

ECM REAL ESTATE INVESTMENTS A.G.

Société Anonyme

Registered office: 9, rue du Laboratoire, L-1911 Luxembourg

R.C.S Luxembourg: B – 65.153

(the "Company")

**Minutes of the annual general meeting of shareholders
held at the registered office in Luxembourg on 28 April 2009**

The meeting was called to order at 10:00 a.m. by Jana Zejdlikova, member of the Board of Directors, residing in Prague, acting as Chairman.

The Chairman appointed as secretary of the meeting Senay Gurel, residing in Luxembourg.

The meeting appointed as scrutineer of the meeting Petr Jelinek, residing in Prauge.

The Chairman then stated that:

- (I) The agenda of the meeting is the following:
1. Reports of the Board of Directors and of the auditors on the statutory and consolidated accounts of the Company as at 31 December 2008.
 2. Approval of the statutory accounts of the Company as at 31 December 2008.
 3. Approval of the consolidated accounts of the Company as at 31 December 2008.
 4. Allocation of the net results.
 5. Re-appointment of a Luxembourg independent auditor (*réviseur d'entreprises*), Deloitte S.A., for a period ending immediately after the annual general meeting of shareholders to be held in 2010, to audit in the capacity of independent auditor (*réviseur d'entreprises*) both the statutory and the consolidated accounts of the Company.
 6. Discharge to the members of the Board of Directors and to the auditors.
 7. Changes in the composition of the Board of Directors.
 8. Approval of Directors' remuneration received for the performance of their duties during the year 2008 and during the period from January 2009 till April 2009.
 9. Approval of the future remuneration scheme of the members of the Board of Directors for the time period commencing on the Annual General Meeting of shareholders to be held on the 28th of April 2009 to the date of the Annual General Meeting of shareholders to be held in 2010.
 10. Miscellaneous.
- (II) It appeared from an attendance list that out of 6,868,092 shares, 5344751 shares of the Company, with ISIN Code LU 0259919230, are represented (including by ballot papers) at this Meeting.

The attendance list signed by the shareholders present at the Meeting or their representatives, the proxies of the shareholders represented and the ballot papers ("formulaires") of the shareholders were all signed by the Chairman, secretary and scrutineer to remain attached to the deed for registration purposes.

(III) The Meeting was duly convened on this date, time and location by convening notices published

– in the *Mémorial C, Recueil des Sociétés et Associations*, n° 768 of 9 April 2009 and n° 823 of 17 April 2009;

– in the *Letzebuurger Journal* on 9 April 2009 and 17 April 2009.

Copies of these respective publications have been deposited with the Board of the Meeting. The Meeting was consequently properly constituted and could validly decide on all the items of the agenda.

(IV) The Chairman submitted to the Meeting the report of the Board of Directors and of the auditors on the statutory and consolidated accounts of the Company as at 31 December 2008. The Secretary then read these documents.

(V) The shareholders then thoroughly considered the items of its agenda and the shareholders adopted the following resolutions:

FIRST RESOLUTION

The Meeting RESOLVED to acknowledge the report of the Board of Directors and of the auditors on the statutory and consolidated accounts of the Company as at 31 December 2008.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

SECOND RESOLUTION

The Meeting RESOLVED to approve the statutory accounts as at 31 December 2008.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

THIRD RESOLUTION

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

FOURTH RESOLUTION

The Chairman explained that the Company had a loss of EUR 15,401,000,77 for the financial year 2008.

The Meeting RESOLVED to carry forward the loss of EUR 15,401,000,77 and RESOLVED not to distribute any dividend.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

FIFTH RESOLUTION

The Meeting RESOLVED to approve the re-appointment of Deloitte S.A. as Luxembourg independent auditor (*réviseur d'entreprises*) for a period ending immediately after the annual general meeting of shareholders to be held in 2010, to audit in the capacity of independent auditor (*réviseur d'entreprises*) both the statutory and the consolidated accounts of the Company.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

SIXTH RESOLUTION

The Meeting RESOLVED to grant full discharge to the members of the Board of Directors and to the auditors for carrying out their functions in the year ended 31 December 2008.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

SEVENTH RESOLUTION

The Meeting ACKNOWLEDGED that Mr Tomas Lastovka resigned from his function as Director of the Company, such resignation to be effective as from 27 April 2009, but will remain in his position of Executive Vice-President for Russia, and thus a member of the senior management of the Company group. The meeting further RESOLVED to approve the election of Mr. Antonin Jakubse, the executive Vice-President for Corporate Affairs, with professional address at Prague 4, Hvezdova 1716/2b, Czech Republic, as new Director with immediate effect and for a period ending at the annual general meeting to be held in 2012 and further RESOLVED to authorize and instruct any lawyer at Linklaters LLP, Luxembourg, and/or any employee of BDO Compagnie Fiduciaire on

behalf of the Company to deal with any publications and filings required under Luxembourg law regarding the present resolution.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

EIGHTH RESOLUTION

The Meeting **RESOLVED** to approve the remuneration paid by the Company to its Directors for the calendar year 2008 in an amount of EUR 486,545 and the remuneration paid to the Directors of the Company for the period from January 2009 until April 2009 in an amount of EUR 141,333.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

NINTH RESOLUTION

The Meeting **RESOLVED** to approve the Directors' future remuneration scheme for the Board of Directors for the time period from 28 April 2009 to the next annual general meeting of shareholders to be held in 2010 in an amount of up to EUR 2,500,000, which amount includes also the remuneration for their respective executive positions.

Votes in favour of the resolution: 5344751

Votes against the resolution: 0

Abstentions: 0

Accordingly, this resolution was passed by 5344751 votes out of a total of 5344751 votes cast.

MISCELLANEOUS

The Chairman asked the shareholders whether there were any questions to which the representatives of the Company at the meeting could respond.

The Company's majority shareholder ECM Group N.V. presented to the Board of Directors its concern with respect to the high operational expenditures of the Company consequently causing negative financial results.

The Chairman of the meeting provided the shareholders with a presentation by the Board of Directors "*Exploring further cost saving measures*" (which presentation is attached to these minutes as schedule) and asked Mr. Kamil Ziegler, Executive Vice-President for Finance, attending by conference call to describe the details of the steps and measures considered by the Board of Directors in this respect as mentioned in the report of the Board of Directors.

First, Mr. Ziegler explained and described to the shareholders among others:

- the actual development of operational expenses (OPEX) of the Company ECM REI, k.s. (main service company of ECM REI, A.G.) in 2007 and 2008
- the cost saving measures adopted in the second half of 2008 and their positive financial impact on the operational performance of ECM REI, k.s. (on cash basis)

Mr Ziegler further explained that even after several "waves" of cost savings initiatives, the resulting operational budget was still too high, given the current very turbulent and unpredictable conditions on the markets and hence that a more systematic solution was desirable.

Based on the preliminary analyses of the Finance department, the option of full outsourcing the development services seems very favourable for the Company's operational performance, mainly in 2009, and especially in 2010 when the effect of this step, including the synergies, would materialize in full. According to the presented materials, the first estimates of potential cost savings on annual basis would reach up to 30%.

Also, the possibility of further increase of the efficiency of the Company especially via additional cost reduction by means of full outsourcing to an external service/advisory company, while still having access to most of the current employees and managers of the existing service companies of the Company, ensures the continuity in the services rendered to the development projects and, more importantly, the preservation of the accumulated know-how and sufficient capacities to manage a full range of projects.

