ubm development

Half-Year Report 2022

Key performance indicators

Key earnings figures (in € m)

	1-6/2022	1-6/2021	Change
Total Output[1]	206.2	237.3	-13.1%
Revenue	86.1	147.3	-41.5%
EBT	16.1	35.7	-54.9%
Net profit (before non-controlling interests)	15.8	27.5	-42.5%

Key asset and financial figures (in € m)

	30.6.2022	31.12.2021	Change
Total assets	1,495.7	1,494.5	0.1%
Equity	516.8	550.6	-6.1%
Equity ratio	34.6%	36.8%	-2.2 PP
Net debt[2]	486.9	381.0	27.8%
Cash and cash equivalents	344.0	423.3	-18.7%

Key share data and staff

	30.6.2022	30.6.2021	Change
Earnings per share (in €)[3]	1.49	3.09	-51.8%
Market capitalisation (in € m)	256.3	310.1	-17.3%
Dividend per share (in €)[4]	2.25	2.20	2.3%
Staff[5]	295	337	-12.5%

[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 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 (amended calculation from 2020). The values relate to the first half of the year.

[4] The dividend is paid in the respective financial year, but is based on profit of the previous financial year.

[5] Excluding 72 employees from alba Bau | Projekt Management GmbH; the company was sold as of 30 June 2022.

Contents

At a glance

H1 2022

Operating performance.
Successful sales despite a difficult market environment

Healthy balance sheet.
35% equity ratio and € 344m of liquidity

Development pipeline. € 2.1 bn.
> 3,300 apartments and > 200,000 square metres of office space

Outlook.
Operating EBT of € 38 m to € 42 m

Dear Shareholders,
Dear Stakeholders,

Early signs during the first half year, especially in the second quarter, indicate that Europe is heading towards the "perfect storm". War, inflation, the pandemic and an increasingly likely recession have led to massive uncertainty – also on the real estate market. The investment market is currently in a state of shock: In Q2, for example, the transaction volume on the office market collapsed with a decline of 90% in Munich, 77% in Düsseldorf and 65% in Berlin. Rising interest rates, higher housing and energy costs as well as incalculable construction prices have turned the tides in the sector in a very short time.

In view of these recent developments, it is even more surprising that we were able to complete a number of property sales and the strategic divestment of Alba before the end of the first half-year. We did have to pull back from several planned transactions, but the good news is that we can afford to do this – a liberty that not every market participant can take. Our balance sheet is so strong that we could even follow an anticyclical course. We are now wondering what we can expect from the perfect storm – here, the other side of the coin is also important:

Rising interest rates are poison for real estate. However, the fact that increasing sections of the population can no longer afford to purchase their own homes has been reflected in the expansion of the rental market to also include higher income households. Incalculable construction costs invariably lead to a massive decline in development projects. A reduced supply combined with steady high demand for living space and offices for the new working world unavoidably drive prices. The growing cost of energy has not only been responsible for massive inflation but also for an increase in the demand for new construction with geothermal or similarly independent energy sources as well as ESG-compliant, renovated older buildings.

Not everything is black or white, especially when it is possible – like UBM – to benefit financially from countertrends and utilise the available market opportunities. We believe we are optimally positioned to successfully navigate through this difficult phase. With green. smart. and more., we are now in the third year of our focus on future-fit properties. Concentration on timber construction and a commitment to resource-conserving building operations – above all through the use of geothermal energy and ground water – give our customers security for their investments and UBM an important advantage on the market. UBM has a strong financial base and sufficient liquidity to also take advantage of the opportunities presented by this market phase.

Our short-term outlook indicates that caution is necessary this year, and we are issuing an operating guidance of €38 to €42m for EBT, which is roughly one-third below the level of the past two years.

Thomas G. Winkler
CEO

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Highlights Half-Year 2022

ESG branch leadership extended
UBM receives an even higher ESG score from ISS ESG and, with a B-rating, further increases its leading branch position in Germany and Austria. As special recognition, UBM also receives the Vienna Stock Exchange Prize for 2022 in the category 'Sustainability'.

UBM realises proceeds of nearly €40m from the sale of properties in Vienna
A commercial property in Vienna's fifth district and three properties with building rights in the first district were sold for a total of €39.07m. "These transactions demonstrate that UBM can still attract interested investors, even in turbulent times," emphasised Thomas G. Winkler, CEO.

UBM and CA Immo sell the "Kaufmannshof" residential and office project for roughly €48.5m
This location on the Mainz customs harbour is currently the development site for 45 apartments, 5 townhouses and nearly 3,277 square metres of commercial space. Construction of the "Kaufmannshof" on Harbour Island V started during the second quarter of 2020, and completion is planned for the third quarter of 2022.

Record dividend of € 2.25
In spite of the corona-related, difficult market climate, UBM pays a record dividend of € 2.25 per share based on the sound development of earnings in 2021. A strong balance sheet optimally positions the company to deal with the uncertainties that dominate the current environment.

2022

UBM is a big buyer at the Mainz customs harbour
UBM Development Germany acquires four waterfront sites for more than 42,000 square metres of gross floor space. Plans call for the development of spectacular residences on roughly 75% of the area and smart offices on the remaining 25%, all in climate-friendly timber-hybrid construction. These projects underscore UBM's continuing strategic focus on the residential and office asset classes.

BAU | PROJEKT MANAGEMENT
alba

UBM sells Alba project and construction management subsidiary
Alba generates almost 90% of its business with third parties, and its activities no longer correspond to UBM's new strategic focus. With this sale, UBM underscores its position as a pure play developer.

Share

Stock exchange developments

The optimistic start on stock exchanges in 2022 was abruptly halted in February by the war in Ukraine with share prices declines that continued into the second quarter. The MSCI World closed 21.2% below year-end 2021 at the end of June, whereby 16.6 percentage points were registered in the second quarter. The DAX followed this negative trend with a 19.2% loss in the first half of the year. Among the major indexes, the Dow Jones recorded one of the smallest losses with a minus of 15.4% for this six-month period. The EURO STOXX 50 ended the first half-year down 18.6%.

Development of the UBM share

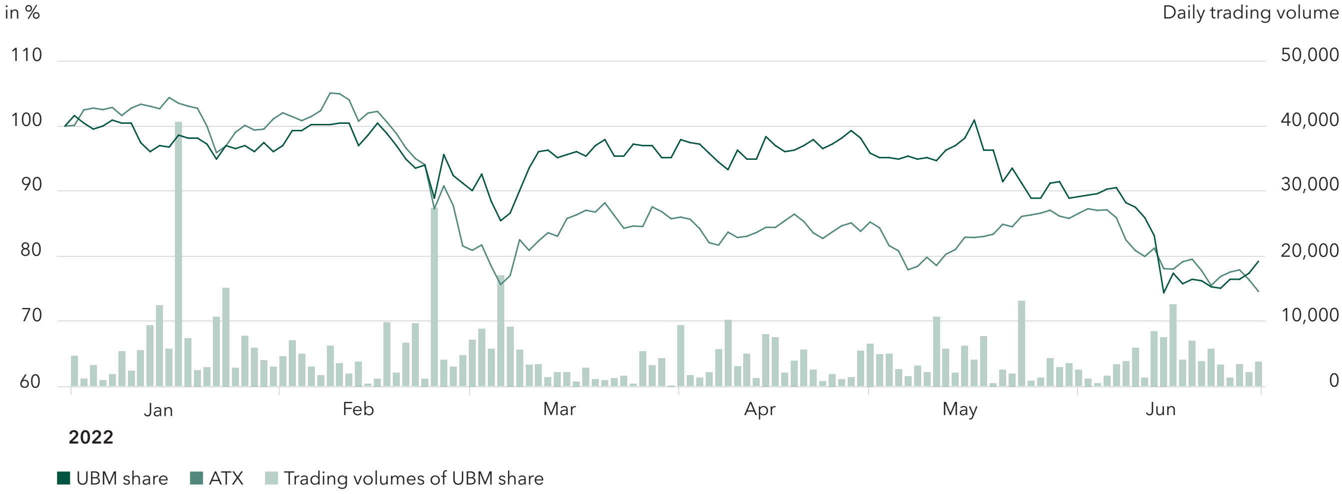
The UBM share opened 2022 with stable sideward movement that turned negative in line with the markets at the start of the war in Ukraine. Sound recovery beginning in March was followed by a further downturn in mid-June. The share traded at €34.3 at the end of June 2022, or 20.8% lower than at year-end 2021. In year-on-year comparison, the UBM share declined by 17.3%. Austria's leading ATX index lost 25.4% from the end of 2021 to the end June. The IATX fell by 13.0% during this same period, despite takeovers for two IATX shares. The average daily trading volume in the first two quarters of 2022 equalled 2,392 shares.

