

developing  
the future

# KEY PERFORMANCE INDICATORS

KEY EARNINGS FIGURES (in € million)	1–9/2016	1–9/2015	Change <sup>2</sup>
Total Output <sup>1</sup>	449.4	356.1	26.2%
EBITDA	39.1	41.0	-4.8%
EBIT	37.0	38.7	-4.2%
EBT	25.3	24.3	4.2%
Profit for the period	17.5	17.7	-1.3%

KEY ASSETS AND FINANCIAL FIGURES (in € million)	30.9.2016	30.6.2015	Change <sup>2</sup>
Total assets	1,229.2	1,192.0	3.0 %
Equity	330.4	324.1	1.9 %
Equity ratio	26.9 %	27.2 %	-0.3 PP
Net debt	651.6	649.7	0.3 %

KEY SHARE DATA AND STAFF	30.9.2016	30.9.2015	Change <sup>2</sup>
Number of shares (no.)	7,472,180	7,472,180	0.0 %
Earnings per share (in €, weighted average)	2.26	2.48	-9.0 %
Market capitalisation (in € million)	246.6	256.3	-3.7 %
Staff <sup>3</sup>	728	670	8.7 %

<sup>1</sup> Total Output corresponds to the revenue of fully consolidated companies and those consolidated under the equity method, as well as sales proceeds from share deals, in proportion to the stake held by UBM.

<sup>2</sup> Figures have been rounded off using the compensated summation method. Changes are calculated on the basis of the rounded values.

<sup>3</sup> Breakdown: 30.9.2016: Core 317 and Hotel 411; 30.9.2015: Core 329 and Hotel 341

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A high-angle, perspective view of a modern glass skyscraper. The building features multiple floors with large glass windows and white architectural accents. A courtyard with a green lawn and a paved walkway is visible in the lower-left corner. The sky is clear and blue.

# AT A GLANCE

- REAL ESTATE MARKET – AS GOOD AS IT GETS
- CUMULATED EARNINGS BEFORE TAXES ON TRACK
- SALES PROCEEDS OFFSETTING INVESTMENTS FOR THE FIRST TIME
- NET DEBT STABLE DESPITE INVESTMENTS IN LARGE-SCALE PROJECTS
- BOND FOLLOW-ON FINANCING YIELDS SAVINGS ON INTEREST OF OVER €1 MILLION PER YEAR
- UBM SHARE OUTPERFORMS ATX IN Q3
- NEW MANAGEMENT BODY "EXECUTIVE COMMITTEE" ESTABLISHED

# HIGHLIGHTS

## 3<sup>RD</sup> QUARTER 2016

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13 JULY

### FORWARD SALE OF DHL LOGISTICS HUB

UBM, in a 50% partnership (equity method) with CCG KG, is currently developing one of the largest distribution centres in Austria for the international express delivery service DHL, on a plot of around 59,000 m<sup>2</sup> in Cargo Center Graz. The logistics property was sold in a forward deal to Palmira Capital, a property investment company.



29 JULY

### LEED PLATINUM FOR ARENA BOULEVARD

The new office and retail building **ARENA BOULEVARD** in Berlin is the first project from Münchner Grund Immobilien Bauträger GmbH to receive the LEED Platinum certification. This is an impressive testament to the resource-efficient development of the new office and retail building. The project commenced in June 2014 and was completed and occupied in September 2015.

1 AUGUST

### "QUARTIER RIEDENBURG" – MODERN LIVING IN SALZBURG

Salzburg's **most modern residential project** is being developed on the site of the former Riedenburg Barracks by the Gemeinnützige Salzburger Wohnbaugesellschaft (gswb) and STRAUSS & PARTNER, the Austrian subsidiary of UBM. STRAUSS & PARTNER is developing the 65 privately financed apartments and offices.

7 SEPTEMBER

### GROUNDBREAKING FOR ZALANDO HEADQUARTERS IN BERLIN

Münchner Grund Immobilien Bauträger GmbH, a UBM subsidiary, will build a **seven-storey office complex** on the Anschutz site in Berlin-Friedrichshain by the end of 2018. Zalando will rent a total of 45,600 m<sup>2</sup> of space where around 2,700 Zalando employees will work in the future.





14 SEPTEMBER

**QBC CELEBRATES TOPPING-OUT FOR IBIS AND NOVOTEL**

With the topping-out ceremony for the two Accor-Hotels Group buildings – **ibis and Novotel in Quartier Belvedere Central (QBC)** – UBM is adhering to its ambitious schedule. Opening is planned for summer 2017. At this point the forward sale to Amundi will also have an impact on the UBM figures.



23 SEPTEMBER

**CORNERSTONE CEREMONY AT ROSENHÜGEL**

STRAUSS & PARTNER and Immovate celebrate the laying of the foundation stone for **204 privately financed freehold apartments** on the grounds of the former film studio at Rosenhügel, Vienna.

28 SEPTEMBER

**"MYSKY": STRAUSS & PARTNER TO BUILD SKYSCRAPER IN MONTE LAA**

The Austrian subsidiary of UBM celebrates the start of construction of 128 privately financed freehold apartments in the "Favoriten" district in Vienna. The tower project **"MySky" in the heart of Monte Laa** is set for completion in autumn 2017 at the same time as the opening of the metro station "Troststraße".



5 OCTOBER

**OPENING OF GERMANY'S LARGEST HOLIDAY INN EXPRESS**

UBM, Union Investment and the InterContinental Hotels Group (IHG), one of the world's largest hotel chains, open the **Holiday Inn Express Munich City West** – its latest joint project in Munich, completed at the end of September. With 302 rooms, it is currently the largest Holiday Inn Express in Germany and the second largest in the whole of Europe.

# INVESTOR RELATIONS

## Global stock markets recover

Following a volatile first half of 2016, a recovery was observed on the international stock markets in the third quarter. The driving factors were the good economic fundamentals as well as the expansive monetary policy of the world’s central banks. Against this backdrop, the index of European stocks, EURO STOXX 50, was up by 4.1% in the third quarter. The Vienna stock index, the ATX, also recovered in the third quarter and achieved a strong performance with 14.3% growth.

## UBM share outperforms ATX

The UBM share underwent an even more significant price increase of 16.2% in the third quarter. The record 2016 half-year results had a positive impact on the share price, as did the fulfilment of a longstanding promise – UBM’s

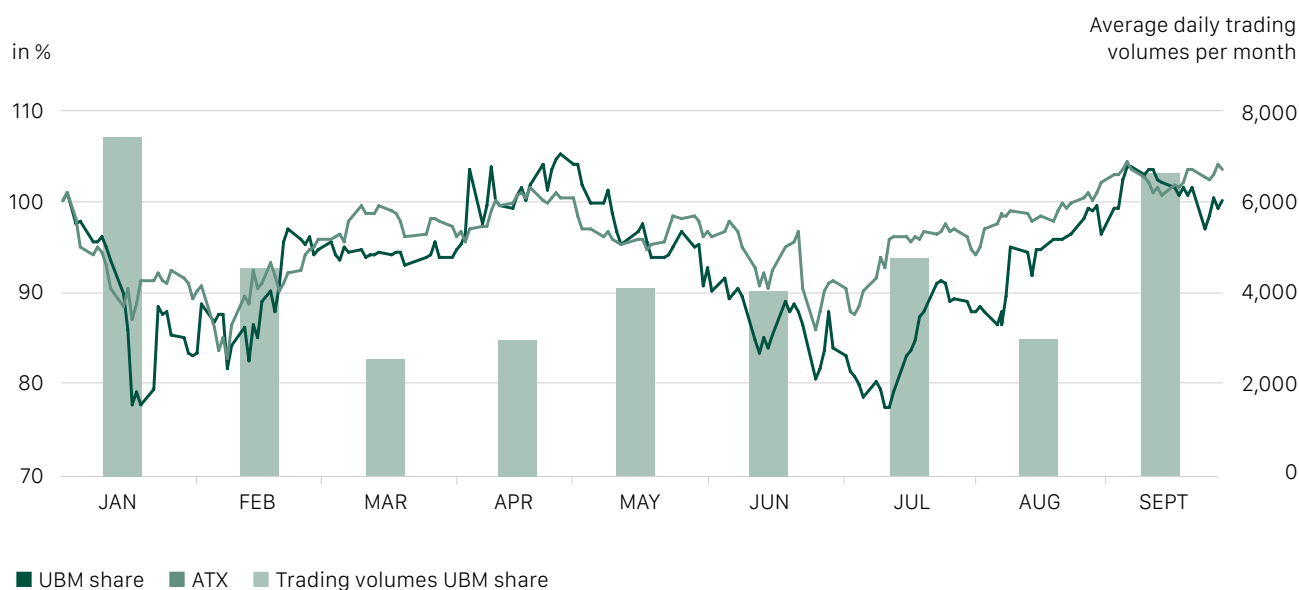
move to the prime market of the Vienna Stock Exchange. On 30 September 2016 the UBM share stood at €33.0. The UBM share is currently analysed by four investment firms. The consensus of the analysts is an average target price of €45.5.

