Annual Report 2021

Key performance indicators

Key earnings figures (in €m)

	2021	Change	2020	2019
Total Output [1]	471.0	-1.6%	478.6	678.0
Revenue	278.3	51.8%	183.3	242.0
Earnings before taxes	60.1	-3.4%	62.3	70.5
Net profit	43.7	7.3%	40.8	50.1

Key asset and financial figures (in €m)

	31.12.2021	Change	31.12.2020	31.12.2019
Total assets	1,494.5	8.9%	1,372.0	1,316.4
Equity	550.6	14.0%	482.9	462.5
Equity ratio	36.8%	1.65 PP	35.2%	35.1%
Net debt [2]	381.0	-20.5%	479.1	442.4
Cash and cash equivalents	423.3	71.2%	247.2	212.4

Key share data and staff

	31.12.2021	Change	31.12.2020	31.12.2019
Earnings per share (in €) [3]	4.50	2.6%	4.39	6.16
Earnings per share incl. hybrid capital interest [4]	5.65	6.0%	5.33	7.10
Share price (in €)	43.30	20.9%	35.80	47.20
Market capitalisation (in €m)	323.5	20.9%	267.5	352.7
Dividend per share (in €) [5]	2.25	2.3%	2.20	2.20
Payout ratio % [6]	50.0%	-0.2 PP	50.2%	35.7%
Staff	355	4.7%	339	389

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

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

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

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

[5] The dividend is paid in the following financial year but is based on the previous year's net profit. The dividend proposal for 2021 is subject to the approval of the Annual General Meeting.

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

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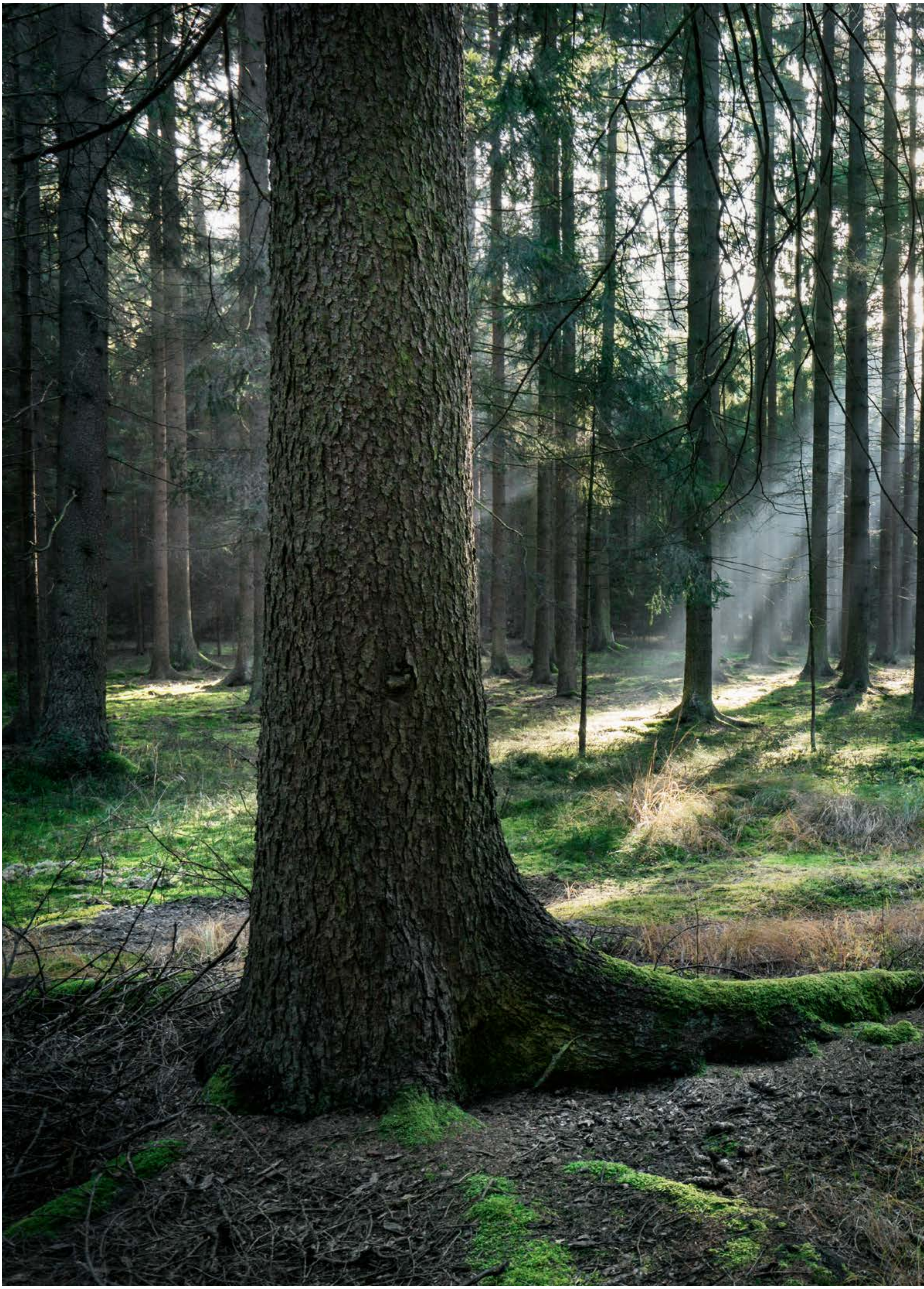


Dear Shareholders,
Dear Stakeholders,

For UBM, 2021 was much more successful that we could have expected in this second year of the pandemic. It would have been easy to issue a statement at the beginning of the year with a reference to the more than 12 months without acquisition opportunities and caution that earnings would be negatively influenced by the lack of forward sales. We instead successfully identified a number of projects and sold them, without being involved in the realisation, at a profit during 2021. That also places us in a position to recommend a record dividend without changing the previous year's 50% distribution rate.
The 2021 financial year also marked a turning point for UBM, which is underscored by the interviews in this annual report. Our consequent focus on timber construction and ESG gives us the feeling that we are really doing something relevant for society. This year we are once again dedicating a separate extensive report to the complex of themes summarised under "Environmental Social Governance".
By realising our claim to become the largest timber construction developer in Europe, we are using the greatest lever available in our sector to reduce CO_2 emissions and support the fight against global warming. The production of the concrete and steel used in construction is, namely, responsible for 2.1 billion tonnes of CO_2 each year. That is the same amount produced by air, ship and rail traffic combined. A substantial reduction in the volume of concrete and steel through the alternative use of timber would allow the development sector to make a contribution that is only equalled by the automobile sector. We are also consequently focusing on green financing, and our sustainable thinking is similarly concentrated on the development of human resources. At UBM, we have found a new mindset with *green. smart. and more*.

In an annual report that is scheduled for publication in spring 2022, it is unfortunately unavoidable to mention the war in Ukraine. Even though UBM terminated its business activities in Russia during 2021, this conflict will have an impact on the whole of Europe – if is does not lead to a completely new world order. We have learned to live with uncertainty during the past two years but are now confronted with an entirely new dimension whose effects are still not possible to estimate. UBM has a very conservative position for a real estate developer with equity capital of around €550m and cash and cash equivalents of over €400m. Nevertheless, the effects of the war in Ukraine on our lives and our business activities deserve our unbroken attention.
Only one thing remains – to thank our customers, investors, suppliers and the public authorities for their confidence in UBM – and our employees for their untiring commitment. The current year, 2022, does not appear to be less challenging but with your continued support, we should be able to again meet these challenges.

The Management Board

Thomas G. Winkler
CEO, Chairman

Martin Löcker
COO

Patric Thate
CFO

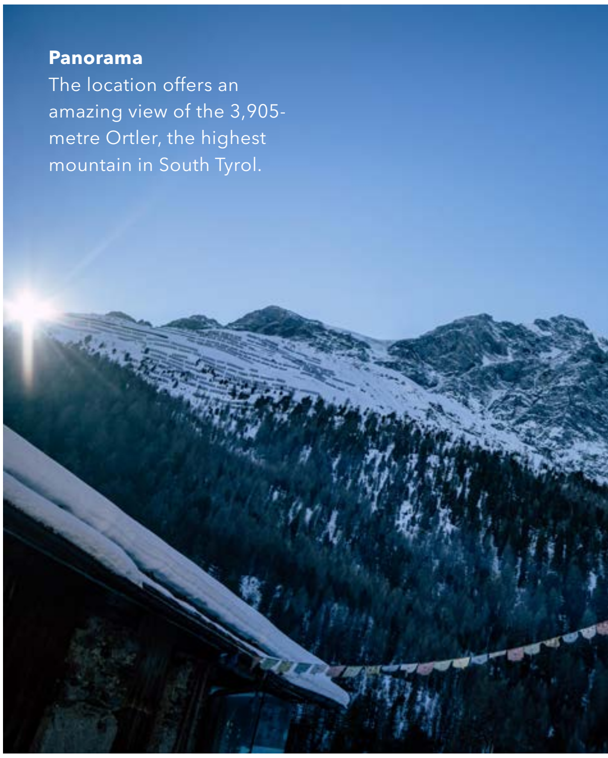
Martina Maly-Gärtner
COO

Our strategy can be summarised in four words: "*green. smart. and more.*".

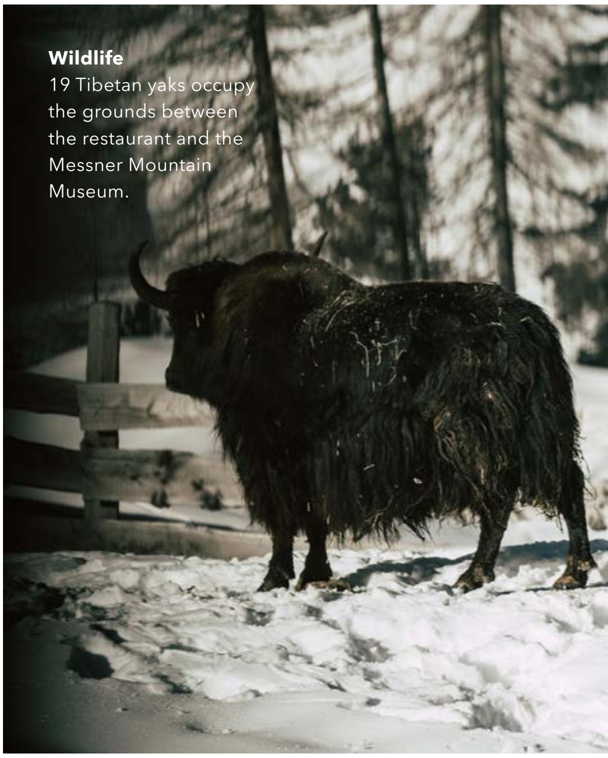
This report is focused on "green" – in other words, sustainability.

It defines our actions as UBM Development: specifically as "green building" and "green financing" and generally as "green thinking".

Good food
In Sulden am Ortler, Messner transformed a run-down farmhouse into the "Yak & Yeti" Restaurant.

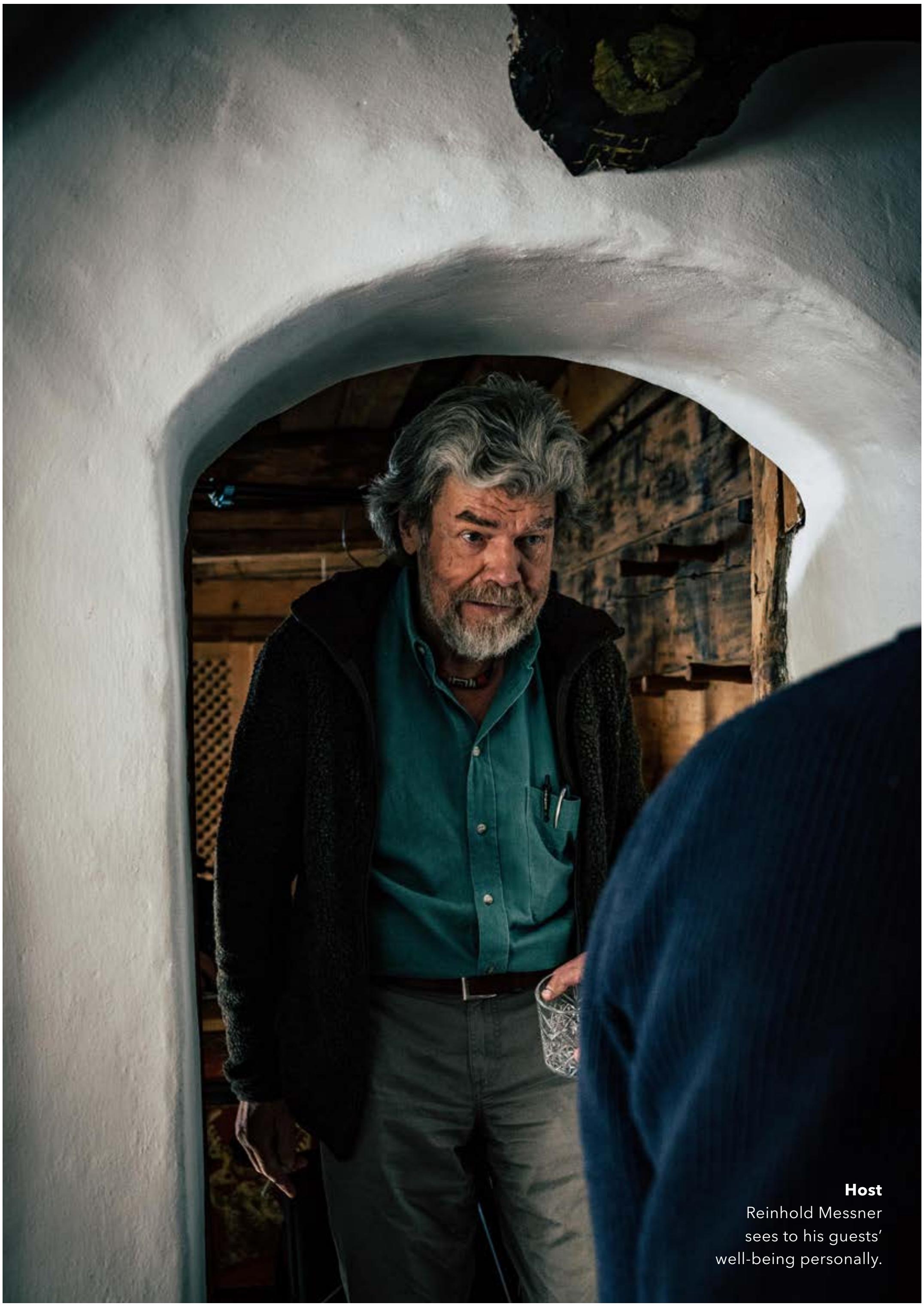


Panorama
The location offers an amazing view of the 3,905-metre Ortler, the highest mountain in South Tyrol.



Wildlife
19 Tibetan yaks occupy the grounds between the restaurant and the Messner Mountain Museum.

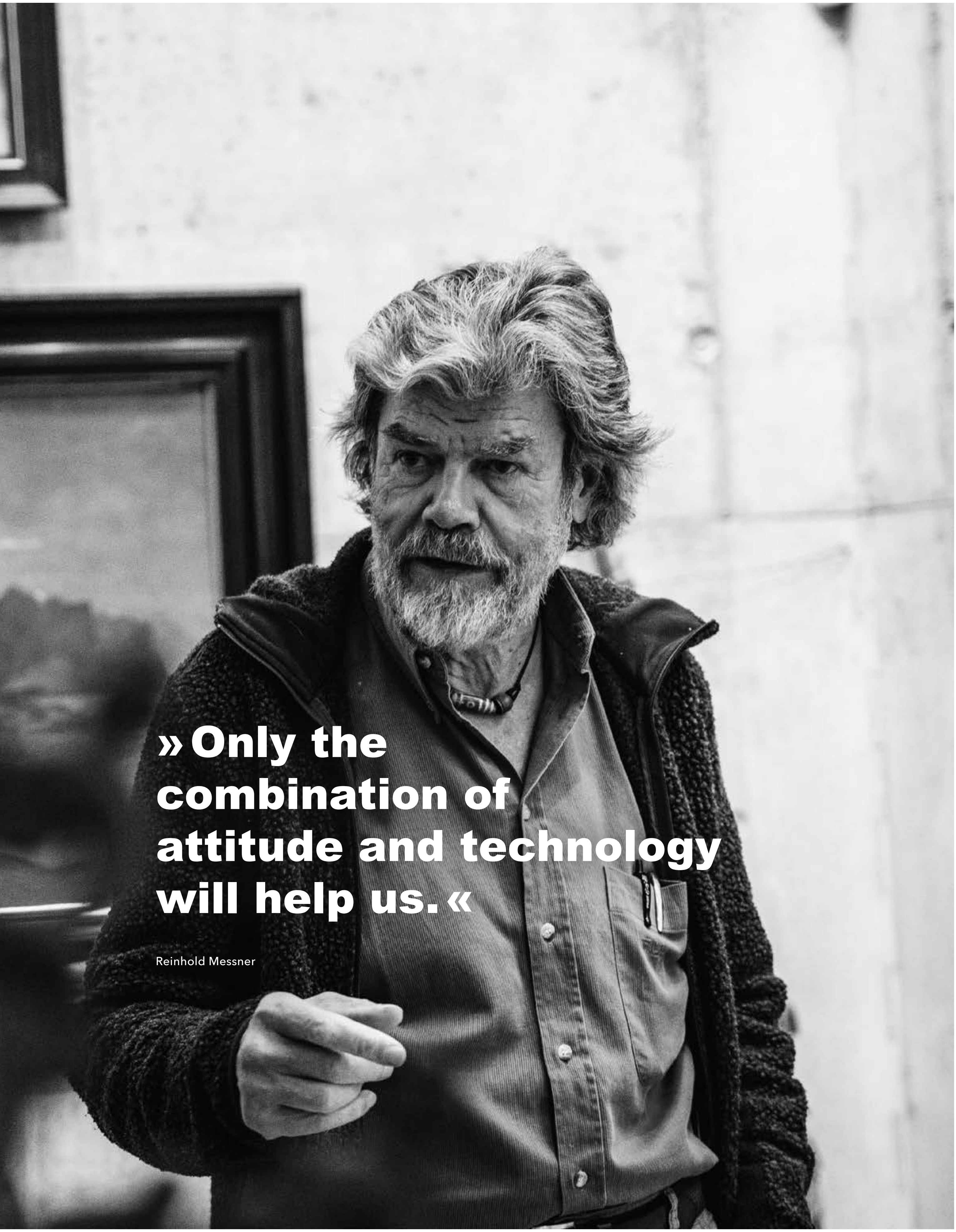
SOUTH TYROL, 19 JANUARY 2022
This weathered room in an over 400-year-old farmhouse in Sulden am Ortler set the stage for a very special type of summit meeting. What did mountaineering legend Reinhold Messner and UBM CEO Thomas G. Winkler have to say to each other during UBM's climate protection dialogue? A lot more than you might think!



Host
Reinhold Messner sees to his guests' well-being personally.

» Sustainability isn’t a trend like some people think, it’s an attitude. «

Thomas G. Winkler



» Only the combination of attitude and technology will help us. «

Reinhold Messner

Very few people have been able to experience the Planet Earth from as many extreme perspectives as Reinhold Messner. Born on 17 September 1944 in Brixen, he has done this from the summit of Mount Everest to the South Pole, from the Gobi Desert to the assembly hall of the European Parliament. His experiences have created a sharper view of the environment, man and wildlife.

»There is only one point in my life that can serve as a focal point for politics, and that is sacrifice.«

Reinhold Messner

Question: **A recently published book bears the title "If nothing changes, everything changes". Mr Messner, as a former member of the European Parliament, you are very familiar with political processes. Do you think politicians will manage to get a grip on climate change?**

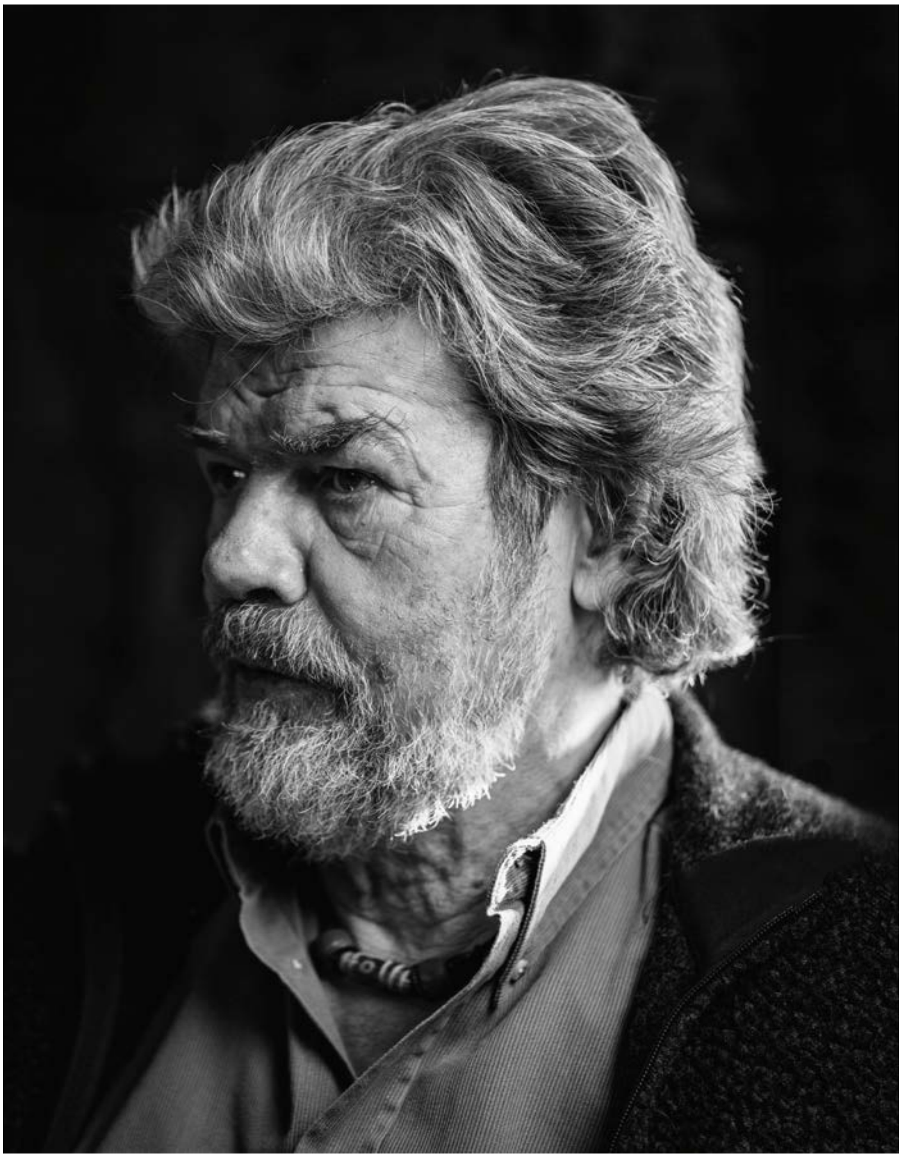
Reinhold Messner: In the end, we as citizens must solve the problems. And we must stop global warming, no question. That will be difficult because China, India and presumably also the USA are not prepared to take the necessary steps. In Europe we have the chance to generate positive momentum for this issue, momentum other countries will hopefully follow. Industrialisation and the consumption of massive amounts of fossil fuel have brought us great prosperity over the past 200 years but have also slowly heated up the earth. I don't believe mankind will be destroyed by galloping global warming. We will, however, see more and more problems like flooding or catastrophic storms as a result of climate change, and they will be very cost-intensive. I am not a hysterical person. And I am 77 years old and don't have much more to be afraid of. But life will be significantly more difficult for our children and grandchildren, also because they will not have as much cheap energy at their disposal. In order to stop the acceleration of global warming, we must reduce CO_2-related energy consumption. And that is a difficult challenge for politicians.

As an extreme mountaineer, you always gauged yourself against the impossible. And only resistance to the impossible drove you to a peak performance. Can that also be a chance for mankind in the climate crisis?

Messner: There is only one point in my life that can serve as a focal point for politics, and that is sacrifice. My success as an alpinist and adventurer was based on the ability to sacrifice. I was not a wealthy man and came from a modest background. I could never have financed the expeditions that were commonplace in the 1970s. The Nanga Parbat expedition, which I was invited to join in 1970, included eight tonnes of equipment and 18 men. The expedition would have cost nearly half a million euros in today's money, and I would have never been able to raise that much. Five years later, my partner Peter Habeler and I climbed up another "eight-thousander" in alpine style with only 200 kilograms of gear. Our decision not to use oxygen equipment wasn't only a sporting challenge. It made the expedition roughly 30 times less expensive. If I had used oxygen equipment on Mount Everest in 1978, I would have needed assistants who, in turn, would also have needed oxygen equipment. In 1978, 50 kilograms of oxygen gear per man were required to climb Everest. I'm convinced that sacrifice is the success model for mastering the climate crisis. But this sacrifice must be voluntary and not forced, or it simply won't work. I was never smarter or better than the

»I want to preserve the building in its original form.«

Reinhold Messner



others, just much more creative. My key to success was the sacrifice that made me much more successful than the people who chose a different path.

What can a real estate developer do to contain global warming?

Thomas G. Winkler: Much more than I originally realised. Because the construction and operation of buildings is responsible for 38 per cent of global CO_2 emissions. Even before the pandemic, we had started to evaluate alternatives to conventional steel-concrete construction. The pandemic led us to see the need for a radical change in our strategy, namely a shift to uncompromising sustainability. And sustainability in our case means timber construction for the development of buildings and renewable primary energy for operations, above all geothermal energy. For new projects, we build with timber and operate with renewable energy wherever possible. That is our commitment.

Messner: Thousands of years ago, building here in the Alps was based on the available resources. Farmers fired their own limestone and used clay and stone from the surrounding area. Everything else was made of wood. And these houses stood for 500, 600, 800 years. That is the best construction method. And combining this construction method with today's technology is not only clever, but also ecologically clean. UBM's focus on timber construction is a good step!

Winkler: This farmhouse room here in Sulden, where we are currently sitting, is the best example. The beams and boards on the ceiling and walls are very old. When wood stays dry, it lasts thousands of years and longer.

Does an extreme mountaineer and Antarctic explorer have a different view of the world?

Reinhold Messner

is an extreme mountaineer, adventurer, book author, museum founder and former member of the European Parliament. He was the first to climb all 14 eight-thousanders without the aid of bottled oxygen and crossed Antarctica, Greenland and the Gobi Desert on foot. Since the 1980s he has been a dedicated supporter of environmental protection, and from 1999 to 2004 he represented the Italian Greens in the European Parliament. The Messner Mountain Museum (MMM) on Sigmundskron Castle opened in 2006 and has now grown to include five branches.

»I believe upcycling is one of the keys to solving the climate crisis.«

Reinhold Messner

Messner: Yes, I have a different view of the world and am eternally grateful for every one of these excursions. For example: I hiked for 92 days through the ice in the Antarctic and came to understand the potential in this region. The Dolomites, where I climbed as a boy, originated as coral reefs in the ocean roughly 500 million years ago. That is endlessness in comparison with man's existence. Nature, the earth, the cosmos – that is an endless dimension. But mankind – that is a passing dimension. Mankind is finite and will disappear sooner or later. Because sooner or later the sun will no longer produce energy or, conversely, will produce so much energy that people will no longer be able to live on this planet. People have a very small climatic range in which they can live. Polar bears, for example, can survive for 30 days without food, and they swim in icy water. Without infrastructure, humans can't survive a single hour at minus 50 degrees, on an ice floe *next to* the icy water.

Can companies today ignore the issue of sustainability?

Winkler: No. Today, no company can be successful without also being sustainable. Sustainability isn't a trend like some people think, it's an attitude. And sustainability has come to Europe to stay. What's more, Europe has successfully steered cash flows in this direction by rewarding sustainable behaviour. That's an enormous help.

Many experts say that we need a circular economy – instead of our current linear economic system – to reach the stated climate goals. What does this principle of a circular economy mean for the real estate sector?

Winkler: That is also nothing new. In the past, no one would ever have thought of throwing something away if it could be used for another purpose. But if I have no idea what materials were used in a building, I can only crush the debris and use it for road surfacing or incineration when it's time for demolition. These are, however, the two most unintelligent ways to use resources in a finite world. That's why the circular economy is necessarily connected with the concept of sustainability – it stems from the fact that we live in a finite world and, consequently, should recycle everything as often as possible.

Messner: Here in South Tyrol, in the upper region of the Puster Valley, there is an old mountain station with an abandoned lift system that was built with a great deal of concrete and steel. The owners of the mountain station and I developed an idea to convert this building into a museum. Because the demolition of the concrete and its transport down into the valley would be very expensive and complicated and, in the end, everything would end up as hazardous waste. The province of South Tyrol has not approved this project to date. According to legal regulations, the mountain station must be torn down and removed – the law doesn't allow anything that is not used to remain on the mountain. That is right on the one hand and crazy on the other. We want to upcycle the building and reuse everything that was built with great effort 30 years ago. I believe upcycling is one of the keys to solving the climate crisis. Or this farmhouse here in Sulden where we are now talking – I bought it several years ago for three euros because it was a complete ruin. At the time, my architect told me: That doesn't make any sense, we have to tear everything down and rebuild. But I said: I can't buy these two rooms anywhere, both are over 500 years old. I want to preserve the building, in its original form. The renovation was expensive, but less expensive than completely new construction.

Winkler: In the real estate sector, we call this refurbishment. It's always more sustainable than demolition. And that is the future for our sector.

Will we all have to change the way we live, or can we rely on technological progress to defuse the climate crisis?

Scenes from a summit meeting
Reinhold and Diane Messner, UBM CEO Winkler, the Messner Mountain Museum and a curious yak.

Winkler: It's not an either – or, but both elements combined. We definitely need both. This is also reflected in our *green. smart. and more.* corporate strategy. "green" stands for a change in our lifestyle, a new attitude. "smart", in contrast, means the technological progress we urgently need. Specifically: At UBM, "green" stands for timber construction and geothermal energy, and "smart" for energy-reducing sensors and standardisation.

Messner: I also believe only the combination of attitude and technology will help us. Technology has saved mankind in the past. In the pandemic, for example, it was the fast development of a vaccine. Unfortunately, many people didn't take advantage of this opportunity and are still not vaccinated. If everyone who could be vaccinated, actually were vaccinated, the pandemic would already be history.

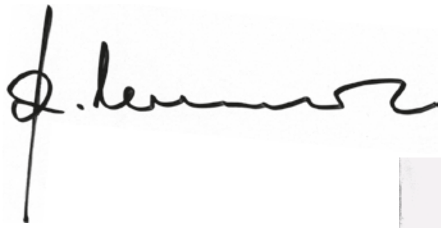
Mr Messner: You have written more than 50 books over the past decades. What book has still not been written?

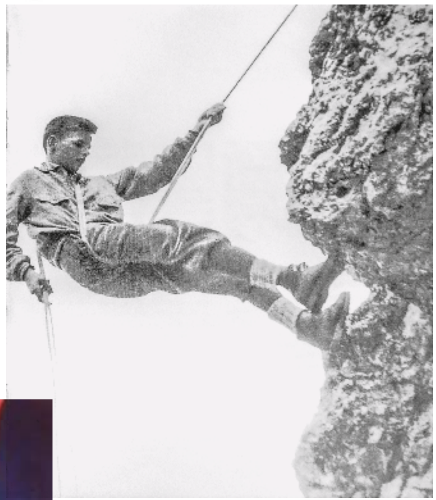
Messner: My wife Diane and I are currently working on a book where we reflect on sacrifice as a voluntary positive suggestion. Diane: What is the subtitle you created?

Diane Messner: Sacrifice as a positive value for a successful life. Through Reinhold, I have learned to appreciate sacrifice. It starts small, for example with shopping or cooking. We live sacrifice in our daily activities, we practice sacrifice every day – voluntary sacrifice.

Winkler: I have problems with that term. I'm more in favour of discipline and believe that, combined with analysis and purpose, it can lead to success. Sacrifice must always be voluntary and come from emotion.

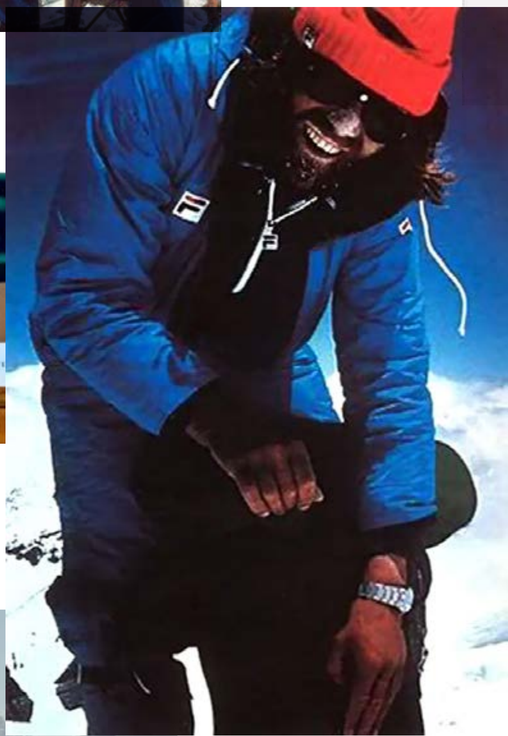
Moderation:
Gertraud Gerst





Dolomites, South Tyrol, 1960.
The young Reinhold Messner abseiling in the Geisler-Puez Group.

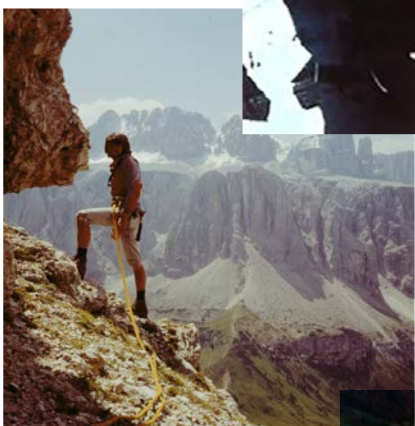
Mount Everest, 1978.
With his partner Peter Habeler. First ascent without additional oxygen.



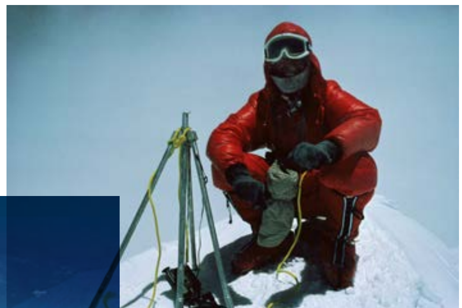
Mount Everest, Tibet, 1980.
Solo ascent without additional oxygen.

Brussels, 2001.
As an independent candidate for the South Tyrol Greens (Verdi Grüne Verc) in the European Parliament.

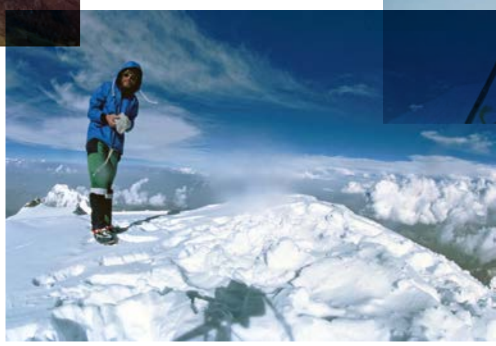
Gasherbrum I, Pakistan, 1975.
First ascent of an eight-thousander in alpine style.



Dolomites, South Tyrol, 1974.
Reinhold Messner in front of the Pizes de Cir.



Mount Everest, Nepal, 1978.
Ascent via the southern route without an oxygen mask.

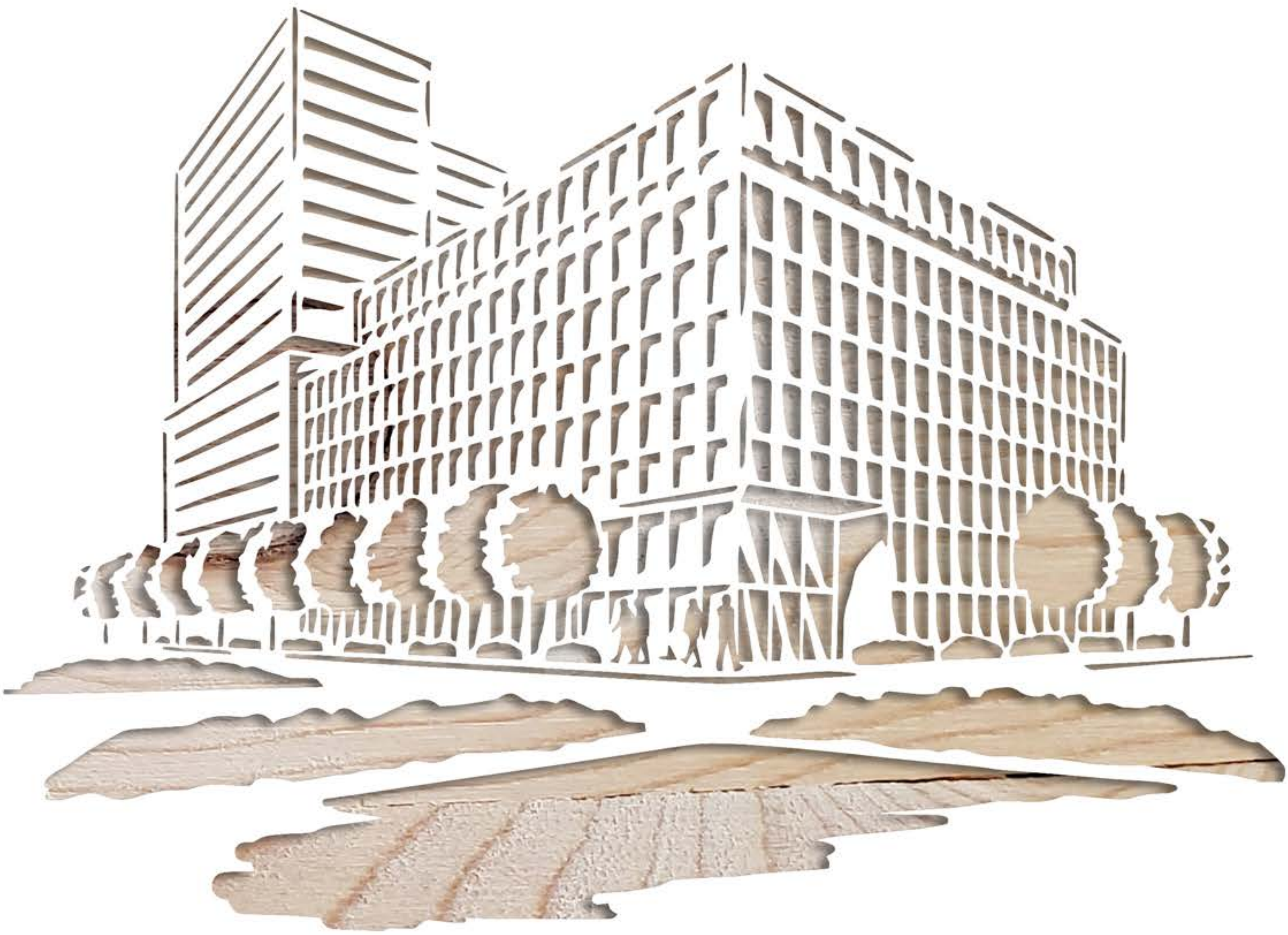


Nanga Parbat, Pakistan, 1978.
As the first man to climb an eight-thousander from the basis to the summit alone.

