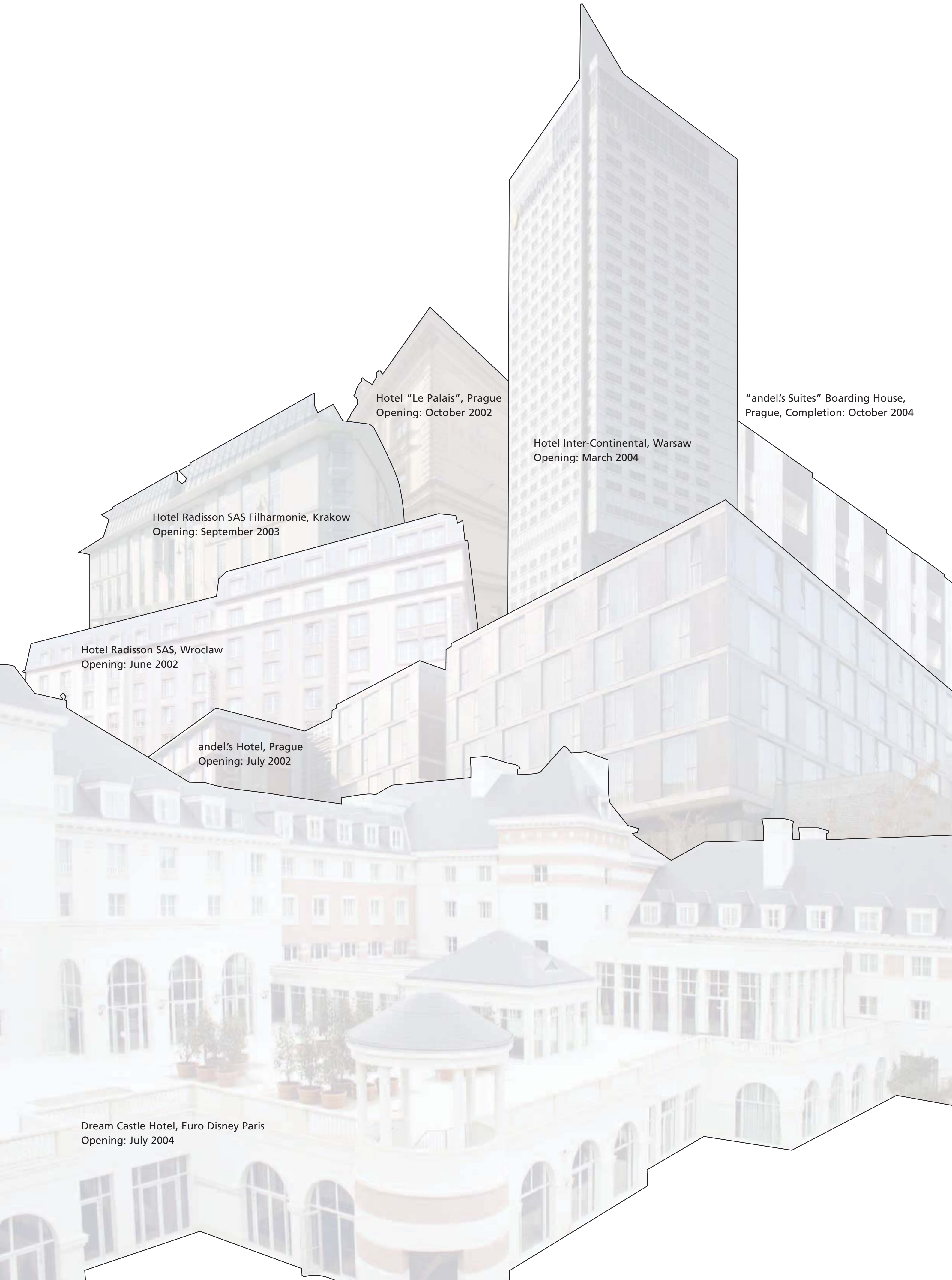
Annual Report 2004

We house
the top properties.


Hotel "Le Palais", Prague
Opening: October 2002
"andel's Suites" Boarding House,
Prague, Completion: October 2004
Hotel Inter-Continental, Warsaw
Opening: March 2004
Hotel Radisson SAS Filharmonie, Krakow
Opening: September 2003
Hotel Radisson SAS, Wroclaw
Opening: June 2002
andel's Hotel, Prague
Opening: July 2002
Dream Castle Hotel, Euro Disney Paris
Opening: July 2004

REALITÄTENENTWICKLUNG
AKTIENGESELLSCHAFT

Annual Report 2004

Key Data on the UBM Group

	2004	Change in %	2003	2002
Earnings Data in € million				
Total construction output	135.9	14.5	118.7	120.7
Thereof foreign share in %	71.2	8.3 pp	62.9	62.6
Earnings before interest and tax (EBIT)	10.2	- 37.0	16.2	5.0
Earnings before tax (EBT)	9.3	- 18.4	11.4	7.2
Net profit	9.4	- 1.1	9.5	7.4
Retained earnings	2.7	-	-	-
Return on capital in %	5.2	- 0.8 pp	6.0	5.5
Return on equity in %	11.6	- 1.2 pp	12.8	10.6
Balance Sheet Data in € million				
Balance sheet total	280.7	- 2.1	286.8	287.5
Equity ratio in % of balance sheet total as of 31.12.	30.9	3.8 pp	27.1	25.0
Investments	34.6	116.3	16.0	33.5
Depreciation	3.7	16.7	3.0	2.9
Stock Exchange Data				
Earnings per share in € [1]	3.1	- 1.3	3.2	2.5
Dividend per share in € [1]	0.88 [2]	-	0.88	0.80
Pay-out ratio in %	28.1	0.5 pp	27.6	32.6

1) Figures for 2003 and 2002 adjusted to reflect 1:4 stock split
2) Recommendation to the Annual General Meeting

Corporate Profile

UBM is a specialist in the development, rental and sale of real estate in Western and Central Europe. Experience gained over the 130-year history of our company forms a solid basis for property development and consulting as well as construction and general contracting in eight countries. UBM is a dependable partner for professional investors who value the advantages of a single address for their real estate activities in diverse sectors and regions.

The security of property investments for shareholders is based on the confidence associated with the "real values" behind such assets, whereby the business philosophy of UBM provides substantial support for this trust. The diversification of projects across different markets and sectors in Europe is designed to minimize risk.

Extensive knowledge of local environments allows UBM to determine the optimal timing for sale or rental of a property. Moreover, established positions at different points on the value chain – as a developer, renter or building manager – give the company a high degree of flexibility to react to changing market conditions.

For real estate funds or international hotel chains, UBM constructs buildings according to individual specifications. These specially designed facilities generate substantially higher yields than investments in existing objects. Strict evaluation criteria for projects and in-depth knowledge of home markets form a secure foundation for carefully planned expansion in the emerging markets of the new Europe.

Transition of Total Construction Output as per Cost Accounting to Total Output as shown on the Income Statement for 2004

The UBM Group defines total construction output as its key revenue indicator. In contrast to total output as shown on the consolidated income statement, this figure encompasses not only revenues but also a proportional share of income from joint ventures, companies consolidated at equity and minor investments. Also included are increases and decreases in the company's own projects from the prior year as well as the company's own work capitalized during the reporting year. The calculation of total construction output for the 2004 and 2003 Business Years is shown below:

in T€	2004	2003
Total construction output as per cost accounting	135,886	118,707
Total construction output as per consolidated income statement	79,345	52,561
Difference	**56,541**	**66,146**
Revenues from joint ventures	20,050	23,942
Increase/decrease in own projects from prior year	- 2,386	3,185
Revenues from companies consolidated at equity and minor investments	39,056	39,081
Own work capitalized	- 179	- 62
	56,541	**66,146**

The UBM Group
Services

Real Estate Acquisition
Search | Analysis | Rental | Purchase

Studies
Market Studies | Feasibility Studies | Project Studies

Financing & Legal Issues
Financial Models | Special Financing | Tax Models | Legal Structuring

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Approval Procedures
Zoning | Demolition | Construction | Final Approval

Planning
Submission Plans | Construction Plans | Statics | General Planning

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Construction Services
Management | General Contracting | Development

Realization
Rental | Sale

Property Management
Commercial Management | Optimization of Operating Costs

Facility Management

Center Management
Marketing | PR | Space Management | Tenant Contacts

Contents

Letter to our Shareholders

Peter Maitz, Karl Bier, Heribert Smolé (left to right)

Dear Shareholders and Partners of UBM,

The development of business in the UBM Group during 2004 can be summarized in a few words: the steady continuation of growth and the positioning of cornerstones for the future.

At this point, we would like to take you back to the 2004 Business Year with a review of key data. Even though the economic environment remained difficult throughout the year, we were able to increase construction output – our key indicator for revenues adjusted for industry fluctuations – by 14.5% to € 135.9 million and set a new record in the history of our company. The distribution of construction output for the year confirms our strategy for geographical diversification, which we have steadily expanded since the end of the 1980's: the foreign component of total construction output rose from 62.9% in the previous year to 71.2% for 2004, with the Czech Republic generating a key share of € 55.9 million. The share of revenues recorded in Germany remained stable, where we were able to counter general stagnation in the construction branch with residential projects in the Munich region. One undisputed highlight for the reporting year was the opening of the Mövenpick Dream Castle Hotel at Euro-Disney in Paris, which started operations in July 2004 after only two years of construction. The Hotel Inter-Continental in Warsaw, the largest single project in the history of our company, also opened during the reporting year. In addition to other hotel projects realized in previous years, for example in Prague and Krakow, these two new facilities demonstrate our expertise in solving the many complex issues connected with such assignments for the benefit of all parties.

Supported by a clear improvement in income from investments and relatively stable financial results, Group net profit after tax increased to € 9.4 million and matched the excellent level recorded in the previous year. As in 2003, this development was supported in part by the sale of properties in Vienna, Lower Austria and Upper Austria as well as a stake in a Prague hotel. We do not view such earnings as one-time effects, since the optimal realization of properties is one of our core objectives.

After our former majority shareholder, Allgemeine Baugesellschaft-A. Porr AG, reduced its holding to 41.3% in 2004, the contract for the transfer of profit and loss was terminated. UBM AG can therefore report retained earnings of € 2.7 million for 2004. In keeping with the steady growth in earnings, we recommend that the Annual General Meeting approve a dividend and bonus for 2004 equal to the € 0.88 per share distributed in the prior year. With a dividend yield of 3.1% based on the stock price at year-end and an increase of 41% for the reporting year, the UBM share again proved to be a reliable and profitable investment.

In order to allow you, our shareholders and business partners, to also build on and with UBM in the future, we created the prerequisites in 2004 for the continuation of this successful growth. In order to make optimal use of the different cycles on real estate markets across Europe, we continually evaluate opportunities to develop new sectors of business and also work to expand our geographical presence. In addition to the Czech Republic, Poland and Hungary, which have numbered among our home markets for years, we also want to realize projects in other rapidly growing countries throughout Central and Eastern Europe over the mid-term. Our focus for the future will therefore include Serbia, Bulgaria, Romania and Slovenia. Our strategy for these new markets is based on the development of a presence through individual projects, which are realized on a step-by-step basis in close cooperation with local partners. However, the relevant decisions are only made after a careful analysis of the potential risks that may have an impact on the project yield.

With the construction of the Senec logistics park in Slovakia during the reporting year, we not only entered a new geographical market but also completed our first project in this sector. Senec, one of the most modern logistics facilities in this country, is under construction in several stages on an expansive 10-hectare site and will provide enormous opportunities for development due to its optimal traffic connections. During 2004 we were also able to secure a property in Warsaw, which will be used for the construction of a large apartment complex in the coming years. We are convinced that this project will be highly successful because of the current demand situation on the Warsaw housing market. In addition to Warsaw, where we are also renovating the Griffin House that we acquired in 2003, we are planning the construction of a 3-star hotel in Krakow, with completion scheduled for 2006. An important focus of our operations in the coming years will remain the large Andel City project in the Czech capital of Prague. After the completion of andel's Boarding House in September 2004, the next stages of construction will focus on a residential section with roughly 50 units and an office building.

In Germany we will continue to focus on the residential sector. After the completion of an apartment complex in Munich-Riem, we will construct two objects with a total of 48 apartments in Munich's Schwabing quarter by summer 2006. In Austria we will start work in 2005 on the "Neue Mitte Lehen" project in Salzburg after several years of preparation, which will contain apartments as well as shops, a center for senior citizens and other public facilities. UBM is responsible for the realization of all commercial space in this project. At the same time, we will realize or complete a number of smaller projects in Austria.

Based on the above-mentioned projects, our forecasts for 2005 call for total construction output of roughly € 120 million and earnings that will match the satisfactory average of past years. We will continue to provide you with regular information on the development of business and our current projects through our quarterly reports.

We would like to thank you for your confidence and cooperation, and hope you will also accompany us in the future.

Karl Bier, Chairman of the Board of Directors

Peter Maitz, Member of the Board of Directors

Heribert Smolé, Member of the Board of Directors

Bodies of the Corporation

Supervisory Board

Siegfried Sellitsch
Chairman

Horst Pöchhacker
Vice-Chairman

Thomas Jakoubek
(as of May 14, 2004)

Walter Lederer

Erlefried Olearczick
(as of May 14, 2004)

Iris Ortner

Johannes Pepelnik
(as of June 25, 2004)

Peter Weber

Günter W. Havranek
(up to April 28, 2004)

Klaus Ortner
(up to May 14, 2004)

Karl Schmutzer
(up to May 14, 2004)

Board of Directors

Karl Bier
Chairman

Law school graduate, specialized tax training, managing director of various project companies. Since 1992 member of the Managing Board of UBM AG responsible for development and expansion of project companies in Austria, the Czech Republic (since 1993), Hungary (since 1994), Poland (since 1995) and Germany.

UBM – Vienna/Lower Austria/Burgenland
UBM – Upper Austria
UBM – Salzburg
Münchner Grund – Germany
UBM – Poland
UBM – Hungary
Various project companies in Austria

Peter Maitz

Engineering studies in Graz, joined Porr in 1972, from 1972 to 1986 management of projects in Austria, Hungary, Iran and Algeria. Since 1985 technical director of various project companies in Austria and foreign countries. Member of the Managing Board of UBM AG since 1992.

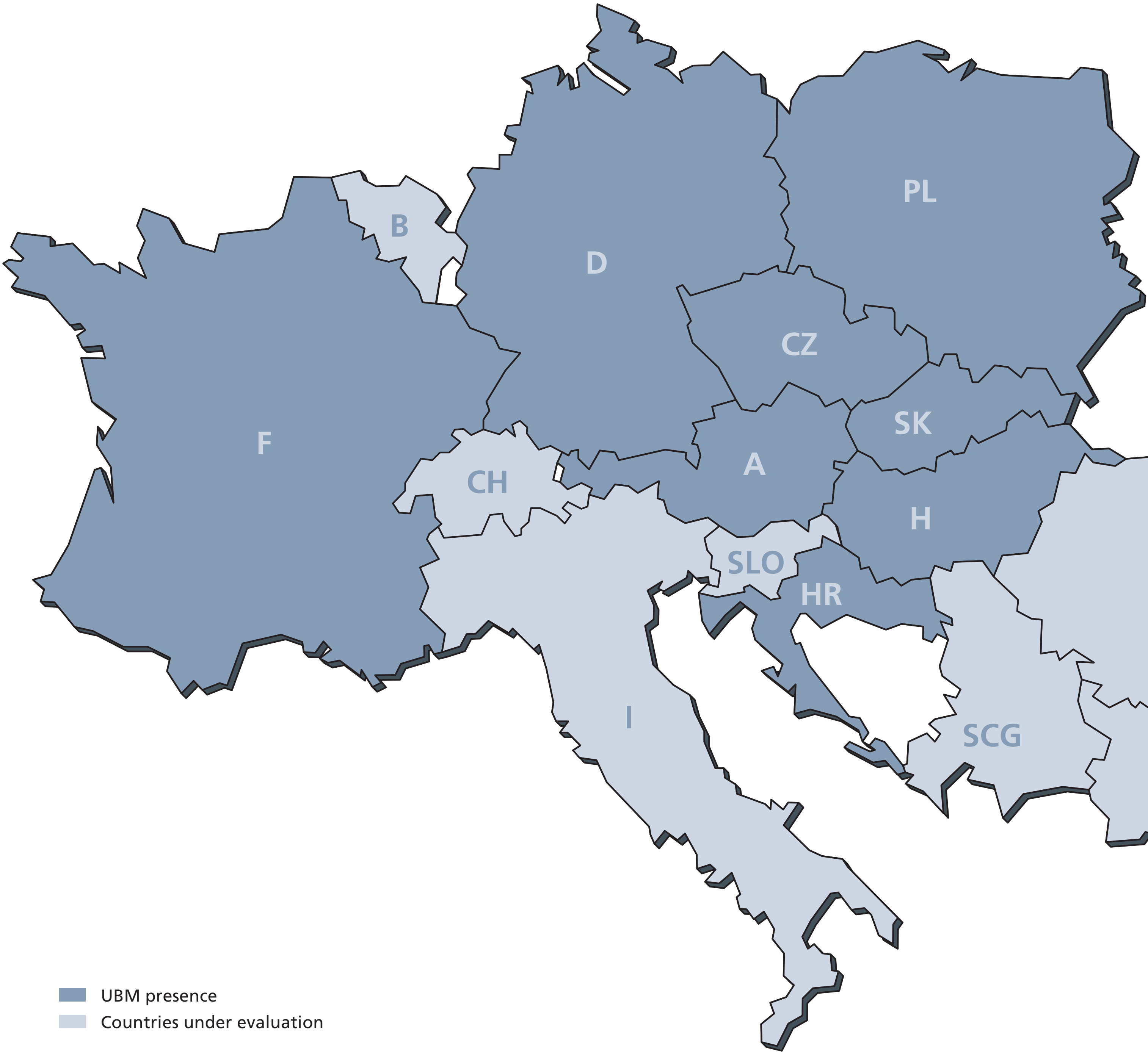
UBM – Styria/Carynthia
UBM – Tyrol/Vorarlberg
UBM – Czech Republic
UBM – Slovakia
UBM – France
Various project companies in Austria

Heribert Smolé

Joined the Porr Group in 1973, 1985 head of administration for investments, officer of UBM AG since 1990. Managing Director of various Porr Group companies. Since 1997 member of the Managing Board of UBM AG.

Finance and accounting
Project financing
Risk management
Controlling
Property management
Investor relations
Various project companies in Austria

Strategy and Success Factors of UBM

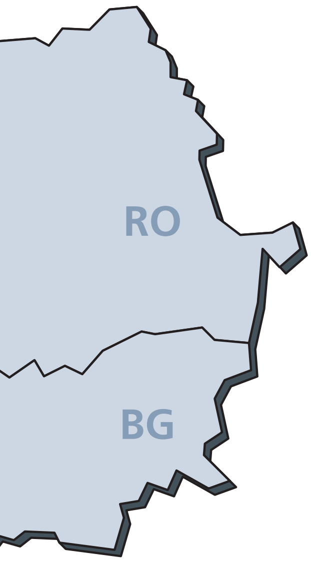


UBM presence
Countries under evaluation

A	Austria	HR	Croatia
B	Belgium	I	Italy
BG	Bulgaria	PL	Poland
CH	Switzerland	RO	Romania
CZ	Czech Republic	SCG	Serbia
D	Germany	SLO	Slovenia
F	France	SK	Slovakia
H	Hungary		

Geographical Presence

The strategic positioning of the UBM Group has undergone a significant change since the early 1990's. It is characterized by a momentum that allows the Company to expand beyond both geographical and operational borders, while maintaining a steady focus on value. Today UBM is an internationally recognized specialist in all areas of real estate development and management.



