ubm development

Annual Report 2018

key performance indicators.

Key earnings figures (in €m)

	2018	Change	2017	2016
Total Output[1]	897.7	20.5%	744.7	557.5
Revenue	514.0	41.0%	364.7	417.0
Earnings before taxes	55.5	10.1%	50.5	40.1
Net profit	39.5	6.8%	37.0	29.4

Key asset and financial figures (in €m)

	31.12.2018	Change	31.12.2017	31.12.2016
Total assets	1,234.7	9.2%	1,130.9	1,233.8
Equity	436.3	22.8%	355.4	341.5
Equity ratio	35.3%	3.9 PP	31.4%	27.7%
Net debt	421.9	-11.7%	477.9	691.2

Key share data and staff

	31.12.2018	Change	31.12.2017	31.12.2016
Earnings per share (in €)	5.31	8.9%	4.88	3.90
Share price (in €)	33.40	-18.1%	40.80	31.00
Market capitalisation (in €m)	249.6	-18.1%	304.9	231.6
Dividend per share (in €)	2.20[2]	10.0%	2.00	1.60
Staff[3]	365	-51.2%	748	716

Note: The key data were rounded using the compensated summation method. Changes were calculated using the exact amounts.

[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] Recommendation to the Annual General Meeting on 29 May 2019

[3] The substantial reduction from 2017 to 2018 resulted from the deconsolidation of the company ubm hotels.

ubm at a glance.

focus.

- The leading hotel developer in Europe
- Three core markets: Germany, Austria and Poland
- Three asset classes: Hotel, Residential and Office
- Complete development value chain in-house

stock market.

- Top management invested with €5m in UBM
- Options guarantee management 5% of future increase in value
- Ortner/Strauss syndicate core shareholder with approx. 39%
- Prime Market listing on the Vienna Stock Exchange

pipeline.

- Development pipeline of €1.8 bn (2019-2022)
- 16 city hotels with roughly 4,200 rooms
- Approx. 3,500 apartments under development
- Roughly 100,000 m² of office space under development

track record.

- 145-year corporate history
- Sustainable earnings growth over decades
- 52 hotels with 11,000 rooms since the beginning of the 1990s

contents.

onevolution.

one goal.
one team.
one company.

we develop projects with a very special signature. because we, as a company, also continue to develop with every project. that is what we call **onevolution.** through this metamorphosis to even greater diversity, quality and market presence, we increase our company's performance and the power of the ubm brand.

Dear Shareholders,
Dear Stakeholders.

2018 was the best year in the 145-year history of UBM Development. A year in which we excelled in every respect: We generated record results with earnings before tax of €55m and earnings per share of €5.3. At the same time, our financial position is stronger than ever with an equity ratio of 35%. The future also remained a fixed point in our sights during 2018. With record investments of €300m in new projects alone, we have maintained a high-quality pipeline of €1.8 bn which will protect our sustainable profits over the coming years. We also want our shareholders to share in this success: A record dividend of €2.20 for 2018 sets a clear signal.

Who is responsible for this success? A strong team which works as one and focuses on what is most important – our core business, real estate development. Today we are in a position to realise large-scale projects that set market standards. And with each new project, we continue to develop as a team. This is reflected in the motto for our 2018 annual report: "onevolution." Our evolution towards even more quality and a greater market presence and higher profitability is a continuous metamorphosis that will never end. Our mantra "one goal. one team. one company." forms the focal point. In a company that has operated solely under the "UBM Development" brand since mid-2018, a team that spans both borders and departments and is working together on a common goal – to increase the value of UBM. This goal is in the interests of all stakeholders – our shareholders, customers, business partners and employees. We want to thank them all at this point and look forward to a common future. Our target is to repeat the record 2018 results in 2019 – and we are optimistic that we will again be successful.

Thomas G. Winkler
CEO

Patric Thate
CFO

Martin Löcker
COO

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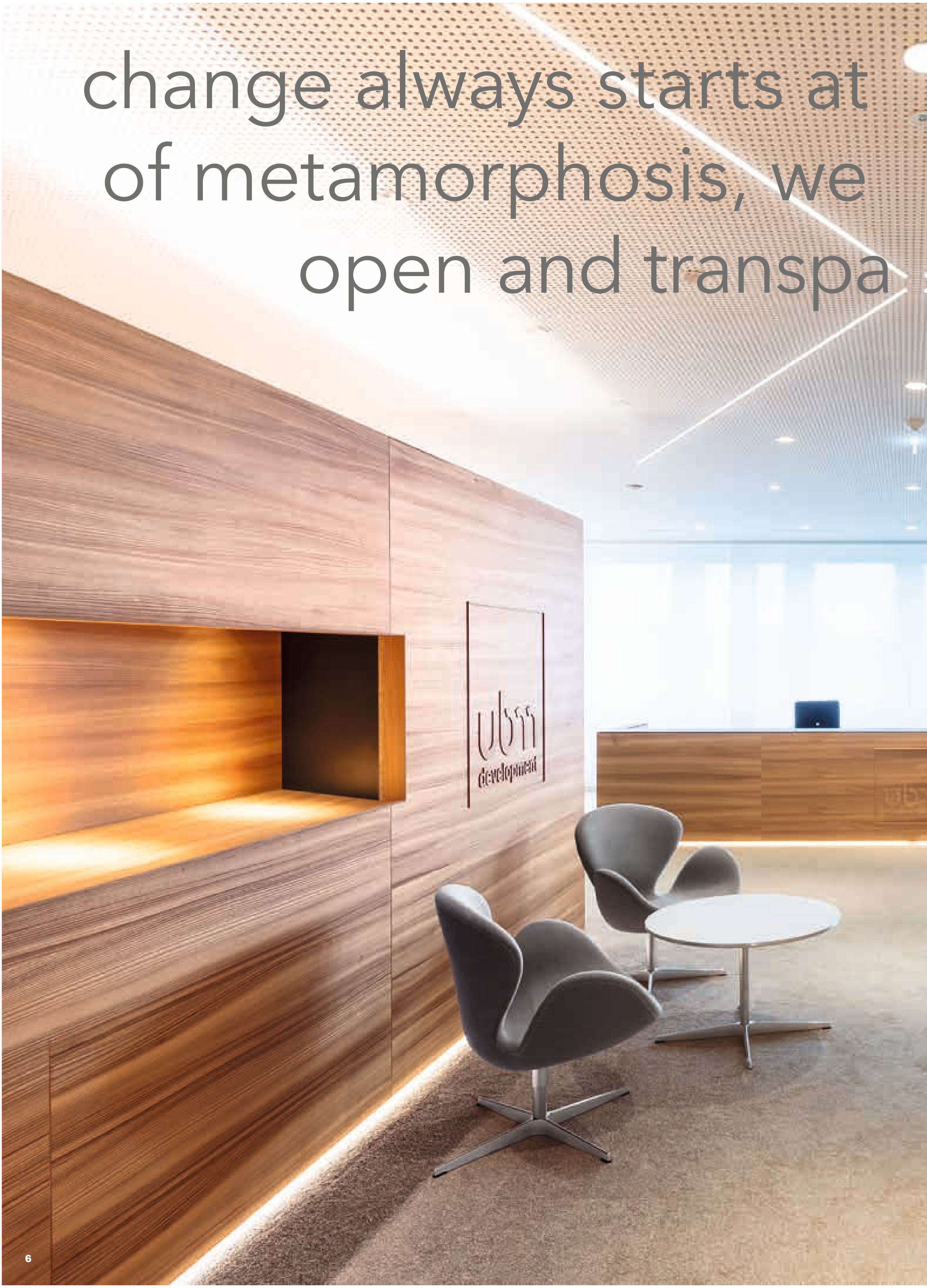
change always starts at
of metamorphosis, we
open and transpa



home. in a special type
have created our own
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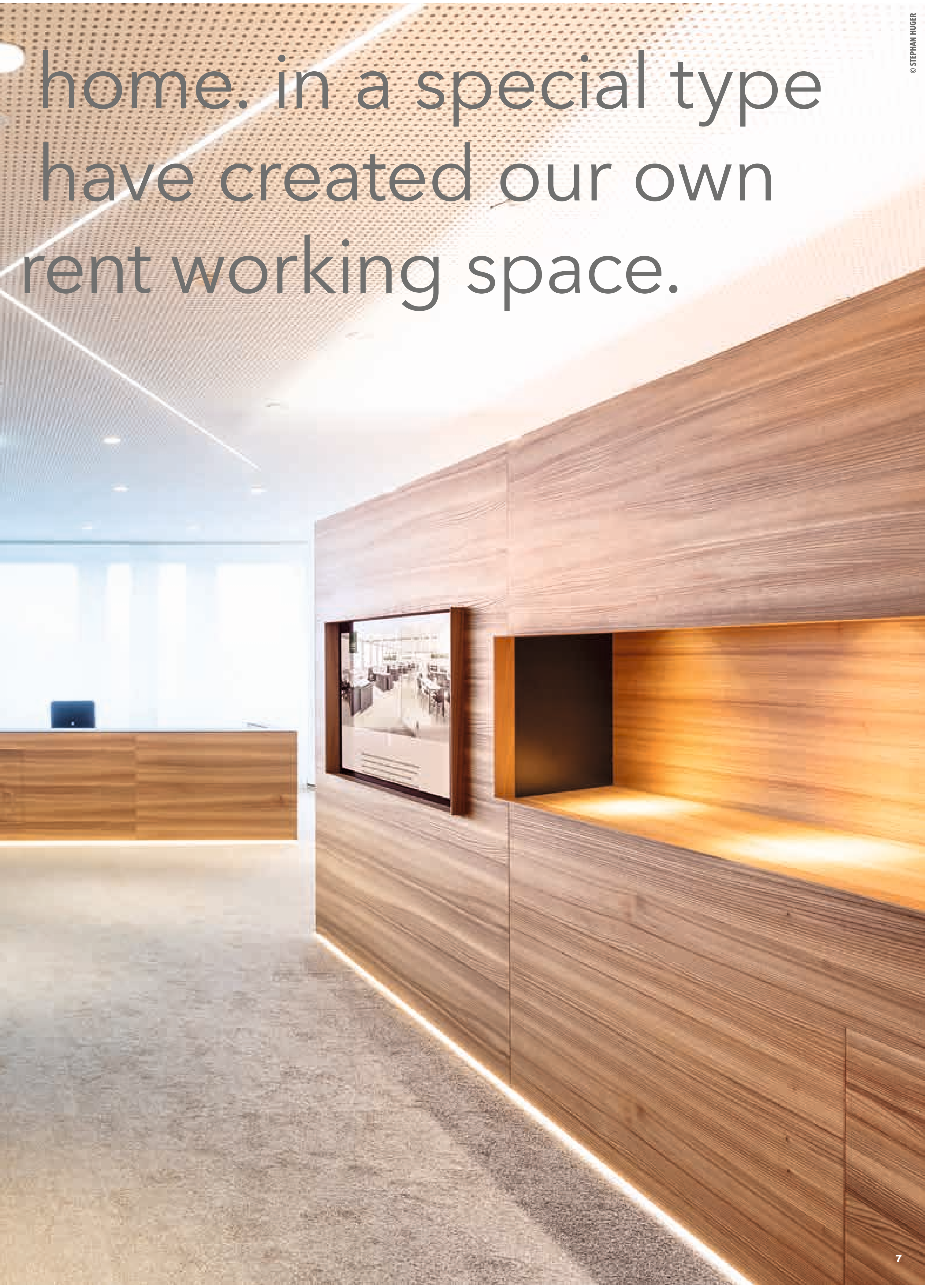

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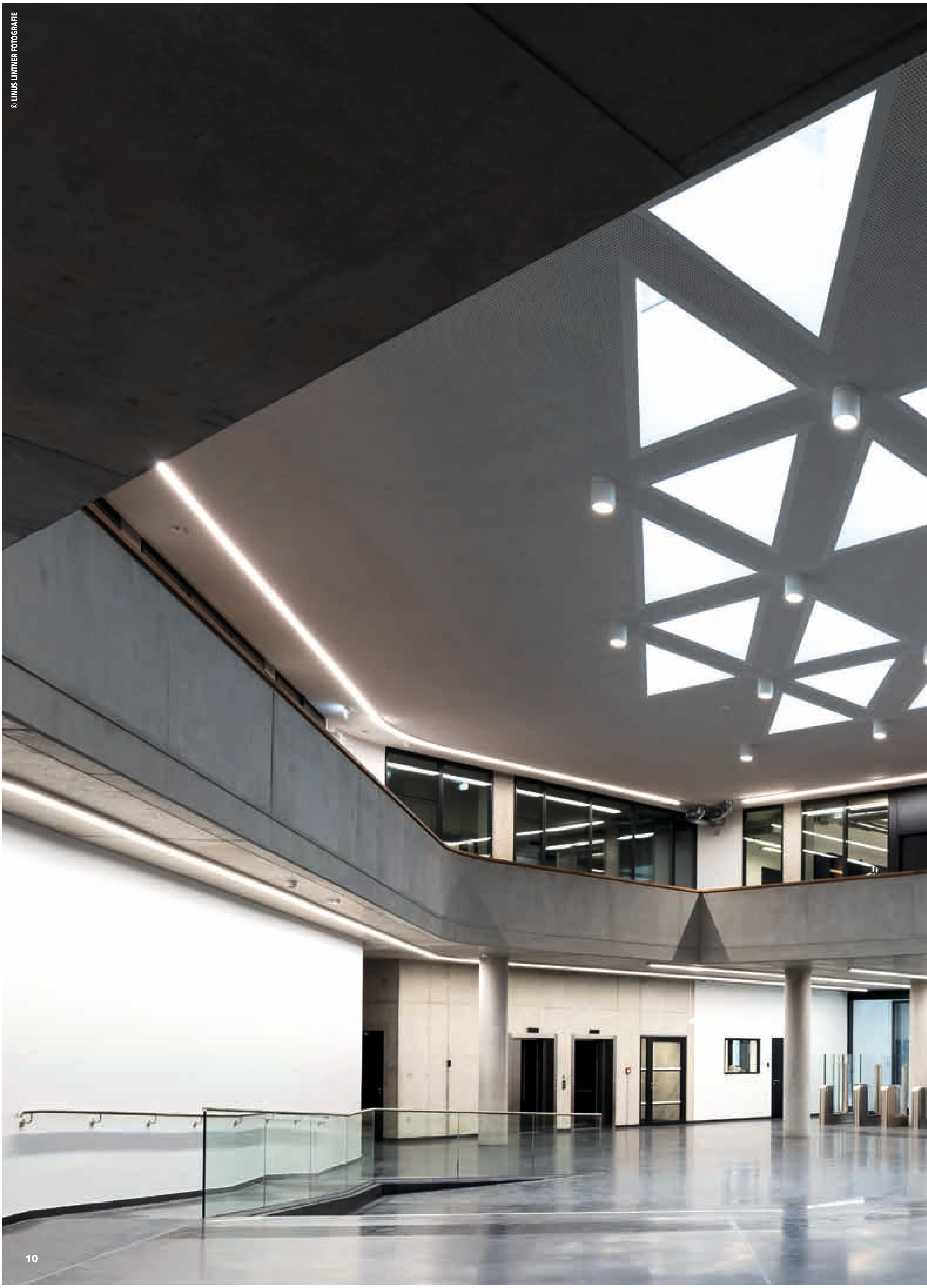
“onevolution.“ on a personal note.

UBM’s dynamic and efficient development is reflected in our new Vienna headquarters. In less than two years, we converted a structure built in 2001 into an office space 4.0. This metamorphosis shows what we mean by “one company.“

Our new offices and meeting rooms create an open-space atmosphere and make our know-how in the office asset class tangible. The spacious reception area and inviting staff lounge reflect our experience as the number one hotel developer in Europe. The modernity, openness and transparency of our new headquarters not only set a benchmark, but also stand for our team spirit and commitment as “one company.” An attitude that makes it possible for UBM to realise strong synergies as a group and to work even more efficiently for its customers. Our unity is perfectly documented by our new headquarters in Austria. Whether in the local, national or international arena, our solidarity is made even more visible by our common brand – UBM Development. And our deep identification with this brand is one of our most important success factors.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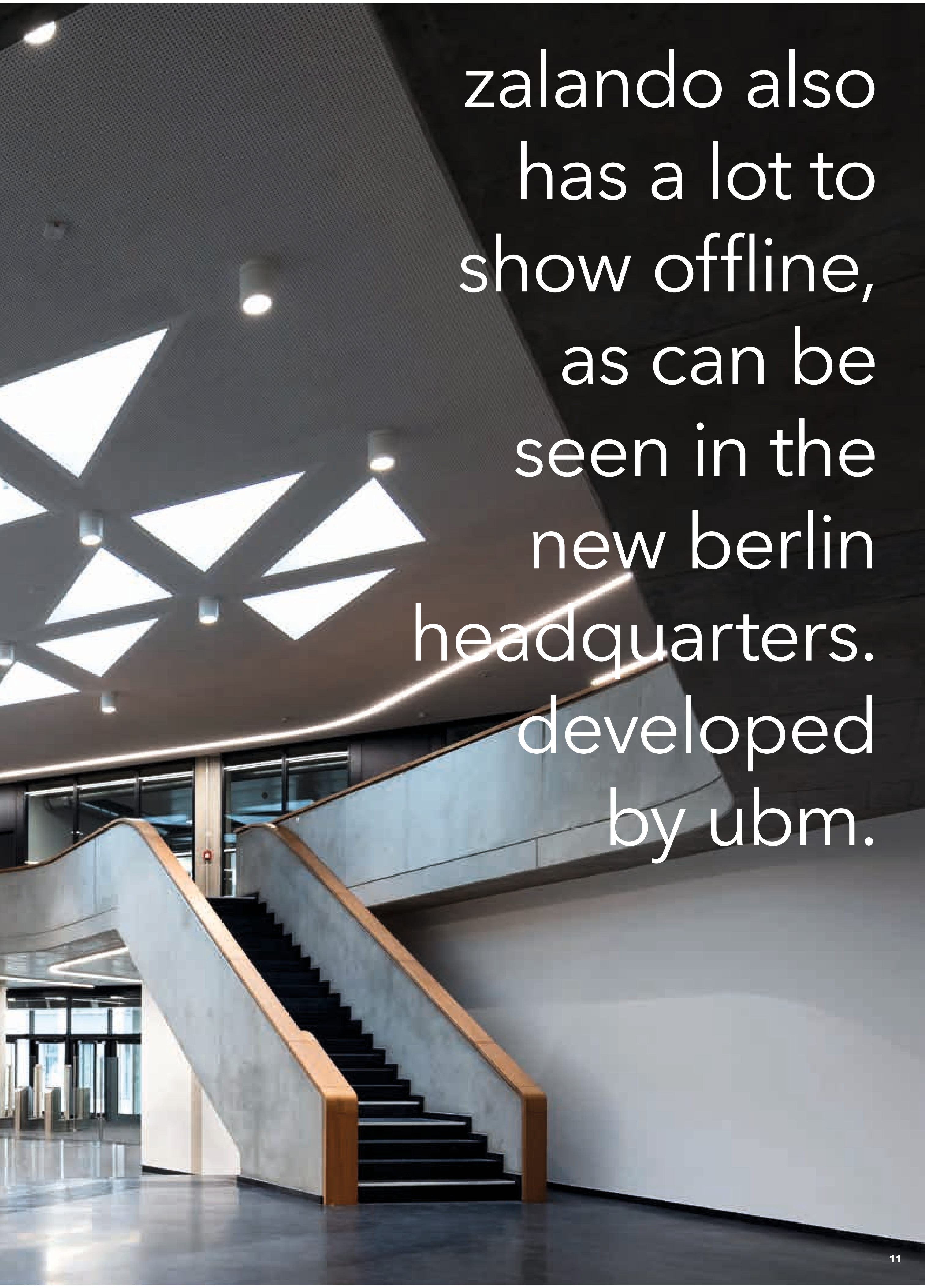


zalando also has a lot to show offline, as can be seen in the new berlin headquarters. developed by ubm.

“onevolution.” into the digital future.

The quality and fittings in the new Zalando headquarters in Berlin set new standards. This innovative building complex personifies a future working space that encourages individuality and flexibility. Our financial strength helps us to successfully realise future-oriented, large-scale projects like this. Success that is only possible through our focus on “one company.”

Our ability to develop pioneering working worlds with superior quality and maximum versatility has been proven in numerous projects. The Zalando headquarters is another example of how exactly we meet our customers’ requirements. We are experts in developing offices for the digital industry of the 21st Century. This prestigious complex with a project volume of roughly €200m was connected with high conceptual, logistical and financial demands. Optimal cooperation made it possible for us to complete this major project on time and in budget. The basis for this success is our focus on “one goal.” Because this concentration on increasing the value of our company protects our independence and liquidity. As a strong group, we can raise funds faster and easier on the capital market and realise even more major projects at the same time.

in vienna’s hietzing district, a new urban quarter creates space for relaxed living. “der rosenhügel” is a ubm project.


© DANIEL HAWELKA

"onevolution." new living space.

The new living space "Der Rosenhügel" is, without a doubt, convincing: from the excellent urban planning design to flawless quality in detail. With this project, we made our high demands along the entire development chain come alive. As "one company."

Not only the project participants, but also the more than 200 buyers were delighted with the clear concept, precise design and careful realisation of these exclusive condominiums in one of Vienna's most sought-after districts. The successful marketing of the apartments shows that we also have the right answers for the growing demand in this segment. UBM has many other high-quality residential projects under development at the present time – in Germany's most popular major cities and in Vienna. As "one company." we develop and manage a range of three asset classes in three countries based on the highest uniform quality standards. Whether the property is an office complex in Munich, apartments in Vienna or a hotel in Gdansk, our customers will always find UBM efficiency and UBM quality.

we transfo
living space
in many

rm layouts into attractive
and create places to stay.
of europe’s major cities.


© FRANZ MICHAEL MOSER

"onevolution." into new living worlds.

The major project Leuchtenbergring in the heart of Munich, combines our expertise as the leading hotel developer in Europe with our know-how as an office developer for the 21st Century. And it also shows how we create great things by working together as "one team."

The Leuchtenbergring is one of the more than 50 hotel projects we have realised over the past 25 years. The successful modernisation and expansion is a perfect example of our outstanding expertise in this asset class. The adjoining newly constructed building contains prime office and retail space. Its high quality standards and ideal infrastructure formed the basis for the building's fast and full rental. This project reflects the full strength of our "one team." concept. Successful cooperation and intensive coordination between the project management team in Munich, the hotel design team in Prague and the transaction team in Vienna were the factors that made the Leuchtenbergring into a real "lighthouse project". Group-wide cooperation is demonstrated and becomes a source of inspiration through examples like this. It bundles our strengths, multiplies our know-how and, in this way, provides key support for our competitive position.

one goal.

As the common goal – "one goal." – UBM has defined an increase in the value of the company measured by the share price. The most important contribution UBM can make to reaching this goal is operating performance. Our fundamentals will prevail over the long-term.

2018 marks a new record year in our company's history: earnings as well as Total Output topped 2015, the previous record year. The improvement in Total Output to roughly €900m was supported, above all, by a substantial increase in revenue from UBM's core business, the sale of our internally developed properties. This successful project realisation is illustrated by the development of earnings with a 10% year-on-year plus in EBT. Our balance sheet also remains extremely solid: An equity ratio of 35% and net debt of only €422m create financial flexibility for the future.

Investments for the long-run

The quality of the UBM pipeline is better than ever before. It covers a sales volume of roughly €1.8 bn up to the end of 2022. This pipeline includes, among others, 16 hotel projects and extends the company's position as the leading hotel developer in Europe. UBM invested approximately €300m in new projects alone during 2018 to protect its sustainable earning power. The acquisition of the LeopoldQuartier in Vienna represents a major project which matches the Quartier Belvedere Central with regard to both quality and volume. And on a three-hectare development area in Munich, the largest UBM project in Germany will take shape over the coming years – in the form of a mixed use quarter of apartments and offices.

Operationally and strategically well positioned

This sound performance is not yet reflected in our share price because of the current capital market environment. The global markets were in a tailspin during the past year, and the leading Austrian index lost 20% of its value. The UBM share closed the year slightly better with a minus of 18%. However, performance that is only slightly better than the market is not part of UBM's claim. We are convinced our fundamentals will ultimately translate into a higher share price because the capital market is never wrong in the long-run.

"one goal." benefits all stakeholders

An increase in the value of the company not only means independence on the market – it is also in the interests of all stakeholders. That makes it easier, for example, for UBM to raise money on the capital market. In spite of the difficult framework conditions, UBM successfully issued a €100m hybrid bond and a further €75m bond with a coupon of only 3.125% during 2018. With these funds, we can acquire even more large-scale projects which require high credit standards and realise these projects for our customers. This, in turn, makes UBM a reliable partner for investors, general contractors and suppliers – as well as a safe and attractive employer.

one team.

At UBM, the team is the star. Because the only way to really utilise our strengths is together as "one team." That means everyone needs to move in the same direction. In this respect, we took a decisive step forward in 2018.

With "Next Level" efficiency improvement programme and the 360° principle, UBM has introduced specific measures to improve cooperation throughout the company. That bonds all employees and makes the company stronger as a whole. These measures also support the transfer of know-how and best practice examples and, in this way, make valuable learning experiences possible. Our bundled resources create decisive competitive advantages. One role model here is the UBM Executive Committee, which was installed in 2016 and comprises the top 20 managers. This international and interdepartmental group is responsible for moving the entire company forward.

"one team." the key to success
UBM works on an interdisciplinary basis and covers the full range of activities along the entire value chain: from market analysis to project development, planning and project management to financing, sales, rentals and asset management. The success of this business model is based on the company's wide-ranging expertise and on a shared commitment as "one team." Every project is in the best hands during every phase at UBM.

UBM Day brings everyone together
A shared understanding begins with direct contacts. In 2018, the UBM Day in Vienna gave the entire staff an opportunity to meet and exchange information and ideas. Projects were presented, our mantra "one goal. one team. one company." was explained in detail and illustrated by activities that brought all 300 employees together. The enthusiasm of the participants quickly made it clear that more UBM Days will follow.

The UBM Hotel Day 2018 pinpoints opportunities
The first cross-border UBM Hotel Day was also held this year. Sixty participants exchanged information on the latest trends in the hotel business and best practice examples for planning and design. The UBM expert teams for interior design and hotel operations presented their projects and, for the first time, were able to enjoy a larger internal audience. The success of the event also led to the transfer of this format to the residential business: The first UBM Residential Day was held at the beginning of 2019.

Working in and on a team
Respect and continuous support for team performance run like a common thread through the entire company. Because UBM believes in the principle: The team is always the star.

one company.

Full identification with the company is a sustainable success factor. Consequently, the UBM Group sees itself – above and beyond the total of all project companies – as "one company." And since mid-2018, this company has been presented in all markets under one brand: UBM Development.

In recent years, UBM has grown to become the leading hotel developer in Europe. It has also been very successful in the residential and office asset classes. This shared competence and collective expertise has been documented even more precisely and decisively to the outside world since mid-2018 under a common brand UBM Development. The new UBM logo stands for the entire group. Alone the wording UBM Development underscores this positioning at first glance and communicates the common focus on real estate development to an international audience.

A strong market presence
Uniform branding in strong UBM green creates a valuable recognition factor for the market. Every one of the many UBM projects will transport this brand even stronger in the future. The UBM logo serves as a quality seal that stands for our central values: competence, consequence and transparency. For interested parties, customers and partners, it also emphasises the high, uniform UBM standards that form the basis for every project phase, from the concept to design and realisation.

Clear local presence
We also intend to highlight this new logo even more at our UBM construction sites. Eye-catching and literally "on location", it underscores the Group's unity as well as its activities as a developer. Last but not least, the new logo will also strengthen the company's presence at numerous international trade fairs. These focal points will make UBM Development an unmistakable trademark.

Substantial internal impact
Internally, this unity will be supported by concentration on the essentials and shared principles. The logo also plays an important role here. Just like the club colours and jersey of a sport team, it increases identification with the company and a commitment to the common goal. It will also make all UBM employees enthusiastic and convincing brand ambassadors.

Sharper external image
Identification with the Group is a sustainable success factor. Through the transformation of all country organisations into "one company." we are increasing internal cooperation and strengthening our external image. As one entity.

one strategy.

At UBM Development, we stand by our strategic orientation. The further reduction of standing assets will continue our metamorphosis into a pure play real estate developer in the future.

Our concentration on three core markets – Germany, Austria and Poland – remains unchanged. In line with our medium-term planning, roughly 50% of investments will be made in Germany, roughly 30% in Austria and roughly 20% in other markets. The focus on three asset classes – Hotel, Residential and Office – will also continue.

Clear accents create a distinct profile
Roughly 40% of investments will be directed to the hotel business. Plans call for the further expansion of UBM's leading position as a hotel developer in Europe. In addition, the profile of UBM Development as an office developer for the digital industry of the 21st Century and a developer of high-quality residential properties will be sharpened.

Strict risk minimisation
From a strategic standpoint, the minimisation of risk forms the focal point of business activities. This objective is met in several dimensions. UBM works to create early transaction security with forward sales. Simultaneously, an "asset-light strategy" is pursued through joint ventures. This approach allows for a higher number of transactions and also improves the portfolio diversification.

Standardised processes and 360° principle
From an operational standpoint, process standardisation and an institutionalised 360° principle are designed to significantly minimise risk. In more concrete terms: All core and support processes were reviewed within the context of the "Next Level" efficiency improvement programme based on defined "quality gates" and standardised across the entire Group. A checklist-based, 360° view was defined for every project phase and requires an analysis based on internal core expertise as well as an evaluation of the individual success factors.

Continuation of financial strategy
The focus on a stable balance sheet structure will also remain intact. Four key elements represent the main points here: an increase in equity, a short balance sheet, control over net debt and the smoothing of the repayment structure. Although substantial progress has been made in the past, continuous improvement in this area will remain a key priority.

Dividend policy with continuity
The dividend is based on continuity and reflects the current and future earning power of UBM. The evaluation of future earning power is an important issue for forward planning in order not to draw too much liquidity from the company. Consequently, the record dividend of €2.20 for 2018 also sets a clear signal for the future. UBM is one of the shares with the highest dividend yield, not only in the real estate branch but also on the Vienna Stock Exchange.

one leadership.

From left: Gerald Beck (Managing Director Austria), Ernst Gassner (Managing Director Austria), Ralf Mikolasch (Head of Legal), Martin Löcker (COO), Claus Stadler (Authorised Signatory), Udo Sauter (Managing Director Germany), Andrea Rochelt (Head of Project Acquisition Controlling), Erwin Zeller (Head of Controlling), Thomas G. Winkler (CEO), Peter Wöckinger (Head of Project Controlling), Patric Thate (CFO), Andreas Zangenfeind (Head of Transactions), Jan Zemanek (Managing Director Czech Republic), Christian Berger (Managing Director Germany), Peter Obernhuber (Managing Director Poland), Rolf Hübner (Managing Director Hotels), Franz Biermayer (Head of Treasury & Finance), Sebastian Vetter (Managing Director Poland); seated, front: Anna Vay (Head of Investor Relations & Corporate Communications), Bertold Wild (Chairman Management Board Germany)

executive committee.

The Executive Committee represents UBM's management team. It comprises the three members of the Management Board of UBM as well as 17 selected country and area managers. This committee meets every six weeks to evaluate current market developments and coordinate priorities for the company. UBM's strategic orientation is also adjusted if necessary. The members of the Executive Committee are responsible for UBM as a Group and have invested a total of €5m in UBM shares. Through share options, the Executive Committee participates in 5% of the future increase in the value of the company.

highlights 2018.

january.

New major hotel project in Berlin
UBM underscores its position as the leading hotel developer in Europe with the acquisition of a new hotel project in the heart of Berlin. Close to Alexander Square, a double hotel with more than 550 rooms is scheduled for construction.

february.

Successful placement of a hybrid bond
Supported by very positive feedback from investors, UBM issues a deeply subordinated hybrid bond with a total volume of €100m and an annual interest rate of 5.50% within only a few hours at the end of February.

march.

With PPP to Pure Play Developer
Through the "Pure Play Program (PPP)", UBM is strengthening its focus on real estate development. Plans call for the reduction of the standing asset portfolio to roughly €350m by mid-2019. A further milestone was set in March with the sale of two Park Inn Hotels.

april.

145th anniversary of the IPO
On 10 April, the 145th anniversary of the IPO, UBM Development announces a record dividend of €2.00 per share. That makes UBM one of the shares with the highest dividend yield on the Vienna Stock Exchange.

may.

Completion of "Der Rosenhügel"
"Der Rosenhügel" residential project in Vienna is completed after a construction period of only 18 months. UBM developed 204 condominiums in seven architecturally sophisticated buildings on the grounds of the former Rosenhügel film studios.

june.

Opening of the Holiday Inn Munich Leuchtenbergring
The hotel, with its 279 rooms, was designed in line with the "urban nature" motto and officially opened in mid-2018. This major project, which also includes adjoining office and retail space, was sold to Real I.S. for €190m in 2017 through a forward deal.

july.

Strong demand for "immergrün" residential project
UBM sold two of the six planned residential buildings in the "immergrün" project in Berlin-Pankow to an institutional investor for roughly €50m parallel to the start of construction. This project covers 500 apartments and is scheduled for completion by 2021.

august.

Luxury hotel project in Prague
With the Sugar Palace, UBM is developing a spectacular hotel project in Prague, the second-most popular tourist destination in Europe. A five-star luxury hotel will be built at this site in the heart of the historical city centre.

october.

New urban quarter for Vienna
UBM acquires a site with over 23,000 m² within walking distance of Vienna's inner city. The Leopold-Quartier with its hotel and residential buildings represents a promising follow-up project for the Quartier Belvedere Central at the central railway station.

november.

Hand-over of Zalando headquarters
The new corporate headquarters in Berlin was transferred to the tenant, Zalando SE, and the investor after a two-year construction period. The new headquarters for this online fashion retailer forms the heart of the campus, where roughly 6,000 employees work.

december.

Acquisition of a 3 ha development area in Munich
UBM secures a future project in Munich through an off-market deal. Plans call for the development of a mixed-use quarter with apartments and offices on a site with over 28,000 m² on the Baubergerstrasse.

Office Provider sold to a Korean investor
With the refurbishment of Vienna's Office Provider property, UBM demonstrates its expertise in the office sector and designs an office world 4.0. A Korean fund acquires this fully rented office complex for approximately €69m at the end of December.

one share.

Stock exchange developments

The stock markets presented a highly diverse picture in 2018. A positive start into the year with rising share prices was followed by a very volatile phase and a subsequent strong correction. Market developments generally paralleled economic expectations, which were characterised by considerable optimism at the beginning of the year. However, fears of rising inflation and interest rates in the middle of the first quarter led to weakness and increased volatility on the stock markets. The international markets were influenced not only by the central banks' interest rate policies, but also by trade disputes during the further course of the year. Nearly all major stock exchanges closed 2018 clearly below the previous year – with the MSCI World global index losing 10.4% of its value compared with 2017.

In the USA, the economy was supported by a tax reform which allowed the US markets to substantially outperform their counterparts for a longer period. The trade conflict with China initially played an unimportant role. The Dow Jones Industrial Index climbed to a series of new historical highs in 2018, but ended the year 5.6% below 2017 as a result of the global share price corrections.

One of the dominating issues on the European markets revolved around the Brexit negotiations and their impact on the economic region. This general sentiment was further clouded during the second half-year by reduced earnings forecasts, sobering economic indicators and the budget dispute between Italy and the European Commission. The ECB's monetary policy impulses remained virtually unchanged in 2018, with a continuation of historical low interest rates. The announcement of the ECB's plans to end quantitative easing at the beginning of 2019 marked the first cautious step towards a tighter monetary policy. The EURO STOXX 50 closed 2018 with a year-on-year loss of 14.3%.

Germany, as an export-oriented economy, and its exchanges were more heavily influenced than other European markets by economic and trade concerns in 2018. The leading German DAX index lost nearly one-fifth of its value during the course of the year and, in comparison with year-end 2017, fell by 18.3%.

The Vienna Stock Exchange was also unable to disengage from the global market slowdown. Since many Austrian companies are heavily dependent on exports, worries over trade conflicts also had an impact on market events in this country. Austria's ATX index declined by 19.7% year-on-year.

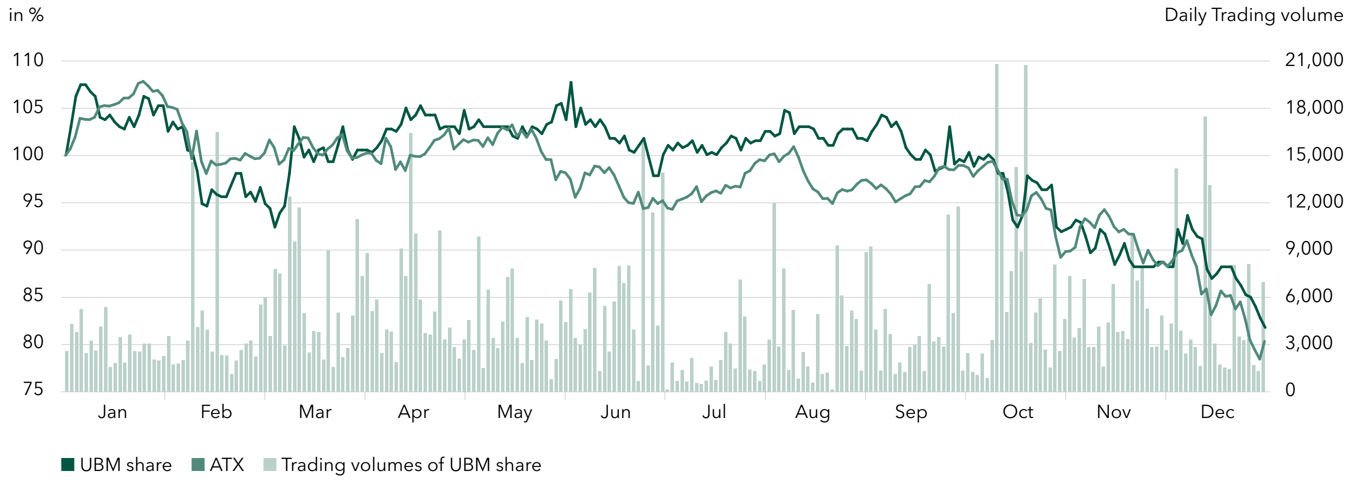
The UBM share

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

The performance of the UBM share began with a strong increase at the beginning of the year, which was slowed only several weeks later by the global price corrections. A positive impulse was provided in April by the announcement of annual results for 2017. Volatility remained high throughout the year, and positive corporate news repeatedly countered the prevailing downward momentum. The UBM share rose briefly to a new all-time high of €43.90 on 4 June 2018. The price at mid-year exactly equalled the 2017 year-end price of €40.80, before uncertainty again began to increase at the beginning of September. In spite of positive fundamentals, the UBM share was unable to uncouple from the negative market trend and, parallel to the entire market, came under increasing pressure during the remainder of the year. UBM, as many small caps, was faced with substantial share price corrections in December and closed the year on 31 December 2018 at the annual low of €33.40. The UBM share lost 18.1% in total, or only slightly less than the ATX. Market capitalisation totalled approximately €250m at year-end 2018.