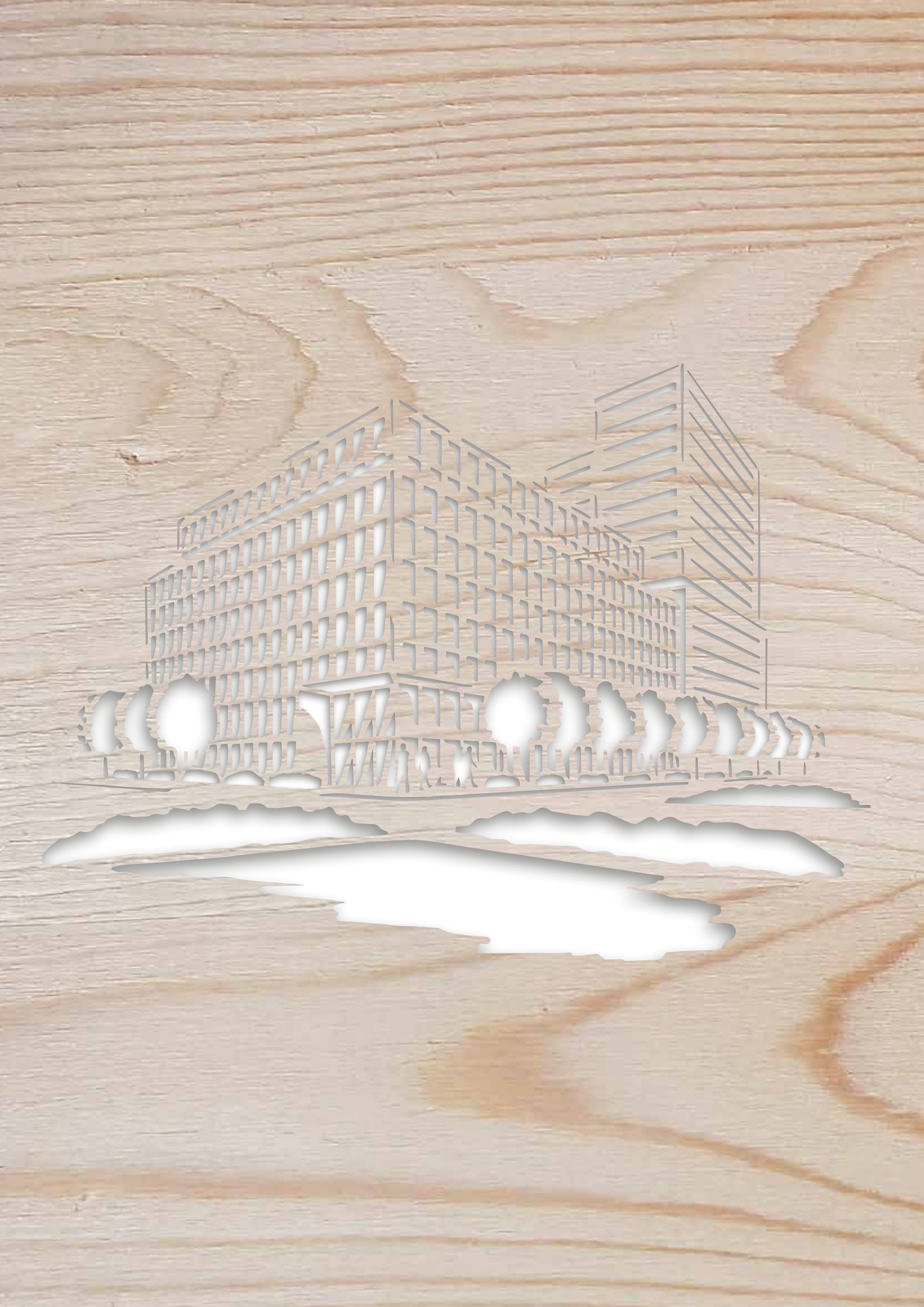
green building

Environmental awareness, resource efficiency and long-term added value are at the top of our specifications list for every UBM project. We see *green building* as an integrated concept – and we follow this concept consequently from the very first planning step. The same applies to the construction and later operation of our properties up to revitalisation.

We also remain true to sustainability from the selection of materials to energy management throughout the entire lifecycle of our multiple award-winning buildings. Because for us, *green building* is both a claim and a process.



Timber Pioneer
Frankfurt's first timber-hybrid office building.



The European spruce (Picea abies) has been one of the most important timber tree varieties and the forestry sector's major timber supplier for a very long time. Timber from spruce trees is light, soft and relatively elastic as well as load-bearing. Both freshly cut and dry timber can be processed quickly and easily by machine or by hand. Spruce timber is available as round timber, sawn timber, veneers or in the form of glued construction elements (solid structural timber, laminated timber). It is by far the most popular timber product for building construction and civil engineering – and is used, for example, in roofing and other applications for industry, sport venues, water and bridge-building.

Timber Pioneer, Frankfurt.
15,000 m² of rentable space in the booming Europaviertel.

Timber construction – the greatest lever

The basic thought underlying our *green building* concept is both simple and clear-cut. The concrete and steel used to construct a building are alone responsible for six per cent of all CO_2 emissions worldwide. That may sound manageable but, in fact, it amounts to the total volume of CO_2 caused by global flight, ship and rail traffic. And it is exactly here that we have a very effective lever as a developer. Every time we use timber as a building material, we reduce the CO_2 footprint of our buildings – and help to contain global warming.

A good track record

green building follows a consequent course at UBM. We include key environmental and climate factors from the search for the right location to the very first draft. Wherever technically possible, timber is the building material of choice, and we also utilise geothermal or solar energy and add green areas. In this way, we noticeably reduce the CO_2 emissions from our projects from the very beginning. Valuable resources like energy and water are always protected. And there's more: These efforts significantly reduce construction and operating costs. The "green" buildings we develop, build and operate are very profitable investments in many respects. Thanks to *green building*, ecology and economy go hand in hand at UBM.

For a better climate, indoors and outdoors

The simple selection of timber as a building material makes construction faster, less expensive and more environmentally friendly. And a building based on timber engineering creates a more harmonious living and working climate at the same time. These qualities have a positive impact on sustainability, reduce costs and improve the quality of life. First reference projects clearly show just how consequent and successfully UBM Development is now using timber construction.

First in Frankfurt

UBM's eight-storey flagship project in Frankfurt am Main clearly shows the heights possible with timber. "Timber Pioneer" with its roughly 15,000 square metres is currently under construction in a booming urban quarter. It represents Frankfurt's first office building in timber-hybrid construction and is located directly adjacent to the F.A.Z. Tower, another UBM Development project. With convincing figures, "our" Timber Pioneer can really show off.
The project will use roughly 1,500 cubic metres of FSC-certified spruce. Over the long term, this wood will store nearly 1,500 tonnes of CO_2. Construction with the same amount of cement would, in contrast, release 900 tonnes of CO_2. This state-of-the art timber-hybrid building

tonnes of CO_2. This state-of-the art timber-hybrid building produces enormous savings compared with conventional construction methods. Specifically: a reduction of almost one third in transport costs due to materials that are up to 70 per cent lighter, 40 per cent in the weight of the entire construction, nearly 50 per cent in construction time with pre-fabricated modules, and an impressive 80 per cent in the CO_2 footprint of the shell construction. And: The lower wall thickness will increase the usable space by a good three per cent.

Timber also pays off during the construction phase. Moreover, it has a quality that is virtually priceless. It sustainably supports health and well-being in apartments and offices – without added costs. Because timber, more than any other building material, produces a feeling of warmth and comfort. It is also a superior regulator for room temperature and humidity. The outstanding insulating properties of timber, combined with ecological building technology, make it an all-around healthy investment.

Europe's first urban quarter made of timber

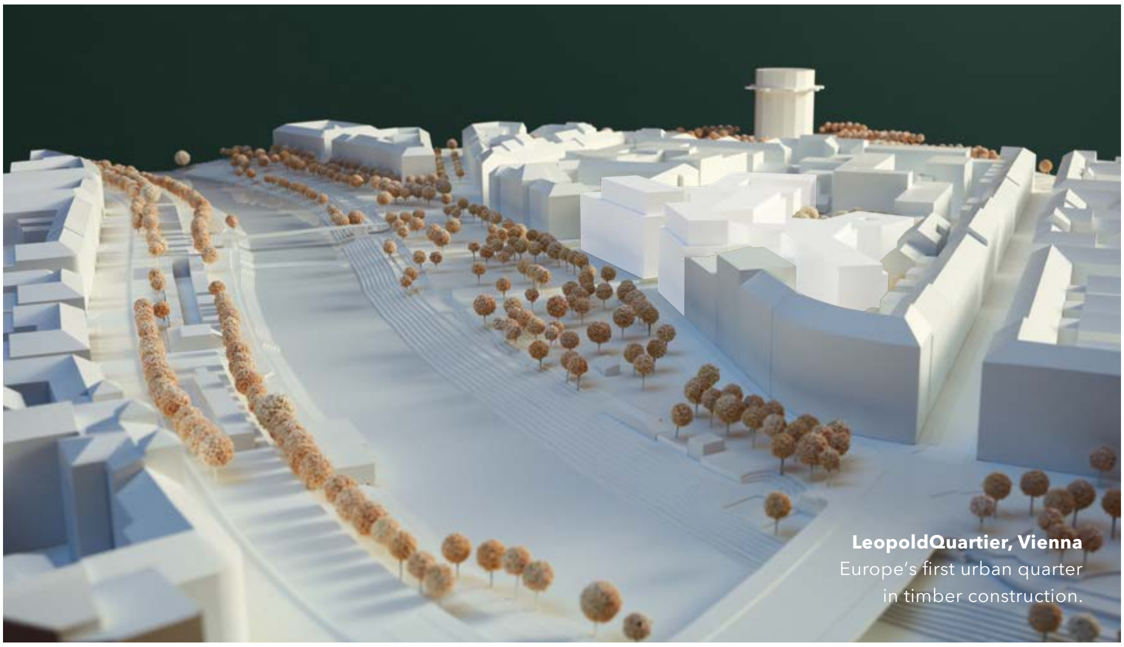
UBM's pioneering approach to timber construction, together with the integration of innovative energy sources, is visibly demonstrated by the development of the LeopoldQuartier in Vienna. Here we can pull out all the stops because we are designing an entire urban quarter from the ground up. And it is in a unique location, surrounded by the green Augarten, the lively Danube Canal and the pulsating heart of the city – Vienna's first district.

In Europe's first timber-engineering urban quarter, UBM is also setting standards with the exclusive use of renewable energies – above all geothermal power.

The total energy requirements for heating and cooling will be generated directly at the building site. A well-planned network of roughly 250 geothermal ground probes will deliver around 4,800 MWh of heating and cooling energy. 100 per cent of the energy for the LeopoldQuartier will come from renewable sources. And facility operations will be nearly CO_2 free. The intelligent interaction of state-of-the-art sensors and digital building automation will also reduce energy requirements significantly and sustainably.
Last, but not least, the LeopoldQuartier will score with its green zone. The enlarged green areas in the inner courtyard, which also help to reverse ground sealing, will make its own contribution to the green belt in the heart of Vienna's second district. The semi-intensive, biodiverse planting on the rooftops will also provide protection against heat build-up and make the city climate more pleasant.

The largest timber construction developer in Europe

UBM has been strengthening its focus on timber construction since 2019. We are following a precise timetable that will take us to the summit of Europe's timber project developers. It is, therefore, a logical consequence of these plans that we currently have a wide variety of projects in Austria, Germany, Poland and the Czech Republic in our pipeline. Our UBM roadmap provides detailed information on the current status of all these projects.



LeopoldQuartier, Vienna
Europe's first urban quarter in timber construction.

UBM’s roadmap for timber construction

2019

Internal ideas competition – “one future“.
The winner: A comparison of timber construction and reinforced concrete construction based on the *barany.7* project with two identical building segments (incl. a study in cooperation with the University of Applied Sciences in Vienna, “Green Building” programme). The project has been implemented and Segment 3 – the CO_2-neutral, timber-based construction – as well as all other segments, have been transferred to the buyer.

2020

The pandemic triggered an integrated reorientation at UBM that includes the claim to become the largest timber construction developer in Europe. Implementation of newly acquired know-how in the form of a timber-hybrid office building – start of the *Timber Pioneer* project, the first timber-hybrid office building in Frankfurt am Main.

2021

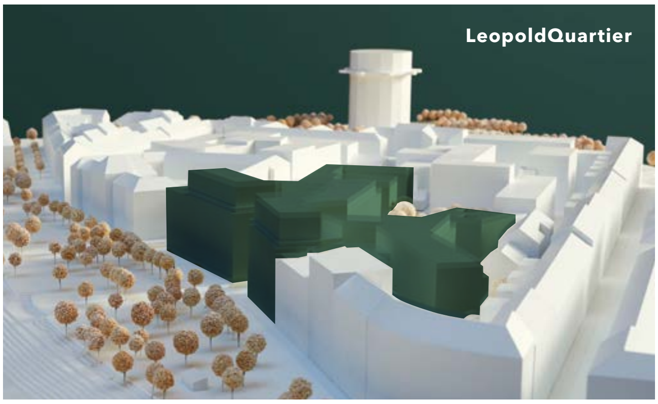
Planning for timber construction projects has already topped the 100,000 m^2 mark.

PROJECTS COMPLETED:

Baranygasse (AT, Vienna)
1,190 m^2

PROJECTS IN REALISATION:

Timber Pioneer (DE, Frankfurt)
15,000 m^2
- Building permit received
- Timber construction company commissioned
- Start of timber construction in Q2/2022



LeopoldQuartier (AT, Vienna)
75,000 m²

- All-inclusive sustainable quarter development
- Heating and cooling energy requirements will be met with geothermal power and groundwater wells directly on the campus
- Most of the electricity required to operate the heat pumps will be generated by photovoltaic equipment
- Quarter certification according to the criteria set by the German Sustainable Building Council ("DGNB")
- Europe's first quarter development project based on timber construction
- All building sections will be built in timber construction
- Building permit still outstanding

Village im Dritten (AT, Vienna)
12,500 m²

- Timber-hybrid construction for Section 05
- Certification of all sections according to the criteria set by the German Sustainable Building Council ("DGNB") and *klimaaktiv* as well as HBP (Holistic Building Programme)
- Quarter certification according to DGNB
- Building permit still outstanding

PROJECTS IN THE PIPELINE:

Timber Factory, Baubergerstraße (DE, Munich)
55,000 m²
- Timber-hybrid construction
- Use of photovoltaics and geothermal power
- KfW 40 as a minimum standard

Bogner Gründe (DE, Munich)
23,000 m²
- Goal: Certification for timber construction
- Goal: Energy generation with photovoltaics
- Urban gardening

Arcus City (CZ, Prague)
7,525 m²
- Timber construction
- Goal: BREEAM "very good" certification

»With timber construction, we are actually rediscovering something we have known for a long time.«

Hermann Kaufmann

» Timber has demonstrated its success as a building material for large-scale projects over many centuries.«

Martin Löcker

When “timber pope” Hermann Kaufmann and UBM COO Martin Löcker start to talk shop, time seems less important. And the result was an exciting dialogue on timber construction!

Both Hermann Kaufmann and Martin Löcker literally grew up with timber. One as the son of a carpenter's family in the Bregenz Forest, the other as a farmer's son in the Austrian province of Styria. Kaufmann started to work in his parents' carpentry workshop at an early age, Löcker completed carpenter's training as part of his dual study education. The perfect basis for an in-depth discussion on the subject of timber!

Question: **Sustainability is currently the order of the day in the real estate sector. In your opinion, what factors define a sustainable property?**

Hermann Kaufmann: The main focus of sustainability is the careful use of raw materials and energy. The goal is to minimise the energy and materials required for construction and reduce the energy consumed during operations. Another factor involves social sustainability. As architects, we believe architectural quality is also especially important – higher quality means a longer life for the building. And a building must be low-emission, and, of course, recyclable.

Martin Löcker: The term sustainability originally comes from the forestry sector, where the tree you plant today is harvested by the next generation – or even the one after that – and everything you harvest today was planted 60 or more years ago. Translating this to real estate means that our buildings are sustainable when they are correctly built, can justify their existence in 30, 60 or more years, and are still relevant for residents and tenants. What makes all this possible? Resource-friendly building today, resource-friendly operations tomorrow. And the day after tomorrow: remaining attractive and meeting its intended purpose from the viewpoint of users, the local area and the social environment. Eventually, a building should also be able to return to the materials cycle with a minimal use of resources. The second decade of this 21st century is our chance to move resource-friendly, CO_2-saving and human aspects into the foreground.

Kaufmann: To be even more direct – the climate has finally given us the first kick in the ass. Now there's really just one more thing to do: jump on the bandwagon!

»The construction of timber high-rises is almost as sensible as Formula 1 racing. But similar to Formula 1, the further development is also decisive.«

Hermann Kaufmann

Löcker: What's more, the European Green Deal with the Taxonomy Regulation and the new Corporate Sustainability Reporting Directive are directing massive cash flows towards sustainability. As businesspeople, that makes us twice as creative and twice as fast.

Is timber as a building material really the answer to the challenges of the 21st century?

Kaufmann: When the main construction material used in a building is replaced by a renewable raw material, meaning timber, that has a direct positive effect on the CO_2 footprint and resource consumption. In Central Europe, we are literally awash with timber. It is, consequently, clear that timber should first be used as a material before it disappears into secondary products like paper or is even incinerated and releases all the stored CO_2.

Löcker: A building normally goes through three phases – construction, use and demolition. The key to sustainable construction is simple: Replacing the largest part of the building materials by a renewable, CO_2 positive material – meaning timber – gives us the greatest CO_2 lever. Timber meets five of the six criteria defined by the EU Taxonomy. That is a feat no other building material can match. Timber literally forces us to work with a greater degree of prefabrication and systematisation, and that also conserves resources. However, timber makes no contribution to resource conservation during the use or operation of a building. Here we rely on renewable energy and reduced consumption. For heating, cooling and supplies, especially on geothermal power and photovoltaic equipment. We work very hard to create "smart" buildings that basically consume less energy and resources. And green building certification also remains at the top of our list. That makes the real value of our buildings and development projects transparent and easy to understand for our customers.

You mean ESG, Taxonomy and the EU's Green Deal are setting the standards.

Löcker: This subject has become enormously important. On the one hand, we must provide information on the CO_2 footprint of our buildings during construction, and on the other hand our customers – the users of our apartments and the tenants in our offices – are starting to ask questions. How was the building built? What have you done to support climate protection? Are your supply chains in order, and what building materials did you use? Our other customers,

Hermann Kaufmann

is considered a pioneer in timber construction and frequently referred to as the "timber pope". He comes from a traditional carpenter's family in Vorarlberg's timber region and has advanced timber construction like hardly any other. Kaufmann studied in Innsbruck and Vienna. His decision to study architecture was supported by his uncle, Leopold Kaufmann, who played a leading role in developing Vorarlberg's architecture dialogue and served as a pioneer in timber construction. Here he learned the foundation and tools for his profession during his years as a trainee. Since the founding of his firm HK Architects in Schwarzach during 1983, he has realised numerous timber construction buildings with his team in Europe and overseas. He teaches in Austria, Liechtenstein and Germany, most recently as a professor for design and timber construction at the Technical University of Munich. Kaufmann is the driving force behind many research initiatives, exhibitions and basic reference books on the subject of timber construction. His approach as an architect is influenced by ideas from classical modernism connected with profound confrontation with the built object. The central goals of his work are to sound out the possibilities for modern timber construction and to search for comprehensive answers to sustainability in construction.

»The second decade of this 21st century is our chance to move resource-friendly, CO_2-saving and human aspects into the foreground.«

Martin Löcker

our investors, not only ask these questions but also want tangible proof.

Timber construction isn't really new, is it?

Löcker: Timber construction has an extremely long tradition, especially in Central Europe and Scandinavia. When you look at the roof structures of Gothic churches, you see real engineering works of art that were built centuries ago! Canada and the northern regions of the USA also have a long tradition in timber construction. For example: The Landing Building, a seven-storey office building in Vancouver, was built with timber in 1905. A number of these buildings – up to nine storeys high – are still in operation today. Timber has demonstrated its success as a building material for large projects over many centuries.

Kaufmann: I'm always inspired when I see the medieval storehouses in southern Germany – some of them have up to eight storeys. With timber construction, we are actually rediscovering something we have known for a long time.

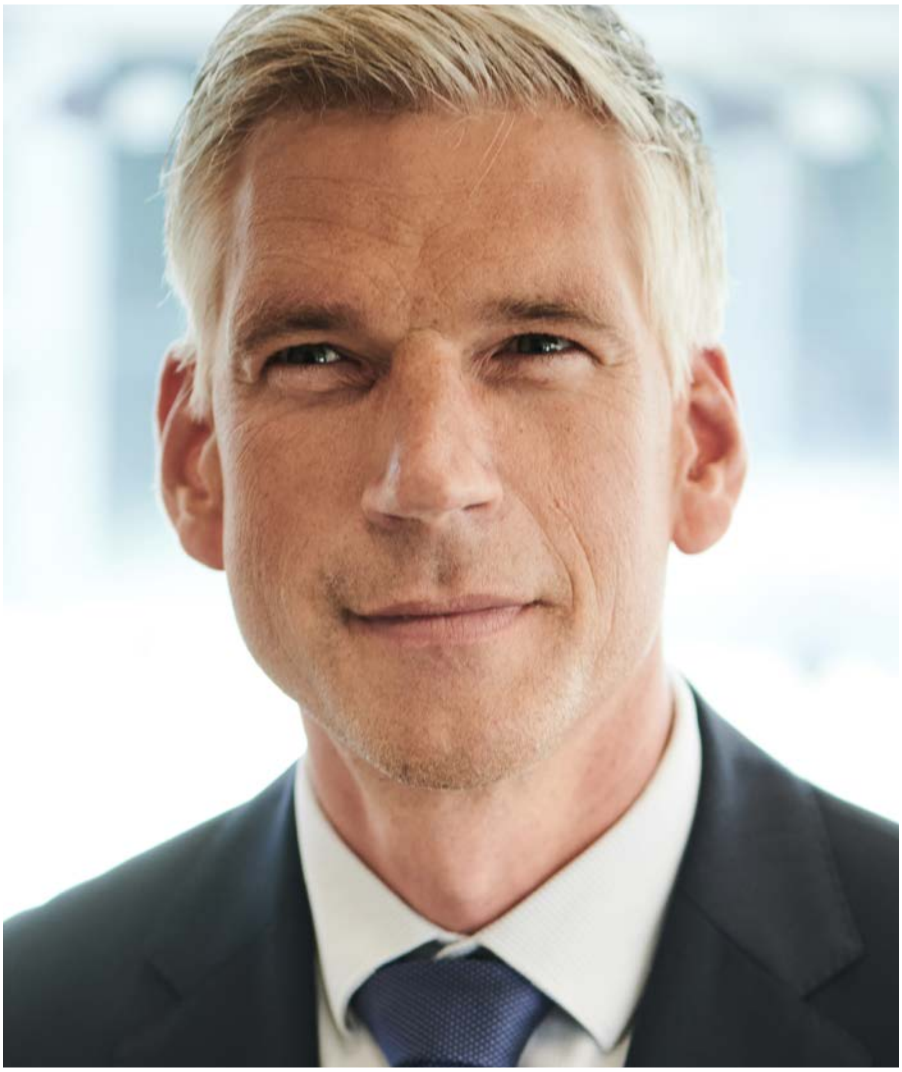
Does modern timber construction have any limits?

Kaufmann: Certain requirement profiles make the use of timber difficult. For example: We were unable to construct a laboratory building with timber because it required extremely low-vibration ceilings. As a building material, timber does have its limits. But these limits are being pushed back at a rapid pace.

Löcker: UBM currently has over 100,000 square metres of timber construction projects in planning. And naturally, the use of timber reaches its limits now and then. But these limits are currently connected more with permits and less with technical feasibility. We should use timber where it can really demonstrate its strengths: Timber is resistant to tension and compression, it's light, it can be used in exterior and interior walls for load-bearing and non-load-bearing functions – and it even helps to increase the usable space in exterior walls. In contrast, timber is not ideal where moisture, high acoustic demands or heavy vibration stress is involved. Apart from these three weak points, timber can be used almost everywhere.

Kaufmann: One very important advantage of timber is the possibility of prefabrication and faster and safer construction.

Löcker: Prefabrication in timber construction plus the related digitalisation and quality assurance are a big advantage! Timber construction is, in fact, a catalyst for digitalisation. Production in warm and dry halls can also be an answer to the problems related to working conditions and the



lack of specialists – at construction sites, these issues represent major challenges. Timber construction also requires less transport and produces less waste at construction sites, namely up to 80 per cent less transport and up to 80 per cent less waste. Every truck that doesn't need to find its way into the inner city of Vienna or Frankfurt is good for our climate. And every work accident that can be avoided is good for the construction workers. Naturally, every defect that is prevented by prefabrication and quality assurance is also a great advantage.

Does the development of timber buildings work the same way as the development of conventional steel-concrete structures?

Löcker: The development of large-scale projects with timber construction requires special know-how. Project processes must be not only planned but also implemented differently. At UBM, we are now entering our third year of intensive work on the subject of timber construction and have hired an entire team of timber experts. We have gone through a steep learning curve in these past years and are very happy to have this expertise in-house. When it comes to timber construction, we can also guarantee the desired quality from conception to implementation.

Kaufmann: The bottleneck is currently the lack of sufficient specialists. A good point is that UBM started to address this subject in time and has probably been more successful in identifying and hiring the necessary experts.

Would there be more timber construction if there were more experts and specialised companies?

Kaufmann: Definitely, yes. If the sector were really in good condition and productive, there would be much more

Martin Löcker

is COO of UBM and a trained carpenter. Born in Styria, he studied economics/civil engineering at Graz University of Technology. At the European Business School in Munich, he earned a postgraduate degree in real estate economics. Since 2007, he has held various management positions in the UBM Group and is responsible for the operative business.

timber construction. UBM is, right now, certainly a pioneer in this field, it knows exactly who can supply what and who you can talk to – and not talk to.

Löcker: At the moment, the capacity shortage in construction companies is a problem. Then again, we have seen other shortages disappear rather quickly. A year ago, everybody was talking about the explosion in timber prices and assumed timber construction would soon be too expensive. That never happened. After a speculative phase, the price of timber stabilised at a level where the raw material is available at a reasonable price.

Timber construction is setting new records almost on a monthly basis – the height of the buildings is increasing steadily. Timber high-rises with over 100 metres are currently in the planning stage. Where is all this going?

Kaufmann: The construction of timber high-rises is almost as sensible as Formula 1 racing. But similar to Formula 1, the further development is also decisive for timber high-rises. As soon as it is clear that really big buildings can be built with timber, it will become even more attractive for smaller structures.

Löcker: The vision is to drive urban density and urban development in Central Europe with the building material of the 21st century, namely with timber. The most reasonable use of timber is, without a doubt, below the respective high-rise limits – timber is the material of choice for buildings up to 50 metres. If we decide to exhaust this potential, our project developers will have more than enough to do over the next decade. One thing is certain – timber construction won't save the world. But it does give us the greatest lever as a real estate developer. And if we move this lever as far as we can, we will have made a lot of progress.

Is modern timber construction here to stay?

Kaufmann: If we use our timber resources reasonably and don't burn or waste timber but use it as a building material, then timber construction definitely has a future.

Löcker: Timber is the building material of the 21st century. It also served as the building material in many other centuries but then faded into the background for roughly a hundred years. But timber is back – it's here to stay!

Moderation:
Karl Abentheuer

Kaufmann

2018: Hermann Kaufmann with his office partners (from left: Christoph Dünser, Hermann Kaufmann, Stefan Hiebeler, Roland Wehinger)

1972: With his father Ernst at the construction site

2020: On an exposed peak of the Kanisfluh Massif

2014: Practical training for second semester students

2017: Abseiling from the cliffs in Bregenz Forest

Sri Lanka: One of 14 student construction sites during his professorship

green financing

As a company with subsidiaries in Germany, Austria, the Czech Republic and Poland which is listed on the Vienna Stock Exchange, UBM Development is also continuously present on the international capital market. UBM shares are listed in Vienna's Prime Market, the segment with the highest transparency requirements.

In line with our *"green. smart. and more."* strategy, we are also positioning ourselves on the capital market as a responsible developer via *green financing.*

The natural home of the **European larch** (Larix decidua) lies in the Alps and several areas of the Carpathian Mountains. The wood from larch trees has a light and narrow splint, the shading of the core wood varies from light brown to an intensive reddish brown and darkens significantly over time. The darker growth rings in larch wood are clearly distinct from the lighter growth layers. They form a high-contrast structure in the sawn timber, which appears as distinct stripes or a tongue-shaped grain. Larch is not as moisture-sensitive as other types of wood and is therefore particularly well-suited for outdoor furniture.

The EU Taxonomy – a perfect match with our goals

We view the European standards for assessing the ecological sustainability of our investments as both an opportunity and a valuable guideline. This is because we can directly integrate the specific criteria defined by the EU Taxonomy into our project development and financing. Of course, UBM's ambitions also include exceeding these requirements here and there. That's how we demonstrate our success as a visionary partner and credible actor on the way to a climate-neutral Europe, just like it says in the "Green Deal".

Financing green, results in the black
UBM's financing generally rests on three pillars. In addition to equity investors, we address debt investors by issuing bonds on the capital market. The third tool is conventional credit financing. Our activities in 2021 included converting these various financing forms to green financing, in particular through the issue of two sustainability-linked bonds. One quarter of a billion euros was issued within a single month, and the books were closed within only a few hours due to the enormous demand.

Top ESG ratings are twice as valuable
In order to make sure our green financing is understandable, in line with the market and transparent, we arrange for various ESG ratings. UBM is evaluated annually by EcoVadis and ISS ESG, two internationally recognised ESG agencies. EcoVadis places UBM Development in the top two per cent of the real estate and construction sector and in the top five per cent overall. This is very impressive in view of the 75,000 companies that are evaluated. EcoVadis awarded us a gold medal. ISS ESG ranks us as one of the three best companies in our sector in Austria and Germany and raised UBM to Prime Status in the first half of 2021. We are extremely proud of this recognition because it also confirms the effective implementation of our "*green. smart. and more.*" strategy.

Our responsibility
In May 2021, we issued a senior bond with a volume of 150 million euros on the Vienna Stock Exchange. The offer

was aimed at private as well as institutional investors. This bond carries a coupon of 3.125 per cent with redemption at maturity. The sustainability focus includes our commitment, as the issuer, to reach a specific ESG rating threshold. Failure to meet this goal will increase the repayment amount by ten basis points per year.

With a certain sense of pride, we can say: We were the first in Austria to offer a product of this kind to private investors, and we plan to increase our focus on this type of financing in the future.

Greener is (almost) impossible

UBM consequently continued this course by placing a hybrid bond with a volume of 100 million euros in June 2021. This offer was directed solely to institutional investors. It is a perpetual hybrid partial bond which is also listed on the Vienna Stock Exchange. The unlimited term is linked to an interest step-up mechanism that calls for an increase of 500 basis points after five years if UBM does not redeem the bond. According to International Financial Reporting Standards (IFRS), this hybrid capital can be reported as equity.

The bond carries a coupon of 5.5 per cent. Similar to the senior bond, the sustainability focus includes UBM's commitment to reach a specific ESG rating threshold or the repayment amount will increase by 15 basis points per year.

These two bonds converted a total of 250 million euros to green financing in a very short time. Bearing in mind UBM's total assets of 1.6 billion euros, very few companies can be considered "greener".

Always thinking one step ahead

In addition to the sustainability-linked bonds that support our general corporate financing, we also view "green bonds" as attractive tools for green financing. An important point here, however, is that traditional "green bonds" are earmarked for a specific use. UBM, as the issuer, must prove that a certain percentage of the funds, normally slightly less than 100 per cent, are used exclusively for a green project.

Sustainability-linked bonds
The volumes of 150 and 100 million euros were placed in only a few hours.

The conversion of our credit financing represents the next step to even more green financing. An increasing number of our development projects are reaching a high sustainability level, are certified, and qualify for "green loans".

UBM plans to use this attractive financing tool, in particular, for the realisation of the LeopoldQuartier in Vienna. Generally speaking, our goal is to be one of the leaders in green financing, and we are always in close contact with our banks. Experience shows that when we think things through together, initial ideas and suggestions quickly develop into tangible and successful calculation models for an even greener future.

»You can't be *green. smart. and more.* without also making your capital flows green.«

Patric Thate

»The Green Deal is definitely changing the business landscape – and also the role of banks.«

Peter Lennkh

Peter Lennkh is a member of the Management Board of RBI, the market leader for sustainable bonds, UBM CFO Patric Thate is a pioneer in the issue of these financial products in our sector.

Peter Lennkh

started his professional career in 1988 with Raiffeisen Zentralbank Österreich AG as part of the international finance department. After a position with Creditanstalt Leasing, he returned to RZB in 1992 where he was responsible for the development of network banks in the Czech Republic, Russia and Ukraine. From 1997 to 2004 he headed, among others, RZB's trade and export finance and corporate customer areas. He was appointed to the Management Board of Raiffeisen International Bank Holding AG in 2004 with responsibility for the corporate customer business and network bank coordination. Peter Lennkh has been a member of the Management Board of Raiffeisen Bank International AG since 2010. He was in charge of network bank management from 2010 to 2013 and, since 2013, has been responsible for corporate banking.

When RBI Management Board member Peter Lennkh and UBM CFO Patric Thate exchange views on the subject of green financing, they do this eye to eye. RBI placed a total of €9.8bn in 2021 as the consortium leader for these types of transactions, while UBM successfully raised €250m with two issues. And there is still no end in sight – not for this financial institution and not for this real estate developer.

Question: **With the European Green Deal, the EU member states plan to become climate-neutral by 2050. The Taxonomy is intended to accelerate this transformation. Has green financing really arrived in the banking sector?**

Peter Lennkh: As a matter of fact, it has. And there's no doubt: The Green Deal is definitely changing the business landscape – and also the role of banks. We are in the midst of a transformation process that significantly accelerated last year and, basically, no bank with a commercial customer business can disengage from this trend. At RBI, we recognised the importance of this issue early on, we accept our responsibility as a financial institution and support our customers with our know-how.

Green financing has also arrived at UBM. What were the decisive factors for this step?

Patric Thate: You can't be *green. smart. and more.* without also making your capital flows green. That's the reason we also positioned UBM as green from the capital side and issued two sustainability-linked bonds last year, one hybrid bond and a second bond with a volume of 250 million euros. Simply being green in your operating business – without the right financing – is definitely not enough.

How large is the volume of green financing handled by RBI?

Lennkh: At year-end 2021, the ESG-compliant customer loans granted by RBI AG, meaning here at our headquarters, totalled €2.6bn or about 10% of our total lending in Vienna. And we have ambitious goals: By 2025 we want to increase the share

» The Taxonomy will also create massive opportunities for all market participants, regardless of their size or sector. «

Peter Lennkh

of corporate loans for ESG-compliant investments to roughly one third of our overall volume. The focus here is not only on loans, but also on sustainability-linked bonds and promissory notes. We were commissioned as the consortium leader for 25 such transactions in 2021 and raised a total of €9.8 bn. According to Bloomberg, the RBI Group ranks first for sustainability-linked bonds – based on volume as well as the number of transactions – in Austria and CEE.

For UBM, a quarter of a billion in green bonds is a significant volume. Are you expecting more?

Thate: Yes, of course. Our refinancing needs are unbroken and, as a company, we also want to drive our operating growth. We therefore plan to continue this course and issue further green financial products in the future.

What types of investors are interested in sustainable products? And what are their interests?

Lennkh: The financial industry needs to play a key role in the financing – and consequently, also in the target attainment – for the European Green Deal. ESG components will therefore be an integral part of banks' credit risk processes in the future. Actually, they are already important for institutional investors' decisions – on both the equity and debt side. And private investors are becoming more interested in sustainable financial and investment products. In addition to focusing on a particular financial product, investors are increasingly interested in the overall development of a company in line with ESG and sustainability viewpoints.

Are the investors in UBM's ESG bonds different than previous bondholders?

Thate: Both bonds were oversubscribed very quickly, which means the demand was very high. Retail demand was also very good. This shows that green financing has already become part of the consumer's mindset. However, the share of institutional investors was slightly higher than in the past.

The Taxonomy has had a significant influence on the global economy. Isn't Europe sliding into a competitive disadvantage compared with countries like China, India and the USA?

Lennkh: That's too simple. The Taxonomy will also create massive opportunities for all market participants, regardless of their size or sector. Think about new business fields – for example, more climate-friendly vehicles or more sustainable farming. The investments required for the upcoming transformation will be immense. The European Commission estimates the necessary public and private investments for the Green Deal at €2.6 bn in this decade alone. And to prevent the transfer of greenhouse gas emissions to non-European countries, customs duties should be imposed on CO_2-intensive imports starting in 2026.

The Taxonomy will make very many products and services more expensive. Does this mean the European consumer will end up paying the bill?

Lennkh: That could happen. It's quite possible that more demanding production standards and newly designed supply chains will also have an impact on product and service pricing. However, I'm convinced that the medium- and long-term costs of unchecked and steadily accelerating climate change would clearly exceed the costs for the transformation. This transformation to greater sustainability creates value and, as a society, we should be prepared to make the necessary investments.

The terms of UBM's ESG bonds call for an increase of 10 or 15 basis points per year in the interest rate if the ambitious goals are not reached. Isn't that a risky condition for a CFO?

Thate: It was, and still is, a calculable risk. But the decision wasn't difficult because the time was simply right for green financing. And what's most important – it worked, and it also paid off.

The financial and capital markets are mobilising and channelling the

»Green financing has already become part of the consumer's mindset.«

Patric Thate

capital for the climate-neutral transformation of the economy. What role are banks playing in this process?

Lennkh: Banks are intermediaries, in other words a connecting link between the supply and demand for money. Their role has increased significantly as a result of the Paris Climate Agreement because we are financing the economic transformation, either directly, or indirectly by arranging the necessary financing for major investments. And it's obvious that this transformation will involve enormous investments. Accordingly, banks will make a key contribution to meeting the climate goals.

Do you see any alternative to sustainable financing for the European economy in general or for the real estate sector in particular?

Thate: No, I don't think so. Of course, we could have relied on "business as usual" for a while. But I think we chose a very good time to change over to green financing, and that also gives us a competitive advantage. Our competitors will have to switch to green financing sooner or later – or have already started this process. As an early mover, we definitely have a competitive advantage. And we also did our homework regarding reporting and transparency.

The Taxonomy is a voluntary classification system for green financial products. On the other hand, do we need a mandatory classification system for "dirty" financial products?

Lennkh: No, I don't think so. The transformation to a sustainable economy will require much more than a focus on green investments. In my opinion, it will be just as important to support business models and regions where the transformation – from today's point of view – will take longer and be more difficult.

