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## EANS-Adhoc: ECO Business-Immobilien AG with strong operating earnings and stable financing structure in first half of 2010

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report 6-month

24.08.2010

Vienna, 24 August 2010. ECO Business-Immobilien AG (Vienna Stock Exchange / Prime Market: ECO) closed the first half of 2010 with strong operating earnings, as is illustrated by EBIT of EUR 19.9 million (1-6/2009: EUR -8.3 million). This development was supported by the improvement of the market climate in Austria and Germany as well as measures from the re-dimensioning programme implemented in 2009 and the related sale of the Opernringhof during the second quarter of 2010. Other favourable factors included a satisfactory rental business, positive revaluations and a further improvement in financial results. The proceeds on property sales increased the equity ratio to 44.9%.

ECO generated revenues of EUR 28.0 million for the first six months of 2010 (1-6/2009: EUR 31.7 million) on a property base that was EUR 108.8 million lower. The recovering market environment and active property management also led to a net gain of EUR 2.8 million in fair value adjustments. In contrast, the first-half of 2009 was marked by impairment charges of EUR 25.3 million that resulted from the unfavourable climate on the business property market. The resulting positive EBIT of EUR 19.9 million as of 30 June 2010, compared with EUR -8.3 million during the first half of 2009, demonstrates that ECO is capable of realising a strong improvement in operating results.

A reduction in the volume of financing and the continuing low level of interest rates on existing liabilities led to an improvement in financial results from EUR -11.2 million (1-6/2009) to EUR -9.8 million. Profit before tax (EBT) clearly exceeded the prior year, rising from EUR -19.5 million to EUR 10.0 million. Profit after tax turned from EUR -14.7 million to EUR 9.6 million for the reporting period. The operating strength of ECO is also demonstrated by the strong year-on-year improvement in funds from operations (FFO): FFO before interest and taxes amounted to EUR 27.2 million for the first half of 2010 (1-6/2009: EUR -2.8 million) and FFO after interest and taxes reached EUR 15.5 million (1-6/2009: EUR -14.0 million).

ECO's balance sheet total declined from EUR 858.6 million at the end of 2009 to EUR 797.3 million as of 30 June 2010, or by EUR 61.3 million. This shift resulted above all from the sale of the Opernringhof, which led to a substantial drop in property assets. The two properties sold during the reporting period were responsible for an increase in the equity ratio to 44.9% (31/12/2009: 41.6%). Net debt fell from EUR 468.7 million on 31 December 2009 to EUR 384.1 million at the end of the first half of 2010. The loan-to-value ratio (LTV) was 54.4% as of 30 June 2010. The remaining refinancing volume of EUR 3.9 million was repaid during July 2010. Interest-bearing liabilities totalled EUR 399.9 million, whereby 86% were hedged against fluctuations in interest rates.

The average remaining term of the bank loans was roughly 13 years. The company's financing is therefore secured over the long-term. Cash and cash equivalents rose from EUR 16.0 million on 31 December 2009 to EUR 40.2 million as of 30 June 2010.

Net asset value (NAV) per share amounted to EUR 10.48 as of 30 June 2010, compared with EUR 10.45 at year-end 2009. Adjusted NAV equalled EUR 10.24 per share (year-end 2009: EUR 10.30).

The ECO property portfolio comprised 59 objects with 518,400 m<sup>2</sup> of rentable space as of 30

June 2010. The core investment portfolio consists of 58 properties, while the development portfolio now only includes the object in Ukraine. The development project in Luxembourg was transferred to the investment portfolio during the reporting period after completion. The regional distribution of space in the ECO properties shows the following picture at the end of June 2010: 64% of the objects were located in Austria, 30% in Germany, 2% in Western Europe and 4% in CEE.

Outlook on 2010 No major development projects will be started during the remainder of 2010 due to the still tense market situation and the company's concentration on the investment portfolio and redevelopment activities. The development project in Ukraine is scheduled for completion during the second half of this year. ECO will remain active in the core markets of Austria and Germany.

The further optimisation of the investment portfolio also has high priority for ECO during the second half of this year. The best possible utilisation of each object and the continuous optimisation of the properties in the redevelopment portfolio should safeguard rental income. Property sales that were prepared in earlier periods and are scheduled for closing during the second half-year will provide a good basis to further strengthen the equity ratio. The ECO Management Board expects a further improvement in financial results during the second half of this year due to the substantially reduced volume of financing.

Voluntary takeover offer by conwert Immobilien Invest SE Developments in the first half year were influenced above all by the June announcement of plans by conwert Immobilien Invest SE to make a voluntary takeover offer to ECO shareholders. The final offer was published on 2 July 2010 after review by the Austrian Takeover Commission and included an offer price of EUR 7.15 per ECO share. The first phase of the takeover process took place from 2 to 30 July 2010, and the results were announced on 2 August 2010. By the end of the first acceptance period, the holders of 21,236,065 ECO shares (approx. 62.3% of share capital) had accepted the offer. That gave conwert a holding of approx. 87.2% in ECO before the end of the second acceptance period on 3 November 2010. Up to that date the remaining ECO shareholders have an opportunity to voluntarily accept the conwert offer of EUR 7.15 per share.

#### Selected Company Data in accordance with IFRS

1-6/2010	-6/2009		
Revenues (TEUR)		27,966	31,734
Thereof rental income (TEUR)		22,627	25,825
from changes in the fair value of investment properties (TEUR)			Net gain/(loss)
amortisation (EBITDA) (TEUR)	2,814	-25,313	
17,053	17,034		
Operating profit (EBIT) (TEUR)		19,850	-8,299
Profit before tax (EBT) (TEUR)		10,027	-19,516
Profit after tax (after non-controlling interests) (TEUR)		9,552	-14,552
Earnings per share (EUR)		0.28	-0.43
Weighted average number of shares (pieces)		34,100,000	4,100,000
FFO before interest and taxes 1) (TEUR)		27,196	-2,770
Cash earnings (FFO - funds from operations) after interest and taxes 2) (TEUR)		15,548	-14,010
NAV per share as of the balance sheet date (EUR)		10.48	10.27

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	30/06/2010	31/12/2009
Non-current assets	744,935	833,149
Thereof investment properties	717,451	782,465
Thereof properties under construction	17,325	39,281
Current assets	52,329	25,401
Total assets	797,264	858,550
Equity and reserves	357,638	357,329
Thereof non-controlling interests	291	834
Non-current liabilities	387,373	452,400
Current liabilities	52,253	48,822
Total equity and liabilities	797,264	858,550

#### Property Data

	30/06/2010	30/06/2009
Number of objects	59	63
Thereof investment portfolio	58	61
Thereof development projects	1	2
Rentable space in m <sup>2</sup> *	518,400	551,000
Garage spaces (number)	2,890	2,870

Property assets (in TEUR)	734,776	843,559
Thereof properties under construction	17,325	36,256

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