The UBM share has been listed on the Vienna Stock Exchange since 10 April 1873 and entered the prime market, the top segment of the Vienna Stock Exchange, in August 2016. The share is also included in the IATX real estate stock index.

Shareholder structure

The share capital of UBM Development AG was increased retroactively to €52,305,260 as of 31 December 2021 (capital adjustment in accordance with the Austrian Capital Adjustment Act) and is still divided into 7,472,180 shares. The syndicate comprising the IGO Industries Group and the Strauss Group held an unchanged 38.8% of the shares outstanding as of 30 June 2022. In addition, the IGO Industries Group held roughly 7.0% 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 includes the 3.9% of the shares held by the Management and Supervisory Boards. Most of the other free float was held by investors in Austria (53%) and Germany (32%).

Performance of the UBM share vs. ATX and trading volumes from January to June 2022



Interim Management Report

General economic environment

The war in Ukraine, disrupted supply chains and the resulting increase in inflation have led to uncertainty in many sectors of the global economy. In reaction to these developments, the International Monetary Fund (IMF) reduced its forecast for worldwide growth in 2022 from 3.6% (Q1 2022) to 3.2%.[1] Experts also see a further weakening to 2.6% in 2023 (previously 3.6%). For the eurozone, the European Commission expects a GDP increase of 2.6% in 2022 and a significantly lower 1.4% in 2023.[2] Projections by the Austrian National Bank (OeNB) place GDP growth at 3.8% in 2022 but show a reduction by half to 1.9% in the following years. The development of the economies in Eastern and South-eastern Europe has been surprisingly sound: Despite the impact of the war, there have been no signs of economic weakness in either region but, instead, an increase over earlier quarters. The European Commission is forecasting GDP growth of 3% for the CEE/SEE regions in 2022.

In addition to economic growth, projections for inflation have also become increasingly important due to the recent strong increases. Energy and food prices currently represent the main drivers. Estimates by the Austrian National Bank show an annual inflation rate of 6.8% for the eurozone in 2022, with a decline to 3.5% in 2023 and to 2.1% in 2024. This downward trend is expected to be influenced, among others, by the first increase for key interest rates in 11 years which was approved by the European Central Bank (ECB) at its June meeting. The Austrian National Bank expects inflation in Austria will reach 7.0% in 2022 but not decline as quickly as the eurozone average (2023: 4.2%; 2024: 3.0%) due to the wage-price spiral. Inflation in Eastern and South-Eastern Europe is clearly higher: Although the key interest rates in some countries have risen up to 6.0% (e.g. Poland), the inflation forecast for the CEE/SEE region in 2022 is high at 10.0%.[3]

[1] International Monetary Fund: World Economic Outlook – July 2022
[2] European Commission: Economic Forecast – Summer 2022
[3] Austrian National Bank: Konjunktur aktuell – June 2022

Developments on the real estate markets

The real estate market in Europe followed four consecutive quarters of growth with a 20% year-on-year drop in the transaction volume to €61.7 bn in the second quarter of 2022. A strong first three months limited the decline to only 1% for the half-year based on a volume of €141.2 bn.[4] Germany recorded an unusually good first quarter, but the transaction volume fell dramatically in Q2 2022. In the institutional segment, properties with a combined value of €35.8 bn changed hands in the first half-year, whereby €28.3 bn of this volume is attributable to commercial and €7.5 bn to residential properties. The transaction volume for commercial properties fell by 60.7% from €20.3 bn in the first quarter to €8.0 bn in the second quarter, compared with a more moderate decline of 30% for residential properties (from €4.4 bn to €3.1 bn). The transaction volume for commercial properties in Germany is expected to be less than €50 bn in 2022 (2021: €60.7 bn). Estimates for the residential asset class show a transaction volume of €15 bn, which is substantially lower than the 2021 record year (€52.1 bn). This past year was influenced by megadeals, whereby Vonovia/Deutsche Wohnen at €23.5 bn was the largest transaction ever seen on the German residential investment market.[5, 6]

The real estate investment market in Austria recorded a slight increase in the transaction volume from €960m in the first quarter to slightly over €1 bn in the second quarter. Prospects for 2022 show that the 2021 level (€4.55 bn) could even be exceeded due to the limited availability of investment opportunities and, in contrast to Germany, a decline is not expected. Mixed-use properties generated 28.5% of the transaction volume in the first half-year, while residential and office properties were responsible for 19.2% and 15.5%, respectively.[7] A total of €5.5 bn were invested in real estate in the CEE region from January to June 2022.[8]

[4] Real Capital Analytics: Europe Capital Trends – Q2 2022
[5] Savills: Investmentmarkt Deutschland – July 2022
[6] JLL: Residential market in Germany – February 2022
[7] EHL: Immobilieninvestmentmarkt Update – H1 2022
[8] Cushman & Wakefield: CEE MarketBeats

Business performance

UBM Development generated Total Output of €206.2m in the first half of 2022, compared with €237.3m in the first half of 2021. The largest contributions to earnings came, as in the previous year, from Germany and Austria where two projects closed in Potsdam and Vienna (Siebenbrunnengasse). Total Output for the reporting period was also influenced by the progress of construction on previously sold real estate projects which are recognised to revenue and earnings over time based on the progress of construction and sale. The largest contributions to Total Output were made by projects like the F.A.Z. Tower in Frankfurt and the Kaufmannshof at Mainz customs harbour. Positive contributions were also made by residential projects like the Flösserhof (Mainz), Gmunder Höfe (Munich), Arcus City (Prague), Siebenbrunnengasse Residential (Vienna) and Rankencity (Graz). Total Output in the Other segment resulted primarily from the strategic divestment of the German project and construction management subsidiary, alba Bau | Projekt Management GmbH, and from the sale of three properties with building rights in the first district of Vienna.

Total Output in the **Germany segment** rose from €80.3m to €87.3m. Major contributions to the increase in the reporting period came from forward sold projects like the F.A.Z. Tower in Frankfurt and the Kaufmannshof residential and office project in Mainz customs harbour which will be completed in the second half of 2022. Total Output also included the progress of construction on two residential projects, the Gmunder Höfe in Munich and the Flösserhof at Mainz customs harbour. A further positive contribution was made by the closing of a project with 126 micro-apartments in Potsdam.