Mr Thate, how do you see this?

Thate: I've never been in favour of pointing the finger at the business sector. It's not easy for certain sectors, for example the steel or aviation industry, to reduce their CO_2 footprint because the necessary technical innovations aren't widely available. I do believe in making financing transparent and requiring companies to disclose this information. Then, every investor can form his or her own opinion.

Implementing the Taxonomy will be connected with significant administrative expense and create major challenges, above all for smaller companies. Won't this inevitably lead to consolidation because only larger companies can and will be prepared to afford these added costs?

Lennkh: In any case, it will be challenging. The new Corporate Sustainability Reporting Directive brings a massive expansion of the scope, granularity and mandatory nature of disclosure. Today, 11,000 companies in the EU are covered by these regulations, in the future this number will rise to nearly 50,000. But we shouldn't go too far here: Even with the significant expansion of reporting requirements, only 0.2 per cent of all companies registered in the EU will be affected. Voluntary compliance is still planned for small and medium-sized businesses, despite intensive efforts at the European level to develop a proportional reporting approach for this sector. However, one thing is clear: It doesn't make sense for every company to have the necessary expertise in-house, we will see strong demand for external know-how. RBI has this know-how, and we can support our customers with extensive advising during the transformation.

For UBM, how much time and effort are required to meet the focus on green financing?

Thate: The administrative work is substantial, and the requirements are high. We reacted by strengthening both our systems and our staff. And we also arrange for voluntary audits. All that is expensive. But when you want to be green and not just practice greenwashing, you must simply accept these costs.

In conclusion: What challenges do you expect for the banking sector in connection with green financing?

Patric Thate

has been CFO of UBM since 2017 where he has been responsible for the company's successful and significantly improved financial positioning and the resulting competitive advantage. Thate previously served as an advisor to UBM and in leading financial functions for Lenzing AG and Deutsche Telekom.

Lennkh: There are numerous challenges, but when I mention them – please don't confuse this with complaining. We are, as I previously mentioned, well aware of our social responsibility, and to make this transparent and understandable to the outside world, you need a set of rules. One of the challenges is that the regulatory authority requires us to collect data from our customers which they either don't have or can only prepare with substantial expense. This prospect isn't very appealing for either side. But we need this data because we must report indicators on transition risks, physical risks and the measures implemented to fight climate change. Included here is also the green asset ratio, which represents the share of loans covered by the Taxonomy. These costs can, however, also have positive side effects. We plan to derive a benefit for our customers from these regulatory requirements and create the starting point for new business.

Moderation:
Karl Abentheuer

green thinking

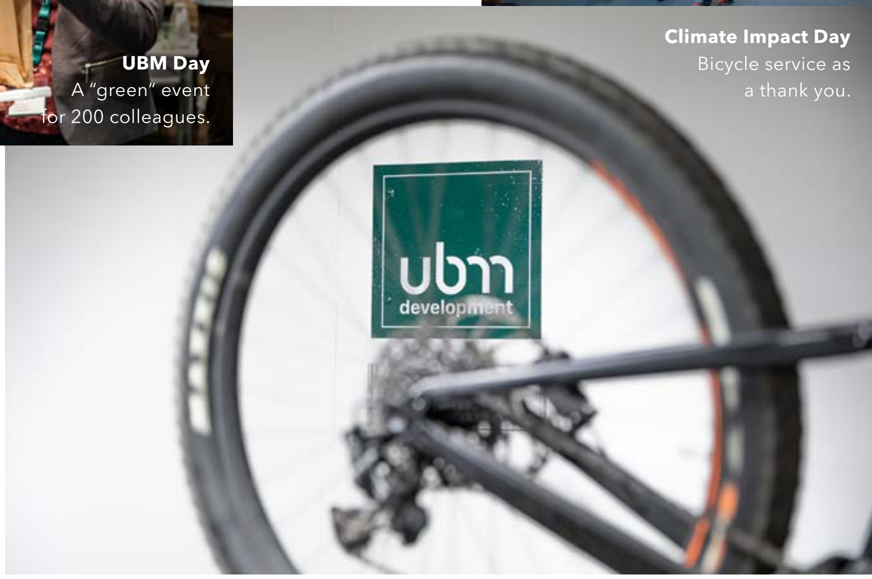
Real change starts in the mind. For each and every one of us. And also for companies. That's why we never tire of precisely formulating, transparently justifying and openly publicising our commitment to climate protection.

We are convinced the time has come for *green thinking*, and green thinking has come to Europe to stay. Real estate developers like UBM can have a much greater positive influence than is commonly expected.

The European walnut tree (Juglans regia) was widespread throughout the Mediterranean countries during Roman times and subsequently spread to our regions. For many years, the walnut and black walnut trees (Juglans nigra) have been among the most popular woods for furniture building. The wood of the Juglans regia has a caramel to dark brown colour with a particularly fine grain. It is hard and very durable.

UBM Day
A “green” event
for 200 colleagues.

green. smart. and more.
The corporate strategy
set the scene.



Climate Impact Day
Bicycle service as
a thank you.

See the big picture

Nearly eight billion people currently live on this planet and need a roof over their head. Given this massive number, it’s no surprise that the construction and operation of buildings is responsible for nearly 40 per cent of worldwide CO_2 emissions. That’s more than the total of all traffic combined, including automobiles, or any other major industrial sector.

Timber means better future perspectives
Developers like UBM naturally have a certain freedom to develop and construct buildings. The related activities are responsible for 3.6 billion tonnes of CO_2 each year. The production of concrete and steel for building materials causes over two billion tonnes of this total. Replacing both, at least in part, by timber will make an enormous contribution to CO_2 reduction.

Focus on geothermal and solar energy
It’s easy to understand that the lion’s share of the energy consumed by buildings is caused by operations that normally cover many decades. We use all available means to integrate renewable forms into primary energy supplies as early as the development stage. Wherever technically possible, we include geothermal and solar energy. Efficient thermal insulation, sophisticated building technology and the smart management of systems like air conditioning, lighting and ventilation help us to realise important energy savings. Based on today’s technology, reductions of up to 20 per cent are possible.

Use more materials several times
In real estate development, the early planning phase is also the key to a functioning circular economy. Here UBM has a number of effective adjusters. For example: We believe it is very important to use very durable and recyclable materials for the structural components like exterior walls, suspended ceilings or flooring. We evaluate the various lifecycles and replacement cycles as part of detailed assessments.

This particular focus generally eliminates the need for landfills when properties are revitalised or demolished. Most of the materials are separated on site and transported to the closest possible recycling location. These are costs that really pay off: Roughly 95 per cent of all materials resulting from the demolition of our properties can be recycled into new building products.

DIY development
green thinking, as understood by UBM, is also a question of attitude. And that requires a sustainable, corporate-wide learning process. Fortunately, UBM is large


Team spirit
Together we are more.


Premiere
First Climate Impact Day.


Campaign day
Strengthens awareness and offers solutions.

enough to have the time, the space and the financial resources at its headquarters in Vienna and in its subsidiaries to organise intensive training and educational programmes. But we are also small enough to invite all the employees involved in development activities to our popular "UBM Day" every two years.

Once again, no two days are the same
Thanks to a brief easing of the COVID-19 restrictions, we were able to organise this year's "UBM Day" in Vienna at the end of October 2021. More than 200 of our colleagues from Poland, the Czech Republic, Germany, the Netherlands and Austria followed our invitation to the Novotel in Vienna, a property developed by UBM at the main railway station. This entertaining and instructive two-day meeting was designed to fill "*green. smart. and more.*" with even more life. A colourful mixture of team assignments, lectures and events was rounded off with statements by UBM's Management Board on the core issues for 2021, *green building, green financing* and *green thinking*.

The "UBM Day" organisation was "green" in every detail. Licensing this event as a "green meeting" under the Austrian Ecolabel criteria meant compliance with a long list of requirements – from environmentally friendly travel to the prohibition of plastic badges and the use of eggs from free-range hens by the catering firm. Traditional give-aways were waived and, instead, every employee received a donation voucher.

Strengthening awareness and finding solutions
The Climate Impact Day on 21 September was a premiere for us. This climate protection campaign day organised by the Austrian start-up Glacier targets to the business sector. Its objective is to increase the awareness of climate protection and encourage the fixed integration of sustainability into corporate cultures. The campaign day allows companies to address the issue of sustainability and identify and implement solutions to strengthen their understanding of climate protection.

At UBM, employees were encouraged to cycle to work. As a small thank-you, the bikes received a free professional maintenance check-up. The idea was well received – a total of 267 kilometres to and from Vienna were travelled by bicycle that day, and not by car.

»As real estate developers, we are challenged to meet our responsibility to society.«

Thomas G. Winkler

»We have to build upwards!«

Jane Goodall, the world's leading primate researcher and UN Peace Ambassador, in talks with UBM CEO Thomas G. Winkler on climate protection, biodiversity, the future of the planet – and what must be done to keep the earth from collapsing.

Jane Goodall

It's not every day that a world famous animal and environmental protectionist and the CEO of an international real estate developer sit down to talk about climate protection. Anyone who thinks this will certainly end in controversy is wrong. And the following summary proves one thing: The legendary researcher Jane Goodall and UBM CEO Thomas G. Winkler were on the best of terms.

Question: **Jane, your latest book is called "The Book of Hope". Is there really any hope for the planet, in view of climate change and everything else that is going on?**

J**ane Goodall:** Well, we're certainly in pretty dark times, with climate change, loss of biodiversity and now a pandemic. We have a window of time in which to start turning things around. But it isn't a very big window. Hope lies in actions, and so we all need to take action now. But quite honestly, it depends on what we do. And of course major corporations have particular responsibilities.

Thomas, what are your thoughts on climate change and how action should be taken against it? This is a goal that is shared by both of you.

Thomas G. Winkler: Yes, I couldn't agree more that the window of opportunity is a very narrow one. But it is there. I am ashamed to say that I only realized very recently that as a real estate developer we can have a massive influence here. After all, 38 per cent of the total CO_2 emissions are created by building and operating buildings, more than in any other industry. As a result, we have now dug deeply to explore how we can have the most impact as a developer. Approximately a quarter of this 38 per cent – in other words: 3.5 billion tonnes – originates from building construction, and 2.1 billion tonnes from the production of the steel and concrete needed to erect these buildings. Our approach is to substitute part of this steel and concrete with timber, possibly saving a billion tonnes or even more. That's a massive impact.

What is your opinion on that, Jane? Wood is needed for construction, but you have spoken out against deforestation. Are the two at all compatible?

Jane Goodall: Well, it depends on what sort of wood is used and whether the wood comes from a plantation or from carefully controlled forestry programmes. What is really bad is if it comes from an old-growth forest. And unfortunately that is happening. Many companies take hard wood from old-growth forests and that destroys the habitat for billions and billions of living things.

That's not what UBM does, right?

Thomas G. Winkler: No, we are lucky to be particularly active in Germany and Austria. More than 30 per cent of Germany is covered by forests, and almost half of Austria. And there are more trees growing than are harvested.

And as far as I know, you are using cross-laminated timber. You don't use tropical wood or anything like that.

Thomas G. Winkler: Tropical wood would make no sense whatsoever. We use timber for the structure and therefore we can work with almost every kind of wood available. And it's also more cost-efficient to use the wood that already exists in the countries where we are active.

It's not just the buildings themselves, but also the maintenance and upkeep of housing, of big buildings, even if they are built with wood. In terms of the emissions resulting from buildings throughout their lifetime, what can developers do?

»Taking action is the way ahead.«

Jane Goodall

Thomas G. Winkler: Three quarters of the emissions are produced over the lifespan of a building, which means over more than 30 years, so that is no surprise. And the influence that you have as a developer is limited because we sell these buildings to an investor, preferably with a profit. But what is decisive in making them more environmentally friendly is providing them with primary energy that is green. In our case, as we don't live in a very sun-kissed environment here in Germany and Austria, we have decided that geothermal power is preferable. This is basically the power that you gain from the earth's crust. You use the differences in temperature there. And so we are examining every new project to see if it can be "fuelled" by geothermal power. That makes a big difference in the operation. The other difference we are trying to achieve is making buildings "smart". This means that we can control and regulate the energy con-

Dr. Jane Goodall, DBE
Founder of the Jane Goodall Institute & UN Peace Ambassador

Born on 3 April 1934, she grew up on the southern coast of England and developed a special love for animals. Her greatest dream: to explore animal life in Africa. She lacked the money for university and, as a result, worked as a secretary and waitress to finance the boat fare to Kenya. Finally in Africa at the age of 23, she made such an impression on the famous anthropologist Louis Leakey that he agreed to send this young woman into the "Gombe" region (in Tanzania) to study the behaviour of chimpanzees. That adventure became the start of her great career: Goodall's pioneering discoveries paved the way for her academic profession. In the 1960s, she completed her PhD at Cambridge University and published in National Geographic, and in 1977 founded the Jane Goodall Institute for Wildlife Research, Education and Conservation. With "Roots and Shoots" – her global environmental and humanitarian education programme for young people – she has supported projects to protect people, animals and nature since 1991. She was appointed UN Peace Ambassador in 2002 and Dame of the British Empire by Queen Elizabeth II in 2004 and is still active around the world in the interests of animal, species and climate protection. Her credo: It is never too late to save the world.

»Essential for the environment, in any event, are supplies of green primary energy.«

Thomas G. Winkler

sumption. And even turn them into buildings that learn, by making them recognise that, for example, every Wednesday afternoon in a German doctor's office you can turn down the heating at 12 o'clock because it really takes three hours for a response, and that helps you to consume less energy.

As we all know, housing is needed and cities are getting denser and denser. How would it be possible to help the environment, save biodiversity, work in favour of biodiversity, and still come up with housing that is affordable even for people who are not as fortunate as others socially speaking?

Jane Goodall: We have to build upwards! You know there are some amazing projects out there at the moment. They are rather expensive, but there is a way of greening these buildings. You know the living green walls that are springing up around the place. And so you can envisage a city of tall, tall buildings, but they're all green and so you are sort of almost looking out at a forest with vines hanging down. And of course, all of this greenery brings nature into the city. It has been proven that time in nature is beneficial for our health, mental and physical, and so urban tree planting has also become very important.

Thomas G. Winkler: We are kind of building our own ecosystems in the urban agglomerations. And there, greening means well-being and it's also about cooling down the cities. We have issues in areas of this world that didn't exist in the past. And this is the exciting thing that elevates our standing a little bit. It wasn't always the best and makes this very rewarding for us in terms of both social responsibility and, believe it or not, also commercial facts, because this is exactly where the investments will go. Because nowadays in Europe – and I think Europe takes a leading position here – you have to report on the CO_2 impact, the carbon footprint that is created by the investments you make. And the moment you report on it, you think about it and you look for investment that has a lower carbon impact.

Jane Goodall: Yes and besides that, big companies like Blackrock are beginning to withhold money from companies that aren't behaving as you say. And you know it's about consumer pressure too. People say: I don't want to buy this house, it's totally environmentally unfriendly and I'm not going to buy your house even if it is cheaper than somebody else's. I'm going to buy one that I believe is the best that it can be. And these things are beginning to have an effect.

Thomas G. Winkler: Look, to be honest, it was not consumer, but investor pressure. All of a sudden, investors wanted to know where is the ESG rating, where is the environmental, social and governance rating on this or that. And we were lucky because we had already established a pretty good standard. But the big thing was

to say: How can we really make a large impact? And we can, by substituting steel and concrete with timber.

When both of you talk to people – Thomas to clients and Jane to people who are just not convinced, who say I don't really care about climate change and the planet, I'm here now and I don't care at all about what comes after me, what is the most efficient argument you can present to make them at least think about it?

Jane Goodall: Telling stories is the way that I approach people because I find it's useless to argue with them. They're not going to listen. But if you learn just a little bit about them from your conversation and you can tell a story that reaches the heart, then you may succeed.

Thomas G. Winkler: That's right, at the end of the day it's storytelling. You must make them fond of – in our case – timber construction. And of course the argument is also that it's also rewarding commercially. At the end of the day, we are pursuing a course that brings rewards from a commercial perspective because we are being pushed in that direction by consumer pressure, and this is also helping the planet.

So the way it seems now, listening to the interview, there is hope, isn't there?

Thomas G. Winkler: Yes, I am convinced there is always hope. I feel very sorry for people who tell me that there is no hope. But that is something you can convince most people of.

Jane Goodall: And if you lose hope, and if everybody loses hope, we're doomed because without hope

Thomas G. Winkler

has been Chairman of the Management Board and CEO of UBM since 2016. Born in Salzburg, Austria, he studied law in Salzburg and Cape Town and is an acknowledged capital market expert. Throughout his international career, he remained connected with Austria through positions on various supervisory boards. Milestones in his career include management positions with the Deutsche Telekom Group, Lenzing, Magna and Maculan. His goal: to make UBM Development the largest timber construction developer in Europe.

» There is still a window in which we can start to reverse this development. «

Jane Goodall

you become apathetic and you do nothing. To me, hope is like being in a very dark tunnel and right at the end of that long tunnel is a little gleam of light, that's hope. I mean right now we are in a bad state planetary wise. But it's no good sitting at our end of that tunnel and hoping the light will come to us. We have got to work really hard, to crawl under, climb over and work around all the obstacles between us and that little light. And then we'll get there.

Everyone can do something, right?

Jane Goodall: Yes, everybody can do something every day. And when you start taking action it makes you feel good. Then you'll want to do more. And as you do more, you feel better and you start inspiring others to join you. So taking action is the way ahead.

Thomas G. Winkler: Yes, I find it amazing how easily our people have felt motivated to engage with these issues. Much more easily than with many of the other ones that we have initiated. People want to engage; they want to be actively involved. And for this, you can start small, and you can start big. As I said, we've decided to figure out where we can make the biggest impact, although this doesn't keep us from separating waste and it doesn't keep us from coming to work maybe not by car but using a different type of transport.

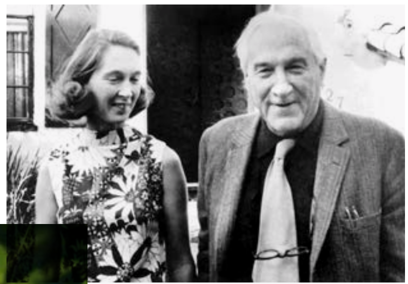
You said UBM wants to become the biggest developer in Europe who builds with wood because there is no one else doing it. Is that changing too?

Thomas G. Winkler: I guess so. The reasons for this are far too compelling to ignore. But you have to build critical mass. And with everything in human history, the beginning is always slightly difficult. To use a bit of business school language, I don't mind there being barriers to entry as they give us some lead time. But I think it's easy if you know you are starting from almost zero, apart from a couple of kindergartens or university buildings. It is a goal that you give your people because they always want to be outstanding. And coming from a small country, it is even more important to be outstanding and to create a category where you are leading.

Moderation:
Elisabeth Schneyder

Jane Goodall

Born on 3 April in London. as the older of two sisters. Her father is an engineer, her mother a writer. At the age of five, the family moves to Bournemouth on the southern coast of England, her favourite books are "Tarzan" and "Dr. Dolittle".



The first trip to Africa, 1957. At the invitation of a schoolfriend, Jane travels to Kenya for the first time. The anthropologist Louis Leakey, Director of the Kenya National Museum, hires her as his assistant and becomes her mentor.

Chile, 2013. Jane Goodall holds the hand of a spider monkey during her visit to a centre for primate rehabilitation and rescue in Penaflor, 36 kilometres south-west of Santiago.

Kigoma, 22 December 1965. Jane Goodall appears in the television special "Miss Goodall and the World of Chimpanzees", which is originally broadcast on CBS. The location: Gombe Stream National Park, Tanzania.

Washington DC, 1985. The World Wildlife Fund announces the start of an international campaign for donations to save primates living in the wild.

Tanzania, 1971. Jane Goodall with her first husband, the Dutch film maker Hugo van Lawick, and son Hugo, born in 1967. The couple divorced in 1974.

Tanzania 1965. The famous researcher Louis Leakey sends Jane Goodall to an outlying region on Lake Tanganyika to study the behaviour of chimpanzees. "I had no clear idea of what I really wanted to do – other than to live and learn in Africa".

New York City, UN headquarters, 2016. Jane Goodall, UN Peace Ambassador, and actor Leonardo DiCaprio in the General Assembly at the United Nations Peace Bell ceremony.

Gundi Wentner, a partner at Deloitte Consulting, advises companies on the search for and selection of managers, UBM COO Martina Maly-Gärtner is responsible, among others, for human resources. The perfect connection for an interesting discussion!

»Especially younger people are taking a closer look at the social impact.«

Gundi Wentner

»We need to offer more than the office of the past to support community and loyalty.«

Martina Maly-Gärtner

Has the pandemic made management more difficult? How can managers manage via video conferences? Why are women still clearly underrepresented in top management? What do young talents want and what are they looking for? Shortly before Christmas, personnel consultant Gundi Wentner and personnel manager Martina Maly-Gärtner met for a creative exchange of ideas at the headquarters of UBM Development AG.

Question: **COVID-19 has created entirely new challenges for management. A survey by Deloitte shows that personality and emotional intelligence have become increasingly important. Is this trend also reflected in your personnel discussions?**

Gundi Wentner: Basically speaking, the requirements for managers have not changed. Managers are rated according to two criteria, their technical skills and their management expertise. The pandemic hasn't made management expertise more important, just more visible – and deficits appear more quickly. I'm always surprised to see how many organisations rely on superficial selection processes for management positions. Many managers are recruited simply because of their similarity to the current management. And the price for this type of selection is often very high.

Martina Maly-Gärtner: Identifying technical skills in a recruiting interview is fairly simple. It is, on the other hand, much more challenging to sound out the candidate's personality in this very short time. You need to ask the right questions in order to reach the level of emotional intelligence and personality.

Wentner: An unstructured interview is definitely a poor choice. Our selection process is based on an entire set of psychological testing procedures or simulation models where certain work situations are played out.

Has the pandemic made management more difficult?

Maly: No, just different. The challenges lie in conveying a feeling of solidarity, even though there is less or no personal contact. Communication is now even more important – how often, how intensively I talk to my staff. And, of course, empathy is necessary to understand how employees are doing and what tools they need to reach their goals. If you don't get things right, you can risk losing your employees' loyalty.

Wentner: What factors or situations have caused the most problems for your managers?

Maly: Teamwork is a key requirement for high performance, and the pandemic has created major challenges for team spirit. We therefore worked to make this collective, this community, this motivation visible again after months of enforced home office. Our objective was to "entice" employees to return to the office as early as possible. Home office alone is definitely not a performance driver. But to do this, we need to offer that certain "more", the "and more" in our strategy "green. smart. and more.". We need to offer more than the office of the past to support community and loyalty. A nice desk and functioning IT are no longer enough. Because loyalty to the company definitely weakens as home office increases.

Wentner: I totally agree that it is intelligent, right and the responsibility of a company to offer employees a workplace where they can function well and also experience community. In our firm, the younger employees definitely wanted to return to the office to experience this community. Generally speaking, flexibility is a key factor in today's labour market, whereby the dividing line between

Gundi Wentner

is a partner and managing director of Deloitte Consulting and advises top executives and supervisory boards in their search for and selection of managers, leadership assessments and talent management. In lectures and publications, she speaks and writes frequently on leadership, education and women's issues. Wentner studied law at the University of Graz and completed postgraduate studies at Johns Hopkins University. After five years with a bank – Chase Manhattan Bank in Vienna and London – she founded a management consulting firm together with Christian Havranek. This company has been part of the Deloitte Group since July 2002.

»In Norway, for example, it's completely normal for mothers to work because the necessary infrastructure is available.«

Martina Maly-Gärtner

the working world and private life represents a great challenge.

Maly: Another point that speaks for the office is, of course, the creativity that comes from mutual inspiration. And this exchange is often impossible in a remote working environment.

A current study by Deloitte focuses on the "Power of the Organisation". What do you exactly mean here?

Wentner: The point is to offer people solidarity and meaning on the job, in other words, "purpose".

Sustainability is now UBM's motto. How does this work in recruiting?

Maly: Sustainability is high on many candidates' priority list, and our new strategic orientation has been extremely well received by the labour market. Whether the issue is timber construction or the development of "smarter", more intelligent properties – all this is exciting, above all for younger applicants.

Wentner: Exactly. Many young people are looking for a way to find a purpose in their work and contribute to society. Especially younger people are taking a closer look at this social impact in addition to exploring their own development opportunities.

The EU Taxonomy requires greater diversity in the future. However, a Deloitte survey shows that women hold only 33% of management positions. What must be done in companies and on a political level to make further progress in this area?

Wentner: One problem, without a doubt, is recruiting that concentrates on parallels to current management – these systems simply reproduce themselves. But one thing is clear – companies that focus on diversity are more successful.

Maly: A great deal also needs to be done at a political level. Childcare remains an unsolved issue – in Germany and Austria, the basic structures must still be created. In Norway, for example, it's completely normal for mothers to work because the necessary infrastructure is available.

Wentner: Austria and Germany lag very far behind here. The problems start with childcare for toddlers and continue right up to the end of schooling at the age of 18. Do we have all-day schools in Austria? No! In some Scandinavian countries, the children take their bookbags to school at the beginning of the school year – and don't bring them home again until the summer holiday starts because everything is done in school.

In Germany and Austria, children and full-time employment are extremely difficult to reconcile. And part-time work is the perfect career trap for women. The political environment is a disaster. I would, for example, change parental leave regulations to make eligibility for the full period dependent on the father taking half.

Maly: Not very many companies have realised the proven fact that the combination of women and men makes a significant contribution to a company's success, alone due to the different personalities and behavioural patterns of women and men. I always try to make sure teams have a good balance.

Wentner: In groups of people with different backgrounds – and gender is a very distinctive background feature – everyone listens more closely because they are curious.

Moderation:
Karl Abentheuer

Martina Maly-Gärtner

was appointed to the Management Board of UBM Development AG as COO on 1 September. Her international career included a position as COO of the Germany-based Arabella Hospitality beginning in 2018 with responsibility for the hotel portfolio and strategy development. Prior to that time, she served for eight years as managing director of Michaeler & Partner in Vienna, a tourism consulting and hotel development company focused on Europe. Maly-Gärtner has over 10 years of operating hotel management experience in America, the Near East and Europe with well-known international hotel chains.

»Upcycling a high-rise is radical sustainability.«

Danish architects **3XN** are operating a separate division called GXN that conducts research into the future and develops green innovations. Company founder Kim Herforth Nielsen and head of innovation Kåre Poulsgaard talk about behavioural design, carbon as a market driver, and their radical high-rise project in Sydney.

International Olympic Committee, Lausanne
With the highest score ever reached in LEED v4 Platinum certification, the Olympic Headquarters is the most sustainable office building in the world.

Natural History Museum, Shenzhen
The public park on the museum's roof rises seamlessly from the river delta.

3XN's Copenhagen offices are found on an island in the district of Holmen, on the banks of the canal. They are situated in the listed Gunboat Sheds on Kanonbådsvej, which were used for making and storing boats before being converted into a stylish office location. "They are all timber buildings, some of them are over 200 years old," says Kim Herforth Nielsen. "So don't say that timber buildings cannot stand for a long time."

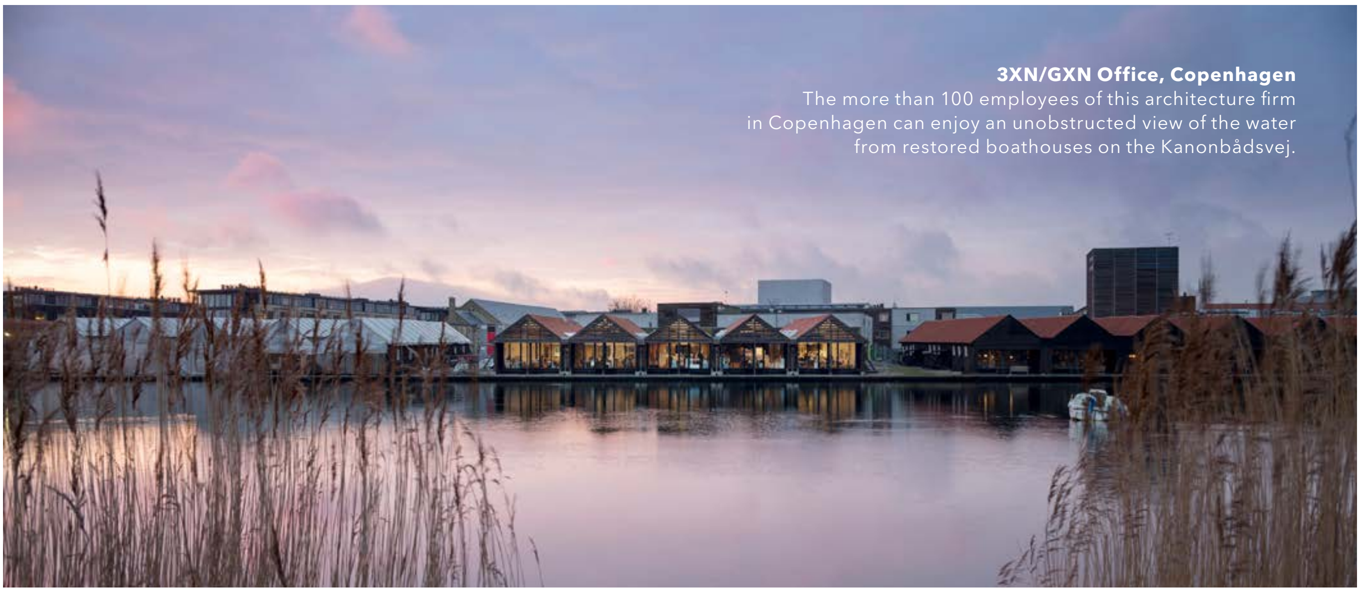
Nielsen founded the architectural firm 3XN in 1986 together with two colleagues. As they all had the same surname, the company name was chosen accordingly. Its head architect solves the riddle: "3XN means three times Nielsen," he explains. The name has since grown to represent innovative, sustainable architecture that places people in the spotlight, in line with 3XN's guiding principle: "Form follows behaviour".

A prime example of their creative work can be found about three kilometres further north, at the gateway to the new urban district of Nordhavn. It is here that the UN City, a star-shaped landmark, was opened back in 2013. Yet even today, the building is among Denmark's most sustainable structures. Their design for Shenzhen's Natural History Museum introduced another superlative to the international stage of architecture.

By establishing the green think tank GXN in 2007, the company began to make architecture fit for the future. "Research data collected by us is fed back into the design process at 3XN," explains GXN's head of innovation Kåre Poulsgaard in a description of how the synergies work.

Why did you decide to separate the green innovation division GXN from the rest of the company?

Kim Herforth Nielsen: First of all, having a separate unit makes it easier to control the economic activities. In the beginning it was a major investment, but



3XN/GXN Office, Copenhagen
The more than 100 employees of this architecture firm in Copenhagen can enjoy an unobstructed view of the water from restored boathouses on the Kanonbådsvej.

only a couple of years later GXN had become a self-sustaining division. And now we are earning money with it. We have 20 researchers working in GXN, and I don't think there are many other architecture firms that have their own research division.

What is the main purpose behind the research division?

Kåre Poulsgaard: There are some things that are hard to do within the normal framework of architectural projects, like coming up with something that is untested. So, what we get to do in GXN is explore new ideas, test new technologies and then try to scale it all up for implementation into 3XN projects. This is where it becomes exciting, and we want to make sure we have an impact. Besides our consultancy work with 3XN, about half of what we do involves externally funded research projects, collaborating with universities, new technology start-ups, and other partners.

Kim Herforth Nielsen: With huge investments like real estate projects, clients tend not to experiment very much. Our research from GXN helps us in doing exactly that because we can qualify our decisions better. We can make architecture more exciting because we have more knowledge about what works and what doesn't.

You have a "form follows behaviour" approach to architecture. Can you elaborate on that?

Kim Herforth Nielsen: We don't design a sculptural building and then put all the functions in, we do it the other way around. I think the most exciting way to design is to think about what is going to happen

Natural History Museum, Shenzhen
The expansive museum lobby forms the heart of this cultural megaproject.

Klimatorium, Lemvig
In the Klimatorium on the western coast of Jutland, new solutions for climate protection are under development.

in the building and around it. How will people behave in the building? We always start out with that question before we start designing. The behaviour that we want to happen informs the design. That way we can explain why it looks the way it looks with a lot more clarity, both to ourselves as well as to the clients. Because the design has been optimised for the people.

Kåre Poulsgaard: There is a research aspect that might be worth capturing here. I am an anthropologist by training and when I first heard that most architects don't get to analyse their buildings after completion, I was a bit lost for words because there is so much information, knowledge and value out there. So, what we are doing with 3XN and GXN is going back to our buildings to see how the design, ideas and strategies are performing and how people actually use the building. By collecting qualitative data and feeding it back into the design process, we can close the feedback loop and become better designers.

Within this concept of behavioural design, where does sustainability come in?

Kim Herforth Nielsen: Sustainability is part of everything that we do.

We look at it in a very holistic way. It's not only about energy, materials and a green building as such, it is also about how the building reacts to the people in and around it. You can make a building that lives up to a certain green standard but doesn't function well. Therefore, I think everything has to be taken into account when we design. Thinking about behaviour is another form of sustainability.

The result of your approach can be very sculptural. Can you name an example of a sculptural form that was shaped by sustainability parameters?

Kim Herforth Nielsen: The Olympic Headquarters in Lausanne, for example. The building as well as the International Olympic Committee itself is all about movement. We worked with the idea of movement in an informed way, using digital tools as well. We shaped and optimised the whole facade in order to keep out the sun's heat as much as possible but allow people to see out and the daylight to come in. The whole faceted facade is very sustainable. It received 93 points out of 100 for the new LEED v4 certification, making it the world's most sustainable building to date.

You have also completed the hotel project Green Solution House on the Danish island of Bornholm. What was the idea behind it?

Kåre Poulsgaard: The project had an interesting genesis with regard to sustainability. Our client wanted to integrate circular sustainability into the hotel and conference experience. Part of the design brief was to test as many sustainable

Quay Quarter Tower, Sydney
The architects upcycled an old, outdated building to create this 205-metre high-rise.

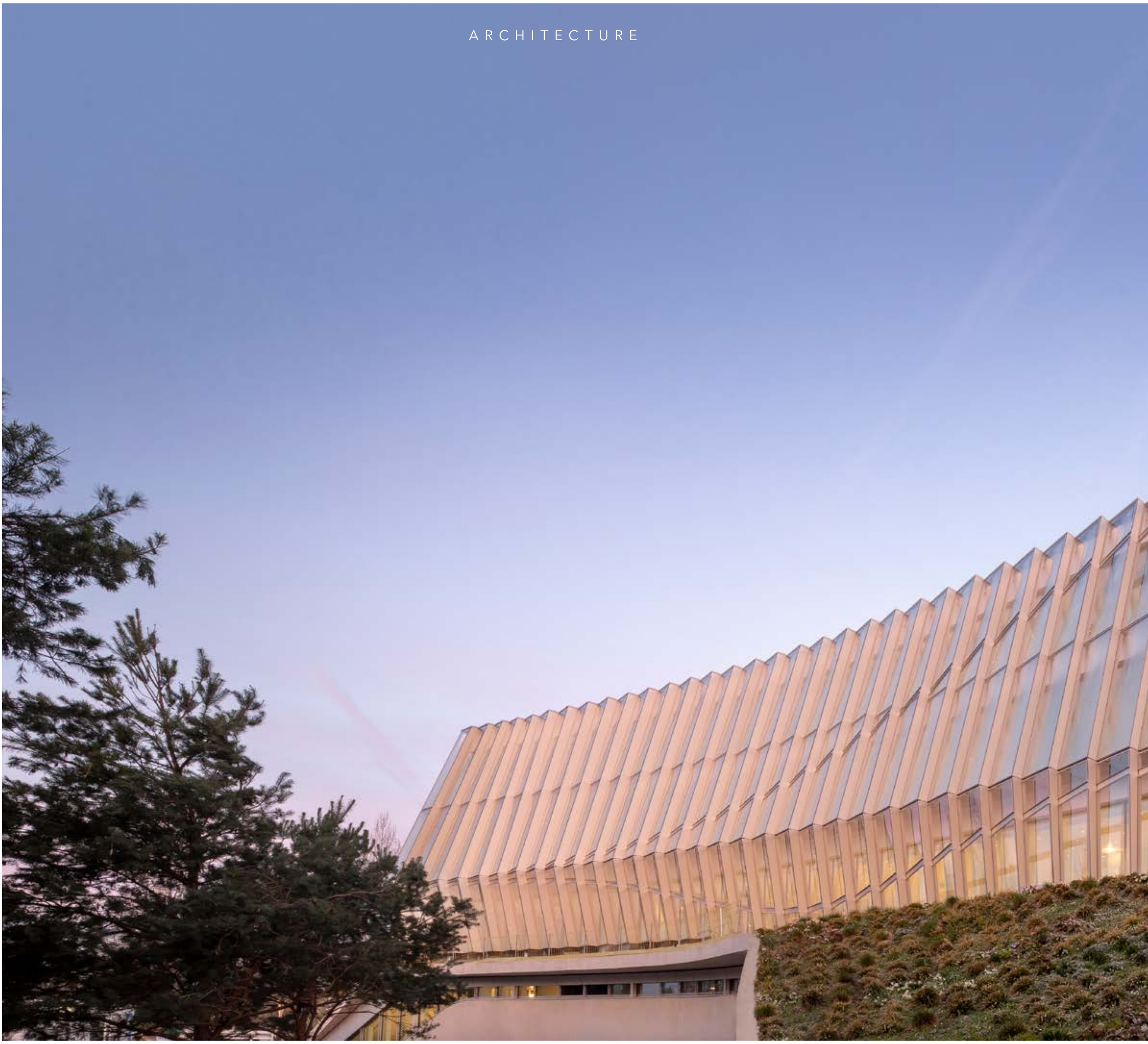
ideas as we could, and we ended up using more than 70 green solutions throughout the house. They involve everything from optimised design and photovoltaics to green walls and biological water purification. The latest development here is a new timber building that we created with 3XN. Due to the carbon sequestration of timber we can really reduce total building emissions.

Kim Herforth Nielsen: The Green Solution House is an upcycling project where we tried to use as much of the existing building as possible in order to avoid waste. Apart from that, it is also a smart building. The hotel guests can see how much energy they are using, which nudges them to behave in the right way. They can see how they inform the design as well.

A lot of contemporary buildings – like the Lemvig Klimatorium by 3XN – incorporate public spaces inside, outside, and even in their facade. What is the motivation here?

Kim Herforth Nielsen: This is part of our philosophy whenever we talk about architecture and behaviour. It's about how the buildings react to people, inside and outside. The more generous you can be to the surroundings, the better the outcome will be both for the building itself but also regarding the public response. As we say: There is no reason to build anything unless it makes the place better.

There has been criticism of some of the "most sustainable buildings". Although they meet the highest sustainability standards, they have a massive amount of embodied carbon. What's your take on this?



