



PRESS RELEASE

UBM closes new record year with three further sales Forward sales of approx. €120m

Vienna, 8 January 2020 – UBM Development, the leading hotel developer in Europe sold three projects under development at the end of 2019, almost two years before completion: two hotels in Poland, the Mercure Mlynska in Katowice and the ibis Styles Mogilska in Krakow, were sold to Union Investment. The third transaction involved the global sale of the barany.7 residential project in Vienna to BUWOG. The proceeds from the sale of these three projects total €120m.

The extent of the record year 2019 is becoming increasingly clear. The turn of the year brought a series of successful transactions – in December, three properties with a combined value of approximately €120m were sold. “In the residential sector, the trend towards global sales has now also reached Austria. Our hotel business is almost beginning to resemble a factory“, comments Thomas G. Winkler, CEO of UBM Development.

The sale of two hotel projects in Poland with more than 500 rooms in total underscores UBM’s market position as the leading hotel developer in Europe. In recent years, UBM has successfully positioned itself in a segment that is enjoying increasing demand from investors. “The risk-return profile of hotels is unbeatable for investors in the current market environment“, explains Andreas Zangeneid, Head of Transactions and member of UBM’s Executive Committee. Current studies show that the hotel and office asset classes have the lowest risk in long-term comparison, whereby hotel investments generate substantially higher returns. The demand for UBM’s third asset class, residential, is also particularly high at the moment as can be seen by the growing number of acquisitions by institutional investors in residential projects. “Institutional investors previously focussed more on residential projects in Germany but are now turning to Vienna – and adding to the demand overhang“, added Zangeneid.

Hotels on the booming hotel market in Poland

Poland is an important growth market for the major international hotel chains, and the Accor Group is also planning to expand its offering with one new hotel each in Katowice and Krakow beginning in 2021. In Krakow, the second largest city in Poland, a modern design hotel with 259 rooms – the ibis Styles Mogilska – is currently under development. Close to the main railway station in Katowice, the Mercure Mlynska with 268 rooms is also under construction. This hotel will meet the highest standards for sustainability under the motto “green and clean“, for example with natural materials and recycled furniture. Both properties were sold to Union Investment for a total of €86m. The two projects are scheduled for completion in the third quarter of 2021.

Wood construction for the first time in residential

On the Baranygasse 7 in Vienna’s 22nd district, 126 high-quality apartments are under construction for people who want to live in the city but still enjoy green surroundings. The barany.7 project also reflects the coming megatrend towards greening. Issues like energy efficiency are accompanied by the growing use of ecological building materials. For example: one of the buildings with 12 units will be built with sustainable, energy-saving wood construction – a first for UBM. This project was sold to BUWOG for around €36m and is expected to be handed over to the tenants in the fourth quarter of 2021.

Effects of the sales on UBM:

Mercure Mlynska, Katowice and ibis Styles Mogilska, Krakow

Timing of effect (expected)	Q4 2019 – Q3 2021
Sale proceeds	€86.0m
Effect on Total Output	€86.0m
Effect on revenue	€86.0m
Effect on net debt	€86.0m

barany.7, Vienna

Timing of effect (expected)	Q4 2019 – Q3 2021
Sale proceeds	€36.5m
Effect on Total Output	€36.5m
Effect on revenue	€19.5m
Effect on net debt	€36.5m

UBM Development is the leading hotel developer in Europe. Its strategic focus is on the three asset classes Hotel, Residential and Office and on major European metropolitan areas such as Vienna, Berlin, Munich or Prague. With over 145 years of experience, UBM focuses on its core competency, the development of real estate. The Group acts as a one-stop provider for the entire development value chain from initial planning all the way to marketing the property. UBM's shares are listed in the Prime Market, the segment with the highest transparency requirements on the Vienna Stock Exchange.

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