Half-Yearly Report 2014

Building Future. Since 1873

1873

KEY-FIGU-RES

Key profit and loss figures

IN € MILLION	H1/2014	2014*	H1/2013	2013	H1/2012	2012 restated
Total revenues of UBM Group	142.8	401.0	112.2	286.7	89.2	258.3
of which: international in %	68.0	75.0	83.8	88.0	84.9	78.0
Earnings before interest and taxes (EBIT)	14.5		11.6	29.4	8.8	12.1
Earnings before taxes (EBT)	8.3		6.2	17.8	5.8	12.9
Profit after tax	6.8		4.1	13.5	4.3	13.7
Investments	21.5 [1)]	100.0 [1)]	51.2	91.0 [1)]	27.8	50.0

Business overview

IN € MILLION	H1/2014	2014*	H1/2013	2013	H1/2012	2012
Total revenues of UBM Group	142.8	401.0	112.2	286.7	89.2	258.3
Central and Eastern Europe	42.7	92.0	30.9	55.8	31.9	130.1
Western Europe	54.4	209.0	63.1	193.4	43.8	72.2
Austria	45.7	100.0	18.2	37.5	13.5	56.0
Headcount (fully-consolidated companies)						
As of 30 June	512		512	509	442	456
of which, hotel staff	292		295	293	219	235

* Projection

1) incl. residential building

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Foreword from the Managing Board

Karl Bier
Chairman of the Managing Board

Heribert Smolé

Martin Löcker

Dear shareholders and business partners,

The encouraging start to the year 2014 continued throughout the first six months. As of 30 June 2014 the UBM Group generated total revenues of €142.8 million. This constitutes an increase of 27.3% in comparison to the previous year, while we also managed to raise EBT significantly by €2.1 million or 33.9% to €8.3 million.

The result of the past half-year is mainly attributable to the successful sale of our residential projects in Austria, the Czech Republic and Germany. In Austria the sale of apartments in the Sternbrauerei Riedenburg project in Salzburg is progressing very well.

In the Czech Republic we have handed over apartments in the Spindleruv Mlyn project, while in Germany we are working vigorously to commercialise the Lilienthal Straße residential project. Activities in what remains of this year will continue to concentrate on our focal markets of Germany, Poland and Austria: In Germany we are focusing not just on residential projects in Munich, Frankfurt and Berlin, but also on an office project in Munich and a hotel project in Frankfurt. In Poland the focus is currently on establishing office properties in Wroclaw and Krakow. In Austria we are building an apartment complex in Graz, while residential construction projects are being prepared in Salzburg, Tyrol and Lower Austria.

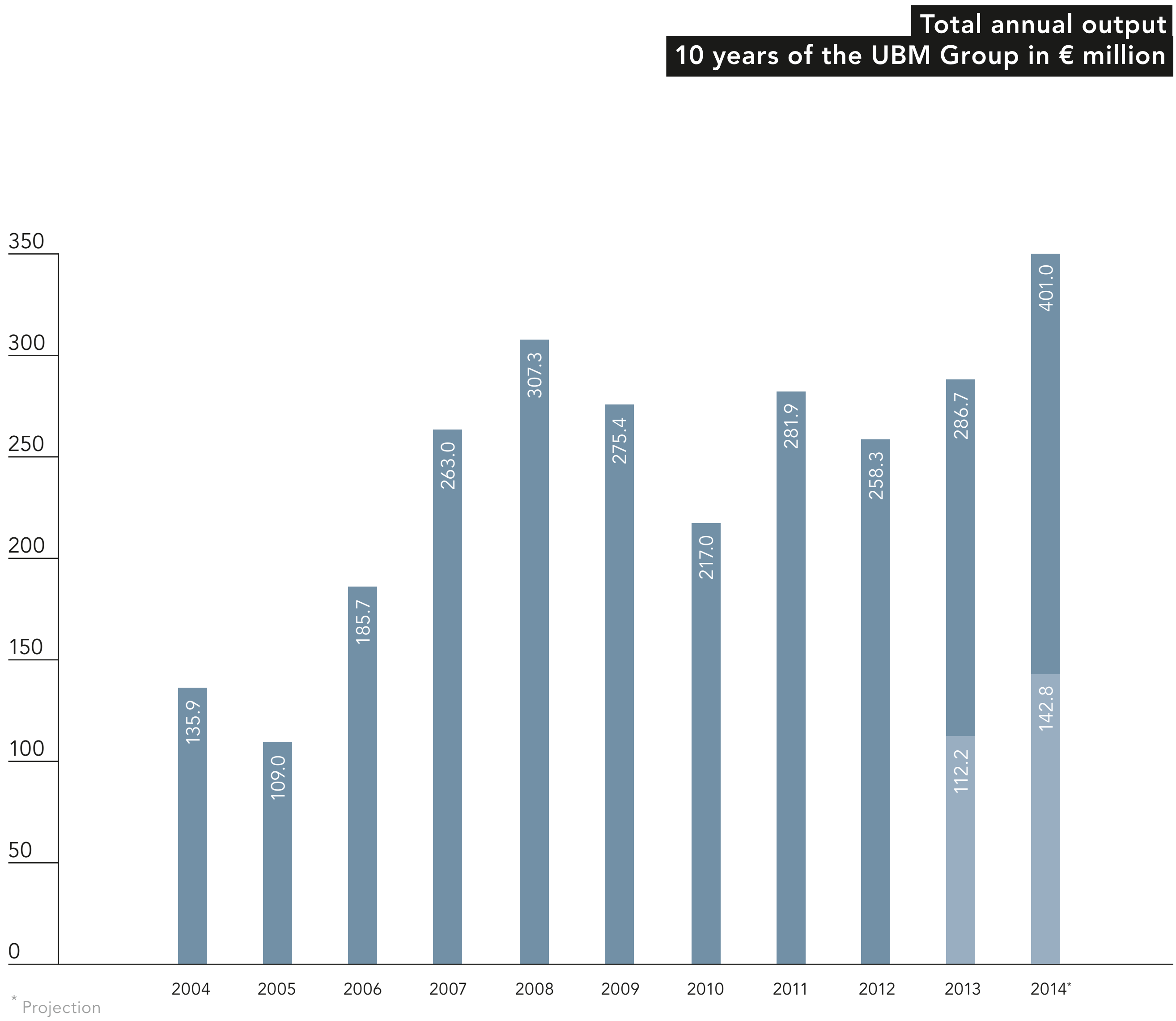
Assuming that the overall economic conditions do not deviate significantly from the current forecasts of economic analysts, we are targeting revenues and profits in 2014 that are commensurate with last year.

