PRESS RELEASE

23 March 2010

BUSINESS-IMMOBILIEN AG

ECO Business-Immobilien AG posts EBIT of EUR 12.4 million for financial 2009

- **Portfolio optimisation strengthens financial position and enhances strategic focus**
- **Equity ratio improves to 42%, net debt drops by 33%**
- **Impairment charges fall to EUR 17.4 million, but still impact on earnings**
- **EBIT turns positive by EUR 12.4 million, following EUR 6.8 million loss in 2008**
- **Portfolio development set to drive positive performance in 2010**

Vienna, 23 March 2010. In 2009 Vienna Prime Market-listed ECO Business-Immobilien AG responded to the recession and the difficult conditions on commercial property markets with a comprehensive programme of restructuring. The company also succeeded in optimising its real estate portfolio by pursuing active asset management strategies and making a number of disposals. As a result the equity ratio increased to 42% at year end 2009, compared with 34% a year earlier. Net debt declined by EUR 233 million to EUR 469 million. Impairment charges continued to have an impact on earnings. Nevertheless the company posted earnings before interest and taxes (EBIT) of EUR 12.4 million, following a loss of EUR 6.8 million in 2008.

"We redimensioned our property portfolio in the first six months of 2009. That enabled us to improve our liquidity and equity levels. We also managed to secure long-term finance. The effectiveness of these steps is also reflected in our earnings performance. We posted positive EBIT despite falling property values and weak markets," commented Management Board spokesman Wolfgang Gössweiner. "Our solid equity position and long-term borrowing provide us with a strong platform for further development of the ECO portfolio," he added.

ECO Business-Immobilien disposed of properties with a total value of around EUR 280 million during 2009. "Our activities in 2009 were not just about crisis management, but also laying foundations for the future," said Management Board Member Frank Brün. ECO focused on selling real estate which did not clearly form part of the core office and commercial property segment. "Our strategic focus is now much stronger than before the crisis. Our properties are generating positive cash flows and that puts us in a strong position to ride out a long-term decline in the market and to carry on developing our portfolio," Mr Brün added.

Positive earnings and improved financial result

Owing to the significant downsizing in the property portfolio, revenues for 2009 slipped to EUR 61.4 million (2008: EUR 74.8 million), in line with expectations. Due to weak market conditions, property sales were at the most recent IFRS carrying values. Consequently, gains on disposal of non-current assets contributed only EUR 0.5 million in earnings, down from EUR 4.5 million in 2008.

EBIT turned positive by EUR 12.4 million in 2009, following a loss of EUR 6.8 million in the previous year. Revaluation results remained negative in 2009 at EUR -17.4 million, but impairments were well down on the EUR -49.0 million recorded in 2008. "The reversal in the trend over the course of the year resulted in an increase in valuations in the second half of 2009. This points to a slight improvement in the market and to the high quality of our portfolio," said

Wolfgang Gössweiner. Earnings before interest, tax, depreciation and amortisation (EBITDA) were EUR 29.8 million, down from EUR 42.3 million in 2008.

Net finance costs remained negative by EUR 21.4 million — an improvement on the EUR 43.2 recorded in the previous year. This was mainly due to the decline in borrowings. Low interest rates also had a positive effect on finance costs. The loss before tax was EUR 9.0 million, a significant improvement on 2008 (2008: EUR 50.0 million). The loss after tax narrowed to EUR 7.0 million (2008: EUR 38.0 million), and the loss per share from EUR 1.05 in 2008 to EUR 0.20 in the period under review. Funds from operations before interest and tax dropped to EUR 12.0 million (2008: EUR 48.1 million) due to the sale of properties at below their historical cost as a result of the sluggish market.

Stronger balance sheet and increased equity ratio

ECO Business-Immobilien AG's total assets amounted to EUR 858.6 million in 2009, a year-on-year decline of about 23% (2008: EUR 1,113.6 million). This was attributable to the unusually high property disposals in 2009. Thanks to the reduction in liabilities ECO's equity ratio jumped to 42% at year-end 2009, compared with 34% on 31 December, 2008. The company also recorded a significant fall in net debt from EUR 701.6 million in 2008 to EUR 468.7 million at the end of 2009. The loan-to-value ratio stood at 57.3% on the balance sheet date (31 December 2008: 64.5%).

Borrowings amounted to EUR 471.3 million at the end of 2009. EUR 17.2 million of short-term bank borrowings (or 2.0% of total assets) fall due by the end of 2010; refinancing was secured for EUR 11.5 million of that amount in the first quarter of this year. "We will have no problems servicing or extending the outstanding refinancing volume in 2010," Mr Gössweiner predicted. Cash and cash equivalents totalled EUR 16.0 million at year-end 2009, compared with EUR 14.6 million on the balance sheet date in 2008. Impairments to the property portfolio during the reporting period and to interest rate hedges at year-end 2009 pushed down net asset value (NAV) per share to EUR 10.45 on the balance sheet date (31 December 2008: EUR 10.80).

