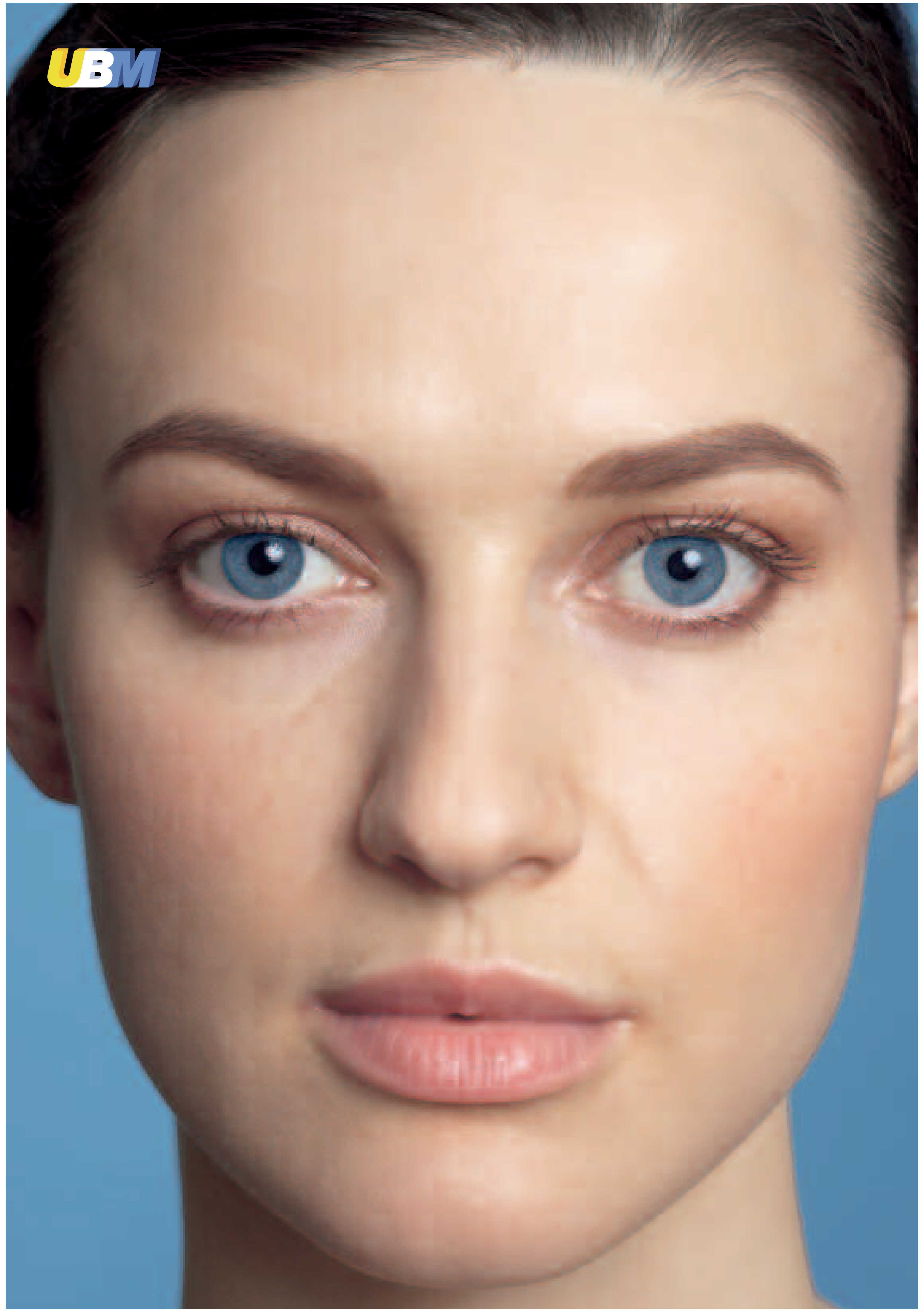

Annual report 2007

"Numbers are abstract mathematical objects used to count, organise and measure." This is how the lexicon defines the characters which for so many mean the world. Numbers are thus a mode of expression.

They tell stories. Of hard work, profit and success, in our case.
Have a look at what our numbers have to say. Enjoy!

Key figures **of the UBM Group**

	2007	Change in %	2006	2005
KEY PROFIT AND LOSS FIGURES IN EUR MILLION				
Annual construction output	263.0	41.6	185.7	109.0
of which: international in %	63.5	–8.7PP	72.2	58.0
Earnings before interest and taxes (EBIT)	32.2	73.1	18.6	14.1
Earnings before taxes (EBT)	16.6	48.2	11.2	9.9
Profit after tax	12.0	39.5	8.6	8.5
Retained profit	3.3	10.0	3.0	2.7
Return on capital employed in %	6.8	+1.4PP	5.4	5.5
Return on equity in %	11.4	+2.5PP	8.9	9.6
BALANCE SHEET FIGURES IN EUR MILLION				
Total assets	477.9	9.0	438.3	381.3
Equity ratio as % of total assets as at 31.12.	22.7	–0.6PP	23.3	23.6
Investments	93.0	24.2	74.9	38.7
Amortisation and depreciation	2.4	20.0	2.0	4.4
STOCK MARKET FIGURES				
Earnings per share in EUR	4.00	43.9	2.78	2.83
Dividend per share in EUR [1]	1.10	10.0	1.00	0.90
Pay-out ratio in %	27.5	-23.6	36.0	31.8

1) Proposal to the general meeting of shareholders

Reconciliation of total output (annual construction output) of the Group to revenues in consolidated income statement for 2007 fiscal year

At UBM we define annual construction output as being the most significant factor in describing revenues. Unlike the total output included in the consolidated income statement, this figure also includes the proportional revenues from joint ventures as well as from subsidiaries consolidated at equity and other subsidiaries. In addition, it includes changes in inventories relating to own projects as well as own work capitalised in the reporting year. The following table shows the calculation of the annual construction output for the fiscal years 2005 to 2007.

Revenues

in T€	2007	2006	2005
Total output of Group	262,960	185,714	108,972
Revenue in consolidated income tatements Difference	133,655	117,039	72,707
Difference	129,305	**68,675**	**36,265**
Revenues from joint ventures	3,690	10,742	0
Changes in inventory in our own projects of the prior year	16,372	2,568	–2,735
Revenues from participations which are consolidated on an equity basis or which are of minor importance	108,845	54,168	39,000
Own work perfomred	398	1,197	0
	129,305	**68,675**	**36,265**

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UBM Group
RANGE OF SERVICES

Acquisition of land
Search, analysis, lease, buy

Studies
Market studies, feasibility studies, project studies

Financing & legal
Financing models, special financing, tax models, company law concepts

Approval procedures
Zoning, demolition approvals, construction permits, utilisation permits

Planning
Submission planning, execution planning, structural engineering, general planning

Construction services
Construction management, general contractor, master contractor, developer

Utilisation
Leasing, sale

Property management
Commercial property administration, optimisation of operating costs

Facility management

Centre management
Marketing, PR, floor-space management, tenant service

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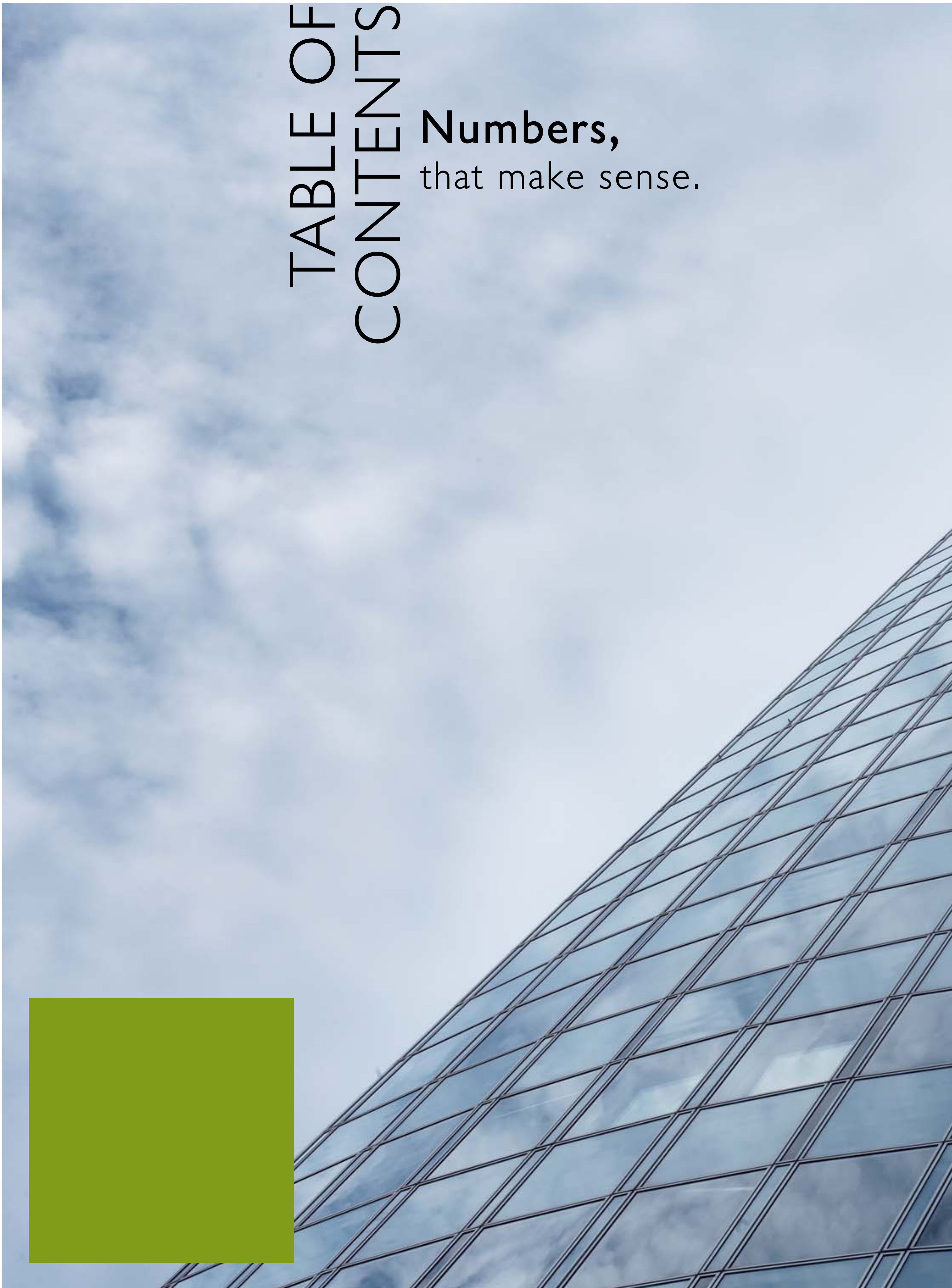
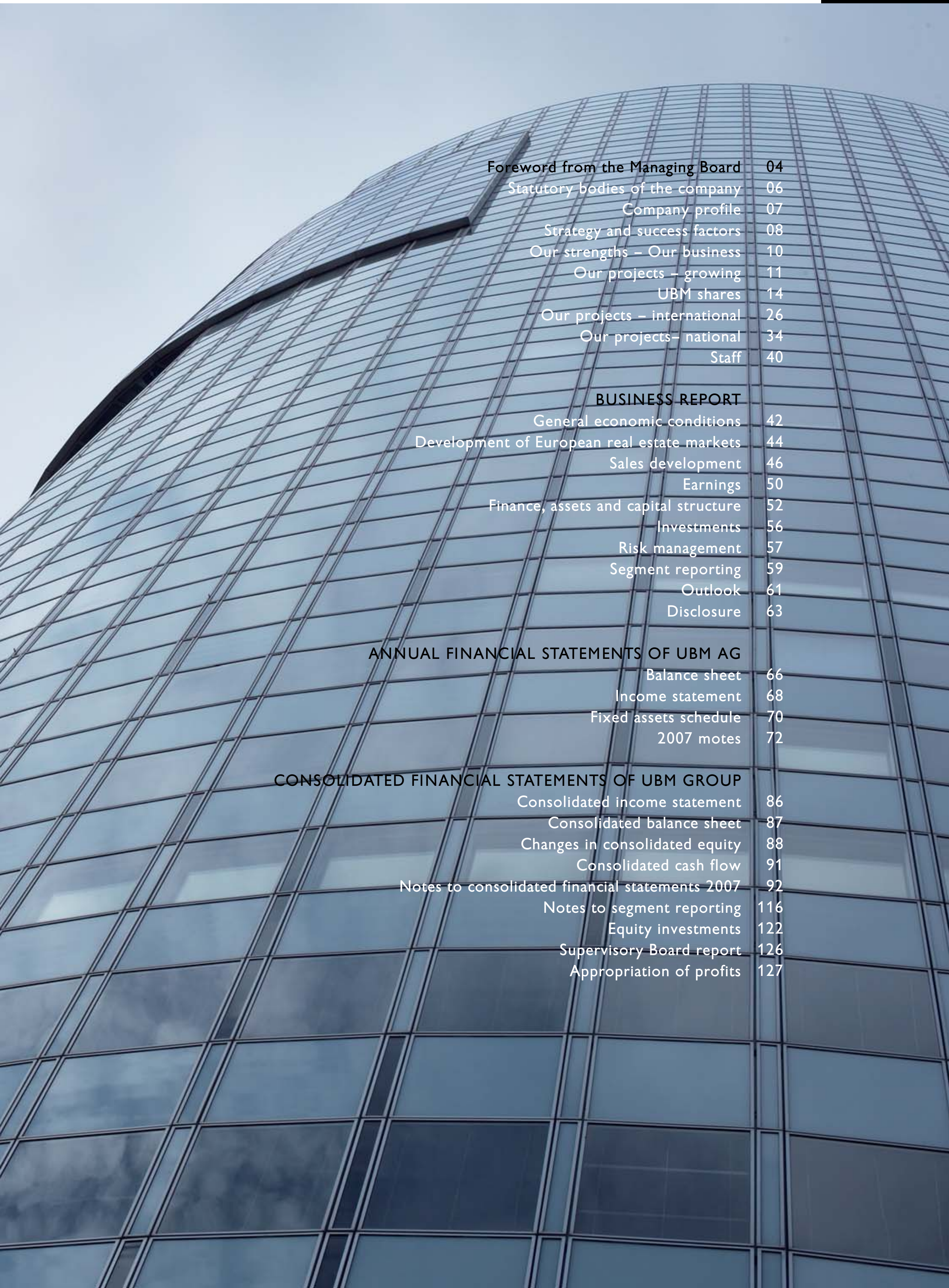
Numbers,
that make sense.





Success continues for UBM in Central and Eastern Europe

Dear Shareholders,

2007 was an extremely successful year for UBM, despite the challenging economic conditions. With a figure of roughly €263 million we again managed to surpass the total output of last year, chalking up yet another record in the history of the company.

The main contributors to this outstanding performance were first and foremost the sales of Florido Tower in Vienna, "Griffin House" in Warsaw and phases 1-4 of Andel City in Prague: the year began successfully as Florido Tower was sold in January. It was followed in July by "Griffin House", while the sales of phases 1-4 of Andel City were completed in October 2007. You can find more detailed information regarding these projects on pages 26-37.

Aside from these highlights we were able to boost our output by means of the following projects. In Switzerland for example, the Regensdorf logistics centre was completed. The Hotel andel's Krakow project also drew to a close. Residential construction remains a very successful segment, especially in Munich, though the implementation of numerous hotel projects in Munich, Berlin, Pilsen, Bucharest and Krakow are equally important.

The subprime crisis in the USA was a central issue of last year that dominated economic trends. In this context we would like to point out that our books reflect neither the crisis nor the associated turmoil. Our excellent corporate results contradict the sometimes hefty losses that have generally been the result of the crisis. All of the overall conditions advocate a continuation of our growth. Consequently, for well-established and sound enterprises like us, the subprime crisis should be viewed as an opportunity.

We face a very difficult economic environment in the coming year, which principally using our many years of experience we will turn to our advantage. By means of an anti-cyclical investment policy we are planning to consolidate our market positions in our home markets. In line with the growth strategy for the CEE countries, we anticipate penetrating the markets of Bulgaria, Russia and Ukraine in the coming year with our first projects, in addition to the broader scope of project developments in Romania.

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

DI Peter Maitz

Mag. Karl Bier

Heribert Smolé

Company bodies

SUPERVISORY BOARD

Dr. Siegfried Sellitsch
Chairman

DI Horst Pöchhacker
Deputy Chairman

Dr. Bruno Ettenauer
(from 11.04.07)

Mag. Wolfhard Fromwald
(from 11.04.07)

DI Thomas Jakoubek
(from 11.04.07)

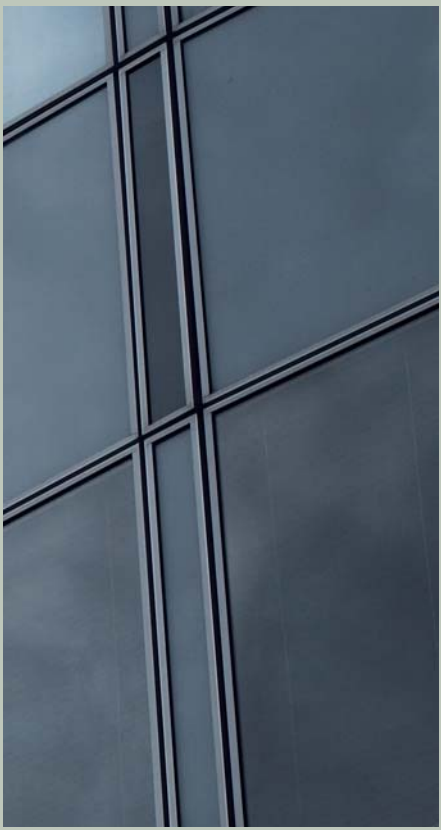
Dr. Walter Lederer

MMag. Dr. Erlefried Olearczick
(from 11.04.07)

DI Iris Ortner-Winischhofer

Dr. Johannes Pepelnik

Dr. Peter Weber



MANAGING BOARD

Mag. Karl Bier

Chairman of the Managing Board

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

UBM – Vienna/Lower Austria/Burgenland
UBM – Upper Austria
UBM - Salzburg
Münchner Grund - Germany
UBM - Poland
UBM - Slovakia
UBM - Hungary
UBM - Romania
UBM - Croatia
Various property companies in Austria

DI Peter Maitz

Studied construction engineering in Graz; joined Porr in 1972, management of several projects in Austria, Hungary, Iran and Algeria from 1972 to 1986. Technical manager of various project companies in Austria and abroad since 1985. Member of Managing Board at UBM AG since 1992.

UBM - Styria/Carinthia
UBM - Tyrol/Vorarlberg
UBM - Czech Republic
UBM - France
UBM - Switzerland
UBM - Bulgaria
Various property companies in Austria

Heribert Smolé

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

Finance and accounting
Project financing
Risk management
Controlling
Property management
Investor relations
Various property companies in Austria
UBM - Ukraine

We have every reason to be confident

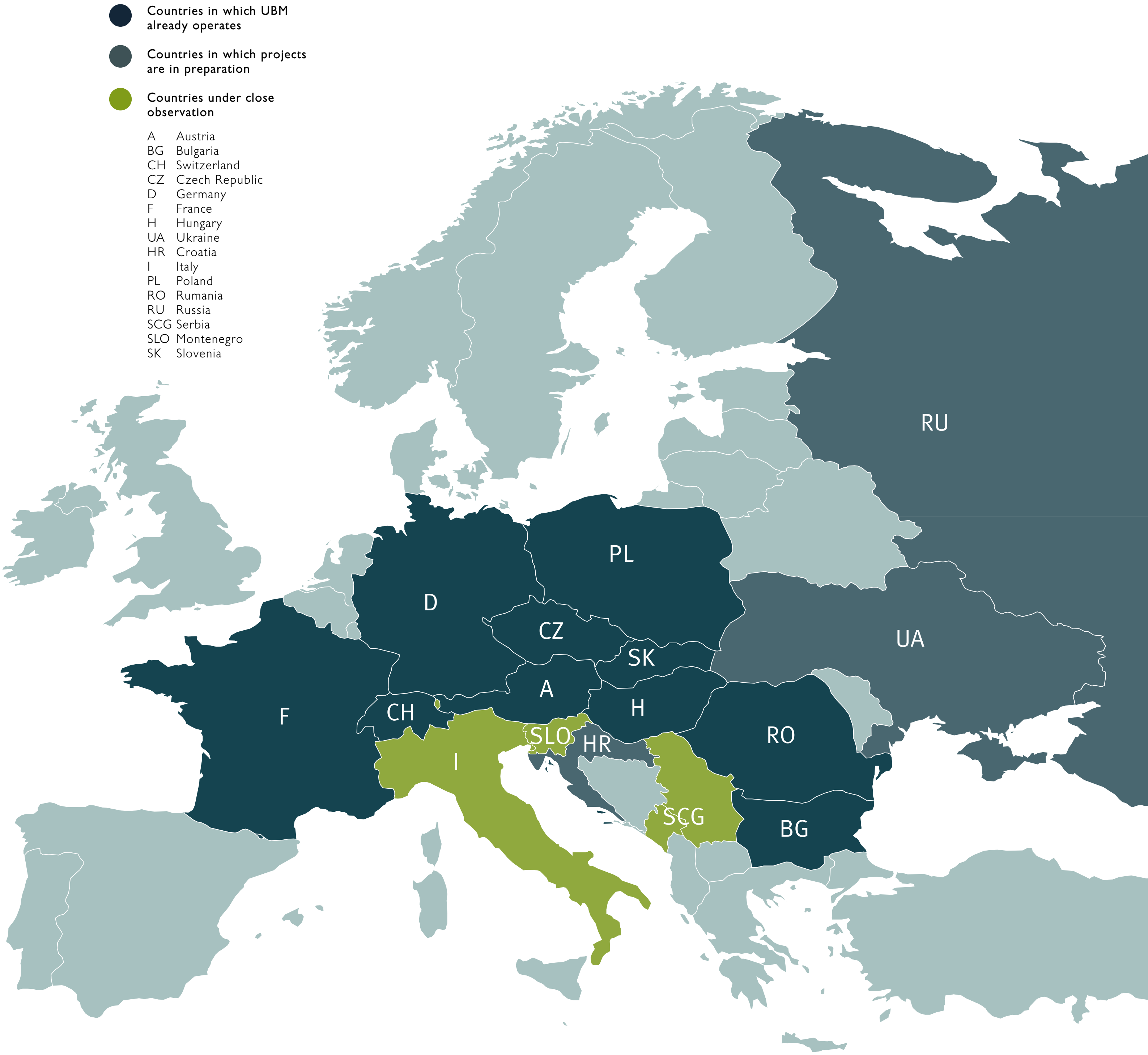
People need land. People need a roof over their heads. And people need a reliable partner who can make all this happen. For more than 135 years the UBM Group has been making every effort to support people in fulfilling their dreams. Initially, just by manufacturing the best construction materials for them. Today the focus of our company lies in the development, leasing and sale of real estate throughout Europe. Especially in the countries of Central, Eastern and South-eastern Europe we deploy our many years of experience in the field of real estate development and consulting. Here we act as a developer as well as a general contractor. Professional investors rely on us in particular, appreciating the advantages of having a single partner for the different tasks and regions within their real estate activities. The confidence of shareholders in the safety of real estate investments is based on the "real values" behind such investments. We at UBM lay considerable emphasis on this trust in our corporate philosophy. Our broadly based involvement on various European markets and sectors minimises the corporate risk. Thanks to our profound market knowledge we are able to determine the optimal sales time for properties. And last but not least, the various positions we occupy in the value-added chain, for example project developer, lessor or property manager, enable us to react flexibly to changes in market conditions.

Our growth during the last 135 years has also led to a change in our customers. Today our customers include real estate funds or international hotel chains, for whom we construct buildings in accordance with specific instructions. Such custom-made real properties achieve significantly higher returns than an investment in existing real estate. The strict requirements and the many years of expertise on our European home markets constitute a solid basis for prudent expansion into the booming markets of Europe.

Historical overview: main figures

1873-1915	1916-1990	1991-2007	New markets
Founded: 3 March 1873 Second-largest brick manufacturer of the Austrian monarchy 10 brick factories with more than 2,000 staff Market share of roughly 30% on Vienna brick market 1912: Porr acquires majority stake in UBM	Withdrawal from brick production (sale to Wienerberger Baustoffindustrie AG) Focus on real estate development in Austria focusing on Greater Vienna	Intensification of activities in fields of project development and project management Internationalisation of UBM 1997: Name changed to UBM Realitätenentwicklung AG	1992: Czech Republic 1993: Poland 1994: Hungary 1999: Germany 2001: France 2004: Slovakia 2005: Switzerland 2006: Romania, Croatia, Bulgaria, Ukraine 2007: Russia and testing of markets in Slovenia, Italy, Serbia

Growth markets

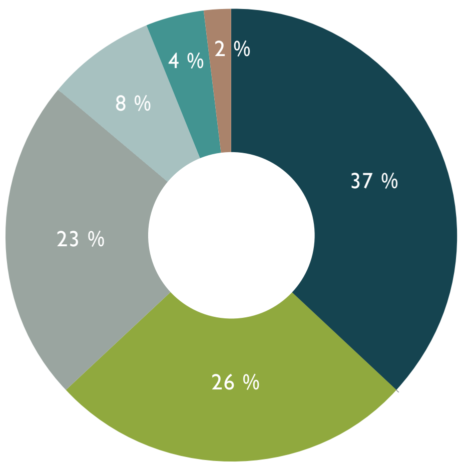


Growth is the secret of our success

"Success is a matter of adjusting one's efforts to obstacles and one's abilities to a service needed by others" (Henry Ford)

Annual construction output 2007 Nach By country (in %)

- 37% Austria
- 26% Czech Republic
- 23% Poland
- 8% Germany
- 4% France
- 2% Slovakia



UBM's main talent is skilfully being able to make the most of the permanent changes in the world. Thus today, UBM stands for unlimited growth. This conceals a particular concept that has been well thought-through: the strategic focus of the UBM Group is designed in a way that enables us to cross both geographical and operating boundaries. Since the beginning of the 1990s we have had opportunities open up for growth in North-eastern and South-eastern Europe. Through this and with the corresponding expertise to take advantage of these opportunities we have become what we are today: an international specialist in all fields of real estate development and management.