## Broad shareholder structure

The share capital of UBM Development AG totals €22,416,540.0 and is divided into 7,472,180 shares. The Syndicate (Strauss Group, IGO-Ortner Group) held 38.8% of the shares outstanding on 30 September 2016. The remaining shares are free-float shares (61.2%), most of which are held by investors from Austria (52.0%), the UK (15.6%) and Germany (14.0%).

**Contact:** [investor.relations@ubm.at](mailto:investor.relations@ubm.at)

## PERFORMANCE OF THE UBM SHARE COMPARED TO THE INDEX AND TRADING VOLUMES



# INTERIM MANAGEMENT REPORT

## GENERAL ECONOMIC ENVIRONMENT

### Modest global economic growth

In the third quarter of 2016 the modest growth of the global economy continued. The eurozone in particular experienced moderate growth – according to Eurostat, GDP grew by 0.3% against the previous quarter. Larger-scale effects from the Brexit vote on the European economy had not yet occurred in the subsequent quarter. Global interest rates continued to be at a very low level in the third quarter. Both the US Federal Reserve (key interest rate: 0.25%–0.50%) and the European Central Bank (0.0%) continued with their expansive monetary policy stance. Germany and Austria are still profiting from a good domestic economy – primarily driven by robust consumer spending. The latest estimates show that German GDP grew by 0.3%<sup>1</sup> in the third quarter of 2016, while Austrian GDP grew by 0.4% in real terms. Growth rates in Poland and the Czech Republic remained robust – the growth in the region is also being supported by private consumption in particular.<sup>2</sup>

## DEVELOPMENTS ON THE REAL ESTATE MARKETS

### Investor interest continues to pick up

Investment volumes in commercial property in Europe stood at €51.6 billion in the third quarter of 2016. Here, uncertainties surrounding the Brexit vote in Great Britain was the issue dominating the market. At the same time, interest in real estate investment continued to grow: good economic fundamentals paired with low financing costs and less attractive alternative investments led

investor interest to continue unabated. Nevertheless, this continued to contrast with the steady decline in availability of first-class assets and completed properties. This development reflects the decline in investment activity (–22.7%) in Europe in the third quarter of 2016 against the same period of the previous year.

### Germany catching up

With growth in commercial property investments of 19% to €14.7 billion, Germany was the strongest European market in the third quarter of 2016 according to CBRE.<sup>3</sup> Total transaction volumes in the first nine months stood at €32.7 billion – a decrease of almost 14%, triggered by the scarcity of available assets. With a transaction volume of €13.1 billion, office properties were the strongest commercial property asset class. Prime properties in Germany continue to be seen as safe havens, although the competition for these assets is leading to further declines in returns for investors. Investments in residential property also rose sharply to €7.7 billion, driven by rising purchase prices and rents, low vacancy rates, low interest rates and stable economic data.<sup>4</sup>

### Top returns in Austria hold steady<sup>5</sup>

Following the record level in the second quarter of 2016, there was a seasonal decline in real estate investment in the third quarter to around €301 million. By the end of September 2016 a total of €1.7 billion had been invested in Austrian property; according to CBRE, the high level of the previous year of €3.9 billion is likely to be repeated. Top returns are holding steady. This means that Austria continues to be very attractive for international investors.

<sup>1</sup> Kieler Institut für Weltwirtschaft (IfW): <https://www.ifw-kiel.de/medien/medieninformationen/2016/deutsche-konjunktur-weiter-im-aufwind>

<sup>2</sup> <http://www.rbiinternational.com/eBusiness/services/resources/media/826124957350877869-826099894069199559-1149246623741341290-1-1-Na.pdf>

<sup>3</sup> CBRE Market view European Investment Quarterly, Q3 2016

<sup>4</sup> Investment market overview – Germany, Jones Lang Lasalle Q3 2016

<sup>5</sup> CBRE press release “Vienna office market picks up pace again”, Q3 2016

## BUSINESS PERFORMANCE

### Total Output by segment

UBM Development AG generated Total Output of €449.4 million in the first three quarters of 2016 (2015: €356.1 million). The increase of 26.2% against the same period of the previous year was primarily due to the growth in sales in Germany.

The Total Output of the "Germany segment" stood at €244.5 million as at September 2016 and managed to increase by 101.6% against the comparable period of the previous year (€121.3 million). This rise resulted from successful commercial property sales in Munich and Berlin. Further sales from the completion of the residential construction projects Berlin-Hohenzollerndamm and Frankfurt-Central Living II are also included in the Total Output of Germany.

Total Output in the "Austria segment" was €126.2 million in the period under review (2015: €154.2 million). This includes the sale of portfolio properties in Salzburg, Wiener Neustadt and Vienna, as well as the sale of apartments in Graz and Salzburg. Output from project management activities for large-scale projects in Vienna, Salzburg and Graz also contributed to Total Output, as did rental income.

In the "Poland segment" UBM generated Total Output of €47.5 million (2015: €42.4 million). The growth in Poland came from the increase in output from the hotel sector. Rental income from portfolio properties – including the Poleczki Business Park – and from project management services rendered by UBM Polska contributed to the Total Output in this segment.

In the period January to September 2016 the Total Output in the "Other markets segment" was €31.1 million (2015: €38.1 million). This mainly consisted of revenues from hotels in France and the Netherlands, as well as the sale of the last apartments of the project in Špindlerův Mlýn (Czech Republic), which was thereby successfully concluded. Other contributors were project management services and rental income from portfolio properties in the Czech Republic.

The Total Output of the "Administration segment" amounted to €6.9 million (2015: €14.7 million), all of which

came from UBM Development AG and from invoicing management services and intragroup allocations.

Total Output by region in € million	1–9/2016	1–9/2015	Change
Germany	244.5	121.3	101.6%
Austria	126.2	154.2	-18.2%
Poland	47.5	42.4	12.0%
Other markets	31.1	38.1	-18.4%
<b>Total</b>	<b>449.4</b>	<b>356.1</b>	<b>26.2%</b>

The "Hotel segment" generated Total Output of €115.6 million in the first three quarters of the year (2015: €148.3 million). This includes services from hotel operations as well as the sale of hotel projects. Output from hotel operations amounted to €69.9 million in the first nine months, while the sale of the hotel Holiday Inn Express Munich City West in Munich generated €45.7 million.

In the "Office segment", UBM Development AG achieved Total Output of €113.3 million (2015: €28.5 million). Quadruple output came from sales in Salzburg-Lehen, Vienna and Berlin. The rental income mainly originated from letting the Poleczki-Business Park office building.

Total Output of €48.6 million was generated in the "Other segment" (2015: €72.4 million). This included the sale of the Cine Nova portfolio property in Wiener Neustadt and rental income from mixed-use properties in Poland and Austria.

In the "Residential segment" UBM generated Total Output of €86.4 million (2015: €34.4 million). The increase of more than 150% resulted from the completion and sale of residential construction projects in Salzburg, Graz, Berlin, Frankfurt and the Czech Republic, as well as various sales of remaining apartments in Austria, Poland and Croatia.

The Total Output of the "Service segment" was €78.5 million (2015: €57.8 million) and contains the management services of the subsidiaries STRAUSS & PARTNER, Münchner Grund and UBM Polska, including for the projects Quartier Belvedere Central in Vienna, the hotel projects Holiday Inn Express in Berlin and Munich and the office projects Zalando and Leuchtenbergring in Ber-



lin and Munich respectively. This was complemented by management services for the Pegaz office building in Wrocław and the further development of Poleczki-Business Park in Warsaw.

<b>Total Output by asset class</b> in € million	<b>1–9/2016</b>	<b>1–9/2015</b>	<b>Change</b>
Administration	6.9	14.7	-52.7%
Hotel	115.6	148.3	-22.1%
Office	113.3	28.5	297.7%
Other	48.6	72.4	-32.8%
Residential	86.4	34.4	151.3%
Service	78.5	57.8	35.9%
<b>Total</b>	<b>449.4</b>	<b>356.1</b>	<b>26.2%</b>

## FINANCIAL INDICATORS

### Financial performance

The core business of UBM Group involves the project-based real estate business. Given the fact that projects take multiple years to realise, the revenue reported in the income statement is subject to significant accounting fluctuations which may impact on the informative value and on comparisons with prior years. Furthermore, UBM shows its Total Output in order to describe the financial performance and for segment reporting. Alongside revenue, this financial indicator includes proceeds from the sale of real estate, rental services, proceeds from hotel operations, settled planning and construction invoices from own building sites, and supplies and management services to third parties. In addition, the output from companies accounted for under the equity method and from sales as pure share deals is also included. The Total Output is determined in line with the amount of the stake held by UBM. Total Output reached €449.4 million in the first three quarters of 2016 (2015: €356.1 million). The revenue stated in the consolidated income statement totalled €377.4 million as at 30 September 2016 (2015: €201.9 million). The disproportionately high increase in revenue resulted from the significant rise against the comparable period of sales of fully consolidated companies. In contrast, in the previous year, sales of companies recognised under the equity method made

up a disproportionately high share of Total Output. This did not, however, have an impact on the revenue shown in the consolidated financial statements.

The share of profit/loss of companies consolidated under the equity method stood at €5.2 million and included the pro-rata results, as well as gains on the sale of equity interests. Gains and losses from fair value adjustments to investment property reached €18.7 million, following on from €8.6 million in the comparable period of the previous year. The fair value was partly determined on the basis of purchase agreements already in place and partly on new market price indicators.

