



Annual Financial Report /  
Annual Report **2014**

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**Together**  
we are  
shaping  
the future.

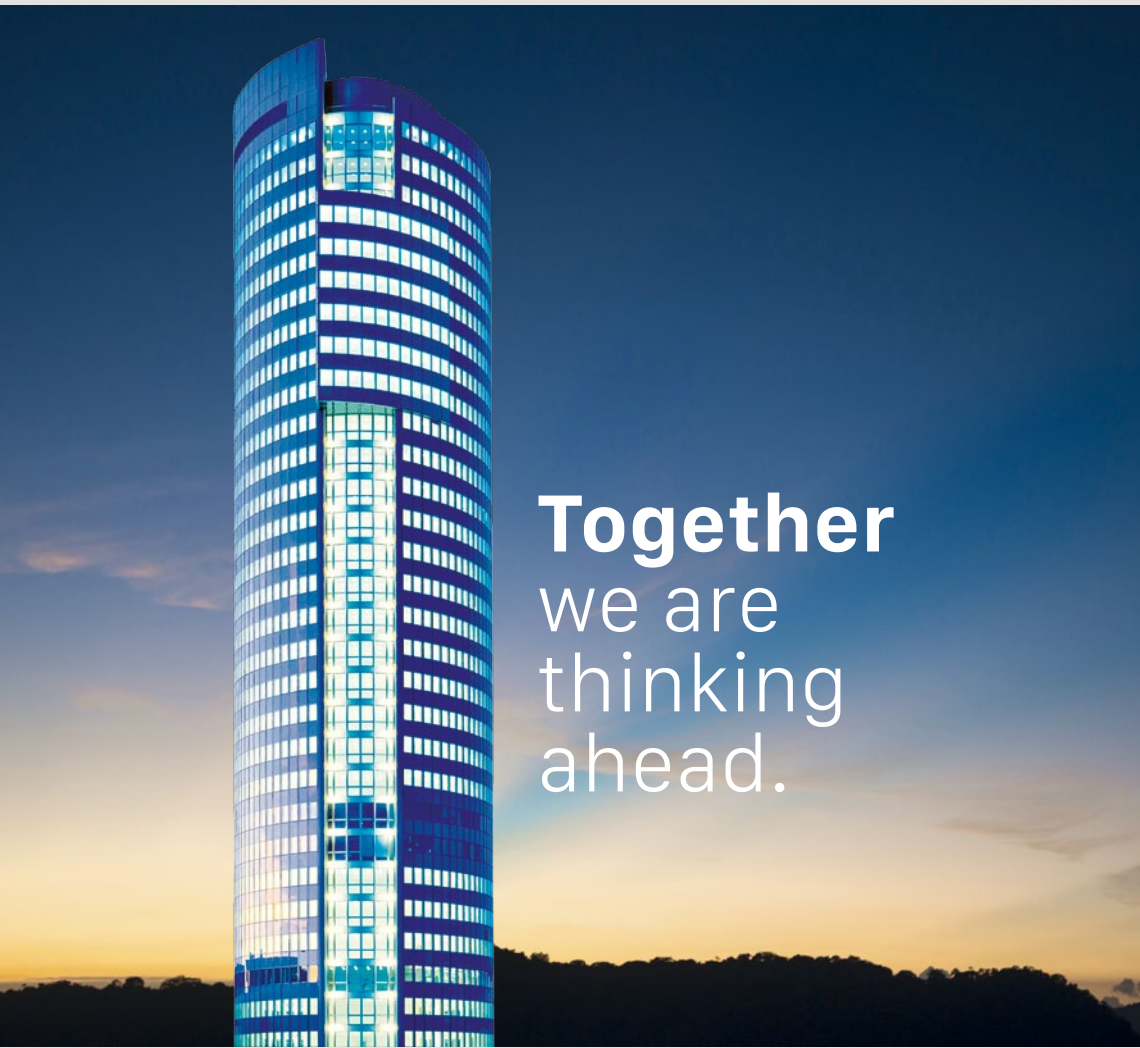
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**Residentials, hotels and offices –**  
as a pure player for real estate  
development we focus purposefully  
on these three asset classes.

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**Retained profit, equity ratio, profitability and dividends** are future prospects expressed in figures. We do not consider the results of the current financial year to be merely a description of our current success, but rather the foundation for our future operations and growth – our future success.





**Together**  
we are  
thinking  
ahead.

**Flrido Tower**  
Austria, Vienna

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Being in the position to present our projects and our success fills us with pride – every year, anew, with each report.

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## TABLE OF CONTENTS

Supervisory Board Report	06	Our company	06
Corporate Governance Report 2014	08		
Shareholder structure	13		
Business developments, financial performance and position	16	Financial report	14
Forecasts and corporate risks	24		
Balance sheet	34	Annual financial statement	32
Income statement	36		
Schedule of non-current assets	38		
Notes	40		
Responsibility statement	50		
Business developments, financial performance and position	54	Annual financial statement	52
Forecasts and corporate risks	64		
Consolidated income statement	74	Consolidated financial statements	72
Consolidated statement of comprehensive income	74		
Consolidated balance sheet	75		
Consolidated cash flow statement	76		
Reconciliation of equity	77		
Notes to the Consolidated Financial Statements 2014	78		
Segment breakdown	117		
Shareholdings	128		
Auditor's Report	132		
Appropriation of profits	134		
Responsibility statement	135		
Glossary, legal notice, contact information	137	Contact Information	137

# Supervisory Board Report

For UBM, 2014 was a year of huge changes and crucial decisions which will determine the future of the company. It started with the successful takeover of UBM by PORR AG in summer 2014. This was the first important step towards the future. The successful spin-off of PORR AG into a pure construction company and a real estate company – PIAG AG with the shareholdings STRAUSS & Partner and UBM – marked the second key step. The subsequent fusion of PIAG and UBM into UBM Development AG has established a real estate developer of European stature. The UBM Supervisory Board thoroughly examined all of the requisite resolutions and unanimously approved them.

The exceptional annual results for 2013 were significantly surpassed in 2014. We intend to build on this solid basis. After all, we do not see the results of the current business year as a description of our present success, but rather as a foundation for our future business, our future growth and our future success. In close cooperation with the Managing Board, the Supervisory Board has supported the new strategy to become a trade developer with a focus on the home markets, clearly defined asset classes and high internal value creation and gives full backing to the strategy laid out. The new Managing Board will do justice to the new, extended tasks and goals of the company and has the full confidence of the Supervisory Board.

The Supervisory Board has actively encouraged and supported the company's development in keeping with the responsibilities assigned to it. In accordance with Article 81 Stock Corporation Act, the Supervisory Board has been kept constantly informed of full details of the development of the business and financial position of the Group and its shareholdings, of staff and planning matters and of investment and acquisition projects through spoken and written reports from the Managing Board, and the latter has discussed strategy, business development and risk management with the

Supervisory Board. In a total of four meetings, the Supervisory Board passed the relevant resolutions that were required. The necessary approval for the transactions for which consent is required under Article 95 Section 5 of the Stock Corporation Act and pursuant to the rules of procedure for the Managing Board was obtained; in urgent cases, written voting was used for authorisation of this nature. The average level of attendance at Supervisory Board meetings was 85.71 %. A meeting of the audit committee in the presence of the auditor was held on 19 March 2014 for auditing and preparing the approval of the consolidated financial statements 2013. A further meeting of the audit committee in the presence of the auditor was held on 19 September 2014; the purpose of this meeting was to monitor the financial reporting process, evaluate the effectiveness of the internal control system, the internal audit system and risk management within the Group

The annual financial statements of UBM Realitätenentwicklung Aktiengesellschaft as at 31 December 2014, including the notes to the consolidated financial statements and the management report, and the consolidated financial statements that had been prepared as of 31 December 2014 in accordance with the International Financial Reporting Standards (IFRS) which have been adopted in Europe and the Group management report, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The audit, based on the bookkeeping and documentation of the company as well as the explanations and documentation provided by the Executive Board, revealed that the bookkeeping records and the annual financial statements and consolidated accounts complied with the legal requirements and provided no cause for complaint. The Group report and management report accord with the annual and consolidated financial statements. The aforementioned audit company has therefore issued an unqualified audit opinion for the annual and consolidated

financial statements. All documentation related to the financial statements, the Corporate Governance Report, the proposal of the Managing Board regarding the appropriation of net profits and the Audit Report were discussed in the audit committee meeting on 13 April 2015 together with the auditor and presented to the Supervisory Board.

The audit committee and the Supervisory Board have approved the annual financial statements as of 31 December 2014 and the Group management report, the Corporate Governance Report and the proposal of the Executive Board regarding the appropriation of net profits following intensive discussion and auditing. The annual financial statements as of 31 December 2014 have thus been adopted. The audit committee and the Supervisory Board also approved the consolidated accounts for 2014 that had been prepared in accordance with IFRSs and the Group management report. The Supervisory Board agreed with the proposal of the Managing Board regarding the appropriation of earnings.

The Supervisory Board thanks customers and shareholders for the confidence they have placed in UBM and their commitment to the company, as well as the Managing Board and staff for the dedication they have demonstrated over the past year and the constructive collaboration it has enjoyed with them.

April 2015, Vienna

Karl-Heinz Strauss  
Chairman of the Supervisory Board

### KARL-HEINZ STRAUSS



CEO of the PORR AG  
and Chairman of the  
Supervisory Board of  
the UBM Development

# Corporate Governance Report 2014

UBM views Corporate Governance as a key concept for responsible and transparent company management and the comprehensive auditing that accompanies this. The Managing Board and Supervisory Board work closely together in the interests of the company and its staff and are involved in the ongoing evaluation of the development and strategic direction of the UBM Group. Constant dialogue with all relevant interest groups builds trust, also in corporate activities, and provides the basis for sustainable corporate growth in the future.

So far, the UBM Group has made no formal declaration committing itself to observance of the "Austrian Code of Corporate Governance", as the code regulates the prime market and is only mandatory for companies listed on the prime market. The UBM shares are currently listed in the standard market auction segment. Observance of the Code of Corporate Governance is therefore not compulsory for UBM.

UBM does however – as it has for many years now – comply with all mandatory regulations and most of the Comply or Explain rules (C Rules) from the Corporate Governance Code.

UBM will continue to strive to fulfil the "Austrian Code of Corporate Governance" as laid out by the Austrian Working Group for Corporate Governance. This code is available to the public on the homepage of the Austrian Working Group for Corporate Governance at [www.corporate-governance.at](http://www.corporate-governance.at).

## THE MANAGING BOARD

In accordance with Article 7 of the UBM Articles of Association, the Managing Board consists of two, three or four people appointed by the Supervisory Board. Since January 2015 the Managing Board has consisted of four people. Conditional upon an amendment or new version of the Articles of Association to be passed at the Annual General Meeting, a fifth Managing Board member has been

designated. The Supervisory Board can name a member of the Managing Board as Chairman and name one member as the Deputy Chairman. Should the Supervisory Board appoint a Managing Board member to chair the Managing Board, he/she shall only have a casting vote if so determined by the Supervisory Board.

The members of the Managing Board are appointed by the Supervisory Board for a maximum term of five years. The renewed appointment or an extension of this period (each for a maximum of five years) is permitted. The Supervisory Board can dismiss a member of the Managing Board before the end of his/her term in office if there is an important reason to do so, for example if there is a serious breach of duty or if the Annual General Meeting passes a vote of no confidence in the Managing Board member.

UBM is represented by two Executive Board members, or by one Executive Board member with one authorised signatory. With legal restrictions, UBM can also be represented by two authorised signatories.

The following table shows the Managing Board members, their date of birth, their position, the date of their first appointment as well as the probable end of their time in office. In 2014 the following people sat on the Managing Board:

**Karl Bier** was born in March 1955. After completing his law studies and tax training, he was the managing director of several project companies and has been a member of the UBM Managing Board since 1992. In his capacity as a member of the Managing Board he is responsible for the growth and expansion of the project development business in Austria and abroad, leasing and tailored financing models in the banking sector, market monitoring, PR, law and contracts, marketing, sales as well as HR. Karl Bier is currently Chairman of the UBM Managing Board.

**Martin Löcker** was born in March 1976. He studied industrial engineering and construction at the Technical University in

NAME	D.O.B.	POSITION	MEMBER SINCE	APPOINTED UNTIL
Karl Bier	03.03.1955	Chairman of the Managing Board	01.08.1992	31.12.2016
Martin Löcker	13.03.1976	Managing Board member	01.03.2009	31.12.2016
Heribert Smolé	16.02.1955	Managing Board member	15.07.1997	31.12.2016



Graz before studying real estate economics at the European Business School in Munich. He joined the PORR Group and UBM in 2001, from when he was responsible for projects in Austria, France and Germany before becoming an authorised signatory for UBM and Münchner Grund Immobilien Bauträger AG in 2007. He is also managing director of various project companies in Austria and abroad, and a member of the Managing Board since 1 March 2009. His responsibilities in 2014 included project calculations, technical reporting/controlling, technical quality management, asset management for hotels and capital budgeting analysis.

**Heribert Smolé** was born in February 1955. He joined the PORR Group in 1973 and in 1985 became head of the commercial administration department for investments. In 1990 he became an authorised joint signatory of UBM and gradually took on the functions of general manager and commercial director at various companies of the PORR Group. In 1996 he became qualified for real estate

management and brokerage including the apprentice trainers' examination. Since 1997 he has been a member of the UBM Managing Board and is responsible for the areas of finance and accounting, group and project financing, business risk management, controlling, reporting/forecasting/budgeting, HR administration as well as insurance and device equipment management.

The members of the Managing Board exercise no Supervisory Board mandates or fulfil comparable functions in Austrian or foreign companies (not included in the consolidated financial statements).

On 15 January 2015 **Michael Wurzinger**, born 9 April 1971, was appointed as a member of the Managing Board and **Claus Stadler**, born 1 July 1970, was named a designated member of the Managing Board. The distribution of responsibilities in the Managing Board was amended with the Supervisory Board resolution on 20 February 2015.

## MANAGING BOARD REMUNERATION in €

NAME	SALARY 2014	VARIABLE REMUNERATION	PENSION FUND	TOTAL
Karl Bier	350,080.82	300,000.00	n/a	650,080.82
Martin Löcker	224,898.00	100,000.00	9,434.84	334,332.89
Heribert Smolé	246,290.00	100,000.00	17,969.64	364,259.64

## DISCLOSURE ON MANAGING BOARD REMUNERATION

### REMUNERATION POLICY PRINCIPLES

The total remuneration of the Managing Board consists of a fixed salary, a variable performance bonus and other compensation.

The maximum value of the variable performance bonus for the Chairman of the Managing Board amounts to € 300,000.00 gross per year. The calculation relates to the Group's annual earnings after deductions for non-controlling interests. If the annual earnings meet or exceed the amount defined with the staff committee, the Chairman of the Managing Board is entitled to the maximum amount of the variable performance bonus. If earnings are below the defined amount, he is entitled to an aliquot share.

The other Managing Board members each receive an annual variable performance bonus in accordance with the aforementioned scheme, up to a maximum of € 200,000.00 gross per year.

The Chairman of the Managing Board has a direct pension entitlement, which, depending on the age of retirement, can amount to up to 30 % of the last fixed salary at the time his employment ends.

Annual payments are made to a pension fund for the other Managing Board members. The amount paid in is based on the age of the member.

D&O liability insurance covers the members of the Managing Board, the cost of which is borne by the company.

### THE GROUP'S SUPERVISORY BOARD

The UBM Supervisory Board is composed of members appointed by the Annual General Meeting. In accordance with Article 10 of the UBM Articles of Association, the number of members appointed by the Annual General Meeting must be at least three and not more than ten. In 2014 the UBM Supervisory Board consisted of eight members appointed by the Annual General Meeting.

As long as the Annual General Meeting has not specified a shorter term when appointing one or all Members, the Supervisory Board members are appointed until the end of the Annual General Meeting which rules on the approval of the Supervisory Board for the fourth business year after the initial election; the business year in which the Supervisory Board member was appointed does not count towards this four-year term. Should an appointment member of the Supervisory Board reject the appointment or leave in the course of the year, a vote to replace him/her is not required as long as a minimum of three members sit on the Supervisory Board. Members appointed as a replacement only serve for the remainder of the term which the previous member would have served.

Every member of the Supervisory Board can resign from his/her post following a three-month notice period upon a written declaration to the Chairman of the Supervisory Board.

In a meeting held once a year following the Annual General Meeting, the Supervisory Board elects a Chairman and one or more Deputies from among its members. If the Chairman or one of the elected Deputies withdraws from his/her post, the Supervisory Board must appoint a replacement for the rest of the term in office without delay.

In accordance with the Articles of Association, the Supervisory Board is quorate when at least three members of the Supervisory Board are present. The Supervisory Board passes resolutions by simple majority of members in attendance. The Chairman has a casting vote on resolutions, although tied votes are decided by drawing lots in the case of elections. The Chairman decides on the form of voting. The Supervisory Board meets at least four times per business year, whereby meetings take place once a quarter.

In the 2014 business year the Supervisory Board held four ordinary meetings.

## COMMITTEES

The Articles of Association specify that the Supervisory Board can form committees made up of its members.

Pursuant to Article 92 Section 4a Stock Corporation Act, the Supervisory Board formed an audit committee from among its members, which consisted of all Supervisory Board members in 2014.

The responsibilities of the audit committee include (i)

monitoring the financial reporting process; (ii) monitoring the effectiveness of the internal control system, the internal revision system and the Group's risk management system; (iii) monitoring the auditing of the individual and consolidated financial statements; (iv) assessing and monitoring the independence of the chartered auditors, in particular as regards any additional services they may have provided to UBM; (v) assessing the annual financial statements and preparing for their approval, assessing the proposal for appropriation of profits, the management report and the Corporate Governance report as well as reporting on the audit findings to the Supervisory Board; (vi) assessing the consolidated financial statements and the Group management report as well as reporting back to the Supervisory Board of the parent on the audit findings; (vii) preparing the Supervisory Board's recommendation on the choice of auditor.

In the 2014 business year the audit committee held two meetings. There were no additional committees in 2014.

A remuneration and nomination committee was established at the Supervisory Board meeting on 20 February 2015.

## COMPOSITION OF THE SUPERVISORY BOARD

Board in 2014, their date of birth, their position, the date of their first appointment to the Supervisory Board as well as the probable end of their time in office:

The following list shows the members of the Supervisory

NAME	D.O.B.	POSITION	MEMBER SINCE	APPOINTED UNTIL
Karl-Heinz <b>STRAUSS</b> , MBA, FRICS	27.11.1960	Chairman of the Supervisory Board <sup>1</sup>	14.04.2011	HV 2019 <sup>2</sup>
Iris <b>ORTNER</b> , MBA	31.08.1974	Deputy Chair of the Supervisory Board <sup>3</sup>	14.04.2011	HV 2019 <sup>2</sup>
Christian B. <b>MAIER</b>	09.01.1966	Member	03.05.2013	HV 2019 <sup>2</sup>
Horst <b>PÖCHHACKER</b>	16.11.1938	Chairman of the Supervisory Board <sup>4</sup>	03.09.1987	13.08.2014 <sup>7</sup>
Bruno <b>ETTENAUER</b>	25.01.1961	Member	11.04.2007	10.10.2014 <sup>7</sup>
Wolfhard <b>FROMWALD</b>	22.06.1952	Member	30.04.2014 <sup>5</sup>	15.01.2015 <sup>7</sup>
Bernhard H. <b>HANSEN</b>	25.07.1954	Member	03.05.2013	30.04.2014 <sup>7</sup>
Johannes <b>PEPELNIK</b>	14.06.1970	Member	25.06.2004	15.01.2015 <sup>7</sup>
Peter <b>WEBER</b>	11.10.1949	Member	03.05.2013 <sup>6</sup>	30.04.2014 <sup>7</sup>
Florian <b>NOWOTNY</b>	19.08.1975	Member	30.04.2014	10.10.2014 <sup>7</sup>

- 1) Karl-Heinz Strauss has been Chairman of the Supervisory Board since 18 September 2014; he was Deputy Chairman of the Supervisory Board from 27 February 2013 to 18 September 2014
- 2) The Supervisory Board members are appointed by the Annual General Meeting until the end of Annual General Meeting which will rule on the fiscal year 2018.
- 3) Iris Ortner has been Deputy Chair of the Supervisory Board since 18 September 2014; she was previously a member of the Supervisory Board from 2 July 2003 to 5 May 2010
- 4) Horst Pöchhacker was Chairman of the Supervisory Board since 18 April 2008; he was Deputy Chair of the Supervisory Board from 2 July 2003 to 18 April 2008. He was an ordinary member of the Supervisory Board since 3 September 1987. Horst Pöchhacker died on 13 August 2014.
- 5) Wolfhard Fromwald was previously a member of the Supervisory Board from 11 April 2007 to 3 May 2013.
- 6) Peter Weber was a member of the Supervisory Board from 3 May 2013 to 30 April 2014 and from 26 July 1995 to 30 December 2012. He was Chairman of the Supervisory Board from 26 July 1995 to 16 March 2000; he was Deputy Chairman of the Supervisory Board from 16 March 2000 to 2 July 2003 and from 18 April 2008 to 30 December 2012.
- 7) Leaving date

**All Supervisory Board members are appointed by the Annual General Meeting until the end of Annual General Meeting which will rule on the fiscal year 2018. In addition, at the extraordinary general meeting on 15 January 2015 Klaus Ortner, Susanne Weiss, Paul Unterluggauer, Bernhard Vanas and Ludwig Steinbauer were appointed to the Supervisory Board. The following members of the UBM Supervisory Board each fulfil the following additional functions on Supervisory Boards or comparable positions in (non-consolidated) domestic and foreign companies as of 31 December 2014:**

### Karl-Heinz **STRAUSS**, MBA, FRICS Chairman

- DATAX HandelsgmbH,  
Member of the Supervisory Board
- Kapsch Aktiengesellschaft,  
Member of the Supervisory Board
- KAPSCH-Group Beteiligungs GmbH,  
Member of the Supervisory Board
- Porr Bau GmbH, Chair of the Supervisory Board
- TEERAG-ASDAG Aktiengesellschaft,  
Chair of the Supervisory Board

### Iris **ORTNER**, MBA Deputy Chair

- ELIN GmbH, Deputy Chair of the Supervisory Board
- PORR AG\*, Member of the Supervisory Board
- TKT Engineering Sp. z o.o. (Poland),  
Deputy Chair of the Supervisory Board

\* listed on the stock exchange

## Christian B. MAIER

- Porr Bau GmbH,  
Deputy Chair of the Supervisory Board
- Rath Aktiengesellschaft\*,  
Member of the Supervisory Board
- TEERAG-ASDAG Aktiengesellschaft,  
Deputy Chair of the Supervisory Board
- Porr Beteiligungs-Aktiengesellschaft in Liqu.,  
Chair of the Supervisory Board
- Raiffeisenbank Aichfeld eGen,  
Member of the Supervisory Board

## Klaus ORTNER

- ELIN GmbH, Chair of the Supervisory Board
- PORR AG\*, Deputy Chair of the Supervisory Board

## Ludwig STEINBAUER

## Paul UNTERLUGGAUER

## Bernhard VANAS

- PORR AG\*, Member of the Supervisory Board

## Susanne WEISS

- ROFA AG, Chair of the Supervisory Board
- Schattdecor AG, Member of the Supervisory Board
- Wacker Chemie AG\*,  
Member of the Supervisory Board
- PORR AG\*, Member of the Supervisory Board

## EQUAL OPPORTUNITIES FOR WOMEN

As of 28 February 2015 there were seven women in managing positions throughout the Group (including the Managing Board and management levels 1 and 2). That is 16 % of management.

There are no salary differences between men and women performing the same activity and with the same qualifications. Women are specifically addressed in job advertisements.

As a sustainable corporation, UBM focuses on topics relevant for society, such as equal opportunities in the workplace. UBM treats its employees equally – regardless of gender, social background, sexual orientation, nationality, religion or age. We categorically oppose any form of discrimination or harassment.



**Karl Bier**

(Chairman of the UBM Managing Board)



**Martin Löcker**



**Heribert Smolé**

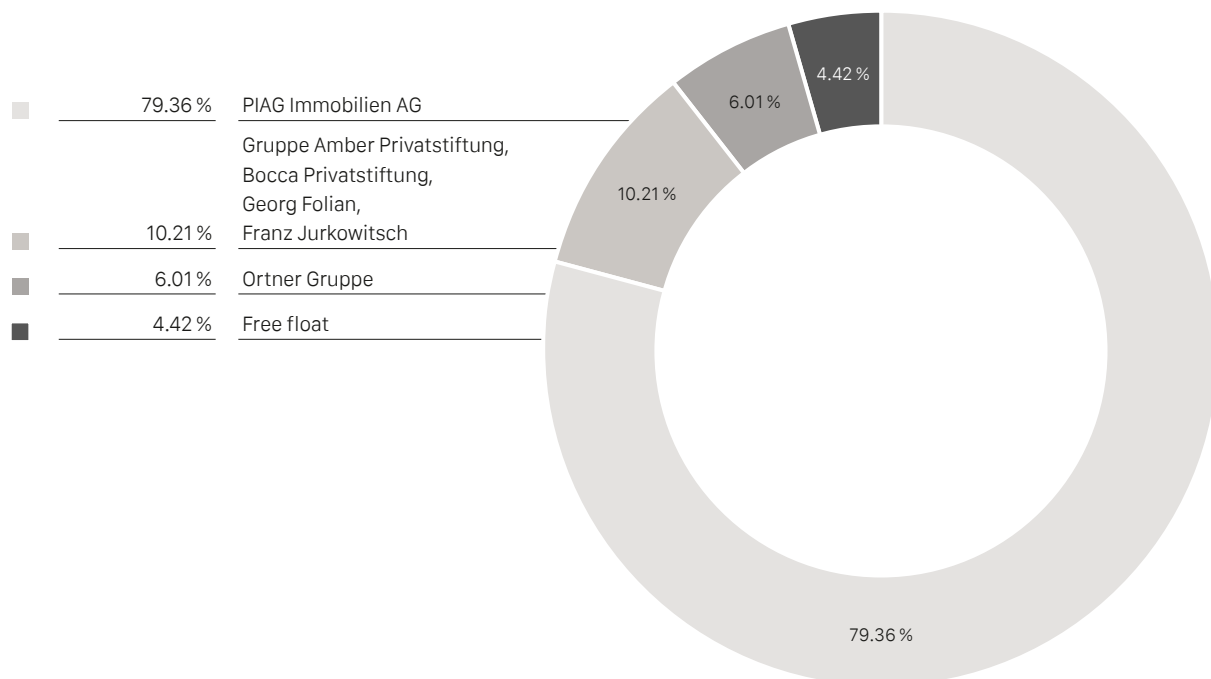


**Michael Wurzinger**

\* listed on the stock exchange

# Shareholder structure

**SHAREHOLDER STRUCTURE OF THE UBM REALITÄTENENTWICKLUNGS AG** in % per 31.12.2014



# financial report

**Together** we recognise  
and exploit opportunities.

financial report

**Villa Galicja**  
Poland, Krakow

**Berliving**  
Germany, Berlin





# Business developments, financial performance and position

UBM 2014 Management Report

## GENERAL ECONOMIC ENVIRONMENT

### MUTED RECOVERY FOR GLOBAL ECONOMY

The upward trend in the global economy which was clearly felt at the start of 2014 slowed over the course of the year and was significantly impacted by the increased political tensions in Europe and the Middle East. The conflicts related to the Ukraine and the terror group Islamic State (IS) led global growth forecasts for 2014 to fall to 2.7 %, far below the average of many years.<sup>1</sup> The US economy in particular continued to recover as a result of robust domestic demand – it grew by an impressive 2.3 % in 2014 – while China's economy underwent its slowest growth in 25 years of 7.4 %.<sup>2</sup>

### ECONOMIC WEAKNESS IN EUROPE

The eurozone economy was weaker than expected in 2014 and the outlook for 2015 is subdued. Following on from negative growth of 0.4 % in the previous year, moderate growth of 0.9 % was achieved in 2014.<sup>3</sup> While the reforms implemented in Spain, Portugal and Ireland have already yielded higher GDP growth – albeit from a low absolute level – countries which are less eager to adopt reforms such as Italy and France are still stagnating. The development and that fact that eurozone growth is not fulfilling its potential has heightened deflationary pressures. As further falls are expected in commodities prices, which will exacerbate this trend, weak GDP growth of 1.2 % has been forecast for 2015. The European Central Bank is also likely to stick to its expansionary policy. The greatest risk factors for the eurozone's economy and financial markets remain the tense geopolitical situation, policymakers and their reluctance to adopt reforms, followed by the failures on property and credit markets in some countries which have not yet been fully rectified.<sup>4</sup>

In contrast, the historically low interest rates had a positive effect on the property markets. They led to a fall in borrow-

ing costs for investments, at the same time as increasing the appeal of real estate when compared to other investment forms.

### STABLE GROWTH ON THE TARGET MARKETS

The core European countries Germany and Austria were also affected by an economic decline, primarily as a result of the Russia-Ukraine conflict. Nevertheless, Germany's year-on-year economic growth was 1.3 % in the reporting period.

Developments in Eastern Europe varied in 2014, although many countries enjoyed greater stability than in 2013. Average GDP growth stood at 3.0 %.<sup>5</sup> In addition to exports, domestic demand underwent a significant recovery here for the first time. Poland and Hungary stood out in particular. Polish GDP doubled to 3.1 % and a rise of 3.3 % is expected for 2015. Hungary also achieved growth of 3.3 % in the reporting period (Euroconstruct). The Czech Republic reversed the previous years' trend of stagnation and recession and generated a GDP increase of 2.6 %, a level which should be matched in 2015.<sup>6</sup>

While the impact of the Ukraine conflict has been felt in Central Europe, albeit not so dramatically, the conflict has had a far harsher effect on South Eastern Europe. This led to growth of 0.9 %, which was only slightly better than the eurozone despite the huge need for the economies to catch up and certain favourable operating conditions.

### MODERATE GROWTH IN AUSTRIA

The Austrian economy stagnated in the second half of 2014. However, the more favourable economic backdrop in spring and the growth overhang from 2013 led GDP to increase by 0.8 %.<sup>7</sup> The key factors here were relatively weak consumption and the reluctance of companies to invest, as well as a decrease in exports. In the reporting period there were also hardly any growth stimuli from the non-German-speaking



European markets. The subsequent weak demand for goods and services from abroad had a significant impact on Austria, which is highly dependent on exports – around half of Austrian exports still go to the eurozone.

A gradual, low-level recovery is expected for the Austrian economy in 2015. Domestic demand – first and foremost consumer spending – should remain the key growth driver, while foreign trade is likely to continue to hamper GDP growth. This scenario suggests a 0.7 % GDP rise in 2015.<sup>8</sup>

## ECONOMIC GROWTH INDICATORS 2014 in %

	GROWTH RATE	INFLATION RATE (HVPI BASIS) <sup>1</sup>	UNEMPLOYMENT RATE
European Union	1.4 <sup>1)</sup>	0.6 <sup>1)</sup>	10.2 <sup>1)</sup>
Eurozone	0.9 <sup>1)</sup>	0.4 <sup>1)</sup>	11.6 <sup>1)</sup>
Austria	0.8 <sup>2)</sup>	1.5 <sup>1)</sup>	5.0 <sup>3)</sup>
Germany	1.3 <sup>2)</sup>	0.8 <sup>1)</sup>	5.0 <sup>1)</sup>
Switzerland	1.7 <sup>2)</sup>	0.0 <sup>1)</sup>	3.6 <sup>3)</sup>
Poland	3.1 <sup>2)</sup>	0.1 <sup>1)</sup>	9.0 <sup>1)</sup>
Czech Republic	2.6 <sup>2)</sup>	0.4 <sup>1)</sup>	6.1 <sup>1)</sup>

1) Source: Eurostat

2) Source: Euroconstruct

3) Source: WKO

## WESTERN EUROPE – FOCUS ON GERMANY

Property investments in the 14 most important markets in Western Europe achieved double-digit growth rates in 2014: volumes were up by 20 % against 2013 and the vacancy rates in the major urban areas remained well below 10 %. Institutional investors showed a growing interest in the housing market, particularly in Germany and the Netherlands.

In 2014 Europe proved to be an exceptionally strong market for hotel investments, with transaction volumes rising faster than in any other region. Further robust growth is expected here in 2015. The good economic forecasts for the USA suggest that the number of travellers from this region will rise – this should also contribute to higher occupancy in the most popular capital cities.<sup>9</sup>

Employment growth was a key positive factor in Germany and in 2014 office properties maintained their leading position among all asset classes. Once again Berlin, Düsseldorf, Frankfurt, Hamburg and Munich enjoyed the highest demand for office properties – rental volumes increased significantly. Overall, commercial investment in Germany was

## DEVELOPMENTS ON THE INTERNATIONAL PROPERTY MARKETS

The international markets experienced a record year in 2014, whereby the fourth quarter in particular achieved exceptional volumes. In light of the low oil price, economic growth in the USA and the recovery of the eurozone, further growth is expected in 2015. The forecasts for the full year were also significantly surpassed in Europe.

up for the fifth time: in 2014 volumes rose by 30 % against the previous year. Hotel and logistics properties underwent the sharpest rise. Transaction volumes for hotels reached a record total of € 3 billion – this is therefore 130 % higher than the ten-year average. Cities such as Munich and Cologne reported triple-digit increases – Bavaria's capital was the absolute top location in Germany, followed by Frankfurt, Berlin and Hamburg. While commercial properties rocketed, the volumes invested in residential property declined in 2014. However, the long-term outlook remains positive: the ten-year average was exceeded by almost a fifth. Listed property companies were the most important investor group. In 2014 a total of 218,000 apartments were sold.<sup>10</sup>

## CENTRAL AND EASTERN EUROPE

The investment landscape in Central and Eastern Europe was extremely mixed, with significant differences between the individual countries. In the leading markets, prime assets attracted interest, as did regional centres and other riskier options. Overall investment volumes in 2014 totalled € 7.9 billion, which was more than a quarter above the value of 2013, even though the growth lagged behind the forecasts.

With investment of € 3.2 billion, Poland proved to be the dominating market and cemented its role as a stable factor in the region. Growth was also between 50 % and 70 % in the Czech Republic, Hungary and Slovakia, whereby the Czech Republic was the second largest market with transactions totalling € 2 billion. Investments in Russia nosedived as a result of economic uncertainty.<sup>12</sup>

## VIENNA PROPERTY MARKET

Record highs were achieved in Austria in 2014. Property remained a highly attractive investment option and interest from foreign investors in particular had a stimulating effect. Transaction volumes reached € 2.8 billion – an increase of 60 % against 2013.<sup>13</sup> Three quarters of the volumes invested went to the capital city – the Vienna office market continues to be one of the most stable in Europe. With 10.8 million square metres at year end 2014, the amount of space held steady and the vacancy rate of 6.6 % was maintained – this level is also expected to remain stable in 2015.<sup>14</sup> Prime rents in top locations in the central districts will remain broadly constant in 2015 at € 25.75 per m<sup>2</sup>, while medium and average locations have shown an upwards trend which is expected to continue in 2015.<sup>15</sup>

Sources: BNP Paribas, CBRE, EHL, Jones Lang LaSalle

## BUSINESS DEVELOPMENTS

The business performance of UBM AG is significantly affected by the Group's structure and the realisation of projects by a large number of different project companies.

The revenues of UBM AG as of 31 December 2014 stood at € 32.9 million (2013 € 19.2 million) and were primarily generated by property sales, invoicing management services for projects in the Czech Republic, Poland, Slovakia, Romania, Germany and Russia, as well as rental income from office, commercial and residential properties in Austria.

