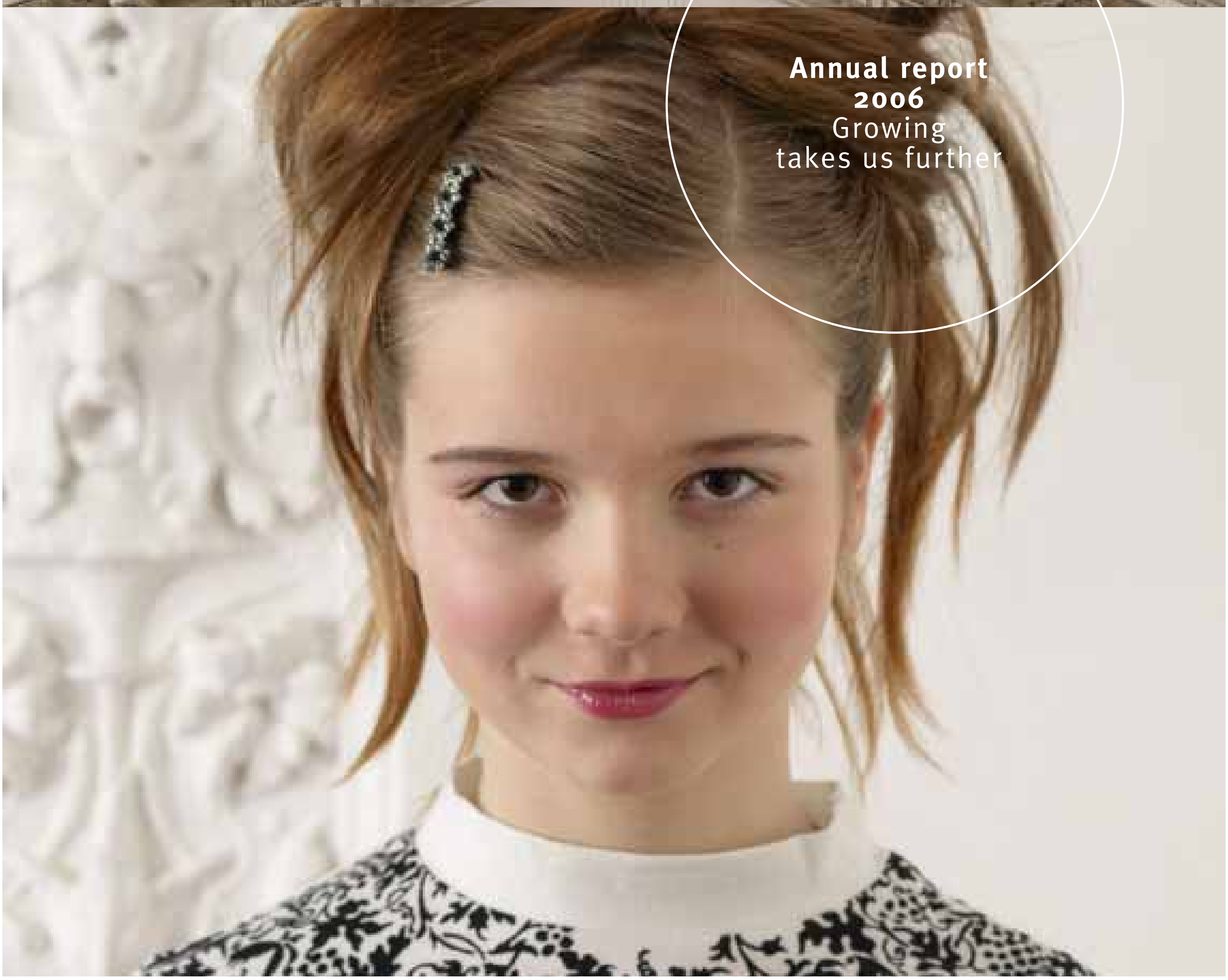

Annual report 2006

Growing takes us further

Growth considerations

It is always exiting to see how fast time goes by. And how quickly small things become large things. But there are also things which require time. For which we are rewarded with something especially valuable: PERMANENCE. We at UBM stand for both. As a solidly mature company we stand like a tree in the face of the storm. On the other hand we are like our children: we continue to grow, we are inquisitive and can react extremely quickly to the new challenges of the time. This flexibility and permanence are the foundation on which all the elements of our real estate business continue to grow. And we still have much in front of us: just like our children.

Key data
of the UBM Group

	2006	Change in %	2005	2004
KEY PROFIT AND LOSS DATA IN € MILLION				
Annual construction output	185.7	+70.4	109.0	135.9
of which international in %	72.2	+14.2PP	58.0	71.2
Earnings before interest and taxes (EBIT)	18.6	31.9	14.1	10.2
Earnings before taxes (EBT)	11.2	13.1	9.9	9.3
Net income	8.6	1.2	8.5	9.4
Net income for the year	3.0	11.1	2.7	2.7
Return on capital employed in %	5.4	-0.1PP	5.5	5.2
Return of shareholders' equity in %	8.9	-0.7PP	9.6	11.6
BALANCE SHEET DATA IN € MILLION				
Balance sheet total	438.3	14.9	381.3	280.7
Equity ratio in % of balance sheet	23.3	-0.3PP	23.6	30.9
total as at 31.12 .	74.9	93.5	38.7	34.6
Investments	2.0	-54.5	4.4	3.7
Amortisation and depreciation				
STOCK MARKET DATA				
Earnings per share in €	2.78	-1.8	2.83	3.13
Dividend per share in € [1)]	1.00	11.1	0.90	0.88
Pay out ratio in %	36.0	13.2	31.8	28.1

1) Proposal to the general meeting of shareholders


growth

The UBM-Group

RANGE OF SERVICES

Acquisition of real estate sites
Search, analysis, rental, purchase

Studies
Market studies, feasibility studies, project studies

Finance and legal
Financing model, special financing, Tax model, Legal corporate concept

Approval process
Dedication, demolition approval, construction permit, utility permit

Planning
Submission planning, Execution planning, structural engineering, general planning

Construction services
Construction management, general contractor, total entrepreneur, construction client

Commercialisation
Rental, sale

Property Management
Commercial property administration, optimisation of operating costs

Facility Management

Centre Management
Marketing, PR, surface management, tenant services

DADDY SAYS, "YOU MUST ALWAYS HAVE THE LAST WORD."
"LOGICAL, SINCE HE FINALLY HAS THE FOREWORD."

Table of contents

foreword

03

WALERIA, 13 YEARS OLD
VIENNA

We have been constantly growing since more than 130 years

Dear Shareholders,

2006 was a year of realisation for UBM. Many of our projects, which have been planned, developed and worked on for a long time, were able to be sold. During the past fiscal year we were able to achieve the highest total aggregate output in the history of UBM which amounted to approximately € 185.7 million (+70.4 %). The EBT of the UBM Group rose by about 13 % to € 11.2 million.

Our business activities in the Czech Republic developed very successfully. During 2006 we were able to sell the “Velky Spalicek“ shopping and cinema centre in Brünn, the “Darex” office property in Prague as well as the hotel “angelo”. The Andel City project continues to be an important contributor of sales with the sale of apartments.

In Austria we are focussing on our involvement with the reconstruction of the Lehen stadium in Salzburg and the completion and sale of the office building in the Brehmstrasse in Vienna. In Germany we are concentrating above all on the residential property projects in Munich-Riem and Schwabing. And in Poland we have concluded the refurbishing of the historic “Griffin House” and completely rented the office building. As a further development of our Andel City project, which will finish in 2007, we are planning with the Poleczki Business Park project in Warsaw the construction of a real estate complex for office and commercial properties including its own hotel. As a result of a limitation of most of the buildings to three upper floors as well as the laying out of avenues this project, which is being developed jointly with a partner, should gain the character of a garden city and therefore also be interesting from a municipal architectural point of view in spite of its strict commercial purpose.

Sites were purchased both in Switzerland as well as in Croatia for the construction of logistics centres. However, our specific attention in 2006 was also focussed on the expansion of our activities in Central and Eastern Europe. Here the market offers unlimited opportunities which are only waiting be carried out. The outlook in these countries is overall positive and their economic situation allows us to hope for a positive construction and real estate business. It is now a matter for UBM to decide on the correct strategic measures to be taken. An important step in this regard was the establishing of companies in Romania and Bulgaria. As a result we have been able on the one hand to pursue our objective of geographic growth and on the other hand to strengthen our presence in these two new EU member states.

But we have also established companies in two other states which neighbour the EU: in the Ukraine and Croatia. These two states on the frontier of the EU also represent booming markets for UBM, like all new target countries, Our future lies in all these countries and we shall carry out an important part of our activities there also in the next fiscal year.

We should also like to take the opportunity of thanking you, our shareholders, business partners and employees for your loyalty and cooperation. And we hope that together with you we shall be able to master again next year the major challenges which UBM is targeting.

DI Peter Maitz

Mag. Karl Bier

Heribert Smolé

Supervisory Board

STATUTORY BODIES

KR Dkfm. Dr. Siegfried Sellitsch
Chairman

DI Horst Pöchhacker
Deputy Chairman

DI Thomas Jakoubek

Dr. Walter Lederer

MMag. Dr. Erlefried Olearczick

DI Iris Ortner

Dr. Johannes Pepelnik

Dr. Peter Weber

BOARD OF MANAGEMENT

Mag. Karl Bier

Chairman of the Board of Management

Degree in law, professional training in taxation; general manager of several project companies, since 1992 member of the Board of Management of UBM AG. Responsible for the development and expansion of project development domestically as well as in the Czech Republic (since 1993), Hungary (since 1994), Poland (since 1995), Germany and Slovakia (since 2003) as well as Croatia (since 2005) and Romania (since 2006).

UBM – Vienna/Lower Austria/Burgenland
UBM – Upper Austria
UBM – Salzburg
Münchner Grund – Germany
UBM – Poland
UBM – Slovakia
UBM – Hungary
UBM – Romania
UBM – Croatia
Various property companies in Austria

DI Peter Maitz

Studied construction engineering in Graz; joined Porr in 1972, 1972 to 1986 management of several projects in Austria, Hungary, Iran and Algeria. Since 1985 technical manager of various project companies domestically and abroad. Member of the Board of Management of UBM AG since 1992.

UBM – Styria/Carinthia
UBM – Tyrol/Vorarlberg
UBM – Czech Republic
UBM – France
UBM – Switzerland
UBM – Bulgaria
Various property companies in Austria

Heribert Smolé

Joined the Porr Group in 1973. 1985 department manager for the administration of participations, executive holding power of attorney of UBM AG as from 1990, general manager of various companies of the UBM Group. Since 1997 member of the Board of Management of UBM AG.

Finance and accounting
Project financing
Risk management
Controlling
Property administration
Investor relations
Various property companies in Austria
UBM – Ukraine

We are growing with our challenges

People need land. People need a roof over their heads. And people need trustworthy partners who can provide all this. Since more than 130 years the UBM Group has been making every effort to support people in the fulfilment of their dreams. First of all only because we manufactured the best construction materials for them. Today the object of our company is in the development, rental and sale of real estate in the whole of Europe. Especially in the countries of Central, Eastern and Southern. Europe we are using our many years of experience in the areas of real estate development and consulting. Here we are acting as a builder as well as a general contractor. Above all professional investors rely on us who appreciate for their real estate activities the advantages of a single partner for different tasks and regions. The confidence of the shareholders in the safety of real estate investments is based on the “real values” which are behind such investments. We at UBM place considerable emphasis on this trust in our corporate philosophy. The distribution of our involvement on different European markets and sectors minimises the corporate risk. Thanks to our profound market knowledge we are able to determine the optimal sales period of your properties.

Our growth during the last 134 years has also led to a change in our customers. Today our customers are, for example, real estate funds or internationally operating hotel chains, for which we construct buildings in accordance with specific instructions. Such tailor-made real estate projects achieve significantly higher returns than an investment in already existing properties. Strict requirement profiles and the many years of knowledge of our European home markets are the sure basis for prudent expansion into the booming markets of our common Europe.

Reconciliation of the total aggregate output (annual construction output) of the Group to the revenues stated in the consolidated profit and loss account for the fiscal year 2006.

At UBM we define annual construction output as the most significant item for the description of the volume of revenues. Unlike the total aggregate output included in the consolidated profit and loss account, this financial definition includes also the proportional revenues from joint ventures as well as from equity consolidated and other subordinated subsidiaries. In addition, it includes changes in inventories relating to own projects as well as capitalised own work performed for the year under report. The following table shows the calculation of the annual construction output for the fiscal years 2004 to 2006.

Development of revenues

in T€	2006	2005	2004
Total aggregate output of the Group	185,714	108,972	135,886
Revenues stated in the consolidated profit and loss account	117,039	72,707	79,345
Difference	**68,675**	**36,265**	**56,541**
Revenues from joint ventures	10,742	0	20,050
Changes in inventory in our own projects of the prior year	2,568	−2,735	−2,386
Revenues from participations which are consolidated on an equity basis or which are of minor importance	54,168	39,000	39,056
Own work performed	1,197	0	−179
	68,675	**36,265**	**56,541**

Growth markets

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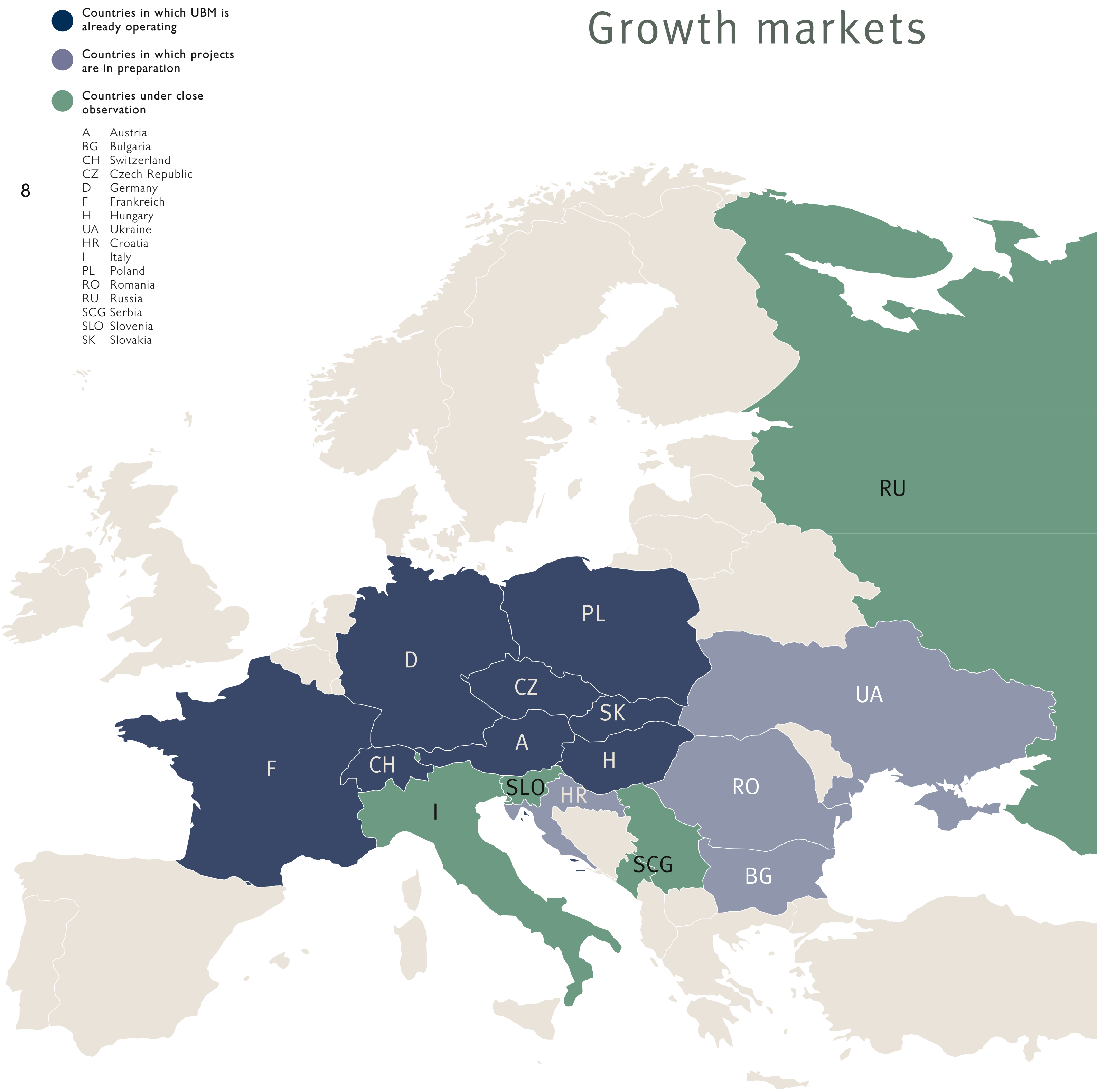


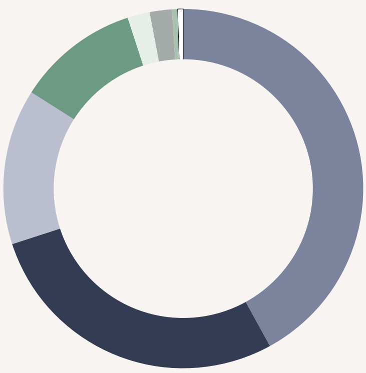
Growth is the secret of **our success**

Our world is changing constantly. And we at UBM know how to use our opportunities. Since the beginning of the 1990's we have had open scope for growth in the North-East and South-East of Europe. We succeeded from the very beginning in breaking through both the geographic as well as the operating boundaries. By doing this we have become what we are today: an internationally active specialist in all questions of real estate development and administration.

Annual construction output 2006

As per country (in %)

- 42 % Czech Republic
- 28 % Austria
- 14 % Poland
- 11 % Germany
- 2 % Slovakia
- 2 % France
- 0.5 % Switzerland
- 0.5 % Hungary



UBM stands for unlimited growth: for this reason we consider more and more the countries of Central and Eastern Europe to be our home market in addition to Austria following many years of experience and many successfully completed projects. Already long before the expansion of the European Union we were already active in the Czech Republic, Poland, Hungary and Slovakia. In 2006 we have strengthened our market presence in the new EU member countries of Bulgaria and Romania through the establishment of project companies. We are emphasising the forward-looking business strategy of UBM in particular through the active attention to the markets in Croatia and in the Ukraine. You will find details on these target markets on pages 26 - 37. We are also successfully active with our own companies in Germany, France and Switzerland. In principle we set no geographic growth limits to the expansion of our market presence and are therefore permanently looking for new market opportunities. In the medium term we therefore also want to play an active role in the markets of Italy, Serbia and the Baltic states as well as in parts of the market in Russia.

Our business enables faster growth

COMPREHENSIVE RANGE OF SERVICES

He who chooses UBM will have a competent partner for all aspects of the real estate business. Since the range of services of the UBM Group extends from the acquisition of construction sites, the drawing up of market and project studies, legal corporate concepts and the handling of the permit process, the total application, execution and general planning and up to the provision of the construction service and final exploitation. However, our competence extends far beyond professional planning, construction and final exploitation: we are also available to our customers for all questions regarding real estate administration and facility management. And for real estate funds we draw up tailor-made projects ranging from the planning to the turn-key delivery.

SECTORAL DIVERSIFICATION

Each market has its own dynamics and UBM has both the experience as well as the sensitivity to comprehend the changes in its markets at the right time. Since apart from a broad geographic presence, which enables us to compensate for local differences in demand, UBM also uses the different developments of the sectoral cycles in order to achieve as continuous a business process as possible. Depending on the market environment, not only residential and office properties are built, since UBM also has outstanding know-how for the construction of complex hotel facilities, shopping centres and logistics buildings. However, as with any other business it is the timing which determines whether it a success or a failure. We do not take risks: what is important is to recognise trends at an early stage. Thus, apart from our experience, detailed market analyses help us to make our decisions on a firm basis.

REAL ESTATE PORTFOLIO

Experience is also the foundation on which UBM has built up its broad field of activities. And it is just the breadth of our business which helps us to compensate for specific project fluctuations. For example, the income from the rental of our real estate portfolio thus compensates for fluctuations in real estate development. We are not only following the target of generating rental income with this portfolio, which we have built up over many decades: it enables us also to choose optimally the timing of the sales of properties. The UBM Group has real estate in terms of total land area of more than 1.8 million m^2. These properties are distributed throughout Europe. Approximately 80 % of them are held abroad and are a major factor four our strategic attention paid to the market. 270,000 m^2 of our real estate holdings consisted of rented space, and these can be broken down approximately as follows: 36 % offices, 23 % commercial and 4 % residential properties. 37 % of the total space is attributable to hotels.

SAFE INVESTMENT

The success of UBM is attributable to is prudent and far-sighted management. This enables us to offer safe investments for our shareholders through well thought out expansion and risk diversification. As a result of this we also succeeded in growing continuously during the difficult economic conditions in the last few years and in maintaining a positive dividend policy. We have thus been able to raise the dividend from € 0.90 in 2005 to this year's level of € 1.00.

Our projects continue to grow

CURRENT PROJECTS AND THOSE COMPLETED DURING THE YEAR UNDER REPORT

	Place	Start of construction	Completion
CZECH REPUBLIC			
Andel City-residential construction project SO 10	Prague	2004	2007
Hotel Angelo – Andel City	Prague	2005	2006
Hotel in Pilsen	Pilsen	2007	2008
Andel City – office building SO 11	Prague	2005	2007
POLAND			
Hotel „andel's Krakow"	Krakow	2006	2007
Residential complex Zakopianka-Krakow	Krakow	2007	2010
3*-Hotel in Krakow	Krakow	2007	2009
Poleczki Park- 1st phase	Warsaw	2007	2009
SLOVAKIA			
Logistikpark Senec Cargo Centre – 1st phase	Bratislava	2004	2007
GERMANY			
Residential area Riem WA 14	Munich	2005	2007
Marianne elf, Parkstadt Schwabing	Munich	2005	2006
Hotel project Leuchtenbergring	Munich	2007	2008
ROMANIA			
Logistics centre Chitila phase 1	Bukarest	2007	2008
AUSTRIA			
Neue Mitte Lehen	Salzburg	2006	2007
Office building Brehmstrasse BT C	Vienna	2006	2007
3*-Hotel, „Park Inn"	Linz	2007	2008
SWITZERLAND			
Logistics centre Regensdorf near Zürich	Regensdorf	2007	2008

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LILLI, 4 YEARS OLD
VIENNA

"LOOK AT THE NICE MEADOW WHICH DADDY HAS BOUGHT.
WOULD MY HOUSE FIT IN THERE?"

acquisition

The UBM Share

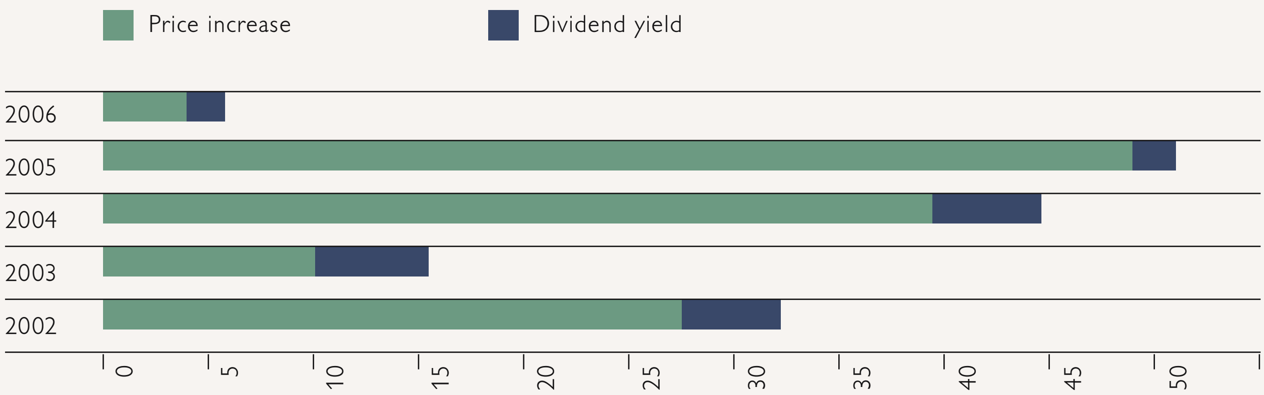
DEVELOPMENT OF THE INTERNATIONAL STOCK MARKETS

The positive upward trend of the Vienna financial market continued during 2006.

