ubm development

Annual Report 2019

key performance indicators.

Key earnings figures (in €m)

	2019	Change	2018	2017
Total Output[1]	678.0	–24.5%	897.7	744.7
Revenue	242.0	–52.9%	514.0	364.7
Earnings before taxes	70.5	26.9%	55.5	50.5
Net profit	50.1	26.8%	39.5	37.0

Key asset and financial figures (in €m)

	31.12.2019	Change	31.12.2018	31.12.2017
Total assets	1,316.4	6.6%	1,234.7	1,130.9
Equity	462.5	6.0%	436.3	355.4
Equity ratio	35.1%	–0.2PP	35.3%	31.4%
Net debt[2]	442.4	4.9%	421.8	477.9

Key share data and staff

	31.12.2019	Change	31.12.2018	31.12.2017
Earnings per share (in €)	7.10	33.6%	5.31	4.88
Share price (in €)	47.20	41.3%	33.40	40.80
Market capitalisation (in €m)	352.7	41.3%	249.6	304.9
Dividend per share (in €)[3]	2.20	0.0%	2.20	2.00
Payout ratio	31.0%	-10.4PP	41.4%	41.0%
Staff[4]	389	6.6%	365	748

[1] Total Output corresponds to the revenue generated by fully consolidated companies and companies consolidated at equity as well as the sale proceeds from share deals, each in proportion to the stake held by UBM.
[2] Net debt equals current and non-current bonds and financial liabilities, excluding leasing liabilities, minus cash and cash equivalents. The definition of net debt was adjusted in connection with the initial application of IFRS 16 to exclude lease liabilities (the prior year values were also adjusted accordingly).
[3] The dividend proposal for 2019 is subject to the approval of the Annual General Meeting.
[4] Of which 55 employees ubm hotels at year-end 2019 (2018: 52 employees)

contents.

mo

ore

Andaz Sugar Palace, Prague


... than you expect
ANdAZ
© WOOW

Dear Shareholders,
Dear Stakeholders.

2019 represents the second record year in a row. With the best performance in our company's history, we clearly exceeded the initial expectations for a "transition year". Earnings per share rose by more than 30% to over €7, and our financial position is better than ever before. "more than you expect", the central motto for this report, is an objective we met twice over, so to speak, in 2019.

This outstanding performance gives us a cushion which we can optimally use in what appears to be the most challenging economic environment in decades. We now have more than €200m of cash at hand – a comparatively high liquidity level which creates the necessary flexibility to balance out fluctuations. Our consequent focus on risk minimisation is also paying off. All hotel and office developments scheduled for completion in 2020 are forward sold, and we have also made considerable progress with residential property sales. The further development of demand in our asset classes is currently connected with substantial uncertainty, and transactions could be postponed. Consequently, we must be prepared for all eventualities. We have already implemented a series of measures – and here, our priority is on the health of our employees and the protection of liquidity.

A longer recession will require longer staying power. Faster recovery after three to four quarters could, however, create new opportunities because cash-rich companies could benefit from market shake-outs in the sector. The likely long-term continuation of the low interest rate environment could also intensify the lack of investment alternatives and increase the demand for real estate. You can rest assured that we will do everything in our power to be prepared for all market situations – just like you expect from us at UBM.

The Management Board

Thomas G. Winkler
CEO

Patric Thate
CFO

Martin Löcker
COO

From left: Peter Wöckinger (Head of Project Controlling), Franz Sonnberger (Head of Controlling), Erwin Zeller (Head of Controlling until September 2019), Martin Löcker (COO), Gerald Beck (Managing Director Austria), Udo Sauter (Managing Director Germany), Andrea Rochelt (Head of Project Acquisition Controlling), Ralf Mikolasch (Head of Legal), Thomas G. Winkler (CEO), Franz Panwinkler (Managing Director Austria), Patric Thate (CFO), Andreas Zangenfeind (Head of Transactions), Jan Zemanek (Managing Director Czech Republic until March 2020; from March 2020: Helmut Berghöfer, Petr Mac, Josef Wiedermann), Christian Berger (Managing Director Germany), Peter Obernhuber (Managing Director Poland), Rolf Hübner (Managing Director Hotels), Sebastian Vetter (Managing Director Poland), Franz Biermayer (Head of Treasury & Finance), seated, front: Anna Vay (Head of Investor Relations & Corporate Communications), Bertold Wild (Chairman Management Board Germany)

executive committee.

The Executive Committee represents UBM's management team. It comprises the three members of the Management Board of UBM as well as currently 18 selected country and area managers. This committee meets six to eight times each year to evaluate current market developments and coordinate priorities for the company. UBM's strategic orientation is also fine-tuned if necessary. The members of the Executive Committee are responsible for UBM as a Group and, in total, have invested roughly €5m in UBM shares. Through share options, the Executive Committee participates in 5% of the future increase in the value of the company.

Creating more value is our most important shared goal. And what we mean by this is an increase in the value of UBM based on the share price. That gives us more entrepreneurial room to manoeuvre and greater independence on the market through easier access to favourably priced capital and the ability to realise several large-scale projects at the same time – a position which, in turn, benefits all UBM stakeholders. We are, and intend to remain, a reliable partner for investors, general contractors and suppliers as well as a dependable and attractive employer for our staff.

Our most important contribution to a positive development of the share price is the solid operating performance that has characterised UBM for many years. Other factors include the diversification of risk over time and regions through a portfolio that includes short-term projects, our bread-and-butter business, and long-term outperformers. In the end, "more value" also means that we want our shareholders to regularly participate in UBM's success.

more

value

FAZ Tower, Frankfurt


@ WOOW

record results.

The second record year in succession

2018 marked a record year in UBM's history and, consequently, 2019 was initially seen as a year of transformation. However, successful sales during the first six months indicated early on that we would top this previous record and drive UBM's earnings to a new high. Instead of EBT at the prior year level of €55m, the UBM Management Board announced an increase to €65m for 2019 at the end of the first half-year. And anyone who is familiar with UBM knows that we keep our promises. In line with our basic "promise & deliver" approach, UBM met this target in 2019, although the results can easily be classified as "overdelivered". This underscores our claim to always provide that decisive little bit more for our business partners, customers and shareholders.

Our annual guidance was again exceeded in 2019. EBT rose to €70m, and net profit set a new record at over €50m. However, not only our financial indicators are impressive – with our strong operating performance, we were also successful on the capital market in 2019: UBM was worth €250m at the beginning of 2019 and over €350m at the end of the year. In other words, we generated an increase of €100m, or over 40%, in only one year. The strong growth in our share price was overturned by the worldwide corona crisis in 2020. We are, nevertheless, convinced that our fundamentals will translate into further share price increases in the future – because the capital market is never wrong over the long-term.

Successful development projects

We not only acquired a number of exciting new projects during 2019, but also continued to work consequently and consistently on the existing project pipeline. The Holiday Inn Gdansk City Centre on historic Granary Island, for example, was opened after a construction period of only two years. Our sales activities were also extremely successful in 2019: Nearly one and a half years before completion, UBM sold the last building sections in the Quartier Belvedere Central (QBC) to an international investor. This forward deal covered the QBC 1&2 office properties with over 37,000 m^2 of rentable space. It also marks the end of UBM's successful QBC project, which is part of Vienna's new financial district. At year-end 2019 UBM also sold three projects currently under development, nearly two years before completion: two hotels in Poland and a residential project in Vienna.

Transparency pays

UBM not only regularly tops its earnings targets. Our strong balance sheet creates an important competitive advantage. With an equity ratio of 35%, UBM had an excellent financial position at the end of 2019. This strength is highly valued by our shareholders and, above all, by our debt investors. And our risk premium on bonds has been cut by half in recent years. In 2019 we were able to refinance at a lower cost than ever before. That supports our strategic goal – to increase the company's value based on the share price.

sustainable earnings.

Risk diversification through a broad portfolio
The 2020 financial year will be challenging due to the current COVID-19 pandemic, but we are consequently preparing UBM to again generate sustainable earnings growth over the medium-term. What have we proven in the past: UBM not only delivers high earnings at a single point in time, our focus is on continuous and sustainable earnings growth. We handle our liquidity very carefully – particularly in times like these. In future acquisitions, we will pay even more attention to ensuring that they fit perfectly with the timing and regional distribution of risk in the entire UBM portfolio. The core of our portfolio is formed by an optimal mix of "fast movers", projects with cycle times of three to four years, as well as long-term "outperformers".

Our sustainable business model
For many years, UBM has proven that developers can also deliver sustainable earnings. Provided the portfolio has the right structure. Our first step: We concentrate on what we do best – developing properties. UBM has therefore reduced its standing asset portfolio of over €750m by more than half in recent years in order to invest our resources in the more profitable development business. In addition, UBM's hotel leasing business gives us direct contact to major hotel operators as well as additional expertise. And that benefits UBM on every new hotel project.

Double-track risk management
We play it safe when it comes to minimising risk. Forward sales create transaction security before our projects are completed. All hotel projects scheduled for completion in 2020 had been forward sold by the beginning of the year. And we have also made substantial progress on residential sales. At the same time, we use joint ventures to realise a larger number of transactions. These focal points broaden the diversification of our portfolio over time and by region. Both approaches added up to efficient risk management in 2019.

The stock market year in overview
The UBM share started 2019 at €33.40 and levelled off at roughly €39 during the summer. The announcement of record results at the end of the first half-year brought a rush to new heights. An all-time high was reached at €44.00 on 18 October, only to be topped four trading days later. This trend continued, with an increase to the annual high of €47.90 on 19 December. The UBM share closed 2019 at €47.20, for a plus of 41% since the end of December 2018. UBM clearly outperformed the market with these results: The Austrian ATX rose by a more modest 16% during this same period.

Development of market capitalisation

value.

Upside potential
UBM is an established project developer with many years of experience and a clear focus on risk management. Our efforts are directed to achieving and maintaining an optimal portfolio mix in order to generate steady income. This standing was increasingly well received by the market in 2019. Investors will give greater weighting to these cornerstones of our capital market positioning again after the initial shock on the international capital markets has subsided. The investment houses which cover UBM share this opinion: all six recently issued a buy recommendation for the UBM share.

Investors to participate
More value for us also means letting UBM shareholders continuously participate in the company's successful development. Our dividends are therefore based on historical trends as well as expected future earnings. Based on the record year in 2019 and in view of the upcoming market challenges, we plan to recommend the distribution of a stable dividend of €2.20 per share to the Annual General Meeting. This will reduce the pay-out ratio to 31% compared with 41% in previous years, which is also a precautionary measure in view of the expected recession resulting from the COVID-19 pandemic.

In contact with the capital market
UBM is committed to a continuous dialogue and has defined a transparent, timely information policy as the heart of its communications strategy – also in difficult times. This allows us to give all our investors a fair and realistic picture of our company. Management also believes in the company's potential: The UBM Executive Committee, which includes the top managers, invested more than €5m in UBM. The interests of investors and UBM's management are, as a result, optimally synchronised.

Zalando Headquarters, Berlin

The top priority at the present time is the careful management of our comparatively high liquidity – because this protects our room to manoeuvre. Our intention is to be prepared for as many scenarios as possible. We are remaining patient so we can utilise the right opportunities at the right time. The mega-trend towards urbanisation will not disappear – and UBM will also benefit from it in the future. We are absolutely convinced.

