

## **REPORT**

**of the Management Board and the Supervisory Board**

**UBM Development AG**

**("Company")**

**pursuant to Section 159 (2) no 3 of the Stock Corporation Act ("AktG")**

**on the resolution on the prolongation and extension of the Longterm-Incentive-Programme 2017 including the adjustment of the conditions of the plan 2017 (*Planbedingungen 2017*)**

**und**

**on the resolution on a capital increase pursuant to Section 159 (3) AktG  
(authorised conditional capital)**

**on agenda item 7.**

The Management Board and the Supervisory Board of UBM Development AG ("**UBM**" or the "**Company**") intend to prolong and extend the Longterm-Incentive-Programme 2017 ("**LTIP**") including the adjustment of the conditions of the plan 2017 (*Planbedingungen*; "**Plan Conditions**"), whereby the previous authorised conditional capital is to be revoked and new authorised conditional capital is to be resolved in order to continue to execute stock options under the LTIP.

As with the initial resolution on the LTIP in 2017, in view of Rule 28 of the Austrian Code of Corporate Governance (*Österreichischer Corporate Governance Kodex*; "**ÖCGK**"), a resolution by the Annual General Meeting is also being sought for the prolongation and extension of the LTIP because the LTIP also provides for the granting of stock options to members of the Management Board of UBM. The Management Board and the Supervisory Board have therefore proposed to the Annual General Meeting on agenda item 8. the resolution on the prolongation and extension of the Longterm-Incentive-Programme 2017 including the adjustment of the Plan Conditions 2017.

In addition, the Management Board and the Supervisory Board have proposed to the Annual General Meeting the resolution to agenda item 7. on the revocation of the existing authorisation of the Management Board and on the simultaneous granting of a new authorisation of the Management Board, with the approval of the Supervisory Board, to conditionally increase the share capital of the Company, even in several tranches, by up to EUR 1,678,920.00 for the purpose of executing stock options in the context of the prolongation and extension of the Longterm-Incentive-Programme 2017 to be resolved at this Annual General Meeting (including adjustments of Plan Conditions 2017) to employees, officers and members of the Management Board of the Company and its affiliates (authorised conditional capital). The Management Board and the Supervisory Board intend for this reason, to submit the following resolution proposal to the Annual General Meeting of the Company regarding item 7. of the agenda:

- a)** The authorisation of the Management Board pursuant to Section 159 (3) AktG to conditionally increase the share capital, with the approval of the Supervisory Board, by up to EUR 1,678,920.00 by issuing up to 559,640 new no-par value bearer shares by 11 August 2022, also in several tranches, for the purpose of executing stock options under the Longterm-Incentive-Programme 2017 to employees, officers and members of the Management

Board of the Company and its affiliates, as currently provided for in Article 4 (6) of the articles of association, is revoked.

At the same time, the Management Board is authorised pursuant to Section 159 (3) AktG, with the approval of the Supervisory Board, within five years from registration with the companies register of the authorisation resolved at the Annual General Meeting on 27 May 2021 to conditionally increase the share capital of the Company, also in several tranches, by up to EUR 1,678,920.00 by issuing up to 559,640 new, no-par value bearer shares for the purpose of executing stock options in the context of the prolongation and extension of the Longterm-Incentive-Programme 2017 to be resolved at this Annual General Meeting (including adjustments of the Plan Conditions 2017) to employees, officers and members of the Management Board of the Company and its affiliates. The issue price of the shares shall be the unweighted average of the closing prices of the UBM share (ISIN AT0000815402) on the Vienna Stock Exchange in the period from 24 May 2017 (inclusive) to 21 June 2017 (inclusive). The Supervisory Board is authorised to adopt amendments to the articles of association that ensue as a result of the implementation of the conditional capital increase.

and

**b)** The corresponding amendment of the articles of association in Article 4 (Share Capital) by revoking the current wording of paragraph (6) and inserting a new paragraph (6) so that it reads as follows:

*"(6) The Management Board pursuant to Section 159 para 3 (section one hundred fifty nine paragraph three) Stock Corporation Act is authorised, within five years from registration with the companies register of the authorisation resolved at the Annual General Meeting on 27 May 2021 to conditionally increase the share capital of the Company pursuant to Section 159 para 2 no 3 (section one hundred fifty nine paragraph two number three) Stock Corporation, also in several tranches, by up to EUR 1,678,920.00 (Euro one million six hundred seventy eight thousand nine hundred twenty) by issuing up to 559,640 (five hundred fifty nine thousand six hundred forty) new, no-par value bearer shares for the purpose of executing stock options in the context of the prolongation and extension of the Longterm-Incentive-Programme 2017 to be resolved at this Annual General Meeting (including adjustments of the conditions of the plan 2017) to employees, officers and members of the Management Board of the Company and its affiliates. The issue price of the shares shall be the unweighted average of the closing prices of the UBM share (ISIN AT0000815402) on the Vienna Stock Exchange in the period from 24 May 2017 (inclusive) to 21 June 2017 (inclusive). The Supervisory Board is authorised to adopt amendments to the articles of association that ensue as a result of the implementation of the authorised conditional capital increase."*

The described preferred issue of shares under the prolonged and extended LTIP to members of the Management Board of the Company and other officers determined by the Management Board of UBM Group who shall receive an offer from the Company for the participation in the LTIP constitutes a sufficient reason for the exclusion of the subscription right pursuant to Section 153 (5) AktG.

The Management Board and the Supervisory Board submit the following report on the resolution on the prolongation and extension of the LTIP including the adjustment of the Plan Conditions 2017 as well as on the resolution on the new authorisation for the conditional increase of the share capital of the Company pursuant to Section 159 (3) AktG (report pursuant to Section 159 (2) no 3 AktG on an authorised conditional capital).

## 1. PROLONGATION AND EXTENSION OF THE LTIP

The Annual General Meeting resolves on the prolongation and extension of the LTIP including the adjustment of the Plan Conditions 2017.

## 2. PRINCIPLES AND INCENTIVES OF THE PROLONGED LTIP

The Company pursues a business strategy that aims at the sustainable development and long-term increase of the Company's value. For this reason, the Company launched the LTIP in 2017. The extension of the LTIP supporting this objective intends to ensure the continued and ongoing loyalty of the members of the Management Board of the Company and other executives (officers and senior employees) of the Company and its direct and indirect subsidiaries ("**UBM Group**") to the UBM Group, the long-term promotion of their motivation and identification with the goals of the UBM Group and the increase of the attractiveness of the UBM Group as an employer. The aim is to offer the members of the Management Board and selected executives of the UBM Group the opportunity to participate in the positive economic development of the UBM Group through the continued or first-time participation in the LTIP and in this way to provide a special performance incentive that goes beyond the existing performance-oriented, variable remuneration components. In addition, the prolongation of the LTIP is intended to further advance the ongoing development of aligning the interests of the executives of the UBM Group with those of the shareholders. International investors also expect that key employees and management participate in the success of the Company which is why employee participation strengthens UBM's positioning on the capital market and thus improves its ability to finance itself via the capital market. The LTIP, and its prolongation and extension to be resolved, is therefore a necessary and objectively justified means of achieving the purposes outlined. Finally, it also seems appropriate to prolong and extend the existing LTIP due to the distortions in the capital market caused by the COVID-19 pandemic in 2020.

The members of the Management Board of the Company and those officers of UBM Group as determined by the Management Board of the Company who have received an offer for participation in the LTIP are entitled to participate in the programme ("**Entitled Individuals**"); at the moment, these are about 15 individuals. Members of the Supervisory Board are still not to be beneficiaries of this LTIP. Furthermore, the Management Board of the Company is entitled to offer to further officers the participation in the LTIP, however, only up to reaching the maximum volume of 559,640 stock options. In case of a change or an enlargement of the Management Board, the Supervisory Board shall be entitled to offer new members of the Management Board the participation in the LTIP (together with the officers mentioned in the previous sentence the "**Additional Entitled Individuals**"), however, in aggregate again limited to the maximum number of 559,640 stock options. In the event of multiple participations in the LTIP by Entitled Individuals, but within the meaning of the Plan Conditions again only up to the maximum number of stock options provided for and taking into account the maximum number of Investment Shares defined in each case, the determination authorisations of the Supervisory Board and the Management Board for Additional Entitled Individuals in accordance with the Plan Conditions shall apply mutatis mutandis.