Kåre Poulsgaard: We are seeing a rapidly growing focus on embodied carbon. This is a metric that we are increasingly being asked to include in our designs. We are trying to reduce both embodied and operational carbon through design and material choices. Right now, those demands and those projects are driven by the markets that are reacting to a predictably rising price on carbon emissions. There are large-scale tenants and developers who have 2030 net zero pledges that are fast approaching. Everybody in the industry has to learn how to reduce carbon. That focus is going to be ramping up over the next couple of years.

So the market forces are way ahead of the sustainability standards?

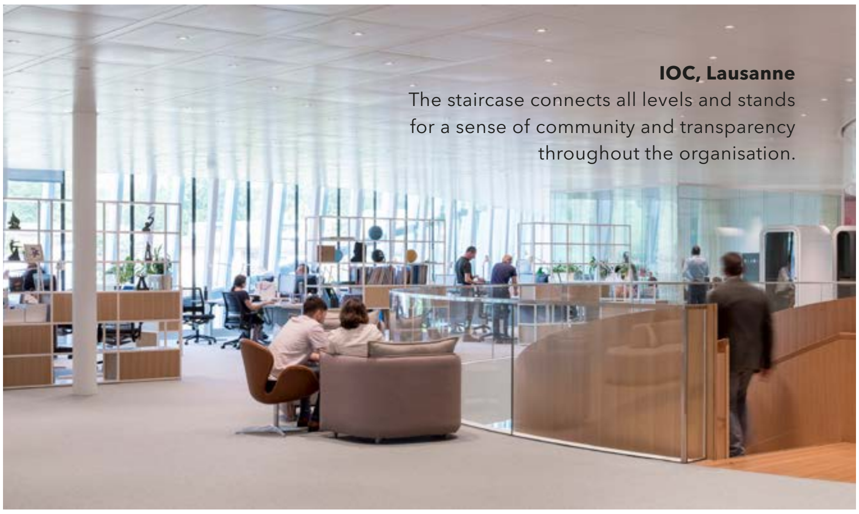
Kim Herforth Nielsen: Yes, indeed. In this regard London is progressing really fast. We just received a request from a big new developer and the first question was: How do you work with carbon? This is partly because they have to meet their carbon targets. But also because the tenants are very aware of where they are moving into; there is a significant sustainability movement in London right now. Eventually some good things will come out of this pandemic, because we have to rethink workspaces and buildings.

Kåre Poulsgaard: We can see a drive towards premium-quality offices right now, triggered by the changing needs to the office market. We can see that tenants regard carbon and sustainability as part of what it means to be premium. Together with behaviour, access to more green space, and more fresh air.

International Olympic Commitee, Lausanne
The facade is a prime example of parametric design and conveys the dynamics of an athlete in motion.

Experts say that we have to start thinking beyond the usual timeframe of architecture projects. How far ahead can and should an architect think?

Kåre Poulsgaard: A building is not finished when construction has been completed. The idea of "long life, loose fit" is baked into 3XN's design approach. The buildings are adaptable to different types of uses over time. In general it's about taking a more long-term view about what happens in the building in terms of behaviour, materials and future



IOC, Lausanne
The staircase connects all levels and stands for a sense of community and transparency throughout the organisation.

demands. We can design a building for disassembly so we can take it apart and reuse the materials, making sure we save all that information for future generations.

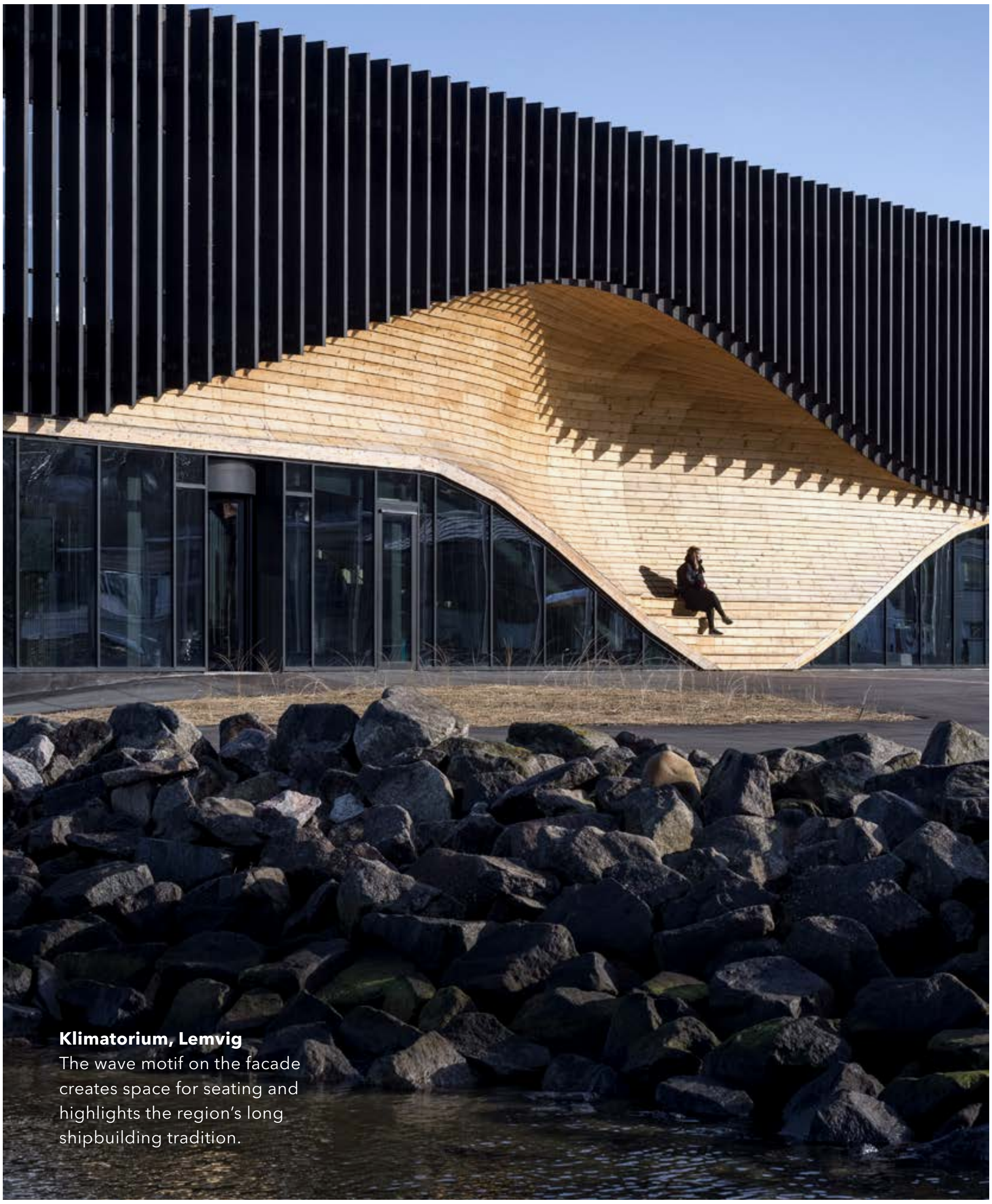
Kim Herforth Nielsen: We are currently working on the most sustainable high-rise in London. With a big project like that, six to ten years will probably pass before it's completed. And so it is essential for the client to be sure the high-rise will be relevant when it's finished. That's why they also hired GXN to look into the future. They want to know where the world is heading. With GXN we can create what we call futurology reports. We take that responsibility of thinking ahead very much on our shoulders because that's what informs our design.

Do we need to rethink the way we develop real estate projects?

Kim Herforth Nielsen: I think we have to change our behaviour, but that's not necessarily a bad thing. We have to come up with new ideas that add more quality. We are just finishing off our first high-rise in Sydney, called the Quay Quarter Tower. It is 205 metres tall and upcycles an existing high-rise building. We built on top of it and doubled the number of square metres. It was an act of radical sustainability because we kept the old concrete structure instead of demolishing it and starting all over again.

You saved the structure. Did that save money as well?

Kim Herforth Nielsen: Yes, at the same time we saved six to nine months of demolition and building time, which equates to millions, so it wasn't hard to convince the client. However, during the building



Klimatorium, Lemvig
The wave motif on the facade creates space for seating and highlights the region's long shipbuilding tradition.

Kim Herforth Nielsen
The founder and creative director of the award-winning Danish architecture firm 3XN/GXN is also a guest lecturer at various international academies and universities.

Kåre Poulsgaard
The head of innovation at GXN is holds a doctoral degree in anthropology and works together with a multidisciplinary team on green solutions and recyclable design.

process the client and leasing agents preferred to only focus on the new building instead of the upcycling story. But of course when you go in now, you cannot see that it's an old building. Yet, regardless of sustainability, it was a reasonable, faster and cost-efficient way.

Kåre Poulsgaard: What we need is a cultural change in the built environment. We need to move away from evaluating only the one parameter of cost and value. And towards integrating further parameters such as circularity, carbon, well-being and social value into the decision-making process right from the start. If we incorporate these early on and use the designers' creative minds, we can come up with new visions and solutions that are optimised across multiple parameters rather than only one.

As part of the network Circle House Lab, you work on accelerating the transition to a circular economy in the real estate industry. How are you pursuing this?

Kåre Poulsgaard: The Circle House Lab sought to facilitate an industry-wide push for circular construction in Denmark. The Lab came out of the project Circle House, a social housing project and circular lighthouse demonstrator. It is designed for disassembly inside out, so all its components can be disassembled without significant loss of value. To develop this system in a scalable way, GXN and 3XN worked with more than 60 different partners across the building value chain.
We understand that everybody has a piece of the puzzle. If we are to put these pieces together in a new way, everybody needs to have a seat at the table and share their perspective. The Circle House Lab is also working closely with the Danish Standards Association to support the development of new European standards for circular construction.

Scandinavia has been an early adopter of mass timber construction. Why is that?

Kim Herforth Nielsen: It's not only Scandinavia, it's also France and Switzerland. We are doing the Tilia Tower in Lausanne which is also a high-rise. But I think in Scandinavia we have a very strong sustainable agenda. Denmark hardly has any resources. The only resource we have is trying to be ahead and sell green technologies. Denmark is a knowledge-selling country so we have to press ahead in that way.

Why isn't everybody building with mass timber?

Kim Herforth Nielsen: Timber has its limitations of course, but you will see it more and more. We now have a fairly large production of timber buildings in many different countries. But you have to look at it holistically and use it where it makes sense. Where this isn't the case, you have to use steel and concrete. You have to weigh everything up.

Kåre Poulsgaard: Things are moving very fast so we have established a timber group in the office consisting of design architects, construction architects and GXN circular design specialists. We are trying to capture all this and we want to make sure we have up-to-date information.

If you could choose a dream project, what would that be?

Kim Herforth Nielsen: A dream project for me is a project that has a great influence and impact on people's lives in a positive way. Having the right client and the right opportunity to do something that can be a game changer on so many levels. Luckily from time to time we receive projects like that. The upcycled high-rise was one of them and now it will stand as an icon in Sydney.

Moderation:
Gertraud Gerst

UBM at a glance:

Focus

- Residential and office
- Major European cities
- green. smart. and more.

Pipeline

- €2.2 bn (proportional value over the next four years)
- 100% in residential and office
- Nearly 90% of this total in Germany and Austria

Stock Exchange

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

Track Record

- Reliable dividend payer
- Sustainable earnings growth over decades
- Nearly 150 years of corporate history

UBM acquires Munich headquarters of the luxury sport fashion producer Willy Bogner
On 12,000 square metres in the eastern quarter of Munich, UBM is developing another major project and consequently following its strategic focus on residential projects in Europe's major cities.

Highlights 2021

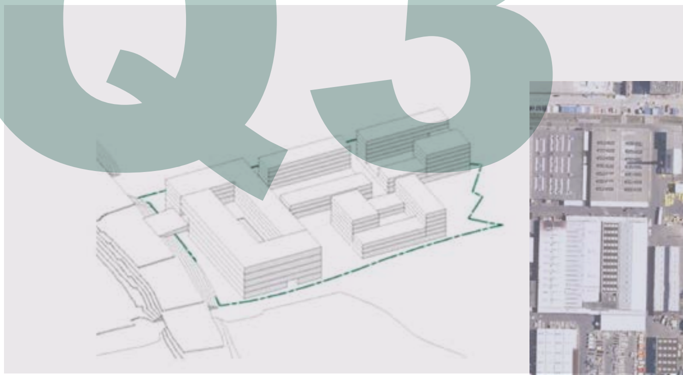
Martina Maly-Gärtner appointed fourth member of the Management Board
At the end of April, the Supervisory Board of UBM Development AG appoints Martina Maly-Gärtner to the Management Board as the fourth member. Her responsibilities include UBM hotels, Human Resources and Insurance.

ESG rating for UBM Development AG raised to Prime Status
The ISS ESG rating agency raises the ESG classification of UBM Development AG to C+, which means Prime Status. That makes UBM the most sustainable company in its sector in Germany and Austria.

Rewarded with:

UBM Development sells Rankencity
One and a half years before completion, UBM sells the Rankencity residential project for roughly €33m through a forward deal to a fund managed by the GalCap investment firm.

Q3



UBM acquires the former headquarters of the Gall + Heckelmann elevator company
With the acquisition of the former 6,500-square-metre Gall + Heckelmann headquarters, UBM lands another large-scale project in Munich.

Project in Potsdam sold to Patrizia AG
UBM Development sells 126 micro-apartments and roughly 1,200 square metres of commercial space in Potsdam to Patrizia AG. The purchase price of this new five-storey building, which was built together with a Munich family office, totals €36.2m.

Q4

Building permit received for Timber Pioneer in Frankfurt
Timber Pioneer, an office building under development by UBM together with the Paulus Real Estate Group, is Frankfurt's first timber construction high-rise. It will have nearly 14,100 square metres of office space and roughly 1,000 square metres of retail space.

UBM and JPI sell Kelsenstrasse project
UBM and JPI sell the Kelsenstrasse property in Vienna's third district for €51.5m through a share deal to a project company owned by Soulier Real Estate.

Share

Stock exchange developments

The international stock markets were also influenced by the COVID-19 pandemic in 2021. In spite of the difficulties caused by rising inflation and worldwide delivery shortages, the global markets remained robust with strong performance. The high volatility in the previous year caused by uncertainty over the course of the pandemic weakened substantially in 2021. The recovery in share prices continued from 2020 into 2021 with new worldwide highs. Optimism spread across financial centres during the year and was responsible for a sound increase in the MSCI World Index towards year-end. Price corrections triggered by the announcement of new COVID-19 mutations did not halt the year-end rally, and the MSCI World closed 2021 with a plus of 20.14%. At the beginning of the year 2022 the stock markets reached all-time highs.

The US Federal Reserve responded to the COVID-19 pandemic with a reduction in the prime rate to 0.00-0.25%, an action which drove the American capital market to an all-time high. The Dow Jones Industrial Index rose by 20.23%, while the S&P 500 index recorded an even stronger increase of 26.9%. The European markets generally followed the international trend and, supported by year-end rallies, reached all-time highs in December. The EURO STOXX 50 closed the year with a plus of 21%.

The leading German DAX index ended the reporting year on a positive note with an increase of 15.8% but was slightly weaker than the pan-European index. Austria's ATX outperformed the international indexes: The prior-year decline was followed by fast recovery and very strong performance in 2021. The ATX reached the highest level in 14 years with 3,928 points and closed 2021 with a year-on-year increase of 38.9%.

Development of the UBM share

After a modest increase to €38.5 at the beginning of the year, the share price fell to the annual low of €34.5 at the end of January but recovered with a sound increase to €40.2 by mid-February. The share then weakened slightly and, by the end of March, had nearly declined to the level at the beginning of the year with a price of €37.2. Development was positive after that time, and the share again traded above €40 at the end of April. This strong upturn continued into May and reached €44.5 at month's end. The share price declined marginally over the summer months and stabilised with €41.5 at mid-year. Mid-August brought a resumption of the upward trend, and the annual high of roughly €46 was reached on 7 September. The fourth quarter was marked by low volatility and sideward movement. The UBM share recorded a marginal decline at the beginning of November but returned to a slight upward trend at year-end. The share closed the year at €43.3, for an increase of 21% since the end of December 2020. UBM's market capitalisation totalled €323.545m at year-end 2021.

The average daily trading volume on the stock exchange equalled 2,955 shares from January to December 2021 (2020: 5,601) and the turnover amounted to 743,089 shares.

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

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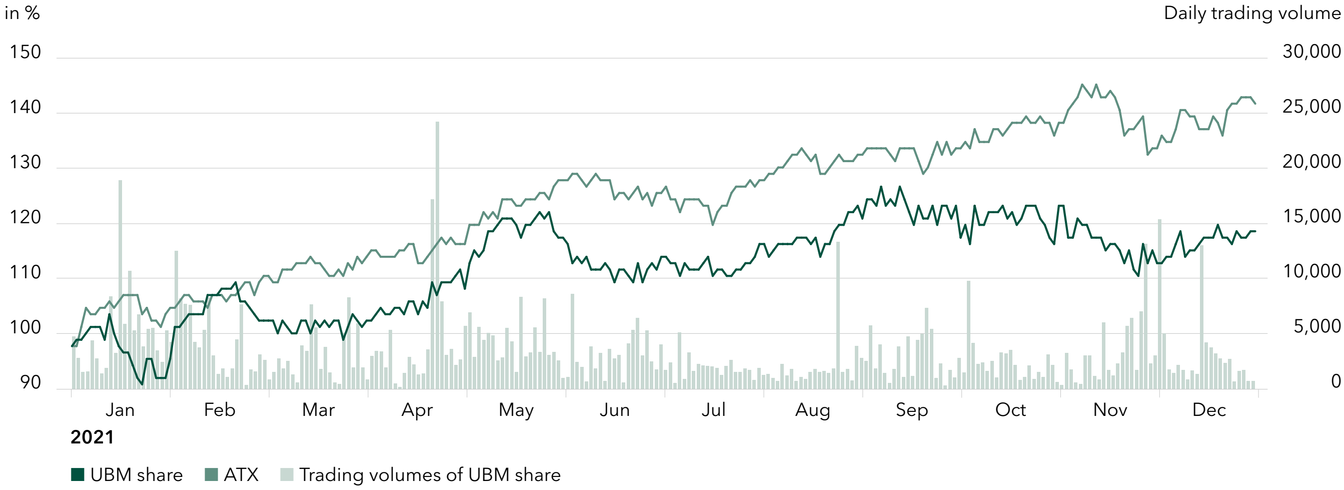
Performance of the UBM share vs. ATX and trading volumes 2021



Key share data – UBM share

(in €)	2021	2020	2019
Price at year-end	43.30	35.80	47.20
Year high	45.90	50.00	47.90
Year low	34.50	23.60	34.20
Earnings per share[1]	4.50	4.39	6.16
Dividend per share	2.25[2]	2.20	2.20
Dividend yield (in %)[3]	5.2%	6.1%	4.7%
Payout ratio (in %)[4]	50.0%	50.2%	35.7%
Market capitalisation (in € m as of 31 Dec)	323.5	267.5	352.7
Price-earnings ratio	9.6	8.2	7.7
Number of shares (weighted average)	7,472,180	7,472,180	7,472,180

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

Analyst coverage

The following investment firms regularly published estimates and analyses of UBM in 2021: Baader Bank, Erste Group, Hauck & Aufhäuser, M.M. Warburg & CO, Raiffeisen Bank and SRC Research. All six investment houses had issued buy-recommendations for the UBM share at the end of December. The target price for the UBM share equals €53.80 based on the analysts' consensus.

Shareholder structure

The share capital of UBM Development AG totalled €22,416,540 as of 31 December 2021 and is divided into 7,472,180 shares. The syndicate comprising the IGO-Ortner Group and the Strauss Group held 38.8% of the shares outstanding at year-end 2021. In addition, the IGO-Ortner Group held 6.8% of UBM outside the syndicate. A further 5.0% were held by Jochen Dickinger, a private investor. Free float comprised 49.4% of the shares and included the 3.9% of the shares held by the Management and Supervisory Boards. Most of the other free float was held by investors in Austria (53%) and Germany (32%). Shareholders in other European countries held roughly 6%, and 9% were attributable to other investors.

Dividend policy

UBM follows a reliable dividend policy that is based on continuity and reflects the company's future earning power. The dividend payment was approved and the necessary authorisation was passed by the Annual General Meeting during the first half of 2021. The exact dividend recommendation is, as a rule, announced together with the presentation of results for the financial year. UBM is recommending the distribution of a record dividend of €2.25 per share for the 2021 financial year (2020: €2.20), which represents a payout ratio of 50% (2020: 50%). The company wants its shareholders to participate in the better-than-expected development of business during 2021. Based on the closing price of €43.30 as of 31 December 2021, the dividend yield equals 5,2%.

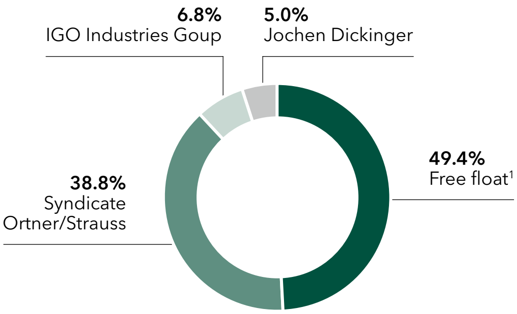
Bonds

UBM had the following instruments outstanding as of 31 December 2021: five bonds plus the hybrid capital which was issued in 2018 as well as two promissory note loans and bearer bonds under Austria law. A five-year sustainability-linked bond with a total volume of €150m and an annual coupon of 3.125% was successfully issued in May 2021 (UBM bond 2021–2026). This new issue was accompanied by an exchange offer which led to the conversation of approximately €68.9m of the UBM bond 2017–2022 into the new sustainability-linked UBM bond 2021–2026. In June 2021, UBM issued a deeply subordinated sustainability-linked bond (hybrid bond) with a total volume of €100m and an annual coupon of 5.50%. This bond has an unlimited term with a call option for the issuer after five years. A total of €47.1m from the hybrid bond 2018 was repurchased prematurely at the same time.

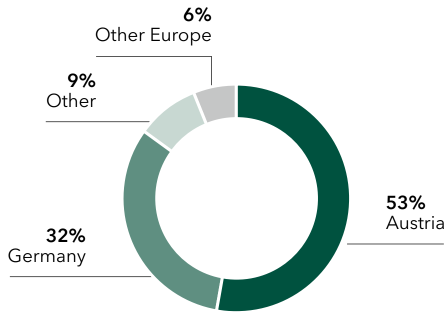
Investor Relations

Continuous dialogue as well as a transparent and timely information form the core of UBM's communications strategy, which is designed to give all shareholders a fair and realistic picture of the company. This also applies, in particular, during a difficult market environment. UBM's investor relations activities are focused not only on contacts with existing investors, but also on the acquisition of new long-term investors. In previous years, UBM took part in numerous meetings with investors and analysts in the major European financial centres. Virtual meetings replaced nearly all of these traditional get-togethers in 2021, and the press conference on 2020 results as well as the 140th Annual General Meeting were also held as virtual events in 2021. UBM also reports regularly on its business performance in quarterly telephone conferences with analysts, institutional investors and banks as well as through press releases and social media.

Shareholder structure (in %)



Free float - geographical split (in %)[2]



[1] Incl. shares held by the Management and Supervisory Board (3.9 %) – Thomas G. Winkler 75,000 shares, Martin Löcker 15,786 shares, Patric Thate 10,000 shares, Martina Maly-Gärtner 1,200 shares
[2] Geographical split excl. 3.9 % Management and Supervisory Board

Bonds 2022

Bond	Term	Nominal (in €m)	Coupon	Interest Payment Date
3.125% sustainability-linked UBM Bond	2021 - 2026	150.0	3.125%	21.05.
2.750% UBM Bond	2019 - 2025	120.0	2.75%	13.11.
3.125% UBM Bond	2018 - 2023	120.0	3.125%	16.11.
3.25% UBM Bond	2017 - 2022	81.1	3.25%	11.10.
Bearer bond	2021 - 2026	3.0	3.00%	02.02.
Bearer bond	2021 - 2026	4.0	3.00%	30.03.
Bearer bond	2021 - 2025	0.5	3.00%	17.12.
Bearer bond	2020 - 2025	21.5	3.00%	17.12.
Promissory note loans	2020 - 2025	30.0	3.00%	17.12.
5.50% sustainability-linked Hybrid Bond	unlimited maturity	100.0	5.50%	18.06.
5.50% Hybrid Bond	unlimited maturity	52.9	5.50%	01.03.
6.00% Hybrid Bond	unlimited maturity	25.3	6.00%	after AGM

Financial calendar 2022

Record date - Annual General Meeting	6.5.2022
141th Annual General Meeting, Vienna	16.5.2022
Ex-Dividend	19.5.2022
Dividend record date	20.5.2022
Dividend payout day	23.5.2022
Publication Q1 Report 2022	25.5.2022
Publication Half-Year Report 2022	25.8.2022
Publication Q1 - 3 Report 2022	24.11.2022

Corporate Governance Report

Supervisory Board

With after-tax profit of €44m, UBM closed the 2021 financial year with results that exceeded expectations at the start of the second pandemic year. This performance was supported by the selected sale of projects, without being involved in their realisation. The consequent focus on *green. smart. and more.* also played an important role. However, successful strategic change not only requires a solid financial basis: UBM has a stronger position than ever before with an equity ratio of 37%.

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

The Supervisory Board held five meetings in 2021 at which the necessary resolutions were passed. The approvals were obtained for transactions which require the consent of the Supervisory Board according to Section 95 Para. 5 of the Stock Corporation Act; in urgent cases, the decisions were taken by written vote. The average attendance at the Supervisory Board meetings equalled 98%.

The ESG Committee, which was created by a resolution of the Supervisory Board on 25 February 2021, held two meetings in 2021. The meeting on 22 April included the election of the committee chairwoman and vice-chairwoman. The Management Board reported on the current status of ESG in the company, the related ratings and the ESG Report for 2020 and also provided an outlook on UBM's future development in these areas. The agenda for the meeting on 1 December included a review of 2021 and the handling of ESG issues in the company. Discussions also covered the internal assignment of ESG responsibilities at UBM, the opportunities created by ESG ratings, an outlook and further development as well as the related measures and goals.

The Nomination Committee met once in 2021, on 22 April, where it dealt with the appointment of Martina Maly-Gärtner, MRICS, to the Management Board and the extension of the employment contracts with Thomas G. Winkler, Patric Thate and Martin Löcker.

The Remuneration Committee held two meetings in 2021. Discussions at the meeting on 26 March included the determination of the annual bonus for the members of the Management Board. At the meeting on 24 June, the granting of a special performance bonus for Management Board members Patric Thate and Martin Löcker was discussed.

The Audit Committee met five times during the 2021 financial year. The first meeting was held on 22 February without the Management Board in accordance with Rule 81a of the Austrian Code of Corporate Governance and concentrated on the audit schedule, audit focal points and communication between the auditor and the Audit Committee. In the meeting on 26 March, which also included the Management Board, the auditor reported on the status of the audit of the separate and consolidated financial statements as of 31 December 2020. The meeting on 22 April included the auditor and covered the evaluation of and preparations for the approval of the separate and consolidated financial statements for 2020. At this same meeting, the Supervisory Board discussed the selection of an auditor for the separate and consolidated financial statements as of 31 December, the audit schedule for 2021, the report by the Management Board on related party transactions in 2020 and risk management.

The Audit Committee meeting on 21 September 2021 was also attended by the auditor and dealt, among others, with the report by the Management Board on the effectiveness

of the internal control system, the internal audit system and risk management (fraud) as well as compliance (corruption) in the sense of C-Rules 18 and 18a of the Austrian Code of Corporate Governance and planning for the audit of the separate and consolidated financial statements. The last meeting of the past year was held on 1 December and covered the report by the auditor on the functioning of risk management.

The separate financial statements of UBM Development AG as of 31 December 2021, including the notes and the management report, and the consolidated financial statements as of 31 December 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS), as applied in the EU, together with the Group management report, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The audit, which was based on the company's bookkeeping and records as well as explanations and documentation provided by the Management Board, indicated that the bookkeeping and the separate and consolidated financial statements comply with legal regulations and provide no grounds for material objections. The management reports for the company and the Group agree with the separate and consolidated financial statements. The above-mentioned auditor therefore issued an unqualified audit opinion for the separate and consolidated financial statements of the 2021 financial year.

All documents related to the financial statements, the corporate governance report, the proposal by the Management Board for the use of profits and the auditor's report were discussed in detail by the Audit Committee together with the auditors on 7 April 2022 and submitted to the Supervisory Board. Following extensive discussion and examination, the Audit Committee and the Supervisory Board approved the annual financial statements as of 31 December 2021, the management report, the corporate governance report and the Management Board's proposal for the use of profits. The separate financial statements as of 31 December 2021 are therefore considered approved. In addition, the Audit Committee and the Supervisory Board approved the consolidated financial statements for 2021, which were prepared in accordance with IFRS, and the Group management report.

The Supervisory Board agrees with the proposal by the Management Board for the use of profits. The agenda for the Annual General Meeting, which will vote on the use of profits for the 2021 financial year, will thereby include a proposal for the payment of a €2.25 dividend per share.

As Chairman of the Supervisory Board, I would like to make several personal remarks against the backdrop of the war in Ukraine. The events of the past weeks have led to substantial uncertainty and make it more difficult to estimate the future, even though UBM has no direct business activities in the countries involved in the war. I can, however, ensure you that UBM has a safe and stable foundation and is optimally positioned for the future. The successful handling of uncertainty was clearly demonstrated during the last two years of the Covid-19 pandemic.

The Supervisory Board would like to thank UBM's customers and shareholders for their confidence in and commitment to the company, and also commend the Management Board and the many men and women who work for UBM Development for their tireless efforts and exceptional performance during the past year.

With my best wishes,

Karl-Heinz Strauss, MBA, FRICS
Chairman of the Supervisory Board

Vienna, April 2022

Governance

Commitment to the Austrian Code of Corporate Governance

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

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

This corporate governance report is published as part of the annual report and is available on the Group's website under www.ubm-development.com, in the submenu Investor Relations/Financial Reports or under Corporate Governance. In accordance with C-Rule 36 of the Austrian Code of Corporate Governance, the Supervisory Board also conducted a self-evaluation during 2021. The questionnaire used for the evaluation addressed, in particular, the efficiency of the Supervisory Board, its organisation and its working procedures. The findings were evaluated and discussed by the Supervisory Board.

Comply or explain catalogue

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

C-Rule 27a: The contracts with the Management Board members, prior to the implementation of the current remuneration policy in accordance with applicable legal regulations, do not include a specific provision that would limit severance compensation for the premature termination of their function without good cause to a maximum of twice the total annual remuneration and a maximum of the remaining contract term. Moreover, these contracts currently do not specify that severance payments will not be made when a Management Board contract is terminated prematurely with good cause. The Management Board contracts do not contain any provisions which would require consideration of the circumstances under which a member leaves the company and the economic position of the company in the event of premature resignation. When concluding the existing Management Board contracts, compliance with C-Rule 27a of the Austria Corporate Governance Code was not yet in the foreground. C-Rule 27a of the Austrian Code of Corporate Governance was implemented for the first time in 2021 in connection with the conclusion of the contract for the fourth member of the Management Board.

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

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

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

C-Rule 83: UBM Development AG has decided to appoint an auditor, who is not responsible at the same time for auditing the annual financial statements, to evaluate the effectiveness of risk management. This decision is intended to distribute two separate audit contracts covering different subjects to different experts. The dual control principle is further strengthened, above all through the independence of the auditors. A tender process led to the selection of PwC Wirtschaftsprüfung GmbH as the best bidder, and this firm was subsequently commissioned to evaluate the risk management system.

Members of the Management Board

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

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

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

Martina Maly-Gärtner was born in Vienna in 1975 and gained hotel management operating experience at the beginning of her career with well-known international hotel chains in America, the Near East and Europe. She then served for eight years as the Vienna managing director for Michaeler & Partner, a tourism consulting and hotel development company focused on Europe. Her international professional activities since 2018 included responsibility as COO for the hotel portfolio and strategy development of Arabella Hospitality, which is headquartered in Germany. She was appointed to the Management Board of UBM Development AG as COO on 1 September 2021. In accordance with the rules of procedure for the Management Board, Martina Maly-Gärtner, MRICS, is responsible for Hotel Operations, Human Resources, Work Safety and Insurance.

Management Board

The Management Board must have between two and six members as defined in Section 6 of the Statutes. In 2021, the Management Board had three members up to 31 August and, following the appointment of Martina Maly-Gärtner, MRICS, increased to four members as of 1 September. The Supervisory Board can designate one member as chairman and one member as deputy chairman of the Management Board. The Management Board passes resolutions by a simple majority of the votes cast. If the Supervisory Board appoints one member as chairman of the Management Board, this person casts the deciding vote in the event of a tie. The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years, whereby the renewal or extension of this appointment (in each case, for a maximum of five years) is permitted. The Supervisory Board can dismiss a member of the Management Board before the end of his or her term in office for an important reason, i.e. for a serious breach of duty or if the Annual General Meeting passes a vote of no confidence in the Management Board member. The Management Board is required to conduct its business activities in line with the rules defined by the Austrian Stock Corporation Act, the Statutes, other laws and the rules of procedure. The Supervisory Board is responsible for determining the assignment of Management Board responsibilities while, at the same time, maintaining the overall responsibility of the Management Board. The Management Board requires the prior approval of the Supervisory Board before entering into the transactions listed in Section 95 Para. 5 of the Austrian Stock Corporation Act (current version). To the extent permitted by Section 95 Para. 5 of the Austrian Stock Corporation Act, the Supervisory Board sets the monetary limits for transactions which do not require its approval. The Supervisory Board is also entitled to add additional transactions to the list of legally defined cases which require its approval (Section 95 Para. 5 of the Austrian Stock Corporation Act). The Supervisory Board is required to issue appropriate rules of procedure for the Management Board, and the Management Board must report regularly to the Supervisory Board on its activities.

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

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

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

Members of the Management Board

Name	Date of birth	Position	Member since	Appointed until
Thomas G. Winkler	24.6.1963	Chairman of the Management Board	1.6.2016	20.4.2026
Martin Löcker	13.3.1976	Management Board	1.3.2009	20.4.2026
Patric Thate	25.5.1973	Management Board	1.7.2017	20.4.2026
Martina Maly-Gärtner	3.1.1975	Management Board	1.9.2021	30.4.2026

Supervisory Board positions or comparable functions in Austrian or foreign companies (which are not included in the financial statements):
Thomas G. Winkler served as a Senior Advisory Board Member at Minsait by Indra Business Consulting S.L.U. (Spain) up to the end of 2021. The Management Board members Martina Maly-Gärtner, Martin Löcker and Patric Thate do not serve on any supervisory boards or hold comparable functions in any Austrian or foreign companies (which are not included in the financial statements).

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

Supervisory Board

The UBM Supervisory Board is composed of members elected by the Annual General Meeting. In addition, the Works Council is authorised by Section 110 Para. 1 of the Austrian Labour Constitutional Act to delegate a specific number of members to the Supervisory Board. Section 9 of the Statutes states that the Supervisory Board must have a minimum of three and a maximum of 12 members elected by the Annual General Meeting. In 2021, the Supervisory Board had eight members elected by the Annual General Meeting plus four additional members designated by the Works Council as employee representatives.

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

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

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

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

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

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

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

The Supervisory Board passes resolutions in its regular meetings. These meetings are to be held as often as required by the interests of the company and at least once each quarter. Five regular Supervisory Board meetings were held in 2021. The chairman determines the form of the meeting, the way in which resolutions are passed outside of meetings and the procedure for counting votes. The Management Board members attend all meetings of the Supervisory Board and its committees, unless otherwise decided by the person chairing the meeting.

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

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

Members of the Supervisory Board

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

[1] Karl-Heinz Strauss was Deputy Chairman of the Supervisory Board from 27 February 2013 until 18 September 2014 and has been Chairman since 18 September 2014
[2] Iris Ortner has been Deputy Chairwoman of the Supervisory Board since 18 September 2014 and previously served a member of the Supervisory Board from 2 July 2003 to 5 May 2010
[3] Independent member who does not hold more than 10% of the shares (C Rule 54)
[4] Klaus Ortner was previously a member of the Supervisory Board from 18 March 2000 to 14 May 2014
[5] Appointed by the Works Council on 30 June 2016 as well as on 27 May 2019 in accordance with Section 110 Paragraph 1 of the Austrian Labour Constitutional Act

Composition of the Supervisory Board

The following table shows the members elected to the Supervisory Board in 2019 together with their date of birth, their position, the date of their initial appointment to the Supervisory Board and the expected end of their term. As of 31 December 2021, the members of UBM's Supervisory Board held additional positions on supervisory boards or exercised comparable functions in Austrian and foreign companies (which are not included in the consolidated financial statements). These positions are listed in the table on page 100.

Criteria for independence

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

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

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

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

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

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

e) The Supervisory Board member has not served on the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such shareholders.

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

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

Additional functions of the Supervisory Board members

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

[1] Listed

Committees

The Statutes allow the Supervisory Board to establish committees from among its members. To support and ensure the efficient handling of complex issues, the Audit Committee, Nomination Committee and Remuneration Committee were established in 2021. An ESG Committee was also created by the Supervisory Board on 25 February 2021.

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

The Audit Committee met five times during the 2021 financial year. The first meeting of the Audit Committee during the reporting year was held on 22 February 2021 without the Management Board in accordance with Rule 81a of the Austrian Code of Corporate Governance and concentrated on the audit schedule, audit focal points and communication between the auditor and the Audit Committee. In the meeting on 26 March, which also included the Management Board, the auditor reported on the status of the audit of the separate and consolidated financial statements as of 31 December 2020. The meeting on 22 April 2021 included the auditor and covered the evaluation of and preparations for the approval of the separate and consolidated financial statements. At this same meeting, the Supervisory Board dealt with the selection of an auditor for the separate and consolidated financial statements as of 31 December 2021, the audit schedule for 2021 and the reports by the Management Board on related party transactions in 2020 and risk management.

The Audit Committee meeting on 21 September 2021 was also attended by the auditor and dealt, among others, with the report by the Management Board on the effectiveness of the internal control system, the internal audit system and risk management (fraud) as well as compliance (corruption) in the sense of C-Rules 18 and 18a of the Austrian Code of Corporate Governance and planning for the audit of the separate and consolidated financial statements. The last meeting of the reporting year was held on 1 December 2021 and dealt with the report by the Management Board on the functioning of risk management. The members of the Audit Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner, Bernhard Vanas (financial expert) and Susanne Weiss.

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

The Nomination Committee met once in 2021, on 22 April 2021. The agenda covered the appointment of Martina Maly-Gärtner, MRICS, to the Management Board as well as the extension of the employment contracts with Management Board members Thomas G. Winkler, Patric Thate and Martin Löcker.

The members of the Nomination Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner and Susanne Weiss.

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

The Remuneration Committee held two meetings during the reporting year. Consultations at the meeting on 26 March 2021 included the determination of the annual bonus for the members of the Management Board. At the meeting on 24 June 2021, the granting of a special bonus to Management Board members Patric Thate and Martin Löcker was discussed. The members of the Remuneration Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner and Susanne Weiss (remuneration expert).