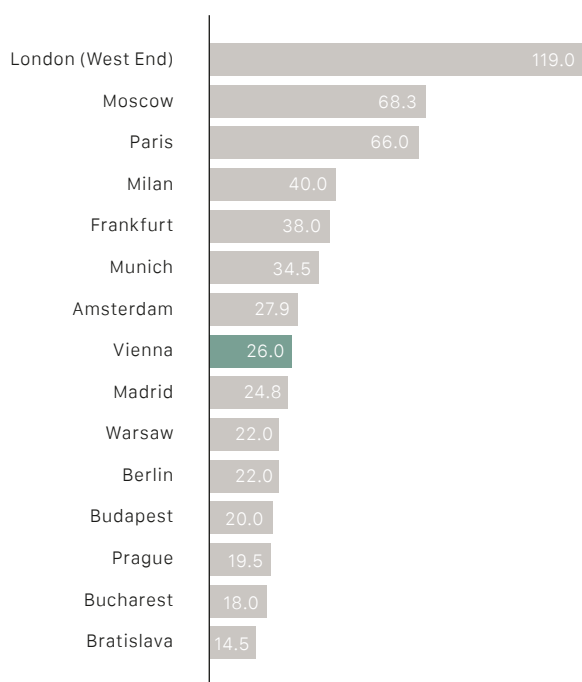
## KEY FINANCIAL INDICATORS

### FINANCIAL PERFORMANCE

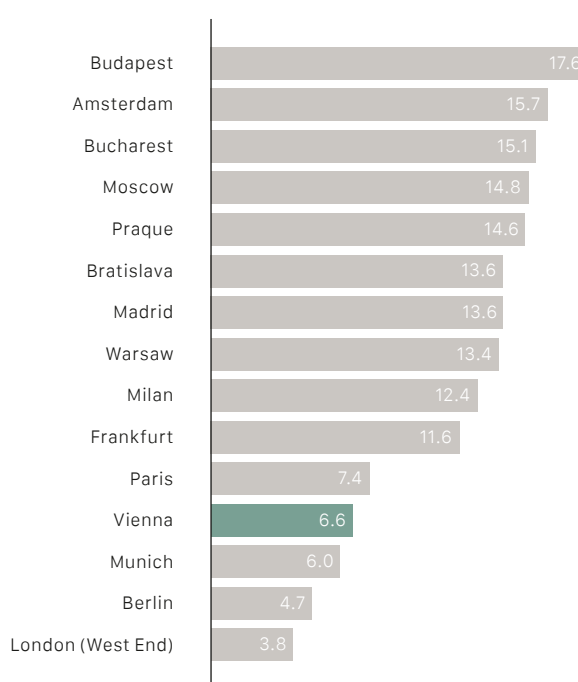
The revenues recognised in the income statement of UBM AG totalled € 32.9 million in 2014 and were therefore higher than the previous year. The revenues reported were generated by invoicing management services as well as from rental income and sales proceeds.

The change in inventories of services not yet invoiced amounted to € 1.8 million and other operating income

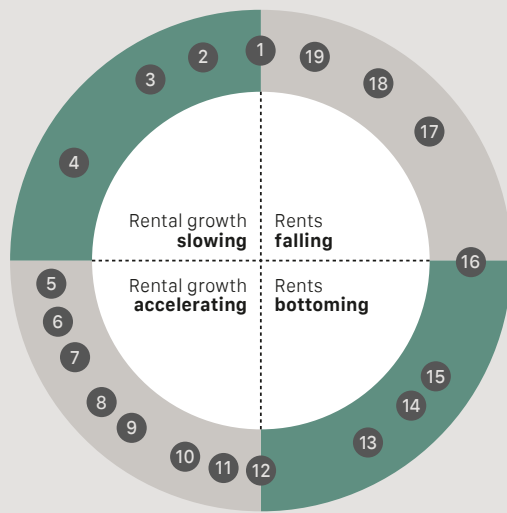
### PRIME RENTS IN EUROPE in €/m<sup>2</sup> per month\*



### VACANCY RATES IN EUROPE in %\*



\* Source: EHL-Büromarktbericht<sup>11</sup>



## EUROPEAN OFFICE PROPERTY CLOCK\*16

The Jones Lang LaSalle index covers a total of 24 cities and provides a visual representation of the position on these markets in relation to prime rents within a conventional rental cycle. Seven European cities experienced an increase in prime rents in the fourth quarter 2014. London was fuelled by pent up demand, while Dublin, Stockholm and Luxembourg also recorded another positive performance. Among the cities with falling rents, Moscow was particularly hard hit because of the Ukraine crisis – in the fourth quarter 2014 alone, rents plummeted by almost a fifth. In 2014 the 24 indexed cities achieved an overall increase in turnover of 5 % against 2013 and thereby matched the level of the five-year average. 14 cities showed a decline in vacancy in the fourth quarter 2014, while aggregated European vacancy remained static at below 10 %.

\* Source: Jones Lang LaSalle<sup>16</sup>  
[http://www.jll.eu/emea/en-gb/Documents/EuropeanOfficePropertyClock/JLL\\_Office\\_Report\\_Clock\\_Q4\\_2014.pdf](http://www.jll.eu/emea/en-gb/Documents/EuropeanOfficePropertyClock/JLL_Office_Report_Clock_Q4_2014.pdf)

- 1 Vienna, Lyon
- 2 Cologne
- 3 Berlin, Frankfurt, Stuttgart, Hamburg, Oslo
- 4 Munich
- 5 London West End
- 6 Stockholm, Dublin, London City
- 7 Luxembourg
- 8 Manchester
- 9 Edinburgh
- 10 Amsterdam, Milan, Madrid
- 11 Barcelona, Paris CBD
- 12 Athens, Brussels, Rome, Bucharest, Budapest, Prague, Copenhagen, Istanbul, Lissabon
- 13 Warsaw
- 14 Geneva, Zurich
- 15 Kiev
- 16 Dusseldorf
- 17 Moscow
- 18 St. Petersburg
- 19 Helsinki

totalled € 0.2 million. This resulted in operating output of € 34.9 million, which represented an increase against the previous year (€ 20.7 million) due to higher values of real estate transactions.

The cost of materials increased by € 5.1 million to € 14.3 million.

Personnel expenses amounted to around € 8.3 million, representing an increase of € 1.2 million (2013: € 7.1 million). The item other operating expenses, which primarily consists of rent and administrative costs for staff units, travel expenses, advertising costs, other third-party services, contributions and charges and legal and consultancy services and bank charges, was € 8.7 million, exceeding the level of 2013 (€ 5.9 million).

Income from participations showed a decrease to € 12.9 million (2013: € 14.6 million). Income from other securities and loans held under financial assets increased to € 15.3 million (2013:

€ 14.0 million). Other interest and similar income also rose (from € 2.6 million to € 2.7 million). Income from the disposal and upwards revaluation of financial assets declined from € 11.6 million to € 2.7 million. Expenses on financial assets also fell (from € –19.6 million to € –13.7 million), while interest and similar expenses rose to € –15.5 million. This resulted in financial profit of € 4.5 million (2013: € 10.2 million).

The profit on ordinary activities (EBT) in UBM AG fell from € 7.3 million in the previous year to € 6.5 million. Taxes on income in the reporting period totalled € 1.2 million (income) compared to € 0.5 million (income) in the previous year. The profit after tax for 2014 was therefore € 7.7 million (2013: € 7.8 million).

UBM AG achieved a retained profit for the year of around € 7.5 million, this forms the measurement basis for the dividend payout. **The Managing Board will propose a dividend of € 1.25 per share entitled to dividends to the Annual General Meeting.**

## INCOME STATEMENT summary

IN € MILLION	2014	Change in %	2013	2012
Revenues	32.9	+71.35 %	19.2	38.5
EBT*	22.0	+8.4 %	20.3	24.1
Profit on ordinary activities, EBT	6.5	-11.0 %	7.3	11.5
Profit after tax	7.7	-1.3 %	7.8	11.1
Retained profit	7.5	+97.4 %	3.8	3.3

\* EBIT = profit on ordinary activities plus interest expense

Return on assets was 4.7 % in 2014 (2013: 5.6 %). Return on equity was 5.5 % (2013: 6.4 %) and the equity ratio was 25.3 % as of 31 December 2014 (2013: 31.8 %).

At the end of the reporting period equity was around € 118.1 million, marking a rise against the previous year of € 4.2 million. The equity ratio declined to 25.3 % compared to 31.8 % in the previous year.

## FINANCIAL POSITION AND CASH FLOWS

The total assets of UBM AG increased by 30.5 % against the previous year to around € 467.9 million. Current assets accounted for 41.2 % (2013: 24.8 %) of total assets and stood at € 192.8 million at year-end. Non-current assets represented the majority of the assets at 57.2 % and totalled € 267.5 million (2013: € 264.8 million). At 31 December 2014 property, plant and equipment was € 21.5 million (2013: € 29.1 million), whereby the majority consisted of developed land and buildings on leasehold land. Intangible assets fell by 28.5 %.

Receivables rose from around € 10.2 million to € 11.2 million. **The bonds from 2010 (€ 50.2 million), 2011 (€ 51.9 million) and 2014 (€ 175.0 million) are shown under liabilities.** Total liabilities stood at € 336.8 million (2013: 232.5 million).

Operating cash flow rose from € 12.6 million to € 25.1 million. Cash flow from investing activities changed from € -3.1 million to € -124.9 million, while cash flow from financing activities went from € -4.7 million to € +83.9 million.

The structure and volume of current assets underwent the following changes: inventories rose by € 1.7 million to € 11.8 million. Receivables also increased in the reporting period and amounted to € 162.7 million in 2014. Cash and cash equivalents fell to the current € 18.3 million (2013: € 34.2 million). In total, current assets thereby increased from € 88.9 to € 192.8 million.

Liquidity planning demonstrates that the company is currently in a position to meet its existing and any perceived future payment obligations, thanks to the continuation and the completion of significant investment plans. The stable interest rate at present means that no impact which would trigger any change in lending conditions is anticipated.

## CASH FLOW STATEMENT summary

IN € MILLION	2014	2013	2012
Operating cash flow	25.1	12.6	26.1
Cash flow from investing activities	-124.9	-3.1	-11.7
Cash flow from financing activities	83.9	-4.7	-26.8
Change in cash and cash equivalents at 31 Dec	-15.9	4.8	-12.5

## ASSET, EQUITY AND LIABILITY STRUCTURE

IN %	2014	2013	2012
Non-current assets	57.2	73.8	77.1
Current assets	41.2	24.8	21.4
Prepayments and accrued income	1.6	1.4	1.5
Equity and liabilities	25.3	31.8	30.8
Untaxed reserves	–	0.1	0.1
Provisions	2.4	2.8	3.2
Liabilities	72.0	64.8	65.4
Accrued expenses and deferred income	0.4	0.5	0.5
<b>Total assets in € million</b>	<b>467.9</b>	<b>358.7</b>	<b>355.3</b>

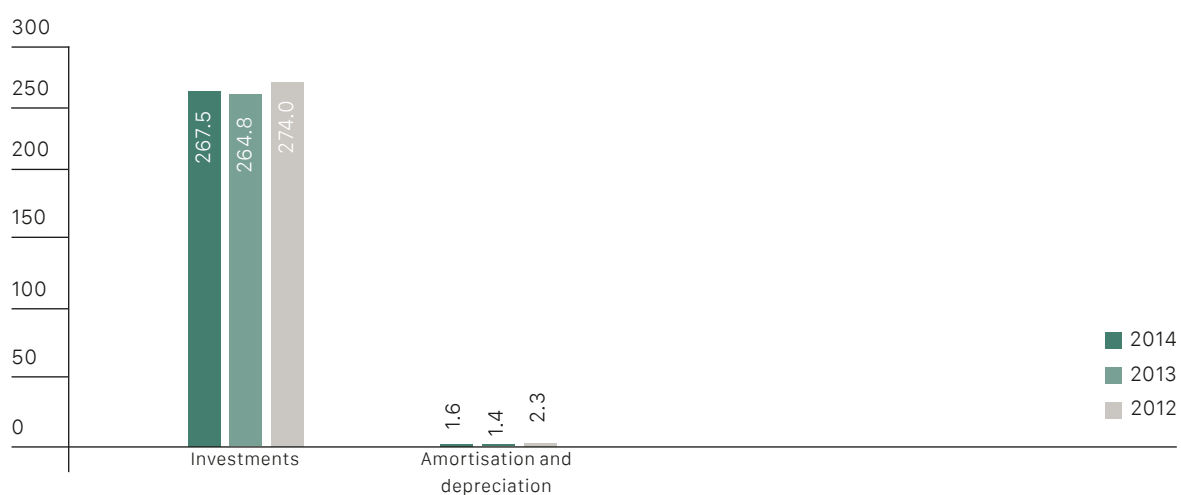
## INVESTMENTS

The non-current assets rose by € 2.7 million against the previous year to € 267.5 million. The main reason for this was the item loans to undertakings linked by virtue of participating

interests. Under non-current assets, € 21.5 million represented property, plant and equipment and € 245.4 million was financial assets.

## INVESTMENTS AND DEPRECIATION

(PROPERTY AND EQUIPMENT AND FINANCIAL REAL ESTATE) in € million



IN € MIO.	2014	2013	2012
Non-current assets	267.5	264.8	274.0
Intangible assets	0.6	0.9	0.9
Property, plant and equipment	21.5	29.1	31.2
Financial assets	245.4	234.8	241.9

## NON-FINANCIAL PERFORMANCE INDICATORS

### ENVIRONMENTAL ISSUES

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

### STAFF

The Group staff structure at 31 December 2014 shows that around 10% of our employees are employed at UBM AG. We

offer professional development and training measures in the areas of planning and project development, business economics and law, as well as language courses and seminars for soft skills. Here we take into account the individual needs of our staff as well as the requirements of the market.

Since UBM is geographically diverse, our personnel often have to work in international teams; the resultant exchange of expertise is yet another important factor within the context of comprehensive HR development.

SALARIED EMPLOYEES AND WAGED WORKERS	2014	2013	2012
UBM AG	57	54	56

### BRANCH OFFICES

**UBM Realitätenentwicklung AG has the following branch offices entered in the Commercial Register:**

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

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

A resolution was passed at the extraordinary general meeting on 15 January 2015 on the basis of the draft merger agreement dated 28 November 2014, to merge PIAG Immobilien AG as the transferring company and UBM AG, Vienna, as the acquiring company with a retrospective effective date of 1 July 2014, whereby the merger of PIAG with UBM AG involved the transfer of PIAG's assets to UBM AG by way of universal legal succession without recourse to liquidation.

To carry out the merger, UBM increased its share capital from € 18,000,000 by € 30,000 to € 18,030,000 by issuing 10,000 new no-par bearer shares in UBM. As the transferring company, PIAG's assets were used as contribution in kind for the capital increase. The new shares as part of the capital increase were transferred by UBM to the PIAG shareholders at the pro-rata amount of share capital due to them of € 3.00 per share without applying a premium.

# Forecasts and corporate risks

## ECONOMIC GROWTH FORECAST: OUTLOOK FOR 2015

### GLOBAL ECONOMY

The global economy is expected to grow by around 3.5 % in 2015, thereby matching the growth of the previous year. High oil production is continuing to put pressure on energy prices and thereby having a stimulating effect. The USA's economic recovery is gathering pace and GDP is expected to rise by around 3.5 %. In contrast, developments in China are less positive: growth has been lower than expected in the first months, prompting fears of a downswing. Economic growth in Japan has also been sluggish – limited growth of 1.3 % has been forecast for 2015.<sup>17</sup>

### EUROPE

Economic growth in Europe still lags significantly behind that of the USA. The devaluation of the Euro and the oil price slump has had a positive impact, whereby energy costs have fallen sharply. This contrasts with the situation in Russia, even if this does not have a very strong influence on exports in the eurozone. Growth of 1.7 % is expected for the whole EU, while the eurozone is slightly behind at 1.3 %. This year every EU country is set to return to growth for the first time since 2007. Growth forecasts range from 0.2 % in Croatia to 3.5 % in Ireland – the pace again varies greatly.

Inflation in the EU will remain very low in 2015 at 0.2 %, also the result of the low oil price. The eurozone will even be subject to slight deflation. Investments continue to be weak, while unemployment remains high, although employment is starting to increase slightly. In 2015 unemployment in the EU is set to decline slightly to 9.8 % and to 11.2 % in the eurozone. Overall, experts see uncertainty surrounding further economic growth. Geopolitical tensions, sustained low inflation, increased volatility on the financial markets and divergent fiscal policy strategies could have a negative impact on growth prospects.<sup>18</sup>

The deficit ratio is set to go down and a fall to 2.6 % is expected for the entire EU. Germany, Europe's largest economy, will have a budget surplus, as it did last year. German GDP should grow by around 1.5 % in 2015. The weak Euro is benefiting exports and lower interest rates are boosting

construction activity. Furthermore, Germany has the lowest levels of unemployment at 4.9 %. Robust economic growth of 2.6 % is also forecast for Great Britain, thanks to consumer spending.<sup>19</sup>

### AUSTRIA

The economic growth outlook for Austria is reticent for the current year and growth forecasts have been revised downwards to 0.8 % of GDP. Austria is therefore near the bottom of the EU league. The Austrian economy is characterised by underutilisation and construction activity is modest. One factor is the weakened economy in the eurozone – these countries receive 40 % of Austrian exports. The weak Euro and the lower oil price are only partly capable of offsetting this impact. Low energy costs will keep inflation low at 1.1 %. The workforce is growing due to additional workers coming from abroad and an increase in the number of women at work. Unemployment will rise slightly in 2015 and reach a level of 5.2 % in accordance with the Eurostat method. In contrast, there will be positive developments in the budget deficit, which is set to fall to 2 % of GDP in 2015. Nevertheless, a balanced budget is not yet in sight.<sup>20</sup>

### CENTRAL AND EASTERN EUROPE

The economic growth of the new member states continues to surge ahead of the EU 28; the edge is set to reach around 1.1 percentage points in 2015. Robust domestic demand in many countries is lessening the sluggish development of the eurozone. The economy in most of the countries will continue to accelerate; stagnant growth is only expected in Hungary and Slovenia.

Poland is set to maintain its strong growth with a plus of 3.2 %. The business climate is restrained in Central and Eastern Europe according to current opinion, although there is an optimistic business outlook for two thirds of the markets. On the other hand, the indicators for Russia point to a descent, as state intervention will not be able to compensate for the decline in investment by private clients and foreign investors. Furthermore, the fall in the oil price has a negative impact on Russia as an energy exporter. The Ukraine is also suffering from a significant slump. The conflict between Russia and the Ukraine is having a highly divergent effect on European countries;



the Baltic States are the hardest hit due to their close economic ties.<sup>21</sup>

## VIENNA PROPERTY MARKET

The interest shown by international investors, particularly from Germany but also from the Middle and Far East, will remain strong in 2015. In light of the low interest rates, there is a lot of liquidity available – properties in Vienna are currently an interesting investment prospect for institutional investors. The investment risk is far lower than on many other markets in Europe due to the minimal fluctuation in rents. In 2015 around 130,000 m<sup>2</sup> of new space is expected to come onto the Vienna office market, a large percentage of this has already been pre-let. Rental levels are also set to rise slightly this year to 230,000 m<sup>2</sup>. First-time occupancy in low-rise buildings is far more popular than in office towers. A slight downward trend has been observed in vacancy rates.<sup>22</sup>

Sources: Bank Austria, CBRE, European Commission, IMF, OeKB, OeNB, Raiffeisen, wiiw, WIFO

### FOOTNOTES:

- 1 <http://www.iv-net.at/b3464>
- 2 <http://www.zeit.de/politik/ausland/2015-03/china-senkt-wachstumsziel>
- 3 Eurostat, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=de&pcode=tec00115&plugin=1>
- 4 Semper Constantia, Markteinschätzung Q1/2015
- 5 Raiffeisen Bank International, Raiffeisen Schauplatz Osteuropa
- 6 Euroconstruct, Country report 2014
- 7 Euroconstruct, Country report 2014
- 8 Wirtschaftsforschungsinstitut (WIFO), Konjunkturbericht Februar 2015
- 9 <http://www.jll.com/gmp>  
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- 10 [http://www.realestate.bnpparibas.de/bnppre/de/research/suchmaschine-research-cfo4\\_15951.html?endYear=&beginMonth=&text=&myDate=&endDay=&searchResearch=true&dateType=pdate&cids=p\\_1626159&wrkspc=cfo4\\_15509&types=ReCoResearch&dateSince\\_unit=2678400000&dateSince\\_user=18&rebonds=true&dateSince=558](http://www.realestate.bnpparibas.de/bnppre/de/research/suchmaschine-research-cfo4_15951.html?endYear=&beginMonth=&text=&myDate=&endDay=&searchResearch=true&dateType=pdate&cids=p_1626159&wrkspc=cfo4_15509&types=ReCoResearch&dateSince_unit=2678400000&dateSince_user=18&rebonds=true&dateSince=558)  
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- 11 <http://www.ehl.at/de/marktberichte#berichtbestellen>
- 12 [http://www.realestate.bnpparibas.com/bnppre/en/market-research/poland/polish-research-p\\_1595637.html](http://www.realestate.bnpparibas.com/bnppre/en/market-research/poland/polish-research-p_1595637.html)  
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- 13 <http://immobilien.diepresse.com/home/investment/4637346/Rekordwert-bei-ImmolInvestitionen-2014-in-Osterreich->  
<http://derstandard.at/2000006396511/Investitionen-kratzen-an-Drei-Milliarden-Marke>
- 14 <http://wirtschaft-online.bankaustria.at/#Artikel/rekordverdaechtig-2014-war-ausgezeichnetes-jahr-fuer-immobilien-investments>  
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- 16 <http://www.jll.ch/switzerland/de-de/research/40/europ%C3%A4ische-b%C3%BCroimmobilienuhr-q4-2014>
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- 20 [http://www.wifo.ac.at/jart/prj3/wifo/main.jart?content-id=1298017551022&publikation\\_id=57834&detail-view=yes](http://www.wifo.ac.at/jart/prj3/wifo/main.jart?content-id=1298017551022&publikation_id=57834&detail-view=yes)  
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[http://www.cbre.at/at\\_de/research/vienna\\_reports](http://www.cbre.at/at_de/research/vienna_reports)

## CORPORATE FORECAST: OUTLOOK FOR 2015

As the parent company of the UBM Group, the performance of UBM AG is significantly tied to the developments of the companies in which it holds an interest and therefore to the UBM Group. The following is therefore based on the probable performance of the UBM Group.

### CORPORATE STRATEGY

The Group's corporate strategy is:

- Building up market presence and market share in dynamic urban areas on the home markets of Austria, Germany and Poland by expanding in new local markets and exploiting the existing market presence and positive market outlook
- Pursuing projects in urban areas in Europe outside the home markets on an opportunistic basis while applying a focused "follow your customer" approach
- Concentrating on the key asset classes Residential, Hotel and Office

Management intends to achieve these goals by applying the following strategic measures:

#### Concentrating on the home markets

At 31 December 2014 the breakdown of properties based on their carrying amounts shows around 40% of properties in Austria, around 26% in Germany, around 24% in Poland and around 10% in other countries. Around 81% of current projects based on plan values are in Austria or Germany. The UBM Group wants to increase its focus on the key urban areas in the home markets of Austria, Germany and Poland. Management assumes that these areas offer a solid macro-economic foundation, a healthy forecast for property development demand and a stable financial backdrop.

#### Concentrating on the key asset classes

Having analysed demand on the home markets, management intends to focus on:

- Residential properties in the medium and high price segments
- Hotels with 3 to 5 stars as well as serviced apartments and facilities
- Office properties in „CBD“ (Central Business District) locations and in business parks with good infrastructure links, for example near airports

### Synergies from the merger

Following the merger with PIAG Immobilien AG, management intends to exploit the increased resources to expand business activities, as well tapping into potential for improving costs and productivity. The entire operating, commercial and legal unit for Austria will be brought together in UBM Development.

The strengths and expertise which are available from both UBM and STRAUSS & PARTNER should be pooled and made available to the whole Group across the entire value chain. For example, services in planning or project management which were previously outsourced by STRAUSS & PARTNER can now be handled internally using the expertise and capacity of UBM. Furthermore, on the basis of the various places where there is a regional presence, the existing local expertise on an area can also be used for new projects in an asset class which has not yet been realised at this location. Finally, all overlaps in the operating business should be eliminated and processes merged.

### Selling completed properties

In the past the Group held properties whose development had been completed, sometimes also for longer periods, before selling them. This led to a portfolio of completed, developed properties. The Group intends to substantially reduce this portfolio and determine up to 40 properties which should be sold off. The stake in the Hungarian M6 motorway should also be sold. The Group intends to generate net proceeds (after costs, taxes and settling project-specific financing) from these sales of up to € 250 million within an 18-month period from the fourth quarter 2014. These sales should lead to improvements in capital efficiency, revenues and cash flows.

### Improving capital efficiency

In future the Group will strive to sell properties more quickly. Here selective forward sales should also be concluded, whereby the later sale of a property development can already be contractually concluded even in the initial development phase. In addition, projects should increasingly be realised in partnerships, where the project is accounted for under the equity method. The Group intends to reduce net debt by up to € 250 million in the medium term through the application of improvements in capital efficiency.

## SIGNIFICANT RISKS AND SOURCES OF UNCERTAINTY

### RISK MANAGEMENT GOALS AND METHODS

The UBM Group deploys a Group-wide risk management system for the early identification, evaluation, control and monitoring of risks on a continuous basis. Our objective is to obtain information on risks and the related financial impact as early as possible in order to be able to implement suitable countermeasures. Due to the diversity of our business activity in terms of sectors and geography, risk management is becoming increasingly important to safeguard our business success. Risk management responsibilities involve general processes, technology, development and commercial aspects.

The responsibilities have been clearly defined for each area, and experienced employees reporting directly to the Managing Board have been assigned to these tasks. General risks such as strategic risks, for example, which do not arise during the course of our projects but stem from the strategic business purpose of the company, are handled by the Managing Board in consultation with the Supervisory Board.

### MARKET PENETRATION RISK

Thanks to its many years of experience, UBM is aware of how the real estate markets in Central and Eastern Europe work, and what their features are. A detailed market and risk analysis of the given country precedes every expansion move. These analyses examine the micro and macroeconomic development of the region or of the corresponding property market. However, what is crucial first and foremost for the realisation of a project are the individual influencing factors. In this context we have to forecast market developments correctly and try to identify potential tenants in advance.

Guidelines regarding a minimum degree of sales potential increase the security of an investment in a project. The broad geographic and sectoral diversification of the UBM Group means that penetrating new markets is safeguarded by the

solid foundation of the existing real estate portfolio. Below is a list of the main risks known to us which can have a sustained influence the company's financial position, financial performance and cash flows.

### EXISTING RISKS

#### Risk of price changes

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

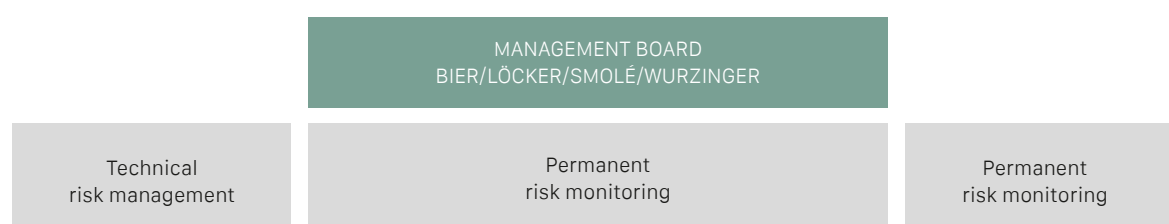
Since our rental revenue is not only index-linked but the rental contracts for foreign properties (which are concluded almost exclusively with international groups) are also based on hard currency contracts, UBM can be exposed to a heightened risk on account of currency depreciations in CEE. To minimise this risk, action has already been and will continue to be taken with a view to concluding contracts in respective national currencies.

Since UBM offers a comprehensive range of services, the firm is heavily dependent on third-party businesses. The associated risks in terms of quality, deadlines and costs could lead to supply difficulties in the event of increased demand. Operating areas could be exposed to price hikes in the fields of energy and commodities. Unless these can be passed on to customers they have an adverse effect on earnings.

Real estate markets in particular, which apart from macroeconomic factors are also affected by supply, suffer from strong cyclicality with regard to the development of demand. Yet thanks to our broad sectoral and geographic diversification we can compensate in the best possible way for regional market fluctuations and flexibly adjust our commitments. The option of choosing whether to sell or rent our properties also enables us to counter temporarily adverse market situations on a flexible basis.

#### Default risk

Default risks principally relate to original financial instruments, namely loans and receivables. These potential risks are addressed by applying impairment. Credit rating checks and adequate securities also ensure the best possible



protection. The maximum default risk is represented by the carrying amounts stated for these financial instruments in the statement of financial position.

### Liquidity risk

The liquidity risk is defined as the risk that liabilities cannot be paid upon maturity. Managing the liquidity risk is based on a precise financial plan which originates at operational level and is centrally coordinated. This is how the demand for financing and bank loans is determined.

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

### Interest rate risk

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

### Staff risk

The competition for qualified personnel can be a hindrance to effective business operations. Future success therefore depends on being able to tie our staff to the company in the long run and identifying highly qualified personnel.

We are aware of this risk and manage the situation in a proactive manner by relying on institutional programmes for apprentices, training and professional development courses, in order to address these risks well into the future.

### Shareholding risk

The shareholding risk is the risk of fluctuations in the market value of UBM shareholdings. For the Group companies, the specific types of risks (e.g. market or credit risks) are collated at the level of the individual company. Shareholding risks are calculated and analysed by Controlling, who reports to management on a monthly basis. If certain risk thresholds or concentrations are reached, the management shall be presented with various courses of action.

### Credit risk

Credit risk describes the threat of losses caused by the default of a business partner who is no longer capable of

meeting its contractual payment liabilities. This comprises default and country risks as well as lower credit ratings of borrowers. In the field of real estate the credit risk comprises rental obligations. The default of a tenant and the resultant loss of rental payments reduce the present value of the real estate project. This risk is taken into account based on expert estimates at project level.

### IT risk

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

### Country risk

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

### Impairment risk

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

### Internal control system

The internal control system (ICS) has the following goals:

- Checking compliance with the business policy and the set goals
- Safeguarding the assets of the company
- Ensuring the reliability of accounting and reporting
- Ensuring the effectiveness and efficiency of operating processes
- Fulfilling legal requirements by the Managing Board and Supervisory Board
- Early risk detection and reliable assessment of potential risks

- Compliance with statutory and legal provisions
- Efficient use of resources and cost-efficiency
- Ensuring information, documentation and processes are complete and reliable

# Research and development

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

The Group does not conduct any research or development.

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

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

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

The internal control system has been further developed with an investment committee for new projects, in which the Managing Board, the responsible managers and controlling evaluate the potential risks of a project and decide whether implementing the project meets the Group's risk management guidelines.

## Other risks

Due to a payment made to a company of Mr Meischberger, accusations have been made against two Board members.

# Disclosure according to Art. 243a, Austrian Commercial Code

- 1 As at 31 December 2014 the share capital is composed of 6,000,000 no-par bearer shares, each representing the same amount of share capital and totalling € 18,000,000.00. 6,000,000 shares were in circulation at the end of the reporting period. All shares bear the same legal rights and obligations, and each share carries the right to vote, which may be exercised in accordance with the number of shares held. In accordance with Section 22 of the company's Articles of Association, in the event the shares are not fully paid in, the right to vote shall only be granted once the minimum legal payment has been made. The share capital of the company is fully paid in. The bearer shares must be documented in a global certificate, several if required, and deposited at a collective securities depository in accordance with Article 1 Section 3 of the Securities Deposit Act or at an equivalent foreign institution.
- 2 There are no limitations known to the Managing Board concerning voting rights or the transfer of shares.
- 3 The following shareholders hold a direct or indirect interest amounting to at least ten percent of the share capital as at 31 December 2014:
  - PIAG Immobilien AG: 79.36 %
  - Amber Private Foundation Group, Vienna, Bocca Private Foundation, Vienna, Georg Folian, Vienna, Franz Jurkowsch, Vienna: 10.21%
- 4 There are no shares with special control rights at the company.
- 5 At UBM Realitätenentwicklung AG there are no employee stock ownership plans in which the employees do not exercise voting rights directly.
- 6 In accordance with Article 21 Section 1 of the Articles of Association, the resolutions of the general meeting of shareholders shall be passed with a simple majority unless otherwise prescribed by specific provisions of the Stock Corporation Act. According to the legal opinion of the Managing Board, this provision of the Articles of Association has reduced the necessary majority of at least three quarters of share capital for passing a resolution to a simple capital majority, even for changes to the Articles of Association, as required by the Stock Corporation Act. The Supervisory Board shall consist of a minimum of three and a maximum of ten members appointed by the general meeting. The Managing Board shall consist of two, three or four people.
- 7 As at 31 December 2014, the Managing Board is authorised to increase the share capital by up to € 9,000,000 by issuing up to 3,000,000 new ordinary no-par bearer shares in exchange for cash and/or contribution in kind, in multiple tranches if so wished, also under application of indirect pre-emptive rights pursuant to Article 153 Section 6 Stock Corporation Act; the Managing Board is also authorised to specify the issue price, issue conditions, the subscription ratio and other details with the approval of the Supervisory Board (authorised capital). The Supervisory Board is entitled to pass resolutions on amending the statutes to allow the Managing Board to make use of this authorisation.

- 8 In 2010 the company issued a bond (partial debenture) worth € 100,000,000 (2010–2015) and in 2011 a bond (partial debenture) worth € 75,000,000 (2011–2016), which in 2012 was raised by € 25,000,000 to € 100,000,000. In July 2014 a bond (partial debenture) worth € 160,000,000 (2014–2019) was issued, which was raised by € 15,000,000 to € 175,000,000 in December 2014. The bonds involve the following agreement: If there is a change of control in accordance with the Austrian Takeover Act and this change of control results in a lower credit rating of the issuer, and the issuer is unable to produce proof of its credit standing within 60 days of becoming aware of the change of control, any bond creditor is entitled to call in its partial debenture and demand the immediate repayment at nominal value along with any interest accrued until the day of repayment.

There were no other significant agreements under the terms of Article 243a Line 8 of the Commercial Code.

- 9 Indemnification agreements under the terms of Article 243a Line 9 of the Commercial Code shall not apply.