The average daily trading volume on the stock exchange equalled 4,589 shares in 2018 (+7.2%), and the total turnover amounted to roughly 1.1 million shares.

Performance of the UBM share vs. indexes and trading volumes 2018



Key share data – UBM share

in €	2018	2017	2016
Price at year-end	33.40	40.80	31.00
Annual high	43.90	40.99	35.40
Annual low	33.40	31.01	26.56
Earnings per share	5.31	4.88	3.90
Dividend per share	2,20[1]	2.00	1.60
Dividend yield (in %)	6.6%	4.9%	5.2%
Payout ratio (in %)	41.4%	41.0%	41.0%
Market capitalisation (in €m as of 31 Dec)	249.6	304.9	231.6
Price-earnings ratio	6.3	8.4	7.9
Number of shares (weighted average)	7,472,180	7,472,180	7,472,180

[1] Recommendation to the Annual General Meeting on 29 May 2019

Analysts' coverage

The following investment firms regularly publish their estimates and analyses of UBM: Baader Bank, Erste Group, Kepler Cheuvreux, Raiffeisen Centrobank and SRC Research. Hauck & Aufhäuser, a private bank, published its first analysis in October 2018 with a "buy" recommendation and a target price of €48.15. At the end of January 2019, there were five "buy" recommendations and one "hold" recommendation for the UBM share. The target prices published by the analysts averaged €47.03.

Shareholder structure

The share capital of UBM Development AG totalled €22,416,540 as of 31 December 2018 and is divided into 7,472,180 shares. The syndicate comprising the IGO-Ortner Group and the Strauss Group holds an unchanged 38.8% of the shares outstanding. In addition, the IGO-Ortner Group holds 5.3% of UBM outside the syndicate. A further 5.0% are held by Jochen Dickinger, a private investor. Free float comprises 50.9% of the shares and includes the 5.8% of the shares held by the Management and Supervisory Boards. Most of the free float is held by investors in Austria (35%), Germany (34%) and the UK (17%). Shareholders in other European countries hold 11%, and 3% are attributable to other investors.[1]

Dividend policy

UBM follows a dividend policy that is based on continuity and reflects the company's future earnings power. The exact dividend recommendation is, as a rule, announced together with the presentation of results for the financial year. For 2018, UBM is recommending a record dividend of €2.20 (2017: €2.00). That represents a pay-out ratio of 41.4% (2017: 41.0%). Based on the closing price of €33.40 as of 31 December 2018, the dividend yield equals 6.6%. With this dividend, the company wants its shareholders to participate in the successful 2018 financial year and the growth in earnings.

Bonds

UBM had eight bonds – including two hybrid bonds, one bearer bond and one promissory note loan – outstanding as of 31 December 2018 (see page 33 for details).

Supported by very positive investor feedback, UBM issued a deeply subordinated hybrid bond with an annual coupon of 5.50% at the end of February. The total volume of €100m was placed in Austria and with a widely diverse group of international investors from Germany, Luxembourg and France.

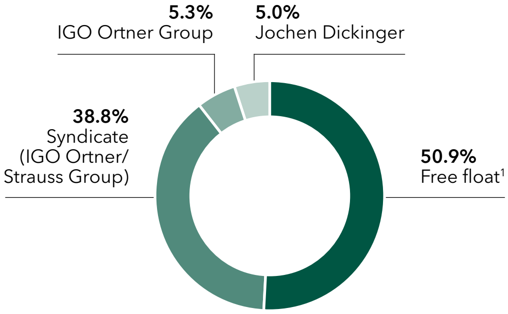
UBM also issued a five-year bond with a volume of €75m and an annual coupon of 3.125% in October. The transaction was also connected with a further exchange offer to the holders of the existing UBM bond 2014–2019. Following the exchange of €84m in the previous year, additional investors holding approximately €24m decided in favour of an exchange, which raised the overall exchange ratio to approximately 55%.

Investor relations

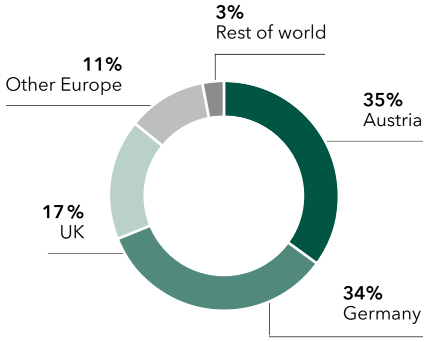
Continuous dialogue and a transparent and timely information policy form the core of UBM's communications strategy, which is designed to give all shareholders a fair and realistic picture of the company. UBM's investor relations activities are focused not only on contacts with existing investors, but also on the acquisition of new long-term investors. In addition to numerous meetings with investors and analysts in Europe's major financial centres – among others, in London, Vienna, Frankfurt, Munich and Zurich – UBM also participated in various international investment conferences. The company reports regularly on its business performance in quarterly telephone conferences with analysts, institutional investors and banks as well as at press conferences.

[1] Geographical split excluding 5.8% Management Board and Supervisory Board

Shareholder structure (in %)



Free Float – Geographical split (in %)[2]



[1] Incl. shares held by Management Board and Supervisory Board (5.8%)
[2] Geographical split excluding 5.8% Management Board and Supervisory Board

Bonds 2019

	Term	Nominal (in €m)	Coupon	Interest payment date
3.125% UBM bond	2018 – 2023	75.0	3.125%	16.11.
3.25% UBM bond	2017 – 2022	150.0	3.25%	11.10.
Promissory note loans	2016 – 2021	32.0	3.876%	21.11.
Bearer bond	2016 – 2021	18.5	3.876%	21.11.
4.25% UBM bond	2015 – 2020	75.0	4.25%	9.6. & 9.12.
4.875% UBM bond	2014 – 2019	91.3	4.875%	9.7.
5.50% hybrid bond	unlimited maturity	100.0	5.50%	1.3.
6.00% hybrid bond	unlimited maturity	25.3	6.00%	after AGM

Financial Calendar 2019

Record date – Annual General Meeting	19.5.2019
Publication of the Q1 Report 2019	28.5.2019
138th Annual General Meeting, Vienna	29.5.2019
Ex-dividend date	5.6.2019
Dividend record date	6.6.2019
Dividend payment date	7.6.2019
Publication of the Half-Year Report 2019	28.8.2019
Publication of the Q3 Report 2019	28.11.2019

one board.

The 2018 financial year marked a new record year in the history of UBM Development and confirms the success of the company's strategic course. The transformation to a pure play real estate developer was consistently pursued in 2018 through the sale of standing assets. At the same time, UBM made substantial progress with the implementation of its "Next Level" efficiency programme. The financial position was also further optimised. UBM is now stronger than ever with an equity ratio of 35%. The Supervisory Board was informed by the Management Board, regularly and in detail, on the progress made in implementing the previously approved strategy. All necessary resolutions were examined extensively and passed unanimously. The company's strategic orientation was also continuously evaluated and discussed with the Management Board.

In these respects, the Supervisory Board actively accompanied and supported the company's development within the scope of its assigned responsibilities. In accordance with Section 81 of the Austrian Stock Corporation Act, the Management Board provided the Supervisory Board with regular written and verbal reports that contained timely and extensive information on the development of business and financial position in the Group and its investments, on issues related to employees and planning, and on investment and acquisition projects. The Management Board also discussed the corporate strategy, future business policies and risk management with the Supervisory Board. The Supervisory Board held five meetings in 2018 at which the necessary resolutions were passed. The approvals were obtained for transactions which require the consent of the Supervisory Board according to Section 95 Para. 5 of the Stock Corporation Act; in urgent cases, the decisions were taken by written vote. The average attendance at the Supervisory Board meetings equalled 85%. The Nomination Committee held one meeting during the past financial year, on 27 March 2018. The topics of discussion included the extension of the Management Board functions and contracts for Thomas G. Winkler, Patric Thate and Martin Löcker. The Nomination Committee approved a recommendation to the Supervisory Board, asking for the extension of these Management Board functions and contracts to 9 April 2023. The Supervisory Board agreed with this recommendation in its meeting on 9 April 2018. The Remuneration Committee also held one meeting in 2018, namely on 27 March 2018. Discussions focused, among others, on an increase in the fixed and variable remuneration for the chairman of the Management Board, Thomas G. Winkler, and the determination of the annual bonus for the members of the Management Board.

The Audit Committee met four times in 2018: on 9 April 2018, 19 September 2018, 26 November 2018 and 6 December 2018. The meeting on 9 April 2018 covered the audit and preparation for approval of the 2017 consolidated financial statements and was also attended by the auditor. Other issues discussed at this meeting involved the selection of an auditor for the annual and consolidated financial statements as of 31 December 2018. At the meeting on 19 September 2018, which also included the auditor, the Audit Committee dealt with current and planned internal audit activities in accordance with Rule 18 of the Austrian Code of Corporate Governance (ACCG) as well as preparations for the audit of the annual and consolidated financial statements for 2018. The Audit Committee meeting on 26 November 2018 was held without the Management Board in accordance with Rule 81a of the ACCG. This meeting included the auditor and focused on planning for the audit, the focal points of the audit and communication between the auditor and the Audit Committee. This meeting also provided the Audit Committee and the auditor with an opportunity for additional communication without the Management Board. At the final meeting of the year on 6 December 2018, the Audit Committee covered the following issues: the auditor's report on the functioning of risk management (Rule 83 of the ACCG), the report by the Management Board on the internal control system and the company's audit plan (Rule 18 of the ACCG) and with preparations to combat corruption (Rule 18a of the ACCG). The annual financial statements of UBM Development AG as of 31 December 2018, including the notes and the management report, and the consolidated financial statements as of 31 December 2018, which were prepared in accordance with International Financial Reporting Standards (IFRS), as applied in the EU, together with the Group management report, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The audit, which was based on the company's bookkeeping and records as well as explanations and documentation provided by the Management Board, indicated that the bookkeeping and the annual and consolidated financial statements comply with legal regulations and provide no grounds for objections. The management reports for the company and the Group agree with the annual and consolidated financial statements. The above-mentioned auditor therefore issued an unqualified audit opinion for the annual and consolidated financial statements. All documents related to the financial statements, the corporate governance report, the proposal by the Management Board for the use of profits and the auditor's report were discussed in detail by the Audit Committee together with the auditors on 9 April 2019 and submitted to the Supervisory Board. Following extensive discussion and examination, the Audit Committee and the Supervisory Board approved the annual financial statements as of 31 December 2018, the management report, the corporate governance report and the Management Board's proposal for the use of profits. The annual financial statements as of 31 December 2018 are therefore approved. In addition, the Audit Committee and the Supervisory Board approved the consolidated financial statements for 2018, which were prepared in accordance with IFRS, and the Group management report.

The Supervisory Board agrees with the proposal by the Management Board for the use of profits. The agenda for the Annual General Meeting, which will vote on the use of profits for the 2018 financial year, will thereby include a proposal for the payment of a €2.20 dividend per share. The Supervisory Board would like to thank UBM's customers and shareholders for their confidence in and commitment to the company, and also commend the Management Board and the many men and women who work for UBM Development for their tireless efforts and exceptional performance during the past year.

Vienna, April 2019

Karl-Heinz Strauss
Chairman of the Supervisory Board

Residential project MySky, Vienna

Corporate Governance Report

one culture.

Commitment to the Austrian Code of Corporate Governance

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

The Management Board and Supervisory Board issued a joint formal declaration in August 2016, which commits the UBM Group to compliance with the Austrian Code of Corporate Governance. Section 267b of this code requires UBM, as a listed parent company, to produce a consolidated corporate governance report as defined in Section 1 (2) of the Austrian Stock Exchange Act of 2018. As the UBM Group does not have any listed subsidiaries, the necessary disclosures are limited to the information required by Section 243c of the Austrian Commercial Code and included in the appropriate sections of this corporate governance report.

UBM shares have been listed in the prime market, the premium segment of the Vienna Stock Exchange, since 22 August 2016. This also formally commits UBM to adherence with increased standards for transparency, quality and publication.

With reference to the deviations listed below in the comply or explain catalogue, UBM is committed to compliance with the behavioural rules defined by the Austrian Code of Corporate Governance and sees this as a key precondition for responsible corporate management. The latest version of the Austrian Code of Corporate Governance, as issued by the Austrian Working Group for Corporate Governance, is available to the general public on the website of the Austrian Working Group for Corporate Governance under www.corporate-governance.at.

This corporate governance report is published as part of the annual report and is available on the Group's website under www. ubm-development.com, in the submenu Investor Relations/Financial Reports or under Corporate Governance.

In accordance with Rule 36 of the Austrian Code of Corporate Governance, the Supervisory Board conducted a self-evaluation during 2018. The questionnaire used for the evaluation addressed, in particular, the efficiency of the Supervisory Board, its organisation and its working procedures. The findings were evaluated and discussed by the Supervisory Board.

Comply or explain catalogue

C-Rule 27: The remuneration of the Management Board members comprises fixed and variable components. The variable components are based exclusively on the EBT generated in a specific financial year. The amount of variable remuneration is not significantly influenced by any non-financial criteria. This practice is intended to satisfy concerns over objectivity and clear traceability.

C-Rule 27a: The contracts with the Management Board members currently do not include a specific provision that would limit severance compensation for the premature termination without cause of their function to a maximum of twice the total annual remuneration and a maximum of the remaining contract term. Moreover, these contracts currently do not specify that severance payments will not be made when a Management Board contract is terminated prematurely with good cause. The Management Board contracts do not contain any provisions which would require consideration of the circumstances under which a member leaves the company and the economic position of the company in the event of premature resignation. Compliance with C-Rule 27a of the Austrian Code of Corporate Governance was not yet a focal point when the existing Management Board contracts were concluded. In order to achieve equal treatment, adherence to this rule was also not included in the recently concluded Management Board contract for the chief financial officer.

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

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

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

Members of the Management Board

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

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

Management Board, Martin Löcker is responsible for Project Acquisition Controlling, Operational Project Controlling, Business Development Austria, Technical Competences, Green Building, CSR & Work Safety, Quality Management & Integrated Management System.

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

Management Board

The Management Board must have between two and six members as defined in Section 6 of the statutes and had three members in 2018. The Supervisory Board can designate one member as chairman and one member as deputy chairman of the Management Board. The Management Board passes resolutions by a simple majority of the votes cast. If the Supervisory Board appoints one member as chairman of the Management Board, this person casts the deciding vote in the event of a tie. The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years, whereby the renewal or extension of this appointment (in each case, for a maximum of five years) is permitted. The Supervisory Board can dismiss a member of the Management Board before the end of his or her term in office for an important reason, i.e. for a serious breach of duty or if the Annual General Meeting passes a vote of no confidence in the Management Board member. The Management Board is required to conduct its business activities in line with the rules defined by the Austrian Stock Corporation Act, the company's statutes, other laws and the rules of procedure. The Supervisory Board is responsible for determining the assignment of Management Board responsibilities while, at the same time, maintaining the overall responsibility of the Management Board. The Management Board requires the prior approval of the Supervisory Board before entering into the transactions listed in Section 95 Para. 5 of the Austrian Stock Corporation Act (current version). To the extent permitted by Section 95 Para. 5 of the Austrian Stock Corporation Act, the Supervisory Board sets the monetary limits for transactions which do not require its approval. The Supervisory Board is also entitled to add additional transactions to the list of legally defined cases which require its approval (Section 95 Para. 5 of the Austrian Stock Corporation Act). The Supervisory Board is required to issue appropriate rules of procedure for the Management Board, and the Management Board must report regularly to the Supervisory Board on its activities.

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

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

The following table lists the Management Board members, their dates of birth, their positions, the date of their initial appointment and the expected end of their term in office. The Management Board consisted of the following persons in the 2018 financial year:

Members of the Management Board

Name	Date of birth	Position	Member since	Appointed until
Thomas G. Winkler	24.6.1963	Chairman of the Management Board	1.6.2016	9.4.2023
Martin Löcker	13.3.1976	Management Board	1.3.2009	9.4.2023
Patric Thate	25.5.1973	Management Board	1.7.2017	9.4.2023

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

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

Supervisory Board

The UBM Supervisory Board is composed of members elected by the Annual General Meeting. The Works Council is also authorised by Section 110 Para. 1 of the Austrian Labour Constitutional Act to delegate a specific number of members to the Supervisory Board. Section 9 of the statutes states that the Supervisory Board must have a minimum of three and a maximum of 12 members elected by the Annual General Meeting. In 2018, the Supervisory Board had eight members elected by the Annual General Meeting plus four additional members designated by the Works Council as employee representatives.

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

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

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

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

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

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

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

The Supervisory Board passes resolutions in its regular meetings. These meetings are to be held as often as required by the interests of the company and at least once each quarter. Five regular Supervisory Board meetings were held in 2018. The chairman determines the form of the meeting, the way in which resolutions are passed outside of meetings and the procedure for counting votes. The Management Board members attend all meetings of the Supervisory Board and its committees, unless otherwise decided by the person chairing the meeting.

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

The Supervisory Board is considered to have a quorum when all members have been correctly invited to attend and when at least three members, including the chairman or deputy, participate in the decision-making process. A topic of negotiation which is not on the agenda can only be ruled on by the Supervisory Board if all members are present or represented and no member objects.

The Supervisory Board passes its resolutions by simple majority of the votes cast, whereby abstentions are not counted as votes. In the case of a tie – also in elections – the chairman casts the deciding vote. A deputy chairman representing the chairman is also entitled to cast the deciding vote on resolutions and in elections; this also applies to committee chairmen.

Composition of the Supervisory Board
The following table shows the members of the Supervisory Board in 2018, their date of birth, their position, the date of their initial appointment to the Supervisory Board and the expected end of their term.

The members of UBM's Supervisory Board held additional positions on supervisory boards or exercised comparable functions in (unconsolidated) Austrian and foreign companies as of 31 December 2018. These positions are listed in the table on the following page.

Members of the Supervisory Board

Name	Date of birth	Position	Member since	Appointed until
Karl-Heinz Strauss[1]	27.11.1960	Chairman	14.4.2011	AGM 2019
Iris Ortner[2]	31.8.1974	Deputy Chair	14.4.2011	AGM 2019
Christian B. Maier[3]	9.1.1966	Member	3.5.2013	AGM 2019
Klaus Ortner[4]	26.6.1944	Member	15.1.2015	AGM 2019
Ludwig Steinbauer[3]	26.10.1965	Member	15.1.2015	AGM 2019
Paul Unterluggauer	28.4.1967	Member	15.1.2015	AGM 2019
Bernhard Vanas[3]	10.7.1954	Member	15.1.2015	AGM 2019
Susanne Weiss[3]	15.4.1961	Member	15.1.2015	AGM 2019
Johann Kaller	6.1.1955	Member	30.6.2016	n/a[5]
Martin Kudlicska	14.2.1972	Member	30.6.2016	n/a[5]
Hannes Muster	28.11.1967	Member	30.6.2016	n/a[5]
Günter Schnötzinger	20.8.1973	Member	30.6.2016	n/a[5]

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

Functions of the Supervisory Board

Name	Company	Function
Karl-Heinz Strauss	DATAX HandelsgmbH KAPSCH-Group Beteiligungs GmbH Kapsch Aktiengesellschaft[1] PORR Bau GmbH PORR Deutschland GmbH PORR SUISSE AG PORR Construction Holding GmbH	Supervisory Board member Supervisory Board member Supervisory Board member Chairman of the Supervisory Board Chairman of the Supervisory Board President of the Administrative Board Chairman of the Supervisory Board
Iris Ortner	ELIN GmbH PORR AG[1] TKT Engineering Sp. z.o.o. (Polen)	Chairwoman of the Supervisory Board Supervisory Board member Deputy Chairwoman of the Supervisory Board
Christian B. Maier	Raiffeisenbank Aichfeld eGen	Supervisory Board member
Klaus Ortner	ELIN GmbH PORR AG[1]	Deputy Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board
Ludwig Steinbauer	PORR Bau GmbH PORR Construction Holding Klinikum Austria Gesundheitsgruppe GmbH	Supervisory Board member Supervisory Board member Supervisory Board member
Paul Unterluggauer	-	-
Bernhard Vanas	PORR AG[1] SDN Beteiligungs GmbH	Supervisory Board member Supervisory Board member
Susanne Weiss	ROFA AG PORR AG[1] Schattdecor AG Wacker Chemie AG[1]	Chairwoman of the Supervisory Board Supervisory Board member Supervisory Board member Supervisory Board member
Johann Kaller	-	-
Martin Kudlicska	-	-
Hannes Muster	-	-
Günter Schnötzinger	-	-

[1] listed

Criteria for independence

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

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

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

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

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

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

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

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

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

Committees

The statutes allow the Supervisory Board to establish committees from among its members. The following three committees were installed in 2018 for the support and efficient handling of complex issues:

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

The Audit Committee met four times during the 2018 financial year. The meeting on 9 April 2018 was also attended by the auditors and focused on the evaluation of and preparations for the approval of the 2017 consolidated financial statements. At this same meeting, the Supervisory Board selected the auditor for the separate and consolidated financial statements as of 31 December 2018. The Audit Committee meeting on 19 September 2018 dealt with the company's scheduled and ongoing internal audit activities as well as planning for the audit of the separate and consolidated financial statements. The meeting of the Audit Committee on 26 November 2018 was held without the Management Board in accordance with Rule 81a of the Austrian Code of Corporate Governance and concentrated on the audit schedule, audit focal points and communication between the auditor and the Audit Committee. The last meeting of the financial year was held on 6 December 2018 and, in accordance with Rule 83 of the Austrian Code of Corporate Governance, covered the report by the auditor on the functioning of risk management, the Management Board's report on the internal control system and the internal audit schedule (Rule 18 of the Austrian Code of Corporate Governance) as well as preparations for combatting corruption in the company (Rule 18a of the Austrian Code of Corporate Governance).

The members of the Audit Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner, Christian B. Maier (financial expert) and Susanne Weiss.

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

The Nomination Committee met once in 2018. In the meeting on 27 March 2018, the extension of the Management Board functions and contracts for Thomas G. Winkler, Patric Thate and Martin Löcker was discussed and approved. A recommendation was made to the full Supervisory Board to extend these Management Board functions and contracts up to 9 April 2023. The members of the Nomination Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner and Susanne Weiss.

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

The Remuneration Committee held one meeting in 2018, i.e. on 27 March 2018. Discussions centred, among others, on an increase in the fixed and variable remuneration for the chairman of the Management Board, Thomas G. Winkler, and the determination of annual bonuses for the members of the Management Board.

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

Support for women

UBM is reinforcing its efforts to increase the share of women in its organisation. In comparison with other companies in the real estate sector, the UBM Group had a positive standing with 25 women in key positions as of 31 December 2018 (Supervisory Board, managing directors, authorised signatories and key staff at UBM Development AG and its major subsidiaries). This represents a further increase in the share of women in key positions over with the previous year (31 December 2017: 15).

As a company which believes in sustainable operations, UBM places high priority on socially relevant topics which include equal opportunity in the workplace. Activities to achieve and maintain equal opportunity are focused on the identification of suitable female candidates when managers and staff are recruited. Thirty-eight new employees were hired in 2018: 21 women and 17 men (excluding hotel employees). There are no salary differences between men and women who perform the same activity and have the same qualifications. Women are specifically addressed in job advertisements. In order to support the work-life balance, the company offers flexible working hours through a flexi-time system.

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

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

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

Remuneration report

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

Fixed remuneration: The fixed salary of each Management Board member is based on the scope of duties as defined in the plan for the assignment of corporate responsibilities. Any side-line activities by Management Board members require the approval of the Supervisory Board. The fixed remuneration is paid as non-performance-linked, basic compensation in the form of a monthly salary. The Management Board members also receive additional, non-cash fringe benefits (company car, telephone, travel expenses) which are, in principle, equally available to all Management Board members.

Variable/performance-based remuneration: The variable performance bonus for the chairman of the Management Board equals 2.5% of EBT, up to a maximum of €360,000.00 gross per year. If annual earnings equal or exceed the amount defined by the Remuneration Committee, the chairman of the Management Board is entitled to the maximum amount of the variable performance bonus. If earnings are lower than the defined target, the chairman is entitled to receive a proportional amount.

The Management Board members Martin Löcker and Patric Thate also receive a variable performance bonus in line with the above scheme, but each up to a maximal of €200,000.00 gross per year.

Long-Term Incentive Programme for managers: UBM introduced a stock option programme for key managers and the Management Board in 2017. This scheme requires the eligible persons to make a personal investment in UBM shares, at the latest, by the date on which the options were granted. The personal investment must remain in place without interruption until the options are exercised by the participants and be verified when the options are exercised. Five share options were allocated for each personal investment share at a strike price of €36.33 per share. The options can be exercised from 1 September 2020 to 26 October 2020 or from 1 September 2021 to 26 October 2021, if (i) the unweighted average of the closing price of the UBM share equals at least €40.00 on at least 15 consecutive trading days during the period from 2 September 2019 to 31 August 2020 and (ii) the ratio between the market capitalisation and net debt as of 31 December 2019 does not exceed 1:2.40.

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

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

Management Board remuneration 2018 (in €)

Name	Salary	Variable remuneration[1]	Non-cash benefits	Pension fund/ employee welfare fund	Total
Thomas G. Winkler	540,000.00	360,000.00	11,482.14	13,027.69	924,509.83
Martin Löcker	300,000.00	200,000.00	11,482.14	17,808.12	529,290.26
Patric Thate	300,000.00	200,000.00	8,602.14	6,251.59	514,853.73

[1] probable variable remuneration for 2018, payable in 2019

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

Remuneration of the Supervisory Board members

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

Additional compensation can be approved by the Annual General Meeting in cases where members of the Supervisory Board, in this capacity, take on special activities in the interests of the company. The Supervisory Board members are covered by an appropriate level of D&O liability insurance in the interests of the company, whereby the costs are carried by UBM.

A resolution by the Annual General Meeting on 25 May 2016 established the following remuneration for members of the Supervisory Board: the chairman of the Supervisory Board receives fixed remuneration of €25,000.00 per year, the deputy chairman of the Supervisory Board fixed remuneration of €20,000.00 per year and the other members fixed remuneration of €15,000.00 per year. The attendance fee for meetings was set at €1,000.00 per meeting of the Supervisory Board or one of its committees. Members of the Supervisory Board who do not reside in Austria receive an additional reimbursement for Austrian withholding tax from the company. The fixed remuneration is due annually in arrears, within four weeks of the Annual General Meeting. The attendance fee for meetings is due within four weeks after the respective Supervisory Board meeting.

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

Supervisory Board remuneration 2018 (in €)

Name	Fixed remuneration[1]	Attendance fee for meetings
Karl-Heinz Strauss (Chairman)	25,000.00	5,000.00
Iris Ortner (Deputy Chairwoman)	20,000.00	5,000.00
Christian B. Maier	15,000.00	4,000.00
Klaus Ortner	15,000.00	4,000.00
Ludwig Steinbauer	15,000.00	4,000.00
Paul Unterluggauer	15,000.00	5,000.00
Bernhard Vanas	15,000.00	5,000.00
Susanne Weiss	15,000.00	2,000.00

[1] Payment within four weeks following the 2019 Annual General Meeting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Holiday Inn Warsaw City Centre, Warsaw

Group Management Report

one group.

General economic environment

Worldwide growth course continues

The global economy remained on a growth course in 2018, but momentum slowed considerably during the year. With an increase of 3.7% in 2018, global economic growth generally reflected the previous year. The International Monetary Fund (IMF) is forecasting a continuation of this positive trend in 2019 and 2020, but at a slower pace. The increasing volatility on financial markets and the uncertainties surrounding trade policies, above all between the USA and China, led the IMF to reduce its forecasts for 2019 and 2020 by 0.2, respectively 0.1 percentage points to 3.5% and 3.6%.[1]

Economic developments in Europe differed during 2018. The CEE/SEE countries generated sound growth up to year-end 2018, but most of the other EU member states lagged behind at a slower pace. In contrast, the labour market presented a homogeneous picture. The increase in employment throughout Europe served as a driver for private consumption, which proved to be the most important impulse in 2018.[2] Real economic growth in Europe equalled 1.9% in 2018 (2017: 2.4%), and the EU Commission expects steady, but moderate development over the coming years. The economy should benefit from improved conditions on the labour market, favourable financing opportunities and a slightly expansive budgetary policy. Estimates for 2019 and 2020 point to real growth of 1.9% and 1.5%.[3]

Moderate upward trend in Germany and Austria

GDP growth in Germany slowed to 1.5% in 2018 (2017: 2.5%). This weakness resulted primarily from a decline in exports and rising consumer uncertainty, above all during the second half-year. In view of the expected slowdown in the worldwide economy over the coming years, the European Commission does not expect a continuation of the previous trend. Real estate investments and private consumption will provide further support for the economy, but real GDP growth is projected to decline to 1.1% in 2019, before rising to 1.7% in 2020.[4]

In Austria, GDP growth weakened after a strong start into the year and remained at a low, but solid level during the second half of 2018. The economy grew at an overall rate of 2.7% for the year (2017: 2.6%). Private consumption as well as corporate investments and the sound development of exports served as the main drivers. The downward spiral in economic sentiment indicators has led the European Commission to reduce its forecasts for economic growth to 1.6% each in 2019 and 2020.[5]

CEE – continued robust development

Growth in the CEE-Region remained strong and above-average in 2018, and the economy should also benefit from a favourable climate in 2019. Experts in most of the countries are forecasting a GDP increase of 3% or more.[6]

Poland leads the country ranking with a GDP plus of 5.1%, which marks the highest growth rate since 2007. Domestic demand, and in particular strong private consumption, served as the most important drivers. For 2019 and 2020, the EU Commission is forecasting growth of 3.5% and 3.2%.[7]

[1] IMF: World Economic Outlook, Update 11.1.2019
[2] Austrian National Bank: Konjunktur aktuell – January 2019
[3] Europ. Commission/Press release: Winter 2019 Economic Forecast: growth moderates amid global uncertainties (7.2.2019)
[4] Europ. Commission: Winter 2019 Economic Forecast – Germany
[5] Europ. Commission: Winter 2019 Economic Forecast – Austria
[6] UniCredit: CEE Outlook at Euromoney CEE Forum in Vienna (Jan 2019)
[7] Europ. Commission: Winter 2019 Economic Forecast - Poland

Developments on the real estate market

Europe – the boom continues

The boom on Europe's real estate markets continued during 2018, with strong support from the solid economic environment. The volume of investments was slightly higher than the previous year's record level at €312 bn (2017: €311 bn). Investment opportunities for investors were limited, however, by the increasing shortage of attractive development projects throughout Europe. At the same time, demand remained very high across all asset classes and led to a further increase in real estate prices.[1]

Germany – record year on the commercial property market

Germany was again one of the most popular investment targets in Europe during 2018, whereby the stable fundamentals generated by this major economy served as a supporting factor for the strong demand. Three very good years with commercial property transaction volumes substantially over €50 bn were followed by a new record: the €60 bn-mark was broken, as expected, in 2018. The commercial property market rose to an all-time high with a volume of €60.2 bn in 2018. Compared with the previous year, this represents an increase of roughly 5% (2017: €57.5 bn).[2]

The importance of the seven top cities continued to increase – their share of commercial investments rose to 60% in 2018 (2017: 54%). One reason for this strong interest in established markets like Germany is the very healthy rental market – the declining yield compression has shifted the focus of investment decisions to the potential for growth in rents.[3] Domestic investors were responsible for most of the investments in 2018, with an increase from 49% in the previous year to 54%. The decline in the volume attributable to foreign investors resulted not from a lack of interest in the market, but from the shortage of projects and noticeable demand overhang.[4]

The office asset class again dominated the market with 53% of the commercial property investment volume. The transaction volume of €32.0 bn in 2018 and the year-on-year increase of 15% (2017: €28 bn) underscored the highest volume ever recorded. The top seven cities were responsible for 80% of the office investments in the past year. The largest component was directed to the financial metropolis Frankfurt with €8.5 bn (27%), followed by Berlin and Munich (each roughly 14%). In spite of the ongoing real estate boom, prime yields in most of the top cities have stagnated in recent years due to the significant yield compression. Munich was the only city to see a decline in the prime yield for office properties to 2.90% (2017: 3.00%), which resulted from the strong demand overhang. The prime yield in the top seven cities averaged 3.10% at year-end 2018. However, most of the cities appear to have reached a lower limit. Prime rents, in contrast, increased substantially during the past year and average €30/m^2 in the top seven cities. This trend will also continue in 2019 owing to the growing supply shortage.[5,6,7]

The limited offering in 2018 also had an influence on the hotel investment market in Germany, which has remained at a record level for several years. At approximately €4.0 bn, the transaction volume was only slightly lower than the previous year (2017: €4.2 bn). The demand overhang was reflected in growing interest in investments in development projects through forward deals. One-third of the hotel investments in 2018 involved projects under development, and a similar result is expected in 2019. Germany, as the second largest hotel market in Europe, is still viewed as a safe haven by investors. Insurance companies and pension funds, in particular, are searching for long-term investments with secure returns and are particularly interested in hotels with fixed lease contracts.[8]

1 CBRE Press Release (31.1.2019): 2018 Record Year for European Real Estate Investment
2 CBRE Deutschland Gewerbe Investmentmarkt, H2 2018
3 JLL Investmentmarktüberblick, Deutschland, Q4 2018
4 CBRE Deutschland Gewerbe Investmentmarkt, H2 2018
5 CBRE Deutschland Büroinvestmentmarkt, Q4 2018
6 CBRE Deutschland Gewerbe Investmentmarkt, H2 2018
7 Wealthcap Marktüberblick Büroimmobilien Deutschland, H2 2018
8 CBRE Real Estate Market Outlook 2019 – Germany

The residential market in Germany was also characterised by strong demand in 2018. The investment volume rose by 16% year-on-year to €16.3 bn, which represents the second best results ever recorded. Investors turned more and more to development projects due to the lack of supply, and investments in modern residential forms like "micro-living" or student housing reached a new record level at €1.7 bn. This trend will continue in 2019. Despite the demand overhang and related price increases, housing remains one of the most popular real estate investment forms for domestic and, increasingly also, for foreign investors.[9]

Austria – second strongest investment year

The Austrian investment market produced another strong year in 2018 with an investment volume of €3.9 bn. The 2017 record (2017: €4.8 bn) was, however, not reached, primarily due to the limited supply. Nonetheless, Austria remains a focal point for institutional investors.[10] More than €1 bn of the total transaction volume is attributable to institutional residential investments which, together with office properties, represented the most popular asset class for the first time. This trend will continue in 2019 due to the well-filled pipeline for large-scale residential construction.

The sound economic development in recent years was also accompanied by substantial momentum on Vienna's office rental market in 2018. Approximately 270,000 m² of office space, or roughly 40% more than in 2017, was rented during the past year. Investors are still interested in properties at prime locations, but the limited offering continues to exert pressure on yields. The prime yields for office buildings in top locations fell from 3.9% to 3.75%. The supply shortage on the office market was reflected in growing interest by international institutional investors, especially from Germany, in residential investments. As an answer to the steady rise in demand in recent years, new construction output in Vienna reached a new record level in 2018. More than 13,000 new residential units were completed during the past year, and a similar production volume is expected in 2019. [11, 12]

The supply shortage was the dominant issue for the Austrian hotel market. The transaction volume totalled €420m in 2018 and, due to the lack of attractive investment targets, fell 17% below the previous record year (2017: €520m).[13] There has been a strong increase in the demand for hotel projects in Austria: more and more established hotel brands as well as new players are looking for suitable locations. Given the steady annual increase in overnight stays – which has averaged 5% per year over the past decade – an over-saturation of the market appears unlikely.[14,15]

CEE – the solid upward trend continues

Supported by strong economic growth, the CEE core countries – Poland, Czech Republic, Slovakia, Romania and Hungary – set a new investment record for the third year in succession. At €13.2 bn, the volume was roughly 11% higher than the previous year (2017: €11.9 bn).[16]

Poland is the clear growth driver at the country level with a transaction volume that rose by more than 40% year-on-year to €7.1 bn in 2018. Offices remain a very popular asset class among investors, but the strong demand for office and retail properties has also brought a growing interest in hotel investments. The increase in business and recreational tourism in recent years has led many investors to see the potential of the CEE hotel market, not least due to the higher yields compared with other European regions. Poland was the most popular CEE market in 2018, followed by the Czech Republic. In particular, the residential property market in Prague is characterised by a strong demand overhang. The CEE region will again be a focal point for investors' attention in 2019, but experts assume the volume could be slightly lower than in 2018.[17, 18]

[9] BNP Paribas: Wohn-Investmentmarkt Deutschland Q4 2018
[10] CBRE: Österreich Investment, H2 2018
[11] CBRE: Real Estate Market Outlook 2019 - Österreich
[12] Otto Immobilien: 35. Büro- und Investmentmarktbericht

[13] Christie Press Release (16.1.2019): Hotelinvestmentmarkt Österreich 2018
[14] Christie: Hotel Business Outlook 2019
[15] Vienna Tourism
[16] JLL: CEE Investment Market, H2 2018
[17] CBRE: Österreich Investment, H2 2018
[18] JLL: Land Marekt Report Poland: Summary 2018/Trends 2019

Business performance

UBM Development generated Total Output of €897.7m in 2018, compared with €744.7m in the previous year. This increase of €153.0m, or 20.5%, was supported primarily by substantial growth in revenue from property sales. Particular highlights included three large-scale projects that were completed during the year: the Leuchtenbergring in Munich, which includes office space and a refurbished standing asset hotel, and the new Zalando headquarters in Berlin. A third major successful sale in 2018 was the Office Provider property in Vienna, which also houses UBM's new headquarters. Other completions involved the Holiday Inn Warsaw City Centre and two residential construction projects in Vienna, "Der Rosenhügel" and Quartier Belvedere Central (QBC) 6.1. In connection with the new "Pure Play Program PPP", the sale of standing assets and the related transformation into a pure real estate trade developer continued – among others, UBM sold office and hotel properties in Poland as well as a hotel property in Austria during 2018. Proceeds from the sale of standing assets (including the hotel at Leuchtenbergring) totalled approximately €150m.

