



developing
the future



Zalando Headquarters, Berlin

KEY PERFORMANCE INDICATORS

KEY EARNINGS FIGURES (in € million)	1–6/2016	1–6/2015	Change ²
Total Output ¹	255.3	205.9	24.0%
Revenue	189.7	109.8	72.8%
EBITDA	23.2	23.8	-2.6%
EBIT	21.5	22.6	-4.6%
EBT	15.5	15.3	0.9%
Profit for the period	12.0	8.4	42.2%

KEY ASSETS AND FINANCIAL FIGURES (in € million)	30.6.2016	31.12.2015	Change ²
Total assets	1,192.1	1,185.2	0.6%
Equity	324.1	332.0	-2.4%
Equity ratio	27.2%	28.0%	-0.8 PP
Net debt	649.7	609.7	6.6%

KEY SHARE DATA AND STAFF	30.6.2016	30.6.2015	Change ²
Number of shares (no.)	7,472,180	7,472,180	0.0%
Earnings per share (in €, weighted average)	1.60	1.21	32.2%
Market capitalisation (in € million)	220.4	278.7	-20.9%
Staff	641	682	-6.0%

¹ Total Output corresponds to the revenue of fully consolidated and at-equity consolidated companies in proportion to the stake held by UBM.

² Figures have been rounded off using the compensated summation method. Changes are calculated on the basis of the exact values.

CONTENTS

2	Highlights first half-year 2016	26	Notes to the consolidated financial statements
4	Investor relations		
6	Interim management report	37	Auditor's report
13	Reference projects	39	Glossary
18	Interim consolidated financial statements		



AT A GLANCE

- REAL ESTATE MARKET TO BENEFIT FROM UNCERTAINTIES
- RECORD RESULTS OF H1/15 FOR THE SECOND TIME IN A ROW
- 60% INCREASE IN SALES PROCEEDS
- NET DEBT AS A DIRECT RESULT OF INVESTMENT IN ONGOING PROJECTS
- UBM MOVES TO THE PRIME MARKET OF THE VIENNA STOCK EXCHANGE
- DECREASE IN SHARE PRICE IN A WEAK STOCK MARKET ENVIRONMENT

HIGHLIGHTS FIRST HALF-YEAR 2016



24 FEBRUARY

DEAL CERTAINTY THROUGH FORWARD SALES

UBM and its project partners sell the hotel development **Holiday Inn Frankfurt Gateway Gardens** in a share deal to the capital management company Hansainvest Hanseatische Investment GmbH. The property is still under construction; the topping-out ceremony was held on 24 February.

13 MAY

AUSTRIA'S MOST VALUABLE REAL ESTATE BRAND

STRAUSS & PARTNER Development GmbH, the Austrian subsidiary of UBM Development AG, is named as Austria's most valuable real estate brand for the fourth time by the REAL ESTATE BRAND VALUE STUDY 2016.

1 JUNE

THOMAS G. WINKLER NEW CEO & CFO

UBM sets the course for the future: Thomas G. Winkler becomes the new CEO and CFO. At the same time he acquires 1% of UBM shares worth €2.3 million. "This investment is my personal long-term commitment to UBM. In line with the motto: don't claim that you believe in UBM, prove it!", he said, affirming his dedication.

18 MAY

LAUNCH OF UBMhotels

UBM positions itself with an even stronger focus on the attractive hotel sector and launches UBMhotels on 18 May. The new company not only bundles the competencies for developing hotels, but also for operating them.

2 JUNE

UBM TO EXPAND MUNICH'S LEUCHTENBERGRING

The **angelo Hotel** at Leuchtenbergring in Munich, which opened in 2008, is one of the most successful properties in the UBM portfolio.

On the basis of the annual growth in occupancy, the hotel is now being expanded by 131 to 279 rooms, a restaurant and generous conferencing facilities. At the same time construction work began on 12,500 m² of office space and 8,400 m² of shopping space.



2 JUNE

NEW HOTEL IN GDAŃSK

UBM will build a new **4-star hotel** in Gdańsk by the end of 2018.

The planning has already been completed and construction is set to begin in autumn 2016. The 4-star building will be the city's most sustainable hotel: in terms of energy efficiency, heat recovery, ecological construction materials and farsightedness, the UBM project is setting new standards for Gdańsk.



28 JUNE

LEASE AGREEMENT SIGNED FOR TWO HOTELS IN CENTRE OF HAMBURG

Münchener Grund Immobilien Bauträger GmbH, the German subsidiary of UBM Development AG, is building a **Holiday Inn** and a **Super 8** with a combined total of 589 rooms in Hamburg as part of a joint venture. Leaseholders for both properties have been secured even before the start of construction. Each of the leases has a 20-year term.

28 JUNE

GROUNDBREAKING QBC 3 & 4

The green light was given for two more of the **six lots of QBC** on 28 June. QBC 3 & 4 have a gross floor area of 35,000 m² and lettable space of 25,000 m². One of the lots has already been sold – there are also three fixed tenants already in place: BDO, Your Office and WKO Inhouse GmbH should move into their new offices by the end of 2017.



22 AUGUST

MOVE TO THE PRIME MARKET

As promised some time ago, UBM moves to the highest and most liquid segment of the Vienna Stock Exchange – the prime market – on 22 August 2016. With this move UBM agrees to adhere to the highest standards of transparency and disclosure. This will also increase the tradability and appeal of shares for institutional and international investors.

INVESTOR RELATIONS

Weak stock market environment

The first half of 2016 was characterised by increasing uncertainty. Following a weak and volatile first quarter, the international stock markets showed the first signs of recovery at the start of the second quarter. The pronounced expansive policy of the central banks couldn't mitigate concerns about growth. Following the Brexit vote on 24 June, worldwide indices fell sharply at the end of the reporting period. The index of European stocks, EURO STOXX 50, was down by 9.5% at the end of June against the start of 2016. The ATX ended the first half-year with a decrease of 10.7%.

