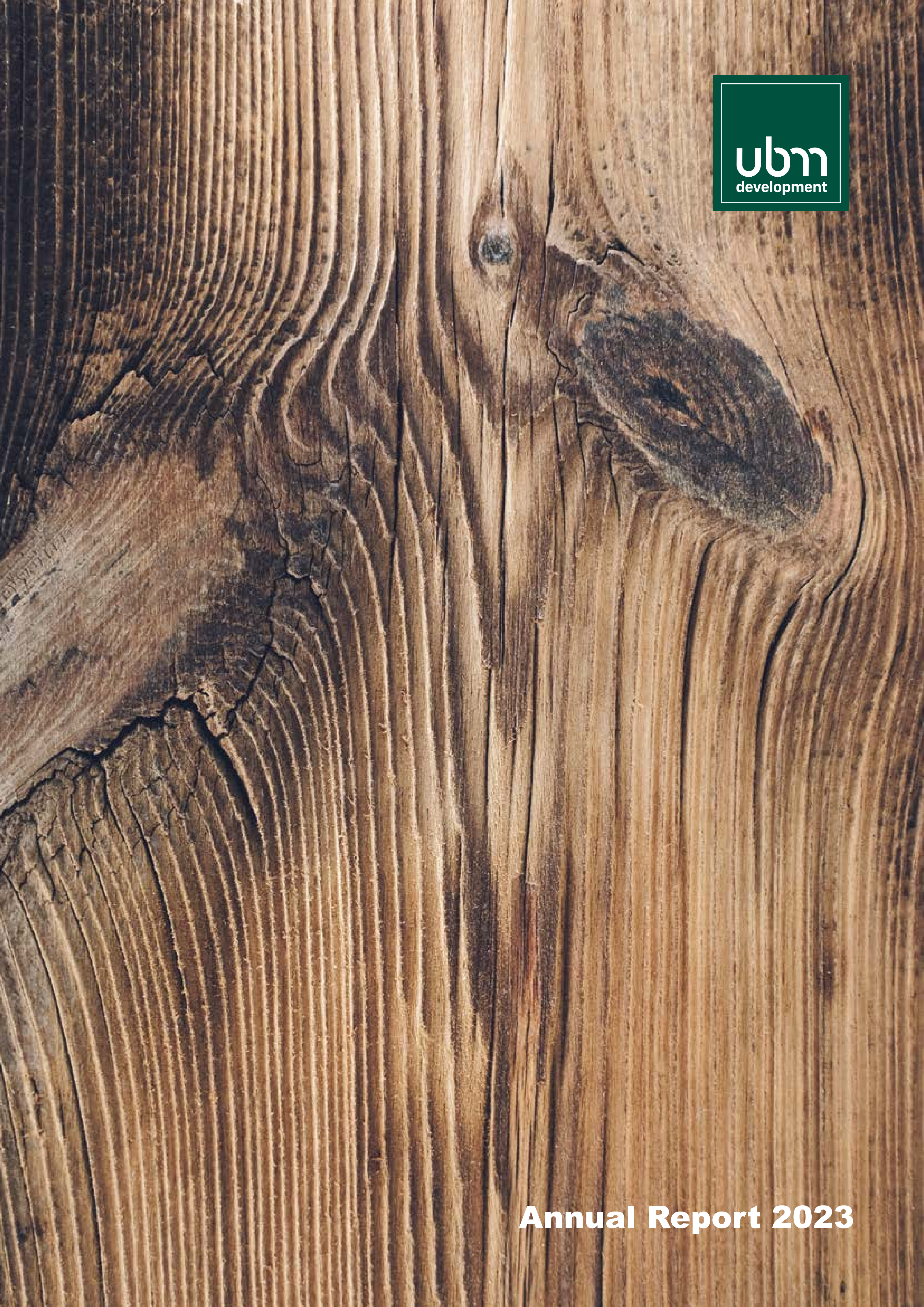


ubm development

Annual Report 2023

Key performance indicators

Key earnings figures (in €m)

	2023	Change	2022	2021
Total Output[1]	284.2	-27.3%	390.7	471.0
Revenue	85.3	-36.3%	133.9	278.3
Earnings before taxes	–39.4	n/a	31.5	60.1
Profit	–46.0	n/a	27.1	43.7

Key asset and financial figures (in €m)

	31.12.2023	Change	31.12.2022	31.12.2021
Total assets	1,253.8	-13.6%	1,451.8	1,467.8
Equity	379.7	-24.3%	501.4	524.0
Equity ratio	30.3%	-4.2 PP	34.5%	35.7%
Net debt[2]	610.2	22.0%	500.2	381.0
Cash and cash equivalents	151.5	-53.1%	322.9	423.3

Key share data and staff

	31.12.2023	Change	31.12.2022	31.12.2021
Earnings per share (in €)[3]	–7.03	n/a	2.25	4.50
Earnings per share incl. hybrid capital interest[4]	–6.16	n/a	3.46	5.65
Share price (in €)	21.10	-7.5%	22.80	43.30
Market capitalisation (in €m)	157.7	-7.5%	170.4	323.5
Dividend per share (in €)[5]	–	–	1.10	2.25
Payout ratio %[6]	–	–	48.9%	50.0%
Staff	268	-8.2%	292	355

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

Contents

Timber is the building material of the 21st century.

Dear Shareholders,
Dear Stakeholders,

There is no doubt that 2023 will go down as an annus horribilis in the history of the real estate sector. We saw the fastest interest rate increase in our generation – and, from zero to 4.5%, one of the most massive increases as well. There were also well over 500 insolvencies in the sector in Germany alone. And what was by far the greatest insolvency in Austria since the Second World War can confidently be described as a disaster for the sector as a whole. So it is hardly surprising that there is scarcely a real estate company that did not report a loss in 2023.

UBM is no exception here. It is scant consolation that, with write-downs in the region of €70 million, we "only" sustained a loss of around €40 million before taxes. But glossing things over is not in our DNA. As a result, we will not be awarding any bonuses to ourselves or our employees and will be recommending to the Supervisory Board and the Annual General Meeting that no dividends be paid for the past financial year. We are trying to operate within our means as best possible.

However, this not only calls for a turnaround on interest rates and the return of confidence in a transaction market in which the interests of buyers and sellers are balanced fairly – forced sales have no part in this. We also need to deal with the fact that our products cost too much to build. Of course, this is also related to the excessive acquisition costs of the past and the increased interest rates for debt financing. But at the same time, two thirds of total investment costs can be attributed to building and additional costs (without financing), and only now is efficiency pressure slowly making itself felt in the real estate industry – but still too slowly at present. For real estate developers like us to be able to "produce" more inexpensively, new processes and ideas for building are needed. As well as this, our customers need to become more receptive to standardisation and simplification.

At UBM, we firmly believe that serial and modular timber construction can be the answer. Relocating parts of production from construction sites to factories is a chance to increase efficiency. This is why we have set out – with the necessary focus and expertise – to be one of the leading developers of timber construction projects in Europe. Not just in the interests of protecting the environment but also in the interests of efficiency. At the same time, we need to ask ourselves what our tenants and buyers can still afford. Or in other words: what can we leave out without compromising the basic needs of these groups? This issue is a socio-political powder keg that goes beyond housing and is becoming a location issue for Europe. Action is needed on the part of policymakers, but without the typical calls for state intervention. How can policymakers help to declutter building regulations, cut through red tape and speed up approval procedures? Right now, there is a very real danger of bureaucratic burnout and standstill. Not to mention a growing chasm between what is standard for existing buildings today and what is required for new ones. This needs to be corrected with a due sense of proportion. Otherwise, a key sector is in danger of losing its economic basis – with far-reaching repercussions for the environment and for society as a whole.

Our team has been working tirelessly in this difficult climate and our shareholders and providers of outside capital have stuck by us – and we would like to take this opportunity to express our wholehearted thanks to them all for this. We promise to maintain the same spirit and momentum throughout 2024 as well.

The Management Board

Thomas G. Winkler
CEO, Chairman

Martina Maly-Gärtner
COO

Patric Thate
CFO

Peter Schaller
CTO

Prologue

A pioneer of modern timber construction

Hermann Blumer is a name that many star architects have on speed dial. Hailing from the small Swiss town Waldstatt, he is not only one of the world's leading timber construction engineers, his inventiveness has also been instrumental in the growing trend towards timber construction in cities today. He talks to us about a childhood shaped by the nearby forest and his family's joining yard – and about the international career that only really began when he had already reached retirement age.

1:
Nothing is impossible. Hermann Blumer is an avant-gardist with unique solutions who finds a way to build seemingly unworkable wooden structures.

2:
Pritzker prizewinner Shigeru Ban worked with Appenzell-born timber engineer Blumer to implement his design for the Centre Pompidou-Metz.

2

Even though he recently turned 80, Appenzell-born Hermann Blumer has no plans to slow down. When we meet him, he is on the way to Brno to give a lecture on two of the most innovative timber constructions of our time. Structures that, without him, would never have existed in their current form.

Pritzker prizewinner Shigeru Ban's design for the Centre Pompidou-Metz was deemed unworkable until inspiration struck Blumer – a trained carpenter and civil engineer – after months of poring over the problem. "In the end, the solution was quite simple," he says modestly. A similar scenario arose with Wisdome Stockholm, an extension of the city's Technical Museum.

Hermann Blumer is the troubleshooter of choice when it comes to translating architectural visions into ground-breaking free-form constructions. He is an avant-gardist who finds beauty – and, it would seem, a kind of artistic expression – in sophisticated ways of transferring loads. Not to mention his undeniable gift for winning over other people with his ideas. ⟶

As your family ran a timber construction company, you grew up with wood. What are your earliest memories of this natural onstruction material?
When I was a boy, I used to love watching the carpenters cutting the wood in the joining yard or the saw-mill operators separating the tree trunks into beams and boards. If the work wasn't too dangerous, I would sometimes even help out. I often went to the woods with my father to saw the barren branches off the fir trees so the wood that grew back would be free of knots. He said that this wood would be there for me later on.

Was it always a foregone conclusion that you would pursue this kind of career?
Yes, I always knew it would have something to do with wood. Building things is clearly in my genes, which drew me to a career as a carpenter early on. Later, I studied steel and concrete engineering at ETH Zurich and got into information technology. After that, I was able to work on a research project at Karlsruhe University determining transverse tensile stresses in curved saddle roof beams. That was what really helped me to develop and gave me the push I needed to get more involved in working with wood.

You have seen timber construction evolve from being a niche construction segment to the current boom. Did you see this coming at all?
No, I didn't anticipate this boom or the appeal that timber construction has today. I used to feel uneasy ⟶

Bjergsted Financial Park
For these bank headquarters in Stavanger, Norway, Hermann Blumer arranged for construction of a life-sized mock-up, which ultimately convinced the bank manager to accept the timber design.

1

2

when I saw that wood was being sidelined as a building material, that it had no chance of competing with steel and reinforced concrete. At ETH Zurich, I was the only one of 220 students to focus on wood in their degree dissertation, and there weren't any separate courses as such. It was only at Karlsruhe University that I was able to get a better scientific understanding of timber. Even more importantly, I was so fascinated by computer technology that I spent a lot of time programming. Even back in 1969, I was saying that we needed to bring these two areas together: timber and computer science.

Which is precisely what gives timber construction a certain advantage today.
Yes, I would even say a very significant advantage! At the research project in Karlsruhe, I had to develop and solve complex mathematical formulas – this gave rise to systems of equations with around 100 unknowns. The computer needed several hours to solve these systems. There were no computer screens in those days – to edit and save your work, you worked with punch cards and keyboards. It was laborious but this basic research was enormously important for the later years.

Why didn't you stay and pursue a career in research?
When I had been in Karlsruhe for two years, my father fell ill and I went back home to the company, to continue his legacy. At the time, we had a sawmill, carpentry shop and joinery with around 25 employees. The time spent working together wasn't easy for my father. I was too progressive and constantly called everything into question – and I made a few stupid mistakes too. For example, in 1974 I bought a cabinet-sized computer – a PDP8 from the Digital Equipment Corporation. We were barely able to use it at all because there were hardly any programs for it and, as I said, it didn't have a screen. You can't imagine the kind of risks I took back then!

When was the turning point in timber construction for you – the moment you knew that you could do everything you had been dreaming of?
There were three "milestones". The first was the development of BSB (Blumer-System-Binder), a powerful and also visually appealing connection system for rod-shaped wooden structures. I worked on that for seven years and when I was on holiday in 1978, I had the breakthrough idea. Something that used to take hours – from planning and calculation to transferring data to the CNC machines – now took a matter of minutes. That was a quantum leap and a real breakthrough in timber framework construction.

The second milestone was the development of Lignatur box beams in 1984. This allowed us to build load-bearing ceilings for stables and apartments that had roughly the same


3

strength as concrete ceilings but with additional functions. Lignatur floor and roof elements are very popular in housing today precisely because they are more versatile than concrete ones.

The third milestone was the arrival of the Lignamatic CNC machine in 1985 – the idea actually came to me at four in the morning! I was driving from Hanover to Switzerland with mechanical engineer Fritz Krüsi from the neighbouring village of Schönengrund, and the journey developed into a kind of creative frenzy. By the time we arrived home, we had designed the first ever computer-controlled five-axis processing machine. This suddenly opened up entirely new possibilities in timber construction.

These three milestones were vital in getting us away from the expensive and laborious side of timber construction and ushering in a new era of automation.

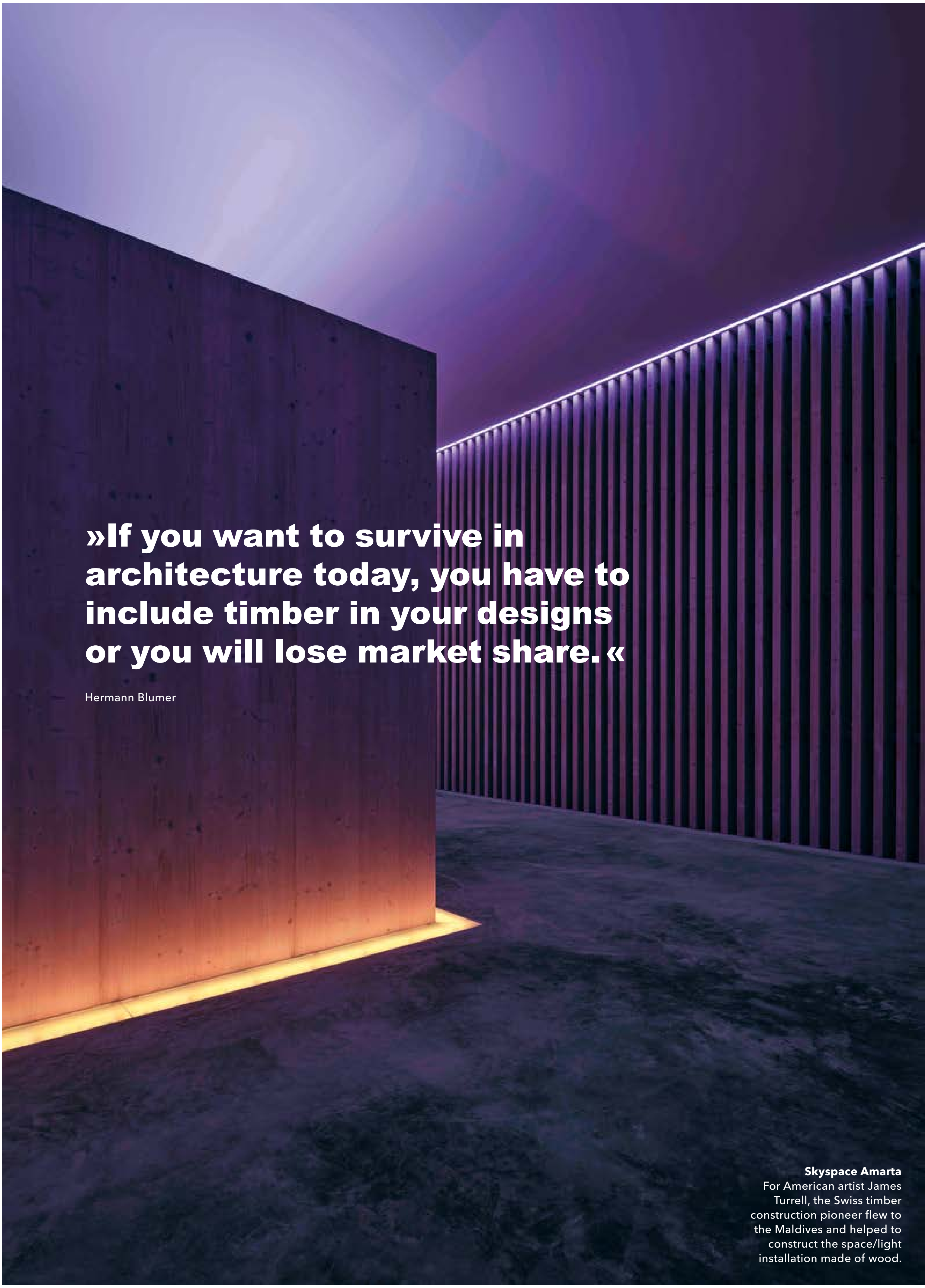
You also performed pioneering work in fire safety. What role did that play in the development of timber construction?

Changing the fire safety regulations was actually the fourth milestone that brought about a key turning point in timber construction. The strict fire safety regulations in Zurich only permitted timber constructions with two storeys. Timber faced a lot of discrimination as a construction material back then. We wanted to change that and I started the ball rolling in 1992. Together with Lignum, the umbrella organisation of the Swiss timber industry, we went to the Swiss association of cantonal building insurers and announced that we wanted to make timber buildings more fireproof than concrete and steel buildings. To begin with, they just shook their heads. But it did prompt ETH to begin conducting research, which in turn led to the entire fire safety regulations for timber construction being revised. Switzerland really led the way in opening things up here. ⟶

1:
Emma Kunz Pavilion
Based on drawings by artist Emma Kunz, Hermann Blumer and his team developed a pavilion in his home town of Waldstatt.

2:
The numerous inventions of the 80-year-old engineer provided the impetus behind modern timber construction.

3:
Wisdome
Blumer supplied the design for a lattice of dowelled beams for the extension of Stockholm Technical Museum.



»If you want to survive in architecture today, you have to include timber in your designs or you will lose market share.«

Hermann Blumer

Skyspace Amarta
For American artist James Turrell, the Swiss timber construction pioneer flew to the Maldives and helped to construct the space/light installation made of wood.

In spite of the current boom, timber construction accounted for no more than 24% of the Austrian market in 2018, measured in terms of total usable floor area in the building sector. Realistically speaking, where do you see the limits for timber construction?
The turning points I mentioned earlier threw the market wide open for timber construction – and there is now a clear trend among real estate developers and architects alike. If you want to survive in architecture today, you have to include timber in your designs or you will lose market share. There are a great many public buildings made of timber in Switzerland today.
But at the same time, you get people asking whether timber isn't more expensive. That's a rather annoying question because it's not all that simple to compare reinforced concrete and steel construction with timber construction. Some benefits of timber construction are overlooked and are therefore not factored into calculations. This kind of tunnel vision has been the bane of my life.

And what is your prediction for timber construction?
In the years to come, more and more above-ground constructions around the world will be made of timber because, for ecological reasons, it's the only real option. Timber never used to be seen as a viable option for the future but today the opposite is true: if you're building for the future, you use timber. I can imagine timber construction around the world increasing to as much as a third. You can also see this from the fact that many large contractors are now moving into timber. Previously, nothing was made of wood apart from the concrete formwork.

Where do you think the potential of timber construction could be further increased?
We are already well advanced in the area of construction but when it comes to curative timber construction, for example, it's still early days. In Appenzell, we built the two Mosersweid residential buildings for real estate developer Jan Schoch – larch on the outside and Swiss pine on the inside. These houses are extremely comfortable and there is hardly any need for heating. We are entering a new world where timber is used for more than just supporting or panelling. For example, the wood from Swiss pine actively prevents mould and lowers your heart rate. There are more than 50,000 types of wood in the world. A treasure trove of wood just waiting to be discovered.

You are regarded as a pioneer of timber construction and have had a hand in many innovative solutions in contemporary architecture. Which ones are you particularly proud of?
It was very exciting to work on designs with Shigeru Ban. But it was also very challenging because for every project he came up with a new idea – sometimes almost impossible to implement. People said that it wouldn't be possible to use timber for the Centre Pompidou-Metz. I had a brief meeting with him at the airport and confirmed that it would be possible but had no idea how I would actually go about it. I spent seven months holed up, racking my brains. In the end, the solution was quite simple. And that made all the effort worthwhile.

Other highlights include art projects, some of which appear mystical, like the light sculpture by American artist James Turrell on the Maldives. Or the Emma Kunz Pavilion in my home town of Waldstatt, which I designed together with Norwegian architectural firm Helen & Hard. Emma Kunz was a local artist and alternative practitioner who produced over 500 pendulum drawings on millimetre graph paper, all strictly geometric. My job was to create a walk-in pavilion based on these drawings.

Wisdome Stockholm, one of the most spectacular timber construction projects of our time, is due to open soon. How did this come about?
Architects Johan Oscarson and Jonas Elding – together with engineer Florian Kosche – won the competition with a timber gridshell structure. The condition was that timber construction company Stora Enso would provide laminated veneer lumber and cross-laminated timber – in other words, only flat materials. In the planning phase, the project came to me via Blumer Lehmann and I saw that the engineer's proposal was a reciprocal frame, which did not correspond with the grid support structure in the competition ⟶

1:
Bionic wooden connections without any use of metal are an invention by Hermann Blumer.

2:
Appenzell-born Blumer has written construction and architecture history. In 2023 he received the Building Award for his life's work.

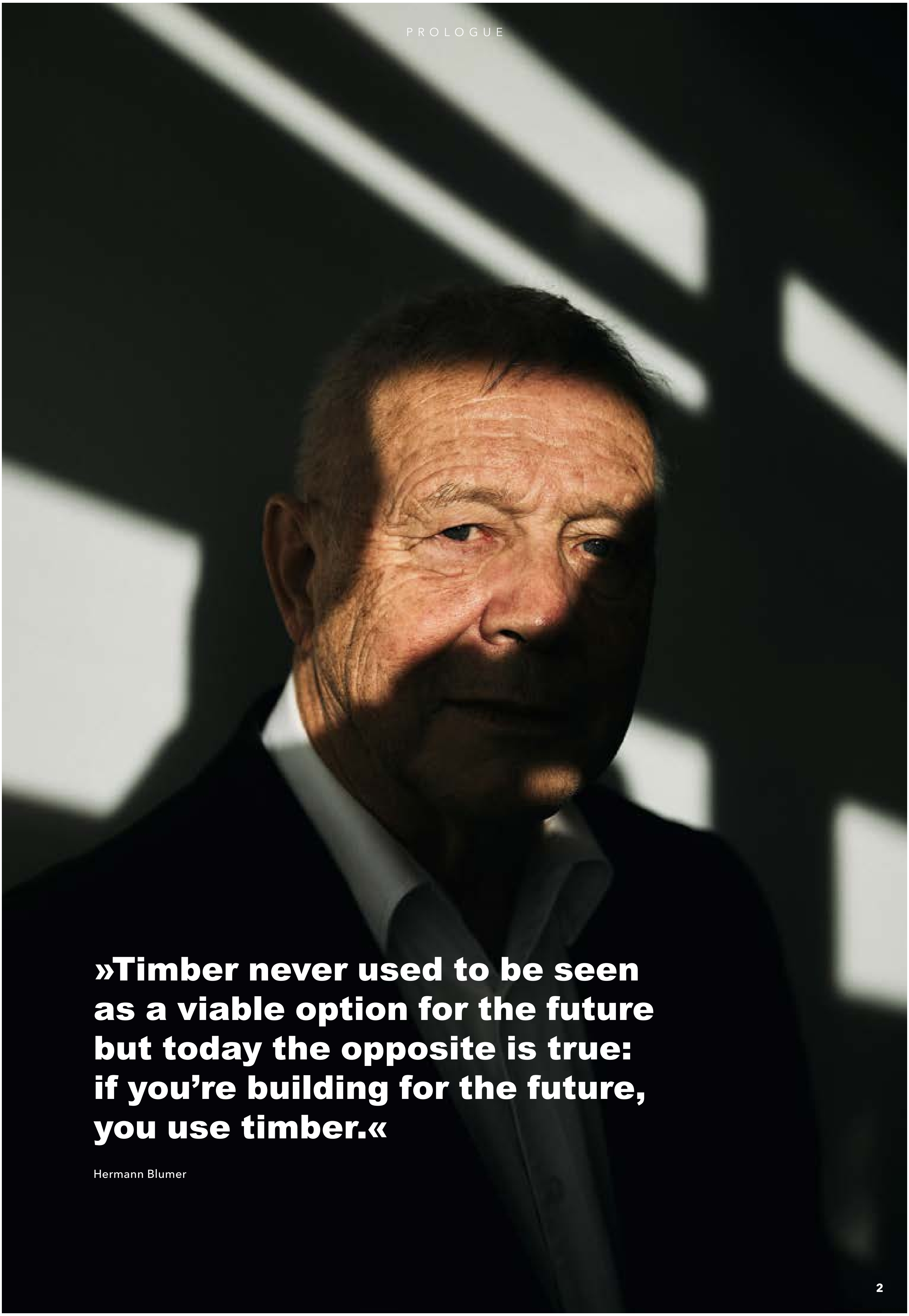
design. This was an immense source of frustration for the architects and the museum company. Then I spent a few days looking for a way to produce and fasten the double-curved and twisted layers using flat panels and timber-to-timber dowel connections. I found the solution and that in turn triggered a radically different approach in the production process.

The Japanese architect and Pritzker prizewinner Shigeru Ban sees you as a kind of kindred spirit. What connects the two of you?
With Shigeru Ban, I always end up in the same kind of situation where I promise something without having any idea how I am going to deliver it. By now, he also realises that's how I operate. But of course, this pressure also leads to advancements in construction.

Even though there was a certain language barrier, we were able to sort of intertwine our knowledge in a similar way to the demonstrations with photons by quantum physicist Anton Zeilinger. Shigeru Ban produces statically optimal sketches where you can already see everything. Just like him, I am always searching. For systems, for solutions and for people to support me. Swarm intelligence among ants is far greater than the intelligence of any individual ant. If you manage to activate this swarm intelligence among humans, you can reach exceptional new heights. So, it's not just about technical or design aspects but also about the human element.

Even ten years on, the Tamedia building in Zurich is still seen as one of the most visionary feats of timber engineering in the world. How would you explain, in layman's terms, what is so special about this building?
The story of how it actually came about is very interesting. Shigeru Ban came to Zurich for two hours and when I met him at the airport, he asked me the key question: what advantages does timber have over steel and concrete in a seven-storey building? I didn't say anything for quite a while and then at some point I began sketching on a pad. My idea was bionic connections with fluid round forms. Two weeks later, I received an architecturally perfect drawing from him. Because it was bionic, he didn't want to have any steel in the joints. Our engineers simply weren't able to make it work. Then I had an idea – once again, very early in the morning – namely that we could use large wooden dowels and wooden hole reinforcements as well. After all, some bearings used in mechanical engineering are made of hornbeam. It is actually these joints that are so unique about this building.

Experts in sustainable construction are warning against calling timber construction climate-neutral or carbon-neutral to avoid accusations of greenwashing. Is wood automatically a sustainable construction material or is it still possible to go wrong? ⟶



»Timber never used to be seen as a viable option for the future but today the opposite is true: if you're building for the future, you use timber.«

Hermann Blumer

1945.
Hermann Blumer as a small child on his mother's farm in Oberwaldstatt

1950.
Father Jakob Blumer with his two children Regula and Hermann

1974.
Taking part in Engadin ski marathon

1974.
Hermann Blumer (top right) during construction of the Stüdli Hall in the Swiss town of Herisau

Before 1940.
The sawmill, carpentry shop and joinery Blumer and Sons in Waldstatt

1975.
Hermann Blumer with son Tobias

If those of us in the timber construction camp were to do anything wrong, we would soon hear about it! Timber construction is the standard choice when it comes to sustainability. This natural construction material is an excellent basis and leaves all other construction materials way behind.

The construction sector is responsible for 38% of greenhouse gases generated worldwide. Where do you see the greatest potential for rectifying this?
With timber, there isn't all that much left to do. The others should be saddled with extra costs for the negative effects they have on the environment. That's the simplest way to get people to learn. Do something stupid and it'll cost you. If it weren't for all the lobbying, policies like this would be easy to implement.

In Central Europe, people are always referring to certified sustainable forestry. But can the resource question be resolved regionally in a globalised world?
According to the forestry laws in Switzerland – and it's much the same in other European countries – you are only allowed to consume as much as can actually grow back again. It would be great if the timber industry around the world could be a role model for managing resources sensibly. You could safeguard it through the "one cubic metre of timber per capita society".

What does that mean?
On all continents, one cubic metre of wood per person grows again every year – so we have a ratio of around ten billion cubic metres of timber to around ten billion people.

1989.
Hermann Blumer during construction of the Lignatur AG workshop

1974.
PDP8 machine purchased from Digital Equipment Corporation

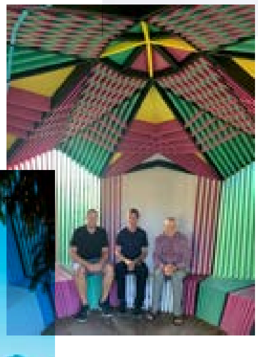
1990. Commissioning of the Lignamatic processing centre at Blumer AG in Waldstatt

2023.
Irma and Hermann Blumer in their garden

1983.
HP 85, the first computer with small screen and graphics capability

»I always knew my career would have something to do with wood.«

Hermann Blumer



2022.
Carpenter Remo Mazenauer, architect Reinhard Kropf and Hermann Blumer in the Emma Kunz Pavilion in Waldstatt

2010.
Shigeru Ban and Hermann Blumer at the inauguration of the golf clubhouse in the city of Yeoju, South Korea

2013.
Hermann Blumer on his 70th birthday

Proportionately speaking, Austria has a little more forest while Italy, for example, has less. If we were to make available one cubic metre of timber to each person, this would be like a kind of share (in the financial sense) or – even more so – like a kind of life insurance. At 400 to 500 Swiss francs (around 420-525 euros) a year, this would be an enormous help to many people.

According to American biologist Edward O. Wilson's biophilia hypothesis, people have an innate affinity for other life forms like trees. As well as this, it has now been proven that wood has a positive influence on people's health. Doesn't this make building with timber more of an urgent priority?
Yes, definitely. The development has already begun in the building of new hospitals. Shigeru Ban and I are currently involved in a project in this area – a six-storey hospital in Ukraine. It's a fascinating construction, not unlike the Tamedia building. It only consists of pegged timber connections, but this time the construction is made of cross-laminated timber. A local company is providing the elements for this – that's the only way we could offer this solution in the first place.

Will our connection with nature become even more important in the coming age of digitalisation?
If all we do is stare at our phones and no longer notice the flowers growing by the wayside, then things look pretty dismal for humanity. People need nature to avoid losing themselves in technology. I believe that young ⟶

Hermann Blumer
at the age of four.
He grew up
with wood.

people need to be taught that again. So they go into the forest and hug trees. Otherwise, the human race has had its day.

You grew up in Waldstatt and still live there – in a small community of 1,750 people right in the heart of the picturesque Appenzell landscape. What do you particularly like about this region?
Thanks to my projects, I have had the opportunity to see lots of different countries but my roots are still firmly in Waldstatt. The landscape there is unique with its hills, scattered farms and the palpable quiet. Even though I have lived in larger cities like Zurich, I have always headed to the hills and mountains at the weekend.

You recently celebrated your 80th birthday. How active are you in timber construction these days?
I'm actually working even more than 100% right now because I'm getting so many requests in – but I also have a lot of people I can delegate to. I haven't felt my workload go down at all. When I first met Shigeru Ban, I was already 62. My high-profile career only really took off at an age when other people are already retiring.

So you never think of stopping?
Of course, I notice other people overtaking me, but at the same time that's always relative. They can outpace me in new knowledge but not in experience. But if things continue this way, I will have plenty to do for the next ten years as well.

Interview:
Gertraud Gerst

Hermann Blumer

was born on 20 November 1943 at Herisau hospital in the Swiss canton of Appenzell Ausserrhoden. The son of a timber construction company owner in Appenzell, he first trained as a carpenter and then went to ETH Zurich to study civil engineering. Between 1971 and 1997, he ran his father's timber construction business before founding Création Holz and focusing all of his energies on developing innovative solutions based on building with timber. As a pioneer of modern timber construction, he has worked with leading architects including Shigeru Ban, Herzog & de Meuron, Peter Zumthor and Daniel Libeskind.


competent.

With a steady hand through the perfect storm

The whole of 2023 was defined by major geopolitical and economic challenges. In this difficult general climate, UBM showed its ability to manoeuvre. Our experience in managing crises enabled us to take balanced strategic decisions despite this stormy environment, and we are currently implementing them.

Adaptability is one of our strengths
A long track record in real estate development is something we share with several of our leading competitors. However, our competence includes other qualities that are particularly important in challenging times. UBM gets things done – a strength that we have proven and built upon especially in recent years.

A brief look to the past and future
In March 2020 the Covid-19 pandemic struck with full force at the heart of our business model at the time. As Europe's biggest hotel developer, we had to rethink – and to reinvent UBM fundamentally. In the course of this transformation, we adopted three measures that would strengthen us over the long term. Firstly, we established a liquidity reserve of around 423 million euros by the end of 2021. Secondly, we focused on the successful UBM asset classes of Residential and Office. And thirdly, we specified timber construction as our strategic focus, which is a responsible choice from an ecological and also an economic perspective. Therefore, although we look back on 2023 as an "annus horribilis", we are also looking to the future with more confidence than many others.

Timber Pioneer
The eight-storey building is Frankfurt's first timber hybrid office building.

We develop ideas and build with timber
As a developer, UBM works closely with the appointed architects and the contracting companies at all times. We ensure that all stages of planning and working adhere to the highest environmental and efficiency standards. One key aspect here is the selection of sustainable building materials. Wherever feasible in the respective circumstances, UBM uses timber. This focus alone enables the smallest possible carbon footprint for our projects during construction. We lift the burden that is inevitably placed on our environment by steel and cement.

Timber Peak
UBM is developing the tallest timber hybrid building in Rhineland-Palatinate, at a height of almost 45 metres, in Mainz' former customs port.

Timber is perfect for our strategy

Using wood as a construction material reflects the UBM corporate strategy: *green. smart. and more*. The aim behind this strategy is to develop sustainable, intelligent and aesthetically sophisticated real estate. Building with wood helps to achieve all three of these aspects. After all, timber hybrid design offers many and varied, far-reaching benefits compared with conventional reinforced concrete construction.

Timber engineering reduces the carbon footprint
The construction of buildings is responsible for around six per cent of global CO_2 emissions. As an innovative developer, we have the responsibility and the means to make a key contribution to reducing these emissions. We have chosen to pursue this by using wood consistently as a construction material. Unlike mineral construction materials, wood absorbs CO_2 instead of generating it – such as during production of steel and concrete. And it is highly efficient: one cubic metre of wood locks up a whole tonne of CO_2 over the long term. This enables us to save a proportion of the two billion tonnes of CO_2 per year which are currently being emitted into the environment as a result of the huge use of concrete and steel in building construction.