In the **Austria segment**, Total Output declined to €84.7m (H1/2021: from €102.6m). A significant component of this Total Output resulted from the sale of the remaining apartments (with the exception of few office units) and the commercial property at Siebenbrunnengasse 21 in Vienna's fifth district. Residential projects like the Rankencity also made a positive contribution. The sale of three properties with building rights in the first district of Vienna and the strategic divestment of the German project and construction management subsidiary attributable to the Austria segment, alba Bau | Projekt Management GmbH, also made a positive contribution to Total Output.

The **Poland segment** reported a decline in Total Output to €19.5m in the first half of 2022 (H1/2021: €42.1m). This performance was based on current hotel operations, the rental of the Poleczki Business Park and various services.

Total Output in the **Other Markets segment** amounted to €14.6m in the first six months of 2022 (H1/2021: €12.2m). Most of this volume was generated by the Arcus City residential project in Prague's Stodůlky district. Over 100 units will be built here in the first phase and accounted for according to the percentage of completion.

Total Output by region

in €m	1-6/2022	1-6/2021	Change
Germany	87.3	80.3	8.7%
Austria	84.7	102.6	–17.4%
Poland	19.5	42.1	–53.7%
Other markets	14.6	12.2	19.7%
Total	**206.2**	**237.3**	**–13.1%**

The **Residential segment** reported a year-on-year increase in Total Output from €73.1m to €85.0m in the first half of 2022. Total Output for the reporting period consisted primarily of the progress of construction on previously sold apartments from projects like the Kaufmannshof and Flösserhof at Mainz customs harbour, the Gmunder Höfe in Munich and the Arcus City in Prague. Residential construction projects in Austria (e.g. Siebenbrunnengasse and Rankencity) and in Germany (Potsdam) also made a positive contribution to Total Output.

In the **Office segment**, UBM Development recorded stable Total Output of €61.5m in the first half of 2022 (H1/2021: €59.1m). The reporting period performance resulted, above all, from the forward sold F.A.Z. Tower in Frankfurt, the new headquarters of the Frankfurter Allgemeine Zeitung (F.A.Z.). A further positive contribution was made by the sale of the commercial property on the Siebenbrunnengasse in Vienna's fifth district.

Total Output in the **Hotel segment** declined year-on-year from €34.7m in the first half of 2021 to €21.9m. The low level of Total Output in this segment reflects UBM's strategic reorientation as a result of the COVID-19 pandemic. No hotel projects are currently under development. Total Output for the reporting period was positively influenced by the contributions from ongoing hotel operations.

In the **Other segment**, Total Output for the first six months of 2022 amounted to €24.1m (H1/2021: €41.9m). It includes the sale of three properties with building rights in the first district of Vienna as well as the strategic divestment of the German project and construction management subsidiary, alba Bau | Projekt Management GmbH.

Total Output in the **Service segment** fell from €28.5m to €13.7m. A major component resulted from the provision of services for various projects in Austria and Germany. This position also includes charges for management services and intragroup allocations.

Total Output by asset class

in €m	1-6/2022	1-6/2021	Change
Residential	85.0	73.1	16.3%
Office	61.5	59.1	4.1%
Hotel	21.9	34.7	-36.9%
Other	24.1	41.9	-42.5%
Service	13.7	28.5	-52.0%
Total	**206.2**	**237.3**	**-13.1%**

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 amounted to €206.2m in the first half of 2022 (H1/2021: €237.3m). Major contributions came from projects in Germany (F.A.Z. Tower, Kaufmannshof and Potsdam) and Austria (Siebenbrunnengasse). Revenue as reported on the consolidated income statement was also lower than the previous year at €86.1m (H1/2021: €147.3 m). The decline in the first half-year resulted from the sale of fully consolidated projects and correspondingly lower contributions. Contributions to revenue were also provided by various residential projects in Austria (Siebenbrunnengasse) and the Czech Republic (Arcus City).

The profit from companies accounted for at equity rose from €12.2m in the first half of 2021 to €17.3m in the reporting period. This substantial improvement in at-equity-results is attributable, above all, to ongoing, forward sold real estate projects like the F.A.Z. office tower in Frankfurt, CTB in Berlin and the Kaufmannshof residential and office project at Mainz customs harbour.

The income from fair value adjustments to investment property totalled €6.7m in the first half of 2022 (H1/2021: €10.0m), whereby the revaluations were related in full to a project in Vienna. The fair value adjustments in the comparable prior year period were related to an office project in Munich which was sold during the first half of 2021. The expenses from fair value adjustments were immaterial in the first half of 2022 and 2021.

Other operating income amounted to €1.6m and included, among others, foreign exchange gains, income from the rental of space and land, income from the release of provisions and various other positions. In the previous year, other operating income totalled €7.8m. Other operating expenses rose from €12.2m in the first half of 2021 to €16.2m, above all due to foreign exchange losses and expenses for legal and consulting services. This position also includes administrative costs, travel expenses and advertising costs as well as charges and duties.

The cost of materials and other related production services amounted to €60.3m (H1/2021: €103.4m). These expenses consist largely of material costs for the construction of residential properties and various other development projects which were sold through forward transactions. They also include the book value disposals from property sales in the form of asset deals and purchased general contractor services.

The changes in the portfolio related to residential property inventories and other IAS 2 properties led to expenses of €0.4m (H1/2021: €4.5m). The decline in changes in the portfolio during the first half of 2022 reflects the increased sale of apartments in the residential construction projects reported under inventories.

Personnel expenses were slightly higher year-on-year at €18.7m (H1/2021: €18.0m). Group companies included in the consolidation employed a total workforce of 367 at the end of June 2022, which is slightly higher than the level at year-end 2021 (31 December 2021: 355). The increase was based on additional hiring for an in-house accounting team as a substitute for previously outsourced services, as well as a competence centre for timber construction with a total of five experts.

EBITDA fell by €23.0m year-on-year from €39.0m to €16.0 m. Depreciation and amortisation roughly reflected the previous year at €1.5m (H1/2021: €1.2m). EBIT for the first six months of 2022 totalled €14.5m, compared with €37.8 m in the first half of 2021. Financial income rose from €10.1m in 2021 to €15.3m in 2022. Financial costs were slightly higher than the previous year at €13.6m (H1/2021: €12.2m), whereby the positive financial result is attributable to the sale of the German project and construction management subsidiary, alba Bau | Projekt Management GmbH (share deal).

EBT totalled €16.1m in the first half of 2022 (H1/2021: €35.7m). Tax expense equalled €0.3m for the reporting period, which represents a tax rate of 2.0%. In the comparable prior year period, the tax rate equalled 22.9%. The lower tax rate in 2022 resulted from the high at-equity earnings already taxed and the share deal of alba Bau | Projekt Management GmbH.

Profit for the period (net profit after tax) amounted to €15.8m (H1/2021: €27.5m). Net profit attributable to the shareholders of the parent company amounted to €11.2m in the first half of 2022 (H1/2021: €23.1m). Beginning with the 2020 financial year, the calculation of net profit attributable to the shareholders of the parent company includes a deduction for the share attributable to the hybrid capital holders. The share attributable to the hybrid capital holders equalled €4.8m in the first half of 2022 (H1/2021: €3.6m). The resulting earnings per share equalled €1.49 for the reporting period.