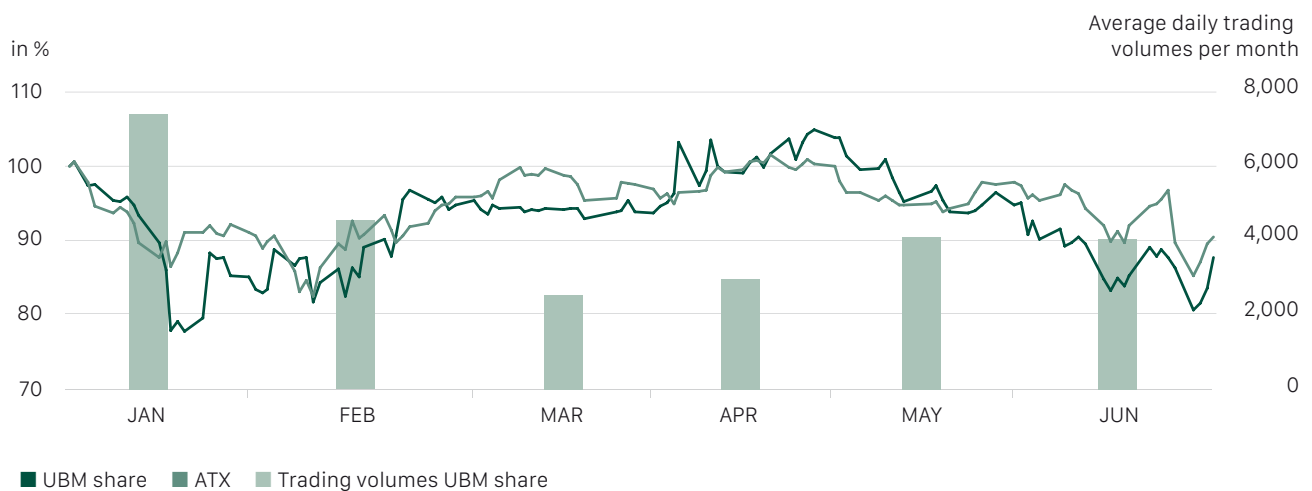
Following a pronounced phase of weakness in the share at the start of the first quarter with a year-low of €26.69, a recovery was observed. Multiple factors had an impact in June: The general market environment at the end of the second quarter led to noticeable price corrections. At the same time, the announcement of the changes to the Management Board led to some uncertainty and a cautious attitude among investors. On 30 June 2016 the UBM share was priced at €29.50, a 14.8% decrease against the start of the year 2016.

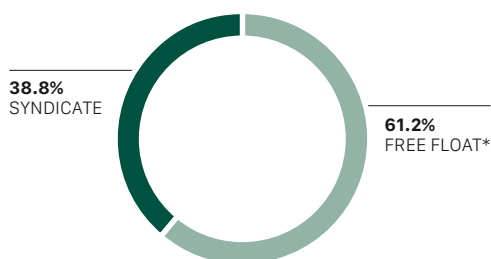
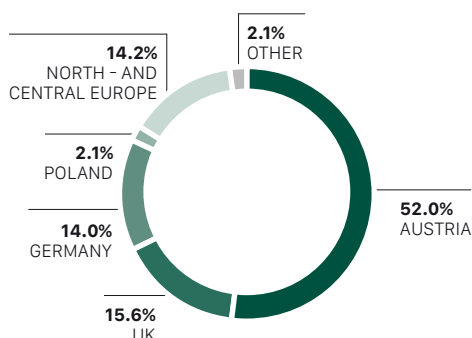
The average daily trading volumes amounted to 4,216 shares in the first half of 2016. At 30 June 2016 the market capitalisation of the UBM share was €220.4 million.

Performance of the UBM share

The UBM share was unable to buck the overall downward trend on the stock markets in the first half of 2016.

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



SHAREHOLDER STRUCTURE IN %**REGIONAL DISTRIBUTION OF FREE FLOAT IN % ****

* Free float including management and Supervisory Board (11.6%)

** Around 10% of the shares could not be identified and could therefore not be allocated in geographical terms.

Share capital and shareholder structure

The share capital of UBM Development AG totals €22,416,540.00 and is divided into 7,472,180 shares. The Syndicate (Strauss Group, IGO-Ortner Group) held 38.8% of the shares outstanding at 30 June 2016. The remaining shares are free-float shares, most of which are held by investors in Austria (52,0%), followed by UK (15,6%) and Germany (14,0%).

Analysts' coverage

UBM Development AG is currently analysed by five investment firms. Four research institutes – Baader Bank, Erste Group, Kepler Cheuvreux und SRC – issued buy recommendations, while Steubing gave a hold recommendation for the UBM share. The consensus of the analysts is a target price of €44.60.

UBM moves to prime market

UBM has realised a longstanding promise and moved to the prime market, the highest segment of the Vienna Stock Exchange, as of 22 August 2016. The UBM share was previously listed in the trading segment standard market. With this move UBM agrees to comply with the Vienna Stock Exchange's most stringent standards of transparency and disclosure criteria. At the same time, a continuous price quotation in trading of the shares is guaranteed, thereby enhancing the tradability and appeal of the shares for institutional and international investors.

UPCOMING DATES FOR THE 2016 BUSINESS YEAR

Interest payment/redemption Bond 2011	9.11.2016
Publication of the interim report on the third quarter 2016	22.11.2016
Interest payment Bond 2015	9.12.2016

INTERIM MANAGEMENT REPORT

GENERAL ECONOMIC ENVIRONMENT

Global economy growth remains modest

In the first half of 2016 the global economy generated reticent growth. This performance was reflected in the ongoing low commodities prices, weak investment demand and volatility on the financial markets. The US Federal Reserve left its leading rates in the 0.25% to 0.50% bracket. The International Monetary Fund (IMF) revised its growth forecasts downwards again in mid-July following the Brexit vote. For 2016 the IMF expects the global economy to grow by 3.1% and by 3.4% in 2017¹.

Economic rebound in eurozone, Brexit uncertainty

The IMF has forecast an increase in eurozone GDP of 1.4% in 2016. A general economic recovery was observed in the first half of 2016. Most countries achieved solid economic growth, driven by strong domestic demand and the continuation of moderate export growth². To counteract the economic slowdown at the start of the year along with lower inflation, the European Central Bank (ECB) loosened its monetary policy with further measures in March. In addition to cutting the deposit facility rate to -0.4% and the main refinancing rate to 0.0%, it also sharply expanded its bond-buying programme to €80 bn. The unexpected result of the EU referendum held in Great Britain in June led to renewed uncertainty in Europe as well as increased volatility on the financial markets.