Vienna, 2 April 2015



**Karl Bier**  
(Chairman)



**Martin Löcker**



**Heribert Smolé**



**Michael Wurzinger**

# annual financial statement

**Together** we plan  
growth and success.

annual financial statement

**Andels City**  
Czech Republic, Prague

**Park Inn**  
Austria, Linz







# BALANCE SHEET AS OF 31.12.2014

UBM Realitätenentwicklung AG

annual financial statement

<b>ASSETS</b>		€	€	31.12.2014 €	31.12.2013 T€
<b>A. NON-CURRENT ASSETS</b>					
<b>I.</b>	Intangible assets				
	1. Rental rights		647,537.00		905
<b>II.</b>	Property, plant and equipment				
	1. Land, similar rights and buildings, including buildings on leasehold land, of which land value € 1,418,606.65 (2013: T€ 4,702)	21,253,745.65			28,900
	2. Furniture, fixtures and office equipment	211,093.00			184
			21,464,838.65		29,084
<b>III.</b>	Financial assets				
	1. Shares in related companies	32,482,675.67			29,634
	2. Loans to related companies	126,783,377.93			124,609
	3. Investments	19,381,677.80			16,935
	4. Loans to undertakings linked by virtue of participating interests	59,058,567.03			47,011
	5. Long-term securities	4,835,587.92			13,749
	6. Other loans	2,846,638.17			2,868
			245,388,524.52		234,806
				267,500,900.17	264,795
<b>B. CURRENT ASSETS</b>					
<b>I.</b>	Inventories				
	1. Other inventories				
	a) Planned construction	525,305.00			502
	b) For use of given properties	11,451,151.85			9,553
	less prepayments	-196,881.54			-
			11,779,575.31		10,055
<b>II.</b>	Receivables and other assets				
	1. Trade receivables	407,166.32			711
	2. Receivables from related companies	152,764,987.24			38,178
	3. Receivables from undertakings linked by virtue of participating interests	6,756,505.31			4,769
	4. Other receivables and assets	2,773,967.35			1,066
			162,702,626.22		44,724
<b>III.</b>	Cash and cash equivalents, bank deposits		18,294,784.87		34,162
				192,776,986.40	88,941
<b>C. PREPAYMENTS AND ACCRUED INCOME</b>				7,645,046.64	4,949
<b>TOTAL ASSETS</b>				<b>467,922,933.21</b>	<b>358,685</b>

<b>EQUITY AND LIABILITIES</b>			31.12.2014	31.12.2013
		€	€	T€
<b>A. SHAREHOLDERS' EQUITY</b>				
I.	Share capital		18,000,000.00	18,000
II.	Capital reserves			
	allocated		44,641,566.51	44,642
III.	Profit reserves			
	free reserves		47,977,384.35	47,527
IV.	Retained profit			
	Retained earnings brought forward	44,334.96		20
	2013 profit	7,476,238.04		3,744
			7,520,573.00	3,764
			118,139,523.86	113,933
<b>B. UNTAXED RESERVES</b>				
	1. Valuation reserve based on special write-downs		112,072.10	316
<b>C. PROVISIONS</b>				
	1. Provisions for severance payments		2,009,723.00	1,625
	2. Provisions for pensions		3,883,775.00	2,994
	3. Tax provisions		1,565,757.00	1,435
	4. Other provisions		3,765,611.48	4,141
			11,224,866.48	10,195
<b>D. LIABILITIES</b>				
	1. Bonds		277,054,000.00	200,000
	2. Liabilities to banks		24,158,467.36	13,550
	3. Trade payables		2,676,996.58	249
	4. Liabilities to related companies		2,926,269.23	2,163
	5. Liabilities to undertakings linked by virtue of participating interests		21,072,174.28	8,336
	6. Other liabilities			
	from taxes	1,358,647.68		2,050
	relating to social security	93,761.08		91
	miscellaneous	7,423,654.56		6,059
			8,876,063.32	8,200
			336,763,970.77	232,498
<b>E. ACCRUED EXPENSES AND DEFERRED INCOME</b>			1,682,500.00	1,743
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>467,922,933.21</b>	<b>358,685</b>
Contingent liabilities, of which to related companies € 50,881,626.52 (2013: T€ 72,922)			182,022,460.37	144,117

# INCOME STATEMENT

## for 2014 fiscal year

		2014	2013
	€	€	T€
<b>1.</b>	Sales revenues	32,885,591.42	19,204
<b>2.</b>	Change in inventories of services not yet invoiced	1,836,240.27	911
<b>3.</b>	Other operating income		
	a. from disposal of non-current assets	26,120.00	8
	b. other	145,274.61	540
		171,394.61	548
	<b>TOTAL OUTPUT</b>	<b>34,893,226.30</b>	<b>20,663</b>
<b>4.</b>	Cost of materials and other services		
	a. Cost of materials	-92,210.54	-116
	b. Cost of services used	-14,167,179.69	-9,063
		-14,259,390.23	-9,179
<b>5.</b>	Personnel expenses		
	a. Salaries	-5,664,446.09	-5,673
	b. Severance expenses and contributions to employee benefit funds	-436,955.17	-159
	c. Pension expenses	-1,042,433.40	-157
	d. Expenses for statutory social security, and payroll-related taxes and contributions	-1,133,264.92	-1,019
	e. Other social expenses	-50,682.74	-71
		-8,327,782.32	-7,079
<b>6.</b>	Amortisation and depreciation on intangible assets and property, plant, equipment	-1,646,163.00	-1,380
<b>7.</b>	Other operating expenses		
	a. Taxes, other than income taxes	-5,977.85	-8
	b. other	-8,663,438.12	-5,895
		-8,699,415.97	-5,903
<b>8.</b>	<b>INTERIM TOTAL ROWS 1 TO 7 (EARNINGS BEFORE INTEREST AND TAXES)</b>	<b>-1,990,474.78</b>	<b>-2,878</b>

	€	2014 €	2013 T€
<b>9.</b>	Income from participations		
	a. from related companies	10,865,879.14	14,483
	b. from undertakings linked by virtue of participating interests	2,035,808.66	68
		12,901,687.80	14,551
<b>10.</b>	Income from other securities and loans held under financial assets, of which from related companies € 11,515,243.40 (2013: T€ 11,078)	15,284,702.65	14,043
<b>11.</b>	Other interest and similar income, of which from related companies € 2,348,256.62 (2013: T€ 2,309)	2,737,278.06	2,597
<b>12.</b>	Income from disposal and upwards revaluation of financial assets	2,732,638.26	11,560
<b>13.</b>	Expenses on financial assets		
	a. of which amortisation and depreciation € 13,697,669.48 (2013: T€ 19,593)	-13,698,006.90	-19,609
	b. of which to related companies Unternehmen € 10,400,001.00 (2013:T € 16,879)		
<b>14.</b>	Interest and similar expenses, of which to related companies € 51,565.76 (2013: T€ 91)	-15,453,183.11	-12,927
<b>15. INTERIM TOTAL ROWS 9 TO 14 (FINANCIAL PROFIT)</b>		4,505,116.76	10,215
<b>16. PROFIT ON ORDINARY ACTIVITIES</b>		6,495,591.54	7,337
<b>17.</b>	Taxes on income € 1,349,053.00 (2013: T € 509)	1,227,307.04	473
<b>18. PROFIT AFTER TAX</b>		7,722,898.58	7,810
<b>19.</b>	Reversal of untaxed reserves		
	a. Valuation reserve based on special write-downs	203,339.46	84
<b>20.</b>	Transfer to profit reserve	-450,000.00	-4,150
<b>21. NET INCOME</b>		7,476,238.04	3,744
<b>22.</b>	Retained earnings brought forward	44,334.96	20
<b>23. RETAINED PROFIT FOR THE YEAR</b>		7,520,573.00	3,764

## SCHEDULE OF NON-CURRENT ASSETS

UBM Realitätenentwicklung AG

		Acquisition and manufacturing costs		
		As of 1.1.2014	Additions	Disposals
		€	€	€
<b>I. INTANGIBLE ASSETS</b>				
1.	Rental rights	1,343,184.48	–	–
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>				
1.	Land, similar rights and buildings, including buildings on leasehold land	42,989,438.03		–15,189,317.38
2.	Plant and machinery	18,160.00		
3.	Furniture, fixtures and office equipment	917,484.96	123,003.00	–76,160.41
		43,925,082.99	123,003.00	–15,265,477.79
<b>III. FINANCIAL ASSETS</b>				
1.	Shares in related companies	42,355,692.77	5,017,588.00	–38,778.99
2.	Loans to related companies	154,512,543.48	40,177,262.68	–30,537,428.23
3.	Investments	36,386,798.20	5,000.00	
4.	Loans to undertakings linked by virtue of participating interests	53,833,536.71	24,716,565.30	–8,250,185.37
5.	Long-term securities	13,839,459.08	12,903,789.56	–21,864,197.59
6.	Other loans	6,599,923.00	11,750.00	–500,000.00
		307,527,953.24	82,831,955.54	–61,190,590.18
		352,796,220.71	82,954,958.54	–76,456,067.97

	Reclassifications €	As of 31.12.2014 €	Accumulated depreciation €	Carrying amount 31.12.2014 €	Carrying amount 31.12.2013 €	Annual write- down/write-up €
	–	1,343,184.48	–695,647.48	647,537.00	905,403.00	–257,866.00
		27,800,120.65	–6,546,375.00	21,253,745.65	28,900,374.80	–1,322,324.00
		18,160.00	–18,160.00	–	–	–
		964,327.55	–753,234.55	211,093.00	183,532.00	–65,973.00
	–	28,782,608.20	–7,317,769.55	21,464,838.65	29,083,906.80	–1,388,297.00
		47,334,501.78	–14,851,826.11	32,482,675.67	29,633,866.66	–2,130,000.00
		164,152,377.93	–37,369,000.00	126,783,377.93	124,608,894.77	–6,465,351.29
	5,457,349.61	41,849,147.81	–22,467,470.01	19,381,677.80	16,934,997.67	–567,669.48
	–5,457,349.61	64,842,567.03	–5,784,000.00	59,058,567.03	47,011,536.71	–1,401,000.00
	–	4,879,051.05	–43,463.13	4,835,587.92	13,748,595.95	–47,400.00
	–	6,111,673.00	–3,265,034.83	2,846,638.17	2,867,939.79	466,948.38
	–	329,169,318.60	–83,780,794.08	245,388,524.52	234,805,831.55	–10,058,672.39
	–	359,295,111.28	–91,794,211.11	267,500,900.17	264,795,141.35	–11,704,835.39

# Notes 2014

UBM Realitätenentwicklung Aktiengesellschaft

## I. GENERAL INFORMATION

The annual financial statements as at 31 December 2014 have been prepared pursuant to the provisions of the Austrian Commercial Code (UGB), as amended with due consideration of generally accepted accounting principles and standard practice to provide a true and fair view of the company's assets, liabilities, financial position and profit or loss. The figures shown for the previous year are stated in thousands of Euros (€ 1,000.00). Figures not prescribed by law are stated in millions of Euros (€ million). The income statement is compiled in accordance with the total cost method.

The consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft are available at 1210 Vienna, Floridsdorfer Hauptstraße 1.

With the spin-off and merger agreements dated 29 October 2014, PORR AG transferred its stake in UBM AG to PIAG Immobilien AG, effective as of 30 June 2014. These contracts came into effect upon entry of the spin-off on 10 December 2014.

## II. ACCOUNTING AND MEASUREMENT METHODS

The accounting, measurement and presentation of the individual items in the annual financial statements were subject to the provisions of the UGB.

In principle, foreign currency amounts are measured at the lower of cost or the exchange rate prevailing on the reporting date.

### 1. NON-CURRENT ASSETS

Intangible assets are recognised at cost, less ordinary straight-line amortisation. Here amortisation rates of between 1.28 % and 2 % were applied in accordance with the probable useful life.

Property, plant and equipment were measured at acquisition cost including ancillary costs, less reductions of acquisition costs, or of manufacturing costs, and include ordinary straight-line amortisation applied in the 2014 reporting year, whereby the following amortisation rates were applied (new acquisitions) in accordance with the probable useful lives:

	in %
Residential buildings	1.5
Adaptations to residential buildings	10.0
Other buildings	4.0
Buildings on leasehold land	4.0
Technical equipment and machinery	20.0 – 25.0
Facilities, fixtures and office equipment	1 – 50

Low-value assets were written off in full in the year of purchase.

In principle, financial assets were measured at the lower of cost or fair value as of the reporting date.



## 2. CURRENT ASSETS

### Inventories

Planned buildings were measured at manufacturing cost. Properties held for sale are properties which had been designated for sale as of the reporting date.

Manufacturing costs primarily comprise third-party services, cost of materials and staff expense.

### Receivables and other assets

Receivables were recognised at the lower of cost or market. Provisions were set up to mitigate default risks. Receivables in foreign currency are measured at the lower of cost or the rate of exchange prevailing on the reporting date.

## 3. PROVISIONS AND LIABILITIES

The provisions for severance pay were calculated on the basis of an actuarial opinion in accordance with IAS 19 using an interest rate of 2.25 % (2013: 3.75 %) and an expected future salary increase of 2.60 % (2013: 2.76 %), as well as the earliest possible retirement date in accordance with the ASVG (2004 pension reform).

Actuarial gains or losses are recognised in full during the year in which they are incurred. The life table AVÖ 2008-P was used for calculating provisions for pension insurance. When calculating the provisions for severance pay and anniversary bonuses, fluctuation discounts were applied based on statistical data. The service cost was distributed over the entire employment period.

The calculation of pension provisions was also based on an actuarial opinion in accordance with IAS 19, whereby the same base data was applied as in the case of the severance pay provisions. Actuarial gains or losses are recognised in full during the year in which they are incurred.

The other provisions were formed to cover all recognisable risks and pending losses.

Liabilities are recognised at the higher of their nominal value or the repayment amount.

## 4. REVENUE

Due to the nature of the company's business, income from the disposal of project companies and payouts in connection with project sales is not recognised under net financial income but as revenue.

## III. NOTES TO THE BALANCE SHEET

### 1. NON-CURRENT ASSETS

The breakdown and changes to non-current assets are shown in the schedule of non-current assets (Appendix III/1).

Intangible assets totalling € 0.648 million (2013: € 0.905 million) relate to rental rights in Innsbruck and Wolkersdorf. In 2014 impairment of € 231,861 (2013: none) was applied to rental rights in Innsbruck.

The value of the land of developed sites stood at € 1,036,143.95 (2013: € 3,804 million), and that of undeveloped land at € 382,462.70 (2013: € 0.898 million). Under developed land, the Baden-Grabengasse, Linz/Harbach, Innsbruck/Aldrans, Vienna

Schöpfungleuthnergasse, Maria Lanzendorf, Spar Herzogenburg and Brunn am Gebirge properties were reclassified to current assets and sold off. In 2014 impairment of € 111,000 (2013: € 0.012 million) was also applied to the Triest property. Under undeveloped land, the properties in Vienna Oberlaa, St.Pölten, Linz Leonding/Liebermannweg and Henndorf were sold in 2014. There were no additions to either developed or undeveloped land.

Liabilities related to the use of property, plant and equipment which are not recognised in the balance sheet and result from long-term lease contracts are as follows:

IN T€	2014	2013
for the following year	1,555.7	1,538.3
for the following five years	7,778.7	7,691.7

A summary of the data on other shareholdings, required in accordance with Article 238 Section 2 of the UGB, is presented in Appendix III/3.

Additions to **shares in related companies** totalled € 5,018 million (2013: € 2.552 million) and resulted from founding Wohnanlage EZ 208 KG Andritz GmbH, HPG Hirschgarten GmbH and HPG Klosterstrasse GmbH Mainzer Landstraße GmbH, purchasing IHG Development GmbH, as well as capital increases and shareholder contributions at FMZ Gdynia Spzoo, Tosan Park a.s and Anoviev Investments Limited. The disposals amount to € 0.039 million (2013: € 0.080 million) and relate to the sale of Zenit Bauplanungs- und Errichtungs-GmbH as well as the repayment from the release of the capital reserve at AC Offices Klicperova s.r..

Impairment totalling € 2,390 million (2013: € 5.892 million) was applied to the lower fair value, and reversals of impairment were recorded amounting to € 0.206 million (2013: € 4.000 million).

The additions to **participations** totalled € 0.005 million and relate to Wohnanlage Geidorf – Kahngasse GmbH (2013: € 0.304 million). There were no disposals in 2014 (2013: € 0.007 million). Impairment totalling € 0.577 million (2013: € 1.142 million) was applied to the lower fair value.

#### Loans:

IN T€	2014	2013
Related companies	126,783	124,609
Participations	59,059	47,012
Other companies	2,847	2,868

As in the previous year, they have a remaining term of more than one year.

The loans were mainly the result of project financing.

Impairment totalling € 10.731 million (2013: € 12.512 million) was applied to the lower fair value, and reversals of impairment were recognised amounting to € 2.332 million (2013: € 7.399 million).

#### Long-term securities:

IN T€	2014	2013
Fixed-income securities	419	9,433
Other securities	3,180	3,180
Pension plan reinsurance	1,237	1,136

The additions totalling € 12,903.8 million relate to subscription to the UBM bond 2014-2019 and to pension plan reinsurance. The fixed-interest securities disposal relates to the sale of the 6 % UBM bond 2011-2016 with a nominal amount totalling € 6.080 million (2013: € 15.020 million) and the 4.875 % UBM bond 2014-19 with a nominal amount totalling € 15.707 million (of which bond exchange € 3.4 million, 2013: € 0).

At the same time, there was a reversal of impairment totalling € 0.047 million (2013: impairment totalling € 0.047 million).

## 2. CURRENT ASSETS

### Inventories

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

### Receivables and other assets:

IN T€	Total as per balance sheet		Remaining term of up to one year		Remaining term of more than one year	
	2014	2013	2014	2013	2014	2013
Trade receivables	407	711	407	711	–	–
Receivables from related companies	152,765	38,178	152,765	38,178	–	–
(of which trade receivables)	(4,386)	(5,053)	(4,386)	(5,053)	–	–
Receivables from undertakings linked by virtue of participating interests	6,757	4,769	6,757	4,769	–	–
(of which trade receivables)	(3,500)	(3,764)	(3,500)	(3,764)	–	–
Other receivables	2,774	1,066	1,914	664	860	402
<b>TOTAL RECEIVABLES</b>	<b>162,703</b>	<b>44,724</b>	<b>161,843</b>	<b>44,322</b>	<b>860</b>	<b>402</b>

T€ 1,501 (2013: T€ 567) of other receivables will be recognised as cash items after the reporting date.

### Cash and cash equivalents:

IN T€	2014	2013
Cash in hand	7	12
Cash at banks	18,288	34,150
	<b>18,295</b>	<b>24,162</b>

## 3. EQUITY

The share capital of € 18,000,000.00 is divided into 6,000,000 ordinary, no-par bearer shares. The amount of share capital attributed to any single bearer share is approximately € 3.00.

Each ordinary share has an equal right to participate in profits, including liquidation profits, and is entitled to one vote at the Annual General Meeting.

A resolution was passed at the extraordinary general meeting on 15 January 2015 on the basis of the merger agreement dated 28 November 2014, to merge PIAG as the transferring company and UBM AG, Vienna, as the acquiring company with a retrospective effective date of 1 July 2014, whereby the merger of PIAG with UBM AG, which was entered into the Corporate Register on 19 February 2015, involved the transfer of PIAG's assets to UBM AG by way of universal legal

succession without recourse to liquidation.

To carry out the merger, UBM increased its share capital from € 18,000,000 by € 30,000 to € 18,030,000 by issuing 10,000 new no-par bearer shares in UBM. As the transferring company, PIAG's assets were used as contribution in kind for the capital increase. The new shares as part of the capital increase were transferred by UBM to the PIAG shareholders at the pro-rata amount of share capital due to them of € 3.00 per share without applying a premium.

It should be noted that UBM exchange shares (both existing UBM shares and the 10,000 shares newly issues in order to carry out the merger) are fully entitled to dividends for the business year 2014.

Within five years of the appropriate changes to the statutes being entered into the Corporate Register and approval being granted by the Supervisory Board, the Managing Board is authorised to increase the share capital by up to € 9,000,000 by issuing up to 3,000,000 new ordinary no-par bearer shares in exchange for cash and/or contribution in kind, in multiple tranches if so wished, also under application of indirect preemptive rights pursuant to Art. 153 Sec. 6 Austrian Stock Corporation Act; the Managing Board is also authorised to specify the issue price, issue conditions, the subscription ratio and other details with the approval of the Supervisory Board. The Supervisory Board is entitled to pass resolutions on amending the statutes to allow the Managing Board to make use of this authorisation.

### Capital reserves and retained earnings

The share premium reserve results from the premium paid in connection with capital increases.

The item „Other (free) reserves“ increased from € 47.527 million to € 47.977 million. This increase resulted from a transfer totalling € 0.450 million (2013: € 4.150 million) to free retained earnings.

## 4. UNTAXED RESERVES

The changes in untaxed reserves at UBM AG can be found in Appendix III/2.

The release of untaxed reserves has no impact on the tax expense for the fiscal year due to tax loss carryforwards.

<b>II. PROPERTY, PLANT AND EQUIPMENT IN €</b>	As of 01.01.2014	Additions U= reclassifica- tion	Depreciation	Release due to expiry	As of 31.12.2014
1. Undeveloped land from transfer, Article 12 EStG	203.339,46	–	–	–203.339,46	–
	203.339,46			–203.339,46	
<b>III. FINANCIAL ASSETS IN €</b>					
1. Shares in related companies from transfer, Article 12 EStG	112.072,10	–	–	–	112.072,10
	112.072,10			–	112.072,10
<b>SUMME</b>	<b>315.411,56</b>			<b>–203.339,46</b>	<b>112.072,10</b>

## 5. PROVISIONS

IN T€	2014	2013
<b>Severance pay</b>	2,010	1,624
<b>Pensions</b>	3,884	2,994
<b>Taxes</b>	1,566	1,436
<b>Other</b>		
Buildings	2,032	2,481
Personnel	1,650	1,577
Miscellaneous	83	83
	<b>11,225</b>	<b>10,195</b>

To cover pension provisions the company has pension plan reinsurance with an actuarial reserve totalling € 1,237,129.74 as of 31 December 2014 (2013: € 1,136,372.77). The rights and claims derived from these contracts are pledged in their entirety to the pensionable employees.

Provisions for buildings primarily concern outstanding purchase invoices. The other provisions relate to the annual audit and Supervisory Board remuneration.

## 6. LIABILITIES

IN T€	Total as per balance sheet		Remaining term of up to one year		Remaining term of more than one year	
	2014	2013	2014	2013	2014	2013
Bonds	277,054	200,000	50,191	–	226,863	200,000
Liabilities to banks	24,158	13,550	1,000	1,000	23,158	12,549
Trade payables	2,677	249	2,677	249	–	–
Liabilities to related companies	2,926	2,163	2,926	2,163	–	–
(of which trade payables)	(381)	(366)	(381)	(366)	–	–
Liabilities to undertakings linked by virtue of participating interests	21,072	8,336	21,072	8,336	–	–
(of which trade payables)	(3)	(1,581)	(3)	(1,581)	–	–
Other						
tax payables	1,359	2,050	1,359	2,050	–	–
relating to social security	94	91	94	91	–	–
Miscellaneous	7,424	6,059	7,424	5,424	–	635
<b>Total liabilities</b>	<b>336,764</b>	<b>232,498</b>	<b>86,743</b>	<b>19,313</b>	<b>250,021</b>	<b>213,184</b>

The liabilities to related companies largely comprise other liabilities.

Liabilities with a residual maturity of more than five years:

IN T€	2014	2013
Liabilities to banks	–	8,550
Other liabilities		
Miscellaneous	–	544

Liabilities to banks are secured with mortgages totalling € 24.158 millions (2013: € 13.550 millions). € 6.882 millions (2013: € 5.493 millions) of other liabilities will be recognised as cash items after the reporting date.

## 7. CONTINGENT LIABILITIES

IN T€	2014	2013
Credit guarantees	182,022	144,117

Project financing loans from affiliated project companies were secured through pledging shares in these companies.

## IV. NOTES TO THE INCOME STATEMENT

**Sales revenues** break down as follows:

IN T€	2014	2013
Breakdown by activity:		
Rentals from property management	5,879	6,224
Project development and construction	27,007	12,980
	<b>32,886</b>	<b>19,204</b>

IN T€	2014	2013
Domestic	29,379	14,423
Foreign	3,507	4,781
Total	<b>32,886</b>	<b>19,204</b>

## Personnel expenses

In item 5b 'Severance expenses and contributions to employee benefit funds' totalling € 436,955.17 (2013: T€ 159) an amount of € 392,573.00 (2013: T€ 114) was attributable to severance expenses, and breaks down as follows:

2014 IN €	Severance expense	Pension expense
Managing Board	155,956.00	995,493.59
Executives	180,718.00	1,307.04
Other staff	55,899.00	—
<b>Total</b>	<b>392,573.00</b>	<b>996,800.63</b>

2013 IN €	Severance expense	Pension expense
Managing Board	32,393.00	271,910.89
Executives	57,079.00	—
Other staff	24,095.82	—
<b>Total</b>	<b>113,567.82</b>	<b>271,910.89</b>

## FINANCIAL PROFIT

IN T€	2014	2013
Income from participations		
a) from related companies	10,866	14,483
b) from undertakings linked by virtue of participating interests	2,036	68
Income from securities and loans	15,285	14,043
of which from related companies	11,515	11,078
Other interest and similar income	2,737	2,596
of which from related companies	2,348	2,309
Income from the disposal of and reversal of impairment on financial assets	2,733	11,560
Expenses on financial assets	13,698	19,609
of which from related companies	10,400	16,879
of which impairment expense	13,697	19,593
Interest and similar expenses	15,453	12,927
of which to related companies	52	91

Income from participations contains a same-period dividend recognition amounting to € 8.844 million (2013: € 14.0 million).

### Income tax expense

Deferred tax assets totalling T€ 805 (2013: T€ 56) were not recognised in the annual financial statements; as of 31 December 2014 they amounted to € 1.351 million (2013: € 0.546 million).

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

Taxes on income reduced the profit (loss) on ordinary business activities by T€ 1,227 (2013: charge of T€ 473).

### Audit costs

UBM paid T€ 57.0 (2013: T€ 55.0) for audit and related services carried out by the independent auditor. The auditor also received the sum of T€ 144.2 (2013: T€ 6.3) for other advisory services.

## V. RELATIONSHIPS WITH RELATED COMPANIES

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

## VI. NOTES TO THE FINANCIAL INSTRUMENTS

Original financial instruments under assets on the balance sheet primarily include financial assets, trade receivables, receivables from related companies and receivables from undertakings linked by virtue of participating interests, while under equity and liabilities they include financial liabilities, especially loans and liabilities to banks. The company has no derivative financial instruments.

In the 2010 fiscal year a bond was issued by UBM AG under the following terms and conditions.

Nominal amount:	€ 100,000,000.00
2014 bond exchange	€ -22,995,000.00
2014 buyback on the open market	€ -26,814,000.00
Nominal amount as at 31 Dec 2014	€ 50,191,000.00
Tenor:	2010–2015
Interest rate:	6.000 %
Coupon date:	16 April of each year; for the first time on 16 April 2011
Tilgung:	100 % at maturity

In the 2011 fiscal year another bond was issued by UBM AG with a nominal value of € 75 million under the following terms and conditions. In 2012 the bond was increased by € 25 million to € 100 million.

Nominal amount:	€ 75,000,000.00
Increase:	€ 25,000,000.00
Total:	€ 100,000,000.00
2014 bond exchange	€ -48,137,000.00
Nominal amount as at 31 Dec 2014	€ 51,863,000.00
Tenor:	2011–2016
Interest rate:	6.000 %
Coupon date:	9 November of each year; for the first time on 9 November 2012
Redemption:	100 % at maturity

In 2014 a bond with a total nominal amount of EUR 175,000,000 (including bond exchange) was issued with the following conditions.

Tenor:	2014–2019
Interest rate:	4.875 %
Coupon date:	9 July of each year; for the first time on 9 July 2015
Redemption:	100 % at maturity

Nominal amount from cash subscription	€ 88,868,000.00
Bond exchange 2010-2015	€ 22,995,000.00
Bond exchange 2011-2016	€ 48,137,000.00
Total nominal amount as at 9 July 2014	€ 160,000,000.00
Bond increase in Dec. 2014	€ 15,000,000.00
Total nominal amount as at 31 Dec 2014	€ 175,000,000.00

## VII. MISCELLANEOUS

Transactions with related parties were concluded under normal market conditions.



## VIII. INFORMATION ON STAFF AND STATUTORY BODIES

Average headcount:

<b>AVERAGE HEADCOUNT:</b>	<b>2014</b>	<b>2013</b>
Salaried staff	57	54

The remuneration of the Managing Board totalled € 1,357,971.79 in 2014 (2013: € 1,257,387.09).

### MANAGING BOARD MEMBERS:

Karl Bier, Chairman  
Heribert Smolé  
Martin Löcker  
Michael Wurzinger (from 15 Jan 2015)

Furthermore, Claus Stadler has been designated as a Managing Board member, subject to the appropriate resolutions yet to be passed.

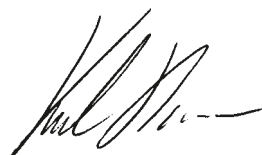
### MEMBERS OF THE SUPERVISORY BOARD:

Karl-Heinz **STRAUSS**, Chair  
(Deputy Chair until 18 Sep 2014, Chair since 18 Sep 2014)  
Iris **ORTNER**, Deputy Chair (from 18 Sep 2014; member until 18 Sep 2014)  
Christian B. **MAIER**  
Klaus **ORTNER** (from 15 Jan 2015)  
Ludwig **STEINBAUER** (from 15 Jan 2015)  
Paul **UNTERLUGGAUER** (from 15 Jan 2015)  
Bernhard **VANAS** (from 15 Jan 2015)  
Susanne **WEISS** (from 15 Jan 2015)

Horst **PÖCHHACKER**, Chair (until 13 Sep 2014)  
Bernhard H. **HANSEN** (until 30 April 2014)  
Peter **WEBER** (until 30 April 2014)  
Bruno **ETTENAUER** (until 10 Oct 2014)  
Florian **NOWOTNY** ( from 30 April to 10 Oct 2014)  
Wolfhard **FROMWALD** (from 30 April 2014 to 15 Jan 2015)  
Johannes **PEPELNIK** (until 15 Jan 2015)

The remuneration paid to members of the Supervisory Board, including attendance fees for meetings, totalled €82,758.49 in the reporting period (2013: € 77,898.30).

Vienna, 2 April 2015



**Karl Bier**  
(Chairman)



**Heribert Smolé**



**Dipl.-Ing. Martin Löcker**



**Mag. Michael Wurzinger**

# Responsibility Statement

pursuant to Article 82, Section 4  
Austrian Stock Exchange Act – UBM AG

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company, and the company and management report includes a fair review of the development and performance of the business

and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Vienna, 2 April 2015  
The Managing Board



**Karl Bier**

Chairman of the Managing Board responsible  
for project development and personnel



**Martin Löcker**

Member of the Managing Board r  
esponsible for technical management



**Heribert Smolé**

Member of the Managing Board  
responsible for finance and accounting



**Michael Wurzinger**

Member of the Managing Board  
responsible for asset management  
and transactions

## Auditor's Report

### REPORT ON ANNUAL FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **UBM Realitätenentwicklung Aktiengesellschaft Vienna** for the fiscal year from January 1, 2014 to December 31, 2014 together with the accounting system. These consolidated financial statements comprise the balance sheet as of December 31, 2014, the income statement for the fiscal year ended December 31, 2014, as well as the notes to the financial statements.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with the relevant Austrian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whe-

ther due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and the International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **OPINION**

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with the relevant Austrian laws and accounting principles.

### **COMMENTS ON THE MANAGEMENT REPORT**

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the financial statements.

In our opinion, the management report for the Group is consistent with the financial statements.

Vienna, 2 April 2015

BDO Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



**Markus Trettnak**

Certified Public Accountant



**Klemens Eiter**

Certified Public Accountant

# Annual financial statement

**Together** we are building  
Europe's future.

Annual financial statements

**Sternbrauerei**  
Austria, Salzburg

**Dock 01**  
Czech Republic, Praha





# Business developments, financial performance and position

UBM 2014 Management Report

## GENERAL ECONOMIC ENVIRONMENT

### MUTED RECOVERY FOR GLOBAL ECONOMY

The upward trend in the global economy which was clearly felt at the start of 2014 slowed over the course of the year and was significantly impacted by the increased political tensions in Europe and the Middle East. The conflicts related to the Ukraine and the terror group Islamic State (IS) led global growth forecasts for 2014 to fall to 2.7 %, far below the average of many years.<sup>1</sup> The US economy in particular continued to recover as a result of robust domestic demand – it grew by an impressive 2.3 % in 2014 – while China's economy underwent its slowest growth in 25 years of 7.4 %.<sup>2</sup>

### ECONOMIC WEAKNESS IN EUROPE

The eurozone economy was weaker than expected in 2014 and the outlook for 2015 is subdued. Following on from negative growth of 0.4 % in the previous year, moderate growth of 0.9 % was achieved in 2014.<sup>3</sup> While the reforms implemented in Spain, Portugal and Ireland have already yielded higher GDP growth – albeit from a low absolute level – countries which are less eager to adopt reforms such as Italy and France are still stagnating. The development and that fact that eurozone growth is not fulfilling its potential has heightened deflationary pressures. As further falls are expected in commodities prices, which will exacerbate this trend, weak GDP growth of 1.2 % has been forecast for 2015. The European Central Bank is also likely to stick to its expansionary policy. The greatest risk factors for the eurozone's economy and financial markets remain the tense geopolitical situation, policymakers and their reluctance to adopt reforms, followed by the failures on property and credit markets in some countries which have not yet been fully rectified.<sup>4</sup>

In contrast, the historically low interest rates had a positive effect on the property markets. They led to a fall in borrow-

ing costs for investments, at the same time as increasing the appeal of real estate when compared to other investment forms.

### STABLE GROWTH ON THE TARGET MARKETS

The core European countries Germany and Austria were also affected by an economic decline, primarily as a result of the Russia-Ukraine conflict. Nevertheless, Germany's year-on-year economic growth was 1.3 % in the reporting period.

Developments in Eastern Europe varied in 2014, although many countries enjoyed greater stability than in 2013. Average GDP growth stood at 3.0 %.<sup>5</sup> In addition to exports, domestic demand underwent a significant recovery here for the first time. Poland and Hungary stood out in particular. Polish GDP doubled to 3.1 % and a rise of 3.3 % is expected for 2015. Hungary also achieved growth of 3.3 % in the reporting period (Euroconstruct). The Czech Republic reversed the previous years' trend of stagnation and recession and generated a GDP increase of 2.6 %, a level which should be matched in 2015.<sup>6</sup>

While the impact of the Ukraine conflict has been felt in Central Europe, albeit not so dramatically, the conflict has had a far harsher effect on South Eastern Europe. This led to growth of 0.9 %, which was only slightly better than the eurozone despite the huge need for the economies to catch up and certain favourable operating conditions.

### MODERATE GROWTH IN AUSTRIA

The Austrian economy stagnated in the second half of 2014. However, the more favourable economic backdrop in spring and the growth overhang from 2013 led GDP to increase by 0.8 %.<sup>7</sup> The key factors here were relatively weak consumption and the reluctance of companies to invest, as well as a decrease in exports. In the reporting period there were also hardly any growth stimuli from the non-German-

speaking European markets. The subsequent weak demand for goods and services from abroad had a significant impact on Austria, which is highly dependent on exports – around half of Austrian exports still go to the eurozone.

A gradual, low-level recovery is expected for the Austrian economy in 2015. Domestic demand – first and foremost consumer spending – should remain the key growth driver, while foreign trade is likely to continue to hamper GDP growth. This scenario suggests a 0.7 % GDP rise in 2015.<sup>8</sup>

## ECONOMIC GROWTH INDICATORS 2014 in %

	GROWTH RATE	INFLATION RATE (HVPI BASIS) <sup>1</sup>	UNEMPLOYMENT RATE
European Union	1.4 <sup>1)</sup>	0.6 <sup>1)</sup>	10.2 <sup>1)</sup>
Eurozone	0.9 <sup>1)</sup>	0.4 <sup>1)</sup>	11.6 <sup>1)</sup>
Austria	0.8 <sup>2)</sup>	1.5 <sup>1)</sup>	5.0 <sup>3)</sup>
Germany	1.3 <sup>2)</sup>	0.8 <sup>1)</sup>	5.0 <sup>1)</sup>
Switzerland	1.7 <sup>2)</sup>	0.0 <sup>1)</sup>	3.6 <sup>3)</sup>
Poland	3.1 <sup>2)</sup>	0.1 <sup>1)</sup>	9.0 <sup>1)</sup>
Czech Republic	2.6 <sup>2)</sup>	0.4 <sup>1)</sup>	6.1 <sup>1)</sup>

1) Source: Eurostat

2) Source: Euroconstruct

3) Source: WKO

## DEVELOPMENTS ON THE INTERNATIONAL PROPERTY MARKETS

The international markets experienced a record year in 2014, whereby the fourth quarter in particular achieved exceptional volumes. In light of the low oil price, economic growth in the USA and the recovery of the eurozone, further growth is expected in 2015. The forecasts for the full year were also significantly surpassed in Europe.

## WESTERN EUROPE – FOCUS ON GERMANY

Property investments in the 14 most important markets in Western Europe achieved double-digit growth rates in 2014: volumes were up by 20 % against 2013 and the vacancy rates in the major urban areas remained well below 10 %. Institutional investors showed a growing interest in the housing market, particularly in Germany and the Netherlands.