Asset and financial position
Total assets recorded by the UBM Group generally reflected the closing date for the previous financial year at €1,495.7m as of 30 June 2022 (31 December 2021: €1,494.5m).

The carrying amount of investment properties declined by €39.2m to €384.3m at the end of June 2022. Property, plant and equipment decreased marginally by €0.3m to €12.6m. This position includes, above all, the capitalised rights of use from lease liabilities.

The carrying amount of the investments in equity-accounted companies rose by 7.9% from €183.6m at year-end 2021 to €198.1m as of 30 June 2022 (especially F.A.Z. Tower in Frankfurt and CTB in Berlin). Project financing increased by €22.7m to €202.4m at the end of the first half of 2022, especially in connection with the F.A.Z. Tower project.

Current assets were €0.8m lower at €669.0m as of 30 June 2022. Cash and cash equivalents declined by €79.3m, among others, due to payments for the acquired large project in Mainz, the repayment of profit participation rights and the dividend. This reduction was contrasted by a granted loan. Cash and cash equivalents totalled €344.0m at the end of June 2022. Financial assets declined by €0.1m during the first half of 2022.

Inventories totalled €226.6m at the end of June 2022 (31 December 2021: €133.1m), whereby the increase is attributable, among others, to the acquisition of a project in Mainz. This position includes miscellaneous inventories as well as specific residential properties under development which are designated for sale. Trade receivables declined from €60.6m at year-end 2021 to €42.1m as of 30 June 2022. 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 declined by €33.8m from the end of 2021 to €516.8m as of 30 June 2022. This reduction resulted primarily from the dividend payment and the repayment of profit participation rights recorded under equity. The dividend payment of €16.0m was made on 23 May 2022. The equity ratio equalled 34.6% at the end of June 2022 and remained in the target range of 30-35% (31 December 2021: 36.8%).

Bond liabilities (short and long term) totalled €527.3m at the end of June 2022 and reflect the prior year level (31 December 2021: €526.5m). Financial liabilities (current and non-current) rose by €25.9m to €325.5m. Trade payables were €5.0m higher than at year-end 2021 (31 December 2021: €50.1m) and included outstanding payments for subcontractor services. Other financial liabilities (current and non-current) declined from €33.4m as of 31 December 2021 to €32.7m. Deferred taxes and current taxes payable amounted to €20.9m as of 30 June 2022 (31 December 2021: €18.9m).

Net debt rose from €381.0m on 31 December 2021 to €486.9m as of 30 June 2022 and comprises current and non-current bonds and financial liabilities, excluding lease liabilities, less cash and cash equivalents.

Cash flow
Operating cash flow declined from €30.4m in the first half of 2021 to €-0.2m. The fair value adjustments included in profit for the reporting period are excluded from operating cash flow because of their non-cash character. The substantial difference is the result of higher dividends from equity-accounted companies in the previous year, whereby the timing of these cash inflows is influenced by sales and the respective partners.

Cash flow from operating activities amounted to €–47.9m for the reporting period (H1/2021: €–80.5m). A reduction of €13.1m in receivables and an increase of €6.2m in liabilities led to an increase in cash flow, which was reduced by a €57.0m addition to real estate inventories and €9.8m of interest payments. These amounts include cash inflows of €0.6m from the sale of real estate inventories. The additions to real estate inventories totalled €61.1m. The additions to receivables from real estate inventory sales amounted to €2.1m, while the cash inflows from real estate receivables equalled €19.4m.

Cash flow from investing activities totalled €-2.5m in the first half of 2022 (H1/2021: €85.1m). Investments in project financing amounted to €33.7m, and investments in property, plant and equipment, investment property and financial assets equalled €21.5m. Contrasting factors included cash inflows of €17.4m from the repayment of project financing and €8.4m from the sale of consolidated companies.

Cash flow from financing activities amounted to €-28.8m in the first six months of 2022 (H1/2021: €154.8m). New borrowings totalled €56.8m, while €32.0m of loans and €25.3m of hybrid capital were repaid during the reporting period. In addition, dividends and hybrid bond interest of €27.4m were paid in the first half of 2022.

Non-financial performance indicators

Environmental issues
As a real estate developer, we design the living areas 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. Consequently, UBM directly addresses the ecological impact of its activities in all project phases with a constant focus on environmental protection and the carful use of resources.

Employees and social issues
The UBM Group, including all its subsidiaries, had a total workforce of 367 as of 30 June 2022 (this includes alba Bau | Projekt Management GmbH employees), compared with 337 as of 30 June 2021. Approximately 62% of UBM's employees work outside Austria.

Sustainable management is in no way limited to environmental aspects. It also covers a company's social responsibility, in other words the impact of its actions on society. This also includes fair and responsible 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.

As a real estate developer, we also have an impact on local communities and neighbouring residents. Our projects contribute to the quality of life for society. That creates a responsibility which we actively accept. Our goal is, wherever possible, to establish a constructive dialogue with neighbouring residents and relevant interest groups in the areas surrounding the projects and to make an improvement through our activities.

Detailed information on environmental and social issues, respect for human rights, the fight against corruption and bribery, and employee-related issues can be found in the ESG Report for 2021.

Outlook

The European countries and China started 2022 with dynamic growth, but the latest forecasts by the ECB and OECD now point to a substantial decline as a result of the economic risks which have increased in recent months. Growth is estimated at 3%, in total, for 2022. The main drivers for this reduction are the war in Ukraine, disrupted supply chains, government-ordered restrictions on movement in China and the sharp rise in global inflation.

In view of these developments, the ECB Council approved the first increase in the key interest rate in 11 years at its June 2022 meeting. A further decision involved the termination of the Asset Purchase Programme (APP) to meet the defined target of 2% inflation over the long-term. The US Federal Reserve also raised interest rates and started to reduce its securities holding. The forecasts for inflation indicate stronger, longer lasting pressure on prices in the USA.

The IMF sees the war in Ukraine and China's zero corona policy as decisive factors for the future development of the global economy. The major risks, according to the IMF, are the termination of gas deliveries to Europe and additional COVID-19 lockdowns in China, which would further intensify global supply chain problems.[9, 10]

UBM has a sound starting position from a financial standpoint, considering the expected development of the global economy. The internal focus on cash management allowed us to hold UBM's liquidity at a high level during the first half of 2022. Cash and cash equivalents equalled €344.0m as of 30 June 2022, despite a major investment in Mainz for roughly €70m and the repayment of around €25m hybrid capital which was funded by our internal financial strength. The integration of this large-scale project in our €2.1 bn project pipeline by 2026 will safeguard future earnings contributions.

The optimisation of balance sheet indicators in recent years – with a high equity ratio of 35% and the above-mentioned comfortable liquidity position – gives UBM added manoeuvring room for the remainder of 2022 and, possibly, essential reserves for the uncertain times which unquestionably dominate the European markets. All signs are now pointing towards a "perfect storm". The war in Ukraine, record inflation, a pandemic, rising interest rates, higher construction costs, a personnel shortage, and an increasingly likely recession have led to massive uncertainty – and the real estate market has not been spared.

The investment market is currently in a state of shock, and UBM was also forced to pull back from several planned transactions. However, the good news is that we can afford to do this – a liberty that not every market participant can take.

In addition to our previously mentioned financial strength, UBM's market position is a further positive factor. Demographic developments, which include an increase in the population, will be reflected in steady high demand for residential and office space, especially in larger cities like Vienna, Munich, Frankfurt and Prague, where most of our projects are located. Combined with our green. smart. and more. strategy and our ambition to become Europe's largest timber construction developer, we have an excellent starting position. Another important driver for UBM are the ambitious CO_2 goals set by the EU, which will require the modernisation of many buildings.

