 units** until 2026:

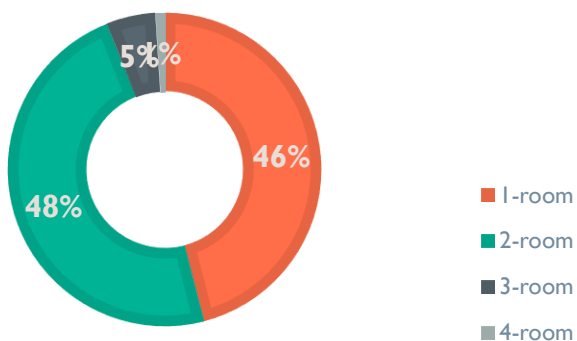


\* as at Q1 2024

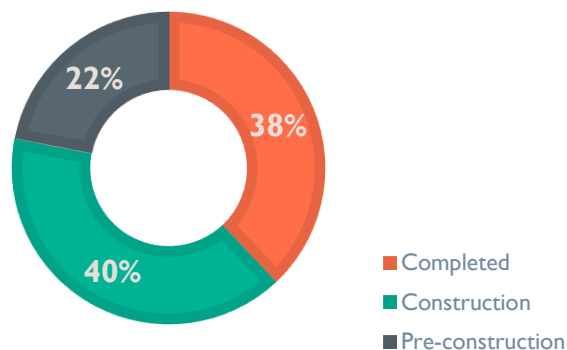
# Portfolio breakdown

The existing portfolio has above **10,700 units across 29 projects**

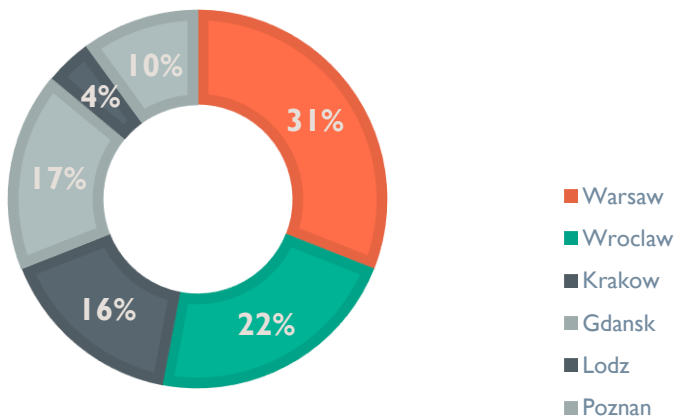
Actual portfolio breakdown  
by types of flats



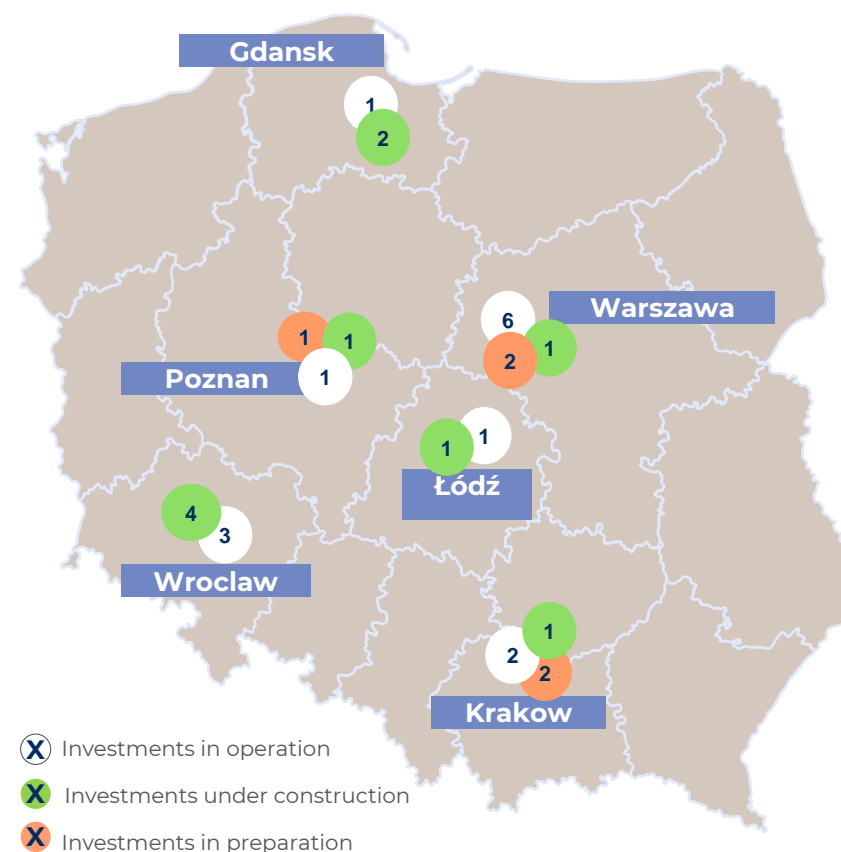
Actual portfolio breakdown  
by construction stage (% units)



Actual portfolio breakdown  
by location (% units)



Investment map



\* as at the end of 2023

# Stable rents and fully leased projects

Units in operation (4,107 units)\*

Under construction  
(4,735 units)\*

To be started 2024  
(1,347 units)\*

In preparation  
(543 units)\*/\*\*

R4R Warsaw  
6 projects (1,929 units)



R4R Krakow  
2 projects (535 units)



R4R Warsaw  
1 project (277 units)

R4R Krakow  
1 project (873 units)

R4R Warsaw  
1 project (382 units)

R4R Warsaw  
1 project (382 units)

R4R Krakow  
1 project (293 units)

R4R Wroclaw  
3 projects (962 units)



R4R Poznan  
1 project (160 units)



R4R Wroclaw  
5 projects (1,582 units)

R4R Poznan  
1 project (411 units)

R4R Poznan  
1 project (672 units)

R4R Lodz  
1 project (219 units)



R4R Gdansk  
1 project (302 units)



R4R Lodz  
1 project (287 units)

R4R Gdansk  
2 projects (1,305 units)

R4R Krakow  
1 project (293 units)

2,135 units to be completed and added to working assets portfolio in 2024

\* as at Q1 2024

\*\* plots under PSPA to be bought

# VI. Living – Student Housing

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# Student Housing Platform launched with Signal Capital Partners

- The new student housing platform launched subject to anti-monopoly clearance
- **Signal Capital Partners**, a multi-euro-billion UK-based private asset management firm focusing on European corporate and real estate special situations investments, along with Griffin Capital Partners and Echo Investment S.A as 30% partner
- Internal identification of plots in Warsaw and Krakow from Echo Investment land bank; identified further opportunities in other key academic centres such as Wroclaw, Tri-City and Poznan
- The new joint venture is aiming to develop and operating portfolio of 5,000 purpose-built, modern, energy efficient student beds over the next three to five years.