At the beginning of 2020, UBM had a record pipeline of €2.5 bn for the next four years. Our strong balance sheet, our liquidity and the confidence of our investors give us the necessary resources to consequently develop this pipeline. We want all stakeholders to participate in this "more of future". Because on every UBM project, we bring our strong customer orientation, high return criteria and a focus on sustainability into an attractive balance.

more

future

VOCO Kneuterdijk,The Hague

© WOOW

flexibility.

Strong balance sheet and liquidity
We have fundamentally optimised UBM's balance sheet and financing structure in recent years. The corridor for our equity ratio ranges from 30–35%, and our benchmark for the ratio of net debt to total assets is set at 50%. At the end of the reporting year, these indicators equalled a conservative 35% and 34%, respectively. That gives us room to manoeuvre.

Our pipeline broke the two billion Euro-barrier for the first time in mid-2019. But we had still not reached the ceiling. Two prime flagship projects were recently acquired – in Frankfurt, UBM is developing the new FAZ headquarters and in Prague, we are constructing roughly 300 housing units. We are focussing on major projects which are located exclusively in Europe's top cities. It can generally be assumed that the risk premiums required by investors will increase depending on the asset class and investors can also be expected to become more selective. The likely long-term continuation of the low interest rate environment could also intensify the lack of investment alternatives and increase the demand for real estate. We are monitoring the market closely.

Mega-trend urbanisation
Unless the current corona pandemic leads to a complete change in our living and working habits over the long-term, we can still assume that the mega-trend towards urbanisation will continue to drive the demand for UBM's projects. We remained true to our strategy in 2019 and concentrated exclusively on major cities like Vienna, Berlin, Munich and Prague.

The demand for housing in metropolitan areas is still high, and this situation is unlikely to change in the near-term due to the increasingly limited living space in cities. City tourism and the related short trips to attractive European cities boomed in 2019. UBM identified this trend in the early 1990s and is now a leader in the implementation of new, innovative hotel concepts with high demands on design. The travel restrictions implemented in 2020 brought city tourism as well as business travel to an abrupt halt, but we expect a revival of this trend unless corona significantly changes our lifestyles. It is only a question of time.

We also benefit from our hotel expertise on office development projects because modern office buildings have come to offer more than just a place to work. They are living and communication environments where people must feel comfortable to be productive.

record pipeline.

A well-filled pipeline
UBM's development pipeline reached a new record level of €2.5 bn at the beginning of 2020. Three distinguishing features made this possible: First – we are currently working across national borders in 12 metropolitan areas of Europe, which regularly sets us apart from pure local competitors. Second – our financial strength makes us faster in the acquisition process and we can manage several major projects at the same time. And last, but not least – our many years on the market and our reputation as a reliable partner give us access to off-market deals and strategic partnerships.

Top projects from our pipeline
One absolute flagship project in our pipeline is the new Andaz Hotels in Prague's listed "Sugar Palace", which borders on the world famous Jindřišská Tower. This luxury hotel with roughly 175 rooms will be developed through the reconstruction of a neoclassical building which was built from 1912 to 1916 for the sugar industry's insurance association and is scheduled for completion at the end of 2021. UBM is also working on a new residential project in the Czech capital. On a development site with approximately 80,000 m^2 in one of the emerging districts in Prague, the "Arcus City" with roughly 300 modern residential units will be built by 2023.

An excellent example from our office asset class is the innovative FAZ Tower in Frankfurt's popular Europaviertel. This impressive large-scale project covers 18 stories with 27,300 m² of gross floor space. The prominent tenant is the well-known Frankfurter Allgemeine Zeitung, which will set up its corporate headquarters here. Following the Zalando and Scout24, this represents UBM's third headquarters for a celebrated German company. The ensemble, which includes an adjoining, seven-story hotel with roughly 350 rooms, is scheduled for completion by 2022.

We also have a very well-filled pipeline in UBM's home city of Vienna. The largest urban quarter development project in UBM's history, the QBC with a sale price of substantially more than €450m, is nearly completed. And the next key project with a similar volume – the LeopoldQuartier – is in preparation. This optimal location within walking distance to the inner city and Augarten Park will become the site for a modern living environment.

sustainable projects.

Always with a focus on ecology
We are well aware that our business activities and the properties we develop have an impact on the ecological balance and, over the long-term, also on the global climate. For this reason, we give special attention, for example, to innovative, energy-saving solutions in the design of the technical facilities in our buildings right up to the air conditioning and lighting. We see this, so to say, as our responsibility. And as UBM we consequently do more: We regularly start or support promising pilot projects for sustainable property development. One current example is the barany.7 residential project in Vienna. Since it involves several similar buildings, UBM staff proposed a comparative study to compare wood and reinforced concrete in residential construction. The results will give us valuable information for future projects, above all for planning, construction, realisation and user feedback.

Another UBM ecological flagship is the Mercure Mlynska hotel development project in the Polish city of Katowice. As an industrial city, Katowice has committed itself in a very special way to managing climate change. We take this pioneering role seriously and, together with the UBM Hotel Mlynska, are working to achieve LEED Platinum certification under the motto “clean & green”. Specific ideas have already been submitted to support sustainability in planning and construction, operations and the guest experience. A green facade, for example, will improve the microclimate and minimise the noise level. The interior design relies on short routes, stylish recycled furniture and natural materials like wood and cork. With this project, UBM is proving that the customer experience and sustainability are not conflicting objectives.

Working sustainably together
UBM’s decisive competitive edge is the result of long-standing experience and a strategy that is carefully focused on both current and future demands. But the commitment of UBM’s employees is just as important. For example, we consequently support personal initiative and welcome constructive recommendations to improve our efficiency and our ecological footprint. Our efforts include the “one future. one environment.“ programme. Because we believe a better future for UBM also increases value when it is shared.

Mercure Młyńska, Katowice

@ WOOW

UBM’s market profile is growing stronger. The mantra announced in 2017 “one goal. one team. one company.” has proven to be both a pragmatic and an effective impulse generator. Because it stands for our goals as well as our methods. It was reflected in remarkable achievements during 2019 – not only in economic respects, but also in the perception of UBM.

What makes us unique? What is our DNA? What are the characteristics that differentiate us from the competition? “competent. consequent. transparent.” are qualities we see as central, and we have defined them as our common values. Within the company, they promote identification and solidarity. On the market – and increasingly in the public in general – they generate awareness, familiarity, recognition and trust. In this way, our mantra and our brand work together to create a decisively stronger profile for UBM.

more

profile

Holiday Inn Gdansk City Centre, Gdansk


BLU NAUTA
BENETEAU
NORD AUTO
Brunhilde

clear values.

"one goal. one team. one company."
Our "one goal." is to increase the value of the company, based on the share price, through outstanding operating performance. And we met this goal in an impressive way during 2019. With an increase of more than 40%, the value of the company grew by roughly €100m – in only one year.

In line with our "one team." concept, we want to grow even closer together as a Group. In 2019 we started to work on a cross-border project acquisition between Austria and Germany. We bundle our strengths across disciplines and make our corporate processes even more efficient. With the UBM Residential Day and the UBM Hotel Day, for example, we support the transfer of know-how within our asset classes.

A wide variety of individual measures during the past year reinforced this distinctive understanding of who we are and our image as "one company." The motivation behind – and the visible sign of this development – is and remains our brand: UBM Development. We are filling this new branding with life and are creating greater consistency in our appearance – from the UBM website to our trade fair stands and brochures. The benefits for UBM are hard to overlook.

A brand with clear values
Proven expertise, consequent actions and full transparency characterise UBM. Exactly these qualities are the foundation of our success and stand for our promise as UBM Development. We are "competent. consequent. transparent."

- **competent.** actions are visible in the sustainable, high quality of all our services. These actions are based on UBM's history in the construction industry, on our many decades of experience as a developer and on the proficiency of our employees in all technical areas. But we are not only experts in technical engineering, we are also specialists for financial engineering. UBM is more widely diversified than many of its competitors. All types of technical and design issues are in the best of hands with our highly qualified construction engineers, architects, interior designers and facility technicians. The acquisition and sale of properties as well as hotel operations are also managed by UBM's proven experts. In every phase of our projects, we identify the most important aspects and focus on efficient solutions. We encourage entrepreneurial thinking and independent actions through short decision paths and flat hierarchies. That creates a working climate where everyone feels involved, empowered – and inspired to take action.

- **consequent.** actions are a further cornerstone of our self-image. We stand for reliability with handshake quality. From confidential initial discussions to the first draft and turnkey transfer on time and in budget, every detail gets our full attention. We handle subsequent special requests with exactly the same commitment as an entire project and are pleased when we can exceed our customers' expectations. Our claim for every project also includes equal treatment for the interests of UBM's stakeholders and the demands of the market. This is seldom easy, but we see it as an obligation for UBM.

  Another sign of consequence: Through our commitment and determination, we have grown to become the largest hotel developer in Europe. The share of residential projects is just as large at roughly 40% of our portfolio. In other words, we have consequently placed UBM on a broad foundation that is also extremely stable. Because a strong balance sheet and sufficient liquidity are important. We address risks carefully in order to also remain a reliable partner for our employees, customers, business associates and other stakeholders in the future.

- **transparent.** in other words, understandable and predictable actions are not viewed as an annoying obligation, but as an opportunity. UBM's listing in the prime market segment of the Vienna Stock Exchange gives us exact, up-to-date feedback on our performance. Banks, institutional investors and our project partners are not faced with a black box when they turn to UBM. Through our investor relations activities and our increased media presence, we proactively transport a clear and diverse picture of our company. Our stakeholders and investors can follow UBM's development, draw logical conclusions and take well-founded decisions.

  In the end, this high degree of transparency also pays off for us. It is an essential criterion for our good conditions on the capital market and the substantial confidence of investors in UBM. For example: A bond we issued in November 2019 with a coupon of 2.75% was oversubscribed in only one and a half hours, and the maximum volume of €120m was broadly placed. This type of favourable refinancing is a major competitive advantage.

competent.
consequent.
transparent.

