ANNUAL REPORT 2011 Diary

Annual financial statements as a diary ?

Our attention to detail with every project is
such that every day and every hour counts.
In this way we document our core projects of
recent years in a very personal way.

Come and join us for some of our trips,
and enjoy the UBM Travel Diary.
1991–2011

KEY FIGURES
2011

Key profit and loss figures

in € million	2011	Change in %	2010	2009
Annual construction output	281.9	29.9	217.0	275.4
of which: international in %	91.0	4.1 PP	86.9	87.9
Earnings before interest and taxes (EBIT)	23.1	–10.5	25.8	24.4
Earnings before taxes (EBT)	14.6	1.4	14.4	14.2
Profit after tax	8.9	–5.3	9.4	14.1
Retained profit	3.3	–	3.3	3.0
Return on capital employed in %	4.0	–0.9 PP	4.9	4.7
Return on equity in %	6.3	–0.6 PP	6.9	11.0

Balance sheet figures in € million	2011	Change in %	2010	2009
Total assets	592.6	5.9	559.3	485.7
Equity ratio as % of total assets as at 31.12	24.4	–0.5 PP	24.9	27.3
Investments	78.7	8.7	72.4	18.2
Amortisation and depreciation	1.7	13.3	1.5	3.6

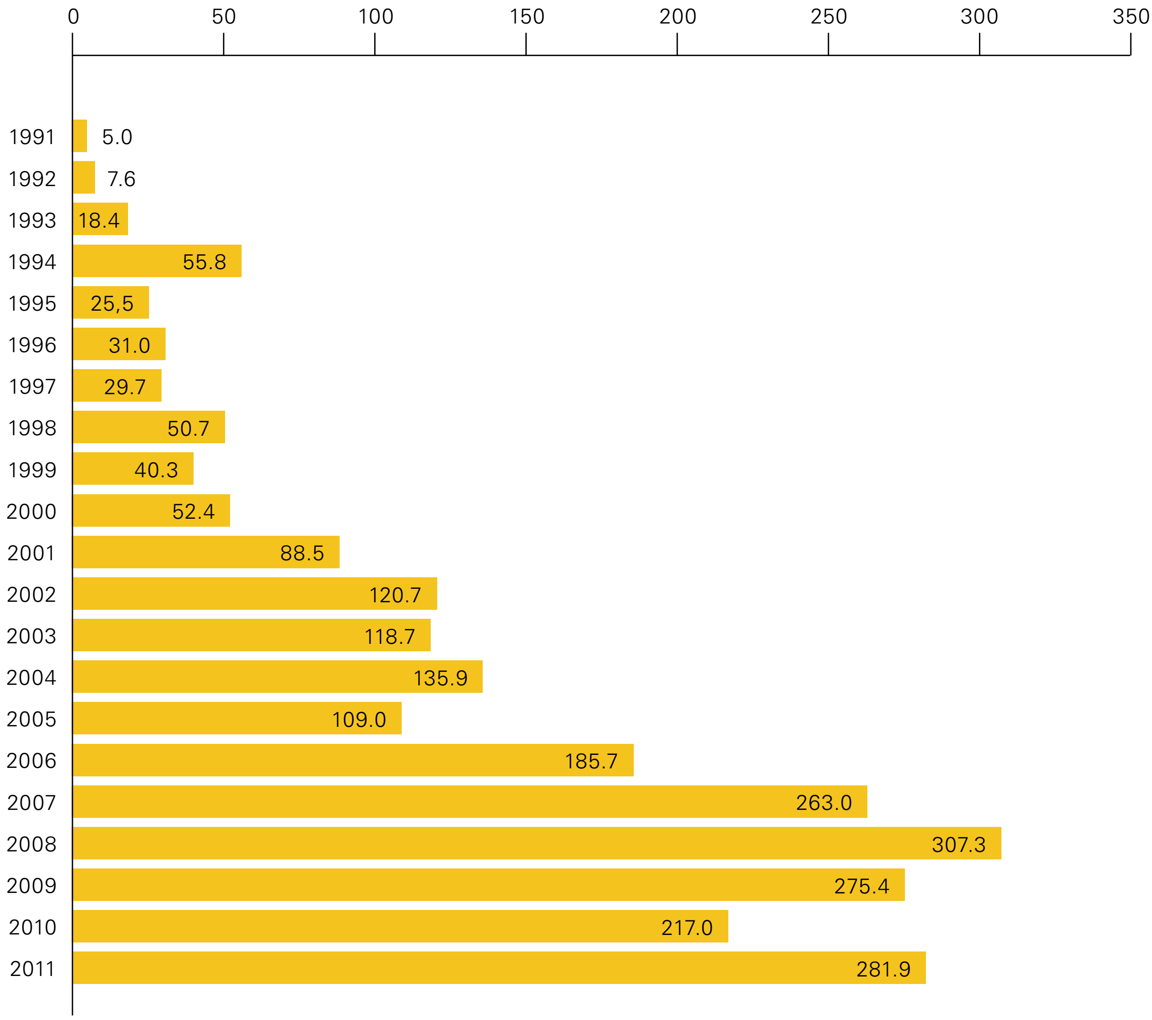
Stock market figures		Change in %	2010	2009
Earnings per share in €	3.30	7.8	3.06	4.71
Dividend per share in € [1)]	1.10	–	1.10	1.00
Pay-out ratio in %	33.3	–7.2	35.9	21.2

1) Proposal to general meeting of shareholders

BUSINESS OPERATIONS OF UBM AG FROM 1991 TO 2011

In the early 1990s, UBM AG was a rather small but stable player on the market. Until this point, UBM was „only" engaged in the real estate and leasing business. Towards the end of the century there was a veritable real estate boom in Austria, which was also reflected in the steady growth in UBM revenue. In the mid-1990s UBM expanded its business activities to Central and Eastern Europe, which had a sustained impact on the annual construction output of the UBM Group. For reasons of diversification, business activities were expanded to Western Europe as well from 2000, and projects were carried out in Germany, France and Switzerland. Since 2010, UBM AG has also enjoyed success in the Netherlands.

Annual construction output, 1991-2011
in EUR million



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Annual Report 2011

We have been travelling to Central and Eastern Europe since the 1990s. And because we always travel fully prepared, we're also extremely successful.

We have always trusted our instincts, and followed them wherever they have taken us.

Martin Löcker, Karl Bier (chairman of the board), Heribert Smolé

FOREWORD
from the Managing Board

In 2011 the UBM Group achieved a total output of €281.9 million. This is up by €64.9 million compared to the previous year. The growth is attributable to the higher number of project sales as well as the general improvement in the economic climate over the first six months of 2011.

The EBT generated in 2011 was raised slightly, this time reaching €14.6 million (2011: €14.4 million). The constant increase in EBT reflects the long-term corporate strategy of the UBM Group, which enables us to compensate for downturns in economic growth.

The 2011 financial year for the UBM Group was shaped by real estate sales in Switzerland and in the Netherlands. In Switzerland, the logistics centre in Regensdorf near Zurich was sold to a Russian investor, while in the Netherlands we sold the Crown Plaza Hotel in Amsterdam – a property purchased only in 2010 – after the refurbishment work was completed. In the Czech Republic we sold an office property in Prague as part of the Andel City project.

Similarly to the previous year, the main drivers of the annual performance on a geographical basis were the countries of Germany and Poland. Our revenue-yielding construction activities primarily include the continuation of the Poleczki Business Park project as well as the completion of the retail parks in Gdynia and Lublin. Residential construction projects were also completed in Krakow and Wroclaw.

In 2012 we plan to adopt a selective diversification approach between our home markets and new markets and follow a concentrated segment policy to take account of the changes on the market triggered above all by the financial positions of individual countries and banks.

Activities in Austria focus on Salzburg, where in the current year we will complete a luxury residential property with 31 apartments, and launch a follow-on project comprising roughly another 65 residential units. In Western Europe we are concentrating on our home market of Germany, where we are particularly busy in the residential markets of Munich, Frankfurt and Berlin. In terms of commercial real estate we are building a hotel in Munich and also have an office building in the pipeline there. In the Netherlands and France we are planning several hotel projects. Poland will remain the focus of our activities in Central and Eastern Europe in 2012. We are still working on the Poleczki Business Park in Warsaw, while we also intend building an office property in Krakow. In the Czech Republic we want to erect an office building in Prague. All other countries in Eastern Europe are under observation, with the aim of securing land or projects that will then enable us to ramp up our activities again when the markets stabilise.

Assuming that the overall economic conditions do not deviate significantly from the current forecasts of economic analysts, for 2012 we expect to generate revenues and profits that reflect the lower economic growth across Europe.

We would like to take this opportunity to thank you, our shareholders, business partners and staff, for your trust, your loyalty and your cooperation. We hope that next year we will once again be able to conquer the great challenges facing UBM together, and add yet another chapter to our success story.

Karl Bier (chairman) | Heribert Smolé | Martin Löcker

STATUTORY BODIES
of the company

KARL BIER
CHAIRMAN OF THE MANAGING BOARD

Degree in law, tax specialist; general manager of several project companies, member of UBM AG Managing Board since 1992. Responsible for the growth and expansion of the project development business in Austria and abroad, leasing and tailored financing models in the banking sector, market monitoring, PR, law and contracts, marketing, sales as well as HR.

HERIBERT SMOLÉ

Joined the Porr Group in 1973, head of department for commercial administration of investments from 1985; joint signatory (Gesamtprokurist) of UBM AG from 1990, general manager of various companies of UBM Group. Member of Managing Board at UBM AG since 1997. Responsible for finance and accounting, controlling, financial auditing/reporting/forecasting, credit management/financing and investor relations, as well as insurance and device management.

MARTIN LÖCKER

Studied industrial engineering and construction at the Technical University in Graz; postgraduate studies in real estate economics at the European Business School in Munich; joined the Porr Group in 2001. Responsible for technical management, facility management, hotel asset management, technical controling, quality management and capital budget analysis. Member of Managing Board at UBM AG since 2009.

SUPERVISORY BOARD

Horst Pöchhacker, Chairman
Dr. Peter Weber, Deputy Chairman
Dr. Bruno Ettenauer
Wolfhard Fromwald
Dr. Walter Lederer
Dr. Johannes Pepelnik
Iris Ortner (until 14 April 2011)
Karl-Heinz Strauss (until 14 April 2011)

SUCCESS
factors

UBM – RECOGNISED SUCCESS IN CEE

Thanks to our many years of experience and the resultant market and sector know-how we have been **a recognised player on the real estate development market since the 1990s.** We are proud of our outstanding track record with major projects in Central and Eastern Europe.

Recognised quality of buildings at attractive prices – this is what comes of using the entire supply chain in real estate projects, and it is also how to create the potential for increasing value on an ongoing basis. We focus on minimising risks as much as possible by means of **regional and sectoral diversification** in our projects. All of these factors have contributed to UBM becoming a full-service provider in real estate development.

HISTORY OF UBM

UBM was established on 3 March 1873 and quickly grew to become the second largest brick-maker of the Austrian monarchy. More than 2000 people were employed in ten brickworks, and the company commanded a share of roughly 30% on the Vienna brick market. In 1912 PORR acquired the majority of shares in UBM. In 1916 the company withdrew from brick production when it was sold to present-day Wienerberger Baustoffindustrie AG.

From the 1990s UBM intensified its activities in the fields of project development and project management, whilst also spreading through Central and Eastern Europe. In 1997 the name changed to UBM Realitätenentwicklung AG. Markets entered from 1992 to 2011: Czech Republic, Poland, Hungary, Germany, France, Slovakia, Switzerland, Bulgaria, Croatia, Romania, Ukraine, Russia and the Netherlands.

Back then, in 1997, nobody knew how the European market would develop. Today, only a few are still successful. And UBM is one of them.

Enjoying success around Europe

When we set forth into Central and Eastern Europe in the 1990s, everything still seemed to be fine in the world. The economy was flourishing, and so was UBM.

Today, two decades later, we can happily say we made the right decision. Our knowledge of our market and sectors has deepened over the years and enabled us to make optimal use of the entire value-added chain.

This means in times like just now, as always, we can mitigate risks by diversifying our projects on a regional and sectoral basis. And this is what makes us successful as a full-service provider throughout Europe.

LINES OF
business

HOTELS


Intercontinental, Warsaw

TRADE/ENTERTAINMENT

Cine Nova, Wiener Neustadt

OFFICE BLOCKS


Florido Tower, Vienna

When travelling through Europe we always take our entire portfolio with us.

LOGISTICS/COMMERCE


Logistics Centre, Regensdorf

Diversification is one of the keys to our success. In terms of both regions and content.

URBAN DEVELOPMENT

Andel City, Prague

RESIDENTIAL BUILDINGS

Parkstadt Schwabing, Munich

REVITALISATION

Andel's Berlin, Berlin

SPECIAL PROJECTS

Neue Mitte Lehen, Salzburg

GARAGES/PARKING

Park Inn, Linz

THE NETHERLANDS

Our newest destination.
Architecture steeped in *tradition.*

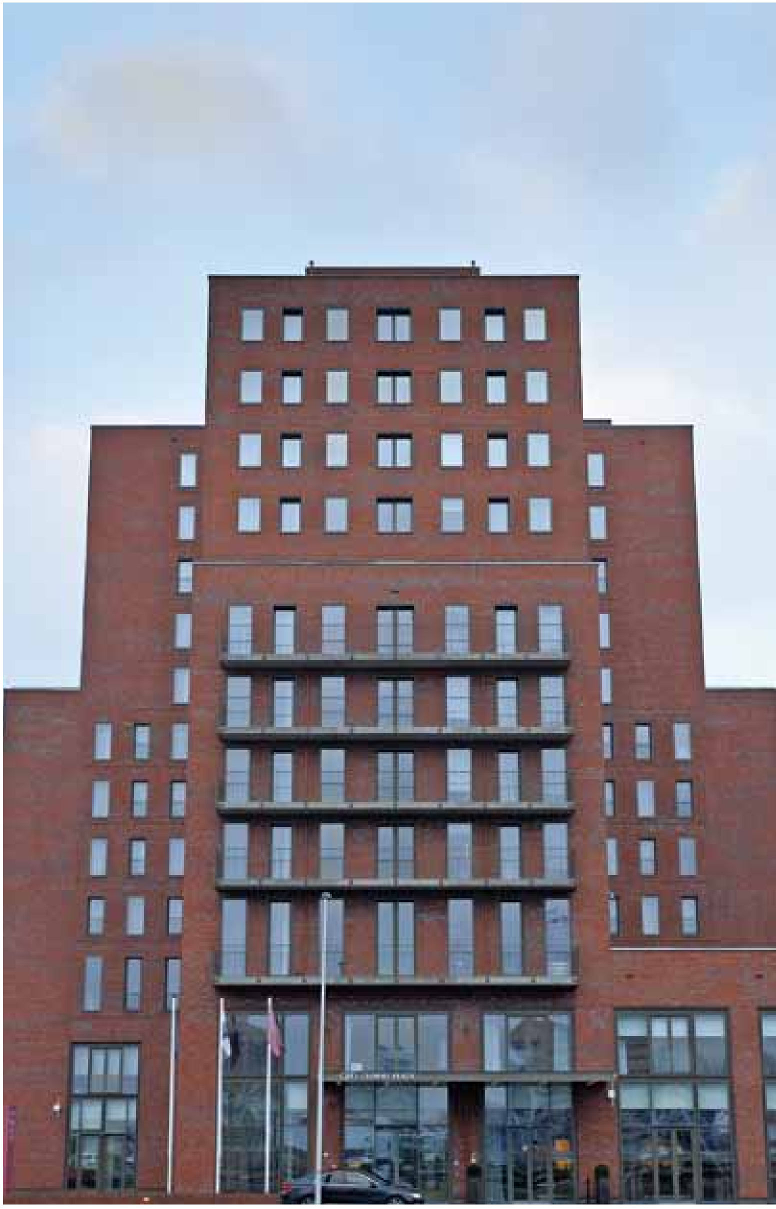
We are delighted to be building our business in the Netherlands.

Large photo: Canals in the capital city of Amsterdam.

AMSTERDAM
Crowne Plaza

If it's canals, coffee shops, Rembrandt and van Gogh you're after, you won't be disappointed. Not even if you're on the look-out for an ingenious hotel concept.

CROWNE PLAZA, AMSTERDAM – SOUTH



Sophisticated design
With an address in Gershwinlaan coupled with the industrially influenced architecture of the building, it's not hard to see where the inspiration for the design came from: New York, Gershwin and his era.

Business and more
The hotel is not only booked by business travellers, it has also established itself as a trendy meeting place for lunches and after-work cocktails.

Easily reachable
- Schiphol Airport in just 6 minutes
- Right in the middle of Zuidas, the largest new urban development district in Amsterdam
- City centre only 15 minutes away by tram or underground
- RAI Exhibition and Convention Centre just a few minutes away

Events
The 6 meeting rooms and the ballroom are regularly booked out for both events and meetings. And it's not just major international companies in Zuidas, such as Google, that avail themselves of the hotel's services.

Opening
- 11 months from acquisition to opening

This was a record turnaround for UBM. The big opening ceremony took place on 15 December 2011 with Mayor Eberhard von der Laan.

FACTS AND FIGURES

- 207 rooms and suites
- 1 restaurant – One-O-One
- Separate club lounge for business guests
- Manhattan lounge bar
- Fitness facilities
- 6 meeting rooms over 400 m²
- Car parking spaces
- Close to RAI
- Very near Schiphol Airport

AMSTERDAM
Crowne Plaza

We probed the market for the first time in 2010. And struck gold immediately. The 207-room hotel opened its doors in December 2011. And was immediately sold.

AUSTRIA

Vienna, Salzburg, Innsbruck, Linz, Bischofshofen, Jois,

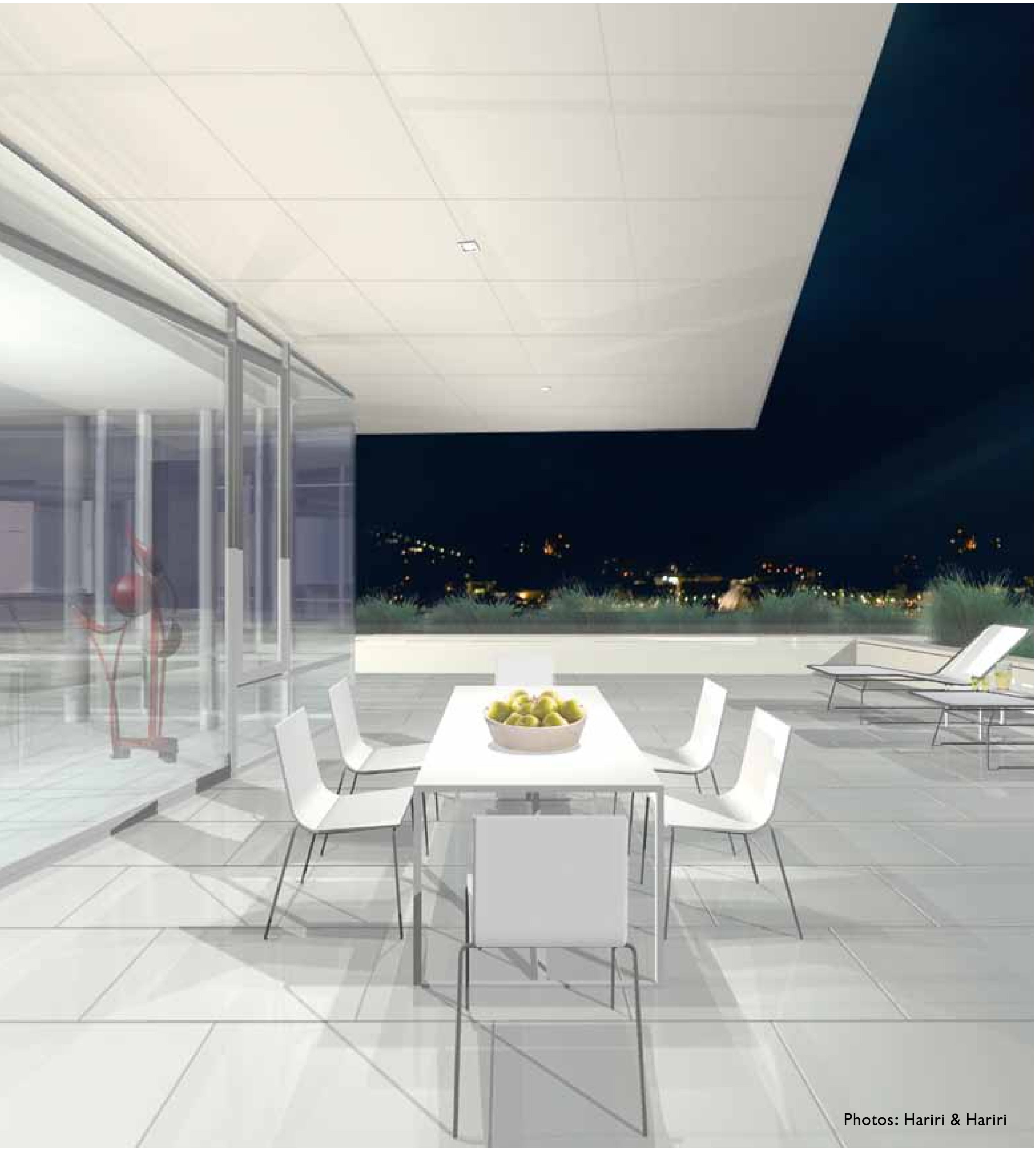
Every traveller needs a homeland that makes him strong and successful.

Home advantage.

Large photo: Vienna has more: Tradition meets the modern day. Then and now.


CAFÉ SPERL

SALZBURG
Sternbrauerei apartment building


Photos: Hariri & Hariri

Salzburg has more than just festivals and the Getreidegasse: stylish studio apartments at the gateway to the Old Town.

STERNBRAUEREI APARTMENT BUILDING BT OST, SALZBURG

At the foot of the Rainberg and spread out over a total area of 5,234 m², a top-quality apartment building has been constructed on the site of the former Sternbrauerei brewery. The development is based on an international architectural competition from 2009 won by Hariri & Hariri, New York.

The project was realised in close consultation with the local authorities responsible for protecting the old town of Salzburg, and has therefore become an integral part of the city centre that is on the list of World Heritage sites. The construction work for the project and the sale of the apartments is underway. The first apartments have already been handed over to the new tenants and this process will be completed by the end of Q3 2012.

The whole building is divided into three parts: House E, House F and House G, as well as the underground car park in the basement.

Houses E and F were newly built, while House G was subject to a comprehensive refurbishment.

In 2011 the 2nd construction phase was secured, which means the entire district can now be converted according to the competition design.

Consequently, this year should see work start on another 65 apartments.

The project is scheduled for completion by the end of 2013. This unique residential district in the heart of Salzburg will offer approximately 100 high-quality apartments, fulfilling all the needs of home-owners as well as investors and penthouse clients with its location, marvellous architecture, wide open spaces and terraces.

FACTS AND FIGURES

- Inner-city location, roughly 500 m from the festival theatre
- Area of around 15,000 m²
- Usable space of approximately 10,000 m²
- Terraces of around 2,400 m²
- 96 apartments
- 143 underground car parking spaces
- Children’s play area, gardens

CZECH REPUBLIC

13 major projects in the last 13 years. Mostly in the capital.

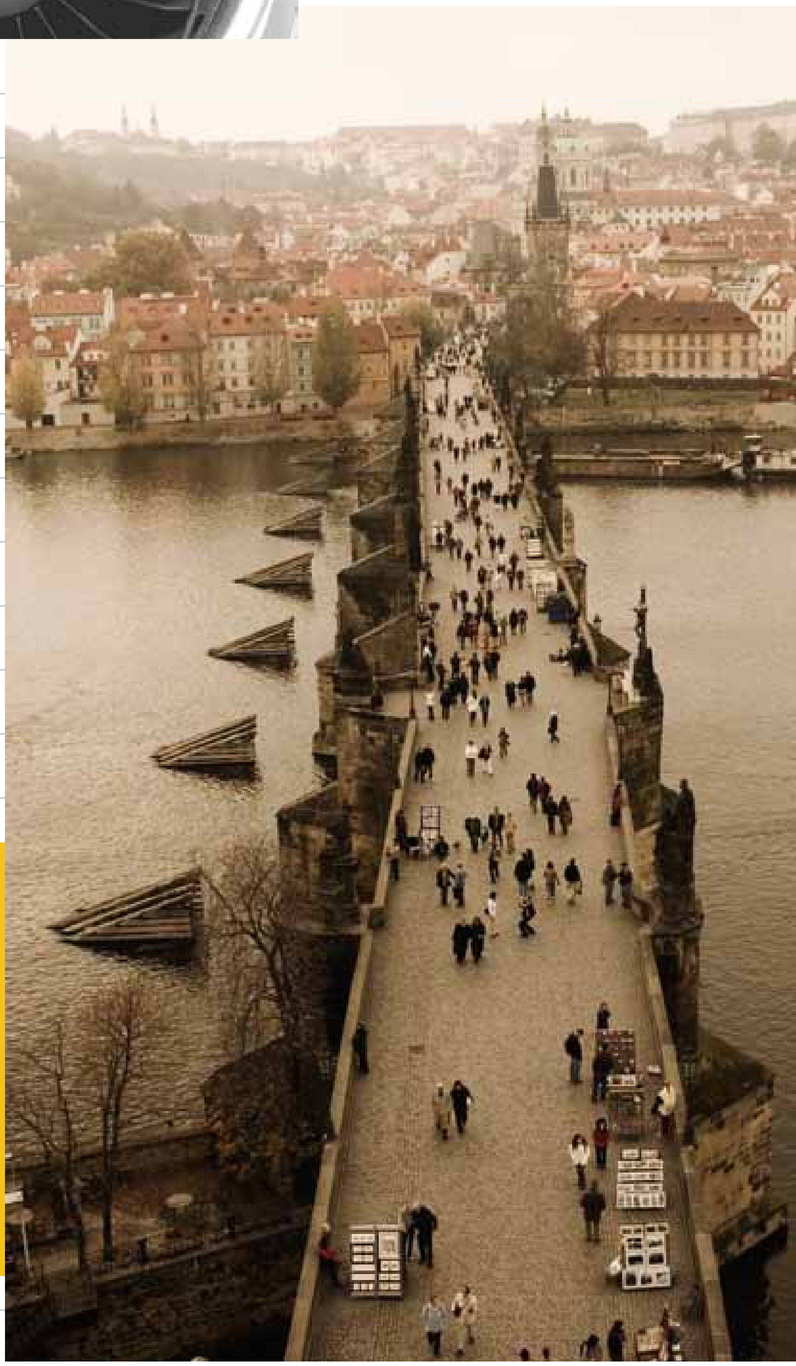
Prague.

We first came to the Czech Republic in 1991 and have enjoyed success here ever since.

Large photo: Market in the “Zlata Praha” old town, the “golden city”.

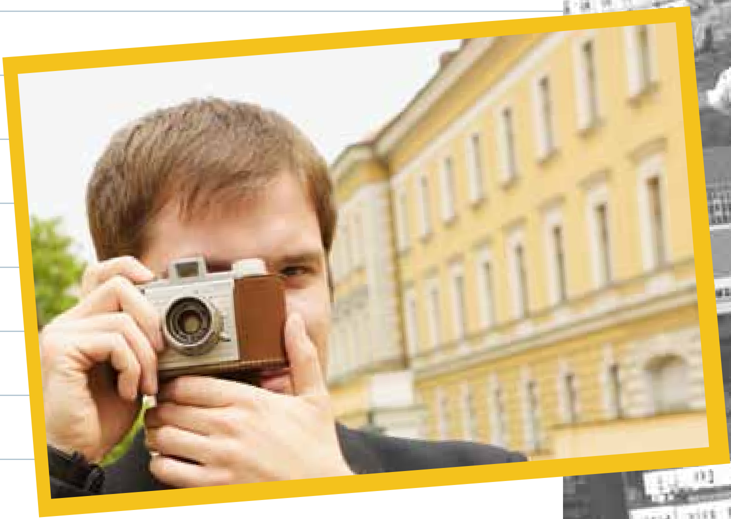
ANDEL CITY
PRAGUE

We first came to Prague in 1991.



In this city steeped in history we took the first steps...

... to writing our own building history. With the "City of Angels".

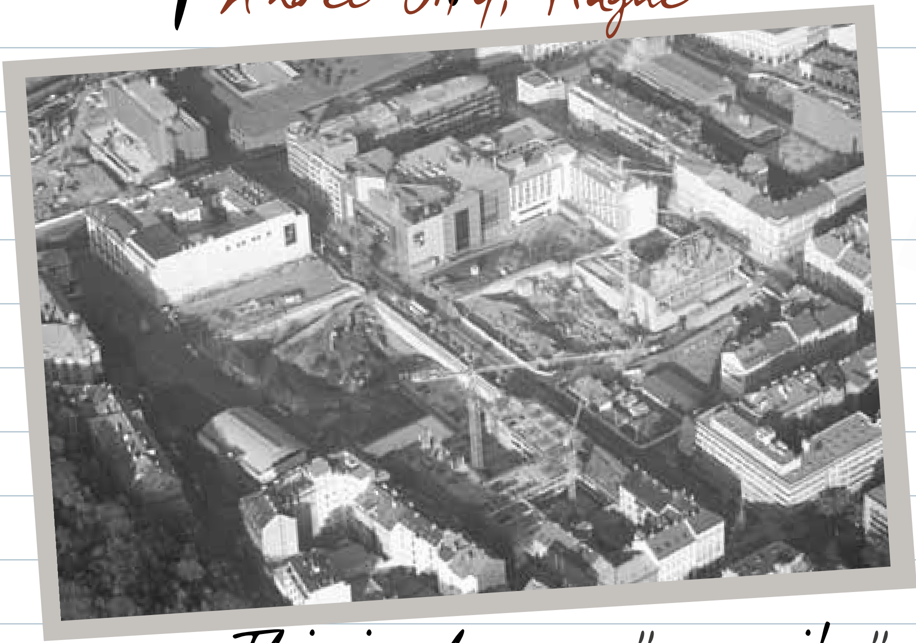


ANDEL CITY PRAGUE

In the Prague district of Smichov, a district known as "Andel" Angel, we found a great reason to develop a unique project.

Project phases

Andel City, Prague



This is where a "new city" was planned.

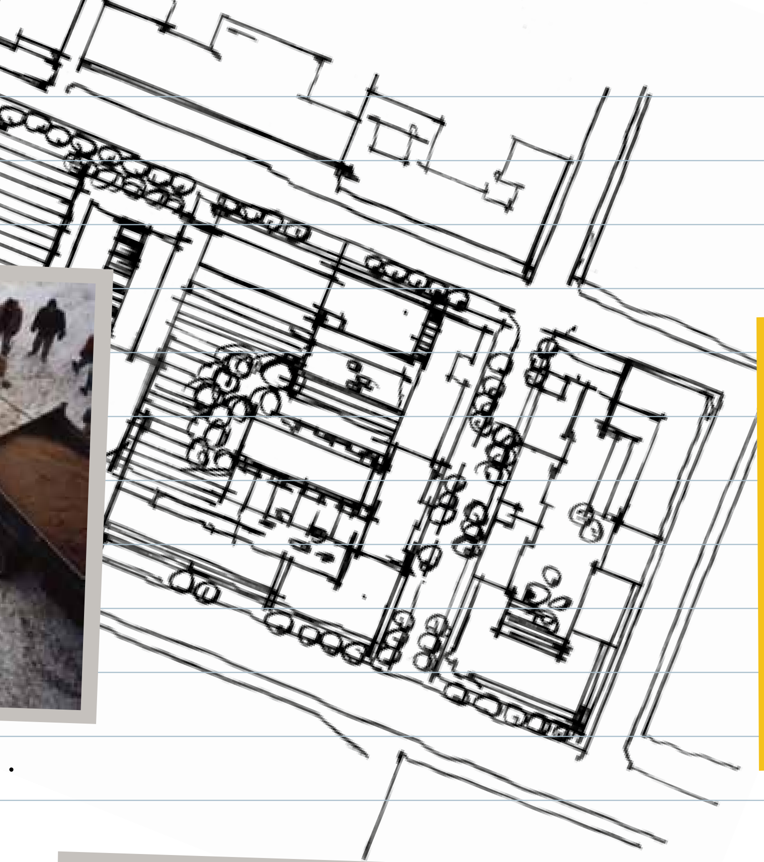
Start of the development...