In 2014 Europe proved to be an exceptionally strong market for hotel investments, with transaction volumes rising faster than in any other region. Further robust growth is expected here in 2015. The good economic forecasts for the USA suggest that the number of travellers from this region will rise – this should also contribute to higher occupancy in the most popular capital cities.<sup>9</sup>

Employment growth was a key positive factor in Germany and in 2014 office properties maintained their leading position among all asset classes. Once again Berlin, Düsseldorf, Frankfurt, Hamburg and Munich enjoyed the highest demand for office properties – rental volumes increased significantly. Overall, commercial investment in Germany was up for the fifth time: in 2014 volumes rose by 30 % against the previous year. Hotel and logistics properties underwent the sharpest rise. Transaction volumes for hotels reached a record total of € 3 billion – this is therefore 130 % higher than the ten-year average. Cities such as Munich and Cologne reported triple-digit increases – Bavaria's capital was the absolute top location in Germany, followed by Frankfurt, Berlin and Hamburg.

While commercial properties rocketed, the volumes invested in residential property declined in 2014. However, the long-term outlook remains positive: the ten-year average was exceeded by almost a fifth. Listed property companies were the most important investor group. In 2014 a total of 218,000 apartments were sold.<sup>10</sup>

## CENTRAL AND EASTERN EUROPE

The investment landscape in Central and Eastern Europe was extremely mixed, with significant differences between the individual countries. In the leading markets, prime assets attracted interest, as did regional centres and other riskier options. Overall investment volumes in 2014 totalled

€ 7.9 billion, which was more than a quarter above the value of 2013, even though the growth lagged behind the forecasts. With investment of € 3.2 billion, Poland proved to be the dominating market and cemented its role as a stable factor in the region. Growth was also between 50 % and 70 % in the Czech Republic, Hungary and Slovakia, whereby the Czech Republic was the second largest market with transactions totalling € 2 billion. Investments in Russia nosedived as a result of economic uncertainty.<sup>12</sup>

## VIENNA PROPERTY MARKET

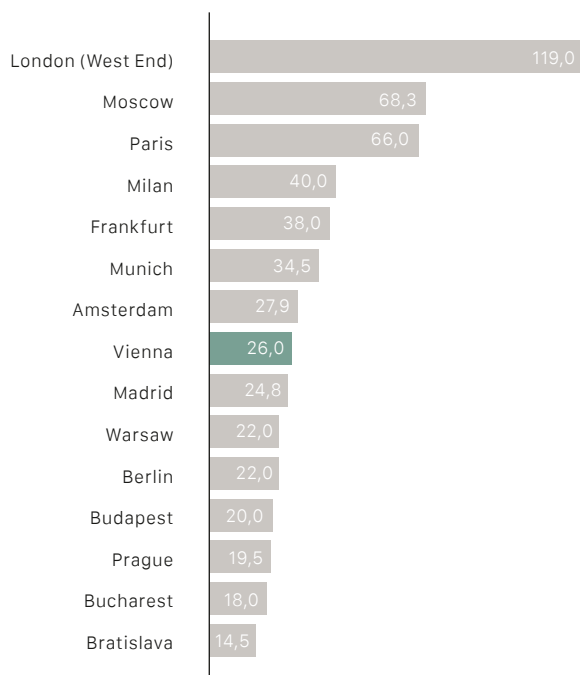
Record highs were achieved in Austria in 2014. Property remained a highly attractive investment option and interest from foreign investors in particular had a stimulating effect. Transaction volumes reached € 2.8 billion – an increase of 60 % against 2013.<sup>13</sup>

Three quarters of the volumes invested went to the capital city – the Vienna office market continues to be one of the most stable in Europe. With 10.8 million square metres at year end 2014, the amount of space held steady and the vacancy rate of 6.6 % was maintained – this level is also expected to remain stable in 2015.<sup>14</sup>

Prime rents in top locations in the central districts will remain broadly constant in 2015 at € 25.75 per m<sup>2</sup>, while medium and average locations have shown an upwards trend which is expected to continue in 2015.<sup>15</sup>

Sources: BNP Paribas, CBRE, EHL, Jones Lang LaSalle

### PRIME RENTS IN EUROPE in €/m<sup>2</sup> per month\*



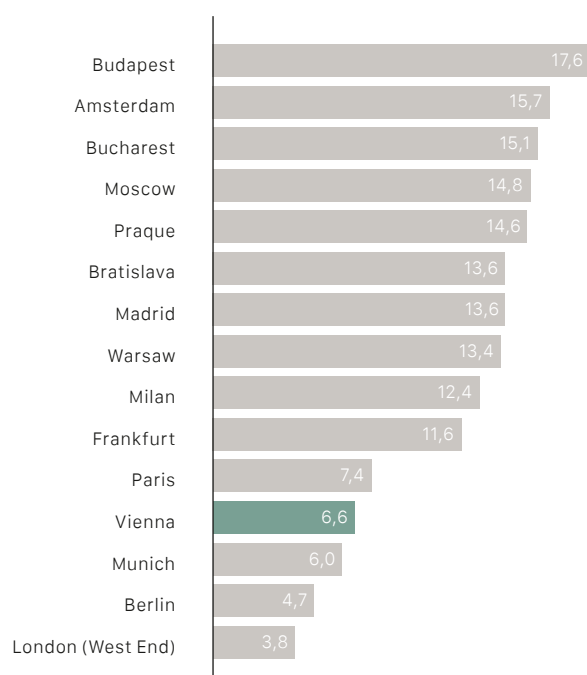
## BUSINESS DEVELOPMENTS

The core business of the UBM Group is the real estate business for projects. Due to the many years required to realise the projects, the disclosure of revenues in the income statement is subject to strong accounting fluctuations, which influences its information value and the comparisons with prior years. In order to ensure a true and fair presentation of our business, we define total annual output as being the most significant way of describing revenues. Just like our range of services, this financial indicator includes income from the sale of real estate, rental services, proceeds from hotel ownership, settled planning and construction invoices from own building sites, supplies and management services to third parties, as well as other ancillary income from facility management.

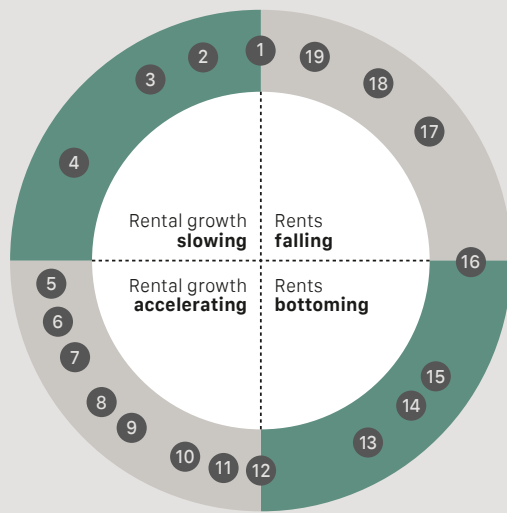
The following explanations and amounts relate to the consolidated financial statements, as these are also the most relevant to the economic position of UBM Realitätenentwicklung AG due to the Group's structure (large number of exclusive project companies).

In 2014 the UBM Group generated total output of € 342.7 million, representing an increase of € 56.0 million against the previous year. The rise is attributable to the sale of office properties in Dornach, Munich and to residential sales in Germany (Munich), Austria (Salzburg) and the Czech Republic (Špindlerův Mlýn). Portfolio properties and undeveloped plots were also sold in Austria.

### VACANCY RATES IN EUROPE in %\*







## EUROPEAN OFFICE PROPERTY CLOCK\*16

The Jones Lang LaSalle index covers a total of 24 cities and provides a visual representation of the position on these markets in relation to prime rents within a conventional rental cycle. Seven European cities experienced an increase in prime rents in the fourth quarter 2014. London was fuelled by pent up demand, while Dublin, Stockholm and Luxembourg also recorded another positive performance. Among the cities with falling rents, Moscow was particularly hard hit because of the Ukraine crisis – in the fourth quarter 2014 alone, rents plummeted by almost a fifth. In 2014 the 24 indexed cities achieved an overall increase in turnover of 5 % against 2013 and thereby matched the level of the five-year average. 14 cities showed a decline in vacancy in the fourth quarter 2014, while aggregated European vacancy remained static at below 10 %.

\* Source: Jones Lang LaSalle<sup>16</sup>  
[http://www.jll.eu/emea/en-gb/Documents/EuropeanOfficePropertyClock/JLL\\_Office\\_Report\\_Clock\\_Q4\\_2014.pdf](http://www.jll.eu/emea/en-gb/Documents/EuropeanOfficePropertyClock/JLL_Office_Report_Clock_Q4_2014.pdf)

- 1 Vienna, Lyon
- 2 Cologne
- 3 Berlin, Frankfurt, Stuttgart, Hamburg, Oslo
- 4 Munich
- 5 London West End
- 6 Stockholm, Dublin, London City
- 7 Luxembourg
- 8 Manchester
- 9 Edinburgh
- 10 Amsterdam, Milan, Madrid
- 11 Barcelona, Paris CBD
- 12 Athens, Brussels, Rome, Bucharest, Budapest, Prague, Copenhagen, Istanbul, Lissabon
- 13 Warsaw
- 14 Geneva, Zurich
- 15 Kiev
- 16 Dusseldorf
- 17 Moscow
- 18 St. Petersburg
- 19 Helsinki

## GROUP REVENUE BY LINE OF BUSINESS

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

The total output of the "Austria" business line was € 89.4 million in 2014, representing an increase of

€ 51.9 million against the previous year. Property sales in Austria and the sale of apartments in Salzburg contributed to this rise. The total output of the "Western Europe" business line was € 175.4 million, which was € 18.0 million lower than the previous year (2013: € 193.4 million). This comprised hotel revenues, the sale of the Dornach office property in Munich, sales of apartments in Munich and hotel revenue from France ("Dreamcastle" and "Holiday Inn" at Eurodisney in Paris) and the Netherlands ("Crown Plaza" Hotel Amsterdam).

The total output of the "Central and Eastern Europe" business line was € 78.0 million (2013: € 55.8 million), whereby total output rose by € 22.2 million in 2014. Total output includes proceeds from hotel operations as well as rental income from Polish real estate. It also includes the sale of a commercial property in Warsaw.

## THE GROUP'S GEOGRAPHICAL MARKETS

In 2014 the foreign share of total annual output was around 74 % and was therefore below the level in 2013 (88 %). The domestic share of total annual output was around 26 % and was therefore higher than in the previous year (12 %).

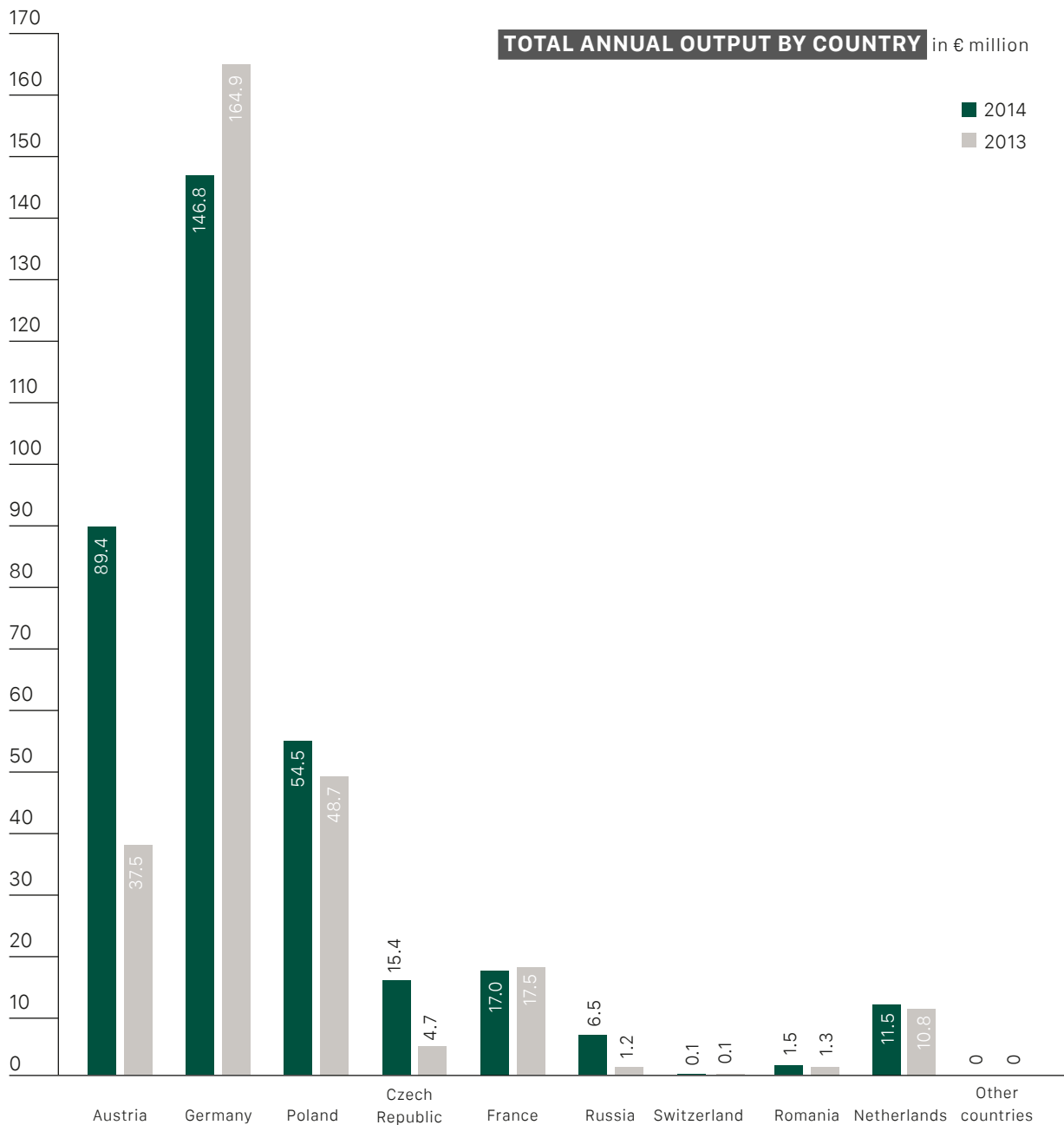
The highest foreign share of total annual output was generated in Germany, which accounted for 43 % (2013: 66 %) ahead of Poland (2014: 15.9 %, 2013: 20 %). France was in third place with € 17.0 million (2013: 17.5 million), followed by the Czech Republic with € 15.4 million. The Netherlands contributed around € 11.5 million to total output. The residential sales in Munich and the sale of the Dornach office building were the main contributors to Germany's annual total output of € 146.8 million, corresponding to a reduction of € 18.0 million against 2013.

In the Netherlands the operation of the Crown Plaza Hotel Amsterdam contributed to generating total annual output of € 11.5 million (2013: € 10.8 million).

Total annual output in Poland rose to € 54.5 million (2013: € 48.7 million), which was comprised of proceeds from hotel operations, Polish real estate and the sale of a commercial property in Warsaw.

With the sale of the apartments in the Špindlerův Mlýn project, the Czech Republic achieved total annual output of € 15.4 million, representing an increase of € 10.7 million on the previous year. € 17.0 million (2013: € 17.5 million) in total output was recorded in France due to the inclusion of revenues from the hotels at Eurodisney.

Russia generated total output of € 6.5 million, which



was accounted for by operating the Crown Plaza Hotel in St. Petersburg and the full letting of the "Jupiter" office tower. Romania recorded an increase, resulting in a current value of € 1.5 million. This amount primarily included rental income for the logistics property in Chitila near Bucharest.

## KEY FINANCIAL INDICATORS

### FINANCIAL PERFORMANCE

The revenues recognised in the consolidated income statement totalled € 223.6 million in 2014 and were therefore up by 5.7 % on the previous year. Total annual output, which is a more informative economic indicator, amounted to € 342.7 million in the reporting period, an increase of € 56.0 million on 2013.

Profit from companies accounted for under the equity method amounted to € 15.7 million in 2014 (2013: € 12.8 million) and includes fair value adjustments for investment property included in the pro-rata annual profit.

Other operating income of € 4.2 million rose against the previous year (€ 2.3 million) by € 1.9 million, primarily because of proceeds from amounts invoiced to shareholdings.

The cost of materials and related production services rose by € 33.0 million to the current € 178.5 million, primarily because of higher costs for construction services on projects. The number of staff from all companies included in the consolidated financial statements increased from 509 to 555 as a result of the rise in the average staffing levels of fully consolidated hotel companies, whereby staff expense totalled around € 21.5 million.

The item other operating expenses, which primarily comprises administrative fees, travel expenses, advertising costs, other third-party services, taxes, contributions and charges and legal and consultancy services, was

above the level of the previous year at € 27.4 million (2013: € 22.0 million) because of one-off expenses.

EBIT rose against the previous year due to project and apartment sales in Germany, Austria and the Czech Republic and currently stands at € 36.6 million.

Financial income totalled € 6.7 million (2013: € 6.4 million) and was almost unchanged. Finance costs stood at € –18.1 million, slightly above the figure for 2013 (€ –18.0 million).

EBT increased from the previous year's € 17.8 million to € 25.2 million. Tax expense amounted to € –3.2 million in the reporting period (2013: € –4.3 million). Before deductions for non-controlling interests, the profit for the period 2014 was € 22.0 million and therefore € 8.5 million above the comparable period. Earnings per share were € 3.59 (2013: € 2.14).

In 2014 return on capital employed stood at 5.7 % (2013: 5.6 %). Return on equity reached 13.9 % (2013: 10.9 %) and the equity ratio stood at 23.9 % as at 31 December 2014 (2013: 26.0 %).

### FINANCIAL POSITION AND CASH FLOWS

The UBM Group's total assets increased in 2014 by 19.9 % against the previous year to around € 756.4 million. The rise in total assets was mainly triggered by the increase in current financial assets.

Non-current assets accounted for 53.9 % (2013: 67.8 %) of the total and amounted to € 407.9 million at year end 2014. Property, plant and equipment totalled € 32.9 million (2013: € 25.7 million), whereby the increase was due to the initial consolidation of a hotel project in Germany.

At 31 December 2014 investment property stood at € 229.9 million (2013: € 279.4 million) and thereby fell against the previous year as a result of multiple sales, par-

### CONSOLIDATED INCOME STATEMENT Summary

IN € MIO.	2014	Change in %	2013
Total annual output	342.7	+19.5 %	286.7
Revenue	223.6	+5.7 %	211.6
EBT	25.2	+41.6 %	17.8
Profit after tax	22.0	+63.0 %	13.5
Earnings per share (in €)	3.59	+67.76 %	2.14

ticularly that of an office property in Germany.

Companies accounted for under the equity method increased because of the pro-rata annual income, from € 35.3 million to € 52.6 million. Project financing rose to € 72.5 million, while other financial assets were unchanged at € 9.1 million (2013: € 9.1 million).

The structure and volume of current assets underwent the following changes: inventories increased from € 117.4 million to € 129.5 million, primarily because of residential construction projects in Austria, the Czech Republic, Poland and Germany, as well as from the acquisition of properties in Munich and Berlin.

Cash and cash equivalents decreased to € 40.3 million (2013: € 59.9 million). Investment property worth € 25.2 million was reclassified into current assets as there are plans to sell in the near future. Other financial assets include a payout of cash-pool financing amounting to € 108.0 million. This led to an overall rise in current assets to € 348.5 million (2013: € 203.1 million).

At the end of the reporting period, equity was around € 180.4 million and therefore saw a nominal rise of around € 16.7 million. The equity ratio declined to 23.9 %.

Non-current liabilities rose, mainly because of a bond issued in the 2014 business year and partial repayment of existing bonds, with a total balance of € 81.1 million. Non-current provisions fell from around € 12.5 million to € 7.8 million. Financial liabilities (non-current and current) remained practically the same as in the comparable period, while it was possible to increase the non-current financing share.

Current liabilities increased from € 118.6 million to € 137.3 million, whereby a bond due to be redeemed in the 2015 business year of € 48.5 million is a factor here.

Cash flow from operating activities declined to

€ –25.8 million, mainly as a result of the lower contribution of the annual surplus for 2014 adjusted for other non-cash transactions.

Higher proceeds from the sale of investment property and property, plant and equipment contrasted with a payout for current financial investments and resulted in cash flow from investing activities of € –65.8 million. Cash flow from financing activities mainly rose because of the issue of a bond in the 2014 business year.

Liquidity planning demonstrates that the company is currently in a position to meet its existing and any perceived future payment obligations, thanks to the continuation and the completion of significant investment plans.

The stable interest rate at present means that no impact which would trigger any change in lending conditions is anticipated.

## INVESTMENTS

In 2014 investments in property, plant and equipment totalled € 1.7 million.

Investments in investment property were similar to the previous year's level and amounted to € 27.2 million (2013: € 25.7 million): investments were made in Germany in the Landsbergerstraße office project in Munich, and in Poland in the Alma Tower project in Krakow.

Total investment in investment property and property, plant and equipment therefore amounted to € 28.9 million.

### CONSOLIDATED CASH FLOW STATEMENT Summary

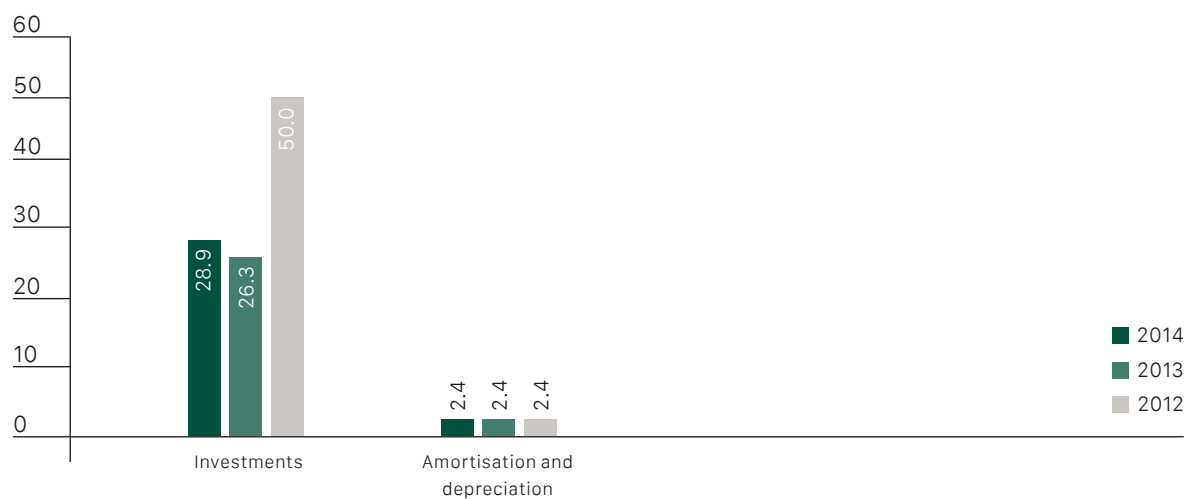
IN € MILLION	2014	2013
Profit for the period	22.0	13.5
Operating cash flow	–0.2	18.4
Cash flow from operating activities	–25.8	12.6
Cash flow from investing activities	–65.8	–1.0
Cash flow from financing activities	72.3	–5.1
Cash and cash equivalents at 31 Dec.	40.3	59.9

## ASSET, EQUITY AND LIABILITY STRUCTURE

IN %	2014	2013	2012
Current assets	46.1	32.2	30.8
Non-current assets	53.9	67.8	69.2
of which investment property	30.4	44.3	43.3
Equity	23.9	26.0	24.3
Non-current liabilities	58.0	55.2	61.1
Current liabilities	18.1	18.8	14.7
<b>Total assets in € million</b>	<b>756.4</b>	<b>630.8</b>	<b>633.0</b>

## INVESTMENTS AND DEPRECIATION

(PROPERTY AND EQUIPMENT AND FINANCIAL REAL ESTATE) in € million



Investments in residential construction projects totalled 53.6 million and are included in the item "Inventories".

IN € MILLION	2014	2013	2012
Investment in PPE and investment property	28.9	26.3	50.0
Intangible assets	0	0	0
Investment property	27.2	25.7	27.9
Property, plant and equipment	1.7	0.6	22.1

## NON-FINANCIAL PERFORMANCE INDICATORS

### ENVIRONMENTAL ISSUES

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

In 2014 there were 497 staff employed abroad, of which 53 were waged workers and 444 were salaried employees. The 58 staff members in Austria were all salaried employees.

We offer professional development and training measures in the areas of planning and project development, business economics and law, as well as language courses and seminars for soft skills. Here we take into account the individual needs of our staff as well as the requirements of the market. Since our Group is geographically diverse, our personnel often have to work in international teams; the resultant exchange of expertise is yet another important factor within the context of comprehensive HR development.

### STAFF

The staff structure at 31 December 2014 shows that around 90 % of employees were employed abroad.

### STAFF STRUCTURE

	2014	2013	2012
<b>Salaried employees and waged workers (companies consolidated in full)</b>			
Austria	58	54	56
International	497	455	400
<b>Total staff (average)</b>	<b>555</b>	<b>509</b>	<b>456</b>
of which hotel staff	332	293	235

## BRANCH OFFICES

**UBM Realitätenentwicklung AG has the following branch offices entered in the Commercial Register:**

- Upper Austria branch office,  
Pummererstraße 17, 4020 Linz
- Tyrol branch office, Porr-Straße 1,  
6175 Kematen in Tirol
- Styria branch office,  
Thalerhofstraße 88, 8141 Unterpremstätten

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

A resolution was passed at the extraordinary general meeting on 15 January 2015 on the basis of the merger agreement dated 28 November 2014, to merge PIAG Immobilien AG as the transferring company and UBM AG, Vienna, as the acquiring company with a retrospective effective date of 1 July 2014, whereby the merger of PIAG with UBM AG involved the transfer of PIAG's assets to UBM AG by way of universal legal succession without recourse to liquidation.

To carry out the merger, UBM increased its share capital from € 18,000,000 by € 30,000 to € 18,030,000 by issuing 10,000 new no-par bearer shares in UBM. As the transferring company, PIAG's assets were used as contribution in kind for the capital increase. The new shares as part of the capital increase were transferred by UBM to the PIAG shareholders at the pro-rata amount of share capital due to them of € 3.00 per share without applying a premium.

# Forecasts and corporate risks

## ECONOMIC GROWTH FORECAST: OUTLOOK FOR 2015

### GLOBAL ECONOMY

The global economy is expected to grow by around 3.5 % in 2015, thereby matching the growth of the previous year. High oil production is continuing to put pressure on energy prices and thereby having a stimulating effect. The USA's economic recovery is gathering pace and GDP is expected to rise by around 3.5 %. In contrast, developments in China are less positive: growth has been lower than expected in the first months, prompting fears of a downswing. Economic growth in Japan has also been sluggish – limited growth of 1.3 % has been forecast for 2015.<sup>17</sup>

### EUROPE

Economic growth in Europe still lags significantly behind that of the USA. The devaluation of the Euro and the oil price slump has had a positive impact, whereby energy costs have fallen sharply. This contrasts with the situation in Russia, even if this does not have a very strong influence on exports in the eurozone.

Growth of 1.7 % is expected for the whole EU, while the eurozone is slightly behind at 1.3 %. This year every EU country is set to return to growth for the first time since 2007. Growth forecasts range from 0.2 % in Croatia to 3.5 % in Ireland – the pace again varies greatly.

Inflation in the EU will remain very low in 2015 at 0.2 %, also the result of the low oil price. The eurozone will even be subject to slight deflation. Investments continue to be weak, while unemployment remains high, although employment is starting to increase slightly. In 2015 unemployment in the EU is set to decline slightly to 9.8 % and to 11.2 % in the eurozone.

Overall, experts see uncertainty surrounding further economic growth. Geopolitical tensions, sustained low inflation, increased volatility on the financial markets and divergent fiscal policy strategies could have a nega-

tive impact on growth prospects.<sup>18</sup>

The deficit ratio is set to go down and a fall to 2.6 % is expected for the entire EU. Germany, Europe's largest economy, will have a budget surplus, as it did last year. German GDP should grow by around 1.5 % in 2015. The weak Euro is benefiting exports and lower interest rates are boosting construction activity. Furthermore, Germany has the lowest levels of unemployment at 4.9 %. Robust economic growth of 2.6 % is also forecast for Great Britain, thanks to consumer spending.<sup>19</sup>

### AUSTRIA

The economic growth outlook for Austria is reticent for the current year and growth forecasts have been revised downwards to 0.8 % of GDP. Austria is therefore near the bottom of the EU league. The Austrian economy is characterised by underutilisation and construction activity is modest. One factor is the weakened economy in the eurozone – these countries receive 40 % of Austrian exports. The weak Euro and the lower oil price are only partly capable of offsetting this impact. Low energy costs will keep inflation low at 1.1 %. The workforce is growing due to additional workers coming from abroad and an increase in the number of women at work. Unemployment will rise slightly in 2015 and reach a level of 5.2 % in accordance with the Eurostat method. In contrast, there will be positive developments in the budget deficit, which is set to fall to 2 % of GDP in 2015. Nevertheless, a balanced budget is not yet in sight.<sup>20</sup>

### CENTRAL AND EASTERN EUROPE

The economic growth of the new member states continues to surge ahead of the EU 28; the edge is set to reach around 1.1 percentage points in 2015. Robust domestic demand in many countries is lessening the sluggish development of the eurozone. The economy in most of the countries will continue to accelerate; stagnant growth is only expected in Hungary and Slovenia.

Poland is set to maintain its strong growth with a plus of 3.2 %. The business climate is restrained in Central and



Eastern Europe according to current opinion, although there is an optimistic business outlook for two thirds of the markets. On the other hand, the indicators for Russia point to a descent, as state intervention will not be able to compensate for the decline in investment by private clients and foreign investors. Furthermore, the fall in the oil price has a negative impact on Russia as an energy exporter. The Ukraine is also suffering from a significant slump. The conflict between Russia and the Ukraine is having a highly divergent effect on European countries; the Baltic States are the hardest hit due to their close economic ties.<sup>21</sup>

## VIENNA PROPERTY MARKET

The interest shown by international investors, particularly from Germany but also from the Middle and Far East, will remain strong in 2015. In light of the low interest rates, there is a lot of liquidity available – properties in Vienna are currently an interesting investment prospect for institutional investors. The investment risk is far lower than on many other markets in Europe due to the minimal fluctuation in rents. In 2015 around 130,000 m<sup>2</sup> of new space is expected to come onto the Vienna office market, a large percentage of this has already been pre-let. Rental levels are also set to rise slightly this year to 230,000 m<sup>2</sup>. First-time occupancy in low-rise buildings is far more popular than in office towers. A slight downward trend has been observed in vacancy rates.<sup>22</sup>

Sources: Bank Austria, CBRE, European Commission, IMF, OeKB, OeNB, Raiffeisen, wiiw, WIFO

### FUSSNOTEN:

- 1 <http://www.iv-net.at/b3464>
- 2 <http://www.zeit.de/politik/ausland/2015-03/china-senkt-wachstumsziel>
- 3 Eurostat, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=de&pcode=tec00115&plugin=1>
- 4 Semper Constantia, Markteinschätzung Q1/2015
- 5 Raiffeisen Bank International, Raiffeisen Schauplatz Osteuropa
- 6 Euroconstruct, Country report 2014
- 7 Euroconstruct, Country report 2014
- 8 Wirtschaftsforschungsinstitut (WIFO), Konjunkturbericht Februar 2015
- 9 <http://www.jll.com/gmp>  
[http://www.realestate.bnpparibas.com/bnppre/en/market-research/overview/2014-second-best-year-after-2007-p\\_1622430.html](http://www.realestate.bnpparibas.com/bnppre/en/market-research/overview/2014-second-best-year-after-2007-p_1622430.html)  
<http://wirtschaft-online.bankaustria.at/#Artikel/oesterreichischer-immobilienmarkt-zuviel-liquiditaet-im-markt>  
<http://www.jll.com/research/130/hio-2015>
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- 11 [http://www.realestate.bnpparibas.de/bnppre/de/research/suchmaschine-research-cfo4\\_15951.html?endYear=&beginMonth=&text=&myDate=&endDate=&searchResearch=true&dateType=pdate&cids=p\\_1626159&wrkspc=cfo4\\_15509&types=ReCoResearch&dateSince\\_unit=2678400000&dateSince\\_user=18&reonds=true&dateSince=558](http://www.realestate.bnpparibas.de/bnppre/de/research/suchmaschine-research-cfo4_15951.html?endYear=&beginMonth=&text=&myDate=&endDate=&searchResearch=true&dateType=pdate&cids=p_1626159&wrkspc=cfo4_15509&types=ReCoResearch&dateSince_unit=2678400000&dateSince_user=18&reonds=true&dateSince=558)  
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- <http://www.jll.de/germany/de-de/research/539/victor-q4-2014>  
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- 12 [http://www.realestate.bnpparibas.com/bnppre/en/market-research/poland/polish-research-p\\_1595637.html](http://www.realestate.bnpparibas.com/bnppre/en/market-research/poland/polish-research-p_1595637.html)  
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<https://researchgateway.cbre.com/PublicationListing.aspx?PUBID=6e0d802a-c164-48fd-acb3-1057547a0312>  
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<http://www.ehl.at/de/marktberichte#berichtbestellen>
- 15 [http://www.cbre.at/at\\_de/research/vienna\\_reports](http://www.cbre.at/at_de/research/vienna_reports)  
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## CORPORATE FORECAST: OUTLOOK FOR 2015

### CORPORATE STRATEGY

The Group's corporate strategy is:

- Building up market presence and market share in dynamic urban areas on the home markets of Austria, Germany and Poland by expanding in new local markets and exploiting the existing market presence and positive market outlook
- Pursuing projects in urban areas in Europe outside the home markets on an opportunistic basis while applying a focused "follow your customer" approach
- Concentrating on the key asset classes Residential, Hotel and Office

Management intends to achieve these goals by applying the following strategic measures:

#### Concentrating on the home markets

At 31 December 2014 the breakdown of properties based on their carrying amounts shows around 40 % of properties in Austria, around 26 % in Germany, around 24 % in Poland and around 10 % in other countries. Around 81 % of current projects based on plan values are in Austria or Germany. The UBM Group wants to increase its focus on the key urban areas in the home markets of Austria, Germany and Poland. Management assumes that these areas offer a solid macroeconomic foundation, a healthy forecast for property development demand and a stable financial backdrop.

#### Concentrating on the key asset classes

Having analysed demand on the home markets, management intends to focus on:

- Residential properties in the medium and high price segments
- Hotels with 3 to 5 stars as well as serviced apartments and facilities
- Office properties in „CBD“ (Central Business District) locations and in business parks with good infrastructure links, for example near airports

#### Synergies from the merger

Following the merger with PIAG Immobilien AG, management intends to exploit the increased resources to expand business activities, as well tapping into potential for improving costs and productivity. The entire operating, commercial and legal unit for Austria will be brought together in UBM De-

velopment. The strengths and expertise which are available from both UBM and STRAUSS & PARTNER should be pooled and made available to the whole Group across the entire value chain. For example, services in planning or project management which were previously outsourced by STRAUSS & PARTNER can now be handled internally using the expertise and capacity of UBM. Furthermore, on the basis of the various places where there is a regional presence, the existing local expertise on an area can also be used for new projects in an asset class which has not yet been realised at this location. Finally, all overlaps in the operating business should be eliminated and processes merged.

#### Selling completed properties

In the past the Group held properties whose development had been completed, sometimes also for longer periods, before selling them. This led to a portfolio of completed, developed properties. The Group intends to substantially reduce this portfolio and determine up to 40 properties which should be sold off. The stake in the Hungarian M6 motorway should also be sold. The Group intends to generate net proceeds (after costs, taxes and settling project-specific financing) from these sales of up to € 250 million within an 18-month period from the fourth quarter 2014. These sales should lead to improvements in capital efficiency, revenues and cash flows.

#### Improving capital efficiency

In future the Group will strive to sell properties more quickly. Here selective forward sales should also be concluded, whereby the later sale of a property development can already be contractually concluded even in the initial development phase. In addition, projects should increasingly be realised in partnerships, where the project is accounted for under the equity method. The Group intends to reduce net debt by up to € 250 million in the medium term through the application of improvements in capital efficiency.