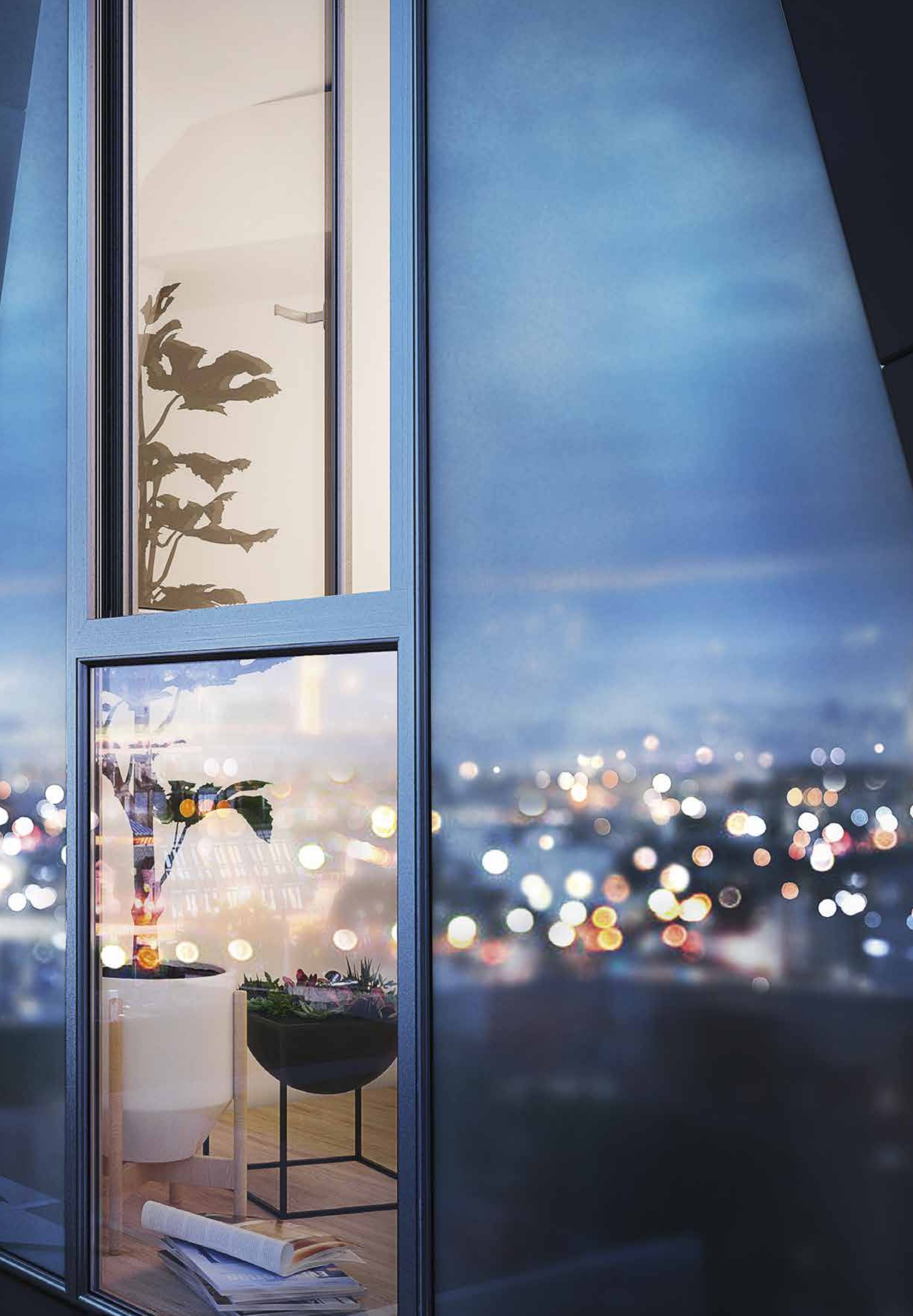
Sustainable development is the common thread which runs throughout our 145-year corporate history. The UBM share is also part of this history: it has traded on the Vienna Stock Exchange over this same long period and, since 2016, has been listed in the prime market, the segment with the highest transparency. With a strong core shareholder and an experienced Executive Committee, we intend to continue this success story.

We are remaining true to our strategic orientation and concentrating on our core business – real estate development. In addition to a clear focus on top cities and three asset classes, hotel, office and residential, we constantly monitor the project portfolio's risk and performance profile. The consequent implementation of our corporate strategy was also reflected in numerous operating highlights and project acquisitions during 2019.

more

ubm

Siebenbrunnen 21, Vienna



ubm at a glance.

focus.

- Three asset classes: Hotel, Residential and Office
- Top cities in Europe only
- Complete development value chain in-house

stock market.

- Top management (Executive Committee) invested with €5m in UBM shares
- Options entitle management to 5% of increase in value
- Ortner & Strauss syndicate as core shareholder with approx. 39%
- prime market listing on the Vienna Stock Exchange, maximum transparency

pipeline.

- Development pipeline of €2.5 bn (2020–2023)
- 16 city hotels with more than 4,000 rooms
- 3,500 apartments under development
- 100,000 m² of office space under development

track record.

- Over 145 years of corporate history
- Decades of sustainable earnings growth
- 55 hotels with more than 11,800 rooms since the beginning of the 1990s

strategy.

At UBM Development, we stand by our strategic orientation and concentrate on our fundamental core business – real estate development. In addition to a clear focus on top cities and three asset classes, UBM always keeps an eye on the project portfolio's risk and performance profile in order to deliver sustainable and continuous earnings.

Distinct accents create a profile
UBM focuses on on major European metropolitan areas like Vienna, Berlin, Munich and Prague. Germany and Austria, and here the top cities, each represents around 40% of our investments, while other markets make up a share of roughly 20%. The focus on three asset classes – Hotel, Residential and Office – will also continue. We develop entire urban quarters and extraordinary properties at prime locations. From planning to marketing, UBM offers a full range of services from a single hand.

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

Group-wide standardised processes
From an operational standpoint, process standardisation and an institutionalised 360° principle are designed to significantly minimise risk. In more concrete terms: All core and support processes were reviewed within the context of the "Next Level" efficiency improvement programme based on defined "quality gates" and standardised across the entire Group.

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

Dividend policy with continuity
The dividend is based on continuity and reflects UBM's current and future earning power. Based on the record results produced in 2019 but also in view of the upcoming market challenges as a result of the COVID-19 pandemic, we plan to recommend the distribution of a stable dividend of €2.20 per share to the Annual General Meeting.

highlights 2019.

q1.

First voco hotel in the Netherlands
The InterContinental Hotels Group (IHG) has selected UBM for the realisation of its first voco hotel on the continent. In a historic former bank building in the centre of The Hague, UBM will develop roughly 200 rooms and suites in the upscale segment by 2021.

Modern urban development in Vienna
With the LeopoldQuartier, UBM has started work on a large-scale development project at a site with over 23,000 m^2 on the Obere Donaustrasse. An outstanding location between Vienna's inner city and the Augarten Park will make this green urban quarter one of UBM's top addresses.

q2.

Opening of the Holiday Inn in Gdansk
At the end of June, UBM celebrated the opening of the Holiday Inn together with the hotel operator IHG and the new owner Union Investment. The selected guests included Gdansk's Mayor Aleksandra Dulkiewicz and former Polish President Lech Walesa.

q3.

Residential development at top location in Vienna
At the beginning of July, UBM acquired a site with more than 9,000 m^2 on the Siebenbrunnengasse in Vienna's fifth district. Plans call for the construction of roughly 170 modern apartments and commercial space in this emerging urban quarter starting in early 2020.

QBC 1&2 forward sold for €233m
The final building sections in the Quartier Belvedere Central, the QBC 1&2 office properties, were sold within the framework of a forward deal nearly one and a half years before completion. More than 70% of the 37,000 m^2 of the rentable space are already placed.

q4.

UBM closes 2019 with three further sales
With two hotels in Poland, in Katowice and Krakow, as well as the Baranygasse residential project in Vienna, UBM completed the sale of three projects through forward deals. The sale proceeded total roughly €120m nearly two years before completion.

share.

Stock exchange developments

The trend pointed clearly upward for the stock exchanges in 2019. The international markets followed a weak closing phase in December 2018 with a period of recovery, which was interrupted in early May after negotiations over the trade war between the USA and China failed to bring results. The initial agreement “Phase One Deal” reached in December was well received by the markets. As a result, the global stock index MSCI World ended 2019 with a plus of 25.2%.

In addition to the trade conflict, the US markets were preoccupied, above all, with the Federal Reserve’s interest rate policy shift. Three rate cuts between July and October supported a year-on-year increase of 22.3% in the Dow Jones Industrial Index. The European markets generally reflected the international trend, but the Brexit remained a source of uncertainty throughout 2019. First positive results in the trade dispute, combined with a promise by Boris Johnson to definitely lead Great Britain out of the European Union by 31 January 2020 stabilised the markets and, consequently, the Euro STOXX 50 closed 2019 with an increase of 24.8% over the end of the previous year.

The leading German DAX index, for the most part, mirrored concerns over the possibilities of an international trade war. As an export-oriented economy, Germany felt the full impact of the repeated escalations. The DAX ended 2019 with a 25.5% increase in value and slightly better than the pan-European index. Developments on the Vienna Stock Exchange paralleled the international indexes up to the end of May, but the ATX then entered a phase of higher volatility and lower share price increases. However, mid-October brought a return to significant growth. The Austrian ATX closed the year with a plus of 16.1%.

This strong rise in global share prices during 2019 was halted by increasingly negative perspectives for 2020. The outbreak of the COVID-19 pandemic led to the out-and-out collapse of global stock markets, including Austria, where the ATX fell by 37.2% from January to March 2020.

Development of the UBM share

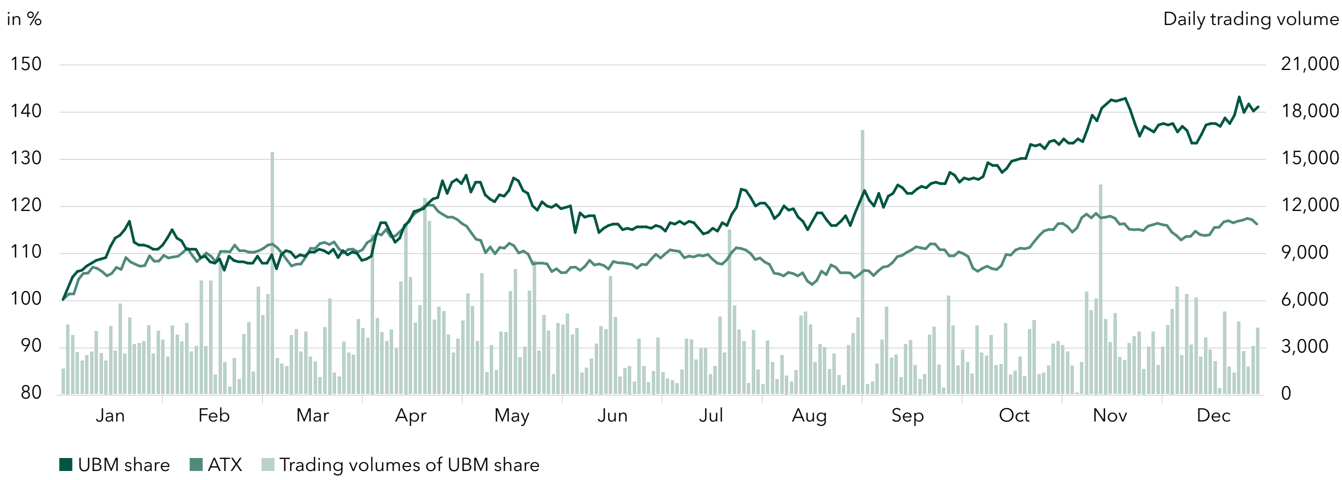
The UBM share has been listed on the Vienna Stock Exchange since 10 April 1873. On 22 August 2016, the share entered the prime market, the top segment of the Vienna Stock Exchange with the highest transparency standards. The share is also included in the IATX real estate stock index.

The strong fourth quarter losses in 2018, which also affected the UBM share, were followed by a recovery that peaked with a plus of 25.7% in late April. The strongest increase was recorded after the publication of the 2018 annual report but was lost by mid-July. After a short rise at the end of July the share price levelled off at roughly €39.00, only to rise to new heights after the announcement of record half-year results. A new all-time high of €44.50 was reached on 18 October and topped only four trading days later. This trend continued to the annual high of €47.90 on 19 December. The UBM share closed 2019 at €47.20, for an increase of 41.3% since the end of December 2018. The UBM share outperformed the ATX by 25 percentage points as of 31 December. Market capitalisation totalled approximately €353m at year-end 2019.