Following a sharp rise in the first quarter, economic growth in Germany was rather modest in the second quarter. The factors boosting the upsurge, driven by the

domestic economy, continue to be higher investments and consumer spending. In the second quarter of 2016 overall GDP growth in Germany stood at 0.4%³. According to WIFO, the Austrian Institute of Economic Research, GDP in Austria grew by 0.3% against the previous quarter. Special effects from the tax reform implemented at the start of the year and the prevailing low energy prices supported this growth.⁴

Robust growth in CEE/SEE

Driven by the strong consumption of private households and the allocation from the EU structural funds, the economy in the CEE/SEE region remains robust. Real GDP growth is set to average out at just over 3% in 2016.⁵ The strongest growth is likely to be achieved by Poland (3.8%), Slovakia (3.5%) and Romania (4.0%).⁶

DEVELOPMENTS ON THE PROPERTY MARKETS

Europe – caught between investment pressure and Brexit⁷

The investment volumes in the European real estate market of €54 bn in the second quarter of 2016 continued to be well above the ten-year average. The referendum on Great Britain's departure from the EU was the dominant topic on the market at the end of the second quarter. On the one hand, this resulted in investors increasingly looking to safer investments in Europe. On the other hand, the strong demand as a result of continuous investment pressure currently contrasts with the limited availability

¹ <http://www.imf.org/en/News/Articles/2016/07/18/18/11/NA07192016-IMF-Cuts-Global-Growth-Forecasts-on-Brexit-Warns-of-Risks-to-Outlook>

² ECB Economic Report 5/2016

³ EUROSTAT, press release Euroindikatoren, 12.8. 2016

⁴ WIFO Monthly Report, July, p. 457

⁵ WIFO press release Domestic economy supports economic growth in Austria, 9.8.2016

⁶ Raiffeisen Resarch: <http://www.boerse-on.at/boerse-on/NA-1149182252852745768-NA-30-NA.html>

⁷ CBRE European Investment Quarterly Q2 2016, p.3

of first-class assets and completed properties. Looking at Europe (without Great Britain), this development led to a decrease in investment activities (-3.0%) in the first half of 2016 compared to the record period of the previous year.

Germany – Europe's second-largest investment market

This development was also observed in Germany, Europe's second-largest investment market. Investments in commercial property of €17.9 bn in the first half of 2016 may have been 26% below the comparable period in 2015 – however, this was because of a lack of products, particularly in the core and core-plus segments. With transaction volumes of €7.5 bn, office property was the strongest asset class in commercial property in the first half of 2016. Prime properties in Germany continue to be seen as a safe haven, the competition for these assets is leading to a continued decline in returns.⁸ The focus remains on the "Big 7 cities", led by Berlin (€2.1 bn) and followed by Hamburg and Munich. Growth has been forecast for the second half-year and CBRE expects transaction volumes of up to €50 bn by the end of the year.⁹

Rises in rents and purchase prices, historically low vacancy rates, uncertainty on the financial markets, low interest rates and stable economic data continue to enhance the appeal of the German housing market. According to CBRE, around €4.5 bn was transacted in total in residential packages and sites with more than 50 residential units in the first half of 2016. JLL has forecast investment volumes of €10 bn by year-end 2016.

The share accounted for by foreign investors rose sharply for both commercial and residential real estate. In Germany they already accounted for 45% in the first half of 2016.¹⁰

Austria is on trend

Following a record year in 2015, the Austrian investment market continued to develop positively in the first half of 2016. €1.3 bn was invested here in the reporting period, around the same volume as in the comparable period of 2015. As many high-volume transactions are still in the pipeline, with closing expected in the second half, CBRE has forecast a stronger second half-year in 2016.

Here investors are concentrating on secure and stable investments in core locations. More than half of the investors (57%) are from abroad, whereby the stake accounted for by German investors saw a sharp decline to 8%. The strong investor interest and investment volumes led to a decrease in top returns for property investors across every asset class. The office segment saw a particularly sharp decrease of 30 basis points. The highest top returns in Austria continued to be in retail parks – with returns of 5.6% at the end of the first half of 2016. Office properties remained the strongest asset class in the first half-year with around 55% of the total transaction volume, followed by hotel and retail.¹¹

CEE region remains steady, Poland is particularly appealing

Following on from an increase last year in investment volumes in CEE countries (excluding Russia) of around 25% against 2014, experts are expecting a repeat of the investment volume of the previous year in 2016 of around €10 bn. While it is true that top returns for property investors have come under pressure in recent months, they are still at an attractive level of between 5.5% (Prague and Warsaw) and 7.0% (Budapest).¹²

⁸ CBRE European Investment Quarterly Q2 2016, p.3

⁹ CBRE Germany investment market, H1 2016

¹⁰ JLL Investment market overview Germany Q2 2016

¹¹ CBRE Austria, Press release 5.07.2016, Österreich: Es wird kräftig investiert.

¹² ibidem

BUSINESS PERFORMANCE

Total Output by segment

UBM Development AG generated Total Output of €255.3 million in the first half of 2016, representing an increase of 24.0% against the same period of the previous year (€205.9 million). The growth was primarily due to the sale of apartments in Germany (Frankfurt-Central Living II, Berlin-Hohenzollern).

Total Output in the "Austria segment" was €97.8 million in the period under review (2015: €111.9 million). This was primarily generated by the sale of portfolio properties in Salzburg, Wiener Neustadt and Vienna, as well as the completion of a residential complex in Graz. Output from project management activities for large-scale projects in Vienna and Graz also contributed to Total Output.

The "Germany segment" achieved Total Output of €108.6 million in the first half-year and managed to achieve an increase of 128.6% against the comparable period of the previous year (€47.5 million). This significant rise resulted from the completion of the successful residential construction projects Frankfurt-Central Living II and Berlin-Hohenzollern. The sale of the Arena Boulevard property is also included in the Total Output for Germany.

The "Poland segment" reported Total Output of €29.5 million (2015: €26.1 million). The growth in Poland came from the increase in output from the hotel sector. Rental income – primarily from the Poleczki Business Park property – and from project management services complemented the Total Output in this segment.