ESG Committee: The activities of the ESG Committee include the analysis of sustainability criteria and social responsibility concepts in corporate processes – in particular, identifying the most important environmental, social and governance factors (ESG) that are determined by the company's sector affiliation and business model and subject to regional influence. ESG focuses on including the factors which result from a company's influence on or through the environment (ecological), society and corporate governance. The ESG Committee is responsible for overseeing and supporting actions in line with the ESG catalogue of measures with clear assignment of responsibilities at the Management Board and Supervisory Board levels. It also monitors and evaluates the implemented ESG measures – above all, the impact of procurement and development processes on ecosystems, on the use of resources and on the direct and indirect neighbourhood, and on good corporate management.

The ESG Committee met twice in 2021. The committee chairwoman and her deputy were elected at the meeting on 22 April 2021. The Management Board also reported on the current status of ESG issues at UBM, the related ratings and the ESG Report for 2020 and provided an outlook of UBM's future development in these areas. The meeting on 1 December 2021 included a review of events in 2021 and treatment of ESG issues at UBM. The internal assignment of ESG responsibilities at UBM, opportunities connected with ESG ratings, the outlook and further development as well as the related measures and goals were also discussed. The members of the ESG Committee are Iris Ortner (Chairwoman), Susanne Weiss (Deputy Chairwoman), Birgit Wagner and Anke Duchow.

Support for women

UBM is reinforcing its efforts to increase the share of women in its organisation. In comparison with other companies in the real estate sector, the UBM Group had a positive standing with 24 women in key positions (Supervisory Board, managing directors, authorised signatories and key staff at UBM Development AG and its major subsidiaries) as of 31 December 2021 (31 December 2020: 24). As a company which believes in sustainable operations, UBM places high priority on socially relevant topics which include equal opportunities in the workplace. Activities to achieve and maintain equal opportunities are focused, in particular, on the identification of suitable female candidates when managers and staff are recruited. Sixty-five new employees were hired during 2021: 38 women and 27 men (excluding hotel employees). There are no salary differences between men and women who perform the same activity and have the same qualifications. Women are specifically addressed in job advertisements. In order to support the work-life balance, the company offers flexible working hours through a flexi-time system.

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

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

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

Remuneration

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

Fixed remuneration: The fixed salary of each Management Board member is based on the scope of duties as defined in the plan for the assignment of corporate responsibilities. Any side-line activities by Management Board members require the approval of the Supervisory Board. The fixed remuneration is paid as non-performance-linked, basic compensation in the form of a monthly salary. The Management Board members also receive additional, non-cash fringe benefits (company car, telephone, travel expenses) which are, in principle, equally available to all Management Board members. The year-on-year increase in the fixed remuneration of the Management Board members is based on an offer to waive one month's salary during the three-months in which the staff were on short-time work during the first COVID-19 lockdown. This waiver was not necessary in 2020 because there was no reduction to employees' salaries.

Management Board remuneration 2021 (in €)

Name	Salary	Variable remuneration[1]	Special bonus	Cash payment LTIP	Non-cash benefits	Pension fund/ employee welfare fund	Total
Thomas G. Winkler	540,000.00	360,000.00	–	1,010,000.00	11,569.32	29,399.98	1,950,969.30
Martin Löcker	360,000.00	240,000.00	20,000.00	495,304.00	13,582.56	27,724.04	1,156,615.60
Patric Thate	360,000.00	240,000.00	40,000.00	404,000.00	13,332.60	16,177.21	1,073,509.81
Martina Maly-Gärtner[2]	120,000.00	80,000.00	–	–	3,554.59	1,496.76	205,051.35

[1] Probable variable remuneration for 2020, payable in 2021
[2] Since 1.9.2021

Variable/performance-based remuneration: The variable performance bonus for the chairman of the Management Board equals 2.5% of EBT, up to a maximum of €360,000.00 gross per year. If annual earnings equal or exceed the amount defined by the Remuneration Committee, the chairman of the Management Board is entitled to the maximum amount of the variable performance bonus. If earnings are lower than the defined target, the chairman is entitled to receive a proportional amount. Management Board members Martin Löcker and Patric Thate also receive a variable performance bonus in line with the above scheme, but each up to a maximal of €240,000.00 gross per year. In accordance with the remuneration policy approved by the Annual General Meeting of UBM Development AG on 28 May 2020, the following additional performance bonuses were approved for the 2021 financial year: Martin Löcker received €20,000.00 for the realisation of the Timber Pioneer project in Frankfurt and Patric Thate received €40,000.00 for activities connected with the sustainability-linked bond.

Long-Term Incentive Programme for managers: UBM introduced a stock option programme for key managers and the Management Board in 2017. This scheme required the eligible persons to make a personal investment in UBM shares, at the latest, by the date on which the options were granted. The personal investment must remain in place without inter-

Supervisory Board remuneration 2021 (in €)

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

[1] Payment within four weeks following the 2022 Annual General Meeting

ruption until the options are exercised by the participants and be verified when the options are exercised. Five share options were allocated for each personal investment share at a strike price of €36.33 per share. The options could be exercised from 1 September 2020 to 26 October 2020 or from 1 September 2021 to 26 October 2021, if (i) the unweighted average of the closing price of the UBM share equalled at least €40.00 on at least 15 consecutive trading days during the period from 1 September 2019 to 31 August 2020 and (ii) the ratio between the market capitalisation and net debt as of 31 December 2019 did not exceed 1:2.40. During the period from 1 September 2021 to 26 October 2021, Thomas G. Winkler exercised 125,000 options, Martin Löcker 61,300 options and Patric Thate 50,000 options. The company settled the exercised stock options in cash (cash settlement) in agreement with the terms and conditions of the programme. This involved the payment of the difference between the exercise price (€ 36.329/share) and the unweighted average of the closing price of the share in the second exercise window (€ 44.41/share), less the required withholding tax.

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

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

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

Remuneration of the Supervisory Board members

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

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

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

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

Group Management Report

Management report

General economic environment

Worldwide growth course

The COVID-19 pandemic was also the determining factor for the global economy in 2021. The recession in 2020 and a 3.1% decline (International Monetary Fund, IMF) in economic output were followed by the first signs of recovery despite the ongoing effects of the pandemic. The IMF's initial forecast for global growth equalled 5.5% in the first quarter of 2021, while the second quarter brought an increase to 6.0% based on the start of vaccination campaigns and the economic upturn. The IMF's third quarter forecast remained unchanged at 6.0%. The rapid spread of the delta variant during the autumn led to a new wave of infections and hard lockdowns which, however, had a less severe impact on the economy than at the beginning of the pandemic but still slowed growth. A review of the full year shows that access to vaccines was the most important driver for the positive development of the global economy: Worldwide growth is expected to reach 5.9% (IMF) in 2021.

IMF estimates for the eurozone point to an increase of 5.2% (IMF) in output for 2021. After a 6.4% decline (IMF) in the previous year, this underscores the economic recovery. In December 2021, the unemployment rate equalled 7.0% (ECB) and, at 5.0% (ECB), the inflation rate was significantly higher than the ECB's stated target of slightly less than 2%. This sharp rise in inflation was attributed to pandemic-related delays in supply chains, higher raw material prices and a lack of skilled specialists.

Events surrounding the war in Ukraine overshadow the forecasts for future growth. It was impossible to reliably estimate the quantitative effects on the European and global economy at the time this management report was prepared because of the uncertainty over the scope and duration of the war. The forecasts for 2022 issued by the European Commission in March do not reflect the impact of the war in Ukraine and are therefore not mentioned.

In addition to the war in Ukraine, the latest increase in COVID-19 infections in many countries due to the omicron variant and the possible emergence of new virus variants are a source of uncertainty over the further development of the economy. [1, 2]

Developments in Germany and Austria

After a pandemic-related, sharp drop of -4.6% in the previous year, the German economy returned to a positive course in 2021 with a GDP increase of 2.7% (IMF). Supply chain interruptions and the worldwide chip shortage created substantial problems for the business sector, especially the German automobile industry, and reduced growth. The Austrian economy also returned to a growth course during 2021 despite two hard lockdowns. The Austrian National Bank estimates the GDP increase for 2021 at 4.9% and reports a decline in the unemployment rate from 10.1% to 8.2%. Global shortages and rising energy prices were responsible for an increase in the inflation rate to 2.8% in 2021. [3,4]

Economic development in CEE

The EU member states in Central, Eastern and South-Eastern Europe also recovered from the effects of the COVID-19 pandemic. The Austrian National Bank estimates average growth in Poland and the Czech Republic for 2021at 4.9% and 3.0%, respectively.[5]

[1] IMF: World Economic Outlook - January 202
[2] ECB: Economic Bulletin Issue 1 – February 2022
[3] IMF: World Economic Outlook – January 2022
[4] Austrian National Bank: Konjunktur aktuell – January 2022
[5] Austrian National Bank: Konjunktur aktuell – January 2022

Developments on the real estate markets

Europe

The European real estate market also felt the effects of the COVID-19 pandemic in 2021. The first quarter saw a 32% year-on-year drop in the investment volume due to the renewed increase in infections and related hard lockdowns. The real estate market recovered during the course of the year, and transaction volumes were constant with strong growth of 20% in the second quarter and 21% in the third quarter. By the end of December, the transaction volume in Europe had risen to €340.2bn (2020: €254.9bn) for an increase of 33.4% over the previous year. The pandemic has served as a catalyst for the industrial and residential asset classes. Transaction volumes in both sectors set new records in 2021 due to the massive demand by investors. A total of €98.7bn was invested in residential properties and €65.1bn in industrial properties during 2021, for a year-on-year increase of 54%, respectively 45%. With a total transaction volume of €98.8bn, the office asset class is no longer investors' first choice. The investment volume declined by only 3% compared with the previous year, but a five-year comparison shows clear weakening demand with a sharp drop of 24%. The residential asset class recorded an increase of 93% during this same period, which makes it the major beneficiary of the COVID-19 pandemic. The hotel segment, which was hardest hit by the crisis in the previous year, recovered in 2021 with a 59% increase in the transaction volume to €16.3bn. The projections for 2022 were positive at the beginning of the year due to the ongoing low-interest environment, but the war in Ukraine has overshadowed forecasts for growth. In addition, the omicron variant and the resulting steady increase in COVID-19 cases has led to further uncertainty over the development of the real estate market.[1]

Record year in Germany

Investments on the real estate market in Germany totalled approximately €110.6bn in 2021. That marked a record year for this sector and the top rank in Europe with a year-on-year increase of 40.7% (2020: €78.6bn). Below-average development in the first six months of 2021 was followed by sound growth in the second half-year. Properties with a total value of €50.3bn changed hands in the fourth quarter alone. The ten largest markets in Europe include four of the seven top cities in Germany – Berlin, Munich, Frankfurt and Hamburg. These four cities generated a total volume of €52.8bn. Yields in the seven top German cities were 380 basis points higher on average than ten-year federal bonds in the fourth quarter of 2021.[2, 3]

Turnover on the commercial property market stabilised at a high level of approximately €58.8bn in the second year after the start of the COVID-19 pandemic with a slight year-on-year decline of 3.3% (2020: €59.2bn). Gross prime yields in the office segment again weakened slightly in 2021 and averaged 2.6% in December. Average prime rents in the six top cities ranged from €26.50/m² in Cologne to €48.00/m² in Frankfurt.[4, 5]

Hotel investors remained reserved during the first three quarters due to the uncertain outlook for national and international travel markets but substantially increased their activities during the last three months of the year. Roughly €1bn were invested in hotel properties, which represents the highest quarterly value by far since the outbreak of the COVID-19 pandemic. An investment volume of nearly €1.8bn – more than one third higher than the previous year – was registered at the most important hotel locations in 2021 and is attributable to the strong fourth quarter momentum.[6]

[1] Real Capital Analytics: Europe Capital Trends – 2021

[2] Savills: Investmentmarkt Deutschland – January 2022
[3] Real Capital Analytics: Europe Capital Trends – 2021
[4] Savills: Investmentmarkt Deutschland – January 2022
[5] Savills: Top-6-Büromärkte Deutschland – January 2022
[6] BNP Paribas: Hotel-Investmentmarkt Deutschland – Q4 2021

The residential property investment market in Germany rose to new heights in 2021, also as a direct result of the pandemic. Turnover on this market set a new record at nearly €51bn in 2021 and topped the previous year's investment volume by more than 140% (2020: €20.8bn). More than half the annual turnover was recorded in the fourth quarter. The volume driver behind these record results was the takeover of Deutsche Wohnen by Vonovia. However, the last quarter would have secured the record even without this major deal. German investors were responsible for €40bn of this turnover and, similar to the previous year, for roughly 80% of the transaction volume. Takeovers and mergers pushed the seven top cities to new heights with a transaction volume of €34.7bn, which represents a 68% share of the total volume. Berlin clearly leads the list of the seven top cities with a transaction volume of €26.4bn.[7]

Investment year in Austria
The transaction volume on the investment market in Austria totalled approximately €4.3bn in 2021, for an increase of 25% over the previous year (2020: €3.5bn). Roughly €1.4bn was invested in the residential segment, which now represents the strongest asset class with a 32.5% share of the total volume. The market is currently stocked with sufficient supply, but the expected decline in construction activity will reduce the investment offering as well as the capital flowing into this asset class over the medium term. The main supports for the positive development of the investment volume include the residential asset class and – in contrast to the general trend – the retail sector.

In the office sector, the growing importance of ESG has been responsible for an increase in the pressure on properties. Investors have become significantly more critical in evaluating their investment options and, as a result, some acquisitions have been rejected or properties could not be sold at the originally expected price. Investments in the retail asset class totalled €1.25 bn and represented 29% of the total volume and the second highest turnover in 2021. These strong results are based, however, on two major transactions: the acquisition of the SCS by Crédit Agricole for more than €400m and the sale of the Grabenhof to the Vienna Medical Society for over €300m. A clear upward trend is also visible on the hotel investment market. Investments in hotel properties during 2021 were more than twice as high as the first pandemic year. Forecasts for 2022 point to a further substantial increase in the total real estate investment volume in Austria to a level near the previous record of €6m from the pre-crisis year in 2019.

The limited availability of space combined with the low number of completions and low vacancy rate of nearly 4% explains the weak rental performance of approximately 169,000 m² in Vienna during 2021. That places the volume of rented office space 17.5% below the previous year (2020: 205,000 m²). Rental prices in Vienna have remained stable, with price increases at good and prime locations. Prime rents in Vienna rose by 4% to €26.00/m²/month in 2021. Opportunities for further increases are expected next year because the growing demand for ESG-compatible offices is driving the demand for modern, flexibly designed space. The supply is, however, limited and over three quarters of the space scheduled for completion in 2022 has already been rented or sold. The market is projected to grow again beginning in 2022, when completions are expected to total approximately 130,000 m². Residential construction has been negatively affected by pandemic-related delays, material shortages and rising costs, and a number of projects have been postponed to 2022. Completions are expected to peak in 2022 at almost 6,000 residential units, which would represent a plus of roughly 30% over the previous year and a new record – but forecasts are already indicating a slight decline in construction activity over the coming years.[8]

[7] BNP Paribas: Wohn-Investmentmarkt Deutschland – Q4 2021

[8] CBRE: Österreich Real Estate Market Outlook – 2022

Developments in CEE

The investment volume in the CEE core countries – Poland, Czech Republic, Slovakia, Romania and Hungary – totalled approximately €11bn in 2021 (2020: €9.7bn), meaning roughly 12% more properties changed hands than in the previous year. After a decline of 32% in 2020, the investment market in the CEE core countries recovered during 2021. Poland clearly ranked first with 58% of the transaction volume, while the transaction volume in the Czech Republic was 11% higher year-on-year at €1.64bn. The interest of international and local investors increased substantially during the past year. The forecasts for 2022 were very promising at the beginning of 2022, but the war in Ukraine has led to uncertainty over the further development of the real estate markets in Poland and the Czech Republic.[9]

[9] JLL: CEE Investment Market Summary – 2021

Business performance

UBM Development generated Total Output of €471.0m in 2021, compared with €478.6m in the previous year. Of this total, €371.5m represents revenue from property sales. The largest contributions came from the two core markets, Germany and Austria, where, among others, four projects in the pre-development phase were successfully sold. Total Output for the reporting year was also influenced, above all, by the progress of construction on previously sold real estate projects which is realised over time in accordance with the percentage of completion and realisation. In this category, the largest contribution to Total Output was made by residential construction projects like the Gmunder Höfe in Munich and the Siebenbrunnengasse in Vienna, a project with 178 apartments designated for individual sale. Other positive contributions were made by the forward sold F.A.Z. Tower in Frankfurt and two hotels in Poland. Total Output from hotel operations rose from €14.7m in the previous year to €17.8m in 2021, even though travel activity was still limited by the COVID-19 pandemic.

Total Output in the **Germany segment** declined from €193.0m to €161.7m, whereby a positive contribution was made by two pre-development projects in Munich and the surrounding area. Previously forward sold projects like the F.A.Z. Tower in Frankfurt and the Gmunder Höfe residential project in Munich also contributed to Total Output. In addition, the closing for the Nordbahnhofstrasse project in Stuttgart took place in 2021.

The **Austria segment** recorded an increase in Total Output from €178.7m in 2020 to €197.2m in 2021. A major component of Total Output for the reporting year was generated by the sale of the Monte Laa property in Vienna's 10th district. The residential sector was responsible for a major component of Total Output, in particular owing to the level of realisation on the Siebenbrunnengasse project in Vienna's 5th district. This project has been open for individual sales since the second half of 2020, and over 90% of the units had been sold as of 31 December 2021. Other residential construction projects in Austria, e.g. the Pohlgasse, Rankencity and Salurnerstrasse, also represented a positive factor for the development of Total Output.

Total Output in the **Poland segment** declined slightly from €79.5m in 2020 to €78.9m in 2021. Two hotel projects – the Mercure Hotel in Katowice and the ibis styles Hotel in Kraków – were forward sold at the end of 2019 and included in Total Output for the reporting year based on the percentage of completion, with a corresponding positive effect on this segment. Both hotels were transferred to the buyers in 2021.

The **Other Markets segment** reported an increase in Total Output from €27.2m in the previous year to €33.2m. This segment consists primarily of projects in the Czech Republic. Total Output was positively influenced by two projects, the Astrid Offices and the Arcus City residential project in Prague, which are also accounted for according to the percentage of completion.

Total Output by region

in €m	1-12/2021	1-12/2020	Change
Germany	161.7	193.0	-16.2%
Austria	197.2	178.7	10.4%
Poland	78.9	79.5	-0.8%
Other markets	33.2	27.2	22.1%
Total	**471.0**	**478.6**	**-1.6%**

Total Output in the **Residential segment** rose by 7% year-on-year to €193.0m in 2021 (2020: €179.6m). The progress of construction on previously sold apartments from projects in Germany, Austria and the Czech Republic was responsible for most of the reporting year's Total Output. Included here are the Siebenbrunnengasse in Vienna, where over 90% of the apartments had been sold through individual sales by year-end 2021, and the Arcus City project in Prague, where 73 of the 100 apartments in the first of three construction phases were sold. The Gmunder Höfe project in Munich and, in Austria, the Nordbahnviertel in Vienna, the Rankencity in Graz and the Salurnerstrasse in Kufstein were sold to institutional investors and are included in Total Output as of the sale date based on the percentage of completion.

The **Office segment** generated Total Output of €102.7m, compared with €144.4m in 2020. Total Output for the reporting year resulted, above all, from an office property in Munich which was sold before the start of construction, the Astrid Offices project in Prague, and the sale of an office complex on the Kelsenstrasse in Vienna's 3rd district. Total Output was also positively influenced by the F.A.Z. Tower in Frankfurt, which was forward sold during the fourth quarter of 2020 and included as of that date in accordance with the percentage of completion.

Total Output in the **Hotel segment** rose from €52.2m in 2020 to €72.6m in 2021. This year-on-year increase resulted primarily from the completion of construction on the two hotels in Katowice and Kraków which were forward sold at the end of 2019. Another positive factor was the closing for the Nordbahnhofstrasse project in Stuttgart. Hotel operations were responsible for slightly more than one third of Total Output at €17.8m. The low level of Total Output in comparison with 2019 is attributable to the COVID-19 pandemic and the related travel restrictions. In 2020, Total Output amounted to €14.7m.

Total Output in the **Other segment** equalled €54.1m in 2021 (2020: €37.0m) and is attributable, above all, to the sale of the Monte Laa property in Vienna's 10th district as well as cash inflows from the rental of mixed use standing assets in Austria.

In the **Service segment**, Total Output declined from €65.4m in 2020 to €48.6m in 2021. A major component resulted from the provision of services for various projects in Germany. This position also includes charges for management services and intragroup allocations.

Total Output by asset class

in €m	1-12/2021	1-12/2020	Change
Residential	193	179.6	7.5%
Office	102.7	144.4	-28.9%
Hotel	72.6	52.2	39.2%
Other	54.1	37.0	46.2%
Service	48.6	65.4	-25.7%
Total	**471**	**478.6**	**-1.6%**

Financial performance indicators

Business development and earnings

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

Total Output fell by €7.6m year-on-year to €471.0m in 2021 (2020: €478.6m). This slight decline resulted, above all, from a reduction in the revenue from project management services. A positive, contrasting factor was the increase in revenue from property sales. Revenue as reported on the consolidated income statement increased by 51.8% to €278.3m (2020: €183.3m). This improvement was based primarily on property sales in Germany and Austria as well as the progress of construction on previously sold real estate projects which are recognised over time in accordance with the progress of completion and sale.

The profit from companies accounted for at equity rose to €36.0m in 2021 (2020: €27.8m). This improvement was supported, above all, by ongoing forward sold real estate projects like the F.A.Z. Tower in Frankfurt. Moreover, the comparative period includes impairment losses recognised to the hotel operating company as a consequence of the COVID-19 pandemic. The write-offs to the hotel operating company, ubm hotels, in 2020 nearly covered the entire carrying amount. An additional positive factor in 2021 involved foreign exchange effects from the Polish złoty and the Czech koruna in the equity-consolidated companies.

The income from fair value adjustments to investment property totalled €5.0m in 2021 (2020: €62.3m) and was related primarily to an office project in Munich which was sold during the reporting year. The fair value adjustments in 2020 were based chiefly on a large-scale project in Munich following the sale of a 40% interest. The expenses from fair value adjustments amounted to €6.6m in 2021. Value adjustments involved, in particular, one property each in Austria and the Netherlands.

Other operating income amounted to €11.8m and included, among others, revenue from third-party charges, foreign exchange gains, income from the release of provisions and various other positions. In the previous year, other operating income equalled €8.2m. Other operating expenses declined from €44.9m in 2020 to €31.1m, above all due to foreign exchange losses in the previous year. This position also includes administrative costs, travel expenses and advertising costs as well as charges and duties.

The cost of materials and other related production services rose to €141.4m (2020: €115.7m). These expenses consist largely of material costs for the construction of fully consolidated residential properties and various other development projects which were sold through forward transactions. Also included here are the book value disposals from property sales in the form of asset deals and purchased general contractor services. The 22.3% increase in the cost of materials was lower than the increase in revenue (51.8%) and reflected a year-on-year decline in the share of apartment sales from real estate inventories.

Income of €45.9m was recorded for changes in the portfolio related to residential property inventories in 2021 (2020: income of €21.1m). The increase in disposals is attributable to sales activities, above all in connection with the Siebenbrunnengasse project.

Personnel expenses were €2.0m higher than the previous year at €36.8m (2020: €34.8m) and reflected increased hiring in all UBM companies during 2021. The valuation of the UBM share option programme, which was approved by the Annual General Meeting in May 2017, was not included in 2021: The component of the stock option programme scheduled for payout (€2.4m) was recorded under the respective reserve in equity without recognition to profit or loss. Further information on the stock option programme can be found in the corporate governance report on page 104. The UBM Group companies included in the consolidation employed a total workforce of 355 as of 31 December 2021 (31 December 2020: 339).

EBITDA rose by €10.8m over the previous year to €75.9m in 2021. Depreciation and amortisation declined by 14.8% to €2.6m (2020: €3.1m), and EBIT consequently rose by €11.3m to €73.3m (2020: €62.0m). Financial income declined from €23.9m in the previous year to €14.0m, and financial costs amounted to €27.2m (2020: €23.7m). There were no material deviations in financial costs during 2021 or 2020.

EBT totalled €60.1m in 2021 and was €2.1m, or 3.4%, lower than the previous year (2020: €62.3m). Tax expense equalled €16.4m, compared with €21.5m in 2020, and represented a tax rate of 27.3% (2020: 34.5%). The lower tax rate in the reporting year resulted from the tax effects of equity-accounted results and a special effect from the sale of a project in Austria.

Profit for the period (net profit after tax) totalled €43.7m in 2021 (2020: €40.8m). Net profit attributable to the shareholders of the parent company amounted to €33.6m for the reporting year (2020: €32.8m). Beginning with the 2020 financial year, the calculation of net profit attributable to the shareholders of the parent company includes a deduction for the share attributable to the hybrid capital holders; the comparative prior year data were adjusted accordingly. The share attributable to the hybrid capital holders rose from €7.0m to €8.6m in the 2021 financial year following the issue of a new hybrid bond during the second quarter of 2021. The resulting earnings per share rose from €4.39 to €4.50 in 2021.

Asset and financial position

Total assets recorded by the UBM Group rose by €122.4m over the previous year to €1,494.5m as of 31 December 2020. This increase was supported, above all, by the issue of two sustainability-linked corporate bonds which will provide added financial flexibility for business activities.

Non-current assets declined slightly by €0.3m to €824.6m at year-end 2021. Property, plant and equipment totalled €12.9m as of 31 December 2021 (31 December 2020: €11.6m). This position consists primarily of capitalised rights of use from leases, which totalled €8.8m at the end of 2021.

The carrying amount of investment property rose by €16.3m to €423.5m as of 31 December 2021. This increase resulted mainly from the acquisition of the large-scale Pelkovenstrasse project in Munich, which was transferred to investment property following the closing in summer 2021. The investments in equity-accounted companies increased by €15.8m over the previous year to €183.6m, while project financing declined by €28.7m to €179.6m.

Current assets rose by €122.8m over the level at year-end 2020 to €669.8m as of 31 December 2021. This increase was based primarily on a higher balance of cash and cash receivables, which grew by €176.1m to €423.3m.

Inventories totalled €133.1m as of 31 December 2021 (31 December 2020: €121.9m) and reflected, among others, the acquisition of the Willy Bogner headquarters in Munich.

A contrary effect resulted from the sale of a project in Germany. This position includes miscellaneous inventories as well as specific residential properties under development which are designated for sale. Trade receivables declined by half from €127.9m at the end of 2020 to €60.6m as of 31 December 2021. Included here, in particular, are real estate inventories which are sold during development as well as the proportional share of forward sales of investment properties.

Equity totalled €550.6m as of 31 December 2021 (31 December 2020: €482.9m) and was increased primarily by the issue of a hybrid bond and by earnings. The equity ratio equalled 37% at year-end 2021 and remained above the upper end of the 30–35% target range (31 December 2020: 35.2%). The issue of a deeply subordinated sustainability-linked bond (hybrid bond) was finalised during the second quarter of the reporting year. Nearly 50% of the 2018 hybrid bond was redeemed prematurely, and this financing was extended to 2026.

Bond liabilities totalled €526.5m at the end of December 2021 and were €70.0m over the level at the end of the previous year (31 December 2020: €456.5m). A €7.0m bearer bond (term 2021–2025) and a further €0.5m bearer bond (term 2021–2025) were issued in the first quarter of 2021. In the second quarter of 2021, UBM issued a sustainability-linked bond (term: 2021–2026). The issue volume of €150.0m included €68.9m from the exchange of the existing bond 2017–2022. A promissory note loan and bearer bond (term: 2016–2021) were repaid in December 2021.

Trade payables fell from €77.0m at year-end 2020 to €50.1m as of 31 December 2021and consisted mainly of outstanding payments for subcontractor services. Other financial liabilities (current and non-current) increased from €32.1m as of 31 December 2020 to €33.4m as of 31 December 2021. Deferred taxes and current taxes payable were unchanged at €18.9m (2020: €18.9m). Financial liabilities (current and non-current) rose by €9.0m to €299.6m.

Net debt was substantially lower than the previous year at €381.0m as of 31 December 2021 (31 December 2020: €479.1m). This indicator represents current and non-current bonds and financial liabilities, excluding lease liabilities, less cash and cash equivalents. The decline in net debt resulted, above all, from distributions from equity-accounted companies, property sales and an increase in financial liabilities as support for investments.

Cash flow

Operating cash flow rose from €4.3m in 2020 to €48.2m in 2021. This improvement was based chiefly on a decline in depreciation and amortisation and in financial assets. The material fair value adjustments included in profit for the reporting year were excluded from operating cash flow because of their non-cash character. These fair value adjustments result primarily from a timing difference between the earnings effect and the cash flow effect of a property transaction and equalled only €0.9m in 2021. Other material non-cash earnings effects included in net profit are deferred taxes (€9.9) and the income from equity-accounted companies (€36.0m).

Cash flow from operating activities totalled €–45.7m in 2021, compared with €–34.6m in the previous year. Cash flow was reduced by (net) interest payments of €22.7m, a €33.0m increase in receivables, and a €10.2m increase in inventories. These amounts include cash inflows of €13.7m from the sale of real estate inventories. The additions to real estate inventories totalled €63.7m in 2021, and the additions to receivables from real estate inventory sales equalled €11.9m. Cash inflows from the sale of real estate reported in receivables equalled €0.7m.

Cash flow from investing activities amounted to €69.1m in 2021, compared with €23.1m in the previous year. The previous year included the transfer of large-scale projects and the resulting cash inflows from the disposal of tangible assets and investment property for a total of €3.9m, while 2021 shows cash inflows of €60.9m under this position. The reporting year also included cash inflows of €10.0m from the disposal of financial assets as well as €85.5m for the repayment of project financing, which were contrasted by cash outflows of €50.8m for project financing. Cash outflows for investments in property, plant and equipment and investment property amounted to €60.6m (2020: €42.9m). Cash inflows from the sale of consolidated companies, less cash and cash equivalents, equalled €36.0m.

Cash flow from financing activities equalled €152.4m in 2021 (2020: €46.9m). Liquidity was increased by the issue of a five-year, 3.125% sustainability-linked UBM bond with a cash effect of €81.6m and the issue of a 5.5% sustainability-linked UBM hybrid bond with a net cash effect of €49.9m. Additional borrowings of €240.6m were arranged during the reporting year, and €179.2m of loans were repaid. Dividends, including hybrid interest of €24.2m, were distributed in the first half-year. Cash and cash equivalents rose from €247.2m to €423.3m as of 31 December 2021.

Outlook

Experts in the OECD and the European Central Bank (ECB) expect the COVID-19 year 2021 to be followed by global growth of 4.5% in 2022. Successful vaccination campaigns and the resulting opening steps served as important growth drivers at the beginning of the year. However, the war in Ukraine raises doubts over these growth forecasts. Reliable estimates for the quantitative effects on the European and global economies are currently not possible due to the uncertainties over the scope and duration of the war in Ukraine. The ECB continues to hold the key interest rate at 0.00% and plans to terminate asset purchases as part of the pandemic emergency purchase programme (PEPP) by the end of March 2022.[1, 2]

UBM's liquidity position was substantially strengthened during 2021. Despite a further year under the influence of the COVID-19 pandemic, cash and cash equivalents rose by 71.2% year-on-year to €423.3m (2020: €247.2m). An ideal window on the debt market during the first six months was decisive and allowed UBM to issue two sustainability-linked bonds within only one month. The internal focus on cash management will remain a priority in 2022 to permit flexible reaction to any deviations or market opportunities.

The balance sheet indicators which were optimised in recent years – e.g. the low net debt of €381.0m and the above-mentioned liquidity situation – also give UBM the necessary flexibility for new investments in 2022. Future profitability is additionally protected by the earnings contributions from the current €2.2 bn pipeline, independent of any market opportunities. For example: A large-scale acquisition was completed in Germany during the first quarter of 2022, which leads to expectations of sale proceeds totalling more than €300m in the coming years. Further project acquisitions are evaluated regularly, but under consideration of the current uncertainties.

The positive business performance in 2021 shows that UBM's strategic reorientation has been positively received by the market. The production of the concrete and steel used in building construction is responsible for 6% of worldwide CO_2 emissions, which represents the same amount from air, ship and rail traffic combined. UBM's goal is to substitute timber for part of this concrete and steel and, consequently, to use the greatest lever created by its reorientation to reduce the CO_2 footprint of buildings during construction. In only a few months, UBM established a competence centre with five timber construction experts and set a further milestone on the road to becoming Europe's largest timber building developer. Activities also focused on UBM's ESG orientation: Top ESG ratings were received from the international rating agencies ISS ESG and EcoVadis in 2021, and it is UBM's stated goal to also be one of the sector leaders in 2022.

The COVID-19 pandemic and, since February 2022, the war in Ukraine are two sources of increased uncertainty. Even though UBM has no business activities in the involved countries, a continuation of the conflict will have an impact on Ukraine's neighbouring countries, on Europe and on the global economy.

Signs of a massive increase in energy prices and, subsequently, in all energy-intensive products are already visible. However, the effects appear to be much more far-reaching due to the consequent sanctions imposed by the west on Russia. That means a scenario with rising inflation, a sharp downturn in growth and resulting stagflation is probable or, at least, cannot be excluded. Real estate has often proven to be a safe haven and a source of real values in similar situations in the past. Whether this will be true today, or whether the decade-long boom indicates otherwise, cannot be reliably estimated at this time.

UBM must, therefore, refrain from issuing any guidance and limit comments to its extremely solid financial position, in particular compared with most of the competition.

1 Oesterreichische Nationalbank: Konjunktur aktuell – January 2022
2 EZB: Geldpolitische Beschlüsse – Press statement, December 2021

Risk report

The principal business activity of UBM Development AG and its operating subsidiaries involves the development of real estate projects in selected European countries. This business model exposes the UBM Group to a variety of risks. At the same time, diversification – meaning an active presence in different countries and asset classes – supports the distribution and reduction of risk because changes do not normally take place at the same time or in all markets. Diversification, as a risk management tool, also creates opportunities to give preference to one asset class over another or to expand or reduce the focus on individual assets classes, countries and markets.

UBM's risk management is responsible for monitoring and controlling the related risks, whereby any changes in risk positions are actively addressed.

General goals of UBM risk management

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

Material risks

The material risks for UBM arise from project development as the core business activity and include operating risks as well as macroeconomic risks. Accordingly, risks are subdivided into the following main categories: real estate acquisition – project calculation, planning and project financing – construction and quality – operations (rentals and leasing) – realisation (transactions) – general business risks – macroeconomic and other risks.

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

Risk Management System (RMS) Measures in 2021

1. Risk identification and analysis/risk system

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

A catalogue of ESG risks was also prepared in 2021. This process included the identification and qualitative assessment of the following risks (relevant scope of influence from "ESG"):

- Change in regulations – price trends (E)
- Ground contamination, direct negative influence on plants and animals (E)
- Price trends for sustainable building materials (E)
- Incorrect use of materials (technical aspects, durability, recycling, renaturation) (E)
- Users' acceptance of the chosen materials (E)
- Employees' lack of motivation & satisfaction (S)
- Lack of highly qualified personnel on the labour market (S)
- Changes in the legal system & standards (laws, norms, standards) (S)
- Climate change and its social consequences (G)
- Data theft (G)

This catalogue will be expanded over the coming years based on weighted probabilities to quantify the potential financial damages arising from ESG risks.

2. Risk assessment

The assessment is based on a description of the risks as well as an estimate of the probability of occurrence and the potential extent of damages caused by events that could lead annual results to deviate from forecasts. The Management Board prepares this estimate with the assistance of local experts and is supported by regular status and project reports from the country managing directors and by calculation models. This assessment takes place every six months to allow the company to react quickly to possible changes in the individual risk positions.

The evaluation includes an analysis of the potential damages and probability of occurrence for each risk. The results are presented on a risk map, which provides a clear overview of the greatest individual risks for UBM.

High priority is given to the continued development of risk management at UBM. Based on the risk inventory, the individual risks were aggregated for the first time in 2020 to create an overall risk indicator in the form of a "value at risk". In addition, risk management's control function was significantly improved by defining the risk appetite at the corporate level and linking this to the company's risk-bearing capacity.

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

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

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

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

Risk categories
UBM's most important individual risks were aggregated in seven main risk categories.

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

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

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

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

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

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

In order to protect the value of a property, a wide range of experts from UBM's subsidiaries and specialist departments or external firms are involved during the operating phase to ensure the steady generation of planned revenues and to protect the technical quality of the buildings over the long term.

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

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

6. General business risks: Included here, in particular, are personnel risks (staffing, turnover, human error, internal fraud, etc.), IT risks (hardware, software, data loss, hacking, espionage, etc.), commercial risks (liquidity risk, tax risks, financial penalties, etc.) as well as legal risks (compliance risks, compensation, general contractual and insurance risks, the legal environment, etc.). These risks are monitored by the respective specialist departments and communicated to the Management Board as required.

7. Macroeconomic and other risks: These risks include the development of the economy (inflation, unemployment, purchasing power, etc.), interest rate risk, exchange rate risk and force majeure risks (natural disasters, fire, strikes, war, terror, pandemics). They are continuously monitored by the responsible Management Board members in close cooperation with the staff units.

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

Risks in connection with the COVID-19 pandemic:
General situation
The global measures to combat the spread of COVID-19 led to significant restrictions on social and economic activity in many parts of the world during 2020 and 2021, among others also in UBM's markets. A further negative impact on growth in these UBM markets – across practically all sectors, including the real estate branch – can be expected. Significant progress has been made in fighting the pandemic, above all with the approval of various vaccines and their proven effectiveness, but the vaccination rates in UBM's markets are lower than expected or recommended by epidemiologists. Forecasts have also become more difficult due to the recent appearance of new virus variants (especially omicron). Consequently, uncertainty remains high over the duration of the restrictions, and the expected impact on the economy and on UBM is impossible to determine at the present time.

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

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

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

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

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

The recently completed residential properties have been forward sold as entire projects or will be marketed as individual units. The demand for residential properties in UBM's markets has remained unbroken to date during the COVID-19 pandemic, and we expect continued strong demand over the medium term. However, a delay in the economic recovery could negatively influence any improvement on the labour market and consequently impact rentability, realisable rents and the funds available to private buyers. Inflation statistics could also influence interest rate policies and, subsequently, the cost of capital for our buyers, especially in Eastern Europe.

Interest rate trends and the yield on alternative investments represent an additional risk for the sale of properties. Central banks are expected to raise prime rates over the medium term due to the current, historically high level of inflation. We anticipate an increase in the required yields, depending on the country and asset class, and more selective actions by investors. At the same time, this development could make fixed-interest financial products more attractive for investors. Unless the current market trends and/or the Ukraine war trigger a complete structural or long-term change in consumer or rental behaviour in Europe, the megatrend towards urbanisation can be expected to drive the demand for UBM's asset classes. Real estate is basically seen as a safe asset class, and concerns over continuing inflation could benefit the demand for properties.

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

Financing for pipeline projects in an early stage of development could become more difficult depending on the effects of COVID-19 and the Ukraine war on the banking sector.

In view of the uncertain economic environment, the foreign exchange risk associated with the Polish złoty and Czech koruna is still considered high for 2022, and exchange rates are currently subject to substantial volatility. The economic relevance of the possible use of hedges is under regular evaluation.