To the extent not otherwise determined in the Plan Conditions of the LTIP, the provisions for the Entitled Individuals shall also apply to the Additional Entitled Individuals. The participation in the LTIP is voluntary.

### 3. ADJUSTMENT OF THE PLAN CONDITIONS 2017

The Plan Conditions 2017 for the LTIP continue to apply unchanged, but with the following changes necessary for the prolongation and extension of the LTIP:

3.1 Amendment of the second paragraph of the preamble to read as follows:

*„Under the LTIP, stock options are to be granted to certain persons, which may be exercised by them after a period of three (3), four (4), five (5) or six (6) years provided that specific participation requirements are met.“*

3.2 Clause 1.3 of the Plan Conditions is supplemented by the following sentence at the end of the provision:

*„[...] In the event of multiple participations in the LTIP by Entitled Individuals, but again only up to the maximum number of stock options provided for in clause 4.1 and taking into account the maximum number of Investment Shares defined in each case, the determination authorisations of the Supervisory Board and the Management Board for Additional Entitled Individuals in accordance with these conditions of the plan shall apply mutatis mutandis, in particular for the cut-off dates set out in clauses 2.4, 2.5, 3.1 and 6.2.“*

3.3 Clause 6. of the Plan Conditions is amended to include the following paragraphs 6.4.3 and 6.4.4 as follows:

*"6.4.3 in the exercise period from 1 September 2022 to 26 October 2022 ("**Exercise Period 3**") if (i) the unweighted average closing prices of the share of the Company is at least EUR 40.00 in the period from 2 September 2021 (inclusive) to 31 August 2022 (inclusive) during at least five-teen (15) subsequent trading days, and (ii) the ratio of Market Capitalisation (as defined below) to Net Debt (as defined below) as of 31 December 2021 is at maximum 1 : 2.40 (one to two point forty) or below; as well as"*

*"6.4.4 in the exercise period from 1 September 2023 to 26 October 2023 ("**Exercise Period 4**") if (i) the unweighted average closing prices of the share of the Company is at least EUR 40.00 in the period from 1 September 2022 (inclusive) to 31 August 2023 (inclusive) during at least five-teen (15) subsequent trading days, and (ii) the ratio of Market Capitalisation (as defined below) to Net Debt (as defined below) as of 31 December 2022 is at maximum 1 : 2.40 (one to two point forty) or below; as well as"*

3.4 Amendment of clause 6.5 of the Plan Conditions, which is amended to read as follows:

*"6.5 "**Net Debt**" in this clause 6. means long- and short-term bonds, plus long- and short-term financial liabilities, excluding leasing liabilities and reduced by liquid funds, as determined respectively in the audited and approved consolidated annual financial statements of the Company as of 31 December 2019 (with respect to Exercise Period 1), as of 31 December 2020 (with respect to Exercise Period 2), as of 31 December 2021 (with respect to Exercise Period 3) or as of 31 December 2022 (with respect to Exercise Period 4). "**Market Capitalisation**" in this clause 6. means the number of shares issued by the Company respectively as of 31 December 2019 (with respect to Exercise Period 1), as of 31 December 2020 (with respect to Exercise Period 2), as of 31 December 2021 (with respect to Exercise Period 3) or as of 31 De-*

*ember 2022 (with respect to Exercise Period 4) multiplied by the closing price of the shares of the Company respectively on the last trading day of the respective year (last trading day in the year 2019 with respect to Exercise Period 1, last trading day of the year 2020 with respect to Exercise Period 2, last trading day in the year 2021 with respect to Exercise Period 3 or last trading day of the year 2022 with respect to Exercise Period 4)."*

- 3.5 Amendment of clause 15. of the Plan Conditions, to which the following sentence is added:

*"The conditions of the plan (Planbedingungen) of the LTIP adjusted in relation to its prolongation and extension become effective as of 27 May 2021."*

Vienna, in April 2021

**The Management Board**

**The Supervisory Board**