Karl Bier
(Chairman)

Heribert Smolé

Martin Löcker

10 years of the UBM Group



The increase in total annual output in 2014 as shown on the graph is attributable to the planned sales of real estate in the second half of the year. In the first half of 2014 the UBM Group achieved a total annual output of €142.8 million.

The total annual output target for 2014 is €401.0 million, which is therefore higher than the record figure achieved in 2008. Activities in Austria focus on Salzburg, where this year we will complete a high-quality residential property with 65 apartments. In Western Europe we are concentrating on our home market of Germany, where we are particularly busy in the residential markets of Munich, Frankfurt and Berlin. In terms of commercial real estate we are building a hotel in Frankfurt, and also have an office building in the pipeline in Munich. In Eastern Europe, an office building is being completed in Krakow, while in Wroclaw, construction work is starting on another office project. The holiday home complex in Spindleruv Mlyn was completed in the first half of 2014 and handed over to the buyers.

„HOLIDAY INN" – MAINZERSTRASSE/ FRANKFURT

FACTS AND FIGURES

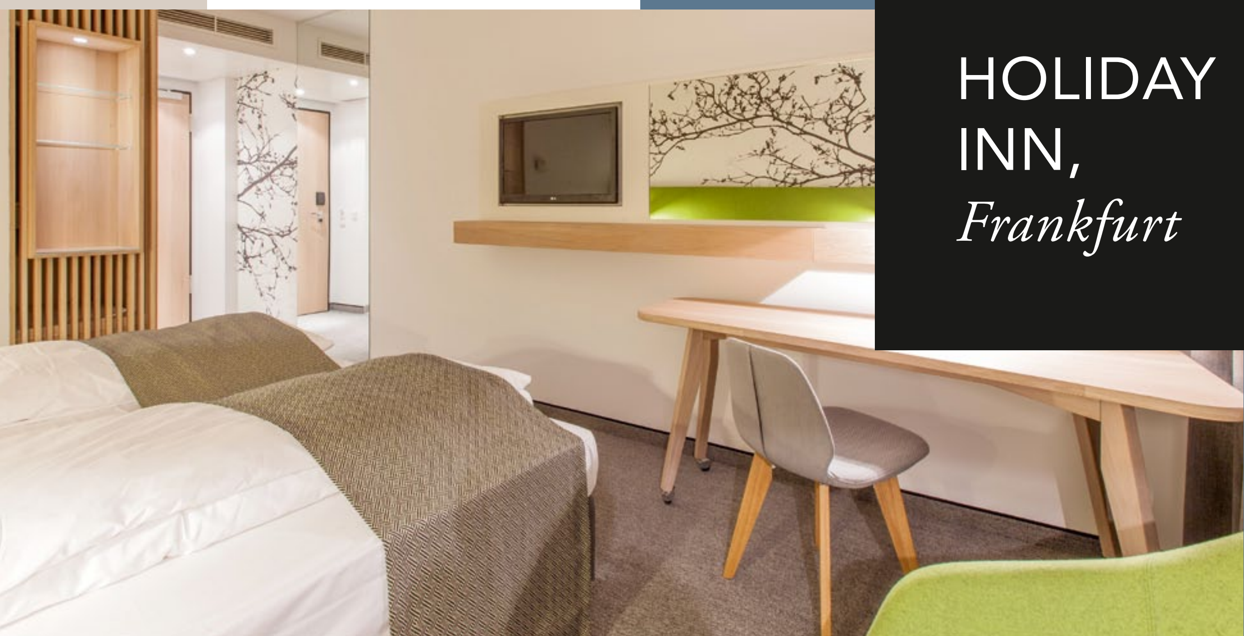
Certification: DGNB Silver
Start of construction: May 2013
Doors open/Handover: March 2015

- 8-floor new building
- Ground floor: public areas
- Floors 1-7: 249 guests rooms
- 2 underground levels
- Underground car park with 77 spaces

A Holiday Inn is being constructed in Mainzerstraße with 249 rooms. The extensive gutting and demolition work on the existing office building began in May 2013.

A mild winter and the professional approach of the subcontractors meant the shell construction work was completed as planned by May 2014. Since the finishing works and the fitting of the windows on the floors with the bedrooms began during the shell work phase, this stage has already made very good progress. The guest rooms have already been fitted with carpets and tiles, and the first delivery of furniture is expected in mid-August. This progress is also visible on the outside of the building. The roof has been sealed and insulated, work is underway on the thermal insulation composite system on the courtyard side, while illuminated concrete elements are being fitted on the side facing the street.

The project is an ecological trend-setter too, and will receive a DGNB certification in the Silver category. The hotel is expected to be completed and officially handed over in March 2015.



HOLIDAY INN, *Frankfurt*

LILIEN-
THAL II,
Neubiberg

LILIENTHAL II –
NEUBIBERG

FACTS AND FIGURES

- 103 freehold apartments in ten separate buildings
- 2 to 4-room apartments
- Living space: roughly 54 m² to 105 m²
- Floor space for sale: roughly 8,365 m²
- GFA: 10,205 m²
- Underground car park with 150 spaces
- Children’s play area

Construction period: 2012 - 2014

Completion: August 2014

Ready for occupancy: Phase 1 - May 2014
Phase 2 - July 2014

A quiet residential building in a traffic-free location with high recreational value has been constructed only 20 minutes away from Munich city centre. All told, 103 freehold turnkey apartments were built in ten separate buildings using solid construction methods.

The ecological design provides for a KfW Energy Efficiency House 70 standard, including a combined heat and power unit with heat and cooling cogeneration as well as heat recovery ventilation, which enhances quality of living significantly. The sophisticated furnishings come in the shape of floor-length windows in the living and sleeping areas, solid oak parquet flooring, underfloor heating and spacious, modern bathrooms. The ground floor apartments have their own private garden, while all the apartments on the upper floors have either a large, sunny balcony or a roof terrace. Each of the parking spaces in the underground garage has a lockable socket for hybrid and electric cars or a vacuum cleaner. All of the apartments were sold 18 months before the property was completed.

