



ECHO
investment

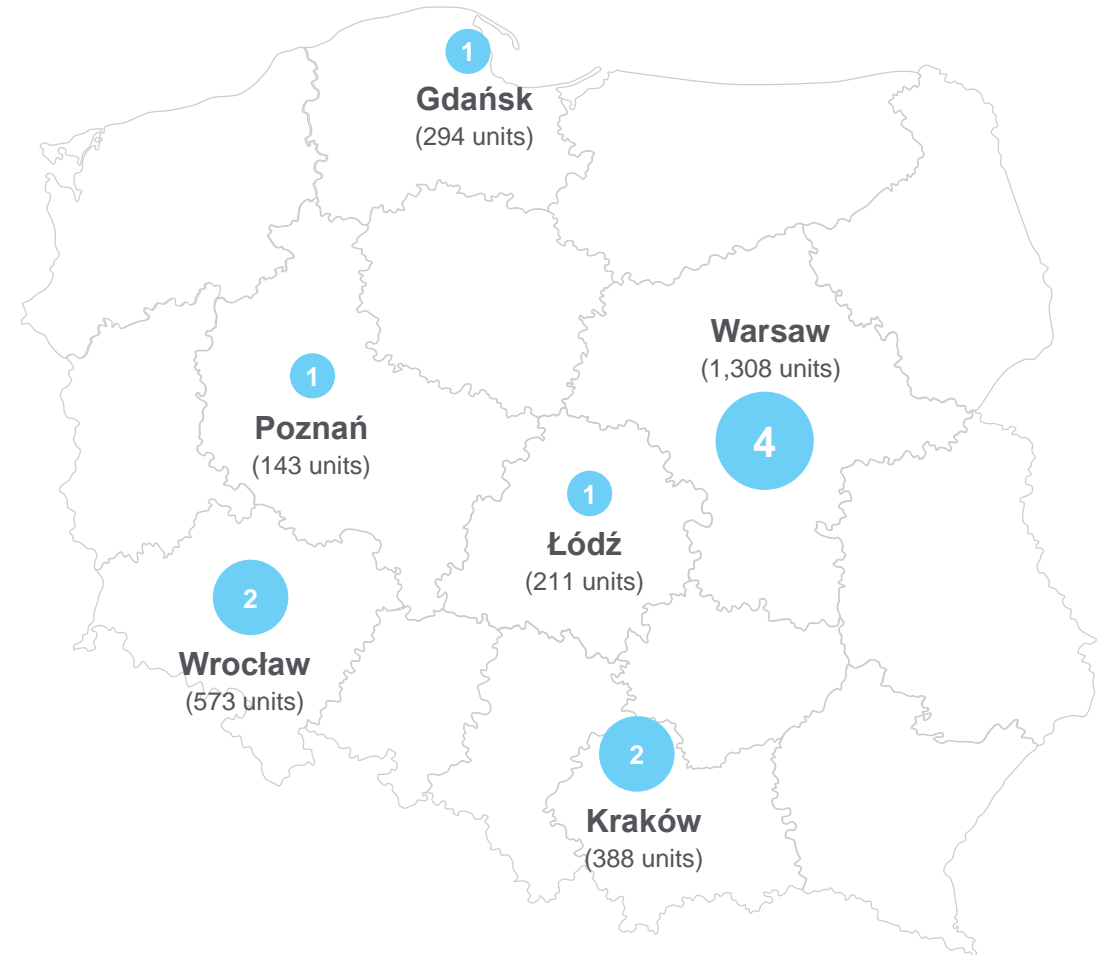
Resi4Rent

Echo Investment starts
a new business line

Warsaw, May 2018

Echo's new business line

Resi4Rent: the largest apartment rental platform in Poland



Echo's new business line

Resi4Rent: operational principles

- The platform to be developed as JV with R4R S.a r.l – controlled by one of the world's premier investment managers
- Echo Investment will provide planning, design and developments services to R4R platform
- R4R will lead the operational management in-house
- The platform has already secured over 2,900 units
- R4R aims to operate 5,000-7,000 units within 3-5 years, to offer multiple choice of locations and cities to clients
- That size creates synergies of scale and it is suitable for international long-term investors

- Echo will consider its strategic options when the platform achieves its suitable size
- The final agreement is subject to antimonopoly consent
- Targeted apartment split:

	Apartment split	Apartment size
1-room	40%	25 sqm
2-room	50%	40 sqm
3-room	10%	58 sqm

ECHO'S BENEFITS

- Entering the new and under-supplied segment as a response to the needs of urban migration and social trends
- Increase of the scale of the residential business
- Enrichment of the mixed-use destination schemes