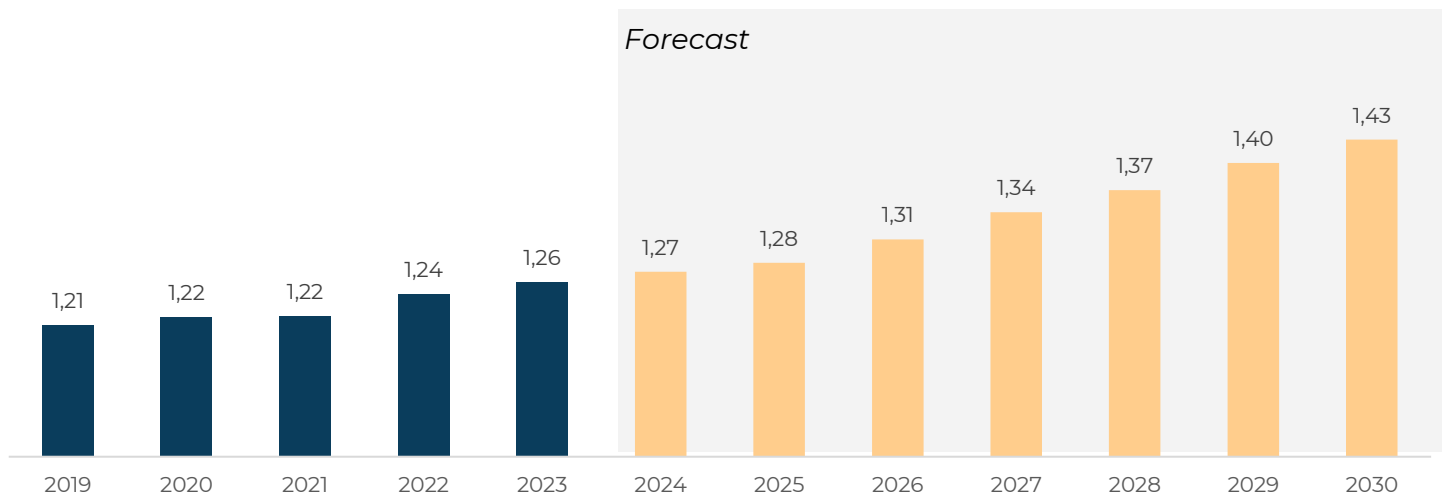


# Polish PBSA Market Overview

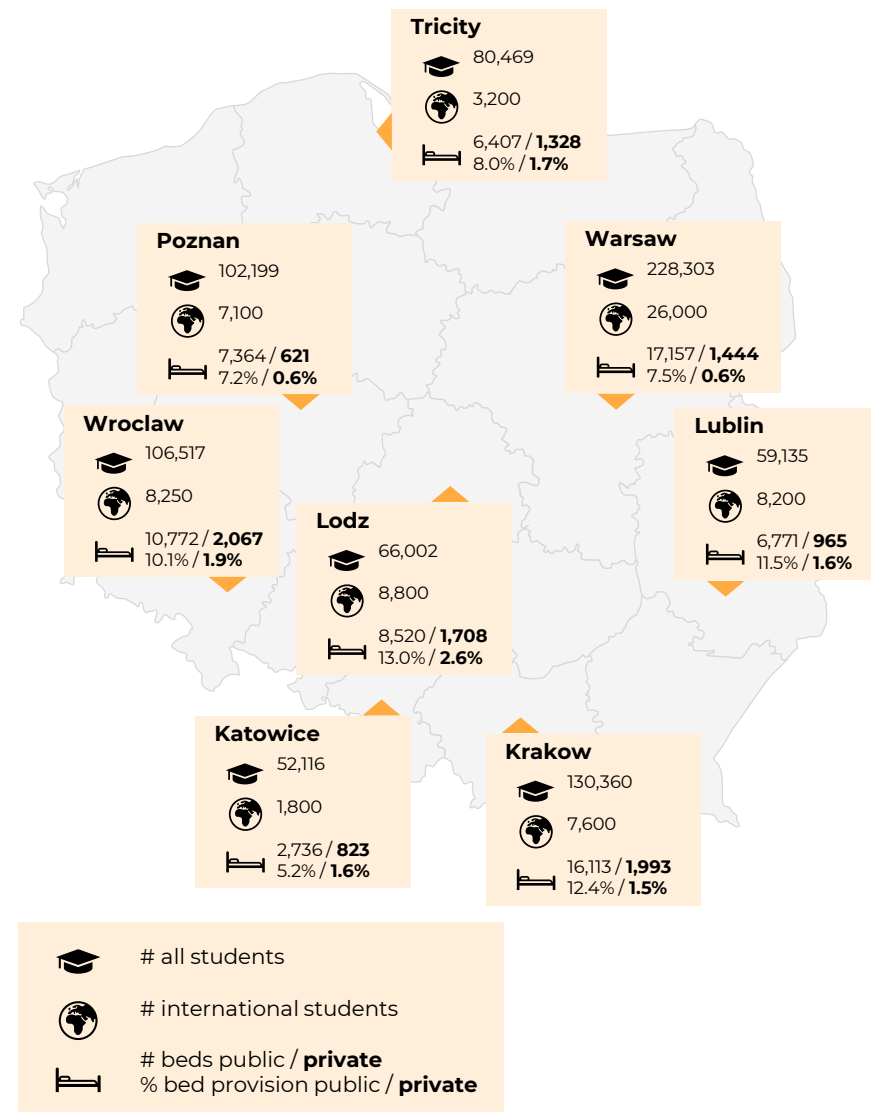
One of the Europe's largest student markets with one of the lowest city by city provision in student accommodation

- Poland is the 6th largest student market in Continental Europe with a student population of c. 1.2m
- Provision rates in all Polish cities including capital city Warsaw (0.6%) are well below European cities such as Madrid (6.35%), Berlin (10.83%), Barcelona (7.45%) and Paris (15.60%).
- Current public dormitories are poor quality, regulated by public entities and** only made available to students from low-income households. The overall public supply in major centres is c. 75.000 beds.
- In order for Poland to achieve a **5.5% private provision rate**<sup>1</sup>, which equates to the European average, **33,000 new operational beds would be required**.