Total Output was also positively influenced by the mandatory application of IFRS 15 beginning in 2018, which defines new rules for the timing of revenue recognition and the expected results. Sales of development projects are now recognised as revenue and earnings over time based on the percentage of completion and realisation. This applies, above all, to residential properties because they are frequently sold during development, but also involves the forward sale of hotel and office projects. In connection with projects which were still under development as of 31 December 2018, the application of this standard had a positive effect of €105.6m on Total Output for the year. A large component of this amount was related to two projects: the Holiday Inn Gdansk in Poland and the "immergrün" residential construction complex in Berlin.

Total Output in the **"Germany" segment** rose from €130.7m to €336.5m in 2018. This substantial increase of €205.8m was attributable, in particular, to the above-mentioned completion of the large-scale Leuchtenbergring project in Munich. In addition to various general contractor services, Total Output also included the sale of the main postal office in Potsdam, the progress of construction on residential projects in Berlin, Hamburg and Mainz and a hotel in Mainz.

The **"Austria" segment** reported Total Output of €298.3m in 2018, compared with €350.8m in the previous year. The largest contribution to Total Output was generated by the sale of the Office Provider project in Vienna. The remaining contribution was provided by the residential construction business. For example, "Der Rosenhügel" project and the QBC 6.1 project in Vienna were completed in 2018. The sale of various standing assets, including a hotel in Linz and logistics properties in the Graz area, also made a positive contribution to Total Output.

In the **"Poland" segment**, Total Output rose from €140.3m in the previous year to €209.3m in 2018. This growth was supported, above all, by the hotel development project in Warsaw and the sale of standing assets in Breslau and Krakow. Total Output was also increased by the progress of construction on the hotel in Gdansk, which will be completed in 2019 and has already been sold through a forward deal. Rental income declined during the reporting period – above

Total Output by region

in € m	2018	2017	Change
Germany	336.5	130.7	157.4%
Austria	298.3	350.8	-15.0%
Poland	209.3	140.3	49.2%
Other markets	53.6	122.8	-9.3%
Total	**897.7**	**744.7**	**20.5%**

all due to the sale of two office properties, the Pegaz in Breslau and the Parkur Tower in Warsaw.

Total Output in the **"Other Markets" segment** amounted to €53.6m in 2018, compared with €122.8m in 2017. The previous year included the sale of the Hyatt Regency Hotel in Amsterdam as well as standing assets in the Czech Republic and Romania. The most important component of Total Output in 2018 was the revenue generated by the hotels in France and the Netherlands.

The **"Hotel" segment** recorded Total Output of €289.8m, compared with €283.2 in the previous year. Transactions during the reporting period included the sale of the Holiday Inn Warsaw City Centre and the Holiday Inn Leuchtenberg–ring Munich as well as the Park Inn Linz and Krakow standing assets. The application of IFRS 15 also had a positive effect on Total Output in this segment through the recognition of the progress of construction on the hotel projects in Gdansk and Mainz, which were sold through forward deals. The income from hotel operations rose only slightly by 2.2% to €107.6m. This slower growth compared with the first three quarters is attributable to the sale of a 50% interest in the hotel management company to a strategic partner.

Total Output in the **"Office" segment** amounted to €271.3m in 2018 and clearly exceeded the prior year value of €116.4m. The only property sales in this segment during 2017 involved standing assets, while 2018 included, in particular, the completion of the large-scale Leuchtenbergring project in Munich and the Office Provider in Vienna. In addition, the Pegaz standing asset in Poland was sold during the reporting year. The increased focus on the sale of standing assets was reflected in a decline in the rental income from office properties.

The **"Residential" segment** generated Total Output of €180.8m in 2018, compared with €56.6m in the previous year. Almost half of the Total Output in 2018 is attributable to the completion of two projects in Vienna – "Der Rosenhügel" and the QBC 6.1. The application of IFRS 15 now requires the recognition of revenue from sold apartments based on the percentage of completion. As a result, nearly €70m of the Total Output generated in this segment during 2018 is attributable to residential construction projects currently under development, among others in Berlin, Hamburg, Prague and Bratislava.

The **"Other" segment** reported Total Output of €77.3m in 2018, which represents a substantial decline below the €100.6m recorded in 2017. Total Output for 2018 includes the sale of logistics properties in the Graz area and, above all, proceeds from the rental of mixed-use standing assets in Austria and Germany.

Total Output in the **"Service" segment** declined from €184.5m to €71.4m because 2017 included the sale of two projects in Austria through share deals. The **"Administration" segment** consists solely of services provided by UBM Development AG, charges for management services and intragroup allocations.

Total Output by asset class

in € m	2018	2017	Change
Hotel	289.8	283.2	2.3%
Office	271.3	116.4	133.2%
Residential	180.8	56.6	219.6%
Other	77.3	100.6	-23.2%
Service	71.4	184.5	-61.3%
Administration	7.2	3.5	103.9%
Total	**897.7**	**744.7**	**20.5%**

Financial performance indicators

Business development and earnings

The core business of the UBM Group is 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. Following the initial application of IFRS 15 in 2018, real estate projects are now recognised as of the signing in line with the progress of construction and realisation (percentage of completion, PoC) and not after completion as before. This leads to a more exact presentation of the development of revenue and earnings. 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 from sales through share deals. Total Output includes the effects of IFRS 15 as of 1 January 2018 and 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 €897.7m in 2018, which represents an increase of €153.0m, or 20.5%, over the prior year value of €744.7m. Revenue as reported on the income statement increased from €364.7m to €514.0m, or by 41.0%, during the reporting year, above all due to higher revenue from property sales that included the large-scale Leuchtenbergring project in Munich and the Office Provider in Vienna. The initial application of IFRS 15 had a positive effect of €77.9m on revenue and €105.6 on Total Output through projects which were under development as of 31 December 2018 because residential properties that have already been sold and development projects sold through forward deals are now included in revenue based on the percentage of completion as soon as the sale is recorded.

The share of profit or loss from companies accounted for at equity amounted to €35.9m in 2018 (2017: €16.5m). A large component of this positive contribution is attributable to the Zalando Campus office project in Berlin, which was completed and transferred during the fourth quarter. Other positive effects resulted from the sale of "Der Rosenhügel" residential project in Vienna, a standing asset hotel in Linz and the main post office in Potsdam as well as the progress of construction on residential projects currently under development in Prague and Berlin.

Fair value adjustments to investment property did not result in any material income during the reporting year, in contrast to income of €39.4m in 2017. Fair value adjustments are calculated on the basis of new market price indicators, whereby purchase contrasts were generally used in the past. Due the application of IFRS 15, increases in the value of a property are recognised to revenue beginning on the date the contract is signed in line with the percentage of completion. This tends to reduce the fair value adjustments. The expenses from fair value adjustments were slightly lower year-on-year at €7.3m and involved land in Hungary, shopping centres in Poland and a property in Austria.

Other operating income amounted to €10.7m in 2018 and consisted, among others, of third-party charges, foreign exchange gains, income from the release of provisions and various other positions. In the previous year, other operating income totalled €30.6m and included foreign exchange gains of €21.1m. Other operating expenses rose from €50.6m in 2017 to €54.5m in 2018, chiefly due to foreign exchange losses of €7.9m from the Polish Złoty versus the Euro in the reporting year. This position also includes administrative expenses, travel expenses, advertising costs, charges and duties as well as legal and consultancy fees.

The cost of materials and other related production services increased from €273.4m in 2017 to €352.4m in the reporting year. These expenses consist primarily of material costs for the construction of residential properties and various other development projects which were sold through forward sales. It also includes the book value disposals from property sales in the form of asset deals. These book value disposals totalled €212.3m in 2018 and were related, above all, to the large-scale Leuchtenbergring project in Munich as well as a hotel and an office building in Poland (2017: €126.0m). The cost of materials also includes expenses for purchased general contractor services.

The changes in the portfolio related to residential property inventories and other IAS 2 properties led to expenses of €42.4m in 2018 (2017: €24.1m) and were based, among others, on strong sales activities for the QBC 6.2 residential project which is currently under construction. Following the application of IFRS 15, the progress of construction on real estate inventories is only reported under changes in the portfolio until the properties are sold (even if they are still under construction). Properties which have been sold are now recognised directly in revenue before they are finished in accordance with the percentage of completion method.

The member companies of the UBM Group included in the consolidation employed a total workforce of 365 as of 31 December 2018 (31 December 2017: 748). This decline resulted from the sale of a 50% interest in UBM hotels Management GmbH and the subsequent accounting treatment of hotel operations as a joint venture since the end of November. Since the deconsolidation was only recognised one month before the end of 2018, the hotel operations were included in personnel expenses for almost the entire reporting year. Personnel expenses therefore rose from €41.4m to €45.3m in 2018, among others due to the opening of the Holiday Inn Warsaw City Centre and the expansion of the Holiday Inn Munich Leuchtenbergring. In addition, a change in the allocation of hotel expenses led to a shift of €2.1m from the cost of materials to personnel expenses. The valuation of the UBM share option programme, which was approved by the Annual General Meeting in May 2017, added €1.0m to personnel expenses in 2018 (2017: €0.4m).

EBITDA totalled €58.9m in 2018 and was substantially higher than the comparable prior year value of €52.4m. EBIT rose by 15.0% to €55.9m (2017: €48.6m). Financial income increased significantly from €21.2m in 2017 to €32.0m. The previous year included income of €13.5m from share deals, while €21.7m were recorded in 2018 primarily due to the sale of the Office Provider property in Vienna. Financial income also shows an increase after the deduction of share deals, with a plus of €2.6m that resulted, above all, from an increase in project financing and the related interest payments. Financial costs totalled €32.4m and exceeded the prior year level of €19.4m, among others following a €10.3m valuation adjustment to project financing and investments in Croatia and Russia.

EBT rose by 10.1% year-on-year from €50.5m to €55.5m. Tax expense equalled €16.1m in 2018, which represents a tax rate of 28.9% (2017: 26.8%). The slight year-on-year increase in the tax rate is attributable to the completion of large-scale projects in Germany.

Profit for the period (net profit after tax) totalled €39.5m in 2018 and was 6.8% higher than the previous year (2017: €37.0m). Net profit after non-controlling interests rose by a stronger 8.9% to €39.7m (2017: €36.5m). The resulting earnings per share increased from €4.88 to €5.31. The 2018 financial year closed with all relevant earnings parameters – EBT, net profit and earnings per share – above the previous record levels.

Asset and financial position

Total assets recorded by the UBM Group rose by €103.7m year-on-year to €1,234.7m as of 31 December 2018. This growth was supported by a higher balance of cash and cash equivalents, which increased by €125.2m. The changes under equity and liabilities involved, in particular, a substantial improvement of €80.9m in equity.

Property, plant and equipment totalled €2.7m at the end of December 2018 and were €48.1m lower than on 31 December 2017. This decline reflected the completion of the Leuchtenbergring hotel project in Munich, which was sold through a forward deal. Investment property increased by a substantial €127.4m to €499.2m as of 31 December 2018. This increase resulted from numerous project acquisitions which were made, above all, during the fourth quarter of 2018 and from the progress on existing development projects. The carrying amount of the investments in equity-accounted companies remained nearly stable at €115.8m, despite the completion of the large scale Zalando headquarters in Berlin. Project financing rose from €123.5m at year-end 2017 to €139.9m at the end of December 2018.

Current assets amounted to €453.0m as of 31 December 2018 and were slightly higher than at year-end 2017 (€444.3m). A reduction of €112.6m in properties held for sale was contrasted by an increase of €125.2m in cash and cash equivalents. The decline in assets held for sale resulted primarily from the sale of a hotel project in Warsaw and an office property in Breslau. Cash and cash equivalents totalled €200.4m at the end of the reporting year, compared with €75.2m at year-end 2017. This substantial increase reflected the income from property sales – above all the Leuchtenbergring project, the transfer of the Zalando headquarters and the sale of the Office Provider property – as well as new bond issues, which raised liquidity by roughly €100m after a deduction for the repayment of mezzanine capital.

Real estate inventories totalled €121.5m at the end of December 2018 and were €59.7m lower than at year-end 2017. This position includes miscellaneous real estate inventories and property under development which is designated for sale. The application of IFRS 15 led to a reduction in real estate inventories because properties sold during development are now recorded as trade receivables. Forward sales of investment property are also included in this position at the applicable proportional share. Trade receivables increased from €53.2m at year-end 2017 to €108.2m as of 31 December 2018.

Equity totalled €436.3m as of 31 December 2018, compared with €355.4m as of 31 December 2017. In addition to the Group's solid earnings position, this increase resulted from the issue of a hybrid bond (net effect of approximately €50m after the repayment of mezzanine capital). The equity ratio rose to 35.3% as of 31 December 2018, which represents an improvement of nearly four percentage points in only one year (31 December 2017: 31.4%).

Bond liabilities increased by €50.7m over the level at year-end 2017 to €434.5m as of 31 December 2018. In November 2018, UBM issued a further five-year bond with a coupon of 3.125% and a volume of €75m, whereby €25m of this volume represented the exchange of the bond which is scheduled to mature in 2019. Financial liabilities (current and non-current) rose from €169.3m to €187.9m due to the use of credit lines in connection with the progress of construction on projects as well as the project financing taken over with the acquisition of a large-scale project in Vienna.

Trade payables increased from €70.8m at year-end 2017 to €93.7m at the end of the reporting year consisted chiefly of outstanding payments for subcontractor services. Other financial liabilities (current and non-current) declined from €34.6m as of 31 December 2017 to € 30.8m.

Deferred taxes and current taxes payable totalled €39.3m (31 December 2017: €26.4m). This increase reflected UBM's sound earnings position as well as the completion and sale of large-scale projects, above all in Germany.

Net debt amounted to € 421.9m as of 31 December 2018 and declined by a substantial €56.0m from January to December despite the record level of project acquisitions (31 December 2017: €477.9m). This reduction was based not only on the sound level of sales during the reporting period, but also on the issue of a hybrid bond which is attributable to equity and therefore not included in interest-bearing liabilities.

Cash flow

Operating cash flow rose substantially from €13.9m in the previous year to €68.2m in 2018, while profit for the year improved from €37.0m to €39.5m. An important positive effect in operating cash flow was the increase in dividends from companies accounted for at equity which resulted, above all, from the completion of the Zalando headquarters in Berlin. A positive effect in year-on-year comparison was provided by the position "depreciation, impairment and reversals of impairment on fixed and financial assets". The fair value adjustments to properties sold through forward deals declined substantially following the application of IFRS 15. These properties are now reported under receivables based on the percentage of completion. Therefore, the reclassification had no effect on operating cash flow. Deferred tax income (see note 15), which resulted in part from the capitalisation of loss carryforwards, was eliminated from cash flow as non-cash income.

Cash flow from operating activities totalled €113.8m in 2018, compared with €2.4m in the previous year. This improvement was supported, above all, by a decline of €24.2m in real estate inventories. This amount includes cash inflows of €101.4m from the disposal of real estate inventories, which resulted primarily from the sale of residential properties. The additions to real estate inventories amounted to €76.6m during the reporting year. The growth in cash flow was also supported by an increase of €42.9m in liabilities. It resulted, in particular, from a higher balance of trade payables that was related primarily to outstanding work for the completion of sold and transferred projects. Other factors involved investments in residential properties and cash-effective sales of residential properties which were reflected in trade receivables. Cash inflows from the sale of residential property inventories equalled €49.5m, while the additions to residential property inventories equalled €54.4m. Cash flow from operating activities was also positively influenced by an increase of €25.2m in tax provisions. Gains on the sale of fixed assets and on share deals led to a reduction in cash flow from operating activities. Of particular note here was the sale of the Office Provider during the fourth quarter. The corresponding cash inflows from the sale are included under cash flow from investing activities.

Cash flow from investing activities totalled minus €93.2m in 2018 based on substantially higher investments new projects (2017: plus €117.5m). Cash outflows for investments in property, plant and equipment and investment property amounted to €346.3m, compared with €202.6m in the previous year. New investments in 2018 included, for example, two large-scale projects: the LeopoldQuartier in Vienna and the Baubergerstrasse in Munich. The cash inflows from the sale of property, plant and equipment and investment property represented a contrary factor and exceeded the prior year at €231.3m in 2018 (2017: €205.3m). Cash outflows for project financing equalled €38.3m and were contrasted by cash inflows of €42.1m from project financing. The proceeds of €28.2m from the sale of consolidated subsidiaries represent the net cash inflow from the sale of fully consolidated subsidiaries through share deals. Cash inflows of €70.8m from the sale of properties through share deals were contrasted by the repayment of €12.6m in external financing related to the respective project company and other third-party interests of €30.0m. In the event of share deals, these items must be presented as a net amount in cash flow.

Cash flow from financing activities of €105.0m (2017: minus €87.9m) includes cash inflows of €98.5m from the issue of a hybrid bond as well as new bond (2018–2023) with a cash effect of €50.3m after the exchange of the bond 2014–2019. These cash inflows were contrasted by the repayment of the outstanding €50.0m balance of mezzanine capital during the second quarter of 2018 as well as the dividend payment and the servicing of the mezzanine/hybrid capital at €20.5m.

Outlook

The International Monetary Fund is expecting a continuation of the current growth course in 2019. Real estate investments and private consumption are again seen as the main drivers for the economies in UBM's core markets.[1] The European Central Bank (ECB) plans to stand by its low-interest policy for a longer period than originally assumed. Most economists do not expect any substantial increase in interest rates over the medium-term that would have a significant effect on the real estate sector.[2]

Against this backdrop, the real estate investment market can be expected to remain dynamic in 2019 and 2020. The growing shortage of attractive development projects throughout Europe is accompanied by unbroken, high demand in all asset classes. UBM's three core markets – Germany, Austria and Poland – as well as the three asset classes – hotel, residential and office – should benefit from this positive market environment. Moreover, the inflow of overseas capital is leading to extremely high investment pressure.

The positive development of business during the past year confirms UBM's strategy. 2018 marked a new record year in the company's history and demonstrates the sustainability of the earnings power created by this real estate developer over decades in its core markets. The balance sheet was also strengthened in 2018 – net debt was substantially reduced and the equity ratio was increased. UBM has now reached the upper end of the 30-35% target range with its equity ratio of 35%. Moreover, net debt of approximately €422m represents the lower end of the optimal level for a real estate developer, although a record level of investments were made in 2018.

Despite a record number of completions in 2018, UBM invested over €300m in new projects. The development pipeline is now stabilised at a high level and its quality has improved. The project pipeline (2019–2022) totals €1.8 bn, whereby roughly 80% are located in Germany and Austria, and over 80% in the hotel and residential asset classes. The trend towards larger projects continues, and the corresponding economies of scale should have a positive effect on future earnings.

UBM is optimistic that this high-quality pipeline will support further earnings growth over the medium-term. In 2019, the company plans to duplicate the record 2018 financial year and again generate profit before tax (EBT) of approximately €55m and net profit of approximately €40m. Since the project completions in 2019 are scheduled primarily for the second half-year and a number of current real estate projects will only then be suitable for a forward structure, a slower start and stronger second half-year are expected.

1 IMF: Wolrd Economic Outlook, Update 11.1.2019/European Commission: Winter 2019 Economic Forecast
2 Savills European Investment March 2019

Risk Report

UBM Development AG and its operating subsidiaries and investments are exposed to a variety of risks as a result of their business activities in various European countries and asset classes. This diversification – meaning an active presence in different countries and asset classes – supports both the distribution and reduction of risk because changes do not normally take place at the same time and in all markets. As seen from the viewpoint of risk management, diversification also creates opportunities to give preference to one asset class over another or to expand or reduce the focus on individual assets classes, countries and markets.

General goals of UBM risk management

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

Material risks

The material risks to which UBM is exposed are based on the project development business and result from the company's value chain. Accordingly, risks are subdivided into the following areas: real estate acquisition, planning, project calculation and project financing, realisation (construction), operations (rentals and leasing) and sales (distribution and sales). Risk management also covers general business risks as well as macroeconomic and other risks.

UBM has been active in project development for many decades and, consequently, has considerable experience in the early identification, analysis, assessment, monitoring and control of risks. The company monitors all material risks that could have a significant impact on the operating business.

Risk Management System (RMS) Measures in 2018

1. Risk identification and analysis

Based on the comprehensive identification and analysis of risks for the entire UBM value chain which was performed in 2016, an annual reassessment of the individual risks was also carried out in 2018.

2. Risk assessment

The assessment reflects the professional judgement of the Management Board and is based on a description of the risks as well as an estimate of the probability of occurrence and the potential amount of damages caused by events which have an impact on annual results. These expert evaluations are supported by regular status and project reports from the country managing directors. In order to allow the company to react quickly to possible changes in the individual risk positions, this assessment takes place every six months.

The evaluation of the possible extent of damages includes the effects of unexpected costs and reductions in revenue compared with the projected results. A probability of occurrence is also estimated for each risk based on five levels which range from "frequent" (at least once every two years) to "improbable" (every 20 years). The results are presented in a risk map, which provides a clear overview of the major risks for UBM.

3. Risk documentation

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

4. Risk control and monitoring

UBM's first step for controlling risks is top-down and involves the development of work instructions and guidelines. Responsibilities are assigned by management to the individual risk owners. In a bottom-up process, the risk owners submit regular status and risk reports to the Management Board.

Only the continuous monitoring of risks and transparent, open communications make it possible to develop proposals for the minimisation of risks in the respective business units, to support the discussion of these proposals with the Management Board and to enable the timely implementation of appropriate measures.

5. Risk management

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

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

Risk categories

The wide variety of material individual risks to which UBM is exposed were aggregated in seven main risk categories.

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

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

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

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

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

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

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

5. Distribution, realisation and sale risks: A differentiation is made between the distribution risks associated with the sale of condominiums, realisation risks (rental risks for initial letting) and the risks connected with the sale of entire properties. The main risk for the distribution and sale process comes from the macro factors on which the valuation method is based. These factors include, among others, the expected rental income and the assumed discount rate. UBM's annual results are dependent to a significant degree on the increases and decreases resulting from the fair value measurement of its property assets. The price realisable on the sale of a property is directly related to the market price at that time. This price can vary from the development costs and the fair value determined by the appraiser and, therefore, also differ from the carrying amount. Further risks in the transaction process include contractual liabilities and guarantees as well as possible customer warranty claims.

UBM analyses the optimal timing for a sale in relation to the realisable sale price. Longstanding contacts with potential investors and major clients help in the selection of and communication with interested buyers. A separate, central transaction team with the necessary experience and contacts works with experts from the UBM legal department and external consultants to assist UBM in optimising this process.

6. General business risks: Included here, in particular, are personnel risks (staffing, turnover, human error, internal fraud etc.), IT risks (hardware, software, data loss, hacking, espionage etc.), commercial risks (liquidity risk, tax risks, financial penalties etc.) as well as legal risks (compliance risks, compensation, general contractual and insurance risks, the legal environment etc.). These risks are monitored by the respective specialist departments and communicated without delay to the Management Board whenever necessary.

7. Macroeconomic and other risks: These risks include the development of the economy (inflation, unemployment, purchasing power etc.), interest rate risk, exchange rate risk and force majeure risks (natural disasters, fire, strikes, war, terror). They are continuously monitored by the responsible Management Board members in close cooperation with the staff units. Interest rate and exchange rate risks have been consciously accepted in the past, but appropriate hedging is not excluded in the future.

Other risks
For information on risks associated with financial instruments, see Note 44. "Notes on financial instruments" in the Notes to the Consolidated Financial Statements.

Internal Control System

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

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

In addition to legal requirements, UBM has developed numerous rules and process flows which were revised and/or improved, above all in connection with the process and efficiency improvement programme (Next Level). The roles and responsibilities within the processes were clearly assigned, and control mechanisms were adapted and enhanced. These processes and rules provide employees with appropriate tools for performing their duties and also support the efficient design of processes and controls. These work instructions, guidelines and models create transparency, facilitate communication and documentation, help to create efficient work processes and allow for effective controls.

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

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

This systematic control management ensures that accounting processes in the UBM Group are consistent with national and international accounting standards as well as internal guidelines. As part of the internal control system, the audit committee is responsible for monitoring accounting procedures and financial reporting on behalf of the Supervisory Board.

Internal Audit

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

Furthermore, internal audit serves as an advisor to the Management Board. Its integrated perspective and knowledge of the company place it in a position to highlight effective ways of improving the effectiveness, efficiency and profitability of processes.

The annual audit plan was completed and one event-related, ad-hoc audit was carried out in 2018. All of the findings and recommendations in the audit reports resulted in the development of specific measures for improvement. The implementation of these measures was monitored by internal audit. Individual audit procedures were supported by external consultants on a project-related basis.

Disclosures acc. to Section 243a of the Austrian Commercial Code as of 31 December 2018

1. Composition of capital
Share capital comprised 7,472,180 zero par value shares as of 31 December 2018, each of which represents an equal investment in the total share capital of €22,416,540.00. As of that date, all 7,472,180 shares were outstanding. All shares carry the same legal rights and obligations, in particular the right to vote which is exercised based on the number of shares held. The company's share capital is fully paid in. In accordance with Section 5 Para. 3 of the statutes and Section 10 Para. 2 of the Austrian Stock Corporation Act, these bearer shares must be securitised in one or more global certificates and deposited at a collective securities depository in accordance with Section 1 Para. 3 of the Austrian Securities Deposit Act or at a comparable foreign institution.

Section 4 Para. 5 of the statutes also stipulates that the share capital as of 31 December 2018 may be conditionally increased in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act up to a nominal amount of €2,241,654.00 through the issue of up to 747,218 new, ordinary, zero par bearer shares for issue to the holders of convertible bonds (conditional capital increase).

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

3. Direct or indirect investment
The following shareholders held a direct or indirect interest amounting to at least ten percent of the share capital as of 31 December 2018: Ortner & Strauss Syndicate 38.84% (of which the Strauss Group holds 11.22% and the IGO-Ortner Group 27.62%).

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

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

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

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

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

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

7. Authority of the members of the Management Board

Section 4 Para. 4 of the statutes authorises the Management Board as of 31 December 2018 to increase share capital by up to €2,241,654.00, with the approval of the Supervisory Board, through the issue of up to 747,218 new ordinary zero par value bearer shares in exchange for cash and/or contributions in kind, also in multiple tranches and through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act (authorised capital). Furthermore, the Management Board is authorised to determine the issue price, issue conditions, subscription ratio and other details with the approval of the Supervisory Board. This authorisation by the Annual General Meeting on 23 May 2017 is valid for five years beginning on the date of recording in the company register, i.e. up to 11 August 2022. The subscription rights of shareholders to the new shares issued from authorised capital are excluded if and to the extent that the exercise of this authorisation (authorised capital) involves the issue of shares in exchange for cash under greenshoe options connected with the placement of new shares in the company. The Management Board is also authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders. The Supervisory Board is authorised to approve amendments to the statutes which result from the use of this authorisation by the Management Board.

As of 31 December 2018 and in accordance with Section 4 Para. 5 of the statutes, the Management Board is authorised to determine the remaining details for the conditional capital increase and its implementation with the approval of the Supervisory Board, in particular the details of the issue and the conversion procedure for the convertible bonds, the issue price and the exchange or conversion ratio. The Supervisory Board is authorised to pass resolutions on amendments to the statutes arising from the issue of shares from conditional capital. The issue price and conversion ratio are to be determined on the basis of recognised actuarial methods and the company's share price using an accepted pricing procedure. If the terms and conditions for the issue of convertible bonds include a conversion obligation, the contingent capital will also be used to meet this conversion obligation.

Section 4 Para. 6 of the statutes authorises the Management Board, in accordance with Section 159 Para. 2 (3) of the Austrian Stock Corporation Act, to conditionally increase the company's share capital with the approval of the Supervisory Board, also in multiple tranches, by up to €1,678,920.00 through the issue of up to 559,640 new ordinary zero par bearer shares to service the stock options granted to employees, key managers and members of the Management Board of the company and its subsidiaries within the framework of the Long-Term Incentive Programme 2017. This authorisation by the Annual General Meeting on 23 May 2017 is valid for five years beginning on the date of recording in the company register, i.e. up to 11 August 2022. The strike price was set at €36.33. The Supervisory Board was authorised to pass resolutions on amendments to the statutes arising from the conditional capital increase.

8. Significant agreements

A bond (partial debenture) with a total nominal value of €160,000,000.00 (2014–2019) was issued in July 2014; this nominal value was increased by €15,000,000.00 to €175,000,000.00 in December 2014 and by a further €25,000,000.00 to €200,000,000.00 in February 2015.

A bond (partial debenture) with a total nominal value of €75,000,000.00 (2015–2020) was issued in December 2015. A bearer bond with a total nominal value of €18,500,000.00 (2016–2021) was issued in November 2016, and a bond (partial debenture) with a total nominal value of €150,000,000.00 and a term ending in 2022 was issued in October 2017. An exchange offer was carried out at the same time, under which partial debentures of the bond issued in 2014 with a total nominal value of €84,047,500.00 were converted into partial debentures of the bond issued in October 2017. In connection with the cash subscription for the bonds issued in October 2017, partial debentures with a total nominal value of €65,952,500.00 were issued.

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

These bonds include the following condition: If there is a change of control in the sense of a takeover (a change of control event as defined in the bond terms and conditions), if this change of control leads to a reduction of the issuer's credit rating, and if the issuer is unable to produce proof of its credit standing within 60 days of the announcement of the change of control, every bondholder is entitled to call his or her partial debentures and demand immediate repayment at the nominal amount together with accrued interest up to the repayment date.

The UBM bond 2015–2020 also includes a financial covenant for the equity ratio: If the equity ratio falls below 25% during the term of the bond, the interest rate will increase from 4.25% to 6.25%; if the equity ratio then returns to or exceeds 25%, the interest rate will be reduced to the original level. The calculation of the equity ratio is based on the International Accounting Standards (IFRS) applicable when the UBM bond 2015–2020 was issued.

The company concluded contracts for promissory note loans with a total nominal value of €32,000,000.00 in November 2016. These contracts include a termination right in the event of a change of control which leads to (i) a significant impairment of the company's ability to meet its obligations from the respective loan agreement or (ii) a breach of legally binding regulations by the respective lender. (In this context, a change of control means the acquisition of a direct controlling interest in the company pursuant to the Austrian Takeover Act with the legal consequence of a mandatory offer by a natural or legal person who did not hold an interest in the company when the respective loan agreement was concluded.)

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

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

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

10. Other information

Non-financial information in accordance with the Austrian Sustainability and Diversity Improvement Act
UBM Development AG prepares a separate non-financial report which meets the requirements of Section 267a of the Austrian Commercial Code. This information is part of the annual report for 2018 and can be found under "Non-financial report" beginning on page 72.

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

Branch offices
UBM Development AG has the following branch offices, which are recorded in the company register:

Branch office Upper Austria:
Pummererstrasse 17, 4020 Linz

Branch office Tyrol:
Porr-Strasse 1, 6175 Kematen

Branch office Styria:
Thalerstrasse 88, 8141 Unterpremstätten

Vienna, 3 April 2019

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Hyatt Regency, Amsterdam

Non-financial Report

one sustainability.

Sustainability at UBM

One common goal, working together as a team and identification with the company are decisive factors for UBM's success. UBM has therefore chosen "one goal.one team. one company." as its mantra. A common goal not only creates bonds, but also a focus in one direction. "one goal" is defined as an increase in the value of the company – it means combining sustainable business practices with a long-term commitment to serve as a reliable partner for investors, general contractors and suppliers and as an attractive employer for its workforce. Social and ecological components play an important role in sustainably increasing a company's value, and the inclusion of these aspects in all decisions is a matter of course for UBM.

The initiatives in the environmental and social area in no way represent an end in themselves, but are integral parts of the "one goal.": Only a company that is financially successful can fulfil its social and ecological responsibility over the long-term – and only a company that acts sustainably can be consistently financially successful.

UBM's core business is the development of real estate in the hotel, residential and office sectors. Its decisions, beginning the selection of a site to the design of the energy system and the use of building materials, have an impact on the global climate for the coming decades. UBM is well aware of this important responsibility, which it works to meet in keeping with its commitment to holistic, ecological project development.

Information on the report content
Sustainable project development has been an integral part of the UBM strategy for many years. The first UBM sustainability report was issued in 2017 in accordance with the guidelines defined by the Global Reporting Initiative (GRI).

Sustainability issues for the 2018 financial year are presented in a more compact non-financial statement as part of financial reporting and the annual report. This provides a broader readership with information on sustainability issues and creates a greater awareness for this important subject area. Details and background material can also be found in the sustainability report for 2017.

This non-financial statement includes the disclosures required by Section 267a 1–3 of the Austrian Commercial Code. The following pages deal with the non-financial aspects of business activities related to environmental and social issues, respect for human rights, the fight against corruption and bribery as well as employee-related matters. The statement covers non-financial information on UBM Development AG and its fully consolidated subsidiaries. Non-financial indicators are presented in a two-year comparison.

Business model and value chain
UBM Development is a real estate developer and the European market leader in the hotel sector. The company acquires, develops and sells properties at established locations with a potential for an increase in value. Through transactions in the form of forward sales, UBM works to establish a balanced relationship between profitability and its risk profile. Business activities are clearly focused on three core markets – Germany, Austria and Poland – and three asset classes – hotel, residential and office. UBM therefore invests in markets which offer optimal added value over the medium- and long-term in line with a balance between profitability and risk. The dual approach of a development portfolio that is diversified by region and investment opportunities differentiates the company significantly from the more opportunistic branch approach.

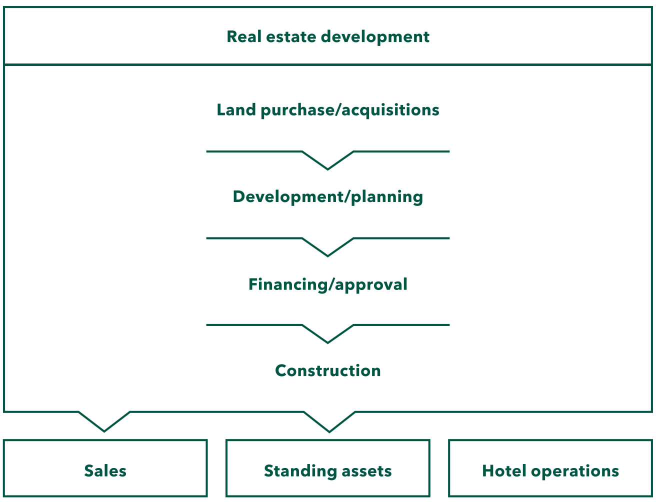
Expertise along the entire value chain is UBM's DNA, and sustainability represents a key aspect across the full spectrum of activities. The first phase of the value chain includes the search for and evaluation of a location, which is defined as the acquisition and/or land purchase. This is followed by the development and planning phase. The initiation phase and financing proceed parallel to the approval process. As soon the official approvals have been received, the project advances to the realisation or construction phase. Two alternatives are available for utilisation – sale and rental – whereby the company's transformation into a "pure-play developer" means the properties are, as a rule, sold. UBM also holds a number of standing assets in its portfolio for historic reasons, but the transformation into a "pure-play developer" includes the increased sale of standing assets. In the hotel sector, UBM often sells the property and then takes over hotel operations on a contract basis. That means UBM leases the hotels it has developed, while the ongoing operations are managed by international hotel chains.

UBM's supply chain includes products as well as services. The primary service providers for real estate development are consultants, e.g. architects, construction physicists, appraisers and structural engineers – in other words, representatives of the fields required for the design and planning phase. As soon as a project enters the realisation phase, a general contractor, individual companies or a combination of these professionals takes over. The completion of the building is followed by the start of various management tasks. Experience from business relationships and qualifications are key criteria for UBM in the selection of its business partners.

Sustainability process and stakeholders

UBM carries a high social responsibility through its functions as a project developer and property owner. Especially in the area of real estate development, UBM not only influences its own sustainable business activities, but also creates the foundation for future users (e.g. through the choice of materials, energy supply). The inclusion of sustainability aspects during the design, construction and operational phases of a project is another important instrument for the sustainable preservation of a property.

