Schedule 2

[On the letterhead of Grant Thornton.]

Summary of the valuation of ZORG Resi

Poznań, May 2023

[On the letterhead of Grant Thornton.]

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Dear Sirs/Mesdames,

We are pleased to present the summary of the assessment of the value of the organised part of the enterprise comprising the "Residential Business Division of Echo Investment S.A." ("**ZORG Resi**" or "**ZORG"**), that belongs to Echo Investment S.A. ("**Echo Investment**" or the "**Employer**"). The valuation was made as at 31 March 2023 (the "**Valuation Date**") in connection with and for the purposes of the Management Board report referred to in Article 311 of the Commercial Companies Code prepared by the Management Board of Archicom S.A.

This document has been prepared in accordance with the terms of agreement No. 310/DD/22 that was concluded between Grant Thornton Frąckowiak Prosta spółka akcyjna, with its registered office in Poznań ("**Grant Thornton**"), and Echo Investment S.A., with its registered office in Kielce.

The valuation was prepared based on historical and forecast financial data as well as documents, information and explanations that were obtained from the Employer. It was assumed that all of the information that was received was accurate, reliable and delivered based on the best knowledge of the Employer. Grant Thornton bears no responsibility for the accuracy and reliability of such information.

Grant Thornton's application of the valuation procedure does not mean that this project involved an audit or a review of the financial statements, either within the meaning of the laws applicable in Poland or within the meaning of the International Financial Reporting Standards.

The forecast financial information presented in the valuation applies to events that may, but do not have to, occur in the future. Due to the nature of such information it is not possible to secure sufficient proof that the presented financial results will in fact be achieved by ZORG. The actual results achieved in the years covered by the forecast may differ from those presented in the valuation, because those in the valuation have been calculated based on a set of assumptions that includes hypotheses concerning future events and actions that may not necessarily occur.

The correctness and reliability of the data provided by the Employer is upheld by the Representation of the Management Board attached as a schedule to this document.

Grant Thornton shall not be liable for any consequences of the use of the document (in part or in full) by non-addressees (who are not persons/entities from the capital group of Echo Investment S.A. or advisors and associates (*współpracownicy*) of the Employer). Grant Thornton shall not be liable for the consequences of any decisions made based on information included in this document.

This report constitutes a complete document, and no part or page thereof should be read and interpreted without reviewing the entire document.

Should you have any additional queries or doubts, please do not hesitate to contact us.

Yours faithfully,

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Management summary (1/3)

This management summary presents the most important information concerning the completed valuation, i.e. the assessment of the value of the Residential Business Division of Echo Investment S.A. that constitutes an organised part of the enterprise of Echo Investment S.A., i.e. ZORG Resi.

Business concept

Echo Investment S.A. is one of the largest development firms in Poland in terms of the number and area of projects under development. The company has been listed on the Warsaw Stock Exchange since March 1996. The principal activities of the Echo Investment Group are the construction, leasing and sales of residential investments, and real estate trading. The firm operates in the main sectors of the real estate market: the residential, retail and service, office and hotel sectors. Their long experience gives Echo Investment an advantage over other firms in the execution of large, multi-function and city-forming investments. The Company incorporates worldwide urban trends by creating large, multi-functional city blocks, fully integrated with their environment and open to visitors.

ZORG Resi, as an organised part of the enterprise, comprises 18 companies dealing with investments in the residential sector. As at the Valuation Date, ZORG owns land in Warsaw, Krakow and Poznań that is the basis for the execution of 31 investment projects (including seven projects that are at the selling stage). In the following years, ZORG plans to purchase additional land (also in Warsaw, Krakow and Poznań) for the development of more housing developments (generic products).

Approach to the valuation

Two valuation methods were used to estimate the value of ZORG: the income (discounted cash flow) method and the market (comparative) method.

Valuation using the income method

In income methods, an enterprise is understood as a business entity focused primarily on income and value growth. Valuation using the discounted cash flow (DCF) method determines the ability of a firm to generate income (benefits and profits), which results from a combination of managerial skills, the use of owned resources owned by the firm and other available resources.

In the case of ZORG, the estimated market value using the income method shows the amount that, as at the Valuation Date, all of the cash flows that ZORG will generate over the next few years will be worth if the assumptions made within the sales forecasts and the planned level of profitability are successfully realised.

A discounted cash flow valuation takes into account such elements of a company's operations as:

- growth dynamics expressed in the form of sales revenue growth rate;
- operating cost structure;
- capital expenditures on fixed assets;
- net working capital requirements; and
- the cost of capital reflecting the risk of the Company's operations.