Accessibility of the new district is crucial.

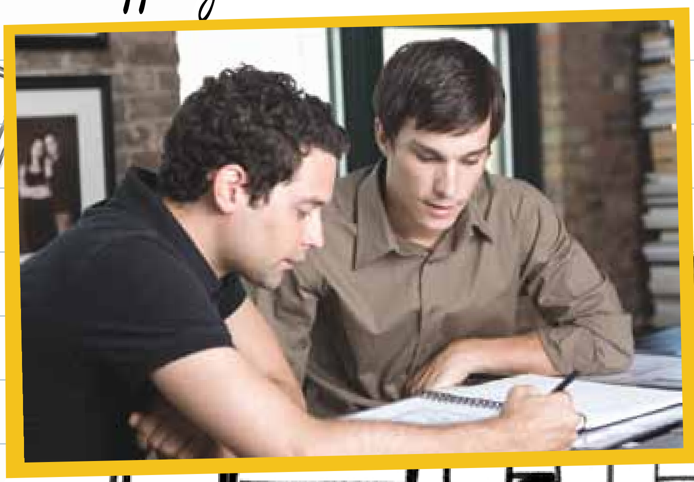
In the café round the corner when planning the hotel and restaurant.

... to its implementation. A one-stop project.

Documenting the project is never forgotten.



… of a new district, complete with offices, apartments, a hotel and shopping centres.



An entire city replete with optimal infrastructure grows on an area of roughly 25,000 square metres.

From the first sketches on napkins…

Stage one: 15,000 m^2, multiplex cinema and Hotel Andel's

Completion of the suites and the Pfizer headquarters in 2004.

PRAGUE
Andel City

ANDEL CITY, PRAGUE

"In part of the Prague district of Smichov, known as "Andel" (=Angel), a completely new district of the city has been created that combines all of the advantages of modern infrastructure with those of a naturally grown living environment: hotels, apartments, houses, shopping centres and the business community, all co-existing in harmony and for mutual benefit. We are particularly proud of this living "synthesis of the arts" as it symbolises all of our future-oriented projects."

History of Andel City.
Originally rural, the district of Smichov which lies close to the centre of Prague was caught up in the industrial boom during the first half of the 19th century: Many textile companies and the well-known Ringhoffer tram factory were built here. The factory area stretches between Kartouzska (now Stefanikova) street and Plzenska street. Its heyday during the First World War was followed by some eventful years that finally resulted in the factory being nationalised in 1945. In the 1980s the factory was eventually relocated to the outskirts of Prague. This then created the problem of completely "redeveloping" an entire district of the city from scratch. UBM, an independent developer active throughout Central Europe, was the right company for the task.

In 1994 UBM acquired around 25,000 m² of the former factory land, to be prepared for the construction boom upon EU accession. Under the brand name of "Andel City", the former industrial land initially accommodated Hotel "andel's" (2002), followed by the first office phase (2002), a Village Cinemas Multiplex (2002) and a building with 51 executive apartments (2004). UBM also built a 9,000 m² office building for pharmaceutical company Pfizer. Based on the resounding success of the Andel City Residence with 97 freehold flats, construction began in 2004 Q4 on another such development (Andel City Residence II), which was completed in 2007. Two further office projects and a second hotel were also built:

Design hotel andel.'s
The hotel opened in 2002 combines the utmost in comfort with modern conveniences in all 231 rooms and eight suites. Situated in the extensive Andel City complex it commands an excellent infrastructure, including two multiplex cinemas and the largest shopping centre in Prague, "Obchodni centrum Novy Smichov", with more than 130 brand stores and restaurants. The "Andel"" underground station adjacent to the hotel guarantees quick and easy access to the famous sights of the city. Bus and tram stops are only a few metres away from the hotel, and in 8 minutes you can reach Charles Bridge and the Malá Strana. The interior design was handled by famous UK architect and designer duo Jestico + Whiles. "andel.'s" is now the trendiest hotel in Prague, combining contemporary form and functions into an extraordinary symbiosis. The room furnishings with "plug and play" internet access, a CD/DVD player and SAT-TV as well as the 650 m² conference centre with the latest in audio-visual and multimedia technology guarantee business people and sophisticated, design-oriented guests the same level of comfort and convenience during their stay.

To be prepared for the construction boom upon the EU accession of the Czech Republic we acquired approximately 25,000 m² of land in Prague in 1994.

andel's suites
Directly adjacent to the andel.'s design hotel which opened in 2002, UBM completed a rather special residential project in 2004. These apartments available for long-term rental stand out thanks to their modern and functional use of space as well as the services offered together with the hotel next door. The building has six floors, with shops on the ground floor and an underground car park in the basement. The exclusively furbished studios & apartments represent a refreshingly new concept in top-quality accommodation in Prague. Along with the design hotel next door, the internal furnishings of the 51 studios & apartments were also the creation of the leading UK architects and designers Jestico + Whiles. Near the historical city centre of Prague, the studios & apartments are just as ideal for tourists as they are for business people who want to spend a night or more in the city.

Office building 16/17 – Andel City
90% of building SO 16/17, also part of the "Andel City" concept, was sold in May 2010. This seven-storey office building combines modern architecture with advanced technology, and thanks to its location it has excellent public transport links.

Andel City Residences
In the third construction phase of the Andel City development, UBM subsidiary IF6 as the building owner built an inner-city apartment complex. The ground floor accommodates eight different shops; the upper floors comprise apartments with floor space of ranging from 40 m^2 to 185 m^2, either with balconies or – on the uppermost floors – with terraces. The first apartments were handed over to the new tenants at the beginning of 2006.

Pfizer Headquarters, Prague
This office building has two underground floors and six upper floors, which alongside an extremely representative two-storey reception also has a conference centre that can accommodate more than 100 people. The building has a gross floor space of approximately 9,000 m^2 and was implemented by UBM to the utmost satisfaction of the client in an exceedingly short time. The new building with 9,000 m^2 of gross floor space was constructed for pharmaceuticals company Pfizer. Crucial factors in the choice of location for the Pfizer Headquarters included the surrounding infrastructure developed by UBM in recent years, the partnerships with other international companies and its outstanding central location. These are all factors that are vital for an international subsidiary to succeed and prosper.

Today, Andel City is so well known that this part of the city has now been given its own entry in the English version of Wikipedia, the online encyclopaedia. Here you can also find out where the name actually comes from: In the 19th century there was a pub in this district called the "Golden Angel". The name originated from the fact that there was a statue of an angel right in front of the pub.
We sold the entire project by the end of 2011 – apart from the cinema and the multi-storey car park.

FACTS AND FIGURES

Hotel "andel's"
- Total area: 15,000 m^2
- 231 rooms + 8 suites over 5 floors
- conference rooms on 350 m^2
- Restaurant, bar, fitness facilities

"andel's suites"
- 7 floors
- 22 studios, each 40 m^2
- 18 single-room apartments
- 5 maisonettes for one person each
- 4 maisonettes for two persons each
- 2 roof apartments with terrace

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

Hotel "angelo"
- 168 rooms
- Including 5 suites with roof terrace
- Executive area on 6th and 7th floors
- Restaurant, bar, conference rooms

Andel City Residences
- Floor space: 7,348 m^2 + 741 m^2 balconies
- 97 apartments
- 8 shops
- 7 upper floors, 1 ground floor, 2 underground floors
- Gross floor area: 14,200 m^2

Andel City – Phase 1
- 14,027 m^2 office space
- Multiplex cinema
- Shopping centre

POLAND

Headed to *Krakow* in 1997. Then onward via Wroclaw to *Warsaw* and *Lodz.*

Poland was one of our first destinations in the east. And we love coming back again and again.

Large photo: Warsaw. History oozes from every square metre. And it's important to soak it up.

Business park in the truest sense of the word.

POLECZKI BUSINESS PARK, WARSAW

Currently the largest business park in Poland and Central Europe, the Poleczki Business Park, is being built in southern Warsaw until 2017 on an area of 14 hectares. The Business Park benefits from its great location – right beside the ring-roads and the motorway access roads – as well as its excellent transport links both into the centre of Warsaw and to the city's nearby Okecie airport. A total of 15 buildings are being constructed in several stages on the 14 hectares; primarily designed for office space they will also facilitate use for storage, showrooms and service areas. The infrastructure of the Business Park is rounded off with a multi-storey car park, conference facilities, catering facilities, services and amenities as well as a 3-star hotel that will open its doors in September this year.

All of the buildings were designed and constructed with sustainability in mind – ecologically sustainable and resource-efficient buildings affording a high quality of life – taking account of the current trend on the market towards "green building".

WARSAW
Poleczki Business Park

The first construction phase comprising roughly 45,000 m² of usable space was completed in March 2010. The floor space per level of 6,000 m² makes the building particularly attractive for large tenants. 95% of this first construction phase is already leased out, with the largest individual tenant being agricultural agency ARIMIR, accounting for roughly one third of the available space. Construction on the next phase with around 21,000 m² began in January 2011 and will be completed by May 2012. Thanks to the innovative and energy-saving construction methods, the buildings erected in the second phase were the first buildings in Warsaw to receive the prestigious, ecological LEED certificate CS Gold (Core and Shell). The environmental solutions deployed in the project enable savings of up to 25% in energy and 40% in water use as well as a reduction of 30% in CO_2 emissions.

GREEN BUILDING UBM

Poleczki Business Park is currently the only, multi-functional business park in the capital city of Poland where, given the size of the project, tenants are able to gain access to space for expansion that also comes with the services required for ongoing development.

FACTS AND FIGURES

Phase I
Start of Phase I construction: May 2008
Operating permit issued: March 2010
Lettable area: 45,000 m²
Underground parking spaces: 550

Main tenants:
Agency for Restructuring and Modernising of the Polish Agriculture
Kapsch Traffic
US Pharmacia

Phase II
Start of Phase I construction: January 2011
Operating permit issued: March 2012
Lettable area: 21,000 m²
Underground parking spaces: 220

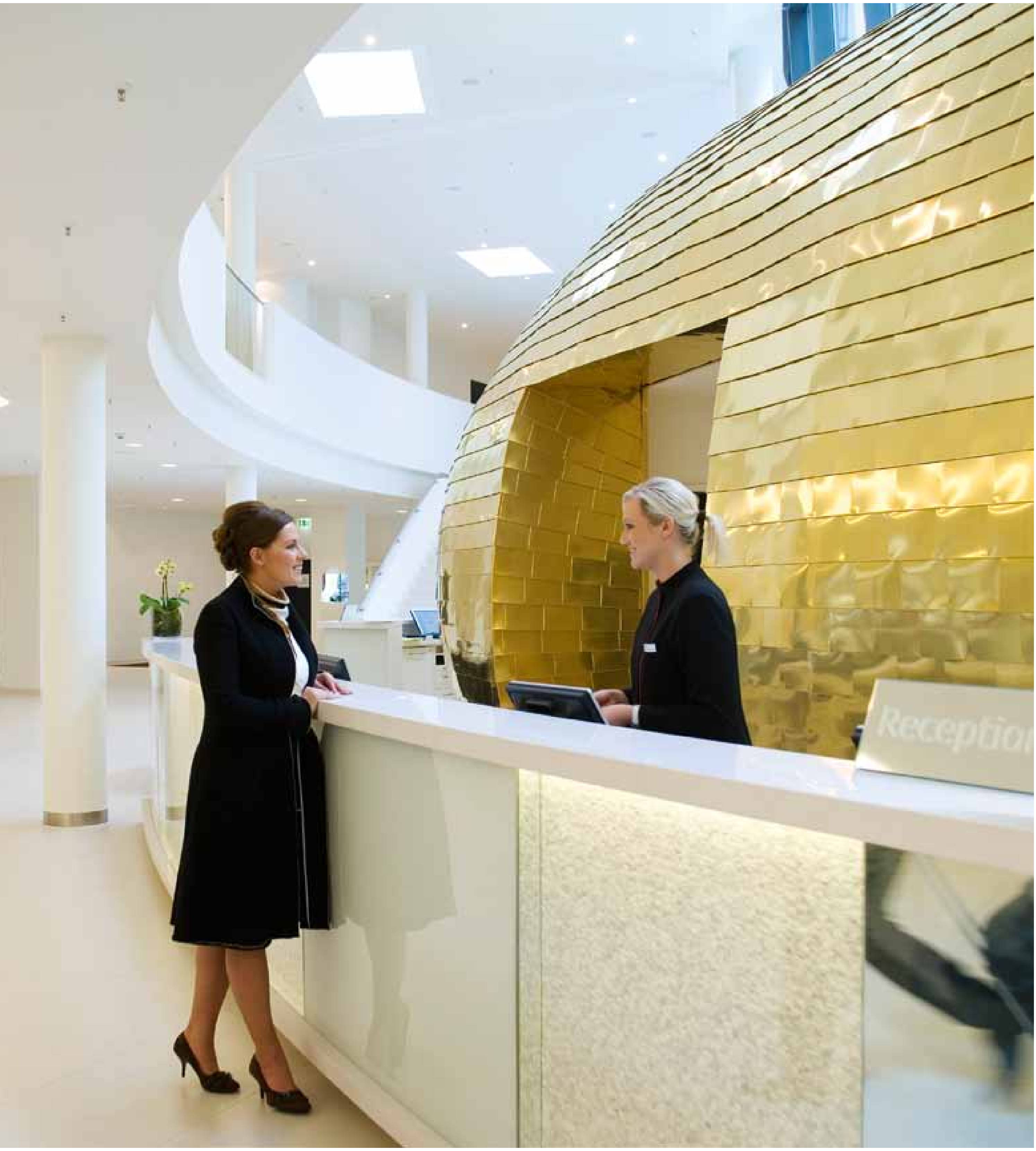
Main tenants:
Astellas Pharma
Tetra Pak

GERMANY

Angelo meets *Andels*
in Germany.
When *angels* fly, they
find a place in the *sun*.

Large photo: Brandenburg Gate in the capital of Berlin

Travelling to the former eastern bloc and building a hotel that is furnished by renowned UK architects. That's internationalism for you.



BERLIN
andel´s Hotel

andel's Hotel, Berlin

The hotel, at a glance:

Location: Close to Tegel Airport (TXL)
Rooms: 534, and **suites:** 23
Meetings: 3,800 m² conference and events area with space for up to 3,000 people
Highlights: Executive a.lounge with terrace, sky.café and sky.bar with views of Berlin, fine-dining restaurant a.choice

Unique conference and events facilities
Berlin is one of the leading lifestyle, events and exhibition cities and therefore the ideal location for an extraordinary conference and events hotel like andel's Hotel Berlin. Both spacious and yet charming, the hotel offers the perfect setting for corporate presentations for up to 3,000 people in a complex of 3,800 m².

Exclusivity in andel's Hotel Berlin
All of the 557 rooms in the hotel come with the conveniences of a 4-star superior hotel (flat-screen with free sky TV, DVD player, minibar, room safe, tea and coffee facilities, hairdryer and make-up mirror). The hotel has two executive floors with access to the stylish a.lounge including a sun terrace and the Habanos smokers lounge – the perfect place to relax after a hard day's work.

Culinary delights
Guests can enjoy a comprehensive breakfast buffet in the "delight" restaurant, while "oscar's" lets visitors indulge themselves with Mediterranean delicacies. And there is also the fine-dining restaurant a.choice, where guests can experience the latest in modern, intensive and aromatic avant-garde cuisine that draws on the best of haute cuisine. This is where culinary delights are combined with matching wines from the walk-in wine cellar. The breathtaking view of Berlin from the 60-metre high andel's Tower with the fully glazed sky.café and sky.bar just rounds off a fantastic stay for guests at the Hotel andel's Berlin.

A spa 550 m² up
The "a.spa" spa and wellness centre spread out over a total area of 550 m² offers a wide range of sports and spa treatments (fitness room with cardio equipment, massages, whirlpool, Finnish sauna, bio sauna and steam bath). After enjoying a sauna, guests can relax on one of the terraces.

FACTS AND FIGURES

- 557 rooms and suites
- Executive Floor with separate a.lounge and Habanos smokers lounge
- 3 restaurants – a.choice, oscar's and delight
- sky.café and sky.bar with views of Berlin
- Spacious 550 m² a.spa with a relaxing terrace
- 3,800 m² conference and events facilities
- In-house security and concierge
- 550 underground parking spaces
- Close to historical Alexanderplatz
- Good links to Tegel Airport (TXL) and Schönefeld Airport (SXF)

FRANCE

When *Disney* learns French, UBM is not far away. 2004: *Dream Castle Hotel* opens; 2007: *Magic Circus Hotel* acquired.

Large photo: view of the Eiffel Tower in the capital of Paris

You need sophisticated planning for
a dream castle to become a a hotel.

DREAM CASTLE HOTEL, PARIS

"A castle across all ages"
Following this framework concept a new hotel modelled on a castle has been built in Val de Marne, not far from the Disneyland Resort Paris. After construction lasting just 21 months – starting in December 2002 after 12 months of project development – the new Mövenpick Dream Castle Hotel opened in July 2004 as planned. The family-friendly 4-star hotel was developed as an equal joint venture by UBM Realitätenentwicklung Aktiengesellschaft and Warimpex AG. The hotel was built in the style of a French Renaissance castle by the UBM Group and a consortium of French companies. In 397 modern and comfortable rooms and suites – 250 of which are family rooms with bunk-beds for up to four people – two restaurants and a large terrace, the Dream Castle Hotel offers a magical and unique atmosphere. The gastronomy concept in the summer follows the motto of "The Sea" and offers Mediterranean cuisine, switching in the winter months to rustic cuisine based around "The Mountains". The Disneyland Resort also offers an opportunity to indulge oneself in the "Chambre des Tortures" wellness area after visiting the adventure park. The hotel has excellent transport links and is easy to reach by TGV, underground, plane or car. Alongside an adventure pool for children, the fitness room, sauna, jacuzzi and solarium as well as the beauty salon invite guests to relax and enjoy themselves.

FACTS AND FIGURES

- 397 spacious rooms and suites
- One 220 m^2 Suite Royale for seven people
- Two restaurants and a bar with terrace
- Bright meeting rooms for events with 10 to 300 participants
- Concierge service
- Spa & Beauty centre with indoor swimming pool
- Free parking places and free shuttle bus to Disneyland Paris

FRANCE

Dream Castle Hotel/Magic Circus Hotel

MAGIC CIRCUS HOTEL, PARIS

The newly renovated 4-star Magic Circus Hotel is perfectly located in the direct vicinity of Disneyland Paris and just 35 minutes away from Paris city centre. In a green setting and close to the Disney parks, the hotel lets you experience an authentic circus atmosphere. The Magic Circus Hotel combines comfort and an optimal location in untouched surroundings. The hotel offers 396 colourful guest rooms and suites, with the "circus" running as a leitmotif through them all. All rooms offer a beautiful view of the gardens, the lake or the surrounding area. And, the re-designed and flexible conference facilities offer an ideal setting for meetings or events; eight conference rooms are available. Spread over a total area of 580 m^2 and equipped for both conferences and banquets, these facilities have the capacity for meetings ranging from 10 to 250 participants, and dinners for up to 150 guests. The hotel is successfully run by Vienna International, together with our partner Warimpex, in which we have a 50% stake.

FACTS AND FIGURES

- 396 rooms and suites, including family rooms
- Themed restaurant & bar with terrace, featuring traditional European cuisine
- Heated swimming pool with wellness area
- Eight conference rooms and foyer for events with 10 to 250 people
- Executive rooms, business corner, meeting areas for up to 250 people, wired and wireless internet access in guest rooms and meeting areas, currency exchange service
- 300 free parking services
- Free shuttle bus to Disney parks and to Eurostar/ TGV railway station, every 15 minutes

UBM
shares

Development of international stock markets

The New York stock exchange was the only of the heavyweight financial centres to end 2011 in the black. The Dow Jones Index managed to defy the constant turmoil on the market and rose over the year by 5.5 percent, to the surprise of many market observers.

By contrast, most European and Asian exchanges were well into the red. In Frankfurt for example the DAX dropped almost 16 percent (closing 2011 at 5,898.35 points), Milan shed 27 percent and Athens plummeted 53 percent. Steep declines were also noted for Tokyo, Hong Kong and Singapore, where the stock indices slumped by up to 20 percent. The London stock exchange got off lightly in 2011, keeping its losses marginal. The FTSE 100, London's most highly regarded market barometer, lost only 7 percent.

Europe's leading stock market indicator, the EURO STOXX 50, lost 17.05% compared to the previous year, while the US leading index, the S&P 500, remained unchanged compared to 2010.

Developments on the Vienna stock exchange

As with all other stock markets, the Vienna Stock Exchange was confronted with an extremely difficult market climate in 2011. While the bourses were relatively indifferent to the major global catastrophes in the first six months of the year, such as the disaster in Japan and the upheaval in the Middle East, in spite of some failed IPOs, worries returned in the second half of the year regarding the sovereign debt predicaments of certain European countries (first and foremost Greece). Amidst these adverse market conditions the Austrian leading index (ATX) suffered severe losses particularly in the second half of 2011, and ended the year at 1,891.68 points, which corresponds to a loss of 34.87%. The price falls are also reflected in monthly trading volumes; equities trading on most international stock markets stagnated or declined in the course of last year. On the Vienna Stock Exchange, transactions with Austrian equities generated €59.7 billion, which corresponds to a fall of 18% compared to the previous year. The number of transactions, however, was 6% higher than in 2010. New capital flows to the Vienna Stock Exchange in 2011 amounted to €1.3 billion. According to analysts it is extremely difficult to make long-term projections in the current market climate. The markets are nervous at the minute and react wildly to news on the sovereign debt crisis – especially in the peripheral countries of Europe – and on the stability of the euro.

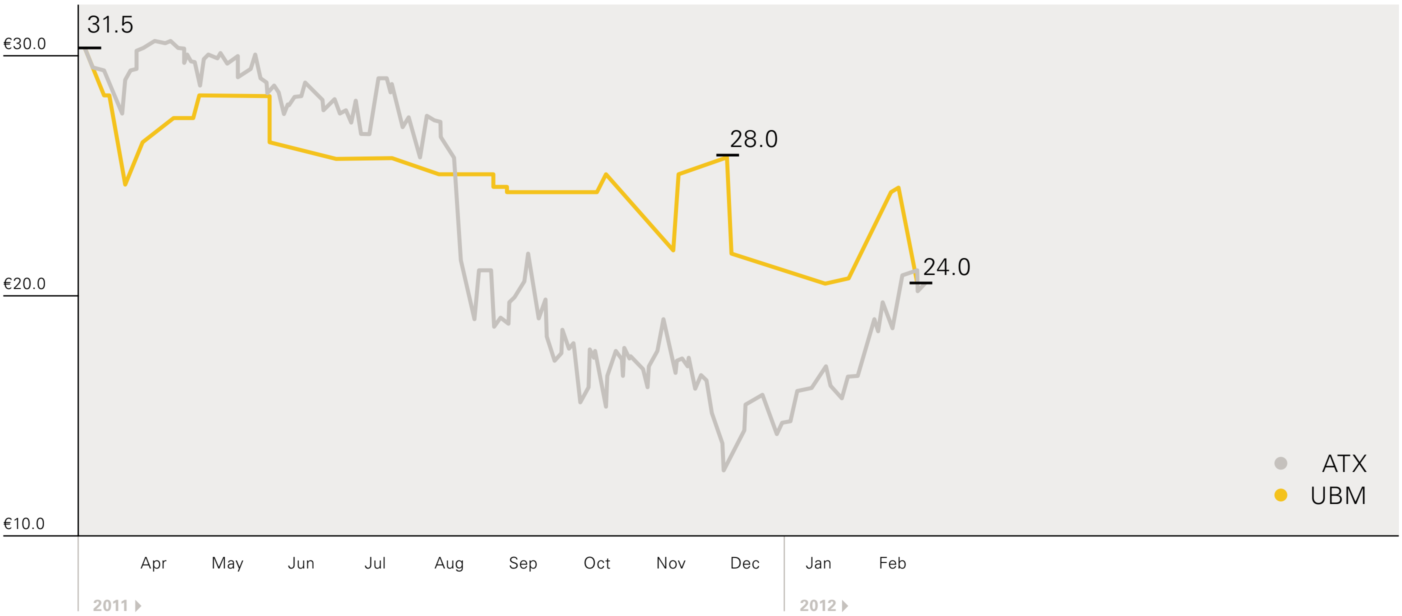
Performance of UBM shares

The performance of UBM shares reflected broad parts of the ATX in the first half of 2011, but dipped significantly in the second half of the year.

In early 2011, UBM shares peaked at €31.5 and bottomed out at €27.00.

Between June and December 2011 the share price tended to fall on the whole, with the odd fluctuation. The peak in the second half of 2011 came in November at €28.00.

As of 31 December 2011 the share price was €25.00.



Stock market figures in €

	2011	2010	2009	2008
Price as at 31.12	25.00	32.01	28.50	30.00
High	31.50	32.01	35.00	51.00
Low	24.00	23.00	26.62	25.00
Earnings per share	3.30	3.06	4.71	5.36
Dividend per share	1.10	1.10	1.00	1.10
P/E as at 31.12.	7.58	10.46	6.05	5.60
Dividend yield as at 31.12 in %	4.40	3.44	3.51	3.67
Total shareholder return in %	–17.50	15.76	–1.49	–36.33
Market capitalisation in € million.	75.0	96.0	85.5	90.00
Pay-out ratio in %	33.3	35.9	21.2	20.4

Investor Relations

UBM has been listed in Vienna since 1873 and thus numbers among the oldest Austrian companies on the stock exchange. The 3,000,000 ordinary shares are traded in the "Standard Market Auction" segment of the Vienna stock exchange, where prices are determined each day at 12.30pm based on the principle of maximising executions. Market capitalisation at 2011 year-end totalled €75.0 million and is thus 21.88% lower than in the previous year (corresponding figure: €96.0 million). The UBM shares are included in the Vienna stock index (WBI) with an index weighting of 0.12% (as of 31.12.2011), which as an overall index reflects the performance of the Austrian stock market.

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

Dividend proposal

For the 2011 fiscal year the Managing Board proposes a dividend of €1.10 per share to the general meeting of shareholders.

Adherence to Austrian Compliance Regulation

To prevent the misuse of insider information, the Regulation on Compliance for Issuers (ECV) of the Austrian Financial Market Authority entered into force on 1 April 2002, and was revised in 2007. In fulfilment of the Stock Exchange Act and the ECV 2007, UBM issued a Compliance Regulation that took effect in November 2007. This regulation governs the forwarding of information within the company and the measures to monitor all internal and external information flows, to prevent misuse. The objective here is to educate employees, statutory bodies and advisers as well as all other individuals working for UBM about the ban enshrined in law regarding use of insider information. Eight permanent fields were defined at UBM which are subject to confidentiality.

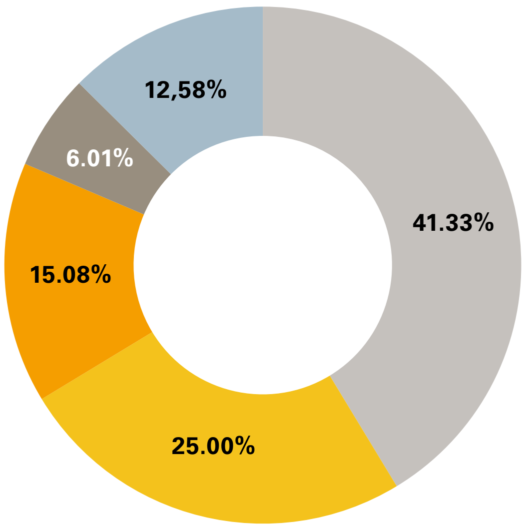
Moreover, in agreement with the Managing Board the Compliance Officer designates temporary areas of confidentiality for internal and external project members, who have access to insider information (compiling business reports, quarterly reports, etc.). In addition to monitoring adherence to the regulation,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

CORPORATE
calendar

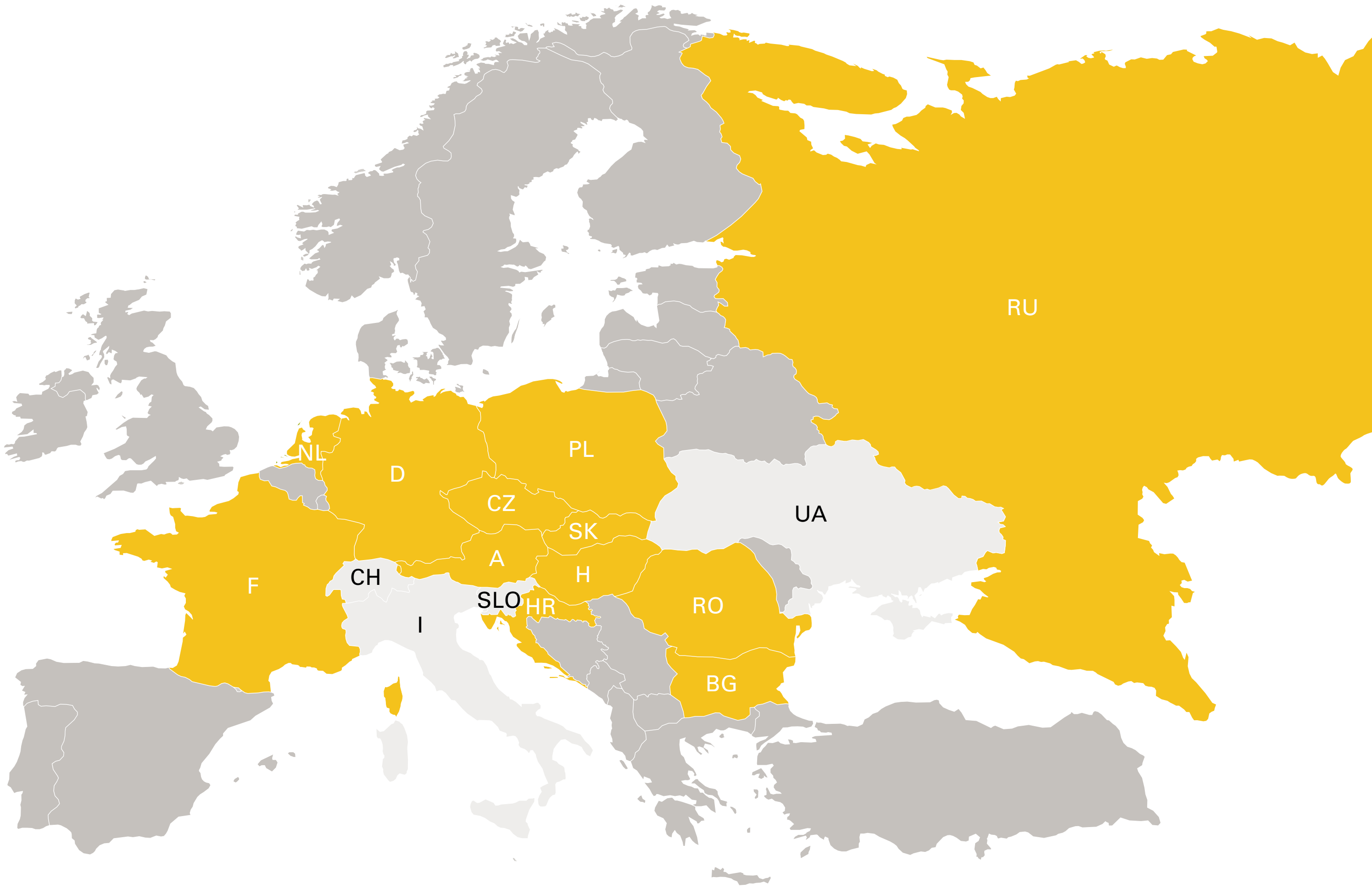
Financial calendar	
Publication of 2011 Annual Report/Business Report	22.03.2012
131st Annual General Meeting	04.05.2012
Dividend payment date for fiscal year 2011	09.05.2012
Publication of 2012 Q1 interim report	10.05.2012
Publication of 2012 semi-annual report	30.08.2012
Publication of 2012 Q3 interim report	08.11.2012

Shareholder structure of UBM AG in %

- 41.33% A. Porr AG
- 25.00% CA Immo International Beteiligungsverwaltungs GmbH
- 15.08% Amber Private Foundation, Bocca Private Foundation, Georg Folian, Dr. Franz Jurkowitsch
- 6.01% Ortner Ges.m.b.H.
- 12.58% Free float



GROWTH
markets



- Countries in which UBM already operates
- Countries under close observation

A	Austria	HR	Croatia
BG	Bulgaria	I	Italy
CH	Switzerland	NL	The Netherlands
CZ	Czech Republic	PL	Poland
D	Germany	RO	Romania
F	France	RU	Russia
H	Hungary	SLO	Slovenia
UA	Ukraine	SK	Slovakia

Real estate portfolio

In terms of total land area the UBM Group has real estate of more than 2.5 million m². These properties are spread throughout Europe. Approximately 85% thereof are held abroad and are a major factor in our strategic market development. Roughly 600,000 m² of our real estate holdings are leased out, and break down roughly as follows: 30% offices, 30% commercial and 2% residential properties. 38% of the total space is provided by hotels.

