Annual Report **2010**

SUSTAINABLE THINKING

GREEN
BUILDING
UBM

UBM

KEY FIGURES 2010

Key profit and loss figures

in € million	2010	Change in %	2009	2008
Annual construction output	217.0	–21.20	275.4	307.3
of which: international in %	86.9	–1.0PP	87.9	85.6
Earnings before interest and taxes (EBIT)	25.8	5.7	24.4	35.8
Earnings before taxes (EBT)	14.4	1.5	14.2	16.8
Profit after tax	9.4	–33.0	14.1	16.2
Retained profit	3.3	9.6	3.0	3.3
Return on capital employed in %	4.9	+0.2PP	4.7	6.9
Return on equity in %	6.9	–4.1PP	11.0	14.0

Balance sheet figures in € million	2010	Change in %	2009	2008
Total assets	559.3	15.1	485.7	559.4
Equity ratio as % of total assets as at 31.12	24.9	–2.4PP	27.3	22.0
Investments	72.4	297.8	18.2	44.2
Amortisation and depreciation	1.5	–58.3	3.6	2.8

Stock market figures	2010	Change in %	2009	2008
Earnings per share in €	3.06	–35.0	4.71	5.36
Dividend per share in € [1)]	1.10	10.0	1.00	1.10
Pay-out ratio in %	35.9	69.3	21.2	20.4

1) Proposal to general meeting of shareholders

Reconciliation of total output (annual construction output) of the Group to revenues in consolidated income statement for 2010 fiscal year

At UBM we define annual construction output as being the most significant factor in describing revenues. Unlike the total output included in the consolidated income statement, this figure also includes the proportional revenues from joint ventures as well as from subsidiaries consolidated using the equity method and other subsidiaries. In addition, it includes changes in inventories relating to own projects as well as own work capitalised in the reporting year. The following table shows the calculation of the annual construction output for the fiscal years 2008 to 2010.

Consolidated revenues

in T€	2010	2009	2008
Total output of Group	217,026	275,414	307,342
Revenues	114,591	197,634	216,399
Difference	**102,435**	**77,780**	**90,943**
Revenues from real estate acquisitions	18,195	19,525	34,770
Changes in inventory of own projects in prior year	2,108	–26	16,089
Revenues from participations consolidated using equity method or which are of minor importance	61,986	48,386	39,868
Joint ventures	20,146	9,819	0
Own work capitalised	0	76	216
	102,435	**77,780**	**90,943**

“LONG BEFORE THE WORD SUSTAINABLE WAS ON EVERY-ONE'S LIPS, UBM WAS ALREADY FOLLOWING A BUSINESS MAXIM OF PROTECTING THE ENVIRONMENT AND RESOURCES.”

GREEN BUILDING

While others talked about it, UBM did it. This report represents the first opportunity to address environmental sustainability and energy efficiency in UBM construction projects in more detail.

To raise awareness in society for green building and to reward outstanding projects, UBM has conceived the **“Green Building Award”**. The prize-winning project will be presented and detailed in this report, while those involved in the project have their say and describe their experiences. And to ensure readers of the report can capture the various perspectives of the “green building” approach in a visual sense too, we have also **harnessed the third dimension.** A multi-dimensional surprise awaits!

This year there is also a new system applied in the annual report to help “skim readers” and speed readers find their way: a green band helps to guide readers from page to page and from highlight to highlight; the most important information on the projects can be found up on the left-hand side of the double pages.

UBM wishes you **an exciting read and an informative review** of our achievements in the past fiscal year.

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"CONSERVING RESOURCES. PROTECTING OUR HEALTH AND THE ENVIRONMENT. IN A NUTSHELL: GREEN BUILDING. WE THINK IT'S WORTH IT."

FOREWORD FROM THE MANAGING BOARD

Dear Reader,

In 2010 the UBM Group achieved a total output of €217.0 million. This is down by €58.4 million in comparison to the previous year, whereby the decline is attributable first and foremost to the overall economic climate that has prevailed in recent years, which for UBM manifests itself above all in diminishing and delayed project sales. Thus taking these circumstances into account this result is actually very satisfying, especially given the renewed increase in EBT from €14.2 million to €14.4 million. EBIT was also raised in 2010 by 5.7%.

Similarly to the previous year the main drivers of the annual performance on a geographical basis were the countries of Germany and Poland. Hence our revenue-yielding construction activities primarily include the building work on the Poleczki Park project as well as the completion of two hotel projects in Poland. The higher revenue from investments in Poland also makes a significant contribution to the total output of this business line.

In the coming years we intend to continue exploiting the opportunities presented by the recovering real estate markets. This is why we are planning the further development and implementation of existing real estate projects, the acquisition of new projects, the continuation of regional diversification in countries that we consider to have stable economies and the deepening of partnerships and services. We endeavour to develop properties on the office market that are both cost-effective for tenants and have excellent transport links. In the hotel sector the emphasis is placed on cost-conscious business travellers and tourists. In terms of residential buildings we target the medium to upper segment of customers. Throughout the countries of Central and Eastern Europe there is massive potential on the market, particularly with commercial real estate (retail parks).
For 2011 this means we will continue to focus on Poland and Germany and strive to achieve broad geographical diversification. In Poland we shall be busy with residential construction (Krakow and Wroclaw), commercial properties (retail parks in Gdynia, Lublin and Sosnowiec) and the office market (continued development of the Poleczki Park project). In Germany we are concentrating more on residential construction, but expanding our market in Munich with projects in Frankfurt, Hamburg and Berlin.

Additionally, completing the Concor office project in Dornach near Munich remains a crucial objective. In the Czech Republic we are working on the further development of residential projects in Prague and regional cities. In addition to projects in the traditional core markets of UBM we are also planning project developments in various segments in other European countries: in Amsterdam we want to finish the building of a recently acquired hotel that is currently under construction, and put it into operation. We also have projects in the pipeline in all other countries which we can implement depending on how the market climate changes.

In view of the economic changes that are still taking place and the geopolitical influences on the global economy we assume that in 2011 we will be able to generate revenues and profits that are commensurate with the results achieved in 2010.

We would like to take this opportunity to thank you, our shareholders, business partners and staff, for your trust, your loyalty and your cooperation. We hope that next year we will once again be able to conquer the great challenges facing UBM together, and continue down our successful path.

Karl Bier
(Chairman)

Peter Maitz

Heribert Smolé

Martin Löcker

STATUTORY BODIES OF THE COMPANY

Karl Bier
Chairman of the Managing Board
Degree in law, tax specialist; general manager of several project companies, member of UBM AG Managing Board since 1992; responsible for the development and expansion of project development in Austria as well as in the Czech Republic (since 1993), Hungary (since 1994), Poland (since 1995), Germany and Slovakia (since 2003) as well as Croatia (since 2005) and Romania (since 2006).

Peter Maitz
Studied construction engineering in Graz; joined Porr in 1972, management of many projects in Austria, Hungary, Iran and Algeria from 1972 to 1986; technical director of various project companies in Austria and abroad since 1985; member of Managing Board at UBM AG since 1992.

Heribert Smolé
Joined the Porr Group in 1973, head of department for commercial administration of investments from 1985; joint signatory (Gesamtprokurist) of UBM AG from 1990, general manager of various companies of the UBM Group; member of Managing Board at UBM AG since 1997.

Martin Löcker
Studied industrial engineering and construction at the Technical University in Graz; postgraduate studies in real estate economics at the European Business School in Munich; joined the Porr Group in 2001; responsible for project calculations, technical reporting/controlling and technical quality management; member of Managing Board at UBM AG since 2009.

SUPERVISORY BOARD

Horst Pöchhacker, Chairman
Dr. Peter Weber, Deputy Chairman
Dr. Bruno Ettenauer
Wolfhard Fromwald
Dr. Walter Lederer
Dr. Johannes Pepelnik

Wolfgang Hesoun (until 31 August 2010)
Iris Ortner-Winischhofer (until 5 May 2010)

SUCCESS FACTORS

UBM – RECOGNISED SUCCESS IN CEE

Thanks to our many years of experience and the resultant market and sector know-how we have been a **recognised player on the real estate development market** since the 1990s. We are proud of our outstanding track record with major projects in Central and Eastern Europe.

Recognised quality of buildings at attractive prices – this is what comes of using the entire supply chain in real estate projects, and it is also how to create the potential for increasing value on an ongoing basis. By means of **regional and sectoral diversification** in our projects we focus on minimising risks as much as possible. All of these factors have contributed to UBM becoming a full-service provider in real estate development.

Park Inn Hotel, Linz

Poleczki Business Park, Warsaw

History of UBM

UBM was established on 3 March 1873 and quickly grew to become the second largest brick-maker of the Austrian monarchy. More than 2000 people were employed in ten brickworks, and the company commanded a share of roughly 30% on the Vienna brick market. In 1912 PORR acquired the majority of shares in UBM. In 1916 the company withdrew from brick production when it was sold to present-day Wienerberger Baustoffindustrie AG.

From the 1990s UBM intensified its activities in the fields of project development and project management, whilst also spreading through Central and Eastern Europe. In 1997 the name changed to UBM Realitätenentwicklung AG. Markets entered from 1992 to 2010: Czech Republic, Poland, Hungary, Germany, France, Slovakia, Switzerland, Bulgaria, Croatia, Romania, Ukraine, Russia and the Netherlands.

HOTELS

INTERCONTINENTAL, Warsaw

TRADE/ENTERTAINMENT

CINE NOVA, Wiener Neustadt

OFFICE BLOCKS

FLORIDO TOWER, Vienna

"EACH OF OUR BUSINESS AREAS IS ALSO A FIELD OF ACTIVITY FOR SUSTAINABLE BUILDING."

LOGISTICS/COMMERCE

LOGISTICS CENTRE, Regensdorf

LINES OF BUSINESS

URBAN DEVELOPMENT

ANDEL CITY, Prague

RESIDENTIAL BUILDINGS

PARKSTADT SCHWABING, Munich

REVITALISATION

ANDEL'S BERLIN, Berlin

SPECIAL PROJECTS

NEUE MITTE LEHEN, Salzburg

GARAGES/PARKING

PARK INN, Linz

GREEN BUILDING AWARD

from l. to r.: Arnold Weiß, Dr. Peter Schütz, Markus Lunatschek, Harald Schulz

STORY OF A SUCCESSFUL INNOVATION

The high energy consumption of hotels, particularly through the supply of hot water, had always been a thorn in the side of Harald Schulz (Head of Building Services Engineering at UBM). This is what prompted him to focus for years on ways to make savings in supplying water of a pleasant temperature. Wastewater leaves the building as so-called grey water (all wastewater with the exception of toilets) at a temperature of roughly 30°. Process water must be heated to at least 60° for use in the kitchen, for laundry and for baths. Recovering heat from process water means the energy contained in grey water can be used again. This requires a separate pipe network, but the facilities already available were repeatedly shut down on account of problems that arose when in operation. In 2007 Dr. Schütz constructed an innovative counter-flow test facility with pipes made of stainless steel, which seemed to function extremely well and was very promising in terms of economic viability. Nonetheless, design principles were needed in order to be able to implement such a system in practice. Therefore, in 2008 water volumes of relevant temperatures were determined with a measurement programme over a period of 12 months at an existing hotel, and scientifically supervised on-site. After the positive results were evaluated thoughts turned to actually implementing the system in practice.

Mr Lunatschek then took over the task of integrating the process water heat-recovery system in his new Radisson Hotel in Linz with 175 rooms. Andreas Pischulti from the firm Pischulti provided the second pipe network required and Erwin Hauer from the firm Hauer GmbH assembled the actual system in a very short period of time during the installations work. The hotel was opened on time in September 2009 and the system was launched as planned. An efficiency rate of 80% was measured, whereby despite the intermittent water flow an impressive overall efficiency rate of 50% was achieved for the practically maintenance-free system that requires no additional energy. As expected it functions without any disruptions whatsoever. A similar system will be deployed once again in the forthcoming UBM projects in Munich – the new Hotel Angelo on Roßhaupterstraße, and the expansion of the Hotel Angelo on Leuchtenbergring.

HOTEL PARK INN, LINZ AUSTRIA

"WE ARE DELIGHTED ABOUT THIS AWARD, EVEN THOUGH THIS IS NOT OUR PRIMARY OBJECTIVE. WE WORK FOR PEOPLE AND OUR ENVIRONMENT."

WE THINK IT'S WORTH IT.

As an international real estate developer we at UBM feel responsible for our environment on a global scale. We are not just realising a "green building" approach, we want to encourage society to build in a sustainable way. This is why we decided to launch an annual "Green Building Award" for ecological developments and achievements within the group that are exemplary. Every project that protects resources and has a positive impact on people and the environment is worth it.

GREEN BUILDING UBM

GREEN
BUILDING
UBM

PARK INN PROJECT, LINZ, AUSTRIA
This project includes a system for recovering heat from process water. Nominated for the **"UBM Green Building Award 2011."**

PARK INN HOTEL, LINZ

The project
Hessenplatz in Linz was named after an old regiment of the city. The Linz market was relocated here from the Hauptplatz and this was followed by the creation of a large park with a fountain. Today, among other things, the Hessenplatz is an important hub for the local Obus and regional bus transport networks. The area in and around the Hessenplatz is currently being stimulated on many fronts with a view to energising the cityscape and really turning the Hessenplatz into a "Gateway to the District of Neustadtviertel". The entire project consists of a hotel with 175 rooms, four conference halls and a restaurant, an underground garage with some 260 parking spaces on two levels and two apartment buildings.

Living on Hessenplatz
Hessenplatz is being rejuvenated among other things by a residential project: A total of 20 apartments (50 to 130 m²) including balconies and terraces are being built on six floors. The apartment building was completed by the end of 2009 and sold to an investor.

Parking on Hessenplatz
A total of 260 car parking spaces have been built on two underground levels. The underground garage has been in operation since May 2009.

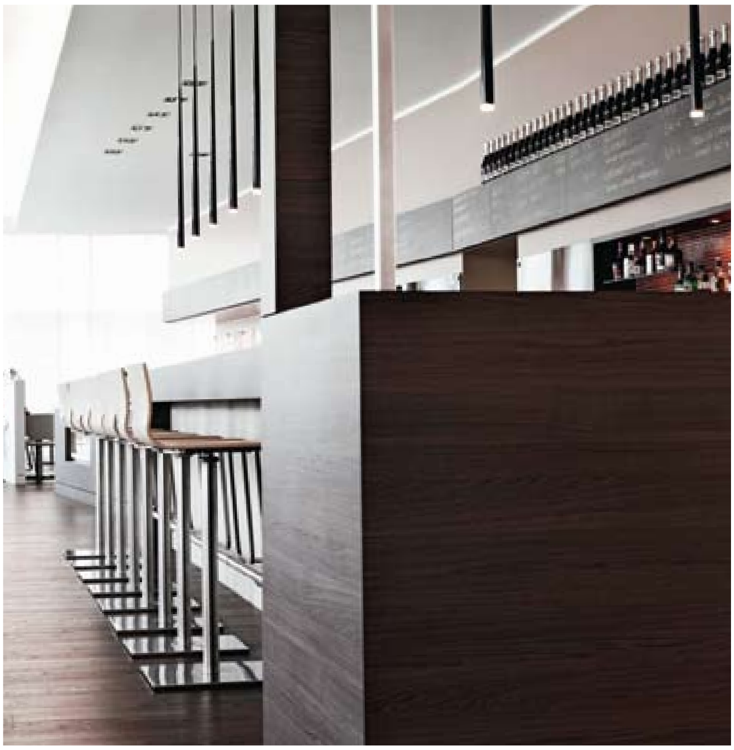
Hotel on Hessenplatz
The guests of the Park Inn Linz can stay in one of the 175 rooms spread over 7 floors. In addition to the underground garage the services of this new hotel are rounded off with the shopping area on the ground floor. Further attractions include four flexibly-designed conference rooms, a restaurant with a terrace, a cafe and a fitness complex with a great view of the city. The hotel was opened in May 2009. The good transport links (Linz Airport is just 15 km away and the main railway station 1.5 km) coupled with the furnishings of the hotel mean it is suitable both for business guests and tourists to the city.

FACTS AND FIGURES:

- 175 non-smoking rooms, including 18 business-friendly rooms and 11 junior suites
- Disabled rooms upon request
- Room amenities:
  - Bathroom with shower or bath / WC / hairdryer
  - Individually controlled air-conditioning
  - Internet access (analogue/WLAN)
  - Desk with direct-dial telephone
  - LCD flat-screen television with cable TV
  - Laptop-size safe in room with power socket

NATIONAL PROJECTS

"THE PARK INN PROJECT IN LINZ WAS NOMINATED FOR THE UBM GREEN BUILDING AWARD BECAUSE IT DEMONSTRATES IN AN EXEMPLARY MANNER HOW TO ADDRESS A KEY ISSUE OF THE FUTURE: WATER."



PARK INN HOTEL, LINZ, AUSTRIA

"IT IS AMAZING JUST HOW MUCH HEAT WE CAN RECOVER WITH A SEPARATE WASTEWATER SYSTEM AND THE WATER FROM SHOWERS, BATHS AND SINKS."

GREEN BUILDING UBM

SALZBURG – LEHEN
Soil improvement via the **recycling of waste construction materials** to conserve natural resources.

"THE PROJECT TRANSFORMED THE OLD LEHEN STADIUM, BUT RETAINED ITS MAIN CHARACTERISTICS. THAT'S WHAT WE CALL SUSTAINABLE USE."

FACTS AND FIGURES:

Technical details:

- Concrete: 12,900 m^3
- Reinforced steel: 1,365,000 kg
- Formwork: 32,000 m^2
- Steel construction: 730,000 kg

Deadlines:

- Start of construction: 02/2007
- Shopping centre completion: 09/2008
- Handover of municipal library to user for establishment: 09/2008
- Opening of municipal library: 12/2008
- Opening of shopping mall: 01/2009

NATIONAL PROJECTS

NEUE MITTE LEHEN, SALZBURG

Lehen is a heavily populated district in the north of Salzburg with almost 15,000 inhabitants, more than in any other part of Salzburg. The name of the district in German is derived from the current interpretation of the old description for marshy meadows in German: “Loh” and “Löhen”.

“Neue Mitte Lehen” stands for a new part of the city centre in Salzburg that is exemplary in terms of infrastructure. The work started in the first quarter of 2006 with the demolition of the old Salzburg football stadium in Lehen. In conjunction with the public housing construction firm “Die Salzburg”, by autumn 2008 UBM created “Neue Mitte Lehen” on an area of roughly two hectares where the old Lehen football stadium stood, according to the plans of architects Gerhard Sailer and Heinz Lang from the architect's office “Halle 1”.

The project transformed the old Lehen stadium, but retained its main characteristics: for example, the field is open to the general public as a municipal park with lawns. On the 5,400 m^2 property owned by UBM a multi-functional building with 12,000 m^2 of floor space has been built in place of the West stand. There is also an underground car park with places for 100 vehicles. Shops, restaurants, offices and service facilities have also been constructed: the retail areas are located on the ground floor and the first floor, while the new Salzburg municipal library is on the second and the third floors. The eastern part of the land at Tulpenstraße was developed by the Salzburg housing association: 32 apartments for rent as well as an events hall and a seniors' centre were built.

One of the main design elements, however, is the 32 m high sky bar extending into the former playing field. This part of the building, which appears to be floating, offers not only an excellent view of the city and the surrounding mountains but also represents the determining feature of the “Neue Mitte Lehen”. Part of the project was handed over at the end of August 2008 to tenants, including the Salzburg Savings Bank, Flöckner bakery, dm drugs store, Libro, Saite shoe shop and a hairdresser. The area for the municipal library was handed over at the end of September, along with the adjacent residential building including the elderly centre in November. The celebratory opening of the complex finally took place on 9 January 2009.

GREEN BUILDING UBM

ANDEL'S HOTEL BERLIN
a trendy meeting place with an appealing design and easy accessibility. **Existing resources and sophisticated planning** led to an outstanding result.

"REVITALISATION OF A LANDMARK. TIMELESS ELEGANCE AND INFRASTRUCTURE WHICH IS SECOND-TO-NONE: THAT'S ANDEL'S BERLIN."

INTERNATIONAL PROJECTS

ANDEL'S HOTEL, BERLIN

Appealing design
Furnished by the UK architect duo Jestico + Whiles, andel's Hotel Berlin (just like the other hotels in the chain) is aimed at lovers of design and architecture.

Trendy meeting place
The 4-star superior hotel is situated in the eastern part of the German capital close to the historic Alexanderplatz. Thanks to this favourable location, andel's Hotel Berlin is ideal for both business travellers and tourists to the city.

Easily reachable
The tram and bus stops just outside the hotel enable guests to travel quickly and comfortably to the main railway station as well as to the two airports of Tegel and Schönefeld. For guests arriving by car there are 550 parking spaces available in the hotel's own underground garage.

Events
The 3,800 m² of conference facilities include event halls and a ballroom, offering diverse opportunities for conferences, fairs, concerts, balls, seminars or corporate presentations.

Opening
During the construction phase the conference area represented a particular challenge: for the first time truck lifts were built into a hotel, which enable both tour buses as well as fair exhibits of up to 28 tonnes to be taken down to the underground floors. Coordination between construction and hotel personnel also represented a logistical challenge when the hotel was completed and put into operation. Nevertheless, all of these challenges were successfully overcome and the hotel managed to open its doors on 10 March 2009 after 19 months of intensive construction activity.

FACTS AND FIGURES

- 557 rooms and suites
- Two restaurants
- Separate a.lounge with its own terrace for business guests
- Three bars (two of which on the 12th and 14th floors)
- Expansive wellness area
- 570 m² ballroom
- 3,800 m² conference facilities
- 550 underground parking spaces
- Close to Alexanderplatz
- Close to two airports: Tegel (16 km) and Schönefeld (30 km)

GREEN BUILDING UBM

POLECZKI BUSINESS PARK
Sustainable design and construction – ecologically sustainable and **resource-efficient investment** with a high quality of living.

"A TOTAL OF 15 LOW-RISE BUILDINGS ARE BEING BUILT IN SEVERAL STAGES ACROSS 140,000 M². ALL OF THE BUILDINGS WERE DESIGNED BEARING SUSTAIN-ABILITY IN MIND, WHICH IS WHY A GOLD LEED CERTIFICATE IS IN THE PIPELINE."

POLECZKI BUSINESS PARK, WARSAW

Currently the largest business park in Poland, the Poleczki Business Park is located in southern Warsaw on an area of 14 hectares. The Business Park benefits from its ideal location between the Warsaw districts of Mokotow and Ursynow, as well as its excellent transport links both into the centre of Warsaw and to the city's nearby Okecie airport. A total of 15 low-rise buildings are being built in several stages across 14 hectares; primarily designed for office space they will also facilitate use for storage, showrooms and service areas. The functions of the business park are rounded off with a hotel, a parking garage, conference facilities, catering facilities, services and amenities. All of the buildings were designed and constructed bearing sustainability in mind – ecologically sustainable and resource-efficient buildings affording a high quality of life – taking account of the current trend on the market towards "green building". The first construction phase comprising roughly 45,000 m² of usable area was completed in March 2010. The floor space per level of 6,000 m² makes the building particularly attractive for large tenants. As of the end of 2010 approximately 80% of this first construction phase was already leased, with the largest individual tenant being agricultural agency ARiMR, accounting for roughly one third of the available space. Construction on the next phase of around 21,000 m² began in 2010 and will be completed by 2012.

Marketing this phase will benefit from the increasing lack of new office space in southern Warsaw after other planned constructions were called off on account of the generally poor economic climate.

FACTS AND FIGURES

- Start of Phase I construction: May 2008
- Operating permit issued: March 2010
- Gross floor area: 69,000 m²
- Lettable area: 45,000 m²
- Underground parking spaces: 550
- Occupancy rate: 82%
- LEED certificate Gold for green and sustainable design and construction

Key tenants
- Agency for Restructuring and Modernising Polish Agriculture: Rented space: 16,500 m²
- Kapsch Traffic: 3,200 m²
- US Pharmacia: 3,000 m²

INTERNATIONAL PROJECTS

1
2

POLECZKI BUSINESS PARK, WARSAW

"CAREFUL USE OF RESOURCES IN DESIGN AND IMPLEMENTATION PHASES IS PARTICULARLY IMPORTANT FOR OFFICE BUILDINGS. BUSINESS AS USUAL FOR US."

GREEN BUILDING UBM

RESIDENTIAL COMPLEX IN BERGMANNSTRASSE, MUNICH
Revitalisation and modern technology – **avoiding transmission heat loss** by incorporating a combined system and efficient thermal insulation of the roof.

BERGMANNSTRASSE 47 AND 49, WEST-END OF MUNICH

Listed building renovation with new apartment building in inner courtyard

The existing building at Bergmannstraße 47 and 49 was designed by renowned architect Robert Vorhoelzer and numbers among the most remarkable post office buildings in Munich. As a listed building, the building was carefully renovated and modernised. Exclusive, modern apartments were constructed on the top floor while the valuable historical fabric of the other floors (12 apartments) was preserved. The post office on the ground floor was relocated and two new apartments were built. The historical service halls were turned into commercial and residential loft units.

The rear building comprising 17 new apartments with straight, clear lines constitutes an exciting parallel to the expression of form by Robert Vorhoelzer. The fine, selected materials, the high-quality furnishings and the functional floor plan with spacious open areas ensure a high standard of life.

Connected by means of a central wing the whole building complex fits seamlessly into its environment and conveys a wonderful feeling of homeliness right in the middle of the city.

FACTS AND FIGURES:

New construction – 17 residential units

Start / Completion of construction:
- Construction began in December 2006
- Ready for occupancy December 2007
- Fully completed May 2008

Listed building – 19 residential units and 2 commercial units

Start of renovation / development:
- The renovation and development work began in April 2010
- Work completed in December 2010

Use:
- 36 residential units and 2 commercial units

INTERNATIONAL PROJECTS

"LISTED BUILDING – THE REMARKABLE POST OFFICE BUILDING WAS CAREFULLY RENOVATED AND TURNED INTO HIGH-QUALITY APARTMENTS."

Andel’s Hotel, Berlin

PROJECT OUTLOOK

HOTEL PROJECT IN AMSTERDAM

CROWNE PLAZA, Amsterdam

The hotel building is located in the middle of the "Amsterdam South-Axis" business and commercial district and has a gross floor area of roughly 12,500 m² above ground, spread over 12 floors. This completed hotel has 213 rooms and is run as a sophisticated business hotel by the Intercontinental Group. The planned date for the grand opening is the end of 2011.

Cooled and heated using **energy from groundwater.**

STERNBRAUEREI RESIDENTIAL BUILDING, SALZBURG

STERNBRAUEREI RESIDENTIAL BUILDING, Salzburg

Upmarket apartments are being constructed on the site of the former Sternbrauerei brewery at the foot of the Rainberg mountain. The development is based on an international architectural competition from 2009 won by Hariri & Hariri, New York. The construction work for the project and the sale of the apartments is underway. The first units should be handed over to the new tenants at the beginning of 2012.

DIMENSIONS AHEAD IN A SUSTAINABLE MANNER

AN EYE-CATCHER.

UBM has always had innovative approaches with regard to sustainable building. A great example of this additional dimension of building is **Hotel Andel's Berlin** completed in 2009. Optimal use of tourism infrastructure on 20 floors not far from the historic Alexanderplatz.

Take a look at this "**green building**" in 3D with the enclosed glasses and experience for yourself the dimensions of sustainable real estate development.

A LITTLE ADDED EXTRA!

UBM – A CRUCIAL DIMENSION AHEAD.

THE REMOVABLE 3D POSTER WAS HERE.

HOTEL ANDEL'S BERLIN

Development of international stock markets

2010 was a year characterised by extremely diverse trends on the stock markets: while the DAX 30 managed to post robust gains of more than 16.1%, leaving the US leading index (S&P 500) in its wake (+12.8%), the EURO STOXX 50 was forced to register a decline of 5.8%. This weak development was attributable first and foremost to the problems of the so-called peripheral countries of the eurozone such as Greece, Ireland and Spain along with the high weighting of the financial services sector, which performed much worse than cyclical sectors like automobiles and the chemical industry. Overall though the prospects for stocks are good: arguments in favour of rising prices include not only the generally positive economic indicators and the tangible rise in corporate earnings but also the relatively attractive valuations, high dividend yields and the lack of alternative investment opportunities by historical comparison. Even if there still could be some major setbacks and therefore higher volatility in the first half of the year especially, analysts predict the DAX 30 will finish 2011 at around 7,600 points.