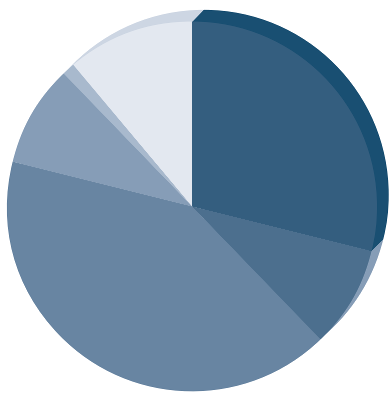
In addition to our home market in Austria, we have also been active for many years and realized many successful projects in the countries of Central and Eastern Europe. Long before the expansion of the European Union brought the countries in this region closer together, we were active in the Czech Republic, Poland, Hungary and Slovakia. Our market presence in these countries is not limited to their capital cities – we also utilize selected opportunities in flourishing provincial capitals like Krakow and Wroclaw.

UBM is also successfully positioned in Germany and France with its own branches. We do not set any geographical limits for our growth, but continually evaluate new market opportunities throughout Europe – for example in Croatia, Italy, Slovenia, Switzerland, Romania and Belgium. Over the mid-term we also plan to establish positions on markets in Bulgaria, Serbia and specific sub-markets in Russia.

Construction Output for 2004

By Country (in %)

29 %	Austria
9 %	Germany
41 %	Czech Republic
9 %	Poland
1 %	Hungary
11 %	France



Comprehensive Range of Services

The portfolio of services provided by UBM ranges from the acquisition of land to the preparation of market and feasibility studies, legal structuring and procedures for project approval, building and general planning up to construction and sale. We are a reliable partner for all issues involving real estate and facility management. For property funds, we develop custom-designed projects from the planning stage to turnkey transfer. Our reputation as a competent partner also extends to projects for international hotel chains, as is demonstrated by the Dream Castle Hotel at the Euro-Disney Resort in Paris and the Hotel Inter-Continental in Warsaw.

Diversification by Sector

In addition to a broad-based geographical presence that makes it possible to offset local fluctuations in demand, UBM also uses the differing sector cycles to safeguard the steady development of business. UBM not only realizes projects in the residential and office sectors in keeping with the relevant market conditions, but also has excellent know-how in the construction of complex hotel facilities and shopping centers. In 2004 we entered another interesting field with the successful start of a major logistics center in Slovakia.

In selecting the focal points for our activities, optimal timing is the key to the success of a project. Our decision-making processes are supported not only by detailed market analyses to evaluate demand but also by our long-standing experience, which makes it possible to identify trends at an early stage.

Established positions at different points along the real estate value-added chain – as developer, renter and facility manager – give us the flexibility to react quickly to changing market conditions. Our general goal is to plan objects, accompany the construction process, and then sell the projects to investors when the demand and price is right.

Real Estate Portfolio

The UBM real estate portfolio included 96 objects with 185,000 m^2 of usable space and a total area of 388,000 m^2 at year-end 2004. Although the rental of these properties plays an important role in smoothing project-related fluctuations in revenues, the strategic importance of the portfolio extends well beyond the generation of income. The temporary rental of objects allows us to determine the optimal point of sale in relation to market conditions. Therefore, the sale of these properties cannot be classified as an isolated transaction but rather as an integral part of our core expertise: UBM is a reliable partner in all areas of real estate development and knows how to identify and use market opportunities at an early point in time.

Safe Investment

With a steady increase in the dividend yield – which has moved steadily within a range of 3% to 6% over the past five years – the UBM share is a solid stock investment. The corporate policy of UBM is oriented towards carefully planned expansion and the diversification of risk to meet the needs of shareholders who are seeking a secure investment in real estate.

Projects completed or under development during the reporting year

France

	City	Start of construction	Completion
Mövenpick Dream Castle Hotel	Paris	December 2002	July 2004

Germany

	City	Start of construction	(Planned) Completion
Riem WA5 apartment complex	Munich	May 2003	July 2004
Marianne elf, Parkstadt Schwabing	Munich	Spring 2005	Summer 2006

Poland

	City	Start of construction	(Planned) Completion
Griffin House	Warsaw	April 2005	Mid-2006
Residential park in Lesznowola	Warsaw	2006	2008
3-star hotel	Krakow	2005	2006

Czech Republic

	City	Start of construction	(Planned) Completion
Pfizer headquarters	Prague	End of 2003	July 2004
Andel City – residential project	Prague	2003	2005/2006
Boarding House andel's Suite	Prague	End of 2003	October 2004
BNP Paribas office building	Prague	2004	July 2005

Slovakia

	City	Start of construction	(Planned) Completion
Senec Cargo Center logistics park – Stage 1	Bratislava	July 2004	2006

Austria

	City	Start of construction	(Planned) Completion
Griesgasse office building	Graz	March 2003	January 2005
Neue Mitte Lehen	Salzburg	2005	2006
Pupping specialty shopping center	Eferding	End of 2003	September 2004
BCI – Vamed head office annex	Vienna	August 2003	July 2004

Le Palais Hotel, Prague
This 5-star hotel is located in the Vinohrady ("royal vineyards") quarter of Prague. It was renovated by UBM in 2002, and now has 60 spacious rooms and 12 suites. UBM's restoration work placed special focus on preserving the historical style elements of this building, which is classified as a historical monument from the Belle Époque.

The UBM Share

Positive Climate on International Markets

The upward trend on international capital markets continued from 2003 into 2004, but at a slower pace. The mood of investors was negatively influenced by a massive increase in crude oil prices, which approached 50 USD per barrel, as well as uncertainty over the further development of interest rates and the economy. After broad sideward movement during the first three quarters of the reporting year, significant recovery took hold in the last three months. The major stock indexes closed 2004 with modest gains in year-on-year comparison: the Dow Jones rose by more than 3% and the DAX increased by roughly by 7%. The European market, measured by the FTSE 300 Eurotop, showed a plus of 9%.

The Vienna Stock Exchange recorded above-average growth in 2004, which led to a top position in international rankings. The leading ATX index reached an all-time high of 2,431 points at year-end, for an increase of 57.4%. The overall WBI index also reached an annual high of 928 points at year-end after a gain of 48.8%.

The UBM share remained on a clear upward trend throughout 2004. After an interim high in May, it reached an annual high of € 28.20 at the end of the year with an increase of 41%. The stock exchange turnover of the UBM share rose from € 1.3 million in 2003 to € 3.3 million for the reporting year, supported by a 1:4 stock split in July 2004.

Investor Relations

UBM has listed on the Vienna Stock Exchange since 1873 and is one of the oldest publicly traded companies in Austria. The 3,000,000 shares of common stock are traded in the Standard Market Auction segment, where prices are determined according to maximum executable volume at 12:30 pm each day. The market capitalization increased 41% over the previous year to a total of € 84.6 million at year-end 2004. The UBM share had a weighting of 0.15% (as of March 16, 2005) in the Vienna Stock Exchange Index (WBI), which serves as a general indicator of the development of the Austrian stock market.

In addition to the annual report, UBM provides shareholders with information on the development of their company through extensive quarterly reports. Details on our construction projects and current assignments as well as press releases and the latest stock price can be found on our homepage under www.ubm.at.

Conversion of Preferred Stock and Stock Split

The 123rd Annual General Meeting of UBM on June 25, 2004 and the earlier meeting of preferred shareholders authorized the conversion of the 150,000 shares of non-voting 15% preferred stock to voting shares of common stock. Furthermore a 1:4 stock split was approved, which resulted in the allocation of share capital totaling € 5,450,462.56 over 3,000,000 shares of common stock. Both resolutions took effect when the relevant amendments to the articles of association were recorded in the company register on July 20, 2004.

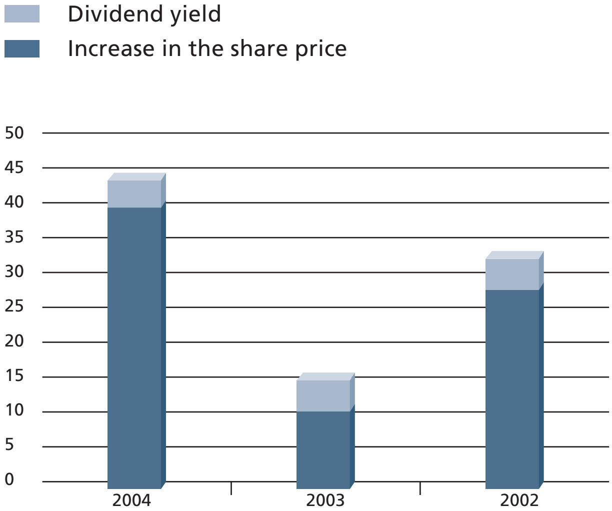
In April 2004 Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft sold a stake of 25% plus one share in UBM to Immobilienholding GmbH, and thereby reduced its holding to 41.27%. The contract for the transfer of profit and loss was terminated retroactively as of January 1, 2004 with the approval of the Annual General Meeting and the meeting of preferred shareholders.

Dividend Recommendation

For the 2004 Business Year, the Managing Board recommends that the Annual General Meeting approve payment of a dividend of € 0.88 per share. This represents a pay-out ratio of 28.1% (2003: 27.6%).

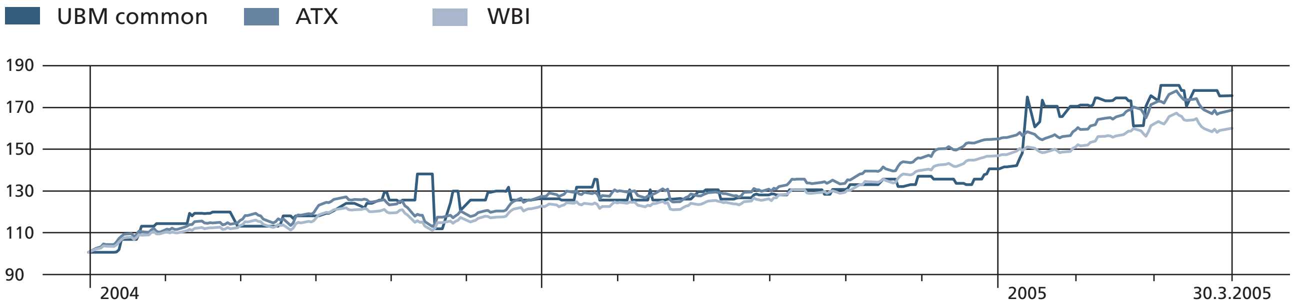
Total Shareholder's Return

(in %)



Development of the UBM Share

(indexed as of 1.1.2004)



Stock Exchange Indicators (in €)

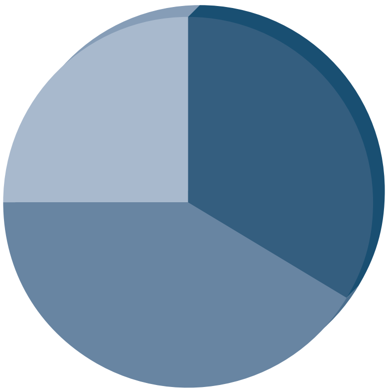
	2004	2003 *	2002 *
Price as of 31.12.	28.20	20.00	18.00
High	28.20	20.00	18.00
Low	20.00	16.25	13.59
Earnings per share[1)]	3.13	3.17	2.46
Dividend per share (incl. bonus)	0.88	0.88	0.80
P/E ratio as of 31.12.[2)]	9.00	6.31	7.33
Dividend yield as of 31.12. %	3.12	4.38	4.44
Total shareholder's return[3)] in %	44.10	15.49	33.01
Market capitalization as of 31.12. in € mill.	84.60	60.00	54.00
Pay-out ratio[4)] in %	28.12	27.60	32.58

*) Figures adjusted to reflect 1:4 stock split
1) Own calculation 2) Price/Earnings Ratio: Stock price on 31.12./Earnings per share 3) Dividend yield plus increase in the share price
4) Pay-out ratio: Dividend per share/Earnings per share in %

Shareholder Structure of UBM AG

(in %)

33.73%	Free float
41.27%	Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft
25.00% plus 1 share	Immobilien Holding GmbH



Data Sources

UBM-Stamm	
Reuters	UBMV.VI
Bloomberg	UNBM AV
Datastream	O:UBAU
ISIN	AT0000815402
Vienna Stock Exchange (abbrev.)	UBS

Financial Calendar for 2005

Press conference	May 2, 2005
124th Annual General Meeting	May 20, 2005
Dividend payment day	May 25, 2005
Results for the First Quarter of 2005	Calendar week 22
Results for the First Six Months of 2005	Calendar week 39
Results for the First Three Quarters of 2005	Calendar week 51

Observance of Austrian Compliance Guideline

In order to prevent the misuse of insider information, the Austrian financial markets authority released issuer compliance regulations that took effect on April 1, 2002. UBM Realitätenentwicklung AG implemented the requirements of the guideline during this same month, and issued principles to govern the distribution of information in the Company. Six permanent classified units were defined for this purpose. Together with the Board of Directors, the compliance officer also establishes temporary classified units for external project staff who have access to insider information (preparation of the annual report, quarterly reports, etc.). In addition to the monitoring of compliance with this guideline, the compliance officer is also responsible for training employees on this subject and maintaining a compliance register that contains information on the persons in the individual classified units and their activities. Explicit blackout periods and a prohibition on trading with UBM securities are also designed to prevent the misuse of insider information.

Corporate Governance

UBM has not issued a declaration of compliance with the Austrian Corporate Governance Code to date. Nevertheless, the Company meets all legal requirements as well as most of the “comply or explain” rules. At the EU level new guidelines and recommendations were issued to improve corporate governance, and Austrian stock corporation law will be amended to reflect these changes. We intend to monitor these developments exactly and make all necessary preparations.

Opening of Mövenpick Dream Castle Hotel

at the Disneyland® Resort in Paris

When dreams become true ...

The Mövenpick Dream Castle Hotel is situated in an idyllic lakeside park, close to the Disneyland Resort in Paris. This 4-star hotel was opened in July 2004, and provides special facilities for families on seven modern floors as well as banquet rooms for up to 350 persons.

"A castle across all ages"

This concept formed the basis for a new theme hotel in Val de Marne near the Disneyland® Resort in Paris. Construction began in December 2002 after a one-year project development phase, and the new Mövenpick Dream Castle Hotel opened on schedule only 21 months later in July 2004.

This family-friendly 4-star hotel was developed as part of a 50:50 joint venture between UBM Realitätenentwicklung AG and WARIMPEX AG. The Austrian Raiffeisen-Leasing-GmbH provided the financing in the form of a property lease. The UBM Group and a consortium of French companies designed the hotel in the style of a French Renaissance castle, which was built at a total cost of € 68 million.

With over 400 modern and comfortably equipped rooms and suites – 250 of which are designed as family rooms with bunk beds for up to four persons – plus two restaurants and a large terrace, the Dream Castle Hotel creates a unique and magic atmosphere. The gastronomy concept offers Mediterranean cuisine during the summer under the motto "The Sea", and rustic cuisine during the winter months under the slogan "The Mountains". The Disneyland® Resort also gives visitors an opportunity to relax in the wellness area "Chambre des Tortures" after enjoying the park.

Magical theme hotel
Visitors to the Mövenpick Dream Castle Hotel can experience the magic of different historical eras – ranging from the Middle Ages to the Renaissance – in the hotel lobby and the restaurants.

Excellent traffic connections allow for a comfortable trip to the hotel by TGV, subway, airplane or auto.

Operational management by the Swiss Mövenpick Hotels & Resorts and more than 25 years of business relations with the largest German tour operators, Thomas Cook AG and Dertour, will play an important role in safeguarding the financial success of this impressive project.

Expansive wellness area
An indoor swimming pool for children, exercise room, sauna, jacuzzi and solarium as well as an integrated beauty parlor provide the ideal atmosphere for guests to relax.

Status Report

The Economic Environment

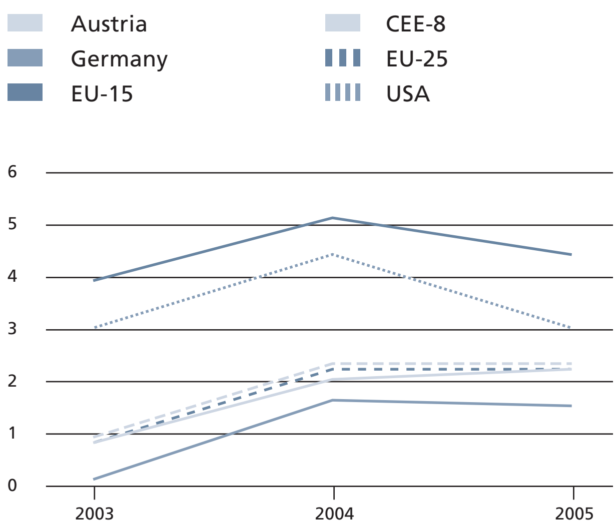
Strong Global Recovery

Even though pace of growth slowed during the second six months, the global economy showed significant recovery during 2004. The OECD countries reported a 3.6% increase in gross domestic product. Supported by expansive economic policies, GDP growth in the USA reached 4.4% and again outpaced the global average. The Japanese economy recorded stronger development than in previous years with a real increase of 2.6% for 2004. Economic growth in Western Europe was very reserved due to the strength of the Euro, higher crude oil prices and weaker domestic demand. The Euro zone reported average growth of 2.1% for 2004. The European Central Bank held the prime rate unchanged at 2%, and there were virtually no positive impulses at the national level because of continuing pressure to consolidate federal budgets. In spite of an unemployment rate that remained near 10%, Germany broke the stagnation trend that characterized past years and exceeded original forecasts with an increase of 1.6% in GDP. The economic climate also improved in France, where the GDP rose by 2.6%.

Austria

The development of the Austrian economy in 2004 was supported by an above-average increase in exports, which rose by more than 8% despite the strong Euro. The slight improvement in domestic demand was triggered primarily by capital investment, while private consumption showed only hesitant recovery. With GDP growth of 2.0%, Austria fell somewhat below the average for the Euro zone. The inflation rate rose from 1.3% in the previous year to 2.1% for 2004 due to an increase in energy and housing costs. The unemployment rate (calculated in accordance with Eurostat) remained relatively stable at 4.5%.

