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Interim Report on the First Three Quarters of 2019

key performance indicators.

Key earnings figures (in €m)

	1-9/2019	1-9/2018	Change
Total Output ¹	460.4	670.1	-31.3%
Revenue	183.2	446.9	-59.0%
EBT	46.2	35.4	30.7%
Net profit	38.1	27.8	37.4%

Key asset and financial figures (in €m)

	30.9.2019	31.12.2018	Change
Total assets	1,249.3	1,234.7	1.2%
Equity	449.7	436.3	3.1%
Equity ratio	36.0%	35.3%	0.7PP
Net debt ²	418.7	421.9	-0.8%

Key share data and staff

	30.9.2019	31.12.2018	Change
Earnings per share (in €) ³	5.30	3.66	44.9%
Market capitalisation (in €m)	314.6	249.6	26.0%
Dividend per share (in €) ⁴	2.20	2.00	10.0%
Staff ⁵	378	365	3.6%

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

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

³ The values and the change are based on 1-9/2019 and 1-9/2018.

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

⁵ Of which 54 employees ubm hotels in Q3/2019 (2018: 52 employees)

► On the Cover: The Rosenhügel, Vienna

The grounds of the former Rosenhügel film studios form the setting for a lively urban quarter with high-quality living and a very diverse offering. Embedded in a green park landscape, the modern, open architectural concept creates an optimal location for people with high demands on housing and their living environment: Life on the Rosenhügel means living in both the city and the country, on historical ground and in the midst of excellent infrastructure. This project - with its urban development and architectural aspects - is truly impressive.

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at a glance.

substantial earnings growth.

Increase of over 37% in net profit

further reduction in financing costs.

First 6-year bond placed in record time

strong investment year ahead.

Solid balance sheet creates greater room to manoeuvre

new record year 2019.

Sustainable earnings growth expected in 2020 and 2021

highlights.

July.

Acquisition of development site at top location in Vienna

UBM acquired a site at Siebenbrunnengasse in Vienna's 5th District. Plans call for the construction of 170 modern residential units and commercial space at this location beginning in early 2020.

August.

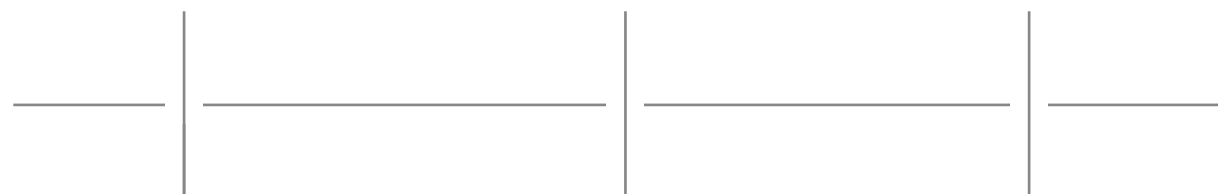
QBC 1&2 sold for €233m

The final building sections in the Quartier Belvedere Central, the QBC 1&2 office properties, were sold within the framework of a forward deal nearly one and one-half years before completion.

September.

Sale of the two Disney Hotels in Paris

The Dream Castle and Magic Circus, two 4-star hotels located in the immediate vicinity of Disneyland® Paris, were developed together with Warimpex and opened in 2004 and 2007, respectively. These properties were now sold for €118m.



New UBM branch in Rhineland

UBM Development Germany opened a further branch in Düsseldorf. In addition to the current offices in Munich, Berlin, Hamburg and Frankfurt am Main, it becomes the fifth location in this country.

UBM raises guidance for 2019 by 18-25%

Based on the further increase in earnings and the successful sales carried out during the first half of 2019, UBM increased its guidance for the 2019 financial year by 18-25%. Profit before tax should amount to approximately €65m and net profit range from €47m to €50m.

Two new hotel projects in Poland

Construction has now started on two hotels in southern Poland, each of which will have more than 250 rooms. UBM is developing a hotel under the Mercure brand in Katowice and an ibis Styles Hotel in Krakow. Completion is planned for 2021.

management's introduction.

**Dear Shareholders,
Dear Stakeholders.**

We are looking back on three extraordinarily successful quarters of dynamic growth with a jump in earnings of roughly 31% in EBT and an even stronger 37% in net profit. At € 5.30 after the first nine months, earnings per share have already reached the level recorded for the entire 2018 financial year. The stage is set for a new record year in 2019, and we expect further sustainable increases in earnings during 2020 and 2021.

In recent years we have systematically optimised both our balance sheet and financing structure. The corridor for our equity ratio ranges from 30% to 35%, and our benchmark for net debt to total assets is 50%. These indicators equalled 36% and 34%, respectively, at the end of the reporting period, which make us underleveraged for a developer. UBM has greater room to manoeuvre for investments in new projects than ever before, which means we are ready for more growth.

Our pipeline broke the €2 bn threshold during the first half-year and has still not reached the ceiling. We are currently evaluating several large-scale projects exclusively in top European cities and have the necessary financial resources to also take advantage of these market opportunities. In November we issued a new bond with a 2.75% coupon and, for the first time, a six-year term. The bond was oversubscribed in only one and a half hours, and the maximum volume of €120m was widely placed - all in all, proof of investors' strong confidence in UBM and the real estate market.

The Management Board



Thomas G. Winkler
CEO



Martin Löcker
COO



Patric Thate
CFO



one share.

Stock exchange developments

The international stock markets made a massive recovery from the previous year's declines during 2019, but were unable to produce any additional substantial gains in the third quarter. The MSCI World global index closed the first nine months with a plus of 15.7%, for an increase of only 0.1 percentage point since the beginning of July. The leading EURO STOXX 50 index rose by 18.9% over the level at the end of 2018. The development of the German DAX was slightly weaker than the European index with an increase of 17.7%. The Austrian ATX recorded substantial share price gains at the beginning of the year, but momentum slowed slightly during the second and third quarters. In total, the leading Austrian index traded 9.6% higher in the first nine months of 2019 and closed slightly over 3,010 points at the end of September. Global trade conflicts, in particular, continue to represent one of the major risks for the international financial markets.