Poland seeks new and modern residential stock

OVERCROWDED HOUSEHOLDS

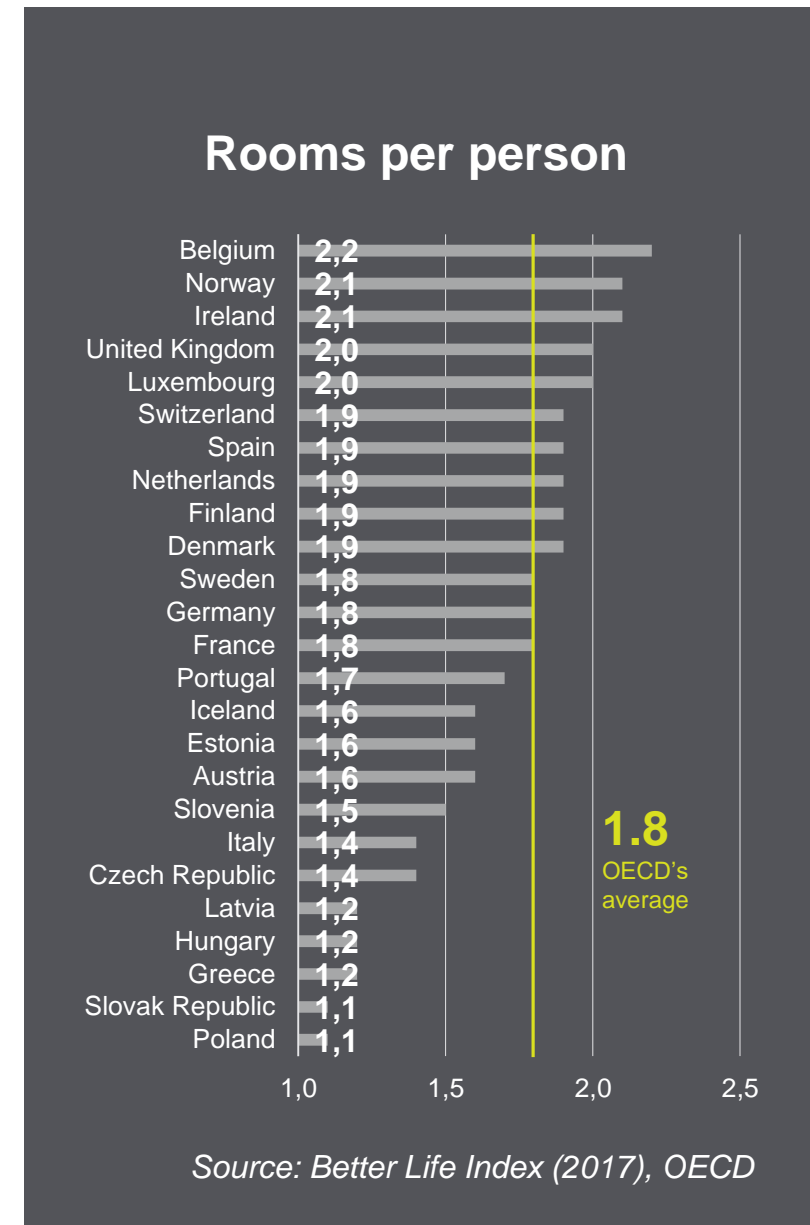
- The average home contains 1.1 rooms per person, significantly less than the OECD average of 1.8 rooms per person and one of the lowest rates in the OECD

LACK OF QUALITY APARTMENTS

- 57% of the stock has been built in 1945-1989. Majority of the buildings are low-quality early and late-socialism era type buildings (concrete slab or „wielka płyta”).
- Only 11% of housing stock is modern
- Almost entire rental stock belongs to private individuals

NEW TRENDS

- According to Eurostat, almost 10% of population has changed the residence within the preceding 5 years (2007-2012) comparing to ca. 4% just 5 years before (2002-2007), clearly indicating increased mobility
- Renting instead of owning is becoming increasingly popular especially amongst younger generation
- According to Eurostat, less than 5% of rental stock is occupied by tenants on market terms (no government subsidy)
- The mismatch between supply and demand for good quality rental apartments has been fuelling the steady increase in market rental prices