The UBM share was also unable to disengage from the sharp drop on global markets in 2020. After rising to a new all-time high of €50.00 at the end of January, the share followed a significant downward trend during February in line with the international markets. The price of the UBM share fell by 41.9% through the end of March.

The average daily trading volume on the stock exchange equalled 3,570 shares from January to December 2019 (2018: 4,589), which represents a decline of 21%. The total turnover amounted to roughly 900,000 shares. However, the turnover developed significantly better than the other small caps on the Vienna Stock Exchange (< €1bn by market cap.) which recorded a turnover decline of 41%.

Performance of the UBM share vs. ATX and trading volumes 2019



Key share data – UBM share

(in €)	2019	2018	2017
Price at year-end	47.20	33.40	40.80
Annual high	47.90	43.90	40.99
Annual low	34.20	33.40	31.01
Earnings per share	7.10	5.31	4.88
Dividend per share	2.20[1]	2.20	2.00
Dividend yield (in %)[2]	4.7%	6.6%	4.9%
Payout ratio (in %)	31.0%	41.4%	41.0%
Market capitalisation (in € m as of 31 Dec)	352.7	249.6	304.9
Price-earnings ratio	6.6	6.3	8.4
Number of shares (weighted average)	7,472,180	7,472,180	7,472,180

[1] Subject to the approval of the Annual General Meeting
[2] Based on the price at the end of the year

Analysts' coverage

The following investment firms regularly published estimates and analyses of UBM in 2019: Baader Bank, Erste Group, Hauck & Aufhäuser, Raiffeisen Centrobank and SRC Research. There were five buy-recommendations for the UBM share at the end of December 2019, with the target price equalling €52.20 based on the analysts' consensus. M.M.Warburg & CO started coverage of UBM in February 2020 and, at the end of March 2020, all six investment houses issued buy-recommendations for the UBM share.

Shareholder structure

The share capital of UBM Development AG totalled €22,416,540 as of 31 December 2019 and is divided into 7,472,180 shares. The syndicate comprising the IGO-Ortner Group and the Strauss Group held an unchanged 38.8% of the shares outstanding at year-end 2019. In addition, the IGO-Ortner Group held 6.1% of UBM outside the syndicate. A further 5.0% were held by Jochen Dickinger, a private investor. Free float comprised 50.1% of the shares and included the 3.7% of the shares held by the Management and Supervisory Boards. Most of the other free float was held by investors in Austria (42%), Germany (36%) and the UK (10%). Shareholders in other European countries held 8%, and 4% were attributable to other investors.

Dividend policy

UBM follows a dividend policy that is based on continuity and reflects the company's future earnings power. The exact dividend recommendation is, as a rule, announced together with the presentation of results for the financial year. UBM is recommending the distribution of a stable dividend of €2.20 per share for the 2019 financial year (2018: €2.20) despite the substantial improvement in earnings. That represents a pay-out ratio of 31.0% (2018: 41.4%). The company wants its shareholders to participate in the extremely successful development of business during 2019 but also with a view towards the current challenging market environment and the expected recession due to the COVID-19 pandemic. Based on the closing price of €47.20 as of 31 December 2019, the dividend yield equals 4.7%.

Bonds

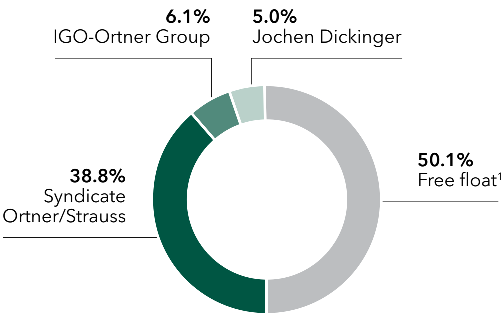
UBM had eight bonds – including two hybrid bonds, one bearer bond and one promissory note loan – outstanding as of 31 December 2019 (see table on the right page for details).

In mid-June, UBM tapped the five-year, 3.125% corporate bond issued in 2018 by € 45m up to a total volume of € 120m. The company's first six-year bond was issued in October with a volume of €120m and an annual coupon of 2.750%. This transaction was also connected with an exchange offer for investors holding the UBM bond 2015–2020. The offer was accepted for a volume of approximately €25m, which represented an exchange ratio of roughly 33.55%. The new bond was placed at the maximum volume of €120m on the first day of the cash subscription period and, consequently, the books closed only one and a half hours after opening as a result of the extremely strong demand.

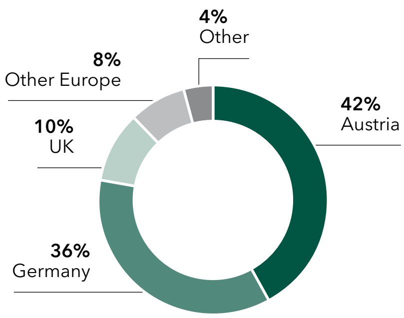
Investor relations

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

Shareholder structure (in %)



Free float – geographical split (in %)[2]



[1] incl. shares held by the Management and Supervisory Board (3.7%) – Thomas G. Winkler 75,000 shares, Martin Löcker 12,260 shares, Patric Thate 10,000 shares
[2] geographical split excluding 3.7% Management Board and Supervisory Board

Bonds 2020

Bond	Term	Nominal (in €m)	Coupon	Interest Payment Date
2.750% UBM Bond	2019–2025	120.0	2.75%	13.11.
3.125% UBM Bond	2018–2023	120.0	3.125%	16.11.
3.25% UBM Bond	2017–2022	150.0	3.25%	11.10.
4.25% UBM Bond	2015–2020	49.8	4.25%	9.06. & 9.12.
Promissory note loans	2016–2021	32.0	3.876%	21.11.
Bearer bond	2016–2021	18.5	3.876%	21.11.
5.50% Hybrid Bond	unlimited maturity	100.0	5.50%	1.03.
6.00% Hybrid Bond	unlimited maturity	25.3	6.00%	after AGM

Financial calendar 2020

Record Date – Annual General Meeting	18.5.2020
Publication Q1 Report 2020	26.5.2020
139th Annual General Meeting, Vienna	28.5.2020
Ex-Dividend	3.6.2020
Dividend record date	4.6.2020
Dividend payout date	5.6.2020
Publication Half-Year Report 2020	27.8.2020
Publication Q1–3 Report 2020	26.11.2020

Am Kanal, Potsdam

Corporate Governance Report

supervisory board.

With record after-tax results of €50m, UBM is looking back at the most successful year in its history. The 2019 financial year also saw the further optimisation of the balance sheet and financing structure. The Supervisory Board was informed by the Management Board, regularly and in detail, on the progress made in implementing the strategy. The company's strategic orientation was also continuously evaluated and discussed with the Management Board. All necessary resolutions were examined extensively and passed unanimously. In these respects, the Supervisory Board actively accompanied and supported the company's development within the scope of its assigned responsibilities. In accordance with Section 81 of the Austrian Stock Corporation Act, the Management Board provided the Supervisory Board with regular written and verbal reports that contained timely and extensive information on the development of business and financial position of the Group and its investments, on issues related to employees and planning, and on investment and acquisition projects. The Management Board also discussed the corporate strategy, future business policies and risk management with the Supervisory Board.

The Supervisory Board held five meetings in 2019 at which the necessary resolutions were passed. The approvals were obtained for transactions which require the consent of the Supervisory Board according to Section 95 Para. 5 of the Stock Corporation Act; in urgent cases, the decisions were taken by written vote. The average attendance at the Supervisory Board meetings equalled 90%. The Nomination Committee did not meet in 2019 as there were no pending issues. The Remuneration Committee held one meeting in 2019, namely on 9 April 2019. Discussions focused, among others, on an increase in the fixed and variable remuneration for the Management Board members Martin Löcker and Patric Thate, and the determination of the annual bonus for all three members of the Management Board. The Audit Committee met four times in 2019. The meeting on 9 April 2019 covered the audit and preparation for approval of the 2018 annual financial statements and was also attended by the auditor. Other issues discussed at this meeting involved the selection of an auditor for the annual and consolidated financial statements as of 31 December 2019. At the meeting on 19 September 2019, which also included the auditor, the Audit Committee dealt with the report by the Management Board on the effectiveness of the internal control system, the internal audit system and risk management (fraud) as well as compliance (corruption) in the sense of Rules 18 and 18a of the Austrian Code of Corporate Governance (ACCG) and preparations for the audit of the annual and consolidated financial statements. The Audit Committee meeting on 3 December 2019 was held without the Management Board in accordance with Rule 81a of the ACCG. This meeting focused on planning for the audit, the focal points of the audit and communication between the auditor and the Audit Committee. At the final meeting of the year on 3 December 2019, the Audit Committee covered the following issues: the auditor's report on the functioning of risk management (Rule 83 of the ACCG) and on the auditor's fees for non-audit activities.

The annual financial statements of UBM Development AG as of 31 December 2019, including the notes and the management report, and the consolidated financial statements as of 31 December 2019, which were prepared in accordance with International Financial Reporting Standards (IFRS), as applied in the EU, together with the Group management report, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The audit, which was based on the company's bookkeeping and records as well as explanations and documentation provided by the Management Board, indicated that the bookkeeping and the annual and consolidated financial statements comply with legal regulations and provide no grounds for material objections. The management reports for the company and the Group agree with the annual and consolidated financial statements. The above-mentioned auditor therefore issued an unqualified audit opinion for the annual and consolidated financial statements.

All documents related to the financial statements, the corporate governance report, the proposal by the Management Board for the use of profits and the auditor's report were discussed in detail by the Audit Committee together with the auditors on 23 April 2020 and submitted to the Supervisory Board. Following extensive discussion and examination, the Audit Committee and the Supervisory Board approved the annual financial statements as of 31 December 2019, the management report, the corporate governance report and the Management Board's proposal for the use of profits. The annual financial statements as of 31 December 2019 are therefore approved. In addition, the Audit Committee and the Supervisory Board approved the consolidated financial statements for 2019, which were prepared in accordance with IFRS, and the Group management report.

The Supervisory Board agrees with the proposal by the Management Board for the use of profits. The agenda for the Annual General Meeting, which will vote on the use of profits for the 2019 financial year, will thereby include a proposal for the payment of a €2.20 dividend per share. The Supervisory Board would like to thank UBM's customers and shareholders for their confidence in and commitment to the company, and also commend the Management Board and the many men and women who work for UBM Development for their tireless efforts and exceptional performance during the past year.

As Chairman of the Supervisory Board, allow me to make a few personal comments against the backdrop of the corona pandemic. We are currently facing a crisis with far-reaching consequences for all of us. The highest priority is, of course, the health of our employees and their families. My utmost attention and full commitment in my role as Chairman of the Supervisory Board is directed to the economic well-being of the company and the protection of jobs at UBM. The economic impact on UBM is impossible to predict at the present time, but I can assure you that UBM has a safe and stable foundation and is optimally equipped to also deal with difficult times.

Above all I wish you good health,

Karl-Heinz Strauss, FRICS
Chairman of the Supervisory Board

Vienna, April 2020

© PORR

governance.

