ubm development

Annual Report 2020

Key performance indicators

Key earnings figures (in €m)

	2020	Change	2019	2018
Total Output [1]	478.6	-29.4%	678.0	897.7
Revenue	183.3	-24.2%	242.0	514.0
Earnings before taxes	62.3	-11.7%	70.5	55.5
Net profit	40.8	-18.6%	50.1	39.5

Key asset and financial figures (in €m)

	31.12.2020	Change	31.12.2019	31.12.2018
Total assets	1,372.0	4.2%	1,316.4	1,234.7
Equity	482.9	4.4%	462.5	436.3
Equity ratio	35.2%	0.1 PP	35.1 %	35.3 %
Net debt [2]	479.1	8.3%	442.4	421.8
Cash and cash equivalents	247.2	16.4%	212.4	200.4

Key share data and staff

	31.12.2020	Change	31.12.2019	31.12.2018
Earnings per share (in €) [3]	4.39	-28.8%	6.16	4.38
Earnings per share incl. hybrid capital interest [4]	5.33	-25.0%	7.10	5.31
Share price (in €)	35.80	-24.2%	47.20	33.40
Market capitalisation (in €m)	267.5	-24.2%	352.7	249.6
Dividend per share (in €) [5]	2.20	0.0%	2.20	2.20
Payout ratio % [6]	50.2%	14.5 PP	35.7%	50.3%
Staff [7]	339	-12.9%	389	365

[1] Total Output corresponds to the revenue generated by fully consolidated companies and companies consolidated at equity as well as the sale proceeds from share deals, each in proportion to the stake held by UBM.

[2] Net debt equals current and non-current bonds and financial liabilities, excluding leasing liabilities, minus cash and cash equivalents.

[3] Earnings per share after the deduction of hybrid capital interest (change in calculation beginning in 2020, comparative data adjusted accordingly).

[4] Earnings per share before the deduction of hybrid capital interest.

[5] The dividend is paid in the respective financial year but is based on the previous year's net profit. The dividend proposal for 2020 is subject to the approval of the Annual General Meeting.

[6] Dividend in relation to earnings per share after deduction of hybrid capital interest

[7] Decline due to the deconsolidation of the Hotel Holiday Inn Gdansk City Centre (2019: 55 employees)

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Dear Shareholders,
Dear Stakeholders,

UBM has re-invented itself several times in its nearly 150-year history: from the second largest brick producer in the Austro-Hungarian Monarchy to a property developer after the global economic crisis, an eastward pioneer in the 1990s and the largest hotel developer in Europe. And then came corona, the black swan. In other words, a totally improbable event that turns up completely without warning. One year later, we are generating 80 per cent of our business with apartments and offices, for example in Germany and Austria. But even more important: We took a great strategic leap forward in our re-orientation with *green. smart. and more*. Our goal is to become the largest wood construction developer in Europe, set an intelligent UBM standard for the office of the future and deliver a story with an unmistakable look & feel for each of our projects – just like we did in the hotel development business. The new financial year started with more equity and cash than after our record year in 2019. We sold the F.A.Z.-Tower two years before completion for €200m, completed the largest quarter development project in our history at Vienna's main railway station with a volume of nearly half a billion euros and began a strategic partnership with ARE. And all this in a year that will long be remembered by an entire generation for its complications. We are proud to have received an ESG rating on the first attempt – which places UBM in the top 15 per cent of our branch. And we are also proud of our €2.3 bn pipeline with €1.25 bn in residential properties and roughly €750m in offices. During the past year alone, we sold 1,000 apartments – more than ever before.

The past year also underscored our reputation as a reliable dividend payer. In June, we delivered exactly what we promised to our shareholders, and we intend to do the same this year. All in all, 2020 was better than the markets expected at the height of the crisis and the low point of our share at €24 in March.

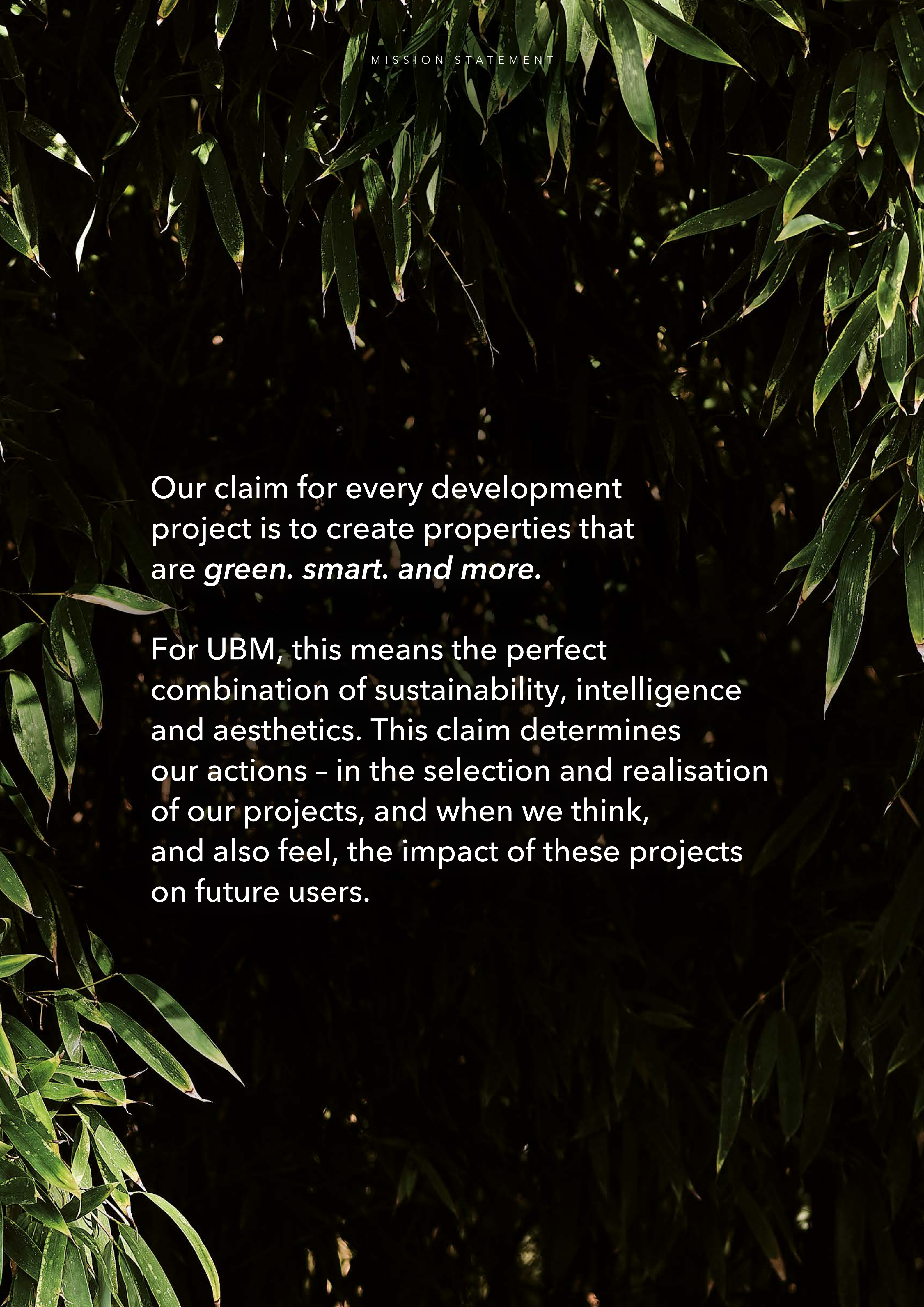
We would like to thank the many men and women who supported us during the past year: our shareholders, our customers, our suppliers and financers. We also want to thank our colleagues who bravely struggled through short-time work, home office and lockdowns. Looking back, we can rightly say that it could have been a lot worse…

The Management Board

Patric Thate
CFO

Thomas G. Winkler
CEO

Martin Löcker
COO



Our claim for every development project is to create properties that are ***green. smart. and more.***

For UBM, this means the perfect combination of sustainability, intelligence and aesthetics. This claim determines our actions – in the selection and realisation of our projects, and when we think, and also feel, the impact of these projects on future users.

green.
smart.
and more.

green.


7 Outlook Point
6 User Lab
5 Mixed-Use Office
4 Tech Bar
3 Team Station
1 Coffee-Counter
0 Lobby

Timber Pioneer
Frankfurt

A wood building in the middle of Frankfurt

At UBM, the future of construction has already begun. And this future is built on the renewable resource wood. UBM Development has set a clear-cut goal to become the market leader in the development of wood structures. In order reach this goal as quickly as possible, every new project is evaluated to determine whether timber engineering is suitable for the building.

Wood as a source of well-being

The first sustainable flagship project, the Timber Pioneer, is currently under construction in Frankfurt am Main. This eight-storey structure with roughly 15,000 m^2 of rentable space is the first office building in Frankfurt to be built as a timber-hybrid system. Close to the F.A.Z.-Tower, which is also under development by UBM, the Timber Pioneer scores with its central location and, above all, with new standards for sustainability, well-being and workplace health. And the advantages of wood are not only limited to its ecological footprint. Wood also regulates temperature and humidity – qualities that create proven benefits for the cardiovascular system of tenants and residents. In short: The indoor climate of the Timber Pioneer is truly unique.

Wood wins every time

The hard facts speak a clear language. Roughly 1,500 cubic metres of FSC-certified spruce wood will be used to construct the Timber Pioneer. The building will store nearly 1,500 tonnes of CO_2 over the long-term, which represents a substantial reduction compared with conventional solid buildings. The timber-hybrid system clearly outperforms the traditional reinforced concrete method with across-the-board savings: 30 per cent on the transport of the building materials to the construction site, 40 per cent in the weight of the entire building, 50 per cent in construction time and 80 per cent in the carbon footprint.

Wood motivates and energises

Wood construction also provides tenants with an edge in the "war of talent", meaning the search for the best employees. The natural and visible wood surfaces give the offices a stylish look. As a symbol for sustainability, recycling economy and social responsibility, the renewable raw material wood is, in the end, pure image gold. And that is both motivating and energising.

Sustainably committed.
Along the entire value chain

Every project we develop has an impact on local ecological conditions and, in this way, also influences the climate. We consequently rely on environmentally friendly, innovative and energy-saving solutions from the design phase to realisation, use and revitalisation. UBM stands for a holistic and sustainable approach to green building that covers the entire lifecycle of our properties.

barany.7
Vienna

A UBM future lab in Baranygasse 7

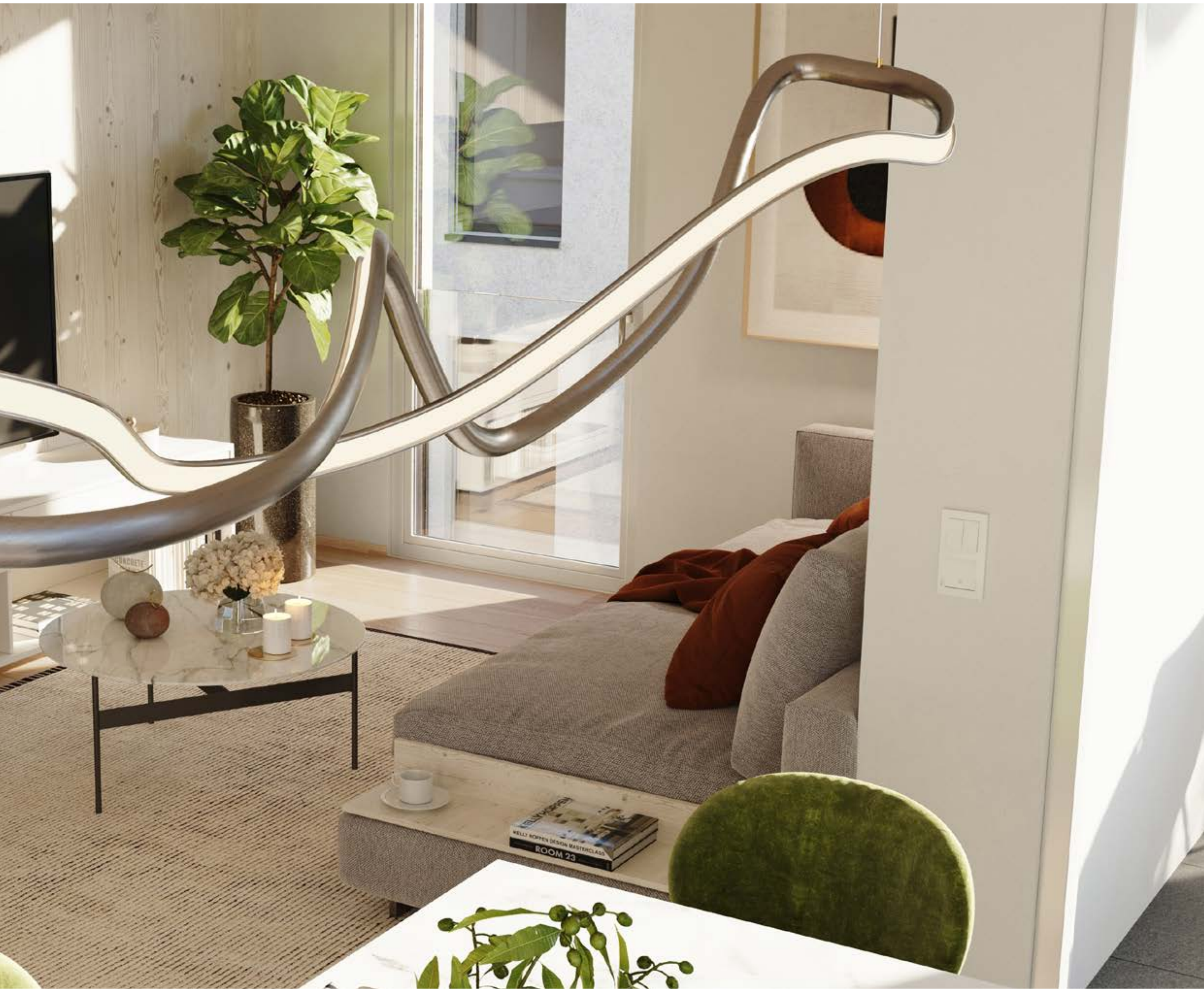
At UBM, development means always being open to new technologies and alternative building materials. One example is the barany.7 residential construction project in Vienna's 22nd district. Seven similar houses with a total of 126 apartments are under construction at this site – six according to the conventional massive method and one, "House 3", in wood. This pilot project aims to demonstrate the ecological and economic competitiveness of wood as a building material. A comparative project study by the University of Applied Sciences Campus Vienna will also provide valuable new insights for future planning.

We build on nature and high tech

Wood construction is an important issue for the future and a key focal point for UBM. Because wood is substantially lighter than building materials like steel and concrete but just as formable and durable. Another point: Wood is a renewable, climate-neutral raw material. In other words, the ecological advantages are clear. They are also visible in many aspects of the "House 3" project up to logistics. Truck transportation to the construction site has been cut sevenfold and pushed the already fantastic carbon footprint of our pilot project even further towards the ideal value of zero. From an economic standpoint, the benefits of wood construction are more than apparent during the construction period – which is 45 per cent shorter. And that leads to a significant reduction in construction and financing costs.

Four stories in only five weeks

"House 3" consists largely of customised, industrially manufactured wood modules. The walls and ceilings, for example, were produced by our project partner Handler Bau in Neutal, Burgenland. Shift operations made it possible to complete and transport all modules for the four-storey building with its 18 apartments in only five weeks. "House 3" then matched this record with the on-site assembly. Without exaggeration, this was a planning, technical and logistical tour de force.



300 m³ of wood with a massive pay-off

"House 3" has an impressive ecological footprint, alone through the decision in favour of wood as a building material. The 300 m³ of timber in this building bind 300 tonnes of CO_2, which represent the pollutant emissions of roughly 100 autos over 22 months. Another surprising sample calculation: Based on Austria's forest areas, the 300 m³ of timber for "House 3" can grow back in only five minutes. More sustainability is hardly possible. In order to objectively, completely and comparably measure the positive effects of the wood construction in the Baranygasse, this UBM pilot project is being accompanied by a study from the University of Applied Sciences Campus Vienna. The results in terms of planning, construction, marketing and user feedback will also provide valuable new information for our future real estate development projects. And they will place an increasing focus on the renewable raw material wood.

New green for Katowice

Climate protection is an ever-present topic in Katowice, an industrial city in Poland with a previous record of high-level pollution. Here, the city has taken on a pioneering role in environmental awareness – and that means ideal conditions for UBM's flagship project. The development of the Mercure Katowice Młyńska, which carries the motto "green & clean", places high priority on sustainability. And we are optimistic: The grand opening of this 268-bed hotel at the end of 2021 was accompanied by receipt of the globally recognised and sought-after LEED Platinum certification for "Leadership in Energy and Environmental Design". That sets an important signal for investors – and is also good news for Katowice.

Mercure Katowice Mlynska
Katowice

Outside and inside on strategy
From the planning and construction phase up to operations and the guest experience, the green building concept is a precise and integral part of our programme. And the green facade makes this commitment visible. At the same time, it optimises the microclimate and minimises the noise level. The hotel's building services are designed to maximise efficiency and energy-savings. Our interior design is based on short routes, recycled furniture and natural materials like wood and cork. With the Mercure Katowice Młyńska, we want to, and will, demonstrate that sustainability, cost consciousness and well-being can be a successful combination.

Sustainable cooperation
The commitment of our employees to achieve and maintain a positive ecological footprint is, of course, also a key element of sustainability. We support every initiative in this direction and consequently pursue constructive suggestions. The commitment of our employees and the ideas they have submitted also show that environmental protection and efforts on behalf of a better planet are an important and shared concern for UBM.

Mr. Löcker, is wood construction really an attractive investment?

COO **Martin Löcker**, a trained carpenter and construction engineer, is a strong supporter of sustainability. Not only for ecological reasons. The economic parameters are just as important.

UBM has shifted its strategic focus to *green. smart. and more.* Why has sustainability become so important for the company?
Our strategic reorientation was accelerated by the rapidly evolving situation in 2020. At the beginning of the year, we were hardly aware of Covid-19 in China. At the same time – and independent of this initially local epidemic – we decided to intensify our focus on sustainable investments beginning in 2021. Why? – The advantages of sustainably developed projects for users are clear, and we are seeing a growing demand for sustainable investments by our customers. Of course, regulatory changes also play an important role – as you can see in the key words Green Deal and taxonomy. We are well aware that real estate development projects have a huge impact on the environment. When something is done well, right and reasonably, a real estate developer can make a significant contribution to reaching climate and environmental goals. That is the one side.
On the other side, we understand the desire of institutional investors and users to take green building one step further. And here I mean that one big step we missed with our previous efforts in this area. The pandemic simply moved our new focal points more quickly than originally planned to the top of our agenda.

What previous efforts do you mean, and how many years has that been?
The past wasn't really very long ago. In 2009, UBM started to introduce building certification – in the sense of energy efficiency – throughout the entire portfolio. This subject, from my point of view, marks the so-called first generation green. However, what is important today is to drive a kind of second generation green. Based on these certifications, which are, by the way, still valid, we can work on and also implement more advanced, broader and, above all, more forward-looking ideas. Why? Because this is what users and investors want, not just a label for their property. They want a property that really makes a positive contribution to reaching climate goals – during both the construction and operating phases. And exactly this awareness is becoming stronger and gaining speed.

In other words, green building – which has been on your agenda for some time – was simply fast forwarded by corona?
Yes. But since we have been active in this area since 2009, it's nothing new to us. During the past year, we realised that the need for this second green step was moving closer. The driving force for the increasing readiness of investors and users to find *green.* attractive is a result, above all, of external factors. Major issues like the Green Deal, the EU's Taxonomy Regulation and a whole line of normative constraints have, fortunately, fast tracked this development. Making our economy climate neutral is one of today's megatrends. Green without the economy is just as impossible as the economy without *green.* UBM will only be successful when we design properties that customers enthusiastically use, and investors enthusiastically buy. As a real estate developer, we were faced with the decision to continue as before. Which wouldn't have been very smart. Or to seize the opportunity and take a really big step forward and lead the way. We decided in favour of this direction. It is exactly what we want. And exactly what we intend to do.

Isn't this step too risky?
Let me counter with another question. Would a company of this size still be financially successful in five years if it doesn't take decisive steps to show its shareholders and customers that they are investing in future-oriented products or in a future-oriented company? I don't think so.

Strategy is one thing, implementation is something else. What does UBM do to fill the strategy with life?
Here I would like to quote a fellow Styrian, namely Arnold Schwarzenegger, who summarised this with three letters: ACT. A company can either produce lots of big research papers, hold clever lectures on social responsibility and hand out colourful brochures. It can also, however, simply try to implement these things. We chose the latter approach. First, we took one step forward on the

issue of green and are now adding one step after the other. The results are immediately visible and show us that the strategy works. But even the most brilliant strategy is useless when customers and users want something else. For this reason, we intend to concentrate on the realisation of green projects that offer customers added value. We are convinced that we will be successful with this approach – and intend to prove it.

Why are you so sure?
We launched a number of related initiatives during the past decade, especially over the last two years. As genuine flagship projects. With our wood construction project “Baranygasse“, for example, we demonstrated that this type of building is attractive to users as well as investors. A second flagship project currently in realisation is our green & clean hotel in the Polish city of Katowice which includes a wide range of green innovations. Hotel guests will be able to enjoy the positive experience that comes from staying in a sustainable building. At the same time, we found a buyer for this property who is excited by these green and sustainable measures. These first steps – and the resulting successes – are the proof that our next steps will also be successful. That means we will not only be able to celebrate our economic success as a company but also make an active contribution to climate protection.

What is the next concrete step?
That is our Timber Pioneer, Frankfurt’s first office building in wood-hybrid construction, close to the F.A.Z.-Tower currently under development by UBM. Here we are talking about a project volume of more than 100 million euros. And it gets larger with every step. The wood building in Vienna’s Baranygasse has a volume in the single-digit million range, the green & clean hotel in Katowice 50 million and the Timber Pioneer, as I said, roughly 100 million. With this rapid, step-by-step approach, we keep learning and can really make a difference.

Interview:
Johannes Stühlinger

Martin Löcker, 44,

is UBM's COO and a trained carpenter. Born in the Austrian province of Styria, he studied industrial and civil engineering at the Graz University of Technology. He also completed post-graduate studies in real estate economics at the European Business School in Munich. Martin Löcker has held various management positions in the UBM Group since 2007 and is responsible for the operating business.


smart.

Quartier Belvedere Central (QBC)
Vienna

Vienna's new financial centre

The Quartier Belvedere Central (QBC), directly at Vienna's new main railway station, is UBM's largest project in Austria. Despite three lockdowns, the QBC, with building sections 1&2, was completed and transferred to the investor at the end of 2020. Only six years were required to construct the 130,000 m^2 of office, hotel and residential areas plus an underground garage with nearly 680 parking spaces. The result is a new "financial centre" for the Austrian capital as well as a lively local scene which ensures that this new urban quarter will also remain an eye-catching attraction after working hours.

Even the location is really smart
The connections to the local, regional and international transportation network couldn't be better. Besides, the QBC is located in the heart of Vienna and benefits from its excellent infrastructure and a quality of life that is valued around the world. The new QBC 1&2 is a perfectly networked, urban location for future-oriented companies that want to attract and retain customers and employees with innovative and individual solutions.

Flexible solutions for good work
Attractive offices with modern, quality furnishings are, in any case, a must. And the QBC 1&2 has numerous other advantages to offer on its 38,700 m^2 of rentable space. Flexible and efficient layouts speak to different users and allow for specially designed solutions ranging from individual offices to co-working spaces. The 2.80 m ceilings provide sufficient headroom for ambitious working, while the common-use roof terraces provide an inviting setting for relaxation. This balance creates a valuable competitive advantage – also in the growing war for talent.

Offices that think, pay off
In these times of the Internet of Things and Big Data, the scale of possibilities is open-ended. Whatever is doable today can be found in the QBC 1&2: automatically ventilated conference rooms, access control systems, 24/7 security services and on-site facility management as well as lighting and air conditioning systems that optimise operating costs. This hi-tech, state-of-the-art building technology led to Platinum Status recognition by the German Sustainable Building Council. In other words, the offices in the QBC 1&2 already cover a great deal that will make the work of the future much, much easier.

Step directly into the mobility of the future
The nearby main railway station in Vienna is one of the most modern and best equipped infrastructure hubs in Europe. Vienna International Airport can also be reached quickly and easily via high-speed rail link. And Vienna's inner city is only 10 minutes away. There are no long ways or waiting times here. The QBC 1&2 is also ready and waiting to accommodate the continuing boom in e-mobility.

Buildings with a high IQ and EQ

Smart buildings are like smart people:
They think strategically, anticipate demands and adjust very quickly to new situations. For this reason, UBM's buildings are designed with maximum flexibility and extensively equipped to meet users' expectations. Together with the other things that make easy living and motivated working possible. It is, by far, not a forgone conclusion that our activities not only cover state-of-the-art technologies, but also address the emotional intelligence of our projects.

F.A.Z.-Tower
Frankfurt

A smart headquarter for F.A.Z.

After Zalando in Berlin and Scout24 in Munich, the F.A.Z.-Tower in Frankfurt represents UBM's third headquarters development for a well-known Germany corporation within a very short time. This property is also located at a prominent site in a major city. The Europaviertel with its excellent infrastructure borders on the Frankfurt Trade Fair. The new F.A.Z. headquarters will rise to a height of over 60 metres. This consciously "transparent" building also sets a clear sign with its instantly recognisable form consisting of two slim H-shaped cubes. And a first glimpse confirms that the interior meets all the demands of an internationally renowned newspaper.

A building that makes headlines
The high-profile, media-effective cornerstone ceremony at the beginning of September 2020 was attended by Hessian State Minister President Volker Bouffier and Frankfurt's Lord Mayor Peter Feldmann, the F.A.Z. managing directors and numerous other high-level personalities. The arrival and transfer of the time capsule, which also included the latest print edition of the F.A.Z., was staged for maximum attention. Magnificent sunshine provided the ideal backdrop for the arrival of the copper tube via drone from the roof of the current publishing house to the site on Frankfurt's Europaallee. Thomas Winkler, CEO of UBM Development, took over the time capsule and, together with the many honorary guests, and ceremoniously lowered it into the construction pit.

A new headquarters in only two years
The F.A.Z.-Tower is scheduled for completion in the third quarter of 2022. At the start of construction, the Frankfurter Allgemeine Zeitung and the publishing house were fixed as the sole tenant for the entire F.A.Z.-Tower. The offices are spread over 18 stories and a gross floor area of roughly 29,000 m². That will also let the editorial staff and the F.A.Z. technical departments rise to new heights.

Flexibility test in the planning stage
In planning the F.A.Z.-Tower, corona provided an incentive to precisely redefine the office of tomorrow. The detailed planning also covered hot topics like mobile working and pandemic protection. One thing was very clear: A central control room for all information channels is indispensable for a renowned medium like the F.A.Z. – today, and certainly also in the distant future. However, the classical "workplace thinking" needs to give way to more free space and, if necessary, create room for social distancing.

Mr. Thamm,
what does “smart office“
really mean?

Andreas Thamm is UBM's "Mister Smart". As the Managing Director of UBM Germany, he is setting the course for an intelligent future.

Mr. Thamm, at UBM, you are known as "Mister Smart". The term "smart office" is frequently used, but what does it actually mean?
Smart is a broad term. I would describe it as intelligence combined with technology. An intelligent building is a building that is connected with the Internet and uses its many possibilities. It stores the data you can collect from a building and makes this information available to the owner via the Internet, ultimately to generate added value – to establish services and create a better understand for the building's use. And to offer various types of services that have high added value for tenants and buyers.

Intelligent buildings and offices have been the subject of discussion for some time. But what is the real picture? When will buildings actually become "smart"?
This transformation can already be seen in many smaller individual solutions. However, in my opinion, we are still waiting for one big winner. Many different ideas are currently being tested at many different places but, below the line, no single approach has really prevailed in the way that Zalando, Amazon or Google, for example, have captured a leading position in their respective areas. Standards are urgently needed but also lacking at the present time.

Conversely, that means there is still a great deal of potential to help design the "smart office"?
Yes, and these opportunities are open-ended. There are so many possibilities, and so many different ways to go. And so many different directions to move in. And exactly that is the challenge for us as UBM – to distil the three or four subjects on which we want to concentrate in the coming years. That means ignoring everything else for the time being – and this exercise is not very easy.

In other words, UBM wants to become the Zalando of the smart office world?
No, that is by no means our goal (laughs). Let me put it this way: When we can help people understand that technology is something positive and supportive, that technology can help to generate added value in the real estate world and that it can also support sustainability, then we would have accomplished a great deal.

Can you be more specific? What smart worlds does UBM intend to create for us?
For me, the focus is clearly on potential tenants and buyers, meaning our customers. And when we do a good job here, I imagine this will automatically have a positive downstream effect on the interest of investors. When we look at the subject of office design in combination with potential tenants, I believe the most important issue is to reduce operating costs while maintaining consistent quality. Space management is the next issue. The past year made it easy for all of us to understand that you can work in the office but also at home or somewhere else. Nevertheless, some form of organisation is indispensable. That requires solutions and, as a next step, buildings that can make this possible. Efficient and effective infrastructure is necessary to help individual employees organise their work. And here I specifically mean space and workplace management that can be operated as intelligently as possible. One consequence of all this involves the following question: How much space do I need as a company? The third major subject, naturally, is to offer buildings that create healthy working conditions. When I think about air exchange, for example, I may want to make the following statement as an employer: People will always have enough oxygen in my meeting rooms! To make sure they feel comfortable, can do a good job and, above all, stay healthy.

If you decide to build a building based on these parameters – what are the greatest hurdles your smart considerations would face?
First of all, the different technical components! They are currently equipped with different functions and different programming logic by the manufacturers. There are no common standards to ensure

identical coding for comparable functions by all producers. That means we must now translate everything into a common language that makes it possible for us to store something on the Internet and make it usable. This aspect plays a particularly large role. The existing technical devices must be able to speak with each other. The next issue is sensor technology. Here, I want to exactly answer the question as to what changes should be collected over which sensors. The information generated by this data should let me say: OK, when something happens or a certain condition appears, this is the next step. The response can be a service that tells me an important participant for my next meeting has just entered the building. It can also mean a message for the cleaning personnel that a particular room does not need to be cleaned today because it was not used. In both cases, the required information is based primarily on collected sensor data that supports the structured storage and usability of this data on the Internet. Only in the end does this data become really valuable, meaning intelligent usable information that I can aggregate in a reasonable way.

In other words, a smart building is, first and foremost, a great big data collector?
Undoubtedly, yes.

Data is seen as the currency of the future. Therefore, doesn't a smart building take a completely new approach to the generation of added value?
I would go so far to say that data is, and will become, the new crude oil. And someone who not only generates data, but can also offer it in a usable form, creates added value that has never been seen before. Values that are definitively future-oriented because they can be analysed very broadly. In this way, we can suddenly develop many different and entirely new subjects. And, as I see it, that creates new and unusual corporate values. A building is then not only a shell that protects me against the rain and cold.

Companies that develop these types of buildings are very also very attractive as an employer, don't you think so?
I hope so. And exactly that is a very nice side effect. Young men and women with a good education align themselves with the subjects and values a company represents. And a company that focuses on sustainability and technology and makes these issues come alive in an understandable way becomes more attractive as an employer.

Interview:
Johannes Stühlinger

Andreas Thamm, 54,

has served as the Chairman of the Management Board of UBM Development Deutschland GmbH since August 2020. Born in Thuringia, he studied mechanical engineering and industrial engineering. Thamm comes from EDGE Technologies, one of the leading developers of smart offices in Europe and has held management positions in the real estate area for the Metro Group in several countries and with IMMOFINANZ in Vienna.


and more.

Andaz Sugar Palace
Prague

We take the name Sugar Palace in the literal sense of the word

Location and luxury combined
The Andaz Sugar Palace encloses two inner courtyards in the form of an irregular pentagon. With an open arched passageway in the western corner, it borders on the world famous Jindřišská Belltower. And the entire setting of the Andaz Sugar Palace is just as exquisite as the location and architecture.

A hotel with EQ and high-quality experience
The building has been included in the historical protection register since 1993. It represents a cultural monument for the Czech Republic and reflects the city's multifaceted history. The artistically designed windows, doors, fireplaces and stucco are authentic – and are being restored and renovated with great care. In the future, every guest will be welcomed by a unique and individual atmosphere. Because the emotional intelligence quotient and high-quality experience are visible in the smallest detail from the lobby to every suite. All this makes the Andaz Sugar Palace a flagship for our guiding principle *and more*. The hotel will open at the end of 2021 and certainly enchant even the most discriminating international visitors.

Our experts for "look and feel"
UBM is also active on the Czech market with office and residential projects. The team at UBM Development Czechia has extensive experience in pure real estate development as well as proven expertise in interior design and architecture. This highly qualified 20-member team of planers and architects is the guarantee for comprehensive execution planning, stylish interior design and high-quality furnishings – also on many international projects. These qualities have long since made the UBM Competence Centre one of our top performers.

And “more“, that will be noticeable everywhere

and more. refers to our senses, the “look & feel“, aesthetics and our emotional reaction in buildings – things that are determined primarily by our eyes, ears and nose. And when gastronomic solutions are involved, also through our mouth. As proof, here are two short trips to Prague and The Hague.

voco
The Hague

The new voco The Hague Kneuterdijk, a former, prominent bank building with historical character, is located in the heart of a city with 500,000 residents that also houses the seat of the Dutch government. Close proximity to the Royal Palace, well-known museums, expansive parks and an attractive shopping mile make this charming hotel a fashionable focal point. What was once a setting for discreet and confidential monetary transactions is now being transformed into an open, impressive environment for an urbane, high-quality experience.

Historical facade, trendy interior
The special features of the voco include the listed facade from the 1920s and the spacious atrium on the property. These two historical elements will, of course, remain. They are undergoing extremely careful restoration and renovation. The expansive interior will provide space for more than 200 exquisite hotel rooms and generous suites.

Watch how we turn a bank into a hotspot

The hotel with the suitcases
Fitting for The Hague, the ocean and travel serve as the theme for the hotel's noble maritime interior. The stylish bar and high-quality room furnishings with original wardrobe trunks have a signature all their own. The new voco in The Hague is a unique combination of tasteful comfort, relaxed atmosphere, diverse culinary offerings and attractive surroundings. In this *more.* of possibilities, every guest will find the perfect mix to match his or her mood or preferences.

Follow the call of the voco
Located on the lively Kneuterdijk, the voco is a welcoming destination for guests as well as visitors. Direct access to the Noordeinde pedestrian zone creates an ideal setting and encourages tourists as well as local residents to linger. The voco is scheduled for completion in 2021 and will become a further attractive location in the cosmopolitan The Hague: as a calm docking point for travellers and a trendy lifestyle hotspot.

Mr Winkler, are you personally an aesthete?

Thomas G. Winkler is an experienced financial market expert and the CEO of UBM Development AG. Professionally and privately, however, he feels very strongly about the subject of aesthetics.

As CEO, responsibility and work define your daily activities. Why did you decide to focus on the subject of aesthetics at UBM?

The objective for a major player like UBM is to always create added value. On the stock exchange and in the company. And that is only possible with sustainable, intelligent and, in addition, aesthetically convincing projects.

A quick look at UBM's Vienna headquarters shows that that you have also realised this added value for your own employees ...

Of course. We don't want to be like the plumber who has a dripping water faucet at home. In all honesty: We definitely do the best work when we feel well. Rooms where we want to be increase motivation. This applies to every office and every home office, not only in times of Covid-19. In both places, successful aesthetics create very tangible added value, namely success.

The focus – for both you and UBM – is apparently on individual and holistically convincing interiors. Is there another *more.*?

We always think and act holistically and sustainably. On every project. The entire package must be right: the location, the design, the type of construction and the furnishings. This is the only way we can create impressive headquarters for large-scale corporations and functional apartments where people feel at home. And to make sure our development projects are also attractive 20 years from now, we place high priority on artistically sophisticated and timeless design. Inside and outside.

UBM also develops entire urban quarters. Doesn't this place even more demands on *green. smart. and more.*?

Of course. We have a wide range of additional factors to consider – starting with urban development, ecological and social aspects. But we also have the opportunity to stake out an even larger setting. To put this somewhat enthusiastically: We can create a complete artwork that excites residents, the local population and visitors.

In this sense, your development work definitely has an emotional aspect.

Emotions carry an impact, and clear commitment is important. Of course, we always think and act as entrepreneurs.

That means we look for win-win situations that make all stakeholders happy. From the tenant or buyer to our investors and cooperation partners. And we contribute our good instinct, sound commercial judgment and technical understanding. But, as I said at the beginning, none of this is possible without good intuition and a great deal of energy.

Is that why you frequently mention the EQ of your projects?

To create excitement, you need to be excited. It's just as simple as that. Emotional intelligence is real – and we can also feel it in buildings. Developing a strong project idea with high EQ that literally grabs and speaks to people and is successful on the market is unquestionably an emotional job.

Mr Winkler, are you personally an aesthete?

This is a question for someone else. But I do pay attention to the colour of my tie or the design of my road bike. And, naturally, also to architecture. For example, I always have the latest issue of Architectural Digest at home – or it's making the rounds in the office.

***and more.*, do you see this as more vision and responsibility than is generally standard for real estate projects?**

You need to be careful not to overload a term. Originally *and more.* stood for the sophisticated "look & feel" of our projects. However, we are also working hard to unite quality and profitability. And to do this, we consider the entire lifecycle of our properties – which also includes a positive ecological footprint over the long-term. We think beyond the day and quarterly results because only a project built for generations is really profitable in our eyes.

One last question: Where do you see UBM in, let's say, 20 years?

In 2020, UBM impressively proved that we can handle a crisis situation of historic proportions. Fast and targeted reorientation made it possible to stabilise our performance and protect our future sustainability. The unforeseen U-turns in the past year have, however, taught me to avoid very concrete forecasts. Where do I see UBM in 20 years? Now, let me be both general and immodest when I say: very far ahead!

Interview:
Tobias Sckaer

Thomas G. Winkler, 57,

has been Chief Executive Officer of UBM since 2016. A native of Salzburg, Austria, he studied law and is a recognised capital market expert. Through functions on various supervisory boards, he has remained closely connected with Austria during his international career. His professional experience includes management positions in the Deutsche Telekom Group as well as Lenzing, Magna and Maculan.

Mr. Thate, was a CFO able to get a good night's sleep during the corona year?

The past year was no time for weak nerves. In this interview, CFO **Patric Thate** explains why UBM is emerging stronger from the crisis and reveals the company's best asset.

Corona has triggered the most severe global economic crisis since 1945. What lessons have you learned in recent months?

Corona showed us that you need to be ready to deal with all eventualities at all times. The metaphoric Black Swan really exists. In other words, a disruptive incident can never be completed excluded. A company should never sail hard on the wind, but always keep a safe distance.

Do you always need a Plan B?

Yes, a Plan B has become even more important. In historical comparison, we saw a great deal of volatility on the markets even before the pandemic. And the corona crisis significantly intensified this situation. High volatility requires buffers and reserves. But we can only afford them if we work hard to improve our efficiency.

How did UBM react to the outbreak of the crisis?

On the one hand, we announced an across-the-board spending freeze and built up our cash reserves. On the other hand, we took advantage of support programmes offered by the government, for example short-time work. That brought us reasonably well through the first part of the crisis.

At the beginning of February 2021, UBM finalised the largest deal since the acquisition stop and acquired the Munich headquarters of the luxury sport fashion producer Willy Bogner for 55 million euros. Did everything turn out as you expected?

In any event, the transaction shows that our cash reserves are high enough to carry out this type of acquisition without asking a bank. It was an excellent opportunity that we could easily afford.

UBM's transaction security is considered an important competitive advantage. Exactly what does this mean?

Bank approval processes have changed radically in recent years. They have become much more complicated due to increasingly complex risk assessments. Some decisions now take several months, but a seller who is under pressure doesn't have these months. In contrast, we have the money in the bank and can transfer it very quickly. In other words, our financial buffer is also a time buffer.

Did the fast availability of a relatively large sum of money play a decisive role in the Bogner-Deal?

Yes. Land suitable for residential construction is very popular among investors. But only a very limited number of market players can manage this kind of volume with complete security. We can do this because we have the money in the bank. And exactly this transaction security is a significant competitive advantage. At the end of 2020, our account balance topped 240 million, and we can naturally commit to an investment of 55 million – simply because we have the money.

To what extent did Corona change UBM's financing strategy?

We must place our financing on an even broader foundation. One approach is to increase the market's awareness of UBM – and that is a situation where more publicity can help. In addition, we also need to deal with alternative financing sources like syndicated loans and green bonds.

How has UBM's competitive situation changed in recent months?

We are definitely one of the companies that will emerge even stronger from the crisis. Our balance sheet is more robust than before the pandemic, our earnings are very good in view of the uncertain environment, and we still have effective and efficient access to our financing sources. Many other companies are not able to enjoy this same privileged position. As seen from the financial viewpoint, we are in a very comfortable situation.

In other words, UBM's best asset is currently its solid capital base.

Yes. UBM has nearly half a billion in equity and an equity ratio of 34 per cent. These reserves are, in all probability, our greatest advantage.