The UBM share

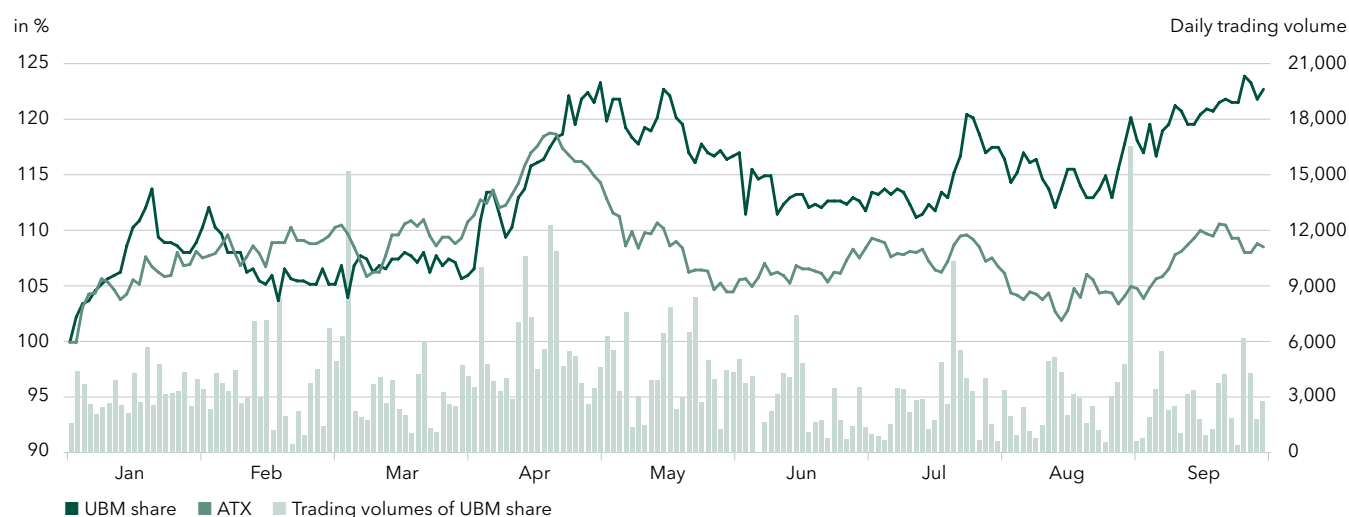
The UBM share has been listed on the Vienna Stock Exchange since 10 April 1873 and in the prime market, the top segment of the Vienna Stock Exchange, since August 2016. The share is also included in the IATX real estate stock index.

The positive trend from the first half-year continued into the third quarter of 2019. UBM clearly outpaced the 1.1% growth recorded by the ATX with a plus of 9.4% since the end of June. The announcement of record results for the first half of 2019 and the increased guidance supported a steady upward trend in the share price beginning at the end of August. The UBM share traded at €42.1 on 30 September, or 26.0% higher than at the end of 2018. The average daily trading volume on the Vienna Stock Exchange equalled 3,653 shares in the first three quarters of 2019.

Shareholder structure

The share capital of UBM Development totalled €22,416,540 as of 30 September 2019 and is still divided into 7,472,180 shares. The syndicate comprising the IGO-Ortner Group and the Strauss Group held an unchanged 38.8% of the shares outstanding as of the reporting date. In addition, the IGO-Ortner Group held 6.1% outside the syndicate and Jochen Dickinger, a private investor, held 5.0%. Free float comprised 50.1% of the shares and included the 3.7% of the shares held by the Management and Supervisory Boards. Most of the remaining free float is held by investors in Austria (41%), Germany (35%) and the UK (12%).

Performance of the UBM share vs. ATX index and trading volumes from January to September 2019



one group.

General economic environment

The reserved growth which characterised the global economy in the first half of 2019 continued into the third quarter. This further loss of momentum was a consequence of the international trade dispute and the related uncertainties as well as ongoing geopolitical tensions and the growing possibility of a “no deal” Brexit. Calculations by the IMF, the OECD and the European Commission now point to an increase in worldwide real GDP of 2.9% to 3.2% for 2019 and 3.0% to 3.5% for 2020.

Projections for real GDP growth in the eurozone range from 1.1% to 1.2% for 2019 and from 1.0% to 1.4% for 2020. The German economy is currently in a phase of slight weakness. The slowdown in the global industrial sector has had a visible effect on the export-oriented Germany economy, with real growth expected to reach only 0.5% for the full 12 months of 2019 and 1.2% in 2020. Economic developments in Austria also reflect the subdued global economy. However, the Austrian economy, which traditionally correlates closely with Germany, outpaced its neighbour. The Austrian National Bank is forecasting real GDP growth of 1.6% for 2019 and 1.7% for 2020. Growth in the CEE/SEE region, according to the Austrian National Bank, should average 3.9% in 2019 and 3.5% in 2020, with above-average increases in the larger countries like Poland.^{1,2,3}

Developments on the real estate markets

The real estate transaction market in Europe fell 15% behind the previous year during the first six months of 2019 but cut this backlog by half during the third quarter. With a transaction volume of €189.3 bn in the first nine months of 2019, the current financial year is only 7% behind the first three quarters of 2018. The only asset classes to record a year-on-year increase in the transaction volume were the hotel and residential segments.⁴

Germany remained the top address for investors in Europe. Commercial property transactions totalled €18.5 bn in the third quarter of 2019, which makes this period one of the strongest quarters ever recorded. Nearly €43.4 bn of real estate changed hands during the first nine months of 2019. The office segment remained the most popular commercial asset class with 46% of the total transaction volume, followed by the retail (23%) and industry/logistics (11%) segments. The top German cities were responsible for 55% of the total investment volume in the first three quarters. Berlin is by far the most attractive of the seven cities with almost 40% of the overall volume. This suggests that investors are still convinced of Berlin’s attractiveness as a location and are not very unsettled by regulatory changes in the country’s capital so far. The transaction volume for hotel properties reached €2.7 bn in the first nine months of 2019. Gross prime yields in this segment ranged from 3.7% in Munich to 4.4% in Berlin. Roughly 80% of this volume was attributable to 3- and 4-star properties, which represents a plus of 13 percentage points over the comparable period in 2018.^{5,6,7}

The investment market in Austria recorded the strongest quarter in more than four years with over €1.8 bn in the third quarter of 2019. At €1.7 bn, the turnover from July to September was higher than the entire first half of 2019. The transaction volume in the first three quarters totalled €3.8 bn, and the favourable conditions created by low interest rates and high liquidity lead to expectations of a strong fourth quarter this year. Yields are expected to remain under pressure due to the unbroken strong demand. The investment volume in the CEE region is projected to total €13 bn in 2019. This corresponds to the second highest value of the last decade after 2018.^{8,9}

¹ German Federal Ministry for Economic Affairs and Energy

² Austrian National Bank: Konjunktur aktuell – September / October 2019

³ European Commission: European Economic Forecast Summer 2019

⁴ Real Capital Analytics: Europe Capital Trends – Q3 2019

⁵ JLL: Investmentmarktüberblick Deutschland – Q3 2019

⁶ Savills: Gewerbeinvestmentmarkt Deutschland Q3 2019

⁷ Colliers: Hotel Investment Q1-3 2019 – Germany

⁸ EHL: Immobilieninvestmentmarkt Q3/2019

⁹ Skanska/Dentons/Colliers: CEE Investment Report 2019

Business performance

UBM generated Total Output of €460.4m in the first three quarters of 2019, compared with a record €670.1m in the previous year. Total Output of €337.2m in the reporting period is attributable to income from property sales. Of special note is the forward sale of the last building section of the Quartier Belvedere Central (QBC), the QBC 1&2 office property, which will be completed at the end of 2020. The progress of construction is measured and included in Total Output and earnings over time based on the percentage of completion. Major sales during the first three quarters of 2019 involved also two Disney Hotels in Paris and a development site near Munich. The Total Output from hotel operations fell from €83.5m to €51.6m in the first nine months, whereby the year-on-year decline is attributable to the sale of a 50% interest in the hotel management company.

Total Output in the **"Germany" segment** declined from €283.6m to €140.4m. Positive factors included the sale of a development site in Dornach near Munich. This trade sale represented a step towards optimising the project portfolio following UBM's acquisition of a three-hectare development area within the Munich city borders during the previous year. A hotel in Hamburg was also sold during the reporting period. Total Output included the forward sold Super 8 Mainz Zollhafen hotel as well as previously sold apartments from projects in Berlin, Mainz and Hamburg in line with the progress of construction. For the above-mentioned reason, Total Output from hotel operations fell in this segment.