The ATX, the leading index of the Vienna Stock Exchange, increased by 21.7 % and closed on the last trading day of the past year at an all-time high of 4,463.47 points. Market capitalisation grew by about 36 % to the historic high point of € 146.2 billion. The average monthly trading volumes developed extremely dynamically; these rose by 72.1 % from € 6.1 billion (2005) to € 10.5 billion. The inflow of fresh capital almost doubled: of a total of € 11.8 billion of new capital € 1.8 billion was attributable to six new listings and € 10.0 billion to capital increases. The European stock markets were characterised almost continuously by a positive mood. Neither the expected The economic data were mainly positive. As a result the DAX increased by 21.98 % on an annual basis whilst the Euro STOXX 50 index registered a plus of 14.25 %. In spite of the pending increase in the value added tax expectations remained highly positive also for Germany.

The US stock markets again registered price increases. Major impulses came from the companies themselves. In addition the stock markets were supported by encouraging economic data. During the last month of the year the trend of the second half year continued: the blue-chip stocks registered an outstanding performance. The positive development of the value of the blue chips resulted from the economic situation. When the economy tends to weaken, the large blue chips are purchased increasingly by investors. The development of the price of the UBM share in 2006 was able to benefit in part from the positive stock market environment as well as the high interest in real estate stocks listed in Vienna. After reaching an annual high of € 55.00 at the end of the first quarter, the price of the share was influenced by the general

Total Shareholder's Return in %



Stock market data in €

	2006	2005	2004	2003[1]
Price as at 31.12.	43.50	42.00	28.20	20.00
High	55.00	50.00	28.20	20.00
Low	40.51	28.30	20.00	16.25
Earnings per share	2.78	2.83	3.13	3.17
Dividend per share	1.00	0.90	0.88	0.88[2]
Price/earnings ratio as at 31.12.	15.65	14.84	9.00	6.31
Dividend yield as at 31.12. in %	2.30	2.14	3.12	4.38
Total Shareholder Return in %	5.87	51.08	44.10	15.49
Market capitalisation in € Mio	130.50	126.00	84.60	60.00
Pay-out-Ratio in %	36.00	31.80	28.12	27.60

1) Amounts adjusted for share split in the ration of 1:4
2) Incl. bonus

price correction. The subsequent price rally towards the end of the year had less of an effect on the price of the share, which was finally listed at € 43.50 on 31.12.2006.

PRICE DEVELOPMENT OF THE UBM SHARE

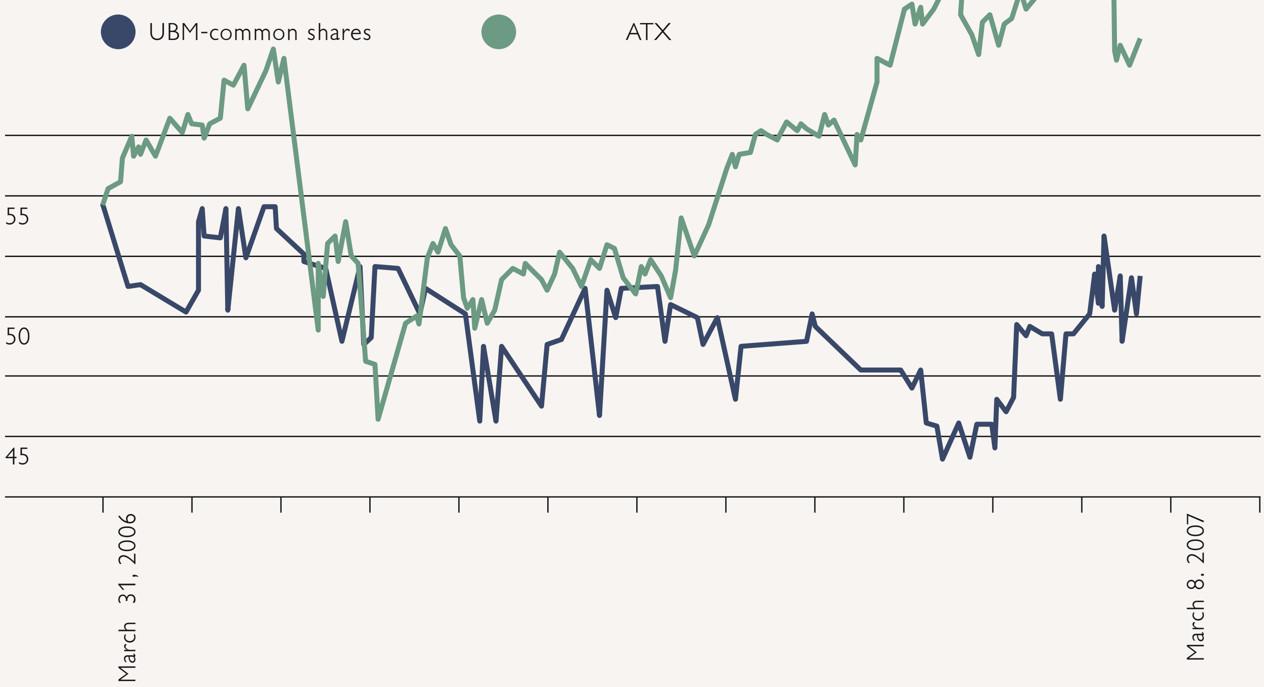
UBM has been listed since 1873 on the Vienna Stock Exchange and is thus one of the oldest stock market listed companies in Austria. The 3,000,000 common shares are traded in the market segment of "Standard Market Action" at the Vienna Stock Exchange, where price fixing takes place daily at 12.30 in accordance with the highest bid principle. The stock market capitalisation as at the end of 2006 amounted to € 130.5 million and thus registered an increase of 3.6 %. The UBM shares have a weighting of 0.1314 % (status as at 16.3.2006) in the Vienna Stock Market index (WBI), which reflects the development of the Austrian equity market as the total market index.

Apart from the annual report UBM informs its shareholders in detailed quarterly reports about the development of UBM's business. information on construction projects, current plans and press announcements as well as the current share price can be found on the company's internet page: www.ubm.at

DIVIDEND PROPOSAL

For the fiscal year 2006 the Board of Management proposes to the general meeting of shareholders a dividend of € 1.00 per share.

Price development of the UBM share



FULFILMENT OF THE AUSTRIAN COMPLIANCE GUIDELINE

In order to prevent the misuse of insider information the Issuers' Compliance Regulationsv (ECV) of the financial market's supervisory authority came into force in April, 2002 and a new version was published in 2005 on the basis of an amendment to the Stock Market Law. In execution of the instructions of the Stock Exchange Law and the ECV UBM issued a compliance guideline which came into force in June 2005. This guideline regulates the transfer of information within the company as well as measures to monitor all internal and external flows of information, in order to prevent their misuse. The objective is to inform the employees and statutory bodies of the company as well as consultants and other persons active for UBM about the legal prohibition of the misuse of insider information. At UBM eight areas of confidentiality were defined. In addition, the person responsible for compliance can set up with the agreement of the Board of Management temporary areas of confidentiality for internal and external employees, who might have access to insider information (drawing up of annual reports, quarterly reports etc.). Apart from controlling the compliance with the guideline, the person responsible for compliance is also responsible for the related training of the employees as well as with the keeping of an insider index. Explicit blocking periods and trading prohibitions for UBM shares should prevent a misuse of insider information.

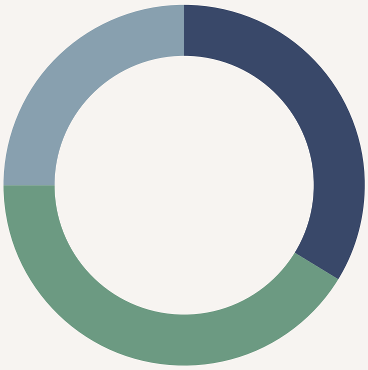
CORPORATE GOVERNANCE

To date UBM has issued no declaration of compliance with the Austrian Corporate Governance Code. Independent of this, however, all the legal conditions as well as most of the "comply or explain" regulations are complied with.

Shareholder structure of UBM AG

in %

- 33.73 % Free float
- 41.27 % Allgemeine Baugesellschaft A. Porr Aktiengesellschaft
- 25.00 % + 4 Aktien CA Immo International Beteiligungsverwaltungs GmbH



Share. What do we understand when UBM speaks of being “of high value”? Certainly not only the optimum performance of our share. We are focussing on sustainable business in the service of the community. And this again has a positive effect on the price of our share.

DATA SOURCES

UBM COMMON SHARES	
Reuters	UBMV.VI
Bloomberg	UNBM AV
Datastream	O:UBAU
ISIN	AT0000815402
Security identification code	UBS

FINANCIAL CALENDAR 2007

Balance sheet press conference	20. March 2007
126. ordinary general meeting of shareholders	11. April 2007
Payment date of dividend	16. April 2007
Interim report on the 1st quarter 2007	11. May 2007
Half year financial report 2007	31. August 2007
Interim report on the 3rd quarter 2007	9. November 2007

Liliane Pippan

Ondra Rada

Why growth for us is s

...and why we “UBM children” **really belong to the family.**

Anouk Maier

Waleria Smolé

Stefan Grassl

Florian Grassl

Maja Matuszelanska

Jakob Wöckinger

o important...

Caroline Katzmair

Residential property in Riem and residential property in Schwabing in Munich

Liliane from Vienna

our children for

Ondra from Prague

Anouk from Munich

Waleria from Vienna

our services

Stefan and Florian from Vienna

Maja from Warsaw

Jakob from Vienna

Caroline from Linz

The W3 shopping centre in Vienna, the office building of Cetelem, a subsidiary of BNP Paribas and the Hotel “angelo” in Prague.

24

JAKOB, 4 YEARS OLD
VIENNA

”MY DADDY MUST REALLY WATCH OUT,
THAT THERE ARE NO MISTAKES IN THE CONTRACT.
I AM HELPING HIM NOW”

legal and financing

Stop and Go
of growth in Central Europe

Slovakia accelerates

The Slovakian economy was able to register again an upturn at the end of the year. Slovakia thus joined the group of those countries with the worldwide highest rate of growth (these include apart from India and China also the Baltic states). The acceleration of the economy is attributable to the booming export economy. The foreign trade balance was less impressive, but this was the result of imports for investment purposes and of inventory build-ups prior to the coming on stream of the newly constructed car factories. However, this effect can be compensated by increased exports. For the total year GDP growth amounted to 8.2 % and a similar dynamic increase is expected for the first half of 2007. Whilst foreign demand will play a major role, domestic demand will also hardly weaken. Consumption by private households during the first half 2007 should grow only slightly slower at 5.5 % compared with the second half 2006 when it was 6.3 % higher than the prior year's level.

Development of the real estate market and return expectations in Slovakia

For investors Bratislava is the interesting market. A requirement of about 500,000 m² is expected for class A office space, shopping centres, hotels and residential space. Returns are forecasted in the amount of 6 %. Outside Bratislava major emphasis will be placed in particular on the Kosice region due to its closeness to the Ukraine and the most important Eastern European markets.

(Source: Colliers International)

UBM in Slovakia

UBM is currently active in the logistics sector in Slovakia. A logistics centre in Senec has already been developed and sold. Together with a local partner further space of approximately 1 million m² will be sold. The rising purchasing power in Slovakia should in the future be borne with focus on multi-functional properties and residential projects.

Development of the real estate market and return expectations in the Czech Republic

During 2007 the real estate market in the Czech Republic will also register moderate growth. The main interest of investors in this respect is in office buildings in Prague. Commercial real estate is focussed on regional markets such as Brno or Olmütz. Due to the lower level of interest and the larger distance from Prague the returns will decline to about 6 % for office buildings, 6.8 % for shopping centres and to 7.5 % for hotels.

Source: CB Richard Ellis

The Czech Republic will take a breathing space in 2007

The Czech Republic will probably take a short breathing space, in order to expand at an even greater rate thereafter. The positive effect of the start-up of production in the TPCA factory (joint venture of Toyota, Peugeot and Citroën) will be seen next year in the growth of GDP. A further strong positive impulse can hardly be expected before the coming on stream of the Hyundai car factory (2008/2009). As from next year, however, the Czech Republic will receive, however, more EU funds (five times the current volume), even if their effect might be somewhat subdued by the low increase in the use of such funds as well as the strengthening of the Czech crown. Investments co-financed by EU funds will, however, continue to increase significantly the export potential of the Czech economy. The development of growth will thus be subject to certain fluctuations. Following a slowing down from 6.2 % in this year to 3.5 % next year, it will accelerate again to 5 % in 2008. In the long term a gradual decline to 3 % to 4 % is expected.

UBM in the Czech Republic

UBM has been active already for more than 10 years in the Czech Republic and has successfully completed the "Andel City" show project in Prague. UBM will proceed in this successful path with a careful selection of realisable projects in the light of a slow-down of growth in the Czech Republic.

UBM in Poland

In accordance with the basic UBM strategy to recognize at the right time the sectoral cycle development for the implementation of projects, UBM has started to undertake residential projects in Warsaw and Krakow, in order to meet the rising domestic demand of private households for qualitatively high value living space. A further emphasis of UBM in Poland is the municipal architectural development of a land site near the Warsaw airport.

Poland expects economic recovery

Following a temporary phase of weakness in 2005 the Polish economy developed again satisfactorily this year. The economy has accelerated constantly since the 2nd quarter 2005. Domestic demand remains the most important economic driver, whilst net exports are trailing behind and contribute virtually nothing to economic growth. During the full year growth amounted to 5.1 % versus the prior year and thus attained the highest percentage rate since 1997. During the first half year 2007 domestic demand could increase even further thanks to the strong consumption of private households and also due to the lively investment activity. Exports are expected to remain strong (even though they may be slightly tempered by the expected economic weakness in the eurozone), but imports will increase constantly due to the rising domestic consumption and the increasing investments.

Development of the real estate market and return expectations in Poland

The returns for office and commercial buildings are currently at a level of about 6 % in Poland. It is expected that the returns will stabilise at a level of between 5.5 % and 6.5 %. The “hot spot” of Poland’s real estate market is, however, the residential sector. The sales price of apartments doubled in 2006. The selling prices for quality apartments in Warsaw and Krakow amount to about € 2,000/m^2 and for luxury apartments even between € 4,000 and € 8,000/m^2.

(Source: Colliers International)

Good growth opportunities for our new project companies

UBM in Romania

Since the beginning of 2006 UBM has been active in Romania. Together with a local partner, a logistics centre is being built at a site at the edge of the city of Bucharest, which is favourable for transport access. We intend to utilise the rising number of visits by businessmen in view of the positive economic data by investing in hotel projects.

Romania achieved growth of 7 %

In 2006 Romania was able to register economic growth for the sixth time in a row. Currently Romania is in a catch-up phase versus the other EU countries. The stronger GDP growth in 2006 is attributable mainly to the sharp growth in domestic demand and is also based on the broad basis of the development process in the sectors of industry, construction and agriculture. The prospects for 2007 are also good. Romania joined the EU on January 1. The economy is expected to expand by roughly 6.0 % in 2007. Whilst the increase in consumption should slow down somewhat, the gross plant investments will accelerate. Investment activity will be the most dynamic; this will be supported by substantial foreign direct investments as well as additional funds for the support of a multitude of projects co-financed by the European Union.

Development of the real estate market and return expectations in Romania

The demand for class A office properties will increase further due to the positive economic environment. Up to 2008 a tripling of the sales space of shopping centres in expected. A requirement of 620,000 m^2 is expected in the logistics sector during the next 5 years.

(Source: Colliers International, CBRE NAI Property Partners)

UBM in Bulgaria

UMB has been active in Bulgaria since the autumn of 2006. Already in 2006 a land site could be acquired in Plovdiv on which a logistics centre should be constructed. Due to the very fast catch-up process in Bulgaria UBM will try to apply an active acquisition policy in all branches of the real estate development market.

Development of the real estate market and return expectations in Bulgaria

The returns in Bulgaria are between 8 % and 9 % in the office market, between 7 % and 8.5 % for commercial buildings and about 9 % for industrial buildings. In 2007 demand for commercial space will increase rapidly with the market entry of international trading chains. Since Bulgaria is an interesting country for outsourcing the office market will also grow.

(Source: Colliers International, CBRE)

Bulgaria is catching up fast

With its joining the EU on January 1 2007 the dynamics of the Bulgarian economy are increasing: following the economic upturn during the 1st half year 2006 which was higher than forecastedt, a rise of 6 % in GDP growth was even achieved. The increase of industrial production by 6.7 %, in particular the very dynamic construction development and also the very important service sector in Bulgaria led o his upturn. On the demand side the strong private consumption (real: +7.4 %) played a decisive role: this is due to the considerably improved income situation and the easier granting of credit by the banks as well as a decline in the fear of possible unemployment; in October this reached the lowest level since many years of 8.3 % on a country-wide average basis.

The high plant investments had a positive effect on the economic development, and the growth versus the prior year has now reached a level of over 20 % over the last 4 quarters. Traditionally, the construction sector is very much to the fore. But also the investment in new machinery is developing extremely positively. The conservative budget policy, which Bulgaria has pursued since its agreement with the International Currency Fund, is being continued. Due to the positive economic development and the higher tax revenues related hereto a record budget excess probably higher than 4 % of GDP was registered for 2006.

Record inflow of direct foreign investments

Foreign direct investments play a major role in the increase in Bulgaria's economic activity. Following the extensive conclusion of privatisation these now concern mainly greenfield investments. Apart from industry the financial sector, trading and telecommunications are key players. Recently real estate investments have risen in particular. The most important countries of origin for foreign direct investments are, apart from Austria, the Netherlands, Greece, the United Kingdom, Germany, Belgium and Italy.

Analysis and outlook

The outlook for a continuing very positive economic development in Bulgaria are very good. Important in this respect is also the fact that this Balkan country, which was hitherto given very little attention in Western Europe, is so-to-speak stepping out of its shadow. The high catch-up requirement with regard to infrastructure, industry but also agriculture and services (including tourism and transport logistics) will represent lively activity possibilities for foreign investors during the next few years. An additional motivation for investments in Bulgaria is the planned introduction in 2007 of a corporation tax rate of 10 %, the lowest in the EU. Furthermore, there are also relief facilities relevant to corporations with regard to income taxes and social security.

32

MAJA, 11 YEARS OLD
WARSAW

"YOU WANT TO BUILD A HOUSE?
JUST COME AND SEE MY MUMMY.
SHE ALWAYS HAS VERY COOL IDEAS."

planning

UBM in Croatia

UBM has been active in Croatia since his year with its own project company. The main emphasis of our real estate development activities is currently on the logistics sector.

Continuous growth
with the neighbouring EU states

Croatia the A-Student

The macro-economic indicators of Croatia show a continuously positive trend since several years. The Croatian economy is thus in a sustainable upturn. Individual sectors, such as exports, industrial production, tourism, transport services as well as construction both above and below ground registered above-average development. Gross plant investments and productivity also increased. Nevertheless, industrial production in 2005 had only reached 81.4 % of the pre-war level of 1990. In 2006 growth will amount to about 4.5 %; Croatia thus continues to be one of the strongest growth countries in Europe, whilst having simultaneously low inflation. The situation on the labour market has improved: at the middle of 2006 275,000 people were registered as unemployed (2005: 297,000)

Austria largest investor

The Austrian economy with investments of about € 3.33 billion and a share of 28.7 % of the total investments since 1993 has positioned itself outstandingly as the largest foreign investor before companies from Germany, the USA, Hungary and Italy.

Trading partners

The most important trading partners of Croatia on the import side are Germany, Italy, Slovenia, Russia, Austria, France, the USA and the United Kingdom, and on the export side Italy, Bosnia-Herzegovina, Germany, Austria and Slovenia. The Austrian market share in Croatia amounts to approximately 8 %. The key factors of influence for the development of the country continue to be:

- Tourism,
- The further development of privatisation
- The capability of attracting new foreign investment.

A suitable property has already been acquired. in order to benefit appropriately from the rising importance of tourism in Croatia. UBM is observing very intensively the implementation possibilities of hotel projects.

Development of the real estate market and return expectations in Croatia

It is expected that the office market and the commercial market space will be tripled during the next 2 years. With rising rents the availability of free space declines.

The completion of the projects currently in the pipeline will ensure further support for the market in Croatia.

(Source: Colliers International)

Macro-economic stability

As confirmed also by the European Commission, Croatia can be classified as a macro-economically and politically stable country.

Economic growth

The main factors of influence for the sustainable economic growth during the last few years are, as already mentioned, in the tourist sector and in sectors closely linked to tourism such as infrastructure and the construction industry.
Recently the influence of the constantly increasing exports is becoming stronger. Economic growth of 4.7 % is forecasted for 2007. The EU membership target date is the participation of Croatia in the next elections to the European Parliament. A major step will be taken with the start of the membership negotiations. The support for EU membership has thus again increased in the population.

AUSTRIA TOP-INVESTOR

The Austrian economy has positioned itself as the largest foreign investor in this positive environment with investments of € 3.33 billion, i.e. almost 29 % of all direct foreign investments. During the 1st quarter 2006 alone the share of the Austrian investments in the amount of € 116.70 million was almost one half (45.4 %) of direct foreign investments (€ 256.91 million).

The Austrian presence thus covers almost all sectors, so that Croatia can also be treated as an "extended domestic market". This represents enormous benefits for the new entry of Austrian companies into this market.

Development of the real estate market and return expectations in the Ukraine

The high returns in comparison with the countries in Central and Western Europe makes the Ukrainian market very interesting for investors. Currently business properties in Kiev are attaining a return of 10 % to 11%. The entry to the market of international project developers and investors and thereby also the corresponding lower financing costs reduces the risks with new projects.

UBM in the Ukraine

UBM also made its first steps into the Ukraine last year. Within the framework of the economic environment described here UBM is currently looking actively at various projects. It is planned to start the first project in the Ukraine already in 2008.

Ukraine survived political crisis without any damage

The economic growth in the Ukraine has accelerated slightly. On an annual basis Ukrainian economic experts expect that the real GDP will grow by 6.3 %. Investment activity will remain lively in the heavy industrial sector. Many companies are modernising their plants in order to save energy. Other than in 2005 the economic growth in 2006 was supported above all by domestic demand and by domestic market orientated sectors such as, e.g. the construction industry. Industrial production has stagnated. For 2007 economic growth of 5.9 % to 6.5 % is forecasted.

Budget deficit of 2.5 %

The budget deficit is expected to amount to 2.5 %. This represents an increase in comparison with the prior year. This increase is attributable to the increased social expenditures of the state budget of the Ukraine.

Inflation

The experts of the World Bank are forecasting an inflation rate of 11 %. This represents a slight reduction versus 2005.

Unemployment rate

The unemployment rate has been published at a level of 7.2 % by the Ukrainian statistical office. This constitutes the number of officially unemployed persons.

Growth in real income

Real income grew by 20 % in the period from January to June 2006. The main reasons for this increase were the raising of the minimum wage and the general increase of salaries in the public domain.

3.5 times increase in foreign investments

During the 1st half year 2006 direct foreign investments amounted to UAH 1,698.6 million. (approx. EUR 265 million). This corresponds to a 3.5 times increase versus the comparable period of the prior year. This occurred in spite of the fact that parliamentary elections were held in the Ukraine in 2006, whereby the political crisis which arose thereafter as well as the general development of the political situation in the country contributed little to the increase in foreign investment. The decisions for many of these investments were, however, taken in the prior year.

SPECIAL DEVELOPMENTS

The government of the Ukraine plans to create all the necessary conditions for the Ukraine to join the World Trade Organisation in 2007.