STERN-BRAUEREI, *Salzburg*

"STERNBRAUEREI" – COMPLETION OF WEST WING, RAINBERGSTRASSE/ SALZBURG

FACTS AND FIGURES (WEST WING)

The project was managed through 2 project companies.

	East (2012)	West (2014)	Total
Site area:	5,209 m²	8,075 m²	13,284 m²
GFA above-ground:	5,130 m²	8,805 m²	13,935 m²
Apartments:	34 apartments	66 apartments	100 apartments
Usable floor area:	4,446 m²	5,966 m²	10,412 m²
Terraces:	737 m²	2,382 m²	3,119 m²
Garden areas:	532 m²	291 m²	823 m²
Garages:	54 cars	92 cars	146 cars
Start of construction:	June 2010	May 2012	
Completion:	February 2013	June 2014	

Salzburg is extremely popular both in Austria and abroad. The high quality of life and its good location in Europe make the city an ideal place to live. Demand for property in Salzburg is rising constantly. This is why we began to construct privately financed freehold apartments in the eastern part of the former Sternbrauerei site in 2010, and from 2012 in the western part too, revitalising the existing property for residential purposes. This project is situated in the centre of the city and only a few minutes from the Festival Theatre.

Besides the revitalised existing buildings, six architecturally sophisticated buildings with 100 unique apartments have been built. Internal room heights of up to 4.5 metres, living space of 46 to 286 m² in various arrangements, verandas, balconies, terraces and gardens guarantee the best in urban living. Part of the property extends across the wooded Rainberg hill. Overall, 100 apartments with a total floor space of roughly 10,400m² and 3,900m² of terraces and balconies were built. The impressive rock face of the Rainberg and the adjacent nature conservation area with its old trees provide a typical Salzburg backdrop for the buildings skilfully designed by New York architects HARIRI & HARIRI that resemble sculptures. The natural stone facades of the buildings blend in marvellously with the surrounding area.

UBM AG ensured the project was completed using the highest construction technologies and standards, fulfilling all ecological criteria. The project was realised in close consultation with the local authorities responsible for protecting the old town of Salzburg, and has therefore become an integral part of the city centre that is on the list of World Heritage sites.

Many of the apartments in both wings have already been handed over and are now occupied. Another 3 penthouses were sold in June, and given the requirements laid down they shall be completed in the autumn. This means that 7 out of 9 penthouses already have a new owner. The apartments and the penthouses on the former Sternbrauerei site represent modern living at the highest level in one of the most sought-after inner-city locations in Salzburg. The exceptional location right at the gate to the old town offers magnificent recreational opportunities.

Work to sell the remaining apartments is in full swing, which means further contracts are likely to be concluded before the end of the year.

Business Report 2014

Business developments, results and position of company

ECONOMIC SITUATION

Europe

The economic upswing continued in the first half of 2014. Many sentiment indicators reached their highest levels since the start of the financial crisis, while the mild winter had a benign impact on the construction industry. According to forecasts by the European Commission, economic growth in 2014 for the entire EU should total 1.6%, with the eurozone coming in slightly lower with an expected figure of 1.2%.

However, the economic recovery is progressing rather differently in the individual Member States. While growth in Germany and particularly in the United Kingdom is quite significant at 1.8% and 2.7% respectively, it is rather modest in France, amounting to just 1.0%. Crisis countries are emitting positive signals: Both Spain and Italy are leaving their recessions behind them this year, with economic growth expected to total 1.1% and 0.6% respectively.

Domestic demand benefited from the low inflation in the first half of 2014, but this also subdued investment appetite and increased the real debt burden of the crisis states. In June 2014, inflation sat at a low 0.5%. For the year as a whole, an average figure of 1.0% is projected for the 28 EU countries.

The European Central Bank (ECB) has recently ramped up its fight against the low rate of inflation. A low interest-rate policy should boost economic activity. This explains why the key interest rate was cut again in June 2014, while a penalty rate for bank deposits was introduced at the ECB for the first time.

The labour market has stabilised in Europe – new jobs are being created again but the jobless rate remains high. In 2014 it is expected to drop only marginally to 10.5% for the entire European Union, with the eurozone sitting higher at 11.8%. The high unemployment, possible deflation and external risks on the global market represent serious potential risks for Europe's economic recovery, which still cannot be considered robust. Against such a background it is no easy task to strike the right balance at macroeconomic level between reducing debt levels and identifying growth stimulus for the economy. Debt ratios are likely to remain at 89.5% in the EU for 2014. The EU's budget deficit is falling, and is expected to total 2.6% for 2014.