Valuation using the market method

The market method represents the value of ZORG from the point of view of a market investor trading in securities of listed companies.

A valuation using the comparative method is based on finding a comparable company whose market value is known. To determine the value of a similar company, data on companies listed on stock exchanges is used. It is assumed that if the scope of activities of two companies is similar, the cash flows generated thereby will depend on the same factors, that is, they will be highly correlated with each other.

Choice of valuation method – rationale

In Grant Thornton's view, the value of the ZORG is determined primarily by its income potential, and thus is primarily dependent on the cash flows that the ZORG will generate for its owners in future years. Accordingly, the recommended valuation result was determined using the result of the income approach.

However, bearing in mind that the value of the ZORG was calculated for transactional purposes, a valuation using the comparative method was also prepared to confirm the results obtained.

Management summary (2/3)

Income approach – assumption

Forecast of results	The specific forecast period comprises the period from April 2023 to December 2027. The forecast of sales income, investments, costs and profitability is based on the plans and expectations concerning ZORG based on ZORG's best knowledge as at the date of delivery of those plans and expectations.
Cash flows in the residual period	The cash flows in the residual period were taken at the level of normalised cash flows excluding any income from services (ultimately, ZORG will not render services to Echo Investment) and accounting for the value of tax due (19% of the value of operating cash flows). Based on analyses and consultations with the Employer, it was concluded that the forecast cash flows in the residual period reflect the recurring value of the cash flows that ZORG will be able to generate in the long-term.
Enterprise Value	The enterprise value (EV) is the sum of the value of current cash flows (22%) and the residual value (78%). The analysis of the above must take into consideration the early stage of development of the majority of the investments. Therefore, in the first years of the forecast period, ZORG will not be able to generate any positive cash flows, which impacts the share of the current cash flows in the total value of the enterprise.
Equity value	For the purposes of the calculation of ZORG's equity, the value of the enterprise has been additionally adjusted by: • the net debt value – the value of debt decreased by the amount of cash funds and the cash flows resulting from corporate events that will occur prior to the sale of ZORG. The value of the debt also accounts for the amount related to the tax that ZORG will be required to pay in connection with the sale of land at more than its book value made before the Valuation Date; and • the amount of the extended loans.
WACC, Growth rate after the projection period	12.27% (more on page 28), q=2.5%
Other	The cash flows have been calculated based on FCFF, i.e. by estimating their value from the perspective of all of the equity providers.

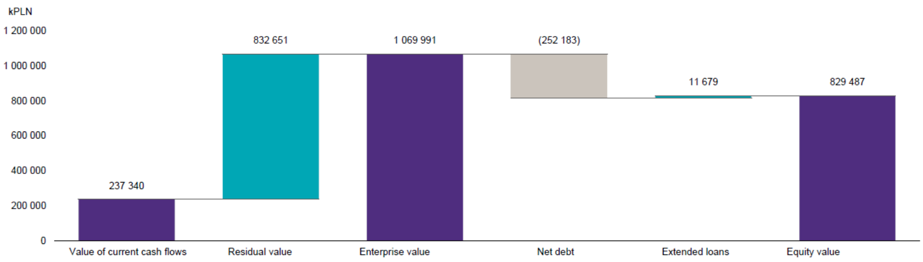
Market approach – assumptions

Multiple	The valuation of ZORG was made using the EV/EBITDA multiple. Grant Thornton believes that it is the most reliable multiple that is generally used in the valuations of enterprises made for transaction purposes. Compared to multiples based on net profit or book value, the EV/EBITDA multiple is, to a significant extent, unbiased by all types of accounting procedures that could distort the results actually achieved by a given enterprise. In addition, this multiple accounts for the value of debt and is the least susceptible to any type of one-off events. The EV/EBITDA multiple is also more reliable than revenue based ratios (e.g. EV/S), the application of which is limited, e.g. in the case of companies with varied profitability.

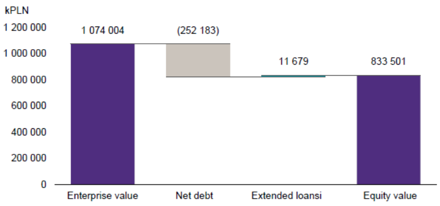
Result adopted for the purposes of valuation	For the purposes of the valuation, the average 2020 – 2027 EBITDA value, normalised in terms of cash flows generated from any discontinued business, was used. Using the average value of EBITDA over a longer period allowed the impact of deviations in specific historic years and in the projection period that could distort the final outcome of the valuation to be minimised.
Calculation of multiples	The values of the EV/EBITDA multiples for specific comparable companies have been calculated as at the Valuation Date using the S&P Capital IQ database.
Equity value	For the purposes of the calculation of ZORG's equity, the value of the enterprise was additionally adjusted by: • the net debt value – the value of debt decreased by the amount of cash funds and the cash flows resulting from corporate events that will occur prior to the sale of ZORG. The value of the debt also accounts for the amount related to the tax that ZORG will be required to pay in connection with the sale of land at more than its book value made before the Valuation Date; and • the amount of extended loans.