The **"Austria" segment** reported Total Output of €180.9m for the first three quarters of 2019 (Q1-3/2018: €160.2m). The forward sale of the QBC 1&2 office project and the QBC underground garage was responsible for a major component of Total Output. Another important contribution was made by the residential sector. The largest effect here resulted from the Storchengrund residential project in Vienna, which was sold and transferred to an institutional investor. In addition, apartments in previously completed projects in Vienna, Salzburg and Tyrol were sold during the first three quarters of this year. Progress was also made on the streamlining of the standing asset portfolio through the sale of various logistics properties in the Austrian province of Styria.

In the **"Poland" segment**, Total Output for the first nine months fell substantially from €187.4m in 2018 to €52.9m in 2019. Results for the previous year included the sale of a hotel in Warsaw and an office standing asset in Wrocław. A positive effect in the reporting period was created by the completion of the forward sold Holiday Inn Gdansk City Center, whereby the results were included in Total Output on a proportional basis during earlier quarters based on the progress of construction.

Total Output in the **"Other Markets" segment** rose from €38.9m to €86.2m in the first nine months of 2019, above all due to the sale of the two Disney hotels. Furthermore, Total Output in this segment consists primarily of hotel operations.

Total Output by region

in €m	1-9/2019	1-9/2018	Change
Germany	140.4	283.6	-50.5%
Austria	180.9	160.2	12.9%
Poland	52.9	187.4	-71.8%
Other markets	86.2	38.9	121.8%
Total	460.4	670.1	-31.3%

The **"Hotel" segment** reported Total Output of €147.9m, compared with €249.7m in the previous year. The two Disney hotels in Paris and a hotel in Hamburg were sold during the reporting period, and the forward sold hotel in Gdansk was completed. Total Output in the first nine months of 2019 was also positively influenced by the progress of construction on a forward sold hotel project in Mainz. Nearly one-third of Total Output for the reporting period, or €51.6m, was generated by hotel operations. This represents a decline of 38.2% and reflected the above-mentioned sale of a 50% interest in the hotel management company.

Total Output in the **"Residential" segment** amounted to €64.4m (Q1-3/2018: €127.4m). The first nine months of 2018 included the completion of two larger residential construction projects in Vienna, while Total Output in the reporting period was based primarily on the progress of construction on sold apartments from projects in Berlin, Hamburg and Mainz. The first three quarters of 2019 also included the sale of apartments from previously completed projects in Vienna, Salzburg and Tyrol.

In the **"Office" segment**, Total Output equalled €72.7m in the first three quarters of 2019, compared with €196.7m in the previous year. The comparable prior year period included, for example, the sale of the large-scale Leuchtenbergring project in Munich and the progress of construction on the Zalando headquarters in Berlin. Total Output for the reporting period

covered, above all, the QBC 1&2 office property at Vienna's main railway station, which will be completed at the end of 2020 and was sold through a forward deal in August 2019.

The **"Other" segment** recorded a substantial year-on-year increase in Total Output from €42.7m to €133.5m. The sale of a development site near Munich represented the largest effect. In addition, the QBC underground garage in Vienna and various logistics properties in Styria were sold during the reporting period. This position also includes the proceeds from the rental of mixed-use standing assets in Austria and Germany.

Total Output in the **"Service" segment** declined from €50.5m to €36.7m in the first three quarters of 2019. The previous year included, above all, a higher volume of services in Germany in line with the maturity of the project portfolio.

The **"Administration" segment** covers services provided by UBM Development AG as well as charges for management services and intragroup allocations.

Total Output by asset class

in €m	1-9/2019	1-9/2018	Change
Hotel	147.9	249.7	-40.8%
Residential	64.4	127.4	-49.5%
Office	72.7	196.7	-63.0%
Other	133.5	42.7	212.9%
Service	36.7	50.5	-27.3%
Administration	5.2	3.1	70.8%
Total	460.4	670.1	-31.3%

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 application of IFRS 15 beginning in 2018, real estate projects are 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 business performance, UBM also reports Total Output. This managerial indicator includes – similar to revenue – the proceeds from property sales, rental income and income from hotel operations as well as the general contractor and project management services capitalised or provided to third parties and companies not included through full consolidation. It also contains the profit or loss from companies accounted for at equity and the results of sales through share deals. Total Output is based on the amount of the investment held by UBM. It does not include advance payments, which are primarily related to large-scale or residential projects.

Total Output in the first three quarters of 2019 amounted to €460.4m and was €209.7m lower than the previous year (Q1-3/2018: €670.1m). Revenue as reported on the income statement also fell from €446.9m to €183.2m, chiefly due to a year-on-year decline in the revenue from property sales following the completion, sale and transfer of several large-scale projects in the first nine months of 2018. The revenue generated during the reporting period resulted, above all, from a trade sale and revenue which was recognised in line with the percentage of completion from fully consolidated companies. Major sales during the first three quarters of 2019, such as both Disney hotels and the large-scale QBC 1&2 project, are not part of revenue because the involved project compa-

nies are accounted for at equity. Furthermore, this position no longer includes revenue from UBM hotels Management GmbH, which has been accounted for at equity since the end of November 2018 following the sale of a 50% interest.

The profit from companies accounted for at equity was substantially higher than the previous year at €36.1m (Q1-3/2018: €21.8m). Most of the current at-equity results are attributable to the sale of a 50% interest in two Disney hotels in Paris. Another positive factor was the valuation adjustment to the QBC 1&2 office project, which represents the final section of construction on the Quartier Belvedere Central (QBC) project in Vienna.

The income from fair value adjustments to investment property totalled €27.2m for the reporting period, compared with €-2.2m in the first nine months of 2018. The progress of contract negotiations for the sale of land in Germany during the second quarter of 2019 and the signing shortly after 30 June 2019 resulted in an increase in value up to the expected selling price. The sale closed during the third quarter, and the value increase was subsequently realised. In addition, the fair value of the Sugar Palace hotel project in Prague was increased to reflect the progress of the municipal approval process and the sale of a 25% interest. Contrasting factors included a write-down to the Leopold Quartier project in Vienna based on the current approval situation as well as fair value adjustments to standing assets in Poland.

Other operating income amounted to €4.1m in the first three quarters of 2019 and consisted, among others, of revenue from third-party charges, foreign exchange gains, income from the release of provisions and various other positions. In the previous year, other operating income totalled €6.0m. Other operating expenses fell from €39.4m in the first nine months of 2018 to €29.6m. In both the current and prior year reporting periods, this position contains foreign exchange losses from the Polish Złoty on the reporting date. These foreign exchange losses equalled €5.9m as of 30 September 2019. Administrative costs, travel expenses and advertising costs as well as charges and duties are also reported under other operating expenses.

The cost of materials and other related production services totalled €156.2m in the first nine months of 2019 (Q1-3/2018: €323.2m). These expenses consist primarily of material costs for the construction of residential properties and various other development projects which were sold through forward transactions. They also include the book value disposals from property sales in the form of asset deals. Book value disposals of €62.2m were recorded during the reporting period, in contrast to disposals of €165.4m in the first three quarters of the previous year. 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 income of €15.2m in the reporting period, which was based on increased investments in projects that are in an early development stage and have not yet entered the sale process. In the first three quarters of 2018, the portfolio change was negative at €28.7m.