Austria

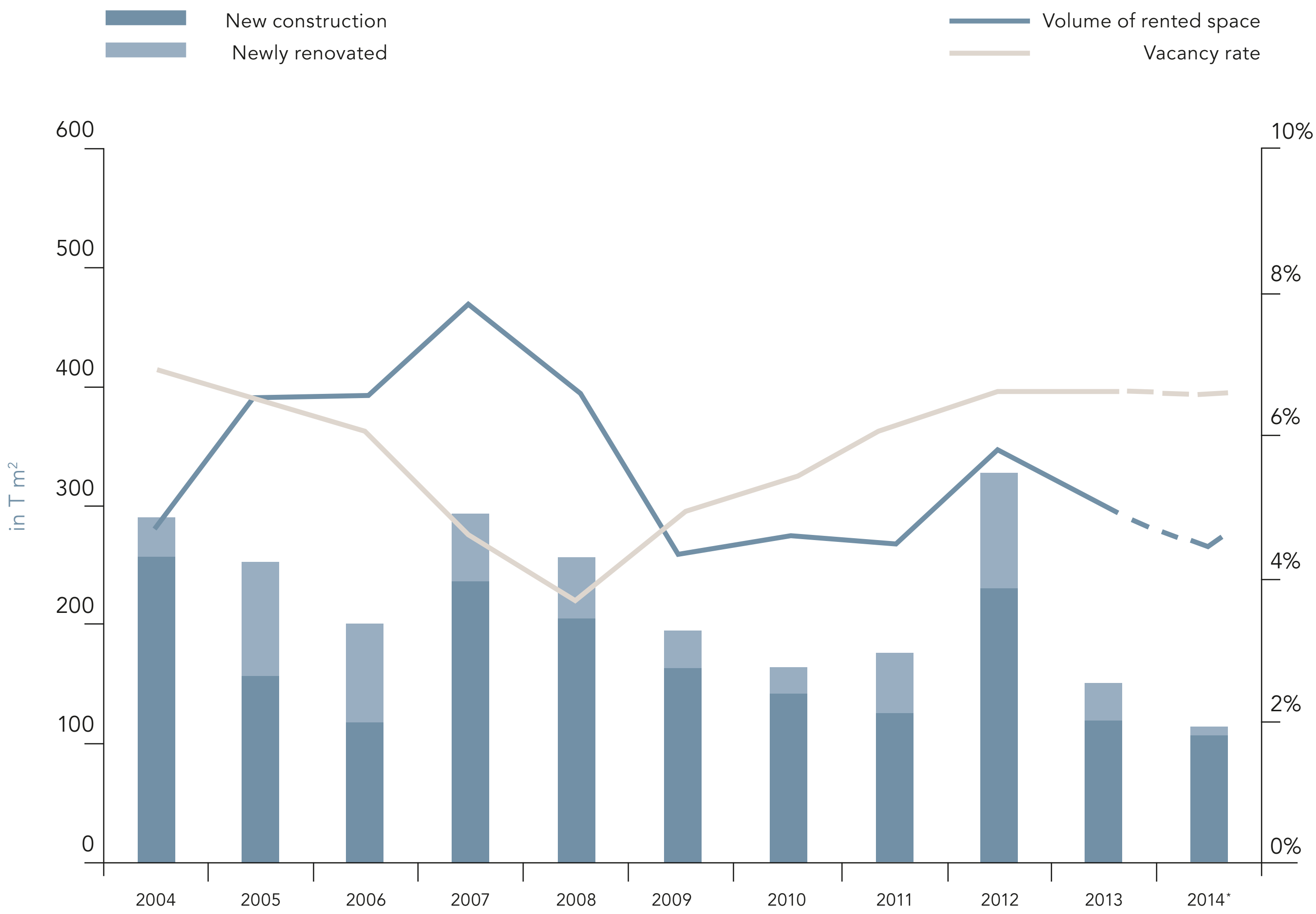
Consistent with the upswing in the eurozone, the Austrian economy is also enjoying an upwards trend. Incoming orders and demand from abroad but also consumers' willingness to buy on the domestic market were encouraging in the first half of 2014. According to the most recent predictions, Austria's gross domestic product is likely to grow by 1.4% in 2014 and by 1.7% in 2015. The Austrian economy is therefore growing faster than the eurozone's. Since more than half of the country's exports head to the EU, developments within this region are crucial for the future development of the Austrian economy.

Inflation is expected to remain at a low 1.8% in Austria in 2014 and 2015. The domestic economy is still underutilised in terms of capacity, which is contributing to the low inflationary pressure. In spite of the rising employment, the rate of unemployment is still high in Austria: it will total roughly 5.2% in 2014 based on the Eurostat definition. However, this means Austria will still have the lowest jobless figure in the EU. The winding up of Hypo will weigh down on the Austrian budget this year, and push the deficit towards 3% in 2014.

Central and Eastern Europe

In the wake of the upswing experienced throughout the eurozone, the economies of most countries in Central and Eastern Europe picked up momentum in the first half of 2014. The business climate was considered positive overall during the first half-year, especially in Poland and the Czech Republic. Russia has fallen out of favour with direct investors as a result of the Ukraine crisis, but still numbers among the more attractive

CBRE – offerings/volume of rented space/vacancies in Vienna



* Projection

markets in Central and Eastern Europe. The situation in Ukraine is quite different, where the country's economy has been stagnating for some time; the political crisis is now exacerbating the downward trend and investors are pulling their capital out. Several Member States of the European Union have intensified their efforts regarding EU funding, which will have a beneficial impact on investment activity in the region in 2014 and 2015. Countries in the western Balkans suffered severe flooding in May 2014, with the main damage coming in Serbia as well as Bosnia and Herzegovina.

Development of real estate markets

The European real estate market continues to enjoy an upturn in fortunes – experts currently view the earnings prospects as attractive. The prices for properties in prime locations are now overheated though, which makes it difficult to find interesting property investments on the most popular markets.

London, Paris or Munich were convincing locations during the financial crisis offering safe returns, but risk appetite for earnings is now growing and investors are showing more interest in smaller markets too. Office buildings in Amsterdam for example generate much higher yields than properties on the three large markets. Dublin produced a marked upwards trend last year, and the Irish capital seems to have overcome its severe downfall.

Even peripheral countries such as Italy, Spain or Portugal, and niche segments like exclusive apartment buildings or elderly homes are cropping up increasingly on investor radar screens.

Munich remained the most attractive real estate market, which has a solid foundation thank not least to its above-average incomes. The transaction volume in the first half of the year amounted to €1.9 billion, while Hamburg and Berlin continued to number among the preferred cities. Together with the United Kingdom, this means Germany confirmed its position as a strong real estate market in the first half of 2014 – regional volumes increased in both countries. The transaction volume for commercial real estate in Germany amounted to €16.9 billion in the first half of 2014 – representing growth of 29% by annual comparison. On the third-largest real estate market of France, by contrast, developments remained quite flat.

Investment into Central and Eastern Europe rose in the first half of 2014 by 15% yoy (without Russia). Low interest rates and continued interest in real estate investments suggest a strong second half of the year can be expected too. Commensurate with its economic size Poland generated the highest volume at €1.1 billion, though growth was weak. In the Czech Republic, investments rose by more than a third to €0.7 billion, while in Russia this figure slumped by more than half to €1.2 billion.