Growth in Real GDP
(in %)



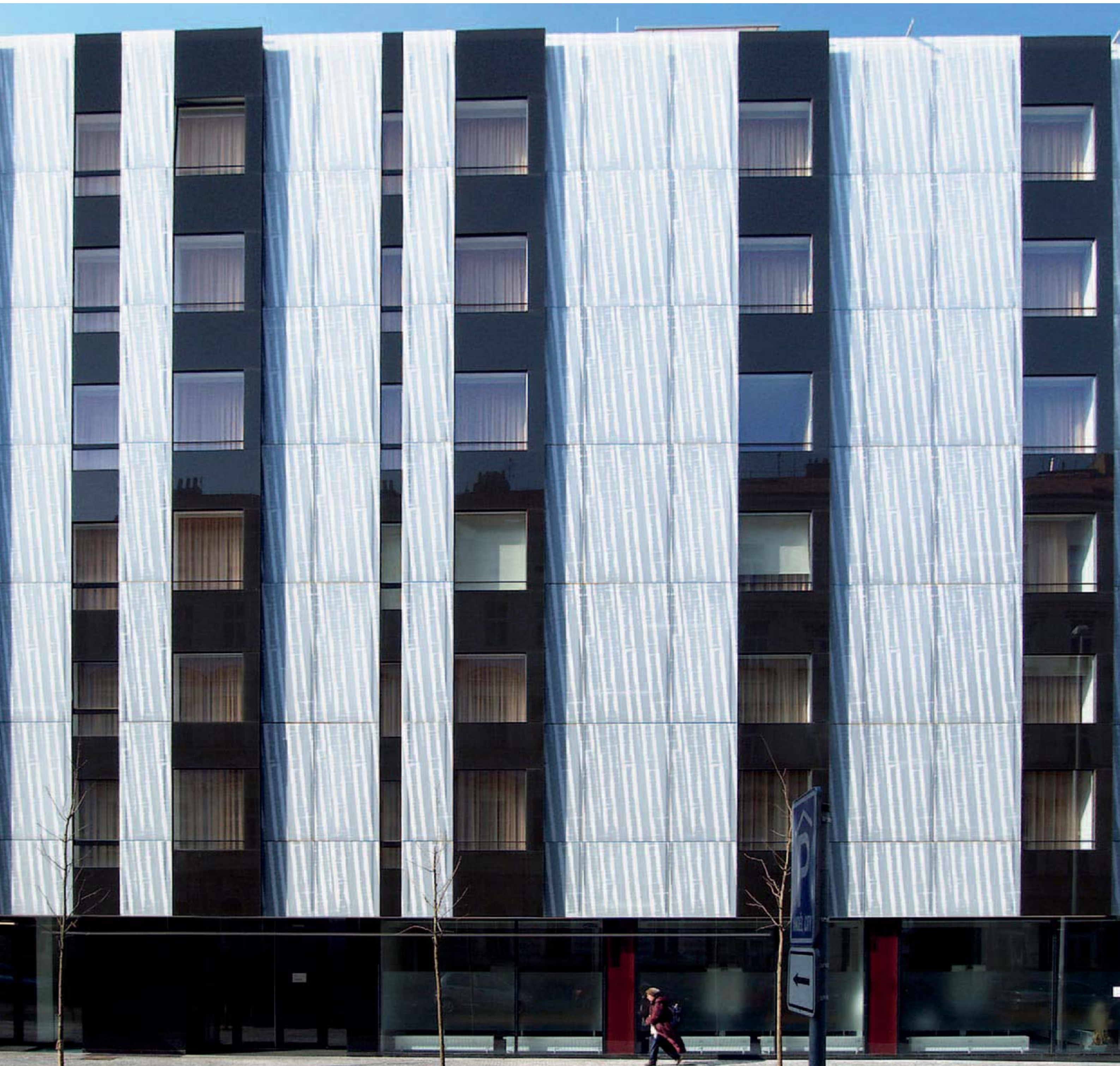
Source: OECD, Eurostat

CEE: The Growth Region

The economies of Central and Eastern Europe (CEE) reported an impressive acceleration of growth during the first half of 2004, which was followed by somewhat flatter but still robust development beginning in the third quarter. The average growth rate for Poland, Hungary, the Czech Republic, Slovakia and Slovenia (CEE-5) is expected to total 4.9% for 2004 (2003: 3.6%). The addition of Estonia, Latvia and Lithuania brings this figure for the CEE-8 region to 5.1% after 3.9% the previous year. Strong trading relationships make the economic development of the new EU member states dependent to a large extent on Western Europe, but the role played by domestic demand is increasing. After a lengthy period of virtual stagnation in previous years, capital investment in the CEE countries showed strong momentum in 2004 due to a rise in foreign direct investment as well as an improvement in the earnings position of local companies.

andel.'s Suites Boarding House

UBM completed this unique apartment house project in 2004 adjacent to the andel.'s designer hotel, which opened in 2002. The modern, functionally designed apartments are available for long-term rental, together with a full range of services provided by the adjoining hotel. The building has six stories, with retail space on the ground floor and an underground garage.



The European Real Estate Market

SAS Radisson Hotel Filharmonie, Krakow
Occupancy rates have been excellent since this 4-star hotel in the historical city centre opened in 2003. It has 200 rooms with different architectural designs as well as two restaurants and a bar.

Western Europe

The tense economic situation continued to influence the development of the real estate market in Western Europe during 2004, but individual cities reported a slight improvement towards the end of the year. Demand remained strong on the office market in London, with the West End recording a 25% increase in the average rental price. The price levels in Paris, Madrid, Barcelona and Brussels also showed positive development. New rentals remained at a low level in the largest Germany cities, triggering a further increase in vacancy rates and drop in prices – in Berlin, for example, the average rental price fell by a further 10% to roughly € 12/m². Average rents decreased by up to 13% on the most important Italian office markets in Rome and Milan, and the price level in Amsterdam also declined by a substantial margin. Investments in property capital markets reached a new record level in 2004, and further increased the pressure on yields.

Development of International Yields

(in %)

Central and Eastern Europe

The office markets in Central and Eastern Europe (CEE) showed positive development in 2004. New rentals increased by an average of 9%, vacancy rates declined and competition increased on the property investment market. The seven most important office markets in this region – Bratislava, Bucharest, Budapest, Moscow, Prague, Sofia and Warsaw – reported the completion of roughly 1.2 million m² in new space for the reporting year, which raised the total volume on these markets by more than 17% to 11.8 million m². The demand in Budapest increased by an above-average 66.7%, but Moscow and Warsaw also recorded growth. The average vacancy rate for these seven key office markets totals roughly 11%, whereby Warsaw reported a sharp decline from 16.6% to a current level of roughly 12%. Strong competition on the investment market also increased pressure on top yields in Central and Eastern Europe, with values reaching 7.75% in Prague and up to 13.0% in Moscow. Top rents range from € 16 to 22/m², and to over € 40/m² in Moscow.

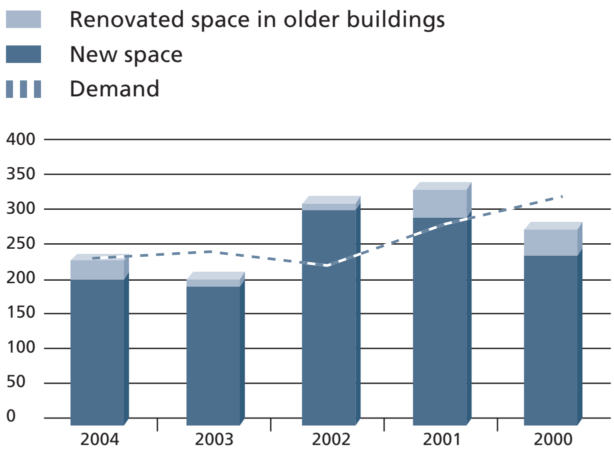
The Vienna Office Market

New rentals on the Vienna office market totaled roughly 280,000 m² in 2004, and significantly exceeded the production of 210,000 m² in new space. The market volume at year-end 2004 totaled 9.4 million m², and the 6.5% vacancy rate is considered low in international comparison. The structure of new rentals in 2004 showed a decline in the demand for large facilities and a shift towards transactions with 200 m² and 1,000 m² of space. The largest rentals concluded during the year were made by Statistik Austria (22,000 m²) and Frequentis (16,000 m²). Top rents continue to remain stable at the prior year level of € 20/m². Average yields reached roughly 5%, which represents the midpoint for Western Europe. The quality of rental contracts (length of contract and credit standing of the tenant) is becoming more important for the determination of yields, while location and the quality of the object are playing a lesser role.

Institutional investors placed roughly € 3.4 billion in Austrian real estate during 2004. The most important investors include Austrian and German funds, Austrian foundations and property firms, but insurance companies and bank subsidiaries are also showing greater interest. While the share of other international investors equaled 20% in previous years, the investment market in 2004 was dominated almost entirely by Austrian and German players.

Supply and Demand for Office Space in Vienna

(in thous. m²)



Development of Office Space and Vacancy Rates in Vienna

	2004	2003	2002
Demand in thous. m²	230	240	220
Supply in thous. m²	235	200	260
Vacancy rate in %	6.5	7.0	6.2
Usable space in thous. m²			
UBM Vienna (rentable)	102	103	123
Vienna office market (new)	210	200	315

Revenue

Project-related property transactions form the core business of the UBM Group. These assignments are generally realized over a number of years, which leads to strong fluctuations in revenue due to the accounting treatment of project work, and also limits the analytical value of and comparability with data from previous years. In order to provide an accurate picture of the development of our business, we have selected annual construction output as our revenue indicator. This figure reflects the range of services provided by UBM and includes revenue from the sale of real estate, construction completed at our own sites, goods and services provided to joint ventures and other ancillary income.

The UBM Group set a new record for total construction output during the reporting year in spite of continued pressure on key geographical submarkets. Total construction output rose by 14.5% to € 135.9 million in 2004, which represents an increase of € 17.2 million.

Revenues by Operating Segment

Information on our most important operating segments, "project development and construction" and "rental and facility management", was presented separately in previous years. The increasing correlation between these areas of business has led us to adjust our segmentation and, beginning with this annual report, we now differentiate between "project development and rental" and "facility management". The decision to classify an object realized by UBM as part of our rental portfolio is increasingly dependent not only on the best opportunities for sale but also on complex ownership restrictions in the form of long-term project companies. Income from property rental still plays an important role in smoothing project-related fluctuations in revenue, but the magnitude of this income is dependent on the above-mentioned factors and the analytical value of this data is lost if it is reported separately.

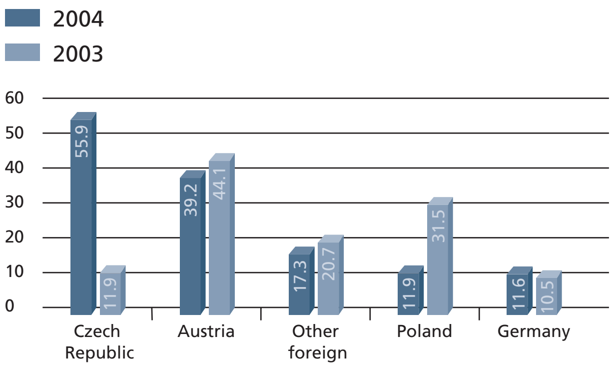
Total construction output in the project development and rental segment rose by 14.7% to € 133.2 million for the reporting year. The major component of revenues was generated by our construction activities in the Czech Republic, where we completed an office building for the Pfizer pharmaceutical company and started work on further sections of Andel City. We also sold our stake in "andel's" Hotel and the adjacent "andel's Suites" boarding house, which was finished in September 2004. In Western Europe, the completion of the Mövenpick Dream Castle Hotel in France and an apartment complex in Munich-Riem formed the major contribution to revenues for the reporting year. The Hotel Inter-Continental in Warsaw, our largest single project to date, was opened in March 2004 and invoiced during the reporting year. In Austria, our operating activities focused on the realization of the Pupping/-Eferding specialty shopping center and an annex to the BCI-Vamed head office in Vienna. A number of properties in Vienna, Lower Austria and Upper Austria were also sold during 2004.

The facility management segment covers a wide range of services, which range from building administration to technical and commercial management

in T€	2004	2003
Total construction output as per cost accounting	135,886	118,707
Total construction output as per consolidated income statement	79,345	52,561
Difference	**56,541**	**66,146**
Revenues from joint ventures	20,050	23,942
Increase/decrease in own projects from prior year	- 2,386	3,185
Revenues from companies consolidated at equity and minor investments	39,056	39,081
Own work capitalized	- 179	- 62
	56,541	**66,146**

Total Construction Output

by Country (in € mill.)



Pupping/Eferding Specialty Shopping Center
After several years of preparation, UBM completed this specialty shopping center with 1,600 m^2 of total space in the Upper Austrian city of Eferding during 2004.

as well as marketing and space optimization. UBM is intensifying its promotional work in this segment to increase the focus on external customers. Facility management generated € 2.7 million (2003: € 2.6 mill.) or 2% of total construction output for the UBM Group in 2004. This key strategic field of business allows UBM to profit from valuable experience gained in the management of property, which subsequently flows into the planning and realization of future projects.

Development of Geographic Markets

Since the end of the 1980's UBM has steadily expanded its geographic positioning from the original home base in Austria, and thereby reduced the Group's dependency on local demand cycles. We are active in the rapidly growing markets of Central and Eastern Europe and have also successfully completed projects in France as well as in Germany, where we are present above all with our Münchner Grund subsidiary in the Munich area.

The foreign component of annual construction output increased from 62.9% in 2003 to 71.2% for 2004. Austria generated € 39.2 million of Group revenues, which represents a decline in the share recorded in this country from 37.1% to 28.8%. Revenues from the Czech Republic rose nearly five-fold to € 55.9 million or 41.1% of total construction output in 2004, whereby this growth resulted in part from the above-mentioned sales.

Annual construction output in Poland declined to € 11.9 million for the reporting year following the completion of the Hotel Inter-Continental in Warsaw during 2003. However, a number of new projects are in preparation. In contrast, construction output in Germany remained relatively constant at € 11.6 million, or 8.6% of the Group total (2003: 8.8%).

The category "other foreign" largely reflects the completion of the Mövenpick Dream Castle Hotel in France. With the successful start of the Senec Cargo Center, a logistics park near Bratislava, UBM expanded its geographical presence in 2004 to include Slovakia.

Earnings

andel.'s Designer Hotel, Prague
This hotel opened in 2002, and combines highest comfort with modern functionality in 231 rooms and eight suites. It is an integral part of the large Andel City project, which was also developed by UBM, and offers excellent connections to the local infrastructure.

Following a decline in the previous year, operating profit as shown on the income statement rose by 51.0% to € 79.3 million in 2004. Total construction output – a more relevant financial indicator for the analysis of our business – set a new record with an increase of 14.5% to € 135.9 million.

Earnings before interest and taxes (EBIT) fell 37% from the prior year level to € 10.2 million in 2004. The results reported in the prior year were influenced by non-recurring income from sales, which limit comparability. The cost of materials increased to € 55.1 million.

Following a decrease from 161 to 139 in the number of employees in all fully consolidated companies and holdings, personnel expenses declined 8.3% to roughly € 6.5 million. Depreciation rose by 14.7% to € 3.5 million, parallel to the increase in investment activity. Other operating expenses, which are comprised primarily of administrative costs, additions to provisions, travel expenses, duties, fees and legal and consulting costs, increased to € 13.7 million.

In accordance with IFRS 3 goodwill was subject to an impairment test for the first time in 2004, which led to an adjustment of € 0.3 million. The write-down in the previous year totaled € 0.8 million.

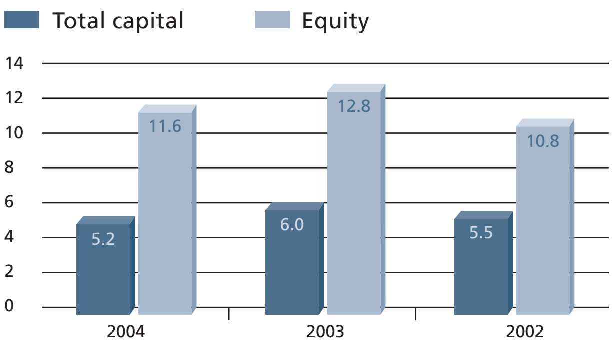
Income from investments totaled € 2.7 million in 2004, after negative results in the previous year following the addition to a provision. The structure of receivables remained virtually unchanged, but net financing costs decreased by roughly 4% to € -3.6 million following the repayment of bank loans and overdrafts. With a drop of 18.4% to € 9.3 million, the decline in earnings before tax (EBT) was substantially lower than the decline in EBIT. After the inclusion of changes to deferred taxes and the use of tax loss carry-forwards, tax expense decreased from € - 1.8 million in the previous year to € 0.2 million for 2004.

The reduction in the Austrian corporate tax rate from 34% to 25% generated income of € 1.1 million. After the deduction of minority interest, Group net profit totaled € 9.4 million for 2004 after € 9.5 million in the prior year. Earnings per share equaled € 3.13 (2003: € 3.17 after adjustment for the 1:4 stock split).

Following the surrender of the share majority by Allgemeine Baugesellschaft–A. Porr AG, the contract for the transfer of profit and loss was also terminated during the reporting year. Therefore, UBM AG shows retained earnings of € 2.7 million for the 2004 Business Year. This figure forms the basis for the dividend payment. The Board of Directors will recommend that the Annual General Meeting approve payment of a dividend (incl. bonus) of € 0.88 per share.

Profitability of the UBM Group

(in %)



UBM Group: Summary Income Statement

in € mill.	2004	Change in %	2003	2002
Total construction output	135.9	14.5	118.7	120.7
Operating profit	79.3	50.8	52.6	72.3
EBIT	10.2	- 37.0	16.2	5.0
EBT	9.3	- 18.4	11.4	7.2
Net profit	9.4	- 1.1	9.5	7.4
Retained earnings	2.7	-	-	-
Earnings per share (in €)	3.13	-	12.68	9.82
After adjustment for stock split	3.13	- 1.3	3.17	2.46

Key Data on the UBM Group

in %	2004	2003	2002
Return on capital	5.2	6.0	5.5
Return on equity	11.6	12.8	10.6
Equity ratio as of 31.12.	30.9	27.1	25.0

Pfizer Headquarters, Prague

This office building has two basements and six upper floors, which include a representative two-storey reception area and a conference center for more than 100 visitors. The object has roughly 9,000 m^2 of usable space, and was completed by UBM to the client's full satisfaction in an extremely short time.


Pfizer

Financial Position, Asset and Capital Structure

Griffin House, Warsaw
The building is classified as a historical monument, and fascinates visitors with its ornate facade and excellent location in the inner city diplomatic quarter. After extensive renovation, the object will have roughly 5,000 m² of gross floor space. Completion is scheduled for mid-2006.

The balance sheet total of the UBM Group declined 2.1% from the prior year level to € 280.7 million for 2004. A significant shift was noted in the weighting of individual items on both sides of the balance sheet:

Tangible assets represented the major component of assets, totaling 54.5% (2003: 50.3 %) or € 152.9 million at year-end 2004. The carrying value of land and buildings (including buildings on land owned by third parties and similar rights) rose by € 5.2 million to € 141.4 million in 2004, and comprise roughly one-half of the balance sheet total. Prepayments and construction in progress increased 43% to € 11.3 million. Intangible assets remained virtually unchanged over the prior year at € 6.3 million. In contrast, financial assets rose 3.5% to € 39.1 million.

The structure and volume of current assets also changed significantly. Inventories, which consist primarily of properties designated for sale, increased 18.5% to € 20.0 million. Receivables and other assets declined 23.8% to € 57.9 million, but trade receivables increased due to settlement procedures. A sizeable decline was recorded in other assets, which include receivables that are not generated by the provision of goods or services, (e.g., miscellaneous receivables from the sale of a holding).

