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REPORT

of the Management Board of

UBM Development AG

("Company")

regarding the Management Board's authorisation to exclude the subscription right (*Ausschluss des Bezugsrechts*) in case of the disposal of treasury shares (own shares)

(Sections 65 para 1b in connection with 153 para 4 Stock Corporation Act ("AktG"))

on agenda item 9.

The Management Board and the Supervisory Board of UBM Development AG (**"UBM"** or "**Company"**) intend to propose resolutions to the Annual General Meeting authorising the Management Board to acquire treasury shares (own shares) and to dispose of or use such own shares by means other than via the stock exchange or via a public offer.

Because the Management Board of the Company was authorised by the Annual General Meeting on 29 May 2019 respectively to acquire and sell treasury shares (own shares) for a period of 30 months, this authorisation will only expire on 29 November 2021; therefore, prior to a new authorisation, the existing one must be revoked.

1. RESOLUTION PROPOSAL

The resolution proposal on item 9. of the agenda reads as follows:

a) *The authorisation of the Management Board resolved by the Annual General Meeting on 29 May 2019 to acquire treasury shares (own shares) pursuant to Section 65 (1) no 4 and no 8 as well as (1a) and (1b) AktG, as well as the authorisation of the Management Board also resolved by the Annual General Meeting on 29 May 2019 with respect to the disposal respectively utilisation of treasury shares (own shares) pursuant to Section 65 (1b) AktG is revoked.*

b) *The Management Board is authorised by the Annual General Meeting for a period of 30 months from the date of the resolution pursuant to Section 65 (1) no 4 and no 8 as well as (1a) and (1b) AktG to acquire shares in the Company up to the statutory limit of 10 % of the share capital, taking into account shares in the Company previously acquired. The consideration per share to be paid on the repurchase must not be lower than EUR 3.00 and not higher than a maximum of 10% above the average of the unweighted closing price of the ten stock exchange trading days preceding the repurchase. Any acquisition may be carried out via the stock exchange or by means of a public offer or other beneficial means permitted by law, including over the counter or by means of a negotiated purchase from individual shareholders intending to sell their shares, and also with* *exclusion of the proportional rights of disposal of shareholders, which may arise in the context of such acquisition (reverse exclusion of subscription rights). The Management Board is further authorised to determine the respective repurchase conditions, whereby the Management Board shall publish its relevant resolution and the respective repurchase programme based thereon, including its duration, in accordance with the statutory provisions (in each case). This authorisation may be performed in full or in part or in several tranches and for one or several purposes by the Company, by a subsidiary pursuant to Section 189a of the Austrian Commercial Code (Unternehmensgesetzbuch) or by third parties for the account of the Company. Trading in own shares as the purpose of the acquisition is excluded.*

c) *The Management Board is authorised for a period of five years from the date of the resolution with the approval of the Supervisory Board to dispose of or use treasury shares (own shares) of the Company by other means than via the stock exchange or a public offer. The authorisation may be performed in full or in part, also in several tranches and for one or more purposes. The proportional subscription right of the shareholders in case of a disposal or use other than via the stock exchange or by means of a public offer is excluded (exclusion of subscription right).*

d) *The Management Board is authorised, without further approval by the Annual General Meeting, to cancel treasury shares (own shares) with the approval of the Supervisory Board. The Supervisory Board is authorised to resolve on amendments to the articles of association resulting from a cancellation of own shares.*

2. REPORT

2.1 Regarding the exclusion of the right to purchase shares (*subscription right*) in case of a disposal or use of own shares by other means than via the stock exchange or via a public offer, the Management Board hereby reports in writing pursuant to Section 65 (1b) AktG in connection with Section 153 (4) sentence 2 AktG on the reasons for the exclusion of the shareholders' right to purchase (*exclusion of subscription right*).