Management summary (3/3)

Valuation results – income based method



Valuation results – comparative method



In summary

Having considered the current financial standing and market position of the Employer in terms of the business of ZORG Resi and based on the presented financial projections Grant Thornton determined the valuation of he value of 100% of equity of ZORG as at 31 March 2023 at:

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Schedules:

A. Valuation methodology

B. WACC

C. Representation of the Management Board

A. Valuation methodology (1/2)

Income-based methods

For the purposes of income-based valuation methods, a firm is understood as an independent business entity primarily focused on the growth of income and value. The value of a firm is assessed based on forecast future cash flows, discounted at the rate corresponding to the risk of the relevant cash flows. The valuation takes into account all of the events that impact the financial standing of the firm: both those that occurred in the past but continue to have consequences as at the valuation date, and those which are taken into consideration in the projection period.

In the discounted cash flows (DCF) method the value of the firm equals the sum of financial benefits that will be generated by the company that is valued to its owner. Those benefits may be defined as the sum of two components:

- the updated value of the balance of cash flows in the assumed projection period, and
- the updated residual value, i.e. the enterprise value,

after the projection period.

The value of the enterprise in the DCF method is established based on the following formula:

$W = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \ldots + \frac{CF_n}{(1+r)^n} + \frac{RV}{(1+r)^n}$, where

W	- enterprise value,
CF	- cash flows generated by the firm's business in a given period,
r	- discount rate (expected rate of return),
n	- number of periods, and
RV	- residual value.

Determination of cash flows

Cash flows used for the purposes of valuation are free operating cash flows. It is the difference between the proceeds of sales and the operating expenses, decreased by any changes in working capital, capital expenditure and tax burdens (income tax on EBIT). With such a structure, the cash flows used for the purposes of valuation do not include the proceeds and expenses of financial operations.

Z komentarzem [SD1]: This should really also appear much further up, as in right after the first mention of 'cash flows'.

Residual value

The residual (final) value, meaning the value of the company that is being valued after the period of the detailed projection, is assessed based on the following formula:

$RV = \frac{(1+q)CF}{r-q}$, where

RV	- residual value,
q	- growth rate expected after the projection period,
CF	- cash flows during the residual period which should reflect the recurring value of cash flows that the given entity will be able to generate over a long-term period, and
r	- discount rate.

Discount rate

The forecast of the discount rate will be determined on the basis of the assessment of the weighted average cost of capital (WACC) based on the following formula:

$WACC = r_w x \frac{K_w}{K} + r_o x \frac{D}{K} x(1-T)$, where

WACC	- weighted average cost of capital,
Rw	- return on equity,
Kw	- equity value,
K	- sum of equity and invested capital,
ro	- return on invested capital,
D	- value of invested capital, and
T	- income tax rate.

A. Valuation methodology (2/2)

Market based methods

A valuation based on market comparisons may be used if there are any companies listed on the [Warsaw] Stock Exchange, or on any foreign exchanges, whose scope and specific nature of operations is comparable to that of the company subject to valuation.

The valuation based on market comparisons involves finding a comparable company whose market value is known or can be determined. In order to determine the value of a comparable company, one uses the data concerning companies listed on stock exchanges. It is assumed that if the scope of business of two companies is similar, the generated cash flows will depend on the same factors, that is they will be strongly correlated.

From a mathematical point of view, the principle of the comparative value method is based on the following assumptions:

$\frac{V_{assets\ of\ the\ entity\ subject\ to\ the\ valuation}}{X_{assets\ of\ the\ entity\ subject\ to\ the\ valuation}} = \frac{V_{assets\ of\ a\ comparable\ entity}}{X_{assets\ of\ a\ comparable\ entity}}$, where

V	- value ratio, and
x	- variable.

The valuation of the company is based on calculation of the following formula:

$$V_{assets\ of\ the\ entity\ subject\ to\ the\ valuation} = x_{assets\ of\ the\ entity\ subject\ to\ the\ valuation}\ x\ \frac{V_{assets\ of\ the\ comparable\ entity}}{x_{assets\ of\ the\ comparable\ entity}}$$

This formula is tested for each of the x variables until the ratio of V to x remains fixed.