Value chain phases

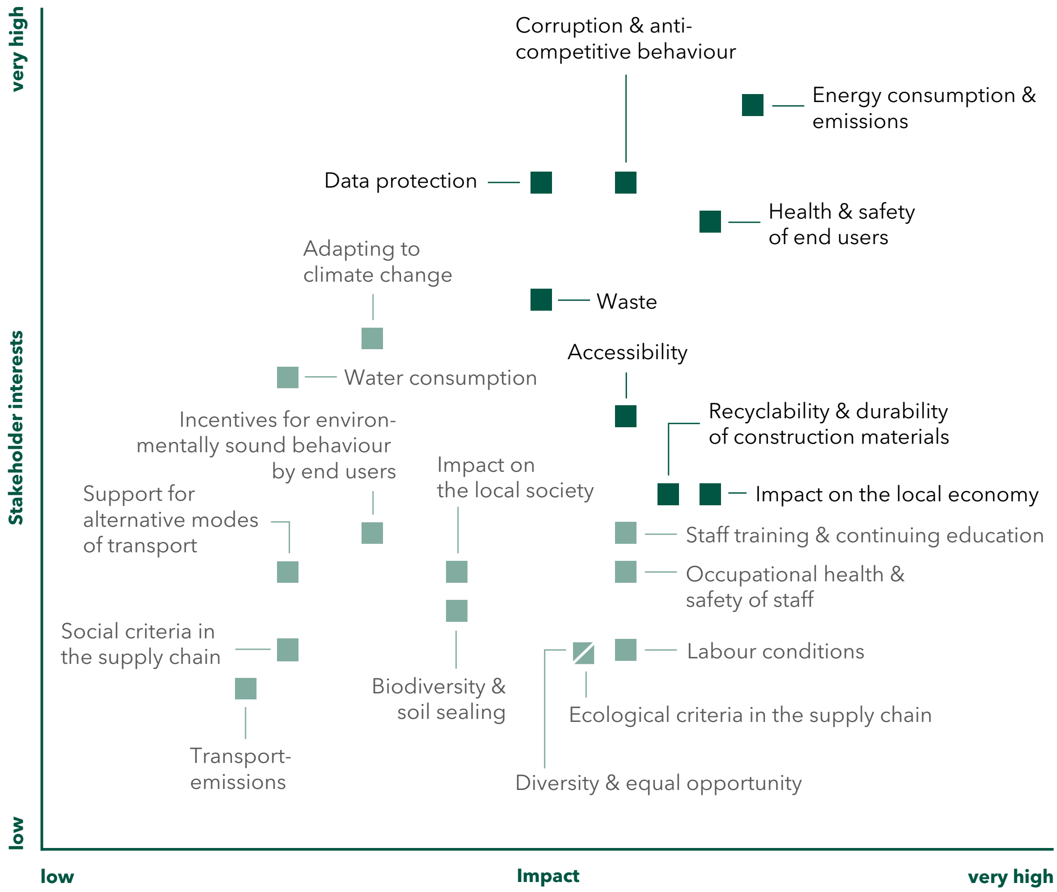


In order to incorporate the focal points of the sustainability strategy in every project planning phase, UBM's relevant impact and risks on society, the economy and the environment were identified and prioritised as a first step in workshops and dialogues with internal experts. The resultant thematic blocks were then condensed in a two-stage process. An analysis of the value chain with a view towards industry-specific issues pinpointed the impact and risks of the various sustainability aspects for every business area and phase.

The materiality of the issues results, on the one hand, from the relevance of their impact on and risks for the environment, society and the economy and, on the other hand, from their significance for the different stakeholder groups. In the next step, the internal representatives of the relevant stakeholder groups were therefore asked to prioritise the issues with regard to UBM's environmental, social and economic impact.

UBM's most important stakeholders include investors and the capital market, business partners (e.g. consultants, property managers, hotel operators and brands), customers and end users, buyers, tenants, apartment owners, hotel guests and, of course, the UBM staff.

Materiality Matrix 2018



This UBM materiality matrix is based on the impact and risk analysis as well as the identified stakeholder interests.

For investors, the materiality analysis shows that data protection and the prevention of corruption have high priority. Planners and construction companies are interested, above all, in occupational health and safety, waste management and effects on the local economy. Property managers and hotel operators require low energy and water consumption in the properties as well as the reduction of emissions, in all cases with a focus on the health and wellbeing of end users.

The interests of end users, e.g. apartment owners or hotel guests, are related primarily to health and safety, accessibility, data protection and energy management. The general public, which includes neighbouring communities, authorities and the media, place high importance on the environmental effects of buildings, e.g. emissions and waste.

UBM's staff appraisals have shown that employees place high value, above all, on continuing education and training as well as good working conditions and safety and health at work.

Key issues and reporting structure

The sustainability issues listed in the following table were classified as important based on the materiality analysis and are therefore included in the aspects to be addressed in accordance with the Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz", NaDiVeG). All subjects classified as important were rated high with regard to stakeholder interests as well as their impact (see the materiality matrix). The issues of staff training & continuing education, occupational health & safety and working conditions are examined more closely because they involve employees – who almost certainly represent the most important stakeholder group for the company's success and whose impact is rated high on the materiality matrix.

Consequently, this non-financial statement is organised in three sections: the environment, employees, and social issues & compliance. All key issues – including the management approach, risks and impact, measures and non-financial indicators – are presented in these three sections. The issue of human rights is included in the section on employees, and the issue of corruption & bribery is discussed in the section on social issues & compliance.

Since energy consumption & emissions was identified as the most important issue, the report gives particular attention to the section on the environment. This reflects the fact that the impact of real estate development on the environment extends far beyond the specific location and life of a property. UBM's actions today design the living areas of tomorrow. The section on the environment is therefore divided further according to the following business areas: property development, standing assets and Group properties and hotel operations.

A table with goals and measures which summarises the sustainability aspects can be found at the end of the non-financial statement.

The non-financial statement addresses potential risks for the key issues arising from UBM's business activities. These risks are discussed more closely in the respective sections. These key issues are currently not exposed to any serious risks. Moreover, UBM operates an extensive risk management system which covers risks for the company and all corporate units and subsidiaries (see the Risk Report beginning on page 62).

Issues pursuant to the Austrian Sustainability and Diversity Improvement Act	Material sustainability issues
Environmental issues	Energy consumption & emissions
	Waste
	Recyclability and durability of materials
Staff issues	Occupational health and safety of staff
	Further education and training for staff
Respect for human rights	Labour conditions
Social issues	Health of end users/accessibility
	Data protection
	Impact on the local economy
Fight against corruption and bribery	Corruption and anti-competitive behaviour

The Environment

UBM Development carries substantial responsibility as a real estate developer, especially regarding the environment. Today's development activities create the living environments of the future. Decisions beginning with the selection of a location to the design of the energy system and the use of building materials have an impact on the global climate for the coming decades. UBM is well aware of this important responsibility, which it works to meet in keeping with its commitment to holistic, ecological project development. Strong growth in the demand for sustainably developed properties by stakeholders and persons with an interest in UBM's ecological, social and economic performance has also been noted. Sustainable real estate development at UBM is focused, among others, on the efficient use of resources, beginning with the economical use of building land, energy utilisation, the reduction of water consumption, responsible sourcing and sustainable mobility. UBM has set concrete targets in these areas, which are anchored under the sustainability benchmarks (see the goals and measures matrix on page 88).

As a consequence of its strategic transformation into a pure property developer, UBM is actively pursuing the sale of standing investments within the framework of the "Pure Play Program PPP". Development projects comprise roughly 70% of the property portfolio, which means reporting and the defined targets and measures are focused on this area of the business. The company sees significant opportunities here to make a positive contribution to climate protection because this project phase creates the basis for the ecological orientation of buildings. The key issues of energy consumption & emissions and the recyclability & durability of construction materials are covered in the section on property development. The key issue of waste is dealt with, above all, under hotel operations. Non-financial indicators are then provided for property development, Group properties and standing assets as well as hotel operations.

Impact and risks

Buildings cause emissions throughout all phases of their lifecycle – from their construction (e.g. through the use of materials and logistics) to their use (e.g. building operations, maintenance) and the end of their lifespan (e.g. dismantling). The related emissions are measurable in the potential impact on global warming, ozone depletion, acidification and over-fertilisation as well as in the abiotic use of resources. These factors have a significant influence on the global environment because they affect the air, water and ground.

The energy consumption during the subsequent operation of a building can be substantially influenced as early as the planning phase through the selection of suitable energy carriers. Buildings are among the largest energy consumers (room heating, lighting, warm water). The energy consumption from the operation of buildings has irreversible consequences for climate change. The potential to reduce energy and water consumption is enormous at this time. Cause and effect need to be evaluated continuously.

Other far-reaching effects on the environment result from interference in ecosystems, e.g. in the form of ground sealing, the destruction of open spaces and the disruption of water cycles. However, the impact of buildings on the environment extends – from the viewpoints of space and time – far beyond the respective location and lifecycle. The natural cycle of the value chain closes with the demolition of a building which, in turn, also involves the consumption of resources. The planning phase must, therefore, include the durability and recyclability of materials.

The high volume of waste generation, above all from hotel operations, has a negative effect on the environment. Through the selection of well-known international brands as hotel managers, UBM ensures the implementation of appropriate standards. The project partners use various management systems which, among others, are focused on sustainable operations. They include, for example, solutions to reduce electricity and water consumption or the production of waste.

Management approach

UBM is committed to a culture of sustainability – the responsible use of resources is an integral part of planning and work processes and is improved continuously. Clear structures and responsibilities were firmly anchored in the company through the "Green Building" process landscape and play an important role in reaching the sustainability benchmarks. The goal of these sustainability benchmarks is to improve the sustainability performance of buildings. UBM sets specific targets in the areas of energy (e.g. reduction of CO_2, share of renewable energies), water efficiency, microclimate and biodiversity, mobility and responsible sourcing. The focus is on the conscious use of resources, in other words, sufficiency. The "Green Building" process is designed to support the life-cycle-based planning of buildings. In this way, it can minimise the environmental impact and the consumption of limited resources through all stages of a building's life.

The company is also increasing the focus on environmental aspects in its standing assets. Energy audits were carried out, and will be continued, to identify the energetic weak points in the buildings, and the recommended measures are then implemented according to their priority. UBM sees an additional opportunity for action through a dialogue with end users, i.e. the tenants. All new rentals are expected to be based on so-called "green lease contracts" which, among others, are focused on sustainable criteria. In this way, the tenants become partners in climate protection.

A measurement and monitoring system has been installed in nearly all hotels to guarantee sustainable management. Systematic monitoring allows UBM's building services departments and the hotel operators to follow the processes in detail. In addition to quality checks in its own hotels, UBM carries out regular in-depth audits. Routine reports on financial and non-financial changes are also prepared and form the basis to identify and realise opportunities for optimisation.

„one future. one environment."

In view of the high importance of environmental issues for UBM, key objectives include sensitising employees for this subject and supporting the best initiatives. The "one future. one environment." campaign was launched at the end of 2018 to create a greater awareness for sustainability in the daily (work) routine. Weekly mailings provided facts and tips on mobility and positive behaviour to improve energy savings and waste management, and employees were informed of the sustainability initiatives already implemented by UBM.

This campaign included the "one environment award.": a Group-wide idea competition to select the best proposals in the areas of sustainability and social issues. Roughly 50 ideas were received within the framework of this project, and the cornerstone has already been laid for three outstanding ideas. First place was taken by the idea for a study on "wood vs. reinforced concrete in residential construction" based on a UBM development project. This study should provide traceable short-term, medium-term and long-term results on the planning, construction, sale or rental and user feedback of residential buildings made of wood. The second-placed idea focused on environmental management and on support for social skills. It involves giving each employee a "social day" to work on an environmental project related to society. An idea from the subject area "sustainable everyday office life" was ranked third.

Under the motto "Clean Green", UBM has designated the hotel project in Katowice which is currently under realisation as a flagship project for sustainable project development in 2019. The entire interior design will be based on sustainability, including the use of recycled furniture, the greening of interior areas to filter the air and the strict use of regional materials.

Property development
Property development has high relevance from an ecological viewpoint because it creates the foundation for the future impact of buildings on their environment. The goal of ecological sustainability in the construction sector, in addition to resource conservation, is to reduce the pollutant emissions caused by buildings and the related materials. An important contribution to sustainable construction as a means of reducing the negative effects on the environment and climate is made by the reduction of greenhouse gases, the use of renewable energies like solar energy, geothermal energy and biomass as well as wind power and hydropower.

As one of the first developers, UBM has relied on green building since 2009. Sustainability for UBM means working in detail. Compliance with the sustainability criteria included in building assessment systems minimises the impact and risks resulting from property development. UBM is committed to playing a leading role in sustainable property development and, for this reason, arranges for the certification of all commercial properties, office and hotel buildings. An increased focus has been placed on the certification of mixed-use properties because they are greater demand in metropolitan areas. The steady pursuit of the benchmarks is demonstrated by the numerous certifications already received. The certification system introduced by the German Sustainable Building Council ("Deutschen Gesellschaft für nachhaltiges Bauen", DBNB) is the most frequently used scheme for sustainability assessments in UBM's core markets. Other widespread certification systems are the US LEED system and the British BREEAM system. UBM uses these systems to demonstrate the performance of its properties with regard to ecological, economic and social criteria and as a means of comparison with the overall real estate market. Sustainability assessments were carried out at eight commercial projects, two hotel buildings, five office buildings and one mixed use building which were realised in 2018. Of the space completed in 2018, 79% was certified (2017: 72%)

Energy and emissions
Real estate accounts for a significant share of total energy consumption and, consequently, for greenhouse gas emissions. The use of renewable energies reduces the emissions of sulphur and nitrogen compounds, which acidify the air and soil and have a negative impact on bodies of water, living beings and buildings. The use of renewable energy carriers helps to reduce the demand for primary energy and the dependence on fossil fuels. Building technology plays an important role

Certificates

	2018	2017
Projects realised – all asset classes (numbers)	12	15
Total GFA[1] (m²)	158,215	191,947
Certified GFA (%)	79	72
Certified GFA (m²)	124,758	137,445
Non-certified (m²)	33,458	54,502
Certification[2] (number)	8	7
DGNB	5	4
LEED	3	4
BREAM	0	1

1 Space on projects that have been certified twice was only counted once in determining the GFA.
2 The figures are based on the absolute number of the projects not taking into account double certification.

with regard to sustainable development and construction because it not only facilitates resource-conserving energy generation and efficient energy use, but also improves the well-being of building users. An office or hotel building generally uses more energy than a residential building due to the technical equipment. In its residential construction projects, UBM has already turned to systems like photovoltaics and solar thermal energy. The increased use of renewable energy carriers is a further objective for commercial projects – and 2018 marked the first office building developed by UBM which is equipped with photovoltaic technology.

The calculated final energy consumption for all property development projects in 2018 averaged 108 kWh/m²GFA/a. In comparison with 2017, this represents an increase of 12 kWh/m²GFA/a. It resulted from the conversion of an office building where only interior construction was carried out and the energy systems were not replaced. Excluding this project, the energy intensity of the projects in 2018 equalled 90 kWh/m²GFA/a and was therefore lower than the previous year. The energy intensity for development projects where UBM is responsible for the entire value chain from the project initiation, to conception, planning and realisation ranged from 60 to 110 kWh/m²GFA/a in the office asset class. In contrast, the residential asset class registered final energy consumption of max. 80 kWh/m²GFA/a. The energy intensity rose slightly in 2018, but the intensity of greenhouse gas emissions declined from 26 kg/m²/a in the previous year to 25 kg/m²/a.

Soil sealing and microclimate

The beginning of UBM's value chain is formed by the acquisition or purchase of land and development with subsequent planning. UBM's goal is to avoid the conversion of natural or undeveloped areas as far as possible and to limit soil sealing in undeveloped areas. This conscious approach to dealing with land and outdoor areas contributes to improving the microclimate and maintaining biodiversity. UBM therefore supports brownfield developments, which primarily involve sites in built-up areas which were previously used for industrial or commercial purposes. Eleven brownfield developments were completed in 2018 on approximately 60,840m², in contrast to only one greenfield project on roughly 1,618m². In 2017 the share of greenfield developments exceeded the brownfield developments.

Recyclability and longevity of materials

The early planning phase of property development is decisive for a building's performance – it can be seen as the key

Energy indicators property development

	2018	2017
Total calculated energy consumption (kWh/a)	17,048,231	18,391,365
GFA of the property developments (m²)	158,215	191,947
Calculated energy intensity (kWh/m²/a)	**108**	**96**
Direct GHG emissions (t)	3,934	5,018
Intensity of total GHG emissions (kg/m²/a)	**25**	**26**
Plot area (m²)	62,458	62,121

to a functioning circular economy. Consequently, the goal is to calculate emissions and resource consumption over the entire lifecycle with the help of lifecycle assessments and to evaluate these factors based on benchmarks.

The assessments for UBM's latest development projects were based on the DGNB/ÖGNI building certification systems. The preparation of a dismantling or renaturalisation concept and the analysis of materials in accordance with the lifecycle assessments help to strengthen the focus on the recycling compatibility and durability of materials.

UBM's locations

The corporate locations of the UBM Group include 17 offices, which are located in major Austrian, German and Polish cities as well as in Prague. All of this office space is leased. Most of the employees work in Vienna. The new headquarters at the Office Provider in Vienna's Favoriten District was taken over in mid-2018. Through extensive refurbishment, UBM created a modern office world with open-space character in an existing building. UBM also places high demands on sustainability at its corporate locations, as was clearly demonstrated in the revitalisation of the new headquarters in Vienna. The extended useful life of this building will reduce the overall ecological footprint.

Improving the quality of use and the working environment of employees creates the basis for successful and sustainable building operations. For example, the refurbishment of the Office Provider included the installation of a cooling ceiling as protection against the hot summer temperatures. Other elements in the revitalisation involved the conversion of the building's lighting system to LED and the acoustic improvement of the ceiling construction. In addition, a low-emission, hypo-allergenic carpet was installed. Materials containing mineral fibres, such as mineral ceiling boards and system walls, were replaced.

The conference rooms are equipped with modern video conference systems, which help to substantially reduce the number of business trips and the related CO_2 emissions through air and auto travel. Electric filling stations and sufficient covered bicycle stands support resource-conserving forms of mobility. Moreover, UBM has eliminated the use of plastic bottles in its new office location. These standards are only several of the reasons underlying the DGNB Gold certification received by UBM's headquarters.

Energy and emissions

The energy intensity at UBM's corporate locations was significantly lower year-on-year at 92kWh/m² in 2018. This represents a reduction of 14.0% compared with 2017. The total floor area in the corporate locations rose by approximately 1,500 m² during 2018 and led to an increase of 51,107kWh in the overall energy consumption to 694,973kWh. The intensity of greenhouse gas emissions also declined during the reporting year.

Energy indicators UBM's locations[1]

	2018	2017
Total energy consumption (kWh)	694,973	643,866
GFA of buildings (m²)	7,541	6,024
Energy intensity (kWh/m²)	**92**	**107**
Direct and indirect GHG emissions (Scope 1/2) (t)	253	239
Direct GHG emissions (Scope 1) (t)	6	5
Intensity of GHG emissions (kg/m²)	**34**	**40**

[1] The data for the locations in Germany include projections because the ancillary cost statements are not yet available.

Standing assets

Real estate development is UBM's core business. Rented standing assets comprised only about 30% of the property portfolio at year-end 2018. The corporate strategy includes the further reduction of standing assets because of the greater focus placed on the company's transformation to a pure property developer. Nevertheless, the sustainable management of properties as regards resource management is an important issue for UBM. The regular evaluation of technical operating equipment represents a key factor for cost and resource savings.

Energy and emissions

Through the strategic transformation to a pure property developer within the context of the "Pure Play Program PPP", UBM is increasing the sale of standing assets. The value of the standing asset portfolio amounted to €520m at the end of December 2017, but had declined to €370m by year-end 2018. This led to a substantial reduction in energy consumption in the standing asset portfolio. However, the energy intensity and greenhouse gas emissions increased due to the comparatively high share of older properties in the Czech Republic and Poland. Of the total gross floor area, 183,535m² is located in properties in the Czech Republic and Poland and only 9,377m² in standing assets in Austria. The CO_2 emission factor in the Czech Republic and Poland is 2.5-times higher on average than the factor in Austria.

Hotel operations

UBM has developed more than 50 hotels over the past 25 years. Its activities in hotel operations have been bundled since 2016 in the subsidiary UBM hotels, which is responsible for 14 hotel operating companies. Management or franchise contracts for the operation of all hotels were concluded with international hotel chains. Through the selection of well-known international brands as hotel managers, the company ensures the implementation of appropriate standards. The project partners use various management systems which, among others, are focused on sustainable operations, like the "GREEN ENGAGE" system used by the IHG chain. A measurement and monitoring system was developed and has been installed in nearly all hotels in recent years to guarantee sustainable management. Systematic monitoring allows UBM's building services departments and the hotel operators to follow the processes in detail.

Energy and emissions

The collection of data on all types of consumption by a building's relevant technical equipment is crucial for optimising energy and emission indicators. A measurement and monitoring concept is prepared for each hotel to support the continuous optimisation of building operations..

Energy indicators standing assets

	2018	2017
Total energy consumption (kWh)	27,290,835	39,844,402
Natural gas (kWh)	989,987	3,120,921
Electricity (kWh)	18,233,439	25,676,919
District heating (kWh)	8,067,408	11,046,563
GFA of buildings (m²)	192,912	342,861
Energy intensity (kWh/m²)	**141**	**116**
Indirect GHG emissions (Scope 2) (t)	18,209	26,946
Intensity of GHG emissions (kg/m²)	**96**	**81**

The data on hotel operations reflect the sustainable development targets, in particular for the reduction of energy and resource consumption. Although 10,493 m² of gross floor area (GFA) and 289 new rooms were placed in operation during 2018, energy consumption in the hotel operations fell from 17.1m kWh to 16.7m kWh in 2018. Accordingly, the energy intensity and intensity of greenhouse gas emissions also declined during the reporting year.

Waste

Efforts to reduce the negative impact on the environment include the reduction of waste. The managers in the individual hotels work together with public companies for the disposal of glass, paper, oil, plastic, residual waste and cooking oil. An analysis of the data showed that further initiatives must be developed and implemented in this area. For example, separation of the various waste materials – paper, plastic and residual waste – must not only be possible in the guest rooms, but also in the carts used by the housekeeping staff. From UBM's viewpoint, the installation or changeover of amenities in the guest bathrooms to refillable soap, shower gel and shampoo dispensers represents a further opportunity to reduce waste.

Employees

UBM respects, protects and supports the interests of its employees because they represent valuable assets and make an important contribution to the company's success. UBM is well aware of the high responsibility towards its workforce and creates the necessary conditions for a good working environment. The goal is to create and maintain a motivating workplace that promotes good health and offers individual opportunities for development.

Direct contacts form the basis for mutual understanding – and for the organisation of UBM Day in Vienna during 2018, where the entire staff met to exchange information and ideas. Projects were presented, the mantra "one goal. one team. one company." was explained in detail and illustrated by activities that brought all employees together. This event supported the exchange of know-how between employees from all countries and further expanded the open corporate culture with regard to cross-border cooperation. The enthusiastic response of the participants made it clear that more UBM Days will follow. The first cross-border UBM Hotel Day was also held in 2018. Sixty participants exchanged information

Indicators hotel operations

	2018	2017
Total energy consumption (kWh)	16,729,279	17,048,014
Overnights (numbers)	675,879	629,004
Energy intensity (kWh/overnight)	**25**	**27**
Direct GHG emissions (Scope 1) (t)	14	21
Indirect GHG emissions (Scope 2) (t)	6,338	6,818
Intensity of GHG emissions (kg/overnight)	**9**	**11**
Total water consumption (l)	114,488,990	105,978,630
Water consumption (l/overnight)	169	168
Non-hazardous waste	7,573	6,347
Hazardous waste	0	0

on the latest trends in the hotel business and best practice examples for planning and design. The UBM expert teams for interior design and hotel operations presented their projects and, for the first time, were able to enjoy a larger internal audience. The success of the event was followed by the transfer of this format to the residential business: The first UBM Residential Day was held at the beginning of 2019.

Sustainable communications are also supported by the new headquarters. The entire office space is now located on a single level, where modern, open rooms create the setting for good staff interaction. A modern lounge with comfortable seating plus table football and darts facilitates both communication and teambuilding – and a newly designed green inner courtyard provides an inviting place to linger.

Impact and risks

The potential risks to staff vary depending on the sector. For example, employees working at construction sites are exposed to a higher risk of injury from accidents than their colleagues in asset management. Greater attention is therefore paid to compliance with occupational health and safety standards and the creation of fair working conditions. Other risks can arise through the exploitation of leased personnel or employees who are not paid in accordance with the collective agreements of the country to which they are assigned, e.g. in connection with construction company contracts. Hotel operations are similarly connected with occupational safety risks, where socio-cultural aspects are also relevant.

Management approach

UBM supports and encourages qualifications, motivation and diversity within the company. It works proactively and sustainably in support of a working environment that promotes good health and is free of discrimination to preserve a culture of mutual respect and appreciation throughout the entire workforce. All employees are treated equally – without differentiation by gender, social background, sexual orientation, nationality, religion or age. Decisive action is taken against any form of discrimination. Diversity and equal opportunity have high priority for UBM. Consequently, there is no difference in the compensation paid to men and women who have the same responsibilities and qualifications. The company is increasing its efforts to raise the percentage of female employees. A flexitime system is offered throughout the UBM Group to support the work-life balance. UBM sees added value in the employment of staff with different ages and encourages the exchange of experience between young and old (buddy principle). Compensation policies for all employees working for UBM and its subsidiaries comply with the applicable legal regulations.

Employees by type of employment and gender

	2018	2017
Total employees	365	748
Total employees hotels	52	439
Total employees development	313	309
Female employees[1]	148	140
Male employees[1]	165	169
Total full-time[1]	267	264
Female full-time[1]	105	101
Male full-time[1]	162	163
Total part-time[1]	46	45
Female part-time[1]	43	42
Male part-time[1]	3	3

[1] excl. Hotel

Development age groups

	2018	2017
Employees aged between 20–30	27	39
Employees aged between 30–40	83	91
Employees aged between 40–50	115	104
Employees aged >50	88	75

Development employees by country

	2018	2017
Austria	138	134
Germany	96	86
Poland	36	48
Czech Republic	32	30
Romania	3	8
Other	8	3

Facts and figures

UBM Development had 365 employees as of 31 December 2018. The substantial reduction in the workforce from 2017 to 2018 resulted from the deconsolidation of the subsidiary UBM hotels. At year-end 2018, 313 employees worked in the development area and 52 in hotel operations.

An analysis of the number of employees in the development area by country shows a strong increase in Germany. It reflects the fact that the largest project portfolio is currently located in that country as well as the resulting need for additional personnel. In contrast, the reduced focus on new projects in Poland during 2018 and in the coming years has led, and will continue to lead, to a decline in the number of employees.

Roughly 15 % of the employees utilise the part-time work option, whereby 93 % of these employees are women. A look at the age structure shows the largest share of the workforce between 40 and 50 years. These figures differ only minimally from the previous year.

Occupational health and safety

The safety and health of its employees has top priority for UBM. The employees working at the construction sites for development projects are exposed to particular risk. The repeated occupational safety inspections were therefore transferred to an external health and safety coordinator. This is intended to ensure compliance with the Austrian Construction Coordination Act at a neutral level. The coordinator carries out regular on-site inspections at the construction sites and prepares detailed reports. The accident rate equalled zero in 2018. In the hotel sector, UBM contractually obliges the hotel operators to manage the hotel in accordance with legal requirements. These requirements include adherence to fire and safety regulations as well as the appointment of a company physician. The hotel operator is legally required to document all work accidents.

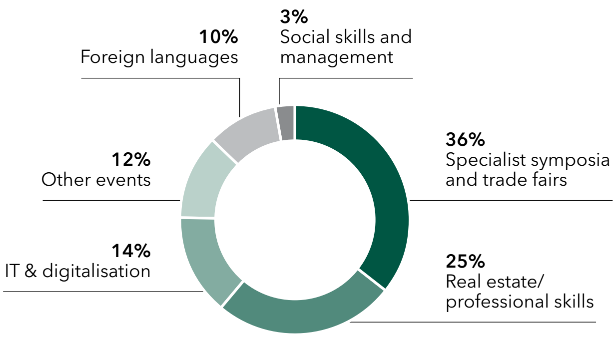
Employees' health is a central issue for the company, and UBM has introduced various measures to support the health of its workforce. In addition to the creation of healthy workplaces, the related measures include active prevention projects. A fitness room was installed at UBM's headquarters at the Office Provider in Vienna during 2018, where health-promoting sport activities like Pilates, yoga or boxing are offered. An equipment room provides space for individual weight and cardio-training. Employees can enter various running events in Vienna as a member of the "UBM Express", whereby participation in events like these promotes good health and, at the same time, supports the company's team spirit. UBM also offers an annual subsidy for membership in a fitness studio.

Training and continuing education

A core component of staff development is the annual appraisal meeting, which includes a review of the employee's performance and the evaluation of possible training measures. UBM actively offers further development opportunities as part of its human resources strategy, but also supports the independent development of its employees. Data on training and continuing education were not available for 2017, but were collected for the first time in 2018. Specialist conferences and trade fairs formed the largest component of the training programmes, followed by real estate and technical subjects. Additional training courses covered IT & digitalisation, foreign languages, social, management and leadership skills and other subjects.

Roughly 60% of the development workforce took part in training measures in 2018, and each of these employees attended training on an average of six days. Nearly 20% of the training and continuing education courses represented internal events. This includes the UBM Hotel Day, which was organised for the first time in 2018. In addition, the company is currently supporting three employees in attending an MBA programme.

Number of training days 2018 by training category



Human rights and working conditions

UBM has issued an ethics code to ensure, among others, that there are no violations of human rights in the company. The code states that UBM does not tolerate any form of discrimination and supports equal opportunity and equal treatment, regardless of skin colour, nationality, social background, disabilities, sexual orientation, political or religious conviction, gender or age. The personal dignity, private sphere and personal rights of every individual are respected and inviolable. Degrading treatment of employees, for example through physical abuse, sexual harassment or similar actions, is never tolerated. The UBM ethics code requires compliance by every employee. Training is currently not conducted in this area. There is no structured audit of compliance, but all employees are instructed to report any violations to the company. Moreover, all suppliers agree to provide information on social & employee issues, respect for human rights and the fight against corruption when contracts are awarded.

Social Issues and Compliance

Responsible and transparent management has top priority for UBM – this protects the company's long-term success and reputation. Consideration must be shown for all stakeholders, and social responsibility must also be taken into account. Compliance management is designed to ensure the fulfilment of all applicable legal regulations. UBM has issued rules of conduct in the form of various internal guidelines and an ethics code to ensure correct and exemplary actions. In addition, a comprehensive compliance guideline was issued to prevent rule violations in the company.

Impact and risks

UBM can have wide-ranging, positive effects on the local economy through the development of real estate, e.g. through an increase in employment and income. The awarding of contracts for projects is connected with a significant risk related to corruption. High priority is therefore given to the evaluation of tenders in accordance with legal regulations. Data protection and data security are also becoming more and more important because of the danger that data could be manipulated, stolen or deleted.

Management approach

Responsible management has top priority for UBM – it protects the company's long-term success. In connection with the awarding of contracts for construction services, UBM requires an evaluation of the business partners' sustainability performance. All suppliers are required to provide information, among others, on environmental, social and employee-related issues, the fight against corruption etc. UBM places high value on correct dealings with its business partners, customers, public authorities and employees. Full compliance with directives and legal regulations plays an important role, with particularly high priority given to data protection and data security. Only in this way can the trust of all stakeholder groups be maintained.

Local economic effects

Real estate development and hotel operations create positive impulses for the local economy, for example through the creation of jobs in a hotel or contracts for external suppliers and service providers. The purchase of regional products also generates positive income effects for the local economy. Moreover, the construction of new properties can have a positive impact on urban quarters as well as the expansion of the local public transportation network.

Health of end users and accessibility

The ecological examination of the materials used represents an obligation towards the building's users as well as investors. A healthy indoor climate not only has a positive influence on health, it also helps to improve performance. UBM therefore considers it important to reflect demographic changes (e.g. higher life expectancy) and the related effects in its projects. The company is committed to optimising buildings so they will be accessible and usable for everyone – for people with and without disabilities and for people of every age – in a normal manner, without particular obstacles and generally self-sufficient. Independent certifications based on the system developed by the German Sustainable Building Council substantiate these efforts. In this system, failure to meet the accessibility criterion provides grounds for loss of the certification. The hotels last developed by UBM exceed the minimum requirements defined by the system which, at the same time, represent the legal requirements.

Anti-corruption

The greatest compliance risk for UBM lies in the awarding of projects due to the large number of people involved in the decision process. UBM has implemented numerous measures to prevent corruption and to call employees' attention to the related potential hazards. Employees receive training from the compliance department when they join UBM, and regular e-learning programmes are available on different subjects. In addition, employees who have access to restricted information must agree in writing to protect the confidentiality of this sensitive data. A number of employees in the standing confidentiality areas were classified as permanent insiders in 2018, while other confidentiality areas are established on a project-related basis. In order to minimise the error rate and ensure maximum anti-corruption protection, an electronic tool was introduced in 2018 to support the automated management of data. UBM has installed a whistleblowing system which allows employees and external persons to anonymously report irregularities or violations to the legal department. Compliance issues are reviewed regularly at UBM, and new guidelines were issued in 2018, among others on money laundering and terrorist financing, anti-trust and competition law, conflicts of interest and data protection. All employees are required to comply with these guidelines.

Data protection

Data protection and data security enjoy maximum protection at UBM – not least due to the introduction of the EU Data Protection Regulation ("EU Datenschutzgrundverordnung", DSGVO) on 25 May 2018. The confidential treatment and protection of personal data is a matter of course. An implementation project coordinated by UBM ensures timely compliance with all new legal regulations throughout the Group. The necessary measures were implemented in a three-step process (data collection phase, gap analysis, application). The initial focus was placed, among others, on the adaptation of existing contracts with service providers and processors, the revision of the website and the finalisation of internal documentation. In order to create the necessary awareness for this important subject among employees, Group guidelines on data protection were issued, training courses were conducted and specially designed information was made available to each employee. UBM is therefore compliant with the Data Protection Regulation and will remain so in the future through the regular review of internal data processing and processes. Ongoing training for employees and continuous surveys will be held to sharpen the awareness for data sensitivity and maintain the focus on data protection.