Based on the development of earnings in the first half of 2022 and the current market situation, UBM is issuing operating guidance for the 2022 financial year which calls for EBT of €38m to €42m. This outlook is, however, dependent on how and where the "perfect storm" will hit the market in the coming months.

[9] Austrian National Bank: Konjunktur aktuell – June 2022
[10] International Monetary Fund: World Economic Outlook – July 2022

Risk report

The risks which have, or could have, a significant impact on UBM Development AG are discussed in the 2021 Annual Report on pages 119 to 125. Detailed information on UBM's risk management system is also provided in this section.

There have been no significant changes in the risk profile since the publication of the financial statements for the 2021 financial year. Therefore, the statements in the 2021 Annual Report/risk report still apply without exception. Reference is also made, in particular, to the risks associated with the COVID-19 pandemic (see pages 122 to 124) and to the war in Ukraine (see pages 124-125).

Vienna, 24 August 2022

The Management Board

Thomas G. Winkler
CEO

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Consolidated Income Statement
from 1 January to 30 June 2022

in T€	1-6/2022	1-6/2021	4-6/2022	4-6/2021
Revenue	86,109	147,339	55,576	105,431
Changes in the portfolio	-376	-4,530	-728	-3,665
Share of profit/loss from companies accounted for at equity	17,271	12,220	9,938	6,550
Income from fair value adjustments to investment property	6,692	9,987	-	-
Other operating income	1,606	7,796	296	6,267
Cost of materials and other related production services	-60,250	-103,375	-40,893	-75,798
Personnel expenses	-18,656	-17,996	-9,920	-9,944
Expenses from fair value adjustments to investment property	-190	-181	-105	-90
Other operating expenses	-16,222	-12,220	-7,918	-4,228
EBITDA	**15,984**	**39,040**	**6,246**	**24,523**
Depreciation and amortisation	-1,486	-1,200	-737	-588
EBIT	**14,498**	**37,840**	**5,509**	**23,935**
Financial income	15,286	10,056	12,037	3,506
Financial costs	-13,643	-12,215	-6,699	-7,836
EBT	**16,141**	**35,681**	**10,847**	**19,605**
Income tax expenses	-322	-8,159	180	-3,772
Profit for the period (net profit)	**15,819**	**27,522**	**11,027**	**15,833**
of which: attributable to shareholders of the parent	11,150	23,097	8,772	14,109
of which: attributable to holder of hybrid capital	4,836	3,585	2,387	1,854
of which: attributable to non-controlling interests	-167	840	-132	-130
Basic earnings per share (in €)	**1.49**	**3.09**	**1.17**	**1.90**
Diluted earnings per share (in €)	**1.49**	**3.09**	**1.17**	**1.89**

Consolidated Statement of Comprehensive Income

from 1 January to 30 June 2022

in T€	1-6/2022	1-6/2021	4-6/2022	4-6/2021
Profit for the period (net profit)	**15,819**	**27,522**	**11,027**	**15,833**
Other comprehensive income				
Remeasurement of defined benefit obligations	686	313	448	320
Income tax expense (income) on other comprehensive income	–245	–81	–109	–81
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	**441**	**232**	**339**	**239**
Currency translation differences	1,069	–1,346	651	–1,761
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	**1,069**	**–1,346**	**651**	**–1,761**
Other comprehensive income of the period	**1,510**	**–1,114**	**990**	**–1,522**
Total comprehensive income of the period	**17,329**	**26,408**	**12,017**	**14,311**
of which: attributable to shareholders of the parent	12,634	21,983	9,762	12,587
of which: attributable to holder of hybrid capital	4,836	3,585	2,387	1,854
of which: attributable to non-controlling interests	–141	840	–132	–130

Consolidated Balance Sheet

as of 30 June 2022

in T€	30 June 2022	31 December 2021
Assets		
Non-current assets		
Intangible assets	4,191	4,004
Property, plant and equipment	12,626	12,900
Investment property	384,305	423,488
Investments in companies accounted for at equity	198,061	183,631
Project financing	202,360	179,636
Other financial assets	11,540	11,628
Financial assets	3,611	3,615
Deferred tax assets	10,034	5,734
	826,728	**824,636**
Current assets		
Inventories	226,630	133,091
Trade receivables	42,074	60,550
Financial assets	35,957	36,090
Other receivables and assets	20,362	16,784
Cash and cash equivalents	343,968	423,312
	668,991	**669,827**
Assets total	**1,495,719**	**1,494,463**
Equity and liabilities		
Equity		
Share capital	52,305	22,417
Capital reserves	98,954	98,954
Other reserves	209,191	240,820
Hybrid capital	152,155	183,244
Equity attributable to shareholders of the parent	**512,605**	**545,435**
Equity attributable to non-controlling interests	4,189	5,156
	516,794	**550,591**
Non-current liabilities		
Provisions	8,582	9,061
Bonds and promissory note loans	446,348	445,994
Financial liabilities	235,141	215,417
Other financial liabilities	2,177	2,251
Deferred tax liabilities	5,921	5,528
	698,169	**678,251**
Current liabilities		
Provisions	259	430
Bonds and promissory note loans	80,903	80,504
Financial liabilities	90,379	84,191
Trade payables	55,081	50,109
Other financial liabilities	30,548	31,169
Other liabilities	8,612	5,842
Taxes payable	14,974	13,376
	280,756	**265,621**
Equity and liabilities total	**1,495,719**	**1,494,463**

Consolidated Statement of Cash Flows

from 1 January to 30 June 2022

in T€	1-6/2022	1-6/2021
Profit for the period (net profit)	15,819	27,522
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	–4,928	–8,642
Interest income/expense	6,631	6,074
Income from companies accounted for at equity	–17,271	–12,220
Dividends from companies accounted for at equity	659	18,450
decrease/increase in long-term provisions	652	–832
Deferred income tax	–1,727	75
Operating cash flow	**–165**	**30,427**
Increase in short-term provisions	–171	–435
Decrease in tax liabilities	1,798	6,277
Losses/Gains on the disposal of assets	–4,245	–16,831
Increase/decrease in inventories	–56,951	–40,266
Increase/decrease in receivables	13,095	–44,512
Increase in payables (excluding banks)	6,178	–6,552
Interest received	508	283
Interest paid	–9,811	–5,746
Other non-cash transactions	1,901	–3,134
Cash flow from operating activities	**–47,863**	**–80,489**
Proceeds from the sale of property, plant and equipment and investment property	25,811	59,273
Proceeds from the sale of financial assets	1,280	-
Proceeds from the repayment of project financing	17,431	58,900
Investments in intangible assets	–276	–340
Investments in property, plant and equipment and investment property	–21,484	–19,578
Investments in financial assets	-	–3,510
Investments in project financing	–33,662	–19,176
Proceeds from the sale of consolidated companies	8,358	9,530
Cash flow from investing activities	**–2,542**	**85,099**
Dividends	–27,407	–24,233
Dividends paid to non-controlling interests	–826	-
Proceeds from other shareholders of subsidiaries	-	15
Promissory note loan	-	7,000
Proceeds from bonds	-	81,602
Increase in loans and other financing	56,786	143,103
Repayment of loans and other financing	–32,024	–102,634
Increase in hybrid capital	-	98,329
Repayment of hybrid capital	–25,330	–48,395
Cash flow from financing activities	**–28,801**	**154,787**
Cash flow from operating activities	**–47,863**	**–80,489**
Cash flow from investing activities	**–2,542**	**85,099**
Cash flow from financing activities	**–28,801**	**154,787**
Change in cash and cash equivalents	**–79,206**	**159,397**
Cash and cash equivalents at 1 Jan	423,312	247,209
Currency translation differences	–138	359
Cash and cash equivalents at 30 June	**343,968**	**406,965**
Taxes paid	251	1,807