Developments on the Vienna stock exchange

2010 was a record year for the Vienna Stock Exchange with its leading index, the ATX, rising by approximately 16.4%. This was sufficient to beat the German leading index, the DAX. Things did not start out too well because on 4 January 2010 the ATX was sitting at 2,537 points before floating indecisively for long periods; during the summer it even fell below 2,200 on account of the debt crisis. But then the tables turned and since September it has been heading upwards almost constantly, most recently surpassing the 2,941.63 point mark. This reflects the fact that listed companies are growing once again after the crisis year in 2009.
The ranking of the strongest equities in the ATX shows that it was not financials or utilities but the large industrials that helped the Vienna stock market to rise again. And this also shows the recovery after the economic crisis. Analysts believe the positive development on the equity markets will continue through 2011, whereby the strongest performance is likely to come in the first six months. The key issues will be economic trends and the debt crisis within public finances.

Performance of UBM shares

The performance of UBM shares in 2010 reflected broad parts of the ATX: There was some volatility in the first half of the year and eventually a sharp decline, resulting in a low in June of €23.00. Since then, however, there has been a continuous and relatively stable upwards trend, resulting in a high of €32.01 at the end of the year. Yet another fall was quickly checked and so 2011 starts with an encouraging outlook.

UBM SHARES

Stock market figures in €

	2010	2009	2008	2007
Price as at 31.12	32.01	28.50	30.00	50.00
High	32.01	35.00	51.00	53.00
Low	23.00	26.62	25.00	43.50
Earnings per share	3.06	4.71	5.36	4.00
Dividend per share	1.10	1.00	1.10	1.10
P/E as at 31.12	10.46	6.05	5.60	12.50
Dividend yield as at 31.12 in %	3.44	3.51	3.67	2.20
Total shareholder return in %	15.76	–1.49	–36.33	17.14
Market capitalisation in € million	96.0	85.5	90.00	150.00
Pay-out ratio in %	35.9	21.2	20.4	27.50

Investor Relations

UBM has been listed in Vienna since 1873 and thus numbers among the oldest Austrian companies on the stock exchange. The 3,000,000 ordinary shares are traded in the "Standard Market Auction" segment of the Vienna stock exchange, where prices are determined each day at 12.30pm based on the principle of maximising executions. Market capitalisation at 2010 year-end totalled €96.0 million and is thus 12.2% higher than in the previous year (corresponding figure: €85.5 million). The UBM shares are included in the Vienna share index (WBI) with an index weighting of 0.10% (as of 31.12.2010), which as an overall index reflects the performance of the Austrian stock market.
In addition to the semi-annual and the annual financial reports, UBM also informs its shareholders about business at UBM in detailed interim reports. Detailed information on building projects, current plans and press releases along with the current share price can also be found on the website: www.ubm.at.

Dividend proposal

For the fiscal year 2010 the Managing Board proposes a dividend of €1.10 per share to the general meeting of shareholders.

Adherence to Austrian Compliance Regulation

To prevent the misuse of insider information, the Regulation on Compliance for Issuers (ECV) of the Austrian Financial Market Authority entered into force on 1 April 2002, and was revised in 2007. In fulfilment of the Stock Exchange Act and the ECV 2007, UBM issued a Compliance Regulation that took effect in November 2007. This regulation governs the forwarding of information within the company and the measures to monitor all internal and external information flows, to prevent misuse. The objective here is to educate employees, statutory bodies and advisers as well as all other individuals working for UBM about the ban enshrined in law regarding use of insider information. Eight permanent fields were defined at UBM which are subject to confidentiality.

Moreover, in agreement with the Managing Board the Compliance Officer designates temporary areas of confidentiality for internal and external project members, who have access to insider information (compiling annual reports, quarterly reports, etc.). In addition to monitoring adherence to the regulation, the Compliance Officer is also responsible for the relevant training of staff as well as keeping an insider record. Explicit freeze periods and trading bans for UBM shares are designed to prevent the misuse of insider information.

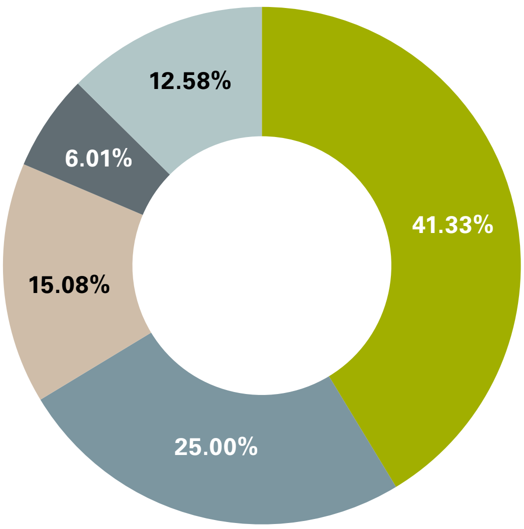
CORPORATE CALENDAR

Financial calendar

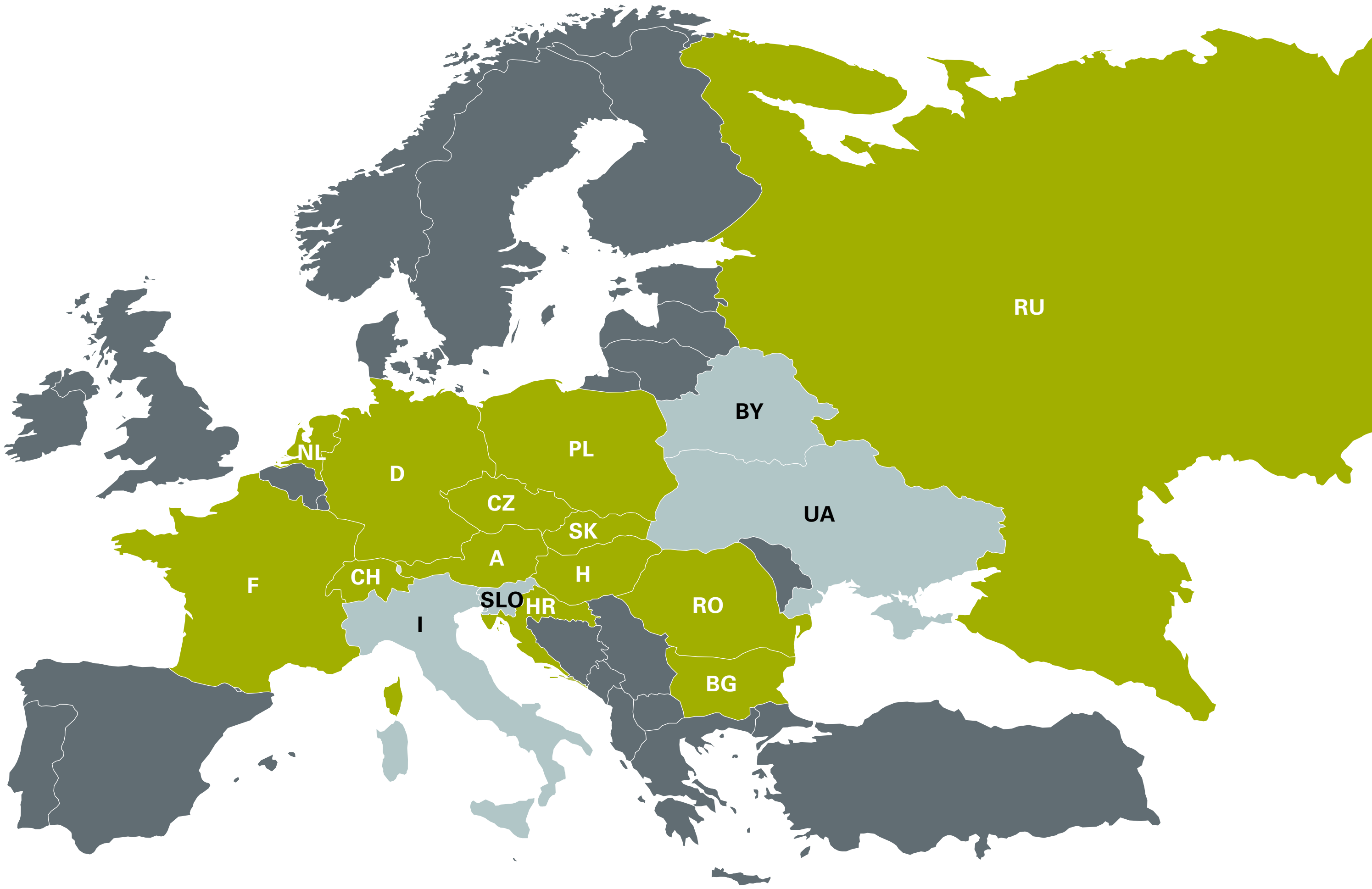
Publication of 2010 Annual Report/Business Report	22.03.2011
130th Annual General Meeting	14.04.2011
Dividend payment date for fiscal year 2010	19.04.2011
Publication of 2011 Q1 interim report	12.05.2011
Publication of 2011 semi-annual report	31.08.2011
Publication of 2011 Q3 interim report	11.11.2011

Shareholder structure of UBM AG in %

- 41.33% A. Porr AG
- 25.00% CA Immo International Beteiligungsverwaltungs GmbH
- 15.08% Amber Private Foundation, Bocca Private Foundation, Georg Folian, Dr. Franz Jurkowitsch
- 6.01% Ortner Ges.m.b.H.
- 12.58% Free float



GROWTH MARKETS



- Countries in which UBM already operates
- Countries under close observation

A	Austria
BG	Bulgaria
BY	Belarus
CH	Switzerland
CZ	Czech Republic
D	Germany
F	France
H	Hungary
UA	Ukraine
HR	Croatia
I	Italy
NL	Netherlands
PL	Poland
RO	Romania
RU	Russia
SLO	Slovenia
SK	Slovakia

Real estate portfolio

In terms of total land area the UBM Group has real estate of more than 2.4 million m². These properties are spread throughout Europe. Approximately 84% thereof are held abroad and are a major factor in our strategic market development. Around 500,000 m² of our real estate holdings are leased out, and break down roughly as follows: 35% offices, 23% commercial and 2% residential properties. 40% of the total space is linked to hotels.

UBM considers corporate governance to be a holistic concept in the context of responsible and transparent management of a company as well as the related all-encompassing controls. The Managing Board and the Supervisory Board work closely together in the interests of both the company and the employees and are constantly evaluated in terms of the strategic focus of the UBM Group. Permanent dialogue with the various interest groups creates trust for business activities as well, thereby paving the way for the promising development of the company.

To date, the UBM Group has not made a specific commitment to comply with the Austrian Corporate Governance Code since in light of the rules for the “prime market”, the Austrian Corporate Governance Code is only mandatory for issuers whose shares are listed on the “prime market”. The UBM AG shares are currently traded in the “standard market auction” segment. For this reason the provisions of the Corporate Governance Code are not compulsory for UBM AG at present.

Nevertheless, similarly to previous years UBM AG complies with all legal regulations and the majority of the “comply or explain” rules (C rules) of the Corporate Governance Code. In view of the ownership structure of the company – narrow diversification of shares – adhering to some C rules would result in an excessive burden and thus unreasonable cost for the company. This is why the Managing Board of the company decided only to comply in full with the rules of the Corporate Governance Code when a certain number of the C rules can be adhered to.

Nonetheless, UBM AG still endeavours to adopt the Austrian Corporate Governance Code as published by the Austrian Working Group on Corporate Governance in full. The code is available on the website of the Austrian Working Group on Corporate Governance at www.corporate-governance.at and in other public places.

Managing Board of the company

In accordance with Article 7 of the UBM Statutes, the Managing Board comprises two, three or four members appointed by the Supervisory Board. The Managing Board currently has four members. The Supervisory Board may appoint a member of the Managing Board to be chairman and appoint substitute members. If the Supervisory Board appoints a Board member to be chairman of the Managing Board, his vote shall only be considered a casting vote in the event of a tied vote if such is approved by the Supervisory Board.

The members of the Managing Board are appointed by the Supervisory Board for a term of office not exceeding five years. They may be reappointed or their term of office may be extended (in each instance for no more than five years). The Supervisory Board may revoke the appointment of a member of the Managing Board before the end of his term of office in the event of due cause, such as gross breach of duty or if the General Meeting no longer has confidence in him.

The Company is represented by two members of the Managing Board or by one member of the Managing Board together with a holder of a commercial power of attorney; with due consideration of legal constraints UBM can also be represented by two holders of a commercial power of attorney.

The following table presents the members of the Managing Board, their dates of birth, their positions, the dates they were first appointed and the presumed end of their mandates. In 2010 the Managing Board comprised the following four persons:

Name	Date of birth	Position	Member since	Appointed until
Karl Bier	03.03.1955	Board Chairman	01.08.1992	31.12.2013
Heribert Smolé	16.02.1955	Board member	15.07.1997	31.12.2013
Peter Maitz	18.04.1944	Board member	22.01.1992[1]	22.09.2011
Martin Löcker	13.03.1976	Board member	01.03.2009	31.12.2013

[1] apart from 08.04.1999 to 18.11.1999

CORPORATE GOVERNANCE REPORT 2010

Karl Bier was born in March 1955. After completing his law studies and tax training he was the managing director of several project companies and became a member of the UBM Managing Board from 1992. In his capacity as a Managing Board member he is responsible for development and expansion of the project development business in Austria as well as in the Czech Republic (since 1993), Hungary (since 1994), Poland (since 1995) and Germany. Karl Bier is currently chairman of the UBM Managing Board.

Peter Maitz was born in April 1944. After studying construction engineering in Graz he joined the Porr Group in 1972 and from 1972 to 1986 he headed up several projects in Austria, Hungary, Iran and Algeria. Since 1985 he became the technical director of various project companies in Austria and abroad as well as the technical director at various subsidiary companies of the Porr Group. Since 1992 he has been a member of the UBM Managing Board (with a short interruption). In this respect he is responsible for the areas of technology, risk and quality management, facility management, OOO "UBM Development doo", St. Petersburg, UBM Czech Republic and UBM Poland as well as various property companies in Austria.

Heribert Smolé was born in February 1955. He joined the Porr Group in 1973 and in 1985 became head of the commercial administration department for investments. In 1990 he became a joint signatory of UBM and gradually took on the functions of general manager and commercial director at various companies of the Porr Group. Since 1997 he has been a member of the UBM Managing Board and is responsible above all for the areas of finance and accounting, project financing, risk management, controlling, property management, investor relations, UBM Ukraine and for various property companies in Austria.

Martin Löcker was born in March 1976. He studied industrial engineering and construction at the Technical University in Graz before studying real estate economics at the European Business School in Munich. He joined the Porr Group and UBM in 2001, from when he was responsible for projects in Austria, France and Germany before holding a commercial power of attorney for UBM and Münchner Grund Immobilien Bauträger AG in 2007. He was also appointed as managing director of various project companies in Austria and abroad and since 1 March 2009 has been a member of the UBM Managing Board in charge of project calculations, technical reporting/controlling, technical quality management, UBM Croatia, UBM Bulgaria, UBM Romania, UBM Switzerland, UBM France, UBM Hungary and various project companies in Austria and abroad.

Supervisory Board of the company

The UBM Supervisory Board comprises members chosen by the General Meeting. In accordance with the UBM Statutes the number of members selected by the General Meeting may be no less than three and no more than ten. The UBM Supervisory Board currently comprises six members chosen by the General Meeting.

The members of the Supervisory Board are elected for the period ending with the close of the General Meeting that approves the actions of the Supervisory Board during the fourth fiscal year after the commencement of their term of office, unless a shorter period is determined. The fiscal year in which the term of office begins for the Supervisory Board member is not included. If a member appointed to the Supervisory Board declines this appointment or steps down in the course of the year, no replacement needs to be elected as long as the Supervisory Board has at least three elected members. Any replacement elected shall be appointed for the remaining mandate of the member who resigned.

Any member of the Supervisory Board can resign from the position by informing the chairman of the Supervisory Board in writing giving a three-month period of notice.

Every year the Supervisory Board elects a chairman and one or more deputies from its members in a meeting immediately following the AGM. If the chairman or one of his elected deputies leaves office before the end of his term, the Supervisory Board shall immediately elect a replacement. The Statutes stipulate that the Supervisory Board has a quorum if at least three of its members are present. The Supervisory Board adopts its resolutions with a simple majority of the members present. In the event of a tied vote, the chairman has the casting vote. The chairman determines the format for the voting. The Supervisory Board must meet at least four times every fiscal year on a quarterly basis.

Committees

The Statutes provide that the Supervisory Board can establish committees from its members.

In accordance with Article 92 (4a) AktG the Supervisory Board has formed an Audit Committee which currently comprises all members of the Supervisory Board.

Tasks of the Audit Committee: (i) monitoring of accounting processes, (ii) monitoring the effectiveness of the internal control system, possibly the internal audit system, and the risk management system of the company, (iii) monitoring the audit of the financial statements and the consolidated financial statements, (iv) reviewing and monitoring the independence of the auditor of the financial statements (consolidated financial statements), especially with regard to additional services performed by UBM, (v) reviewing the annual financial statements and preparing their final acceptance, reviewing the proposal for the distribution of profits, the business report and if required the corporate governance report, as well as preparing the report on the review findings to the Supervisory Board, (vi) possibly reviewing the consolidated financial statements and the consolidated business report as well as preparing the report on the audit findings for the Supervisory Board of the parent company, and (vii) preparing the proposal of the Supervisory Board for the appointment of the auditor of the financial statements (consolidated financial statements).

There are no other committees.

Composition of the Supervisory Board

The following table presents the members of the Supervisory Board, their dates of birth, their positions, the dates they were first appointed and the presumed end of their mandates:

Name	Date of birth	Position	Member since
Horst Pöchhacker	16.11.1938	Chairman of Supervisory Board	03.09.1987
Dr. Peter Weber	11.10.1949	Deputy Chairman	26.07.1995
Dr. Bruno Ettenauer	25.01.1961	Member	11.04.2007
Wolfhard Fromwald	22.06.1952	Member	11.04.2007
Dr. Walter Lederer	24.10.1961	Member	02.07.2003
Dr. Johannes Pepelnik	14.06.1970	Member	25.06.2004
Iris Ortner-Winischhofer MBA	31.08.1974	Member	02.07.2003[1]
Wolfgang Hesoun	15.02.1960	Member	18.04.2008[2]

[1] Leaving date: 05.05.2010.

[2] Leaving date: 31.08.2010.

All of the Supervisory Board members are appointed until the end of the General Meeting that approves the actions of the Supervisory Board for the fiscal year 2013.

The members of the UBM Supervisory Board exercise the following supervisory and managing director functions (as of 25 February 2011)

Horst Pöchhacker, Chairman

- Chairman of Supervisory Board at: Österreichische Bundesbahnen-Holding Aktiengesellschaft
- Vice-Chairman of Supervisory Board at: ÖBB-Personenverkehr Aktiengesellschaft
  Rail Cargo Austria Aktiengesellschaft
  Galleria di Base del Brennero – Brenner Basistunnel BBT SE
  Autobahnen- und Schnellstraßen- Finanzierungs-Aktiengesellschaft
  Bundesimmobiliengesellschaft m.b.H
  BIG Finanzdienstleistungen GmbH
  BIG Entwicklungs- und Verwertungs GmbH
- Supervisory Board member at: Wiener Städtische Wechselseitige Versicherungsanstalt- Vermögensverwaltung

Dr. Peter Weber, Deputy Chairman

- Managing Board member at: Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft
- Chairman of Supervisory Board at: "Internationale

Projektfinanz" Warenverkehrs- & Creditvermittlungs Aktiengesellschaft "Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft Porr Beteiligungs Aktiengesellschaft in Liqu.

- Supervisory Board member at: Porr Projekt und Hochbau Aktiengesellschaft, Porr Technobau und Umwelt Aktiengesellschaft

Dr. Bruno Ettenauer

- Chairman of Managing Board at: CA Immobilien Anlagen Aktiengesellschaft
- Managing Director at: CA Immo Germany GmbH
  CA Immo - RI - Residential Property Holding GmbH
  CA Immo International Holding GmbH
  CA Immobilien Anlagen Beteiligungs GmbH
  Vivico Real Estate GmbH
  Blitz F07-neunhundert-sechzig-neun GmbH
- Chairman of Supervisory Board at: Vivico AG
- Vice-Chairman of Supervisory Board at:
  WED Wiener Entwicklungsgesellschaft für den Donauraum Aktiengesellschaft
- Supervisory Board member at: BA Business Center a.s. Kapas Center Kft. Bank Austria Real Invest GmbH Bank Austria Real Invest Immobilien-Kapitalanlage GmbH

Wolfhard Fromwald

- Managing Board member at: CA Immobilien Anlagen Aktiengesellschaft
- Managing Directorat: CEE Hotel Development GmbH
  CA Immo Germany GmbH
  CA Immo - RI - Residential Property Holding GmbH
  CA Immo International Holding GmbH
  CA Immobilien Anlagen Beteiligungs GmbH
  Vivico Real Estate GmbH
- Supervisory Board member at:
  Vivico AG
  BA Business Center a.s.
  Kapas Center Kft.

Dr. Walter Lederer

- Managing Director at:
  B & C Industrieholding GmbH
- Deputy Chairman of Supervisory Board at:
  Asset Invest AG
  Semperit Technische Produkte Gesellschaft m.b.H.
- Supervisory Board member at:
  Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft
  Imperial Hotels Austria Aktiengesellschaft
  Lenzing Aktiengesellschaft
  Porr Projekt und Hochbau Aktiengesellschaft
  Porr Technobau und Umwelt Aktiengesellschaft
  Semperit Aktiengesellschaft Holding
  TEERAG-ASDAG Aktiengesellschaft
  VA Intertrading Aktiengesellschaft

Dr. Johannes Pepelnik

- Supervisory Board member at:
  AGRANA Romania SA
- Managing Director at:
  Agrana BiH Holding GmbH

Equal opportunities for women

As of 28 February 2011 there were 8 women in managing positions throughout the Group (including the Managing Board and management levels 1 and 2). This constitutes 27% of management.

There are no salary differences between men and women performing the same activity and with the same qualifications. Women are specifically addressed in job advertisements. As a sustainable corporation UBM focuses on topics relevant for society, such as equal opportunities in the workplace. UBM treats its employees equally – regardless of gender, social background, sexual orientation, nationality, religion or age. We categorically oppose any form of discrimination or harassment.

The Managing Board has no influence on the appointment of women to the Supervisory Board of UBM AG since the selection of Supervisory Board members falls under the sole competence of the shareholders (and the General Meeting).

Vienna, 8 March 2011

Karl Bier
(Chairman)

Peter Maitz

Heribert Smolé

Martin Löcker

Poleczki Business Park, Warsaw

BUSINESS REPORT

"A CYCLE OF ENERGY USE AND RECOVERY FREES UP RESOURCES IN A WAY WE COULD ONLY DREAM ABOUT BEFORE."

BUSINESS DEVELOPMENTS, RESULTS AND POSITION OF COMPANY

ECONOMIC SITUATION

General conditions

The global economic recovery that sounded so optimistic lost some momentum in the second half of 2010 in particular, to the extent that resorting to the European stabilisation mechanism for Ireland was unable to bring about any lasting relief. Elevated debt financing costs reflect the perceived uncertainties regarding the viability of public finances and the concerns surrounding debt restructuring. The increased risk premia are also supported by a variety of other factors, including: difficulties in meeting budget targets, scepticism of investors, weak growth prospects and a worsening of the situation in the banking sector in the countries affected. And the broad divergence in Europe is not exactly helping to improve conditions either.
But things are not all bad: if we take a look at the main economic indicators a picture of robust growth prospects takes shape for the next two quarters – and we even hear talk of a sustained upswing. Therefore in many places the growth drivers paving the way for a lasting improvement on the labour market are fixed capital investments.
In this context there are two conflicting trends: Wholly encouraging economic expectations on the one hand and the debt crisis in the eurozone on the other. While the positive trends on the economic side will in all likelihood come to fruition, the future developments regarding the debt situation remains unclear.

Europe

According to estimates, real GDP growth in the eurozone in the third quarter came in at a moderate 0.3% in comparison to the previous quarter, after reaching the highest level in two years in the second quarter at 1.0%. Yet in the third quarter the year-on-year growth rate still amounted to 1.9%. Private consumer spending, public expenditure and changes in inventories each contributed 0.1 percentage points to the growth in Q3; gross fixed capital formation, by contrast, made a negative contribution of –0.1 percentage points. Although there was a sharp fall in the pace of export growth, net exports still managed to aid the growth trend to the tune of 0.1 percentage points, which is attributable to the decline in import growth. The performance of external trade reflected the weakening of global trade growth.
In the third quarter the fall in GDP growth was clearly related to trends in Germany, where the economy only grew by 0.7% in the third quarter. This is compared to growth of 2.3% in Germany in the second quarter. Marked declines in quarterly growth were also observed in France, Italy and Spain, while the only contraction in GDP was registered in Greece, posting a figure of –1.3%.
The recovery in the economy has already been reflected in stabilisation on the labour market. In November 2010 the seasonally adjusted unemployment rate in the eurozone totalled 10.1%, similarly to October. The first estimates from Eurostat suggest that the number of those employed in the third quarter stagnated as well. While the number of the self-employed dropped in Spain and Greece, the corresponding figures rose among others in Slovakia, Austria and Belgium.

For 2010 and 2011 the most recent forecast from the European Commission predicts real GDP growth in the eurozone of 1.7% and 1.5% respectively. The reasons for the slowdown in the pace of growth until the middle of 2011 should therefore be a weakening of global economic growth, the fiscal consolidation measures of individual states as well as the phasing out of economic stimulus measures. Growth in the meantime is likely to be supported by all components, whereby the significant differences already referred to between the individual countries will remain.

Austria

The powerful external demand coupled with the upturn in investments ensured GDP rose by 0.6% in 2010 Q4 compared to the previous quarter. This meant the Austrian economy expanded by 1.9% in 2010. The impetus from abroad will shift increasingly to the domestic economy in 2011 and increase the prospect of the Austrian economy generating self-sufficient and sustainable growth. Inflation rose 0.6% compared to the previous month and 2.3% compared to the previous year on account of price pressure delivered by commodities. And this trend has yet to peak. Rising commodity prices in 2011 will continue to generate upwards pressure on inflation. In the wake of the improvement on the labour market in 2010, retail sales grew by 2.3% in real terms, much more strongly than in the previous year (2009: +1.5%) The robust economic activity in Germany is stimulating the Austrian export economy, and the country's industrial companies are raising their production levels further. The powerful recovery in economic activity has come as welcome boost to tax revenues, while the positive developments on the labour market coupled with low interest rates are reducing spending. According to provisional figures the overall budget deficit came in much lower than anticipated in 2010 at 4.1% of GDP.

Generally speaking the sentiment on the Austrian market is very good: optimism is brimming in the industrial sector especially, while consumers are in a positive mood thanks to the encouraging labour market trends. Numerous economic indicators suggest that this trend is set to continue and so the stronger economic growth could bring the deficit down below the Maastricht criterion of 3% of GDP in 2011 if the planned consolidation measures are implemented in full. This means Austria currently find itself in a rather advantageous situation by international comparison, and overall public debt at just under 70% is also considerably lower than in the eurozone. In spite of this optimism we should not lose sight of the fact that future trends and performance remain heavily reliant on the euro debt crisis, resulting in a significant residual risk.

Central and Eastern Europe

Similarly to the general economic trends, the heterogeneous nature of the Central, Eastern and South-eastern European region is also reflected in the macro-financial risks. Although the modest improvement seen since the first half of 2010 in the countries concerned here as regards the weighted regional average did continue in the last six months, there were still significant differences in the trends between the individual countries. The risk assessment of the Czech Republic, Slovakia, Russia and Ukraine did improve somewhat (albeit from a very high level in the case of Ukraine), but situations worsened in Hungary, Slovenia, Romania and Croatia. In the Czech Republic and Slovakia the general risk perception has stabilised again at pre-crisis levels in the last few months, while macro-financial risks in Russia have even fallen below this guideline level. The export-driven recovery of economic growth has pressed on in recent months but economic trends remain blighted by uncertainties and the pace of the recovery is tangibly different in the individual countries. Against this backdrop there has been little change to the macroeconomic and cyclical risk profile in general. Looking at individual countries though there were improvements noted for the Czech Republic, Poland and Russia as Romania and Croatia performed somewhat less efficiently compared to the summer of 2010.

Generally speaking the improvement in current account balances observed in many countries since the crisis broke out continued in the first half of 2010. However, net inflows of foreign direct investment to the region have declined at the same time. The first signs of an improvement have also been noticed in the banking sector in recent months. The gaps between loans extended and deposits have contracted in most countries, as have the net external liabilities of the banking system, while the quality of credit portfolios is no longer deteriorating at the same rate. Nevertheless, the ratio of non-performing loans relative to total loans has probably yet to reach its peak.