Timber construction saves time and money
In timber engineering, a large amount of the construction work is done in advance. Floor and roof decks, walls and even entire rooms are no longer produced on building sites, but instead by automatically controlled CNC machines at timber engineering companies where working conditions are stable. Once they reach the site, the prefabricated, high-precision modules only have to be fitted in place. This makes the whole process much quicker, quieter, safer and cleaner than on a conventional building site, which benefits both the environment and the surrounding neighbourhood. Besides this, modular, standardised and systematised prefabrication is much more advantageous not just for the ongoing construction process, but also for later on when the building is disassembled.

Timber engineering is a safety factor
It comes as no surprise that industrial prefabrication and the resultant notable simplification of building site logistics reduce the risk of accidents. Less obviously, but also proven and reassuring is the fact that timber performs much better in terms of fire protection – for instance, compared to steel. This is because a steel construction collapses spontaneously when exposed to extremely high temperatures, whereas a timber construction maintains its load-bearing capacity for longer as wood burns controllably – and very slowly in comparison. In emergencies, residents of a timber building therefore gain valuable time, allowing them to leave safely.

Timber engineering experts on board
Timber construction is experiencing a global boom – for good reason. In turn, architects and manufacturers of prefabricated wooden elements are amassing the relevant know-how. This wealth of expertise is used by us whenever we develop a project with timber, allowing us to benefit from state-of-the-art solutions that are compelling, from the draft right through to the finished product. Of course, UBM also employs its own renowned timber construction experts. And thanks to our numerous development projects, our know-how is also growing every single day.

Green light for green thinking
The EU Taxonomy regulations and detailed ESG specifications are now steering international financial flows towards green companies and projects. This means real estate projects with relevant certification are in with a better chance of success right from the outset. They are seen as investments that are both attractive and sustainable, are more sought-after on the market and less expensive to run. Timber buildings are generally at an advantage here simply because of the choice of material, and they ultimately bring in higher sums when they are sold or rented out. Timber design offers tangible benefits for all UBM stakeholders. There is a lasting gain for buyers, tenants, investors in the UBM shares and bonds, and naturally the environment throughout the entire life cycle of our real estate projects.

Our major pilot project – Timber Pioneer

The development of Timber Pioneer in Frankfurt am Main took UBM into new territory. Back in 2020, during the Covid-19 pandemic, we made the decision to design the building as a timber hybrid construction. This enabled us to solve two problems at the same time. On the one hand, lockdown cast doubt on the success of the originally planned 350-room hotel for an indefinite period. And on the other, the demand for ecologically convincing real estate was increasing all the time. Looking back, it was clear that paradoxically a crisis became the motor for our strategic reorientation and transformation as a developer. It has returned our focus to our asset classes of Residential and Office, while acting as a stimulus for the consistent use of innovative materials and designs.

Timber Pioneer
The building offers space for a new way of working.

Timber Pioneer
Wood creates the right atmosphere.

Frankfurt's first timber office building
Timber Pioneer is Frankfurt's first ever timber hybrid office building, with eight storeys. Located in the attractive Europaviertel of this economic metropolis, in the direct vicinity of the F.A.Z. Tower – another UBM Development project, it offers approx. 15,000 square metres of space. The swift reaction shows that we have captured the current mood, with the right location, asset class and design. Less than four months after the topping-out ceremony on 20 October 2022, and therefore far in advance of completion, we were able to let almost 10,000 square metres to Union Investment. The company is planning to move into its space in the 2nd quarter of 2024. Timber Pioneer has therefore put us right at the top of the list for all letting in Frankfurt until the 4th quarter of 2023.

Building shell finished in record time thanks to digital identification
Timber Pioneer uses more than just wood as a newly discovered building material, it also employs a new building method. The individual timber elements are prefabricated at an engineering company, then transported to the building site, where they are simply put together in the right places. Owing to its size, this was a superb feat of logistical planning even though the entire production and building process was computer-controlled. The individual elements of glued laminated timber were furnished with QR codes and recorded in a digital system that specified their precise position in the overall construction. A relatively small assembly team then connected the elements of the push-fit system and screwed them to the slim concrete parts, forming a stable unit. This method meant about 1,000 square metres of building shell were completed per week.

Identification and motivation
Timber Pioneer is an excellent example of how wood as a building material can create an atmosphere that is relaxed and inviting. It therefore clearly upholds the trend of more lounge-like interior designs typical of innovative office floors. With more people now returning to offices, timber constructions are enhancing the conventional office as a place where people come together, while also making hybrid modes of working more attractive. Beyond its function in team building, timber construction can even have a positive influence on recruiting. Highly qualified applicants are increasingly likely to choose companies that are aware of their ecological responsibility and offer contemporary workplaces. And so it comes as no surprise that it is especially these aspects that generally increase identification and motivation among all employees.

The UBM Timber Family is expanding

At the end of 2024, Timber Pioneer in Frankfurt am Main will be followed by initial construction stages for further members of our Timber Family at attractive sites in Germany, Austria and Czechia:

Timber Factory (Munich), Timber Marina Tower (Vienna), Timber Living (Munich), Timber View (Mainz), Timber Port (Düsseldorf), Timber Works (Munich), Timber Peak (Mainz) and Timber Praha (Prague).

In addition, another major timber construction project is in the pipeline – an entire neighbourhood, and therefore named without the word "timber". Situated on Vienna's Danube Canal, the LeopoldQuartier with over 75,000 square metres of floor space is Europe's first urban quarter in a timber hybrid design.

Timber Factory

ASSET CLASS: **Light Industrial & Office**
LOCATION: **Munich**
GROSS FLOOR AREA: **59,000 m²**

Timber Marina Tower

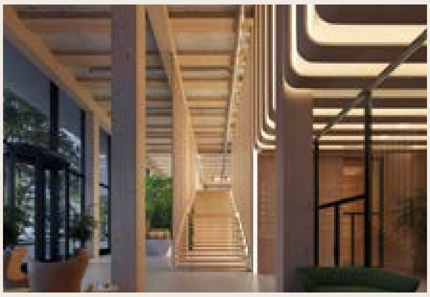
ASSET CLASS: **Office**
LOCATION: **Vienna**
GROSS FLOOR AREA: **44,000 m²**

Timber Living

ASSET CLASS: **Residential**
LOCATION: **Munich**
GROSS FLOOR AREA: **23,200 m²**

Timber View

ASSET CLASS: **Residential**
LOCATION: **Mainz**
GROSS FLOOR AREA: **18,200 m²**



Timber Pioneer

ASSET CLASS: **Office**
LOCATION: **Frankfurt**
GROSS FLOOR AREA: **17,600 m²**

Timber Port

ASSET CLASS: **Office**
LOCATION: **Düsseldorf**
GROSS FLOOR AREA: **11,800 m²**

Timber Works

ASSET CLASS: **Light Industrial & Office**
LOCATION: **Munich**
GROSS FLOOR AREA: **9,700 m²**

Timber Peak

ASSET CLASS: **Office**
LOCATION: **Mainz**
GROSS FLOOR AREA: **9,500 m²**

Timber Praha

ASSET CLASS: **Residential**
LOCATION: **Prague**
GROSS FLOOR AREA: **7,400 m²**

Timber Praha
The four residential buildings in a timber hybrid design with several storeys are the first of their kind in Czechia.

Brief trip to the Golden City

The development of Timber Praha also took UBM into new territory. Offering a total of 62 apartments, the four residential buildings in a timber hybrid design with several storeys are the first of their kind in Czechia. They are being built in Stodůlky, an up-and-coming district of Prague, as part of Arcus City, which is a development project with 270 apartments, ten single-family houses and five shopping malls.

Sustainable building and operation

The low carbon emissions and high energy efficiency of Timber Praha are remarkable, and these attributes are also gaining increased attention and value in Czechia. Planned as a robust wooden construction, the structure is being prefabricated by the globally renowned company ELK in Austria. It consists of solid cross-laminated timber boards for the supporting interior walls and floor/ceiling decks, while the outer walls of the facade have a timber-frame design. The choice of material, environmentally friendly module production and rapid assembly reduce the carbon footprint and costs at the same time. Besides this, the consequent use of geothermal energy, heat pumps and photovoltaics enables the houses to be operated with maximum energy efficiency, which in turn offers the potential for attractive saving over the long term.

Sustainable, efficient – and sold quickly

In the middle of September 2023, just three months after the start of construction and about a year before completion, one of the four planned Timber Praha houses with 15 apartments and almost 1,000 square metres was already sold. Key contributors were the planned BREEAM "Excellent" certification and the prospect of a Category A energy certificate, which is the most economical. The project's energy efficiency was most persuasive for the buyer, Future X. UBM is now spearheading a platform that aims to raise the twelve-metre limit in Prague for projects with a timber hybrid design.

Timber Marina Tower
The 113-metre tower will be constructed with a timber hybrid design.

One of the world's tallest timber buildings

At a height of 113 metres, the Timber Marina Tower developed by UBM will be one of the world's tallest timber hybrid buildings. We are especially pleased that this shows our immense expertise in our home city of Vienna. It was here that UBM was founded more than 150 years ago – and our head office is still located in this Danube metropolis. Building of the Timber Marina Tower is due to start in early 2025, and completion is scheduled for late 2026.

The tower will consist of 32 upper storeys and 4 basement storeys with approx. 44,350 square metres above ground. Situated in Waterfront, a vibrant development area on the Danube Marina, the Timber Marina Tower will be reachable quickly and easily from Vienna's city centre and also Vienna International Airport. This striking timber construction will adhere to EU Taxonomy and ESG requirements, and the project is also aiming for LEED Gold certification. Environmentally friendly and cost-effective operation of the office tower will be achieved by means of geothermal energy, use of groundwater and the installation of photovoltaics.

Pole position for timber construction throughout Europe

As at the end of the 2023 financial year, UBM has a total of over 300,000 square metres of living and working space planned with wood in the pipeline. The projects are shared equally between the asset classes Residential and Office. This volume positions UBM once again as one of the leading project developers of timber constructions in Europe. It also serves as impressive confirmation of our strategic focus on green buildings and smart offices in major cities such as Vienna, Munich, Frankfurt and Prague. In addition, the coveted EcoVadis Platinum rating and ESG Prime Status from ISS ESG show that our consistent orientation on sustainability was commended on the market with prestigious awards in 2023 as well.

Double honours
In 2023 the commitment shown by UBM Development AG to ecological and energy-efficient construction was recognised with the coveted Platow Immobilien Award in the Sustainability category. This success is both remarkable and encouraging, as it was awarded by a well-respected information service for the economy, capital market and politics. The commendation shows that we are heading in the right strategic direction.

UBM is also a member of the Austrian Sustainability Index (VÖNIX). This is an index exclusively with Austrian companies listed on the Vienna Stock Exchange which have outstanding ecological/social activities and achievements.

» I’ve become rather absorbed in timber construction.«

As CTO of UBM Development AG, **Peter Schaller** is responsible for technical implementation of the company’s timber construction strategy. Recovery from the current crisis in the industry requires serial and modular timber construction, which ultimately makes real estate cheaper and fit for the EU Taxonomy and ESG.

»The high degree of prefabrication in timber construction means that we are effectively moving construction sites in-house.«

Peter Schaller

Shortly after Peter Schaller took up his position on the UBM Management Board on 1 November 2023, the perfect storm grew more intense when the first company in the Signa Group went into administration.

In the middle of 2023, you moved from a management position in the booming construction industry to the management board of a real estate developer when the first signs of the existential crisis in the sector were already on the horizon. That was quite a bold move, wouldn't you say?

Peter Schaller: UBM's focus on timber and sustainable construction is an excellent strategy with which the company is developing the right product for the future. This was one of the main reasons why I accepted the offer to join its Management Board. As well as that, I have known UBM as a company for many years. One of my first projects as construction manager at PORR was a UBM project: the Anděl City Residence in Prague. That was a major project for me in my younger days – and ultimately a very successful one. And over the last 15 years as head of the PORR office in Styria, I have handled many projects for and with UBM. All of them turned out very well and there was always a real sense of partnership. Which, needless to say, fosters trust.

As a manager in the construction industry, how did you view the different developers, i.e. your clients?

In the vast majority of cases, I was able to work with them on the projects on equal terms, in a balanced partnership. That was always the foundation for success. Of course, you also need to have plenty of passion and see the project as a common goal, regardless of which side of the table you are on. And this is exactly how I would like to approach my new role, just with the roles reversed.

Having worked with reinforced concrete construction for the last 25 years, your focus as CTO of UBM is now firmly on timber construction. Doesn't this call for a complete change in thinking?

Actually, my last job also involved timber construction projects – some of PORR's most important timber buildings were created in Styria. In the meantime, I've become rather absorbed in timber construction. Apart from that, I'm not turning my back on concrete completely – after all, you can't have timber hybrid projects without concrete.

What is it about timber hybrid construction that you find so stimulating?

UBM has undertaken to develop sustainable buildings that comply with ESG and EU Taxonomy requirements. Here, timber construction is not only the most obvious method of construction but also the best. This is why we have committed ourselves to timber construction. Another great advantage of timber is that the constructions can be prefabricated at engineering companies under constant climate conditions. As well as this, we are moving into serial production for timber construction, which will also give us a price advantage in the future. The higher the carbon pricing for conventional building materials, the greater the price advantage for timber.

Producing timber elements at engineering companies has lots of advantages besides the constant climate conditions.

Definitely. The high degree of prefabrication in timber construction means that we are effectively moving construction sites in-house. This helps us to get around the shortage of skilled labour on construction sites and keep quality consistently high. On-site assembly is much faster than conventional reinforced concrete construction and there is less noise and dust, which of course keeps local people happy. And having a shorter construction phase also means lower financing costs and lower construction site overheads.

However, the high degree of prefabrication in timber hybrid construction means a longer lead time for planning.

You need to decide at the beginning of the planning process whether to use timber or conventional materials. The main reason for these longer planning lead times is that decisions need to be taken and greenlit earlier because the production process is moved to the engineering company.

Peter Schaller

has been CTO of UBM since November 2023. Schaller studied industrial engineering for construction at Graz Technical University and is a renowned construction expert. His career has taken him to Poland, Czechia, Slovenia and Germany, and from 2007 he held management positions at Porr, most recently heading their operations in Graz.

Conventional construction is less pressing in this regard – there is a certain latitude for changes until on-site construction begins.

Are the suppliers ready for a fully-fledged timber construction offensive? Are there enough qualified workers with the necessary skills for industrial timber construction?
The construction industry has already recognised that timber is the future. This can also be seen in the way manufacturers have been expanding their capacity in recent years. The shortage of skilled workers is a general problem that affects all industries. It's probably easier to find skilled workers for engineering companies than for construction sites. Which is another reason why it makes sense to relocate construction to the greatest possible degree.

UBM already set up its Timber Construction department three years ago with a team of five people at last count. What does this department bring to the table?
UBM is aspiring to be one of the leading developers of timber construction projects in Europe. This means that its entire experience and expertise in this area needs to be bundled centrally so it can make this knowledge available to the entire Group and ensure that the same standard is applied throughout. There is a huge amount happening in this area at the moment – the market is being bombarded with new information, new guidelines, new certifications, inspection results, etc. We need to stay on top of this, and the best way to do that is to have a special department devoted to it. Bernhard Egert and his team do marvellous work and are always on the cutting edge of new developments. Sustainability and timber construction are part of the company's DNA – that is why we need to have this core expertise in-house and expand it. You can't always source it from outside.

UBM is developing the Timber Marina Tower in Vienna which, at 113 metres, will be one of the world's tallest timber high-rises. Is it fair to say that this project is an enormous challenge?
Absolutely. I have no doubt whatsoever that timber is up to the task. But fire safety, load-bearing capacity, sound insulation, etc. are issues that need to be resolved in a constant exchange of information between technical planners, contractors and authorities. We are developing the project using the Early Contractor Involvement (ECI) approach. This means that our long-standing contractors are involved in planning and developing the tower from the outset. But yes, this is also uncharted territory for us and it is a major challenge that calls for a certain amount of courage. But it's also a challenge that we relish.

Sustainability is not only a central question for UBM because of environmental and climate protection factors but also due to economic considerations.
We have committed ourselves to sustainability and it has become part of our business model. It's important to bear in mind that the individual measures needed for environmentally friendly and sustainable projects also entail costs. But at the end of the day, it also needs to make economic sense. And the market must be willing to pay an appropriate price for our projects.

Interview:
Karl Abentheuer

consequent.

Green light for our win-win initiatives

In 2023 UBM Development again took major steps towards implementing its Green Transformation. We focused on building with wood to further our Green Development. We supported energy-efficient operation of our real estate with our Green Lease. And we accelerated green investments with our Green Finance. Yet again, this shows we are following through with our decisions.

European Green Deal as the right direction
The aim of the European Green Deal is to reduce net greenhouse gas emissions in the EU by at least 55 per cent by 2030, compared to 1990 levels. As the building process and the operation of buildings are responsible for over a third of global energy demand and around 40 per cent of worldwide CO_2 emissions (UNEP 2022), sustainable building operation is a key lever. Moreover, as developers we need to consider tomorrow's ESG criteria in our current planning.

Timber Peak
This timber hybrid building contributes to minimising the carbon footprint to the greatest possible extent during construction and operation.

Sustainable tenancy with the UBM Green Lease

Ecological progress to increase the energy efficiency of our buildings requires teamwork – and a clearly defined operational framework. Taking the UBM Green Lease Framework as a basis, it is possible to draw up rental agreements that offer sustainable benefits for all involved.

For instance, besides a reduction in energy and ancillary costs, such agreements enable commercial tenants to implement their corporate sustainability strategy. Lessors also benefit as the building becomes more attractive for lessees with ESG reporting obligations.

This optimises the relationship between lessor and lessee fundamentally as well. Whereas conventional rental agreements are often restricted to defining individual interests, in the Green Lease both parties agree to sustainability commitments as an overriding goal. This encourages them to work in a partnership that brings long-term advantages on both sides.

Our Green Lease Framework shows starting points and methods for the sustainable utilisation and management of buildings, which results in collective gains for all participants while encouraging open and trusting collaboration. Both parties set their sights on a common interest.

The bigger picture with an attention to detail

The UBM Green Lease Framework provides general information and also detailed suggestions on how to achieve more sustainability. It covers all topics of modern building management, up to and including regulations that are specific to a particular building in Green Lease clauses of rental agreements:

Saving energy: Around 28 per cent of global CO_2 emissions are produced by the operation of buildings alone. Using renewable energy sources therefore makes a significant contribution towards carbon reduction – and this is implemented by UBM to the greatest possible extent. Energy consumption can be reduced by using an energy monitoring system and smart lighting, and also by switching off equipment.

Reducing waste: The Circular Economy action plan was initiated by the European Commission in 2015 to avoid waste. Waste volume and waste separation are also continually monitored during the operation of buildings. Avoiding waste saves energy and resources; sorting waste into individual categories enables technically correct recycling.

Saving water: Resource-friendly use of water and wastewater is vitally important during the utilisation of buildings. As a property developer, UBM includes useful solutions in the area of water consumption. These include the treatment of rainwater and greywater, the separation of drinking and process water, and also water-efficient fixtures, to reduce drinking water requirements considerably.

Shaping mobility: UBM develops individual mobility concepts for each project in order to reduce carbon emissions. These include, for example, good public transport connections, electric charging points for cars and bicycles, car sharing and e-bike hire.

Optimising cleaning: One of the many recommendations detailed in the Green Lease Framework is the use of cleaning products with environmental labels such as the Blue Angel or the EU Ecolabel. These do the job while reducing any damage to the environment. In addition, labels that cover the entire product life cycle reveal where packaging waste can be saved.

Green Transformation
The Green Lease Framework and the Green Finance Framework take sustainability to the next level for real estate letting and financing.

Process optimisation using reliable data
Precise data and comparable key figures serve as signposts for real estate management. Potential savings can be identified and process optimisation can be triggered with greater precision if exact and informative data is available. Complex or mixed-use real estate inevitably "produces" a wealth of information. For this reason, we focus our efforts on the parameters that have already proven relevant to costs, risks or contractual considerations.

Measuring and counting devices for the consumption of water, heat, cold and power have long been successful in practice. They determine and store figures on each kind of consumption, enabling fair and consumer-friendly billing. Condensed into long-term consumption profiles, this data can also supply valuable reference material on how to achieve even greater efficiency in energy management, for example.

Coming together as a whole
The UBM Green Lease Framework also regulates and encourages communication between all involved. For example, it includes plans for either party to provide the other with information soon afterwards if a sustainability issue is detected in the building. Coordination meetings usually take place every three or six months, with problems that occur in-between being solved jointly depending on their size and urgency.

These range from purely administrative tasks such as monitoring the agreed Green Lease goals, and also complex data evaluations, through to the time-intensive preparation of a sustainability report.

Green – and a good investment: Green Finance

Stock exchanges are central, key players in the green transformation of our entire economy. They promote and channel capital flows for the sustainable activities of our companies. Vienna Stock Exchange, for example, offers issuers a transparent ESG segment specifically for sustainable bonds.

UBM has issued sustainability bonds on the Vienna Stock Exchange since 2021. This began with our Sustainability-Linked Bond 2021–2026 with a volume of 150 million euros, followed by the Hybrid Bond 2021 with a volume of 100 million euros. The most recent example is the UBM Green Bond 2023–2027 with a volume of 50 million euros. Our UBM Green Finance Framework was taken as the basis for this issue.

LeopoldQuartier, Vienna
Europe's first urban quarter built with timber is being constructed on Vienna's Danube Canal.

The UBM Green Finance Framework

In order to provide a transparent description of our specifications for the issue of sustainable financial instruments, we drew up the UBM Green Finance Framework. It is oriented on the Sustainable Development Goals (SDGs) of the United Nations, which were passed as the 2030 Agenda in 2015, and also integrates EU Taxonomy requirements. Our UBM Green Finance Framework is in line with the ICMA Green Bond Principles 2021 and also the LMA Green Loan Principles 2023, and it is compliant with the best practices on the market.

The guidelines set out in the UBM Green Finance Framework apply to every issue of green financial instruments, including Green Bonds, Green Loans and Green Promissory Note Loans. This enables us to ensure that the net proceeds are exclusively used to finance and refinance green projects whose environmental benefits have been irrefutably proven.

Clear specifications for each step

The criteria defined in the UBM Green Finance Framework comprise the following recommended focal areas:

- Use of proceeds
- Project evaluation and selection
- Management of proceeds
- Reporting

Use of proceeds

Our Green Finance Framework specifies that we use the entire net proceeds from the issue of green financial instruments to finance and/or refinance – in full or in part – new or existing Eligible Projects. These are chosen by an internal panel of experts that assigns them based on clearly defined criteria from the two categories Green Buildings and Renewable Energy.

Project evaluation and selection

We see the evaluation and selection process for Eligible Green Projects as a key procedure. For this reason, UBM established a Green Finance Committee (GFC) comprising the Chief Financial Officer, Head of Treasury, Head of Investor Relations & ESG, Head of Green Building and Head of Controlling. Only projects that receive approval from all GFC members are rated as Eligible Green Projects, and this decision is binding. A list of Eligible Green Projects is drawn up by the Investor Relations & ESG department and updated on an ongoing basis. ⟶

Everything comes together in the UBM Green Finance Committee. Among other things, the GFC is responsible for checking if the proposed allocations are compliant with the general company policies and ESG strategy. For example, it ensures that potential Eligible Green Projects are in line with the categories and eligibility criteria. The GFC meets at least once a year and until all allocations are complete.

UBM has prepared a comprehensive ESG risk analysis to identify the most important environmental, social and governance risks relating to its company management and operations. Negative environmental impact due to high energy consumption, a lack of biodiversity, low recycling levels and durability of construction materials, and also risks for the health and safety of employees are some examples.

This analysis has been used by UBM to take the strategic decisions necessary to minimise risk and develop a concrete package of measures that include a focus on timber construction and also UBM's emphasis on renewable energy and green building certification. Our integrated management system for occupational safety and health protection sets standards here.
As soon as a serious ecological or social risk is identified, the GFC already prepares proposals for minimising this risk during the project evaluation and selection process. In addition, the compliance management system introduced by UBM kicks in to minimise the risk of potential violations of legal provisions and also "systematically" ensure adherence to all framework conditions.

Management of proceeds
The net proceeds from our green financial instruments are managed by UBM's Treasury department on a portfolio basis. These proceeds are allocated in full to Eligible Green Projects. If the projects are divested or discontinued, or if they fail to fulfil the eligibility criteria at some point, we will replace this asset with a suitable alternative as soon as possible. UBM is committed to reaching full allocation of the net proceeds, to the best of its ability, within 36 months of the relevant issue.

Reporting
UBM intends to prepare ongoing reports on the allocation and effects of the Eligible Green Projects in the year after issue of the green financial instruments. These reports will be published on the UBM website. The allocation report provides indicators such as the total amount of outstanding green financial instruments, amount of proceeds, geographical distribution of the Eligible Green Projects, balance of unallocated proceeds, amount or percentage of new financing and refinancing, and also examples of Eligible Green Projects. The impact report documents the effects of the Green Projects. For example, it provides information on certification, generation of renewable energy, and measures on carbon and energy saving. UBM commissioned ISS ESG with the preparation of a Second Party Opinion (SPO) on the Green Finance Framework with regard to adherence to the ICMA Green Bond Principles 2021 and LMA Green Loan Principles 2023. This has been published on the UBM website together with the UBM Green Finance Framework.

Green Bond
Due to its focus, this bond with a volume of €50m could be placed in July 2023.

First UBM Green Bond successfully placed

On 4 July 2023 we placed the first UBM Green Bond 2023–2027 on the Vienna Stock Exchange in an extremely difficult environment. With a volume of up to EUR 50 million, the bond has a four-year term and an annual coupon of 7 per cent. It was offered in Austria, Germany and Luxembourg as a public offer with prospectus, and in other countries through a private placement. Demand was dominated by private investors.

The success of our first Green Bond serves to confirm our "green policy" and also underlines the continued trust of private investors in UBM. Our ability to receive bond capital in such turbulent times on the market is both proof of our performance and a competitive advantage.

Sustainable good news in our anniversary year

On 15 December 2023, in its 150th year, UBM Development AG was able to position itself on the Austrian capital market as a sustainability performer. Finance magazine "Börsianer" named UBM as Austria's most sustainable share in 2023.

Presented for the first time, this award is based on a three-level scoring model (peer group, indicators, editorial staff), and is evaluated by BDO Austria.

Green Winner
Finance magazine "Börsianer" named UBM "Austria's most sustainable share 2023".

» Right now, cash management is our top priority.«

In his position as CFO, **Patric Thate** placed UBM's first Green Bond in July 2023 and was able to report over 150 million euros of cash and an equity ratio of approx. 30 per cent as at 31 December 2023. Consistent implementation of UBM's timber construction strategy is designed to generate profit for the future.

In 2023, UBM Development AG was in the red for the first time since the Second World War. What is the reason for that?
When the ECB increased interest rates in the summer, it meant that we had to undertake an extraordinary revaluation of our projects as at 30 June. This involved determining to what extent the carrying amounts were still applicable given the changed interest rate situation and rent expectations. We were forced to make further write-downs in the second half of the year. All in all, we devalued our Group-wide projects by €70m, which as a percentage is roughly on a par with what our competitors had to do as well.

The ECB's interest rate hikes hit the economy hard, mostly because of the sheer speed at which they occurred.
That's correct. It was the fastest interest rate increase of all time. The increase rate levels themselves were nothing unusual, but the speed at which they were hiked was unheard of. In fact, it was so fast that the markets were unable to adjust properly to the change. This led to all the turbulence we saw on the markets.

UBM's main focus is on the Residential and the Light Industrial & Office asset classes. The balance between supply and demand is severely misaligned in both segments.
Yes, you could say that. After all, demand hasn't really changed at all. Our products are still very much in demand. There is a need for housing and commercial spaces, and also as-new, high-grade office space. That is not the problem. The problem is the uncertainty among investors, who have to buy at an ROI that is extremely difficult to gauge because of the changed interest rate environment. The ratios simply aren't right at the moment.

After ten interest rate hikes in a row, the ECB has left the key rate at 4.5% since autumn 2023. Does this mean that the markets will return to normality? ⟶

»We are in the same kind of situation that Tesla was in four or five years ago.«

Patric Thate

In the first instance, this stability will assuage investors' fears of buying too expensive. But their fear of buying at the wrong time still remains. Of course, falling interest rates are essentially a good thing. But we have an inverted yield curve at the moment. This means that yields for short-term investments are higher than those of long-term investments. So, a moderate decrease in interest rates won't make much of a difference to our ratios. It will take a while for the market to recover.

What steps is UBM taking to counteract all of these developments?
We are focusing our full attention on the resources that we have – i.e. cash. We are monitoring our cash very closely and managing our cash flow very carefully. Right now, cash management is our top priority. We need to know every day where exactly we stand. We need to weigh up precisely what we should spend and what we should not spend. We are keeping our purse strings tight at the moment and can't afford to experiment. It's not the right time for that. At the balance sheet date, we had cash balances of €151.5 million and an equity ratio of 30%. This means we are on a very sound footing. Our reserves will last longer than those of most of our competitors. This will enable us to ride out the adjustment phase that has already begun on the market and will leave us in an even stronger position than ever before.

Why do you say that?
The market will tilt towards demand. At the moment, hardly anything is being produced but the demand is there, the need is there. So, there will be growing pressure to satisfy this demand as well.

UBM successfully placed its first Green Bond, with a volume of €50 million, as recently as July 2023. That was no mean feat given these challenging times.
Yes, we managed to find the right window for placing the bond in these turbulent times. We were the only ones far and wide. You could put it down to good timing, but you always need to have some good fortune as well.

The next bond repayment isn't due until the end of 2025.
That's great, of course, because it means that we won't have to refinance any bonds until then.

With the zero interest rate phase having come to an end and key rates now at 4.5%, the time factor is suddenly costing money again.
Yes, time costs money again. As real estate developers, there are things on our timescale that we can influence, and things that are very difficult for us to influence. One thing we have little or no influence over is approval procedures. They take as long as they take – there is no fixed schedule to be adhered to. Here, we are dependent on someone whose brief is to check things with a fine-tooth comb and for whom time is no object. But what we can influence is the time from the approval to the end product. By this I mean not only the actual development stage but above all the building stage. And when it comes to building, modular timber construction saves you precious time.

In other words, the high-interest phase is actually helping UBM?
As crazy as that may sound – and, of course, I would much prefer not to have had the current crisis in the industry, this situation does in fact confirm our strategy once again. Particularly because the time aspect is suddenly of great importance. We have a clear competitive advantage thanks to our focus on developing timber construction projects. This strategy and this focus are one of the few ways in which it is possible to secure long-term future viability in our industry.

Apart from its clear focus on timber hybrid construction, UBM's commitment to sustainability involves operating buildings using renewable energies, especially geothermal energy and photovoltaics.
Up until Russia's attack on Ukraine, ancillary costs weren't all that important – it was the size of the rent that mattered. But now, the entire package needs to be competitive, i.e. rent and running costs together. This means that it's okay for rent to be a

Patric Thate

has been CFO of UBM since 2017 and is responsible for the considerable improvement in the company's financial positioning and its resultant competitive advantage. Thate was previously a UBM consultant and also held financial management positions at Lenzing AG and Deutsche Telekom.

little higher if this is offset by lower operating costs. Other advantages of renewable energies are having full control over energy sources and being able to plan costs. With geothermal energy, for example, you know exactly how high energy costs will be in the next 20 or 30 years. Being able to plan has become much more important.

Why did UBM decide to go with Green Financing?
Our investors increasingly find themselves having to channel their money into green projects because it is specified and required politically. This is becoming increasingly important in the thinking of institutional investors, at least. That is why we have chosen this path and have continued to pursue it. Our first step here was to issue sustainability-linked bonds, thereby guaranteeing to investors that they were investing in a company with the required green rating. But at this point, we hadn't yet said what we were going to do with the money. The second step was when we successfully placed our Green Bond in 2023. With this bond, we guarantee to investors that this money is also invested in properties with green certification, some of which are Taxonomy-eligible and some of which have a green lease as well. With green leases, we try to ensure that the property can actually make full use of its green character when in use. In any case, we have to demonstrate what we have done with the €50 million from the Green Bond, which of course gives us less leeway.

How do you see UBM's competitive position?
We have lots of levers that our competitors don't have – and we are making use of them all. We are in the same kind of situation that Tesla was in four or five years ago. Elon Musk went all in on batteries and electric cars. Lots of people had this idea before him – for instance BMW with the i3. But they didn't stick to their guns. By contrast, Musk saw his idea through resolutely and secured a competitive edge that has remained. UBM has the product that works best in today's difficult environment, and we have a considerable lead on the technological front. We are in a good position and now need to retain this competitive edge. I have no doubt whatsoever that we will reap the fruits of our strategy because we worked resolutely to implement it – and because it's the right strategy.

Interview:
Karl Abentheuer

transparent.

Timber Factory
In the district of Moosach, UBM is developing Munich's first timber hybrid commercial campus in cooperation with ARE Austria Real Estate.

High transparency for a better outlook

An extremely instable general political climate, the fastest ever rise in interest rates and also high costs for energy and construction altogether resulted in an extremely turbulent financial year 2023. UBM was affected by these circumstances as well. So far, with open communication, a comparably high liquidity cushion, and an ability to respond quickly, we have succeeded in coping well with the crisis.

The transition brought a change in interest rates
In early October 2022 at the Expo Real trade fair in Munich, the who's who of the real estate sector were still relatively optimistic. There was a hope – even a forecast by some players – that the new interest rate and price level would settle down during 2023, and transactions would gradually get going again.

Unfortunately, in autumn 2023 it was clear that the early warnings had come true: instead of leaving the industry relatively unscathed, the trouble on the markets intensified. The effects of the war in Ukraine and the delay by the central banks in dropping their zero interest rate policy marked the beginning of a crisis that extends far beyond the construction and real estate industry.

No opportunities without risks
Like all major project developers, UBM is a leading indicator. This means that we do not just reckon with opportunities for profit, but always have to weigh up the investment risks as well. And just like any company that "produces", our economic survival is crucially dependent on being able to sell our projects at a profit. Therefore, the stagnating market in 2023 – marked by a severe reluctance to invest and purchase – hit us hard, as it did many others as well.

The perfect storm fails to subside
The fastest increase in interest rates ever experienced, rising construction costs, ongoing inflation fears, the threat of recession and a complete standstill on the transaction market whipped up a perfect storm. This difficult situation resulted in revaluations throughout the entire real estate market and had a serious impact on UBM as well.

Navigating the storm with determination

Over its 150-year history, UBM has repeatedly needed its risk and crisis management skills. After all, we have survived two world wars. However, our entrepreneurial virtues have seldom been put to the test in a situation like the Covid-19 pandemic in 2020 and 2021, and in the market development of 2022 and 2023 resulting from the war in Ukraine.

Radical change in paradigm and strategy
The global consequences of Covid-19 undermined UBM's former business model as Europe's largest hotel developer. Remember, city trips were impossible during the pandemic with only a few exceptions. We had to regroup and – once again – reinvent ourselves. UBM managed this in record time. We set ourselves long-term goals and adopted a consistent strategic approach across the Group. In the meantime, we are well on the way to becoming Europe's largest developer of office and residential property built with timber. Indeed, Covid-19 and the interest rate hike challenged and furthered our agility and ability to adapt.