Other Operating Income rose by 98.7% to €10.0 million (2015: €5.0 million) and mainly consisted of invoices to third parties, other rents, exchange gains and incidental revenue from the hotel business. In contrast, Other Operating Expenses fell by 14.6% to €35.8 million (2015: €41.9 million). These mostly comprised administrative fees, other taxes, advertising costs, other third-party services (such as brokerage fees etc.), exchange losses, contributions and charges, and legal and consultancy services.

The increase in expenses for materials and other manufacturing costs mirrored the growth in revenue and was influenced in particular by property disposals. These expenses amounted to €252.9 million in the first three quarters of 2016 against €186.6 million in the comparable period of 2015.

Staff expense increased from €28.2 million by €3.8 million to €32.0 million. The number of staff members of all companies included in the consolidated financial statements was 728.

EBITDA of €39.1 million decreased slightly against the value of the previous year (€41.0 million). Financial income rose from €3.8 million to €5.0 million. This was caused by the increase in investment activity and the subsequent higher income from the internal financing component of companies accounted for under the equity method. Financial expenses fell from €18.2 million to €16.8 million. This resulted from the lower interest rates as compared to the previous year and an improvement in the financing structure.

EBT (earnings before taxes) of €25.3 million exceeded the record level of the previous year's period of €24.3 million. The tax burden increased from €6.5 million in the first three quarters of 2015 to €7.8 million in the comparable period of 2016. The profit for the period of €17.5 million was around the level of the previous year of €17.7 million. Earnings per share were €2.26 compared to €2.48 in 2015, whereby the figure is based on the weighted average of the number of shares, which was significantly lower in the comparable period.

### Financial position and cash flows

As at 30 September 2016 total assets amounted to €1,229.2 million and thereby increased against year-end 2015 (€1,185.2 million) by 3.7%.

In the item investment property, real estate assets in Poland and Austria were reclassified into the item "non-current assets held for sale" due to upcoming sales and three larger properties in Austria were sold. Investments in office and hotel complexes in Germany, Austria and Poland had a counter effect, although they were only partially able to compensate for the decreases. Overall, investment property thereby decreased from €553.9 million to €505.1 million, while non-current assets held for sale grew from €1.4 million to €131.2 million. Equity interests in companies accounted for under the equity method declined from €111.5 million to €87.5 million. This reduction was primarily caused by a capital decrease of a project company in Poland along with the sale of two Austrian companies to a related party. The increase in project financing to €112.4 million (2015: €88.8 million) resulted from the investment activity of a company accounted for under the equity method.

The inventories recognised under current assets primarily consist of residential construction projects in Austria, Germany and the Czech Republic and amounted to €170.9 million (2015: €215.2 million). This decrease in the item inventories was caused first and foremost by the strong increase in the sale of apartments in Berlin and Frankfurt, as well as the sale of a hotel in Munich in the first three quarters of 2016. In contrast, investments were

undertaken in residential projects in Austria and a hotel project in Berlin that is already up for sale. Trade receivables only experienced a moderate rise to €47.0 million (2015: €43.1 million).

Other receivables and assets rose to €20.5 million (2015: €9.2 million) mainly as the result of input tax credits that had not yet been reimbursed. Cash and cash equivalents decreased to €85.5 million (2015: €93.7 million).

As at 30 September 2016 equity totalled €330.4 million (2015: €332.0 million). Factors behind this reduction were the dividend payout of €12.0 million in June, as well as the interest payment due in the same period for the mezzanine/hybrid capital of €4.8 million. The earnings for the period had a contrary effect. The equity ratio stood at 26.9% (2015: 28.0%).

Bond liabilities (current and non-current) amounted to €323.0 million (2015: €321.9 million). Current and non-current financial liabilities increased slightly from a total of €381.5 million to €414.2 million, also triggered by the increase in investment activity. Trade liabilities underwent a rise to €77.0 million (2015: €55.2 million) and mostly contained subcontractor payments that had not yet been settled on the reporting date. Other financial liabilities (current and non-current) declined to €43.5 million (2015: €56.1 million). Higher provision requirements for income tax led tax payables to increase from €5.8 million to €9.7 million.

As at 30 September 2016 net debt totalled €651.6 million and was thereby practically unchanged against 30 June 2016 (€649.7 million). This represents a 6.9% increase against 31 December 2015. Net debt is primarily the direct result of strong investments, particularly in ongoing project developments, which could not be fully offset by the sales proceeds.

### Cash flow

For the first three quarters of 2016 cash flow from operating activities amounted to €55.6 million (2015: €-52.7 million). Alongside the profit for the period

(€17.5 million), this was primarily the result of the significant capital freed up in working capital, which included proceeds from the sale of properties from inventories (€76.6 million). In contrast, there was an increase in inventories of €26.4 million caused by the acquisition of property assets.

Cash flow from investing activities stood at around €-74.5 million (2015: €-38.0 million). Here, total proceeds of €143.2 million came from the sale of intangible assets, property, plant and equipment and investment property, financial assets and from settling project financing. This stood in contrast to outflows from investments in property, plant and equipment, investment property, financial assets and investments in project financing totalling €218.6 million. Other items in cash flow from investing activities accounted for €0.8 million.

Cash flow from financing activities resulted in a total influx of funds of €10.9 million (2015: inflow of €92.9 million). In addition to a positive balance of €28.3 million from obtaining loans and other financing and settling loans and other financing, cash flow from financing activities shows the outflow of funds from dividend payments and payouts to non-controlling interests in the amount of €17.5 million.

## Outlook

In the future, real estate markets in continental Europe will continue to benefit from the increasing economic and political uncertainty and the low interest rates prevailing. The three home markets of UBM – Germany, Austria and Poland – thereby count as safe havens. Favourable financing conditions and low returns on alternative assets suggest that real estate will remain an increasingly sought-after asset class for investors in the future. In line with the previously announced focus on implementation, UBM has launched its accelerated sales programme “Fast Track 2017”. This should lead to the promotion of sales of projects under development through forward deals as well as standing assets – the clear goal here is reducing net debt. That said, the peak of net debt as a result of

massive investment – particularly in multiple large-scale projects currently under construction – is only set to be reached within the coming nine months. Here the majority of investment is going into these projects, which are highly promising from today’s viewpoint and in terms of profitability. Owing to the long lead times in the real estate sector, the pipeline of UBM – much of which was acquired years ago – is sufficient for 2017 and well beyond.

An accompanying measure for the 2017 business year will be the launch of the streamlining programme “Next Level” – UBM’s internal optimisation project. The goal is to make UBM even more cohesive as a Group and thereby exploit synergies, increase efficiency, streamline processes and eliminate duplication. At the same time a discussion has been initiated on how the interests of the newly founded “Executive Committee”, the top 20 management team of the UBM Group, can be more strongly synchronised with the capital market and how incentives can be put in place to increase the value of UBM on the stock exchange.

All of these measures together will contribute to strengthening UBM in good times. The goal here is to achieve a balance between the future profitability and risk profile of UBM.

## RISK REPORT

Since the financial close of 2015 no significant changes have emerged with regard to the opportunity/risk profile of UBM that could lead to new opportunities or risks for UBM Development AG. The presentation in the “Risk Report” chapter of the 2015 Annual Report thereby applies unchanged, with the exception of Other Risks.

With regard to “Other Risks – legal disputes”, the following changes have occurred since the end of 2015 and the additions made in the half-year report 2016. The acquittal in the criminal proceedings of first instance against Michael Wurzinger, Managing Board member of UBM, is now legally binding.



## EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events after the end of the reporting period which are subject to disclosure.

## RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties to which the Group is subjected.

21 November 2016, Vienna

### The Managing Board



**Thomas G. Winkler**  
Chairman



**Martin Löcker**



**Claus Stadler**



**Michael Wurzinger**

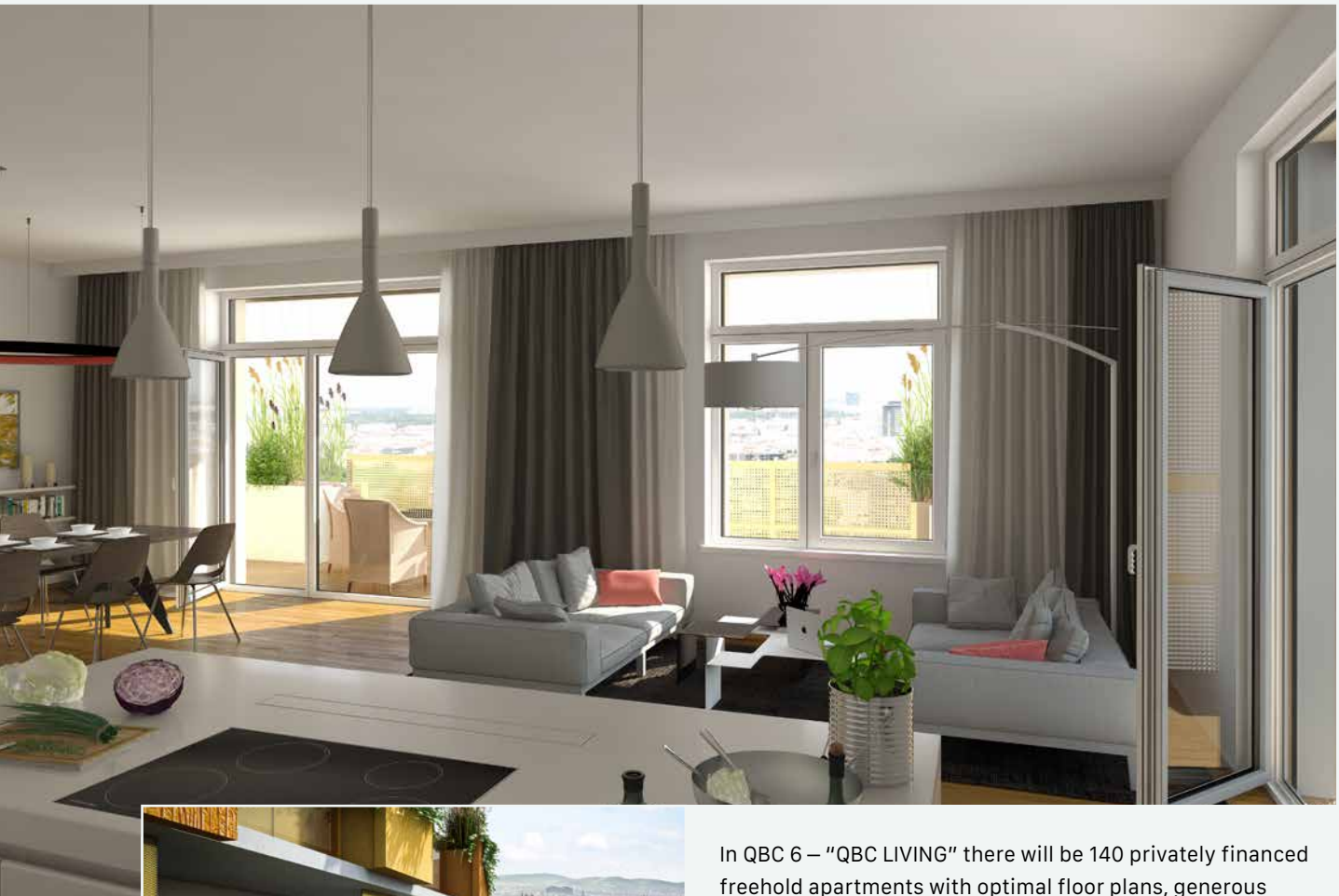




# RESIDENTIAL

## AUSTRIA

### QBC 6: "QBC LIVING" – URBAN LIVING AT THE HIGHEST LEVEL



In QBC 6 – "QBC LIVING" there will be 140 privately financed freehold apartments with optimal floor plans, generous outdoor areas, above-average room heights and ideal links to the regional and superregional transport network. The apartments are set for completion before January 2018.

**Asset: Residential**

**140 privately financed freehold apartments**

**Apartment size: 36 m<sup>2</sup>–74 m<sup>2</sup> plus loggia or balcony**

**Completion: Q2 2018**



## ROSENHÜGEL: HOME & LIVING FROM 2018



204 privately financed freehold flats will be built on the former site of the Rosenhügel film studio by the beginning of 2018. The residential project consists of seven individual buildings and promises excellent quality of life thanks to its exceptional architecture and perfectly conceived room layouts.

**Asset: Residential**

**204 privately financed freehold apartments**

**Apartment size: 50 m<sup>2</sup>–163 m<sup>2</sup>**

**Completion: Q1 2018**

## "MYSKY": PEOPLE – LIVING – MONTE LAA

The residential project in the middle of Vienna's tenth district, "Favoriten", consists of a 20-storey tower and a nine-storey building. Overall it will boast usable space of around 8,200 m<sup>2</sup> with 128 freehold apartments of between 45 m<sup>2</sup> and 145 m<sup>2</sup>. The residential project "MySky" in the heart of Monte Laa will be completed in autumn 2017 at the same time as the opening of the metro station "Troststraße".

**Asset: Residential**

**128 privately financed freehold apartments**

**Apartment size: 45 m<sup>2</sup>–145 m<sup>2</sup>, 9<sup>th</sup> to 20<sup>th</sup> floor**

**Completion: Q4 2017**



# OFFICE

## GERMANY

### ZALANDO HEADQUARTERS

UBM is currently developing its largest individual office project in Berlin: two office buildings (A/B) for the future headquarters of the online fashion retailer Zalando SE. Built to the design of Henn-Architecture, Berlin, around 2,700 employees will work here. Completion is planned for the third quarter of 2018.

**Asset: Office/gastronomy/daycare**

**Lettable space: 45,600 m<sup>2</sup>**

**Underground garage/parking spaces: 156**

**Planned certification: DGNB Gold**

**Construction start: Q3 2016**





## LEUCHTENBERGRING MUNICH



In view of the exceptional growth of Hotel angelo Munich Leuchtenbergring, UBM decided to expand it by adding an extra 131 rooms by mid-2018. In addition, the company is constructing a five-storey office building with 385 parking spaces on two underground storeys and with retail space on this site that has excellent traffic and transport links.

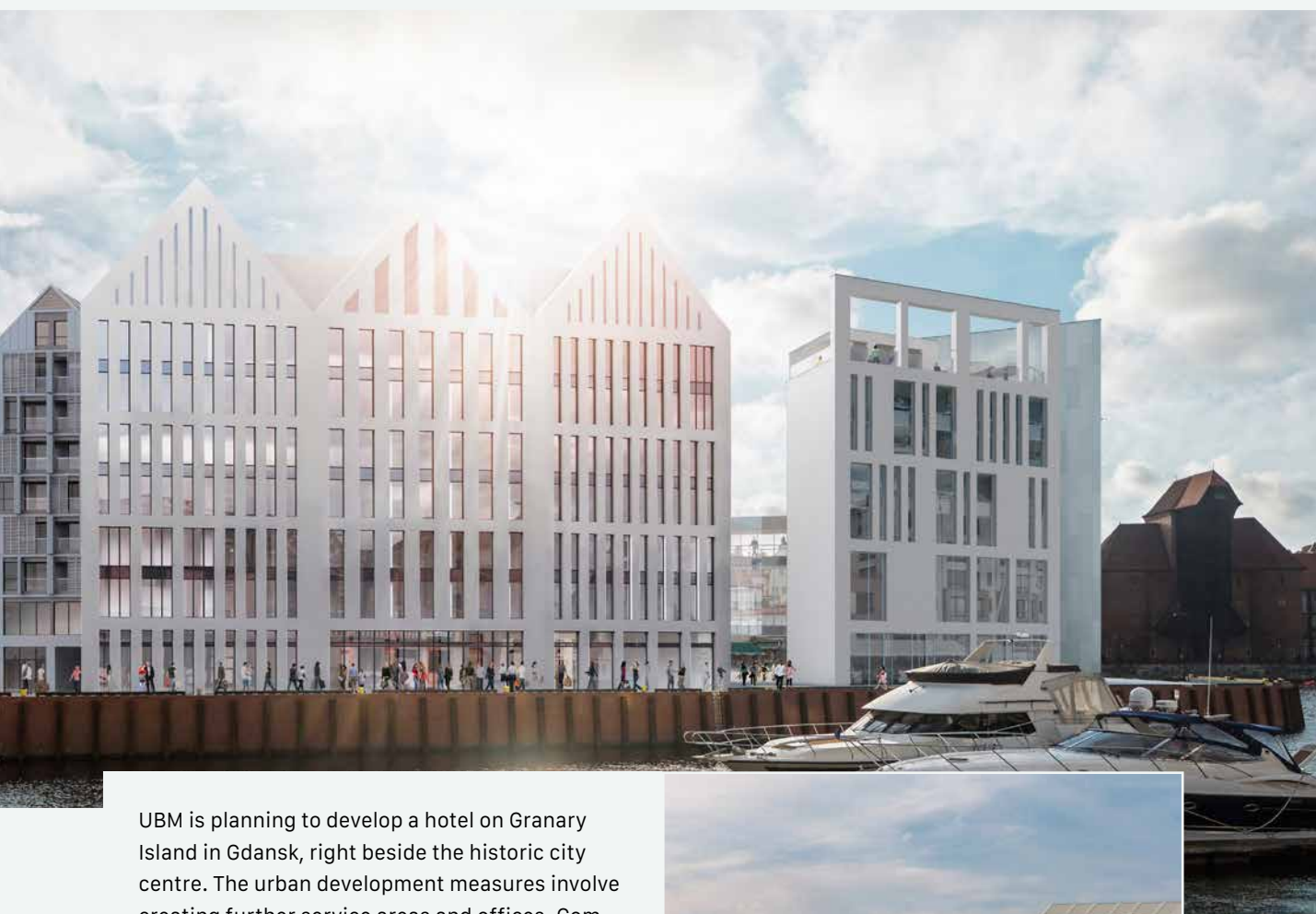
**Asset: Hotel and office**  
**Lettable space: 21,485 m<sup>2</sup>**  
**Underground garage/parking spaces: 385**  
**Planned certification: LEED Gold**  
**Construction start: Q2 2016**



# HOTEL

## POLAND

### GRANARY ISLAND



UBM is planning to develop a hotel on Granary Island in Gdansk, right beside the historic city centre. The urban development measures involve creating further service areas and offices. Completion is planned by the end of 2018.