Personnel expenses fell by €8.0m year-on-year to €27.1m in the first three quarters of 2019 (Q1-3/2018: €35.1m). This reduction resulted primarily from the deconsolidation of UBM hotels Management GmbH. The valuation of the UBM share option programme, which was approved by the Annual General Meeting in May 2017, added €0.7m to personnel expenses in the reporting period (Q1-3/2018: €0.7m). The UBM Group companies included in the consolidation employed a total workforce of 378 as of 30 September 2019 (31 December 2018: 365) which included 54 hotel employees (31 December 2018: 52).

EBITDA rose by €6.8m to €52.9m in the first three quarters of 2019. Depreciation and amortisation reflected the comparable prior year period at €2.5m (Q1-3/2018: €2.4m). EBIT for the first nine months of 2019 increased by €6.6m to €50.4m (Q1-3/2018: €43.8m). Financial income was slightly higher at €11.9m (Q1-3/2018: €10.9m). The income from share deals included in this position totalled €3.5m in the comparable prior year period but rose to €6.2m in the first three quarters of 2019. Financing costs were lower than the previous year at €16.0m (Q1-3/2018: €19.3m), among others due to a decline

in the interest expense for bonds and a write-down to an investment in Poland during the first nine months of 2018.

EBT rose by 30.7%, or €10.9m, to €46.2m in the first three quarters of 2019 (Q1-3/2018: €35.4m). Tax expense equalled €8.1m for the reporting period, which represents a tax rate of 17.5% (Q1-3/2018: 21.5%).

Profit for the period (net profit after tax) totalled €38.1m and was a sound 37.4% higher than the first three quarters of 2018 (€27.8m). After the deduction of non-controlling interests, net profit rose to €39.6m (Q1-3/2018: €27.3m). The resulting earnings per share increased by 44.9% from €3.66 to €5.30.

Asset and financial position

Total assets recorded by the UBM Group rose by €14.6m over the level at year-end 2018 to €1,249.3m as of 30 September 2019. This increase was supported by the initial application of IFRS 16, which led to the capitalisation of lease contracts totalling €48.8m. Contrasting factors included, among others, a reduction in bond liabilities.

Property, plant and equipment increased substantially from €2.7m as of 31 December 2018 to €39.8m at the end of September 2019. This change resulted from the capitalisation of lease contracts totalling €37.0m in connection with the initial application of IFRS 16 at the beginning of 2019. At the same time, the carrying amount of investment property rose by €25.1m to €524.3m. This increase, together with the progress of construction on current real estate projects, also resulted from the capitalisation of lease liabilities totalling €11.8m.

The carrying amount of the investments in equity-accounted companies totalled €112.1m at the end of September 2019 and was slightly lower than at year-end 2018 (31 December 2018: €115.8m). The fair value adjustment recognised to the QBC 1&2 office project was offset by project sales. Project financing rose slightly to €150.0m during the first nine months of 2019, compared with €139.9m at year-end 2018.

Current assets declined €69.5m below the level at year-end 2018 to €383.5m at the end of the reporting period. In addi-

tion to a reduction in receivables, cash and cash equivalents totalled €172.2m, a €28.2m decline due to the redemption of a €91m bond in July 2019.

Inventories totalled €119.9m at the end of September 2019 (31 December 2018: €121.5m). This position consists primarily of residential properties under development which are designated for sale. Trade receivables also declined from €108.2m at the end of 2018 to €71.9m at the end of September 2019. Included here, in particular, are real estate inventories which are sold during development as well as the proportional share of forward sales of investment properties.

Equity rose to €449.7m as of 30 September 2019 supported by the sound development of earnings during the reporting period (31 December 2018: €436.3m). The equity ratio equalled 36.0% at the end of September 2019 and was slightly above the upper end of the target range of 30-35% (31 December 2018: 35.3%).

Bond liabilities totalled €390.8m at the end of September 2019, which represents a decline of €43.6m below the level at year-end 2018 (31 December 2018: €434.5m). The 3.125% bond 2018-2023 was tapped by €45m in June 2019, and the 4.875% bond 2014-2019 was redeemed for €91m during the following month. Financial liabilities (current and non-current) increased by €61.5m to €249.4m, in part due to the recognition of lease liabilities totalling €49.3m following the initial application of IFRS 16.

Trade payables declined from €93.7m as of 31 December 2018 to €51.6m at the end of the reporting period and consisted mainly of outstanding payments for subcontractor services. Other financial liabilities (current and non-current) increased from €30.8m as of 31 December 2018 to €37.2m. Deferred taxes and current taxes payable amounted to €43.0m and were slightly higher than in the previous year (31 December 2018: €39.3m).

Net debt declined from €421.9m as of 31 December 2018 to €418.7m as of 30 September 2019. This indicator equals cur-

rent and non-current bonds and financial liabilities, excluding lease liabilities, minus cash and cash equivalents. Net debt in relation to total assets (loan-to-value ratio) declined from 34.2% as of 31 December 2018 to 33.5% at the end of September 2019.

Cash flow

Operating cash flow totalled €-11.1m in the first three quarters of 2019 (Q1-3/2018: €7.3m). The decline is primarily attributable to fair value adjustments which resulted from timing differences between the earnings effects and cash effects. These fair value adjustments have largely been realised and were recorded under cash inflows from investing activities in the third quarter.

Cash flow from operating activities fell from €35.9m in the first three quarters of the previous year to €-4.7m in the reporting period. In the first nine months of 2019, cash flow was reduced, above all, by a €25.1m decline in liabilities. Contrary factors included a reduction of €32.2m in receivables and €2.3m in inventories. This amount includes cash inflows of €23.2m from the sale of real estate inventories as well as additions of €20.9m to real estate inventories in the first three quarters of 2019. Cash inflows from the sale of real estate reported in receivables equalled €29.2m, while the additions to real estate receivables equalled €5.2m.

Cash flow from investing activities totalled €18.0m, compared with €50.6m in the first three quarters of the previous year. The comparable prior year period was influenced by the transfer of the Leuchtenbergring project and the resulting cash inflows of €187.9m from the disposal of tangible assets and investment property. In contrast, the first three quarters of 2019 included cash flows of €62.9m under this position as well as €33.4m from the disposal of financial assets. Cash inflows of €38.6m from the repayment of project financing also had a positive influence on cash flow from investing activities and were contrasted by cash outflows of €38.2m for project financing. Cash outflows for investments in property, plant and equipment and investment property amounted to €78.7m in the first three quarters of 2019, compared with €111.6m in the comparable prior year period.

Cash flow from financing activities equalled €-41.3m in the first nine months of 2019. The tapping of the 3.125% bond by €46.4m led to an increase in liquidity, which was contrasted by an outflow of €91.3m for the redemption of the 4.875% bond. Cash flow was reduced by interest payments on the hybrid bond which was issued in 2018 and by dividend payments, for a total effect of €23.5m. The increase in borrowings had a positive effect of €137.6m, which was slightly higher than the repayment of loans totalling €107.0m. Cash flow from financing activities equalled €16.9m in the first three quarters of 2018.

Non-financial performance indicators

Environmental and social issues

UBM carries significant 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 use etc.). The inclusion of sustainability aspects during the design, construction and operational phases of a project therefore represents an important instrument for the sustainable preservation of a property. For these reasons, UBM's strategy has included a focus on the environment and sustainability.