Sources: ÖNB, Raiffeisen Research, UniCredit

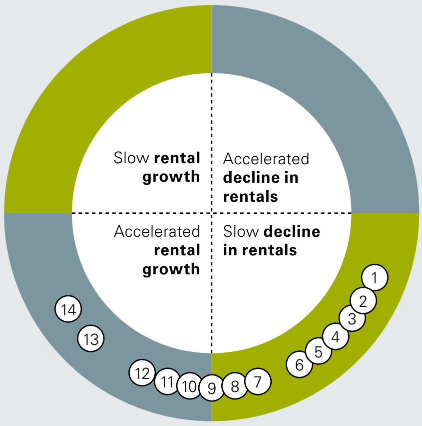
Development of European real estate markets

Western Europe

If we had to sum up the situation on the European real estate markets with one word then the best description would be "resurgence". Of course the conditions for the commercial property markets in this respect are strongly dependent on the economic situation, whereby in the eurozone we see mid-term effects derived from the diverging trends between countries, as alluded to earlier. Thus countries experiencing subdued real economic growth are likely to exhibit weaker demand for space. Falling wages and the rates of inflation also make their own contribution to weak nominal growth in rentals. By contrast, opposing trends are seen in terms of the demand for space and rental growth in structurally sound countries.

The return of economic growth is improving sentiment with regard to the use of office space in particular: the willingness to rent has risen in many places – however, removals are still mostly carried out for reasons of consolidating use of space rather than expansion. Developments in the course of the summer months meant that this ongoing trend generated a slight reduction in floor space turnover in Q3 compared to the previous quarter (–8%). But compared to the previous year the figure of 2.5 million m² still represents growth of 36%. Net absorption remained positive. For the first nine months, sales volumes amounted to 7.6 million m² which is almost 40% above the corresponding period in 2009.

The average vacancy rate in the third quarter reached double figures again (10.3%), and it has hovered around this level since the end of 2009. In spite of the falls in only eight of the 24 cities in the index, we can assume that most markets either reached or surpassed their peaks in autumn 2010. Looking forward, the continued rise in demand will bring the vacancy figures down. Nonetheless, many tenants are taking advantage of the much lower rentals to upgrade from older to more modern space. This is resulting in a rapid reduction in the vacancy rate for top-quality spaces, while older buildings are faced with significant difficulties in marketing themselves. The economic recovery is also generally reflected on the investment markets, materialising in much more activity. Even if the volume of transactions between July and the end of September was down by 12% on the previous quarter at €21 billion, the first nine months of 2010 recorded an overall gain of 46%, totalling a volume of €65 billion.



1	Madrid
2	Barcelona, Luxembourg
3	Hamburg, Athens
4	Budapest, Edinburgh, Rome
5	Bucharest, Brussels, Frankfurt, Lisbon, Stuttgart
6	Amsterdam, Copenhagen, Dublin, Prague
7	Milan
8	Geneva, St. Petersburg
9	Berlin, Helsinki, Istanbul, Kiev, Lyon, Munich, Warsaw
10	Oslo, Paris, Stockholm
11	Düsseldorf
12	Moscow
13	London City, London West End
14	Vienna

Property clock

The European property clock of Jones Lang LaSalle reflects the fact that the recovery is continuing in most European economies – albeit with significant differences. 15 of the 35 cities on the clock are now at the 6 o'clock position or have passed it. However, the majority are still languishing in the “slow decline in rentals” quadrant. The increase of 0.7% registered in the European rental price index of Jones Lang LaSalle in the third quarter (based on the weighted performance of 24 cities) shows that the growth process continued in 2010. After prime rentals rose in Vienna in the fourth quarter, Vienna has now moved to 8 o'clock.

Central and Eastern Europe

The mood on the real estate markets of the CEE region is still rather sceptical. Although we are far from making any upbeat statements, there is a slight tendency to describe the situation somewhat more positively than before. In line with this development, investments on the real estate markets in CEE expanded in 2010: Over the first six months of the year the region posted a figure of 190% to reach €1.7 billion, whereby 97% of the investments were in Poland, Russia and the Czech Republic. In spite of the significant increase, much less was still invested than in the fourth quarter of 2008 alone. Demand also picked up for office space, increasing in the first half of 2010 by 36% to €1.38 million m². For the first time since the second half of 2007 a fall was registered in the vacancy rates throughout the entire region, down 30 basis points to 15.5%. Prague plays a crucial role in the Czech Republic as 76% of all investments there are related to office buildings in the capital city. Prime rents in Prague have fallen by 40 basis points to a gross figure of 6.85% since peaking in the fourth quarter of 2009. Besides this, Poland has also experienced a marked pick-up on the investment market. In the first six months of 2010 more than €350 million was invested in office buildings, whereby the strong interest in top-quality buildings was also reflected in yields.

Vienna office market

The supply of office space on the Vienna market amounted to roughly 10.2 million m² at the end of 2010. In 2010 approximately 165,000 m² of office space was completed (including general renovations). This represents a further decline of roughly 16% compared to the previous year. The 2011 forecast is for the completion of around 185,000 m². In 2010 roughly 275,000 m² of office space was rented, which is therefore slightly more (+4%) than in 2009 (265,000 m²), but another 45% is still required in order to reach the peak value from 2008 (400,000 m²).
The vacancy rate at the end of 2010 was around 5.5% and it will stay around this level until the end of 2011 since the slightly bigger supply should be compensated for by a modest rise in take-up.
In the fourth quarter of 2010 the prime rents amounted to approximately €23.00/m²/month, which is up by roughly 3.4% on the previous quarter. This trend is likely to continue at the beginning of 2011 and prime rents could rise to €23.75/m²/month by the end of the year. Towards the end of 2011 rentals are expected to stagnate or fall slightly in the good and average office locations by between €0.35 and €0.75/m²/month.
€1.6 billion was invested in real estate in 2010, which corresponds to an increase of approximately 21% (2009: roughly €1.3 billion). Initial yields for inner-city locations amounted to 5.25% at the end of 2010, which is down 40 basis points by annual comparison. Prime rents will continue to decrease slightly and in the short term will stagnate around their current level, which is 50 basis points above the 2007 figure.

Sources: CB Richard Ellis, Deka Bank, Erste Group, Jones Lang LaSalle

BUSINESS DEVELOPMENTS

The core business of the UBM Group is the real estate business for projects. Due to the many years required to realise our projects, the disclosure of revenues in the income statement is subject to strong accounting fluctuations, which influences its information value and the comparisons with prior years. In order to ensure a true and fair presentation of our business, we define annual construction output as being the most significant way of describing revenues. Just like our range of services, this financial indicator includes income from the sale of real estate, settled construction invoices from own building sites, supplies and services to joint ventures as well as other ancillary income. The following explanations and amounts relate to the consolidated financial statements, since these are the most relevant for the economic situation of UBM Realitätenentwicklung AG too due to the Group's structure (large number of exclusive project companies.

Consolidated sales revenues

	2010	2009	2008
Total output	217,026	275,414	307,342
Revenues	114,591	197,634	216,399
Difference	**102,435**	**77,780**	**90,943**
Revenues from real estate acquisitions	18,195	19,525	34,770
Changes in inventory of own projects in prior year	2,108	–26	16,089
Revenues from participations consolidated using equity method or which are of minor importance	61,986	48,386	39,868
Joint ventures	20,146	9,819	0
Own work capitalised	0	76	216
	102,435	**77,780**	**90,943**

In 2010 the UBM Group achieved a total output of €217.0 million. Compared to the previous year this is down by €58.4 million. The decline can principally be attributed to the overall economic climate in recent years, which for UBM manifests itself above all in diminishing and delayed project sales.

Sales trends of the Group by line of business

Since the 2007 fiscal year we have distinguished between the business lines of “Austria”, “Western Europe” and “Central and Eastern Europe”. The business lines focus on where the service is provided and comprise sales revenue from project development, renting, project sales, operating hotels and services for the following countries: The “Austria” business line brings together all of the activities performed in Austria as well as the rental revenues from Austrian real estate. “Western Europe” comprises Germany, France, Switzerland and the Netherlands. The Czech Republic, Poland, Slovakia, Hungary, Romania, Bulgaria, Ukraine, Russia and Croatia form the business line of “Central and Eastern Europe”.

The total output of the “Austria” business line was €28.5 million. In comparison to the previous year this represents a decline of €4.9 million, which was chiefly attributable to the completion of the Linz-Hessenplatz project in the first quarter of the year. First and foremost the €28.5 million comprises rental revenue from the Austrian real estate portfolio and the remaining construction work on the hotel and residential project in Linz.

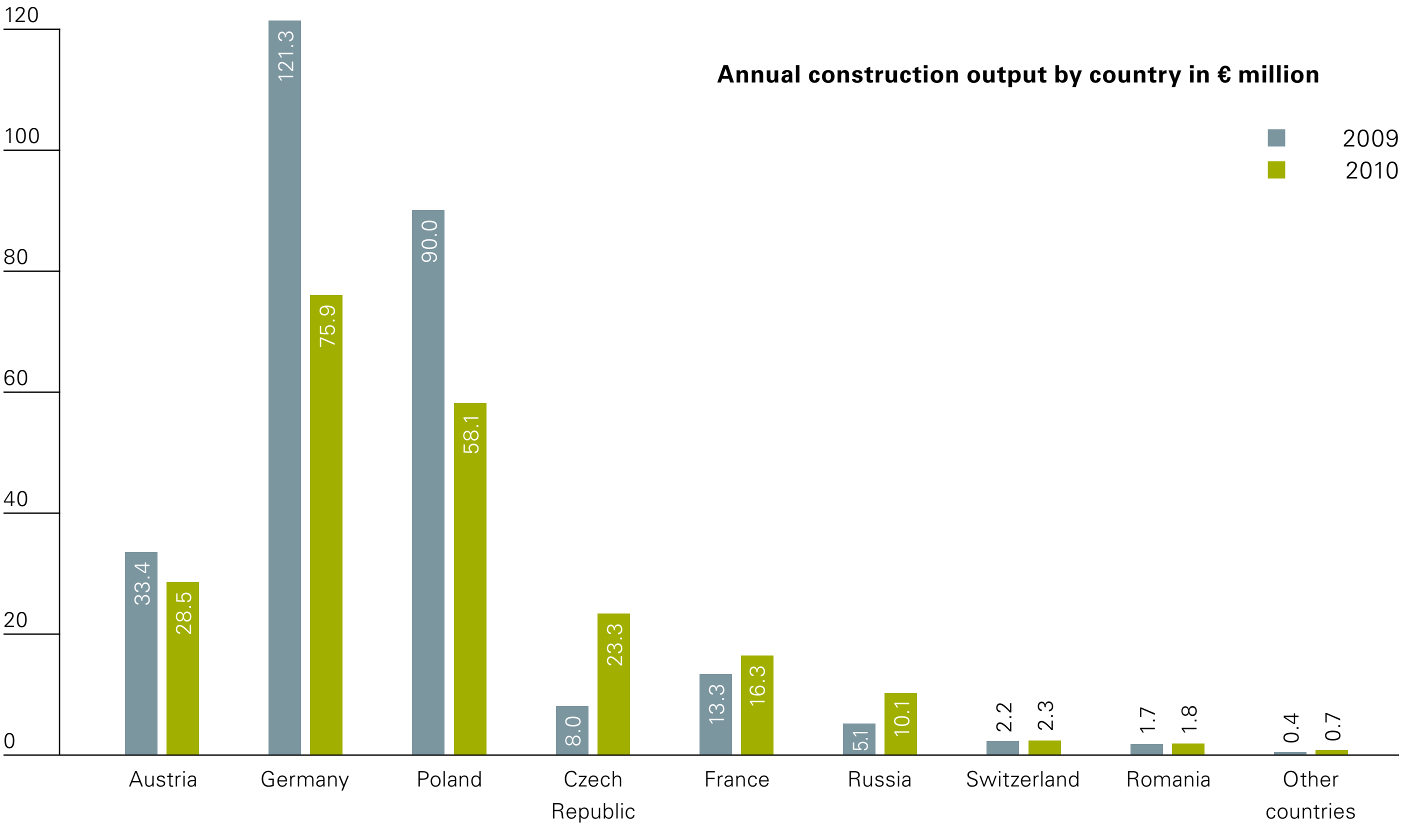
The total output of the “Western Europe” business line was €41.8 million lower than in the previous year (2009: €136.8 million, 2010: €95.2 million). This decrease is mainly thanks to lower revenue from project sales in Germany and the end to the construction work for a hotel project in Berlin. It also contains hotel receipts from France (“Dreamcastle” and “Holiday Inn” at Eurodisney in Paris) and rental revenue from Switzerland (logistics centre in Regensdorf).

The total output of the “Central and Eastern Europe” business line amounts to €93.3 million (2009: €105.3 million), which corresponds to a decline of approximately 11%. This result is also due to the sharp fall in project sales in Eastern Europe compared to the previous year as well as to the completion of some large projects. Our revenue-yielding construction activities in 2010 include the building work on the Poleczki Park project as well as the completion of two hotel projects in Poland. The revenue from hotel investments in Poland also makes a significant contribution to the total output of this business line.

Development of geographical markets in the Group

In 2010 the international portion of the annual construction output totalled around 87%, which is therefore just under 2009 (88%). The Austrian portion of annual construction output totals roughly 13%, which is slightly higher than the previous year (12%). Nevertheless, these percentages indicate a minor change (overall) and so the domestic/ international split remains steady.
Similarly to the previous year the highest international portion of annual construction output was generated in Germany, which puts it ahead of Poland again: Germany commands a share of 35% (previous year: 44%) in front of Poland (2009: 33%, 2010: 27%). Both countries were forced to register declines (Germany by 37%, Poland by 35%). The Czech Republic (11%) again managed to beat France (8%) into third place in 2010. The massive growth recorded for the Czech Republic (previous year: 3%) is attributable to the sale of a project company as part of the Andel City project. Annual construction output in Germany amounted to €75.9 million, driven primarily by the sale of an office building and a retail park in Munich as well as residential sales in Munich, and this corresponds to a fall of €45.4 million compared to 2009. Since each project is unique in its own right, depending on the type and location of the project the sales proceeds cannot be compared with the project revenues of the previous year.
A decline in annual construction output was also registered for Poland, down to €58.1 million, which is attributable to the completion of some large projects. Revenues for 2010 comprised construction work on the Poleczki Park project in Warsaw, hotel projects in Lodz and Katowice, as well as construction work for the retail park in Gdynia and a residential complex in Krakow.
Generating an annual construction output of €23.6 million the Czech Republic managed to post growth of €15.3 million thanks to the sale of a project company as part of the Andel City project, and so in terms of value it was responsible for the highest growth in 2010. This result otherwise consists of rental revenue from Andel City as well as revenue from a hotel in Pilsen.
France succeeded in generating growth too of 23% (2009: €13.3 million, 2010: €16.3 million). This is primarily due to higher revenues at the Eurodisney hotel.
Russia recorded revenues of €10.1 million, which is principally thanks to services carried out for the hotel project in St. Petersburg.
Both Switzerland and Romania deserve a special mention for their steady contributions in 2010. The two countries posted modest rates of growth (Switzerland by 6% and Romania by 4%), resulting in figures of €2.3 million for Switzerland and €1.8 million for Romania. These amounts principally comprise rental revenue from logistics properties in Chitila near Bucharest and Regensdorf near Zurich.
The category of "Other countries" mainly contains services from Slovakia, Hungary and the Netherlands.

Annual construction output by country in € million



KEY FINANCIAL INDICATORS

Results and earnings

The sales revenue reported in the consolidated income statement for 2010 totalled €114.6 million, constituting a decline of 42.0% compared to the figure in the previous year. The figure that is most relevant for UBM because it is more informative is annual construction output, which totalled €217.0 million in the reporting year and is thus 21.2% less than in 2009.

Other operating income totalling €6.7 million rose in comparison to the previous year (€5.1 million).

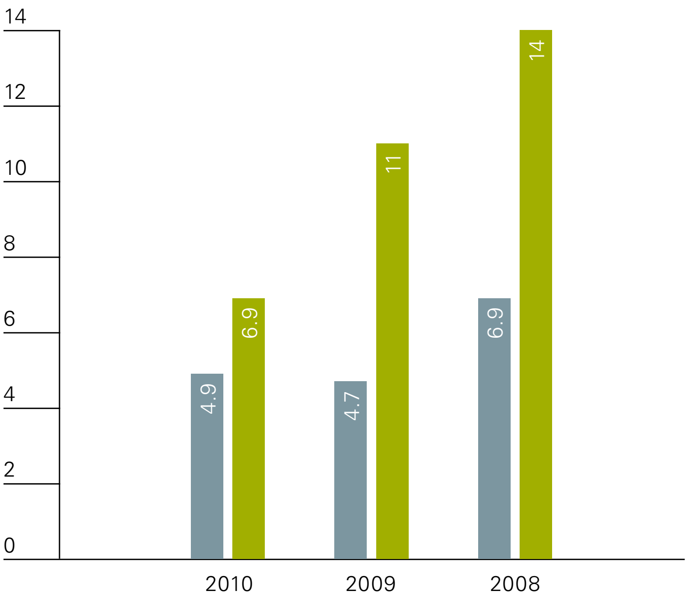
Material expenses dropped by 55.0% to €59.3 million, principally on account of the lower project construction work.

The number of staff at all of the fully consolidated companies and participations rose from 290 to 388 due to the increase in the average number of staff at fully-consolidated hotel companies. Personnel expenses amounted to approximately €15.1 million. Other operating expenses, which mainly include administration expenses, travel expenses, advertising costs, other third-party services, duties and fees as well as legal and consulting expenses, were €19.8 million lower than in 2009 (€27.9 million) as the allowances for financial real estate were lower.

Earnings before interest and taxes (EBIT) posted an increase compared to the previous year of roughly 5.7% to €25.8 million. The result from associated companies in 2010 totalled €–0.5 million (previous year: €–1.7 million). The income from other financial assets totalled €12.3 million (previous year €18.7 million) and therefore fell due to the decrease in income from the disposal and upwards revaluation of financial assets. Financing expenses at €23.3 million came in below the figure from 2009 (€27.2 million) on account of the lower expenses from other financial assets.

Earnings before tax (EBT) rose from €14.2 million in the previous year to €14.4 million. The tax expense in the reporting year totalled €4.9 million compared to €0.09 million in 2009. After deducting minority interests, profit after tax in 2010 amounted to €9.4 million and is thus €4.6 million lower than in the previous year, principally on account of the tax charge on an asset deal; this means earnings per share dropped to €3.06 (2009: €4.71).

For 2010 the UBM Group reported a retained profit for the year of approximately €3.3 million, which corresponds to the retained profit for the year of UBM AG and as such defines the basis for the dividend distribution. The Managing Board will propose to the general meeting of shareholders a dividend of €1.10 per share entitled to dividends.



Profitability of UBM Group (in %)

Return on capital employed
Return on equity

in %	2010	2009	2008
Return on capital employed [1]	4.9	4.7	6.9
Return on equity [2]	6.9	11.0	14.0
Equity ratio as at 31.12 [3]	24.9	27.3	22.0

[1] Return on capital employed = EBIT / Ø total capital
[2] Return on equity = Profit after tax / Ø equity capital
[3] Equity ratio = Equity capital / total capital

Consolidated income statement – summary

in € million	2010	Change in %	2009	2008
Annual construction output	217.0	–21.2%	275.4	307.3
Revenues	114.6	–42.0%	197.6	216.4
EBIT	25.8	5.7%	24.4	35.8
EBT	14.4	1.5%	14.2	16.8
Profit after tax	9.4	–33.0%	14.1	16.2
Retained profit	3.3	9.6%	3.0	3.3
Earnings per share (in €)	3.06	–35.0%	4.71	5.36

Assets and financial position

Total assets of the UBM Group increased in 2010 by approximately 15.1% to roughly €559.3 million compared to the previous year. The increase in total assets is primarily attributable to the increase in property, plant and equipment thanks to investments in developed and undeveloped land as well as assets under construction.

Under assets, the main element of total assets was non-current assets accounting for 71.6% (2009: 76.2%), and totalling €400.5 million at the end of 2010. Property, plant and equipment amounted to €56.3 million (previous year: €27.1 million); the increase in value is attributable to the purchase of a hotel building in Amsterdam. Financial real estate as of 31 December 2010 amounted to €251.7 million (previous year: €250.3 million) and is therefore essentially unchanged from the previous year. This is partly attributable to the additions of the Gdynia retail park, office buildings in Dornach, Munich and the Königsstraße/ Hamburg commercial property, as well as the sale of the Praktiker commercial property in Pasing and residential building plots being reclassified into current assets. Investments in associated companies rose by €5.7 million to €18.8 million thanks to the purchase of a participation in Germany as well as a loan conversion at a German hotel company. Project financing fell to €51.1 million on account of the conversion of a loan into capital as well as amortisation on shareholder loans, while other financial assets remained relatively constant at €19.0 million (2009: €18.2 million).

The structure and volume of current assets changed as follows: inventories increased by €39.1 million to €84.3 million, primarily on account of the reclassification of residential building plots and our project activities in Austria, Poland and Germany. Trade receivables declined to€15.3 million in 2010. Liquid assets rose to reach €46.7 million (previous year: €39.6 million). All told, current assets therefore increased to €158.8 million.

Shareholder's equity as of the reporting date totalled approximately €139.5 million, and is thus up €7.0 million in nominal terms. The equity ratio fell to 24.9% from the figure recorded in the previous year of 27.3%, mainly because of the higher total assets figure.

The bond issued in 2005, partly repaid and totalling €71.3 million, is recognised under long-term liabilities, as is the bond issued in 2010 (€100.0 million). Long-term provisions fell from approximately €7.2 million to €5.7 million. Long-term financial liabilities increased from €146.3 million to €158.0 million.

Current liabilities decreased by 34.4% from €94.8 million to €62.1 million. This trend is attributable to declines in financial liabilities, trade payables as well as other financial liabilities.

The cash flow from earnings fell by around €16.5 million to €17.9 million due to the lower profit after tax, the lower depreciation on non-current assets and the income from associated companies. The cash flow from operating activities fell by €58.6 million to €–3.0 million on account of the increase in inventories. Investments in property, plant and equipment and in financial real estate totalled roughly €72.4 million, corresponding to an increase of about €53.5 million on the previous year, whereby the cash flow from investing activities totalled €47.3 million. In view of the new bond and the partial repayments of the existing bond coupled with the changes in loans and other group financing the cash flow from financing activities amounted to approximately €56.3 million.

Liquidity planning demonstrates that the company is currently in a position to meet its existing and any perceivable future payment obligations thanks to the continuation and the completion of significant investment plans. The stable rate of interest means that we expect no factors will trigger any change in lending conditions.

Consolidated cash flow statement – summary

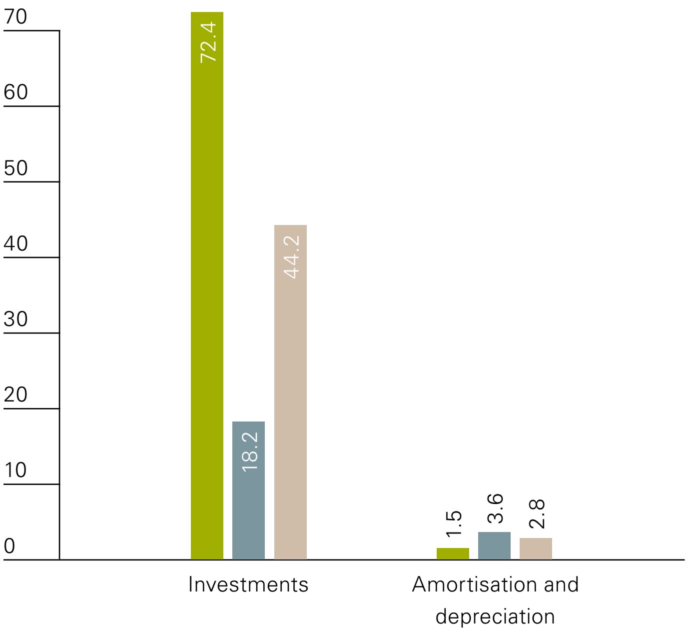
in € million	2010	2009	2008
Profit after tax	9.4	14.1	16.2
Cash flow from earnings	17.9	34.4	27.5
Cash flow from operating activities	–3.0	55.6	12.3
Cash flow from investment activities	–47.3	3.0	–32.4
Cash flow from financing activities	56.3	–61.7	44.5
Liquid assets as of 31.12	46.7	39.6	42.6

Balance sheet structure in %

Current assets	28.4	23.8	22.4
Non-current assets	71.6	76.2	77.6
of which financial real estate	45.0	51.5	51.0
Shareholders' equity	24.9	27.3	22.0
Long-term liabilities	64.0	53.2	52.3
Current liabilities	11.1	19.5	25.7
Total assets in € million	559.3	485.7	559.4

Investments

Investments into property, plant and equipment in the fiscal year totalled €29.7 million, which is €26.8 million more than in the previous year. This increase can be traced back to the acquisition of a hotel building in progress in the Netherlands (Amsterdam) to complete the construction. Investments in financial real estate also rose and now amount to €42.7 million (previous year: €15.3 million): In Germany we invested in the real estate project in Dornach and bought a commercial property in Hamburg. In Poland the first phase of the Gdynia retail park was completed. All told, investments in financial real estate and in property, plant and equipment totalled €72.4 million. The intangible asset figures do not contain goodwill values.



Investments and Depreciation (Property, plant and equipment and financial real estate in € million)

- 2010
- 2009
- 2008

in € million	2010	2009	2008
Investments, property, plant and equipment and financial real estate	72.4	18.2	44.2
Intangible assets	0	0	0.1
Financial real estate	42.7	15.3	16.7
Property, plant and equipment	29.7	2.9	27.4

NON-FINANCIAL PERFORMANCE INDICATORS

Environmental issues

Environmental protection is a key part of our lives. This is why we take every effort to plan and construct our projects in an environmentally-friendly manner. By consciously using energy-efficient building materials and energy-saving planning concepts for our projects we make our own contribution to protecting the environment.

Staff

The structure of personnel as at 31 December 2010 shows that approximately 81% of our staff are employed abroad. We offer further training in the areas of planning and project development, business economics and law, as well as language courses and seminars for personal development. In this respect we take into account the individual needs of our staff as well as the requirements of the market.

Since our Group is geographically diverse, our personnel often have to work in international teams; the resultant exchange of know-how is yet another important factor within the context of comprehensive staff development.

Including all the consolidated companies the total average headcount as of 31 December 2010 was 901 (of which 615 were hotel staff) (previous year: 597, of which 336 were hotel staff).

Salaried staff and wage earners

	2010	2009	2008
(fully consolidated companies)			
Austria	68	73	76
Abroad	313	217	218
TOTAL (AVERAGE)	**381**	**290**	**294**
of which hotel staff	169	67	100

BRANCHES

UBM Realitätenentwicklung AG has the following branches registered in the company register:

- Upper Austria Branch,
  Pummererstraße 17, 4020 Linz
- Tyrol Branch,
  Porr-Strasse 1, 6175 Kematen in Tirol
- Styria Branch,
  Thalerhofstrasse 88, 8141 Unterpremstätten

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the reporting date.

PLANNED DEVELOPMENT AND RISKS OF THE COMPANY

ECONOMIC GROWTH FORECAST: OUTLOOK FOR 2011

Global economic growth

Although the global economy got back in gear in 2010 (bolstered by expansionary monetary policy and the state-driven economic stimulus programmes), the pace of the recovery still varies strongly between countries and regions. Gross domestic product in 2011 should grow by 3.5% in respect of the entire global economy, whereby the emerging economies will prove to be the most dynamic. In the USA the powerful recovery will likely be followed by a year of very moderate growth since the fiscal stimulus measures are tapering off and the structural problems, such as the low level of domestic savings, remain unsolved. The countries of the European Union will be slow to drag themselves out of the crisis, and trends will continue to be very diverse. However, the countries carrying deficits that are most mistrusted by the financial markets will probably remain in recession in 2011.

Austrian economy

The forecasts for developments in the Austrian economy improved around the turn of the year, and the economy is recovering at a fair rate. Economic experts have raised their growth forecasts for 2011 up to 2.3%. Robust GDP growth of 0.5% compared to the previous quarter is expected for the beginning of 2011. At the end of 2010 the quarterly growth rate faded from 0.9 to 0.6%. Exports remain strong and investments are gaining momentum as well.
The ongoing improvement in the labour market is stoking the confidence of consumers and supporting consumer appetite. As yet there are no signs of any negative impact of the budget consolidation process on purchasing power. In the first quarter domestic demand should also make a tangible contribution to growth, alongside the export-oriented industry. Private consumption is likely to continue rising at a steady pace thanks to the still favourable trends on the labour market. In terms of investments the pent-up demand should give way to marked growth in the coming months.
Although exports will lose some momentum in 2011, investments in plant and equipment should start to show some clear signs of life again; construction investments will also stop falling and at least manage to maintain the investment volumes from the previous year. Private consumption, however, will continue to fare poorly. Taking an average for 2011 we expect GDP growth of 2.0% (in real terms), which is significantly higher than the average predicted for the eurozone (+1.4%). If we consider that the recession was somewhat more subdued than in the eurozone, these outlooks really do give reason to be satisfied.