Commitment to the Austrian Code of Corporate Governance

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

The Management Board and Supervisory Board issued a joint formal declaration in August 2016, which commits the UBM Group to compliance with the Austrian Code of Corporate Governance. Section 267b of this code requires UBM, as a listed parent company, to produce a consolidated corporate governance report as defined in Section 1 (2) of the Austrian Stock Exchange Act of 2018. As the UBM Group does not have any listed subsidiaries, the necessary disclosures are limited to the information required by Section 243c of the Austrian Commercial Code and included in the appropriate sections of this corporate governance report. UBM shares have been listed in the prime market, the premium segment of the Vienna Stock Exchange, since 22 August 2016. This also formally commits UBM to adherence with increased standards for transparency, quality and publication. UBM is committed to compliance with the behavioural rules defined by the Austrian Code of Corporate Governance – with reference to the deviations listed below in the comply or explain catalogue – and sees the code as a key precondition for responsible corporate management. The latest version of the Austrian Code of Corporate Governance, as issued by the Austrian Working Group for Corporate Governance, is available to the general public on the organisation's website under www.corporate-governance.at. This corporate governance report is published as part of the annual report and is available on the Group's website under www. ubm-development.com, in the submenu Investor Relations/Financial Reports or under Corporate Governance. In accordance with Rule 36 of the Austrian Code of Corporate Governance, the Supervisory Board conducted a self-evaluation during 2019. The questionnaire used for the evaluation addressed, in particular, the efficiency of the Supervisory Board, its organisation and its working procedures. The findings were evaluated and discussed by the Supervisory Board.

Comply or explain catalogue

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

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

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

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

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

Members of the Management Board

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

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

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

Management Board

The Management Board must have between two and six members as defined in Section 6 of the statutes and had three members in 2019. The Supervisory Board can designate one member as chairman and one member as deputy chairman of the Management Board. The Management Board passes resolutions by a simple majority of the votes cast. If the Supervisory Board appoints one member as chairman of the Management Board, this person casts the deciding vote in the event of a tie. The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years, whereby the renewal or extension of this appointment (in each case, for a maximum of five years) is permitted. The Supervisory Board can dismiss a member of the Management Board before the end of his or her term in office for an important reason, i.e. for a serious breach of duty or if the Annual General Meeting passes a vote of no confidence in the Management Board member. The Management Board is required to conduct its business activities in line with the rules defined by the Austrian Stock Corporation Act, the company's statutes, other laws and the rules of procedure. The Supervisory Board is responsible for determining the assignment of Management Board responsibilities while, at the same time, maintaining the overall responsibility of the Management Board. The Management Board requires the prior approval of the Supervisory Board before entering into the transactions listed in Section 95 Para. 5 of the Austrian Stock Corporation Act (current version). To the extent permitted by Section 95 Para. 5 of the Austrian Stock Corporation Act, the Supervisory Board sets the monetary limits for transactions which do not require its approval. The Supervisory Board is also entitled to add additional transactions to the list of legally defined cases which require its approval (Section 95 Para. 5 of the Austrian Stock Corporation Act). The Supervisory Board is required to issue appropriate rules of procedure for the Management Board, and the Management Board must report regularly to the Supervisory Board on its activities.

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

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

The following table lists the Management Board members, their dates of birth, their positions, the date of their initial appointment and the expected end of their term in office. The Management Board consisted of the following persons in the 2019 financial year:

Members of the Management Board

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

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

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

Supervisory Board

The UBM Supervisory Board is composed of members elected by the Annual General Meeting. The Works Council is also authorised by Section 110 Para. 1 of the Austrian Labour Constitutional Act to delegate a specific number of members to the Supervisory Board. Section 9 of the statutes states that the Supervisory Board must have a minimum of three and a maximum of twelve members elected by the Annual General Meeting. In 2019, the Supervisory Board had eight members elected by the Annual General Meeting plus four additional members designated by the Works Council as employee representatives.

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

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

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

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

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

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

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

The Supervisory Board passes resolutions in its regular meetings. These meetings are to be held as often as required by the interests of the company and at least once each quarter. Five regular Supervisory Board meetings were held in 2019. The chairman determines the form of the meeting, the way in which resolutions are passed outside of meetings and the procedure for counting votes. The Management Board members attend all meetings of the Supervisory Board and its committees, unless otherwise decided by the person chairing the meeting.

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

The Supervisory Board is considered to have a quorum when all members have been correctly invited to attend and when at least three members, including the chairman or deputy, participate in the decision-making process. A topic of negotiation which is not on the agenda can only be ruled on by the Supervisory Board if all members are present or represented and no member objects. The Supervisory Board passes its resolutions by simple majority of the votes cast, whereby abstentions are not counted as votes. In the case of a tie – also in elections – the chairman casts the deciding vote. A deputy chairman representing the chairman is also entitled to cast the deciding vote on resolutions and in elections; this also applies to committee chairmen.

Composition of the Supervisory Board

The following table shows the members elected to the Supervisory Board in 2019, their date of birth, their position, the date of their initial appointment to the Supervisory Board and the expected end of their term. As of 31 December 2019, the members of UBM's Supervisory Board held additional positions on supervisory boards or exercised comparable functions in Austrian and foreign companies (not included in the consolidated financial statements). These positions are listed in the table on the following page.

Members of the Supervisory Board

Name	Date of birth	Position	Member since	Appointed until
Karl-Heinz Strauss[1]	27.11.1960	Chairman	14.4.2011	AGM 2024
Iris Ortner[2]	31.8.1974	Deputy Chairwoman	14.4.2011	AGM 2024
Susanne Weiss[3]	15.4.1961	Member	15.1.2015	AGM 2024
Klaus Ortner[4]	26.6.1944	Member	15.1.2015	AGM 2024
Ludwig Steinbauer[3]	26.10.1965	Member	15.1.2015	AGM 2024
Paul Unterluggauer	28.4.1967	Member	15.1.2015	AGM 2024
Bernhard Vanas[3]	10.7.1954	Member	15.1.2015	AGM 2024
Birgit Wagner[3]	9.1.1972	Member	29.5.2019	AGM 2024
Anke Duchow	19.1.1968	Member	27.5.2019	n/a[5]
Martin Kudlicska	14.2.1972	Member	30.6.2016	n/a[5]
Hannes Muster	28.11.1967	Member	30.6.2016	n/a[5]
Günter Schnötzinger	20.8.1973	Member	30.6.2016	n/a[5]

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

Additional functions of the Supervisory Board members

Name	Company	Function
Karl-Heinz Strauss	DATAX HandelsgmbH	Supervisory Board member
	KAPSCH-Group Beteiligungs GmbH	Supervisory Board member
	Kapsch Aktiengesellschaft[1]	Supervisory Board member
	PORR Bau GmbH	Chairman of the Supervisory Board
	PORR Deutschland GmbH	Chairman of the Supervisory Board
	PORR SUISSE AG	President of the Administrative Board
	PORR Construction Holding GmbH	Chairman of the Supervisory Board
Iris Ortner	ELIN GmbH	Chairwoman of the Supervisory Board
	PORR AG[1]	Supervisory Board member
	OEBAG	Supervisory Board member
	TKT Engineering Sp. z.o.o. (Polen)	Deputy Chairwoman of the Supervisory Board
Susanne Weiss	ROFA AG	Chairwoman of the Supervisory Board
	PORR AG[1]	Supervisory Board member
	Wacker Chemie AG[1]	Supervisory Board member
Klaus Ortner	ELIN GmbH	Deputy Chairman of the Supervisory Board
	PORR AG[1]	Deputy Chairman of the Supervisory Board
Ludwig Steinbauer		
	PORR Bau GmbH	Supervisory Board member
	PORR Construction Holding	Supervisory Board member
	Klinikum Austria Gesundheitsgruppe GmbH	Supervisory Board member
Paul Unterluggauer	–	–
Bernhard Vanas	PORR AG[1]	Supervisory Board member
	SDN Beteiligungs GmbH	Supervisory Board member
	Wolfgang Denzel Holding AG	Supervisory Board member
	Bankhaus Denzel AG	Supervisory Board member
	Wolfgang Denzel AG	Supervisory Board member
	Wolfgang Denzel Auto AG	Supervisory Board member
Birgit Wagner	–	–
Anke Duchow	–	–
Martin Kudlicska	–	–
Hannes Muster	–	–
Günter Schnötzinger	–	–

[1] Listed

Criteria for independence

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

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

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

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

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

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

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

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

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

Committees

The statutes allow the Supervisory Board to establish committees from among its members. The following three committees supported and ensured the efficient handling of complex issues in 2019:

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

Group management report and the consolidated corporate governance report as well as reporting to the Supervisory Board on the audit findings; and (viii) conducting the procedures for the selection of the auditor under consideration of the appropriateness of the fee and preparing the Supervisory Board's recommendation for the appointment of the auditor (Section 16 of EU Regulation No. 537/2014 applies).

The Audit Committee met four times during the 2019 financial year. The meeting on 9 April 2019 was also attended by the auditors and focused on the evaluation of and preparations for the approval of the 2018 consolidated financial statements. At this same meeting, the Supervisory Board dealt with the selection of an auditor for the separate and consolidated financial statements as of 31 December 2019. The Audit Committee meeting on 19 September 2019 covered discussions, among others, of the Management Board's report on the effectiveness of the internal control system, the internal audit system and risk management (fraud) as well as compliance (corruption) in the sense of Rules 18 and 18a of the Austrian Code of Corporate Governance and the audit of the separate and consolidated financial statements. The meeting of the Audit Committee on 3 December 2019 was held without the Management Board in accordance with Rule 81a of the Austrian Code of Corporate Governance and concentrated on the audit schedule, audit focal points and communication between the auditor and the Audit Committee. The last meeting of the financial year was held on 3 December 2019 and, in accordance with Rule 83 of the Austrian Code of Corporate Governance, covered the report by the auditor on the functioning of risk management and the auditor's fees for non-audit activities. The members of the Audit Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner, Bernhard Vanas (financial expert) and Susanne Weiss.

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

The Nomination Committee did not meet in 2019 as there were no pending issues. The members of the Nomination Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner and Susanne Weiss.

Remuneration Committee: This committee is responsible for the following duties prior to implementation of the future remuneration policy in accordance with applicable legal regulations: (i) matters related to the remuneration of the Management Board members and the content of the employment contracts with these persons, in particular, the definition of the underlying principles for the remuneration of the Management Board members and the criteria for the variable remuneration components in line with Rules 27, 27a and 28 of the Austrian Code of Corporate Governance; (ii) evaluating the remuneration policy for the Management Board members at regular intervals; (iii) approving the assumption of side-line activities by the Management Board members. The Remuneration Committee held one meeting during the reporting year, i.e. on 9 April 2019. Discussions centred, among others, on an increase in the fixed and variable remuneration for the Management Board members Martin Löcker and Patric Thate, and the determination of annual bonuses for all three members of the Management Board. The members of the Nominating Committee are Karl-Heinz Strauss, FRICS (Chairman), Iris Ortner and Susanne Weiss (remuneration expert).

Support for women

UBM is reinforcing its efforts to increase the share of women in its organisation. In comparison with other companies in the real estate sector, the UBM Group had a positive standing with 30 women in key positions as of 31 December 2019 (Supervisory Board, managing directors, authorised signatories and key staff at UBM Development AG and its major subsidiaries). This represents a further increase in the share of women in key positions over with the previous year (25 as of 31 December 2018).