Employees

The UBM Group, including all its subsidiaries, had a total workforce of 378 as of 30 September 2019, compared with 773 as of 30 September 2018 (of which 467 Hotel). Approximately 64% of UBM's employees work outside Austria.

Detailed information on environmental and social issues, respect for human rights, the fight against corruption and bribery and employee-related issues can be found in the non-financial statement, which forms part of the 2018 Annual Report.

Outlook

Real estate investments and private consumption are still seen as the main economic drivers for UBM's core markets. The European Central Bank (ECB) intends to stand by its low-interest policy for a longer period than originally anticipated, and most economists do not expect any substantial interest rate hikes over the medium-term which could have a significant impact on the real estate sector.^{1,2}

Against this backdrop, the real estate investment market is expected to maintain its strong momentum. The shortage of attractive development projects throughout Europe is approaching a critical point and has been accompanied by unbroken, high demand in all asset classes. UBM's core markets, which include major European cities like Vienna, Berlin, Munich and Prague, as well as the hotel, residential and office asset classes should continue to benefit from this market environment. Moreover, the rising inflow of overseas capital is adding to the already high investment pressure.

UBM's strategy was confirmed by the positive development of business during the past year. 2018 marked a new record year in the company's history, and 2019 was therefore planned as a transition year. However, the sound development of earnings and successful sales activities led UBM to announce a substantial increase in its guidance for 2019 at the half-year: The Management Board now expects EBT of €65m for 2019, which represents an increase of 18% over the originally announced €55m. As a result, net profit should range from €47m to €50m (previous guidance: €40m), which would correspond to an increase of 18% to 25%.

Despite a record number of completions in the previous year, UBM was initially able to stabilize its development pipeline at a high level and even improve its quality by investing more than €300m in new projects alone. Further selective investments in 2019 and valuation adjustments to existing projects based on the excellent demand situation have increased the

pipeline by €200m this year. The pipeline (Q4/2019-2022) has reached a record €2 bn, whereby roughly 80% of the projects 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 record pipeline will also support the sustainable development of earnings over the medium-term.

The balance sheet was also further optimised in recent years - net debt was substantially reduced and the equity ratio has grown stronger. UBM exceeded its 30-35% target range with an equity ratio of 36% at the end of September 2019. In addition, net debt of approximately €420m and a loan-to-value ratio of 34% represent the lower end of the optimal range of net debt to total assets for a real estate developer - despite the record level of investments made in 2018. This strong balance sheet gives UBM greater room to manoeuvre for investments in new projects, which will be intensified in the coming twelve months.

Risk report

The risks which have, or could have, a significant impact on UBM Development AG are discussed in the 2018 Annual Report on pages 62 to 64. Detailed information on UBM's risk management system is also provided in this section.

There have been no significant changes in the risk profile since the end of the 2018 financial year. Therefore, the statements in the 2018 Annual Report/risk report still apply without exception.

¹ IMF: World Economic Outlook Update - July 2019

² Savills: European Investment - March 2019

Responsibility Statement

We confirm to the best of our knowledge that these consolidated interim financial statements, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and financial performance of the Group. Furthermore, we confirm to the


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

Vienna, 28 November 2019

The Management Board



Martin Löcker
COO



Thomas G. Winkler
CEO



Patric Thate
CFO

Consolidated Income Statement

from 1 January to 30 September 2019

in T€	1-9/2019	1-9/2018	7-9/2019	7-9/2018
Revenue	183,186	446,921	91,140	79,026
Changes in the portfolio	15,169	-28,661	17,849	-16,221
Share of profit/loss from companies accounted for at equity	36,123	21,808	22,966	7,440
Income from fair value adjustments to investment property	46,255	-	-10	-
Other operating income	4,103	6,023	-1,315	322
Cost of materials and other related production services	-156,228	-323,219	-95,198	-47,935
Personnel expenses	-27,078	-35,093	-8,211	-11,299
Expenses from fair value adjustments to investment property	-19,011	-2,223	-623	11
Other operating expenses	-29,636	-39,411	-9,901	-2,977
EBITDA	52,883	46,145	16,697	8,367
Depreciation and amortisation	-2,520	-2,389	-331	-765
EBIT	50,363	43,756	16,366	7,602
Financial income	11,879	10,928	4,632	4,998
Financial costs	-16,040	-19,332	-4,118	-5,366
EBT	46,202	35,352	16,880	7,234
Income tax expenses	-8,060	-7,595	-82	-304
Profit for the period (net profit)	38,142	27,757	16,798	6,930
of which: attributable to shareholders of the parent	39,609	27,337	17,145	8,402
of which: attributable to non-controlling interests	-1,467	420	-347	-1,472
Basic earnings per share (in €)	5.30	3.66	2.29	1.13
Diluted earnings per share (in €)	5.30	3.66	2.29	1.13

Statement of Comprehensive Income

from 1 January to 30 September 2019

in T€	1-9/2019	1-9/2018	7-9/2019	7-9/2018
Profit for the period (net profit)	38,142	27,757	16,798	6,930
Other comprehensive income				
Remeasurement of defined benefit obligations	-1,026	-	-568	-
Income tax expense (income) on other comprehensive income	261	-	145	-
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	-765	-	-423	-
Currency translation differences	530	31	1,020	453
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	530	31	1,020	453
Other comprehensive income of the period	-235	31	597	453
Total comprehensive income of the period	37,907	27,788	17,395	7,383
of which: attributable to shareholders of the parent	39,262	27,335	17,581	8,909
of which: attributable to non-controlling interests	-1,355	453	-186	-1,526

Consolidated Statement of Financial Position

as of 30 September 2019

in T€	30 September 2019	31 December 2018
Assets		
Non-current assets		
Intangible assets	2,745	2,730
Property, plant and equipment	39,837	2,650
Investment property	524,257	499,196
Investments in companies accounted for at equity	112,131	115,770
Project financing	150,038	139,892
Other financial assets	11,465	5,643
Financial assets	4,503	4,475
Deferred tax assets	20,752	11,265
	865,728	781,621
Current assets		
Inventories	119,868	121,527
Trade receivables	71,859	108,237
Financial assets	5,982	11,067
Other receivables and assets	13,581	11,756
Cash and cash equivalents	172,235	200,447
	383,525	453,034
Assets total	1,249,253	1,234,655
Equity and liabilities		
Equity		
Share capital	22,417	22,417
Capital reserves	98,954	98,954
Other reserves	197,163	177,216
Mezzanine/hybrid capital	128,549	130,315
Equity attributable to shareholders of the parent	447,083	428,902
Equity attributable to non-controlling interests	2,610	7,414
	449,693	436,316
Non-current liabilities		
Provisions	7,103	6,648
Bonds	390,828	344,172
Financial liabilities	153,773	114,500
Other financial liabilities	3,911	3,880
Deferred tax liabilities	8,127	8,576
	563,742	477,776
Current liabilities		
Provisions	483	169
Bonds	-	90,284
Financial liabilities	95,604	73,368
Trade payables	51,641	93,661
Other financial liabilities	33,287	26,932
Other liabilities	19,934	5,405
Taxes payable	34,869	30,744
	235,818	320,563
Equity and liabilities total	1,249,253	1,234,655