Based on these preliminary analyses, the Board of Directors of the Company considers the presented option very interesting and would recommend pursuing this opportunity and implementing this solution, if detailed analyses confirm the preliminary estimates.

The Meeting acknowledged the information and no objections being raised against the presented intention, the Meeting invited the Board to continue exploring this proposal and if deemed appropriate to implement it.

There being no further item on the agenda, the meeting was then adjourned at 11.00 a.m. and these minutes signed by the members of the bureau.


Chairman


Secretary


Scrutineer



ECM REAL ESTATE INVESTMENTS A.G.
Société Anonyme
2, Avenue Charles de Gaulle
L-1653 Luxembourg

R.C.S. Luxembourg B 65 153

**ATTENDANCE LIST TO THE ANNUAL GENERAL
SHAREHOLDERS'S MEETING OF APRIL 28, 2009**

Name of shareholder Number of shares Proxies Signature

ECM Group N.V.

5.344.751

Petr JELINEK



T o t a l :

5.344.751 shares
=====

Chairman



Jana ZEJDLIKOVA

Secretary



Senay GUREL

Scrutineer



Petr JELINEK



Luxembourg, 27th april 2009

VOTING CERTIFICATE
ANNUAL GENERAL MEETING OF SHAREHOLDERS
28/04/2009

Instructions received from ICSD's for isin code LU0259919230 :

HOLDING BLOCKED	DATE	TIME	ICSD	CUSTODIAN
3 329 159	23/04/09	13 h 40	CLEARSTREAM	CSOB Mr. Petr Jelinek is representing ECM Group N.V. as the beneficial owner of the 3 329 159 shares
2 015 592	24/04/09	10 h 22	CLEARSTREAM	PPF Banka

TOTAL HOLDING

CLEARSTREAM

6 868 092

Sandra BRAZ COSTA

EUROCLEAR

0

Alfonso VAN KELST

CACEIS Bank Luxembourg

Handwritten initials

Handwritten signature

Handwritten mark

PROXY

I/We, the undersigned,

ECM Group N.V., a public company under the laws of the Netherlands, having its registered offices in Amsterdam, the Netherlands, and its principal place of business at Telestone 8 – Teleport, Naritaweg 165, P.O. Box 7241, 1007 JE Amsterdam, registered with the Commercial Register of the Chamber of Commerce and Industries under file number 33233708, duly represented by Milan Janku and Trust International Management (T.I.M.)

(the "**Principal**"), being the holder of 3,329,159 shares of

ECM REAL ESTATE INVESTMENTS A.G.

a *société anonyme* governed by the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under section B, number 65.153, and having its registered office at 9, rue du Laboratoire, L-1911 Luxembourg (the "**Company**"),

hereby constitute and appoint

Mr. **Petr Jelinek**, born on 2nd April 1977, residing in Prague, Uvalska 2393/23a

or, in his absence respectively in the absence of another election by the Principal, the chairman of the annual general meeting, each acting individually (the "**Agent**"),

as the Principal's true and lawful agent and attorney-in-fact with power to designate such other person as such Agent may appoint, for the purpose of representing the Principal at the annual general meeting of the shareholders of the Company to be held in Luxembourg, on 28 April 2009 (the "**Meeting**"), with the following agenda:

Agenda

1. Reports of the Board of Directors and of the auditors on the statutory and consolidated accounts of the Company as at 31 December 2008.
2. Approval of the statutory accounts of the Company as at 31 December 2008.
3. Approval of the consolidated accounts of the Company as at 31 December 2008.
4. Allocation of the net results.
5. Re-appointment of a Luxembourg independent auditor (*réviseur d'entreprises*), Deloitte S.A., for a period ending immediately after the annual general meeting of shareholders to be held in 2010, to audit in the capacity of independent auditor (*réviseur d'entreprises*) both the statutory and the consolidated accounts of the Company
6. Discharge to the members of the Board of Directors and to the auditors.
7. Changes in composition of the Board of Directors
8. Approval of director's remuneration received for their performance of their duties during the year 2008 and during the period from January 2009 till April 2009.
9. Approval of the future remuneration scheme of the members of the Board of Directors for the period commencing on the Annual General Meeting of shareholders to be held on 28th April 2009 to the date of the Annual General Meeting of shareholders to be held in 2010. SK
10. Miscellaneous.

The Agent may represent the Principal at the Meeting or any adjourned meeting of the annual general meeting of shareholders convened for the purpose of resolving on the above agenda, waive any convening formalities or publications, vote on the Principal's behalf on any resolutions submitted to said meeting, sign any attendance list, minutes or any other documents, delegate the present power of attorney to another representative and, in general, do whatever seems appropriate or useful, promising ratification.

The Agent is more in particular instructed to vote in the following manner on behalf of the Principal on the resolutions of the agenda of the Meeting:

1. Approval of the statutory accounts of the Company as at 31 December 2008.
For **Against** **Abstention**
2. Approval of the consolidated accounts of the Company as at 31 December 2008.
For **Against** **Abstention**
3. Approval to carry the loss of 15,401,000.77 EUR forward and to not distribute any dividends.
For **Against** **Abstention**
4. Re-appointment of a Luxembourg independent auditor (réviseur d'entreprises), Deloitte S.A., for a period ending immediately after the annual general meeting of shareholders to be held in 2010, to audit in the capacity of independent auditor (réviseur d'entreprises) both the statutory and the consolidated accounts of the Company.
For **Against** **Abstention**
5. Discharge to the members of the board of directors and to the auditors for the financial year 2008.
For **Against** **Abstention**
6. Acknowledgement of resignation of Mr. Tomas Lastovka who resigned from his position of a Director (member of Company's Board of Directors). His resignation is effective as of April 27, 2009, from which date his position of member of the Board of Directors is terminated.
For **Against** **Abstention**
7. Appointment of Mr. Antonin Jakubse, the Executive Vice-President for Corporate Affairs, to be appointed as executive director (category A director) for a term ending at the annual general meeting of shareholders to be held in 2012.
For **Against** **Abstention**
8. Approval of directors' remuneration paid by the Company to its Board of Directors for the calendar year 2008 in the total amount of EUR 1,328,438 and of the directors' remuneration paid for the period from 1 January 2008 until 28 April 2008 in the total amount of EUR 597,771.
For **Against** **Abstention**
9. Approval of the directors' future remuneration scheme for the Board of Directors for the time period from 28 April 2009 to the next annual general meeting of shareholders to be held in 2010 in an amount of up to EUR 2,500,000.
For **Against** **Abstention**

Please indicate with an "X" in the appropriate boxes how you wish the Agent to vote.

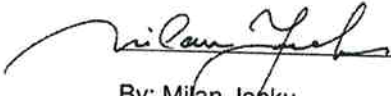
The Principal acknowledges that the Agent is to vote as instructed in respect of the resolutions specified above and that, in the absence of instructions, the Agent may vote or abstain as he

thinks fit on the resolutions specified above and, unless instructed otherwise, on any other business (including amendments to resolutions) which may come before the Meeting.

The Principal acknowledges that if the principal completes and returns this proxy form this will not prevent the Principal from attending in person and voting at the Meeting should the Principal subsequently decide to do so.