Equity totaled € 86.6 million as of the balance sheet date, and the equity ratio improved by 3.8 percentage points to 30.9%. After termination of the control relationship with Allgemeine Baugesellschaft-A. Porr AG, UBM created provisions for severance compensation and pensions for the first time during the

UBM Group: Summary of Cash Flows

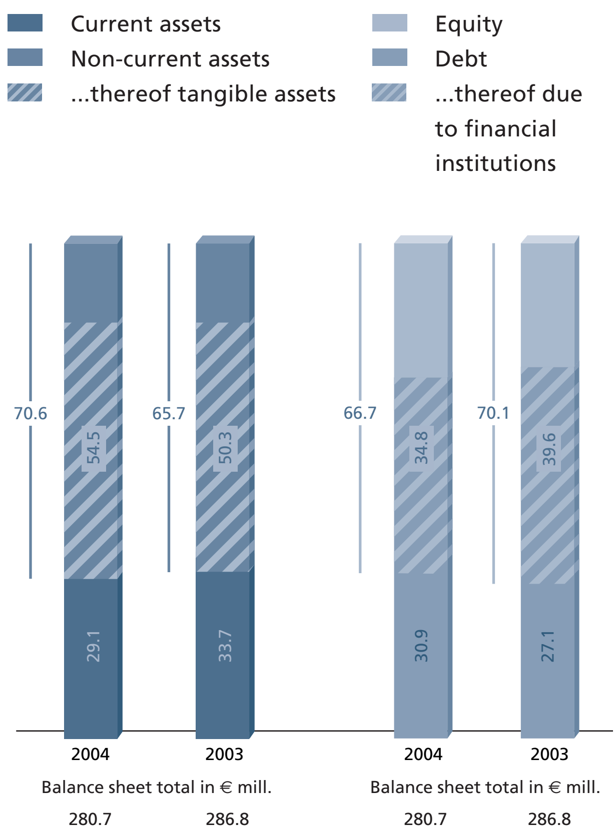
in € mill.	2004	2003	2002
Net profit	9.4	9.5	7.4
Cash earning as per ÖVFA	12.5	16.0	10.1
Cash flow from operating activities	16.5	19.9	- 27.1
Cash flow from investing activities	- 0.3	- 0.8	- 10.7
Cash flow from financing activities	- 16.4	- 16.0	37.7
Securities, cash and cash equivalents as of 31.12.	3.6	3.8	0.8

reporting year. The prior year balance of € 1.7 million was transferred from Allgemeine Baugesellschaft-A. Porr AG. The remaining provisions of € 13.4 million are related largely to accruals for construction projects, in particular for guarantee claims, construction damages, impending losses and foreign risks. Liabilities decreased by a total of 6.8% to € 172 million during the reporting year. The most significant decline was recorded in bank loans and overdrafts, which were reduced by 14.1% to € 97.7 million.

A reduction in deferred tax income from € 1.7 million in the prior year to € - 0.8 million for 2004 triggered a decrease of € 3.5 million in cash earnings according to ÖVFA, which declined to € 12.5 million. Cash flow from operating activities fell € 3.4 million to € 16.5 million due to an increase in other liabilities and a decrease in receivables. Investments in tangible assets totaled € 33.3 million and nearly matched the volume of asset disposals. This factor, combined with nearly constant cash outflows for financial assets, led to cash flow of € 0.3 million from investing activities. Cash flow from financing activities equaled € - 16.4 million, which reflects the level recorded in the previous year.

Balance Sheet Structure

2004 and 2003 (in %)



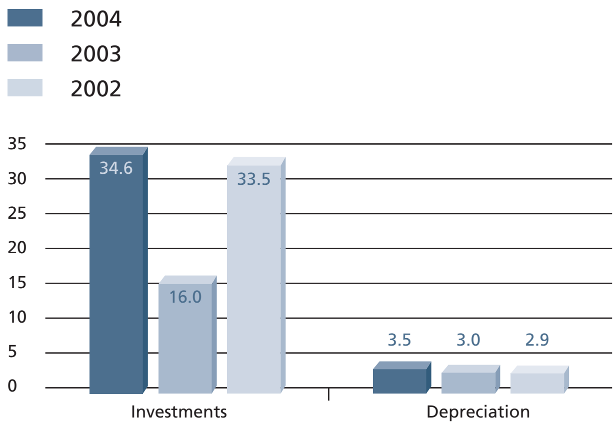
Assets and liabilities do not include deferred taxes. Debt comprises minority interest, provisions and liabilities.

Investments

Senec Cargo Center, Slovakia
At the Senec autobahn intersection near Bratislava, a UBM subsidiary is constructing one of the most modern logistics centers in Slovakia. This 10 hectare property will provide space for up to 45,000 m² of logistics facilities.

Investments and Depreciation

(in € mill.)



The annual investment volume of the UBM Group is dependent on project-related fluctuations as well as the financial structure selected for the individual projects, whereby the available financing alternatives can range from Group funding for construction projects to leasing. In general, our goal is to minimize the share of funds required from UBM by involving future users in projects at an early stage and also utilizing strategic partnerships and investments. The acquisition of properties, as was recently demonstrated in Poland, also creates a solid basis for future projects.

Investments by the UBM Group totaled € 34.6 million in 2004, which is more than double the level recorded in 2003. Our activities focused on construction projects in the Czech Republic, where we started work on further sections of Andel City. In Germany we acquired properties for the Riem WA 14 apartment complex and Schwabing parking facility. In Poland we established the prerequisites to realize projects in the residential and hotel sectors. Investments in tangible assets totaled € 33.3 million, whereby the addition of € 1.1 million to financial assets resulted from the founding of project companies and an increase in other loans granted.

Investments

in € mill.	2004	2003	2002
Total investments	34.6	16.0	33.5
Intangible assets	0.2	0.7	1.1
Tangible assets	33.3	14.4	29.2
Financial assets	1.1	0.9	3.2

Risk Management

In connection with its international activities the UBM Group is exposed to a variety of risks, which are defined as a deviation from general corporate goals. We have implemented a professional risk management system to identify risks at an early stage, limit these risks and estimate them to the greatest extent possible. The definition of four areas of responsibility – general processes, technology, development and commercial aspects – creates four separate bases for the UBM risk management system. The responsibilities have been clearly defined for each of these areas, which is headed by an experienced employee who reports to the Board of Directors. General risks that do not arise as part of our projects but from the business of the Group are managed by the Board of Directors together with the Supervisory Board.

Market Entry Risk

UBM has developed an in-depth understanding of the operating procedures and special features connected with real estate markets in Central and Eastern Europe during its many years of activity in this region. General development know-how combined with information on demand, cycles, the legal environment and economic conditions minimize the risk of a false strategic decision. Every expansion step is preceded by a detailed market and risk analysis of the target country, which covers the status of micro- and macroeconomic development in a region and real estate market. However, the realization of a project is dependent above all on individual factors. It is essential to prepare an accurate forecast of market developments, identify potential tenants in advance and take competitive projects into account to avoid unfavorable demand situations. The answers to all these questions are provided by our staff, which has excellent qualifications and expertise in the real estate and construction branches as well as in the technical and financial sectors.

Board of Directors

Risk Management

GENERAL PROCESSES ISO 9001
TECHNOLOGY
DEVELOPMENT
COMMERCIAL ASPECTS

Cyclical Markets

The development of demand on real estate markets is highly cyclical, and is influenced by macroeconomic factors as well as the local offering. The broad sector and geographical diversification of our projects allows us to offset fluctuations in specific regions and gives us the flexibility to shift the focus of our activities. Moreover, the option of choosing between sale and rental allows us to counteract temporary market downturns.

Financing and Foreign Exchange Risk

The growing internationalization of our business places increasing demands on the use of hedging instruments. Our rental revenues are indexed, and rental agreements for objects in foreign countries are concluded almost exclusively with international firms and based on hard currencies to minimize foreign exchange risk. We work to counter the interest rate risk that can have a major influence on the development of return with specially designed financing models, which optimize and safeguard the funding for each project.

Segment Reporting

Reporting on the segments of business in accordance with IFRS was fundamentally changed during the reporting year. In 2003 primary segmentation was based on geographical criteria with the "real estate domestic" and "real estate foreign" units. Beginning with this annual report, the segments of business are now shown as "project development and construction" and "facility management". This new classification better reflects the focus of our operational business units, which are comprised of subsidiaries and companies in which UBM holds an investment, and are reflected in the personal responsibilities of the individual managers. An overview of key data by segment is provided under segment reporting in the notes to the consolidated financial statements.

Project Development and Construction

The project development and construction segment covers the business activities of the following UBM companies that are consolidated in full or at equity:

- UBM Realitätenentwicklung Aktiengesellschaft
- Ariadne Bauplanungs- und Baugesellschaft m.b.H.
- "Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.
- MBU Liegenschaftsverwertung Gesellschaft m.b.H.
- "UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.
- Rudolf und Walter Schweder Gesellschaft m.b.H.
- UML Liegenschaftsverwertungs- und Beteiligungs-GmbH
- UBM-Bohemia Projectdevelopment-Planning-Construction, s.r.o.
- "Mazurska Development" Sp. z o.o.
- Münchner Grund Immobilien Bauträger Aktiengesellschaft
- Immo Future 6 – Crossing Point Smichov s.r.o.
- Ruzinov real s.r.o.

- Ropa Liegenschaftsverwertung Gesellschaft m.b.H.
- "Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft
- W 3 Errichtungs- und Betriebs-Aktiengesellschaft
- "Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs-Aktiengesellschaft
- UML Liegenschaftsverwertungs- und Beteiligungs-GmbH & Co OEG.
- FMA Gebäudemanagement GmbH
- Porr Projekt v.o.s.
- INTERCOM a.s.
- UBX Development (France) s.à.r.l.

Total construction output generated in this segment increased 14.7% to € 133.2 million for the reporting year. Project development and construction forms the traditional basis of operations in the UBM Group, and was responsible for 98% of total construction output in 2004.

Facility Management

The facility management segment includes the business activities of the following UBM companies that are consolidated in full or at equity:

- FMB-Facility Management Bohemia, s.r.o.
- FMH Ingatlanmanagement kft.
- "FMP Planning and Facility Management" Poland Sp.z o.o.

The facility management segment was established during the 2001 Business Year, and its share of total construction output was therefore low at € 2.7 million or roughly 2% in 2004. We have defined this area as an independent segment because the management of properties gives us an opportunity to gain valuable information on tenant needs, the quality of projects and demands on infrastructure, which we subsequently incorporate into the planning of future assignments.

Outlook on 2005

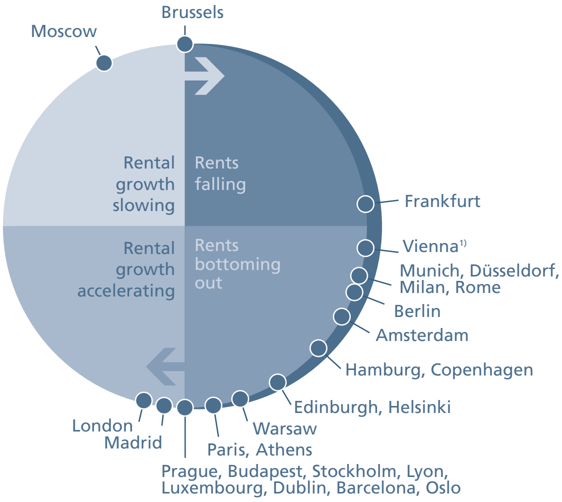
The global economy is expected to follow the steady recovery recorded in 2004 with slower development in 2005. Forecasts for the USA call for GDP growth of 3.5% after 4.4% in the prior year, while estimates for the Euro zone range from 1.8% to 2.2%. The economic outlook for Germany remains influenced by high unemployment and weak domestic demand, but forecasts still predict a GDP increase of 1.5% for 2005. Expectations for growth reflect the prior year level in the EU-15 (2.2%) and EU-25 (2.3%) countries.

The Austrian economy has regained momentum after a weak fourth quarter in 2004, but has not been able to completely avoid the current weakness in the Euro zone. The 2005 tax reform is expected to stimulate domestic demand, and thereby support economic growth of 2.4%. Exports are forecasted to fall from 8% to 6% in 2005 as a result of global economic factors and the strong Euro. The situation on the employment market should ease, and a slight decline in the unemployment rate to 4.4% is expected. The inflation rate should remain near the prior year level at 1.9%.

Rental Price Cycles in Europe

Simplified presentation

Since markets pass through the cycle at different speeds, only general comments are possible.



As of: February 2005; Source: Jones Lang LaSalle
1) local market report

The ten new EU members are expected to record a further sizeable increase in economic output, even if growth rates are somewhat lower. Eurostat forecasts an average increase of 4.4% for 2005. In the CEEC-4 countries, GDP growth is expected to reach 3.8% in the Czech Republic, 3.7% in Hungary, 4.5% in Slovakia and 4.9% in Poland. The increasing utilization of the substantial economic potential inherent in Central and Eastern Europe will continue to support a decrease in the high unemployment rates in certain markets of this region. Inflation rates should remain at a stable level.

The Real Estate Market in Europe

The stabilization of the economy in Europe should also slow the downturn in demand on key office markets throughout the region. An increase in new rentals is expected, above all during the first half of 2005. The largest markets in Germany show signs of a slowdown in the downward slide of top rents, and the investment market should profit from the rising interest of foreign investors in acquisitions. In Paris the vacancy rate is expected to decline following a reduction in the completion of new space, while top rents should remain above the West European average in this city as well as in London. After a strong rise in prices during 2004, the demand situation and price level in Brussels should normalize during the coming year. The office markets in Central and Eastern Europe continue to profit from substantial interest by foreign investors in acquisitions, but increasing competition is pushing property yields to an average of 7% to 8%. Vacancy rates in Budapest, Prague, Warsaw and Bratislava hold steady above the West European average, but are heavily influenced by older space that is difficult to rent.

The Office Market in Vienna

New rentals on the Vienna office market are forecasted to reach 140,000 m² during the first half of 2005. The total volume of space is expected to decline to roughly 230,000 m² in the coming year, whereby this figure includes approximately 190,000 m² of new office space and 40,000 m² of renovations. More than 40% of the office projects scheduled for completion in 2005 is already rented. This decline in the completion of new space should reduce the vacancy rate from 7% to 6%. Average rents are expected to stabilize, but prices for substandard locations will continue to fall. The far-reaching reform of corporate tax laws will make Vienna more attractive as a location for international companies, and the office market should also profit from this development.

Outlook for the Company

In 2004 we were able to set a number of cornerstones for the continuation of our success course, which will support the further expansion of the sector and geographical diversification of the UBM Group in the future. In addition to our home markets of Austria, the Czech Republic, Poland, Hungary, France, Germany and Switzerland, we started our first project in Slovakia during 2004 with the realization of a logistics center. In addition, we continue to evaluate opportunities for market entry in Slovenia, Belgium, Romania, Bulgaria, Italy and Serbia und Montenegro. Our goal is to use our broad-based geographical presence as a means to harness economic cycles on European real estate markets for the development of our business. A lean corporate structure gives us the necessary flexibility and maneuverability to meet this goal.

In Germany we will continue to focus on the residential sector. We will start construction on a new apartment complex in the Schwabing quarter of Munich during spring 2005, which is scheduled for completion in summer 2006. We were also able to develop a number of projects in Poland, where we secured a large property in Warsaw during 2004 that will be used for a residential complex. In addition, we have started planning for a hotel project in Krakow. In the Czech Republic, the second and third sections of Andel City will form the focal point of our activities. In Austria we have acquired a property in Salzburg, which provides the basis for a high potential project, and are also working on a number of smaller assignments.

Our forecasts call for total construction output to reach roughly € 120.0 million in 2005, and the satisfactory development of earnings – and thereby also our dividend policy – should also continue. The major part of our construction activity will take place in the Czech Republic, Germany, Poland and Slovakia. We will provide detailed information on the progress of individual projects and their impact on the development of business in our quarterly reports.

Subsequent Events

No significant events occurred after the balance sheet date.

Vienna, April 18, 2005

Karl Bier
Peter Maitz
Heribert Smolé

Employees

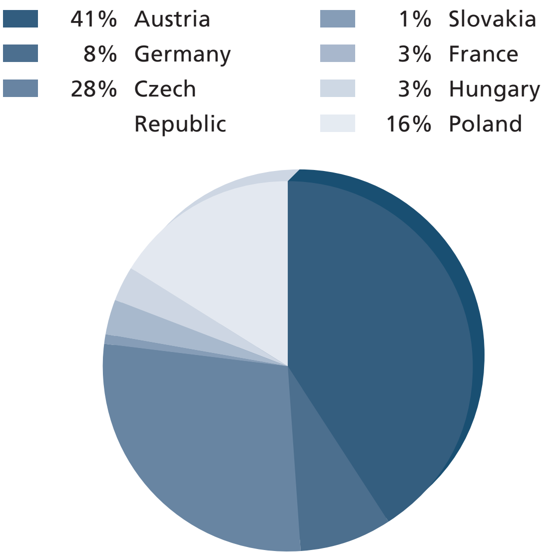
The number of employees in all fully consolidated companies and investments held by the UBM Group declined by 13.7% to 139 during the reporting year. In addition to Austria, where 41% of our workforce is located, our employees are active above all in Poland and the Czech Republic. Our broad geographical positioning and flexibility in all areas of the Group provides for a valuable exchange of know-how and allows our employees to gain international experience. In keeping with the focus of our operating activities, 68% of our workforce is active in project management and 18% in facility management.

As an international company, we are continuously faced with new challenges. These challenges as well as the increasing complexity of our projects require highly skilled specialists who have the ability to solve multifaceted problems. Therefore, regular training for our employees represents an important prerequisite to maintain our reputation as a competent partner for all issues related to project development, construction and facility management. The focal point of our training is formed by planning and project development programs for engineers. We also offer courses on business and legal topics as well as foreign language and personality development seminars. Our course offering is designed to meet the individual needs of our employees as well as the demands of our markets.

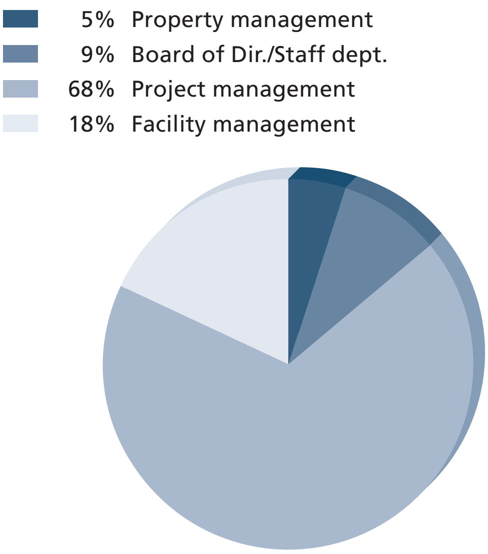
The loyalty of our employees represents one of the most important factors for our success in this competitive environment. The technical skills of our staff are honed, in particular through work in smaller independent project teams and the entrepreneurial intuition of our employees. We also work to create an environment that will do justice to the above-average commitment of the men and women at UBM. The Board of Directors of UBM would like to thank all employees for their valuable contribution to the continued success of the Group.