Best Workspaces Award
UBM's headquarters in Vienna were named one of the 50 most innovative office worlds in German-speaking regions.

Treading cautiously proves right in retrospect
Under the shadow of the Covid-19 crisis, the right preparations were made in good time at UBM. By the end of 2021 we had built up a liquidity cushion of over 420 million euros. This was criticised by some as the real estate boom had ended. They said that a real estate developer should invest its capital, not hoard it.

The downside and a kind of worst-case scenario
We communicated this openly at all times, and also defended our approach. Right from the start, we talked about how we were getting UBM through the crisis, rather than how we were moving forward. Similarly, we were endeavouring to find a way to deal with a possible negative scenario, rather than simply hoping that things would improve. Retrospectively, developments have unfortunately shown that we were right. 578 insolvencies across the sector in Germany – an increase of 80 per cent – is a number that speaks for itself. And the collapse of one of the biggest players across Europe means a kind of worst-case scenario, which everyone had hoped would not materialise.

Transparency protects against pretence
When we published the six-month figures, we already communicated that we were expecting a loss for the entire financial year as well. And we didn't shy away from rightly calling 2023 an "annus horribilis". Transparency was the name of the game, above and beyond the financial details. This is sometimes far from pleasant, but it protects against any pretence that things are better than they are, and it also prepares for things that might otherwise cause a surprise. As a result, we are still starting 2024 with liquidity of 150 million euros and also with a clear plan of how we intend to ride out the ongoing storm. In the words of Germany's future chancellor Helmut Schmidt during the Great Flood of 1962 in Hamburg, when he was the city's minister of the interior: "Character is revealed in a crisis."

UBM Headquarters
The office was redesigned as a platform for communication and collaboration to allow a new way of working.

»Once we have seen that a conviction carries weight, we apply it resolutely.«

CEO Thomas G. Winkler is currently tackling an existential crisis in the industry; UBM is in the red for the first time since World War II. Despite this, the company is doing relatively well compared to others in the sector. But how does UBM intend to shake off this crisis? What can the company do by the power of its own strength, to return to generating a profit over the long term?

At the photoshoot for this annual report, Thomas G. Winkler and his Management Board colleagues headed for a secluded woodland glade on the edge of Vienna – in keeping with the company's mission statement: *green. smart. and more*. As an interdependent focus, this year's annual report also explores the UBM motto: *competent. consequent. transparent*.

UBM describes its values as *competent, consequent, transparent*. Are these characteristics particularly important in times of crisis?
Thomas G. Winkler: It is especially important to reflect on these qualities in times of crisis, and to be measured by them. As we see it, our competence refers to the quality of our projects from the initial acquisition of a property and its development, all the way to the final product. For us, being consequent means always staying on top of things. For instance, if our strategic goal is to change from being the largest hotel developer in Europe to one of the leading developers of timber construction projects in Europe, then we pursue this without compromise. And with regard to transparency, my first thought is that transparency always hurts a little to begin with. But that's a good thing. After all, it's the only way you can review your own performance honestly.

»Our answer to the prevailing circumstances, in a situation where everything has gone off the rails, is serial and modular timber construction. Assembling rather than building, standardising rather than improvising.«

Thomas G. Winkler

What competence will see UBM through this existential sector crisis?

We established our timber construction expertise very quickly, and this is proving to be particularly valuable in the current crisis. All of our timber construction projects are compliant with ESG and EU Taxonomy requirements. As soon as the buyer's market picks up again, those properties whose intrinsic value will still be high in ten years' time will be bought first. And those are the projects that conform to ESG and EU Taxonomy regulations. If we have the financial latitude, we will also continue to implement these projects rather than casting doubt on them.

UBM's stock exchange listing forces the company to be transparent, both externally and internally. That can't always be pleasant for the CEO.
No, but the opposite – a lack of transparency – is positively lethal. Full transparency means full verifiability. We have to report on our liquidity situation every quarter. Anyone can see what projects we are pursuing and how much money needs to flow into our project pipeline. So, it's also common knowledge that we started with €423 million in cash at the end of 2021 and originally intended to use this money to buy up bargains. However, since the transaction market has ground to a halt, we are rather using this money as a liquidity cushion instead.

UBM was already in a very difficult situation in 2020 when, due to the coronavirus pandemic, it had to change its strategy from being the largest hotel developer in Europe at the time to being a developer of timber construction projects. The next crisis situation followed in 2022 when Russia invaded Ukraine. Is it possible that UBM has become more resilient to crises due to its experience with the coronavirus crisis?
Back in 2020, we were already staring into an existential abyss while other companies preferred to take a wait-and-see approach. It was only when Putin attacked Ukraine that the public at large realised the boom phase was well and truly over. For the record, we should also point out that interest rates had already begun to rise before the war in Ukraine began. No one could have foreseen that they would stay at zero for so long. But the speed at which interest rates increased from zero to 4.5% was unheard of in our generation – and wholly unexpected.

No one can say when the interest rate environment will finally settle and when end investors will be ready to start investing again. Does UBM have the right strategic positioning in this uncertain phase?
We have asked ourselves time and again whether perhaps we are making a product that is no longer needed in this form – and the answer is always a resounding "no". If we real estate developers don't step up and provide the homes that are so desperately needed, who will? Building firms build properties and developers develop them. It's not as if we were developing injection nozzles for diesel engines, where you wonder – and rightly so – whether there will still be a demand for them in the future. Rather, we are developing something that people need: a place to call home. Things are much the same in our second asset class: Light Industrial & Office. An enormous demand surplus is forming in all of these asset classes. Those players in our sector that manage to ride out this difficult phase stand to gain the lion's share of the profit. After all, we don't expect an entire industry to be wiped out.

Recently, there has been a massive drop in the number of new office buildings being constructed because the trend towards working from home firmly established itself in the wake of the coronavirus pandemic and many offices are now vacant. Nonetheless, UBM is still focusing on the Office asset class, often combined with Light Industrial.
Remote work is now a regular feature of everyday working life. And I'm also aware that one day a week working from home theoretically translates into a 20% reduction in office space and that two days translate into a 40% reduction. But this is counterbalanced by the office zones that you have ⟶

»Where geothermal energy can be used, it's almost a crime not to do so.«

Thomas G. Winkler

to offer for new ways of working. There is far too little office space to meet these new expectations on the part of employees. That will lead to a paradoxical situation whereby the number of vacancies is increasing but at the same time the supply of office space that can compete with working from home is becoming increasingly scarce. This trend can already be seen very clearly in Vienna, where many new apartments have been built but nowhere near enough new office space for the New Work concept. It's only a matter of time until multiple potential tenants are competing for a small number of available office spaces – which in turn will push prices up again. I have no doubt that this will happen.

UBM is aiming to plug this gap with its LeopoldQuartier Office, where some 22,000 square metres of office space will be available in a prime location as of the end of 2025.
In the past, this project development would have been described as speculative and wouldn't have taken place without a preliminary valuation. However, we are living in extraordinary times and the LeopoldQuartier Office is an extraordinary product. Because of this, we are actually speculating that there will be a huge demand for this office space by the time it is completed. It is one of the best office locations – if not the best – currently available in Vienna. The property will be built in pioneering timber hybrid design. And those who want to reduce their commute to and from work can buy an apartment in the back of the LeopoldQuartier, which is surrounded by a park.

The sustainable nature of UBM's LeopoldQuartier Office is not limited to its timber construction – the building also minimises its operational footprint by using geothermal energy and photovoltaics.
Where geothermal energy can be used, it's almost a crime not to do so. When it comes to renewable energies, geothermal energy is undoubtedly the way to go.

It is also widely used in the Village im Dritten, UBM's second major real estate development in Vienna. Here, UBM is the junior partner to property developer Austria Real Estate (ARE) on five sites.
With ARE, we have a partner who also has a strong social obligation and who gave considerable thought early on in the process to what would be best for the common areas and green areas – and to geothermal energy too. So, we are currently involved in two key sustainability projects in Vienna – playing a leading role in LeopoldQuartier and as a junior partner in the Village im Dritten.

Back to the sector crisis: as CEO, are you the captain or just a passenger?
You're always the captain, but there are times when you question whether you're doing the right thing. Of course, when it comes to financing questions, you're just a passenger. However, and aside from the financing aspect, strategic questions – like our radical shift of focus towards timber construction and decisions about whether projects should go ahead or not – are very much on the shoulders of CEOs and depend greatly on their outlook. In a crisis, you are more aware of the risks that you are facing. And if you have backed the right horse several times, there is a greater chance that you will back the wrong one at one point. In the spirit of philosopher Sir Karl Popper, we are called upon to falsify convictions rather than to verify them. But once we have seen that a conviction carries weight, we apply it resolutely.

In 2023, the Signa Group collapsed with a resounding crash, leading to what was by far the largest insolvency in Austrian post-war history. How severe have the shockwaves been for UBM?
The shockwaves have been very severe indeed, and have been felt acutely by all market participants. As well as this, I don't think it was possible to gauge at the outset how great the overall impact would be. In any case, it has changed the sector.

A major crisis is often a great opportunity as well. Is that also the case for UBM right now?

Thomas G. Winkler

has been Chairman of the UBM Management Board since 2016. Born in Salzburg, Austria, he studied law in Salzburg and Cape Town and is a renowned capital market expert. During his international career, he always maintained close ties with Austria through supervisory board mandates. He has held management positions at the Deutsche Telekom Group, Lenzing, Magna and Maculan. His objective is for UBM Development to become Europe's largest developer of timber constructions.

Now is the time for us to think through our business model again and to look at it carefully from all angles. It is already clear at this stage that you can't create any value with mere land speculation and that this is not going to change. Generally speaking, there is less pie to go around – and this is not going to change either. As well as that, the piece of the pie for people selling a plot of land is much smaller than it once was. Increased construction costs are making things difficult for our business model. So, we are asking ourselves the crucial question: how can we make our products cheaper? And the answer is serial and modular timber construction. Assembling rather than building, standardising rather than improvising: these same measures have led to significant cost efficiency in other sectors as well. If you were to build a VW Golf like carmakers used to in the earliest days of automotive construction, it would cost several hundred thousand euros.

The EU Taxonomy and ESG regulations also look set to bring about lasting changes to real estate investments.
Yes. Both of these come from the recognition that we only have one planet. The EU Taxonomy and ESG are irreversible – in spite of all objections about whether we can actually afford this. There is no way around them. And this is why we are uncompromising in our focus on building with timber. Wood grows with the power of the sun and is completely independent of fossil fuels and the prices being paid for them. It is a renewable raw material with many positive attributes – it weighs much less and has a higher load-bearing capacity in many building situations. And – esoteric as it might sound – wood creates a completely different atmosphere. When you consider all of these positive attributes together, you can't help but wonder why timber construction and engineering have taken a back seat for over a century.

Interview:
Karl Abentheuer

Human Resources

Do women have a different leadership style to men?

The Boston Consulting Group named UBM among its "Diversity Champions 2023", honouring the company's efforts in the area of gender equality. Nevertheless, there is still room for improvement regarding the role of women in leadership positions. **Martina Maly-Gärtner**, COO of UBM Development AG, discussed this with **Karin Sheppard**, Managing Director for Europe of the InterContinental Hotels Group.

Both pursued international careers early on in life and now occupy top positions in their companies. And they are also both fervent supporters of equality for women and men in all positions throughout enterprises. These are perfect reasons for these two powerful women to get together to discuss female leadership.

Female leadership is not just a term for women in leadership positions – it also represents gender equality between women and men in top roles. Do women have a different leadership style to men?

Karin Sheppard: I think it is important to consider the traits that women and men can learn from each other and therefore bring to their leadership styles. Vulnerability and authenticity are things that should be displayed by effective leaders – no matter their gender. Perhaps historically we have associated this with female leadership, and it is true I have seen many female peers do this well, but this is not exclusive to them. Society and workplaces are making more space for different types of leaders and ultimately for people to be themselves in doing so, no matter how those traits have been traditionally labelled.

It is said that female leadership emphasises positive qualities such as foresight and cooperation. Women are considered communicative and empathetic, capable of compromise and prudent in their actions with a more participative leadership style. Would you agree?

» The reality is that there are so many barriers facing women in the workplace – even today. «

Karin Sheppard

Martina Maly-Gärtner: A female leadership style is more inclusive, encourages greater participation and focuses more on sharing information and including employees in decision-making. Women contribute different types of experiences and perspectives to men. And by examining and discussing these different perspectives, you can find the ideal solution.

Sheppard: With my current leadership team, the ratio of women to men is 50:50 and I have no doubt that you get the best out of everyone when you bring diversity to the table. Some people prefer to initially listen and reflect, and then only respond afterwards. Others put forward an idea that hasn't been fully thought through. I find a combination of the two works best, drawing on a wealth of different styles and different views. I'm not saying that one is better than the other – rather, it's a question of learning from each other.

Some studies have found that women are often the better choice for leadership positions, particularly in times of crisis. They suggest that a caring outlook, strong communication skills and a willingness to prioritise the common good over personal interests will help lead a company through a crisis with calm and composure. Do you see it that way as well?

Maly-Gärtner: Particularly in times of crisis, it is enormously important to move together, work together and communicate with one another. Clear and transparent communication is definitely a key factor here. Female leaders generally tend to express this a little more than men.

Sheppard: No one of us demonstrates a unilateral style, and I think this comes back to my point that there is value in a wealth of different styles and approaches. For me, clarity and empathy were my mantra in all communications during the Covid-19 crisis, especially in new virtual environment. I learned very quickly how important it is to be able to read emotion on a screen during video conferences and to take the time to call someone and ask them if they are OK. I also know that as a leader, I have to be able to balance that out with decisiveness and assertiveness which are traits that are perhaps seen as traditionally male. My point being is that we have to be a mix of styles to be at our most effective.

Gender equality in leadership positions still seems to be a long way off. Why is it so important?

Sheppard: It is difficult to fully perceive why this may be the case, and the reality is that there are so many barriers facing women in the workplace – even today. It is important that we focus on policies and practices that will advance opportunities and development for women. For example, our RISE programme enables female colleagues seeking hotel leadership roles with mentoring and networking. This is going from strength to strength with cohorts in all of our regions globally, with more than 200 graduates. Our Lean In employee network membership has also grown, providing a voice to female colleagues and their allies who consult the business on measures that support a diverse and inclusive workplace. This can range from how we encourage gender and ethnically diverse recruitment shortlists, to ensuring our market-specific leave policies are regularly evaluated to support women and their families through life changes. Most recently, our UK partnership with Busy Bees provides our corporate and managed hotel colleagues a 20% discount on childcare fees.

What do you think of having a quota for women for certain leadership positions, for example on supervisory, executive or management boards?

Maly-Gärtner: Fundamentally speaking, a woman should get the job if she is qualified for it. Unfortunately, we still need quotas to help speed up this process. UN Sustainable Development Goal Number 5 ⟶

»Particularly in times of crisis, it is enormously important to move together, work together and communicate with one another.«

Martina Maly-Gärtner

says that gender equality is not only a fundamental human right but also a necessary foundation for a peaceful, prosperous and sustainable world. We know the qualities and the potential of diverse teams, and we need to work hard to achieve gender equality. This change is only possible if the top level of a company is on board and if a suitable corporate culture exists and is put into practice.

Sheppard: I think targets can provide a positive ambition, but to me the main focus should be focusing on diverse slates and how we are supporting women in the organisation to further their career. The challenge is that I would never want anyone to think that women are in a certain position just to make up the numbers.

Do you think it is possible for women in leadership positions to work part-time to balance their career with family commitments? Or maybe to job-share? For example, two female general managers working part-time to ensure a general manager is on-site seven days a week?

Sheppard: Yes, flexible working, part-time working and job-sharing are all good ways to remove at least some of the obstacles for women. Generally speaking, women are very suitable for models like these, as they are a little less concerned with ego and more focused on the practical considerations.

Maly-Gärtner: In my experience, women coming back from maternity leave to work part-time are extremely motivated. They have been looking forward to returning to a business environment, work very efficiently and try to make things happen.

What has been your personal experience with female leadership? Have you ever encountered obstacles in your career path?

Maly-Gärtner: I'd like to answer this question by giving advice to my younger self: Be more self-confident – because women tend to doubt themselves even though they deliver results! Don't let it get to you when you make mistakes. Learn from them and move on. Speak your mind. You need to find the right time and the right tone, but contribute your thoughts.

Sheppard: I have had the same self-doubt, but I've been very fortunate in that I have always had people supporting me. Self-doubt has its positive benefits as well, though. Humility is a great trait to have if it's used in the right way.

In 2023, the InterContinental Hotels Group was ranked second out of 850 companies around the world among the Financial Times Diversity Leaders – beaten only by the Finnish-Swedish Stora Enso Group. What were the key points where you outperformed your peers?

Sheppard: It was an absolute delight to get an award like that, particularly as it's based on an employee survey. I have no doubt that this is a direct result of the initiatives that we have implemented over the last few years. But I imagine what tipped the balance in our favour was the cultural shift that we have initiated in our company. It's not just about female leadership, but about diversity, inclusion and equal opportunities in all areas and for all people. For instance, we march loudly and proudly in the pride marches in more and more countries. We take on interns from diverse ethnic backgrounds and of all abilities. At IHG, there is genuine intent in bringing about this cultural shift and enough impatience to make sure that it happens. We have achieved a lot already but there is a lot more to do.

Are women's networks a means of strengthening women in leadership positions?

Maly-Gärtner: Mentors are important, they have shaped my career. And there's no need to be scared of networking events – because at first, it's just a question of stepping out

Karin Sheppard

has worked for IHG Hotels & Resorts for over 21 years. She is currently Managing Director for Europe, responsible for almost 800 hotels and based at the IHG headquarters in Denham (near London). Sheppard is a member of the IHG Senior Leadership Team for Europe, Middle East, Asia and Africa, and also sits on IHG's global Diversity & Inclusion Board. She was previously Chief Operating Officer (COO) of IHG's Sydney-based Australasia & Japan Division, Chief Commercial Officer (CCO) for Asia, Middle East and Africa (AMEA) based in Singapore, and Vice President, Brand Management for the Europe, Middle East and Africa region.

Martina Maly-Gärtner

joined the Management Board of UBM Development AG as COO on 1 September 2021 and is responsible for the operational hotel business and human resources. As part of her international career, she was responsible as COO for the hotel portfolio and strategy development of Munich-based Arabella Hospitality from 2018. Prior to that, she led the Europe-focused tourism consulting and hotel development company Michaeler & Partner in Vienna as Managing Director for eight years. In addition, Maly-Gärtner has ten years of operational hotel management experience in America, the Middle East and Europe with internationally renowned hotel chains.

of your comfort zone. For example, there's a women's real estate network in Austria called Salon Real. This network has really helped me because sometimes I reach for my phone and ask one of my female colleagues for advice – and sometimes other women call me.

Does female leadership need the support of men too? Do men have to support women for there to be a greater number of women in leadership positions?

Sheppard: Any cause must have allies to be successful and the support given to women by men is very important. When we first launched our initiative to have more women general managers in Australia, we had to make sure it wasn't seen as something that was excluding the men. Instead, we needed to communicate why there was a need for this initiative. And suddenly our area general managers in this region – who were all men back then – became sponsors and mentors and spoke about why this was important for them personally. For example: "I have a daughter and I want the world to be different when she enters the workforce." Or: "I have a sister and I know what she's been struggling with." So they had their own very personal reasons and were wonderful support for the young women coming through. Female leadership should never be seen as a kind of divisive movement – it's about ensuring the best for everyone.

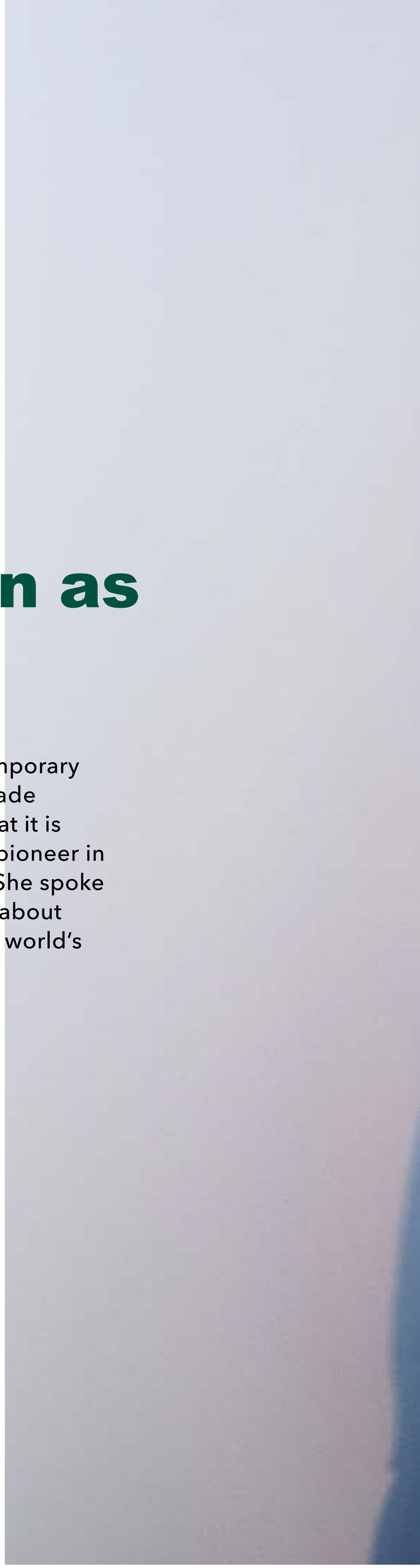
Maly-Gärtner: An important message to men is: don't think women want to take over the world. Recognise the leadership qualities of women and be aware that diverse teams are more successful.

Moderation:
Tanja Milner

Epilogue

»Architecture has never been as exciting.«

One of the most influential women in contemporary architecture, **Mette Kynne Frandsen** has made Danish architectural firm Henning Larsen what it is today: a globally successful company and a pioneer in creating sustainable yet iconic architecture. She spoke to us about biogenic building materials and about having the good fortune to live in one of the world's most forward-thinking cities.



1:
Looking out from the Danish Architecture Centre (DAC), visitors have a good view of Copenhagen's Inner Harbour.

2:
Mette Kynne Frandsen, CEO of Henning Larsen, hosted an interview at the company headquarters in Copenhagen's stylish neighbourhood Vesterbro.

3:
The control centre of architectural office Henning Larsen is spread over three floors and has a central atrium.

The company's offices are located on the top three floors of a mid-century building on Copenhagen's busy Vesterbrogade shopping street. From the layout of the office alone, it is clear that the cult of architect stardom has run its course. Mette Kynne Frandsen, CEO of Henning Larsen, is sitting at a desk in an open-plan space, directly in front of the atrium parapet. There is no fancy office with an executive chair. Not even her own allocated desk with family photos. Everything she needs for work is right here in the meeting room where the interview takes place: tablet, mobile phone and a glass of coffee.

She recently celebrated 30 years with the company. "I'm not sure if that's something to be proud of these days," she jokes. The fact is that, with Frandsen at the helm, the company has become an international byword for a type of architecture that drives forward green innovations and regularly sweeps the board at award ceremonies. Company founder Henning Larsen (1925–2013) – who is primarily known for building The Royal Danish Opera – personally handed her the reins of the company, allowing her to define its direction even during his lifetime.

Today, Mette Kynne Frandsen (63) is one of Denmark's most prominent managers and an important female role model in an industry that is still dominated by men. In 2019, she received the Knight's Cross from Queen Margrethe II in recognition of her services to architecture. Like many people in Copenhagen, she gets about the city by bicycle. After the interview, she hops on her silver sports bike and heads off to her next appointment. ⟶

World of Volvo.
The new visitor centre for automobile manufacturer Volvo shows timber construction at its finest.

There has been much discussion about structural disadvantages for women in architecture, most recently prompted by a book by German architect Karin Hartmann called "Black Turtleneck, Round Glasses". Even though more women have graduated in architecture than men for some time now, they are far less likely to be found in decision-making positions. As one of the most important managers in Denmark, you are living proof to the contrary. What were the decisive prerequisites and turning points in your career that led you to where you are now?

Mette Kynne Frandsen: I have been with Henning Larsen for 30 years now. That's quite a long time! For young people today, staying with the same company for 30 years might not be something to aspire to. But I didn't plan it that way. When I started out, there were around 50 of us in the Copenhagen office. As well as working on competition designs, I started taking on more and more project management tasks. As I had studied architecture, I had a very solid technical background but didn't know much about management. So I suggested to Henning Larsen that I study for an MBA for two years and he welcomed the idea. When I had almost completed it, he came to me and said: "OK, Mette, now that you've had the training, you can take over the management of the company." This unconditional support meant an awful lot to me. It was the basis for my whole development after that.

Were there role models for female managers back then?
To be honest, there weren't many role models at the time, just over 20 years ago. But Henning Larsen was a role model for me in the way he worked as an architect, especially in the cultural sphere. As he wasn't all that well versed in finance and personnel management, there was a space in the company that I could fill. On this basis, we developed a great working relationship and were able to set about implementing the changes that were planned for the company.

What changes were these?
At the time, Henning Larsen was approaching old age. This meant that we were planning a generation change and also wanted to get more partners on board. As well as this, we needed to realign our company's culture, which until then had been shaped solely by Henning. How do you take a company that has been founded by just one very strong personality and steer it towards the future? It was perfectly clear to me that we needed both women and men if we wanted to be successful in the long term. Today, the ratio of women to men in our company is 50:50, including at management level. It's always important to have the right balance, but I think we have really strong female architects and leaders here at Henning Larsen.

What would you consider the greatest successes in your career?
Today, Henning Larsen is an international company with a broad ⟶

positioning, and is foundation-owned. Rather than just managing international projects from our Copenhagen base, we have set up studios in other regions. We now have offices in New York, Singapore, Berlin, Munich, Oslo and Sydney. That means we are a global organisation and a global community. I firmly believe that the diversity that comes from having as many different voices as possible outside Copenhagen as well is enormously important for design. 60% of our revenue today is generated from projects outside Scandinavia. And I am very proud of that.

We took another strategically important step four years ago when we became part of the Ramboll Group, a major engineering and consultancy company. Our shared vision is to create sustainable cities and buildings that answer the global challenges. We made this move because, even though we were active internationally, we were still too small to take on legal or financial experts in all these countries. This means that we are still active in architecture and urban planning under the Henning Larsen brand but, with Ramboll, we have a network that supports us in many areas as well. Here, we also benefit from our foundation model, where profit is invested back in the company. Our Innovation and Sustainability department has increased fivefold during this time, which is something that benefits all projects in many different ways. That really helped us to step up our innovation.

What developments do you envisage for Henning Larsen and architecture in general in the next ten years?
I would like to see Henning Larsen flourish without me in ten years' time. (*laughs*) Because I'm pretty sure that I won't be here to celebrate my 40th anniversary. But one of our goals is for Henning Larsen to grow as a global community and to become an even stronger partner in sustainability that advises and inspires its clients – regardless of where in the world we are working. Apart from that, we are currently in a transformation period due to the urgent need to address climate change. So in ten years from now, our designs will be very different – you can even see the changes happening now. We are moving away from being a company that used to be mainly interested in new-build projects and towards one that will focus more in future on working with existing buildings. And this really stimulates creativity.

Where exactly can these changes be seen?
A transformation in construction systems is beginning, and the use of biogenic building and insulation materials is starting to take off. Another change is the close collaboration between architects and landscape architects. This not only affects the way we design buildings but also has an impact on urban planning as a whole. In my position, I am seeing a growing awareness among politicians and clients about how important this collaboration is for all of our lives. ⟶

Under Frandsen's leadership, the firm Henning Larsen received the Mies van der Rohe Award, which is a prize presented by the European Union for contemporary architecture.

1

Many European cities were planned by men, which is reflected in their infrastructure, architecture and traffic management. Women, who still do the bulk of care work even today, usually have a different everyday routine than men – a fact that is not factored much into city planning. How does your office approach urban development projects these days?

As architects, it is important for us that city planning should include everyone. We have a research project called 'Urban Minded', which considers how the design of urban spaces can contribute to the mental health and well-being of teenage girls. We conducted lots of interviews with young women and girls, asking

World of Volvo.
The structural components for the 22,000-square-metre discovery centre were prefabricated by WIEHAG in Altheim, Upper Austria.

2

questions such as: Where do you go at night in the city? How do you use your city? This project allowed us to obtain many very useful findings which can begin to address these issues, envisioning a future that prioritises the well-being and empowerment of young women in our urban design.

Copenhagen has become a model city when it comes to urban development. It has even given rise to the term "Copenhagenisation".
I think that we in Denmark have found very good solutions and have a lot of expertise in effective urban planning. In Copenhagen, politicians were also instrumental in driving forward the concept ⟶

of a liveable city. In this way, we were able to inspire others and to put our well-tried solutions into practice in projects outside Denmark. Many cities are currently revising their mobility concepts. Needless to say, this is an enormous investment, but I think we will see a huge transformation in our cities in the next ten years.

I often travel to our global studios and can see the differences in the cities with my own eyes. Last week, I was in New York visiting our team, and I called my two daughters and said: “Do you know how lucky you are as young mothers in Denmark? You can take your children to kindergarten and easily bike to work.” In the US, thanks to differences in urban planning, it can be very difficult for women, and working in the architectural sector is no exception. Of course, we can’t change the whole system there, although I can try to provide as much support as possible for the female architects in our New York office.

Today, you often hear people using the terms “compact city” and “city of short distances” – a concept that feminist city planners were already advocating back in the 1970s. Can you give an example of an urban development project where this was used?
For example, our master plan for Downsview in Toronto is a huge project that is to be implemented over the next 50 years. Instead of planning cities with a business quarter and residential area, we are breaking up the area into local communities and neighbourhoods. Ten years ago, master plans were really about structures and mega-cities but today the focus is much more on people and community. With this project, there was a large-scale community engagement process beforehand, where people were able to get involved directly. All of this input is reflected in the master plan. The infrastructure is set up to allow people to move about as easily and safely as possible within the neighbourhoods. The way that we work today – working from home to a greater extent – has also influenced urban planning.

What project are you particularly proud of at Henning Larsen?
Things have changed quite a bit in this regard over the years. Ten years ago, we were particularly proud of the iconic buildings like the Opera House. But if you were to go around the office today and ask people that question, you would find they are most proud of the small, innovative projects. For example, Feldballe School, which came about through a cooperation between philanthropic organisation Realdania and a start-up that wanted to launch a façade element made of straw and timber. We implemented this project and succeeded in scaling up the bio-based construction system. And now a logistics centre in the Netherlands – the largest anywhere in Europe – is going to be built in the same way as

2

3

the little school in Denmark. From this project, you can also see what paradigm shift has already taken place. Five or ten years ago, we wouldn't have dreamed of building logistics centres! But today we see there is a great sphere of influence here, where we can drive forward innovations and change things for the better.

The Danish Architecture Centre is currently hosting the Changing Our Footprint exhibition, where visitors can see and even touch a model of this timber and straw construction. How important is open-source thinking in your company?
As we all have the same goal – to have a positive influence on the future of our planet – sharing knowledge is enormously important. We can inspire and learn from one another. Some of our biggest competitors are now our best partners in certain areas. This is a development that I am very happy about. I get lots of calls from colleagues asking: "How did you do that? What were your learnings?" I'm just happy to share. The world is such a big place and the more we learn from each other the better.

But that's also something that has changed – it wasn't like that ten or twenty years ago.
Maybe it also has a little to do with the fact that there is a woman at the helm. Of course, we need competition as an incentive, but there are other values that are important too. I would like to see this openness continue at Henning Larsen in the future.

According to a UN report, the building and real estate sector is generating record levels of greenhouse gases, accounting for almost 40% of global carbon dioxide emissions. What responsibility do architects have today?
The sense of responsibility in the industry has increased enormously. Especially the new generation of young architects who are very ⟶

1:
The new neighbourhood Downsview in Toronto was developed with extensive public involvement and is based on the principles of a "compact city".

2:
A model of the sustainable construction system made of wood and straw, developed for a school project, is currently on show at the Danish Architecture Centre.

3:
Investment of time and money during the development of this carbon-friendly system enables it to be scaled up for subsequent larger projects.

idealistic and question lots of things – including whether we should get involved in new-build projects at all. The young generation wants to use architecture to help shape the future of the world in a positive way.

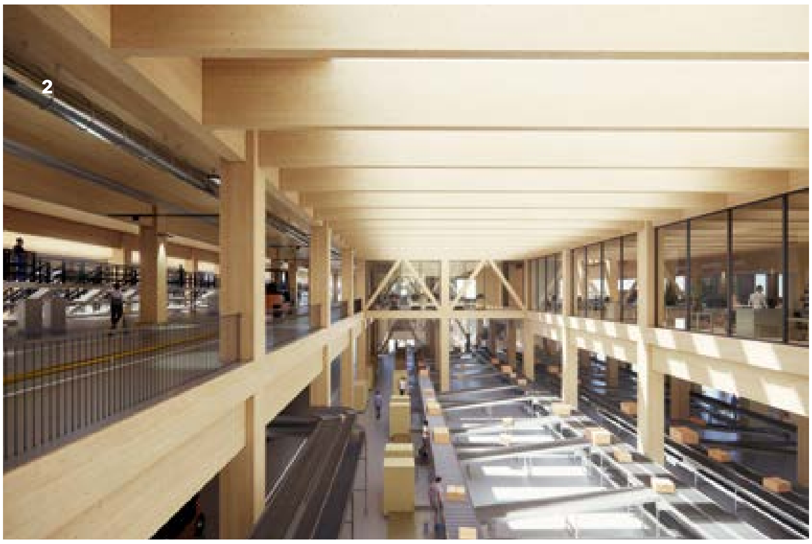
Our economic system needs to break free of the "take-make-waste" principle and be more regenerative. We are creatures of habit and changing processes in our complex, interconnected world calls for time that we don't have. How could the necessary changes be accelerated?

By setting good examples – and there are plenty of these. We need to step up our communication in this regard. At the same time, we are seeing growing interest in sustainable solutions among our clients because they are required to report on their performance in social and ecological sustainability. Some project briefs that we receive these days call for us to retain and adapt as much of the existing building as possible. That goes beyond saving grey energy, as preserving historical building fabric also endows a sense of identity.

These days, projects shouldn't be evaluated based on construction costs alone, they should also factor in the carbon footprint, which we work out for each project. And then you can compare both the costs and the emissions of the various options – from new build to circular project.

The climate crisis has shifted the focus back to very old building materials and methods, namely wood, straw and earth. Is technology no longer the be-all and end-all? Or is low-tech the new high-tech? ⟶

1



2

Bestsellers
1:
Plans by Henning Larsen are being used for building Europe's largest logistics centre with a modern timber design in the Dutch city of Lelystad.

2:
The wood/straw construction system developed for a Danish school is used here extensively.


1

1:
Henning Larsen used the comfortable ambience of wood to create a new world of work at the new headquarters of Copenhagen's biggest housing association KAB.

2:
A spectacular timber construction is set to turn Prague Central Railway Station into a fascinating destination.