## SIGNIFICANT RISKS AND SOURCES OF UNCERTAINTY

### RISK MANAGEMENT GOALS AND METHODS

The UBM Group deploys a Group-wide risk management system for the early identification, evaluation, control and monitoring of risks on a continuous basis. Our objective is to obtain information on risks and the related financial impact as early as possible in order to be able to implement suitable countermeasures. Due to the diversity of our business activity in terms of sectors and geography, risk management

is becoming increasingly important to safeguard our business success. Risk management responsibilities involve general processes, technology, development and commercial aspects. The responsibilities have been clearly defined for each area, and experienced employees reporting directly to the Managing Board have been assigned to these tasks. General risks such as strategic risks, for example, which do not arise during the course of our projects but stem from the strategic business purpose of the company, are handled by the Managing Board in consultation with the Supervisory Board.

## MARKET PENETRATION RISK

Thanks to its many years of experience, UBM is aware of how the real estate markets in Central and Eastern Europe work, and what their features are. A detailed market and risk analysis of the given country precedes every expansion move. These analyses examine the micro and macroeconomic development of the region or of the corresponding property market. However, what is crucial first and foremost for the realisation of a project are the individual influencing factors. In this context we have to forecast market developments correctly and try to identify potential tenants in advance.

Guidelines regarding a minimum degree of sales potential increase the security of an investment in a project. The broad geographic and sectoral diversification of the UBM Group means that penetrating new markets is safeguarded by the solid foundation of the existing real estate portfolio. Below is a list of the main risks known to us which can have a sustained influence the company's financial position, financial performance and cash flows.

## EXISTING RISKS

### Risk of price changes

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

Since our rental revenue is not only index-linked but the rental contracts for foreign properties (which are concluded almost exclusively with international groups) are also based

on hard currency contracts, UBM can be exposed to a heightened risk on account of currency depreciations in CEE. To minimise this risk, action has already been and will continue to be taken with a view to concluding contracts in respective national currencies.

Since UBM offers a comprehensive range of services, the firm is heavily dependent on third-party businesses. The associated risks in terms of quality, deadlines and costs could lead to supply difficulties in the event of increased demand. Operating areas could be exposed to price hikes in the fields of energy and commodities. Unless these can be passed on to customers they have an adverse effect on earnings.

Real estate markets in particular, which apart from macroeconomic factors are also affected by supply, suffer from strong cyclicalities with regard to the development of demand. Yet thanks to our broad sectoral and geographic diversification we can compensate in the best possible way for regional market fluctuations and flexibly adjust our commitments. The option of choosing whether to sell or rent our properties also enables us to counter temporarily adverse market situations on a flexible basis.

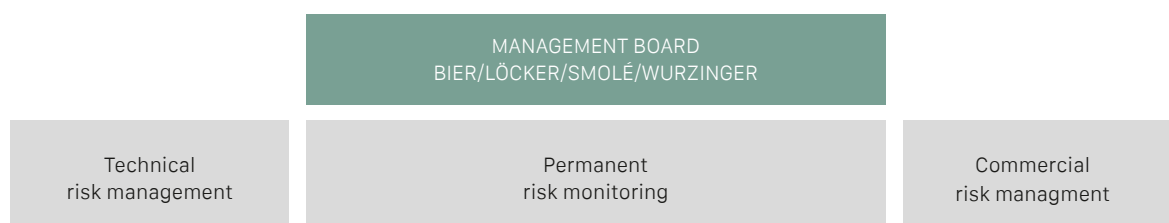
### Default risk

Default risks principally relate to original financial instruments, namely loans and receivables. These potential risks are addressed by applying impairment. Credit rating checks and adequate securities also ensure the best possible protection. The maximum default risk is represented by the carrying amounts stated for these financial instruments in the statement of financial position.

### Liquidity risk

The liquidity risk is defined as the risk that liabilities cannot be paid upon maturity. Managing the liquidity risk is based on a precise financial plan which originates at operational level and is centrally coordinated. This is how the demand for financing and bank loans is determined.

Working capital financing is handled through the UBM Group treasury, meaning UBM AG takes on financial clearing tasks



too. This reduces the volume of third-party financing and optimises net interest; furthermore, it also minimises the risk that liquidity reserves are insufficient to settle financial obligations on time.

The current economic climate adds another aspect to the liquidity risk, since banks are not overly willing to provide financing at present, and this can impact negatively on liquidity.

### Interest rate risk

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

### Staff risk

The competition for qualified personnel can be a hindrance to effective business operations. Future success therefore depends on being able to tie our staff to the company in the long run and identifying highly qualified personnel.

We are aware of this risk and manage the situation in a proactive manner by relying on institutional programmes for apprentices, training and professional development courses, in order to address these risks well into the future.

### Shareholding risk

The shareholding risk is the risk of fluctuations in the market value of UBM shareholdings. For the Group companies, the specific types of risks (e.g. market or credit risks) are collated at the level of the individual company.

Shareholding risks are calculated and analysed by Controlling, who reports to management on a monthly basis. If certain risk thresholds or concentrations are reached, the management shall be presented with various courses of action.

### Credit risk

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

### IT risk

In a centralised and standardised IT environment there is a

risk of becoming overly dependent on a system or computer centre. If a system goes down, this can have severe consequences for the entire company. We have implemented various security measures to reduce this risk. These include access control systems, business continuity planning, uninterrupted power supply for key systems and data mirroring. We also use appropriate software to protect against data security risks caused by unauthorised access to the IT systems. This is largely ensured by service contracts with the IT department of PORR AG.

### Country risk

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

### Impairment risk

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

### Internal control system

The internal control system (ICS) has the following goals:

- Checking compliance with the business policy and the set goals
- Safeguarding the assets of the company
- Ensuring the reliability of accounting and reporting
- Ensuring the effectiveness and efficiency of operating processes
- Fulfilling legal requirements by the Managing Board and Supervisory Board
- Early risk detection and reliable assessment of potential risks
- Compliance with statutory and legal provisions
- Efficient use of resources and cost-efficiency
- Ensuring information, documentation and processes are complete and reliable

The internal control system tasks at UBM AG are carried out by two units that report to the Managing Board: commercial controlling supervises current business developments for variations from the budgeted figures, and ensures that the necessary countermeasures are introduced for any such de-

viations. In addition, ad-hoc examinations can be launched at any time at the request of management for anything that is relevant from a risk perspective. Technical controlling supervises the ongoing implementation of projects in terms of scheduling, construction costs and all processes relevant to technical implementation.

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

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

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

The internal control system has been further developed with an investment committee for new projects, in which the Managing Board, the responsible managers and controlling evaluate the potential risks of a project and decide whether implementing the project meets the Group's risk management guidelines.

### **Other risks**

Due to a payment made to a company of Mr Meischberger, accusations have been made against two Board members.

# Research and development

The Group does not conduct any research or development.

# Disclosure according to Art. 243a, Austrian Commercial Code

- 1 As at 31 December 2014 the share capital is composed of 6,000,000 no-par bearer shares, each representing the same amount of share capital and totalling € 18,000,000.00. 6,000,000 shares were in circulation at the end of the reporting period. All shares bear the same legal rights and obligations, and each share carries the right to vote, which may be exercised in accordance with the number of shares held. In accordance with Section 22 of the company's Articles of Association, in the event the shares are not fully paid in, the right to vote shall only be granted once the minimum legal payment has been made. The share capital of the company is fully paid in. The bearer shares must be documented in a global certificate, several if required, and deposited at a collective securities depository in accordance with Article 1 Section 3 of the Securities Deposit Act or at an equivalent foreign institution.
- 2 There are no limitations known to the Managing Board concerning voting rights or the transfer of shares.
- 3 The following shareholders hold a direct or indirect interest amounting to at least ten percent of the share capital as at 31 December 2014:
  - PIAG Immobilien AG: 79.36 %
  - Amber Private Foundation Group, Vienna, Bocca Private Foundation, Vienna, Georg Folian, Vienna, Franz Jurkowsch, Vienna: 10.21 %
- 4 There are no shares with special control rights at the company.
- 5 At UBM Realitätenentwicklung AG there are no employee stock ownership plans in which the employees do not exercise voting rights directly.
- 6 In accordance with Article 21 Section 1 of the Articles of Association, the resolutions of the general meeting of shareholders shall be passed with a simple majority unless otherwise prescribed by specific provisions of the Stock Corporation Act. According to the legal opinion of the Managing Board, this provision of the Articles of Association has reduced the necessary majority of at least three quarters of share capital for passing a resolution to a simple capital majority, even for changes to the Articles of Association, as required by the Stock Corporation Act. The Supervisory Board shall consist of a minimum of three and a maximum of ten members appointed by the general meeting. The Managing Board shall consist of two, three or four people.
- 7 As at 31 December 2014, the Managing Board is authorised to increase the share capital by up to € 9,000,000 by issuing up to 3,000,000 new ordinary no-par bearer shares in exchange for cash and/or contribution in kind, in multiple tranches if so wished, also under application of indirect pre-emptive rights pursuant to Article 153 Section 6 Stock Corporation Act; the Managing Board is also authorised to specify the issue price, issue conditions, the subscription ratio and other details with the approval of the Supervisory Board (authorised capital). The Supervisory Board is entitled to pass resolutions on amending the statutes to allow the Managing Board to make use of this authorisation.

- 8 In 2010 the company issued a bond (partial debenture) worth € 100,000,000 (2010 – 2015) and in 2011 a bond (partial debenture) worth € 75,000,000 (2011 – 2016), which in 2012 was raised by € 25,000,000 to € 100,000,000. In July 2014 a bond (partial debenture) worth € 160,000,000 (2014 – 2019) was issued, which was raised by € 15,000,000 to € 175,000,000 in December 2014. The bonds involve the following agreement: If there is a change of control in accordance with the Austrian Takeover Act and this change of control results in a lower credit rating of the issuer, and the issuer is unable to produce proof of its credit standing within 60 days of becoming aware of the change of control, any bond creditor is entitled to call in its partial debenture and demand the immediate repayment at nominal value along with any interest accrued until the day of repayment.

There were no other significant agreements under the terms of Article 243a Line 8 of the Commercial Code.

- 9 Indemnification agreements under the terms of Article 243a Line 9 of the Commercial Code shall not apply.

Vienna, 2 April 2015



**Karl Bier**  
(Chairman)



**Martin Löcker**



**Heribert Smolé**



**Michael Wurzinger**

# Consolidated financial statements

Conducting business  
responsibly **together.**

Consolidated financial statements

**Park Inn**  
Poland, Krakow

**Neue Mitte Lehen**  
Austria, Salzburg





## CONSOLIDATED INCOME STATEMENT for the business year 2014

IN T€	Notes	2014	2013
Revenue	(7)	223,566	211,559
Changes in the portfolio	(7)	17,574	5,667
Own work capitalised in non-current assets		925	310
Share of profit/loss of companies accounted for under the equity method		15,683	12,764
Income from fair-value adjustments to investment property		4,421	–
Other operating income	(8)	4,222	2,269
Cost of materials and other related production services	(9)	–178,547	–145,539
Personnel expenses	(10)	–21,523	–20,385
Expenses from fair-value adjustments to investment property		–	–12,749
Other operating expenses	(11)	–27,380	–22,043
<b>EBITDA</b>		<b>38,941</b>	<b>31,853</b>
Depreciation, amortisation and impairment expense	(12)	–2,384	–2,453
<b>EBIT</b>		<b>36,557</b>	<b>29,400</b>
Financial income	(13)	6,690	6,396
Financial costs	(14)	–18,087	–17,952
<b>EBT</b>		<b>25,160</b>	<b>17,844</b>
Taxes on income	(15)	–3,174	–4,316
<b>Profit for the period</b>		<b>21,986</b>	<b>13,528</b>
<b>Profit for the period attributable to shareholders of the parent</b>		<b>21,531</b>	<b>12,856</b>
of which attributable to non-controlling interests		455	672
<b>Earnings per share</b> (diluted and basic in €)	(16)	<b>3.59</b>	<b>2.14</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the business year 2014

IN T€	Notes	2014	2013
<b>Profit for the period</b>		<b>21,986</b>	<b>13,528</b>
<b>Other comprehensive income</b>			
Remeasurement from defined benefit obligations	(32)	–1,019	–44
Income tax expense on other comprehensive income		255	11
<b>Other comprehensive income which cannot be reclassified to the income statement (not recyclable)</b>		<b>–764</b>	<b>–33</b>
Difference from currency translations		–638	–55
Income tax expense on other comprehensive income		–	61
<b>Other comprehensive income which can be reclassified to the income statement (recyclable)</b>		<b>–638</b>	<b>6</b>
<b>Other comprehensive income for the year</b>		<b>–1,402</b>	<b>–27</b>
<b>Total comprehensive income</b>		<b>20,584</b>	<b>13,501</b>
of which attributable to shareholders of the parent		20,133	12,829
of which attributable to non-controlling interests		451	672

# CONSOLIDATED BALANCE SHEET

as of 31 December 2014

## ASSETS

IN T€	Notes	31.12.2014	31.12.2013
<b>Non-current assets</b>			
Intangible assets	(17)	2,745	2,690
Property, plant and equipment	(18)	32,932	25,722
Investment property	(19)	229,869	279,429
Shareholdings in companies accounted for under the equity method	(20)	52,616	35,292
Project financing	(21)	72,494	69,045
Other financial assets	(22)	9,103	9,089
Financial assets	(25)	129	4
Deferred tax assets	(29)	8,031	6,383
		<b>407,919</b>	<b>427,654</b>
<b>Current assets</b>			
Inventories	(23)	129,457	117,360
Trade receivables	(24)	22,604	19,228
Financial assets	(25)	129,069	3,224
Other receivables and current assets	(26)	1,826	3,417
Cash and cash equivalents	(27)	40,309	59,893
Assets held for sale	(28)	25,190	–
		<b>348,455</b>	<b>203,122</b>
		<b>756,374</b>	<b>630,776</b>

## EQUITY AND LIABILITIES

IN T€	Notes	31.12.2014	31.12.2013
<b>Equity</b>			
Share capital	(30,31)	18,000	18,000
Capital reserves		44,642	44,642
Other reserves		115,733	99,224
<b>Equity attributable to shareholders of the parent</b>		<b>178,375</b>	<b>161,866</b>
Non-controlling interests		2,071	1,852
		<b>180,446</b>	<b>163,718</b>
<b>Non-current liabilities</b>			
Provisions	(32)	7,832	12,502
Bonds	(33)	222,812	190,285
Non-current financial liabilities	(34)	197,337	134,082
Other non-current financial liabilities	(36)	2,460	4,333
Deferred tax liabilities	(29)	8,226	7,268
		<b>438,667</b>	<b>348,470</b>
<b>Current liabilities</b>			
Provisions	(32)	128	36
Bonds	(33)	48,523	–
Current financial liabilities	(34)	10,348	57,458
Trade liabilities	(35)	32,197	29,449
Other current financial liabilities	(36)	37,923	20,382
Other current liabilities	(37)	2,343	2,730
Tax payables	(38)	5,799	8,533
		<b>137,261</b>	<b>118,588</b>
		<b>756,374</b>	<b>630,776</b>

## CONSOLIDATED CASH FLOW STATEMENT for the 2014 fiscal year

IN T€	2014	2013
Profit for the period	21,986	13,528
Depreciation, impairment and reversals of impairment on fixed assets	1,226	15,202
Income from associates	-17,202	-12,521
Decrease/increase in long-term provisions	-5,689	4,260
Deferred income tax	-486	-2,085
<b>Operating cash flow</b>	<b>-165</b>	<b>18,384</b>
Decrease in short-term provisions	-2,642	-142
Profit from the disposal of assets	-624	-8
Increase/decrease in inventories	-12,051	4,159
Increase in receivables	-2,426	-3,576
Increase in payables (excluding banks)	-4,114	-12,632
Other non-cash transactions	-3,766	6,449
<b>Cash flow from operating activities</b>	<b>-25,788</b>	<b>12,634</b>
Proceeds from sale of property, plant and equipment and investment property	87,821	31,659
Proceeds from sale of financial assets	7,650	13,144
Investments in intangible assets	-19	-
Investments in property, plant and equipment and investment property	-28,917	-26,344
Investments in financial assets	-7,500	-20,719
Payments for cash-pool financing	-125,000	-
Proceeds from the sale of consolidated companies	168	-
Payments for the acquisition of subsidiaries less cash and cash equivalents	-	1,273
<b>Cash flow from investing activities</b>	<b>-65,797</b>	<b>-987</b>
Dividends	-3,720	-3,370
Payments to non-controlling interests	-180	-
Proceeds from bonds	126,074	15,173
Repayment of bonds	-39,540	-
Repayment of loans and other financing	-69,672	-43,895
Borrowing of loans and other financing	59,646	27,070
Other non-cash transactions	-318	-
Other non-cash transactions	-	-114
<b>Cash flow from financing activities</b>	<b>72,290</b>	<b>-5,136</b>
<b>Cash flow from operating activities</b>	<b>-25,788</b>	<b>12,634</b>
<b>Cash flow from investing activities</b>	<b>-65,797</b>	<b>-987</b>
<b>Cash flow from financing activities</b>	<b>72,290</b>	<b>-5,136</b>
<b>Change to cash and cash equivalents</b>	<b>-19,295</b>	<b>6,511</b>
Cash and cash equivalents at 1 Jan	59,893	53,435
Currency differences	-232	-311
Change to cash and cash equivalents resulting from changes to the consolidated group	-57	258
<b>Change to cash and cash equivalents at 31 Dec</b>	<b>40,309</b>	<b>59,893</b>
Interest paid	16,529	17,510
Interest received	1,054	563
Tax paid	6,393	1,012
Dividends received	1,735	242

## RECONCILIATION OF EQUITY

for the 2014 fiscal year

IN T€	Share capital	Capital reserve	Remeasurement from defined benefit obligations	Foreign currency translation reserve
<b>Balance at 1 Dec 2013</b>	<b>18,000</b>	<b>44,642</b>	<b>-510</b>	<b>1,615</b>
Total comprehensive income	-	-	-33	357
Dividend payments	-	-	-	-
Change in non-controlling interests	-	-	-	-
<b>Balance at 31 Dec 2013</b>	<b>18,000</b>	<b>44,642</b>	<b>-543</b>	<b>1,972</b>
Total comprehensive income	-	-	-764	19
Dividend payments	-	-	-	-
Change in non-controlling interests	-	-	-	-
<b>Balance at 31 Dec 2014</b>	<b>18,000</b>	<b>44,642</b>	<b>-1,307</b>	<b>1,991</b>

IN T€	Other reserves	Equity attributable to shareholders of the parent	Non-controlling interests	Total
<b>Balance at 1 Dec 2013</b>	<b>89,012</b>	<b>152,759</b>	<b>922</b>	<b>153,681</b>
Total comprehensive income	12,505	12,829	672	13,501
Dividend payments	-3,300	-3,300	-70	-3,370
Change in non-controlling interests	-422	-422	328	-94
<b>Balance at 31 Dec 2013</b>	<b>97,795</b>	<b>161,866</b>	<b>1,852</b>	<b>163,718</b>
Total comprehensive income	20,878	20,133	451	20,584
Dividend payments	-3,720	-3,720	-180	-3,900
Change in non-controlling interests	96	96	-52	44
<b>Balance at 31 Dec 2014</b>	<b>115,049</b>	<b>178,375</b>	<b>2,071</b>	<b>180,446</b>

# Notes to the Consolidated Financial Statements 2014

UBM Realitätenentwicklung AG

## I. GENERAL INFORMATION

The UBM Group consists of UBM Realitätenentwicklung Aktiengesellschaft (UBM AG) and its subsidiaries. UBM AG is a public limited company according to Austrian law and has its registered head office at 1210 Vienna, Floridsdorfer Hauptstraße 1. The company is registered with the commercial court of Vienna under reference number FN 100059 x. The Group deals mainly with the development, utilisation and management of real estate.

The consolidated financial statements have been prepared pursuant to Art. 245a of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) by the International Accounting Standards Board (IASB) as adopted by the EU as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The reporting currency is the Euro, which is also the functional currency of UBM AG. For the individual subsidiaries included in the consolidated financial statements the functional currency is either the Euro or the respective national currency, depending on the business area. Figures are reported in thousands of Euros (TEUR) and rounded accordingly. The year under review corresponds to the calendar year and ends on 31 December 2014.

With the spin-off and merger agreements dated 29 October 2014, PORR AG transferred its stake in UBM AG to PIAG Immobilien AG (PIAG), effective as of 30 June 2014. These contracts came into effect upon entry of the spin-off on 10 December 2014. A resolution was passed at the extraordinary general meeting on 15 January 2015 on the basis of the merger agreement dated 28 November 2014, to merge PIAG as the transferring company and UBM AG, Vienna, as the acquiring company with a retrospective effective date of 1 July 2014, whereby the merger of PIAG with UBM AG, which was entered into the Corporate Register on 19 February 2015, involved the transfer of PIAG's assets to UBM AG by way of universal legal succession without recourse to liquidation. At the end of March the company was informed that the PIAG shareholders had submitted a request for the legal review of the conversion ratio.

To carry out the merger, UBM increased its share capital from € 18,000,000 by € 30,000 to € 18,030,000 by issuing 10,000 new no-par bearer shares in UBM. As the transferring company, PIAG's assets were used as contribution in kind for the capital increase. The new shares as part of the capital increase were transferred by UBM to the PIAG shareholders at the pro-rata amount of share capital due to them of € 3.00 per share without applying a premium.

## II. CONSOLIDATED GROUP

In addition to UBM AG, nine (2013: eight) domestic subsidiaries and 57 (2013: 53) foreign subsidiaries are included in the consolidated financial statements. In addition, four (2013: four) domestic and 30 (2013: 32) foreign joint ventures were valued under the equity method.

The list of shareholdings shows the subsidiaries and companies accounted for under the equity method. Companies that are of minor relevance to the consolidated financial statements are not included. Eight (2013: eight) companies were not included in the consolidation as they were of minor relevance.

In the 2014 business year the following companies were consolidated for the first time (see list of shareholdings for details):

	Date of initial consolidation
<b>Due to new foundations</b>	
Wohnanlage EZ 208 KG Andritz GmbH	7.11.2014
HPG Hirschgarten GmbH	26.11.2014
HPG Klosterstraße GmbH	26.11.2014
<b>Due to acquisitions</b>	
UBM Mogilska Spółka z ograniczona odpowiedzialnoscia	28.5.2014
Kühnehöfe Hamburg GmbH & Co. KG	17.6.2014
BERMUC Hotelerrichtungs GmbH	10.12.2014
<b>Due to a change in control</b>	
Leuchtenbergring Hotelbetriebsgesellschaft mbH	1.7.2014
Bürohaus Leuchtenbergring GmbH & Co Besitz KG	1.7.2014

Three companies were removed from the consolidated group, whereby one company was liquidated and two companies were removed as a result of internal group transfers in the form of mergers.

The acquisitions relate to purchasing properties and financing for these properties which are not classified as business combinations pursuant to IFRS 3.

For two companies (Leuchtenbergring Hotelbetriebsgesellschaft mbH and Bürohaus Leuchtenbergring GmbH & Co Besitz KG), which were previously valued under the equity method, a change in control was acquired pursuant to IFRS 3 as a result of an amended shareholders agreement. The assets and liabilities of the companies were included as follows:

IN T€	2014
<b>Non-current assets</b>	
Intangible assets	53
Property, plant and equipment	28,839
Investment property	14,313
Other non-current financial assets	26
<b>Current assets</b>	
Inventories	47
Trade receivables	212
Other current financial assets	19
Other receivables and current assets	99
Cash and cash equivalents	168
<b>Non-current liabilities</b>	
Non-current financial liabilities	-25,119
<b>Current liabilities</b>	
Trade payables	-1,179
Other current financial liabilities	-17,175
Other current liabilities	-219
Tax payables	-97
<b>Fair value of equity already held</b>	13
<b>Non-controlling interests</b>	2

No purchase price was paid; the cash flow from acquiring companies shows the inflow of cash and cash equivalents.

No profit resulted from the valuation of the previously held shares. Revenue for companies purchased since their inclusion in the consolidated financial statements totalled T€ 1,004, while the profit after tax was T€ 8.

If the acquired companies were included over the full business year, this would lead to an increase in the Group's revenues of T€ 2,057 and in the profit after tax of T€ 176.

### III. CONSOLIDATION PRINCIPLES

Business combinations are accounted for in accordance with the acquisition method. According to this method, the assets acquired and liabilities assumed as well as contingent liabilities are measured on the acquisition date at their fair values attributable at this date. Where the difference between the acquisition costs and the attributable proportion of net assets valued at fair value shows an excess, this item is shown as goodwill, which is not written off or amortised in regular amounts but is subjected to a test for impairment at least once a year.

All accounts receivable and payable between consolidated companies are eliminated during debt consolidation. Intragroup income and expense is offset within the framework of consolidation of income and expense. Intragroup profits or losses from intragroup deliveries are eliminated if these relate to significant amounts and the relevant assets are still recognised in the consolidated financial statements.

Shares in net assets of subsidiaries not attributable to UBM AG are shown separately as part of equity under the item "Non-controlling interests".

### IV. ACCOUNTING AND MEASUREMENT METHODS

The annual financial statements of all companies included in the consolidated financial statements are prepared according to standard accounting and measurement methods.

#### MEASUREMENT PRINCIPLES

Amortised acquisition costs form the basis for the measurement of intangible assets, property, plant and equipment, inventories, accounts receivable from billed orders and liabilities.

The fair value at the end of the reporting period is the basis for the measurement in respect of securities available for sale, derivative financial instruments and investment property.

#### Currency translation

The companies included in the consolidated financial statements prepare their annual financial statements in their respective functional currencies, whereby the functional currency is the relevant currency for the commercial activities of the company concerned.

Items in the consolidated statement of financial position are translated at the mean rate of exchange at the end of the reporting period and income statement items are translated at the annual mean rate of exchange for the fiscal year (as an arithmetic mean of all end-of-month quotations). Differences resulting from the currency translation are recognised directly in equity. These translation differences are recognised in the income statement at the date of disposal of the business activities.



The following significant exchange rates were applied for the inclusion and translation of foreign subsidiaries:

IN T€	Mean exchange rate at 31 Dec 2014	Average annual exchange rate
PLN	4.2623	4.1893
CZK	27.7250	27.5500

IN T€	Mean exchange rate at 31 Dec 2013	Average annual exchange rate
PLN	4.1472	4.2110
CZK	27.4250	26.0258

In the event of company acquisitions, adjustments of the carrying amounts of the acquired assets and assumed liabilities to the fair value at the date of acquisition or, if applicable, goodwill, are treated as assets or liabilities of the acquired subsidiary and are, accordingly, subject to currency translation.

Exchange gains or losses on transactions undertaken by companies included in the consolidation in a currency other than the functional currency are recognised in profit or loss for the period. Monetary items not denominated in the functional currency held by companies included in the consolidation are translated at the mean exchange rate ruling at the end of the reporting period.

**Intangible assets** are capitalised at acquisition cost and amortisation is recognised on a straight-line basis over the probable useful life. Rates of amortisation of between 25 % and 50 % were applied.

The amortisation apportionable to the fiscal year is shown in the income statement under the item "Depreciation, amortisation and impairment expense".

If impairment is established, the relevant intangible assets are recognised at the recoverable amount, which is the fair value less costs of sale or the value in use, if higher. If the impairment ceases to apply, a reversal of the impairment is performed equivalent to the increase in value, but up to a maximum of the carrying amount which was calculated when applying the amortisation plan based on the original acquisition and manufacturing costs.

Goodwill is recorded as an asset and tested at least once a year for impairment in accordance with IFRS 3 in conjunction with IAS 36. Any impairment is immediately recognised in profit or loss and a subsequent reversal is not permitted.

**Property, plant and equipment** is valued at cost, including incidental costs less reductions in the acquisition costs, or at manufacturing cost, and is subject to the previously accumulated and regularly applied straight-line depreciation during the year under review, whereby the following rates of depreciation are applied:

IN %	
Buildings	1.5–20.0 %
Technical equipment and machinery	4.0–33.3 %
Other facilities, fixtures and office equipment	10.0–50.0 %

If impairment is established, the relevant tangible assets are impaired to the recoverable amount, which is the fair value less costs of sale or the value in use, if higher. If the impairment ceases to apply, a reversal of the impairment is performed equivalent to the increase in value, but up to a maximum of the carrying amount which was calculated when applying the amortisation plan based on the original acquisition and manufacturing costs. Fundamental rebuilding work is recognised in the statement of financial position, while ongoing maintenance work, repairs and minor rebuilding work are recognised in profit or loss at the time they arose.

Low-value assets were written off in full in the year of purchase, as they are of minor importance for the consolidated financial statements. Plants under construction, including buildings under construction, which are to be used for operational purposes or whose type of use has not yet been established, are accounted for at acquisition cost or manufacturing cost less impairment.

Borrowing costs for qualifying assets are included in the acquisition or manufacturing cost. Depreciation or impairment of these assets commences upon their completion or attainment of operational status. In the current business year, T€ 6,269 (2013 T€ 7,305) was recognised in interest on property. Please refer to the disclosures in note 34 for the capitalisation rate.

**Investment property** is real estate that is held for the purpose of obtaining rental income and/or for the purpose of its rise in value. This includes office and commercial premises not used for the Group's own business purposes, residential buildings and unimproved land. These are recognised at their fair values. Gains or losses from changes in value are reflected in profit or loss for the period in which the change in value occurred. If a fair value cannot be reliably determined, buildings under construction are accounted for at acquisition cost or manufacturing cost, or with the fair value generally determined by the residual value method.

Market value reports by experts are used as the basis for determining the fair value of investment property and/or the fair value is determined using the present value of estimated future cash flows which are expected from the use of the property or have been achieved in similar transactions.

**Properties held for sale** are measured at the lower of acquisition cost, manufacturing cost and net realisable value. Borrowing costs for qualifying assets are included in the acquisition or manufacturing cost.

For properties where the market value can be determined based on comparable transactions, the market value was determined using the sales comparison approach or the cost approach; this applies to real estate held under current assets that is intended for immediate sale once completed. In accordance with accounting standards, the carrying amount is only aligned with the market value if this is lower. The external appraisers determined the parameters with the local project developers based on the size, age and condition of the buildings and country-specific parameters.

## Leases

The Group as lessor

Where the Group is the lessor, the only lease contracts applicable are operating leases. The rental income from these contracts is recognised in net income on a straight-line basis over the term of the corresponding lease.

The Group as lessee

Leases are classified as finance leases when, according to the lease contract, essentially all the risks and rewards relating to the ownership are transferred to the lessee.

Assets held under finance leases are recorded as Group assets at their fair values or at the present value of the minimum lease payments, if this is lower, at the beginning of the lease. The minimum lease payments are those amounts payable during the non-terminable term of the lease, including a guaranteed residual value. The corresponding liability owed to the lessor is recorded in the statement of financial position as obligations under finance leases. The lease payments are apportioned between interest paid and the reduction of the lease obligation in such a way as to achieve a constant rate of interest on the remaining liability. Interest expense is recognised in the income statement.

**Shares in companies accounted for under the equity method** are accounted for at acquisition cost, which is apportioned between the pro rata net assets acquired at fair value and, if applicable, goodwill. The carrying amount is increased or decreased annually by the proportionate annual profit or loss, dividends received and other changes to equity.

Goodwill is not subject to planned amortisation, rather it is assessed for impairment, as per IAS 36, once a year as well as when circumstances exist that indicate there may be possible impairment. If the recoverable amount differs from the carrying amount, the difference is written off.

**Project financing** is measured at amortised cost. If indicators of impairment are determined, project financing is written down to the present value of the expected cash flows.

The shares in non-consolidated subsidiaries and other shareholdings shown under **other financial assets** are valued at acquisition cost, as it is not possible to determine a reliable fair value. If impairment is established on the financial assets valued at acquisition cost, they are written down to the present value of the expected cash flows.

**Construction contracts** are recognised according to the percentage of completion of the contract (POC method). The anticipated revenues from the contracts are shown under revenue according to the respective percentage of completion. The percentage of completion, which is the basis for the amount of the contract revenues shown, is, as a rule, determined according to the ratio of the services supplied compared to the estimated total services at the end of the reporting period.

Where the result of a construction contract cannot be reliably estimated, the amount of the accumulated contract costs alone shall represent the amount recorded for contract revenues. If it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognised immediately and in full. The revenues attributable to the services supplied so far according to the percentage of completion method are, to the extent that they exceed the payments on account made by the customer, shown in the statement of financial position under trade receivables. Amounts by which the payments on account received exceed the revenues attributable to the services supplied so far are shown under other liabilities.

**Receivables** are fundamentally recognised at amortised cost. Should there be substantial evidence of default risks, allowances are set up.

**Deferred tax items** are recognised where there are temporary differences between the values of assets and liabilities in the consolidated financial statements on the one hand and the values for tax purposes on the other hand in the amount of the anticipated future tax expense or tax relief. In addition, a deferred tax asset for future asset advantage resulting from tax loss carryforwards is recognised if there is sufficient certainty of realisation. Temporary differences arising from the first recognition of goodwill constitute exceptions to this comprehensive tax deferral.

The calculation of the deferred tax amount is based on the rate of income tax valid in the country concerned; for Austrian companies this is a tax rate of 25 %.

The **provisions for severance payments, pensions and anniversary bonuses** were determined by the projected unit credit method in accordance with IAS 19 and based on the life table AVÖ 2008-P, whereby an actuarial assessment is performed on each reference date. In the valuation of these provisions for Austria and Germany, an interest rate for accounting purposes of 2.25 % p.a. (2013: 3.75 %) was applied with salary increases of 2.60 % (2013: 2.76 %). When determining provisions for severance payments and anniversary bonuses for Austria, deductions are made for fluctuations based on statistical data within a range of 0.0 % to 10.0 % (2013: 0.0 % to 10.4 %) and for anniversary bonuses in Germany a range of 0.0 % to 25.0 % (2013: 0.0 % to 25.0 %) was applied.

For Austrian companies the assumed retirement age is the earliest possible retirement age permitted by law following the 2004 pension reform (corridor pension), taking into account all transitional arrangements; for German companies the legal retirement age is used. The life table AVÖ 2008-P – Pagler & Pagler is used for calculating provisions in Austria, while for Germany the life table Richttafeln 2005 G by Klaus Heubeck is applied.

Actuarial gains and losses for severance payments and pensions are recognised in full in other comprehensive income, while anniversary bonuses are under profit or loss for the period. Service costs are shown under staff expense. Interest paid is recorded under finance costs.

**Other provisions** take account of all currently discernible risks and contingent liabilities. They are recognised with the best estimate of the expenditure required to settle the present obligation if a reliable estimate exists.

**Liabilities** are recognised at amortised cost in accordance with the effective interest method.

If the amount to be paid back is lower or higher, this is subjected to appreciation or depreciation in accordance with the effective interest method.

**Derivative financial instruments** are recognised at fair value. Derivatives which involve hedges are treated in line with the requirements for hedge accounting.

**Revenue** is measured at the fair value of the consideration. Discounts and other subsequent reductions in revenue are deducted from this amount. Revenue is recognised on delivery and transfer of ownership. Revenue from construction contracts is recognised according to the percentage of completion allocated over the period of the contract.

**Interest income and expense** is limited under consideration of the respective outstanding sum borrowed and the applicable interest rate.

**Dividend income** from financial investments is recognised when legal title arises.

## V. KEY ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions made by management which relate to the amount and recognition of the assets and liabilities in the statement of financial position and to income and expenses and contingent liabilities are inextricably linked to the preparation of annual financial statements. The key assumptions and sources of estimation uncertainty in accordance with IAS 1.125 et seq. relate to:

Determining fair values of real estate: The fair value is generally equal to the present value of realisable rental income. If the estimate regarding the future realisable rental income or the predicted rate of return on alternative investments changes, the fair value of the given item will also change. The capitalisation rate (bandwidth from 6.25 to 9.25 %) is the rate at which the return from the property is generally computed on the market. One criterion for choosing the capitalisation rate is the general and specific risk that the return from the property is subject to.