Employees

by Country



by Segment



Munich-Riem
UBM constructed three buildings with a total of 44 units as well as 10 row houses with approximately 4,700 m² of usable space on the grounds of the former Munich-Riem Airport through a subsidiary, Münchner Grund Immobilienbauträger AG.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Balance Sheet as of December 31, 2004
UBM Realitätenentwicklung AG

ASSETS	Notes	in €	in €	31.12.2004 in €	31.12.2003 in T€
A. NON-CURRENT ASSETS	(1)				
I. Intangible assets					
1. Rights			969,735.29		991
II. Tangible assets					
1. Land, similar rights and buildings, including buildings on land owned by third parties		36,002,552.27			42,688
2. Technical equipment and machinery		2,871.00			7
3. Furniture, fixtures and office equipment		121,508.00			135
4. Construction in progress		173,852.25			-
			36,300,783.52		42,830
III. Financial assets					
1. Shares in subsidiaries		19,468,841.08			21,537
2. Investments in associates		11,404,532.73			9,154
3. Loans granted to associates		2,203,224.67			2,203
4. Non-current securities		3,253,504.46			2,981
5. Other loans granted		3,479,537.12			3,034
			39,809,640.06		38,909
Total non-current assets				**77,080,158.87**	**82,730**
B. CURRENT ASSETS	(2)				
I. Inventories					
1. Construction in progress		3,268,155.23			4,480
less advance payments received		-			- 1,867
		3,268,155.23			2,613
2. Other inventories					
a) Projects in planning		428,611.59			2,507
b) Project companies designated for sale		8,000,317.24			8,000
c) Real estate designated for sale		31,436.38			31
			11,728,520.44		13,151
II. Receivables and other assets					
1. Trade receivables		8,378,912.08			1,698
2. Receivables due from subsidiaries		31,066,199.40			24,421
3. Receivables due from associates		17,891,234.39			20,602
4. Receivables due from joint ventures		-			537
5. Other receivables and assets		5,662,637.84			27,628
			62,998,983.71		74,886
III. Cash on hand, deposits with financial institutions			4,581.70		368
Total current assets				**74,732,085.85**	**88,405**
TOTAL ASSETS				**151,812,244.72**	**171,135**

				31.12.2004	31.12.2003
EQUITY AND LIABILITIES	Notes	in €	in €	in €	in T€
A. EQUITY	(3)				
I. Issued capital			5,450,462.56		5,450
II. Share premium					
1. Appropriated		44,641,566.51			44,642
2. Non-appropriated		544,201.68			544
			45,185,768.19		45,186
III. Reserves					
Voluntary reserves			10,931,720.11		10,575
IV. Retained earnings					
Profit for 2004			2,670,003.85		-
Total equity				**64,237,954.71**	**61,211**
B. UNTAXED RESERVES	(4)				
1. Valuation reserve based on special depreciation			1,663,078.23		2,536
2. Other untaxed reserves			-		206
Total untaxed reserves				**1,663,078.23**	**2,742**
C. PROVISIONS	(5)				
1. Provisions for severance compensation			719,313.00		-
2. Provisions for pensions			961,533.00		-
3. Tax provisions			220,000.00		-
4. Other provisions			8,737,219.02		15,065
Total provisions				**10,638,065.02**	**15,065**
D. LIABILITIES	(6)				
1. Bank loans and overdrafts			50,128,089.95		71,231
2. Trade payables			877,773.52		781
3. Amounts due to subsidiaries			-		10,815
4. Amounts due to associates			11,816,637.50		9
5. Other liabilities					
From taxes		1,015,348.63			197
From social security		67,612.68			61
Miscellaneous		11,366,025.05			9,017
			12,448,986.36		9,275
Total liabilities				**75,271,487.33**	**92,111**
E. DEFERRED INCOME				1,659.43	6
TOTAL EQUITY AND LIABILITIES				**151,812,244.72**	**171,135**
Contingent liabilities					68,752

Income Statement for the 2004 Business Year
UBM Realitätenentwicklung AG

			2004	2003
	Notes	in €	in €	in T€
1. Revenue	(7)		37,386,229.08	51,989
2. Increase/decrease in services not yet invoiced			- 1,474,493.90	- 14,403
3. Other own work capitalized			179,295.60	63
4. Other operating income				
a) Other			193,926.91	295
Total output			**36,284,957.69**	**37,944**
5. Cost of materials and services				
a) Cost of materials		- 90,264.63		- 81
b) Cost of services		- 18,477,694.45		- 25,388
			- 18,567,959.08	- 25,469
6. Personnel expenses				
a) Salaries		- 3,415,222.97		- 3,742
b) Expenses for severance compensation		- 318,172.19		- 188
c) Expenses for pensions		- 173,983.94		-
d) Expenses for legally required social security, and payroll-related duties and mandatory contributions		- 668,352.54		- 683
e) Other employee-related expenses		- 56,076.10		- 35
			- 4,631,807.74	- 4,648
7. Amortization of intangible assets and depreciation of tangible assets			- 1,241,150.84	- 1,465
8. Other operating expenses				
a) Non-income based taxes		- 31,303.85		- 91
b) Other		- 9,498,014.93		- 4,798
			- 9,529,318.78	- 4,889
9. Subtotal of Nr. 1 to 8 (operating profit)			**2,314,721.25**	**1,473**

	Notes	in €	2004 in €	2003 in T€
Carryforward: Subtotal of Nr. 1 to 8 (operating profit)			*2,314,721.25*	*1,473*
10. Income from investments				
a) in subsidiaries		105,519.35		2,051
b) in associates		41,544.33		56
			147,063.68	2,107
11. Income from securities and loans granted			9,546.72	9
12. Other interest and similar income			2,226,433.77	2,347
13. Income from the disposal of financial assets			68,276.44	5,141
14. Expenses arising from financial assets			- 105,765.22	- 3,312
15. Interest and similar expenses			- 2,493,974.65	- 3,501
16. Subtotal of Nr. 10 to 15 (financial results)	**(8)**		**- 148,419.26**	**2,791**
17. Profit on ordinary activities			**2,166,301.99**	**4,264**
18. Income taxes			- 219,012.56	1
19. Net profit before changes to reserves			**1,947,289.43**	**4,265**
20. Reversal of untaxed reserves				
a) Valuation reserve based on special depreciation		872,714.42		85
b) Other untaxed reserves		206,648.91		1,266
			1,079,363.33	1,351
21. Addition to reserves			- 356,648.91	- 1,616
22. Net profit for the year			**2,670,003.85**	**4,000**
23. Obligation arising from contract for transfer of profit/loss			-	- 4,000
24. Retained earnings			**2,670,003.85**	**-**

Development of Non-Current Assets
UBM Realitätenentwicklung AG

	PURCHASE AND PRODUCTION COST		
	Balance on 1.1.2004	Additions	Disposals
	in €	in €	in €
I. Intangible assets			
1. Rights	**1,203,935.14**	**-**	**-**
II. Tangible assets			
1. Land, similar rights and buildings, including buildings on land owned by third parties	54,320,932.95	1,377,830.72	9,377,419.01
2. Technical equipment and machinery	55,329.00	-	32,109.00
3. Furniture, fixtures and office equipment	397,971.00	51,582.14	38,775.01
4. Construction in progress	-	173,852.25	-
	54,774,232.95	**1,603,265.11**	**9,408,303.02**
III. Financial assets			
1. Shares in subsidiaries	21,536,729.21	666,572.90	594,726.52
2. Shares in associates	9,153,623.86	111,174.36	-
3. Loans granted to associates	3,360,006.78	-	-
4. Non-current securities	2,980,775.46	272,729.00	-
5. Other loans granted	3,890,764.29	445,000.00	-
	40,921,899.60	**1,495,476.26**	**594,726.52**
	96,900,067.69	**3,098,741.37**	**10,003,029.54**

Transfers	Balance on 31.12.2004	Accumulated depreciation	Carrying value on 31.12.2004	Carrying value on 31.12.2003	Depreciation for the business year
in €	in €	in €	in €	in €	in €
-	**1,203,935.14**	**234,199.85**	**969,735.29**	**991,431.39**	**21,696.10**
-	46,361,344.66	10,358,792.39	36,002,552.27	42,687,802.97	1,150,355.60
-	23,220.00	20,349.00	2,871.00	6,555.00	3,684.00
-	410,778.13	289,270.13	121,508.00	135,341.00	65,415.14
-	173,852.25	-	173,852.25	-	-
-	**46,969,195.04**	**10,668,411.52**	**36,300,783.52**	**42,829,698.97**	**1,219,454.74**
- 2,139,734.51	19,468,841.08	-	19,468,841.08	21,536,729.21	-
2,139,734.51	11,404,532.73	-	11,404,532.73	9,153,623.86	-
-	3,360,006.78	1,156,782.11	2,203,224.67	2,203,224.67	-
-	3,253,504.46	-	3,253,504.46	2,980,775.46	-
-	4,335,764.29	856,227.17	3,479,537.12	3,034,537.12	-
-	**41,822,649.34**	**2,013,009.28**	**39,809,640.06**	**38,908,890.32**	**-**
-	**89,995,779.52**	**12,915,620.65**	**77,080,158.87**	**82,730,020.68**	**1,241,150.84**

Notes to the 2004 Financial Statements of UBM Realitätenentwicklung AG

I. General Information

The financial statements as of December 31, 2004 were prepared in accordance with the regulations set forth in the Austrian Commercial Code, in its current version. Figures are shown in thousand Euros (T€). Amounts whose disclosure is not required by law are shown in € million. In preparing the income statement, the Austrian procedure was used under which “total costs” are shown.

In accordance with a contract dated April 22, 2004 for the sale of shares, Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft surrendered its majority holding in the Company. UBM Realitätenentwicklung Aktiengesellschaft is no longer a subsidiary of the Porr Group. Information on subsidiaries and associates is not comparable to the prior year because of the deconsolidation of UBM Realitätenentwicklung AG from the Porr Group. The consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft are available for review at Absberggasse 47, 1100 Vienna.

II. Accounting and Valuation Principles

The accounting, valuation, and recording of individual items in the annual financial statements comply with the provisions of the Austrian Commercial Code.

Foreign currency items were valued at acquisition cost or the exchange rate on the balance sheet date.

1. Non-Current Assets

Intangible assets were recorded at acquisition cost less ordinary straight-line amortization, which was calculated at rates ranging from 1.28 to 2%.

Tangible assets were valued at acquisition cost, which includes ancillary expenses and reflects any reductions in acquisition cost, or at production cost less ordinary straight-line depreciation for prior years and the 2004 Business Year. The following depreciation rates were used (acquisitions):

	%
Residential buildings	1.5
Adaptations to residential buildings	10.0
Other buildings	4.0
Buildings on land owned by third parties	4.0
Technical equipment and machinery	16.7 – 33.3
Furniture, fixtures and office equipment	6.7 – 33.3

Low-value assets were completely written off in the year of purchase.
Financial assets were generally valued at acquisition cost or the lower value as of the balance sheet date. Loans granted are valued at the appropriate amount as of the balance sheet date.

2. Current Assets

Inventories
Construction in progress is valued at production cost. Up to the completion of a project, recognizable risks are reflected in special provisions.
Expenses for voluntary employee benefits and company pensions are not capitalized.
An appropriate portion of administrative expenses is capitalized on contracts that extend over more than twelve months, if no losses are expected from further work on the relevant contract

Receivables and Other Assets
Receivables were valued in accordance with the lower of cost or market principle. Valuation adjustments were made where necessary to reflect collection risk. Foreign currency receivables are valued at the exchange rate in effect on the balance sheet date.

3. Provisions and Liabilities

The Company's first provision for severance compensation and pensions was created during the reporting year. The prior year balance was transferred from Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft. The provisions for severance compensation were calculated based on an actuarial expert opinion in accordance with IAS 19. The parameters include a discount rate of 5.5% and expected future increase of 2% in salaries as well as retirement at the earliest age permitted by Austrian law "ASVG" (pension reform 2003).

Other provisions were created to reflect all recognizable risks and impending losses.

Liabilities are stated at nominal value or the higher repayment amount.

III. Notes to the Balance Sheet

1. Non-Current Assets (1)

The composition and development of non-current assets is shown on the schedule “Development of Non-Current Assets” for UBM AG (see pages 44-45).

Intangible assets totaling € 0.970 million (2003: € 0.991 mill.) represent rental rights in Innsbruck and Wolkersdorf.

The value of land recorded under land with buildings totaled € 5,754,488.51 (2003: € 7.135 mill.), and the value of land without buildings equaled € 8,344,475.80 (2003: € 9.707 mill.). The renovation of a movie center was completed during the reporting year. Three apartment complexes in Vienna and one in Linz were reclassified as current assets and sold during 2004. In addition, a number of condominium apartments in Innsbruck were sold. Two properties without buildings in Vienna and part of a property in the province of Lower Austria were sold, and one property was acquired in Salzburg.

The following obligations were created by long-term rental agreements for the use of off balance sheet items:

in T€	2004	2003
For the following year	672.4	637.0
For the following five years	3,362.1	3,184.9

In accordance with § 238 Par. 2 of the Austrian Commercial Code, a summary of information on subsidiaries and associates is provided on pages 82 and 83.

Additions to **investments in subsidiaries** are comprised of the following:

in €	
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	27,252.32
“UBM 1” Liegenschaftsverwertung GmbH	7,267.29
Münchner Grund AG (capital increase)	625,664.00
UBM Bohemia 2 s.r.o.	6,389.29
	666,572.90

Disposals are classified as follows:

in €		
Gesellschaft zur Schaffung von Wohnungseigentum Ges.m.b.H.	115,532.11	
Porr Donaustadtstraße Revitalisierung Gesellschaft m.b.H.	25,435.49	
Porr Technics & Services GmbH	4,900.00	
Porr Technics & Services GmbH & Co KG	61,045.18	
UBM Projektmanagement kft	369,645.53	
FMA Gebäudemanagement GmbH	18,168.21	
	594,726.52	

Additions to **investments** in other companies are comprised of the following:

in €		
UBX Plzen s.r.o.	3,174.36	
GF Ramba Sp.z o.o.	108,000.00	
	111,174.36	

Thirteen companies were reclassified from subsidiaries to investments in connection with the first-time obligation of UBM Realitätenentwicklung AG to prepare consolidated financial statements.

Loans granted

in T€	2004	2003
Associates	2,203	2,203
Other companies	3,480	3,035

As in the prior year, these loans have a remaining term of more than one year.

2. Current Assets (2)

Inventories

No administrative expenses were capitalized during 2004 on construction in progress that extends 12 months or longer.

in T€	2004	2003
	0	303.6
Thereof for the business year	0	(182.4)

Receivables and Other Assets

in T€	2004	2003
Trade receivables	8,379	1,698
Receivables due from subsidiaries	31,066	24,421
Receivables due from associates	17,891	20,602
Receivables due from joint ventures	0	537
Other receivables	5,663	27,628
Total	**62,999**	**74,886**

All receivables have a remaining term of less than one year. A valuation adjustment of € 6.854 million (reclassification from 2003 provision: € 4.404 mill. – addition for 2004: € 2.450 mill.) was made to a receivable due from a subsidiary. Furthermore, a valuation adjustment of € 2.900 million was made to a receivable due from an associate.

Cash and Cash Equivalents in T€	2004	2003
Cash on hand	2	5
Deposits with financial institutions	2	363
	4	**368**

3. Equity (3)

At the 123rd Annual General Meeting on June 25, 2004, a resolution was passed authorizing the conversion of the 150,000 shares of 15% non-voting bearer preferred stock to voting shares of bearer common stock. A 1:4 stock split was also carried out at the same time. Issued capital of € 5,450,462.56 is now divided into 3,000,000 shares of common stock. These shares are bearer certificates.

Following the surrender of the share majority by Allgemeine Baugesellschaft – A. Porr Aktiengesellschaft, the contract for the transfer of profit or loss was also dissolved at the 123rd Annual General Meeting.

Share Premium and Reserves
Appropriated share premium represents a premium paid on the capital increase. Non-appropriated share premium resulted from a gain on the transfer of ZSG-OHG in 1990 and a gain on the merger of “Ares” GesmbH and “Goma” GesmbH.

Voluntary reserves increased from T€ 10,575 to T€ 10,932 following the transfer of the T€ 207 investment allowance from 2000 and an addition of T€ 150.

4. Untaxed Reserves (4)

The development of untaxed reserves held by UBM AG is shown in the following tables:

Other untaxed reserves

in €	Balance on 1.1.2004	Addition	Premature reversal	Use as directed	Balance on 31.12.2004
Investment allowance as per § 10 Income Tax Act 2000	206,648.91	-	-	206,648.91	-
	206,648.91	-	-	206,648.91	-

Valuation reserve based on special depreciation

in €	Balance on 1.1.2004	Additions T=Transfers	Reversal due to disposal	Reversal due to expiration	Balance on 31.12.2004
I. Tangible assets					
1. Land with buildings and buildings on land owned by third parties, from carry over as per § 12 Income Tax Act	889,421.86	-	641,184.22	23,641.68	224,595.96
2. Land without buildings from carry over as per § 12 Income Tax Act	1,137,298.69	-	207,888.52	-	929,410.17
	2,026,720.55	-	849,072.74	23,641.68	1,154,006.13
II. Financial assets					
1. Shares in subsidiaries from carry over as per § 12 Income Tax Act	509,072.10	-	-	-	509,072.10
	509,072.10	-	-	-	509,072.10
	2,535,792.65	**-**	**849,072.74**	**23,641.68**	**1,663,078.23**

5. Provisions

in T€	2004	2003
Severance compensation	719	-
Pensions	962	-
Taxes	220	-
Other		
Buildings	7,562	8,882
Employees	1,013	1,002
Miscellaneous	162	5,181
	10,638	**15,065**

6. Liabilities

in T€	Total amount as per balance sheet		Remaining term up to one year		Remaining term over one year	
	2004	2003	2004	2003	2004	2003
Bank loans and overdrafts	50,128	71,231	19,591	34,725	30,537	36,506
Trade payables	878	781	878	781	-	-
Amounts due to subsidiaries	-	10,815	-	10,815	-	-
Amounts due to associates	11,817	9	11,817	9	-	-
Other liabilities						
From taxes	1,015	197	1,015	197	-	-
From social security	68	61	68	61	-	-
Miscellaneous	11,366	9,017	3,171	2,302	8,195	6,715
Total liabilities	**75,272**	**92,111**	**36,540**	**48,890**	**38,732**	**43,221**

Liabilities with a remaining term of more than five years:

in T€	2004	2003
Bank loans and overdrafts *)	2,280	4,157
Other liabilities		
Miscellaneous	600	618

*) Related entirely to projects

Bank loans and overdrafts are secured by collateral totaling T€ 34,039 (2003: T€ 42,158).

7. Contingent Liabilities

in T€	2004	2003
Credit guarantees	89,079	68,752

IV. Notes to the Income Statement

Annual construction output is classified as follows:

Construction Output by Segment (7)

in T€	2004	2003
Income from facility management	4,577	7,373
Project development and construction	49,205	46,131
Total	**53,782**	**53,504**
Domestic	29,578	18,891
Foreign	24,204	34,613
Total	**53,782**	**53,504**

The change in services not yet invoiced cannot be drawn from the balance sheet because of the nature of the Company's business as a real estate developer.