Consolidated Statement of Changes in Equity

as of 30 June 2022

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance as of 31 December 2020	**22,417**	**98,954**	**–3,749**	**2,110**
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	232	–1,454
Total comprehensive income for the period	-	-	232	–1,454
Dividend	-	-	-	-
Proceeds from other shareholders of subsidiaries	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Hybrid capital	-	-	-	-
Balance as of 30 June 2021	**22,417**	**98,954**	**-3,517**	**656**
Balance as of 31 December 2021	**22,417**	**98,954**	**-3,362**	**1,496**
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	441	1,068
Total comprehensive income for the period	-	-	441	1,068
Dividend	-	-	-	-
Capital increase	29,888	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Hybrid capital	-	-	-	-
Balance as of 30 June 2022	**52,305**	**98,954**	**-2,921**	**2,564**

Other reserves	hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
228,405	**130,330**	**478,467**	**4,404**	**482,871**
23,097	3,585	26,682	840	27,522
108	-	–1,114	-	–1,114
23,205	3,585	25,568	840	26,408
–16,439	–7,794	–24,233	-	–24,233
-	-	-	15	15
1,948	-	1,948	-	1,948
–1,503	52,179	50,676	-	50,676
235,616	**178,300**	**532,426**	**5,259**	**537,685**
242,686	**183,244**	**545,435**	**5,156**	**550,591**
11,150	4,836	15,986	–167	15,819
–25	-	1,484	26	1,510
11,125	4,836	17,470	–141	17,329
–16,812	–10,595	–27,407	–826	–28,233
–29,888	-	-	-	-
2,437	-	2,437	-	2,437
-	–25,330	–25,330	-	–25,330
209,548	**152,155**	**512,605**	**4,189**	**516,794**

Segment Reporting[1]

from 1 January to 30 June 2022

	Germany		Austria	
in T€	1-6/2022	1-6/2021	1-6/2022	1-6/2021
Total Output				
Residential	48,288	15,714	27,285	52,863
Office	30,542	44,926	25,126	1,959
Hotel	4,826	12,185	3,046	1,324
Other	639	109	22,160	40,721
Service	3,027	7,340	7,063	5,764
Total Output	**87,322**	**80,274**	**84,680**	**102,631**
Less revenue from associates and companies of minor importance and from performance companies as well as changes in the portfolio	-77,508	-40,660	-33,698	-32,303
Revenue	**9,814**	**39,614**	**50,982**	**70,328**
Residential	3,883	2,118	8,835	4,950
Office	2,940	12,148	3,747	890
Hotel	6,616	222	-1,414	47
Other	-4,439	-4,590	7,327	14,191
Service	771	527	-579	825
Total EBT	**9,771**	**10,425**	**17,916**	**20,903**

[1] Part of the notes. Intersegment revenues are immaterial.

Poland		Other markets		Group	
1-6/2022	1-6/2021	1-6/2022	1-6/2021	1-6/2022	1-6/2021
1,191	-	8,283	4,501	85,047	73,078
5,840	5,636	-	6,541	61,508	59,062
8,601	20,831	5,379	340	21,852	34,680
1,283	1,075	-	-	24,082	41,905
2,611	14,606	979	825	13,680	28,535
19,526	**42,148**	**14,641**	**12,207**	**206,169**	**237,260**
–12,090	–22,227	3,236	5,269	–120,060	–89,921
7,436	**19,921**	**17,877**	**17,476**	**86,109**	**147,339**
–4,024	14	–223	–267	8,471	6,815
1,448	1,575	–12	1,161	8,123	15,774
–37	2,695	–5,151	–640	14	2,324
–1,562	476	–316	–86	1,010	9,991
–427	–90	–1,242	–485	–1,477	777
-4,602	**4,670**	**-6,944**	**-317**	**16,141**	**35,681**

Notes to the Consolidated Interim 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, 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.

These consolidated interim financial statements were prepared in accordance with IAS 34, Interim Financial Reporting, based on 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 of the International Financial Reporting Interpretations Committee (IFRIC). The applied accounting principles also include the standards which required mandatory application as of 1 January 2022.

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 euro or the respective national currency, depending on the business field. Amounts are reported in thousands of euros (T€) and rounded using the compensated summation method.

2. Scope of consolidation

The consolidated interim financial statements include UBM as well as 68 (31 December 2021: 69) domestic and 79 (31 December 2021: 80) foreign subsidiaries.

One company was sold and another company was liquidated during the reporting period. Of the total sale price of T€10,598, T€10,391 was paid in cash and T€207 are still outstanding. The assets and liabilities over which control was lost include the following:

in T€	30.6.2022
Intangible assets	2
Property, plant and equipment	764
Deferred tax assets	399
Current assets	
Trade receivables	1,490
Financial assets	130
Other receivables and current assets	195
Cash and cash equivalents	2,172
Non-current liabilities	
Provisions	465
Financial liabilities	334
Deferred tax liabilities	397
Current liabilities	
Financial liabilities	352
Trade payables	171
Other financial liabilities	538
Other liabilities	655
Tax payables	200

In addition, 24 (31 December 2021: 24) domestic and 23 (31 December 2021: 24) foreign associates and joint ventures were accounted for at equity.

3. Accounting and valuation methods

These consolidated interim financial statements are based on the same accounting and valuation methods applied in preparing the consolidated financial statements as of 31 December 2021, which are presented in the related notes. Exceptions to these methods are formed by the following standards and interpretations that required mandatory application for the first time during the reporting period.

The following standards were initially applied by the Group as of 1 January 2022 and had no material effect on the consolidated interim financial statement.

New or revised standard	Date of publication by IASB	Date of adoption into EU	Date of initial application
Amendments to IFRS 3: Reference to the Conceptual Framework 2018	14.5.2020	28.6.2021	1.1.2022
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	14.5.2020	28.6.2021	1.1.2022
Amendments to IAS 16: Property, Plant & Equipment: Proceeds before Intended Use	14.5.2020	28.6.2021	1.1.2022
Annual Improvements to IFRSs 2018–2020 Cycle	14.5.2020	28.6.2021	1.1.2022

The following standards and interpretations were published after the preparation of the consolidated financial statements as of 31 December 2021. They do not yet require mandatory application and/or have not yet been adopted into EU law:

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

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	23.1.2020 + 15.7.2020	–	1.1.2023
Initial application of IFRS 17 and IFRS 9 —Comparative information	9.12.2021	–	1.1.2023

4. Estimates and assumptions

The preparation of consolidated interim financial statements in accordance with IFRSs requires estimates and assumptions by management which influence the amount and presentation of assets, liabilities, income and expenses as well as the disclosure of contingent liabilities in the interim report. Actual results may differ from these estimates.

5. Dividend

The Annual General Meeting on 16 May 2022 approved the recommendation for the distribution of profit for the 2021 financial year. A dividend of €2.25 per share, representing a total pay-out of €16,812,405.00 based on 7,472,180 shares, was distributed and the remainder of €37,891.65 was carried forward. The dividend was paid on 23 May 2022.