The Vienna office market was stable throughout the first half of 2014. The increase in new space was weak – a new all-time low of 120,000 m² is expected here for the year as a whole. This is pushing vacancy rates down somewhat, which currently sit at 6.6%. The rents for commercial space in Vienna remain stable too. Properties in top locations and shopping centres are still in demand – Vienna remains a key location following the expansion of retail chains. The capital will receive roughly 60,000 m2 of new space throughout 2014.

Sources: BNP, CBRE, EHL, European Commission, IMF, OeKB, wiiw, WIFO

BUSINESS DEVELOPMENTS

Sales trends
(by line of business)

As of 30 June 2014 the total output of the UBM Group amounted to €142.8 million (previous year €112.2 million) which is therefore €30.6 million or 27.3% higher than the corresponding figure in the previous year. This development is due to higher total output in the segments of "Austria" and "Central and Eastern Europe", while the "Western Europe" segment contracted.

In the "Central and Eastern Europe" segment, total output totalled €42.7 million (2013: €30.9 million) and is primarily attributable to revenue from the sale of apartments in the Spindleruv Mlyn project, the sale of the Biendronka commercial property in Warsaw as well as hotel operations and rental proceeds.

The Czech Republic generated sales revenue in the first half of the year amounting to €11.7 million, mainly by selling apartments in the Spindleruv Mlyn project. Our 10% participation in Russia recorded a prorated increase in total output of €0.7 million generated by the operation of the Crown Plaza Hotel, and the full lease of the first office building in the "Airport City St. Petersburg" project.

The lion's share of sales revenue was produced by Poland, totalling €29.6 million, which represents an increase of 10% on the previous year (€27.5 million). In Poland we should emphasise above all the sale of the Biendronka commercial property in Warsaw, the revenues from hotel operations as well as the rental income from the Poleczki Business Park project. Romania managed to maintain a steady contribution via revenues from the "Chitila logistics park" project (€0.7 million).

Total output in the "Western Europe" segment fell on account of projects that have only just started (2014: €54.4 million; 2013: €63.1 million), though more housing was sold in the first half of the previous year. Sales in Germany resulted in a total output of €42.8 million, driven mainly by home sales in Munich. France primarily generates revenues from hotel businesses, and operations here were steady, generating €6.5 million, the same as the previous year. In the Netherlands we achieved a total output from hotel operations of €5.1 million.

The "Austria" segment increased its total output by €27.5 million to €45.7 million (previous year: €18.2 million), which is attributable to residential sales in the Rainbergstraße project in Salzburg. This segment also contains management services and rental income.

KEY FINANCIAL INDICATORS

Results and earnings

The sales revenue of the fully consolidated companies reported in the consolidated income statement as of 30 June 2014 totalled €87,2 million, which is €16,6 million more than the corresponding figure in the previous year. The figure that is most relevant for UBM because it is more meaningful in terms of operations is total annual output, which totalled €142.8 million in comparison to the previous year, up by €30.6 million.

The share of associated companies in the profit totals €2.0 million, while other operating income amounts to €3.4 million. Material expenses and the cost of services used decreased in proportion to the lower sales revenue by €18.9 million to € -34.0 million.

Write-downs were as planned and totalled € -1.6 million. Other operating expenses totalled € -12.5 million, and included rentals, advisory costs, advertising costs, etc.

As of 30 June 2014, personnel expenses totalled € -9.7 million, roughly the same as last year thanks to proactive cost management.

Financial income amounted to €1.9 million, while financial expenses totalled € -8.1 million, which resulted in EBT rising by roughly €2.1 million compared to the previous year (2014: €8.3 million; 2013: €6.2 million)

Net income totalled €6.8 million after considering the tax expense; consequently, earnings per share rose by €0.21 or 23.9% from €0.88 to €1.09 in the first six months.

Assets and financial position

Total assets of the UBM Group increased over the first six months of 2014 compared to 31 December 2013 by approximately 0.4% to €633.6 million. Under assets, "project financing" increased to €77.6 million.

Financial real estate amounting to €281.6 million and inventories totalling €117.2 million reveal but minor changes. Trade receivables increased from €19.2 million to €33.9 million, while liquid assets fell by € -23.1 million to €36.8 million.

Under equity and liabilities, the main changes came under "bonds" caused by the reclassification from "long-term financial liabilities" to "current liabilities" of the bonds due in 2015. As of 30 June 2014 long-term financial liabilities dropped to €112.0 million.

Equity capital increased again as of 30 June 2014 compared to 31 December 2013, despite the dividend payment of €3.7 million for 2013, and totals €167.0 million.

EVENTS AFTER THE REPORTING DATE

During July 2014, PORR AG augmented its existing participation in UBM Realitätenentwicklung Aktiengesellschaft (ISIN AT0000815402) ("UBM shares") through the purchase of 114,000 shares, which correspond with 1.90% of UBM Realitätenentwicklung Aktiengesellschaft ("UBM") share capital and voting rights at a total price of € 2,394,000 (€ 21,– per UBM share). In addition, on 11 July 2014, PORR AG concluded contracts with:

- CA Immo International Beteiligungsverwaltungs GmbH concerning the purchase of 1,500,008 existing UBM shares, which correspond with 25.000133% of UBM's share capital and voting rights, at a cost of € 36,000,000 (approximately € 24,– per UBM share), whereby the completion of this transaction took place subject to the caveat of several suspensive conditions including the legally valid clear-ance/non-prohibition by all responsible anti-trust authorities; and
- a call option that during the period from 11 July 2014 to 31 January 2015 entitles PORR AG to purchase a total of 23,276 UBM shares, which correspond with 0.39% of UBM's share capital and voting rights, at a price correlating to the then current stock exchange quotation (however, at a minimum € 20,– and at a maximum € 24,– per UBM share).

Following the completion of these contracts (expected by the beginning of October 2014), PORR AG will have a direct and indirect holding of 69.09% in UBM. Consequently, in line with the Takeover Act, PORR AG is obliged to make a compulsory offer to all other UBM stockholders.

OUTLOOK FOR 2014 H2

The focal point of activities in Austria lies in Salzburg, where we will complete the Rainbergstraße project by handing over 70 apartments. In Graz we are starting to build two residential projects. In Western Europe we are concentrating on our home market of Germany, where we are particularly busy in the residential markets of Munich, Frankfurt and Berlin. In terms of commercial real estate we are building a hotel in Frankfurt and also have an office building in the pipeline in Munich. Hotel projects are planned in the Netherlands and France too. Poland will remain the focus of our activities in Central and Eastern Europe in 2014.