We increasingly consider the countries of Central and Eastern Europe to be our home market, in addition to Austria. The many successfully completed projects have resulted in years of experience, which long before the expansion of the European Union enabled us to be engaged in the Czech Republic, Poland, Hungary and Slovakia. From the capitals of these countries we strengthened our scope of operations and in 2007 managed to reinforce our market presence in Romania, Bulgaria, Croatia and Ukraine. We are also successfully active with our own companies in Germany, France and Switzerland. In accordance with our forward-facing business strategy we set no geographic limits to the expansion of our market presence in principle, and are therefore permanently on the look-out for new market opportunities. In the medium term we therefore also want to play an active role in the markets of Italy, Serbia, Russia and Slovenia.

Our greatest strength?
In a word: everything

Comprehensive range of services

The following overview of our products and services proves that UBM is a competent partner in all areas of the real estate business:

Real estate development / project implementation				
Market and real estate appraisal	Land acquisition, construction	Operation, utilisation	Marketing & Sales	Service
Market observation Market appraisal Dialogue with real estate users and potential development partners Cash flow analysis for potential projects	Compilation of property studies Acquisition of land Acquisition of construction permits Contracting Preparation of financing model Construction and handover to user	Asset Management Facility Management Leasing organisation Support due diligence Activities for long-term investors Contracting with long-term investors	Continuous evaluation Activities of long-term investors Continuous dialogue with long-term investors Evaluation of yield developments in core and target markets	Facility management Maintenance management of real estate Fulfilment of warranty services

Sectoral diversification

Each market has its own dynamics and UBM has not only many years of experience but also the sensitivity to grasp the changes in its markets at the right time. Our diverse geographic presence enables us to compensate for local differences in demand. In addition, UBM also uses the differing developments of sectoral cycles to ensure the course of business is as continuous as possible. Thus depending on the market environment, not only residential and office properties are built but also complex hotel facilities, shopping centres and logistics buildings. Apart from our experience we are assisted by detailed market analyses in making decisions on a sound basis. Timing is crucial here: this is what determines whether a transaction will be a success or a failure. Our profound know-how enables us to recognise trends at an early stage, and therefore avoid taking risks.

Real estate portfolio

Experience is the foundation on which UBM has built up its broad field of activities. And it is this very diversity transcending our business which helps us to compensate for specific project fluctuations. For example, the rental income from our real estate portfolio compensates for fluctuations in real estate development.

With this portfolio, which we have built up over many decades, we do not just target the goal of rental income: it also enables us to make an optimal choice as to when we sell properties. In terms of total land area the UBM Group has real estate of more than 1.4 million m². These properties are spread throughout Europe. Approximately 75% thereof are held abroad and are a major factor in our strategic market development. Approximately 350,000 m² of our real estate holdings are leased out, and break down roughly as follows: 30% offices, 16% commercial and 4% residential properties. 50% of the total space is attributable to hotels.

Safe Investment

The success of UBM is attributable to is prudent and far-sighted management. This enables us to offer safe investments for our shareholders through measured expansion and risk diversification. As a result we have succeeded in growing continuously during the difficult economic conditions of the past few years and in maintaining a positive dividend policy. We have thus been able to raise the dividend from €1.00 in 2006 to €1.10 this year.

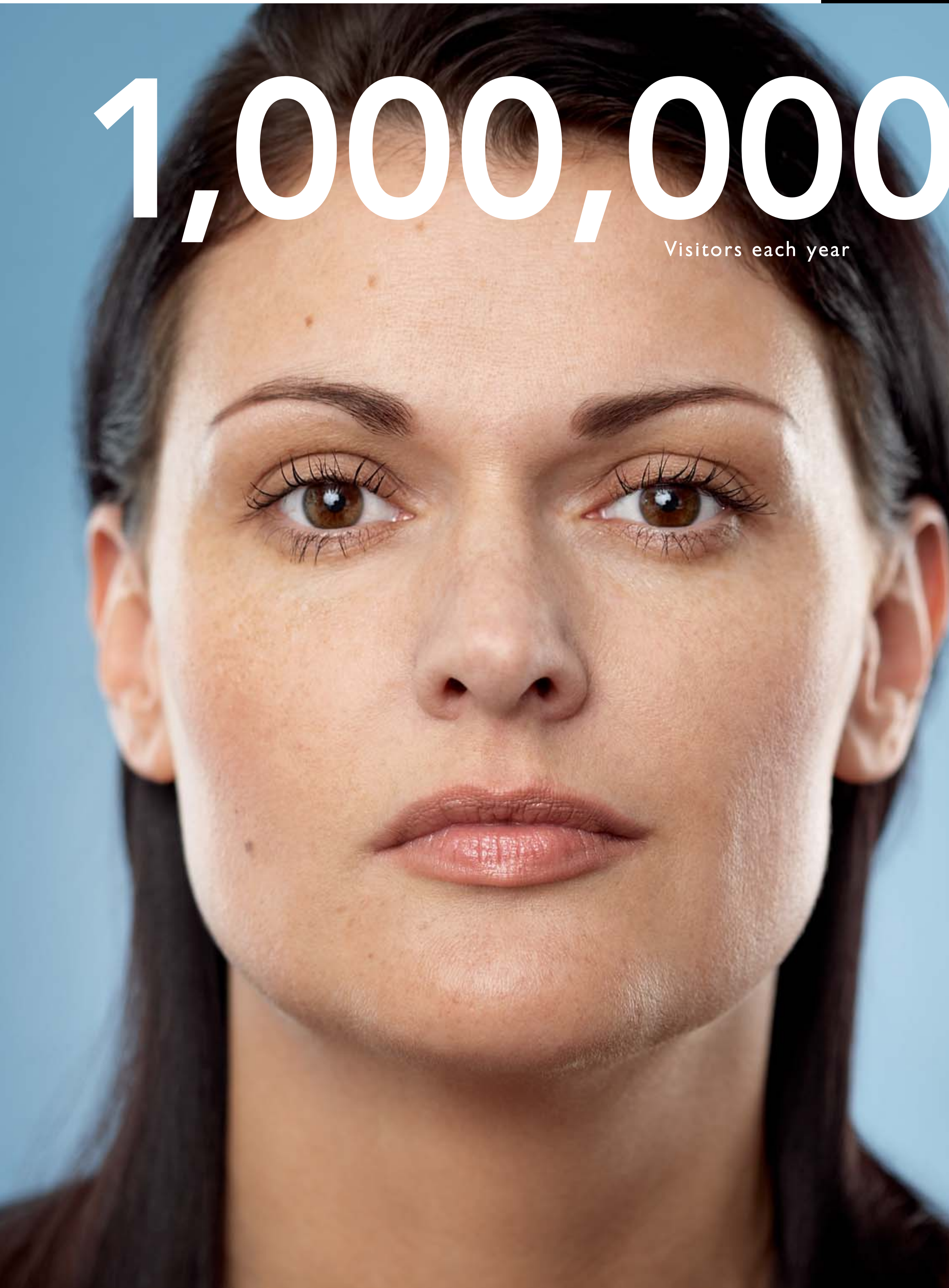
Our projects continue to grow

Current projects and those completed in reporting year

	Place	Start of construction	Completion
CZECH REPUBLIC			
Andel City residential construction project SO 10	Prague	2004	2007
Hotel “angelo”, Pilsen	Pilsen	2007	2008
Andel City - office building SO 11	Prague	2005	2007
POLEN			
Hotel “andel’s” Krakow	Krakow	2006	2007
“Oaza Park” residential park	Warsaw	2008	2013
3*-Hotel in Krakau	Krakow	2008	2010
Poleczki Park - 1st phase	Warsaw	2008	2010
Hotel “angelo”, Katowice	Katowice	2008	2009
SLOVAKIA			
Koliba Hill residential real estate	Bratislava	2008	2010
GERMANY			
Residential area Riem WA 14, phase 3	Munich	2008	2010
Marianne elf, Parkstadt Schwabing - phase 2	Munich	2008	2010
Hotel project “angelo“, Munich	Munich	2007	2008
Hotel project “Andel’s“, Berlin	Berlin	2007	2009
ROMANIA			
Logistics centre, Chitila phase 1	Bucharest	2007	2008
AUSTRIA			
Neue Mitte Lehen	Salzburg	2006	2008
Office building, Brehmstraße BT C	Vienna	2006	2008
3*-Hotel, “Park Inn”	Linz	2007	2008
SWITZERLAND			
Logistics centre, Regensdorf near Zurich	Regensdorf	2007	2008

Andel City, Prague: Visitors per sqm is a measure of success. Measurable frequency, tangible atmosphere, in the cinemas and restaurants.

area: 125,000 m²


1,000,000
Visitors each year

UBM shares

Development of international stock markets

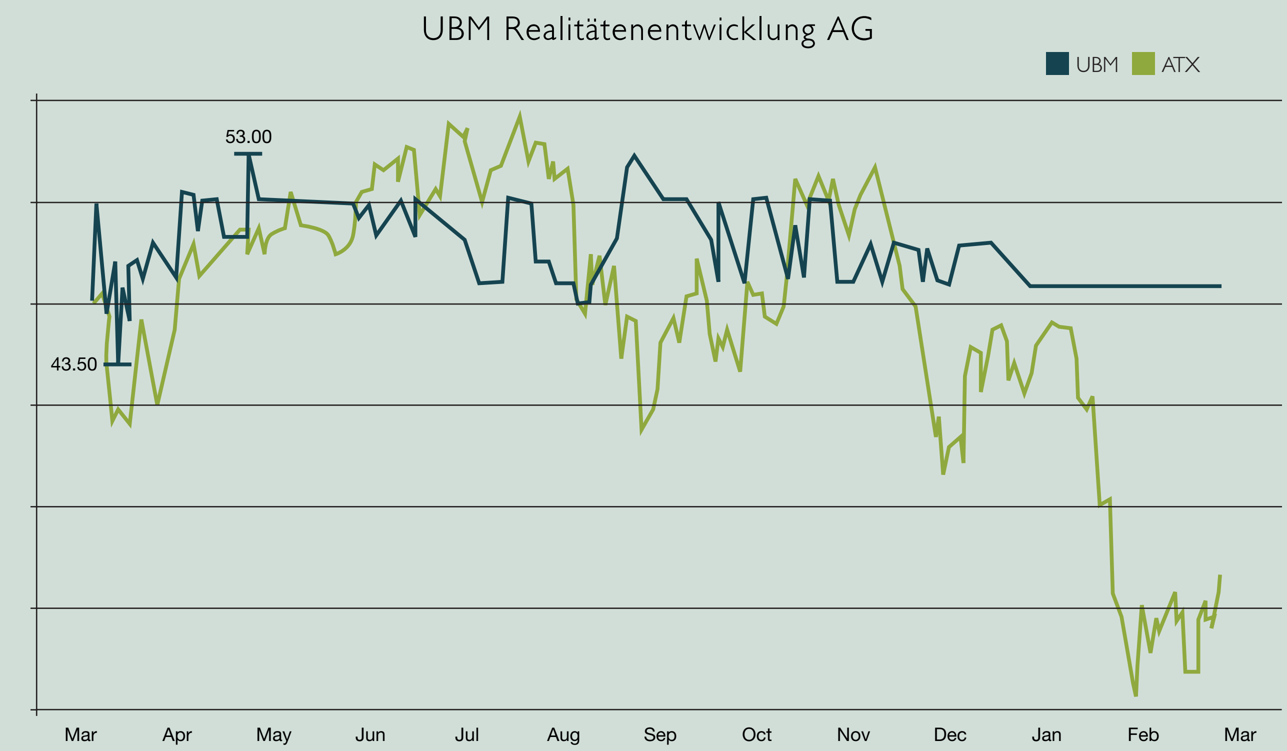
The 2007 stock exchange year was marked by significant swings on the international stock markets. The markets lost much of their momentum, few gains were made and thus having strong nerves was definitely an advantage: volatility indexes also experienced substantial growth. These fluctuations were a sign of the extreme nervousness that was tangible among investors. In the spring it was the doubts surrounding the sustainability of economic growth in China that brought prices down, while in the second half of the year the markets felt the impact of the subprime crisis. This led to much of the confidence in the stock markets being eroded, which in turn narrowed the liquidity available to the bourses. In annual terms, some of the indexes are in the red, while the main indexes of the Western markets (with the exception of the DAX in Germany) posted modest gains.

This nervy atmosphere on the stock markets is expected to continue in 2008, at least in the early months. How the situation pans out will depend on the path taken by the subprime crisis. The US Federal Reserve has already reacted to the changed conditions and begun to cut interest rates. In this way they are attempting to prevent the financial market crisis from spreading too much to the entire economy. In any case, the development of corporate earnings will play an important role in 2008. In the recent months of the turmoil these have been a key factor of support for the stock markets. Experts believe that flows of capital from emerging markets will also bolster the markets in the coming stock exchange year. Much capital has been built up in these countries in recent years, which is now seeking investment opportunities

Development of Vienna stock exchange

In spite of the turbulent share prices described above, the Vienna stock exchange can look back on a wholly successful year. 2007 provided the scene for a continued revival of the Austrian market and a rise in internationalisation (cooperation frameworks expanded in CEE region for example). Average monthly trading figures rose from €10.5 billion (2006) to just short of €15 billion, a highly satisfying result. Figures in the reporting year in terms of IPOs and capital increases resembled those of 2006, with the capital market welcoming €10.1 billion in new capital. The creation in June of the "mid market" segment, designed specially for companies with low financing requirements, provided additional impetus to reviving the local financial market. Market capitalisation as of 31 December 2007 totalled €157.9 billion (December 2006: €146.2 billion). Huge successes were recorded in the reporting year as regards internationalisation too: for the first time ever, in 2007 more foreign investment banks were permitted to trade directly on the Vienna stock exchange than Austrian banks. The share of foreign entities in the trading figures has been rising steadily in recent years: up from 16.6% in 2002 to 64.5% as of 19 December 2007. Seven of the nine new indexes originate in CEE countries, and this trend is likely to continue in the coming year as well; the 2008 objectives read as follows: drive internationalisation forward, increase liquidity and continue intensive commitment in Eastern Europe

Performance of UBM shares



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The underlying trend in the price of UBM shares in 2007 was positive. The low of €43.50 at the beginning of the year was never revisited, and instead the stock recovered quickly from various swings before eventually peaking for the year in May at €53.00. The second half of the year was marked by fluctuations between €50.00 and €52.00, before settling at €50.00 at the beginning of 2008.

Stock market figures in €

	2007	2006	2005	2004
Price as at 31.12.	50.00	43.50	42.00	28.20
High	53.00	55.00	50.00	28.20
Low	43.50	40.51	28.30	20.00
Earnings per share	4.00	2.78	2.83	3.13
Dividend per share	1.10	1.00	0.90	0.88
P/E as at 31.12.	12.50	15.65	14.84	9.00
Dividend yield as at 31.12. in %	2.20	2.30	2.14	3.12
Total shareholder return in %	17.14	5.87	51.08	44.10
Market capitalisation in € million.	150.00	130.50	126.00	84.60
Pay-out ratio in %	27.50	36.00	31.80	28.12

Investor Relations

UBM has been listed in Vienna since 1873 and thus numbers among the oldest Austrian companies on the stock exchange. The 3,000,000 ordinary shares are traded in the "Standard Market Auction" segment of the Vienna stock exchange, where prices are determined each day at 12.30 pm based on the principle of maximising executions. Market capitalisation at 2007 year-end totalled €150 million and is thus higher than in the previous year (comparable figure €130.5 million). With an index weighting of 0.1040% (as of 27.02.2008) the UBM shares are included in the Vienna share index (WBI), which as an overall index reflects the performance of the Austrian stock market.

In addition to the half-yearly and the annual financial reports, UBM also informs its shareholders about business at UBM in detailed interim reports. Detailed information on building projects, current plans and press releases along with the current share price can also be found on the website: **www.ubm.at.**

Dividend proposal

For the fiscal year 2007 the Managing Board proposes a dividend of €1.10 per share to the general meeting of shareholders.

Adherence to Austrian Compliance Regulation

To prevent the misuse of insider information, the Regulation on Compliance for Issuers (ECV) of the Austrian Financial Market Authority, which entered into force on 1 April 2002, was revised in 2007. In fulfilment of the Stock Exchange Act and the ECV 2007, UBM issued a compliance guideline that took effect in November 2007.

This guideline governs the forwarding of information within the company and the measures to monitor all internal and external information flows, to prevent misuse. The objective here is to educate employees, statutory bodies of the company, advisers as well as all other individuals working for UBM about the ban enshrined in law regarding the misuse of insider information. Eight permanent fields were defined at UBM which are subject to confidentiality.

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

Corporate Governance

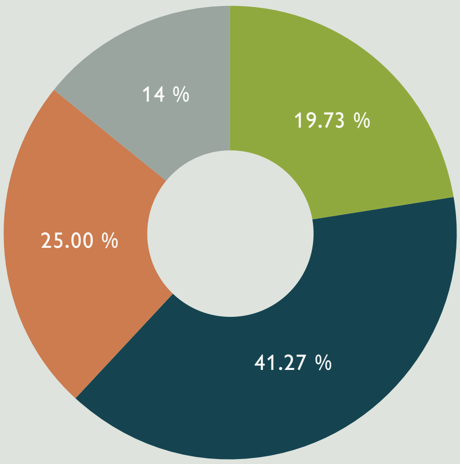
To date, UBM has made no specific commitment to complying with the Austrian Corporate Governance Code. Regardless of this, all legal conditions and most of the "comply or explain" rules are met.

Financial Calendar 2008

Publication of 2007 Annual Report/Business Report	31.03.2008
127th AGM	18.04.2008
Dividend payment date	23.04.2008
Interim report on 2008 Q1	09.05.2008
Half-year financial report 2008	29.08.2008
Interim report on 2008 Q3	11.11.2008

Shareholder structure of UBM AG in %

41.27 %	Allgemeine Baugesellschaft A. Porr Aktiengesellschaft
25.00 % + 4 Shares	CA Immo International Beteiligungsverwaltungs GmbH
ca. 14 %	Amber Private Foundation, Bocca Private Foundation, Georg Folian, Dr. Franz Jurkowitsch
19.73 %	Free float



1) andel´s HOTEL KRAKOW

2) SALZBURG, LEHEN

3) FLORIDO TOWER VIENNA

Polands first designer hotel already stands strong with four stars. With such an extreme short building period of only fourteen months, its favourable area centrally located near the trainstation and airport it achieves a worthwhile contribution to the development of city. The décor from the famous architectural duo drafted hotel upholds modern desgin expectations. 159 individually fashioned rooms invite you to the metropolis of southern Poland.

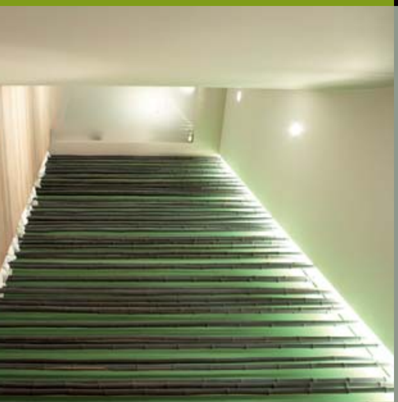
01)

02)

03)

04)

05)



06)

andel's Hotel Krakau:

01) The restaurant
International cuisine in a modern atmosphere.

02) Standardroom
Bright rooms designed with a warm colour concept to help you feel good.

03) Presidential suite
A large living area with many extras such as a roof terrace.

04) Bathroom
With the most modern of fittings: two resting sinks, large bath, underfloor heating.

05) The Lobby
Lingering in this lobby is a pleasure. Enjoy the pleasant atmosphere in the comfy red leather seats.

06) The Sauna
Wellness in the hotel's own sauna for those seeking relaxation.

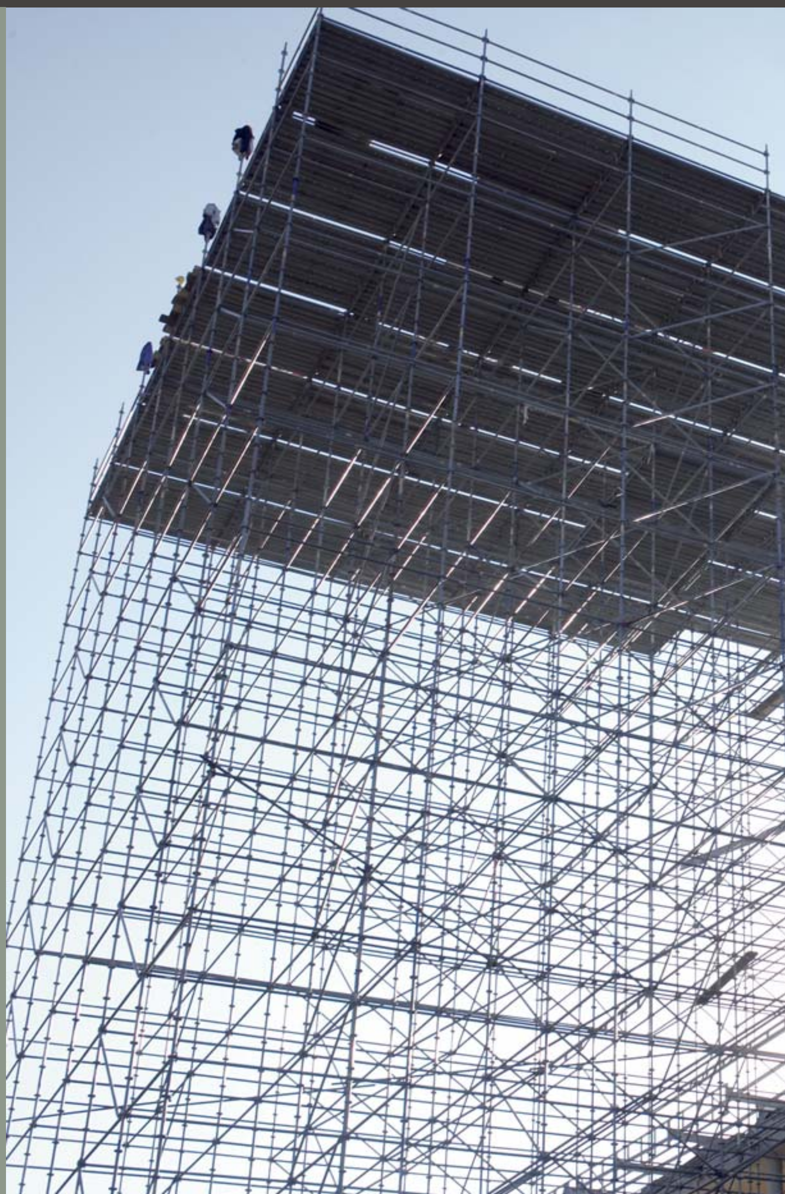
Florido Tower, Vienna
113 metres and 31 stories tall in the north of Vienna, 20,000 m^2 of rentable space in the largest recreational area in "Transdanubia" near the "Old Danube". This office building stands out by means of its cutting-edge design and safety standards, with a stunning panoramic view of Vienna. Linked by good transport connections, Florido Tower offers an optimal blend of business location and quality of life.

projects that pay off

Neue Mitte Lehen, Salzburg

A football stadium gets turned into a focus point: Flats, a shopping centre, offices, gastronomy, a city library and a park with an English garden. The former stands are transformed into skyboxes and presented as the emblem of the "Neuen Mitte". Without saying, Salzburg henceforth has a new centre.

NEUE MITTE LEHEN
SALZBURG



3


101
Ideas for good Design.

4* Hotel andel’s Krakow: The first design hotel in Poland shines in the Vistula metropolis with 159 rooms.

What we and our clients expect from a 4* hotel? Carefully planned, aesthetic and functional design. No more, no less.

A total of 159 Rooms

andel's Hotel in Krakau

Poland's first design hotel opened its doors on 1 June 2007.
andel's Hotel Krakow was designed by the famous architect duo of Jestico + Whiles, who have already demonstrated what they are capable of in many projects, including andel's Hotel Prague which opened in 2002 and has proved to be a huge success. The new 4-star hotel in Krakow, which followed on from the Prague project and consequently represents new dimensions in interior design, was constructed in only 14 months. The contractor of the hotel was UBX Krakow Sp. z o.o. (a jointly managed company of UBM and Warimpex), while the hotel is run by Vienna International Hotels & Resorts. Warimpex has been the sole owner of the hotel since February 2008.

The hotel is situated in the centre of the world-famous old town, only 100 m from the main railway station. Being located in the vicinity of the train station has proved to be particularly beneficial since it has enabled the hotel to contribute to the further development of the city. There are also close links to the airport, with the express train taking you to Balice Airport in only 12 minutes. What is more, one of the newest shopping centres in Krakow is situated just beside the hotel.

andel's HOTEL
KRAKAU

ROOMS AND FURNISHINGS:

159 rooms in total, incl. apartments, 1 senior suite, 4 junior suites, 1 room for disabled guests; the majority of the rooms are non-smoking

- LCD Sat-TV (flatscreen) and DVD player
- wireless Internet access
- individually controlled air-conditioning
- minibar and safe
- facility for charging laptops, telephone
- toilet and bathroom with hairdryer and underfloor heating
- all rooms are bathed in light through floor-to-ceiling windows
- andel's "special" Executive Rooms: terrace on the top floor

- **restaurant and bar**
- **fitness centre with cardio equipment, sauna, steam bath and aroma showers**
- **Four conference rooms that can be combined by means of sliding partition walls**

- capacity for 320 people

“Griffin House” in Warsaw

“Griffin House” is situated in the heart of the diplomatic district in the centre of Warsaw, at No. 8. Plac Trzech Krzyzy (Three Cross Square), which is at the southern end of the regal boulevard “Trakt Królewski”. The old town and the modern centre of the city, the Cultural Palace, are just as easily accessible by foot as the historical park “Park Ujazdowski”. Helped by the architecture reconstructed after the Second World War based on old archive plans, this part of the city has become a coveted area for both Polish and international firms, and therefore represents an attractive district for desiring clients. “Griffin House” takes its name from the bird-of-prey statues mounted on the cornice of three corners on the roof of the building. It was built in the 1880s designed by architect Josef Huss in a historical neo-renaissance style as the residence and company seat of a chocolate factory. In 1944, “Griffin House” was significantly damaged in a fire

The reconstruction ensued partly on the basis of paintings by Canaletto. Although the war damage was repaired, the historical shape of the roof with its three domes was replaced with a simple gabled roof. In 2005 UBM began working closely with specialists to renovate the listed building and restore the roof to its original glory. These efforts succeeded in establishing high-quality office space with raised floors, air conditioning, new lifts and modern safety standards.