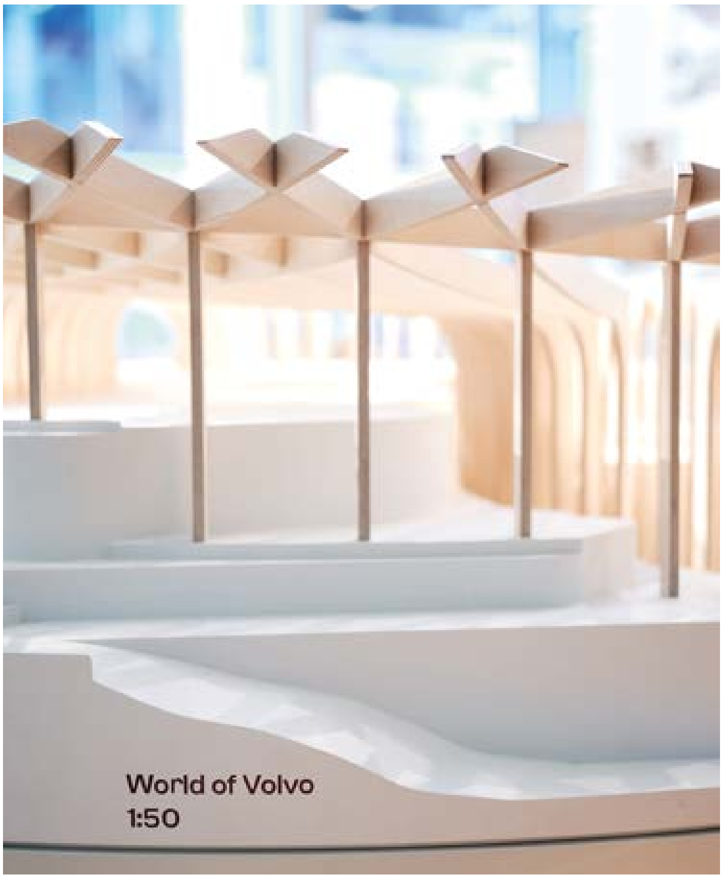
I think it's a combination of both. For example, we can use new technology to reduce the amount of concrete used in buildings. In the past, we poured lots of concrete into buildings to meet the structural requirements – these days, we can use parametric design to optimise the amount of concrete we use. Right now, the price of recycled bricks has escalated because there is a severe shortage. With bio-based materials, there is no end of smart innovations and there is also great interest from investors who recognise the potential they offer. I think it will be important to strike a healthy balance between construction materials in future.

To date, there has often seemed to be two separate categories for buildings; they were either sustainable or iconic. Henning Larsen regularly succeeds in combining the two – take for example the new World of Volvo visitor centre in Gothenburg, the planned Ørestad Church in Copenhagen, or Prague Central Station. How do you manage that?
For a start, timber construction is suddenly opening up whole new design opportunities and freedom – exploring these has been enormously inspiring for the architects. On the other hand, you need the latest digital tools for these forms. Without these, projects like World of Volvo would never have been possible. The great success of this project is also due in no small part to the collaboration between our designers, digital experts and the timber construction engineers and producers.

As it happens, I was visiting the facilities of Austrian company WIEHAG when the huge, curved glulam beams were being produced for World of Volvo. That was really impressive.
When I was training as an architect, visiting construction sites was an important part of the process. How is a building actually constructed? What exactly does a carpenter do? We had a lot of hands-on knowledge. And this knowledge fell by the wayside a little with the rise of digital design. However, the new construction materials are once again arousing the interest of architects in production processes. I think it's very healthy to have this connection.

Just like the emergence of the "form follows function" principle at ⟶


2



World of Volvo.
A 1:50 scale model of Henning Larsen's parametric design shows its details.

the end of the 19th century, we are experiencing a kind of new departure again today. What could be seen as its guiding principle?
I think it's always good for form to follow function and wouldn't interfere with that. But the way in which we use the areas and assign functions is something that we will have to take a closer look at in future. How many square metres can each person claim for themselves? How can we ensure that those areas that we don't need every day can be shared? Those are questions that are always relevant for urban development. For example, you don't need a guest room in your house if there is a communal guest house within your neighbourhood. Lots of new housing models are currently being built based on co-housing. I think we will need to optimise our current high square metre consumption.

If you were choosing a field of study today, would you opt for architecture again?
I think about this sometimes. Yes, I would study architecture again. I think architecture has never been as exciting as it is right now.

Interview:
Gertraud Gerst

Mette Kynne Frandsen

graduated from the School of Architecture at the Royal Danish Academy of Fine Arts in 1987. She joined Henning Larsen Architects in 1993 and moved into management in 1998. Since 2003, she has been in charge of the company in her capacity as CEO and is responsible for its strategic orientation. Under Mette Kynne Frandsen's leadership, Henning Larsen received the prestigious Mies van der Rohe Award for the Harpa Concert Hall in Reykjavík. She is on the board of a number of Danish organisations, including the Trade Council of Denmark and the Royal Danish Academy of Fine Arts. In 2019, she was presented with the Knight's Cross of the Order of Dannebrog by Queen Margarete II.

UBM at a glance:

Focus

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

Pipeline

- € 2.3bn (proportional value over the next four years)
- Over 300,000 m² timber (hybrid) construction
- 90% of this total in Germany and Austria

Stock Exchange

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

Track Record

- 150 years of corporate history
- 150 years of capital market history
- competent. consequent. transparent.

One of Europe's leading developers of timber construction projects.

Q1

UBM repays Hybrid Bond 2018 prematurely
In March UBM repays the outstanding €52.9m of the Hybrid Bond 2018 from its own cash reserves. The premature repayment of this financial instrument reduces UBM's future annual interest costs by €2.9m.

Two-thirds of Timber Pioneer leased to Universal Investment
Universal Investment signs a lease agreement in March for almost 10,000 square metres of office space in Timber Pioneer, Frankfurt's first timber hybrid office building. This successful rental is the largest in Frankfurt during the first quarter, in a city with vacancies of over a million square metres. "This transaction proves that our products are in demand and we are right on course with our strategy to focus on timber construction projects," says CEO Thomas G. Winkler.

Highlights 2023

UBM transfers ownership of F.A.Z. Tower to HanseMerkur Grundvermögen
After the Frankfurter Allgemeine Zeitung moved in as the tenant at the end of 2022, the new F.A.Z. headquarters can be transferred to the owner, HanseMerkur Grundvermögen. The final purchase price totals approximately €198m.

Q2

ESG industry leadership further expanded
UBM is again awarded Prime Status (B-) by the international rating agency ISS ESG, which makes the company the most sustainable in its sector in Germany and Austria. Its listing on the VBV Österreichischer Nachhaltigkeitsindex (VÖNIX) is also confirmed. This sustainability index comprises Austrian companies listed on the Vienna Stock Exchange with outstanding ecological/social activities and achievements.

Dividend for 2022
At the 142nd annual general meeting on 19 May 2023, a dividend of €1.10 per share is approved. Once more, this makes UBM one of the most reliable dividend payers on the Vienna Stock Exchange and sends a clear signal to the capital market.

Green Bond and Green Finance Framework
UBM successfully places its first Green Bond with a volume of €50m. The bond is based on the UBM Green Finance Framework, which regulates the issue of green financial instruments whose net proceeds are exclusively used for the (re)financing of green projects. This framework was developed in compliance with the best practices on the market and the EU Taxonomy, and it has been checked by the ESG ratings and research agency ISS ESG in a Second Party Opinion.

UBM plans development of one of the world's tallest timber high-rises in Vienna
Vienna will be the site of Timber Marina Tower, a 113-metre-high office tower with a timber hybrid design. The project has 32 upper storeys and 4 basement storeys with approx. 44,350 square metres of floor space. Timber Marina Tower represents a further milestone for UBM on its way to becoming the leading developer of timber construction projects in Europe. UBM currently has over 300,000 square metres of timber hybrid projects in the pipeline.

Q3

Peter Schaller nominated as Member of the Management Board
At the end of August the Supervisory Board of UBM Development AG nominates Peter Schaller as the fourth member of the Management Board. Peter Schaller is a graduate engineer and will be responsible for Operational Controlling and Timber Construction as well as Quality Management at UBM.

Timber trio in Munich receives preliminary building permit
UBM Development receives another preliminary building permit in Munich. Following the receipt of permits for Timber Factory and Timber Living, the preliminary building permit for the commercial project Timber Works developed by UBM in Munich also becomes legally binding. Planned with a timber hybrid design, the building will be constructed on a plot of land with approx. 6,500 m² and will offer over 9,650 m² gross floor area.



UBM named Austria's most sustainable share
UBM receives the award of "Austria's most sustainable share 2023" from finance magazine "Börsianer". Presented for the first time in 2023, all companies listed on the ATX Prime Index are eligible for the award, which uses qualitative and quantitative methods in a three-level scoring model. UBM therefore emerges as the sustainability leader on the Austrian capital market, 150 years after its establishment.

Punctual repayment as a reliable issuer
In November 2023 UBM repays the remaining €91.05m from the 3.125% UBM Bond 2018-2023 punctually after five years. A total of €28.94m from the 3.125% UBM Bond 2018-2023 is already exchanged for the UBM Green Bond 2023-2027 in June 2023, and the outstanding €91.05m from this bond is then repaid. Repaying this financial instrument on time reduces UBM's future annual interest costs by €2.85m.

Q4

UBM is developing the tallest timber hybrid building in Rhineland-Palatinate
In December UBM starts construction of Timber Peak in the Zollhafen Mainz – the tower will reach a height of over 40 metres. With twelve storeys, the building offers around 9,500 square metres of gross floor area with flexible floor plans for new types of office use – and with spectacular views of the harbour.

Awarded highest rating by EcoVadis once more
For the second time in succession, UBM Development receives a Platinum rating from EcoVadis, which is the highest rating awarded by them. This puts UBM in the top one per cent of all 100,000 companies assessed by EcoVadis.

Share

Stock exchange developments

The international stock markets recovered the previous year's losses in 2023 in spite of the ongoing difficult economic and geopolitical environment. Expectations of declining inflation rates in the first half year and the related prospects for a shift to looser interest policies by central banks led to increasing hopes of a reduction in inflationary pressure and lower interest rates. The result was a strong year end for the markets. In comparison with the past years – which were influenced by crises like the Covid-19 pandemic and the outbreak of the Russia-Ukraine war and accompanied by unusually high trading volumes – 2023 was a year with less movement on the markets and lower volatility. The MSCI World Index benefitted from the economic upturn and rose by 21.8%, which represents the highest increase since 2019.

In the USA, key interest rates were also the focal point of inflationary pressure in 2023 and were raised four times by the Federal Reserve to a range of 5.25% to 5.50% in January 2024. The S&P 500 share index outperformed the Dow Jones Industrial Index (+14%) by a full 10% with a year-on-year increase of 24%. The technology heavy Nasdaq Composite closed the year with even stronger performance of 43%. The European markets reflected the international trend, and the EURO STOXX rose by 19%. Asia presented a mixed picture: The Japanese Nikkei rose by 28%, but the Chinese CSI 300 fell by 11%.

The German DAX index ended the reporting year with a plus of 20% and slightly topped the pan-European index. In Austria, the ongoing war in Ukraine led to growing reservation on the part of international investors and to weaker development of the ATX. Austria's strong connections in Central and Eastern Europe held the ATX to an increase of 9.2%.

Development of the UBM share

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

The UBM share recovered by more than a fourth from the downturn that began at year-end 2022. This continued up to the end of January 2023 and it traded at €29.90 on 31 January 2023. This positive development continued into mid-February but was followed by a decline to €26.90 in mid-April. The downward trend was short-lived, however, and the share rose to an annual high of €32.90 on 18 May 2023. After a positive first half-year, trading started the second half-year at €26.80 and was characterised by negative sidewards movement up to September. The share fell to an annual low of €20.00 at the end of October and only recovered to €23.00 in mid-December. The UBM share closed 2023 at €21.10, for a decline of 7% since December 2022. UBM's market capitalisation totalled €157.7m at year-end 2023.

The average daily stock exchange trading volume in UBM shares equalled 3,966 shares from January to December 2023 (2022: 2,652) and the turnover amounted to 1,007,391 shares.

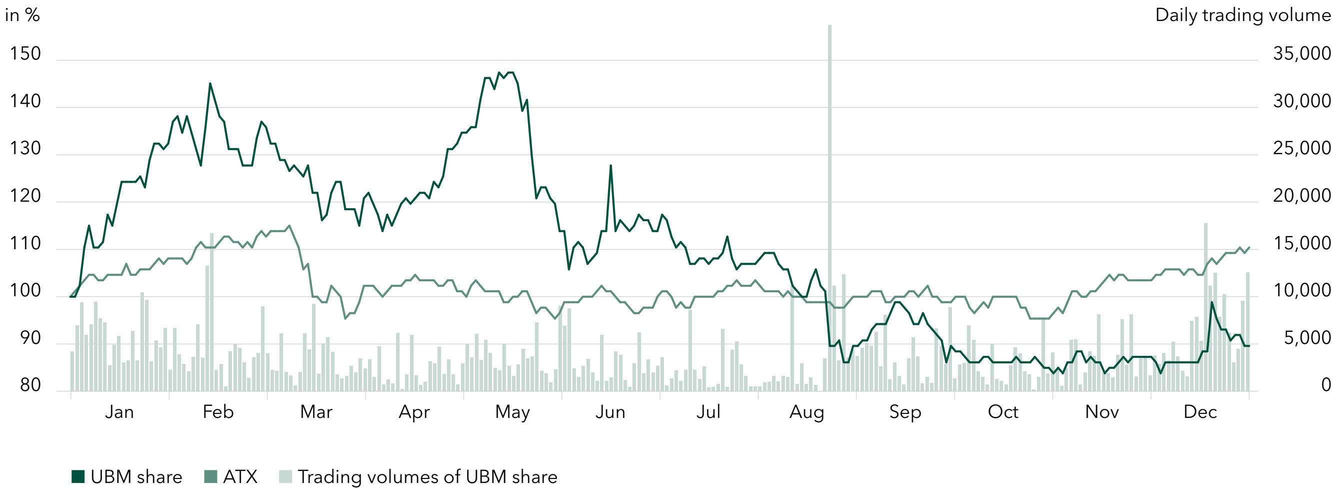
Analyst coverage

The following investment firms regularly published estimates and analyses of UBM in 2023: Erste Group, NuWays by Hauck Aufhäuser, M.M.Warburg & CO, Raiffeisen Bank International and SRC Research. At the end of December, four investment houses issued buy recommendations for the UBM share and one issued a hold recommendation. The target price for the UBM share equalled €28.64 based on the analysts' consensus.

Shareholder structure

The share capital of UBM Development AG totalled € 52,305,260.00 as of 31 December 2023 and is divided into 7,472,180 shares. The syndicate comprising IGO Industries and the Strauss Group continued to hold 38.8% of the shares outstanding at year-end 2023. In addition, IGO Industries held 7% of UBM outside the syndicate. A further 5.0% were held by Jochen Dickinger, a private investor. Free float comprised 49.2% of the shares and included the 3.0% of the shares held by the Management and Supervisory Boards. Most of the other free float was held by investors in Austria (78%). Ger-

Performance of the UBM share vs ATX and trading volumes 2023



Key share data – UBM share

(in €)	2023	2022	2021
Price at year-end	21.10	22.80	43.30
Year high	32.90	44.00	45.90
Year low	20.00	22.80	34.50
Earnings per share[1]	-7.03	2.25	4.50
Dividend per share	–	1.10	2.25
Dividend yield (in %)[2]	–	4.8%	5.2%
Payout ratio (in %)[3]	–	48.9%	50.0%
Market capitalisation (in €m as of 31 Dec)	157.70	170.40	323.50
Price-earnings ratio	n/a	10.13	9.62
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
[2] Based on the price at the end of the year
[3] Dividend in relation to earnings per share after deduction of hybrid capital interest

man shareholders held 10%, shareholders in other European countries also held roughly 10%, and 2% were attributable to other investors.

Dividend policy

UBM has a reliable dividend policy that is based on continuity and reflects the company's future earning power. The dividend payment for the 2022 financial year was approved and the necessary authorisation was passed by the Annual General Meeting during the first half of 2023. In view of the current situation caused by interest policies, discussions by the Supervisory Board and Management Board at the Supervisory Board meeting on 9 April 2024 determined that the distribution of a dividend for the 2023 financial year would not be advisable. The waiver of the dividend will be presented to the Annual General Meeting as a precautionary measure considering the development in the sector and as solidarity towards all UBM stakeholders. This decision does not represent a reversal of UBM's continuous dividend policy, which generally focuses on a distribution rate of 35% to 50% but instead reflects the economic situation.

Bonds

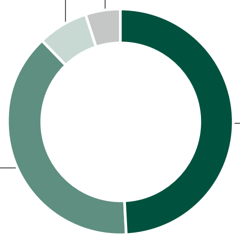
UBM had three bonds and one hybrid bond as well as five promissory note loans and bearer bonds under Austrian law outstanding as of 31 December 2023. In March 2023, UBM prematurely repaid hybrid capital of €52.9m from the hybrid bond issued in 2018. The outstanding €91.05m of the UBM bond 2018 (3.125% UBM bond 2018–2023) was repaid in November 2023, and a new bond was issued during the reporting year. As part of UBM's Green Finance Framework, the first green bond (volume: €50m) was successfully placed in 2023. An overview of the outstanding bonds together with the respective terms, nominal value, coupon/margin and interest payment dates can be found on the following page.

Investor relations

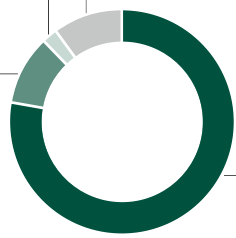
Continuous dialogue as well as transparent and timely information represent the core of UBM's communications strategy, which is designed to enable all investors to form a fair and realistic picture of the company. This also applies, in particular, during a difficult market environment. UBM's investor 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. Nearly all of these meetings were held virtually in the first half of 2023, while some of the conferences took place in a hybrid format. The second half of the year brought an increase in on-site roadshows, which took place in Vienna, Frankfurt and Milan.

In addition to the investor events, the press conference on 2023 and the 142nd Annual General Meeting also included the direct attendance of shareholders. UBM 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 to keep all stakeholders up to date.

Shareholder structure (in %)



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



[1] Incl. shares held by the Management and Supervisory Board (3.0%) – Thomas G. Winkler 75,000 shares, Patric Thate 10,000 shares, Martina Maly-Gärtner 1,200 shares, Peter Schaller 5,000 shares
[2] Geographical split excl. 3.0% Management and Supervisory Board

Bonds 2023

Bond	Term	Nominal (in €m)	Coupon/ Margin	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[1]	2018 - 2023	120.0	3.125%	16.11.
Bearer bond	2020 - 2025	22.0	3.00%	17.12.
Promissory note loans	2020 - 2025	26.0	3.00%	17.12.
Promissory note loans	2020 - 2025	4.0	3.00%	17.12.
Promissory note loans	2021 - 2026	3.0	3.00%	02.02.
Promissory note loans	2021 - 2026	4.0	3.00%	30.03.
7% UBM Green Bond	2023 - 2027	50.0	7.00%	10.07.
5.50 % sustainability-linked Hybrid Bond	unlimited maturity	100.0	5.50%	19.06.
5.50% Hybrid Bond[2]	unlimited maturity	52.9	5.50%	01.03.

[1] Repayment on 16 November 2023
[2] Repayment on 1 March 2023

Financial Calendar 2023

Publication of the Annual Report 2023	11.4.2024
Press conference for the 2023 financial year	11.4.2024
Conference call for the 2023 financial year	11.4.2024
Record date for participation in the 143rd Annual General Meeting	11.5.2024
143rd Annual General Meeting, Vienna	21.5.2024
Interest payment on UBM bond 2021	21.5.2024
Trading ex dividend on the Vienna Stock Exchange	24.5.2024
Dividend record date	27.5.2024
Publication of the Q1 Report 2024	29.5.2024
Payment date of the dividend for the 2023 financial year	31.5.2024
Interest payment on hybrid bond 2021	19.6.2024
Interest payment on UBM Green Bond 2023	10.7.2024
Publication of the Half-Year Report 2024	29.8.2024
Interest payment on UBM bond 2019	13.11.2024
Publication of the Q3 Report 2024	28.11.2024

Corporate Governance Report

Supervisory Board Report

UBM is in the midst of the greatest transformation in its 150-year history. The Management Board team has recognised the enormous demand for sustainable products in Europe, and the ambitious goal to become the leading developer of timber construction projects in Europe which makes this transformation visible gained momentum during the past financial year. The timber-hybrid pipeline with more than 300,000 m² includes pioneering projects like the LeopoldQuartier in Vienna and the Timber Factory in Munich. However, difficult economic times for developers require a solid financial foundation. UBM is well positioned with an equity ratio of over 30%. The Supervisory Board was informed regularly and in detail during the past year, and is convinced that the Management Board team has not only set the right strategic focal points but is also optimally suited to follow this course.

The Supervisory Board extensively evaluated the resolutions required for this transformation and passed the necessary resolutions unanimously. In this respect, 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 2023 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 a written vote. The average attendance at the Supervisory Board meetings equalled 92%.

The ESG Committee, which was created in 2021, held two meetings during 2023. Discussions with the Management Board at the meeting on 11 May 2023 covered the auditor's report on the voluntary review of the ESG report for 2022, recent developments in the area of taxonomy, the progress made by UBM Development AG with ESG ratings and ESG reporting as well as current and future measures and goals, for example related to green finance and green building. At the meeting on 5 December 2023, the Management Board reported on the latest developments in taxonomy and CSRD issues (e.g. the implementation of the Corporate Sustainability Reporting Directive (CSRD) at the beginning of January 2023 as the basis for ongoing national application) and on UBM's progress in ESG (e.g. corporate carbon footprint, green lease, green building, ESG ratings, project certifications, social events). The members of the ESG Committee are Iris Ortner (Chairwoman), Susanne Weiss (Deputy Chairwoman), Birgit Wagner and Anke Duchow.

The Nomination Committee met once in 2023, on 24 August. The agenda included the appointment of Peter Schaller to the Management Board of UBM Development AG to succeed Martin Löcker who resigned prematurely at his own request as of 30 June 2023. Other issues included the extension of the Management Board contracts for Thomas G. Winkler, Patric Thate and Martina Maly-Gärtner.

The Remuneration Committee held one meeting in 2023, on 28 March, which included the determination of the annual bonus for the Management Board members of UBM Development AG.

The Audit Committee met six times during the 2023 financial year. The first meeting was held on 20 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 28 March, the auditor reported on the status of the audit of the separate and consolidated financial statements as of 31 December 2022. This meeting also covered the selection process for the appointment of a new auditor for the separate and consolidated financial statements of UBM Development AG for the 2024 financial year, including the appointment of the respective selection committee and definition of the next steps in the selection process. The Audit Committee meeting on 11 April included the auditor and covered the evaluation of and preparations for the approval of the separate and consolidated financial statements for 2022. At this same meeting, the Audit Committee also discussed the selection of an auditor for the separate and consolidated financial statements as of 31 December 2023, the audit schedule for 2023, the report by the Management Board on related party transactions in

2022 and risk management. The Audit Committee meeting on 21 September 2023 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. A progress report was also received on the process to select an auditor for the separate and consolidated financial statements as of 31 December 2024. In the meeting on 16 October 2023, the candidates for the auditor selection process for the year-end and consolidated financial statements as of 31 December 2024 were interviewed and assessed by the audit committee. The last meeting of the year was held on 6 December and covered the report by the Management Board on the effectiveness of risk management in accordance with C-Rule 83 of the Austrian Code of Corporate Governance as well as a recommendation to the Supervisory Board for the appointment of an auditor for the separate and consolidated financial statements of UBM Development AG for the 2024 financial year.

The separate financial statements of UBM Development AG as of 31 December 2023, including the notes and the management report, and the consolidated financial statements as of 31 December 2023, 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 Assurance 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 2023 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 9 April 2024 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 2023, 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 2023 are therefore considered approved. In addition, the Audit Committee and the Supervisory Board approved the consolidated financial statements for 2023, which were prepared in accordance with IFRS, and the Group management report.

In view of the current situation caused by interest policies, discussions by the Supervisory Board and Management Board at the Supervisory Board meeting on 9 April 2024 determined that the distribution of a dividend for the 2023 financial year would not be advisable. The waiver of the dividend will be presented to the Annual General Meeting as a precautionary measure considering the development in the sector and as solidarity towards all UBM stakeholders. This decision does not represent a reversal of UBM's continuous dividend policy, which generally focuses on a distribution rate of 35% to 50% but instead reflects the economic situation.

The Supervisory Board would like to thank UBM's customers and shareholders for their confidence and commitment to the company, and also commend the Management Board and the many women and men 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 2024

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 orientation of the UBM Group. An ongoing dialogue with the relevant interest groups builds trust and creates the basis for sustainable growth in the future. One of UBM's top priorities 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 listing 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 2023. 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 follow the legal regulations in effect at that time and, therefore, do not include a specific provision that would limit severance compensation for the premature termination of their function without good cause to not more than twice the total annual remuneration and not more than the remaining contract term. Moreover, these contracts currently do not specify that severance payments will not be made when a Management Board contract is terminated prematurely with good cause. The Management Board contracts do not contain any provisions which would require consideration of the circumstances under which a member leaves the company and the economic position of the company in the event of premature resignation. Compliance with C-Rule 27a of the Austria Corporate Governance Code was not yet in the foreground when the existing Management Board contracts were concluded. C-Rule 27a of the Austrian Code of Corporate Governance was implemented for the first time in 2021 in preparing the new employment contracts for 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 49: In line with legal regulations and L-Rule 48 of the Austrian Code of Corporate Governance, the Supervisory Board is required to approve 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; these disclosures cover the remuneration for services by companies in which a Supervisory Board member holds a position on a corporate body and/or an investment outside his or her activities on the Supervisory Board of UBM Development AG.

C-Rule 83: UBM Development AG arranged for an evaluation of the effectiveness of risk management by an auditor who is not also responsible for auditing the annual financial statements. This decision is intended to award two separate audit contracts covering different subjects to different experts. The dual control principle is further strengthened, above all, through the independence of the auditor. 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. From 2014 to the end of 2021 he 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 Investor Relations & ESG, Investment Management, Corporate Communications, Legal, Corporate & Compliance and Strategy & Corporate Development.

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 Group Controlling, Accounting & Consolidation, Treasury, Tax and IT.

Martina Maly-Gärtner was born in Vienna, Austria, 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, Insurance and Interior Design.

Peter Schaller was born in Graz, Austria, in 1973. He completed studies in industrial engineering/construction at the Technical University in Graz in 1998, and joined PORR in the foreign department where he was in charge of projects in Poland, the Czech Republic and Germany. In 2005, he moved to the Styrian unit in the PORR Group and headed the building construction business from 2010 up to his appointment to UBM. Peter Schaller also serves as Chairman of the Supervisory Board of SK Sturm Wirtschaftsbetriebe GmbH. He has been a member of the Management Board of UBM Development AG since 1 November 2023 and is responsible for Technical Competences and Timber Construction & Green Building.

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 held management positions at UBM AG and UBM Development Deutschland

GmbH (formerly: Münchner Grund). He was a member of the Management Board since 1 March 2009. In accordance with the rules of procedure for the Management Board, Martin Löcker was responsible – until his resignation from the Management Board – for Project Acquisition Controlling, Operational Project Controlling, Technical Competences, Green Building, Quality Management and the newly created area of Timber Construction. Martin Löcker resigned from the Management Board of UBM Development AG as of 30 June 2023 at his own request.

Management Board

The Management Board must have between two and six members as defined in Section 6 of the Statutes and had four members in 2023 until the resignation of Martin Löcker on 30 June 2023 and the appointment of Peter Schaller to this corporate body on 1 November 2023. During the interim period from 1 July 2023 to 31 October 2023, the Management Board had three members. The Supervisory Board can designate one member as chairperson and one member as deputy chairperson of the Management Board and can also appoint deputy members (within the defined range of two to six persons). If one member is appointed as chairperson of the Management Board, he or she 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 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 that are not part of the UBM Group.

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	20.4.2028
Patric Thate	25.5.1973	Management Board	1.7.2017	20.4.2028
Martina Maly-Gärtner	3.1.1975	Management Board	1.9.2021	30.4.2028
Peter Schaller	15.5.1973	Management Board	1.11.2023	31.10.2028
Martin Löcker	13.3.1976	Management Board	1.3.2009	30.6.2023[1]

[1] Martin Löcker has voluntarily resigned from the Management Board of UBM Development AG, effective 30 June 2023.

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

Supervisory board positions or comparable functions in Austrian or foreign companies (which are not included in the financial statements):
Thomas G. Winkler, Martina Maly-Gärtner and Patric Thate do not serve on a supervisory board or hold a comparable function in an Austrian or foreign company (that is not included in the financial statements). Martin Löcker did not exercise any such functions up to his premature resignation from the Management Board of UBM Development AG on 30 June 2023. Peter Schaller serves as Chairman of the Supervisory Board of SK Sturm Wirtschaftsbetriebe GmbH.

Executive and non-executive board positions in material subsidiaries:
The Management Board members Thomas G. Winkler, Peter Schaller, Martina Maly-Gärtner and Patric Thate have executive functions in individual project companies, but do not hold any executive or supervisory board positions in material subsidiaries. This also applies to Martin Löcker up to his premature resignation from the Management Board of UBM Development AG on 30 June 2023.

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 2023, 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 resigned members. If an elected Supervisory Board member resigns 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 chairperson of the Supervisory Board in writing, subject to a notice period of 21 days. This notice period can be shortened by the chairperson of the Supervisory Board, or a deputy in the event the chairperson 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 resigns before the end of his or her term. If multiple substitutes are elected, the order in which they are to replace a resigning 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 chairperson 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 chairperson must be determined. Their terms of office end with the next Annual General Meeting. A replacement must be elected immediately if the chairperson 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 persons who received the most votes. If the run-off results in a tie, lots will be drawn to decide the election. If the chairperson or one of the elected deputies resigns, the Supervisory Board must immediately hold a new election to appoint a successor. The chairperson 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 chairperson has the same rights and responsibilities as the chairperson he or she represents. This also applies to casting the decisive vote for resolutions and in elections. If the chairperson 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 chairperson 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 to grant 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 2023. The chairperson 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 chairperson or a dep-

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
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
Susanne Weiss[3]	15.4.1961	Member	15.1.2015	AGM 2024
Anke Duchow	19.1.1968	Member	27.5.2019	n/a[5]
Martin Mann	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 as a member of the Supervisory Board from 2 July 2003 to 5 May 2010
3 Klaus Ortner was previously a member of the Supervisory Board from 18 March 2000 to 14 May 2014
4 Independent member who does not hold more than 10% of the shares (C-Rule 54)
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

uty, 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 chairperson casts the deciding vote. A deputy representing the chairperson is also entitled to cast the deciding vote on resolutions and in elections; this also applies to committee chairpersons.

Composition of the Supervisory Board

The above 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 2023, the members of UBM's Supervisory Board held additional positions on supervisory boards or exercised comparable functions in Austrian and foreign companies (that are not included in the consolidated financial statements). These positions are listed in the table on page 104.

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 L-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 that 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) apply.

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

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, Remuneration Committee and ESG Committee were active in 2023.

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; (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

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] ÖBAG Liechtensteinische Landesbank (Austria) AG TKT Engineering Sp. z.o.o. (Poland) Blue Code International AG (Switzerland)	Chairwoman of the Supervisory Board Supervisory Board member Supervisory Board member Supervisory Board member Deputy Chairwoman of the Supervisory Board 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	–	–
Susanne Weiss	ROFA AG PORR AG[1] Wacker Chemie AG[1]	Chairwoman of the Supervisory Board Supervisory Board member Supervisory Board member
Anke Duchow	–	–
Martin Mann	–	–
Hannes Muster	–	–
Günter Schnötzinger	–	–

[1] Listed

the appropriateness of the fee and preparing the Supervisory Board's recommendation for the appointment of the auditor.

The Audit Committee met five times during the 2023 financial year. The first meeting of the Audit Committee during the reporting year was held on 20 February 2023 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 28 March, the auditor reported on the status of the audit of the separate and consolidated financial statements as of 31 December 2022. A further topic at this meeting was the selection process for the appointment of a new auditor for the separate and consolidated financial statements of UBM Development AG for the 2024 financial year, the composition of the selection committee and the next steps in the selection process. The meeting on 11 April 2023 included the auditor and covered the evaluation of and preparations for the approval of the separate and consolidated financial statements for 2022. At this same meeting, the Supervisory Board discussed the selection of an auditor for the separate and consolidated financial statements as of 31 December 2023, the audit schedule for 2023 and the reports by the Management Board on related party transactions in 2022 and risk management.

The Audit Committee meeting on 21 September 2023 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. A progress report was also received on the selection of an auditor for the separate and consolidated financial statements as of 31 December 2024. The last meeting of the year was held on 6 December and dealt with the report by the Management Board on the effectiveness of risk management and the recommendation for the appointment of an auditor for the separate and consolidated financial statements of UBM Development AG for the 2024 financial year. The members of the Audit Committee are Karl-Heinz Strauss (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 2023, on 24 August 2023. The agenda focused on the appointment of Peter Schaller to the Management Board and on the extension of the Management Board contracts with Thomas G. Winkler, Patric Thate and Martina Maly-Gärtner. The members of this committee are Karl-Heinz Strauss (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 C-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 sideline activities by the Management Board members.

The Remuneration Committee held one meeting in 2023, on 28 March, which involved the determination of the annual bonuses for the members of the Management Board. The members of the Remuneration Committee are Karl-Heinz Strauss (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 and from the company's statutes and management. The ESG Committee is also responsible for overseeing and supporting actions in line with the ESG catalogue of measures with clear assignment of responsibilities at 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, on the direct and indirect neighbourhood, and on good corporate management.

The ESG Committee met twice in 2023. Discussions with the Management Board at the meeting on 11 May covered the auditor's report on the voluntary review of the ESG report for 2022, the latest developments in the areas of taxonomy, the progress made by UBM Development AG in ESG ratings and ESG reporting, and current and future measures and goals related to green finance and green building. In the meeting on 5 December 2023, the Management Board reported on recent developments in taxonomy and CSRD (e.g. the enactment of the Corporate Sustainability Reporting Directive (CSRD) at the beginning of January 2023 as the basis for national laws) and UBM's progress in the area of ESG (e.g. corporate carbon footprint, green lease, green building, ESG ratings, project certification, social events). 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 subsidiaries) as of 31 December 2023 (31 December 2022: 24). As a company that believes in sustainable operations, UBM places high priority on socially relevant topics that 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. Twenty-two new employees were hired during 2023: 16 women and 6 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

Information on the remuneration of the Management Board and Supervisory Board is provided in the remuneration report which will be presented at the 143rd Annual General Meeting in 2024.