## Total number of students (million)

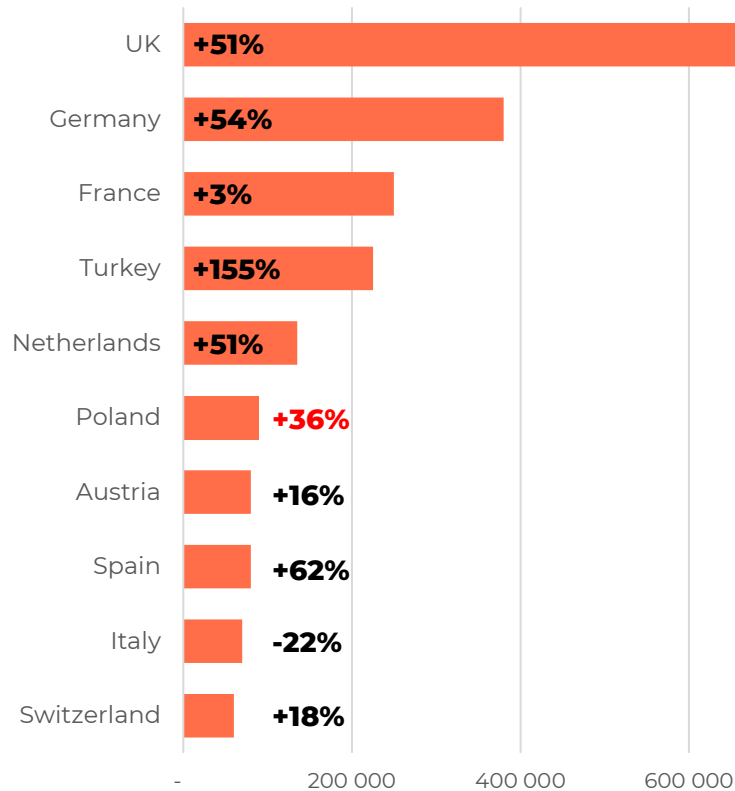


## Polish PBSA – KPIs



# Market overview – International Students

**International students and change between 2016 – 2021**



**Polish PBSA Market Overview**

17,9%  
yoy

(2021/2022)  
**89 400**  
(2022/2023)  
**105 400**

Total number of international students in academic year 2021/2022 and 2022/2023 in Poland of existing schemes

**182**

Countries of origin of international students in Poland in academic year 2021/2022

**7.34%**

Share of international students in total student population in academic year 2021/2022 in Poland

**40%**

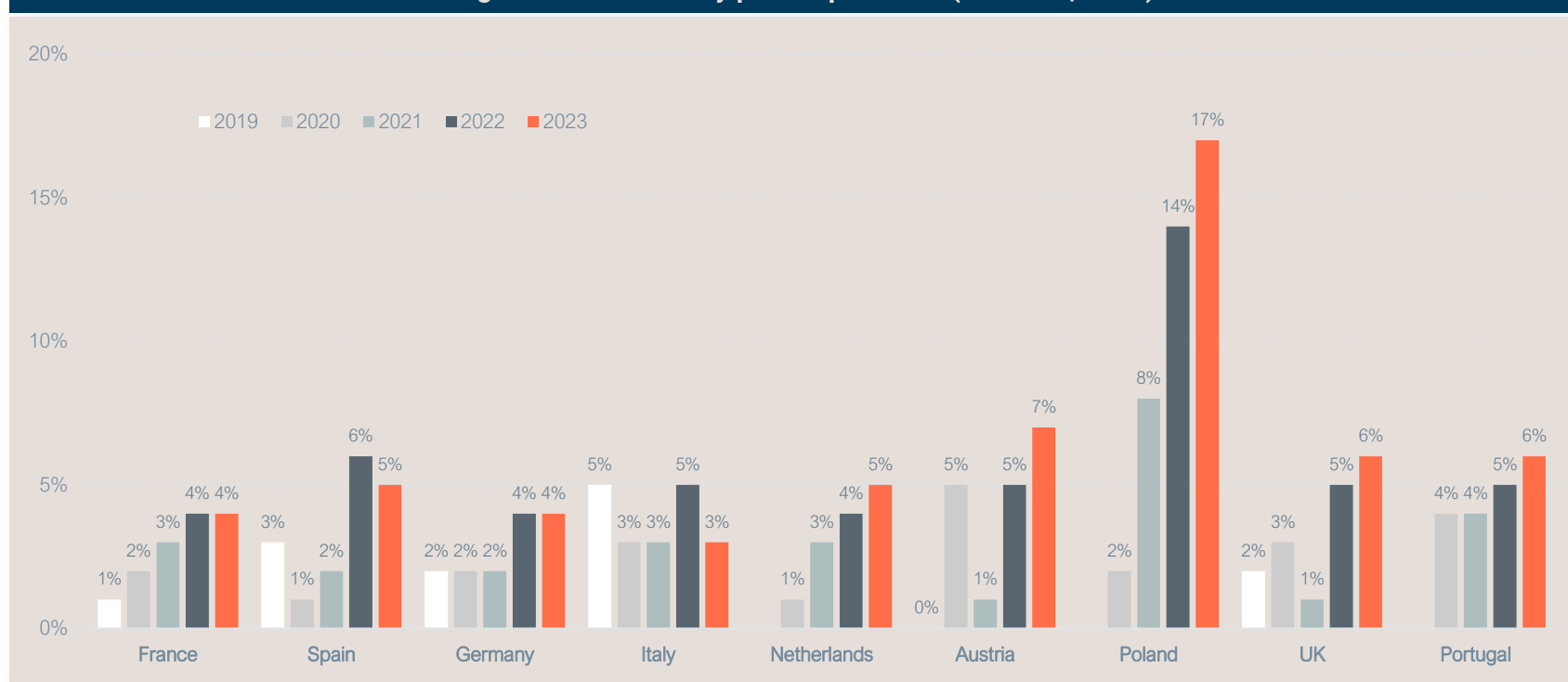
Share of Ukrainian students in total number of international students in academic year 2021/2022 in Poland

Source – Savills 2022, Bonard 2022, JLL 2023, GUS 2023

I) Private PBSA / FT Students

# Market overview – Rents

**Year-on-year PBSA Rent Increase**  
Single studio offered by private providers (BONARD, 2023)



Source - Bonard 2023

- Compared to Western European markets, which have been characterized by steady growth, the Polish market has seen spectacular rental growth in recent years, significantly outperforming European benchmarks
- Strong component affecting the price development is market saturation and competition in specific micro-locations. In western Europe this is a noticeable market-creating factor, while in less developed markets, low market saturation results in low competitiveness of the sector.
- The PBSA market in Poland was driven primarily by structural and macroeconomic factors, which helped sustain high rental growth over several years. Polish cities (Gdansk, Lodz, Krakow, Wroclaw) recorded the highest rental growth in the PBSA sector in 2023 among European cities.

