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AN ESSENTIAL STEP TOWARDS FURTHER DEVELOPMENT AT PANKRÁC

The planned construction of two high buildings just across from ECM's head offices in Pankrác received extensive coverage in the media during the summer, particularly when it was said that the "Prague Historical Preservation" order might be deleted from the UNESCO list if these developments were to go ahead. Thankfully these considerations proved to be needless and the Committee for the UNESCO World Heritage Fund acknowledged that all decisions concerning the development are fully within the competence of the authorities in the Czech Republic. Following on from that decision, at the end of August the Czech Ministry of Culture confirmed Prague City Council's consent for this development. This is the final decision and there are no further rights of appeal.

The decision is an essential step forward for the continuation of the approval processes for both the CITY EPOQUE Residence and the Epoque hotel projects. The CITY EPOQUE residential building should be 104 m high and it is planned for it to offer approximately 150 apartments on 30 levels, with sizes varying from 2+kitchenette to duplex apartments. The four star EPOQUE Hotel will be 75 m high and offer 300 rooms. Both projects have been designed by the architect Radan Hubička and construction is expected to take about two years, following on from completion of the approval process.

Introductory word

Dear Friends,

Welcome to the summer/ autumn edition of our quarterly newsletter.

This has been a very exciting few months for ECM, with a lot of new people strengthening our team, some major acquisitions in both our new and traditional markets, and the go ahead given on projects that we have been working on for a considerable amount of time.

In July we announced our up-dated mid-term strategy from now through to 2010; it is nearly a year since we floated on the Prague Stock Exchange and now, as an established public company, our plans are of key importance to both our shareholders and the wider public. Whilst the Czech Republic continues to be an important market for ECM, we have been looking much further afield, and we are really excited about the acquisitions that we made in China during the summer – you can read more about this over the page. News of other new acquisitions will follow soon.

In this newsletter, you can also read about one of the key additions to our management team, a name that is sure to be known to many of you, Mr Antonin Jakubse, who joins our Executive Management Council with prime responsibility for corporate governance and related agenda.

Whilst the business goes from strength to strength, we do not want to forget about our corporate social responsibility. Therefore we have been organising a number of community activities, and we will inform you about them in one of the next editions of our newsletter.

I hope that you will enjoy reading about some of the projects that ECM is involved in and I wish you all a wonderful autumn!

Milan Janku
President & CEO




september 2007



■ ANTONÍN JAKUBŠE APPOINTED AS A MEMBER OF ECM'S EXECUTIVE BOARD

Antonín Jakubše, one of the most experienced and respected managers in the Czech Republic, joined the ECM management team in the position of „Head of Corporate Affairs“ during the summer. Mr. Jakubše's previous positions have included President and Chairmen of Czech Airlines and Chairman of the Board of AERO Vodochody.

■ PRESENTATION OF ECM'S MEDIUM-TERM STRATEGY

On July 17, a new regional strategy for the company was presented to the representatives of the financial media during a press conference held in the City Conference Centre and this was followed by a detailed conference call with both analysts and investors.

The following are the key points covered by the mid-term strategy up until 2010:

- The company's objective remains the maximization of value for its shareholders through the high internal revenue rate (IRR) of the individual projects
- An expected continuous strong regional growth in both the Czech Republic and the whole Central and Eastern Europe
- An expected continuous strong regional growth on the developing markets
- Regional strategies designed for (i) the company's verified business model in the Czech Republic; (ii) Russia; (iii) Poland
- Expected strong dynamics of the growth in the company's project portfolio
- Continuous convergence of regional towns supported by the growing Czech middle class and increasing consumer expenses
- A regional strategy focused on (i) regional business centres; (ii) high quality residential projects; (iii) regional business hotels (possibly combined with commercial use)
- Possible future projects on the new markets focused on the reinforcement of the company's investment portfolio



■ SUCCESS OF THE CITY CONFERENCE CENTRE BEATS EXPECTATIONS!

Sixteen months since it opened, and the City Conference Centre can already boast of having hosted a total of 350



conferences, seminars and workshops and its original revenue plan has been exceeded by 45 percent. Due to its high quality design, the active approach of the Centre's management and the excellent pricing policy of the Centre, it has reported a profit in just its first year of operations, which lies very well against the original expectation of two years before it would break even!

The City Conference Centre offers its customers a broad service portfolio, including the organization of congresses, conferences, seminars, trainings, cultural events and company parties. It has excellent accessibility as well as very flexible conference accommodation for anything from 15 to 500 people. Needless to say, the Centre offers the most modern technology, including wire and wireless internet connection, for all of its customers.

■ ECM APPROACHES CHINA

In September, 2006, ECM was able to announce its first acquisitions in China, a shopping centre and an office building, both part of a multi-purpose project under construction at the Zhongguancun Zone location in Peking's „Silicon Valley“. The multi-purpose construction project includes a five star hotel, serviced apartments, an office building and a shopping centre. The total gross useable space is approximately 192 000 m².

The „Globe Plaza“ shopping centre and the „Metropolis Tower“ office centre are 52 500 m² and 25 500 m² respectively and offer a total of 450 parking lots. The project is implemented by the developer Beijing Science Park Development Co., Ltd. („BSPD“), who is responsible for the construction of the Zhongguancun Science Park. Completion of the „Globe Plaza“ shopping centre is expected in May 2008 and the whole centre should be opened in January 2009. Total shopping centre project costs, including interior fittings, marketing and other expenses, is expected to be in the region of EUR 119 million.