Group Management Report

Group Management Report

The general economic environment in 2023

Global growth course

The global pandemic had a firm grip on recent financial years and continued to influence the worldwide economy during 2022 with the recurring spread of Covid-19 in China and the country's subsequent reopening. While this crisis no longer has such a strong impact on world events, the geopolitical confrontation in Ukraine and the new conflicts in the Near East have led to an increase in interest rates. Initial forecasts for global growth by the International Monetary Fund (IMF) equalled 2.9% in the first quarter. This estimate was reduced to 2.8% in the second quarter to reflect the turbulence in the financial sector, high inflation, the ongoing effects of Russia's invasion in Ukraine and the three-year COVID crisis. Actions taken by US authorities to contain instability in the banking industry reduced the immediate risks of financial sector chaos and moderated the downward risks for the outlook. However, the conflict in Ukraine continues to intensify and provided grounds for only a moderate increase in growth forecasts to 3.0% in the third quarter. IMF projections point to an increase of 3.1% in the global economy for the full 12 months of 2023.[1]

The European economy followed the declines in past years with further weakness in 2023, and the IMF forecasts placed growth in Europe at only 0.6% in 2023. That represents a substantial drop of 3% in economic performance in the eurozone since the previous year and, in global comparison, is also clearly below expectations. The unemployment rate equalled 6.4% in November 2023 (ECB). The inflation rate for 2023 was clearly lower than the previous year (2022: 9.2%) at 2.9% in December (ECB) and, accordingly, only slightly above the ECB's 2.0% target.[2]

Global armed conflicts, restrictive monetary policies, the withdrawal of fiscal support and weak underlying productivity growth have had a negative effect on forecasts for the future development of the world's economy. Estimates by the IMF are similar to 2023 with global growth of 3.1% in 2024, while the eurozone is expected to remain weak with an increase of only 0.9%. The difficulty involved in predicting the course of the wars in the Near East and Ukraine continues to limit forecast security. The current challenges in the banking sector are reflected in a tense climate. In Europe, economic recovery is being driven by rising household consumption. The effects of the energy price shock are fading and inflation is declining. However, various factors – e.g. high interest rates as a tool to fight inflation, the withdrawal of fiscal support and high debt levels, the Russian invasion in Ukraine, the Near East conflict and the high cost of living – will slow growth in 2024.[3]

Developments in Germany and Austria

The German economy continued along a downward course: The GDP decline to 1.9% in 2022 was followed by a further drop of 0.3% in 2023 (IMF). Austria also fell into a recession in 2023 due to the delayed effects of the war in Ukraine and high inflation. A September forecast by the European Commission (Austrian National Bank) failed to confirm the increase of 0.8% projected for the reporting year. According to the Austrian Institute of Economic Research (WIFO), the economic downturn will equal -0.8%. The unemployment rate rose from 6.3% to 6.4% in 2023 as reported by the Austrian Economic Chamber. Inflation fell by 0.7% to 7.9% and confirmed the ECB high interest policy.[4, 5, 6, 7]

[1] IWF: World Economic Outlook – January, April, July 2023, January 2024
[2] EZB: Economic Bulletin Issue 1 – February 2024

[3] IWF: World Economic Outlook – January 2024
[4] IWF: World Economic Outlook – January 2024
[5] Oesterreichische Nationalbank: Konjunktur aktuell – September 2023
[6] WIFO: Konjunkturprognose für Österreich – December 2023
[7] WKO: Wirtschaftslage und Prognose Arbeitslosigkeit – December 2023

Developments in CEE

In May, the European Commission issued positive projections for economic development in the EU Member States in Central, Eastern and South-Eastern Europe apart form Estonia. UniCredit estimated average growth of 0.4% and -0.4%, respectively, for Poland and the Czech Republic in 2023.[1, 2]

Developments on the real estate markets

Europe

Ongoing geopolitical conflicts in Europe, weak growth throughout the region and high interest rates were also visible on the European real estate market in 2023. The investment market was unable to match its 2022 performance in the first quarter of 2023, and the transaction volume dropped by 63% year-on-year to €34bn. The remainder of the year was characterised primarily by a downturn on the property market – the investment volume fell by 9% in the second quarter and by 16% in the third quarter. Transaction volumes only improved in the final quarter, with an increase of 22% over the third quarter. Calculations for the full 12 months of 2023 show a sharp year-on-year drop of 47% in the European transaction volume to nearly €160bn (2022: €291.5bn). This reduction is attributable to a lower number of (particularly large) transactions and to imminent price adjustments. The generally weaker economic climate represents an added factor for the negative development of transaction volumes in all sectors. A total of €33.3bn were invested in residential properties during 2023. With a total transaction volume of €37.6bn, the Office asset class remained investors' clear first choice. The overall investment volume fell 61% below the previous year, while the Residential asset class declined by 46%. The hotel sector reported the lowest decline of 13% to €14.5bn, but this performance should be analysed in connection with the negative effects of the COVID-19 pandemic in earlier years. The forecasts for 2023 are more positive because of the improvement in investors' confidence and more stable outlook for interest rates due to the reduced inflationary expectations. The transaction volume for 2024 is, consequently, expected to be 10% higher than 2023.[3, 4, 5, 6]

Germany – end of the downturn

Ther German real estate market reported a sharp drop in transactions during 2023 for the second year in succession, with a 56% year-on-year reduction that corresponded to the lowest value since 2010. Properties with a combined value of €29.0bn changed hands in 2023. With a total volume of €40.0bn, the German real estate investment market was unable to confirm the expected transaction recovery. The decline resulted, above all, from strong price corrections and the increased financing stress caused by higher credit interest and write-downs.[7]

The transaction volume on the commercial property market fell by a massive 59.6% year-on-year to €21.5bn in 2023 (2022: €50.6bn). The office segment dropped from first to fourth place in the asset class turnover ranking with a volume of €4.6bn (2022 €19.9bn) and a decline of 77% below the previous year. Prime rents in this segment rose by 6%, but the increase in mean and average rents was lower at 2% and 4% respectively. Average prime rents in the six top cities ranged from €33.9/m^2 in Cologne to €49.75/m^2 in Munich. Take-up in the office segment was 26% below the previous year at roughly 2.2m m^2 in 2023, which represents the lowest level since 2009.[8, 9]

Portfolio transactions in the Hotel asset class rose by nearly 55% over the weak 2022 results to a total of €360m in the fourth quarter of 2023. This also reflects the noticeably higher market momentum, particularly in the last quarter of the year. The investment volume at the most important hotel locations amounted to €582m in 2023 and was 28% below the previous

[1] Oesterreichische Nationalbank: Konjunktur aktuell – September 2023
[2] UniCredit: CEE Quarterly – January 2024

[3] CBRE: European Real Estate Investment Volumes Q1 2023
[4] CBRE: European Real Estate Investment Volumes Q2 2023
[5] CBRE: European Real Estate Investment Volumes Q3 2023
[6] CBRE: European Real Estate Investment Volumes Q4 2023
[3] Savills: Investmentmarkt Deutschland – January 2024
[8] Savills: Investmentmarkt Deutschland – January 2024
[9] Savills: Top-6-Büromärkte – January 2024

year. In other words, the volume at these key locations again fell below the previous year and, in comparison with the long-term average for nationwide hotel investments, remained at a low 44%.[10]

Developments on the residential property investment market in Germany were clearly slowed in 2023 by rising financing costs and a substantial increase in uncertainty over regulations. Investments in larger apartment portfolios fell 60% below the previous year to €5.2bn. The decline versus the long-term average was even higher at 72% and represents a value not seen since 2010. The second half-year failed to produce any signs of recovery because of investors' expectations over another price decline and their resulting hesitation to buy, or the postponement or cancellation of projects. Similar to 2022, German investors were responsible for 68% of the €3.5bn transaction volume in 2023. The six top cities represented an above-average share of residential property investments with 59% of the national transaction volume. Berlin again led this ranking with a transaction volume of €1.81bn and a 35% share of the total volume. Of special note is Munich with a volume of €716m, which corresponds to the second highest share of the total volume at 14% and the only top location in Germany with results above the long-term average.[11]

The investment year in Austria

New interest policies and a changing market environment had a massive negative impact on the investment market in Austria and led to transaction data not seen in a decade. At €2.8bn in 2023, the investment volume was one-third below the long-term average as well as 32% lower in year-on-year comparison (2022: €4.1bn). Most of the investment volume was directed to office and retail properties, as in earlier years. Residential properties, which remained the strongest asset class in recent years, played a much less important role with a volume of €200.0m. A trend that emerged during 2023 was the increasing caution of international investors due to the current uncertain times, which was reflected in the 85% market share attributable to national capital. This uncertainty was also reflected in the transaction volume, which declined significantly as a result of the rising interest rates, high construction costs and unpredictable risks. In the residential property sector, Austria recorded a high of 47,500 unit completions and Vienna 18,600 completions in 2023 – but a decline of 11% is projected for 2024, as reported in the previous year, which will be principally visible in freely financed residential construction with a sharp 40% drop. Residential properties comprised only 5% of the investment volume in earlier years, but more activity is expected in 2024 and ESG-compatible buildings are a popular target.

The mood in the office property sector is positive, despite the limited market offering. Take-up basically reflected the previous year at 175,000 m² (2022: 170,000 m²). The indicators for office properties have followed a downward trend for several years and are also related to the low number of completions on the Vienna market. Only about 50,000 m² of space were completed in 2023 despite a low vacancy rate of 3.5%, and rents increased at all office locations. Prime rents rose to a new high of €28.00/m²/month. Project developers were forced to set appropriate rental levels for their projects due to the low completion rates, limited vacancies and high construction costs – and this carries an inherent potential for a further moderate increase in rents during 2024. Completions in 2024 are expected to total roughly 80,000 m², which represents an improvement over the previous year, but 40% of the space can already be considered sold and is not available to the market. An increase in completions is expected in 2025.[12]

Developments in CEE

The CEE-6 countries – Poland, Czech Republic, Slovakia, Romania, Hungary and Bulgaria – failed to meet the expectations of many analysts in 2023. Growth in this region was 0.6% weaker than anticipated because of geopolitical conflicts, high interest rates and inflation that in certain cases exceeded 10%. Recession characterised the economy in some countries, while others recorded sound performance.

[10] BNP Paribas: Hotel-Investmentmarkt Deutschland – Q4 2023
[11] BNP Paribas: Wohn-Investmentmarkt Deutschland – Q4 2023
[12] CBRE: Österreich Real Estate Market Outlook – 2024

The unemployment rates in all CEE-6 countries are very low and in part lower than ever before. Moreover, record levels of gross capital investment despite weak growth or recession formed the basis for a positive conclusion to 2023.

For the CEE investment market, this weak growth also meant a decline in the total investment volume to €4.9bn in 2023 (2022: €10.9bn). That corresponds to a reduction of 54% and is in line with the trends in the rest of Europe and in many other parts of the world. Poland again led the ranking with nearly 38% of the total transaction volume in the CEE-6 countries. The Czech Republic followed in second place with €1.1bn or 23% of the total investment volume. None of the countries were able to record transaction growth in 2023. The underlying reason is the lack of market transactions and the resulting difficulty in establishing prices between buyers and sellers. The decline in the individual countries ranged from 18% in Slovakia to 68% in Poland. Office transactions were responsible for the highest share of the total investment volume in 2023 at 34%, followed by retail at 29% and logistics at 27%. Domestic capital from the CEE-6 countries was the main source of funds in 2023 with an impressive 56% share of the total regional volume.

As in many other European regions, year-end data for 2023 shows that the combination of a limited offering and stable demand with high inflation and the stabilisation of costs led – with few exceptions – to an increase in rents. The upward trend in rents will be driven in the future by high vacancies and a restricted offering, especially in newly built properties that offer top quality, the most popular locations and high ESG-alignment.

Colliers estimates the transaction 2024 volume at €6.0bn in view of the current conditions and, in particular, based on the ongoing high cost of external financing. Despite the relatively new supply of real estate in comparison with Western Europe, ecological, social and governance (ESG) considerations are expected to play a much more important role than in past years. Economic growth in the CEE-6 countries is forecasted to equal 2.4% in 2024.[13]

[13] Colliers: The CEE Investment Scene 2023/2024

Business performance

UBM Development generated Total Output of €284.2m in 2023, compared with €390.7m in the previous year. The largest contributions in 2023 did not come from Germany or Austria, as in earlier years, but from the Other Markets segment. Total Output for the reporting year was influenced, above all, by the progress of construction on and the sale of real estate projects, which is recognised in revenue and earnings over time in accordance with the percentage of completion and realisation. A significant impulse for this positive development was provided by the Arcus City residential project in Prague with over 270 housing units and ten single family houses. The Astrid Garden Residences and Neugraf projects in the Czech Republic provided further substantial support for Total Output. The largest share of Total Output was generated by the hotel business based on an increase from €57.1m in 2022 to €110.4m in 2023. This upward trend reflects the recovery in tourism and travel after the COVID-19 pandemic.

Total Output in the **Germany segment** fell to €62.8m in 2023 (2022: €166.1m). An important contribution resulted from the closing of the F.A.Z. Tower in Frankfurt with its 18 storeys and over 60 metres in height following the transfer to the owner, HanseMerkur Grundvermögen, at mid-year. A positive contribution was also made by the progress of construction on the Gmunder Höfe residential project in Munich, which is scheduled for completion in the last quarter of 2024, and by the Flösserhof in Mainz former customs harbour with 92 planned apartments.

The **Austria segment** reported a decline in Total Output from €112.2m in 2022 to €78.2m in 2023. Total Output in this segment was generated chiefly by the hotel business, among others through the sale of the Palais Hansen in Vienna's historic city centre and ongoing operations at the hotel in Jochberg. Contributions from the Residential asset class included, in particular, the Rankencity project in Graz and further sales from the Siebenbrunnengasse residential and office project in Vienna's fifth district.

Total Output in the **Poland segment** rose from €46.3m to €50.5m. Business performance was based on the hotel operations, with the location in Krakow playing an important role, as well as the rental of the Poleczki Business Park and various services.

The **Other Markets segment** reported a sound improvement in Total Output from €66.1m in 2022 to €92.8m in 2023 and generated the largest share of UBM's Total Output for the reporting year. The largest contribution in this segment came from the Arcus City project with its 284 planned residential units in Prague's Stodůlky district, which is accounted for according to the percentage of completion. Construction started during 2023 on the second phase of Arcus City and, at the same time, on Timber Praha, the city's first multi-storey timber-hybrid residential building. Additional contributions were made by the Astrid Garden Residences in the Holešovice district of Prague and the Neugraf residential project with 177 units. An important transaction involved the sale of a Non-Core Asset in the Czech Republic, with a total of 68.3 hectares.

Total Output in the **Residential segment** fell to €62.6m in 2023 (2022: €145.8m) and consisted primarily of the pro-

Total Output by region

in €m	1-12/2023	1-12/2022	Change
Germany	62.8	166.1	-62.2%
Austria	78.2	112.2	-30.3%
Poland	50.5	46.3	9.1%
Other markets	92.8	66.1	40.4%
Total	**284.2**	**390.7**	**-27.3%**

gress of construction on previously sold apartments in residential projects in Germany, Austria and the Czech Republic. An important contribution was made by the Arcus City residential project in Prague through a proportional share of revenues from phases 2 and 3. Total Output was also supported by the Siebenbrunnengasse project in Vienna with 178 apartments. Other projects in the German-speaking countries, e.g. the Gmunder Höfe in Germany and the Rankencity in Austria, contributed to Total Output through their sale to institutional investors.

The **Office segment** recorded Total Output of €35m in 2023, compared with €77.6m in 2022. Total Output for the reporting year resulted, above all, from the closing of the F.A.Z. Tower in Frankfurt with more than 25,000 m² of rentable space. This new headquarters for the Frankfurter Allgemeine Zeitung (F.A.Z.) was responsible for the largest component of Total Output in this segment.

The **Hotel segment** recorded Total Output of €110.4m in 2023 (2022: €57.1m). This near doubling of Total Output is attributable to the increase in travel after the COVID-19 pandemic and to the sale of the 150-room Palais Hansen in Vienna's first district. The hotel operations in Jochberg (Austria) and in Prague also contributed to Total Output in this segment. No hotel projects are currently under development due to UBM's strategic orientation.

Total Output in the **Other segment** fell from €68.8m in the previous year to €23.4m in 2023 and was generated primarily by the rental of mixed-use standing assets in Austria and Germany. The sale of a 68.3-hectare Non-Core Asset in the Czech Republic was responsible for nearly half of Total Output. In contrast, Total Output for 2022 included the sale of building rights to three sites in Vienna as well as the strategic divestment of the German project and construction management subsidiary, alba Bau | Projekt Management GmbH.

In the **Service segment**, Total Output rose from €41.4m in 2022 to €53m in 2023. A major component resulted from the provision of services for various projects in the Czech Republic, Austria and Germany. This position also includes charges for management services and intragroup allocations.

Total Output by asset class

in €m	1-12/2023	1-12/2022	Change
Residential	62.6	145.8	-57.1%
Office	35	77.6	-54.9%
Hotel	110.4	57.1	93.3%
Other	23.4	68.8	-66.0%
Service	53	41.4	28.0%
Total	**284.2**	**390.7**	**-27.3%**

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 declined by €106.5m to €284.2m in 2023 (2022: €390.7m). Substantial contributions were made by projects in Germany (F.A.Z. Tower, Hafeninsel IV, Gmunder Höfe), the Czech Republic (Arcus City, Astrid Garden Residences), and Austria (Rankencity, Siebenbrunnengasse). Revenue as reported on the consolidated income statement fell from € 133.9m in the previous year to €85.3m and reflected the decline in contributions which followed the sale of fully consolidated projects. Contributions to revenue were made, above all by residential construction projects in the Czech Republic (Arcus City, Astrid Garden Residences).

The profit from companies accounted for at equity fell to €-14.1m in 2023 (2022: €25.4m). The positive contribution to earnings in the previous year was based on real estate projects like the F.A.Z. Tower in Frankfurt and the Gmunder Höfe in Munich.

The income from fair value adjustments to investment property amounted to T€318, compared with €25.5m in 2022. The fair value adjustments in the previous year were related primarily to a large-scale project in Vienna and based on the receipt of the zoning permit from the municipal authority. The expenses from fair value adjustments totalled €40.8m in 2023 and were recognised, in particular, to larger office projects in Austria, Germany and Poland. In 2022, the expenses from fair value adjustments totalled €4.6m.

Other operating income rose to €51.0m in 2023 (2022: €12.7m), chiefly due to the receipt of the legally binding preliminary building permit for the Timber Factory Campus. This position also includes foreign exchange gains, income from space and land rentals, income from the release of provisions, income from the disposal of tangible assets and various other positions.

Other operating expenses rose from €32.6m to €40.8m, above all due to foreign exchange losses, write-downs to properties carried under current assets, and legal and consulting fees. This position also includes administrative costs, travel expenses, advertising costs and office operating costs as well as charges and duties.

The cost of materials and other related production services declined from €86.9m in the previous year to €70.4m. 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.

Income of €33.0m was recorded in 2023 for changes in the portfolio related to residential property inventories and other IAS 2 properties (2022: expenses of only €3.0m). The increase in additions is explained by the decline in sales activity caused by the general market situation.

Personnel expenses were €6.4m lower year-on-year at €30.9m in 2023 (2022: €37.3m). The number of employees in the companies included in the consolidated financial statements totalled 268 as of 31 December 2023 (31 December 2022: 292).

EBITDA fell by €66.5m to €–27.3m in 2023 (2022: €39.2m). The decline resulted, above all, from the revaluation of projects and standing assets. Depreciation and amortisation amounted to €2.8m (2022: €5.3m). These factors, in total were responsible for a decline of €64.0m in EBIT to €-30.1m in 2023 (2022: €33.9m).

Financial income fell from €23.4m in 2022 to €21.8m due to a decline in interest and similar income from project financing for equity-accounted companies and subsidiaries. Financial costs rose to €31.1m in 2023 (2022: €25.9m), above all as a result of higher interest costs for project financing.

EBT amounted to €-39.4m in 2023 and was €70.9m lower than the previous year (2022: €31.5m) due to property write-downs. Tax expense totalled €6.7m, compared with €4.3m in 2022, and the tax rate equalled 17.0% (2022: 13.8%).

The net loss (net profit after tax) totalled €46.0m in 2023, compared with net profit of €27.1m in 2022. The net loss attributable to the shareholders of the parent company amounted to €52.5m (2022: net profit of €16.8m). Beginning with the 2020 financial year, the method used to calculate earnings per share was changed. The calculation of the net loss attributable to the shareholders of the parent company includes a deduction for the net loss attributable to the hybrid capital holders. The share attributable to the hybrid capital holders fell from €9.1m in 2022 to €5.9m in 2023, and the resulting earnings per share declined from €2.25 to a loss per share of €7.03 in 2023.

Asset and financial position

Total assets recorded by the UBM Group amounted to €1,253.8m as of 31 December 2023 and were €198.0m below the level on 31 December 2022 (€1,451.8m). This decline resulted primarily from the premature repayment of the hybrid bond 2018 in March 2023 and also involved write-downs that reduced equity and the payment of the dividend and interest.

Non-current assets declined by €45.3m year-on-year to €745.3m as of 31 December 2023. Property, plant and equipment totalled €11.1m and were slightly lower than on 31 December 2022 (€12.2m). This position consists primarily of capitalised rights of use from lease liabilities.

The carrying amount of investment property rose by €16.2m to €407.9m as of 31 December 2023. In contrast, the investments in equity-accounted companies declined by €30.6m to €150.2m. Project financing also declined by €37.3m to €143.6m.

Current assets totalled €508.5m at year-end 2023 and were €152.7m lower than at year-end 2022. Cash and cash equivalents were reduced, among others, by the following factors: the premature repayment of the hybrid bond 2018, the repayment of the bond 2018-2023, the payment of the purchase price for two acquisitions made in 2022 and 2023, and the payment of the dividend and interest. As of 31 December 2023, cash and cash equivalents equalled €151.5m.

Real estate inventories totalled €265.4m at the end of December 2023 (31 December 2022: €259.3m). This position includes miscellaneous inventories as well as specific residential properties under development which are designated for sale.

Trade receivables declined from €49.5m at the end of 2022 to €37.3m as of 31 December 2023. 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 €379.7m as of 31 December 2023 (31 December 2022: €501.5m). The decline is explained, above all, by the repayment of the hybrid capital, the payment of the dividend and the loss recorded for the 2023 financial year. The €8.2m dividend was paid on 30 May 2023. The equity ratio equalled 30.3% at year-end 2023 despite the difficult operating environment (31 December 2022: 34.5%) and remained within the 30–35% target range.

Bond liabilities (current and non-current) amounted to €376.1m at the end of December 2023 and were €70.6m lower than the previous year (31 December 2022: €446.7m). In November 2023, €91.1m of the UBM bond 2018–2023 was repaid. Trade payables declined from €46.9m at year-end 2022 to €25.7m as of 31 December 2023 and consisted primarily of outstanding payments for subcontractor services. Other financial liabilities (current and non-current) increased from €25.5m as of 31 December 2022 to €27.9m as of 31 December 2023. Deferred taxes and current taxes payable increased to €17.2m (2022: €20.1m). Financial liabilities (current and non-current) rose by €9.9m to €408.2m.

Net debt totalled €610.3m at year-end 2023 (31 December 2022: €500.2m). This indicator includes current and non-current bonds and financial liabilities, excluding lease liabilities, less cash and cash equivalents. The increase resulted from the repayment of hybrid capital and the payment of the dividend.

Cash flow

Operating cash flow rose from €13.2m in 2022 to €31.6m in 2023. The fair value adjustments included in profit for the reporting year were excluded from operating cash flow because of their non-cash character.

Cash flow from operating activities totalled €–54.5m, compared with €–70.7m in the previous year. Cash flow was reduced, above all, by an increase in real estate inventories (€6.1m), interest paid (€27.7m), a reduction in receivables (€5.3m) and a decline in liabilities (€13.7m). These amounts include cash inflows of €35.9m from the sale of real estate inventories. The additions to real estate inventories totalled €42.1m, and the additions to receivables from real estate inventory sales equalled €32.1m. The decline in receivables from real estate receivables amounted to €29.1m.

Cash flow from investing activities totalled €12.4m in 2023, compared with €8.4m in 2022. Investments in project financing amounted to €35.6m, and investments in property, plant and equipment, investment property and financial assets equalled €37.7m.

Cash flow from financing activities amounted to €-129.7.0m (2022: €-37.9m). New borrowings totalled €45.9m, while €52.9m of hybrid capital and €34.5m of loans were repaid during the reporting period. In addition, dividends and hybrid bond interest of €16.6m were paid in 2023.

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Outlook

In the midst of geopolitical conflicts and the aftereffects of the Covid-19 crisis, the OECD experts and the International Monetary Fund (IMF) are projecting growth of 2.7%, respectively 3.1% for the global economy in 2024. Growth has been slowed by the ongoing war in Europe and the Middle East conflict between Israel and Hamas which has been escalating since mid-2023 as well as continuous high inflation and the resulting high interest rates. A series of interest rate hikes reduced inflation in the eurozone and, as a result, the ECB has held key rates at 4.5% since September 2023. In spite of the recent downward trend in inflation, inflation is only expected to approach the ECB Council's 2% target during the course of 2024 and into 2025.[1,2,3]

Prevailing interest rates have had a massive influence on the development of the real estate market – in particular, on the valuation of projects and standing assets. UBM recognised write-downs of roughly €70m in connection with the unscheduled revaluation of its projects and properties in 2023. Although UBM, as a developer, did not recognise extensive revaluations in earlier years – in contrast to many other real estate investors – these revaluations, especially to the development portfolio, are a direct consequence of rising interest rates and the resulting higher yield expectations of future property buyers. Any increase in rents cannot offset the current write-downs to the same extent and, above all, at the same speed. UBM sees the real estate sector in its core markets in an existential crisis for the above reasons.

UBM, as previously mentioned, has been unable to disengage completely from the current market developments, but sees itself in a position of relative strength. Internal management with its focus on cash flow made it possible for UBM to hold the equity ratio above 30%, also in the fourth quarter, and to report more than €150m of liquid funds. It should also be noted that the outstanding volume (€91.05m) of the UBM bond 2018-2023 was repaid on time in the fourth quarter of 2023, entirely from cash reserves. No other bond redemptions are scheduled until November 2025, which creates a competitive advantage.

UBM remains fully operational, as is demonstrated by the sale of the 33.57% interest in the Palais Hansen to Wiener Städtische during the fourth quarter and the sale of a non-core property in the Czech Republic. At the same time, UBM acquired a 25% interest in Bondi Consult's "Central Hub" project in TwentyOne.

UBM is continuing to follow its strategic orientation to become the leading developer of timber construction projects in Europe. The company currently has more than 300,000 m² in timber – slightly more than half in the Light Industrial & Office asset class and the other half in the residential sector. This uncompromising focus on timber construction is a logical consequence of the *green. smart. and more.* corporate strategy. Only a high degree of standardisation and modularisation will make it possible to remain competitive in the future.

The impact of high inflation, rising interest rates and increasing construction costs will accompany us throughout the entire year. Market recovery to the pre-crisis level will not be seen for a very long time. However, the massive demand overhang can be expected to increase over the coming years due to the market exit of many competitors.

Market developments remain volatile and difficult to estimate. For this reason, UBM must refrain from issuing any guidance for the 2024 financial year and limit comments to its extremely solid financial position with an equity ratio of over 30%.

[1] IMF: World Economic Outlook – January 2024
[2] Austrian National Bank: Konjunktur aktuell – September 2023
[3] ECB: Geldpolitische Beschlüsse – Press Release December 2023

Risk report

The principal business activity of UBM Development AG and its operating subsidiaries and investments 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 asset 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 and enable planning

Material risks

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

UBM has many years of 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 its operating performance and on its asset, earnings and financial position.

Risk Management System (RMS) measures in 2023

1. Risk identification and analysis/risk system

The comprehensive identification and analysis of risks carried out in 2016 forms the basis for the annual critical assessment of the individual risks in UBM's value chain. These individual risks were also evaluated in 2023 by way of a risk inventory. The risk system is evaluated by external specialists each year and adapted, where necessary, to reflect the current situation.

A qualitative evaluation of the ESG risk catalogue was prepared in 2023. The catalogue was subsequently expanded and incorporated in the risk inventory to ensure the complete integration of ESG-relevant risks in UBM's risk system. A total of 29 individual ESG risks were identified in the following categories:

- Environmental risks
  - Acute physical climate risks
  - Chronic physical climate risks
  - Non-climate related environmental risks
  - Transitory climate risks
- Social and governance risks

In addition to the assessment of operating business risks and macroeconomic risks, the impact of ESG risks on earnings and liquidity will be evaluated from a quantitative perspective beginning with the 2024 financial year. This ESG evaluation will also include the definition of ESG opportunities, in contrast to the methodology applied to operating business risks and macroeconomic risks. The opportunities will be ranked according to a cash flow scale. The risks and opportunities are not presented from a net viewpoint to avoid distorting the overall corporate risk position.

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 and cash flows 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.

Based on the evaluation of the individual positions, UBM's risks are aggregated into an earnings-oriented risk indicator (value at risk, VaR) and a cash flow-oriented risk indicator (cash flow at risk, CFaR). The total risk indicators are then examined to determine their agreement with the defined risk appetite and the company's risk-bearing capacity at corporate level. The identified and quantitatively evaluated ESG risks will be included in the overall risk indicators beginning with the 2024 financial year.

3. Risk documentation

The findings 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 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 ten main risk categories.

1. Real estate acquisition risks: The direct and 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: This project phase focuses on the risks associated with procurement and selling prices, current and future rent levels and changes, project financing and interest rates as well as market viability and third party usage. Internal and external experts develop the necessary fundamentals for decisions by the Management Board.

3. Construction and quality risks: This category includes all risks linked to the actual property construction. These risks arise in connection with construction and ancillary costs, the length of construction and possible delays, the potential loss of suppliers and the quality of work (including the costs for subsequent reworking).

UBM minimises these risks with experienced project managers to filter out overpriced offers in the tender phase and to ensure continuous cost, quality and schedule controls during construction. Regular project reports to the Management Board, which include target/actual comparisons, support the early identification of variances.

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 result in write-downs. Unforeseen guarantee and warranty risks can materialise after a transaction is settled and lead to increased costs and reduced sale proceeds.

UBM's activities at the beginning of each development project include the technical 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 realisation and sale process.

6. General business risks: Included here, in particular, are IT risks (hardware, software, data loss, hacking, espionage, etc.), commercial risks (liquidity risk, tax risks, financial penalties, etc.) and legal risks (compensation for damages, 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 and exchange rate risk. They are continuously monitored by the responsible Management Board members in close cooperation with the staff units, and appropriate countermeasures are implemented where necessary.

8. Environmental risks: This risk category includes acute and chronic physical climate risks (temperature fluctuations, fluctuations in precipitation or hydrology, change in wind conditions, etc.), non-climate related environmental risks (impairment of critical infrastructure, etc.) and transitory climate risks (costs for the transition to low-emission technologies, expanded requirements for emission reporting, etc.) and their potential effects. These risks are monitored by the ESG department and reported to the Management Board where necessary.

9. Social risks: All employee-related risks are included here, among others the risks arising from human error, unscheduled staff turnover, reputation damage and the effects of heatwaves on the health of the workforce. These risks are monitored by the Human Resources department and reported to the Management Board where necessary.

10. Governance risks: This risk category covers, above all, the compliance risks which can arise from the violation of contracts, regulations or laws in the global supply chain. It also deals with the risk associated with a lack of diversity in UBM's corporate bodies. Here, the Management Board is supported, above all, by the legal department and external consultants.

Additional risks

Information on the risks associated with financial instruments is provided in note 45. "Notes on financial instruments" in the consolidated financial statements.

Risks connected with the economic environment and the war in Ukraine

General situation

The geopolitical situation remained unstable throughout 2023. The war in Ukraine continues, and the resulting tensions between western countries (USA, EU, Canada) and the Russian Federation have in no way declined. Economic sanctions against the Russian Federation were further intensified, with the result that direct trading and capital market transactions have virtually come to a standstill. The EU's growing independence in the area of gas supplies has eased the pressure on the energy sector, but prices are still substantially above the pre-war level. There are currently no signs of a return to the "old" price levels for energy, and the primary and secondary effects on inflation persist. The Ukraine war has been reflected in strong support from European partners and a sharp rise in defence spending. This reduces the flexibility for national households and has led to the cancellation of budgets in other areas.

High inflation, with a downward trend towards the end of the year, characterised 2023. Energy prices, in particular, initially represented one of the main drivers, but the core inflation (i.e. the inflation rate excluding energy) increased significantly during the course of the year. It was fuelled by higher food prices, rents and other everyday products. These developments triggered a series of high wage settlements, in individual sectors even above inflation, which added – and will continue to add – to the inflationary momentum.

The ECB reacted to the high inflation in the eurozone with a steady increase in interest rates which rose at an unprecedented speed. The key interest rate rose from 0% in mid-2022 to 4.5% in September 2023, where it has remained since that time. This has caused economic distortions, above all in sectors with high capital expenditure. The end of 2023 brought the first major insolvencies in the real estate sector, with corresponding effects on all sector participants including UBM.

A further conflict in the form of the Near East crisis materialised at the end of the year. It is expected to result in the disruption of trade routes and influence international tourism flows. Countries which support Israel, directly or indirectly, are also subject to an increasing risk of terror.

The impact on UBM's business model is described in greater detail in the following section.

Impact on UBM's business model

Even though UBM is not directly engaged in the countries involved in the war (the commitment in Russia ended in 2021), this military conflict can have a future influence on the countries bordering Ukraine. The geographical and cultural proximity to its Ukrainian neighbour creates a risk that the Polish market – where UBM acts as both a real estate developer and hotel operator – will suffer from the current crisis. This risk has, however, not materialised to date. Direct financial support for Ukraine by the countries where UBM is active and increased household spending for defence have led, in total, to strained government budgets. In addition to discussions on tax increases, this has had, and could further have, an influence on subsidies for the real estate sector.

UBM's primary business model is the development and sale of properties. The rapid rise in interest rates brought the real estate market to a near standstill in 2023. Major transactions, apart from the sale of individual apartments, are limited and generally involve emergency sales. The pressure on interest rates is not only visible in higher interest costs for development projects but, above all, in low selling prices because financing costs for buyers have increased significantly and alternative investments generate substantially better yields. Higher yield expectations and lower purchase prices for properties are the result. Other important factors for a functioning real estate business include the ability to obtain loans and the inflow of capital. The rising number of insolvencies, also by larger real estate developers, in the second half of 2023 have reduced the risk appetite of financing banks. The lower valuations caused by reduced selling prices and higher yields have also led to a reduction in lending limits. This translates, in turn, into significantly higher equity requirements for property developers and investors. Lower LTVs also lead to higher equity requirements for potential buyers.

The capital market climate for the issue of bonds and other debt instruments by non-rated (real estate) companies is expected to remain difficult. This will add to the already high volatility and instability on the capital market. However, a flat repayment profile for 2024 and comparatively good liquidity help UBM to sit out this instable climate. The successful issue of UBM's first green bond in 2023 has also shown that a stronger focus on sustainability is positively received by (bond) investors.

Inflation in the EU is currently declining and, consequently, further interest rate hikes by the ECB are not expected in the near future. Forecasts point to the downward adjustment of interest rates by the ECB, as can be seen in the recent inverse interest rate curve. This could trigger a decline in expected yields on the investor side over the medium term and, based on rising rent levels, could produce a new market equilibrium. The risk of an EU-wide recession failed to materialise in 2023, but the economic outlook remains clouded over the short and medium term due to the high interest levels.

These risks have been incorporated into both current planning and the risk assessment. With its sound liquidity and equity base together with a pipeline that is focused on EU Taxonomy-aligned properties, UBM is solidly positioned to remain active in this difficult environment.