The Alma Tower in Krakow was completed at the start of the second half-year. We are still working on the Poleczki Business Park in Warsaw; the third phase should commence in the autumn. In Wroclaw we are starting to construct an office building.

In the Czech Republic, the holiday home complex in Spindleruv Mlyn was completed. All other countries in Eastern Europe are under observation with the aim of securing land or projects that will then enable us to ramp up our activities again when the markets stabilise. Assuming that the overall economic conditions do not deviate significantly from the current forecasts of economic analysts, we are targeting revenues and profits in 2014 that are commensurate with last year.

KEY RISKS AND FACTORS OF UNCERTAINTY

More detailed information on existing risks and uncertainties can be found in the 2013 Annual Report (pps. 32-35).

DECLARATION OF THE MANAGING BOARD

We hereby declare to the best of our knowledge that these condensed interim consolidated financial statements compiled in accordance with applicable accounting standards provide a true and fair view of the financial and earnings position of the Group, as well the results of its operations. The half-yearly report of the Group presents a true and fair view of the Group's financial and earnings position and the results of operations during the first six months of the fiscal year, and their impacts on the condensed interim consolidated financial statements, whilst also outlining the significant risks and uncertainties in the remaining six months of the fiscal year.

Vienna, 31 August 2014
The Managing Board

Karl Bier
(Chairman)

Heribert Smolé

Martin Löcker

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TIMES II,
Wroclaw

Condensed interim consolidated financial statements

CONSOLIDATED INCOME STATEMENT for the period 1 January 2014 to 30 June 2014

IN T€	1-6/2014	1-6/2013
Sales revenues	87,225	70,567
Changes in stocks	-20,415	5,166
Own work capitalised in non-current assets	119	–
Result from associated companies	1,953	6,407
Other operating income	3,427	3,719
Material expenses and other services	–33,980	–52,893
Personnel expenses	–9,665	–9,661
Amortisation on intangible assets and depreciation on property, plant, equipment	–1,633	–1,472
Other operating expenses	–12,517	–10,210
Earnings before interest and taxes (EBIT)	**14,514**	**11,623**
Financial income	1,913	2,821
Financial expenditure	–8,092	–8,206
Earnings before tax (EBT)	**8,335**	**6,238**
Taxes on income	–1,567	–2,291
Profit after tax	**6,768**	**3,947**
of which: parent company shareholders	**6,534**	**5,332**
of which: non-controlling shareholders of subsidiaries	234	–1,385
Earnings per share (diluted and unchanged in €)	**1.09**	**0.88**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period 1 January 2014 to 30 June 2014

IN T€	1-6/2014	1-6/2013
Profit after tax	**6,768**	**3,947**
Other comprehensive income		
Realised profit from hedging transactions	–	-185
Difference from currency translations	67	322
Income tax expense (income) on other comprehensive income	3	36
Other comprehensive income which can be reclassified in the income statement (recyclable)	**70**	**173**
Other comprehensive income for the period	**70**	**173**
Total profit (loss) for the period	**6,838**	**4,120**
of which: parent company shareholders	6,604	5,447
of which: non-controlling shareholders of subsidiaries		
Shareholders in subsidiaries	234	-1,327

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 30 June 2014

Assets

IN T€	30.06.2014	31.12.2013
Non-current assets		
Intangible assets	2,689	2,690
Property, plant and equipment	25,101	25,722
Financial real estate	281,649	279,429
Participations in associated companies	36,992	35,292
Project financing	77,595	69,045
Other financial assets	9,089	9,089
Financial assets	93	5
Deferred tax assets	5,921	6,383
	439,129	*427,655*
Current assets		
Inventories	117,215	117,359
Trade receivables	33,881	19,228
Other financial assets	3,149	3,224
Other receivables and assets	3,511	3,417
Liquid assets	36,760	59,893
	194,516	*203,121*
	633,645	*630,776*

Equity and liabilities

IN T€	30.06.2014	31.12.2013
Shareholders' equity		
Share capital	18,000	18,000
Capital reserves	44,642	44,642
Other reserves	102,161	99,225
Interests of parent company shareholders	**164,803**	**161,867**
Non-controlling shareholders of subsidiaries	2,093	1,852
	166,896	*163,719*
Long-term liabilities		
Provisions	10,335	12,502
Bonds	96,412	190,285
Financial liabilities	112,011	134,082
Other financial commitments	4,263	4,333
Deferred tax liabilities	5,882	7,268
	228,903	*348,470*
Current liabilities		
Provisions	36	36
Bonds	100,001	–
Financial liabilities	80,631	57,457
Trade liabilities	26,905	29,449
Other financial commitments	20,827	20,382
Other liabilities	1,889	2,730
Tax liabilities	7,557	8,533
	237,846	*118,587*
	633,645	*630,776*

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January 2014 to 30 June 2014

IN T€	1-6/2014	1-6/2013
Cash flow from operating activities	–13,402	–6,617
Cash flow from investment activities	–12,931	–26,082
Cash flow from financing activities	3,276	33,267
Change in liquid assets	–23,057	568
Liquid assets as of 01.01	59,893	53,435
Currency differences	–20	–634
Change in liquid assets due to altered scope of consolidation	–56	–20
Liquid assets as of 30.06.	36,760	53,349

SEGMENT REPORTING

	Austria	
IN T€	1-6/2014	1-6/2013
Total output		
Project sales, development and construction	38,603	12,364
Hotel operation	2,606	1,187
Leasing and administration of real estate	4,509	4,660
Facility management	–	–
Land under development	–	–
Total output	45,718	18,211
EBT		
Project sales, development and construction	3,022	–36
Hotel operation	–39	–77
Leasing and administration of real estate	953	625
Facility management	–	–
Land under development	–	–
Administration	–1,768	–791
Total EBT	2,168	–279