Central and Eastern Europe

For the CEE countries the estimate for GDP growth in 2011 is 3.8% (after a figure of 3.6% in 2010), whereby most countries will be in the black for the first time in four years. 2011 is underway with much smaller production deficits than a year ago, and in some countries the economy could even grow faster than its potential rate. Positive GDP growth over the entire year is finally in sight for some of the weaker economies in the region, even though there are still doubts regarding the strength of the upswing. That said, given the uncertainties regarding the future developments of capital flows and as some countries may well have to re-focus their "business models", the forecasts for the CEE region in particular should be treated with caution.

Vienna office market

For 2011 the Vienna office market is gearing up for the completion of more new office space compared to 2010. In light of the much improved economic trends and given that the real estate crisis is now in the past, the volume of rented space on the Vienna office market will be relatively stable, or at most slightly in the ascendancy. Vacancy rates in 2011 will remain at around 5.5% if demand rises slightly, as expected, and there is a modest increase in new space at the same time. Prime office rents will rise again moderately towards the end of the year in view of the lower floor space. The volume of investment is set to grow again reaching approximately €2 billion. Domestic demand will be carried by open-ended funds and private investors, while German open-ended funds and increasingly foreign institutional investors as well as opportunistic funds will also be on the lookout for investment opportunities.

Sources: CB Richard Ellis, ÖNB, Raiffeisen Research, UniCredit

FORECAST DEVELOPMENT OF THE COMPANY: OUTLOOK FOR 2011

In the coming years we intend to exploit the opportunities presented by the recovering real estate markets. This is why we are planning the further development and implementation of existing real estate projects, the acquisition of new projects, the continuation of regional diversification in countries that we consider to have stable economies and the deepening of partnerships and services.
We endeavour to develop properties on the office market that are both cost-effective for tenants and have excellent transport links. In the hotel segment the emphasis is placed on cost-conscious business travellers and tourists. In terms of residential buildings we target the medium to upper segment of customers. Throughout the countries of Central and Eastern Europe there is massive potential on the market, particularly with commercial real estate (retail parks). For 2011 specifically this means we shall be focusing on Poland and Germany, striving to achieve broad geographical diversification. In Poland we shall be busy with residential construction (Krakow and Wroclaw), commercial properties (retail parks in Gdynia, Lublin and Sosnowiec) and the office market (continued development of the Poleczki Park project). In Germany we are concentrating more on residential construction, but expanding our market in Munich with projects in Frankfurt, Hamburg and Berlin. Additionally, completing the Concor office project in Dornach near Munich remains a crucial objective. In the Czech Republic we are working on the further development of residential projects in Prague and regional cities. In addition to projects in the traditional core markets of UBM we are also planning project developments in various segments in other European countries: in Amsterdam we want to finish the construction of an acquired hotel building currently in progress, and put it into operation. We also have projects in the pipeline in all other countries which we can implement depending on how the market climate changes.
The general structure of the real estate business is built around medium to long-term business models. A large number of projects that are important for 2011 will also influence the development of the company in 2012. Yet our business strategy for 2012 also comprises new acquisitions in all of our markets and segments to consolidate our market position in the fields of office, commercial, hotel, residential and logistics properties. In view of the unfolding economic distortions and the geopolitical influences on the global economy we assume that in 2011 and 2012 we will be able to generate revenues and profits that are commensurate with the results achieved in 2010.

KEY RISKS AND FACTORS OF UNCERTAINTY

Risk management goals and methods

The UBM Group deploys a group-wide risk management system for the early identification, evaluation, control and monitoring of risks on a continuous basis. Our objective is to obtain information on risks and the related financial effects as early as possible in order to be able to implement suitable counter measures. Due to the sectoral and geographic diversity of our business activity, risk management is becoming increasingly important to safeguard our business success.

Risk management is responsible for General processes, Technology, Development and Commercial procedures.
The responsibilities have been clearly defined for each area, and experienced employees reporting directly to the Managing Board have been assigned to these tasks. General risks such as strategic risks for example, which do not arise during the course of our projects but stem from the strategic business purpose of the company, are handled by the Managing Board

in consultation with the Supervisory Board.
Thanks to its many years of experience, UBM is aware of how the real estate markets in Central and Eastern Europe work, and what their features are. A detailed market and risk analysis of the given country is undertaken before every step of the expansion. These analyses examine the micro and macro economic development of the region or of the corresponding real estate market. However, what is crucial first and foremost for the realisation of a project are the individual influencing factors. In this context we have to forecast market developments correctly and try to identify potential tenants in advance. Guidelines regarding a minimum degree of sales potential increase the security of an investment in a project. The broad geographic and sectoral diversification of the UBM Group means that penetrating new markets is safeguarded by the solid foundation of the existing real estate portfolio.

Below is a list of the main risks known to us which can exert a lasting influence on assets, finance and the results of operations.

Existing risks

Risk of price changes

The risk of price changes essentially comprises fluctuations in the market interest rate and market prices as well as changes in exchange rates.

Since our rental revenue is not only index-linked but the rental contracts for foreign properties (which are concluded almost exclusively with international groups) are also based on hard currency contracts, UBM can be exposed to a heightened risk on account of currency depreciations in CEE. To minimise this risk, action has already been and will continue to be taken with a view to concluding contracts in respective national currencies. Since UBM offers a comprehensive range of services, the firm is heavily reliant on third-party businesses. The associated risks in terms of quality, deadlines and costs could lead to difficulties in the event of increased demand. Operating areas could be exposed to price hikes in the fields of energy and commodities. Unless these can be passed on to customers they exert an adverse effect on earnings. Real estate markets in particular, which apart from macroeconomic factors are also affected by supply, suffer from strong cyclicality with regard to the development of demand. Yet thanks to our broad sectoral and geographic diversification we can compensate optimally for regional market fluctuations and flexibly adjust our commitments. The option of choosing whether to sell or rent our properties also enables us to offset temporarily adverse market situations on a flexible basis.

Default risk

Default risks can relate principally to original financial instruments, namely loans and receivables. These potential risks are taken into account via bad debt allowances. Credit rating checks and adequate securities also ensure the best possible protection. The maximum default risk is constituted by the carrying amounts stated in respect of these financial instruments in the balance sheet.

Liquidity risk

The liquidity risk defines the risk of not being able to settle liabilities when they fall due. As a key instrument for controlling the liquidity risk we employ precise financial planning which is carried out by each operating company and coordinated centrally.

This determines the requirement for financing and credit lines at banks. Working capital financing is handled through the UBM Group treasury, meaning UBM AG takes on financial clearing functions too. This reduces the volume of third-party financing and optimises net interest; furthermore, it also minimises the risk that liquidity reserves are insufficient to settle financial obligations on time. The current economic climate adds another aspect to the liquidity risk, since banks are not overly willing to provide financing at present, which can impact negatively on liquidity.

Interest risk

The interest risk, which is often decisive for the return on a property, is handled by means of appropriate financing models as far as possible, which secure and optimise the financing requirements of the given project. The choice of financing currency depends on the given market situation.

Personnel risk

The competition for qualified personnel can be a hindrance to effective business operations. Thus future success depends on being able to tie our staff to the company in the long run and identifying highly qualified personnel. We are aware of this risk and to manage the situation in a proactive manner we rely on institutional programmes for apprentices, training and further training courses, geared to the needs of our business activities.

Participation risk

By participation risk we mean the risk of fluctuations in the market value of UBM participations. At the Group companies, the specific types of risks (e.g. market or credit risks) are collated at the level of the individual company.

The calculation and analysis of the participation risk and the reporting to management ensue on a monthly basis and are carried out by Controlling. When risk thresholds or certain concentrations of risks are reached, options are presented to the management for action.

Credit risk

Credit risk describes the threat of losses caused by the default of a business partner who is no longer capable of meeting its contractual payment liabilities. This comprises default and country risks as well as lower credit ratings of borrowers. In the field of real estate the credit risk comprises rental obligations. The default of a tenant and the resultant loss of rental payments constitute a reduction in the present value of the real estate project. This risk is taken into account based on expert estimates at project level.

IT risk

In a centralised and standardised IT environment there is a risk of becoming overly dependent on a system or computer centre. If a system goes down this can have severe consequences for the entire company. We have implemented various security measures to reduce this risk. These include access control systems, emergency plans, uninterrupted power supply for key systems and data mirroring. We also use appropriate software to protect against data security risks caused by unauthorised access to the IT systems. This is largely ensured by services contracts with the IT department at Allgemeine Baugesellschaft – A. Porr AG.

Country risk

Our strategy of moving into new markets by developing projects means that we consciously assume reasonable and clearly-defined country and market risks. This holds true especially with regard to our activities in emerging countries. Our general risk management approach ensures we monitor and control the respective legal and political environment. Evaluating country risk is an important factor when examining the profitability of an investment.

Risk of loss in value

Safeguarding the value of real estate holdings is a key factor in the economic development of the UBM Group. The property and facility management division provides regular status reports as well as valuations for the optimal maintenance of the properties and buildings in order to ensure they can be utilised either by selling or long-term renting.

Internal control system

The internal control system (ICS) of UBM Realitätenentwicklung AG has the following objectives:

- Check compliance with the business policy and set goals
- Safeguard the assets of the company
- Ensure the reliability of accounting and reporting
- Ensure the effectiveness and efficiency of operating processes
- Fulfilment of legal requirements vis-à-vis the Managing Board and Supervisory Board
- Early risk detection and reliable assessment of potential risks
- Compliance with statutory and legal provisions
- Efficient use of resources and cost-efficiency
- Ensure information, documentation and processes are complete and reliable

The tasks of the Internal Control System at UBM AG are carried out by two units that report to the Managing Board: commercial controlling supervises current business developments for variations from the budgeted figures, and ensures that the necessary counter measures are introduced for any such deviations. In addition, ad-hoc examinations can be launched at any time at the request of management for events that are relevant from a risk perspective. Technical controlling supervises the ongoing implementation of projects in terms of scheduling, construction costs and all processes relevant to technical implementation.

These measures are designed to ensure that the assets and property of the company are maintained and the management is supported by means of effective and reliable reporting. To this end the necessary precautions are taken in the UBM Group to ensure both legal and internal guidelines are complied with on the one hand, and possible weaknesses in operating and organisational processes are recognised and rectified on the other.

Relevant requirements to ensure compliance with accounting procedures are adhered to and communicated in uniform accounting and valuation regulations. Clear divisions of functions and control measures such as plausibility tests, regular control activities at various levels of reporting and the dual-control principle ensure reliable and accurate accounting. This systematic control management makes certain that the accounting processes at the UBM Group are consistent with national and international accounting standards as well as internal guidelines.

As part of the internal control system the audit committee is responsible for monitoring accounting procedures and for financial reporting on behalf of the Supervisory Board.

Other risks

In connection with allegations against a company contracted by UBM, criminal proceedings are currently pending against two Board members. Due to a payment made to a company of Mr Meischberger, accusations have been made against two Board members.

RESEARCH AND DEVELOPMENT

The company does not conduct any research and development activities.

DISCLOSURE AS PER ARTICLE 243a UGB

1. The share capital is composed of 3,000,000 no-par bearer shares, each representing the same amount of share capital totalling €5,450,462.56.
   3,000,000 shares were in circulation as at the balance sheet date (previous year: 3,000,000). All shares bear the same legal rights and obligations, and each share carries the right to vote, which may be exercised in accordance with the number of shares held. In accordance with Section 22 of the company's Statutes, in the event the shares are not fully paid up the right to vote shall only be granted once the minimum legal payment has been made. The share capital of the company is fully paid-up. The shareholders may not have individual share certificates issued.

2. There are no limitations known to the Managing Board concerning voting rights or the transfer of shares.

3. The following shareholders hold a direct or indirect interest amounting to at least 10% of the share capital:

   - Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, Vienna: 41.33%
   - CA Immo International Beteiligungsverwaltungs GmbH, Vienna: 25.00%
     (CA Immo International Beteiligungsverwaltungs GmbH is a wholly-owned subsidiary of CA Immobilien Anlagen Aktiengesellschaft)
   - Amber Private Foundation Group, Vienna, Bocca Private Foundation, Vienna, Georg Folian, Vienna, Dr. Franz Jurkowitsch, Vienna: 15.08%

4. There are no shares with special control rights at the company.

5. At UBM Realitätenentwicklung AG there are no employee stock purchase plans in which the employees do not exercise voting rights directly.

6. In accordance with Article 21 (1) of the Statutes, the resolutions of the general meeting of shareholders shall be passed with a simple majority unless otherwise prescribed by specific provisions of the Stock Corporation Act. According to the legal opinion of the Managing Board, this provision of the Statutes has reduced the at least three-quarters majority of represented capital required for passing a resolution, as per the Stock Corporation Act, to a simple capital majority, even for changes to the Statutes.

7. The members of the Managing Board have no powers with regard to the possibility of issuing or repurchasing shares other than those derived directly from the Stock Corporation Act.

8. In 2010 the company issued a bond (partial bond) worth €100,000,000 (period 2010 – 2015), as follows: If there is a change of control in accordance with the Takeover Act and this change of control results in a lower credit rating of the issuer, and the issuer is unable to produce proof of its credit standing within 60 days of becoming aware of the change of control, any bond creditor is entitled to call in its partial bond and demand the immediate repayment at nominal value along with any interest accrued until the day of repayment. There are no significant agreements in the sense of Article 243a, paragraph 8 of the UGB.

9. There are no compensation agreements as per article 243a, paragraph 9 of the UGB.

Vienna, 8 March 2011

Karl Bier (Chairman)	Peter Maitz	Heribert Smolé	Martin Löcker

Poleczki Business Park, Warsaw

ANNUAL FINANCIAL STATEMENTS

"A GREEN COMPANY IS ONE WHICH IS HIGHLY EFFICIENT WITH ITS RESOURCES IN ALL AREAS WHILST KEEPING RISKS LOW AT THE SAME TIME."

BALANCE SHEET AS OF 31 DECEMBER 2010

UBM Realitätenentwicklung AG

ASSETS

	€	€	31.12.2010 €	31.12.2009 T€
A. NON-CURRENT ASSETS				
I. Intangible assets				
1. Rights		839,816.00		862
II. Property, plant and equipment				
1. Land, similar rights and buildings, including buildings on leasehold land, of which land value	51,043,321.16			53,456
2. Furniture, fixtures and office equipment	396,390.00			472
		51,439,711.16		53,928
III. Financial assets				
1. Shares in related companies	21,471,092.92			15,938
2. Loans to related companies	129,562,170.58			8,956
3. Participations	18,726,748.87			13,592
4. Loans to undertakings linked by virtue of participating interests	43,391,796.59			18,274
5. Long-term securities	3,196,073.00			3,196
6. Other loans	2,783,149.80			2,592
		219,131,031.76		62,548
			271,410,558.92	**117,338**
B. CURRENT ASSETS				
I. Inventories				
1. Other inventories				
a) Planned construction	480,214.29			639
b) For use of given properties	586,695.17			618
		1,066,909.46		1,257
II. Receivables and other assets				
1. Trade receivables	75,460.38			197
2. Receivables from related companies	24,572,228.06			98,215
3. Receivables from undertakings linked by virtue of participating interests	1,575,049.14			40,003
4. Receivables from joint ventures	–			–
5. Other receivables and assets	7,450,884.76			4,732
		33,673,622.34		143,147
III. Cash and cash equivalents, bank deposits		19,584,392.76		14,143
			54,324,924.56	**158,547**
C. PREPAYMENTS AND ACCRUED INCOME			**54,075.00**	**–**
TOTAL ASSETS			**325,789,558.48**	**275,885**

EQUITY AND LIABILITIES

	€	€	31.12.2010 €	31.12.2009 T€
A. SHAREHOLDERS' EQUITY				
I. Share capital		5,450,462.56		5,450
II. Capital reserves				
1. allocated	44,641,566.51			44,642
2. unallocated	544,201.68			544
		45,185,768.19		45,186
III. Profit reserves				
free reserves		47,132,720.11		40,133
IV. Retained profit				
Retained earnings brought forward	25,693.73			22
2010 profit	3,289,709.42			3,004
		3,315,403.15		3,026
			101,084,354.01	**93,795**
B. UNTAXED RESERVES				
1. Valuation reserve based on special write-offs			**796,237.58**	**796**
C. PROVISIONS				
1. Provisions for severance payments		1,434,379.00		1,419
2. Provisions for pensions		2,223,843.00		2,259
3. Tax provisions		1,187,497.50		3,540
4. Other provisions		7,025,633.69		8,967
			11,871,353.19	**16,185**
D. LIABILITIES				
1. Bonds		171,300,000.00		100,000.00
2. Liabilities to banks		23,188,824.76		47,307
3. Trade liabilities		488,410.70		977
4. Liabilities to related companies		3,019,595.05		9,849
5. Liabilities to undertakings linked by virtue of participating interests		3,452,551.25		183
6. Other liabilities				
from taxes	1,435,887.50			1,076
relating to social security	83,460.41			100
miscellaneous	6,807,002.37			3,295
		8,326,350.28		4,471
			209,775,732.04	**162,787**
E. ACCRUED EXPENSES AND DEFERRED INCOME			**2,261,881.66**	**2,322**
TOTAL EQUITY AND LIABILITIES			**325,789,558.48**	**275,885**
Contingent liabilities of which to related companies €39,107,447.33 (2009: T€52,570)			114,645,697.33	124,358

INCOME STATEMENT FOR 2010 FISCAL YEAR

UBM Realitätenentwicklung AG

			2010	2009
		€	€	T€
1.	Sales revenue		21,645,977.40	55,437
2.	Change in inventories of services not yet invoiced		–158,994.98	–15,289
3.	Other own work capitalised		0.00	76
4.	Other operating income			
	a) from disposal of non-current assets	–3,130.00		12
	b) from release of provisions	1,787,000.00		2,018
	c) other	363,952.24		1,163
			2,147,822.24	3,193
	TOTAL OUTPUT		**23,634,804.66**	**43,417**
5.	Cost of materials and other services			
	a) Cost of materials	–119,114.91		–129
	b) Cost of services used	–4,743,546.90		–13,834
			–4,862,661.81	–13,963
6.	Personnel expenses			
	a) Salaries	–6,048,769.78		–6,712
	b) Severance expenses and contributions to employee benefit funds	–145,698.72		–95
	c) Pension expenses	40,192.34		–592
	d) Expenses for statutory social security, and payroll-related taxes and contributions	–985,431.14		–1,180
	e) Other social expenses	–127,841.49		–254
			–7,267,548.79	–8,833
7.	Amortisation and depreciation on intangible assets and property, plant, equipment		–2,381,594.01	–3,747
8.	Other operating expenses			
	a) Taxes, other than income taxes	–51,568.89		–12
	b) Sundry	–6,603,017.64		–6,339
			–6,654,586.53	–6,351
9.	**INTERIM TOTAL ROWS 1 TO 8 (EARNINGS BEFORE INTEREST AND TAXES)**		**2,468,413.52**	**10,523**

	€	2010 €	2009 T€
10. Income from participations			
a) from related companies	18,327,949.29		1,880
b) from affiliated companies	24,666.71		28
		18,352,616.00	1,908
11. Income from other securities and loans held under financial assets, of which from related companies		8,062,129.39	999
12. Other interest and similar income, of which from related companies		1,203,970.71	5,934
13. Income from disposal and upwards revaluation of financial assets		181,548.27	12,427
14. Expenses on financial assets			
a) of which amortisation and depreciation €10,100,846.48 (2009: T€14,825)		–11,879,647.39	–15,017
b) of which to related companies €635,455.67 (2009: T€133)			
15. Interest and similar expenses, of which to related companies		–9,177,132.42	–6,143
16. INTERIM TOTAL ROWS 10 TO 15 (FINANCIAL PROFIT)		**6,743,484.56**	**108**
17. PROFIT ON ORDINARY ACTIVITIES		**9,211,898.08**	**10,631**
18. Taxes on income		1,077,811.34	291
19. PROFIT AFTER TAX		**10,289,709.42**	**10,922**
20. Reversal of untaxed reserves			
a) Valuation reserve based on special write-offs		–	642
21. Transfer to profit reserve		–7,000,000.00	–8,560
22. NET INCOME		**3,289,709.42**	**3,004**
23. Retained earnings brought forward		25,693.73	22
24. RETAINED PROFIT FOR THE YEAR		**3,315,403.15**	**3,026**

SCHEDULE OF NON-CURRENT ASSETS
UBM Realitätenentwicklung AG

	Acquisition and manufacturing costs		
	As of 01.01.2010 €	Additions €	Disposals €
I. INTANGIBLE ASSETS			
1. Rights	1,203,935.14	–	–
II. PROPERTY, PLANT AND EQUIPMENT			
1. Land, similar rights and buildings, including buildings on leasehold land	73,237,021.36	92,765.03	297,808.77
2. Plant and machinery	18,966.00		806.00
3. Furniture, fixtures and office equipment	879,923.58	79,880.43	74,409.54
	74,135,910.94	172,645.46	373,024.31
III. FINANCIAL ASSETS			
1. Shares in related companies	15,938,144.49	6,743,279.01	682,767.73
2. Loans to related companies	8,955,876.34	55,877,265.18	11,196,950.71
3. Participations	13,592,060.89	148,100.00	1,247.84
4. Loans to undertakings linked by virtue of participating interests	25,703,195.47	5,060,138.54	3,011,410.24
5. Long-term securities	3,228,846.46		
6. Other loans	7,913,673.00	10,000.00	
	75,331,796.65	67,838,782.73	14,892,376.52
	150,671,642.73	**68,011,428.19**	**15,265,400.83**

Poleczki Business Park, Warsaw

"WHAT DOES A LONG-TERM INVESTMENT ACTUALLY MEAN? SAFE, PROFITABLE AND LOW RISK? LAND DEVELOPED BY UBM OF COURSE."

Reclassifications €	As of 31.12.2010 €	Accumulated depreciation €	Carrying amount 31.12.2010 €	Carrying amount 31.12.2009 €	Annual depreciation/ write-up €
–	1,203,935.14	364,119.14	839,816.00	861,469.00	21,653.00
	73,031,977.62	21,988,656.46	51,043,321.16	53,455,897.19	2,215,118.58
	18,160.00	18,160.00	–	–	–
	885,394.47	489,004.47	396,390.00	472,082.00	144,822.43
–	73,935,532.09	22,495,820.93	51,439,711.16	53,927,979.19	2,359,941.01
	21,998,655.77	527,562.85	21,471,092.92	15,938,144.49	527,562.85
76,354,605.34	129,990,796.15	428,625.57	129,562,170.58	8,955,876.34	428,625.57
15,800,000.00	29,538,913.05	10,812,164.18	18,726,748.87	13,592,060.89	4,000,000.00
33,685,289.43	61,437,213.20	18,045,416.61	43,391,796.59	18,274,426.69	5,672,220.91
	3,228,846.46	32,773.46	3,196,073.00	3,196,073.00	–
	7,923,673.00	5,140,523.20	2,783,149.80	2,591,601.53	–181,548.27
125,839,894.77	254,118,097.63	34,987,065.87	219,131,031.76	62,548,182.94	10,446,861.06
125,839,894.77	**329,257,564.86**	**57,847,005.94**	**271,410,558.92**	**117,337,631.13**	**12,828,455.07**

Oaza Kampinos, Malocice

UBM REALITÄTENENTWICKLUNG AG

I. GENERAL INFORMATION

The annual financial statements as at 31 December 2010 were drawn up in accordance with the provisions of the prevailing UGB with due consideration of generally accepted accounting principles and standard practice to provide a true and fair view of the financial and earnings position of the company. The figures shown for the previous year are stated in thousands of euros (T€). Figures not prescribed by law are reported in millions of euros (€ million). The income statement is compiled in accordance with the total-cost method.
The consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft are available at Floridsdorfer Hauptstraße 1, 1210 Vienna.

II. ACCOUNTING POLICIES

The accounting, measurement and presentation of the individual items in the annual financial statements were subject to the provisions of the UGB.
In principle, foreign currency amounts are measured at the lower of cost or the exchange rate prevailing on the reporting date.

1. Non-current assets

Intangible assets are recognised at cost, net of ordinary straight-line amortisation. In this context, amortisation rates of between 1.28% and 2.0% were applied in accordance with the expected useful life.
Property, plant and equipment were measured at acquisition cost including ancillary costs and net of reductions in acquisition costs, or at manufacturing cost including ordinary straight-line depreciation charged in the 2010 reporting year, whereby the following depreciation rates were applied (new acquisitions) in accordance with expected useful lives:

	%
Residential buildings	1.5
Adaptations to residential buildings	10.0
Other buildings	4.0
Buildings on third-party land	4.0
Plant and machinery	16.7 – 33.3
Furniture, fixtures and office equipment	6.7 – 33.3

Low-value assets were written off in the year when purchased.
In principle, financial assets were measured at the lower of cost or fair market value as of the balance sheet date.

2. Current assets

Inventories

Projected buildings were measured at cost. The properties earmarked for utilisation are properties which by the balance sheet date have already been designated for sale.
The cost value generally comprises third-party services, material and personnel expenses. For projects that take more than twelve months to execute, commensurate portions of administrative costs were recognised.

Receivables and other assets

Receivables were recognised at the lower of cost or market. Allowances were allocated in the event of risks regarding collectibility. Receivables in foreign currency are measured at the lower of cost or the rate of exchange prevailing on the balance sheet date.

3. Provisions and liabilities

The provisions for severance pay were calculated on the basis of an actuarial opinion in accordance with IAS 19 using an interest rate of 4.75% (2009: 5.0%) and an expected future wage increase of 2.4% (2009: 2.9%) as well as the earliest possible retirement date in accordance with the ASVG (2004 pension reform). Actuarial gains or losses are recognised in full during the year in which they are incurred. The principles for calculating pension insurance [AVÖ 2008-P (salaried staff)] were applied for the mortality table. When calculating the provisions for severance pay and anniversary bonuses, fluctuation discounts were applied based on statistical data. The service cost was distributed over the entire employment period.
The calculation of the pension provisions was also based on an actuarial opinion in accordance with IAS 19, whereby the same base data was applied as in the case of the severance pay provisions. Actuarial gains or losses are recognised in full during the year in which they are incurred.
The other provisions were recorded to cover all perceivable risks and pending losses.
Liabilities are recognised at the higher of their nominal value or the repayment amount.

4. Sales revenues

Due to the specific business activity of the company, income from the disposal of project companies and distributions in connection with project sales are not stated as income under the financial result but as sales revenues.

III. NOTES TO THE BALANCE SHEET

1. Non-current assets

The composition and development of non-current assets is shown in the schedule of non-current assets (page 60).
Intangible assets totalling €0.840 million (2009: €0.861 million) are attributable to rental rights in Innsbruck and Wolkersdorf.
The value of the land of **developed sites** amounts to €7,872,988.34 (2008: €7,967 million), and that of undeveloped land to €3,546,180.82 (2009: €3,453 million). There were no additions to developed land in 2010. Under developed land a town house was sold in Hall in Tyrol while a write-off totalling €42,000 was recorded. The value of undeveloped land increased due to an acquisition in Graz/Zettling.
Liabilities from the use of property, plant and equipment not recognised in the balance sheet and due to long-term leasing contracts are as follows:

in T€	2010	2009
for the coming year	963.7	954.3
for the next five years	4,818.5	4,771.4

A summary of the data required in respect of participations in accordance with article 238, paragraph 2 of the UGB is presented on page 110.

The additions to **shareholdings in related undertakings** total €6.743 million (2009: €0.293 million) and are largely due to the acquisition of sternbrauerei riedenburg rev. gmbH as well as an allowance granted and a capital increase at Dictysate Investments Ltd.
Disposals amount to €0.683 million (2009: €0.373 million) and concern the capital decrease at AC Offices Klicperova s.r.o. and the reclassification of existing capital contributions at four related undertakings from current assets to non-current assets. Furthermore, extraordinary amortisation totalling €0.528 million (2009: €0.0 million) was charged to the lower fair market value.
The additions to **participations** total €0.148 million (2009: €0.411 million). Capital was increased at one company, while another was granted an allowance. The disposal of €0.001 million (2009: €0.0) relates to the liquidation of a participation. Furthermore, extraordinary amortisation totalling €4.0 million (2009: €0.0 million) was charged to the lower fair market value.

Loans

in T€	2010	2009
Related companies	129,562	8,956
Participations	43,392	18,274
Other companies	2,783	2,591

As in the previous year they have a residual maturity in excess of one year.

