

PRESS RELEASE

20 May 2009



ECO Business-Immobilien AG: First quarter results for 2009 influenced by impairment charges – portfolio optimisation leads to reduction in net debt and strengthening of liquidity

- **EBIT reduced by impairment charges, lower interest rates support improvement in financial results**
- **Stable development of revenues**
- **Property sales safeguard liquidity and strengthen equity ratio**

Vienna, 20 May 2009. ECO Business-Immobilien AG (Vienna Stock Exchange / Prime Market: ECO) implemented numerous measures during the first quarter of 2009 to optimise its portfolio and balance sheet structure, and thereby prepare for a continuation of the market downturn. The sale of 48 properties with a total value of EUR 195.0 million strengthened the clear focus on the core segment of business properties. It also released liquidity and improved the company's equity structure: the equity ratio rose from 34% at the end of 2008 to 38% as of 31 March 2009. Profit for the period was negative at EUR -9.8 million (1-3/2008: EUR 8.7 mill.) as the result of impairment charges recognised to the property portfolio (EUR -14.9 mill.).

“The financial market crisis and recession continued to have a negative influence on the development of our business during the first quarter of 2009. That made it difficult to identify comparable market prices for the portfolio valuation. The consequence was a further decline in the value of the portfolio through impairment charges, which resulted in a loss for the period. However, positive impulses were provided by national banks in the form of interest rate cuts that led to a decline in financing costs as well as by the stable development of property markets in Austria and Germany. We also recorded stable development in our core operating business, the rental of business properties“, explained Friedrich Scheck, Chief Executive Officer of ECO.

Revenues and earnings

Rental revenues for the first quarter of 2009 amounted to EUR 16.5 million and fell only 10% short of the comparable prior year level (EUR 18.3 mill.) despite a significant number of property sales. Due to the continuing standstill on the transaction market and the sale of properties at their IFRS carrying value, income from the disposal of non-current assets reached only EUR 5,000 and was unable to make a major contribution to earnings (1-3/2008: EUR 2.8 mill.).

As a consequence of the difficult operating environment on the office and retail property market and a lack of reference transactions in this segment, the valuation of the property portfolio by independent experts resulted in impairment charges of EUR 14.9 million for the first quarter of 2009. The comparable prior year period brought a net gain of EUR 5.7 million from fair value adjustments. Accordingly, operating profit (EBIT) fell from EUR 19.4 million in the first quarter of 2008 to EUR -6.2 million for the reporting period.

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In contrast, financial results improved from EUR -10.9 million to EUR -6.5 million in the first quarter due to a lower level of interest rates and reduced financing volume. Profit before tax declined from EUR 8.5 million in the first three months of 2008 to EUR -12.7 million for the reporting period. Profit after tax equalled EUR -9.9 million, versus EUR 7.2 million in the comparable prior year period.

Funds from operations (FFO) totalled EUR -12.2 million for the first quarter of 2009 (1-3/2008: EUR 4.2 mill.) as a result of property sales that were closed below the historical acquisition cost because of the current market environment.

Improvement in balance sheet structure and reduction in liabilities

The balance sheet total declined from EUR 1.1 billion as of 31 December 2008 to EUR 930.5 million at the end of the reporting period. "The sale of properties allowed us to improve the equity ratio and decrease liabilities. This led to a substantial reduction in net debt from EUR 701.6 million at year-end 2008 to EUR 543.7 million as of 31 March 2009", indicated Chief Financial Officer Wolfgang Gössweiner.

The equity ratio rose from 34% at the end of 2008 to 38% as of 31 March 2009. The loan-to-value ratio (LTV) equalled 60.6%. Non-current liabilities decreased from EUR 470.8 million on 31 December 2008 to EUR 402.6 million. Current liabilities also declined substantially from EUR 267.7 million to EUR 172.2 million.

Net asset value (NAV) per share decreased from EUR 12.54 to EUR 10.31, above all due an increase in impairment charges over the comparable prior year period.

Focus on Austria and Germany

The ECO property portfolio comprised 71 objects with a total value of EUR 892.8 million at the end of the first quarter of 2009 (EUR 1,074 million at the end of 2008). Nearly all these investments (96%) are located in the core markets of Austria and Germany. Activities during the reporting period concentrated on the optimisation of the portfolio through the sale of selected properties as well as measures to improve the equipment, structure and management of the individual objects.

Outlook on 2009

"Our goal is to maintain a stable level of occupancy in our investment properties, and thereby hold rental income at a steady level. In comparison with 2008, we expect a continuous improvement in the equity ratio. Lower interest rates will provide relief in the financing area, and financial results should presumably improve during the course of the year", added Friedrich Scheck in conclusion.

ECO expects the market environment will remain difficult and, for this reason, further impairment charges to the property portfolio cannot be excluded.

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Selected Company Data in accordance with IFRS

		1-3/2009	1-3/2008
Revenues	(TEUR)	16,523	18,303
<i>Thereof rental income</i>	(TEUR)	13,444	15,232
Income from the disposal of non-current assets	(TEUR)	5	2,748
Net gain/(loss) from changes in the fair value of investment properties	(TEUR)	-14,888	5,700
Operating profit (EBIT)	(TEUR)	-6,193	19,350
Profit before tax (EBT)	(TEUR)	-12,679	8,453
Profit after tax (after minority interests)	(TEUR)	-9,828	8,694
Earnings per share	(EUR)	-0.29	0.25
Weighted average number of shares		34,100,000	34,100,000
FFO (funds from operations) before interest and tax, incl. impairment charges ¹⁾	(TEUR)	-5,694	15,209
Cash earnings (FFO - funds from operations) after interest and tax ²⁾	(TEUR)	-12,191	4,234
NAV per share	(EUR)	10.31	12.54

¹⁾ EBIT + depreciation and amortisation +/- fair value adjustments +/- impairment charges

²⁾ EBIT + depreciation and amortisation +/- fair value adjustments +/- impairment charges – financial results – income taxes paid

Balance Sheet Data

Consolidated balance sheet – summary in TEUR	31/03/2009	31/12/2008
Non-current assets	903,679	1,085,709
<i>Thereof investment properties</i>	861,545	981,890
<i>Thereof properties under construction</i>	31,247	40,421
<i>Thereof properties available for sale</i>	0	51,881
Current assets	26,788	27,904
Total assets	930,467	1,113,614
Equity and reserves	355,642	375,113
<i>Thereof minority interests</i>	3,979	6,918
Non-current liabilities	402,601	470,846
Current liabilities	172,224	267,654
Total equity and liabilities	930,467	1,113,614

Property Data

	31/03/2009	31/03/2008
Number of objects	71	126
<i>Thereof investment portfolio</i>	69	72
<i>Thereof trading portfolio</i>	0	46
<i>Thereof development projects</i>	2	8
Rentable space in m ² *	580,800	671,500
<i>Thereof trading portfolio</i>	0	42,600
<i>Thereof development projects</i>	20,900	53,100
Garage spaces (number)	3,060	3,470
<i>Thereof trading portfolio</i>	0	280
<i>Thereof development projects</i>	90	230
Property assets (in TEUR)	892,792	1,244,601
<i>Thereof properties under construction</i>	31,247	38,597
<i>Thereof trading portfolio</i>	0	58,195

* Garage spaces were included at 20 m² each / parking areas included

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