**Asset:** Hotel

**Hotel brand:** Holiday Inn

**Operator:** Intercontinental Hotels Group (IHG)

**Underground garage/parking spaces:** 48

**Planned certification:** LEED Gold

**Construction start:** Q3 2016



## HOLIDAY INN WARSAW CITY CENTRE



The new Holiday Inn Warsaw City Centre is under construction in the very heart of the business centre of Warsaw. Construction work on the downtown plot near the Palace of Culture and the Central Station began in early 2016.

**Asset:** Hotel

**Hotel brand:** Holiday Inn

**Operator:** Intercontinental Hotels Group (IHG)

**Underground garage/parking spaces:** 29

**Planned certification:** LEED Gold

**Construction start:** Q1 2016

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

FROM 1 JANUARY TO 30 SEPTEMBER 2016

in T€	1–9/2016	1–9/2015	7–9/2016	7–9/2015
Revenue	377,404	201,859	187,694	92,057
Changes in the portfolio	-51,508	62,942	-37,511	24,567
Share of profit/loss of companies accounted for under the equity method	5,200	19,331	-677	15,627
Net gains/losses from fair-value adjustments to investment property	18,747	8,608	62	-8
Other operating income	10,021	5,043	2,195	-270
Cost of materials and other related production services	-252,924	-186,642	-111,967	-86,345
Staff expense	-32,048	-28,164	-9,652	-8,994
Other operating expenses	-35,816	-41,949	-14,224	-19,378
<b>EBITDA</b>	<b>39,076</b>	<b>41,028</b>	<b>15,920</b>	<b>17,256</b>
Depreciation, amortisation and impairment expense	-2,053	-2,377	-406	-1,158
<b>EBIT</b>	<b>37,023</b>	<b>38,651</b>	<b>15,514</b>	<b>16,098</b>
Financial income	5,012	3,786	1,442	-631
Finance costs	-16,773	-18,184	-7,149	-6,527
<b>EBT</b>	<b>25,262</b>	<b>24,253</b>	<b>9,807</b>	<b>8,940</b>
Income tax expense	-7,781	-6,537	-4,292	364
<b>Profit (loss) for the period</b>	<b>17,481</b>	<b>17,716</b>	<b>5,515</b>	<b>9,304</b>
Profit (loss) for the period attributable to shareholders of the parent	16,950	16,670	4,965	9,021
of which attributable to non-controlling interests	531	1,046	550	283
<b>Earnings per share</b> (diluted and basic in €)	<b>2.26</b>	<b>2.48</b>	<b>0.66</b>	<b>1.27</b>

**STATEMENT OF COMPREHENSIVE INCOME**

FROM 1 JANUARY TO 30 SEPTEMBER 2016

in T€	1–9/2016	1–9/2015	7–9/2016	7–9/2015
<b>Profit (loss) for the period</b>	<b>17,481</b>	<b>17,716</b>	<b>5,515</b>	<b>9,304</b>
<b>Other comprehensive income</b>				
Remeasurement from benefit obligations	-1,025	-	-1	-
Income tax expense on other comprehensive income	259	-	1	-
<b>Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)</b>	<b>-766</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gains (losses) from cash flow hedges of associates (recycled)	-	1,038	-	-
Losses (gains) from fair value measurement of securities	-	-25	11	-23
Exchange differences	-108	-429	765	-69
Income tax expense (income) on other comprehensive income	-	-8	-3	-9
<b>Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)</b>	<b>-108</b>	<b>576</b>	<b>773</b>	<b>-101</b>
<b>Other comprehensive income</b>	<b>-874</b>	<b>576</b>	<b>773</b>	<b>-101</b>
<b>Total comprehensive income</b>	<b>16,607</b>	<b>18,292</b>	<b>6,288</b>	<b>9,203</b>
of which attributable to shareholders of the parent	16,085	17,248	5,733	8,926
of which attributable to non-controlling interests	522	1,044	555	277



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS OF 30 SEPTEMBER 2016

in T€	30.9.2016	31.12.2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	2,830	2,883
Property, plant and equipment	38,540	38,749
Investment property	505,115	553,907
Shareholdings in companies accounted for under the equity method	87,498	111,543
Project financing	112,440	88,777
Other financial assets	5,887	5,894
Financial assets	3,469	3,505
Deferred tax assets	8,089	7,314
	<b>763,868</b>	<b>812,572</b>
<b>Current assets</b>		
Inventories	170,937	215,219
Trade receivables	46,970	43,118
Financial assets	10,166	10,016
Other receivables and current assets	20,536	9,176
Cash and cash equivalents	85,541	93,744
Assets held for sale	131,221	1,391
	<b>465,371</b>	<b>372,664</b>
<b>Total assets</b>	<b>1,229,239</b>	<b>1,185,236</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	22,417	22,417
Capital reserves	98,954	98,954
Other reserves	122,248	121,725
Mezzanine/hybrid capital	78,907	80,100
<b>Equity attributable to shareholders of the parent</b>	<b>322,526</b>	<b>323,196</b>
Non-controlling interests	7,874	8,828
	<b>330,400</b>	<b>332,024</b>
<b>Non-current liabilities</b>		
Provisions	10,260	11,895
Bonds	272,448	271,436
Non-current financial liabilities	247,905	229,819
Other non-current financial liabilities	4,278	5,746
Deferred tax liabilities	17,727	16,038
	<b>552,618</b>	<b>534,934</b>
<b>Current liabilities</b>		
Provisions	1,027	1,098
Bonds	50,508	50,472
Current financial liabilities	166,288	151,727
Trade payables	76,967	55,204
Other current financial liabilities	39,266	50,356
Other current liabilities	2,426	3,663
Tax payables	9,739	5,758
	<b>346,221</b>	<b>318,278</b>
<b>Total equity and liabilities</b>	<b>1,229,239</b>	<b>1,185,236</b>

**CONSOLIDATED CASH FLOW STATEMENT**

FROM 1 JANUARY TO 30 SEPTEMBER 2016

in T€	1–9/2016	1–9/2015
Profit (loss) for the period	17,481	17,716
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	-14,518	-2,014
Interest income/expense	10,008	15,213
Income from companies accounted for under the equity method	-5,199	-19,328
Dividends from companies accounted for under the equity method	1,019	9,981
Decrease in long-term provisions	-2,788	-270
Deferred income tax	-691	779
<b>Operating cash flow</b>	<b>5,312</b>	<b>22,077</b>
Decrease in short-term provisions	-48	-71
Increase in tax provisions	3,996	1,720
Losses/gains on the disposal of assets	869	-391
Decrease/increase in inventories	44,281	-47,741
Increase in receivables	-16,058	-16,394
Increase in payables (excluding banks)	25,885	2,022
Interest received	4,590	5,466
Interest paid	-12,744	-19,009
Other non-cash transactions	-463	-365
<b>Cash flow from operating activities</b>	<b>55,620</b>	<b>-52,686</b>
Proceeds from the sale of intangible assets	21	6
Proceeds from sale of property, plant and equipment and investment property	120,076	1,561
Proceeds from sale of financial assets	17,131	777
Proceeds from settling project financing	4,646	11,536
Proceeds from the disposal of assets held for sale	1,391	40,032
Investments in intangible assets	-27	-96
Investments in property, plant and equipment and investment property	-155,888	-104,107
Investments in financial assets	-5,275	-706
Investments in project financing	-40,265	-4,006
Investments in assets held for sale	-17,198	-
Proceeds from current financial assets	-	17,000
Proceeds from the sale of consolidated companies	670	-
Payouts from the purchase of subsidiaries less cash and cash equ. acquired	175	-
<b>Cash flow from investing activities</b>	<b>-74,543</b>	<b>-38,003</b>
Dividends	-16,725	-7,819
Dividends paid out to non-controlling interests	-759	-1,557
Proceeds from bonds	-	25,425
Repayment of bonds	-	-50,191
Obtaining loans and other financing	210,568	221,850
Redeeming loans and other financing	-182,231	-119,394
Capital increase	-	55,252
Payout for obligations of PIAG from UBM shares	-	-30,708
<b>Cash flow from financing activities</b>	<b>10,853</b>	<b>92,858</b>
<b>Cash flow from operating activities</b>	<b>55,620</b>	<b>-52,686</b>
<b>Cash flow from investing activities</b>	<b>-74,543</b>	<b>-38,003</b>
<b>Cash flow from financing activities</b>	<b>10,853</b>	<b>92,858</b>
<b>Change to cash and cash equivalents</b>	<b>-8,070</b>	<b>2,169</b>
Cash and cash equivalents at 1 Jan	93,744	44,265
Currency differences	-133	175
Changes to cash and cash equivalents resulting from changes to the consolidated group	-	2,628
<b>Cash and cash equivalents at 30 September</b>	<b>85,541</b>	<b>49,237</b>
Tax paid	5,490	4,037