As a company which believes in sustainable operations, UBM places high priority on socially relevant topics which include equal opportunity in the workplace. Activities to achieve and maintain equal opportunity are focused on the identification of suitable female candidates when managers and staff are recruited. 62 new employees were hired in 2019: 24 women and 38 men (excluding hotel employees). There are no salary differences between men and women who perform the same activity and have the same qualifications. Women are specifically addressed in job advertisements. In order to support the work-life balance, the company offers flexible working hours through a flexi-time system. UBM is proactively and sustainably committed to a working environment free of discrimination and a culture of mutual respect and appreciation among all employees. The company treats all employees equally – regardless of gender, social background, sexual orientation, nationality, religion or age. Any form of discrimination is categorically opposed.

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

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

Remuneration report

Remuneration of the Management Board members

The remuneration for the members of the UBM Management Board – prior to implementation of the future remuneration policy in accordance with applicable legal regulations – consists of non-performance-related components (fixed salary, pension fund/employee welfare fund contributions), performance-related components (variable performance bonus) and one-off payments as well as severance compensation for departing members.

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

Variable/performance-based remuneration: The variable performance bonus for the chairman of the Management Board equals 2.5% of EBT, up to a maximum of €360,000.00 gross per year. If annual earnings equal or exceed the amount defined by the Remuneration Committee, the chairman of the Management Board is entitled to the maximum amount of the variable performance bonus. If earnings are lower than the defined target, the chairman is entitled to receive a proportional amount. Management Board members Martin Löcker and Patric Thate also receive a variable performance bonus in line with the above scheme, but each up to a maximal of €240,000.00 gross per year.

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

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

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

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

Management Board remuneration 2019 (in €)

Name	Salary	Variable remuneration[1]	Non-cash benefits	Pension fund/ employee welfare fund	Total
Thomas G. Winkler	540,000.00	360,000.00	11,569.32	13,946.99	925,516.31
Martin Löcker	347,142.90	240,000.00	11,569.32	18,717.72	617,429.94
Patric Thate	347,142.90	240,000.00	8,689.32	8,504.23	604,336.45

[1] Probable variable remuneration for 2019, payable in 2020

Remuneration of the Supervisory Board members

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

Additional compensation can be approved by the Annual General Meeting in cases where members of the Supervisory Board, in this capacity, take on special activities in the interests of the company.

The Supervisory Board members are covered by an appropriate level of D&O liability insurance in the interests of the company, whereby the costs are carried by UBM. A resolution by the Annual General Meeting on 25 May 2016 established the following remuneration for members of the Supervisory Board: the chairman of the Supervisory Board receives fixed remuneration of €25,000.00 per year, the deputy chairman of the Supervisory Board fixed remuneration of €20,000.00 per year and the other members fixed remuneration of €15,000.00 per year. The attendance fee for meetings was set at €1,000.00 per meeting of the Supervisory Board or one of its committees. A resolution by the Annual General Meeting on 29 May 2019 increased the remuneration for the members of the Supervisory Board as follows: the chairman of the Supervisory Board now receives fixed remuneration of €50,000.00 per year, the deputy chairman of the Supervisory Board fixed remuneration of €40,000.00 per year and the other members fixed remuneration of €30,000.00 per year. The attendance fee for meetings was set at €2,000.00 per meeting of the Supervisory Board or one of its committees. Members of the Supervisory Board who do not reside in Austria receive an additional reimbursement for Austrian withholding tax from the company. The fixed remuneration is payable annually in arrears, within four weeks of the Annual General Meeting. The attendance fee for meetings is payable within four weeks after the respective Supervisory Board meeting.

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

Supervisory Board remuneration 2019 (in €)

Name	Fixed remuneration[1]	Attendance fee for meetings before 29.5.2019	Attendance fee for meetings after 29.5.2019
Karl-Heinz Strauss (Chairman)	50,000.00	2,000.00	6,000.00
Iris Ortner (Deputy Chairwoman)	40,000.00	2,000.00	6,000.00
Christian B. Maier (resigned on 29.5.2019)	–	2,000.00	–
Birgit Wagner (entered on 29.5.2019)	30,000.00	–	6,000.00
Klaus Ortner	30,000.00	2,000.00	4,000.00
Ludwig Steinbauer	30,000.00	2,000.00	6,000.00
Paul Unterluggauer	30,000.00	2,000.00	6,000.00
Bernhard Vanas	30,000.00	2,000.00	4,000.00
Susanne Weiss	30,000.00	1,000.00	6,000.00

[1] Payment within four weeks following the 2020 Annual General Meeting

Der Rosenhügel, Vienna

© MICHAEL NAGL

Group Management Report

management report.

General economic environment

Worldwide growth course

The trade conflict between the USA and China, which had a firm grip on the second half of 2018, was also a determining factor for the global economy in 2019. Growth was therefore reserved, above all at the beginning of the year. The International Monetary Fund (IMF) forecasted an increase of 2.9% for 2019 (2018: 3.7%), with the industrialised nations contributing only 1.7% due to the subdued momentum. For 2020 in a first estimate, the IMF expects a worldwide recession due to the COVID-19 pandemic but indicates this would be followed by renewed recovery in 2021.[1,2]

The European economy was slowed in 2019 not only by the international trade dispute, but also by a major geopolitical challenge in the form of the uncertainties connected with the Brexit. The IMF's January estimate pointed towards growth of 1.2% for the eurozone in 2019 (2018: 1.9%). Unemployment fell to 7.5%, a level last recorded in June 2008, and the inflation rate equalled 1.2% according to the European Central Bank (ECB). Few reliable forecasts are available for 2020 due to the current developments surrounding the spread of the coronavirus. In a report issued on 19 March 2020, the European Commission assumes the impending recession could be as strong as in 2009 – at that time, the economic downturn reached 4.3% in the EU and 4.5% in the eurozone.[3,4]

Moderate growth in Germany and Austria

As a result of the global economic conditions, Germany slid into a technical recession in mid-2019 with a minus of 0.1%. Growth totalled 0.6% for the full 12 months of 2019 (2018: 1.5%). This limited increase resulted primarily from export weakness as well as an ongoing downturn in the manufacturing sector. For example: Automobile producers are currently in a transformation phase that has upset the entire value chain. Domestic demand remained resistant and continued to drive growth, with higher private consumption supported by a sound employment market and strong wage increases. Construction investments also continued to rise in 2019. In a first scenario calculation on 22 March 2020, the ifo Institute is forecasting a growth loss of 7.2 to 11.2 percentage points depending on government restrictions for private persons and businesses. The German Central Bank also anticipates a slide into recession in its March monthly report.[5,6,7]

After stronger growth of 2.4% in 2018, the Austrian economy slowed notably in 2019. GDP growth will equal 1.6% for 2019 according to projections by the European Commission. One main cause of this development was a decline in the export of goods and services, which involved numerous sectors like automotive suppliers. The Institute for Advanced Studies has forecasted a reduction of at least 2.0% in economic output for 2020. This forecast is, however, connected with substantial downward risk because the further course of the pandemic and the resulting impact on the economy can hardly be estimated at the present time.[8,9]

CEE – the European growth engine

The growth rates in the EU member states in Central, Eastern and South-Eastern Europe again exceeded the European average in 2019. The European Commission has estimated average growth at 3.7% for that year, above all due to the strength of the larger countries in the region — Poland, Romania and Hungary.[10]

[1] IMF: World Economic Outlook – Update 20 January 2020
[2] IMF: Statement by Dir. Kristalina Georgieva – 23 March 2020
[3] Austrian National Bank: Konjunktur aktuell – March 2020
[4] ORF: EU-Commission – Rezession könnte so groß sein wie 2009 – 20 March 2020

[5] European Commission: Economic Forecast Winter 2020 – Germany
[6] ifo Institut: Schnelldienst – March 2020
[7] Deutsche Bundesbank: Monthly report – March 2020
[8] European Commission: Economic Forecast Winter 2020 – Austria
[9] IHS: Forecast of the Austrian Economy 2020 – 26 March 2020
[10] Austrian National Bank: Konjunktur aktuell – January 2020

Developments on the real estate market

Europe – strong demand for real estate in 2019
The generally uncertain economic climate failed to have a noticeable effect on the European real estate market in 2019. The transaction volume fell by only 2%, based on a supply that was even lower than the previous year, and equalled €307.7 bn at the end of December (2018: €315.2 bn). The beginning of the year was still influenced by uncertainties over the future interest environment and the generally less optimistic outlook for the European economy. Accordingly, the first half of 2019 was the weakest since 2014. A positive effect was provided by the ECB's announcements of its intention to continue to inject sufficient liquidity into the markets. Investments rose to a record-breaking height in the fourth quarter, which proved to be the second strongest quarter in history. The shortage of suitable investment properties continued to drive prices. With an average of 350 basis points over ten-year federal bonds, the yields on European real estate remain attractive for local as well as foreign investors.[1]

The impact on the real estate market is extremely difficult to estimate at the present time due to the uncertainties surrounding the extent and duration of the COVID-19 pandemic. Initial reactions in the form of delayed transactions are already visible, and a sharp drop in property transactions can be expected – at least during the first half-year. The current travel and trade restrictions have had a particularly severe effect on the hotel and retail asset classes. The medium-term fallout of the pandemic is dependent, above all, on the scope and duration of the anticipated recession. The expected continuation of low interest rates should further increase the relative attractiveness of real estate investments, whereby the prevailing uncertainty is expected to result in higher risk premiums and more careful selection by investors.[2,3]

Another new record year in Germany
The real estate market in Germany delivered another record year with a volume of €76.4 bn in 2019 (2018: €74.1 bn), in spite of the difficult economic situation and reserved forecasts. With these results, the German real estate market confirmed its position as one of the major players in Europe. Most of the transaction volume in this country was also generated during the fourth quarter: At nearly €33 bn, it was the strongest three-month period in Europe since the start of data collection. The increase equalled 23% based on the fourth quarter of 2018 and 3% in year-on-year comparison. Three of the seven top cities in Germany were among the five largest markets in Europe during 2019. The steady increase in prices is attributable to the ongoing product shortage as well as high pressure on the part of investors who see Germany as a safe haven. Approximately 53% of the investments in 2019 were made by domestic investors. US investors were the most active foreign buyers on the German market with 13%, while European countries, in total, generated roughly 31% of the volume. The remaining 3% are attributable to Asian buyers.[4,5]

The office asset class was responsible for almost 57% of the record volume of German commercial properties in 2019 and, after 2018, again confirmed its position as the most attractive investment segment. The transaction volume rose by 31% year-on-year to €40.5 bn (2018: €30.9 bn). Similar to 2018, more than 75% of the office investments were directed to the seven top cities. Prime gross yields in the office segment declined steadily in 2019 and ranged from 2.75% in Munich to 3.30% in Dusseldorf, Cologne and Stuttgart. Prime rents in the seven top cities averaged €33/m² at year-end 2019 (2018: €30/m²).[6]

The hotel investment market in Germany broke the €5 bn-barrier in 2019 for the first time since 2016. The transaction volume was roughly €1 bn, or 25%, higher than the previous year. Investments in hotel properties topped the five-year average by 20% in 2019. The seven top cities attracted 60% of this capital, i.e. €3 bn. The four-star segment again dominated the market with a share of 60% in 2019. The only other double-digit market share during the past year was recorded by three-star hotels at 24%. Yields in the seven top cities

1 Real Capital Analytics: Europe Capital Trends – 2019
2 CBRE: Potential Impacts of COVID-19 on EMEA Real Estate – March 2020
3 Savills:COVID-19 and the consequences – March 2020
4 Real Capital Analytics: Europe Capital Trends – 2019
5 Savills: Investmentmarkt Deutschland – January 2020
6 Colliers: Bürovermietung und Investment Deutschland – 2019/2020

ranged from 3.7% in Munich to 4.4% in Berlin and declined further in year-on-year comparison.[7]

The residential market in Germany recorded the second-best results in the past 15 years with €19.5 bn and exceeded the prior year's investment volume by 19.6% (2018: €16.3 bn). Foreign investors were reserved as a result of discussions surrounding the rent cap and rental price limits. Only 8.5% of the capital came from international buyers. German investors were responsible for a volume of €17.8 bn, or 41% more than in the previous year, which represents 91.5% of the total transaction volume. The seven top cities recorded an increase of 25% in turnover to €8.4 bn – led by Berlin with €4.2 bn.[8]

Strongest investment year in Austria

The Austrian investment market produced another strong year in 2019 with an investment volume of €5.9 bn, whereby €3.7 bn were recorded alone on the second six months. In comparison with 2017, the previous peak year, that represents an increase of 17%. These results also surpassed 2018, the second-best year to date, by more than 50%. Office properties were the most popular asset class with 31% of the transaction volume, followed by investments in residential properties at 22% and hotel properties at 16%. More than half the investors came from outside Austria in 2019. In the large-volume transaction segment – with a value over €100m – the share exceeded 60%. Driven by high investment pressure and the related demand overhang, prime yields ranged from 3.45% for offices to 5.00% for logistic properties in 2019.