Market context

Residential for sale market in Poland

high demand
driven by
fundamentals



53%

of apartments completed in 2012-2017 in CEE are located in Poland

72.7k

number of units sold in 6 polish major cities in 2017

30%

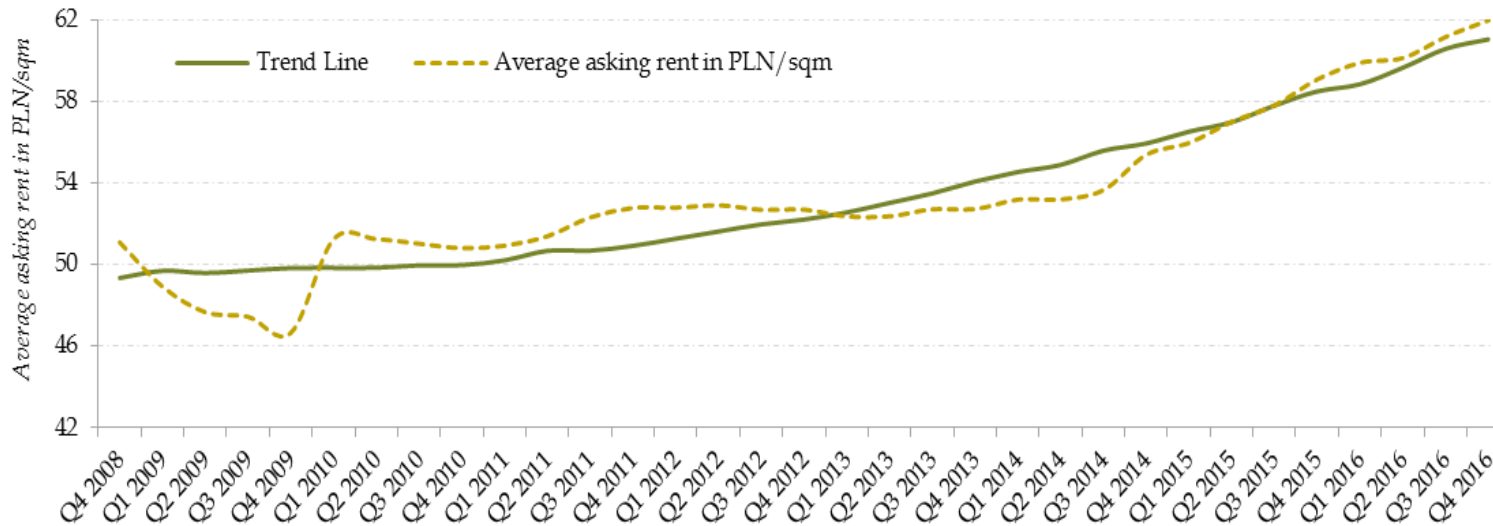
estimated portion of apartments bought in 2017 for cash (most probably to be rented)

Number of new apartment sold in 2017 per 1,000 inhabitants:

- Wrocław - 19
- Kraków - 18
- Warsaw - 16
- Prague - 6
- Budapest - 4
- Bucharest - 3
- London - 3

Source: REAS

Average gross asking rent in PLN/sqm in buildings built since 2005 – steady increase



Source: Eurostat

Percentage of inhabitants living in rented apartments

54% - Germany

34% - Denmark

30% - Austria

25% - France

24% - United Kingdom

23% - Czech Republic

15% - Poland

Source: Property Index report by Deloitte

Committed projects – 1st phase

Browary Warszawskie, Warsaw, ul. Grzybowska 58

451
UNITS

67.0
PLN/SQM
average monthly
net rent

Q1
2020
development end

- One of the most attractive residential locations in Warsaw
- First premium quality residential offer in the rapidly developing business district in the heart of Warsaw
- Lack of modern housing available for long-term rental in the surrounding area



Committed projects – 1st phase

Wodna, Łódź, ul. Wodna 25

211
UNITS

43.9
PLN/SQM
average monthly
net rent

Q3
2019
development end

- Third largest city in Poland with increasing number of employers, entering the market
- One of the most popular cities amongst BPO (Business Process Outsourcing) businesses



Committed projects – 1st phase

Rychtalska, Wrocław, ul. Zakładowa/Słonimskiego

303
UNITS

52.3
PLN/SQM
average monthly
net rent

Q2
2019
development end

- Good residential location 10 minutes from city centre
- Next to the river and bike paths in good leisure area
- One of the most popular cities amongst BPO businesses



WROCLAW

12,100
sale transactions of new
apartments in 2017

30,000
estimated number
of apartments for rent

Source: REAS

Committed projects – 1st phase

Kępa Mieszczańska, Wrocław, ul. Dmowskiego

270
UNITS

56.2
PLN/SQM
average monthly
net rent

Q3
2019
development end

- Good location 8 minutes from city centre
- Proximity of bike paths and newly renovated riverbank
- One of the most popular cities amongst BPO businesses



Resi 4 Rent – phases I - III

Secured development of the platform

65% LTC

targeted leverage of the 1st phase

Project	City	Units	Resi area (sqm)	Schedule	Targeted budget (mln PLN)	Targeted Annual Stabilized Rents (mln PLN)
Projects under construction – phase I						
Browary Warszawskie	Warsaw	451	19,000	Q4 2017 – Q1 2020	185.22	15.96
Wodna	Łódź	211	7,800	Q4 2017 – Q3 2019	51.24	4.20
Rychtalska	Wrocław	303	11,400	Q4 2017 – Q2 2019	78.54	7.56
Kępa Mieszczańska	Wrocław	270	9,300	Q2 2018 – Q3 2019	75.60	6.30
		1,235	47,500		390.60	34.02
Project in preparation – phase II						
Taśmowa	Warsaw	363	13,300	Q4 2018 – Q4 2020	104.58	9.66
Wita Stwosza I	Kraków	198	7,100	Q1 2019 – Q1 2021	49.14	4.20
Wita Stwosza II	Kraków	190	7,000	Q1 2019 – Q1 2021	48.72	4.20
Woronicza	Warsaw	229	8,100	Q3 2018 – Q2 2020	53.34	5.88
Ordona	Warsaw	265	9,600	Q2 2019 – Q2 2021	85.26	6.72
		1,245	45,100		341.04	30.66
Projects under preliminary agreements – phase III						
Gdańsk		294	10,500	2019 – 2021		
Poznań		143	5,300	2019 – 2021		
		437	15,800			
TOTAL		2,917	108,400			



For more information
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