As of 1 January 2010, loans recognised to date under receivables were reclassified to loans to related companies in an amount of €76.355 million and to loans to undertakings linked by virtue of participating interests in an amount of €49.485 million in view of their long-term nature. The loans were mainly derived from project financing. Furthermore, extraordinary amortisation totalling €6.101 million (2009: €3.228 million) was charged to the lower fair market value, and additions were recorded amounting to €0.182 million (2009: €12.411 million).

2. Current assets

Inventories

The projected buildings relate to acquisition costs of various projects expected to be realised in the near future.

Receivables and other assets

	Total amount on balance sheet		Residual maturity up to one year		Residual maturity more than one year	
in T€	2010	2009	2010	2009	2010	2009
Trade receivables	76	197	76	197	–	–
Receivables from related companies	24,572	98,215	24,572	98,215	–	–
(of which trade receivables)	(7,275)	(4,893)	(7,275)	(4,893)	–	–
Receivables from companies linked by virtue of participating interests	1,575	40,003	1,575	40,003	–	–
(of which trade receivables)	(1,004)	(1,043)	(1,004)	(1,043)	–	–
Other receivables	7,451	4,732	6,518	3,899	933	833
TOTAL	**33,674**	**143,147**	**32,741**	**142,314**	**933**	**833**

€76.355 million was reclassified from receivables from related companies and €49.485 million from receivables from companies linked by virtue of participating interests into loans. €69,000 (2009: €44,000) of other receivables became cash items only after the balance sheet date.

Liquid assets

in T€	2010	2009
Cash and cash equivalents	7	18
Bank deposits	19,577	14,125
	19,584	14,143

3. Shareholders' equity

The share capital of €5,450,462.56 is divided into 3,000,000 ordinary, no-par bearer shares. The shares are registered shares.

Capital and profit reserves

The allocated capital reserve is derived from the share premium paid in connection with capital increases. The unallocated capital reserve is derived from changes in the legal form of the company in previous years.
"Other (free) reserves" increased from €40,133 million to €47,133 million. This increase resulted from a transfer to the unallocated profit reserve totalling €7.0 million.

4. Untaxed reserves

Untaxed reserves at UBM AG were as follows.
The release of untaxed reserves has no impact on the tax expense of the fiscal year due to tax losses carried forward.

in €	As of 01.01.2010	Additions U=reclassification	Release due to disposal	Release due to expiry	As of 31.12.2010
I. Property, plant and equipment					
1. Undeveloped land					
from carry forward, Article 12 EStG	287,165.48	–	–	–	287,165.48
	287,165.48	–	–	–	287,165.48
II. Financial assets					
1. Shares in related companies					
from carry forward, Article 12 EStG	509,072.10	–	–	–	509,072.10
	509,072.10	–	–	–	509,072.10
	796,237.58	–	–	–	796,237.58

5. Provisions

in T€	2010	2009
SEVERANCE PAY	**1,434**	**1,419**
PENSIONS	**2,224**	**2,259**
TAXES	**1,187**	**3,540**
OTHER		
Buildings	2,673	5,264
Personnel	2,255	2,441
Miscellaneous	2,098	1,262
	11,871	**16,185**

To cover pension provisions the company has pension plan reinsurance with an actuarial reserve as of 31 December 2010 totalling €933,379.53 (2009: €833,278.14). The rights and claims derived from these contracts are pledged in their entirety to the pensionable employees.
Provisions for buildings primarily concern outstanding purchase invoices. Other provisions are mainly provisions for anticipated losses and provisions for losses to be taken over from subsidiaries.

6. Liabilities

	Total amount on balance sheet		Residual maturity up to one year		Residual maturity more than one year	
in T€	2010	2009	2010	2009	2010	2009
Bonds	171,300	100,000	–	–	171,300	100,000
Liabilities to banks	23,189	47,307	2,092	2,241	21,097	45,066
Trade liabilities	488	978	488	978	–	–
Liabilities to related companies	3,020	9,849	3,020	9,849	–	–
(of which trade payables)	(17)	(2)	(17)	(2)	–	–
Liabilities to undertakings linked by virtue of participating interests	3,453	183	3,453	183	–	–
(of which trade payables)	(2,309)	(130)	(2,309)	(130)	–	–
Other liabilities						
from taxes	1,436	1,076	1,436	1,076	–	–
relating to social security	83	100	83	100	–	–
miscellaneous	6,807	3,295	6,242	2,712	565	583
TOTAL	**209,776**	**162,788**	**16,814**	**17,139**	**192,962**	**145,649**

The liabilities to related companies largely comprise other liabilities.

Liabilities with residual maturity of more than five years:

in T€	2010	2009
Liabilities to banks	14,270	15,690
Other liabilities		
Miscellaneous	496	513

The liabilities to banks are secured with mortgages totalling €23.189 million (2009: €25.154 million).

€6.002 million (2009: €2.489 million) of other liabilities will only become cash items after the balance sheet date.

7. Contingent liabilities

in T€	2010	2009
Credit guarantees	114,646	124,358

Project financing credits given by project companies related to the company were secured with the pledging of these business shares.

IV. NOTES TO THE INCOME STATEMENT

Sales revenues break down as follows:

in T€	2010	2009
Breakdown by activity		
Rentals from property management	6,478	5,907
Project development and construction	15,168	49,530
	21,646	55,437

in T€	2010	2009
Austria	11,103	33,415
International	10,543	22,022
Total	21,646	55,437

Personnel expenses

In item 6b "Severance expenses and contributions to employee benefit funds" totalling €145,698.72 (2009: T€95) an amount of €100,579.15 (2009: T€54) was attributable to severance expenses, and breaks down as follows:

2010	Severance expense	Pension expense
Managing Board	7,926.00	–16,179.54
Executives	134,242.61	–
Other staff	–41,589.46	–
Total	100,579.15	–16,179.54

2009	Severance expense	Pension expense
Managing Board	–9,568.00	626,074.01
Executives	9,434.00	–
Other staff	54,557.17	–
Total	54,423.17	626,074.01

Financial result

in T€	2010	2009
Income from participations		
a) from related companies	18,328	1,880
b) from affiliated companies	25	28
Income from securities and loans	8,062	999
of which from related companies	6,049	208
Other interest and similar income	1,204	5,934
of which from related companies	612	3,567
Income from disposal and upwards revaluation of financial assets	182	12,427
Expenses on financial assets	11,880	15,017
of which from related companies	635	133
of which depreciation	10,101	14,825
Interest and similar expenses	9,177	6,143
of which to related companies	407	42

Income from participations contains a same-period dividend recognition of “UBM Liegenschaftsverwertung GmbH” amounting to €9.0 million.

Taxes on income

Deferred tax assets totalling T€4 were not recognised in the annual financial statements (2009: €–0.080 million). As of 31 December 2010 they amounted to €0.355 million (2009: €0.359 million).

The company is the parent firm of a group that comprises 16 members in total, all of whom are linked to the company either directly or indirectly in accordance with Section 9 (4) of the Corporate Tax Act (KStG). Pursuant to the respective group and tax equalisation agreements, group members are obliged to pay a tax levy amounting to the corporate tax for the fiscal year payable on the profit in accordance with the regulations of the Income Tax Act (EStG) and the KStG. Any losses assessed in accordance with the provisions of the EStG and the KStG are held and offset against tax profits generated in subsequent fiscal years. In the event held losses are set off against profits, there is no obligation to pay a tax levy. The parent company can prescribe that group members make advance payments on the tax levy depending on when corporate tax advance payments fall due.

Audit costs

Audit and related services performed by the independent auditor were compensated by UBM with the sum of T€53 (2009: T€67.5). The auditor also received the sum of T€58.3 (2009: T€10.5) for other advisory services.

V. RELATIONSHIPS WITH RELATED COMPANIES

Real estate development and utilisation projects are carried out through project companies in which the company either has a sole interest or is involved with partners. In addition, the company holds (majority) stakes in companies, which use real estate property in the long term by means of renting.

VI. OTHER FINANCIAL COMMITMENTS

Hotel Euro-Disney

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital shares in UBX (Luxembourg) s.a.r.l. at its written request. UBX (Luxembourg) s.a.r.l. is in turn the sole shareholder of RL UBX Hotelinvestment France s.a.r.l., which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land belonging to the Euro Disney Park near Paris.

The purchase price corresponds to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2010, this liability totalled T€35,449.7 (previous year: T€36,870.9) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

Hotel “Magic Circus”

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital share in Asset Paris II (Luxembourg) s.a.r.l. at its written request. Asset Paris II (Luxembourg) s.a.r.l. is in turn the sole shareholder of Asset Paris II s.a.r.l., which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land in the commune of Magny-le-Hongre near Paris.

The purchase price corresponds to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2010, this liability totalled T€19,453 (previous year: T€19,850) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

VII. NOTES TO FINANCIAL INSTRUMENTS

The original financial instruments under assets on the balance sheet primarily include financial assets, trade receivables, receivables from related companies and receivables from companies linked by virtue of participating interests, while under equity and liabilities they include financial liabilities, especially loans and liabilities to banks.

In the 2005 fiscal year a bond was issued by UBM AG under the following conditions.

Nominal amount:	€100,000,000
Duration:	2005 – 2012
Interest rate:	3,875%
Coupon date:	10 June of each year; for the first time on 10 June 2006
Repayment:	100% at maturity

The decision to issue the bond was made in April 2005. Since interest was expected to rise, the interest rate was hedged for the term of the bond by means of a forward start swap. However, the interest rate developed contrary to these expectations. As a result, when closing the forward start swap a negative market value arose amounting to €2.36 million upon the issue of the bond.
Since the swap was concluded exclusively for hedging purposes, the negative market value of the closed forward start swap was not immediately expensed as incurred. However, it will be recognised as interest expense over the remaining term at the interest rate hedged in April 2005 (3.875% plus 0.44% for the interest swap). The market value of the interest swap as at 31.12.2010 was €–0.629 million (2009: €–1.05 million.)
As of 16 April 2010 a sum of €28.7 million was repaid from this bond.

Also on 16 April 2010 a new bond was issued by UBM AG under the following conditions.

Nominal amount:	€100,000,000
Duration:	2010 – 2015
Interest rate:	6,000%
Coupon date:	16 April of each year; for the first time on 16 April 2011
Repayment:	100% at maturity

VIII. MISCELLANEOUS

Transactions with people and undertakings close to the company were concluded under normal market conditions.

IX. INFORMATION ON STAFF AND STATUTORY BODIES

Average headcount:

	2010	2009
Salaried staff	68	73

Managing Board members:

Karl Bier, Chairman
Peter Maitz
Heribert Smolé
Martin Löcker

The remuneration of the Board in 2010 totalled €1,478,800.78 (2009: €1,666,737.52).

Members of the Supervisory Board:

Horst Pöchhacker, Chairman
Dr. Peter Weber, Deputy Chairman
Dr. Bruno Ettenauer
Wolfhard Fromwald
Walter Lederer
Dr. Johannes Pepelnik

Wolfgang Hesoun (until 31.08.2010)
Iris Ortner-Winischhofer (until 05.05.2010)

The remuneration paid to members of the Supervisory Board, including fees for meetings, totalled €79,663.77 in the reporting year (2009: €90,413.44).

Vienna, 8 March 2011

Karl Bier (Chairman)	Peter Maitz	Heribert Smolé	Martin Löcker

RESPONSIBILITY STATEMENT

DECLARATION OF MANAGEMENT IN ACCORDANCE WITH SECTION 82 (4) OF THE STOCK EXCHANGE ACT (BÖRSEG) (RESPONSIBILITY STATEMENT) – UBM AG

We hereby declare to the best of our knowledge that the annual financial statements of the parent company compiled in accordance with applicable accounting standards provide a true and fair view of the financial and earnings position of the company, as well the results of its operations. The business report presents the business operations, the results of business operations and the situation of the company in a way that provides a true and fair view of the financial and earnings position and the results of operations of the company, whilst also outlining the significant risks and uncertainties facing the company.

Vienna, 8 March 2011
The Managing Board

Karl Bier	**Peter Maitz**	**Heribert Smolé**	**Martin Löcker**
Chairman of the Managing Board responsible for project development and personnel	Member of the Managing Board responsible for technical management	Member of the Managing Board responsible for finance and accounting	Member of the Managing Board responsible for project calculations and technical controlling

AUDITOR'S REPORT

Report on Annual Financial Statements

We have audited the accompanying financial statements of **UBM Realitätenentwicklung Aktiengesellschaft, Vienna**

for the **fiscal year from 1 January 2010 to 31 December 2010** together with the bookkeeping system. The annual financial statements comprise the balance sheet as of 31 December 2010, the income statement for the fiscal year ended 31 December 2010 and the notes.

Management's Responsibility for the Financial Statements and Accounting

The management are responsible for the accounting as well as the presentation and the content of the annual financial statements which provide a true and fair view of the financial and earnings position and the results of operations of the company in accordance with the regulations of the Austrian Commercial Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the annual financial statements and the fair presentation of its net assets and financial position and the results of operations, to ensure the annual financial statements are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and description of type and scope of statutory audit

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with applicable laws and regulations in Austria for audits. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control relevant to the company's preparation of the annual financial statements and the fair presentation of the net assets and financial position of the Group and the results of its operations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit has not led to any objections. In our opinion, based on the results of our audit the annual financial statements have been prepared pursuant to applicable regulations and present a true and fair view of the net assets and financial position of the company as of 31 December 2010 and of the results of its operations for the fiscal year from 1 January 2010 to 31 December 2010 in accordance with accounting principles generally accepted in Austria.

Statement on Business Report

Laws and regulations require us to perform audit procedures to determine whether the business report is consistent with the annual financial statements and whether the other disclosures made in the business report do not give rise to misconceptions about the position of the company. The auditor's report has to state whether the business report is consistent with the annual financial statements and whether the disclosures according to Section 243a of the Austrian Commercial Code apply. In our opinion, the business report for the company is consistent with the annual financial statements. The disclosures according to Section 243a of the Austrian Commercial Code apply.

Vienna, 8 March 2011

BDO Austria GmbH
(Audit and Tax Consultants)

Markus Trettnak
Auditor

Hans Peter Hoffmann
Auditor

CONSOLIDATED FINANCIAL STATEMENTS

Poleczki Business Park, Warsaw

CONSOLIDATED INCOME STATEMENT
for the 2010 fiscal year

in T€	Notes	2010	2009
Sales revenue	(5)	114,591.5	197,633.6
Own work capitalised in non-current assets		280.5	75.8
Other operating income	(6)	6,680.6	5,099.7
Material expenses and other services	(7)	–59,341.7	–131,743.1
Personnel expenses	(8)	–15,103.5	–15,198.7
Amortisation and depreciation on intangible assets and property, plant, equipment	(9)	–1,487.0	–3,551.2
Other operating expenses	(10)	–19,829.5	–27,921.7
EARNINGS BEFORE INTEREST AND TAX (EBIT)		**25,790.9**	**24,394.4**
Result from associated companies		–521.7	–1,749.7
Financial income	(11)	12,345.4	18,706.6
Financial expenditure	(12)	–23,258.4	–27,171.1
EARNINGS BEFORE TAX (EBT)		**14,356.2**	**14,180.2**
Taxes on income	(13)	–4,911.4	–91.0
PROFIT AFTER TAX		**9,444.8**	**14,089.2**
of which due to parent company shareholders		9,178.7	14,134.0
of which due to non-controlling shareholders of subsidiaries		266.1	–44.8
PROFIT PER SHARE (IN €)	(14)	**3.06**	**4.71**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 2010 fiscal year

in T€	Notes	2010	2009
NET INCOME		**9,444.8**	**14,089.2**
Realised profit from hedging transactions	(39)	372.7	371.3
Tax expense (income)		–200.4	–41.0
Difference from currency translations		1,061.5	–1,236.7
OTHER COMPREHENSIVE INCOME		**1,233.8**	**–906.4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,678.6**	**13,182.8**
of which due to parent company shareholders		10,412.5	13,138.0
of which due to non-controlling shareholders of subsidiaries		266.1	44.8

CONSOLIDATED BALANCE SHEET

as of 31 December 2010

ASSETS

in T€	Notes	31.12.2010	31.12.2009
NON-CURRENT ASSETS			
Intangible assets	(15)	2,701.2	2,723.5
Property, plant and equipment	(16)	56,251.8	27,072.0
Financial real estate	(17)	251,717.6	250,296.2
Shares in associated companies	(18)	18,814.2	5,747.0
Project financing	(19)	51,052.4	65,604.7
Other financial assets	(20)	18,956.5	18,244.1
Deferred tax assets	(25)	981.3	625.1
		400,474.9	**370,312.6**
CURRENT ASSETS			
Inventories	(21)	84,312.7	45,254.1
Trade receivables	(22)	15,254.6	20,866.0
Other receivables and assets	(23)	12,499.7	9,678.4
Liquid assets	(24)	46,711.1	39,604.6
		158,778.1	**115,403.1**
		559,253.0	**485,715.7**

EQUITY AND LIABILITIES

in T€	Notes	31.12.2010	31.12.2009
SHAREHOLDERS' EQUITY	(26,27)		
Share capital		5,450.5	5,450.5
Capital reserves		45,185.8	45,185.8
Foreign currency translation reserve		3,533.3	2,672.2
Other reserves		81,053.9	75,093.4
Retained profit		3,315.4	3,025.7
INTERESTS OF PARENT COMPANY SHAREHOLDERS		**138,538.9**	**131,427.6**
Non-controlling interests		988.7	1,022.5
		139,527.6	**132,450.1**
LONG-TERM LIABILITIES			
Provisions	(28)	5,677.2	7,227.6
Bonds	(29)	171,300.0	100,000.0
Financial liabilities	(30)	157,996.3	146,260.9
Other financial commitments	(32)	16,391.6	–
Deferred tax liabilities	(25)	6,221.2	4,982.9
		357,586.2	**258,471.4**
CURRENT LIABILITIES			
Provisions	(28)	2,972.5	3,061.8
Financial liabilities	(30)	10,730.5	29,719.8
Trade liabilities	(31)	27,861.8	32,771.1
Other financial commitments	(32)	10,587.6	18,329.7
Other liabilities	(33)	4,749.3	4,796.2
Tax liabilities	(34)	5,237.5	6,115.6
		62,139.2	**94,794.2**
		559,253.0	**485,715.7**

CONSOLIDATED CASH FLOW STATEMENT
for the 2010 fiscal year

in T€	2010	2009
Profit after tax	9,444.9	14,089.2
Depreciation/upwards revaluation of non-current assets	16,432.5	21,088.0
Income/expenses on associated companies	–7,333.8	1,742.9
Increase/decrease in long-term provisions	–1,550.4	672.2
Deferred tax liabilities	882.1	–3,173.9
CASH FLOW FROM EARNINGS	**17,875.3**	**34,418.4**
Increase/decrease in short-term provisions	–180.0	1,101.2
Profit/loss from disposal of assets	–2.7	582.9
Increase/decrease in inventories	–16,463.5	34,824.8
Increase/decrease in receivables	–15,384.9	–3,046.7
Increase/decrease in liabilities (excluding bank liabilities)	3,941.9	–12,565.4
Other non-cash transactions	7,240.4	296.1
CASH FLOW FROM OPERATING ACTIVITIES	**–2,973.4**	**55,611.3**
Income from disposed property, plant, equipment and financial real estate	17,545.9	15,922.2
Income from disposed financial assets	3,781.5	1,917.7
Investments in intangible assets	–10.2	–41.9
Investments in property, plant, equipment and financial real estate	–72,422.9	–18,869.5
Investments in financial assets	–6,124.1	–5,267.2
Income/expense from changes in consolidation scope	9,885.8	9,360.6
CASH FLOW FROM INVESTMENT ACTIVITIES	**–47,344.0**	**3,021.9**
Bond repayments	–28,700.0	–
Income from bonds	100,000.0	–
Dividends	–3,367.2	–3,553.4
Borrowing/repayment of loans and other Group financing	–11,637.1	–58,106.5
CASH FLOW FROM FINANCING ACTIVITIES	**56,295.7**	**–61,659.9**
CASH FLOW FROM OPERATING ACTIVITIES	**–2,973.4**	**55,611.3**
CASH FLOW FROM INVESTMENT ACTIVITIES	**–47,344.0**	**3,021.9**
CASH FLOW FROM FINANCING ACTIVITIES	**56,295.7**	**–61,659.9**
CHANGE IN LIQUID ASSETS	**5,978.3**	**–3,026.7**
Liquid assets as of 01.01	39,604.6	42,603.9
Currency differences	644.4	27.5
Change in liquid assets due to altered scope of consolidation	483.8	–
LIQUID ASSETS AS OF 31.12	**46,711.1**	**39,604.6**

Notes (38)

RECONCILIATION OF EQUITY
for the 2010 fiscal year

in T€
AS OF 01.01.2009
Total result for the year
Dividend payments
Acquisition of minority shares
AS OF 31.12.2009
AS OF 01.01.2010
Total result for the year
Dividend payments
Acquisition of non-controlling interests
AS OF 31.12.2010

Neue Mitte Lehen, Salzburg

Share capital	Capital reserve	Foreign currency translation reserve	Other reserves	Parent company shareholders	of which due to non-controlling shareholders of subsidiaries	Total
5,450.5	**45,185.8**	**3,949.9**	**67,003.4**	**121,589.6**	**1,219.8**	**122,809.4**
–	–	–1,277.7	14,415.7	13,138.0	44.8	13,182.8
–	–	–	–3,300.0	–3,300.0	–253.4	–3,553.4
–	–	–	–	–	11.3	11.3
5,450.5	**45,185.8**	**2,672.2**	**78,119.1**	**131,427.6**	**1,022.5**	**132,450.1**
5,450.5	**45,185.8**	**2,672.2**	**78,119.1**	**131,427.6**	**1,022.5**	**132,450.1**
–	–	861.1	9,551.4	10,412.5	226.1	10,678.6
–	–	–	–3,000.0	–3,000.0	–367.2	–3,367.2
–	–	–	–301.2	–301.2	67.3	–233.9
5,450.5	**45,185.8**	**3,533.3**	**84,369.3**	**138,538.9**	**988.7**	**139,527.6**

Notes (26) (27)

“SUSTAINABLE BUILDING, SUSTAINABLE MANAGEMENT–THAT'S WHAT UBM EXCELS AT. AND ALWAYS HAS DONE.”

Bergmannstraße, Munich

UBM REALITÄTENENTWICKLUNG AG

1. GENERAL INFORMATION

The UBM Group is composed of UBM Realitätenentwicklung Aktiengesellschaft (UBM AG) and its subsidiaries. UBM AG is a public company pursuant to Austrian law and is headquartered at Floridsdorfer Hauptstraße 1, 1210 Vienna. The company is registered at the Vienna Commercial Court under registration No. FN 100059 x. The core activities of the Group are the development, utilisation and management of real estate.
The consolidated financial statements have been prepared pursuant to Article 245a of the Austrian Commercial Code (UGB), in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and also the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
The reporting currency is the euro, which is also the functional currency for UBM AG. For the individual subsidiaries included in the consolidated financial statements the functional currency is either the euro or the respective national currency, depending on the field of business. Figures are reported in thousands of euros (T€) and rounded accordingly. The reporting year corresponds to the calendar year and ends on 31 December 2010.

2. CONSOLIDATION

Scope of consolidation

In addition to UBM AG, the consolidated financial statements include 7 domestic subsidiaries (previous year: 6) and 49 foreign subsidiaries (previous year: 45). Furthermore, 8 domestic (previous year: 6) and 14 foreign (previous year: 14) associated companies were measured using the equity method.
The consolidated subsidiaries and associated companies can be found on the list of equity investments (see annex). Companies of secondary importance to the consolidated financial statements have not been included. A total of 14 companies (previous year: 17) were not fully consolidated due to their minor economic importance.
The consolidated financial statements fully consolidate all companies which are under the controlling influence of the parent company ("subsidiary companies"). A controlling influence is when the parent company is able to exert a direct or indirect impact on the financial and business policies of the given company.
A subsidiary company is first consolidated when this controlling influence commences, and ends when said influence no longer applies. Companies that are managed together with another undertaking ("joint ventures") as well as companies on which the parent company directly or indirectly exerts a significant influence ("associated companies") are consolidated using the equity method.

In the 2010 fiscal year the following companies were consolidated for the first time (for level of participation see list of equity investments):

- sternbrauerei-riedenburg revitalisierung gmbh
- CSMG Riedberg GmbH
- MG Dornach Hotel GmbH
- MG-Projekt Königstraße GmbH
- FMZ Gdynia Spólka z ograniczona odpowiedzialnoscia
- FMZ Lublin Spólka z ograniczona odpowiedzialnoscia
- FMZ Sosnowiec Spólka z ograniczona odpowiedzialnoscia
- UBM Kosice s.r.o.
- UBM Holding NL B.V.
- UBM Asset Zuidas B.V.
- UBM Hotel Zuidas B.V.

Interests were acquired in two companies, while all others were newly established. For simplicity's sake all companies were consolidated for the first time as of 1 January 2010.

The assets and liabilities of the companies consolidated for the first time are shown below:

Assets and liabilities

in T€	2010	2009
ASSETS		
Non-current assets	64,483.5	13,816.0
Current assets	12,537.6	3,026.8
Assets	77,021.1	16,842.8
EQUITY AND LIABILITIES		
Long-term liabilities	53,448.4	11,504.0
Current liabilities	22,840.7	5,244.0
Equity and liabilities	76,289.1	16,748.0

Sales revenue in reporting year	636.0	7,752.1
Net income in reporting year	–960.9	613.9
Purchase price for interests	2,560.0	6.0

The assets consolidated for the first time largely comprise real estate, while the liabilities are composed of the financing for these real estate properties. The companies consolidated for the first time drive the development of these projects.

Principles of consolidation

Acquired companies are recorded using the purchase method. According to this method, the purchased assets, liabilities and contingent liabilities are recognised as of the date of purchase at the fair values corresponding to the date of purchase. The difference between the cost and the attributable share of net assets measured at their fair market value is recognised as goodwill; such net assets are not subject to ordinary depreciation but instead are subject to an impairment test at least once a year.

In the reporting year, goodwill from the first-time consolidations was allocated to assets, liabilities and contingent liabilities totalling T€1,023 (previous year: T€0). Assets were measured at their fair market value. The non-controlling interest of acquired companies recognised as at the date of the acquisition totalled T€15.6.

All intra-group receivables and liabilities are eliminated during the consolidation of debts. Intra-group income and expenses are netted off during the income and expense consolidation. Interim results and intra-company supplies are eliminated when they involve significant sums, while the respective assets are still reported in the consolidated financial statements.
Participations in net assets of fully consolidated subsidiaries which are not allocable to UBM AG are reported separately under "minority interests" as part of shareholder's equity.

3. CAPITAL RISK MANAGEMENT

The Group manages its capital with the goal of maximising the return from its participations through optimising the balance of equity and external capital.

The structure of capital at the Group consists of debts, cash and cash equivalents as well as the equity capital of the shareholders of the parent company.

Net debt

Risk management at the Group checks the capital structure continuously.

Net debt as of the year-end was as follows:

in T€	31.12.2010	31.12.2009
Debts [i]	340,026.8	275,980.7
Cash and cash equivalents	–46,711.1	–39,604.6
Net debts	293,315.7	236,376.1
Equity capital [ii]	138,935.7	132,450.1
Net debt to equity ratio	209.6%	178.5%

[i] Debts are defined as long- and short-term financial liabilities, as outlined in notes 29 and 30.

[ii] Equity capital comprises the entire capital and reserves of the Group.

The overall strategy of the Group has not changed in comparison to the 2009 fiscal year.

4. ACCOUNTING POLICIES

The annual financial statements of all the companies included in the consolidated financial statements have been prepared in accordance with standard accounting policies.

Principles of measurement

Amortised cost is used as the basis for measuring intangible assets, property, plant and equipment, project financing, inventories, trade receivables and liabilities.

With regard to available-for-sale securities, derivative financial instruments and financial real estate, the measurement is based on fair market values as of the reporting date.

Currency translations

The companies included in the consolidated financial statements compile their annual financial statements in their own functional currencies, whereby the functional currency is the one used for the financial activities of each company.

The balance sheet items for the companies included in the consolidated financial statements are converted using the middle exchange rate as of the reporting date, while income statement items are converted using the average exchange rate for the fiscal year, based on the arithmetic average of all month-end rates. The differences resulting from the currency conversion are recorded directly in shareholders' equity. These currency differences are recognised in the income statement when the business is sold or discontinued.

In the case of company acquisitions, adjustments made to the carrying values of the purchased assets, assumed liabilities and contingent liabilities to fair market value as of the purchase date, or goodwill, are treated as assets or liabilities of the acquired subsidiaries, and are thus subject to currency translation.