This proxy is submitted to the laws of Luxembourg and any dispute shall be of the competence of the Courts of Luxembourg.

Executed in Amsterdam on 22 April 2009



By: Milan Janku
Name of shareholder: ECM Group N.V.
Title of representatives: Directors

and



Trust International Management (T.I.M.)
Trust International Management (T.I.M.) B.V.
Managing Director





To whom it may concern

In Prague 23rd April 2009

We, Československá obchodní banka, a. s., ident. Number: 00001350, with registered seat at: Radlická 333/150, 150 57 Praha 5, Czech Republic (CSOB)

Hereby confirm that the 3.329.159 shares issued by ECM Real Estate Investments A.G. under ISIN: LU 0259919230 are held through us by Clearstream Banking, account number 14015 in favour of:

J&T BANKA, a.s., a bank under the laws of the Czech Republic, ident. number: 47115378 having its registered seat in Prague, Czech Republic, Pobrežní 297/14, 186 00 Praha 8, registered with the Commercial Register of the Municipal Court in Prague Section B insert 1731.

We also acknowledge that we instructed clearing system to block these shares at least until April 28th, 2009, when the Annual General Meeting of shareholders of ECM Real Estate Investments A.G. is held.

On behalf of the Československá obchodní banka, a. s.

Jaroslav Záruba
Head of Custody

Renáta Niklová
Manager of Capital Markets
and Custody Back Office

Československá obchodní banka, a. s.
Radlická 333/150
150 57 Praha 5
2068



J&T BANKA
CZECH REPUBLIC
PRAGUE

To whom it may concern

In Prague 23rd April 2009

We, J&T BANKA, a.s. , ident. number: 47115378, with registered seat at: Pobřežní 297/14, 186 00 Praha 8, Czech Republic

Hereby confirm that the 3.329.159 shares issued by ECM Real Estate Investments A.G. under ISIN: LU 0259919230 are held for us through Ceskoslovenska Obchodni Banka, a.s. (CSOB), ident. Number: 00001350, by ClearStream, account number 39940 in favour of our client:

ECM Group N.V., a public company under the laws of the Netherlands, having its registered offices in Amsterdam, the Netherlands, and its principal place of business at Telestone 8 – Teleport, Naritaweg 165, P.O. Box 7241, 1007 JE Amsterdam, registered with the Commercial Register of the Chamber of Commerce and Industries under file number 33233708, (the "Company")

which Company is the ultimate beneficial owner of these shares.

We also acknowledge that we instructed Ceskoslovenska Obchodni Banka, a.s. to block these shares at least until April 28th, 2009, when the Annual General Meeting of shareholders of ECM Real Estate Investments A.G. is held.

On behalf of the J&T BANKA, a.s.

Ing. Kamil Bendák
Member of Board of Directors

Ing. JUDr. Jozef Spišák
Member of Board of Directors

PROXY

I/We, the undersigned,

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(the "**Principal**"), being the holder of 2,015,592 shares of

ECM REAL ESTATE INVESTMENTS A.G.

a *société anonyme* governed by the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under section B, number 65.153, and having its registered office at 9, rue du Laboratoire, L-1911 Luxembourg (the "**Company**"),

hereby constitute and appoint

Mr. **Petr Jelinek**, born on 2nd April 1977, residing in Prague, Uvalska 2393/23a

or, in his absence respectively in the absence of another election by the Principal, the chairman of the annual general meeting, each acting individually (the "**Agent**"),

as the Principal's true and lawful agent and attorney-in-fact with power to designate such other person as such Agent may appoint, for the purpose of representing the Principal at the annual general meeting of the shareholders of the Company to be held in Luxembourg, on 28 April 2009 (the "**Meeting**"), with the following agenda:

Agenda

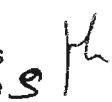
1. Reports of the Board of Directors and of the auditors on the statutory and consolidated accounts of the Company as at 31 December 2008.
2. Approval of the statutory accounts of the Company as at 31 December 2008.
3. Approval of the consolidated accounts of the Company as at 31 December 2008.
4. Allocation of the net results.
5. Re-appointment of a Luxembourg independent auditor (*réviseur d'entreprises*), Deloitte S.A., for a period ending immediately after the annual general meeting of shareholders to be held in 2010, to audit in the capacity of independent auditor (*réviseur d'entreprises*) both the statutory and the consolidated accounts of the Company
6. Discharge to the members of the Board of Directors and to the auditors.
7. Changes in composition of the Board of Directors
8. Approval of director's remuneration received for their performance of their duties during the year 2008 and during the period from January 2009 till April 2009.
9. Approval of the future remuneration scheme of the members of the Board of Directors for the period commencing on the Annual General Meeting of shareholders to be held on 28th April 2009 to the date of the Annual General Meeting of shareholders to be held in 2010. SK
10. Miscellaneous. SC

The Agent may represent the Principal at the Meeting or any adjourned meeting of the annual general meeting of shareholders convened for the purpose of resolving on the above agenda, waive any convening formalities or publications, vote on the Principal's behalf on any resolutions submitted to said meeting, sign any attendance list, minutes or any other documents, delegate the present power of attorney to another representative and, in general, do whatever seems appropriate or useful, promising ratification.

The Agent is more in particular instructed to vote in the following manner on behalf of the Principal on the resolutions of the agenda of the Meeting:

1. Approval of the statutory accounts of the Company as at 31 December 2008.
For Against Abstention
2. Approval of the consolidated accounts of the Company as at 31 December 2008.
For Against Abstention
3. Approval to carry the loss of 15,401,000.77 EUR forward and to not distribute any dividends.
For Against Abstention
4. Re-appointment of a Luxembourg independent auditor (réviseur d'entreprises), Deloitte S.A., for a period ending immediately after the annual general meeting of shareholders to be held in 2010, to audit in the capacity of independent auditor (réviseur d'entreprises) both the statutory and the consolidated accounts of the Company.
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6. Acknowledgement of resignation of Mr. Tomas Lastovka who resigned from his position of a Director (member of Company's Board of Directors). His resignation is effective as of April 27, 2009, from which date his position of member of the Board of Directors is terminated.
For Against Abstention
7. Appointment of Mr. Antonin Jakubse, the Executive Vice-President for Corporate Affairs, to be appointed as executive director (category A director) for a term ending at the annual general meeting of shareholders to be held in 2012.
For Against Abstention
8. Approval of directors' remuneration paid by the Company to its Board of Directors for the calendar year 2008 in the total amount of EUR 1,328,438 and of the directors' remuneration paid for the period from 1 January 2008 until 28 April 2008 in the total amount of EUR 597,771.
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9. Approval of the directors' future remuneration scheme for the Board of Directors for the time period from 28 April 2009 to the next annual general meeting of shareholders to be held in 2010 in an amount of up to EUR 2,500,000.
For Against Abstention

Please indicate with an "X" in the appropriate boxes how you wish the Agent to vote.


The Principal acknowledges that the Agent is to vote as instructed in respect of the resolutions specified above and that, in the absence of instructions, the Agent may vote or abstain as he 

thinks fit on the resolutions specified above and, unless instructed otherwise, on any other business (including amendments to resolutions) which may come before the Meeting.

The Principal acknowledges that if the principal completes and returns this proxy form this will not prevent the Principal from attending in person and voting at the Meeting should the Principal subsequently decide to do so.

