

# AD-HOC PRESS RELEASE

23 November 2009



## ECO Business-Immobilien AG: positive operating earnings and trend reversal in valuation

**Vienna, 23 November 2009.** ECO Business-Immobilien AG (Vienna Stock Exchange / Prime Market: ECO) carried out a re-dimensioning programme during the first nine months of 2009 as a reaction to the economic and financial crisis. The optimisation of the portfolio through the sale of individual properties led to a substantial reduction in net debt and an increase in the equity ratio to 41.5%. Following a trend reversal in valuations during the third quarter of this year, EBIT for the period 1-9/2009 was clearly positive at EUR 5.3 million (1-9/2008: EUR 7.5 million).

ECO recorded rental income of EUR 38.2 million for the first three quarters of 2009. As expected, this figure was lower than the comparable prior year period (EUR 45.8 million) due to the sale of portfolio objects. Income from the disposal of non-current assets fell to EUR 0.3 million (1-9/2008: EUR 3.6 million) because the proceeds from the sale of properties only exceeded the IFRS carrying values by a slight margin.

The third quarter brought a turnaround in the valuation trend. After the recognition of impairment charges totalling EUR -25.3 million in the first half of this year, the valuation of the ECO property portfolio by independent experts showed an increase of EUR 6.8 million for the third quarter. Revaluation results for the first nine months of 2009 amounted to EUR -18.6 million, which represents an improvement over the comparable prior year figure of EUR -23.6 million. Earnings before interest and taxes (EBIT) were clearly positive despite the non-cash charges from the first six months and totalled EUR 5.3 million for the reporting period (1-9/2008: EUR 7.5 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) equalled EUR 23.8 million for the first three quarters (1-9/2008: EUR 31.1 million).

A reduction in debt and generally lower interest rates supported an improvement in financial results to EUR -16.0 million (1-9/2008: EUR -32.9 million). Profit before tax equalled EUR -10.7 million, which represents a substantial improvement over the prior year (1-9/2008: EUR -25.4 million). Profit after tax amounted to EUR -8.3 million, compared with EUR -18.7 million in the first nine months of 2008.

The sale of properties by ECO during the reporting period was responsible for a decline in the balance sheet total from EUR 1.1 billion at the end of 2008 to EUR 855.9 million as of 30 September 2009. The reduction of liabilities supported an improvement in the equity ratio from 33.7% at the end of 2008 to 41.5% as of 30 September 2009, and also reduced net debt from EUR 701.6 million at year-end 2008 to EUR 466.3 million. The loan-to-value (LTV) ratio was 57.3% at the end of September 2009. Cash and cash equivalents rose from EUR 14.6 million on 31 December 2008 to EUR 18.5 million as of 30 September 2009. Net asset value (NAV) per share equalled EUR 10.37 at the end of September 2009, compared with EUR 10.80 on 31 December 2008.

ECO concentrated on property sales and selected redevelopment projects during the first nine months of 2009. The streamlined ECO property portfolio comprised 61 objects with 538,800 m<sup>2</sup> of rentable space and a total value of EUR 816.8 million as of 30 September 2009 (EUR 1,074.2 million at year-end 2008). Average rents (EUR 10.5/m<sup>2</sup> in the office sector and EUR 9.6/m<sup>2</sup> in the retail sector) remained nearly unchanged in comparison with year-end 2008.

Four objects in the investment portfolio, representing 5% of total property assets, were under redevelopment during the third quarter of 2009. ECO took advantage of the high vacancy rate in

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these buildings (approx. 68%) to carry out modernisation projects and thereby meet the changing demands of tenants. In this way ECO is following the typical lifecycle for retail properties and making preparations for a future increase in earnings and value through upgrading and new rentals. The occupancy rate of the other objects in the investment portfolio averaged approx. 90% in spite of the adverse market climate, reflecting the level at year-end 2008.

Plans for the fourth quarter of 2009 call for the sale of further properties in Austria. In addition, ECO will continue its redevelopment projects for the modernisation of selected objects. No new development projects are scheduled at the present time. The properties in the investment portfolio will be optimised through an improvement in both furnishings and structure. These measures should increase the occupancy level and thereby stabilise rental income. This, in turn, will safeguard the company's liquidity and should also support the continued generation of positive cash earnings from operations.

The Management Board expects results for 2009 will show significant growth in the equity ratio. Operating earnings should also increase due to the trend reversal in valuation. The continuing low level of interest rates and reduction in debt are expected to produce a year-on-year improvement in financial results. On the basis of the measures implemented during the first three quarters – the optimisation of the portfolio, strengthening of liquidity, protection of financing over the long-term and reduction in debt – ECO is well positioned to master any continuation of the difficult operating environment and to profit from growth opportunities when the market recovers.

## Selected Company Data in accordance with IFRS

		1-9/2009	1-9/2008
Revenues	(TEUR)	46,771	55,424
<i>Thereof rental income</i>	(TEUR)	38,206	45,838
Income from the disposal of non-current assets	(TEUR)	292	3.600
Net gain/(loss) from changes in the fair value of investment properties	(TEUR)	-18,554	-23,638
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(TEUR)	23,836	31,132
Operating profit (EBIT)	(TEUR)	5,253	7,452
Profit before tax (EBT)	(TEUR)	-10,740	-25,419
Profit after tax (after minority interests)	(TEUR)	-8,226	-16,807
Earnings per share	(EUR)	-0.24	-0.49
Weighted average number of shares	(Stk.)	34,100,000	34,100,000
FFO (funds from operations) before interest and taxes <sup>1)</sup>	(TEUR)	603	38,982
Cash earnings (FFO - funds from operations) after interest and taxes <sup>2)</sup>	(TEUR)	-15,429	5,981
NAV per share as of the balance sheet date	(EUR)	10.37	11.83

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

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

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## Balance Sheet Data

<b>Consolidated balance sheet – summary in TEUR</b>	<b>30/09/2009</b>	<b>31/12/2008</b>
Non-current assets	827,906	1,085,709
<i>Thereof investment properties</i>	777,992	981,890
<i>Thereof properties under construction</i>	38,768	40,421
Current assets	28,021	27,904
<b>Total assets</b>	<b>855,927</b>	<b>1,113,614</b>
Equity and reserves	355,438	375,113
<i>Thereof minority interests</i>	1,881	6,918
Non-current liabilities	439,209	470,846
Current liabilities	61,279	267,654
<b>Total equity and liabilities</b>	<b>855,927</b>	<b>1,113,614</b>

## Property Data

	<b>30/09/2009</b>	<b>30/09/2008</b>
Number of objects	61	123
<i>Thereof investment portfolio</i>	59	72
<i>Thereof trading portfolio</i>	0	45
<i>Thereof development projects</i>	2	6
Rentable space in m <sup>2</sup> *	538,800	666,200
Garage spaces (number)	2,840	3,570
Property assets (in TEUR)	816,760	1,094,828
<i>Thereof properties under construction</i>	38,768	46,301

\* Garage spaces were included at 20 m<sup>2</sup> each / parking areas included

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