Hotel operations: The Near East conflict and the war in Ukraine are expected to disrupt travel, especially by international guests. This has slowed the expected recovery in hotel overnight stays, and 2023 was not the hoped-for normalised year after the Covid-19 pandemic.

High inflation has also increased the costs of hotel operations. These costs have been passed on in part to customers through higher room prices, but the profitability of the hotel business model remains under pressure.

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 a broad spectrum of 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 provides 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.

This department also carries out ad-hoc audits as required by order of the Management Board.

The findings and recommendations in the audit reports are used to develop specific measures for improvement. The implementation of these measures is monitored by Internal Audit to ensure the realisation of the improvements on schedule. Individual audit procedures are supported by external consultants on a project-related basis.

Internal Audit also 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 is approved by the Management Board and submitted to the Supervisory Board. There were no special ad-hoc audits in 2023.

Disclosures acc. to Section 243a of the Austrian Commercial Code as of 31 December 2023

1. Composition of capital

Share capital comprised 7,472,180 zero par value shares as of 31 December 2023, each of which represents an equal investment in the total share capital of €52,305,260.00. 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(b) of the Statutes also stipulates that the share capital may be conditionally increased in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act up to a nominal amount of €5,230,526.00 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 IGO Industries (IGO Industries & Strauss Syndicate). 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 2023: Ortner & Strauss Syndicate 38.84% (of which the IGO Industries Group holds 27.62% and the Strauss Group 11.22%). In addition, the IGO Industries Group holds a further 7% which are not part of the IGO Industries & Strauss Syndicate.

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

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

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 chairperson and one member as deputy chairperson 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 20 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 2023 to increase share capital by up to €5,230,526.00, 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, through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act and through the exclusion of subscription rights (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 16 May 2022 is valid for five years beginning on the date of recording in the company register, i.e. up to 9 June 2027. 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. Furthermore, 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 2023 and in accordance with Section 4 Para. 5(b) 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. 3 of the Austrian Stock Corporation Act, to conditionally increase the company's share capital in agreement with Section 159 Para. 2 no. 3 of the Austrian Stock Corporation Act, with the approval of the Supervisory Board, by up to €3,917,480.00 through the issue of up to 559,640 new ordinary zero par bearer shares, also in multiple tranches. These new shares are intended 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 and within the framework of the continuation and extension of the Long-Term Incentive Programme 2017 (including the modification of plan conditions in 2017) which was approved by the Annual General Meeting on 27 May 2021. 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 an original nominal value of €75,000,000.00 (term: 2018–2023) was issued in November 2018. This UBM bond 2018-2013 was topped up to a total volume of €120,000,000.00 through a private placement in

June 2019. In June/July 2023, the issuer made an offer to the bondholders to exchange their partial debentures for the UBM green bond 2023-2027. Partial debentures from the UBM bond 2018-2023 with a total nominal value of €28.94m were exchanged for partial debentures of the UBM green bond 2023-2027. The remaining partial debentures of the UBM bond 2018-2023 (total nominal value: €91.05m) were redeemed in full on 16 November 2023.

The UBM bond 2019-2025 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 UBM bond 2015–2020 for the 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 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 bearer bond 2020–2025) with a total nominal value of €21,500,000.00 was issued in December 2020. The bearer bond issued in November 2016 (term: 2016-2021; total nominal value: €18,500,000.00) was extended to December 2025 at an amount of €10,500,00.00 and an additional €11,000,000.00 were newly arranged. The remainder of the bearer bond 2016-2021 that was not extended was repaid in December 2021.

In the first quarter of 2021, the company issued a bearer bond with a total nominal value of €7,000,000.00 (term: 2021-2025) and other bearer bonds with a volume of €500,000.00 (term: 2021–2025).

The sustainability-linked UBM bond 2021-2026 with a total nominal volume of €150,000,000.00 and a five-year term (2021-2026) was issued by the company in May 2021. The issue included an option for the holders of the bond 2017-2022 to exchange their partial debentures for the new UBM bond 2021-2016 as well as a cash subscription offer. (For information on the bond issued in 2017, see above.) Partial debentures from the bond issued in 2017 with a total nominal value of €68,897,500.00 were exchanged for 2021 UBM partial debentures, while the cash subscription involved the issue of partial debentures with a total nominal value of €81,102,500.00. The bond (partial debentures) issued in May 2021 with a total nominal value of €150,000,000.00 and five-year term (2021–2026) represents a sustainability-linked bond. That means the repayment amount can exceed 100% of the nominal value if the company's ESG rating deteriorates during the bond's term.

The deeply subordinated sustainability-linked hybrid bond 2021 (total nominal volume: €100,000,000.00) was issued in the second quarter of 2021. Within the framework of this issue, nearly 50% of the hybrid bond 2018 were repurchased prematurely and the remainder was extended to 2026. The terms of the sustainability-linked hybrid bond 2021 entitle the issuer to call the hybrid partial debentures prematurely and in full in the event of a change of control as defined by the Austrian Takeover Act (as defined in the bond terms) at an increased nominal amount plus accrued interest as of the repayment date; the increased nominal value equals at least the nominal amount of the partial debentures, subject to the increase(s) after the occurrence of an adjustment event involving the ESG rating and the issuer's sustainability recognition level.

In July 2023, the company issued its first green bond (UBM green bond 2023-2027) with a nominal value of €50,000,000.00 and four-year term (2023–2027) to finance sustainable development projects. This issue included an option for the holders of the UBM bond 2018-2023 to exchange their partial debentures for the new UBM green bond 2023-2027 as well as a cash subscription offer. (For information on the exchange of the bond issued in 2018, see above.) Partial debentures from the bond issued in 2018 with a nominal amount of €28.94m were exchanged for partial debentures of the UBM green bond 2023-2027, and partial debentures with a total nominal volume of €91.05m were issued in connection with the cash subscription.

The terms and conditions of 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; €20,500,000.00 of this total were extended up to December 2025 and the remaining amount not extended was repaid in December 2021. Further promissory note loans with a total nominal value of €9,500,000.00 were concluded in December 2020. The related 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.

An overview of the bonds is provided on page 99.

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

9. Compensation agreements

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 performance indicators

UBM prepares a separate non-financial report which meets the requirements of Section 267a of the Austrian Commercial Code. This ESG report is published concurrently with the annual report.

Environmental concerns

The real estate and construction sector is, from the global viewpoint, the most CO_2- and energy-intensive sector. Nearly 40% of all global CO_2 emissions and more than one-third of worldwide energy consumption are attributable to the construction and operation of buildings. It is, consequently, clear that ecological aspects play a key role in all UBM's decisions. Our commitment to timber construction, the special attention we give to renewable energies and energy efficiency as well as our focus on green building certification and our efforts on behalf of the circular economy are an expression of this conviction.

With the Timber Construction & Green Building department, UBM has established a competence centre with six experts to underscore the strategic importance of timber construction. It supports and monitors the operational implementation of green building processes throughout the UBM Group. New national and European requirements are evaluated and implemented at project level in agreement with the *green. smart. and more*. strategy. This department also coordinates the evaluation and organisation of building certification and EU Taxonomy checks for development projects by external partners. Project managers are responsible for the operational implementation of the green building strategy in development projects. Their work involves the optimisation of projects, together with external experts, in many areas – for example energy – based on the specifics of the respective locations. The implementation of the green building strategy in standing assets and at Group locations is the responsibility of UBM's asset managers.

Future-oriented real estate development
With our properties, we design the living space of the future – and that means we also design the environment. Real estate development is not only our core business, it also gives us the greatest leverage to significantly reduce our carbon footprint. UBM directly addresses the ecological impact of its activities in all project phases. A commitment to timber construction, the special attention we give to renewable energies and energy efficiency as well as our focus on green building certification and our efforts on behalf of the circular economy are an expression of this conviction. Our activities concentrate on the following areas:

- Energy efficiency, renewable energies and CO_2 emissions
- Durability and recyclability of materials
- Ground sealing, climate change and biodiversity
- Refurbishment and revitalisation
- Healthy building materials and the quality of life

We measure our locations based on their footprint
In addition to our development projects, we want to make our own business operations more sustainable. Our goal in this area is to steadily reduce our ecological footprint. Relevant activities to reach this goal involve energy consumption and emissions. The efficient use of water and correct waste management are also important issues for UBM and are internally managed and reported.

Fewer standing assets
The strategic focus of UBM's business activities involves the development and sale of properties. Accordingly, the number of standing assets has been steadily reduced since 2015. UBM also takes action to support sustainability in these properties – here, the key issue is whether the properties are rented and UBM therefore only has an indirect influence on energy consumption and emissions, for example through the use of energy-saving lighting or efficient heating and cooling solutions.

Further information on environmental concerns can be found in UBM's ESG Report 2023.

Employees
The average number of employees in the UBM Group equalled 268 in 2023 (2022: 292).

Responsible management is in no way limited to environmental aspects. It also covers a company's social accountability, in other words the impact of its actions on society.

This also includes fair interaction with our employees in our direct sphere of influence. The women and men who work for UBM are an important factor for our long-term success and essential for the positive development of our company. In this connection, we have defined the following focus areas:

- Attractive employer and training & education
- Diversity and equal opportunities
- Health and occupational safety

At Management Board level, the COO is responsible for personnel-related issues which are centrally combined under human resources. The head of human resources meets regularly with the COO to discuss developments in this area. Targets, measures and the strategic focus are defined together with the Management Board and communicated to the organisation. The human resources team also includes an HR business partner who implements human resources measures together with local management in agreement with the HR strategy.

With our values – competent. consequent. transparent. – we create a working climate in which each person feels included, authorised and called upon to make a personal contribution. We encourage our employees to be proactive through short decision paths and flat hierarchies.

The design of our working environment reflects our strict compliance with the national and international rules and requirements in the markets where we are active. We also base our actions on agreements that include the Universal Declaration of Human Rights, the United Nations Guidelines and the international labour standards set by the International Labour Organisation. Our activities exceed minimum standards. This commitment is anchored in our codes of conduct (ethics code and code of conduct for business partners).

Specially planned training and continuing education programmes are a fixed part of human resources development at UBM. The basis is formed by an annual appraisal meeting, which includes an agreement on focus topics and specific training measures together with the responsible supervisor. UBM actively offers numerous educational opportunities ranging from internal workshops and idea competitions to external training programmes, but also encourages and supports the independent development of its employees.

Further information on employee concerns can be found in UBM's ESG Report 2023.

Corporate Governance Report

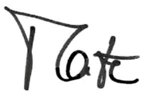
This report is part of the annual report and can be downloaded under www.ubm-development.com, submenu investor relations/financial reports or corporate governance.

Research and development
The company has no research or development activities.

Vienna, 2 April 2024

The Management Board

Thomas G. Winkler
CEO, Chairman



Patric Thate
CFO

Martina Maly-Gärtner
COO

Peter Schaller
CTO


CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

Consolidated Income Statement
for the 2023 Financial Year

in T€	Notes	2023	2022
Revenue	(8)	85,315	133,944
Changes in the portfolio	(8)	33,011	2,965
Share of profit/loss from companies accounted for at equity	(21)	–14,059	25,396
Income from fair value adjustments to investment property	(20)	318	25,454
Other operating income	(9)	51,039	12,740
Cost of materials and other related production services	(10)	–70,389	–86,858
Personnel expenses	(11)	–30,910	–37,255
Expenses from fair value adjustments to investment property	(20)	–40,767	–4,619
Other operating expenses	(12)	–40,842	–32,594
EBITDA		**–27,284**	**39,173**
Depreciation and amortisation	(13)	–2,779	–5,266
EBIT		**–30,063**	**33,907**
Financial income	(14)	21,760	23,442
Financial costs	(15)	–31,060	–25,899
EBT		**–39,363**	**31,450**
Income tax expenses	(16)	–6,682	–4,338
Loss/Profit for the year		**–46,045**	**27,112**
of which: attributable to shareholders of the parent		–52,499	16,790
of which: attributable to holder of hybrid capital		5,922	9,076
of which: attributable to non-controlling interests		532	1,246
Basic earnings per share (in €)	**(17)**	**-7.03**	**2.25**
Diluted earnings per share (in €)	**(17)**	**-7.03**	**2.25**

Consolidated Statement of Comprehensive Income
for the 2023 Financial Year

in T€	Notes	2023	2022
Loss/Profit for the year		**–46,045**	**27,112**
Other comprehensive income			
Remeasurement of defined benefit obligations	(34)	–33	1,364
Income tax expense (income) on other comprehensive income		4	–428
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		**–29**	**936**
Currency translation differences		–5,344	593
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		**–5,344**	**593**
Other comprehensive income of the year		**–5,373**	**1,529**
Total comprehensive income of the year		**–51,418**	**28,641**
of which: attributable to shareholders of the parent		–57,872	18,297
of which: attributable to holder of hybrid capital		5,922	9,076
of which: attributable to non-controlling interests		532	1,268

Consolidated Statement of Financial Position
as of 31 December 2023

in T€	Notes	2023	2022
Assets			
Non-current assets			
Intangible assets	(18)	1,915	1,636
Property, plant and equipment	(19)	11,129	12,155
Investment property	(20)	407,894	391,725
Investments in companies accounted for at equity	(21)	150,208	180,762
Project financing	(22)	143,552	180,885
Other financial assets	(23)	19,358	10,217
Financial assets	(26)	2,356	3,877
Deferred tax assets	(29)	8,883	9,339
		745,295	**790,596**
Current assets			
Inventories	(24)	265,411	259,297
Trade receivables	(25)	37,315	49,494
Financial assets	(26)	40,089	19,741
Other receivables and assets	(27)	14,147	9,774
Cash and cash equivalents	(28)	151,520	322,929
		508,482	**661,235**
Assets total		**1,253,777**	**1,451,831**
Equity and liabilities			
Equity			
Share capital	(30, 31)	52,305	52,305
Capital reserves	(32)	98,954	98,954
Other reserves	(32)	121,535	188,224
Hybrid capital	(33)	101,605	156,395
Equity attributable to shareholders of the parent		**374,399**	**495,878**
Equity attributable to non-controlling interests		5,323	5,571
		379,722	**501,449**
Non-current liabilities			
Provisions	(34)	11,129	7,537
Bonds and promissory note loans	(35)	376,066	326,653
Financial liabilities	(36)	287,815	268,982
Other financial liabilities	(38)	1,404	1,845
Deferred tax liabilities	(29)	10,415	8,909
		686,829	**613,926**
Current liabilities			
Provisions	(34)	3,554	1,805
Bonds and promissory note loans	(35)	-	120,049
Financial liabilities	(36)	120,365	129,357
Trade payables	(37)	25,653	46,947
Other financial liabilities	(38)	26,502	23,657
Other liabilities	(39)	4,325	3,480
Taxes payable	(40)	6,827	11,161
		187,226	**336,456**
Equity and liabilities total		**1,253,777**	**1,451,831**

Consolidated Cash Flow Statement

for the 2023 Financial Year

in T€	2023	2022
Loss/Profit for the year	-46,045	27,112
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	43,227	-14,194
Interest income/expense	14,167	11,965
Income from companies accounted for at equity	14,059	-25,396
Dividends from companies accounted for at equity	5,822	11,998
Decrease in long-term provisions	-2,085	-85
Deferred income tax	2,498	1,792
Operating cash flow	**31,643**	**13,192**
Increase in short-term provisions	220	1,375
Decrease in tax provisions	-4,334	-2,015
Losses/Gains on the disposal of assets	-37,143	-5,782
Increase in inventories	-6,114	-71,980
Decrease in receivables	5,265	26,962
Decrease in payables (excluding banks)	-13,660	-10,659
Interest received	3,152	798
Interest paid	-27,737	-23,857
Other non-cash transactions	-5,774	1,222
Cash flow from operating activities	**-54,482**	**-70,744**
Proceeds from the sale of property, plant and equipment and investment property	344	26,589
Proceeds from the sale of financial assets	6,414	13,961
Proceeds from the repayment of project financing	62,927	77,732
Investments in intangible assets	-378	-487
Investments in property, plant and equipment and investment property	-37,737	-32,238
Investments in financial assets	-10,000	-5,968
Investments in project financing	-35,554	-81,301
Proceeds from the sale of consolidated companies less cash and cash equivalents acquired	42,996	10,081
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-16,636	-
Cash flow from investing activities	**12,376**	**8,369**
Dividends	-16,629	-27,407
Dividends paid to non-controlling interests	-780	-854
Proceeds from bonds	20,251	-
Repayment of bonds	-91,054	-81,103
Increase in loans and other financing	45,915	133,829
Repayment of loans and other financing	-34,537	-37,054
Repayment of mezzanine capital	-52,900	-25,330
Cash flow from financing activities	**-129,734**	**-37,919**
Cash flow from operating activities	**-54,482**	**-70,744**
Cash flow from investing activities	**12,376**	**8,369**
Cash flow from financing activities	**-129,734**	**-37,919**
Change in cash and cash equivalents	**-171,840**	**-100,294**
Cash and cash equivalents at 1 Jan	322,929	423,312
Currency translation differences	431	-89
Cash and cash equivalents at 31 Dec	**151,520**	**322,929**
Taxes paid	-8,803	-4,561

Consolidated Statement of Changes in Equity
for the 2023 Financial Year

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance as of 1 January 2022	**22,417**	**98,954**	**–3,362**	**1,496**
Total profit/loss for the year	-	-	-	141
Other comprehensive income	-	-	936	594
Total comprehensive income for the year	-	-	936	735
Dividend	-	-	-	-
Capital increase	29,888	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 December 2022	**52,305**	**98,954**	**–2,426**	**2,231**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	–29	–5,344
Total comprehensive income for the year	-	-	–29	–5,344
Dividend	-	-	-	-
Hybrid capital	-	-	-	-
Balance as of 31 December 2023	**52,305**	**98,954**	**–2,455**	**-3,113**

Other reserves	Hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
216,057	**183,244**	**518,806**	**5,156**	**523,962**
16,649	9,076	25,866	1,246	27,112
–23	-	1,507	22	1,529
16,626	9,076	27,373	1,268	28,641
–16,812	–10,595	–27,407	-854	–28,261
–29,888	-	-	-	-
2,437	-	2,437	-	2,437
-	–25,330	–25,330	-	–25,330
–1	-	–1	1	-
188,419	**156,395**	**495,878**	**5,571**	**501,449**
–52,499	5,922	–46,577	532	–46,045
-	-	-5,373	-	-5,373
–52,499	5,922	–51,950	532	–51,418
–8,219	–8,410	–16,629	–780	–17,409
–598	–52,302	–52,900	-	–52,900
127,103	**101,605**	**374,399**	**5,323**	**379,722**

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 2023.

2. Scope of consolidation

The consolidated financial statements include UBM as well as 51 (2022: 57) domestic subsidiaries and 73 (2022: 75) foreign subsidiaries. One company was initially included in UBM's consolidated financial statements during the reporting year following its founding and another company was included following its acquisition (see note 2.1.).

One company was sold and nine were deconsolidated following their liquidation. The sale price of T€10,908 was paid in cash. Assets in the amount of T€7,981 were disposed of.

In addition, 23 (2022: 27) domestic and 20 (2022: 21) foreign associated companies and joint ventures were accounted for at equity. Three companies were deconsolidated following their liquidation and two companies were sold in 2023.

UBM is entitled to the majority of voting rights in 19 (2022: 21) 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 2023 (see the list of investments for the capital share):

Due to new foundations	Date of initial consolidation
Polecki Infrastructure sp. z o.o.	10.2.2023

Due to acquisitions	Date of initial consolidation
Timber Marina Tower Immobilien GmbH & Co KG	4.7.2023

The purchase of 100% of the project company Timber Marina Tower Immobilien GmbH & Co KG resulted in the addition of assets of T€24,500 and liabilities of T€8,000. The purchase price of T€16,636 was paid in cash.

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 are 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 measurement 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 2023	Average annual exchange rate
PLN	4.3395	4.5428
CZK	24.7240	24.0009

	Mean exchange rate as of 31 Dec 2022	Average annual exchange rate
PLN	4.6808	4.6842
CZK	24.1160	24.5620

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% (2022: 10.00% to 50.00%).

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.

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 applied:

	2023	2022
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 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€6,449 was capitalised for properties in 2023 (2022: T€1,946). 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 that are not used for the company's own 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.

Non-current assets held for sale represent properties that 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 a possible decline in value. 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.

The calculation of deferred taxes is based on the applicable income tax rate in the respective country. The Austrian eco-social tax reform which was enacted in 2022 provides for a gradual reduction in the corporate tax rate from 25.00% to 23.00% (2023: 24.00%, beginning in 2024: 23.00%). The calculation for UBM Development AG and the Austrian subsidiaries included in the consolidated financial statements for the reporting year was therefore based on a tax rate of 23% instead of 24%.

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 3.50% (2022: 3%) for Austria as well as salary increases of 3.37% and 3.70% (2022: 3.37% and 3.70%) per year in Austria. The calculation of the provisions for severance payments in Austria did not include any deductions for employee turnover. For anniversary bonuses in Austria, the calculation included deductions for employee turnover based on statistical data within a range of 0.00% to 13.20% (2022: 0.00% to 13.20%). The retirement age assumed for employees in 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. 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 that 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 that 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 credit loss (Level 1) on the initial recognition date. In the event of a significant deterioration in the credit risk, the lifetime expected loss is 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 2023 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).

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 that 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 that 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 between 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 a country-specific 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:

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 (2023: 2.96% to 7.50%; 2022: 2.75% to 7.00%) represents the average market rate of return on the property. One criterion for the selection of the capitalisation rate is the general and specific risk for the return on the property.

Most of the investment property was valued in accordance with internationally recognised earnings methodology in 2023, in particular the Term and Reversion approach (see note 20 for additional details on the valuation method and the value of investment property).

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

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

in T€

Portfolio property						
	Carrying amount as of 31 Dec 2023	**166,172**		**Carrying amount as of 31 Dec 2022**	**175,520**	
	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%	-	13,271	–7,204	-	16,198	–13,805
0.50%	–2,082	4,833	–8,738	–9,112	–4,396	–20,177
-0.50%	8,438	21,333	733	13,478	26,692	–9,604

in T€

Development projects				
	Carrying amount as of 31 Dec 2023	**241,722**	**Carrying amount as of 31 Dec 2022**	**216,205**
Developer profit	-5.00%	5.00%	-5.00%	5.00%
	31,264	–35,036	23,806	–22,054
Adjustment to yield	-0.50%	0.50%	-0.50%	0.50%
	56,034	–52,266	46,236	–38,054
Adjustment to construction costs	10.00%	-10.00%	10.00%	-10.00%
	–48,156	41,384	–27,474	28,826
Adjustment to rental income	-10.00%	10.00%	-10.00%	10.00%
	–66,061	63,801	–32,105	38,051

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 that, 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	-2.20%	2.30%

	Pension trend +0.25%	Pension trend -0.25%
	liquid	liquid
Pension DBO	2.30%	-2.20%

	Life expectancy +1 year	Life expectancy -1 year
	liquid	liquid
Pension DBO	4.80%	-4.80%

Sensitivity analysis of the provision 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	-1.59%	1.63%	1.62%	-1.59%

	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	-0.10%	0.10%	0.02%	-0.03%

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

The UBM Group applied the following standards for the first time as of 1 January 2023. 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
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
Amendments to IAS 12: Deferred tax related to Assets and Liabilities arising from a Single Transaction	7.5.2021	11.8.2022	1.1.2023
Initial application of IFRS 17 and IFRS 9 — Comparative information	9.12.2021	8.9.2022	1.1.2023
Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules	23.5.2023	8.11.2023	1.1.2023

6.2. New accounting standards not yet 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 IAS 1: Classification of Liabilities as Current or Non-Current	23.1.2020 + 15.7.2020 + 31.10.2022	19.12.2023	1.1.2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	22.9.2022	20.11.2023	1.1.2024
Amendments to IAS 1: Non-Current Liabilities with Covenants	31.10.2022	19.12.2023	1.1.2024

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 7 and IFRS 7: Supplier Finance Arrangements	25.5.2023	–	1.1.2024
Amendments to IAS 21: Lack of Exchangeability	15.8.2023	–	1.1.2025

7. Effects of the risks arising from the war in Ukraine and the Near East conflict as well as climate-related risks and opportunities

Risks connected with the war in Ukraine and the Near East conflict
Even though UBM is not directly engaged in the countries involved in the war (the commitment in Russia ended in 2021), this military conflict can have a future influence on the countries bordering Ukraine. The geographical and cultural proximity to its Ukrainian neighbour creates a risk that the Polish market – where UBM acts as both a real estate developer and hotel operator – will suffer from the current crisis. This risk has, however, not materialised to date. Direct financial support for Ukraine by the countries where UBM is active and increased household spending for defence have led, in total, to strained government budgets.

In addition to discussions on tax increases, this has had, and could further have, an influence on subsidies for the real estate sector. A functioning real estate business also requires the ability to obtain property mortgages and a regular inflow of capital. The rising number of insolvencies, also by larger real estate developers, in the second half of 2023 has reduced the risk appetite of financing banks. The lower valuations caused by the decline in selling prices and increase in yields have also led to a reduction in lending limits. This translates, in turn, into significantly higher equity requirements for property developers and investors. Lower LTVs also lead to higher equity requirements for potential buyers. The capital market climate for the issue of bonds and other debt instruments by non-rated (real estate) companies is expected to remain difficult. This will add to the already high volatility and instability on the capital market. However, a flat repayment profile for 2024 and comparatively good liquidity will help UBM to sit out this instable climate. The successful issue of UBM's first green bond in 2023 has also shown that a stronger focus on sustainability is positively received by (bond) investors.

Inflation in the EU is currently declining and, consequently, further interest rate hikes by the ECB are not expected in the near future. Forecasts point to the downward adjustment of interest rates by the ECB, as can be seen in the recent inverse interest rate curve. This could trigger a decline in expected yields on the investor side over the medium term and, based on rising rent levels, could produce a new market equilibrium. The risk of an EU-wide recession failed to materialise in 2023, but the economic outlook remains clouded over the short and medium term due to the high interest levels.

These risks have been incorporated into both current planning and the risk assessment. With its sound liquidity and equity base together with a pipeline that is focused on EU Taxonomy-aligned properties, UBM is solidly positioned to remain active in this difficult environment.

Hotel operations: The Near East conflict and the war in Ukraine are expected to disrupt travel, especially by international guests. This has slowed the expected recovery in hotel overnight stays, and 2023 was not the hoped-for normalised year after the Covid-19 pandemic. High inflation has also increased the costs of hotel operations. These costs have been passed on in part to customers through higher room prices, but the profitability of the hotel business model remains under pressure.

Climate crisis
Environmental risks and their impact are becoming increasingly important for the planning and realisation of development projects. One of the greatest challenges for real estate developers is to prevent or minimise the negative effects of their activities on the environment.

Energy efficiency, renewable energies and the reduction of CO_2 emissions are central drivers for UBM's long-term success and, consequently, represent an elementary part of the *green. smart. and more.* corporate strategy. Given the substantial share of worldwide energy-related CO_2 emissions, regulations to limit CO_2 emissions by the construction and real estate sector can be expected to increase.

UBM became an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021. The TCFD recommends the voluntary disclosure of climate-related risks based on four pillars: governance, strategy, risk management, and metrics and targets. The TCFD recommendations for the reporting of climate-related risks were applied for the first time in 2021 and are gradually being implemented. UBM's ESG report provides additional information on this subject.

An agreement reached in trialogue by the EU Parliament, the Member States and the Commission at the end of 2023 established the most important points of the EU's Building Directive. It deals with the energy efficiency of buildings and the use of renewable energies. Starting in 2030, all new buildings must be built as zero-emissions structures. Climate protection, among others, is also anchored in the EU Taxonomy (e.g. through regulations covering primary energy requirements). That could result in a competitive disadvantage as well as a decline in investor demand for investments that are not classified as sustainable in the sense of the Taxonomy.

The growing frequency of high temperature periods is also increasing the pressure on energy-intensive equipment for building operations (e.g. cooling systems). Moreover, the CO_2 pricing scheme which, for example, was introduced in Austria in October 2022 and is designed to increase annually, will create financial disadvantages for fossil energy carriers. UBM has therefore turned to the carbon-absorbing raw material timber, renewable energies like geothermal power and photovoltaics, and green building certification as part of its *green.* strategy. Intelligent buildings and solutions for efficient building operations are anchored in this strategy with *smart*.

UBM adapted its risk management in 2023 to reflect the relevance of this issue and to fully integrate ESG. The risk catalogue was modified and expanded to include ESG-relevant risks and opportunities. ESG risks are evaluated in line with and integrated in the existing risk measurement system.

The ESG-relevant individual risks in this catalogue are classified under the following categories:

- Acute physical climate risks (heatwaves, cold spells, storms, drought, heavy rain, flooding, etc.)
- Chronic physical climate risks (changes in temperature, wind, precipitation, etc.)
- Non-climate-related environmental risks (impairment of critical infrastructure)
- Transitory climate risks (GHG taxation, reporting requirements, change in preferences, etc.)
- Social risks (human error, employee turnover, reputation risk, heat stress)
- Governance risks (diversity on the Management and Supervisory Boards, legal and compliance risks, etc.)

ESG-relevant opportunities include the following:

- Products and services: the development of buildings in timber (hybrid) construction, green buildings
- Resource efficiency: in the construction and development of buildings with low resource consumption
- Energy sources: use of renewable and low-emission energy
- Markets: access to new investor groups; green finance
- Resilience: development of resilient buildings

As a pure play developer with a limited portfolio of standing assets, the most relevant risks for UBM are selected chronic physical climate risks, non-climate-related environmental risks, transitory climate risks, social and governance risks.

8. Revenue

The UBM Group generated revenue of T€85,315 in 2023 (2022: T€133,944). This position includes the proceeds from the sale of real estate inventories, 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€	2023	2022
Regions		
Germany	62,813	166,108
Austria	78,169	112,206
Poland	50,458	46,331
Other markets	92,806	66,074
Total Output Group	**284,246**	**390,719**
Less revenue from companies accounted for at equity and subsidiaries	-165,920	-253,810
Plus/Less changes in the portfolio	-33,011	-2,965
Revenue	**85,315**	**133,944**

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€	1-12/2023	1-12/2023	1-12/2023	1-12/2023	1-12/2023
Revenue					
Residential	287	2,051	7,461	38,710	48,509
Office	905	819	6,800	-	8,525
Hotel	-	-	-	3,067	3,067
Other	190	1,063	4,377	-	5,631
Service	6,879	10,033	1,786	885	19,583
Revenue	**8,262**	**13,966**	**20,425**	**42,662**	**85,315**
Recognition over time	939	6,400	7,455	27,165	41,959
Recognition at a point in time	7,323	7,566	12,970	15,497	43,356
Revenue	**8,262**	**13,966**	**20,425**	**42,662**	**85,315**

in T€	Germany 1-12/2022	Austria 1-12/2022	Poland 1-12/2022	Other markets 1-12/2022	Group 1-12/2022
Revenue					
Residential	6,342	25,035	4,438	20,544	56,359
Office	1,059	25,578	8,202	-	34,839
Hotel	-	-	-	3,043	3,043
Other	4,213	1,586	3,630	44	9,473
Service	7,592	5,891	1,597	15,150	30,230
Revenue	**19,206**	**58,090**	**17,867**	**38,781**	**133,944**
Recognition over time	-	1,617	4,324	19,864	25,805
Recognition at a point in time	19,206	56,473	13,543	18,917	108,139
Revenue	**19,206**	**58,090**	**17,867**	**38,781**	**133,944**

Revenue is classified as follows:

in T€	2023	2022
Revenue from contracts with customers	67,084	120,734
Revenue from rentals	18,231	13,210
Total	**85,315**	**133,944**

9. Other operating income

in T€	2023	2022
Income from the release of provisions	1,441	70
Income from the sale of property, plant and equipment	32,291	126
Staff cost allocations	202	308
Exchange rate gains	12,276	3,342
Rental of space and land	-	46
Miscellaneous	4,829	8,848
Total	**51,039**	**12,740**

The income from the reversal of provisions relates to a provision for damages. The related lawsuit was won. Income from the disposal of property, plant and equipment and investment property mainly includes a purchase price improvement from a property in Germany sold in 2020.

10. Cost of materials and other related production services

in T€	2023	2022
Expenses for raw materials and supplies and for purchased goods	–18,042	–31,048
Expenses for purchased services	–52,347	–55,810
Total	**–70,389**	**–86,858**

11. Personnel expenses

in T€	2023	2022
Salaries and wages	–25,597	–32,055
Social welfare expenses	–4,891	–4,880
Expenses for severance payments and pensions	–422	–320
Total	**–30,910**	**–37,255**

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€0 (2022: T€ 290) from the Long-Term Incentive Programme (LTIP) which expired on 26 October 2023.

12. Other operating expenses

The major other operating expenses are classified as follows:

in T€	2023	2022
Office operations	–3,724	–5,661
Advertising	–2,812	–2,717
Legal and consultancy services	–7,249	–9,171
Depreciation/Impairment of current real estate assets	–12,441	–1,420
Exchange rate losses	–5,412	–3,694
Taxes, contributions and charges	–1,988	–1,578
Bank charges	–1,178	–1,770
Management fee	–533	–1,087
Miscellaneous	–5,505	–5,496
Total	**–40,842**	**–32,594**

Miscellaneous other operating expenses consist primarily of other third-party services, travel expenses, duties and fees. The depreciation/impairment of current real estate assets is related to undeveloped land in Germany and Poland.

13. Depreciation and amortisation

The scheduled amortisation of intangible assets totalled T€196 (2022: T€196) and the scheduled depreciation of property, plant and equipment amounted to T€2,583 (2022: T€2,412).

14. Financial income

in T€	2023	2022
Income from investments	-	1,246
of which: from affiliates	-	1,246
Interest and similar income	16,890	13,762
of which: from project financing for companies accounted for at equity and subsidiaries	12,850	12,650
Income from the disposal and reversal of impairment to financial assets	4,870	8,434
Total	**21,760**	**23,442**

15. Financial costs

in T€	2023	2022
Interest and similar expenditure relating to bonds and promissory note loans	–15,486	–17,096
Interest and similar expenses for other financial liabilities	–15,462	–6,719
Other interest and similar expenses	–108	–1,911
Expenses for other financial assets	–4	–173
of which: depreciation, amortisation and impairment	-	–27
Total	**–31,060**	**–25,899**

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€	2023	2022
Actual tax expense	4,184	2,546
Deferred tax expense/income	2,498	1,792
Tax expense (+)/income (–)	**6,682**	**4,338**

The reconciliation of tax expense resulting from the application of the Austrian corporate tax rate of 24.00% (2022: 25.00%) to actual tax expense is shown below:

in T€	2023	2022
Profit before income tax	–39,363	31,450
Theoretical tax expense (+)/income (–)	–9,447	7,863
Differences in tax rates	1,347	3,891
Tax effect of non-deductible expenses and tax-exempt income	-5,186	153
Income/Expenses from companies accounted for at equity	2,170	–8,900
Changes in deferred tax assets not recognised for loss carryforwards	16,430	-
Effect of changes in tax rates	–119	57
Tax expenses (+)/income (–) related to other periods	-3,319	1,351
Other differences	4,806	–77
Income tax expenses	**6,682**	**4,338**

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€4 (2022: T€-428) 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.