ECONOMIC RELATIONSHIPS WITH AUSTRIA

Austrian exports to the Ukraine increased sharply during the 1st half 2006. These amounted to € 280.6 million, representing a plus of 33.6 % versus the comparative period in 2005.

A major part of the Austrian exports concerned the delivery of various machinery, equipment and mechanical apparatus. This represented an increase in exports of 33.4 % to € 78.5 million during the 1st half year 2006.

In total, Austria with an amount of USD 1,506 million occupies the third position as an investor country in the Ukraine.

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ONDRA, 8 YEARS OLD
PRAGUE

"IF I CONTINUE TO BUILD SUCH FINE THINGS
I SHALL SOON BE ABLE TO WORK WITH DADDY IN THE COMPANY. REALLY FANTASTIC!"


construction service

We are growing together
Our employees are true Europeans

The children of our employees are leading you through this annual report. They are our future and they represent our employees from all over Europe. For UBM does not only make good business for you here: we are a multi-cultural company and a company which is living the European idea day for day. Our motto is “togetherness”.

Whether in Romania, Bulgaria, Croatia, Poland or in the Czech Republic etc.: our employees on site are the bridges which connect us with the people of these countries. We are thus able to give as an employer and a reliable partner an image of togetherness and openness. And that again is a good foundation for our constant growth.

FURTHER TRAINING AS OPPORTUNITY

The basis for our success is constant learning. For this reason we offer our employees a broad range of internal training courses. These are on the one hand further training measures in the areas of planning and project development, business economics and law as well as also language courses and seminars for personal development. With all these offers we take as much care with the individual requirements of our employees as we do with the requirements of the markets.

TRAINING ON THE JOB

The simplest way to learn is still nevertheless training on the job. For this reason we use the experience potential of employees, who have been with us for many years, and appoint them in all projects as trainers of our new employees. As a result both trainer and new employee appreciate mutually the qualities of the other. Fresh ideas and an open mind to the problems are exchanged for experience and strategically trained thinking. The company benefits from this symbiosis. Since close relationships in small project teams leads to self responsibility and satisfaction. Confidence, fairness and integrity: these are the three of the major pillars of our employee policy.

EXCHANGE OF INTERNATIONAL EXPERIENCE

The fourth pillar is the exchange of international experience. Because not only the close relationship of our employees with the people on site is important for us: we are also supporting increased cooperation within the Group. Here new international networks are constantly being formed from which our employees can benefit both professionally and privately. For example, technician meetings are held every quarter: in this respect technicians of UBM from all countries participate in workshops, lectures etc. This positive multi-cultural work environment and the open dialogue at all levels gives again and again a major lead to UBM in its activities.

At this juncture we should like to thank our employees for their commitment during the past year. It is because of you that UBM is able to announce this outstanding result. And in our common interest, please keep up the good work.

Management report
Economic environment

POSITIVE GROWTH IN EUROPE

Following a disappointing economic development in 2005 the European Economic Area improved substantially in 2006 and even exceeded the growth rate of 2004. The gross domestic product of the eurozone increase by a positive 2.6 % following 1.5 % in the previous year. However, Europe still lay below the OECD average of 3.2 %; however, unlike in the prior years the USA with a GDP of 3.3 % was no longer the dominant growth driver. In Germany the economic development in 2006 was characterised by a sharp upturn to growth of 2.6 % following a very modest 0.9 % in 2005 and returned for the first time for many years to the European average. The generally dynamic environment triggered a self-dynamism which again led to rising consumer confidence and higher exports, and this was stabilised by substantially lower oil prices. Much stronger than in the prior year, but in 2006 still weaker its European neighbours, was the French market with a growth of 2.1 %. As a general rule the negative influence of the euro exchange rate, which has in the meantime stabilised, as well as the European bank rate in 2006 have had less effect after the repeated increases in interest rates on the leading USA financial market (Source: OECD)

IMPRESSIVE GROWTH IN AUSTRIA

Following an unclear development at the beginning of 2006 the last fiscal year developed outstandingly for the Austrian economy. With an increase of 3.2 % in the domestic GDP Austria was clearly above the European average and was almost exactly in line with the OECD development. This was attributable above all to a 1.8 % further increase in private consumption (2005: 1.5 %); this was also supported by a decrease in inflation to 1.7 % following 2.1% in 2005. A second major pillar of the economic growth were also the exports in 2006, after Austria's economy was able to fully utilise its opportunities in the global economy. The unemployment rate in Austria stabilised in accordance with Eurostat calculations and amounted toa level of 5.0 % at the end of 2006.

ROBUST GROWTH REGION OF CENTRAL AND EASTERN EUROPE

The new member states of the EU were able to the reason for this lies in the close connection to the development in the rest of Europe which is by far the most important trading partner, and for this reason even the partly difficult political situation in some countries, in particular Poland, Hungary and the Czech Republic, proved to be no obstacle. Furthermore the increasing opening up of the market enables a further increase in direct foreign investment following a levelling our during the prior year. Poland, as the largest market of Central and Eastern Europe, registered with GDP growth of 5.1 % the most impressive development, particularly in view of the difficult environment in 2005. With 6.2 % the Czech Republic maintained its high economic level and Slovakia was able with 8.2 % to even achieve a robust improvement versus what was already a very strong prior year. Hungary was the only member of the CEE 8 which had to accept a slight decline in its rate of growth from 4.2 % in 2005 to 4 % last year management report.

Development of the European real estate markets

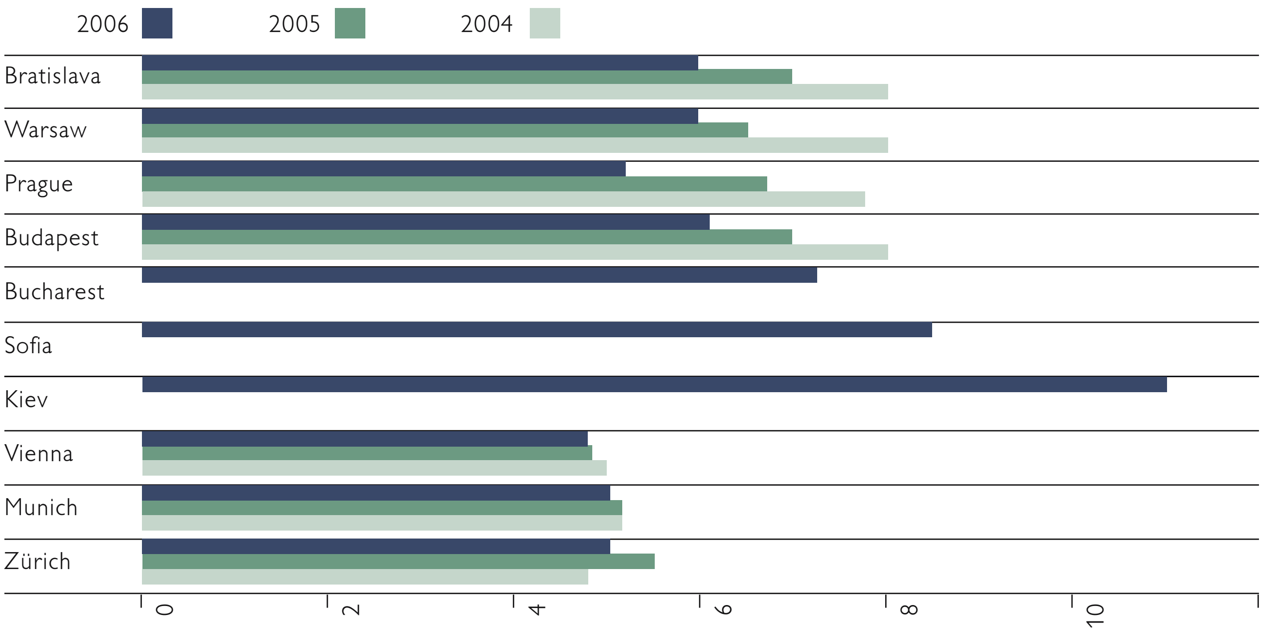
WESTEUROPA

Together with the general economic development the Western European real estate markets also registered a strong positive development during 2006. In spite of a weak start most cities were able to register an increase in demand. Particularly impressive were the improvements in the large cities of London, Paris and Madrid. Other than, for example, in Frankfurt, where last year the rents stagnated at the level of 2005. The positive economic framework led to further restrictions in supply. The average empty space rate declined consequentially further to 10 % after approximately 11 % in the prior year.
The rents in the European office market increased on average by 2 % in 2006. The highest rental price increase was registered in Oslo with just under 23 %, followed by Madrid, London West End and London City. (Source: Cushman & Wakefield)

CENTRAL AND EASTERN EUROPE

In 2006 one noticed for the first time that office buildings in Central and Eastern Europe slowly started showing signs of market maturity. Above all the most important cities, Bratislava, Bucharest, Budapest, Moscow, Prague, Sofia and Warsaw showed a decline in free space. The empty space rate at around 7.6 % was only 30 basis points higher than in 2005. In parallel the volume of purchased space (take-up) during the 1st half year 2006 was indeed more than 20 % higher than in the prior year, but with 1.18 million m^2 was only slightly higher that the 1.10 million m^2 of newly constructed space. The highest level of construction in 2006 was in Moscow with approximately 40 % of the total activity, followed by Bucharest with 20 % and Warsaw with 14 %. As a result the real estate investments rose in these markets, whereby a large part was attributable to Russia, the Czech Republic, Hungary and Poland. The transaction volume in 2006 amounted to almost € 8.0 billion only in the established markets such as, for example, Hungary and Slovakia, and thus already exceeded the year 2005 after the first six months. The achievable returns, on the other hand, continued to decline in Central and Eastern Europe. In general the returns for office buildings at the end of 2006 in the CEE region were between 6.2 % and 10.1 % and for industrial property between 8.5 % and 14.2 %. (Source: Cusham & Wakefield und CB Richard Ellis)

Development of international returns (in %)



Source: CB Richard Ellis

VIENNA OFFICE MARKET

The development of the Vienna office market was able to continue the positive trend of the prior year thanks to the support of the positive economy. Against many expectations the record amount of 2005 was also achieved in this year with the renting out of 390,000 m², a level which is 40 % higher than that of 2004. Apart from the continuous high demand for new office space the low growth in supply was responsible for this positive development due to the low volume of new space completed in 2006. Moreover, the trend towards a high number of location changes continued in absolute terms with the focus on higher quality space or in respect of a central location. As a result of his strong development in demand the empty space rate for offices in Vienna declined again and amounted to slightly more than 6.0 % at the end of 2006. The rental income in Vienna can still be considered to be stable in comparison with other European cities. The top rates rose, however, to € 21/m² per month. The € 2.4 billion invested by institutional investors in real estate in Austria also climbed to a record amount in 2006, corresponding to an increase of 26 % following an already impressive 53 % in 2005. The market continues to be dominated by domestic investors (54 %), but the strong increase in non-German speaking investors is however, interesting since with 23 % of the completed investments they are at the same level as the German real estate funds. In 2006 the top returns in Vienna were at 4.7 % and thus only slightly under the amount of 4.8 % of the prior year. (Source: CB Richard Ellis)

Development of revenues

The core business of the UBM Group is the specific project real estate business. Due to the period of many years required for the realisation of our projects the statement of revenues in the profit and loss account is subject to many accounting fluctuations which influence the significance and the comparison with prior years. In order to ensure a presentation of our business development, which is as close to reality as possible, we define the annual construction output as the decisive expression of revenues for our Company. Like our range of services, this economic measure includes income from the sale of real estate, the construction invoices settled, deliveries and services to joint ventures as well as other ancillary income.

The following explanations and amounts concern as a general rule exclusively the consolidated financial statements, since these have the most significance for the economic situation of UBM Realitätenentwicklung Aktiengesellscheaft itself due to the Group structure (large number of exclusive project companies). In 2006 the UBM Group achieved total aggregate output of € 185.7 million and thus the highest total aggregate output in the history of the company. The increase of the total aggregate output by approximately € 76.7 million is attributable above all to the sale of participation companies in the Czech Republic and in Austria.

SALES DEVELOPMENT AS PER OPERATING DIVISION

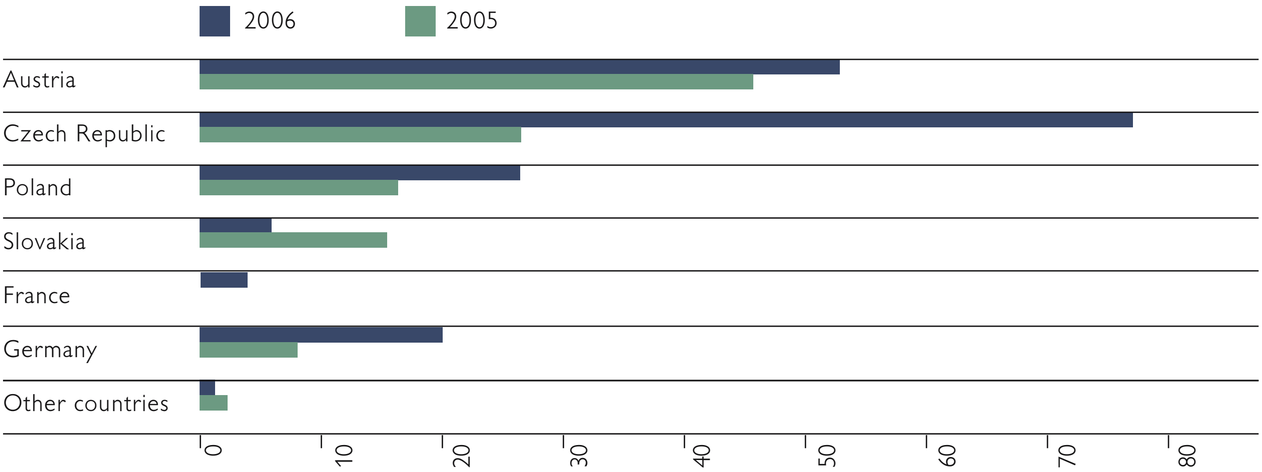
Starting with the year under report 2004 we separate the divisions "Project Development and Rentals" and "Facility Management". The decision whether a property realised by us should be part of our rental portfolio depends to a large extent not only on the optimal sales opportunities but also on complex ownership limitations in the form of longer term project companies. The income from rentals continue to represent an important contribution to the off-setting of specific project revenue fluctuations, but their volume is, however, dependent on the above-mentioned factors, whereby a separate statement is of little significance.

The annual construction output of the "Project Development and Rental" segment amounted in the year under report to € 181.1 million and is thus € 76.0 million higher than in the prior year. The largest components of the revenues in 2006 were the sales of our participations in the "angelo" Hotel in Prague, in the "Darex" office building in Prague, in the "Velky Spalicek" shopping and cinema centre in Brno and the "Brehmstrasse BT A" office property in Vienna. The construction activities constituting our revenues in 2006 consist of the construction work for the phases of Office Building SO 11, Residential Complex SO 10 and the Hotel SO 12/13 of the Andel City project in the Czech Republic as well as the construction work

Development of revenues

T€	2006	2005	2004
Total aggregate output of the Group (annual construction output)	185,714	108,972	135,886
Revenues	117,039	72,707	79,345
Difference	**68,675**	**36,265**	**56,541**
Revenues from joint ventures	10,742	0	20,050
Changes in inventory in our own projects of the prior year	2,568	–2,735	–2,386
Revenues from participations which are consolidated on an equity basis or which are of minor importance	54,168	39,000	39,056
Own work performed	1,197	0	–179
	68,675	**36,265**	**56,541**

Annual construction output by country (in € Mio.)



for the "angel" Hotel in Krakow. The sale of apartments for the SO 14/15/16 phase (Andel Residences) of Andel City made also a major contribution to the annual construction output. During the year under report a significant number of apartment units could be sold in Germany in respect of our residential projects in Munich-Riem and Parkstadt Schwabing. In Slovakia we sold a further part of the logistics centre in Senec. In Austria the completion of the Brehmsrasse BT C office building represented the major part of our construction measures.
The "Facility Management" segment, which provides comprehensive building administration, technical and commercial supervision of property up to the supervision of space, is being offered increasingly to external interested parties. The increase of this annual construction output is attributable mainly to external order intake in Vienna due to the intensive markting efforts.

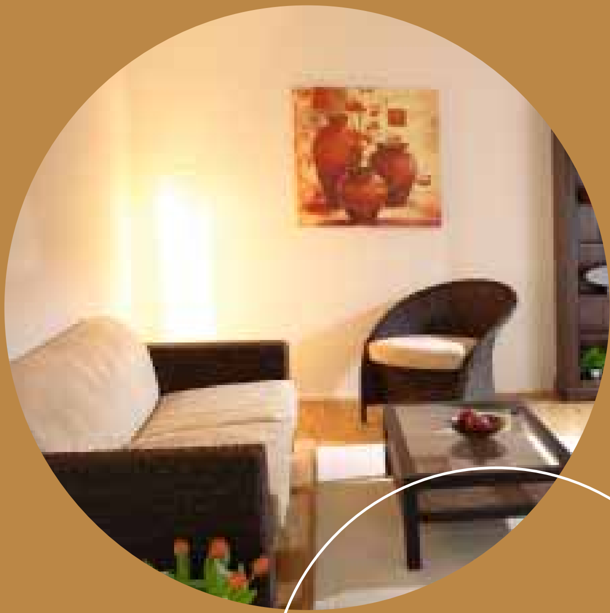
DEVELOPMENT OF THE GEOGRAPHIC MARKETS

Starting from its home market in Austria the UBM Group has continuously expanded its geographic positioning since the end of the 1980's and has thus reduced its dependence on local demand cycles. Apart from the strong growth markets of Central and Eastern Europe projects are also undertaken in Germany, where we are active with our subsidiary, Münchener Grund, as well as in France.

In 2006 the international share of the annual construction output amounted to approximately 72 % and is thus significantly higher that the international share in 2005 (58 %). The domestic share of the annual construction output amounted to approximately 28 % and declined in percentage terms in spite of the sale of the Brehmstrasse BT A property (2005: 42 %), but rose in absolute terms from € 45.8 million to € 51.6 million. (2005: 24.2 %, 2006: 42.3 %). Also in 2006 the highest international share of the annual construction output was achieved in the Czech Republic (2005: 24.2 %, 2006: 42.3 %), above all due to the sales of the „angelo" Hotel, the Darex office building and the Velky Spalicek shopping and cinema centre as well as the sale of apartments of Andel Residences.

In Poland an annual construction output of € 26.0 million was achieved mainly as a result of the construction of the "angelo" Hotel in Krakow as well as from the income from our hotel participations; this corresponds to an increase of € 10.3 million versus 2005. Also in Germany our share of the annual construction output could be increased to € 20.0 million or 10.8 %, which corresponds to an increase of € 12.90 million or 4.2 PP.

In Slovakia an annual construction output of € 4.4 million was achieved with the Senec logistics centre project. In France a contribution of € 3.9 million could be earned through the operation of the hotel at the Eurodisney Park in Paris. The item "other International" includes mainly the rental income from an office facility in Hungary (Vaci utca-Budapest) as well as the proportional revenues from the minority participation in a hotel in Switzerland.



ANOUK, 4 YEARS OLD
MUNICH

"MY DADDY SELLS APPARTMENTS FANTASTICALLY. **I AM TRYING TO DO THE SAME A LITTLE."**


sale

Profitability

The revenues stated in the consolidated profit and loss account amounted in 2006 to € 117.0 million and are thus 60.9 % higher than in 2005. The definition which is relevant for us and economically more significant, i.e. the annual construction output, amounted in the year under report to € 185.7 million or 70.4% higher than in the prior year.

The other operating income in the amount of € 5.3 million, (prior year: € 4.4 million) consist of capital gains and income from ancillary costs from the management of buildings.

Earnings before interest and taxes (EBIT) registered in comparison with the prior year an increase of approximately 32% to € 18.6 million.

The costs of materials increased by 83.8 % to € 70.0 million due to the construction work for the Andel City SO10, SO 11, S0 12-13, the Hotel "angelo" in Krakow as well as the Parkstadt Schwabing and Munich-Riem projects.

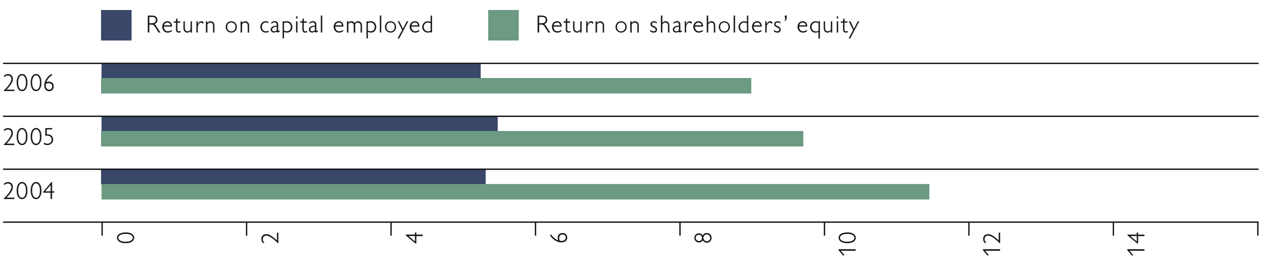
The number of employees of all the fully consolidated companies and participations increased from 141 to 244. The personnel expenses rose by 36.9 % to approximately € 9.7 million. This increase is attributable primarily to the first consolidation of the hotel participation, Philharmonie Office Center Sp. z o.o. (SAS Radisson in Krakow). Due to a new valuation of the buildings the depreciation on property, plant and equipment was reduced from € 4.4 million to € 2.0 million. The item of other operating expenses, which mainly includes administration expenses, travel expenses, advertising costs, other third party services, duties and fees such as legal and consulting expenses, amounted to € 23.4 million and was thus approximately 72.1 % higher than in 2005 (€13.6 million). The increase is attributable to the balance of the value adjustments of financial real estate included in this item in the amount of € 8.5 million.

The result from associated companies in 2006 amounted to € -5.5 million (prior year: € +2.6 million) and includes primarily the equity valuation of a participation in Poland. The income from other financial investments and financial current assets in the amount of € 9.0 million are attributable to the distribution of a non-consolidated German subsidiary and to the set-off of interest to non-consolidated subsidiaries. Due to the higher investments and the general increase in the bank interest rates the financing expenses during the period under report are € 2.5 million higher that in 2005. The tax expense of the year under report amounted to € 2.7 million versus an amount of € 1.5 million in the prior year. After deduction of minority interests the net income 2006 amounted to € 8.3 million and is thus € 0.2 million lower than in the prior year; earnings per share declined to € 2.78 (2005: € 2.83).

Consolidated profit and loss account

in € Mio.	2006	Change in %	2005	2004
Annual construction output	185.7	70.4	109.0	135.9
Revenues	117.0	60.9	72.7	79.3
EBIT	18.6	31.9	14.1	10.2
EBT	11.2	13.1	9.9	9.3
Net income	8.6	1.2	8.5	9.4
Net income for the year	3.0	11.1	2.7	2.7
Earnings per share in	2.78	−1.8	2.83	3.13

Profitability of the UBM Group (in %)



The EBT (earnings before taxes) were increased from € 9.9 million in the prior year to € 11.2 million.

For 2006 the UBM Group shows net income for the year of approximately € 3.0 million (2005: € 2.7 million), which corresponds to the net income for the year of UBM AG and as such defines the basis for the dividend distribution.
The Board of Management will propose to the general meeting of shareholders a dividend in the amount of € 1.00 per share entitled to dividends.

Profitability of the UBM Group (in %)

in %	2006	2005	2004
Return on capital employed	5.4	5.5	5.2
Return on shareholders' equity	8.9	9.6	11.6
Equity ration as at 31.12	23.3	23.6	30.9

Finance, assets and capital structure

The balance sheet total of the UBM Group increased in 2006 in comparison with the prior year by 15.0 % to approximately € 438.3 million. The significant increase in the balance sheet total is attributable to the high investment activity of the full year and to the extension of the scope of consolidation.

