

## 2. SUMMARY OF THE PROSPECTUS

*THIS DOCUMENT, THE REGISTRATION DOCUMENT AND THE SECURITIES NOTE together comprise a prospectus (the "Prospectus") relating to ECM REAL ESTATE INVESTMENTS A.G. (the "Company") prepared in accordance with the Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières and approved by the Commission de Surveillance du Secteur Financier in Luxembourg on 30 September 2008. This Summary is dated 30 September 2008. The Prospectus has been made available to the public in accordance with Sec. 36h (1) (a) of the Act No. 256/2004 Coll., on Conducting Business in the Capital Market (zakon c. 256/2004 Sb., o podnikani na kapitalovem trhu), as amended.*

*The Prospectus was prepared for listing and admission to trading of shares as issued from time to time by the Company (the "New Shares") on the main market of the Prague Stock Exchange.*

*The following summary should be read as an introduction to the Prospectus, and any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole, including the documents incorporated by reference and the risks of investing in the New Shares as set out in "Risk factors". This summary is only intended to provide an overview and does not purport to contain all the information that investors should consider in connection with any decision relating to the New Shares. Investors are therefore advised to carefully read the Prospectus in its entirety.*

*Civil liability will attach to the Company in respect of this Summary, including the Summary of the New Shares, the Summary of Risk Factors and the Summary Financial Information included herein, but only if it is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus.*

*Where a claim relating to the information contained in the Prospectus is brought before a court in a state of the European Economic Area, the plaintiff may, under the national legislation of the state where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. In the event that such legal proceedings are initiated before a court in Luxembourg or the Czech Republic, a French or Czech translation (as the case may be) of the Prospectus may be required, and the costs thereof will have to be borne initially by the plaintiff investor, who may be reimbursed for such costs, or parts thereof, by the other party or parties to the proceedings only if the plaintiff investor is successful in such proceedings.*

*The Company takes responsibility for and accepts liability in respect of this Summary, including the Summary of the New Shares, the Summary of Risk Factors and the Summary Financial Information included herein, but only accepts liability if it is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus.*

### 2.1 Summary Description of the Company

The Company is the holding company of a real estate development group (the "Group"). The principal activity of the Group is the development of commercial and residential real estate focusing on markets in the Czech Republic, Poland, Russia and China. The Group is also involved in real estate investment and in facility management of commercial and residential real estate in the Czech Republic. The Group opened its office in Moscow and entered the Russian market in 2005. The Group opened its office in Poland, and entered the Polish market, in late 2007. The Group is further considering expanding its activities into other countries in Central and Eastern Europe. In 2005, the Group opened its office in Beijing and in 2007 it entered the Chinese market by acquiring two investment projects there. The Group has invested across a diverse range of property segments, including the office, retail, hotel and residential segments. The Group is also considering investing in the warehousing/logistics and light industrial production premises segments.

### 2.2 Summary of the New Shares

<b>The Company:</b>	ECM REAL ESTATE INVESTMENTS A.G. incorporated under the laws of Luxembourg with registration number B65.153.
<b>The Principal Shareholder:</b>	Mr. Milan Janku owns 100 per cent. of the share capital of ECM Group N.V., which owns 31.76 per cent. share capital of the Company.
<b>The Shares:</b>	The Company may issue (i) up to 2,637,012 Shares as a result of exercise of the Warrants, as defined in the Securities Note, issued by the Company, and (ii) up to 860,000 Shares under the Equity Step-Up Programme, as defined in the Securities Note (the "New Shares").

The number of New Shares issued (i) as a result of exercise of the Warrants will depend on decision of their respective holders, and (ii) under the Equity Step-Up Programme will depend on the Company's decision based on its needs for equity financing.

The New Shares comprise up to 3,497,012 new Shares.

**Expected Proceeds:**

If a total of 3,497,012 New Shares are issued and all holders of Warrants pay the exercise price in cash, the Company estimates that it will raise approximately EUR 164.3 million (net of commissions and expenses related to the issue of the New Shares). For the calculation of proceeds from the issue of the Equity Step-Up Programme Shares, the Share price at the close of business on 29 August 2008 and an exchange rate of EUR 1 = CZK 24.7 for conversion were used.