# Polish PBSA market – snapshot

## Polish Student Accommodation in Numbers

**1 216 038<sup>1</sup>**  
Students

**782 755<sup>1</sup>**  
FT Students (64%)

**#6**  
The sixth largest student  
market in the EU

**950**  
English-taught programs

**6.0**  
FT students for every PBSA  
bed

**124 266**  
PBSA beds across private and  
public providers

**1.5%**  
Bed provisions for total FT  
students in private PBSA<sup>2</sup>

**11 789**  
# of modern private PBSA  
beds<sup>2</sup>

## Why PBSA?

### Public University Accommodation

- Often dated & poorly maintained
- Functionally obsolete with limited amenities
- Lack of privacy and consumer-driven design
- Additional amenities such as gyms and study spaces are typically offsite, at additional cost
- Policed by student wardens and nighttime security patrols with limited pastoral care
- Extremely limited space to socialize outside of student bedrooms

### PBSA

- Onsite staff with focus on service and customer experience
- Dedicated living-learning environment with study spaces games rooms and communal areas
- Community events
- Differentiated product type
- Social spaces, gyms, cinemas and private dining rooms
- Modern technology infrastructure

Source – Savills 2023, PBSA in Poland

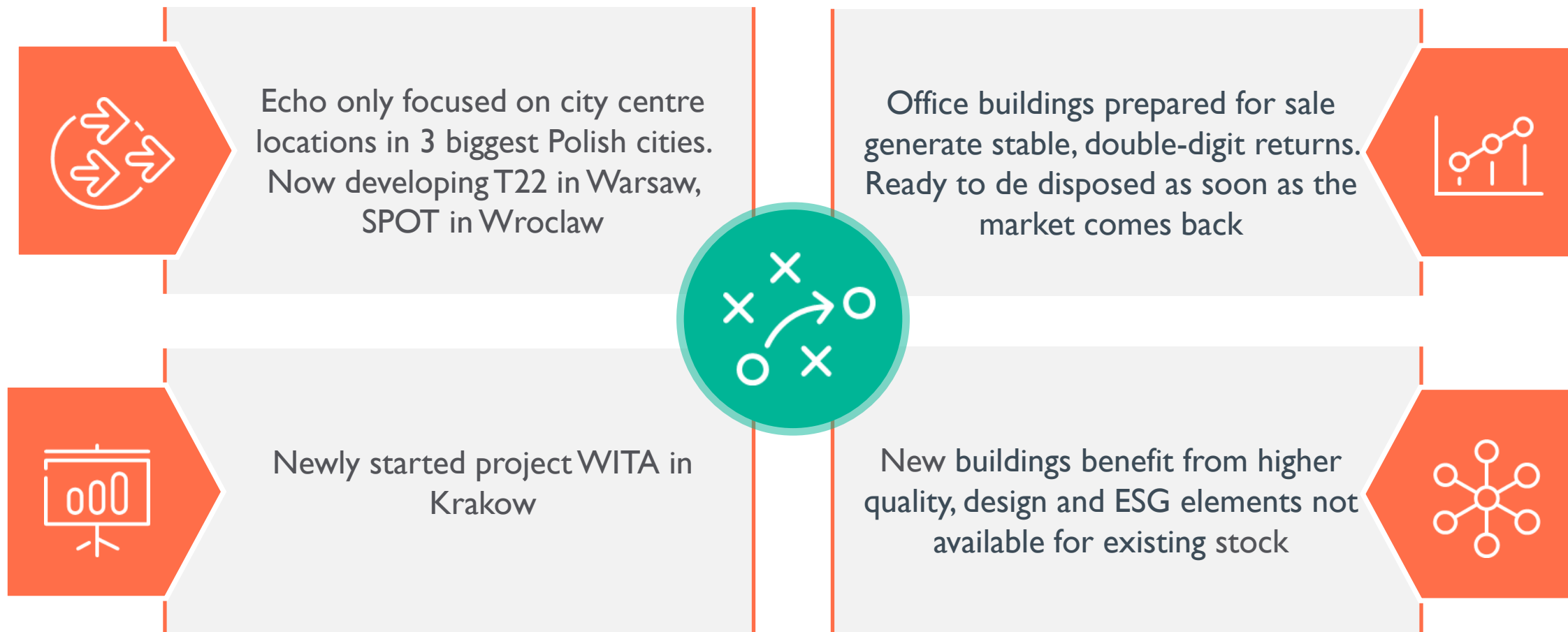
(1) Latest data from Statistics Poland (academic year 2021/22)

(2) Based on internal research (Savills presents number below 10k and 1.2% provision rate)

## VII. Commercial - office and retail

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# Highlights



# 2024 – fewer project ongoing push rents up as tenants looking for ESG compliant offices

## Warsaw

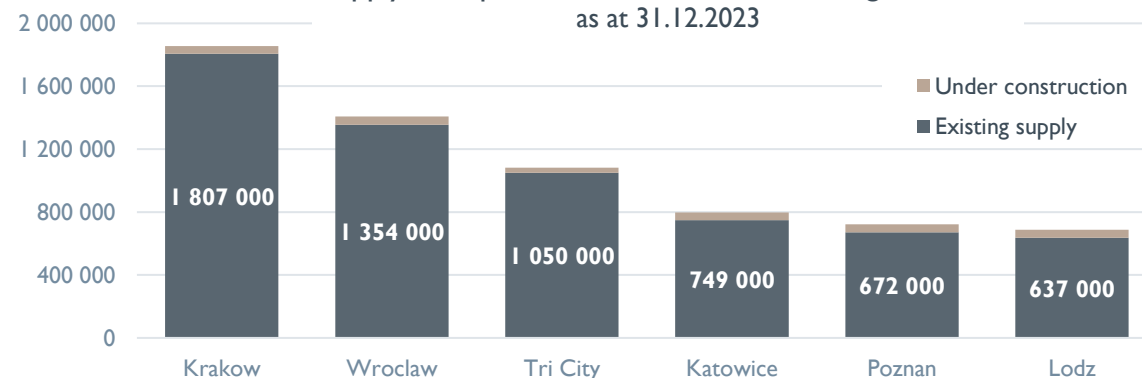
- **60,000 sqm** of new office space has been provided in 2023. 2024 will be another year with subdued new supply estimated at around **94,000 sqm**
- **6.23 m sqm** - total supply of modern office space
- In 2023 gross take-up result: **749,000 sqm**
- **ca. 230,000 sqm** of office space under construction (the last time the market recorded such a low volume was in 2010, following the global financial crisis)
- **10.4%** – at the end of Q4 2023 average vacancy decreased by 1.2 pp q/q, the downward trend will continue in 2024.
- Selected last lease transactions on the Warsaw office market signed: Elavon (5,500 sqm), Johnson&Johnson (4,800 sqm), and Sii (4,700 sqm)