In the first half of 2016 the Total Output in the "Other markets segment" was €19.4 million (2015: €20.4 million) and mainly consisted of revenues from hotels in France and the Netherlands. The sale of the last apartments of the project in Špindlerův Mlýn, which was thereby successfully concluded, was also part of the Total Output of the "Other markets".

Total Output by region in € million	1–6/2016	1–6/2015	Change
Austria	97.8	111.9	-12.6%
Germany	108.6	47.5	128.6%
Poland	29.5	26.1	12.8%
Other markets	19.4	20.4	-4.9%
Total	255.3	205.9	24.0%

The Total Output "Administration segment" amounted to €6.0 million (2015: €11.3 million), all of which came from UBM Development AG and from invoicing management services.

The "Hotel segment" generated Total Output of €44.8 million in the first half of the year (2015: €51.5 million). The decrease is due to the sale of the "andels" hotel in Berlin that took place in 2015.

In the "Office segment", UBM Development AG achieved Total Output of €63.7 million (2015: €24.9 million). The increase of 155.8% came from the sale of office properties in Salzburg, Vienna, Munich and Berlin.

Total Output of €40.8 million was generated in the "Other segment" (2015: €52.6 million). A main factor here was the sale of the Cine Nova portfolio property in Wiener Neustadt.

The Total Output of the "Residential segment" reached €54.5 million in the reporting period (2015: €24.8 million). The increase resulted from the completion and sale of the residential construction projects Frankfurt-Central Living II, Berlin-Hohenzollern and Graz-Kahngasse.

The "Service segment" generated a Total Output of €45.5 million (2015: €40.8 million) and contains the management services of the subsidiaries Münchner Grund, STRAUSS & PARTNER and UBM Polska, including the projects Quartier Belvedere Central in Vienna, the hotel

projects HIEX in Berlin and Munich, the headquarters for Zalando in Berlin, the Kotlarska office building in Krakow, the Holiday Inn hotel in Warsaw and the Leuchtenbergring office property in Munich.

Total Output by asset class in € million	1–6/2016	1–6/2015	Change
Administration	6.0	11.3	-46.4%
Hotel	44.8	51.5	-13.2%
Office	63.7	24.9	155.8%
Other	40.8	52.6	-22.5%
Residential	54.5	24.8	119.7%
Service	45.5	40.8	11.6%
Total	255.3	205.9	24.0%

FINANCIAL INDICATORS

Financial performance

The core business of the UBM Group involves the project-based real estate business. Given the fact that projects take multiple years to realise, the revenue reported in the income statement are subject to significant accounting fluctuations which may impact on the informative value and on comparisons with prior years. Furthermore, UBM shows its Total Output in order to describe the financial performance and for segment reporting. Alongside revenue, this financial indicator includes proceeds from the sale of real estate, rental services, proceeds from hotel operations, settled planning and construction invoices from own building sites, and supplies and management services to third parties. However, the output from companies accounted for under the equity method is also included. The Total Output is determined in line with the amount of the stake held by UBM. Total Output reached €255.3 million in the first half of 2016 (2015: €205.9 million). The revenue stated in the consolidated income statement totalled €189.7 million at 30 June 2016 (2015: €109.8 million).

The share of profit/loss of at-equity consolidated companies stood at €5.9 million and included the pro-rata half-year results, as well as gains on the sale of equity interests. Gains from fair value adjustments to investment property reached €18.7 million, following €8.8 million in the comparable period of the previous year. The fair value was partly determined on the basis of purchase agreements already in place and partly on new market price indicators.

Other Operating Income rose by 47.3% to €7.8 million (2015: €5.3 million) and mainly consisted of invoices to third parties, other rents, exchange gains and incidental revenue from the hotel business. In contrast, Other Operating Expenses fell by 4.3% to €21.6 million (2015: €22.6 million). These mostly comprised administrative fees, other taxes, advertising costs, other third-party services (such as brokerage fees etc.), exchange losses, contributions and charges, and legal and consultancy services.

The increase in expenses for materials and other manufacturing costs mirrored the growth in revenue and was influenced in particular by property disposals. These expenses amounted to €141.0 million in the first half of 2016 against €100.3 million in the comparable period of 2015.

Staff expense increased from €19.2 million by €3.2 million to €22.4 million. The number of staff members of all companies included in the consolidated financial statements was 641.

EBITDA of €23.2 million almost matched the value of the previous year (€23.8 million). Financial income declined from €4.4 million to €3.6 million, while financial expenses also fell from €11.7 million to €9.7 million. Both of these developments resulted from the lower interest rates as compared to the previous year and an improvement in the financing structure.

EBT (earnings before taxes) of €15.5 million was at the record level of the previous year's period of €15.3 million. The tax burden decreased from €6.9 million in the first half of 2015 to €3.5 million in the comparable period of 2016. Earnings per share were €1.60 compared to €1.21 in 2015.

On the basis of the substantial improvement in earnings in the record year 2015, the Managing Board and the Supervisory Board proposed to increase the dividend from €1.25 to €1.60 per share at the 135th AGM on 25 May 2016. This represented a payout ratio of 32.6%. The shareholders unanimously approved this proposal.

Financial position and cash flows

At 30 June 2016 total assets amounted to €1,192.1 million and were thereby practically unchanged against year-end 2015 (€1,185.2 million). Property, plant and equipment rose from €38.7 million by €5.7 million to €44.4 million. The increase mainly related to the technical fittings of an office and garage property acquired in Poland.

In the item investment property, real estate assets in Germany, Poland and Austria were reclassified into the item "non-current assets held for sale" due to upcoming sales and three larger properties in Austria were sold. Investments in office and hotel complexes in Austria and Poland led in turn to an increase. Overall, investment property thereby decreased from €553.9 million to €510.6 million.

Equity interests in companies accounted for under the equity method declined from €111.5 million to €86.5 million. This reduction was primarily caused by a capital decrease of a project company in Poland along with the sale of two Austrian companies to a related party. The increase in project financing to €93.9 million (2015: €88.8 million) resulted from the investment activity of a company accounted for under the equity method.