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

An area of UBM's activities that is directly linked to hotel development is the hotel leasing business, which is conducted through a 50% joint venture with a partner. The hotel shutdowns which resulted from the COVID-19 pandemic were responsible for significant negative economic effects and losses. The investment in the hotel operating company was written off in full during 2020. Defaults and losses were offset by government subsidies in the individual countries. These two effects moderate the future risks for the hotel operating company. Experience from the two pandemic years has also shown a faster-than-expected recovery after the easing of restrictions relevant for the tourism industry. However, a structural change in travel behaviour as a result of the pandemic or the re-introduction of travel restrictions to combat new virus variants could cause profits from the hotel leasing business to fall below original forecasts over the medium to long term.

Risks in connection with the Ukraine war

General situation

The geopolitical tensions which have existed between the Russian Federation and Ukraine since 2014 escalated at the beginning of 2022. Diplomatic relations were broken off following the recognition of the separatist regions of Donetsk and Luhansk by Russia and, on 24 February 2022, Russian President Vladimir Putin initiated a war of aggression against Ukraine. As the Russian armed forces pressed forward into Ukrainian territory, the western community of nations reacted immediately with harsh sanctions against Russia: In addition to direct sanctions against high-ranking government officials, western measures focused, above all, on the financial market. The EU and the USA barred Russian financial institutions from the SWIFT communication network. This step is intended to cut Russian banks off from the international financial markets and massively limit their ability to act. Other measures involve the closure of European and American airspace for Russian aircraft and the exclusion of Russian sport associations from international competitions. Companies across the world, especially in the oil and gas sector, have also severed their business ties with Russia.

The medium- and long-term political and economic effects of the war are uncertain from the current point of view. It is now assumed that global growth, above all in Europe and the USA, will be substantially slowed and limited trading by the oil and gas industry will lead to rising prices for the industrial sector and consumers. In view of these developments, stagflation cannot be excluded in the coming years.

This conflict leads to the identification of the following risks for UBM's business model:

- Country and geopolitical uncertainty in UBM's markets
- Risks in connection with financing and capital market transactions
- Operating risks due to a more negative economic outlook

Impact on UBM's business model

Even though UBM is not directly engaged in the countries involved in the war (this commitment ended in 2021), the future course of this military conflict can have an influence on the countries bordering Ukraine. Refugees have already started to flee the crisis area and have found their primary contact point in Poland. The capacity in the quickly organised emergency shelters is limited, and hotels, hostels and other facilities have opened their doors to the refugees: UBM has made 15% of the total capacity in all its Polish hotels available for the short-term accommodation of war refugees. The geographical and cultural proximity to its Ukrainian neighbour leads to the risk that city tourism in Poland will suffer from the current crisis and UBM's hotels must expect a delayed recovery from the pandemic. It is, furthermore, impossible to estimate the risk that other hotel markets could be directly affected by the conflict – as a minimum, the absence of Russian tourists can be expected for the time being.

The sanctions and, in particular, the exclusion of Russian banks from the SWIFT communication system creates wide-ranging uncertainties and risks for the capital markets and their participants. Payment transactions and trading with Russian companies and state-owned businesses have effectively come to a standstill, and an economic threat has materialised for Russian and European banks due to their close connections. This can have negative consequences for customers due to more restrictive lending policies by commercial banks and could also influence the financing for UBM's project business. Moreover, the capital market window for the issue of bonds and other debt instruments will remain closed for non-rated companies until further notice. It is currently impossible to estimate when the capital market will reopen for all participants – this step will be dependent on the duration of the conflict and the progress of peace negotiations. It can also have an effect on UBM's corporate financing, but the flat repayment profile for the coming financial year provides a sufficient buffer.

Geopolitical distortions combined with the resulting economic consequences will cloud the recently more positive outlooks on global economic recovery. The latest sharp rise in inflation will continue at a high level due to the restrictions on oil and gas deliveries. The announcement of prime rate hikes by the US Federal Reserve will increase the pressure on the European Central Bank to also raise interest rates. Uncertainty exists here, above all in the timing and scope of these interest policy measures. This slower economic growth will affect all markets, but the effect of the upcoming change in interest rate policies on the real estate markets remains to be seen. The risk of rising financing costs is contrasted by the opportunity to benefit from an increasing demand for safe investments. The yields on government bonds, which could represent a competing product to real estate, have declined drastically. "Concrete gold" will, therefore, continue to be a popular possibility for protection against inflation.

Internal Control System

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

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

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

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

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

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

As part of the internal control system, the Audit Committee is responsible for monitoring accounting procedures and financial reporting on behalf of the Supervisory Board.

Internal Audit

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

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

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

The annual audit plan was completed, and there were no special ad-hoc audits in 2021.

Disclosures acc. to Section 243a of the Austrian Commercial Code as of 31 December 2021

1. Composition of capital
Share capital comprised 7,472,180 zero par value shares as of 31 December 2021, each of which represents an equal investment in the total share capital of €22,416,540.00. As of that date, all 7,472,180 shares were outstanding. All shares carry the same legal rights and obligations, in particular the right to vote which is exercised based on the number of shares held. The company's share capital is fully paid in. In accordance with Section 5 Para. 3 of the Statutes and Section 10 Para. 2 of the Austrian Stock Corporation Act, these bearer shares must be securitised in one or more global certificates and deposited at a collective securities depository in accordance with Section 1 Para. 3 of the Austrian Securities Deposit Act or at a comparable foreign institution. Section 4 Para. 5 of the Statutes also stipulates that the share capital as of 31 December 2020 may be conditionally increased in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act up to a nominal amount of €2,241,654.00 through the issue of up to 747,218 new, ordinary, zero par bearer shares for issue to the holders of convertible bonds (conditional capital increase).

2. Limitations on voting rights or the transfer of shares
A syndicate agreement is in place between the Strauss Group and the IGO-Ortner Group. The Management Board has no knowledge of the content of this agreement. The syndicate members are required to vote in line with all resolutions passed by the syndicate, and a reciprocal purchase right is in effect.

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

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

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

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

Furthermore, the Annual General Meeting on 27 May 2021 approved the continuation and extension of the LTIP. This approval included the introduction of two additional exercise windows, namely during the period from 1 September 2022 to 26 October 2022 (exercise window 3) and from 1 September 2023 to 26 October 2023 (exercise window 4).

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

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

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

7. Authority of the Management Board members

Section 4 Para. 4 of the Statutes authorises the Management Board as of 31 December 2021 to increase share capital by up to €2,241,654.00, with the approval of the Supervisory Board, through the issue of up to 747,218 new ordinary zero par value bearer shares in exchange for cash and/or contributions in kind, also in multiple tranches and through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act (authorised capital). Furthermore, the Management Board is authorised to determine the issue price, issue conditions, subscription ratio and other details with the approval of the Supervisory Board. This authorisation by the Annual General Meeting on 23 May 2017 is valid for five years beginning on the date of recording in the company register, i.e. up to 11 August 2022. The subscription rights of shareholders to the new shares issued from authorised capital are excluded if and to the extent that the exercise of this authorisation (authorised capital) involves the issue of shares in exchange for cash under greenshoe options connected with the placement of new shares in the company. The Management Board is also authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders. The Supervisory Board is authorised to approve amendments to the Statutes which result from the use of this authorisation by the Management Board.

As of 31 December 2021 and in accordance with Section 4 Para. 5 of the Statutes, the Management Board is authorised to determine the remaining details for the conditional capital increase and its implementation with the approval of the Supervisory Board, in particular the details of the issue and the conversion procedure for the convertible bonds, the issue price and the exchange or conversion ratio. The Supervisory Board is authorised to pass resolutions on amendments to the Statutes arising from the issue of shares from conditional capital. The issue price and conversion ratio are to be determined on the basis of recognised actuarial methods and the company's share price using an accepted pricing procedure. If the terms and conditions for the issue of convertible bonds include a conversion obligation, the contingent capital will also be used to meet this conversion obligation.

Section 4 Para. 6 of the Statutes authorises the Management Board, in accordance with Section 159 Para. 2 (3) of the Austrian Stock Corporation Act, to conditionally increase the company's share capital with the approval of the Supervisory Board, also in multiple tranches, by up to €1,678,920.00 through the issue of up to 559,640 new ordinary zero par bearer shares to service the stock options granted to employees, key managers and members of the Management Board of the company and its subsidiaries within the framework of the Long-Term Incentive Programme 2017. This authorisation by the Annual General Meeting on 27 May 2021 is valid for five years beginning on the date of recording in the company register, i.e. up to 9 July 2026. The strike price was set at €36.33. The Supervisory Board was authorised to pass resolutions on amendments to the Statutes arising from the conditional capital increase.

8. Significant agreements

A bond (partial debentures) with a total nominal value of €150,000,000.00 (term: 2017-2022) was issued in December 2017. An exchange offer for these partial debentures was announced by the issuer, which gave the bondholders an opportunity to exchange their securities for the new UBM bond 2021–2026. Partial debentures totalling €68,897,500.00 from the bond issue in 2017 were exchanged for the new 2021 UBM partial debentures, and the remaining partial debentures from the UBM bond 2017–2022 will be redeemed on 11 October 2022.

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

A bond (partial debentures) with a total nominal value of €150,000,000.00 and a term ending in 2022 was issued in October 2017. An exchange offer was carried out at the same time, under which partial debentures of the bond issued in 2014 with a total nominal value of €84,047,500.00 were converted into partial debentures of the bond issued in October 2017. In connection with the cash subscription for the bonds issued in October 2017, partial debentures with a total nominal value of €65,952,500.00 were issued. An exchange offer for these partial debentures was announced by the issuer in 2021, which gave the bondholders an opportunity to exchange their securities for the new UBM bond 2021–2026. Partial debentures totalling €68,897,500.00 from the bond issue in 2017 were exchanged for the new 2021 UBM partial debentures, and the remaining partial debentures from the UBM bond 2017–2022 will be redeemed on 11 October 2022.

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

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

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

A bond (partial debentures) with a total nominal value of €150,000,000.00 and a five-year term (2021–2026) was issued in May 2021. It was accompanied by an exchange offer which gave the bondholders an opportunity to exchange their securities for the new UBM bond 2021–2026 as well as a cash subscription offer. (Information on the exchange of the bond issued in 2017 is provided above.) The exchange offer resulted in the exchange of €68,897,500.00 for new 2021 UBM partial debentures, and the cash subscription led to the issue of partial debentures totalling €81,102,500.00.

The bond (partial debentures) issued in May 2021, which has a total nominal amount of €150,000,000.00 and a five-year term (2021–2026), is a sustainability-linked bond. That means the repayment amount can exceed 100% of the nominal value if UBM's ESG rating deteriorates during the bond's term.

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

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

A hybrid bond (hybrid partial debentures) with a total nominal value of €100,000,000.00 (2018-2023) was issued in February 2018. The terms and conditions of the hybrid bond include a provision which entitles the issuer, in the event of a change of control in the sense of the Austrian Takeover Act, to prematurely redeem the hybrid partial debentures at the nominal amount together with accrued interest up to the repayment date.

A €7.0m bearer bond (term 2021–2025) and a further €0.5m bearer bond (term 2021–2025) were issued in the first quarter of 2021. In the second quarter of 2021, a subordinated sustainability-linked bond (hybrid bond) with a total nominal value of € 100,000,000.00 was issued. Almost 50% of the hybrid bond from 2018 was repurchased ahead of schedule and thus extended until 2026. In the second quarter of 2021, UBM issued a sustainability-linked bond (term: 2021–2026). The issue volume of €150.0m included €68.9m from the exchange of the existing bond 2017–2022. A promissory note loan and bearer bond (term: 2016–2021) were repaid in December 2021. An overview of the bonds can be found on page 87.

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

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

10. Other information

Branch offices

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

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

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

Corporate Governance Report

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

Research and development

The company has no research or development activities.

Vienna, 31 March 2022

The Management Board

Thomas G. Winkler
CEO, Chairman

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Consolidated Financial Statements

Consolidated Income Statement

for the 2021 Financial Year

in T€	Notes	2021	2020
Revenue	(8)	278,313	183,339
Changes in the portfolio	(8)	–45,874	–21,145
Share of profit/loss from companies accounted for at equity	(21)	36,003	27,813
Income from fair value adjustments to investment property	(20)	11,568	69,853
Other operating income	(9)	11,767	8,224
Cost of materials and other related production services	(10)	–141,421	–115,673
Personnel expenses	(11)	–36,807	–34,847
Expenses from fair value adjustments to investment property	(20)	–6,550	–7,543
Other operating expenses	(12)	–31,070	–44,922
EBITDA		**75,929**	**65,099**
Depreciation and amortisation	(13)	–2,627	–3,085
EBIT		**73,302**	**62,014**
Financial income	(14)	14,040	23,899
Financial costs	(15)	–27,203	–23,654
EBT		**60,139**	**62,259**
Income tax expenses	(16)	–16,428	–21,506
Profit for the year (net profit)		**43,711**	**40,753**
of which: attributable to shareholders of the parent		33,625	32,769
of which: attributable to holder of hybrid capital		8,590	7,035
of which: attributable to non-controlling interests		1,496	949
Basic earnings per share (in €)	**(17)**	**4.50**	**4.39**
Diluted earnings per share (in €)	**(17)**	**4.50**	**4.39**

Consolidated Statement of Comprehensive Income
for the 2021 Financial Year

in T€	Notes	2021	2020
Profit for the year (net profit)		**43,711**	**40,753**
Other comprehensive income			
Remeasurement of defined benefit obligations	(34)	518	–133
Income tax expense (income) on other comprehensive income		–131	35
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		**387**	**–98**
Currency translation differences		–1,036	3,500
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		**-1,036**	**3,500**
Other comprehensive income of the year		**-649**	**3,402**
Total comprehensive income of the year		**43,062**	**44,155**
of which: attributable to shareholders of the parent		32,977	36,282
of which: attributable to holder of hybrid capital		8,590	7,035
of which: attributable to non-controlling interests		1,495	838

Consolidated Statement of Financial Position
as of 31 December 2021

in T€	Notes	2021	2020
Assets			
Non-current assets			
Intangible assets	(18)	4,004	3,024
Property, plant and equipment	(19)	12,900	11,596
Investment property	(20)	423,488	407,147
Investments in companies accounted for at equity	(21)	183,631	167,811
Project financing	(22)	179,636	208,375
Other financial assets	(23)	11,628	11,520
Financial assets	(26)	3,615	4,066
Deferred tax assets	(29)	5,734	11,445
		824,636	**824,984**
Current assets			
Inventories	(24)	133,091	121,880
Trade receivables	(25)	60,550	127,945
Financial assets	(26)	36,090	37,717
Other receivables and assets	(27)	16,784	12,286
Cash and cash equivalents	(28)	423,312	247,209
		669,827	**547,037**
Assets total		**1,494,463**	**1,372,021**
Equity and liabilities			
Equity			
Share capital	(30, 31)	22,417	22,417
Capital reserves	(32)	98,954	98,954
Other reserves	(32)	240,820	226,766
Hybrid capital	(33)	183,244	130,330
Equity attributable to shareholders of the parent		**545,435**	**478,467**
Equity attributable to non-controlling interests		5,156	4,404
		550,591	**482,871**
Non-current liabilities			
Provisions	(34)	9,061	8,772
Bonds and promissory note loans	(35)	445,994	437,047
Financial liabilities	(36)	215,417	248,641
Other financial liabilities	(38)	2,251	1,573
Deferred tax liabilities	(29)	5,528	8,016
		678,251	**704,049**
Current liabilities			
Provisions	(34)	430	2,102
Bonds and promissory note loans	(35)	80,504	19,457
Financial liabilities	(36)	84,191	41,943
Trade payables	(37)	50,109	76,959
Other financial liabilities	(38)	31,169	30,503
Other liabilities	(39)	5,842	3,302
Taxes payable	(40)	13,376	10,835
		265,621	**185,101**
Equity and liabilities total		**1,494,463**	**1,372,021**

Consolidated Cash Flow Statement

for the 2021 Financial Year

in T€	2021	2020
Profit for the year	43,711	40,753
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	-857	-56,030
Interest income/expense	14,062	6,229
Income from companies accounted for at equity	-36,003	-27,724
Dividends from companies accounted for at equity	18,770	18,790
Decrease/Increase in long-term provisions	-1,332	1,851
Deferred income tax	9,880	20,407
Operating cash flow	**48,231**	**4,276**
Increase/Decrease in short-term provisions	140	-285
Increase/Decrease in tax provisions	2,543	-22,389
Losses/Gains on the disposal of assets	-14,240	-10,308
Increase/Decrease in inventories	-10,165	14,344
Increase in receivables	-33,021	-23,627
Decrease/Increase in payables (excluding banks)	-14,664	12,223
Interest received	463	697
Interest paid	-22,729	-18,879
Other non-cash transactions	-2,270	9,306
Cash flow from operating activities	**-45,712**	**-34,642**
Proceeds from the sale of intangible assets	-	2
Proceeds from the sale of property, plant and equipment and investment property	60,939	3,912
Proceeds from the sale of financial assets	9,982	48,737
Proceeds from the repayment of project financing	85,538	106,194
Investments in intangible assets	-1,053	-354
Investments in property, plant and equipment and investment property	-60,631	-42,893
Investments in financial assets	-10,879	-24,501
Investments in project financing	-50,771	-91,124
Proceeds from the sale of consolidated companies less cash and cash equivalents acquired	36,009	23,154
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-	-9
Cash flow from investing activities	**69,134**	**23,118**
Dividends	-24,233	-23,459
Dividends paid to non-controlling interests	-1,020	-1,702
Proceeds to non-controlling interests	73	-
Proceeds from note loan	7,000	30,000
Repayment of note loan	-11,500	-20,500
Proceeds from bonds	81,602	20,941
Repayment of bonds	-8,000	-60,336
Increase in loans and other financing	240,596	188,964
Repayment of loans and other financing	-179,244	-86,718
Increase in hybrid capital	98,246	-
Repayment of mezzanine capital	-48,395	-
Acquisition of non-controlling interests	-328	-300
Repurchase of equity-settled share options	-2,395	-
Cash flow from financing activities	**152,402**	**46,890**
Cash flow from operating activities	**-45,712**	**-34,642**
Cash flow from investing activities	**69,134**	**23,118**
Cash flow from financing activities	**152,402**	**46,890**
Change in cash and cash equivalents	**175,824**	**35,366**
Cash and cash equivalents at 1 Jan	247,209	212,384
Currency translation differences	279	-541
Cash and cash equivalents at 31 Dec	**423,312**	**247,209**
Taxes paid	4,005	23,488

Consolidated Statement of Changes in Equity
for the 2021 Financial Year

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance as of 1 January 2020	**22,417**	**98,954**	**–3,651**	**–2,294**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	–98	4,404
Total comprehensive income for the year	-	-	–98	4,404
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 December 2020	**22,417**	**98,954**	**–3,749**	**2,110**
Total profit/loss for the year	-	-	-	424
Other comprehensive income	-	-	387	–1,038
Total comprehensive income for the year	-	-	387	–614
Dividend	-	-	-	-
Proceeds from other shareholders of subsidiaries	-	-	-	-
Cash settlement of share options	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 December 2021	**22,417**	**98,954**	**–3,362**	**1,496**

Other reserves	Hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
211,092	**130,315**	**456,833**	**5,673**	**462,506**
32,769	7,035	39,804	949	40,753
–793	-	3,513	–111	3,402
31,976	7,035	43,317	838	44,155
–16,439	–7,020	–23,459	–1,702	–25,161
198	-	198	-	198
1,755	-	1,755	-	1,755
–177	-	–177	–405	–582
228,405	**130,330**	**478,467**	**4,404**	**482,871**
33,201	8,590	42,215	1,496	43,711
3	-	–648	–1	–649
33,204	8,590	41,567	1,495	43,062
–16,439	–7,794	–24,233	–1,020	–25,253
-	-	-	73	73
–2,395	-	–2,395	-	–2,395
2,272	-	2,272	-	2,272
–1,829	52,118	50,289	-	50,289
-532	-	-532	204	-328
242,686	**183,244**	**545,435**	**5,156**	**550,591**

Notes to the Consolidated Financial Statements

1. General information

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

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

The reporting currency is the euro, which is also the functional currency of UBM. The functional currency of the subsidiaries included in the consolidated financial statements is the respective national currency. Amounts are reported in thousands of euros (T€) and rounded using the compensated summation method. The reporting year corresponds to the calendar year and ends on 31 December 2021.

2. Scope of consolidation

The consolidated financial statements include UBM as well as 69 (2020: 66) domestic subsidiaries and 80 (2020: 78) foreign subsidiaries. Eleven companies were initially included in UBM's consolidated financial statements during the reporting year following their founding and one company was initially included following its acquisition (see note 2.1.).

Five companies were sold and two were deconsolidated following their liquidation. The sale price of T€29,188 was paid in cash. The assets and liabilities over which control was lost comprise the following:

in T€	2021
Non-current assets	
Other financial assets	1
Deferred tax assets	497
Current assets	
Trade receivables	115,180
Financial assets	997
Other receivables and current assets	1,251
Cash and cash equivalents	652
Non-current liabilities	
Financial liabilities	34,464
Other financial liabilities	12,997
Deferred tax liabilities	4,733
Current liabilities	
Financial liabilities	20,643
Trade payables	3,174
Other financial liabilities	16,800
Tax payables	2

In addition, 24 (2020: 29) domestic and 24 (2020: 24) foreign associated companies and joint ventures were accounted for at equity. One company was added during the reporting year following its acquisition. One company was deconsolidated following its liquidation, and five were sold.

UBM is entitled to the majority of voting rights in 23 (2020: 24) subsidiaries but does not exercise control over these companies because of specific rules defined by the respective partnership agreements. These companies are accounted for as joint ventures.

2.1. Initial consolidations

The following companies were initially included through full consolidation in 2021 (see the list of investments for the capital share):

Due to new foundations	Date of initial consolidation
St.-Veit-Straße GmbH & Co. KG	3.2.2021
LQ Timber-A GmbH & Co KG	22.10.2021
LQ Timber-B-One GmbH & Co KG	22.10.2021
LQ Timber-B-Two GmbH & Co KG	22.10.2021
LQ Timber-C GmbH & Co KG	23.10.2021
LQ Timber-D GmbH & Co KG	23.10.2021
ZH Hafenblick I GmbH & Co. KG	1.12.2021
ZH Molenkopf GmbH & Co. KG	1.12.2021
ZH Rheinwiesen II GmbH & Co. KG	1.12.2021
ZH Hafenspitze GmbH & Co. KG	2.12.2021
Holzstraße GmbH & Co. KG	17.12.2021

Due to acquisitions	Date of initial consolidation
Astrid Garden Residences s.r.o.	2.11.2021

Astrid Garden Residences s.r.o. represents a shell company.

3. Significant accounting policies

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

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

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

4. Accounting and valuation methods

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

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

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

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

	Mean exchange rate as of 31 Dec 2021	Average annual exchange rate
PLN	4.5994	4.5775
CZK	24.8600	25.6483

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

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

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

Intangible assets are capitalised at their acquisition cost and amortised on a straight-line basis over the expected useful life. The amortisation rates range from 10.00% to 50.00% (2020: 10.00% to 50.00%).

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

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

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

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

	2021	2020
Buildings	1.50 to 33.33	1.50 to 33.33
Technical equipment and machinery	4.00 to 50.00	4.00 to 50.00
Other facilities, fixtures and office equipment	4.00 to 50.00	4.00 to 50.00

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

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

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

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

The borrowing costs for qualifying assets are included in the acquisition or production cost. For investment properties sold through forward deals, the capitalisation of borrowing costs ends on the date of the related agreement. Depreciation on these assets begins with their completion or the attainment of operational status. Interest totalling T€4,649 was capitalised for properties in 2021 (2020: T€1,319). Information on the rate for financing costs is provided in note 36.

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

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

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

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

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

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

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

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

Share-based remuneration includes an option for settlement in equity instruments or in cash, whereby the respective fair value is recognised under personnel expenses over the vesting period. The Long-Term Incentive Programme (LTIP) was reported under capital reserves up to year-end 2021. Since the previous LTIP programme was settled in cash during 2021 and cash settlement is also assumed in the future, the options issued and granted in 2021 are reported under personnel expenses. The number of options granted is reassessed and the fair value of the options is revalued at the end of every reporting period.

The **provisions for severance payments, pensions and anniversary bonuses** were calculated in accordance with IAS 19 based on the projected unit credit method with the application of the AVÖ 2018-P Generation Life Table, whereby an actuarial valuation is performed as of every reporting date. The calculation parameters included an interest rate of 1% (2020: 0.40%) for Austria and Germany as well as salary increases of 2.38% (2020: 2.25%) per year in Austria. The calculation of the provisions for severance payments and anniversary bonuses in Austria also includes deductions for employee turnover based on statistical data within a range of 0.00% to 10.50% (2020: 0.00% to 10.50%); for anniversary bonuses in Germany, the range equalled 0.00% to 10.60% (2020: 0.00% to 10.60%). The retirement age assumed for the Austrian companies represents the earliest possible retirement age permitted by law following the 2004 pension reform (corridor pension), also taking all transitional arrangements into account; for German companies, the legal retirement age is used. The calculation of the provisions for Austria is based on the AVÖ 2018-P – Pagler & Pagler Mortality Table, while the 2018 G Mortality Table Guidelines issued by Klaus Heubeck are used for Germany.

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

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

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

Financial instruments

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

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

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

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

Trade receivables, project financing and other financial assets were recognised at amortised cost. No allowances for expected credit losses were recognised in 2021 because neither the historical nor the forecast data indicated any loss rates.

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

Securities are classified as FVTPL and measured at fair value. If these securities represent debt instruments and consist solely of interest and principal payments, they are carried at amortised cost. **Liabilities** are carried at amortised cost in accordance with the effective interest method. **Derivative financial instruments** are recognised at fair value through profit or loss (FVTPL). The UBM Group has not entered into any hedges.

Revenue from contracts with customers

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

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

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

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

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

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

5. Discretionary judgment and major sources of estimation uncertainty

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

The income generated by the UBM hotel companies was also projected to be lower in 2022 because of the COVID-19 pandemic. This was reflected in the cash flow calculations and led to fair value adjustments in the hotel holding companies which own the Palais Hansen and Jochberg. These hotel operating companies are only expected to recover in the following years, which also led to a reduction in the estimated future cash inflows and to a negative share of profit from the equity-accounted companies. The results are included under the long-term project financing which represents part of the net investment in UBM hotels Management GmbH.

Determining the fair value of real estate: Fair value generally equals the present value of the realisable rental income. Any change in the estimated future realisable rental income or the expected return on alternative investments will also lead to a change in the fair value of the involved property. The capitalisation rate (2021: 2.30%% to 7.30%; 2020: 2.50% to 7.39%) represents the average market rate of return on the property. One criterion for the selection of the capitalisation rate is the general and specific risk for the return on the property.

In 2021, most of the investment property was valued in accordance with internationally recognised earnings methodology, in particular the Term and Reversion approach (see note 20 for additional details on the valuation method).

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

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

Portfolio property						
	Carrying amount as of 31 Dec 2021		**175,537**	**Carrying amount as of 31 Dec 2020**		**107,563**
	Adjustment to long-term rent			Adjustment to long-term rent		
	0.00%	10.00%	-10.00%	0.00%	10.00%	-10.00%
Adjustment to yield						
0.00%	-	18,090	–11,626	-	10,503	–10,723
0.50%	–7,111	–2,565	–18,037	–1,540	1,210	–4,500
-0.50%	15,460	28,503	–7,485	1,680	4,740	–1,620

in T€

Development projects				
	Carrying amount as of 31 Dec 2021	**247,951**	**Carrying amount as of 31 Dec 2020**	**299,584**
Developer profit	-5.00%	5.00%	-5.00%	5.00%
	24,299	–31,852	35,980	–35,992
Adjustment to yield	-0.50%	0.50%	-0.50%	0.50%
	43,475	–44,437	72,669	–61,482
Adjustment to construction costs	10.00%	-10.00%	10.00%	-10.00%
	–35,515	27,403	–48,873	47,578
Adjustment to rental income	-10.00%	10.00%	-10.00%	10.00%
	–60,341	51,899	–81,612	82,308

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

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

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

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

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

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

	Interest +0.25%	Interest -0.25%
	liquid	liquid
Pension DBO	-2.60%	2.70%

	Pension trend +0.25%	Pension trend -0.25%
	liquid	liquid
Pension DBO	2.70%	-2.60%

	Life expectancy +1 year	Life expectancy -1 year
	liquid	liquid
Pension DBO	5.90%	-5.80%

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

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

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

	Interest +0.25%	Interest -0.25%	Salary trend +0.25%	Salary trend -0.25%
Severance payments DBO	-1.75%	1.80%	1.76%	-1.71%

	Fluctuation +0.50% until 25th year of service	Fluctuation -0.50% until 25th year of service	Life expectancy +1 year	Life expectancy -1 year
Severance payments DBO	-0.20%	0.21%	0.08%	-0.09%

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

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

6. New and revised accounting standards

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

The UBM Group applied the following standards for the first time as of 1 January 2021. The changes had no material effects on the Group.

Changes to standards and interpretations

New or revised standard	Date of publication by IASB	Date of adoption into EU	Date of initial application
Amendments to IFRS 16: Covid-19-Related Rent Concessions	28.5.2020	9.10.2020	1.6.2020
Amendments to IFRS 4 Insurance Contracts: Deferral of IFRS 9	25.6.2020	15.12.2020	1.1.2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)	27.8.2020	13.1.2021	1.1.2021
Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	31.3.2021	30.8.2021	1.4.2021

IFRS 16: COVID-19-Related Rent Concessions: The changes provide lessees with relief from assessing whether rental concessions granted in connection with the coronavirus pandemic (e.g. rent-free periods or temporary rent reductions) represent a lease modification. If this practical expedient is applied, the rent concessions are recorded as if there were no lease modifications. The changes apply to rent concessions that reduced rents due on or before 30 June 2022.

The practical expedients provided by the changes to IFRS 16 on rent concessions were applied by the UBM Hotel Group prematurely.

6.2. New accounting standards that have not yet been applied

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

New standards and interpretations adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU	Date of initial application
Amendments to IFRS 3: Reference to the Conceptual Framework 2018	14.5.2020	28.6.2021	1.1.2022
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	14.5.2020	28.6.2021	1.1.2022
Amendments to IAS 16: Property, Plant & Equipment: Proceeds before Intended Use	14.5.2020	28.6.2021	1.1.2022
Annual Improvements to IFRSs 2018–2020 Cycle	14.5.2020	28.6.2021	1.1.2022
IFRS 17 – Insurance Contracts	18.5.2017	19.11.2021	1.1.2023
Amendments to IFRS 17: Insurance Contracts	25.6.2020	19.11.2021	1.1.2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	12.2.2021	2.3.2022	1.1.2023
Amendments to IAS 8: Definition of Accounting Estimates	12.2.2021	2.3.2022	1.1.2023

New standards and interpretations not yet adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	23.1.2020 + 15.7.2020	–	1.1.2023
Amendments to IAS 12: Deferred tax related to Assets and Liabilities arising from a Single Transaction	7.5.2021	–	1.1.2023
Initial application of IFRS 17 and IFRS 9 – Comparative information	9.12.2021	–	1.1.2023

7. Effects of the COVID-19 pandemic and the Ukraine crisis

Impact on UBM's business model

UBM's core business model is real estate development, above all properties in the residential and office asset classes. Hotel projects were also developed prior to the COVID-19 pandemic. UBM adjusted its strategy as a consequence of the COVID-19 crisis and has discontinued the acquisition of new hotel development projects and the start of hotel developments since the outbreak of the pandemic. Moreover, the strategic reorientation is directed at the realisation of green and smart residential buildings and office projects. Hotel projects in progress before the pandemic are continuing: three projects with partners were completed in 2021 and transferred to the standing asset portfolio at the respective share of the investment. The demand by investors for hotels is not expected to recover before travel activity stabilises and returns to the pre-crisis level.

The short-term economic effects and current doubts over the future development of the economy are important issues for the office segment because economic uncertainty has a negative influence on new rentals by corporate customers. A minimum occupancy level must normally be guaranteed before a property can be transferred to the final investor. An influence on forward sold properties is also conceivable if a buyer's credit standing is impaired by the COVID-19 crisis to the extent that the agreed sale price can no longer be paid. No buyers have been lost to date due to credit rating difficulties.

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

The recently completed residential properties have been forward sold as entire projects or will be marketed as individual units. The demand for residential properties in UBM's markets has remained unbroken during the COVID-19 pandemic, and we expect continued strong demand over the medium term. However, there is a risk that a delay in economic recovery could negatively influence any improvement of the labour market, which would impact rentability, realisable rents and the funds available to private buyers. The inflation rate also has an influence on interest policies and, in turn, on the cost of capital for our buyers, especially in Eastern Europe.

Interest rate developments and the yields on alternative investments represent another general risk for real estate sales. Given the current historically high level of inflation, central banks can be expected to raise key interest rates over the medium term. We assume this will be accompanied by an increase in the required yields, depending on the country and asset class, and more selective actions by investors. At the same time, there is a risk that fixed-interest financial products will become more attractive than real estate for investors as a result of these developments. If current market developments and the Ukraine conflict do not lead to a lasting structural change in consumer or rental behaviour in Europe, it can be assumed that the megatrend towards urbanisation will continue to support the demand for UBM's asset classes. Real estate is essentially seen as a safe asset class, and concerns over rising inflation could benefit the demand for properties.

Another general risk arising from the COVID-19 pandemic is the temporary shortage of resources at construction sites caused by delivery delays or a lack of personnel due to quarantine restrictions. Protection for potential construction delays lasting several weeks is provided by a buffer with appropriate long-stop dates for the property transfer. However, longer delays cannot be excluded due to the uncertainty surrounding the duration and extent of the crisis-related measures and, in an extreme case, would trigger rights of withdrawal from the contracts for previously sold properties. The previous restrictions have not caused any significant delays to date.

Financing for pipeline projects in an early stage of development could become more difficult depending on the effects of COVID-19 and the Ukraine crisis on the banking sector.

In view of the uncertain economic environment and the Ukraine crisis, the foreign exchange risk associated with the Polish złoty and Czech koruna is still considered high for 2022, and the exchange rates are currently subject to substantial volatility. The economic relevance of the possible use of hedges is under regular evaluation.

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

An area of UBM's activities that is directly linked to hotel development is the hotel leasing business, which is conducted through a 50% joint venture with a partner. The hotel shutdowns which resulted from the COVID-19 pandemic were responsible for significant negative economic effects and losses. The investment in the hotel operating company was written off in full during 2020. Defaults and losses were offset by government subsidies in the individual countries. These two effects moderate the future risks for the hotel operating company. Experience from the two pandemic years has also shown a faster-than-expected recovery after the easing of restrictions relevant for the tourism industry. However, a structural change in travel behaviour as a result of the pandemic or the re-introduction of travel restrictions to combat new virus variants could cause profits from the hotel leasing business to fall below original forecasts over the medium to long term.

Impact on the consolidated statement of financial position and income statement in 2021
The COVID-19 pandemic had an impact, above all, on the hotel leasing business in the hotel asset class. Negative earnings contributions of T€4,369 from UBM hotels Management GmbH were included under the long-term project financing in 2021, which represents part of the net investment in that company.

Property write-downs of T€2,393 were recorded to the carrying amounts of the hotels in Jochberg and Vienna (Palais Hansen), which are in operation but have not yet been sold. These write-downs are based on adjustments to the cash flow assumptions in 2021.

The results are included in the Austria segment.

Due to the steady reduction in the share of standing assets in recent years, the COVID-19 pandemic was responsible for only immaterial default incidents on rental payments in 2021 and no valuation adjustments were required.

Government subsidies and grants
An application for a 14% investment bonus of T€109 for digitalisation was filed in February 2021.

8. Revenue

The UBM Group recorded revenue of T€278,313 in 2021 (2020: T€183,339). This position included the proceeds from the sale of properties, rental income, income from the hotel business, construction services invoiced for UBM's projects and other revenue from ordinary business activities.

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

in T€	2021	2020
Regions		
Germany	161,697	193,047
Austria	197,204	178,730
Poland	78,880	79,544
Other markets	33,171	27,232
Total Output Group	**470,952**	**478,553**
Less revenue from companies accounted for at equity, subsidiaries and joint ventures	–238,513	–316,359
Plus/less changes in the portfolio	45,874	21,145
Revenue	**278,313**	**183,339**

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

	Germany	Austria	Poland	Other markets	Group
in T€	1-12/2021	1-12/2021	1-12/2021	1-12/2021	1-12/2021
Revenue					
Residential	17,467	72,588	5,334	15,062	110,451
Office	29,279	6,540	6,036	341	42,196
Hotel	-	-	32,131	650	32,781
Other	13,508	32,164	3,017	18	48,707
Service	13,092	4,239	1,035	25,812	44,178
Revenue	**73,346**	**115,531**	**47,553**	**41,883**	**278,313**
Recognition over time	-	68,484	5,321	8,150	81,955
Recognition at a point in time	73,346	47,047	42,232	33,733	196,358
Revenue	**73,346**	**115,531**	**47,553**	**41,883**	**278,313**

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

Revenue is classified as follows:

in T€	2021	2020
Revenue from contracts with customers	264,726	174,014
Revenue from rentals	13,587	9,325
Total	**278,313**	**183,339**

9. Other operating income

in T€	2021	2020
Income from the release of provisions	1,020	266
Staff cost allocations	545	610
Exchange rate gains	6,245	1,608
Rental of space and land	490	706
Miscellaneous	3,467	5,034
Total	**11,767**	**8,224**

10. Cost of materials and other related production services

in T€	2021	2020
Expenses for raw materials and supplies and for purchased goods	–55,281	–12,486
Expenses for purchased services	–86,140	–103,187
Total	**–141,421**	**–115,673**

The disposals of carrying amounts from properties sold are included under the cost of materials and other related production services as part of the expenses for raw materials, supplies and purchased goods. These disposals totalled T€48,041 in 2021 (2020: T€4,102).

11. Personnel expenses

in T€	2021	2020
Salaries and wages	–30,686	–29,291
Social welfare expenses	–5,675	–5,231
Expenses for severance payments and pensions	–446	–325
Total	**–36,807**	**–34,847**

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

Personnel expenses include T€173 (2020: T€198) from the Long-Term Incentive Programme (LTIP).

12. Other operating expenses

The major other operating expenses are classified as follows:

in T€	2021	2020
Office operations	–8,680	–7,204
Advertising	–1,612	–1,146
Legal and consultancy services	–4,651	–6,966
Depreciation/Impairment of current real estate assets	–918	–2,083
Exchange rate losses	–3,710	–14,493
Taxes, contributions and charges	–2,663	–3,732
Bank charges	–1,051	–1,188
Management fee	–4,104	–3,240
Miscellaneous	–3,681	–4,870
Total	**–31,070**	**–44,922**

Miscellaneous other operating expenses consist primarily of other third-party services, travel expenses, duties and fees.

13. Depreciation and amortisation

The scheduled amortisation of intangible assets totalled T€67 in 2021 (2020: T€61), and the scheduled depreciation of property, plant and equipment amounted to T€2,560 (2020: T€3,024).