## Regional markets

- **250,000 sqm** of new office space delivered to regional markets in 2023
- **6.68 m sqm** - total supply of modern office space at the end of Q4 2023
- At the end of H1 2022, for the first time, the total supply of modern office space in 8 major regional markets exceeded the level of stock in the capital city
- In 2023 gross take-up result: **750,000 sqm**
- **ca. 284,000 sqm** of office space remain under construction
- **17.5%** – average vacancy rate (2.2 p.p. higher compared to the Q4 2023)

Low office development activity and strong leasing activity support Echo's actions to continue Towarowa 22 and start construction of SPOT Wroclaw and WITA in Krakow

Supply and space under construction in regional cities  
as at 31.12.2023





# WITA Krakow - construction started in Q1 2024





# WITA Krakow - construction started in Q1 2024

- Destination project in Krakow City Centre
- Outstanding location on the crossroad of main transit paths of the city of Cracow
- 26,600 sqm of office area together with residential apartments (184 units) and student house (3,700 sqm) surrounded by a wide range of services, culture and gastronomy
- The proximity of nature and greenery in the parks and gardens of the old town
- Up-to-date functionality of the project including electric vehicle charging stations, parking spaces and bicycle infrastructure, parking lot operated by phone application, air purification system





# Towarowa 22 – Echo/AFI Europe destination project

- Mixed use destination project in the heart of Warsaw
- Office building ca. 31,400 sqm is under advanced construction
- Construction of the first building by Archicom out of ca. 40,000 sqm of residential area should start in coming quarters
- 2 hectares public park and historical landmark Dom Słowa Polskiego in the central part of the project planned to be opened till the end of 2025 for the citizens of the capital city
- Commercial part including rental apartments (PRS) and offices of around 150,000 sqm co-owned by AFI Europe 70%/Echo 30%





# SPOT Wrocław - construction ongoing and strong leasing demand

- Exceptional office project in premium quality, in the centre of Wrocław.
- Latest technologies and green certificates
- Flexible spaces – full freedom in arranging office
- Project comfortably surrounded by greenery, in close proximity to cafes and restaurants – unique Swobodna Spot patio
- In line with sustainable development and nature-friendly ESG solutions





# Office market perspectives for 2024/2025

## Strong leasing market

- Slowdown in office investments because of the uncertain market situation
- In 2024 :
  - the return of employees to offices,
  - the resumption of company relocation processes,
  - strong tenant demand and
  - requirement for ESG compliant buildingswill lead to a supply gap in 2024 and 2025
- Currently, just over 230,000 sqm is being built in Warsaw, and 2024 will be another year with subdued new supply estimated at around 94,000 sqm
- In the following quarters, the new supply of office space will decrease dramatically, it is expected that in 2024 and H1 2025 developers will deliver a total of only 200-250 thousand sqm to the Warsaw's office market
- The supply gap will be less noticeable in regional cities, where vacancy remains at a relatively high level



We expect the investment market will come back in H2 2024 as interest rates stabilised which will create more certainty on the market.

# CitySpace expanded its office in Katowice's Face2Face

**12** (end of 2023)

locations in Poland



**4,000**

workplaces



CITY  SPACE





## Galeria Libero - the fastest growing retail center in Katowice

- Libero shopping mall noted another quarter of great performance after reopening of retail activity
- Positive trend started in 2021 with further growth in demand for retail compared to previous periods
- **Turnover** in 2023 was **14% higher** than in 2022 and 29% higher than in 2021
- Its **footfall** was respectively **9%** and **23%** higher
- NOI growth over the year of **9%** with potential of further growth
- Echo-owned shopping mall is an attractive destination for shoppers demonstrating **renewed post-covid popularity of in-person shopping** and a change in customer behaviour
- Growth is supported by the optimization of tenant mix and number of activities organized for customers





# Galeria Młociny strengthens its position in Warsaw

- Great performance of the project confirmed by 97% occupation rate
- Shopping Mall is becoming the **leading shopping destination and a popular meeting point in northern Warsaw**, thanks to its strong retail and entertainment offer
- Turnover in 2023 was **12% higher** than in 2022 and 33% **higher** than in 2021
- Młociny footfall in 2023 was 4% **higher** than in 2022 and 13% **higher** than in 2021
- NOI growth over the year of **10%**
- Long leases guarantee stable cash flow while indexation creates potential for future growth of NOI
- With the strong start of 2024, we observe **further increases in footfall year on year**, with the current number of visitors that is comparable with the Christmas period results in previous years
- New brands in tenant - mix like Tchibo Outlet, Popeys



# VIII. ESG

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**ECHO**  
investment



## 54



# 2

Carbon footprint (scope 1&2) reduction by 35%  
Zero-emission on each building by 2030  
Decarbonization strategy ongoing