The variables that are used include, *inter alia*:

- net profit,
- operating profit or operating profit increased by depreciation and amortisation,
- sales revenues, and
- book value.

For the purposes of the comparative value method, several variables are used at the same time. Each of the selected variables is assigned a multiple for comparable companies and then an arithmetic average or the median of those multiples is calculated and multiplied by the relevant variables that apply to the company that is being valued.

Two types of multiples are used in valuations using the market comparison method, i.e.:

1. The Equity Value (equity) multiples – they are used to determine the market value of the enterprise equity. The most frequently used multiples are:
   - price to net earnings ratio (P/E),
   - price to book value ratio (P/BV), and
   - price to sales ratio (P/S).
2. The Enterprise Value (value of the entire firm) multiples – they are used to determine the market value of the entire business, including any indebtedness. The most frequently used multiples are:
   - company market value increased by the value of net interest debt to sales revenues (EV/S),
   - company market value increased by the value of net interest debt to operating profit (EV/EBIT), and
   - company market value increased by the value of net interest debt to operating profit increased by amortisation and depreciation (EV/EBITDA).

B. WACC

Discount rate

The cost of equity was estimated based on the following ratios / rates and the values thereof:

1. tax rate – 19%,
2. risk-free rate – 6.01[1,]
3. market investment risk premium – 5.5%[2],
4. beta – 0.68[3], and
5. specific risk premium – 5%.

The cost of invested capital was determined at the level of 8.60% based on the following parameters:

1. margin – 3.10%, and
2. forecast average level of WIBOR in the next 5 years – 5.50%.

For the purposes of calculation of the weighted average cost of capital, the market structure of financing ZORG Resi was adopted based on comparative companies.

Source:

[1] Profitability of the DS1033 bonds, second fixing as at the date of the listing preceding the Valuation Date.
[2] The premium for market investment risk was determined by Grant Thornton based on the recommendation of Duff&Phelps, the analyses of Professor A. Damodaran and the analyses of Professor. P. Fernandez.
[3] The beta ratio was calculated on the basis of the listings and financial data of comparable companies.
[4] The margin levels were calculated based on ZORG loans.
[5] The forecast average level of WIBOR in the next five years was determined on the basis of the listings of the IRS contracts as at the Valuation Date.

WACC - calculation

Description	WACC
Cost of equity	
Rate of return on debt financial instruments	6.01%
Premium for market investment risk	5.50%
Beta ratio	0.68
Cost of equity	**9.74%**
Premium for specific (additional) risk	5.00%
Cost of equity adjusted by the additional premium	**14.74%**
Structure of capital employed	
Share of equity	68.17%
Share of debt	31.83%
Debt to equity ratio	0.47
Weighted average cost of indebtedness	
excluding the tax shield	8.60%
with the tax shield	6.97%
Weighted average cost of capital,	**12.27%**

C. Representation of the Management Board

[On the letterhead of Grant Thornton.]

Representation of the Management Board

For Grant Thornton Frąckowiak Prosta spółka akcyjna
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań

Kielce, 25 May 2023

Echo Investment S.A.
Al. Solidarności 36
25-323 Kielce

In reference to Echo Investment S.A. commissioning Grant Thornton Frąckowiak Prosta spółka akcyjna to make a draft valuation of the value of the organised part of the enterprise comprising the Residential Business Division of Echo Investment S.A. (ZORG) as at 31 March 2023 (the Valuation Date) based on the terms of concluded agreement No. 310/DD/22, to the best of our knowledge, we hereby represent that:

1. The information and explanations that we provided are true and correct.
2. The historical and forecast financial information that we have disclosed to you and all other documents, information and explanations are complete and we are not aware of any events that would necessitate any change thereof, and they do not contain any errors or omissions.
3. ZORG does not invest in financial instruments (other than short-term deposits).
4. Based on our best knowledge, there are no risks or transactions that should have been included in the disclosed data or information concerning the assessment of the value of ZORG.
5. No events have occurred after the date of the valuation until today that would require a change of the assumptions made at the time of development of the forecast.
6. In the period between the date of the valuation and today there have been no non-standard or non-business related conditional, off-balance sheet liabilities or any events that should have been covered by a provision.
7. We are not aware of any material (not covered by the provisions policy) breach of law or terms of agreements that we are party to, or laws that should have been taken into account in the forecasts or that could be the grounds for the recognition of any costs of losses that were not shown in the forecast financial data.

[*signed electronically by Maciej Adam Drozd and Artur Zbigniew Langer*]