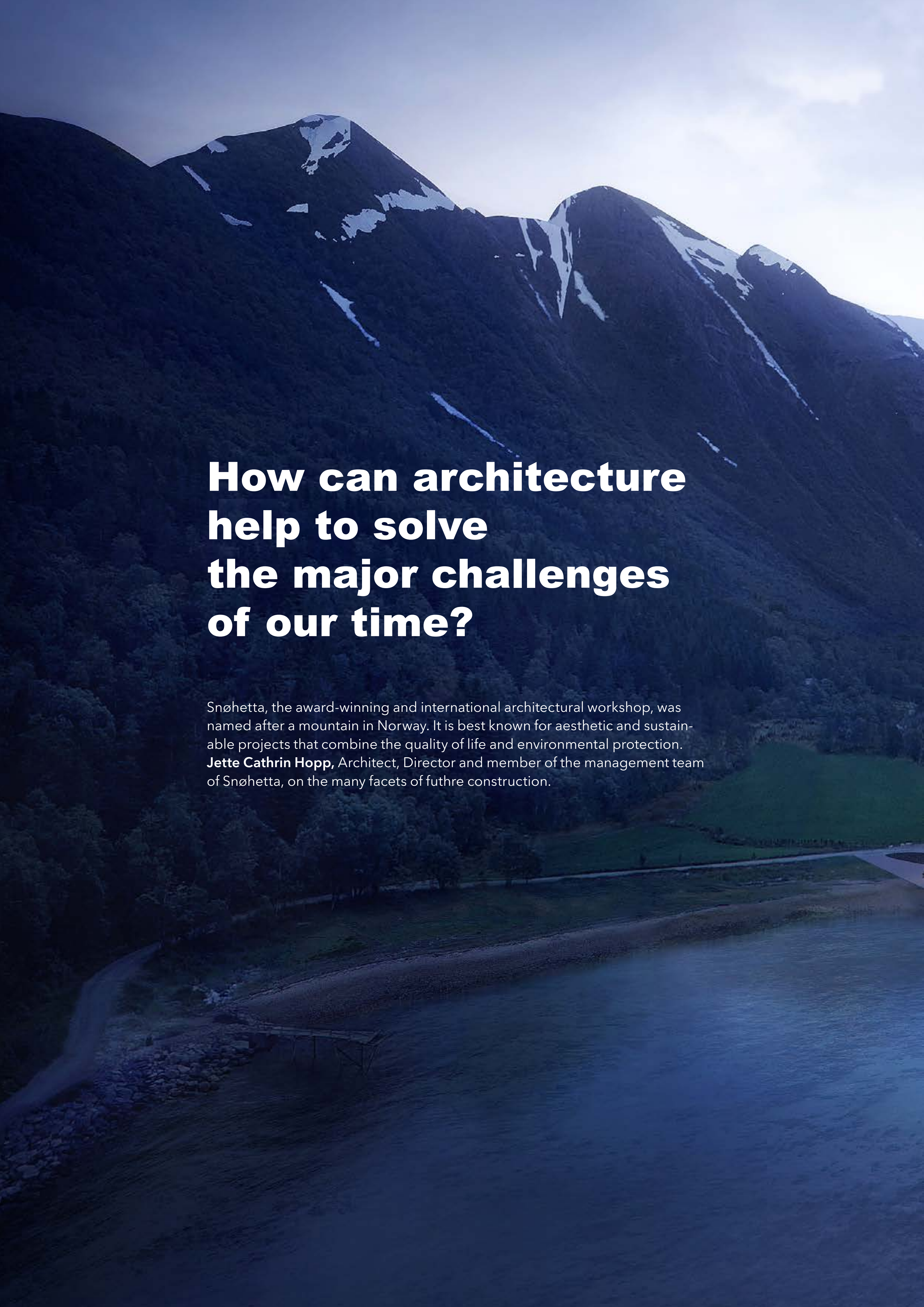
As the CFO, how did you sleep during this corona year?

I'm lucky – I always sleep well.
But we were all worried that we might miss something in this rapidly changing situation. Fortunately, that hasn't been the case. We were careful enough and set the risk appetite at the right spot.

Interview:
Karl Abentheuer

Patric Thate, 47,

has served as Chief Financial Officer of UBM since 2017 and is responsible for the company's successful and significantly stronger financial positioning as well as the resulting competitive advantages. In earlier years, Thate worked as a consultant for UBM and in leading financial functions for Lenzing AG and Deutsche Telekom.



How can architecture help to solve the major challenges of our time?

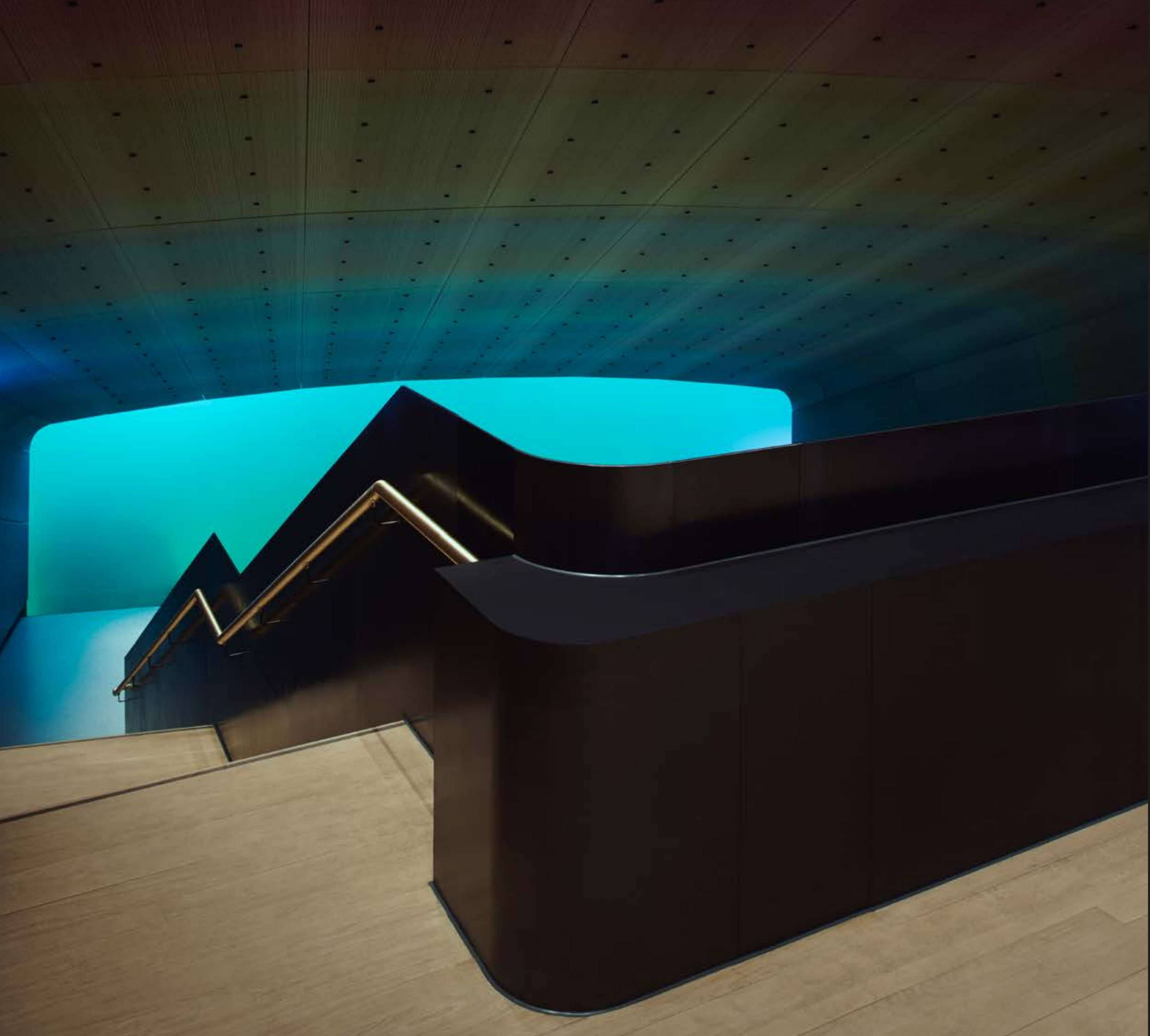
Snøhetta, the award-winning and international architectural workshop, was named after a mountain in Norway. It is best known for aesthetic and sustainable projects that combine the quality of life and environmental protection. **Jette Cathrin Hopp,** Architect, Director and member of the management team of Snøhetta, on the many facets of futhre construction.

Svart Resort, Norway
Sustainable, spectacular and future-oriented: the Svart Resort project at the foot of a Norwegian glacier is the world's first hotel with a positive energy balance.

Snøhetta is one of the world's most successful architecture offices and is famous for its sustainable and aesthetic projects.

What differentiates your working methods from other studios?
The essential driver for our working methods is the interaction between various disciplines. Our content-related approach is rooted in the Nordic tradition, which is based on humanistic values like openness, equality and generosity. Our projects are not only "style driven". They also focus on creating a greater awareness for surroundings and identity as well as relations to others and physical spaces. Snøhettas solutions are extremely individual because we believe it is important to include the clients and customers at all levels.

How does Snøhetta approach the development of new projects?
Our approach is procedural and interdisciplinary. Many different professionals – from architects and artists to philosophers and sociologists – exchange roles to take in other perspectives. Developers also quickly become architects – and vice versa. This creates a mutual understanding and the foundation for a holistic approach. And we also distance ourselves from the "master concept": Our focus is not on the stroke of genius by a single person, but on the results of collaboration between many actors.



What can architecture do to solve the major challenges of our time?
The contribution by the construction industry and architecture is decisive for the attainment of global energy and environmental goals.

At the same time, better and more energy efficient buildings improve the quality of life and created added economic and social value. Architecture must not only meet its obligations towards social sustainability, but also comply with strict environmental standards. I believe it is important to realise innovative projects and demonstrate their measurable effects so others can learn from successful experiences.

Swarovski Manufaktur, Wattens, A
In the Tyrolian city of Wattens, Snøhetta created a crystal workshop for the 21st Century: The Swarovski manufacture is a high-quality production facility as well as a creative hub and fascinating visitor attraction.

←→ Under, Norway
Snøhetta's design for the "Under", Europe's first underwater restaurant, reflects the focus on sustainability. Located at the southernmost point of the Norwegian coastline, it also serves as a research centre for marine life.

Norwegian National Opera and Ballet, Oslo
The opera house in Oslo illustrates Snøhetta's guiding principle to always view buildings as social space that creates added value for society.

What are the megatrends of the future?
The key issues are urbanisation, digitalisation and the climate crisis. We will see cities that are as large as some countries, and I imagine this will lead to increased investments in digital technologies and the diversification of supply chains to safeguard supplies in these heavily populated areas. 3D-printing, automation, machine learning and BIM promise optimisation because they reduce construction and prefabrication costs and make customer requirements more easily scalable. The climate crisis demands energy-efficient, low-emission solutions and new skills. Here, one example from Europe: According to the EPBD (Energy Performance of Buildings Directive), all houses built since 2020 must be low energy buildings. Europe's building stock is aging and extremely inefficient.
In order to meet climate targets, energy efficiency must be improved, and that will also require extensive energetic renovation.

What factors are particularly important for new projects?
New buildings are, on average, five-times more energy-efficient than older buildings. And they should be required to meet integrated sustainability goals – not only energetic targets. In addition to reducing the carbon footprint, health and comfort criteria, nature and biodiversity must also be taken into account, and reuse and recycling strategies must be established during the planning phase. Snøhetta also views buildings as social space that should create added social value – just like a good citizen who gives back more than he takes from his environment. When projects offer more than required – like the Oslo Opera House designed by Snøhetta with its generally accessible rooms – the public feels like an integral part.

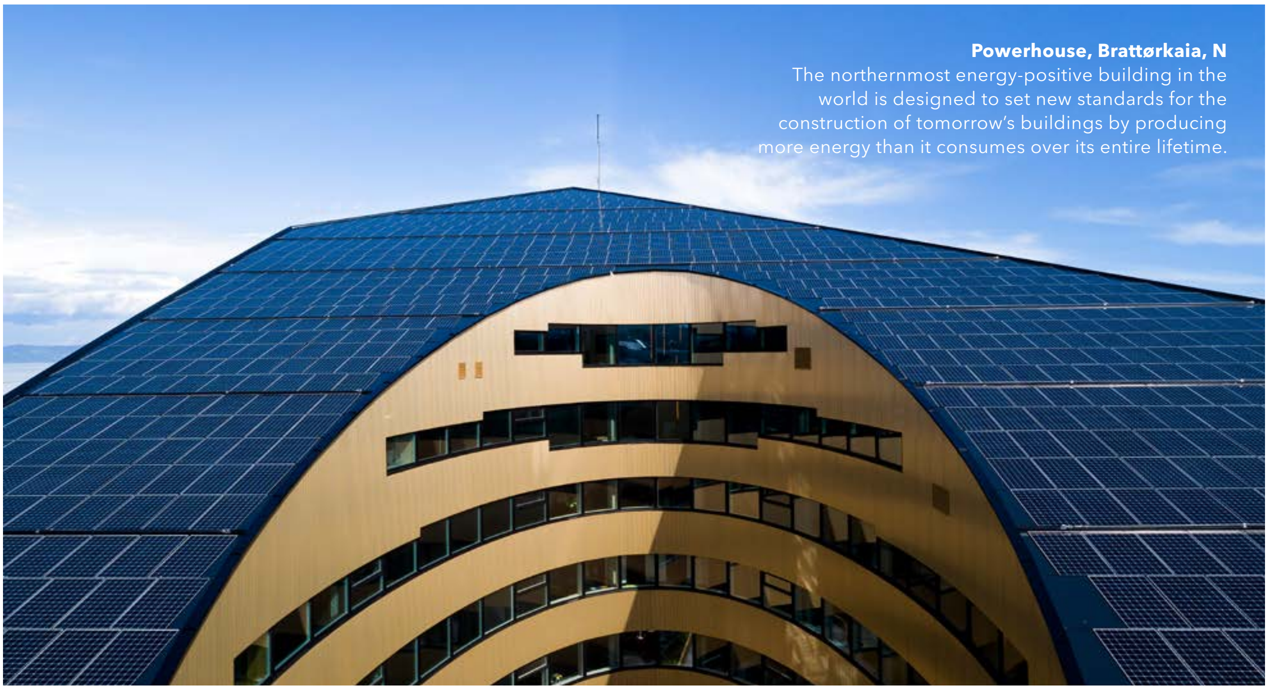
What do modern residential buildings need?
They should focus on housing satisfaction and be sustainable and energy-efficient: attractive, socially valuable space with the greatest possible living quality and lowest possible impact on the environment. With flexible layouts to meet the needs of many different residents.
Other important factors include good connections to public transportation, auto-free quarters, attractive exterior areas and leisure quality through natural areas, culture, a shopping and service offering. And a viable mixture of future-oriented residential forms to prevent social segregation. Knowing the future users is also a good point.

Le Monde Headquarters, Paris
The new headquarters for the Le Monde Group in Paris provides state-of-the-art workplaces for 1,600 employees while, at the same time, creating a unifying, public quiet zone in the densely built commercial and business quarter of the 13th arrondissement.

And offices?
In a knowledge society, success is dependent on face-to-face interaction. Universal, flexible work could transform the office into a reference point and identity-creating room. We will definitely see an increase in the space requirements per person to allow for safe re-opening.

What do you think about smart buildings?
The interest is growing. Our observations that there is no real framework for constructive dialogue on the need for and expected effects intelligent technology led us to develop the "Smart by Powerhouse" guide together with the Powerhouse Alliance, which is available free of charge under powerhouse.no. However: The use of technology is not the goal, but the means. It increases user friendliness and productivity, has a lower impact on the environment, reduces operating costs and can be adapted to meet future demands.

Svart Resort, Norway



Powerhouse, Brattørkaia, N
The northernmost energy-positive building in the world is designed to set new standards for the construction of tomorrow's buildings by producing more energy than it consumes over its entire lifetime.

What are the goals of the Powerhouse Initiative?
This interdisciplinary partnership between leading companies in the construction branch is focused on the realisation of energy-positive buildings. Snøhetta is the responsible architecture office. The goal is to set a new standard: buildings that produce more energy than they consume over their lifetime – including the construction and demolition phases as well as the grey energy in the materials used.

Is it easy to convince developers to take on the added costs for sustainable construction?
This is automatic for a developer who decides to keep a project in his or her portfolio because it saves costs over the long-term. Subsidies are also possible, but more financial incentives would be helpful. A sense of responsibility alone is normally not the reason. Architects are still faced with the need for a great deal of communication and skills, but this persuasion is becoming easier.

Is the current comeback of wood and clay as building materials justified?
There must be a stop to building with materials that produce substantial emissions. The selection of natural materials is essential to support compliance with the Paris Agreement. In addition, the hygroscopic properties of wood and clay contribute to a healthy indoor climate. Regional construction with wood has a particularly good life cycle assessment. In some cases, new types of reusable materials like recyclable or infra-lightweight concrete (ILC) can also help to support sustainability. Instead of looking for the newest materials, it pays to identify the best materials for a project and support the experimental use of materials not directly related to construction. New combinations of established building materials or technologies can lead to unconventional solutions that are often surprisingly "low tech".

Interview:
Elisabeth Schneyder

Jette Cathrin Hopp
is an architect and, as a member of the management team of the architecture and design studio Snøhetta, is responsible for acquisitions and new projects. She is a member of the jury for numerous architecture competitions and also teaches at the University of Applied Sciences, Technology, Business and Design in Wismar.

UBM at a glance

Focus

- Residential and office
- Major European metropolitan areas
- *green. smart. and more.*

Pipeline

- €2.3 bn (pro rata value over the next four years)
- Approx. 80% residential and office
- Approx. 80% in Germany and Austria

Stock Exchange

- Prime Market listing in Vienna guarantees maximum transparency
- Top management (Executive Committee) invested with €5m
- Ortner and Strauss syndicate as the core shareholder with roughly 39%

Track Record

- Reliable source of dividends
- Sustainable earnings growth over decades
- Over 145 years of corporate history

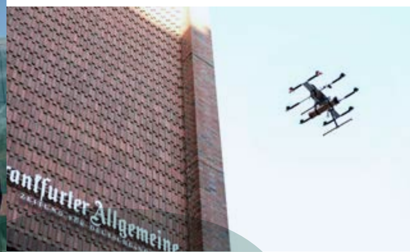
Astrid Offices in Prague forward sold
More than a year before completion, UBM sells the Astrid Offices project in the heart of Prague's Holešovice District.

Highlights 2020

UBM secures major project in Prague
With the Arcus City project, UBM expands its well-filled residential pipeline by roughly 300 modern housing units.

Strategic partnership between ARE and UBM
UBM invests in the Village im Dritten, one of the largest urban development projects in the heart of Vienna. At the same time, ARE acquires a 40% interest in UBM's largest project in Germany, the Baubergerstrasse in Munich.

Large-scale project in Munich sold to market leader
The market leader Vonovia acquires the Gmunder Höfe residential project in Munich with 322 units through a forward deal.

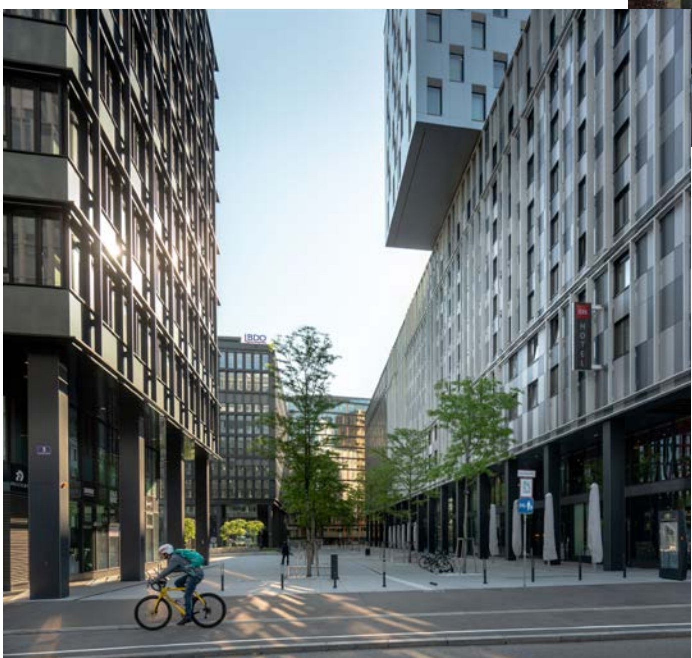


Top-class ground-breaking ceremony for the F.A.Z.-Tower
The cornerstone for the new Frankfurter Allgemeine Zeitung headquarters is laid in the presence of Prime Minister Bouffier and Lord Mayor Feldmann.

Further global sale to Vonovia
UBM sells its third residential project to the Vonovia Group – the Nordbahnviertel – for approximately €50m.

Q4

F.A.Z.-Tower sold for approx. €200m
More than one and a half years before completion, UBM sells the new headquarters for the Frankfurter Allgemeine Zeitung to HanseMerkur Grundvermögen AG.



Closing for the QBC 1&2 office property
At the end of December, UBM transfers the prestigious QBC 1&2 project which was forward sold in mid-2019. The transaction also marks the successful completion of the last two remaining sections in this over €450m quarter development project.

Share

Stock exchange developments

The global stock markets remained extremely volatile throughout 2020 as a result of the COVID-19 pandemic. The first weeks of the year brought an upward trend but were followed by a downturn in mid-February with the spread of the coronavirus. The resulting decline in the international MSCI World index reached a low at the end of March, for a loss of 32.1% compared with year-end 2019. Optimism returned to the international financial centres during the course of the year, and the index recovered to the year-end 2019 level by mid-August. Minor corrections in the autumn did not weaken the year-end rally and the MSCI World closed 2020 with a plus of 14.1%.

In response to the pandemic and the related recession after the longest growth period in US history, the Federal Reserve (FED) cut the prime rate to the lowest level since the financial crisis (0.00%–0.25%). The Dow Jones Industrial Index lost 34.9% during the first months of 2020. Measures implemented by the FED and a three trillion dollar rescue package produced the desired effects, and the index ended the year with a plus of 7.2%. The European markets generally followed international developments but fell increasingly behind during the recovery phase, and the EURO STOXX 50 closed the year with a minus of 5.1%.

The leading German DAX index closed 2020 on a positive note with a plus of 3.5%. After a sharp drop of 48.8% by the end of March, the ATX continued along an upward course until the beginning of June and then moved sidewards up to the fourth quarter. The 31.9% increase in the final quarter of the year was unable to completely offset the earlier developments and the leading Austrian index ended 2020 with a year-on-year decline of 12.8%.

Development of the UBM share

The UBM share has been listed on the Vienna Stock Exchange since 10 April 1873. On 22 August 2016, the share entered the prime market, the top segment of the Vienna Stock Exchange with the highest transparency standards. The share is also included in the IATX real estate stock index.

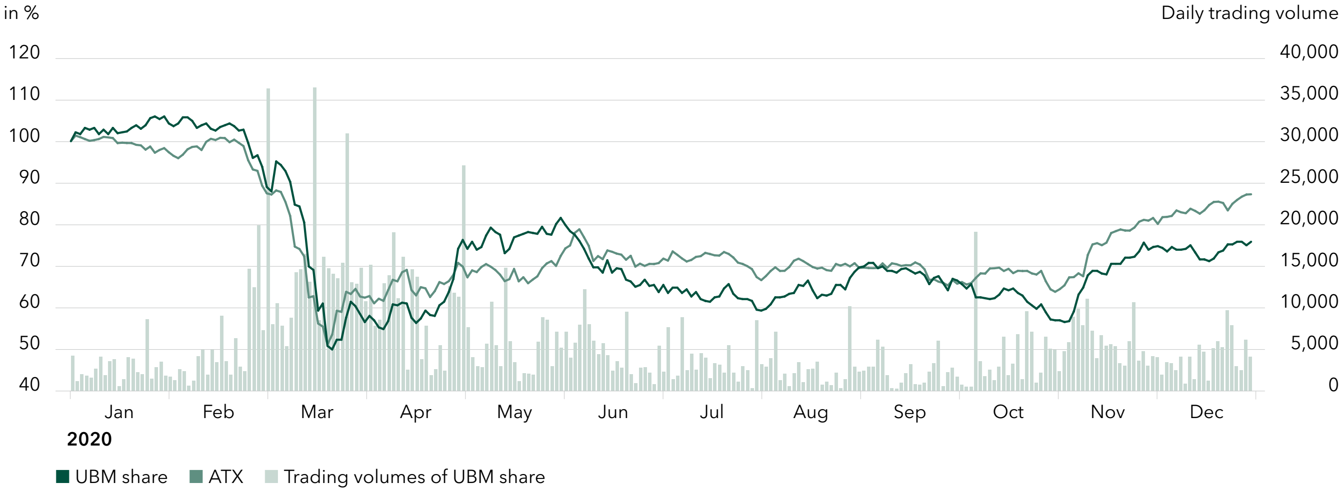
The beginning of the year brought a record price of €50.00 for the UBM share. The price held steady at over €40.00 up to the beginning of March but lost ground due to the COVID-19 pandemic and dropped, at times, to 50% of the year-end 2019 value only several weeks later. A recovery then took hold with an increase to €38.50 after the announcement of record results for 2019 and the first quarter of 2020. Over the summer months and at the beginning of the fourth quarter, the share price was marked by high volatility. A rally began at the beginning of November, but the share closed 2020 at €35.80 with a decline of 24.2% below year-end 2019. The IATX produced similarly weak performance with a minus of 23.3% in year-on-year comparison. The market capitalisation of UBM amounted to approximately €268m at year-end 2020.

The average daily trading volume on the stock exchange equalled 5,601 shares from January to December 2020 (2019: 3,570), which represents an increase of 57%. The total turnover amounted to 1,417,021 shares.

Analyst coverage

The following investment firms regularly published estimates and analyses of UBM in 2020: Baader Bank, Erste Group, Hauck & Aufhäuser, M.M. Warburg & CO, Raiffeisen Centrobank and SRC Research. All six investment houses had issued buy-recommendations for the UBM share at the end of December – in the prime market, this achievement has only been matched by Marinomed. The target price for the UBM share equals €44.25 based on the analysts' consensus.

Performance of the UBM share vs. ATX and trading volumes 2020



Key share data – UBM share

(in €)	2020	2019	2018
Price at year-end	35.80	47.20	33.40
Year high	50.00	47.90	43.90
Year low	23.60	34.20	33.40
Earnings per share[1]	4.39	6.16	4.38
Dividend per share	2.20[2]	2.20	2.20
Dividend yield (in %)[3]	6.1%	4.7%	6.6%
Payout ratio (in %)[4]	50.2%	35.7%	50.3%
Market capitalisation (in €m as of 31 Dec)	267.5	352.7	249.6
Price-earnings ratio	8.2	7.7	7.6
Number of shares (weighted average)	7,472,180	7,472,180	7,472,180

1 Earnings per share after the deduction of hybrid capital interest (change in calculation method beginning in 2020, comparative prior year data adjusted)
2 Subject to the approval of the Annual General Meeting
3 Based on the price at the end of the year
4 Dividend in relation to earnings per share after deduction of hybrid capital interest

Shareholder structure

The share capital of UBM Development AG totalled €22,416,540 as of 31 December 2020 and is divided into 7,472,180 shares. The syndicate comprising the IGO Industries Group and the Strauss Group held an unchanged 38.8% of the shares outstanding at year-end 2020. In addition, the IGO Industries Group held 6.4% of UBM outside the syndicate. A further 5.0% were held by Jochen Dickinger, a private investor. Free float comprised 49.8% of the shares and included the 3.9% of the shares held by the Management and Supervisory Boards. Most of the other free float was held by investors in Austria (49%) and Germany (31%). Shareholders in other European countries held roughly 6%, and 14% were attributable to other investors.

Dividend policy

UBM follows a reliable dividend policy that is based on continuity and reflects the company's future earnings power. Not only the dividend payment but also the required approval by the Annual General Meeting took place in the first half of 2020. The exact dividend recommendation is, as a rule, announced together with the presentation of results for the financial year. UBM is recommending the distribution of a dividend of €2.20 per share for the 2020 financial year (2019: €2.20), which represents a pay-out ratio of 50% (2019: 36%). The company wants its shareholders to participate in the better-than-expected development of business during 2020 but also with a view towards the still challenging market environment and the expected recession due to the COVID-19 pandemic. Based on the closing price of €35.80 as of 31 December 2020, the dividend yield equals 6.1%.

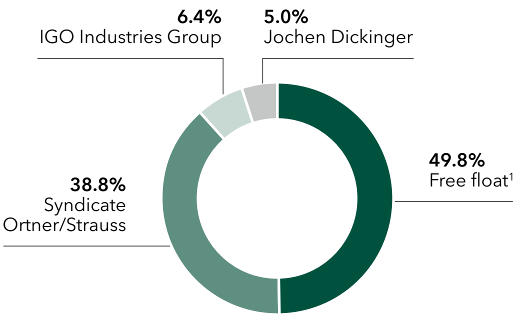
Bonds

UBM had the following instruments outstanding as of 31 December 2020: three bonds plus the hybrid capital which was issued in 2018 and is held by PORR AG as well as two promissory note loans and bearer bonds under Austria law. The first tranche of a promissory note loan and a bearer bond was issued in December 2020. An exchange offer resulted in the extension of €31.0m from the promissory note loan and the bearer bond from 2016. The volume totalled €51.5m at year-end. This financing continued from January to March 2021 and reached a total of €70m. The term equals five years at a coupon of 3.0%.

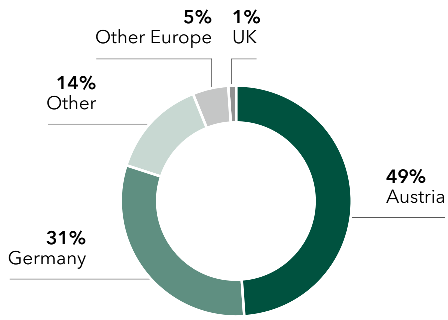
Investor Relations

Continuous dialogue and a transparent and timely information policy form the core of UBM's communications strategy, which is designed to give all shareholders a fair and realistic picture of the company. This also applies, in particular, during a difficult market environment. UBM's investor relations activities are focused not only on contacts with existing investors, but also on the acquisition of new long-term investors. In previous years, UBM took part in numerous meetings with investors and analysts in the major European financial centres – among others, in London, Vienna, Frankfurt, Munich and Zurich – and also participated in high-ranking international investment conferences. Virtual meetings replaced these traditional get-togethers in 2020 but made it possible to remain in contact with the capital market under the current conditions. The press conference on 2019 results as well as the 139th Annual General Meeting were also held as virtual events in 2020. UBM reports regularly on its business performance in quarterly telephone conferences with analysts, institutional investors and banks as well as at press events.

Shareholder structure (in %)



Free float – geographical split (in %)²



[1] incl. shares held by the Management and Supervisory Board (3.9%) – Thomas G. Winkler 75,000 shares, Martin Löcker 15,786 shares, Patric Thate 10,000 shares

[2] geographical split excluding 3.9% Management Board and Supervisory Board

Bonds 2021

Bond	Term	Nominal (in €m)	Coupon	Interest Payment Date
2.75% UBM Bond	2019–2025	120.0	2.75%	13.11.
3.125% UBM Bond	2018–2023	120.0	3.125%	16.11.
3.25% UBM Bond	2017–2022	150.0	3.25%	11.10.
Promissory note loans	2020–2025	30.0	3.00%	17.12.
Bearer bond	2020–2025	21.5	3.00%	17.12.
Promissory note loans	2016–2021	32.0	3.876%	21.11.
Bearer bond	2016–2021	18.5	3.876%	21.11.
5.50% Hybrid Bond	unlimited maturity	100.0	5.50%	1.3.
6.00% Hybrid Bond	unlimited maturity	25.3	6.00%	after AGM

Financial calendar 2021

Record Date – Annual General Meeting	17.5.2021
Publication Q1 Report 2021	25.5.2021
140th Annual General Meeting, Vienna	27.5.2021
Ex-Dividend	2.6.2021
Dividend record date	3.6.2021
Dividend payout day	4.6.2021
Publication Half-Year Report 2021	25.8.2021
Publication Q1-3 Report 2021	25.11.2021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Corporate Governance Report

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Supervisory Board

In a period that was influenced by the corona pandemic, UBM is looking back on a successful financial year with after-tax results of over €40m. The Supervisory Board was informed by the Management Board, regularly and in detail, on the progress made in implementing the strategy. The company's strategic orientation was also continuously evaluated and discussed with the Management Board. All necessary resolutions were examined extensively and passed unanimously. In these respects, the Supervisory Board actively accompanied and supported the company's development within the scope of its assigned responsibilities. In accordance with Section 81 of the Austrian Stock Corporation Act, the Management Board provided the Supervisory Board with regular written and verbal reports that contained timely and extensive information on the development of business and financial position of the Group and its investments, on issues related to employees and planning, and on investment and acquisition projects. The Management Board also discussed the corporate strategy, future business policies and risk management with the Supervisory Board.

The Supervisory Board held five meetings at which the necessary resolutions were passed. The approvals were obtained for transactions which require the consent of the Supervisory Board according to Section 95 Para. 5 of the Stock Corporation Act; in urgent cases, the decisions were taken by written vote. The average attendance at the Supervisory Board meetings equalled 98%. The Nomination Committee did not meet during the past year as there were no pending issues. The Remuneration Committee held two meetings in 2020. Discussions at the meeting on 2 April 2020 included the annual bonus for the members of the Management Board. At the meeting on 3 December 2020, the granting of a special bonus to the Management Board for their exceptional performance during the "corona year 2020" was discussed. The Audit Committee met five times during the 2020 financial year. The first meeting of the Audit Committee during the reporting year was held on 12 February 2020 without the Management Board in accordance with Rule 81a of the Austrian Code of Corporate Governance and concentrated on the audit schedule, audit focal points and communication between the auditor and the Audit Committee. In the meeting on 2 April, which also included the Management Board, the auditor reported on the status of the audit of the separate and consolidated financial statements as of 31 December 2019. The meeting on 23 April 2020 included the auditor and covered the evaluation of and preparations for the approval of the separate and consolidated financial statements for 2019. At this same meeting, the Supervisory Board dealt with the selection of an auditor for the separate and consolidated financial statements as of 31 December 2020, the approval of non-audit services by the auditor, the audit schedule for 2020 and the report by the Management Board on risk management. The Audit Committee meeting on 17 September 2020 was also attended by the auditor and dealt, among others, with the report by the Management Board on the effectiveness of the internal control system, the internal audit system and risk management (fraud) as well as compliance (corruption) in the sense of C-Rules 18 and 18a of the Austrian Code of Corporate Governance and planning for the audit of the separate and consolidated financial statements. The last meeting of the past year was held on 3 December 2020 and, in accordance with C-Rule 83 of the Austrian Code of Corporate Governance, dealt with the report by the auditor on the functioning of risk management.

The separate financial statements of UBM Development AG as of 31 December 2020, including the notes and the management report, and the consolidated financial statements as of 31 December 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS), as applied in the EU, together with the Group management report, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The audit, which was based on the company's bookkeeping and records as well as explanations and documentation provided by the Management Board, indicated that the bookkeeping and the separate and consolidated financial statements comply with legal regulations and provide no grounds for material objections. The management reports for the company and the Group agree with the separate and consolidated financial statements. The above-mentioned auditor therefore issued an unqualified audit opinion for the separate and consolidated financial statements of the 2020 financial year.

All documents related to the financial statements, the corporate governance report, the proposal by the Management Board for the use of profits and the auditor's report were discussed in detail by the Audit Committee together with the auditors on 22 April 2021 and submitted to the Supervisory Board. Following extensive discussion and examination, the Audit Committee and the Supervisory Board approved the annual financial statements as of 31 December 2020, the management report, the corporate governance report and the Management Board's proposal for the use of profits. The separate financial statements as of 31 December 2020 are therefore approved. In addition, the Audit Committee and the Supervisory Board approved the consolidated financial statements for 2019, which were prepared in accordance with IFRS, and the Group management report.

The Supervisory Board agrees with the proposal by the Management Board for the use of profits. The agenda for the Annual General Meeting, which will vote on the use of profits for the 2020 financial year, will thereby include a proposal for the payment of a €2.20 dividend per share.

The corona pandemic was a determining factor for the 2020 financial year. UBM successfully demonstrated its crisis resistance and stable foundation in difficult times. The health of our employees and their families continues to represent our highest priority. On behalf of the Supervisory Board, I would like to ensure you that our focus – in keeping with strict safety measures – remains on the economic well-being of the company and the protection of jobs. The Supervisory Board would like to thank UBM's customers and shareholders for their confidence in and commitment to the company, and also commend the Management Board and the many men and women who work for UBM Development for their tireless efforts and exceptional performance during the past year.

With my best wishes for your good health,

Karl-Heinz Strauss, FRICS
Chairman of the Supervisory Board

Vienna, April 2021

Governance

Commitment to the Austrian Code of Corporate Governance

UBM Development AG views corporate governance as a comprehensive concept within the framework of responsible and transparent management as well as the related system of wide-ranging controls. The Management Board and Supervisory Board work closely together in the interests of the company and its employees to continuously evaluate and coordinate the strategic direction of the UBM Group. An ongoing dialogue with the relevant interest groups builds trust, also for corporate activities, and creates the basis for sustainable growth in the future. A top priority for UBM is to develop and improve its standards for responsible and sustainable corporate management.

The Management Board and Supervisory Board issued a joint formal declaration in August 2016, which commits the UBM Group to compliance with the Austrian Code of Corporate Governance. Section 267b of the Austrian Commercial Code requires UBM, as a listed parent company whose shares are traded on a regulated market, to produce a consolidated corporate governance report as defined in Section 1 (2) of the Austrian Stock Exchange Act of 2018. As the UBM Group does not have any listed subsidiaries, the necessary disclosures are limited to the information required by Section 243c of the Austrian Commercial Code and included in the appropriate sections of this corporate governance report. UBM shares have been listed in the prime market, the premium segment of the Vienna Stock Exchange, since 22 August 2016. This also formally commits UBM to adherence with increased standards for transparency, quality and publication. UBM is committed to compliance with the behavioural rules defined by the Austrian Code of Corporate Governance – with reference to the deviations listed below in the comply or explain catalogue – and sees the code as a key precondition for responsible corporate management. The latest version of the Austrian Code of Corporate Governance, as issued by the Austrian Working Group for Corporate Governance, is available to the general public on the organisation's website under www.corporate-governance.at.

This corporate governance report is published as part of the annual report and is available on the Group's website under www.ubm-development.com, in the submenu Investor Relations/Financial Reports or under Corporate Governance. In accordance with C-Rule 36 of the Austrian Code of Corporate Governance, the Supervisory Board conducted a self-evaluation during 2020. The questionnaire used for the evaluation addressed, in particular, the efficiency of the Supervisory Board, its organisation and its working procedures. The findings were evaluated and discussed by the Supervisory Board.

Comply or explain catalogue

C-Rule 27: In accordance with C-Rule 27 of the Austrian Code of Corporate Governance, the company's current remuneration policy states that the remuneration for each of the Management Board members must include fixed and variable components as required by the applicable legal regulations. The variable, performance-based remuneration components are designed to reflect shareholders' interests in the positive development of the company and increase the Management Board's motivation to take actions which lead to the sustainable, long-term and risk-aware optimisation of Group results. Annual variable remuneration is dependent on the attainment of parameters set by the Supervisory Board, which are based on financial or non-financial criteria or a combination of both. The inclusion of non-financial criteria is not mandatory for determining the amount of variable remuneration in order to support the objectiveness, transparency and plausibility of remuneration. The remuneration policy does not include the possibility to demand the payback of variable remuneration components ("clawback") because this is not required by law and because civil law provides sufficient grounds for the right to claim the return of payments which were based on obviously false data.

C-Regel 27a: The contracts with the Management Board members, before implementation of the current remuneration policy in accordance with applicable legal regulations, do not include a specific provision that would limit severance compensation for the premature termination of their function without good cause to a maximum of twice the total annual remuneration and a maximum of the remaining contract term. Moreover, these contracts currently do not specify that severance payments will not be made when a Management Board contract is terminated prematurely with good cause. The Management Board contracts do not contain any provisions which would require consideration of the circumstances under which a member leaves the company and the economic position of the company in the event of premature resignation. Compliance with C-Rule 27a of the Austrian Code of Corporate Governance did not represent a focal point when the existing Management Board contracts were concluded. In order to achieve equal treatment, adherence to this rule was also not included in the recently concluded Management Board contract for the chief financial officer.

C-Rule 38: The job profile and procedure for appointing Management Board members are established on a case-by-case basis. The Supervisory Board defines a job profile when a Management Board position is to be filled, whereby particular attention is paid to the individual candidates' qualifications, experience and industry knowledge. A formally defined appointment procedure and general job profile are not used in the interests of the company because this could exclude candidates from appointments to the Management Board in spite of their exceptional qualifications and outstanding industry knowledge.

C-Rule 39: The establishment of an emergency committee appears to be unnecessary in view of the homogenous business activities of UBM Development AG and the comparatively low number of Supervisory Board members. Circular resolutions are used in urgent cases.

C-Rule 49: In line with legal regulations and L-Rule 48 of the Austrian Code of Corporate Governance, the Supervisory Board approves the conclusion of all contracts with its members which commit these persons to performing a service for the company or a subsidiary outside their activities on the Supervisory Board for compensation that exceeds an immaterial value. The company does not, however, publish the related details for operational and confidentiality reasons. Moreover, the notes to the consolidated financial statements of UBM Development AG include disclosures on related party transactions, which include the remuneration for services by companies in which the Supervisory Board members hold a position on a corporate body and/or an investment outside their activities on the Supervisory Board of UBM Development AG.

Members of the Management Board

Thomas G. Winkler was born in Salzburg, Austria, in 1963. He completed his law degree at Salzburg University, Austria, in 1985, and graduated as Master of Laws (LL.M.) in 1987 from the University of Cape Town, South Africa. After graduating, he started his career at Erste Bank AG (formerly: Girozentrale); from 1990 he was an authorised signatory, head of Investor Relations and Corporate Spokesperson at Maculan Holding AG. From 1996 to 1998 he served as Vice President, Head of Special Projects at Magna (Europe) Holding AG. He was Head of Investor Relations at Deutsche Telekom AG in Bonn from 1998 to 2001 before moving to T-Mobile International AG & Co. KG, where he was responsible for finance as a member of the Executive Board. Mr. Winkler worked as a freelance consultant in London from 2007 to 2009. He was CFO of Lenzing AG from 2010 to 2013 and additionally served on the Supervisory Board of ÖIAG Österreichische Industrieholding AG from 2012 to 2015, last as Deputy Chairman. He was also Chairman of the Audit Committee and an independent member of the Supervisory Board of Bashneft JSOC, Russia, up to April 2015. Since 2014 he has served as a Senior Advisory Board Member at Minsait, Spain. Thomas G. Winkler was appointed Chairman of the Management Board of UBM Development AG on 1 June 2016. As the Chairman of the Management Board and CEO, he is responsible for Strategy, Investor Relations & Communications, Transactions & Market Research, Legal & Compliance, Human Resources, and Mergers & Acquisitions.

Martin Löcker was born in Leoben, Austria, in 1976. He graduated in industrial engineering and construction from the Technical University in Graz, Austria, in 2000 and subsequently received a postgraduate degree in real estate economics from the European Business School in Munich, Germany, in 2005. He joined the PORR Group and its subsidiary UBM AG in 2001 where he was responsible for projects in Austria, France and Germany. Since 2007 he has held management positions at UBM AG and UBM Development Deutschland GmbH (formerly: Münchner Grund). He has been a member of the Management Board since 1 March 2009. In accordance with the rules of procedure for the Management Board, Martin Löcker is responsible for Project Acquisition Controlling, Operational Project Controlling, Technical Competences, Green Building, CSR & Work Safety, Quality Management & Integrated Management System.