**Applicable timing:**

The Company may issue (i) up to 860,000 Shares at any time until 29 May 2011, whereas only 250,000 Shares may be issued in each consecutive three months; (ii) up to at 779,772 Shares any time until 22 July 2011; (iii) up to 1,857,240 Shares at any time until 2 November 2014.

The New Shares will be entirely fungible with the existing Shares.

**The Price of the New Shares:**

The Issue Price will be determined in accordance with the terms and conditions of the Equity Step-Up Programme and the terms and conditions of the Warrants.

**Listing and admission to trading:**

The New Shares are expected to be accepted for listing and admission to trading by the Prague Stock Exchange immediately after they are issued.

**Use of Proceeds:**

The net proceeds from the issue of the New Shares following the exercise of the Warrants by their holders will be used for general corporate purposes or for financing current and future projects. The net proceeds from the issue of the New Shares under the Equity Step-Up Programme will be used for financing of current and future projects and adjusting its equity-to-debt ratio.

**Dividends:**

The Company does not intend to make any dividend payments or to issue bonus shares to its shareholders in 2008 or 2009.

**Voting Rights:**

Each New Share is entitled to one vote.

**Withholding Tax:**

A 15 per cent. withholding tax will be levied on dividends distributed by the Company, except if this rate is reduced by a tax treaty or if the Luxembourg participation exemption is applicable (see "Taxation — Luxembourg").

**Publishing of the Prospectus:**

After the approval by the CSSF and notification of such approval to the Czech National Bank, the Prospectus will be published on the Company website ([www.ecm.cz](http://www.ecm.cz)) and on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).

**Securities Identification Number:**

ISIN ..... LU0259919230  
Common Code ..... 025991923

## **2.4 Summary of Risk Factors**

### **Risks related to the Group's business**

- The Group may not obtain at all or in a timely manner all required permits and consents for the completion of its property development projects.
- The Company may be unable to effectively manage its expansion and the consequences of its internal and external growth.
- Competition in the markets in which the Group operates may intensify in the future.
- The Group is exposed to oversupply in its key markets.
- Future development projects and acquisitions of property portfolios by the Company could prove unsuccessful.
- Unexpected problems and unrecognised risks could arise in the Company's existing and future development projects.
- The Company will continue to depend on its ability to identify profitable development projects.
- The Company may not have title to property or shares.
- The Company may be obliged to indemnify its subsidiaries for negative financial performance.
- Insurance may not cover all losses relating to the Group's properties and the Company may suffer material losses in excess of insurance proceeds.
- The Group may not be able to attract and retain sufficiently qualified personnel in the countries in which the Group operates.
- The Company is exposed to financing risk including risks resulting from disruptions recently experienced in the international capital markets.
- The Company is exposed to interest rate risks.
- The Company is exposed to currency risks.

### **Risks related to the real estate industry**

- The Company faces a number of general risks related to the real estate industry.
- The Group's properties may be subject to increases in operating and other expenses.
- Changing residential trends may adversely affect sales of developments.
- The Company is exposed to leasing risks.
- The Company is exposed to valuation risks.
- The Company is exposed to location risks.
- The Company is exposed to the risk of illiquidity of real estate investments.
- The Company is exposed to concentration risk.
- The Company is exposed to risks of environmental claims.
- The Company is exposed to risks associated with its investments in development projects.

### **Risks related to the geographic markets in which the Company operates**

- Economic or political developments in the Czech Republic, Poland, Russia and other countries in Central and Eastern Europe could have a material adverse effect.
- The legal systems and procedural safeguards in the Czech Republic, Poland, Russia and other countries in Central and Eastern Europe are not yet fully developed.

### **Tax risks related to the operation of the Company in various countries in which it operates and in Luxembourg**

- The Company is exposed to tax risks.