2.2 In the following cases of the disposal or use of own shares by means other than via the stock exchange or via a public offer, the exclusion of the shareholders' proportionate right to purchase (*subscription right*) is in the interest of the Company:

2.2.1 When acquiring an enterprise, business, parts thereof or shares in a company or other assets, it can be advantageous to use own shares as consideration, e.g. to compensate shareholders of the target company or if the seller favours shares in the Company to cash as consideration. Thus, the liquidity required to perform the acquisition is reduced and the closing of a transaction is accelerated, since existing shares may be used and no new shares need to be created. All types of assets may be transferred to the Company, including securities issued by the Company and receivables against the Company. The Company is enabled to make use of opportunities quickly, flexibly and without the time-consuming and cost intensive processing of subscription rights.

2.2.2 Further, in such context (but also to cover other financing needs of the Company or its subsidiaries), the disposal or use of own shares by means other than via the stock exchange or via a public offer may also serve to cover specific financing needs (individually or along with other measures) quickly and at a low cost. In particular, taking into consideration the general and specific market and stock price developments, the trading volumes available on the stock exchange and any statutory volume restrictions on stock sale programmes via the stock exchange, such financing needs may not be met or may not be generated in due time by (exclusive) sale of own shares via the stock exchange or a public offer to existing shareholders.

By excluding the general right to purchase (*subscription right*), potential disadvantages for the Company can be avoided, in particular price risks. This applies in particular to negative share price developments as a result of the pressure to sell during a disposal programme (in particular in times of volatile markets), the prevention of speculation (in particular in the case of short selling) against the share during a disposal programme and hedging a specific sale proceeds (elimination of placement risk).

2.2.3 By excluding the shareholders' purchase right (*subscription right*), the Company is also enabled to transfer own shares to selected investors or groups of investors (or to limited groups of investors) in a private placement or a public offer (other than by way of a public offer to all shareholders).

Thereby, on the one hand, the shareholder structure can be selectively expanded or stabilised in the interest of the Company. This concerns the introduction of the Company to (certain groups of) institutional investors. Thereby, trading activity in the Company's shares may be enhanced, which strengthens the Company's ability to fund itself on the capital markets. On the other hand, it may be of strategic interest to attract one or several existing or potentially new business partners of UBM Group companies to become shareholders in the Company, or to enlarge their participation; both to strengthen their ties to the Company.

On the other hand, a private placement or a restricted public offer, in particular applying the accelerated bookbuilding procedure, may mitigate placement risk and price risk and reduce the cost and duration of a placement. An accelerated bookbuilding allows the Company to assess the market's price expectations more precisely and rapidly. Due to the immediate placement, market risk factors are eliminated, which would otherwise be taken into account by (institutional) investors to the disadvantage of the Company. A public offer to all shareholders requires considerably longer lead-times to draw up and approve a capital market prospectus, which, for the Company, involves a substantial use of own resources and external costs. A placement with exclusion of the shareholders' purchase right (*subscription right*) and with no requirement to draw up a prospectus, assist to avoid such disadvantages as well as exposure to potential liability of the Company (no *prospectus liability*).

2.2.4 Own shares may also be used to settle conversion and/or subscription options under convertible bonds which may potentially be issued by the Company in the future. If own shares are used to cover and/or settle such future convertible bonds, no further capital measures (such as the creation of conditional capital) are required. Thus, no new shares need to be created (e.g. by using conditional capital) to settle conversion and/or subscription rights, and the dilution effect typically inherent to capital measures can be avoided. In addition, the time and administrative efforts required for the Company can be reduced.

2.2.5 In the context of cash dividends, own shares may also be used to grant the shareholders an opportunity to re-invest their dividend (in full or in part) in shares of the Company, so that the payment of the dividend has the economic effect of a dividend in-kind (share dividend; *scrip dividend*) for the relevant consenting shareholders. To the extent individual shareholders opt for such possibility, dividends paid to such shareholders have a reduced impact on the Company's equity and liquidity. To the extent that shareholders opt for a scrip dividend in a volume exceeding the number of own shares available or in the event that any other situation occurs which, in the opinion of the Management Board, hinders a successful re-invest in shares of the Company or in the event that there is any change in the domestic or international, financial markets, legal or tax environment or there is a catastrophe or emergency situation which, in the opinion of the Management Board, causes or is likely to cause a material decrease in the market price of shares in the Company it may be necessary to reduce the number of own shares allotted pro rata or to terminate the offer in full. This authorisation is only relevant where such procedure does not anyway qualify as an offer to all shareholders.