The inventories recognised under current assets primarily consist of residential construction projects in Austria,

the Czech Republic and Germany and amounted to €193.9 million (2015: €215.2 million). This decrease in the item inventories was caused first and foremost by the strong increase in the sale of apartments in Berlin and Frankfurt in the first half of 2016. In contrast, investments were undertaken in residential projects in Austria and two hotel projects in Munich and Berlin that are already up for sale. Trade receivables only experienced a moderate rise to €47.8 million (2015: €43.1 million).

Other receivables and assets rose to €18.4 million (2015: €9.2 million) mainly as the result of input tax credits that had not yet been reimbursed. Cash and cash equivalents decreased to €61.3 million (2015: €93.7 million).

At the end of the reporting period, equity totalled €324.1 million (2015: €332.0 million). Factors behind this reduction were the dividend payout of €12.0 million in June, as well as the interest payment due in the same period for the mezzanine/hybrid capital of €4.8 million. The earnings for the period had a contrary effect. The equity ratio stood at 27.2% (2015: 28.0%).

Bond liabilities (current and non-current) amounted to €322.6 million (2015: €321.9 million). Current and non-current financial liabilities increased slightly from a total of €381.5 million to €388.4 million. Trade liabilities underwent a rise to €62.3 million (2015: €55.2 million) and mostly contained subcontractor payments that had not yet been settled on the reporting date. Other financial liabilities (current and non-current) broadly held steady at €54.7 million (2015: €56.1 million). Higher provision requirements for income tax led tax payables to increase from €5.8 million to €8.6 million.

At 30 June 2016 net debt totalled €649.7 million. This represents a 6.6% increase against 31 December 2015. This was primarily the direct result of strong investments, particularly in ongoing project developments, which could not be offset even by the significant rise in sales proceeds.

Cash flow

For the first half of 2016 cash flow from operating activities amounted to €25.5 million (2015: €-56.4 million). Alongside the profit for the period (€12.0 million), this was primarily the result of the significant capital freed up in working capital, which included proceeds from the sale of properties from inventories (€37.3 million) and the decrease of other inventories (€6.8 million). In contrast, there was an increase in inventories of €22.8 million caused by the acquisition of property assets.

Cash flow from investing activities stood at around €-42.4 million (2015: €-42.8 million). Here, total proceeds of €76.9 million came from the sale of intangible assets, property, plant and equipment and investment property, financial assets and from settling project financing. This stood in contrast to outflows from investments in property, plant and equipment, investment property, financial assets and investments in project financing totalling €120.1 million. Other items in cash flow from investing activities accounted for €0.8 million.

Cash flow from financing activities resulted in a total outflow of funds of €-14.9 million (2015: inflow of €99.7 million). In addition to a positive balance of €2.5 million from obtaining loans and other financing and settling loans and other financing, cash flow from financing activities shows the outflow of funds from dividend payments and payouts to non-controlling interests in the amount of €17.5 million.

Outlook

The increasing economic and political uncertainty is keeping interest rates low and thereby having a positive impact on the European real estate market, particularly in Germany, Austria and Poland. Against this backdrop, UBM is not planning any fundamental changes in its strategy, but is instead focusing on executing its strategy and the promises made as consistently as possible. This also

includes the mitigation of future risks through forward sales, whereby buyers agree to prices fixed today for projects that will only be completed in the future.

From today's standpoint and in terms of their profitability, the majority of investments flows into highly promising projects. As a result of the long lead times in the property sector, the pipeline, most of which was acquired years ago, is sufficient for well beyond 2017. At the same time, these investments, especially those in a range of large-scale projects currently under construction, mean that net debt will peak within the next twelve months. Here strict attention will be paid to ensuring a balance between the future profitability and the risk profile of UBM. Furthermore, greater transparency and communication should be achieved, making the risk assessment for market participants much more easy.

RISK REPORT

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

With regard to "Other Risks – legal disputes", the following changes have occurred since the end of 2015. A settlement with all claimants was reached in the case regarding the review of the conversion ratio. In accordance with this settlement, the conversion ratio will remain in place unchanged; no settlement payments were agreed. The criminal proceedings against the former Managing Board members Karl Bier and Heribert Smolé ended with them both being acquitted. The criminal proceedings against Michael Wurzinger, Managing Board member of UBM, also ended in an acquittal. The verdicts in the lower courts are subject to appeal.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

RESPONSIBILITY STATEMENT

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

29 August 2016, Vienna

The Managing Board



Thomas G. Winkler
Chairman



Martin Löcker



Claus Stadler



Michael Wurzinger

ZALANDO HEADQUARTERS

BERLIN



LARGEST SINGLE PROJECT

UBM's German subsidiary Münchner Grund is developing two office buildings in Berlin under the project name "Orange 3.0-Zalando Campus", which will be the new headquarters of the online fashion retailer Zalando. The groundbreaking at the start of September 2016 will mark the start of construction on UBM's largest single project.

Asset: office/gastronomy/daycare

Lettable space: 45,600 m²

Underground garage/parking spaces: 156

Planned certification: DGNB Gold

Construction start: Q3 2016



BERLIVING

BERLIN



FINE LIVING IN THE CITY

The residential construction project Berliving is being built in the west of Berlin, not far from the green recreational areas and the exclusive shops on the Ku´Damm boulevard. The 136 freehold apartments with two to five rooms are being developed by UBM’s German subsidiary Munchner Grund and are close to completion.

Asset: Residential

Living space: 46 to 172 m²

Underground garage/parking spaces: 104

Disabled access

Construction start: Q4 2014



QUARTIER BELVEDERE CENTRAL

VIENNA



RAPID HOTEL DEVELOPMENT QBC 5

As part of the urban development project QBC, UBM's Austrian subsidiary STRAUSS & PARTNER broke ground on the two hotels Ibis and Novotel of the AccorHotels Group in July 2015. The development is progressing very rapidly, with the topping-out ceremony planned as early as September 2016.

Asset: Hotel

Category: 3* (Ibis), 4* (Novotel)

Rooms: 577

Event area (ballroom and conference facilities): 1,800 m²

Construction start: Q2 2015



ROSENHÜGEL

VIENNA



ROSENHÜGEL: HOME & LIVING FROM 2017

With around 200 privately financed freehold flats, a neighbourhood store and attractive green areas, the "Der Rosenhügel" residential project will create a lively new city quarter with high-quality living and a wide range on offer.