2011 REPORT
Corporate Governance

UBM considers corporate governance to be a holistic concept in the context of responsible and transparent management of a company as well as the related all-encompassing controls. The Managing Board and the Supervisory Board work closely together in the interests of both the company and the employees and are constantly evaluated in terms of the strategic focus of the UBM Group. Permanent dialogue with the various interest groups creates trust for business activities as well, thereby paving the way for the promising development of the company.

To date, the UBM Group has not made a specific commitment to comply with the Austrian Corporate Governance Code since in light of the rules for the "prime market", the Austrian Corporate Governance Code is only mandatory for issuers whose shares are listed on the "prime market". The UBM AG shares are currently traded in the "standard market auction" segment. For this reason the provisions of the Corporate Governance Code are not compulsory for UBM AG at present.

Nevertheless, similarly to previous years UBM AG complies with all legal regulations and the majority of the "comply or explain" rules (C rules) of the Corporate Governance Code. In view of the ownership structure of the company – narrow diversification of shares – adhering to some C rules would result in an excessive burden and thus unreasonable cost for the company. This is why the Managing Board of the company decided only to comply in full with the rules of the Corporate Governance Code when a certain number of the C rules can be adhered to.

Nonetheless, UBM AG still endeavours to adopt the Austrian Corporate Governance Code as published by the Austrian Working Group on Corporate Governance in full. The code is available on the website of the Austrian Working Group on Corporate Governance at www.corporate-governance.at and in other public places.

Managing Board of the company

In accordance with Article 7 of the UBM Statutes, the Managing Board comprises two, three or four members appointed by the Supervisory Board. The Managing Board currently has three members. The Supervisory Board may appoint a member of the Managing Board to be chairman and appoint substitute members. If the Supervisory Board appoints a Board member to be chairman of the Managing Board, his vote shall only be considered a casting vote in the event of a tied vote if such is approved by the Supervisory Board.

The members of the Managing Board are appointed by the Supervisory Board for a term of office not exceeding five years. They may be reappointed or their term of office may be extended (in each instance for no more than five years). The Supervisory Board may revoke the appointment of a member of the Managing Board before the end of his term of office in the event of due cause, such as gross breach of duty or if the General Meeting no longer has confidence in him.

The company is represented by two members of the Managing Board or by one member of the Managing Board together with a holder of a commercial power of attorney; with due consideration of legal constraints UBM can also be represented by two holders of a commercial power of attorney.

The following table presents the members of the Managing Board, their dates of birth, their positions, the dates they were first appointed and the presumed end of their mandates. In 2011 the Managing Board comprised the following persons:

Karl Bier was born in March 1955. After completing his law studies and tax training he was the managing director of several project companies and became a member of the UBM Managing Board from 1992. In his capacity as a member of

Name	Date of birth	Position	Member since	Appointed until
Karl Bier	03.03.1955	Board Chairman	01.08.1992	31.12.2013
Martin Löcker	13.03.1976	Board member	01.03.2009	31.12.2013
Peter Maitz	18.04.1944	Board member	22.01.1992[1]	22.09.2011[2]
Heribert Smolé	16.02.1955	Board member	15.07.1997	31.12.2013

[1] apart from 08.04.1999 to 18.11.1999
[2] Leaving date: 22.09.2011

the Managing Board he is responsible for the growth and expansion of the project development business in Austria and abroad, leasing and tailored financing models in the banking sector, market monitoring, PR, law and contracts, marketing, sales as well as HR. Karl Bier is currently chairman of the UBM Managing Board.

Martin Löcker was born in March 1976. He studied industrial engineering and construction at the Technical University in Graz before studying real estate economics at the European Business School in Munich. He joined the Porr Group and UBM in 2001, from when he was responsible for projects in Austria, France and Germany before holding a commercial power of attorney for UBM and Münchner Grund Immobilien Bauträger AG in 2007. He is also managing director of various project companies in Austria and abroad. His responsibilities include technical management, facility management, asset management for hotels, technical controlling, quality management and capital budgeting analysis. Member of the Managing Board at UBM AG since 2009.

Peter Maitz was born in April 1944. After studying construction engineering in Graz he joined the Porr Group in 1972 and from 1972 to 1986 he headed up several projects in Austria, Hungary, Iran and Algeria. From 1985 he became the technical director of various project companies in Austria and abroad as well as the technical director at various subsidiary companies of the Porr Group. From 1992 to 2011 he was a member of the UBM Managing Board (with a short interruption). Peter Maitz will remain available for UBM AG in the coming years as a technical consultant, especially for Russia.

Heribert Smolé was born in February 1955. He joined the Porr Group in 1973 and in 1985 became head of the commercial administration department for investments. In 1990 he became a joint signatory of UBM and gradually took on the functions of general manager and commercial director at various companies of the Porr Group. Since 1997 he has been a member of the UBM Managing Board and is responsible above all for the areas of finance and accounting, project financing, risk management, controlling, reporting/forecasting/budgeting as well as insurance and device management.

The members of the Managing Board exercise no Supervisory Board mandates or fulfil comparable functions in Austrian or foreign companies (not included in the consolidated financial statements)

Supervisory Board of the company

The UBM Supervisory Board comprises members chosen by the General Meeting. In accordance with Section 10 of the UBM Statutes the number of members selected by the General Meeting may be no less than three and no more than ten. The UBM Supervisory Board currently comprises eight members chosen by the General Meeting.

The members of the Supervisory Board are elected for the period ending with the close of the General Meeting that approves the actions of the Supervisory Board (Entlastung) during the fourth fiscal year after the commencement of their term of office, unless a shorter period is determined. The fiscal year in which the term of office begins for the Supervisory Board member is not included. If a member appointed to the Supervisory Board declines this appointment or steps down in the course of the year, no replacement needs to be elected as long as the Supervisory Board has at least three elected members. Any replacement elected shall be appointed for the remaining mandate of the member who resigned.

Any member of the Supervisory Board can resign from the position by informing the chairman of the Supervisory Board in writing giving a three-month period of notice.

Every year the Supervisory Board elects a chairman and one or more deputies from its members in a meeting immediately following the AGM. If the chairman or one of his elected deputies leaves office before the end of his term, the Supervisory Board shall immediately elect a replacement.

The Statutes stipulate that the Supervisory Board has a quorum if at least three elected members are present. The Supervisory Board adopts its resolutions with a simple majority of the members present. In the event of a tied vote, the chairman has the casting vote. The chairman determines the format for the voting. The Supervisory Board must meet at least four times every fiscal year on a quarterly basis.

Committees

The Statutes provide that the Supervisory Board can establish committees from its members. In accordance with Article 92 (4a) AktG the Supervisory Board has formed an Audit Committee which currently comprises all members of the Supervisory Board.

Tasks of the Audit Committee: (i) monitoring of accounting processes, (ii) monitoring the effectiveness of the internal control system, possibly the internal audit system, and the risk management system of the company, (iii) monitoring the audit of the financial statements and the consolidated financial statements, (iv) reviewing and monitoring the independence of the auditor of the financial statements (consolidated financial statements), especially with regard to additional services performed by UBM, (v) reviewing the annual financial statements and preparing their final acceptance, reviewing the proposal for the distribution of profits, the business report and if required the corporate governance report, as well as preparing the report on the review findings to the Supervisory Board, (vi) possibly reviewing the consolidated financial statements and the consolidated business report as well as preparing the report on the audit findings for the Supervisory Board of the parent company, and (vii) preparing the proposal of the Supervisory Board for the appointment of the auditor of the financial statements (consolidated financial statements).

There are no other committees.

Composition of the Supervisory Board

The following table presents the current members of the Supervisory Board, their dates of birth, their positions, the dates they were first appointed and the presumed end of their mandates:

Name	Date of birth	Position	Member since
Horst Pöchhacker	16.11.1938	Chairman of Supervisory Board	03.09.1987
Dr. Peter Weber	11.10.1949	Vice-Chairman	26.07.1995
Dr. Bruno Ettenauer	25.01.1961	Member	11.04.2007
Wolfhard Fromwald	22.06.1952	Member	11.04.2007
Dr. Walter Lederer	24.10.1961	Member	02.07.2003
Iris Ortner	31.08.1974	Member	[1]14.04.2011
Dr. Johannes Pepelnik	14.06.1970	Member	25.06.2004
Karl-Heinz Strauss	27.11.1960	Member	14.04.2011

[1] Ortner was a member of the Supervisory Board from 02.07.2003 until 05.05.2010.

All of the Supervisory Board members are appointed until the end of the General Meeting that approves the actions of the Supervisory Board for the fiscal year 2013.

The members of the UBM Supervisory Board listed below exercise the following supervisory or comparable functions in companies both in Austria and abroad (not included in the consolidated financial statements):

Horst Pöchhacker, Chairman

- Österreichische Bundesbahnen-Holding Aktiengesellschaft, Chairman of Supervisory Board
- ÖBB-Personenverkehr Aktiengesellschaft, Vice-Chairman of Supervisory Board
- Rail Cargo Austria Aktiengesellschaft, Vice-Chairman of Supervisory Board
- Galleria di Base del Brennero – Brenner Basistunnel BBT-SE, Vice-Chairman of Supervisory Board
- Autobahnen- und Schnellstraßen-Finanzierungs-Aktiengesellschaft, Vice-Chairman of Supervisory Board
- Bundesimmobiliengesellschaft m.b.H., Vice-Chairman of Supervisory Board
- BIG Entwicklungs- und Verwertungs GmbH, Vice-Chairman of Supervisory Board
- Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung, Supervisory Board member

Dr. Peter Weber, Vice-Chairman

- Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft, Chairman of Supervisory Board
- Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs-Aktiengesellschaft, Chairman of Supervisory Board

Dr. Bruno Ettenauer

- CA Immo AG, Supervisory Board member
- BA Business Center a.s., Supervisory Board member
- Kapas Center Kft., Supervisory Board member
- Bank Austria Real Invest Immobilien-Kapitalanlage GmbH, Supervisory Board member
- Bank Austria Real Invest GmbH, Supervisory Board member
- Bank Austria Wohnbaubank AG, Supervisory Board member
- WED Wiener Entwicklungsgesellschaft für den Donauraum Aktiengesellschaft, Vice-Chairman of Supervisory Board
- Europolis AG, Chairman of Supervisory Board

Wolfhard Fromwald

- CA Immo AG, Supervisory Board member
- Kapas Center Kft., Supervisory Board member
- Europolis AG, Vice-Chairman of Supervisory Board

Dr. Walter Lederer

- Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, Supervisory Board member
- Asset Invest AG, Vice-Chairman of Supervisory Board
- Lenzing Aktiengesellschaft, Supervisory Board member
- VA Intertrading Aktiengesellschaft, Supervisory Board member

Iris Ortner

- Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, Supervisory Board member
- TKT Engineering Sp. z o.o., Supervisory Board member
- ELIN GmbH, Supervisory Board member

Dr. Johannes Pepelnik

- AGRANA Romania SA, Supervisory Board member

Karl-Heinz Strauss

- DATAX HandelsgmbH, Supervisory Board member
- KAPSCH-Group Beteiligungs GmbH, Supervisory Board member
- Kapsch Aktiengesellschaft, Supervisory Board member
- Porr Bau GmbH, Chairman of Supervisory Board
- Porr Construction Holding GmbH, Chairman of Supervisory Board
- TEERA G-ASDAG Aktiengesellschaft, Chairman of Supervisory Board
- "Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft, Supervisory Board Member

Equal opportunities for women

As of 29 February 2012 there were 8 women in managing positions throughout the Group (including the Managing Board and management levels 1 and 2). This constitutes 27% of management.

There are no salary differences between men and women performing the same activity and with the same qualifications. Women are specifically addressed in job advertisements.

As a sustainable corporation UBM focuses on topics relevant for society, such as equal opportunities in the workplace. UBM treats its employees equally – regardless of gender, social background, sexual orientation, nationality, religion or age. We categorically oppose any form of discrimination or harassment.

The Managing Board has no influence on the appointment of women to the Supervisory Board of UBM AG since the selection of Supervisory Board members falls under the sole competence of the shareholders (and the General Meeting.

Karl Bier
(Chairman)

Heribert Smolé

Martin Löcker

Crowne Plaza, Amsterdam

BUSINESS
Report

To us, our projects are not just
a heap of numbers, they are
beautiful memories that we take
with us. And a source of experience
to draw on for what comes next.

BUSINESS DEVELOPMENTS, RESULTS AND POSITION OF COMPANY

ECONOMIC SITUATION

General conditions

The past fiscal year was characterised by an extremely difficult economic climate. While the real economy was relatively stable with investments and also private consumption, the sovereign debt crisis escalated in the USA and above all in the eurozone. As predicted, the first six months of the year were robust around the globe with solid economic growth. Following the earthquake and the nuclear catastrophe in Japan in March as well as the political upheavals in North Africa and the Middle East, economic activity took a hit, especially in western industrial countries. The ongoing debt problems in the USA and the eurozone had further negative economic implications, leading to radical political changes and massive protests by local populations in some European countries. Since then, the internationally intertwined financial markets have been rather unsure of themselves, and this applies both to institutional investors as well as private investors. Debt reliefs, credit defaults and the sometimes massive write-downs of financial assets meant that banks and financing institutions did not contribute to building up confidence in renewed economic development, especially in Europe.

Against this backdrop, in January 2012 the International Monetary Fund (IMF) lowered its global growth forecast for 2011 to 3.8%.

Europe

In Western Europe it became increasingly obvious in the second half of 2011 that the powerhouses of Germany and France were also producing lower economic growth. With the escalation of the debt crisis, especially in Greece, and the looming scenarios of an insolvency in the country or the break-up of the eurozone, the end of the year brought downgrades for European countries by the ratings agencies across the board. Germany, the Netherlands, the United Kingdom and the Scandinavian countries still have their triple-A ratings, France is at "AA+", Spain at "A", Italy "BBB+", and Greece brings up the rear with a "C".

After recording real GDP growth (gross domestic product) of 1.8% in the eurozone in 2010, the forecast for 2011 is only 1.5%. Private consumption should fall from 0.9% in 2010 to 0.5% in 2011 while consumer prices are expected to increase further, from 1.6% in 2010 to 2.7% last year. The current account deficit of the countries in the eurozone will fall from -0.4% in 2010 to -0.8% of GDP. Average public debt for eurozone countries expressed as a percentage of GDP increased from 85.6 in 2010 to 88.0 in 2011, compared with 100% in the USA and 10.2% in Russia.

Faced with massive falls in economic indicators towards the end of 2011, the European Central Bank cut its key rate of interest again in December to 1%.

This simple analysis makes it very clear just how much western industrial states ignored their mature home markets in recent years with flat economic growth in real terms, living beyond their means with accommodating policies, a lack of prudence from business people and therefore steady increases in debt burdens. Sustainability is urgently needed here in order to avoid damaging the chances of future generations from an economic, social and ecological perspective.

Austria

After some difficult years recently the Austrian economy posted robust GDP growth in 2011 of 3.2% in real terms. This is primarily attributable to the good first six months as growth weakened steadily in the following months and possibly contracted in the fourth quarter of 2011 compared to Q3. The main factors here included declining exports and investments, but private consumption should have been able to grow in every quarter of 2011. This development was supported by wage agreements in the autumn, the absence of any major price shocks – like the oil price hike in early 2011 – and the encouraging developments on the labour market. With a jobless rate of 4.1% in 2011 Austria still leads the way in the EU – none of the 27 Member States have recently recorded such a low rate of unemployment.

Private consumption dropped sharply in 2011 to 0.9% after registering 2.2% in 2010, while consumer prices climbed from 1.7% to 3.5%. The current account balance remained relatively stable at 2.9% of GDP (after 3.0% in 2010); public debt totalled 72.2% of GDP in 2011 after 71.8% in the previous year.

Austria has also been subject to a revision by the ratings agencies in recent months. While Moody's came up with a nice Christmas present after confirming a rating of "AAA", Standard & Poor's downgraded the country to "AA+", which will hopefully be an incentive to push forward with implementing the outlined austerity programme and introducing a debt brake at a time that still allows some room for manoeuvre.

Central and Eastern Europe

In spite of their sovereign debt levels generally being much lower, the countries of Central and Eastern Europe also suffered sharp declines in their economic growth performances – with often significant differences – due to the close economic ties with the eurozone.

Average real GDP growth in the CEE region is estimated at 3.4% in 2011 (after 3.3% in 2010). Countries with the highest growth rates in Central and Eastern Europe in the past year include Belarus at 5.5%, Ukraine at 4.7%, Poland at 3.9%, Russia at 3.8% and Slovakia at 3.3%. The states bringing up the rear in 2011 in terms of economic growth were Slovenia at 0.4%, Croatia at 0.5%, Hungary at 1.5%, and Bosnia and the Czech Republic both with 1.9%. Private consumption rose in the CEE region in 2011 by an average of 3.7% (after 2.9% in 2010), with Ukraine leading the way at 10.0% and Hungary and the Czech Republic showing what not to do with rates of -0.4%. Consumer prices rose in CEE in 2011 by an average of 7.5% after 5.4% in 2010. The front-runners in 2011 were Belarus with an unbelievable 55.0%, followed by Serbia at 11.3% and Ukraine at 8.0%. The lowest rates of annual inflation in 2011 were registered by Slovenia at 1.8%, the Czech Republic at 1.9% and Croatia at 2.3%, figures that were obviously largely influenced by the very subdued economic development in these countries. The current account balance in CEE produced a surplus of 1.0% in 2011 after 1.6% in the previous year. That said, public debt expressed as a percentage of GDP was only an average of 28.1% in 2011, somewhat higher than the previous year's figure of 26.5%.

CEE countries did not escape the wrath of the ratings agencies in either, which lowered their credit ratings one after the other; the Czech Republic, Slovenia, Slovakia and Poland are still in "class A", while Russia, Bulgaria and Croatia are also still "investment grade" with ratings of "BBB".

Sources: RCB Research, EU Commission, IMF, Standard & Poor's, Moody's

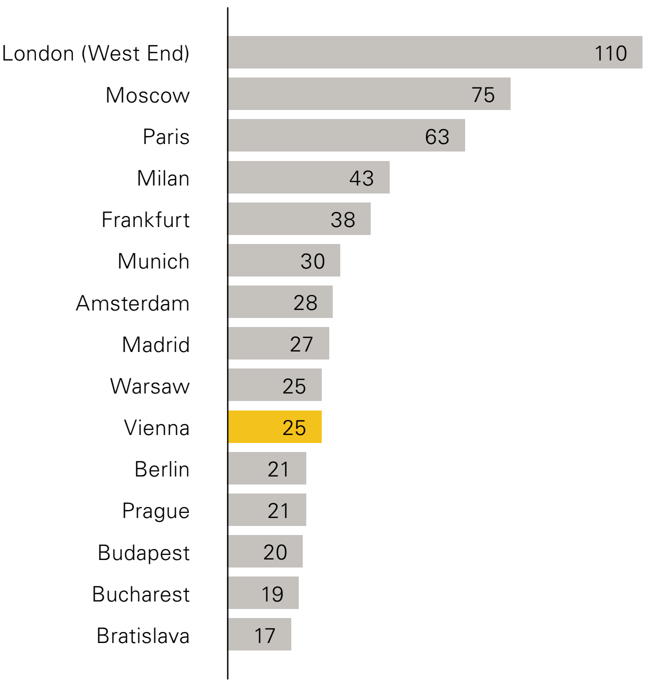
Development of European real estate markets

Western Europe

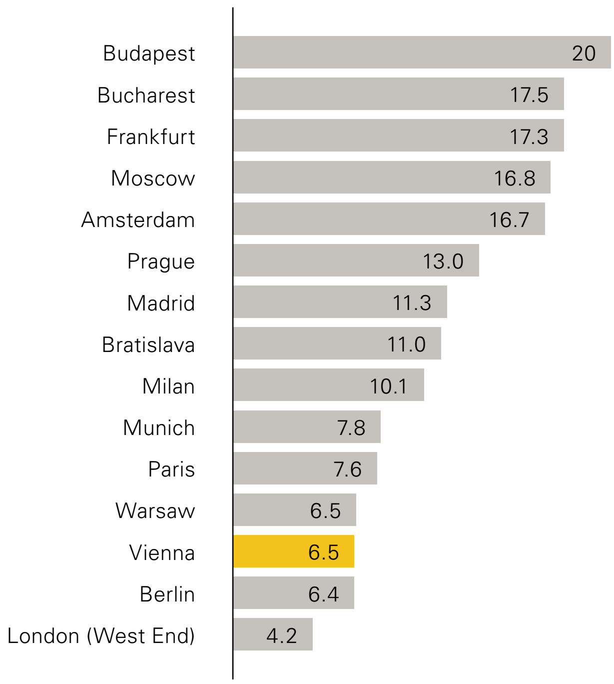
Total investment in commercial real estate in 2011 was estimated at €115 billion, just marginally above the figure of the previous year. The strongest year-on-year growth was recorded in France, Belgium, Germany and the Scandinavian countries. Contractions were recorded in Italy, Portugal and Spain – mainly because of the macroeconomic turmoil in these countries. The volume of rented space in the past year came in slightly below the previous year. The general economic uncertainty, reflected also in the assessments of future growth, resulted in greater prudence and restraint, especially with business investors. Average vacancy rates in the EU dropped to 10.3% in the fourth quarter of 2011, varying strongly between individual countries. The difference between modern office space and older office space with much higher vacancy rates still applies. The rental indices for offices were relatively stable in the EU, rising 1% in annual terms. Rentals for top-quality locations remained essentially flat in virtually all of the key markets; growth was recorded mainly in Moscow and Warsaw. General renovations are some 45% below their cyclical peak in Western Europe, and no significant recovery is anticipated for the next two years either.

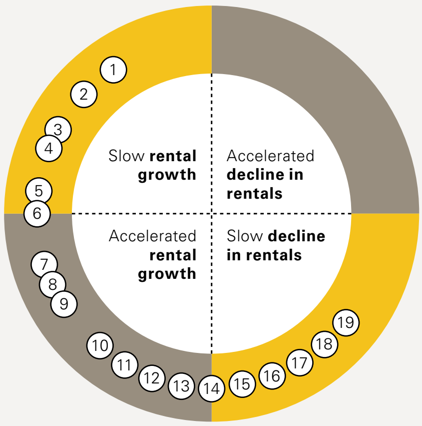
Private real estate investments rose to €37.2 billion, which corresponds to growth of 3.3% p.a. Once again, this trend follows macroeconomic developments with Germany, the Scandinavian countries and selected CEE markets benefiting the most. Generating a transaction volume of almost €11 billion in 2011, the German market of private investments fared extremely well, up three-fold on 2009.

Prime rents in Europe (in €/m² per month)



Vacancy rates in Europe (in %)





1	London City, London West End, Paris, Zurich
2	Oslo
3	Moscow
4	Helsinki
5	Warsaw
6	Düsseldorf, Geneva, Stockholm
7	Berlin, Hamburg, Munich
8	Vienna
9	Lyon, Stuttgart
10	Cologne
11	Copenhagen
12	Milan
13	St. Petersburg
14	Bucharest, Frankfurt, Istanbul, Kiev, Luxembourg, Prague
15	Edinburgh, Rome,
16	Amsterdam, Budapest, Dublin, Madrid
17	Barcelona, Brussels
18	Lisbon
19	Athens

PROPERTY CLOCK

The eurozone debt crisis continues to weigh down on economic growth prospects across the region. Despite this serious backdrop, key office market indicators showed some improvement over the last quarter of 2011 – with varying developments in the markets. The Jones Lang LaSalle's office property clock for Europe shows the spread between the 36 markets depicted is widening further. Sixteen markets are now at or before 6 o'clock (rents bottoming out), whereas 11 additional markets are in the quadrant for "rental growth accelerating", but only Berlin registered an increase in rents in the fourth quarter. Nine markets are currently past the 9 o'clock mark ("rental growth slowing"). London, Paris, Zurich and Oslo are at advanced stages of the cycle. Bucking the trend seen in Berlin, Düsseldorf, Hamburg, Munich and Stuttgart, prime rents did not increase in Frankfurt over the past year, and growth in 2012 is rather unlikely. In this respect, the German financial centre is lagging slightly behind the overall trend. Levels of incentives remain high and are keeping headline rents stable in many markets. Rents increased in Vienna in the fourth quarter, putting the city at 8:30 on the property clock.

The German investment market proved to be in very good health in 2011 overall. The investment volume of €23.5 billion represented growth of 10% compared to 2012. Retail properties lead the way accounting for 46%, sales of office projects made up approximately 30%, logistics real estate 5% and hotels roughly 4% of the total volume of transactions. Yields largely stabilised in 2011.

Central and Eastern Europe

Investments in CEE were extremely dynamic; the investment volume of more than €11.2 billion in 2011 was double the result from 2010. Instrumental factors here, first and foremost, included transactions with shopping centres in Moscow and St. Petersburg in Russia, which were completed in December. Volumes were subdued in South-Eastern Europe; not one single institutional transaction was recorded in Serbia and Ukraine. Activity picked up in markets with lower liquidity, such as Hungary and Slovakia. Total volumes in Hungary climbed from €180 million in 2010 to more than €600 million in the past year.

The focus in 2012 will also be on "safe" investments. Given the persistent lack of top-quality locations, central areas are increasingly in demand, especially in Poland and the Czech Republic.

A shorter "pipeline" to new projects under construction throughout the entire CEE area will likely bring about a fall in vacancy periods, which in most markets are still above 10%, albeit with wide variations, such as Warsaw at 6.7% or Sofia and Belgrade at 22%. Yields for prime locations dropped in the second half of 2011 to an average of 8.7%, 65 basis points below the figure from the previous year.

The volume of rented space sank again in the second half of 2011, and in Warsaw, Bucharest and Prague was around 20-40% below the figures for 2010. The robust economic performance of Germany in 2011 suggests there could be some positive spin-off effects in store this year too for countries like the Czech Republic or Slovakia.

The private real estate market also developed strongly in CEE, especially in Poland and Russia. Sitting at a volume of roughly €5 billion this region is the third-largest market in Europe, and situated one step back from the crisis in the eurozone, these economic areas still offer potential.

Vienna office market

2011 was a difficult year for the Vienna office market. The volume of rented space totalled approximately 260,000 m², down by about 5.4% in comparison to the previous year; this is the lowest value since the crisis began in 2008. That said, around 188,000 m² of office space was completed in the past year, including general renovations, which is almost 14% lower than in 2011 (approx. 165,000 m²). The total volume of office space on the Vienna market amounted to around 10.4 million m² at the end of 2011. The vacancy rate rose to 6.1% by the end of 2011 due to the relatively broad supply of new and newly renovated office space, which is compensated for by a rather weak volume of rented space. For high-quality locations with top furnishings in the centre of Vienna within the ring-road, rents come in around €23.75/m²/month. This corresponds to an increase in annual terms of around 3.3%. More than 50% of all rented space exceeds 1,000 m².

In 2011 a sum of roughly €1.7 billion was invested in Austrian real estate, bringing the transaction volume up by around 7.0%. The top yields for city centre locations dropped by 0.5% to 5.2% p.a. by the end of 2011. Most investments targeted office space, accounting for 27%, and hotels at 24%, followed by retail at 18% and homes at 13%. More than two-thirds of all investments were completed by Austrians, with German investors accounting for another 13% or so.

Sources: CB Richard Ellis, EHL, BNP Paribas

BUSINESS DEVELOPMENTS

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

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

In 2011 the UBM Group achieved a total output of €281.9 million. This is up by €64.9 million compared to the previous year. The increase is attributable to real estate sales in the Netherlands, Switzerland and in the Czech Republic.

Sales trends of the Group by line of business

Since the 2007 fiscal year we have distinguished between the business lines of "Austria", "Western Europe" and "Central and Eastern Europe". The business lines focus on where the service is provided and comprise sales revenue from project development, renting, project sales, operating hotels and services for the following countries: the "Austria" business line brings together all of the activities performed in Austria as well as the rental revenues from Austrian real estate. "Western Europe" comprises Germany, France, Switzerland and the Netherlands. The Czech Republic, Poland, Slovakia, Hungary, Romania, Bulgaria, Ukraine, Russia and Croatia form the business line of "Central and Eastern Europe".

The total output of the "Austria" business line was €26.4 million. In comparison to the previous year this represents a decline of €2.1 million, which was chiefly attributable to the sale of the interest in FMA Gebäudemangement GmbH. First and foremost, the €26.4 million comprises rental revenue from Austrian real estate as well as property sales in Salzburg, Linz and Graz.

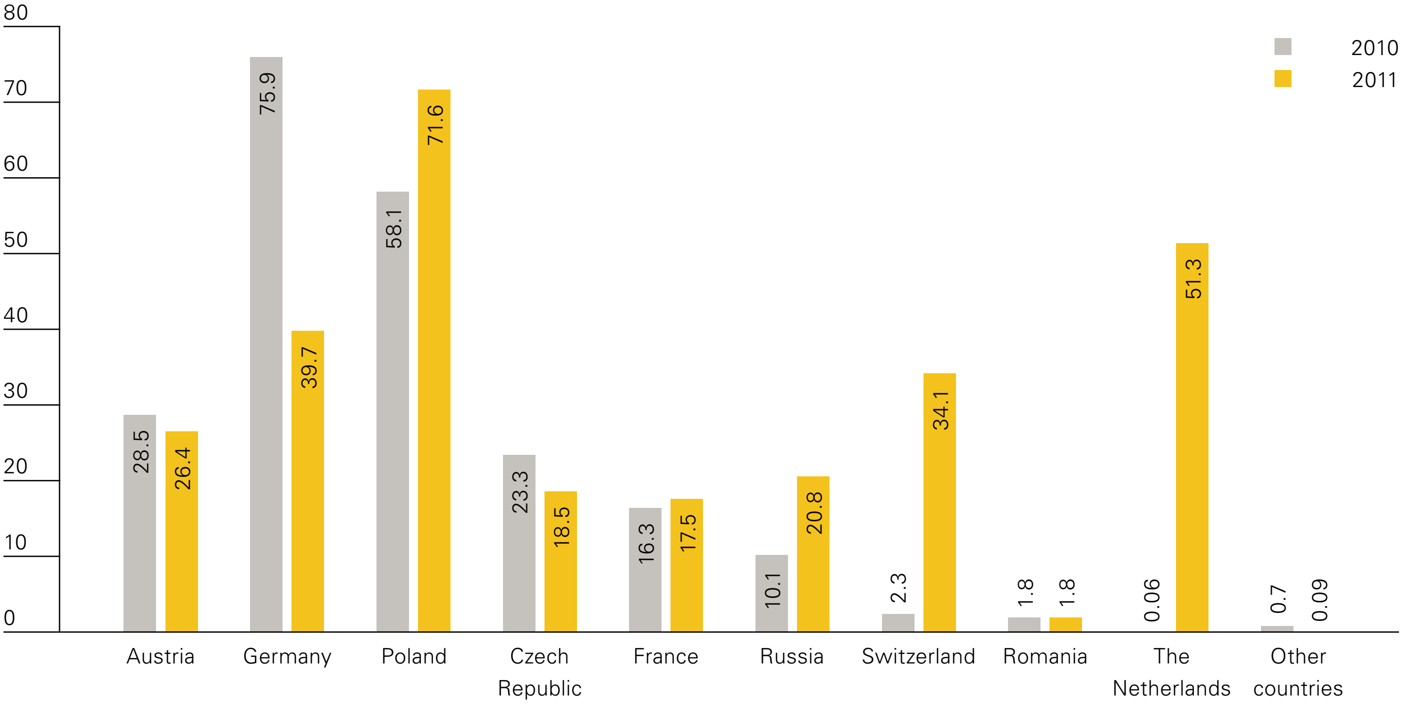
The total output of the "Western Europe" business line was €47.4 million higher than in the previous year (2010: €95.2 million, 2011: €142.6 million). This growth was mainly attributable to revenue from project sales in Switzerland and the Netherlands. It also includes hotel revenues from France ("Dream Castle" and the "Holiday Inn" at Eurodisney in Paris), which compensated for lower revenues in Germany from apartments already sold but which will only be handed over in 2012.