On the asset side of the balance sheet the long term assets with a share of 71.8 % (2005: 61.7 %) constituted the main element of the balance sheet total and amounted as at the end of 2006 to € 314.9 million. The financial real estate as at 31.12.2006 amounted to € 235.3 million (prior year € 141.4 million). Property, plant and equipment amounted to € 39.7 million (2006: € 56.0 million). Loans increased from € 12.2 million in 2005 to € 15.0 million through restructuring particularly in connection with a Polish participation.

The structure and the volume of current assets changed as follows: the inventories increased by about € 4.5 million to € 46.3 million through stocks of completed appartements. Trade receivables were reduced by 36.5 % to € 50.7 million and as a result the current assets were reduced to € 123.4 million.

As at the balance sheet date shareholders' equity amounted to € 102.0 million. The equity ratio amounting to 23.3 % declined slightly versus the amount of 23.6 % in the prior year.

The bond in the amount of € 100.0 million which was issued in 2005 is included under the long term liabilities. The pension reserves increased by € 0.4 million from € 2.1 million to € 2.5 million. The long term financial liabilities increased from € 61.7 million to € 68.1 million.

Consolidated statement of cash flow – short version

in € Mio.	2006	2005	2004
Net income	8,6	8,5	9,4
Cash flow from the result	32,0	14,0	12,5
Cash flow from operating activities	34,2	-17,6	16,5
Cash flow from investment activities	−42,1	−33,7	−0,3
Cash flow from financing activities	9,3	59,2	−16,4
Liquid funds as at 31.12.	14,2	11,5	3,6

Balance sheet structure

in %	2006	2005
Current assets	28.2	38.3
Long term assets	71.8	61.7
of which financial real estate	53.7	37.1
Shareholders' equity	23.3	23.6
Long term liabilities	41.3	44.8
Current liabilities	35.4	31.6
Balance sheet total in € Mio.	438.3	381.3

Current liabilities increased by 29 % from € 120.3 million to € 155.2 million. This increase is mainly attributable to the increase of financial liabilities due to the expanded investment activity. The short-term provisions in the amount of € 11.0 million are attributable to a large extent to provisions for buildings.

Mainly due to the increase of depreciation and amortisation of fixed assets from approximately € 7.3 million in the prior year to € 14.8 million as well as through non-cash expenses from associated companies the cash flow from the result increased from approximately € 18.0 million to € 32.0 million. The cash flow from operating activities increased due to an increase of the liabilities and the decline in receivables by € 51.8 million to € 34.2 million. Investments in property, plant and equipment and in financial real estate amounted to approximately € 72.6 million, which corresponded to nearly the double of the volume of the prior year, whereby the cash flow from investing activities amounted to € -42.1 million. The cash flow from financing activities amounted to approximately € 9.3 million.

EVENTS FOLLOWING THE BALANCE SHEET DATE

During the year under report the 50 % shareholding of the Group was sold in Bayernfonds Immobiliengesellschaft mbH & Co Florido Tower KG (Florido Tower KG); this is an associated company with registered office in Munich, which is the owner of Florido Towers, a commercial and office complex in Vienna-Floridsdorf East. In the same sales contract BF Services GmbH, a 100 % subsidiary of Real I.S. Project GmbH, an associated company, sold its 50 % shareholding to Florido Tower KG. The sales contract was fulfilled on January 31, 2007 after the agreed deferment conditions came into force.

Due to the deferment conditions the financial effects of this transaction were not included in the consolidated financial statements as at December 31, 2006; these consisted of provisions, rental guarantee obligations and ancillary costs such as, e.g., brokerage fees and consulting expenses. In total this will result in a very positive contribution to earnings in the fiscal year 2007. Portions of the purchase price were retained or the retentions replaced by bank guarantees in respect of the obligations assumed by the sellers regarding additional construction work, the elimination of faults and the replacement of pre-rental rights.

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CAROLINE, 4 YEARS OLD
LINZ

„**MY AUNT IS A WITCH.** SHE SAYS A MAGIC WORD INTO THE PORTABLE AND SOMEWHERE ELSE EVERYTHING IS CLEAN AGAIN.“

facility management

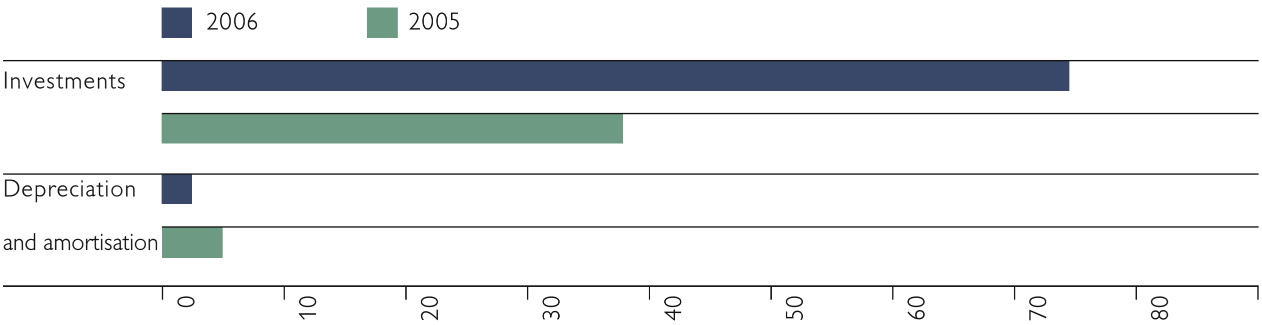
Investments

Apart from specific project fluctuations the annual investment volume of the UBM Group is directly dependent on the form of financing of the relative projects, whereby the possible range extends from self-financed building projects to lease financing. In principle, through the participation of the future users at an early stage as well as through strategic partnerships and participations we pursue the objective of keeping the financial requirements as low as possible. At the same time solid prerequisites are created for future projects through the acquisition of land sites.

The investment volume of the fiscal year amounting to € 74.9 million is € 36.2 million higher than that of the prior year. Also in 2006 the main emphasis was our Andel City project, where the construction work was undertaken for the last construction phases of the office building SO 11 and the residential complex SO 10. A site for a further residential project was acquired near Prague. In Austria the Lehen project in Salzburg was started. A site was acquired in Graz.

In Poland we purchased a site in Krakow for the construction of residential properties. In Warsaw we acquired a site for a municipal development. In Germany the construction of two residential properties is underway in Munich, and a site was acquired in the year under report for a subsequent project. We also acquired sites in Switzerland and in Croatia for the development of logistics centres. In total the investments in financial real estate amounted to € 47.1 million and in property, plant and equipment to € 25.5 million; financial assets increased by € 2.3 million.

Investments and depreciation and amortisation / property, plant and equipment and financial real estate (in € Mio.)



Investments (in € Mio.)

in € Mio.	2006	2005
Total investments	74.9	38.7
Intangible assets	–	-
Financial real estate	47.1	12.5
Property, plant and equipment	25.5	25.5
Financial assets	2.3	0.7

Risk management

The UBM Group undertakes the continuous early recognition, evaluation, control and supervision of risks through a risk management system which applies to the whole Group. Our objective is to gain information on risks and the financial effects of these as early as possible, in order to be able to implement suitable countermeasures.

Due to the sectoral and geographic diversity of our business activity risk management gains increasing importance for the security of our business success. The areas of responsibility of risk management are general processing, technology, development and commercial aspects. The responsibilities have been clearly defined for each area, and qualified employees reporting directly to the Board of Management have been assigned to these tasks. General risks such as, for example, the strategic risk, which does not arise during the course of our projects but result from the strategic business purpose of our company, are handlesd by the Board of Management in cooperation with the Supervisory Board.

Board of Management

Risk management

GENERAL PROCESSING ISO 9001

TECHNOLOGY

DEVELOPMENT

COMMERCIAL ASPECTS

Risk of market entry

Thanks to its many years of experience UBM knows the manner of functioning as well as the particularities of the real estate markets in Central and Eastern Europe. A detailed market and risk analysis of the relative country is undertaken before every expansion step. These analyses include the micro and macro economic development stage of the region or of the corresponding real estate market. What is decisive for the realisation of a project is above all the individual factors of influence. In this respect we must forecast the market development correctly and try to find potential tenants in advance. Instructions regarding a minimum required degree of sales potential increases the security of an investment in a project. The broad geographic and sectoral diversification of the UBM Group means that the entry into new markets is secured by the solid foundation of the existing real estate portfolio.

Cyclicality of our markets

The real estate markets show strong cyclicality with regard to the development of demand, which apart from overall economic factors is also affected by the relative supply situation. Thanks to our broad sectoral and geographic diversification we can compensate for regional market fluctuations and shift our ccurrent activities flexibly. The possibility of choosing whether to sell or rent our properties also permits us to create flexible off-sets for temporary unfavourable market situations.

Financing and currency risk

Our rental income is not only index-linked, but the rental contracts for foreign properties are concluded exclusively with international groups and are also based on hard currency contracts in order to minimise the risk of foreign exchange. The interest risk which is often decisive for the development of the return on a property is addressed through appropriate financing models, which secure and optimise the specific project financing requirements. The choice of the financing currency depends on the corresponding market situation, and in the case of foreign investments the financing is secured primarily in Austria in order to reduce the foreign exchange risk.

Liquidity risk

The liquidity risk defines the risk of being able to find financial funds at any time in order to pay for contracted liabilities. As a key instrument of controlling the liquidity risk we operate an exact financial plan, which is carried out by each operating company and is consolidated centrally. In this way the requirement for financing and credit lines at banks is determined. Operating financing is carried out by the UBM Group treasury. Daily Group internal financial compensations are carried out through a central clearing system. Companies with liquid surpluses place these at the disposal of companies which have requirements for liquidity. Thereby a reduction of the third party financing volume and an optimisation of the interest result is achieved; furthermpore, the risk that the liquidity reserves are not sufficient is minimised, so that the financial obligations can be settled on time

Risk of loss

Loss risks with regard to original financial instruments, namely loans, receivables and cash at banks have been taken into account through appropriate provisions insofar as these have been recognised. The maximum risk of loss is constituted by the book values stated in respect of these financial instruments in the balance sheet.

Security of real estate holdings

The appropriate securing of the value of the real estate holdings is an important element for the development of the UBM Group. The property and facility management division provides regularly condition reports as well as valuations for the optimal maintenance of the properties and buildings in order to guarantee the operational exploitation work both through a sale as well as for the longer term

Segment reporting

The primary segments are divided into the divisions of "Project Development and Construction Management" and "Facility Management". This division corresponds to the composition of the relative management. A table showing the most important sizes of the segments is shown in the segment reporting in the notes to the consolidated financial statements.

Project development and construction

The "Project Development and Construction Management" segment includes the business activity of the following key companies of the UBM Group which are included either fully or at equity:

- UBM Realitätenentwicklung Aktiengesellschaft
- Ariadne Bauplanungs- und Baugesellschaft m.b.H.
- „Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.
- MBU Liegenschaftsverwertung Gesellschaft m.b.H.
- „UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.
- Rudolf u. Walter Schweder Gesellschaft m.b.H.
- Logistikpark Ailecgasse GmbH
- City Objekte München GmbH
- CM 00 Vermögensverwaltung 389 Brehmstraße GmbH & Co KG
- MG Grundbesitz Objekt Gleisdreieck Pasing GmbH & Co KG
- Blitz 01-815 GmbH
- UBM-Bohemia Projectdevelopment-Planning-Construction, s.r.o.
- „Mazurska Development" Sp. z o.o.
- UBM Polska Sp. z o.o.
- UBM Green Development Sp. z o.o.
- Münchner Grund Immobilien Bauträger Aktiengesellschaft
- Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG
- CM 00 Vermögensverwaltung 511 GmbH
- CM 00 Vermögensverwaltung 512 GmbH
- Immo Future 6 - Crossing Point Smichov s.r.o.
- UBM Klánovice s.r.o.
- UBM-Bohemia 2 s.r.o.
- Andel City s.r.o.
- Ruzinov real s.r.o.
- Dictysate Investments Limited
- AC Offices Plzenska s.r.o.
- AC Offices Klicperova s.r.o.
- Larrisa Sp. z o.o.
- UBM Residence Park Zakopianka Sp. z o.o.
- UBM Swiss Realitätenentwicklung GmbH
- UBM d.o.o.
- Philharmonie Office Center Sp. z o.o.
- Ropa Liegenschaftsverwertung Gesellschaft m.b.H.
- „Zentrum am Stadtpark" Errichtungs- und Betriebs-Aktiengesellschaft
- W 3 Errichtungs- und Betriebs-Aktiengesellschaft
- „Internationale Projektfinanz" Warenverkehrs- & Creditvermittlungs Aktiengesellschaft
- GF Ramba Sp. z o.o.
- UBX Development (France) s.à.r.l.
- Senec Real s.r.o.
- Sienna Hotel Sp. z o.o.

In the year under report the annual construction output of this segment increased by 72.3 % to € 181.1 million. This represents the traditional operating core businesses of the UBM Group, to which 97.5 % of the total annual construction output is attributable.

Facility Management

The “Facility Management” segment includes the business activity of the following key companies of the UBM Group which are included either fully or at equity:
- FMA Gebäudemanagement GmbH
- FMA Alpha Gebäudemanagement- & Services GmbH
- FMB-Facility Management Bohemia, s.r.o.
- FMH Ingatlanmanagement kft.
- FMP Planning and Facility Management Poland” Sp.z o.o.

The share in the annual construction output in 2006 amounted to approximately € 4.56 million (2.5 %). We still define this area as a separate segment, since we can gain from the constant administration of properties valuable knowledge about tenant requirements, project availability and infrastructural needs which can be used directly in the planning of future realisation projects.

Personnel

The personnel structure as at 31.12.2006 shows that approximately 74 % of our staff is employed abroad, and this represents an increase of about 26 PP versus the prior year.

We offer further training courses 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 requirements of our employees as well as the needs of the market.

Since our Group has a broad international position, our personnel often have to work in international teams; for this reason the resulting exchange of experience is a further important factor within the context of comprehensive market development.

Salaried staff and wage earners	2006	2005
Domestic	64	73
Abroad	180	68
Total employees	**244**	**141**

Branches

UBM Realitätenentwicklung AG has the following branches registered in the commercial register:
- Branch Upper Austria, Pummererstraße 17, 4020 Linz
- Branch Tyrol, Porr-Strasse 1, 6175 Kematen in Tirol
- Branch Styria, Thalerhofstrasse 88, 8141 Unterpremstätten

Outlook for 2007

Acceleration of world economic growth

Between 2007 and 2011 world trade should increase at an annual average rate of 7.7 % and world GDP at 4.4% per annum, which is faster than during the last 5 years. Among the industrial countries the USA with +3.1% should continue to achieve higher economic growth than the EU 25 (+2.3 %). Of the large EU countries the United Kingdom and France will be the most dynamic (+2.6 % and +2.2 % respectively) whilst the weakest growth will be in Italy and Germany (+1.4 % and +1.5 % respectively).

The enormous trade imbalance between countries, like the USA, which have deficits and countries which have trade surpluses like China, Japan, Germany and the OPEC states will decline only slightly. This constitutes the largest factor of uncertainty in the forecast.

In 2007 manufacturing companies will probably invest nominally 20.8 % more than in the prior year. This development will have an effect above all on the manufacturers of preliminary and intermediary products as well as of investment goods. In the construction industry the investments will increase by 15.0 % versus the prior year.

Austrian economy growing strongly in the medium term

Up to 2011 the GDP in Austria will grow at an average of 2.5 % per annum in real terms, which is significantly faster than during the last six years, when the weakness of the European economy and domestic demand slowed down expansion. The acceleration of the medium term growth rate will be faster than the average for the eurozone. (Source: WIFO)

Vienna office market

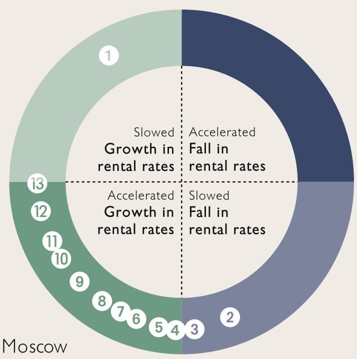
For 2007 a continuing strong demand is expected in the inner city sectors (1st sector) and in Donau City – Lassallestrasse and Erdberg.

After an initially slight increase to about 6.6 % due to many completions in the 1st quarter the empty space rate will stabilise again at 6 %.

The office rental prices are very stable and by the end of 2007 an acceptable increase of the top rental prices of up to € 21 / m^2 per month can be expected.

Barely 38 % of the office space which will be completed during the course of the 1st half year 2007 has already been rented in advance or will be used by the owners. (Source: CBRE Richard Ellis).

Cycle of rental rates in Europe



1 Moscow
2 Berlin
3 Lisbon
4 Athens, Milan, Prague, Budapest, Amsterdam
5 Roma, Vienna
6 Dusseldorf, Helsinki, Edinburgh
7 Brussel, Frankfurt, Copenhagen
8 Warsaw
9 Munich, Hamburg, Luxembourg, Lyon
10 Barcelone, Stockholm, Paris
11 Madrid, Dublin
12 London City
13 London West End, Oslo

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Company outlook

In 2007 the primary objective of the UBM Group will be a further strengthening of its market position in our home markets. In the new markets of Romania, Bulgaria, Croatia, the Ukraine and also in Switzerland we intend to take the next steps through the development of the first projects following our market entry in 2006. We plan to continue our geographic diversification with entry into Russia. According to the country involved we shall set different emphases on the various sectors depending on the economic development.

In Germany we shall continue to concentrate on the residential sector and follow up with a new residential project those in Schwabing and Munich-Riem, which will shortly be completed. We are using the improved economic development in Germany for the development of a commercially orientated project in Munich-Pasing and for a hotel project in Berlin. In Poland we are planning the beginning of construction for a residential complex near Warsaw; a hotel project in Krakow is in the completion phase and another is in the planning phase. Furthermore, we shall begin construction in Krakow of a residential home complex with approximately 1,200 units in order to position ourselves on this market, which is growing as a result of the rising demand. In the Czech Republic the Andel City project will be finally concluded this year. In May this year we are starting the realisation of a hotel project in Pilsen. Through a cooperation with a Slovakian partner we have secured the possibilities of using a large number of sites in the neighbourhood of Senec. The use of these sites will be continued during 2007. In Switzerland we have been constructing since January 2007 an operational building in the neighbourhood of Zürich for an international logistics provider.
In cooperation with a local partner we are starting in Romania the first construction phase of a logistics centre on the edge of Bucharest. In Austria the Salzburg-Lehen project will be continued and in Vienna we are also continuing this successful project with the construction of building part C in the Brehmstrasse.

Apart from this multitude of projects with large investment volumes we also intend to realise some smaller projects of local importance.

Within the framework of our quarterly reports we shall give detailed information on the development of the individual projects and their overall effect on the development of the business.

For the fiscal year 2007 we expect annual construction output in excess of € 200 million and the satisfactory development of earnings; as a result the dividend policy of the prior years should therefore also be able to be continued.

Disclosure in accordance with 243a HGB

1. The share capital is composed of 3,000,000 no par value bearer shares of which each has the same participation in the share capital of € 5,450,462.56. As at the balance sheet date 3,000,000 shares were in circulation (prior year: 3,000,000). All these shares have the same legal rights and obligations and in particular each share gives the right to vote, which may be exercised according to the number of shares held and shall also be entitled to the same extent to profit sharing including any gains from liquidation. In accordance with Section 22 of the articles of association of the company, should the shares not be fully paid up, the right to vote shall begin once the minimum legal payment has been made. The share capital of the company is fully paid-in. The right of the shareholders for individual registration of the shares is excluded.

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

3. The following shareholders hold a direct or indirect participation amounting to at least 10 of hundred of the share capital:
Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, Vienna: 41.27 %
OI Eins Beteiligungs GmbH, Vienna: 25.00 % + 4 shares
OI Eins Beteiligungs GmbH is a 100 % subsidiary of CA Immo International AG with registered office in Vienna.

4. Shares with special rights of control do not exist at the company.

5. At UBM Realitätenentwicklung AG there are no employee stock option programmes with which the employees could directly exercise the right to vote.

6.In accordance with Section 1 Paragraph 21 of the articles of association the resolutions at the general meeting of shareholders shall be made with a simple majority unless specific stipulations of the Stock Corporation Law specify other procedures. According to the legal opinion of the Board of Management this stipulation of the articles of association have reduced to the simple capital majority the necessary majority of at least three quarters of the share capital represented at the resolution, which is required by the Stock Corporation Law also for changes to the articles of association.

7. There are no authorizations for the Board of Management, in particular in respect to the possibility of issuing or repurchasing shares, which are not possible in accordance with the Stock Corporation Law.