Goals and Measures for 2019 – 2020:

Topic	Goals	Measures
General		
Professionalise CSR management and strategy	Anchor the sustainability strategy throughout the Group	Stakeholder dialogue, Green Table, Executive Committee
Data management	Develop, optimise and expand the internal reporting and monitoring system	Anchor the indicators to be collected for the most important sustainability topics
		Identify the status quo for data sources and data goals
Property development		
Standing assets and new construction	Increase the scope of building certifications	Arrange for certification of all development projects in the commercial asset class
		Continued evaluation of the extension of building certification to residential properties and standing assets
Implement the UBM sustainability benchmarks	Improve the sustainability performance of buildings – for all commercial assets in regard to: **Energy** ■ Reduction of the CO_2 component ■ Construction and usage ■ Increase the use of renewables as a per cent of total energy in construction and building operations **Water efficiency** ■ Reduce water consumption **Microclimate and biodiversity** **Mobility** ■ Passenger transport (public/not public) **Responsible sourcing**	Anchor technical requirements, benchmarks and targets: ■ LCA- and LCC-valuations ■ Water concepts with a focus on seepage ■ Sensible rooftop design ■ Focus on design of outdoor areas with regard to biodiversity ■ Limit soil sealing ■ Bicycle stands ■ Integrate new forms of transport
Ecological construction products and materials	Survey and evaluate the product groups and volumes	Define product groups and start data collection
		All raw materials permanently integrated in the building must be legally harvested and traded; this applies to wood/timber products and natural stone
		Evaluate ecological impact on commercial property development projects > lifecycle assessment

Topic	Goals	Measures
Standing assets/Group offices		
Energy management	Targeted optimisation of energy usage and cost reduction	Survey and define measures in accordance with Austrian Energy Services Act
Hotels		
Resource consumption	Increase awareness for the better management of energy and potential savings during the lifecycle of a property	Issue guidelines to help guests and employees improve resource-friendly use (energy, water and waste)
	Evaluate opportunities for savings during the lifecycle of a property	Realise opportunities for savings
Employees		
Staff satisfaction	Increase employees' satisfaction	Continue dialogue with employees
	Increase awareness for the better management of energy	Improve awareness for resource-friendly use through introduction of "sustainability day"
Compliance		
Anti-corruption guideline to prevent corruption	Integrate the guidelines in Group processes	Monitor implementation
		Ongoing training for employee on the prevention of corruption via an e-learning tool
Data protection guideline		Monitor implementation

QBC 4/Headquarters BDO, Vienna

Consolidated Financial Statements

Consolidated Income Statement

for the 2018 Financial Year

in T€	Notes	2018	2017
Revenue	(7)	514,048	364,668
Changes in the portfolio	(7)	-42,405	-24,051
Share of profit/loss from companies accounted for at equity		35,921	16,469
Income from fair value adjustments to investment property		223	39,420
Other operating income	(8)	10,652	30,576
Cost of materials and other related production services	(9)	-352,422	-273,429
Personnel expenses	(10)	-45,318	-41,389
Expenses from fair value adjustments to investment property		-7,340	-9,218
Other operating expenses	(11)	-54,471	-50,601
EBITDA		**58,888**	**52,445**
Depreciation and amortisation	(12)	-2,946	-3,827
EBIT		**55,942**	**48,618**
Financial income	(13)	32,001	21,233
Financial costs	(14)	-32,399	-19,387
EBT		**55,544**	**50,464**
Income tax expenses	(15)	-16,057	-13,498
Profit for the year (net profit)		**39,487**	**36,966**
of which: attributable to shareholders of the parent		**39,711**	**36,463**
of which: attributable to non-controlling interests		-224	503
Basic earnings per share (in €)	**(16)**	**5.31**	**4.88**
Diluted earnings per share (in €)	**(16)**	**5.31**	**4.88**

Consolidated Statement of Comprehensive Income

for the 2018 Financial Year

in T€	Notes	2018	2017
Profit for the year (net profit)		**39,487**	**36,966**
Other comprehensive income			
Remeasurement of defined benefit obligations	(34)	-534	280
Income tax expense (income) on other comprehensive income		134	-71
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		**-400**	**209**
Gains (losses) from fair value measurement of securities		-	27
Currency translation differences		-695	-2,210
Income tax expense (income) on other comprehensive income		-	-7
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		**-695**	**-2,190**
Other comprehensive income of the year		**-1,095**	**-1,981**
Total comprehensive income of the year		**38,392**	**34,985**
of which: attributable to shareholders of the parent		38,564	34,535
of which: attributable to non-controlling interests		-172	450

Consolidated Statement of Financial Position

as of 31 December 2018

in T€	Notes	2018	2017
Assets			
Non-current assets			
Intangible assets	(17)	2,730	2,740
Property, plant and equipment	(18)	2,650	50,709
Investment property	(19)	499,196	371,816
Investments in companies accounted for at equity	(20)	115,770	118,504
Project financing	(21)	139,892	123,479
Other financial assets	(22)	5,643	5,601
Financial assets	(25)	4,475	4,744
Deferred tax assets	(29)	11,265	9,029
		781,621	**686,622**
Current assets			
Inventories	(23)	121,527	181,261
Trade receivables	(24)	108,237	53,229
Financial assets	(25)	11,067	9,941
Other receivables and assets	(26)	11,756	12,047
Cash and cash equivalents	(27)	200,447	75,204
Assets held for sale	(28)	-	112,629
		453,034	**444,311**
Assets total		**1,234,655**	**1,130,933**
Equity and liabilities			
Equity			
Share capital	(30, 31)	22,417	22,417
Capital reserves	(32)	98,954	98,954
Other reserves	(32)	177,216	150,675
Mezzanine/hybrid capital	(33)	130,315	80,100
Equity attributable to shareholders of the parent		**428,902**	**352,146**
Equity attributable to non-controlling interests		7,414	3,301
		436,316	**355,447**
Non-current liabilities			
Provisions	(34)	6,648	7,749
Bonds	(35)	344,172	383,766
Financial liabilities	(36)	114,500	88,898
Other financial liabilities	(38)	3,880	4,116
Deferred tax liabilities	(29)	8,576	18,376
		477,776	**502,905**
Current liabilities			
Provisions	(34)	169	1,001
Bonds	(35)	90,284	-
Financial liabilities	(36)	73,368	80,414
Trade payables	(37)	93,661	70,763
Other financial liabilities	(38)	26,932	30,474
Other liabilities	(39)	5,405	81,862
Taxes payable	(40)	30,744	8,067
		320,563	**272,581**
Equity and liabilities total		**1,234,655**	**1,130,933**

Consolidated Statement of Cash Flows
for the 2018 Financial Year

in T€	2018	2017
Profit for the year	39,487	36,966
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	18,717	-26,375
Interest income/expense	11,705	11,608
Income from companies accounted for at equity	-35,171	-16,440
Dividends from companies accounted for at equity	46,578	622
Decrease in long-term provisions	-1,739	-1,282
Deferred income tax	-11,338	8,842
Operating cash flow	**68,239**	**13,941**
Increase in short-term provisions	1,943	49
Increase/decrease in tax provisions	25,181	-1,369
Gains/losses on the disposal of assets	-41,151	-11,995
Decrease in inventories	24,164	47,902
Decrease in receivables	-5,509	-9,632
Increase in payables (excluding banks)	42,867	623
Interest received	3,569	1,752
Interest paid	-19,836	-22,141
Other non-cash transactions	14,346	-16,712
Cash flow from operating activities	**113,813**	**2,418**
Proceeds from the sale of intangible assets	2	20
Proceeds from the sale of property, plant and equipment and investment property	231,339	205,304
Proceeds from the sale of financial assets	4,449	11,699
Proceeds from the repayment of project financing	42,129	117,908
Investments in intangible assets	-82	-11
Investments in property, plant and equipment and investment property	-346,338	-202,570
Investments in financial assets	-13,917	-16,613
Investments in project financing	-38,321	-35,951
Proceeds from the sale of consolidated companies	28,221	37,853
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-706	-164
Cash flow from investing activities	**-93,224**	**117,475**
Dividends	-20,533	-16,725
Dividends paid to non-controlling interests	-600	-1,813
Proceeds from bonds	50,369	64,510
Increase in loans and other financing	161,724	262,955
Repayment of loans and other financing	-134,422	-395,373
Increase in hybrid capital	98,493	-
Repayment of mezzanine capital	-50,000	-
Acquisition of non-controlling interests	-1	-1,500
Cash flow from financing activities	**105,030**	**-87,946**
Cash flow from operating activities	**113,813**	**2,418**
Cash flow from investing activities	**-93,224**	**117,475**
Cash flow from financing activities	**105,030**	**-87,946**
Change in cash and cash equivalents	**125,619**	**31,947**
Cash and cash equivalents at 1 Jan	75,204	42,298
Currency translation differences	-376	959
Cash and cash equivalents at 31 Dec	**200,447**	**75,204**
Taxes paid	2,214	6,044

Consolidated Statement of Changes in Equity
for the 2018 Financial Year

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance as of 31 December 2016	**22,417**	**98,954**	**-2,875**	**258**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	209	-2,157
Total comprehensive income for the year	-	-	209	-2,157
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 December 2017	**22,417**	**98,954**	**-2,666**	**-1,899**
Balance as of 31 December 2017	**22,417**	**98,954**	**-2,666**	**-1,899**
Adjustments due to initial application of IFRS 9	-	-	-	-
Adjustments due to initial application of IFRS 15	-	-	-	-
Balance as of 1 January 2018	**22,417**	**98,954**	**-2,666**	**-1,899**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	-400	-71
Total comprehensive income for the year	-	-	-400	-71
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid/mezzanine capital	-	-	-	-
Hybrid capital	-	-	-	-
Repayment of mezzanine capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 December 2018	**22,417**	**98,954**	**-3,066**	**-1,970**

Available-for-sale securities – fair value reserve	Other reserves	Mezzanine/hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
31	**135,008**	**80,100**	**333,893**	**7,561**	**341,454**
-	31,693	4,770	36,463	503	36,966
20	-	-	-1,928	-53	-1,981
20	31,693	4,770	34,535	450	34,985
-	-11,955	-4,770	-16,725	-1,813	-18,538
-	427	-	427	-	427
-	16	-	16	-2,897	-2,881
51	**155,189**	**80,100**	**352,146**	**3,301**	**355,447**
51	**155,189**	**80,100**	**352,146**	**3,301**	**355,447**
-51	1,584	-	1,533	-	1,533
-	6,028	-	6,028	77	6,105
-	**162,801**	**80,100**	**359,707**	**3,378**	**363,085**
-	32,776	6,935	39,711	-224	39,487
-	-676	-	-1,147	52	-1,095
-	32,100	6,935	38,564	-172	38,392
-	-14,944	-5,589	-20,533	-600	-21,133
-	980	-	980	-	980
-	1,397	-	1,397	-	1,397
-	-	98,869	98,869	-	98,869
-	-	-50,000	-50,000	-	-50,000
-	-82	-	-82	4,808	4,726
-	**182,252**	**130,315**	**428,902**	**7,414**	**436,316**

Notes to the Consolidated Financial Statements

1. General information

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

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

The reporting currency is the euro, which is also the functional currency of UBM. The functional currency of the subsidiaries included in the consolidated financial statements is the respective national currency. Amounts are reported in thousands of euros (T€) and rounded using the compensated summation method. The reporting year corresponds to the calendar year and ends on 31 December 2018.

2. Scope of consolidation

The consolidated financial statements include UBM as well as 62 (2017: 57) domestic subsidiaries and 79 (2017: 76) foreign subsidiaries. Twenty-six companies were initially included in UBM's consolidated financial statements during the reporting year following their founding, increase in the investment or acquisition (see note 2.1.).

One company was deconsolidated following an intergroup transfer and subsequent merger, and three companies were sold. In another company, the sale of shares resulted in a level where only significant influence remained. The sale of shares in a hotel holding company also led to a situation where only significant influence over this group remained, and 13 companies were therefore deconsolidated. The selling price totalled T€39,823; T€39,223 were paid in cash and T€600 are still outstanding. The assets and liabilities over which control was lost comprise the following:

in T€	2018
Non-current assets	
Intangible assets	24
Property, plant and equipment	7,423
Investment property	65,824
Investments in companies accounted for at equity	10,280
Other financial assets	10
Financial assets	11,032
Deferred tax assets	867
Current assets	
Inventories	1,401
Trade receivables	12,621
Financial assets	1,454
Other receivables and current assets	3,923
Cash and cash equivalents	13,344
Non-current liabilities	
Financial liabilities	5,755
Other financial liabilities	58,301
Deferred tax liabilities	3,300
Current liabilities	
Provisions	2,775
Financial liabilities	2,857
Trade payables	10,074
Other financial liabilities	16,026
Other liabilities	2,339
Tax payables	2,128

In addition, 34 (2017: 33) domestic and 23 (2017: 27) foreign associates and joint ventures were accounted for at equity.

UBM is entitled to the majority of voting rights in19 (2017: 18) subsidiaries, but does not exercise control over these companies because of specific rules defined by the respective partnership agreements. These companies are accounted for as joint ventures.

2.1. Initial consolidations

The following companies were initially included through full consolidation in 2018 (see the list of investments for the capital share):

Due to new foundations	Date of initial consolidation
WA Terfens-Roan Immobilien GmbH	20.2.2018
WA Bad Häring Immobilien GmbH	1.3.2018
Baranygasse Wohnen GmbH	1.3.2018
UBM CAL Projekt GmbH	9.3.2018
UBM CAL Projekt GmbH & Co KG	2.6.2018
UBM Kneuterdijk B.V.	26.4.2018
UBM Development Slovakia s.r.o.	9.6.2018
Yavin BIS Spolka z ograniczona odpowiedzialnoscia	23.7.2018
Yavin Holding Spolka z ograniczona odpowiedzialnoscia	23.7.2018
Baubergerstrasse GmbH & Co. KG	5.7.2018
Unterbibergerstrasse GmbH & Co. KG	5.7.2018
UBM Košík s.r.o.	14.8.2018
Oben Borgfelde Projekt GmbH & Co. KG	7.8.2018
UBM Hotel Mlynska Sp. z o.o.	8.8.2018
UBM Hotel Mogilska Sp. z o.o.	8.8.2018
Colmarer Straße GmbH & Co. KG	15.11.2018
UBM - Satteins Immobilien GmbH	21.12.2018

Due to an increase in the investment held	Date of initial consolidation
MGO I Development GmbH & Co. KG	14.11.2018
MGO II Development GmbH & Co. KG	14.11.2018

Due to acquisitions	Date of initial consolidation
SAINTE CHIONIA GmbH & Co KG	27.7.2018
Paleva s.r.o.	21.8.2018
UBM Holding Deutschland GmbH	16.8.2018
SIL Realinvest GmbH	14.11.2018
Donauhof Management GmbH	5.10.2018
Donauhof Immobilien GmbH & Co KG	5.10.2018
COLDBEE GmbH & Co KG	15.11.2018

UBM Holding Deutschland GmbH, SIL Realinvest GmbH, COLDBEE GmbH & Co KG, Donauhof Management GmbH and SAINTE CHIONIA GmbH & Co KG are shell companies. The remaining companies involve the acquisition of property and the related financing, whereby none represent business combinations in the sense of IFRS 3. These acquisitions are presented in the notes as asset deals.

The assets and liabilities over which control was obtained comprise the following:

in T€	2018
Non-current assets	
Investment property	120,796
Financial assets	4,126
Current assets	
Financial assets	2
Other receivables and current assets	1,652
Cash and cash equivalents	9,339
Non-current liabilities	
Financial liabilities	102,832
Other financial liabilities	28,426
Deferred tax liabilities	428
Current liabilities	
Provisions	61
Trade payables	11,214
Other financial liabilities	16
Other liabilities	3

3. Significant accounting policies

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

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

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

4. Accounting and valuation methods

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

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

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

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

	Mean exchange rate as of 31 Dec 2018	Average annual exchange rate
PLN	4.3000	4.2669
CZK	25.7250	25.6767

	Mean exchange rate as of 31 Dec 2017	Average annual exchange rate
PLN	4.1709	4.2447
CZK	25.5400	26.2892

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

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

Intangible assets are capitalised at their acquisition cost and amortised on a straight-line basis over the expected useful life. The amortisation rates range from 10.00% to 50.00% (2017: 10.00% to 50.00%).

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

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

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

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

	2018	2017
Buildings	1.50 to 33.33	1.50 to 33.33
Technical equipment and machinery	4.00 to 50.00	4.00 to 50.00
Other facilities, fixtures and office equipment	4.00 to 50.00	4.00 to 50.00

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

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

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

The borrowing costs for qualifying assets are included in acquisition or production cost. Depreciation on these assets begins with their completion or the attainment of operational status. Interest totalling T€4,639 was capitalised for properties in 2018 (2017: T€7,348). Information on the rate for financing costs is provided in note 36.

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

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

Properties held for sale are measured at the lower of acquisition or production cost and net realisable value. Borrowing costs for qualifying assets are included in the acquisition or production cost.

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

Leases

The Group as lessor

The only leases in which the Group serves as the lessor are classified as operating leases. The rental income from these contracts is recognised as revenue on a straight-line basis over the term of the corresponding lease.

The Group as lessee

Leases are classified as finance leases when the lease contract substantially transfers all risks and rewards relating to the ownership of the asset to the lessee.

Assets held under finance leases are recorded at the beginning of the lease as Group assets at their fair value or at the present value of the minimum lease payments, if this amount is lower. The minimum lease payments represent the amounts payable during the non-cancellable term of the lease and include a guaranteed residual value. The corresponding liability to the lessor is recorded in the statement of financial position under lease obligations. The lease payments are apportioned between the interest expense and the reduction of the lease obligation in order to achieve a constant rate of interest on the remaining liability. The interest expense is recognised in the income statement.

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

In accordance with the standards applicable up to 31 December 2017, **project financing, other financial assets, construction contracts** and **receivables** are valued as follows. Information on the changes resulting from the initial application of IFRS 9 and IFRS 15 is provided in note 6.1.

Project financing was carried at amortised cost. Any indications of impairment were reflected in the write-down of this financing to the present value of the expected cash flows.

The shares in unconsolidated subsidiaries and other investments reported under **other financial assets** were carried at acquisition cost because the difference to fair value is immaterial. Any indications of impairment were reflected in the write-down of these financial assets to the present value of the expected cash flows.

Construction contracts were accounted for line with the progress of performance (Percentage of Completion Method), and the expected contract revenues were reported under revenue in accordance with the percentage of project completion. The percentage of completion used to determine these reported contract revenues was generally based on the ratio of the performance up to the reporting date compared with the estimated total contract performance. Only the accumulated contract costs were recorded as contract revenues in cases where the results of a construction contract cannot be reliably determined. In cases where the total contract costs was expected to exceed the total contract revenues, the expected loss was recognised immediately and in full.

The revenues attributable to previous performance as determined by the percentage of completion method are reported on the statement of financial position under trade receivables in cases where they exceed the customer's prepayments. Amounts by which the prepayments received exceed the revenues attributable to the previous performance are reported under other liabilities.

Receivables were generally carried at amortised cost. Allowances were recognised to account for any collection risks.

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

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

Share-based payments in equity instruments are accounted for at their fair value as of the granting date. This fair value is recognised under personnel expenses over the vesting period and reported under capital reserves. The number of options granted is reassessed at the end of every reporting period, but the options are not revalued.

The **provisions for severance payments, pensions and anniversary bonuses** were calculated in accordance with IAS 19 based on the projected unit credit method with the application of the AVÖ 2008-P Generation Life Table, whereby an actuarial valuation is performed as of every reporting date. The calculation parameters included an interest rate of 1.90% p.a. (2017: 1.90%) for Austria and Germany as well as salary increases of 2.00% (2017: 2.10%) in Austria. The calculation of the provisions for severance payments and anniversary bonuses in Austria also includes deductions for employee turnover based on statistical data within a range of 0.00% to 10.50% (2017: 0.00% to 10.50%); for anniversary bonuses in Germany, a range of 0.00% to 10.60% (2017: 0.00% to 10.60%) is used. The retirement age assumed for the Austrian companies represents the earliest possible retirement age permitted by law following the 2004 pension reform (corridor pension), also taking all transitional arrangements into account; for German companies ,the legal retirement age is used. The calculation of the provisions for Austria is based on the AVÖ 2008-P – Pagler & Pagler Mortality Table, while the 2019 G Mortality Table Guidelines issued by Klaus Heubeck are used for Germany.

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

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

In accordance with the standards applicable up to 31 December 2017, **liabilities, derivative financial instruments** and **revenues** are valued as followed. Information on the changes resulting from the initial application of IFRS 9 and IFRS 15 is provided in note 6.1.

Liabilities were carried at amortised cost in accordance with the effective interest method. If the repayment amount is lower or higher, the respective liability is adjusted to reflect this amount in accordance with the effective interest method.

Derivative financial instruments are recognised at fair value through profit or loss. Derivatives included in hedges are accounted for in accordance with the requirements defined by IAS 39.

Revenue was recognised at the fair value of the consideration received and reflects the deduction of rebates, value added taxes and other sales-based taxes. Revenue is recognised on delivery and the transfer of ownership. Revenue from construction contracts was recognised over the contract period based on the percentage of completion.

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

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

5. Discretionary judgment and major sources of estimation uncertainty

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

Determining the fair value of real estate: Fair value generally equals the present value of the realisable rental income. Any change in the estimated future realisable rental income or the expected return on alternative investments will also lead to a change in the fair value of the involved property. The capitalisation rate (2018: range from 5.00% to 9.00%; 2017: from 5.00% to 8.50%) represents the average market rate of return on the property. One criterion for the selection of the capitalisation rate is the general and specific risk for the return on the property.

In 2018, most of the investment property was valued in accordance with internationally recognised earnings methodology, in particular the Term and Reversion approach (see note 19 for additional details on the valuation method).

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

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

in T€						
Portfolio property						
	Carrying amount as of 31 Dec 2018 115,268			**Carrying amount as of 31 Dec 2017** 168,025		
	Adjustment to long-term rent			Adjustment to long-term rent		
	0.00%	10.00%	-10.00%	0.00%	10.00%	-10.00%
Adjustment to yield						
0.00%	-	12,777	-12,778	-	21,349	-15,791
0.50%	-2,812	2,718	-10,829	-4,446	6,934	-16,053
-0.50%	5,914	12,496	-3,270	12,550	26,012	-604

in T€				
Development projects				
	Carrying amount as of 31 Dec 2018	383,928	**Carrying amount as of 31 Dec 2017**	203,791
Developer profit	-5.00%	5.00%	-5.00%	5.00%
	31,463	-31,690	24,181	-24,544
Adjustment to yield	-0.50%	0.50%	-0.50%	0.50%
	24,486	-20,498	29,993	-26,681
Adjustment to construction costs	10.00%	-10.00%	10.00%	-10.00%
	-41,017	40,780	-36,422	36,039
Adjustment to rental income	-10.00%	10.00%	-10.00%	10.00%
	-75,740	77,612	-50,171	49,158

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

Properties (inventories) held for sale: The sales comparison approach or cost approach was used to determine the fair value of properties for which comparable market transactions were available. This applies primarily to real estate held as current assets (residential buildings) that is intended for immediate sale after completion. In accordance with accounting standards, the carrying amount is only adjusted to reflect a lower fair value. The external appraisers define the parameters together with the local project developers based on the size, age and condition of the buildings as well as country-specific considerations. Information on the carrying amounts and the potential impact of impairment is provided in note 23.

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

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

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

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

	Interest +0.25%	Interest -0.25%
	liquid	liquid
Pension DBO	-2.70%	2.80%

	Pension trend +0.25%	Pension trend -0.25%
	liquid	liquid
Pension DBO	2.80%	-2.70%

	Life expectancy +1 year	Life expectancy -1 year
	liquid	liquid
Pension DBO	5.10%	-5.10%

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

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

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

	Interest +0.25%	Interest -0.25%	Salary trend +0.25%	Salary trend -0.25%
Severance payments DBO	-1.87%	1.93%	1.91%	-1.86%

	Fluctuation +0.50% until 25th year of service	Fluctuation -0.50% until 25th year of service	Life expectancy +1 year	Life expectancy -1 year
Severance payments DBO	-0.17%	0.17%	0.08%	-0.10%

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

The actual amounts realised in the future could differ from the estimates and assumptions depending on the success of the individual projects. Information on the carrying amounts and possible impact of impairment is provided in note 21.

6. New and revised accounting standards

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

The UBM Group applied the following standards for the first time as of 1 January 2018. Material changes resulted only from the initial application of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments:

Changes to standards and interpretations

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
IFRS 9 Financial Instruments	24.7.2014	22.11.2016	1.1.2018
IFRS 15 Revenue from Contracts with Customers	28.5.2014	22.9.2016	1.1.2018
Changes to IFRS 4: Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	12.9.2016	3.11.2017	1.1.2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	12.4.2016	31.10.2017	1.1.2018
Annual Improvements to IFRS – Cycle 2014–2016, Clarifications to IAS 28 and IFRS 1	8.12.2016	7.2.2018	1.1.2018
Changes to IFRS 2: Classification and Measurement of Business Transactions with Share-based Repayment Commitments	20.6.2016	26.2.2018	1.1.2018
Changes to IAS 40: Changes in Use of Investment Property	8.12.2016	14.3.2018	1.1.2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	8.12.2016	28.3.2018	1.1.2018

IFRS 15 – Revenue from Contracts with Customers

The goal of IFRS 15 is to combine the many different rules contained in numerous standards and interpretations. The underlying principle of IFRS 15 is that revenue should be recognised at an amount that reflects the consideration expected for the performance obligations accepted, i.e. for the provision of goods or services. This underlying principle is implemented with a five-step framework model, which defines that the transfer of control (control approach) determines the point in time or period of time for revenue recognition and replaces the previous risk and reward model (transfer of risks and opportunities). In addition, the scope of required disclosures in the notes was expanded.

UBM selected the cumulative method defined in IFRS 15.C3 b for the initial application. As a result, the effects from the initial application as of 1 January 2018 were recorded directly in equity without retrospective adjustment of the comparative data for 2017. The comparable prior year period is therefore based on IAS 18 and IAS 11, the standards which were applicable at that time.

The following table shows the net effect of the initial application of IFRS 15 on retained earnings as of 1 January 2018:

in T€	Adjustment due to initial application of IFRS 15 as of 1 Jan 2018
Other reserves	
Sale proceeds from forward deals	-5,719
Sale proceeds from apartment sales	11,817
Income tax expense	-70
Effects as of 1 January 2018	**6,028**
Equity attributable to non-controlling interests	
Sale proceeds from forward deals	-240
Sale proceeds from apartment sales	352
Income tax expense	-35
Effects as of 1 January 2018	**77**

The following table reconciles the effects of the initial application of IFRS 15 to various positions on the consolidated statement of financial position as of 31 December 2018 and to the consolidated income statement and statement of comprehensive income for the period from 1 January 2018 to 31 December 2018. The effects on the consolidated cash flow statement are immaterial and are therefore not presented.

in T€	Consolidated Statement of Financial Position as of 31 Dec 2018	Adjustments	Consolidated Statement of Financial Position as of 31 Dec 2018 excl. IFRS 15 adjustments
Assets			
Investment property	499,196	30,158	529,354
Investments in companies accounted for at equity	115,770	-1,968	113,802
Non-current assets	**781,621**	**28,190**	**809,811**
Inventories	121,527	13,176	134,703
Trade receivables	108,237	-56,097	52,140
Current assets	**453,034**	**-42,921**	**410,113**
Total assets	**1,234,655**	**-14,731**	**1,219,924**
Equity and liabilities			
Other reserves	177,216	-9,090	168,126
Equity attributable to non-controlling interests	7,414	-1,075	6,339
Equity	**436,316**	**-10,165**	**426,151**
Deferred tax liabilities	8,576	-4,566	4,010
Non-current liabilities	**477,776**	**-4,566**	**473,210**
Other financial liabilities	26,932	-	26,932
Current liabilities	**320,563**	**-**	**320,563**
Total equity and liabilities	**1,234,655**	**-14,731**	**1,219,924**

in T€	Consolidated Income Statement 1-12/2018	Adjustments	Consolidated Income Statement 1-12/2018 excl. IFRS 15 adjustments
Revenue	514,048	27,018	541,066
Changes in the portfolio	-42,405	24,089	-18,316
Share of profit/loss from companies accounted for at equity	35,921	2,973	38,894
Cost of materials and other related production services	-352,422	-64,318	-416,740
Other operating expenses	-54,471	935	-53,536
EBITDA	**58,888**	**-9,303**	**49,585**
EBIT	**55,942**	**-9,303**	**46,639**
Financial costs	-32,399	750	-31,649
EBT	**55,544**	**-8,553**	**46,991**
Income tax expense	-16,057	4,462	-11,595
Profit for the year (net profit)	**39,487**	**-4,091**	**35,396**
of which: attributable to shareholders of the parent	39,711	-3,250	36,461
of which: attributable to non-controlling interests	-224	-841	-1,065
Basic earnings per share (in €)	**5.31**	**-**	**4.88**
Diluted earnings per share (in €)	**5.31**	**-**	**4.88**

in T€	Statement of Comprehensive Income 1-12/2018	Adjustments	Statement of Comprehensive Income 1-12/2018 excl. IFRS 15 adjustments
Currency translation differences	-695	31	-664

The effects of the initial application compared with the previously applied accounting and valuation methods on the various types of revenue in the UBM Group are as follows:

Type of revenue	Description of revenues and effect of the initial application
Forward Deals (Segments: all)	Properties recognised and measured in accordance with IAS 40 are, in some cases, sold to investors during the construction phase through forward deals. Under the previous accounting methods, these properties were also reported as investment property after the relevant contracts were signed. Measurement at fair value was based on the purchase contract, and the partial gain was capitalised based on the incurred cost as a proportion of the estimated total cost. In accordance with IFRS 15, the first step involves a decision at the individual contract level as to whether UBM is legally entitled to compensation for the previously provided performance and whether there is no alternative use for the asset. If both conditions apply, revenue is recognised over time; in all other cases, revenue is recognised at a specific point in time after the principal opportunities and risks have been transferred. Recognition over time therefore changes the timing of revenue recognition compared with the previously applied accounting method. Independent of the type or recognition, properties sold through a forward deal are no longer reported under investment property, but as contractual assets. This leads to the offsetting of prepayments received with the contractual asset, in contrast to the previous method which required gross presentation. The new method tends to improve the company's equity ratio.
Apartment sales (Segment: Residential)	In the Residential Segment, UBM develops residential properties (through legal subdivision of a building to create individually saleable apartments). These apartments are often sold before completion. Apartments (sold as well as unsold) were previously recognised at cost and reported under real estate inventories, while revenue was recognised in accordance with IFRIC 15 at the point in time when the principal opportunities and risks were transferred to the customer. The initial application of IFRS 15 changes the timing of revenue recognition for apartments which have been sold, which have no alternative use and which carry a legal entitlement to payment for previous performance. Revenue must now be recognised over time, which will lead to earlier recognition in some cases. Prepayments from customers will be made in line with the progress of construction, in part based on the application of the Austrian Property Contract Act. Under IFRS 15, these prepayments will be recognised at the latest when there is an unconditional claim to payment
Rental income (Segments: all)	Lease and rental income from the rental of IAS 40 properties (Office, Retail, and Hotel) is recognised over time. The initial application of IFRS 15 did not lead to any material changes in the previous accounting and valuation methods.

Income from hotel operations (Segment: Hotel)	The primary income from hotel operations results, above all, from room rentals and gastronomy services. This revenue is both recognised over time and at a point in time. The initial application of IFRS 15 did not lead to any material changes in the previous accounting and valuation methods.
Income from invoiced construction services	Revenue is recognised over time during the performance period. Prepayment invoices are issued in accordance with a pre-defined payment schedule. There are changes involving the recognition of prepayments. Under IFRS 15, prepayments are recognised at the latest when there is an unconditional claim to payment.

IFRS 9 Financial Instruments
This standard includes rules for the recognition, measurement and derecognition of financial instruments and for the accounting treatment of hedges. It replaces the previous standard IAS 39.

The transition guidance provided by IFRS 9 calls for retrospective application in accordance with IAS 8 only in exceptional cases (hedges). For UBM, this means the effects from the initial application as of 1 January 2018 were recorded directly in equity without retrospective adjustment of the comparative data for 2017. The comparable prior year period is therefore based on IAS 39, the standard which was applicable at that time.

The following table shows the net effects of the initial application of IFRS 9 on retained earnings as of 1 January 2018:

in T€	Adjustment based on initial application of IFRS 9 as of 1 Jan 2018
Other reserves	
Exchange of bonds	2,044
Income tax expense	-511
Effect as of 1 January 2018	**1,533**

The following table reconciles the effects of the initial application of IFRS 9 on the consolidated balance sheet as of 31 December 2018 and on the consolidated income statement and the statement of comprehensive income for the period from 1 January 2018 to 31 December 2018. The effects on the consolidated cash flow statement are immaterial and are therefore not presented

in T€	Consolidated Statement of Financial Position as of 31 Dec 2018	Adjustments	Consolidated Statement of Financial Position as of 31 Dec 2018 excl. IFRS 9 adjustments
Assets			
Non-current assets	**781,621**	**-**	**781,621**
Current assets	**453,034**	**-**	**453,034**
Total assets	**1,234,655**	**-**	**1,234,655**
Equity and liabilities			
Other reserves	177,216	-1,211	176,005
Equity	**436,316**	**-1,211**	**435,105**
Bonds	344,172	1,614	345,786
Deferred tax liabilities	8,576	-403	8,173
Non-current liabilities	**477,776**	**1,211**	**478,987**
Bonds	90,284	-	90,284
Current liabilities	**320,563**	**-**	**320,563**
Total equity and liabilities	**1,234,655**	**-**	**1,234,655**

in T€	Consolidated Income Statement 1-12/2018	Adjustments	Consolidated Income Statement 1-12/2018 excl. IFRS 9 adjustments
Financial income	32,001	68	32,069
Financial costs	-32,399	430	-31,969
EBT	**55,544**	**498**	**56,042**
Income tax expenses	-16,057	-125	-16,182
Profit for the year (net profit)	**39,487**	**373**	**39,860**
of which: attributable to shareholders of the parent	39,711	373	40,084
of which: attributable to non-controlling interests	-224	-	-224

in T€	Statement of Comprehensive Income 1-12/2018	Adjustments	Statement of Comprehensive Income 1-12/2018 excl. IFRS 9 adjustments
Fair value measurement of securities	-	-68	-68
Income tax expense (income) on other comprehensive income	-	17	17

Presentation and measurement

In the past, modifications to debt instruments which did not lead to derecognition were recorded without recognition through profit or loss based on the recalculation of the effective interest rate. The initial application of IFRS 9 led to an increase of T€1,533 in equity because changes in the present value as a result of such modifications must now be recognised through profit or loss and distributed over the remaining term of the instrument based on the effective interest rate method.

The Group developed an estimate of the business model for each financial instrument as of 1 January 2018 and subsequently allocated the financial instruments to the appropriate IFRS 9 categories. The reclassifications are shown in the following table:

in T€	Old measurement category (IAS 39)	New measurement category (IFRS 9)	Old carrying amount (IAS 39)	New carrying amount (IFRS 9)
Assets				
Project financing	Loans and Receivables	Amortised Cost	139,892	139,892
Other financial assets	Held to Maturity	Amortised Cost	2,907	2,907
Other financial assets	Available-for-Sale Financial Assets (at cost)	FVTPL	1,913	1,913
Other financial assets	Available-for-Sale Financial Assets	FVTPL	823	823
Trade receivables	Loans and Receivables	Amortised Cost	48,658	48,658
Financial assets	Loans and Receivables	Amortised Cost	15,542	15,542
Cash and cash equivalents	-	-	200,447	200,447
Liabilities				
Bonds	Financial Liabilities Measured at Amortised Cost	Amortised Cost	434,456	434,456
Borrowings and overdrafts from banks	Financial Liabilities Measured at Amortised Cost	Amortised Cost	173,241	173,241
Other loans and borrowings	Financial Liabilities Measured at Amortised Cost	Amortised Cost	14,471	14,471
Lease liabilities	-	-	123	123
Derivatives	Financial Liabilities Held for Trading	FVTPL	33	33
Trade payables	Financial Liabilities Measured at Amortised Cost	Amortised Cost	93,661	93,661
Other financial liabilities	Financial Liabilities Measured at Amortised Cost	Amortised Cost	30,812	30,812

1. Impairment of financial assets

IFRS 9 replaces the incurred loss model defined by IAS 39 with the expected loss model. The new model is applicable to financial instruments carried at amortised cost, to contractual assets (IFRS 15) and debt instruments carried at fair value through other comprehensive income and to leasing receivables (IAS 17/IFRS 16).

Financial instruments carried at amortised cost represent project financing and bearer bonds. The financial instruments carried at fair value through profit or loss comprise the unconsolidated investments in subsidiaries and miscellaneous financial assets.

The impairment model defined by IFRS 9 requires the creation of a risk provision equal to the 12-month expected loss (level 1) as of the initial recognition date. Any significant deterioration in credit risk leads to consideration of the lifetime expected loss (level 2). The occurrence of objective evidence of impairment leads to classification under level 3. This does not necessarily lead to the recognition of a further impairment loss, but to the adjustment of cash flows to the net present value for financial instruments recognised on the basis of the effective interest rate method.

In connection with the initial application of IFRS 9, UBM decided to apply the simplified approach provided by IFRS 9.5.5.15 to trade receivables, contractual assets and leasing receivables. Therefore, the loss allowance applicable to these assets equals, at least, the credit losses expected over the term (lifetime expected loss model, level 2). The general impairment model is applicable to all of the other financial instruments listed above.

The Group uses all available information to evaluate a significant deterioration of credit risk after initial recognition and to estimate the expected credit loss. This includes historical data as well as forward-looking information. In general, there are no external credit ratings for financial instruments.

The major financial instruments which must be measured according to the general impairment model represent project financing for equity-accounted companies. Project companies are financed through equity interests and project financing by the owner as well as financing arranged directly by the project company. UBM can generally cover default events resulting from the negative development of a project through shareholder contributions which fall under the scope of application of IAS 28 or IFRS 11. Default incidents connected with project financing are, therefore, immaterial.

2. Measurement of the expected credit loss

The expected credit loss is calculated on the basis of the product, the expected net claim to the financial instrument, the period-based probability of default and the loss on actual default.

2.1 Impairment of financial instruments

An assessment is required at each balance sheet date to determine whether an asset is impaired. Impairment is seen as given when there are substantial indications of a loss in value and the present value of the expected payments is less than the carrying amount of the asset.

2.2 Presentation of impairment losses

Impairment losses to assets carried at amortised cost are deducted directly from the asset. For financial instruments carried at fair value through other comprehensive income, the loss allowance is recognised directly in equity.

Impairment losses to trade receivables and contractual assets are to be reported separately on the income statement. There were no such losses during the 2018 financial year.

Impairment losses to other financial instruments are reported, as in the past, under financial results in accordance with IAS 39.

2.3 Effects of the new impairment model

For assets which fall under the scope of application of the loss allowance rules defined by IFRS 9, impairment losses are expected to be recognised earlier than in the past.

The initial application of IFRS 9 had no effect on the loss allowances as of 1 January 2018.

Project financing

The general impairment model is applicable to project financing. An estimate is made on the basis of the time overdue as to whether there has been a significant increase in the credit risk. If the credit risk was classified as low when IFRS 9 was initially applied, UBM assumed there has been no significant increase since that time.

Recognition of hedges

With regard to the recognition of hedges, UBM did not exercise the option to continue the application of IAS 39. The exercise of this option had no effect because there were no hedges as of 31 December 2017.

6.2. New accounting standards that have not yet been applied

The following standards and interpretations had been published before the preparation of these consolidated financial statements, but did not require mandatory application for the reporting year and were not applied prematurely.

New standards and interpretations adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
IFRS 16 – Leases	13.1.2016	9.11.2017	1.1.2019
Changes to IAS 19: Plan Amendment, Curtailment or Settlement	7.2.2018	13.3.2019	1.1.2019
Changes to IAS 28: Long-term Interests in Associates and Joint Ventures	12.1.2017	8.2.2019	1.1.2019
Changes to IFRS 9 – Prepayment Features with Negative Compensation	12.10.2017	22.3.2018	1.1.2019
Annual Improvements to IFRS – Cycle 2015–2017	12.12.2017	14.3.2019	1.1.2019
IFRIC 23: Uncertainty over Income Tax Treatments	7.6.2017	23.10.2018	1.1.2019

IFRS 16 – Leases

This standard regulates the recognition, measurement and presentation of leases as well as the required disclosures in the notes. It replaces the previous standard (IAS 17) and three interpretations involving leases. IFRS 16 provides a single accounting model for the lessee, which principally requires the recognition of assets and liabilities for all leases. However, there are two exceptions to this general recognition rule: leases with a term of 12 months or less and leases for low-value assets (in both cases, optional). The lease liability is discounted on initial recognition and, in subsequent years, reduced by the lease payments and increased through unwinding. A right of use is also capitalised at an amount equal to the present value of future lease payments and subsequently written down on a straight-line basis. The previous differentiation between operating leases and finance leases is no longer applicable. This standard was published in January 2016 and requires mandatory application for financial years beginning on or after 1 January 2019. IFRS 16 provides for various transition methods – UBM has decided against premature application and will use the modified retrospective method.

The following table shows the effects of the initial application of IFRS 16 on the line items in the consolidated statement of financial position as of 31 December 2018.

in T€	Consolidated Statement of Financial Position as of 31 Dec 2018 excl. IFRS 16 adjustments	Adjustments	Consolidated Statement of Financial Position as of 31 Dec 2018 incl. IFRS 16 adjustments
Assets			
Property, plant and equipment	2,650	71,293	73,943
Non-current assets	**781,621**	**71,293**	**852,914**
Current assets	**453,034**	**-**	**453,034**
Total assets	**1,234,655**	**71,293**	**1,305,948**
Equity and liabilities			
Other reserves	177,216	-259	176,957
Equity	**436,316**	**-259**	**436,057**
Financial liabilities	114,500	19,715	134,215
Non-current liabilities	**477,776**	**19,715**	**497,491**
Financial liabilities	73,368	51,837	125,205
Current liabilities	**320,563**	**51,837**	**372,400**
Total equity and liabilities	**1,234,655**	**71,293**	**1,305,948**

EBITDA would increase by approximately T€1,822 in 2018, and the equity ratio would decline by roughly 1.95 PP as of 31 December 3018.