	2023	2022
Share of profit for the period attributable to shareholders of the parent, incl. interest on hybrid capital (in T€)	-46,577	25,866
Less interest on hybrid capital (in T€)	-5,922	–9,076
Proportion of profit for the period attributable to shareholders of the parent (in T€)	-52,499	16,790
Weighted average number of shares issued	7,472,180	7,472,180
Basic earnings per share = diluted earnings per share (in €)	**-7.03**	**2.25**

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 2022	369	3,840	1,278	5,487
Additions/Disposals through changes in the scope of consolidation	–46	-	-	–46
Additions	295	-	192	487
Disposals	–12	–3,840	-	–3,852
Reclassifications	1,278	-	–1,278	-
Currency adjustments	4	-	-	4
Balance as of 31 Dec 2022	1,888	-	192	2,080
Additions	3	-	375	378
Reclassifications	97	-	-	97
Currency adjustments	–4	-	-	–4
Balance as of 31 Dec 2023	1,985	-	567	2,552
Accumulated amortisation and impairment				
Balance as of 1 Jan 2022	301	1,182	-	1,483
Additions/Disposals through changes in the scope of consolidation	–44	-	-	–44
Additions (scheduled amortisation)	196	2,658	-	2,854
Disposals	–12	–3,840	-	–3,852
Currency adjustments	3	-	-	3
Balance as of 31 Dec 2022	444	-	-	444
Additions (scheduled amortisation)	196	-	-	196
Currency adjustments	–4	-	-	–4
Balance as of 31 Dec 2023	636	-	-	636
Carrying amounts – balance as of 31 Dec 2022	**1,444**	**-**	**192**	**1,636**
Carrying amounts – balance as of 31 Dec 2023	**1,348**	**-**	**567**	**1,915**

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”.

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 2022	1,220	12,007	855	3,852	1,790	78	19,802
Additions/Disposals through changes in the scope of consolidation	–78	–675	-	–290	–542	-	–1,585
Additions	559	1,156	-	929	133	31	2,808
Disposals	–176	–733	-48	–1,173	-426	-	-2,556
Reclassifications	78	-	-	-	-	–78	-
Currency adjustments	6	2	–5	3	–7	-	–1
Balance as of 31 Dec 2022	1,609	11,757	802	3,321	948	31	18,468
Additions	11	987	-	468	157	105	1,728
Disposals	-	-360	–1	–121	-507	–13	–1,001
Reclassifications	-	-	-	26	-	–123	–97
Currency adjustments	-6	41	21	6	17	-	79
Balance as of 31 Dec 2023	1,613	12,425	822	3,700	615	-	19,176
Accumulated depreciation and impairment							
Balance as of 1 Jan 2022	265	3,195	528	1,914	1,000	-	6,902
Additions/Disposals through changes in the scope of consolidation	–57	–176	-	–223	-366	-	-822
Additions (scheduled depreciation)	144	1,368	77	500	323	-	2,412
Disposals	-53	–733	–34	-924	-426	-	-2,170
Currency adjustments	1	-3	-4	-	-3	-	-9
Balance as of 31 Dec 2022	300	3,651	567	1,267	528	-	6,313
Additions (scheduled depreciation)	155	1,651	74	401	302	-	2,582
Disposals	-	-360	–1	-42	-507	-	-910
Currency adjustments	–3	33	18	4	10	-	62
Balance as of 31 Dec 2023	452	4,975	658	1,629	333	-	8,047
Carrying amounts – balance as of 31 Dec 2022	**1,309**	**8,106**	**235**	**2,054**	**420**	**31**	**12,155**
Carrying amounts – balance as of 31 Dec 2023	**1,161**	**7,450**	**164**	**2,071**	**282**	**-**	**11,129**

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". No items of property, plant and equipment were pledged as collateral or subject to restrictions on disposal as of 31 December 2023 or 31 December 2022.

Leases

The following amounts were recorded in connection with leases:

in T€	2023	2022
Interest expense on the lease liability	–1,053	–1,055
Short-term lease expense	–1,286	–1,190
Cash outflows from principal repayments	–1,859	–1,855
Total cash outflows from leases	–4,198	–4,100

The terms of the leases range from four to 15 years for operating properties and from two to eight 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.

A maturity analysis of the lease liabilities is provided in notes 36 and 44.

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 2022	412,454	11,034	423,488
Additions	30,727	1,353	32,080
Disposals	–30,063	-	–30,063
Reclassification from/to real estate inventories	–54,226	-	–54,226
Currency adjustments	–389	-	–389
Adjustments to fair value	21,204	–369	20,835
Balance as of 31 Dec 2022	**379,707**	**12,018**	**391,725**
Additions from property purchases	24,500	-	24,500
Additions in existing properties	37,154	1,331	38,485
Disposals	–8,183	-	–8,183
Reclassification	–524	-	–524
Currency adjustments	2,340	-	2,340
Adjustments to fair value	–40,045	–404	–40,449
Balance as of 31 Dec 2023	**394,949**	**12,944**	**407,894**

Reconciliation for Level 3 valuations:

	Austria			
2023 in T€	**Office**	**Other**	**Residential**	**Land bank**
Carrying amount at start of financial year	**127,620**	**187**	**202**	**4,309**
Currency adjustments	-	-	-	-
Additions from property purchases	24,500	-	-	-
Additions in existing properties	14,431	385	-	-
Reclassification	-	-	-	-
Disposals	-	-	–202	-
Net gains/losses from fair value adjustments [1]	–10,574	–385	-	–15
Carrying amount at end of financial year	**155,977**	**187**	**-**	**4,294**

[1] The net income from fair value adjustments consists of revaluation gains of T€ 333 and revaluation losses of T€ –40,378.

	Austria			
2022 in T€	**Office**	**Other**	**Residential**	**Land bank**
Carrying amount at start of financial year	**30,471**	**125,074**	**970**	**4,589**
Currency adjustments	-	-	-	-
Additions from property purchases	-	-	-	-
Additions in existing properties	10,031	3,809	-	-
Reclassification IFRS 15	-	-	-	-
Reclassification from/to property, plant and equipment and real estate inventories	91,236	–127,823	-	-
Disposals	–27,289	-	–768	–260
Net gains/losses from fair value adjustments [1]	23,171	–873	-	–20
Carrying amount at end of financial year	**127,620**	**187**	**202**	**4,309**

[1] The net income from fair value adjustments consists of revaluation gains of T€ 25,454 and revaluation losses of T€ –4,250.

Germany		Poland			Other markets			
Office	Land bank	Office	Other	Hotel	Residential	Hotel	Land bank	Total
75,762	**2,130**	**52,925**	**32,044**	**6,345**	**-**	**70,262**	**7,921**	**379,707**
-	-	–2	2,097	449	-	-	–204	2,340
-	-	-	-	-	-	-	-	24,500
20,632	-	325	964	–99	-	36	480	37,154
-	-	-	-	-	-	–524	-	–524
-	-	-	-	-	-	-	–7,981	–8,183
–16,131	160	–2,248	–9,825	–810	-	-	–217	–40,045
80,263	**2,290**	**51,000**	**25,280**	**5,885**	**-**	**69,774**	**-**	**394,949**

Germany		Poland			Other markets			
Office	Land bank	Office	Other	Hotel	Residential	Hotel	Land bank	Total
72,460	**1,427**	**51,617**	**32,059**	**6,441**	**7,760**	**71,300**	**8,286**	**412,454**
-	-	–61	–557	–111	96	-	244	–389
11,391	-	-	-	-	-	-	-	11,391
2,757	-	336	499	627	-	708	569	19,336
-	-	-	-	-	-	-	-	-
–9,826	-	-	43	-	–7,856	-	-	–54,226
-	-	-	-	-	-	–1,746	-	–30,063
–1,020	703	1,033	-	–612	-	-	–1,178	21,204
75,762	**2,130**	**52,925**	**32,044**	**6,345**	**-**	**70,262**	**7,921**	**379,707**

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 2023. These external appraisals covered investment property with a total carrying amount of T€371,416 (2022: T€376,702).

Fair value was generally determined by capital earnings methods in 2023 and 2022. 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 reversion 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 2023**	**Valuation method**	**Capitalisation rate in %**	**Rent in € per m²/ sale price in € per m²**	**Maintenance in €/m² or %**
Office	Austria	Level 3	11,670	CE	4.00–5.00	5.36–10.20	5.42 €/m²
Office	Austria	Level 3	1,397	CE	4.50	5.50–8.71	16.50%
Office	Austria	Level 3	25,663	CE/Residual	3.23	17.50–21.00	12.00 €/m²
Office	Austria	Level 3	59,016	CE/Residual	3.55	22.50	14.40 €/m²
Residential	Austria	Level 3	24,445	CE/Residual	4.45	1,125.00/ Apartment	10.30 €/m²
Residential	Austria	Level 3	33,787	CV/Residual	5.75	8,200.00	
Land bank	Austria	Level 2	4,293	CV			
Other	Austria	Level 3	187	CE			
Office	Germany	Level 3	26,111	CE/Residual	3.10	7.50–12.02	4.00%
Office	Germany	Level 3	15,645	CE/Residual	2.97	23.00	10.00 €/m²
Office	Germany	Level 3	8,560	CE/Residual	3.63	21.00	10.00 €/m²
Office	Germany	Level 3	11,171	CE/Residual	4.10	8.00–24.00	14.40 €/m²
Office	Germany	Level 3	3,287	CV/Residual	5.75	6,700.00	
Office	Germany	Level 3	15,488	CE/Residual	3.87	25.00–28.50	
Land bank	Germany	Level 2	2,290	CV			
Office	Poland	Level 3	38,729	CE	7.50	5.77–15.01	10.02–10.55 €/m²
Other	Poland	Level 3	19,200	CE	7.10	3.25–30.75	3.05 €/m²
Other	Poland	Level 3	6,080	CE/Residual	4.10–6.63	9.00–11.00	5.00–7.00 €/m²
Hotel	Poland	Level 3	5,886	Residual/ DCF	2.96–6.00	902.00/Zimmer	7.00–12.00 €/m²
Land bank	Poland	Level 2	12,271	CV			
Hotel	Other markets	Level 3	69,773	DCF/CV	6.00	1,060.00/ Zimmer	8.00 €/m²

Property type: Investment property	Segment	Fair value hierarchy	Fair value in T€ as of 31 Dec 2022	Valuation method	Capitalisation rate in %	Rent in € per m²/ sale price in € per m²	Maintenance in €/m² or %
Office	Austria	Level 3	11,784	CE	6 - 6.5	4.75-9.84	1.25 €/m²
Office	Austria	Level 3	1,198	CE	3.50	5.50-8.71	16.50%
Office	Austria	Level 3	59,521	Residual	3.90	19.50	14.00 €/m²
Residential	Austria	Level 3	31,799	CV/Residual	4.25	8,000.00	
Residential	Austria	Level 3	23,494	Residual	4.40	1,034.00	10.00 €/m²
Land bank	Austria	Level 3	4,522	CV			
Office	Germany	Level 3	31,585	CE/Residual	2.75 - 3	18.00 - 26.00	4% bzw. 3.00–5.00 €/m²
Office	Germany	Level 3	16,468	CE/Residual	2.97	23.00	10.00 €/m²
Office	Germany	Level 3	16,318	CE/Residual	3.63	20.63	10.00 €/m²
Office	Germany	Level 3	11,391	Residual	4.25	4,730.00	
Land bank	Germany	Level 3	2,130	CV			
Office	Poland	Level 3	40,746	CE	7.00	6.66–15.37	8.00 €/m²
Other	Poland	Level 3	27,120	CE	6.51	21.00	3.04€/m²
Other	Poland	Level 3	4,924	CE/Residual	4.1 - 6.63	9.00–11.00	5.00–7.00 €/m²
Hotel	Poland	Level 3	6,345	Residual/ DCF	2.9 - 5	774.00/Zimmer	7.00–12.00 €/m²
Land bank	Poland	Level 2	12,179	CV			
Office	Other markets	Level 3	7,921	CE/Residual	6.11 - 6.12	5.00–7.00	3.00–3.15 €/m²
Hotel	Other markets	Level 3	70,262	DCF/CV	4.75	1,060/Zimmer	8.00 €/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€21,774 as of 31 December 2023 (2022: T€9,771). In addition, investment properties with a total carrying amount of T€340,058 (2022: T€309,417) were pledged as collateral.

The rental income from rented investment properties totalled T€11,903 in 2023 (2022: T€11,514), and the related operating expenses amounted to T€1,037 (2022: T€1,370). The operating expenses for investment property that did not generate any rental income during the reporting period amounted to T€12 (2022: T€4).

21. Investments in companies accounted for at equity

The disclosures required by IFRS 12 were made for associates and joint ventures that 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

2023 in T€	
Company	**CAMG Zollhafen HI IV V GmbH & Co. KG**
Asset class	**Residential**
Development status	**Development**
Revenue	11,065
Profit/Loss for the year	5,986
of which depreciation, amortisation and impairment	-
of which interest expense	-
of which tax expense	-
Total comprehensive income	**5,986**
Non-current assets	25
Current assets	80,597
of which cash and cash equivalents	35,096
Non-current liabilities	46,765
of which non-current financial liabilities	45,028
Current liabilities	26,394
of which current financial liabilities	-
Net assets	7,463
Group share of net assets as of 1 Jan 2023	**919**
Group share of total comprehensive income	2,987
Dividends received/paid	–182
Group share of net assets as of 31 Dec 2023	3,724
Loss transfer from previous years	-
Carrying amount of companies accounted for at equity as of 31 Dec 2023	**3,724**
Write-downs project financing current/non-current	**-**

2022 in T€

Company	**Palais Hansen GmbH**	**CAMG Zollhafen HI IV V GmbH & Co. KG**
Asset class	**Hotel**	**Residential**
Development status	**Portfolio**	**Development**
Revenue	3,952	46,752
Profit/Loss for the year	1,235	9,855
of which depreciation, amortisation and impairment	-	-
of which interest expense	–1,166	–1,709
of which tax expense	–884	–761
Total comprehensive income	**1,235**	**9,855**
Non-current assets	107,000	30,714
Current assets	3,106	29,083
of which cash and cash equivalents	1,669	11,162
Non-current liabilities	49,910	8,886
of which non-current financial liabilities	42,629	8,886
Current liabilities	2,479	48,952
of which current financial liabilities	-	22,005
Net assets	57,717	1,959
Group share of net assets as of 1 Jan 2022	**18,962**	**-**
Group share of total comprehensive income	414	4,642
Dividends received/paid	-	–1,126
Group share of net assets as of 31 Dec 2022	19,376	919
Non-transferred losses from previous years	-	–2,597
Carrying amount of companies accounted for at equity as of 31 Dec 2022	**19,376**	**919**
Write-downs project financing current/non-current	**-**	**-**

Joint ventures
The following joint ventures are project companies that are involved in real estate development and in the management and rental of properties. These companies are accounted for at equity.

2023 in T€

Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Obersendlinger KG**	**UBM hotels Management GmbH**	**FWUBM Management GmbH**
Asset class	**Other**	**Hotel**	**Residential**	**Hotel**	**Other**
Development status	**Portfolio**	**Portfolio**	**Development**	**Portfolio**	**Development**
Revenue	5,061	1,883	13,648	94,355	8,279
Profit/Loss for the year	2,811	-831	32,632	3,236	1,142
of which depreciation, amortisation and impairment	-1,400	-1,465	-	-18,057	-37
of which interest expense	-571	-1,003	-	-18,140	-2,140
of which tax expense	-61	-	-5,137	-132	-548
Total comprehensive income	**2,811**	**-831**	**32,632**	**3,236**	**1,142**
Non-current assets	75,500	42,644	-	394,718	61,780
Current assets	2,860	27	121,974	22,858	3,201
of which cash and cash equivalents	2,518	-	53,536	11,331	1,479
Non-current liabilities	34,525	20,000	-	433,977	31,484
of which non-current financial liabilities	29,736	19,964	-	394,483	31,484
Current liabilities	4,078	260	118,937	39,597	1,473
of which current financial liabilities	1,434	247	68,330	-	-
Net assets	39,757	22,411	3,037	-55,998	32,024
Group share of net assets as of 1 Jan 2023	**29,557**	**11,621**	**5,258**	**-**	**15,441**
Currency translation differences as of 1 Jan 2023	-	-	-	-	-
Additions/Disposals	-	-	-	-	-
Group share of total comprehensive income	2,249	-416	9,790	1,618	571
Non-transferred losses from previous years	-	-	-	-	-
Dividends received/paid	-	-	-14,137	-	-
Group share of net assets as of 31 Dec 2023	31,806	11,205	911	1,618	16,012
Carrying amount of companies accounted for at equity as of 31 Dec 2023	**31,806**	**11,205**	**911**	**-**	**16,012**
Write-downs project financing current/non-current	**-**	**-**	**-**	**1,618**	**-**

Baubergerstraße KG	Sugar Palace Propco sro	PGE Europa-viertel GmbH	Polecki Amsterdam Office spzoo	German Hotel IV KG
Office	**Hotel**	**Office**	**Other**	**Hotel**
Development	**Development**	**Development**	**Portfolio**	**Portfolio**
571	1,525	2,118	4,162	3,912
3,685	-27,467	-1,151	-2,653	-5,657
-	-13,339	-	-	-
-4,322	-8,294	-	-	-
-2,769	-	-	-	-
3,685	**-27,467**	**-1,151**	**-2,653**	**-5,657**
148,862	116,555	106,791	45,270	65,300
1,099	1,367	11,598	5,485	348
862	319	679	3,053	182
97,417	153,950	76,646	47,317	71,113
97,417	142,712	67,646	47,317	71,113
3,168	799	13,829	1,785	285
-	-	-	-	-
49,376	-36,827	27,914	1,653	-5,750
29,352	**-**	**21,770**	**59**	**1**
-	-	-	4	-
-1,937	-	-	-	-
2,211	-20,600	-862	-1,963	-2,829
-	-	-	-	-
-	-	-	-	50
29,626	-20,600	20,908	-1,900	-2,778
29,626	**-**	**20,908**	**-**	**-**
-	**-20,600**	**-**	**-1,900**	**-2,778**

2022 in T€

Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Obersendlinger KG**	**UBM hotels Management GmbH**
Asset class	**Other**	**Hotel**	**Residential**	**Hotel**
Development status	**Portfolio**	**Portfolio**	**Development**	**Portfolio**
Revenue	4,528	1,372	204,900	66,127
Profit/Loss for the year	13,660	2,354	21,195	-11,226
of which depreciation, amortisation and impairment	-	-1,782	-	-18,409
of which interest expense	-569	-540	-	-15,757
of which tax expense	-950	-	-7,410	565
Total comprehensive income	**13,660**	**2,354**	**21,195**	**-11,226**
Non-current assets	76,900	44,022	-	352,934
Current assets	1,206	65	251,621	20,722
of which cash and cash equivalents	948	-	48,446	8,425
Non-current liabilities	39,053	20,642	-	396,799
of which non-current financial liabilities	34,421	19,353	-	367,055
Current liabilities	2,107	203	232,975	34,196
of which current financial liabilities	1,173	-	-	-
Net assets	36,946	23,242	18,646	-57,339
Group share of net assets as of 1 Jan 2022	**18,629**	**10,443**	**9,234**	**-**
Currency translation differences as of 1 Jan 2022	-	-	-	-
Additions/Disposals	-	-	30	-
Group share of total comprehensive income	10,928	1,177	5,977	-5,613
Non-transferred losses from previous years	-	-	-	-
Dividends received/paid	-	-	-9,982	-
Group share of net assets as of 31 Dec 2022	29,557	11,620	5,259	-5,613
Carrying amount of companies accounted for at equity as of 31 Dec 2022	**29,557**	**11,621**	**5,258**	**-**
Write-downs project financing current/ non-current	**-**	**-**	**-**	**-5,613**

FWUBM Management GmbH	Baubergerstraße KG	Sugar Palace Propco sro	Sugar Palace Opco sro	PGE Europa-viertel GmbH
Other	**Office**	**Hotel**	**Hotel**	**Office**
Development	**Development**	**Development**	**Development**	**Development**
23,489	924	483	6,844	358
7,151	723	-7,543	-1,964	4,232
-	-	-1,652	-	-
-980	-1,938	-5,300	-	-
-4,222	-85	-	-	-
7,151	**723**	**-7,543**	**-1,964**	**4,232**
61,775	122,153	132,779	-	76,871
8,964	1,028	1,896	2,921	195,018
7,521	895	756	1,924	739
32,260	74,046	143,073	3,034	184,681
32,260	74,046	135,764	-	184,681
7,597	215	980	2,628	58,142
-	-	-	-	-
30,882	48,920	-9,378	-2,740	29,066
11,865	**28,918**	**-**	**-**	**18,601**
-	-	-	-19	-
-	-	-	-	-
3,576	434	-5,657	-1,473	3,170
-	-	-	-592	-
-	-	-	-	-
15,441	29,352	-5,657	-2,084	21,771
15,441	**29,352**	**-**	**-**	**21,770**
-	**-**	**-5,725**	**-2,056**	**-**

Information on immaterial joint ventures:

in T€	2023	2022
Carrying amount of shares in joint ventures as of 31 Dec	36,016	47,468
Group share of		
Loss/Profit for the year	-6,815	7,821
Total comprehensive income	**-6,815**	**7,821**

The proportional share of unrecognised losses from joint ventures totalled T€867 in 2023 (2022: T€497), and the accumulated amount equalled T€1,325 as of 31 December 2023 (2022: T€1,415).

There were no significant restrictions on the access to assets as of 31 December 2023. Information on the obligations arising from contingent liabilities for companies accounted for at equity is provided in note 41.

Effects on the real estate assets of companies accounted for using the equity method
The following value adjustments had to be made as at 31 December 2023 for properties that are developed in joint ventures or associated companies or portfolio properties of these companies:

in T€	Write-down (100%)	Write-down (proportional)
Investment property	-31,458	-16,126
Property held for sale	-5,048	-2,552
Property, plant and equipment	-8,821	-6,616

22. Project financing

in T€	2023	2022
Balance as of 1 Jan	180,885	179,633
Additions	35,554	81,301
Disposals	-62,927	-77,530
Profits from companies accounted for at equity	2,234	-
Losses from companies accounted for at equity	-24,962	-14,969
Interest	12,768	12,450
Balance as of 31 Dec	**143,552**	**180,885**

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

23. Other financial assets

in T€	2023	2022
Investments in unconsolidated subsidiaries	447	448
Other investments	190	190
Securities (fvtpl)	-	858
Securities (amortised cost)	18,721	8,721
Total	**19,358**	**10,217**

The increase in securities resulted from the acquisition of participation rights for a property in Vienna.

The securities carried at fair value through profit or loss in the previous year were sold in 2023. They are not subject to any restrictions on disposal. Since the carrying amount of the investments did not differ materially from the fair value, they were measured at acquisition cost.

24. Inventories

Inventories comprise the following positions:

in T€	2023	2022
Properties intended for sale		
under development	234,792	221,750
standing assets	31,527	35,438
Other real estate inventories	7	23
Less advance payments	-915	-
Advance payments made	-	2,086
Total	**265,411**	**259,297**

Inventories with a carrying amount of T€191,237 (2022: T€183,172) are pledged as collateral for liabilities.

The carrying amount of the inventories recognised at fair value amounts to T€110,331 (2022: T€12,350). Valuation allowances of T€12,441 were recognised in 2023 (2022: T€1,420).

25. Trade receivables

Contract assets
The following table shows the customer contracts valued according to the percentage of completion method at year-end 2023 and 2022:

in T€	2023	2022
Contract assets	58,219	48,594
Less attributable advance payments received	–28,807	–25,590
Total	**29,412**	**23,004**

The proportional contract value capitalised according to the percentage of completion as of 31 December 2023 is contrasted by contract costs of T€52,273 (2022: T€46,517). Therefore, the partial profit recognised on these contracts and included in revenue equals T€5,946 (2022: T€2,077).

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

	2023	2022
Contract assets		
Balance as of 1 Jan	23,004	35,631
Additions	51,184	43,231
Disposals	–41,549	–104,890
Currency adjustments	–10	167
Payments received	–3,217	48,865
Balance as of 31 Dec	**29,412**	**23,004**

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.

Composition and maturity terms of trade receivables:

in T€	2023	2022
Receivables from third parties	3,690	3,993
Receivables from unconsolidated subsidiaries and other investments	-	3,524
Receivables from companies accounted for at equity	4,213	18,973
Total	**7,903**	**26,490**

Of the receivables due from third parties, T€1,977 (2022: T€1,514) are not overdue and T€1,713 (2022: T€2,479) are overdue less than one year. All other receivables due from unconsolidated subsidiaries, other investments and companies accounted for at equity are not yet due.

Age structure of receivables due from third parties:

in T€	Carrying amount as of 31 Dec 2023	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	3,690	1,977	516	41	354	802	-

in T€	Carrying amount as of 31 Dec 2022	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	3,993	1,514	266	1,011	466	736	-

26. Financial assets

in T€	31.12.2023	Remaining term > 1 year	31.12.2022	Remaining term > 1 year
Receivables from companies accounted for at equity	30,895	-	-	-
Other	11,550	2,356	23,618	3,877
Total	**42,445**	**2,356**	**23,618**	**3,877**

The receivables due from equity-accounted companies represent previously approved profit transfers or receivables related to tax charges. 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€	31.12.2023	Remaining term > 1 year	31.12.2022	Remaining term > 1 year
Receivables from taxes	11,016	-	9,596	-
Other	3,131	-	178	-
Total	**14,147**	**-**	**9,774**	**-**

Miscellaneous receivables and assets include T€2,438 (2022: T€ 0) of advance payments to subcontractors.

28. Cash and cash equivalents

Cash and cash equivalents include cash at banks of T€151,514 (2022: T€322,924) and cash in hand of T€6 (2022: T€5).

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:

	2023		2022	
in T€	Assets	Liabilities	Assets	Liabilities
Investment property, other valuation differences	2,572	9,426	2,523	11,214
Property, plant and equipment	310	1,448	4	574
Financial assets and liabilities	23,275	12,979	9,598	3,132
PoC method	-	15,700	-	5,648
Provisions	318	-	817	421
Tax loss carryforwards	11,546	-	8,477	-
Offsetting	–29,138	–29,138	–12,080	–12,080
Deferred taxes	**8,883**	**10,415**	**9,339**	**8,909**
Net deferred taxes	**-**	**1,532**	**-**	**–430**

Deferred tax assets from loss carryforwards are recognised to the extent they can probably be offset against future taxable profits. The loss carryforwards not recognised as of 31 December 2023 amounted to T€191,614 (2022: T€93,059). Of this total, T€185,381 (2022: T€68,522) cannot expire and the remaining T€6,233 (2022: T€24,537) will expire within five to nine years. Foreign losses of T€2,918 were utilised in Austria during 2023 (2022: T€0).

30. Equity

Share capital	Number 31 Dec 2023	€ 31 Dec 2023	Number 31 Dec 2022	€ 31 Dec 2022
Ordinary bearer shares	7,472,180	52,305,260	7,472,180	52,305,260

Share capital totals €52,305,260 (2022: €52,305,260) and is divided into 7,472,180 (2022: 7,472,180) zero par value shares. Each bearer share represents €7 (2022: €7) 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 and conditional capital

The following resolutions were passed at the 141st Annual General Meeting on 16 May 2022 (including the editorial adjustments made by the 142nd Annual General Meeting on 19 May 2023):

Resolution revoking the existing authorisation of the Management Board in accordance with Section 4 Para. 4 of the Statutes (authorised capital 2017) and the concurrent approval of a new authorisation for the Management Board in accordance with Section 169 of the Austrian Stock Corporation Act in connection with Section 4 Para. 4 of the Statutes to increase the company's share capital, with the approval of the Supervisory Board, by up to €5,230,526.00, also in several tranches, by the issue of up to 747,218 new ordinary zero par value bearer shares in exchange for cash and/or contributions in kind, also under the possible exclusion of subscription rights. Authorisation of the Management Board to determine the issue price, terms and conditions, the subscription ratio and all other details in agreement with the Supervisory Board (authorised capital 2022). Resolution to amend Section 4 Para. 4 of the Statutes accordingly and authorisation of the Supervisory Board to approve changes to the Statutes resulting from the issue of shares from authorised capital 2022, whereby the subscription right for greenshoe options connected with the issue of shares in exchange for cash contributions is excluded.

Resolution concerning a conditional capital increase in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act of up to €5,230,526.00 through the issue of up to 747,218 new ordinary zero par value bearer shares, under the exclusion of subscription rights, for issue to the holders of convertible bonds and determination of the requirements pursuant to Section 160 Para. 2 of the Austrian Stock Corporation Act. Authorisation of the Management Board to determine the remaining details for the conditional capital increase and its implementation, in particular the details of the issue and conversion procedure for the convertible bonds, the possibility of mandatory conversion, the amount of the issue and the exchange or conversion ratio. Resolutions on the amendment of the Statutes through the addition of a new Para. 5b under Section 4, and authorisation of the Supervisory Board to approve amendments to the Statutes arising from the issue of shares from conditional capital.

Resolution in accordance with Section 174 Para. 2 of the Austrian Stock Corporation Act authorising the Management Board, with the consent of the Supervisory Board, to issue convertible bonds, also in several tranches, which carry an exchange or subscription right to the purchase of up to 747,218 new bearer shares with a proportional share of up to €5,230,526.00 in share capital. Authorisation of the Management Board to determine all other conditions for the issue and conversion procedure of the convertible bonds as well as the issue amount and the exchange or conversion ratio. The subscription rights of shareholders are excluded. The issue terms can include a provision for mandatory conversion at the end of the term or at another point in time in addition to or in place of a subscription or exchange right. The exchange or subscription right can be serviced by conditional capital or by treasury shares or by a combination of conditional capital and treasury shares. The price of the convertible bonds is to be determined by recognised financial methods through a recognised price-finding procedure.

The following resolution, among others, was passed at the 142nd Annual General Meeting on 19 May 2023:

Resolution a) revoking the authorisation of the Annual General Meeting on 27 May 2021 (i) which authorised the Management Board to purchase treasury shares in accordance with Section 65 Para. 1 (4) and (8) of the Austrian Stock Corporation Act and Para. 1a and 1b of the Austrian Stock Corporation Act, and (ii) authorisation of the Management Board in accordance with Section 65 Para. 1b of the Austrian Stock Corporation Act to sell treasury shares; as well as b) a new authorisation of the Management Board to purchase treasury shares in accordance with Section 65 Para. 1 (4) and (8) of the Austrian Stock Corporation Act and Para. 1a and 1b of the Austrian Stock Corporation Act over the stock exchange or over the counter at an amount equalling up to 10% of share capital, also under the exclusion of the proportional subscription rights of shareholders which can accompany this type of purchase (reverse exclusion of subscription rights); and c) a new authorisation of the Management Board in accordance with Section 65 Para. 1b of the Austrian Stock Corporation Act to sell treasury shares in another manner than over the stock exchange or through a public offering and under the exclusion of any general purchase opportunity (exclusion of subscription rights) of shareholders; and d) authorisation of the Management Board to withdraw 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 (2022: 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.

No net profit is available for distribution to UBM's shareholders. Voluntary reserves totalling T€37,798 as of 31 December 2023 (2022: T€37,798) can be released in following periods. The total balance of T€9,409 (2022: T€46,054) includes T€2,220 (2022: T€2,178) from the recognition of deferred tax assets, which are blocked from distribution.

Dividends totalling €8,219,398, or €1.10 per share, were distributed to UBM's shareholders in 2023 from net profit for the 2022 financial year. No dividend recommendation will be made for the 2023 financial year as there is no distributable net profit.

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

33. Hybrid bond

UBM repaid the outstanding €52.9m from the hybrid bond 2018, a deeply subordinated bond, prematurely after five years on 24 February 2023.

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 had an unlimited term with an early repayment option for the issuer after five years.

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 2023	1,498	965	232	647	1,554	4,446	9,342
Reclassification	-	-	-	–14	-	-	–14
Currency adjustments	3	-	-	-	-	-	3
Additions	91	23	–54	6,168	-	4,137	10,365
OCI additions	–81	114	-	-	-	-	33
Amounts used	–287	–77	–33	-	–447	–4,170	–5,014
Amounts reversed	-	-	-	–15	-	–17	–32
Balance as of 31 Dec 2023	**1,224**	**1,025**	**145**	**6,786**	**1,107**	**4,396**	**14,683**
of which non-current	1,224	1,025	145	6,646	1,107	982	11,129
of which current	-	-	-	140	-	3,414	3,554

in T€	Severance payments	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	Total
Balance as of 1 Jan 2022	1,806	2,322	260	184	3,439	1,480	9,491
Currency adjustments	–1	-	-	-	-	-	–1
Initial consolidation/de-consolidation	-	–114	-	-	-	-	–114
Additions	86	19	–4	564	-	5,724	6,389
OCI additions	–190	–822	-	-	-	-	–1,012
OCI additions	-	–352	-	-	-	-	–352
Amounts used	–203	–88	–24	–101	–1,885	–2,688	–4,989
Amounts reversed	-	-	-	-	-	–70	–70
Balance as of 31 Dec 2022	**1,498**	**965**	**232**	**647**	**1,554**	**4,446**	**9,342**
of which non-current	1,498	965	232	632	1,554	2,656	7,537
of which current	-	-	-	15	-	1,790	1,805

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. 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 settlement 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 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€	2023	2022
Present value of severance obligations (DBO) as of 1 Jan	1,498	1,806
Currency adjustments	3	–1
Current service cost	52	69
Interest expense	39	17
Severance payments	–287	–203
Actuarial gains(–)/losses(+)	-81	–190
of which demographic gains/losses	-	38
of which financial gains/losses	–41	–70
of which gains/losses from experience-based adjustments	–40	–158
Present value of severance obligations (DBO) as of 31 Dec	**1,224**	**1,498**

in T€	2023	2022
Current service cost (entitlements)	52	69
Interest expense	39	17
Severance costs (recognised in profit and loss for the period)	**91**	**86**
Severance costs (recognised in comprehensive income for the period)	**-81**	**–190**

UBM concluded a group insurance contract to finance these severance payment claims. The related coverage capital equalled T€1,186 as of 31 December 2023 (2022: T€1,714).

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". Current service costs of T€42 and interest expense of T€39 are planned for the 2024 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€	2023	2022
Present value of obligations covered by fund assets	3,121	3,187
Fair value of plan assets	–2,096	–2,222
Net value of obligations covered by fund assets	**1,025**	**965**
Present value of obligations not covered by fund assets	-	-
Carrying amount of provision as of 31 Dec	**1,025**	**965**

The pension provisions developed as follows:

in T€	2023	2022
Present value of pension obligations (DBO) as of 1 Jan	3,187	4,645
Reclassification	-	–465
Interest expense	92	43
Pension payments	–224	–234
Actuarial gains(–)/losses(+)	66	–802
of which demographic gains/losses	-	-
of which financial gains/losses	–143	–757
of which gains/losses from experience-based adjustments	209	–45
Present value of pension obligations (DBO) as of 31 Dec	**3,121**	**3,187**

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.

Receivables of T€2,096 (2022: T€2,222) 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€	2023	2022
Fair value of plan assets as of 1 Jan	2,222	2,324
Interest income	69	24
Payouts (benefit payments)	–147	–146
Actuarial gains(+)/losses(–)	–48	20
Fair value of plan assets as of 31 Dec	**2,096**	**2,222**

Pension costs (net):

in T€	2023	2022
Interest expense	92	43
Pension costs (recognised in profit/loss for the period)	**92**	**43**
Pension costs (recognised in comprehensive income for the period)	**114**	**–822**

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€105 are planned for 2024.