6. Revenue

The following table shows the classification of revenue according to the major categories, the time of recognition and the reconciliation to segment reporting:

in T€	Germany 1-6/2022	Austria 1-6/2022	Poland 1-6/2022	Other Markets 1-6/2022	Group 1-6/2022
Revenue					
Residential	527	21,352	1,198	8,463	31,540
Office	417	25,126	3,693	-	29,236
Hotel	-	-	-	1,025	1,025
Other	1,044	836	1,786	17	3,683
Service	7,826	3,668	759	8,372	20,625
Revenue	**9,814**	**50,982**	**7,436**	**17,877**	**86,109**
Recognition over time	-	3,473	1,089	7,718	12,280
Recognition at a point in time	9,814	47,509	6,347	10,159	73,829
Revenue	**9,814**	**50,982**	**7,436**	**17,877**	**86,109**

in T€	Germany 1-6/2021	Austria 1-6/2021	Poland 1-6/2021	Other Markets 1-6/2021	Group 1-6/2021
Revenue					
Residential	3,308	34,557	1	666	38,532
Office	29,139	1,819	2,923	4,807	38,688
Hotel	-	-	15,129	200	15,329
Other	1,536	30,657	1,419	15	33,627
Service	5,631	3,295	449	11,788	21,163
Revenue	**39,614**	**70,328**	**19,921**	**17,476**	**147,339**
Recognition over time	-	34,984	15,122	4,805	54,911
Recognition at a point in time	39,614	35,344	4,799	12,671	92,428
Revenue	**39,614**	**70,328**	**19,921**	**17,476**	**147,339**

7. Earnings per share

	1-6/2022	1-6/2021
Share of profit for the period attributable to shareholders of the parent, incl. interest on hybrid capital (in T€)	15,986	26,682
Less interest on hybrid capital (in T€)	–4,836	–3,585
Proportion of profit for the period attributable to shareholders of the parent (in T€)	11,150	23,097
Weighted average number of shares issued	7,472,180	7,472,180
Basic earnings per share = Diluted earnings per share (in €)	**1.49**	**3.09**

8. Share capital

Share capital	Number 30 June 2022	€ 30 June 2022	Number 31 Dec 2021	€ 31 Dec 2021
Ordinary bearer shares	7,472,180	52,305,260	7,472,180	22,416,540

A resolution passed on 16 May 2022 approved an increase of EUR 29,888,720,00 in share capital from internal resources from the current level of EUR 22,416,540.00 to EUR 52,305,260.00. This increase was carried out through the conversion of other reserves (voluntary reserves) of EUR 29,888,720.00 as reported in the annual financial statements as of 31 December 2021 without the issue of new shares (capital adjustment in accordance with the Austrian Capital Adjustment Act). A corresponding adjustment was made to the company's statues under Section 4 Para. 1 (Amount of Share Capital).

9. Authorised capital, conditional capital and treasury shares

The following resolutions were passed at the 141st Annual General Meeting on 16 May 2022:

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 EUR 2,241,654.00, 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 over a conditional capital increase in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act of up to EUR 2,241,654.00 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 with the approval of the Supervisory Board, 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 EUR 2,241,654.00 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.

10. Hybrid capital

The hybrid capital of €25.3m issued by PIAG was repaid in full on 10 June 2022. It originated in November 2014 from the merger of PIAG as the transferring company and UBM as the accepting company.

The hybrid capital was held by PORR AG.

11. 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 (asset class) in the UBM Group.

12. Financial instruments

The carrying amount of the financial instruments represents a reasonable approximation of fair value as defined by IFRS 7.29. Exceptions are the financial assets carried at amortised cost and the fixed-interest bonds (fair value hierarchy level 1) as well as the fixed-interest borrowings and overdrafts from banks and other fixed-interest financial liabilities (fair value hierarchy level 3).

The fair value measurement of the bonds is based on quoted prices. Loans and borrowings as well as other financial assets are valued using the discounted cash flow method, whereby the zero coupon yield curve published by Reuters on 30 June 2022 von Reuters was used to discount the cash flows.

Carrying amounts, measurement approaches and fair values

in T€	Measurement category (IFRS 9)	Carrying amount as of 30 June 2022	Measurement in acc. with IFRS 9 (Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 30 June 2022
Assets							
Project financing at variable interest rates	Amortised Cost	202,360	202,360	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,547
Other financial assets	FVTPL	1,952	-	-	1,952	Level 3	1,952
Other financial assets	FVTPL	867	-	-	867	Level 1	867
Trade receivables	Amortised Cost	26,079	26,079	-	-	-	-
Financial assets	Amortised Cost	39,568	39,568	-	-	-	-
Cash and cash equivalents	–	343,968	343,968	-	-	-	-
Liabilities							
Bonds and promissory note loans at fixed interest rates	Amortised Cost	527,251	527,251	-	-	Level 1	515,755
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	271,475	271,475	-	-	–	-
at fixed interest rates	Amortised Cost	18,500	18,500	-	-	Level 3	17,902
Other loans and borrowings							
at fixed interest rates	Amortised Cost	13,630	13,630	-	-	Level 3	12,414
Lease liabilities	–	21,915	21,915	-	-	–	-
Trade payables	Amortised Cost	55,081	55,081	-	-	–	-
Other financial liabilities	Amortised Cost	32,725	32,725	-	-	–	-
By category:							
Financial assets at amortised cost	Amortised Cost	276,728	276,728	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,819	-	-	2,819	-	-
Cash and cash equivalents	–	343,968	343,968	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	918,662	918,662	-	-	-	-

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2021	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 2021
Assets							
Project financing at variable interest rates	Amortised Cost	179,636	179,636	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,199
Other financial assets	FVTPL	1,952	-	-	1,952	Level 3	1,952
Other financial assets	FVTPL	955	-	-	955	Level 1	955
Trade receivables	Amortised Cost	24,920	24,920	-	-	-	-
Financial assets	Amortised Cost	39,609	39,609	-	-	-	-
Cash and cash equivalents	–	423,312	423,312	-	-	-	-
Liabilities							
Bonds and promissory note loans at fixed interest rates	Amortised Cost	526,498	526,498	-	-	Level 1	537,293
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	247,209	247,209	-	-	–	-
at fixed interest rates	Amortised Cost	17,000	17,000	-	-	Level 3	17,299
Other loans and borrowings							
at fixed interest rates	Amortised Cost	13,625	13,625	-	-	Level 3	15,484
Lease liabilities	–	21,774	21,774	-	-	–	-
Trade payables	Amortised Cost	50,109	50,109	-	-	–	-
Other financial liabilities	Amortised Cost	33,420	33,420	-	-	–	-
By category:							
Financial assets at amortised cost	Amortised Cost	252,886	252,886	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,907	-	-	2,907	-	-
Cash and cash equivalents	–	423,312	423,312	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	887,861	887,861	-	-	-	-

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

Impact on UBM's business model
The war in Ukraine, record inflation, the pandemic, rising interest rates, higher construction costs, a personnel shortage and an increasingly likely recession have led to massive uncertainty. The real estate market has been unable to disengage from these developments.

The war in Ukraine has further interrupted global supply chains that were already disrupted by the COVID-19 pandemic. The resulting delivery shortages and higher prices for raw materials and building products have, in turn, increased the investments required for real estate development. The sharp rise in the costs for gas, heating oil and electricity is also driving inflation, a trend that has led to intervention by central banks and could have a negative effect on the demand for real estate. These factors are contrasted, on the one hand, by the rising demand for energy self-sufficient, sustainable new construction and renovation that can minimise the burden of higher energy costs. On the other hand, the geopolitical environment and the related expected migration flows will create an additional demand for housing that will increase the pressure on real estate markets and construction firms.