On the site of what was once Vienna's film city, the residential construction project is being realised as the result of an architectural competition by the architects Berger+Parkkinen & Christoph Lechner and the Parisian architects Beckmann / N´Thepe.

Asset: Residential

Usable space: 16,000 m²

Construction start: Q2 2016



PEGAZ – TIMES II

WROCLAW



FIRST OFFICE PROJECT IN WROCLAW

The Pegaz office building will consist of two five-storey structures that are independent of each other, based in the heart of the city. The property's high letting rate underlines its appeal, with 50% of the office space in Pegaz already let even before receiving the usage permit.

Asset: Office/commercial

Lettable space: 20,500 m²

of which: 18,000 m² office

2,500 m² retail space

Parking spaces: 360

Construction start: Q3 2014

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FROM 1 JANUARY TO 30 JUNE 2016

in T€	1–6/2016	1–6/2015
Revenue	189,710	109,802
Changes in the portfolio	-13,997	38,375
Share of profit/loss of companies accounted for under the equity method	5,877	3,704
Income from fair-value adjustments to investment property	18,700	8,818
Other operating income	7,826	5,313
Cost of materials and other related production services	-140,957	-100,297
Staff expense	-22,396	-19,170
Expenses from fair-value adjustments to investment property	-15	-202
Other operating expenses	-21,592	-22,571
EBITDA	23,156	23,772
Depreciation, amortisation and impairment expense	-1,647	-1,219
EBIT	21,509	22,553
Financial income	3,570	4,417
Finance costs	-9,624	-11,657
EBT	15,455	15,313
Income tax expense	-3,489	-6,901
Profit (loss) for the period	11,966	8,412
Profit (loss) for the period attributable to shareholders of the parent	11,985	7,649
of which attributable to non-controlling interests	-19	763
Earnings per share (diluted and basic in €)	1.60	1.21

STATEMENT OF COMPREHENSIVE INCOME

FROM 1 JANUARY TO 30 JUNE 2016

in T€	1–6/2016	1–6/2015
Profit (loss) for the period	11,966	8,412
Other comprehensive income		
Remeasurement from benefit obligations	-1,024	-
Income tax expense on other comprehensive income	258	-
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	-766	-
Gains (losses) from cash flow hedges of associates (recycled)	-	1,038
Losses (gains) from fair value measurement of securities	-11	-2
Exchange differences	-873	-360
Income tax expense (income) on other comprehensive income	3	1
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-881	677
Other comprehensive income	-1,647	677
Total comprehensive income	10,319	9,089
of which attributable to shareholders of the parent	10,352	8,322
of which attributable to non-controlling interests	-33	767

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2016

in T€	30.6.2016	31.12.2015
ASSETS		
Non-current assets		
Intangible assets	2,848	2,883
Property, plant and equipment	44,405	38,749
Investment property	510,572	553,907
Shareholdings in companies accounted for under the equity method	86,536	111,543
Project financing	93,927	88,777
Other financial assets	5,861	5,894
Financial assets	4,004	3,505
Deferred tax assets	8,000	7,314
	756,153	812,572
Current assets		
Inventories	193,942	215,219
Trade receivables	47,847	43,118
Financial assets	12,451	10,016
Other receivables and current assets	18,401	9,176
Cash and cash equivalents	61,349	93,744
Assets held for sale	101,930	1,391
	435,920	372,664
Total assets	1,192,073	1,185,236
EQUITY AND LIABILITIES		
Equity		
Share capital	22,417	22,417
Capital reserves	98,954	98,954
Other reserves	117,724	121,725
Mezzanine/hybrid capital	77,715	80,100
Equity attributable to shareholders of the parent	316,810	323,196
Non-controlling interests	7,298	8,828
	324,108	332,024
Non-current liabilities		
Provisions	9,901	11,895
Bonds	272,110	271,436
Non-current financial liabilities	216,755	229,819
Other non-current financial liabilities	4,710	5,746
Deferred tax liabilities	17,143	16,038
	520,619	534,934
Current liabilities		
Provisions	1,383	1,098
Bonds	50,496	50,472
Current financial liabilities	171,644	151,727
Trade payables	62,266	55,204
Other current financial liabilities	50,019	50,356
Other current liabilities	2,895	3,663
Tax payables	8,643	5,758
	347,346	318,278
Total equity and liabilities	1,192,073	1,185,236

CONSOLIDATED CASH FLOW STATEMENT

FROM 1 JANUARY TO 30 JUNE 2016

in T€	1–6/2016	1–6/2015
Profit (loss) for the period	11,966	8,412
Depreciation, impairment and reversals of impairment on fixed assets & financial assets	-17,038	-4,098
Interest income/expense	9,094	1,149
Income from companies accounted for under the equity method	-5,861	-3,704
Dividends from companies accounted for under the equity method	1,019	4,468
Decrease in long-term provisions	-3,089	-66
Deferred income tax	-1,224	2,209
Operating cash flow	-5,133	8,370
Increase in short-term provisions	308	-33
Decrease in tax provisions	2,900	1,557
Losses/gains on the disposal of assets	-551	-327
Increase in inventories	21,276	-49,049
Decrease/increase in receivables	-16,721	-2,829
Decrease in payables (excluding banks)	19,893	-11,836
Interest received	530	2,005
Interest paid	-2,637	-3,154
Other non-cash transactions	5,590	-1,114
Cash flow from operating activities	25,455	-56,410
Proceeds from the sale of intangible assets	22	-
Proceeds from sale of property, plant and equipment and investment property	62,073	1,275
Proceeds from sale of financial assets	13,335	668
Proceeds from settling project financing	57	8,030
Proceeds from the disposal of assets held for sale	1,391	19,648
Investments in intangible assets	-26	-
Investments in property, plant and equipment and investment property	-101,476	-69,615
Investments in financial assets	-112	-563
Investments in project financing	-18,498	-2,276
Proceeds/payouts for current financial assets	670	-
Payouts from the purchase of subsidiaries less cash and cash equ. acquired	175	-
Cash flow from investing activities	-42,389	-42,833
Dividends	-16,725	-7,819
Dividends paid out to non-controlling interests	-759	-1,557
Proceeds from bonds	-	25,000
Repayment of bonds	-	-50,191
Obtaining loans and other financing	62,024	94,872
Redeeming loans and other financing	-59,481	-16,722
Capital increase	-	56,143
Cash flow from financing activities	-14,941	99,726
Cash flow from operating activities	25,455	-56,410
Cash flow from investing activities	-42,389	-42,833
Cash flow from financing activities	-14,941	99,726
Change to cash and cash equivalents	-31,875	483
Cash and cash equivalents at 1 Jan	93,744	40,309
Currency differences	-520	294
Changes to cash and cash equivalents resulting from changes to the consolidated group	-	6,594
Cash and cash equivalents at 30 June	61,349	47,680
Tax paid	1,827	3,154