In the current year the majority of investment property has been valued using internationally accepted valuation methods, particularly the Term and Reversion approach (more details on valuation methods are given in note 19).

For real estate under development (assets under construction – IAS 40) the residual value method was used for valuation. Using this method, the income values are estimated by the appraisers – provided there has been no preletting activity – in consultation with the project developers. The budgeted completion costs, including an appropriate developer margin, are deducted from the income values. What is left after this valuation method constitutes the market value of our properties under development.

The following sensitivity analysis shows the impact of key parameter changes on the fair value of investment property:

#### IN T€

<b>Portfolio property</b>				
Carrying amount as at 31 Dec 2014		159,857		
		Adjustment to long-term rent		
		0.0 %	10.0 %	-10.0 %
<b>Adjustment to yield</b>				
0.0 %		–	10,714	–9,914
0.5 %		–10,550	2,421	–19,677
–0.5 %		12,396	18,117	–3,348

#### IN T€

<b>Development projects</b>				
Carrying amount as at 31 Dec 2014		70,012		
		–5.0 %	5.0 %	
Developer profit		11,439	–11,382	
		–0.5 %	0.5 %	
Adjustment to yield		16,894	–14,923	
		10.0 %	–10.0 %	
Adjustment to construction costs		–10,858	13,061	
		–10.0 %	10.0 %	
Adjustment to rental income		–12,723	14,928	

The classification as investment property (IAS 40) or inventories (IAS 2) is based on the following considerations. Projects that are held for the purpose of generating rental revenue or for the purposes of increasing value are classified as investment property. The inventory category comprises real estate that is intended for resale at the outset.

Properties intended for sale: for any property where the market value can be determined based on comparable transactions, the market value was determined using the sales comparison approach or the cost approach. This primarily applies to real estate held under current assets (residential buildings) that is intended for immediate sale once completed. In accordance with accounting standards, the carrying amount is only aligned with the market value if this is lower. The external appraisers determined the parameters with the local project developers based on the size, age and condition of the buildings and country-specific parameters. Please refer to note 23 with regard to carrying amounts and the possible impact of impairment.

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

Sensitivity analysis of pension provisions:

The following actuarial assumptions were deemed relevant and the following margins were applied:

Discount rate +/-0.25 %, Pension trend +/-0.25 %, Life expectancy +/-1 year.

The sensitivity analysis of life expectancy was carried out on the basis of a shift in life expectancy for the total candidates of the respective plan. The difference to the values disclosed in the statement of financial position is shown in the tables below as relative deviations:

	INTEREST +0.25 %		INTEREST -0.25 %	
	active	liquid	active	liquid
Pensions DBO	-4.0 %	-3.0 %	5.0 %	3.0 %

	PENSION TREND +0.25 %		PENSION TREND -0.25 %	
	active	liquid	active	liquid
Pensions DBO	10.0 %	6.0 %	-9.0 %	-5.0 %

	LIFE EXPECTANCY +1 YEAR		LIFE EXPECTANCY -1 YEAR	
	active	liquid	active	liquid
Pensions DBO	3.0 %	4.0 %	-3.0 %	-3.0 %

Sensitivity analysis of severance payments:

For severance payments, the following actuarial assumptions were deemed relevant and the following margins were applied:

Discount rate +/-0.25 %, Salary trend +/-0.25 %, Fluctuation +/-0.5 % up to 25th year of work, Life expectancy +/-1 year.

The sensitivity analysis of life expectancy was carried out on the basis of a shift in average life expectancy for the total candidates of the respective plan.

The difference to the values disclosed in the statement of financial position is shown in the tables below as relative deviations:

	Interest +0.25 %	Interest -0.25 %	Salary trend +0.25 %	Salary trend -0.25 %
	Severance DBO	-1.70 %	1.76 %	1.72 %

	Fluctuationn +0.5 % up to 25th year of work	Fluctuationn -0.5 % up to 25th year of work	Life expactancy +1 year	Life expactancy -1 year
	Severance DBO	-0.17 %	0.18 %	0.10 %

The following table shows the average duration of the respective obligations:

	MATURITY PROFILE - DBO			DBO	MATURITY PROFILE - CASH			CASH
	1-5 years	6-10 years	10+ years	Duration	1-5 years	6-10 years	10+ years	Duration
Pensions	466	791	2,627	16.32	501	975	4,550	18.9
Severance	999	433	578	7.13	1,116	90	1,431	9.58

Project financing: As the parent company, UBM AG issues loans to its companies accounted for under the equity method and subsidiaries. These loans serve as financing for the equity share of property projects. They are subject to interest at common market rates and are payable after the sale of the project.

The actual amounts realised in the future could differ from the estimates and assumptions based on the success of individual projects. With regard to carrying amounts and possible impacts from impairment, please refer to note 21.

## VI. NEW AND AMENDED ACCOUNTING STANDARDS

### STANDARDS ADOPTED FOR THE FIRST TIME IN THE YEAR UNDER REVIEW

#### New standards

##### **IFRS 10 – Consolidated Financial Statements**

In IFRS 10 control is defined as the only basis for consolidation, regardless of the type and background of the investee. As a consequence, the risk and rewards approach of SIC 12 is eliminated. This standard is applicable to fiscal years beginning on or after 1 January 2014. The application of the standard has not had an impact on the Group's consolidated financial statements.

##### **IFRS 11 – Joint Arrangements**

The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. The option of applying proportionate consolidation to joint ventures will be eliminated in the future.

This standard is applicable to fiscal years beginning on or after 1 January 2014. The application of the standard has not had a significant impact on the Group's consolidated financial statements as joint ventures are already consolidated under the equity method.

##### **IFRS 12 – Disclosure of Interests in Other Entities**

IFRS 12 brings together the disclosures for interests in subsidiaries, joint arrangements, companies accounted for under the equity method and unconsolidated structured entities into one comprehensive standard. Many of these disclosures have been taken from IAS 27, IAS 31 or IAS 28, while other disclosures have been newly incorporated. This standard is applicable to fiscal years beginning on or after 1 January 2014. The application of the standard has led to more detailed disclosures in the Group's consolidated financial statements.

#### Amendments to standards and interpretations

##### **Amendments to IFRS 10, IFRS 12, IAS 27 – Investment Entities**

The amendments provide for an exception with regard to the consolidation of subsidiaries if the parent qualifies for classification as an investment entity. Certain subsidiaries would then be measured at fair value through profit or loss as per IFRS 9 and IAS 39. The amendments are applicable to fiscal years beginning on or after 1 January 2014 and must be applied retrospectively. The amendment has not had any impact on the consolidated financial statements.

**IFRS 10–12 – Transition Guidance** (IASB publication: 28 June 2012; EU-Endorsement: not yet confirmed, but first adoption can be postponed in line with the underlying standards): The amendments clarify the transition guidance in IFRS 10 as well as additional simplification of all three standards. This applies in particular to the fact that for first-time adopters of IFRS the disclosure of adjusted comparative figures has been limited to the period immediately preceding. The amendment has not had any impact on the consolidated financial statements.

##### **Amendment to IAS 27 – Separate Financial Statements**

As a result of the publication of IFRS 10, IAS 27 now only contains regulations on separate financial statements. These

amendments are applicable to fiscal years beginning on or after 1 January 2014. The amendment has not had any impact on the consolidated financial statements.

#### **Amendment to IAS 28 – Investments in Associates and Joint Ventures**

IAS 28 has been amended as a result of the publication of IFRS 10 and IFRS 11. This amendment is applicable to fiscal years beginning on or after 1 January 2014. The amendment has not had any impact on the consolidated financial statements.

#### **Amendment to IAS 36 – Impairment of Assets**

The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment applies to fiscal years beginning on or after 1 January 2014. The amendment has not had any impact on the consolidated financial statements.

#### **Amendment to IAS 39 – Financial Instruments: Recognition and Measurement**

The amendment allows derivatives to continue to be designated as hedges despite a novation. The precondition for this is that the derivative is novated to effect clearing with a central counterparty as a result of laws or regulation. The amendment applies to fiscal years beginning on or after 1 January 2014. The amendment has not had any impact on the consolidated financial statements.

#### **Amendments to IAS 32 – Financial Instruments: Presentation and IFRS 7 Financial Instruments:**

##### **Offsetting Financial Assets and Financial Liabilities**

The amendments should eliminate inconsistencies in the interpretation of existing requirements for offsetting financial assets and financial liabilities. In the future entities must disclose both gross and net offsetting amounts reflected in the statement of financial position – along with other existing rights of set-off that do not meet the requirements for set-off in the statement of financial position. The amendments are effective for annual periods beginning on or after 1 January 2014 and must be applied retrospectively. The amendment has not had any impact on the consolidated financial statements.

### **New accounting standards which have not yet been adopted**

The following published standards and interpretations relevant to the preparation of consolidated financial statements did not need to be applied compulsorily to fiscal years beginning on or prior to 1 January 2014, and the voluntary option to apply them early was also not exercised.

## **STANDARDS AND INTERPRETATIONS ALREADY ADOPTED BY THE EUROPEAN UNION**

### **New interpretations**

#### **IFRIC 21 – Levies**

The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The interpretations apply to fiscal years beginning on or after 1 July 2014. The interpretation has not had any significant impact on the consolidated financial statements.

### **Amendments to standards and interpretations**

#### **Amendment to IAS 19 – Employee Benefits**

The amendment clarifies how contributions from employees or third parties which are linked to service should be attributed to periods of service and also permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendment applies to fiscal years beginning on or after 1 July 2014. The Group does not expect the amendment to have any impact on the consolidated financial statements.



### **Annual Improvements to IFRSs (2010–2012 Cycle)**

The Annual Improvements to IFRSs 2010–2012 Cycle contains a number of minor amendments to different standards. The amendments apply to fiscal years beginning on or after 1 July 2014. The standards affected by these amendments include: IFRS 2 Share-based Payment; IFRS 3 Business Combinations; IFRS 8 Operating Segments; IFRS 13 Fair Value Measurement; IAS 16 Property, Plant and Equipment; IAS 24 Related Party Disclosures; and IAS 38 Intangible Assets.

### **Annual Improvements to IFRSs (2011–2013 Cycle)**

The Annual Improvements to IFRSs 2011–2013 Cycle contains a number of minor amendments to different standards. The amendments apply to fiscal years beginning on or after 1 July 2014. The standards affected by these amendments include: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 13 Fair Value Measurement; and IAS 40 Investment Property. As the main purpose of the Annual Improvements project is to clarify the formulation of existing IFRSs and make small amendments to eliminate unforeseen consequences and conflicts, the Group does not expect any of the amendments arising from Improvements to IFRSs to have a significant impact on the consolidated financial statements.

## **STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION**

### **New standards**

#### **IFRS 9 – Financial Instruments**

The IASB published the final version of the standard on 24 July 2014 in the course of completing the various phases of its comprehensive financial instruments project. This means that IAS 39 Financial Instruments and Recognition can now be fully replaced with the application of IFRS 9. The most recently published version of IFRS 9 replaces all earlier versions of the standard. The amendment applies to reporting periods beginning on or after 1 January 2018. The Group is currently evaluating the impact of the amendment on the consolidated financial statements.

#### **IFRS 14 – Regulatory Deferral Accounts**

account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. IFRS 14 was issued in January 2014 and applies to reporting periods beginning on or after 1 January 2016. The standard will not have any impact on the consolidated financial statements.

#### **IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based, five-step model to be applied to all contracts with customer. IFRS 15 was issued in May 2014 and applies to reporting periods beginning on or after 1 January 2017. The Group is currently evaluating the impact of the standard on the consolidated financial statements.

### **Amendments to standards and interpretations**

#### **Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception**

The IASB issued amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" with regard to applying the consolidation exception for investment entities. The amendments serve to clarify three issues related to the consolidation exception for investment entities whose subsidiaries are measured at fair value.

Subject to adoption by the EU, the amendments will apply to reporting periods beginning on or after 1 January 2016. The amendments are not likely to have any impact on the consolidated financial statements.

### **Amendments to IAS 1 – Disclosure Initiative**

In December 2014 the IASB issued amendments to IAS 1 "Presentation of Financial Statements". The amendments primarily relate to the following points:

- Clarifying that disclosures in the financial statements are only necessary if their content is not immaterial.
- Guidance on aggregating and disaggregating items in the statement of financial position and statement of profit or loss and other comprehensive income.
- Clarifying how to account for an entity's share of other comprehensive income of companies accounted for under the equity method in the statement of comprehensive income.
- Eliminating the model structure of the financial statements in order to take account of relevance to the specific company.

Subject to adoption by the EU, the amendments will apply to reporting periods beginning on or after 1 January 2016. Earlier adoption is permitted. The Group is currently evaluating the impact of the amendments on the consolidated financial statements.

### **Annual Improvements to IFRSs 2012–2014 Cycle**

The IASB has issued IASB ED/2013/11 "Annual Improvements to IFRSs 2012–2014 Cycle". The draft proposes the following amendments:

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" – adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 "Financial Instruments: Disclosures" – clarifies whether a servicing contract is continuing involvement in a transferred asset and clarifies offsetting disclosures to the condensed interim financial statements.
- IAS 19 "Employee Benefits" – the amendments clarify that the corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 "Interim Financial Reporting" – proposes the inclusion of a cross-reference to information disclosed in interim financial reports.

Subject to adoption by the EU, all of the amendments will apply to fiscal years beginning on or after 1 January 2016. Earlier adoption is permitted. The Group is currently evaluating the impact of the amendments on the consolidated financial statements.

### **Amendments to IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures**

The amendments address an inconsistency between the requirements of IFRS 10 and IAS 28. They clarify how to deal with gains and losses resulting from a transaction between an investor and its Associate or joint venture. Gains or losses from downstream transactions involving assets that constitute a business must be recognised in full by the investor. Transactions involving assets which do not constitute a business require only partial recognition of the gain or loss. The amendments apply to fiscal years beginning on or after 1 January 2016. The Group is currently evaluating the impact of the amendments on the consolidated financial statements.

### **Amendments to IAS 27 – Equity Method in Separate Financial Statements**

The minor amendments to IAS 27 "Separate Financial Statements" allow entities to use the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments apply to fiscal years beginning on or after 1 January 2016. The amendment is not likely to have any impact on the consolidated financial statements.

### **Amendments to IAS 16 and IAS 41 – Bearer Plants**

The amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" relate to the financial reporting for bearer plants. Bearer plants, which are used solely to grow produce, have been brought into the scope of IAS 16. This means that they can be accounted for in the same way as property, plant and equipment. The amendments apply to fiscal years beginning on or after 1 January 2016, whereby earlier adoption is permitted. The amendments are not likely to have any impact on the consolidated financial statements.

### Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate because such methods reflect factors other than the pattern of consumption of an asset’s expected future economic benefits. The amendments also specify that a revenue-based amortisation method for determining the future economic benefits of intangible assets is generally inappropriate, whereby this presumption can be overcome under specific limited circumstances. The amendments apply to fiscal years beginning on or after 1 January 2016. The amendments are not likely to have any impact on the consolidated financial statements.

### Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments relate to accounting for interests in joint ventures and joint operations. This amendment will involve the inclusion of new guidance in IFRS 11 on accounting for acquisitions of interests in joint operations which constitute a business. The amendments apply to fiscal years beginning on or after 1 January 2016. The Group is currently evaluating the impact of the amendments on the consolidated financial statements.

## VII. REVENUE

Revenue totalling T€ 223,566 (2013: T€ 211,559) includes sales proceeds from real estate and property project companies, rental income, invoiced construction work for own projects and other proceeds from ordinary business activities.

The following table shows total Group output based on internal reporting by region, which in particular includes the proportional output of companies accounted for under the equity method and subsidiaries which are not consolidated in full.

IN T€	2014	2013
<b>Regions</b>		
Austria	89,374	37,540
Western Europe	175,388	193,375
Eastern Europe	77,976	55,834
<b>Total Group output</b>	<b>342,738</b>	<b>286,749</b>
Less revenue from companies accounted for under the equity method, subsidiaries and joint ventures	-101,598	-69,523
Less changes to the portfolio	-17,574	-5,667
<b>Revenue</b>	<b>223,566</b>	<b>211,559</b>

## VIII. OTHER OPERATING INCOME

IN T€	2014	2013
Income from the release of provisions	2,701	–
Facility management and staff cost allocations	354	734
Exchange gains	436	109
Rent from space and land	101	139
Other	630	1,287
<b>Total</b>	<b>4,222</b>	<b>2,269</b>

## IX. COST OF MATERIALS AND OTHER RELATED PRODUCTION SERVICES

IN T€	2014	2013
Expenditure on raw materials and supplies and for purchased goods	-3,350	-3,433
Expenditure on purchased services	-175,197	-142,106
<b>Total</b>	<b>-178,547</b>	<b>-145,539</b>

## X. PERSONNEL EXPENSES

IN T€	2014	2013
wages and salaries	-17,195	-16,788
Social welfare expenses	-4,004	-3,462
Expenditure on severance payments and pensions	-324	-135
<b>Total</b>	<b>-21,523</b>	<b>-20,385</b>

Expenditure on severance payments and pensions includes the current service costs and expenditure on defined contribution obligations. The interest expense is shown under the item finance costs.

## XI. OTHER OPERATING EXPENSES

The significant other operating expenses break down as follows:

IN T€	2014	2013
Office operations	-4,196	-3,152
Advertising	-1,366	-1,067
Legal and consultancy services	-4,151	-1,905
Releases to provisions	–	973
current	-3,347	-5,003
Exchange losses	-3,182	-1,243
Taxes, contributions and charges	-2,255	-1,977
charges	-1,768	-1,673
Miscellaneous	-7,115	-6,996
<b>Total</b>	<b>-27,380</b>	<b>-22,043</b>

The miscellaneous other operating expenses primarily comprise other third-party services, travel expenses, charges and fees, as well as general administrative costs. The value adjustments to investment property which were shown last year under other operating expenses are recognised as a separate item in the income statement this year.

## XII. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE

Amortisation of T€ 17 (2013: T€ 18) was applied to intangible assets and depreciation of T€ 2,367 (2013: T€ 2,435) to property, plant and equipment.

### XIII. FINANCIAL INCOME

IN T€	2014	2013
Income from shareholdings	486	322
(of which from affiliates)	186	254
Interest and similar income	5,498	4,195
(of which from project financing for companies accounted for under the equity method and subsidiaries)	3,806	2,640
(of which from affiliates)	379	452
Income from the disposal of/reversal of impairment of current financial assets	706	1,879
(of which from affiliates)	—	—
<b>Total</b>	<b>6,690</b>	<b>6,396</b>

### XIV. FINANCE COSTS

IN T€	2014	2013
Interest and similar expenditure relating to bonds	-11,161	-9,766
Interest and similar expenditure relating to other financial liabilities	-5,404	-7,561
Other interest and similar expenses	-4	-348
Expenditure relating to shareholdings	-1,518	-229
(of which from companies accounted for under the equity method)	-1,518	—
(of which from affiliates)	—	-229
Expenditure from other financial assets	—	-48
<b>Total</b>	<b>-18,087</b>	<b>-17,952</b>

### XV. INCOME TAX

Income tax is the taxes on income and earnings paid or owed in the individual countries, the tax allocation for other shareholders of a non-consolidated shareholding in accordance with Article 9 Austrian Corporate Tax Act and deferred taxes.

The calculation is based on tax rates that will be applicable pursuant to the prevailing tax laws or according to tax laws whose entry into force is essentially finalised, at the probable date of realisation.

IN T€	2014	2013
Actual tax expense	3,660	6,471
Deferred tax expense/income	-486	-2,155
<b>Tax expense (+)/income (-)</b>	<b>3,174</b>	<b>4,316</b>

The tax expense resulting from the application of the Austrian Corporation Tax rate of 25 % can be reconciled to the actual expense as follows:

IN T€	2014	2013
Profit before income tax	25,160	17,844
Theoretical tax expense (+)/income (-)	6,290	4,461
Differences in rates of taxation	486	2,637
Tax effect of non-deductible expenditure and tax-exempt income	240	50
Income/expenditure from companies accounted for under the equity method	-3,903	-1,748
Changes in deferred tax assets not applied in relation to loss carryforwards	-	-1,223
Tax losses (-)/income (+) related to other periods	33	35
Other differences	28	104
<b>Taxes on income and earnings</b>	<b>3,174</b>	<b>4,316</b>

In addition to the tax expense recognised in the consolidated income statement, the tax effect of expenses and income set off to other comprehensive income was also recognised in other comprehensive income. The income recognised in other comprehensive income amounted to T€ 255 (2013: T€ 72) and related to the tax effect of the remeasurement from benefit obligations.

## XVI. EARNINGS PER SHARE

Earnings per share are calculated by dividing the proportion of the annual profit relating to the shareholders of the parent by the weighted average number of shares issued. The diluted earnings per share correspond to the basic earnings per share.

IN T€	2014	2013
Proportion of annual surplus relating to shareholders of the parent	21,531	12,856
Weighted average number of shares issued	6,000,000	6,000,000
<b>Earnings per share in €</b>	<b>3.59</b>	<b>2.14</b>

## XVII. INTANGIBLE ASSETS

IN T€	Concessions, licences and similar rights	Goodwill	Total
<b>Acquisition and manufacturing costs</b>			
Balance at 1 Jan 2013	274	3,861	4,135
Changes to the consolidated group	–	–	–
Additions	6	–	6
Disposals	–	–	–
Reclassifications	–	–	–
Currency adjustments	–4	–	–4
<b>Balance at 31 Dec 2013</b>	<b>276</b>	<b>3,861</b>	<b>4,137</b>
Changes to the consolidated group	74	–	74
Additions	19	–	19
Disposals	–7	–	–7
Reclassifications	–	–	–
Currency adjustments	–7	–	–7
<b>Balance at 31 Dec 2014</b>	<b>355</b>	<b>3,861</b>	<b>4,216</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 Jan 2013	250	1,182	1,432
Changes to the consolidated group	–	–	–
Additions	18	–	18
Disposals	–	–	–
Reclassifications	–	–	–
Currency adjustments	–3	–	–3
Appreciation	–	–	–
<b>Balance at 31 Dec 2013</b>	<b>265</b>	<b>1,182</b>	<b>1,447</b>
Changes to the consolidated group	20	–	20
Additions	17	–	17
Disposals	–7	–	–7
Reclassifications	–	–	–
Currency adjustments	–6	–	–6
Appreciation	–	–	–
<b>Balance at 31 Dec 2014</b>	<b>289</b>	<b>1,182</b>	<b>1,471</b>
<b>Carrying amounts – balance at 31 Dec 2013</b>	<b>11</b>	<b>2,679</b>	<b>2,690</b>
<b>Carrying amounts – balance at 31 Dec 2014</b>	<b>66</b>	<b>2,679</b>	<b>2,745</b>

The only acquired intangible assets shown are those with a limited useful life. The details under accounting and measurement methods explain the useful lives and methods of amortisation, depreciation and impairment.

Scheduled depreciation is shown in the income statement under "Depreciation, amortisation and impairment expense".

The impairment test involves comparing the total of the carrying amounts of the assets of the cash-generating unit to which goodwill was allocated with the recoverable amount of the same assets. For the UBM Group the cash-generating unit is the separate consolidated company. The goodwill is allocated to the cash-generating unit of Münchner Grund Immobilien Baurträger AG. The recoverable amount of the cash-generating unit corresponds to the value in use. The cash flows were derived from budgets for the year 2015 and the following four years (detailed planning period) with a growth rate of 1 % (2013: 1%) approved by the Managing Board and current as at the time of the implementation of the impairment tests. These forecasts are based on past experience and on expectations on future market development. Discounting was applied on the basis of specific capital costs of 7.67 % (2013: 7.67 %), based on a perpetual annuity. A 1 % change in the specific capital costs would not yield any change in valuation.

## XVIII. PROPERTY, PLANT AND EQUIPMENT

IN T€	Land, land rights and buildings including buildings on leasehold land	Technical equipment and machinery	Other facili- ties, fixtures and office equipment	Payments on account and assets under construction	Total
<b>Acquisition and manufactu- ring costs</b>					
Balance at 1 Jan 2013	34,773	1,755	9,511	24,162	70,201
Changes to the consolidated group	–	–	–	–	–
Additions	65	89	301	168	623
Disposals	–6,983	–	–299	–24,101	–31,383
Reclassifications	–	–	–	–	–
Currency adjustments	–394	–25	–74	2	–491
<b>Balance at 31 Dec 2013</b>	<b>27,461</b>	<b>1,819</b>	<b>9,439</b>	<b>231</b>	<b>38,950</b>
Changes to the consolidated group IFRS 3	28,231	–	938	–	29,169
Additions	69	33	562	1,106	1,770
Disposals	–30	–129	–487	–	–646
Reclassifications IFRS 5	–26,767	221	778	–1,289	–27,057
Currency adjustments	–284	–50	–119	–3	–457
<b>Balance at 31 Dec 2014</b>	<b>28,679</b>	<b>1,894</b>	<b>11,111</b>	<b>45</b>	<b>41,729</b>



IN T€	Land, land rights and buildings including buildings on leasehold land	Technical equipment and machinery	Other facili- ties, fixtures and office equipment	Payments on account and assets under construction	Total
<b>Accumulated depreciation and impairment</b>					
Balance at 1 Jan 2013	5,220	1,336	5,235	–	11,791
Changes to the consolidated group	–	–	–	–	–
Additions	681	96	1,042	616	2,435
Disposals	–	–37	–207	–616	–860
Reclassifications	–	–	–	–	–
Currency adjustments	–64	–19	–55	–	–138
Appreciation	–	–	–	–	–
<b>Balance at 31 Dec 2013</b>	<b>5,837</b>	<b>1,376</b>	<b>6,015</b>	<b>0</b>	<b>13,228</b>
Changes to the consolidated group IFRS 3	169	–	161	–	330
Additions	1,093	113	1,161	–	2,367
Disposals	–21	–87	–402	–	–510
Reclassifications IFRS 5	–6,426	–1	1	–	–6,426
Currency adjustments	–58	–38	–96	–	–192
Appreciation	–	–	–	–	–
<b>Balance at 31 Dec 2014</b>	<b>594</b>	<b>1,363</b>	<b>6,840</b>	<b>0</b>	<b>8,797</b>
<b>Carrying amounts – balance 31 Dec 2013</b>	<b>21,624</b>	<b>443</b>	<b>3,424</b>	<b>231</b>	<b>25,722</b>
<b>Carrying amounts – balance 31 Dec 2014</b>	<b>28,085</b>	<b>531</b>	<b>4,271</b>	<b>45</b>	<b>32,932</b>

Any impairment recognised in profit or loss is shown together with scheduled depreciation under “Depreciation, amortisation and impairment expense” and any reversals of impairment recognised in profit or loss on assets subject to prior impairment are shown in the income statement under “Other operating income”. The carrying amount of property, plant and equipment pledged as collateral at the reporting date amounts to T€ 27,676 (2013: T€21,517). Property, plant and equipment with a carrying amount of T€ 27,676 (2013: T€ 21,517) is subject to restrictions on disposal.

#### Operating leases

The Group essentially leases cars and individual items of real estate under operating leases, in most cases preagreed extension options are not exercised. The average term of car leasing agreements is five years and the term of real estate leasing agreements is up to seven years.

IN T€	2014	2013
Due with 1 year	507	460
Due within 1 to 5 years	2,209	1,975
Due after 5 years	3,574	3,769

## XIX. INVESTMENT PROPERTY

The carrying amounts of investment property correspond to the fair value and break down as follows:

### IN T€

<b>Carrying amounts</b>	
Balance at 1 Jan 2013	274,341
Changes to the consolidated group	-4,551
Additions	25,715
Disposals	-1,129
Reclassifications	-
Currency adjustments	-2,198
Adjustment to fair value	-12,749
<b>Balance at 31 Dec 2013</b>	<b>279,429</b>
Changes to the consolidated group	14,312
Additions	27,176
Disposals	87,767
Reclassifications IFRS 5	-4,912
Currency adjustments	-2,790
Adjustment to fair value	4,421
<b>Balance at 31 Dec 2014</b>	<b>229,869</b>

### RECONCILIATION STATEMENT FOR LEVEL-3 MEASUREMENTS:

IN T€	Austria			
	Office	other	residential	land bank
Carrying amount at 1 Jan	37,453	55,808	1,844	2,700
Currency adjustments	-	-	-	-
Additions from the purchase of properties	-	-	-	-
Additions in existing properties	40	-	-	-
Additions/disposals from changes to the consolidated group	-	-	-	-
Disposals from the reclassification of properties as held for sale	-1,667	-3,245	-	-
Disposals	-	-23,392	-883	-753
Net income from changes in fair value <sup>1)</sup>	1,350	23	-5	347
<b>Carrying amount at 31 Dec</b>	<b>37,176</b>	<b>29,194</b>	<b>956</b>	<b>2,294</b>

IN T€	Austria			
	Office	other	residential	land bank
Carrying amount at 1 Jan	37,707	54,515	1,848	2,925
Currency adjustments	-	-	-	-
Additions in existing properties	283	2,604	-	-
Additions/disposals from changes to the consolidated group	-	-	-	-
Disposals	-	-574	-	-225
Net income from changes in fair value <sup>1)</sup>	-537	-737	-4	-
<b>Carrying amount at 31 Dec</b>	<b>37,453</b>	<b>55,808</b>	<b>1,844</b>	<b>2,700</b>

## FAIR VALUE OF LAND AND BUILDINGS

Determining the fair value of properties is carried out by way of a revolving cycle. An internal valuation team determines the market value of any property which has not undergone an external valuation. Discussions related to the parameters which need to be applied to determine fair value (Level 3) are led by operational project developers, the Managing Board and the valuation team.

In the year under review the market values of all properties with a carrying amount over T€ 1,000, including those of non-controlling interests included in the consolidated financial statements, were determined by external appraisers; this involved investment property with a total carrying amount of T€ 227,215 (2013: T€ 210,811).

In 2014 the majority of fair values were determined using capital earnings methods, particularly the Term and Reversion approach, an international valuation method for determining the value of real estate. This valuation method divides all expected future cash flows into two distinct, independent areas. This division is necessary as when a property is rented out, the period until the current agreement (in place on the valuation date) ends – the so-called TERM – cannot be treated in the same way with regard to the requisite calculations as the period which starts after the existing rental agreement comes to an end – so-called REVERSION (applying to the subsequent rental agreement).

Term (contractual duration) – the present value of the net yield during the term is calculated. This present value is not, however, a perpetual annuity, but merely a temporary annuity which ends when the rental agreement ends.

	West			East			Total
	Office	residential	land bank	Office	other	land bank	2014
	73,300	1,007	3,099	28,164	72,138	3,916	279,429
	–	–	–	–895	–1,847	–48	–2,790
	–	–	–	–	–	–	–
	12,406	–	–	11,135	1,322	2,273	27,176
	14,312	–	–	–	–	–	14,312
	–	–	–	–	–	–	–4,912
	–57,974	–71	–1,163	–3,513	–18	–	–87,767
	–	–	–368	1,027	2,047	–	4,421
	<b>42,044</b>	<b>936</b>	<b>1,568</b>	<b>35,918</b>	<b>73,642</b>	<b>6,141</b>	<b>229,869</b>

	West			East			Total
	Office	residential	land bank	Office	other	land bank	2013
	71,618	1,252	7,757	14,796	78,040	3,883	274,341
	–	–	–	–73	–1,850	–275	–2,198
	6,644	–	–	13,675	2,201	308	25,715
	–	–	–4,551	–	–	–	–4,551
	–	–223	–107	–	–	–	–1,129
	–4,962	–22	–	–234	–6,253	–	–12,749
	<b>73,300</b>	<b>1,007</b>	<b>3,099</b>	<b>28,164</b>	<b>72,138</b>	<b>3,916</b>	<b>279,429</b>

<sup>\*)</sup> Net income from changes in fair value consists of revaluation gains of T€ 5,273 (2013: € 689) and revaluation losses of T€ –852 (2013: T€ –13,438).

Reversion (adjustment period) – the net yield of the reversion (market rent starting from the subsequent rental agreement), taking into account the duration the property will be vacant, is capitalised with a common market interest rate for the valuation as a perpetual annuity. A separate discount is not applied to this result, but considered in the capitalisation rate. The structural vacancy rate, should such a rate exist, is deducted separately.

The choice of capitalisation rate in the term and the revision is specified in light of the current market conditions. An investor expects a certain yield for the respective property in accordance with this estimate. Using this as a starting point, an appropriate capitalisation rate in the term and the reversion is specified for the property.

When choosing the interest rate, factors such as the market potential, the vacancy rate and other risks related to the property are taken into consideration.

For real estate under development (assets under construction – IAS 40) the residual value method was used for valuation. Using this method, the income values are estimated by the appraisers – provided there has been no preletting activity – in consultation with the project developers. The budgeted completion costs, including an appropriate developer margin, are deducted from the income values. What is left after this valuation method constitutes the market value of our properties under development.

The following table shows the place in the fair value hierarchy, the valuation method and the information used to value non-observable inputs.

The various levels of the fair value hierarchy are defined as follows:

- Quoted (non-adjusted prices) in active markets for identical assets or liabilities (Level 1)
- Inputs which differ from the quoted market prices in Level 1, which are either indirectly observable (i.e. as a price) or directly observable (i.e. derived from the price) (Level 2)
- Inputs which are based on unobservable market data for the assets or liabilities (Level 3)

Property type	Segment	Fair value hierarchy	Fair value at 31 Dec 2014 in T€	Valuation method	Range of non-observable inputs		
					Capitalisation rate in %	Rent per m <sup>2</sup> €/m <sup>2</sup>	Maintenance costs in €/m <sup>2</sup> or %
<b>INVESTMENT PROPERTY</b>							
Residential	AT	Level 3	956	TR <sup>*)</sup>	6.50–7.50	7.46	6.00
Residential	West	Level 3	936	TR <sup>*)</sup>	8.00	5.17	4.00
Land bank	AT	Level 3	2,294	TR <sup>*)</sup>	6.50	8.29	3.00
Land bank	West	Level 3	1,568	CV <sup>*)</sup>	–	–	–
Land bank	East	Level 3	4,995	Residual	7.00	5.30–6.50	3.00–4.75 %
Land bank	East	Level 3	1,147	CV <sup>*)</sup>	–	–	–
Office	AT	Level 3	37,176	TR <sup>*)</sup>	6.25–6.50	7.50–13.84	2.50–5.50
Office	East	Level 3	23,005	TR <sup>*)</sup>	6.25–7.25	9.36–10.73	2.50–7.00
Office	West	Level 3	42,044	Residual	5.25–7.00	5.80–16.50	3.00–5.50 %
Office	East	Level 3	12,913	Residual	7.25	12.00–13.50	2.00 %
Other	AT	Level 3	29,194	TR <sup>*)</sup>	6.75	10.35	6.50
Other	East	Level 3	63,580	TR <sup>*)</sup>	7.50–9.25	7.32–8.52	2.00–6.00
Other	East	Level 3	10,061	Residual	7.00	5.30–13.10	3.00–4.00 %

Property type	Segment	Fair value hierarchy	Fair value at 31 Dec 2013 in T€	Valuation method	Range of non-observable inputs			
					Capitalisation rate in %	Rent per m <sup>2</sup> €/m <sup>2</sup>	Maintenance in %	Vacancy rate in €/m <sup>2</sup> or %
<b>FINANZIMMOBILIEN</b>								
Retail	AT	Level 3	35,090	CE <sup>*)</sup>	6.30–7.30	7.90–12.10	2.00–8.00	2.00–12.00
Retail	East	Level 3	63,065	CE <sup>*)</sup> / Residual	7.00–8.30	8.40–32.40	2.50–7.00	3.00–5.00
Office	AT	Level 3	37,453	CE <sup>*)</sup>	6.00–6.30	6.40–14.00	5.00–9.00	7.00–10.00
Office	West	Level 3	73,300	Residual	5.30–5.50	12.00–16.00	3.00–5.50	4.00
Office	East	Level 3	31,222	Residual	6.30–7.30	6.00–14.50	2.00–8.00	3.00–5.00
Commercial	AT	Level 3	29,366	CE <sup>*)</sup>	5.00–6.80	2.50–10.70	2.00–12.00	3.00–10.00
Commercial	East	Level 3	9,933	CE <sup>*)</sup> / Residual	8.25	5.26	11.00	8.00

<sup>\*)</sup> CE = capitalised earnings, CV = comparative value, TR = term reversion

## THE IMPACT OF NON-OBSERVABLE INPUTS ON FAIR VALUE

- Rent: the higher the price per m<sup>2</sup>, the higher the fair value
- Maintenance: the higher the anticipated cost of maintenance, the lower the fair value
- Capitalisation rate: the lower the capitalisation rate, the higher the fair value

Fair value is determined using internationally recognised valuation methods, namely as derived from the current market price, as derived from a price recently paid in a transaction with similar property, or – in cases where there is a lack of suitable market data – as derived from discounting estimated future cash flows, which are commonly generated on the market by this type of property under a rental agreement.