8. There are no significant agreements within the meaning of Section 243a Z 8 HGB.

9. Compensation agreements within the meaning of Section 243a Z. 9 HGB do not exist.

Vienna, March 5, 2007

Mag. Karl Bier
Dipl.-Ing. Peter Maitz
Heribert Smolé

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FLORIAN, 7 YEARS OLD
STEFAN 10 YEARS OLD
VIENNA

"**IN HIS CENTRE** DADDY
ALWAYS HAS EVERYTHING IN ORDER.
AND WITH US – WELL, SOMETIMES."

centre management

Balance sheet
as at Dezember 31, 2006

UBM Realitätenentwicklung AG

ASSETS

			31.12.2006	31.12.2005
	€	€	€	T€
A. FIXED ASSETS				
I. Intangible assets				
1. Rental rights		926,428.00		948
II. Property, plant and equipment				
1. Land and buildings, including buildings on third-party land	35,616,879.36			36,404
2. Other plant, equipment and office equipment	105,005.00			149
3. Prepayments received and plant under construction	1,746,779.57			524
		37,468,663.93		37,077
III. Financial assets				
1. Shares in affiliated companies	12,617,769.36			21,221
2. Participations	16,233,587.08			10,650
3. Loans to affiliated companies	6,601,553.83			130
4. Long-term securities	3,236,237.21			3,253
5. Other loans	1,288,342.00			3,902
		39,977,489.48		39,156
			78,372,581.41	**77,181**
B. CURRENT ASSETS				
I. Inventories				
1. Construction in process	2,420,000.00			0
less prepayments received	-770,000.00			0
	1,650,000.00			0
2. Other inventories				
a) Projected construction	2,137,614.12			1,386
b) Project companies to be developed	0.00			8,000
c) Land sites to be developed	618,131.55			618
		4,405,745.67		10,004
II. Receivables and other assets				
1. Trade receivables	5,715,239.86			601
2. Receivables from affiliated companies	120,516,760.48			99,930
3. Receivables from participations	19,706,751.82			24,162
4. Receivables from joint ventures	0.00			315
5. Other receivables and assets	3,546,684.29			7,566
		149,485,436.45		132,574
III. Cash on hand and in banks		157,715.22		2,801
			154,048,897.34	145,379
TOTAL ASSETS			232,421,478.75	222,560

LIABILITIES

				31.12.2006	31.12.2005
A.	**SHAREHOLDERS' EQUITY**	€	€	€	T€
I.	Share capital				
II.	Capital reserves		5,450,462.56		5,450
	1. legal	44,641,566.51			44,642
	2. free	544,201.68			544
III.	Retained earnings		45,185,768.19		45,186
	Other reserves (free reserves)				
	Net income for the year		17,523,720.11		16,494
IV.	Net income for the year 2006		3,011,671.35		2,713
				71,171,622.21	**69,843**
B.	**NON-TAXED RESERVES**				
	1. Valuation reserve due to unscheduled depreciation			**1,438,482.28**	**1,640**
C.	**PROVISIONS**				
	1. Provisions for benefits		846,887.00		915
	2. Provisions for pensions		1,624,772.00		1,174
	3. Provision for taxes		1,998,584.00		2,030
	4. Other provisions		11,198,763.77		8,316
				15,669,006.77	**12,435**
D.	**LIABILITIES**				
	1. Anleihen		100,000,000.00		100,000.00
	2. Liabilities to banks		25,903,070.87		21,746
	3. Trade payables		1,021,207.20		1,026
	4. Liabilities to affiliate companies		1,909,046.77		1,832
	5. Liabilities to joint ventures		214.12		0
	6. Other liabilities				
	for taxes	1,145,595.23			574
	and social security	81,327.66			79
	Others	13,926,443.64			13,201
			15,153,366.53		**13,854**
				143,986,905.49	**138,458**
E.	**PREPAID INCOME**			**155,462.00**	**184**
SUMMA PASSIVA				**232,421,478.75**	**222,560**
Contingent liabilities				111,620,907.44	95,579

Profit and loss account
for the fiscal year 2006
UBM Realitätenentwicklung AG

			31.12.2006	31.12.2005
		€	€	T€
1.	Revenues		21,488,253.48	30,283
2.	Change in the inventories of services not yet invoiced		1,971,682.55	–2,311
3.	Other capitalised own work		179,009.83	49
4.	Other operating income			
	a) Income from the disposal of fixed assets	0.00		2
	b) Income from the release of provisions	0.00		489
	c) Other	205,441.49		71
			205,441.49	562
	TOTAL OPERATING OUTPUT		**23,844,387.35**	**28,583**
5.	Costs of materials and purchased goods			
	a) Cost of materials	–88,940.66		–94
	b) Expenses for purchased services	–7,709,158.77		–7,654
			–7,798,099.43	–7,748
6.	Personnel expenses			
	a) Salaries	–4,601,051.73		–3,981
	b) Expenses for benefits and payments to operational employee benefit schemes	–153,728.38		–294
	c) Expenses for retirement benefits	–445,026.47		–229
	d) Expenses for legally regulated social charges as well as dues and obligatory contributions dependent on wages	–856,476.11		–843
	e) Other social chargesn	–43,383.61		–57
			–6,099,666.30	–5,404
7.	Amortisation and depreciation on intangible assets and property, plant and equipment		–2,677,827.10	–1,272
8.	Other operating expenses			
	a) Taxes not attributable to income	–18,221.05		–19
	b) Other	–5,799,864.03		–7,161
			–5,818,085.08	–7,180
9.	**OPERATING PROFIT** (Subtotal from lines 1 to 8)		**1,450,709.44**	**6,979**

	31.12.2006 €	31.12.2005 T€
10. Income from participations	5,473,992.55	4,321
11. Income from other securities	1,838,712.43	26
12. Other interest and similar income	6,210,984.90	3,934
13. Income from the disposal of financial assets	3,066,736.29	0
14. Expenses relating to financial assets	−9,182,172.25	−2,159
15. Interest and similar expense	−5,001,190.10	−3,813
16. FINANCIAL RESULT (Subtotal from lines 10 to 15)	**2,407,063.82**	**2,309**
17. RESULT FROM OPERATING ACTIVITIES	**3,857,773.26**	**9,288**
18. Taxes	−30,423.95	−1,067
19. NET INCOME	**3,827,349.31**	**8,221**
20. Release of non-taxed reserves	200,954.27	24
21. Allocation to retained earnings	−1,030,000.00	-5,562
22. NET INCOME	**2,998,303.58**	**2,683**
23. Profit carried forward from the prior year	13,367.77	30
24. NET INCOME FOR THE YEAR	**3,011,671.35**	**2,713**

Schedule of fixed assets

UBM Realitätenentwicklung AG

€	Acquisition and manufacturing costs Status 01.01.2006	Additions	Disposals
I. INTANGIBLE ASSETS			
1. Rights	**1,203,935.14**	**–**	**–**
II. PROPERTY, PLANT AND EQUIPMENT			
1. Land, rights to land and buildings and buildings, including buildings on third party land	47,937,056.93	2,377,014.23	–
2. Technical machinery and equipment	18,966.00	–	–
3. Fixtures and furniture	434,658.20	28,705.97	28,569.30
4. Plant under construction	523,356.78	1,223,422.79	–
	48,914,037.91	**3,629,142.99**	**28,569.30**
III. FINANCIAL ASSETS			
1. Shares in affiliated companies	21,221,447.72	407,469.65	9,011,148.01
2. Participations	10,650,379.83	2,237,885.77	4,654,995.76
3. Loans to affiliated companiest	130,034.95	–	30,008.97
4. Long-term securities	3,253,078.46	–	–
5. Other loans	7,987,736.12	240,000.00	8,227,736.12
	43,242,677.08	**2,885,355.42**	**21,923,888.86**
	93,360,650.13	**6,514,498.41**	**21,952,458.16**

Reclassifications	Status 31.12.2006	Accumulated depreciation	Book value 31.12.2006	Book value 31.12.2005	Annual depreciation
–	1,203,935.14	277,507.14	926,428.00	948,081.00	21,653.00
-1,084,050.82	49,230,020.34	13,613,140.98	35,616,879.36	36,404,176.78	2,585,986.13
–	18,966.00	18,966.00	–	67.00	67.00
–	434,794.87	329,789.87	105,005.00	149,109.00	70,120.97
–	1,746,779.57	–	1,746,779.57	523,356.78	–
-1,084,050.82	**51,430,560.78**	**13,961,896.85**	**37,468,663.93**	**37,076,709.56**	**2,656,174.10**
–	12,617,769.36	–	12,617,769.36	21,221,447.72	–
8,000,317.24	16,233,587.08	–	16,233,587.08	10,650,379.83	–
14,701,527.85	14,801,553.83	8,200,000.00	6,601,553.83	130,034.95	5,300,000.00
–	3,253,078.46	16,841.25	3,236,237.21	3,253,078.46	16,841.25
5,153,673.00	5,153,673.00	3,865,331.00	1,288,342.00	3,901,537.12	3,865,331.00
27,855,518.09	**52,059,661.73**	**12,082,172.25**	**39,977,489.48**	**39,156,478.08**	**9,182,172.25**
26,771,467.27	**104,694,157.65**	**26,321,576.24**	**78,372,581.41**	**77,181,268.64**	**11,859,999.35**

Notes to the financial statements 2006

UBM Realitätenentwicklung AG

I. General

The financial statements as at December 31, 2006 were drawn up in accordance with the regulations of HGB idgF. The data shown for the prior year are stated in thousands of euro (T€). Data which are not regulated by law are stated in millions of euro (€ million). The profit and loss account is drawn up in accordance with the cost of production method. The consolidated financial statements of UBM Realitätenentwicklung Aktiengesellschaft are deposited at Absberggasse 47, Vienna 10.

II. Accounting and valuation principles

The accounting, valuation and presentation of the individual items of the financial statements were subject to the regulations of HGB.

The valuation of amounts in foreign currency are based in principle on the acquisition cost or, if appropriate, at the lower rate of exchange prevailing on the balance sheet date.

1. Fixed assets

The intangible assets are valued at acquisition cost, less scheduled straight-line amortisation. In this respect amortisation rates of between 1.28 % and 2.0 % were applied in accordance with the expected economic life.

Property, plant and equipment were valued in accordance with acquisition costs including ancillary costs and less reductions in acquisition costs, or in accordance with manufacturing costs and the scheduled straight-line depreciation charged also in the year under report, 2006, whereby the following depreciation rates were applied (new acquisitions) in accordance with the expected useful lives:

	%
Residential property	1.5
Adaptations to residential property	10.0
Other constructions	4.0
Buildings on third party land	4.0
Technical machinery and equipment	16.7 – 33.3
Fixtures and furniture	6.7 – 33.3

In respect of the other constructions unscheduled depreciation in the amount of € 1.4 million was charged.
Assets acquired of no significant value were fully depreciated in the year of their acquisition.
The financial assets were in principle valued at acquisition cost or at the lower applicable value as at the balance sheet date.

2. Current assets

Inventories
The projected buildings were valued at manufacturing cost. The properties earmarked for commercialisation are attributable to properties which were designated for further sale by contract already at the balance sheet date.

Receivables and other assets
The receivables were included on the basis of the strict principle of the lower of cost or value. In the event that risks existed with regard to their collectibility, specific provisions were set up. Receivables in foreign currency are valued at the rate of exchange prevailing on the balance sheet date.

3. Provisions and liabilities

The provisions for benefits were calculated on the basis of an actuarial opinion in accordance with IAS 19 on the basis of an accounting interest rate of 4.7 % and an expected future wage increase of 2 % as well as the earliest possible date of entry into retirement in accordance with ASBG (pension reform 2004). Actuarial gains or losses are included in full during the year in which they are incurred. The calculation of the provisions for pensions was also based on an actuarial opinion in accordance with IAS 19 whereby the same basis data was applied as in the case of the provisions for benefits. Actuarial gains or losses are included in full during the year in which they are incurred. The other provisions were set up to cover all recognisable risks and pending losses. Liabilities are included at nominal value or at the higher repayment amount.

4. Revenues

Due to the specific business activity of the company income from the disposal of project companies is not stated as income from the disposal of financial assets but as revenues.

III. Notes to the balance sheet

1. Fixed assets

The composition and development of fixed assets is shown in the schedule of fixed assets of UBM AG (pages 70/71).

The intangible assets in the amount of € 0.926 million (2005: € 0.948 million) are attributable to rental rights in Innsbruck and Wolkersdorf.

The value of the land of the constructed sites amounts to € 7,197,524.12 (2005: € 7,365 million), and that of the non-constructed land to € 8,227,933.24 (2005: € 7,851 million). Additions included a cinema inventory in Wiener-Neustadt as well as the adaptation of a building in Brunn am Gebirge. Residential units in Innsbruck as well as in Klagenfurt and a part of the property in Maria Lanzendorf were reclassified as current assets and sold. With regard to non-constructed land a site was acquired in Hall in Tyrol erworben.

The obligations from the use of property, plant and equipment not included in the balance sheet due to long-term leasing contracts are as follows:

T€	2006	2005
for the following year	869.2	832.3
for the following five years	4,346.1	4,161.6

(A summary of the data required in respect of participation companies in accordance with Section 238 Paragraph 2 HGB is presented on pages 122-124).

The additions to shareholdings in **affiliated companies** are composed as follows:

€	
„UBM Residence Park Zakopianka" Sp. z o.o.	12,562.82
„UBM Hotel Gdansk" Sp. z o.o.	12,562.82
AC Offices Plzenska s.r.o.	214,263.08
AC Offices Klicperova s.r.o.	76,144.83
UBM Swiss GmbH	12,318.47
UBM d.o.o	2,800.00
UBM Development s.r.l.	50,000.00
Dictysate Investments Limited	10,704.94
UBM Ukraine TOV	5,812.69
UBM Bulgaria EOOD	10,300.00
Total	**407,469.65**

The disposals at book value are composed as follows:

€	
UML Liegenschaftsverwertung GmbH	8,720,740.10
Immo Future 6 s.r.o.	290,407.91
Total	**9,011,148.01**

The partial disposal in respect of UML Liegenschaftsverwertung GmbH resulted from the repayment of a shareholders' contributions and the partial disposal with regard to Immo Future 6 s.r.o. from division of assets.

The additions to the **participations** are composed as follows:

€	
„hospitals" Projektentwicklung GmbH, Wien	101,277.00
UBX 1 Objekt Berlin GmbH	14,007.50
UBX 3 s.r.o.	3,609.80
„S1" Hotelerrichtungs AG	512,247.72
M Logistics Distribution s.r.l.	1,580,000.00
Senec Real s.r.o.	26,743.75
Total	**2,237,885.77**

Furthermore, there was a reclassification in the amount of € 8.0 million from the item "for exploitation of certain project companies" to participations.

The disposals at book value are composed as follows:

€	
Hermes Bau-, Planungs- und Errichtungs GmbH	18,168.21
Porr Technics & Services GmbH	4,183.61
UBX Praha 1 s.r.o.	3,384.41
Intercom a.s.	4,578,388.55
Floridsdorf am Spitz GmbH & Co KG	7,267.28
Porr Technics & Services GmbH & Co KG	43,603.70
Total	**4,654,995.76**

Loans

T€	2006	2005
Participation companies	6,602	130
Other companies	1,288	3,902

As in the prior year they have a residual maturity in excess of one year. During the year under report loans in the amount of € 16.955 million (book value) were reclassified from current assets to financial assets for reasons of residual maturity. Furthermore, unscheduled amortisation in the amount of € 9.165 million was charged to the lower applicable current market value.

2. Current assets

Inventories

The projected buildings are attributable to acquisition costs of various projects, where a realisation is expected in the near future.

Receivables and other assets

T€	2006	2005
Trade receivables	5,715	601
Receivables from affiliated companies	120,517	99,930
Receivables from participations	19,707	24,161
Receivables from joint ventures	-	315
Other receivables	3,547	7,566
Total	**149,486**	**132,573**

Of the receivables from associated companies an amount of € 5.317 million (2005: € 5.700 million) and of other receivables an amount of € 0.617 million (2005: € 0.510) had a remaining maturity in excess of one year. Provisions were set up in the amount of € 10.159 million (2005: € 9.354) in respect of receivables from associated companies.

Liquid assets

T€	2006	2005
Cash on hand	2	2
Cash in banks	156	2,799
Total	**158**	**2,801**

Deferred taxes stated as assets in the amount of € 0.222 million (2005: € 0.189 million) were not included in the net income.

The total effect of the release of untaxed reserves amounted to an increase in the result of € 0.201 million (2005: € 0.024 million). With a tax charge of 25 % this results in a tax increase of approximately € 0.05 million (2005: € 0.006 million)

3. Shareholders' equity

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

Capital and profit reserves

The non-free capital reserve results from the share premium paid within the framework of capital increases. The free capital reserve results from the changes in the legal form of companies undertaken in prior years. The item ,"other (free) reserves" increased from € 16.494 million to € 17.524 million. This increase resulted from an allocation to the free profit reserves in the amount of € 1.030 million.

4. Untaxed reserves

The development of the untaxed reserves of UBM AG is shown in the following table:

€	Status 01.01.2006	Additions U=reclassifications	Release through disposal	Release through expiry	Status 31.12.2006
I. Property, plant and equipment					
1. Land with buildings and buildings on third party land					
From carry forward in accordance with Section§ 12 EStG	200,954.27	–	200,954.27	-	-
2. Land without buildings					
From carry forward in accordance with Section 12 EStG	929,410.18	–	-	–	929,410.18
	1,130,364.45	**–**	**200,954.27**	**-**	**929,410.18**
II. Financial assets					
1. Shares in affiliated companies					
From carry forward in accordance with Section 12 EStG	509,072.10	–	–	–	509,072.10
	509,072.10	**–**	**–**	**–**	**509,072.10**
	1,639,436.55	**–**	**200,954.27**	**-**	**1,438,482.28**

5. Provisions

T€	2006	2005
Benefits	847	915
Pensions	1,625	1,174
Taxes	1,998	2,030
Miscellaneous		
Buildings	9,564	6,837
Personnel	1,506	1,213
Other	129	266
Total	**15,669**	**12,435**

6. Liabilities

T€	Total amount in accordance with balance sheet 2006	Total amount in accordance with balance sheet 2005	Remaining maturity of up to one year 2006	Remaining maturity of up to one year 2005	Remaining maturity in excess of one year 2006	Remaining maturity in excess of one year 2005
Loan	100,000	100,000	–	–	100,000	100,000
Liabilities to banks	25,903	21,746	22,144	14,886	3,759	6,860
Trade payables	1,021	1,026	1,021	1,026	–	–
Liabilities to affiliate companies	1,909	1,832	1,909	1,832	–	–
Other liabilities						
from taxes	1,146	574	1,145	574	–	–
for social security	81	79	81	79	–	–
Other	13,927	13,201	5,767	5,023	8,160	8,178
Total	**143,987**	**138,458**	**32,067**	**23,420**	**111,919**	**115,038**

Liabilities with a remaining maturity in excess of five years:

T€	2006	2005
Loan	100,000	100,000
Liabilities to banks (concern projects exclusively)	977	1,629
Other liabilities		
Other	565	583

The liabilities to banks serve as collateral in an amount of € 6.860 million (2005: € 9.962 million). The other liabilities include the capital contributions of sleeping partners in the amount of € 7.525 million.

7. Contingent liabilities

T€	2006	2005
Credit guarantees	111,621	95,579

Collateral was given by the pledging of these shares in the form of project financing credits of project companies associated with the company.

IV. Notes to the profit and loss account

The revenues are broken down as follows:

T€	2006	2005
BREAK-DOWN IN ACCORDANCE WITH ACTIVITY		
Rentals from property administration	3,945	4,677
Project development and construction	17,543	25,606
Total	**21,488**	**30,283**
Domestic	15,674	26,375
Abroad	5,814	3,908
Total	**21,488**	**30,283**

Personnel expenses

In the item 6b of the expenses for benefits paid into company pension plans in the amount of € 153,728.38 (2005: € 294,000) the amount of € 141,408.37 ((2005: € 287,000) were attributable to the pension and benefit expense which is broken down as follows:

2006	Expense of benefits	Expense of pensions
Members of the Board of Management	45,146.00	445,026.47
Executives	67,948.62	–
Other employees	28,313.75	–
Total	**141,408.37**	**445,026.47**

2005	Expense of benefits	Expense of pensions
Members of the Board of Management	21,704.00	228,526.40
Executives	205,885.89	–
Other employees	59,806.10	–
Total	**287,395.99**	**228,526.40**

Financial result

T€	2006	2005
Income from participations		
a) from affiliated companies	5,240	3,877
b) from participations	234	445
Income form securities and loans	1,839	26
Other interest and similar income	6,211	3,934
of which from affiliated companiesn	4,641	2,628
Income from the disposal of financial assets	3,066	–
Expenses relating to financial assets	9,182	2,160
of which amortisation	9,165	2,073
Interest and similar expense	5,001	3,813
of which to affiliated companies	–	–

V. Relationships with associated companies

Real estate development and exploitation projects are carried out through project companies in which the company participates either alone or together with partners. In addition, the company holds (majority) participations in companies, which use real estate property through rental in the longer term.

VI. Notes on the financial instruments

The original financial instruments on the asset side of the balance sheet include primarily financial assets, trade receivables, receivables due from associated companies and receivables from companies with which there is a participation relationship and on the liability side of the balance sheet financial liabilities and in particular loans and liabilities to banks. During the fiscal year 2005 a bond was issued by UBM AG at the following conditions:

Nominal amount:	€ 100.000.000,–
Maturity:	2005–2012
Interest rate:	3,875 %
Interest payment date:	June 10 of each year; for the first time on June 10, 2006
Repayment:	100 % at end of maturity

The decision to issue the loan was made in April 2005. Since in principle a rising level of interest rates was expected, the interest rate was hedged throughout the maturity of the loan through a forward start swap. The interest rate level developed, however, contrary to these expectations. As a result a negative market value arose in the amount of € 2.36 million on the conclusion of the forward start swap at the issue of the loan.

Since the swap was concluded exclusively for hedging purposes, the negative market value of the concluded forward start swap was not booked immediately to the profit and loss account. However, this will be included as interest expense over the remaining maturity period at the interest rate secured in April (3.875 % plus 0.44 % interest swap).

VI. Information concerning employees and members of the statutory bodies

Average number of employees:

	2006	2005
Salaried personnel	58	56

Members of the Board of Management
Mag. Karl Bier, Baden (Chairman)
DI Peter Maitz, Breitenfurt
Heribert Smolé, Vienna

In 2006 the emoluments of the Board of Management amounted to € 929,670.86 (2005: € 828,732.02).

Members of the Supervisory Board
KR Dkfm. Dr. Siegfried Sellitsch, Vienna (Chairman)
DI Horst Pöchhacker, Vienna (Deputy Chairman)
Dr. Peter Weber, Deutsch-Wagram
DI Thomas Jakoubek, Küb
MMag. Dr. Erlefried Olearczick, Tulln
Dr. Johannes Pepelnik, Vienna
Dr. Walter Lederer, Vienna
DI Iris Ortner, Vienna

The remuneration paid to the members of the Supervisory Board including fees for meetings amounted to € 54.928,98 (2005: € 39.720,63) during the year under report.

Vienna, March 5, 2007

Mag. Karl Bier (Chairman)

DI Peter Maitz

Heribert Smolé

Auditors’ report

„We have audited the financial statements of

UBM Realitätenentwicklung Aktiengesellschaft,
Wien,

for the fiscal year from 01.01.2006 to 31.12.2006 on the basis of the company’s bookkeeping. The bookkeeping, the presentation and the contents of these financial statements as well as the management report in accordance with the regulations of the Austrian Commercial Code are the responsibility of the legal representatives of the company. It is our responsibility to issue an opinion on these financial statements on the basis of our audit and to confirm that the management report is in agreement with the financial statements.

We have conducted our audit in accordance with the legal regulations valid in Austria as well as with the generally accepted standards for the audit of financial statements. These standards require that the audit be planned and performed in such a manner that it can be assessed with reasonable assurance whether the financial statements are free from significant errors and whether the management report corresponds to the financial statements. Knowledge of the company’s business activities and its economic and legal environment, together with the evaluation of the incidence of possible misstatements, are taken into account in the determination of the audit procedures. The scope of the audit includes assessing the evidence for amounts and other information in the accounting records and in the financial statements, which are mainly examined on a test basis. The audit also includes an assessment of the accounting principles applied as well as the significant estimates made by the legal representatives of the company as well as an assessment of the overall adequacy of the presentation of the financial statements. We are of the opinion that our audit provides an adequate basis for reaching our opinion.

Our audit did not result in any objections. On the basis of our knowledge gained during the audit the financial statements correspond in our opinion to the legal regulations and present a true and fair view of the assets and financial situation of the company as 31.12.2006 as well as the profitability of the company for the fiscal year from 01.01.2006 to 31.12.2006 in conformity with the Austrian principles of generally accepted accounting standards. The management report corresponds to the financial statements”.