The total output of the "Central and Eastern Europe" business line amounts to €112.9 million (2010: €93.3 million), which corresponds to an increase of approximately 21%. The increase in revenue-yielding construction activities comprises work on the Poleczki Park project (Phase 2), the Lublin and Gdynia retail parks as well as the completion of two residential projects in Krakow and Wroclaw.

Development of geographical markets in the Group
In 2011 the international portion of the annual construction output totalled around 91%, which is therefore higher than in 2010 (87%). The Austrian portion of annual construction output totals roughly 11%, which is lower than the previous year (13%). Nevertheless, these percentages indicate a minor change (overall) and so the domestic/international split remains steady.
The highest international portion of annual construction output was generated in Poland, accounting for a share of 28% (previous year: 27%), with the Netherlands in second place (2010: 0%, 2011: 20%). Both countries registered growth (Poland by 23%, and the Netherlands thanks to the one-off effect of the sale in Amsterdam of the Crown Plaza Hotel). Germany took third place with €39.7 million (2010: €75.9 million), followed by Switzerland at €34.1 million. The Czech Republic (7.3%) again managed to beat France (6.8%).
Annual construction output in Germany amounted to €39.7 million, driven primarily by residential sales in Munich, and this corresponds to a fall of €36.2 million compared to 2010. Yet since each project is unique in its own right, depending on the type and location of the project the sales proceeds cannot be compared with the project revenues of the previous year.
Annual construction output of €51.3 million was achieved in the Netherlands with the sale of the Crown Plaza Hotel in Amsterdam.
An increase in annual construction output was registered for Poland to €71.6 million, which is attributable to the completion of several large projects. Revenues for 2011 comprised construction work on the Poleczki Park project in Warsaw, on the retail parks in Gdynia and Lublin and on residential complexes in Krakow and Wroclaw.

The Czech Republic generated an annual construction output of €18.5 million, which is down by €4.7 million compared to the previous year. France succeeded in generating growth too of 7% (2010: €16.3 million, 2011: €17.5 million). This is primarily due to higher revenues at the Eurodisney hotel. Russia recorded revenues of €20.8 million, which is principally thanks to services carried out for the hotel project in St. Petersburg.
Romania deserves a mention thanks to its steady contribution to performance, achieving modest growth of 4% and therefore a figure of €1.8 million. These amounts mainly comprise rental revenue from the logistics property in Chitila near Bucharest.
The category of “Other countries” mainly contains services from Slovakia, Hungary and Bulgaria.

Annual construction output by country in € million



KEY FINANCIAL INDICATORS

Results and earnings
The sales revenue reported in the consolidated income statement for 2011 totalled €196.4 million, constituting growth over the corresponding figure in the previous year of 71.3%. Annual construction output is most relevant for UBM because it is more informative, and it totalled €281.9 million in the reporting year, 29.9% higher than in 2010.

Other operating income totalling €7.6 million is higher when compared to the previous year (€6.7 million).

Material expenses dropped by €74.6 million to €133.9 million, principally on account of the higher project construction work.

The number of staff at all of the fully consolidated companies and participations rose from 381 to 423 due to the increase in the average number of staff at fully-consolidated hotel companies. Personnel expenses amounted to approximately €16.0 million. Other operating expenses, which mainly include administration expenses, travel expenses, advertising costs, other third-party services, duties and fees as well as legal and consulting expenses, totalled €29.2 million and were therefore higher than in 2010 (€19.8 million) as allowances were made for financial real estate.

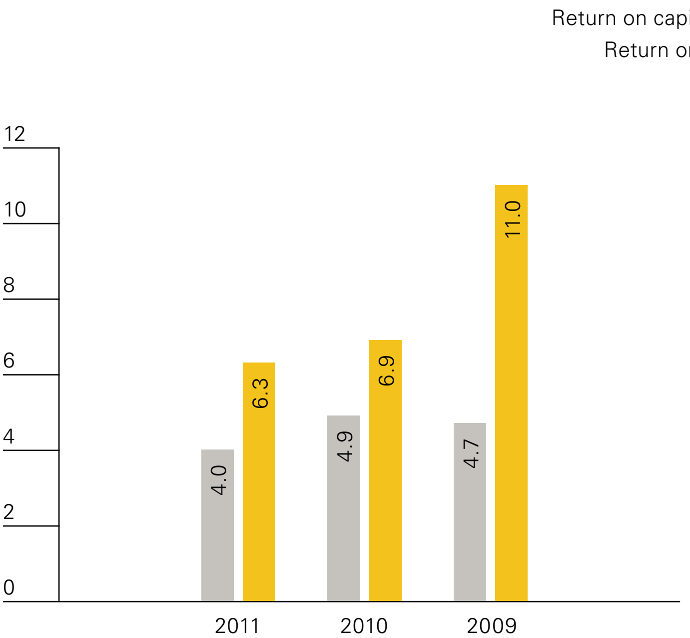
Earnings before interest and taxes (EBIT) posted a decrease compared to the previous year of roughly 10.1% to €23.1 million.

The result from associated companies in 2011 totalled €-1.0 million (previous year: €–0.5 million). The income from other financial assets totalled €10.1 million (previous year €12.3 million) and therefore fell due to project financing granted to subsidiaries. Financing expenses at €–17.6 million came in below the figure from 2010 (€–23.3 million) on account of the lower expenses from other financial assets.

Earnings before tax (EBT) rose from €14.4 million in the previous year to €14.6 million. The tax expense in the reporting year totalled €5.7 million compared to €4.9 million in 2010. After deducting minority interests, profit after tax in 2011 amounted to €8.9 million and is thus €0.5 million lower than in the previous year. Earnings per share rose to €3.30 (2010: €3.06).

For 2011 the UBM Group reported a retained profit for the year of approximately €3.3 million, which corresponds to the retained profit for the year of UBM AG and as such defines the basis for the dividend distribution. The Managing Board will propose to the general meeting of shareholders that a dividend of €1.10 be paid per share entitled to dividends.

Profitability of UBM Group (in %)



in %	2011	2010	2009
Return on capital employed [1]	4.0	4.9	4.7
Return on equity [2]	6.3	6.9	11.0
Equity ratio as at 31.12 [3]	24.4	24.9	27.3

[1] Return on capital employed = EBIT / Ø total capital
[2] Return on equity = Profit after tax / Ø equity capital
[3] Equity ratio = Equity capital / total capital

Consolidated income statement - summary

in € million	2011	Change in %	2010	2009
Annual construction output	281.9	29.9%	217.0	275.4
Revenues	196.4	71.4%	114.6	197.6
EBIT	23.1	–10.5%	25.8	24.4
EBT	14.6	1.4%	14.4	14.2
Profit after tax	8.9	–5.3%	9.4	14.1
Retained profit	3.3	0%	3.3	3.0
Earnings per share (in €)	3.30	7.8%	3.06	4.71

Assets and financial position
Total assets of the UBM Group increased in 2011 by 6.0% to roughly €592.6 million compared to the previous year. The increase in total assets is primarily attributable to the rise in inventories and liquid assets.

The main component of total assets was non-current assets accounting for 65.7% (2010: 71.6%), and totalling €389.2 million at the end of 2011. Property, plant and equipment amounted to €36.9 million (previous year: €56.3 million); the decrease in value is attributable to a real estate sale. Financial real estate as of 31 December 2011 amounted to €249.5 million (previous year: €251.7 million) and is therefore essentially unchanged from the previous year. Investments in associated companies rose from €19.0 million to €20.0 million on account of capital increases. Project financing rose to €58.9 million while other financial assets remained relatively constant at €17.3 million (2010: €18.9 million).

The structure and volume of current assets changed as follows: inventories increased by €17.5 million to €101.8 million, primarily on account of our project activities in Austria, Poland and Germany. Trade receivables increased and totalled €22.5 million in 2011. Liquid assets rose to reach €67.0 million (previous year: €46.7 million). All told, current assets therefore increased to €203.4 million. Shareholder's equity as of the reporting date totalled approximately €144.8 million, and is thus up €5.3 million in nominal terms. The equity ratio fell to 24.4% from the figure recorded in the previous year of 24.9%, mainly because of the higher total assets. Long-term liabilities include not only the bond issued in 2010 totalling €100.0 million but also the bond issued in 2011 (€63.4 million). Long-term provisions rose from roughly €5.7 million to €8.7 million. Long-term financial liabilities dropped from €158.0 million to €121.5 million.

Current liabilities increased from €62.1 million to €131.8 million. This trend is attributable to increases in financial liabilities, trade payables as well as other financial liabilities. Current liabilities also contain the remaining debt from the bond issued in 2005 and partly repaid, amounting to €28.3 million.

The cash flow from earnings fell to €12.2 million due to the lower profit after tax and the lower depreciation on non-current assets. The cash flow from operating activities fell to €–10.3 million. Income from disposed property, plant, equipment and financial real estate totalled roughly €56.0 million, corresponding to an increase of about €38.5 million on the previous year, whereby the cash flow from investing activities totalled €–3.9 million. In view of the new bond and the partial repayments of the existing bond coupled with the changes in loans and other group financing the cash flow from financing activities amounted to approximately €36.2 million.

Consolidated cash flow statement - summary

in € million	2011	2010	2009
Profit after tax	8.9	9.4	14.1
Cash flow from earnings	12.2	17.9	34.4
Cash flow from operating activities	–10.3	–3.0	55.6
Cash flow from investment activities	–3.9	–47.3	3.0
Cash flow from financing activities	36.1	56.3	–61.7
Liquid assets as of 31.12	67.0	46.7	39.6

Liquidity planning demonstrates that the company is currently in a position to meet its existing and any perceivable future payment obligations thanks to the continuation and the completion of significant investment plans. The stable rate of interest at present means that we do not anticipate any factors triggering a change in lending conditions.

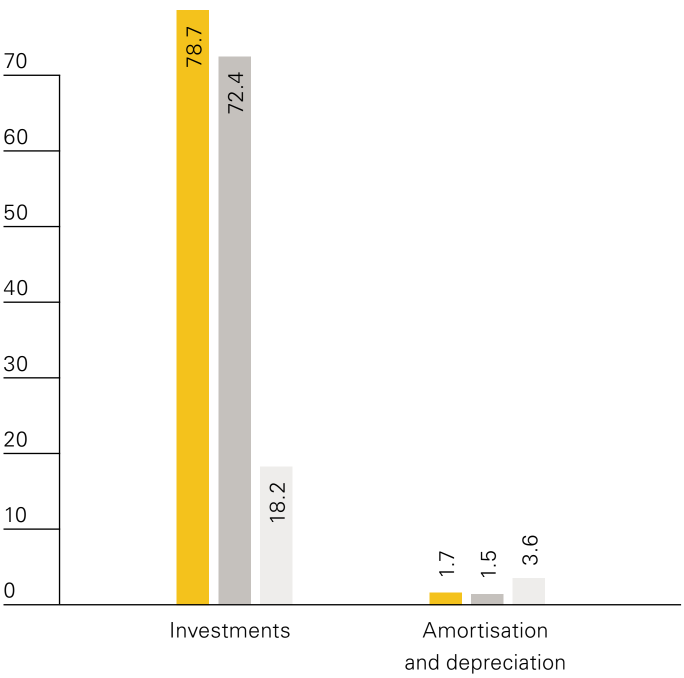
Balance sheet structure

in %	2011	2010	2009
Current assets	34.3	28.4	23.8
Non-current assets	65.7	71.6	76.2
of which financial real estate	42.1	45.0	51.5
Shareholders' equity	24.4	24.9	27.3
Long-term liabilities	53.3	64.0	53.2
Current liabilities	22.3	11.1	19.5
Total assets in € million	592.6	559.3	485.7

Investments

Investments into property, plant and equipment in the fiscal year totalled €24.5 million, which is €5.2 million lower than in the previous year. This is largely attributable to finishing works for the Crowne Plaza Hotel in Amsterdam South. Investments in financial real estate rose and now amount to €54.2 million (previous year: €42.7 million): In Germany we invested in the Dornach real estate project, while in Poland the retail parks were completed in Gdynia and Lublin. All told, investments in financial real estate and in property, plant and equipment totalled €78.7 million.

The intangible asset figures do not contain goodwill values.



Investments and Depreciation (Property, plant and equipment and financial real estate in € million)

in € million	2011	2010	2009
Investments, property, plant and equipment and financial real estate	78.7	72.4	18.2
Intangible assets	0	0	0
Financial real estate	54.2	42.7	15.3
Property, plant and equipment	24.5	29.7	2.9

NON-FINANCIAL KEY INDICATORS

Environmental issues
Environmental protection is a key part of our lives. This is why we take every effort to plan and construct our projects in an environmentally-friendly manner. By consciously using energy-efficient building materials and energy-saving planning concepts for our projects we make our own contribution to protecting the environment.

Staff
The personnel structure as at 31 December 2011 shows that approximately 85% of our staff are employed abroad. We offer further training measures in the areas of planning and project development, business economics and law, as well as language courses and seminars for personal development. In this respect we take into account the individual needs of our staff as well as the requirements of the market. Since our Group is geographically diverse, our personnel often have to work in international teams; the resultant exchange of know-how is yet another important factor within the context of comprehensive staff development. Including all of the consolidated companies the total average headcount as of 31 December 2011 was 889 (of which 663 were hotel staff) (previous year: 901, of which 615 were hotel staff).

Salaried staff and wage-earning employees

Salaried staff and wage-earning employees	2011	2010	2009
(fully consolidated companies)			
Austria	68	68	73
Abroad	355	313	217
Total (average)	423	381	290
of which hotel staff	198	169	67

BRANCHES

UBM Realitätenentwicklung AG has the following branches registered in the company register:

- Upper Austria Branch,
  Pummererstraße 17, 4020 Linz
- Tyrol Branch,
  Porr-Strasse 1, 6175 Kematen in Tirol
- Styria Branch,
  Thalerhofstrasse 88, 8141 Unterpremstätten

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the reporting date.

PLANNED DEVELOPMENT AND RISKS OF THE COMPANY

ECONOMIC GROWTH FORECAST: OUTLOOK FOR 2012

In the last few months, little has changed in the overall picture of the global economy: in the USA the presidential election campaigns are picking up pace, which means we are not likely to see any far-reaching measures in the coming months to restructure the budget. State austerity programmes, some of them quite drastic, have been adopted in practically every country of the eurozone, but it remains to be seen how consistently these will be implemented. Against this background the International Monetary Fund (IMF) lowered its forecast for global economic growth in 2012 to 3.3%.

Europe

European politicians are still far from identifying any sustainable approach to resolving the debt crisis. For Greece in particular there is still no prospect of a long-term restructuring of public finances in sight, and so in spite of massive financial aid and debt haircuts we still have to be prepared for scenarios involving a "Greek tragedy", a state insolvency or a break-up of the eurozone. It is becoming increasingly clear that the concept of a common economic and currency zone for Europe is unrealistic without a long-term and heavily centralised economic and financial policy; it jeopardises even the future of this peaceful union and could lead to huge social tensions causing deep rifts in society. The EU Commission reckons there will be a modest recession in the eurozone in 2012 with average growth of -0.3%, though this does gloss over huge differences between Member States: Germany +0.6%, the United Kingdom +0.6%, France +0.4%, Spain –1.0%, Italy –1.3%, and Greece bringing up the rear with –4.4%. It is forecast that private consumption will be virtually flat in 2012 at an average of 0.1%, consumer prices should rise 1.8%, the current account deficit will come in at –0.5% and public debt as a percentage of GDP will increase slightly again to 90.4%.

Austria

After agreeing on a set of savings measures in recent weeks, which should help the country to achieve a more or less balanced budget in the next few years, tensions are starting to ease. The strong focus on the German economy, the need for a restructuring of public finances and prudent lending are likely to be the main factors in a weak first six months of 2012. Real GDP was forecast at +0.7% for 2012 in comparison to the previous year, private consumption at 1.0% and consumer prices at 2.1%. That said, projected debt still sits well under the EU average at 75.1%. This means the Austrian economy is set for a difficult year, especially in view of the anticipated recession in the eurozone which is still the destination for more than half of Austrian goods exports. The industrial sector is also expected to trend downwards on the whole in the near future. What is more, companies have little reason to invest in production capacities when capacity-in-use is already falling. All in all, exports and investments should remain the growth drivers for the foreseeable future.

Central and Eastern Europe

Plunging survey results on businesses as regards future economic development have prompted economic research institutes to revise their growth forecasts downwards for Central and Eastern Europe too. The negative impacts of the strong foreign trade ties with eurozone countries are the most pronounced in this part of Europe. Average GDP growth for the CEE region in real terms in 2012 is forecast at 2.0%, led by Ukraine (3.5%), Russia (3.2%) and Poland (2.2%), while Hungary (–2.0%), Slovenia (–1.5%) and the Czech Republic (–1.2%) bring up the rear. Private consumption should grow by an average of 2.7%, and consumer prices by 8.2%. The current account deficit is expected at –0.4%, and public debt should rise slightly to 30.0% of GDP. Hungary is not only the country with the highest sovereign debt (77.2% in 2012) but also has the highest ratio of foreign investors holding its government bonds. The debt reductions in Central and Eastern Europe after the financial crisis were ephemeral, and foreign debt levels have risen again in the last two years. This is why there is still a significant risk of another financial shock in CEE.

Vienna office market

Demand on the Vienna office market is likely to remain rather subdued in 2012 as well, and the volume of rented space will post flat growth. The expected vacancy rate of 6.5% should exert more pressure on property owners in average locations. This applies in particular to used properties, which fall short of today's technical standards. This year roughly 178,000 m^2 in new office space will be added to the market (not including general renovations), which is 40% more than in 2011. The trend towards more general renovations should continue to pick up as older properties become vacant following relocations and centralisations and have to be renovated to generate an adequate rental flow. The supply of space is likely to rise sharply from 188,000 m^2 at the end of 2011 to 304,000 m^2 by the end of 2012, amounting to a total of roughly €10.6 billion. Prime rents should nudge upwards slightly by the end of 2012, with flat growth forecast for average locations. Investment volumes are set to remain quite stable in 2012 and settle somewhere between the levels recorded in the previous two years. This is because it is becoming increasingly difficult for investors to obtain financing, particularly for large transactions. Furthermore, investors are very active on the Vienna market and keen to invest their money in attractive real estate where it will be protected from the crisis.

Sources: RCB Research, EU Commission, CB Richard Ellis

FORECAST DEVELOPMENT OF THE COMPANY: OUTLOOK FOR 2012

The 2012 fiscal year of the UBM Group will be influenced by the debt crisis. The upheaval on the financial sector caused by the debt crises of some European countries have prompted banks to tighten requirements for loans and borrowings. The banking sector has also been called upon to strengthen its equity base – and the combination of both these factors has impacted on the business policy of the company. Although the UBM Group has a sound and stable equity position and a reliable cash flow, it can often take up to six months to obtain funding because of the aspects described above. This means it can take longer to develop projects than originally planned, which then means it also takes more time to recover capital. The UBM Group has responded to these challenges in its strategy for 2012, and in this context is supported by its geographic and sectoral diversification. Activities in Austria focus on Salzburg, where in the current year we will complete a luxury residential property with 31 apartments and launch a follow-on project comprising roughly another 70 residential units. In Western Europe we are concentrating on our home market of Germany, where we are particularly busy in the residential markets of Munich, Frankfurt and Berlin. In terms of commercial real estate we are building a hotel in Munich and also have an office building in the pipeline in the city. In our new Western European markets (the Netherlands and France) we are planning several hotel projects. Poland will remain the focus of our activities in Central and Eastern Europe in 2012. In Warsaw we are still working on the Poleczki Business Park, while we also intend building an office property in Krakow. In the Czech Republic we want to erect an office building in Prague. All other countries in Eastern Europe are under observation, with the aim of securing land or projects that will then enable us to ramp up our activities again when the markets stabilise. Assuming that the general economic climate does not deviate significantly from the forecasts of economic researchers, for 2012 we expect revenues and earnings that reflect the lower economic growth across Europe.

KEY RISKS AND FACTORS OF UNCERTAINTY

Risk management goals and methods

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

Due to the sectoral and geographic diversity of our business activity, risk management is becoming increasingly important to safeguard our business success. Risk management is responsible for General processes, Technology, Development and Commercial procedures. The responsibilities have been clearly defined for each area, and experienced employees reporting directly to the Managing Board have been assigned to these tasks. General risks such as strategic risks for example, which do not arise during the course of our projects but stem from the strategic business purpose of the company, are handled by the Managing Board in consultation with the Supervisory Board.

MANAGEMENT BOARD

RISK MANAGEMENT

General Processes ISO 9001	Technology	Development	Commercial Procedures

Market Penetration Risk
Thanks to its many years of experience, UBM is aware of how the real estate markets in Central and Eastern Europe work, and what their features are. A detailed market and risk analysis of the given country precedes every step of the expansion. These analyses examine the micro and macro economic development of the region or of the given real estate market. However, what is crucial first and foremost for the realisation of a project are the individual influencing factors. In this context we have to forecast market developments correctly and try to identify potential tenants in advance. Guidelines regarding a minimum degree of sales potential increase the security of an investment in a project. The broad geographic and sectoral diversification of the UBM Group means that penetrating new markets is safeguarded by the solid foundation of the existing real estate portfolio.

Below is a list of the main risks known to us which can exert a sustained influence on assets, our financial position and the results of operations.

Existing risks

Risk of price changes
The risk of price changes essentially comprises fluctuations in the market interest rate and market prices as well as changes in exchange rates.

Since our rental revenue is not only index-linked but the rental contracts for foreign properties (which are concluded almost exclusively with international groups) are also based on hard currency contracts, UBM can be exposed to a heightened risk on account of currency depreciations in CEE. To minimise this risk, action has already been and will continue to be taken with a view to concluding contracts in respective national currencies.

Since UBM offers a comprehensive range of services, the firm is heavily reliant on third-party businesses. The associated risks in terms of quality, deadlines and costs could lead to supply difficulties in the event of increased demand. Operating areas could be exposed to price hikes in the fields of energy and commodities. Unless these can be passed on to customers they exert an adverse effect on earnings. Real estate markets in particular, which apart from macroeconomic factors are also influenced by supply, suffer from strong cyclicality with regard to demand trends. Yet thanks to our broad sectoral and geographic diversification we can compensate in the best possible way for regional market fluctuations and flexibly adjust our commitments. The option of choosing whether to sell or rent our properties also enables us to counter temporarily adverse market situations on a flexible basis.

Default risk
Default risks can relate principally to original financial instruments, namely loans and receivables. These potential risks are taken into account via bad debt allowances. Credit rating checks and adequate securities also ensure the best possible protection. The maximum default risk is represented by the carrying amounts stated for these financial instruments in the balance sheet.

Liquidity risk
The liquidity risk defines the risk of not being able to settle liabilities when they fall due. We employ precise financial planning which is carried out by each operating company and consolidated centrally, as a key instrument for controlling the liquidity risk. This determines the need for financing and credit lines at banks.

Working capital financing is handled through the UBM Group treasury, which means UBM AG takes on financial clearing functions too. This reduces the volume of third-party financing and optimises net interest; furthermore, it also minimises the risk that liquidity reserves are insufficient to settle financial obligations on time.

The current economic climate adds another aspect to the liquidity risk, since banks are reluctant to provide financing which can impact negatively on liquidity.

Interest risk
The interest risk, which is often decisive for the return on a property, is handled as far as possible with matching financing models, which secure and optimise the financing requirements of the given project. The choice of financing currency depends on the given market situation.

Personnel risk
Competition for qualified personnel can be a hindrance to effective business operations. Thus future success depends on being able to tie our staff to the company in the long run and identify highly qualified personnel. We are aware of this risk and to manage the situation in a proactive manner we rely on institutional programmes for apprentices, training and further training courses, geared to the needs of our business activities.

Participation risk
By participation risk we mean the risk of fluctuations in the market value of UBM participations. At the Group companies, the specific types of risks (e.g. market or credit risks) are collated at the level of the individual company.

Participation risks are calculated and analysed by Controlling, who reports to management on a monthly basis. When risk thresholds or certain concentrations of risks are reached, options are presented to the management for action.

Credit risk
Credit risk describes the threat of losses caused by the default of a business partner who is no longer capable of meeting its contractual payment liabilities. This comprises default and country risks as well as lower credit ratings of borrowers. In the field of real estate the credit risk comprises rental obligations. The default of a tenant and the resultant loss of rental payments reduce the present value of the real estate project. This risk is taken into account based on expert estimates at project level.

IT risk
In a centralised and standardised IT environment there is a risk of becoming overly dependent on a system or computer centre.

If a system goes down this can have severe consequences for the entire company. We have implemented various security measures to reduce this risk. These include access control systems, emergency plans, uninterrupted power supply for key systems and data mirroring. We also use appropriate software to protect against data security risks caused by unauthorised access to the IT systems. This is largely ensured by services contracts with the IT department at Allgemeinen Baugesellschaft – A. Porr AG.

Country risk
Our strategy of moving into new markets by developing projects means that we consciously assume reasonable and clearly-defined country and market risks. This holds true just now with regard to our activities in emerging countries in particular.

Our general risk management approach ensures we monitor and control the respective legal and political environment. Evaluating country risk is an important factor when examining the profitability of an investment.

Risk of loss in value
Safeguarding the value of real estate holdings is an important factor in the economic development of the UBM Group.

The property and facility management division provides regular status reports as well as valuations for the optimal maintenance of the properties and buildings in order to ensure they can be utilised either by selling or long-term renting.

Internal control system
The internal control system (ICS) of UBM Realitätenentwicklung AG has the following objectives:

- Check compliance with the business policy and the set goals
- Safeguard the assets of the company
- Ensure the reliability of accounting and reporting
- Ensure the effectiveness and efficiency of operating processes
- Fulfilment of legal requirements vis-à-vis the Managing Board and Supervisory Board
- Early risk detection and reliable assessment of potential risks
- Compliance with statutory and legal provisions
- Efficient use of resources and cost-efficiency
- Ensure information, documentation and processes are complete and reliable

The internal control system tasks at UBM AG are carried out by two units that report to the Managing Board: commercial controlling supervises current business developments for variations from the budgeted figures, and ensures that the necessary counter measures are introduced for any such deviations. In addition, ad-hoc examinations can be launched at any time at the request of management for anything that is relevant from a risk perspective. Technical controlling supervises the ongoing implementation of projects in terms of scheduling, construction costs and all processes relevant to technical implementation.

These measures are designed to ensure that the assets and property of the company are maintained and the management is supported by means of effective and reliable reporting. To this end the necessary precautions are taken in the UBM Group to ensure both legal and internal guidelines are complied with on the one hand, and possible weaknesses in operating and organisational processes are recognised and rectified on the other.

Relevant requirements to ensure compliance with accounting procedures are adhered to and communicated in uniform accounting and valuation regulations.

Clear divisions of functions and control measures such as plausibility tests, regular control activities at various levels of reporting and the dual-control principle ensure reliable and accurate accounting. This systematic control management makes certain that the accounting processes at 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 for financial reporting on behalf of the Supervisory Board.

Other risks
Due to a payment made to a company of Mr Meischberger, accusations have been made against two Board members.

RESEARCH AND DEVELOPMENT

The company does not conduct any research and development activities.

DISCLOSURE AS PER ARTICLE 243a UGB

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

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

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

- Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, Vienna: 41.33%
- CA Immo International Beteiligungsverwaltungs GmbH, Vienna: 25.00%
  (CA Immo International Beteiligungsverwaltungs GmbH is a wholly-owned subsidiary of CA Immobilien Anlagen Aktiengesellschaft, Vienna)
- Amber Private Foundation, Vienna, Bocca Private Foundation, Vienna, Georg Folian, Vienna, Dr. Franz Jurkowitsch, Vienna: 15.08%

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

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

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

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

8. In 2010 the company issued a bond (partial bond) worth €100,000,000 (2010-2015) and in 2011 a bond (partial bond) worth €75,000,000 (2011-2016). Both bonds contain the following agreement: If there is a change of control in accordance with the Takeover Act and this change of control results in a lower credit rating of the issuer, and the issuer is unable to produce proof of its credit standing within 60 days of becoming aware of the change of control, any bond creditor is entitled to call in its partial bond and demand the immediate repayment at nominal value along with any interest accrued until the day of repayment.

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

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

Vienna, 6 March 2012
The Managing Board

Karl Bier
(Chairman)

Heribert Smolé

Martin Löcker

ANNUAL FINANCIAL
Statements

If you travel, you have
all sorts of things to
tell. This is our story,
in facts and figures.