CHANGES IN CONSOLIDATED EQUITY

IN T€	Share capital	Capital reserve	Remeasurement from defined-benefit obligations	Foreign currency translation reserve	Other reserves	Parent company shareholders	Non-controlling shareholders of subsidiaries	Total
As of 1.1.2013	**18,000**	**44,642**	**–510**	**1,615**	**89,011**	**152,758**	**922**	**153,680**
Total profit (loss) for the period	–	–	–	114	5,333	5,447	–1,327	4,120
Dividend payments	–	–	–	–	–3.,300	–3,300	–	–3,300
Change in non-controlling interests	–	–	–	–	–	–	54	54
As of 30.6.2013	***18,000***	***44,642***	***–510***	***1,729***	***91,044***	***154,905***	***–351***	***154,554***
As of 1.1.2014	**18,000**	**44,642**	**–543**	**1,973**	**97,795**	**161,867**	**1,852**	**163,719**
Total profit (loss) for the period	–	–	–	70	6,534	6,604	234	6,838
Dividend payments	–	–	–	–	–3,720	–3,720	–	–3,720
Change in non-controlling interests	–	–	–	–	52	52	7	59
As of 30.6.2014	***18,000***	***44,642***	***–543***	***2,043***	***100,661***	***164,803***	***2,093***	***166,896***

Western Europe		Central and Eastern Europe		Group	
1-6/2014	1-6/2013	**1-6/2014**	1-6/2013	**1-6/2014**	1-6/2013
26,908	37,004	*20,447*	11,795	*85,958*	61,163
23,632	22,562	*15,425*	12,597	*41,663*	36,346
3,807	3,558	*4,801*	4,177	*13,117*	12,395
–	–	*2,053*	2,344	*2,053*	2,344
–	–	*1*	–	*1*	–
54,347	**63,124**	***42,728***	**30,913**	***142,792***	**112,248**
4,057	4,463	*2,920*	5,257	*9,999*	9,684
–1,289	–1,496	*–239*	–838	*–1,567*	–2,411
369	140	*1,025*	–507	*2,347*	258
–	–	*116*	263	*116*	263
–65	–87	*–727*	–679	*–792*	–765
–	–	*–*	–	*–1,768*	–791
3,072	**3,020**	***3,095***	**3,496**	***8,335***	**6,238**

Notes to the consolidated interim financial statements

As of 30 June 2014, UBM Realitätenentwicklung AG

I. GENERAL INFORMATION

The UBM Group is composed of UBM Realitätenentwicklung Aktiengesellschaft (UBM AG) and its subsidiaries. UBM AG is a public company pursuant to Austrian law and is headquartered at Floridsdorfer Hauptstrasse 1, 1210 Vienna. The company is registered at the Vienna Commercial Court under registration No. FN 100059 x. The core activities of the Group are the development, utilisation and administration of real estate.

The reporting currency is the euro, which is also the functional currency for UBM AG and for the majority of subsidiaries included in the consolidated financial statements. The consolidated financial statements were not audited or subject to any review by an auditor.

II. SCOPE OF CONSOLIDATION

In addition to UBM AG, the consolidated financial statements include 8 domestic subsidiaries (as of 31 December 2013: 8) and 53 foreign subsidiaries (as of 31 December 2013: 53). Furthermore, 4 domestic (as of 31 December 2013: 4) and 32 foreign (as of 31 December 2013: 32) associates were valued using the equity method. One company was established in the reporting period and one company was wound up.

III. ACCOUNTING POLICIES

The same accounting policies and methods applied in the consolidated financial statements as of 31 December 2013, as presented in the notes to the consolidated financial statements, were applied for the interim consolidated financial statements, with the exception of the following standards and interpretations applied for the first time:

New Standards

IFRS 10 – Consolidated Financial Statements
In IFRS 10, control is identified as the only basis for consolidation, regardless of the type and background of the investee. Consequently, this replaces the risk and rewards approach of SIC-12. This standard must be applied for annual periods beginning on or after 1 January 2013, and retrospectively; however, the EU endorsement to change the effective date to 1 January 2014 applies to the Group.

IFRS 11 – Joint Arrangements
The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. Proportionate consolidation for joint ventures will no longer be an option in the future.

This standard must be applied for annual periods beginning on or after 1 January 2013; however, the EU endorsement to change the effective date to 1 January 2014 applies to the Group. Since the Group previously consolidated joint ventures using the equity method and there are no joint activities, the first-time application of this standard is not relevant.

IFRS 12 – Disclosure of interests in other entities

IFRS 12 brings together the disclosure requirements for investments in subsidiaries, joint arrangements, associates and unconsolidated structured entities into one standard.

Many of these disclosures were taken from IAS 27, IAS 31 or IAS 28, while other disclosure requirements were included for the first time. This standard must be applied for annual periods beginning on or after 1 January 2013; however, the EU endorsement to change the effective date to 1 January 2014 applies to the Group.

Amendments to Standards and Interpretations

Amendments to IFRS 10, IFRS 12, IAS 27 - Investment Entities

The amendments provide for exemption with regard to the consolidation of subsidiaries if the parent company fulfils the definition of an investment entity. Certain subsidiaries are then measured at fair value through profit or loss in accordance with IFRS 9 or IAS 39. These amendments must be applied for annual periods beginning on or after 1 January 2014, and retrospectively.

IFRS 10-12 Transitional Guidance (IASB publication: 28 June 2012; postponement of first-time adoption)

in accordance with underlying standards): The amendments clarified the transitional guidance in IFRS 10 and provided additional simplification in all three standards. In particular, disclosing adjusted comparative figures is now limited to the period immediately preceding first-time adoption.

Amendment to IAS 27 – Separate Financial Statements

Following the publication of IFRS 10, IAS 27 now only contains rules on separate financial statements. The amendments must be applied for annual periods beginning on or after 1 January 2013; however, the EU endorsement to change the effective date to 1 January 2014 applies to the Group.

Amendment to IAS 28 – Investments in Associates and Joint Ventures

IAS 28 was amended following the publication of IFRS 10 and IFRS 11. The amendments must be applied for annual periods beginning on or after 1 January 2013; however, the EU endorsement to change the effective date to 1 January 2014 applies to the Group.

Amendments to IAS 36 – Impairment of assets

The amendments relate to the disclosure of information to determine the recoverable amount of impaired assets, in the event this amount is based on fair value less selling costs. These amendments must be applied for annual periods beginning on or after 1 January 2014.