Stable occupancy and average rents

As of 31 December 2009 the ECO portfolio comprised 61 properties with a total rentable space of around 538,300 m^2, compared with 117 properties and 662,700 m^2 of rentable space at the end of 2008. Occupancy levels in portfolio properties (excluding space under renovation) increased slightly year on year, to about 90% (31 December 2008: 87.6%). Average rents remained virtually unchanged during the year. Average rents in the office segment were down slightly at EUR 10.60 per m^2 at the end of 2009, compared with EUR 10.80 at year-end 2008. The picture was similar in the retail sector, with average rents slipping from EUR 9.90 per m^2 at 31 December 2008 to EUR 9.40 at the end of the reporting period.

Redevelopment strengthens portfolio

ECO focused mainly on disposal and redevelopment of properties during the reporting period. At year-end 2009 four investment portfolio properties, or 5% of total property assets, were under redevelopment. Most of the planned redevelopment work will take place during 2010. The properties in question will be modernised and adapted in line with the tenants' requirements. "We have made good progress on the preliminary marketing of these properties, which will enable us to generate higher rental income once the redevelopment work has been completed," Frank Brün commented.

PRESS RELEASE

23 March 2010

Outlook for 2010

After strengthening its portfolio structure, improving its equity ratio and securing long-term financing in 2009, ECO is well placed to deal with continued tough market conditions and to take advantage of any opportunities arising from the economic upturn. As part of the company's strategy of generating added value, the focus in 2010 will be on exploiting opportunities to boost earnings and real estate values by means of active asset management policies, and property redevelopment and sales. As soon as the market allows, ECO's sales efforts will concentrate on disposing of redeveloped real estate in non-core markets. This in turn should enable the company to acquire properties with development potential in core regions.

The Management Board expects positive cash flow and EBIT in financial 2010 if as predicted the rental business remains stable, potential for increased earnings and capital appreciation is realised, and the downward trend in property values goes into reverse. With interest rates set to remain low, the financial result should stay close to 2009 levels. Consolidated earnings should improve in comparison with 2009.

Key financial indicators (in accordance with IFRS)

		2009	**2008**
Revenues *of which rental income*	*(EUR '000)* *(EUR '000)*	61,370 *49,729*	74,794 *61,668*
Net gains on remeasurement to fair value	*(EUR '000)*	-17,418	-48,985
Earnings before interest, tax, depreciation and amortisation (EBITDA)	*(EUR '000)*	29,816	42,250
Earnings before interest and taxes (EBIT)	*(EUR '000)*	12,360	-6,790
Earnings before tax (EBT)	*(EUR '000)*	-9,002	-49,940
Consolidated profit for the period attributable to equity holders of the parent	*(EUR '000)*	-6,869	-35,698
Earnings per share	*(EUR '000)*	-0,20	-1,05
Weighted average number of shares	*(number)*	34,100,000	34,100,000
Funds from operations (FFO) before interest and tax[1)]	*(EUR '000)*	11,981	48,067
Cash earnings (FFO) after interest and taxes[2]	*(EUR '000)*	-9,013	4,991
Net asset value (NAV) per share on balance sheet date	*(EUR '000)*	10.45	10.80

[1)] EBIT + depreciation +/- changes in fair value
[2)] EBIT + depreciation +/- changes in fair value - financial result - taxes paid

PRESS RELEASE

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Balance sheet

Summary consolidated balance sheet (EUR '000)	31 December 2009	31 December 2008
Non-current assets	833,149	1,085,709
of which investment properties	*782,465*	*981,890*
of which properties under construction	*39,281*	*40,421*
Current assets	25,401	27,904
Total assets	**858,550**	**1,113,614**
Equity and reserves	357,329	375,113
of which minority interests	*834*	*6,918*
Non-current liabilities	452,400	470,846
Current liabilities	48,822	267,654
Total equity and liabilities	**858,550**	**1,113,614**

Property data

	31 December 2009	31 December 2008
Number of objects	61	117
of which investment portfolio	*59*	*72*
of which development projects	*2*	*4*
of which trading portfolio	*0*	*41*
Total rentable space (m^2) *	538,300	662,700
Garage spaces (number)	2,820	3,530
Property portfolio (EUR '000)	821,746	1,074,192
of which properties under construction	*39,281*	*40,421*

Garage spaces calculated at 20 m^2 per space

Contact

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