The first tenant was able to commence its business operations in the building after 6 months of refurbishment. All of the renovation work was completed in 2006. Following the conversion, the building now has gross floor space of roughly 5,000 m^2. UBM sold the building in July 2007.

Griffin HOUSE WARSAW

DATA AND FACTS:

- Developed area on the land: 928 m^2
- Car parking (for passenger cars): 33 spaces
- Commercial floor space on ground floor: 705 m^2
- Floor space of offices (stories 1-4): 2,727 m^2
- Total floor space in building: 3,432 m^2
- Height of dome above gloriette: 27.30 m

01
“Jet-Set” Restaurant

02 + 03
Conference room andel’s Hotel,
Hotel lobby

04
Cinema, facade

01

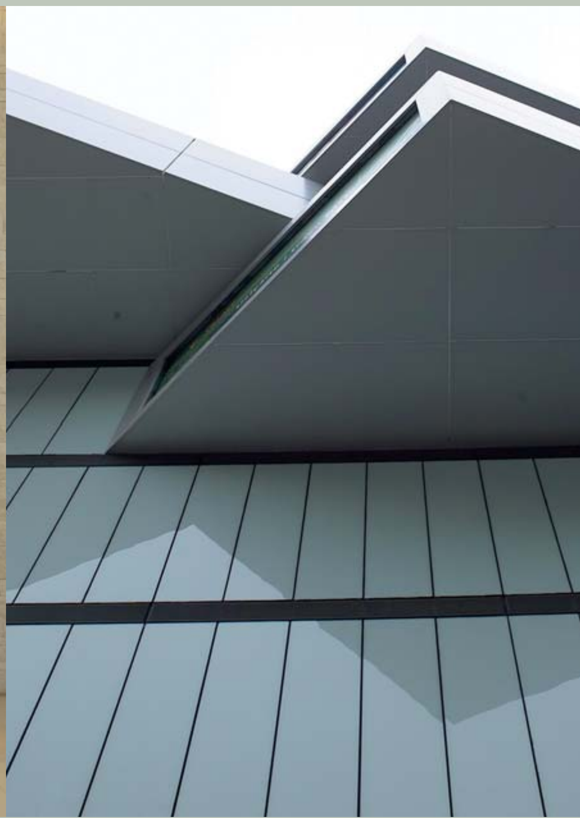
02

“Andel” (= angel) is the name of the completely new quarter of the city that has arisen in part of the Prague district of Smichov. It is an overall concept that reflects all of the forward-facing projects of UBM. Here, everything coexists with everything else: hotels, apartments, houses, leisure and shopping centres as well as office buildings.

Originally rural, the district of Smichov which lies close to the centre of Prague was caught up in the industrial boom during the first half of the 19th century. In addition to many textile companies, the well-known Ringhoffer tram factory was also built there. In the 1980s, the factory was finally moved to the edge of the city, which created a fundamental problem: this part of the city had to be completed redeveloped and UBM proved to be more than up to the task. In 1994, UBM acquired approximately 25,000 m^2 of the former factory land to be prepared for the construction boom around EU accession. Under the brand name of “Andel City”, the former industrial land first accommodated Hotel “andel’s” (2002), followed by the first office phase (2002), a Village Cinemas Multiplex (2002) and a boarding house with 51 executive apartments (2004). UBM also built a 9,000 m^2 office building for the pharmaceutical company Pfizer. Based on the major success of the Andel City Residence with 97 freehold flats, construction began in 2004 Q4 with another such development (Andel City Residence II), which was completed in 2007. Two further office projects and a second hotel have also been built: the latter is known as “Hotel Angelo” and opened its doors on 12 June 2006. The first office phase was sold in October 2007.

Andel City: City of Angels

03



04

DATA AND FACTS

Hotel “andel’s”
- Total area: 15,000 m^2
- 231 rooms + 8 suites over 5 floors
- 350 m^2 conference room
- restaurant, bar, fitness room

“andel’s Suites” Boarding House
- 7 floors
- 22 studios, 40 m^2 each
- 18 single-room apartments
- 5 maisonettes for each single person
- 4 maisonettes for every two people
- 2 roof apartments with terrace

Pfizer Headquarters
- Total area: 9,073 m^2
- 6 floors

Hotel “angelo”
- 168 rooms
- including 5 suites with roof terrace
- Executive Area on 6th and 7th floors
- restaurant, bar, conference rooms


220
Flats in the newley developed
district of Andel.

Andel City, Prague: the future of the newly built residences is so colourful

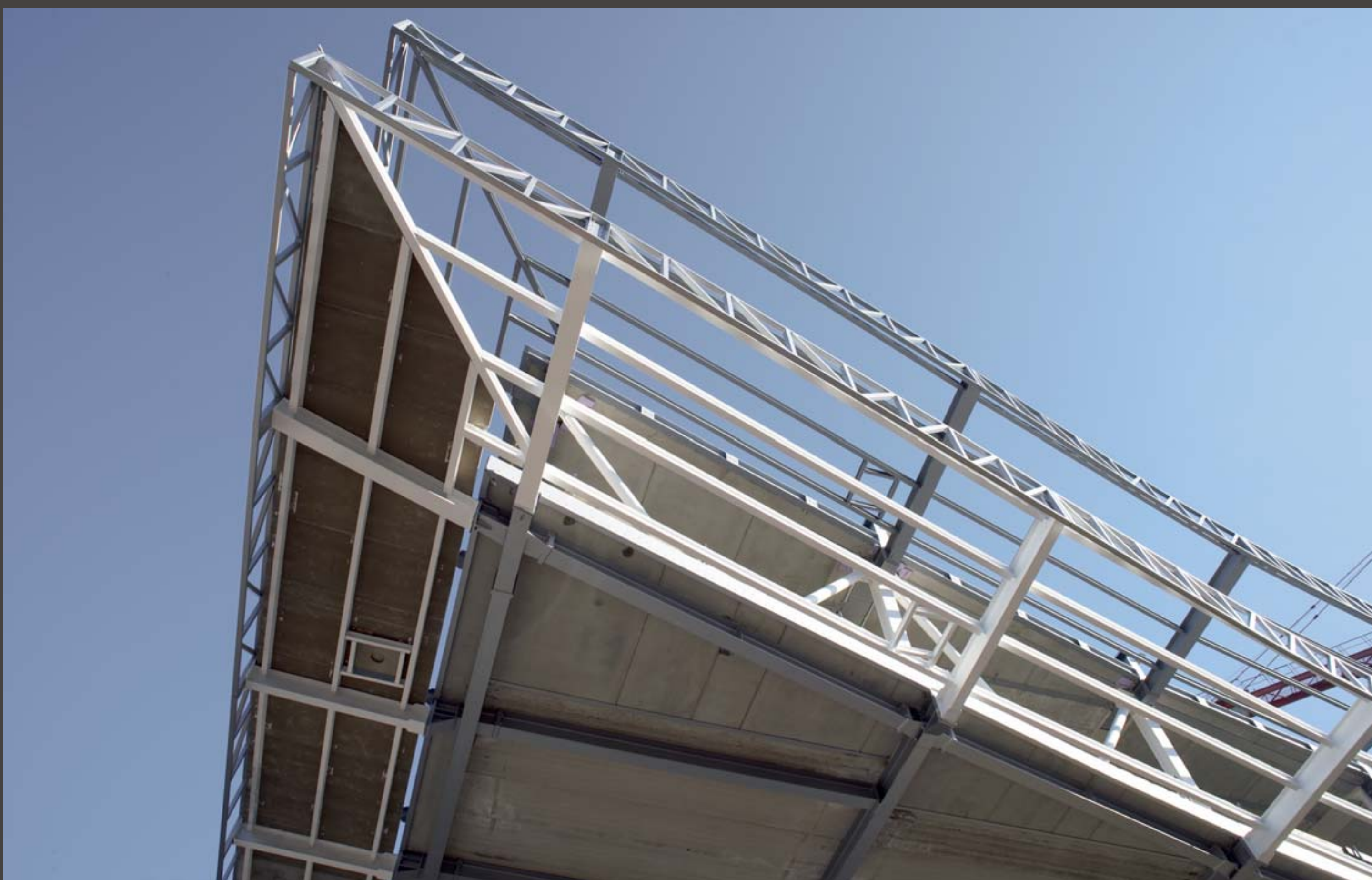
Warning: wet paint!
A new district comes to life.

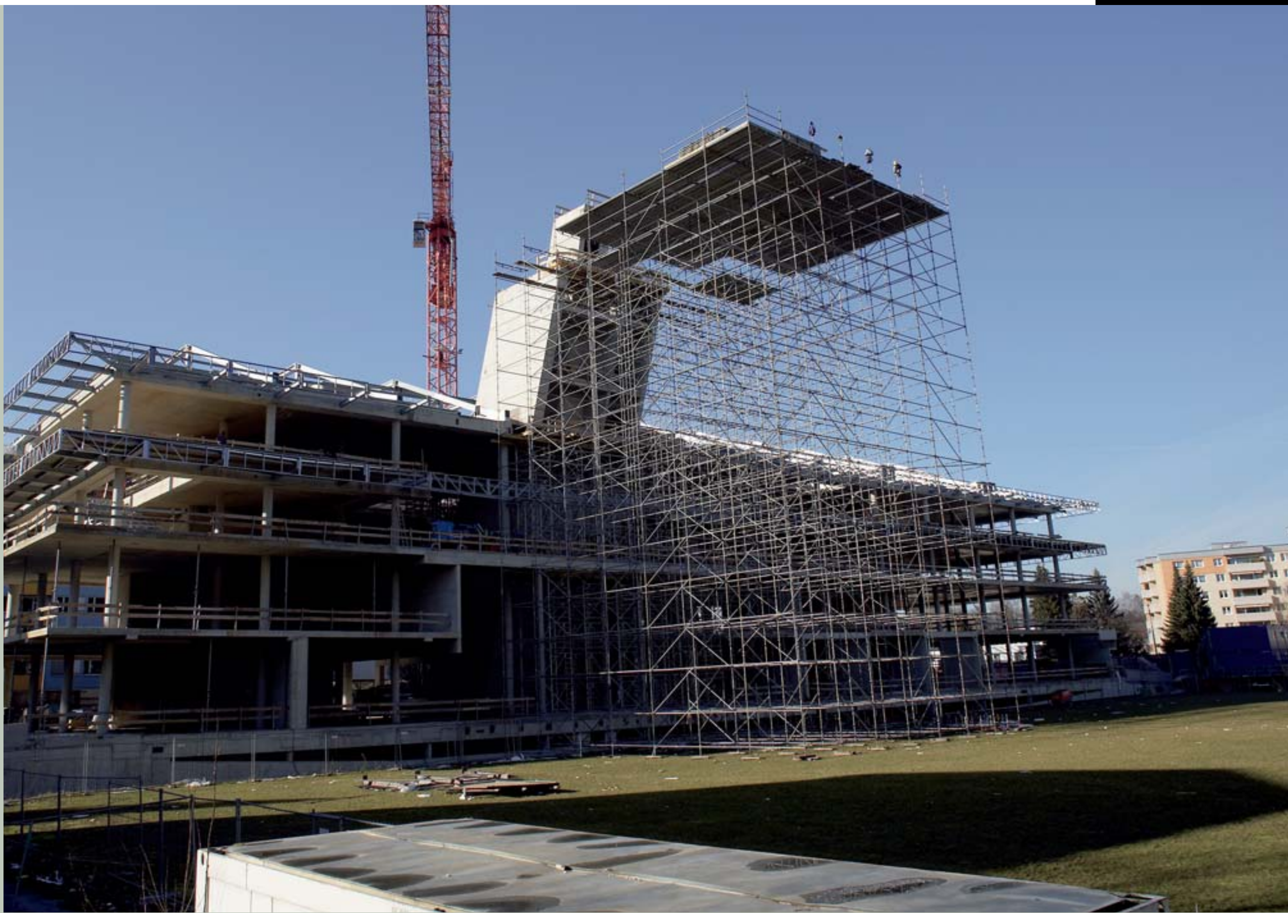
6,000 litres of paint for apartments in the "City of Angels"

Salzburg: Neue Mitte Lehen

"Neue Mitte" stands for a new part of the city centre in Salzburg that is exemplary in terms of infrastructure. The work began in 2006 Q1 with the dismantling of the old Salzburg football stadium in Lehen, which signalled the start of the construction for the new heart of the city. By autumn 2008, UBM in conjunction with the public housing association "Die Salzburg", will create "Neue Mitte Lehen" on an area of roughly two hectares according to the plans of architects Gerhard Sailer and Heinz Lang from the architect's office "Halle 1".

The project transforms the old Lehen stadium, but retains its main characteristics: for example, the playing field is to be open to the general public as a municipal park with lawns. On the 5,400 m^2 property owned by UBM a multi-functional building with 12,000 m^2 of floor space will be established in place of the West stand. There will also be an underground car park with places for 100 vehicles. Shops, restaurants, offices and service facilities are also planned, including a shopping and service centre with floor space of roughly 9,000 m^2. The upper two stories of the building will be used in the future by the Salzburg Municipal Library; the eastern part of the land at Tulpenstraße will be developed by our partner, the Salzburg housing association: 32 apartments for rent as well as an events hall and a seniors' centre are to be built. One of the main design elements will be a 32 m-high sky bar extending into the former playing field. It will be accessible from the library and the commercial buildings by means of a lift and stairs. This part of the building, which will appear to be floating, will not only offer an excellent view but will also represent the determining feature of the "Neue Mitte Lehen".





DATA AND FACTS:

Technical details:

- Concrete: 12,900 m³
- Reinforced steel: 1,365,000 kg
- Formwork: 32,000 m²
- Steel construction: 730,000 kg

Termine:

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

Florido Tower

Reaching 113 m into the sky the Florido Tower is a striking building in north-Vienna with a panoramic view of the entire city.

It has an impressive array of high-quality services on offer, such as the central reception area, the “Circle Lounge” conference floor on the top floor, a restaurant, a kindergarten, underground parking for visitors, and the leafy courtyard. The security concept meets the requirements of international companies, while the technical parameters with chilled-beams, electrical sun protection and a low-energy, double-skin facade meet the most advanced standards for office buildings.

The tower accommodates international firms such as Pfizer Austria, OMV Gas International, First Data and others, which underlines the major attraction of the building. Modern offices and the exceptional infrastructure are supplemented by an additional factor:

The Florido Tower is located in Vienna’s largest recreational area. UBM sold Florido Tower in 2007 Q1. As of the middle of March 2008, UBM moved its company seat from Absberggasse in Vienna’s 10th district to Florido Tower.

DATA AND FACTS:

Florido Tower
Floridsdorfer Hauptstraße 1
1210 Vienna

Technical details:

- Height: 113 m
- 31 floors (incl. technical areas)
- 740 m^2 to 840 m^2 rentable space per floor,
- smallest units from 250 m^2
- Total area in Tower: 20,000 m^2 Total building
- area: 36,000 m^2
- 600 parking spaces / 50 spaces for visitors
- Restaurant with 350 covers
- 48 security cameras

Service and Infrastructure:

- Catering for events and meetings
- Security service 24/7
- central reception area with helpdesk state-of-the-art conference floor on 30th floor
- Business lounge on 30th floor
- Kindergarten
- ATM
- in lobby Free parking for visitors
  Leafy inner courtyard

Florido TOWER VIENNA

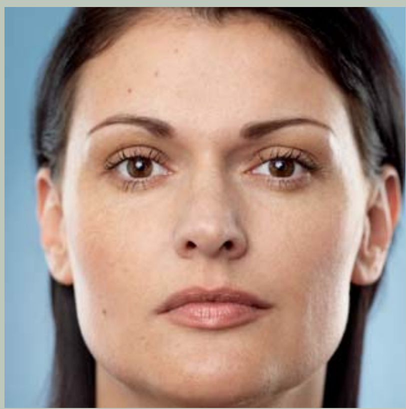
Florido Tower Offices, Vienna: We focus on the tiniest of details when it comes to our projects.

Dozens of engineers, architects, structural engineers and contractors guarantee our buildings maintain their value, even in stormy times.

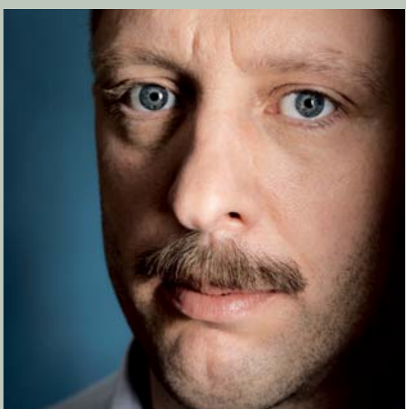
14,000 m² of glass facades for more transparency in business

36,000 m²

Useful area for intellectual
flight in office building.



CURIOUS & ADEPT



INTERNATIONAL &
DOWN-TO-EARTH

Our staff –
masters of their profession and number-crunchers

The staff of UBM presented here were chosen arbitrarily and reflect the entire team. Each of them represents a special area of our company. First and foremost, a business report consists of figures, which is all very well and good. But we find it more exciting to show the people behind the figures, who bring these abstract figures to life by creating things that you can touch, or "grasp". The idea of a project expressed initially in figures only becomes reality through our staff. For this we would like to thank you all, without whom the numbers would never be.

Further training as an opportunity

The basis for our success is constant learning. For this reason we offer our employees a broad range of internal training courses. On the one hand these are further training measures in the areas of planning and project development, business economics and law, as well as language courses and seminars for personal development. With all these on offer we take as much care of the individual needs of our employees as we do with the requirements of the markets.

Training on the Job

Still, the simplest way to learn is nevertheless training on the job. This is why we use the experience of employees who have been with us for many years, and appoint them in all projects as "trainers" of our new employees. In this way, both trainer and "trainee" benefit from the qualities of the other. Fresh ideas and an open mind to problems are exchanged for experience and strategically trained thinking. The company benefits from this symbiosis, since close relationships in small project teams leads to self responsibility and increases satisfaction. Confidence, fairness and integrity: these are the three cornerstones of our staff policy.

International exchange of experience

The fourth pillar is the exchange of international experience, since not only the close relationship of our employees with the people in the field is important for us: we also support increased cooperation within the Group. Here, new international networks are constantly formed from which our employees benefit both professionally and privately. For example, technician meetings are held every quarter, where UBM technicians from all countries participate in workshops, lectures, etc. This positive multicultural working environment and the open dialogue at all levels repeatedly gives impetus to UBM in its activities.

At this juncture we would like to thank our staff for their commitment in the past year. It is because of you that UBM is able to announce these outstanding results, and we ask you, in our common interest, to keep up the good work.

Business Report
Economic situation

Europe

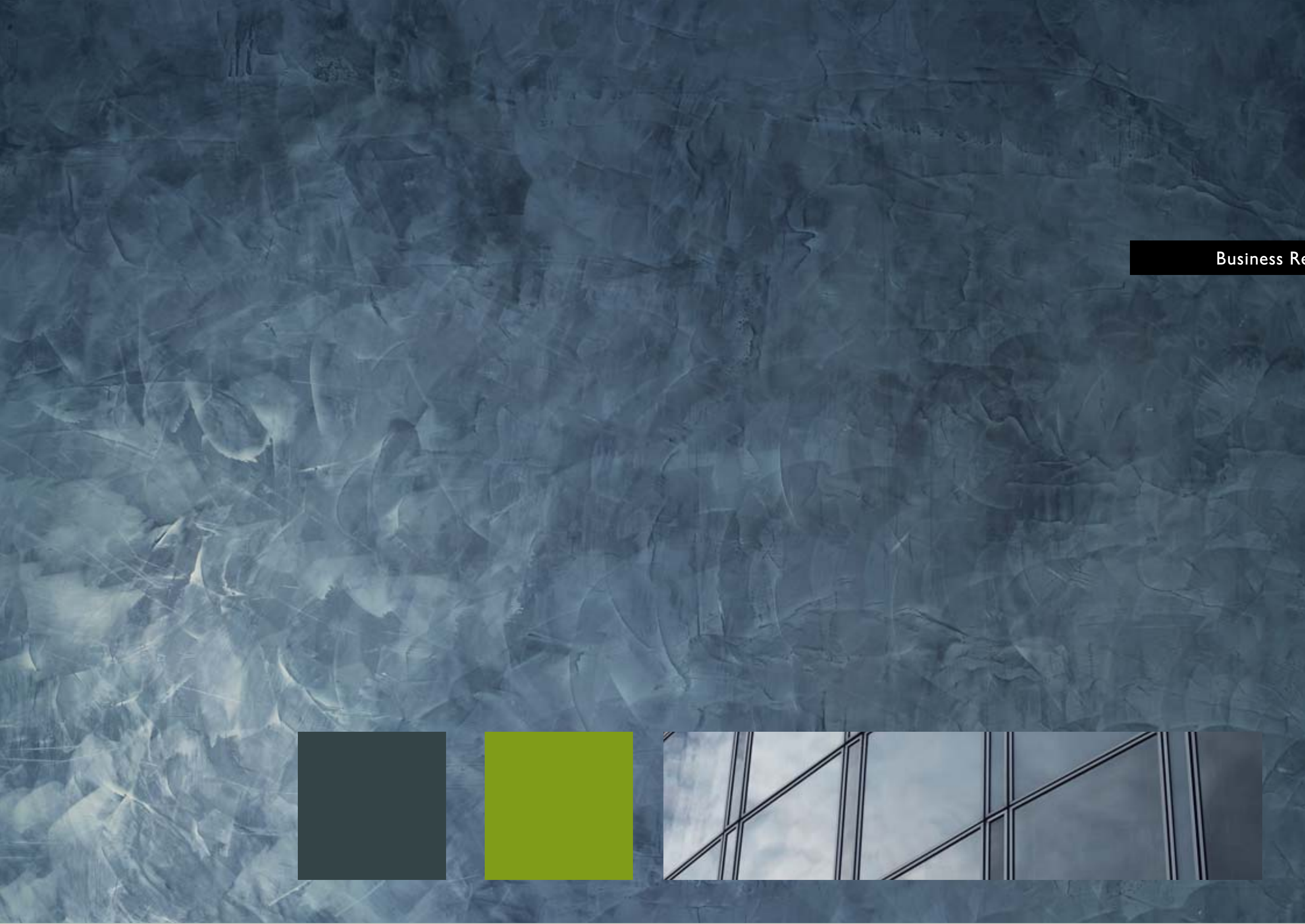
The Eurozone recorded real economic growth in 2007 of 2.7 percent, driven above all by exports, goods manufacturing and investments in plant and equipment. For the entire EU-27 this corresponds to a year-on-year change in the real gross domestic product of +2.9 percent.

Nevertheless, increasing signs of an economic downturn are looming: since the middle of the year, various economic surveys have been signalling that confidence in industry is falling, while growth in new orders is visibly slowing. This may have been affected by the striking appreciation of the euro too, which is narrowing profit margins and adversely affecting competitiveness. Nonetheless, the ECB has kept its key rate on hold at 4 percent in the Eurozone since June 2007: lower interest rates could drive inflation, since loans would be easier to come by. Higher interest rates on the other hand would make borrowing more expensive and could subdue economic activity, which is already being hit by the strong euro and the financial market crisis. The ECB has been in this catch-22 situation for months, and it remains to be seen how things will develop going forward.

Furthermore, the potential risk factor of the housing crisis in the USA should not be ignored. This environment is being dominated by stagflation fears: feeble growth under conditions of high inflation. Although the European economy is fairly resistant to the US problems, the European financial markets are not. But since the emerging countries are still growing strongly (economic activity in Eastern Europe for example is being driven first and foremost by domestic demand), no recession is on the horizon. Therefore, the global economy will continue to grow, albeit more slowly.

Austria

Just like in previous years, stronger growth is anticipated for the Austrian economy than in the rest of the Eurozone up to and including 2011. This projection essentially came true in the past fiscal year: compared to a figure of 3.3% for 2006, GDP growth in 2007 totalled 3.4%. The jobless rate in 2007 fell from 4.7 to 4.2%, while inflation increased from 1.5 to 2.2%. Nevertheless, in light of current forecasts this pace of growth is likely to slow going forward, to the extent that the rate predicted for 2009 is around 2%. The reasons for this are rooted above all in the deteriorating international trends and conditions: the economic downturn in the USA, the crisis on the financial markets and the stronger euro. According to these indicators, the export industry is set to slow down in Austria too, with economic activity expected to bottom out towards the end of 2008 as things stand at present. Nevertheless, we can assume that the slower momentum will be a temporary phenomenon and the actual end to the upswing has yet to arrive.



Central and Eastern Europe

The new Member States of the EU continue to record above-average rates of growth.

The Czech Republic especially has a particularly well established industry. Rising incomes and the corresponding increase in living standards of the population are two of the main factors heightening demand for services. The sound growth in the countries of Central and Eastern Europe can primarily be traced back to the powerful growth in private income and assets. But the banking sector is playing a key role too: market penetration (measured as the share of lending in GDP) has been raised from 23 percent in 2000 to 43 percent.

And the forecasts promise much more: in 2008 Poland is set to record real GDP growth of 5.6%, the figure expected for the Czech Republic is 5.0% and for Hungary 2.6% - the three countries which account for more than 60% of the total GDP in the twelve "new" EU Member States. While the countries of Central and Eastern Europe will be largely unaffected by the declining liquidity caused by the subprime crisis in the USA, those in South-Eastern Europe could theoretically see loans harder to come by. In reality though, there has been no visible scaling back of lending for small and medium-sized projects. While weaker rates of growth are on the cards due to current developments in the USA, the overall picture should still be clearly positive.

Development of European real estate markets

Western Europe

The mood in Western Europe and particularly in Austria smacks not of a crisis but of breaking records. The developments which shaped the Austrian real estate market in 2007 were as follows: on the one hand there was very lively interest from Austrian investors, while on the other hand, real estate portfolios are enjoying increasing popularity with more and more investors prepared to take on rental risks.