**STATEMENT OF CHANGES IN GROUP EQUITY**

AS OF 30 SEPTEMBER 2016

in T€	Share capital	Capital reserves	Remeasurement from benefit obligations	Foreign currency transla- tion reserves
<b>Balance at 1 Jan 2015</b>	<b>18,000</b>	<b>44,642</b>	<b>-1,307</b>	<b>1,991</b>
Additions from common control transaction	30	211	-912	-461
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-442
Total comprehensive income for the period	-	-	-	-442
Dividend payout	-	-	-	-
Capital increase	4,387	51,684	-	-
Changes in non-controlling interests	-	-	-	-
<b>Balance at 30 September 2015</b>	<b>22,417</b>	<b>96,537</b>	<b>-2,219</b>	<b>1,088</b>
<b>Balance at 1 Jan 2016</b>	<b>22,417</b>	<b>98,954</b>	<b>-2,238</b>	<b>1,204</b>
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-766	11
Total comprehensive income for the period	-	-	-766	11
Dividend payout	-	-	-	-
Changes in non-controlling interests	-	-	-	-
<b>Balance at 30 September 2016</b>	<b>22,417</b>	<b>98,954</b>	<b>-3,004</b>	<b>1,215</b>



Total debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Other reserves	Mezzanine/ hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
-	-	115,049	-	178,375	2,071	180,446
57	-34,886	-9,663	126,729	81,105	3,761	84,866
-	-	11,747	4,923	16,670	1,046	17,716
-19	1,038	1	-	578	-2	576
-19	1,038	11,748	4,923	17,248	1,044	18,292
-	-	-7,512	-307	-7,819	-1,557	-9,376
-	-	-	-	56,071	-	56,071
-	-	269	-	269	685	954
<b>38</b>	<b>-33,848</b>	<b>109,891</b>	<b>131,345</b>	<b>325,249</b>	<b>6,004</b>	<b>331,253</b>
<b>43</b>	-	<b>122,716</b>	<b>80,100</b>	<b>323,196</b>	<b>8,828</b>	<b>332,024</b>
-	-	13,373	3,577	16,950	531	17,481
-	-	-110	-	-865	-9	-874
-	-	13,263	3,577	16,085	522	16,607
-	-	-11,955	-4,770	-16,725	-759	-17,484
-	-	-30	-	-30	-717	-747
<b>43</b>	-	<b>123,994</b>	<b>78,907</b>	<b>322,526</b>	<b>7,874</b>	<b>330,400</b>

SEGMENT REPORT<sup>1</sup>

in T€	Germany		Austria	
	1–9/2016	1–9/2015	1–9/2016	1–9/2015
<b>Total output</b>				
Administration			6,969	14,726
Hotel	63,442	75,695	8,691	27,419
Office	71,947	1,451	32,617	20,929
Other	5,011	9,736	38,295	58,553
Residential	64,664	22,567	18,144	7,684
Service	39,430	11,849	21,528	24,920
<b>Total</b>	<b>244,494</b>	<b>121,298</b>	<b>126,244</b>	<b>154,231</b>
Less revenues from companies accounted for under the equity method and subordinated companies and changes to the portfolio	8,993	-61,590	-46,921	-87,218
<b>Revenues</b>	<b>253,487</b>	<b>59,708</b>	<b>79,323</b>	<b>67,013</b>
<b>EBT</b>				
Administration			1,867	-2,772
Hotel	8,217	3,886	5,252	-2,566
Office	-4,510	18,689	-1,144	-811
Other	-3,014	-724	-1,236	-467
Residential	8,238	-506	26	399
Service	1,863	1,699	3,248	-1,455
<b>Total</b>	<b>10,794</b>	<b>23,044</b>	<b>8,013</b>	<b>-7,672</b>

<sup>1</sup> Part of the notes  
Intersegmental revenues are insignificant

Poland		Other markets		Group	
1-9/2016	1-9/2015	1-9/2016	1-9/2015	1-9/2016	1-9/2015
				6,969	14,726
21,458	19,693	21,995	25,496	115,586	148,303
7,986	5,528	733	578	113,283	28,486
2,240	2,332	3,093	1,762	48,639	72,383
484	600	3,095	3,522	86,387	34,373
15,372	14,292	2,181	6,730	78,511	57,791
<b>47,540</b>	<b>42,445</b>	<b>31,097</b>	<b>38,088</b>	<b>449,375</b>	<b>356,062</b>
-21,697	10,233	-12,346	-15,628	-71,971	-154,203
<b>25,843</b>	<b>52,678</b>	<b>18,751</b>	<b>22,460</b>	<b>377,404</b>	<b>201,859</b>
				1,867	-2,772
-2,222	2,230	276	739	11,523	4,289
10,190	3,472	-512	-404	4,024	20,946
109	490	285	770	-3,856	69
-3,188	-2,776	-650	-1,548	4,426	-4,431
242	893	1,925	5,015	7,278	6,152
<b>5,131</b>	<b>4,309</b>	<b>1,324</b>	<b>4,572</b>	<b>25,262</b>	<b>24,253</b>



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## 1. GENERAL INFORMATION

The UBM Group consists of UBM Development AG and its subsidiaries. UBM is a public limited company according to Austrian law and has its registered head office at 1210 Vienna, Floridsdorfer Hauptstraße 1. UBM is registered with the commercial court of Vienna under reference number FN 100059x. The Group deals mainly with the development, utilisation and management of real estate.

The interim consolidated financial statements have been prepared pursuant to IAS 34, Interim Financial Reporting, in accordance with the standards published by the International Accounting Standards Board (IASB) and adopted by the International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

In accordance with IAS 34, the interim consolidated financial statements do not contain every comprehensive entry which is obligatory in the annual financial statements and therefore this interim report should be read in conjunction with the annual report of the UBM Group as at 31 December 2015. As per IAS 34, the consolidated results of the interim consolidated financial statements are not necessarily indicative of the annual results.

The reporting currency is the Euro, which is also the functional currency of UBM. For the individual subsidiaries included in the consolidated financial statements the functional currency is the Euro or the respective national currency, depending on the business area.

These interim consolidated financial statements were not submitted for an audit review.

## 2. CONSOLIDATED GROUP

In addition to UBM, 64 domestic subsidiaries (financial statements 31 December 2015: 66) and 79 foreign subsidiaries (financial statements 31 December 2015: 80) are included in these interim consolidated financial statements.

In the reporting period five companies were included in the UBM consolidated group for the first time as a result of new foundations, increases in shares held, or purchases (see item 2.1). Four companies were eliminated from internal transfers in the form of mergers, while two companies were sold and two companies were liquidated. The sales price of T€1,341 was settled in cash and represented a related-party transaction. The assets and liabilities where control was lost break down as follows:

in T€	2016
<b>Non-current assets</b>	
Property, plant and equipment	25
Deferred tax assets	18
<b>Current assets</b>	
Inventories	1
Trade receivables	927
Financial assets	3
Other receivables and current assets	55
Cash and cash equivalents	671
<b>Non-current liabilities</b>	
Provisions	5
<b>Current liabilities</b>	
Provisions	23
Trade payables	393
Other financial liabilities	121
Other liabilities	140
Tax payables	15

Furthermore, 27 domestic (financial statements 31 December 2015: 26) and 28 foreign associates and Group companies (financial statements 31 December 2015: 30) were valued under the equity method. In the reporting period the equity interest in four companies was increased insofar as to be included fully in the consolidated group. Three companies were founded, three companies were included in the UBM interim consolidated financial statements for the first time as a result of purchases and three companies were eliminated from the consolidated group. For two of these companies, this involved related party transactions; the purchase price of T€12,268 was settled in cash.

## 2.1. FIRST-TIME CONSOLIDATIONS

The following five companies were consolidated in full for the first time in these interim financial statements:

Because of new foundations	Date of initial consolidation
UBM hotels Management GmbH	4.5.2016
Because of an increase in shares held	Date of initial consolidation
PBP IT-Services spolka z ograniczona odpowiedzialnoscia	11.1.2016
Poleczki Development Spolka z ograniczona odpowiedzialnoscia	11.1.2016
Poleczki Lisbon Office Spolka z ograniczona odpowiedzialnoscia	11.1.2016
GF Ramba Spolka z ograniczona odpowiedzialnoscia	30.6.2016

The increase in shares held in Poleczki Development Spolka z ograniczona odpowiedzialnoscia and Poleczki Lisbon Office Spolka z ograniczona odpowiedzialnoscia relate to the purchase of property and the respective financing of this real estate, which does not qualify as a business combination under IFRS 3.

T€16 was used for the purchase of the remaining 50% in GF Ramba Spolka z ograniczona odpowiedzialnoscia. The purchase price was paid in full and provisionally allocated to the Group's liabilities and assets as follows:

in T€	2016
<b>Non-current assets</b>	
Intangible assets	1
Property, plant and equipment	186
Investment property	12,167
Deferred tax assets	109
<b>Current assets</b>	
Trade receivables	10
Financial assets	196
Other receivables and current assets	0
Cash and cash equivalents	130
<b>Non-current liabilities</b>	
Deferred tax liabilities	-708
<b>Current liabilities</b>	
Financial liabilities	-4,283
Trade payables	-372
Other financial liabilities	-5,771
Other liabilities	-10
<b>Fair value of the equity stake already held</b>	<b>1,639</b>
<b>Purchase price</b>	<b>16</b>

The valuation of the previously held shares did not yield a result.