Patric Thate was born in Bergisch Gladbach, Germany, in 1973. After studying economics at Wuppertal and Nottingham Universities, he started his career at Deutsche Telekom in Bonn during 1999, where he held various management positions in finance until the end of 2010. He was then responsible for finance at Lenzing AG, Austria, as Vice President Global Finance until 2015. Patric Thate was also substantially involved in major international capital market transactions, including the Re-IPO of Lenzing AG. In his most recent position, he served as Head of Finance and a member of the Executive Committee of UBM Development AG. He was appointed CFO of UBM on 1 July 2017, where he is responsible for Financial Controlling & Reporting, Accounting & Consolidation, Treasury, Tax, IT and Insurance.

Management Board

The Management Board must have between two and six members as defined in Section 6 of the Statutes and had three members in 2020. The Supervisory Board can designate one member as chairman and one member as deputy chairman of the Management Board. The Management Board passes resolutions by a simple majority of the votes cast. If the Supervisory Board appoints one member as chairman of the Management Board, this person casts the deciding vote in the event of a tie. The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years, whereby the renewal or extension of this appointment (in each case, for a maximum of five years) is permitted. The Supervisory Board can dismiss a member of the Management Board before the end of his or her term in office for an important reason, i.e. for a serious breach of duty or if the Annual General Meeting passes a vote of no confidence in the Management Board member. The Management Board is required to conduct its business activities in line with the rules defined by the Austrian Stock Corporation Act, the Statutes, other laws and the rules of procedure. The Supervisory Board is responsible for determining the assignment of Management Board responsibilities while, at the same time, maintaining the overall responsibility of the Management Board. The Management Board requires the prior approval of the Supervisory Board before entering into the transactions listed in Section 95 Para. 5 of the Austrian Stock Corporation Act (current version). To the extent permitted by Section 95 Para. 5 of the Austrian Stock Corporation Act, the Supervisory Board sets the monetary limits for transactions which do not require its approval. The Supervisory Board is also entitled to add additional transactions to the list of legally defined cases which require its approval (Section 95 Para. 5 of the Austrian Stock Corporation Act). The Supervisory Board is required to issue appropriate rules of procedure for the Management Board, and the Management Board must report regularly to the Supervisory Board on its activities.

Activities on behalf of the company must represent the principal occupation for the members of the Management Board. They must manage the company's business with the care of responsible and conscientious managers and in accordance with the interests of shareholders, the staff and the general public. The members of the Management Board may not take on any other employment without the approval of the Supervisory Board and may not take on an executive function in any companies which are not part of the UBM Group.

UBM is represented by two Management Board members, or by one Management Board member together with one authorised signatory. The company can also be represented by two authorised signatories, with certain legal restrictions. Any deputy Management Board members have the same rights of representation as regular Management Board members.

The following table lists the Management Board members, their dates of birth, their positions, the date of their initial appointment and the expected end of their term in office.

Supervisory Board positions or comparable functions in Austrian or foreign companies (which are not included in the financial statements):
Thomas G. Winkler is a Senior Advisory Board Member at Minsait by Indra Business Consulting S.L.U. (Spain). The Management Board members Martin Löcker and Patric Thate do not serve on any supervisory boards or hold comparable functions in any Austrian or foreign companies (which are not included in the financial statements).

Executive and non-executive board positions in material subsidiaries:
The Management Board members Thomas G. Winkler, Patric Thate and Martin Löcker hold management positions in individual project companies, but do not have any executive or supervisory board positions in material subsidiaries.

Supervisory Board

The UBM Supervisory Board is composed of members elected by the Annual General Meeting. The Works Council is also authorised by Section 110 Para. 1 of the Austrian Labour Constitutional Act to delegate a specific number of members to the Supervisory Board. Section 9 of the Statutes states that the Supervisory Board must have a minimum of three and a maximum of 12 members elected by the Annual General Meeting. In 2020, the Supervisory Board had eight members elected by the Annual General Meeting plus four additional members designated by the Works Council as employee representatives.

The members of the Supervisory Board are elected up to the end of the Annual General Meeting which votes on the release from liability of the Supervisory Board for the fourth financial year after their election, unless the Annual General

Members of the Management Board

Name	Date of birth	Position	Member since	Appointed until
Thomas G. Winkler	24.6.1963	Chairman of the Management Board	1.6.2016	9.4.2023
Martin Löcker	13.3.1976	Management Board	1.3.2009	9.4.2023
Patric Thate	25.5.1973	Management Board	1.7.2017	9.4.2023

Meeting specifies a shorter term for one or all of the elected members; the financial year in which the Supervisory Board member is elected does not count towards this term. The re-election of a board member is permitted, also for retiring members. If an elected Supervisory Board member retires before the end of his or her term, a substitute must only be elected at the next Annual General Meeting. However, an Extraordinary General Meeting must be held within six weeks to elect a substitute if the number of Supervisory Board members falls below three. A substitute member is elected for the remaining term of the former Supervisory Board member, unless decided otherwise by the Annual General Meeting.

The Annual General Meeting can recall a Supervisory Board member before the end of his or her term with a resolution based on a simple majority of the votes cast. Any member of the Supervisory Board can resign, without due cause, by notifying the chairman of the Supervisory Board in writing, subject to a notice period of 21 days. This notice period can be shortened by the chairman of the Supervisory Board, or his or her deputy in the event the chairman resigns.

A substitute member can be elected concurrently with a regular Supervisory Board member, whereby the substitute would fill the seat effective immediately if the Supervisory Board member retires before the end of his or her term. If multiple substitutes are elected, the order in which they are to replace a retiring Supervisory Board member must be determined. A substitute member can also be elected for multiple Supervisory Board members to fill a seat on the Supervisory Board if any of these members steps down prematurely. The term of office of a substitute member ends with the election of a successor to the former Supervisory Board member or, at the latest, with the end of the term of the former Supervisory Board member. If the term of office of a substitute member ends because a successor to a former Supervisory Board member has been elected, the substitute member can still serve as a substitute for the other Supervisory Board members he or she has been chosen to represent.

The Supervisory Board elects a chairman and one or more deputies from among its members each year at a meeting held after the Annual General Meeting. If there are two deputies, the order in which they are to substitute for the chairman must be determined. Their terms of office end with the next Annual General Meeting. A replacement must be elected immediately if the chairman or one of the elected deputies resigns. If, in this election, no candidate receives a simple majority of the vote cast, a run-off must be held between the people who received the most votes. If the run-off results in a tie, lots will be drawn to decide the election. If the chairman or one of the elected deputies resigns, the Supervisory Board must immediately hold a new election to appoint a successor. The chairman and the deputies can resign at any time by notifying the Supervisory Board in writing and in keeping with a 14-day notice period; however, they are not required to resign from the Supervisory Board at the same time.

Every deputy chairman has the same rights and responsibilities as the chairman he or she represents. This also applies to casting the decisive vote for resolutions and in elections. If the chairman and his deputies are prevented from carrying out their duties, this obligation passes to the oldest Supervisory Board member (in terms of age) for the duration of the impairment. Declarations of intent by the Supervisory Board and its committees must be submitted by the chairman of the Supervisory Board, or by his deputy if he or she is incapacitated.

The Supervisory Board issues rules of procedure in line with the responsibilities defined by law and the Statutes. Resolutions by the Supervisory Board on its rules of procedure require a simple majority of the members elected by the Annual General Meeting and must also comply with the general requirements for resolutions.

The Supervisory Board can form committees from among its members. Their responsibilities and powers as well as their general rules of procedure are determined by the Supervisory Board. The authority to take decisions can also be delegated to the committees, which can be established as permanent bodies or for individual tasks. The employee representatives on the Supervisory Board are entitled to designate voting members to the committees based on the ratio specified by Section 110 Para. 1 of the Austrian Labour Constitutional Act. This does not apply to meetings and voting which involve relationships between the company and the Management Board members, with the exception of resolutions on the appointment or recall of a Management Board member as well as resolutions granting options in company shares.

The Supervisory Board passes resolutions in its regular meetings. These meetings are to be held as often as required by the interests of the company and at least once each quarter. Five regular Supervisory Board meetings were held in 2020. The chairman determines the form of the meeting, the way in which resolutions are passed outside of meetings and the procedure for counting votes. The Management Board members attend all meetings of the Supervisory Board and its committees, unless otherwise decided by the person chairing the meeting.

A member of the Supervisory Board can designate another member in writing to represent him or her at a meeting. A member represented in this way is not included in determining the quorum for the meeting. The right to chair the meeting cannot be delegated. A member who is unable to attend a meeting of the Supervisory Board or its committees is entitled to submit his or her vote on individual agenda items in writing through another member of the board or committee.

The Supervisory Board is considered to have a quorum when all members have been correctly invited to attend and when at least three members, including the chairman or deputy, participate in the decision-making process. A topic of negotiation which is not on the agenda can only be ruled on by the Supervisory Board if all members are present or represented and no member objects. The Supervisory Board passes its resolutions by simple majority of the votes cast, whereby abstentions are not counted as votes. In the case of a tie – also in elections – the chairman casts the deciding vote. A deputy chairman representing the chairman is also entitled to cast the deciding vote on resolutions and in elections; this also applies to committee chairmen.

Composition of the Supervisory Board

The following table shows the members elected to the Supervisory Board in 2019 together with their date of birth, their position, the date of their initial appointment to the Supervisory Board and the expected end of their term. As of 31 December 2020, the members of UBM's Supervisory Board held additional positions on supervisory boards or exercised comparable functions in Austrian and foreign companies (not included in the consolidated financial statements). These positions are listed in the table on page 63.

Criteria for independence

C-Rule 53 of the Austrian Code of Corporate Governance requires the majority of the Supervisory Board members elected by the Annual General Meeting or appointed by shareholders in line with the Statutes to be independent of the company and its Management Board. A Supervisory Board member is considered to be independent if he or she does not have any business or personal relationships with the company or its Management Board which would constitute a material conflict of interests and could therefore influence the member's behaviour.

Members of the Supervisory Board

Name	Date of birth	Position	Member since	Appointed until
Karl-Heinz Strauss[1]	27.11.1960	Chairman	14.4.2011	AGM 2024
Iris Ortner[2]	31.8.1974	Deputy Chair	14.4.2011	AGM 2024
Susanne Weiss[3]	15.4.1961	Member	15.1.2015	AGM 2024
Klaus Ortner[4]	26.6.1944	Member	15.1.2015	AGM 2024
Ludwig Steinbauer[3]	26.10.1965	Member	15.1.2015	AGM 2024
Paul Unterluggauer	28.4.1967	Member	15.1.2015	AGM 2024
Bernhard Vanas[3]	10.7.1954	Member	15.1.2015	AGM 2024
Birgit Wagner[3]	9.1.1972	Member	29.5.2019	AGM 2024
Anke Duchow	19.1.1968	Member	27.5.2019	n/a[5]
Martin Kudlicska	14.2.1972	Member	30.6.2016	n/a[5]
Hannes Muster	28.11.1967	Member	30.6.2016	n/a[5]
Günter Schnötzinger	20.8.1973	Member	30.6.2016	n/a[5]

1 Karl-Heinz Strauss was Deputy Chairman of the Supervisory from 27 February 2013 and has been Chairman since 18 September 2014
2 Iris Ortner has been Deputy Chairwoman of the Supervisory Board since 18 September 2014 and previously served a member of the Supervisory Board from 2 July 2003 to 5 May 2010
3 independent member who does not hold more than 10% of the shares (C Rule 54)
4 Klaus Ortner was previously a member of the Supervisory Board from 18 March 2000 to 14 May 2014
5 appointed by the Works Council in accordance with Section 110 Paragraph 1 of the Austrian Labour Constitutional Act

These principles form the basis for the independence criteria established by the UBM Supervisory Board, which are available for review by the general public on the UBM website:

a) The Supervisory Board member did not serve as a member of the Management Board or key employee of UBM or one of its subsidiaries during the past five years.

b) The Supervisory Board member does not at the present time or did not during the past year have any business relationships with UBM or one of its subsidiaries in a scope material for that member. The same applies to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but does not apply to functions in UBM corporate bodies; knowledge of Group issues and the mere exercise of activities as a management board member or managing director by a Supervisory Board member do not, as a rule, lead to the involved company being viewed as a "company in which a member of the Supervisory Board has a considerable economic interest" as long as circumstances do not give rise to speculation that the Supervisory Board member gains a direct personal benefit from a business transaction with these companies. The approval of individual transactions by the Supervisory Board pursuant to Rule 48 does not automatically lead to classification as not independent.

c) The Supervisory Board member did not serve as an auditor of UBM or as a shareholder or employee of the company which audited UBM during the past three years.

d) The Supervisory Board member is not a member of the management board of another company in which a member of the UBM Management Board serves on that supervisory board.

e) The Supervisory Board member has not served on the Supervisory Board for more than 15 years. This does not

Additional functions of the Supervisory Board members

Name	Company	Function
Karl-Heinz Strauss	DATAX HandelsgmbH KAPSCH-Group Beteiligungs GmbH Kapsch Aktiengesellschaft PORR Bau GmbH PORR Deutschland GmbH PORR SUISSE AG PORR Construction Holding GmbH PORR S.A.	Supervisory Board member Supervisory Board member Supervisory Board member Chairman of the Supervisory Board Chairman of the Supervisory Board President of the Administrative Board Chairman of the Supervisory Board Chairman of the Supervisory Board
Iris Ortner	ELIN GmbH PORR AG[1] OEBAG TKT Engineering Sp. z.o.o. (Polen) Blue Code International AG (Switzerland)	Chairwoman of the Supervisory Board Supervisory Board member Supervisory Board member Deputy Chairwoman of the Supervisory Board Supervisory Board member
Susanne Weiss	ROFA AG PORR AG[1] Wacker Chemie AG[1] Spielvereinigung Unterhaching Fußball GmbH & Co. KGaA	Chairwoman of the Supervisory Board Supervisory Board member Supervisory Board member Supervisory Board member
Klaus Ortner	ELIN GmbH PORR AG[1]	Deputy Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board
Ludwig Steinbauer	PORR Bau GmbH PORR Construction Holding Klinikum Austria Gesundheitsgruppe GmbH	Supervisory Board member Supervisory Board member (until March 2020) Supervisory Board member (until June 2020)
Paul Unterluggauer	–	–
Bernhard Vanas	PORR AG[1] SDN Beteiligungs GmbH Wolfgang Denzel Holding AG Bankhaus Denzel AG Wolfgang Denzel AG Wolfgang Denzel Auto AG	Supervisory Board member Supervisory Board member Supervisory Board member Supervisory Board member Supervisory Board member Supervisory Board member
Birgit Wagner	–	–
Anke Duchow	–	–
Martin Kudlicska	–	–
Hannes Muster	–	–
Günter Schnötzinger	–	–

[1] listed

apply to Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such shareholders.

f) The Supervisory Board member is not a close family member (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the UBM Management Board or a person to whom any of the aforementioned items (a to e) items apply.

In accordance with these criteria, the following Supervisory Board members have declared themselves as independent: Karl-Heinz Strauss, FRICS (Chairman), Birgit Wagner, Ludwig Steinbauer, Paul Unterluggauer, Bernhard Vanas and Susanne Weiss.

Committees

The statutes allow the Supervisory Board to establish committees from among its members. The following three committees supported and ensured the efficient handling of complex issues in 2020:

Audit Committee: The responsibilities of the audit committee include (i) monitoring the accounting process and issuing recommendations or suggestions to ensure its reliability; (ii) monitoring the effectiveness of the Group's internal control system, internal audit system (where appropriate) and risk management system; (iii) monitoring the auditing of the separate and consolidated financial statements under consideration of the findings and conclusions in the reports published by the Regulatory Authority on Auditors in accordance with Section 4 Para. 2 (12) of the Supervision of Auditors Act (APAG); (iv) assessing and monitoring the independence of the chartered auditors, in particular as regards any additional services they may have provided for UBM (in accordance with Section 5 of EU Regulation No. 537/2014 and Section 271a Para. 6 of the Austrian Commercial Code); (v) reporting to the Supervisory Board on the results of the audit, stating how the audit contributed to the reliability of financial reporting and the role played by the Audit Committee in this process; (vi) assessing the annual financial statements and preparing their approval, evaluating the proposal for the use of profit, the management report and the corporate governance report, and reporting on the audit findings to the Supervisory Board; (vii) examining the consolidated financial statements, the Group management report and the consolidated corporate governance report as well as reporting to the Supervisory Board on the audit findings; and (viii) conducting the procedures for the selection of the auditor under consideration of the appropriateness of the fee and preparing the Supervisory Board's recommendation for the appointment of the auditor (Section 16 of EU Regulation No. 537/2014 applies).

The Audit Committee met five times during the 2020 financial year. The first meeting of the Audit Committee during the reporting year was held on 12 February 2020 without the Management Board in accordance with Rule 81a of the Austrian Code of Corporate Governance and concentrated on the audit schedule, audit focal points and communication between the auditor and the Audit Committee. In the meeting on 2 April, which also included the Management Board, the auditor reported on the status of the audit of the separate and consolidated financial statements as of 31 December 2019. The meeting on 23 April 2020 included the auditor and covered the evaluation of and preparations for the approval of the separate and consolidated financial statements. At this same meeting, the Supervisory Board dealt with the selection of an auditor for the separate and consolidated financial statements as of 31 December 2020, the approval of non-audit services by the auditor, the audit schedule for 2020 and the report by the Management Board on risk management. The Audit Committee meeting on 17 September 2020 was also attended by the auditor and dealt, among others, with the report by the Management Board on the effectiveness of the internal control system, the internal audit system and risk management (fraud) as well as compliance (corruption) in the sense of C-Rules 18 and 18a of the Austrian Code of Corporate Governance and planning for the audit of the separate and consolidated financial statements. The last meeting of the reporting year was held on 3 December 2020 and, in accordance with C-Rule 83 of the Austrian Code of Corporate Governance, dealt with the report by the auditor on the functioning of risk management. The members of the Audit Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner, Bernhard Vanas (financial expert) and Susanne Weiss.

Nomination Committee: The responsibilities of this committee are as follows: (i) to prepare appointments to the Management Board, including succession planning: in advance of an appointment to Management Board, the Nomination Committee defines a profile for the position, which also reflects the corporate strategy and state of the company, and prepares the decision for the full Supervisory Board; (ii) to recommend candidates for positions on the Supervisory Board when seats become available: the Nomination Committee is involved in planning for appointments to the Supervisory Board. It proposes candidates for positions on the Supervisory Board; after approval by the full Supervisory Board, these recommendations are presented to the Annual General Meeting for a decision. Recommendations for appointments to the Supervisory Board must be based on the qualifications and personal skills of the members and be selected to achieve a balance of specialists in line with UBM's structure and business. Appropriate consideration must also be given to diversity with regard to gender, age and internationality. Persons who have been convicted of a crime which questions their professional reliability are excluded from recommendations for appointments to the Supervisory Board.

The Nomination Committee did not meet in 2020 as there were no pending issues. The members of the Nomination Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner and Susanne Weiss.

Remuneration Committee: This committee is responsible for the following duties in connection wit the current remuneration policy and in accordance with applicable legal regulations: (i) matters related to the remuneration of the Management Board members and the content of the employment contracts with these persons, in particular, the definition and implementation of the underlying principles for the remuneration of the Management Board members and the criteria for the variable remuneration components in line with Rules 27 (above all, the preparation of a catalogue for the variable remuneration components), 27a and 28 of the Austrian Code of Corporate Governance; (ii) evaluating the remuneration policy for the Management Board members at regular intervals; (iii) approving the assumption of side-line activities by the Management Board members.

The Remuneration Committee held two meetings during the reporting year. Consultations at the meeting on 2 April 2020 included the annual bonus for the members of the Management Board. At the meeting on 3 December 2020, the granting of a special bonus to the Management Board for their exceptional performance during the "corona year 2020" was discussed. The members of the Remuneration Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner and Susanne Weiss (remuneration expert).

Support for women

UBM is reinforcing its efforts to increase the share of women in its organisation. In comparison with other companies in the real estate sector, the UBM Group had a positive standing with 24 women in key positions (Supervisory Board, managing directors, authorised signatories and key staff at UBM Development AG and its major subsidiaries) as of 31 December 2020 (31 December 2019: 30). As a company which believes in sustainable operations, UBM places high priority on socially relevant topics which include equal opportunity in the workplace. Activities to achieve and maintain equal opportunity are focused, in particular, on the identification of suitable female candidates when managers and staff are recruited. Fifty-two new employees were hired during 2020: 18 women and 34 men (excluding hotel employees). There are no salary differences between men and women who perform the same activity and have the same qualifications. Women are specifically addressed in job advertisements. In order to support the work-life balance, the company offers flexible working hours through a flexi-time system.

UBM is proactively and sustainably committed to a working environment free of discrimination and a culture of mutual respect and appreciation among all employees. The company treats all employees equally – regardless of gender, social background, sexual orientation, nationality, religion or age. Any form of discrimination is categorically opposed.

Diversity concept in connection with appointments to the Management Board and Supervisory Board

With regard to the composition of the Management and Supervisory Boards, the Supervisory Board does not follow a specific diversity concept. UBM is increasing its efforts to raise the percentage of women in management positions. Moreover, employees – regardless of their function and hierarchical level – are never discriminated against because of their gender, social background, sexual orientation, nationality, religion or age. The Supervisory Board therefore views the establishment of diversity targets for control bodies to be neither expedient nor useful. Education and professional experience play a significant role because a person under consideration for a Supervisory Board position must be capable of optimally performing his or her duties. These preconditions are not defined in advance in an abstract manner but evaluated on a case-by-case basis. Consequently, the expertise and specific requirements for the respective employment situation are the only deciding factors in preparing proposals for the Annual General Meeting. The Supervisory Board also believes these same principles apply to the composition of the Management Board.

Remuneration report

Remuneration of the Management Board members

The remuneration for the members of the UBM Management Board implements the remuneration policy in accordance with legal regulations and consists of non-performance-related components (fixed salary, pension fund/employee welfare fund contributions), performance-related components (variable performance bonus) and one-off payments as well as severance compensation for departing members.

Fixed remuneration: The fixed salary of each Management Board member is based on the scope of duties as defined in the plan for the assignment of corporate responsibilities. Any side-line activities by Management Board members require the approval of the Supervisory Board. The fixed remuneration is paid as non-performance-linked, basic compensation in the form of a monthly salary. The Management Board members also receive additional, non-cash fringe benefits (company car, telephone, travel expenses) which are, in principle, equally available to all Management Board members. The year-on-year reduction in the fixed remuneration for all three members of the Management Board was based on an offer to waive one month's salary during the three-months in which the staff were on short-time work during the first corona lockdown.

Variable/performance-based remuneration: The variable performance bonus for the chairman of the Management Board equals 2.5% of EBT, up to a maximum of €360,000.00 gross per year. If annual earnings equal or exceed the amount

Management Board remuneration 2020 (in €)

Name	Salary	Variable remuneration[1]	Special bonus	Non-cash benefits	Pension fund/ employee welfare fund	Total
Thomas G. Winkler	501,432.00	360,000.00	333,000.00	11,665.30	18,451.37	1,224,548.67
Martin Löcker	334,289.00	240,000.00	314,500.00	11,181.66	24,421.47	924,392.13
Patric Thate	334,289.00	240,000.00	295,300.00	8,785.30	14,014.04	892,388.34

[1] probable variable remuneration for 2020, payable in 2021

defined by the Remuneration Committee, the chairman of the Management Board is entitled to the maximum amount of the variable performance bonus. If earnings are lower than the defined target, the chairman is entitled to receive a proportional amount. Management Board members Martin Löcker and Patric Thate also receive a variable performance bonus in line with the above scheme, but each up to a maximal of €240,000.00 gross per year. Each member of the Management Board was awarded an additional performance bonus of up to €333,000.00 for crisis management during the CovId-19 pandemic in keeping with the remuneration policy which was approved by the 139th Annual General Meeting of UBM Development AG on 28 May 2020.

Long-Term Incentive Programme for managers: UBM introduced a stock option programme for key managers and the Management Board in 2017. This scheme required the eligible persons to make a personal investment in UBM shares, at the latest, by the date on which the options were granted. The personal investment must remain in place without interruption until the options are exercised by the participants and be verified when the options are exercised. Five share options were allocated for each personal investment share at a strike price of €36.33 per share. The options can be exercised from 1 September 2020 to 26 October 2020 or from 1 September 2021 to 26 October 2021, if (i) the unweighted average of the closing price of the UBM share equals at least €40.00 on at least 15 consecutive trading days during the period from 1 September 2019 to 31 August 2020 and (ii) the ratio between the market capitalisation and net debt as of 31 December 2019 does not exceed 1:2.40. No options were exercised during the period from 1 September 2020 to 26 October 2020.

Pension rules: Annual payments are made to a pension fund for individual Management Board members. The amount of the contribution is based on the member's age and length of service with the company.

D&O liability insurance: D&O liability insurance has been contracted to cover the members of the Management Board, whereby the costs are carried by the company.

Principles of remuneration for major subsidiaries: The remuneration of the board members of major subsidiaries also consists of performance-related and non-performance-related components. These persons also receive non-cash fringe benefits (company car, parking space).

Remuneration of the Supervisory Board members

Every Supervisory Board member receives an annual payment for his or her services as well as reimbursement of expenses and an attendance fee for each meeting. The amount of the attendance fee and the annual payment are determined by the Annual General Meeting, which can also establish the total remuneration for the Supervisory Board and designate the chairman of the Supervisory Board to decide on its allocation to the individual members.

Additional compensation can be approved by the Annual General Meeting in cases where members of the Supervisory Board, in this capacity, take on special activities in the interests of the company.

The Supervisory Board members are covered by an appropriate level of D&O liability insurance in the interests of the company, whereby the costs are carried by UBM. A resolution by the Annual General Meeting on 29 May 2019 established the following remuneration for members of the Supervisory Board: the chairman of the Supervisory Board receives fixed remuneration of €50,000.00 per year, the deputy chairman of the Supervisory Board fixed remuneration of €40,000.00 per year and the other members fixed remuneration of €30,000.00 per year. The attendance fee for meetings was set at €2,000.00 per meeting of the Supervisory Board or one of its committees. Members of the Supervisory Board who do not reside in Austria receive an additional reimbursement for Austrian withholding tax from the company. The fixed remuneration is payable annually in arrears, within four weeks of the Annual General Meeting. The attendance fee for meetings is payable within four weeks after the respective Supervisory Board meeting.

The Supervisory Board members appointed by the Works Council in accordance with Section 110 Para. 1 of the Austrian Labour Constitutional Act do not receive any additional payment for their work on the Supervisory Board.

Supervisory Board remuneration 2020 (in €)

Name	Fixed remuneration[1]	Attendance fee
Karl-Heinz Strauss (Chairman)	50,000.00	10,000.00
Iris Ortner (Deputy Chairwoman)	40,000.00	10,000.00
Birgit Wagner	30,000.00	10,000.00
Klaus Ortner	30,000.00	10,000.00
Ludwig Steinbauer	30,000.00	10,000.00
Paul Unterluggauer	30,000.00	10,000.00
Bernhard Vanas	30,000.00	10,000.00
Susanne Weiss	30,000.00	8,000.00

[1] Payment within four weeks following the 2021 Annual General Meeting


immergrün
Berlin

Group Management Report

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Management report

General economic environment

Worldwide growth course

The COVID-19 pandemic dominated global events throughout 2020. Wide-ranging restrictions had been imposed in nearly all economies by the end of the first quarter, but the extent of the economic consequences was not yet visible at that time. The initial forecast by the International Monetary Fund (IMF) for a worldwide recession was issued in April and equalled –3.0%. This estimate was revised downward during the following months and ranged from –4.5% (European Central Bank – ECB) to –7.5% (OECD) at mid-year. A surprisingly strong recovery began in the third quarter but steadily lost momentum towards the end of the year. This was a result, above all, of the strict measures implemented to contain the pandemic following a rapid increase in infections across the world during the autumn. Forecasts for the full 12 months of 2020 were more optimistic at year-end and ranged from –3.0% (ECB) to –3.5% (IMF). For 2021, the experts expect a recovery of 4.2% (OECD) to 5.8% (ECB) in real GDP.

Estimates for the decline in economic output in the eurozone range from 7.3% (ECB) to 7.2% (IMF). This is substantially higher than the assumption from March, when the prevailing opinion saw a recession as strong as in 2009 with a 4.5% drop in the eurozone's economic output. Extensive economic assistance programmes held the increase in unemployment to only 8.0% for the full year, compared with 7.5% in 2019. Inflation remained extremely low at 0.3% and was substantially below the target of slightly less than 2%. Monetary watchdogs expect an average inflation rate of 1.1% in 2021. The economic recovery in 2021 is projected to equal 4.2% (IMF) to 3.6% (OECD).[1, 2]

Developments in Germany and Austria

After ten years of growth, the German economy recorded a corona-related decline of 5.0% in 2020. The manufacturing sector was particularly hard hit by the impact on the supply chains, and production activity dropped by 10.4%. The rigorous lockdowns included the closing of economic sectors generally not related to meeting basic needs – e.g. retail, hospitality and tourism. Gross fixed investments fell by 3.5% and, for the first time since 2009, net exports of goods and services dropped by 9.9% and 8.6%, respectively. Wages stagnated at –0.4% after a plus of 2.9% in 2019. For 2021, the European Commission (EC) is projecting an increase of 3.2% in real GDP.[3]

Austria was faced with the negative effects of three hard lockdowns on economic output in 2020. The first pandemic-related shutdowns in March and April led to a year-on-year drop of nearly one-fourth in GDP, while the downturn caused by the measures in November and December was only half as strong. Forecasts for the full year show a decline of 7.1% (Austrian National Bank), respectively 7.4% (EU). Unemployment rose from 7.4% in 2019 to 9.9% in 2020. Widespread assistance programmes and the still operational short-time work rules were introduced to counter this development. Inflation was 1.1 percentage points above the comparable eurozone level at 1.3% from January to November 2020. Real GDP growth is expected to reach 3.6%, respectively 2.0% (EC) in 2021.[4, 5]

CEE – the European growth engine slows

Growth forecasts for most of the EU member states in Central, Eastern and South-Eastern Europe point to an average decline of 5.0% in 2020 and a recovery of slightly over 4% in 2021. At 4.1%, Poland ranks substantially higher than the second placed Czech Republic at 2.3%.[6]

[1] IMF: World Economic Outlook – Update January 2021
[2] Austrian National Bank: Konjunktur aktuell – January 2021
[3] European Commission: Economic Forecast Winter 2021 – Germany
[4] Austrian National Bank: Konjunktur aktuell – January 2021
[5] European Commission: Economic Forecast Winter 2021 – Austria
[6] Austrian National Bank: Konjunktur aktuell – January 2021

Developments on the real estate market

Europe

General economic developments had a significant impact on the European real estate market in 2020. After a strong first quarter with a year-on-year increase of 26.3%, transaction volumes fell 26.5% below the 2019 level to €254.9 bn at the end of December (2019: €347.9 bn). However, this decline was only half as high as the crisis year 2008 – when the investment volume dropped 47.6% versus 2007 – and underscores the importance of real estate as an asset class in the current economic environment. For the first time, investments in industrial and residential properties exceeded office properties and together comprised 37% of the total volume. The office asset class continues to rank first on the European market in absolute numbers but, at €94.2m, investments were 34.7% lower than the record year 2019. The hotel segment was hit hardest by the crisis with a 64.5% year-on-year collapse in the total transaction volume to €9.5 bn. Most of the funds invested in 2020 again came from the United States at €29.4 bn despite a decline of 37.7% in comparison with 2019. Germany was responsible for more than half at €15.3 bn and a year-on-year decline of 21.2%. With an average of slightly below 400 to 500 basis points over ten-year federal bonds, the yields on European real estate remain attractive for local as well as foreign investors. Forecasts for the second half of 2021 are still reserved due to the ongoing lockdowns, but experts see a trend reversal during the second half-year when the vaccination programmes in Europe gain momentum.[1]

Germany again at the top

In spite of the tense economic situation, Germany remained the leader in Europe with a total investment volume of €78.6 bn. That represents a decline of 14.0% compared with the previous year. Three of the seven top cities in Germany were again among the five largest markets in Europe during 2020 – Berlin, Frankfurt and Munich – with a combined volume of €21.6 bn. The seven top cities were responsible for 55% of the commercial property transaction volume. Yields in these seven top cities were 390 basis points higher on average than ten-year federal bonds in the fourth quarter of 2020. Similar to the overall European trend, the first half of 2021 is expected to be below average while transactions should improve in the second half-year.[2, 3, 4]

The transaction volume in German commercial properties totalled €59.2 bn in 2020, whereby the office asset class was responsible for €27.1 bn (2019: €40.5 bn). Office investments remained the most popular asset class in spite of this one-third decline in volume compared with 2019. Similar to 2019, roughly 75% of the office investments were directed to the seven top cities. Prime gross yields in the office segment weakened slightly in 2020 and ranged from 2.70% in Munich to 3.30% in Cologne during December. Average prime rents in the seven top cities ranged from €25.50/m² in Stuttgart to € 45.00/m² in Frankfurt at year-end 2020.[5]

Transactions in hotel properties on the German market totalled nearly €2.0 bn in 2020, with roughly €1.0 bn of this volume recorded in the first quarter. However, the COVID-19 pandemic brought these transactions to a nearly complete standstill. The total volume fell by almost 60% year-on-year and by nearly one-third compared with the 10-year average. Approximately 38% of the hotel properties are traded as a part of portfolios. Moreover, many hotel properties were sold at year-end to bring about a change in the use. The four-star segment again dominated the market in 2020 with a share of 55%, while the three-star category stood at 33% and was the only other segment to register a market share over 10%. Yields in the seven top cities remain unchanged from 3.7% in Munich to 4.4% in Berlin.[6]

The residential property investment market in Germany topped 2019 by a good 7% with transactions totalling €20.8 bn in 2020, which represents the second best year in history after 2015. The transaction volume was also more than 36% over the long-term average. These results underscore the

[1] Real Capital Analytics: Europe Capital Trends – 2020

[2] Real Capital Analytics: Europe Capital Trends – 2020
[3] Savills: Gewerbeinvestmentmarkt Deutschland – 2020
[4] Savills: Investmentmarkt Deutschland – January 2021
[5] Colliers: Bürovermietung und Investment Deutschland – 2020/2021
[6] Colliers: Hotel Investment Deutschland – 2020/2021

crisis-resistant nature of the residential asset class. German investors were responsible for more than 80% of the transaction volume in recent years and for an even higher 91.5% in 2019. An analysis by capital origin shows an international share that approached the 50%-mark for the first time since 2008 at 49.9% in 2020. The seven top cities recorded a slight decline of 8% in turnover to €7.7 bn but were roughly 36% above the long-term average. Berlin led the list with €3.9 bn and was responsible for roughly 50% of the transaction volume in the seven top cities.[7]

Investment year in Austria
The Austrian investment market totalled €3.5 bn in 2020, ranking fourth before 2016 in five-year comparison. The record set in 2019 was not matched, but the ten-year average was topped by 15.2%. With 74.4% of the transaction volume in total, residential (38.1%) and office properties (36.3%) were by far the most popular asset classes. The residential segment placed first for the first time due to a substantial increase in the share of institutional investors. The interest in office properties was concentrated primarily on properties at good locations with financially sound tenants. Logistics and industrial properties followed with 7.7%. Investments in hotel properties generated only 3.1% of the transaction volume in 2020, compared with 16% in 2019. Nearly 60% of the investors came from outside Austria, whereby only 2% were non-European. The share of investors from Germany exceeded Austrian investors with 51% to 42%. The prime yields for commercial properties came under increasing pressure from the COVID-19 pandemic. In addition to the ongoing low interest environment, investors' interest in real values has been increased by the current crisis. Prime office and residential construction projects marked the lower limit with 3.0%, but this trend is not confirmed beyond the top segments. Financing risks have an in part enormous effect on prices. For 2021, the investment volume in Austria is expected to total approximately €4.0 bn.[8]

Nearly 72% of the transaction volume in 2020 was registered in Vienna. With 205,000 m² of rented office space in total, the crisis year 2020 was roughly 7% below 2019. Only 121,000 m² were completed in 2020. The pandemic has not had an influence on office rents up to now, and the prices at inner city locations, (€25.00 per m²/month) and in the first subclass (€19.50 per m²/month) have remained stable. A slight increase was even recorded in the rents for properties at average locations (€16.00 per m²/month). Forecasts show a further decline in the production of new space during 2021, but most of this space will never reach the market because it has been pre-let. For residential construction in Vienna, 2020 promises to be a record year. Purchase prices increased by 10% in 2020. In addition to financial considerations, sustainability aspects will represent a decisive criterion for investors. Completions are expected to nearly reach the prior year level in 2021.[9]

Decline in CEE
The investment volume in the CEE core countries – Poland, Czech Republic, Slovakia, Romania and Hungary – totalled €9.7 bn in 2020, meaning nearly 32% fewer properties changed hands than in the record year 2019. Poland again ranked first with 57% of the transaction volume. Despite a decline of 30%, that represents the third highest total in history. The largest deal ever recorded took place in the Czech Republic with the sale of the Residomo residential portfolio for €1.3 bn. Excluding this transaction, the volume fell by more than 50% year-on-year, but the interest of international and local investors in CEE real estate will remain unchanged in 2021.[10]

[7] BNP Paribas: Wohn-Investmentmarkt Deutschland – Q4 2020
[8] EHL: Österreichisches Investmentvolumen im Jahr 2020 bei rund EUR 3,5 Mrd.
[9] CBRE: Real Estate Market Outlook Österreich – 2021
[10] JLL: CEE Investment Market – 2020

Business performance

UBM generated Total Output of €478.6m in 2020, compared with €678.0m in the previous year. Of this total, €361.8m represent revenue from property sales. A particular highlight for the reporting year was the fourth quarter forward sale of the F.A.Z.-Tower in Frankfurt, which is scheduled for completion in 2022. Total Output in the office segment included the forward sale of the Astrid Offices project in Prague as well as the QBC 1&2 in Vienna which was forward sold in 2019. A substantial component of Total Output was also generated by the residential segment with the forward sales of two residential projects: the Gmunder Höfe in Munich and the Nordbahnviertel in Vienna. Total Output in 2020 was also supported, above all, by the progress of construction on previously sold properties which is being recognised over time in accordance with the percentage of completion and realisation – for example, the immergrün residential project in Berlin with nearly 400 units and the Siebenbrunnengasse project with 165 units. Total Output from the hotel business fell from €65.1m in 2019 to €14.7m. This year-on-year decline reflects the limitations on travel as a result of the COVID-19 pandemic as well as the sale of the two Disney Hotels in Paris during the previous year.

Total Output in the **Germany segment** dropped from €255.5m to €193.0m in 2020 following the sale of a large development site near Munich in the previous year. In addition to the forward sale of the F.A.Z. Tower in Frankfurt and the Gmunder Höfe residential project in Munich, Total Output for the reporting year included the progress of construction on previously sold residential units from projects like the NeuHouse and immergrün in Berlin. Two transfers also took place in Mainz: the Super 8 Hotel and residential units in the Waterkant project.

The **Austria segment** reported a decline in Total Output to €178.7m (2019: €234.6m). A major component of Total Output in the previous year resulted from the forward sale of the QBC 1&2 office project. This project also generated the largest contribution to Total Output in 2020. Another important contribution was made by the residential sector. The largest effect resulted from the three residential projects in Vienna: the Nordbahnviertel, Pohlgasse and Siebenbrunnengasse, whereby the first two were sold to institutional investors.

In the **Poland segment**, Total Output fell from €101.4m in 2019 to €79.5m in 2020. Two hotel projects, a Mercure Hotel in Katowice and an ibis styles Hotel in Krakow, were forward sold at the end of 2019 and are now included in Total Output based on the percentage of completion. A further sale in 2020 involved an office property in Danzig, which adjoins the previously completed Holiday Inn Hotel Gdansk City Centre.

Total Output in the **Other Markets segment** fell from €86.5m to €27.2m due to the sale of the two hotels in Paris during 2019. Total Output for the reporting year resulted primarily from the percentage of completion on the previously sold Astrid Offices project in Prague.

The **Residential segment** reported a substantial increase in Total Output to €179.6m in 2020 (2019: €144.7m). Total Output for the reporting year mostly reflected the progress of construction on previously sold apartments from projects in Germany and Austria, including the immergrün and Neu-

Total Output by region

in €m	2020	2019	Change
Germany	193.0	255.5	-24.4%
Austria	178.7	234.6	-23.8%
Poland	79.5	101.4	-21.6%
Other markets	27.2	86.5	-68.5%
Total	**478.6**	**678.0**	**-29.4%**

House projects in Berlin, the Waterkant project in Mainz and the Siebenbrunnengasse project in Vienna. The Gmunder Höfe project in Munich and the Nordbahnviertel and Pohlgasse projects in Vienna were sold to institutional investors in 2020 and are included in Total Output according to the progress of construction as of the respective sale date.

The **Office segment** recorded Total Output of €144.4m in 2020, compared with €89.4m in the previous year. This increase resulted, above all, from the forward sale of the F.A.Z. Tower in Frankfurt, which was sold to HanseMerkur Grundvermögen AG one and a half years before completion. Other positive effects on Total Output were provided by the forward sale of the Astrid Offices project in Prague and the sale of a smaller office property in Danzig that was completed in 2019 and adjoins the Holiday Inn Hotel Gdansk City Centre. The increase in Total Output was also supported by the QBC 1&2 project in Vienna, which was transferred on schedule at the end of the reporting year.

Total Output in the **Hotel segment** fell significantly from €228.7m to €52.2m in 2020. This substantial decline resulted in part from a reduction in the Total Output from hotel operations due to the limitations on travel. In this area Total Output equalled €14.7m, compared with €65.1m in the previous year. Results for 2019 included the sale of the two Disney Hotels in Paris and a hotel in Hamburg. Positive effects on Total Output for the reporting year were provided by the progress of construction on the two hotels in Katowice and Krakow, which were forward sold at the end of 2019, and the transfer of the hotel in the Mainz Zollhafen.

The **Other segment** reported a sharp drop in Total Output to €37.0m in 2020 (2019: €166.8m). This decline is attributable, above all, to the sale of a large property package in the Austrian province of Styria as well as the garage in the Quartier Belvedere Central and the Altes Landgut project in the previous year. This reduction also reflected the sale of a development site near Munich in 2019. Total Output in 2020 includes the sale of a logistics property in Styria as well as the revenue from the rental of mixed-use standing assets in Austria and Germany.

Total Output in the **Service segment** exceeded the previous year at €65.4m in 2020, with services for various projects in Germany representing a major component. This position also includes charges for management services and intragroup allocations.