While the average vacancy rate in Europe rose from 6.6% to 6.9% at the end of June, this was still lower than at the start of the year (7.1%). In the two largest office markets in Europe, Paris and Central London, 6.4% and 5% of floor space respectively is currently standing empty. The highest vacancy rates are in Frankfurt (14.7%) and in Amsterdam (14%). By contrast, office space is harder to come by in Warsaw (3.6%) and Madrid (4.6%). All told, the current market data does not imply that the European real estate markets will be severely hit by the subprime crisis. Rising interest rates and the increased risk awareness of investors, however, should not be ignored. Accordingly, while the rapid increase in office rentals has been checked somewhat, it has not stopped.

Central and Eastern Europe

The development of the countries in Central and Eastern Europe continues to be very pleasing. Office rentals and square metre prices in most countries are on the up, while vacancy rates are coming down, which is resulting in greater investor confidence and lower risks. The 3- and 4-star hotel market is really booming. Warsaw, Bucharest, Moscow, Bratislava and Prague have vacancy rates below 6%, while Sofia and Zagreb at 7% and 8% are only slightly higher. The rates recorded for Belgrade and Budapest on the other hand are much higher, sitting at 11% and 11.5%. The strongest increases in rentals were booked by Moscow and Warsaw, which is attributable to the low vacancy rates. The growth observed in Bratislava and Prague was somewhat lower, but they have correspondingly higher vacancy rates. Stable figures were noted for Sofia, Zagreb and Belgrade too.

There are no signs of weaknesses on the horizon caused by the subprime crisis for example: occupancy has not changed to any significant extent, nor have institutional investors scaled back their activities regarding new properties.

In the context of special properties, such as hotels or logistics facilities, we could even say the boom is continuing. However, the financing of real estate projects in Central and Eastern Europe through Austrian banks is being affected by the crisis on the US mortgage market.

Vienna office market

Everyone agrees that the Vienna office market is booming. In 2007 a total of 470,000 m^2 was rented out, which was a new record. The vacancy rate has been falling steadily since 2004. At present it sits at 5.2%, whereby the significant excess demand in 2008 could bring the figure down to roughly 5%. The top rentals went up: in the city centre you pay up to €22 per square metre, while throughout the rest of Vienna prices float between €8.50 and €14. Up until 2010 a total of one million square metres of office space will be constructed in Vienna (particularly in the area between the city centre and the airport).

The market for real estate investment progressed equally well in 2007. The top yields amounted to 5.1–5.7% for long-term rentals in top locations, while the average yields ranged from 5.8–6.5%. This represents no increase of note on the figures for 2006, but does constitute a consistent consolidation. The aforementioned increase in rentals will ensure additional growth in value, which is also reflected in the fair market values. Roughly €2.8 billion was invested in real estate in Austria. Increasing importance is also being accorded to Vienna as a springboard to investing in Eastern Europe: in 2007, ten international groups moved their headquarters for Central and Eastern Europe to Vienna.

Revenues

Revenues

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

As a rule, the following explanations and amounts relate solely to the consolidated financial statements, since these are the most relevant for the economic situation of UBM Realitätenentwicklung AG itself due to the Group's structure (large number of exclusive project companies).

Revenues

in T€	2007	2006	2005
Total output	262,960	185,714	108,972
Revenues	133,655	117,039	72,707
Difference	**129,305**	**68,675**	**36,265**
Revenues from joint ventures	3,690	10,742	0
Changes in inventory of own projects in previous year	16,372	2,568	−2,735
Revenues from companies consolidated at equity,	108,845	54,168	39,000
or subsidiaries Own work capitalised	398	1,197	0
	129,305	**68,675**	**36,265**

In 2007 the UBM Group achieved a total output of €263.0 million, which is the highest figure in the history of the company. The increase in total output by approximately €77.2 million is attributable above all to the sale of investments in the Czech Republic, Poland and in Austria.

Sales trends by line of business

From the fiscal year 2007 we distinguish between the business lines of "Austria", "Western Europe" and "Central and Eastern Europe". The business lines focus on where the service is provided and comprise sales revenue from project development, renting, project sales, operating hotels and services for the following countries: the "Austria" business line brings together all of the activities performed in Austria as well as the rental revenues from Austrian real estate. "Western Europe" comprises Germany, France and Switzerland. The Czech Republic, Poland, Slovakia, Hungary, Romania, Bulgaria, Ukraine and Croatia form the "Central and Eastern Europe" business line. The total output of the "Austria" business line was €96.1 million, which represents growth in the reporting year of €44.4 million.

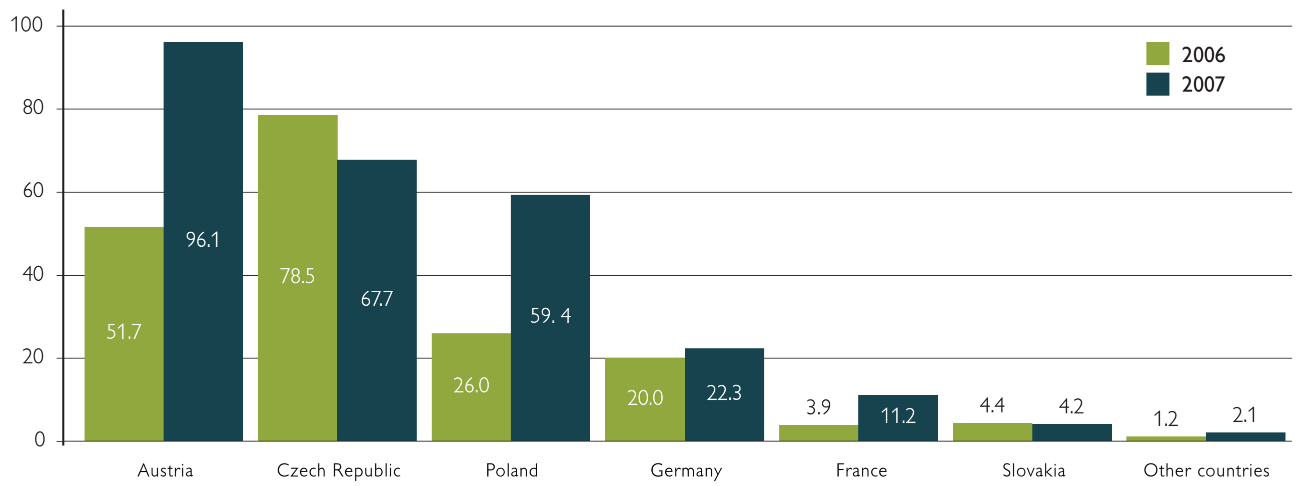
The majority of this increase can be attributed to the sale of the interest in the Florido Tower. This figure also contains the revenue from renting real estate in Austria. The total output of the "Western Europe" business line was €9.8 million higher than in the previous year (2006: €24.4 million, 2007: €34.2 million.). The increase is due to the successful sale of the apartments in Munich-Schwabing as well as the construction work on our hotel projects in Munich and Berlin. This figure also contains our stake in the "Dreamcastle" hotel at Eurodisney.

The total output of the "Central and Eastern Europe" business line amounts to €132.7 million (2006: €109.6 million), which corresponds to an increase of approximately 21%. This rise can be attributed to the partial sale of the interest in phases 1-4 of Andel City in Prague as well as the sale of the investment in Griffin House in Warsaw and the sale of a plot of land in Lesznowola near Warsaw.

Our revenue-yielding construction activities in 2007 contain the work on Hotel "angelo" in Pilsen and Hotel "andel's" in Krakow. The apartment sales in phase SO 10 (Andel Residences) of Andel City as well as the sales revenue from the hotel investments in Poland made a significant contribution to the total output of this business line.

Development of geographical markets

Annual construction output by country in €million



In 2007 the international portion of the annual construction output totalled 63%, which is less than in 2006 (72.0%). The Austrian portion therefore totals roughly 37%, which due to the sale of the Florido Tower is higher than in the previous year both in relative (2006: 27.8%, 2007: 36.5%) as in absolute terms (2006: €51.7 million, 2007: €96.1 million).

In 2007, the Czech Republic accounted for the greatest part of international annual construction output again (2006: 42.3%, 2007: 25.7%), chiefly thanks to the partial sale of phases SO1 - SO4 in Andel City in Prague as well as the apartment sales in Andel Residences.

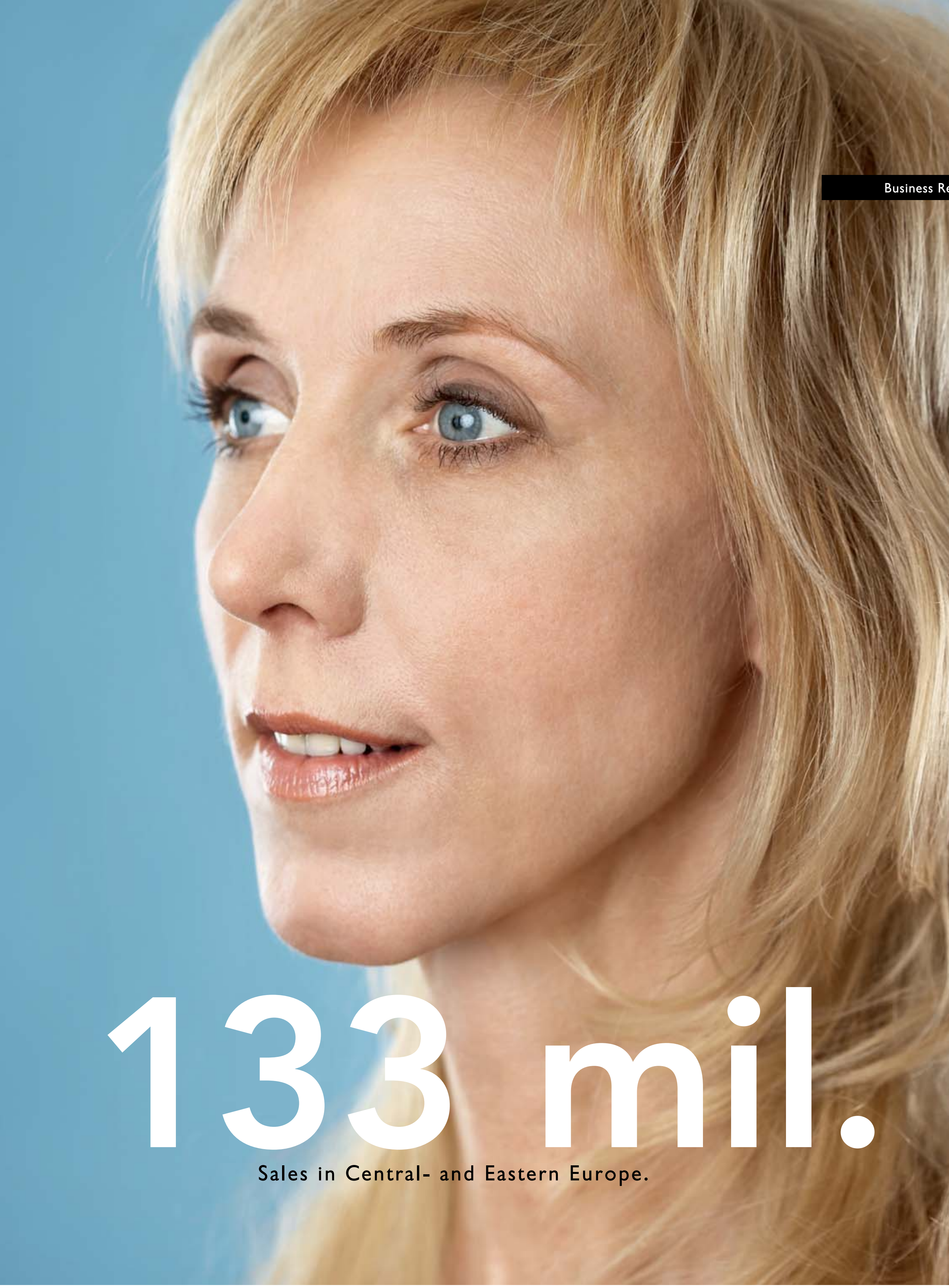
The annual construction output in Poland totalled €59.4 million, which is primarily due to the sale of the Griffin House office property, the interests in Poleczki Park Sp. z o.o. and UBM Hotel Gdansk Sp. z o.o. as well as the revenue from hotel investments. This constitutes growth of €33.4 million on the previous year.

The highest growth rates were thus achieved in Poland. Annual construction output in Germany was raised to €22.3 million, which was due to the apartment sales in the Schwabing project as well as construction work on hotels in Munich and Berlin.

In Slovakia, the output totalled €4.2 million following the sale of land. In France, the operation of the hotel at Eurodisney in Paris and the sale of land in Tournan generated an annual construction output of €11.2 million. Under "Other countries" we have chiefly recorded rental revenue from an office project in Hungary (Vaci utca, Budapest), the proportional revenue from a minority holding in a hotel in Switzerland and the rental income from a logistics centre in Regensdorf near Zurich as well as revenue for management services in relation to a logistics centre in Bucharest.

Andel City, Prag: The development of a new quarter in the city with apartments, offices, hotels,

commercial space and entertainment centre push sales revenue up by 21% for Central European business. Yet more proof that intelligent urban development pays off.


133 mil.
Sales in Central- and Eastern Europe.

Earnings

The sales revenue reported in the consolidated income statement for 2007 totalled €133.7 million, constituting growth over the corresponding figure in the previous year of 14.2%. The figure that is most relevant for UBM because it reveals more is annual construction output, which totalled €263.0 million. This is 41.6% higher compared to the previous year.

Other operating income totalling €13.7 million comprises the reversal of impairment, capital gains and ancillary costs from building management.

Material expenses rose by 15.7% to €81.0 million, principally on account of construction work for the andel's Krakow, andel's Berlin as well as the angelo Pilsen and Munich projects.

The number of staff at all of the fully consolidated companies and participations increased from 244 to 254. Personnel expenses rose to approximately €12.6 million. Other operating expenses, which mainly include administration expenses, travel expenses, advertising costs, other third-party services, duties and fees as well as legal and consulting expenses, amounted to €19.7 million and were thus significantly lower than in 2006 (€23.4 million).

Earnings before interest and taxes posted an increase compared to the previous year of roughly 73.1% to €32.2 million.

The result from associated companies in 2007 totalled €-1.5 million (previous year: €-5.5 million). The income from other financial assets totalling €8.6 million is attributable to interest income from investments and distributed profits.

Financing expenses were €7.9 million higher than in 2006 due to the brisk investment activity.

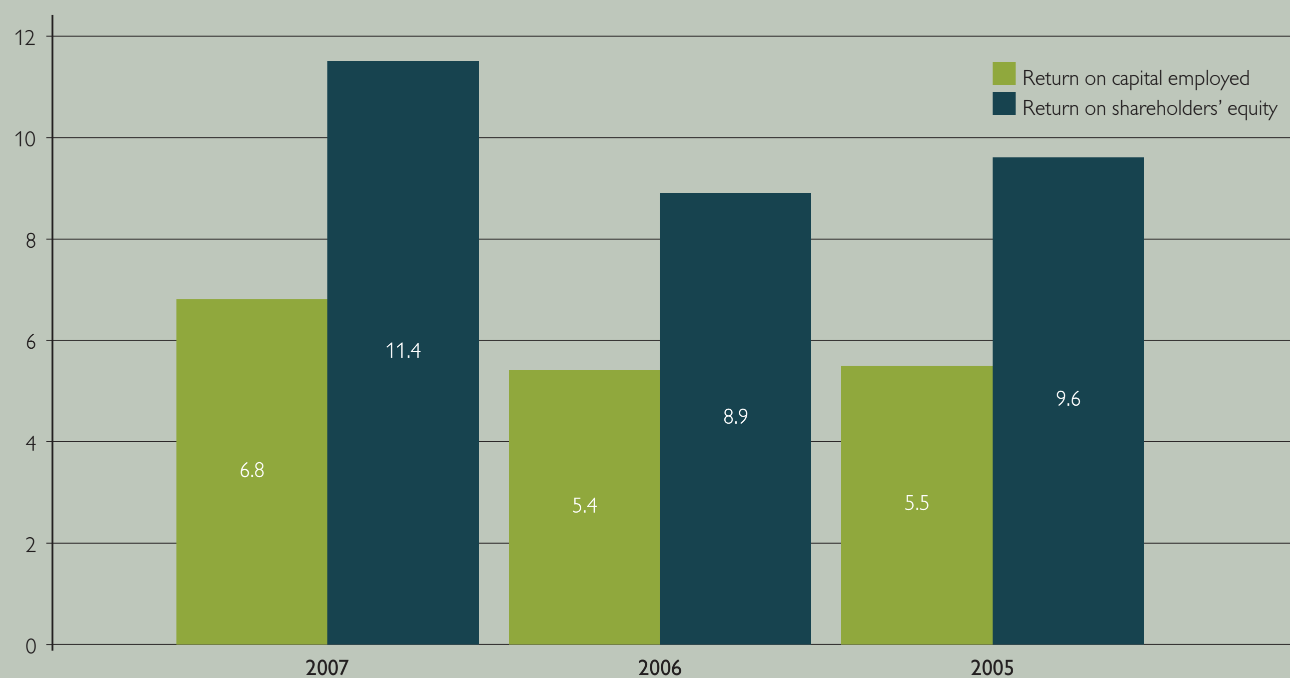
Earnings before tax were raised from €11.2 million in the previous year to €16.6 million. The tax expense in the reporting year totalled €4.6 million compared to just €2.7 million in 2006. After deducting minority interests, the profit after tax in 2007 amounted to €12.0 million and is thus €3.5 million higher than in the previous year; earnings per share rose to €4.00 (2006: €2.78)

For 2007 the UBM Group reported a retained profit for the year of approximately €3.3 million (2006: €3.0 million), which corresponds to the retained profit for the year of UBM AG and as such defines the basis for the dividend distribution. The Managing Board will propose to the general meeting of shareholders a dividend of €1.10 per share entitled to dividends.

Consolidated income statement - Summary

in € million	2007	Change in %	2006	2005
Annual construction output	263.0	41.6	185.7	109.0
Revenues	133.7	14.2	117.0	72.7
EBIT	32.2	73.1	18.6	14.1
EBT	16.6	48.2	11.2	9.9
Profit after tax	12.0	39.5	8.6	8.5
Retained profit	3.3	10.0	3.0	2.7
Earnings per share (in €)	4.00	43.9	2.78	2.83

Profitability of UBM Group (in %)



in %	2007	2006	2005
Return on capital employed	6.8	5.4	5.5
Return on equity	11.4	8.9	9.6
Equity ratio as at 31.12	22.7	23.3	23.6

Finance, assets and capital structure

Total assets of the UBM Group increased in 2007 by approximately 9.0% to €477.9 million compared to 2006 year-end. The significant increase in total assets is attributable to the increase in financial real estate.

Under assets, the main element of total assets was long-term assets accounting for 72.2% (2006: 71.8%) and totalling €345.1 million at the end of 2007. Financial real estate as of 31 December 2007 amounted to €258.9 million (previous year: €235.3 million). Property, plant and equipment totalled €39.5 million (previous year: €39.7 million). Loans decreased from €15.0 million in 2006 to €13.8 million.

The structure and the volume of current assets changed as follows: inventories increased from €-5.9 million to €40.4 million on account of the purchase of apartments in Prague and Munich as well as the acquisition of office properties in Munich.

On account of the financing of numerous projects, trade receivables increased by 27.2% to €64.5 million, and as a result, current assets rose to €132.9 million. Shareholder's equity as of the reporting date totalled approximately €108.5 million. The equity ratio fell modestly to 22.7% from the figure recorded in the previous year of 23.3%.

The bond issued in 2005 and totalling €100.0 million is recognised under long-term liabilities. Long-term provisions rose by €+4.9 million from €2.5 million to €7.4 million. Long-term financial liabilities rose by €68.1 million to €122.5 million thanks to project developments in Germany.

Consolidated cash flow statement

in € million	2007	2006	2005
Profit after tax	12.0	8.6	8.5
Cash flow from earnings	21.2	32.0	14.0
Cash flow from operating activities	6.8	34.2	−17.6
Cash flow from investment activities	-60.5	−42.1	−33.7
Cash flow from financing activities	58.7	9.3	59.2
Liquid assets as of 31.12.	18.3	14.2	11.5

Balance sheet structure

in %	2007	2006	2005
Current assets	27.8	28.2	38.3
Long-term assets	72.2	71.8	61.7
of which financial real estate	54.2	53.7	37.1
Shareholders' equity	22.7	23.3	23.6
Long-term liabilities	49.4	41.3	44.8
Current liabilities	27.9	35.4	31.6
Total assets in €million	477.9	438.3	381.3

Current liabilities decreased by 14.1% from €155.2 million to €133.3 million. This reduction is primarily due to reclassifying short-term cash advances into long-term bank loans. The majority of short-term provisions totalling roughly €5.1 million are provisions for buildings.

Thanks mainly to the fall in depreciation on fixed assets from roughly €14.8 million in the previous year to €6.5 million, as well as the reduction in deferred tax liabilities, the cash flow from earnings fell by around €-10.8 million to €21.2 million. The cash flow from operating activities fell by around €27.4 million to €6.8 million in light of the reduction in inventories and the increase in receivables. Investments in property, plant and equipment and in financial real estate totalled roughly €93.0 million, corresponding to an increase of about €20.0 million on the previous year, whereby the cash flow from investing activities totalled €-60.5 million. The cash flow from financing activities totalled approximately €58.7 million.

Events after the balance sheet date

There were no major events after the balance sheet date.

2.000 m²
plotter paper

Neue Mitte, Salzburg Lehen: based on the plans of renowned architects

a multi-functional centre on the territory of the former Austria Salzburg stadium: houses, a seniors' centre, a shopping centre and a library will cover all the needs of a modern urban centre.


24 mil.
Investments in Euros.

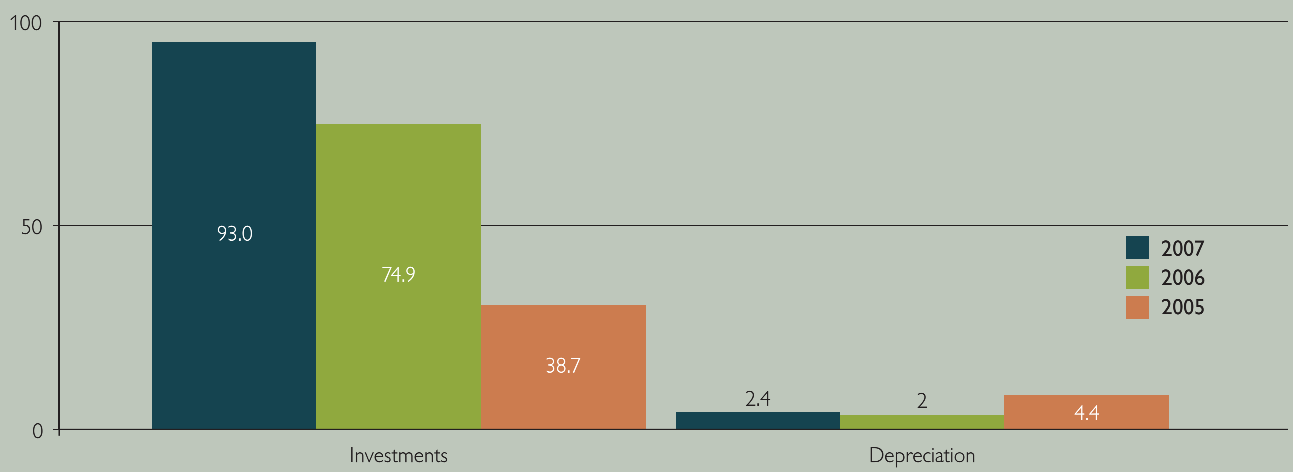
Investments

Investments into property, plant and equipment and financial real estate in the fiscal year totalled €93.0 million, which is €18.1 million higher than in the previous year. In Austria, the focus of our investment activities is the Salzburg Lehen project. In Linz we acquired land for a hotel project which commenced at the end of the year.

In Germany we obtained another plot of land for a residential project in Schwabing. The construction work for a residential project in Bergmannstraße in Munich began in the past fiscal year. Over and above this we have also purchased two office properties in Munich. All told, investments in financial real estate totalled €76.3 million and in property, plant and equipment €16.7 million.

Investments and depreciation / Property plant and equipment and financial real estate

(in € million)



Investments (in € million)

in € million	2007	2006	2005
Total investments	93.0	74.9	38.7
Intangible assets	–	–	–
Financial real estate	76.3	47.1	12.5
Property, plant and equipment	16.7	25.5	25.5

Risk management

The UBM Group deploys a group-wide risk management system for the early identification, evaluation, control and monitoring of risks on a continuous basis. Our objective is to obtain information on risks and the related financial effects as early as possible, in order to be able to implement suitable counter measures.

Due to the sectoral and geographic diversity of our business activity, risk management takes on increasing importance to safeguard our business success. The areas of responsibility of risk management are 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 agreement 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 is undertaken before every step of the expansion. These analyses examine the micro and macro economic development of the region or of the corresponding real estate market. However, what is crucial first and foremost for the realisation of a project are the individual influencing factors. In this context we have to forecast market developments correctly and try to identify potential tenants in advance. Guidelines regarding a minimum degree of sales potential increase the security of an investment in a project. The broad geographic and sectoral diversification of the UBM Group means that penetrating new markets is safeguarded by the solid foundation of the existing real estate portfolio.

Cyclicality of our markets

Real estate markets exhibit a strong cyclicality with regard to the development of demand, which apart from macroeconomic factors is also affected by the relative supply. Thanks to our broad sectoral and geographic diversification we can compensate for regional market fluctuations and shift our commitments flexibly. The option of choosing whether to sell or rent our properties also enables us to offset temporarily adverse market situations on a flexible basis.

Financing and currency risk

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 in order to minimise currency risks. The interest risk, which is often decisive for the return on a property, is handled by means of appropriate financing models, which secure and optimise the financing requirements of the specific project. The choice of the financing currency depends on the corresponding market situation.

Liquidity risk

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

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

Default risk

Default risks with regard to original financial instruments, namely loans, receivables and cash at banks, have been taken into account through value adjustments insofar as such have been identified. The maximum default risk is constituted by the book values stated in respect of these financial instruments in the balance sheet.