**Risks relating to the geographic markets in which the Company operates in the People's Republic of China**

- The Company is exposed to risks related to the Chinese economy.
- The Company is exposed to political risks in People's Republic of China.
- The Company is exposed to risks related to the Chinese real estate industry.
- The Company is exposed to risks resulting from control of currency conversion.
- The ability of the Group's PRC companies to obtain offshore financing may be limited.
- The Company is exposed to risks related to the Chinese legal environment.

**Risks related to the New Shares**

- The Company's shareholder may under certain circumstances hold a stake in the Company that can pass resolutions that require special majority shareholder approval.
- Returns on the New Shares may be limited to capital appreciation.
- The price of the Shares could prove to be volatile.
- The Company's shareholders could suffer a total loss in the value of their Shares in the event of the Company's insolvency.
- The holders of the New Shares face potential dilution of their shareholdings in the future.
- The Prague Stock Exchange is substantially smaller and less liquid than securities markets in certain other countries, such as those in the United States or the United Kingdom.
- The rules applicable on sell-out right of shareholders of foreign companies listed on regulated markets in the Czech Republic are unclear.

**2.5 Summary financial information**

*The financial data provided below has been derived from the Company's Consolidated Interim Financial Statements and Consolidated Financial Statements included in the B-Pages of the Registration Document, which were prepared in accordance with IFRS. The reviewed financial information as of and for the six months ended 30 June 2008 and 30 June 2007 respectively and the audited financial information as of and for the three years ended 31 December 2007, 31 December 2006 and 31 December 2005, respectively.*

<b>Balance sheet</b>	<b>As of 30 June 2008 (reviewed)</b>	<b>As of 31 December 2007 (audited)</b>
	<i>(in EUR 000)</i>	
Investment property	410,804	377,283
Investment property under construction	61,670	28,963
Other non-current assets	49,108	45,066
Total current assets	132,774	111,654
Total equity	146,604	147,956
Total non-current liabilities	385,798	316,803
Total current liabilities	121,954	98,207
Total	654,356	562,966

<b>Income statement</b>	<b>Six months ended 30 June</b>	
	<b>2008 (reviewed)</b>	<b>2007 (reviewed)</b>
	<i>(in EUR 000)</i>	
Net rental and related income	4,596	4,362
Net valuation gains on investment property	3,660	7,358
Profit/(loss) on the disposal of trading property	--	87
Net financial expense	(20,974)	(5,775)
Net profit (loss)	(19,925)	1,711

<b>Cash flow statement</b>	<b>Six months ended 30 June</b>	
	<b>2008 (reviewed)</b>	<b>2007 (reviewed)</b>
	<i>(in EUR 000)</i>	
Cash flow from operating activities	26,465	(57,825)
Cash flow from investing activities	(59,997)	(3,453)
Cash flow from financing activities	45,420	52,627

<b>Balance sheet</b>	<b>As of 31 December</b>		
	<b>2007 (audited)</b>	<b>2006 (audited)</b>	<b>2005 (audited)</b>
	<i>(in EUR 000)</i>		
Investment property .....	377,283	200,937	65,000
Other non-current assets .....	45,066	27,470	22,726
Total current assets .....	140,617	104,688	44,730
Total equity .....	147,956	117,684	47,423
Total non-current liabilities.....	315,803	173,891	73,923
Total current liabilities.....	99,207	41,520	11,110
Balance sheet total .....	562,966	333,095	132,456

<b>Income statement</b>	<b>Year ended 31 December</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>

	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
		<i>(in EUR 000)</i>	
Net rental and related income .....	15,030	6,282	627
Net valuation gains on investment property.....	64,089	8,093	31,656
Profit/(loss) on the disposal of investment property .....	3,963	(119)	–
Profit/(loss) on the disposal of trading property.....	314	262	1,064
Financial results .....	(3,679)	15,093	(2,451)
Net profit.....	25,564	18,955	20,710

**Year ended 31 December**

**Cash flow statement**

	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
		<i>(in EUR 000)</i>	
Cash flow from operating activities .....	(90,669)	7,357	(4,994)
Cash flow from investing activities .....	(52,730)	(58,660)	(5,577)
Cash flow from financing activities .....	142,251	86,277	12,269