Personnel Expenses

Line item 6b. Expenses for severance compensation and contributions to severance compensation funds totaling € 318,172.19 (2003: T€ 188) include € 316,807.42 (2003: T€ 187) of severance expense, which is classified as follows:

in €	Severance expense	Pension expense
Managing Board	231,243.54	173,983.94
Key managers	- 29,567.80	-
Other employees	115,131.68	-
Total	**316,807.42**	**173,983.94**

Financial Results (8)

in T€	2004	2003
Income from investments		
a) in subsidiaries	105	2,051
b) in associates	42	56
Income from securities and loans granted	9	9
Other interest and similar income	2,226	2,347
Thereof from subsidiaries	1,085	961
Income from the disposal of financial assets	68	5,141
Expenses arising from financial assets	106	3,312
Thereof from subsidiaries	-	108
Interest and similar expenses	2,494	3,501
Thereof to subsidiaries	-	486

V. Information on Employees and Bodies of the Corporation

Average number of employees	2004	2003
Salaried employees	52	53

Members of the Managing Board

Karl Bier, Baden, Chairman
Peter Maitz, Breitenfurt
Heribert Smolé, Vienna

Compensation paid to the members of the Managing Board totaled € 1,304,718.26 (2003: € 874,808.00).

Members of the Supervisory Board

Siegfried Sellitsch, Vienna, Chairman
Horst Pöchhacker, Vienna, Vice-Chairman
Walter Lederer, Vienna
Iris Ortner, Vienna
Peter Weber, Deutsch-Wagram
Thomas Jakoubek, Küb (as of May 14, 2004)
Erlefried Olearczick, Tulln (as of May 14, 2004)
Johannes Pepelnik, Vienna (as of June 25, 2004)
Klaus Ortner, Vienna (up to May 14, 2004)
Günther W. Havranek, Vienna (up to April 28, 2004)
Karl Schmutzer, Winzendorf (up to May 14, 2004)

Remuneration, including attendance allowances, paid to members of the Supervisory Board totaled € 115,034.59 for the reporting year (2003: € 42,106.60).

Vienna, April 18, 2005

Karl Bier
(Chairman)

Peter Maitz

Heribert Smolé

Summary of Audit Results and Auditors' Opinion

We have audited the financial statements as of December 31, 2004 and the status report for 2004 of

UBM Realitätenentwicklung Aktiengesellschaft

in accordance with Austrian Generally Accepted Accounting Principles. Our audit also included the bookkeeping of the company. The preparation and content of these financial statements are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the financial statements and status report based on the results of our audit.

We conducted our audit in accordance with Austrian legal requirements and generally accepted standards for auditing. These standards require us to plan and perform the audit to obtain reasonable assurance of whether the financial statements and status report are free of material misstatements. An audit includes examining, on a test basis, of evidence supporting the amounts and disclosures in the annual financial statements. It also includes an assessment of the accounting and valuation methods used and significant estimates made by the company's legal representatives, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Based on the results of our audit, we hereby issue the following unqualified opinion in accordance with § 274 Par. 1 of the Austrian Commercial Code:

"As indicated by our due audit, the bookkeeping and the annual financial statements meet legal requirements. The annual financial statements present a true and fair view of the asset, financial, and earnings position of the company in keeping with Austrian generally accepted accounting principles. The status report of the Board of Directors corresponds to the annual financial statements."

Vienna, April 18, 2005

BDO Auxilia Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

Österreichische Wirtschaftsberatung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Karl Bruckner m.p.
Certified Public Accountant

Johann Seidl m.p.
Certified Public Accountant

Nikolaus Schaffer m.p.
Certified Public Accountant

Michael Heller m.p.
Certified Public Accountant

UBM Group: Income Statement for the 2004 Business Year

in T€	Notes	2004	2003
1. Revenue	(1)	79,344.8	52,561.1
2. Total output		**79,344.8**	**52,561.1**
3. Other operating income	(2)	9,819.2	14,681.2
4. Cost of materials	(3)	- 55,064.4	- 30,963.7
5. Personnel expenses	(4)	- 6,475.5	- 7,147.5
6. Depreciation	(5)	- 3,480.8	- 3,035.5
7. Other operating expenses	(6)	- 13,665.3	- 9,076.7
8. EBITA (earnings before interest, taxes and amortization of goodwill)		**10,478.0**	**17,018.9**
9. Amortization of goodwill	(7)	- 275.3	- 827.5
10. EBIT (earnings before interest and tax)		**10,202.7**	**16,191.4**
11. Income from investments	(8)	2,669.5	- 1,052.2
12. Net interest income/expense	(9)	- 3,623.9	- 3,764.8
13. EBT (earnings before tax)		**9,248.3**	**11,374.4**
14. Taxes on income	(10)	237.6	- 1,787.8
15. Minority interest	(11)	- 91.6	- 73.5
16. Net profit before changes to reserves		**9,394.3**	**9,513.1**
Earnings per share (in €)	(12)	**3.13**	**12.68**
After adjustment for stock split	(12)	**3.13**	**3.17**

UBM Group: Balance Sheet as of December 31, 2004

in T€	Notes	2004	2003
ASSETS			
A. Non-current assets	(13)		
I. Intangible assets		6,251.1	6,403.0
II. Tangible assets		152,941.0	144,350.7
III. Financial assets		39,109.8	37,776.2
		198,301.9	**188,529.9**
B. Current assets	(14)		
I. Inventories		20,055.1	16,920.8
II. Receivables and other assets		57,895.9	75,957.9
III. Securities		-	-
IV. Cash and cash equivalents		3,579.1	3,825.0
		81,530.1	**96,703.7**
C. Deferred tax assets	(15)	**853.6**	**1,597.6**
TOTAL ASSETS		**280,685.6**	**286,831.2**

EQUITY AND LIABILITIES			
A. Equity	(16,17)		
I. Issued capital		5,450.5	5,450.5
II. Share premium		78,494.4	72,174.6
III. Retained earnings		2,670.0	-
		86,614.9	**77,625.1**
B. Minority interest		**318.1**	**871.1**
C. Provisions	(18)		
I. Provisions for pensions and similar obligations		1,683.6	-
II. Other liabilities		13,406.8	15,656.6
		15,090.4	**15,656.6**
D. Liabilities	(19)		
I. Bank loans and overdrafts		97,647.4	113,650.2
II. Other liabilities		74,311.4	70,828.7
		171,958.8	**184,478.9**
E. Deferred taxes		**6,703.4**	**8,199.5**
TOTAL EQUITY AND LIABILITIES		**280,685.6**	**286,831.2**

UBM Group:
Changes in Fixed and Financial Assets

in T€	Balance on 1.1.2004	Change in consolidation range	Additions
I. Intangible assets			
1. Concessions, licenses and similar rights	5,253.6	- 0.2	9.0
2. Start-up costs	6.8	-	0.4
3. Goodwill	3,865.6	-	275.3
	9,126.0	**- 0.2**	**284.7**
II. Tangible assets			
1. Land, similar rights and buildings, including buildings on land owned by third parties	153,866.3	5,786.6	15,845.9
2. Technical equipment and machinery	139.5	- 3.8	13.5
3. Other equipment, furniture, fixtures and office equipment	884.7	- 18.7	90.2
4. Low-value assets	1.9	-	61.9
5. Prepayments and construction in progress	7,922.7	- 93.6	17,237.1
	162,815.1	**5,670.5**	**33,248.6**
III. Financial assets			
1. Shares in subsidiaries	2,946.5	- 3.6	142.3
2. Investments	18,850.8	-	118.2
3. Loans granted to associates	6,178.6	-	23.6
4. Securities and similar rights	2,980.8	-	284.2
5. Other loans granted	3,890.8	-	527.0
	34,847.5	**- 3.6**	**1,095.3**
	206,788.6	**5,666.7**	**34,628.6**

Disposals	Transfers	Balance on 31.12.2004	Accumulated depreciation	Carrying value on 31.12.2004	Carrying value on 31.12.2003	Depreciation for the business year
8.2	-	5,254.2	1,681.8	3,572.4	3,719.3	145.0
-	-	7.2	7.2	0.0	-	-
280.4	-	3,860.5	1,181.9	2,678.6	2,683.7	275.3
288.6	**-**	**9,121.9**	**2,870.9**	**6,251.0**	**6,403.0**	**420.3**
17,139.8	1,349.1	159,708.1	18,333.9	141,374.2	136,155.0	3,161.5
36.8	-	112.4	91.9	20.5	32.0	15.9
82.9	-	873.3	669.7	203.6	241.0	96.9
60.9	-	2.9	2.9	0.0	-	61.8
12,374.4	- 1,349.1	11,342.7	-	11,342.7	7,922.7	-
29,694.8	**-**	**172,039.4**	**19,098.4**	**152,941.0**	**144,350.7**	**3,336.1**
270.5	197.1	3,011.8	-	3,011.8	2,946.5	-
	- 197.1	18,771.9	- 5,454.1	24,226.0	23,792.5	- 512.5
	- 2,188.2	4,014.0	1,156.8	2,857.2	5,021.8	-
-	-	3,265.0	-	3,265.0	2,980.8	-
-	2,188.2	6,606.0	856.2	5,749.8	3,034.6	-
270.5	**-**	**35,668.7**	**- 3,441.1**	**39,109.8**	**37,776.2**	**- 512.5**
30,253.9	**-**	**216,830.0**	**18,528.2**	**198,301.8**	**188,529.9**	**3,243.9**

UBM Group:
Capital and Reserves

in T€	Issued capital	Additional paid-in capital	Reserves	Total
Balance on 1.1.2003	**5,450.5**	**45,185.8**	**21,328.5**	**71,964.8**
Dividend payment	-	-	- 4,000.4	- 4,000.4
Net profit	-	-	9,513.1	9,513.1
Currency translation adjustment	-	-	147.6	147.6
Balance on 31.12.2003	**5,450.5**	**45,185.8**	**26,988.8**	**77,625.1**
Balance on 1.1.2004	5,450.5	45,185.8	26,988.8	77,625.1
Dividend payment	-	-		0.0
Net profit	-	-	9,394.3	9,394.3
Change in consolidation range	-	-	- 438.9	- 438.9
Currency translation adjustment	-	-	34.4	34.4
Balance on 31.12.2004	**5,450.5**	**45,185.8**	**35,978.6**	**86,614.9**

UBM Group: Statement of Cash Flows

in T€	2004	2003
Net profit	9,394.3	9,513.1
Minority interest	91.6	73.5
Amortization and depreciation	3,243.7	3,817.4
Increase in non-current provisions	562.8	605.4
Deferred tax income	- 834.6	1,992.2
Cash earnings according to ÖVFA	**12,457.8**	**16,001.6**
Increase in current provisions	1,210.7	3,116.5
Gains on the disposal of non-current assets	- 6,604.2	- 6,260.0
Increase in inventories	- 3,135.3	18,250.0
Decrease in receivables	17,145.8	- 8,016.2
Increase/decrease in liabilities (excl. bank loans and overdrafts)	2,999.3	- 129.8
Other non-cash items	- 7,546.7	- 3,079.3
Cash flow from operating activities (1)	**16,527.4**	**19,882.8**
Payments received on the disposal of tangible assets	33,613.9	12,949.9
Payments received on the disposal of financial assets	270.5	715.6
Investments in intangible assets	- 284.8	- 675.0
Investments in tangible assets	- 33,248.6	- 14,392.5
Investments in financial assets	- 1,095.3	- 878.6
Payments received on the sale of consolidated companies	448.5	1,492.8
Cash flow from investing activities (2)	**- 295.8**	**- 787.8**
Dividends paid by UBM AG	-	- 4,000.4
Increase in bank loans and overdrafts	- 16,002.8	- 12,177.3
Other non-cash items	- 404.5	147.7
Cash flow from financing activities (3)	**- 16,407.3**	**- 16,030.0**
Cash flow from operating activities (1)	**16,527.4**	**19,882.8**
Cash flow from investing activities (2)	**- 295.8**	**- 787.8**
Cash flow from financing activities (3)	**- 16,407.3**	**- 16,030.0**
Cash changes in marketable securities and liquid funds (4) = (1)+(2)+(3)	**- 175.7**	**3,065.0**
Marketable securities and liquid funds on 1.1.	3,825.0	763.3
Deconsolidation	- 70.2	- 3.3
Marketable securities and liquid funds on 31.12.	**3,579.1**	**3,825.0**

Segment Reporting

in T€	Project Development and Construction		Facility Management	
	2004	2003	2004	2003
Total output (Group)	133,178.0	116,087.5	2,708.0	2,619.6
Segment revenues	87,868.9	66,925.9	2,038.2	2,619.6
Cost of materials	- 57,681.5	- 32,661.7	- 796.6	-1,071.7
Personnel expenses	- 5,948.1	- 6,566.4	- 525.5	-581.1
Depreciation	- 3,741.0	- 2,997.8	- 27.4	-37.7
Other operating expenses	- 13,122.0	- 8,198.8	- 582.3	-860.2
EBITA (income before interest, taxes, and the amortization of goodwill)	7,376.3	16,501.2	106.4	68.9
Amortization of goodwill	-	-	-	-
EBIT (income before interest and taxes)	7,376.3	16,501.2	106.4	68.9
Income from investments	2,669.5	- 1,052.2	-	-
Net interest income/expense	- 3,623.9	- 3,764.8	-	-
EBT (income before taxes)	**6,421.9**	**11,684.2**	**106.4**	**68.9**
Taxes on income				
Minority interests				
Net profit				
Segment assets as of 31.12.	263,675.6	332,580.2	521.6	666.9
Segment liabilities as of 31.12.	211,410.2	239,056.4	367.6	590.6
Investments in tangible assets	34,591.1	14,392.5	37.2	
Employees as of 31.12.	116	134	23	27

Notes to Segment Reporting

Project Development and Construction
Major companies of the UBM Group
that are consolidated in full or at equity

- UBM Realitätenentwicklung Aktiengesellschaft
- Ariadne Bauplanungs- und Baugesellschaft m.b.H.
- "Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.
- MBU Liegenschaftsverwertung Gesellschaft m.b.H.
- "UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.
- Rudolf und Walter Schweder Gesellschaft mbH
- UML Liegenschaftsverwertungs- und Beteiligungs-GmbH
- UBM-Bohemia Projectdevelopment-Planning-Construction, s.r.o.
- "Mazurska Development" Sp. z o.o.
- Münchner Grund Immobilien Bauträger Aktiengesellschaft
- Immo Future 6 - Crossing Point Smichov s.r.o.
- Ruzinov real s.r.o.
- Ropa Liegenschaftsverwertung Gesellschaft m.b.H.
- "Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft
- W 3 Errichtungs- und Betriebs-Aktiengesellschaft
- "Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs Aktiengesellschaft
- UML Liegenschaftsverwertungs- und Beteiligungs-GmbH & Co OEG,
- FMA Gebäudemanagement GmbH
- Porr Projekt v.o.s.
- INTERCOM a.s.
- UBX Development (France) s.à.r.l.

	Total Segments		Transition		Group	
	2004	2003	2004	2003	2004	2003
	135,886.0	118,707.1	-	-	**135,886.0**	**118,707.1**
	89,907.1	69,545.5	- 743.1	- 2,303.2	**89,164.0**	**67,242.3**
	- 58,478.1	- 33,733.4	3,413.7	2,769.7	- 55,064.4	- 30,963.7
	- 6,473.6	- 7,147.5	- 1.9	-	- 6,475.5	- 7,147.5
	- 3,768.4	- 3,035.5	287.6	-	- 3,480.8	- 3,035.5
	- 13,704.3	- 9,059.0	39.0	-17.7	- 13,665.3	- 9,076.7
	7,482.7	16,570.1	2,995.3	448.8	**10,478.0**	**17,018.9**
	-	-	- 275.3	- 827.5	- 275.3	- 827.5
	7,482.7	16,570.1	2,720.0	- 378.7	**10,202.7**	**16,191.4**
	2,669.5	- 1,052.2	-	-	2,669.5	- 1,052.2
	- 3,623.9	- 3,764.8	-	-	- 3,623.9	- 3,764.8
	6,528.3	**11,753.1**	**2,720.0**	**-378.7**	**9,248.3**	**11,374.4**
					237.6	- 1,787.8
					-91.6	- 73.5
					9,394.3	**9,513.1**
	264,197.2	333,247.1	16,488.4	- 46,415.9	280,685.6	286,831.2
	211,777.8	239,647.0	- 18,025.2	- 30,440.9	193,752.6	209,206.1
	34,628.3	14,392.5			**34,628.3**	**14,392.5**
	139	161	-	-	**139**	**161**

Facility Management
Major companies of the UBM Group
that are consolidated in full or at equity

FMB-Facility Management Bohemia. s.r.o.
FMH Ingatlanmanagement kft.
"FMP Planning and Facility Management" Poland Sp. z o.o.

Inter-company revenues and expenses as well as interim results were eliminated as part of the transition to the consolidated financial statements. This transition includes consolidation entries.

In order to improve the analytical value of the segment report, the segments of business were revised and adjusted to reflect the new structure of the UBM Group. The prior year figures were also adjusted accordingly.

Notes to the 2004 Consolidated Financial Statements of UBM Realitätenentwicklung AG

General Information

The consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft (UBM Group) were prepared in accordance with the regulations issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
Since the criteria set forth in § 245a of the Austrian Commercial Code were met, these consolidated financial statements fulfill legal requirements to exempt the Company from the obligation to prepare consolidated financial statements in accordance with the Austrian Commercial Code. All necessary additional information and explanations above and beyond IFRS requirements were also provided to equate these financial statements with consolidated financial statements prepared in accordance with the Austrian Commercial Code.

The following major changes were made to the accounting and valuation methods used in the individual financial statements:

- In accordance with IFRS 3, goodwill arising from the capital consolidation is no longer amortized over the presumed useful life but is subject to a regular impairment test. Under Austrian commercial law, acquired goodwill is amortized over the number of years in which it will presumably be used.
- Income on production orders is realized in accordance with the percentage of completion method (IAS 11) instead of at the point of completion.
- Real estate that meets the classification criteria for investment property as defined in IAS 40 is stated at market value. Under Austrian commercial law, tangible assets must be valued at acquisition or production cost less ordinary depreciation or amortization. Any extraordinary and non-temporary reduction in value must be reflected in an impairment charge.
- As required by IAS 17, leased assets are allocated to the lessor or lessee in accordance with the related risks and benefits (qualitative criteria). Under Austrian commercial law, this allocation is based on ownership as defined by civil law.
- Deferred taxes are created according to the balance sheet-oriented liability method in keeping with IAS 12. International Accounting Standards require the recording of deferred tax assets and liabilities, as well as loss carry-forwards. Deferred tax assets or liabilities must always be recorded, even if they arose from a transaction that did not affect income. According to the Austrian Commercial Code (income statement approach) the recording of deferred tax assets is optional; loss carry-forwards may not be recorded. The Austrian Commercial Code also requires the creation of provisions for deferred taxes.
- In contrast to the Austrian Commercial Code, IFRS require more detailed information and explanations on items in the balance sheet, income statement and notes to the financial statements in order to provide a true and fair view of the asset, financial and earnings position of a company. In addition, the cash flow statement and statement of capital and reserves are considered an integral part of the annual financial statements.

1. Consolidation Range

The consolidated financial statements include the individual financial statements of UBM AG as well as 6 (2003: 6) domestic and 8 (2003: 8) foreign companies. During the reporting year, 1 (2003: 1) domestic and 2 (2003: 5) foreign companies were included in the consolidation for the first time. In addition, 6 (2003: 9) domestic and 3 (2003: 2) foreign associates were consolidated at equity. Three companies were deconsolidated during the reporting year. The changes in the consolidation range did not have a material impact on comparability with prior year results.