Total Output by asset class

in €m	2020	2019	Change
Residential	179.6	144.7	24.2%
Office	144.4	89.4	61.6%
Hotel	52.2	228.7	-77.2%
Other	37.0	166.8	-77.8%
Service	65.4	48.5	34.8%
Total	**478.6**	**678.0**	**-29.4%**

Financial performance indicators

Business development and earnings

The core activities of the UBM Group revolve around the project-based real estate business. The revenue reported on the income statement can be subject to strong fluctuations because these projects are developed over a period of several years. Real estate projects are recognised as of the signing date based on the progress of construction and realisation (percentage of completion, PoC). The sale of properties through share deals and the development and sale of projects within the framework of equity-accounted investments are still not included in revenue. In order to provide a better overview and improve the transparency of information on UBM's business performance, Total Output is also reported. This managerial indicator includes – similar to revenue – the proceeds from property sales, rental income and income from hotel operations as well as the general contractor and project management services capitalised or provided to third parties and companies not included through full consolidation. It also contains the profit or loss from companies accounted for at equity and the results of sales through share deals. Total Output is based on the amount of the investment held by UBM. It does not include advance payments, which are primarily related to large-scale or residential construction projects.

Total Output amounted to €478.6m in 2020 and was €199.5m lower than the previous year (2019: €678.0m). This decline reflected the sale of several larger real estate projects in the previous year and the reduction of the hotel business caused by the COVID-19 pandemic. Revenue as reported on the consolidated income statement fell by 24.2% year-on-year to €183.3m (2019: €242.0m). Results for 2019 included the sale of a large development site near Munich, while revenue in 2020 was generated primarily from the progress of construction on previously sold, fully consolidated real estate projects. The largest contribution to revenue was provided by residential projects in Germany and Austria as well as two hotel projects in Poland.

The profit from companies accounted for at equity fell from €60.0m to €27.8m in 2020. This decline was attributable, above all, to valuation adjustments in the hotel business which were caused by the COVID-19 pandemic. The carrying amounts of ubm hotels, a hotel operating company, were written off in full, and a fair value adjustment was recognised to two equity-accounted hotel properties in Austria. The impact of the hotel business on equity-accounted results totalled €26.8m. Foreign exchange factors, chiefly in connection with the Polish złoty, also had a negative influence. Contrary effects were provided by the positive earnings contributions from ongoing real estate projects like the QBC 1&2 office project and the F.A.Z.-Tower.

The income from fair value adjustments to investment property totalled €62.3m in 2020, compared with €21.7m in 2019. The fair value adjustments for the reporting year were related primarily to a large-scale project in Munich following the sale of a 40% interest. This project is currently in the planning phase – a mixed-use quarter consisting primarily of commercial and office space is planned for this three-hectare site. The expenses from fair value adjustments amounted to €7.5m in 2020. There were no material defaults on rental payments in 2020 from the fully consolidated standing assets during the lockdowns caused by the COVID-19 pandemic which would have resulted in a value adjustment. In 2019, the expenses from fair value adjustments equalled €24.6m.

Other operating income amounted to €8.2m in 2020 and included, among others, revenue from third-party charges, foreign exchange gains, income from the release of provisions and various other positions (2019: €10.5m). Other operating expenses rose from €40.6m to €44.9m, above all due to foreign exchange losses from the Polish złoty and the Czech Krone. Foreign exchange gains and foreign losses resulted in net expenses of €12.9m. Other operating expenses also include administrative costs, travel expenses and advertising costs as well as charges and duties.

The cost of materials and other related production services declined from €202.2m to €115.7m. These expenses consist largely of material costs for the construction of fully consolidated residential properties and various other development projects which were sold through forward transactions. They also include the book value disposals from property sales in the form of asset deals and purchased general contractor services. The 42.8% reduction in the cost of materials clearly exceeded the revenue decline (24.2%) because the reporting year includes a larger component of residential property inventory sales.

Expenses of €21.2m were recorded for changes in the portfolio related to residential property inventories in 2020 (2019: income of €20.3m). The negative earnings effect in the reporting year is attributable to the increased sales of residential property inventories.

Personnel expenses were €1.8m lower than the previous year at €34.8m in 2020 (2019: €36.6m). The valuation of the UBM share option programme, which was approved by the Annual General Meeting in May 2017, added €0.2m to personnel expenses. The short-time work measures and voluntary salary waivers introduced by UBM during the first lockdown period in spring 2020 led to a reduction in personnel expenses for the reporting year. In contrast, personnel expenses were increased by additional hiring for the alba project management subsidiary. The UBM Group companies included in the consolidation employed a total workforce of 339 as of 31 December 2020 (31 December 2019: 389), whereby the slight decline resulted from the deconsolidation of a hotel operating company.

EBITDA fell by 13.2% year-on-year to €65.1m in 2020 (2019: €75.0m) due to the weaker development of revenue and the above-mentioned losses from the hotel operating business. Depreciation and amortisation declined slightly from €3.5m in 2019 to €3.1m in 2020. EBIT was €9.4m lower than the previous year at €62.0m (2019: €71.5m). Financial income rose from €20.7m in 2019 to €23.9m, supported by income of €9.7m from share deals (2019: €12.9m) and higher interest from an increase in project financing. Financial costs totalled €23.7m (2019: €21.7m).

EBT declined by 11.7% year-on-year, or by €8.3m, to €62.3m in 2020 (2019: €70.5m). Tax expense equalled €21.5m, compared with €20.5m in 2019, which represents a tax rate of 34.5% (2019: 29.0%). The substantial increase in the tax rate resulted, above all, from a higher earnings contribution from Germany combined with tax effects from at-equity results which were substantially higher in the previous year.

Profit for the period (net profit after tax) totalled €40.8m (2019: €50.1m). Net profit attributable to the shareholders of the parent company amounted to €32.8m for the reporting year (2019: €46.1m). Beginning with the 2020 financial year, the calculation of net profit attributable to the shareholders of the parent company includes a deduction for the share attributable to the hybrid capital holders; the comparative prior year data were adjusted accordingly. The share attributable to the hybrid capital holders equalled €7.0m in both 2019 and 2020. The resulting earnings per share fell from €6.16 in 2019 to €4.39 in 2020.

Asset and financial position

Total assets recorded by the UBM Group rose by €55.6m over the level on 31 December 2019 to €1,372.0m as of 31 December 2020, chiefly due to an increase in cash and cash equivalents and in financial assets.

Property, plant and equipment totalled €11.6m as of 31 December 2020, for a substantial decline below the level at year-end 2091 (2019: €40.2m). The reduction resulted from the deconsolidation of a hotel operating company in Poland. This position consists primarily of capitalised rights of use from leases, which totalled €8.6m at the end of 2020.

The carrying amount of investment property declined by €60.6m to €407.1m as of 31 December 2020. This sharp drop resulted, above all, from the sale of a 40% interest in the large-scale Baubergerstrasse project in Munich; this property has been reported under investments in companies accounted for at equity since the signing in the second quarter of 2020. The reclassification led to a corresponding increase in the carrying amount of these investments and in project financing. The carrying amount of the investments in companies accounted for at equity increased by €33.3m to €167.8m, and the carrying amount of project financing rose by €27.2m to €208.4m.

Current assets rose by €82.0m year-on-year to €547.0m as of 31 December 2020. This increase was supported primarily by a higher balance of cash and cash equivalents, which grew by €34.8m to €247.2m. Cash and cash equivalents increased by 16.4% during the reporting year based on the proceeds from the sale of interests and a higher volume of property financing.

Inventories totalled €121.9m at the end of December 2020 (31 December 2019: €128.2m). This position includes miscellaneous inventories as well as specific residential properties under development which are designated for sale. Trade receivables increased from €103.3m at the end of 2019 to €127.9m as of 31 December 2020. Included here, in particular, are real estate inventories which are sold during development as well as the proportional share of forward sales of investment properties.

Equity increased over the level at year-end 2019 to €482.9m as of 31 December 2020 due to the sound development of earnings (2019: €462.5m). The equity ratio equalled 35.2% at year-end 2020 and remained at the upper end of the 30–35% target range (2019: 35.1%).

Bond liabilities totalled €456.5m at the end of December 2020, for a decline of €28.2m compared with the balance at year-end 2019 (2019: €484.7m). The 4.25% UBM bond with a term from 2015 to 2020 was redeemed in full during the fourth quarter of 2020. A promissory note loan and a bearer bond were issued in December 2020. An exchange offer resulted in the extension of €31.5m from the promissory note loan and the bearer bond from 2016, and an additional volume of €20m was subscribed. The transaction volumes totalled €51.5m as of 31 December 2020.

Trade payables rose from €57.2m at year-end 2019 to €77.0m as of 31 December 2020 and consisted mainly of outstanding payments for subcontractor services. Other financial liabilities (current and non-current) increased from €25.6m as of 31 December 2019 to €32.1m as of 31 December 2020. Deferred taxes and current taxes payable amounted to €18.9m and were substantially lower year-on-year (31 December 2019: €41.6m).

Net debt was higher than the previous year at €479.1m as of 31 December 2020 (2019: €442.4m). This indicator represents current and non-current bonds and financial liabilities, excluding lease liabilities, less cash and cash equivalents. The increase resulted, in particular, from the higher balance of financial liabilities required for investments. Financial liabilities (current and non-current) rose by €70.8m to €290.6m.

Cash flow

Operating cash flow rose from €–1.5m in the previous year to €4.3m in 2020. This improvement was supported primarily by an increase in the dividends from equity-accounted companies, which grew by €9.1m to €18.8m, and was realised in spite of the €9.3m decline in net profit.

The material fair value adjustments included in profit for the reporting year were excluded from operating cash flow because of their non-cash character. These fair value adjustments result primarily from a timing difference between the earnings effect and the cash flow effect of a property transaction. The adjustments amounted to roughly €56.0m in 2020. Other material non-cash earnings effects included in net profit are deferred taxes (€20.4m) and the income from equity-accounted companies (€27.7m).

Cash flow from operating activities totalled €–34.6m in 2020, compared with €–39.9m in the previous year. Cash flow was reduced by the payment of tax liabilities (€22.4m) and net interest expense (€18.9m) as well as an increase of €23.6m in receivables. The higher balance of receivables resulted, among others, from the forward sale of properties and/or investments in these properties (€34.6m) and from an increase of €30.4m in receivables from services provided. Cash inflows from the sale of real estate reported in receivables equalled €41.4m in 2020.

The reduction of real estate inventories during the reporting year generated cash inflows of €14.3m. These transactions included the transfer of apartments from projects in Germany and Austria and the resulting cash inflows of €13.7m. The additions to real estate inventories totalled €6.9m.

Cash flow from investing activities totalled €23.1m in 2020, compared with €–41.2m in 2019. The previous year included the transfer of large-scale projects and the resulting cash inflows of €65.6m from the disposal of tangible assets and investment property, while 2020 shows cash inflows of only €3.9m in this position. The reporting year included cash inflows of €48.7m from the disposal of financial assets which resulted primarily from the QBC project. Cash flow from investing activities was positively influenced by the repayment of €106.2m in project financing during 2020, which was contrasted by cash outflows of €91.1m for project financing. Cash outflows for investments in property, plant and equipment and investment property amounted to €42.9m (2019: €137.8m). Cash inflows from the sale of consolidated companies, less cash and cash equivalents, equalled €23.2m.

Cash flow from financing activities amounted to €46.9m in 2020 (2019: €93.0m). The increase in borrowings with a positive effect of €189.0m exceeded the repayments of €86.7m. The first tranche of a promissory note loan and bearer bonds were issued during the reporting year. These instruments have a five-year term and a coupon of 3.0%. An exchange offer led to an extension of approximately €31.5m and net proceeds of roughly €20m which had a positive cash effect on cash flow. A contrasting factor was the liquidity outflow of €49.5m for the redemption of the 4.25% bond. Cash flow was also reduced by the dividend payment of €23.5m. Cash and cash equivalents rose from €212.4m to €247.2m as of 31 December 2020.

Outlook

The experts in the OECD and European Central Bank (ECB) expect the "corona year 2020" will be followed by growth of 4.2% to 5.8% in the global economy during 2021. Whether or not these forecasts actually materialise is dependent to a significant degree on the success of the vaccination campaigns and the related re-opening steps. Encouraging actions in this respect are the many international cooperations between research and vaccine producers as well as the emergency approvals in many countries. However, this initial optimism has been limited by bureaucracy and the initial vaccination chaos. The OECD and the International Monetary Fund (IMF) have clearly spoken in favour of continuing the expansive monetary and fiscal policies in 2021. The ECB is holding the prime rate steady at 0.00% and will proceed with its purchases as part of the Pandemic Emergency Purchase Programme (PEPP), at least up to the end of March 2022.[1, 2]

UBM's liquidity situation was as sound at the end of 2020 as after the record year in 2019. Liquidity was not only protected, but the buffer was increased despite the COVID-19 pandemic. Cash and cash equivalents totalled €247m as of 31 December 2020, which represents an increase of roughly €35m over year-end 2019. Parts of the expected cash inflows for 2021 have been secured through forward sales, but the internal focus on cash management has been strengthened in reaction to the pandemic to allow for flexible reaction to any deviations or market opportunities.

UBM adjusted its strategic orientation at an excellent point in time during 2020 to reflect the anticipated changes on the market, whereby the strategic importance of the hotel asset class was substantially reduced. Work on hotel projects is only continuing in cases where construction started before the COVID-19 pandemic, and the share of the hotel asset class in the current development pipeline now equals only 14%. Alternative scenarios have been developed for the remaining pipeline projects – for example, at the F.A.Z.-Tower, where Frankfurt's first wood-hybrid construction office building will replace the originally planned hotel in the second building section. This office project, the Timber Pioneer will be realised in line with UBM's new strategic orientation: *green. smart. and more.* is the guiding principle which expresses UBM's new strategy in four words. It stands for the development of new buildings that are sustainable, intelligent and aesthetically appealing and create an enjoyable atmosphere for residents and users. In line with this core strategy, the focus is on green buildings and smart offices in major cities like Vienna, Berlin, Munich and Prague.

Conclusive forecasts over the development of earnings in 2021 are impossible at the present time because of the uncertain market environment. The increase in COVID-19 infections across Europe since autumn 2020 has resulted in the re-introduction of massive travel and trade restrictions which, from the current point of view, can be expected to continue at least through summer 2021. UBM's hotel leasing business has been directly affected, and the related effects are being continuously evaluated. The development of earnings in 2021 will be positively influenced by the unbroken interest of private and institutional investors in the residential sector, but demand is also strong for UBM's office projects.

UBM currently assumes the sound liquidity position and expected market environment will also create new opportunities. Of key importance here is the transaction security offered by UBM, which allows for fast reaction to potential market possibilities. The liquidity buffer can create a timing advantage in that the arrangement of final financing can be easily postponed. For example: a property with excellent development potential in Munich was acquired during the first quarter of 2021.

[1] Austrian National Bank: Konjunktur aktuell – January 2021
[2] ECB: Monetary policy decisions – Press release January 2021

The acquisitions made in 2021 will, however, only have a positive influence on UBM's earnings development beginning in 2022. Due to the limited project acquisition activity in 2020 and the resulting "corona dip", earnings in 2021 are, from the current point of view, expected to be lower than the previous year. UBM is, however, optimistic concerning a successful return to the pre-corona development beginning in 2022.

The risk appetite of investors, banks and tenants is declining, but the ongoing low interest rate environment and the continuing flight towards real values should further intensify the lack of investment alternatives. Based on its previous track record, UBM is optimally prepared for this situation. At the same time, the overall development of business and the company's risk position will be continuously evaluated to prepare for alternative scenarios.

Risk report

UBM Development AG and its operating subsidiaries and investments are exposed to a variety of risks through their business activities in various European countries and asset classes. This diversification – meaning an active presence in different countries and asset classes – supports both the distribution and reduction of risk because changes do not normally take place at the same time and in all markets. As seen from the viewpoint of risk management, diversification also creates opportunities to give preference to one asset class over another or to expand or reduce the focus on individual assets classes, countries and markets.

General goals of UBM risk management

- To protect the company's assets (e.g. property, capital, image)
- To safeguard annual results
- To meet (payment) obligations at all times
- To ensure full compliance with legal regulations at all times and to demonstrate this compliance to the auditor and the Austrian Financial Market Authority
- To identify risks at an early point in time and allow for the implementation of countermeasures
- To create a uniform view of risks with strict evaluation and documentation

Material risks

The material risks to which UBM are exposed arise from the project development business and result from the company's value chain. General business risks and macroeconomic risks are also defining factors for UBM's risk management. Accordingly, risks are subdivided into the following main categories: real estate acquisition – project calculation, planning and project financing – construction and quality – operations (rentals and leasing) – realisation (transactions) – general business risks – macroeconomic and other risks.

UBM has been active in project development for many decades and, consequently, has considerable experience in the early identification, analysis, assessment, monitoring and control of risks within its business model. The company monitors all material risks that could have a significant impact on the operating business.

**Risk Management System (RMS)
Measures in 2020**

1. Risk identification and analysis/risk system

UBM reassesses the individual risks in its value chain annually by way of a risk inventory which is based on the comprehensive identification and analysis of risks from 2016. The risk system is reviewed each year and adapted, where necessary, to reflect the current situation.

2. Risk assessment

The assessment reflects the professional judgement of the Management Board and is based on a description of the risks as well as an estimate of the probability of occurrence and the potential amount of damages caused by events which have an impact on annual results. These expert evaluations are supported by regular status and project reports from the country managing directors and by appropriate calculation models. In order to enable the company to react quickly to possible changes in the individual risk positions, this assessment takes place every six months.

The evaluation includes an analysis of the potential damages and probability of occurrence for each risk. The results are presented on a risk map, which provides a clear overview of the greatest individual risks for UBM. High priority is given to the further development of risk management at UBM. Based on the risk assessment, the individual risks were aggregated during 2020 into an overall risk indicator in the form of a "value at risk". In addition, the control function of risk management was significantly improved by defining the risk appetite at the corporate level and the connection with the company's risk-bearing capacity.

3. Risk documentation

The results are summarised in a report which serves as the basis for the subsequent prioritising and management of risks. This report is submitted to the Supervisory Board twice each year.

4. Risk control and monitoring
UBM's first step for controlling risks is top-down. It involves the preparation of work instructions and guidelines, followed by communication throughout the Group. Responsibilities are assigned by management to the individual risk owners. In a bottom-up process, the risk owners report regularly, or more frequently as needed, to the Management Board.

5. Risk management
Risk management is handled in project teams, at the departmental level or directly by the Management Board depending on the importance.

This structured approach is embedded in the RMS as a continuous process.

Risk categories
The wide variety of material individual risks to which UBM is exposed were aggregated in seven main risk categories.

1. Real estate acquisition risks: The direct/indirect risks connected with the purchase of real estate include the interpretation of zoning regulations, third-party rights (neighbours, easements etc.), the timeliness of the land register, the length of time needed to secure a building permit, incomplete information on potentially hazardous areas (land register), undocumented contamination, protective legislation (heritage protection, tree stocks, protected areas), more difficult development and/or access, unknown wells, groundwater, emissions etc. Other relevant issues involve market entry risks, country risks, political risks and competition and market environment risks.

These risks are minimised by the operating subsidiaries' knowledge of their respective region and competitive environment, their know-how and well-established local market networks as well as by standardised due diligence and acquisition processes.

2. Project calculation and planning risks: The focus of monitoring in this project phase shifts to the risks associated with procurement and selling prices, rent levels and changes, project financing and interest rates as well as market viability and third-party usage. Internal and external experts develop the necessary fundamentals that serve as a basis for decisions by the Management Board. Planning security is improved by many years of experience in all aspects of project development.

3. Construction and quality risks: This category involves the assessment of all risks connected with the actual construction of a property. Such risks are related to the length and possible delay of the construction period, possible supplier failure and the quality of work as well as the costs for subsequent improvements.

UBM minimises these risks by employing experienced project managers to avoid excessively high offers during the tender period and to ensure the ongoing control of costs, quality, and scheduling during the construction phase. Regular project reports to the Management Board make it possible to identify variances between targets and performance at an early stage.

4. Operating risks: The operation of real estate together with office rentals or hotel leasing is connected with a variety of risks. In particular, the assessment process covers the tenant's credit standing (creditworthiness, security of rental income), cluster risk (loss of an important major tenant), vacancy risk, maintenance risk (regular checks, maintenance, servicing, repairs, subsequent technical investments), and facility management risks (insufficient processes for debt collection and payment reminders, inadequate invoicing of operating costs).

In order to protect the value of a property, a wide range of experts from UBM's subsidiaries and specialist departments or external firms are involved during the operating phase to ensure the steady generation of planned revenues and to protect the technical quality of the buildings over the long-term. UBM hotels, a 50% joint venture, also carries the operating risk for hotels in its role as a lessee. These operating risks include, in particular, the revenue lost as a result of the COVID-19 pandemic combined with fixed lease payments that must be met. The risks associated with the hotel leasing business are monitored and managed by a specialist team of six branch experts in UBM hotels based on ongoing market analyses, cost controls and reporting processes.

5. Distribution, realisation and sale risks: A differentiation is made between the marketing risks associated with the sale of condominiums, realisation risks (rental risks for first-time letting) and the risks connected with the sale of entire properties. Rental price risk is relevant for these categories because a reduction in rental income has a direct impact on the company's revenue and, in the event of a sale, on the realisable purchase price. Valuation risks are also involved because the sale of a property at a market price (realisable sale price) below the respective carrying amount can lead to unplanned write-downs. Guarantee and warranty risks can also materialise after a transaction is settled, which can lead to higher costs and, in turn, to a reduction in the commercial success.

UBM's actions at the beginning of each development project include the specialist departments together with separate rental and transaction teams which rely on their wide-ranging expertise in the calculation and determination of rental and selling prices. Continuous contact with major customers, market expertise (for example, knowledge of the buyer's yield expectations) and the selection of the optimal selling time ensure that the product is optimally placed on the market. Additional support is provided by the experts in the legal department and external consultants to ensure the optimal design of the entire distribution, realisation and sale process.

6. General business risks: Included here, in particular, are personnel risks (staffing, turnover, human error, internal fraud etc.), IT risks (hardware, software, data loss, hacking, espionage etc.), commercial risks (liquidity risk, tax risks, financial penalties etc.) as well as legal risks (compliance risks, compensation, general contractual and insurance risks, the legal environment etc.). These risks are monitored by the respective specialist departments and communicated without delay to the Management Board whenever necessary.

7. Macroeconomic and other risks: These risks include the development of the economy (inflation, unemployment, purchasing power etc.), interest rate risk, exchange rate risk and force majeure risks (natural disasters, fire, strikes, war, terror, pandemics). They are continuously monitored by the responsible Management Board members in close cooperation with the staff units. Interest rate and exchange rate risks have been consciously accepted in the past, but appropriate hedging cannot be not excluded in the future.

Other risks

Information on the risks associated with financial instruments is provided in Note 45 "Notes on financial instruments" in the Notes to the Consolidated Financial Statements.

Risks in connection with the COVID-19 pandemic
General situation:

The global measures to combat the spread of the coronavirus continue to involve significant restrictions on social and economic activity in many parts of the world, among others also in UBM's markets. Further effects on economic development in these UBM markets – in practically all sectors, including the real estate branch – can be expected. Progress has been made in fighting the pandemic, above all with the approval of several vaccines and evidence of their effectiveness, but the vaccination of residents in UBM's markets is only proceeding at a very slow pace. Consequently, uncertainty remains high over the duration of the restrictions, and the expected impact on the economy and on UBM is impossible to decisively estimate at the present time. The recently identified virus mutations represent an added source of uncertainty despite the vaccines' proven effectiveness. The possible need to adapt the vaccines or to administer additional doses cannot be excluded at the present time (booster vaccinations etc.).

This general description leads to the identification of the following risks, which are addressed in relation to UBM's business model:

1.) Uncertainty over the duration of the pandemic
2.) Economic effects of government intervention and standstills (previous and future)
3.) Long-term changes in behaviour

Impact on UBM's business model
The effects of the COVID-19 pandemic have an influence on UBM's current business model over the short-term (up to year-end 2021), medium-term (up to the end of 2022) and, possibly, also thereafter.

UBM's core business model is the development of properties, with a particular focus on the residential and office asset classes. Hotel projects were also developed prior to the COVID-19 pandemic. UBM adjusted its strategy as a consequence of the COVID-19 crisis and has discontinued the acquisition of new hotel development projects and the start of hotel developments since the outbreak of the pandemic. Moreover, the strategic reorientation is directed to the realisation of green and smart residential buildings and office projects. Hotel projects in progress before the pandemic are continuing: three projects with partners will be completed in 2021 and, from the current viewpoint, it is assumed that these projects will be initially transferred to the standing asset portfolio at the respective share of the investment. The demand by investors for hotels is not expected to recover before the end of the pandemic and a return to normal travel activity.

All office projects scheduled for completion in 2021 have already been sold. However, the short-term effects and existing uncertainty over future economic developments must be considered since hesitation by corporate customers could lead to a wait-and-see attitude in re-letting. A minimum occupancy level must normally be guaranteed before a property can be transferred to the final investor. An influence on forward sold properties is also conceivable if a buyer's credit standing is impaired by the COVID-19 crisis to the extent that the agreed sale price can no longer be paid. No buyers have been lost to date due to credit rating difficulties.

We expect the pandemic will lead to changes in the requirements of office tenants over the medium- and long-term. These anticipated changes are being integrated in product design through greater environmental friendliness and flexibility, which should improve the market attractiveness of newly created office space. Increasing demand is projected, in particular, for products that optimally combine in office and home office. The medium- and long-term perspective for new, flexible and environmentally compatible office space in the top seven cities is therefore gauged as favourable. However, there is a risk that a substantial delay or complete absence of economic recovery could limit the rental, and consequently the sale, of our office projects despite these adjustments.

The recently completed residential properties have been forward sold as entire projects or will be marketed as individual units. The demand for residential properties in UBM's markets has remained unbroken to date during the COVID-19 pandemic. We also expect continued strong demand over the medium- and long-term. However, there is a risk that a complete absence or substantial delay in economic recovery could negatively influence any improvement of the labour market, which would impact rentability, realisable rents and the funds available to private buyers.

Interest rate trends and the availability of alternative investments also represent a general risk for the sale of properties. The central banks apparently plan to adhere to their low-interest policy for the time-being, and the effects of current discussion over real value inflation on the interest landscape remain to be seen. We basically expect an increase in the risk premiums required by investors, depending on the country and asset class, and more selective actions by investors. Unless the current COVID-19 pandemic leads to a complete change in consumer behaviour over the long-term, the mega-trend towards urbanisation can be expected to drive the demand for UBM's asset classes. Real estate is basically seen as a safe asset class, and concerns over rising inflation could further benefit the demand for properties.

The temporary shutdown of construction sites represents another general risk connected with the COVID-19 pandemic. Protection for potential construction delays lasting several weeks is provided by a buffer with appropriate long-stop dates for the property transfer. In contrast, longer delays cannot be excluded due to the uncertainty surrounding the duration and extent of the crisis-related measures and, in an extreme case, would trigger rights of withdrawal from the contracts for previously sold properties. The previous restrictions have not resulted in any significant delays to date.

Financing for pipeline projects in an early stage of development could become more difficult depending on the effects of COVID-19 on the banking sector. In extreme cases, liquidity shortages could slow, temporarily halt or prevent the start of construction.

In view of the uncertain economic environment, the foreign exchange risk associated with the Polish złoty and Czech Krone is still considered high in 2021. The exchange rates are currently subject to substantial volatility.

To a lesser extent, UBM's business model also includes the operation and rental of standing assets. The share of standing assets has been substantially reduced in recent years. The COVID-19 pandemic has led to isolated rental default incidents or necessary deferrals, but the occupancy rates in the properties remain sound. However, there is risk of further necessary deferrals and default incidents over the short- and medium-term. Longer shutdowns or additional lockdown measures in the future could also impair the credit standing of tenants and, in turn, lead to increased lease cancellations and higher vacancies. We expect the situation will normalise over the medium- and long-term and do not see any fundamental changes in consumer behaviour.

An area of UBM's activities that is directly linked to hotel development is the hotel leasing business, which is conducted through a 50% joint venture with a partner. The hotel shutdowns which resulted from the COVID-19 pandemic were responsible for significant negative economic effects and losses. If the pandemic-related travel restrictions extend beyond summer 2021 or trigger a change in travel behaviour, profits from the hotel leasing business can be expected to fall below the original forecasts over the medium- to long-term. The future economic effects for UBM in this area are dependent on travel restrictions and potential changes in travel behaviour as well as further government assistance and/or agreements with lessors. Provisions were recognised in 2020 to reflect the less optimistic outlook for the years to come. An increased risk from the duration of the shutdowns or the failure to reach agreements with lessors cannot be excluded from the current point of view.

Internal Control System

The main objectives of UBM's Internal Control System (ICS) are to verify compliance with business policies and defined goals, to safeguard the company's assets, to ensure the reliability of accounting and reporting, to guarantee the effectiveness and efficiency of operating processes as well as the timely identification of risks and the reliable assessment of potential risks, to confirm compliance with statutory and legal provisions and to support the efficient use of resources and cost savings.

In addition to the internal controls which represent an integral part of core processes, UBM has installed commercial and technical controlling units which report directly to the Management Board. Commercial controlling monitors current business developments for deviations from target figures and ensures that the necessary information is communicated to management in the event of differences. Technical controlling supervises the ongoing realisation of projects with regard to schedules, construction costs, the progress of construction and all processes relevant to the technical implementation. Its regular reports provide management with the basis for any measures required to meet the agreed goals.

In addition to legal requirements, UBM has developed numerous rules and process standards. The roles and responsibilities within the processes are clearly assigned, and control mechanisms are regularly adapted to reflect changing conditions. The related procedures and rules provide employees with appropriate tools for performing their duties and also support the efficient design of processes and controls. These types of work instructions, guidelines and models create transparency, facilitate communication and documentation, help to create efficient work processes and allow for effective controls.

UBM has therefore taken the necessary precautions to ensure compliance with both legal and internal guidelines and allow for the fast identification and correction of potential weaknesses in operating and organisational processes.

In the accounting area, uniform accounting and valuation rules ensure that financial reporting is correct and informative. Reliable and accurate bookkeeping and accounting are ensured by the clear separation of functions and control measures such as plausibility tests, regular control activities and invoice approval procedures, together with the dual-control principle.

This systematic control management ensures that accounting processes in the UBM Group are consistent with national and international accounting standards as well as internal guidelines.

As part of the Internal Control System, the Audit Committee is responsible for monitoring accounting procedures and financial reporting on behalf of the Supervisory Board.

Internal audit

The internal audit department was established to provide independent and objective audit and consulting services within the UBM Group. Its work is based on internal audit rules, which establish its legitimation outside the company, and the internal audit manual, which specifies the tasks, competencies and responsibilities within UBM. In accordance with C-Rule 18 of the Austrian Code of Corporate Governance, this department reports directly to the full Management Board. Internal audit reviews corporate processes and the effectiveness of internal controls and contributes to their improvement. It also carries out ad-hoc audits as required by order of the Management Board.

Furthermore, internal audit serves as an advisor to the Management Board. Its integrated perspective and knowledge of the company place it in a position to highlight constructive ways to improve the effectiveness, efficiency and profitability of processes.

The annual audit plan was completed, and there were no ad-hoc , on-site audits in 2020 due to the travel restrictions resulting from the COVID-19 pandemic.

All of the findings and recommendations in the audit reports resulted in the development of specific measures for improvement. The implementation of these measures was monitored by internal audit. Individual audit procedures were supported by external consultants on a project-related basis.

Disclosures acc. to Section 243a of the Austrian Commercial Code as of 31 December 2020

1. Composition of capital

Share capital comprised 7,472,180 zero par value shares as of 31 December 2020, each of which represents an equal investment in the total share capital of €22,416,540.00. As of that date, all 7,472,180 shares were outstanding. All shares carry the same legal rights and obligations, in particular the right to vote which is exercised based on the number of shares held. The company's share capital is fully paid in. In accordance with Section 5 Para. 3 of the Statutes and Section 10 Para. 2 of the Austrian Stock Corporation Act, these bearer shares must be securitised in one or more global certificates and deposited at a collective securities depository in accordance with Section 1 Para. 3 of the Austrian Securities Deposit Act or at a comparable foreign institution. Section 4 Para. 5 of the Statutes also stipulates that the share capital as of 31 December 2020 may be conditionally increased in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act up to a nominal amount of €2,241,654.00 through the issue of up to 747,218 new, ordinary, zero par bearer shares for issue to the holders of convertible bonds (conditional capital increase).

2. Limitations on voting rights or the transfer of shares

A syndicate agreement is in place between the Strauss Group and the IGO Industries Group. The Management Board has no knowledge of the content of this agreement. The syndicate members are required to vote in line with all resolutions passed by the syndicate, and a reciprocal purchase right is in effect.

3. Direct or indirect investment

The following shareholders held a direct or indirect interest amounting to at least ten percent of the share capital as of 31 December 2020: Ortner & Strauss Syndicate 38.84% (of which the IGO Industries Group holds 27.62% and the Strauss Group 11.22%).

4. The company has no **shares with special control rights.**

5. UBM Development AG has no **employee participation models** under which employees do not exercise voting rights directly.

The Long-Term Incentive Programme 2017 (LTIP) was approved by the Annual General Meeting on 23 May 2017 and by the UBM Supervisory Board on 23 May 2017. Point 6 of the LTIP terms and conditions specifies that every stock option entitles the holder to subscribe to shares in the company after the end of the respective periods defined in the terms and conditions, provided the specified preconditions are met. The applicable strike price is defined in item 6.3 of the terms and conditions as the unweighted average of the closing price of the company's share on the Vienna Stock Exchange during the period from 24 May 2017 (inclusive) to 21 June 2017 (inclusive). Based on this definition, the strike price for exercising the share options under the LTIP was set at €36.33 per share.

6. Provisions on the composition of the Management Board and Supervisory Board and on amendments to the Statutes

In accordance with Section 6 Para. 1 of the Statutes, the Management Board consists of between two and six members as determined by the Supervisory Board. The Supervisory Board may appoint deputies to the Management Board within these limits according to Section 6 Para. 2 of the Statutes. Section 6 Para. 3 of the Statutes authorises the Supervisory Board to designate one member as chairman and one member as deputy chairman of the Management Board. Any deputy Management Board members have the same powers of representation as the regular Management Board members as defined by Section 8 Para. 3 of the Statutes.

In accordance with Section 9 Para. 1 of the Statutes, the Supervisory Board must have a minimum of three and a maximum of twelve members elected by the Annual General Meeting. Section 9 Para. 8 of the Statutes permits the election of a substitute member concurrent with the election of a Supervisory Board member, whereby the substitute would fill the seat effective immediately if the Supervisory Board member retires before the end of his/her term. If multiple substitute members are elected, the order in which they are to replace a retiring Supervisory Board member must be determined. A substitute member can also be elected for multiple Supervisory Board members to fill a seat on the Supervisory Board if any of these members steps down prematurely. The term of office of a substitute member ends with the election of a successor to the former Supervisory Board member or, at the latest, with the end of the term of the former Supervisory Board member. If the term of office of a substitute member ends because a successor to a former Supervisory Board member has been elected, the substitute member can still serve as a substitute for the other Supervisory Board members he or she has been chosen to represent. In accordance with Section 9 Para. 2 of the Statutes, the Annual General Meeting can approve a shorter term of office than legally stipulated for individual elected Supervisory Board members or all of the elected members. If an elected Supervisory Board member retires before the end of his or her term, Section 9 Para. 6 of the Statutes does not require the election of a substitute before the next Annual General Meeting. However, an Extraordinary General Meeting must be held within six weeks to elect a substitute if the number of Supervisory Board members falls below three. In accordance with Section 9 Para. 4 of the Statutes, the Annual General Meeting can rescind the appointment of a Supervisory Board member before the end of his or her term with a resolution based on a simple majority of the votes cast.

Section 19 Para. 1 of the Statues determines the voting process at the Annual General Meeting: resolutions are passed with a simple majority of the votes cast, unless otherwise required by legal regulations, and, in cases where a majority of share capital is required, resolutions are passed with a simple majority of the share capital represented at the time of voting. From the legal viewpoint of the Management Board, this provision of the Statutes reduces the majority of at least three-fourths of share capital represented at the time of voting, which is generally required by the Austrian Stock Corporation Act for amendments to the statues, to a simple majority of share capital unless voting involves a change in the corporate purpose.

7. Authority of the Management Board members
Section 4 Para. 4 of the Statutes authorises the Management Board as of 31 December 2020 to increase share capital by up to €2,241,654.00, with the approval of the Supervisory Board, through the issue of up to 747,218 new ordinary zero par value bearer shares in exchange for cash and/or contributions in kind, also in multiple tranches and through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act (authorised capital). Furthermore, the Management Board is authorised to determine the issue price, issue conditions, subscription ratio and other details with the approval of the Supervisory Board. This authorisation by the Annual General Meeting on 23 May 2017 is valid for five years beginning on the date of recording in the company register, i.e. up to 11 August 2022. The subscription rights of shareholders to the new shares issued from authorised capital are excluded if and to the extent that the exercise of this authorisation (authorised capital) involves the issue of shares in exchange for cash under greenshoe options connected with the placement of new shares in the company. The Management Board is also authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders. The Supervisory Board is authorised to approve amendments to the Statutes which result from the use of this authorisation by the Management Board.

As of 31 December 2020 and in accordance with Section 4 Para. 5 of the Statutes, the Management Board is authorised to determine the remaining details for the conditional capital increase and its implementation with the approval of the Supervisory Board, in particular the details of the issue and the conversion procedure for the convertible bonds, the issue price and the exchange or conversion ratio. The Supervisory Board is authorised to pass resolutions on amendments to the Statutes arising from the issue of shares from conditional capital. The issue price and conversion ratio are to be determined on the basis of recognised actuarial methods and the company's share price using an accepted pricing procedure. If the terms and conditions for the issue of convertible bonds include a conversion obligation, the contingent capital will also be used to meet this conversion obligation.

Section 4 Para. 6 of the Statutes authorises the Management Board, in accordance with Section 159 Para. 2 (3) of the Austrian Stock Corporation Act, to conditionally increase the company's share capital with the approval of the Supervisory Board, also in multiple tranches, by up to €1,678,920.00 through the issue of up to 559,640 new ordinary zero par bearer shares to service the stock options granted to employees, key managers and members of the Management Board of the company and its subsidiaries within the framework of the Long-Term Incentive Programme 2017. This authorisation by the Annual General Meeting on 23 May 2017 is valid for five years beginning on the date of recording in the company register, i.e. up to 11 August 2022. The strike price was set at €36.33. The Supervisory Board was authorised to pass resolutions on amendments to the Statutes arising from the conditional capital increase.

8. Significant agreements
A bond (partial debentures) with a total nominal value of €75,000,000.00 (2015–2020) was issued in December 2015. An exchange offer for these partial debentures was announced by the issuer, which gave the bondholders an opportunity to exchange their securities for the new UBM bond 2019-2025. Partial debentures totalling €25,164,000.00 from the bond issued in 2015 were exchanged for the new 2019 UBM partial debentures, and the remaining partial debentures from the UBM bond 2015–2020 were redeemed on 9 December 2020.

A bearer bond with a total nominal value of €18,500,000.00 (2016–2021) was issued in November 2016. It was extended by €10,500,00.00 up to December 2025, and €11,000,000.00 were newly arranged in December 2020.

A bond (partial debentures) with a total nominal value of €150,000,000.00 and a term ending in 2022 was issued in October 2017. An exchange offer was carried out at the same time, under which partial debentures of the bond issued in 2014 with a total nominal value of €84,047,500.00 were converted into partial debentures of the bond issued in October 2017. In connection with the cash subscription for the bonds issued in October 2017, partial debentures with a total nominal value of €65,952,500.00 were issued.

A bond (partial debentures) with a total nominal value of €75,000,000.00 (2018–2023) was issued in November 2018; it included an offer to investors to exchange the existing UBM bond 2014–2019 for the new UBM bond 2018–2023 as well as a cash subscription offer. Partial debentures from the bond issued in 2014 with a total nominal value of €24,630,500.00 were exchanged for new 2018 UBM partial debentures, while the cash subscription involved the issue of partial debentures with a total nominal value of €50,369,500.00.

A bond (partial debentures) with a total nominal value of €120,000,000.00 and a six-year term (2019–2025) was issued in October/November 2019; it included an offer to investors to exchange the existing UBM bond 2015–2020 for the new UBM bond 2019–2025 as well as a cash subscription offer. Partial debentures from the bond issued in 2015 with a total nominal value of €25,164,000.00 were exchanged for new 2019 UBM partial debentures, while the cash subscription involved the issue of partial debentures with a total nominal value of €94,836,000.00.

A bearer bond (UBM bond 2020–2025) with a total nominal value of € 21,500,000.00 was issued in December 2020.

The terms and conditions for these bonds include, above all, the following stipulation: If there is a change of control in the sense of a takeover (respectively, the attainment of a direct controlling interest in the issuer as defined in the Austrian Takeover Act with the legal consequence of a mandatory offer by a natural person or legal entity who/which did not hold any, or any controlling, interest when the bond was issued; i.e. a change of control event as defined in the bond terms and conditions), and this change of control leads to a deterioration of the issuer’s credit rating, and the issuer is unable to produce proof of its credit standing within 60 days of the announcement of the change of control, every bondholder is entitled to call his or her partial debentures and demand immediate repayment at the nominal amount together with accrued interest up to the repayment date.

Moreover, the company concluded contracts for promissory note loans with a total nominal value of €32,000,000.00 in November 2016 (which were extended by €20,500,000.00 up to December 2025 and include €11,500,000.00 which will expire in November 2021). Further promissory note loans with a total nominal value of €9,500,000.00 were concluded in December 2020. These contracts include a termination right in the event of a change of control which leads to (i) a significant impairment of the company’s ability to meet its obligations from the respective loan agreement or (ii) a breach of legally binding regulations by the respective lender. (In this context, a change of control means the acquisition of a direct controlling interest in the company pursuant to the Austrian Takeover Act with the legal consequence of a mandatory offer by a natural or legal person who did not hold an interest in the company when the respective loan agreement was concluded.) According to the December 2020 contracts for the promissory note loans, the bondholders are only entitled to call their partial debentures and demand immediate repayment, together with accrued interest up to the repayment date, if this change of control leads to a deterioration of the issuer’s credit rating, and the issuer is unable to produce proof of its credit standing within 60 days of the announcement of the change of control.

A hybrid bond (hybrid partial debentures) with a total nominal value of €100,000,000.00 was issued in February 2018. The terms and conditions of the hybrid bond include a provision which entitles the issuer, in the event of a change of control in the sense of the Austrian Takeover Act, to prematurely redeem the hybrid partial debentures at the nominal amount together with accrued interest up to the repayment date.

There are no other significant agreements as defined by Section 243a (8) of the Austrian Commercial Code.

9. There are no **compensation agreements** in the sense of Section 243a (9) of the Austrian Commercial Code.

10. Other information

Branch offices

UBM Development AG maintains the following branch offices which are recorded in the company register: Styria (Thalerhofstrasse 88, 8141 Unterpremstätten) and Tyrol (Porr-Strasse 1, 6175 Kematen).