Security of real estate holdings

Safeguarding the value of real estate holdings is an important factor in the economic development of the UBM Group. The property and facility management division provides regular status reports as well as valuations for the optimal maintenance of the properties and buildings in order ensure utilisation, both through a sale as well as in the long term.

The subprime crisis

The so-called subprime crisis brought major turmoil to the international financial markets in the summer months of 2007, which led to sometimes substantial

losses for banks. The equities market has come under pressure following the granting of mortgage loans to principally private borrowers with low credit ratings in the USA. The volume of foreclosures is rising as the initial fixed-interest agreements which were very low are being re-set, while the higher interest rates in the USA are not helping either. Moreover, refinancing is becoming more difficult in light of real estate prices which have been stagnating for more than a year, and are now falling. Uncertainty regarding the distribution and concentration of related credit risks as well as unrealised losses and hidden burdens has led to a crisis of confidence among banks and thus bottlenecks in liquidity. This prompted the ECB and the Fed among others to inject liquidity into the money markets on several occasions, which partially helped to calm the situation.

The housing crisis has exerted an enormous effect on share price developments at almost all listed Austrian as well as European and North-American real estate companies. But taking a microeconomic perspective, the conditions for making profits in real estate still prevail. The impacts of the subprime crisis are not perceptible in day-to-day operations. The outstanding results at UBM run counter to the share price losses. The negative underlying mood has not been reflected in the books, and nor will it be on the strength of current estimates for 2008. Accordingly, the general conditions for continued growth still prevail.

The 'supposed' real estate crisis from our perspective can rather be construed as an opportunity for a well-established and sound company the likes of UBM. While projects with equity capital of 25% or more can still be realised without any problem, it is very difficult to find backers for plans bearing lower sums of equity. This welcoming development improves the level of competition.

Segment reporting

The primary segments are divided into the business lines of “Austria” ”Western Europe” and “Central and Eastern Europe”. This reflects the organisational structure of the UBM Group. A table showing the most important data of the segments is shown in the segment reporting section in the notes to the consolidated financial statements.

Austria

This segment includes the following companies consolidated in full or at-equity:

- UBM Realitätenentwicklung Aktiengesellschaft
- “Athos” Bauplanungs- und Errichtungsgesellschaft m.b.H.
- MBU Liegenschaftsverwertung Gesellschaft m.b.H.
- “UBM 1” Liegenschaftsverwertung Gesellschaft m.b.H.
- Rudolf u. Walter Schweder Gesellschaft m.b.H.
- Logistikpark Ailecgasse GmbH
- Ariadne Bauplanungs- u. Baugesellschaft m.b.H.
- Hessenplatz Hotel- u. Immobilienentwicklung GmbH
- Ropa Liegenschaftsverwertung Gesellschaft m.b.H.
- “Zentrum am Stadtpark” Errichtungs- und Betriebs-Aktiengesellschaft
- W 3 Errichtungs- und Betriebs-Aktiengesellschaft
- “Internationale Projektfinanz” Warenverkehrs- & Creditvermittlungs Aktiengesellschaft
- FMA Gebäudemanagement GmbH
- FMA Alpha Gebäudemanagement- & Services GmbH

The total construction output of the ”Austria” business line was €96.1 million, which represents growth over the previous year of €44.4 million. The segment’s profit amounted to €19.7 million.

Western Europe

This segment includes the following companies consolidated in full or at-equity:

- City Objekte München GmbH
- MG Grundbesitz Objekt Gleisdreieck Pasing GmbH & Co KG
- COM Destouchestraße GmbH & Co KG
- CM Komplementär 06-338 GmbH & Co KG
- MG Projekt-Sendling GmbH
- UBM Leuchtenbergring GmbH
- Blitz 01-815 GmbH
- Münchner Grund Immobilien Bauträger Aktiengesellschaft
- Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG
- CM 00 Vermögensverwaltung 510 GmbH
- CM 00 Vermögensverwaltung 511 GmbH
- CM 00 Vermögensverwaltung 389 Brehmstraße GmbH & Co KG
- CM 00 Vermögensverwaltung 512 GmbH
- UBM Swiss Realitätenentwicklung GmbH
- UBX Development (France) s.à.r.l.

The output of the ”Western Europe” segment rose by €+9.8 million to €34.2 million, while the segment’s profit totalled €0.8 million.

Central and Eastern Europe

- UBM-Bohemia Projectdevelopment-Planning-Construction, s.r.o.
- UBM Polska Sp. z o.o.
- UBM Green Development Sp. z o.o.
- Immo Future 6 - Crossing Point Smichov s.r.o.
- UBM Klánovice s.r.o.
- UBM-Bohemia 2 s.r.o.
- Andel City s.r.o.
- Ruzinov real s.r.o.
- Dictysate Investments Limited
- UBX Praha 2 s.r.o.
- UBM Development s.r.l.
- UBM Bulgaria EOOD
- AC Offices Klicperova s.r.o.
- UBM Residence Park Zakopianka Sp. z o.o.
- UBM d.o.o.
- Philharmonie Office Center Sp. z o.o.
- FMB-Facility Management Bohemia s.r.o.
- FMH Ingatlanmanagement kft.
- “FMP Planning and Facility Management Poland” Sp. z o.o.
- Poleczki Park Sp. z o.o.
- SOF Debniki Sp. z o.o.
- UBM Hotel Gdansk Sp. z o.o.
- GF Ramba Sp. z o.o.
- Senec Real s.r.o.
- Sienna Hotel Sp. z o.o.

The total output of the “Central and Eastern Europe” segment increased by roughly 21% to €132.7 million (previous year: €109.6 million). The segment’s profit amounted to €11.7 million.

Environmental issues

During our projects we take every effort to plan and construct in an environmentally-friendly manner. By using energy-efficient building materials and energy-saving planning concepts for our projects we make our own contribution to protecting the environment.

Staff

The structure of personnel as at 31 December 2007 shows that approximately 71% of our staff are employed abroad.

Salaried staff and wage earners (fully consolidated companies)	**2007**	**2006**	**2005**
Austria	74	64	73
Abroad	180	180	68
Total	**254**	**244**	**141**

We offer further training measures in the areas of planning and project development, business economics and law, as well as language courses and seminars for personal development. In this respect we take into account the individual needs of our staff as well as the requirements of the market.

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

Including all consolidated companies the total headcount is 324.

Branches

UBM Realitätenentwicklung AG has the following branches registered in the company register:
- Upper Austria Branch, Pummererstraße 17, 4020 Linz
- Tyrol Branch, Porr-Strasse 1, 6175 Kematen in Tirol
- Styria Branch, Thalerhofstrasse 88, 8141 Unterpremstätten

Outlook for 2008

Global economic growth

Rather subdued economic growth is expected for 2008. The key risk factor is the unfolding of the housing crisis in the USA, since while the European economy can withstand the problems emanating from the USA, the European financial markets unfortunately cannot. Nonetheless, there is no recession around the corner as the emerging countries in particular continue to grow strongly.

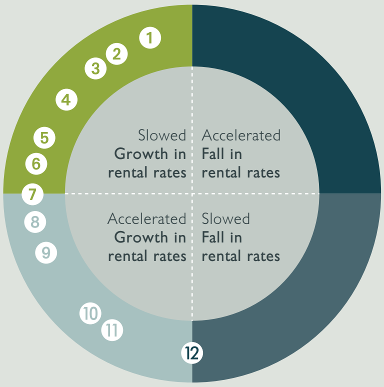
Austrian economy

As regards the forecasts directly affecting Austria there is broad consensus among experts: while there will definitely be growth it shall be slower than in previous years. The main reason for this is the deterioration in general international conditions. Despite this, Austria's development can be considered extremely positive, particularly in comparison to the rest of the Eurozone.

Vienna office market

Given the extremely benign development of last year, the boom is expected to continue on through 2008. According to projections we are likely to see higher rentals, leading to higher values. The fall in vacancy rates is also set to continue. The significance of Vienna as a springboard to the markets in Eastern Europe should not be underestimated either.

Cycle of rental rates in Europa



1 St. Petersburg
2 London City, Kiew
3 Moskow
4 London West End, Rom
5 Brüssel, Budapest, Düsseldorf, Frankfurt, Madrid
6 Barcelona, Paris, Warschau
7 Dublin, Hamburg, Munich, Oslo, Stockholm, Vienna
8 Bucharest, Lyon
9 Amsterdam, Kopenhagen, Helsinki, Luxemburg
10 Athen, Prag
11 Berlin, Edinburgh, Lissabon
12 Mailand

Company outlook

For 2008, economic researchers anticipate that economic growth will slow. While indicators predicted a possible recession just in the USA at the beginning of the year, there are increasing signs that Europe (incl. Central and Eastern Europe) could also suffer a fall in the pace of economic growth.

In light of these forecasts which imply a challenging economic environment, UBM has set itself the goal for 2008 of achieving the high revenue and earnings levels of 2007. We are working on a large number of projects in Austria and abroad that should guarantee we attain our objectives: for example, the "Neue Mitte Lehen" project in Salzburg will be completed in the second half of the year. In Linz we are also constructing a 4-star hotel for an international hotel chain. Yet it is not just in Austria that we have hotel projects underway but in Germany too. In early summer this year the Hotel "angelo" will open its doors in Munich for instance, while intensive work is ongoing in Berlin to build the Hotel "andels". We are also continuing our residential construction success in Munich with the "Bergmannstraße" project. Two of the office properties we acquired in 2007 should be available for the market in the autumn once the renovation is completed.

In the Czech Republic we are opening Hotel "angelo" in Pilsen which we have built with a partner. In Poland we are planning to launch construction for the "Oaza Campinos" project in Malocice near Warsaw. Over and above this we expect to see construction commencing on two further hotel projects in Krakow and Katowice. The "Poleczki Park" project is also set for its implementation phase. In Slovakia we are planning to build a residential estate in Bratislava, while in Romania we want to consolidate our market entry with additional projects. The markets in Russia, Ukraine and Bulgaria will come under increasing attention in the coming year, with the market preparations already made enabling the implementation of a project at any time.

The constant growth strategy of UBM with the permanent objective of optimising short-term gains by selling real estate from the portfolio, parallel to the medium- to long-term development of our target markets, should enable the current trends in sales and earnings to continue in 2008.

Disclosure as per Article 243a UGB (Austrian Commercial Code)

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

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

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

   Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, Vienna: 41.27%
   CA Immo International Beteiligungsverwaltungs GmbH, Vienna: 25.00% + 4 shares
   (CA Immo International Beteiligungsverwaltungs GmbH is a wholly-owned subsidiary of
   CA Immo International AG, Vienna)
   Amber Private Foundation Group, Vienna, Bocca Private Foundation, Vienna, Georg Folian, Vienna, Dr. Franz Jurkowitsch, Vienna: roughly 14%

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

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

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

7. The members of the Managing Board have no other powers with regard to the possibility of issuing or repurchasing shares which are not derived directly from the Stock Corporation Act.

8. There are no significant agreements in the sense of Article 243a, paragraph 8 of the UGB.

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

Vienna, 10 March 2007

DI Peter Maitz

Mag. Karl Bier

Heribert Smolé

“Griffin House”, Warsaw: After only 6-months of refurbishment the first tenant was able to move into the

building in the coveted diplomatic district previously destroyed in the war. Thus things took a turn for the better for this jewel of Polish architecture from the turn of last century, and the birds-of-prey keep watch over the new splendour.

8,000 tonnes of stucco for stylish renovation.

6,315 m²

Total floor area for
companies with style.

Balance sheet
as of 31 December 2007

UBM Realitätenentwicklung AG

ASSETS

	€	€	31.12.2007 €	31.12.2006 T€
A. FIXED ASSETS				
I. Intangible assets				
1. Rights		904,775.00		926
II. Property, plant and equipment				
1. Land, similar rights and buildings, including buildings on leasehold land	36,867,407.67			35,617
2. Furniture, fixtures and office equipment	81,019.00			105
3. Assets under construction	9,171,340.74			1,747
		46,119,767.41		37,469
III. Financial assets				
1. Shares in related companies	14,804,418.37			12,618
2. Participations	21,265,850.80			16,234
3. Loans to undertakings linked by virtue of participating interests	5,127,756.03			6,601
4. Long-term securities	3,224,468.91			3,236
5. Other loans	1,392,877.00			1,288
		45,815,371.11		39,977
			92,839,913.52	**78,372**
B. CURRENT ASSETS				
I. Inventories				
1. Construction in progress net of prepayments received	– –			2,420 –770
2. Other inventories				
a) Projektierte Bauten	949,364.06			2,138
b) For use of given properties	618,131.55			618
		1,567,495.61		4,406
II. Receivables and other assets				
1. Trade receivables	664,384.14			5,715
2. Receivables from related companies	116,842,738.06			120,517
3. Receivables from undertakings linked by virtue of participating interests	52,049,917.34			19,707
4. Receivables from joint ventures	2,430.16			–
5. Other receivables and assets	3,996,321.04			3,546
		173,555,790.74		149,485
III. Cash and cash equivalents, bank deposits		650,707.49		158
			175,773,993.84	**154,049**
TOTAL ASSETS			**268,613,907.36**	**232,421**

EQUITY AND LIABILITIES

			31.12.2007	31. 12. 2006
	€	€	€	T€
A. SHAREHOLDERS' EQUITY				
I. Share capital		5,450,462.56		5,450
II. Capital reserves				
1. allocated	44,641,566.51			44,642
2. unallocated	544,201.68			544
		45,185,768.19		45,186
III. Profit reserves				
free reserves		19,792,720.11		17,524
IV. Retained profit				
Retained earnings brought forward	11,671.35			13
2007 profit	3,313,913.09			2,999
		3,325,584.44		3,012
			73,754,535.30	**71,172**
B. UNTAXED RESERVES				
1. Valuation reserve based on special write-offs			**1,438,482.28**	**1,438**
C. PROVISIONS				
1. Provisions for severance payments		1,002,900.00		847
2. Provisions for pensions		1,665,438.00		1,625
3. Tax provisions		3,165,045.50		1,998
4. Other provisions		14,038,738.51		11,199
			19,872,122.01	**15,669**
D. LIABILITIES				
1. Bond 2005 - 2012		100,000,000.00		100,000.00
2. Liabilities to banks		48,544,932.84		25,903
3. Trade liabilities		3,905,534.68		1,021
4. Liabilities to related undertakings		1,432,874.62		–
5. Liabilities to undertakings linked by virtue of participating interests		528,990.82		1,909
6. Other liabilities				
from taxes	931,186.72			1,146
of which relating to social security	92,492.75			81
Miscellaneous	15,478,363.34			13,927
		16,502,042.81		15,154
			170,914,375.77	**143,987**
E. ACCRUED EXPENSES AND DEFERRED INCOME			**2,634,392.00**	**155**
EQUITY AND LIABILITIES			**268,613,907.36**	**232,421**
Contingent liabilities			119,002,646.48	111, 621

Income Statement
for 2007 fiscal year

UBM Realitätenentwicklung AG

			31.12.2007	31.12.2006
		€	€	T€
1.	Sales revenues		25,516,244.28	21,488
2.	Change in inventories of services not yet invoiced		−3,608,250.06	1,972
3.	Other own work capitalised		279,607.89	179
4.	Other operating income			
	a) from disposal of fixed assets	3,765.00		–
	b) from release of provisions	132,860.90		–
	c) other	8,771,265.32		205
			8,907,891.22	205
	TOTAL OUTPUT		**31,095,493.33**	**23,844**
5.	Cost of materials and other services			
	a) Cost of materials	−109,164.73		−89
	b) Cost of services used	−14,378,192.47		−7,709
			−14,487,357.20	−7,798
6.	Personnel expenses			
	a) Salaries	−6,388,398.95		−4,601
	b) Severance expenses and contributions to employee benefit funds	−191,936.29		−154
	c) Pension expenses	−30,562.14		−445
	d) Expenses for statutory social security, and payroll-related taxes and contributions	−901,358.65		−856
	e) Other social expenses	−92,559.45		−43
			−7,604,815.48	−6,099
7.	Amortisation and depreciation on intangible assets and property, plant, equipment		−1,366,705.25	−2,678
8.	Other operating expenses			
	a) Taxes, other than income taxes	−17,035.04		−18
	b) Sundry	−5,782,551.40		−5,800
			−5,799,586.44	−5,818
9.	**EARNINGS BEFORE INTEREST AND TAXES** (rows 1 to 8)		**1,837,028.96**	**1,451**

	€	31.12.2007 €	31.12.2006 T€
10. Income from participations			
a) from related companies	9,270,472.73		5,240
b) from affiliated companies	1,449,955.57		234
		10,720,428.30	5,474
11. Income from securities and loans		17,048.05	1,838
12. Other interest und similar income		9,478,901.17	6,211
13. Income from disposal of financial assets		104,535.00	3,067
14. Expenses on financial assets		−7,205,205.45	−9,182
15. Interest and similar expenses		−8,293,534.44	−5,001
16. FINANCIAL PROFIT (rows 10 to 15)		**4,822,172.63**	**2,407**
17. RESULT FROM ORDINARY ACTIVITIES		**6,659,201.59**	**3,858**
18. Taxes on income		−1,076,288.50	−30
19. PROFIT AFTER TAX		**5,582,913.09**	**3,828**
20. Reversal of untaxed reserves			
a) Valuation reserve based on special write-offs		0,00	201
21. Transfer to profit reserve		−2,269,000.00	−1,030
22. NET INCOME		**3,313,913.09**	**2,999**
23. Retained earnings brought forward		11,671.35	13
24. RETAINED PROFIT FOR THE YEAR		**3,325,584.44**	**3,012**

Schedule of fixed assets

UBM Realitätenentwicklung AG

€	Acquisition and manufacturing costs As of 01.01.2007	Additions	Disposals
I. INTANGIBLE ASSETS			
1. Rights	1,203,935.14	–	–
II. PROPERTY, PLANT AND EQUIPMENT			
1. Land, similar rights and buildings, including buildings on leasehold land	49,230,020.34	2,884,792.86	650,932.12
2. Plant and machinery	18,966.00	–	–
3. Furniture, fixtures and office equipment	434,794.87	57,472.76	88,692.42
4. Assets under construction	1,746,779.57	7,763,837.34	79,265.41
	51,430,560.78	**10,706,102.96**	**818,889.95**
III. FINANCIAL ASSETS			
1. Shares in related companies	12,617,769.36	2,425,102.50	134,694.36
2. Participations	16,233,587.08	4,928,504.59	–
3. Loans to undertakings linked by virtue of participating interests	14,801,553.83	8,188,134.30	3,150,932.10
4. Long-term securities	3,253,078.46	–	–
5. Other loans	5,153,673.00	–	–
	52,059,661.73	**15,541,741.39**	**3,285,626.46**
	104,694,157.65	**26,247,844.35**	**4,104,516.41**

Reclassifications	As of 31.12.2007	Accumulated depreciation	Carrying value 31.12.2007	Carrying value 31.12.2006	Annual depreciation
–	1,203,935.14	299,160.14	904,775.00	926,428.00	21,653.00
260,010.76	51,723,891.84	14,856,484.17	36,867,407.67	35,616,879.36	1,271,793.49
–	18,966.00	18,966.00	–	–	–
–	403,575.21	322,556.21	81,019.00	105,005.00	73,258.76
−260,010.76	9,171,340.74	–	9,171,340.74	1,746,779.57	–
0.00	**61,317,773.79**	**15,198,006.38**	**46,119,767.41**	**37,468,663.93**	**1,345,052.25**
−103,759.13	14,804,418.37	–	14,804,418.37	12,617,769.36	–
103,759.13	21,265,850.80	–	21,265,850.80	16,233,587.08	–
–	19,838,756.03	14,711,000.00	5,127,756.03	6,601,553.83	6,511,000.00
–	3,253,078.46	28,609.55	3,224,468.91	3,236,237.21	11,768.30
–	5,153,673.00	3,760,796.00	1,392,877.00	1,288,342.00	−104,535.00
–	**64,315,776.66**	**18,500,405.55**	**45,815,371.11**	**39,977,489.48**	**6,418,233.30**
–	126,837,485.59	33,997,572.07	92,839,913.52	78,372,581.41	7,784,938.55

Notes to the financial statements 2007

UBM Realitätenentwicklung AG

I. General information

The financial statements as at 31 December 2007 were drawn up in accordance with the regulations of the prevailing UGB. The figures shown for the previous year are stated in thousands of euros (€ 1,000). Figures not prescribed by law are reported in millions of euros (€ million). The income statement is compiled in accordance with the total-cost method. The consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft are deposited at Absberggasse 47, District 10, Vienna.

II. Accounting policies

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

The measurement of foreign currency amounts is based in principle on the lower of the deemed cost or the exchange rate prevailing on the reporting date.

1. Fixed assets

Intangible assets are recognised at cost, net of ordinary straight-line amortisation. In this context, amortisation rates of between 1.28% and 2.0% were applied in accordance with the expected useful life.

Property, plant and equipment were measured at acquisition cost including ancillary costs and net of reductions in acquisition costs, or at manufacturing cost including ordinary straight-line depreciation charged in the 2007 reporting year, whereby the following depreciation rates were applied (new acquisitions) in accordance with expected useful lives:

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

Low-value assets were written off in the year when purchased.

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

2. Current assets

Inventories
Projected buildings were measured at cost. The properties earmarked for utilisation are properties which by the balance sheet date have already been designated for sale.

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

3. Provisions and liabilities

The provisions for severance pay were calculated on the basis of an actuarial opinion in accordance with IAS 19 using an interest rate of 5.3% (2006: 4.7%) and an expected future wage increase of 2.6% (2006: 2.0%) as well as the earliest possible retirement date in accordance with the ASVG (2004 pension reform). Actuarial gains or losses are recognised in full during the year in which they are incurred. The principles for calculating pension insurance [AVÖ 1999-P (salaried staff)] were applied for the mortality table. When calculating the provisions for severance pay and anniversary bonuses, fluctuation discounts were applied based on statistical data.

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

The other provisions were recorded to cover all perceivable risks and pending losses. Liabilities are recognised at the higher of their nominal value or the repayment amount.

4. Sales revenues

Due to the specific business activity of the company, income from the disposal of project companies is not stated as income from the disposal of financial assets but as sales revenue.

III. Notes to the balance sheet

1. Fixed assets

The composition and development of fixed assets is shown in the schedule of fixed assets (pages 70/71).

The **intangible assets** totalling €0.905 million (2006: €0.926 million) are attributable to rental rights in Innsbruck and Wolkersdorf.

The value of the **land of developed sites** amounts to €6,976,661.09 (2006: €7.198 million), and that of undeveloped land to €9,119,301.58 (2006: €8.228 million). The main addition to developed land was the reconstruction costs of a former Praktiker store in Wiener-Neustadt. Three residential units in Innsbruck were reclassified under current assets and sold. The value of undeveloped land increased mainly due to the acquisition of a plot of land in Graz.

The addition to **assets under construction** amounted to €7,763,837.34 (2006: €1.223 million) and chiefly relates to the cost of a shopping centre to be built in Salzburg Lehen.

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

T€	2007	2006
for the coming year	931.0	869.2
for the next five years	4,654.9	4,346.1

A summary of the data required in respect of participations in accordance with Article 238, Paragraph 2 of the UGB is presented on pages 122-124.

The additions **to shareholdings in related companies** total €2.428 million (2006: €0.407 million) and are largely due to the acquisition of a 50% interest in an undertaking in the Czech Republic. This undertaking is now wholly owned by the company. Disposals - including those due to reclassifications totalling €0.107 million - amount to €0.242 million (2006: €9.011 million). This relates to two companies which were reclassified under current assets and sold. One company was liquidated.

The additions to **participations** total €5.036 million (2006: €2.238 million). Three companies were founded while capital was raised at a fourth. One participation was granted an allowance and one was reclassified to related companies.

Loans

T€	2007	2006
Beteiligungsunternehmen	5.128	6.602
Sonstige Unternehmen	1.393	1.288

As in the previous year they have a residual maturity in excess of one year.
Shareholder loans amounting to €5.153 million were reclassified from current assets for reasons of residual maturity. Furthermore, extraordinary amortisation totalling €6.511 million (2006: €9.165 million) was charged to the lower fair value.

2. Current assets

Inventories

The projected buildings relate to acquisition costs of various projects, where realisation is expected in the near future.

Receivables and other assets

T€	2007	2006
Trade receivables	664	5,715
Receivables from related companies	116,843	120,517
Receivables from undertakings linked by virtue of participating interests	52,050	19,707
Receivables from joint ventures	2	–
Other receivables	3,996	3,547
Total	**173,555**	**149,486**

€5.357 million (2006: €5.317 million) of the receivables from related companies and €0.734 million (2006: €0.617 million) from other receivables have a residual maturity in excess of one year. €49,000 (2006: €23,000) of other receivables became cash items after the balance sheet date.

Liquid assets

T€	2007	2006
Cash and cash equivalents	3	2
Bank deposits	648	156
Total	**651**	**158**

3. Shareholders' equity

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

Capital and profit reserves
The allocated capital reserve is derived from the share premium paid in connection with capital increases. The unallocated capital reserve is derived from changes in the legal form of the company in previous years.

"Other (free) reserves" increased from €17.524 million to €19.793 million. This increase resulted from a transfer to the unallocated profit reserve totalling €2.269 million.