Standards and interpretations not yet adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Changes to IFRS 17: Insurance Contracts	18.5.2017	-	1.1.2021
Changes to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 und SIC-32: Amendments to References to the Conceptual Framework in IFRS Standards	29.3.2018	-	1.1.2020
Changes to IFRS 3: Definition of a Business	22.10.2018	-	1.1.2020
Changes to IAS 1 and IAS 8: Definition of Material	31.10.2018	-	1.1.2020

7. Revenue

The revenue of T€514,048 recorded in 2018 (2017: T€364,668) includes proceeds from the sale of properties, rental income, income from the hotel business, construction services invoiced for UBM's projects and other revenue from ordinary business activities.

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

in T€	2018	2017
Regions		
Germany	336,522	130,743
Austria	298,289	350,806
Poland	209,339	140,334
Other markets	53,581	122,848
Total Output Group	**897,731**	**744,731**
Less revenue from companies accounted for at equity, subsidiaries and joint ventures	-426,088	-404,114
Less changes in the portfolio	42,405	24,051
Revenue	**514,048**	**364,668**

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

	Germany	Austria	Poland	Other Markets	Group
in T€	1-12/2018	1-12/2018	1-12/2018	1-12/2018	1-12/2018
Revenue					
Administration	-	4,142	-	-	4,142
Hotel	115,524	304	89,239	13,085	218,152
Office	51,001	9,338	61,156	1,073	122,568
Other	17,818	11,112	3,720	2,045	34,695
Residential	29,773	66,187	12	9,606	105,578
Service	7,532	16,816	3,532	1,033	28,913
Revenue	**221,648**	**107,899**	**157,659**	**26,842**	**514,048**
Recognition over time	89,975	17,315	26,144	8,373	141,807
Recognition at a point in time	131,673	90,584	131,515	18,469	372,241
Revenue	**221,648**	**107,899**	**157,659**	**26,842**	**514,048**

Revenue is classified as follows:

in T€	2018
Revenue from contracts with customers	497,268
Revenue from rentals	16,780
Total	**514,048**

8. Other operating income

in T€	2018	2017
Income from the release of provisions	50	1,085
Staff cost allocations	410	708
Exchange rate gains	2,521	21,056
Rental of space and land	653	415
Miscellaneous	7,018	7,312
Total	**10,652**	**30,576**

9. Cost of materials and other related production services

in T€	2018	2017
Expenses for raw materials and supplies and for purchased goods	-202,864	-135,311
Expenses for purchased services	-149,558	-138,118
Total	**-352,422**	**-273,429**

The disposals of carrying amounts from properties sold are included under the cost of materials and other related production services. These disposals totalled T€212,326 in 2018 (2017: T€125,909).

10. Personnel expenses

in T€	2018	2017
Salaries and wages	-36,899	-34,519
Social welfare expenses	-7,811	-6,374
Expenses for severance payments and pensions	-608	-496
Total	**-45,318**	**-41,389**

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

Personnel expenses include T€980 (2017: T€427) from the Long-Term Incentive Programme (LTIP).

11. Other operating expenses

The major other operating expenses are classified as follows:

in T€	2018	2017
Office operations	-11,933	-11,442
Advertising	-1,745	-1,310
Legal and consultancy services	-10,038	-9,750
Depreciation/impairment of current real estate assets	-5,727	-5,473
Exchange rate losses	-7,921	-3,416
Taxes, contributions and charges	-2,522	-3,865
Bank charges	-865	-2,457
Management fee	-6,827	-5,482
Miscellaneous	-6,893	-7,406
Total	**-54,471**	**-50,601**

Miscellaneous other operating expenses consist primarily of other third-party services, travel expenses, duties and fees, as well as general administrative costs.

12. Depreciation and amortisation

The scheduled amortisation of intangible assets totalled T€66 in 2018 (2017: T€99), and the scheduled depreciation of property, plant and equipment amounted to T€2,880 (2017: T€3,728).

13. Financial income

in T€	2018	2017
Income from investments	36	-
of which: from affiliates	36	-
Interest and similar income	10,389	7,778
of which: from project financing for companies accounted for at equity and subsidiaries	6,738	4,524
of which: from affiliates	5	1,434
Income from the disposal and reversal of impairment to financial assets	21,576	13,455
Total	**32,001**	**21,233**

14. Financial costs

in T€	2018	2017
Interest and similar expenditure relating to bonds and promissory note loans	-16,083	-12,728
Interest and similar expenses for other financial liabilities	-3,096	-3,952
Other interest and similar expenses	-2,915	-2,705
Expenses for other financial assets	-10,305	-2
of which: depreciation, amortisation and impairment	-6,500	-
Total	**-32,399**	**-19,387**

15. Income tax expense

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

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

in T€	2018	2017
Actual tax expense	27,396	4,657
Deferred tax expense/income	-11,339	8,841
Tax expense (+)/income (-)	**16,057**	**13,498**

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

in T€	2018	2017
Profit before income tax	55,544	50,464
Theoretical tax expense (+)/income (-)	13,886	12,616
Differences in tax rates	779	2,375
Tax effect of non-deductible expenses and tax-exempt income	-1,013	-1,580
Income/expenses from companies accounted for at equity	-5,847	817
Changes in deferred tax assets not recognised for loss carryforwards	7,262	-1,392
Effect of changes in tax rates	107	66
Tax expenses (+)/income (-) related to other periods	879	70
Other differences	4	526
Income tax expenses	**16,057**	**13,498**

In addition to the tax expense recognised in the consolidated income statement, the tax effect from the expenses and income included under other comprehensive income was also recognised in other comprehensive income. The amount recognised in other comprehensive income equalled T€134 (2017: T€-78) and was related primarily to the tax effect from the remeasurement of defined benefit obligations.

16. Earnings per share

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

	2018	2017
Proportion of annual surplus attributable to shareholders of the parent (in T€)	39,711	36,463
Potential shares	-	-
Weighted average number of shares issued (=number of basic shares)	7,472,180	7,472,180
Average number of share options outstanding	-	-
Number of shares diluted	7,472,180	7,472,180
Basic earnings per share (in €)	**5.31**	**4.88**
Diluted earnings per share (in €)	**5.31**	**4.88**

A total of 387,630 options had been allocated as of 31 December 2018 in connection with the Long-Term Incentive Programme 2017 (LTIP). The adjusted exercise price equalled €40.65 as of that date, and the average share price for 2018 equalled €40.41. Consequently, no potential shares were included in the calculation of earnings per share.

17. Intangible assets

in T€	Concessions, licences and similar rights	Goodwill	Total
Acquisition and production costs			
Balance as of 1 Jan 2017	605	3,840	4,445
Additions	11	-	11
Disposals	-57	-	-57
Reclassifications	3	-	3
Currency adjustments	9	-	9
Balance as of 31 Dec 2017	571	3,840	4,411
Additions/disposals through changes in the scope of consolidation	-221	-	-221
Additions	82	-	82
Disposals	-3	-	-3
Currency adjustments	-4	-	-4
Balance as of 31 Dec 2018	425	3,840	4,265
Accumulated amortisation and impairment			
Balance as of 1 Jan 2017	422	1,182	1,604
Additions	99	-	99
Disposals	-37	-	-37
Currency adjustments	5	-	5
Balance as of 31 Dec 2017	489	1,182	1,671
Additions/disposals through changes in the scope of consolidation	-197	-	-197
Additions (scheduled amortisation)	66	-	66
Disposals	-1	-	-1
Currency adjustments	-4	-	-4
Balance as of 31 Dec 2018	353	1,182	1,535
Carrying amounts – balance as of 31 Dec 2017	**82**	**2,658**	**2,740**
Carrying amounts – balance as of 31 Dec 2018	**72**	**2,658**	**2,730**

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

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

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

The recoverable amount corresponds to the value in use. The cash flows were derived from budgets for 2018 and the following four years (detailed planning period) with a growth rate of 1.00% (2017: 1.00%), which were prepared by the Management Board and valid at the time of the impairment tests. These forecasts are based on past experience and expectations for future market development. Discounting was based on a specific cost of capital of 6.68% (2017: 6.68%) with a perpetual annuity. An increase or decrease of 1.00% in the specific cost of capital would not lead to any change in valuation.

18. Property, plant and equipment

in T€	Land, land rights and buildings including buildings on leasehold land and assets under construction	Technical equipment and machinery	Other facilities, fixtures and office equipment	Payments on account and assets under construction	Total
Acquisition and manufacturing costs and revaluation					
Balance as of 1 Jan 2017	38,493	3,851	14,939	1,145	58,428
Additions	9,273	56	735	61	10,125
Disposals	-	-61	-1,672	-	-1,733
Reclassifications	-	-1,389	-422	-46	-1,857
Currency adjustments	-	89	211	70	370
Balance as of 31 Dec 2017	47,766	2,546	13,791	1,230	65,333
Additions/disposals through changes in the scope of consolidation	-4,356	-1,237	-9,551	-776	-15,920
Additions	16,466	23	493	611	17,593
Disposals	-59,066	-113	-1,044	-1	-60,224
Reclassifications	307	-	1,030	-1,030	307
Currency adjustments	-	-58	-111	-34	-203
Balance as of 31 Dec 2018	1,117	1,161	4,608	-	6,886
Accumulated depreciation and impairment					
Balance as of 1 Jan 2017	2,362	1,508	10,095	-1	13,964
Additions (scheduled depreciation)	713	1,455	1,560	-	3,728
Disposals	-	-21	-1,078	-	-1,099
Reclassifications	-	-1,701	-452	-	-2,153
Currency adjustments	-	51	133	-	184
Balance as of 31 Dec 2017	3,075	1,292	10,258	-1	14,624
Additions/disposals through changes in the scope of consolidation	-1,057	-869	-6,571	-	-8,497
Additions (scheduled depreciation)	505	1,111	1,264	-	2,880
Disposals	-2,412	-113	-941	-	-3,466
Reclassifications	-61	-922	-221	-	-1,204
Currency adjustments	-	-35	-67	1	-101
Balance as of 31 Dec 2018	50	464	3,722	-	4,236
Carrying amounts – balance as of 31 Dec 2017	**44,691**	**1,254**	**3,533**	**1,231**	**50,709**
Carrying amounts – balance as of 31 Dec 2018	**1,067**	**697**	**886**	**-**	**2,650**

Any impairment recognised in profit or loss is reported together with scheduled depreciation and amortisation under "Depreciation and amortisation", while any reversals of impairment recognised in profit or loss on assets subject to prior impairment are included in the income statement under "Other operating income". The carrying amount of property, plant and equipment pledged as collateral as of 31 December 2018 amounted to T€0 (2017: T€44,415). Property, plant and equipment with a carrying amount of T€0 (2017: T€44,415) are subject to restrictions on disposal. The carrying amounts of property, plant and equipment held under finance leases totalled T€0 (previous year: T€2,055). These assets are contrasted by corresponding liabilities equal to the present value of the minimum lease payments of T€0 (2017: T€934).

Operating-leases

Operating leases are primarily related to individual properties and automobiles, whereby agreed extension options are generally not exercised. The automobile leases have an average term of five years. The previous year included long-term rental agreements with hotel property companies, which were cancelled in 2018 following the sale of shares in a hotel holding company.

in T€	2018	2017
Due within 1 year	3,765	16,908
Due within 1 to 5 years	13,500	71,040
Due after 5 years	54,287	242,898

19. Investment property

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

in T€	
Carrying amounts	
Balance as of 1 Jan 2017	496,583
Additions/disposals through changes in the scope of consolidation	-92,287
Additions for purchases	-
Additions	192,533
Disposals	-70,370
Reclassification IFRS 5	-147,477
Reclassification	-47,775
Currency adjustments	10,407
Adjustments to fair value	30,202
Balance as of 31 Dec 2017	**371,816**
Additions/disposals through changes in the scope of consolidation	-65,824
Additions for purchases	-
Additions	309,785
Disposals	-21,012
Reclassification IFRS 5	16,586
Reclassification IFRS 15	-98,595
Reclassification from/to property, plant and equipment and real estate inventories	-1,950
Currency adjustments	-4,493
Adjustments to fair value	-7,117
Balance as of 31 Dec 2018	**499,196**

Reconciliation for Level 3 valuations:

2018 in T€	Austria				
	Office	Other	Residential	Hotel	Land bank
Carrying amount at start of financial year	**53,095**	**13,459**	**418**	**-**	**16,329**
Change in use/new segmentation	-	-270	-	-	270
Carrying amount at start of financial year after new segmentation	**53,095**	**13,189**	**418**	**-**	**16,599**
Currency adjustments	-	-	-	-	-
Additions from property purchases	12,207	129,815	-	-	233
Additions/disposals from expansion of the scope of consolidation	-56,129	-	-	-	-
Additions from reclassifying properties as properties held for sale	-	-	-	-	-
Reclassification IFRS 15	-	-	-	-	-
Reclassification from/to property, plant and equipment and real estate inventories	-	-	-	-	-443
Disposals	-1,152	-4,077	-6	-	-4,015
Net gains/losses from fair value adjustments[1]	-127	-2,170	-5	-	-
Carrying amount at end of financial year	**7,894**	**136,757**	**407**	**-**	**12,374**

[1] The net income from fair value adjustments consists of revaluation gains of T€223 and revaluation losses of T€-7,340.

2017 in T€	Austria				
	Office	Other	Residential	Hotel	Land bank
Carrying amount at start of financial year	**83,884**	**17,785**	**25,703**	**10,092**	**31,997**
Currency adjustments	-	-	-	-	-
Additions in existing properties	37,378	674	21,393	20,051	-
Additions/disposals from expansion of the scope of consolidation	-15,636	-500	-	-	-
Disposals from reclassifying properties as properties held for sale	-14,938	-879	-	-27,711	-12,488
Reclassification from/to property, plant and equipment and real estate inventories	-	-	-45,910	-	-
Disposals	-45,532	-3,521	-768	-4,500	-5,454
Net gains/losses from fair value adjustments[1]	7,939	-100	-	2,068	2,274
Carrying amount at end of financial year	**53,095**	**13,459**	**418**	**-**	**16,329**

[1] The net income from fair value adjustments consists of revaluation gains of T€39,420 and revaluation losses of T€-9,218.

Germany				Poland			Other markets				
Office	Other	Hotel	Land bank	Office	Other	Hotel	Office	Residential	Hotel	Land bank	Total
104,365	**-**	**2,752**	**20,063**	**69,956**	**47,986**	**12,906**	**18,623**	**824**	**-**	**11,040**	**371,816**
-	-	-	-	-	-	-	-	-	-	-	-
104,365	**-**	**2,752**	**20,063**	**69,956**	**47,986**	**12,906**	**18,623**	**824**	**-**	**11,040**	**371,816**
-	-	-	-	-2,228	-1,442	-387	-134	24	-100	-226	-4,493
28	68,668	5,638	77	2,181	1,434	5,129	332	-	83,724	319	309,785
-	-	-	-	-9,695	-	-	-	-	-	-	-65,824
-	-	-	-	-	13,220	-	-	-	-	3,366	16,586
-77,589	-	-8,390	-	-	-	-12,616	-	-	-	-	-98,595
369	-	-	-	-1,545	-	-	-	-308	-	-23	-1,950
-10,119	-	-	-123	-	-	-	-	-	-	-1,520	-21,012
-	-	-	-	19	-2,430	-	-269	-	-	-2,135	-7,117
17,054	**68,668**	**-**	**20,017**	**58,688**	**58,768**	**5,032**	**18,552**	**540**	**83,624**	**10,821**	**499,196**

Germany				Poland			Other markets				
Office	Other	Hotel	Land bank	Office	Other	Hotel	Office	Other	Residential	Land bank	Total
94,226	**-**	**1,802**	**19,997**	**76,050**	**59,253**	**17,166**	**17,310**	**26,914**	**530**	**13,874**	**496,583**
-	-	-	-	4,422	3,337	950	1,297	-116	187	330	10,407
54,438	-	1,200	202	10,756	434	28,479	1,315	-	15,796	417	192,533
-60,241	-	-250	-	-	-	-	-	-	-15,660	-	-92,287
-	-	-	-136	-18,589	-13,298	-40,933	-310	-14,371	-	-3,824	-147,477
-	-	-	-	-4	-	-	-	-1,861	-	-	-47,775
-	-	-	-	-	-	-	-	-10,566	-29	-	-70,370
15,942	-	-	-	-2,679	-1,740	7,244	-989	-	-	243	30,202
104,365	**-**	**2,752**	**20,063**	**69,956**	**47,986**	**12,906**	**18,623**	**-**	**824**	**11,040**	**371,816**

Fair value of land and buildings
The fair value of properties is determined on the basis of a revolving cycle. An internal valuation team determines the fair value of any property which are appraised externally. Discussions concerning the parameters used to determine fair value (Level 3) include the participation of operational project developers, the Management Board and the valuation team.

The fair values of all properties with a carrying amount over T€1,000 – including the properties held by non-controlling interests which flow into the consolidated financial statements – were established by external appraisers in 2018. These external appraisals covered investment property with a total carrying amount of T€285,839 (previous year: T€231,588).

Fair value was generally determined on the basis of capital earnings methods in both 2018 and 2017. The most frequently used method was the term and reversion approach, an internationally recognised real estate valuation technique. The term and reversion approach separates the expected future cash flows into two distinct, independent areas. This separation is necessary for rented properties because the calculations required for the period up to the expiration of the rental agreements in effect on the valuation date – the so-called "term" – differ from the calculations for the period after the end of these rental agreements – the so-called "reversion" (subsequent rentals).

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

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

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

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

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

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

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

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

Property type: Investment property	Segment	Fair value hierarchy	Fair value in T€ as of 31 Dec 2018	Range of non-observable inputs Valuation method	Capitalisation rate in %	Rent in € per m²/ sale price in € per m²	Maintenance in €/m² or %
Office	Austria	Level 2	7,894	CV	-	-	-
Other	Austria	Level 2	136,757	CV	-	-	-
Residential	Austria	Level 2	407	CV	-	-	-
Land bank	Austria	Level 2	6,264	CV	-	-	-
Land bank	Austria	Level 3	6,110	Residual	5.00	450.00	8.00%
Office	Germany	Level 3	17,054	Residual	-	3,800.00–7,800.00	-
Other	Germany	Level 2	68,668	CV	-	-	-
Land bank	Germany	Level 2	1,427	CV	-	-	-
Land bank	Germany	Level 3	18,590	Residual	5.50	6.00–15.50	3.50%
Office	Poland	Level 3	51,513	DCF	7.00–9.00	7.70–13.00	3.00 €/m²
Office	Poland	Level 3	7,175	Residual	5.25	525.00	3.50%
Other	Poland	Level 3	48,200	TR	6.50–7.25	1.00–10.50	2.00–4.00 €/m²
Other	Poland	Level 3	10,568	Residual	7.25	4.00–10.00	4.00%
Hotel	Poland	Level 3	5,032	-	-	-	-
Office	Other markets	Level 3	8,110	DCF	7.00	4.00–12.84	12.00 €/m²
Office	Other markets	Level 3	10,442	CE/Residual	6.00–6.50	2.80–14.00	2.00–6.00%
Residential	Other markets	Level 3	540	Residual	-	-	-
Hotel	Other markets	Level 3	83,624	Residual/CE	3.50–5.50	1,025.00–3,000.00/pM	1.80% or 12.00 €/m²
Land bank	Other markets	Level 3	6,687	Residual	7.00	4.50–7.75	5.00%
Land bank	Other markets	Level 2	4,134	CV	-	-	-

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

Property type: Investment property	Segment	Fair value hierarchy	Fair value in T€ as of 31 Dec 2017	Range of non-observable inputs Valuation method	Capitalisation rate in %	Rent in € per m²/sale price in € per m²	Maintenance in €/m² or %
Office	Austria	Level 3	46,435	TR	5.25–7.25	6.14–17.45	8.00–25.00 €/m²
Office	Austria	Level 2	6,660	CV	-	-	-
Other	Austria	Level 3	4,829	TR	5.50–8.00	8.40–84.16	6.00–25.00 €/m²
Other	Austria	Level 3	8,630	-	-	-	-
Residential	Austria	Level 2	413	CV	-	-	-
Land bank	Austria	Level 2	10,310	CV	-	-	-
Land bank	Austria	Level 3	6,019	Residual	5.00	80.00–450.00	3.00%
Office	Germany	Level 2	27,146	CV	-	-	-
Office	Germany	Level 3	77,589	Residual	5.25	18.50	3.00%
Hotel	Germany	Level 3	2,753	Residual	5.00–5.25	10.50–12.61	3.00%
Land bank	Germany	Level 2	1,568	CV	-	-	-
Land bank	Germany	Level 3	18,495	Residual	5.50	6.00–18.00	3.00%
Office	Poland	Level 3	63,087	TR	7.50–8.00	3.83–10.02	9.00–25.00 €/m²
Office	Poland	Level 3	6,489	Residual	6.50	9.00–13.50	4.00%
Other	Poland	Level 3	37,093	TR	8.00	4.62–16.48	2.00–4.00 €/m²
Other	Poland	Level 3	10,893	Residual	7.25	5.00–10.22	4.00%
Hotel	Poland	Level 3	12,906	Residual	6.00–7.00	16.76–21.00	3.00–5.00%
Office	Other markets	Level 3	8,440	TR	7.00–8.00	4.00–11.94	11.50 €/m²
Office	Other markets	Level 3	10,183	Residual	6.50	2.35–14.00	2.50–6.00%
Land bank	Other markets	Level 3	10,266	Residual	7.00–8.50	4.50–11.50	4.00–5.00%
Land bank	Other markets	Level 2	774	CV	-	-	-
Residential	Other markets	Level 3	836	Residual	-	-	-

CE = capitalised earnings, CV = comparative value, TR = term reversion

The impact of non-observable input factors on fair value

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

Contractual obligations for the acquisition or construction of investment property amounted to T€14,921 as of 31 December 2018 (2017: T€49,353). In addition, investment properties with a total carrying amount of T€218,944 (2017: T€135,967) were pledged as collateral.

The rental income from rented investment properties totalled T€14,094 in 2018 (2017: T€19.722), and operating expenses amounted to T€2,496 (2017: T€5,059). The operating expenses for investment property which did not generate any rental income in the reporting period amounted to T€159 (2017: T€393).

20. Investments in companies accounted for at-equity

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

Associates

The following associate is a hotel property in Vienna.

in T€			
Company	**Palais Hansen GmbH**		
Asset class	**Hotel**		
Development status	**Portfolio**	**2018**	**2017**
Revenue		4,091	3,823
Profit/loss for the year		2,123	-159
of which depreciation, amortisation and impairment		-	-
of which interest expense		-1,577	-
of which tax expense		-707	-
Total comprehensive income		**2,123**	**-159**
Non-current assets		127,234	121,500
Current assets		5,858	11,612
of which cash and cash equivalents		3,073	3,501
Non-current liabilities		63,408	66,201
of which non-current financial liabilities		50,450	53,222
Current liabilities		2,244	1,594
of which current financial liabilities		-	-
Net assets		67,440	65,317
Group share of net assets as of 1 Jan		**21,929**	**21,982**
Group share of total comprehensive income		712	-53
Dividends received		-	-
Group share of net assets as of 31 Dec		22,641	21,929
Carrying amount of companies accounted for at equity as of 31 Dec		**22,641**	**21,929**

Information on immaterial associates:

in T€	2018	2017
Carrying amount of shares in associates as of 31 Dec	7,050	3,783
Group share of		
Profit/loss for the year	1,094	-362
Total comprehensive income	**1,094**	**-362**

The proportional share of unrecognised losses from associates totalled T€429 in 2018 (2017: T€380), and the accumulated amount as of 31 December 2018 equalled T€809 (31 December 2017: T€380).

Joint ventures

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

2018 in T€

Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Anders Wohnen GmbH**
Asset class	**Other**	**Hotel**	**Residential**
Development status	Portfolio	Portfolio	Development
Revenue	4,341	1,563	-
Profit/loss for the year	1,283	-1,400	-2,105
of which depreciation, amortisation and impairment	-	-2,191	-
of which interest expense	-573	-609	-411
of which tax expense	-89	-	-
Total comprehensive income	**1,283**	**-1,400**	**-2,105**
Non-current assets	75,500	50,173	-
Current assets	225	225	93,468
of which cash and cash equivalents	225	93	3,308
Non-current liabilities	56,044	20,373	-
of which non-current financial liabilities	56,044	20,373	-
Current liabilities	2,096	3,160	79,624
of which current financial liabilities	-	-	-
Net assets	17,585	26,865	13,844
Group share of net assets as of 1 Jan 2018	**13,040**	**14,133**	**7,498**
Additions/disposals	-	-	-
Group share of total comprehensive income	1,027	-700	-991
Non-transferred losses from previous years	-	-	-
Adjustments due to initial application of IFRS 15	-	-	-
Dividends received	-	-	-
Group share of net assets as of 31 Dec 2018	14,067	13,433	6,507
Carrying amount of companies accounted for at equity as of 31 Dec 2018	**14,067**	**13,433**	**6,507**

FWUBM Management GmbH	Central Tower Berlin GmbH	Avaleria Hotel Hafencity KG	Rosenhügel KG
Other	**Hotel**	**Hotel**	**Residential**
Development	Development	Portfolio	Portfolio
8,153	-	1,291	22,112
1,470	-11	10,177	11,500
-39	-	-	-
-1,436	-	-18	-135
-760	-	-1,786	-
1,470	**-11**	**10,177**	**11,500**
67,794	35,704	52,000	-
2,224	237	980	31,223
1,265	213	383	3,361
49,620	22,835	20,671	-
49,620	22,835	18,885	-
3,590	117	1,224	5,621
-	-	-	-
16,808	12,989	31,085	25,602
7,668	**6,500**	**-**	**2,780**
-	-	10,144	-
735	-6	2,080	5,750
-	-	-	-365
-	-	-	4,636
-	-	-	-12,500
8,403	6,494	12,224	301
8,403	**6,494**	**12,224**	**301**

2017 in T€

Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Anders Wohnen GmbH**
Asset class	**Other**	**Hotel**	**Residential**
Development status	Portfolio	Portfolio	Development
Revenue	4,309	1,479	660
Profit/loss for the year	2,381	-1,445	-2,345
of which depreciation, amortisation and impairment	-	-2,179	-
of which interest expense	-573	-628	-422
of which tax expense	-46	-	-
Total comprehensive income	**2,381**	**-1,445**	**-2,345**
Non-current assets	75,500	52,318	49,212
Current assets	415	725	26,177
of which cash and cash equivalents	414	-	446
Non-current liabilities	57,844	21,595	29,649
of which non-current financial liabilities	57,844	21,595	29,649
Current liabilities	1,771	3,182	29,789
of which current financial liabilities	-	-	-
Net assets	16,300	28,266	15,951
Group share of net assets as of 1 Jan 2017	**10,907**	**14,856**	**8,600**
Currency translation differences as of 1 Jan 2017	-	-	-
Additions/disposals	-	-	-
Group share of total comprehensive income	2,133	-723	-1,102
Group share of net assets as of 31 Dec 2017	13,040	14,133	7,498
Carrying amount of companies accounted for at equity as of 31 Dec 2017	**13,040**	**14,133**	**7,498**

Sienna Hotel Spzoo	Warschau Office Center Spzoo	MGO II development KG	MGO I development KG
Hotel	**Office**	**Office**	**Office**
Portfolio	**Portfolio**	**Development**	**Development**
21,201	2,613	-	-
-824	1,710	3,656	7,205
-450	-669	-	-
-	-981	-18	-31
-	-	-1,690	-3,381
-824	**1,710**	**3,656**	**7,205**
12,291	26,174	33,677	67,715
6,285	1,908	4,199	3,616
4,366	484	3,142	1,039
1,283	25,361	24,050	42,656
1,210	25,361	24,050	42,656
1,932	1,011	6,255	13,419
-	-	-	-
15,360	1,710	7,571	15,256
7,629	**-**	**-**	**-**
462	-	-	-
-	-	1,337	2,429
-412	1,265	3,088	6,421
7,679	1,265	4,425	8,850
7,679	**1,265**	**4,425**	**8,850**

Information on immaterial joint ventures:

in T€	2018	2017
Carrying amount of shares in joint ventures as of 31 Dec	24,650	35,902
Group share of		
Profit for the year	21,949	6,214
Total comprehensive income	**21,949**	**6,214**

The proportional share of unrecognised losses from joint ventures totalled T€520 in 2018 (2017: T€1,120), and the accumulated amount as of 31 December 2018 equalled T€1,338 (31 December 2017: T€1,692).

There were no significant restrictions on access to assets as of 31 December 2018. Information on the obligations arising from contingent liabilities for companies accounted for at equity is provided in note 41.

21. Project financing

in T€	2018	2017
Project financing for other investments	12,335	16,468
Project financing for companies accounted for at equity	123,989	97,994
Other project financing	3,568	9,017
Total	**139,892**	**123,479**

Impairment losses equalled T€5,130 in 2018 (2017: T€8), and the reversal of impairment losses totalled T€2,148 (2017: T€4,572).

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

22. Other financial assets

in T€	2018	2017
Investments in unconsolidated subsidiaries	1,598	1,535
Other investments	315	258
Securities available for sale	-	901
Securities (fvtpl)	823	-
Securities HtM	-	2,907
Securities (amortised cost)	2,907	-
Total	**5,643**	**5,601**

The securities carried at fair value through profit or loss consist primarily of fixed-interest instruments. They are not subject to any restrictions on disposal. Since the carrying amount of the investments does not differ materially from fair value, they are carried at acquisition cost.

23. Inventories

Inventories comprise the following items:

in T€	2018	2017
Properties intended for sale		
under development	72,219	148,588
standing assets	49,135	58,399
Other real estate inventories	65	228
Less advance payments	-306	-25,954
Advance payments made	414	-
Total	**121,527**	**181,261**

Inventories with a carrying amount of T€63,368 (2017: T€134,876) are pledged as collateral for liabilities.

The carrying amount of the inventories recognised at fair value amounts to T€34,712 (2017: T€46,318). Valuation allowances of T€5,727 were recognised in 2018 (2017: T€5,473).

24. Trade receivables

Contract assets
The following table shows the construction contracts valued according to the percentage of completion method at year-end 2018 and 2017:

in T€	2018	2017
Construction contracts	-	52,814
Contract assets	113,278	-
Less attributable advance payments received	-53,699	-46,389
Total	**59,579**	**6,425**

The proportional contract value capitalised according to the percentage of completion as of 31 December 2018 is contrasted by contract costs of T€110,584 (2017: T€45,385). Therefore, the partial profit recognised on these contracts and included in revenue equals T€2,694 (2017: T€7,430).

The contract assets developed as follows during the reporting year:

Increases through :

- Progress on real estate projects sold through forward sales (T€93,068)
- Progress on project management contracts
- Reclassification of investment property and inventories which were sold through forward sales and not yet completed

Decreases through:

- Properties completed and transferred
- Prepayments received for properties under construction and project management contracts (T€-36,971)
- Final invoicing of project management contracts

Composition and maturity terms of trade receivables:

in T€	2018	2017
Receivables from third parties	20,613	13,913
Receivables from consortiums	4	71
Receivables from unconsolidated subsidiaries and other investments	5,774	794
Receivables from companies accounted for at equity	22,267	32,026
Total	**48,658**	**46,804**

Of the receivables due from third parties, T€13,544 (2017: T€6,511) are not overdue and T€7,069 (2017: T€7,402) are due within one year. All other receivables due from unconsolidated subsidiaries, other investments and companies accounted for at equity are not yet due.

Age structure of receivables due from third parties:

			Of which overdue at closing date in the following time periods				
in T€	Carrying amount as of 31 Dec 2018	Of which not overdue at closing date	Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	20,613	13,544	4,838	529	632	1,070	-

			Of which overdue at closing date in the following time periods				
in T€	Carrying amount as of 31 Dec 2017	Of which not overdue at closing date	Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	13,913	6,511	3,698	1,564	310	1,830	-

The payment terms for forward deals call for payment at the time of transfer. The payment terms for the sale of apartments are regulated by local laws. Payment is made when a specific part of the agreed performance has been completed. (e.g. completion of the shell construction).

The payments for construction services generally always follow a payment schedule. The return consideration represents the pre-defined construction services.

25. Financial assets

in T€	31.12.2018	Remaining term > 1 year	31.12.2017	Remaining term > 1 year
Other	15,542	4,475	14,685	4,744
Total	**15,542**	**4,475**	**14,685**	**4,744**

Other financial assets consist primarily of purchase price receivables from the sale of shares in companies, receivables from facility management and miscellaneous originated loans.

26. Other receivables and assets

in T€	31.12.2018	Remaining term > 1 year	31.12.2017	Remaining term > 1 year
Receivables from taxes	11,601	-	12,044	-
Other	155	-	3	-
Total	**11,756**	**-**	**12,047**	**-**

27. Cash and cash equivalents

Cash and cash equivalents include cash at banks of T€200,380 (2017: T€75,019) and cash in hand of T€67 (2017: T€185).

28. Non-current assets held for sale

No non-current assets were classified as held for sale as of 31 December 2018. Assets held for sale are carried at fair value, which represents the negotiated purchase prices.

29. Deferred taxes

Temporary differences between the amounts recognised in the IFRS consolidated financial statements and the respective values for tax purposes had the following effect on deferred taxes as reported in the statement of financial position:

	2018		2017	
in T€	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Investment property, other valuation differences	8,536	8,331	3,924	19,674
Property, plant and equipment	2	1,918	12	1,974
Financial assets and liabilities	5,881	4,288	8,246	5,879
PoC method	-	5,018	-	2,008
Provisions	4,612	233	4,385	66
Tax loss carryforwards	3,611	-	3,847	-
Miscellaneous	34	199	39	199
Offsetting	-11,411	-11,411	-11,424	-11,424
Deferred taxes	**11,265**	**8,576**	**9,029**	**18,376**
Net deferred taxes	**-**	**-2,689**	**-**	**9,347**

Deferred tax assets from loss carryforwards are recognised to the extent they can probably be offset against future taxable profits. The deferred tax assets not recognised for loss carryforwards amounted to T€17,414 as of 31 December 2018 (31 December 2017: T€24,654). Of this total, T€12,151 (2017: T€18,018) cannot expire and the remaining T€5,263 (2017: T€6,637) will expire within five to nine years. Foreign losses utilised in Austria totalled T€2,719 in 2018 (2017: T€1,056).

30. Equity

Share capital	Number	€
Ordinary bearer shares	7,472,180	22,416,540

Share capital totals €22,416,540 (2017: €22,416,540) and is divided into 7,472,180 (2017: 7,472,180) shares. Each bearer share represents €3 (2017: €3) of share capital.

Every ordinary share has an equal right to participate in profits, including liquidation profits, and is entitled to one vote at the Annual General Meeting.

31. Authorised capital, conditional capital and treasury shares

The following resolutions were passed at the 136th Annual General Meeting on 23 May 2017:

The existing authorisation of the Management Board, pursuant to Section 4 Para. 4 of the Statutes (authorised capital 2014), which was passed by the Annual General Meeting on 30 April 2014, was revoked.

The Management Board was subsequently authorised, in accordance with Section 169 of the Austrian Stock Corporation Act and under Section 4 Para. 4 of the Statutes, to increase the company's share capital by 11 August 2022, in agreement with the Supervisory Board, by up to €2,241,654.00 through the issue of up to 747,218 bearer shares in exchange for cash and/or contributions in kind, in one or more tranches, also through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act. Additionally, the Management Board was authorised to determine the issue price, issue terms, subscription ratio and further details in agreement with the Supervisory Board. The subscription rights of shareholders to the new shares issued from authorised capital will be excluded if and insofar as this authorisation (authorised capital) is exercised through the issue of shares in exchange for cash contributions under greenshoe options in connection with the placement of new shares in the company. Furthermore, the Management Board was authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders (authorised capital 2017). The Supervisory Board was authorised to approve amendments to the statutes resulting from the use of this authorisation by the Management Board.

Section 4 Para. 5 of the Statutes also permits a conditional increase in share capital, in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act, up to a nominal amount of €2,241,654.00 through the issue of up to 747,218 new ordinary zero par value bearer shares for convertible bondholders (conditional capital increase). In this connection, the Management Board was authorised to determine the remaining details for the conditional capital increase and its implementation with the approval of the Supervisory Board, in particular the details of the issue and the conversion procedure for the convertible bonds, the amount of the issue and the exchange or conversion ratio. The Supervisory Board was also authorised to pass resolutions on amendments to the statutes arising from the issue of shares from conditional capital. The amount of the issue and conversion ratio are to be determined on the basis of recognised financial methods and the company's share price using an accepted pricing procedure. If the terms of issue for the convertible bond also include a conversion obligation, the conditional capital will also be used to meet this conversion obligation.

In order to service the stock options granted within the framework of the Long-Term Incentive Programme 2017 (LTIP), the Management Board was additionally authorised, under Section 4 Para. 6 of the Statutes and in accordance with Section 159 Para. 3 of the Austrian Stock Corporation Act until 11 August 2022, with the approval of the Supervisory Board, to conditionally increase the company's share capital in accordance with Section 159 Para. 2 (3) of the Austrian Stock Corporation Act, also in multiple tranches, by up to €1,678,920.00 through the issue of up to 559,640 new ordinary zero par value bearer shares to employees, key managers and members of the Management Board of the company and its subsidiaries. The Supervisory Board was also authorised to pass resolutions on amendments to the statutes arising from the conditional capital increase.

The authorisation of the Management Board to purchase, sell and/or use treasury shares in accordance with the resolution of the Annual General Meeting on 20 May 2015 was revoked.

At the same time, the Management Board was authorised to repurchase the company's shares up to the legally allowed limit of 10.00% of share capital, including previously repurchased shares, during a 30-month period beginning on the date the resolution was passed (23 May 2017). The Management Board was also authorised, contingent upon the approval of the Supervisory Board, to sell or utilise treasury shares in another manner than over the stock exchange or through a public offering during a period of five years beginning on the date the resolution was passed (23 May 2017). This authorization can be exercised in full or in part, in multiple instalments and in the pursuit of one or more objectives. The pro rata purchase rights of shareholders are to be excluded if the shares are sold or utilised in another manner than over the stock exchange or through a public offering (exclusion of subscription rights).