Non-financial information in accordance with the Austrian Sustainability and Diversity Improvement Act

UBM Development AG prepares a separate non-financial report which meets the requirements of Section 267a of the Austrian Commercial Code.

Corporate Governance Report

This report is part of the 2020 annual report and can be downloaded under www.ubm-development.com, submenu Investor Relations/Financial reports or Corporate Governance.

Research and development

The company has no research or development activities.

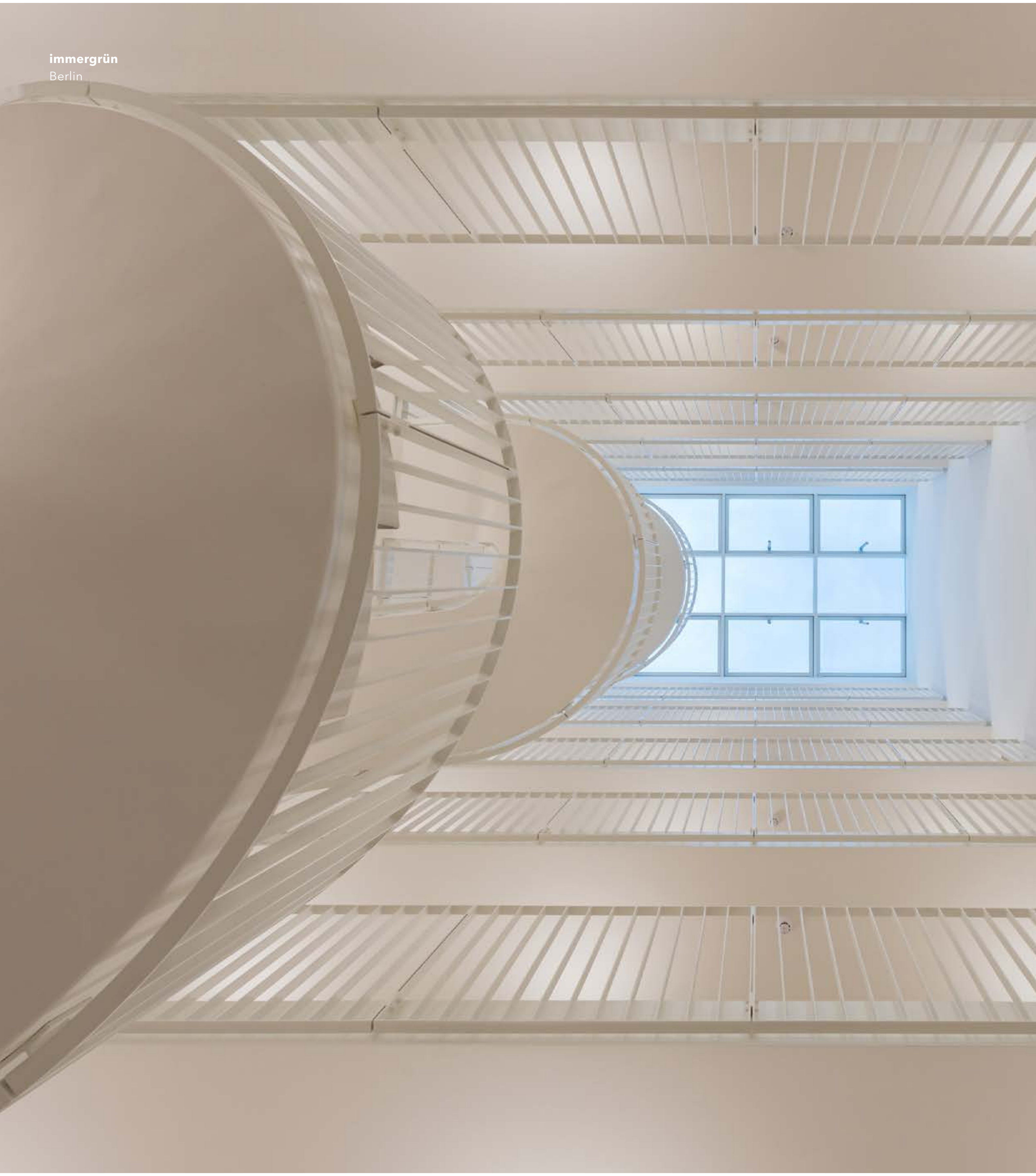
Vienna, 15 April 2021

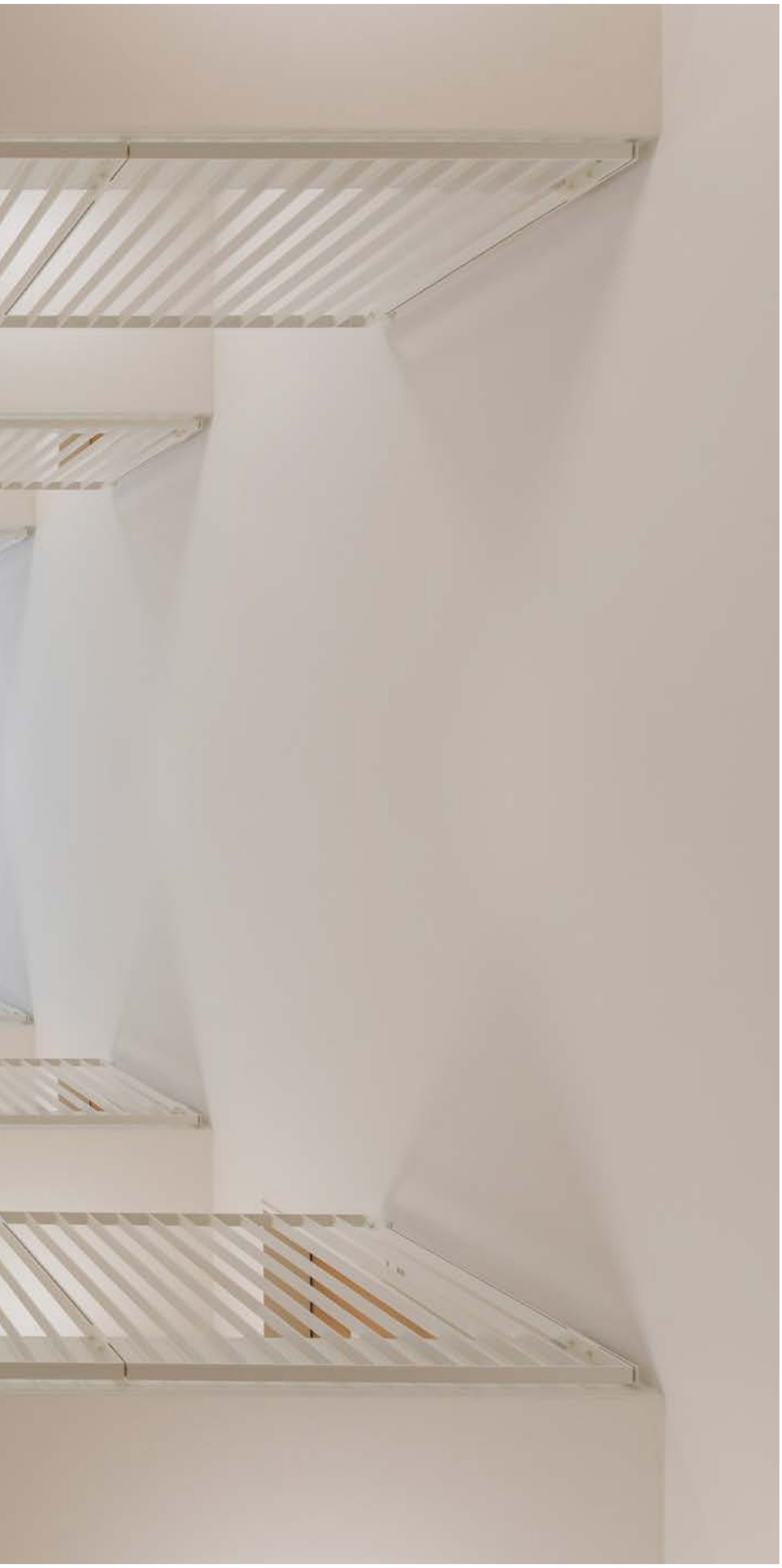
The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate


immergrün
Berlin



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Consolidated Income Statement
for the 2020 Financial Year

in T€	Notes	2020	2019
Revenue	(8)	183,339	241,999
Changes in the portfolio	(8)	-21,145	20,294
Share of profit/loss from companies accounted for at equity	(21)	27,813	59,980
Income from fair value adjustments to investment property	(20)	69,853	46,270
Other operating income	(9)	8,224	10,488
Cost of materials and other related production services	(10)	-115,673	-202,198
Personnel expenses	(11)	-34,847	-36,644
Expenses from fair value adjustments to investment property	(20)	-7,543	-24,582
Other operating expenses	(12)	-44,922	-40,641
EBITDA		**65,099**	**74,966**
Depreciation and amortisation	(13)	-3,085	-3,515
EBIT		**62,014**	**71,451**
Financial income	(14)	23,899	20,711
Financial costs	(15)	-23,654	-21,650
EBT		**62,259**	**70,512**
Income tax expenses	(16)	-21,506	-20,450
Profit for the year (net profit)		**40,753**	**50,062**
of which: attributable to shareholders of the parent		32,769	46,051
of which: attributable to holder of hybrid capital		7,035	7,020
of which: attributable to non-controlling interests		949	-3,009
Basic earnings per share (in €)	**(17)**	**4.39**	**6.16**
Diluted earnings per share (in €)	**(17)**	**4.39**	**6.15**

Consolidated Statement of Comprehensive Income
for the 2020 Financial Year

in T€	Notes	2020	2019
Profit for the year (net profit)		**40,753**	**50,062**
Other comprehensive income			
Remeasurement of defined benefit obligations	(35)	–133	–784
Income tax expense (income) on other comprehensive income		35	199
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		**-98**	**-585**
Currency translation differences		3,500	–715
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		**3,500**	**-715**
Other comprehensive income of the year		**3,402**	**-1,300**
Total comprehensive income of the year		**44,155**	**48,762**
of which: attributable to shareholders of the parent		36,282	44,774
of which: attributable to holder of hybrid capital		7,035	7,020
of which: attributable to non-controlling interests		838	–3,032

Consolidated Statement of Financial Position

as of 31 December 2020

in T€	Notes	2020	2019
Assets			
Non-current assets			
Intangible assets	(18)	3,024	2,747
Property, plant and equipment	(19)	11,596	40,242
Investment property	(20)	407,147	467,740
Investments in companies accounted for at equity	(21)	167,811	134,484
Project financing	(22)	208,375	181,157
Other financial assets	(23)	11,520	11,501
Financial assets	(26)	4,066	3,412
Deferred tax assets	(30)	11,445	10,088
		824,984	**851,371**
Current assets			
Inventories	(24)	121,880	128,169
Trade receivables	(25)	127,945	103,294
Financial assets	(26)	37,717	9,716
Other receivables and assets	(27)	12,286	8,751
Cash and cash equivalents	(28)	247,209	212,384
Assets held for sale	(29)	-	2,704
		547,037	**465,018**
Assets total		**1,372,021**	**1,316,389**
Equity and liabilities			
Equity			
Share capital	(31, 32)	22,417	22,417
Capital reserves	(33)	98,954	98,954
Other reserves	(33)	226,766	205,147
Hybrid capital	(34)	130,330	130,315
Equity attributable to shareholders of the parent		**478,467**	**456,833**
Equity attributable to non-controlling interests		4,404	5,673
		482,871	**462,506**
Non-current liabilities			
Provisions	(35)	8,772	6,759
Bonds and promissory note loans	(36)	437,047	435,018
Financial liabilities	(37)	248,641	186,145
Other financial liabilities	(39)	1,573	1,306
Deferred tax liabilities	(30)	8,016	8,327
		704,049	**637,555**
Current liabilities			
Provisions	(35)	2,102	686
Bonds and promissory note loans	(36)	19,457	49,713
Financial liabilities	(37)	41,943	33,680
Trade payables	(38)	76,959	57,199
Other financial liabilities	(39)	30,503	24,263
Other liabilities	(40)	3,302	17,563
Taxes payable	(41)	10,835	33,224
		185,101	**216,328**
Equity and liabilities total		**1,372,021**	**1,316,389**

Consolidated Cash Flow Statement

for the 2020 Financial Year

in T€	2020	2019
Profit for the year	40,753	50,062
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	-56,030	-20,499
Interest income/expense	6,229	13,849
Income from companies accounted for at equity	-27,724	-59,980
Dividends from companies accounted for at equity	18,790	9,735
Increase/Decrease in long-term provisions	1,851	-747
Deferred income tax	20,407	6,033
Operating cash flow	**4,276**	**-1,547**
Decrease/Increase in short-term provisions	-285	406
Decrease/Increase in tax provisions	-22,389	2,559
Losses/Gains on the disposal of assets	-10,308	-11,837
Decrease/Increase in inventories	14,344	-19,036
Increase/Decrease in receivables	-23,627	25,364
Increase/Decrease in payables (excluding banks)	12,223	-12,768
Interest received	697	809
Interest paid	-18,879	-21,857
Other non-cash transactions	9,306	-2,010
Cash flow from operating activities	**-34,642**	**-39,917**
Proceeds from the sale of intangible assets	2	-
Proceeds from the sale of property, plant and equipment and investment property	3,912	65,596
Proceeds from the sale of financial assets	48,737	34,281
Proceeds from the repayment of project financing	106,194	62,617
Investments in intangible assets	-354	-86
Investments in property, plant and equipment and investment property	-42,893	-137,808
Investments in financial assets	-24,501	-7,054
Investments in project financing	-91,124	-62,894
Proceeds from the sale of consolidated companies less cash and cash equivalents acquired	23,154	4,103
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-9	-
Cash flow from investing activities	**23,118**	**-41,245**
Dividends	-23,459	-23,459
Dividends paid to non-controlling interests	-1,702	-3,840
Proceeds from note loan	30,000	-
Repayment of note loan	-20,500	-
Proceeds from bonds	20,941	141,186
Repayment of bonds	-60,336	-91,322
Increase in loans and other financing	188,964	223,982
Repayment of loans and other financing	-86,718	-153,497
Acquisition of non-controlling interests	-300	-2
Cash flow from financing activities	**46,890**	**93,048**
Cash flow from operating activities	**-34,642**	**-39,917**
Cash flow from investing activities	**23,118**	**-41,245**
Cash flow from financing activities	**46,890**	**93,048**
Change in cash and cash equivalents	**35,366**	**11,886**
Cash and cash equivalents at 1 Jan	212,384	200,447
Currency translation differences	-541	51
Cash and cash equivalents at 31 Dec	**247,209**	**212,384**
Taxes paid	23,488	11,858

Consolidated Statement of Changes in Equity
for the 2020 Financial Year

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance as of 31 Dec 2018	**22,417**	**98,954**	**–3,066**	**–1,970**
Adjustments due to initial application of IFRS 16	-	-	-	-
Balance as of 1 Jan 2019	**22,417**	**98,954**	**–3,066**	**–1,970**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	–585	–324
Total comprehensive income for the year	-	-	–585	–324
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 Dec 2019	**22,417**	**98,954**	**–3,651**	**–2,294**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	–98	4,404
Total comprehensive income for the year	-	-	–98	4,404
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 Dec 2020	**22,417**	**98,954**	**–3,749**	**2,110**

Other reserves	Hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
182,252	**130,315**	**428,902**	**7,414**	**436,316**
-127	-	-127	-3	-130
182,125	**130,315**	**428,775**	**7,411**	**436,186**
46,051	7,020	53,071	-3,009	50,062
-368	-	-1,277	-23	-1,300
45,683	7,020	51,794	-3,032	48,762
-16,439	-7,020	-23,459	-3,840	-27,299
758	-	758	-	758
1,755	-	1,755	-	1,755
-2,790	-	-2,790	5,134	2,344
211,092	**130,315**	**456,833**	**5,673**	**462,506**
32,769	7,035	39,804	949	40,753
-793	-	3,513	-111	3,402
31,976	7,035	43,317	838	44,155
-16,439	-7,020	-23,459	-1,702	-25,161
198	-	198	-	198
1,755	-	1,755	-	1,755
-177	-	-177	-405	-582
228,405	**130,330**	**478,467**	**4,404**	**482,871**

Notes to the Consolidated Financial Statements

1. General information

The UBM Group comprises UBM Development AG (UBM) and its subsidiaries. UBM is a public limited company under Austrian law which maintains its registered headquarters at 1100 Vienna, Austria, Laaer-Berg-Strasse 43. It is registered with the commercial court of Vienna under reference number FN 100059x. The business activities of the Group are focused primarily on the development, sale and management of real estate.

The consolidated financial statements were prepared in accordance with Section 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and in agreement with the International Financial Reporting Standards (IFRS) which were issued by the International Accounting Standards Board (IASB) and adopted by the European Union as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The reporting currency is the euro, which is also the functional currency of UBM. The functional currency of the subsidiaries included in the consolidated financial statements is the respective national currency. Amounts are reported in thousands of euros (T€) and rounded using the compensated summation method. The reporting year corresponds to the calendar year and ends on 31 December 2020.

2. Scope of consolidation

The consolidated financial statements include UBM as well as 66 (2019: 59) domestic subsidiaries and 78 (2019: 81) foreign subsidiaries. Ten companies were initially included in UBM's consolidated financial statements during the reporting year following their founding and one company following an increase in the investment (see note 2.1.).

Two companies were sold, two were merged, one was deconsolidated following its liquidation and the sale of shares in two other companies led to a change from UBM's control to significant influence. The selling price of T€34,346 included a cash payment of T€20,920, and T€13,426 are still outstanding. The assets and liabilities over which control was lost comprise the following:

in T€	2020
Non-current assets	
Intangible assets	1,563
Property, plant and equipment	26,216
Investment property	145,020
Financial assets	4,465
Deferred tax assets	6,212
Current assets	
Inventories	991
Financial assets	187
Other receivables and current assets	298
Cash and cash equivalents	847
Assets held for sale	556
Non-current liabilities	
Financial liabilities	29,325
Other financial liabilities	66,944
Deferred tax liabilities	26,780
Current liabilities	
Financial liabilities	1,524
Trade payables	752
Other financial liabilities	1,264
Other liabilities	230

In addition, 29 (2019: 32) domestic and 24 (2019: 22) foreign associated companies and joint ventures were accounted for at equity. Seven companies were added during the reporting year following their acquisition, and one company is now accounted for at equity following its partial sale. One company was consolidated following its liquidation, seven were sold and one other is now included through full consolidation following an increase in the investment.

UBM is entitled to the majority of voting rights in 24 (2019: 22) subsidiaries but does not exercise control over these companies because of specific rules defined by the respective partnership agreements. These companies are accounted for as joint ventures.

2.1. Initial consolidations

The following companies were initially included through full consolidation in 2020 (see the list of investments for the capital share):

Due to new foundations	Date of initial consolidation
Astrid Office s.r.o.	1.2.2020
Frauentorgraben GmbH & Co. KG	11.2.2020
LQ Immobilien Alpha GmbH & Co KG	7.7.2020
LQ Immobilien Beta GmbH & Co KG	7.7.2020
LQ Immobilien Gamma GmbH & Co KG	7.7.2020
LQ Immobilien Delta GmbH & Co KG	7.7.2020
LQ Immobilien Epsilon GmbH & Co KG	25.7.2020
Pelkovenstraße GmbH & Co. KG	10.12.2020
UBM BBH Entwicklungs-GmbH & Co KG	12.12.2020
UBM Stodůlky 1 s.r.o.	31.12.2020

Due to an increase in the investment held	Date of initial consolidation
WA Kufstein Salurnerstraße Immobilien GmbH	30.6.2020

The above company acquisition involves the purchase of a property for T€5,662 and the assumption of the related financing of T€5,403. This transaction does not represent a business combination in the sense of IFRS 3. A total of T€9 were spent for the acquisition, and the purchase price was paid in cash. This acquisition is presented as an asset deal in the notes.

3. Significant accounting policies

Business combinations are accounted for in accordance with the acquisition method. This method requires the measurement of the assets acquired and the liabilities and contingent liabilities assumed at their fair value as of the acquisition date. Any difference between the acquisition cost and the attributable proportion of the acquired net assets at fair value is recognised as goodwill. This goodwill is not written off or reduced through scheduled amortisation but is tested for impairment at least once each year.

All accounts receivable and payable between consolidated companies are eliminated during the consolidation of liabilities. Intragroup income and expenses are offset during the consolidation of income and expenses. Interim profits or losses from intragroup deliveries are eliminated if the related amounts are material and the respective assets are still included in the consolidated financial statements.

Shares in the net assets of fully consolidated subsidiaries which not attributable to UBM are reported separately as part of equity under “non-controlling interests”.

4. Accounting and valuation methods

Measurement principles
The annual financial statements of all companies included in the consolidated financial statements are prepared according to standardised accounting and measurement methods. The valuation methods were applied consistently, with the exception of the newly applied standards.

Currency translation
The companies included in the consolidated financial statements prepare their annual financial statements in their respective functional currencies, whereby the functional currency represents the relevant currency for each company's business activities.

The items in the consolidated statement of financial position are translated at the average exchange rate at the end of the financial year, while income statement items are translated at the average annual exchange rate for the financial year (as an arithmetic mean of all end-of-month quotations). Differences resulting from currency translation are recognised directly in equity and transferred to profit or loss when the business operations are derecognised.

The following key exchange rates were used for the inclusion and translation of foreign subsidiaries:

	Mean exchange rate as of 31 Dec 2020	Average annual exchange rate
PLN	4.6148	4.4742
CZK	26.2450	26.4963

	Mean exchange rate as of 31 Dec 2019	Average annual exchange rate
PLN	4.2585	4.3018
CZK	25.4100	25.6589

With regard to the acquisition of companies, any adjustments of the carrying amounts of the acquired assets, assumed liabilities and contingent liabilities to fair value as of the acquisition date or, respectively, goodwill, are treated as assets or liabilities of the acquired subsidiary and are therefore subject to currency translation.

Exchange rate gains or losses on transactions by consolidated companies in a currency other than the functional currency are recognised in profit or loss. Monetary items not denominated in the functional currency of the consolidated companies are translated at the average exchange rate in effect at the end of the reporting period.

Intangible assets are capitalised at their acquisition cost and amortised on a straight-line basis over the expected useful life. The amortisation rates range from 10.00% to 50.00% (2019: 10.00% to 50.00%).

The amortisation recognised during the reporting year is reported on the income statement under "depreciation and amortisation".

The identification of impairment leads to the write-down of the involved intangible asset to its recoverable amount, which represents the higher of fair value less selling costs or the higher value in use. If the reasons for impairment cease to exist, the impairment loss is reversed at an amount equal to the increase in value, but up to a maximum of the carrying amount which would have resulted from the application of scheduled amortisation to the original acquisition or production cost.

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

Property, plant and equipment are carried at their acquisition cost, including any ancillary expenses less reductions in this cost, or at production cost. The carrying amount reflects the deduction of accumulated depreciation and the straight-line depreciation recorded for the reporting year. The following depreciation rates are used:

in %	2020	2019
Buildings	1.50 to 33.33	1.50 to 33.33
Technical equipment and machinery	4.00 to 50.00	4.00 to 50.00
Other facilities, fixtures and office equipment	4.00 to 50.00	4.00 to 50.00

The identification of impairment leads to the write-down of the involved item of property, plant or equipment to its recoverable amount, which represents the higher of fair value less selling costs or the higher value in use. If the reasons for impairment cease to exist, the impairment loss is reversed at an amount equal to the increase in value, but up to a maximum of the carrying amount which would have resulted from the application of scheduled depreciation to the original acquisition or production cost. Major renovation is capitalised, while ongoing maintenance, repairs and minor renovation are expensed as incurred.

Rights of use to property, plant and equipment acquired through leases are capitalised at the present value of future lease payments and amortised over the term of the lease or at the indicated amortisation rates on a straight-line basis.

Low-value assets are written off in full in the year of purchase because they are immaterial for the consolidated financial statements.

Assets under construction, including buildings which are to be used for operational purposes or whose use has not yet been established, are accounted for at acquisition or manufacturing cost less any applicable impairment losses.

The borrowing costs for qualifying assets are included in acquisition or production cost. For investment properties sold through forward deals, the capitalisation of borrowing costs ends on the date of the related agreement. Depreciation on these assets begins with their completion or the attainment of operational status. Interest totalling T€1,319 was capitalised for properties in 2020 (2019: T€4,260). Information on the rate for financing costs is provided in note 37.

Investment property is real estate that is held to generate rental income and/or for value appreciation. It includes office and commercial buildings which are not used for internal business purposes as well as residential buildings and undeveloped land. These assets are carried at their fair value, and any gains or losses from changes in this fair value are recognised in profit or loss of the applicable period. Buildings under construction are accounted for at acquisition or production cost if fair value cannot be reliably determined or at fair value as generally determined by the residual value method.

The fair value of investment property is based on appraisals by independent experts, on the present value of the estimated future cash flows expected from the use of the property or on the amounts realised in comparable transactions.

The rights of use to investment property acquired through leases are capitalised at the present value of the future lease payments and measured at fair value in subsequent periods.

The sales comparison approach or cost approach was used to establish the fair value of **properties carried as real estate inventories**, which are intended for sale immediately after completion and whose market value can be determined based on comparable transactions. In accordance with accounting standards, the carrying amount is only adjusted to reflect fair value if this latter value is lower. The applied parameters are defined by the external appraisers together with the local project developers and reflect the size, age and condition of the buildings as well as country-specific circumstances.

Non-current assets held for sale represent properties which are available for immediate sale in their current condition and whose sale is considered highly probable. These properties are measured at the lower of acquisition or production cost and net realisable value. Investment property is carried at fair value. The probability of sale is evaluated quarterly, and the resulting reclassifications are reported in the notes under the development of property, plant and equipment and investment property.

Investments in companies accounted for at equity are recognised at acquisition cost, which is allocated between the proportional share of the acquired net assets at fair value and any applicable goodwill. The carrying amount is increased or decreased annually by the proportional share of annual profit or loss, dividends received and other changes to equity. Goodwill is not subject to scheduled amortisation but is tested for impairment in accordance with IAS 36 once each year or when circumstances point to possible impairment. If the recoverable amount falls below the carrying amount, the difference is written off**.**

Deferred taxes are recognised to reflect temporary differences between the values of assets and liabilities in the consolidated financial statements, on the one hand, and the values for tax purposes, on the other hand, at the amount of the expected future tax expense or tax relief. In addition, deferred tax assets are recognised for future asset benefits arising from tax loss carryforwards if realisation is sufficiently certain. Exceptions to this comprehensive recognition of deferred taxes are the differences arising from goodwill which is not deductible for tax purposes.

The calculation of deferred taxes is based on the applicable income tax rate in the respective country. For Austrian companies, the tax rate equals 25.00%.

Share-based payments in equity instruments are accounted for at their fair value as of the granting date. This fair value is recognised under personnel expenses over the vesting period and reported under capital reserves. The number of options granted is reassessed at the end of every reporting period.

The **provisions for severance payments, pensions and anniversary bonuses** were calculated in accordance with IAS 19 based on the projected unit credit method with the application of the AVÖ 2018-P Generation Life Table, whereby an actuarial valuation is performed as of every reporting date. The calculation parameters included an interest rate of 0.40% (2019: 0.65%) for Austria and Germany as well as salary increases of 2.25% (2019: 2.15%) per year in Austria. The calculation of the provisions for severance payments and anniversary bonuses in Austria also includes deductions for employee turnover based on statistical data within a range of 0.00% to 10.50% (2019: 0.00% to 10.50%); for anniversary bonuses in Germany, a range of 0.00% to 10.60% (2019: 0.00% to 10.60%) is used. The retirement age assumed for the Austrian companies represents the earliest possible retirement age permitted by law following the 2004 pension reform (corridor pension), also taking all transitional arrangements into account; for German companies, the legal retirement age is used. The calculation of the provisions for Austria is based on the AVÖ 2018-P – Pagler & Pagler Mortality Table, while the 2019 G Mortality Table Guidelines issued by Klaus Heubeck are used for Germany.

Actuarial gains and losses on severance payments and pensions are recognised in full in other comprehensive income, while the actuarial gains and losses on anniversary bonuses are included in profit or loss for the period. Service costs are reported as part of personnel expenses, and interest expense is recorded under financial costs.

Other provisions cover all identifiable risks and uncertain obligations. They are recognised at the amount which will presumably be required to settle the underlying obligation.

Lease liabilities are measured at the present value of future lease payments, whereby discounting is based on the interest rate underlying the lease. If this rate cannot be determined, the Group's incremental borrowing rate for the applicable term is used.

Financial instruments

Financial instruments which fall under the scope of application of IFRS 9 are assigned to valuation categories based on the underlying business model and the characteristics of the contractually agreed cash flows. Financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost or fair value, depending on the valuation category.

For financial instruments carried at amortised cost or at fair value through other comprehensive income (FVTOCI), the loss allowance is based on the expected credit loss model. This procedure involves the creation of a risk provision equal to the 12-month expected loss (Level 1) on the initial recognition date. In the event of a significant deterioration in the credit risk, the lifetime expected loss must be calculated (Level 2). Objective evidence of impairment results in reclassification to Level 3.

UBM applies the simplified approach provided by IFRS 9.5.5.15 to trade receivables, contractual assets and leasing receivables and measures the loss allowance in line with the lifetime expected loss. All available information is used to evaluate the expected credit loss, including historical data as well as forward-looking information. In general, external credit ratings are not available for financial instruments. The expected credit loss equals the product of the expected net claim to the financial instrument, the period-based probability of default and the loss on actual default.

The general impairment model is applied to project financing. Due to the absence of external credit evaluations, credit risk is monitored according to the development of key indicators, e.g. the loan-to-value ratio or collection period.

Trade receivables, project financing and other financial assets were recognised at amortised cost. No allowances for expected credit losses were recognised in 2020 because neither the historical nor the forecast data indicated any loss rates.

The investments in unconsolidated subsidiaries and other investments reported under **other financial assets** are measured at fair value through profit or loss (FVTPL), which is generally determined with valuation procedures like the discounted cash flow method.

Securities are classified as FVTPL and measured at fair value. If these securities represent debt instruments and consist solely of interest and principal payments, they are carried at amortised cost. **Liabilities** are carried at amortised cost in accordance with the effective interest method. **Derivative financial instruments** are recognised at fair value through profit or loss (FVTPL). The UBM Group has no hedges.

Revenue from contracts with customers

Revenue is reported after the deduction of value added taxes, rebates and other sales-based taxes. The recognition of revenue is based on the transaction type as follows:

The revenue from investment properties which are sold after completion is recognised at a point in time after the material risks and rewards are transferred. The revenue from investment properties is recognised over time when the sale takes place through a forward deal during construction and the company has a legal entitlement to payment for previously provided performance as well as no alternative use for the asset. Revenue from the sale of apartments is recognised over time for units which are sold before completion and for which the company has a legal entitlement to payment for previously provided performance as well as no alternative use for the assets. Revenue from the sale of completed apartments is recognised at a point in time. Rental income and income from hotel operations is recognised over time. The income from invoiced construction services is also recognised over time.

The recognition of revenue over time is based on the progress of construction (percentage of completion, PoC method). The percentage of completion represents the previously provided performance as a per cent of the total contract performance. For revenue from real estate, this indicator is calculated as the investment costs incurred to date in relation to the total investment costs for the respective project. The identified performance is recognised, after the deduction of prepayments by customers, as a **contract asset** under trade receivables or, if the prepayments exceed the previously provided performance, as a **contract liability** under other liabilities. If the total costs for a contract are expected to exceed the related revenue, the expected loss is recognised in full and immediately at an amount equal to the costs required to fulfil the contract. The costs for contract extensions are capitalised and amortised over the project term unless they represent costs which would not have been incurred if the contract had not been received.

Interest income and expenses are accrued in line with the outstanding balance of the respective loan and the applicable interest rate.

Dividend income from financial investments is recognised when a legal entitlement arises.

A **lease** represents an agreement under which the lessor provides the lessee with a contractual right to control an identified asset for a defined period in return for consideration. The UBM Group acts as a lessee, above all, in connection with office properties and one property which is sublet. There are a large number of individual contracts with comparatively low annual rental payments, fixed and open-ended terms and agreed termination rights. Leases are presented on the statement of financial position as rights of use and corresponding lease liabilities. The lease payments are allocated into an interest and a principal component. The finance costs are recognised to profit or loss over the lease term to produce a periodic cost of interest on the remaining balance of the liability. The rights of use are amortised on a straight-line basis over the shorter of the useful life and the lease term. Lease payments are measured by applying the incremental borrowing rate, i.e. the interest rate which the Group would have to pay to borrow funds to purchase an asset of comparable value under comparable conditions in a similar economic environment. Payments for short-term leases and leases of low-value assets are expensed as incurred. Short-term leases are defined as leases with a term of up to 12 months. The UBM Group also serves as a lessor to a limited extent. These leases usually involve office space, and the related contracts qualify for classification as operating leases. The rental income from these leases is reported under other operating income.

5. Discretionary judgment and major sources of estimation uncertainty

The preparation of annual financial statements invariably involves the use of estimates and assumptions by management for the amount and recognition of assets and liabilities as well as income and expenses and the disclosures on contingent liabilities. The major assumptions and sources of estimation uncertainty as defined in IAS 1.125-ff are related to the following:

The COVID-19 pandemic triggered a near-complete collapse in the business activities of UBM hotels during 2020 and at the beginning of 2021. In the core and home markets of UBM hotels, vaccinations against the COVID-19 virus started for risk groups at the end of 2020 and the remaining population will be scheduled by risk profile beginning in spring 2021. Widespread vaccination coverage is not expected before the second half of 2021 but should result in a gradual return to anxiety-free travel. Only then will the travel restrictions, test and quarantine regulations in our source markets and non-EU/EFTA countries be eased, one after the other, and this relief should lead to a slow, but steady increase in flight capacity. A re-start for larger events of all types, in particular trade fairs and congresses, is inconceivable before the second half of 2021 at the earliest and, at that time, only gradually and with a limited number of participants. Companies have learned to work without or with significantly reduced travel activity and will be very cautious in making any changes to this new practice in the future.

The UBM hotels in Austria, Germany and the Netherlands will remained closed during the first quarter of 2021 due to the lockdown regulations ("stand-by mode"); in Poland, the hotels are still open but restricted to business travellers and 50% occupancy. This situation should ease considerably beginning in the second and, above all, in the third quarter. The overall occupancy in the hotels during 2021 is estimated to equal roughly half the pre-corona level, and full recovery of the hotel market to the 2019 level is only expected in 2024. Plans for the start-up phase in 2021 to 2023 are based on the STR, Inc. market reports; the cost structure in the hotels has been adjusted to reflect the new occupancy and is continuously monitored.

Determining the fair value of real estate: Fair value generally equals the present value of the realisable rental income. Any change in the estimated future realisable rental income or the expected return on alternative investments will also lead to a change in the fair value of the involved property. The capitalisation rate (2020: 2.50% to 7.39%; 2019: 1.50% to 9.00%) represents the average market rate of return on the property. One criterion for the selection of the capitalisation rate is the general and specific risk for the return on the property.

In 2020, most of the investment property was valued in accordance with internationally recognised earnings methodology, in particular the Term and Reversion approach (see note 20 for additional details on the valuation method and the value of the investment properties).

The residual value method was used to value the real estate under development (assets under construction – IAS 40). Under this method, the future income is estimated by the appraisers – provided there has been no pre-letting activity – in consultation with the project developers. The budgeted completion costs, including an appropriate developer margin, are deducted from this income. The remainder represents the fair value of the properties under development.

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

in T€

Portfolio property

	Carrying amount as of 31 Dec 2020	**107,563**		**Carrying amount as of 31 Dec 2019**	**106,358**	
	Adjustment to long-term rent			Adjustment to long-term rent		
	0.00%	10.00%	–10.00%	0.00%	10.00%	–10.00%
Adjustment to yield						
0.00%	-	10,503	–10,723	-	10,672	–10,631
0.50%	–1,540	1,210	–4,500	–2,645	1,289	–6,579
-0.50%	1,680	4,740	–1,620	3,070	7,607	–1,458

in T€

Development projects

	Carrying amount as of 31 Dec 2020	**299,584**	**Carrying amount as of 31 Dec 2019**	**361,382**
Developer profit	–5.00%	5.00%	–5.00%	5.00%
	35,980	–35,992	60,440	–44,769
Adjustment to yield	–0.50%	0.50%	–0.50%	0.50%
	72,669	–61,482	75,424	–50,596
Adjustment to construction costs	10.00%	–10.00%	10.00%	–10.00%
	–48,873	47,578	–58,811	74,472
Adjustment to rental income	–10.00%	10.00%	–10.00%	10.00%
	–81,612	82,308	–95,326	111,142

The classification as investment property (IAS 40) or inventories (IAS 2) is based on the following considerations: Projects that are held to generate rental income or for value appreciation are classified as investment property. Inventories comprise real estate which, in advance, is intended for resale. Properties which are sold before completion and for which UBM has no possible alternative use as well as a legal entitlement to payment for previous performance are accounted for as contract assets in accordance with IFRS 15.

Properties (inventories) held for sale: The sales comparison approach or cost approach was used to determine the fair value of properties for which comparable market transactions were available. This applies primarily to real estate held as current assets (residential buildings) that is intended for immediate sale after completion. In accordance with accounting standards, the carrying amount is only adjusted to reflect a lower fair value. The external appraisers define the parameters together with the local project developers based on the size, age and condition of the buildings as well as country-specific considerations. Information on the carrying amounts and the potential impact of impairment is provided in note 24.

Provisions: The valuation of the provisions for severance payments, pension and anniversary bonus provisions is based on parameters that include discount factors, salary increases and/or employee turnover. Changes in these parameters can lead to higher or lower provisions, personnel expenses and interest costs. Other provisions are based on estimates for the likelihood of an event occurring and the probability of an outflow of funds. Changes in these estimates or the occurrence of an event previously considered unlikely can have a significant impact on the Group's financial performance.

Sensitivity analysis of provisions for pensions: The following actuarial assumptions were considered relevant and the following margins were applied: Discount rate +/–0.25%, pension trend +/–0.25%, life expectancy +/–1 year.

The sensitivity analysis of life expectancy was based on a shift in the average life expectancy for all candidates in the respective plan.

The following table shows the differences to the recorded amounts as a relative deviation:

	Interest +0.25%	Interest -0.25%
	liquid	liquid
Pension DBO	–2.80%	3.00%

	Pension trend +0.25%	Pension trend -0.25%
	liquid	liquid
Pension DBO	2.90%	–2.80%

	Life expectancy +1 year	Life expectancy –1 year
	liquid	liquid
Pension DBO	6.10%	–5.90%

Sensitivity analysis of provisions for severance payments: The following actuarial assumptions were considered material and the following margins were applied: Discount rate +/–0.25%, salary trend +/–0.25%, employee turnover +/–0.50% up to 25th year of service, life expectancy +/–1 year.

The sensitivity analysis of life expectancy was based on a shift in the average life expectancy for all candidates in the respective plan.

The following table shows the differences to the recorded amounts as a relative deviation:

	Interest +0.25%	Interest -0.25%	Salary trend +0.25%	Salary trend -0.25%
Severance payments DBO	–1.98%	2.04%	1.98%	–1.93%

	Fluctuation +0.50% until 25th year of service	Fluctuation -0.50% until 25th year of service	Life expectancy +1 year	Life expectancy –1 year
Severance payments DBO	-0.29%	0.30%	0.10%	-0.11%

Project financing: UBM, as the parent company, grants loans to its equity-accounted companies and subsidiaries. These loans serve as financing for the equity share of real estate projects. They are subject to interest at normal market rates and are payable after the project is sold.

The actual amounts realised in the future could differ from the estimates and assumptions depending on the success of the individual projects. Information on the carrying amounts and possible impact of impairment is provided in note 22.

6. New and revised accounting standards

6.1. Standards applied for the first time in the reporting year

The UBM Group applied the following standards for the first time as of 1 January 2020. The changes had no material effects on the Group.

Changes to standards and interpretations

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC - 32: updating or clarifying which version of the conceptual framework they relate to	29.3.2018	29.11.2019	1.1.2020
Amendments to IFRS 3: Definition of a Business	22.10.2018	21.4.2020	1.1.2020
Amendments to IAS 1 and IAS 8: Definition of materiality	31.10.2018	29.11.2019	1.1.2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (Phase 1)	26.9.2019	15.1.2020	1.1.2020

6.2. New accounting standards that have not yet been applied

The following standards and interpretations were published before the preparation of these consolidated financial statements but did not require mandatory application for the reporting year and were not applied prematurely. These new standards have no material effects on the UBM Group.

New standards and interpretations adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Amendments to IFRS 16: Covid-19-Related Rent Concessions	28.5.2020	15.10.2020	1.6.2020
Amendments to IFRS 4 Insurance Contracts: Deferral of IFRS 9	25.6.2020	15.12.2020	1.1.2021
Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39: Interest Rate Benchmark Reform (Phase 2)	27.8.2020	13.1.2021	1.1.2021

New standards and interpretations not yet adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
IFRS 17 – Insurance Contracts	18.5.2017	–	1.1.2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	23.1.2020	–	1.1.2023
Amendments to IFRS 3: Reference to the Conceptual Framework 2018	14.5.2020	–	1.1.2022
Amendments to IAS 37: Onerous Contracts - Costs of Fullfilling a Contract	14.5.2020	–	1.1.2022
Amendments to IAS 16: Property, Plant & Equipment: Proceeds before Intended Use	14.5.2020	–	1.1.2022
Annual Improvements to IFRSs 2018–2020 Cycle	14.5.2020	–	1.1.2022
Amendments to IFRS 17: Insurance Contracts	25.6.2020	–	1.1.2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	12.2.2021	–	1.1.2023
Amendments to IAS 8: Definition of Accounting Estimates	12.2.2021	–	1.1.2023

7. Effects of the COVID-19 pandemic

Impact on UBM's business model
UBM's core business model is the development of properties that are transferred to the respective buyers immediately after completion. The related activities are focused, above all, on the residential and office asset classes. Hotel projects were also developed prior to the COVID-19 pandemic. UBM adjusted its strategy as a consequence of the COVID-19 crisis and has discontinued the acquisition of new hotel development projects as well as the start of hotel developments since the outbreak of the pandemic. Moreover, the strategic reorientation is directed to the realisation of green and smart residential buildings and office projects. Hotel projects in progress before the pandemic are continuing: three projects with partners will be completed in 2021 and, from the current viewpoint, it is assumed that these projects will be initially transferred to the standing asset portfolio at the respective share of the investment. The demand by investors for hotels is not expected to recover before the end of the pandemic and a return to normal travel activity.