14. Financial income

in T€	2021	2020
Interest and similar income	12,397	14,203
of which: from project financing for companies accounted for at equity and subsidiaries	11,924	12,942
of which: from affiliates	-	-
Income from the disposal and reversal of impairment to financial assets	1,643	9,696
Total	**14,040**	**23,899**

15. Financial costs

in T€	2021	2020
Interest and similar expenditure relating to bonds and promissory note loans	–16,057	–14,422
Interest and similar expenses for other financial liabilities	-6,200	–4,634
Other interest and similar expenses	–1,052	–1,376
Expenses for other financial assets	-3,894	-3,222
of which: depreciation, amortisation and impairment	–2,795	-3,200
Total	**-27,203**	**-23,654**

16. Income tax expense

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

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

in T€	2021	2020
Actual tax expense	6,548	1,099
Deferred tax expense/income	9,880	20,407
Tax expense (+)/income (–)	**16,428**	**21,506**

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

in T€	2021	2020
Profit before income tax	60,139	62,259
Theoretical tax expense (+)/income (–)	15,035	15,565
Differences in tax rates	2,534	6,902
Tax effect of non-deductible expenses and tax-exempt income	955	–240
Income/Expenses from companies accounted for at equity	–8,327	–3,527
Changes in deferred tax assets not recognised for loss carryforwards	7,657	4,908
Effect of changes in tax rates	–5	–746
Tax expenses (+)/income (–) related to other periods	–1,656	–1,072
Other differences	235	–284
Income tax expenses	**16,428**	**21,506**

In addition to the tax expense recognised in the consolidated income statement, the tax effect from the expenses and income included under other comprehensive income was also recognised in other comprehensive income. The amount recognised in other comprehensive income equalled T€-131 (2020: T€35) and was related primarily to the tax effect from the remeasurement of defined benefit obligations.

17. Earnings per share

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

	2021	2020
Share of profit for the period attributable to shareholders of the parent, incl. interest on hybrid capital (in T€)	42,216	39,804
Less interest on hybrid capital (in T€)	–8,590	–7,035
Proportion of profit for the period attributable to shareholders of the parent (in T€)	33,626	32,769
Weighted average number of shares issued (=number of basic shares)	7,472,180	7,472,180
Average number of share options outstanding	-	-
Number of shares diluted	7,472,180	7,472,180
Basic earnings per share (in €)	**4.50**	**4.39**
Diluted earnings per share (in €)	**4.50**	**4.39**

The 297,410 stock options allocated in connection with the Long-Term Incentive Programme 2017 (LTIP) by the end of the previous reporting year were settled in cash during 2021.

18. Intangible assets

in T€	Concessions, licences and similar rights	Goodwill	Payments on account and assets under construction	Total
Acquisition and production costs				
Balance as of 1 Jan 2020	451	3,840	-	4,291
Additions/Disposals through changes in the scope of consolidation	–29	-	-	–29
Additions	355	-	-	355
Disposals	–5	-	-	–5
Currency adjustments	–6	-	-	–6
Balance as of 31 Dec 2020	766	3,840	-	4,606
Additions	-	-	1,053	1,053
Disposals	–155	-	-	–155
Reclassifications	–250	-	225	–25
Currency adjustments	8	-	-	8
Balance as of 31 Dec 2021	369	3,840	1,278	5,487
Accumulated amortisation and impairment				
Balance as of 1 Jan 2020	362	1,182	-	1,544
Additions/Disposals through changes in the scope of consolidation	–16	-	-	–16
Additions (scheduled amortisation)	61	-	-	61
Disposals	–3	-	-	–3
Currency adjustments	–4	-	-	–4
Balance as of 31 Dec 2020	400	1,182	-	1,582
Additions (scheduled amortisation)	67	-	-	67
Disposals	–145	-	-	–145
Reclassifications	–25	-	-	–25
Currency adjustments	4	-	-	4
Balance as of 31 Dec 2021	301	1,182	-	1,483
Carrying amounts – balance as of 31 Dec 2020	**366**	**2,658**	**-**	**3,024**
Carrying amounts – balance as of 31 Dec 2021	**68**	**2,658**	**1,278**	**4,004**

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

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

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

The recoverable amount corresponds to the value in use. The cash flows were derived from budgets for 2021 and the following three years (detailed planning period). Discounting was based on a specific cost of capital of 5.99% (2020: 5.77%). An increase or decrease of 1.00% in the specific cost of capital would not lead to any change in valuation. UBM Development Deutschland GmbH will not acquire any further projects, and the projects currently in progress are scheduled for completion by 2022. UBM Invest Deutschland GmbH, which was founded on 22 September 2017, serves as the successor company.

19. Property, plant and equipment

in T€	Land, land rights and buildings including buildings on leasehold land and assets under construction	Right-of-use assets: land and buildings	Technical equipment and machinery	Other facilities, fixtures and office equipment	Right-of-use assets: Technical equipment and machinery; other equipment and office equipment	Payments on account and assets under construction	Total
Acquisition and manufacturing costs and revaluation							
Balance as of 1 Jan 2020	1,170	38,110	1,150	5,143	1,416	-	46,989
Additions/Disposals through changes in the scope of consolidation	-	–27,355	-	-	-	-	–27,355
Additions	-	636	12	843	547	-	2,038
Disposals	–20	-	-	–1,096	–58	-	–1,174
Reclassifications	-	-	–71	82	–82	-	–71
Currency adjustments	–4	–1,381	–33	–24	–28	-	–1,470
Balance as of 31 Dec 2020	1,146	10,010	1,058	4,948	1,795	-	18,957
Additions	219	2,478	-	991	278	78	4,044
Disposals	–152	–491	–207	–2,098	–285	-	–3,233
Reclassifications	-	-	-	–3	-	-	–3
Currency adjustments	7	10	4	14	2	-	37
Balance as of 31 Dec 2021	1,220	12,007	855	3,852	1,790	78	19,802
Accumulated depreciation and impairment							
Balance as of 1 Jan 2020	118	1,612	561	3,975	481	-	6,747
Additions/Disposals through changes in the scope of consolidation	-	–1,140	-	-	-	-	–1,140
Additions (scheduled depreciation)	73	1,908	102	466	475	-	3,024
Disposals	-	-	-	–1,095	–58	-	–1,153
Reclassifications	-	-	–37	63	–63	-	–37
Currency adjustments	-	–34	–20	–19	–7	-	–80
Balance as of 31 Dec 2020	191	2,346	606	3,390	828	-	7,361
Additions (scheduled depreciation)	74	1,333	93	604	456	-	2,560
Disposals	-	–491	–174	–2,086	–284	-	–3,035
Reclassifications	-	-	-	–3	-	-	–3
Currency adjustments	-	7	3	9	-	-	19
Balance as of 31 Dec 2021	265	3,195	528	1,914	1,000	-	6,902
Carrying amounts – balance as of 31 Dec 2020	**955**	**7,664**	**452**	**1,558**	**967**	**-**	**11,596**
Carrying amounts – balance as of 31 Dec 2021	**955**	**8,812**	**327**	**1,938**	**790**	**78**	**12,900**

Any impairment recognised in profit or loss is reported together with scheduled depreciation and amortisation under “Depreciation and amortisation”, while any reversals of impairment recognised in profit or loss on assets subject to prior impairment are included in the income statement under “Other operating income”. The carrying amount of property, plant and equipment pledged as collateral as of 31 December 2021 amounted to T€0 (2020: T€0). Property, plant and equipment with a carrying amount of T€ 0 (2020: T€0) are subject to restrictions on disposal.

Leases

The following amounts were recorded in connection with leases:

in T€	2021	2020
Interest expense on the lease liability	–992	–979
Short-term lease expense	–1,266	–1,225
Adjustments to fair value	–340	–340
Total cash outflows from leases	1,794	2,268

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

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

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

A maturity analysis of the lease liabilities is provided in notes 36 and 45.

20. Investment property

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

in T€	Investment properties	Right-of-use assets: Investment properties	Total
Carrying amounts			
Balance as of 1 Jan 2020	456,026	11,714	467,740
Additions/Disposals through changes in the scope of consolidation	–145,020	-	–145,020
Additions	42,039	-	42,039
Disposals	–656	-	–656
Reclassification IFRS 15	–4,690	-	–4,690
Reclassification from/to real estate inventories	–9,603	-	–9,603
Currency adjustments	–4,973	-	–4,973
Adjustments to fair value	62,650	–340	62,310
Balance as of 31 Dec 2020	**395,773**	**11,374**	**407,147**
Additions	59,343	-	59,343
Disposals	–19,074	-	–19,074
Reclassification IFRS 15	–29,000	-	–29,000
Reclassification from/to real estate inventories	–983	-	–983
Currency adjustments	1,037	-	1,037
Adjustments to fair value	5,358	–340	5,018
Balance as of 31 Dec 2021	**412,454**	**11,034**	**423,488**

Reconciliation for Level 3 valuations:

	Austria			
2021 in T€	**Office**	**Other**	**Residential**	**Land bank**
Carrying amount at start of financial year	**46,589**	**123,182**	**1,038**	**4,776**
Currency adjustments	-	-	-	-
Additions from property purchases	-	-	-	-
Additions in existing properties	1,066	4,519	-	-
Reclassification IFRS 15	-	-	-	-
Reclassification from/to property, plant and equipment and real estate inventories	-	-	-	-
Disposals	–17,160	–1,114	–68	–165
Net gains/losses from fair value adjustments [1]	–24	–1,513	-	–22
Carrying amount at end of financial year	**30,471**	**125,074**	**970**	**4,589**

[1] The net income from fair value adjustments consists of revaluation gains of T€ 11,569 and revaluation losses of T€ –6,210.

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

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

Germany			Poland			Other markets				
Office	Other	Land bank	Office	Other	Hotel	Office	Residential	Hotel	Land bank	Total
48,852	**-**	**1,427**	**51,424**	**32,243**	**16,700**	**-**	**7,182**	**54,904**	**7,456**	**395,773**
-	-	-	-	110	104	-	395	-	428	1,037
30,835	-	-	-	-	-		-	-	-	30,835
1,583	-	-	180	201	522	-	724	19,311	402	28,508
–29,000	-	-	-	-	-	-	-	-	-	–29,000
9,876	-	-	-	-	–10,859	-	-	-	-	–983
-	-	-	-	-	–26	-	–541	-	-	–19,074
10,314	-	-	13	–495	-	-	-	–2,915	-	5,358
72,460	**-**	**1,427**	**51,617**	**32,059**	**6,441**	**-**	**7,760**	**71,300**	**8,286**	**412,454**

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

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

The fair values of all properties with a carrying amount over T€1,000 – including the properties held by non-controlling interests which flow into the consolidated financial statements – were established by external appraisers in 2021. These external appraisals covered investment property with a total carrying amount of T€ 399,396 (2020: T€377,929).

Fair value was generally determined by capital earnings methods in 2021 and 2020. The most frequently used method was the term and reversion approach, an internationally recognised real estate valuation technique. The term and reversion approach separates the expected future cash flows into two distinct, independent areas. This separation is necessary for rented properties because the calculations required for the period up to the expiration of the rental agreements in effect on the valuation date – the so-called "term" – differ from the calculations for the period after the end of these rental agreements – the so-called "reversion" (subsequent rentals).

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

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

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

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

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

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

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

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

Property type: Investment property	Segment	Fair value hierarchy	Fair value in T€ as of 31 Dec 2021	Valuation method	Capitalisation rate in %	Rent in € per m²/ Sale price in € per m²	Maintenance in €/m² or %
Office	Austria	Level 3	1,223	CE	3.50	5.50-8.71	16.50%
Office	Austria	Level 3	17,641	CE	4.50	2.06-16.86	14.00€/m²
Office	Austria	Level 3	11,607	CE	3.25-4.25	4.54-6.55	8.86€/m²
Other	Austria	Level 3	186	CE			
Other	Austria	Level 3	124,888	CE/ Residual/CV	2.50-4.75	16.50; 6,200.00; 820.00/ apt.	6.00-12.00€/m²
Residential	Austria	Level 2	970	CV			
Land bank	Austria	Level 2	4,589	CV			
Office	Germany	Level 3	14,960	CE/ Residual	3.69	18.50	4.50%
Office	Germany	Level 3	17,065	CE/ Residual	2.30	19.50	10.00€/m²
Office	Germany	Level 3	9,600	CE/ Residual	2.50	6,000.00-7,500.00	
Office	Germany	Level 3	30,835	Residual	2.75	8.00-24.00	4.00%
Land bank	Germany	Level 2	1,427	CV			
Office	Poland	Level 3	51,617	DCF	7.20-7.30	6.00-15.00	8.00-10.00€/m²
Other	Poland	Level 3	27,600	CE	5.22	3.25-33.50	3.03€/m²
Other	Poland	Level 3	4,459	CE/ Residual	6.84-6.87	4.00-11.00	3.00€/m²
Hotel	Poland	Level 3	6,441	Residual/ DCF	2.96-4.75	710.00/room	7.00-12.00€/m²
Residential	Other markets	Level 3	7,760	CE/ Residual	5.78	7.50-11.50; 4,150.00	3.00€/m²
Hotel	Other markets	Level 3	71,300	DCF/CV	5.00	1,060.00/room	1.50%
Land bank	Other markets	Level 3	8,286	CE/ Residual	5.95-5.97	4.00-6.00	2.50€/m²

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

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

The impact of non-observable input factors on fair value

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

Contractual obligations for the acquisition or construction of investment property amounted to T€8,763 as of 31 December 2021 (2020: T€11,076). In addition, investment properties with a total carrying amount of T€326,717 (2020: T€248,421) were pledged as collateral.

The rental income from rented investment properties totalled T€7,993 in 2021 (2020: T€8,457), and the related operating expenses amounted to T€1,408 (2020: T€1,444). The operating expenses for investment property which did not generate any rental income during the reporting period amounted to T€6 in 2021 (2020: T€144).

21. Investments in companies accounted for at equity

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

Associates

The following associate is a hotel property in Vienna.

in T€			
Company	**Palais Hansen GmbH**		
Asset class	**Hotel**		
Development status	**Portfolio**	**2021**	**2020**
Revenue		3,207	3,345
Profit/Loss for the year		1,995	-12,321
of which depreciation, amortisation and impairment		-3,300	-9,200
of which interest expense		-1,338	-1,282
of which tax expense		-1,293	-4,587
Total comprehensive income		**1,995**	**-12,321**
Non-current assets		107,000	110,300
Current assets		3,185	7,140
of which cash and cash equivalents		1,790	4,594
Non-current liabilities		51,345	60,715
of which non-current financial liabilities		44,943	48,287
Current liabilities		2,359	2,194
of which current financial liabilities		-	-
Net assets		56,481	54,531
Group share of net assets as of 1 Jan		**18,292**	**22,427**
Group share of total comprehensive income		670	-4,135
Group share of net assets as of 31 Dec		18,962	18,292
Carrying amount of companies accounted for at equity as of 31 Dec		**18,962**	**18,292**

Information on immaterial associates:

in T€	2021	2020
Carrying amount of shares in associates as of 31 Dec	-	36
Group share of		
Profit/Loss for the year	-	-
Total comprehensive income	**-**	**-**

The proportional share of unrecognised losses from associates totalled T€1,170 in 2021 (2020: T€476), and the accumulated amount equalled T€2,597 as of 31 December 2021 (2020: T€1,427).

Joint ventures

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

2021 in T€

Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Anders Wohnen GmbH**	**Obersendlinger KG**	**UBM hotels Management GmbH**
Asset class	**Other**	**Hotel**	**Residential**	**Residential**	**Hotel**
Development status	**Portfolio**	**Portfolio**	**Development**	**Development**	**Portfolio**
Revenue	3,615	1,372	56,437	62,778	22,645
Profit/Loss for the year	1,688	–1,342	24,350	12,989	–8,232
of which depreciation, amortisation and impairment	-	–1,782	-	-	–12,150
of which interest expense	–566	–540	–31	-	–12,047
of which tax expense	–510	-	–7,545	–5,817	–509
Total comprehensive income	**1,688**	**–1,342**	**24,350**	**12,989**	**–8,232**
Non-current assets	73,300	42,337	-	-	271,722
Current assets	1,734	401	38,714	175,402	24,803
of which cash and cash equivalents	1,733	-	29,578	17,917	12,247
Non-current liabilities	50,251	21,817	-	-	293,200
of which non-current financial liabilities	50,074	21,817	-	-	293,152
Current liabilities	1,497	34	11,143	142,660	50,002
of which current financial liabilities	1,164	-	-	-	7,645
Net assets	23,286	20,887	27,571	32,742	–46,677
Group share of net assets as of 1 Jan 2021	**17,278**	**11,114**	**14,013**	**5,571**	**-**
Additions/Disposals	-	-	-	-	-
Group share of total comprehensive income	1,351	–671	11,445	3,663	–4,116
Dividends received/paid	-	-	–12,500	-	-
Group share of net assets as of 31 Dec 2021	18,629	10,443	12,958	9,234	–4,116
Carrying amount of companies accounted for at equity as of 31 Dec 2021	**18,629**	**10,443**	**12,958**	**9,234**	**-**
Write-downs project financing current/non current	**-**	**-**	**-**	**-**	**–4,369**

FWUBM Management GmbH	**Baubergerstraße KG**	**PGE Europa-viertel GmbH**
Other	**Office**	**Office**
Development	**Development**	**Development**
7,930	924	58,059
4,056	22	8,735
-565	-	-
–1,109	–2,801	-
–2,257	-	–3,918
4,056	**22**	**8,735**
67,689	152,803	48,233
3,696	143	138,049
2,587	94	873
42,860	82,121	155,857
42,860	67,960	127,064
4,795	4,382	5,591
2,261	-	-
23,730	66,443	24,834
9,837	**32,890**	**12,058**
-	6,963	-
2,028	13	6,543
-	-	-
11,865	39,866	18,601
11,865	**39,866**	**18,601**
-	**-**	**-**

2020 in T€

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

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

Information on immaterial joint ventures:

in T€	2021	2020
Carrying amount of shares in joint ventures as of 31 Dec	43,073	40,838
Group share of		
Profit for the year	15,077	37,118
Total comprehensive income	**15,077**	**37,118**

The proportional share of unrecognised losses from joint ventures totalled T€1,979 in 2021 (2020: T€481), and the accumulated amount equalled T€2,297 as of 31 December 2021 (2020: T€630).

There were no significant restrictions on the access to assets as of 31 December 2021. Information on the obligations arising from contingent liabilities for companies accounted for at equity is provided in note 41.

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

22. Project financing

in T€	2021	2020
Project financing for other investments	3	7,138
Project financing for companies accounted for at equity	179,633	201,237
Total	**179,636**	**208,375**

Impairment losses equalled T€4,146 in 2021 (2020: T€18,481), and no impairment losses were reversed (2021: T€0; 2020: T€0).

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

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

23. Other financial assets

in T€	2021	2020
Investments in unconsolidated subsidiaries	1,723	1,623
Other investments	229	281
Securities (fvtpl)	955	895
Securities (amortised cost)	8,721	8,721
Total	**11,628**	**11,520**

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

24. Inventories

Inventories comprise the following positions:

in T€	2021	2020
Properties intended for sale		
under development	96,752	80,630
standing assets	36,332	41,202
Other real estate inventories	7	48
Total	**133,091**	**121,880**

Inventories with a carrying amount of T€79,799 (2020: T€61,241) are pledged as collateral for liabilities.

The carrying amount of the inventories recognised at fair value amounts to T€10,318 (2020: T€10,739). Valuation allowances of T€922 were recognised in 2021 (2020: T€2,083).

25. Trade receivables

Contract assets
The following table shows the construction contracts valued according to the percentage of completion method at year-end 2021 and 2020:

in T€	2021	2020
Contract assets	110,086	131,149
Less attributable advance payments received	–74,455	–30,660
Total	**35,631**	**100,489**

The proportional contract value capitalised according to the percentage of completion as of 31 December 2021 is contrasted by contract costs of T€108,348 (2020: T€125,069). Therefore, the partial profit recognised on these contracts and included in revenue equals T€1,738 (2020: T€6,080).

The contract assets developed as follows during the reporting year:

Increases through:

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

Reductions through:

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

	2021	2020
Contract assets		
Balance as of 1 Jan	100,489	67,381
Additions	123,672	96,342
Disposals	–145,575	–84,054
Currency adjustments	840	–1,761
Payments received	–43,795	22,581
Balance as of 31 Dec	**35,631**	**100,489**

Composition and maturity terms of trade receivables:

in T€	2021	2020
Receivables from third parties	4,971	9,263
Receivables from consortiums	-	4
Receivables from unconsolidated subsidiaries and other investments	1,578	852
Receivables from companies accounted for at equity	18,370	17,337
Total	**24,919**	**27,456**

Of the receivables due from third parties, T€3,172 (2020: T€2,596) are not overdue and T€1,799 (2020: T€6,667) are due within one year. All other receivables due from unconsolidated subsidiaries, other investments and companies accounted for at equity are not yet due.

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

Age structure of receivables due from third parties:

in T€	Carrying amount as of 31 Dec 2021	Of which not overdue at closing date	Of which overdue at closing date in the following time periods				
			Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	4,971	3,172	682	340	405	372	-

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

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

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

26. Financial assets

in T€	31.12.2021	Remaining term > 1 year	31.12.2020	Remaining term > 1 year
Other	39,705	3,615	41,783	4,066
Total	**39,705**	**3,615**	**41,783**	**4,066**

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

27. Other receivables and assets

in T€	31.12.2021	Remaining term > 1 year	31.12.2020	Remaining term > 1 year
Receivables from taxes	11,190	-	11,727	-
Other	5,594	-	559	-
Total	**16,784**	**-**	**12,286**	**-**

28. Cash and cash equivalents

Cash and cash equivalents include cash at banks of T€423,290 (2020: T€247,154) and cash in hand of T€22 (2020: T€55).

29. Deferred taxes

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

	2021		2020	
in T€	Assets	Liabilities	Assets	Liabilities
Investment property, other valuation differences	6,560	8,328	6,936	10,177
Property, plant and equipment	13	2,069	348	989
Financial assets and liabilities	7,595	3,803	11,068	3,969
PoC method	1	4,294	1	9,347
Provisions	1,016	1,088	1,277	819
Tax loss carryforwards	4,603	-	9,318	-
Miscellaneous	-	-	-	218
Offsetting	–14,054	–14,054	–17,503	–17,503
Deferred taxes	**5,734**	**5,528**	**11,445**	**8,016**
Net deferred taxes	**-**	**-206**	**-**	**-3,429**

Deferred tax assets from loss carryforwards are recognised to the extent they can probably be offset against future taxable profits. The deferred tax assets not recognised for loss carryforwards amounted to T€24,875 as of 31 December 2021 (2020: T€22,566). Of this total, T€20,847 (2020: T€17,608) cannot expire and the remaining T€4,028 (2020: T€4,958) will expire within five to nine years. Foreign losses of T€8 were utilised in Austria during 2021 (2020: T€3,609).

30. Equity

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

Share capital totals €22,416,540 (2020: €22,416,540) and is divided into 7,472,180 (2020: 7,472,180) zero par value shares. Each bearer share represents €3 (2020: €3) of share capital.

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

31. Authorised capital, conditional capital and treasury shares

The following resolutions were passed at the 140th Annual General Meeting on 27 May 2021:

The existing authorisation of the Management Board to increase share capital pursuant to Section 4 Para. 6 of the Statutes (authorised capital 2017), which was passed by the Annual General Meeting on 23 May 2017, was revoked.

The Management Board was also authorised, pursuant to Section 159 Para. 3 of the Austrian Stock Corporation Act in connection with Section 4 Para. 6 of the Statutes, to increase the company's share capital, with the approval of the Supervisory Board, by up to €1,678,920.00, also in several tranches, through the issue of up to 559,640 new ordinary zero par value bearer shares to service the stock options granted to employees, key managers and members of the Management Board of the company and its subsidiaries within the framework of the continuation and extension of the Long-Term Incentive Programme 2017 (including the adjustment of the plan terms defined in 2017) which was approved by the Annual General Meeting on 27 May 2021. This authorisation is valid until 9 July 2026. The issue price for the shares was set at the unweighted average of the closing price of the UBM share (ISIN AT0000815402) on the Vienna Stock Exchange during the period from 24 May 2017 (inclusive) to 21 June 2017 (inclusive). The Supervisory Board was authorised to approve amendments to the Statutes resulting from the use of this approved conditional capital increase by the Management Board, and Section 4 Para. 6 of the Statutes was amended accordingly.

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

The Annual General Meeting on 27 May 2021 also approved the continuation and extension of the Long-Term Incentive Programme 2017 (LTIP) under which stock options are granted to the members of the Management Board and certain managers.

A total of 375,130 stock options were granted after the defined commitment period from 22 June 2017 to 21 July 2017, and a further 22,500 stock options were granted during 2018 and 2019. Stock options totalling 100,220 expired due to the resignation of key employees. The stock options existing as of 31 December 2020 were settled in cash during exercise window 2 (1 September 2021 to 26 October 2021); the newly granted options (60,175 options) were measured at fair value and reported under employee-related obligations as cash settlement is also expected in the future.

Development of the stock options originally classified as equity-settled:

Number of share options	2021	2020
Balances as of 1 Jan	**297,410**	**355,630**
Options granted	-	-
Options forfeited	-	–58,220
Options exercised	–297,410	-
Balance as of 31 Dec	**-**	**297,410**

The following resolutions were also passed at the 140th Annual General Meeting on 27 May 2021:

The authorisation of the Management Board in accordance with Section 65 Para. 1 Nos. 4 and 8 and Paras. 1a and 1b of the Austrian Stock Exchange Act to purchase treasury shares, which was passed by the Annual General Meeting on 29 May 2019, was revoked. Furthermore, the authorisation of the Management Board on that same date in accordance with Section 65 1b of the Austrian Stock Exchange Act to sell or use treasury shares was also revoked.

The Management Board was authorised in accordance with Section 65 Para. 1 Nos. 4 and 8 as well as Paras. 1a and 1b of the Austrian Stock Corporation Act to repurchase the company's shares up to the legally allowed limit of 10% of share capital, including previously repurchased shares, during a 30-month period beginning on the date the resolution was passed. The compensation for these purchases may not be lower than €3.00 and not higher than 10% above the average, unweighted market price on the ten stock exchange trading days prior to the transaction. The shares can be repurchased over the stock exchange, through a public offering or in another legally admissible, expedient manner, above all through off-market transactions or from individual shareholders who are willing to sell (negotiated purchase) and also under the exclusion of the proportional sale rights that can result from this type of purchase (reverse exclusion of subscription rights).

The Management Board was also authorised to determine the respective repurchase conditions, whereby the related resolution of the Management Board and resulting share buyback programme, including its duration, must be published in accordance with legal regulations. The authorisation can be used in whole or in part, also in multiple tranches and in pursuit of one or more objectives by the company, by a subsidiary (Section 189a of the Austrian Commercial Code) or by third parties for the account of the company. Trading in treasury shares is excluded as an objective of the repurchase programme.

The Management Board was also authorised to sell or use treasury shares in another manner than over the stock exchange or through a public offering, in agreement with the Supervisory Board, for a period of five years beginning on the date the resolution was passed. This authorisation can be used in whole or in part, also in multiple tranches and in pursuit of one or more objectives. The proportional purchase rights of shareholders in connection with the sale or use in another manner than over the stock exchange or through a public offering were excluded (exclusion of subscription rights).

Moreover, the Management Board was authorised to withdraw treasury shares without a further resolution of the Annual General Meeting, in agreement with the Supervisory Board. The Supervisory Board was authorised to pass resolutions on amendments to the Statutes arising from the withdrawal of treasury shares.

32. Reserves

The capital reserves resulted from the capital increases and capital adjustments carried out in previous years as well as time-barred claims to dividends. These reserves include T€98,954 (2020: T€98,954) which are appropriated and may only be released, to the extent free reserves are not available for coverage, to offset an accumulated loss which would otherwise be reported in UBM's annual financial statements.

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

Net profit of T€16,850 (2020: T€16,441) is available for distribution to UBM's shareholders. In addition, voluntary reserves, which totalled T€62,507 (2020: T€60,157) can be released in following periods. The total balance of T€79,357 (2020: T€76,598) includes T€2,703 (2020: T€3,497) from the recognition of deferred tax assets, which are blocked from distribution.

Dividends totalling €16,438,796, or €2.20 per share, were distributed to UBM's shareholders in 2021 from net profit for the 2020 financial year. The Management Board recommends the distribution of a dividend of €2.25 per common share, for a total of €16,812,405, from net profit for the 2021 financial year.

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

33. Hybrid capital and hybrid bond

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

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

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

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

The hybrid capital is held by PORR AG.

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

On 18 June 2021, UBM issued a deeply subordinated sustainability-linked bond (hybrid bond) with a total volume of €100m and an annual coupon of 5.50%. The interest rate is tied to a specific ESG rating. The bond has an unlimited term with an early repayment option for the issuer after five years. A nominal value of €47.1m from the hybrid bond 2018 was redeemed at the same time through an exchange offer.

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

34. Provisions

in T€	Severance payments	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	Total
Balance as of 1 Jan 2021	1,836	2,762	265	338	1,332	4,341	10,874
Currency adjustments	-	-	-	-	-	-	-
Additions	79	11	2	10	2,124	994	3,220
OCI additions	–109	–409	-	-	-	-	–518
Amounts used	-	–42	–7	-	–17	–1,488	–1,554
Amounts reversed	-	-	-	–164	-	–2,367	–2,531
Balance as of 31 Dec 2021	**1,806**	**2,322**	**260**	**184**	**3,439**	**1,480**	**9,491**
of which non-current	1,806	2,322	260	154	3,439	1,080	9,061
of which current	-	-	-	30	-	400	430

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

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

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

Pension plans

Defined benefit plans

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

The provisions for severance payments developed as follows:

in T€	2021	2020
Present value of severance obligations (DBO) as of 1 Jan	1,836	1,709
Currency adjustments	-	–3
Current service cost	72	70
Interest expense	7	11
Severance payments	-	-
Actuarial gains(–)/losses(+)	–109	49
of which demographic gains/losses	-	-
of which financial gains/losses	–62	50
of which gains/losses from experience-based adjustments	–47	–1
Present value of severance obligations (DBO) as of 31 Dec	**1,806**	**1,836**

in T€	2021	2020
Current service cost (entitlements)	72	70
Interest expense	7	11
Severance costs (recognised in profit and loss for the period)	**79**	**81**
Severance costs (recognised in comprehensive income for the period)	**–109**	**49**

UBM concluded a group insurance contract to finance these severance payment claims. The related coverage capital equalled T€1,623 as of 31 December 2021 (2020: T€1,527).

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". Current service costs of T€69 and interest expense of T€17 are planned for the 2022 financial year.

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

Provision for pensions:

Reconciliation of pension obligations to the provision:

in T€	2021	2020
Present value of obligations covered by fund assets	4,097	4,574
Fair value of plan assets	–2,324	–2,426
Net value of obligations covered by fund assets	**1,773**	**2,148**
Present value of obligations not covered by fund assets	549	614
Carrying amount of provision as of 31 Dec	**2,322**	**2,762**

The pension provisions developed as follows:

in T€	2021	2020
Present value of pension obligations (DBO) as of 1 Jan	5,188	5,219
Interest expense	20	33
Pension payments	–255	–252
Actuarial gains(–)/losses(+)	–308	188
of which demographic gains/losses	-	-
of which financial gains/losses	–314	146
of which gains/losses from experience-based adjustments	6	42
Present value of pension obligations (DBO) as of 31 Dec	**4,645**	**5,188**

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

The receivables of T€2,324 (2020: T€2,426) from reinsurance represent plan assets as defined in IAS 19 and were netted out against the present value of the pension obligations.

Development of plan assets:

in T€	2021	2020
Fair value of plan assets as of 1 Jan	2,426	2,515
Interest income	10	17
Payouts (benefit payments)	–213	–210
Actuarial gains(+)/losses(–)	101	104
Fair value of plan assets as of 31 Dec	**2,324**	**2,426**

Pension costs (net):

in T€	2021	2020
Interest expense	10	16
Pension costs (recognised in profit/loss for the period)	**10**	**16**
Pension costs (recognised in comprehensive income for the period)	**–408**	**84**

Information on the actuarial assumptions underlying the calculation is provided in the section on “Accounting and valuation methods”. Current service costs of T€0 and interest expense of T€45 are planned for the 2022 financial year.

The actuarial gains and losses related to severance and pension provisions in 2021 and 2020 consist primarily of experience-based adjustments.

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

Structure of capital investments in classic cover pool in %	2021	2020
Fixed-interest securities	58.00	61.00
Shares, supplementary/mezzanine/participation capital	2.00	2.00
Investment funds	27.00	23.00
Affiliated and associated companies	4.00	4.00
Loans	6.00	7.00
Properties	2.00	2.00
Bank deposits	1.00	1.00
Total	**100.00**	**100.00**

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

	Maturity profile – DBO			DBO	Maturity profile – Cash			Cash
	1-5 years	6-10 years	10+ years	Duration	1-5 years	6-10 years	10+ years	Duration
Pensions	1,249	1,151	2,245	10.85	1,280	1,239	2,668	11.43
Severance payments	579	881	346	7.18	627	1,235	702	8.59

Defined contribution plans
Employees do not earn any entitlements for severance compensation from their respective employer if their employment relationship is subject to Austrian law and commenced after 31 December 2002. For these employees, contributions equal to 1.53% of the wage or salary are made to an employee welfare fund. These contributions amounted to T€238 in 2021 (2020: T€211). Contributions totalling T€10 (2020: T€10) were made to a pension fund on behalf of three Management Board members.

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

35. Bonds and promissory note loans

in T€	2021	2020
Balance as of 1 Jan	**456,504**	**484,731**
Issue	88,602	50,941
Repayment	–19,500	–80,836
Redemption	–25,624	–21,588
Effective interest rate	26,516	23,256
Balance as of 31 Dec	**526,498**	**456,504**

On 21 May 2021, UBM successfully issued a five-year corporate bond (UBM bond 2021–2026) with a total volume of €150.0m and an annual coupon of 3.125%. This new issue was accompanied by an exchange offer which resulted in the exchange of a nominal amount of approximately €68.9m from the UBM bond 2017–2022.

On 2 February 2021 and 30 March 2021, a five-year promissory note loan (promissory note loan 2021–2026) with a total volume of €7.0m and an annual coupon of 3.00% was successfully issued.

36. Financial liabilities

2021 in T€	Average effective interest rate in %	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	1.89	247,209	78,644	168,565	-	247,209
Borrowings and overdrafts from banks subject to interest at fixed rates	1.95	17,000	3,000	14,000	-	17,000
Borrowings from other lenders subject to interest at fixed rates	2.23	13,625	750	3,000	9,875	-
Lease obligations subject to interest at variable rates	3.57	21,774	1,797	5,166	14,811	-
Total		**299,608**	**84,191**	**190,731**	**24,686**	**264,209**

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

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

	2021			2020		
in T€	**Nominal value**	**Discount**	**Present value**	**Nominal value**	**Discount**	**Present value**
Due within 1 year	2,698	901	1,797	2,459	877	1,582
Due within 1 to 5 years	8,408	3,242	5,166	6,041	2,369	3,672
Due after more than 5 years	23,530	8,719	14,811	24,952	9,399	15,553
Total	**34,636**	**12,862**	**21,774**	**33,452**	**12,645**	**20,807**

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

37. Trade payables

in T€	2021	2020
Payables to third parties	50,109	76,959
Total	**50,109**	**76,959**

The above liabilities are due during the following year.

38. Other financial liabilities

2021 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Payables to unconsolidated subsidiaries	2,680	2,680	-	-	-
Payables to companies accounted for at equity	4,292	4,292	-	-	-
Payables to other investments	9,455	9,455	-	-	-
Payables related to interest on bonds	4,635	4,635	-	-	-
Payables to staff	7,960	7,960	-	-	-
Miscellaneous	4,398	2,147	1,215	1,036	-
Total	**33,420**	**31,169**	**1,215**	**1,036**	**-**

The Annual General Meeting on 27 May 2021 approved the continuation and extension of the Long-Term Incentive Programme 2017 (LTIP) under which stock options are granted to the members of the Management Board and certain managers.

The stock options outstanding as of 31 December 2020 were settled in cash during exercise window 2 (1 September 2021 to 26 October 2021). The newly issued options (60,175 options) were measured at fair value and reported under employee-related obligations because cash-settlement is expected in the future.

The approved continuation and extension of the LTIP also included the introduction of two additional exercise windows from 1 September 2022 to 26 October 2022 (exercise window 3) and from 1 September 2023 to 26 October 2023 (exercise window 4).

The fair value equalled T€463 as of 31 December 2021. It is remeasured at fair value as of every balance sheet date. The following parameters flow into the valuation model (Black-Scholes model) used to calculate fair value: the exercise price (€36.33), option term (9/2021 to 8/2022 and 9/2022 to 8/2023), share price on the valuation date (€44), expected volatility in the share price (1.96 %), expected dividends (5.18 %) and a risk-free interest rate (-0.68 %).

Development of the stock options originally classified as cash-settled:

Number of share options	2021	2020
Balances as of 1 Jan	**-**	**-**
Options granted	60,175	-
Options forfeited	-	-
Options exercised	-	-
Balance as of 31 Dec	**60,175**	**-**

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

39. Other liabilities

2021 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	330	330	-	-	-
Social security liabilities	472	472	-	-	-
Advanced payments received	5,040	5,040	-	-	-
Total	**5,842**	**5,842**	**-**	**-**	**-**

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

40. Tax liabilities

Advance payments amounting to T€782 (2020: T€ 503) on corporate tax were offset against the related payment obligations, similar to the practice followed in previous years.

41. Contingent liabilities and guarantees

This position includes loan guarantees and guarantee declarations of T€160,656 (2020: T€112,323). Contingent liabilities for equity-accounted companies amounted to T€160,656 (2020: T€110,541), whereby these guarantees are not expected to be used.