T€38 was used for the purchase of the remaining 50% in PBP IT-Services spolka z ograniczona odpowiedzialnoscia. The purchase price was paid in full and provisionally allocated to the Group's liabilities and assets as follows:

in T€	2016
<b>Non-current assets</b>	
Property, plant and equipment	159
<b>Current assets</b>	
Trade receivables	10
Other receivables and current assets	21
Cash and cash equivalents	99
<b>Non-current liabilities</b>	
<b>Current liabilities</b>	
Trade payables	-71
Other financial liabilities	-120
<b>Fair value of the equity stake already held</b>	<b>60</b>
<b>Purchase price</b>	<b>38</b>

The valuation of the previously held shares did not yield a result.

The company consolidated for the first time contributed T€6 to EBT for the period and T€62 to revenue.

### 3. ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied in the consolidated financial statements of 31 December 2015, which are presented in the notes to the consolidated annual financial statements, were used, unmodified, in the interim report, with the exception of the following standards and interpretations which have been adopted for the first time:

#### Amendments to standards and interpretations

##### Amendment to IAS 19 Employee Benefits

The amendment clarifies how employees' contributions or contributions from third parties which are linked to service should be attributed to periods of service and also permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendment applies to fiscal years beginning on or after 1 February 2015.

##### Annual Improvements to IFRSs (2010–2012 Cycle)

The Annual Improvements to IFRSs 2010–2012 Cycle contains a number of minor amendments to different standards. The amendments apply to fiscal years beginning on or after 1 February 2015. The standards affected by these amendments include: IFRS 2 Share-based Payment; IFRS 3 Business Combinations; IFRS 8 Operating Segments; IFRS 13 Fair Value Measurement; IAS 16 Property, Plant and Equipment; IAS 24 Related Party Disclosures; and IAS 38 Intangible Assets.

**Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations**

The amendments relate to accounting for interests in joint ventures and joint operations. This amendment will involve the inclusion of new guidance in IFRS 11 on accounting for acquisitions on interests in joint operations which constitute a business. The amendments apply to fiscal years beginning on or after 1 January 2016.

**Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate because such methods reflect factors other than the pattern of consumption of an asset's expected future economic benefits. The amendments also specify that a revenue-based amortisation method for determining the future economic benefits of intangible assets is generally inappropriate, whereby this presumption can be overcome under specific limited circumstances. The amendments apply to fiscal years beginning on or after 1 January 2016.

**Amendments to IAS 16 and IAS 41: Bearer Plants**

The amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" relate to the financial reporting for bearer plants. Bearer plants, which are used solely to grow produce, have been brought into the scope of IAS 16. This means that they can be accounted for in the same way as property, plant and equipment. The amendments apply to fiscal years beginning on or after 1 January 2016.

**Amendments to IAS 27: Equity Method in Separate Financial Statements**

The minor amendments to IAS 27 "Separate Financial Statements" allow entities to use the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments apply to fiscal years beginning on or after 1 January 2016.

**Annual Improvements to IFRSs 2012–2014 Cycle**

The Annual Improvements to IFRSs 2012–2014 Cycle involves a range of small amendments to various standards. Some of the amendments relate to:

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" – adds specific guidance for cases in which an entity reclassifies an asset from "held for sale" to "held for distribution" or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 "Financial Instruments: Disclosures" – clarifies whether a servicing contract is continuing involvement in a transferred asset and clarifies offsetting disclosures to the condensed interim financial statements.
- IAS 19 "Employee Benefits" – the amendments clarify that the corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 "Interim Financial Reporting" – proposes the inclusion of a cross-reference to information disclosed in interim financial reports.

All of the amendments will apply to fiscal years beginning on or after 1 January 2016.

**Amendments to IAS 1: Disclosure Initiative**

In December 2014 the IASB issued amendments to IAS 1 "Presentation of Financial Statements". The amendments primarily relate to the following points:

- Clarifying that disclosures in the financial statements are only necessary if their content is not immaterial.
- Guidance on aggregating and disaggregating items in the statement of financial position and statement of profit or loss and other comprehensive income.
- Clarifying how to account for an entity's share of other comprehensive income of equity-accounted companies accounted for under the equity method in the statement of comprehensive income.
- Eliminating the model structure of the financial statements in order to take account of relevance to the specific company.

The amendments apply to reporting periods beginning on or after 1 January 2016.

**Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception**

The IASB issued amendments to IFRS 10 – "Consolidated Financial Statements", IFRS 12 – "Disclosure of Interests in Other Entities" and IAS 28 – "Investments in Associates and Joint Ventures" with regard to applying the consolidation exception for investment entities. The amendments serve to clarify three issues related to the consolidation exception for investment entities whose subsidiaries are measured at fair value.

The amendments apply to reporting periods beginning on or after 1 January 2016.

The following standards and interpretations have been published in the period between 31 December 2015 and the preparation of these interim consolidated financial statements and do not yet need to be applied compulsorily nor have they been adopted into EU law:

	<b>Effective date in acc. with IASB</b>
Amendment to IFRS 2	1.1.2018
Amendment to IFRS 15	1.1.2018
Amendment to IFRS 4	1.1.2018

The first-time application of the standards and interpretations, as well as the amendments to the standards, have not had an impact on the interim consolidated financial statements.

The interim consolidated financial statements at 30 September 2016 use the same consolidation methods and basis for currency exchange as were used in the annual financial statements at 31 December 2015.

#### 4. ESTIMATES AND ASSUMPTIONS

Producing interim consolidated financial statements in accordance with IFRSs requires management to make estimates and assumptions which affect the amount and disclosure of assets and liabilities in the statement of financial position, income and expense, as well as entries regarding contingent liabilities in the interim report. Actual results may deviate from these estimates.

#### 5. DIVIDENDS

A resolution was passed at the Annual General Meeting on 25 May 2016 to pay out a dividend of €1.60 per ordinary share, which corresponds to €11,955,488 for 7,472,180 ordinary shares, with the remainder of €20,758 carried forward to new account. The dividends were paid out on 3 June 2016.

#### 6. EARNINGS PER SHARE

in T€	1–9/2016	1–9/2015
Profit for the period attributable to shareholders of the parent	16,950	16,670
Weighted average number of shares issued	7,472,180	6,709,801

#### 7. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets held for sale involve one office property in Poland and one in Austria, as well as a hotel under construction in Austria, for which the company is actively searching for a buyer. The company assumes that it will be able to close the sales in the business year 2016.

#### 8. SHARE CAPITAL

Share capital	No. 2016	€ 2016	No. 2015	€ 2015
Ordinary bearer shares	7,472,180	22,416,540	7,472,180	22,416,540

#### 9. AUTHORISED CAPITAL

Subject to approval being granted by the Supervisory Board, the Managing Board is authorised until 7 May 2019 to increase the share capital by up to €4,613,460 by issuing up to 1,537,820 new ordinary no-par bearer shares in exchange for cash and/or contribution in kind, in multiple tranches if so wished, also under application of indirect pre-emptive rights pursuant to Sec. 153 Para. 6 Austrian Stock Corporation Act; the Managing Board is also authorised to specify the issue price, issue conditions, the subscription ratio and other details with the approval of the Supervisory Board. The Supervisory Board is entitled to pass resolutions on amending the statutes to allow the Managing Board to make use of this authorisation.

Furthermore, the Managing Board is permitted, with the approval of the Supervisory Board, to acquire treasury shares in the Company up to the legally permitted level of 10% of share capital, including treasury shares already bought back for a 30-month period beginning on the date the resolution was passed (20 May 2015).

## 10. MEZZANINE AND HYBRID CAPITAL

The merger of PIAG as the transferring company and UBM as the absorbing company led to the transfer of mezzanine capital totalling €100 million and hybrid capital totalling €25.3 million, issued by PIAG in November 2014, to UBM by way of legal succession. Both the mezzanine capital and the hybrid capital are fundamentally subject to ongoing interest. In December 2015 €50.0 million of the mezzanine capital was paid back.

UBM is only obliged to pay interest on the mezzanine capital and hybrid capital if it resolves to pay a dividend to shareholders from the annual surplus. UBM is not obliged to pay the due interest for one year in the absence of a profit payout, and if the issuer utilises their right not to pay, then this unpaid interest is kept in arrears which must be paid as soon as the issuer decides that a dividend from the annual surplus is payable to their holdings or shareholders.

In the case of dismissal by UBM of the mezzanine or hybrid capital, the mezzanine or hybrid capital becomes due to the holders, in addition to the valid interest accrued by this date and outstanding interest. The hybrid capital can only be paid back if, prior to the pay back, a process is carried out in accordance with Sec. 178 Stock Exchange Act in the amount of the planned equity pay back in the course of a capital increase in accordance with Sec. 149 et seq. Stock Exchange Act, or if a capital adjustment is carried out.

As payments, interest and capital redemption are only compulsory when the conditions are activated, where their activation can be authorised or prevented by UBM, and the Group therefore has the option of avoiding payment on the mezzanine and hybrid capital permanently, this mezzanine and hybrid capital is categorised as equity instruments. Interest which is paid, less any tax effect such as profit payouts, is to be recorded directly in equity as a deduction.

Both the mezzanine capital and the hybrid capital are held by PORR AG.