Of the above-mentioned share options relating to the Long-Term Incentive Programme 2017 (LTIP), 375,130 were allocated after the predetermined acceptance period from 22 June 2017 to 21 July 2017. A further 12,500 options were allocated in 2018. The strike price equals €36.33 (i.e. the unweighted average closing price of the company's share on the Vienna Stock Exchange from 24 May 2017 (inclusive) to 21 June 2017 (inclusive)). The allocated share options can be exercised during the following windows through written declaration to the company: the share options may only be exercised from 1 September 2020 to 26 October 2020 (exercise window 1) and from 1 September 2021 to 26 October 2021 (exercise window 2) and require compliance with the other preconditions stated in the terms and conditions of the LTIP: a valid employment relationship, a valid personal investment, a share price that exceeds the specified thresholds and the fulfilment of certain performance indicators.

The fair value totals T€3,082 (2017: T€2,982). It is based on the original acceptance date for the option programme and distributed over the period in which the participants acquire the entitlement to the granted options. The following parameters were used to calculate the fair value under the measurement model (Black Scholes): strike price (€36.33), term of the option (9/2017 to 8/2020), share price at valuation date (€38.25), expected volatility of the share price (36.34%), expected dividends (4.20%), risk-free interest rate (0.00%).

The share options developed as follows:

Number of share options	2018	2017
Balances as of 1 Jan	**375,130**	**-**
Options granted	12,500	375,130
Options forfeited	-	-
Options exercised	-	-
Balance as of 31 Dec	**387,630**	**375,130**

32. Reserves

The capital reserves resulted from the capital increases and capital adjustments carried out in previous years as well as time-barred claims to dividends. These reserves include T€98,954 (2017: T€98,954) which are appropriated and may only be released, to the extent free reserves are not available for coverage, to offset an accumulated loss which would otherwise be reported in UBM's annual financial statements.

Other reserves comprise the following: the reserve from the translation of subsidiaries' foreign currency financial statements (currency translation reserve), the reserve for the remeasurement of defined benefit obligations, UBM's retained earnings including the statutory reserve and the untaxed reserves after the deduction of deferred taxes, the retained earnings of subsidiaries since their acquisition and the effects from the adjustment of the annual financial statements of companies included in the consolidated financial statements to the accounting and measurement methods applied to the consolidated financial statements.

Equity also includes a share option reserve. It resulted from the share options referred to under note 31 as part of the Long-Term Incentive Programme 2017, which was classified as equity settled.

Net profit of T€16,467 (2017: T€14,972) is available for distribution to UBM's shareholders. In addition, voluntary reserves, which totalled T€30,887 as of 31 December 2018 (2017: T€27,771), can be released and distributed to UBM's shareholders in subsequent periods.

Dividends totalling €14,944,360, or €2.00 per share, were distributed to UBM's shareholders from net profit for the 2017 financial year. The Management Board recommends the distribution of a dividend of €2.20 per common share, for a total of €16,438,796, from net profit for the 2018 financial year.

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

33. 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 €100m and hybrid capital totalling €25.3m, which was issued by PIAG in November 2014, to UBM by way of legal succession. The mezzanine capital and the hybrid capital was/are principally subject to ongoing interest. The mezzanine capital was repaid in two segments: €50m in December 2015 and the remaining €50m on 3 April 2018.

UBM is only required to pay interest on the hybrid capital when the payment of a dividend from annual profit is approved. If there is no such distribution from profit, UBM is not required to pay the accrued interest for one year. The interest is accumulated if UBM elects to waive payment, but must be paid as soon as the company's shareholders approve the distribution of a dividend from annual profit.

If the hybrid capital is cancelled by UBM, the subscribers are entitled to repayment of their investment in the hybrid capital plus accrued interest up to the cancellation date and any accumulated interest. The hybrid capital can only be repaid under the following circumstances: after the conclusion of proceedings pursuant to Section 178 of the Austrian Stock Corporation Act, at an amount equal to the planned repayment of equity as part of a capital increase in accordance with Section 149 et seq. of the Austrian Stock Corporation Act; or in connection with a capital adjustment.

The hybrid capital is classified as an equity instrument because the payments – interest as well as principal – must only be made under certain conditions whose occurrence can be caused or prevented by UBM and the Group can therefore permanently prevent payments. Interest payments, less any tax effects, and profit distributions are recorded directly in equity as a deduction.

The hybrid capital is held by PORR AG.

On 22 February 2018, UBM issued a deeply subordinated bond (hybrid bond) with a total volume of €100m and an annual coupon of 5.50%. The bond has an unlimited term with an early repayment option for the issuer after five years.

This hybrid bond is classified as an equity instrument because the payments – interest as well as principal – must only be made under certain conditions whose occurrence can be caused or prevented by UBM and the Group can therefore permanently prevent payments. Interest payments, less any tax effects, and profit distributions are recorded directly in equity as a deduction.

34. Provisions

in T€	Severance payments	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	Total
Balance as of 1 Jan 2018	1,942	3,647	175	103	1,387	1,496	8,750
Reclassification	12	-12	-	-	-	-	-
Transfer BKV[1]	-	-2,090	-	-	-	-	-2,090
Transfer	-	-	-3	-	-	-	-3
Initial consolidation/ deconsolidation	-	-	-	-	-	-2,620	-2,620
Additions	104	69	27	-	-	3,251	3,451
OCI additions	8	526	-	-	-	-	534
Amounts used	-140	-42	-9	-	-21	-943	-1,155
Amounts reversed	-	-	-	-50	-	-	-50
Balance as of 31 Dec 2018	**1,926**	**2,098**	**190**	**53**	**1,366**	**1,184**	**6,817**
of which non-current	1,926	2,098	190	53	1,366	1,015	6,648
of which current	-	-	-	-	-	169	169

[1] In 2018 the pension provision for a former member of the Management Board was transferred to an occupational group insurance plan managed by WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group; this led to a calculatory loss of T€29.

in T€	Severance payments	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	Total
Balance as of 1 Jan 2017	2,117	3,946	202	233	1,500	5,493	13,491
Currency adjustments	-	-	-	3	-	44	47
Additions	122	64	-8	-	-	851	1,029
OCI additions	-9	-271	-	-	-	-	-280
Amounts used	-288	-92	-19	-133	-113	-3,807	-4,452
Amounts reversed	-	-	-	-	-	-1,085	-1,085
Balance as of 31 Dec 2017	**1,942**	**3,647**	**175**	**103**	**1,387**	**1,496**	**8,750**
of which non-current	1,942	3,647	175	103	1,387	495	7,749
of which current	-	-	-	-	-	1,001	1,001

Collective agreements require UBM and its subsidiaries to pay their employees in Austria and Germany anniversary bonuses after a certain number of years with the company. The provision for anniversary bonuses was determined in accordance with the provisions of IAS 19. Information on the actuarial assumptions underlying these calculations is provided in the section on "Accounting and valuation methods".

The provisions for buildings involve obligations from guarantees. The category "other" includes provisions for impending losses and outstanding obligations from the acquisition of undeveloped land. The provisions for rental guarantees and impending losses are based on estimates for the filing of claims in one to two years.

Pension plans

Defined benefit plans

Provisions for severance compensation were recognised for wage and salaried employees who have claims to severance payments pursuant to the Austrian Salaried Employee Act, the Austrian Wage Employees Severance Payment Act or individual company agreements. Salaried employees whose employment is subject to Austrian law are entitled to severance compensation if the employment relationship is terminated when the employee reaches the statutory retirement age, in cases where employment began prior to 1 January 2003 and has continued for a specific period. The amount of the severance payment depends on the remuneration at the time of termination and the length of employment. These employee claims are therefore accounted for as claims under defined benefit pension plans, but are not covered by plan assets.

The provisions for severance payments developed as follows:

in T€	2018	2017
Present value of severance obligations (DBO) as of 1 Jan	1,942	2,117
Reclassification	12	-
Current service cost	72	89
Interest expense	32	33
Severance payments	-140	-288
Actuarial gains(-)/losses(+)	8	-9
of which demographic gains/losses	-14	-
of which financial gains/losses	-14	-99
of which gains/losses from experience-based adjustments	35	90
Present value of severance obligations (DBO) as of 31 Dec	**1,926**	**1,942**

in T€	2018	2017
Current service cost (entitlements)	72	89
Interest expense	32	33
Severance costs (recognised in profit and loss for the period)	**104**	**122**
Severance costs (recognised in comprehensive income for the period)	**8**	**-9**

UBM concluded a group insurance contract to finance these severance payment claims. The related coverage capital equalled T€1,684 as of 31 December 2018 (31 December 2017: T€0)

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". Current service cost of T€69 and interest expense of T€32 are planned for the 2019 financial year.

Pension commitments in the UBM Group only involve former members of the Management Board. As a rule, these pension commitments are individual defined benefit commitments. The amount of the pension entitlement is dependent on the person's number of years of service with the company.

Provision for pensions:

Reconciliation of pension obligations to the provision:

in T€	2018	2017
Present value of obligations covered by fund assets	4,541	7,156
Fair value of plan assets	-3,035	-4,131
Net value of obligations covered by fund assets	**1,506**	**3,025**
Present value of obligations not covered by fund assets	592	622
Carrying amount of provision as of 31 Dec	**2,098**	**3,647**

The pension provisions developed as follows:

in T€	2018	2017
Present value of pension obligations (DBO) as of 1 Jan	7,778	8,134
Reclassification	-12	-
Transfer BKV	-3,092	-
Interest expense	145	132
Pension payments	-275	-269
Actuarial gains(-)/losses(+)	589	-219
of which demographic gains/losses	444	-
of which financial gains/losses	-	-255
of which gains/losses from experience-based adjustments	146	36
Present value of pension obligations (DBO) as of 31 Dec	**5,133**	**7,778**

The obligations from the direct pension commitments are covered in part by insurance contracts concluded with WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group. In order to guarantee the pension entitlements of the insured employees from these corporate pension commitments, the claims from the insurance agreements have been pledged in favour of the insured employees. The pension plan reinsurance is held in an independent department of the cover pool for life insurance as defined in Section 20 Paragraph 2 (1) in connection with Section 78 of the Austrian Insurance Supervision Act.

The receivables of T€3,035 (2017: T€4,131) from reinsurance represent plan assets as defined in IAS 19 and were netted out against the present value of the pension obligations.

Development of plan assets:

in T€	2018	2017
Fair value of plan assets as of 1 Jan	4,131	4,188
Transfer BKV	-1,002	-
Interest income	76	68
Payouts (benefit payments)	-234	-177
Actuarial gains(+)/losses(-)	64	52
Fair value of plan assets as of 31 Dec	**3,035**	**4,131**

Pension costs (net):

in T€	2018	2017
Interest expense	69	64
Pension costs (recognised in profit/loss for the period)	**69**	**64**
Pension costs (recognised in comprehensive income for the period)	**526**	**-271**

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". A current service cost of T€0 and interest expense of T€95 are planned for the 2019 financial year.

The actuarial gains and losses related to severance and pension provisions in 2018 and 2017 consist primarily of experience-based adjustments.

According to WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, the part of plan assets under its management is invested as follows:

Structure of capital investments in classic cover pool in %	2018	2017
Fixed-interest securities	64.00	43.00
Shares, supplementary/mezzanine/participation capital	2.00	4.00
Investment funds	22.00	33.00
Affiliated and associated companies	3.00	6.00
Loans	6.00	9.00
Properties	2.00	4.00
Bank deposits	1.00	1.00
Total	**100.00**	**100.00**

The following table shows the average duration of the individual obligations:

	Maturity profile – DBO			DBO	Maturity profile – Cash			Cash
	1–5 years	6–10 years	10+ years	Duration	1–5 years	6–10 years	10+ years	Duration
Pensions	1,333	1,213	2,587	11.37	1,396	1,395	3,636	12.63
Severance payments	677	537	712	7.76	753	779	1,562	9.78

Defined contribution plans

Employees do not acquire any entitlements for severance compensation from their respective employer if their employment relationship is subject to Austrian law and commenced after 31 December 2002. For these employees, contributions equal to 1.53% of the wage or salary are made to an employee welfare fund. These contributions amounted to T€196 in 2018 (2017: T€184). Contributions totalling T€10 (2017: T€17) were made to a pension fund on behalf of the three Management Board members.

The UBM Group employees in Austria, Germany, Czech Republic, Poland and Hungary also belong to their respective national pension schemes, which are usually funded on a contribution basis. The Group is only required to pay the contributions as they become due. There is no legal or actual obligation to provide benefits.

35. Bonds

in T€	2018	2017
Balance as of 31 Dec	383,766	321,296
Adjustments due to initial application of IFRS 9	1,533	-
Balance as of 1 Jan	**385,299**	**321,296**
Issue	50,369	64,510
Redemption	-17,206	-19,732
Effective interest rate	15,994	17,692
Balance as of 31 Dec	**434,456**	**383,766**

On 16 November 2018, UBM issued a five-year corporate bond (UBM bond 2018–2023) with a total volume of €75m and an annual coupon of 3.125%. An exchange offer was made in connection with this new issue, which resulted in the exchange of a nominal amount of approximately €25m from the UBM bond 2014–2019 for the new UBM bond 2018–2023.

36. Financial liabilities

			Remaining term			
2018 in T€	Average effective interest rate in %	Total	< 1 year	> 1 year < 5 years	> 5 years	Of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	1.45–4.15	168,232	66,364	98,995	2,873	168,232
Borrowings and overdrafts from banks subject to interest at fixed rates	2.00	5,009	5,009	-	-	5,009
Borrowings from other lenders subject to interest at variable rates	4.50	19	19	-	-	-
Borrowings from other lenders subject to interest at fixed rates	1.00–10.00	14,452	1,885	11,717	850	-
Lease obligations subject to interest at variable rates	3.28–5.65	123	58	65	-	-
Obligations from derivatives	-	33	33	-	-	-
Total		**187,868**	**73,368**	**110,777**	**3,723**	**173,241**

2017 in T€	Average effective interest rate in %	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	1.45–3.60	154,536	68,848	82,255	3,433	154,536
Borrowings and overdrafts from banks subject to interest at fixed rates	2.00	1,453	-	1,453	-	1,453
Borrowings from other lenders subject to interest at variable rates	4.50	20	20	-	-	-
Borrowings from other lenders subject to interest at fixed rates	1.00–10.00	12,231	11,390	-	841	-
Lease obligations subject to interest at variable rates	0.89	1,072	156	402	514	-
Obligations from derivatives	-	-	-	-	-	-
Total		**169,312**	**80,414**	**84,110**	**4,788**	**155,989**

The following table shows the minimum lease payments for liabilities from finance leases, which only involve automobiles (2017: buildings):

in T€	2018 Nominal value	2018 Discount	2018 Present value	2017 Nominal value	2017 Discount	2017 Present value
Due within 1 year	62	4	58	164	8	156
Due within 1 to 5 years	69	4	65	425	23	402
Due after more than 5 years	-	-	-	519	5	514
Total	**131**	**8**	**123**	**1,108**	**36**	**1,072**

The Group's obligations from finance leases are secured by the lessor's retention of title to the leased assets.

37. Trade payables

in T€	2018	2017
Payables to third parties	93,661	70,763
Payables to consortiums	-	-
Total	**93,661**	**70,763**

All of the above liabilities are due during the following year.

38. Other financial liabilities

2018 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Payables to unconsolidated subsidiaries	2,359	2,359	-	-	-
Payables to companies accounted for at equity	10,668	10,668	-	-	-
Payables to other investments	50	50	-	-	-
Payables related to interest on bonds	3,912	3,912	-	-	-
Payables to staff	7,026	7,026	-	-	-
Miscellaneous	6,797	2,917	3,343	537	-
Total	**30,812**	**26,932**	**3,343**	**537**	**-**

2017 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Payables to unconsolidated subsidiaries	2,363	2,363	-	-	-
Payables to companies accounted for at equity	11,715	11,715	-	-	-
Payables related to interest on bonds	4,199	4,199	-	-	-
Payables to staff	7,133	7,133	-	-	-
Miscellaneous	9,180	5,064	4,116	-	-
Total	**34,590**	**30,474**	**4,116**	**-**	**-**

39. Other current liabilities

2018 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	2,055	2,055	-	-	-
Social security liabilities	338	338	-	-	-
Advances payments received	2,944	2,944	-	-	-
Miscellaneous	68	68	-	-	-
Total	**5,405**	**5,405**	**-**	**-**	**-**

2017 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	704	704	-	-	-
Social security liabilities	419	419	-	-	-
Advances payments received	80,689	80,689	-	-	-
Miscellaneous	50	50	-	-	-
Total	**81,862**	**81,862**	**-**	**-**	**-**

40. Taxes payable

Advance payments amounting to T€109 (2017: T€405) on corporate tax were offset against the related payment obligations, similar to the practice followed in previous years.

41. Contingent liabilities and guarantees

This position includes loan guarantees and guarantee declarations of T€103,781 (2017: T€132,477). Contingent liabilities for companies accounted for at equity amounted to T€88,893 (2017: T€115,395). These guarantees are not expected to be used.

Collateral provided
Project financing generally involves the provision of collateral by individual Group companies as security for loans and borrowings. Financing normally takes place at the individual project level, and each company is responsible for the respective debt service. Various types of security are available to the lenders as collateral for loans and borrowings, which can be drawn on to satisfy any loans or borrowings that are called. The securities pledged can involve the following collateral:

- Mortgages on properties
- Pledges of shares in the project company
- Pledges of rents receivable

The conditions, type and scope of the securities are agreed individually (for each project company) and are tied to the project volume and the amount and duration of the loans and borrowings.

Information on pledges of investment property is provided in note 19, while information on pledges of real estate inventories is provided in note 23.

42. Notes on segment reporting

Segment reporting is based on geographical regions in accordance with the internal organisational structure of the UBM Group. The individual development companies in a segment are combined into groups for the purpose of segment reporting. Each of these groups constitutes a business area for the UBM Group. The reconciliation of segment assets and liabilities involves, in particular, the elimination of intragroup receivables and liabilities.

Internal reporting is based on the IFRS amounts, which are generally adjusted for intragroup sales. UBM generates substantial revenue through the sale of real estate projects during the course of its business activities, but is not dependent on individual customers.

in T€	Germany 2018	Germany 2017	Austria 2018	Austria 2017
Total Output				
Administration	-	-	7,219	3,541
Hotel	118,861	57,291	22,927	97,834
Office	118,794	1,706	76,807	50,693
Other	21,063	24,363	50,602	41,812
Residential	51,388	7,366	112,886	47,807
Service	26,416	40,017	27,848	109,119
Total Output	**336,522**	**130,743**	**298,289**	**350,806**
Less revenue from associates and companies of minor importance and from performance companies	-113,114	-87,488	-216,802	-162,912
Changes in the portfolio	-1,760	19,361	26,412	4,673
Revenue	**221,648**	**62,616**	**107,899**	**192,567**
Administration	-	-	-4,441	3,500
Hotel	30,830	3,072	90	-9
Office	42,930	20,806	18,681	9,866
Other	-11,488	388	-355	-129
Residential	3,011	-263	6,086	1,867
Service	276	190	-612	3,323
Total EBT	**65,559**	**24,193**	**19,449**	**18,418**
of which: earnings from associates	23,413	9,774	12,393	2,544
Depreciation, amortisation and impairment	-282	-919	-395	-518
Interest income	3,517	1,342	6,773	6,245
Interest expense	-1,538	-1,326	-19,569	-12,209
Segment assets as of 31 Dec	**563,689**	**349,869**	**1,567,631**	**1,339,650**
of which: intangible assets, property, plant and equipment, and investment property	136,484	168,609	161,872	90,904
of which: associates	30,649	27,867	80,981	75,776
Segment liabilities as of 31 Dec	**414,836**	**274,514**	**899,880**	**749,216**
Investments in non-current assets and investment property	**120,844**	**65,589**	**143,140**	**79,309**
Staff	**228**	**293**	**139**	**134**

Poland		Other markets		Reconciliation		Group	
2018	2017	2018	2017	2018	2017	2018	2017
-	-	-	-	-	-	7,219	3,541
116,315	41,941	31,659	86,097	-	-	289,762	283,163
74,654	63,627	1,073	336	-	-	271,328	116,362
2,962	2,024	2,658	32,433	-	-	77,285	100,632
-	490	16,496	898	-	-	180,770	56,561
15,408	32,252	1,695	3,084	-	-	71,367	184,472
209,339	**140,334**	**53,581**	**122,848**	**-**	**-**	**897,731**	**744,731**
-64,296	-81,837	-31,876	-71,877	-	-	-426,088	-404,114
12,616	-	5,137	17	-	-	42,405	24,051
157,659	**58,497**	**26,842**	**50,988**	**-**	**-**	**514,048**	**364,668**
-	-	-	-	-	-	-4,441	3,500
4,985	7,488	-2,036	886	-	-	33,869	11,437
-5,009	722	-587	-1,164	-	-	56,015	30,230
-13,912	-1,299	-2,745	3,321	-	-	-28,500	2,281
-6,143	182	-3,130	-3,684	-	-	-176	-1,898
-642	1,714	-245	-313	-	-	-1,223	4,914
-20,721	**8,807**	**-8,743**	**-954**	**-**	**-**	**55,544**	**50,464**
-691	6,996	806	-2,845	-	-	35,921	16,469
-1,920	-1,771	-349	-619	-	-	-2,946	-3,827
54	150	45	41	-	-	10,389	7,778
-947	-4,604	-40	-1,246	-	-	-22,094	-19,385
251,715	**349,291**	**241,695**	**149,536**	**-1,390,075**	**-1,057,413**	**1,234,655**	**1,130,933**
122,838	133,677	83,382	32,075	-	-	504,576	425,265
3,040	14,179	1,100	682	-	-	115,770	118,504
262,666	**326,351**	**172,266**	**94,206**	**-951,309**	**-668,801**	**798,339**	**775,486**
9,534	**39,873**	**53,834**	**17,722**	**-**	**-**	**327,352**	**202,493**
206	**196**	**110**	**125**	**-**	**-**	**683**	**748**

The following information relates to the geographic countries in which the Group operates.

in T€	Revenue by customer base 2018	Revenue by customer base 2017
Austria	**107,899**	**192,567**
Germany	221,648	62,616
Poland	157,659	58,497
Other foreign	26,842	50,988
Total foreign	**406,149**	**172,101**
Total segments	**514,048**	**364,668**

43. Notes to the cash flow statement

The cash flow statement reports the cash flows classified by operating, investing and financing activities. Cash flow from operating activities is derived according to the indirect method. The components of cash and cash equivalents consist entirely of cash on hand and at banks over which the Group has free disposal and correspond to cash and cash equivalents as reported on the statement of financial position.

Cash flow from operating activities includes interest and dividends received as well as interest paid. In contrast, dividends paid are included under cash flow from financing activities.

The reconciliation of changes in cash flow from financing activities is as follows:

in T€	Financial liabilities	Lease obligations	Derivatives	Bonds	Total
Balance as of 1 Jan 2018	168,240	1,072	-	383,766	553,078
Cash flows (cash changes)	27,403	-134	33	50,369	77,671
Non-cash changes					
Sales/acquisitions of companies	-7,747	-865	-	-	-8,612
Additions	-	54	-	-	54
Exchange rate effects	-184	-4	-	-	-188
Accrued interest	-	-	-	321	321
Balance as of 31 Dec 2018	**187,712**	**123**	**33**	**434,456**	**622,324**

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

44. Notes on financial instrumentes

Capital risk management

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

The Group´s capital structure consists of debt, cash and cash equivalents and the equity attributable to shareholders of the parent.

Gearing

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

Gearing at year-end 2018 and 2017 is calculated as follows:

in T€	31 Dec 2018	31 Dec 2017
Debt[1]	622,324	553,078
Cash and cash equivalents	-200,447	-75,204
Net debt	**421,877**	**477,874**
Equity	**436,346**	**355,447**
Net debt to equity	96.68%	134.44%

[1] Debt is defined as the sum of non-current and current bonds and non-current and current financial liabilities.

Net debt totalled €421.9m as of 31 December 2018 (2017: €477.9m), which represents a year-on-year reduction of 11.72%.

The Group's overall strategy remains unchanged from the 2018 financial year.

Goals and methods of financial risk management

Primary financial assets consist, above all, of investments in companies accounted for at equity, project financing and other financial assets and trade receivables. Primary financial liabilities include bonds and other financial liabilities as well as trade payables.

Interest rate risk

Interest rate risk is defined as the risk of an increase in interest expense or a reduction in interest income. For UBM, this risk arises almost exclusively from a potential increase in the interest rates on variable interest financial liabilities, especially in the long-term range.

An analysis of the floating interest rate position, which equalled T€178,855 as of 31 December 2018 (2017: T€149,855), shows the following sensitivities under scenarios with an increase of 0.25 PP and 0.50 PP in interest rates. The extent of the increase in interest rates was derived from the average daily change in interest rates for the 3-month and 6-month EURIBOR in 2018. The interest rate range equalled 0 BP based on a probability of 67.00% and 1 BP based on a probability of 99.00%. The simulated impact on the interest rate positions is as follows:

in T€	Higher payable interest for 2019	Higher payable interest (p. a.) with straight-line extrapolation from 2020
At interest rate rise of 25 BP	209	453
At interest rate rise of 50 BP	419	907

The receivables from project financing are compounded at a rate which reflects the refinancing rate for the UBM Group. A change of 50 BP would increase interest income for 2019 by T€699 (2017: T€617).

Credit risk

Credit risk represents the risk of losses caused by the default of a business partner who is no longer able to meeting contractual payment obligations. It comprises default and country risks as well as any deterioration in the borrowers' credit standing. The credit risk for the real estate business arises from rental obligations. The default of a tenant and the resulting loss of rental payments reduce the present value of the respective real estate project. This risk is taken into account at the project level through expert opinions.

The risk related to receivables from customers can be classified as marginal due to the broad diversification and ongoing credit assessments. Information on project financing is provided in the following table on accumulated impairment losses for project financing.

The risk of default on the other primary financial instruments reported under assets in the statement of financial position is also considered low because the contract parties are financial institutions and other debtors with excellent credit ratings. The carrying amount of the financial assets represents the maximum risk of default. The identification of default risks on financial assets leads to the recognition of appropriate valuation allowances. No such allowance were recorded in 2018.

Foreign exchange risk

Interest and foreign currency risks are evaluated regularly by risk management. Market analyses and forecasts by well-known financial service providers are analysed and management is informed by regular reports.

Foreign exchange risk in the UBM Group is treated as transaction-oriented and results from financing for property development.

The foreign currency risks resulting from intragroup financing transactions and/or from loan financing for project companies were simulated as of 31 December 2018 to estimate the possible risks from changes in foreign exchange rates:

FX-position in T€	Local currency	FX position in local currency in thousand	VAR[1] in T€
-81,704	CZK	2,101,747	1,138
-16,849	HRK	124,893	113
-43	HUF	13,689	1
-167,611	PLN	720,964	3,535
-3,509	RON	16,365	38

[1] VAR = Value At Risk at a one-sided 99% confidence interval; this corresponds to a standard deviation of 2.3 over a time period of ten days. Any correlations between currency pairs are not included.

The simulated loss at a probability of 99.00% and over a period of ten days equals a maximum of €4.83m (2017: €8.98m).

Hedging of foreign currency risks
The UBM Group had concluded forward exchange contracts of T€8,490 as of 31 December 2018 (2017: T€0), which were used to hedge loans financed in euros.

As of 31 December 2018, the market valuation of open forward exchange contracts resulted in a fair value of T€33 (2017: T€0). Changes in the fair value of forward contracts resulted in income, including currency translation differences, of T€33 in 2018 (2017: T€36).

Derivative financial instruments
The following table shows the fair values of the derivative instruments, classified by inclusion/non-inclusion in a cash flow hedge in accordance with IAS 39.

in T€	2018	2017
Assets		
Derivatives		
without hedges	-	-
with hedges	-	-
Liabilities		
Derivatives		
without hedges	33	-
with hedges	-	-

Liquidity risk

in T €	Average interest rate	Undiscounted payment flows 2019	2020-2023	from 2024
Bonds at fixed interest rates	3.81%	108,565	381,591	-
Borrowings and overdrafts from banks at variable interest rates	2.02%	70,397	100,786	3,158
Borrowings and overdrafts from banks at fixed interest rates	2.00%	5,026	-	-
Payables to other lenders at variable interest rates	4.50%	20	-	-
Payables to other lenders at fixed interest rates	7.00%	1,901	12,404	1,197
Lease obligations at variable interest rates	4.29%	62	69	-
Liabilities from derivatives	interest-free	33	-	-
Trade payables	interest-free	93,661	-	-
Other financial liabilities	interest-free	26,932	3,343	537

in T €	Average interest rate	Undiscounted payment flows 2018	2019-2022	from 2023
Bonds at fixed interest rates	4.03%	19,770	432,909	-
Borrowings and overdrafts from banks at variable interest rates	2.21%	69,775	88,798	3,903
Borrowings and overdrafts from banks at fixed interest rates	2.00%	35	1,458	-
Payables to other lenders at fixed interest rates	7.00%	10,560	-	1,197
Lease obligations at variable interest rates	0.89%	164	425	519
Trade payables	interest-free	70,763	-	-
Other financial liabilities	interest-free	30,474	4,116	-

Liquidity risk represents the risk of being able to access funds at any time in order to settle existing liabilities. UBM defines precise financial forecasts as a key instrument for managing liquidity risk. These forecasts are prepared by every operating company and consolidated centrally. They are used to determine the requirements for financing and bank credit lines.

Credit financing is primarily related to real estate projects in progress whose development is not at risk from the current point of view.

Working capital financing is managed by UBM's corporate treasury unit. Companies with surplus funds make these funds available to companies which need liquidity. This reduces the volume of third-party financing and optimises net interest. It also minimises the risk that sufficient liquidity reserves may not be available to settle financial obligations on time.

In addition to previously contracted project financing, UBM had available credit lines of T€60,000 at its disposal as of 31 December 2018 (2017: T€43,000). Liquidity risk, in total, is therefore considered to be minimal.

Other price risks
The risk of price changes consists primarily of fluctuations in the market interest rate and market prices as well as changes in exchange rates.

UBM minimises the price risk related to rental income by generally indexing its rental agreements. All other service contracts are also indexed. The remaining price risk is immaterial for the UBM Group.

Carrying amounts, valuation and fair value

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2018	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 2018
Assets							
Project financing at variable interest rates	Amortised Cost	139,892	139,892	-	-	-	-
Other financial assets	Amortised Cost	2,907	2,907	-	-	Level 1	3,394
Other financial assets	FVTPL	1,913	-	-	1,913	Level 3	1,913
Other financial assets	FVTPL	823	-	-	823	Level 1	823
Trade receivables	Amortised Cost	48,658	48,658	-	-	-	-
Financial assets	Amortised Cost	15,542	15,542	-	-	-	-
Cash and cash equivalents	-	200,447	200,447	-	-	-	-
Liabilities							
Bonds at fixed interest rates	Amortised Cost	434,456	434,456	-	-	Level 1	449,329
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	168,232	168,232	-	-	-	-
at fixed interest rates	Amortised Cost	5,009	5,009	-	-	Level 3	5,007
Other loans and borrowings							
at variable interest rates	Amortised Cost	19	19	-	-	-	-
at fixed interest rates	Amortised Cost	14,452	14,452	-	-	Level 3	14,423
Lease liabilities	-	123	123	-	-	-	-
Trade payables	Amortised Cost	93,661	93,661	-	-	-	-
Other financial liabilities	Amortised Cost	30,812	30,812	-	-	-	-
Derivatives (excl. hedges)	FVTPL	33	33	-	-	-	-
By category							
Financial assets at amortised cost	Amortised Cost	206,999	206,999	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,736	-	-	2,736	-	-
Cash and cash equivalents	-	200,447	200,447	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	746,641	746,641	-	-	-	-
Financial liabilities at fair value through profit or loss	FVTPL	33	33	-	-	-	-

in T€	Measurement category (IAS 39)	Carrying amount as of 31 Dec 2017	Measurement in acc. with IAS 39: (Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 31 Dec 2017
Assets							
Project financing at variable interest rates	LaR	123,479	123,479	-	-	-	-
Other financial assets	HtM	2,907	2,907	-	-	Level 1	3,405
Other financial assets	AfS (at cost)	1,793	1,793	-	-	-	-
Other financial assets	AfS	901	-	901	-	Level 1	901
Trade receivables	LaR	46,804	46,804	-	-	-	-
Financial assets	LaR	14,685	14,685	-	-	-	-
Cash and cash equivalents	-	75,204	75,204	-	-	-	-
Liabilities							
Bonds at fixed interest rates	FLAC	383,766	383,766	-	-	Level 1	407,000
Borrowings and overdrafts from banks							
at variable interest rates	FLAC	154,536	154,536	-	-	-	-
at fixed interest rates	FLAC	1,453	1,453	-	-	Level 3	1,448
Other loans and borrowings							
at variable interest rates	FLAC	20	20	-	-	-	-
at fixed interest rates	FLAC	12,231	12,231	-	-	Level 3	11,277
Lease liabilities	-	1,072	1,072	-	-	-	-
Trade payables	FLAC	70,763	70,763	-	-	-	-
Other financial liabilities	FLAC	34,590	34,590	-	-	-	-
By category							
Loans and receivables	LaR	184,968	184,968	-	-	-	-
Held to maturity	HtM	2,907	2,907	-	-	-	-
Available-for-sale financial assets	AfS (at cost)	1,793	1,793	-	-	-	-
Available-for-sale financial assets	AfS	901	-	901	-	-	-
Cash and cash equivalents	-	75,204	75,204	-	-	-	-
Financial liabilities measured at amortised cost	FLAC	657,359	657,359	-	-	-	-

The carrying amount of financial instruments represents a reasonable approximation of fair value, as defined in IFRS 7.29, with the exception of the following items in 2018: financial assets classified at amortised cost, fixed-interest bonds (fair value hierarchy level 1), fixed-interest liabilities due to financial institutions (fair value hierarchy level 3) and other fixed-interest financial liabilities (fair value hierarchy level 3).

The exceptions in 2017 involved financial assets classified as held to maturity and available for sale (fair value hierarchy level 1) and fixed-interest bonds (fair value hierarchy level 1) as well as fixed-interest liabilities due to financial instutions and other fixed-interest financial liabilities (fair value hierarchy level 3).

The fair value measurement of bonds is based on the prevailing market prices. Liabilities from bank loans and overdrafts and other financial assets are valued under the discounted cash flow method, whereby the zero coupon yield curve published by Reuters as of 31 December 2018 was used to discount the cash flows.

Net income by measurement category

in T€	From interest	From dividends	From subsequent measurement	Net income 2018
Financial assets at amortised cost	10,295	-	-6,624	3,671
Financial assets at fair value through profit or loss FVTPL	-72	35	-2,400	-2,437
Financial liabilities at amortised cost	-21,955	-	-5,401	-27,356
Financial liabilities at fair value through profit or loss FVTPL	-	-	-	-

in T€	From interest	From dividends	From subsequent measurement	Net income 2017
Loans and receivables LaR	7,678	-	4,779	12,457
Held to maturity HtM	87	-	-	87
Financial liabilities measured at amortised cost FLAC	-19,143	-	17,640	-1,503

in T€	2018	2017
Accumulated write-downs		
Balance as of 1 Jan	5,630	10,409
Amortisation and impairment	5,130	8
Appreciation	-2,148	-4,787
Use	-162	-
Balance as of 31 Dec	**8,450**	**5,630**

45. Average number of employees

	2018	2017
Salaried and wage employees		
Domestic	139	134
Foreign	544	614
Total staff	**683**	**748**
of which salaried employees	510	526
of which wage employees	173	222
Total fully consolidated	**683**	**748**

46. Related party disclosures

Transactions between Group companies included in the consolidated financial statements were eliminated during the consolidation and are not discussed further. Transactions between Group companies and their equity-accounted companies are related primarily to project development and construction management as well as originated loans and the related interest charges, and are disclosed in the following analysis.

in T€ Companies accounted for at equity	Sale of goods and services		Purchase of goods and services		Receivables		Liabilities	
	2018	2017	2018	2017	2018	2017	2018	2017
Joint ventures	62,540	54,300	2,346	1,953	138,729	128,420	8,955	10,005
of which: from financing	7,462	5,956	-	-	117,170	97,342	-	-
Associated companies	34	65	15	-	7,527	1,600	1,713	1,710
of which: from financing	8	5	-	-	6,819	652	-	-

Transactions with related parties
In addition to companies accounted for at equity, related parties as defined in IAS 24 include PORR AG and its subsidiaries as well as companies in the IGO-Ortner Group and Strauss Group because they and/or their controlling bodies have significant influence over UBM due to the existing syndicate.

Transactions in 2018 between companies included in the UBM Group's consolidated financial statements and member companies of the PORR Group companies primarily relate to construction services.

One company purchased land from the PORR Group. The purchase price of T€4,400 was paid in cash.

UBM repaid the mezzanine capital of €50m to PORR AG on 3 April 2018.

In addition, interest totalling T€5,589 was paid to PORR AG for the mezzanine capital and hybrid capital in 2018 (2017: T€4,770).

in T€	Sale of goods and services 2018	Sale of goods and services 2017	Purchase of goods and services 2018	Purchase of goods and services 2017	Receivables 2018	Receivables 2017	Liabilities 2018	Liabilities 2017
PORR Group	5,441	6,918	100,458	96,549	2,061	830	5,434	6,504
of which: from financing	-	-	-	1,322	-	-	-	-
IGO-Ortner Group	112	41	15,581	25,814	-	3	7,197	3,720
Strauss Group	479	9	-	100	-	-	-	-
Other	455	572	178	26	-	677	-	-

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

The Management Board of UBM compiled these consolidated financial statements and released them to the Supervisory Board on 3 April 2019. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating or withholding its approval.