Exchange gains or losses of consolidated companies in a currency other than the functional currency are recognised in the income statement. Monetary positions for these companies which are not in the functional currency are converted using the middle exchange rate as of the balance sheet date.

Intangible assets are capitalised at cost and amortised using straight-line rates over their expected useful life. In this respect amortisation rates of 25% to 50% were applied.

The depreciation for the fiscal year will be reported in the income statement under "amortisation and depreciation of intangible assets and of property, plant and equipment.

If a reduction in value (impairment) is identified, the corresponding intangible assets will then be depreciated to the recoverable amount, i.e. to the higher of the fair value less selling costs or the value in use. When the impairment no longer applies it is reversed in line with the increased valuation, but only up to the maximum value calculated if applying the amortisation schedule on the basis of the original cost.

Goodwill is recorded as an asset and is reviewed for any impairment in value at least once a year pursuant to IFRS 3 in connection with IAS 36. All impairments are immediately recorded in the income statement. No impairment losses are subsequently reversed.

Property, plant and equipment are measured at acquisition cost including ancillary costs and net of reductions in acquisition costs, or at production cost including ordinary straight-line depreciation charged in the reporting year, whereby the following depreciation rates were applied:

in %	
Buildings	2.5
Plant and machinery	10.0 to 33.3
Other plant, furniture, fixtures and office equipment	6.7 to 33.3

If a reduction in value (impairment) is identified, the corresponding property, plant and equipment will then be depreciated to the recoverable amount, i.e. to the higher of the fair value less selling costs or the value in use. When the impairment no longer applies it is reversed in line with the increased valuation, but only up to the maximum value calculated if applying the amortisation schedule on the basis of the original cost. Fundamental modifications are capitalised, while ongoing maintenance work, repairs and minor modifications are recognised as expense when they are accrued.

Low-value assets are written off in the year when purchased since they are immaterial from the perspective of the consolidated financial statements.

Plant and buildings currently under construction which are to be used for business purposes or which do not have any specific use as yet shall be reported at cost less depreciation to reflect reductions in value. Borrowing costs are included in the cost value in the case of qualifying assets. The depreciation of these assets begins upon completion or when ready for operation.

Financial real estate is properties which are kept in order to generate rental income and/or for purposes of increasing value. Office buildings and business premises, residential buildings, and vacant plots which are not used by the company for its own operations are included under financial real estate. These are recognised at their fair value. Profits and losses derived from changes in value are recognised in the income statement for the period in which the change in value occurs.

The fair value measurements of financial real estate are based on the fair market appraisals from independent experts, or, the fair market value is determined from the present value of estimated future cash flows expected from utilising the real estate, or from comparable transactions.

Leasing

Leases are classified as financial leases when all risks and opportunities linked to the property are transferred to the lessee in accordance with the lease contract.

Assets held under financial leases are recorded at the start of the leasing relationship as Group assets at the lower of the fair market value or the present value of the minimum lease payments. The minimum lease payments are the amounts to be paid during the obligatory contractual term, including a guaranteed residual value. The corresponding liability to the lessor is recorded in the balance sheet as a financial lease obligation. Lease payments are divided into interest expenses and a reduction in the leasing liability, in order to achieve a continuous return from the remaining liability. Interest expenses are recorded in the income statement.

Participations in associated companies are reported at cost, divided into the prorated, purchased net assets measured at fair market value, as well as goodwill, if necessary. The carrying value is increased or decreased annually by the prorated annual net profit or loss, related dividends, and other changes in equity capital Goodwill is not subject to ordinary amortisation but to an impairment test pursuant to IAS 36, which is conducted every year and whenever there are signs of a possible decrease in value. Should the recoverable amount fall below the carrying value, the difference is depreciated.

Project financing is valued at amortised cost. If signs of a reduction in value (impairment) are identified, the project financing is depreciated to the present value of the expected cash flow.

Shares in unconsolidated subsidiaries and other participations, reported under **other financial assets,** are measured at cost since a reliable fair market value cannot be determined. Should a reduction in value be identified on financial assets valued at cost, depreciation is recorded to the present value of the expected cash flow.

Real estate intended for sale is valued at the lower of the purchase/production cost and the net sales value. Borrowing costs are included in the cost value in the case of qualifying assets.

Construction projects are accounted using the POC method. Projected revenues are recognised under sales revenue in accordance with the percentage of completion. The percentage of completion, which forms the basis for the amount of recognised revenues, is generally determined based on the output as of the reporting date relative to the total estimated output. In the event the percentage of completion cannot be reliably estimated, revenues are only recognised to the level of corresponding costs. Project costs are recognised as expense in the period when incurred. If it is likely that the costs of a project will exceed the entire revenue of the project, the expected loss is recognised immediately. There were no construction projects in the 2010 fiscal year or in the previous year.

Receivables are essentially recognised at amortised cost. Write-down allowances are allocated in the event of risks regarding collectibility.

In the case of temporary differences between the valuation of assets and liabilities in the consolidated financial statements on the one hand and the fiscal valuation on the other, **accrued items for deferred taxes** are stated in the amount of the anticipated future tax burden or tax relief. Furthermore, deferred tax assets for future monetary gains resulting from tax loss carry forwards are recognised for as long as realisation is probable. The exceptions to this rule of comprehensive tax deferrals are the differences from goodwill that cannot be deducted for tax purposes.

The deferred tax calculation is based on the corporate tax rate valid in each country; for Austrian companies the tax rate is 25%.

The **provisions for severance pay, pensions and anniversary bonuses** were determined pursuant to IAS 19 according to the Projected Unit Credit Method and based on the AVÖ 2008-P generations table, whereby an actuarial valuation is carried out as of each balance sheet date. In measuring these provisions, an annual interest rate of 4.75% (previous year: 5.0%) and annual reference increases of 2.4% (previous year: 2.9%) were taken into account.

Actuarial gains and losses are recognised in full during the year in which they are incurred. Service costs are reported under personnel expenses. Interest charges are recognised under financing expenses.

Other provisions take into account all discernible risks and contingent liabilities. They are recognised in the amount which is presumably required to fulfil the underlying obligation.

Liabilities are recognised at amortised cost using the effective interest method.

Should the repayment amount be lower or higher, the effective interest method is used accordingly to depreciate or write up.

Derivative financial instruments are measured at their fair market value. Derivatives in hedges are treated in accordance with hedge accounting regulations.
Revenues are measured at the fair market value for the service provided. Discounts, sales taxes, and other taxes in connection with the revenues are deducted from this amount. Revenues are recorded after the delivery and transfer of the property. The revenues from construction orders are recorded over the period in which the order is executed in accordance with the percentage of completion.

Interest income and expenses are accrued taking into account the outstanding loan amount and the interest rates to be applied. **Dividend income** from financial investments is recorded when the legal claim arises.

Management estimates and assumptions as well as discretionary decisions which refer to the amount and recognition of assets and debts in the balance sheet as well as to income and expenditures and the data of relevant contingent liabilities are inextricably linked to the compilation of the annual financial statements. The estimates, assumptions and discretionary decisions essentially refer to:

- The determination of fair values of real estate: As a rule the fair value is equal to the present value of realisable income from leasing. If the estimate regarding the realisable future earnings from leasing or the predicted rate of return on alternative investments changes, the fair value of the given object will also change.

- Useful life: The useful life of property, plant and equipment and intangible assets which can be amortised/depreciated is the estimated period for which the assets are expected to be used. A change in general conditions may require an adjustment to the useful life, which can have an effect on the results of operations of the Group.

- Construction projects: The assessment of construction projects until completion, the level of project revenues to be accrued under the POC method and the estimate of the likely project result are all based on expectations of the future development of long-term construction projects. Any change in these estimates, especially any costs still to be incurred, the percentage of completion and the likely project result can exert an impact on the results of operations of the Group.

- Provisions: The estimated values of severance payment, pension and anniversary bonus provisions are based on parameters such as discount factors, salary increases or fluctuations, which can lead to higher or lower provisions and staff costs and interest costs if changes occur. Other provisions are based on estimates related to the likelihood of an event occurring or the probability of an outflow of funds. Changes to these estimates or the occurrence of an event previously classed as unlikely can have a significant effect on the Group's results of operations.

- Impairment: Impairment tests on goodwill, other intangible assets, property, plant and equipment and real estate held as financial investments are primarily based on estimated future discounted net payment flows which are expected from the continuous use of an asset and its disposal at the end of its useful life. Factors like lower revenues or rising expenditure and the resulting lower net payment flows as well as changes to the discount factors used can lead to impairment or, if permitted, to a write-up.

- Deferred tax assets from tax loss carry-forwards: The usability of tax loss carry-forwards is mostly dependent on the growth in earnings of individual companies. Deferred tax assets from loss carry forwards were capitalised insofar as they are likely to be set off against future tax profits. The actual tax profits could differ from these assumptions.

The figures which actually arise in the future could deviate from these estimates.

NEW AND AMENDED ACCOUNTING STANDARDS

Standards applied for the first time in reporting year

New standards

New interpretations

IFRIC 17 – Distributions of Non-cash Assets to Owners:
This interpretation concerns the presentation of distributions of non-cash assets to owners and must be applied for annual periods beginning on or after 1 July 2009. This interpretation had no change on the consolidated financial statements.

Revised standards

IFRS 1 – First-time adoption of International Financial Reporting Standards (revised November 2008):
The revised standard must be applied if the first IFRS financial statements relate to annual periods beginning on or after 1 July 2010. Since the Group already applies IFRS, it is not relevant for the Group.

IFRS 3 – Business combinations (revised 2008):
The changes relate in particular to the accounting of business combinations achieved in stages and the measurement of minority interests, and to a lesser extent, they relate to the handling of ancillary acquisition costs and contingent consideration for a business combination. In the case of business combinations achieved in stages the goodwill is calculated as the positive difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of the acquirer's previously-held equity interest in the acquiree and any minority interest on the one hand, and the net of the fair value amounts of the identifiable assets acquired and the liabilities assumed on the other. In terms of measuring minority interests there is an option: they can either be recognised at fair value as of the date of acquisition or at the proportionate share of net assets. In the course of an acquisition, all ancillary acquisition costs must be expensed in the period in which they are incurred. Contingent consideration for the acquisition of an entity must be recognised at fair value at the time of the acquisition. Any subsequent changes must as a rule be recognised in profit or loss. The standard was applied for all acquisitions from 1 January 2010.

New versions of standards

IAS 27 – Consolidated and Separate Financial Statements (revised January 2008):
The most significant changes that are closely related to the new version of IFRS 3 are transactions which lead to a change in the amount of shares held in subsidiaries but do not lead to a change in control, and transactions between companies where the effect of such transactions on the net assets of the group is not entered as income or expense in the income statement, but rather directly in equity capital. Participation in the losses of subsidiaries must be allocated to non-controlling interests even if this results in the carrying value of the non-controlling interests having a deficit balance. These amendments must first be applied for annual periods beginning on or after 1 July 2009. The amendments set forth above are applicable prospectively so that non-controlling interests are not adjusted to include losses not allocated in previous years, and so that transactions which lead to a change in the amount of the interest held in subsidiaries before the date of the first-time adoption of the amendments, regardless of the accounting methods used for these transactions, do not result in adjustments to carry forwards or to comparative information regarding previous years.

Amendments to standards and interpretations

IAS 28 – Investments in Associates (revised 2008):
The basic principle behind the changes in IAS 27 (2008) (see above) means that a loss of control is accounted for as a disposal and retained interests are recognised at fair value; this led to changes in IAS 28. This is why if significant influence is lost, the investor measures any retained interest in the former associate at fair value, whereby any resultant profit or loss is recognised in the profit or loss of the given period. These amendments must first be applied for annual periods beginning on or after 1 July 2009.

IAS 39 - Financial Instruments: Recognition and Measurement (revised 2008):
These amendments clarify two aspects of accounting for hedging relationships: on the one hand, inflation is named as a hedgeable portion of risk, while on the other, the hedging process involves options. This amendment must be applied for annual periods beginning on or after 1 July 2009 and had no impact on the consolidated financial statements.

IFRS 2 – Share-based payments (revised 2009):
The amendments to IFRS 2 clarify the accounting of share-based payments with cash payments in the Group, especially the accounting of such payments in subsidiary financial statements. It specifies that an entity which receives goods or services as part of a share-based payment arrangement must account for these goods or services, regardless of which entity in the group fulfils the related liability or whether the liability is fulfilled in shares or in cash. These amendments apply for reporting periods beginning on or after 1 January 2010, and must be adopted retrospectively. This change had no impact on the consolidated financial statements.

Improvements to IFRS (revised 2009):
In April 2009 the IASB issued a collection of amendments to various IFRSs as part of the first annual improvements process project (Improvements to IFRSs). The amendments relate to changes for presentation, recognition and measurement purposes as well as those involving terminology or editorial changes. The amendments are largely applicable for annual periods beginning on or after 1 January 2010 and had no impact on the consolidated financial statements.

IFRS 1 – Additional exemptions for First-Time Adopters (revised 2009):
The amendments relate to the retrospective application of IFRS in certain situations and should ensure that entities do not incur undue cost when switching to IFRS. Since the UBM Group is not a first-time adopter of IFRS, this standard will have no impact on the consolidated financial statements.

NEW ACCOUNTING STANDARDS NOT YET APPLIED

The following standards and interpretations were already published when the consolidated financial statements were produced but were not compulsory for annual periods beginning on or after 1 January 2010 and were not applied early on a voluntary basis either.

Standards and interpretations adopted by the European Union

New interpretations

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments:
This interpretation published in November 2009 clarifies that equity instruments issued to extinguish financial liabilities, which are initially measured at fair value, constitute "paid consideration" in accordance with paragraph 41 of IAS 39. This interpretation must be applied for annual periods beginning on or after 1 July 2010 and will not impact on the consolidated financial statements of the Group.

Revised standards

IFRS 1 – First-time adoption of International Financial Reporting Standards (revised November 2008):

The revised standard must be applied if the first IFRS financial statements relate to annual periods beginning on or after 1 July 2010. Since the Group already applies IFRS, it is not relevant for the Group.

IAS 24 – Related Party Disclosures
The impacts on the consolidated financial statements of the Group are still being assessed.

New versions of standards

Amendments to standards and interpretations

Classification of rights issues: Amendments to IAS 32 Financial Instruments: Presentation (revised 2009):
In accordance with this amendment, rights (options, warrants) to acquire a certain number of equity instruments for a fixed amount of foreign currency are considered to be equity instruments if such rights are offered pro rata to all existing shareholders. This amendment must be applied for annual periods beginning on or after 1 February 2010 and will not impact on the consolidated financial statements of the Group.

Prepayment of minimum amounts: Amendments to IFRIC 14 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2009):
The amendment permits the prepayments of minimum amounts to be recognised as assets. This amendment must be applied for annual periods beginning on or after 1 January 2011 and will not impact on the consolidated financial statements of the Group.

Standards and interpretations not yet adopted by the European Union

New standards

IFRS 9 – Financial Instruments:
IFRS 9 – Financial Instruments was published in November 2009. IFRS 9 governs the classification and measurement of financial assets. The measurement categories to date of loans and receivables, assets held to maturity, available-for-sale financial assets and assets measured at fair value through profit or loss have been replaced by the categories of amortised cost and fair value. Whether an instrument can be classified in the amortised cost category depends on the business model of the entity, i.e. how the entity manages its financial instruments, and on the contractual payment flows of the individual instrument. These amendments must be applied for annual periods beginning on or after 1 January 2013.

New interpretations

Amendments to standards and interpretations

Amendment to IFRS 7 – Financial Instruments: Disclosures

Improvements to IFRS (revised 2010):
In May 2010 the IASB issued a collection of amendments to various IFRSs as part of the annual improvements process project (Improvements to IFRSs). The amendments relate to changes for presentation, recognition and measurement purposes as well as those involving terminology or editorial changes. The amendments are largely applicable for annual periods beginning on or after 1 January 2011 and have no impact on the consolidated financial statements.

5. REVENUES

Sales revenue totalling T€114,591.5 (previous year: T€197,633.6) includes revenues from real estate and real estate project companies, rental income, income from property management, settled construction works for internal projects and other proceeds from normal business activities.

In the following table the Group's total output is presented from internal reporting by region, where in particular the prorated performance from associated companies and subsidiaries not fully consolidated is recorded and transferred to revenues.

in T€	2010	2009
REGIONS		
Austria	28,527.9	33,378.3
Western Europe	95,203.6	136,783.2
Eastern Europe	93,294.6	105,252.3
TOTAL GROUP OUTPUT	**217,026.1**	**275,413.8**
net of sales from joint ventures	–18,195.1	–19,525.0
net of inventory changes in own projects	–2,107.6	26.0
net of sales from associated and subsidiary companies	–61,986.0	–48,386.0
net of joint ventures	–20,145.9	–9,819.2
net of own work capitalised	–	–76.0
SALES REVENUE	**114,591.5**	**197,633.6**

6. OTHER OPERATING INCOME

Other operating income primarily includes proceeds from property management ancillary costs. It also includes exchange gains amounting to T€2,483.6 (previous year: T€1,296.9).

7. MATERIAL EXPENSES AND OTHER SERVICES

in T€	2010	2009
Costs of raw materials, supplies and purchased goods	–4,433.0	–3,604.2
Costs of services used	–54,908.7	–128,138.9
TOTAL	**–59,341.7**	**–131,743.1**

8. PERSONNEL EXPENSES

in T€	2010	2009
Wages and salaries	–12,694.3	–12,355.6
Social security charges	–2,467.4	–2,319.8
Severance pay and pension expenses	58.2	–523.3
TOTAL	**–15,103.5**	**–15,198.7**

The expenses for severance pay and pensions include expenses during the period of employment and actuarial results. The interest expense is recognised under financing expenses.

9. AMORTISATION AND DEPRECIATION

The ordinary amortisation of intangible assets totalled T€33.9 (previous year: T€41.7) the ordinary depreciation on property, plant and equipment totalled T€1,453.2 (previous year: T€1,207.8) during the year, along with extraordinary depreciation amounting to T€0 (previous year: T€2,301.7).

10. OTHER OPERATING EXPENSES

The main other operating expenses are as follows.

in T€	2010	2009
Office management	–2,596.6	–2,733.9
Advertising	–1,361.2	–976.2
Legal and advisory costs	–3,017.8	–3,345.1
Adjustment to financial real estate	–4,496.4	–14,855.4
Miscellaneous	–8,357.5	–6,011.1
TOTAL	**–19,829.5**	**–27,921.7**

The miscellaneous other operating expenses principally comprise travel costs, fees and duties, other third-party services and general administration costs. It also includes exchange losses amounting to T€1,345.2 (previous year: T€924.2).

11. FINANCIAL INCOME

in T€	2010	2009
Income from participations	407.5	2,182.3
of which from related companies	382.8	1,768.0
Interest and similar income	4,733.2	3,936.3
of which from related companies	1,454.5	–
Income from disposal and upwards revaluation of financial assets	7,204.7	12,588.0
of which from related companies	–	–
TOTAL	**12,345.4**	**18,706.6**

12. FINANCIAL EXPENDITURE

in T€	2010	2009
Interest and similar expenses on bonds	–7,707.2	–4,289.0
Interest and similar expenses on other financial liabilities	–2,239.4	–6,413.3
Other interest and similar expenses	–1,676.6	–1,202.4
Expenses from participations	–2,035.5	–281.1
of which from related companies	–463.5	–133.1
Expenses on other financial assets	–9,599.7	–14,985.3
TOTAL	**–23,258.4**	**–27,171.1**

13. TAXES ON INCOME

The taxes on income paid or due in the individual countries, the tax levy from non-consolidated members of a group in accordance with Section 9 of the Austrian Corporate Tax Act as well as deferred taxes are stated as taxes on income.
The calculation is based on tax rates which are likely to be applied at the time of realisation in accordance with valid tax laws, or in accordance with tax laws whose entry into force has essentially been approved.

in T€	2010	2009
Actual tax expense	3,706.5	3,318.5
Deferred tax expense/income	1,204.9	–3,227.5
TAX EXPENSE (+)/INCOME (–)	**4,911.4**	**91.0**

The tax expense calculated on the basis of the Austrian corporate tax rate of 25% results in the following reconciliation with the actual tax expense:

in T€	2010	2009
Earnings before tax	14,356.2	14,180.2
Theoretical tax expense (+)/income (–)	3,589.1	3,545.1
Tax rate differences	202.7	-95.4
Tax effect of non-deductible expenses and tax-free income	960.8	–4,004.3
Income/expenses from participations in associated companies	241.0	437.4
Change in deferred tax asset not recognised in light of loss carry forwards	–229.9	–50.5
Other differences	147.7	258.7
TAXES ON INCOME	**4,911.4**	**91.0**

In addition to the tax expense recorded in the consolidated income statement, the tax effect of income and expenses recognised in other comprehensive income was also set off in other comprehensive income. The amount recorded in other comprehensive income amounted to T€–200.4 (previous year: T€–41.0)

14. EARNINGS PER SHARE

Earnings per share are calculated by dividing the share of the parent company's shareholders in the profit after tax by the weighted average number of shares issued. The undiluted earnings per share is the same as the diluted earnings per share.

in T€	2010	2009
Share of parent company shareholders in profit after tax	9,178.7	14,134.0
Weighted average number of shares issued	3,000,000	3,000,000
EARNINGS PER SHARE IN €	**3.06**	**4.71**

15. INTANGIBLE ASSETS

Only intangible assets which have been acquired with a limited useful life are stated. With regard to useful life and the amortisation method applied, please consult the details on the accounting policies.

The ordinary amortisation and depreciation is reported in the income statement under "amortisation and depreciation of intangible assets and of property, plant and equipment".

As part of the impairment test, the sum of the carrying values of the assets at the individual cash-generating units to which goodwill has been allocated are compared with their recoverable amount. For the UBM Group the cash-generating unit is essentially the individual consolidated company. The goodwill is allocated to the cash-generating unit of Münchner Grund Immobilien Bauträger AG. The recoverable amount corresponds to the higher of the fair value less selling costs or the value in use. The fair value reflects the best possible estimation of the amount for which an independent third party could acquire the cash-generating unit under market conditions on the balance sheet date. In cases where no fair value can be determined, the value in use, i.e. the present value of the expected future cash flows of the cash-generating unit, shall be determined as the recoverable amount. Since a fair value could not be determined for any of the cash-generating units to which goodwill has been allocated, the value in use of this cash-generating unit was calculated to determine the recoverable amount.

The cash flows were derived from the current plans for 2010 and subsequent years as drawn up by the Managing Board and available at the time the impairment tests were undertaken. These forecasts are based on historical experience as well as on expectations regarding future market development. The discounting was undertaken using specific capital costs totalling 7.0% (previous year: 6.5%) based on a perpetual annuity.

in T€	Concessions, licences and similar rights	Goodwill	Total
ACQUISITION AND MANUFACTURING COSTS			
As of 01.01.2009	355.1	5,227.7	5,582.8
Change in consolidation scope	–100.0	–1,313.1	–1,413.1
Additions	41.9	–	41.9
Disposals	–67.3	–	–67.3
Reclassifications	–2.6	–	–2.6
Currency adjustments	2.1	–54.1	–52.0
As of 31.12.2009	229.2	3,860.5	4,089.7
Change in consolidation scope	–	–	–
Additions	10.2	–	10.2
Disposals	–3.8	–	–3.8
Reclassifications	–	–	–
Currency adjustments	8.6	–	8.6
As of 31.12.2010	244.2	3,860.5	4,104.7

in T€	Concessions, licences and similar rights	Goodwill	Total
ACCUMULATED DEPRECIATION			
As of 01.01.2009	264.5	2,529.0	2,793.5
Change in consolidation scope	–98.0	–1,293.1	–1,391.1
Additions	41.7	–	41.7
Disposals	–25.3	–	–25.3
Reclassifications	–1.2	–	–1.2
Currency adjustments	2.6	–54.0	–51.4
Upwards revaluations	–	–	–
As of 31.12.2009	184.3	1,181.9	1,366.2
Change in consolidation scope	–	–	–
Additions	33.9	–	33.9
Disposals	–3.8	–	–3.8
Reclassifications	–	–	–
Currency adjustments	7.2	–	7.2
Upwards revaluations	–	–	–
As of 31.12.2010	221.6	1,181.9	1,403.5
CARRYING VALUE AS OF 31.12.2009	**44.9**	**2,678.6**	**2,723.5**
CARRYING VALUE AS OF 31.12.2010	**22.6**	**2,678.6**	**2,701.2**

16. PROPERTY, PLANT AND EQUIPMENT

in T€	Land, similar rights and buildings, including buildings on leasehold land	Plant and machinery	Furniture, fixtures and office equipment	Payments on account and assets under construction	Total
COST					
As of 01.01.2009	60,185.2	1,291.3	4,037.8	9,546.8	75,061.1
Change in consolidation scope	–29,037.1	388.5	1,211.1	–1.8	–27,439.3
Additions	30.5	103.0	180.4	2,572.8	2,886.7
Disposals	–2,227.1	–66.5	–376.5	–4.2	–2,674.3
Reorganisations	–628.1	–	–664.5	–12,132.9	–13,425.5
Currency adjustments	–721.1	47.2	106.0	19.3	–548.6
As of 31.12.2009	27,602.3	1,763.5	4,494.3	–	33,860.1
Change in consolidation scope	–	–	–	–	–
Additions	29,468.2	42.2	206.9	9.9	29,727.2
Disposals	–	–7.3	–237.8	–	–245.1
Reorganisations	–	–7.2	0.6	–	–6.6
Currency adjustments	1,030.8	65.8	128.0	–	1,224.6
As of 31.12.2010	58,101.3	1,857.0	4,592.0	9.9	64,560.2
ACCUMULATED DEPRECIATION					
As of 01.01.2009	11,783.3	856.9	2,840.8	–	15,481.0
Change in consolidation scope	–9,038.9	–	0.7	–	–9,038.2
Additions	577.3	198.5	432.1	–	1,207.9
Impairment	2,301.7	–	–	–	2,301.7
Disposals	–2,196.4	12.4	–746.2	–	–2,930.2
Reorganisations	–	–	–	–	–
Currency adjustments	–301.3	25.0	42.2	–	–234.1
Upwards revaluations	–	–	–	–	–
As of 31.12.2009	3,125.7	1,092.8	2,569.6	–	6,788.1
Change in consolidation scope	–	–	–	–	–
Additions	707.5	181.2	564.5	–	1,453.2
Disposals	–	5.0	–187.5	–	–182.5
Reorganisations	–	–	0.6	–	0.6
Currency adjustments	124.7	42.8	81.6	–	249.1
Upwards revaluations	–	–	–	–	–
As of 31.12.2010	3,957.9	1,321.8	3,028.8	–	8,308.5
CARRYING VALUE AS OF 31.12.2009	**24,476.6**	**670.7**	**1,924.7**	**–**	**27,072.0**
CARRYING VALUE AS OF 31.12.2010	**54,143.4**	**535.2**	**1,563.2**	**9.9**	**56,251.7**

Any extraordinary amortisation and depreciation charged to the income statement is recognised under "amortisation and depreciation of intangible assets and property, plant and equipment" together with ordinary amortisation and depreciation. Any write-ups in the income statement for non-current assets previously subject to extraordinary amortisation or depreciation are recognised under "other operating income" in the income statement. In the past fiscal year, extraordinary amortisation and depreciation totalling T€0 (previous year: T€2,301.7) was recorded.

The carrying value of property, plant and equipment pledged as collateral as of the reporting date totals T€24,987.0 (previous year: T€24,453.2). Property, plant and equipment with a carrying value of T€24,987.0 (previous year: T€24,453.2) are subject to restraint.

17. FINANCIAL REAL ESTATE

The carrying values corresponding to the given fair values of the financial real estate changed as follows:

in T€	Amount
CARRYING AMOUNT	
As of 01.01.2009	285,365.4
Change in consolidation scope	–
Additions	15,318.2
Disposals	–36,431.0
Reorganisations	–
Currency adjustments	899.0
Adjustment to fair value	–14,855.4
AS OF 31.12.2009	**250,296.2**
Change in consolidation scope	–7,911.0
Additions	42,695.7
Disposals	–17,488.3
Reorganisations	–18,175.1
Currency adjustments	6,796.4
Adjustment to fair value	–4,496.3
AS OF 31.12.2010	**251,717.6**

The fair value is determined in accordance with internationally accepted measurement methods, by derivation from a current market price, by derivation from a price which has been achieved in the recent past in a transaction with similar real estate, or for lack of suitable market data by discounting the future estimated cash flows that such a real estate normally generates on the market. For the consolidated financial statements as of 31 December 2009 the fair values for significant real estate (T€232,155.0) were determined by external experts (MRG Metzger, CB Richard Ellis, PCVS), which issued opinions in February/March 2010.
For the consolidated financial statements as of 31 December 2010 these external valuations were subject to an internal revision, where the company examined to what extent the key factors influencing the values had changed since the expert opinions were issued and could have had an impact on fair values. The external opinions served as the basis for internal valuations and updates by the company as of 31 December 2010.