Rentals on the Vienna office market were roughly 13% lower year-on-year at approximately 221,000 m². This decline resulted, above all, from the low number of completions and the related short supply. This trend will continue because nearly 40% of the office space scheduled for completion by 2021 has already been rented. At inner city locations, the lack of space has led to an increase in general refurbishments. The number of new apartments completed in 2019 generally reflected the prior year level.

The hotel segment was the third-strongest assets class based on the transaction volume. The €940m reported for 2019 topped the previous record year, 2016, by a sound 32%. International investors were responsible for 78% of the transactions. Vienna ranked clearly first with 82% of the total volume. The focus on Austria's capital is also underscored by a further increase in overnight stays, which rose by 7% year-on-year to 17.6m.[9,10]

Continuation of the real estate boom in CEE

The CEE core countries – Poland, Czech Republic, Slovakia, Romania and Hungary – set a new investment record for the fourth year in succession. At nearly €14 bn, the volume was 5.7% higher than the total transaction volume in the previous year. More than 55% was generated on the Polish market, which rose by €0.5 bn over 2018. The office segment was the dominating asset class at €3.8 bn, or 49.7%. Hotel investments totalled €289m, respectively 3.8%, and were more than twice the 2018 level. European investors almost doubled their business activities in Poland with nearly 50% of the acquisitions, compared with 27% in 2018. The investment volume in the Czech Republic rose by nearly one-fourth to €3.1 bn, whereby the office segment was the most popular asset class with a share of €1.4 bn or 47%. The hotel market generated €710m, or 23%, of the transaction volume.[11]

[7] Colliers: Hotel Investment Deutschland – 2019/2020
[8] BNP Paribas: Wohn-Investmentmarkt Deutschland – Q4 2019

[9] CBRE: Investmentmarkt Österreich – Q4 2019
[10] CBRE: Real Estate Market Outlook Österreich – 2020
[11] JLL: CEE Investment Market – 2019

Business performance

UBM Development generated Total Output of €678.0m in 2019, compared with the record high of €897.7m in the previous year. Of this total, €523.7m represent Total Output from property sales. The reporting year highlights included, in particular, the forward sale of the final building section in the Quartier Belvedere Central (QBC), the QBC 1&2 office properties which will be completed by the end of 2020. The progress of construction is being realised over time in accordance with the percentage of completion and subsequently transferred to Total Output and earnings. The largest sales in 2019 also included two Disney Hotels in Paris and a development site near Munich. A substantial component of Total Output was also recorded in the residential business with several projects in major cities like Munich, Berlin and Vienna. The Total Output from hotel operations fell from €107.6m to €65.1m in 2019. The year-on-year decline is attributable to the sale of a 50% interest in the hotel management company.

Total Output in the **Germany segment** dropped from €336.5m to €255.5m in 2019. A positive effect resulted from the sale of a development site in Dornach near Munich. This trade sale represented a step towards optimising the project portfolio following UBM's acquisition of a three-hectare development area within the Munich city borders during the previous year. Other transactions in 2019 included the sale of a hotel in Hamburg and the completion and transfer of the Holiday Inn and Super 8 twin hotels in Hamburg. The forward sold Super 8 Hotel in Mainz and previously sold residential units from projects in Berlin, Mainz and Hamburg were recognised in accordance with the progress of construction. Total Output was also positively influenced by the completion and transfer of a residential project in Munich.

The **Austria segment** reported Total Output of €234.6m in 2019 (2018: €298.3m). A major component of this Total Output resulted from the forward sale of the QBC 1&2 office project and the QBC underground garage. Another important contribution was made by the residential sector. The largest effect here resulted from two projects in Vienna, the Storchengrund and the barany.7, which were sold to institutional investors. Other sales involved apartments in previously completed projects in Vienna, Salzburg and Tyrol. UBM also made further progress on the streamlining of the standing asset portfolio through the sale of various logistics properties in the Austrian province of Styria.

In the **Poland segment**, Total Output fell from €209.3m in 2018 to €101.4m in 2019. Positive effects during the reporting year were provided by the completion and transfer of the forward sold Holiday Inn Gdansk City Centre in Gdansk. Two hotel projects in Katowice and Krakow were also sold at year-end through forward deals and recorded in Total Output on a proportional basis in line with the percentage of completion. The standing asset portfolio was further reduced by the sale of a retail park.

Total Output in the **Other Markets segment** rose from €53.6m to €86.5m in 2019, primarily due to the sale of two Disney Hotels in Paris. Hotel operations also represent an important component of Total Output in this segment.

Total Output by region

in € m	2019	2018	Change
Germany	255.5	336.5	-24.1%
Austria	234.6	298.3	-21.3%
Poland	101.4	209.3	-51.5%
Other markets	86.5	53.6	61.4%
Total	**678.0**	**897.7**	**-24.5%**

The **Hotel segment** recorded Total Output of €228.7m in 2019, compared with €289.8m in the previous year. The two Disney Hotels in Paris and one hotel in Hamburg were sold during the reporting year, and forward sales were completed for two hotels in Katowice and Krakow which are still under development. These hotels are scheduled for completion at the end of 2021 and will be recognised in Total Output based on the progress of construction beginning with their sale at the end of 2019. The forward sold Holiday Inn Hotel in Danzig was also completed during the reporting year. In addition, Total Output reflected the progress of construction on a forward sold hotel project in Mainz. Slightly more than one-fourth of the Total Output in 2019, or €65.1m, was generated by hotel operations. This year-on-year decline of 39.5% resulted from the above-mentioned sale of a 50% interest in the hotel management company.

The **Residential segment** generated Total Output of €144.7m in 2019 (2018: €180.8m). Two residential construction projects in Vienna were sold to institutional investors during the past year: the previously completed Storchengrund project and the barany.7 development project which is scheduled for completion in 2021. One building section of the "Anders Wohnen" residential project in Munich was completed and transferred during the reporting year. Total Output in 2019 also reflected the progress of construction on previously sold apartments from projects in Berlin, Hamburg and Mainz as well as the sale of apartments from previously completed projects in Vienna, Salzburg and Tyrol.

The **Office segment** recorded Total Output of €89.4m in 2019 (2018: €271.3m). The comparative period included, for example, the completion of the large-scale Leuchtenbergring project in Munich and the Office Provider in Vienna. Total Output in 2019 was related primarily to the QBC 1&2 office property, which is located at Vienna's main railway station and will be completed at the end of 2020. This property was forward sold during August 2019 and included in Total Output on a proportional basis in line with the percentage of completion beginning on the sale date.

The **Other segment** reported an increase in Total Output from €77.3m in the previous year to €166.8m in 2019. The largest effect resulted from the sale of a development site near Munich. Other transactions in this segment during 2019 involved the forward sale of the QBC underground garage in Vienna and the sale of various logistics properties in the Austrian province of Styria. This position also includes the revenue from the rental of mixed-use standing assets in Austria and Germany.

Total Output in the **Service segment** declined from €71.4m to €42.1m in 2019. This segment provided a higher volume of services in the previous year, above all in Germany, due to the maturity of the project portfolio.

The **Administration segment** includes services provided by UBM Development AG, charges for management services and intragroup allocations.

Total Output by asset class

in € m	2019	2018	Change
Hotel	228.7	289.8	-21.1%
Residential	144.7	180.8	-20.0%
Office	89.4	271.3	-67.1%
Other	166.8	77.3	115.8%
Service	42.1	71.4	-41.0%
Administration	6.4	7.2	-10.9%
Total	**678.0**	**897.7**	**-24.5%**

Financial performance indicators

Business development and earnings

The core activities of the UBM Group revolve around the project-based real estate business. The revenue reported on the income statement can be subject to strong fluctuations because these projects are developed over a period of several years. In accordance with the application of IFRS 15 since 2018, real estate projects are recognised as of the signing based on the progress of construction and realisation (percentage of completion, PoC) and not after completion as before. This leads to a more exact presentation of the development of revenue and earnings. The sale of properties through share deals and the development and sale of projects within the framework of equity-accounted investments are still not included in revenue. In order to provide a better overview and improve the transparency of information on UBM's business performance, Total Output is also reported. This managerial indicator includes – similar to revenue – the proceeds from property sales, rental income and income from hotel operations as well as the general contractor and project management services capitalised or provided to third parties and companies not included through full consolidation. It also contains the profit or loss from companies accounted for at equity and the results of sales through share deals. Total Output is based on the amount of the investment held by UBM. It does not include advance payments, which are primarily related to large-scale or residential construction projects.

Total Output amounted to €678.0m in 2019 and was €219.7m lower than the previous year (2018: €897.7m). The decline resulted from lower revenue from property sales and reflected the completion, sale and transfer of several large-scale projects in 2018. These transactions are also reflected in the revenue development on the consolidated income statement, which fell from €514.0m to €242.0m. The decline in revenue exceeded the reduction in Total Output because major sales during the reporting year – for example, the two Disney Hotels and the large-scale QBC 1&2 project – are not reported as part of revenue since the involved project companies are accounted for at equity. Furthermore, this position no longer includes the revenue from UBM hotels Management GmbH, which has been accounted for at equity since the end of November 2018 following the sale of a 50% interest.

The profit from companies accounted for at equity was substantially higher year-on-year at €60.0m in 2019 (2018: €35.9m). A large share of the current at-equity results is attributable to the sale of a 50% interest in two Disney hotels in Paris, which were built in 2004 and 2007. Other factors which had a positive effect on earnings include the forward sale of the QBC 1&2 office project, which represents the final section of construction on the large-scale Quartier Belvedere Central (QBC) project in Vienna, as well as the completion and transfer of the Holiday Inn/Super8 twin hotels in Hamburg and the "Anders Wohnen" residential project in Munich.