BALANCE SHEET AS OF 31 DECEMBER 2011

UBM Realitätenentwicklung AG

Assets

	€	€	31.12.2011 €	31.12.2010 T€
A. NON-CURRENT ASSETS				
I. Intangible assets				
1. Rights		818,163.00		840
II. Property, plant and equipment				
1. Land, similar rights and buildings, including buildings on leasehold land, of which land value €8,673,952.56 (2010: T€11,419)	45,438,872.74			51,043
2. Furniture, fixtures and office equipment	332,822.00			396
		45,771,694.74		51,439
III. Financial assets				
1. Shares in related companies	19,639,606.97			21,471
2. Loans to related companies	128,869,922.69			129,562
3. Participations	17,947,186.75			18,727
4. Loans to undertakings linked by virtue of participating interests	49,781,703.84			43,392
5. Long-term securities	14,346,621.88			3,196
6. Other loans	2,858,539.29			2,783
		233,443,581.42		219,131
			280,033,439.16	271,410
B. CURRENT ASSETS				
I. Inventories				
1. Other inventories				
a) Planned construction	854,864.29			480
b) For use of given properties	586,695.17			587
		1,441,559.46		1,067
II. Receivables and other assets				
1. Trade receivables	5,911,948.28			76
2. Receivables from related companies	26,414,831.82			24,572
3. Receivables from undertakings linked by virtue of participating interests	685,281.35			1,575
4. Other receivables and assets	2,792,255.83			7,451
		35,804,317.28		33,674
III. Cash and cash equivalents, bank deposits		41,825,198.85		19,584
			79,071,075.59	54,325
C. PREPAYMENTS AND ACCRUED INCOME			493,699.00	54
TOTAL ASSETS			359,598,213.75	325.789

Equity and liabilities

	€	€	31.12.2011 €	31.12.2010 T€
A. SHAREHOLDERS' EQUITY				
I. Share capital		5,450,462.56		5,450
II. Capital reserves				
1. allocated	44,641,566.51			44,642
2. unallocated	544,201.68			544
		45,185,768.19		45,186
III. Profit reserves				
free reserves		47,562,720.11		47,133
VI. Retained profit				
Retained earnings brought forward	15,403.15			25
2011 profit	3,296,627.23			3,290
		3,312,030.38		3,315
			101,510,981.24	101,084
B. UNTAXED RESERVES				
1. Valuation reserve based on special write-downs			399,237.58	796
C. PROVISIONS				
1. Provisions for severance payments		1,410,483.00		1,434
2. Provisions for pensions		2,339,126.00		2,224
3. Tax provisions		1,122,738.50		1,187
4. Other provisions		8,381,931.87		7,026
			13,254,279.37	11,871
D. LIABILITIES				
1. Bonds		203,400,000.00		171,300
2. Liabilities to banks		21,229,522.32		23,189
3. Trade liabilities		197,860.64		488
4. Liabilities to related companies		5,136,120.03		3,020
5. Liabilities to undertakings linked by virtue of participating interests		2,274,466.71		3,453
6. Other liabilities				
from taxes	2,966,825.64			1,436
relating to social security	108,807.31			83
miscellaneous	7,070,545.97			6,807
		10,146,178.92		8,326
			242,384,148.62	209,776
E. ACCRUED EXPENSES AND DEFERRED INCOME			2,049,566.94	2,262
TOTAL EQUITY AND LIABILITIES			359,598,213.75	325,789
Contingent liabilities, of which to related companies €47.476.820,44 (2010: T€39,107)			108,782,497.13	114,646

UBM REALITÄTENENTWICKLUNG AG

Income statement for 2011 fiscal year

	€	2011 €	2010 T€
1. Sales revenue		37,460,098.01	21,646
2. Change in inventories of services not yet invoiced		374,650.00	–159
3. Other own work capitalised		0.00	0
4. Other operating income			
a) from disposal of non-current assets	9,097.00		–3
b) from release of provisions	350,000.00		1,787
c) other	220,533.42		364
		579,630.42	2,148
TOTAL OUTPUT		38,414,378.43	23,635
5. Cost of materials and other services			
a) Cost of materials	–122,282.37		–119
b) Cost of services used	–8,833,003.54		–4,744
		–8,955,285.91	–4,863
6. Personnel expenses			
a) Salaries	–5,937,970.59		–6,049
b) Severance expenses and contributions to employee benefit funds	–174,860.54		–145
c) Pension expenses	–185,525.16		40
d) Expenses for statutory social security, and payroll-related taxes and contributions	–1,078,058.51		–985
e) Other social expenses	–90,776.94		–128
		–7,467,191.74	–7,267
7. Amortisation and depreciation on intangible assets and property, plant, equipment		–2,396,801.80	–2,382
8. Other operating expenses			
a) Taxes, other than income taxes	–69,167.98		–52
b) Sundry	–7,190,838.30		–6,603
		–7,260,006.28	–6,655
9. INTERIM TOTAL ROWS 1 TO 8 (EARNINGS BEFORE INTEREST AND TAXES)		**12,335,092.70**	**2,468**

			2011	2010
		€	€	T€
10.	Income from participations			
	a) from related companies	8,512,441.94		18,328
	b) from affiliated companies	424,938.00		25
			8,937,379.94	18,353
11.	Income from other securities and loans held under financial assets, of which from related companies €9,701,368.84 (2010: T€6,048)		12,415,989.48	8,062
12.	Other interest and similar income, of which from related companies €895,744.73 (2010: T€612)		1,347,251.89	1,204
13.	Income from disposal and upwards revaluation of financial assets		721,413.83	182
14.	Expenses on financial assets			
	a) of which amortisation and depreciation €18,421,504.95 (2010: T€10,101)		–18,767,120.51	–11,880
	b) of which to related companies €15,856,831.84 (2010:T€635)			
15.	Interest and similar expenses, of which to related companies €70,771.32 (2010: T€407)		–11,442,296.28	–9,177
16.	**INTERIM TOTAL ROWS 10 TO 15 (FINANCIAL PROFIT)**		**–6,787,381.65**	**6,744**
17.	**PROFIT ON ORDINARY ACTIVITIES**		**5,547,711.05**	**9,212**
18.	Taxes on income		–2,218,083.82	1,078
19.	**PROFIT AFTER TAX**		**3,329,627.23**	**10,290**
20.	Reversal of untaxed reserves			
	a) Valuation reserve based on special write-downs		397,000.00	0
21.	Transfer to profit reserve		–430,000.00	–7,000
22.	**NET INCOME**		**3,296,627.23**	**3,290**
23.	Retained earnings brought forward		15,403.15	25
24.	**RETAINED PROFIT FOR THE YEAR**		**3,312,030.38**	**3,315**

Schedule of non-current assets

	Acquisition and manufacturing costs		
	As of 01.01.2011 €	Additions €	Disposals €
I. INTANGIBLE ASSETS			
1. Rights	1,203,935.14	–	–
II. PROPERTY, PLANT AND EQUIPMENT			
1. Land, similar rights and buildings, including buildings on leasehold land	73,031,977.62	132,313.06	3,835,983.02
2. Plant and machinery	18,160.00		
3. Furniture, fixtures and office equipment	885,394.47	92,866.74	38,469.32
	73,935,532.09	225,179.80	3,874,452.34
III. FINANCIAL ASSETS			
1. Shares in related companies	21,998,655.77	6,375,208.00	2,439,990.88
2. Loans to related companies	129,990,796.15	52,772,754.13	44,091,335.91
3. Participations	29,538,913.05	215,126.75	408,063.41
4. Loans to undertakings linked by virtue of participating interests	61,437,213.20	13,368,326.75	4,601,383.35
5. Long-term securities	3,228,846.46	11,225,073.52	63,834.97
6. Other loans	7,923,673.00	5,000.00	350,000.00
	254,118,097.63	83,961,489.15	51,954,608.52
	329,257,564.86	84,186,668.95	55,829,060.86

Reclassifications €	As of 31.12.2011 €	Accumulated depreciation €	Carrying amount 31.12.2011 €	Carrying amount 31.12.2010 €	Annual write-down/write-up €
–	1,203,935.14	385,772.14	818.163,00	839,816.00	21,653.00
	69,328,307.66	23,889,434.92	45,438,872.74	51,043,321.16	2,220,473.06
	18,160.00	18,160.00	–	–	–
	939,791.89	606,969.89	332,822.00	396,390.00	154,675.74
–	70,286,259.55	24,514,564.81	45,771,694.74	51,439,711.16	2,375,148.80
3,500.00	25,937,372.89	6,297,765.92	19,639,606.97	21,471,092.92	124,203.07
502,708.32	139,174,922.69	10,305,000.00	128,869,922.69	129,562,170.58	–
6,021,500.00	35,367,476.39	17,420,289.64	17,947,186.75	18,726,748.87	769,477.63
–6,527,708.32	63,676,448.28	13,894,744.44	49,781,703.84	43,391,796.59	1,687,975.66
	14,390,085.01	43,463.13	14,346,621.88	3,196,073.00	16,449.82
	7,578,673.00	4,720,133.71	2,858,539.29	2,783,149.80	–420,389.49
–	286,124,978.26	52,681,396.84	233,443,581.42	219,131,031.76	2,177,716.69
–	357,615,172.95	77,581,733.79	280,033,439.16	271,410,558.92	4,574,518.49

2011 NOTES
UBM Realitätenentwicklung AG

I. GENERAL INFORMATION

The annual financial statements as at 31 December 2011 were drawn up in accordance with the provisions of the prevailing UGB with due consideration of generally accepted accounting principles and standard practice to provide a true and fair view of the financial and earnings position of the company. The figures shown for the previous year are stated in thousands of euros (T€). Figures not prescribed by law are reported in millions of euros (€ million). The income statement is compiled in accordance with the total-cost method.

The consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft are available at Floridsdorfer Hauptstraße 1, 1210 Vienna.

II. ACCOUNTING POLICIES

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

In principle, foreign currency amounts are measured at the lower of cost or the exchange rate prevailing on the reporting date.

1. Non-current assets

Intangible assets are recognised at cost, net of ordinary straight-line amortisation. In this context, amortisation rates of between 1.28% and 2% were applied in accordance with the expected useful life.

Property, plant and equipment were measured at acquisition cost including ancillary costs and net of reductions in acquisition costs, or at manufacturing cost including ordinary straight-line depreciation charged in the 2011 reporting year, whereby the following depreciation rates were applied (new acquisitions) in accordance with expected useful lives:
Low-value assets were written off in the year when purchased.
In principle, financial assets were measured at the lower of cost or fair market value as of the balance sheet date.

	%
Residential buildings	1.5
Adaptations to residential buildings	10.0
Other buildings	4.0
Buildings on third-party land	4.0
Plant and machinery	16.7 – 25.0
Furniture, fixtures and office equipment	6.4 – 33,3

2. Current assets

Inventories

Projected buildings were measured at cost. The properties earmarked for utilisation are properties which by the balance sheet date have already been designated for sale.
The cost value generally comprises third-party services, material and personnel expenses.
For projects that take more than twelve months to execute, commensurate portions of administrative costs were recognised.

Receivables and other assets

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

3. Provisions and liabilities

The provisions for severance pay were calculated on the basis of an actuarial opinion in accordance with IAS 19 using an interest rate of 4.75% (2010: 4.75%) and an expected future wage increase of 2.54% (2010: 2.4%) as well as the earliest possible retirement date in accordance with the ASVG (2004 pension reform). Actuarial gains or losses are recognised in full during the year in which they are incurred. The principles for calculating pension insurance [AVÖ 2008-P (salaried staff)] were applied for the mortality table. When calculating the provisions for severance pay and anniversary bonuses, fluctuation discounts were applied based on statistical data. The service cost was distributed over the entire employment period.

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

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

4. Sales revenues

Due to the specific business activity of the company, income from the disposal of project companies and distributions in connection with project sales are not stated as income under the financial result but as sales revenues.

III. NOTES TO THE BALANCE SHEET

1. Non-current assets

The breakdown and changes of non-current assets are shown in the schedule of non-current assets (Page 74/75).
Intangible assets totalling €0.820 million (2010: €0.840 million) are attributable to rental rights in Innsbruck and Wolkersdorf. The value of the land of **developed sites** amounts to €7,556,589.36 (2010: €7.873 million), and that of undeveloped land to €1,117,363.20 (2010: €3.546 million). The land in Graz/Zettling was sold in 2011. Additions to developed land comprise the renovation costs for Schöffelgasse amounting to €132,313.06 (2010: €0). Under developed land, three properties in Linz/Liebermannweg, two terraced houses in Hall in Tyrol and one in Baden/Grabengasse were reclassified to current assets and sold. A write-off amounting to €50,000 (2010: €0.042 million) was also recorded. There were no additions to undeveloped land.
Liabilities from the use of property, plant and equipment not recognised in the balance sheet and due to long-term leasing contracts are as follows:

in T€	2011	2010
for the coming year	983.1	963.7
for the next five years	4,915.5	4,818.5

A summary of the data required in respect of participations in accordance with Article 238, Paragraph 2 of the UGB is presented on the pages 124-126.

The additions to **shareholdings in related undertakings** total €6.375 million (2010: €6.743 million) and are largely due to the acquisition of Rainbergstrasse – Immobilienprojektentw. GmbH as well as capital increases at Münchner Grund AG, Dictysate Investments Ltd. and Andoviev Investment Ltd.
Disposals amount to €2.440 million (2010: €0.683 million) and relate to the sale of UBX Praha 2, MG Dornach Hotel Gmbh and UBM Swiss GmbH. Furthermore, extraordinary amortisation totalling €5.770 million (2010: €0.528 million) was charged to the lower fair market value.
The additions to **participations** total €0.215 million (2010: €0.148 million). Capital was increased at one company, while another was granted a shareholder allowance. Three new participations were acquired. The disposal of €0.408 million (2010: €0.001 million) relates to the sale of a participation and the liquidation of another. Furthermore, extraordinary amortisation totalling €0.769 million (2010: €4.0 million) was charged to the lower fair market value.

Loans

in T€	2011	2010
Related companies	128,870	129,562
Participations	49,782	43,392
Other companies	2,858	2,783

As in the previous year they have a residual maturity in excess of one year.
The loans were mainly derived from project financing.
Furthermore, extraordinary amortisation totalling €11.865 million (2010: €6.101 million) was charged to the lower fair market value, and additions were recorded amounting to €0.721 million (2010: €0.182 million)

Non-current securities

in T€	2011	2010
Fixed-income securities	11,167	–
Other securities	3,180	3,196

Additions to fixed-income securities related to the 6% UBM bond 2011-2016 with a nominal amount totalling €11,280,000. Furthermore, extraordinary amortisation totalling €0.016 million (2010: €0 million) was charged on other securities to the lower fair market value.

2. Current assets

Inventories

Projected buildings relate to acquisition costs of various projects expected to be realised in the near future.

	Total amount on balance sheet		Residual maturity up to one year		Residual maturity more than one year	
in T€	2011	2010	2011	2010	2011	2010
Trade receivables	5,912	76	5,912	76	–	–
Receivables from related companies	26,415	24,572	26,415	24,572	–	–
(of which trade payables)	(3,459)	(7,275)	(3,459)	(7,275)	–	–
Receivables from companies linked by virtue of participating interests	685	1,575	685	1,575	–	–
(of which trade payables)	(288)	(1,004)	(288)	(1,004)	–	–
Other receivables	2,792	7,451	1,819	6,518	973	933
Total	35,804	33,795	34,831	32,862	973	933

T€85 (2010: T€ 69) of other receivables became cash items only after the balance sheet date.

Liquid assets

in T€	2011	2010
Cash and cash equivalents	2	7
Bank deposits	41,823	19,577
	41,825	19,584

3. Shareholders' equity

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

Capital and profit reserves

The allocated capital reserve is derived from the share premium paid in connection with capital increases. The unallocated capital reserve is derived from changes in the legal form of the company in previous years.
"Other (free) reserves" increased from €47.133 million to €47.563 million. This increase resulted from a transfer to the unallocated profit reserve totalling €0.430 million.

4. Untaxed reserves

The release of untaxed reserves has no impact on the tax expense of the fiscal year due to tax losses carried forward.

in €	As of 01.01.2011 €	Additions U=Reclassification €	Depreciation €	Release due to expiry €	As of 31.12.2011 €
I. Property, plant and equipment					
1. Undeveloped land	287,165.48	–	–	–	287,165.48
from transfer Article 12 EStG					
	287,165.48	–	–	–	287,165.48
II. Financial assets					
1. Shares in related					
companies from Article 12 EstG	509,072.10	–	397,000.00	–	112,072.10
	509,072.10	–	397,000.00	–	112,072.10
	796,237.58	–	397,000.00	–	399,237.58

5. Rückstellungen

in T€	2011	2010
Severance pay	1,410	1,434
Pensions	2,339	2,224
Taxes	1,123	1,187
Other		
Buildings	3,924	2,673
Personnel	1,684	2,255
Miscellaneous	2,774	2,098
	13,254	11,871

To cover pension provisions the company has pension plan reinsurance with an actuarial reserve as of 31 December 2011 totalling €973,423.84 (2010: €933,379.53). The rights and claims derived from these contracts are pledged in their entirety to the pensionable employees.
Provisions for buildings primarily concern outstanding purchase invoices. Other provisions are mainly provisions for anticipated losses and provisions for losses to be taken over from subsidiaries.

Liabilities

in T€	Total amount on balance sheet 2011	2010	Residual maturity up to one year 2011	2010	Residual maturity more than one year 2011	2011
Bonds	203,400	171,300	28,400	–	175,000	171,300
Liabilities to banks	21,230	23,189	2,109	2,092	19,121	21,097
Trade liabilities	198	488	198	488	–	–
Liabilities to related companies	5,136	3,020	5,136	3,020	–	–
(of which trade payables)	(884)	(17)	(884)	(17)		
Liabilities to undertakings linked by virtue of participating interests	2,274	3,453	2,274	3,453	–	–
(of which trade payables)	(1,082)	(2,309)	(1,082)	(2,309)		
Other liabilities						
from taxes	2,967	1,436	2,967	1,436	–	–
relating to social security	109	83	109	83	–	–
Miscellaneous	7,071	6,807	6,523	6,242	548	565
Total	242,385	209,776	47,716	16,814	194,669	192,962

The liabilities to related companies largely comprise other liabilities.

Liabilities with residual maturity of more than five years:

in T€	2011	2010
Liabilities to banks	12,966	14,270
Other liabilities		
Miscellaneous	478	496

The liabilities to banks are secured with mortgages totalling €21.230 million (2010: €23.189 million).

€5.793 million (2010: €6.002 million) of other liabilities will only become cash items after the balance sheet date.

Tax liabilities on income are stated under tax liabilities. An audit was carried out in 2010 for the years 2005-2008. The result of the audit, as laid down in the minutes of the final meeting on 15 December 2011, was an additional payment of T€ 2,736.3€. Advance payments of corporate tax amounting to T€1,422.8 were offset with corporate tax payment obligations, in line with the practice from previous years.

7. Contingent liabilities

in T€	2011	2010
Credit guarantees	108,782	114,646

Project financing credits given by project companies related to the company were secured with the pledging of these business shares.

IV. NOTES TO THE INCOME STATEMENT

Sales revenues break down as follows:

in T€	2011	2010
Breakdown by activity:		
Rentals from property management	6,306	6,478
Project development and construction	31,154	15,168
	37,460	21,646

in T€	2011	2010
Austria	16,519	10,543
International	20,941	11,103
Total	37,460	21,646

Personnel expenses

In item 6b "Severance expenses and contributions to employee benefit funds" totalling €174,860.54 (2010: T€146) an amount of €95,628.71 (2010: T€101) was attributable to severance expenses, and breaks down as follows:

2011	Severance expense	Pension expense
Managing Board	–8,322.00	159,285.19
Executives	40,509.36	–
Other staff	63,441.35	–
Total	95,628.71	159,285.19
2010	Severance expense	Pension expense
Managing Board	7,926.00	–16,179.54
Executives	134,242.61	–
Other staff	–41,589.46	–
Total	100,579.15	–16,179.54

Financial result

in T€	2011	2010
Income from participations		
a) from related companies	8,512	18,328
b) from affiliated companies	425	25
Income from securities and loans	12,416	8,062
of which from related companies	9,701	6,049
Other interest and similar income	1,347	1,204
of which from related companies	896	612
Income from disposal and upwards revaluation of financial assets	721	182
Expenses on financial assets	18,767	11,880
of which from related companies	15,857	635
of which depreciation	18,422	10,101
Interest and similar expenses	11,442	9,177
of which to related companies	71	407

Income from participations contains a same-period dividend recognition of "UBM 1 Liegenschaftsverwertung GmbH" amounting to €1.5 million (2010: €9.0 million).

Taxes on income

Deferred tax assets totalling T€13 (2010: T€4) were not recognised in the annual financial statements. As of 31 December 2011 they amounted to €0.341 million (2010: €0.355 million).
The company is the parent firm of a group that comprises 16 members in total, all of whom are linked to the company either directly or indirectly in accordance with Section 9 (4) of the Corporate Tax Act (KStG). Pursuant to the respective group and tax equalisation agreements, group members are obliged to pay a tax levy amounting to the corporate tax for the fiscal year payable on the profit in accordance with the regulations of the Income Tax Act (EStG) and the KStG. Any losses assessed in accordance with the provisions of the EStG and the KStG are held and offset against tax profits generated in subsequent fiscal years. In the event held losses are set off against profits, there is no obligation to pay a tax levy. The parent company can prescribe that group members make advance payments on the tax levy depending on when corporate tax advance payments fall due.

Audit costs

Audit and related services performed by the independent auditor were compensated by UBM with the sum of T€55.0 (2010: T€53.0). The auditor also received the sum of T€38.6 (2010: T€58.3) for other advisory services.

V. RELATIONSHIPS WITH RELATED COMPANIES

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

VI. OTHER FINANCIAL COMMITMENTS

Hotel Euro-Disney

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital shares in UBX (Luxembourg) s.a.r.l. at its written request. UBX (Luxembourg) s.a.r.l is in turn the sole shareholder of RL UBX Hotelinvestment France s.a.r.l, which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land belonging to the Euro Disney Park near Paris. The purchase price corresponds to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2011, this liability totalled T€34.025,5 (previous year: T€35,449.7) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

Hotel "Magic Circus"

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital share in Asset Paris II (Luxembourg) s.a.r.l. at its written request. Asset Paris II (Luxemburg) s.a.r.l is in turn the sole shareholder of Asset Paris II s.a.r.l, which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land in the commune of Magny-le-Hongre near Paris. The purchase price corresponds to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2011, this liability totalled T€18.971,6 (previous year: T€19,453.0) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

VII. NOTES TO FINANCIAL INSTRUMENTS

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

In the 2005 fiscal year a bond was issued by UBM AG under the following terms and conditions.

Nominal amount:	€100,000,000
Duration:	2005-2012
Interest rate:	3.875%
Coupon date:	10 June of each year; first time on 10 June 2006
Repayment:	100% at maturity
Repayment in 2010	– €28,700,000
Repayment in 2011	– €42,900,000
As of 31 December 2011:	€28,400,000

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

Since the swap was concluded exclusively for hedging purposes, the negative market value of the closed forward start swap was not immediately expensed as incurred. However, it will be recognised as interest expense over the remaining term at the interest rate hedged in April 2005 (3.875% plus 0.44% for the interest swap). The market value of the interest swap as at 31.12.2011 was €-0.182 million (2010: €-0.629 million). As of 16 April 2010 a sum of €28.7 million was repaid from this bond, and on 21 December 2011 another sum of €42.9 million.

Also on 16 April 2010 a new bond was issued by UBM AG under the following terms and conditions.

Nominal amount:	€100,000,000
Duration:	2010-2015
Interest rate:	6.000%
Coupon date:	16 April of each year; first time on 16 April 2011
Repayment:	100% at maturity

In the 2011 fiscal year another bond was issued by UBM AG under the following terms conditions.

Nominal amount:	€75,000,000
Duration:	2011-2016
Interest rate:	6.000%
Coupon date:	9 November of each year; for the first time on 9 November 2012
Repayment:	100% at maturity

VIII. MISCELLANEOUS

Transactions with people and undertakings close to the company were concluded under normal market conditions.

IX. INFORMATION ON STAFF AND STATUTORY BODIES

Average headcount:

	2011	2010
Salaried staff	68	68

The remuneration of the Board in 2011 totalled €1,422,401.05 (2010: €1,478,800.78).

Managing Board members
Karl Bier, Chairman
Heribert Smolé
Martin Löcker
Peter Maitz (until 22 September 2011)

Supervisory Board Members
Horst Pöchhacker, Chairman
Dr. Peter Weber, Deputy Chairman
Dr. Bruno Ettenauer
Wolfhard Fromwald
Dr. Walter Lederer
Dr. Johannes Pepelnik
Iris Ortner (from 14 April 2011)
Karl-Heinz Strauss (from 14 April 2011)

The remuneration paid to members of the Supervisory Board, including fees for meetings, totalled €69,305.10 in the reporting year (2010: €79,663.77).

Vienna, 6 March 2012

Karl Bier
(Chairman)

Heribert Smolé

Martin Löcker

RESPONSIBILITY STATEMENT

UBM AG

DECLARATION OF MANAGEMENT IN ACCORDANCE WITH SECTION 82 (4) OF THE STOCK EXCHANGE ACT (BÖRSEG) (RESPONSIBILITY STATEMENT) – UBM AG

We hereby declare to the best of our knowledge that the annual financial statements of the parent company compiled in accordance with applicable accounting standards provide a true and fair view of the financial and earnings position of the company, as well the results of its operations. The business report presents the business operations, the results of business operations and the situation of the company in a way that provides a true and fair view of the financial and earnings position and the results of operations of the company, whilst also outlining the significant risks and uncertainties facing the company.

Vienna, 6 March 2012
The Managing Board

Karl Bier
Chairman of the Managing Board responsible for project development and personnel

Heribert Smolé
Member of the Managing Board responsible for finance and accounting

Martin Löcker
Member of the Managing Board responsible for technical management

AUDITOR'S REPORT

Report on Annual Financial Statements

We have audited the accompanying financial statements of **UBM Realitätenentwicklung Aktiengesellschaft, Vienna for the fiscal year from 1 January 2011 to 31 December 2011** together with the bookkeeping system. The annual financial statements comprise the balance sheet as of 31 December 2011, the income statement for the fiscal year ended 31 December 2011 and the notes.

Management's Responsibility for the Financial Statements and Accounting

The management are responsible for the accounting as well as the presentation and the content of the annual financial statements which provide a true and fair view of the financial and earnings position and the results of operations of the company in accordance with the regulations of the Austrian Commercial Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the annual financial statements and the fair presentation of its net assets and financial position and the results of operations, to ensure the annual financial statements are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and description of type and scope of statutory audit

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with applicable laws and regulations in Austria for audits. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control relevant to the company's preparation of the annual financial statements and the fair presentation of the net assets and financial position of the Group and the results of its operations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit has not led to any objections. In our opinion, based on the results of our audit the annual financial statements have been prepared pursuant to applicable regulations and present a true and fair view of the net assets and financial position of the company as of 31 December 2011 and of the results of its operations for the fiscal year from 1 January 2011 to 31 December 2011 in accordance with accounting principles generally accepted in Austria.

Statement on Business Report

Laws and regulations require us to perform audit procedures to determine whether the business report is consistent with the annual financial statements and whether the other disclosures made in the business report do not give rise to misconceptions about the position of the company. The auditor's report has to state whether the business report is consistent with the annual financial statements and whether the disclosures according to Section 243a of the Austrian Commercial Code apply.

In our opinion, the business report for the company is consistent with the annual financial statements. The disclosures according to Section 243a of the Austrian Commercial Code apply.

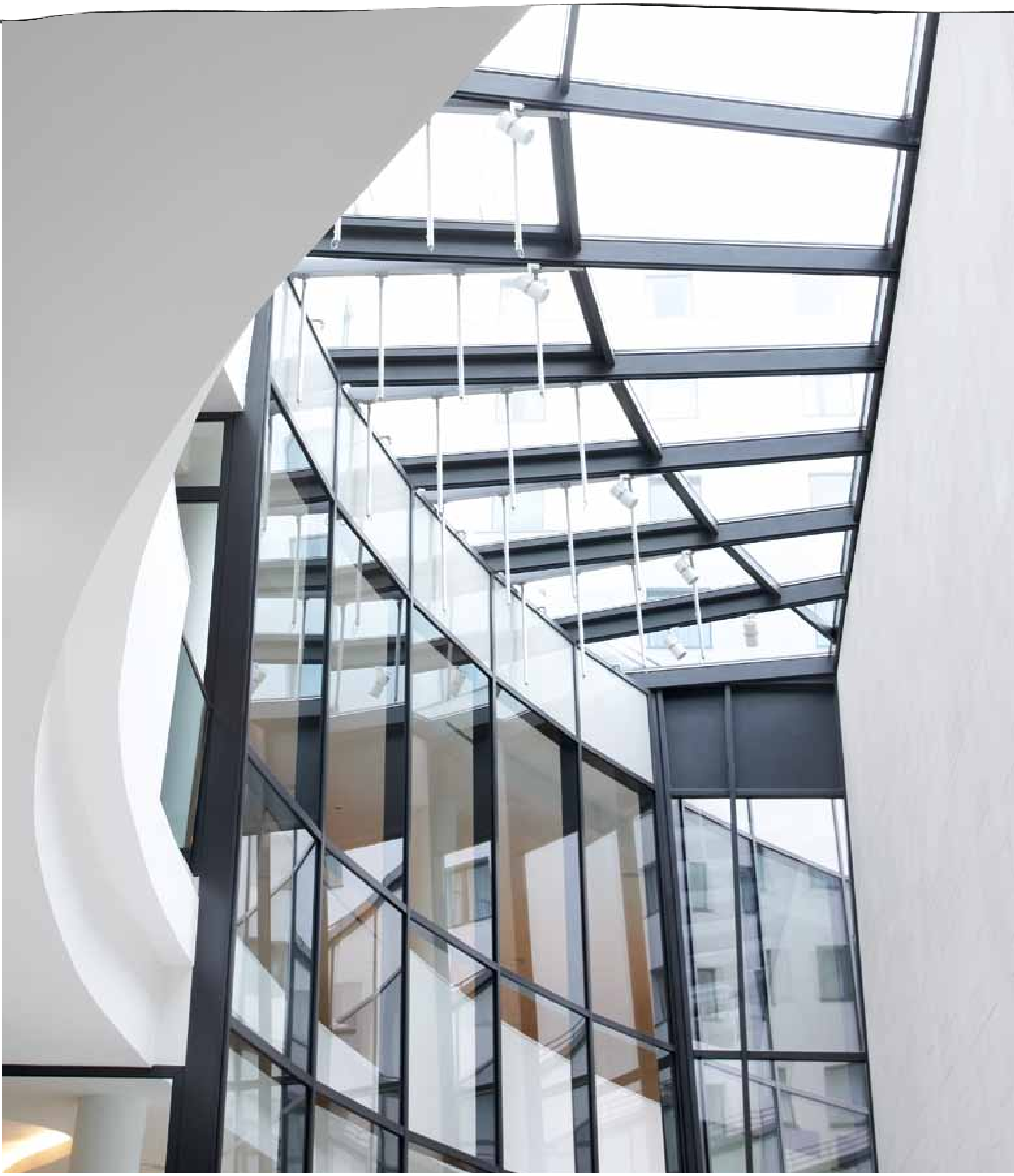
Vienna, 6 March 2012

BDO Austria GmbH
(Audit and Tax Consultants)

Markus Trettnak
Auditor

Klemens Eiter
Auditor

CONSOLIDATED
financial statements



Andel's Hotel, Berlin

Consolidated income statement for the 2011 fiscal year

in T€	Notes	2011	2010
Sales revenue	(5)	196,370.0	114,591.5
Own work capitalised in non-current assets		0.0	280.5
Other operating income	(6)	7,630.7	6,680.6
Material expenses and other services	(7)	–133,913.5	–59,341.7
Personnel expenses	(8)	–16,030.7	–15,103.5
Amortisation on intangible assets and depreciation on tangible assets	(9)	–1,725.6	–1,487.0
Other operating expenses	(10)	–29,197.9	–19,829.5
Earnings before interest and tax (EBIT)		**23,133.0**	**25,790.9**
Result from associated companies		–1,005.3	–521.7
Financial income	(11)	10,072.5	12,345.4
Financial expenditure Financial expenditure	(12)	–17,643.1	–23,258.4
Earnings before tax (EBT)		**14,557.1**	**14,356.2**
Taxes on income	(13)	–5,651.4	–4,911.4
Profit after tax		**8,905.7**	**9,444.8**
of which due to parent company shareholders		**9,901.1**	**9,178.7**
of which non-controlling interests		–995.4	266.1
Earnings per share (in €)	(14)	3.30	3.06

Consolidated statement of comprehensive income for the 2011 fiscal year

in T€	Notes	2011	2010
Net income		8,905.7	9,444.8
Realised profit from hedging transactions	(29)	400.0	372.7
Tax expense (income)		226.9	–200.4
Difference from currency translations		–1,224.1	1,061.5
Other comprehensive income		**–597.2**	1,233.8
Total comprehensive income for the year		**8,308.5**	10,678.6
of which due to parent company shareholders		9,206.5	10,412.5
of which non-controlling interests		–898.0	266.1

Consolidated balance sheet as of 31 December 2011

in T€	Notes	31.12.2011	31.12.2010
Assets			
Non-current assets			
Intangible assets	(15)	2,697.4	2,701.2
Property, plant and equipment	(16)	36,924.7	56,251.7
Financial real estate	(17)	249,501.6	251,717.6
Shares in associated companies	(18)	20,052.9	18,814.2
Project financing	(19)	58,946.1	51,052.4
Other financial assets	(20)	17,290.9	18,956.5
Deferred tax assets	(25)	3,762.3	981.3
		389,175.9	**400,474.9**
Current assets			
Inventories	(21)	101,838.6	84,312.7
Trade receivables	(22)	22,483.8	15,254.6
Other receivables and assets	(23)	12,056.8	12,499.7
Liquid assets	(24)	67,033.6	46,711.1
		203,412.8	**158,778.1**
		592,588.7	**559,253.0**