48. Other disclosures

The fees charged by the auditor in 2018 include T€85 (2017: T€85) for the audit of the consolidated financial statements, T€354 (2017: T€70) for other assurance services and T€95 (2017: T€101) for miscellaneous services. The miscellaneous services consist primarily of services related to the issue of comfort letters and other consulting activities. The other consulting activities cover the review of the half-year financial statements and audit work for subsidiaries.

49. Executive bodies

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

in T€	Management Board remuneration, fixed	Management Board remuneration, variable[1]	Non-cash benefits	Pension fund/ severance payments	Total 2018
Management Board remuneration 2018					
Thomas G. Winkler	540	360	12	13	925
Martin Löcker	300	200	11	18	529
Patric Thate	300	200	9	6	515
Total	**1,140**	**760**	**32**	**37**	**1,969**
of which: short-term benefits due	1,140	760	32	-	1,932
of which: compensation related to the termination of the Management Board employment contract	-	-	-	37	37
Supervisory Board remuneration 2018	**-**	**-**	**-**	**-**	**169**

[1] Expected variable remuneration for 2018, payable in 2019

in T€	Management Board remuneration, fixed	Management Board remuneration, variable[1]	Non-cash benefits	Pension fund/ severance payments	Total 2017
Management Board remuneration 2017					
Thomas G. Winkler	450	300	12	10	772
Martin Löcker	300	200	11	18	529
Patric Thate	150	100	3	2	255
Claus Stadler	200	200	6	5	411
Michael Wurzinger	292	500[2]	8	14	814
Total	**1,392**	**1,300**	**40**	**49**	**2,781**
of which: short-term benefits due	1,392	1,300	40	-	2,732
of which: compensation related to the termination of the Management Board employment contract	-	-	-	49	49
Supervisory Board remuneration 2017	**-**	**-**	**-**	**-**	**173**

[1] Expected variable remuneration for 2017, payable in 2018
[2] Special bonus of T€200 and annual bonus of T€300

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

A provision of T€1,067, after deduction of the available securities coverage, exists for pension payments to a former Management Board member (2017: two Management Board members, T€4,301).

In 2018 the pension provision of T€2,090 for a former member of the Management Board was transferred to an occupational group insurance plan managed by WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group; this led to a calculatory loss of T€29.

There are no provisions for severance payments to former or current Management Board members.

No loans or advances were granted to members of the Management Board.

A total of 236,300 (2017: 261,300) potential shares were granted to the members of the Management Board under the Long-Term Incentive Programme 2017 (LTIP) (see note 16). Of the total expenses for the LTIP, T€597 (2017: T€298) are related to the Management Board.

Members of the Management Board:
Thomas G. Winkler, Chairman
Martin Löcker
Patric Thate

Members of the Supervisory Board:
Karl-Heinz Strauss, Chairman
Iris Ortner, Deputy Chairman
Christian B. Maier
Klaus Ortner
Ludwig Steinbauer
Paul Unterluggauer
Bernhard Vanas
Susanne Weiss
Johann Kaller
Martin Kudlicska
Hannes Muster
Günter Schnötzinger

Vienna, 3 April 2019

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Investments

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation	Capital share in % direct (31.12.2017)	Capital share in % indirect (31.12.2017)	Type of consolidation
Subsidiaries									
"Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	F	90.00	100.00	F
"UBM 1" Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	F	100.00	100.00	F
Aiglhof Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	F	100.00	100.00	F
Bahnhofcenter Entwicklungs-, Errichtungs- und Betriebs GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	100.00	F	0.00	100.00	F
Baranygasse Wohnen GmbH	AT	EUR	Vienna	0.00	100.00	F			
BMU Beta Liegenschaftsverwertung GmbH	AT	EUR	Vienna	50.00	100.00	F	50.00	100.00	F
CM Wohnungsentwicklungs GmbH	AT	EUR	Vienna	94.00	100.00	F	94.00	100.00	F
COLDBEE GmbH & Co KG	AT	EUR	Vienna	0.00	70.00	F			
Donauhof Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	90.60	F			
Donauhof Management GmbH	AT	EUR	Vienna	0.00	90.00	F			
Dorfschmiede St. Johann Immobilien GmbH	AT	EUR	Vienna	90.00	100.00	F	90.00	100.00	F
Emiko Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U
Emiko Beteiligungsverwaltungs GmbH & Co. KG	AT	EUR	Kematen in Tirol				0.00	100.00	F
EPS Dike West-IBC GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS Haagerfeldstraße – Business. Hof Leonding 2 Errichtungs- und Verwertungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS Höhenstraße Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	F	0.00	100.00	F
EPS Immobilienmanagement GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	U	0.00	100.00	U
EPS Immobilienmanagement "Schützenwirt" GmbH & CO KG	AT	EUR	Innsbruck	0.00	100.00	F	0.00	100.00	F
EPS MARIANNE-HAINISCH-GASSE – LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS MARIANNE-HAINISCH-GASSE – LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS Office Franzosengraben GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F

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EPS Office Franzosengraben GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS RINNBÖCKSTRASSE – LITFASS-STRASSE Liegenschafts-verwertungs- und Beteiligungs-verwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS RINNBÖCKSTRASSE – LITFASS-STRASSE Liegenschafts-verwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS Welser Straße 17 – Business. Hof Leonding 1 Errichtungs- und Beteiligungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
EPS Welser Straße 17 – Business. Hof Leonding 1 Errichtungs- und Beteiligungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Gepal Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Gevas Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Golera Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
GORPO Projektentwicklungs- und Errichtungs-GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Gospela Beteiligungs-verwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
IBC Business Center Entwicklungs- und Errichtungs-GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	100.00	F	0.00	100.00	F
Impulszentrum Telekom Betriebs GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	30.00	100.00	F	30.00	100.00	F
Jandl Baugesellschaft m.b.H.	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	100.00	F	0.00	100.00	F
Logistikpark Ailecgasse GmbH	AT	EUR	Vienna	100.00	100.00	F	100.00	100.00	F
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	F	90.00	100.00	F
MLSP Absberggasse Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
ML-ZENTRAL Liegenschafts-verwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
MultiStorage GmbH	AT	EUR	Salzburg				0.00	75.00	U
MultiStorage GmbH & Co KG	AT	EUR	Salzburg				0.00	75.00	F
MySky Verwertungs GmbH & Co. OG	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
PII LBS 43 GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Porr – living Solutions GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Projekt Ost – IBC Business Center Entwicklungs- und Errichtungs-GmbH & Co KG	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	100.00	F	0.00	100.00	F

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QBC Epsilon SP Immomanagement GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
QBC Immobilien GmbH & Co Epsilon KG	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Rainbergstraße – Immobilienprojektentwicklungs GmbH	AT	EUR	Vienna	99.00	100.00	F	99.00	100.00	F
RBK Wohnbau Projektentwicklung GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Sabimo Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Sabimo Liebenauer Hauptstraße GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
SAINTE CHIONIA GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	F			
Sarium Beteiligungsverwaltungs GmbH & Co. „Office Provider" OG	AT	EUR	Vienna				0.00	100.00	F
SFZ Freizeitbetriebs-GmbH & Co KG	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	100.00	F	0.00	100.00	F
SFZ Immobilien GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	100.00	U	0.00	100.00	U
SFZ Immobilien GmbH & Co KG	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	100.00	F	0.00	100.00	F
Somax Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
SP Graumanngasse 8–10 Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
St. Peter-Straße 14–16 Liegenschaftsverwertung Ges.m.b.H.	AT	EUR	Vienna	50.00	100.00	F	50.00	100.00	F
sternbrauerei-riedenburg revitalisierung gmbh	AT	EUR	Vienna	99.00	99.00	F	99.00	99.00	F
UBM - Satteins Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	F			
UBM Beteiligungsmanagement GmbH	AT	EUR	Vienna	100.00	100.00	F	100.00	100.00	F
UBM CAL Projekt GmbH	AT	EUR	Vienna	100.00	100.00	F			
UBM CAL Projekt GmbH & Co KG	AT	EUR	Vienna	94.00	100.00	F			
UBM Development AG & Co. Muthgasse Liegenschaftsverwertung OG	AT	EUR	Vienna				100.00	100.00	U
UBM Development Österreich GmbH	AT	EUR	Vienna	99.96	100.00	F	99.96	100.00	F
UBM Seevillen Errichtungs-GmbH	AT	EUR	Vienna	100.00	100.00	F	100.00	100.00	F
WA Bad Häring Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	F			
WA Terfens-Roan Immobilien GmbH	AT	EUR	Kematen in Tirol	0.00	100.00	F			

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WLB Projekt Laaer Berg Liegenschaftsverwertungs- und Beteiligungs-GmbH	AT	EUR	Vienna	0.00	100.00	F	0.00	100.00	F
Wohnpark Laaer Berg Verwertungs- und Beteiligungs-GmbH & Co. Bauplatz 4 „blau" Projekt-OG	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U
UBM Development Bulgaria EOOD	BG	BGN	Sofia	100.00	100.00	F	100.00	100.00	F
ANDOVIEN INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	F	100.00	100.00	F
DICTYSATE INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	F	100.00	100.00	F
AC Offices Klicperova s.r.o.	CZ	CZK	Prague	0.36	100.00	F	0.36	100.00	F
Immo Future 6 – Crossing Point Smichov s.r.o.	CZ	CZK	Prague	20.00	100.00	F	20.00	100.00	F
Na Záhonech a.s.	CZ	CZK	Prague	30.12	100.00	F	30.12	100.00	F
Paleva s.r.o.	CZ	CZK	Prague	0.00	100.00	F			
RE Moskevská spol.s.r.o.	CZ	CZK	Prague	0.00	100.00	F	0.00	100.00	F
TOSAN park a.s.	CZ	CZK	Prague	100.00	100.00	F	100.00	100.00	F
UBM – Bohemia 2 s.r.o.	CZ	CZK	Prague	100.00	100.00	F	100.00	100.00	F
UBM Development Czechia s.r.o.	CZ	CZK	Prague	100.00	100.00	F	100.00	100.00	F
UBM Košík s.r.o.	CZ	CZK	Prague	100.00	100.00	F			
ALBA BauProjektManagement GmbH	DE	EUR	Oberhaching	0.00	100.00	F	0.00	100.00	F
Arena Boulevard GmbH & Co. KG	DE	EUR	Berlin	0.00	94.00	F	0.00	94.00	F
Arena Boulevard Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Baubergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	F			
Baubergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	100.00	U			
BERMUC Hotelerrichtungs GmbH	DE	EUR	Munich	94.00	94.00	F	94.00	94.00	F
Blitz 01 – 815 GmbH	DE	EUR	Munich	100.00	100.00	F	100.00	100.00	F
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DE	EUR	Munich	0.00	100.00	F	0.00	100.00	F
City Objekte München GmbH	DE	EUR	Munich	0.00	90.00	F	0.00	90.00	F
City Tower Vienna Grundstücksentwicklungs- und Beteiligungs-GmbH in Liqu.	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Colmarer Straße GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	F			
Colmarer Straße Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U			
Friendsfactory Projekte GmbH	DE	EUR	Munich	0.00	55.00	F	0.00	55.00	F

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GeMoBau Gesellschaft für modernes Bauen mbH	DE	EUR	Berlin	0.00	94.00	U	0.00	94.00	U
HPG Hirschgarten GmbH	DE	EUR	Munich				0.00	100.00	F
HPG Klosterstraße GmbH	DE	EUR	Munich				0.00	100.00	F
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DE	EUR	Munich	0.00	100.00	F	0.00	100.00	F
Kühnehöfe Hamburg GmbH & Co. KG	DE	EUR	Munich	0.00	62.99	F	0.00	80.00	F
Kühnehöfe Hamburg Komplementär GmbH	DE	EUR	Munich	0.00	80.00	U	0.00	100.00	U
Leuchtenbergring Hotelbetriebsgesellschaft mbH	DE	EUR	Munich				0.00	100.00	F
Mainz Zollhafen Hotel GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	F	0.00	100.00	F
Mainz Zollhafen Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Mainzer Landstraße Hotelbetriebs GmbH	DE	EUR	Munich				0.00	100.00	F
MG Brehmstrasse BT C GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	F	0.00	100.00	F
MG Projekt-Sendling GmbH	DE	EUR	Munich	0.00	100.00	F	0.00	100.00	F
MG Sendling Hotelbetriebsgesellschaft mbH	DE	EUR	Munich				0.00	100.00	F
MG-Brehmstrasse BT C GmbH	DE	EUR	Munich	100.00	100.00	F	100.00	100.00	F
MG-Brehmstrasse BT C Komplementär GmbH	DE	EUR	Munich	100.00	100.00	F	100.00	100.00	F
MG-Dornach Bestandsgebäude GmbH	DE	EUR	Munich	100.00	100.00	F	100.00	100.00	F
MGO I Development GmbH & Co.KG	DE	EUR	Berlin	0.00	100.00	F	0.00	50.00	E/G
MGO II Development GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	F	0.00	50.00	E/G
Münchner Grund Riem GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Oben Borgfelde Projekt GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	F			
Oben Borgfelde Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U			
Schloßhotel Tutzing GmbH	DE	EUR	Starnberg	0.00	94.00	F	0.00	94.00	F
SIL Realinvest GmbH	DE	EUR	Munich	0.00	100.00	F			
SONUS City GmbH & Co. KG	DE	EUR	Berlin	0.00	84.00	F	0.00	84.00	F
SONUS City Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
SONUS II Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Stadtgrund Bauträger GmbH	DE	EUR	Berlin	100.00	100.00	F	100.00	100.00	F
Top Office Munich GmbH	DE	EUR	Grünwald, Munich municipality	0.00	100.00	F	0.00	100.00	F
UBM Development Deutschland GmbH	DE	EUR	Munich	94.00	94.00	F	94.00	94.00	F

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UBM Invest Deutschland GmbH	DE	EUR	Munich	100.00	100.00	F	100.00	100.00	F
UBM Holding Deutschland GmbH	DE	EUR	Munich	100.00	100.00	F			
UBM hotels München GmbH	DE	EUR	Munich				0.00	100.00	F
UBM Leuchtenbergring GmbH	DE	EUR	Munich	100.00	100.00	F	100.00	100.00	F
Unterbibergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	F			
Unterbibergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	100.00	U			
Sitnica drustvo s ogranicenom odgovornoscu za usluge	HR	HRK	Samobor	0.00	100.00	F	0.00	100.00	F
UBM d.o.o. za poslovanje nekretninama	HR	HRK	Zagreb	100.00	100.00	F	100.00	100.00	F
Gamma Real Estate Ingtalanfejlesztö és – hasznositó Korlátolt Felelösségü Társaság	HU	HUF	Budapest	0.00	100.00	F	0.00	100.00	F
UBM Development Hungary Korlátolt Felegösségü Társaság	HU	HUF	Budapest	100.00	100.00	F	100.00	100.00	F
UBM Development Netherlands B.F.	NL	EUR	Amsterdam	100.00	100.00	F	100.00	100.00	F
UBM Hotel Zuidas B.F.	NL	EUR	Amsterdam				0.00	100.00	F
UBM Kneuterdijk B.F.	NL	EUR	Amsterdam	0.00	100.00	F			
„GF Ramba" Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw				0.00	100.00	F
„UBM Residence Park Zakopianka" Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	F	100.00	100.00	F
„UBM-HPG" Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow				0.00	100.00	F
Bartycka Real Estate Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
FMZ Gdynia Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	70.30	100.00	F	70.30	100.00	F
FMZ Lublin Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	70.00	F	0.00	70.00	F
FMZ Sosnowiec Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	55.00	F	0.00	55.00	F
Ligustria 12 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
Oaza Kampinos Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
PBP IT-Services Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
Poleczki Development Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
Poleczki Lisbon Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
Poleczki Madrid Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	F	0.00	99.00	F

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Poleczki Parking House Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	F	0.00	99.00	F
Poplar Company Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
POPLAR COMPANY Spólka z ograniczona odpowiedzialnoscia Spólka Komandytowa	PL	PLN	Warsaw				0.00	100.00	F
UBM Development Polska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	100.00	100.00	F	100.00	100.00	F
UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	PL	PLN	Warsaw	100.00	100.00	F	100.00	100.00	F
UBM Hotel Granary Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
UBM Hotel Twarda Spółka z ograniczoną odpowiedzialnością	PL	PLN	Warsaw				0.00	99.00	F
UBM Mogilska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
UBM Nowy Targ Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
UBM RIWIERA 2 Spólka z ograniczona odpowiedzialnoscia BIS Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
UBM Twarda Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	F	0.00	100.00	F
UBM Zielone Tarasy Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	F	100.00	100.00	F
Yavin BIS Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	F			
Yavin Holding Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	F			
Yavin Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Poznan	0.00	100.00	F	0.00	100.00	F
Lamda Imobiliare SRL	RO	RON	Bucharest	0.00	100.00	F	0.00	100.00	F
M Logistic Distribution S.R.L.	RO	RON	Bucharest	100.00	100.00	F	100.00	100.00	F
UBM Development Romania s.r.l.	RO	RON	Bucharest	99.15	100.00	F	99.15	100.00	F
UBM Development Slovakia s.r.o.	SK	EUR	Bratislava	100.00	100.00	F			
UBM Koliba s.r.o.	SK	EUR	Bratislava	100.00	100.00	F	100.00	100.00	F
Tovarystvo z obmezhenoju vidpovidalnistu „UBM Ukraine“	UA	UAH	Kiev	100.00	100.00	U	100.00	100.00	U

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Associated companies									
ASA - Projektentwicklung - GmbH	AT	EUR	Vienna	0.00	49.35	E/A	0.00	49.35	E/A
CCG Immobilien GmbH	AT	EUR	Werndorf	0.00	50.00	E/A	0.00	24.90	E/A
Ehrenhausen Bauträger GmbH	AT	EUR	Bad Gleichenberg	0.00	30.00	E/A	0.00	30.00	E/A
Glamas Beteiligungsverwaltungs GmbH & Co „Beta" KG	AT	EUR	Vienna	0.00	26.67	E/A	0.00	26.67	E/A
LiSciF Muthgasse GmbH & Co KG	AT	EUR	Vienna	0.00	26.67	E/A	0.00	26.67	E/A
Palais Hansen Immobilienentwicklung GmbH	AT	EUR	Vienna	0.00	33.57	E/A	0.00	33.57	E/A
Soleta Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	26.67	U	0.00	26.67	U
CAMG Zollhafen HI IV V GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	49.90	E/A	0.00	49.90	E/A
CAMG Zollhafen HI IV V Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	49.90	U	0.00	49.90	U
German Hotel Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	47.00	U	0.00	47.00	U
Joint ventures									
CCG Nord Projektentwicklung GmbH	AT	EUR	Werndorf	0.00	50.00	U	0.00	50.00	U
CCG Nord Projektentwicklung GmbH & Co KG	AT	EUR	Werndorf	0.00	50.00	E/G	0.00	50.00	E/G
FWUBM Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
FWUBM Services GmbH	AT	EUR	Vienna	50.00	50.00	E/G			
Hessenplatz Hotel- und Immobilienentwicklung GmbH	AT	EUR	Vienna				50.00	50.00	E/G
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Jochberg	0.00	50.00	U	0.00	50.00	U
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Jochberg	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Jochberg Kitzbüheler Straße Hotelbetriebs GmbH	AT	EUR	Jochberg				0.00	50.00	E/G
Karlauerstraße 57 Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Karlauerstraße 57 Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	71.80	E/G	0.00	71.80	E/G
Kelsenstraße 5 Immobilien GmbH	AT	EUR	Vienna	0.00	50.00	U			

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation	Capital share in % direct (31.12.2017)	Capital share in % indirect (31.12.2017)	Type of consolidation
Kelsenstraße 5 Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	47.00	E/G			
Kelsenstraße 7 Immobilien GmbH	AT	EUR	Vienna	0.00	50.00	U			
Kelsenstraße 7 Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	47.00	E/G			
Murgalerien Errichtungs- und Verwertungs-GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	50.00	E/G	0.00	50.00	E/G
Muthgasse Alpha Holding GmbH	AT	EUR	Vienna				0.00	47.06	E/G
Nordbahnhof-Vierte Wohnungs-GmbH	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
PEM Projektentwicklung Murgalerien GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00	50.00	U	0.00	50.00	U
QBC Alpha SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
QBC Gamma SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
QBC Immobilien GmbH	AT	EUR	Vienna	0.00	78.98	E/G	0.00	78.98	E/G
QBC Immobilien GmbH & Co Alpha KG	AT	EUR	Vienna	0.00	67.10	E/G	0.00	67.10	E/G
QBC Immobilien GmbH & Co Omega KG	AT	EUR	Vienna	0.00	67.10	E/G	0.00	67.10	E/G
QBC Immobilien GmbH & Co Zeta KG	AT	EUR	Vienna	0.00	80.24	E/G	0.00	80.24	E/G
QBC Omega SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
Rankengasse 28 Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Rankengasse 28 Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	71.80	E/G	0.00	71.80	E/G
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungsgesellschaft mbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungsgesellschaft mbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Seeresidenz am Wolfgangsee Bauträger GmbH	AT	EUR	Vienna				0.00	45.00	E/G
Seeresidenz am Wolfgangsee Beteiligungsverwaltung GmbH	AT	EUR	Vienna	0.00	45.00	E/G	0.00	45.00	E/G
Seeresidenz am Wolfgangsee Projektentwicklungs- und Errichtungs GmbH	AT	EUR	Vienna	0.00	45.00	U	0.00	45.00	U
Storchengrund GmbH in Liqu.	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
UBM hotels Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	100.00	100.00	F
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AT	EUR	Vienna	26.67	80.00	E/G	26.67	80.00	E/G
WA Kufstein Salurnerstraße Immobilen GmbH	AT	EUR	Kematen in Tirol	0.00	75.00	E/G	0.00	75.00	E/G

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation	Capital share in % direct (31.12.2017)	Capital share in % indirect (31.12.2017)	Type of consolidation
Wohnanlage Andritz – Stattegger Straße 2 GmbH	AT	EUR	Graz	0.00	51.00	E/G	0.00	51.00	E/G
Wohnanlage EZ 208 KG Andritz GmbH	AT	EUR	Graz	0.00	51.00	E/G	49.00	100.00	F
Wohnanlage Geidorf – Kahngasse GmbH	AT	EUR	Graz	50.00	50.00	E/G	50.00	50.00	E/G
Grafická 1 s.r.o.	CZ	CZK	Prague	50.00	50.00	E/G	50.00	50.00	E/G
ACC Berlin Konferenz Betriebs GmbH in Liqu.	DE	EUR	Berlin	50.00	50.00	E/G	50.00	50.00	E/G
Anders Wohnen GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
AVALERIA Beteiligungsgesellschaft mbH	DE	EUR	Dusseldorf	0.00	40.00	U			
AVALERIA Hotel HafenCity GmbH & Co. KG	DE	EUR	Dusseldorf	0.00	37.92	E/G			
CentralTower Berlin GmbH	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel II Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
German Hotel III Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
German Hotel Invest II GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest III GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest IV GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel IV Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
Lilienthalstraße Wohnen GmbH Münchner Grund und Baywobau	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam I GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
MGR Thulestraße GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGR Thulestraße Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
Obersendlinger Grund GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	30.00	E/G	0.00	30.00	E/G
Obersendlinger Grund Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	30.00	U	0.00	30.00	U
UBX 1 Objekt Berlin GmbH	DE	EUR	Munich	50.00	50.00	E/G	50.00	50.00	E/G
HOTEL PARIS II S.A.R.L.	FR	EUR	Marne la Vallée	50.00	50.00	E/G	50.00	50.00	E/G
UBX Development (France) Societé par actions simplifiée	FR	EUR	Magny le Hongre Cedex 4	50.00	50.00	E/G	50.00	50.00	E/G
Hotelinvestments (Luxembourg) S.à r.l.	LU	EUR	Luxembourg	50.00	50.00	U	50.00	50.00	U
Styria B.F.	NL	EUR	Amsterdam	0.00	50.00	E/G	0.00	50.00	E/G

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation	Capital share in % direct (31.12.2017)	Capital share in % indirect (31.12.2017)	Type of consolidation
"POLECZKI BUSINESS PARK" SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA W LIKWIDACJI	PL	PLN	Warsaw				50.00	50.00	E/G
"SOF Hotel Operations" Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	0.00	50.00	E/G	0.00	50.00	E/G
Berlin Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Lanzarota Investments Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	34.00	50.00	E/G	34.00	50.00	E/G
Poleczki Amsterdam Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Poleczki Vienna Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Sienna Hotel Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw				31.55	50.00	E/G
SOF DEBNIKI DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	PL	PLN	Krakow				0.00	50.00	E/G
Warsaw Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Other investments									
STRAUSS & CO. Development GmbH	DE	EUR	Berlin	0.00	6.00	U	0.00	6.00	U
ZAO "AVIELEN A.G."	RU	RUB	St. Petersburg	0.00	10.00	U	0.00	10.00	U

Key:
F = fully consolidated company
E/A = associated company accounted for at equity
E/G = joint venture accounted for at equity
U = company of minor importance

Auditor's Report

Report on the Consolidated Financial Statements

Audit opinion
We have audited the consolidated financial statements of UBM Development AG, Vienna, and of its subsidiaries (UBM Group) comprising the consolidated statement of financial position as of 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in Group equity and the consolidated cash flow statement for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of 31 December 2018 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and in accordance with Austrian Generally Accepted Accounting Principles, particularly § 245a UGB.

Basis for opinion
We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and in accordance with IESBA Code of Ethics and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following describes the key audit matters, which in our view are the most significant:

1. Valuation of real estate assets

2. Valuation of shareholdings in companies accounted for under the equity method and project financing

1. Valuation of real estate assets

Situation and reference to further information
The majority of assets of the group is invested in real estate in the balance sheet items property plant and equipment, investment property, inventories and non-current assets held for sale as well as trade receivables. These balance sheet items total a real estate value amounting to approximately €716m, which sums up to 58% of the balance sheet total. The valuations mostly depend on the fair value of the real estate on the reporting date. For investment property and assets held for sale in accordance with IFRS 5 the fair value model according to IAS 40 is used, whereas other assets in accordance with IAS 2 and IAS 16 use the fair value as a comparative amount for necessary adjustments of carrying amounts. Real estate assets, which are presented as contract assets within trade receivables for which revenue is recognises over time according to IFRS 15, are accounted for based on the transaction price and the percentage of completion which is derived from the planning calculation.

Due to the lack of available prices in active markets, the fair value is determined by using valuation methods, particularly the Term and Reversion approach. For real estate under development, in general the residual value method is used. The result of valuation depends to a large degree on estimations of material inputs that affect the value such as interest rates, expected rent and capital flows as well as completion costs and developer profits.

The risk for the consolidated financial statements is primarily the estimation of future cash flows and interest rates which are influenced by future market and economic developments. The valuation of real estate assets and the resulting gains and losses in the income statement are therefore subject to uncertainty. With respect to the real estate accounted for under IFRS 15, the risk to the consolidated financial statements is essentially that the assumptions and estimates required to determine the stage of completion of the total investment cost are uncertain.

Reference to further information
Information on accounting and measurement methods for real estate assets can be found in chapter 4 (accounting and measurement methods) of the notes to the consolidated financial statements. Chapter 5 (key assumptions and key sources of estimation uncertainty) contains information on substantial estimation uncertainty. Furthermore, concerning investments properties and inventories the chapter refers to chapters 19 and 23 of the notes to the consolidated financial statements.

In chapter 6 (new and amended accounting standards) presents an illustration of the effects of the first-time adoption of IFRS 15. Chapter 19 (investment property) contains a breakdown and movement schedule of investment property divided into asset classes as well as a table with significant inputs for the fair value determination. The section on inventories (23) includes information on carrying amounts of real estate carried at fair value and impairments. Performed appreciations and depreciations are reported in the income statement or in chapter 11 (other operating expenses) of the notes to the consolidated financial statements. Chapter 24. (Trade receivables) contains information on contract assets and recognised profits set in this context.

Our audit response
The fair value is determined primarily by external appraisers, and partly also by internal valuations. As of 31 December 2018, real estate classified as investment property, inventory and property plant and equipment with a total carrying amount of €340m was valued by external appraisers. In addition, purchase agreements and planning calculations were available for the properties reported under trade receivables amounting to around €95m.

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

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

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

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

For our sample of testes valuations, our real estate experts performed the following audit procedures:

- Evaluation of the objectivity, independence and expertise of the external appraisers.

- Evaluation of the used valuation method and assessment whether it is in accordance with internationally accepted standards. For the residual value method of projects under development, we paid particular attention to the applicability of the material assumptions regarding expected development costs and expected real estate utilisation and whether these could be assessed with sufficient certainty and plausibility.

- Critical assessment of the discount rates and their change over time. The discount rates and yields were compared to transactions and valuations of similar asset classes and locations. Within the observed bandwidths, it was assessed whether changes in discount rates were justified due to market conditions or property-specific characteristics and whether they were consistently applied.

- Our real estate experts tested the plausibility of other material inputs such as rental income, occupancy rates and repair and maintenance costs by comparing them to similar market and experience rates. In addition, the data used was reconciled to underlying data of specific properties, such as, for example, the current lease status or lease payments, this was performed on a sampling basis. In the case of real estate in development, the expected construction costs used in the appraisals were compared to construction costs until completion of comparable objects. The developer profit used for the valuation was assessed through comparison with similar properties.

- In addition, the expectations, changes and conspicuities with respect to material inputs and the performance of individual properties were discussed with the management and the internal valuation team. These discussions were held both in advance of the assessment and after the assessment results were obtained. We challenged the valuations based on comparable transactions and knowledge of the market. Particular attention was paid to changes that differed from our preliminary expectations.

2. Valuation of shareholdings in companies accounted for under the equity method and project financing

Situation and reference to further information

Apart from real estate property in fully consolidated Group companies, the book values of shareholdings in companies accounted for under the equity method and therein bound project financing in associated companies and joint ventures form a major part of the Group assets. In total these assets account for about €240m as of 31 December 2018, which amounts to 19% of total assets.

These are mainly Austrian and foreign real estate project entities, which use the provided funding by UBM for real estate acquisition and investment purposes. The measurement and recoverability of shares in companies accounted for under the equity method and project financing are mainly based on the fair value of real estate held by the project entities. Investment property held by companies accounted for under the equity method have to be recorded at fair value and the gains and losses thereof are carried forward in the Group share. Whereas for other real estate classes and project financing, the fair value is used as a comparative amount for the evaluation of the recoverability of the carrying amount. Real estate assets for which revenue is recognises over time according to IFRS 15 are accounted for based on the transaction price and the percentage of completion which is derived from the planning calculation.

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

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

The risk for the consolidated financial statements is primarily the estimation of the future cash flows and interest rates, which are influenced by future market and economic developments. The valuation of shareholdings in companies accounted for under the equity method and project financing and the resulting gains and losses in the income statement are therefore subject to uncertainty. With respect to the real estate accounted for under IFRS 15, the risk to the consolidated financial statements is essentially that the assumptions and estimates required to determine the stage of completion of the total investment cost are uncertain.

Reference to further information
Chapter 4 [accounting and measurement methods] of the notes to the consolidated financial statements provides information on the accounting and measurement methods for shareholdings in companies accounted for under the equity method and project financing. In chapter 20 [shares in companies accounted for under the equity method] the carrying values and the comprehensive income originating from associated companies and joint ventures is disclosed as well as further information about the financial position, financial performance and cash flows of the significant entities. Chapters 21 and 44 contain information regarding the carrying values, impairment and their development of project financing.

Our audit response
The fair value of the real estate held in joint ventures and associated companies is determined in the same manner as the valuation of the real estate that is directly held by the group. It is therefore primarily carried out by assigning external appraisers, whereby external valuations are generally carried out when a certain threshold is exceeded or if there are indications for an impairment. In the course of the audit, we examined the appropriateness of the criteria and the actual selection of the external appraisals.

Similar to the audit procedures performed on real estate held directly by the group, we selected a sample for the review of the valuations. This sample was selected based on quantitative and qualitative criteria. For this sample, our real estate appraisal specialists carried out auditing procedures similar to the auditing procedures for real estate held directly by the Group. For real estate accounted for under IFRS 15 the existing purchase contracts were verified to substantiate the transaction price. The assumptions with regard to the total investment costs, which are used to measure the stage of completion, were discussed with the management and critically assessed.

In addition, we have tested whether the gains and losses resulting from the fair value movement of investment properties were accurately accounted for in the equity of the joint ventures and associated companies. Also, we have tested the evaluation of the net equity of the project companies and the resulting impairment and reversal of impairment of shareholdings and project financing by comparison with the carrying amounts. Thereby, the recoverability of shareholdings and project financing have been evaluated and reviewed together per project company.

Responsibilities of Management and of the Supervisory Board for the consolidated financial statement
Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards IIFRSI as adopted by the EU, and in accordance with Austrian Generally Accepted Accounting Principles, particularly § 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

We also:

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Comments on the Management Report for the group

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements, contains information in accordance with § 243a UGB and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

Other informations

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information in accordance with article 10 of the EU regulation

We were elected as auditor by the ordinary general meeting at 29 May 2018. We were appointed by the Supervisory Board on 10 June 2018. We are auditors without cease since 2002.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

We did not perform additional services for the audited company or entities controlled by it that were not disclosed in the consolidated financial statements.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Markus Trettnak, Certified Public Accountant.

Vienna, 3 April 2019

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Markus Trettnak	**Gerhard Fremgen**
Certified Public Accountant	Certified Public Accountant

Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

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

Use of profits

UBM Development AG closed the 2018 financial year with total profit of €16,467,500.34. The Management Board recommends the payment of a dividend of €2.20 per share, for a total payout of €16,438,796.00 based on 7,472,180 shares, and the carryforward of the remaining €28,704.34.

If this proposal for the use of profits is approved by the Annual General Meeting, the dividend of €2.20 per share will be paid beginning on 7 June 2019, in accordance with the applicable regulations under tax law, through credit by the custodian bank. The main paying agent is Erste Group Bank AG.

Vienna, 3 April 2019

The Management Board

Thomas G. Winkler
Chairmann

Martin Löcker

Patric Thate

Responsibility Statement

Statement by the company's legal representatives in accordance with Section 124 Para. 1 in connection with Para. 2 of the Austrian Stock Exchange Act 2018 – Consolidated Financial Statements

We hereby confirm to the best of our knowledge that these consolidated financial statements, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and financial performance of the Group as the total of all companies included in the consolidation. Furthermore, we confirm to the best of our knowledge that the management report presents the development of business, the results of operations and the position of the Group so as to provide a true and fair view of the Group's financial position and financial performance and also describes the material risks and uncertainties to which the Group is exposed.

Vienna, 3 April 2019

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Glossary

ACCG	Austrian Code of Corporate Governance
ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
BREEAM	British rating system for ecological and socio-cultural aspects of the sustainability of buildings (=Building Research Establishment Limited Assessment Method)
Brownfield-development	Developments on land previously used for industrial purposes that has subsequently become vacant; the soil may be contaminated
CEE/SEE	Central Eastern Europe/South Eastern Europe
DAX	Leading index of the German Stock Exchange (Deutscher Aktienindex)
DGNB	German Sustainable Building Council
DSGVO	EU data protection law
EBIT	Earnings Before Interest and Taxes
EBITDA	Earning Before Interest, Taxes, Depreciation and Amortisation
EBT	Earnings before Taxes
Ecological footprint	Biologically productive area on earth, which is necessary to enable todays lifestyle and standard of living of a person permanently
Equity ratio	Equity recognised as of the reporting date in relation to total assets
EURO STOXX 50	Stock index that consists of the 50 largest listed companies in the eurozone
GDP	Gross domestic product
GFA	Gross floor area
GHG emissions	Greenhouse gas emissions
Greenfield-development	Developments on non-built-up areas, e.g. a piece of land such as a forest, meadow or fields that have not previously been developed
Green leases	Rental agreements with recommendations for the sustainable use and management of properties
IAS	International Accounting Standards
IATX	Immobilien Austrian Traded Index; real estate index that contains the most important real estate companies listed on the Vienna Stock Exchange
IFRS	International Financing Reporting Standards
IMF	International monetary fund
Impairment-Test	IAS 36 requires the regular testing of assets for indications of impairment. If an asset is impaired, its carrying amount must be reduced through the recognition of an impairment loss.
kWh	Kilowatt hour
LEED	American rating system for ecological and socio-cultural aspects of the sustainability of buildings (= Leadership in Energy and Environmental Design)
Life Cycle Assessments	Systematic analysis on the environmental impacts of products over their entire lifecycle
Market capitalisation	Share price multiplied by the number of shares in issue
NaDiVeG	Austrian Act to Improve Sustainability and Diversity (Nachhaltigkeits- und Diversitätsgesetz)
Net debt	Non-current and current bonds plus non-current and current financial liabilities minus cash and cash equivalents
ÖGNI	Austrian Sustainable Building Council

P/E ratio	Price-earnings ratio, the share price in relation to earnings per share
Responsible Sourcing	Responsible procurement of resources
Sustainability Benchmarks	The goals set by the company for sustainable construction
Total output	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.

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Disclaimer

This annual report includes forward-looking statements which are based on current assumptions and estimates made to the best of their knowledge by the management of UBM Development AG. These forward-looking statements can be identified by words like "expectation", "goal" or similar terms and expressions. Forward-looking statements, by definition, include risks and uncertainties. The forecasts concerning the future development of the company represent estimates which are based on the information available at the time the annual report was prepared. If the assumptions underlying these forecasts do not materialise or if unexpected risks occur at an amount not quantified or quantifiable, the actual future development and actual future results can differ from these estimates, assumptions and forecasts.

Significant factors for these types of deviations can include, for example, changes in the general economic environment or the legal and regulatory framework in Austria and the EU as well as changes in the real estate sector. UBM Development AG will not guarantee or assume any liability for the agreement of future development and future results with the estimates and assumptions made in this annual report. UBM Development AG will not update these forward-looking statements to reflect actual events or changes in assumptions and expectations.

The annual report as of 31 December 2018 was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all sections. The amounts were rounded based on the compensated summation method. However, rounding, typesetting and printing errors cannot be excluded.

This annual report is also published in English and is available in both languages on the website of UBM Development AG. In the event of a discrepancy or deviation, the German language version takes precedence.