This proxy is submitted to the laws of Luxembourg and any dispute shall be of the competence of the Courts of Luxembourg.

Executed in Amsterdam on 22 April 2009



By: Milan Janku and
Name of shareholder: ECM Group N.V.
Title of representatives: Directors



Trust International Management (T.I.M.)
Trust International Management (T.I.M.) B.V.
Managing Director



To:
ECM REAL ESTATE INVESTMENTS A.G.
Rue Laboratoire
L-1911 Luxembourg
Grand Duchy of Luxembourg

April 24, 2009

We, PPF banka, a.s., Identification Number: 47116129, with registered seat at:
Evropská 2690/17, Prague 6, post code 160 41, Czech Republic,

hereby confirm that 2,015,592 shares issued by ECM Real Estate Investments A.G.
under ISIN: LU 0259919230 are held by us under Collateral Security Agreement
dated 23.12.2008, concluded between ourselves, as pledge, and

ECM Group N.V., a public company under the laws of the Netherlands, having its
registered offices in Amsterdam, the Netherlands, and its principal place of business
at Telestone 8 – Teleport, Naritaweg 165, P.O. Box 7241, 1007 JE Amsterdam,
registered with the Commercial Register of the Chamber of Commerce and
Industries under file number 33233708, (the "Company"), as pledgor

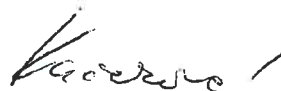
which Company is the ultimate beneficial owner of these shares.

We also acknowledge that we instructed clearing system to block these shares
on our account numbered 14288 held with Clearstream Banking Luxembourg S.A.
until April 28th, 2008, when the Annual General Meeting of shareholders of ECM
Real Estate Investments A.G. is held.

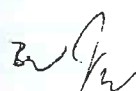
On behalf of PPF banka a.s.



František Dombek
Director of the Municipal and Corporate
Banking Division



Martina Kučerová
Director of the Legal Division



Annual Report of the Board of Directors

ECM REAL ESTATE INVESTMENTS A.G.

société anonyme

Registered Office: 9, rue du Laboratoire, L-1911 Luxembourg,

RCS Luxembourg: B-65.153

(the "Company")

REPORT

of the Board of Directors to the Annual General Meeting of Shareholders of the Company to be held on 28th April 2009, prepared in accordance with the provisions of the law of 10th August 1915 on commercial companies, as amended

Dear Shareholders,

In order to comply with legal and statutory provisions, the Board of Directors hereby reports to all who might be concerned, and especially to our shareholders, in connection with the Annual General Meeting to be held on April 28th, 2009, on the statutory accounts of the Company for the financial year ending December 31st, 2008, so as to provide an overview of all important events and activities of the Company and its subsidiaries (further referred to also as the "Group") during such financial period, and to provide an outlook for future development as well as a summary of important events that have occurred since the end of the financial year. Please note that the management report of the Board of Directors on the consolidated annual accounts of the Company is published separately.

Since the Company is a holding company of numerous project companies, the statutory stand-alone annual accounts of the Company do not fully reflect all significant positions and do not provide a full overview of the position of the Company. More precise overview of the Company can be found in the consolidated accounts for which reason we cross-refer to the report on the consolidated annual accounts.

With respect to the global financial crisis which has been gradually adversely influencing the real estate sector as a whole, we consider the year 2008 as an extremely challenging year for the whole Group, resulting into the adoption of a series of cost saving and other initiatives and measures. Despite the fact that the Company on a stand-alone basis is closing the 2008 financial year with a loss in a total amount of 15,401,000.77 EUR, we believe that the Company coped well with these unprecedented challenges. With respect to the cost saving measures which were taken in the second half of the year 2008 and during the 1st quarter of the year 2009 in order to reduce the loss in recent months, the Company considers and analyzes further initiatives and measures (for instance prospective outsourcing in all areas where it could be beneficial for the Company, including the personnel). The main target of such prospective measures is to reduce the operational expenditures by means of overall operational effectiveness enhancement resulting in improved financial results of the Company and increase of its value.

We propose to the Annual General Meeting of Shareholders to carry the loss forward and not to distribute any dividends. We further propose to the Annual General Meeting of Shareholders to approve the annual accounts as at 31st December 2008 and to approve the proposed allocation of the loss.

We further propose Deloitte S.A., an independent auditor (réviseur d'entreprises), having its registered office at 560 rue de Neudorf, L-2200 Luxembourg, to be appointed as the auditor for period ending immediately after the Annual General Meeting of Shareholders to be held in 2010, to audit both the statutory and consolidated accounts of the Company.

We also kindly request our shareholders to grant the full discharge to the Members of the Board of Directors and to the auditors (réviseur d'entreprises) for the exercise of their mandate in the year ended 31 December 2008.

We further kindly request our shareholders to approve the remuneration of the directors received for their performance as the Members of the Board of Directors during the year 2008 in the total amount of EUR 486,545 and during the period from January 2009 until April 2009 in the total amount of EUR 141,333. In addition, the Members of the Board of Directors received remuneration for the performance of their managerial functions paid from Company's subsidiaries in the total amount of EUR 841,892 thousand during the year 2008 and EUR 456,437 thousand during the period from January 2009 until April 2009. For complete information, the annual general meeting of shareholders approved on 29 April 2008 the remuneration scheme for the Board of Directors for the time period from April 29, 2008 to the general meeting to be held on April 28th, 2009, in the total amount of EUR 2,509,000, whereas the total remuneration of the Directors including their remuneration for managerial positions within the Company's group for this period amounts to EUR 1,616,709.

We also kindly request our shareholders to approve the future remuneration scheme of the Directors to be paid by the Company for both the performance of their statutory and managerial functions for the period commencing on the Annual General Meeting of Shareholders to be held on 28th April 2009 to the date of the Annual General Meeting of Shareholders to be held in 2010 in the total amount of EUR 2,500,000.

We announce that Mr. Tomas Lastovka resigned from his position of a director (member of the Board of Directors) with effectiveness as of April 27th, 2009 and we hereby ask the shareholders to acknowledge this information. This means that from April 28th, 2009, Mr. Tomas Lastovka will not be member of the Company's Board of Directors, but he will fully focus on his executive position as Executive Vice-President for Russia, still being part of ECM's top management.

We further propose Mr. Antonin Jakubse, the Executive Vice-President for Corporate Affairs, to be appointed as executive director (category A director) for a term ending at the annual general meeting of shareholders to be held in 2012.

As at the date of the Annual General Meeting, the issued capital of the Company amounts to EUR 11,675,756.40, being divided into 6,868,092 shares of a nominal value of EUR 1.7 each; and the authorized capital of the Company amounts to EUR 23,000,000, being divided into 14,000,000 shares of a nominal value of EUR 1.7 each. The shares are freely transferable and each share entitles its holder to one vote. There are no securities with special controlling rights. There are no restrictions on voting rights, such as (i) limitations of the voting rights of the holder, (ii) system of separation of financial rights attached to securities from the holding of securities and (iii) system of control of any employee share scheme. There are no agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities.

The controlling shareholder of the Company, ECM Group N.V., with registered office at Naritaweg 165, 1043BW Amsterdam, controls 5,784,565 shares, which represent an 84,22% share in the voting rights of the Company. ECM Group N.V. significantly increased its participation on Voting rights in the Company as a result of a Voluntary Takeover bid in December 2008. As the Company has been in the discussion with some of its stakeholders whether or not any change of control occurred, the Company issued based on consultation with Luxembourg Lawyers official statement, where it was clearly explained that no change of control over the Company had occurred.