Consolidated Cash Flow Statement

from 1 January to 30 September 2019

in T€	1-9/2019	1-9/2018
Profit for the period (net profit)	38,142	27,757
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	-27,040	6,777
Interest income/expense	15,361	9,070
Income from companies accounted for at equity	-36,123	-21,058
Dividends from companies accounted for at equity	7,133	725
Increase/decrease in long-term provisions	-626	-1,150
Deferred income tax	-7,982	-14,837
Operating cash flow	-11,135	7,284
Increase in short-term provisions	314	1,631
Decrease/increase in tax provisions	4,204	14,162
Gains/losses on the disposal of assets	-4,284	-22,462
Decrease/increase in inventories	2,272	27,202
Decrease/increase in receivables	32,190	2,759
Decrease/increase in payables (excluding banks)	-25,112	5,018
Interest received	617	3,592
Interest paid	-7,830	-10,192
Other non-cash transactions	4,086	6,906
Cash flow from operating activities	-4,678	35,900
Proceeds from the sale of property, plant and equipment and investment property	62,915	187,876
Proceeds from the sale of financial assets	33,418	5,009
Proceeds from the repayment of project financing	38,575	14,994
Investments in intangible assets	-61	-14
Investments in property, plant and equipment and investment property	-78,691	-111,592
Investments in financial assets	-7,023	-10,648
Investments in project financing	-38,155	-33,564
Proceeds from the sale of consolidated companies	6,988	-799
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-	-706
Cash flow from investing activities	17,966	50,556
Dividends	-23,459	-20,533
Dividends paid to non-controlling interests	-3,446	-600
Proceeds from bonds	46,350	-
Repayment of bonds	-91,322	-
Increase in loans and other financing	137,597	105,424
Repayment of loans and other financing	-106,971	-115,875
Increase in hybrid capital	-	98,493
Repayment of mezzanine capital	-	-50,000
Cash flow from financing activities	-41,251	16,909
Cash flow from operating activities	-4,678	35,900
Cash flow from investing activities	17,966	50,556
Cash flow from financing activities	-41,251	16,909
Change to cash and cash equivalents	-27,963	103,365
Cash and cash equivalents at 1 January	200,447	75,204
Currency translation differences	-249	-297
Cash and cash equivalents at 30 September	172,235	178,272
Taxes paid	11,838	8,270

Statement of Changes in Equity

as of 30 September 2019

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
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 period	-	-	-	-
Other comprehensive income	-	-	-	-81
Total comprehensive income for the period	-	-	-	-81
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 30 September 2018	22,417	98,954	-2,666	-1,980
Balance as of 31 December 2018	22,417	98,954	-3,066	-1,970
Adjustments due to initial application of IFRS 16	-	-	-	-
Balance as of 1 January 2019	22,417	98,954	-3,066	-1,970
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-765	708
Total comprehensive income for the period	-	-	-765	708
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid/mezzanine capital	-	-	-	-
Balance as of 30 September 2019	22,417	98,954	-3,831	-1,262

Consolidated Interim Financial Statements

Available-for-sale securities - fair value reserve	Other reserves	Mezzanine/ hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
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
-	22,168	5,169	27,337	420	27,757
-	79	-	-2	33	31
-	22,247	5,169	27,335	453	27,788
-	-14,944	-5,589	-20,533	-600	-21,133
-	725	-	725	-	725
-	1,088	-	1,088	-	1,088
-	-	98,870	98,870	-	98,870
-	-	-50,000	-50,000	-	-50,000
-	48	-	48	1	49
-	171,965	128,550	417,240	3,232	420,472
-	182,252	130,315	428,902	7,414	436,316
-	-127	-	-127	-3	-130
-	182,125	130,315	428,775	7,411	436,186
-	34,355	5,254	39,609	-1,467	38,142
-	-290	-	-347	112	-235
-	34,065	5,254	39,262	-1,355	37,907
-	-16,439	-7,020	-23,459	-3,446	-26,905
-	750	-	750	-	750
-	1,755	-	1,755	-	1,755
-	202,256	128,549	447,083	2,610	449,693

Segment Reporting¹

from 1 January to 30 September 2019

in T€	Germany		Austria	
	1-9/2019	1-9/2018	1-9/2019	1-9/2018
Total Output				
Administration	-	-	5,217	3,054
Hotel	39,033	103,540	4,395	19,831
Office	-	118,870	63,183	5,601
Other	66,001	16,940	61,132	23,109
Residential	27,677	23,126	35,104	91,978
Service	7,710	21,108	11,835	16,624
Total Output	140,421	283,584	180,866	160,197
Less revenue from associates and companies of minor importance and from performance companies as well as changes in the portfolio	-31,943	-91,136	-145,108	-73,392
Revenue	108,478	192,448	35,758	86,805
Administration	-	-	9,905	-1,363
Hotel	-1,454	30,441	2,385	-903
Office	7,401	32,991	11,274	2,636
Other	26,509	-6,607	-18,561	-151
Residential	2,846	3,073	3,242	887
Service	195	94	-7,571	-1,506
Total EBT	35,497	59,992	674	-400

¹ Included in the notes. Intersegment revenue is immaterial.

Consolidated Interim Financial Statements

Poland		Other markets		Group	
1-9/2019	1-9/2018	1-9/2019	1-9/2018	1-9/2019	1-9/2018
-	-	-	-	5,217	3,054
28,926	102,087	75,530	24,221	147,884	249,679
8,803	71,471	727	803	72,713	196,745
2,139	1,552	4,179	1,050	133,451	42,651
-	812	1,582	11,509	64,363	127,425
12,988	11,502	4,193	1,285	36,726	50,519
52,856	187,424	86,211	38,868	460,354	670,073
-23,414	-42,732	-76,703	-15,892	-277,168	-223,152
29,442	144,692	9,508	22,976	183,186	446,921
-	-	-	-	9,905	-1,363
2,449	1,747	27,393	-1,785	30,773	29,500
-2,131	-6,980	-532	-2,697	16,012	25,950
-8,688	-6,938	-706	-302	-1,446	-13,998
-3,202	-7,053	-2,410	-2,141	476	-5,234
-354	-630	-1,788	2,539	-9,518	497
-11,926	-19,854	21,957	-4,386	46,202	35,352

notes to the consolidated interim financial statements.

1. General information

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

These consolidated interim financial statements were prepared in accordance with IAS 34, Interim Financial Reporting, based on the International Financial Reporting Standards (IFRS) which were issued by the International Accounting Standards Board (IASB) and adopted by the European Union as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The applied accounting principles also include the standards which required mandatory application as of 1 January 2019, in particular IFRS 16. The effects of the first-time application of the new standards are presented under point 3.

The reporting currency is the euro, which is also the functional currency of UBM. The functional currency of the subsidiaries included in the consolidated financial statements is the euro or the respective national currency, depending on the business field. Amounts are reported in thousands of euros (T€) and rounded using the compensated summation method.

2. Scope of consolidation

The consolidated interim financial statements include UBM as well as 60 (31 December 2018: 62) domestic and 80 (31 December 2018: 79) foreign subsidiaries. Four companies were founded or acquired and initially consolidated during the reporting period (see note 2.1.).