At the reporting date existing contractual obligations to acquire or build investment property amounted to T€ 103,281 (2013: T€ 10,365). In addition, investment property with a carrying amount of T€ 200,656 (2013: T€ 228,199) was pledged as collateral.

Rental income from investment property rented out amounted to T€ 15,504 in the reporting period (2013: T€ 16,032), while operating expenses totalled T€ 1,514 (2013: T€ 2,364). Operating expenses related to investment property which did not generate any rental income in the reporting period amounted to T€ 540 (2013: T€ 2,014).

The carrying amounts of investment property held under finance leasing agreements relate to:

IN T€	2014	2013
Real estate leasing	28,698	30,753

These carrying amounts are balanced by corresponding liabilities represented by the present value of the minimum lease payments, i.e. of T€ 22,187 (2013: T€ 23,991).

The remaining term of the finance leasing agreements on real estate are between five and 13 years. There are no extension options, although there are purchase options in place.

## XX. SHARES IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

The UBM Group classifies its companies accounted for under the equity method as joint ventures. The requisite disclosures pursuant to IFRS 12 have been made for joint ventures which are classified as significant by the UBM Group for quality or quantity reasons.

The joint ventures listed below relate exclusively to project companies which are involved with developing and selling properties in various European countries. All companies are accounted for under the equity method.

2014 IN T€	COMPANY	Lilienthalstrasse		
		BLV Pasing GmbH	Wohnen plus GmbH	UBX 1 Objekt Berlin GmbH
	Share in %	47,00 %	47,00 %	50,00 %
	Asset class	Residential	Residential	Hotel
	Country	Germany	Germany	Germany
	Development status	Development	Portfolio	Portfolio
Revenue		701	33,695	24,559
Profit for the period		13,689	2,909	-1,441
of which Depreciation, amortisation and impairment expense		–	–	-3,079
of which Interest paid		-222	-90	-3,579
of which Taxes paid		-6,120	-924	–
Total comprehensive income		13,689	2,909	-1,441
Non-current assets		34,702	–	77,745
Current assets		6,276	5,286	2,714
of which cash and cash equivalents		1,082	731	228
Non-current liabilities		21,618	–	64,673
of which non-current financial liabilities		14,207	–	64,673
Current liabilities		1,727	2,378	4,084
Net assets		17,633	2,908	11,702
<b>Group share of net assets at 1 Jan</b>		<b>1,853</b>	<b>0</b>	<b>6,559</b>
Exchange differences 1 Jan		–	–	–
Additions/disposals		–	–	12
Group share of total comprehensive income		6,434	1,367	-721
Dividends received		–	–	–
Group share of net assets at 31 Dec		8,287	1,367	5,851
<b>Carrying amount of companies accounted for under the equity method at 31 Dec</b>		<b>8,287</b>	<b>1,367</b>	<b>5,851</b>

Disclosure on joint ventures of minor significance:

IN T€	2014	2013
Carrying amount attr. to joint ventures of minor significance as at 31 Dec	10,806	7,697
Share in the Group of		
Profit for the year	976	5,917
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>976</b>	<b>5,917</b>

The amount of non-recognised shares of losses of joint ventures and companies accounted for under the equity method for the 2014 business year is T€ 1,452 (2013: T€ 83) and the accumulated amount as of 31 December 2014 is T€ 2,331 (2013: T€ 879).

As at 31 December 2014 there were no significant restrictions on access to assets. See the details in note 39 for obligations related to contingent liabilities for companies accounted for under the equity method.

Poleczki Business Park spzoo	Vienna Office spzoo	Amsterdam Office spzoo	Dock V 1 sro	M Logistic distribution srl	Sienna Hotel SKA	Poleczki Development spzoo
50,00 %	50,00 %	50,00 %	50,00 %	50,00 %	50,00 %	50,00 %
Other	Office	Office	Office	Other	Hotel	Office
Poland	Poland	Poland	Czech Republic	Romania	Poland	Poland
Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
621	769	945	856	2,489	20,615	372
2,539	440	596	2,818	2,829	2,925	4,627
–221	–225	–225	–356	–526	–872	–92
–304	–302	–301	–758	–427	–	–1
–15	–312	–288	0	–341	–	–1,026
2,539	440	596	2,818	2,829	2,925	4,627
4,232	11,253	14,357	22,000	18,300	10,142	22,000
73	87	111	2,455	1,629	4,563	3,375
16	43	74	2,281	173	3,646	2,247
1,007	–	–	21,201	14,927	1,240	19,447
1,007	–	–	20,037	14,927	1,240	18,421
35	1	–	436	1,295	1,078	1,304
3,263	11,339	14,467	2,818	3,707	12,388	4,623
<b>372</b>	<b>5,601</b>	<b>7,128</b>	<b>0</b>	<b>438</b>	<b>5,645</b>	<b>0</b>
–10	–151	–192	–	–	–152	–
–	–	–	–	–	–	1
1,269	220	298	1,409	1,415	1,462	2,313
–	–	–	–	–	–761	–
1,631	5,670	7,234	1,409	1,853	6,194	2,314
<b>1,631</b>	<b>5,670</b>	<b>7,234</b>	<b>1,409</b>	<b>1,853</b>	<b>6,194</b>	<b>2,314</b>

2013 IN T€	COMPANY	BLV	UBX 1
		Pasing GmbH	Objekt Berlin GmbH
	Share in %	47,00 %	50,00 %
	Asset class	Residential	Hotel
	Country	Germany	Germany
	Development status	Development	Portfolio
Revenue		692	23,293
Profit for the period		-2,153	755
of which Depreciation, amortisation and impairment expense		—	-3,355
of which Interest paid		-162	-3,707
of which Taxes paid		-104	-180
Total comprehensive income		-2,153	755
Non-current assets		14,714	80,114
Current assets		5,892	6,931
of which cash and cash equivalents		11	693
Non-current liabilities		11,112	65,195
of which non-current financial liabilities		9,713	65,195
Current liabilities		5,550	8,731
Net assets		3,944	13,119
<b>Group share of net assets at 1 Jan</b>		<b>2,865</b>	<b>6,181</b>
Group share of total comprehensive income		-1,012	378
Group share of net assets at 31 Dec		1,853	6,559
Losses not transferred		—	—
<b>Carrying amount of associates at 31 Dec</b>		<b>1,853</b>	<b>6,559</b>

## XXI. PROJECT FINANCING

IN T€	2014	2013
Project financing for other shareholders	16,666	19,084
Project financing for companies accounted for under the equity method	52,931	47,093
Other project financing	2,847	2,868
<b>Total</b>	<b>72,494</b>	<b>69,045</b>

In the past business year impairment of T€ 2,721 (2013: T€ 1,890) and reversals of impairment of T€ 2,137 (2013: T€ 6,244) were applied.

The maturity of the project financing is tied to the sale of the respective property. There are no sums overdue at present.



Poleczki Business Park spzoo	Vienna Office spzoo	Amsterdam Office spzoo	Dock V 1 sro	M Logistic distribution srl	Sienna Hotel SKA
50,00 %	50,00 %	50,00 %	50,00 %	50,00 %	50,00 %
Other	Office	Office	Office	Other	Hotel
Poland	Poland	Poland	Czech Republic	Romania	Poland
Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
2,057	788	968	141	2,276	21,172
-4,396	11,187	14,174	-727	-2,913	-2,360
-887	-230	-230	-64	-593	-849
-1,122	-310	-309	-351	-488	-
-67	-2,932	-3,933	-	297	-
-4,396	11,187	14,174	-727	-2,913	-2,360
50,100	46,032	51,693	15,954	17,495	10,630
4,185	5,256	4,341	2,113	1,427	5,428
2,258	663	608	1,197	5	3,845
48,938	39,082	40,481	16,145	15,522	1,273
48,333	37,062	37,398	16,145	15,284	1,273
4,604	1,002	1,294	2,626	2,526	3,495
743	11,205	14,259	-703	875	11,290
<b>2,570</b>	<b>8</b>	<b>42</b>	<b>11</b>	<b>1,893</b>	<b>6,824</b>
-2,198	5,593	7,087	-363	-1,457	-1,180
372	5,601	7,129	-352	436	5,644
-	-	-	-362	-	-
<b>372</b>	<b>5,601</b>	<b>7,128</b>	<b>0</b>	<b>437</b>	<b>5,645</b>

## XXII. OTHER FINANCIAL ASSETS

IN T€	2014	2013
Shareholdings in non-consolidated subsidiaries	153	139
Other shareholdings	5,770	5,770
Securities available for sale	273	273
Securities HtM	2,907	2,907
<b>Total</b>	<b>9,103</b>	<b>9,089</b>

Securities available for sale mainly comprise fixed-interest instruments. They are not subject to any restrictions on disposal. As the fair value of shareholdings cannot be determined reliably, they are recognised at acquisition cost.

## XXIII. INVENTORIES

Inventories comprise the following items:

IN T€	2014	2013
Properties intended for sale		
under development	62,988	29,138
in the portfolio	88,895	113,866
Other inventories	286	6,294
Less payments on account	-22,712	-31,938
<b>Total</b>	<b>129,457</b>	<b>117,360</b>

Inventories with a carrying amount of T€ 60,661(2013: T€ 55,346) were pledged as collateral for liabilities.

The carrying amount of the inventories recognised at fair value amounts to T€ 27,000 (2013: T€ 27,513). In the reporting period allowances of T€ 3,337 (2013: T€ 4,995) were recognised.

## XXIV. TRADE RECEIVABLES

### CONSTRUCTION CONTRACTS

The construction contracts valued by the POC method at the end of the reporting period but not yet finally settled, are stated as follows:

IN T€	2014	2013
Contract values defined according to POC method (=contract proceeds for the period)	25,680	-
Less attributable payments on account	-19,906	-
<b>Total</b>	<b>5,774</b>	<b>-</b>

Proportional contract values capitalised according to the percentage of completion of the contract as at 31 December 2014 are balanced by contract costs valued at T€ 21,832 (2013: T€ 0), so that the recognised profit for these contracts amounts to T€ 3,848 (2013: T€ 0).

Composition and maturity terms of **trade receivables**:

IN T€	2014	2013
Receivables from third parties	7,905	9,232
Receivables from non-consolidated subsidiaries and other shareholdings	1,659	2,266
Receivables from companies accounted for under the equity method	7,266	7,730
<b>Total</b>	<b>16,830</b>	<b>19,228</b>

Receivables from third parties totalling T€ 5,464 (2013: T€ 4,029) were not yet overdue and T€ 2,441 (2013: T€ 5,203) were due for less than a year. All other receivables from non-consolidated subsidiaries, other shareholdings and companies accounted for under the equity method are not yet due.

Ageing structure of receivables from third parties:

IN T€	Carrying amount at 31 Dec 2014	Of which not overdue at closing date	Of which overdue at closing date in the following time periods				
			Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	7,905	5,464	445	125	574	1,297	–

IN T€	Carrying amount at 31 Dec 2013	Of which not overdue at closing date	Of which overdue at closing date in the following time periods				
			Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	9,232	4,029	720	563	2,339	1,581	–

## XXV. FINANCIAL ASSETS

IN T€	2014		2013	
	2014	Remaining term > 1 year	2013	Remaining term > 1 year
<b>Receivables from related companies</b>				
PIAG AG	108,000	–	–	–
PORR Group	17,000	–	–	–
Other	4,198	129	3,228	4
<b>Total</b>	<b>129,198</b>	<b>129</b>	<b>3,228</b>	<b>4</b>

Other financial assets primarily include receivables from insurance and from managing property, other advances and a cash deposit.

## XXVI. OTHER RECEIVABLES AND CURRENT ASSETS

IN T€	2014		2013	
	2014	Remaining term > 1 year	2013	Remaining term > 1 year
Tax assets	1,799	–	3,417	–
Other	27	–	–	–
<b>Total</b>	<b>1,826</b>	<b>–</b>	<b>3,417</b>	<b>–</b>

## XXVII. CASH AND CASH EQUIVALENTS

The cash and cash equivalents include cash at banks amounting to T€ 39,582 (2013: T€ 58,803) and cash in hand of T€ 727 (2013: T€ 1,090).

## XXVIII. ASSETS HELD FOR SALE

The assets held for sale relate to properties whose sale is considered highly probable and have therefore been reclassified out of property, plant and equipment or investment property.

## XXIX. DEFERRED TAX ASSETS

Temporary differences between the valuations in the IFRS consolidated financial statements and the respective valuations for tax purposes impacted as follows on the tax deferrals shown in the statement of financial position:

IN T€	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Investment property, other valuation differences	9,195	7,786	7,279	8,055
Property plant and equipment	359	1,802	–	1,913
POC method	–	1,154	–	–
Provisions	266	–	10	–
Tax loss carryforwards	1,299	–	1,794	–
Other	173	745	–	–
Offsetting	–3,261	–3,261	–2,700	–2,700
<b>Deferred taxes</b>	<b>8,031</b>	<b>8,226</b>	<b>6,383</b>	<b>7,268</b>
<b>Net deferred taxes</b>		<b>195</b>		<b>885</b>

Deferred tax assets from loss carryforwards are recognised to the extent that these can probably be offset against future taxable profits. The balance of the non-recognised tax assets for loss carryforwards amounted to T€ 2,302 (2013 T€ 2,298) as of 31 December 2014; these can be carried forward indefinitely. The recognised deferred tax assets for loss carryforwards primarily relate to consolidated companies in Poland and expire after five years.

## XXX. SHARE CAPITAL

SHARE CAPITAL	Number	€
Ordinary bearer shares	6,000,000	18,000,000

The share capital of € 18,000,000 (2013: € 18,000,000) is divided into 6,000,000 (2013: 6,000,000) ordinary, no-par bearer shares. The amount of share capital attributed to any single bearer share is € 3.00 (2013: € 3.00).

Every ordinary share has an equal right to participate in profits, including liquidation profits, and is entitled to one vote at the Annual General Meeting.

Within five years of the appropriate changes to the statutes being entered into the Companies Register and approval being granted by the Supervisory Board, the Managing Board is authorised to increase the share capital by up to € 9,000,000 by issuing up to 3,000,000 new ordinary no-par bearer shares in exchange for cash and/or contribution in kind, in multiple tranches if so wished, also under application of indirect pre-emptive rights pursuant to Art. 153 Sec. 6 Austrian Stock Corporation Act; the Managing Board is also authorised to specify the issue price, issue conditions, the subscription ratio and other details with the approval of the Supervisory Board. The Supervisory Board is entitled to pass resolutions on amending the statutes to allow the Managing Board to make use of this authorisation.

The share capital was increased by € 30,000 through the issue of 10,000 new ordinary no-par bearer shares in the course of the merger with PIAG Immobilien AG, which was entered into the Corporate Register on 19 February 2015.

## XXXI. RESERVES

The capital reserves result largely from the capital increases, adjustments and statute-barred dividend claims arising from previous years. The capital reserves include an amount of T€ 44,642, which is restricted. It may only be released to compensate for an accumulated loss which would otherwise be shown in the annual financial statements of UBM AG, to the extent that free reserves are not available to cover this.

The other reserves comprise the reserves from revaluation of the annual financial statements of subsidiaries in foreign currencies (foreign currency translation reserves), the reserves for remeasurement from benefit obligations, retained earnings of UBM AG including the statutory reserve and the untaxed reserves after deducting deferred tax items, retained profits from subsidiaries since their acquisition and the effects of adjusting the annual financial statements of companies included in the consolidated financial statements to the accounting and measurement methods used in the consolidated financial statements.

Net earnings for the year amounting to T€ 7,520 (2013: T€ 3,764) are available for distribution to shareholders in UBM AG. In addition, the unrestricted retained earnings of UBM AG, which come to T€ 47,977 (2013: T€ 47,527) as at 31 December 2014 may be released and distributed to the shareholders of UBM AG in subsequent periods.

In the year under review dividends totalling € 3,720,000 were paid to the shareholders of UBM AG, amounting to € 0.62 per share. The Managing Board proposes the distribution of dividends from unappropriated profit of € 1.25 per share, thereby totalling € 7,512,500. It should be noted that the UBM exchange shares related to the merger as described in note 1 (both existing UBM shares and the 10,000 UBM shares newly issued for carrying out the merger) are fully entitled to dividends for the 2014 business year.

Equity interests which are not held by UBM AG or a Group company are shown under the item "Non-controlling interests".

## XXXII. PROVISIONS

<b>2014</b>							
<b>IN T€</b>	Severance	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	<b>Total</b>
Balance at 1 Jan 2013	1,628	1,858	95	2,305	4,000	2,652	12,538
Currency adjustments	–	–	–	–	–	–44	–44
Additions	126	140	10	–	–	129	405
OCI additions	259	760	–	–	–	–	1,019
Amounts used	–	–110	–9	–1,561	–	–1,672	–3,352
Amounts reversed	–	–	–	–385	–2,316	–	–2,701
Reclassification	–3	3	–	–	–	95	95
<b>Balance at 31 Dec 2013</b>	<b>2,010</b>	<b>2,651</b>	<b>96</b>	<b>359</b>	<b>1,684</b>	<b>1,160</b>	<b>7,960</b>
of which non-current	2,010	2,651	96	359	1,684	1,032	7,832
of which current	–	–	–	–	–	128	128

<b>2013</b>							
<b>IN T€</b>	Severance	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	<b>Total</b>
Balance at 1 Jan 2014	1,521	1,780	86	–	–	3,837	7,224
Currency adjustments	–	–	–	–	–	–9	–9
Additions	120	138	14	2,305	4,000	986	7,532
OCI additions	–5	49	–	–	–	–	44
Amounts used	–8	–109	–5	–	–	–643	–734
Amounts reversed	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–1,519	–1,519
<b>Balance at 31 Dec 2014</b>	<b>1,628</b>	<b>1,858</b>	<b>95</b>	<b>2,305</b>	<b>4,000</b>	<b>2,652</b>	<b>12,538</b>
of which non-current	1,628	1,858	95	2,305	4,000	2,616	12,502
of which current	–	–	–	–	–	36	36

UBM AG and its subsidiaries must pay their employees in Austria and Germany anniversary bonuses on certain anniversaries in accordance with collective agreements. The provision for anniversary bonuses was determined in accordance with the provisions of IAS 19. Please refer to the notes on accounting and measurement methods with regard to the actuarial assumptions underlying the calculation.

Provisions for buildings relate to obligations from guarantees. The other provisions primarily involve provisions for impending losses. Both for provisions from rental guarantees and provisions for impending losses, any possible claim is calculated on the basis of one or two years.

## PENSION PLANS

### Defined benefit plans

Provisions for severance payments were created for employees (on wages and salaries) who have claims to severance payments pursuant to the Employee Act, the Wage Earners' Severance Pay Act or works agreements. Employees whose employment is subject to Austrian law, if the relevant employment began prior to 1 January 2003 and has been ongoing for a specific period, have a claim to severance payments where the employment is terminated upon the employee reaching the statutory age of retirement. The amount of the severance payments depends on the amount of the pay at the time of termination and

of the length of employment. These employee claims should therefore be treated as claims under defined benefit pension plans, in which case plan assets do not exist.

Changes within provisions for severance payments were as follows:

IN T€	2014	2013
Present value of severance obligations (DBO) at 1 Jan	1,628	1,521
Transfers	-3	-
Current service cost	65	63
Interest expense	61	57
Severance payments	-	-8
Actuarial profits/losses	259	-5
(of which demographic profits/losses)	-28	-
(of which financial profits/losses)	174	12
(of which profits/losses from experience-based adjustments)	113	-17
Present value of severance obligations (DBO) at 31 Dec	2,010	1,628

IN T€	2014	2013
Current service cost (entitlements)	65	63
Net interest expense	61	57
<b>Severance costs (recognised in profit/loss for the period)</b>	<b>126</b>	<b>120</b>
<b>Severance costs (recognised in other comprehensive income for the period)</b>	<b>259</b>	<b>-5</b>

Please refer to the notes on the accounting and measurement methods with regard to the actuarial assumptions underlying the calculation. For the following business year a current service cost of T€ 77 and an interest expense of T€ 45 are planned.

The only pension commitments in the UBM Group relate to the members of the Managing Board. As a rule, these pension commitments are defined individual benefit commitments. The amount of the pension claim depends on the number of years' service in each case.

Pension provisions:

Pension obligations transferred to provisions:

IN T€	2014	2013
Present value of obligations covered by plan assets	3,888	2,994
Fair value of the plan assets	-1,237	-1,136
Net value of the obligations covered by plan assets	2,651	1,858
<b>Carrying amount of provisions at 31 Dec</b>	<b>2,651</b>	<b>1,858</b>

Changes within provisions for pensions were as follows:

IN T€	2014	2013
Present value of pension obligations (DBO) at 1 Jan	2,994	2,834
Transfers	3	–
Current service cost	94	83
Interest expense	111	105
Pension payments	–110	–109
Actuarial profits/losses	796	81
(of which demographic profits/losses)	–	–
(of which financial profits/losses)	771	6
(of which profits/losses from experience-based adjustments)	25	75
<b>Present value of pension obligations (DBO) at 31 Dec</b>	<b>3,888</b>	<b>2,994</b>

The obligations from direct pension benefits are partly covered by insurance contracts concluded with WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group. In order to secure the pension rights of the employees insured from the corporate pension benefits, the rights from the insurance agreements are pledged in favour of the employees insured. The pension plan reinsurance is held in an independent department of the cover pool for life insurance as laid down in Article 20 Section 2 Line 1 in connection with Article 78 of the Insurance Supervision Law.

Receivables from pension plan reinsurance amounting to T€ 1,237 (2013: T€ 1,136) represent plan assets pursuant to IAS 19 and were offset against the present value of pension provisions.

Plan assets:

IN T€	2014	2013
Fair value of the plan assets at 1 Jan	1,136	1,054
Contribution payments	97	81
Payouts (benefit payments)	–32	–31
Actuarial gains/losses	36	32
<b>Fair value of the plan assets at 31 Dec</b>	<b>1,237</b>	<b>1,136</b>

Pension obligations (net):

IN T€	2014	2013
Service cost (entitlement)	94	83
Net interest expense	111	105
<b>Pension costs (recognised in profit/loss the period)</b>	<b>205</b>	<b>188</b>
<b>Pension costs (recognised in other comprehensive income for the period)</b>	<b>760</b>	<b>49</b>

Please refer to the notes on the accounting and measurement methods with regard to the actuarial assumptions underlying the calculation. For the following business year, a current service cost of T€ 101 and an interest expense of T€ 87 are planned.

In the year under review and in the previous year the actuarial gains and losses related to severance and pension provisions primarily involved experience-based adjustments.



## DEFINED CONTRIBUTION PLANS

Employees whose employment is subject to Austrian law and who commenced employment after 31 December 2002 do not acquire any severance pay claims in respect of their respective employer. For these employees contributions of 1.53 % of the wage or salary must be paid to an employee welfare fund. In 2014 this amounted to T€ 44 (2013: T€ 45). A sum of T€ 27 (2013: T€ 26) was paid into a pension fund for a Managing Board member.

The Group employees in Austria, Germany, Czech Republic, Poland and Hungary also belong to their country-specific, state pension plans, which are usually funded on a pay-as-you-earn basis. The Group is only obliged to pay the contributions when they become due. There is no legal or factual obligation to provide benefits.

## XXXIII. BONDS

IN T€	2014
Balance at 1 Jan 2014	190,285
Issued	116,594
Buyback	-39,540
Increase in effective interest	3,996
<b>Balance at 31 Dec 2014</b>	<b>271,335</b>

In addition, bonds of T€ 71,132 were exchanged in the 2014 business year.

## XXXIV. FINANCIAL LIABILITIES

2014 IN T€	Average effective interest in %	Total	Remaining term < 1 year	Remaining term >1 year < 5 years	Remaining term > 5 years	of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	0.93–4.16	146,657	5,719	116,978	23,960	146,657
Borrowings and overdrafts from banks subject to interest at fixed rates	1.95–7.50	865	857	8	–	865
Borrowings from other lenders subject to interest at variable rates	1.68–4.80	10,130	634	6,381	3,115	10,113
Borrowings from other lenders subject to interest at fixed rates	4.00–10.00	26,801	–	26,801	–	–
Lease obligations subject to interest at variable rates	2.66–3.92	22,210	2,116	3,585	16,509	22,187
Obligations from derivatives	–	1,022	1,022	–	–	–
<b>Total</b>		<b>207,685</b>	<b>10,348</b>	<b>153,753</b>	<b>43,584</b>	<b>179,822</b>

<b>2013 IN T€</b>	Average effective interest in %	<b>Total</b>	Remaining term < 1 year	Remaining term >1 year < 5 years	Remaining term > 5 years	of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	1.10–7.50	110,209	20,093	52,144	37,972	109,905
Borrowings from other lenders subject to interest at variable rates	3.25–10.00	57,340	36,471	15,628	5,241	46,306
Lease obligations subject to interest at variable rates	1.85–2.84	23,991	894	3,855	19,242	23,991
<b>Total</b>		<b>191,540</b>	<b>57,458</b>	<b>71,627</b>	<b>62,455</b>	<b>180,202</b>

The minimum lease payments for liabilities from finance leasing agreements, which only relate to buildings, break down as follows:

<b>IN T€</b>	<b>2014</b>			<b>2013</b>		
	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due within 1 year	2,753	638	2,115	1,603	708	895
Due within 1 to 5 years	5,877	2,291	3,586	6,411	2,557	3,854
Due after more than 5 years	19,663	3,154	16,509	23,119	3,877	19,242
<b>Total</b>	<b>28,293</b>	<b>6,083</b>	<b>22,210</b>	<b>31,133</b>	<b>7,142</b>	<b>23,991</b>

The Group's obligations from finance leasing agreements are secured by the lessor's title retention on the assets leased.

Some individual items of investment property are held under finance leasing agreements. At 31 December 2014 the average effective interest rate was 3.29 % (2013: 2.35 %). There are no agreements which involve conditional rental payments, instead all leasing agreements are based on fixed instalments.

## XXXV. TRADE PAYABLES

<b>IN T€</b>	<b>2014</b>	<b>2013</b>
Trade payables	32,087	29,065
Payables to consortiums	110	384
<b>Total</b>	<b>32,197</b>	<b>29,449</b>

All of the payables are due in the following year.

## XXXVI. OTHER FINANCIAL LIABILITIES

2014 IN T€	Total	Remaining term < 1 year	Remaining term >1 year < 5 years	Remaining term > 5 years	of which secured by collateral
Payables to non-consolidated subsidiaries	18	18	–	–	–
Payables to companies accounted for under the equity method	10,974	10,974	–	–	–
Payables to other shareholdings	14,601	14,601	–	–	–
Payables related to interest on bonds	6,661	6,661	–	–	–
Payables to staff	2,795	2,795	–	–	–
Miscellaneous	5,334	2,874	1,483	977	–
<b>Total</b>	<b>40,383</b>	<b>37,923</b>	<b>1,483</b>	<b>977</b>	<b>–</b>

2013 IN T€	Total	Remaining term < 1 year	Remaining term >1 year < 5 years	Remaining term > 5 years	of which secured by collateral
Payables to non-consolidated subsidiaries	7	7	–	–	–
Payables to companies accounted for under the equity method	8,727	8,727	–	–	–
Payables to other shareholdings	2,519	2,519	–	–	–
Payables related to interest on bonds	5,064	5,064	–	–	–
Payables to staff	2,719	2,719	–	–	–
Miscellaneous	5,679	1,346	742	3,591	–
<b>Total</b>	<b>24,715</b>	<b>20,382</b>	<b>742</b>	<b>3,591</b>	<b>–</b>

## XXXVII. OTHER LIABILITIES

2014 IN T€	Total	Remaining term < 1 year	Remaining term >1 year < 5 years	Remaining term > 5 years	of which secured by collateral
Tax liabilities	1,002	1,002	–	–	–
Social security liabilities	232	232	–	–	–
Advances received	1,024	1,024	–	–	–
Other	85	85	–	–	–
<b>Total</b>	<b>2,343</b>	<b>2,343</b>	<b>–</b>	<b>–</b>	<b>–</b>

2013 IN T€	Total	Remaining term < 1 year	Remaining term >1 year < 5 years	Remaining term > 5 years	of which secured by collateral
Tax liabilities	1,485	1,485	–	–	–
Social security liabilities	251	251	–	–	–
Advances received	875	875	–	–	–
Other	119	119	–	–	–
<b>Total</b>	<b>2,730</b>	<b>2,730</b>	<b>–</b>	<b>–</b>	<b>–</b>

## XXXVIII. DEFERRED INCOME TAX

Advance payments of corporate tax amounting to T€ 250 (2013: T€ 215) were set off against the payment obligations of corporate tax as they were in previous years.

## XXXIX. CONTINGENT LIABILITIES AND GUARANTEES

Guarantees comprise credit guarantees and guarantee declarations amounting to T€ 135,965. Contingent liabilities for companies accounted for under the equity method amounted to T€ 98,252 (2013: T€ 93,175). An availing of these liabilities is improbable.

### SECURITIES PLEDGED

In the course of project financing, it is common that individual Group companies pledge securities for loans and borrowings. As a rule, the financing applies individually at the level of the project. Every company must take re-sponsibility for the ongoing servicing of the debt. There are a range of securities available to the lender for hedging loans and borrowings, which can be drawn on if the claims need to be settled. The securities pledged can involve the following collateral:

- Mortgage-backed securities on property
- Pledging shares in the project company
- Pledging rent receivables

The conditions, type and scope of the securities are agreed individually (for each project company) and are tied to the project volume and the amount and duration of the loans and borrowings.

With regard to securities for investment property, please refer to note 19 and for inventories to note 23.

## XL. NOTES ON SEGMENT REPORTING

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

Internal reporting is based on IFRS figures and adjusted for intragroup sales as standard. High revenues are generated through the sale of real estate projects in the course of UBM's business activities; however, this does not mean the Group is dependent on individual customers.

## SEGMENT BREAKDOWN

IN T€	Austria		Western Europe		Central and Eastern Europe		Reconciliation		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Total output									
Project sales, project development and construction	76,148	23,670	117,351	141,133	31,822	13,564			225,321	178,367
Hotel	2,732	2,603	53,295	46,087	29,191	28,192			85,218	76,882
Letting and managing properties	10,494	11,267	4,742	6,155	12,638	9,392			27,874	26,814
Facility management	–	–	–	–	4,325	4,685			4,325	4,685
Land under development	–	–	–	–	–	1			–	1
<b>Total output</b>	<b>89,374</b>	<b>37,540</b>	<b>175,388</b>	<b>193,375</b>	<b>77,976</b>	<b>55,834</b>			<b>342,738</b>	<b>286,749</b>
Less revenue from companies accounted for under the equity method, subsidiaries and joint ventures	–42,692	–396	–30,790	–44,740	–28,116	–24,487			–101,598	–69,623
Changes to the portfolio	24,906	–16,839	–39,210	14,180	–3,270	–2,908			–17,574	–5,567
<b>Revenue</b>	<b>71,588</b>	<b>20,305</b>	<b>105,388</b>	<b>162,815</b>	<b>46,590</b>	<b>28,439</b>			<b>223,566</b>	<b>211,559</b>
EBT										
Project sales, project development and construction	4,975	3,059	18,923	20,298	9,927	–782			33,825	22,575
Hotel	–140	–180	182	776	–242	–1,200			–200	–604
Letting and managing properties	3,540	1,744	–344	–1,500	–1,555	–1,401			1,641	–1,157
Facility management	–	–	–	–	187	530			187	530
Land under development	–	–	–130	–174	–1,534	–1,414			–1,664	–1,588
Administration	–8,629	–1,243	–	–344	–	–325			–8,629	–1,912
<b>Total EBT</b>	<b>–254</b>	<b>3,380</b>	<b>18,631</b>	<b>19,056</b>	<b>6,783</b>	<b>–4,592</b>			<b>25,160</b>	<b>17,844</b>
including:										
Profit/loss of associates	1,933	1,049	7,914	–866	5,836	12,580			15,683	12,764
Profit/loss from companies accounted for under the equity method	–62	–126	–1,029	–1,101	–1,293	–1,227			–2,384	–2,453
Interest received	4,859	3,992	371	62	268	141			5,498	4,195
Interest paid	–16,381	–13,460	–668	–2,958	–1,038	–1,257			–18,087	–17,675
<b>Segment assets at 31 Dec</b>	<b>596,502</b>	<b>481,081</b>	<b>324,247</b>	<b>206,441</b>	<b>232,457</b>	<b>236,338</b>	<b>–396,832</b>	<b>–293,084</b>	<b>756,374</b>	<b>630,776</b>
including intangible assets, property, plant and equipment and investment property	58,090	86,592	89,737	94,186	117,719	127,063			265,546	307,841
including companies accounted for under the equity method	3,657	3,393	16,766	9,621	32,193	22,278			52,616	35,292
<b>Segment liabilities at 31 Dec</b>	<b>395,685</b>	<b>296,668</b>	<b>297,651</b>	<b>160,855</b>	<b>234,285</b>	<b>218,650</b>	<b>–351,693</b>	<b>–209,115</b>	<b>575,928</b>	<b>467,058</b>
Investments in non-current assets and investment property	25,597	19,784	11,705	8,681	17,096	18,597			54,398	47,062
Staff	58	54	186	129	311	326			555	509

The following information relates to the geographic countries in which the Group operates.

IN T€	2014	2013
	Revenue by customer base	Revenue by customer base
<b>Domestic</b>	<b>71,588</b>	<b>20,305</b>
Germany	93,893	152,026
Poland	32,167	23,958
Other foreign	25,918	15,270
<b>Total foreign</b>	<b>151,978</b>	<b>191,254</b>
<b>Total segments</b>	<b>223,566</b>	<b>211,559</b>

## XLII. NOTES ON THE CASH FLOW STATEMENT

The cash flow statement is broken down into separate cash flows from operating, investing and financing activities, in which the cash flow from operating activities is derived according to the indirect method. The financial fund exclusively comprises cash on hand/at bank to which the Group has free access and corresponds to the value shown in the statement of financial position for cash and cash equivalents.

Interest and dividends received are included in cash flow from operating activities, as is interest paid. In contrast, dividends paid are stated under cash flow from financing activities.

Proceeds from bonds also include the proceeds of the UBM bond bought back in the previous year of T€ 9,480.

## XLIII. NOTES ON FINANCIAL INSTRUMENTS

### CAPITAL RISK MANAGEMENT

The Group manages its capital with the goal of maximising the return from its shareholdings through optimising the ratio of equity and external capital. The structure of capital at the Group consists of debts, cash and cash equivalents, as well as the equity of the shareholders of the parent.

Net debt

The Group's risk management subjects the capital structure to regular evaluation.