4. Untaxed reserves

Untaxed reserves at UBM AG developed as follows

€	As of 01.01.2007	Additions U= reclassification	Release due to disposal	Release due to expiry	As of 31.12.2007
I. PROPERTY, PLANT AND EQUIPMENT					
1. Undeveloped land from carry forward, Article 12 EStG	929,410.18	–	–	–	929,410.18
II. FINANCIAL ASSETS					
1. Shares in related companies from carry forward, Article 12 EStG	509,072.10	–	–	–	509,072.10
Total	**1,438,482.28**	–	–	–	**1,438,482.28**

5. Provisions

T€	2007	2006
Severance pay	1,003	847
Pensions	1,665	1,625
Taxes	3,165	1,998
Other		
Buildings	10,897	9,564
Personnel	2,423	1,506
Miscellaneous	719	129
Total	**19,872**	**15,669**

6. Liabilities

T€	Total figures according to balance 2007	Total figures according to balance 2006	Maturity up to one year 2007	Maturity up to one year 2006	Residual maturity more than one year 2007	Residual maturity more than one year 2006
Bonds	100,000	100,000	–	–	100,000	100,000
Liabilities to banks	48,545	25,903	42,252	22,144	6,293	3,759
Trade liabilities	3,906	1,021	3,906	1,021	–	–
Liabilities to related companies	1,433	–	1,433	–	–	–
Liabilities to undertakings linked by virtue of participating interests	529	1,909	529	1,909	–	–
Other liabilities						
from taxes	931	1,146	931	1,146	–	–
for social security	93	81	93	81	–	–
Miscellaneous	15,478	13,927	4,122	5,767	11,356	8,160
Total	**170,915**	**143,987**	**53,266**	**32,068**	**117,649**	**111,919**

Liabilities with residual maturity of more than five years:

T€	2007	2006
Bonds	–	100.000
Liabilities to banks	326	977
Other liabilities		
Miscellaneous	548	565

The liabilities to banks are secured with mortgages totalling €6.945 million (2006: €6.860 million).

The other liabilities include the capital contributions of silent partners totalling €9.889 million (2006: €7.525 million). €6.330 million (2006: €4.043 million) of other liabilities will only become cash items after the balance sheet date.

7. Contingent liabilities

T€	2007	2006
Credit guarantees	119,003	111,621

Collateral for project financing credits given by project companies associated with the company was ensured by the pledging of these business shares.

IV. Notes to the income statement

Sales revenues break down as follows:

T€	2007	2006
BREAKDOWN BY ACTIVITY		
Rentals from property management	4,195	3,945
Project development and construction	21,321	17,543
Total	**25,516**	**21,488**
Austria	17,181	15,674
Abroad	8,335	5,814
Total	**25,516**	**21,488**

Personnel expenses

In item 6b ‚Severance expenses and contributions to employee benefit funds' totalling €191,936.29 (2006: €154,000) an amount of €171,013.00 (2006: €141,000) was attributable to severance expenses, and breaks down as follows:

2007	Severance expense	Pension expense
Managing Board	34,970.00	52,940.69
Executives	–58,660.00	–
Other staff	194,703.00	–
Total	**171,013.00**	**52,940.69**

2006	Severance expense	Pension expense
Managing Board	45,146.00	445,026.47
Executives	67,948.62	–
Other staff	28,313.75	–
Total	**141,408.37**	**445,026.47**

Financial result

T€	2007	2006
Income from participations		
a) from related companies	9,270	5,240
b) from affiliated companies	1,450	234
Income from securities and loans	17	1,839
Other interest und similar income	9,479	6,211
of which from related companies	6,380	4,641
Income from disposal and upwards revaluation of financial assets	105	3,066
Expenses on financial assets	7,205	9,182
of which from related companies	322	–
of which depreciation	6,523	9,165
Interest and similar expenses	8,294	5,001
of which to related companies	50	–

Taxes on income

Deferred tax assets totalled €0.260 million (2006: €0.222 million) were not recognised in the annual financial statements.

V. Relationships with related companies

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

VI. Notes to financial instruments

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

During the 2005 fiscal year, UBM AG issued a bond under the following conditions:

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

The decision to issue the bond was made in April 2005. Since interest was in principle expected to rise, the interest rate was hedged for the term of the bond by means of a forward start swap. However, the interest rate developed contrary to these expectations. As a result, when closing the forward start swap a negative market value arose amounting to €2.36 million upon the issue of the bond.

Since the swap was concluded exclusively for hedging purposes, the negative market value of the closed forward start swap was not immediately expensed as incurred. However, it will be recognised as interest expense over the remaining maturity period at the interest rate hedged in April (3.875% plus 0.44% for the interest swap). The market value of the interest swap as at 31.12.2007 was €-1,745,000

VII. Information on staff and statutory bodies

Average headcount:

	2007	2006
Salaried staff	69	58

Managing Board members
Karl Bier, Chairman
Peter Maitz
Heribert Smolé

The remuneration of the Board in 2007 totalled €1,013,448.19 (2006: €929,670.86).

Members of the Supervisory Board
Dr. Siegfried Sellitsch, Chairman
Horst Pöchhacker, Deputy Chairman
Dr. Bruno Ettenauer (from 11.04.2007)
Wolfhard Fromwald (from 11.04.2007)
Thomas Jakoubek (until 11.04.2007)
Dr. Walter Lederer
Dr. Erlefried Olearczick (until 11.04.2007)
Iris Ortner-Winischhofer
Dr. Johannes Pepelnik
Dr. Peter Weber

The remuneration paid to members of the Supervisory Board, including fees for meetings, totalled €64,357.29 (2006: €54,928.98) in the reporting year.

Vienna, 10 March 2008

The Managing Board

Mag. Karl Bier | DI Peter Maitz | Heribert Smolé

Auditor‘s Report

„We have audited the financial statements of

UBM Realitätenentwicklung Aktiengesellschaft,
Vienna,

for the fiscal year from 01.01.2007 to 31.12.2007 on the basis of the company‘s accounting. The bookkeeping, the presentation and the content of these financial statements as well as the business report are the responsibility of the legal representatives of the company in accordance with the regulations of the Austrian Commercial Code. Our responsibility is to express an opinion on these financial statements based on our audit. In addition it is our responsibility to assess whether the accounting information in the business report is consistent with that contained in the financial statements.

We conducted our audit in accordance with applicable laws and regulations in Austria for audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and that the business report is consistent with the financial statements. Knowledge of the company's business activities and its economic and legal environment, together with an evaluation of possible misstatements are taken into account when determining the audit procedures. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the bookkeeping and the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit gave rise to no objections. In our opinion, based on the results of our audit the financial statements have been prepared pursuant to applicable regulations and present a true and fair view of the financial position of UBM Realitätenentwicklung Aktiengesellschaft as of 31.12.2007 and of the results of its operations for the fiscal year from 01.01.2007 to 31.12.2007 in accordance with accounting principles generally accepted in Austria. The business report is consistent with the annual financial statements.“
Vienna, 10 March 2008

B D O Auxilia Treuhand GmbH
(Audit and Tax Consultants)

Mag. Hans Peter Hoffmann
Auditor

ppa Mag. Christoph Wimmer
Auditor

Declaration of the Managing Board:

In our opinion the annual and consolidated financial statements compiled in accordance with applicable accounting standards provide a true and fair view of the financial position of UBM Realitätenentwicklung AG and all of the consolidated companies, as well the results of their operations.

The business report presents the business operations, the results of business operations and the situation of all consolidated companies in a way that provides a true and fair view of the financial situation and the results of operations, whilst also outlining the significant risks and uncertainties facing the companies.

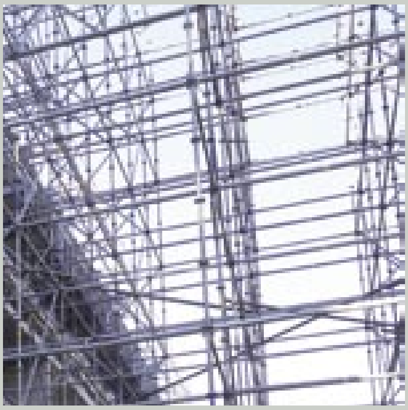
Vienna, 10 March 2008

The Managing Board

Mag. Karl Bier

DI Peter Maitz

Heribert Smolé



Consolidated income statement
for the 2007 fiscal year

in T€	Anhang	2007	2006
Sales revenue	(5)	133,655.1	117,039.0
Own work capitalised in fixed assets		397.9	1,197.0
Other operating income	(6)	13,723.2	5,326.5
Material expenses and other services	(7)	–80,984.3	–69,982.6
Personnel expenses	(8)	–12,573.6	–9,656.0
Amortisation and depreciation on intangible assets and property, plant, equipment	(9)	–2,374.1	–1,990.1
Other operating expenses	(10)	–19,692.0	–23,358.7
EARNINGS BEFORE INTEREST AND TAX (EBIT)		**32,152.2**	**18,575.1**
Result from associated companies		–1,516.8	–5,498.0
Financial income	(11)	8,637.7	12,882.6
Financial expenditure	(12)	–22,644.2	–14,717.4
EARNINGS BEFORE TAX (EBT)		**16,628.9**	**11,242.3**
Taxes on income	(13)	–4,579.7	–2,672.7
PROFIT AFTER TAX		**12,049.2**	**8,569.6**
of which due to parent company shareholders		**11,982.5**	**8,336.9**
of which due to minority shareholders		66.7	232.7
EARNINGS PER SHARE (in €)	(14)	**4.00**	**2.78**

Consolidated balance sheet as of 31 December 2007

ASSETS

in T€	Appendix	31.12.2007	31.12.2006
LONG-TERM ASSETS			
Intangible assets	(15)	3,005.8	3,294.7
Property, plant and equipment	(16)	39,541.4	39,683.4
Financial real estate	(17)	258,912.6	235,304.5
Shares in associated companies	(18)	15,483.4	9,767.2
Loans	(19)	13,786.7	14,981.1
Other financial assets	(20)	13,165.4	10,691.4
Deferred tax assets	(25)	1,160.8	1,181.9
		345,056.1	**314,904.2**
CURRENT ASSETS			
Inventories	(21)	40,354.2	46,261.5
Trade receivables	(22)	64,502.2	50,687.5
Other receivables and assets	(23)	9,708.4	12,224.8
Liquid assets	(24)	18,325.2	14,212.2
		132,890.0	**123,386.0**
		477,946.1	438,290.2

EQUITY AND LIABILITIES

in T€	Appendix	31.12.2007	31.12.2006
SHAREHOLDERS‘ EQUITY	(26.27)		
Share capital		5,450.5	5,450.5
Capital reserve		45,185.8	45,185.8
Foreign currency translation reserve		2,920.4	5,822.2
Profit reserve		50,573.0	41,602.6
Retained profit		3,325.6	3,011.7
Interest of parent company shareholders		107,455.3	101,072.8
Interest of minority shareholders in subsidiaries		1,024.8	958.6
		108,480.1	**102,031.4**
LONG-TERM LIABILITIES			
Provisions	(28)	7,391.2	2,519.2
Bonds	(29)	100,000.0	100,000.0
Financial liabilities	(30)	122,497.6	68,121.8
Deferred tax liabilities	(25)	6,242.1	10,454.5
		236,130.9	**181,095.5**
CURRENT LIABILITIES			
Provisions	(28)	5,103.5	10,977.2
Financial liabilities	(30)	71,714.8	89,066.0
Trade liabilities	(31)	26,356.5	16,316.6
Tax liabilities	(32)	5,519.9	2,926.7
Other liabilities	(33)	24,640.4	35,876.8
		133,335.1	**155,163.3**
		477,946.1	438,290.2

Development of **consolidated equity**

in T€
AS OF 01.01.2006
Currency differences
Cash flow hedges: reposted into profit of period
Income taxes on items offset directly against shareholders' equity
Total expenses and income recorded directly in shareholders' equity
Profit after tax
Total expenses and income
Dividend payments
AS OF 31.12.2006
Currency differences
Cash flow hedges: reposted into profit of period
Income taxes on items offset directly against shareholders' equity
Total expenses and income recorded directly in shareholders' equity
Profit after tax
Total income and expenses
Dividend payments
AS OF 31.12.2007

Share capital	Capital reserve	Foreign currency translation reserve	Profit reserve	Interests of parent company shareholders	Interests of minority shareholders in subsidiaries	Total
5,450.5	**45,185.8**	**–39.1**	**38,696.4**	**89,293.6**	**790.4**	**90,084.0**
–	–	7,602.3	–	7,602.3	–64.5	7,537.8
–	–	–	281.0	281.0	–	281.0
–	–	–1,741.0	–	–1,741.0	–	–1,741.0
0.0	0.0	5,861.3	281.0	6,142.3	–64.5	6,077.8
–	–	–	8,336.9	8,336.9	232.7	8,569.6
0.0	0.0	5,861.3	8,617.9	14,479.2	168.2	14,647.4
–	–	–	–2,700.0	–2,700.0	–	–2,700.0
5,450.5	**45,185.8**	**5,822.2**	**44,614.3**	**101,072.8**	**958.6**	**102,031.4**
–	–	–3,868.3	–	–3,868.3	–0.5	–3,868.8
–	–	–	301.8	301.8	–	301.8
–	–	966.5	–	966.5	–	966.5
0.0	0.0	–2,901.8	301.8	–2,600.0	–0.5	–2,600.5
–	–	–	11,982.5	11,982.5	66.7	12,049.2
0.0	0.0	–2,901.8	12,284.3	9,382.5	66.2	9,448.7
–	–	–	–3,000.0	–3,000.0	–	–3,000.0
5,450.5	**45,185.8**	**2,920.4**	**53,898.6**	**107,455.3**	**1,024.8**	**108,480.1**

Consolidated cash flow statement

in T€	2007	2006
Profit after tax	12,049.2	8,569.6
Depreciation/upwards revaluation of fixed assets	6,548.4	14,758.4
Expenses on associated companies	1,516.8	5,498.0
Increase in long-term provisions	204.9	388.7
Deferred tax liabilities	869.2	2,800.5
CASHFLOW FROM EARNINGS	**21,188.5**	**32,015.2**
Increase/decrease in short-term provisions	6,422.3	–764.5
Income from disposal of assets	–2,238.4	–4,045.9
Carrying value of disposed project companies	0.0	4,578.0
Increase in inventories	–513.4	–12,370.4
Increase/decrease in receivables	–11,166.3	9,201.3
Increase/decrease in liabilities (excluding bank liabilities)	–1,479.2	10,198.7
Other non-cash transactions	–5,458.0	–4,631.9
CASH FLOW FROM OPERATING ACTIVITIES	**6,755.5**	**34,180.5**
Income from disposed property, plant, equipment and financial real estate	11,507.0	21,319.1
Income from disposed financial assets	4,152.7	12,282.4
Investments in intangible assets	0.0	–19.3
Investments in property, plant, equipment and financial real estate	–92,956.2	–72,559.5
Investments in financial assets	–8,284.5	–2,260.2
Income/expense from changes in consolidation scope	25,105.5	–816.7
CASH FLOW FROM INVESTMENT ACTIVITIES	**–60,475.5**	**–42,054.2**
Dividends	–3,000.0	–2,700.0
Borrowing/repayment of loans and other Group financing	61,726.9	11,975.4
CASH FLOW FROM FINANCING ACTIVITIES	**58,726.9**	**9,275.4**
CASH FLOW FROM OPERATING ACTIVITIES	**6,755.5**	**34,180.5**
CASH FLOW FROM INVESTMENT ACTIVITIES	**–60,475.5**	**–42,054.2**
CASH FLOW FROM FINANCING ACTIVITIES	**58,726.9**	**9,275.4**
CHANGE IN LIQUID ASSETS	**5,006.9**	**1,401.7**
Liquid assets as of 01.01.	14,212.2	11,502.0
Currency differences	173.1	61.6
Change in liquid assets due to altered scope of consolidation	–1,067.1	1,246.9
LIQUID ASSETS AS OF 31.12.	**18,325.1**	**14,212.2**

UBM Realitätenentwicklung AG Notes to the Consolidated Financial Statements 2007

1. General information

The UBM Group is composed of UBM Realitätenentwicklung Aktiengesellschaft (UBM AG) and its subsidiaries. UBM AG is a public company pursuant to Austrian law and has its headquarters at Absberggasse 47, 1103 Vienna. The company is registered at the Vienna Commercial Court under registration no. FN 100059 x. The core activities of the Group are the development, utilisation and administration of real estate.

The consolidated financial statements have been prepared pursuant to Article 245a of the Austrian Commercial Code (UGB), in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and also the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The reporting currency is the euro, which is also the functional currency for UBM AG and for the majority of subsidiaries included in the consolidated financial statements.

2. Consolidation

Scope of consolidation

In addition to UBM AG, the consolidated financial statements include 7 domestic subsidiaries (previous year: 6) and 33 foreign subsidiaries (previous year: 29). Furthermore, 5 domestic (previous year: 6) and 12 foreign (previous year: 4) associated companies were measured at equity.

The consolidated subsidiaries and associated companies can be found on the list of participating interests. Companies of secondary importance to the consolidated financial statements have not been included. A total of 18 companies (previous year: 19) were not fully consolidated due to their minor economic importance.

The consolidated financial statements consolidate all companies in full which are under the controlling influence of the parent company („subsidiary companies“). A controlling influence is when the parent company is able to exert a direct or indirect impact on the financial and business policies of the given company. A subsidiary company is first consolidated when this controlling influence commences, and ends when said influence no longer applies.

Companies that are managed together with another undertaking („joint ventures“) as well as companies on which the parent company directly or indirectly exerts a significant influence („associated companies“) are consolidated at-equity.

In the 2007 fiscal year the following companies were consolidated for the first time:
- Hessenplatz Hotel- und Immobilien GmbH
- MG Projekt-Sendling GmbH
- CM 00 Vermögensverwaltung 510 GmbH
- UBX Praha 2 s.r.o.
- UBM Development s.r.l.
- UBM Bulgaria EOOD

The assets and debts of the first-time consolidated companies are shown below:

Assets and debts	in € million
ASSETS	
Long-term assets	10.5
Short-term assets	0.2
Assets	**10.7**
EQUITY AND LIABILITIES	
Equity capital	2.4
Long-term liabilities	4.4
Short-term liabilities	3.9
Equity and liabilities	**10.7**
Sales revenue in reporting year	**1.7**
Net income in reporting year	**–1.5**

The interests were purchased for EUR 2.4 million.

Principles of consolidation

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

In the reporting year, all positive consolidation differences from first-time consolidations were written off as expense due to their insignificance.

All intra-group receivables and liabilities are eliminated during the consolidation of debts. Intra-group income and expenses are netted off during the income and expense consolidation. Interim results and intra-company supplies are eliminated when they involve significant sums, while the respective assets are still reported in the consolidated financial statements.

Participations in net assets of fully consolidated subsidiaries which are not allocable to UBM AG are reported separately under „minority interests“ as part of shareholder‘s equity.

3. Capital risk management

The Group manages its capital with the goal of maximising the return from its participations through optimising the equity/external capital balance. This involves ensuring that all Group companies can operate as going concerns.

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

Net debt

Risk management at the Group checks the capital structure on a six-monthly basis.

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

in T€	31.12.2007	31.12.2006
Debts (i)	194,212.4	157,187.8
Cash and cash equivalents	–18,325.2	–14,212.2
Net debts	**175,887.2**	**142,975.6**
Equity capital (ii)	**108,480.1**	**102,031.4**
Net debt to equity ratio	162.1 %	140.1 %

(i) Debts are defined as long- and short-term financial liabilities, as outlined in Section 30.
(ii) Equity capital comprises the entire capital and reserves of the Group.

The overall strategy of the Group has not changed compared to fiscal 2007.

4. Accounting policies

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

Principles of measurement

The historical cost is used as the basis for measuring intangible assets, property, plant and equipment, loans, inventories, trade receivables and liabilities.

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

Currency translations

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

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

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

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

Intangible assets are capitalised at cost and amortised using straight-line rates over their expected useful life. In this respect amortisation rates of 1.28% to 50% were applied.

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

If a reduction in value (impairment) is identified that is not just temporary, the corresponding intangible assets will then be amortised to the recoverable amount, i.e. the higher of the fair value less selling costs or the value in use. When the impairment no longer applies it is reversed in line with the increased valuation, but only up to the maximum value calculated if applying the amortisation schedule on the basis of the original cost.
Goodwill is recorded as an asset and is reviewed for any impairment in value at least once a year pursuant to IFRS 3 in connection with IAS 36. All impairments are immediately recorded in the income statement. No impairment losses are subsequently reversed.

Property, plant and equipment are measured at acquisition cost including ancillary costs and net of reductions in acquisition costs, or at production cost including ordinary straight-line depreciation charged in the 2007 reporting year, whereby the following depreciation rates were applied:

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

If a reduction in value (impairment) is identified that is not just temporary, the corresponding property, plant and equipment will then be depreciated to the recoverable amount, i.e. to the higher of the fair value less selling costs or the value in use. When the impairment no longer applies it is reversed in line with the increased valuation, but only up to the maximum value calculated if applying the amortisation schedule on the basis of the original cost. Fundamental modifications are capitalised, while current maintenance work, repairs and minor modifications are recognised as expense when they are accrued.

Low-value assets are fully written off in the year when purchased.

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

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

fair value. Profits and losses derived from changes in value are recognised in the income statement for the period in which the change in value occurs.

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

Leasing

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

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

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

Loans are valued at cost. If signs of a reduction in value (impairment) are identified, the loans are depreciated to the present value of the expected cash flow.

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

Raw materials and supplies are measured at the lower of the purchase cost and the comparative value.

Real estate intended for sale is measured at the lower of the purchase/production cost and the net sales value. In general, borrowing costs are not included in the purchase/production cost.

Receivables are essentially recognised at nominal value. **Allowances** are allocated in the event of risks regarding collectibility.

In the case of differences between the valuation of assets and debts in the consolidated financial statements on the one hand, and the fiscal valuation on the other, **accrued items for deferred taxes** are stated in the amount of the anticipated future tax burden or tax relief. Furthermore, deferred tax assets for future monetary gains resulting from tax loss carry forwards are recognised for as long as realisation is probable.

The exceptions to this rule of comprehensive tax deferrals are the differences from goodwill that cannot be deducted for tax purposes.

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

The **provisions for severance pay, pensions and anniversary bonuses** were determined pursuant to IAS 19 according to the Projected Unit Credit Method and based on the AVÖ 1999-P generations table, whereby an actuarial valuation is carried out as of each balance sheet date. In measuring these provisions, an annual interest rate of 5.3% (previous year: 4.7%) and annual reference increases of 2.6% (previous year: 2.0%) were taken into account. When calculating the provisions for severance pay and anniversary bonuses, fluctuation discounts were applied based on statistical data.

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

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

Liabilities are recognised at their nominal value.

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

Derivative financial instruments are measured at their fair market value.

Revenues are measured at their fair market value for the service provided. Discounts, sales taxes, and other taxes in connection with the revenues are deducted from this amount. Revenues are recorded after the delivery and transfer of the property. The revenues from construction orders are recorded over the period in which the order is executed, distributed in accordance with the degree of completion.

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

Management estimates and assumptions which refer to the amount and recognition of assets and debts in the balance sheet as well as to income and expenditures and the data of contingent liabilities are inextricably linked to the compilation of the annual financial statements. The estimates and assumptions essentially refer to:
- the determination of fair values of financial real estate based on occupancy, development of rentals and interest trends,
- the appraisal of ongoing projects based on the development of production costs and the changing market conditions, the determination of the useful life of property, plant and equipment,
- the accounting and measurement of provisions based on probable need, the review of the recoverability of assets,
- the appraisal of the recoverability of deferred tax assets for loss carry forwards ensues by estimating the opportunity of offsetting with subsequent gains.

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

New and amended accounting standards

Standards and interpretations to be applied in fiscal year

In the fiscal year the Group has applied IFRS 7 Financial instruments: Disclosures and the related amendment to IAS 1 Presentation of financial statements. These must be applied for fiscal years beginning on or after 1 January 2007. The application of IFRS 7 and the amendment to IAS 1 resulted in more information on the financial instruments of the Group presented in the financial statements and the management of capital.
- Four interpretations were published by the International Financial Reporting Interpretations Committee (IFRIC) and adopted in European law, which must be applied in the current fiscal year.
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies,
- IFRIC 8 Scope of IFRS 2,

- IFRIC 9 Reassessment of Embedded Derivatives, and
- IFRIC 10 Interim Financial Reporting and Impairment.

The application of these interpretations has led to no changes in the accounting policies of the Group.
Published standards and interpretations not yet applied

The following regulations were published and adopted in European law when the financial statements were compiled, yet they are not mandatory and were not applied prematurely on a voluntary basis either.

IFRS 8 Operating Segments: IFRS 8 governs the information on operating segments of the company, which must be structured in the same way as the information prepared for reporting to the Board for internal management decisions (management approach). IFRS 8 enters into force as of 1 January 2009 and completely replaces IAS 14.

IFRIC 11 Group and Treasury Share Transactions under IFRS 2: IFRIC 11 published in November 2006 relates to how IFRS 2 should be applied for share-based payment agreements, where equity instruments of companies within the Group are used. Since IFRS 2 is not applied within the UBM Group at present, IFRIC 11 is not applied either.

The Managing Board assumes that the regulations outlined above will not exert a significant influence on the consolidated financial statements when first applied.

5. Sales revenues

Sales revenue totalling €133,655.1 (previous year: €117,039.0) thousand Euro includes sales revenue from real estate and real estate project companies, rental income, income from property management, settled construction works of internal projects and other proceeds from normal business activities. To give the sales figures more meaning, the presentation has been changed in comparison to the previous year. In line with segment reporting the sales revenue is broken down by region instead of business line.

In the following table the Group’s total output is presented by region, as an initial step, where particularly the prorated performance from associated companies and subsidiaries not fully consolidated is recorded and transferred to revenues.

in T€	2007	2006
REGIONS		
Austria	96,125.4	51,733.0
Western Europe	34,185.7	24,420.0
Eastern Europe	132,648.8	109,561.0
Total Group output	**262,959.9**	**185,714.0**
net of sales from joint ventures	–3,690.3	–10,742.0
net of inventory changes in own projects	–16,372.1	–2,568.0
net of sales from associated and subsidiary companies	–108,844.5	–54,168.0
net of own work capitalised	–397.9	–1,197.0
Sales revenue	**133,655.1**	**117,039.0**

6. Other operating income

Other operating income primarily includes exchange gains as well as income from ancillary costs of property management. Impairment of €8,454,000 was also reversed in the fiscal year.

7. Material expenses and other services

in T€	2007	2006
Costs of raw materials, supplies and purchased goods	–18,577.8	–13,575.2
Costs of services used	–62,406.5	–56,407.4
Total	**–80,984.3**	**–69,982.6**

8. Personnel expenses

in T€	2007	2006
Wages and salaries	–10,758.8	–7,766.5
Social security charges	–1,694.5	–1,383.4
Severance pay and pension expenses	–120.3	–506.1
Total	**–12,573.6**	**–9,656.0**

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

9. Amortisation and depreciation

The amortisation of intangible assets totalled €316,500 (previous year: €28,000) and the depreciation on property, plant and equipment totalled €2,057,600 (previous year: €1,962,100) during the year.

