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ECO Business-Immobilien AG: significant portfolio expansion and strong earnings performance in 2007

- **Real estate assets up 77% to EUR 1.2 billion**
- **59% increase in EBIT to EUR 60.8 million; EBT jumps 68% to EUR 41.7 million**
- **Year-on-year rise of 5% in net asset value (NAV) to EUR 12.40 per share**

Vienna, 28 March 2008 – Vienna Prime Market-listed ECO Business-Immobilien AG successfully pursued its path of selective expansion in 2007. Thanks to a series of acquisitions during the year, total real estate assets rose to EUR 1.2 billion. Organic growth combined with active portfolio management resulted in higher revenues and an increase in property values. Intensified trading activities were also reflected in a sharp rise in profits on disposals. Operating profit (EBIT) compared with 2006 was up by 59%, to EUR 60.8 million.

“The basis of this outstanding performance is ECO’s strategy, which focuses on sustainability, capital appreciation and earnings growth. The acquisition of a majority stake in the former BAWAG-Immobilien has added first-rate properties with excellent earnings potential to our portfolio, while our active property management and a series of profitable disposals have resulted in strong earnings performance,” says Friedrich Scheck, Chairman of ECO’s Management Board, of the 2007 results. “Conditions in European property markets in which we do business remain favourable: Tenants’ and investors’ interest in high-quality office and retail space in Austria and Germany continues to be keen, so we expect to benefit from rising rents and property prices in future too. On the supply side, we are also benefiting from our excellent access to the market, which allows us to acquire top-quality real estate on attractive terms,” comments Mr Scheck. In the CEE region, ECO is concentrating selectively on development projects.

Significant increase in revenue and earnings

ECO’s revenue and earnings increased sharply in 2007. Revenues rose 25% year-on-year to EUR 48.6 million, as a result of organic growth, new rentals from the existing portfolio and selective acquisitions. Trading activities were also stepped up, generating profits on disposals of EUR 16.5 million, a rise of 68% on the previous year. In 2007 ECO sold over 30 properties, with a total value of EUR 69 million. With a margin (sales price to book value) of around 28% and a ratio of profits on disposal to book values of 24%, sales proceeds were also well above the experts’ recent estimates of IFRS carrying values. “Trading activities now represent a significant contribution to total earnings, and increase the extent to which the Company is self-financing, which will allow us to take advantage of further attractive acquisition opportunities,” says ECO Chief Financial Officer Wolfgang Gössweiner.

The adjustment of real estate asset values to reflect fair values, which is required under IFRS accounting, made a significant contribution to the positive earnings performance of EUR 17.2 million, compared with EUR 6.1 million last year. This appreciation, representing around 1.5% of the value of investment properties held as financial investments, was mainly the result of value-adding asset management measures and increases in market prices for attractive locations.

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Earnings in 2007 also grew satisfactorily. Solid operational performance resulted in a 59% rise in operating profit (EBIT) to EUR 60.8 million. Profit before tax (EBT) jumped 68%, to EUR 41.7 million, while consolidated net earnings reached a new record level of EUR 32.8 million, up 83% on the previous year. Funds from operations (FFO), which is a better measure of a company's operational earnings potential because it leaves appreciation of assets out of account, were also at a record high, totalling EUR 24.8 million. Earnings per share were up by some 12% to EUR 1.11.

Net asset value (NAV) per share rose by 5% during 2007, from EUR 11.79 to EUR 12.40. NAV per share has increased by an annual average of 6.4% since 2004.

Significant expansion of the real estate portfolio

As a result of selective acquisitions and active management of portfolio properties, the overall value of the ECO portfolio rose from EUR 697.2 million to EUR 1.2 billion in 2007. This impressive EUR 535.9 million increase is primarily attributable to the acquisition of a 60% majority stake in BAWAG-Immobilien at the end of December 2007. "The BAWAG transaction is a perfect example of our investment strategy – we focus on high-value properties in top locations with excellent capital appreciation potential, and we will continue to pursue this strategy in future," says Friedrich Scheck.

As of the end of 2007, the ECO portfolio consisted of 119 properties and eight development projects, compared with 126 properties and two development projects at the end of the previous year. The value of the portfolio increased by 77% year-on-year, while total usable space amounted to around 668,000 m² at 31 December 2007.

Outlook for 2008

For 2008, ECO foresees positive trends in its core Austrian and German property markets, and in the CEE region. "We are expecting stable demand for office and retail properties, and perhaps even a slight increase in rents," explains Wolfgang Gössweiner.

In order to further increase earnings in this market environment, ECO will be focusing on active real estate management, profitable property trading activities, and increasingly on development projects. Selective acquisitions will also be used to continue expansion of the portfolio, while active property management and innovative sales and letting policies will add to the attractiveness of the existing portfolio. One major focus will be on the former BAWAG properties acquired at the end of 2007.

Development projects in collaboration with well established partners in the core Austrian and German markets and in the CEE will also be high priority, allowing ECO to benefit from increased added value and earnings opportunities. The development projects which began in Austria, Germany, Hungary, Luxembourg and Ukraine in 2007 will be continued in 2008, while possible new projects are currently under review.

These factors will be reflected in the company's revenue and earnings figures. ECO is expecting rental income to continue to grow, with profits on sales rising as a result of intensified disposal activities. These revenues will make a key contribution to earnings in

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future. Increasing rents and profitable disposals should lead to a jump in ECO's cash earnings in 2008.

In its financing, ECO's policy in 2008 will be to continue to employ a balanced mix of own funds and debt capital. "Our solid equity capital base, our positive cash flows, and our ongoing real estate trading activities, which make us to a large extent self-financing, will be a major factor in realising our plans," says Friedrich Scheck.

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Key financial indicators in EUR '000 (in accordance with IFRS)

| | 01-12/2007 | 01-12/2006 |
|--|------------|------------|
| Revenues | 48,589 | 38,803 |
| of which rental income | 39,959 | 32,129 |
| Profits on disposal of non-current assets | 16,508 | 9,819 |
| Changes in fair value of investment property | 17,146 | 6,068 |
| Earnings before interest and tax (EBIT) | 60,801 | 38,280 |
| Earnings before tax (EBT) | 41,654 | 24,739 |
| Consolidated net profit (after minority interests) | 32,772 | 17,900 |
| Earnings per share (EUR) | 1.11 | 0.99 |
| Average number of shares | 29,550,000 | 17,997,115 |
| Cash flow from operating activities | 1,673 | 1,532 |
| Funds from operations (FFO) * | 24,723 | 16,957 |
| NAV per share (EUR) | 12,40 | 11,79 |

* Earnings before tax + depreciation +/- changes in fair value - tax payable

Property Data

| | 31/12/2007 | 31/12/2006 |
|--|------------|------------|
| Number of properties | 127 | 128 |
| of which hold portfolio | 73 | 55 |
| of which trading portfolio | 46 | 71 |
| of which development projects | 8 | 2 |
| Total usable space in m ² * | 668,000 | 471,900 |
| of which trading portfolio | 42,800 | 57,400 |
| of which development portfolio | 53,100 | 8,500 |
| Garage spaces (number) | 3,380 | 2,340 |
| of which trading portfolio | 280 | 290 |
| of which development portfolio | 230 | 0 |
| Total real estate assets (EUR '000) | 1,233,083 | 697,223 |
| of which properties under construction | 34,746 | 3,892 |
| of which trading portfolio | 58,319 | 94,445 |

* Garage spaces calculated at 20 m² per space

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