Existing contractual obligations to acquire or build financial real estate, as of the balance sheet date, amounted to T€44,473.4 (previous year: T€44,963.0). In addition, financial real estate with a carrying value of T€152,059.2 (previous year: T€136,588.6) was pledged to secure liabilities.

In the current fiscal year interest of T€4,493.5 (previous year: T€386.1) was capitalised on financial real estate. Please refer to the information in note 30 for the reimbursement of financing costs.

Rental income from financial real estate totalled T€19,963.5 (previous year: T€20,111.4), while business expenditure amounted to T€3,314.5 (previous year: T€2,908.7).

The carrying value of financial real estate held based on financial leasing contracts is as follows:

in T€	2010	2009
Real estate leasing	6,216.4	6,216.4

These are offset by liabilities totalling the present value of minimum lease payments, i.e. T€6,411.2 (previous year: T€6,689.0).

The residual terms of financial leasing contracts for real estate are between 7 and 10 years. There are no extension options, but there are call options.

18. SHARES IN ASSOCIATED COMPANIES

in T€	2010	2009
Acquisition costs	33,205.2	12,804.2
Share of profit realised since acquisition, less dividends paid	–14,391.0	–7,057.2
CARRYING VALUE	**18,814.2**	**5,747.0**

The following table contains summarised financial information regarding associated companies:

in T€	2010	2009
Assets	580,772.7	480,481.9
Liabilities	560,346.4	483,508.9
Net assets	20,426.3	–3,027.0
Group share in net assets	7,254.7	–5,036.6

in T€	2010	2009
Sales revenue	101,773.3	87,859.5
Profit/loss after tax	–7,351.7	–18,880.7
Group share in profit/loss after tax	–2,972.6	–8,846.6

The unrecognised shares in losses of associated companies in the 2010 fiscal year amount to T€3,990.6 (previous year: T€6,295.9) and as of 31 December 2010 totalled T€9,097.4 on aggregate (previous year: T€7,202.3).

19. PROJECT FINANCING

in T€	2010	2009
Project financing for non-consolidated subsidiaries	7,228.8	8,277.0
Project financing for associated companies	41,040.5	54,736.1
Other project financing	2,783.1	2,591.6
TOTAL	**51,052.4**	**65,604.7**

In the past fiscal year, allowances of T€9,599.7 (previous year: T€14,951.2) and write-ups of T€0 (previous year: T€12,250.0) were recognised.

20. OTHER FINANCIAL ASSETS

in T€	2010	2009
Shares in unconsolidated subsidiaries	345.6	398.8
Other participations	15,412.2	14,647.8
Available-for-sale securities	3,198.7	3,197.5
TOTAL	**18,956.5**	**18,244.1**

Available-for-sale securities primarily include fixed-income securities. They are not subject to restraint. Since the fair value of participations cannot be determined reliably, they were measured at cost.

21. INVENTORIES

Inventories comprise the following:

in T€	2010	2009
Real estate for sale and project costs	81,908.4	43,135.4
Payments on account	2,404.3	2,118.7
TOTAL	**84,312.7**	**45,254.1**

Inventories with a carrying value of T€39,991.8 (previous year: T€21,168.8) are pledged to secure liabilities. No allowances were recorded in the reporting year (previous year: T€8,955.8).

In the current fiscal year interest of T€2,373.6 (previous year: T€1,924.7) was capitalised on real estate for sale and preliminary project costs.

22. TRADE RECEIVABLES

Composition and maturity of **trade receivables:**

in T€	2010	2009
Receivables from third parties	3,741.6	3,975.5
Receivables from joint ventures	2,737.9	1,111.4
Receivables from non-consolidated subsidiaries and other participations	5,908.6	8,196.3
Receivables from associated companies	2,866.5	7,582.8
TOTAL	**15,254.6**	**20,866.0**

Receivables from third parties are overdue for less than a year. All other receivables are not yet due.

23. OTHER RECEIVABLES AND ASSETS

Other receivables and assets primarily comprise receivables from real estate management and other loans as well as a cash deposit.

in T€	2010	Maturity > 1 year	2009	Maturity > 1 year
Receivables from taxes	3,217.1	–	4,480.0	–
Deposits	3,781.4	3,781.4	358.7	358.7
Other receivables and assets	5,501.2	1,935.8	4,839.7	1,297.3
TOTAL	**12,499.7**	**5,717.2**	**9,678.4**	**1,656.0**

24. LIQUID ASSETS

Liquid assets comprise account balances at banks totalling T€46,648.8 (previous year: T€39,529.4) and cash in hand amounting to T€62.3 (previous year: T€75.1).

25. DEFERRED TAXES

Temporary differences between valuations in the IFRS consolidated financial statements and the respective tax valuations have the following impact on the deferred taxes recognised in the balance sheet.

		2010		2009
in T€	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment, financial real estate, valuation differences	–	6,221.2	–	4,982.9
Tax loss carry forwards	981.3	–	625.1	–
DEFERRED TAXES	981.3	6,221.2	625.1	4,982.9
NET DEFERRED TAXES		**5,239.9**		**4,357.8**

Deferred tax assets from loss carry forwards were capitalised insofar as they are likely to be set off against future tax profits. Deferred tax assets totalling T€162.0 (previous year: T€–192.2) were not recognised in the consolidated financial statements. As of 31 December 2010, unrecognised deferred tax assets amounted to T€3,397.0 (previous year: T€3,235.0). The recognised deferred tax assets for loss carry forwards mostly relate to consolidated Polish companies and expire after five years.

26. EQUITY

Share capital	Unit	€
Ordinary bearer shares	3,000,000	5,450,462.56

The share capital of €5,450,462.56 is divided into 3,000,000 ordinary, no-par bearer shares. The amount of share capital attributed to any single bearer share is approximately €1.82. No change was recorded during the reporting year.

Each ordinary share has an equal right to participate in profits, including liquidation profits, and is entitled to one vote at the general meeting of shareholders.

27. RESERVES

Capital reserves are mainly derived from capital increases and adjustments as well as from expired dividend claims in previous years. Reserves totalling T€44,641.6 are allocated from the capital reserves. They may only be released to compensate for what would otherwise be a retained loss recognised in the financial statements of UBM AG, insofar as no unallocated reserves are available.

Other reserves include foreign currency translation differences. The changes in the fiscal year comprised T€–471.8 of deconsolidations and T€1,332.9 in adjustments of the financial statements of the companies included in the consolidated financial statements. They also include UBM AG profit reserves and profits of subsidiaries retained since acquisition, including the effects of adjusting the annual accounts of the consolidated companies based on the accounting policies applied in the consolidated financial statements. A retained profit for the year amounting to T€3,315.4 can be distributed as dividends to the UBM AG shareholders. In addition, the unallocated UBM AG profit reserves amounting to T€47,132.7 as at 31 December 2010 may be released during the following periods and paid out to UBM AG shareholders.

During the reporting year, dividends of €3,000,000 were distributed to UBM AG shareholders, amounting to €1.00 per share. The Managing Board has proposed the distribution of a dividend totalling €1.10 per ordinary share, amounting to a total of €3,300,000.

The shares in equity capital which do not belong to UBM AG or a group company are stated as minority interests.

28. PROVISIONS

in T€	Severance pay	Pensions	Anniversary bonuses	Other staff provisions	Buildings	Other	Total
As of 01.01.2009	1,370.7	1,646.4	60.8	2,779.1	1,218.9	4,084.0	11,159.9
Currency adjustments	–	0.1	–	3.0	–	–	3.1
Allocation	48.5	614.6	11.0	2,184.2	–	169.7	3,028.0
Use / release	–	–	2.0	1,940.7	1,218.9	740.0	3,901.6
AS OF 31.12.2009	**1,419.2**	**2,261.1**	**69.8**	**3,025.6**	**–**	**3,513.7**	**10,289.4**
of which long-term	1,419.2	2,261.1	69.8	–	–	3,477.5	7,227.6
of which short-term	–	–	–	3,025.6	–	36.2	3,061.8

in T€	Severance pay	Pensions	Anniversary bonuses	Other staff provisions	Buildings	Other	Total
As of 01.01.2010	1,419.2	2,261.0	69.8	3,025.6	–	3,513.7	10,289.4
Currency adjustments	–	0.1	–	5.2	–	–	5.3
Change in consolidation scope	–	–	–	–	–	1.0	1.0
Allocation	15.2	3.6	–	1,784.4	–	1,607.9	3,411.1
Use / release	–	34.8	4.4	1,878.7	–	3,139.2	5,057.1
AS OF 31.12.2010	**1,434.4**	**2,230.0**	**65.4**	**2,936.5**	**–**	**1,983.4**	**8,649.7**
of which long-term	1,419.4	2,230.0	65.4	–	–	1,947.4	5,677.2
of which short-term	–	–	–	2,936.5	–	36.0	2,972.5

Under collective bargaining regulations, UBM AG and its subsidiaries have to pay anniversary bonuses to their employees in Austria and Germany on specific anniversaries. The provision for anniversary bonuses was determined according to IAS 19. Please refer to the explanations on accounting policies with regard to the actuarial assumptions used as the basis for the calculation.

Other staff provisions comprise provisions for unused holiday entitlement and bonuses in particular. It is expected that the group will use the provisions arising from these obligations, whereby the bonuses are paid during the following year and the utilisation of unused holidays may extend over a period of more than one year.
Provisions for buildings primarily concern outstanding purchase invoices. Other provisions are mainly provisions for anticipated losses and provisions for losses to be taken over from subsidiaries.

Pension schemes

Performance-based schemes

Provisions for severance pay were allocated for employees and workers who are entitled to severance pay under the Employees' Act, the Workers' Severance Pay Act or the Works Agreement. Employees whose employment is subject to Austrian law are entitled to severance pay every time their employment is terminated after reaching the statutory pensionable age, provided that their employment started before 1 January 2003 and lasted for a specific period. The amount of severance pay depends on the salary amount at the time of termination and also on the length of the employment. These employee claims are therefore to be treated as entitlements from performance-based pension schemes, and there are no plan assets available to cover these claims. Service cost and severance payments are contained in personnel expense, while interest expense is included in the financial result.

Severance pay provisions break down as follows:

in T€	2010	2009
Present value of severance pay liabilities (DBO) as at 01.01	1,419.2	1,370.7
Service cost	69.4	63.2
Interest expenses	70.9	79.5
Severance payments	–113.3	–6.0
Actuarial profits/losses	–11.8	–88.2
Present value of severance pay liabilities (DBO) as at 31.12	**1,434.4**	**1,419.2**

Please refer to the explanations on accounting policies with regard to the actuarial assumptions used as the basis for the calculation. For the coming fiscal year we plan a service cost of T€63.4 and an interest expense of T€66.1.

The present value of severance obligations in the reporting year and the past four fiscal years is as follows:

in T€	2010	2009	2008	2007	2006
Present value of severance pay liabilities as at 31.12	1,434.4	1,419.2	1,370.7	1,002.9	846.9

In the UBM group only members of the Managing Board have pension commitments. As a rule, these pension commitments are performance-based commitments which are not covered by plan assets. The amount of the pension entitlement is dependent on the number of years of service.

Pension provisions evolved as follows:

in T€	2010	2009
Present value of pension liabilities (DBO) as at 01.01	2,261.1	1,646.4
Service cost	62.0	31.6
Interest expenses	112.9	95.5
Actuarial profits/losses	–206.0	487.6
Present value of pension liabilities (DBO) as at 31.12	**2,230.0**	**2,261.1**

Please refer to the explanations on accounting policies with regard to the actuarial assumptions used as the basis for the calculation. For the coming fiscal year we plan a service cost of T€60.9 and an interest expense of T€105.6.

The present value of pension obligations in the reporting year and the past four fiscal years is as follows:

in T€	2010	2009	2008	2007	2006
Present value of pension liabilities as at 31.12	2,230.0	2,261.1	1,646.4	1,665.4	1,624.8

The actuarial profits and losses recognised in the reporting year and in the previous year on severance and pension provisions are largely empirical adjustments.

Contribution-based schemes

Employees whose employment is subject to Austrian law and who joined the company after 31 December 2002 shall not be entitled to severance pay from their employer. These employees have to pay contributions amounting to 1.53% of their wage or salary into an employee pension fund. In 2010 this resulted in expense totalling T€45.1 (previous year: T€40.5). For a Board member a sum of T€18.7 (previous year: T€13.7) was paid into a pension fund.

Group employees in Austria, Germany, the Czech Republic, Poland, and Hungary are also members of their respective state pension schemes, which as a rule are financed through a contribution system. The Group's liability is limited to the payment of contributions based on remuneration. There is no legal or factual obligation.

29. BONDS

In the 2005 fiscal year a bond was issued by UBM AG under the following conditions.

Nominal amount:	€100,000,000
Term:	2005 – 2012
Interest rate:	3.875%
Coupon date:	10 June of each year; for the first time on 10 June 2006
Repayment:	100% at maturity

The decision to issue the bond was made in April 2005. Since interest was expected to rise, the interest rate was hedged for the term of the bond by means of a forward start swap. However, the interest rate developed contrary to these expectations. As a result a negative market value arose totalling €2.36 million for the forward start swap in June 2005 (due to the fixed net interest paid of 0.44 percentage points); this was recognised directly in equity and was reclassified to interest expense in accordance with the interest expense for the bond over its term. The cash-flow hedge reserve recognised under other reserves amounted to T€–628.9 as of 31.12.2010 (previous year: T€–1,049.7). In the reporting year a sum of T€420.8 was reclassified as interest expense from other comprehensive income into net income. The rest of the payments fall due in line with the interest payment dates of the bond. On 16 April 2010 a sum of €28.7 million was repaid from this bond.

Also on 16 April 2010 a new bond was issued by UBM AG under the following conditions.

Nominal amount:	€100,000,000
Term:	2010 – 2015
Interest rate:	6.000%
Coupon date:	16 April of each year; for the first time on 16 April 2011
Repayment:	100% at maturity

30. FINANCIAL LIABILITIES

2009	Nominal amount in T€	Carrying value in T€	Average effective interest rate in %
LIABILITIES TO BANKS			
Variable interest	145,341.7	145,341.7	1.052 – 6.64%
LIABILITIES TO OTHER LENDERS			
Variable interest	23,950.0	23,950.0	5.2 – 6%
LIABILITIES TO LEASING COMPANIES			
Variable interest	7,898.2	6,689.0	4.29 – 6.39
TOTAL	**177,189.9**	**175,980.7**	

2010	Nominal amount in T€	Carrying value in T€	Average effective interest rate in %
LIABILITIES TO BANKS			
Variable interest	132,716.1	132,716.1	1.045 – 4.75%
LIABILITIES TO OTHER LENDERS			
Variable interest	29,599.4	29,599.4	5.2 – 6.5%
LIABILITIES TO LEASING COMPANIES			
Variable interest	7,619.2	6,411.2	4.45 – 6.65%
TOTAL	**169,934.7**	**168,726.7**	

		Maturity			
2009 in T€	Total	< 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to banks, variable interest	145,341.7	29,432.2	80,232.4	35,677.1	145,188.4
Liabilities to other lenders, variable interest	23,950.0	–	23,950.0	–	23,950.0
Liabilities to leasing companies, variable interest	6,689.0	287.6	1,150.6	5,250.8	–
TOTAL	**175,980.7**	**29,719.8**	**105,333.0**	**40,927.9**	**169,138.4**

		Maturity			
2010 in T€	Total	< 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to banks, variable interest	132,716.1	10,439.7	93,984.5	28,291.9	132,710.8
Liabilities to other lenders, variable interest	29,599.4	–	29,599.4	–	25,517.0
Liabilities to leasing companies, variable interest	6,411.2	290.8	1,244.7	4,875.7	–
TOTAL	**168,726.7**	**10,730.5**	**124,828.6**	**33,167.6**	**158,227.8**

The minimum lease payments for liabilities from financial leasing contracts – only affecting buildings – break down as follows:

in T€	2010 Nominal value	2010 Discounted amount	2010 Present value	2009 Nominal value	2009 Discounted amount	2009 Present value
Due within 1 year	476.0	185.2	290.8	459.6	172.0	287.6
Due within 1-5 years	1,904.1	659.4	1,244.7	1,795.8	645.2	1,150.6
Due in more than 5 years	5,238.9	363.2	4,875.7	5,642.8	392.0	5,250.8
TOTAL	**7,619.0**	**1,207.8**	**6,411.2**	**7,898.2**	**1,209.2**	**6,689.0**

The obligations of the Group from financial leasing contracts are secured by a retention of title of the lessor on the leased assets.

Individual items of financial real estate are also held by means of financial leasing contracts. As of 31 December 2010 the effective interest rate was 5.55% (previous year: 5.34%). Agreements concerning conditional rental payments have not been concluded; all leasing relationships are based on fixed rates.

31. TRADE PAYABLES

in T€	2010	2009
Liabilities to third parties	24,527.6	31,115.1
Liabilities to joint ventures	3,334.2	1,656.0
TOTAL	**27,861.8**	**32,771.1**

All liabilities fall due in the following year.

32. OTHER FINANCIAL COMMITMENTS

2009 in T€	Total	Residual maturity < 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to non-consolidated subsidiaries	189.9	189.9	–	–	–
Liabilities to associated companies	385.3	385.3	–	–	–
Liabilities from bond interest	2,425.0	2,425.0	–	–	–
Liabilities from acquisition of participations	8,184.7	8,184.7	–	–	–
Miscellaneous	7,144.8	7,144.8	–	–	–
TOTAL	**18,329.7**	**18,329.7**	**–**	**–**	**–**

2010 in T€	Total	Residual maturity < 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to non-consolidated subsidiaries	97.5	97.5	–	–	–
Liabilities to associated companies	3,516.8	3,516.8	–	–	–
Liabilities from bond interest	6,001.9	6,001.9	–	–	–
Liabilities from acquisition of participations	10,455.8	–	10,455.8	–	–
Miscellaneous	6,907.2	971.4	1,061.5	4,874.3	–
TOTAL	**26,979.2**	**10,587.6**	**11,517.3**	**4,874.3**	**–**

33. OTHER LIABILITIES

2009 in T€	Total	Residual maturity < 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities from taxes	1,576.6	1,576.6	–	–	–
Liabilities relating to social security obligations	187.7	187.7	–	–	–
Prepayments received	1,570.2	1,570.2	–	–	–
Miscellaneous	1,461.7	1,461.7	–	–	–
TOTAL	**4,796.2**	**4,796.2**	**–**	**–**	**–**

2010 in T€	Total	Residual maturity < 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities from taxes	1,767.4	1,767.4	–	–	–
Liabilities relating to social security obligations	209.1	209.1	–	–	–
Prepayments received	1,879.2	1,879.2	–	–	–
Miscellaneous	893.6	893.6	–	–	–
TOTAL	**4,749.3**	**4,749.3**	**–**	**–**	**–**

34. TAX LIABILITIES

Tax liabilities on income are stated under tax liabilities.

35. CONTINGENT LIABILITIES

Most contingent liabilities are related to credit guarantees and the undertaking of guarantees for associated companies. Contingent liabilities for associated companies amount to T€77,917.7 (previous year: T€71,788.3). It is unlikely that claims will be made under these liabilities.

36. OTHER FINANCIAL COMMITMENTS

Hotel Euro-Disney

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital share in UBX (Luxembourg) s.a.r.l. at its written request. UBX (Luxembourg) s.a.r.l. is in turn the sole shareholder of RL UBX Hotelinvestment France s.a.r.l., which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land belonging to the Euro Disney Park near Paris. The purchase price corresponds to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2010, this liability totalled T€35,449.7 (previous year: T€36,870.9) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

Hotel "Magic Circus"

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital share in Asset Paris II (Luxembourg) s.a.r.l. at its written request. Asset Paris II (Luxembourg) s.a.r.l. is in turn the sole shareholder of Asset Paris II s.a.r.l., which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land in the commune of Magny-le-Hongre near Paris. The purchase price corresponds

SEGMENT BREAKDOWN

	Austria	
in T€	2010	2009
Total group output		
- Project sales, development and construction	1,863.8	8,601.2
- Hotel operation	1,951.1	2,901.5
- Leasing and administration of real estate	12,294.5	9,734.0
- Facility management	12,418.5	12,141.6
- Land under development	–	–
- Administration	–	–
TOTAL OUTPUT	**28,527.9**	**33,378.3**
EBT (Earnings before tax)		
- Project sales, development and construction	550.9	1,053.8
- Hotel operation	–330.0	–177.9
- Leasing and administration of real estate	2,873.8	1,218.0
- Facility management	349.4	685.9
- Land under development	0.0	–63.2
- Administration	–7,604.0	–2,421.0
TOTAL EBT	**–4,159.9**	**295.6**
including:		
Amortisation and depreciation	–144.8	–144.7
Income from associated companies	–258.5	–911.7
SEGMENT ASSETS 31.12	**405,075.0**	**351,428.7**
including associated companies	4,234.6	4,336.2
SEGMENT LIABILITIES 31.12	**263,845.7**	**215,003.0**
Investments in non-current assets and in financial real estate	172.8	2,032.5
Headcount	68	79

to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2010, this liability totalled T€19,453 (previous year: T€19,850) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

37. NOTES ON SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with the internal organisational structure of the UBM Group, within which the individual development companies report separately. For the purposes of segment reporting the individual development companies within a segment are pooled into groups. These groups each constitute a line of business of the UBM Group. During the transfer of segment assets and segment debts, internal receivables and liabilities are eliminated for the purposes of debt consolidation.

Since the segments of the UBM Group are based on geographic criteria, the data relates to geographic areas. Internal reporting is adjusted for intra-group sales by default. In the course of the ongoing business activity of UBM high volumes are achieved during the sale of real estate projects; this, however, does not represent dependency on certain clients. The difference between the results from internal reporting and the IFRS results is largely attributable to differences derived from absorbing the results from associated companies.

Western Europe		Central and Eastern Europe		Reconciliation		Group	
2010	2009	2010	2009	2010	2009	2010	2009
62,594.0	112,311.6	58,775.3	80,101.7			123,233.1	201,014.5
28,782.9	21,052.2	27,142.1	16,645.8			57,876.1	40,599.5
3,661.8	3,096.0	4,007.1	5,735.2			19,963.4	18,565.2
–	–	3,370.2	2,769.6			15,788.7	14,911.2
164.9	323.4	–	–			164.9	323.4
–	–	–	–			–	–
95,203.6	**136,783.2**	**93,294.7**	**105,252.3**			**217,026.2**	**275,413.8**
13,630.6	16,173.5	11,838.3	1,461.7			26,019.8	18,689.0
625.1	–4,492.3	–3,266.6	–3,528.4			–2,971.5	–8,198.6
1,162.8	595.5	–1,515.7	711.6			2,520.9	2,525.1
–	–	157.8	100.7			507.2	786.6
–1,312.3	–1,722.1	–2,803.9	–126.4			–4,116.2	–1,911.7
–	–	–	–			–7,604.0	–2,421.0
14,106.2	**10,554.6**	**4,409.9**	**–1,380.8**			**14,356.2**	**9,469.4**
–28.1	–50.4	–1,314.1	–3,356.1			–1,487.0	–3,551.2
17.5	–4,280.4	–280.7	–3,654.5			–521.7	–8,846.6
187,763.8	**167,485.3**	**194,128.0**	**154,409.6**	**–227,713.7**	**–187,607.9**	**559,253.0**	**485,715.7**
13,827.8	378.3	751.8	1,032.5			18,814.2	5,747.0
167,545.4	**158,274.4**	**180,193.8**	**138,994.0**	**–191,859.5**	**–159,405.8**	**419,725.4**	**352,865.6**
45,415.0	14,704.0	26,835.1	1,510.3			72,422.9	18,246.8
21	19	292	172			381	290

38. NOTES ON CASH FLOW STATEMENT

The cash flow statement is presented broken down into operating, investment and financing activities, with the cash flow from operating activities being derived via the indirect method. The financial resources only include cash in hand and on account which may be used freely within the Group, and correspond to the value recognised in the balance sheet for liquid assets.

Interest and dividends received, and also interest paid, are included in the cash flow from operating activities. By contrast, dividends paid are stated in the cash flow from financing activities. The acquisition and sales proceeds in connection with the change in the scope of consolidated companies have all been settled. This resulted in an increase of liquid assets totalling T€604.9 (previous year: T€–4,506.9).

39. NOTES ON FINANCIAL INSTRUMENTS

Objectives and methods of risk management with respect to financial risks

Original financial assets essentially include investments in associated companies, project financing and other financial assets and trade receivables. Original financial liabilities include bond and other financial liabilities as well as trade payables.

Interest rate risk

The interest rates for liabilities to banks from the bond and for leasing liabilities are as follows:

■ Bonds	3.9 – 6%
■ Liabilities to banks	1.045 – 4.75%
■ Liabilities to other lenders	5.2 – 6.5%
■ Leasing	4.45 – 6.65%

The fair value of the fixed-income bond is subject to fluctuations based on trends in market interest rates.

Changes to the market interest rate affect the level of interest payable on financial liabilities subject to variable interest rates. A 1 percentage point change in the market interest rate would bring about a change of around T€1,687.3 p.a. (previous year: T€1,759.8) in the net interest expense and after taxes would be charged to equity.

Credit risk

Credit risk describes the threat of losses caused by the default of a business partner who is no longer capable of meeting its contractual payment liabilities. This comprises default and country risks as well as lower credit ratings of borrowers. In the field of real estate the credit risk comprises rental obligations. The default of a tenant and the resultant loss of rental payments constitute a reduction in the present value of the real estate project. This risk is taken into account based on expert estimates at project level.

The risk associated with receivables from customers can be classed as low in view of the broad diversification and the continuous credit rating process. The default risk associated with other original financial instruments carried as assets can also be described as low, since our contracting partners are financial institutions and other debtors with high credit ratings. The carrying value of financial assets represents the maximum default risk. If default risks are identified in relation to financial assets, allowances are recorded. There is no set requirement to record allowances in this respect.

Currency fluctuation risk

Credit financing and investments in the UBM Group are largely in euros. As a result, the currency fluctuation risk within the UBM Group is of low importance.
The interest and currency risks are checked regularly by risk management. Market analyses and projections from renowned financial service providers are analysed and the management is informed in regular reports.

Liquidity risk

in T€	Average interest	Undiscounted payments 2011	2011 – 2015	from 2016
Bonds fixed-income (2005 – 2012)				
fixed-income	3.875%	2,762.9	72,526.0	–
fixed-income 6.0%	6.0%	6,000.0	119,742.0	–
Liabilities to banks variable-interest 2.9%	2.9%	13,084.1	98,355.2	31,684.3
Lease liabilities variable-interest 5.55%	5.55%	476.0	1,904.1	6,359.6
Liabilities to third parties variable-interest 5.85%	5.85%	1,775.9	31,481.9	–
TOTAL		**24,098.9**	**324,009.2**	**38,043.9**

The liquidity risk defines the risk of being able to find funds at any time in order to pay for undertaken liabilities. As a key instrument for controlling the liquidity risk we deploy a precise financial plan which is carried out by each operating company and consolidated centrally. This determines the requirement for financing and credit lines at banks.

Working capital financing is handled through the UBM Group treasury. Companies with surplus funds place these at the disposal of companies which need liquidity. This reduces the volume of third-party financing and optimises net interest; furthermore, it also minimises the risk that liquidity reserves are insufficient to settle financial obligations on time.

Other price risks

The risk of price changes essentially comprises fluctuations in the market interest rate and market prices as well as changes in exchange rates.

We minimise our price risks with rental income by linking lease contracts to general indexes. All other service contracts are index-linked too. Other price risks are not significant for the UBM Group.

Carrying values, valuations and fair values

	Measurement category under IAS 39	Carrying value 31.12.2009	Measurement under IAS 39 (Amortised) costs	Fair value, directly in equity	Fair value, in net profit	Fair value on 31.12.2009
ASSETS						
Project financing						
variable-interest	LaR	65,604.7	65,604.7			65,604.7
Other financial assets	LaR	2,906.9	2,906.9			2,733.3
Other financial assets	AfS (at cost)	15,337.2	15,337.2			
Trade receivables	LaR	20,866.0	20,866.0			20,866.0
Other assets	LaR	5,196.1	5,196.1			5,196.1
Liquid assets		39,604.6	39,604.6			39,604.6
EQUITY AND LIABILITIES						
Bonds						
fixed-income	FLAC	100,000.0	100,000.0			96,702.5
Liabilities to banks						
variable-income	FLAC	145,341.7	145,341.7			145,341.7
Trade liabilities	FLAC	33,346.2	33,346.2			33,346.2
Other liabilities						
variable-income	FLAC	43,163.2	43,163.2			43,163.2
BY CATEGORY						
Loans and Receivables	LaR	134,178.3	134,178.3			134,004.7
Liquid assets		39,604.6	39,604.6			39,604.6
Available-for-Sale Financial Assets	AfS (at cost)	15,337.2	15,337.2			
Financial Liabilities Measured at Amortised Cost	FLAC	321,851.1	321,851.1			318,553.6

The fair value of trade receivables and liabilities, other assets and other financial liabilities corresponds to the carrying value, since these are mostly very short-term.