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

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

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

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

42. Notes on segment reporting

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

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

	Germany		Austria	
in T€	2021	2020	2021	2020
Total Output				
Residential	63,085	118,350	102,120	58,095
Office	62,906	52,204	22,361	59,413
Hotel	15,957	8,413	13,792	4,534
Other	5,686	5,485	46,246	28,164
Service	14,063	8,595	12,685	28,524
Total Output	**161,697**	**193,047**	**197,204**	**178,730**
Less revenue from associates and companies of minor importance and from performance companies	-93,946	-180,005	-113,837	-120,738
Changes in the portfolio	5,595	32,032	32,164	5,433
Revenue	**73,346**	**45,074**	**115,531**	**63,425**
Residential	10,035	84,980	5,469	3,686
Office	16,316	10,258	1,407	9,351
Hotel	2,634	-5,042	-12	-22,569
Other	4,682	-4,154	10,961	-2,450
Service	1,144	-28	9,115	9,542
Total EBT	**34,811**	**86,014**	**26,940**	**-2,440**
of which: earnings from associates	21,924	23,775	13,946	6,610
Depreciation, amortisation and impairment	-956	-776	-1,054	-1,044
Interest income	4,566	4,450	7,830	9,751
Interest expense	-964	-1,005	-20,889	-18,153
Segment assets as of 31 Dec	**521,679**	**415,223**	**1,834,209**	**1,779,671**
of which: intangible assets, property, plant and equipment, and investment property	79,569	54,401	182,080	196,227
of which: associates	88,644	76,229	89,231	86,952
Segment liabilities as of 31 Dec	**377,616**	**259,715**	**999,805**	**1,030,913**
Investments in non-current assets and investment property	**34,936**	**3,702**	**7,321**	**15,096**
Staff	**123**	**118**	**137**	**137**

	Poland		Other markets		Reconciliation		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	5,198	-	22,555	3,153	-	-	192,958	179,598
	11,149	14,189	6,237	18,580	-	-	102,653	144,386
	40,496	36,864	2,332	2,354	-	-	72,577	52,165
	2,199	1,972	-	1,387	-	-	54,131	37,008
	19,838	26,519	2,047	1,758	-	-	48,633	65,396
	78,880	**79,544**	**33,171**	**27,232**	**-**	**-**	**470,952**	**478,553**
	-35,311	-34,538	4,581	18,922	-	-	-238,513	-316,359
	3,984	-	4,131	-16,320	-	-	45,874	21,145
	47,553	**45,006**	**41,883**	**29,834**	**-**	**-**	**278,313**	**183,339**
	-3,786	-7,995	2,462	-5,330	-	-	14,180	75,341
	1,903	2,195	-1,592	1,577	-	-	18,034	23,381
	5,795	4,886	-3,369	-2,587	-	-	5,048	-25,312
	-1,605	-10,701	-213	91	-	-	13,825	-17,214
	168	-134	-1,375	-3,317	-	-	9,052	6,063
	2,475	**-11,749**	**-4,087**	**-9,566**	**-**	**-**	**60,139**	**62,259**
	-578	1,231	711	-3,803	-	-	36,003	27,813
	-301	-980	-316	-285	-	-	-2,627	-3,085
	-	2	-	-	-	-	12,396	14,203
	-1,151	-748	-305	-526	-	-	-23,309	-20,432
	164,084	**227,948**	**185,328**	**174,406**	**-1,210,837**	**-1,225,227**	**1,494,463**	**1,372,021**
	90,895	100,983	87,848	70,156	-	-	440,392	421,767
	5,752	4,626	4	4	-	-	183,631	167,811
	211,485	**261,338**	**165,338**	**144,406**	**-810,372**	**-807,222**	**943,872**	**889,150**
	1,365	**4,644**	**20,819**	**20,989**	**-**	**-**	**64,441**	**44,431**
	39	**68**	**44**	**42**	**-**	**-**	**343**	**365**

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

in T€	Revenue by customer base 2021	Revenue by customer base 2020
Austria	**115,531**	**63,425**
Germany	73,346	45,074
Poland	47,553	45,006
Other foreign	41,883	29,834
Total foreign	**162,782**	**119,914**
Total segments	**278,313**	**183,339**

43. Notes to the cash flow statement

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

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

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

in T€	Financial liabilities	Lease obligations	Derivates	Bonds and promissory note loans	Total
Balance as of 31 Dec 2020	**269,777**	**20,807**	**-**	**456,504**	**747,088**
Cash flows (cash changes)	63,146	–1,794	-	69,102	130,454
Non-cash changes					
Sales/Acquisitions of companies	–55,107	-	-	-	–55,107
Additions	-	2,756	-	-	2,756
Exchange rate effects	18	5	-	-	23
Accrued interest	-	-	-	892	892
Balance as of 31 Dec 2021	**277,834**	**21,774**	**-**	**526,498**	**826,106**

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

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

44. Notes on financial instruments

Capital risk management

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

Equity rose to €549.2m as of 31 December 2021 due to the sound development of earnings (31 December 2020: €482.9m). The equity ratio equalled 36.8% at the end of December 2021 and was again slightly higher than the target range of 30–35% (31 December 2020: 35.2%).

Gearing

The capital structure is monitored regularly by the Group's risk management.

Gearing at year-end 2021 and 2020 is calculated as follows:

in T€	31.12.2021	31.12.2020
Debt[1]	804,332	726,281
Cash and cash equivalents	-423,312	-247,209
Net debt	**381,020**	**479,072**
Equity	**550,591**	**482,871**
Net debt to equity	69.20%	99.21%

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

Net debt totalled €381.0m as of 31 December 2021 (2020: €479.1m), which represents a reduction of 20.48% compared with the previous year.

The overriding strategic objective is to protect UBM's long-term financing capacity through promissory note loans and bonds.

Goals and methods of financial risk management

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

Interest rate risk

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

An analysis of the floating interest rate position, which equalled T€-128,561 as of 31 December 2021 (2020: T€40,855), shows the following sensitivities under scenarios with an increase of 0.25 PP and 0.50 PP in interest rates. The extent of the increase in interest rates was derived from the average daily change in interest rates for the 3-month and 6-month EURIBOR in 2021. The interest rate range equalled 0 BP based on a probability of 67.00% and 1 BP based on a probability of 99.00%. The simulated impact on the interest rate positions is as follows:

in T€	Interest balance for the year 2022	Interest balance (p.a.) with straight-line extrapolation from 2023
At interest rate rise of 25 BP	–478	–326
At interest rate rise of 50 BP	–955	–652

The receivables from project financing are compounded at a rate which reflects the refinancing rate for the UBM Group. A change of 50 BP would increase interest income for 2021 by T€898 (2020: T€1,042).

Credit risk

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

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

The risk of default on the other primary financial instruments reported under assets in the statement of financial position is also considered low because the contract parties are financial institutions and other debtors with excellent credit ratings. The carrying amount of the financial assets represents the maximum risk of default. The identification of default risks on financial assets leads to the recognition of appropriate valuation allowances. No such allowances were recorded in 2021.

Foreign exchange risk

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

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

The foreign currency risks resulting from intragroup financing transactions and/or from loan financing for project companies were simulated as of 31 December 2021 to estimate the possible risks from changes in foreign exchange rates:

FX position in T€	Local currency	FX position in local currency in thousands	VAR[1] in T€
–59,260	CZK	1,473,095	1,082
–2,588	HRK	19,451	69
–133,789	PLN	615,003	3,074
–492	RON	2,432	2

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

The simulated loss at a probability of 99.00% over a period of ten days equals a maximum of €4.2m (2020: €8.10m).

Hedging of foreign currency risks

The UBM Group had concluded forward exchange contracts of T€0 as of 31 December 2021 (2020: T€20,119), which were used to hedge loans financed in euros.

As of 31 December 2021, the market valuation of open forward exchange contracts resulted in a fair value of T€0 (2020: T€212). Changes in the fair value of forward contracts resulted in the recognition of expense, including currency translation differences, of T€213 in 2021 (2020: income T€212).

Derivative financial instruments

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

in T€	2021	2020
Assets		
Derivatives		
without hedges	-	212
with hedges	-	-
Liabilities		
Derivatives		
without hedges	-	-
with hedges	-	-

Liquidity risk

2021 in T €	Average interest rate	Undiscounted payment flows 2022	2023-2026	from 2027
Bonds and promissory note loans at fixed interest rates	0.00%	108,824	411,040	267,397
Borrowings and overdrafts from banks at variable interest rates	1.83%	81,661	173,108	-
Borrowings and overdrafts from banks at fixed interest rates	1.95%	3,292	14,073	-
Payables to other lenders at fixed interest rates	2.23%	1,196	4,523	10,788
Lease obligations at variable interest rates	3.34%	2,698	8,408	23,530
Trade payables	interest-free	50,109	-	-
Other financial liabilities	interest-free	31,169	1,215	1,036

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

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

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

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

In addition to previously contracted project financing, UBM had available credit lines of T€7,000 at its disposal as of 31 December 2021 (2020: T€7,000). Liquidity risk, in total, is therefore considered to be minimal.

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

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

Carrying amounts, valuation and fair value

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2021	Measurement in acc. with IFRS 9 (Amortised) cost	Fair value (other comprehen-sive income)	Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 31 Dec 2021
Assets							
Project financing at variable interest rates	Amortised Cost	179,636	179,636	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,199
Other financial assets	FVTPL	1,952	-	-	1,952	Level 3	1,952
Other financial assets	FVTPL	955	-	-	955	Level 1	955
Trade receivables	Amortised Cost	24,920	24,920	-	-	-	-
Financial assets	Amortised Cost	39,609	39,609	-	-	-	-
Cash and cash equivalents	–	423,312	423,312	-	-	-	-
Liabilities							
Bonds and promissory note loans at fixed interest rates	Amortised Cost	526,498	526,498	-	-	Level 1	537,293
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	247,209	247,209	-	-	–	-
at fixed interest rates	Amortised Cost	17,000	17,000	-	-	Level 3	17,299
Other loans and borrowings							
at fixed interest rates	Amortised Cost	13,625	13,625	-	-	Level 3	15,484
Lease liabilities	–	21,774	21,774	-	-	–	-
Trade payables	Amortised Cost	50,109	50,109	-	-	–	-
Other financial liabilities	Amortised Cost	33,420	33,420	-	-	–	-
By category:							
Financial assets at amortised cost	Amortised Cost	252,886	252,886	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,907	-	-	2,907	-	-
Cash and cash equivalents	–	423,312	423,312	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	887,861	887,861	-	-	-	-

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

The carrying amount of financial instruments represents a reasonable approximation of fair value, as defined in IFRS 7.29, apart from the following items in 2021: financial assets classified at amortised cost, fixed-interest bonds and promissory note loans (fair value hierarchy level 1), fixed-interest liabilities due to financial institutions (fair value hierarchy level 3) and other fixed-interest financial liabilities (fair value hierarchy level 3).

The fair value measurement of bonds is based on the prevailing market prices. Liabilities from bank loans and overdrafts and other financial assets were valued according to the discounted cash flow method, whereby the zero-coupon yield curve published by Reuters as of 31 December 2021 was used to discount the cash flows.

Net income by measurement category

in T€	From interest	From dividends	From subsequent measurement	Net income 2021
Financial assets at amortised cost	12,135	-	–4,146	7,989
Financial assets at fair value through profit or loss (FVTPL)	175	-	60	235
Financial liabilities at amortised cost	–22,299	-	2,535	–19,764

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

in T€	2021	2020
Accumulated write-downs project financing		
Balance as of 1 Jan	22,979	4,498
Amortisation and impairment	4,146	18,481
Appreciation	-	-
Use	–4,100	-
Balance as of 31 Dec	**23,025**	**22,979**

45. Average number of employees

	2021	2020
Salaried and wage employees		
Domestic	137	137
Foreign	206	228
Total staff	**343**	**365**
of which salaried employees	343	337
of which wage employees	-	28
Total fully consolidated	**343**	**365**

46. Related party disclosures

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

in T€ Companies accounted for at equity	Sale of goods and services		Purchase of goods and services		Receivables		Liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
Joint ventures	55,798	46,542	865	399	188,035	211,750	8,639	8,817
of which: from financing	11,234	14,516	284	180	169,665	194,413	-	-
Associated companies	1,170	463	4	24	9,968	6,824	816	1,728
of which: from financing	1,144	437	4	4	9,968	6,824	-	-

Transactions with related parties

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

Transactions in 2021 between companies included in the UBM Group's consolidated financial statements and member companies of the PORR Group are related primarily to construction services.

Interest totalling T€1,520 on the hybrid capital was paid to PORR AG in 2021 (2020: T€1,520). The hybrid capital is held by PORR AG.

in T€	Sale of goods and services 2021	Sale of goods and services 2020	Purchase of goods and services 2021	Purchase of goods and services 2020	Receivables 2021	Receivables 2020	Liabilities 2021	Liabilities 2020
PORR Group	2,010	3,762	15,914	44,095	856	1,991	1,892	9,228
of which: from financing	2	2	2	2	-	-	-	-
IGO Industries Group	22	36	4,085	5,195	-	-	119	2,023
Strauss Group	-	-	-	-	-	-	-	-
Other	-	-	333	379	-	-	-	14

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

The Management Board of UBM compiled these consolidated financial statements and released them to the Supervisory Board on 31 March 2022. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating or withholding its approval.

The Socio-Economic Tax Reform was approved in a third reading in the plenary session of the Austrian Parliament on 20 January 2022. Among others, it calls for a gradual reduction in the corporate income tax from 25.00% to 23.00% (2023: 24.00%, beginning in 2024: 23%). This change in the corporate income tax rate will have an immaterial effect on the calculation of deferred taxes beginning in 2022.

Risks arising in connection with the Ukraine conflict
UBM terminated its business activities in the Russian Federation, which involved a single investment, before the end of 2021. The 10.00% share in a hotel operating company in St. Petersburg was sold to an Austrian co-shareholder during December. Of the total sale price, T€837 was outstanding at year-end 2021.

48. Other disclosures

The fees charged by the auditor include T€92 (2020: T€90) for the audit of the consolidated financial statements, T€85 (2020: T€12) for other assurance services and T€77 (2020: T€88) for miscellaneous services. The miscellaneous services consist primarily of other consulting activities. The other consulting activities cover the review of the half-year financial statements and audit work for subsidiaries.

49. Executive bodies

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

in T€	Management Board remuneration, fixed	Management Board remuneration, variable[1]	Special bonus	Cash compensation LTIP	Non-cash benefits	Pension fund/ Severance payments	Total 2021
Management Board remuneration 2021							
Thomas G. Winkler	540	360	-	1,010	12	29	1,951
Martin Löcker	360	240	20	495	14	28	1,157
Patric Thate	360	240	40	404	13	16	1,073
Martina Maly-Gärtner[2]	120	80	-	-	4	1	205
Total	**1,380**	**920**	**60**	**1,909**	**43**	**74**	**4,386**
of which: short-term benefits due	1,380	920	60	1,909	43	-	4,312
of which: compensation related to the termination of the Management Board employment contract	-	-	-	-	-	74	74
Supervisory Board remuneration 2021	**-**	**-**	**-**	**-**	**-**	**-**	**350**

[1] Expected variable remuneration for 2021, payable in 2022
[2] Since 01 September 2021

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

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

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

A provision of T€1,098 (2020: T€1,240), after deduction of the available securities coverage, exists for pension payments to a former Management Board member.

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

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

The 236,300 potential shares granted to the Management Board as of 31 December 2021 (2020: 236,300) under the Long-Term Incentive Programme 2017 (LTIP) were settled in cash during 2021 (see notes 17 and 31). In connection with the continuation and extension of this stock option programme, an additional 23,630 options were granted to the members of the Management Board. Of the total expenses for the LTIP, T€70 (2020: T€407) are related to the Management Board.

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

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

Vienna, 31 March 2022

The Management Board

Thomas G. Winkler
CEO, Chairman

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Investments

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2021)	Capital share in % indirect (31.12.2021)	Type of consolidation	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation
Subsidiaries									
"Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H. in Liqu.	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
"UBM 1" Liegenschafts-verwertung Gesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
Aiglhof Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Ariadne Bauplanungs- und Baugesellschaft m.b.H. in Liqu.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
Bahnhofcenter Entwicklungs-, Errichtungs- und Betriebs GmbH in Liqu.	AT	EUR	Unterprem-stätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
BMU Beta Liegenschafts-verwertung GmbH	AT	EUR	Vienna	50.00	100.00	V	50.00	100.00	V
CM Wohnungsentwicklungs GmbH	AT	EUR	Vienna	94.00	100.00	V	94.00	100.00	V
Donauhof Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	90.60	V	0.00	90.60	V
Donauhof Management GmbH	AT	EUR	Vienna	0.00	90.00	V	0.00	90.00	V
Dorfschmiede St. Johann Immobilien GmbH	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
Emiko Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U
EPS Dike West-IBC GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Haagerfeldstraße - Business.Hof Leonding 2 Errichtungs- und Verwertungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Höhenstraße Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
EPS Immobilienmanagement GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	U	0.00	100.00	U
EPS Immobilienmanagement "Schützenwirt" GmbH & CO KG	AT	EUR	Innsbruck	0.00	100.00	V	0.00	100.00	V
EPS MARIANNE-HAINISCH-GASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS MARIANNE-HAINISCH-GASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Office Franzosengraben GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Office Franzosengraben GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2021)	Capital share in % indirect (31.12.2021)	Type of consolidation	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation
EPS RINNBÖCKSTRASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS RINNBÖCKSTRASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Welser Straße 17 - Business.Hof Leonding 1 Errichtungs- und Beteiligungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Welser Straße 17 - Business.Hof Leonding 1 Errichtungs- und Beteiligungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gepal Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gevas Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Golera Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
GORPO Projektentwicklungs- und Errichtungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gospela Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
IBC Business Center Entwicklungs- und Errichtungs-GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Impulszentrum Telekom Betriebs GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	30.00	100.00	V	30.00	100.00	V
Jandl Baugesellschaft m.b.H.	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Logistikpark Ailecgasse GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
LQ Immobilien Alpha GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Immobilien Beta GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Immobilien Delta GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Immobilien Epsilon GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Immobilien Gamma GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Timber-A GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
LQ Timber-B-One GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2021)	Capital share in % indirect (31.12.2021)	Type of consolidation	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation
LQ Timber-B-Two GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
LQ Timber-C GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
LQ Timber-D GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V			
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
MLSP Absberggasse Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
ML-ZENTRAL Liegenschafts-verwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
MySky Verwertungs GmbH & Co. OG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
PII LBS 43 GmbH in Liqu.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Porr - living Solutions GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Projekt Ost - IBC Business Center Entwicklungs- und Errichtungs-GmbH & Co KG	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
QBC Epsilon SP Immomanagement GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
QBC Immobilien GmbH & Co Epsilon KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Rainbergstraße - Immobilienprojektentwicklungs GmbH in Liqu.	AT	EUR	Vienna	99.00	100.00	V	99.00	100.00	V
RBK Wohnbau Projektentwicklung GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Sabimo Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Sabimo Monte Laa Bauplatz 2 GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
SFZ Freizeitbetriebs-GmbH & Co KG	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
SFZ Immobilien GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	U	0.00	100.00	U
SFZ Immobilien GmbH & Co KG	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Siebenbrunnengasse 21 GmbH & Co OG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
SP Graumanngasse 8–10 Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
St. Peter-Straße 14–16 Liegen-schaftsverwertung Ges.m.b.H.	AT	EUR	Vienna	50.00	100.00	V	50.00	100.00	V
sternbrauerei-riedenburg revitalisierung gmbh in Liqu.	AT	EUR	Vienna	99.00	99.00	V	99.00	99.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2021)	Capital share in % indirect (31.12.2021)	Type of consolidation	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consolidation
UBM - Satteins Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
UBM BBH Entwicklungs-GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
UBM Beteiligungsmanagement GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
UBM CAL Projekt GmbH	AT	EUR	Vienna				100.00	100.00	V
UBM CAL Projekt GmbH & Co KG	AT	EUR	Vienna				94.00	100.00	V
UBM Development Österreich GmbH	AT	EUR	Vienna	99.96	100.00	V	99.96	100.00	V
UBM Kirchberg Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
WA Bad Häring Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
WA Kufstein Salurnerstraße Immobilen GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
WA Terfens-Roan Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
WLB Projekt Laaer Berg Liegenschaftsverwertungs- und Beteiligungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Wohnpark Laaer Berg Verwertungs- und Beteiligungs-GmbH & Co. Bauplatz 4 "blau" Projekt-OG	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U
ANDOVIEN INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	V	100.00	100.00	V
DICTYSATE INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	V	100.00	100.00	V
AC Offices Klicperova s.r.o.	CZ	CZK	Prague	0.36	100.00	V	0.36	100.00	V
Astrid Garden Residences s.r.o.	CZ	CZK	Prague	20.00	100.00	V			
Astrid Office s.r.o.	CZ	CZK	Prague				20.00	100.00	V
Immo Future 6 - Crossing Point Smichov s.r.o.	CZ	CZK	Prague	20.00	100.00	V	20.00	100.00	V
Na Záhonech a.s.	CZ	CZK	Prague	30.12	100.00	V	30.12	100.00	V
TOSAN park a.s.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM - Bohemia 2 s.r.o.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM Development Czechia s.r.o.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM Stodůlky 1 s.r.o.	CZ	CZK	Prague	0.00	100.00	V	0.00	100.00	V
UBM Stodůlky s.r.o.	CZ	CZK	Prague	0.00	100.00	V	0.00	100.00	V
ALBA BauProjektManagement GmbH	DE	EUR	Oberhaching	0.00	100.00	V	0.00	100.00	V
Arena Boulevard GmbH & Co. KG i.L.	DE	EUR	Berlin	0.00	94.00	V	0.00	94.00	V
Arena Boulevard Verwaltungs GmbH i.L.	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U

Legal name	Country	Cur-rency	Domicile	Capital share in % direct (31.12.2021)	Capital share in % indirect (31.12.2021)	Type of consoli-dation	Capital share in % direct (31.12.2020)	Capital share in % indirect (31.12.2020)	Type of consoli-dation
BERMUC Hotelerrichtungs GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Blitz 01 – 815 GmbH i.L.	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
City Objekte München GmbH	DE	EUR	Munich	0.00	90.00	V	0.00	90.00	V
Colmarer Straße GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Colmarer Straße Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Frauentorgraben GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Frauentorgraben Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Friendsfactory Projekte GmbH i.L.	DE	EUR	Munich	0.00	55.00	V	0.00	55.00	V
GeMoBau Gesellschaft für modernes Bauen mbH i.L.	DE	EUR	Berlin	0.00	94.00	U	0.00	94.00	U
Holzstraße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
Holzstraße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U			
Immobilien- und Bau-management Stark GmbH & Co. Stockholmstraße KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
IU Liquidations AG i.L.	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Kaiserleipromenade GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Kühnehöfe Hamburg GmbH & Co. KG	DE	EUR	Munich	0.00	62.99	V	0.00	62.99	V
Kühnehöfe Hamburg Komplementär GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Levelingstraße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Levelingstraße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Mainz Zollhafen Hotel GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Mainz Zollhafen Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Max-Dohrn-Straße GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
MG Brehmstrasse BT C GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
MG Projekt-Sendling GmbH	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
MG-Brehmstrasse BT C GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Brehmstrasse BT C Komplementär GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Dornach Bestandsgebäude GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MGO I Development GmbH & Co.KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V

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MGO II Development GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Münchner Grund Riem GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
MZ Zollhafen Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U			
Oben Borgfelde Projekt GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Oben Borgfelde Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Pelkovenstraße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
PELKOVENSTRASSE Objekt GmbH	DE	EUR	Munich	0.00	100.00	U			
Schloßhotel Tutzing GmbH	DE	EUR	Starnberg	0.00	94.00	V	0.00	94.00	V
SIL Realinvest GmbH	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
SONUS City GmbH & Co. KG	DE	EUR	Berlin	0.00	84.00	V	0.00	84.00	V
SONUS City Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
SONUS II Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
St.-Veit-Straße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
St.-Veit-Straße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U			
Stadtgrund Bauträger GmbH	DE	EUR	Berlin	100.00	100.00	V	100.00	100.00	V
Top Office Munich GmbH i.L.	DE	EUR	Grünwald, Munich municipality	0.00	100.00	V	0.00	100.00	V
UBM Development Deutschland GmbH	DE	EUR	Munich	94.00	94.00	V	94.00	94.00	V
UBM Holding Deutschland GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
UBM Invest Deutschland GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
UBM Leuchtenbergring GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Unterbibergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Unterbibergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
ZH Hafenblick I GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
ZH Hafenspitze GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
ZH Molenkopf GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
ZH Rheinwiesen II GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
Sitnica drustvo s ogranicenom odgovornoscu za usluge	HR	HRK	Samobor	83.89	100.00	V	83.89	100.00	V
Gamma Real Estate Ingtalanfejlesztö és - hasznositó Korlátolt Felelösségü Társaság	HU	HUF	Budapest				0.00	100.00	V

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UBM Development Hungary Korlátolt Felegösségü Társaság v.a.	HU	HUF	Budapest	100.00	100.00	V	100.00	100.00	V
UBM Development Netherlands B.V.	NL	EUR	Amsterdam	100.00	100.00	V	100.00	100.00	V
UBM Kneuterdijk B.V.	NL	EUR	Amsterdam	0.00	100.00	V	0.00	100.00	V
"UBM Residence Park Zakopianka" Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	V	100.00	100.00	V
Bartycka Real Estate Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
FMZ Gdynia Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	70.30	100.00	V	70.30	100.00	V
FMZ Sosnowiec Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Ligustria 12 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Oaza Kampinos Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
PBP IT-Services spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Development Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Lisbon Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Madrid Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Parking House Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poplar Company Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Development Polska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V
UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V
UBM Mogilska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw				0.00	100.00	V
UBM Nowy Targ Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw				0.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V

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UBM RIWIERA 2 Spólka z ograniczona odpowiedzialnoscia BIS Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Zielone Tarasy Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	V	100.00	100.00	V
Yavin BIS Sp. z.o.o. SK	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Yavin BIS Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	V	0.00	99.00	V
Yavin Holding Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	V	0.00	99.00	V
Lamda Imobiliare SRL in Liqu.	RO	RON	Bucharest				0.00	100.00	V
UBM Development Romania s.r.l.	RO	RON	Bucharest	99.15	100.00	V	99.15	100.00	V
UBM Development Slovakia s.r.o.	SK	EUR	Bratislava	100.00	100.00	V	100.00	100.00	V
UBM Koliba s.r.o.	SK	EUR	Bratislava	100.00	100.00	V	100.00	100.00	V
Associated companies									
ASA - Projektentwicklung - GmbH in Liqu.	AT	EUR	Vienna				0.00	49.35	E/A
Palais Hansen Immobilienentwicklung GmbH	AT	EUR	Vienna	0.00	33.57	E/A	0.00	33.57	E/A
CAMG Zollhafen HI IV V GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	49.90	E/A	0.00	49.90	E/A
CAMG Zollhafen HI IV V Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	49.90	U	0.00	49.90	U
German Hotel Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	47.00	U	0.00	47.00	U
Joint ventures									
Aspanggründe Beteiligungs GmbH	AT	EUR	Vienna	0.00	51.00	U	0.00	51.00	U
FWUBM Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
FWUBM Services GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG	AT	EUR	Vienna				0.00	33.34	E/G
Grundstück 1454/2 KG Gries BT2 Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G

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Grundstück 1454/2 KG Gries BT2 Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	71.80	E/G	0.00	71.80	E/G
Grundstück 1454/5 KG Gries BT3 Immobilien GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Grundstück 1454/5 KG Gries BT3 Immobilien GmbH & Co KG	AT	EUR	Vienna				0.00	100.00	E/G
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Jochberg	0.00	50.00	U	0.00	50.00	U
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Jochberg	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Kelsenstraße 5 Immobilien GmbH	AT	EUR	Vienna				0.00	50.00	U
Kelsenstrasse 5 Immobilien GmbH & Co KG	AT	EUR	Vienna				0.00	47.00	E/G
Kelsenstraße 7 Immobilien GmbH	AT	EUR	Vienna				0.00	50.00	U
Kelsenstraße 7 Immobilien GmbH & Co KG	AT	EUR	Vienna				0.00	47.00	E/G
LiSciV Muthgasse GmbH & Co KG	AT	EUR	Vienna				0.00	33.34	E/G
Modern Viventium GmbH	AT	EUR	Graz	0.00	50.10	E/G	0.00	50.10	E/G
Nordbahnhof-Vierte Wohnungs-GmbH	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Portunus Projektentwicklung GmbH	AT	EUR	Graz	0.00	50.00	U			
Portunus Projektentwicklung GmbH & Co KG	AT	EUR	Graz	0.00	50.00	E/G			
QBC Gamma SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungsgesellschaft mbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungsgesellschaft mbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Soleta Beteiligungsverwaltungs GmbH	AT	EUR	Vienna				0.00	33.34	U
UBM hotels Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AT	EUR	Vienna	26.67	80.00	E/G	26.67	80.00	E/G

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Wohnanlage Andritz - Stattegger Straße 2 GmbH	AT	EUR	Graz	0.00	51.00	E/G	0.00	51.00	E/G
Wohnanlage EZ 208 KG Andritz GmbH	AT	EUR	Graz	0.00	51.00	E/G	0.00	51.00	E/G
Wohnanlage Geidorf - Kahngasse GmbH in Liqu.	AT	EUR	Graz	50.00	50.00	E/G	50.00	50.00	E/G
Wohnanlage Karlauerstraße 27 GmbH	AT	EUR	Vienna	0.00	50.10	E/G	0.00	50.10	E/G
WSB BF elf-Alpha Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF fünf Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF neun-Alpha Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF neun-Beta Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF zwei Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
Grafická 1 s.r.o.	CZ	CZK	Prague	50.00	50.00	E/G	50.00	50.00	E/G
Sugar Palace Op Co s.r.o.	CZ	CZK	Prague	75.00	75.00	E/G	75.00	75.00	E/G
Sugar Palace Prop Co s.r.o.	CZ	CZK	Prague	75.00	75.00	E/G	75.00	75.00	E/G
Anders Wohnen GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
AVALERIA Beteiligungs-gesellschaft mbH	DE	EUR	Dusseldorf	0.00	40.00	U	0.00	40.00	U
AVALERIA Hotel HafenCity GmbH & Co. KG	DE	EUR	Dusseldorf	0.00	37.92	E/G	0.00	37.92	E/G
Baubergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	60.00	E/G	0.00	60.00	E/G
Baubergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	60.00	U	0.00	60.00	U
CentralTower Berlin GmbH	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel II Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
German Hotel III Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
German Hotel Invest II GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest III GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G

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German Hotel Invest IV GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel IV Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
Lilienthalstraße Wohnen GmbH Münchner Grund und Baywobau	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam I GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
MGR Thulestraße GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGR Thulestraße Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
Obersendlinger Grund GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	30.00	E/G	0.00	30.00	E/G
Obersendlinger Grund Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	30.00	U	0.00	30.00	U
PGE Grundstücksgesellschaft Europaviertel mbH	DE	EUR	Grünwald, Munich municipality	0.00	74.90	E/G	0.00	74.90	E/G
UBX 1 Objekt Berlin GmbH i.L.	DE	EUR	Munich	50.00	50.00	E/G	50.00	50.00	E/G
Styria B.V. in liquidatie	NL	EUR	Amsterdam	0.00	50.00	E/G	0.00	50.00	E/G
"SOF Hotel Operations" spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	0.00	50.00	E/G	0.00	50.00	E/G
Berlin Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Lanzarota Investments spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	34.00	50.00	E/G	34.00	50.00	E/G
Poleczki Amsterdam Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Poleczki Vienna Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Warsaw Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Other investments									
STRAUSS & CO. Development GmbH	DE	EUR	Berlin	0.00	6.00	U	0.00	6.00	U
ZAO „AVIELEN A.G.“	RU	RUB	St. Petersburg				0.00	10.00	U

Key:
V = Fully consolidated company
E/A = Associated company accounted for at equity
E/G = Joint venture accounted for at equity
U = Company of minor importance

Auditor's Report

Report on the Consolidated Financial Statements

Audit opinion
We have audited the consolidated financial statements of UBM Development AG, Vienna, and of its subsidiaries (UBM Group) comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet as of December 31, 2021, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2021 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB.

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

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

1. Valuation of real estate assets

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

1. Valuation of real estate assets

Situation and reference to further information
The majority of assets of the group is invested in real estate in the balance sheet items property plant and equipment, investment property, inventories as well as trade receivables. These balance sheet items total a real estate value amounting to approximately €670m, which sums up to 45 % of the balance sheet total. The valuations mostly depend on the fair value of the real estate on the reporting date. For investment property according to IAS 40 is used, whereas other assets in accordance with IAS 2 and IAS 16 use the fair value as a comparative amount for necessary adjustments of carrying amounts. Real estate assets, which are presented as contract assets within trade receivables for which revenue is recognises over time according to IFRS 15, are accounted for based on the transaction price and the percentage of completion which is derived from the planning calculation.

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

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

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

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

Audit response
The fair value is determined primarily by external appraisers, and partly also by internal valuations. As of 31 December 2021, real estate classified as investment property, inventory and property plant and equipment with a total carrying amount of €399m was valued by external appraisers. In addition, purchase agreements and planning calculations were available for the properties reported under trade receivables amounting to around €33m.

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

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

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

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

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

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

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

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

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

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

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

Situation and reference to further information

Apart from real estate property in fully consolidated Group companies, the book values of shareholdings in companies accounted for under the equity method and therein bound project financing in associated companies and joint ventures form a major part of the Group assets. In total these assets account for about €363m as of 31 December 2021, which amounts to 24 % of total assets.

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

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

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

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

Reference to further information
Chapter 4 (accounting and measurement methods) of the notes to the consolidated financial statements provides information on the accounting and measurement methods for shareholdings in companies accounted for under the equity method and project financing. In chapter 21 (investments in companies accounted for at-equity) the carrying values and the comprehensive income originating from associated companies and joint ventures is disclosed as well as further information about the financial position, financial performance and cash flows of the significant entities. Chapters 22 and 44 contain information regarding the carrying values, impairment and their development of project financing. The effects of the COVID 19 pandemic and the Ukraine crisis are presented in chapter 7 of the notes to the consolidated financial statements.

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

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

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

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and of Audit Committee for the consolidated financial statements
Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

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on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Comments on the Management Report for the group

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

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Additional information in accordance with article 10 of the EU regulation
We were elected as auditor by the ordinary general meeting at 27 May 2021. We were appointed by the Supervisory Board on 23 June 2021. We are auditors without cease since 2002.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

We did not perform additional services for the audited company or entities controlled by it that were not disclosed in the consolidated financial statements.

Responsible Austrian Certified Public Accountant
The engagement partner on the audit resulting in this independent auditor's report is Mr. Markus Trettnak, Certified Public Accountant.

Vienna, 31 March 2022

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Markus Trettnak
Certified Public Accountant

Gerhard Fremgen
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.
Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

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Use of profits

UBM Development AG closed the 2021 financial year with total profit of € 16,850,296.65. The Management Board recommends the payment of a dividend of €2.25 per share, for a total payout of € 16,812,405.00 based on 7,472,180 shares, and the carryforward of the remaining € 37.891,65.

If this proposal for the use of profits is approved by the Annual General Meeting, the dividend of €2.25 per share will be paid beginning on 23 May 2022, in accordance with the applicable regulations under tax law, through credit by the custodian bank. The main paying agent is Erste Group Bank AG.

Vienna, 31 March 2022

The Management Board

Thomas G. Winkler
CEO, Chairman

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Responsibility Statement

Statement by the company's legal representatives in accordance with Section 124 Para. 1 in connection with Para. 2 of the Austrian Stock Exchange Act 2018 – Consolidated Financial Statements

We hereby confirm to the best of our knowledge that these consolidated financial statements, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and financial performance of the Group as the total of all companies included in the consolidation. Furthermore, we confirm to the best of our knowledge that the management report presents the development of business, the results of operations and the position of the Group so as to provide a true and fair view of the Group's financial position and financial performance and also describes the material risks and uncertainties to which the Group is exposed.

Vienna, 31 March 2022

The Management Board

Thomas G. Winkler
CEO, Chairman

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Glossary

ACCG	Austrian Code of Corporate Governance
ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
BREEAM	British rating system for ecological and socio-cultural aspects of the sustainability of buildings (=Building Research Establishment Limited Assessment Method)
Brownfield-development	Developments on land previously used for industrial purposes that has subsequently become vacant; the soil may be contaminated
CEE/SEE	Central Eastern Europe/South Eastern Europe
COVID-19	Coronavirus pandemic 2019; a viral disease caused by the SARS-CoV-2 coronavirus
DAX	Leading index of the German Stock Exchange (Deutscher Aktienindex)
DBO	Defined benefit obligation
DGNB	German Sustainable Building Council
Dividend yield	Dividend per share in relation to the share price
DSGVO	EU data protection law
EBIT	Earnings Before Interest and Taxes
EBITDA	Earning Before Interest, Taxes, Depreciation and Amortisation
EBT	Earnings before Taxes
Equity ratio	Equity recognised as of the reporting date in relation to total assets
EURO STOXX 50	Stock index that consists of the 50 largest listed companies in the eurozone
Executive Committee	Represents UBM's management team; it includes the three members of the Management Board as well as 16 country and area heads plus selected managers
FAZ	Frankfurter Allgemeine Zeitung
Forward sale	Sale of development projects prior to completion
FVTPL	Fair value through profit or loss
GDP	Gross domestic product
GFA	Gross floor area
GHG emissions	Greenhouse gas emissions
Greenfield-development	Developments on non-built-up areas, e.g. a piece of land such as a forest, meadow or fields that have not previously been developed
IAS	International Accounting Standards
IATX	Immobilien Austrian Traded Index; real estate index that contains the most important real estate companies listed on the Vienna Stock Exchange
IFRS	International Financing Reporting Standards
IHG	InterContinental Hotels Group PLC is a British hotel chain which includes, among others, Holiday Inn, Holiday Inn Express and VOCO
IMF	International Monetary Fund
Impairment-Test	IAS 36 requires the regular testing of assets for indications of impairment. If an asset is impaired, its carrying amount must be reduced through the recognition of an impairment loss.
kWh	Kilowatt hour
LEED	American rating system for ecological and socio-cultural aspects of the sustainability of buildings (= Leadership in Energy and Environmental Design)

Market capitalisation	Share price multiplied by the number of shares in issue (market cap)
MSCI World	Share index which includes over 1,600 shares from 23 industrial countries
NaDiVeG	Austrian Act to Improve Sustainability and Diversity (Nachhaltigkeits- und Diversitätsgesetz)
Net debt	Non-current and current financial liabilities, excl. lease liabilities, minus cash and cash equivalents
P/E ratio	Price-earnings ratio, the share price in relation to earnings per share
PoC method	Under the percentage of completion method, profit is realised over time based on the stage of completion
Prime Market	Market segment of the Vienna Stock Exchange with the highest standards for reporting and transparency
QBC	Quartier Belvedere Central; urban development project with offices, apartments, hotels and gastronomy near Vienna's main railway station
Responsible Sourcing	Responsible procurement of resources
Sustainability Benchmarks	The goals set by the company for sustainable construction
Total Output	Corresponds to the revenue of companies included through full consolidation and at equity plus the sale proceeds from share deals in proportion to the stake held by UBM

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Disclaimer

This annual report includes forward-looking statements which are based on current assumptions and estimates made to the best of their knowledge by the management of UBM Development AG. These forward-looking statements can be identified by words like "expectation", "goal" or similar terms and expressions. Forward-looking statements, by definition, include risks and uncertainties. The forecasts concerning the future development of the company represent estimates which are based on the information available at the time the annual report was prepared. If the assumptions underlying these forecasts do not materialise or if unexpected risks occur at an amount not quantified or quantifiable, the actual future development and actual future results can differ from these estimates, assumptions and forecasts.

Significant factors for these types of deviations can include, for example, changes in the general economic environment or the legal and regulatory framework in Austria and the EU as well as changes in the real estate sector. UBM Development AG will not guarantee or assume any liability for the agreement of future development and future results with the estimates and assumptions made in this annual report. UBM Development AG will not update these forward-looking statements to reflect actual events or changes in assumptions and expectations.

The annual report as of 31 December 2021 was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all sections. The amounts were rounded based on the compensated summation method. However, rounding, typesetting and printing errors cannot be excluded.

This annual report is published in English and German and is available in both languages on the website of UBM Development AG. In the event of a discrepancy or deviation, the German language version takes precedence.

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