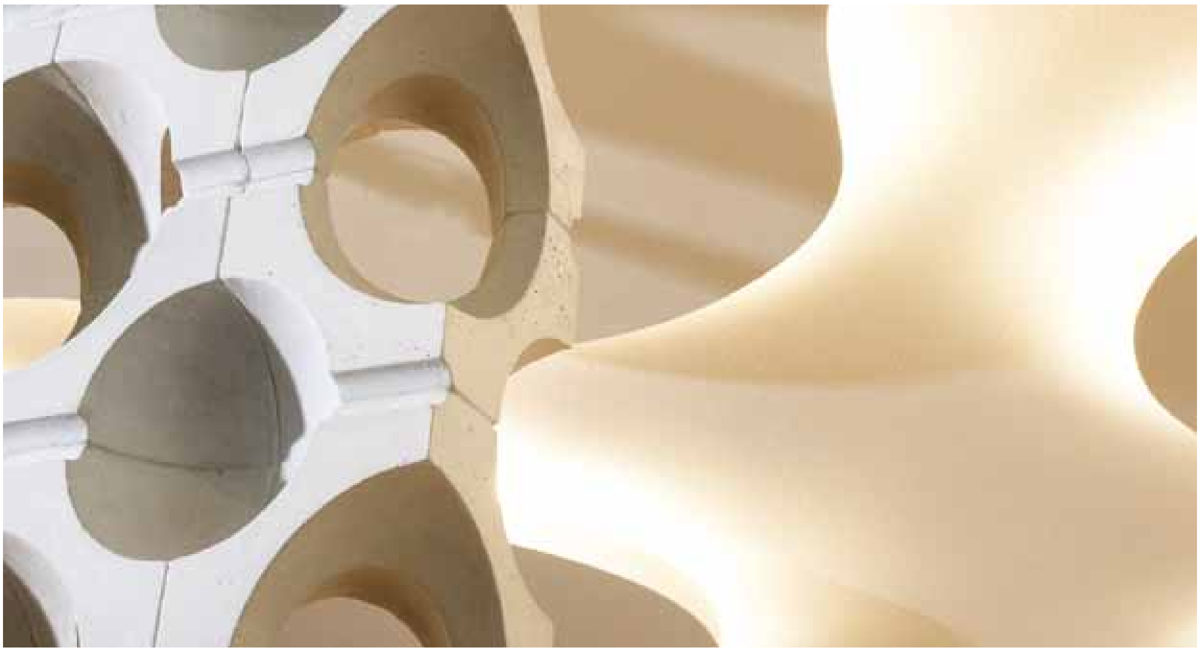
Equity and liabilities			
Shareholders' equity	(26,27)		
Share capital		5,450.5	5,450.5
Capital reserves		45,185.8	45,185.8
Foreign currency translation reserve		2,438.7	3,533.3
Other reserves		88,058.4	81,053.9
Retained profit		3,312.0	3,315.4
Interests of parent company shareholders		144,445.4	138,538.9
Non-controlling interests		339.4	988.7
		144,784.8	**139,527.6**
Long-term liabilities			
Provisions	(28)	8,669.2	5,677.2
Bonds	(29)	163,445.1	171,300.0
Financial liabilities	(30)	121,544.7	157,996.2
Other financial commitments	(32)	13,385.2	16,391.6
Deferred tax liabilities	(25)	8,974.1	6,221.2
		316,018.3	**357,586.2**
Current liabilities			
Provisions	(28)	836.9	2,972.5
Bonds	(29)	28,294.2	
Financial liabilities	(30)	41,841.5	10,730.5
Trade liabilities	(31)	37,788.1	27,861.8
Other financial commitments	(32)	13,457.8	10,587.6
Other liabilities	(33)	4,770.6	4,749.3
Tax liabilities	(34)	4,796.5	5,237.5
		131,785.6	**62,139.2**
		592,588.7	**559,253.0**

Consolidated cash flow statement for the 2011 fiscal year

in T€	2011	2010
Profit after tax	8,905.7	9,444.8
Depreciation/upwards revaluation of non-current assets	6,957.8	16,432.5
Income/expenses on associated companies	–7,295.5	–7,333.8
Increase/decrease in long-term provisions	2,992.0	–1,550.4
Deferred tax liabilities	673.5	882.1
Cash flow from earnings	**12,233.5**	**17,875.2**
Increase/decrease in short-term provisions	–2,140.4	–180.0
Profit/loss from disposal of assets	–11,234.0	–2.7
Increase/decrease in inventories	–9,406.2	–16,463.5
Increase/decrease in receivables	–7,171.5	–15,384.9
Increase/decrease in liabilities (excluding bank liabilities)	10,013.5	3,941.9
Other non-cash transactions	–2,566.3	7,240.6
Cash flow from operating activities	**–10,271.4**	**–2,973.4**
Income from disposed property, plant, equipment and financial real estate	55,974.5	17,545.9
Income from disposed financial assets	6,647.7	3,781.5
Investments in intangible assets	–16.5	–10.2
Investments in property, plant, equipment and financial real estate	–71,676.5	–72,422.9
Investments in financial assets	–10,329.4	–6,124.1
Income/expense from changes in consolidation scope	15,532.2	9,885.8
Cash flow from investment activities	**–3,868.0**	**–47,344.0**
Bond repayments	–42,900.0	–28,700.0
Income from bonds	63,339.3	100,000.0
Dividends	–3,349.8	–3,367.2
Borrowing/repayment of loans and other Group financing	19,046.4	–11,637.1
Cash flow from financing activities	**36,135.9**	**56,295.7**
Cash flow from operating activities	**–10,271.4**	**–2,973.4**
Cash flow from investment activities	**–3,868.0**	**–47,344.0**
Cash flow from financing activities	**36,135.9**	**56,295.7**
Change in liquid assets	**21,996.5**	**5,978.3**
Liquid assets as of 01.01.	46,711.1	39,604.6
Currency differences	–1,130.6	644.4
Change in liquid assets due to altered scope of consolidation	–543.4	483.8
Liquid assets as of 31.12.	**67,033.6**	**46,711.1**

Reconciliation of equity for the 2011 fiscal year

in T€
As of 01.01.2010
Total result for the year
Dividend payments
Acquisition of non-controlling interests
As of 31.12.2010
As of 01.01.2011
Total result for the year
Dividend payments
Acquisition of non-controlling interests
As of 31.12.2011



	Share capital	Capital reserve	Foreign currency translation reserve	Other reserves	Parent company shareholders	of wich due to non-controlling shareholders of subsidiaries	Total
	5,450.5	**45,185.8**	**2,672.2**	**78,119.1**	**131,427.6**	**1,022.5**	**132,450.1**
	–	–	861.1	9,551.4	10,412.5	266.1	10,678.6
	–	–	–	–3,000.0	–3,000.0	–367.2	–3,367.2
	–	–	–	–301.2	–301.2	67.3	–233.9
	5,450.5	**45,185.8**	**3,533.3**	**84,369.3**	**138,538.9**	**988.7**	**139,527.6**
	5,450.5	**45,185.8**	**3,533.3**	**84,369.3**	**138,538.9**	**988.7**	**139,527.6**
	–	–	–1,094.6	10,301.1	9,206.5	–898.0	8,308.5
	–	–	–	–3,300.0	–3,300.0	–49.8	–3,349.8
	–	–	–	–	–	298.5	298.5
	5,450.5	**45,185.8**	**2,438.7**	**91,370.4**	**144,445.4**	**339.4**	**144,784.8**

Notes (26) (27)

NOTES TO
consolidated financial statements 2011

I. GENERAL INFORMATION

The UBM Group is composed of UBM Realitätenentwicklung Aktiengesellschaft (UBM AG) and its subsidiaries. UBM AG is a public company pursuant to Austrian law and is headquartered at Floridsdorfer Hauptstraße 1, 1210 Vienna. The company is registered at the Vienna Commercial Court under registration No. FN 100059 x. The core activities of the Group are the development, utilisation and administration of real estate.

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

The reporting currency is the euro, which is also the functional currency for UBM AG. For the individual subsidiaries included in the consolidated financial statements the functional currency is either the euro or the respective national currency, depending on the field of business. Figures are reported in thousands of euros (T€) and rounded accordingly. The reporting year corresponds to the calendar year and ends on 31 December 2011.

II. CONSOLIDATION

Scope of consolidation

In addition to UBM AG, the consolidated financial statements include 8 domestic subsidiaries (previous year: 7) and 52 foreign subsidiaries (previous year: 49). Furthermore, 6 domestic (previous year: 8) and 23 foreign (previous year: 14) associated companies were measured using the equity method.

The consolidated subsidiaries and associated companies can be found on the list of equity investments (see annex). Companies of secondary importance to the consolidated financial statements have not been included. A total of 13 companies (previous year: 14) were not fully consolidated due to their minor economic importance.

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

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

In the 2011 fiscal year the following companies were consolidated for the first time (for level of participation see list of equity investments):

- Rainbergstraße – Immobilienprojektentwicklungs GmbH
- MG Projekt-Sendling Gewerbegrundstücks GmbH & Co. KG (spin-off)
- Münchner Grund Lilienthal GbR
- Hotel PBP Spólka z ograniczona odpowiedzialnoscia
- UBM Spinoza B.V.

An interest was acquired in one company, while all others were newly established. On grounds of materiality and for simplicity's sake all companies were consolidated for the first time as of 1 January 2011.

The assets and liabilities of the companies consolidated for the first time are shown below:

Assets and liabilities

in T€	2011	2010
Assets		
Non-current assets	0.0	64,483.5
Current assets	11,661.8	12,537.6
Assets	**11,661.8**	**77,021.1**
Equity and liabilities		
Long-term liabilities	0.0	53,448.4
Current liabilities	9,400.0	22,840.7
Equity and liabilities	**9,400.0**	**76,289.1**
Sales revenue in reporting year	9,462.9	636.0
Net income in reporting year	777.6	–960.9
Purchase price for interests	**2,032.5**	**2,560.0**

In the reporting year, goodwill from the first-time consolidations was allocated to assets totalling T€3,065.5 (previous year: T€1,023). Assets were measured at their fair market value. The non-controlling interest of acquired companies recognised as at the date of the acquisition totalled T€278.8 (previous year: T€15.6).

The assets consolidated for the first time largely comprise real estate, while the liabilities are composed of the financing for these real estate properties. The companies consolidated for the first time drive the development of these projects.

Principles of consolidation

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

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

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

III. CAPITAL RISK MANAGEMENT

The Group manages its capital with the goal of maximising the return from its participations through optimising the balance of equity and external capital.

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

Net debt

Risk management at the Group checks the capital structure on a continuous basis.

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

in T€	31.12.2011	31.12.2010
Debts [I]	355,125.5	340,026.8
Cash and cash equivalents	–67,033.6	–46,711.1
Net debts	288,091.9	293,315.7
Equity capital [II]	144,784.8	139,527.6
Net debt to equity ratio	179.4%	210.2%

[I] Debts are defined as long- and short-term financial liabilities, as outlined in notes 29 and 30.

[II] Equity capital comprises the entire capital and reserves of the Group.

The overall strategy of the Group has not changed in comparison to the 2010 fiscal year.

IV. ACCOUNTING POLICIES

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

Principles of measurement

Amortised cost is used as the basis for measuring intangible assets, property, plant and equipment, project financing, inventories, trade receivables and liabilities.

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

Currency translations

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

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

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

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

Intangible assets are capitalised at cost and amortised using straight-line rates over their expected useful life. In this respect amortisation rates of 25% to 50% were applied.

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

If a reduction in value (impairment) is identified, the corresponding intangible assets will then be depreciated to the recoverable amount, i.e. to the higher of the fair value less selling costs or the value in use. When the impairment no longer applies it is reversed in line with the increased valuation, but only up to the maximum value calculated if applying the amortisation schedule on the basis of the original cost.

Goodwill is recorded as an asset and is reviewed for any impairment in value at least once a year pursuant to IFRS 3 in connection with IAS 36. All impairments are immediately recorded in the income statement. No impairment losses are subsequently reversed.

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

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

If a reduction in value (impairment) is identified, the corresponding property, plant and equipment will then be depreciated to the recoverable amount, i.e. to the higher of the fair value less selling costs or the value in use. When the impairment no longer applies it is reversed in line with the increased valuation, but only up to the maximum value calculated if applying the depreciation schedule on the basis of the original cost. Fundamental modifications are capitalised, while ongoing maintenance work, repairs and minor modifications are recognised as expense when they are accrued.

Low-value assets are written off in the year when purchased since they are immaterial from the perspective of the consolidated financial statements.

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

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

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

Leasing

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

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

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

Project financing is valued at amortised cost. If signs of a reduction in value (impairment) are identified, the project financing is depreciated to the present value of the expected cash flow.

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

Real estate intended for sale is valued at the lower of the purchase/production cost and the net sales value. Borrowing costs are included in the cost value in the case of qualifying assets.

Construction projects are accounted using the POC method. Projected revenues are recognised under sales revenue in accordance with the percentage of completion. The percentage of completion, which forms the basis for the amount of recognised revenues, is generally determined based on the output as of the reporting date relative to the total estimated output. In the event the percentage of completion cannot be reliably estimated, revenues are only recognised to the level of corresponding costs. Project costs are recognised as expense in the period when incurred. If it is likely that the costs of a project will exceed the entire revenue of the project, the expected loss is recognised immediately. There were no construction projects in the 2011 fiscal year or in the previous year.

Receivables are essentially recognised at amortised cost. Write-down allowances are allocated in the event of risks regarding collectibility.

In the case of temporary differences between the valuation of assets and liabilities in the consolidated financial statements on the one hand and the fiscal valuation on the other, accrued items for deferred taxes are stated in the amount of the anticipated future tax burden or tax relief. Furthermore, deferred tax assets for future monetary gains resulting from tax loss carry forwards are recognised for as long as realisation is probable. The exceptions to this rule of comprehensive tax deferrals are the differences from goodwill that cannot be deducted for tax purposes.

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

The **provisions for severance pay, pensions and anniversary bonuses** were determined pursuant to IAS 19 according to the Projected Unit Credit Method and based on the AVÖ 2008-P generations table, whereby an actuarial valuation is carried out as of each balance sheet date. In measuring these provisions, an annual interest rate of 4.75% (previous year: 4.75%) and annual reference increases of 2.54% (previous year: 2.4%) were taken into account

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

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

Liabilities are recognised at amortised cost using the effective interest method.

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

Derivative financial instruments are measured at their fair market value through profit or loss. Derivatives in hedges are treated in accordance with hedge accounting regulations.

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

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

Management estimates and assumptions as well as discretionary decisions which refer to the amount and recognition of assets and debts in the balance sheet as well as to income and expenditures and the data of relevant contingent liabilities are inextricably linked to the compilation of the annual financial statements. The estimates, assumptions and discretionary decisions essentially refer to:

- Determining fair values of real estate: As a rule the fair value is equal to the present value of realisable income from leasing. If the estimate regarding the future realisable earnings from leasing or the predicted rate of return on alternative investments changes, the fair value of the given object will also change. The capitalisation rate (ranging from 6 to 9%) is the rate at which the return from the property is computed on the market. The general and specific risk that the return from the property is subject to is one criterion for choosing the capitalisation rate. Generally speaking, the largest risk of a real estate investment, i.e. vacancy, is taken into account by means of a varying deduction when the income to be capitalised is determined.

- The classification as financial real estate (IAS 40) or investment real estate (IAS 2) is based on the following considerations. Projects that are held to generate rental revenue or for the purposes of increasing value are classified as financial real estate. The investment real estate category comprises real estate that is intended for resale at the outset. These are generally residential properties.

- Useful life: The useful life of property, plant and equipment and intangible assets which can be amortised/depreciated is the estimated period for which the assets are expected to be used. A change in general conditions may require an adjustment to the useful life, which can have an effect on the results of operations of the Group.

- Construction projects: The assessment of construction projects until completion, the level of project revenues to be accrued under the POC method and the estimate of the likely project result are all based on expectations of the future development of long-term construction projects. Any change in these estimates, especially any costs still to be incurred, the percentage of completion and the likely project result can exert an impact on the results of operations of the Group.

- Provisions: The estimated values of severance payment, pension and anniversary bonus provisions are based on parameters such as discount factors, salary increases or fluctuations, which can lead to higher or lower provisions and staff costs and interest costs if changes occur. Other provisions are based on estimates related to the likelihood of an event occurring or the probability of an outflow of funds. Changes to these estimates or the occurrence of an event previously classed as unlikely can have a significant effect on the Group's results of operations.

- Impairment: Impairment tests on goodwill, other intangible assets, property, plant and equipment and real estate held as financial investments are primarily based on estimated future discounted net payment flows which are expected from the continuous use of an asset and its disposal at the end of its useful life. Factors like lower revenues or rising expenditure and the resulting lower net payment flows as well as changes to the discount factors used can lead to impairment or, if permitted, to a write-up.

- Deferred tax assets from tax loss carry-forwards: The usability of tax loss carry-forwards is mostly dependent on the growth in earnings of individual companies. Deferred tax assets from loss carry forwards were capitalised insofar as they are likely to be set off against future tax profits. The actual tax profits could differ from these assumptions.
  The figures which actually arise in the future could deviate from these estimates.

NEW AND AMENDED ACCOUNTING STANDARDS

Standards applied for the first time in reporting year

New interpretations

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments:
This interpretation published in November 2009 clarifies that equity instruments issued to extinguish financial liabilities, which are initially measured at fair value, constitute "paid consideration" in accordance with paragraph 41 of IAS 39. This interpretation must be applied for annual periods beginning on or after 1 July 2010 and did not impact on the consolidated financial statements of the Group.

Revised Standards

IAS 24 – Related Party Disclosures
This standard revised in 2009 simplifies the definition of related parties, clarifies the intended meaning of the term and removes any inconsistencies. Partial exemption is planned for semi-public companies. This revised standard is largely applicable for annual periods beginning on or after 1 January 2011 and had no significant impact on the consolidated financial statements.

Amendments to Standards and Interpretations

Classification of rights issues: Amendments to IAS 32 Financial Instruments: Presentation (revised in 2009):
In accordance with this amendment, rights (options, warrants) to acquire a certain number of equity instruments for a fixed amount of foreign currency are considered to be equity instruments if such rights are offered pro rata to all existing shareholders. This amendment must be applied for annual periods beginning on or after 1 February 2010 and had no impact on the consolidated financial statements of the Group.

IFRS 1 – First-time adoption of International Financial Reporting Standards:
Exemption from Comparative IFRS 7 Disclosures
According to the amendment, entities need not provide the comparative information for previous periods as required by amendment to IFRS 7 Financial instruments: Disclosures from March 2009 if they are first-time adopters before 1 January 2010. Since the UBM Group is not a first-time adopter of IFRS, this standard had no impact on the consolidated financial statements.

Prepayment of minimum amounts: Amendments to IFRIC 14 – Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction (revised in 2009):
The amendment permits the prepayments of minimum amounts to be recognised as assets. This amendment must be applied for annual periods beginning on or after 1 January 2011 and had no impact on the consolidated financial statements of the Group.

Improvements to IFRS (revised in 2010):
In May 2010 the IASB issued a collection of amendments to various IFRSs as part of the annual improvements process project (Improvements to IFRS). The amendments relate to changes for presentation, recognition and measurement purposes as well as those involving terminology or editorial changes. The amendments are largely applicable for annual periods beginning on or after 1 January 2011 and had no impact on the consolidated financial statements.

New accounting standards not yet applied

The following standards and interpretations were already published when the consolidated financial statements were produced but were not compulsory for annual periods beginning on or after 1 January 2011 and were not applied early on a voluntary basis either.

Standards and interpretations adopted by the European Union

Amendments to Standards and Interpretations

Transfer of financial assets: Amendments to IFRS 7 – Financial Instruments: Disclosures:
Additional disclosures were prescribed for transferred financial assets that are still recognised on the balance sheet. This amendment must first be applied for annual periods beginning on or after 1 July 2011. This is not expected to have any significant impact on the consolidated financial statements.

Standards and interpretations not yet adopted by the European Union

New Standards

IFRS 9 – Financial Instruments: Classification and measurement of financial assets
IFRS 9 – Financial Instruments was published in November 2009. IFRS 9 governs the classification and measurement of financial assets. The measurement categories to date of loans and receivables, assets held to maturity, available-for-sale financial assets and assets measured at fair value through profit or loss have been replaced by the categories of amortised cost and fair value. Whether an instrument can be classified in the amortised cost category depends on the business model of the entity, i.e. how the entity manages its financial instruments, and on the contractual payment flows of the individual instrument. These amendments must be applied for annual periods beginning on or after 1 January 2015, and retrospectively. The Group is currently evaluating the impacts of their application on the consolidated financial statements.

IFRS 9 – Financial Instruments: Additions for the recognition of financial liabilities
The version revised in 2010 included requirements on the classification and measurement of financial liabilities, which essentially comply with the existing classifications under IAS 39. There are two significant differences with regard to disclosing changes in default risk as well as deleting the acquisition cost exemption for derivative financial liabilities. These amendments must be applied for annual periods beginning on or after 1 January 2015, and retrospectively. The Group is currently evaluating the impacts of their application on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements
In IFRS 10, control is identified as the only determining factor for consolidation, regardless of the type and background of the participation. Consequently, this replaces the risk and opportunity approach known from SIC-12. This standard must be applied for annual periods beginning on or after 1 January 2013. The Group is currently evaluating the impacts of their application on the consolidated financial statements.

IFRS 11 – Joint Arrangements
The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations, and accounts for those rights and obligations in accordance with that type of joint arrangement. Proportionate consolidation for joint ventures will no longer be an option in the future. This standard must be applied for annual periods beginning on or after 1 January 2013. The Group is currently evaluating the impacts of their application on the consolidated financial statements.

IFRS 12 – Disclosure of interests in other entities
IFRS 12 brings together the disclosure requirements for investments in subsidiaries, joint arrangements, associates and unconsolidated structured entities in one standard. Many of these disclosures were taken from IAS 27, IAS 31 or IAS 28, while other disclosure requirements were included for the first time. This standard must be applied for annual periods beginning on or after 1 January 2013. The Group is currently evaluating the impacts of their application on the consolidated financial statements.

IFRS 13 – Fair Value Measurement
This standard was published in May 2011 and provides a comprehensive framework for determining the fair values of both financial and non-financial items. However, IFRS 13 lays down no guidelines as to whether and when fair value should be measured. Instead, guidelines are set as to how the fair value should be determined if fair value measurement is called for on the basis of another standard. This standard must be applied for annual periods beginning on or after 1 January 2013. The Group is currently evaluating the impacts of their application on the consolidated financial statements.

New interpretations

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
The interpretation applies to all types of natural resources that are extracted using a surface mining process. This interpretation must be applied for annual periods beginning on or after 1 July 2013 and is not relevant for the consolidated financial statements.

Amendments to Standards and Interpretations

Amendment to IAS 1: Presentation of other comprehensive income
The items of other comprehensive income must be grouped in a way that a separate presentation shows whether the items need to be reclassified (recycled) to profit or loss in the future. The related income tax positions must be allocated accordingly. These amendments must be applied retrospectively for annual periods beginning on or after 1 January 2012.

Recovery of underlying assets: Amendments to IAS 12 Income Taxes
The amendment states that the measurement of deferred tax relating to real estate or property, plant and equipment held as financial investments which were measured according to the fair value model or the revaluation method, is subject to the refutable presumption that the carrying amounts of these assets will be recovered through sale. This amendment must be applied for annual periods beginning on or after 1 January 2012 and will be relevant for the Group. However, any impacts must first be evaluated.

Amendment to IAS 19 Employee Benefits
The amendments to IAS 19 eliminate the corridor method. This means all future changes are recorded immediately in defined benefit obligations and in plan assets. Consequently, all actuarial gains and losses are recognised directly under other comprehensive income. Amendments must be applied retrospectively for annual periods beginning on or after 1 January 2013 and have no significant effect on the consolidated financial statements.

Amendment to IAS 27 Separate Financial Statements
Following the publication of IFRS 10, IAS 27 now only contains rules on separate financial statements. These amendments must be applied for annual periods beginning on or after 1 January 2013.

Amendment to IAS 28 – Investments in Associates and Joint Ventures
IAS 28 was adapted following the publication of IFRS 10 and IFRS 11. These amendments must be applied for annual periods beginning on or after 1 January 2013.

Amendment to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments
Disclosures published on offsetting. The amendments are designed to address inconsistencies in current practice with regard to offsetting financial assets and liabilities. In the future, entities must provide gross and net amounts from the offsetting as well as amounts for existing rights of set-off that do not meet the offsetting criteria. These amendments must be applied retrospectively for annual periods beginning on or after 1 January 2014. However, the additional disclosures must be applied retrospectively for annual periods or interim periods beginning on or after 1 January 2013. The future impacts of the amendment to this standard are currently being examined.

Amendment to IFRS 1 – First-time adoption of International Financial Reporting Standards
The amendments have led to the removal of the reference to the fixed date for first-time adopters, while guidelines were also expanded for the first-time application of IFRS under severe hyperinflation. These amendments must be applied for annual periods beginning on or after 1 July 2011.

V. REVENUES

Sales revenue totalling T€196,369.8 (previous year: T€114,591.5) includes revenues from real estate and real estate project companies, rental income, settled construction works for internal projects and other proceeds from normal business activities.

In the following table the Group's total output is presented from internal reporting by region, where in particular, the prorated performance from associated companies and subsidiaries not fully consolidated is recorded.

in T€	2011	2010
Regions		
Austria	26,364.3	28,527.9
Western Europe	142,622.4	95,203.6
Eastern Europe	112,898.1	93,294.6
Total Group output	**281,884.8**	**217,026.1**
Net of sales from associated and subsidiary companies, and from joint ventures	–85,514.8	–102,434.6
Sales revenue as per consolidated income statement	**196,370.0**	**114,591.5**

VI. OTHER OPERATING INCOME

Other operating income primarily includes proceeds from hotel and property management ancillary costs. It also includes exchange gains amounting to T€2,692.1 (previous year: T€2,483.6).

VII. MATERIAL EXPENSES AND OTHER SERVICES

in T€	2011	2010
Costs of raw materials, supplies and purchased goods	–41,696.6	–4,433.0
Costs of services used	–92,216.9	–54,908.7
Total	**–133,913.5**	**–59,341.7**

VIII. PERSONNEL EXPENSES

in T€	2011	2010
Wages and salaries	–13,191.3	–12,694.3
Social security charges	–2,629.4	–2,467.4
Severance pay and pension expenses	–210.0	58.2
Total	**–16,030.7**	**–15,103.5**

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

IX. AMORTISATION AND DEPRECIATION

The amortisation of intangible assets totalled T€18.1 (previous year: T€33.9) and the depreciation on property, plant and equipment totalled T€1,707.5 (previous year: T€1,453.2) during the year.

X. OTHER OPERATING EXPENSES

The main other operating expenses are as follows.

in T€	2011	2010
Office management	–2,991.2	–2,596.6
Advertising	–1,822.4	–1,361.2
Legal and advisory costs	–2,899.7	–3,017.8
Provisioning	–3,150.1	–
Adjustment to financial real estate	–1,721.9	–4,496.4
Depreciation on property under current assets	–2,000.1	–
Exchange losses	–5,108.9	–1,345.2
Miscellaneous	–9,503.6	–7,012.3
Total	**–29,197.9**	**–19,829.5**

The miscellaneous other operating expenses principally comprise other third-party services, travel costs, fees and duties, and general administration costs.

XI. FINANCIAL INCOME

in T€	2011	2010
Income from participations	415.3	407.5
(of which from related companies)	316.1	382.8
Interest and similar income	8,488.5	4,733.2
(of which from related companies)	4,483.3	1,454.5
Income from disposal and upwards revaluation of financial assets	1,168.7	7,204.7
(of which from related companies)	–	–
Total	**10,072.5**	**12,345.4**

XII. FINANCIAL EXPENDITURE

in T€	2011	2010
Interest and similar expenses on bonds	–9,814.7	–7,707.2
Interest and similar expenses on other financial liabilities	–2,214.9	–2,239.4
Other interest and similar expenses	–2,487.2	–1,676.6
Expenses from participations	–345.6	–2,035.5
(of which from related companies)	–210.3	–463.5
Expenses on other financial assets	–2,780.7	–9,599.7
Total	**–17,643.1**	**–23,258.4**

XIII. TAXES ON INCOME

The taxes on income paid or due in the individual countries, the tax levy from non-consolidated members of a group in accordance with Section 9 of the Austrian Corporate Tax Act as well as deferred taxes are stated as taxes on income.

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

in T€	2011	2010
Actual tax expense	6,132.1	3,706.5
Deferred tax expense/income	–480.7	1,204.9
Tax expense (+)/income (–)	**5,651.4**	**4,911.4**

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

in T€	2011	2010
Earnings before tax	14,557.1	14,356.2
Theoretical tax expense (+)/income	3,639.3	3,589.1
Tax rate differences	576.9	202.7
Tax effect of non-deductible expenses and tax-free income	589.5	960.8
Income/expenses from participations in associated companies	383.0	241.0
Change in deferred tax asset not recognised in light of loss carry forwards	–1,878.0	–229.9
Out-of-period tax expense (+)/income	2,517.5	–
Other differences	–176.8	147.7
Taxes on income	**5,651.4**	**4,911.4**

In addition to the tax expense recorded in the consolidated income statement, the tax effect of income and expenses recognised in other comprehensive income was also set off in other comprehensive income. The amount recorded in other comprehensive income amounted to T€226.9 (previous year: T€-200.4). An audit on taxes and levies was carried out in the past fiscal year for the years 2005-2008. In this respect, please refer to note 34.

XIV. EARNINGS PER SHARE

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

in T€	2011	2010
Share of parent company shareholders in profit after tax	9,901.1	9,178.7
Weighted average number of shares issued	3,000,000	3,000,000
Earnings per share	**3.30**	**3.06**

XV. INTANGIBLE ASSETS

in T€	Concessions, licences and similar rights	Goodwill	Total
Acquisition and manufacturing costs			
As of 1.1.2010	229.2	3,860.5	4,089.7
Change in consolidation scope	–	–	–
Additions	10.2	–	10.2
Disposals	–3.8	–	–3.8
Reclassifications	–	–	–
Currency adjustments	8.6	–	8.6
As of 31.12.2010	244.2	3,860.5	4,104.7
Change in consolidation scope	–	–	–
Additions	16.5	–	16.5
Disposals	–	–	–
Reclassifications	–	–	–
Currency adjustments	–25.3	–	–25.3
As of 31.12.2011	235.4	3,860.5	4,095.9

in T€	Concessions, licences and similar rights	Goodwill	Total
Accumulated depreciation			
As of 1.1.2010	184.3	1,181.9	1,366.2
Change in consolidation scope	–	–	–
Additions	33.9	–	33.9
Disposals	-3.8	–	-3.8
Reclassifications	–	–	–
Currency adjustments	7.2	–	7.2
Upwards revaluations	–	–	–
As of 31.12.2010	221.6	1,181.9	1,403.5
Change in consolidation scope	–	–	–
Additions	18.1	–	18.1
Disposals	–	–	–
Reclassifications	–	–	–
Currency adjustments	–23.1	–	23.1
Upwards revaluations	–	–	–
As of 31.12.2011	216.6	1,181.9	1,398.5
Carrying value as of 31.12.2010	**22.6**	**2,678.6**	**2,701.2**
Carrying value as of 31.12.2011	**18.8**	**2,678.6**	**2,697.4**

Only intangible assets which have been acquired with a limited useful life are stated. With regard to useful life and the amortisation method applied, please consult the details on the accounting policies. The ordinary amortisation and depreciation is reported in the income statement under "amortisation and depreciation of intangible assets and of property, plant and equipment". As part of the impairment test, the sum of the carrying values of the assets at the individual cash-generating units to which goodwill is allocated is compared with their recoverable amount. For the UBM Group the cash-generating unit is essentially the individual consolidated company. The goodwill is allocated to the cash-generating unit of Münchner Grund Immobilien Bauträger AG. The recoverable amount corresponds to the higher of the fair value less selling costs or the value in use. The fair value reflects the best possible estimation of the amount for which an independent third party could acquire the cash-generating unit under market conditions on the balance sheet date. In cases where no fair value can be determined, the value in use, i.e. the present value of the expected future cash flows of the cash-generating unit, shall be determined as the recoverable amount. Since a fair value could not be determined for any of the cash-generating units to which goodwill has been allocated, the value in use of this cash-generating unit was calculated to determine the recoverable amount. The cash flows were derived from the current plans for 2012 and the 4 subsequent years (detailed planning period) as drawn up by the Managing Board and available at the time the impairment tests were undertaken, as well as a growth rate of 1%. These forecasts are based on historical experience as well as on expectations regarding future market development. The discounting was undertaken using specific capital costs totalling 7.0% (previous year: 7.0%) based on a perpetual annuity. The valuation would not change upon a change in the interest rate of 1%.