Vienna, March 5, 2007

B D O Auxilia Treuhand GmbH (Auditors and tax consultants)
Prof. Dr. Karl Bruckner, Mag. Dr. Johann Seidl (Auditors and tax consultants)

Deloitte Wirtschaftsprüfungs GmbH
MMag. Dr. Leopold Fischl, ppa Mag. Marieluise Krimmel (Auditors and tax consultants)


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Consolidated Profit and Loss Account
for the Fiscal Year 2006

in T€	Appendix	2006	2005
Revenues	(5)	117,039.0	72,706.9
Capitalised own work performed		1,197.0	0.0
Other operating income	(6)	5,326.5	4,438.1
Cost of materials, supplies and purchased goods	(7)	−69,982.6	−38,070.7
Personnel expenses	(8)	−9,656.0	−7,054.3
Amortisation and depreciation of intangible	(9)	−1,990.1	−4,357.5
Other operating expenses	(10)	−23,358.7	−13,571.5
OPERATING RESULT (EBIT)		**18,575.1**	**14,091.0**
Net income from associated companies		−5,498.0	2,553.2
Net income from other investments and current financial assets	(11)	8,958.2	1,531.5
Financing expenses	(12)	−10,793.0	−8,246.6
EARNINGS BEFORE TAXES (EBT)		**11,242.3**	**9,929.1**
Income taxes	(13)	−2,672.7	−1,454.0
NET INCOME		**8,569.6**	**8,475.1**
of which due to the shareholders of the parent		**8,336.9**	**8,481.7**
of which due to minority interests		232.7	−6.6
EARNINGS PER SHARE (in €)	(14)	**2.78**	**2.83**

Consolidated Balance Sheet
as of December 31, 2006

ASSETS

in T€	Appendix	31.12.2006	31.12.2005
LONG TERM ASSETS			
Intangible assets	(15)	3,294.7	3,646.1
Property, plant and equipment	(16)	39,683.4	55,999.6
Financial real estate	(17)	235,304.5	141,399.7
Participations in associated companies	(18)	9,767.2	10,644.1
Loans	(19)	14,981.1	12,217.5
Other financial assets	(20)	10,691.4	10,383.1
Deferred tax assets	(25)	1,181.9	920.3
		314,904.2	**235,210.4**
CURRENT ASSETS			
Inventories	(21)	46,261.5	41,799.5
Trade receivables	(22)	50,687.5	79,800.4
Other receivable and assets		12,224.8	12,944.4
Cash and cash equivalents	(23)	14,212.2	11,502.0
		123,386.0	**146,046.3**
		438,290.2	381,256.7

LIABILITIES

in T€	Appendix	31.12.2006	31.12.2005
SHAREHOLDERS' EQUITY	(26,27)		
Share capital		5,450.5	5,450.5
Capital reserves		45,185.8	45,185.8
Foreign currency translation reserves		5,822.2	-39.1
Other reserves		41,602.6	35,983.1
Net profit for the year		3,011.7	2,713.3
Minority interests		958.6	790.4
		102,031.4	**90,084.0**
LONG TERM LIABILITIES			
Provisions	(28)	2,519.2	2,130.5
Loans	(29)	100,000.0	100,000.0
Financial liabilities	(30)	68,121.8	61,706.5
Deferred tax liabilities	(25)	10,454.5	6,999.9
		181,095.5	**170,836.9**
CURRENT LIABILITIES			
Short term provisions	(28)	10,977.2	17,254.1
Financial liabilities	(30)	89,066.0	59,928.7
Trade accounts payable	(31)	16,316.6	12,907.3
Tax liabilities	(32)	2,926.7	3,694.3
Other liabilities	(33)	35,876.8	26,551.4
		155,163.3	**120,335.8**
		438,290.2	381,256.7

Development of **consolidated shareholders' equity**

in T€
STATUS AS AT 01.01.2005
Currency differences
Cash flow hedges
Income taxes on items offset directly against shareholders' equity
Total expenses and earnings recorded directly in shareholders' equity
Net income
Total expenses and earnings recorded
Dividend payments
Purchase of minority participations
STATUS AS AT 31.12.2005
Currency differences
Cash flow hedge: Reposting to the periods' results
Income taxes on items offset directly against shareholders' equity
Total expenses and earnings recorded directly in shareholders' equity
Annual net income
Total expenses and earnings recorded
Dividend payments
STATUS AS OF 31.12.2006

Share capital	Capital reserve	Foreign currency translation reserve	Other reserves	Participation shareholders of parent company	Participation of other shareholders in subsidiaries	Total
5,450.5	**45,185.8**	**34.4**	**35,944.2**	**86,614.9**	**318.1**	**86,933.0**
–	–	−73.5	–	−73.5	18.0	−55.5
–	–	–	−2,209.0	−2,209.0	–	−2,209.0
–	–	–	–	–	–	0.0
0.0	0.0	−73.5	−2,209.0	−2,282.5	18.0	−2,264.5
–	–	–	8,481.7	8,481.7	−6.6	8,475.1
0.0	0.0	−73.5	6,272.7	6,199.2	11.4	6,210.6
–	–	–	−2,640.0	−2,640.0	–	−2,640.0
–	–	–	−880.5	−880.5	460.9	−419.6
5,450.5	**45,185.8**	**−39.1**	**38,696.4**	**89,293.6**	**790.4**	**90,084.0**
–	–	7,602.3	–	7,602.3	−64.5	7,537.8
–	–	–	281.0	281.0	–	281.0
–	–	−1,741.0	–	−1,741.0	–	−1,741.8
0.0	0.0	5,861.3	281.0	6,142.3	−64.5	6,077.8
–	–	–	8,336.9	8,336.9	232.7	8,569.6
0.0	0.0	5,861.3	8,617.9	14,479.2	168.2	14,647.4
–	–	–	−2,700.0	−2,700.0	–	−2,700.0
5,450.5	**45,185.8**	**5,822.2**	**44,614.3**	**101,072.8**	**958.6**	**102,031.4**

Consolidated Cash Flow Statement

in T€	2006	2005
Net income	8,569.6	8,475.1
Amortisation and depreciation / revaluations of fixed assets	14,758.4	7,421.7
Earnings / expenses from associated companies	5,498.0	–2,553.2
Increase of long term provisions	388.7	406.1
Deferred tax expenses	2,800.5	229.9
CASH FLOW FROM RESULT	**32,015.2**	**13,979.6**
Decrease / increase of short term provisions	–764.5	11,992.1
Income from disposal of fixed assets	–4,045.9	–6.2
Book value from disposal of joint-venture companies	4,578.0	0.0
Increase in inventories	–12,370.4	–21,744.5
Increase / decrease of receivables	9,201.3	–39,145.4
Increase of liabilities (excluding bank liabilities)	10,198.7	17,326.4
Other non-cash effective transactions	–4,631.9	0.0
CASH FLOW FROM OPERATING ACTIVITIES	**34,180.5**	**–17,598.0**
Income from disposal of fixed assets and financial real estate	21,319.1	22,851.0
Income from disposal of financial assets	12,282.4	829.2
Investments in intangible assets	–19.3	–4.8
Investments in property, plant and equipment and financial real estate	–72,559.5	–37,952.6
Investments in financial assets	–2,260.2	–712.0
Outflow of funds for the purchase of subsidiaries	–816.7	–4,315.0
Other non-cash effective transactions	0.0	–14,404.9
CASH FLOW FROM INVESTING ACTIVITIES	**–42,054.2**	**–33,709.1**
Repayment of loans	0.0	100,000.0
Dividends	–2,700.0	–2,640.0
Borrowings / repayment of loans and other types of Group financing	11,975.4	–34,964.0
Other non-cash effective transactions	0.0	–3,162.9
CASH FLOW FROM FINANCING ACTIVITIES	**9,275.4**	**59,233.1**
CASH FLOW FROM OPERATING ACTIVITIES	**34,180.5**	**–17,598.0**
CASH FLOW FROM INVESTING ACTIVITIES	**–42,054.2**	**–33,709.1**
CASH FLOW FROM FINANCING ACTIVITIES	**9,275.4**	**59,233.1**
CHANGE IN LIQUID FUNDS	**1,401.7**	**7.926.0**
Liquid funds as at 01.01.	11,502.0	3,579.1
Currency differences	61.6	0.0
Change in liquid funds due to changes in the scope of consolidation	1,246.9	–3.1
LIQUID FUNDS AS AT 31.12.	**14,212.2**	**11,502.0**

UBM Realitätenentwicklung AG
Notes to the Consolidated Financial Statements 2006

1. General information

The UBM Group is composed of UBM Realitätenentwicklung Aktiengesellschaft (UBM AG) and subsidiaries. UBM AG is a public company pursuant to Austrian law and has its headquarters in Vienna, at Absberggasse 47, 1103 Vienna. The company is registered with the Vienna commercial registry, under registration No. FN 100059 x. The main activities of the Group are the development, appraisal and administration of real properties.

The consolidated financial statements has been prepared pursuant to § 245a of the Commercial Code (HGB), in accordance with International Financial Reporting Standards (IFRS), which have been issued by the International Accounting Standards Board (IASB) and adopted by the European Union and also include 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 and for the majority of subsidiaries included in the consolidated financial statements.

2. Scope of consolidation

The consolidated financial statements include, in addition to UBM AG, 6 domestic subsidiaries (prior year: 6) and 29 foreign subsidiaries (prior year: 17). Furthermore, 6 domestic (prior year: 5) and 4 foreign (prior year: 3) associated companies were valued pursuant to the equity methods.

The subsidiaries and associated companies included can be found in the list of participants (see attachment). Companies which are of secondary importance to the consolidated financial statements have not been included. A total of 19 companies (prior year: 22) were not included in the full consolidation due to their insignificant economic importance.

3. Principles of consolidation

Acquisition of companies is recorded in the balance sheet pursuant to the purchase method. According to this method, the purchased intangible assets and the liabilities and contingent liabilities assumed are stated as the values which correspond as at the date of purchase, starting from the date of purchase. The difference between the acquisition costs and the attributable share of the net assets to be valued at their corresponding market value is stated as goodwill. Net assets valued at market values are stated as goodwill, and are not subject to scheduled amortisation, but are subject to an annual impairment test.

All inter-company receivables and liabilities are eliminated during the consolidation of debts. Inter-company expenses and earnings are offset within the scope of the expense and earning consolidation. Preliminary results and inter-company deliveries are eliminated when they involve significant sums and the respective intangible assets are still reported in 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 an item of shareholders’ equity.

4. Accounting and valuation methods

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

Principles of valuation

The historical acquisition costs are used as the basis for valuations for intangible assets, property, plant and equipment, loans, inventories, trade receivables and liabilities.

With regard to securities, derivative financial instruments and financial real estate which is available for sale the market values to be stated as of the reporting date are the basis for the valuation.

The receivables for as yet non-invoiced construction orders, which are stated under trade receivables, are pro-rated on the basis of the order prices according to the degree of completion less payments already received from the client.

Currency conversion

The companies included in the consolidated financial statements draw up their annual financial statements in their corresponding 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 average exchange rates as of the reporting date and the profit and loss account items with the average exchange rates for the fiscal year, based on the arithmetic average for all month-end rates. The differences resulting from the currency conversion are allocated directly to shareholders' equity. These currency differences are recorded as income at the time of booking the business transaction.

In the case of company acquisitions, adjustments made to the book values of the purchased intangible assets, the assumed liabilities and value to be stated or goodwill which corresponds as of the date of purchase are treated as intangible assets or liabilities of the purchased subsidiaries, and are thus subject to currency conversion.

Exchange gains or losses in a currency other than the functional currency in respect of transactions by the companies included in the consolidated financial statements are recognised as income. Monetary entries for these companies which are not in the functional currency will be converted using the average exchange rate for the balance sheet reporting date.

Intangible assets are capitalised at acquisition cost and amortised at a constant rate over their expected useful life. In this respect amortisation rates of 1.28 % to 50 % were applied.

The depreciation for the fiscal year will be reported in the profit and loss account under the position "amortisation and depreciation of intangible assets and of property, plant and equipment".

If a temporary reduction in value (impairment) is identified, the corresponding intangible assets will then be amortised at the achievable amount representing the respective market value less selling costs or a higher useful value. When the loss of value is no longer valid a write-up will take place in the amount of the increased valuation, but only up to the maximum value which would have arisen when applying the amortisation schedule on the basis of the original acquisition or manufacturing costs.

Goodwill is recorded as an asset and will be reviewed for any reduction in value at least once a year pursuant to IFRS 3 in connection with IAS 36. An increase in the valuation will not take place at a later time.

Property, plant and equipment are valued at acquisition cost including ancillary costs less purchase price reductions or at manufacturing cost, and the accrued straight-line depreciation to date less the depreciation which was continued according to schedule in the reporting year, whereby the following depreciation rates were applied:

	%
Buildings	2.5 %
Technical plant and machinery	10.0 to 33.3 %
Other plant, operating and business equipment	6.7 to 33.3 %

If a temporary reduction in value (impairment) is identified, the corresponding property, plant and equipment will then be depreciated at the achievable amount representing the respective market value less selling costs, or a higher useful value. When the loss of value is no longer valid a write-up will take place in the amount of the increased valuation, but only up to the maximum value which would have arisen when applying the amortisation schedule on the basis of the original acquisition or manufacturing costs. Fundamental modifications will be capitalised, while current maintenance work, repairs and minor modifications will be recognised as expense at the time of they accrue.

Low-value assets will be fully depreciated in their year of purchase.

Plant and buildings currently under construction which are to be used for operational purposes or which do not have any specific use shall be reported at acquisition or manufacturing cost less depreciation to reflect reductions in value. In general, borrowing costs are not included in the acquisition or manufacturing costs. The depreciation of these assets begins at completion or when ready for operation.

Financial real estate is properties which are kept in order to obtain rental income or for purposes of appreciation in value. Office buildings and business premises, residential buildings, and vacant plots, which are used by the company for operating purposes, are not included under financial real estate. These are reported at their corresponding market value. Profits and losses resulting from changes in value are recognised in the profit and loss account for the period in which the change in value occurs. The basis for the valuation of the financial real estate at the corresponding market value is essentially the fair market appraisals from independent experts. In the absence of these, the value in use was determined. The value in use is the value of the estimated future cash flow expected from exploitation of the real estate.

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 leasing contract. Assets held within the scope of financial leases will be recorded at the start of the leasing relationship as corporate assets, together with their corresponding market values or with the discounted cash value of the minimum lease payments, if these should be lower. The minimum lease payments are those amounts which are to be paid during the obligatory contractual term including a guaranteed residual value. The corresponding liability versus the lessor will be recorded in the balance sheet as a financial leasing obligation. The leasing payments will be divided into interest expenses and a reduction of the leasing obligation, in order to achieve a continuous yield from the remaining obligation. Interest expenses will be recorded in the profit and loss account.

Participations in associated companies are reported at acquisition cost and are divided into purchased, pro-rata net assets values at the corresponding market value as well as goodwill, if necessary. The book value is increased or decreased annually by the pro-rata annual net profit or deficit, related dividends, and other shareholders' equity changes. Goodwill is not amortised according to schedule but is subject to an impairment test pursuant to IAS 36, which is conducted every year and whenever there are indications of a possible decrease in value. Should the achievable amount fall below the book value the differential amount is depreciated.

Loans are valued at acquisition cost. If a temporary reduction in value (impairment) is identified, the loans are depreciated to the discounted cash value of the expected cash flow.

Shares in unconsolidated subsidiaries and other participations, reported under other **financial assets**, are valued at acquisition cost since a reliable corresponding market value cannot be determined. Should a reduction in cost be identified, depreciation is conducted on the achievable amount; this is the value of the expected cash flow.

Raw materials and supplies are valued as acquisition costs.

The real estate intended for sale is valued at the lower of either acquisition or manufacturing cost and the net sales value. In general, foreign currency costs are not included in the acquisition or manufacturing costs.

Construction orders are reported pursuant to the progress of the work (POC method). The anticipated proceeds from the order will be reported under revenues according to the degree of completion. The degree of completion, which is essential for the volume of the expected order proceeds, is generally determined as the ratio of the output completed up to the reporting date to the total estimated output. As long as the result of a construction order cannot be reliably estimated, the order proceeds are to be recorded as the amount of the accrued order expenses. The order expenses will be recorded as expenditure in the period in which they accrue.
Should it the total order expenses exceed the total order proceeds, the total expected loss will be recorded immediately.

The proceeds which are attributable to the services performed to date pursuant to their degree of completion will be reported in the balance sheet as trade receivables for as long as they exceed the payments made by the client. The payment amounts which exceed the proceeds which are attributable to the services performed to date will be reported under liabilities.

The realisation of profits for construction orders which are carried out in joint ventures is also undertaken according to the POC method. Pending losses from continuing construction work will be taken into account through corresponding depreciation. The receivables or liabilities from and to joint ventures include, in addition to capital contributions, other incoming payments less withdrawals, trade receivables for the corresponding joint venture and receivables from the outstanding share of results for the order processed by the corresponding joint venture for the companies included in the consolidated financial statements.

Receivables are basically reported at nominal value. Should there be a risk of collection, specific provisions are set up.

In the case of differences between the valuation of assets and debts in the consolidated financial statements on the one hand and the fiscal valuation on the other hand **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 advantages resulting from accumulated fiscal losses are assessed for as long as the capitalisation can be relied on with ample security. Exceptions from this comprehensive deferment of tax assets are represented by differential amounts from fiscally non-deductible goodwill.

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

The **provisions for severance pay, pensions and anniversary pay** were determined pursuant to IAS 19 according to the current Projected Unit Credit Method, whereby an actuarial valuation was carried out for every balance sheet date. In valuing these provisions and an annual assumed rate of interest of 4.7 % (prior

year: 4.7 %) and annual reference increases of 2.0 % (prior year: 2.0 %) were taken into account. In the determination of the provisions for severance and anniversary pay, fluctuation discounts on the basis of statistical data were assessed.
Actuarial profits and losses are fully recorded for the period in which they accrue. Service costs are reported in personnel expenses. Interest charges are recorded under financing expenses.

Other provisions take into account all discernible risks and contingent liabilities. They are estimated in the amount which is presumably required for the fulfilment of the underlying obligation.

Liabilities are estimated at their nominal value.

Should the repayment amount be lower or higher, an amortisation or write-up on this amount will be carried out using the effective interest method.

Derivative financial instruments are stated at their corresponding market value.

Revenues are valued at their corresponding market value for the service provided. Of this amount, discounts, sales taxes, and other taxes in connection with the revenues are deducted. Revenues are recorded after delivery and transfer of the property. The revenues from construction orders are recorded over the time period in which processing of the order takes place, divided according to the degree of completion.

Interest income and expense are accrued under consideration of each of the outstanding loan amounts and the interest rates to be applied. Income from dividends from financial investments is recorded at the time of when the legal claim is incurred.

Management estimates and assumptions which refer to the amount and statement of assets and debts shown in the balance sheet as well as to revenues and expenditures and the specification of possible relevant liabilities, are inalienably linked to the drawing up of the annual financial statements. The estimates and assumptions essentially refer to:

- the determination of the corresponding values of financial real estate
- the appraisal of projects up to project completion
- the determination of the economic useful life of property, plant and equipment
- the accounting for and valuation of provisions
- the review of the recoverability of assets
- the appraisal of the recoverability of deferred tax claims for accumulated losses.

The figures which may actually result in the future can deviate from these estimates.

New accounting standards

The following standards and interpretations which had already been published at the time when the consolidated financial statements were prepared were not yet mandatory for fiscal years which started on or before January 1, 2006, and were also not voluntarily applied ahead of time.

IFRS 7 - Financial instruments: Specifications: This standard requires information on the significance of financial instruments for the assets, financial and earnings situation of companies, and contains new requirements regarding reporting on risks which are linked to financial instruments. These regulations go into effect for fiscal years which start on or after January 1, 2007 and will be employed starting with the fiscal year 2007. Fundamental effects on the Group's financial reporting are not expected.

IFRIC 7 – Application of the adjustment rates pursuant to IAS 29 Financial Reporting in Countries with High Rates of Inflation: This interpretation, which regulates revaluation on in the first year in which hyper-inflation is identified so that IAS 29 is to be employed and which is to be applied to fiscal years which start on or after March 1, 2006, has no current relevance to the Group. It will be utilised starting in fiscal year 2007.

IFRIC 8 – Scope of application of IFRS 2: IFRIC 8 makes it clear that IFRS 2, Share-Based Payments on Agreements, is to be applied after a company grants share-based compensation with or without reciprocal service. This interpretation is to be utilised for fiscal years which begin on or after May 1, 2006 and is not anticipated to have any effects on the Group's financial reporting. It will be utilised starting in the fiscal year 2007.

IFRIC 9 – Reappraisal of embedded derivatives: This interpretation deals with the particularity of accounting for embedded derivatives pursuant to IAS 39. According to the requirements mentioned in IAS 39.11 an evaluation is to be made as to whether the embedded derivative is to be separated from the base contract and represented according to the accounting regulations for derivative financial instruments. IFRIC 9 deals with the question of when such an evaluation is to be carried out, namely only at the time of the conclusion of a hybrid agreement of such a type, or repeatedly over the contractual term. IFRIC determines that an evaluation is to be made as to whether the embedded derivative is to be separated from the base contract only at the time of the conclusion of the contract. IFRIC 9 is to be applied to the fiscal year which starts on or after June 1, 2006. This interpretation, which currently has no relevance to the Group, will be applied starting in the fiscal year 2007.

5. Revenues

The revenue in the amount of € 117.039 million (prior year: € 72.706,9 million) include revenues from real estate and real estate joint ventures, rental income, income from property management, cleared construction works for in-house projects and other proceeds from typical business activities.

In the following table the Group's total output is presented, as an initial step, according to business areas, in which particularly the pro-rata yield from associated companies and not fully consolidated subsidiaries is recorded and transferred to revenues.

in T€	2006	2005
Divisions		
Project development and construction	181,117.0	105,040.0
of which from property rentals	19,691.0	19,143.0
Facility management	4,597.0	3,932.0
Total consolidated aggregate output	185,714.0	**108,972.0**
less revenues from joint ventures	-10,742.0	0.0
less changes in inventory of own projects	-2,568.0	2,734.9
less revenues from associated and subsidiary companies	-54,168.0	−39,000.0
less own work performed	-1,197.0	0.0
Revenues	**117,039.0**	**72,706.9**

6. Other operating income

The other operating income includes primarily exchange gains as well as income from ancillary costs from real estate administration. Gains from the disposal of financial assets are included in the financial result, unless these relate to participations in project companies.

7. Cost of material and other purchased goods

in T€	2006	2005
Costs for raw materials, supplies and purchased goods	−13,575.2	−11,936.1
Expenses for third party services	−56,407.4	−26,134.6
Total	**−69,982.6**	**−38,070.7**

8. Personnel expenses

in T€	2006	2005
Wages and salaries	−7,766.5	−5,398.6
Social security charges	−1,383.4	−1,228.7
Expenses for employee benefits and pensions	−506.1	−427.0
Total	**−9,656.0**	**−7,054.3**

The expenses for employee benefits and pensions include the expenses during the period of service and the actuarial results. The interest expense is shown under the item of financing expenses.

9. Amortisation and depreciation

Amortisation of intangible assets in the amount of € 28,000 (prior year: € 139,000) and depreciation on property, plant and equipment in the amount of € 1,962,100 (prior year: € 4,218,500) was charged during the year.

10. Other operating expenses

The other operating expenses are attributable primarily the costs of office operations, travel expenses, fees and duties, legal audit and consulting expenses, advertising expenses, other third party services as well as general administration expenses. Moreover, they include rental payments within the framework of rental and leasing contracts in the amount of € 368,000 (prior year: € 337,000). Furthermore, this item includes the balance of value adjustments for financial real estate in the amount of € 8,505.200 (prior year: € 0) in respect of the applicable values on the balance sheet date, which were determined during the current year on the basis of up-to-date analysis or own evaluations.

11. Result from other financial assets and financial current assets

in T€	2006	2005
Income from participations	4,304.2	187.0
(of which from affiliated companies)	4,270.0	187.0
Interest and similar income	3,541.3	3,471.1
Interest from the disposal of and additions to financial assets	5,037.1	135.0
(of which from affiliated companies)	–	–
Expenses from participations	–3,907.6	–188.0
(of which from affiliated companies)	–	–79.5
Expenses from other financial assets	–16.8	–2,073.6
Total	**8,958.2**	**1,531.5**

12. Financing expenses

in T€	2006	2005
Interest and other expenses concerning bonds	–4,265.9	–2,432.0
Interest and similar expenses concerning other financial liabilities	–4,874.8	–2,701.8
Other interest and similar expenses	–1,652.3	–3,112.8
Total	**–10,793.0**	**–8,246.6**

13. Taxes

The taxes on income paid or due in the individual countries as well as the 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 the valid tax laws or in accordance with tax laws where the coming into force has been mainly concluded.

in T€	2006	2005
Actual tax expense	2,823.9	1,411.8
Deferred tax expense / income	–151.2	42.2
Tax expense (+) /-income (–)	**2,672.7**	**1,454.0**

The tax expense calculated on the basis of the application of the Austrian corporation tax rate of 25 % leads to the following reconciliation with the actual tax expense as follows:

in T€	2006	2005
Earnings before taxes	11,242.2	9,929.1
Theoretical tax expense (+)/-income (–)	–2,810.6	–2,482.3
Tax rate differences	–14.7	122.8
Losses assumed from non-consolidated members of the Group	16.5	129.7
Tax effect of non-deductible expenses and tax-free income	435.6	208.2
Income / expenses from participations in associated companies	–49.5	390.6
Tax effects from temporary differences and other differences	–250.0	177.0
Taxes	**–2,672.7**	**–1,454.0**

In addition to the tax expense included in the consolidated profit and loss account the tax effect of expenses and income directly included in the shareholders' equity was also directly set off in the shareholders' equity.