At year end net debt broke down as follows:

IN T€	31.12.2014	31.12.2013
Debt (i)	479,020	381,824
Cash and cash equivalents	-40,309	-59,893
<b>Net debt</b>	<b>438,711</b>	<b>321,931</b>
<b>Equity (ii)</b>	<b>180,446</b>	<b>163,719</b>
Net debt to equity ratio	243.1 %	196.6 %

(i) Debt is defined as non-current and current financial liabilities as shown in Notes 33 and 34.

(ii) Equity involves the Group's entire capital and reserves.

The Group's overall strategy remains unchanged against the 2013 business year.

## Aims and methods of financial risk management

Original financial assets primarily comprise shareholdings in companies accounted for under the equity method, project financing and other financial assets and trade receivables. Original financial liabilities include bond and other financial liabilities as well as trade payables.

### Interest rate risk

The interest rate risk is defined as the risk from rising interest cost or falling interest income in connection with financial items and for UBM this risk results almost exclusively from the scenario of rises in interest rates for financial liabilities at variable interest rates, especially in the long term.

An analysis of the floating interest rate position, which amounted to around T€ 178,974 at 31 December 2014, showed the following sensitivities which would occur under the scenarios of interest rate increases of 0.10 PP and 0.50 PP. The extent of the interest rate increases is based on the average daily volatility of the 3-month and 6-month EURIBOR in 2014. An interest rate bandwidth of 1 BPS therefore falls statistically within a probability band of 67 % and the probability of an interest rate bandwidth of 5 BPS is respectively 99 %. The simulated impact on interest rates is as follows:

IN T€	Higher payable interest for the year 2015	Higher payable interest (p.a.) with straight-line extrapolation from 2016
At interest rate rise of 0.1 PP	15	22
At interest rate rise of 0.5 PP	76	108

Interest for receivables from project financing has an appropriate mark-up in accordance with the UBM Group's refinancing rate. A change of 5 BP would lead to an increase in interest income of T€ 40 in 2015 (2014: T€ 40).

### Credit risk

Credit risk describes the threat of losses caused by the default of a business partner no longer capable of meeting its contractual payment obligations. This comprises default and country risks as well as the credit standing of borrowers being downgraded. The credit risk for the real estate business comprises rental obligations. The default of a tenant and the resultant loss of rental payments reduce the present value of the real estate project. This risk is taken into account at project level through expert opinions.

The risk related to receivables from customers can be classified as marginal, owing to the broad dispersion and ongoing creditworthiness checks.

The risk of default in the case of other original financial instruments stated under assets in the statement of financial position is also regarded as low because all contracting parties are financial institutions and other debtors with prime credit standing. The carrying amount of the financial assets represents the maximum risk of default. Where risks of default are recognised in relation to financial assets, account is taken of these risks by performing allowances for impairment. There was no need for allowances of this type.

### Foreign exchange risk

The interest and currency risks are evaluated regularly by risk management. Market analyses and projections from renowned financial service providers are analysed and regular reports are made to management. The foreign exchange risk is treated within the UBM Group as transaction-oriented and results from financing in connection with property development.

As of 31 December 2014, currency risks, which result from intragroup financing transactions and/or from loan financing for project companies, were subject to a simulation, in order to be able to estimate possible risks from changes to foreign exchange rates:

FX-Position in T€	Local currency	FX position in local currency in thousand	VAR* in T€
-9,569	CZK	265,409	321
-144,738	PLN	618,496	6,669
-11	HRK	85	-

\*) VAR = Value At Risk at a one-sided 99 % confidence interval, this corresponds to a standard deviation of 2.3 over a time period of ten days. Correlations between currency pairs remain unconsidered.

The simulated maximum loss at a probability of 99 % and over a time period of ten days is currently a maximum of € 6.99 million.

### Hedging currency risks

The UBM Group had concluded forward exchange contracts of T€ 29,844 (2013: T€ 0) at 31 December 2014 which all involved EUR/PLN forward sales. Around T€ 24,366 (2013: T€ 0) are used as hedges for loans financed in € and the remainder of T€ 5,478 (2013: T€ 0) for hedging intragroup financing.

At 31 December 2014 the market valuation of open forward exchange contracts resulted in a fair value of T€ 1,022 (2013: 0). In the fiscal year 2014 total expense of T€ 1,022 which resulted from changes in the fair value of forward contracts was recognised in profit or loss.

### Derivative financial instruments

The following table shows the fair values of the different derivative instruments. They are differentiated between whether they are connected or not to a cash flow hedge in accordance with IAS 39.

IN T€	2014	2013
<b>Assets</b>	—	—
Derivatives	—	—
without hedges	—	41
with hedges	—	—
<b>Liabilities</b>	—	—
Derivatives	—	—
without hedges	1,022	—
with hedges	—	—



## Liquidity risk

IN T€	Average interest rate	Non-discounted payment flow		
		2015	2016–2019	from 2020
Bonds				
at fixed interest rates	5.63 %	64,837	264,091	–
Borrowings and overdrafts from banks				
at variable interest rates	2.55 %	8,657	121,495	24,527
at fixed interest rates	2.55 %	873	9	–
Payables to other lenders				
at variable interest rates	5.84 %	794	6,797	3,200
at fixed interest rates	47.00 %	–	35,409	–
Lease obligations				
at variable interest rates	3.29 %	2,753	5,877	19,663
Liabilities from derivatives	interest-free	1,022	–	–
Trade payables	interest-free	32,087	–	–
Other financial liabilities	interest-free	37,923	1,483	977

IN T€	Average interest rate	Non-discounted payment flow		
		2014	2015–2018	from 2019
Bonds				
at fixed interest rates	6.00 %	12,000	212,888	–
Borrowings and overdrafts from banks				
at variable interest rates	3.17 %	12,736	78,186	35,992
Payables to other lenders				
at variable interest rates	6.61 %	42,450	11,606	5,573
Lease obligations				
at variable interest rates	2.35 %	1,603	6,411	23,119
Trade payables	interest-free	29,065	–	–
Other financial liabilities	interest-free	20,382	742	3,591

The liquidity risk is the risk of being able to access funds at any time in order to settle existing liabilities. A precise financial plan is a key instrument for managing the liquidity risk; this plan is implemented by every operating company and consolidated centrally. This plan determines the need for financing and borrowing from banks.

Credit financing largely relates to current real estate projects whose development is not at risk from today's perspective.

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

In addition to the contractually fixed project financing, UBM AG had access to credit lines of T€ 14,600 as at 31 December 2014; the overall liquidity risk is therefore considered to be minimal.

## Other price risks

The risk of price changes essentially comprises fluctuations in the market interest rate and in market prices as well as changes in exchange rates. The UBM Group minimises price risks related to rental income by linking rental agreements to general indices. All other service contracts are also index-linked. Other price risks are of minor importance for the UBM Group.

## CARRYING AMOUNTS, MEASUREMENT RATES AND FAIR VALUES

Measurement in acc. with IAS 39							in T€	
	Measure- ment in acc. with IAS 39	Carrying amount at 31.12.2014	Amortised acquisition costs	Fair value other com- prehensive income	Fair value affecting net income	Fair value hierarchy (IFRS 7.27A)	Fair Value at 31.12.2014	
<b>ASSETS</b>								
Project financing								
at variable interest rates	LaR	72,494	72,494	–	–	–	–	
Other financial assets	HtM	2,907	2,907	–	–	Level 1	3,575	
Other financial assets	AfS (at cost)	5,923	5,923	–	–	–	–	
Other financial assets	AfS	273	–	273	–	Level 1	273	
Trade receivables	LaR	16,830	16,830	–	–	–	–	
Financial assets	LaR	129,198	129,198	–	–	–	–	
Cash and cash equivalents	–	40,309	40,309	–	–	–	–	
<b>LIABILITIES</b>								
Bonds								
at fixed interest rates	FLAC	271,335	271,335	–	–	Level 1	281,335	
Borrowings and overdrafts from banks								
at variable interest rates	FLAC	146,657	146,657	–	–	–	–	
at fixed interest rates	FLAC	865	865	–	–	Level 3	843	
Other financial liabilities								
at variable interest rates	FLAC	10,130	10,130	–	–	–	–	
at fixed interest rates	FLAC	26,801	26,801	–	–	Level 3	30,914	
Lease obligations	–	22,210	22,210	–	–	–	–	
Trade payables	FLAC	32,197	32,197	–	–	–	–	
Other financial liabilities	FLAC	40,383	40,383	–	–	–	–	
Derivatives (without hedges)	FLHfT	1,022	–	–	1,022	–	–	
<b>BY CATEGORY:</b>								
Loans and receivables	LaR	218,522	218,522	–	–	–	–	
Held to maturity	HtM	2,907	2,907	–	–	–	–	
Available-for-sale financial assets	AfS (at cost)	5,923	5,923	–	–	–	–	
Available-for-sale financial assets	AfS	273	–	273	–	–	–	
Cash and cash equivalents	–	40,309	40,309	–	–	–	–	
Financial liabilities measured at amortised cost	FLAC	528,368	528,368	–	–	–	–	
Financial liabilities held for trading	FLHfT	1,022	–	–	1,022	–	–	

## Measurement in acc. with IAS 39

in T€

	Measure- ment in acc. with IAS 39	Carrying amount at 31.12.2013	Amortised acquisition costs	Fair value other com- prehensive income	Fair value affecting net income	Fair value hierarchy (IFRS 7.27A)	Fair Value at 31.12.2013
<b>ASSETS</b>							
Project financing							
at variable interest rates	LaR	69,045	69,045	–	–	–	–
Other financial assets	HtM	2,907	2,907	–	–	Level 1	3,107
	AfS						
Other financial assets	(at cost)	5,909	5,909	–	–	–	–
Other financial assets	AfS	273	–	273	–	Level 1	273
Trade receivables	LaR	19,228	19,228	–	–	–	–
Financial assets	LaR	3,188	3,188	–	–	–	–
Derivatives (without hedges)	FAHfT	41	–	–	41	–	–
Cash and cash equivalents	–	59,893	59,893	–	–	–	–
<b>LIABILITIES</b>							
Bonds							
at fixed interest rates	FLAC	190,285	190,285	–	–	Level 1	197,251
Borrowings and overdrafts from banks							
at variable interest rates	FLAC	110,209	110,209	–	–	–	–
Other financial liabilities							
at variable interest rates	FLAC	57,340	57,340	–	–	–	–
Lease obligations		23,991	23,991	–	–	–	–
Trade payables	FLAC	29,449	29,449	–	–	–	–
Other financial liabilities	FLAC	24,715	24,715	–	–	–	–
<b>BY CATEGORY:</b>							
Loans and receivables	LaR	91,461	91,461	–	–	–	–
Held to maturity	HtM	2,907	2,907	–	–	–	–
	AfS						
Available-for-sale financial assets	(at cost)	5,909	5,909	–	–	–	–
Available-for-sale financial assets	AfS	273	–	273	–	–	–
Financial assets held for trading	FAHfT	41	–	–	41	–	–
Cash and cash equivalents		59,893	59,893	–	–	–	–
Financial liabilities measured at amortised cost	FLAC	411,998	411,998	–	–	–	–

In accordance with IFRS 7.29, the carrying amount of the financial instruments represents a reasonable approximation of the fair value, with the exception of held to maturity financial assets and available-for-sale assets (fair value hierarchy level 1), bonds subject to fixed interest rates (fair value hierarchy level 1) and borrowings and overdrafts from banks subject to fixed interest rates and other financial liabilities subject to fixed interest rates (fair value hierarchy level 3).

The fair value valuation for the bond is determined in accordance with prevailing market prices. Liabilities from bank loans and overdrafts and other financial assets are valued under the discounted cash flow valuation method, whereby the zero coupon yield curve published by REUTERS as of 31 December 2014 was used for the discounting of the cash flow.

The available-for-sale financial assets all relate to shareholdings (shares in limited companies) of minor importance, which are not listed on an active market and whose market value cannot be reliably determined. These are capitalised at acquisition cost. As long as a project has not been completed there is no intention to sell the shares in these project companies.

## NET INCOME BY MEASUREMENT CATEGORY

IN T€	from interest	from dividends	From subsequent measurement	Net income 2014
Loans and receivables LaR	4,860	–	–584	4,276
Held to maturity HtM	174	–	–	174
Available-for-sale financial assets AfS (at costs)	–	486	–	486
Available-for-sale financial assets AfS	13	–	–	13
Financial liabilities measured at amortised cost FLAC	–17,207	–	–1,707	–18,914
Financial liabilities held for trading FLHfT	–	–	1,039	–1,039

IN T€	from interest	from dividends	From subsequent measurement	Net income 2013
Loans and receivables LaR	3,203	–	4,354	7,557
Held to maturity HtM	155	–	–	155
Available-for-sale financial assets AfS (at costs)	–	322	–	322
Available-for-sale financial assets AfS	9	–	–	9
Financial liabilities measured at amortised cost FLAC	–16,671	–	–1,134	–17,805

An impairment loss is recognised on financial assets if one or more events occur after the initial recognition of the asset for which there is objective evidence that the estimated future cash flows of the financial asset have undergone a negative change. All allowances for impairment relate to project financing.

IN T€	2014	2013
<b>Accumulated writedowns for project financing LaR</b>		
Value adjustments at 31 Jan	10,904	13,739
Amortisation and impairment	2,721	1,890
Appreciation	–2,137	–6,244
Transfer (provision)	–	1,519
Use	–2,439	–
Balance at 31 Dec	9,049	10,904

### XLIII. AVERAGE STAFFING LEVELS

	2014	2013
<b>Salaried employees and waged workers</b>		
Domestic	58	54
Foreign	497	455
<b>Total staff</b>	<b>555</b>	<b>509</b>
of which salaried employees	502	486
of which waged workers	53	23

### XLIV. RELATED PARTY DISCLOSURES

Transactions between Group companies included in the consolidated financial statements were eliminated on consolidation and are not examined any further. Transactions between Group companies and their companies accounted for under the equity method primarily involve project development, construction management, and loans granted with their related interest charges, and are disclosed in the following analysis:

IN T€	2014	2013
<b>Companies accounted for under the equity method</b>		
Selling goods and services	5,069	8,710
Purchasing goods and services	814	643
Receivables	7,266	7,730
Payables	10,974	8,727

### TRANSACTIONS WITH RELATED PARTIES

In addition to companies accounted for under the equity method, related parties pursuant to IAS 24 include PORR AG and its subsidiaries, and PIAG Immobilien AG and its subsidiaries, as they hold significant stakes in UBM AG.

Transactions in the business year between companies included in the UBM Group's consolidated financial statements and the PIAG Group primarily relate to cash-pool financing.

IN T€	2014	2013
<b>PORR GROUP</b>		
Selling goods and services	1,028	1,086
Purchasing goods and services	19,512	62,018
Receivables	18,090	9
Payables	22,844	1,804

IN T€	2014	2013
<b>PIAG Group</b>		
Selling goods and services	5	–
Purchasing goods and services	29	–
Receivables	108,011	–
Payables	35	–

## XLV. EVENTS AFTER THE END OF THE REPORTING PERIOD AND OTHER INFORMATION

Please refer to note 1 for details on the merger with PIAG which took place after the end of the reporting period. This was a transaction under common control pursuant to IFRS 3.2c. The UBM Group applies the pooling of interest method to transactions under common control. The Managing Board of UBM AG approved the consolidated financial statements and handed them over to the Supervisory Board on 30 March 2015. The Supervisory Board is responsible for reviewing the consolidated financial statements and declaring whether or not it accepts them.

UBM paid the sum of T€ 57 (2013 T€ 55) for audit services carried out by the independent auditor. The auditor of the consolidated financial statements also received the sum of T€ 144 (2013: T€ 6) for other services.

## XLVI. EXECUTIVE BODIES

The table below shows the remuneration paid to the Managing Board and the Supervisory Board of UBM AG broken down by payment category:

IN T€	2014	2013
<b>Managing Board remuneration</b>		
Current benefits due (annual)	1,324	1,257
Due on or after completion of management contract (pension)	27	27
Other non-current benefits due (severance)	156	33
<b>Total</b>	<b>1,507</b>	<b>1,317</b>
<b>Supervisory Board remuneration</b>	<b>83</b>	<b>78</b>

## Managing Board members:

**Karl BIER**, Chairman

**Heribert SMOLÉ**

**Martin LÖCKER**

**Michael WURZINGER** (from 15 Jan 2015)

Furthermore, Claus Stadler has been designated as a Managing board member, subject to the appropriate resolutions yet to be passed.

## Members of the Supervisory Board:

**Karl-Heinz STRAUSS**, Chair (Deputy Chair until 18 Sep 2014, Chair since 18 Sep 2014)

**Iris ORTNER**, Deputy Chair (from 18 Sep 2014; member until 18 Sep 2014)

**Christian B. MAIER**

**Klaus ORTNER** (from 15 Jan 2015)

**Ludwig STEINBAUER** (from 15 Jan 2015)

**Paul UNTERLUGGAUER** (from 15 Jan 2015)

**Bernhard VANAS** (from 15 Jan 2015)

**Susanne WEISS** (from 15 Jan 2015)

**Horst PÖCHHACKER**, Chair (until 13 Sep 2014)

**Bernhard H. HANSEN** (until 30 April 2014)

**Peter WEBER** (until 30 April 2014)

**Bruno ETTENAUER** (until 10 Oct 2014)

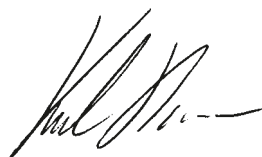
**Florian NOWOTNY** (from 30 April to 10 Oct 2014)

**Wolfhard FROMWALD** (from 30 April 2014 to 15 Jan 2015)

**Johannes PEPELNIK** (until 15 Jan 2015)

Vienna, 2 April 2015

The Managing Board



**Karl Bier**  
(Chairman)



**Heribert Smolé**



**Martin Löcker**



**Michael Wurzinger**

# Shareholdings

## COMPANY

### RELATED COMPANIES

#### RELATED CORPORATIONS

	Country code	Registered office	PORR AG shareholding	PORR Group shareholding	Type of cons.	Currency	Nominal share capital
„Athos“ Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	Vienna	90.00 %	90.00 %	F	EUR	36,336.42
„UBM 1“ Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	100.00 %	100.00 %	F	EUR	36,336.42
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AUT	Vienna	100.00 %	100.00 %	F	EUR	36,336.42
Logistikpark Ailecgasse GmbH	AUT	Vienna	99.80 %	100.00 %	F	EUR	36,336.41
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	90.00 %	90.00 %	F	EUR	36,336.42
Rainbergstraße – Immobilienprojektentwicklungs GmbH	AUT	Vienna	99.00 %	99.00 %	F	EUR	35,000.00
Rudolf u. Walter Schweder Gesellschaft m.b.H.	AUT	Vienna	90.00 %	90.00 %	F	EUR	36,336.42
sternbrauerei-riedenburg revitalisierung gmbh	AUT	Vienna	99.00 %	99.00 %	F	EUR	35,000.00
UBM Seevillen Errichtungs-GmbH	AUT	Vienna	100.00 %	100.00 %	N	EUR	0.00
Wohnanlage EZ 208 KG Andritz GmbH	AUT	Graz	100.00 %	100.00 %	F	EUR	35,000.00
UBM BULGARIA EOOD	BGR	Sofia	100.00 %	100.00 %	F	BGN	2,732,100.00
ANDIVIEN INVESTMENTS LIMITED	CYP	Limassol	100.00 %	100.00 %	F	EUR	3,000.00
DICTYSATE INVESTMENTS LIMITED	CYP	Limassol	100.00 %	100.00 %	F	EUR	181,260.00
AC Offices Klicperova s.r.o.	CZE	Prague	0.36 %	100.00 %	F	CZK	11,000,000.00
FMB – Facility Management Bohemia. s.r.o.	CZE	Prague	100.00 %	100.00 %	F	CZK	100,000.00
Immo Future 6 – Crossing Point Smichov s.r.o.	CZE	Prague	20.00 %	100.00 %	F	CZK	24,000,000.00
Na Záhonech a.s.	CZE	Prague	0.00 %	100.00 %	F	CZK	2,000,000.00
TOSAN park a.s.	CZE	Prague	100.00 %	100.00 %	F	CZK	2,000,000.00
UBM – Bohemia 2 s.r.o.	CZE	Prague	100.00 %	100.00 %	F	CZK	200,000.00
UBM Klánovice s.r.o.	CZE	Prague	100.00 %	100.00 %	F	CZK	200,000.00
UBM Plzen – Hamburk s.r.o.	CZE	Prague	100.00 %	100.00 %	F	CZK	200,000.00
UBM-Bohemia Projectdevelopment-Planning-Construction. s.r.o.	CZE	Prague	100.00 %	100.00 %	F	CZK	8,142,000.00
Blitz 01-815 GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	25,000.00
Bürohaus Leuchtenbergring Verwaltungs GmbH	GER	Munich	0.00 %	95.04 %	N	EUR	0.00
City Objekte Munich GmbH	GER	Munich	0.00 %	84.60 %	F	EUR	25,000.00
Friendsfactory Projekte GmbH	GER	Munich	0.00 %	51.70 %	F	EUR	25,000.00
HPG Hirschgarten GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	25,000.00
HPG Klosterstraße GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	25,000.00
Kühnehöfe Hamburg Komplementär GmbH	GER	Munich	0.00 %	75.20 %	N	EUR	0.00
Leuchtenbergring Hotelbetriebsgesellschaft mbH	GER	Munich	0.00 %	94.00 %	F	EUR	25,000.00
Mainzer Landstraße Hotelbetriebs GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	25,000.00
MG Projekt-Sendling GmbH	GER	Munich	0.00 %	94.00 %	F	EUR	25,000.00
MG Sendling Hotelbetriebsgesellschaft mbH	GER	Munich	0.00 %	94.00 %	F	EUR	25,000.00
MG-Brehmstrasse BT C GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	25,000.00
MG-Brehmstrasse BT C Komplementär GmbH	GER	Munich	100.00 %	100.00 %	N	EUR	0.00
MG-Dornach Bestandsgebäude GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	25,000.00
Münchner Grund Immobilien Bauträger Aktiengesellschaft	GER	Munich	94.00 %	94.00 %	F	EUR	3,000,000.00



**COMPANY**

	Country code	Registered office	PORR AG shareholding	PORR Group shareholding	Type of cons.	Currency	Nominal share capital
Münchner Grund Riem GmbH	GER	Munich	0.00 %	94.00 %	N	EUR	0.00
Schloßhotel Tutzing GmbH	GER	Starnberg	0.00 %	88.36 %	F	EUR	25,000.00
Stadtgrund Bauträger GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	76,694.96
UBM Leuchtenbergring GmbH	GER	Munich	100.00 %	100.00 %	F	EUR	25,000.00
UBM d.o.o. za poslovanje nekretninama	HRV	Zagreb	100.00 %	100.00 %	F	HRK	9,166,100.00
UBM Projektmanagement Korlátolt Felegősségű Társaság	HUN	Budapest	100.00 %	100.00 %	F	HUF	20,000,000.00
UBM Holding NL B.V.	NLD	Amsterdam	100.00 %	100.00 %	F	EUR	60,000.00
UBM Hotel Zuidas B.V.	NLD	Amsterdam	0.00 %	100.00 %	F	EUR	18,000.00
UBM Spinoza B.V.	NLD	Amsterdam	0.00 %	100.00 %	F	EUR	18,000.00
„FMP Planning and Facility Management Poland“ Sp. z o.o.	POL	Warsaw	100.00 %	100.00 %	F	PLN	150,000.00
„Hotel Akademia“ Sp. z o.o.	POL	Warsaw	0.00 %	100.00 %	F	PLN	5,100.00
„UBM Polska“ Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	100.00 %	100.00 %	F	PLN	50,000.00
„UBM Residence Park Zakopianka“ Spółka z ograniczona odpowiedzialnoscia	POL	Krakow	100.00 %	100.00 %	F	PLN	50,000.00
„UBM-HPG“ Spółka z ograniczona odpowiedzialnoscia	POL	Krakow	0.00 %	100.00 %	F	PLN	50,000.00
FMZ Gdynia Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	70.30 %	100.00 %	F	PLN	101,000.00
FMZ Lublin Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	70.00 %	F	PLN	50,000.00
FMZ Sosnowiec Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	55.00 %	F	PLN	50,000.00
Oaza Kampinos Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	100.00 %	F	PLN	50,000.00
UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	POL	Warsaw	100.00 %	100.00 %	F	PLN	156,000.00
UBM Mogilska Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	100.00 %	F	PLN	5,000.00
UBM Riwiera Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	100.00 %	F	PLN	5,000.00
UBM Rumba Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	100.00 %	F	PLN	5,000.00
UBM Times Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	100.00 %	F	PLN	5,000.00
UBM Zielone Tarasy Spółka z ograniczona odpowiedzialnoscia	POL	Krakow	100.00 %	100.00 %	F	PLN	50,000.00
UBM DEVELOPMENT S.R.L.	ROM	Bucharest	100.00 %	100.00 %	F	RON	175,000.00
Gesellschaft mit beschränkter Haftung „UBM development doo“	RUS	St. Petersburg	100.00 %	100.00 %	F	RUB	3,700,000.00
UBM Koliba s.r.o.	SVK	Preßburg	100.00 %	100.00 %	F	EUR	6,390,000.00
UBM Kosice s.r.o.	SVK	Preßburg	100.00 %	100.00 %	F	EUR	5,000.00
UBM Slovakia s.r.o.	SVK	Preßburg	100.00 %	100.00 %	F	EUR	6,639.00
Tovarystvo z obmezhenouj vidpovidalnistu „UBM Ukraine“	UKR	Kiev	100.00 %	100.00 %	N	UAH	0.00

**RELATED PARTNERSHIPS**

UBM Realitätenentwicklung Aktiengesellschaft & Co. Muthgasse Liegenschaftsverwertung OG	AUT	Vienna	100.00 %	100.00 %	N	EUR	0.00
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	GER	Munich	0.00 %	95.04 %	F	EUR	100,000.00
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	GER	Munich	0.00 %	94.00 %	F	EUR	50,000.00
Kühnehöfe Hamburg GmbH & Co. KG	GER	Munich	0.00 %	75.20 %	F	EUR	500.00
MG Brehmstrasse BT C GmbH & Co. KG	GER	Munich	0.00 %	100.00 %	F	EUR	51,129.97

## COMPANY

## ASSOCIATED COMPANIES

## ASSOCIATED CORPORATIONS

	Country code	Registered office	PORR AG shareholding	PORR Group shareholding	Type of cons.	Currency	Nominal share capital
Hessenplatz Hotel- und Immobilienentwicklung GmbH	AUT	Vienna	50.00 %	50.00 %	E	EUR	37,000.00
hospitals Projektentwicklungsges.m.b.H.	AUT	Graz	25.00 %	25.00 %	E	EUR	535,000.00
Ropa Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	50.00 %	50.00 %	E	EUR	36,336.42
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AUT	Vienna	26.67 %	26.67 %	E	EUR	800,000.00
Wohnanlage Geidorf – Kahngasse GmbH	AUT	Graz	50.00 %	50.00 %	E	EUR	10,000.00
DOCK V1. s.r.o.	CZE	Prague	0.00 %	50.00 %	E	CZK	200,000.00
UBX Plzen s.r.o.	CZE	Prague	50.00 %	50.00 %	E	CZK	200,000.00
ACC Berlin Konferenz Betriebs GmbH	GER	Berlin	50.00 %	50.00 %	E	EUR	25,000.00
BLV Objekt Pasing GmbH	GER	Grünwald. Landkreis Munich	0.00 %	47.00 %	E	EUR	25,000.00
Lilienthalstraße Wohnen GmbH Münchner Grund und Baywobau	GER	Grünwald. Landkreis Munich	0.00 %	47.00 %	E	EUR	25,000.00
UBX 1 Objekt Berlin GmbH	GER	Munich	50.00 %	50.00 %	E	EUR	25,000.00
UBX 2 Objekt Berlin GmbH	GER	Munich	50.00 %	50.00 %	E	EUR	25,000.00
GALLIENI DEVELOPPEMENT SARL	FRA	Boulogne Billancourt	50.00 %	50.00 %	E	EUR	50,000.00
HOTEL PARIS II S.A.R.L.	FRA	Marne la Vallée	50.00 %	50.00 %	E	EUR	650,000.00
UBX Development (France) s.a.r.l.	FRA	Serris	50.00 %	50.00 %	E	EUR	50,000.00
Sarphati 104 B.V.	NLD	Amsterdam	0.00 %	50.00 %	E	EUR	18,000.00
Styria B.V.	NLD	Amsterdam	0.00 %	50.00 %	E	EUR	18,000.00
„GF Ramba“ Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	138,800.00
„POLECZKI BUSINESS PARK“ SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	POL	Warsaw	0.00 %	50.00 %	E	PLN	7,936,000.00
„SOF DEBNIKI DEVELOPMENT“ SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	POL	Krakow	0.00 %	50.00 %	E	PLN	66,000.00
„UBX Katowice“ Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	50,000.00
Amsterdam Office Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	2,700,000.00
Berlin Office Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	5,000.00
Hatley Investments Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	5,000.00
Lanzarota Investments spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	34.00 %	50.00 %	E	PLN	5,000.00
PBP IT-Services spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	50,000.00
Poleczki Amsterdam Office Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	5,000.00
Poleczki Development Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	5,000.00
Poleczki Vienna Office Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	5,000.00
Vienna Office Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	3,300,000.00
Warsaw Office Spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	50.00 %	E	PLN	5,000.00
M Logistic Distribution S.R.L.	ROM	Bucharest	50.00 %	50.00 %	E	RON	11,376,000.00

**COMPANY**

	Country code	Registered office	PORR AG shareholding	PORR Group shareholding	Type of cons.	Currency	Nominal share capital
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**ASSOCIATED PARTNERSHIPS**

Emma Hotel C.V.	NLD	Amsterdam	0.00 %	47.62 %	E	EUR	2,100.00
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**OTHER COMPANIES**
**OTHER CORPORATIONS**

„hospitals“ Projektentwicklungsges.m.b.H.	AUT	Vienna	21.78 %	21.78 %	N	EUR	0.00
BMU Beta Liegenschaftsverwertung GmbH	AUT	Vienna	50.00 %	50.00 %	N	EUR	0.00
IMMORENT-KRABA Grundverwertungsgesellschaft m.b.H.	AUT	Vienna	10.00 %	10.00 %	N	EUR	0.00
Impulszentrum Telekom Betriebs GmbH	AUT	Unterprem- stätten	30.00 %	30.00 %	N	EUR	0.00
KBB – Klinikum Besitz- und Betriebs Gesellschaft m.b.H.	AUT	Vienna	0.00 %	7.98 %	N	EUR	0.00
KMG – Klinikum Management Gesellschaft mbH	AUT	Graz	0.00 %	10.78 %	N	EUR	0.00
REHA Tirol Errichtungs GmbH	AUT	Münster	0.00 %	25.00 %	N	EUR	0.00
Reha Zentrum Münster Betriebs GmbH	AUT	Münster	0.00 %	25.00 %	N	EUR	0.00
REHAMED Beteiligungsges.m.b.H.	AUT	Graz	0.00 %	10.89 %	N	EUR	0.00
REHAMED-Rehabilitationszentrum für Lungen- und Stoffwechselerkrankungen Bad Gleichenberg Gesellschaft m.b.H.	AUT	Bad Gleichen- berg	0.00 %	8.06 %	N	EUR	0.00
St. Peter-Straße 14-16 Liegenschaftsverwertung Ges.m.b.H.	AUT	Vienna	50.00 %	50.00 %	N	EUR	0.00
VBV delta Anlagen Vermietung Gesellschaft m.b.H.	AUT	Vienna	0.00 %	20.00 %	N	EUR	0.00
„S1“ Hotelerrichtungs AG	CHE	Savognin	4.91 %	4.91 %	N	CHF	0.00
UBX 3 s.r.o.	CZE	Prague	50.00 %	50.00 %	N	CZK	0.00
BF Services GmbH	GER	Munich	0.00 %	46.53 %	N	EUR	0.00
REAL I.S. Project GmbH in Liqu.	GER	Munich	0.00 %	46.53 %	N	EUR	0.00
UBX II (France) s.à.r.l.	FRA	Serris	0.00 %	50.00 %	N	EUR	0.00
Hotelinvestments (Luxembourg) S.à r.l.	LUX	Luxemburg	50.00 %	50.00 %	N	EUR	0.00
Lanzarota Investments spółka z ograniczona odpowiedzialnoscia Sienna Hotel spółka komandytowo-akcyjna	POL	Warsaw	0.00 %	50.00 %	N	PLN	0.00
SNH spółka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00 %	25.00 %	N	PLN	0.00
ZAO „AVIELEN A.G.“	RUS	St. Petersburg	0.00 %	10.00 %	N	RUB	0.00

**OTHER PARTNERSHIPS**

C.V. Nederlanden	NLD	Amsterdam	0.00 %	0.05 %	N	EUR	0.00
Hatley Investments Spółka z ograniczona odpowiedzialnoscia spółka komandytowo-akcyjna	POL	Warsaw	0.00 %	50.00 %	N	PLN	0.00

# Auditor's Report

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **UBM Realitätenentwicklung Aktiengesellschaft** Vienna for the fiscal year from January 1, 2014 to December 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, as well as the notes to the consolidated financial statements.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE GROUP ACCOUNTING GROUP SYSTEM

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and in accordance with relevant Austrian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing

(ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, as well as in accordance with applicable Austrian laws.

## **COMMENTS ON THE MANAGEMENT REPORT FOR THE GROUP**

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 2 April 2015

BDO Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



**Markus Trettnak**

Certified Public Accountant



**Klemens Eiter**

Certified Public Accountant

# Appropriation of profits

UBM Realitätenentwicklung Aktiengesellschaft ended the 2014 fiscal year with a retained profit of € 7,520,573.00. The Managing Board proposes a dividend of € 1.25 per share, which with 6,010,000 shares totals € 7,512,500.00, with the remainder of the profits totalling € 8,073.00 to be carried forward to new account.

Upon approval by the Annual General Meeting on this proposal for the appropriation of profits, the payout of a dividend of € 1.25 per share shall ensue from 16 May 2015 through the custodian bank, subject to tax law regulations. The main paying agent is UniCredit Bank Austria AG.

Vienna, 2 April 2015  
The Managing Board



**Karl Bier**  
(Chairman of the Managing Board)



**Martin Löcker**



**Heribert Smolé**



**Michael Wurzinger**

# Responsibility Statement

## PURSUANT TO ARTICLE 82, SECTION 4 AUSTRIAN STOCK EXCHANGE ACT – CONSOLIDATED FINANCIAL STATEMENTS

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the company and management report includes a fair review

of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Vienna, 2 April 2015  
The Managing Board



**Karl Bier**

Chairman of the Managing Board responsible for  
project development and personnel



**Martin Löcker**

Member of the Managing Board  
responsible for technical  
management



**Heribert Smolé**

Member of the Managing Board  
responsible for finance and  
accounting



**Michael Wurzinger**

Member of the Managing Board  
responsible for asset management  
and transactions

# Glossary

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

## Disclaimer

This report contains forward-looking statements based on current assumptions and estimates that are made by the management to the best of its knowledge. Information offered using the words „expectation“, „target“ or similar phrases indicates such forward-looking statements.

The forecasts relate to the future development of the company and are estimates made on the basis of information available as of 31.12.2014. Actual results may differ from these forecasts if the assumptions underlying the forecasts fail to materialise or if risks arise at a level that was not anticipated. The annual report as of 31.12.2014 was prepared with the greatest possible diligence in order to ensure that the information provided in all parts is correct and complete.

Nevertheless, rounding, type-setting and printing errors cannot be completely ruled out.

This report is a translation into English of the Annual Report 2014 published in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.



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# Sustainability

Sustainable management is not just a facet of planning and building for us, it is a holistic project. For this report, for example, we only use paper bearing the FSC label. The Forest Stewardship Council (FSC) is an international non-profit organisation that created the first system for certifying sustainable forest management, a system it now operates and continues to develop. The FSC system to certify forest management was established to ensure the sustainable use of our forests. This includes maintaining and improving the economic, ecological and social functions of forestry enterprises. We at UBM believe that conserving our resources is vital and we therefore give you our „green and white“ commitment to a sound environment: in this report using FSC paper.