The appointment of the Members of the Board of Directors and their replacement is described in the Rules governing the Board of Directors and in the Articles of Association of the Company which were last amended on December 19th, 2008; the respective wording of which is as follows:

The Members of the Board of Directors will be elected by the General Meeting of Shareholders, which will determine their number, for a period not exceeding three years. The Members of the Board of Directors are re-eligible and they may be removed at any time, with or without cause, by a resolution adopted by the General Meeting of Shareholders.

The General Meeting of Shareholders may decide to appoint one or several category A directors, being the "executive" directors (the "Category A Directors") and one or several category B directors, being the "non-executive" directors (the "Category B Directors").

None of the members of the Company's Board of Directors and of former Executive Management Council is, based on a service contract with the Company or any of its subsidiaries, entitled to any benefits upon termination of its service.

The Company committed itself to paying directly or through its subsidiaries fixed remuneration to any Member of the Board of Directors after the termination of their mandate, in case that his or her mandate is terminated and the Company will request the particular member to comply with the non-competition clause stipulated in his or her mandate agreement.

The power of the Board of Directors to issue shares is governed by the Articles of Association; the respective wording of which is as follows:

The Board of Directors is authorized and empowered within the limits of the authorized capital to (i) realise any increase of the corporate capital in one or several successive tranches, following, as the case may be, the exercise of the subscription and/or conversion rights granted by the Board of Directors within the limits of the authorized capital under the terms and conditions of warrants (which may be separate or attached to shares, bonds, notes or similar instruments), convertible bonds, notes or similar instruments issued from time to time by the Company, by the issuing of new shares, with or without share premium, against payment in cash or in kind, by conversion of claims on the Company or in any other manner; (ii) determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up on the new shares; and (iii) remove or limit the preferential subscription rights of the then existing shareholders of the Company in case of issue under the authorized capital and it may be renewed by a resolution of the general meeting of shareholders adopted in compliance with the quorum and majority rules set by the Articles of Association or, as the case may be, by the Laws for any amendment of the Articles of Association.

During the last year the Company utilized the equity-step-up-program arranged through Bank Austria Creditanstalt AG and 250,000 new shares were issued on September 15th, 2008.

On December 19th, 2008, the Company issued 2,365,592 new shares by means of private placement. In respect of the issue of new shares any preferential subscription rights of the then existing shareholders of the Company were cancelled and ECM Group N.V. was the sole subscriber. Accordingly, the Articles of Association of the Company have been amended to reflect the change in the amount of the issued capital.

Luxembourg, March 26th, 2009

The Board of Directors



Deloitte.

**ECM Real Estate Investments A.G.
Société Anonyme**

**ANNUAL ACCOUNTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2008

ECM Real Estate Investments A.G.
Société Anonyme

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
ECM Real Estate Investments A.G.
9, rue du Laboratoire
L-1911 Luxembourg

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders ECM Real Estate Investments A.G. dated April 29, 2008, we have audited the accompanying annual accounts of ECM Real Estate Investments A.G., which comprise the balance sheet as at December 31, 2008, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des réviseurs d'entreprises*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of ECM Real Estate Investments A.G. as of December 31, 2008, and of the results of its operations for the year then ended, in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Deloitte S.A.
Réviseur d'entreprises


Olivier Lefèvre
Partner

April 20, 2009

ECM REAL ESTATE INVESTMENTS A.G.

Société Anonyme

BALANCE SHEET

December 31, 2008

(expressed in EUR)

ASSETS	2008	2007	LIABILITIES	2008	2007
FORMATION EXPENSES	1.211.250,00	1.816.875,00	CAPITAL AND RESERVES (note 3.1.2.)		
FIXED ASSETS			Subscribed capital	11.675.756,40	7.229.250,00
Financial assets (note 3.1.1.)	221.354.346,91	196.347.772,52	Share premium	106.402.603,22	82.460.178,46
CURRENT ASSETS			Reserves		
Debtors			Legal reserve	107.566,90	107.566,90
Debtors less than one year	2.018.555,33	1.280.500,79	Profit or loss brought forward	-45.457.477,09	22.923.114,73
Cash at bank, in CCP accounts and in hand	16.554.768,59	15.648.497,12	Loss for the financial year	-15.401.000,77	-68.380.591,75
	<u>18.573.323,92</u>	<u>16.928.997,91</u>		<u>57.327.448,66</u>	<u>44.339.518,34</u>
PREPAYMENTS	6.769.536,98	8.908.209,86	PROVISIONS FOR RISKS AND CHARGES	6.168.705,08	183.500,00
			CREDITORS		
			Convertible bonds (note 3.1.3.)	135.489.240,00	135.640.535,13
			due and payable after more than one year		
			Amounts owed to credit institutions	8.000,12	1.828,55
			due and payable within one year	5.875.539,99	5.960.126,20
			due and payable after more than one year		
			Amounts owed to affiliated undertakings	35.082.786,16	25.154.816,34
			due and payable within one year	5.982.523,67	6.406.028,34
			due and payable after more than one year		
			Other creditors	1.974.214,13	6.315.502,39
			due and payable within one year		
				<u>184.412.304,07</u>	<u>179.478.836,95</u>
				<u>247.908.457,81</u>	<u>224.001.855,29</u>

ECM REAL ESTATE INVESTMENTS AG
 Société Anonyme
PROFIT AND LOSS ACCOUNT
 year ended December 31, 2008
 (expressed in EUR)

EXPENSES	2008	2007	INCOME	2008	2007
Operating expenses	3.249.041,29	11.243.640,46	Income from other investments and from loans forming part of fixed assets - other than affiliated undertakings	383.443,37	0,00
Staff costs (note 3.2.1.)	907.976,69	852.883,33	Other interest receivable and similar income (note 3.2.4.)	17.803.360,78	7.047.309,07
Salaries and wages	412.739,13	319.110,61	Extraordinary income (note 3.2.5.)	9.903.516,60	6.221.164,54
Other social security costs	1.320.715,82	1.171.993,94	LOSS FOR THE FINANCIAL YEAR	15.401.000,77	68.380.591,75
Value adjustments on formation expenses and on tangible and intangible assets	605.625,00	605.625,00			
Other operating charges (note 3.2.6.)	6.817.476,08	327.000,00			
Value adjustments on financial assets and investments from current assets (note 3.1.1.)	13.106.037,88	0,00			
Interest payable and similar expenses	10.944.235,30	7.907.122,44			
Extraordinary expenses (note 3.2.2.)	6.885.179,82	60.150.258,52			
Other taxes	563.010,33	243.425,00			
	<u>43.491.321,52</u>	<u>81.649.065,36</u>		<u>43.491.321,52</u>	<u>81.649.065,36</u>

ECM Real Estate Investments A.G.
Société Anonyme
NOTES TO THE ANNUAL ACCOUNTS
December 31, 2008

NOTE 1 - GENERAL INFORMATION

The company has been incorporated on July 1, 1998 by a deed of Me Gérard LECUIT, notary residing in Hesperange.