10. Other operating expenses

The main other operating expenses are as follows:

in T€	2007	2006
Office management	–2,330.8	–2,517.7
Advertising	–1,768.4	–1,198.3
Legal and advisory costs	–2,767.2	–4,516.0
Provisions	–5,727.0	–56.5
Adjustment to financial real estate	–2,091.4	–8,505.2
Miscellaneous	–5,007.2	–6,565.0
Total	**–19,692.0**	**–23,358.7**

The miscellaneous other operating expenses principally comprise travel costs, fees and duties, other third-party services and general administration costs. The value adjustments of financial real estate at fair value as of the reporting date were recognised net.

11. Financial income

in T€	2007	2006
Income from participations	1,994.2	4,304.2
(of which from related companies)	544.2	4,270.0
Interest und similar income	6,347.2	3,541.3
Income from disposal and upwards revaluation of financial assets	296.3	5,037.1
(of which from related companies)	–	–
Total	**8,637.7**	**12,882.6**

12. Financial expenditure

in T€	2007	2006
Interest and similar expenses on bonds	–4,289.0	–4,265.9
Interest and similar expenses on other financial liabilities	–9,692.9	–4,874.8
Other interest and similar expenses	–739.1	–1,652.3
Expenses from participations	–682.4	–3,907.6
(of which from related companies)	–322.4	–
Expenses on other financial assets	–7,240.8	–16.8
Total	**–22,644.2**	**–14,717.4**

13. Taxes on income

The taxes on income paid or due in the individual countries as well as deferred taxes are stated as taxes on income.

The calculation is based on tax rates which are likely to be applied at the time of realisation in accordance with valid tax laws, or in accordance with tax laws whose entry into force has essentially been decided.

in T€	2007	2006
Actual tax expense	1,943.7	2,823.9
Deferred tax expense/income	2,636.0	–151.2
Tax expense (+)/income (-)	**4,579.7**	**2,672.7**

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

in T€	2007	2006
Earnings before tax	16,628.9	11,242.2
Theoretical tax expense (+)/income (-)	4,157.2	2,810.6
Tax rate differences	–1,690.7	14.7
Tax effect of non-deductible expenses and tax-free income	–311.3	–435.6
Income/expenses from participations in associated companies	–780.2	49.5
Change in deferred tax asset not recognised in light of loss carry forwards	3,221.4	–
Other differences	–16.7	233.5
Taxes on income	**4,579.7**	**2,672.7**

In addition to the tax expense recorded in the consolidated income statement the tax effect of expenses and income taken directly to the shareholder's equity was also set off directly in shareholder's equity.

14. Earnings per share

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

in T€	2007	2006
Share of parent company shareholders in profit after tax	11,982.5	8,336.9
Weighted average number of shares issued	3,000.000	3,000.000
Earnings per share €	**4.00**	**2.78**

15. Intangible assets

in T€	Concessions, licences and similar rights	Goodwill	Total
ACQUISITION AND MANUFACTURING COSTS			
As of 01.01.2006	1,331.1	3,860.5	5,191.6
Change in consolidation scope	102.0	1,441.5	1,543.5
Additions	19.3	–	19.3
Disposals	–23.5	–	–23.5
Reclassifications	–1,203.9	–	–1,203.9
Currency adjustments	5.4	25.8	31.2
As of 31.12.2006	**230.4**	**5,327.8**	**5,558.2**
Change in consolidation scope	–	–	–
Additions	–	–	–
Disposals	–	–	–
Reclassifications	2.4	–	2.4
Currency adjustments	12.6	102.0	114.6
As of 31.12.2007	**245.4**	**5,429.8**	**5,675.2**
ACCUMULATED DEPRECIATION AND AMORTISATION			
As of 01.01.2006	363.6	1,181.9	1,545.5
Change in consolidation scope	43.5	888.9	932.4
Additions	28.0	–	28.0
Disposals	–7.0	–	–7.0
Reclassifications	–255.9	–	–255.9
Currency adjustments	4.6	15.9	20.5
Additions	–	–	–
As of 31.12.2006	**176.8**	**2,086.7**	**2,263.5**
Change in consolidation scope	–	–	–
Additions	18.7	297.8	316.5
Disposals	–	–	–
Reclassifications	0.3	–	0.3
Currency adjustments	10.2	78.9	89.1
Additions	–	–	–
As of 31.12.2007	**206.0**	**2,463.4**	**2,669.4**
Carrying value as of 31.12.2006	**53.6**	**3,241.1**	**3,294.7**
Carrying value as of 31.12.2007	**39.4**	**2,966.4**	**3,005.8**

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

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

Within the framework of the impairment test, the sum of the carrying values of the assets at the individual cash-generating units, to which goodwill has been allocated, are compared with their recoverable amount. The recoverable amount corresponds to the higher of the fair value less selling costs or the value in use. The fair value reflects the best possible estimation of the amount for which an independent third party could acquire the cash-generating unit under market conditions on the balance sheet date. In cases where no fair value can be determined, the value in use, i.e. the present value of the expected future cash flows of the cash-generating unit, shall be determined as the recoverable amount. Since a fair value could not be determined for any of the cash-generating units to which goodwill has been allocated, the value in use of this cash-generating unit was calculated to determine the recoverable amount. The cash flows were derived from the current plans for 2008 and subsequent years drawn up by the Managing Board and available at the time the impairment tests were undertaken. These forecasts are based on experience from the past as well as on expectations regarding future market development. The discounting was undertaken on the basis of specific capital costs. For the UBM Group the cash-generating unit is essentially the consolidated companies.

16. Property, plant and equipment

in T€	Land, similar rights and buildings, including buildings on leasehold land	Plant and machinery	Other plant, furniture, fixtures and office equipment	Payments on account and assets under construction	Total
COST					
As of 01.01.2006	52,272.4	111.2	1,619.3	5,927.0	59,929.9
Change in consolidation scope	30,489.0	–	–	1.8	30,490.8
Additions	702.4	57.4	211.9	24,497.3	25,469.0
Disposals	0.0	–	–72.4	–18,142.4	–18,214.8
Reclassifications	–52,278.1	–15.4	0.0	1,602.6	–50,690.9
Currency adjustments	557.0	3.4	21.1	–12.5	569.0
As of 31.12.2006	**31,742.7**	**156.6**	**1,779.9**	**13,873.8**	**47,553.0**

in T€	Land, similar rights and buildings, including buildings on leasehold land	Plant and machinery	Other plant, furniture, fixtures and office equipment	Payments on account and assets under construction	Total
Change in consolidation scope	–	–7.0	–2.1	5,336.7	5,327.6
Additions	23.1	19.1	236.8	16,377.4	16,656.4
Disposals	–6.6	–	–203.0	–79.2	–288.8
Reclassifications	-2.4	–	–	–22,257.1	–22,269.5
Reorganisations	–	–	–	1,171.9	1,171.9
Currency adjustments	2,165.9	8.0	22.4	33.5	2,229.8
As of 31.12.2007	**33,922.7**	**176.7**	**1,834.0**	**14,447.0**	**50,380.4**
ACCUMULATED DEPRECIATION AND AMORTISATION					
As of 01.01.2006	**2,966.4**	**95.0**	**868.9**	**–**	**3,930.3**
Change in consolidation scope	5,155.7	–	–	–	5,155.7
Additions	1,713.8	17.5	230.8	–	1,962.1
Disposals	–	–8.7	–69.7	–	–78.4
Reclassifications	–3,235.1	–	–	–	–3,235.1
Currency adjustments	114.4	2.2	18.4	–	135.0
Upwards revaluations	–	–	–	–	–
As of 31.12.2006	**6,715.2**	**106.0**	**1,048.4**	**–**	**7,869.6**
Change in consolidation scope	–	–0.2	–	–	–0.2
Additions	1,726.0	24.5	307.1	–	2,057.6
Disposals	–0.7	–	–191.2	–	–191.9
Reclassifications	–0.3	–	–	–	–0.3
Currency adjustments	1,081.0	5.9	17.3	–	1,104.2
Upwards revaluations	–	–	–	–	–
As of 31.12.2007	**9,521.2**	**136.2**	**1,181.6**	**–**	**10,839.0**
Carrying value as of 31.12.2006	**25,027.5**	**50.6**	**731.5**	**13,873.8**	**39,683.4**
Carrying value as of 31.12.2007	**24,401.5**	**40.5**	**652.4**	**14,447.0**	**39,541.4**

Any extraordinary amortisation and depreciation charged to the income statement is recognised under "amortisation and depreciation of intangible assets and property, plant and equipment". Any upwards revaluations to fixed assets previously amortised or depreciated in the income statement are recognised under "other operating income" in the income statement.

The carrying value of property, plant and equipment pledged as collateral as of the reporting date totals €32,713,800 (previous year: €24,384,500). Property, plant and equipment with a carrying value of €32,713,800 (previous year: €24,384,500) are subject to restraint.

17. Financial real estate

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

in T€	
CARRYING VALUE	
As of 01.01.2006	141,399.7
Change in consolidation scope	4,826.2
Additions	47,090.5
Disposals	–2,187.4
Reclassifications	48,403.9
Currency adjustments	4,276.8
Adjustment to fair value	–8,505.2
As of 31.12.2006	**235,304.5**
Change in consolidation scope	–70,153.1
Additions	76,299.7
Disposals	–13,752.9
Reclassifications	22,257.1
Reorganisations	7,375.3
Currency adjustments	1,656.6
Adjustment to fair value	–74.6
As of 31.12.2007	**258,912.6**

The fair value is determined in accordance with internationally accepted measurement methods, by derivation from a current market price, by derivation from a price which has been achieved in the recent past in a transaction with similar real estate, or for lack of suitable market data by discounting the future estimated cash flows that such a real estate normally generates on the market. The value of financial real estate determined by external specialists in 2006 totalled €91,245,600. In the past fiscal year all valuations of financial real estate were subject to an internal assessment. This resulted in only minor changes to fair values.

Existing contractual obligations to acquire or build financial real estate, as of the balance sheet date, amounted to €68,081,000 (previous year: €23,614,200). In addition, financial real estate with a carrying value of €80,998,200 (previous year: €55,101,300) was pledged to secure liabilities. Rental income from financial real estate totalled €16,153,900, while business expenditure amounted to €3,246,200.

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

in T€	2007	2006
Real estate leasing	6,761.5	4,672.0

These are contrasted with liabilities totalling the present value of minimum lease payments, i.e. €7,176,900 (previous year: €7,408,100).

The residual terms of financial leasing contracts for real estate are between 10 and 13 years.

18. Shares in associated companies

in T€	2007	2006
Acquisition costs	12,778.3	10,182.8
Share of profit realised since acquisition, less dividends paid	2,705.1	–415.6
Carrying value	**15,483.4**	**9,767.2**

The following table contains summarised financial information regarding associated companies:

in T€	2007	2006
Assets	332,887.0	235,666.1
Liabilities	299,210.1	201,231.2
Net assets	33,676.9	34,434.9
Group share in net assets	15,483.4	9,767.2

in T€	2007	2006
Sales revenue	31,119.3	29,254.5
Profit/loss after tax	–2,878.1	–1,912.8
Group share in profit/loss after tax	–1,359.8	–819.9

The unrecognised shares in losses of associated companies in the 2007 fiscal year amount to €544,000 (previous year: €54,300) and on aggregate as of 31 December 2007 total €652,000 (previous year: €108,000).

19. Loans

in T€	2007	2006
Loans to non-consolidated subsidiaries	6,803.4	3,263.8
Loans to associated companies	5,590.4	10,429.0
Other loans	1,392.9	1,288.3
Total	**13,786.7**	**14,981.1**

All loans have a residual maturity in excess of one year.

20. Other financial assets

in T€	2007	2006
Shares in unconsolidated subsidiaries	440.1	476.0
Other participations	9,500.9	6,979.2
Available-for-sale securities	3,224.4	3,236.2
Total	**13,165.4**	**10,691.4**

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

21. Inventories

Inventories comprise the following:

in T€	2007	2006
Land for sale and preliminary project costs	40,018.7	45,290.8
Payments on account	335.5	970.7
Total	**40,354.2**	**46,261.5**

Inventories with a carrying value of €28,849,200 (previous year: €10,652,000) are pledged to secure liabilities.

22. Trade receivables

Composition and maturity of **trade receivables**

in T€	2007	2006
Receivables from third parties	6,529.3	12,458.8
Receivables from joint ventures	636.7	1,006.6
Receivables from non-consolidated subsidiaries and other participations	27,298.7	31,014.7
Receivables from associated companies	30,037.5	6,207.4
Total	**64,502.2**	**50,687.5**

All receivables are due within one year.

23. Other receivables and assets

in T€	2007	Maturity > 1 year	2006	Maturity > 1 year
Receivables from insurance	734.3	734.3	617.1	617.1
Receivables from taxes	4,944.1	–	6,619.1	–
Other receivables and assets	4,030.0	864.5	4,988.6	353.4
Total	**9,708.4**	**1,598.8**	**12,224.8**	**970.5**

24. Liquid assets

Liquid assets comprise account balances at banks totalling €18,281,700 (previous year: €14,171,500) and cash in hand amounting to €43,500 (previous year: €40,700).

25. Deferred taxes

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

	2007		2006	
in T€	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment, financial real estate, other	–	6,242.1	–	10,454.5
Tax loss carry forwards	1,160.8	–	1,181.9	–
Deferred taxes	1,160.8	6,242.1	1,181.9	10,454.5
Net deferred taxes		**5,081.3**		**9,272.6**

Deferred tax assets from loss carry forwards were capitalised insofar as they are likely to be set off against future tax profits.

26. Equity

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

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

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

27. Reserves

Capital reserves are mainly derived from capital increases and adjustments and from expired dividend claims in previous years. Reserves totalling €44,641,600 are allocated from the capital reserves. They may only be released to compensate for what would otherwise be a retained loss recognised in the financial statements of UBM AG, insofar as no unallocated reserves are available.

Other reserves include foreign currency translation differences, UBM AG profit reserves and profits of subsidiaries retained since acquisition, including the effects of adjusting the annual accounts of the consolidated companies based on the accounting policies applied in the consolidated financial statements. A retained profit for the year amounting to €3,325,600 can be distributed as dividends to the UBM AG shareholders. In addition, the unallocated UBM AG profit reserves amounting to €19,792,700 as at 31 December 2007 may be released during the following periods and paid out to UBM AG shareholders.

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

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

28. Provisions

in T€	Severance pay	Pensions	Anniversary bonuses	Other staff provisions	Buildings	Other	Total
As of 01.01.2006	916.1	1,173.7	40.7	1,315.7	8,535.2	7,403.2	19,384.6
Change in consolidation scope	−0.5	–	–	−0.4	–	381.6	380.7
Allocation	166.9	451.1	6.8	1,066.6	21.6	7,333.7	9,046.7
Use / release	235.6	–	–	706.1	2,249.3	12,124.6	15,315.6
As of 31.12.2006	**846.9**	**1,624.8**	**47.5**	**1,675.8**	**6,307.5**	**2,993.9**	**13,496.4**
of which long-term	846.9	1,624.8	47.5	–	–	–	2,519.2
of which short-term	–	–	–	1,675.8	6,307.5	2,993.9	10,977.2

in T€	Severance pay	Pensions	Anniversary bonuses	Other staff provisions	Buildings	Other	Total
As of 01.01.2007	846.9	1,624.8	47.5	1,675.8	6,307.5	2,993.9	13,496.4
Change in consolidation scope	–	–	–	5.0	41.6	0.5	47.1
Reorganisation	–	–	–	–	–	-2,926.7	-2,926.7
Allocation	164.1	40.6	8.4	1,944.1	1,000.8	4,906.8	8,064.8
Use / release	8.1	–	–	1,029.5	5,088.4	60.9	6,186.9
As of 31.12.2007	**1,002.9**	**1,665.4**	**55.9**	**2,595.4**	**2,261.5**	**4,913.6**	**12,494.7**
of which long-term	1,002.9	1,665.4	55.9	–	–	4,667.0	7,391.2
of which short-term	–	–	–	2,595.4	2,261.5	246.6	5,103.5

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

Other staff provisions comprise provisions for unused holiday entitlement and bonuses in particular. It is expected that the Group will use the provisions arising from these obligations, whereby the bonuses are paid during the following year and the utilisation of unused holidays may extend over a period of more than one year.

Provisions for buildings primarily concern outstanding purchase invoices. Other provisions are mainly provisions for anticipated losses and provisions for losses to be taken over from subsidiaries.

Pension schemes

Performance-based schemes

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

Severance pay provisions break down as follows:

in T€	2007	2006
Present value of severance pay liabilities (DBO) as at 01.01.	846.9	916.1
Service cost	70.9	70.9
Interest expense	38.5	38.5
Severance payments	–15.0	–235.6
Actuarial profits/losses	61.6	57.0
Present value of severance pay liabilities (DBO) as at 31.12.	**1,002.9**	**846.9**

Please refer to the explanations on accounting policies with regard to the actuarial assumptions used as the basis for the calculation. For the coming fiscal year we plan a service cost of €77,900 and an interest expense of €51,100.

The present value of severance obligations and actuarial profits or losses resulting from adjustments made on the basis of experience in the reporting year and the past four fiscal years is presented as follows:

in T€	2007	2006	2005	2004	2003
Present value of severance pay liabilities as at 31.12.	1,002.9	846.9	916.1	722.1	–
Empirical adjustments	61.6	57.0	–	–	–
Actuarial profits/losses	61.6	57.0	212.0	222.1	–

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

Pension provisions evolved as follows:

in T€	2007	2006
Present value of pension liabilities (DBO) as at 01.01.	1,624.8	1,173.7
Service cost	34.9	34.9
Interest expense	76.3	76.4
Pension payments	–	–
Actuarial profits/losses	–70.6	339.8
Present value of pension liabilities (DBO) as at 31.12.	**1,665.4**	**1,624.8**

Please refer to the explanations on accounting policies with regard to the actuarial assumptions used as the basis for the calculation. For the coming fiscal year we plan a service cost of €43,800 and an interest expense of €88,300.

The present value of pension obligations and actuarial profits or losses resulting from adjustments made on the basis of experience in the reporting year and the past four fiscal years is presented as follows:

in T€	2007	2006	2005	2004	2003
Present value of pension liabilities as at 31.12.	1,665.4	1,624.8	1,173.7	961.5	–
Empirical adjustments	–70.6	339.8	–	–	–
Actuarial profits/losses	–70.6	339.8	87.8	61.8	–

Until 31 December 2003 the severance and pension provisions were recorded by Allgemeine Baugesellschaft A. Porr AG and allocated to the company.

Contribution-based schemes

Employees whose employment is subject to Austrian law and who joined the company after 31 December 2002 shall not be entitled to severance pay from their employer. These employees have to pay contributions amounting to 1.53% of their wage or salary into an employee pension fund. In 2007 this resulted in expense totalling €20,900 (previous year: €12,300). For a Board member a sum of €12,200 (previous year: €9,100) was paid into a pension fund.

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

29. Bonds

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

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

The decision to issue the bond was made in April 2005. Since interest was in principle expected to rise, the interest rate was hedged for the term of the bond by means of a forward start swap. However, the interest rate developed contrary to these expectations. As a result a negative market value arose totalling €2.36 million on the conclusion of the forward start swap in June 2005 (due to the fixed net interest paid of 0.44%); this was recognised directly in equity and was reclassified to interest expense in accordance with the interest expense for the bond over its maturity. The fair value of the interest swap amounted to €-1.7 million as at 31.12.2007.

30. Financing liabilities

2007	Nominal amounts in T€	Carrying value in T€	Average effective interest rate in %
Liabilities to banks			
Variable interest	153,875.9	153,875.9	3,148 – 6.3
Liabilities to other lenders			
Fixed interest return	7,164.0	7,164.0	8.0
Variable interest	25,995.7	25,995.7	5.2
Liabilities to leasing companies			
Variable interest	10,234.4	7,176.8	4.82
Total	**197,270.0**	**194,212.5**	

2007	Total	Maturity			of which secured
in T€		< 1year	> 1 year < 5 years	> 5 years	
Liabilities to banks, variable interest	153,875.9	45,484.8	76,184.4	32,206.7	112,351.5
Liabilities to other lenders, variable interest	25,995.7	25,995.7	–	–	25,995.7
Liabilities to other lenders, fixed interest	7,164.0	–	7,164.0	–	–
Liabilities to leasing companies, variable interest	7,176.8	234.3	937.1	6,005.4	–
Total	**194,212.4**	**71,714.8**	**84,285.5**	**38,212.1**	**138,347.2**

2006	Total	Maturity			of which secured
in T€		< 1 year	> 1 year < 5 years	> 5 years	
Liabilities to banks, variable interest	118,979.7	58,029.1	41,212.3	19,738.3	51,589.3
Liabilities to other lenders, variable interest	26,000.0	26,000.0	–	–	26,000.0
Liabilities to other lenders, fixed interest	4,800.0	4,800.0	–	–	–
Liabilities to leasing companies, variable interest	7,408.1	236.9	1,050.9	6,120.3	–
Total	**157,187.8**	**89,066.0**	**42,263.2**	**25,858.6**	**77,589.3**

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

	2007			2006		
in T€	Nominal value	Discounted amount	Present value	Nominal value	Discounted amount	Present value
Due within 1 year	601.1	366.8	234.3	535.8	298.9	236.9
Due within 1-5 years	2,404.4	1,467.3	937.1	2,143.3	1,092.4	1,050.9
Due in more than 5 years	7,228.9	1,223.5	6,005.4	7,429.5	1,309.2	6,120.3
Total	**10,234.4**	**3,057.4**	**7,176.8**	**10,108.6**	**2,700.5**	**7,408.1**

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

Individual items of financial real estate are also held by means of financial leasing contracts. As of 31 December 2007 the average effective interest rate was 4.82% (previous year: 3.6%). Agreements concerning conditional rentalpayments have not been concluded; all leasing relationships are based on fixed rates.

31. Trade payables

in T€	2007	2006
Liabilities to third parties	23,576.2	13,242.6
Liabilities to joint ventures	869.2	14.0
Liabilities to non-consolidated subsidiaries	1,434.2	2,737.9
Liabilities to associated companies	476.9	322.1
Total	**26,356.5**	**16,316.6**

All liabilities fall due in the following year.

32. Tax liabilities

Tax liabilities on income are stated under tax liabilities.

33. Other liabilities

This row essentially includes property rights, accrued interest from the bond and liabilities from silent participations.

It also includes tax payable with the exception of taxes on income and profits, payables associated with social security and amounts owed to employees.

34. Contingent liabilities

Most contingent liabilities are related to credit guarantees and the undertaking of guarantees for associated companies. It is unlikely that claims will be made under these liabilities.

35. Other financial commitments

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital in UBX (Luxembourg) s.a.r.l. at its written request. UBX (Luxembourg) s.a.r.l is itself the sole shareholder of UBX (France) s.a.r.l, which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land belonging to the Euro Disney Park building in Paris. The purchase price corresponds to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2007, this liability totalled €42,004,600 (previous year: €42,860,000) which is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

36. Notes on segment reporting

Until the 2006 fiscal year, segment reporting was based on lines of business in accordance with the internal organisational structure of the UBM Group.

To provide more meaningful information it was decided in the past fiscal year to adopt a new segmentation based on geographical areas. There are now three segments: Austria, Western Europe and Central and Eastern Europe.

	Austria		Western Europe	
in T€	2007	2006	2007	2006
TOTAL GROUP OUTPUT	**96,125.4**	**51,733.0**	**34,185.7**	**24,420.0**
SEGMENT INCOME	**48,428.0**	**24,512.7**	**39,799.7**	**25,648.3**
Cost of materials	−18,965.3	−7,700.9	−30,671.2	−18,587.2
Personnel expenses	−7,490.0	−5,971.6	−1,218.2	−789.6
Depreciation	−73.3	−1,454.3	−106.2	−527.4
Other operating expenses	−2,198.8	−6,020.1	−7,021.7	−2,188.1
EBT (Earnings before interest and taxes)	**19,700.6**	**3,365.8**	**782.4**	**3,556.0**
Income from associated companies	28.2	−198.0	−63.5	0.0
Financial income	–	–	–	–
Financial expenditure	–	–	–	–
EBT (Earnings before tax)	–	–	–	–
Taxes on income	–	–	–	–
PROFIT BEFORE TAX	–	–	–	–
SEGMENT ASSETS 31.12.	**343,685.3**	**293,897.5**	**176,400.4**	**87,832.8**
SEGMENT DEBTS 31.12.	**229,868.9**	**203,333.7**	**177,368.2**	**84,135.1**
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND FINANCIAL REAL ESTATE	**16,342.1**	**21,742.1**	**65,884.8**	**19,628.7**
HEADCOUNT 31.12.	**74**	**64**	**13**	**11**

The exchange of goods and services between individual segments demonstrates the supply and service relationships between the business areas. They are offset at normal market prices. Expenses and income within the Group and interim profits are eliminated when providing data for the consolidated annual financial statements. During the transfer of segment assets and segment debts, internal receivables and liabilities are eliminated for the purposes of debt consolidation.