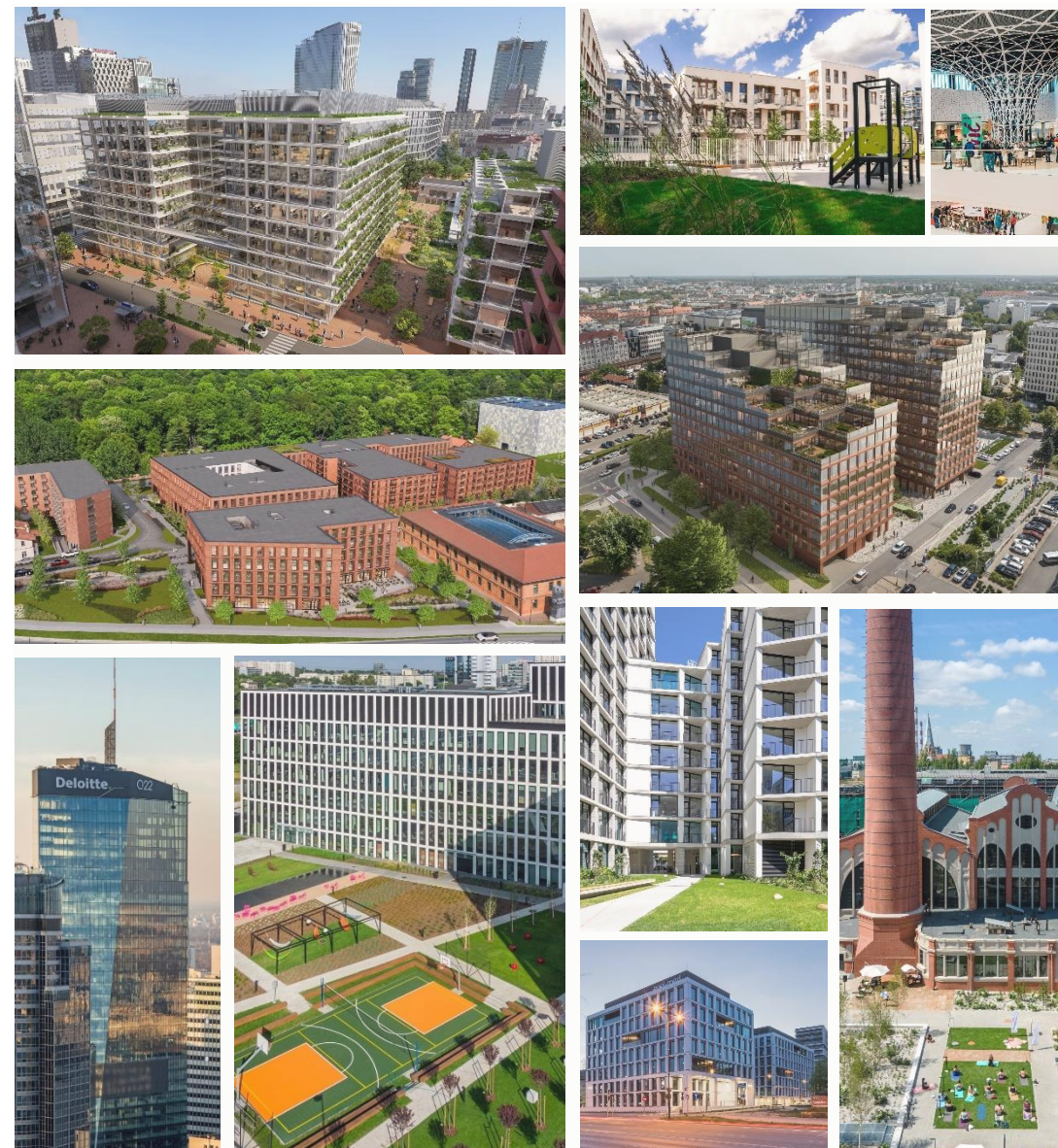
## 3

Safety on construction sites as a main goal  
Gender pay gap reduced by 4%

## 4

Cultivation of corporate governance and corporate culture after the reorganization  
Ethics in business promoted by Code of Conduct and ethical principles

## 5



# IX. Financials

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# 2023 profit

## margin and fair value gain

### Actual results [PLN m]

	2023	2022	Q4 2023	Q4 2022	Q4 2023 (average)	Q4 2023 (range)
Revenue	1,573.3	1,394.3	922.7	370.7	872.5	838.7 - 890.0
Operating profit	180.7	275.4	80.8	-4.2	-	-
Profit before tax and minority interest	178.3	219.0	93.0	16.0	-	-
<b>Net profit</b> attributable to equity holders of the parent entity	<b>67.4</b>	<b>127.2</b>	<b>34.2</b>	<b>2.3</b>	<b>28.4</b>	<b>23.3 – 31.5</b>

### PAP Consensus

### Revenues and margin in 2023 (PLN m)

	Sales	Margin	Margin %	Main source of revenue
Residential	1,293	403.2*	31%	Apartments sale
R4R	35	20.3	57%	Sale of Services to R4R
Commercial & other	245	64.0	26%	Rents, fit-out
<b>Total</b>	<b>1,573</b>	<b>487.5</b>	<b>31%</b>	