14. Earnings per share

Earnings per share are calculated by dividing the share of the shareholders of the parent company in the net income by the weighted average number of shares of the shares issued.

in T€	2006	2005
Share of the shareholders of the parent company in the net income	8,336.9	8,481.7
Weighted average number of shares issued	3,000,000	3,000,000
Earnings per share in €	**2.78**	**2.83**

15. Intangible assets

in T€	Concessions, licences and similar rights	Goodwill	Total
ACQUISITION AND MANUFACTURING COSTS			
Status 01. 01. 2005	5,261.4	3,860.5	9,121.9
Change in the scope of consolidation	23.5	–	23.5
Additions	–	–	–
Disposals	–7.6	–	–7.6
Reclassifications	–3,951.0	–	–3,951.0
Currency adjustments	4.8	–	4.8
Status 31. 12. 2005	1,331.1	3,860.5	5,191.6
Change in the scope of consolidation	102.0	1,441.5	1,543.5
Additions	19.3	–	19.3
Disposals	–23.5	–	–23.5
Reclassifications	–1,203.9	–	–1,203.9
Currency adjustments	5.4	25.8	31.2
Status 31. 12. 2006	230.4	5,327.8	5,558.2
ACCUMULATED DEPRECIATION AND AMORTISATION			
Status 01. 01. 2005	1,689.0	1,181.9	2,870.9
Change in the scope of consolidation	2.3	–	2.3
Additions	26.4	–	26.4
Disposals	–7.6	–	–7.6
Reclassifications	–1,351.4	–	–1,351.4
Currency adjustments	4.9	–	4.9
Additions	–	–	–
Status 31. 12. 2005	363.6	1,181.9	1,545.5
Change in the scope of consolidation	43.5	888.9	932.4
Additions	28.0	–	28.0
Disposals	–7.0	–	–7.0
Reclassifications	–255.9	–	–255.9
Currency adjustments	4.6	15.9	20.5
Additions	–	–	–
Status 31. 12. 2006	176.8	2,086.7	2,263.5
Book value Status 31. 12. 2005	**967.5**	**2,678.6**	**3,646.1**
Book value Status 31. 12. 2006	**53.6**	**3,241.1**	**3,294.7**

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 explanations to the accounting and valuation methods.

In the profit and loss account the scheduled amortisation and depreciation is included under “amortisation of intangible assets and depreciation on property, plant and equipment”.

Within the framework of the impairment test the sum of the book values of the individual funds generating units, to which goodwill has been allocated, are compared with their achievable amount. The achievable amount corresponds to the applicable current market value less selling costs or a higher value related to useful life. The applicable current market value reflects the best possible estimation of the amount for which an independent third party could acquire the funds generating unit at market conditions on the balance sheet date. In cases, in which no applicable current market value can be determined, then the value of the useful life, i.e. the discounted cash value of the expected generated future cash flow of the funds generating unit shall be determined as the achievable amount. Since an applicable current market value could be determined for none of the funds generating units to which goodwill has been allocated, the value based on the economic life was established for the determination of the achievable amount for these funds generating units. The cash flows were derived from the current plans for 2007 and the following years, which were drawn up by the Board of Management at the time when the impairment tests were undertaken. These forecasts were based on experiences from the past as well as on expectations regarding the future market development. The discounting was undertaken on the basis of the specific capital costs. For the UBM Group the funds generating unit corresponds in essence to the individual consolidated company.

16. Property, plant and equipment

in T€	Land, rights to land and buildings and buildings, including buildings on third party land	Technical machinery and equipment	Other plant, equipment and office equipment	Prepayments received and plant under construction	Total
ACQUISITION AND MANUFACTURING COSTS					
Status 01. 01. 2005	159,708.1	112.4	876.1	11,342.7	172,039.3
Change in the scope of consolidation	30,266.0	–	695.6	120.9	31,082.5
Additions	10,300.5	7.9	197.0	10,929.7	21,435.1
Disposals	–10,545.5	–14.0	–168.4	–10,066.8	–20,794.7
Reclassifications	–140,990.9	–	–	–6,893.9	–147,884.8
Currency adjustments	3,534.2	4.9	19.0	494.4	4,052.5
Status 31. 12. 2005	52,272.4	111.2	1,619.3	5,927.0	59,929.9

in T€	Land and similar rights and buildings including buildings on third-party land	Technical equipment and machinery	Other plant, operating and business equipment	Prepayments paid and plant under construction	Total
Changes in the scope of consolidation	30,489.0	–	–	1.8	30.490.8
Additions	702.4	57.4	211.9	24,497.3	25,469.0
Disposals	0.0	–	−72.4	−18,142.4	−18,214.8
Reclassifications	52,278.1	−15.4	–	1,602.6	−50,690.9
Currency adjustments	557.0	3.4	21.1	−12.5	569.0
Status as at 31. 12. 2006	31,742.7	156.6	1,779.9	13,873.8	47,553.0
CUMULATIVE DEPRECIATION					
Status as at 01. 01. 2005	18,333.8	91.9	672.6	–	19,098.3
Changes in the scope of consolidation	1,575.1	–	100.5	–	1,675.6
Additions	874.8	6.7	219.3	–	1,100.8
Disposals	−3.6	−7.5	−139.3	–	−150.4
Reclassifications	−18,013.0	–	–	–	−18,013.0
Currency adjustments	199.3	3.9	15.8	–	219.0
Write-ups	–	–	–	–	–
Status as at 31. 12. 2005	2,966.4	95.0	868.9	–	3,930.3
Changes in the scope of consolidation	5,155.7	–	–	–	5,155.7
Additions	1,713.8	17.5	230.8	–	1,962.1
Disposals	–	−8.7	−69.7	–	−78.4
Reclassifications	−3,235.1	–	–	–	−3,235.1
Currency adjustments	114.4	2.2	18.4	–	135.0
Write-ups	–	–	–	–	–
Status as at 31. 12. 2006	6,715.2	106.0	1,048.4	–	7,869.6
Book values as at 31. 12. 2005	**49,306.0**	**16.2**	**750.4**	**5,927.0**	**55,999.6**
Book values as at 31. 12. 2006	**25,027.5**	**50.6**	**731.5**	**13,873.8**	**39,683.4**

Due to a reassessment of the allocation of real estate property, reclassifications were carried out in both 2005 and 2006 from property, plant and equipment to financial real estate.

Any unscheduled amortisation and depreciation charged to the profit and loss account is stated under "amortisation of intangible assets and property, plant and equipment". Any additions to fixed assets for which amortisation and depreciation as been previously charged with effect on the profit and loss account are stated under "other operating income in the profit and loss account.

The book value of the property, plant and equipment, which was pledged as collateral as at the balance sheet date, amounted to € 24,384,500 (Prior year € 25,333,300). Property, plant and equipment with a book value of € 24,384,500 (Prior year: € 25,333,300) were subject to restraint on encumbrance.

17. Financial real estate

The book values corresponding to the applicable current market value of the financial real estate developed as follows:

in T€	
BOOK VALUE	
Status 01. 01. 2005	-
Change in the scope of consolidation	-
Additions	12,457.2
Disposals	-298.7
Reclassifications	132,471.5
Currency adjustments	
Adjustment to the applicable current market value	-3,230.3
Status 31. 12. 2005	**141,399.7**
Change in the scope of consolidation	4,826.2
Additions	47,090.5
Disposals	-2,187.4
Reclassifications	48,403.9
Currency adjustments	4,276.8
Adjustment to the applicable current market value	-8,505.2
Status 31. 12. 2006	**235,304.5**

Due to the new regulations regarding the allocation of real estate properties, reclassifications were undertaken both in 2005 and 2006 from property, plant and equipment to financial real estate.

The applicable current market value is determined in accordance with internationally recognised valuation methods, namely through the derivation from a current market price and through the derivation from a price which has been achieved in the recent past in a transaction with similar real estate properties, or in the event that there are no suitable market data on the basis of the discounting. The applicable current market value is normally determined by qualified external experts.

The existing contractual obligations to acquire or build financial real estate at the balance sheet date amounted to € 23,614.2. In addition, financial real estate was pledged with a book value of € 55,101.3 to secure debts.

Book values of financial real estate based on financial leasing contracts amounted to:

in T€	2006	2005
Real estate leasing	4,672.0	7,306.5

Compared with liabilities amounting to the discounted cash value of minimum leasing instalments, i.e. € 7,408.1 (previous year: € 7,647.4).

The terms of the real estate financial leasing contracts are between 6 and 20 years.

18. Participating interests associated companies

in T€	2006	2005
Acquisition cost	10,182.8	6,734.2
Share of profit realised since acquisition, less paid dividends	−415.6	3,909.9
Book value	**9,767.2**	**10,644.1**

The following table shows summarised financial information regarding associated companies:

in T€	2006	2005
Assets	235,666.1	135,223.3
Liabilities	201,231.2	108,812.3
Net assets	34,434.9	26,411.0
Group share in net assets	9,767.2	**10,644.1**

in T€	2006	2005
Revenues	29,254.5	12,214.3
Net income / loss for the year	−1,912.8	7,897.5
Group share in net income / loss for the year	−819.9	2,330.3

19. Loans

in T€	2006	2005
Loans to non-consolidated subsidiaries	3,263.8	808.0
Loans to associated companies	10,429.0	-
Other loans	1,288.3	11,409.5
Total	**14,981.1**	**12,217.5**

All loans have a maturity in excess of one year.

20. Other financial assets

in T€	2006	2005
Loans to non-consolidated subsidiaries	476.0	2,280.6
Other participations	6,979.2	4,837.9
Securities available for sale	3,236.2	3,264.6
Total	**10,691.4**	**10,383.1**

The securities available for sale include primarily fixed interest financial instruments. They are not subject to restricted availability. The book value indicated on the securities available for sale approximately matches the current value to be attributed. Because the current value of participations cannot be accurately determined, these were valued at acquisition cost.

21. Inventories

Inventories consist of the following items:

in T€	2006	2005
Real estate property for sale and preliminary project costs	45,290.8	41,697.6
Down payments made	970.7	101.9
Total	**46,261.5**	**41,799.5**

Inventories with a book value of € 10,652.0 (prior year: € 4,570.9) are pledged to secure debts.

22. Trade receivables

Summary and maturity of trade receivables:

in T€	2006	2005
Amounts owed by third parties	12,458.8	7,830.6
Amounts owed by joint ventures	1,006.6	2,627.9
Amounts owed by non-consolidated subsidiaries and other participations	31,014.7	67,103.7
Amounts owed by associated companies	6,207.4	2,238.2
Total	50,687.5	79,800.4

All debts shall are due within a year.

23. Liquid funds

Liquid funds include credit balances with banks of € 14,171.5 (prior year: € 11,485.7) as well as cash amounting to T € 40.7 (prior year: T € 16.3).

24. Long-term assets held for sale

A suspensive conditional purchase and assignment contract was concluded in December 2006 concerning the 50 % share of the group in Bayernfonds Immobiliengesellschaft mbH & Co. Florido Tower KG, an associated company based in Munich with zero book value determined according to the equity method. The purchase contract was fulfilled upon occurrence of the agreed suspensive conditions on 31 January 2007 and the share transferred to the purchaser.

25. Deferred taxes

Temporary differences between assigned values in the IFRS consolidated accounts and the respective tax assigned values have the following impact on the deferred taxation shown in the balance sheet.

	2006		2005	
in T€	Assets	Liabilities	Assets	Liabilities
Fixed assets, financial real estate	–	10,454.5	–	6,999.9
Other valuation differences				
Tax loss carried forward	1,181.9	–	920.3	–
Amounts owed by associated companies				
Deferred taxes	1,181.9	10,454.5	920.3	6,999.9
Balance of deferred taxes		9,272.6		6,079.6

Deferred tax claims from losses carried forward were capitalised insofar as they are likely to be set off against future tax profits.

26. Equity

Share capital	Unit	€
Bearer ordinary shares	3,000,000	5,450,462.56

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

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

27. Reserves

Capital reserves are mainly derived from capital increases and adjustments and from expired dividend claims in previous years. Of the capital reserves, reserves of € 44,641.6 are obligatory. They may only be released to compensate for a balance sheet deficit otherwise to be shown in the financial statements of UBM AG, insofar as no free reserves are available as security.
Other reserves include foreign currency translation differences, UBM AG profit reserves and profits of subsidiaries retained since acquisition, including the adjustment effects of the annual accounts of the companies included in the consolidation on the accounting and valuation methods used in the consolidated accounts. A net profit for the year amounting to € 3,011.7 is available for dividend distribution to the UBM AG shareholders. Additionally, the free UBM AG profit reserves amounting to € 17,523.7 as at 31 December 2006 may be released in following periods and paid out to UBM AG shareholders.

During the year under review, dividends of € 2,700,000.00 were distributed to UBM AG shareholders, amounting to € 0.90 per share. The Board of Management has proposed the distribution of a dividend of € 1.00 per equity share, amounting to a total of € 3,000,000.00.

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

28. Provisions

in T€	Severance pay	Pensions	Anniversary bonuses	Other personnel provisions	Buildings	Other
As at 1 January 2006	916.1	1.173.7	40.7	1,315.7	8,535.2	7,403.2
Changes in scope of consolidation	–0.5	–	–	–0.4		381.6
Allocation	166.9	451.1	6.8	1,066.6	21.6	7,333.7
Use / release	235.6	–	–	706.1	2,249.3	12,124.6
As at 31 December 2006	**846.9**	**1,624.8**	**47.5**	**1,675.8**	**6,307.5**	**2,993.9**
of which long term	846.9	1,624.8	47.5			
of which short term				1,675.8	6,307.5	2,993.9

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 and valuation methods for the actuarial assumptions used as the basis of calculation.

Other personnel provisions especially include provisions for unused holiday allowances and for bonuses. It is to be expected that the group will use the provisions arising from these obligations, whereby bonuses are to be paid during the following year and the utilisation of unused holidays may extend over more than a year.

Provisions for buildings primarily concern income accounts still outstanding.

Pension schemes

Performance based schemes

Provisions for severance pay were set up for employees and workers who are entitled to severance pay under the Employees´ Act, Workers´ Severance Pay Act or Works Agreement. Employees whose employment is subject to Austrian law are entitled to severance pay in each case of termination of employment upon reaching the statutory pensionable age, provided that their employment started before January 1, 2003 and lasted for a specific time. The amount of severance pay depends on the amount of salary at the time of termination and also on the length of employment. These employee claims are therefore to be treated like entitlements from performance based pension schemes, whereby there are no available planned assets to cover these entitlements.

Accruals for severance payment developed as follows:

in T€	2006	2005
Discounted cash value of severance commitments (DBO) at 1.1.	916.1	722.1
Length of service	70.9	69.2
Interest expense	38.5	38.2
Severance payments	–235.6	–125.4
Actuarial profits / losses	57.0	212.0
Discounted cash value of severance commitments (DBO) at December 31	846.9	916.1

For details on actuarial assumptions used as the basis for calculation, please refer to the explanations on the accounting and valuation methods.

The discounted cash value of severance commitments and actuarial profits or losses resulting from adjustments made on the basis of experience in the year under report and the past four business years is presented as follows:

in T€	2006	2005	2004	2003	2002
Discounted cash value of pension commitments at 31 December	846.9	916.1	722.1	–	–
Empirical adjustments	57.0	–	–	–	–
Actuarial profits / losses	57.0	212.0	222.1	–	–

In the UBM group only members of the Board of Management have pension commitments. As a rule these pension commitments are performance based commitments which are not covered by planned assets. The amount of pension entitlement is dependent on the number of years of service.

Pension accruals developed as follows:

in T€	2006	2005
Discounted cash value of severance commitments (DBO) at 1.1.	1,173.7	961.5
Length of service	34.9	71.5
Interest expense	76.4	52.9
Severance payments	–	–
Actuarial profits / losses	339.8	87.8
Cash value of severance commitments (DBO) at December 31	1,624.8	1,173.7

For details on actuarial assumptions used as a basis for calculation, please refer to the explanations on the accounting and valuation methods. The discounted cash value of severance commitments and actuarial profits or losses resulting from adjustments made on the basis of experience in the year under report and the past four business years are presented as follows:

in T€	2006	2005	2004	2003	2002
Discounted cash value of pension commitments at December 31	1,624.8	1,173.7	961.5	–	–
Adjustments made on the basis of experience	339.8	–	–	–	–
Actuarial profits / losses	339.8	87.8	61.8	–	–

The severance and pension accruals were set up by Allgemeine Baugesellschaft A Porr AG until 31 December 2003 and allocated to the company

Contribution based schemes

Employees whose employment is subject to Austrian law and who joined the company after December 31, 2002, shall not be entitled to severance pay from the respective employer. These employees have to pay contributions amounting to 1.53 % of their wages or salary into an employee pension fund. In 2006 expenses for this amounted to a total of T € 12.3 (prior year: T € 6.0).

Group employees in Austria, Germany, the Czech Republic, Poland, and Hungary are in addition members of their respective state pension schemes, which as a rule are financed through a contribution system. The group's obligation is solely limited to the payment of contributions based on remuneration. There is no legal or factual obligation.

29. Bonds

In the fiscal year 2005, a bond was issued by UBM AG at the following conditions:

Nominal value: € 100,000,000.00
Duration: 2005 – 2012
Interest: 3.875 %
Coupon date: June 10 of each year; for the first time on June 10, 2006
Redemption: 100 % bullet maturity

The decision to issue the loan was made in April 2005. Since in principle a rising level of interest rates was expected, the interest rate was hedged throughout the maturity of the loan through a forward start swap. The interest rate level developed, however, contrary to these expectations. As a result a negative market value arose in the amount of € 2.36 million on the conclusion of the forward start swap in June 2005 (resulting from the fixed higher rate of interest of 0.44 %), which was included in the shareholders' equity without any effect on the profit and loss account and was reclassified in the result in accordance with the interest expense for the loan over its maturity.

30. Financial liabilities

2006	Currency	Nominal amounts in T €	Book value in T €	Average effective interest charge in %
Liabilities to banks				
Variable interest	EUR	118,979.7	118,979.7	2.99 – 4.7 %
Liabilities to other lenders				
Fixed interest	EUR	4,800.0	4,800.0	8.0 %
Variable interest	EUR	26,000.0	26,000.0	4.5 %
Liabilities to leasing companies				
Variable interest	EUR	10,108.6	7,408.1	3.6 %
Total	**EUR**	**159,888.3**	**157,187.8**	

2006	Total	Remaining maturity			of which secured
in T€		< 1 year	> 1 year < 5 years	> 5 years	
Liabilities to banks with variable interest	118,979.7	58,029.1	41,212.3	19,738.3	51,589.3
Liabilities to other lenders with variable interest	26,000.0	26,000.0	–	–	26,000.0
Liabilities to other lenders with fixed interest	4,800.0	4,800.0	–	–	–
Liabilities to leasing companies with variable interest	7,408.1	236.9	1,050.9	6,120.3	–
Total	**157,187.8**	**89,066**	**42,263.2**	**25,858.6**	**77,589.3**

2005	Total	Remaining maturity			of which secured
in T€		< 1 year	> 1 year < 5 years	> 5 years	
Liabilities to banks with variable interest	83,187.8	33,682.8	36,489.4	13,015.6	68,375.8
Liabilities to other lenders with variable interest	26,000.0	26,000.0	–	–	26,000.0
Liabilities to other lenders with fixed interest	4,800.0	–	4,800.0	–	–
Liabilities to leasing companies with variable interest	7,647.4	245.9	983.7	6,417.8	–
Total	121,635.2	59,928.7	42,273.1	19,433.4	94,375.8

The minimum leasing payments for liabilities from financial leasing contracts is broken down as follows:

	2006			2005		
in T€	Nominal Value	Discounted amount	Discoun-ted value	Nominal value	Discounted amount	Discoun-ted value
Due within one year	535.8	298.9	236.9	460.3	214.4	245.9
Due between 1 and 5 years	2,143.3	1,092.4	1,050.9	1,841.0	857.3	983.7
Due after 5 years	7,429.5	1,309.2	6,120.3	7,435.4	1,017.6	6,417.8
Total	**10,108.6**	**2,700.5**	**7,408.1**	**9,736.7**	**2,089.3**	**7,647.4**

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

Individual items of financial real estate are also held by means of financial leasing contracts. As at December 31. 2006 the average effective interest rate amounted to 3.6 %. Agreements concerning conditional rental payments have not been concluded, but all leasing relationships are based on fixed interest rates.

31. Trade payables

in T€	2006	2005
Amounts owed to third parties	13,242.6	11,050.6
Amounts owed to joint ventures	14.0	15.1
Amounts owed to unconsolidated subsidiaries	2,737.9	1,295.3
Amounts owed to affiliated undertakings	322.1	546.3
Total	**16,316.6**	**12,907.3**

All payables fall due within a year.

32. Tax debts

Amounts of current taxes on income and profits are stated under tax debts.

33. Sundry payables

This line essentially includes amounts of tax payable with the exception of taxes on income and profits, payables associated with social security and amounts owed to employees.

It also includes deposits received on production orders, including downpayments and payments made by customers on part invoices, inasmuch as these exceed the prorata contract value capitalised on the basis of the progress of the work.

34. Contingent liabilities

Most contingent liabilities relate to loan sureties and guarantee declarations for affiliated undertakings. It is unlikely that a claim will be made under these contingent liabilities.

35. Sundry financial commitments

UBM AG and Warimpex Finanz- und Beteiligungs AG have given an undertaking to RL KG Raiffeisen-Leasing Gesellschaft m.b.H. to purchase 50 % of each of its capital shares in UBX (Luxembourg) s.a.r.l., in response to its written request. UBX (Luxembourg) s.a.r.l is itself the sole shareholder of UBX (France) s.a.r.l, which has erected a hotel with all adjoining buildings and external facilities on a leased plot of land belonging to the Euro Disney Park building in 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 2006, this debt totalled T€ 42,860, of which UBM AG and Warimpex were each responsible for 50 %. UBM AG and Warimpex are also liable for each other's share of the debt.

36. Explanations relating to the segment reporting

Segment reporting is undertaken by business areas, in line with the internal organisational structure of the UBM Group. The exchange of goods and services between individual segments demonstrates the supply and

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	Project development and construction management		Facility management	
in T€	2006	2005	2006	2005
TOTAL OPERATING PERFORMANCE (GROUP)	**181,117.0**	**105,040.0**	**4,597.0**	**3,932.0**
SEGMENT INCOME	**126,283.3**	**78,857.4**	**1,893.2**	**2,022.1**
Cost of materials	–74,234.6	–41,074.2	–898.2	–1,046.3
Personnel costs	–9,301.9	–6,632.9	–354.1	–421.4
Depreciation	–3,819.9	–4,335.3	–6.3	–22.2
Sundry operating expenses	–18,100.9	–12,778.7	–503.5	–428.9
	20,826.1	14,036.3	131.1	103.3
Income from affiliated undertakings				
Income from sundry financial invest ments and current financial assets				
Financing expenses				
EBT (earnings before tax)				
Taxes on income and profits profits				
NET PROFIT				
SEGMENT ASSETS 31.12.	583,881.7	481,862.0	591.9	844.9
SEGMENT DEBTS 31.12.	471,339.9	380,336.5	273.8	598.6
INVESTMENTS IN TANGIBLE ASSETS, IN INTANGIBLE ASSETS AND PROPERTY INVESTMENTS	97,344.3	37,948.5	1.8	4.1
WORKFORCE 31.12.	227	121	17	20

service relationships between the business areas. Setoff is undertaken at habitual market prices. Expenses and income within the Group and interim profits are eliminated during the transfer to provide data for the consolidated annual financial statements. During the transfer of the segment assets and segment debts, internal receivables and liabilities are eliminated for the purposes of debt consolidation.