Amendment to IAS 39 – Financial instruments: recognition and measurement

The amendment means that derivatives are still designated as hedging instruments in a hedging relationship even in the event of a novation. This is subject to the hedging instrument being novated to a central counterparty as a result of laws or regulations. These amendments must be applied for annual periods beginning on or after 1 January 2014.

New interpretations

IFRIC 21- Levies

This interpretation provides guidance on when to recognise a liability for a levy imposed by a government. These amendments must be applied for annual periods beginning on or after 1 January 2014. With the exception of IFRS 11, the first-time application of the standards and interpretations had no effect on the interim consolidated financial statements.

The following standards and interpretations were published since the consolidated financial statements as of 31 December 2013 and the interim consolidated financial statements were prepared, are not yet mandatory or not yet adopted by EU law:

	Entry into force based on IASB
IFRS 14	*1 January 2016*
IFRS 15	*1 January 2017*
Amendments to IAS 16 and IAS 38	*1 January 2016*
Amendments to IAS 16 and IAS 41	*1 January 2016*

For the interim consolidated financial statements as of 30 June 2014 the same consolidation methods and currency translation principles were applied as for the consolidated financial statements for the year ended 31 December 2013.

IV. ESTIMATES AND ASSUMPTIONS

Preparing interim financial statements under IFRS requires management estimates and assumptions which refer to the amount and recognition of assets and debts in the balance sheet as well as to income and expenditures and data on contingent liabilities in the interim report.

Actual results can deviate from these estimates.

V. DIVIDENDS

At the General Meeting of Shareholders held on 30 April 2014 it was decided to pay a dividend of €0.62 per share, which with 6,000,000 shares totals €3,720,000; the remainder of the profits totalling €44,334.96 is to be carried forward. The dividend was paid on 6 May 2014.

VI. EARNINGS PER SHARE

IN T€	*1-6/2014*	*1-6/2013*
Share of parent company shareholders in profit after tax	*6,534,130.53*	5,332,522.13
Weighted average number of shares issued	*6,000.,000*	6,000,000
Basic earnings per share = diluted earnings per share in €	***1.09***	***0.88***

VII. SHARE CAPITAL

SHARE CAPITAL	*No. in 2014*	*in € 2014*	*No. in 2013*	*in € 2013*
Ordinary bearer shares	*6,000,000*	*18,000,000*	6,000,000	18,000,000

VIII. FINANCIAL INSTRUMENTS

With the exception of other financial assets and fixed-income bonds, the book values of all other financial instruments are the same as their fair value as of the reporting date. The fair value measurements are made in accordance with level 1 of the fair value hierarchy.

	Measurement under IAS 39					
	Measurement category under IAS 39	*Carrying value 30.06.2014*	*(Amortised) costs*	*Fair value, directly in equity*	*Fair value, in net profit*	*Fair value on 30.06.2013*
ASSETS						
other financial assets	HtM	2,907	2,907			2,865
EQUITY AND LIABILITIES						
Bonds						
fixed-income	FLAC	196,413	196,413			201,788

IX. BUSINESS CONNECTIONS WITH RELATED COMPANIES AND INDIVIDUALS

Transactions between companies in the Group and its associates principally comprise the extension of loans for the acquisition of financial real estate as well as related interest settlements.

In addition to associated companies, UBM AG also has related companies and individuals as per IAS 24 in the form of Porr AG, its subsidiaries, and CA Immo International Beteiligungsverwaltungs GmbH, since they have significant holdings in UBM AG.

The transactions in the fiscal year between companies of the UBM Group included in the consolidated financial statements and companies of the Porr Group are largely connected to construction services and are of minor importance in the interim financial statements.

X. EVENTS AFTER THE REPORTING DATE

During July 2014, PORR AG augmented its existing participation in UBM Realitätenentwicklung Aktiengesellschaft (ISIN AT0000815402) ("UBM shares") through the purchase of 114,000 shares, which correspond with 1.90% of UBM Realitätenentwicklung Aktiengesellschaft ("UBM") share capital and voting rights at a total price of € 2,394,000 (€ 21,– per UBM share). In addition, on 11 July 2014, PORR AG concluded contracts with:

- CA Immo International Beteiligungsverwaltungs GmbH concerning the purchase of 1,500,008 existing UBM shares, which correspond with 25.000133% of UBM's share capital and voting rights, at a cost of € 36,000,000 (approximately € 24,– per UBM share), whereby the completion of this transaction took place subject to the caveat of several suspensive conditions including the legally valid clear-ance/non-prohibition by all responsible anti-trust authorities; and
- a call option that during the period from 11 July 2014 to 31 January 2015 entitles PORR AG to purchase a total of 23,276 UBM shares, which correspond with 0.39% of UBM's share capital and voting rights, at a price correlating to the then current stock exchange quotation (however, at a minimum € 20,– and at a maximum € 24,– per UBM share).

Following the completion of these contracts (expected by the beginning of October 2014), PORR AG will have a direct and indirect holding of 69.09% in UBM. Consequently, in line with the Takeover Act, PORR AG is obliged to make a compulsory offer to all other UBM stockholders.

XI. CONTINGENT LIABILITIES

Most contingent liabilities are related to credit guarantees and the undertaking of guarantees for associates. In 2014 H1 there were no major changes in comparison to the reporting date of 31 December 2013.

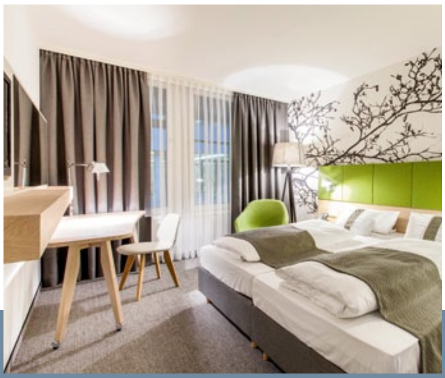
Vienna, 31 August 2014
The Managing Board

Karl Bier
(Chairman)

Heribert Smolé

Martin Löcker

Lilienthal II, Neubiberg



Holiday Inn, Mainzerstraße, Frankfurt

PROJECTS, *Overview*

Sternbrauerei, Riedenburg, Salzburg

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