## 11. FINANCIAL INSTRUMENTS

In accordance with IFRS 7.29, the carrying amount of the financial instruments represents a reasonable approximation of the fair value, with the exception of held-to-maturity financial assets and available-for-sale assets (fair value hierarchy level 1), bonds subject to fixed interest rates (fair value hierarchy level 1) and borrowings and overdrafts from banks subject to fixed interest rates and other financial liabilities subject to fixed interest rates (fair value hierarchy level 3).

The fair value measurement of the bonds is carried out on the basis of stock market prices. Loans and borrowings and other financial assets are valued using the discounted cash flow method, whereby the Zero Coupon Yield Curve published by Reuters on 30 September 2016 was used for discounting the cash flow.

The financial assets classified as available for sale at cost consist of associated companies (GmbH shares) of minor significance, which are not listed on an active market and whose market value cannot be reliably determined. These are accounted for at acquisition cost. There is no intention to sell shares in these project companies as long as a project has not been realised.



## Carrying amounts, measurement rates and fair values

MEASUREMENT IN ACC. WITH IAS 39							
	Measure- ment in acc. with IAS 39	Carrying amount at 30 Sep 2016	(Continuing) acquisition costs	Fair value other com- prehensive income	Fair value affecting net income	Fair value hierarchy (IFRS 7.27A)	Fair Value at 30 Sep 2016
<b>ASSETS</b>							
Project financing							
at variable interest rates	LaR	112,440	112,440	-	-	-	-
Other financial assets	HtM	3,797	3,797	-	-	Level 1	4,516
Other financial assets	AfS (at cost)	1,817	1,817	-	-	-	-
Other financial assets	AfS	273	-	273	-	Level 1	273
Trade receivables	LaR	33,589	33,589	-	-	-	-
Financial assets	LaR	13,635	13,635	-	-	-	-
Cash and cash equivalents	-	85,541	85,541	-	-	-	-
<b>LIABILITIES</b>							
Bonds							
at fixed interest rates	FLAC	322,956	322,956	-	-	Level 1	338,982
Borrowings and overdrafts from banks							
at variable interest rates	FLAC	348,059	348,059	-	-	-	-
at fixed interest rates	FLAC	12,201	12,201	-	-	Level 3	12,288
Other financial liabilities							
at variable interest rates	FLAC	19	19	-	-	-	-
at fixed interest rates	FLAC	38,703	38,703	-	-	Level 3	38,691
Lease obligations	-	15,174	15,174	-	-	-	-
Trade payables	FLAC	76,967	76,967	-	-	-	-
Other financial liabilities	FLAC	43,544	43,544	-	-	-	-
Derivatives (without hedges)	FLHfT	37	-	-	37	-	-
<b>BY CATEGORY</b>							
Loans and receivables	LaR	159,664	159,664	-	-	-	-
Held to maturity	HtM	3,797	3,797	-	-	-	-
Available-for-sale financial assets	AfS (at cost)	1,817	1,817	-	-	-	-
Available-for-sale financial assets	AfS	273	-	273	-	-	-
Cash and cash equivalents	-	85,541	85,541	-	-	-	-
Financial liabilities measured at amortised cost	FLAC	842,449	842,449	-	-	-	-
Financial liabilities held for trading	FLHfT	37	-	-	37	-	-

## MEASUREMENT IN ACC. WITH IAS 39

	Measure- ment in acc. with IAS 39	Carrying amount at 31 Dec 2015	(Continuing) acquisition costs	Fair value other com- prehensive income	Fair value affecting net income	Fair value hierarchy (IFRS 7.27A)	Fair Value at 31 Dec 2015
<b>ASSETS</b>							
Project financing							
at variable interest rates	LaR	88,777	88,777	-	-	-	-
Other financial assets	HtM	3,797	3,797	-	-	Level 1	4,372
Other financial assets	AfS (at cost)	1,824	1,824	-	-	-	-
Other financial assets	AfS	273	-	273	-	Level 1	273
Trade receivables	LaR	43,042	43,042	-	-	-	-
Financial assets	LaR	13,521	13,521	-	-	-	-
Cash and cash equivalents	-	93,744	93,744	-	-	-	-
<b>LIABILITIES</b>							
Bonds							
at fixed interest rates	FLAC	321,908	321,908	-	-	Level 1	335,718
Borrowings and overdrafts from banks							
at variable interest rates	FLAC	310,815	310,815	-	-	-	-
at fixed interest rates	FLAC	5,808	5,808	-	-	Level 3	4,716
Other financial liabilities							
at variable interest rates	FLAC	19	19	-	-	-	-
at fixed interest rates	FLAC	28,724	28,724	-	-	Level 3	28,047
Lease obligations	-	35,846	35,846	-	-	-	-
Trade payables	FLAC	55,204	55,204	-	-	-	-
Other financial liabilities	FLAC	56,102	56,102	-	-	-	-
Derivatives (without hedges)	FLHfT	334	334	-	334	-	-
<b>BY CATEGORY</b>							
Loans and receivables	LaR	145,340	145,340	-	-	-	-
Held to maturity	HtM	3,797	3,797	-	-	-	-
Available-for-sale financial assets	AfS (at cost)	1,824	1,824	-	-	-	-
Available-for-sale financial assets	AfS	273	-	273	-	-	-
Cash and cash equivalents	-	93,744	93,744	-	-	-	-
Financial liabilities measured at amortised cost	FLAC	778,580	778,580	-	-	-	-
Financial liabilities held for trading	FLHfT	334	334	-	334	-	-

## 12. TRANSACTIONS WITH RELATED PARTIES

Transactions between Group companies and those accounted for under the equity method primarily relate to project development and construction as well as providing loans and the respective interest charges.

In addition to companies accounted for under the equity method, related parties pursuant to IAS 24 include PORR AG and its subsidiaries, as well as companies of the IGO-Ortner Group and Strauss Group as they, or their controlling entity, has significant influence over UBM as a result of the existing syndicate.

Transactions in the business year between companies included in the UBM Group's consolidated financial statements and the PORR Group companies primarily relate to construction services and a loan totalling T€150,000, of which T€24,832 had been drawn on as of the reporting date. The loan is for the purpose of advance and interim financing of property development projects.

In addition, interest totalling T€4,770 was paid to PORR AG for the mezzanine capital and the hybrid capital in the 2016 business year.

## 13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events after the end of the reporting period which are subject to disclosure.

21 November 2016, Vienna

### The Managing Board



**Thomas G. Winkler**  
Chairman



**Martin Löcker**



**Claus Stadler**



**Michael Wurzinger**

# GLOSSARY

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<b>ATX</b>	Austrian Traded Index, the leading index of the Vienna Stock Exchange
<b>Dividend yield</b>	Dividend per share in relation to the share price
<b>EBIT</b>	Earnings Before Interest and Taxes
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation and Amortisation
<b>EBT</b>	Earnings Before Taxes
<b>Equity ratio</b>	Average equity in relation to total assets
<b>EURO STOXX 50</b>	A stock index that includes the 50 largest listed companies in the eurozone
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>Impairment test</b>	In accordance with IAS 36, the value of assets shall be subjected to a regular impairment test, which determines any interim impairment of the asset's value and thereby leads to adjustment entries
<b>Market capitalisation</b>	Share price multiplied by the number of shares in issue
<b>Net debt</b>	Non-current and current bonds plus non-current and current financial liabilities minus cash and cash equivalents
<b>P/E ratio</b>	Price-earnings ratio, the share price in relation to earnings per share
<b>Profit for the period</b>	EBT after income and tax expenses
<b>Sales proceeds</b>	The share of revenue/total output generated by the sale of property projects
<b>Total Output</b>	The Total Output corresponds to the companies included in full in the consolidated group as well as companies recognised under the equity method and from share deals in line with the stake held by UBM

## **DISCLAIMER**

This quarterly report also contains statements relating to the future which are based on estimates and assumptions which are made by managerial staff to the best of their current knowledge.

Future-related statements may be identified as such by expressions such as "expected", "target" or similar constructions. Forecasts related to the future development of the company take the form of estimates based on information available at 30 September 2016. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks.

Every care has been taken to ensure that all information contained in every part of this quarterly report as at 30 September 2016 is accurate and complete. We regret that we cannot rule out possible round-off, typesetting and printing errors.

This report is a translation into English of the quarterly report issued in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.



## FINANCIAL CALENDAR 2017

Publication Yearly Financial Report 2016 Annual Report 2016	6.4.2017
Press conference	6.4.2017
Record Date for attending the 136 <sup>th</sup> Annual General Meeting, Vienna	13.5.2017
136 <sup>th</sup> Annual General Meeting, Location: EURO PLAZA, Am Euro Platz 2, Building G, 112 Vienna; 2pm	23.5.2017
Ex-dividend trading on the Vienna Stock Exchange	30.5.2017
Interim report on the 1 <sup>st</sup> Quarter 2017	31.5.2017
Record Date dividend	31.5.2017
Date of dividend payment for the fiscal year 2016	1.6.2017
Interest payment UBM Corporate Bond 2015	9.6.2017
Interest payment UBM Corporate Bond 2014	10.7.2017
Publication Half-Year Financial Report 2017	29.8.2017
Interim report on the 3 <sup>rd</sup> Quarter 2017	28.11.2017
Interest payment UBM Corporate Bond 2015	11.12.2017

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