All office projects scheduled for completion in 2021 have already been sold. However, the short-term effects and existing uncertainty over future economic developments must be considered since hesitation by corporate customers could lead to a wait-and-see attitude in re-letting. A minimum occupancy level must normally be guaranteed before a property can be transferred to the final investor. An influence on forward sold properties is also conceivable if a buyer's credit standing is impaired by the COVID-19 crisis to the extent that the agreed sale price can no longer be paid. No buyers have been lost to date due to credit rating difficulties. Two hotels in Poland which are scheduled for completion in 2023 have been forward sold, and there are no signs that the buyers will not meet their contractual commitments despite the pandemic. The default risk in this case is minimised because the payment of the purchase price will be settled through a trustee and the closing only takes place after the payment has been secured.

No write-downs were required for the hotels current under development due to the scheduled completion in and after 2023 because a visible recovery in the hotel market is expected during this period.

The properties currently under development are not expected to experience any delays in the planned completion or related cost overruns.

We expect the pandemic will lead to changes in the requirements of office tenants over the medium- and long-term. These anticipated changes are being integrated in product design through greater environmental friendliness and flexibility, which should improve the market attractiveness of newly created office space. Increasing demand is projected, in particular, for products that optimally combine in office and home office. This medium- and long-term perspective for new, flexible and environmentally compatible office space in the top seven cities in Germany is therefore gauged as favourable. However, there is a risk that a substantial delay or complete absence of economic recovery could limit the rental, and consequently the sale, of our office products despite these adjustments.

The recently completed residential properties have been forward sold as entire projects or will be marketed as individual units. The demand for residential properties in UBM's markets has remained unbroken up to now during the COVID-19 pandemic, and we expect continued strong demand over the medium- and long-term. However, there is a risk that a complete absence or substantial delay in economic recovery could negatively influence any improvement of the labour market, which would impact rentability, realisable rents and the funds available to private buyers.

To a lesser extent, UBM's business model also includes the operation and rental of standing assets. The share of standing assets has been substantially reduced in recent years. The COVID-19 pandemic has led to isolated rental default incidents or necessary deferrals, but the occupancy rates in the properties remain sound. However, there is risk of further necessary deferrals and default incidents over the short- and medium-term. Longer shutdowns or additional lockdown measures in the future could also impair the credit standing of tenants and, in turn, lead to increased lease cancellations and higher vacancies. We expect the situation will normalise over the medium- and long-term and do not see any fundamental changes in consumer behaviour.

An area of UBM's activities that is directly linked to hotel development is the hotel leasing business, which is conducted through a 50% joint venture with a partner. The hotel shutdowns which resulted from the COVID-19 pandemic were responsible for significant negative economic effects and losses. If the pandemic-related travel restrictions extend beyond summer 2021 or trigger a change in travel behaviour, profits from the hotel leasing business can be expected to fall below the original forecasts over the medium- to long-term. The future economic effects for UBM in this area are dependent on travel restrictions and on potential changes in travel behaviour as well as further government assistance and/or agreements with lessees. Provisions were recognised in 2020 to reflect the less optimistic outlook for the future. Discussions are currently in progress to renegotiate the lease guarantees from the hotel leasing business. Based on the current status of these negotiations, the use of these guarantees is unlikely.

Impact on the consolidated statement of financial position and income statement in 2020
The COVID-19 pandemic had an impact, above all, on the hotel leasing business in the hotel asset class. The decline in revenue and adjusted expectations for revenue in 2020 and later years led to the recognition of an impairment loss to the hotel investments and, subsequently, to a write-down of the at-equity accounted investment in UBM hotels Management GmbH, a holding corporation for hotel operating companies. The carrying amount of this investment (T€1,913) was written off in full. Long-term project financing that represented part of the net investment in UBM hotels Management GmbH (T€17,187) was also written down as were trade receivables of T€2,075. The share of profit/loss from companies accounted for at equity includes write-downs totalling T€–21,174 in 2020.

Write-downs of T€5,584 were recorded to the carrying amounts of the hotels in Jochberg and Vienna (Palais Hansen), which are in operation but have not yet been sold. These reductions include property write-downs of T€5,099 to reflect the adjusted cash flow assumptions.

The results are included in the Austria segment.

Write-downs were not required for the hotels in Berlin, Düsseldorf and Prague which are currently under development due to their scheduled completion in 2023 and after because a visible recovery in the hotel market is expected for this period.

Due to the steady reduction in the share of standing assets in recent years, the COVID-19 pandemic was responsible for only immaterial default incidents on rental payments in 2020 and no valuation adjustments were required.

Other operating expenses on the income statement show a decline of T€800 in travel expenses during 2020 due to the limitations on travel. Personnel expenses rose by T€15 due to additional costs for protective work clothing, e.g. masks.

Government subsidies and grants
In Austria, the UBM Group received subsidies of T€816 for short-time work from the Public Employment Service AMS. These subsidies were reflected in a reduction of personnel costs. Other operating income includes COVID subsidies of T€70 from the Polish government. An application for a 14% investment bonus of T€109 for digitalisation was filed in February 2021.

Impairments
Apart from the above-mentioned write-down to the hotel investment, no further impairment losses were required. The forecast data for the lifetime expected loss did not indicate any additional loss rates for valuation adjustments within the scope of application of IFRS 9.

8. Revenue

The UBM Group recorded revenue of T€183,339 in 2020 (2019: T€241,999). This position included the proceeds from the sale of properties, rental income, income from the hotel business, construction services invoiced for UBM's projects and other revenue from ordinary business activities.

The following table shows Total Output for the UBM Group based on internal reporting by region. The amounts include, in particular, the proportional share of output from equity-accounted companies and subsidiaries which are not included through full consolidation.

in T€	2020	2019
Regions		
Germany	193,047	255,495
Austria	178,730	234,629
Poland	79,544	101,428
Other markets	27,232	86,461
Total Output Group	**478,553**	**678,013**
Less revenue from companies accounted for at equity, subsidiaries and joint ventures	-316,359	-415,720
Plus/less changes in the portfolio	21,145	-20,294
Revenue	**183,339**	**241,999**

The following table shows the classification of revenue by major category and the timing of revenue recognition as well as the reconciliation to segment reporting:

	Germany	Austria	Poland	Other Markets	Group
in T€	1-12/2020	1-12/2020	1-12/2020	1-12/2020	1-12/2020
Revenue					
Residential	27,068	32,820	4	3,240	63,132
Office	4	4,586	10,596	7,449	22,635
Hotel	5,517	-	29,348	995	35,860
Other	4,652	2,869	2,646	635	10,802
Service	7,833	23,150	2,412	17,515	50,910
Revenue	**45,074**	**63,425**	**45,006**	**29,834**	**183,339**
Recognition over time	-	45,100	28,785	7,098	80,983
Recognition at a point in time	45,074	18,325	16,221	22,736	102,356
Revenue	**45,074**	**63,425**	**45,006**	**29,834**	**183,339**

in T€	Germany 1-12/2019	Austria 1-12/2019	Poland 1-12/2019	Other Markets 1-12/2019	Group 1-12/2019
Revenue					
Residential	39,741	20,861	12	1,823	62,437
Office	2,557	400	6,677	353	9,987
Hotel	8,701	-	35,927	532	45,160
Other	66,757	18,421	4,116	4,142	93,436
Service	8,555	14,931	2,398	5,095	30,979
Revenue	**126,311**	**54,613**	**49,130**	**11,945**	**241,999**
Recognition over time	48,249	20,205	21,918	-	90,372
Recognition at a point in time	78,062	34,408	27,212	11,945	151,627
Revenue	**126,311**	**54,613**	**49,130**	**11,945**	**241,999**

Revenue is classified as follows:

in T€	2020	2019
Revenue from contracts with customers	174,014	228,772
Revenue from rentals	9,325	13,227
Total	**183,339**	**241,999**

9. Other operating income

in T€	2020	2019
Income from the release of provisions	266	34
Staff cost allocations	610	544
Exchange rate gains	1,608	3,443
Rental of space and land	706	293
Miscellaneous	5,034	6,174
Total	**8,224**	**10,488**

Information on the impact of the COVID-19 pandemic is provided in note 7.

10. Cost of materials and other related production services

in T€	2020	2019
Expenses for raw materials and supplies and for purchased goods	–12,486	–80,512
Expenses for purchased services	–103,187	–121,686
Total	**–115,673**	**–202,198**

The disposals of carrying amounts from properties sold are included under the cost of materials and other related production services. These disposals totalled T€4,102 in 2020 (2019: T€64,253).

11. Personnel expenses

in T€	2020	2019
Salaries and wages	–29,291	–30,500
Social welfare expenses	–5,231	–5,396
Expenses for severance payments and pensions	–325	–748
Total	**–34,847**	**–36,644**

The expenses for severance compensation and pensions include the current service cost and expenses for defined contribution obligations. The related interest expense is reported under financial costs.

Personnel expenses include T€198 (2019: T€758) from the Long-Term-Incentive-Programme (LTIP).

Information on the impact of the COVID-19 pandemic is provided in note 7.

12. Other operating expenses

The major other operating expenses are classified as follows:

in T€	2020	2019
Office operations	–7,204	–13,461
Advertising	–1,146	–2,089
Legal and consultancy services	–6,966	–8,788
Depreciation/impairment of current real estate assets	–2,083	–3,295
Exchange rate losses	–14,493	–2,354
Taxes, contributions and charges	–3,732	–2,096
Bank charges	–1,188	–473
Management fee	–3,240	–3,533
Miscellaneous	–4,870	–4,552
Total	**–44,922**	**–40,641**

Miscellaneous other operating expenses consist primarily of other third-party services, travel expenses, duties and fees. The exchange rate losses resulted primarily from the Polish złoty.

Information on the impact of the COVID-19 pandemic is provided in note 7.

13. Depreciation and amortisation

The scheduled amortisation of intangible assets totalled T€61 in 2020 (2019: T€80), and the scheduled depreciation of property, plant and equipment amounted to T€3,024 (2019: T€3,435).

14. Financial income

in T€	2020	2019
Interest and similar income	14,203	7,772
of which: from project financing for companies accounted for at equity and subsidiaries	12,942	6,907
of which: from affiliates	-	10
Income from the disposal and reversal of impairment to financial assets	9,696	12,939
Total	**23,899**	**20,711**

15. Financial costs

in T€	2020	2019
Interest and similar expenditure relating to bonds and promissory note loans	–14,422	–15,694
Interest and similar expenses for other financial liabilities	-4,634	-3,903
Other interest and similar expenses	-1,376	-2,024
Expenses for other financial assets	-3,222	-29
of which: depreciation, amortisation and impairment	-3,200	-8
Total	**-23,654**	**-21,650**

16. Income tax expense

This item comprises the taxes on income and earnings paid or owed in the individual countries, the tax charge allocated by the non-Group parties in an investment joint venture pursuant to Section 9 of the Austrian Corporate Tax Act and deferred taxes.

The calculation is based on the tax rates defined by the tax laws currently in effect or substantively enacted, which are expected to apply on the probable realisation date.

in T€	2020	2019
Actual tax expense	1,099	14,418
Deferred tax expense/income	20,407	6,032
Tax expense (+)/income (-)	**21,506**	**20,450**

The reconciliation of tax expense resulting from the application of the Austrian corporate tax rate of 25.00% to actual tax expense is shown below:

in T€	2020	2019
Profit before income tax	62,259	70,512
Theoretical tax expense (+)/income (-)	15,565	17,628
Differences in tax rates	6,902	2,284
Tax effect of non-deductible expenses and tax-exempt income	-240	-1,048
Income/expenses from companies accounted for at equity	-3,527	-7,803
Changes in deferred tax assets not recognised for loss carryforwards	4,908	8,863
Effect of changes in tax rates	-746	-261
Tax expenses (+)/income (-) related to other periods	-1,072	419
Other differences	-284	368
Income tax expenses	**21,506**	**20,450**

In addition to the tax expense recognised in the consolidated income statement, the tax effect from the expenses and income included under other comprehensive income was also recognised in other comprehensive income. The amount recognised in other comprehensive income equalled T€35 (2019: T€199) and was related primarily to the tax effect from the remeasurement of defined benefit obligations.

17. Earnings per share

Earnings per share are calculated by dividing the proportional share of annual profit attributable to the shareholders of the parent by the weighted average number of shares issued.

	2020	2019
Share of profit for the period attributable to shareholders of the parent, incl. interest on hybrid capital (in T€)	39,804	53,071
Less interest on hybrid capital (in T€)	–7,035	–7,020
Proportion of profit for the period attributable to shareholders of the parent (in T€)	32,769	46,051
Potential shares		
Weighted average number of shares issued (=number of basic shares)	7,472,180	7,472,180
Average number of share options outstanding	-	19,388
Number of shares diluted	7,472,180	7,491,568
Prior basic earnings per share (in €)	**5.33**	**7.10**
Prior diluted earnings per share (in €)	**5.33**	**7.08**
New basic earnings per share (in €)	**4.39**	**6.16**
New diluted earnings per share (in €)	**4.39**	**6.15**

The accounting method applied to the calculation of earnings per share was changed in 2020. The provisions of IAS 33 for the presentation of the hybrid financing reported under equity were interpreted differently by the market in the past. UBM adjusted its calculation in 2020 to reflect the prevailing market opinion and now allocates the interest attributable to the hybrid capital holders. This led to a corresponding reduction in the earnings attributable to UBM's shareholders.

A total of 297,410 options had been allocated as of 31 December 2020 in connection with the Long-Term-Incentive-Programme 2017 (LTIP). The adjusted exercise price equalled €36.33 as of that date, and the average share price for 2020 equalled €34.68. Therefore, earnings per share include no potential shares.

18. Intangible assets

in T€	Concessions, licences and similar rights	Goodwill	Total
Acquisition and production costs			
Balance as of 1 Jan 2019	425	3,840	4,265
Additions/disposals through changes in the scope of consolidation	-31	-	-31
Additions	86	-	86
Disposals	-49	-	-49
Reclassifications	18	-	18
Currency adjustments	2	-	2
Balance as of 31 Dec 2019	451	3,840	4,291
Additions/disposals through changes in the scope of consolidation	-29	-	-29
Additions	355	-	355
Disposals	-5	-	-5
Currency adjustments	-6	-	-6
Balance as of 31 Dec 2020	766	3,840	4,606
Accumulated amortisation and impairment			
Balance as of 1 Jan 2019	353	1,182	1,535
Additions/disposals through changes in the scope of consolidation	-19	-	-19
Additions (scheduled amortisation)	80	-	80
Disposals	-49	-	-49
Reclassifications	-4	-	-4
Currency adjustments	1	-	1
Balance as of 31 Dec 2019	362	1,182	1,544
Additions/disposals through changes in the scope of consolidation	-16	-	-16
Additions (scheduled amortisation)	61	-	61
Disposals	-3	-	-3
Currency adjustments	-4	-	-4
Balance as of 31 Dec 2020	400	1,182	1,582
Carrying amounts – balance as of 31 Dec 2019	**89**	**2,658**	**2,747**
Carrying amounts – balance as of 31 Dec 2020	**366**	**2,658**	**3,024**

The above table only includes the intangible assets with a finite useful life. Information on the useful lives and amortisation, depreciation and impairment is provided in the section on "Accounting and valuation methods".

Scheduled depreciation and amortisation are reported on the income statement under "Depreciation and amortisation".

Impairment testing involves comparing the total carrying amount of the assets in each cash-generating unit (CGU) to which goodwill was allocated with the applicable recoverable amount. The UBM Group defines the individual consolidated company as the cash-generating unit. Goodwill is allocated to the CGU "UBM Development Deutschland GmbH" (formerly: Münchner Grund Immobilien Bauträger AG).

The recoverable amount corresponds to the value in use. The cash flows were derived from budgets for 2020 and the following three years (detailed planning period). Discounting was based on a specific cost of capital of 5.77% (2019: 6.26%). An increase or decrease of 1.00% in the specific cost of capital would not lead to any change in valuation. UBM Development Deutschland GmbH will not acquire any further projects, and the projects currently in progress are scheduled for completion by 2022. UBM Invest Deutschland GmbH, which was founded on 22 September 2017, will serve as the successor company.

19. Property, plant and equipment

in T€	Land, land rights and buildings including buildings on leasehold land and assets under construction	Right-of-use assets: land and buildings	Technical equipment and machinery	Other facilities, fixtures and office equipment	Right-of-use assets: Technical equipment and machinery; other equipment and office equipment	Payments on account and assets under construction	Total
Acquisition and manufacturing costs and revaluation							
Balance as of 1 Jan 2019	1,117	38,978	1,161	4,372	916	-	46,544
Additions/disposals through changes in the scope of consolidation	-	-30,713	-13	-5	-	-	-30,731
Additions	54	29,219	10	882	606	-	30,771
Disposals	-	-	-14	-489	-40	-	-543
Reclassifications	-	-	-	378	-69	-	309
Currency adjustments	-1	626	6	5	3	-	639
Balance as of 31 Dec 2019	1,170	38,110	1,150	5,143	1,416	-	46,989
Additions/disposals through changes in the scope of consolidation	-	-27,355	-	-	-	-	-27,355
Additions	-	636	12	843	547	-	2,038
Disposals	-20	-	-	-1,096	-58	-	-1,174
Reclassifications	-	-	-71	82	-82	-	-71
Currency adjustments	-4	-1,381	-33	-24	-28	-	-1,470
Balance as of 31 Dec 2020	1,146	10,010	1,058	4,948	1,795	-	18,957
Accumulated depreciation and impairment							
Balance as of 1 Jan 2019	50	-	464	3,627	95	-	4,236
Additions/disposals through changes in the scope of consolidation	-	-805	-1	-5	-	-	-811
Additions (scheduled depreciation)	68	2,401	108	389	469	-	3,435
Disposals	-	-	-13	-403	-29	-	-445
Reclassifications	-	-	-	364	-55	-	309
Currency adjustments	-	16	3	3	1	-	23
Balance as of 31 Dec 2019	118	1,612	561	3,975	481	-	6,747
Additions/disposals through changes in the scope of consolidation	-	-1,140	-	-	-	-	-1,140
Additions (scheduled depreciation)	73	1,908	102	466	475	-	3,024
Disposals	-	-	-	-1,095	-58	-	-1,153
Reclassifications	-	-	-37	63	-63	-	-37
Currency adjustments	-	-34	-20	-19	-7	-	-80
Balance as of 31 Dec 2020	191	2,346	606	3,390	828	-	7,361
Carrying amounts – balance as of 31 Dec 2019	**1,052**	**36,498**	**589**	**1,168**	**935**	**-**	**40,242**
Carrying amounts – balance as of 31 Dec 2020	**955**	**7,664**	**452**	**1,558**	**967**	**-**	**11,596**

Any impairment recognised in profit or loss is reported together with scheduled depreciation and amortisation under "Depreciation and amortisation", while any reversals of impairment recognised in profit or loss on assets subject to prior impairment are included in the income statement under "Other operating income". The carrying amount of property, plant and equipment pledged as collateral as of 31 December 2020 amounted to T€0 (2019: T€0). Property, plant and equipment with a carrying amount of T€ 0 (2019: T€0) are subject to restrictions on disposal.

The additions of €29m to the position "rights of use to land and buildings" in 2019 resulted primarily from a hotel property in Poland; these rights have a term of 20 years and an extension option for a further five years. The remaining "rights of use to land and buildings" are related chiefly to office locations in the core markets of Austria, Germany, Poland and the Czech Republic with terms of two to 15 years.

Leases

The following amounts were recorded in connection with leases:

in T€	2020	2019
Interest expense on the lease liability	–979	–1,804
Short-term lease expense	–1,225	–1,093
Adjustments to fair value	–340	–335
Total cash outflows from leases	2,268	2,317

The terms of the leases range from two to 15 years for operating properties and from two to six years for movables. The investment property represents a lease with a term ending in 2054.

A number of the leases for property and movables include extension options. These options are only included in the calculation of the lease liability when there is sufficient certainty that they will be exercised.

The exercise prices of options for the takeover of the related asset at the end of the lease term are only recognised when there is sufficient certainty that the purchase options will be exercised. Variable leases that are linked to indexes, e.g. net operating profit, are measured with the applicable index as of the delivery date. A reassessment is made if a significant event occurs or if there are material changes in circumstances. Any non-lease components are separated and not included in the rate.

A maturity analysis of the lease liabilities is provided in notes 37 and 45.

20. Investment property

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

in T€	Investment properties	Right-of-use assets: investment properties	Total
Carrying amounts			
Balance as of 1 Jan 2019	499,196	11,729	510,925
Additions/disposals through changes in the scope of consolidation	–94,967	-	–94,967
Additions	136,862	320	137,182
Disposals	–3,070	-	–3,070
Reclassification IFRS 5	–61,198	-	–61,198
Reclassification IFRS 15	–25,451	-	–25,451
Reclassification from/to property, plant and equipment and real estate inventories	–19,579	-	–19,579
Currency adjustments	2,210	-	2,210
Adjustments to fair value	22,023	–335	21,688
Balance as of 31 Dec 2019	**456,026**	**11,714**	**467,740**
Additions/disposals through changes in the scope of consolidation	–145,020	-	–145,020
Additions	42,039	-	42,039
Disposals	–656	-	–656
Reclassification IFRS 15	–4,690	-	–4,690
Reclassification from/to real estate inventories	–9,603	-	–9,603
Currency adjustments	–4,973	-	–4,973
Adjustments to fair value	62,650	–340	62,310
Balance as of 31 Dec 2020	**395,773**	**11,374**	**407,147**

Reconciliation for Level 3 valuations:

	Austria			
2020 in T€	**Office**	**Other**	**Residential**	**Land bank**
Carrying amount at start of financial year	**61,576**	**121,136**	**1,134**	**5,450**
Change in use/new segmentation	-	-	-	-
Currency adjustments	-	-	-	-
Additions from property purchases	12,002	2,058	-	-
Additions/disposals from expansion of the scope of consolidation	-	-	-	-
Reclassification IFRS 15	-	-	-	-
Reclassification from/to property, plant and equipment and real estate inventories	–26,590	-	-	-
Disposals	-	–12	–96	–548
Net gains/losses from fair value adjustments[1]	–399	-	-	–126
Carrying amount at end of financial year	**46,589**	**123,182**	**1,038**	**4,776**

[1] The net income from fair value adjustments consists of revaluation gains of T€ 69,853 and revaluation losses of T€ –7,203.

	Austria			
2019 in T€	**Office**	**Other**	**Residential**	**Land bank**
Carrying amount at start of financial year	**7,894**	**136,757**	**407**	**12,374**
Currency adjustments	-	-	-	-
Additions from property purchases	68,211	1,703	28	1,092
Additions/disposals from expansion of the scope of consolidation	–10,997	-	-	-
Additions from reclassifying properties as properties held for sale	-	-	-	-
Reclassification IFRS 15	-	-	-	–7,080
Reclassification from/to property, plant and equipment and real estate inventories	–3,532	-	1,100	-
Disposals	-	–1,738	–396	–917
Net gains/losses from fair value adjustments[1]	-	–15,586	–5	–19
Carrying amount at end of financial year	**61,576**	**121,136**	**1,134**	**5,450**

[1] The net income from fair value adjustments consists of revaluation gains of T€ 46,270 and revaluation losses of T€ –24,247.

Germany				Poland			Other markets				
Office	Other	Hotel	Land bank	Office	Other	Hotel	Office	Residential	Hotel	Land bank	Total
29,568	**69,039**	**-**	**1,427**	**51,609**	**39,414**	**14,686**	**17,657**	**538**	**34,907**	**7,885**	**456,026**
-	-	-	-	-	-	-	-11,475	11,475	-	-	-
-	-	-	-	6	-2,913	-1,232	-198	-415	-	-221	-4,973
2,560	144	-	-	1,186	5	3,246		274	19,997	567	42,039
-	-139,036	-	-	-	-	-	-5,984	-	-	-	-145,020
-	-	-	-	-	-	-	-	-4,690	-	-	-4,690
17,544	-	-	-	-	-	-	-	-	-	-557	-9,603
-	-	-	-	-	-	-	-	-	-	-	-656
-820	69,853	-	-	-1,377	-4,263	-	-	-	-	-218	62,650
48,852	**-**	**-**	**1,427**	**51,424**	**32,243**	**16,700**	**-**	**7,182**	**54,904**	**7,456**	**395,773**

Germany				Poland			Other markets				
Office	Other	Hotel	Land bank	Office	Other	Hotel	Office	Residential	Hotel	Land bank	Total
17,054	**68,668**	**-**	**20,017**	**58,688**	**58,768**	**5,032**	**18,552**	**540**	**83,624**	**10,821**	**499,196**
-	-	-	-	494	516	146	219	-2	812	25	2,210
29,640	371	-	-	2,543	164	18,674	896	-	13,203	337	136,862
-	-	-	-	-	-14,296	-	-	-	-69,674	-	-94,967
-	-	-	-57,900	-	-	-	-	-	-	-3,298	-61,198
-	-	-	-	-9,205	-	-9,166	-	-	-	-	-25,451
-17,126	-	-	-	-21	-	-	-	-	-	-	-19,579
-	-	-	-19	-	-	-	-	-	-	-	-3,070
-	-	-	39,329	-890	-5,738	-	-2,010	-	6,942	-	22,023
29,568	**69,039**	**-**	**1,427**	**51,609**	**39,414**	**14,686**	**17,657**	**538**	**34,907**	**7,885**	**456,026**

Fair value of land and buildings
The fair value of properties is determined according to a revolving cycle. An internal valuation team establishes the fair value of properties which are not appraised externally. Discussions concerning the parameters used to determine fair value (Level 3) include the participation of operational project developers, the Management Board and the valuation team.

The fair values of all properties with a carrying amount over T€1,000 – including the properties held by non-controlling interests which flow into the consolidated financial statements – were established by external appraisers in 2020. These external appraisals covered investment property with a total carrying amount of T€377,929 (2019: T€443,932).

Fair value was generally determined on the basis of capital earnings methods in both 2019 and 2018. The most frequently used method was the term and reversion approach, an internationally recognised real estate valuation technique. The term and reversion approach separates the expected future cash flows into two distinct, independent areas. This separation is necessary for rented properties because the calculations required for the period up to the expiration of the rental agreements in effect on the valuation date – the so-called "term" – differ from the calculations for the period after the end of these rental agreements – the so-called "reversion" (subsequent rentals).

Term (contract term) – The present value of the net income generated during the contract term is calculated. This present value is not a perpetual yield, but merely a temporary yield which ends with the expiration of the rental agreement.

Reversion (adjustment period) – The net income for the reversion (market rent beginning with the subsequent rental agreement), including a vacancy period, is capitalised with a normal market interest rate as a perpetual yield. The resulting amount is not discounted separately but included in the selection of the capitalisation rate. Any structural vacancies are also reflected in a separate reduction.

The selection of the capitalisation rate for the term and revision method reflects current market conditions. In accordance with this estimate, an investor expects a certain return on the respective property. This forms the basis for the selection of an appropriate capitalisation rate for the property in the term and the reversion.

The selection of the interest rate includes factors like the market potential, vacancy rate and other risks connected with the property.

Real estate under development (assets under construction – IAS 40) was measured according to the residual value method. Under this method, the related income is estimated by the appraisers – provided there has been no pre-letting activity – in consultation with the project developers. The budgeted costs for completion, including an appropriate developer margin, are deducted from this income, and the remainder represents the fair value of the properties under development.

The following table shows the allocation under the fair value hierarchy, the valuation method and quantitative information for the non-observable inputs used in valuation.

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

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

Property type: Investment property	Segment	Fair value hierarchy	Fair value in T€ as of 31 Dec 2020	Range of non-observable inputs			
				Valuation method	Capitalisation rate in %	Rent in € per m²/ sale price in € per m²	Maintenance in €/m² or %
Office	Austria	Level 3	1,247	CE	3.50	5.50–8.71	16.50%
Office	Austria	Level 3	33,735	CE/ Residual	3.57–4.50	2.06–16.66	12.00–13.00 €/m²
Office	Austria	Level 3	11,607	CE	4.50	4.54–8.65	3.00–8.00 €/m²
Other	Austria	Level 3	2,615	CE	-	-	-
Other	Austria	Level 3	120,567	CE/ Residual	2.50–4.75	16.50; 6,200.00; 820.00/Apt.	6.00–12.00 €/m²
Residential	Austria	Level 2	1,038	CV	-	-	-
Land bank	Austria	Level 2	4,776	CV	-	-	-
Office	Germany	Level 3	48,852	CE/ Residual	2.62–3.69	18.50–28.00	4.50% bzw. 10.00–15.00 €/m²
Land bank	Germany	Level 2	1,427	CV	-	-	-
Office	Poland	Level 3	51,424	DCF	7.25	7.20–12.20	3.00 €/m²
Other	Poland	Level 3	28,420	CE	5.91	2.06–33.50	3.00 €/m²
Other	Poland	Level 3	3,823	Residual	7.35–7.39	4.00–10.75	3.00 €/m²
Hotel	Poland	Level 3	16,700	Residual/ DCF	4.50–6.00	768.00–805.00/ Apt.	1.50%
Residential	Other markets	Level 3	6,651	CE/ Residual	5.78	7.50–11.50; 3,650.00	3.00 €/m²
Residential	Other markets	Level 3	531	Residual	-	-	-
Hotel	Other markets	Level 3	54,904	Residual/ DCF	5.75	1,060.00/ Room	1.50%
Land bank	Other markets	Level 3	7,456	CE/ Residual	5.95–5.97	4.00–6.00	2.50 €/m²

Property type: Investment property	Segment	Fair value hierarchy	Fair value in T€ as of 31 Dec 2019	Range of non-observable inputs			
				Valuation method	Capitalisation rate in %	Rent in € per m²/ sale price in € per m²	Maintenance in €/ m² or %
Office	Austria	Level 3	1,296	CE	3.50	5.50–8.71	16.50%
Office	Austria	Level 3	16,350	Residual	3.88	11.62–15.50	12.00 €/m²
Office	Austria	Level 3	43,930	Residual/ CE/CV	3.50	5.52–16.38; 4,500.00–6,000.00	12.00 €/m²
Other	Austria	Level 3	2,617	CE	-	-	-
Other	Austria	Level 3	118,519	Residual/ CE/CV	2.25–4.75	6,200.00; 800.00–1,200.00/ Room, Apt.	6.00 €/m²
Residential	Austria	Level 2	1,134	CV	-	-	-
Land bank	Austria	Level 2	5,450	CV	-	-	-
Office	Germany	Level 3	29,568	Residual	3.25–3.74	18.00–28.00	4.50% bzw. 12.00 €/m²
Other	Germany	Level 3	69,039	CE/ Residual	1.50–3.25	15.00–19.00; 6,000.00	4.50%
Land bank	Germany	Level 2	1,427	CV	-	-	-
Office	Poland	Level 3	51,609	DCF	7.00–9.00	7.70–13.00	3.00 €/m²
Other	Poland	Level 3	31,990	TR	6.50–7.50	6.45–10.00	2.00–3.50/m²
Other	Poland	Level 3	7,424	Residual	7.25	10.25–10.75	4.00%
Hotel	Poland	Level 3	9,660	Residual/ DCF	4.70–5.20	800.00/Room	1.50%
Hotel	Poland	Level 2	5,026	CV	-	-	-
Office	Other markets	Level 3	6,182	DCF	7.00–8.00	6.00–12.84	12.50 €/m²
Office	Other markets	Level 3	11,475	CE/ Residual	6.00	9.23–14.00; 3,650.00	2.00%
Residential	Other markets	Level 3	538	Residual	-	-	-
Hotel	Other markets	Level 3	34,907	Residual/ DCF	5.50–6.00	1,025.00/ Room	1.50%
Land bank	Other markets	Level 3	7,111	Residual	6.00	6.00	5.00%
Land bank	Other markets	Level 2	774	CV	-	-	-

CE = capitalised earnings, CV = comparative value, TR = term reversion, DCF = discounted cash flow

The impact of non-observable input factors on fair value

- Rent: the higher the price per m², the higher the fair value.
- Maintenance: the higher the discount for maintenance costs, the lower the fair value.
- Capitalisation rate: the lower the capitalisation rate, the higher the fair value.

Contractual obligations for the acquisition or construction of investment property amounted to T€11,076 as of 31 December 2020 (2019: T€9,819). In addition, investment properties with a total carrying amount of T€248,421 (2019: T€182,063) were pledged as collateral.

The rental income from rented investment properties totalled T€8,457 in 2020 (2019: T€11,875), and operating expenses amounted to T€1,444 (2019: T€2,417). The operating expenses for investment property which did not generate any rental income during the reporting period amounted to T€144 (2019: T€134).

21. Investments in companies accounted for at-equity

The disclosures required by IFRS 12 were made for associates and joint ventures which are classified as material by the UBM Group based on quality or quantity. Information on the capital share and country is provided in the list of investments.

Associates
The following associate is a hotel property in Vienna.

in T€			
Company	**Palais Hansen GmbH**		
Asset class	**Hotel**		
Development status	**Portfolio**	**2020**	**2019**
Revenue		3,345	4,007
Profit/loss for the year		–12,321	–638
of which depreciation, amortisation and impairment		–9,200	-
of which interest expense		–1,282	–1,324
of which tax expense		–4,587	213
Total comprehensive income		**–12,321**	**–638**
Non-current assets		110,300	125,576
Current assets		7,140	7,531
of which cash and cash equivalents		4,594	4,864
Non-current liabilities		60,715	62,274
of which non-current financial liabilities		48,287	48,287
Current liabilities		2,194	4,031
of which current financial liabilities		-	-
Net assets		54,531	66,802
Group share of net assets as of 1 Jan		**22,427**	**22,641**
Group share of total comprehensive income		–4,135	–214
Group share of net assets as of 31 Dec		18,292	22,427
Carrying amount of companies accounted for at equity as of 31 Dec		**18,292**	**22,427**

Information on immaterial associates:

in T€	2020	2019
Carrying amount of shares in associates as of 31 Dec	36	37
Group share of		
Profit/loss for the year	-	–178
Total comprehensive income	**-**	**–178**

The proportional share of unrecognised losses from associates totalled T€476 in 2020 (2019: T€142), and the accumulated amount equalled T€1,427 as of 31 December 2020 (2019: T€951).

Joint ventures

The following joint ventures are project companies which are involved in the development and sale of properties in various European countries. These companies are accounted for at equity.

2020 in T€

Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Anders Wohnen GmbH**	**Obersendlinger KG**	**UBM hotels Management GmbH**
Asset class	**Other**	**Hotel**	**Residential**	**Residential**	**Hotel**
Development status	**Portfolio**	**Portfolio**	**Development**	**Development**	**Portfolio**
Revenue	4,061	1,580	59,358	82,302	15,739
Profit/loss for the year	1,089	-2,898	26,679	19,828	-42,350
of which depreciation, amortisation and impairment	-	-4,022	-	-	-23,980
of which interest expense	-572	-594	-48	-	-10,200
of which tax expense	-9	-	-6,783	-10,814	-
Total comprehensive income	**1,089**	**-2,898**	**26,679**	**19,828**	**-42,350**
Non-current assets	73,200	43,420	-	-	282,143
Current assets	2,546	1,023	79,009	139,501	14,467
of which cash and cash equivalents	2,275	-	53,155	38,054	6,194
Non-current liabilities	52,922	21,827	-	-	313,508
of which non-current financial liabilities	49,890	21,823	-	-	308,799
Current liabilities	1,226	388	49,194	119,747	21,621
of which current financial liabilities	1,164	-	-	-	7,312
Net assets	21,598	22,228	29,815	19,754	-38,519
Group share of net assets as of 1 Jan 2020	**16,407**	**12,563**	**15,574**	**-**	**1,913**
Currency translation differences as of 1 Jan 2020	-	-	-	-	-
Additions/disposals	-	-	-	-	-
Group share of total comprehensive income	871	-1,449	12,539	5,591	-21,175
Non-transferred losses from previous years	-	-	-	-20	-
Dividends received/paid	-	-	-14,100	-	-
Group share of net assets as of 31 Dec 2020	17,278	11,114	14,013	5,571	-19,262
Carrying amount of companies accounted for at equity as of 31 Dec 2020	**17,278**	**11,114**	**14,013**	**5,571**	**-**
Write-downs project financing current/ non current	**-**	**-**	**-**	**-**	**-19,262**

FWUBM Management GmbH	**MGR Thulestraße KG**	**Central Tower Berlin GmbH**	**Baubergerstraße KG**	**Sugar Palace Propco sro**	**PGE Europa-viertel GmbH**
Other	**Residential**	**Hotel**	**Office**	**Hotel**	**Office**
Development	**Development**	**Development**	**Development**	**Development**	**Development**
25,099	47,062	-	-	-	69,631
1,636	5,217	-12,182	-5,420	-5,733	11,784
-30	-	-	-	-	-
-1,230	-2,515	-	-1,237	-2,052	-3,630
-745	-1,564	-	-	-	-5,287
1,636	**5,217**	**-12,182**	**-5,420**	**-5,733**	**11,784**
67,571	-	54,523	142,346	83,491	64,489
17,133	31,835	978	458	1,641	33,619
1,430	11,870	360	295	49	2,628
60,493	-	35,312	83,274	83,962	60,599
58,173	-	30,218	67,960	83,962	60,599
4,537	26,598	8,421	4,713	1,170	21,410
1,195	-	-	-	-	171
19,674	5,237	11,768	54,817	-	16,099
9,019	**167**	**11,975**	**-**	**3,103**	**-**
-	-	-	-	-98	-
-	-	-	36,142	-	3,232
818	2,452	-6,091	-3,252	-4,300	8,826
-	-	-	-	-	-
-	-2,619	-	-	-	-
9,837	-	5,884	32,890	-1,295	12,058
9,837	**-**	**5,884**	**32,890**	**-**	**12,058**
-	**-**	**-**	**-**	**-1,295**	**-**

2019 in T€

Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Anders Wohnen GmbH**	**Obersendlinger KG**	**UBM hotels Management GmbH**
Asset class	**Other**	**Hotel**	**Residential**	**Residential**	**Hotel**
Development status	**Portfolio**	**Portfolio**	**Development**	**Development**	**Portfolio**
Revenue	4,383	1,522	97,685	6	62,407
Profit/loss for the year	2,925	–1,741	19,292	–109	–320
of which depreciation, amortisation and impairment	-	–2,162	-	-	-
of which interest expense	–572	–594	–17	-	-
of which tax expense	–306	-	–7,534	-	-
Total comprehensive income	**2,925**	**–1,741**	**19,292**	**–109**	**–320**
Non-current assets	74,700	47,784	28,143	-	256,925
Current assets	673	220	52,913	45,024	16,264
of which cash and cash equivalents	578	173	45,637	77	8,205
Non-current liabilities	53,211	19,381	1,012	44,682	255,197
of which non-current financial liabilities	48,367	19,381	-	44,682	250,761
Current liabilities	1,654	3,500	46,908	424	14,167
of which current financial liabilities	1,188	-	-	-	-
Net assets	20,508	25,123	33,136	–82	3,825
Group share of net assets as of 1 Jan 2019	**14,067**	**13,433**	**6,507**	**11**	**2,073**
Group share of total comprehensive income	2,340	–870	9,067	–31	–160
Group share of net assets as of 31 Dec 2019	16,407	12,563	15,574	–20	1,913
Carrying amount of companies accounted for at equity as of 31 Dec 2019	**16,407**	**12,563**	**15,574**	**-**	**1,913**

FWUBM Management GmbH	MGR Thulestraße KG	Central Tower Berlin GmbH	Sugar Palace Propco sro	QBC Alpha KG
Other	**Residential**	**Hotel**	**Hotel**	**Office**
Development	**Development**	**Development**	**Development**	**Development**
7,982	48	-	-	89,517
1,232	-	10,962	-	17,097
–31	-	-	-	-
–1,408	-	-	-	–1,139
–150	-	–5,000	-	–5,700
1,232	**-**	**10,962**	**-**	**17,097**
68,332	-	59,813	69,674	-
1,729	134,064	884	9,351	90,139
1,171	582	668	5,480	-
49,029	-	29,927	74,847	-
49,029	-	24,927	67,914	-
2,993	133,709	6,820	41	67,052
-	132,285	-	-	42,842
18,039	355	23,950	4,137	23,087
8,403	**167**	**6,494**	**-**	**3,893**
616	-	5,481	-	11,113
9,019	167	11,975	3,103	15,006
9,019	**167**	**11,975**	**3,103**	**15,006**

Information on immaterial joint ventures:

in T€	2020	2019
Carrying amount of shares in joint ventures as of 31 Dec	40,838	26,294
Group share of		
Profit for the year	37,118	32,816
Total comprehensive income	**37,118**	**32,816**

The proportional share of unrecognised losses from joint ventures totalled T€481 in 2020 (2019: T€665), and the accumulated amount equalled T€630 as of 31 December 2020 (2019: T€2,003).

There were no significant restrictions on the access to assets as of 31 December 2020. Information on the obligations arising from contingent liabilities for companies accounted for at equity is provided in note 42.

Information on the impact of the COVID-19 pandemic is provided in notes 5 and 7.

22. Project financing

in T€	2020	2019
Project financing for other investments	7,138	14,465
Project financing for companies accounted for at equity	201,237	166,687
Other project financing	-	5
Total	**208,375**	**181,157**

Impairment losses equalled T€18,481 in 2020 (2019: T€ 0), and the reversal of impairment losses totalled T€0 (2019: T€3,952).

The maturity of the project financing is tied to the sale of the respective property. Consequently, there are no overdue amounts.

Information on the effects of the COVID-19 pandemic is provided in note 7.

23. Other financial assets

in T€	2020	2019
Investments in unconsolidated subsidiaries	1,623	1,623
Other investments	281	266
Securities (FVTPL)	895	891
Securities (amortised cost)	8,721	8,721
Total	**11,520**	**11,501**

The securities carried at fair value through profit or loss consist primarily of fixed-interest instruments. They are not subject to any restrictions on disposal. Since the carrying amount of the investments does not differ materially from fair value, they are carried at acquisition cost.

24. Inventories

Inventories comprise the following positions:

in T€	2020	2019
Properties intended for sale		
under development	80,630	83,111
standing assets	41,202	45,009
Other real estate inventories	48	69
Less advance payments	-	–20
Total	**121,880**	**128,169**

Inventories with a carrying amount of T€61,241 (2019: T€49,995) are pledged as collateral for liabilities.

The carrying amount of the inventories recognised at fair value amounts to T€10,739 (2019: T€31,732). Valuation allowances of T€2,083 were recognised in 2020 (2019: T€2,774).