The articles were modified on February 3, 2003, March 19, 2003, June 3, 2005, July 25, 2006, September 28, 2006, November 14, 2006, December 5, 2006, December 7, 2006, January 16, 2007, May 29, 2007, August 9, 2007, September 14, 2007, December 27, 2007, April 29, 2008, June 5, 2008, September 15, 2008 and December 19, 2008.

The company had the status of a holding company in respect of the law of July 31, 1929. On September 28, 2006 it was transformed into a SOPARFI. Since then, the purposes for which the company is formed are all transactions pertaining directly or indirectly to the taking of participating interests in any enterprises in whatever form, as well as the administration, the management, the control and the development of such participating interests.

The company establishes consolidated accounts which are available at its registered office.

NOTE 2 - VALUATION PRINCIPLES AND METHODS

2.1. General principles

The annual accounts have been established in conformity with the Luxembourg legal requirements and with generally accepted accounting principles.

2.2. Translation of currencies

The accounts are expressed in EUR and the financial statements are expressed in that currency.

ECM Real Estate Investments A.G.
 Société Anonyme
NOTES TO THE ANNUAL ACCOUNTS
 December 31, 2008
 - continued -

The purchase price of the financial assets expressed in a currency other than EUR is translated at the exchange rate applicable at the transaction date.

All other assets expressed in a currency other than EUR are valued separately at the lower of the historical rate or the year-end rate.

All liabilities expressed in a currency other than EUR are valued separately at the higher of the historical rate or the year-end rate.

2.3. Valuation

Financial assets are valued at the lower of cost or estimated market value.

NOTE 3 - BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

3.1. Balance Sheet

3.1.1. Financial Assets

In thousands of EUR

Financial Assets	31.12.08	31.12.07
	EUR	EUR
Shares in affiliated enterprises	89.980	61.473
Impairment on subsidiaries	-12.796	-
Loans to affiliated enterprises	142.978	134.874
Impairment on loans	-310	-
Other financial assets	<u>1.193</u>	<u>1.383</u>
Total Financial Assets	<u>221.355</u>	<u>196.347</u>

ECM Real Estate Investments A.G.

Société Anonyme

NOTES TO THE ANNUAL ACCOUNTS

December 31, 2008

- continued -

Shares in affiliated undertakings

Subsidiary	% of ownership	Country	31.12.2008	31.12.2007
ECM Finance a.s.	98,39%	Czech Republic	35.749	35.749
Impairment ECM Finance			-12.380	
Tabula Maior	95%	Czech Republic	6.506	6.506
Tabula Minor	95%	Czech Republic	1.362	1.362
N.B.C.O	100%	Czech Republic	4.789	6.883
ECM Czech Services a.s. formerly Stromovka Obchodni	100%	Czech Republic	69	69
ECM BYTY s.r.o.	100%	Czech Republic	85	269
Epoque Lancaster	100%	Czech Republic	70	70
Adarkon a.s.	100%	Czech Republic	74	74
ECM City Point a.s.	100%	Czech Republic	1.689	1.687
ECM City Empiria a.s.	100%	Czech Republic	623	585
Epoque Hotel	100%	Czech Republic	1.102	76
ECM REI K.s.	100%	Czech Republic	6.037	3.104
ECM Facility a.s.	100%	Czech Republic	2.736	1.000
ECM Offices Liben s.r.o.	100%	Czech Republic	469	455
City Element s.r.o.	100%	Czech Republic	259	59
ECM Russia	100%	Czech Republic	31	40
Sazerac a.s.	100%	Czech Republic	483	397
Impairment Sazerac			-415	
City Deco s.r.o.	100%	Czech Republic	1.170	117
Palisady formerly Iovanita	100%	Czech Republic	119	29
Torsar a.s.	100%	Czech Republic	71	71
Lunzie a.s.	100%	Czech Republic	482	324
Urbarium	100%	Czech Republic	69	
Saler		Czech Republic	0	211
Others		Czech Republic	72	453
Ryazan Investors	85%	Cyprus	22.689	17
Czech Real Estate Regions	50%	Luxembourg	1.803	1.803
ECM REGIONS CZ S.à r.l.	100%	Luxembourg	19	19
ECM Czech Republic AG	100%	Luxembourg	31	31
ECM Poland AG	100%	Luxembourg	44	44
China East Investment Ltd	60%	Hong-Kong	726	
Metropolis Holding China Ltd	60%	Hong-Kong	333	
ECM RE Consulting (Beijing)	100%	China	206	
Yerevan Investment B.V.	70%	The Netherlands	13	
Shares in affiliated undertakings			77.184	61.473

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ECM Real Estate Investments A.G.
Société Anonyme
NOTES TO THE ANNUAL ACCOUNTS
December 31, 2008
- continued -

In accordance with art 67(1b) of the law of December 19, 2002, the Company does not indicate, for undertakings in which it holds at least 20% of the capital, the amount of capital and reserves, and the amount of the result of the latest financial year of the undertakings for which the accounts have been approved.

Loans to affiliated enterprises

The loans to affiliated enterprises bear interest rate of 5,25% - 8% and are repayable no later than 31.12.2026.

A value adjustment of EUR 309.825 was allocated to the loan granted to the company Palisady for a total amount of EUR 615.900.

3.1.2. Capital and reserves

Share capital

At the incorporation, the share capital amounted to USD 60.000,00 divided into 60 shares with a par value of USD 1.000,00.

On March 19, 2003 the share capital was converted into EURO, and the subscribed and paid-in capital has been increased to EUR 1.500.000,00 divided into 6.000 shares with a par value of EUR 250,00 each.

On June 3, 2005 the share capital has been increased to EUR 4.500.000,00 divided into 18.000 shares with a par value of EUR 250,00 each.

On July 25, 2006 the share capital has been increased to EUR 5.100.000,00 divided into 3.000.000 shares with a par value of EUR 1,70 each.

ECM Real Estate Investments A.G.
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NOTES TO THE ANNUAL ACCOUNTS

December 31, 2008

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On September 28, 2006 the share capital has been reduced by an amount of EUR 918.000,00 so as to reduce it from its present amount of EUR 5.100.000,00 to EUR 4.182.000,00 divided into 2.460.000 shares with a par value of EUR 1,70 each, by repurchase and subsequent cancellation of 540.000 shares with a nominal value of EUR 1,70 each.

On November 14, 2006 the authorized capital has been increased to EUR 17.000.000,00 divided into 10.000.000 shares with a par value of EUR 1,70 each.

On December 7, 2006 the share capital has been increased to EUR 6.349.500,00 divided into 3.735.000 shares with a par value of EUR 1,70 each, by the issue of 1.275.000 new shares at a price of EUR 47,00 per share, ie. a par value of EUR 1,70 plus a share premium of EUR 45,30 per share (total amount of EUR 57.757.500,00).

Since December 8, 2006 the shares of the company have been quoted on the Prague Stock Exchange.

On January 16, 2007 the share capital has been increased to EUR 6.566.250,00 divided into 3.862.500 shares with a par value of EUR 1,70 each.

On May 29, 2007, the authorized capital has been increased to EUR 23.800.000,00 divided into 14.000.000 shares with a par value of EUR 1,70 each.

On August 9, 2007 the share capital has been increased to EUR 6.685.250,00 divided into 3.932.500 shares with a par value of EUR 1,70 each.

On September 14, 2007 the share capital has been increased to EUR 6.991.250,00 divided into 4.112.500 shares with a par value of EUR 1,70 each.