2.2.6 The preferential issuance of shares to employees, managers or members of the Management Board of the Company or its affiliates as part of a participation programme also constitutes sufficient reason for the exclusion of subscription rights pursuant to Section 153 (5) AktG. In such case, the exclusion of subscription rights is objectively justified, since the employee participation programme is in the overwhelming interest of the Company (it serves the purpose of enhancing the Company's performance) and the participation of employees constitutes an effective instrument to achieve this purpose.

2.2.7 The exclusion of the shareholders' purchase right (subscription right) can also be in the Company's interest in the context of a capital increase and the placement of new shares or of existing shares in the Company where an overallotment option (*greenshoe option*) is served with own shares.

In the case of an overallotment option (*greenshoe option*) the underwriters have the possibility to allot up to 15% more shares (as permitted under applicable laws) than initially offered, whereby the shares necessary to settle such overallotment are usually provided to the underwriters via securities lending. Thereby, the basis for a stabilisation of the share price may be achieved: If the share price falls after the offer, the underwriters purchase shares on the market, thereby support the share price and use the shares so acquired to repay the securities loan (or use such shares to settle the excess allotment, if a delayed delivery was agreed). If the share price rises further to the offer, the underwriters exercise an option previously granted by the Company to deliver to the underwriters additional shares at the price of the initial offer. Such measure, common in the context of an issue of securities, serves to stabilise the share price in the period following the offer and is thus in the Company's interest.

2.3 To the extent of common trading volumes, shareholders may buy additional shares via the stock exchange and thereby avoid any dilution of their shareholding interest in the event that the Company uses/sells own shares with exclusion of the purchase right (*subscription right*) of shareholders.

2.4 The disposal of own shares with exclusion of the shareholders' purchase right does not result in the "typical" dilution of a shareholding interest. In a first step, the existing shareholders' actual voting share "increases" in the event of an acquisition of own shares by the Company, as the shareholder rights vested in own shares are suspended. A pro-rata reduction of the shareholding interest of an existing shareholder only occurs (temporarily) when the Company disposes own shares excluding the shareholders' purchase right (*subscription right*). Further to such disposal being carried out with exclusion of purchase (subscription) rights, the shareholders' position held prior to the initial buyback is restored.

2.5 In the cases referred to in clauses 2.2.1 to 2.2.5 above, the Management Board will only sell own shares at a price which is not substantially (*wesentlich*) lower than the market price. In the cases referred to in clause 2.2.6 (employees), the price is equivalent to the price at which a share may be acquired in the context of an employee participation programme (if any) and in the case of clause 2.2.7 (*greenshoe option*) the price is equivalent to the offer price at which all other shares were placed in the relevant offer.

2.6 Even if the exclusion of the shareholders' purchase right (*subscription right*) caused a disadvantage to shareholders, any such disadvantage would have a limited impact due to the statutory limit preventing the Company from holding more than 10% of its share capital as own shares.

2.7 The disposal of own shares and the determination of all conditions of such disposal are subject to the Supervisory Board's approval. To enable the Company to carry out a disposal of own shares (as set out above) rapidly and in a flexible manner, the Annual General Meeting shall exclude the shareholders' purchase right (*subscription right*) so that no separate report needs to be published prior to a specific disposal.

2.8 Balancing the Company's interest to sell own shares and its interest to obtain funding, on the one hand, and the shareholders' interest to retain their shareholding interest, on the other hand, results in the conclusion that the authorisation to sell own shares by means other than via the stock exchange or via a public offer and by excluding the shareholders' purchase right (subscription right) is not disproportionate and therefore, taking account of the relevant circumstances, objectively justified.

2.9 In this context, the Management Board notes that it is not intended to (disproportionately) allot shares to members of the Syndicate (IGO Industries Group, Strauss-Group) which controls the Company, in connection with a disposal of own shares to shareholders.

Vienna, April 2021

The Management Board