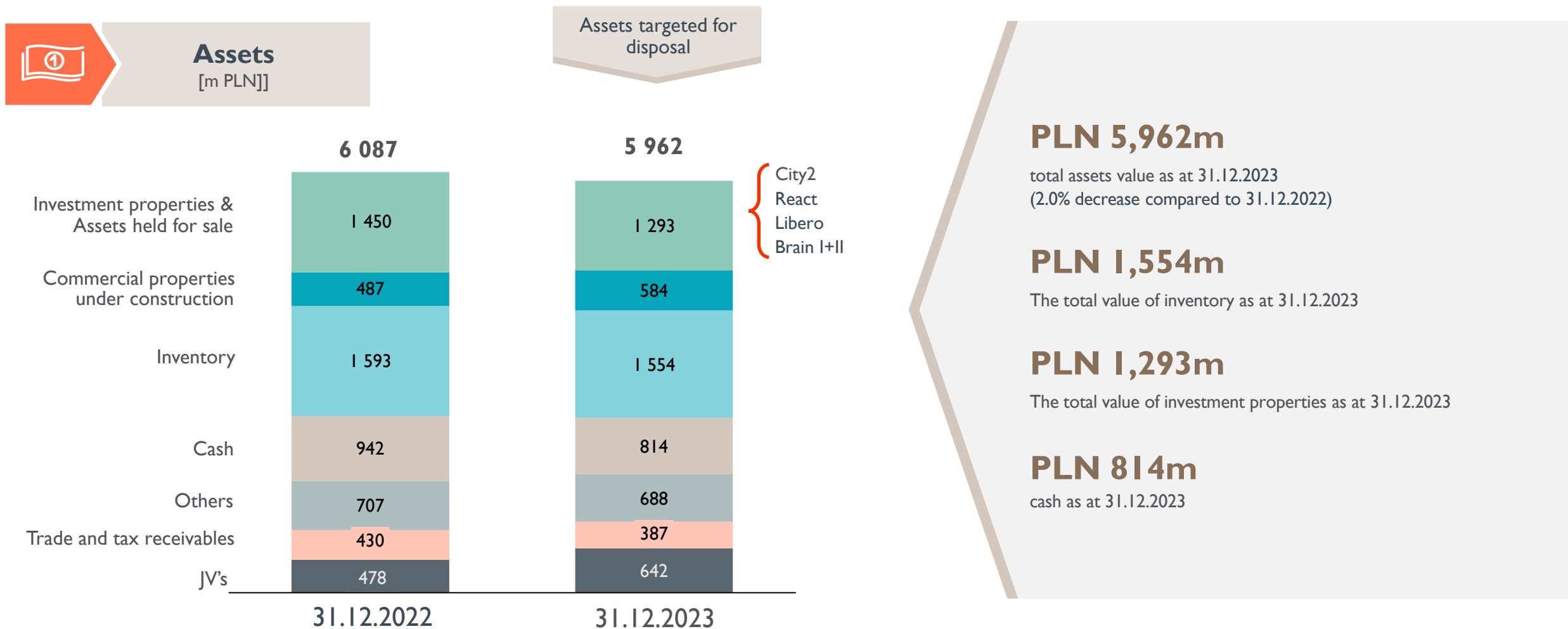
\* Incl. PPA impact

### Fair value gain on investment properties (PLN m)

	Q4 2023	Accum.
Libero	-45.3	124.5
Brain Park I	-13.6	37.8
Lodz React	-10.1	13.1
Brain Park II	-1.0	1.1
Citi 2 (Archicom)	-10.2	97.0
Other	-24.9	-
<b>Total</b>	<b>-105.1</b>	

Negative impact of EUR FX – PLN -86,3m

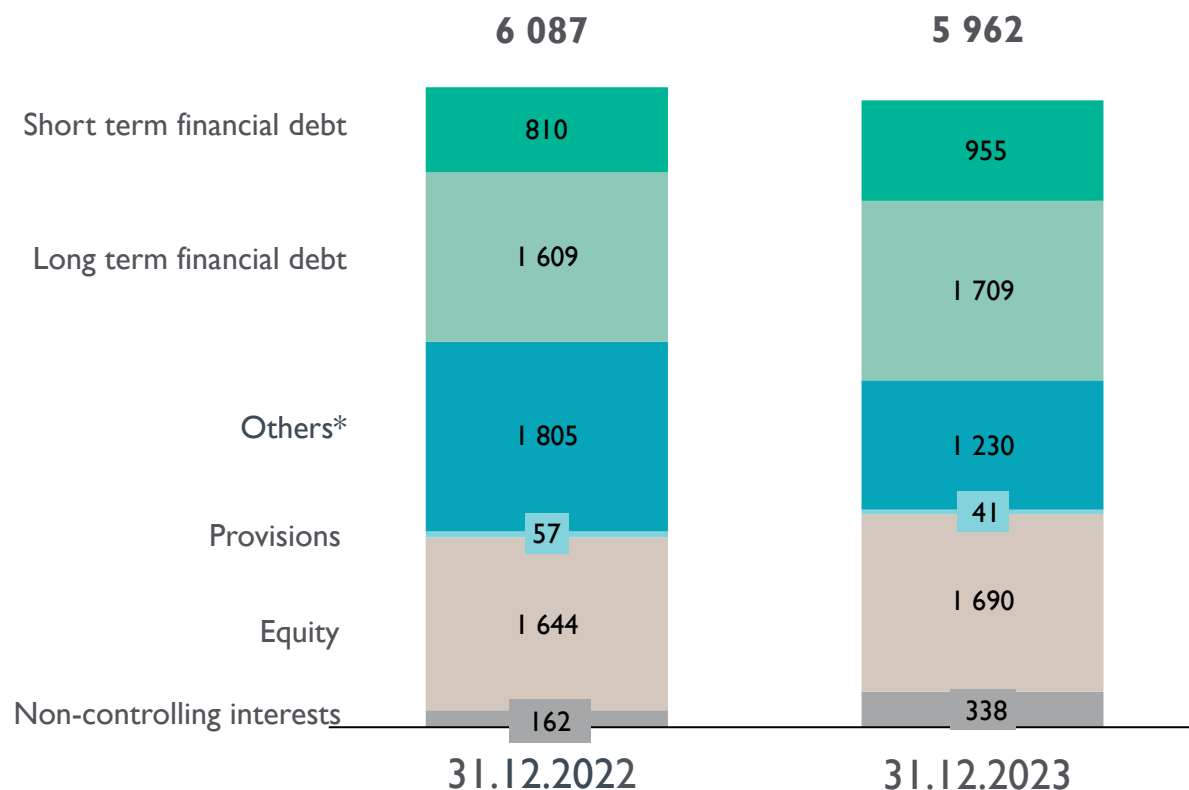
# Strong balance sheet with fully leased assets ready for disposal



# Assets disposals reduce debt



## Equity and liabilities [m PLN]



## PLN 2,664m

Total long and short-term debt as at 31.12.2023 with extended maturity

**Long-term debt** increased by PLN 100m compared to 31.12.2022

**Short-term debt** increased by PLN 145m compared to 31.12.2022

- Maturing bonds will be either repaid or refinanced to transfer the debt to long-term

## 35% net debt ratio

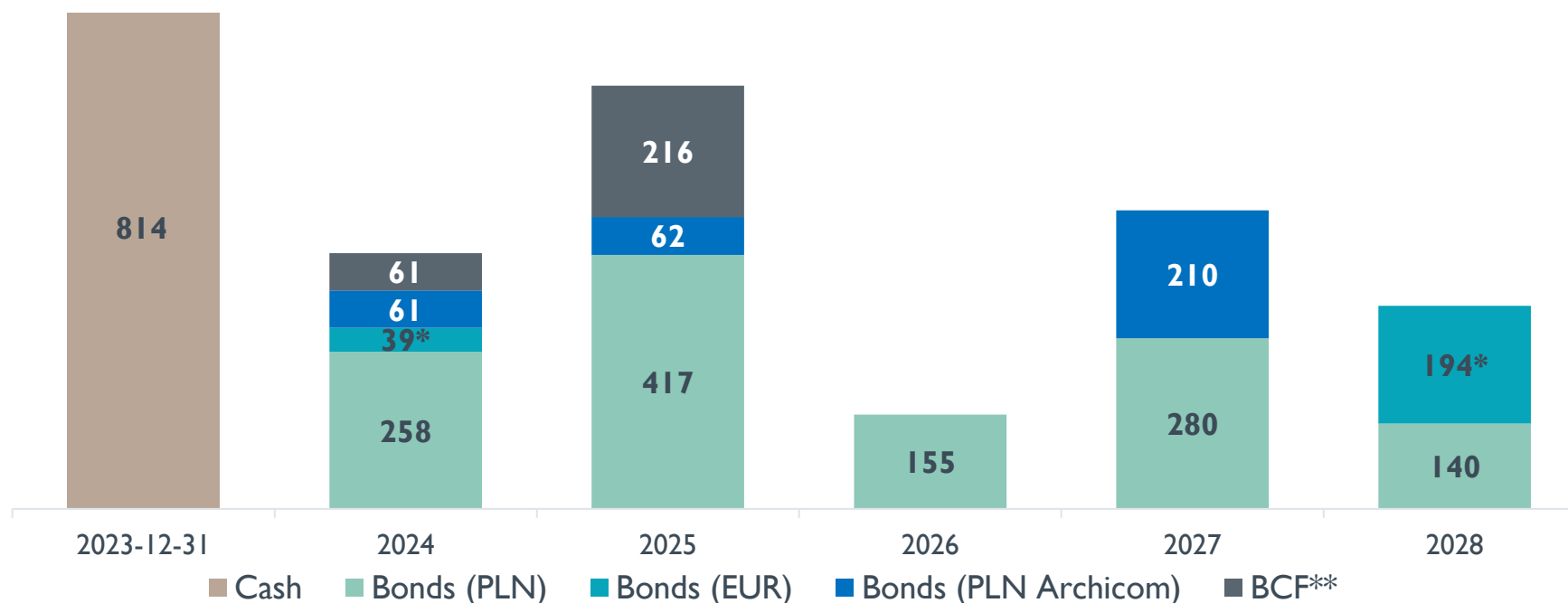
(net debt) / (total assets less cash)  
in line with target