On December 27, 2007 the share capital has been increased to EUR 7.229.250,00 divided into 4.252.500 shares with a par value of EUR 1,70 each.

ECM Real Estate Investments A.G.
Société Anonyme
NOTES TO THE ANNUAL ACCOUNTS
December 31, 2008
- continued -

On June 5, 2008 the authorized capital has been increased to EUR 23.800.000,00 divided into 14.000.000 shares with a par value of EUR 1,70 each.

On September 15, 2008 the share capital has been increased to EUR 7.654.250,00 divided into 4.502.500 shares with a par value of EUR 1,70 each.

On December 19, 2008 the share capital has been increased to EUR 11.675.756,40 divided into 6.868.092 shares with a par value of EUR 1,70 each.

Share premium

On December 27, 2006, the company issued 1.275.000 shares at a premium of EUR 45,30 each.

On August 8, 2007, the company issued 70.000 shares at a price of EUR 54,33 / share with a par value of EUR 1,70 and a share premium of EUR 52,63 per share.

On September 14, 2007, the company issued 180.000 shares at a price of EUR 54,44 / share with a par value of EUR 1,70 and a share premium of EUR 52,74 per share.

On December 27, 2007, the company issued 140.000 shares at a price of EUR 42,19 / share with a par value of EUR 1,70 and a share premium of EUR 40,49 per share.

On September 15, 2008, the company issued 250.000 shares at a price of EUR 16,76 / share with a par value of EUR 1,70 and a share premium of EUR 15,06 per share.

On December 19, 2008, the company issued 2.365.592 shares at a price of EUR 10,23 / share with a par value of EUR 1,70 and a share premium of EUR 8,53 per share.

ECM Real Estate Investments A.G.
Société Anonyme
NOTES TO THE ANNUAL ACCOUNTS
December 31, 2008
- continued -

Legal reserve

Luxembourg companies are required to appropriate to legal reserve a minimum of 5% of the annual net income, after deducting any losses brought forward, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed in the form of cash dividends, or otherwise, during the life of the Company.

3.1.3. Convertible bonds

The Company has issued a 5% four-year bond, maturing on October 9, 2011 amounting to EUR 75.599.812,50 represented by 21.221 bonds with 1.485.470 redeemable warrants attached.

The Company has issued a second 5% four-year bond, maturing on October 9, 2011 amounting to EUR 18.920.437,50 consisting of 5.311 bonds with 371.770 redeemable warrants attached.

Each warrant may be exchanged against one existing share or subscribe one new share at the exercise price of EUR 71,25.

On March 30, 2007, the Company issued 800 bearer bonds with a nominal value of TCZK 1.000,00 each. The Company could issue bearer bonds for a maximum amount of TCZK 1.000.000,00. The principal of the bearer bonds is due on March 30, 2012. The interest rate of the bonds is floating and amounted to 6,53% in the first half of 2008 and to 7,10% in the second half of 2008. Interest is payable on a semi-annual basis on March 31 and September 30. As at the year end the bonds together with the related accrued interest and acquisition costs amounted EUR 135.489.240.

3.2. Profit & Loss Account

3.2.1. Employees

During the year the company had 4 employees (2007 : 4)

ECM Real Estate Investments A.G.
 Société Anonyme
NOTES TO THE ANNUAL ACCOUNTS
 December 31, 2008
 - continued -

3.2.2. Extraordinary expenses

Extraordinary expenses in the amount of 6.674 thousands of Euro include the following :

	2008	2007
	EUR	EUR
Cancellation fees	0	1.852
Compensation ECM City Empiria a.s	0	9.200
Compensation ECM City Point a.s.	0	4.344
Compensation Empiria Building	0	4
Indemnity on conversion of warrants	0	34.715
Loss on repurchase of bonds	0	35
Payment of Loss - EPOQUE HOTEL	32	0
Payment of Loss - ECM FINANCE	3.390	0
Payment of Loss - TORSAR	11	0
Payment of Loss - GRASLON	27	0
Payment of Loss - EPOQUE LANCASTER	37	0
Payment of Loss - CITY ELEMENT	98	0
Payment of Loss - PALISADY	14	0
Payment of Loss - SAZERAC	16	0
Payment of Loss - ECM HOTEL EUROPORT	1.713	0
Payment of Loss - ECM HOTEL PLZEN	684	0
Payment of Loss - LANCASTER	96	0
ECE Projektmanagement	16	0
ECM Group	350	0
ECM Russia	9	0
Wasted investment - SALER	211	0
Others	181	0
	<u>6.885</u>	<u>60.150</u>

ECM Real Estate Investments A.G.
 Société Anonyme
NOTES TO THE ANNUAL ACCOUNTS
 December 31, 2008
 - continued -

3.2.3. Directors fees

For 2008, the Directors fees amounted to EUR 648.833.

3.2.4. Other interest receivable and similar income

Interest receivable and similar income in the amount of 28.576 thousands of Euro includes the following :

	2008	2007
	EUR	EUR
Interest from affiliated undertakings	9.512	3.683
Bank interest	163	433
Exchange gains	8.128	2.931
	17.803	7.047

3.2.5. Extraordinary income

Extraordinary income in the amount of 9.904 thousand of Euro includes the following:

	2008	2007
	EUR	EUR
Profit on sale subsidiary	0	1.564
Profit on reimbursement of loans	9.904	4.497
Reimbursement of start up costs ECM REI K.s.	0	160
	9.904	6.221

3.2.6. Other operating charges

This mainly represents the provision for 2008 losses which the company will inject as additional capital on the subsidiary companies.



ECM Real Estate Investments AG Exploring further cost savings measures



Presentation to Annual General Meeting of Shareholders
April 28, 2009

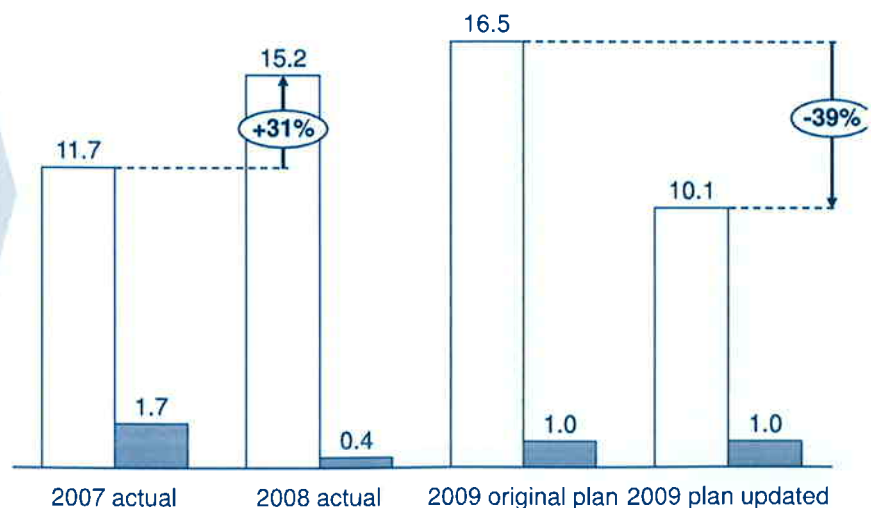
ECM operational expenditures increased heavily in the past 3 years due to ambitious expansion plans

Context

- Boom of the real estate sector in the period before end 2007 resulting in strong expansions strategies of RE players
- ECM planned aggressive expansion into Russia, China and several CEE countries
- As a result of this expansion strategy, operational expenditures grew heavily (staff, professional services etc.)