STATEMENT OF CHANGES IN GROUP EQUITY

AS OF 30 JUNE 2016

in T€	Share capital	Capital reserves	Remeasurement from benefit obligations	Foreign currency transla- tion reserves
Balance at 1 Jan 2015	18,000	44,642	-1,307	1,991
Additions from common control transaction	30	211	-912	-461
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-363
Total comprehensive income for the period	-	-	-	-363
Dividend payout	-	-	-	-
Capital increase	4,387	52,342	-	-
Changes in non-controlling interests	-	-	-	-
Balance at 30 June 2015	22,417	97,195	-2,219	1,167
Balance at 1 Jan 2016	22,417	98,954	-2,238	1,204
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-766	-859
Total comprehensive income for the period	-	-	-766	-859
Dividend payout	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance at 30 June 2016	22,417	98,954	-3,004	345

Total debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Other reserves	Mezzanine/ hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
-	-	115,049	-	178,375	2,071	180,446
57	-34,886	-9,663	126,729	81,105	3,761	84,866
-	-	4,731	2,918	7,649	763	8,412
-2	1,038	-	-	673	4	677
-2	1,038	4,731	2,918	8,322	767	9,089
-	-	-7,512	-307	-7,819	-1,557	-9,376
-	-	-	-	56,729	-	56,729
-	-	275	-	275	858	1,133
55	-33,848	102,880	129,340	316,987	5,900	322,887
43	-	122,716	80,100	323,196	8,828	332,024
-	-	9,600	2,385	11,985	-19	11,966
-8	-	-	-	-1,633	-14	-1,647
-8	-	9,600	2,385	10,352	-33	10,319
-	-	-11,955	-4,770	-16,725	-759	-17,484
-	-	-13	-	-13	-738	-751
35	-	120,348	77,715	316,810	7,298	324,108

SEGMENT REPORT¹

in T€	Austria		Germany	
	1-6/2016	1-6/2015	1-6/2016	1-6/2015
Total output				
Administration	6,047	11,277	0	0
Hotel	5,529	6,739	12,209	16,626
Office	32,514	19,683	25,487	962
Other	34,738	49,612	2,679	250
Residential	7,781	5,177	44,387	17,658
Service	11,177	19,375	23,869	12,017
Total	97,786	111,863	108,631	47,513
Less revenues from companies accounted for under the equity method and subordinated companies and changes to the portfolio	-40,874	-81,877	-3,313	-133
Revenues	56,912	29,986	105,318	47,380
EBT				
Administration	3,587	-13,207	0	0
Hotel	5,685	4,644	1,229	4,030
Office	-680	976	-2,894	9,631
Other	-943	-536	1,548	3,981
Residential	-333	4,876	3,963	424
Service	2,661	-12,408	11	2,302
Total	9,977	-15,655	3,857	20,368

¹ Part of the notes
Intersegmental revenues are insignificant

Poland		Other markets		Group	
1-6/2016	1-6/2015	1-6/2016	1-6/2015	1-6/2016	1-6/2015
0	0	0	0	6,047	11,277
13,415	12,547	13,597	15,654	44,750	51,566
5,222	3,915	494	352	63,717	24,912
1,560	1,592	1,784	1,124	40,761	52,578
324	451	2,017	1,530	54,509	24,816
8,962	7,637	1,528	1,767	45,536	40,796
29,483	26,142	19,420	20,427	255,320	205,945
-15,503	-7,654	-5,920	-6,479	-65,610	-96,143
13,980	18,488	13,500	13,948	189,710	109,802
0	0	0	0	3,587	-13,207
1,211	1,113	-257	46	7,868	9,833
7,534	2,499	-456	22	3,504	13,128
-2,606	1,715	213	893	-1,788	6,053
-3,782	-936	-383	-677	-535	3,687
288	1,837	-141	4,088	2,819	-4,181
2,645	6,228	-1,024	4,372	15,455	15,313

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

These interim consolidated financial statements were voluntarily submitted for an audit review.

2. CONSOLIDATED GROUP

In addition to UBM, 67 domestic subsidiaries (financial statements 31 December 2015: 66) and 81 foreign subsidiaries (financial statements 31 December 2015: 80) are included in these interim consolidated financial statements.

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

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

Furthermore, 25 domestic (financial statements 31 December 2015: 26) and 27 foreign associates and Group companies (financial statements 31 December 2015: 30) were valued under the equity method. In the reporting period, the equity interest in four companies was increased insofar as to be included fully in the consolidated group. Two companies were included in the UBM interim consolidated financial statements for the first time as a result of purchases and two companies were eliminated from the consolidated group, the purchase price of T€12,268 was settled in cash, whereby this was a related party transaction.

2.1. FIRST-TIME CONSOLIDATIONS

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

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

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

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

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

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

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

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

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

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

3. ACCOUNTING AND VALUATION METHODS

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

Amendments to standards and interpretations

Amendment to IAS 19 Employee Benefits

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

Annual Improvements to IFRSs (2010–2012 Cycle)

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

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

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

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

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

Amendments to IAS 16 and IAS 41: Bearer Plants

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

Amendments to IAS 27: Equity Method in Separate Financial Statements

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

Annual Improvements to IFRSs 2012–2014 Cycle

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

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

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

Amendments to IAS 1: Disclosure Initiative

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

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

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

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

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

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

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

	Effective date in acc. with IASB
Amendment to IFRS 2	1.1.2018
Amendment to IFRS 15	1.1.2018

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

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

4. ESTIMATES AND ASSUMPTIONS

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

5. DIVIDENDS

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

6. EARNINGS PER SHARE

in T€	1–6/2016	1–6/2015
Profit for the period attributable to shareholders of the parent	11,985	7,649
Weighted average number of shares issued	7,472,180	6,322,293
Basic earnings per share = diluted earnings per share in €	1.60	1.21