XVI. PROPERTY, PLANT AND EQUIPMENT

in T€	Land, similar rights and buildings, including buildings on leasehold land	Plant and machinery	Furniture, fixtures and office equipment	Payments on account and assets under construction	Total
Cost					
As of 1.1.2010	27,602.3	1,763.5	4,494.3	–	33,860.1
Change in consolidation scope	–	–	–	–	–
Additions	29,468.2	42.2	206.9	9,9	29,727.2
Disposals	–	–7.3	–237.8	–	–245.1
Reorganisations	–	–7.2	0.6	–	–6.6
Currency adjustments	1,030.8	65.8	128.0	–	1,224.6
As of 31.12.2010	58,101.3	1,857.0	4,592.0	9,9	64,560.2
Change in consolidation scope	–	–			–
Additions	10,059.6	54.7	421.6	6,990,5	17,526.4
Disposals	–39,459.7	–	–119.3	–	–39,579.0
Reorganisations	6,916.9	–275.7	4,361.7	–4,020,2	6,982.7
Currency adjustments	–2,959.6	–171.0	–370.3	–3,8	–3,504.7
As of 31.12.2011	32,658.5	1,465.0	8,885.7	2,976,4	45,985.6
Accumulated depreciation					
As of 1.1.2010	3,125.7	1,092.8	2,569.6	–	6,788.1
Change in consolidation scope	–	–	–	–	–
Additions	707.5	181.2	564.5	–	1,453.2
Disposals	–	5.0	–187.5	–	–182.5
Reorganisations	–	–	0.6	–	0.6
Currency adjustments	124.7	42.8	81.6	–	249.1
Upwards revaluations	–	–	–	–	–
As of 31.12.2010	3,957.9	1,321.8	3,028.8	–	8,308.5

in T€	Land, similar rights and buildings, including buildings on leasehold land	Plant and machinery	Furniture, fixtures and office equipment	Payments on account and assets under construction	Total
Change in consolidation scope	–	–	–	–	–
Additions	684.4	172.6	850.5	–	1,707.5
Disposals	–	–	–107.0	–	–107.0
Reorganisations	–	–222.1	222.1	–	–
Currency adjustments	–451.9	–126.7	–269.4	–	–848.1
Upwards revaluations	–	–	–	–	–
As of 31.12.2011	4,190.4	1,145.6	3,725.0	–	9,060.9
Carrying value as of 31.12.2010	**54,143.4**	**535.2**	**1,563.2**	**9.9**	**56,251.7**
Carrying value as of 31.12.2011	**28,468.1**	**319.4**	**5,160.7**	**2,976.4**	**36,924.7**

Any extraordinary amortisation and depreciation charged to the income statement is recognised under "amortisation and depreciation of intangible assets and property, plant and equipment" together with ordinary amortisation and depreciation. Any write-ups in the income statement for non-current assets previously subject to extraordinary amortisation or depreciation are recognised under "other operating income" in the income statement.

The carrying value of property, plant and equipment pledged as collateral as of the reporting date totals T€31,371.4 (previous year: T€24,987.0). Property, plant and equipment with a carrying value of T€31,371.4 (previous year: T€24,987.0) are subject to restraint.

XVII. FINANCIAL REAL ESTATE

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

in T€	
Carrying amount	
As of 1.1.2010	250,296.2
Change in consolidation scope	–7,911.0
Additions	42,695.7
Disposals	–17,488.3
Reorganisations	–18,175.1
Currency adjustments	6,796.4
Adjustment to fair value	–4,496.3
As of 31.12.2010	251,717.6
Change in consolidation scope	–35,421.5
Additions	54,150.1
Disposals	–5,268.5
Reorganisations	–8,693.9
Currency adjustments	–5,260.4
Adjustment to fair value	–1,721.8
As of 31.12.2011	**249,501.6**

The fair value is determined in accordance with internationally accepted measurement methods, by derivation from a current market price, by derivation from a price which has been achieved in the recent past in a transaction with similar real estate, or for lack of suitable market data by discounting the future estimated cash flows that such a real estate normally generates on the market.

For the consolidated financial statements as of 31 December 2011 the fair values for significant real estate with a carrying value of T€233,358.9 (previous year: T€232,155.0) were assessed by external experts (MRG Metzger, CB Richard Ellis), which issued opinions in August 2011.

For the consolidated financial statements as of 31 December 2011 these external valuations were subject to an internal revision, where the company examined to what extent the key factors influencing the values had changed since the expert opinions were issued and could have had an impact on fair values. The external opinions served as the basis for internal valuations and updates by the company as of 31 December 2011.

Existing contractual obligations to acquire or build financial real estate, as of the balance sheet date, amounted to T€46,428.0 (previous year: T€44,963.0). In addition, financial real estate with a carrying value of T€136,653.2 (previous year: T€152,059.2) was pledged to secure liabilities.

In the current fiscal year, interest of T€5,108.1 (previous year: T€4,493.5) was capitalised on financial real estate. Please refer to the information in note 30 for the reimbursement of financing costs.

Rental income from financial real estate totalled T€10,695.8 (previous year: T€13,616.9), while business expenditure amounted to T€2,120.3 (previous year: T€2,508.5).

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

in T€	2011	2010
Real estate leasing	6,216.4	6,216.4

These are offset by liabilities totalling the present value of minimum lease payments, i.e. T€6,122.0 (previous year: T€6,411.2).

The residual terms of financial leasing contracts for real estate are between 6 and 9 years. There are no extension options, but there are call options.

XVIII. SHARES IN ASSOCIATED COMPANIES

in T€	2011	2010
Acquisition costs	41,739.4	33,205.2
Share of profit realised since acquisition, less dividends paid	–21,686.5	–14,391.0
Carrying value	**20,052.9**	**18,814.2**

The following table contains summarised financial information regarding associated companies:

in T€	2011	2010
Assets	621,653.5	580,772.7
Liabilities	598,992.9	560,346.4
Net assets	22,660.6	20,426.3
Group share in net assets	8,684.4	7,254.7

in T€	2011	2010
Sales revenues	101,651.9	101,773.3
Profit/loss after tax	–6,542.1	–7,351.7
Group share in profit/loss after tax	–2,955.9	–2,972.6

The unrecognised shares in losses of associated companies in the 2011 fiscal year amount to T€1,485.3 (previous year: T€3,990.6) and as of 31 December 2011 totalled T€4,862.8 on aggregate (previous year: T€9,097.4).

XIX. PROJECT FINANCING

in T€	2011	2010
Project financing for non-consolidated subsidiaries	12,178.4	7,228.8
Project financing for associated companies	43,909.2	41,040.5
Other project financing	2,858.5	2,783.1
Total	**58,946.1**	**51,052.4**

In the past fiscal year, impairment allowances of T€1,989.0 (previous year: T€9,599.7) and write-ups of T€120.4 (previous year: T€181.5) were recognised.

XX. OTHER FINANCIAL ASSETS

in T€	2011	2010
Shares in unconsolidated subsidiaries	339.8	345.6
Other participations	13,770.2	15,412.2
Available-for-sale securities	3,180.9	3,198.7
Total	**17,290.9**	**18,956.5**

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

XXI . INVENTORIES

Inventories comprise the following:

in T€	2011	2010
Real estate for sale and project costs	101,704.7	81,908.4
Payments on account	133.9	2,404.3
Total	**101,838.6**	**84,312.7**

Inventories with a carrying value of T€55,215.1 (previous year: T€39,991.8) are pledged to secure liabilities. In the reporting year, allowances of T€1,900.0 (previous year: T€0) were recognised.

In the fiscal year, interest of T€3,985.5 (previous year: T€2,373.6) was capitalised on real estate for sale and preliminary project costs.

XXII. TRADE RECEIVABLES

Composition and maturity of trade receivables:

in T€	2011	2010
Receivables from third parties	13,830.4	3,741.6
Receivables from joint ventures	2,659.4	2,737.9
Receivables from non-consolidated subsidiaries and other participations	3,985.1	5,908.6
Receivables from associated companies	2,008.9	2,866.5
Total	**22,483.8**	**15,254.6**

Receivables from third parties totalling T€9,543.9 are not yet overdue, while an amount of T€4,286.5 is overdue for less than a year. All other receivables are not yet due.

XXIII. OTHER RECEIVABLES AND ASSETS

in T€	2011	Maturity > 1 year	2010	Maturity > 1 year
Receivables from taxes	3,456.3	–	3,217.1	–
Deposits	–	–	3,781.4	3,781.4
Other receivables and assets	8,600.5	973.4	5,501.2	1,935.8
Total	**12,056.8**	**973.4**	**12,499.7**	**5,717.2**

Other receivables and assets primarily comprise receivables from real estate management and other loans as well as a cash deposit.

XXIV. LIQUID ASSETS

Liquid assets comprise account balances at banks totalling T€66,542.4 (previous year: T€46,648.8) and cash in hand amounting to T€491.2 (previous year: T€62.3).

XXV. DEFERRED TAXES

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

	2011		2010	
in T€	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment, financial real estate, other valuation differences	1,872.4	8,974.1	–	6,221.2
Tax loss carry forwards	1,889.9	–	981.3	–
Deferred taxes	3,762.3	8,974.1	981.3	6,221.2
Net deferred taxes		**5,211.8**		**5,239.9**

Deferred tax assets from loss carry forwards were capitalised insofar as they are likely to be set off against future tax profits. Deferred tax assets totalling T€-1,985.7 (previous year: T€162.0) were not recognised in the consolidated financial statements. As of 31 December 2011, unrecognised deferred tax assets amounted to T€1,411.6 (previous year: T€3,397.0). The recognised deferred tax assets for loss carry forwards mostly relate to consolidated Polish companies and expire after five years.

XXVI. EQUITY

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

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

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

XXVII. RESERVES

Capital reserves are mainly derived from capital increases and adjustments as well as from expired dividend claims in previous years. Reserves totalling T€44,641.6 are allocated from the capital reserves. They may only be released to compensate for what would otherwise be a retained loss recognised in the financial statements of UBM AG, insofar as no unallocated reserves are available.

Other reserves include foreign currency translation differences. The changes in the fiscal year comprised T€-758.1 (previous year: T€–471.8) of deconsolidations and T€–336.5 (previous year: T€1,332.9) in adjustments of the financial statements of the companies included in the consolidated financial statements. They also include UBM AG profit reserves and profits of subsidiaries retained since acquisition, including the effects of adjusting the annual accounts of the consolidated companies based on the accounting policies applied in the consolidated financial statements. A retained profit for the year amounting to T€3,312.0 can be distributed as dividends to the UBM AG shareholders. In addition, the unallocated UBM AG profit reserves amounting to T€47,562.7 as at 31 December 2011 may be released during the following periods and paid out to UBM AG shareholders.

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

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

XXVIII. PROVISIONS

in T€	Severance pay	Pensions	Anniversary bonuses	Other staff provisions	Buildings	Other	Total
As of 1.1.2010	1,419.2	2,261.0	69.8	3,025.6	–	3,513.7	10,289.4
Currency adjustments	–	0.1	–	5.2	–	–	5.3
Change in consolidation scope	–	–	–	–	–	1.0	1.0
Allocation	15.2	3.6	–	1,784.4	–	1,607.9	3,411.1
Use / release	–	34.8	4.4	1,878.7	–	3,139.2	5,057.1
As of 31.12.2010	**1,434.4**	**2,230.0**	**65.4**	**2,936.5**	–	**1,983.4**	**8,649.7**
of which long-term	1,434.4	2,230.0	65.4			1,947.4	5,677.2
of which short-term				2,936.5		36.0	2,972.5

in T€	Severance pay	Pensions	Anniversary bonuses	Other staff provisions	Buildings	Other	Total
As of 1.1.2011	1,434.4	2,230.0	65.4	2,936.5	–	1,983.4	8,649.7
Currency adjustments	–	–0.6	–	–6.7	–	–103.6	–110.9
Change in consolidation scope	–	–	–	–	–	1.0	1.0
Allocation	0.3	116.0	18.4	–	300.0	3,489.9	3,924.6
Use / release	23.9	1.4	3.2	5.2	–	–	33.7
Reorganisation	–	–	–	–2,924.6	–	–	–2,924.6
As of 31.12.2011	**1,410.8**	**2,344.0**	**80.6**	–	**300.0**	**5,370.7**	**9,506.1**
of which long-term	1,410.8	2,344.0	80.6			4,833.8	8,669.2
of which short-term					300.0	536.9	836.9

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

Other staff provisions comprise provisions for unused holiday entitlement and bonuses in particular. It is expected that the group will use the provisions arising from these obligations, whereby the bonuses are paid during the following year and the utilisation of unused holidays may extend over a period of more than one year. Staff provisions were reclassified in 2011 to other liabilities.

Provisions for buildings relate to warranty liabilities. Other provisions are mainly provisions for anticipated losses and provisions for losses to be taken over from subsidiaries.

PENSION SCHEMES

Defined-benefit plans

Provisions for severance pay were allocated for employees and workers who are entitled to severance pay under the Employees' Act, the Workers' Severance Pay Act or the Works Agreement. Employees whose employment is subject to Austrian law are entitled to severance pay every time their employment is terminated after reaching the statutory pensionable age, provided that their employment started before 1 January 2003 and lasted for a certain period. The amount of severance pay depends on the salary amount at the time of termination and also on the length of the employment. These employee claims are therefore to be treated as entitlements from defined-benefit pension schemes, and there are no plan assets available to cover these claims. Service cost and severance payments are contained in personnel expense, while interest expense is included in the financial result.

Severance pay provisions break down as follows:

in T€	2011	2010
Present value of severance pay liabilities (DBO) as at 01.01	1,434.4	1,419.2
Service cost	63.4	69.4
Interest expenses	66.1	70.9
Severance payments	–42.9	–113.3
Actuarial profits/losses	–110.2	–11.8
Present value of severance pay liabilities (DBO) as at 31.12.	1,410.8	1,434.4

Please refer to the explanations on accounting policies with regard to the actuarial assumptions used as the basis for the calculation. For the coming fiscal year we plan a service cost of T€59.0 and an interest expense of T€65.0.

The present value of severance obligations in the reporting year and the past four fiscal years is as follows:

in T€	2011	2010	2009	2008	2007
Present value of severance pay liabilities as at 31.12.	1,410.8	1,434.4	1,419.2	1,370.7	1,002.9

In the UBM group only members of the Managing Board have pension commitments. As a rule, these pension commitments are defined-benefit commitments. The amount of the pension entitlement is dependent on the number of years of service.

Pension provisions evolved as follows:

in T€	2011	2010
Present value of pension liabilities (DBO) as at 01.01.	2,230.0	2,261.1
Service cost	60.9	62.0
Interest expenses	105.6	112.9
Pension payments	–18.5	0.0
Actuarial profits/losses	–34.0	–206.0
Present value of pension liabilities (DBO) as at 31.12	**2,344.0**	**2,230.0**

Please refer to the explanations on accounting policies with regard to the actuarial assumptions used as the basis for the calculation. For the coming fiscal year we plan a service cost of T€65.5 and an interest expense of T€109.4.

The present value of pension obligations in the reporting year and the past four fiscal years is as follows:

in T€	2011	2010	2009	2008	2007
Present value of pension liabilities as at 31.12.	2,344.0	2,230.0	2,261.1	1,646.4	1,665.4

The actuarial profits and losses recognised in the reporting year and in the previous year on severance and pension provisions are largely empirical adjustments.

Defined-contribution plans

Employees whose employment is subject to Austrian law and who joined the company after 31 December 2002 shall not be entitled to severance pay from their employer. These employees have to pay contributions amounting to 1.53% of their wage or salary into an employee pension fund. In 2011 this resulted in expense totalling T€54.8 (previous year: T€45.1). For a Board member a sum of T€25.5 (previous year: T€18.7) was paid into a pension fund.

Group employees in Austria, Germany, the Czech Republic, Poland and Hungary are also members of their respective state pension schemes, which as a rule are financed on a pay-as-you-go basis. The Group's liability is limited to the payment of contributions aligned to the level of remuneration. There is no legal or constructive obligation.

XXIX. BONDS

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

Nominal amount:	€100,000,000	Repayment:	at maturity
Term:	2005-2012	Repayment 2010	– € 28.700.000,–
Interest rate:	3.875%	Repayment 2011	– € 42.900.000,–
Coupon date:	10 June of each year, for the first time on 10 June 2006	**As of 31.12.2011**	**€ 28.400.000,–**

The decision to issue the bond was made in April 2005. Since interest was expected to rise, the interest rate was hedged for the term of the bond by means of a forward start swap. However, the interest rate developed contrary to these expectations. As a result a negative market value arose totalling €2.36 million for the forward start swap in June 2005 (due to the fixed net interest paid of 0.44 percentage points); this was recognised directly in equity and was reclassified to interest expense in accordance with the interest expense for the bond over its term. The cash-flow hedge reserve recognised under other reserves amounted to T€–182.1 as of 31.12.2011 (previous year: T€–628.9). In the reporting year a sum of T€400.0 was reclassified as interest expense from other comprehensive income into net income. The rest of the payments fall due in line with the interest payment dates of the bond. An early repayment was made on 21 December 2011 amounting to €42.9 million.

In the 2010 fiscal year a bond was issued by UBM AG under the following terms and conditions.

Nominal amount:	€100,000,000	Coupon date:	16 April of each year; for the first time on 16 June 2011
Term:	2010-2015	Repayment:	100% at maturity
Interest rate:	6.000%		

In the 2011 fiscal year another bond was issued by UBM AG under the following terms and conditions.

Nominal amount:	€75,000,000	Coupon date:	9 November; for the first time on 9 November 2012
Term:	2011-2016	Repayment:	100% at maturity
Interest rate:	6.000%		

XXX. FINANCIAL LIABILITIES

2010	Nominal amount in T€	Carrying value in T€	Average effective interest rate in %
Liabilities to banks			
Variable interest	132,716.1	132,716.1	1.045 – 4.75%
Liabilities to other lenders			
Variable interest	29,599.4	29,599.4	5.2 – 6.5%
Liabilities to leasing companies			
Variable interest	7,619.2	6,411.2	1.95% – 2.51%
Total	**169,934.7**	**168,726.7**	

2011	Nominal amount in T€	Carrying value in T€	Average effective interest rate in %
Liabilities to banks			
Variable interest	127,211.1	127,211.1	1.51 – 5.0%
Liabilities to other lenders			
Variable interest	30,053.1	30,053.1	6.0 – 10.0%
Liabilities to leasing companies			
Variable interest	7,272.5	6,122.0	2.12% – 2.75%
Total	**164,536.7**	**163,386.2**	

2010	Total	Residual maturity			
in T€		< 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to banks, variable interest	132,716.1	10,439.7	93,984.5	28,291.9	132,710.8
Liabilities to other lenders, variable interest	29,599.4	–	29,599.4	–	25,517.0
Liabilities to leasing companies, variable interest	6,411.2	290.8	1,244.7	4,875.7	–
Total	**168,726.7**	**10,730.5**	**124,828.6**	**33,167.6**	**158,227.8**

2011	Total	Residual maturity			
in T€		< 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to banks, variable interest	127,211.1	16,546.4	78,631.1	32,033.6	126,098.2
Liabilities to other lenders, variable interest	30,053.1	25,000.0	5,053.1	–	25,000.0
Liabilities to leasing companies, variable interest	6,122.0	295.1	1,281.2	4,545.7	–
Total	**163,386.2**	**41,841.5**	**84,965.4**	**36,579.3**	**151,098.2**

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

	2011			2010		
in T€	Nominal value	Discounted amount	Present value	Nominal value	Discounted amount	Present value
Due within 1 year	501.9	206.8	295.1	476.0	185.2	290.8
Due within 1-5 years	2,007.7	726.4	1,281.2	1,904.1	659.4	1,244.7
Due in more than 5 years	4,762.9	217.3	4,545.7	5,238.9	363.2	4,875.7
Total	**7,272.5**	**1,150.5**	**6,122.0**	**7,619.0**	**1,207.8**	**6,411.2**

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

Individual items of financial real estate are also held by means of financial leasing contracts. As of 31 December 2011 the average effective interest rate was 2.23% (previous year: 2.44%). Agreements concerning conditional rental payments have not been concluded; all leasing relationships are based on fixed rates.

XXXI. TRADE PAYABLES

in T€	2011	2010
Liabilities to third parties	34,650.4	24,527.6
Liabilities to joint ventures	3,137.7	3,334.2
Total	**37,788.1**	**27,861.8**

All liabilities fall due in the following year.

XXXII. OTHER FINANCIAL COMMITMENTS

2010	Total	Residual maturity			
in T€		< 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to non-consolidated subsidiaries	97.5	97.5	–	–	–
Liabilities to associated companies	3,516.8	3,516.8	–	–	–
Liabilities from bond interest	6,001.9	6,001.9	–	–	–
Liabilities from acquisition of participations	10,455.8	–	10,455.8	–	–
Miscellaneous	6,907.2	971.4	1,061.5	4,874.3	–
Total	**26,979.2**	**10,587.6**	**11,517.3**	**4,874.3**	–

2011	Total	Residual maturity			
in T€		< 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities to non-consolidated subsidiaries	120.9	120.9	–	–	–
Liabilities to associated companies	2,360.1	2,360.1	–	–	–
Liabilities from bond interest	5,792.6	5,792.6	–	–	–
Liabilities from acquisition of participations	9,850.3	–	8,000.0	1,850.3	–
Miscellaneous	8,719.1	5,184.2	969.1	2,565.8	–
Total	**26,843.0**	**13,457.8**	**8,969.1**	**4,416.1**	–

XXXIII. OTHER LIABILITIES

2010	Total	Residual maturity			
in T€		in T€ < 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities from taxes	1,767.4	1,767.4	–	–	–
Liabilities relating to social security obligations	209.1	209.1	–	–	–
Prepayments received	1,879.2	1,879.2			
Miscellaneous	893.6	893.6	–	–	–
Total	**4,749.3**	**4,749.3**	–	–	–

2011	Total	Residual maturity			
in T€		< 1 year	> 1 year < 5 years	> 5 years	of which secured
Liabilities from taxes	3,424.9	3,424.9	–	–	–
Liabilities relating to social security obligations	240.4	240.4	–	–	–
Prepayments received	871.4	871.4			
Miscellaneous	233.9	233.9	–	–	–
Total	**4,770.6**	**4,770.6**	–	–	–

XXXIV. TAX LIABILITIES

Tax liabilities on income along with any additional payments are stated under tax liabilities. An audit was carried out in the past fiscal year for the years 2005-2008. The result of the audit, as laid down in the minutes of the final meeting on 15 December 2011, was an additional payment of T€ 2,736.3. Advance payments of corporate tax amounting to T€1,422.8 were offset with corporate tax payment obligations, in line with the practice from previous years.

XXXV. CONTINGENT LIABILITIES

Most contingent liabilities are related to credit guarantees and the undertaking of guarantees for associated companies. Contingent liabilities for associated companies amount to T€66,035.1 (previous year: T€77,917.7). It is unlikely that claims will be made under these liabilities.

XXXVI. OTHER FINANCIAL COMMITMENTS

Hotel Euro-Disney

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital share in UBX (Luxembourg) s.a.r.l. at its written request. UBX (Luxembourg) s.a.r.l is in turn the sole shareholder of RL UBX Hotelinvestment France s.a.r.l, which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land belonging to the Euro Disney Park near Paris. The purchase price corresponds to the capital contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2011, this liability totalled T€34,025.5 (previous year: T€35,449.7) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

Hotel "Magic Circus"

UBM AG and Warimpex Finanz- und Beteiligungs AG have undertaken vis-à-vis RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50% each of its capital share in Asset Paris II (Luxembourg) s.a.r.l. at its written request. Asset Paris II (Luxemburg) s.a.r.l is in turn the sole shareholder of Asset Paris II s.a.r.l, which has erected a hotel including all adjoining buildings and external facilities on a leased plot of land in the commune of Magny-le-Hongre near Paris. The purchase price corresponds to the capital

SEGMENT BREAKDOWN

	Austria	
in T€	2011	2010
Total group output		
- Project sales, development and construction	8,159.2	1,863.8
- Hotel operation	2,456.9	1,951.1
- Leasing and administration of real estate	15,748.1	12,294.5
- Facility management	0.0	12,418.4
- Land under development	0.0	0.0
Total output	**26,364.2**	**28,527.8**
EBT (Earnings befare tax)		
- Project sales, development and construction	576.8	550.9
- Hotel operation	–389.3	–330.0
- Leasing and administration of real estate	3,690.3	2,873.8
- Facility management	0.0	349.4
- Land under development	0.0	0.0
- Administration	–1,124.4	–7,604.0
Total EBT	**2,753.4**	**–4,159.9**
including:		
Amortisation and depreciation	–154.6	–144.8
Profit/loss from associated companies	–201.4	–258.5
Segment assets 31.12.	**449,599.0**	**405,075.0**
including associated companies	3,456.6	4,234.6
Segment liabilities 31.12.	**295,258.6**	**263,845.7**
Investments in non-current assets and in financial real estate	668.8	172.8
Headcount	68	68

contributed by Raiffeisen plus interest, less repayments and administrative charges paid to Raiffeisen. As at 31 December 2011, this liability totalled T€18,971.6 (previous year: T€19,453.0) and is shared equally between UBM AG and Warimpex. UBM AG and Warimpex are also liable for each other's share of the debt.

XXXVII. NOTES ON SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with the internal organisational structure of the UBM Group; within this framework the individual development companies report separately. For the purposes of segment reporting the individual development companies within a segment are pooled into groups. These groups each constitute a line of business of the UBM Group. During the transfer of segment assets and segment debts, internal receivables and liabilities are eliminated for the purposes of debt consolidation.

Since the segments of the UBM Group are based on geographic criteria, the data relates to geographic areas. Internal reporting is adjusted for intra-group sales by default. In the course of UBM's business activities, high revenues are generated during the sale of real estate projects; this, however, does not mean the Group is dependent on certain clients.

Western Europe		Central and Eastern Europe		Reconciliation		Group	
2011	2010	2011	2010	2011	2010	2011	2010
108,280.6	62,594.0	76,660.9	58,775.3			193,100.7	123,233.1
30,896.9	28,782.9	25,908.7	27,142.1			59,262.5	57,876.1
3,444.9	3,661.8	6,505.6	4,007.1			25,698.6	19,963.4
0.0	0.0	3,823.0	3,370.2			3,823.0	15,788.6
0.0	164.9	0.0	0.0			0.0	164.9
142,622.4	**95,203.6**	**112,898.2**	**93,294.7**			**281,884.8**	**217,026.1**
9,810.8	13,630.6	8,106.7	11,838.3			18,494.3	26,019.8
–824.7	625.1	–1,996.3	–3,266.6			–3,210.3	–2,971.5
–413.7	1,162.8	–757.3	–1,515.7			2,519.3	2,520.9
0.0	0.0	365.1	157.8			365.1	507.2
–2.0	–1,312.3	–2,229.2	–2,803.9			–2,231.2	–4,116.2
–128.9	0.0	–126.8	0.0			–1,380.1	–7,604.0
8,441.5	**14,106.2**	**3,362.2**	**4,409.9**			**14,557.1**	**14,356.2**
–299.1	–28.1	–1,271.9	–1,314.1			–1,725.6	–1,487.0
–1,190.8	17.5	387.1	–280.7			–1,005.1	–521.7
177,963.3	**187,763.7**	**216,468.4**	**194,128.0**	**–251,442.0**	**–227,713.7**	**592,588.7**	**559,253.0**
12,692.4	13,827.8	3,903.9	751.8			20,052.9	18,814.2
145,059.5	**167,545.4**	**212,016.4**	**180,193.8**	**–204,530.9**	**–191,859.5**	**447,803.6**	**419,725.4**
43,0008.8	45,415.0	34,998.1	26,835.1			78,675.7	72,422.9
20	21	335	292			423	381

XXXVIII. NOTES ON CASH FLOW STATEMENT

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

Interest and dividends received, and also interest paid, are included in the cash flow from operating activities. By contrast, dividends paid are stated in the cash flow from financing activities. The acquisition and sales proceeds in connection with the change in the scope of consolidated companies have all been received. This resulted in an increase of liquid assets totalling T€543.4 (previous year: T€604.9).

XXXIX. NOTES TO FINANCIAL INSTRUMENTS

Objectives and methods of risk management with respect to financial risks

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

Interest rate risk

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

- Bonds 3.9 – 6.0%
- Liabilities to banks 1.5 – 5.0%
- Liabilities to other lenders 6.0 – 10.0%
- Leasing 2.1 – 2.8%

The fair value of the fixed-income bond is subject to fluctuations based on trends in market interest rates.

Changes to the market interest rate affect the level of interest payable on financial liabilities subject to variable interest rates. A 1 percentage point change in the market interest rate would bring about a change of around T€1,633.9 p.a. (previous year: T€1,687.3) in the net interest expense and after taxes would be charged to equity.

Receivables from project financing are charged interest with an appropriate mark-up in accordance with the refinancing rate of the UBM Group.

Credit risk

Credit risk describes the threat of losses caused by the default of a business partner who is no longer capable of meeting its contractual payment liabilities. This comprises default and country risks as well as lower credit ratings of borrowers. In the field of real estate the credit risk comprises rental obligations. The default of a tenant and the resultant loss of rental payments constitute a reduction in the present value of the real estate project. This risk is taken into account based on expert estimates at project level.

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

The default risk associated with other original financial instruments carried as assets can also be described as low, since our contracting partners are financial institutions and other debtors with high credit ratings. The carrying value of financial assets represents the maximum default risk. If default risks are identified in relation to financial assets, allowances are recorded. There is no set requirement to record allowances in this respect.

Currency fluctuation risk

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

Liquidity risk

	Average interest	Undiscounted payments		
in T€		2011	2011 – 2015	from 2016
Bonds				
fixed-income	3.875%	2,762.9	72,526.0	–
fixed-income	6.0%	6,000.0	119,742.0	–
Liabilities to banks, variable interest	2.9%	13,084.1	98,355.2	31,684.3
Lease liabilities, variable interest	5.55%	476.0	1,904.1	6,359.6
Liabilities to third parties, variable interest	5.85%	1,775.9	31,481.9	–
Total		**24,098.9**	**324,009.2**	**38,043.9**

	Average interest	Undiscounted payments		
in T€		2012	2013 – 2016	from 2017
Bonds				
fixed-income	3.875%	28,882.4	–	–
fixed-income	6.0%	10,500.0	206,101.4	–
Liabilities to banks, variable interest	3.183%	19,531.2	83,877.5	42,235.7
Lease liabilities, variable interest	2.43%	501.9	2,007.6	4,762.9
Liabilities to third parties, variable interest	8.0%	26,255.3	6,063.7	–
Total		**85,670.8**	**298,050.2**	**46,998.6**

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

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

Other price risks

The risk of price changes essentially comprises fluctuations in the market interest rate and market prices as well as changes in exchange rates.
We minimise our price risks with rental income by linking lease contracts to general indexes. All other service contracts are index-linked too. Other price risks are not significant for the UBM Group.