	Segment totals		Transfer		Group	
	2006	2005	2006	2005		
	185,714.0	**108,972.0**	**–**	**–**	**185,714.0**	**108,972.0**
	128,176.5	**80,879.5**	**−4,614.0**	**−3,734.5**	**123,562.5**	**77,145.0**
	−75,132.8	−42,120.5	5,150.2	4,049.8	−69,982.6	−38,070.7
	−9,656.0	−7,054.3	0.0	0.0	**−9,656.0**	**−7,054.3**
	−3,826.1	−4,357.5	1,836.0	0.0	**−1,990.1**	**−4,357.5**
	−18,604.4	−13,207.6	−4,754.3	−363.9	−23,358.7	−13,571.5
	20,957.2	14,139.6	−2,382.1	−48.6	**18,575.1**	**14,091.0**
					−5,498.0	**2,553.2**
					8,958.2	1,531.5
					−10,793.0	−8,246.6
					11,242.3	**9,929.1**
					−2,672.7	−1,454.0
					8,569.6	**8,475.1**
	584,473.6	**482,706.9**	**−146,183.4**	**−101,450.2**	**438,290.2**	**381,256.7**
	471,613.7	**380,935.1**	**−135,354.9**	**−89,762.5**	**336,258.8**	**291,172.6**
	97,346.1	**37,952.6**	**–**	**–**	**97,346.1**	**37,952.6**
	244	**141**	**–**	**–**	**244**	**141**

The following secondary segment information relates to the geographical business areas in which the Group operates.

	Non-Group sales by customer domicile	
in T€	2006	2005
Austria	51,647.0	45,823.0
Germany	20,001.0	7,138.0
Czech Republic	78,557.0	26,382.0
Poland	26,019.0	15,659.0
Slovakia	4,383.0	12,227.0
Abroad, other	5,107.0	1,743.0
Abroad	134,067.0	63,149.0
Total	**185,714.0**	**108,972.0**

37. Explanations of the cash flow statement

The presentation of the cash flow statement is broken down into operating, investment and financing activities, with the cash flow from operating activities being derived via the indirect method. The financial resources include exclusively cash in hand and with banks, which may be freely withdrawn within the Group, and correspond to the value stated in the balance sheet for liquid assets.

Interest and dividends received, and also interest paid, are included in the cash flow from operating activities. In contrast, dividends paid are stated in the cash flow from financing activities.

38. Explanations of the financial instruments

Objectives and methods of risk management with respect to financial risks

The original financial assets essentially include investments in affiliated undertakings, lendings and other financial assets and trade receivables. The original financial liabilities include the bond and other financial liabilities and also trade payables.

The Group holds no derivative financial instruments.

Interest rate risk

The interest rates for amounts owed to banks and for leasing liabilities are as follows:

Bond	3.9 %
Amounts owed to banks	3.0 – 4.7 %
Amounts owed to other lenders	4.5 – 8.0 %
Leasing	3.6 %

The fair market prices of the fixed interest bond and other fixed interest financial debts are subject to fluctuations based on the trends in market interest rates.

Changes to the market interest rate affect the level of interest payable on financial debts subject to variable interest rates. A 1 % change in the market interest rate would bring a change of around T € 1,523.9 p.a. in the interest burden.

Credit risk

The risk associated with amounts owed by customers may be described as low, in view of the broad diversification and continuous credit rating procedure.

The default risk associated with other original financial instruments carried as assets may be described as low, since our contracting partners are financial institutions and other highly rated debtors. The book value of the financial assets represents the maximum default risk. If default risks are ascertained in relation to financial assets, debt provisioning measures are put in place for these risks. There is no concentration of risk due to high outstanding amounts owed by individual debtors.

Currency fluctuation risk

Credit financing and investment in the UBM Group is essentially in euro. As a result, the currency fluctuation risk within the UBM Group is of a low order.

39. Average size of workforce

White-collar and blue-collar employees	2006	2005
Austria	64	73
Abroad	180	68
Total workforce	**244**	**141**

40. Business relations with related parties

Transactions between consolidated Group companies are eliminated during consolidation and are not the subject of further explanation. Transactions between Group companies and their affiliated undertakings involve for the most part loans for the purchase of investment properties and related interest offsetting transactions.

Supplies to and by related parties

In additional to the affiliated undertakings, related parties for the purposes of IAS 24 are the Allgemeine Baugesellschaft – A. Porr Aktiengesellschaft, its subsidiaries and OI Eins Beteiligungs GmbH, since they have large shareholdings in UBM AG.

The transactions during the financial year between consolidated UBM Group companies and Porr Group companies essentially involve bought-in construction work. The receivables and liabilities outstanding out of these transactions at the year end are insignificant.

41. Results after the close of the account

As already stated under Explanation 24, on 20. 12. 2006 a conditional purchase and assignment agreement was concluded in relation to the Group's 50 % holding in Bayernfonds Immobiliengesellschaft mbH & Co Florido Tower KG (Florido Tower KG), an affiliated undertaking with headquarters in Munich, which owns the Florido Towers, a commercial and office complex in Vienna Floridsdorf Ost. Under the same purchase and assignment agreement, BF Services GmbH, a wholly-owned subsidiary of Real I.S. Project GmbH, an affiliated undertaking, sold its 50 % holding in Florido Tower KG. The purchase and assignment agreement was executed on 31 January 2007, after the agreed conditions had been met.

In accordance with the condition precedent, the financial effects of this transaction, which comprised changes to provisions and securities and rent guarantee commitments, incidental costs such as brokers' fees and consulting costs, have not yet been reported in the consolidated financial statements at 31 December 2006. Overall, this will make a very positive contribution to the 2007 result.
Elements of the purchase price were retained, or else retained amounts were replaced by bank guarantees, to cover commitments made by the sellers to erect further extensions, to make good defects and to redeem the rights of previous tenants.

42. Executive bodies of the Company

Members of the Board of Management:
Mag. Karl Bier, Baden, Chairman
DI Peter Maitz, Breitenfurt
Heribert Smolé, Vienna

Members of the Supervisory Board:
KR Dkfm. Dr. Siegfried Sellitsch, Vienna, Chairman
DI Horst Pöchhacker, Vienna, Deputy Chairman
Dr. Peter Weber, Deutsch-Wagram
DI Thomas Jakoubek, Küb
MMag. Dr. Erlefried Olearczick, Tulln
Dr. Johannes Pepelnik, Vienna
Dr. Walter Lederer, Vienna
DI Iris Ortner, Vienna

The remunerations of the members of the Board of Management and the Supervisory Board of UBM AG are set out below, broken down by payment categories:

	2006	2005
Remunerations of the Board of Management		
Payments due in the short term (annual remuneration)	929.7	828.7
Payments due after the end of the Board of Management member contracts (pension)	445.0	228.5
Other benefits payable in the long-term (severance)	45.1	21.7
Total	**1,419.8**	**1,078.9**
Payments to the Supervisory Board	**54.9**	**39.7**

Vienna, 5 March 2007

The Board of Management

Mag. Karl Bier DI Peter Maitz Heribert Smolé

Equity investments

Company	Country code	Share-holding UBM-AG %	Sharehol-ding UBM Group %	Type of consoli-dation	Curr-ency	Nominal share capital
AFFILIATED UNDERTAKINGS						
Affiliated corporations						
„Athos“ Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	90.00	90.00	V	EUR	36,336.42
„UBM 1“ Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	100.00	100.00	V	EUR	36,336.42
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AUT	100.00	100.00	V	EUR	36,336.42
Atriumhotel Loipersdorf Errichtungs- und Verwaltungsgesellschaft m.b.H.	AUT	100.00	100.00	N	EUR	–
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	90.00	90.00	V	EUR	36,336.42
Rudolf u. Walter Schweder Gesellschaft m.b.H.	AUT	90.00	90.00	V	EUR	36,336.42
UBM Seevillen Errichtungs-GmbH	AUT	100.00	100.00	N	EUR	–
UML Liegenschaftsverwertungs- und Beteiligungs-GmbH	AUT	100.00	100.00	N	EUR	–
Logistikpark Ailecgasse GmbH	AUT	99.80	100.00	V	EUR	36,336.41
UBM BULGARIA EOOD	BGR	100.00	100.00	N	BGN	–
UBM Swiss Realitätenentwicklung GmbH	CHE	100.00	100.00	V	CHF	20,000.00
AC Offices Klicperova s.r.o.	CZE	20.00	100.00	V	CZK	200,000.00
AC Offices Plzenská s.r.o.	CZE	20.00	100.00	V	CZK	200,000.00
Andel City s.r.o.	CZE	0.00	100.00	V	CZK	200,000.00
FMB – Facility Management Bohemia, s.r.o.	CZE	100.00	100.00	V	CZK	100,000.00
Immo Future 6 – Crossing Point Smichov s.r.o.	CZE	20.00	100.00	V	CZK	24,000,000.00
UBM – Bohemia Projectdevelopment-Planning-Construction, s.r.o.	CZE	100.00	100.00	V	CZK	8,142,000.00
UBM – Bohemia 2 s.r.o.	CZE	100.00	100.00	V	CZK	200,000.00
UBM Klánovice s.r.o.	CZE	100.00	100.00	V	CZK	200,000.00
Blitz 01-815 GmbH	DEU	100.00	100.00	V	EUR	25,000.00
Münchner Grund Verwaltungs GmbH	DEU	0.00	94.00	N	EUR	–
City Objekte München GmbH	DEU	0.00	75.20	V	EUR	25,000.00
CM 00 Vermögensverwaltung 387 GmbH	DEU	100.00	100.00	N	EUR	–
CM 00 Vermögensverwaltung 389 GmbH	DEU	100.00	100.00	N	EUR	–
CM 00 Vermögensverwaltung 510 GmbH	DEU	100.00	100.00	N	EUR	–
CM 00 Vermögensverwaltung 511 GmbH	DEU	100.00	100.00	V	EUR	25,000.00
CM 00 Vermögensverwaltung 512 GmbH	DEU	100.00	100.00	V	EUR	25,000.00
Florido Tower Management GmbH	DEU	50.00	73.27	N	EUR	–
Münchner Grund Immobilien Bauträger Aktiengesellschaft	DEU	94.00	94.00	V	EUR	716,800.00
Münchner Grund Riem GmbH	DEU	0.00	60.16	N	EUR	–
Stadtgrund Bauträger GmbH	DEU	100.00	100.00	N	EUR	–
UBM Leuchtenbergring GmbH	DEU	100.00	100.00	N	EUR	–
UBV France s.a.r.l.	FRA	75.00	75.00	N	EUR	–
FMH Ingatlanmanagement Kft.	HUN	100.00	100.00	V	HUF	3,000,000.00
UBM Projektmanagement Kft.	HUN	100.00	100.00	N	HUF	–
UBM d.o.o.	HRV	100.00	100.00	V	HRK	20,000.00
„FMP Planning and Facility Management Poland“ Sp. z o.o.	POL	100.00	100.00	V	PLN	150,000.00

Company	Country code	Shareholding UBM-AG %	Shareholding UBM Group %	Type of consolidation	Currency	Nominal share capital
„MAZURSKA DEVELOPMENT“ Sp. z o.o.	POL	100.00	100.00	V	PLN	50,000.00
„UBM Hotel Gdansk“ Sp. z o.o.	POL	100.00	100.00	N	PLN	50,000.00
„UBM Residence Park Zakopianka“ Sp. z o.o.	POL	100.00	100.00	V	PLN	50,000.00
Larissa Sp. z o.o.	POL	100.00	100.00	V	PLN	3,936,000.00
Philharmonie Office Center Spólka z ograniczona odpowiedzialnoscia	POL	100.00	100.00	V	PLN	7,326,000.00
UBM Green Development Sp. z o.o.	POL	100.00	100.00	V	PLN	156,000.00
UBM Polska Sp. z o.o.	POL	100.00	100.00	V	PLN	50,000.00
UBM Development s.r.l.	ROU	100.00	100.00	N	RON	–
Ruzinov Real s.r.o.	SVK	100.00	100.00	V	SKK	200,000.00
Facility Management Slovakia s.r.o.	SVK	100.00	100.00	N	SKK	–
„UBM Ukraine“ TOV	UKR	100.00	100.00	N	UAH	–
Dictysate Investment limited	ZYP	100.00	100.00	V	CYP	175,609.00
Verbundene Personengesellschaften						
UBM Realitätenentwicklung Aktiengesellschaft & Co. Muthgasse Liegenschaftsverwertung OHG.	AUT	100.00	100.00	N	EUR	–
Bayernfonds Immobiliengesellschaft mbH & Co. Florido Tower KG	DEU	0.00	73.27	N	EUR	–
MG Grundbesitz Objekt Gleisdreieck Pasing GmbH & Co. KG	DEU	0.00	94.00	V	EUR	10,000.00
CM 00 Vermögensverwaltung 387 Brehmstraße GmbH & Co. KG.	DEU	0.00	54.27	N	EUR	–
CM 00 Vermögensverwaltung 389 Brehmstraße GmbH & Co. KG.	DEU	0.00	100.00	V	EUR	31,114.06
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DEU	0.00	60.16	V	EUR	50,000.00
ASSOCIATED CAPITAL COMPANIES						
Associated limited partnerships						
Internationale Projektfinanz“ Warenverkehrs- & Creditvermittlungs-Aktiengesellschaft	AUT	20.00	20.00	E	EUR	726,728.34
„Zentrum am Stadtpark“ Errichtungs- und Betriebs-Aktiengesellschaft	AUT	33.33	33.33	E	EUR	87,207.40
FMA Gebäudemanagement GmbH	AUT	50.00	50.00	E	EUR	36,336.42
Ropa Liegenschaftsverwertung Gesellschaft m.b.H.	AUT	50.00	50.00	E	EUR	36,336.42
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AUT	26.67	26.67	E	EUR	74,126.29
FMA alpha Gebäudemanagement & -services GmbH	AUT	0.00	50.00	E	EUR	35,000.00
UBX Development (France) S.à.r.l.	FRA	50.00	50.00	E	EUR	50,000.00
GF Ramba Sp. z o.o.	POL	50.00	50.00	E	PLN	138,800.00
Sienna Hotel Sp. z o.o.	POL	33,33	33,33	E	PLN	81,930,000.00
Senec Real, s.r.o.	SVK	33,00	33,00	E	SKK	3,000,000.00

Company	Country code	Share-holding UBM-AG %	Sharehol-ding UBM Group %	Type of consoli-dation	Curr-ency	Nominal share capital
OTHER COMPANIES						
Other public companies						
„hospitals“ Projektentwicklungsges.m.b.H.	AUT	21.78	21.78	N	EUR	–
hospitals Projektentwicklungsges.m.b.H.	AUT	25.00	25.00	N	EUR	–
REHAMED Beteiligungsges.m.b.H.	AUT	0.00	10.89	N	EUR	–
BMU Beta Liegenschaftsverwertung GmbH	AUT	50.00	50.00	N	EUR	–
IMMORENT-KRABA Grundverwertungs-gesellschaft m.b.H.	AUT	10.00	10.00	N	EUR	–
REHAMED-Rehabilitationszentrum für Lungen- und Stoff-wechselerkrankungen Bad Gleichenberg Gesellschaft m.b.H.	AUT	0.00	8.06	N	EUR	
St. Peter-Strasse 14-16 Liegenschaftsverwertung Ges.m.b.H.	AUT	50.00	50.00	N	EUR	–
VBV delta Anlagen Vermietung Gesellschaft m.b.H.	AUT	0.00	20.00	N	EUR	–
Zenit Bauplanungs- und Errichtungsgesellschaft m.b.H.	AUT	50.00	50.00	N	EUR	–
ZMI Holding GmbH	AUT	48.33	48.33	N	EUR	–
„S 1“ Hotelerrichtungs AG	CHE	11.23	11.23	N	CHF	–
UBX 3 s.r.o.	CZE	50.00	50.00	N	CZK	–
UBX Praha 2 s.r.o.	CZE	50.00	50.00	N	CZK	–
UBX Plzen s.r.o.	CZE	50.00	50.00	N	CZK	–
Bayernfonds Immobilienentwicklungsgesellschaft Wohnen plus GmbH	DEU	0.00	30.24	N	EUR	–
BFS Florido Tower GmbH	DEU	0.00	46.53	N	EUR	–
Bürohaus Leuchtenbergring Verwaltungs GmbH	DEU	0.00	48.51	N	EUR	–
REAL I.S. Project GmbH	DEU	0.00	46.53	N	EUR	–
UBX 1 Objekt Berlin GmbH	DEU	50.00	50.00	N	EUR	
UBX II (France) s.à.r.l.	FRA	0.00	50.00	N	EUR	
Váci utca Center Üzletközpont Kft.	HUN	50.00	50.00	N	HUF	–
Hotelinvestments (Luxembourg) S.à r.l.	LUX	50.00	50.00	N	EUR	–
„Hotel Akademia“ Sp. z o.o.	POL	0.00	33.00	N	PLN	–
„UBX Krakow“ Sp. z o.o.	POL	50.00	50.00	N	PLN	–
„UBX Katowice“ Sp. z o.o.	POL	50.00	50.00	N	PLN	–
Hotel Real Estate Sp. z o.o.	POL	0.00	33.00	N	PLN	–
S.O.F. Debniki Development Sp. z o.o.	POL	0.00	50.00	N	PLN	–
M Logistic Distribution S.R.L.	ROU	50.00	50.00	N	RON	–
Other private limited partnerships						
Bayernfonds Immobilienverwaltung Austria Objekte Salzburg und Wien KG	DEU	0.00	1.25	N	EUR	–
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DEU	0.00	48.51	N	EUR	–
Bürohaus Leuchtenbergring GmbH & Co. KG	DEU	0.00	45.11	N	EUR	–
Porr Projekt v.o.s.	CZE	45.00	45.00	N	CZK	–
UML Liegenschaftsverwertungs– und Beteiligungs-GmbH & Co OEG.	AUT	0.00	50.00	N	EUR	–

Auditors' report

„We have audited the financial statements of

UBM Realitätenentwicklung Aktiengesellschaft, Vienna,

for the fiscal year from 01.01.2006 to 31.12.2006 on the basis of the company's bookkeeping. The bookkeeping, the presentation and the contents of these financial statements as well as the management report in accordance with the regulations of the Austrian Commercial Code are the responsibility of the legal representatives of the company. It is our responsibility to issue an opinion on these financial statements on the basis of our audit and to confirm that the management report is in agreement with the financial statements.

We have conducted our audit in accordance with the legal regulations valid in Austria as well as with the generally accepted standards for the audit of financial statements.. These standards require that the audit be planned and performed in such a manner that it can be assessed with reasonable assurance whether the financial statements are free from significant errors and whether the management report corresponds to the financial statements. Knowledge of the company's business activities and its economic and legal environment, together with the evaluation of the incidence of possible misstatements, are taken into account in the determination of the audit procedures. The scope of the audit includes assessing the evidence for amounts and other information in the accounting records and in the financial statements, which are mainly examined on a test basis. The audit also includes an assessment of the accounting principles applied as well as the significant estimates made by the legal representatives of the company as well as an assessment of the overall adequacy of the presentation of the financial statements. We are of the opinion that our audit provides an adequate basis for reaching our opinion.

Our audit did not result in any objections. On the basis of our knowledge gained during the audit the financial statements correspond in our opinion to the legal regulations and present a true and fair view of the assets and financial situation of the company as 31.12.2006 as well as the profitability of the company for the fiscal year from 01.01.2006 to 31.12.2006 in conformity with the Austrian principles of generally accepted accounting standards. The management report corresponds to the financial statements"

Vienna, March 5, 2007

B D O   A u x i l i a   T r e u h a n d   G m b H Auditors and tax consultants

gez. Prof. Dr. Karl Bruckner
Auditors and tax consultants

gez. Mag. Dr. Johann Seidl
Auditors and tax consultants

Deloitte Wirtschaftsprüfungs GmbH

gez. MMag. Dr. Leopold Fischl
Auditors and tax consultants

gez. ppa Mag. Marieluise Krimmel
Auditors and tax consultants

Supervisory Board Report
on Financial Statements 2006

The fiscal year 2006 was again a successful year for UBM AG. In the UBM home markets and especially thanks to very successful real estate sales in the Czech Republic and in Austria, UBM achieved the highest annual construction output in its entire company history.
The significant increase in annual profits show the ongoing development of UBM's economic success. In order to sustainably remain on track, UBM strengthened its market entry into core markets and increased its scope of activities to expanding markets in Romania, Bulgaria, Croatia and the Ukraine in 2006, a development which was actively supported by the Supervisory Board within the framework of its assigned duties.

The Board of Management provided timely and comprehensive information to the Supervisory Board in the form of verbal and written reports on the operating and financial situation of the group and its participations, on staff and planning matters as well as on investment and acquisition projects, and discussed strategy, business development and risk management with the Supervisory Board. The Supervisory Board passed the necessary resolutions during a total of five meetings. Concerning the transactions subject to approval under Section 95 Para. 5 Stock Corporation Act or according to the Board of Management's operating rules, the necessary permissions were obtained in cases of emergency in the form of a written vote. The average attendance rate in Supervisory Board meetings was 95 %. On April 27, 2006 a meeting of the Audit Committee was held for control and preparation of the annual statements 2005 in cooperation with the auditors.

The annual statements at December 31, 2006 of UBM AG, including Notes to the Financial Statements and the Group Management Report, as well as the Consolidated Accounts at December 31, 2006 and the Group Management Report prepared according to the International Financial Reporting Standards (IFRS), were jointly prepared by Deloitte Auditors GmbH, Vienna and BDO Auxilia Treuhand GmbH, Vienna.
Any audit based on the books and documents of the company as well as any statements and documentary evidence issued by the Board of Management revealed that the accounting methods and the annual consolidated statements complied with statutory regulations and provided no reason for objection.
The (group) management report is in agreement with the annual consolidated statements.

The aforementioned auditing firms have issued an unqualified opinion for the annual consolidated statements. All documentation concerning the financial statements, the proposal of the Board of Management for the appropriation of profit and the audit reports of the auditors were discussed in detail by the Audit Committee and the auditors on March 19, 2007 and submitted to the Supervisory Board. The Audit Committee and the Supervisory Board approved the financial statements at 31 December 2006 and the (group) management report after intensive explanations and inspection. The financial statements at December 31, 2006 were thus finalised. The Audit Committee and the Supervisory Board have furthermore approved the consolidated financial statements 2006 drawn up according to IFRS as well as the group management report.

The Supervisory Board endorsed the Board of Management's proposal for the appropriation of profit.
The Supervisory Board would like to thank customers and shareholders for their trust and loyalty to UBM as well as thank the Board of Management and the staff for their hard work in the past year as well as their successful cooperation.

Vienna, March 2007

Gen.-Dir. Komm.-Rat Dkfm. Dr. Siegfried Sellitsch e.h.
Chairman of the Supervisory Board

Profit appropriation

The financial year 2006 of UBM AG closed with unappropriated retained earnings in the amount of EUR 3,011,67.35.

The Board of Management proposes to distribute a dividend of € 1.00 per no par value share, which on the basis of 3,000,000 no par value shares amounts to € 3,000,000.00 and to carry forward the residual profit amounting to € 11,671.35.

Following a resolution of the general meeting of shareholders approving this proposal for the appropriation of profit dividends of € 1.00 per no par value share shall be distributed as from April 16, 2007 according to the statutory tax provisions through payment of the administrating deposit bank. The principal paying agent is the Bank Austria Creditanstalt AG.

Glossary

Joint ventures	Joint ventures of several companies for the realisation of construction projects
ATX	Austrian Traded Index
Dividend yield	Dividend in relationship to the share price
EBIT	Earnings Before Interest and Taxes
EBT	Earnings Before Taxes
ECV	Issuers' Compliance Law, for the prevention of illegal use of insider information
Equity ratio	Share of the average shareholders' equity in relation to the balance sheet total
IFRS	International Financial Reporting Standards
Impairment test	In accordance with IAS 36 an evaluation of asset values shall be carried out through a regular test, which will establish any reduction in values in the meantime of the asset and which may lead, if appropriate to the booking of corresponding adjustments.
Annual construction output	Presentation of the output achieved in accordance with economic criteria, which deviates from the presentation of revenues in the profit and loss account, since it also includes proportional output in joint ventures as well as the revenues of non-consolidated participations.
P/E	Price earnings ratio, share price in relation to the earnings per share
Market capitalisation	Stock market value, share price X number of shares issued
Sustainability	Sustainability of the economic development based on ecological criteria
Pay-out Ratio	Distribution ratio, dividend per share divided by earnings per share in %
Total shareholders' Return	Dividend yield plus share price increase
WBI	Vienna Stock Exchange Index

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2006