Three companies were sold and one company was liquidated during the first three quarters of 2019; an additional transaction involved the sale of enough shares in a company to reduce UBM's control to significant influence. The assets and liabilities over which control was lost comprise the following:

in T€	30.9.2019
Non-current assets	
Intangible assets	12
Property, plant and equipment	29,920
Investment property	10,997
Deferred tax assets	82
Current assets	
Inventories	15,413
Trade receivables	1,031
Financial assets	410
Other receivables and current assets	381
Cash and cash equivalents	1,191
Non-current liabilities	
Financial liabilities	29,628
Other financial liabilities	1,031
Current liabilities	
Financial liabilities	20,490
Trade payables	1,562
Other financial liabilities	2,780
Other liabilities	86
Tax payables	79

In addition, 33 (31 December 2018: 34) domestic and 20 (31 December 2018: 23) foreign associates and joint ventures were accounted for at equity. Two companies were initially included following their acquisition and five companies were sold during the reporting period, while one company was deconsolidated due to its liquidation.

2.1. Initial consolidation

The following companies were initially included through full consolidation during the reporting period.

Due to new foundations	Date of initial consolidation
UBM Invest AG	22.5.2019
UBM Stodůlky s.r.o.	19.7.2019
Levelingstraße GmbH & Co. KG	12.9.2019
Due to acquisitions	Date of initial consolidation
Siebenbrunnengasse 21 GmbH & Co OG	3.7.2019

Siebenbrunnengasse 21 GmbH & Co OG involves the acquisition of a property and the related financing; it does not represent a business combination in the sense of IFRS 3. This transaction is presented in the notes as an asset deal. The assets and liabilities over which control was obtained comprise the following:

in T€	30.9.2019
Non-current assets	
Property, plant and equipment	404
Investment property	32,238
Current assets	
Trade receivables	39
Other receivables and current assets	32
Cash and cash equivalents	359
Non-current liabilities	
Current liabilities	
Financial liabilities	29,576
Trade payables	845
Other financial liabilities	635

3. Accounting and valuation methods

These consolidated interim financial statements are based on the same accounting and valuation methods applied in preparing the consolidated financial statements of 31 December 2018, which are presented in the related notes. Exceptions to these methods are formed by the following standards and interpretations that required mandatory application for the first time during the reporting period.

The following standards were initially applied by the Group as of 1 January 2019. The only material effects resulted from the initial application of IFRS 16 Leases:

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 twelve 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 decided against premature application and used the modified retrospective method.

UBM elected to use the following practical expedients provided by IFRS 16.C10 in the initial application of IFRS 16:

- The discount rates for leases of similar assets, similar terms and similar economic environments were determined on a portfolio basis.
- No onerous contracts were identified at the time of initial application; therefore, no adjustments to the rights of use were required.
- Direct costs are excluded from the measurement process.
- Extension and termination options were estimated in connection with the initial application of IFRS 16.

The average interest rate as of 30 September 2019 equalled 3.09%.

Property, plant and equipment included T€ 36,995, investment property T€11,798 and financial liabilities T€ 49,316 as of 30 September 2019 from the application of IFRS 16.

The following table shows the net effects of the initial application of IFRS 16 on retained earnings as of 1 January 2019:

in T€	Adjustment due to initial application of IFRS 16 as of 1 Jan 2019
Other reserves	
IFRS 16: Leases	-173
Income tax expense	46
Effects as of 1 January 2019	-127
Equity attributable to non-controlling interests	
IFRS 16: Leases	-4
Income tax expense	1
Effects as of 1 January 2019	-3

The following table reconciles the effects of the initial application of IFRS 16 to items on the statement of financial position as of 1 January 2019:

in T€	Consolidated Statement of Financial Position as of 1 January 2019	Adjustments	Consolidated Statement of Financial Position as of 1 January 2019 excl. IFRS 16 adjustments
Assets			
Property, plant and equipment	42,308	-39,658	2,650
Investment property	510,925	-11,729	499,196
Deferred tax assets	11,312	-47	11,265
Non-current assets	833,055	-51,434	781,621
Current assets	453,034	-	453,034
Total assets	1,286,089	-51,434	1,234,655
Equity and liabilities			
Other reserves	177,089	127	177,216
Equity attributable to non-controlling interests	7,411	3	7,414
Equity	436,186	130	436,316
Deferred tax liabilities	164,134	-49,634	114,500
Non-current liabilities	527,410	-49,634	477,776
Other financial liabilities	75,298	-1,930	73,368
Current liabilities	322,493	-1,930	320,563
Total equity and liabilities	1,286,089	-51,434	1,234,655

The adjustments include a lease for a hotel property which was sold on 30 June 2019.

The following standards and interpretations were published after the preparation of the consolidated financial statements as of 31 December 2018. They do not yet require mandatory application and have not yet been adopted into EU law:

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Changes to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	26.9.2019	-	1.1.2020

4. Estimates and assumptions

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

5. Dividend

The Annual General Meeting on 29 May 2019 approved the recommendation for the distribution of profit for the 2018 financial year. A dividend of €2.20 per share, representing a total pay-out of €16,438,796.00 based on 7,472,180 shares, was distributed and the remainder of €28,704.34 was carried forward. The dividend was paid on 7 June 2019.

6. Revenue

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

	Germany	Austria	Poland	Other Markets	Group
in T€	1-9/2019	1-9/2019	1-9/2019	1-9/2019	1-9/2019
Revenue					
Administration	-	2,439	-	-	2,439
Hotel	5,812	-	18,700	44	24,556
Office	2,557	54	5,308	724	8,643
Other	65,431	6,423	3,273	3,308	78,435
Residential	27,857	20,003	9	1,594	49,463
Service	6,821	6,839	2,152	3,838	19,650
Revenue	108,478	35,758	29,442	9,508	183,186
Recognition over time	33,551	7,997	-	-	41,548
Recognition at a point in time	74,927	27,761	29,442	9,508	141,638
Revenue	108,478	35,758	29,442	9,508	183,186
	Germany	Austria	Poland	Other Markets	Group
in T€	1-9/2018	1-9/2018	1-9/2018	1-9/2018	1-9/2018
Revenue					
Administration	-	1,246	-	-	1,246
Hotel	101,648	74	79,515	10,593	191,830
Office	46,322	6,158	58,773	2,327	113,580
Other	13,778	8,691	2,496	676	25,641
Residential	24,909	55,897	829	8,403	90,038
Service	5,791	14,739	3,079	977	24,586
Revenue	192,448	86,805	144,692	22,976	446,921
Recognition over time	72,361	14,483	20,140	7,279	114,263
Recognition at a point in time	120,087	72,322	124,552	15,697	332,658
Revenue	192,448	86,805	144,692	22,976	446,921

7. Earnings per share

	1-9/2019	1-9/2018
Proportion of profit for the period attributable to shareholders of the parent (in T€)	39,609	27,337
Potential shares		
Weighted average number of shares issued (= number of basic shares)	7,472,180	7,472,180
Potential dilution through share options outstanding	921	1,217
Number of shares diluted	7,473,101	7,473,397
Basic earnings per share (in €)	5.30	3.66
Diluted earnings per share (in €)	5.30	3.66

8. Non-current assets held for sale

No non-current assets were classified as held for sale as of 30 September 2019. Non-current assets classified as held for sale are measured at fair value, which represents the current sale price.