Carrying values, valuations and fair values

	Measurement under IAS 39					
	Measure-ment category under IAS 39	Carrying value 31.12.2010	(Amortised) costs	Fair value, directly in equity	Fair value, in net profit	Fair value on 31.12.2010
Assets						
Project financing variable interest	LaR	51,052.4	51,052.4			51,052.4
Other financial assets	LaR	2,906.9	2,906.9			2,733.3
Other financial assets	AfS (at cost)	15,907.3	15,907.3			
Trade receivables	LaR	15,254.6	15,254.6			15,254.6
Other assets	LaR	8,856.2	8,856.2			8,856.2
Derivatives (without hedges)	FAHfT	426.5			426.5	426.5
Liquid assets		46,711.1	46,711.1			46,711.1
Equity and liabilities						
Bonds fixed-income	FLAC	171,300.0	171,300.0			171,946.8
Liabilities to banks, variable interest	FLAC	132,716.1	132,716.1			132,716.1
Other financial liabilities, variable interest	FLAC	29,599.4	29,599.4			29,599.4
Lease liabilities		6,411.2	6,411.2			6,411.2
Trade liabilities	FLAC	27,861.8	27,861.8			27,861.8
Other financial commitments	FLAC	26,979.2	26,979.2			26,979.2
By category:						
Loans and Receivables	LaR	78,070.1	78,070.1			78,012.8
Financial Assets Held for Trading	FAHfT	426.5				426.5
Liquid assets		46,711.1	46,711.1			46,711.1
Available-for-Sale Financial Assets	AfS (at cost)	15,907.3	15,907.3			
Financial Liabilities Measured at Amortised Cost	FLAC	388,456.5	388,456.5			389,103.3

	Measurement under IAS 39					
	Measure-ment category under IAS 39	Carrying value 31.12.2011	(Amortised) costs	Fair value, directly in equity	Fair value, in net profit	Fair value on 31.12.2011
Assets						
Project financing variable interest	LaR	58,946.1	58,946.1			58,946.1
Other financial assets	LaR	2,906.9	2,906.9			3,207.6
Other financial assets	AfS (at cost)	14,384.0	14,384.0			
Trade receivables	LaR	22,483.8	22,483.8			22,483.8
Other assets	LaR	8,600.0	8,600.0			8,600.0
Liquid assets		67,033.6	67,033.6			67,033.6
Equity and liabilities						
Bonds fixed-income	FLAC	191,739.3	191,739.3			193,011.2
Liabilities to banks, variable interest	FLAC	127,211.1	127,211.1			127,211.1
Other financial liabilities, variable interest	FLAC	30,053.1	30,053.1			30,053.1
Lease liabilities		6,122.0	6,122.0			6,122.0
Trade liabilities	FLAC	37,788.1	37,788.1			37,788.1
Other financial commitments	FLAC	26,843.0	26,843.0			26,843.0
By category:						
Loans and Receivables	LaR	92,936.8	92,936.8			93,237.5
Liquid assets		67,033.6	67,033.6			67,033.6
Available-for-Sale Financial Assets	AfS (at cost)	14,384.0	14,384.0			
Financial Liabilities Measured at Amortised Cost	FLAC	413,634.6	413,634.6			414,906.5

The fair value of trade receivables and liabilities, other assets and other financial liabilities corresponds to the carrying value, since these are mostly very short-term.

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

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

The fair value measurement for the bond ensues based on market data from REUTERS. Credit liabilities and other financial assets were measured using the discounted cash flow method, whereby the zero coupon yield curve published by REUTERS on 31 December 2010 was used to discount the cash flows.

The fair value measurements are made in accordance with level 2 of the fair value hierarchy (IFRS 7.27A).

Net results by measurement category

In T€	from interest	from dividends	from subsequent measurement adjustment	Net result 2010
Loans and Receivables	822.8		–10,937.2	–10,114.4
Derivatives			426.5	426.5
Available-for-Sale Financial Assets		407.5		407.5
Financial Liabilities Measured at Amortised Cost	–11,231.5			–11,231.5

In T€	from interest	from dividends	from subsequent measurement allowance	Net result 2011
Loans and Receivables	811.9		–1,267.6	–455.7
Available-for-Sale Financial Assets		415.3		415.3
Financial Liabilities Measured at Amortised Cost	–14,098.0			–14,098.0

Financial assets are impaired if, as a result of one or several events after the initial recognition of the asset, there is objective evidence that the future cash flows expected from the financial asset may have been adversely affected. The allowances are related solely to project financing.

In T€	2011	2010
Accumulated impairment		
Loans and Receivables	18,614.9	23,185.9

XL. AVERAGE HEADCOUNT

	2011	2010
Salaried staff and wage earners		
Austria	68	68
International	355	313
Total	423	381

XLI. BUSINESS CONNECTIONS WITH RELATED PARTIES

Transactions between consolidated Group companies are eliminated during consolidation and are not subject to further explanation. Transactions between companies in the Group and their associated firms principally comprise project development and construction operations as well as the extension of loans and related interest settlements, and are disclosed in the following analysis.

in T€	2011	2010
Associated companies		
Sale of goods and services	3,912.4	10,840.5
Acquisition of goods and services	172.8	394.2
Receivables	2,008.9	2,749.0
Liabilities	160.2	0.6

Services to/from related parties

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

The transactions in the fiscal year between companies of the UBM Group included in the consolidated financial statements and companies of the Porr Group are largely connected to construction services.

in T€	2011	2010
Porr Group		
Sale of goods and services	–	1,118.4
Acquisition of goods and services	2,103.3	3,360.3
Receivables	–	422.4
Liabilities	1,063.3	2,340.7

XLII. EVENTS AFTER THE BALANCE SHEET DATE AND OTHER INFORMATION

The Managing Board of UBM Realitätenentwicklung AG released the consolidated financial statements for submission to the Supervisory Board on 7 March 2011. The Supervisory Board is responsible for reviewing the consolidated financial statements and declaring whether or not it accepts them. UBM paid the sum of T€55.0 (previous year T€53.0) for audit and related services carried out by the independent auditor. The auditor of the consolidated financial statements also received the sum of T€38.6 (previous year: T€58.3) for other advisory services.

XLIII. STATUTORY BODIES OF THE COMPANY

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

In T€	2011	2010
Remuneration of Managing Board		
Short-term payments (annual)	1,422.4	1.478.8
Payments due after end of Managing Board member contracts (pension)	159.3	–16.2
Other long-term payments (severance)	–8.3	7.9
Total	**1,573.4**	**1.470.5**
Payments to Supervisory Board	**69.3**	**79.6**

MANAGING BOARD MEMBERS:

Karl Bier, Chairman
Heribert Smolé, Vienna
Martin Löcker, Kobens

Peter Maitz (until 22 September 2011)

MEMBERS OF THE SUPERVISORY BOARD:

Horst Pöchhacker, Chairman
Dr. Peter Weber, Vice-Chairman
Dr. Bruno Ettenauer
Wolfhard Fromwald
Dr. Walter Lederer
Dr. Johannes Pepelnik

Iris Ortner (from 14 April 2011)
Karl-Heinz Strauss (from 14 April 2011)

Vienna, 6 March 2012
The Managing Board

Karl Bier
(Chairman)

Heribert Smolé

Martin Löcker

	Country code	Registered office	UBM AG shareholding	UBM Group shareholding	Type of cons.	Currency	Nominal share capital
Company							
Related companies							
Related corporations							
"Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	Vienna	90.00%	90.00%	V	EUR	36,336.42
"UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	100.00%	100.00%	V	EUR	36,336.42
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AUT	Vienna	100.00%	100.00%	V	EUR	36,336.42
Avielen Beteiligungs GmbH	AUT	Vienna	0.00%	100.00%	N	EUR	0.00
Logistikpark Ailecgasse GmbH	AUT	Vienna	99.80%	100.00%	V	EUR	36,336.41
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	90.00%	90.00%	V	EUR	36,336.42
Rainbergstraße - Immobilienprojektentwicklungs GmbH	AUT	Vienna	87.50%	87.50%	V	EUR	35,000.00
Rudolf u. Walter Schweder Gesellschaft m.b.H.	AUT	Vienna	90.00%	90.00%	V	EUR	36,336.42
sternbrauerei-riedenburg revitalisierung gmbh	AUT	Vienna	99.00%	99.00%	V	EUR	35,000.00
UBM Seevillen Errichtungs-GmbH	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
UML Liegenschaftsverwertungs- und Beteiligungs-GmbH	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
Zenit Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
UBM BULGARIA EOOD	BGR	Sofia	100.00%	100.00%	V	BGN	20,000.00
ANDOVIEN INVESTMENTS LIMITED	CYP	Limassol	100.00%	100.00%	V	EUR	2,000.00
DICTYSATE INVESTMENTS LIMITED	CYP	Limassol	100.00%	100.00%	V	EUR	181,260.00
AC Offices Klicperova s.r.o.	CZE	Prague	20.00%	100.00%	V	CZK	200,000.00
FMB - Facility Management Bohemia. s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	100,000.00
Immo Future 6 - Crossing Point Smichov s.r.o.	CZE	Prague	20.00%	100.00%	V	CZK	24,000,000.00
TOSAN park a.s.	CZE	Prague	100.00%	100.00%	V	CZK	2,000,000.00
UBM - Bohemia 2 s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	200,000.00
UBM Klánovice s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	200,000.00
UBM Plzen - Hamburk s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	200,000.00
UBM-Bohemia Projectdevelopment-Planning-Construction. s.r.o.	CZE	Prague	100.00%	100.00%	V	CZK	8,142,000.00
Blitz 01-815 GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
City Objekte Munich GmbH	DEU	Munich	0.00%	84.60%	V	EUR	25,000.00
CM 00 Vermögensverwaltung 511 GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
CSMG Riedberg GmbH	DEU	Munich	0.00%	94.00%	V	EUR	25,000.00
Friendsfactory Projekte GmbH	DEU	Munich	0.00%	51.70%	V	EUR	25,000.00
MG Dornach Hotel GmbH	DEU	Munich	0.00%	94.00%	V	EUR	25,000.00
MG Gleisdreieck Pasing Komplementär GmbH	DEU	Munich	0.00%	94.00%	N	EUR	0.00
MG Projekt-Sendling GmbH	DEU	Munich	0.00%	94.00%	V	EUR	25,000.00
MG-Brehmstraße BT C GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
MG-Brehmstraße BT C Komplementär GmbH	DEU	Munich	100.00%	100.00%	N	EUR	0.00
MG-Destouchesstraße Komplementär GmbH	DEU	Munich	0.00%	94.00%	N	EUR	0.00
MG-Dornach Bestandsgebäude GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
MG-Dornach Komplementär GmbH	DEU	Munich	0.00%	94.00%	N	EUR	0.00
MG-Projekt Königstraße GmbH	DEU	Munich	0.00%	94.00%	V	EUR	25,000.00
Münchner Grund Immobilien Bauträger Aktiengesellschaft	DEU	Munich	94.00%	94.00%	V	EUR	3,000,000.00
Münchner Grund Management GmbH in Liqu.	DEU	Munich	50.00%	73.27%	N	EUR	0.00
Münchner Grund Projektmanagement. -Beratung. -Planung GmbH	DEU	Munich	0.00%	65.80%	V	EUR	250,000.00
Münchner Grund Riem GmbH	DEU	Herrsching	0.00%	60.16%	N	EUR	0.00
Stadtgrund Bauträger GmbH	DEU	Munich	100.00%	100.00%	N	EUR	0.00
UBM Leuchtenbergring GmbH	DEU	Munich	100.00%	100.00%	V	EUR	25,000.00
UBM d.o.o. za poslovanje nekretninama	HRV	Zagreb	100.00%	100.00%	V	HRK	20,000.00
UBM Projektmanagement Korlátolt Felegösségü Társaság	HUN	Budapest	100.00%	100.00%	V	HUF	20,000,000.00
UBM Asset Zuidas B.V.	NLD	Amsterdam	0.00%	100.00%	V	EUR	18,000.00

	Country code	Registered office	UBM AG shareholding	UBM Group shareholding	Type of cons.	Currency	Nominal share capital
UBM Holding NL B.V.	NLD	Amsterdam	100.00%	100.00%	V	EUR	60,000.00
UBM Hotel Zuidas B.V.	NLD	Amsterdam	0.00%	100.00%	V	EUR	18,000.00
UBM Spinoza B.V.	NLD	Amsterdam	0.00%	100.00%	V	EUR	18,000.00
"FMP Planning and Facility Management Poland" Sp. z o.o.	POL	Warsaw	100.00%	100.00%	V	PLN	150,000.00
"Hotel Akademia" Sp. z o.o.	POL	Warsaw	0.00%	100.00%	V	PLN	5,100.00
"UBM Polska" Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	100.00%	100.00%	V	PLN	50,000.00
"UBM Residence Park Zakopianka" Spólka z ograniczona odpowiedzialnoscia	POL	Krakow	100.00%	100.00%	V	PLN	50,000.00
"UBM-HPG" Spólka z ograniczona odpowiedzialnoscia	POL	Krakow	0.00%	100.00%	V	PLN	50,000.00
FMZ Gdynia Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	60.00%	V	PLN	50,000.00
FMZ Lublin Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	70.00%	V	PLN	50,000.00
FMZ Sosnowiec Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	55.00%	V	PLN	50,000.00
Hotel PBP Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	100.00%	V	PLN	5,000.00
Oaza Kampinos Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	100.00%	V	PLN	50,000.00
UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	POL	Warsaw	100.00%	100.00%	V	PLN	156,000.00
UBM Zielone Tarasy Spólka z ograniczona odpowiedzialnoscia	POL	Krakow	100.00%	100.00%	V	PLN	50,000.00
UBM DEVELOPMENT S.R.L.	ROM	Bucharest	100.00%	100.00%	V	RON	175,000.00
Gesellschaft mit beschränkter Haftung "UBM development doo"	RUS	St. Petersburg	100.00%	100.00%	V	RUB	3,700,000.00
UBM Koliba s.r.o.	SVK	Bratislava	100.00%	100.00%	V	EUR	5,000.00
UBM Kosice s.r.o.	SVK	Bratislava	100.00%	100.00%	V	EUR	5,000.00
UBM Slovakia s.r.o.	SVK	Bratislava	100.00%	100.00%	V	EUR	6,639.00
Tovarystvo z obmezhenoju vidpovidalnistu "UBM Ukraine"	UKR	Kiev	100.00%	100.00%	N	UAH	0.00
Related partnerships							
UBM Realitätenentwicklung Aktiengesellschaft & Co. Muthgasse Liegenschaftsverwertung OG	AUT	Vienna	100.00%	100.00%	N	EUR	0.00
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DEU	Herrsching	0.00%	60.16%	V	EUR	50,000.00
MG Brehmstraße BT C GmbH & Co. KG	DEU	Munich	0.00%	100.00%	V	EUR	51,129.97
MG Projekt-Sendling Gewerbegrundstücks GmbH & Co. KG	DEU	Munich	0.00%	94.00%	V	EUR	1,000.00
Münchner Grund Lilienthal GbR	DEU	Munich	0.00%	93.06%	V	EUR	0.00
Associated companies							
Associated corporations							
"Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs-Aktiengesellschaft	AUT	Vienna	20.00%	20.00%	E	EUR	726,728.34
"Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft	AUT	Vienna	33.33%	33.33%	E	EUR	87,207.40
Hessenplatz Hotel- und Immobilienentwicklung GmbH	AUT	Vienna	50.00%	50.00%	E	EUR	37,000.00
hospitals Projektentwicklungsges.m.b.H.	AUT	Graz	25.00%	25.00%	E	EUR	35,000.00
Ropa Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	Vienna	50.00%	50.00%	E	EUR	36,336.42
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AUT	Vienna	26.67%	26.67%	E	EUR	74,126.29
DOCK V1, s.r.o.	CZE	Prague	0.00%	50.00%	E	CZK	200,000.00
UBX Plzen s.r.o.	CZE	Prague	50.00%	50.00%	E	CZK	200,000.00
BLV Objekt Pasing GmbH	DEU	Grünwald, Munich	0.00%	47.00%	E	EUR	25,000.00
Leuchtenbergring Hotelbetriebsgesellschaft mbH	DEU	Munich	0.00%	47.00%	E	EUR	25,000.00
Lilienthalstraße Wohnen GmbH Münchner Grund und Baywobau	DEU	Grünwald, Munich	0.00%	47.00%	E	EUR	25,000.00
UBX 1 Objekt Berlin GmbH	DEU	Munich	50.00%	50.00%	E	EUR	25,000,00
UBX 2 Objekt Berlin GmbH	DEU	Munich	50.00%	50.00%	E	EUR	25,000.00
UBX 3 Objekt Berlin GmbH	DEU	Munich	50.00%	50.00%	E	EUR	25,000.00

	Country code	Registered office	UBM AG sharehol-ding	UBM Group shareholding	Type of cons.	Currency	Nominal share capital
GALLIENI DEVELOPPEMENT SARL	FRA	Boulogne Billancourt	50.00%	50.00%	E	EUR	50,000.00
HOTEL PARIS II S.A.R.L.	FRA	Marne la Vallée	50.00%	50.00%	E	EUR	50,000.00
UBX Development (France) s.a.r.l.	FRA	Serris	50.00%	50.00%	E	EUR	50,000.00
Sarphati 104 B.V.	NLD	Amsterdam	0.00%	50.00%	E	EUR	18,000.00
Styria B.V.	NLD	Amsterdam	0.00%	50.00%	E	EUR	18,000.00
"GF Ramba" Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	50.00%	E	PLN	138,800.00
"POLECZKI BUSINESS PARK" SPÓLKA Z OGRANICZONA ODPOWIEDZIALNO-SCIA	POL	Warsaw	0.00%	50.00%	E	PLN	7,936,000.00
"SOF DEBNIKI DEVELOPMENT" SPÓLKA Z OGRANICZONA ODPOWIEDZIALNO-SCIA	POL	Krakow	0.00%	50.00%	E	PLN	50,000.00
"UBX Katowice" Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	50.00%	E	PLN	50,000.00
Amsterdam Office Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	50.00%	E	PLN	5,000.00
Lanzarota Investments spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	34.00%	50.00%	E	PLN	5,000.00
PBP IT-Services spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	50.00%	E	PLN	50,000.00
Sienna Hotel Sp. z o.o.	POL	Warsaw	33.33%	50.00%	E	PLN	81,930,000.00
Vienna Office Spólka z ograniczona odpowiedzialnoscia	POL	Warsaw	0.00%	50.00%	E	PLN	5,000.00
M Logistic Distribution S.R.L.	ROM	Bucharest	50.00%	50.00%	E	RON	11,376,000.00
Associated partnerships							
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DEU	Munich	0.00%	48.51%	E	EUR	100,000.00
Emma Hotel C.V.	NLD	Amsterdam	0.00%	47.50%	E	EUR	2,000.00
Other companies							
Other corporations							
"hospitals" Projektentwicklungsges.m.b.H.	AUT	Vienna	21.78%	21.78%	N	EUR	0.00
BMU Beta Liegenschaftsverwertung GmbH	AUT	Vienna	50.00%	50.00%	N	EUR	0.00
IMMORENT-KRABA Grundverwertungsgesellschaft m.b.H.	AUT	Vienna	10.00%	10.00%	N	EUR	0.00
Impulszentrum Telekom Betriebs GmbH	AUT	Unterpremstätten	30.00%	30.00%	N	EUR	0.00
KBB - Klinikum Besitz- und Betriebs Gesellschaft m.b.H.	AUT	Vienna	0.00%	7.98%	N	EUR	0.00
KMG - Klinikum Management Gesellschaft mbH	AUT	Graz	0.00%	10.78%	N	EUR	0.00
REHA Tirol Errichtungs- und Betriebsgesellschaft m.b.H.	AUT	Münster	0.00%	25.00%	N	EUR	0.00
REHAMED Beteiligungsges.m.b.H.	AUT	Graz	0.00%	10.89%	N	EUR	0.00
REHAMED-Rehabilitationszentrum für Lungen- und Stoffwechselerkrankun-gen Bad Gleichenberg Gesellschaft m.b.H.	AUT	Bad Gleichenberg	0.00%	8.06%	N	EUR	0.00
St.-Peter-Straße 14-16 Liegenschaftsverwertung Ges.m.b.H.	AUT	Vienna	50.00%	50.00%	N	EUR	0.00
VBV delta Anlagen Vermietung Gesellschaft m.b.H.	AUT	Vienna	0.00%	20.00%	N	EUR	0.00
"S1" Hotelerrichtungs AG	CHE	Savognin	6.21%	6.21%	N	CHF	0.00
UBX 3 s.r.o.	CZE	Prague	50.00%	50.00%	N	CZK	0.00
Bayernfonds Immobilienentwicklungsgesellschaft Wohnen plus GmbH in Liqu.	DEU	Munich	0.00%	46.53%	N	EUR	0.00
BF Services GmbH	DEU	Munich	0.00%	46.53%	N	EUR	0.00
Bürohaus Leuchtenbergring Verwaltungs GmbH	DEU	Munich	0.00%	48.51%	N	EUR	0.00
REAL I.S. Project GmbH in Liqu.	DEU	Munich	0.00%	46.53%	N	EUR	0.00
UBX II (France) s.à.r.l.	FRA	Serris	0.00%	50.00%	N	EUR	0.00
Hotelinvestments (Luxembourg) S.à r.l.	LUX	Luxemburg	50.00%	50.00%	N	EUR	0.00
OAO "AVIELEN A.G."	RUS	St. Petersburg	0.00%	10.00%	N	RUB	0.00
Other partnerships							
Bürohaus Leuchtenbergring GmbH & Co. KG	DEU	Munich	0.00%	48.02%	N	EUR	0.00
C.V. Nederlanden	NLD	Amsterdam	0.00%	0.05%	N	EUR	0.00

AUDITOR'S REPORT

Report on Consolidated Financial Statements

We have audited the consolidated financial statements of **UBM Realitätenentwicklung Aktiengesellschaft, Vienna for the fiscal year from 1 January 2011 to 31 December 2011.** These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated cash flow statement and a statement of changes in consolidated equity for the year ended 31 December 2011, and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and Group Accounting

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

Auditors' responsibility and description of type and scope of statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with applicable laws and regulations in Austria for audits. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control relevant to the preparation of the consolidated annual financial statements and the fair presentation of the net assets and financial position of the Group and the results of its operations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit has not led to any objections. In our opinion, based on the results of our audit the consolidated annual financial statements have been prepared pursuant to applicable regulations and present a true and fair view of the net assets and financial position of the company as of 31 December 2011 as well as the results of operations and cash flows of the Group for the fiscal year from 1 January 2011 to 31 December 2011 in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU.

Statement on Consolidated Business Report

Laws and regulations require us to perform audit procedures to determine whether the consolidated business report is consistent with the consolidated annual financial statements and whether the other disclosures made in the consolidated business report do not give rise to misconceptions about the position of the Group. The auditor's report has to state whether the consolidated business report is consistent with the consolidated annual financial statements and whether the disclosures according to Section 243a of the Austrian Commercial Code apply.

In our opinion the consolidated business report is consistent with the consolidated annual financial statements. The disclosures according to Section 243a of the Austrian Commercial Code apply.

Vienna, 6 March 2012

BDO Austria GmbH
(Audit and Tax Consultants)

Markus Trettnak Auditor	Klemens Eiter Auditor

REPORT OF THE
Supervisory Board

In the 2011 fiscal year UBM Realitätenentwicklung AG took advantage of the improvement in the general economic climate to record an annual construction output of €281.9 million through the sale of a real estate in the Netherlands as well as participations in the Czech Republic and in Switzerland.

Earnings before tax (EBT) in 2011 increased compared to the previous year. After taking assessed income tax and the provision from deferred taxes on income into account, net income amounted to €8.9 million.

The Supervisory Board has actively accompanied and supported the development of the company with its tasks and duties. The Managing Board regularly informed the Supervisory Board with comprehensive and up-to-date reports, both verbal and written, on the business and financial position of the Group and its participations, on personnel and planning issues, as well as on investment and acquisition plans; it also discussed strategy, business development and risk management with the Supervisory Board. The Supervisory Board adopted the required resolutions in six meetings. For business subject to approval under Article 95 (5) of the Stock Corporation Act and in accordance with the rules of procedure for the Managing Board, the necessary approvals were obtained, in the form of written votes for urgent matters. The average attendance at meetings of the Supervisory Board was 91.3%. On 15 March 2011 there was a meeting of the Audit Committee to review and prepare the final acceptance of the 2010 annual financial statements; the auditor was also present. The Audit Committee convened on 20 October 2011 with the auditor to discuss the monitoring of accounting processes, the monitoring of the effectiveness of internal control, the internal audit system and the risk management system of the company.

The Annual Financial Statements of UBM Realitätenentwicklung Aktiengesellschaft as of 31 December 2011 including the Notes and the Business Report as well as the Consolidated Financial Statements as of 31 December 2011 compiled under the International Financial Reporting Standards (IFRS), as applicable in the EU, and the Consolidated Business Report were audited by BDO Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. Based on the accounting records and documents of the company as well as the statements and evidence provided by the Managing Board, the audit revealed that the accounting procedures as well as the annual and consolidated financial statements comply with legal regulations and there was no cause for objections. The business report and the consolidated business report are consistent with the annual and consolidated financial statements. The audit firm referred to above therefore expressed an unqualified auditor's opinion on the annual and consolidated financial statements.

All financial statement documentation, the corporate governance report, the proposal of the Managing Board on the appropriation of profits and the audit reports of the auditor were discussed in detail with the auditor in the Audit Committee on 15 March 2012 and presented to the Supervisory Board. After intensive discussions and reviews the Audit Committee and the Supervisory Board accepted the annual financial statements as of 31 December 2011 as well as the business report, the corporate governance report and the proposal on the appropriation of profits. The annual financial statements as of 31 December 2011 are thus approved. The Audit Committee and the Supervisory Board also accepted the 2011 consolidated financial statements compiled under IFRS and the consolidated business report. The Supervisory Board endorses the proposal of the Managing Board for the appropriation of profits.

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

Vienna, March 2012

Horst Pöchhacker
Chairman of the Supervisory Board

APPROPRIATION OF
profits

UBM Realitätenentwicklung Aktiengesellschaft closed the 2011 fiscal year with a retained profit of €3,312,030.38. The Managing Board proposes a dividend of €1.10 per share, which with 3,000,000 shares totals €3,300,000, while the remainder of the profits totalling €12,030.38 should be carried forward to the new account.

Upon agreement from the meeting of shareholders on this proposal for the appropriation of profits, the pay-out of a dividend of €1.10 per share shall ensue subject to tax law regulations from 9 May 2012 through the custodian bank. The main paying agent is UniCredit Bank Austria AG.

Vienna, 6 March 2012
The Managing Board

Karl Bier (Chairman)	Heribert Smolé	Martin Löcker

RESPONSIBILITY STATEMENT
Consolidated financial statements

DECLARATION OF MANAGEMENT IN ACCORDANCE WITH SECTION 82 (4) OF THE STOCK EXCHANGE ACT (BÖRSEG) – CONSOLIDATED FINANCIAL STATEMENTS

We hereby declare to the best of our knowledge that the consolidated annual financial statements compiled in accordance with applicable accounting standards provide a true and fair view of the net assets and financial position of the Group, as well the results of its operations. The consolidated business report presents the business operations, the results of business operations and the situation of the Group in a way that provides a true and fair view of the net assets and financial position and the results of operations of the Group, whilst also outlining the significant risks and uncertainties facing the Group.

Vienna, 6 March 2012
The Managing Board

Karl Bier Chairman of the Managing Board responsible for project development and personnel	**Heribert Smolé** Member of the Managing Board responsible for finance and accounting	**Martin Löcker** Member of the Managing Board responsible for technical management

GLOSSARY

ARGE	Joint ventures of several companies for the collective implementation of construction plans
ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
Dividend yield	Dividends in relation to share price
EBIT	Earnings Before Interest and Taxes
EBT	Earnings Before Taxes
ECV	Issuer Compliance Regulation to prevent the misuse of insider information
Equity ratio	Average capital employed relative to total assets
IFRS	International Financial Reporting Standards
Impairment Test	In accordance with IAS 36 an evaluation of asset values shall be carried out by means of a regular test, which will establish any reduction in values of the asset and which may lead, if required, to the recording of adjustments.
Annual construction output	Presentation of output in accordance with economic criteria, which deviates from the presentation of revenues in the income statement since it also includes proportional output in joint ventures as well as the revenues of non-consolidated participations. Annual construction output comprises the following: real estate acquisitions, rental services, revenue from hotel holdings, construction services and facility management services.
P/E	Price earnings ratio, share price in relation to earnings per share
Market capitalisation	Stock market value, share price x number of shares issued
Sustainability	Sustainability is economic development based on ecological criteria
Pay-out ratio	Distribution ratio, dividend per share divided by earnings per share, in %
Total shareholder's return	Dividend yield plus share price increase
WBI	Vienna Stock Exchange Index

LEGAL NOTICE

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UBM Realitätenentwicklung AG
Floridsdorfer Hauptstraße 1,
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www.ubm.at

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UBM Realitätenentwicklung AG

SUSTAINABILITY

Sustainable management is not just a facet of planning and building for us, it is a holistic project. For this report, for example, we only use paper bearing the FSC label.

The Forest Stewardship Council (FSC) is an international non-profit organisation that created the first system for certifying sustainable forest management, a system it now operates and continues to develop. The FSC system to certify forest management was established to ensure the sustainable use of our forests. This includes maintaining and improving the economic, ecological and social functions of forestry enterprises.

We at UBM believe that conserving our resources is vital and we therefore give you our "green and white" commitment to a sound environment: in this report using FSC paper.

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YOUR UBM CONTACT PARTNERS

UBM Realitätenentwicklung AG
Floridsdorfer Hauptstraße 1,
1210 Vienna, Austria
Tel: +43 (0) 50 626-0
www.ubm.at, www.ubm.eu

UBM AUSTRIA

UBM Investor Services
Dr. Julia Schmidt
Mail: julia.schmidt@ubm.at
Tel: +43 (0) 50 626-3827

UBM Vienna/Lower Austria/Burgenland
Mag. Andreas Grassl
Mail: andreas.grassl@ubm.at
Tel: +43 (0) 50 626-1473

UBM Styria/Carinthia
DI Martin Löcker
Mail: martin.loecker@ubm.at
Tel: +43 (0) 50 626-1261

UBM Tyrol/Vorarlberg
DI Peter Ellmerer
Mail: peter.ellmerer@ubm.at
Tel: +43 (0) 50 626-3032

UBM Salzburg
DI Markus Lunatschek
Mail: markus.lunatschek@ubm.at
Tel: +43 (0) 50 626-1712

UBM Upper Austria
DI Markus Lunatschek
Mail: markus.lunatschek@ubm.at
Tel: +43 (0) 50 626-1712

UBM INTERNATIONAL

UBM in Hungary
Eva Tarcsay
Mail: eva.tarcsay@ubm.hu
Tel: +36 (1) 41 10 443

UBM in the Czech Republic
Mag. Margund Schuh
Mail: margund.schuh@ubm.at
Tel: +42 (02) 510 13-0

UBM in Poland
Mag. Peter Obernhuber
Mail: peter.obernhuber@ubm.pl
Tel: +48 (22) 356 81 10

UBM in France
DI Martin Löcker
Mail: martin.loecker@ubm.at
Tel: +43 (0) 50 626-1261

UBM in Germany
Münchner Grund
Dr. Bertold Wild
Mail: bertold.wild@muenchnergrund.de
Tel: +49 (89) 74 15 05-0

UBM in Slovakia
DI Mark-John Pippan
Mail: mark.pippan@ubm.at
Tel: +43 (0) 50 626-1723

UBM in Croatia
DI Davor Vilic
Mail: davor.vilic@ubm.at
Tel: +385 (0) 15 390-732

UBM in Bulgaria
Mag. Elza Vassilieva Stanimirova
Mail: elza.stanimirova@ubm.at
Tel: +359 887 95 47 15

UBM in Romania
DI Daniel Halswick
Mail: daniel.halswick@muenchnergrund.de
Tel: +49 (89) 741 505-42

UBM in Ukraine
Heribert Smolé
Mail: heribert.smole@ubm.at
Tel: +43 (0) 50 626-1487

UBM in Russia
DI Peter Maitz
Mail: peter.maitz@ubm.at
Tel: +43 (0) 50 626-1294

UBM in the Netherlands
DI Martin Löcker
Mail: martin.loecker@ubm.at
Tel: +43 (0) 50 626-1261

This report contains forward-looking statements based on current assumptions and estimates that are made by the management to the best of its knowledge. Information offered using the words "expectation", "target" or similar phrases indicates such forward-looking statements. The forecasts that are related to the future development of the company represent estimates that were made on the basis of information available as of 31 December 2011. Actual results may differ from these forecasts if the assumptions underlying the forecasts fail to materialise or if risks arise at a level that was not anticipated.

The annual report as of 31 December 2011 was prepared with the greatest possible diligence in order to ensure that the information provided in all parts is correct and complete. Nevertheless, rounding, type-setting and printing errors cannot be completely ruled out.

UBM-PROJEKTE

Summary

THE NETHERLANDS

Crowne Plaza Hotel project

AUSTRIA

Sternbrauerei apartment building project

CZECH REPUBLIC

Project Andel City

POLAND

Poleczki Business Park project

GERMANY

Andel's Hotel Berlin project

FRANCE

Dream Castle Hotel and Magic
Circus Hotel projects

This is the report of a
highly successful business
journey over 20 years.

It takes us across Europe
and offers some very personal
insight into the everyday
business of a company that is
constantly on the move.

UBM