\* decrease mainly due to negative change of position: Liabilities due to customers and other liabilities



# Stable cash position

**Cash and available overdraft vs. maturity of corporate debt**  
as at 31.12.2023 [m PLN]



\* PLN equivalent of EUR bonds as at 31.12.2023

\*\* BCF – Bank corporate financing

## Bonds in 2023

Echo Investment:

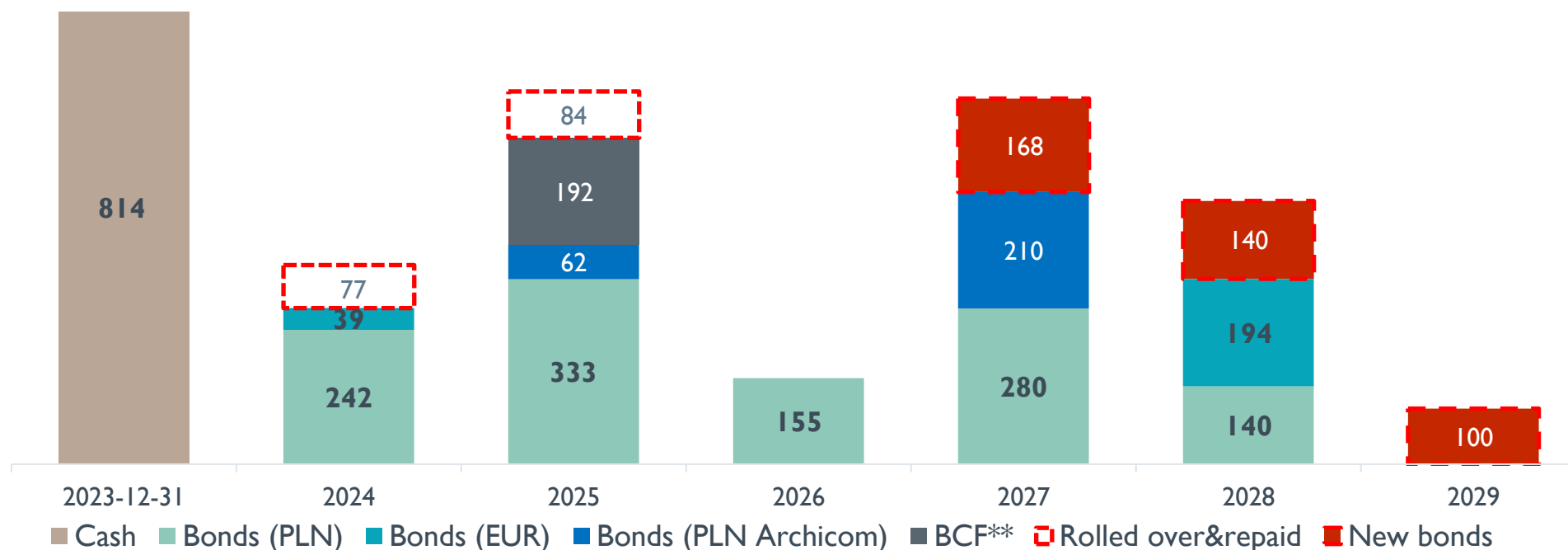
- issued **PLN 140m 5Y** in May'23 and **PLN 100m 5Y** in February'24 bond tranche with Ipopema Securities
- issued **PLN 240m 4Y** in four bond tranches to individual investors within Prospectus program (PLN 300m) in 2023 June and November, 2024 January and February
- issued **EUR 43m 5Y** bond tranche with Ipopema Securities in October'23 to refinance bonds maturing in 2024
- repaid **PLN 180m** in April, September and November'23

Archicom:

- issued three series of bonds for **PLN 62m 2Y** in March'23, the highest in history **PLN 210m 3Y+** October'23 and **PLN 168m** in February'24 with mBank S.A.
- repaid **PLN 60m** in June and **PLN 61m** in March'23

# Bonds rollover secured and plan for 2024

**Cash and available overdraft vs. maturity of corporate debt**  
as at 28.03.2024 and planned for 2024 [m PLN]



\* PLN equivalent of EUR as at 31.12.2023

\*\* BCF – Bank corporate financing

## Bonds in Q1 2024 and plans

Echo Investment:

- issued **PLN 100m 5Y** in February'24 bond tranche with Ipopema Securities and repaid **PLN 100m**
- issued **PLN 140m 4Y** in two bond tranches to individual investors within Prospectus program (PLN 300m) in 2024 January and February

Archicom:

- issued one tranche of bonds for **PLN 168m** in February'24 with mBank S.A. and repaid **PLN 61m**

Echo Group in 2024 continues rollovers of bonds maturing in 2025

# Dividend paid in 2023

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Total dividend amount  
paid in 2023

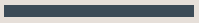


**PLN 0.44\***  
per share

- On **February 2**, Echo paid dividend for **2022 year** in amount of 90.8 million i.e. **PLN 0.22** per share
- On **November 10**, Echo paid advanced dividend for **2023 year** in amount of 90.8 million i.e. **PLN 0.22** per share

\* Including dividend payment for 2022 and 2023

# X. Q & A

A series of five concentric circles in a light grey color, centered on the right side of the slide and partially cut off by the edge.

**ECHO**  
investment

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