An overview of subsidiaries and associates included in the consolidation range is provided in the List of Investments. Subsidiaries were not included in the consolidation if they are of secondary importance for the Group financial statements. Nineteen (2003: 20) companies were not included in the reporting year consolidation. UBM does not consolidate investments in other companies that it does not intend to hold over the long-term. In the 2003 financial statements, this policy applied to 1 (2003: 4) real estate company, which was designated from the start of project development for sale to third parties on completion or rental.

As of December 31, 2004, this project company had outstanding loans totaling € 65.4 million (2003: € 103.5 mill.).

2. Consolidation Principles

For included subsidiaries, the revaluation method was used to eliminate the investment and equity. Under this method, the acquisition cost of the investment is compared with the proportional share of revalued equity at initial consolidation or the first inclusion in the consolidated financial statements. Up to and including 2003, goodwill resulting from the initial consolidation was capitalized and amortized over the useful life of the asset. Beginning on January 1, 2004 IFRS 3 was applied on a retroactive basis, and goodwill is no longer amortized but subject to a regular impairment test.

Untaxed reserves are included on the balance sheet under reserves after the deduction of deferred taxes. Significant investments stated at equity are valued according to the revaluation method. The equity valuation of companies reflects the date of initial inclusion in the consolidated financial statements. The pro rata share of profit or loss from companies consolidated under this method is shown on the income statement under income from investments.

All receivables and liabilities between companies included in the consolidation are eliminated. Foreign exchange differences are charged or credited to the income statement as other operating expenses or income.

Income and expenses arising between companies included in the consolidation are eliminated. Interim profits on deliveries between Group companies are eliminated through a charge to the income statement in keeping with the principle of materiality.

Provisions are created for deferred taxes on consolidation entries that affect the profit and loss account.

3. Formal Presentation

In order to improve the clarity of presentation, individual items were combined on the balance sheet and income statement. These items are shown separately and explained in the notes. The income statement was prepared in accordance with the method under which “total costs” are shown.

4. Foreign Currency Translation

The foreign currency financial statements of subsidiaries are translated based on the modified current rate method. Balance sheet items of companies included in the consolidation are translated at the average exchange rate on the balance sheet date; income statement items are generally translated at the average exchange rate for the year, which is defined as the arithmetic mean of the exchange rates at the end of all 12 months in a year. Depreciation as well as annual profit/loss are also translated at the average exchange rate for the year. Differences arising from the translation of balance sheet items are reported under reserves; differences arising from the translation of income statement items are shown under other operating income.

Depreciation and changes in non-current assets are translated at the average exchange rate in effect on the balance sheet date.

5. Accounting and Valuation Methods

The annual financial statements of all domestic companies included in the consolidated financial statements are prepared in keeping with uniform accounting and valuation principles. The annual financial statements of foreign Group companies are adjusted accordingly; immaterial differences in valuation are retained.

Intangible assets are recorded at acquisition cost less ordinary straight-line amortization, which is calculated over the presumable useful life of the asset at rates ranging from 1.28 to 50%.

Tangible assets are valued at acquisition cost, which includes ancillary expenses and reflects any reductions in acquisition cost, or at production cost less ordinary straight-line depreciation for prior years and the 2004 Business Year. The following depreciation rates were used:

Land with buildings and buildings on land owned by third parties	1.1 to 10.0%
Technical equipment and machinery	10.0 to 33.3%
Other equipment, furniture, fixtures and office equipment	6.7 to 33.3%

Low-value assets are completely written off in the year of purchase.

Real estate that meets the criteria for investment property as defined by IAS 40 is recorded at market value. This real estate is comprised primarily of:

- Office and commercial buildings
- Residential buildings
- Land without buildings

The value of this real estate is generally based on fair value as determined independent expert opinions. In cases where such opinions are not available, the value in use as of the relevant balance sheet date is applied. Value in use represents the present value of estimated future cash flows that are expected from use of the asset.

in T€	Carrying value	Present value	Revaluation before deduction of deferred taxes
Land as per IAS 40	21,859.2	39,532.9	17,673.7
Buildings as per IAS 40	88,701.8	96,008.6	7,306.8
Total	**110,561.0**	**135,541.5**	**24,980.5**

Leased assets classified as the economic property of a UBM Group company (finance leases) are stated at fair value or the lower present value of the lease payments.

Financial assets are generally valued at acquisition cost or the lower value as of the balance sheet date.

In accordance with IAS 28, **shares in associates** are principally valued at equity unless these shares are of material value. These investments are generally valued under the same methods used for fully consolidated companies.

Subsidiaries that are not consolidated and investments that are not valued at equity are shown at acquisition cost or the lower applicable fair value.

Income on **production contracts** is realized according to the percentage of completion method. The restated realized figures are included under revenues.

Where services provided on production contracts exceed the amount of prepayments, the difference is reported under **future receivables from production contracts**. If the prepayments exceed the value of services provided, the difference is reported under **liabilities from percentage of completion**.

Impending losses are recorded at their full amount as soon as they become known.

The **percentage of completion** is determined based on services actually provided as of the balance sheet date.

Income on production contracts carried out by joint ventures is realized according to the percentage of completion method, based on services actually performed as of the balance sheet date. Impending losses on further construction activity are reflected in appropriate write-downs. Receivables due from and liabilities due to joint ventures include capital contributions, payments made and received, settlements for services performed, and a proportional share of income on the project.

Receivables and other assets are generally stated at nominal value. Valuation adjustments were made where necessary to reflect collection risk. Foreign currency receivables are valued at the exchange rate in effect on the balance sheet date.

Deferred taxes are calculated on differences between the value of assets and liabilities according to IFRS and the value of these items for tax purposes based on the estimated future tax benefit or liability. In addition, deferred tax assets are calculated on future benefits arising from tax loss carry-forwards, if the probability of realization is sufficient. Deferred tax assets and liabilities on valuation differences are netted out to the extent that legal regulations permit. Differences on goodwill, which are not deductible for tax purposes, represent an exception to this all-inclusive creation of provisions for taxes.

The applicable income tax rate in each individual country forms the basis for the calculation of deferred taxes. The expected impact of the announced reduction in the corporate tax rate in Austria as of 2005 is explained under Point 15 of the notes to the income statement.

The **provisions for pensions, severance compensation and service anniversary bonuses** were calculated according to the unit credit method in keeping with IAS 19. The parameters include a discount rate of 5.5% and an increase of 2% in performance-based commitments per year. Employee turnover is also reflected in the provisions for severance compensation and service anniversary bonuses based on statistical data.

Other provisions reflect all recognizable risks and uncertain obligations. They are created in accordance with reasonable business judgment and reflect the amounts considered necessary to cover the Group's future payment obligations, as of the balance sheet date. These provisions are recorded at the amount considered most probable after careful examination of the related circumstances.

Liabilities are recorded at nominal value or the higher repayment amount.

Liabilities arising from **finance leases** are stated at the present value of lease payments.

In preparing the consolidated financial statements, it is necessary to make certain estimates and assumptions that influence the recording of assets and liabilities, the declaration of other obligations as of the balance sheet date, and the recording of revenues and expenses during the reporting period. The actual figures, which become known at a later date, may differ from these estimates.

Notes to the Income Statement

1. Revenues

Revenues include proceeds on sale of real estate, services provided at UBM construction sites, deliveries and services provided to joint ventures and other ancillary income. Revenues resulting from application of the percentage of completion method total T€ 0.0 (2003: T€ 378.1).

The presentation of total Group output according to commercial criteria, including the proportional share of services to joint ventures, yields the following classification of revenues by business segment and region:

in T€	2004	2003
Segments of Business		
Project development and construction	133,178.0	116,087.5
(Thereof from the rental of real estate)	(16,270.0)	(19,375.0)
Facility management	2,708.0	2,619.6
Total	**135,886.0**	**118,707.1**
Regions		
Domestic	**39,173.0**	**44,077.9**
Germany	11,635.0	10,465.5
Czech Republic	55,889.0	11,907.8
Poland	11,937.0	31,532.2
Other foreign	17,252.0	20,723.7
Subtotal foreign	**96,713.0**	**74,692.2**
Total	**135,886.0**	**118,707.1**

2. Other Operating Income

in T€	2004	2003
Income from the disposal of tangible assets	6,604.2	6,128.7
Income from the reversal of provisions	-	25.4
Miscellaneous income	3,215.0	8,527.1
Total	**9,819.2**	**14,681.2**

Gains on the disposal of financial assets are reported under income from investments, as long as this income does not arise from investments in project companies.

3. Cost of Materials

in T€	2004	2003
Cost of raw materials, supplies and merchandise	- 48,373.6	- 5,963.4
Cost of purchased services	- 6,690.8	- 25,000.3
Total	**- 55,064.4**	**- 30,963.7**

4. Personnel Expenses

in T€	2004	2003
Wages and salaries	- 4,998.0	- 5,747.7
Payroll-related duties	- 1,069.7	- 1,186.1
Expenses for severance compensation and pensions	- 407.8	- 213.7
Total	**- 6,475.5**	**- 7,147.5**

Expenses for severance compensation and pensions in 2004 (also see comments under Point 18) include service cost as well as actuarial results. The interest components are reported under net interest income/expense.

5. Depreciation and Amortization

The amortization of intangible assets totaled T€ 145.0 (2003: T€ 161.0) and the depreciation of tangible assets equaled T€ 3,335.8 (2003: T€ 2,648.9).

6. Other Operating Expenses

This item is primarily comprised of costs associated with office operations, travel and lodging expenses, duties and taxes, legal, auditing and consulting expenses, additions to provisions, advertising costs, other services provided by third parties and general administrative expenses.

7. Amortization of Goodwill

The amortization of goodwill totaled T€ 827.5 in the prior year. In accordance with IFRS 3, goodwill has not been amortized since January 1, 2004 but is now subject to a regular impairment test.

8. Income from Investments

in T€	2004	2003
Income from investments	1,640.6	- 1,670.1
(Thereof from subsidiaries)	(1,314.6)	(2,101.6)
Income from the equity valuation of associates	1,028.9	681.0
Income from/write-downs to investments	-	- 63.1
Total	**2,669.5**	**- 1,052.2**

Income from the equity valuation of associates includes the proportional share of annual profit or loss recorded by these companies.

9. Net Interest Income/Expense

in T€	2004	2003
Interest and similar income	2,093.4	2,138.8
(Thereof from subsidiaries)	(762.7)	(533.3)
Other interest and similar expenses	- 5,717.3	- 5,903.6
(Thereof to subsidiaries)	(- 53.1)	(- 1,018.4)
(Thereof interest component from additions to provisions for severance compensation and pensions)	(- 86.0)	(0.0)
Total	**- 3,623.9**	**- 3,764.8**

10. Taxes on Income

This item includes income taxes paid or owed by Group companies, as well as provisions for deferred taxes. Calculations are based on the tax rates expected in the individual countries at the point of realization, and generally reflect legal regulations in effect or approved as of the balance sheet date.

in T€	2004	2003
Actual taxes	- 596.8	- 77.2
Deferred taxes	- 834.4	- 1,710.6
Tax expense (+)/income (-)	**- 237.6**	**- 1,787.8**

Tax expense calculated at the tax rate of the UBM Group differs from actual tax expense as follows:

in T€		2004	2003
Profit before tax			
Austrian Commercial Code	4,942.0		
IFRS		9,248.4	11,374.4
Theoretical tax expense (+)/income (-)			
34% of 4,942.0	- 1,680.3		
25% of 4,306.4	- 1,076.6		
Total		- 2,756.9	3,867.3
Differences in tax rates		179.2	194.9
Effect of contract UBM AG		0.0	- 1,457.0
Effect of decrease in tax rate from 34 to 25%		1,091.2	0.0
Tax effect of non-deductible expenses and tax-free income		1,199.4	- 769.8
Tax effect of after-tax reporting of income/loss from associates		125.9	- 122.7
Effect of changes in and use of loss carry-forwards		415.8	158.3
Miscellaneous		- 17.0	- 83.2
Taxes on income		**237.6**	**1,787.8**

11. Minority Interest

The share of profit due to minority shareholders totaled T€ 91.6 for the reporting year (2003: T€ 73.5).

12. Earnings per Share

Earnings per share are calculated by dividing Group net profit by the weighted average number of shares outstanding. A 1:4 stock split was carried out during the reporting year.

in T€	2004	2003
Net profit for the Group	9,394.3	9,513.1
Weighted average number of shares outstanding	3,000,000	750,000
Earnings per share in €	**3.13**	**12.68**
After stock split	**3.13**	**3.17**

Notes to the Balance Sheet

13. Non-Current Assets

Information on the development of non-current assets is provided in a separate schedule as part of this annual report.

Tangible and Intangible Assets
As of the balance sheet date, tangible assets include the following carrying values for assets obtained through finance leases:

in T€	2004	2003
Real estate leases	7,579.0	6,090.1

Liabilities arising from the present value of leasing obligations totaled T€ 7,871.5 (2003: T€ 6,315.3).

The terms of finance leases for real estate range from 6 to 20 years.

Financial Assets
Loans granted include T€ 2,857.3 (2003: T€ 5,021.9) of loans granted to associates.

14. Current Assets

Inventories are comprised of the following:

in T€	2004	2003
Land designated for sale	20,032.9	16,177.0
Prepayments	22.2	743.8
Total	**20,055.1**	**16,920.8**

Production Orders
The following data relates to production orders that were recorded as of the balance sheet date based on the percentage of completion method, but have not been finally invoiced:

in T€	2004	2003
Costs incurred plus income on projects not yet invoiced	3,268.2	5,678.7
Less prepayments received	0.0	- 1,867.0
Total	**3,268.2**	**3,811.7**

For projects that extend over more than 12 months, construction in progress includes an appropriate part of administrative costs and interest expense.

in T€	2004	2003
Administrative expenses	0.0	303.6
Thereof for the business year	0.0	182.4

Classification and due dates of **receivables** and **other assets**:

in T€	31.12.2004	Remaining term > 1 year	31.12.2003	Remaining term > 1 year
Trade receivables incl. receivables from percentage of completion	17,538.0	-	9,077.9	-
Receivables due from joint ventures	698.3	-	629.3	-
Receivables due from subsidiaries	15,239.3	-	17,528.9	-
Receivables due from associates	15,613.4	-	16,780.1	-
Other assets	8,806.9	-	31,941.7	-
Total	**57,895.9**	**-**	**75,957.9**	**-**

Other assets are comprised primarily of receivables and assets that are not related to the provision of goods and services.

Cash and Cash Equivalents
This item includes deposits of T€ 3,564.9 (2003: T€ 3,803.5) with financial institutions as well as cash on hand of T€ 14.2 (2003: T€ 21.5).

15. Deferred Taxes

Temporary differences between the amounts in the IFRS consolidated financial statements and comparable tax values had the following effect on provisions for taxes as shown in the balance sheet:

	2004 Corp. inc. tax rate 25%		Comparable value for 2003 from pro forma calculation at new corp. tax rate of 25%		2003 Corp. inc. tax rate 34%	
in T€	Assets	Equity and Liabilities	Assets	Equity and Liabilities	Assets	Equity and Liabilities
Tangible assets, other assets	-	6,287.6	-	5,541.6	-	7,179.7
Percentage of completion	-	0.0	-	94.5	-	128.6
Untaxed reserves	-	415.8	-	655.3	-	891.2
Tax loss carry-forwards	853.6	-	1,393.3	-	1,597.6	-
Deferred taxes	**853.6**	**6,703.4**	**1,393.3**	**6,291.4**	**1,597.6**	**8,199.5**
Net deferred taxes		**5,849.8**		**4,898.1**		**6,601.9**

Deferred taxes were capitalized for loss carry-forwards if these losses are expected to be offset against taxable profits in the future.

16. Equity

Issued capital	Shares	€
Common stock	3,000,000	5,450,462.56

At the 123rd Annual General Meeting on June 25, 2004, a resolution was passed authorizing the conversion of the 150,000 shares of 15% non-voting bearer preferred stock to voting shares of bearer common stock. A 1:4 stock split was also carried out at the same time. Issued capital of € 5,450,462.56 is now divided into 3,000,000 shares of common stock. These shares are bearer certificates.

17. Reserves

in T€	31.12.2004	31.12.2003
I. Share premium	45,185.8	45,185.8
II. Retained earnings	33,308.7	26,988.9
Total	**78,494.5**	**72,174.7**

The share premium resulted primarily from capital increases and adjustments made during prior years.

Retained earnings include currency translation differences as well as statutory and voluntary reserves, profit for the current period and profit carried forward from prior periods of UBM AG and consolidated subsidiaries, to the extent that these items were not eliminated during the consolidation.

Detailed information on the equity of the UBM Group is provided on the schedule of capital and reserves (see page 60).

Shares in equity that do not belong to UBM AG or a member company of the Group are shown in the consolidated financial statements under minority interest. Retained earnings represent the relevant figure for UBM AG.

18. Provisions

in T€	Balance on 1.1.2004	Transfer as of 1.1.2004	Change in consolidation range	Addition	Reversal/ Use	Balance on 31.12.2004
Severance compensation	0.0	902.6	-	-	- 180.5	722.1
Pensions	0.0	776.2	-	185.4	-	961.6
Taxes	24.7	-	-	505.8	-	530.5
Other						
Construction	10,290.1	-	- 10.0	1,865.7	- 3,936.9	8,208.9
Employees	1,351.8	-	- 164.6	739.5	- 761.5	1,165.2
Miscellaneous	3,990.0	-	- 27.6	4,011.4	- 4,471.7	3,502.1
Total	**15,656.6**	**1,678.8**	**- 202.2**	**7,307.8**	**- 9,350.6**	**15,090.4**

in T€	Balance on 1.1.2003	Change in consolidation range	Addition	Reversal/ Use	Balance on 31.12.2003
Taxes	183.2	1.2	18.7	- 178.4	24.7
Other					
Construction	3,421.3	-	7,964.0	- 1,095.2	10,290.1
Employees	746.4	161.0	915.5	- 471.1	1,351.8
Other	758.9	5.5	3,265.6	- 40.0	3,990.0
Total	**5,109.8**	**167.7**	**12,163.8**	**- 1,784.7**	**15,656.6**

In prior years, the provisions for severance compensation and pensions were created by Allgemeine Baugesellschaft–A. Porr Aktiengesellschaft as the parent company of the Group. Settlement was made through an annual charge equal to 4% of gross salaries. The prior year balance was transferred at the start of the reporting year in accordance with IAS 19. Beginning in 2004, the Company is responsible for the creation of these provisions.

Provisions for construction include accruals for deliveries and services not yet invoiced, impending losses related to the delayed completion of projects, foreign risks, construction damages, and guarantees.

Employee-related provisions are comprised primarily of accruals for unused vacation time and bonuses.