Central and Eastern Europe		Segment totals		Transfer		Group	
2007	2006	2007	2006	2007	2006	2007	2006
132,648.8	**109,561.0**	**262,959.9**	**185,714.0**	**–**	**–**	**262,959.9**	**185,714.0**
68,385.5	**78,015.5**	**156,613.2**	**128,176.5**	**−8,837.0**	**−4,614.0**	**147,776.2**	**123,562.5**
−40,086.9	−48,844.7	−89,723.4	−75,132.8	8,739.1	5,150.2	−80,984.3	−69,982.6
−3,865.4	−2,894.8	−12,573.6	−9,656.0	–	–	−12,573.6	−9,656.0
−2,194.6	−1,844.4	−2,374.1	−3,826.1	–	1,836.0	−2,374.1	−1,990.1
−10,512.8	−10,396.2	−19,733.3	−18,604.4	41.3	−4,754.3	−19,692.0	−23,358.7
11,725.8	**14,035.4**	**32,208.8**	**20,957.2**	**−56.6**	**−2,382.1**	**32,152.2**	**18,575.1**
−1,481.5	−5,300.0	−1,516.8	5,498.0	0.0	0.0	−1,516.8	−5,498.0
–	–	–	–	–	–	8,637.7	12,882.6
–	–	–	–	–	–	−22,644.2	−14,717.4
–	–	–	–	–	–	**16,628.9**	**11,242.3**
–	–	–	–	–	–	−4.579.7	−2,672.7
–	–	–	–	–	–	**12,049.2**	**8,569.6**
117,846.3	**202,743.3**	**637,932.0**	**584,473.6**	**−159,985.9**	**−146,183.4**	**477,946.1**	**438,290.2**
110,369.3	**184,144.9**	**517,606.4**	**471,613.7**	**−148,140.4**	**−135,354.9**	**369,466.0**	**336,258.8**
10,729.2	**55,975.3**	**92,956.1**	**97,346.1**	–	–	**92,956.1**	**97,346.1**
167	**169**	**254**	**244**	–	–	**254**	**244**

The secondary segment information below relates to the specific business areas in which the Group operates.

	Non-Group sales by customer domicile	
in T€	2007	2006
Project development and construction	208,023.8	148,150.0
Hotel operation	29,906.7	18,892.0
Leasing and administration of real estate	16,153.9	14,075.0
Facility management	8,875.5	4,597.0
Total	**262,959.9**	**185,714.0**

37. Notes to cash flow statement

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

Interest and dividends received, and also interest paid, are included in the cash flow from operating activities. By contrast, dividends paid are stated in the cash flow from financing activities.

38. Notes to financial instruments

Objectives and methods of risk management with respect to financial risks

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

Interest risk

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

Bond	3.9 %
Liabilities to banks	3.2 – 6.3 %
Liabilities to other lenders	5.2 – 8.0 %
Leasing	4.8 %

The fair values of the fixed-income bond and other fixed-income financial liabilities are subject to fluctuations based on trends in market interest rates.

Changes to the market interest rate affect the level of interest payable on financial liabilities subject to variable interest rates. A 1% change in the market interest rate would bring about a change of around €1,870,100 (previous year: €1,523,900) in the net interest expense.

Credit risk

The risk associated with receivables from customers can be classed as low in view of the broad diversification and continuous credit rating procedure.

The default risk associated with other original financial instruments carried as assets can also be described as low, since our contracting partners are financial institutions and other debtors with high credit ratings. The carrying value of financial assets represents the maximum default risk. If default risks are identified in relation to financial assets, value adjustments are recorded. There is no concentration of risk due to high outstanding amounts owed by individual debtors.

Currency fluctuation risk

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

Liquidity risk

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

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

Other price risks

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

			Measurement under IAS 39			
	Measurement category under IAS 39	Carrying value 31.12.2006	(Amortised) costs	Fair Value resulting in neither profit nor loss	Fair Value affecting net income	Fair Value on 31.12.2006
ASSETS						
Loans variable interest	LaR	14,981.1	14,981.1			14,981.1
Other financial assets	LaR	2,906.9	2,906.9			2,594.4
Other financial assets	AfS (at cost)	7,784.5	7,784.5			
Trade receivables	LaR	50,687.5	50,687.5			50,687.5
Other assets	LaR	6,601.8	6,601.8			6,601.8
Liquid assets	LaR	14,212.2	14,212.2			14,212.2
EQUITY AND LIABILITIES						
Bonds fixed-income	FLAC	100,000.0	100,000.0			94,900.0
Liabilities to banks variable income	FLAC	118,979.7	118,979.7			118,979.7
Trade liabilities	FLAC	16,316.6	16,316.6			16,316.6
Other liabilities, fixed-income variable income	 FLAC FLAC	 4,800.0 44,304.2	 4.800.0 44,304.2			 5,082.4 44,304.2
BY CATEGORY						
Loans and Receivables	LaR	89,389.5	89,389.5			89,077.0
Available-for-Sale Financial Assets	AfS (at cost)	7,784.5	7,784.5			
Financial Liabilities Measured at Amortised Cost	FLAC	284,400.5	284,400.5			284,682.9

			Measurement under IAS 39			
	Measurement category under IAS 39	Carrying value 31.12.2007	(Amortised) costs	Fair Value resulting in neither profit nor loss	Fair Value affecting net income	Fair value on 31.12.2007
ASSETS						
Loans variable interest	LaR	13,786.7	13,786.7			13,786.7
Other financial assets	LaR	2,906.9	2,906.9			2,460.7
Other financial assets	AfS (at cost)	10,258.5	10,258.5			
Trade receivables	LaR	64,502.2	64,502.2			64,502.2
Other assets	LaR	4,762.2	4,762.2			4,762.2
Liquid assets	LaR	18,325.2	18,325.2			18,325.2
EQUITY AND LIABILITIES						
Bonds fixed-income	FLAC	100,000.0	100,000.0			94,410.0
Liabilities to banks variable interest	FLAC	153,875.9	153,875.9			153,875.9
Trade liabilities	FLAC	26,356.5	26,356.5			26,356.5
Other liabilities, fixed-income variable income	FLAC FLAC	7,164.0 41,735.6	7,164.0 41,735.6			7,285.4 41,735.6
BY CATEGORY						
Loans and Receivables	LaR	104,283.2	104,283.2			103,837.0
Available-for-Sale Financial Assets	AfS (at cost)	10,258.5	10,258.5			
Financial Liabilities Measured at Amortised Cost	FLAC	329,132.0	329,132.0			329,253.4

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

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

The fair value measurement for the bond ensues based on market data from REUTERS. Credit liabilities and other financial assets were measured using the discounted cash flow method, whereby the zero coupon yield curve published by REUTERS on 31.12.2007 was used to discount the cash flows.

Net results by measurement category

in T€	from interest	from dividends	Fair Value	Value adjustment	from disposals	Net result 2007	Net result 2006
		from subsequent measurement					
Loans and Receivables (LaR)	2,484.5	–	–	(6,511.0)	–	(4,026.5)	(4,652.8)
Available-for-Sale Financial Assets (AfS)	–	1,994.0	–	–	(15.0)	1,979.0	4,304.0
Financial Liabilities Measured at Amortised Cost (FLAC)	(11,687.6)	–	–	–	–	(11,687.6)	(6,038.9)
Total	**(9,203.1)**	**1,994.0**	**–**	**(6,511.0)**	**(15.0)**	**(13,735.1)**	**(6,387.7)**

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

in T€	2007	2006
Accumulated impairment		
Loans and	14,711.0	8,200.0
Receivables	0	0

39. Average headcount

Salaried staff and wage earners	2007	2006
Austria	74	64
Abroad	180	180
Total staff	**254**	**244**

40. Business connections with related companies and individuals

Transactions between consolidated Group companies are eliminated during consolidation and are not the subject of further explanation. Transactions between companies in the Group and their associated firms principally comprise the extension of loans for the acquisition of financial real estate as well as related interest settlements. There is also an unlimited lease contract between UBM AG and a Board member for a house under arm's length conditions.

Services to/from related companies or individuals

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

The transactions in the fiscal year between companies of the UBM Group included in the consolidated financial statements and companies of the Porr Group are largely connected to construction services. The year-end receivables and liabilities derived from these transactions are not significant.

41. Events After the Balance Sheet Date

In March 2008 the company moved its headquarters from Absberggasse 47 in Vienna's 10th district to Floridsdorfer Hauptstraße 1 in Vienna's 21st district.

There were no significant events after the balance sheet date.

42. Statutory bodies of the company

Managing Board members
Karl Bier, Chairman
Peter Maitz
Heribert Smolé

The remuneration of the Board in 2007 totalled €1,013,448.19 (2006: €929,670.86).

Supervisory Board Members
Dr. Siegfried Sellitsch, Chairman
Horst Pöchhacker, Deputy Chairman
Dr. Bruno Ettenauer (from 11.04.2007)
Wolfhard Fromwald (from 11.04.2007)
Thomas Jakoubek (until 11.04.2007)
Dr. Walter Lederer
Dr. Erlefried Olearczick (until 11.04.2007)
Iris Ortner-Winischhofer
Dr. Johannes Pepelnik
Dr. Peter Weber

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

	2007	2006
Remuneration of Managing Board		
Short-term payments (annual)	1,013.4	929.7
Payments due after end of Managing Board member contracts (pension)	52.9	445.0
Other long-term payments (severance)	35.0	45.1
Total	**1,101.3**	**1,419.8**
Payments to Supervisory Board	**64.4**	**54.9**

Vienna, 10 March 2008

The Managing Board

Mag. Karl Bier

DI Peter Maitz

Heribert Smolé

Equity investments

Company	Country code	UBM AG share-holding %	UBM Group share-holding	Type of consoli-dation	Cur-rency	Nominal share capital
RELATED COMPANIES						
Related corporations						
"Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	90.00	90.00	F	EUR	36,336.42
"UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	100.00	100.00	F	EUR	36,336.42
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AUT	100.00	100.00	F	EUR	36,336.42
Hessenplatz Hotel- und Immobilienentwicklung GmbH	AUT	100.00	100.00	F	EUR	36,336.42
Logistikpark Ailecgasse GmbH	AUT	99.80	100.00	F	EUR	36,336.41
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	90.00	90.00	F	EUR	36,336.42
Rudolf u. Walter Schweder Gesellschaft m.b.H.	AUT	90.00	90.00	F	EUR	36,336.42
UBM Seevillen Errichtungs-GmbH	AUT	100.00	100.00	N	EUR	0.00
UML Liegenschaftsverwertungs- und Beteiligungs-GmbH	AUT	100.00	100.00	N	EUR	0.00
UBM BULGARIA EOOD	BGR	100.00	100.00	F	BGN	20,000.00
UBM Swiss Realitätenentwicklung GmbH	CHE	100.00	100.00	F	CHF	20,000.00
ANDOVIEV INVESTMENTS LIMITED	CYP	100.00	100.00	N	EUR	0.00
DICTYSATE INVESTMENTS LIMITED	CYP	100.00	100.00	F	CYP	101,000.00
AC Offices Klicperova s.r.o.	CZE	20.00	100.00	F	CZK	200,000.00
Andel City s.r.o.	CZE	0.00	100.00	F	CZK	88,866,000.00
BRINKLOW s.r.o.	CZE	100.00	100.00	N	CZK	0.00
FMB - Facility Management Bohemia, s.r.o.	CZE	100.00	100.00	F	CZK	100,000.00
Immo Future 6 - Crossing Point Smichov s.r.o.	CZE	20.00	100.00	F	CZK	24,000,000.00
UBM – Bohemia 2 s.r.o.	CZE	100.00	100.00	F	CZK	200,000.00
UBM Klánovice s.r.o.	CZE	100.00	100.00	F	CZK	200,000.00
UBM-Bohemia Projectdevelopment-Planning-Construction, s.r.o.	CZE	100.00	100.00	F	CZK	8,142,000.00
UBX Praha 2 s.r.o.	CZE	100.00	100.00	F	CZK	200,000.00
Blitz 01-815 GmbH	DEU	100.00	100.00	F	EUR	25,000.00
City Objekte München GmbH	DEU	0.00	75.20	F	EUR	25,000.00
CM 00 Vermögensverwaltung 387 GmbH	DEU	100.00	100.00	N	EUR	0.00
CM 00 Vermögensverwaltung 389 GmbH	DEU	100.00	100.00	N	EUR	0.00
CM 00 Vermögensverwaltung 510 GmbH	DEU	100.00	100.00	F	EUR	25,000.00
CM 00 Vermögensverwaltung 511 GmbH	DEU	100.00	100.00	F	EUR	25,000.00
CM 00 Vermögensverwaltung 512 GmbH	DEU	100.00	100.00	F	EUR	25,000.00
MG Projekt-Sendling GmbH	DEU	0.00	94.00	F	EUR	25,000.00
Münchner Grund Beratungsgesellschaft mbH	DEU	0.00	94.00	N	EUR	0.00
Münchner Grund Dritte Verwaltungs GmbH	DEU	0.00	94.00	N	EUR	0.00
Münchner Grund Immobilien Bauträger Aktiengesellschaft	DEU	94.00	94.00	F	EUR	716,800.00
Münchner Grund Management GmbH	DEU	0.00	73.27	N	EUR	0.00
Münchner Grund Riem GmbH	DEU	0.00	60.16	N	EUR	0.00
Münchner Grund Verwaltungs GmbH	DEU	0.00	94.00	N	EUR	0.00
Münchner Grund Zweite Verwaltungs GmbH	DEU	0.00	94.00	N	EUR	0.00
Stadtgrund Bauträger GmbH	DEU	100.00	100.00	N	EUR	0.00
UBM Leuchtenbergring GmbH	DEU	100.00	100.00	F	EUR	25,000.00
UBM d.o.o. za poslovanje nekretninama	HRV	100.00	100.00	F	HRV	20,000.00
FMH Ingatlanmanagement Kft.	HUN	100.00	100.00	F	HUF	3,000,000.00
UBM Projektmanagement Korlátolt Felegösségü Társaság	HUN	100.00	100.00	N	HUF	0.00

Company	Country code	UBM AG share-holding %	UBM Group share-holding	Type of consoli-dation	Cur-rency	Nominal share capital
"FMP Planning and Facility Management Poland" Sp. z o.o.	POL	100.00	100.00	F	PLN	150,000.00
"UBM Polska" Spólka z ograniczona odpowiedzialnoscia	POL	100.00	100.00	F	PLN	50,000.00
"UBM Residence Park Zakopianka" Spólka z ograniczona odpowiedzialnoscia	POL	100.00	100.00	F	PLN	50,000.00
Home Center Wroclaw Spólka z ograniczona odpowiedzialnoscia	POL	100.00	100.00	N	PLN	0.00
Philharmonie Office Center Spólka z ograniczona odpowiedzialnoscia	POL	0.00	100.00	F	PLN	7,326,000.00
UBM GREEN DEVELOPMENT Spólka z ograniczona odpowiedzialnoscia	POL	0.00	100.00	F	PLN	156,000.00
UBM Development s.r.l.	ROM	100.00	100.00	F	RON	175,000.00
FMS Facility Management Slovakia s.r.o.	SVK	100.00	100.00	N	SKK	0.00
Ruzinov Real s.r.o.	SVK	100.00	100.00	F	SKK	200,000.00
Tovarystvo z obmezhenoju vidpovidalnistu „UBM Ukraine"	UKR	100.00	100.00	N	UAH	0.00
Related partnerships						
UBM Realitätenentwicklung Aktiengesellschaft & Co. Muthgasse Liegenschaftsverwertung OHG.	AUT	100.00	100.00	N	EUR	0.00
CM 00 Vermögensverwaltung 389 Brehmstraße GmbH & Co. KG.	DEU	0.00	100.00	F	EUR	51,129.97
CM Komplementär 06-338 GmbH & Co. KG	DEU	0.00	94.00	F	EUR	500.00
COM Destouchesstraße GmbH & Co. KG	DEU	0.00	84.60	F	EUR	500.00
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DEU	0.00	60.16	F	EUR	50,000.00
MG Grundbesitz Objekt Gleisdreieck Pasing GmbH & Co. KG	DEU	0.00	94.00	F	EUR	10,000.00
ASSOCIATED COMPANIES						
Associated corporations						
"Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs-Aktiengesellschaft	AUT	20.00	20.00	I	EUR	726,728.34
"Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft	AUT	33.33	33.33	I	EUR	87,207.40
FMA Gebäudemanagement GmbH	AUT	50.00	50.00	I	EUR	36,336.42
Ropa Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	50.00	50.00	I	EUR	36,336.42
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AUT	26.67	26.67	I	EUR	74,126.29
UBX Plzen s.r.o.	CZE	50.00	50.00	I	CZK	200,000.00
UBX 1 Objekt Berlin GmbH	DEU	0.00	50.00	I	EUR	25,000.00
UBX Development (France) s.a.r.l.	FRA	50.00	50.00	I	EUR	50,000.00
"GF Ramba" Spólka z ograniczona odpowiedzialnoscia	POL	0.00	50.00	I	PLN	138,800.00
"POLECZKI BUSINESS PARK" Spólka z ograniczona odpowiedzialnoscia	POL	0.00	50.00	I	PLN	3,936,000.00
"SOF DEBNIKI DEVELOPMENT" Spólka z ograniczona odpowiedzialnoscia	POL	0.00	50.00	I	PLN	50,000.00
"UBM Hotel Gdansk" Spólka z ograniczona odpowiedzialnoscia	POL	0.00	50.00	I	PLN	50,000.00
Sienna Hotel Sp. z o.o.	POL	33.33	50.00	I	PLN	81,930,000.00
M Logistic Distribution S.R.L.	ROM	50.00	50.00	I	RON	11,376,000.00
AC Offices Plzenská s.r.o.	CZE	10.00	33.00	N	CZK	0.00

Company	Country code	UBM AG share-holding %	UBM Group share-holding	Type of consoli-dation	Cur-rency	Nominal share capital
Senec Real, s.r.o.	SVK	33.00	33.00	I	SKK	3,000,000.00
Associated partnerships						
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DEU	0.00	48.51	I	EUR	100,000.00
OTHER COMPANIES						
Other corporations						
"hospitals" Projektentwicklungsges.m.b.H.	AUT	21.78	21.78	N	EUR	0.00
BMU Beta Liegenschaftsverwertung GmbH	AUT	50.00	50.00	N	EUR	0.00
FMA alpha Gebäudemanagement & -services GmbH	AUT	0.00	50.00	N	EUR	0.00
hospitals Projektentwicklungsges.m.b.H.	AUT	25.00	25.00	N	EUR	0.00
IMMORENT-KRABA Grundverwertungsgesellschaft m.b.H.	AUT	10.00	10.00	N	EUR	0.00
REHAMED Beteiligungsges.m.b.H.	AUT	0.00	10.89	N	EUR	0.00
REHAMED-Rehabilitationszentrum für Lungen- und Stoffwechselerkrankungen Bad Gleichenberg Gesellschaft m.b.H.	AUT	0.00	8.06	N	EUR	0.00
Seprocon GmbH	AUT	0.00	24.50	N	EUR	0.00
St.-Peter-Straße 14-16 Liegenschaftsverwertung Ges.m.b.H.	AUT	50.00	50.00	N	EUR	0.00
VBV delta Anlagen Vermietung Gesellschaft m.b.H.	AUT	0.00	20.00	N	EUR	0.00
Zenit Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	50.00	50.00	N	EUR	0.00
ZMI Holding GmbH	AUT	48.33	48.33	N	EUR	0.00
"S1" Hotelerrichtungs AG	CHE	11.23	11.23	N	CHF	0.00
H - Logistics, s.r.o.	CZE	0.00	33.00	N	CZK	0.00
UBX 3 s.r.o.	CZE	50.00	50.00	N	CZK	0.00
Bayernfonds Immobilienentwicklungsgesellschaft Wohnen plus GmbH	DEU	0.00	30.24	N	EUR	0.00
BF Services GmbH	DEU	0.00	46.53	N	EUR	0.00
Bürohaus Leuchtenbergring Verwaltungs GmbH	DEU	0.00	48.51	N	EUR	0.00
REAL I.S. Project GmbH	DEU	0.00	46.53	N	EUR	0.00
UBX 2 Objekt Berlin GmbH	DEU	50.00	50.00	N	EUR	0.00
UBX Objekt Ingoldstadt GmbH	DEU	50.00	50.00	N	EUR	0.00
ASSET PARIS II s.à.r.l.	FRA	0.00	50.00	N	EUR	0.00
HOTEL PARIS II s.à.r.l.	FRA	50.00	50.00	N	EUR	0.00
UBX II (France) s.à.r.l.	FRA	0.00	50.00	N	EUR	0.00
Váci utca Center Üzletközpont Kft.	HUN	50.00	50.00	N	HUF	0.00
ASSET Paris II (Luxembourg) S.à.r.l.	LUX	50.00	50.00	N	EUR	0.00
Hotelinvestments (Luxembourg) S.à r.l.	LUX	50.00	50.00	N	EUR	0.00
"Hotel Akademia" Sp. z o.o.	POL	0.00	33.00	N	PLN	0.00
"UBX Katowice" Spólka z ograniczona odpowiedzialnoscia	POL	0.00	50.00	N	PLN	0.00
"UBX Krakow" Spólka z ograniczona odpowiedzialnoscia	POL	0.00	50.00	N	PLN	0.00
"XCANTI" Spólka z ograniczona odpowiedzialnoscia	POL	0.00	50.00	N	PLN	0.00
Hotel Real Estate Sp. z o.o.	POL	0.00	33.00	N	PLN	0.00
Other partnerships						
Porr Projekt v.o.s.	CZE	45.00	45.00	N	CZK	0.00
Bürohaus Leuchtenbergring GmbH & Co. KG	DEU	0.00	48.02	N	EUR	0.00

Auditor's Report

"We have audited the consolidated financial statements of

UBM Realitätenentwicklung Aktiengesellschaft,

Vienna,for the fiscal year from 01.01.2007 to 31.12.2007. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated cash flow statement and a statement of changes in consolidated equity for the year ended 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Responsibility of the auditor

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether intentional or accidental. In making these risk assessments, the auditor considers the internal control system, provided such is relevant for the preparation of consolidated financial statements and the true and fair presentation of the financial position of the Group and the results of its operations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 gave rise to no objections. In our opinion, based on the results of our audit the consolidated financial statements have been prepared pursuant to applicable regulations and present a true and fair view of the financial position of the Group as of 31 December 2007, and the financial performance and the cash flows of the Group for the fiscal year from 1 January 2007 to 31 December 2007 in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU.

Report on Consolidated Business Report

The consolidated business report must be audited based on applicable regulations in Austria to ensure it is consistent with the consolidated financial statements and that other information in the consolidated business report do not give a false impression of the position of the Group. In our opinion the consolidated business report is consistent with the annual financial statements."

Vienna, 10 March 2008

B D O Auxilia Treuhand GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Hans Peter Hoffmann
Auditor

ppa Mag. Christoph Wimmer
Auditor

Report of the Supervisory Board
on the 2007 annual financial statements

The 2007 fiscal year was a very successful year for UBM Realitätenentwicklung Aktiengesellschaft. The purchase of real estate in Austria, the Czech Republic and Poland as well as our activities in the home markets have enabled UBM Realitätenentwicklung Aktiengesellschaft to raise its annual construction output to the highest level in the history of the company.

Annual net profit also shows a marked improvement compared to the previous year and highlights the continuation of earnings growth. In 2008 the goal of UBM Realitätenentwicklung Aktiengesellschaft is to pursue this growth strategy at the same high level, despite the difficult market conditions.

The Supervisory Board has actively accompanied and supported the development of the company with its tasks and duties. The Managing Board regularly informed the Supervisory Board with up-to-date and comprehensive verbal and written reports on the business and financial position of the Group and its participations, on personnel and planning issues, as well as on investment and acquisition plans, and discussed strategy, business development and risk management with the Supervisory Board. The Supervisory Board passed the required resolutions in four meetings. For business subject to approval under Article 95 (5) of the Stock Corporation Act and business regulations the necessary approvals were obtained for the Managing Board; in urgent cases, in the form of written votes. The average attendance at meetings of the Supervisory Board was 94%. On 19 March 2007 there was a meeting of the Audit Committee to review and prepare the final acceptance of the 2006 annual financial statements, with the involvement of the auditor.

Thomas Jakoubek and Dr. Erlefried Olearczick, members of the Supervisory Board since 2004, gave up their mandates as of 11 April 2007. The 126th annual general meeting held on 11 April 2007 appointed Dr. Bruno Ettenauer and Wolfhard Fromwald to the Supervisory Board of the company. The Supervisory Board hereby thanks Thomas Jakoubek and Dr. Erlefried Olearczick for their constructive cooperation in this body.

The Annual Financial Statements as of 31 December 2007 of UBM Realitätenentwicklung Aktiengesellschaft including all appendices and the Business Report as well as the Consolidated Financial Statements compiled under the International Financial Reporting Standards (IFRS) as of 31 December 2007 and the Consolidated Business Report were audited by BDO-Auxilia Treuhand GmbH, Vienna. Based on the accounting records and documents of the company as well as the statements and evidence provided by the Managing Board, the audit revealed that the accounting procedures as well as the annual and consolidated financial statements comply with legal regulations and there was no cause for objections. The (consolidated) business report is consistent with the annual and consolidated financial statements. The audit firm mentioned above therefore expressed an unqualified auditor's opinion on the annual and consolidated financial statements.

All financial statement documentation, the proposal of the Managing Board on the appropriation of profits and the audit reports of the auditor were discussed in detail with the auditor on 27 March 2008 in the Audit Committee and presented to the Supervisory Board. After intensive discussion and reviewing the Audit Committee and the Supervisory Board accepted the annual financial statements as of 31 December 2007 and the (consolidated) business report. The annual financial statements as of 31 December 2007 are thus approved. The Audit Committee and the Supervisory Board also accepted the 2007 consolidated financial statements compiled under IFRS and the consolidated business report. The Supervisory Board endorses the proposal of the Managing Board for the appropriation of profits.

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

Vienna, March 2008

Komm.-Rat Dkfm. Dr. Siegfried Sellitsch
Chairman of the Supervisory Board

Appropriation of profits

The 2007 fiscal year closed for UBM Realitätenentwicklung Aktiengesellschaft with a retained profit of €3,325,584.44.

The Managing Board proposes a dividend of €1.10 per share, which with 3,000,000 shares totals €3,300,000, while the remainder of the profits totalling €25,584.44 should be carried forward to the new account.

Upon agreement from the general meeting of shareholders on this proposal for the appropriation of profits, the pay-out of a dividend of €1.10 per share shall ensue subject to tax law regulations from 23 April 2008 through the custodian bank. The main paying agent is Bank Austria Creditanstalt AG.

Glossary

ARGE	Joint ventures of several companies for the collective implementation of construction 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 the 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 sales revenues of non-consolidated participations.
P/E	Price earnings ratio, share price in relation to earnings per share
Market capitalisation	Stock market value, share price x number of shares issued
Sustainability	Sustainability is economic development based on ecological criteria
Pay-out Ratio	Distribution ratio, dividend per share divided by earnings per share, in %
Total Shareholder's Return	Dividend yield plus share price increase
WBI	Vienna Stock Exchange Index