25. Trade receivables

Contract assets
The following table shows the construction contracts valued according to the percentage of completion method at year-end 2020 and 2019:

in T€	2020	2019
Contract assets	131,149	120,622
Less attributable advance payments received	-30,660	–53,241
Total	**100,489**	**67,381**

The proportional contract value capitalised according to the percentage of completion as of 31 December 2020 is contrasted by contract costs of T€125,069 (2019: T€117,727). Therefore, the partial profit recognised on these contracts and included in revenue equals T€6,080 (2019: T€2,895).

The contract assets developed as follows during the reporting year:

Increases through:

- Progress on real estate projects sold through forward sales
- Progress on project management contracts
- Reclassification of investment property and inventories which were sold through forward sales and not yet completed

Reductions through:

- Properties completed and transferred
- Prepayments received for properties under construction and project management contracts
- Final invoicing of project management contracts

in T€	2020	2019
Contract assets		
Balance as of 1 Jan	67,381	113,278
Additions	96,342	98,562
Disposals	-84,054	-91,471
Currency adjustments	-1,761	253
Payments received	22,581	-53,241
Balance as of 31 Dec	**100,489**	**67,381**

Composition and maturity terms of trade receivables:

in T€	2020	2019
Receivables from third parties	9,263	10,307
Receivables from consortiums	4	4
Receivables from unconsolidated subsidiaries and other investments	852	2,719
Receivables from companies accounted for at equity	17,337	22,883
Total	**27,456**	**35,913**

Of the receivables due from third parties, T€2,596 (2019: T€1,724) are not overdue and T€6,667 (2019: T€8,583) are due within one year. All other receivables due from unconsolidated subsidiaries, other investments and companies accounted for at equity are not yet due.

Information on the effects of the COVID-19 pandemic is provided in note 7.

Age structure of receivables due from third parties:

in T€	Carrying amount as of 31 Dec 2020	Of which not overdue at closing date	Of which overdue at closing date in the following time periods: Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	9,263	2,596	2,762	324	1,931	1,650	-

in T€	Carrying amount as of 31 Dec 2019	Of which not overdue at closing date	Of which overdue at closing date in the following time periods: Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	10,307	1,724	2,900	2,107	2,452	1,124	-

The payment terms for forward deals call for payment at the time of transfer. The payment terms for the sale of apartments are regulated by local laws. Payment is made when a specific part of the agreed performance has been completed. (e.g. completion of the shell construction).

The payments for construction services generally always follow a payment schedule. The return consideration represents the pre-defined construction services.

26. Financial assets

in T€	31 Dec 2020	Remaining term > 1 year	31 Dec 2019	Remaining term > 1 year
Other	41,783	4,066	13,128	3,412
Total	**41,783**	**4,066**	**13,128**	**3,412**

Other financial assets consist primarily of purchase price receivables from the sale of shares in companies as well as receivables from facility management and miscellaneous originated loans.

27. Other receivables and assets

in T€	31 Dec 2020	Remaining term > 1 year	31 Dec 2019	Remaining term > 1 year
Receivables from taxes	11,727	-	7,632	-
Other	559	-	1,119	-
Total	**12,286**	**-**	**8,751**	**-**

28. Cash and cash equivalents

Cash and cash equivalents include cash at banks of T€247,154 (2019: T€212,330) and cash in hand of T€ 55 (2019: T€54).

29. Non-current assets held for sale

There were no non-current assets classified for sale as of 31 December 2020. Assets held for sale are carried at fair value, which represents the negotiated purchase price.

30. Deferred taxes

Temporary differences between the amounts recognised in the IFRS consolidated financial statements and the respective values for tax purposes had the following effect on deferred taxes as reported in the statement of financial position:

	2020		2019	
in T€	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Investment property, other valuation differences	6,936	10,177	6,126	15,719
Property, plant and equipment	348	989	277	783
Financial assets and liabilities	11,068	3,969	13,511	2,787
PoC method	1	9,347	624	6,338
Provisions	1,277	819	1,141	526
Tax loss carryforwards	9,318	-	6,434	-
Miscellaneous	-	218	-	199
Offsetting	-17,503	-17,503	-18,025	-18,025
Deferred taxes	**11,445**	**8,016**	**10,088**	**8,327**
Net deferred taxes	**-**	**-3,429**	**-**	**-1,761**

Deferred tax assets from loss carryforwards are recognised to the extent they can probably be offset against future taxable profits. The deferred tax assets not recognised for loss carryforwards amounted to T€22,566 as of 31 December 2020 (2019: T€22,005). Of this total, T€17,608 (2019: T€17,402) cannot expire and the remaining T€4,958 (2019: T€4,603) will expire within five to nine years. Foreign losses of T€3,609 were utilised in Austria during 2020 (2019: T€346).

31. Equity

Share capital	**Number**	**€**
Ordinary bearer shares	7,472,180	22,416,540

Share capital totals €22,416,540 (2019: €22,416,540) and is divided into 7,472,180 (2019: 7,472,180) zero par value shares. Each bearer share represents €3 (2019: €3) of share capital.

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

32. Authorised capital, conditional capital and treasury shares

The following resolutions were passed at the 136th Annual General Meeting on 23 May 2017:

The existing authorisation of the Management Board, pursuant to Section 4 Para. 4 of the Statutes (authorised capital 2014), which was passed by the Annual General Meeting on 30 April 2014, was revoked.

The Management Board was subsequently authorised, in accordance with Section 169 of the Austrian Stock Corporation Act and under Section 4 Para. 4 of the Statutes, to increase the company's share capital by 11 August 2022, in agreement with the Supervisory Board, by up to €2,241,654.00 through the issue of up to 747,218 bearer shares in exchange for cash and/ or contributions in kind, in one or more tranches, also through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act. Additionally, the Management Board was authorised to determine the issue price, issue terms, subscription ratio and further details in agreement with the Supervisory Board. The subscription rights of shareholders to the new shares issued from authorised capital will be excluded if and insofar as this authorisation (authorised capital) is exercised through the issue of shares in exchange for cash contributions under greenshoe options in connection with the placement of new shares in the company. Furthermore, the Management Board was authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders (authorised capital 2017). The Supervisory Board was authorised to approve amendments to the statutes resulting from the use of this authorisation by the Management Board.

Section 4 Para. 5 of the Statutes also permits a conditional increase in share capital, in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act, up to a nominal amount of €2,241,654.00 through the issue of up to 747,218 new ordinary zero par value bearer shares for convertible bondholders (conditional capital increase). In this connection, the Management Board was authorised to determine the remaining details for the conditional capital increase and its implementation with the approval of the Supervisory Board, in particular the details of the issue and the conversion procedure for the convertible bonds, the amount of the issue and the exchange or conversion ratio. The Supervisory Board was also authorised to pass resolutions on amendments to the statutes arising from the issue of shares from conditional capital. The amount of the issue and conversion ratio are to be determined on the basis of recognised financial methods and the company's share price using an accepted pricing procedure. If the terms of issue for the convertible bond also include a conversion obligation, the conditional capital will also be used to meet this conversion obligation.

In order to service the stock options granted within the framework of the Long-Term Incentive Programme 2017 (LTIP), the Management Board was additionally authorised, under Section 4 Para. 6 of the Statutes and in accordance with Section 159 Para. 3 of the Austrian Stock Corporation Act until 11 August 2022, with the approval of the Supervisory Board, to conditionally increase the company's share capital in accordance with Section 159 Para. 2 (3) of the Austrian Stock Corporation Act, also in multiple tranches, by up to €1,678,920.00 through the issue of up to 559,640 new ordinary zero par value bearer shares to employees, key managers and members of the Management Board of the company and its subsidiaries. The Supervisory Board was also authorised to pass resolutions on amendments to the statutes arising from the conditional capital increase.

Of the above-mentioned share options relating to the Long-Term Incentive Programme 2017, 375,130 were allocated after the predetermined acceptance period from 22 June 2017 to 21 July 2017. A further 22,500 options were allocated in 2018 and 2019, and 100,220 options expired following the departure of key employees. The strike price equals €36.33 (i.e. the unweighted average closing price of the company's share on the Vienna Stock Exchange from 24 May 2017 (inclusive) to 21 June 2017 (inclusive)). The allocated share options can be exercised during the following windows through written declaration to the company:

The share options may only be exercised from 1 September 2020 to 26 October 2020 (exercise window 1) and from 1 September 2021 to 26 October 2021 (exercise window 2) and require compliance with the other preconditions stated in the terms and conditions of the LTIP: a valid employment relationship, a valid personal investment, a share price that exceeds the specified thresholds and the fulfilment of certain performance indicators.

The fair value totals T€2,362 (2019: T€2,825). It is based on the original acceptance date for the option programme and distributed over the period in which the participants acquire the entitlement to the granted options. The following parameters were used to calculate the fair value under the measurement model (Black Scholes): strike price (€36.33), term of the option (9/2017 to 8/2020), share price on the valuation date (€38.25), expected volatility of the share price (36.34 %), expected dividends (4.20%), risk-free interest rate (0.00%).

The stock options were revalued as of 30 September 2019 due to the expansion of the programme, whereby the above-mentioned contractual framework and exercise conditions remained unchanged. The following parameters were used for the valuation model (Monte Carlo simulation) to calculate fair value: strike price (€36.33), term of the option (9/2019 to 10/2021), share price on the valuation date as of 30 September 2019 (€42.10), expected daily volatility of the share price (1.71%), expected dividends (4.80%), risk-free interest rate (0.00 %).

The share options developed as follows:

Number of share options	2020	2019
Balances as of 1 Jan	**355,630**	**387,630**
Options granted	-	10,000
Options forfeited	–58,220	–42,000
Options exercised	-	-
Balance as of 31 Dec	**297,410**	**355,630**

The following resolutions were passed at the 138th Annual General Meeting on 29 May 2019:

The authorisations of the Management Board to purchase, sell and/or use treasury shares, which were passed by the Annual General Meeting on 23 May 2017, were revoked. At the same time, the Management Board was authorised in accordance with Section 65 Para. 1 Nos. 4 and 8 as well as Paras. 1a and 1b of the Austrian Stock Corporation Act to repurchase the company's shares up to the legally allowed limit of 10.00% of share capital, including previously repurchased shares, during a 30-month period beginning on the date the resolution was passed. The compensation for these purchases may not be lower than €3.00 and not higher than 10.00% above the average, unweighted market price on the ten stock exchange trading days prior to the transaction. The shares can be repurchased over the stock exchange, through a public offering or in another legally admissible, expedient manner, above all through off-market transactions or from individual shareholders who are willing to sell (negotiated purchase) and also under the exclusion of the proportional sale rights that can result from this type of purchase (reverse exclusion of subscription rights). The Management Board was also authorised to determine the respective repurchase conditions, whereby the related resolution of the Management Board and resulting share buyback programme, including its duration, must be published in accordance with legal regulations. The authorisation can be used in whole or in part, also in multiple tranches and in pursuit of one or more objectives by the company, by a subsidiary (Section 189a of the Austrian Commercial Code) or by third parties for the account of the company. Trading in treasury shares is excluded as an objective of the repurchase programme.

The Management Board was also authorised to sell or use treasury shares in another manner than over the stock exchange or through a public offering, in agreement with the Supervisory Board, for a period of five years beginning on the date the resolution was passed. This authorisation can be used in whole or in part, also in multiple tranches and in pursuit of one or more objectives. The proportional purchase rights of shareholders in connection with the sale or use in another manner than over the stock exchange or through a public offering were excluded (exclusion of subscription rights). Moreover, the Management Board was authorised to withdraw treasury shares without a further resolution of the Annual General Meeting, in agreement with the Supervisory Board. The Supervisory Board was authorised to pass resolutions on amendments to the statues arising from the withdrawal of treasury shares.

33. Reserves

The capital reserves resulted from the capital increases and capital adjustments carried out in previous years as well as time-barred claims to dividends. These reserves include T€98,954 (2019: T€98,954) which are appropriated and may only be released, to the extent free reserves are not available for coverage, to offset an accumulated loss which would otherwise be reported in UBM's annual financial statements.

Other reserves comprise the following: the reserve from the translation of subsidiaries' foreign currency financial statements (currency translation reserve), the reserve for the remeasurement of defined benefit obligations, UBM's retained earnings including the statutory reserve and the untaxed reserves after the deduction of deferred taxes, the retained earnings of subsidiaries since their acquisition and the effects from the adjustment of the annual financial statements of companies included in the consolidated financial statements to the accounting and measurement methods applied to the consolidated financial statements.

Equity also includes a share option reserve. It resulted from the share options referred to under note 32 as part of the Long-Term Incentive Programme 2017, which was classified as equity settled.

Net profit of T€16,441 (2019: T€19,435) is available for distribution to UBM's shareholders. In addition, voluntary reserves, which totalled T€60,157 as of 31 December 2020 (2019: T€55,357) can be released in following periods. The total balance of T€76,598 (2019: T€74,792) includes T€3,497 (2019: T€3,768) from the recognition of deferred tax assets, which are blocked from distribution.

Dividends totalling €16,438,796, or €2.20 per share, were distributed to UBM's shareholders from net profit for the 2019 financial year. The Management Board recommends the distribution of a dividend of €2.20 per common share, for a total of €16,438,796, from net profit for the 2020 financial year.

Equity interests which are not held by UBM or a Group company are reported under non-controlling interests.

34. Hybrid capital and hybrid bond

The merger of PIAG as the transferring company and UBM as the absorbing company led to the transfer of hybrid capital totalling €25.3m, which was issued by PIAG in November 2014, to UBM by way of legal succession. The hybrid capital is principally subject to ongoing interest.

UBM is only required to pay interest on the hybrid capital when the payment of a dividend from annual profit is approved. If there is no such distribution from profit, UBM is not required to pay the accrued interest for one year. The interest is accumulated if UBM elects to waive payment but must be paid as soon as the company's shareholders approve the distribution of a dividend from annual profit.

If the hybrid capital is cancelled by UBM, the subscribers are entitled to repayment of their investment in the hybrid capital plus accrued interest up to the cancellation date and any accumulated interest. The hybrid capital can only be repaid under the following circumstances: after the conclusion of proceedings pursuant to Section 178 of the Austrian Stock Corporation Act, at an amount equal to the planned repayment of equity as part of a capital increase in accordance with Section 149 et seq. of the Austrian Stock Corporation Act; or in connection with a capital adjustment.

The hybrid capital is classified as an equity instrument because the payments – interest as well as principal – must only be made under certain conditions whose occurrence can be caused or prevented by UBM and the Group can therefore permanently prevent payments. Interest payments, less any tax effects, and profit distributions are recorded directly in equity as a deduction.

The hybrid capital is held by PORR AG.

On 22 February 2018, UBM issued a deeply subordinated bond (hybrid bond) with a total volume of €100m and an annual coupon of 5.50%. The bond has an unlimited term with an early repayment option for the issuer after five years.

This hybrid bond is classified as an equity instrument because the payments – interest as well as principal – must only be made under certain conditions whose occurrence can be caused or prevented by UBM and the Group can therefore permanently prevent payments. Interest payments, less any tax effects, and profit distributions are recorded directly in equity as a deduction.

35. Provisions

in T€	Severance payments	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	Total
Balance as of 1 Jan 2020	1,709	2,704	215	519	1,385	913	7,445
Currency adjustments	–3	-	-	–10	-	–8	–21
Additions	81	16	52	69	3	4,132	4,353
OCI additions	49	84	-	-	-	-	133
Amounts used	-	–42	–2	–240	–56	–318	–658
Amounts reversed	-	-	-	-	-	–378	–378
Balance as of 31 Dec 2020	**1,836**	**2,762**	**265**	**338**	**1,332**	**4,341**	**10,874**
of which non-current	1,836	2,762	265	318	1,332	2,259	8,772
of which current	-	-	-	20	-	2,082	2,102

in T€	Severance payments	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	Total
Balance as of 1 Jan 2019	1,926	2,098	190	53	1,366	1,184	6,817
Currency adjustments	-	-	-	3	-	-	3
Additions	101	39	37	463	33	753	1,426
OCI additions	176	608	-	-	-	-	784
Amounts used	–494	–41	–12	-	–14	–990	–1,551
Amounts reversed	-	-	-	-	-	–34	–34
Balance as of 31 Dec 2019	**1,709**	**2,704**	**215**	**519**	**1,385**	**913**	**7,445**
of which non-current	1,709	2,704	215	249	1,385	497	6,759
of which current	-	-	-	270	-	416	686

Collective agreements require UBM and its subsidiaries to pay their employees in Austria and Germany anniversary bonuses after a certain number of years with the company. The provision for anniversary bonuses was determined in accordance with the provisions of IAS 19. Information on the actuarial assumptions underlying these calculations is provided in the section on "Accounting and valuation methods".

The provisions for buildings involve obligations from guarantees. The category "other" includes provisions for impending losses and outstanding obligations from the acquisition of undeveloped land. The provisions for rental guarantees and impending losses are based on estimates for the filing of claims in one to two years.

Pension plans

Defined benefit plans

Provisions for severance compensation were recognised for salaried and wage employees who have claims to severance payments pursuant to the Austrian Salaried Employee Act, the Austrian Wage Employees Severance Payment Act or individual company agreements. Salaried employees whose employment is subject to Austrian law are entitled to severance compensation when the employment began prior to 1 January 2003 and has continued for a specific period and, in any event, when the employment relationship is terminated because the employee reaches the statutory retirement age. The amount of the severance payment depends on the remuneration at the time of termination and the length of employment. These employee claims are therefore accounted for as claims under defined benefit pension plans but are not covered by plan assets.

The provisions for severance payments developed as follows:

in T€	2020	2019
Present value of severance obligations (DBO) as of 1 Jan	1,709	1,926
Currency adjustments	–3	-
Current service cost	70	69
Interest expense	11	32
Severance payments	-	–494
Actuarial gains(–)/losses(+)	49	176
of which demographic gains/losses	-	-
of which financial gains/losses	50	190
of which gains/losses from experience-based adjustments	–1	–14
Present value of severance obligations (DBO) as of 31 Dec	**1,836**	**1,709**

in T€	2020	2019
Current service cost (entitlements)	70	69
Interest expense	11	32
Severance costs (recognised in profit and loss for the period)	**81**	**101**
Severance costs (recognised in comprehensive income for the period)	**49**	**176**

UBM concluded a group insurance contract to finance these severance payment claims. The related coverage capital equalled T€1,527 as of 31 December 2020 (2019: T€1,437).

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". Current service cost of T€72 and interest expense of T€7 are planned for the 2021 financial year.

Pension commitments in the UBM Group only involve former members of the Management Board. As a rule, these pension commitments are individual defined benefit commitments. The amount of the pension entitlement is dependent on the person's number of years of service with the company.

Provision for pensions:

Reconciliation of pension obligations to the provision:

in T€	2020	2019
Present value of obligations covered by fund assets	4,574	4,594
Fair value of plan assets	–2,426	–2,515
Net value of obligations covered by fund assets	**2,148**	**2,079**
Present value of obligations not covered by fund assets	614	625
Carrying amount of provision as of 31 Dec	**2,762**	**2,704**

The pension provisions developed as follows:

in T€	2020	2019
Present value of pension obligations (DBO) as of 1 Jan	5,219	5,133
Interest expense	33	95
Pension payments	–252	–250
Actuarial gains(–)/losses(+)	188	241
of which demographic gains/losses	-	-
of which financial gains/losses	146	689
of which gains/losses from experience-based adjustments	42	–448
Present value of pension obligations (DBO) as of 31 Dec	**5,188**	**5,219**

The obligations from the direct pension commitments are covered in part by insurance contracts concluded with WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group. In order to guarantee the pension entitlements of the insured employees from these corporate pension commitments, the claims from the insurance agreements have been pledged in favour of the insured employees. The pension plan reinsurance is held in an independent department of the cover pool for life insurance as defined in Section 20 Para. 2 (1) in connection with Section 78 of the Austrian Insurance Supervision Act.

The receivables of T€2,426 (2019: T€2,515) from reinsurance represent plan assets as defined in IAS 19 and were netted out against the present value of the pension obligations.

Development of plan assets:

in T€	2020	2019
Fair value of plan assets as of 1 Jan	2,515	3,035
Interest income	17	56
Payouts (benefit payments)	–210	–209
Actuarial gains(+)/losses(–)	104	–367
Fair value of plan assets as of 31 Dec	**2,426**	**2,515**

Pension costs (net):

in T€	2020	2019
Interest expense	16	39
Pension costs (recognised in profit/loss for the period)	**16**	**39**
Pension costs (recognised in comprehensive income for the period)	**84**	**608**

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". Current service costs of T€0 and interest expense of T€20 are planned for the 2021 financial year.

The actuarial gains and losses related to severance and pension provisions in 2020 and 2019 consist primarily of experience-based adjustments.

According to WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, the part of plan assets under its management is invested as follows:

Structure of capital investments in classic cover pool in %	2020	2019
Fixed-interest securities	61.00	60.00
Shares, supplementary/mezzanine/participation capital	2.00	2.00
Investment funds	23.00	23.00
Affiliated and associated companies	4.00	4.00
Loans	7.00	7.00
Properties	2.00	2.00
Bank deposits	1.00	2.00
Total	**100.00**	**100.00**

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

	Maturity profile – DBO			DBO	Maturity profile – Cash			Cash
	1-5 years	6-10 years	10+ years	Duration	1-5 years	6-10 years	10+ years	Duration
Pensions	1,263	1,216	2,709	11.63	1,072	1,070	2,662	12.27
Severance payments	576	668	592	8.07	627	889	1,052	9.34

Defined contribution plans
Employees do not earn any entitlements for severance compensation from their respective employer if their employment relationship is subject to Austrian law and commenced after 31 December 2002. For these employees, contributions equal to 1.53% of the wage or salary are made to an employee welfare fund. These contributions amounted to T€211 in 2020 (2019: T€197). Contributions totalling T€10 (2018: T€41) were made to a pension fund on behalf of the three Management Board members.

The UBM Group employees in Austria, Germany, Czech Republic, Poland and Hungary also belong to their respective national pension schemes, which are usually funded on a contribution basis. The Group is only required to make the contributions based on the respective salary/wage as they become due. There is no legal or actual obligation to provide benefits.

36. Bonds and promissory note loans

in T€	2020	2019
Balance as of 1 Jan	**484,731**	**434,456**
Issue	50,941	141,186
Repayment	-80,836	-91,322
Redemption	-21,588	-25,658
Effective interest rate	23,256	26,069
Balance as of 31 Dec	**456,504**	**484,731**

On 17 December 2020, UBM successfully issued a five-year corporate bond (UBM bond 2020–2025) and a five-year promissory note loan (promissory note loan 2020–2025) with a total volume of €51.5m and an annual coupon of 3.00%. The new issue included an exchange offer which resulted in the conversion of a nominal amount of approximately €10.5m from the UBM bond 2016–2021 and €20.5m from the promissory note loan 2016–2021 for the new UBM bond and promissory note loan 2020–2025.

37. Financial liabilities

2020 in T€	Average effective interest rate in %	Total	Remaining term < 1 year	> 1 year < 5 years	> 5 years	Of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	1.25–2.75	221,410	22,611	198,799	-	221,410
Borrowings and overdrafts from banks subject to interest at fixed rates	1.95	34,000	17,000	17,000	-	34,000
Borrowings from other lenders subject to interest at fixed rates	1.00–3.45	14,367	750	3,000	10,617	-
Lease obligations subject to interest at variable rates	1.59–6.29	20,807	1,582	3,672	15,553	-
Total		**290,584**	**41,943**	**222,471**	**26,170**	**255,410**

2019 in T€	Average effective interest rate in %	Total	Remaining term < 1 year	> 1 year < 5 years	> 5 years	Of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	1.50-5.38	137,952	26,828	108,851	2,273	137,952
Borrowings and overdrafts from banks subject to interest at fixed rates	1.95	17,000	3,000	14,000	-	17,000
Borrowings from other lenders subject to interest at fixed rates	1.00–3.45	15,108	750	3,000	11,358	-
Lease obligations subject to interest at variable rates	1.59–6.29	49,765	3,102	9,262	37,401	-
Total		**219,825**	**33,680**	**135,113**	**51,032**	**154,952**

The following table shows the minimum lease payments for liabilities from leases of buildings and automobiles:

	2020			2019		
in T€	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due within 1 year	2,459	877	1,582	4,625	1,522	3,103
Due within 1 to 5 years	6,041	2,369	3,672	14,186	4,924	9,262
Due after more than 5 years	24,952	9,399	15,553	56,740	19,340	37,400
Total	**33,452**	**12,645**	**20,807**	**75,551**	**25,786**	**49,765**

The Group's obligations from finance leases are secured by the lessor's retention of title to the leased assets.

38. Trade payables

in T€	2020	2019
Payables to third parties	76,959	57,199
Total	**76,959**	**57,199**

The above liabilities are due during the following year.

39. Other financial liabilities

		Remaining term			
2020 in T€	**Total**	**< 1 year**	**> 1 year < 5 years**	**> 5 years**	**Of which secured by collateral**
Payables to unconsolidated subsidiaries	2,666	2,666	-	-	-
Payables to companies accounted for at equity	10,545	10,545	-	-	-
Payables to other investments	5,863	5,863	-	-	-
Payables related to interest on bonds	2,392	2,392	-	-	-
Payables to staff	7,117	7,117	-	-	-
Miscellaneous	3,493	1,920	650	923	-
Total	**32,076**	**30,503**	**650**	**923**	**-**

		Remaining term			
2019 in T€	**Total**	**< 1 year**	**> 1 year < 5 years**	**> 5 years**	**Of which secured by collateral**
Payables to unconsolidated subsidiaries	2,482	2,482	-	-	-
Payables to companies accounted for at equity	6,158	6,158	-	-	-
Payables to other investments	4,957	4,957	-	-	-
Payables related to interest on bonds	2,320	2,320	-	-	-
Payables to staff	7,266	7,266	-	-	-
Miscellaneous	2,386	1,080	399	907	-
Total	**25,569**	**24,263**	**399**	**907**	**-**

40. Other liabilities

2020 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	76	76	-	-	-
Social security liabilities	406	406	-	-	-
Advanced payments received	2,820	2,820	-	-	-
Total	**3,302**	**3,302**	**-**	**-**	**-**

2019 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	1,887	1,887	-	-	-
Social security liabilities	371	371	-	-	-
Advanced payments received	15,232	15,232	-	-	-
Miscellaneous	73	73	-	-	-
Total	**17,563**	**17,563**	**-**	**-**	**-**

41. Taxes payable

Advance payments amounting to T€503 (2019: T€212) on corporate tax were offset against the related payment obligations, similar to the practice followed in previous years.

42. Contingent liabilities and guarantees

This position includes loan guarantees and guarantee declarations of T€112,323 (2019: T€98,888). Contingent liabilities for equity-accounted companies amounted to T€110,541 (2019: T€96,106), whereby these guarantees are not expected to be used.

Collateral provided
Project financing generally involves the provision of collateral by individual Group companies as security for loans and borrowings. Financing normally takes place at the individual project level, and each company is responsible for the respective debt service. Various types of security are available to the lenders as collateral for loans and borrowings, which can be drawn on to satisfy any loans or borrowings that are called. The pledges can involve the following collateral:

- Mortgages on properties
- Pledges of shares in the project company
- Pledges of rents receivable

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

Information on pledges of investment property is provided in note 20, while information on pledges of real estate inventories is provided in note 24.

43. Notes on segment reporting

Segment reporting is based on geographical regions in accordance with the internal organisational structure of the UBM Group. The individual development companies in a segment are combined into groups for the purpose of segment reporting. Each of these groups constitutes a business area for the UBM Group. The reconciliation of segment assets and liabilities involves, in particular, the elimination of intragroup receivables and liabilities.

Internal reporting is based on the IFRS amounts, which are generally adjusted for intragroup sales. UBM generates substantial revenue through the sale of real estate projects during the course of its business activities but is not dependent on individual customers.

Segment reporting was adjusted to reflect the new, internal reporting structure and management of the UBM Group. The comparative data were adjusted retrospectively in line with this new structure. The administration and service areas of activity were combined into a single asset class.

	Germany		Austria	
in T€	**2020**	**2019**	**2020**	**2019**
Total Output				
Residential	118,350	89,031	58,095	53,817
Office	52,204	-	59,413	76,665
Hotel	8,413	88,573	4,534	6,696
Other	5,485	68,161	28,164	75,750
Service	8,595	9,730	28,524	21,701
Total Output	**193,047**	**255,495**	**178,730**	**234,629**
Less revenue from associates and companies of minor importance and from performance companies	-180,005	-108,757	-120,738	-179,814
Changes in the portfolio	32,032	-20,427	5,433	-202
Revenue	**45,074**	**126,311**	**63,425**	**54,613**
Residential	84,980	12,010	3,686	3,657
Office	10,258	7,665	9,351	11,918
Hotel	-5,042	1,342	-22,569	802
Other	-4,154	24,580	-2,450	-18,837
Service	-28	246	9,542	2,995
Total EBT	**86,014**	**45,843**	**-2,440**	**535**
of which: earnings from associates	23,775	16,429	6,610	18,898
Depreciation, amortisation and impairment	-776	-726	-1,044	-998
Interest income	4,450	1,724	9,751	5,691
Interest expense	-1,005	-1,139	-18,153	-17,143
Segment assets as of 31 Dec	**415,223**	**521,279**	**1,779,671**	**1,739,341**
of which: intangible assets, property, plant and equipment, and investment property	54,401	103,935	196,227	210,306
of which: associates	76,229	33,758	86,952	93,940
Segment liabilities as of 31 Dec	**259,715**	**381,416**	**1,030,913**	**1,014,781**
Investments in non-current assets and investment property	**3,702**	**31,879**	**15,096**	**91,652**
Staff	**118**	**108**	**137**	**134**

Poland		Other markets		Reconciliation		Group	
2020	2019	2020	2019	2020	2019	2020	2019
-	-	3,153	1,813	-	-	179,598	144,661
14,189	12,351	18,580	353	-	-	144,386	89,369
36,864	55,921	2,354	77,493	-	-	52,165	228,683
1,972	17,296	1,387	5,571	-	-	37,008	166,778
26,519	15,860	1,758	1,231	-	-	65,396	48,522
79,544	**101,428**	**27,232**	**86,461**	**-**	**-**	**478,553**	**678,013**
-34,538	-52,277	18,922	-74,872	-	-	-316,359	-415,720
-	-21	-16,320	356	-	-	21,145	-20,294
45,006	**49,130**	**29,834**	**11,945**	**-**	**-**	**183,339**	**241,999**
-7,995	-3,995	-5,330	-1,689	-	-	75,341	9,983
2,195	856	1,577	-2,581	-	-	23,381	17,858
4,886	5,844	-2,587	32,022	-	-	-25,312	40,010
-10,701	-8,331	91	-725	-	-	-17,214	-3,313
-134	-891	-3,317	3,624	-	-	6,063	5,974
-11,749	**-6,517**	**-9,566**	**30,651**	**-**	**-**	**62,259**	**70,512**
1,231	2,668	-3,803	21,985	-	-	27,813	59,980
-980	-1,495	-285	-296	-	-	-3,085	-3,515
2	355	-	2	-	-	14,203	7,772
-748	-2,415	-526	-924	-	-	-20,432	-21,621
227,948	**246,118**	**174,406**	**184,807**	**-1,225,227**	**-1,375,156**	**1,372,021**	**1,316,389**
100,983	134,696	70,156	61,792	-	-	421,767	510,729
4,626	3,673	4	3,113	-	-	167,811	134,484
261,338	**263,240**	**144,406**	**143,316**	**-807,222**	**-948,870**	**889,150**	**853,883**
4,644	**80,836**	**20,989**	**15,058**	**-**	**-**	**44,431**	**219,425**
68	**70**	**42**	**43**	**-**	**-**	**365**	**355**

The following information is based on the countries in which the Group operates.

in T€	Revenue by customer base 2020	Revenue by customer base 2019
Austria	**63,425**	**54,613**
Germany	45,074	126,311
Poland	45,006	49,130
Other foreign	29,834	11,945
Total foreign	**119,914**	**187,386**
Total segments	**183,339**	**241,999**

44. Notes to the cash flow statement

The cash flow statement reports the cash flows classified by operating, investing and financing activities. Cash flow from operating activities is derived according to the indirect method. The components of cash and cash equivalents consist entirely of cash on hand and at banks over which the Group has free disposal and correspond to cash and cash equivalents as reported on the statement of financial position.

Cash flow from operating activities includes interest and dividends received as well as interest paid. In contrast, dividends paid are included under cash flow from financing activities.

The reconciliation of changes in cash flow from financing activities is as follows:

in T€	Financial liabilities	Lease obligations	Derivatives	Bonds and promissory note loans	Total
Balance as of 31 Dec 2019	**170,059**	**49,766**	**-**	**484,731**	**704,556**
Cash flows (cash changes)	104,514	–2,268	-	–29,895	72,351
Non-cash changes					
Sales/acquisitions of companies	–4,344	–26,505	-	-	–30,849
Additions	-	1,183	-	-	1,183
Exchange rate effects	–452	–1,369	-	-	–1,821
Accrued interest	-	-	-	1,668	1,668
Balance as of 31 Dec 2020	**269,777**	**20,807**	**-**	**456,504**	**747,088**

in T€	Financial liabilities	Lease obligations	Derivatives	Bonds and promissory note loans	Total
Balance as of 31 Dec 2018	**187,712**	**123**	**33**	**434,456**	**622,324**
Adjustments due to initial application of IFRS 16	-	51,564	-	-	51,564
Balance as of 1 Jan 2019	**187,712**	**51,687**	**33**	**434,456**	**673,888**
Cash flows (cash changes)	72,835	–2,317	–33	49,864	120,349
Non-cash changes					
Sales/acquisitions of companies	–90,703	–30,354	-	-	–121,057
Additions	-	30,145	-	-	30,145
Exchange rate effects	215	605	-	-	820
Accrued interest	-	-	-	411	411
Balance as of 31 Dec 2019	**170,059**	**49,766**	**-**	**484,731**	**704,556**

The “total” column in the above table represents the total amount of current and non-current financial liabilities.

45. Notes on financial instruments

Capital risk management

The goal of capital management in the UBM Group is to maximise the return on investments by optimising the ratio of equity and debt.

Equity rose to €482.9m as of 31 December 2020 due to the sound development of earnings (2019: €462.5m). The equity ratio equalled 35.2% at the end of December 2020 and was again slightly higher than the target range of 30–35% (2019: 35.1%).

Gearing

The capital structure is evaluated regularly by the Group’s risk management.

Gearing at year-end 2020 and 2019 is calculated as follows:

in T€	31.12.2020	31.12.2019
Debt[1]	726,281	654,791
Cash and cash equivalents	–247,209	–212,384
Net debt	**479,072**	**442,407**
Equity	**482,871**	**462,506**
Net debt to equity	99.21%	95.65%

[1] Debt is defined as the sum of non-current and current bonds and non-current and current financial liabilities excl. lease obligations

Net debt totalled €479.1m as of 31 December 2020 (2019: €442.4m), which represents a year-on-year increase of 8.29%.

The overriding strategic objective is to protect UBM’s financing capacity through promissory note loans and bonds.

Goals and methods of financial risk management
Primary financial assets consist, above all, of investments in companies accounted for at equity, project financing and other financial assets and trade receivables. Primary financial liabilities include bonds and other financial liabilities as well as trade payables.

Interest rate risk
Interest rate risk is defined as the risk of an increase in interest expense or a reduction in interest income. For UBM, this risk arises almost exclusively from a potential increase in the interest rates on variable interest financial liabilities, especially in the long-term range.

An analysis of the floating interest rate position, which equalled approximately T€40,855 as of 31 December 2020 (2019: T€28,869) shows the following sensitivities under scenarios with an increase of 0.25 PP and 0.50 PP in interest rates. The extent of the increase in interest rates was derived from the average daily change in interest rates for the 3-month and 6-month EURIBOR in 2020. The interest rate range equalled 0 BP based on a probability of 67.00% and 1 BP based on a probability of 99.00%. The simulated impact on the interest rate positions is as follows:

in T€	Interest balance for the year 2021	Interest balance (p. a.) with straight-line extrapolation from 2022
At interest rate rise of 25 BP	–99	104
At interest rate rise of 50 BP	–198	207

The receivables from project financing are compounded at a rate which reflects the refinancing rate for the UBM Group. A change of 50 BP would increase interest income for 2020 by T€1,042 (2019: T€906).

Credit risk
Credit risk represents the risk of losses caused by the default of a business partner who is no longer able to meet contractual payment obligations. It comprises default and country risks as well as any deterioration in the borrowers' credit standing. The credit risk for the real estate business arises from rental obligations. The default of a tenant and the resulting loss of rental payments reduce the present value of the respective real estate project. This risk is taken into account at the project level through expert opinions.

The risk related to receivables from customers can be classified as marginal due to the broad diversification and ongoing credit assessments. Information on project financing is provided in the following table on accumulated impairment losses for project financing.

The risk of default on the other primary financial instruments reported under assets in the statement of financial position is also considered low because the contract parties are financial institutions and other debtors with excellent credit ratings. The carrying amount of the financial assets represents the maximum risk of default. The identification of default risks on financial assets leads to the recognition of appropriate valuation allowances. No such allowances were recorded in 2020.

Foreign exchange risk
Interest and foreign currency risks are evaluated regularly by risk management. Market analyses and forecasts by well-known financial service providers are analysed and management is informed by regular reports.

The foreign exchange risk in the UBM Group is treated as transaction-oriented and results from property development financing.

The foreign currency risks resulting from intragroup financing transactions and/or from loan financing for project companies were simulated as of 31 December 2020 to estimate the possible risks from changes in foreign exchange rates:

FX position in T€	Local currency	FX position in local currency in thousand	VAR[1] in T€
–68,141	CZK	1,788,147	2,741
–949	HUF	345,481	34
–171,001	PLN	779,714	5,283
–642	RON	3,124	4

[1] VAR = Value At Risk at a one-sided 99% confidence interval; this corresponds to a standard deviation of 2.3 over a time period of ten days. Any correlations between currency pairs are not included.

The simulated loss at a probability of 99.00% over a period of ten days equals a maximum of €8.10m (2019: €2.78m).

Hedging of foreign currency risks

The UBM Group had concluded forward exchange contracts of T€20,119 as of 31 December 2020 (2019: T€0), which were used to hedge loans financed in euros.

As of 31 December 2020, the market valuation of open forward exchange contracts resulted in a fair value of T€212 (2019: T€0). Changes in the fair value of forward contracts resulted in the recognition of income, including currency translation differences, of T€212 in 2020 (2019: T€0).

Derivative financial instruments

The following table shows the fair values of the derivative instruments, classified by inclusion/non-inclusion in a cash flow hedge in accordance with IAS 39.

in T€	2020	2019
Assets		
Derivatives		
without hedges	212	-
with hedges	-	-
Liabilities		
Derivatives		
without hedges	-	-
with hedges	-	-

Liquidity risk

2020 in T€	Average interest rate	Undiscounted payment flows 2021	2022-2025	from 2026
Bonds and promissory note loans at fixed interest rates	3.09%	56,960	425,334	176,362
Borrowings and overdrafts from banks at variable interest rates	1.83%	25,732	208,016	-
Borrowings and overdrafts from banks at fixed interest rates	1.95%	17,628	17,365	-
Payables to other lenders at fixed interest rates	2.23%	1,222	4,628	11,892
Lease obligations at variable interest rates	3.34%	2,458	6,041	24,953
Trade payables	interest-free	76,959	-	-
Other financial liabilities	interest-free	30,503	650	923

2019 in T€	Average interest rate	Undiscounted payment flows 2020	2021-2024	from 2025
Bonds and promissory note loans at fixed interest rates	3.26%	74,669	487,415	123,300
Borrowings and overdrafts from banks at variable interest rates	2.47%	28,585	110,639	2,492
Borrowings and overdrafts from banks at fixed interest rates	1.95%	3,332	14,273	-
Payables to other lenders at fixed interest rates	2.23%	1,250	4,733	13,009
Lease obligations at variable interest rates	3.50%	4,625	14,186	56,740
Trade payables	interest-free	57,199	-	-
Other financial liabilities	interest-free	24,263	399	907

Liquidity risk represents the risk of being able to access funds at any time in order to settle existing liabilities. UBM defines precise financial forecasts as a key instrument for managing liquidity risk. These forecasts are prepared by every operating company and consolidated centrally. They are used to determine the requirements for financing and bank credit lines.

Credit financing is primarily related to real estate projects in progress whose development is not at risk from the current point of view.

Working capital financing is managed by UBM's corporate treasury unit. Companies with surplus funds make these funds available to companies which need liquidity. This reduces the volume of third-party financing and optimises net interest. It also minimises the risk that sufficient liquidity reserves may not be available to settle financial obligations on time.

In addition to previously contracted project financing, UBM had available credit lines of T€7,000 at its disposal as of 31 December 2020 (2019: T€27,000). Liquidity risk, in total, is therefore considered to be minimal.

Other price risks
The risk of price changes consists primarily of fluctuations in the market interest rate and market prices as well as changes in exchange rates.

UBM minimises the price risk related to rental income by generally indexing its rental agreements. All other service contracts are also indexed. The remaining price risk for the UBM Group is immaterial.

Carrying amounts, valuation and fair value

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2020	Measurement in acc. with IFRS 9 (Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 31 Dec 2020
Assets							
Project financing at variable interest rates	Amortised Cost	208,375	208,375	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,536
Other financial assets	FVTPL	1,904	-	-	1,904	Level 3	1,904
Other financial assets	FVTPL	895	-	-	895	Level 1	895
Trade receivables	Amortised Cost	27,456	27,456	-	-	-	-
Financial assets	Amortised Cost	41,783	41,783	-	-	-	-
Cash and cash equivalents	-	247,209	247,209	-	-	-	-
Liabilities							
Bonds and promissory note loans at fixed interest rates	Amortised Cost	456,504	456,504	-	-	Level 1	461,556
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	221,410	221,410	-	-	-	-
at fixed interest rates	Amortised Cost	34,000	34,000	-	-	Level 3	33,842
Other loans and borrowings							
at fixed interest rates	Amortised Cost	14,367	14,367	-	-	Level 3	14,902
Lease liabilities	-	20,807	20,807	-	-	-	-
Trade payables	Amortised Cost	76,959	76,959	-	-	-	-
Other financial liabilities	Amortised Cost	32,076	32,076	-	-	-	-
By category:							
Financial assets at amortised cost	Amortised Cost	286,335	286,335	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,799	-	-	2,799	-	-
Cash and cash equivalents	-	247,209	247,209	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	835,316	835,316	-	-	-	-

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2019	Measurement in acc. with IFRS 9: (Amortised) cost	Measurement in acc. with IFRS 9: Fair value (other comprehen-sive income)	Measurement in acc. with IFRS 9: Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 31 Dec 2019
Assets							
Project financing at variable interest rates	Amortised Cost	181,157	181,157	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,326
Other financial assets	FVTPL	1,889	-	-	1,889	Level 3	1,889
Other financial assets	FVTPL	891	-	-	891	Level 1	891
Trade receivables	Amortised Cost	35,913	35,913	-	-	-	-
Financial assets	Amortised Cost	13,128	13,128	-	-	-	-
Cash and cash equivalents	–	212,384	212,384	-	-	-	-
Liabilities							
Bonds and promissory note loans at fixed interest rates	Amortised Cost	484,731	484,731	-	-	Level 1	508,836
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	137,952	137,952	-	-	–	-
at fixed interest rates	Amortised Cost	17,000	17,000	-	-	Level 3	16,832
Other loans and borrowings							
at fixed interest rates	Amortised Cost	15,108	15,108	-	-	Level 3	15,175
Lease liabilities	–	49,765	49,765	-	-	–	-
Trade payables	Amortised Cost	57,199	57,199	-	-	–	-
Other financial liabilities	Amortised Cost	25,569	25,569	-	-	–	-
By category:							
Financial assets at amortised cost	Amortised Cost	238,919	238,919	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,780	-	-	2,780	-	-
Cash and cash equivalents	-	212,384	212,384	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	737,559	737,559	-	-	-	-

The carrying amount of financial instruments represents a reasonable approximation of fair value, as defined in IFRS 7.29, with the exception of the following items in 2020: financial assets classified at amortised cost, fixed-interest bonds and promissory note loans (fair value hierarchy level 1), fixed-interest liabilities due to financial institutions (fair value hierarchy level 3) and other fixed-interest financial liabilities (fair value hierarchy level 3).