9. Share capital

Share capital	Number 30 Sept 2019	€ 30 Sept 2019	Number 31 Dec 2018	€ 31 Dec 2018
Ordinary bearer shares	7,472,180	22,416,540	7,472,180	22,416,540

10. Authorised capital, conditional capital and treasury shares

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

The 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.

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 and a further 12,500 stock options were granted during the 2018 financial year. The strike price equalled €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). Compliance is also required 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 (2018: T€ 3,082). 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 options (9/2017 to 8/2020), share price on the valuation date (€38.25), the expected volatility of the share price (36.34%), expected dividends (4.20%) and a risk-free interest rate (0.00%).

The following resolutions were passed at the 138th Annual General Meeting on 29 May 2019:

The authorisations of the Management Board to purchase, sell and/or use treasury shares, which were passed by the Annual General Meeting on 23 May 2017, were revoked. At the same time, the Management Board was authorised in accordance with Section 65 Para. 1 Nos. 4 and 8 as well as Paras. 1a and 1b of the Austrian Stock Corporation Act to repurchase the company's shares up to the legally allowed limit of 10% of share capital, including previously repurchased shares, during a 30-month period beginning on the date the resolution was passed. The compensation for these purchases may not be lower than €3.00 and not higher than 10% above the average, unweighted market price on the ten stock exchange trading days prior to the transaction. The shares can be repurchased over the stock exchange, through a public offering or in another legally admissible, expedient manner, above all through off-market transactions or from individual shareholders who are willing to sell (negotiated purchase) and also under the exclusion of the proportional sale rights that can result from this type of purchase (reverse exclusion of subscription rights). The Management Board was also authorised to determine the respective repurchase conditions, whereby the related resolution of the Management Board and resulting share buyback programme,

including its duration, must be published in accordance with legal regulations. The authorisation can be used in whole or in part, also in multiple tranches and in pursuit of one or more objectives by the company, by a subsidiary (Section 189a of the Austrian Commercial Code) or by third parties for the account of the company. Trading in treasury shares is excluded as an objective of the repurchase programme.

The Management Board was also authorised to sell or use treasury shares in another manner than over the stock exchange or through a public offering, in agreement with the Supervisory Board, for a period of five years beginning on the date the resolution was passed. This authorisation can be used in whole or in part, also in multiple tranches and in pursuit of one or more objectives. The proportional purchase rights of shareholders in connection with the sale or use in another manner than over the stock exchange or through a public offering were excluded (exclusion of subscription rights). Moreover, the Management Board was authorised to withdraw treasury shares without a further resolution of the Annual General Meeting, in agreement with the Supervisory Board. The Supervisory Board was authorised to pass resolutions on amendments to the statutes arising from the withdrawal of treasury shares.

The share options developed as follows:

Number of share options	2019	2018
Balances as of 1 January	387,630	375,130
Options granted	10,000	12,500
Options forfeited	-42,000	-
Options exercised	-	-
Balance as of 30 September	355,630	387,630

11. 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 which was issued by PIAG in November 2014 and has since been repaid in full, and hybrid capital totalling €25.3m to UBM by way of legal succession. The hybrid capital is principally subject to ongoing interest.

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

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

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

The hybrid capital is held by PORR AG.

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

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.

12. Financial instruments

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

The fair value measurement of the bonds is based on quoted prices. Loans and borrowings as well as other financial assets are valued using the discounted cash flow method, whereby the zero coupon yield curve published by Reuters on 30 September 2019 was used to discount the cash flows.

Carrying amounts, measurement approaches and fair values

in T€	Measurement category (IFRS 9)	Carrying amount as of 30 Sept 2019	Measurement in acc. with IFRS 9			Fair value hierarchy	Fair value as of 30 Sept 2019
			(Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)		
Assets							
Project financing at variable interest rates	Amortised Cost	150,038	150,038	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,573
Other financial assets	FVTPL	1,871	-	-	1,871	Level 3	1,871
Other financial assets	FVTPL	873	-	-	873	Level 1	873
Trade receivables	Amortised Cost	34,722	34,722	-	-	-	-
Financial assets	Amortised Cost	10,485	10,485	-	-	-	-
Cash and cash equivalents	-	172,235	172,235	-	-	-	-
Liabilities							
Bonds at fixed interest rates	Amortised Cost	390,828	390,828	-	-	Level 1	409,834
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	151,954	151,954	-	-	-	-
at fixed interest rates	Amortised Cost	20,000	20,000	-	-	Level 3	19,970
Other loans and borrowings							
at variable interest rates	Amortised Cost	19	19	-	-	-	-
at fixed interest rates	Amortised Cost	28,088	28,088	-	-	Level 3	29,366
Lease liabilities	-	49,316	49,316	-	-	-	-
Trade payables	Amortised Cost	51,641	51,641	-	-	-	-
Other financial liabilities	Amortised Cost	37,198	37,198	-	-	-	-
By category							
Financial assets at amortised cost	Amortised Cost	203,966	203,966	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,744	-	-	2,744	-	-
Cash and cash equivalents	-	172,235	172,235	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	679,728	679,728	-	-	-	-

Notes to the Consolidated Interim Financial Statements

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2018	Measurement in acc. with IFRS 9				Fair value hierarchy	Fair value as of 31 Dec 2018
			(Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)			
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	-	-	-	-	

13. Transactions with related parties

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

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

Transactions between companies included in the UBM Group's consolidated financial statements and the PORR Group companies during the reporting period were principally related to construction services.

In addition, interest of T€1,520 on the hybrid capital was paid to PORR AG in 2019.

14. Events after the balance sheet date


On 4 November 2019, UBM successfully issued a six-year corporate bond (UBM bond 2019-2025) with a total volume of €120m and an annual coupon of 2.75%. An exchange offer at the same time led to the exchange of approximately €25.16m from the UBM bond 2015-2020 for the new UBM bond 2019-2025.

Vienna, 28 November 2019

The Management Board



Martin Löcker
COO



Thomas G. Winkler
CEO



Patric Thate
CFO

Financial Calendar

2019

Publication of the Q3 Report 2019	28.11.2019
Interest payment on UBM bond 2015	9.12.2019

2020

Interest payment on hybrid bond	2.3.2020
Publication of the Annual Report 2019	27.4.2020
Record date for participation in the 139th Annual General Meeting	18.5.2020
Publication of the Q1 Report 2020	26.5.2020
139th Annual General Meeting, Vienna	28.5.2020
Trading ex dividend on the Vienna Stock Exchange	3.6.2020
Dividend record date	4.6.2020
Payment date of the dividend for the 2019 financial year	5.6.2020
Interest payment on UBM bond 2015	9.6.2020
Publication of the Half-Year Report 2020	27.8.2020
Interest payment on UBM bond 2017	12.10.2020
Interest payment on UBM bond 2018	16.11.2020
Publication of the Q3 Report 2020	26.11.2020
Redemption and interest payment on UBM bond 2015	9.12.2020

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Disclaimer

This quarterly 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. The forecasts concerning the future development of the company represent estimates which are based on the information available at the time the quarterly 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 quarterly report.

The use of automated data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates.

The quarterly report as of 30 September 2019 was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all sections. The key figures were rounded based on the compensated summation method. However, rounding, typesetting and printing errors cannot be excluded.

This quarterly report is also published in German and is available in both languages on the website of UBM Development AG. In the event of a discrepancy or deviation, the German language version takes precedence.