Operational performance of ECM REI, k.s.
EUR million, cash basis

□ Operational expenses
■ Operational Income*

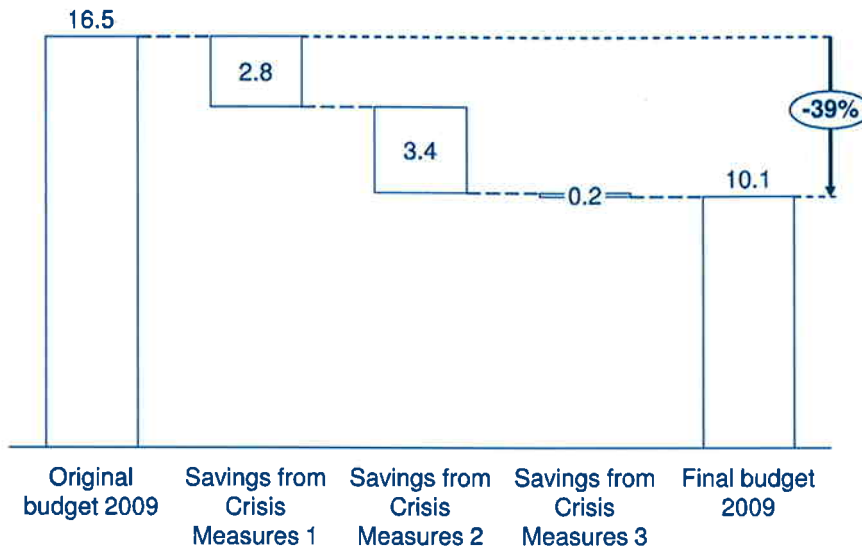


* Development fee and service fee, as per currently concluded contracts

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Even after consecutive waves of cost saving initiatives, resulting operational expenses still unsustainable

Cost savings initiatives at ECM – “crisis measures” (cash basis)
Operational cash budget 2009, EUR million



Current status

- ECM succeeded to lower its originally planned expenses by ~39% to EUR 10.1 million for 2009
- However, even at this level, the savings are not sufficient given the uncertainty on the markets
- Further cost savings could put the accumulated know-how at risk

Further alternatives need to be explored

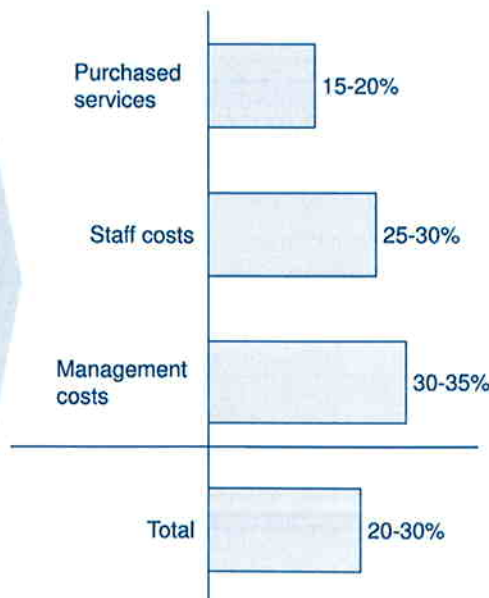
Mr. Janku proposed to the BoD to fully outsource all services to the newly created ‘service company’ within the RE holding with PPF

TOP-DOWN ESTIMATE

Assumptions

- We assume 3 sources of potential synergies:
 - ✓ Better rates in procurement of goods and services
 - ✓ More effective pooling of human resources and better deployment of senior management
 - ✓ Favorable fee policy applied by the RE holding service company

OPEX savings potential resulting from shared service company with RE holding



When transferring employees from ECM REI, k.s. to the newly created RE holding, we estimate **ECM REI AG could save up to 30% on its operational costs on yearly basis**

The BoD of ECM REI thus recommends to the AGM to acknowledge the proposed solution as it seems to be the most appropriate one to generate further cost savings, without putting at risk the know-how accumulated within ECM REI, k.s.

- ✓ Transfer of current staff ensures continuity and preserves know-how
- ✓ Pooling of resources creates economies of scale

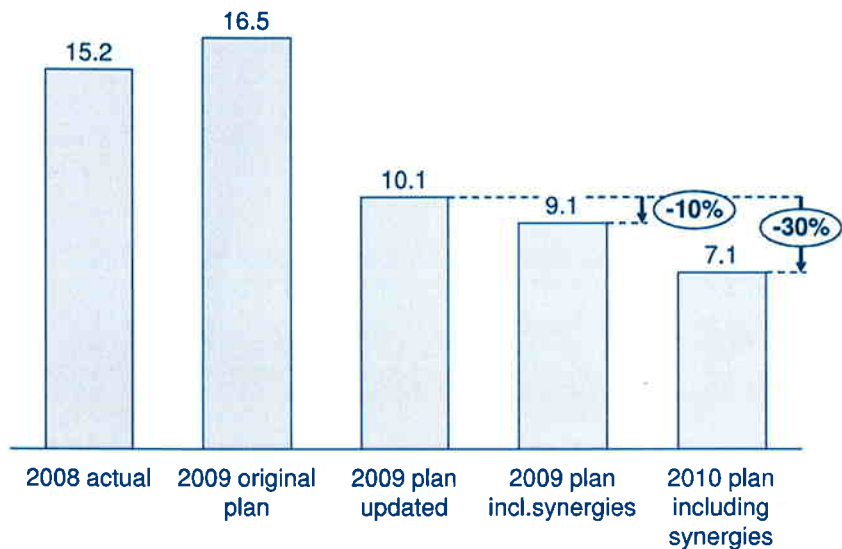
Utilization of full cost savings potential resulting from synergies expected in 2010

TOP-DOWN
ESTIMATE

Assumptions

- Cost synergies realized in 2009 – only in 2H 2009, at the level of ~20% (delays in cash effect of most adopted measures)
- Cost synergies in 2010 – full potential at the level of ~30% p.a.

Estimated operational cost savings for ECM REI AG EUR million



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ECM BoD proposes to fully explore cost synergies with the newly created RE holding

Options evaluated by the BoD

Status quo

Further organizational downsizing

Outsourcing / cost pooling

Conclusions

- Current status, even after several cost savings initiatives, is not sustainable in the mid to long run, given ongoing uncertainty on real estate markets
- There is space for further organizational downsizing, however, the BoD considers that further layoffs would result into significant decrease in the quality of service being provided by the service company
- Outsourcing is the most interesting opportunity for ECM REI AG, as it could save up to ~30% of its operational costs on yearly basis, without losing the accumulated know-how
- In light of the estimated cost saving potential, the BoD considers the solution proposed by Mr. Janku to be interesting and plans to explore it further in detailed calculations

The BoD of ECM REI AG proposes to the AGM to take due note of the prospective solution consisting of:

- Proposing to the current employees of all service units within ECM REI A.G. an employment under the service company under the RE holding
- Sharing one common service company with the RE holding

The BoD further requests from the AGM the right to further investigate this solution and to implement it, if detailed analyses prove it brings higher value creation for the shareholders

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