The fair value measurement of bonds is based on the prevailing market prices. Liabilities from bank loans and overdrafts and other financial assets are valued according to the discounted cash flow method, whereby the zero coupon yield curve published by Reuters as of 31 December 2020 was used to discount the cash flows.

Net income by measurement category

in T€	From interest	From dividends	From subsequent measurement	Net income 2020
Financial assets at amortised cost	13,941	-	–18,481	–4,540
Financial assets at fair value through profit or loss (FVTPL)	174	-	–3,187	–3,013
Financial liabilities at amortised cost	–19,424	-	–12,885	–32,309

in T€	From interest	From dividends	From subsequent measurement	Net income 2019
Financial assets at amortised cost	7,685	-	3,952	11,637
Financial assets at fair value through profit or loss (FVTPL)	68	-	–8	60
Financial liabilities at amortised cost	–19,743	-	1,089	–18,654

in T€	2020	2019
Accumulated write-downs project financing		
Balance as of 1 Jan	4,498	8,450
Amortisation and impairment	18,481	-
Appreciation	-	–3,952
Use	-	-
Balance as of 31 Dec	**22,979**	**4,498**

46. Average number of employees

	2020	2019
Salaried and wage employees		
Domestic	137	134
Foreign	228	221
Total staff	**365**	**355**
of which salaried employees	337	323
of which wage employees	28	32
Total fully consolidated	**365**	**355**

47. Related party disclosures

Transactions between Group companies included in the consolidated financial statements were eliminated during the consolidation and are not discussed further. Transactions between Group companies and their equity-accounted companies are related primarily to project development and construction management as well as originated loans and the related interest charges, and are disclosed in the following analysis:

in T€ Companies accounted for at equity	Sale of goods and services		Purchase of goods and services		Receivables		Liabilities	
	2020	2019	2020	2019	2020	2019	2020	2019
Joint ventures	46,542	29,025	399	641	211,750	184,853	8,817	4,434
of which: from financing	14,516	9,669	180	276	194,413	161,970	-	-
Associated companies	463	26	24	11	6,824	4,717	1,728	1,724
of which: from financing	437	-	4	4	6,824	4,717	-	-

Transactions with related parties
In addition to companies accounted for at equity, related parties as defined in IAS 24 include PORR AG and its subsidiaries as well as companies in the IGO Industries Group and Strauss Group because they and/or their controlling bodies have significant influence over UBM due to the existing syndicate.

Transactions in 2020 between companies included in the UBM Group's consolidated financial statements and member companies of the PORR Group are related primarily to construction services.

The PORR Group acquired property from a UBM company in 2020; the purchase price of T€11,000 was paid in cash.

Interest totalling T€1,520 on the hybrid capital was paid to PORR AG in 2020 (2019: T€1,520). The hybrid capital is held by PORR AG.

	Sale of goods and services		Purchase of goods and services		Receivables		Liabilities	
in T€	2020	2019	2020	2019	2020	2019	2020	2019
PORR Group	3,762	4,975	44,095	28,408	1,991	368	9,228	5,620
of which: from financing	2	2	2	1	-	-	-	-
IGO Industries Group	36	1	5,195	4,116	-	1	2,023	311
Strauss Group	-	-	-	1	-	-	-	-
Other	-	-	379	177	-	-	14	-

48. Events after the end of the reporting year and other disclosures

The Management Board of UBM compiled these consolidated financial statements and released them to the Supervisory Board on 15 April 2021. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating or withholding its approval.

49. Other disclosures

The fees charged by the auditor include T€90 (2019: T€85) for the audit of the consolidated financial statements, T€12 (2019: T€127) for other assurance services and T€88 (2019: T€105) for miscellaneous services. The miscellaneous services consist primarily of other consulting activities. The other consulting activities cover the review of the half-year financial statements and audit work for subsidiaries.

50. Executive bodies

The following table shows the remuneration of the members of UBM's Executive Board and Supervisory Board by category:

in T€	Management Board remuneration, fixed	Management Board remuneration, variable[1]	Special bonus	Non-cash benefits	Pension fund/ severance payments	Total 2020
Management Board remuneration 2020						
Thomas G. Winkler	501	360	333	12	18	1,224
Martin Löcker	334	240	315	11	24	924
Patric Thate	334	240	295	9	14	892
Total	**1,169**	**840**	**943**	**32**	**56**	**3,040**
of which: short-term benefits due	1,169	840	943	32	-	2,984
of which: compensation related to the termination of the Management Board employment contract	-	-	-	-	56	56
Supervisory Board remuneration 2020	**-**	**-**	**-**	**-**	**-**	**348**

[1] expected variable remuneration for 2020, payable in 2021

in T€	Management Board remuneration, fixed	Management Board remuneration, variable[1]	Non-cash benefits	Pension fund/ severance payments	Total 2019
Management Board remuneration 2019					
Thomas G. Winkler	540	360	12	14	926
Martin Löcker	347	240	12	19	618
Patric Thate	347	240	9	9	605
Total	**1,234**	**840**	**33**	**42**	**2,149**
of which: short-term benefits due	1,234	840	33	-	2,107
of which: compensation related to the termination of the Management Board employment contract	-	-	-	42	42
Supervisory Board remuneration 2019	**-**	**-**	**-**	**-**	**315**

[1] variable remuneration for 2019, payable in 2020

The above payments do not include additions to the provision for pensions for former members of the Management Board.

A provision of T€1,240, after deduction of the available securities coverage, exists for pension payments to a former Management Board member (2019: T€1,252).

There are no provisions for severance payments to former or current Management Board members.

No loans or advances were granted to members of the Management Board.

A total of 236,300 (2019: 236,300) potential shares were granted to the members of the Management Board under the Long-Term Incentive Programme 2017 (LTIP) (see notes 17 and 32). Of the total expenses for the LTIP, T€407 (2019: T€503) are related to the Management Board.

Members of the Management Board:
Thomas G. Winkler, Chairman
Martin Löcker
Patric Thate

Members of the Supervisory Board:
Karl-Heinz Strauss, FRICS, Chairman
Iris Ortner, Deputy Chairwoman
Susanne Weiss
Klaus Ortner
Ludwig Steinbauer
Paul Unterluggauer
Bernhard Vanas
Birgit Wagner
Martin Kudlicska
Hannes Muster
Günter Schnötzinger
Anke Duchow

Vienna, 15 April 2021

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Investments

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation
Subsidiaries									
"Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
"UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
Aiglhof Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
Bahnhofcenter Entwicklungs-, Errichtungs- und Betriebs GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
BMU Beta Liegenschaftsverwertung GmbH	AT	EUR	Vienna	50.00	100.00	V	50.00	100.00	V
CM Wohnungsentwicklungs GmbH	AT	EUR	Vienna	94.00	100.00	V	94.00	100.00	V
Donauhof Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	90.60	V	0.00	90.60	V
Donauhof Management GmbH	AT	EUR	Vienna	0.00	90.00	V	0.00	90.00	V
Dorfschmiede St. Johann Immobilien GmbH	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
Emiko Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U
EPS Dike West-IBC GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Haagerfeldstraße - Business.Hof Leonding 2 Errichtungs- und Verwertungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Höhenstraße Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	V	0.00	100.00	V
EPS Immobilienmanagement GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	U	0.00	100.00	U
EPS Immobilienmanagement "Schützenwirt" GmbH & CO KG	AT	EUR	Innsbruck	0.00	100.00	V	0.00	100.00	V
EPS MARIANNE-HAINISCH-GASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS MARIANNE-HAINISCH-GASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Office Franzosengraben GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Office Franzosengraben GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS RINNBÖCKSTRASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation
EPS RINNBÖCKSTRASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Welser Straße 17 - Business.Hof Leonding 1 Errichtungs- und Beteiligungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Welser Straße 17 - Business.Hof Leonding 1 Errichtungs- und Beteiligungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gepal Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gevas Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Golera Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
GORPO Projektentwicklungs- und Errichtungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gospela Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
IBC Business Center Entwicklungs- und Errichtungs-GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Impulszentrum Telekom Betriebs GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	30.00	100.00	V	30.00	100.00	V
Jandl Baugesellschaft m.b.H.	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Logistikpark Ailecgasse GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
LQ Immobilien Alpha GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
LQ Immobilien Beta GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
LQ Immobilien Delta GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
LQ Immobilien Epsilon GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
LQ Immobilien Gamma GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
MLSP Absberggasse Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
ML-ZENTRAL Liegenschaftsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
MySky Verwertungs GmbH & Co. OG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
PII LBS 43 GmbH in Liqu.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Porr - living Solutions GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V

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Projekt Ost - IBC Business Center Entwicklungs- und Errichtungs-GmbH & Co KG	AT	EUR	Unterprem-stätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
QBC Epsilon SP Immomanagement GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
QBC Immobilien GmbH & Co Epsilon KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Rainbergstraße - Immobilien-projektentwicklungs GmbH in Liqu.	AT	EUR	Vienna	99.00	100.00	V	99.00	100.00	V
RBK Wohnbau Projektentwicklung GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Sabimo Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Sabimo Monte Laa Bauplatz 2 GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
SFZ Freizeitbetriebs-GmbH & Co KG	AT	EUR	Unterprem-stätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
SFZ Immobilien GmbH	AT	EUR	Unterprem-stätten, Premstätten municipality	0.00	100.00	U	0.00	100.00	U
SFZ Immobilien GmbH & Co KG	AT	EUR	Unterprem-stätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Siebenbrunnengasse 21 GmbH & Co OG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
SP Graumanngasse 8–10 Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
St. Peter-Straße 14–16 Liegen-schaftsverwertung Ges.m.b.H.	AT	EUR	Vienna	50.00	100.00	V	50.00	100.00	V
sternbrauerei-riedenburg revitalisierung gmbh in Liqu.	AT	EUR	Vienna	99.00	99.00	V	99.00	99.00	V
UBM - Satteins Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	V	0.00	100.00	V
UBM BBH Entwicklungs-GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
UBM Beteiligungsmanagement GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
UBM CAL Projekt GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
UBM CAL Projekt GmbH & Co KG	AT	EUR	Vienna	94.00	100.00	V	94.00	100.00	V
UBM Development Österreich GmbH	AT	EUR	Vienna	99.96	100.00	V	99.96	100.00	V
UBM Kirchberg Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	V	0.00	100.00	V
WA Bad Häring Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	V	0.00	100.00	V
WA Kufstein Salurnerstraße Immobilen GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	V	0.00	75.00	E/G

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WA Terfens-Roan Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	V	0.00	100.00	V
WLB Projekt Laaer Berg Liegenschaftsverwertungs- und Beteiligungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Wohnpark Laaer Berg Verwertungs- und Beteiligungs-GmbH & Co. Bauplatz 4 "blau" Projekt-OG	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U
UBM Development Bulgaria EOOD	BG	BGN	Sofia				100.00	100.00	V
ANDOVIEN INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	V	100.00	100.00	V
DICTYSATE INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	V	100.00	100.00	V
AC Offices Klicperova s.r.o.	CZ	CZK	Prague	0.36	100.00	V	0.36	100.00	V
ARSENAL-EUROPE s.r.o.	CZ	CZK	Prague				0.00	100.00	V
Astrid Office s.r.o.	CZ	CZK	Prague	20.00	100.00	V			
Immo Future 6 - Crossing Point Smichov s.r.o.	CZ	CZK	Prague	20.00	100.00	V	20.00	100.00	V
KASAVIT III s.r.o.	CZ	CZK	Prague				0.00	100.00	V
Na Záhonech a.s.	CZ	CZK	Prague	30.12	100.00	V	30.12	100.00	V
RE Moskevská spol.s.r.o.	CZ	CZK	Prague				0.00	100.00	V
TOSAN park a.s.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM - Bohemia 2 s.r.o.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM Development Czechia s.r.o.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM Stodůlky 1 s.r.o.	CZ	CZK	Prague	0.00	100.00	V			
UBM Stodůlky s.r.o.	CZ	CZK	Prague	0.00	100.00	V	0.00	100.00	V
ALBA BauProjektManagement GmbH	DE	EUR	Oberhaching	0.00	100.00	V	0.00	100.00	V
Arena Boulevard GmbH & Co. KG in Liqu.	DE	EUR	Berlin	0.00	94.00	V	0.00	94.00	V
Arena Boulevard Verwaltungs GmbH in Liqu.	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
BERMUC Hotelerrichtungs GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Blitz 01 – 815 GmbH in Liqu.	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
City Objekte München GmbH	DE	EUR	Munich	0.00	90.00	V	0.00	90.00	V
City Tower Vienna Grundstücksentwicklungs und Beteiligungs-GmbH in Liqu.	DE	EUR	Munich				0.00	100.00	U
Colmarer Straße GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Colmarer Straße Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Frauentorgraben GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			

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Frauentorgraben Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U			
Friendsfactory Projekte GmbH in Liqu.	DE	EUR	Munich	0.00	55.00	V	0.00	55.00	V
GeMoBau Gesellschaft für modernes Bauen mbH in Liqu.	DE	EUR	Berlin	0.00	94.00	U	0.00	94.00	U
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Kaiserleipromenade GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Kühnehöfe Hamburg GmbH & Co. KG	DE	EUR	Munich	0.00	62.99	V	0.00	62.99	V
Kühnehöfe Hamburg Komplementär GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Levelingstraße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Levelingstraße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Mainz Zollhafen Hotel GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Mainz Zollhafen Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Max-Dohrn-Straße GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
MG Brehmstrasse BT C GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
MG Projekt-Sendling GmbH	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
MG-Brehmstrasse BT C GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Brehmstrasse BT C Komplementär GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Dornach Bestandsgebäude GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MGO I Development GmbH & Co.KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
MGO II Development GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Münchner Grund Riem GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Oben Borgfelde Projekt GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Oben Borgfelde Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Pelkovenstraße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
Schloßhotel Tutzing GmbH	DE	EUR	Starnberg	0.00	94.00	V	0.00	94.00	V
SIL Realinvest GmbH	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
SONUS City GmbH & Co. KG	DE	EUR	Berlin	0.00	84.00	V	0.00	84.00	V
SONUS City Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
SONUS II Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Stadtgrund Bauträger GmbH	DE	EUR	Berlin	100.00	100.00	V	100.00	100.00	V

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Top Office Munich GmbH in Liqu.	DE	EUR	Grünwald, Munich municipality	0.00	100.00	V	0.00	100.00	V
UBM Development Deutschland GmbH	DE	EUR	Munich	94.00	94.00	V	94.00	94.00	V
UBM Holding Deutschland GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
UBM Invest AG	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
UBM Invest Deutschland GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
UBM Leuchtenbergring GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Unterbibergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Unterbibergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Sitnica drustvo s ogranicenom odgovornoscu za usluge	HR	HRK	Samobor	83.89	100.00	V	83.89	100.00	V
UBM d.o.o. za poslovanje nekretninama	HR	HRK	Zagreb				100.00	100.00	V
Gamma Real Estate Ingtalanfejlesztö és - hasznositó Korlátolt Felelösségü Társaság	HU	HUF	Budapest	0.00	100.00	V	0.00	100.00	V
UBM Development Hungary Korlátolt Felelösségü Társaság	HU	HUF	Budapest	100.00	100.00	V	100.00	100.00	V
UBM Development Netherlands B.V.	NL	EUR	Amsterdam	100.00	100.00	V	100.00	100.00	V
UBM Kneuterdijk B.V.	NL	EUR	Amsterdam	0.00	100.00	V	0.00	100.00	V
"UBM Residence Park Zakopianka" Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	V	100.00	100.00	V
Bartycka Real Estate Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
FMZ Gdynia Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	70.30	100.00	V	70.30	100.00	V
FMZ Sosnowiec Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Ligustria 12 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Oaza Kampinos Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
PBP IT-Services spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Development Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Lisbon Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Madrid Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V

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Poleczki Parking House Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	99.00	V
Poplar Company Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Development Polska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V
UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V
UBM Hotel Granary Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw				0.00	100.00	V
UBM Mogilska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Nowy Targ Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM RIWIERA 2 Spólka z ograniczona odpowiedzialnoscia BIS Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Zielone Tarasy Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	V	100.00	100.00	V
Yavin BIS Sp. z o.o. SK	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Yavin BIS Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	V	0.00	99.00	V
Yavin Holding Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	V	0.00	99.00	V
Lamda Imobiliare SRL in Liqu.	RO	RON	Bucharest	0.00	100.00	V	0.00	100.00	V
UBM Development Romania s.r.l.	RO	RON	Bucharest	99.15	100.00	V	99.15	100.00	V
UBM Development Slovakia s.r.o.	SK	EUR	Bratislava	100.00	100.00	V	100.00	100.00	V
UBM Koliba s.r.o.	SK	EUR	Bratislava	100.00	100.00	V	100.00	100.00	V
Tovarystvo z obmezhenoju vidpovidalnistu „UBM Ukraine“	UA	UAH	Kiev				100.00	100.00	U
Associated companies									
ASA - Projektentwicklung - GmbH	AT	EUR	Vienna	0.00	49.35	E/A	0.00	49.35	E/A
Palais Hansen Immobilienentwicklung GmbH	AT	EUR	Vienna	0.00	33.57	E/A	0.00	33.57	E/A
CAMG Zollhafen HI IV V GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	49.90	E/A	0.00	49.90	E/A

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CAMG Zollhafen HI IV V Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	49.90	U	0.00	49.90	U
German Hotel Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	47.00	U	0.00	47.00	U
Joint ventures									
Aspanggründe Beteiligungs GmbH	AT	EUR	Vienna	0.00	51.00	U			
CCG Nord Projektentwicklung GmbH	AT	EUR	Werndorf				0.00	50.00	U
CCG Nord Projektentwicklung GmbH & Co KG	AT	EUR	Werndorf				0.00	50.00	E/G
FWUBM Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
FWUBM Services GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG	AT	EUR	Vienna	0.00	33.34	E/G	0.00	33.34	E/G
Grundstück 1454/2 KG Gries BT2 Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Grundstück 1454/2 KG Gries BT2 Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	71.80	E/G	0.00	71.80	E/G
Grundstück 1454/5 KG Gries BT3 Immobilien GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Grundstück 1454/5 KG Gries BT3 Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	E/G	0.00	71.80	E/G
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Jochberg	0.00	50.00	U	0.00	50.00	U
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Jochberg	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Kelsenstraße 5 Immobilien GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Kelsenstrasse 5 Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	47.00	E/G	0.00	47.00	E/G
Kelsenstraße 7 Immobilien GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Kelsenstraße 7 Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	47.00	E/G	0.00	47.00	E/G
LiSciV Muthgasse GmbH & Co KG	AT	EUR	Vienna	0.00	33.34	E/G	0.00	33.34	E/G
Modern Viventium GmbH	AT	EUR	Graz	0.00	50.10	E/G			

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Nordbahnhof-Vierte Wohnungs-GmbH	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
QBC Alpha SP Immomanagement GmbH	AT	EUR	Vienna				0.00	65.00	E/G
QBC Gamma SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
QBC Immobilien GmbH	AT	EUR	Vienna				0.00	78.98	E/G
QBC Immobilien GmbH & Co Alpha KG	AT	EUR	Vienna				0.00	67.10	E/G
QBC Immobilien GmbH & Co Omega KG	AT	EUR	Vienna				0.00	67.10	E/G
QBC Immobilien GmbH & Co Zeta KG	AT	EUR	Vienna				0.00	80.24	E/G
QBC Omega SP Immomanagement GmbH	AT	EUR	Vienna				0.00	65.00	E/G
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungsgesellschaft mbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungs-gesellschaft mbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Seeresidenz am Wolfgangsee Beteiligungsverwaltung GmbH	AT	EUR	Vienna				0.00	45.00	E/G
Seeresidenz am Wolfgangsee Projektentwicklungs- und Errichtungs GmbH	AT	EUR	Vienna				0.00	45.00	U
Soleta Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	33.34	U	0.00	33.34	U
UBM hotels Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
W 3 Errichtungs- und Be-triebs-Aktiengesellschaft	AT	EUR	Vienna	26.67	80.00	E/G	26.67	80.00	E/G
Wohnanlage Andritz - Statteg-ger Straße 2 GmbH	AT	EUR	Graz	0.00	51.00	E/G	0.00	51.00	E/G
Wohnanlage EZ 208 KG Andritz GmbH	AT	EUR	Graz	0.00	51.00	E/G	0.00	51.00	E/G
Wohnanlage Geidorf - Kahngasse GmbH in Liqu.	AT	EUR	Graz	50.00	50.00	E/G	50.00	50.00	E/G
Wohnanlage Karlauerstraße 27 GmbH	AT	EUR	Vienna	0.00	50.10	E/G	0.00	50.10	E/G
WSB BF elf-Alpha Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G			
WSB BF fünf Projektentwick-lungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G			
WSB BF neun-Alpha Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G			
WSB BF neun-Beta Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G			
WSB BF zwei Projektentwick-lungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G			
Grafická 1 s.r.o.	CZ	CZK	Prague	50.00	50.00	E/G	50.00	50.00	E/G
Sugar Palace Op Co s.r.o.	CZ	CZK	Prague	75.00	75.00	E/G	75.00	75.00	E/G
Sugar Palace Prop Co s.r.o.	CZ	CZK	Prague	75.00	75.00	E/G	75.00	75.00	E/G

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation
Anders Wohnen GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
AVALERIA Beteiligungsgesellschaft mbH	DE	EUR	Dusseldorf	0.00	40.00	U	0.00	40.00	U
AVALERIA Hotel HafenCity GmbH & Co. KG	DE	EUR	Dusseldorf	0.00	37.92	E/G	0.00	37.92	E/G
Baubergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	60.00	E/G	0.00	100.00	V
CentralTower Berlin GmbH	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel II Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
German Hotel III Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
German Hotel Invest II GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest III GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest IV GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel IV Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
Lilienthalstraße Wohnen GmbH Münchner Grund und Baywobau	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam I GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
MGR Thulestraße GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGR Thulestraße Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
Obersendlinger Grund GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	30.00	E/G	0.00	30.00	E/G
Obersendlinger Grund Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	30.00	U	0.00	30.00	U
PGE Grundstücksgesellschaft Europaviertel mbH	DE	EUR	Grünwald, Munich municipality	0.00	47.90	E/G			
UBX 1 Objekt Berlin GmbH in Liqu.	DE	EUR	Munich	50.00	50.00	E/G	50.00	50.00	E/G
Styria B.V.	NL	EUR	Amsterdam	0.00	50.00	E/G	0.00	50.00	E/G
"SOF Hotel Operations" spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	0.00	50.00	E/G	0.00	50.00	E/G

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation
Berlin Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Lanzarota Investments spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	34.00	50.00	E/G	34.00	50.00	E/G
Poleczki Amsterdam Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Poleczki Vienna Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Warsaw Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Other investments									
STRAUSS & CO. Development GmbH	DE	EUR	Berlin	0.00	6.00	U	0.00	6.00	U
ZAO „AVIELEN A.G."	RU	RUB	St. Petersburg	0.00	10.00	U	0.00	10.00	U
Baubergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	60.00	U	0.00	100.00	U

Key:
V = fully consolidated company
E/A = associated company accounted for at equity
E/G = joint venture accounted for at equity
U = company of minor importance

Auditor's Report

Report on the Consolidated Financial Statements

Audit opinion
We have audited the consolidated financial statements of UBM Development AG, Vienna, and of its subsidiaries (UBM Group) comprising the consolidated balance sheet as of December 31, 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2020 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB.

Basis for opinion
We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of real estate assets

2. Valuation of shareholdings in companies accounted for under the equity method and project financing

1. Valuation of real estate assets

Situation and reference to further information
The majority of assets of the group is invested in real estate in the balance sheet items property plant and equipment, investment property, inventories and non-current assets held for sale as well as trade receivables. These balance sheet items total a real estate value amounting to approximately €638m, which sums up to 47% of the balance sheet total. The valuations mostly depend on the fair value of the real estate on the reporting date. For investment property and assets held for sale in accordance with IFRS 5 the fair value model according to IAS 40 is used, whereas other assets in accordance with IAS 2 and IAS 16 use the fair value as a comparative amount for necessary adjustments of carrying amounts. Real estate assets, which are presented as contract assets within trade receivables for which revenue is recognises over time according to IFRS 15, are accounted for based on the transaction price and the percentage of completion which is derived from the planning calculation.

Due to the lack of available prices in active markets, the fair value is determined by using valuation methods, particularly the Term and Reversion approach. For real estate under development, in general the residual value method is used. The result of valuation depends to a large degree on estimations of material inputs that affect the value such as interest rates, expected rent and capital flows as well as completion costs and developer profits.

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The risk for the consolidated financial statements is primarily the estimation of future cash flows and interest rates which are influenced by future market and economic developments. The valuation of real estate assets and the resulting gains and losses in the income statement are therefore subject to uncertainty. With respect to the real estate accounted for under IFRS 15, the risk to the consolidated financial statements is essentially that the assumptions and estimates required to determine the stage of completion of the total investment cost are uncertain.

Reference to further information
Information on accounting and measurement methods for real estate assets can be found in chapter 4 (accounting and measurement methods) of the notes to the consolidated financial statements. Chapter 5 (discretionary judgment and major sources of estimation uncertainty) contains information on substantial estimation uncertainty. Furthermore, concerning investments properties and inventories the chapter refers to chapters 20 and 24 of the notes to the consolidated financial statements.

Chapter 20 (investment property) contains a break-down and movement schedule of investment property divided into asset classes as well as a table with significant inputs for the fair value determination. The section on inventories (24) includes information on carrying amounts of real estate carried at fair value and impairments. Performed appreciations and depreciations are reported in the income statement or in chapter 12 (other operating expenses) of the notes to the consolidated financial statements. Chapter 25. (Trade receivables) contains information on contract assets and recognised profits set in this context. The effects of the COVID 19 pandemic are presented in chapter 7 of the notes to the consolidated financial statements.

Audit response
The fair value is determined primarily by external appraisers, and partly also by internal valuations. As of 31 December 2020, real estate classified as investment property, inventory and property plant and equipment with a total carrying amount of €378m was valued by external appraisers. In addition, purchase agreements and planning calculations were available for the properties reported under trade receivables amounting to around €97m.

Investment properties are generally determined by external appraisers when a minimum threshold is exceeded, whereas real estate classified as inventory and property plant and equipment are externally valuated when there are indicators for impairment. In the course of the audit, we have assessed the appropriateness of the criteria and critically evaluated the selection of external valuation.

We chose our sample of tested valuations based on quantitative and qualitative criteria, in which we especially paid attention to real estate with material appreciation or depreciation of the fair value. For these properties we performed detailed audit procedures. Other material qualitative criteria were the geographic location and the asset class of the property as well as properties with specific risk and uncertainty factors.

Real estate disposals and the resulting gains and losses were compared to the respective purchase contracts and values according to the latest financial statements. Moreover, purchase contracts containing earn—out clauses or similar were subject to a critical assessment.

For real estate presented according to IFRS 15 in trade receivables, the existing purchase contracts were verified to substantiate the transaction price. The assumptions with regard to the total investment costs, which are used to measure the stage of completion, were discussed with the management and critically assessed.

For our sample of testes valuations, our real estate experts performed the following audit procedures:

- Evaluation of the objectivity, independence and expertise of the external appraisers.

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- Evaluation of the used valuation method and assessment whether it is in accordance with internationally accepted standards. For the residual value method of projects under development, we paid particular attention to the applicability of the material assumptions regarding expected development costs and expected real estate utilisation and whether these could be assessed with sufficient certainty and plausibility.

- Critical assessment of the discount rates and their change over time. The discount rates and yields were compared to transactions and valuations of similar asset classes and locations. Within the observed bandwidths, it was assessed whether changes in discount rates were justified due to market conditions or property-specific characteristics and whether they were consistently applied.

- Our real estate experts tested the plausibility of other material inputs such as rental income, occupancy rates and repair and maintenance costs by comparing them to similar market and experience rates. In addition, the data used was reconciled to underlying data of specific properties, such as, for example, the current lease status or lease payments, this was performed on a sampling basis. In the case of real estate in development, the expected construction costs used in the appraisals were compared to construction costs until completion of comparable objects. The developer profit used for the valuation was assessed through comparison with similar properties.

- In addition, the expectations, changes and conspicuities with respect to material inputs and the performance of individual properties were discussed with the management and the internal valuation team. These discussions were held both in advance of the assessment and after the assessment results were obtained. We challenged the valuations based on comparable transactions and knowledge of the market. Particular attention was paid to changes that differed from our preliminary expectations.

2. Valuation of shareholdings in companies accounted for under the equity method and project financing

Situation and reference to further information

Apart from real estate property in fully consolidated Group companies, the book values of shareholdings in companies accounted for under the equity method and therein bound project financing in associated companies and joint ventures form a major part of the Group assets. In total these assets account for about €376m as of 31 December 2020, which amounts to 27% of total assets.

These are mainly Austrian and foreign real estate project entities, which use the provided funding by UBM for real estate acquisition and investment purposes. The measurement and recoverability of shares in companies accounted for under the equity method and project financing are mainly based on the fair value of real estate held by the project entities. Investment property held by companies accounted for under the equity method have to be recorded at fair value and the gains and losses thereof are carried forward in the Group share. Whereas for other real estate classes and project financing, the fair value is used as a comparative amount for the evaluation of the recoverability of the carrying amount. Real estate assets for which revenue is recognises over time according to IFRS 15 are accounted for based on the transaction price and the percentage of completion which is derived from the planning calculation.

In the process of preparing consolidated financial statements, the fair value of the properties held in the joint ventures and associated companies is determined. The fair value is determined primarily by means of the discounted cash flow model, in particular through the Term and Reversion method. In general, the residual value method is applied for real estate development.

The results of the valuations are highly dependent on the estimation of the main inputs influencing the value of interest such as interest rates, expected rental and capital flows, construction costs up to completion and developer profits.

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The risk for the consolidated financial statements is primarily the estimation of the future cash flows and interest rates, which are influenced by future market and economic developments. The valuation of shareholdings in companies accounted for under the equity method and project financing and the resulting gains and losses in the income statement are therefore subject to uncertainty. With respect to the real estate accounted for under IFRS 15, the risk to the consolidated financial statements is essentially that the assumptions and estimates required to determine the stage of completion of the total investment cost are uncertain.

Reference to further information
Chapter 4 (accounting and measurement methods) of the notes to the consolidated financial statements provides information on the accounting and measurement methods for shareholdings in companies accounted for under the equity method and project financing. In chapter 21 (investments in companies accounted for at-equity) the carrying values and the comprehensive income originating from associated companies and joint ventures is disclosed as well as further information about the financial position, financial performance and cash flows of the significant entities. Chapters 22 and 45 contain information regarding the carrying values, impairment and their development of project financing. The effects of the COVID 19 pandemic are presented in chapter 7 of the notes to the consolidated financial statements.

Audit response
The fair value of the real estate held in joint ventures and associated companies is determined in the same manner as the valuation of the real estate that is directly held by the group. It is therefore primarily carried out by assigning external appraisers, whereby external valuations are generally carried out when a certain threshold is exceeded or if there are indications for an impairment. In the course of the audit, we examined the appropriateness of the criteria and the actual selection of the external appraisals.

Similar to the audit procedures performed on real estate held directly by the group, we selected a sample for the review of the valuations. This sample was selected based on quantitative and qualitative criteria. For this sample, our real estate appraisal specialists carried out auditing procedures similar to the auditing procedures for real estate held directly by the Group. For real estate accounted for under IFRS 15 the existing purchase contracts were verified to substantiate the transaction price. The assumptions with regard to the total investment costs, which are used to measure the stage of completion, were discussed with the management and critically assessed.

In addition, we have tested whether the gains and losses resulting from the fair value movement of investment properties were accurately accounted for in the equity of the joint ventures and associated companies. Also, we have tested the evaluation of the net equity of the project companies and the resulting impairment and reversal of impairment of shareholdings and project financing by comparison with the carrying amounts. Thereby, the recoverability of shareholdings and project financing have been evaluated and reviewed together per project company.

Other information
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or other-wise appears to be materially misstated. If, based on the work we have

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performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and of Audit Committee for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are in-adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Comments on the Management Report for the group

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

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Additional information in accordance with article 10 of the EU regulation
We were elected as auditor by the ordinary general meeting at 28 May 2020. We were appointed by the Supervisory Board on 07 October 2020. We are auditors without cease since 2002.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

We did not perform additional services for the audited company or entities controlled by it that were not disclosed in the consolidated financial statements.

Responsible Austrian Certified Public Accountant
The engagement partner on the audit resulting in this independent auditor's report is Mr. Markus Trettnak, Certified Public Accountant.

Vienna, 15 April 2021

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Markus Trettnak	**Gerhard Fremgen**
Certified Public Accountant	Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.
Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

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Use of profits

UBM Development AG closed the 2019 financial year with total profit of €16,441,193.87. The Management Board recommends the payment of a dividend of €2.20 per share, for a total payout of €16,438,796.00 based on 7,472,180 shares, and the carryforward of the remaining €2,397.87.

If this proposal for the use of profits is approved by the Annual General Meeting, the dividend of €2.20 per share will be paid beginning on 4 June 2021, in accordance with the applicable regulations under tax law, through credit by the custodian bank. The main paying agent is Erste Group Bank AG.

Vienna, 15 April 2021

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Responsibility Statement

Statement by the company's legal representatives in accordance with Section 124 Para. 1 in connection with Para. 2 of the Austrian Stock Exchange Act 2018 – Consolidated Financial Statements

We hereby confirm to the best of our knowledge that these consolidated financial statements, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and financial performance of the Group as the total of all companies included in the consolidation. Furthermore, we confirm to the best of our knowledge that the management report presents the development of business, the results of operations and the position of the Group so as to provide a true and fair view of the Group's financial position and financial performance and also describes the material risks and uncertainties to which the Group is exposed.

Vienna, 15 April 2021

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Glossary

ACCG	Austrian Code of Corporate Governance
ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
CEE/SEE	Central Eastern Europe/South Eastern Europe
COVID-19	Coronavirus pandemic 2019; a viral disease caused by the SARS-CoV-2 coronavirus
DAX	Leading index of the German Stock Exchange (Deutscher Aktienindex)
DBO	Defined benefit obligation
Dividend yield	Dividend per share in relation to the share price
DSGVO	EU data protection law
EBIT	Earnings Before Interest and Taxes
EBITDA	Earning Before Interest, Taxes, Depreciation and Amortisation
EBT	Earnings before Taxes
Equity ratio	Equity recognised as of the reporting date in relation to total assets
EURO STOXX 50	Stock index that consists of the 50 largest listed companies in the eurozone
Executive Committee	Represents UBM's management team; it includes the three members of the Management Board as well as 16 country and area heads plus selected managers
F.A.Z.	Frankfurter Allgemeine Zeitung
Forward sale	Sale of development projects prior to completion
FVTPL	Fair value through profit or loss
GDP	Gross domestic product
IAS	International Accounting Standards
IATX	Immobilien Austrian Traded Index; real estate index that contains the most important real estate companies listed on the Vienna Stock Exchange
IFRS	International Financing Reporting Standards
IMF	International Monetary Fund
Impairment test	IAS 36 requires the regular testing of assets for indications of impairment. If an asset is impaired, its carrying amount must be reduced through the recognition of an impairment loss.
LEED	American rating system for ecological and socio-cultural aspects of the sustainability of buildings (= Leadership in Energy and Environmental Design)
Market capitalisation	Share price multiplied by the number of shares in issue (market cap)
MSCI World	Share index which includes over 1,600 shares from 23 industrial countries
NaDiVeG	Austrian Act to Improve Sustainability and Diversity (Nachhaltigkeits- und Diversitätsgesetz)
Net debt	Non-current and current financial liabilities, excl. lease liabilities, minus cash and cash equivalentsl
P/E ratio	Price-earnings ratio, the share price in relation to earnings per share
PoC method	Under the percentage of completion method, profit is realised over time based on the stage of completion
Prime Market	Market segment of the Vienna Stock Exchange with the highest standards for reporting and transparency

Total Output	Corresponds to the revenue of companies included through full consolidation and at equity plus the sale proceeds from share deals in proportion to the stake held by UBM
QBC	Quartier Belvedere Central; urban development project with offices, apartments, hotels and gastronomy near Vienna’s main railway station

Contact

Investor Relations
Christoph Rainer
Tel: +43 (0) 664 626 3969
investor.relations@ubm-development.com

Imprint

Media Proprietor and Publisher
UBM Development AG
Laaer-Berg-Strasse 43,
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Manuel Gonzalez Arteaga
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Ivar Kvaal
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UBM Development

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Disclaimer

This annual report includes forward-looking statements which are based on current assumptions and estimates made to the best of their knowledge by the management of UBM Development AG. These forward-looking statements can be identified by words like "expectation", "goal" or similar terms and expressions. Forward-looking statements, by definition, include risks and uncertainties. The forecasts concerning the future development of the company represent estimates which are based on the information available at the time the annual report was prepared. If the assumptions underlying these forecasts do not materialise or if unexpected risks occur at an amount not quantified or quantifiable, the actual future development and actual future results can differ from these estimates, assumptions and forecasts.

Significant factors for these types of deviations can include, for example, changes in the general economic environment or the legal and regulatory framework in Austria and the EU as well as changes in the real estate sector. UBM Development AG will not guarantee or assume any liability for the agreement of future development and future results with the estimates and assumptions made in this annual report. UBM Development AG will not update these forward-looking statements to reflect actual events or changes in assumptions and expectations.

The annual report as of 31 December 2020 was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all sections. The amounts were rounded based on the compensated summation method. However, rounding, typesetting and printing errors cannot be excluded.

This annual report is published in English and German and is available in both languages on the website of UBM Development AG. In the event of a discrepancy or deviation, the German language version takes precedence.

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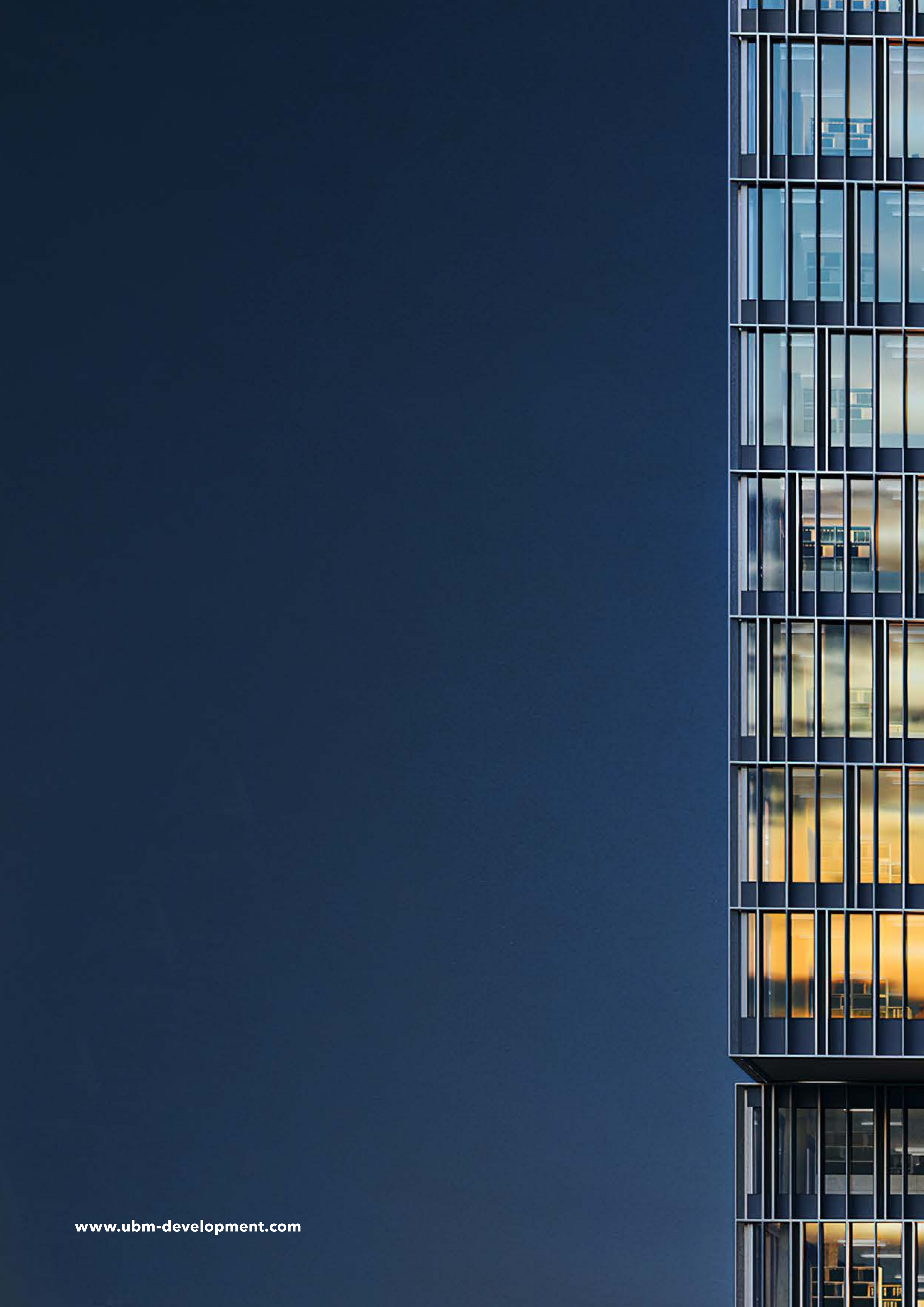

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