The provisions for severance compensation developed as follows during 2004:

in T€	2004	2003
Defined benefit obligation as of 1.1.	902.6	-
Current service cost	47.6	-
Interest expense	33.2	-
Severance payments	- 483.4	-
Actuarial gain/loss	222.1	-
Defined benefit obligation as of 31.12.	**722.1**	**-**

The provisions for pensions developed as follows during 2004:

in T€	2004	2003
Defined benefit obligation as of 1.1.	776.2	-
Current service cost	70.6	-
Interest expense	52.9	-
Pension payments	0.0	-
Actuarial gain/loss	61.8	-
Defined benefit obligation as of 31.12.	**961.5**	**-**

19. Liabilities

in T€	31.12.2004	Remaining term < 1 year	> 1 year < 5 years	> 5 years	Thereof secured by collateral
Bank loans and overdrafts	97,647.4	30,189.5	62,089.5	5,368.4	77,429.3
Prepayments	4,404.1	4,404.1	-	-	-
Trade payables	8,727.4	8,727.4	-	-	-
Amounts due to subsidiaries	0.0	0.0	-	-	-
Amounts due to associates	32,352.6	32,352.6	-	-	-
Amounts due to joint ventures	18.4	18.4	-	-	-
Other liabilities	28,808.9	8,105.8	11,799.4	8,903.7	7,871.5
(Leasing)	(7,871.5)	(239.7)	(1,062.4)	(6,569.4)	(7,871.5)
(Taxes)	(2,646.3)	(2,646.3)	-	-	-
(Social security)	(96.1)	(96.1)	-	-	-
Total	**171,958.8**	**83,797.8**	**73,888.9**	**14,272.1**	**85,300.8**

in T€	31.12.2003	Remaining term < 1 year	> 1 year < 5 years	> 5 years	Thereof secured by collateral
Bank loans and overdrafts	113,650.2	73,751.7	35,741.6	4,156.9	48,888.1
Prepayments	6,446.5	6,446.5	-	-	-
Trade payables	3,853.7	3,853.7	-	-	-
Amounts due to joint ventures	-	-	-	-	-
Amounts due to subsidiaries	17,986.4	17,986.4	-	-	-
Amounts due to associates	16,323.8	16,323.8	-	-	-
Other liabilities	26,218.3	11,482.7	7,127.6	7,608.0	6,315.3
(Leasing)	(6,315.3)	(174.6)	(817.6)	(5,323.1)	(6,315.3)
(Taxes)	(571.6)	(571.6)	-	-	-
(Social security)	(111.5)	(111.5)	-	-	-
Total	**184,478.9**	**129,844.8**	**42,869.2**	**11,764.9**	**55,203.4**

Bank loans and overdrafts include financing for finished and rented properties as well as projects under construction and development.

20. Guarantees

In T€	2004	2003
Contingent liabilities	49,167.2	24,305.2
(Thereof for subsidiaries)	(8,175.7)	(14,675.7)
Total	**49,167.2**	**24,305.2**

Guarantees consist primarily of sureties for credits and guarantee declarations.

21. Notes to the Statement of Cash Flows

The cash flow statement was prepared using the indirect method, and shows the changes in cash and cash equivalents resulting from operating, investing and financing activities. Cash and cash equivalents consist solely of cash on hand, deposits at banks, and marketable securities. The effects of changes in the consolidation range were eliminated and included under cash flow from investing activities.

Cash and cash equivalents are comprised of the following:

in T€	31.12.2004	31.12.2003
Cash on hand and deposits with financial institutions	3,579.1	3,825.0
Total	**3,579.1**	**3,825.0**

22. Information on Financial Instruments

The primary financial instruments reported under assets are comprised chiefly of financial assets, trade receivables and liquid funds. The primary financial instruments reported under liabilities include financial liabilities and trade payables.

The UBM Group has no derivative financing instruments.

Interest rate risk
The interest rates on bank loans, overdrafts and leasing contracts are as follows:

– Bank loans and overdrafts: 2.6 – 4.4%
– Leases: 3.3 – 6.0%

Credit risk
The credit risk associated with receivables due from customers can be classified as low because of broad diversification and the continual monitoring of credit ratings.

The collection risk on other primary financial instruments shown under assets can also be classified as low because the Group deals only with financing partners who can demonstrate an excellent credit rating. The total of financial assets shown on the balance sheet represents the maximum collection risk.

Foreign exchange risk
The UBM Group carries out credit financing and investments primarily in the Euro. The risk associated with fluctuations in foreign exchange rates is of subordinate importance for the UBM Group.

Other Information

23. Average Number of Employees

Salaried staff	2004	2003
Domestic	70	92
Foreign	61	61
Trade employees		
Domestic	7	7
Foreign	1	1
Total workforce	**139**	**161**

24. Business Relationships with Related Companies

Allgemeine Baugesellschaft–A. Porr Aktiengesellschaft, its Group companies and Immobilien Holding GmbH as well as its major shareholders are classified as related companies under the provisions of IAS 24. Normal delivery transactions are conducted at arm's length with Porr AG. Roughly 7% of total construction output reported by the UBM Group was produced by related companies of the Porr Group.

25. Bodies of the Corporation

Members of the Managing Board

Karl Bier, Baden, Chairman
Peter Maitz, Breitenfurt
Heribert Smolé, Vienna

Members of the Supervisory Board

Siegfried Sellitsch, Vienna, Chairman
Horst Pöchhacker, Vienna, Vice-Chairman
Peter Weber, Deutsch-Wagram
Thomas Jakoubek, Küb (as of May 14, 2004)
Erlefried Olearczick, Tulln (as of May 14, 2004)
Johannes Pepelnik, Vienna (as of June 25, 2004)
Günther W. Havranek, Perchtoldsdorf (up to April 28, 2004)
Walter Lederer, Vienna
Iris Ortner, Vienna
Karl Schmutzer, Winzendorf (up to May 14, 2004)
Klaus Ortner, Vienna (up to May 14, 2004)

Compensation paid to the members of the Managing Board totaled T€ 1,304.7 for the reporting year (2003: T€ 874.8). Remuneration, including attendance allowances, paid to the members of the Supervisory Board totaled T€ 115.0 for 2004 (2003: T€ 42.1).

26. Distribution of Profit

The contract for the transfer of profit or loss was terminated following the surrender of the share majority by Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft.

UBM AG closed the 2004 Business Year with retained earnings of € 2,670,003.85.

The Managing Board recommends the following use of profit:

Distribution of a € 0.88 dividend per share.

	Shares	€	€
Issued capital	3,000,000	5,450,462.56	
Distribution			2,640,000.00
Carry forward			30,003.85

27. Headquarters of the Company

UBM Realitätenentwicklung Aktiengesellschaft

Austria, 1103 Vienna, Absberggasse 47

Corporate Register FN 100059 x, Commercial Court of Vienna

Vienna, April 18, 2005
The Managing Board

Karl Bier | Peter Maitz | Heribert Smolé

List of Investments, Consolidation Range

Company	Country code	Share held by UBM AG %	Share held by the Group %	Type	Currency	Nominal Value
Subsidiaries						
Subsidiary Corporations						
"Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	90.00	90.00	V	EUR	36,336.42
"UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	100.00	100.00	V	EUR	36,336.42
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AUT	100.00	100.00	V	EUR	36,336.42
Atriumhotel Loipersdorf Errichtungs- und Verwaltungsgesellschaft m.b.H.	AUT	100.00	100.00	N	EUR	-
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	90.00	90.00	V	EUR	36,336.42
Rudolf u. Walter Schweder Gesellschaft m.b.H.	AUT	90.00	90.00	V	EUR	36,336.42
UBM Seevillen Errichtungs-GmbH	AUT	100.00	100.00	N	EUR	-
UML Liegenschaftsverwertungs- und Beteiligungs-GmbH	AUT	100.00	100.00	V	EUR	36,336.42
FMB – Facility Management Bohemia. s.r.o.	CZE	100.00	100.00	V	CZK	100,000.00
Immo Future 6 - Crossing Point Smichov s.r.o.	CZE	0.00	100.00	V	CZK	24,000,000.00
UBM-Bohemia Projectdevelopment-Planning-Construction. s.r.o.	CZE	100.00	100.00	V	CZK	8,142,000.00
UBM – Bohemia 2 s.r.o.	CZE	100.00	100.00	N	CZK	-
Blitz 01-815 GmbH	DEU	100.00	100.00	N	EUR	-
CM 00 Vermögensverwaltung 387 GmbH	DEU	100.00	100.00	N	EUR	-
CM 00 Vermögensverwaltung 389 GmbH	DEU	100.00	100.00	N	EUR	-
CM 00 Vermögensverwaltung 510 GmbH	DEU	100.00	100.00	N	EUR	-
CM 00 Vermögensverwaltung 511 GmbH	DEU	100.00	100.00	N	EUR	-
CM 00 Vermögensverwaltung 512 GmbH	DEU	100.00	100.00	N	EUR	-
Florido Tower Management GmbH	DEU	50.00	73.27	N	EUR	-
Münchner Grund Immobilien Bauträger Aktiengesellschaft	DEU	94.00	94.00	V	EUR	716,800.00
Stadtgrund Bauträger GmbH	DEU	100.00	100.00	N	EUR	-
UBM Leuchtenbergring GmbH	DEU	100.00	100.00	N	EUR	-
FMH Ingatlanmanagement Kft,	HUN	100.00	100.00	V	HUF	3,000,000.00
"FMP Planning and Facility Management Poland" Sp. z o.o.	POL	100.00	100.00	V	PLN	150,000.00
"MAZURSKA DEVELOPMENT" Sp. z o.o.	POL	100.00	100.00	V	PLN	50,000.00
Philharmonie Office Center Sp. z o.o.	POL	100.00	100.00	N	PLN	-
UBM Poland Sp. z o.o.	POL	100.00	100.00	N	PLN	-
Ruzinov Real s.r.o.	SVK	100.00	100.00	V	SKK	200,000.00
Subsidiary Partnerships						
UBM Realitätenentwicklung Aktiengesellschaft & Co, Muthgasse Liegenschaftsverwertung OHG.	AUT	100.00	100.00	N	EUR	-
Bayernfonds Immobiliengesellschaft mbH & Co. Florido Tower KG	DEU	0.00	73.27	N	EUR	-
CM 00 Vermögensverwaltung 387 Brehmstraße GmbH & Co. KG.	DEU	0.00	100.00	N	EUR	-
CM 00 Vermögensverwaltung 389 Brehmstraße GmbH & Co. KG.	DEU	0.00	100.00	N	EUR	-
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DEU	0.00	60.16	N	EUR	-
Associated Companies						
Associated Corporations						
"Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs-Aktiengesellschaft	AUT	20.00	20.00	E	EUR	726,728.34
"Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft	AUT	33.33	33.33	E	EUR	87,207.40

Company	Country code	Share held by UBM AG %	Share held by the Group %	Type	Currency	Nominal Value
FMA Gebäudemanagement GmbH	AUT	0.00	50.00	E	EUR	36,336.42
Porr Projekt v.o.s.	CZE	45.00	45.00	E	CZK	100,000.00
Ropa Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	50.00	50.00	E	EUR	36,336.42
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AUT	26.67	26.67	E	EUR	74,126.29
INTERCOM a.s.	CZE	50.00	50.00	E	CZK	32,000,000.00
UBX Development (France) s.a.r.l.	FRA	50.00	50.00	E	EUR	50,000.00
Associated Partnerships						
UML Liegenschaftsverwertungs- und Beteiligungs-GmbH & Co OEG.	AUT	0.00	50.00	E	EUR	1,453.46
Other Investments						
Other Corporations						
"Hermes" Bau Planungs- und Errichtungsgesellschaft m.b.H. und Mitgesellschafter	AUT	50.00	50.00	N	EUR	-
"hospitals" Projektentwicklungsges.m.b.H.	AUT	0.00	21.78	N	EUR	-
BMU Beta Liegenschaftsverwertung GmbH	AUT	50.00	50.00	N	EUR	-
FMA alpha Gebäudemanagement & -services GmbH	AUT	0.00	50.00	N	EUR	-
IMMORENT-KRABA Grundverwertungsgesellschaft m.b.H.	AUT	10.00	10.00	N	EUR	-
Porr Technics & Services GmbH	AUT	10.00	10.00	N	EUR	-
St. Peter-Straße 14-16 Liegenschaftsverwertung Ges.m.b.H.	AUT	50.00	50.00	N	EUR	-
VBV delta Anlagen Vermietung Gesellschaft m.b.H.	AUT	0.00	20.00	N	EUR	-
ZMI Holding GmbH	AUT	48.33	48.33	N	EUR	-
DAREX, spol. s.r.o.	CZE	0.00	48.33	N	CZK	-
Bayernfonds Immobilienentwicklungsgesellschaft Wohnen plus GmbH	DEU	0.00	30.24	N	EUR	-
BFS Florido Tower GmbH	DEU	0.00	46.53	N	EUR	-
Bürohaus Leuchtenbergring Verwaltungs GmbH	DEU	0.00	48.51	N	EUR	-
REAL I.S. Project GmbH	DEU	0.00	46.53	N	EUR	-
Váci utca Center Üzletközpont Kft.	HUN	50.00	50.00	N	HUF	-
Hotelinvestments (Luxembourg) S.à r.l.	LUX	50.00	50.00	N	EUR	-
"Hotel Akademia" Sp. z o.o.	POL	0.00	33.00	N	PLN	-
Hotel Real Estate Sp. z o.o.	POL	0.00	33.00	N	PLN	-
Sienna Hotel Sp. z o.o.	POL	33.33	33.33	N	PLN	-
Zenit Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	50.00	50.00	N	EUR	-
UBX Plzen s.r.o.	CZE	50.00	50.00	N	CZK	-
GF Ramba Sp. z o.o.	POL	50.00	50.00	N	PLN	-
Other Partnerships						
Bayernfonds Immobilienverwaltung Austria Objekte Salzburg und Wien KG	DEU	0.00	1.25	N	EUR	-
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DEU	0.00	48.51	N	EUR	-
Bürohaus Leuchtenbergring GmbH & Co. KG	DEU	0.00	45.11	N	EUR	-
Floridsdorf Am Spitz Wohnungseigentums-gesellschaft m.b.H. & Co. KG	AUT	4.82	4.82	N	EUR	-
Porr Technics & Services GmbH & Co KG	AUT	10.00	10.00	N	EUR	-

Legend: V = Subsidiary, E = Company consolidated at equity,
N = Subsidiary not consolidated as per § 249 Par. 2 or § 263 Par. 2 of the Austrian Commercial Code

Results of the Audit and Audit Opinion

1. Reporting in accordance with § 273 of the Austrian Commercial Code

In analogous application of § 273 Par. 1 of the Austrian Commercial Code, we expressly confirm that our audit did not identify any facts that could endanger the continued existence of the audited company or that could significantly impair its development or that represent severe violations of law or the articles of association by the company's legal representatives.

2. Exemption in accordance with § 245 a of the Austrian Commercial Code

Our audit also covered the requirements set forth in § 245a of the Austrian Commercial Code, which provide for an exemption from the obligation to prepare consolidated financial statements in accordance with Austrian law. Our examination of compliance with these requirements did not provide grounds for objection. In our opinion and based on our audit, we hereby confirm that these consolidated financial statements, which were prepared in accordance with international accounting standards, fulfill the relevant legal requirements and therefore exempt the company from the obligation to prepare consolidated financial statements in accordance with Austrian accounting principles.

3. Auditors' Report

Based on the results of our audit, we hereby issue the following audit report:
"We have audited the consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft, Vienna, as of December 31, 2004. The preparation and content of these financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. The audit of certain subsidiaries included in these consolidated financial statements was conducted by other independent auditors. Our audit opinion – to the extent that it relates to these subsidiaries – is therefore based on the reports of these other auditors.

We conducted our audit in accordance with Austrian Generally Accepted Standards on Auditing and the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC). These standards require that we plan and conduct the audit to obtain reasonable assurance of whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting and valuation methods used and significant estimates made by the Board of Directors, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present, in all material respects, a true and fair view of the asset and financial position of the Group as of December 31, 2004 and the results of operations and cash flows for the reporting year in accordance with International Financial Reporting Standards (IFRS) [previously: International Accounting Standards (IAS)]. In accordance with the Austrian Commercial Code, the audit must also cover the status report as well as the fulfillment of legal requirements to exempt the company from the obligation to prepare consolidated financial statements under Austrian law (§ 245 a of the Austrian Commercial Code). We certify that the consolidated financial statements fulfill the legal requirements for exemption from the obligation to prepare consolidated financial statements and a Group status report in accordance with the Austrian law. The Group status report agrees with the consolidated financial statements."

Vienna, April 18, 2005

BDO Auxilia Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

Österreichische Wirtschaftsberatung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Karl Bruckner m.p.
Certified Public Accountant

Johann Seidl m.p.
Certified Public Accountant

Nikolaus Schaffer m.p.
Certified Public Accountant

Michael Heller m.p.
Certified Public Accountant

Report of the Supervisory Board on the 2004 Financial Statements

In its meetings, the Supervisory Report received regular written and oral reports from the Managing Board on the development of business and all important matters related to the company.

The annual financial statements as of December 31, 2004, including the notes and status report, were prepared by the Managing Board and audited jointly by Österreichische Wirtschaftsberatung GmbH, Vienna, and BDO Auxilia Treuhand GmbH, Vienna. This audit was based on the company's accounting records and written documents as well as information and evidence provided by the Managing Board. It indicated that the bookkeeping and annual financial statements comply with legal requirements, and provided no grounds for objections. The status report of the Managing Board agrees with the annual financial statements. The above-mentioned auditors have therefore awarded an unqualified opinion.

The Supervisory Board examined the annual financial statements and status report for the 2004 Business Year, in particular at a meeting of the accounting committee in the presence of the auditors, and approved these documents.

Vienna, April 2005

Siegfried Sellitsch
Chairman of the Supervisory Board

Distribution of Profit

UBM Realitätenentwicklung Aktiengesellschaft closed the 2004 Business Year with retained earnings of € 2,670,003.85.

The Managing Board recommends payment of a € 0.88 dividend per share, for a total of € 2,640,000.– on 3,000,000 shares of common stock, and the carry forward of the remaining € 30,003.85.

If this recommendation is accepted, the € 0.88 dividend per share will be distributed beginning on May 25, 2005 in accordance with legal regulations and after the deduction of 25% withholding tax. The dividend will be paid through credit to the depository bank, whereby Bank Austria Creditanstalt AG will serve as the main payment office.

Glossary

ARGE	"Arbeitsgemeinschaft", a joint venture formed by companies to realize construction projects
ATX	Austrian Traded Index, leading index of the Vienna Stock Exchange
Cash earnings according to ÖVFA	Earnings definition developed by the Austrian corporation for financial analysis and investment advising ("Österreichische Gesellschaft für Finanzanalyse und Anlagenberatung"), which serves as a basis for the calculation of cash flow.
Dividend yield	Dividend per share divided by the share price
EBIT	Earnings before interest and taxes, operating profit
EBT	Earnings before taxes
Equity ratio	Average equity divided by the balance sheet total
IFRS	International Financial Reporting Standards
Impairment test	In accordance with IFRS 3, the value of capitalized goodwill is evaluated at regular intervals to identify any interim reduction in value; adjustment entries are made to reflect any impairment.
Issuer compliance regulations	In Austria the "Emittenten-Compliance-Verordnung", which represent rules to prevent the misuse of insider information
Market capitalization	Market value, share price x number of shares outstanding
Pay-out ratio	Dividend per share divided by earnings per share, in %
P/E ratio	Price of a share divided by earnings per share
Total construction output	Depiction of output in accordance with commercial criteria that varies from revenues as shown on the income statement because it also includes a proportional share of work performed in joint ventures and other such companies as well as revenues from investments in companies that are not consolidated.
Total shareholder's return	Dividend yield plus increase in the share price
WBI	Vienna Stock Exchange Index

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