The „Metropolis Tower“ office building should be completed in December 2008 and its opening is planned for May 2009. Total anticipated costs for this project are approximately EUR 51 million.



■ FIFTH YEAR OF THE IRON FIREMAN

On September 22, the fifth annual IRON FIREMAN® international competition took place, during which firemen from the Czech Republic, Slovakia, Germany, Austria and Great Britain took part. The IRON FIREMAN® contest is the most challenging competition for firemen throughout Europe, where firemen compete in three consecutive disciplines without a break, fully equipped as if in 'real life'. The event also included a complementary programme organized by ECM specifically for kids, such as a bouncy castle, Seven-League boots, a drawing competition and even the opportunity to win a 'kid's driving license' for use on the traffic playground. All visitors had the opportunity to watch some live fire fighting and police techniques, as well as trying one of the competition disciplines for themselves. The IRON FIREMAN® competition is organized in honour of firemen who died after the attack on the World Trade Centre in New York.

■ NEW SHOPPING CENTRE UNDER CONSTRUCTION IN ZLÍN

Zlín residents can look forward to new shops, restaurants, playgrounds for children and other exciting new facilities with ECM's planned construction of its Kaskáda shopping centre on newly procured land in the centre of Zlín. As the name of the centre suggests, the building will have a 'cascade' design with a view across to the countryside. Some of the coffee shops and restaurants will, themselves, have a garden area.



It is well known that Zlín is the birthplace of Tomáš Baťa, who gave the town its typical architectonic character. Having this in mind, a timeless design was required and for this particular project, ECM chose to co-operate with the prestigious firm of architects, Chapman & Taylor, which is one of the top ten firms in the world in this particular field.

The whole site offers approximately 32,000 m² of useable space, from which one third will be used for civil service. There will be 500 to 600 parking plots available. Construction will start as soon as all valid legislative decisions are received, hopefully during the first half of 2008.

■ THE UNHOŠŤ TERRACES RESIDENTIAL PROJECT WILL SOON HAND OVER ITS FIRST HOUSES

People who are interested in quality housing surrounded by some of the most beautiful countryside, very near to Prague, can look forward to the completion of the Unhošť Terraces residential project. The future owners of the 104 family houses will be able to appreciate living in an attractive location as well as owning a top quality architecture-designed and interesting town house.

The residential complex will include a variety of detached and semi-detached houses with gardens, either 4+1 or 5+1, and always with at least three bathrooms. The houses are designed in a functionalist style that is still quite rare in the Czech Republic and a very high standard is guaranteed. Those who are interested will have the chance to see the quality of the Unhošť Terraces residential project in person by visiting the show house that is due to open on November 10,



■ ECM STARTS COOPERATION WITH PR AGENCIES JWA PRAGUE AND STRATEGIC CONSULTING

ECM has recently announced its new cooperation with public relations agencies JWA Prague and Strategic Consulting. JWA, in co-operation with its London-based partner, FD, will be responsible for corporate and financial PR throughout the region, whilst Strategic Consulting will handle the project PR for the company along with taking care of any related media relations, crisis communication and the organization of VIP events.

■ CITY TOWER AT PANKRÁC WILL BE COMPLETED ALREADY AT THE END OF THIS YEAR



The former building of Československý rozhlas at Pankrác is gradually covered by new glassed cladding. The construction works rapidly proceed towards completion and CITY TOWER will start to serve to its users already in the beginning of the next year. Project, which presents total costs of CZK 1.5 billion, is interesting for number of reasons. It is the highest building in CR, there will be in total 15 high speed lifts and three cargo lifts available to the users and a view platform will be installed at the top 27th floor, providing the visitors a unique oversight of Prague.

The CITY TOWER project has been designed by acknowledged American architect Richard Meier. The building will have in total 27 floors above ground and three underground floors. From the total area of 49 145 m² there will be 460 m² of shopping premises and approximately 1300 m² of storage areas. Restaurants will be located on the second floor and in addition to that there will be multi-purpose conference premises available as well as a unique view restaurant. The underground garages will offer over eight hundred of parking lots in three underground floors.

■ DŮM VODOHOSPODÁŘŮ IN OSTRAVA WILL SOON BECOME ONE OF THE MODERN DOMINANTS OF THE CITY

Similarly to CITY TOWER project also the former Dům vodohospodářů (now Varenská Office Center) in Ostrava is currently under reconstruction. Building reconstruction is split into two phases, during which the old office building will be gradually converted to one of the most modern buildings in Ostrava. The phase one, which has been completed and approved for use, included construction of the technical background for the whole building and construction of two floors of office premises. Currently the phase two is in progress. It relates to the height section of the building.

After reconstruction, which is planned to be completed at the end of this year, the building will have new glassed façade and will become the highest building in Ostrava. Reconstruction includes modification of all technologies and internal technical installations, interiors will be completely changed to meet the conditions of the highest standard A. Varenská Office Center includes fifteen above ground and two underground floors and offers 8 000 m² of office premises, 500 m² of operation premises and parking lots in the building. The building is located close to the Ostrava centre and is accessible by means of transport, providing parking possibility.



■ ISSUE OF SHARES

In August, 2006 ECM's Board of Directors approved the issue of 70 000 shares and this was followed in September by the issue of an additional 180 000 new common shares within the equity-step-up-programme prepared in cooperation with Bank Austria Creditanstalt AG. The new common shares, with a nominal value of EUR 1.7, were issued as of September 14. The revenue resulting from this issue of shares, in total USD 13.7 million will be used for financing future development or investment projects of ECM, with the objective of a further increase in value for the company's shareholders.