



**REPORT
of the Management Board**

**of
UBM Development AG**
(Vienna, FN 100059 x)

**pursuant to Section 2 para 5 Capital Adjustment Act (KapBG)
(increase of the share capital from company resources (recapitalization))**

on agenda item 11.

The Management Board of UBM Development AG ("**UBM**" or "**Company**") provides the following report on the intended recapitalization pursuant to the Capital Adjustment Act (*Kapitalberichtigungsgesetz*) (increase of share capital from company resources, "**Recapitalization**"), which is to be resolved at the 141st Annual General Meeting of UBM on 16 May 2022 in accordance with the provisions of the Capital Adjustment Act ("**KapBG**") for submission to the annual general meeting:

1. At the time of reporting, the share capital of UBM amounts to EUR 22,416,540.00 and is divided into 7,472,180 no-par value bearer shares, each of which has an equal share in the share capital of UBM. The amount resulting from dividing the share capital by the number of no-par value bearer shares issued is therefore currently EUR 3.00 per share.
2. The Company intends to repay the hybrid capital granted by PORR AG to PIAG Immobilien AG (which was merged as the transferring legal entity with the Company as the acquiring legal entity by way of universal succession in 2015) in the amount of EUR 25,329,658.16. This is shown in the annual financial statements in accordance with Sections 193 et seq of the Austrian Commercial Code under the equity item "II. hybrid capital (*Hybridkapital*)". The proposed Recapitalization (increase of share capital from company resources) from formerly freely distributable disclosed reserves (*offene Rücklagen*) is intended to serve the purpose of providing the preconditions for the repayment of the hybrid capital, to compensate for the effects of this repayment and to avoid undesirable capital-reducing effects.

English translation of the original German version for convenience purposes only

3. The Recapitalization shall be based on the approved annual financial statements of UBM as of 31 December 2021, which were issued with an unqualified audit opinion by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1100 Vienna, Am Belvedere 4, as auditors of the Company.
4. In the approved annual financial statements of UBM as of 31 December 2021, the item "V. Retained earnings (*Gewinnrücklagen*) - 2. Other (free) reserves" – as convertible disclosed reserves (*offene Rücklagen*) within the meaning of Section 2 para 3 KapBG – shows a total of EUR 62,506,898.68. It is thus noted that for the respective Recapitalization (increase of the share capital from capital resources) in the annual financial statements of UBM as of 31 December 2021 disclosed reserves (*offene Rücklagen*) are available in a sufficient amount.
5. The Management Board of UBM proposes to increase the share capital from company resources without issuing new shares (Recapitalization pursuant to the Capital Adjustment Act) retroactively as of 31 December 2021 from currently EUR 22,416,540.00 by EUR 29,888,720.00 to EUR 52,305,260.00 by converting the partial amount of EUR 29,888,720.00 of the retained earnings (*Gewinnrücklage*) of EUR 62,506,898.68 shown as other (free) reserves in the annual financial statements as of 31 December 2021.
6. As a result of the Recapitalization, the share capital of the Company will be increased to an amount, which, when divided by the number of shares, initially results in a pro rata amount per share in the share capital of exactly EUR 7.00.
7. The number of existing shares does not change as a result of this Recapitalization, as only no-par value bearer shares have been issued. The issuance of new shares is omitted, the pro rata amount per no-par value bearer share in the share capital increases from currently EUR 3.00 to EUR 7.00.
8. The resolution of the annual general meeting on the Recapitalization (increase of the share capital from company resources) shall be filed by the Management Board for registration with the companies register. This increase of the share capital shall be effected without issuing new shares (Section 4 para 1 KapBG). The Recapitalization (increase of the share capital from company resources) shall benefit all shareholders pro rata to the extent of their shareholding, without any further steps required by the Company or the shareholders.
9. With regard to the presentation of the material factors that are decisive for the Recapitalization (increase of the share capital from company resources) are the following reasons to be mentioned:

Pursuant to clause 8.5 of the relevant agreement on the hybrid capital, termination and repayment of the hybrid capital may in particular only take place if a recapitalization is carried out in accordance with the Capital Adjustment Act.

The Management Board of the Company intends to terminate and repay the hybrid capital for the following reasons:

- a) The repayment of the hybrid capital would reduce the share of the total hybrid capital in the equity shown in the consolidated financial statements of UBM from the previous 33.6% to around 30%.
 - b) The hybrid bonds issued in 2018 and 2021 have an interest rate of 5.5% p.a. each and are therefore 50 basis points cheaper than the hybrid capital granted by PORR.
 - c) In the medium to long term, UBM aims to convert all financing to "green" and sustainable financing models in line with the latest ESG criteria. The hybrid capital granted by PORR AG does not contain any ESG criteria in this sense.
10. Since the annual closing of accounts date of UBM's underlying annual financial statements as of 31 December 2021, up to the date of this report, there have been no significant changes in UBM's business, financial position and results of operations that conflict with the capital measure described in this report.
11. The relation of the rights associated with the shares to one another is not affected by the Re-capitalization.

Vienna, April 2022

The Management Board