The available-for-sale financial assets are all from participations (shares in limited companies) of lesser importance, which are not listed on an active market and whose market value cannot be reliably determined. These are accounted at cost. As long as no project is realised there is no intention to sell the shares in these project companies.

All financial instruments which cannot be allocated to any other measurement category under IAS 39 are classed as available-for-sale.

The fair value measurement for the bond ensues based on market data from REUTERS. Credit liabilities and other financial assets were measured using the discounted cash flow method, whereby the zero coupon yield curve published by REUTERS on 31 December 2010 was used to discount the cash flows. The fair value measurements ensue in accordance with level 2 of the fair value hierarchy (IFRS 7.27A).

	Measurement category under IAS 39	Carrying value 31.12.2010	Measurement under IAS 39 (Amortised) costs	Fair value, directly in equity	Fair value, in net profit	Fair value on 31.12.2010
ASSETS						
Project financing						
variable-income	LaR	51,052.4	51,052.4			51,052.4
Other financial assets	LaR	2,906.9	2,906.9			2,733.3
Other financial assets	AfS (at cost)	15,907.3	15,907.3			
Trade receivables	LaR	15,254.6	15,254.6			15,254.6
Other assets	LaR	8,856.2	8,856.2			8,856.2
Derivatives (without hedges)	FAHfT	426.5	426.5		426.5	426.5
Liquid assets		46,711.1	46,711.1			46,711.1
EQUITY AND LIABILITIES						
Bonds						
fixed-income	FLAC	171,300.0	171,300.0			171,946.8
Liabilities to banks						
variable-income	FLAC	132,716.1	132,716.1			132,716.1
Other financial liabilities						
variable-income	FLAC	29,599.4	29,599.4			29,599.4
Lease liabilities		6,411.2	6,411.2			6,411.2
Trade liabilities	FLAC	27,861.8	27,861.8			27,861.8
Other financial commitments	FLAC	26,979.2	26,979.2			26,979.2
BY CATEGORY						
Loans and Receivables	LaR	78,070.1	78,070.1			78,012.8
Financial Assets Held for Trading	FAHfT	426.5				426.5
Liquid assets		46,711.1	46,711.1			46,711.1
Available-for-Sale Financial Assets	AfS (at cost)	15,907.3	15,907.3			
Financial Liabilities Measured at Amortised Cost	FLAC	388,456.5	388,456.5			389,103.3

Net results by measurement category

in T€	from interest	from dividends	from subsequent measurement adjustment	Net result 2009
Loans and Receivables	558.8		–2,399.5	–1,840.7
Available-for-Sale Financial Assets		2,182.3		2,182.3
Financial Liabilities Measured at Amortised Cost	–11,376.9			–11,376.9

in T€	from interest	from dividends	from subsequent measurement adjustment	Net result 2010
Loans and Receivables	822.8		–10,937.2	–10,114.4
Derivatives			426.5	426.5
Available-for-Sale Financial Assets		407.5		407.5
Financial Liabilities Measured at Amortised Cost	–11,231.5			–11,231.5

Financial assets are impaired if as a result of one or several events after the initial recognition of the asset there is objective evidence that the future cash flows expected from the financial asset may have undergone a negative change. The value adjustments are related solely to project financing.

in T€	2010	2009
ACCUMULATED IMPAIRMENT		
Loans and Receivables	23,185.9	24,507.4

40. AVERAGE HEADCOUNT

	2010	2009
SALARIED STAFF AND WAGE EARNERS		
Austria	68	73
International	313	217
TOTAL	**381**	**290**

41. BUSINESS CONNECTIONS WITH RELATED COMPANIES AND INDIVIDUALS

Transactions between consolidated Group companies are eliminated during consolidation and are not subject to further explanation. Transactions between companies in the Group and their associated firms principally comprise project development and construction operations as well as the extension of loans and related interest settlements, and are disclosed in the following analysis.

in T€	2010	2009
ASSOCIATED COMPANIES		
Sale of goods and services	10,840.5	46,231.5
Acquisition of goods and services	394.2	523.0
Receivables	2,749.0	7,083.3
Liabilities	0.6	13.2

Services to/from related companies or individuals

In addition to the associated companies, UBM AG also has related companies and individuals as per IAS 24 in the form of Allgemeine Baugesellschaft – A. Porr AG, its subsidiaries, and CA Immo International Beteiligungsverwaltungs GmbH, since they have significant holdings in UBM AG.

The transactions in the fiscal year between companies of the UBM Group included in the consolidated financial statements and companies of the Porr Group are largely connected to construction services.

in T€	2010	2009
PORR GROUP		
Sale of goods and services	1,118.4	3,326.6
Acquisition of goods and services	3,360.3	2,564.5
Receivables	422.4	781.5
Liabilities	2,340.7	476.0

42. EVENTS AFTER THE BALANCE SHEET DATE AND OTHER INFORMATION

The Managing Board of UBM Realitätenentwicklung AG released the consolidated financial statements for submission to the Supervisory Board on 8 March 2011. The Supervisory Board is responsible for reviewing the consolidated financial statements and declaring whether or not it accepts them. Audit and related services performed by the independent auditor were compensated by UBM with the sum of T€53.0 (previous year: T€67.5). The auditor of the consolidated financial statements also received the sum of T€58.3 (previous year: T€10.5) for other advisory services.

43. STATUTORY BODIES OF THE COMPANY

Managing Board members:

Karl Bier, Baden, Chairman
Peter Maitz, Breitenfurt
Heribert Smolé, Vienna
Martin Löcker, Kobenz

Supervisory Board members:

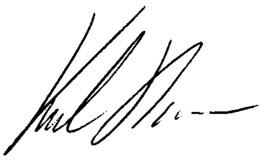
Horst Pöchhacker, Chairman
Dr. Peter Weber, Deputy Chairman
Dr. Bruno Ettenauer
Wolfhard Fromwald
Dr. Walter Lederer
Dr. Johannes Pepelnik

Wolfgang Hesoun (until 31.08.2010)
Iris Ortner-Winischhofer (until 05.05.2010)

The remuneration of the members of the Managing Board and the Supervisory Board of UBM AG is set out below, broken down by payment category:

in T€	2010	2009
REMUNERATION OF MANAGING BOARD		
Short-term payments (annual)	1,478.8	1,666.7
Payments due after end of Managing Board member contracts (pension)	–16.2	626.1
Other long-term payments (severance)	7.9	–9.6
TOTAL	**1,470.5**	**2,283.2**
PAYMENTS TO SUPERVISORY BOARD	**79.6**	**90.4**

Vienna, 8 March 2011
The Managing Board


Karl Bier
(Chairman)


Peter Maitz


Heribert Smolé


Martin Löcker

EQUITY INVESTMENTS

Company	Country code	Registered office	UBM AG share-holding	UBM Group share-holding	Type of cons.	Cur-rency	Nominal share capital
RELATED COMPANIES							
RELATED CORPORATIONS							
"Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	Vienna	90.00%	90.00%	V	EUR	36,336.42
"UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	100.00%	100.00%	V	EUR	36,336.42
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AUT	Vienna	100.00%	100.00%	V	EUR	36,336.42
Avielen Beteiligungs GmbH	AUT	Vienna	0.00%	100.00%	N	EUR	0.00
Logistikpark Ailecgasse GmbH	AUT	Vienna	99.80%	100.00%	V	EUR	36,336.41
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	90.00%	90.00%	V	EUR	36,336.42
Rudolf u. Walter Schweder Gesellschaft m.b.H.	AUT	Vienna	90.00%	90.00%	V	EUR	36,336.42
sternbrauerei-riedenburg revitalisierung gmbh	AUT	Vienna	99.00%	99.00%	V	EUR	35,000.00
UBM Seevillen Errichtungs-GmbH	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
UML Liegenschaftsverwertungs- und Beteiligungs-GmbH	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
Zenit Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
UBM BULGARIA EOOD	BGR	Sofia	100.00%	100.00%	V	BGN	20,000.00
UBM Swiss Realitätenentwicklung GmbH	CHE	Zurich	100.00%	100.00%	V	CHF	20,000.00
ANDOVIEN INVESTMENTS LIMITED	CYP	Limassol	100.00%	100.00%	V	EUR	2,000.00
DICTYSATE INVESTMENTS LIMITED	CYP	Limassol	100.00%	100.00%	V	EUR	181,260.00
AC Offices Klicperova s.r.o.	CZE	Prague	20.00%	100.00%	V	CZK	200,000.00
FMB – Facility Management Bohemia, s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	100,000.00
Immo Future 6 – Crossing Point Smichov s.r.o.	CZE	Prague	20.00%	100.00%	V	CZK	24,000,000.00
TOSAN park a.s.	CZE	Prague	100.00%	100.00%	V	CZK	2,000,000.00
UBM – Bohemia 2 s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	200,000.00
UBM Klánovice s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	200,000.00
UBM Plzen – Hamburk s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	200,000.00
UBM-Bohemia Projectdevelopment-Planning-Construction, s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	8,142,000.00
UBX Praha 2 s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	200,000.00
Blitz 01-815 GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
City Objekte Munich GmbH	DEU	Munich	0.00%	84.60%	V	EUR	25,000.00
CM 00 Vermögensverwaltung 511 GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
CSMG Riedberg GmbH	DEU	Munich	0.00%	94.00%	V	EUR	25,000.00
Friendsfactory Projekte GmbH	DEU	Munich	0.00%	51.70%	V	EUR	25,000.00
MG Dornach Hotel GmbH	DEU	Munich	90.00%	99.40%	V	EUR	25,000.00
MG Gleisdreieck Pasing Komplementär GmbH	DEU	Munich	0.00%	94.00%	N	EUR	0.00
MG Projekt-Sendling GmbH	DEU	Munich	0.00%	94.00%	V	EUR	25,000.00
MG-Brehmstrasse BT C GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
MG-Brehmstrasse BT C Komplementär GmbH	DEU	Munich	100.00%	100.00%	N	EUR	0.00
MG-Destouchesstrasse Komplementär GmbH	DEU	Munich	0.00%	94.00%	N	EUR	0.00
MG-Dornach Bestandsgebäude GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
MG-Dornach Komplementär GmbH	DEU	Munich	0.00%	94.00%	N	EUR	0.00
MG-Projekt Königstraße GmbH	DEU	Munich	0.00%	94.00%	V	EUR	25,000.00
Münchner Grund Immobilien Bauträger Aktiengesellschaft	DEU	Munich	94.00%	94.00%	V	EUR	716,800.00
Münchner Grund Management GmbH in Liqu.	DEU	Munich	0.00%	73.27%	N	EUR	0.00
Münchner Grund Projektmanagement, -Beratung, -Planung GmbH	DEU	Munich	0.00%	65.80%	V	EUR	250,000.00
Münchner Grund Riem GmbH	DEU	Herrsching	0.00%	60.16%	N	EUR	0.00
Stadtgrund Bauträger GmbH	DEU	Munich	100.00%	100.00%	N	EUR	0.00
UBM Leuchtenbergring GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
UBM d.o.o. za poslovanje nekretninama	HRV	Zagreb	100.00%	100.00%	V	HRK	20,000.00

Company	Country code	Registered office	UBM AG share-holding	UBM Group share-holding	Type of cons.	Cur-rency	Nominal share capital
UBM Projektmanagement Korlátolt Felegösségü Társaság	HUN	Budapest	100.00%	100.00%	V	HUF	20,000,000.00
UBM Asset Zuidas B.V.	NLD	Amsterdam	0.00%	100.00%	V	EUR	18,000.00
UBM Holding NL B.V.	NLD	Amsterdam	100.00%	100.00%	V	EUR	60,000.00
UBM Hotel Zuidas B.V.	NLD	Amsterdam	0.00%	100.00%	V	EUR	18,000.00
"FMP Planning and Facility Management Poland" Sp. z o.o.	POL	Warsaw	100.00%	100.00%	V	PLN	150,000.00
"Hotel Akademia" Sp. z o.o.	POL	Warsaw	0.00%	100.00%	V	PLN	5,919,900.00
"UBM Polska" Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	100.00%	100.00%	V	PLN	50,000.00
"UBM Residence Park Zakopianka" Spólka z ograniczona odpowiedzialnoscia	POL	Krakow	100.00%	100.00%	V	PLN	50,000.00
"UBM-HPG" Spólka z ograniczona odpowiedzialnoscia	POL	Krakow	0.00%	100.00%	V	PLN	50,000.00
FMZ Gdynia Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	60.00%	V	PLN	50,000.00
FMZ Lublin Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	70.00%	V	PLN	50,000.00
FMZ Sosnowiec Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	55.00%	V	PLN	50,000.00
Oaza Kampinos Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	100.00%	V	PLN	50,000.00
UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	POL	Warsaw	100.00%	100.00%	V	PLN	156,000.00
UBM Zielone Tarasy Spólka z ograniczona odpowiedzialnoscia	POL	Krakow	100.00%	100.00%	V	PLN	50,000.00
UBM DEVELOPMENT S.R.L.	ROM	Bucharest	100.00%	100.00%	V	RON	175,000.00
Gesellschaft mit beschränkter Haftung "UBM development doo"	RUS	St. Petersburg	100.00%	100.00%	V	RUB	3,700,000.00
FMS Facility Management Slovakia s.r.o.	SVK	Bratislava	0.00%	50.00%	N	EUR	0.00
UBM Koliba s.r.o.	SVK	Bratislava	100.00%	100.00%	V	EUR	5,000.00
UBM Kosice s.r.o.	SVK	Bratislava	100.00%	100.00%	V	EUR	5,000.00
UBM Slovakia s.r.o.	SVK	Bratislava	100.00%	100.00%	V	EUR	6,639.00
Tovarystvo z obmezhenoju vidpovidalnistu "UBM Ukraine"	UKR	Kiev	100.00%	100.00%	N	UAH	0.00
RELATED PARTNERSHIPS							
UBM Realitätenentwicklung Aktiengesellschaft & Co. Muthgasse Liegenschaftsverwertung OG	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DEU	Herrsching	0.00%	60.16%	V	EUR	50,000.00
MG Brehmstrasse BT C GmbH & Co. KG	DEU	Munich	0.00%	100.00%	V	EUR	51,129.97
ASSOCIATED COMPANIES							
ASSOCIATED CORPORATIONS							
"Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs-Aktiengesellschaft	AUT	Vienna	20.00%	20.00%	E	EUR	726,728.34
"Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft	AUT	Vienna	33.33%	33.33%	E	EUR	87,207.40
FMA Gebäudemanagement GmbH	AUT	Vienna	50.00%	50.00%	E	EUR	500,000.00
Hessenplatz Hotel- und Immobilienentwicklung GmbH	AUT	Vienna	50.00%	50.00%	E	EUR	37,000.00
hospitals Projektentwicklungsges.m.b.H.	AUT	Graz	25.00%	25.00%	E	EUR	35,000.00
REHA Tirol Errichtungs- und Betriebsgesellschaft m.b.H.	AUT	Vienna	0.00%	25.00%	E	EUR	35,000.00
Ropa Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	50.00%	50.00%	E	EUR	36,336.42
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AUT	Vienna	26.67%	26.67%	E	EUR	74,126.29
UBX Plzen s.r.o.	CZE	Prague	50.00%	50.00%	E	CZK	200,000.00
Leuchtenbergring Hotelbetriebsgesellschaft mbH	DEU	Munich	0.00%	47.00%	E	EUR	25,000.00
UBX 1 Objekt Berlin GmbH	DEU	Munich	50.00%	50.00%	E	EUR	25,000.00
UBX 2 Objekt Berlin GmbH	DEU	Munich	50.00%	50.00%	E	EUR	25,000.00
UBX 3 Objekt Berlin GmbH	DEU	Munich	50.00%	50.00%	E	EUR	25.000,00

Company	Country code	Registered office	UBM AG share-holding	UBM Group share-holding	Type of cons.	Cur-rency	Nominal share capital
HOTEL PARIS II S.A.R.L.	FRA	Marne la Vallée	50.00%	50.00%	E	EUR	50,000.00
UBX Development (France) s.a.r.l.	FRA	Serris	50.00%	50.00%	E	EUR	50,000.00
"GF Ramba" Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	50.00%	E	PLN	138,800.00
"POLECZKI BUSINESS PARK" SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	POL	Warsaw	0.00%	50.00%	E	PLN	3,936,000.00
"SOF DEBNIKI DEVELOPMENT" SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	POL	Krakow	0.00%	50.00%	E	PLN	50,000.00
"UBX Katowice" Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	50.00%	E	PLN	50,000.00
Sienna Hotel Sp. z o.o.	POL	Warsaw	33.33%	50.00%	E	PLN	81,930,000.00
M Logistic Distribution S.R.L.	ROM	Bucharest	50.00%	50.00%	E	RON	11,376,000.00
ASSOCIATED PARTNERSHIPS							
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DEU	Munich	0.00%	48.51%	E	EUR	100,000.00
OTHER COMPANIES							
OTHER CORPORATIONS							
"hospitals" Projektentwicklungsges.m.b.H.	AUT	Vienna	21.78%	21.78%	N	EUR	0.00
BMU Beta Liegenschaftsverwertung GmbH	AUT	Vienna	50.00%	50.00%	N	EUR	0.00
IMMORENT-KRABA Grundverwertungsgesellschaft m.b.H.	AUT	Vienna	10.00%	10.00%	N	EUR	0.00
Impulszentrum Telekom Betriebs GmbH	AUT	Unterprem-stätten	30.00%	30.00%	N	EUR	0.00
KBB – Klinikum Besitz- und Betriebs Gesellschaft m.b.H.	AUT	Vienna	0.00%	7.98%	N	EUR	0.00
KMG – Klinikum Management Gesellschaft mbH	AUT	Graz	0.00%	10.78%	N	EUR	0.00
REHAMED Beteiligungsges.m.b.H.	AUT	Graz	0.00%	10.89%	N	EUR	0.00
REHAMED-Rehabilitationszentrum für Lungen- und Stoffwechselerkrankungen Bad Gleichenberg Gesellschaft m.b.H.	AUT	Bad Gleichenberg	0.00%	8.06%	N	EUR	0.00
Seprocon GmbH	AUT	Vienna	0.00%	24.50%	N	EUR	0.00
St.-Peter-Straße 14-16 Liegenschaftsverwertung Ges.m.b.H.	AUT	Vienna	50.00%	50.00%	N	EUR	0.00
VBV delta Anlagen Vermietung Gesellschaft m.b.H.	AUT	Vienna	0.00%	20.00%	N	EUR	0.00
ZMI Holding GmbH in Liqu.	AUT	Vienna	48.33%	48.33%	N	EUR	0.00
"S1" Hotelerrichtungs AG	CHE	Savognin	10.00%	10.00%	N	CHF	0.00
Andel 16 s.r.o.	CZE	Prague	0.00%	10.00%	N	CZK	0.00
UBX 3 s.r.o.	CZE	Prague	50.00%	50.00%	N	CZK	0.00
Bayernfonds Immobilienentwicklungsgesellschaft Wohnen plus GmbH in Liqu.	DEU	Munich	0.00%	46.53%	N	EUR	0.00
BF Services GmbH	DEU	Munich	0.00%	46.53%	N	EUR	0.00
Bürohaus Leuchtenbergring Verwaltungs GmbH	DEU	Munich	0.00%	48.51%	N	EUR	0.00
REAL I.S. Project GmbH	DEU	Munich	0.00%	46.53%	N	EUR	0.00
UBX II (France) s.à.r.l.	FRA	Serris	0.00%	50.00%	N	EUR	0.00
FMA Gebäudemanagement drustvo s ogranicenom odgovornoscu za upravljanje zgradama	HRV	Zagreb	0.00%	50.00%	N	HRK	0.00
Hotelinvestments (Luxembourg) S.à r.l.	LUX	Luxembourg	50.00%	50.00%	N	EUR	0.00
OAO "AVIELEN A.G."	RUS	St. Petersburg	0.00%	10.00%	N	RUB	0.00
OTHER PARTNERSHIPS							
Bürohaus Leuchtenbergring GmbH & Co. KG	DEU	Munich	0.00%	48.02%	N	EUR	0.00

AUDITOR'S REPORT

Report on Consolidated Financial Statements

We have audited the consolidated financial statements of **UBM Realitätenentwicklung Aktiengesellschaft, Vienna**

for the **fiscal year from 1 January 2010 to 31 December 2010.** These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated cash flow statement and a statement of changes in consolidated equity for the year ended 31 December 2010, and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and Group Accounting

The Group management is responsible for the consolidated accounting and for preparing these consolidated financial statements which provide a true and fair view of the net assets and financial position of the Group and the results of its operations in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes designing, implementing and maintaining internal control relevant for the preparation of consolidated financial statements and the true and fair presentation of the net assets and financial position of the Group and the results of its operations, in order that these consolidated financial statements are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and description of type and scope of statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with applicable laws and regulations in Austria for audits. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control relevant to the preparation of the consolidated annual financial statements and the fair presentation of the net assets and financial position of the Group and the results of its operations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit has not led to any objections. In our opinion, based on the results of our audit the consolidated annual financial statements have been prepared pursuant to applicable regulations and present a true and fair view of the net assets and financial position of the company as of 31 December 2010 as well as the results of operations and cash flows of the Group for the fiscal year from 1 January 2010 to 31 December 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU.

Statement on Consolidated Business Report

Laws and regulations require us to perform audit procedures to determine whether the consolidated business report is consistent with the consolidated annual financial statements and whether the other disclosures made in the consolidated business report do not give rise to misconceptions about the position of the Group. The auditor's report has to state whether the consolidated business report is consistent with the consolidated annual financial statements and whether the disclosures according to Section 243a of the Austrian Commercial Code apply.

In our opinion the consolidated business report is consistent with the consolidated annual financial statements. The disclosures according to Section 243a of the Austrian Commercial Code apply.

Vienna, 8 March 2011

BDO Austria GmbH
(Audit and Tax Consultants)

Markus Trettnak Auditor	Hans Peter Hoffmann Auditor

REPORT OF THE SUPERVISORY BOARD

The 2010 fiscal year was a very successful year for UBM Realitätenentwicklung Aktiengesellschaft despite the still difficult economic conditions. The sale of real estate in Germany as well as a participation in the Czech Republic enabled UBM Realitätenentwicklung Aktiengesellschaft to generate an annual construction output of €217.0 million.

Earnings before tax in 2010 (EBT) rose in comparison to the previous year, reaching the second-highest level in the history of the company. After taking into account assessed income tax of €3.7 million and the provision from deferred taxes on income amounting to €1.2 million, net income amounted to €9.4 million.

The Supervisory Board has actively accompanied and supported the development of the company with its tasks and duties. The Managing Board regularly informed the Supervisory Board with up-to-date and comprehensive verbal and written reports on the business and financial position of the Group and its participations, on personnel and planning issues, as well as on investment and acquisition plans, and discussed strategy, business development and risk management with the Supervisory Board. The Supervisory Board adopted the required resolutions in four meetings. For business subject to approval under Article 95 (5) of the Stock Corporation Act and business regulations, the necessary approvals were obtained for the Managing Board; and in the form of written votes for pressing matters. The average attendance at meetings of the Supervisory Board was 89.3%. On 17 March 2010 there was a meeting of the Audit Committee to review and prepare the final acceptance of the 2009 annual financial statements with the involvement of the auditor. The Audit Committee convened on 2 December 2010 with the auditor to discuss the monitoring of accounting processes, the monitoring of the effectiveness of internal control, the internal audit system and the risk management system of the company.

The Annual Financial Statements of UBM Realitätenentwicklung Aktiengesellschaft as of 31 December 2010 including the Notes and the Business Report as well as the Consolidated Financial Statements as of 31 December 2010 compiled under the International Financial Reporting Standards (IFRS), as applicable in the EU, and the Consolidated Business Report were audited by BDO Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The business report and the consolidated business report are consistent with the annual and consolidated financial statements. The audit firm referred to above therefore expressed an unqualified auditor's opinion on the annual and consolidated financial statements.

All financial statement documentation, the corporate governance report, the proposal of the Managing Board on the appropriation of profits and the audit reports of the auditor were discussed in detail with the auditor in the Audit Committee on 15 March 2011 and presented to the Supervisory Board. After intensive discussions and reviews the Audit Committee and the Supervisory Board accepted the annual financial statements as of 31 December 2010 as well as the business report, the corporate governance report and the proposal on the appropriation of profits. The annual financial statements as of 31 December 2010 are thus approved. The Audit Committee and the Supervisory Board also accepted the 2010 consolidated financial statements compiled under IFRS and the consolidated business report. The Supervisory Board endorses the proposal of the Managing Board for the appropriation of profits.

The Supervisory Board hereby thanks the clients and shareholders for their trust and loyalty vis-à-vis UBM as well as the Managing Board and the staff for their dedication in the past year and their successful cooperation.

Vienna, March 2011

Horst Pöchhacker
Chairman of the Supervisory Board

APPROPRIATION OF PROFITS

UBM Realitätenentwicklung Aktiengesellschaft closed the 2010 fiscal year with a retained profit of €3,315,403.15. The Managing Board proposes a dividend of €1.10 per share, which with 3,000,000 shares totals €3,300,000, while the remainder of the profits totalling €15,403.15 should be carried forward to the new account.

Upon agreement from the meeting of shareholders on this proposal for the appropriation of profits, the pay-out of a dividend of €1.10 per share shall ensue subject to tax law regulations from 19 April 2010 through the custodian bank. The main paying agent is Bank Austria Creditanstalt AG.

Vienna, 8 March 2011

Karl Bier
(Chairman)

Peter Maitz

Heribert Smolé

Martin Löcker

RESPONSIBILITY STATEMENT

DECLARATION OF MANAGEMENT IN ACCORDANCE WITH SECTION 82 (4) OF THE STOCK EXCHANGE ACT (BÖRSEG) – CONSOLIDATED FINANCIAL STATEMENTS

We hereby declare to the best of our knowledge that the consolidated annual financial statements compiled in accordance with applicable accounting standards provide a true and fair view of the net assets and financial position of the Group, as well the results of its operations. The consolidated business report presents the business operations, the results of business operations and the situation of the Group in a way that provides a true and fair view of the net assets and financial position and the results of operations of the Group, whilst also outlining the significant risks and uncertainties facing the Group.

Vienna, 8 March 2011
The Managing Board

Karl Bier
Chairman of the Managing Board responsible for project development and personnel

Peter Maitz
Member of the Managing Board responsible for technical management

Heribert Smolé
Member of the Managing Board responsible for finance and accounting

Martin Löcker
Member of the Managing Board responsible for project calculations and technical controlling

GLOSSARY

ARGE	Joint ventures of several companies for the collective implementation of construction plans
ATX	Austrian Traded Index, leading index of the Vienna Stock Exchange
Dividend yield	Dividends in relation to share price
EBIT	Earnings Before Interest and Taxes
EBT	Earnings Before Taxes
ECV	Issuer Compliance Regulation to prevent the misuse of insider information
Equity ratio	Average capital employed relative to total assets
IFRS	International Financial Reporting Standards
Impairment Test	In accordance with IAS 36 an evaluation of asset values shall be carried out by means of a regular test, which will establish any reduction in values of the asset and which may lead, if required, to the recording of corresponding adjustments.
Annual construction output	Presentation of output in accordance with economic criteria, which deviates from the presentation of revenues in the income statement since it also includes proportional output in joint ventures as well as the revenues of non-consolidated participations.
P/E	Price earnings ratio, share price in relation to earnings per share
Market capitalisation	Stock market value, share price x number of shares issued
Sustainability	Sustainability is economic development based on ecological criteria
Pay-out ratio	Distribution ratio, dividend per share divided by earnings per share, in %
Total shareholder's return	Dividend yield plus share price increase
UGB	Austrian Commercial Code
WBI	Vienna Stock Exchange Index

LEGAL NOTICE

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SUSTAINABILITY

Sustainable management is not just a facet of planning and building for us, it is a holistic project. For this report for example we only use paper bearing the FSC label. The Forest Stewardship Council (FSC) is an international non-profit organisation that created the first system for certifying sustainable forest management, a system it now operates and continues to develop. The FSC system to certify forest management was established to ensure the sustainable use of our forests. This includes maintaining and improving the economic, ecological and social functions of forestry enterprises.

We at UBM believe that conserving our resources is vital and we therefore give you our “green and white” commitment to a sound environment: in this report using FSC paper.

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UBM

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