7. NON-CURRENT ASSETS HELD FOR SALE

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

8. SHARE CAPITAL

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

9. AUTHORISED CAPITAL

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

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

10. MEZZANINE AND HYBRID CAPITAL

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

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

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

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

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

11. FINANCIAL INSTRUMENTS

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

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

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

Carrying amounts, measurement rates and fair values

	Measurement in acc. with IAS 39	Carrying amount at 30 June 2016	MEASUREMENT IN ACC. WITH IAS 39				
			(Continuing) acquisition costs	Fair value other comprehensive income	Fair value affecting net income	Fair value hierarchy (IFRS 7.27A)	Fair Value at 30 June 2016
ASSETS							
Project financing							
at variable interest rates	LaR	93,927	93,927	-	-	-	-
Other financial assets	HtM	3,786	3,786	-	-	Level 1	4,506
Other financial assets	AfS (at cost)	1,802	1,802	-	-	-	-
Other financial assets	AfS	273	-	273	-	Level 1	273
Trade receivables	LaR	37,972	37,972	-	-	-	-
Financial assets	LaR	16,455	16,455	-	-	-	-
Cash and cash equivalents	-	61,349	61,349	-	-	-	-
LIABILITIES							
Bonds							
at fixed interest rates	FLAC	322,606	322,606	-	-	Level 1	331,626
Borrowings and overdrafts from banks							
at variable interest rates	FLAC	336,072	336,072	-	-	-	-
at fixed interest rates	FLAC	12,626	12,626	-	-	Level 3	12,605
Other financial liabilities							
at variable interest rates	FLAC	22	22	-	-	-	-
at fixed interest rates	FLAC	24,123	24,123	-	-	Level 3	24,085
Lease obligations	-	15,521	15,521	-	-	-	-
Trade payables	FLAC	62,266	62,266	-	-	-	-
Other financial liabilities	FLAC	54,729	54,729	-	-	-	-
Derivatives (without hedges)	FLHfT	35	-	-	35	-	-
BY CATEGORY:							
Loans and receivables	LaR	148,354	148,354	-	-	-	-
Held to maturity	HtM	3,786	3,786	-	-	-	-
Available-for-sale financial assets	AfS (at cost)	1,802	1,802	-	-	-	-
Available-for-sale financial assets	AfS	273	-	273	-	-	-
Cash and cash equivalents	-	61,349	61,349	-	-	-	-
Financial liabilities measured at amortised cost	FLAC	812,444	812,444	-	-	-	-
Financial liabilities held for trading	FLHfT	35	-	-	35	-	-

MEASUREMENT IN ACC. WITH IAS 39

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

12. TRANSACTIONS WITH RELATED PARTIES

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

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

Transactions in the business year between companies included in the UBM Group's consolidated financial statements and the PORR Group companies primarily relate to construction services and a loan totalling T€150,000, of which T€3,200 had been drawn on as of the reporting date. The loan is for the purpose of advance and interim financing of property development projects.

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

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

29 August 2016, Vienna

The Managing Board



Thomas G. Winkler
Chairman



Martin Löcker



Claus Stadler



Michael Wurzinger

AUDITOR'S REPORT

Introduction

We have reviewed the accompanying condensed, consolidated interim financial statements of UBM Development AG, Vienna for the period from **January 1, 2016 to June 30, 2016**. These condensed, consolidated interim financial statements comprise the condensed, consolidated balance sheet as of June 30, 2016, the condensed, consolidated income statement, the condensed, consolidated statement of comprehensive income, the condensed, consolidated cash flow statement and the condensed, consolidated statement of changes in equity for the period from January 1, 2016 to June 30, 2016, as well as the notes to the condensed, consolidated interim financial statements which summarise the accounting and measurement methods applied along with other notes.

The Company's legal representatives are responsible for the preparation of these condensed, consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our responsibility is to issue a summary statement on these condensed, consolidated interim financial statements on the basis of our review.

Responsible for the proper performance of the engagement is Gerhard Fremgen, Austrian Certified Public Accountant.

In accordance with Art. 275 Sec. 2 Austrian Commercial Code, our responsibility and liability for actual damages due to gross negligence is limited to € 2 million. In accordance with the General Conditions of Contract for the Public Accounting Profession (AAB) of March 8, 2000, most recently amended as of February 21, 2011, which govern this contract, our liability for slight negligence is excluded. The limitation of our liability agreed with the client and published here also applies to third parties who undertake or refrain from actions due to confidence in this report relating to our review.

Scope of the review

We have conducted our review in accordance with laws and regulations applicable in Austria and principles common to the profession, especially KFS/PG 11 "Principles for the review of financial statements", as well as the International Standard on Review Engagements 2410 „Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information involves enquiries – in the first instance to those responsible for financial and accounting procedures – as well as analytical evaluations and other investigations. A review is significantly more limited in scope and offers less evidence than an audit and thereby does not allow us to obtain assurance that we are aware of all significant matters to the degree facilitated by an annual audit. For this reason we do not issue an audit opinion.

Summary Statement

On the basis of our review we have not become aware of any significant matters which would lead us to assume that the accompanying condensed, consolidated interim financial statements have not been prepared in accordance with the IFRS on Interim Financial Reporting as adopted by the EU in all material respects.

Statement on the group management report for the half-year and on the statement of the legal representatives pursuant to Sec. 87 Austrian Stock Exchange Act

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

The Half Yearly Group Report contains a Responsibility Statement as stipulated by Art. 87 Sec. 1 No. 3 Austrian Stock Exchange Act.

29 August 2016, Vienna

BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gerhard Fremgen, m. p.
Certified Public Accountant

Helmut Kern, m. p.
Certified Public Accountant

GLOSSARY

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

DISCLAIMER

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

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

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

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

CONTACT

Investor Relations & Corporate Communications

Milena loveva

Tel: +43 (0) 50 626-1763

investor.relations@ubm.at, public.relations@ubm.at

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Floridsdorfer Hauptstrasse 1

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UBM Development AG
Floridsdorfer Hauptstrasse 1
1210 Vienna, Austria
Tel: +43 (0) 50 626-2600
www.ubm.at, www.ubm.eu