The actuarial gains and losses related to severance and pension provisions in 2023 and 2022 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 %	2023	2022
Fixed-interest securities	56.00	96.00
Shares, supplementary/mezzanine/participation capital	2.00	2.00
Investment funds	28.00	-
Affiliated and associated companies	6.00	-
Loans	5.00	1.00
Properties	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	1,046	848	1,227	9.19	1,137	1,094	2,172	10.95
Severance payments	528	455	241	6.66	640	692	746	9.32

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€223 in 2023 (2022: T€220). Contributions totalling T€39 (2022: T€11) were made to a pension fund on behalf of the 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€	2023	2022
Balance as of 1 Jan	**446,702**	**526,498**
Issue	20,251	-
Repayment	–91,054	–81,103
Redemption	–15,319	–15,789
Effective interest rate	15,486	17,096
Balance as of 31 Dec	**376,066**	**446,702**

On 16 November 2023, UBM repaid the outstanding €91.05m of the 3.125% UBM bond (UBM bond 2018-2023) with an original volume of €120m. A total of €28.95m from the 3.125% UBM bond 2018-2023 was exchanged for the UBM green bond 2023-2027 (total volume: €50m) in June 2023.

36. Financial liabilities

2023 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	6.28	338,333	93,634	244,699	-	338,333
Borrowings and overdrafts from banks subject to interest at fixed rates	4.16	46,475	24,975	21,500	-	46,475
Borrowings from other lenders subject to interest at fixed rates	1.00	893	-	-	893	-
Lease obligations subject to interest at variable rates	4.10	22,480	1,756	4,532	16,192	-
Total		**408,180**	**120,365**	**270,731**	**17,084**	**384,808**

2022 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	4.14	317,104	126,876	190,228	-	317,104
Borrowings and overdrafts from banks subject to interest at fixed rates	3.93	46,475	-	46,475	-	46,475
Borrowings from other lenders subject to interest at fixed rates	2.23	12,884	750	3,000	9,134	-
Lease obligations subject to interest at variable rates	3.93	21,876	1,731	4,654	15,491	-
Total		**398,339**	**129,357**	**244,357**	**24,625**	**363,579**

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

	2023			2022		
in T€	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due within 1 year	2,763	1,007	1,756	2,710	979	1,731
Due within 1 to 5 years	7,942	3,409	4,532	7,942	3,288	4,654
Due after more than 5 years	25,226	9,034	16,192	24,380	8,889	15,491
Total	**35,931**	**13,450**	**22,480**	**35,032**	**13,156**	**21,876**

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€	2023	2022
Payables to third parties	25,653	46,947
Total	**25,653**	**46,947**

The above liabilities are due during the following year.

38. Other financial liabilities

2023 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	66	66	-	-	-
Payables to companies accounted for at equity	10,005	10,005	-	-	-
Payables related to interest on bonds	5,255	5,255	-	-	-
Payables to staff	7,399	7,399	-	-	-
Miscellaneous	5,181	3,777	856	548	-
Total	**27,906**	**26,502**	**856**	**548**	**-**

2022 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	94	94	-	-	-
Payables to companies accounted for at equity	2,572	2,572	-	-	-
Payables to other investments	5,735	5,735	-	-	-
Payables related to interest on bonds	4,042	4,042	-	-	-
Payables to staff	9,058	9,058	-	-	-
Miscellaneous	4,001	2,156	895	950	-
Total	**25,502**	**23,657**	**895**	**950**	**-**

The Long-Term Incentive Programme 2017 (LTIP) approved by the Annual General Meeting on 27 May 2021, which was classified as cash-settled, was terminated on 26 October 2023 due to the expiration of the last exercise window.

39. Other liabilities

2023 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	3,757	3,757	-	-	-
Social security liabilities	376	376	-	-	-
Advanced payments received	192	192	-	-	-
Total	**4,325**	**4,325**	**-**	**-**	**-**

2022 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	2,674	2,674	-	-	-
Social security liabilities	384	384	-	-	-
Advanced payments received	412	412	-	-	-
Miscellaneous	10	10	-	-	-
Total	**3,480**	**3,480**	**-**	**-**	**-**

40. Tax liabilities

Advance payments amounting to T€1,408 (2022: T€1,188) 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€129,596 (2022: T€135,674) for equity-accounted companies. These guarantees are not expected to be used.

The group has long-term credit lines totalling T€59,460 (2022: T€96,106), of which T€34,460 were concluded without a fixed term.

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.

in T€	Germany 2023	Germany 2022	Austria 2023	Austria 2022
Total Output				
Residential	11,924	69,407	4,791	35,818
Office	24,655	40,732	806	25,582
Hotel	17,397	14,038	41,779	6,225
Other	829	37,522	8,680	28,651
Service	8,008	4,409	22,113	15,930
Total Output	**62,813**	**166,108**	**78,169**	**112,206**
Less revenue from associates and companies of minor importance and from performance companies	–51,869	–146,834	–56,588	–53,232
Changes in the portfolio	–2,682	–68	–7,615	–884
Revenue	**8,262**	**19,206**	**13,966**	**58,090**
Residential	–681	11,641	–5,567	13,433
Office	26,660	2,650	–10,432	9,300
Hotel	–2,736	6,496	–2,593	–1,760
Other	–12,615	–6,325	–608	18,527
Service	–13,245	–2,469	1,161	2,332
Total EBT	**–2,617**	**11,993**	**–18,039**	**41,832**
of which: Share of profit/loss from companies accounted for at equity	10,187	19,342	–39	15,556
Depreciation, amortisation and impairment	–846	–3,456	–1,334	–1,228
Interest income	3,414	5,627	13,106	7,965
Interest expense	–6,121	–2,660	–18,937	–19,824
Segment assets as of 31 Dec	**552,247**	**632,287**	**1,581,808**	**1,752,298**
of which: intangible assets, property, plant and equipment, and investment property	83,818	79,667	183,992	154,769
of which: investments in companies accounted for at equity	56,451	62,663	86,475	112,591
Segment liabilities as of 31 Dec	**399,757**	**510,663**	**869,415**	**1,093,097**
Investments in non-current assets and investment property	**20,969**	**14,461**	**42,227**	**17,156**
Staff	**58**	**99**	**137**	**142**

Poland		Other markets		Reconciliation		Group	
2023	2022	2023	2022	2023	2022	2023	2022
6,024	3,917	39,856	36,697	-	-	62,595	145,839
9,494	11,290	-	-	-	-	34,955	77,604
27,065	21,151	24,122	15,641	-	-	110,363	57,055
2,860	2,641	11,000	-	-	-	23,369	68,814
5,015	7,332	17,828	13,736	-	-	52,964	41,407
50,458	**46,331**	**92,806**	**66,074**	**-**	**-**	**284,246**	**390,719**
-27,238	-26,226	-30,225	-27,518	-	-	-165,920	-253,810
-2,795	-2,238	-19,919	225	-	-	-33,011	-2,965
20,425	**17,867**	**42,662**	**38,781**	**-**	**-**	**85,315**	**133,944**
-1,570	-5,559	-3,776	2,840	-	-	-11,594	22,355
-7,356	-1,024	6	-41	-	-	8,878	10,885
-49	-121	-1,022	-11,739	-	-	-6,400	-7,124
-4,528	-2,016	-93	-1,580	-	-	-17,844	8,606
-620	-835	302	-2,300	-	-	-12,403	-3,272
-14,123	**-9,555**	**-4,583**	**-12,820**	**-**	**-**	**-39,363**	**31,450**
-3,821	-2,845	-20,386	-6,657	-	-	-14,059	25,396
-256	-262	-343	-320	-	-	-2,779	-5,266
67	170	303	-	-	-	16,890	13,762
-1,731	-1,119	-4,267	-2,123	-	-	-31,056	-25,726
148,219	**157,201**	**231,590**	**196,838**	**-1,260,087**	**-1,286,793**	**1,253,777**	**1,451,831**
82,597	91,875	70,531	79,205	-	-	420,938	405,516
1,426	3,677	5,856	1,831	-	-	150,208	180,762
218,204	**227,449**	**215,071**	**212,394**	**-828,390**	**-1,093,221**	**874,055**	**950,382**
1,282	**1,537**	**612**	**2,219**	**-**	**-**	**65,090**	**35,373**
39	**43**	**44**	**46**	**-**	**-**	**278**	**330**

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

in T€	Revenue by customer base 2023	Revenue by customer base 2022
Austria	**13,966**	**58,090**
Germany	8,262	19,206
Poland	20,425	17,867
Other foreign	42,662	38,781
Total foreign	**71,349**	**75,854**
Total segments	**85,315**	**133,944**

44. 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	Leasenobligations	Bonds and promissory note loans	Total
Balance as of 31 Dec 2022	**376,463**	**21,876**	**446,702**	**845,041**
Cash flows (cash changes)	13,237	–1,859	–70,803	–59,425
Non-cash changes				
Sales/Acquisitions of companies	–4,000	-	-	–4,000
Additions	-	2,477	-	2,477
Exchange rate effects	-	27	-	27
Accrued interest	-	–41	167	126
Balance as of 31 Dec 2023	**385,700**	**22,480**	**376,066**	**784,246**

in T€	Financial liabilities	Lease obligations	Derivates	Bonds and promissory note loans	Total
Balance as of 31 Dec 2021	**277,834**	**21,774**	**-**	**526,498**	**826,106**
Cash flows (cash changes)	98,629	–1,855	-	–81,103	15,671
Non-cash changes					
Sales/Acquisitions of companies	-	–675	-	-	–675
Additions	-	2,642	-	-	2,642
Exchange rate effects	-	–10	-	-	–10
Accrued interest	-	-	-	1,307	1,307
Balance as of 31 Dec 2022	**376,463**	**21,876**	**-**	**446,702**	**845,041**

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

45. Notes on financial instruments

Capital risk management

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

Equity totalled €379.7m as of 31 December 2023 and was below the level at year-end 2022 (€501.4m). This decline resulted primarily from necessary valuation adjustments to properties. Equity was also reduced by the repayment of the profit participation rights recorded under equity. The dividend of €8.2m was paid on 30 May 2023. The equity ratio equalled 30.3% at the end of December 2023 and remained within the target range of 30–35% (31 December 2022: 34.5%).

Gearing

The capital structure is monitored regularly by the Group's risk management.

Gearing at year-end 2023 and 2022 is calculated as follows:

in T€	31.12.2023	31.12.2022
Debt[1]	761,766	823,165
Cash and cash equivalents	–151,520	–322,929
Net debt	**610,246**	**500,236**
Equity	**379,722**	**501,449**
Net debt to equity	160.71%	99.76%

[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 €610.2m as of 31 December 2023 (2022: €500.2m), which represents an increase of 21.99%.

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. The underlying transactions for the interest rate swaps represent the financing for three project companies. All interest rate swaps involve the exchange for variable interest flows for fixed interest flows. As of 31 December 2023, the fair value measurement of these interest rate swaps equalled T€96 (2022: T€-4).

As of 31 December 2023, the UBM Group held the following derivative financial instruments to hedge interest rate risk:

Derivative	start	end	Reference value in T€ (as of 31.12.2023)	Fixed interest rate/cap rate in %	Reference interest rate	Market value T€ 31.12.2023	Market value T€ 31.12.2022
Interest rate swap	30.9.2022	30.6.2027	4,826	3.15%	3 month Euribor	–103	–2
Interest rate swap	30.9.2022	30.6.2027	4,865	3.15%	3 month Euribor	–103	–2
Interest rate cap	30.12.2022	30.12.2025	42,900	2.95%	3 month Euribor	303	-

An analysis of the floating interest rate position, which equalled T€-259,330 as of 31 December 2023 (2022: T€-117,824) shows the following sensitivities under scenarios with an increase of 0.01 BP 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 2023. The interest rate range equalled 1 BP based on a probability of 67.00% and 2 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 2024	Interest balance (p. a.) with straight-line extrapolation from 2025
At interest rate rise of 50 BP	883	1,315

The receivables from project financing are compounded at a rate that reflects the refinancing rate for the UBM Group. A change of 50 BP would increase interest income for 2024 by T€718 (2022: 50 BP, T€904).

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. With regard to project financing, the following table on page 211 provides information on the related accumulated impairment losses.

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 is reflected in the recognition of appropriate valuation allowances. No such allowances were recorded in 2023.

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 2023 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€
–68,943	CZK	276,649	1,452
–130,268	PLN	122,274	3,587

[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 €5m (2022: €7.4m).

Hedging of foreign currency risks
The UBM Group held currency futures of CZK88.9m as of 31 December 2023 (2022: CZK7.3m) which were concluded to hedge loans financed in CZK.

Changes in the fair value of currency futures led to the recognition of a T€144 loss to the income statement in 2023 (2022: gain of T€6).

Liquidity risk

		Undiscounted payment flows		
2023 in T€	Average interest rate	2024	2025–2028	from 2029
Bonds and promissory note loans at fixed interest rates	2.58%	18,635	516,096	-
Borrowings and overdrafts from banks at variable interest rates	6.28%	166,611	254,736	-
Borrowings and overdrafts from banks at fixed interest rates	4.16%	26,935	23,545	-
Payables to other lenders at fixed interest rates	1.00%	-	-	1,196
Lease obligations at variable interest rates	4.10%	2,763	7,942	25,226
Trade payables	interest-free	25,653	-	-
Other financial liabilities	interest-free	26,502	856	548

		Undiscounted payment flows		
2022 in T€	**Average interest rate**	**2023**	**2024–2027**	**from 2028**
Bonds and promissory note loans at fixed interest rates	3.00%	208,767	469,670	-
Borrowings and overdrafts from banks at variable interest rates	4.14%	139,647	202,332	-
Borrowings and overdrafts from banks at fixed interest rates	3.93%	1,948	50,480	-
Payables to other lenders at fixed interest rates	2.23%	1,163	4,398	9,730
Lease obligations at variable interest rates	3.93%	2,710	7,942	24,380
Trade payables	interest-free	46,947	-	-
Other financial liabilities	interest-free	23,657	895	950

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 that 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 2023 (2022: 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 2023	Measurement in acc. with IFRS 9			Fair value hierarchy	Fair value as of 31 Dec 2023
			(Amortised) cost	Fair value (other comprehen-sive income)	Fair value (through profit or loss)		
Assets							
Project financing at variable interest rates	Amortised Cost	143,552	143,552	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	8,802
Other financial assets	FVTPL	10,000	-	-	10,000	Level 3	10,000
Other financial assets	FVTPL	637	-	-	637	Level 1	637
Trade receivables	Amortised Cost	7,903	7,903	-	-	-	-
Financial assets	Amortised Cost	42,445	42,445	-	-	-	-
Cash and cash equivalents	–	151,520	151,520	-	-	-	-
Liabilities							
Bonds and promissory note loans at fixed interest rates	Amortised Cost	376,066	376,066	-	-	Level 1	337,887
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	338,332	338,332	-	-	–	-
at fixed interest rates	Amortised Cost	46,475	46,475	-	-	Level 3	43,223
Other loans and borrowings							
at fixed interest rates	Amortised Cost	893	893	-	-	Level 3	139
Lease liabilities	–	22,480	22,480	-	-	–	-
Trade payables	Amortised Cost	25,653	25,653	-	-	–	-
Other financial liabilities	Amortised Cost	27,906	27,906	-	-	–	-
By category:							
Financial assets at amortised cost	Amortised Cost	202,621	202,621	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	10,637	-	-	10,637	-	-
Cash and cash equivalents	-	151,520	151,520	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	815,325	815,325	-	-	-	-

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2022	Measurement in acc. with IFRS 9: (Amortised) cost	Measurement in acc. with IFRS 9: Fair value (other comprehensive income)	Measurement in acc. with IFRS 9: Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 31 Dec 2022
Assets							
Project financing at variable interest rates	Amortised Cost	180,885	180,885	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	8,375
Other financial assets	FVTPL	638	-	-	638	Level 3	638
Other financial assets	FVTPL	858	-	-	858	Level 1	858
Trade receivables	Amortised Cost	26,490	26,490	-	-	-	-
Financial assets	Amortised Cost	23,618	23,618	-	-	-	-
Cash and cash equivalents	–	322,929	322,929	-	-	-	-
Liabilities							
Bonds and promissory note loans at fixed interest rates	Amortised Cost	446,702	446,702	-	-	Level 1	432,983
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	317,104	317,104	-	-	–	-
at fixed interest rates	Amortised Cost	46,475	46,475	-	-	Level 3	44,271
Other loans and borrowings							
at fixed interest rates	Amortised Cost	12,884	12,884	-	-	Level 3	10,947
Lease liabilities	–	21,876	21,876	-	-	–	-
Trade payables	Amortised Cost	46,947	46,947	-	-	–	-
Other financial liabilities	Amortised Cost	25,502	25,502	-	-	–	-
By category:							
Financial assets at amortised cost	Amortised Cost	239,714	239,714	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	1,496	-	-	1,496	-	-
Cash and cash equivalents	–	322,929	322,929	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	895,614	895,614	-	-	-	-

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 2023: 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 2023 was used to discount the cash flows.

Net income by measurement category

in T€	From interest	From dividends	From subsequent measurement	Net income 2023
Financial assets at amortised cost	13,068	-	–22,728	–9,660
Financial assets at fair value through profit or loss (FVTPL)	-	-	15	15
Financial liabilities at amortised cost	–29,867	-	6,864	–23,003

in T€	From interest	From dividends	From subsequent measurement	Net income 2022
Financial assets at amortised cost	13,493	-	–14,969	–1,476
Financial assets at fair value through profit or loss (FVTPL)	7	2,496	–1,348	1,155
Financial liabilities at amortised cost	–24,634	-	–352	–24,986

in T€	2023	2022
Accumulated write-downs project financing		
Balance as of 1 Jan	37,994	23,025
Amortisation and impairment	24,962	14,969
Reversal of impairment	–2,234	-
Use	-	-
Balance as of 31 Dec	**60,722**	**37,994**

46. Average number of employees

	2023	2022
Salaried and wage employees		
Domestic	137	142
Foreign	141	188
Total staff	**278**	**330**
of which salaried employees	278	330
of which wage employees	-	-
Total fully consolidated	**278**	**330**

47. Related party disclosures

Transactions between Group companies included in the consolidated financial statements were eliminated during the consolidation and are not discussed further. Transactions between Group companies and their equity-accounted entities 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	
	2023	2022	2023	2022	2023	2022	2023	2022
Joint ventures	47,280	49,569	491	655	172,578	194,205	10,005	1,744
of which: from financing	12,778	11,386	76	379	138,850	176,431	-	-
Associated companies	441	1,780	-	11	6,082	5,641	-	828
of which: from financing	259	563	-	11	4,702	4,442	-	-

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 belonging to IGO Industries and the Strauss Group because they and/or their controlling bodies have significant influence over UBM due to the existing syndicate.

Transactions between companies included in the UBM Group's consolidated financial statements and member companies of the PORR Group were related primarily to construction services in 2023.

in T€	Sale of goods and services		Purchase of goods and services		Receivables		Liabilities	
	2023	2022	2023	2022	2023	2022	2023	2022
PORR Group	2,538	2,756	14,149	10,849	82	31	3,481	3,461
of which: from financing	-	-	-	-	-	-	-	-
IGO Industries Group	-	-	473	170	-	-	161	60
Strauss Group	-	38	-	-	-	-	-	-
Other	-	-	326	342	-	-	-	-

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

The Management Board of UBM compiled these consolidated financial statements and released them to the Supervisory Board on 2 April 2024. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating or withholding its approval.

49. Other disclosures

The fees charged by the auditor include T€131 (2022: T€101) for the audit of the consolidated financial statements, T€63 (2022: T€26) for other assurance services, and T€74 (2022: T€82) for miscellaneous services. The miscellaneous services consist primarily of other consulting activities. The other consulting activities cover the review of the half-year financial statements and audit work for subsidiaries.

50. Executive bodies

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

in T€	Management Board remuneration, fixed	Management Board remuneration, variable	Non-cash benefits	Pension fund/ Severance payments	Total 2023
Management Board remuneration 2023					
Thomas G. Winkler	640	-	12	26	678
Patric Thate	425	-	9	21	455
Martina Maly-Gärtner	425	-	9	21	455
Peter Schaller	71	-	2	2	75
Martin Löcker	212	-	6	13	231
Total	**1,773**	**-**	**38**	**83**	**1,894**
of which: short-term benefits due	1,773	-	38	-	1,811
of which: compensation related to the termination of the Management Board employment contract	-	-	-	83	83
Supervisory Board remuneration 2023	**-**	**-**	**-**	**-**	**358**

in T€	Management Board remuneration, fixed	Management Board remuneration, variable[1]	Non-cash benefits	Pension fund/ Severance payments	Total 2022
Management Board remuneration 2022					
Thomas G. Winkler	540	360	12	14	926
Martin Löcker	360	240	12	20	632
Patric Thate	360	240	8	10	618
Martina Maly-Gärtner	360	240	12	7	619
Total	**1,620**	**1,080**	**44**	**51**	**2,795**
of which: short-term benefits due	1,620	1,080	44	-	2,744
of which: compensation related to the termination of the Management Board employment contract	-	-	-	51	51
Supervisory Board remuneration 2022	**-**	**-**	**-**	**-**	**352**

[1] Expected variable remuneration for 2022, payable in 2023

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

A provision of T€729 (2022: T€811), 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.

There were no expenses for the LTIP for the members of the Management Board in 2023 (2022: T€112).

Members of the Management Board:
Thomas G. Winkler, Chairman
Peter Schaller (since 1 November 2023)
Patric Thate
Martina Maly-Gärtner
Martin Löcker (up to 30 June 2023)

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

Vienna, 2 April 2024

The Management Board

Thomas G. Winkler
CEO, Chairman

Patric Thate
CFO

Martina Maly-Gärtner
COO

Peter Schaller
CTO

Investments

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2023)	Capital share in % indirect (31.12.2023)	Type of consolidation	Capital share in % direct (31.12.2022)	Capital share in % indirect (31.12.2022)	Type of consolidation
Subsidiaries									
"UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
Aiglhof Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
BMU Beta Liegenschaftsverwertung GmbH i.L.	AT	EUR	Vienna	50.00	100.00	V	50.00	100.00	V
Donauhof Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Donauhof Management GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Dorfschmiede St. Johann Immobilien GmbH i.L.	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 i.L.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Haagerfeldstraße - Business.Hof Leonding 2 Errichtungs- und Verwertungs GmbH i.L.	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 "Schützenwirt" GmbH & CO KG - liquidiert	AT	EUR	Innsbruck	0.00	0.00		0.00	100.00	V
EPS Immobilienmanagement GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	U	0.00	100.00	U
EPS MARIANNE-HAINISCH-GASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG - liquidiert	AT	EUR	Vienna	0.00	0.00		0.00	100.00	V
EPS MARIANNE-HAINISCH-GASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH i.L.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Office Franzosengraben GmbH & Co KG - liquidiert	AT	EUR	Vienna	0.00	0.00		0.00	100.00	V
EPS Office Franzosengraben GmbH i.L.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS RINNBÖCKSTRASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG - liquidiert	AT	EUR	Vienna	0.00	0.00		0.00	100.00	V
EPS RINNBÖCKSTRASSE - LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH i.L.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2023)	Capital share in % indirect (31.12.2023)	Type of consolidation	Capital share in % direct (31.12.2022)	Capital share in % indirect (31.12.2022)	Type of consolidation
EPS Welser Straße 17 - Business.Hof Leonding 1 Errichtungs- und Beteiligungs GmbH & Co KG - liquidiert	AT	EUR	Vienna	0.00	0.00		0.00	100.00	V
EPS Welser Straße 17 - Business.Hof Leonding 1 Errichtungs- und Beteiligungs GmbH i.L.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gartenau Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gartenauer Platz 7 GmbH & Co KG (vorm.: LQ Epsilon 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 i.L.	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
Logistikpark Ailecgasse GmbH i.L.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
LQ Timber-A GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Timber-B-One GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Timber-B-Two GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Timber-C GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
LQ Timber-D GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
ML-ZENTRAL Liegenschaftsverwaltungs GmbH i.L.	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 liquidiert	AT	EUR	Vienna	0.00	0.00		0.00	100.00	V
Porr - living Solutions GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
QBC Epsilon SP Immomanagement GmbH i.L.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
QBC Immobilien GmbH & Co Epsilon KG - liquidiert	AT	EUR	Vienna	0.00	0.00		0.00	100.00	V
Rainbergstraße - Immobilienprojektentwicklungs GmbH	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

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2023)	Capital share in % indirect (31.12.2023)	Type of consolidation	Capital share in % direct (31.12.2022)	Capital share in % indirect (31.12.2022)	Type of consolidation
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 i.L.	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
sternbrauerei-riedenburg revitalisierung gmbh	AT	EUR	Vienna	99.00	99.00	V	99.00	99.00	V
Timber Marina Tower Immobilien GmbH & Co KG	AT	EUR	Vienna	94.00	100.00	V	0.00	0.00	
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 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 - liquidiert	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. i.L.	CZ	CZK	Prague	20.00	100.00	V	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

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2023)	Capital share in % indirect (31.12.2023)	Type of consolidation	Capital share in % direct (31.12.2022)	Capital share in % indirect (31.12.2022)	Type of consolidation
TOSAN park a.s. verkauft	CZ	CZK	Prague	0.00	0.00		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
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
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 i.L.	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
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
Georg-Mooseder-Straße GmbH & CoKG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Georg-Mooseder-Straße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Holzstraße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Holzstraße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
IU Liquidations AG - liquidiert	DE	EUR	Munich	0.00	0.00		100.00	100.00	V
Kaiserleipromenade GmbH & Co. KG i.L.	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

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2023)	Capital share in % indirect (31.12.2023)	Type of consolidation	Capital share in % direct (31.12.2022)	Capital share in % indirect (31.12.2022)	Type of consolidation
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 i.L.	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Brehmstrasse BT C Komplementär GmbH i.L.	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Dornach Bestandsgebäude GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MGO I Development GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
MGO II Development GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Münchner Grund Riem GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
MZ Zollhafen Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Oben Borgfelde Projekt GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Oben Borgfelde Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Pelkovenstaße 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	0.00	100.00	U
Schloßhotel Tutzing GmbH	DE	EUR	Starnberg	0.00	100.00	V	0.00	100.00	V
SIL Realinvest GmbH	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
SONUS City GmbH & Co. KG i.L.	DE	EUR	Berlin	0.00	0.00		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	0.00	100.00	V
St.-Veit-Straße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Stadtgrund Bauträger GmbH	DE	EUR	Berlin	100.00	100.00	V	100.00	100.00	V
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

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2023)	Capital share in % indirect (31.12.2023)	Type of consolidation	Capital share in % direct (31.12.2022)	Capital share in % indirect (31.12.2022)	Type of consolidation
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	0.00	100.00	V
ZH Hafenspitze GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
ZH Molenkopf GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
ZH Rheinwiesen II GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Sitnica drustvo s ogranicenom odgovornoscu za usluge	HR	EUR	Samobor	83.89	100.00	V	83.89	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 Infrastructure Sp z oo	PL	PLN	Warsaw	99.00	99.00	V	0.00	0.00	
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
UBM Development Polska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V

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UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM RIWIERA 2 Spólka z ograniczona odpowiedzialnoscia BIS Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Zielone Tarasy Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	V	100.00	100.00	V
Yavin BIS Sp. z o.o. SK	PL	PLN	Warsaw	0.00	100.00		0.00	100.00	V
Yavin BIS Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Yavin Holding Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Development Romania s.r.l. - liquidiert	RO	RON	Bucharest	0.00	0.00		99.15	100.00	V
UBM Development Slovakia s.r.o. i.L.	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									
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									
Amraser-See-Straße Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	50.00	E/G	0.00	50.00	E/G
Amraser-See-Straße Immobilien GmbH & Co KG	AT	EUR	Kematen in Tyrol	0.00	47.00	E/G	0.00	47.00	E/G
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

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2023)	Capital share in % indirect (31.12.2023)	Type of consolidation	Capital share in % direct (31.12.2022)	Capital share in % indirect (31.12.2022)	Type of consolidation
FWUBM Services GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
Grundstück 1454/2 KG Gries BT2 Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Grundstück 1454/2 KG Gries BT2 Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	71.80	E/G	0.00	71.80	E/G
Grundstück 1454/5 KG Gries BT3 Immobilien GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
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
Jochberg Kitzbüheler Straße Hotelbetriebs GmbH	AT	EUR	Jochberg	0.00	50.00	E/G	0.00	50.00	E/G
Modern Viventium GmbH - liquidiert	AT	EUR	Graz	0.00	0.00		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	0.00	50.00	U
Portunus Projektentwicklung GmbH & Co KG	AT	EUR	Graz	0.00	50.00	E/G	0.00	50.00	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
Stella Projektentwicklung GmbH	AT	EUR	Graz	0.00	50.00	U	0.00	50.00	U
Stella Projektentwicklungs GmbH & CoKG	AT	EUR	Graz	0.00	50.00	E/G	0.00	50.00	E/G
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
Wohnanlage Andritz - Statteger Straße 2 GmbH - liquidiert	AT	EUR	Graz	0.00	0.00		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 - liquidiert	AT	EUR	Graz	0.00	0.00		50.00	50.00	E/G

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Wohnanlage Karlauerstraße 27 GmbH i.L.	AT	EUR	Vienna	0.00	50.10	E/G	0.00	50.10	E/G
WSB BF elf-Alpha Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF fünf Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF neun-Alpha Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF neun-Beta Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
WSB BF zwei Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	51.00	E/G	0.00	51.00	E/G
GOLD NEMOVITOSTNÍ s.r.o.	CZ	CZK	Prague	50.00	50.00	E/G	50.00	50.00	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 Beteiligungsgesellschaft mbH	DE	EUR	Dusseldorf	0.00	40.00	U	0.00	40.00	U
AVALERIA Hotel HafenCity GmbH & Co. KG	DE	EUR	Dusseldorf	0.00	37.92	E/G	0.00	37.92	E/G
Baubergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	60.00	E/G	0.00	60.00	E/G
Baubergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	60.00	U	0.00	60.00	U
Central Tower Berlin Hotelbetriebs GmbH	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest IV GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel IV Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
Lilienthalstraße Wohnen GmbH Münchner Grund und Baywobau i.L.	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

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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
"SOF Hotel Operations" spólka z ograniczona odpowiedzialnoscia - sold	PL	PLN	Krakow	0.00	0.00		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
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

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, 2023, 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, 2023 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 €717m, which sums up to 57% 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 recognised 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.

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. Inflation and interest rate risks resulting from macroeconomic developments and their effects are explained in section 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 2023, real estate classified as investment property, inventory and property plant and equipment with a total carrying amount of €440m was valued by external appraisers. In addition, purchase agreements and planning calculations were available for the properties reported under trade receivables amounting to around €35m.

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

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

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

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

For our sample of tested 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 €294m as of 31 December 2023, 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 recognised over time according to IFRS 15 are accounted for based on the transaction price and the percentage of completion which is derived from the planning calculation.

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

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

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. Inflation and interest rate risks resulting from macroeconomic developments and their effects are explained in section 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 the gains and losses resulting from the fair value movement of investment properties and 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.

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. With the exception of the corporate governance report already available to us, the annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Responsibilities of Management and of Audit Committee for the consolidated financial statements
Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are 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 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.

Reports on other 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.

Additional information in accordance with article 10 of the EU regulation
We were elected as auditor by the ordinary general meeting on 19 May 2023. We were appointed by the Supervisory Board on 19 May 2023. 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, 2 April 2024

BDO Assurance GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Markus Trettnak
Auditor

Mag. Gerhard Fremgen
Auditor

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Use of profits

The consolidated financial statements as of 31 December 2023 do not report any net profit for 2023 available for distribution.

No dividend will therefore be paid out to shareholders for the 2023 business year.

Vienna, 2 April 2024

The Management Board

Thomas G. Winkler
CEO, Chairman

Patric Thate
CFO

Martina Maly-Gärtner
COO

Peter Schaller
CTO

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, 2 April 2024

The Management Board

Thomas G. Winkler
CEO, Chairman

Patric Thate
CFO

Martina Maly-Gärtner
COO

Peter Schaller
CTO

Glossary

ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
CEE/SEE	Central Eastern Europe/South Eastern Europe
Covid-19	Coronavirus pandemic 2019; a viral disease caused by the SARS-CoV-2 coronavirus
DAX	Leading index of the German Stock Exchange (Deutscher Aktienindex)
DBO	Defined Benefit Obligation
Dividend yield	Dividend per share in relation to the share price
Dow Jones Index	Measures the stock performance of 30 large companies listed in the U.S.
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings 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 four 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
IAS	International Accounting Standards
IATX	Immobilien Austrian Traded Index; real estate index that contains the most important real estate companies listed on the Vienna Stock Exchange
IFRS	International Financing Reporting Standards
IMF	International Monetary Fund
Impairment test	IAS 36 requires the regular testing of assets for indications of impairment. If an asset is impaired, its carrying amount must be reduced through the recognition of an impairment loss.
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
ÖCGK	Austrian Code of Corporate Governance
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
S&P 500	Stock market index that measures the performance of approximately 500 U.S. companies
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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Imprint

Media Proprietor and Publisher:
UBM Development AG
Laaer-Berg-Straße 43,
1100 Vienna, Austria
Tel: +43 (0) 50 1873 100
www.ubm-development.com

Concept, Design and Editing:
UBM Development AG

Image Section:
Creative Direction: Christine Eisl
Text: Gertraud Gerst, Tobias Sckaer
Translation: Rosemary Bridger-Lippe
Photography: Christine Eisl, Philipp Horak, Hermann Blumer private property, Sindre Ellingsen, Harald Eisenberger, Anna Gerdén (Sweden's National Museum of Science and Technology), Helen & Hard, Rasmus Hjortshoj, Helene Høyer Mikkelsen, Georg Roske, Mario Rott, Laura-Stamer, UBM Development AG
Renderings: Aesthetica, Patricia Bagienski, Eike Becker Architekten, BloomImages, Henning Larsen, HH Vision, Kvant, Oliv Architekten, OLN, Renderwolf für Zanderoth, Sacker Architekten, SOP Architekten, Squarebytes
Image editing: Mario Rott
Translation: Donna Schiller-Margolis
Production: Michael Schmid

Financial Section:
Mensalia GmbH
Penzinger Straße 53/8
1140 Vienna, Austria
Created with ns.publish, a product of Multimedia Solutions AG, Zurich

Print:
Gerin Druck GmbH
Gerinstraße 1–3,
2120 Wolkersdorf, Austria

This annual report has been printed on
Pergraphica High White Rough paper.
This paper is FSC® certified.

PRINTED IN AUSTRIA

Klimaneutral
Druckprodukt
ClimatePartner.com/11582-2204-1001

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 on future business performance, by definition, include risks and uncertainties. The forecasts concerning the future development of the company represent estimates which are based on the information available to UBM Development AG 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 (business) 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 political, legal and regulatory framework in Austria, the EU and other relevant economic areas as well as changes in the real estate sector. UBM Development AG will not guarantee or assume any liability for the agreement of future (business) 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 2023 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.

www.ubm-development.com