Rising interest rates have an impact on the investment costs of a property and lead investors to expect higher returns. The investment market is currently in a state of shock – the transaction volume in most asset classes collapsed during the second quarter of 2022 due to the wait-and-see attitude of investors. UBM was also forced to postpone several planned transactions. At the same time, the changing interest landscape has had an impact on the ownership rate of private households: An increasing number of lower-income households can no longer afford to purchase real estate and will move to the rental segment, which could create a greater demand for high-quality multiple family apartment buildings.

The rising, or difficult to calculate, construction costs were already reflected in a higher cancellation rate for projects in the second quarter of 2022. No market participant has been able to escape from this development, whereby UBM has secured fixed prices for most of the projects currently under construction. The postponement of projects can also be expected to lead to a further reduction in the offering and, consequently, have a stabilising effect on selling prices.

A demand overhang is currently visible on the market for various real estate specialists, among others due to demographic shifts – the baby boom generation is starting to retire, and that will reduce the number of people available for apprenticeships. A lack of qualified labour can reduce the pace of economic growth and have a negative influence on the commercial success of companies in every branch. Here, successfully positioning as an employer in the "war for talents" will be decisive.

The latest market developments have caused substantial uncertainty and led to a short-term decline in the transaction volume. At the same time, optimally positioned and well-prepared market participants will be able to take advantage of the available market opportunities. UBM is convinced that its financial strength and strategic orientation create a good starting position for this difficult market phase.

Impact on the consolidated statement of financial position and income statement in 2022
The COVID-19 pandemic and the Ukraine crisis have had no material effects on the consolidated statement of financial position or the consolidated income statement since the publication of results for the 2021 financial year. The information presented on pages 153-154 of the consolidated financial statements in the annual report for 2021 therefore remains valid without exception.

14. Transactions with related parties

Transactions between Group companies and companies accounted for at equity relate primarily to project development and construction as well as the provision of loans and the related interest charges.

In addition to the companies accounted for at equity, related parties in the sense of IAS 24 include PORR AG and its subsidiaries, as well as the member companies of the IGO Industries Group and the Strauss Group because they, or their controlling entities, have significant influence over UBM through the existing syndicate.

Transactions between companies included in the UBM Group's consolidated financial statements and the PORR Group companies during the first half of 2021 were related primarily to construction services.

UBM repaid the hybrid capital of €25.3m to PORR AG on 10 June 2022.

Interest of T€2,186 on the hybrid capital was paid to PORR AG in the first half of 2022 (H1/2021: T€1,520). The hybrid capital was held by PORR AG.

15. Events after the balance sheet date

No reportable events occurred after the balance sheet date on 30 June 2022.

Vienna, 24 August 2022

The Management Board

Thomas G. Winkler
CEO, Chairman

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Report on a Review of the condensed, Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed, consolidated financial statements as of June 30, 2022 of UBM Development AG, Vienna, (referred to as "Company") comprising the condensed, consolidated balance sheet as of June 30, 2022, the condensed, consolidated income statement, the condensed, consolidated statement of comprehensive income, the condensed, consolidated cash flow statement and the condensed, consolidated statement of changes in equity for the period from January 1, 2022 to June 30, 2022, as well as the notes to the condensed, consolidated interim financial statements which summarise the accounting and measurement methods applied along with other notes.

Management is responsible for the preparation and fair presentation of these condensed, consolidated interim Financial Statements in accordance with IFRS for Interim Financial Reporting as adopted by the EU.

Our responsibility is to issue a report on these condensed, consolidated interim Financial statements based on our review.

Responsible for the proper performance of the engagement is Mr. Mag. Markus Trettnak Austrian Certified Public Accountant.

With reference to § 125 Abs. 3 Austrian Stock Exchange Act (BörseG) our responsibility and liability is based on § 275 Abs. 2 Austrian Commercial Code.

Scope of Review

We conducted our review in accordance with laws and regulations applicable in Austria, especially in accordance with KFS/PG 11 "Standard on Review Engagements" and International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed, consolidated interim Financial statements does not give a true and fair view of the financial items of the entity as at June 30, 2022, and of its financial performance and its cash flows for the period then ended in accordance with IFRS for Interim Financial Reporting as adopted by the EU.

We draw attention to the fact that the English translation of this Report on a Review of the condensed, consolidated interim financial statements is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Statement on the Group management report for the half-year and on the statement of the legal representatives pursuant to Section 125 of the Austrian Stock Exchange Act

We have reviewed the Half Yearly Group Management Report and evaluated it in respect of any obvious contradictions with the condensed, consolidated interim financial statements. In our opinion, the Half Yearly Group Management Report does not contain any obvious contradictions with the condensed, consolidated interim financial statements.

The Half Yearly Group Report contains a Responsibility Statement as stipulated by Art. 125 Sec. 1 No. 3 Austrian Stock Exchange Act.

Vienna, 25 August 2022

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Markus Trettnak
Auditor

Gerhard Fremgen
Auditor

We draw attention to the fact that the English translation of this Report on a Review of the condensed, consolidated interim financial statements is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Responsibility Statement pursuant to section 125 para. 1 stock exchange act 2018 – Consolidated Interim Financial Statements

We confirm to the best of our knowledge that these consolidated interim 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. Furthermore, we confirm to the best of our knowledge that the interim management report provides a true and fair view of the important events that occurred during the first six months of the financial year and their effects on these consolidated interim financial statements as well as the principal risks and uncertainties for the remaining six months of the financial year and the major reportable transactions with related parties.

Vienna, 24 August 2022

The Management Board

Thomas G. Winkler
CEO, Chairman

Martin Löcker
COO

Patric Thate
CFO

Martina Maly-Gärtner
COO

Financial calendar

2022	
Redemption and interest payment on UBM bond 2017	12.10.2022
Interest payment on UBM bond 2019	15.11.2022
Interest payment on UBM bond 2018	16.11.2022
Publication of the Q3 Report 2022	**24.11.2022**
2023	
Interest payment on hybrid bond 2018	1.3.2023
Publication of the Annual Report 2022	**14.4.2023**
Record date for participation in the 142th Annual General Meeting	7.5.2023
142th Annual General Meeting, Vienna	17.5.2023
Trading ex dividend on the Vienna Stock Exchange	22.5.2023
Interest payment on UBM bond 2021	22.5.2023
Dividend record date	23.5.2023
Payment date of the dividend for the 2022 financial year	24.5.2023
Publication of the Q1 Report 2023	**25.5.2023**
Interest payment on hybrid bond 2021	19.6.2023
Publication of the Half-Year Report 2023	**31.8.2023**
Interest payment on UBM bond 2019	13.11.2023
Interest payment on UBM bond 2018	16.11.2023
Publication of the Q3 Report 2023	**23.11.2023**

Contact

Investor Relations
Christoph Rainer
Tel: +43 664 80 1873 200
investor.relations@ubm-development.com

Imprint

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

Concept, Design and Editing
UBM Development AG

Created with ns.publish, a product of
Multimedia Solutions AG, Zurich

Image Section
Creative Director: Christine Eisl

Printing
Gerin Druck GmbH
Gerinstrasse 1–3
2120 Wolkersdorf