Income from fair value adjustments to investment property totalled €21.7m in 2019 (2018: €–7.1m). The progress of contract negotiations for the sale of land in Germany during the second quarter of 2019 and the contract signing shortly after 30 June 2019 resulted in an increase in value up to the expected selling price. The sale closed during the third quarter, and the value increase was subsequently realised. In addition, the fair value of the Sugar Palace hotel project in Prague was increased to reflect the progress of the municipal approval process and the sale of a 25% interest in the project company. Contrasting factors included a write-down to the LeopoldQuartier project in Vienna based on the current approval situation and the resulting project delays as well as fair value adjustments to standing assets in Poland and the Czech Republic.

Other operating income amounted to €10.5m in 2019 and included, among others, revenue from third-party charges, foreign exchange gains, income from the release of provisions and various other positions. In the previous year, other operating income totalled €10.7m. Other operating expenses fell from €54.5m in the previous year to €40.6m. This decline reflected a reduction in foreign exchange losses from the Polish Złoty as well as lower write-downs to current assets and a decrease in other expenses following the deconsolidation of the hotel management company. Other operating expenses also include administrative costs, travel expenses and advertising costs as well as charges and duties. Foreign exchange gains, which are reported under other operating income, and the foreign exchange losses included in other operating expenses generally balanced out in 2019.

The cost of materials and other related production services totalled €202.2m in 2019 (2018: €352.4m). These expenses consist primarily of material costs for the construction of fully consolidated residential properties and various other development projects which were sold through forward transactions. They also include the book value disposals from property sales in the form of asset deals. Book value disposals of €64.3m were recorded during the reporting year, in contrast to disposals of €212.3m in 2018. This substantial reduction is also attributable to the larger share of projects in joint ventures accounted for at equity. The cost of materials also includes expenses for purchased general contractor services.

The changes in the portfolio related to residential property inventories and other IAS 2 properties led to income of €20.3m in 2019, which was based on increased investments in projects that are in an early development stage and have not yet entered the sale process. In the comparative prior year period, the portfolio change was negative at €42.4m.

Personnel expenses fell by €8.7m year-on-year to €36.6m in 2019 (2018: €45.3m). This reduction resulted primarily from the deconsolidation of UBM hotels Management GmbH. The valuation of the UBM share option programme, which was approved by the Annual General Meeting in May 2017, added €0.8m to personnel expenses in 2019 (2018: €1.0m). The UBM Group companies included in the consolidation employed a total workforce of 389 as of 31 December 2019 (31 December 2018: 365) which included 55 hotel employees (31 December 2018: 52).

EBITDA rose by €16.1m to €75.0m in 2019. Depreciation and amortisation amounted to €3.5m and were slightly higher than the previous year (2018: €2.9m) due to the application of IFRS 16. EBIT increased by €15.5m to €71.5m in 2019 (2018: €55.9m). Financial income declined from €32.0m in the previous year to €20.7m. The income from share deals included in this position totalled €21.7m in 2018 but fell to €12.9 m in 2019 and reflected, among others, the sale of two entire residential projects. Financial costs were substantially lower year-on-year at €21.7m (2018: €32.4m) because the previous year included write-downs of €10.3m to investments and project financing. The reporting year included higher interest on leases due to the application of IFRS 16 which was offset, however, by a reduction in bank interest.

EBT rose by €15.0m, or 26.9%, over the previous year to €70.5m in 2019 (2018: €55.5m). Tax expense equalled €20.5m (2018: €16.1m), which represents a tax rate of 29.0% (2018: 28.9%). Profit for the period (net profit after tax) totalled €50.1m, compared with €39.5m in 2018. After taking into account non-controlling interests, net profit rose to €53.1m (2018: €39.7m). The resulting earnings per share increased by 33.6% from €5.31 to €7.10.

Asset and financial position
Total assets recorded by the UBM Group rose by €81.7m over the level at year-end 2018 to €1,316.4m as of 31 December 2019. This increase was supported by the initial application of IFRS 16, which led to the capitalisation of lease contracts totalling €49.1m at year-end 2019. The increase in total assets was also supported by the tapping of an existing bond and the issue of a new corporate bond which, in turn, gave the Group additional financial room to manoeuvre.

Property, plant and equipment increased substantially from €2.7m as of 31 December 2018 to €40.2m at the end of 2019. This change is attributable to the capitalisation of lease contracts totalling €37.4m which followed the initial application of IFRS 16 at the beginning of 2019. The carrying amount of investment property declined by €31.5m to €467.7m as the result of successful sale transactions as well as the sale of a 25% interest in a Prague hotel project which is now reported under equity-accounted companies. A contrasting factor was the capitalisation of lease contracts which totalled €11.7m at year-end 2019.

The carrying amount of the investments in equity-accounted companies totalled €134.5m as of 31 December 2019 and was slightly higher than at year-end 2018 (31 December 2018: €115.8m). This increase resulted from the above-mentioned sale of an interest in a Prague hotel project as well as the forward sale of the QBC 1&2 office project. It was contrasted in part by the sale of other projects. Project financing rose from €139.9m as of 31 December 2018 to €181.2m at the end of the reporting year.

Current assets were € 12.0m higher year-on-year at €465.0m as of 31 December 2019. This increase resulted primarily from a higher balance of cash and cash equivalents, which grew by €11.9m to €212.4m.

Inventories totalled €128.2m at the end of December 2019 (31 December 2018: €121.5m). This position consists primarily of residential properties under development which are designated for sale. Trade receivables declined from €108.2m at the end of 2018 to €103.3m as of 31 December 2019. Included here, in particular, are real estate inventories which are sold during development as well as the proportional share of forward sales of investment properties.

Equity rose to €462.5m as of 31 December 2019, supported by the sound development of earnings during the reporting year (31 December 2018: €436.3m). The equity ratio equalled 35.1% at year-end 2019 and remained at the upper end of the 30–35% target range (31 December 2018: 35.3%).

Bond liabilities rose by €50.3m over the level at year-end 2018 to €484.7m as of 31 December 2019 (31 December 2018: €434.5m). The 3.125% bond 2018–2023 was tapped by €45m in June 2019, and the 4.875% bond 2014–2019 was redeemed for €91m during the following month. In November 2019, UBM issued its first six-year bond with a coupon of 2.75% (2019-2025). The issue volume of €120m also included €25m from the exchange of the existing UBM bond 2015-2020.

Financial liabilities (current and non-current) increased by €32.0m to €219.8m due to the recognition of lease liabilities following the initial application of IFRS 16. These lease liabilities totalled €49.8m at the end of the reporting year.

Trade payables declined from €93.7m as of 31 December 2018 to €57.2m at the end of the reporting year and consisted mainly of outstanding payments for subcontractor services. Other financial liabilities (current and non-current) declined from €30.8m as of 31 December 2018 to €25.6m. Deferred taxes and current taxes payable amounted to €41.6m and were slightly higher than the comparable prior year level of €39.3m.

Net debt amounted to €442.4m at year-end 2019 and was slightly higher than the previous year (31 December 2018: €421.8m). This indicator represents current and non-current bonds and financial liabilities, excluding lease liabilities, less cash and cash equivalents. The definition of net debt was adjusted in connection with the initial application of IFRS 16 to improve comparability with the previous year. Lease liabilities were excluded from financial liabilities beginning with 2019 and retrospectively for the comparable value in 2018. The calculation of the adjusted value for 2018 includes a reduction of €0.1m to €622.2m (before adjustment: €622.3m). Net debt in relation to total assets (loan-to-value ratio) equalled 33.6% at the end of 2019 and generally reflected the previous year (31 December 2018: 34.2%).

Cash flow
Operating cash flow totalled €–1.5m in 2019, compared with €68.2m in the previous year. Material fair value adjustments included in profit for the year were excluded from operating cash flow because of their non-cash character. These fair value adjustments resulted primarily from a timing difference between the earnings effect and the cash flow effect of a property transaction and, for the most part, have since been realised and are reported under cash inflows from investing activities. In addition, higher dividends were received from equity-accounted companies in the previous year than in 2019.

Cash flow from operating activities fell from €113.8m in 2018 to €–39.9m in the reporting year. In 2019, cash flow was increased primarily by a €25.4m decline in receivables. Contrary factors included a €12.8m reduction in liabilities and a €19.0m increase in inventories. The amount reported for 2019 includes cash inflows of €28.3m from the sale of inventories as well as additions of €47.5m to real estate inventories. Cash inflows from the sale of real estate reported in receivables equalled €25.3m, while the additions to real estate receivables equalled €7.1m.

Cash flow from investing activities totalled €–41.2m in 2019, compared with €–93.2m in 2018. The previous year was influenced by the transfer of large-scale projects like the Leuchtenbergring and the resulting cash inflows of €231.3m from the disposal of tangible assets and investment property. In contrast, this position in 2019 included cash flows of €65.6m as well as €34.3m from the disposal of financial assets. Cash inflows of €62.6m from the repayment of project financing also had a positive influence on cash flow from investing activities and were contrasted by cash outflows of €62.9m for project financing. Cash outflows for investments in property, plant and equipment and investment property amounted to €137.8m in 2019, compared with €346.3m in the previous year.

Cash flow from financing activities amounted to €93.0m in 2019 (2018: €105.0m). The tapping of the 3.125% bond by €46.4m and the issue of a six-year, 2.75% bond with a cash effect of €94.8m led to an increase in liquidity, which was contrasted by an outflow of €91.3m for the redemption of the 4.875% bond. Cash flow was reduced by interest payments on the hybrid bond that was issued in 2018 and by dividend payments, for a total effect of €23.5m. The increase in borrowings had a positive effect of €224.0m, which exceeded the repayment of loans totalling €153.5m. Cash and cash equivalents rose from €200.4m to €212.4m as of 31 December 2019.

Outlook

The IMF, in a first estimate, is forecasting a global recession for 2020 as a result of the COVID-19 pandemic, with first signs of recovery expected to appear in 2021. In view of these developments, the European Central Bank (ECB) announced its intention to continue the low interest policy and has also introduced additional measures, e.g. extensive bond purchases, to ease monetary policy. Reliable estimates of the quantitative effects on the individual economic sectors are not possible at the present time, however, due the uncertainties surrounding the extent and duration of the pandemic. This volatile environment has increased the focus on corporate liquidity and risk positions.[1,2]

UBM's liquidity position was comparatively sound at the end of the reporting year, with cash and cash equivalents totalling €212m as of 31 December 2019. However, the extent of the effects on UBM's business environment from the pandemic and the resulting economic distortions cannot be estimated at the present time. The Management Board has simulated various scenarios and expects significant short- to medium-term variances in the expected cash inflows and necessary expenditures. A large part of the expected cash inflows for 2020 has already been secured through forward sales, but the internal management of cash is receiving greater priority to allow for flexible reactions to deviations at all times. Expenses can also be influenced over the short-term through the delay or cancellation of projects and the later start of development work. This flexibility leads to the conclusion, from the current point of view, that UBM's liquidity position can be considered secure under each of the scenarios evaluated for 2020.

UBM has a comparatively high liquidity buffer and, at the same time, a flat repayment profile for its bonds and promissory note loans, with repayments of only €50m in December 2020 and a further €50m in November 2021. Consequently, the fluctuations expected at the present time can be offset by the liquidity reserve. Management has also responded systematically to the current economic situation, in part through the use of instruments like short-time work or the deferral of payments to the public sector, including VAT or employee-related duties, in individual countries.

Serious forecasts over the development of earnings in 2020 are impossible at the present time due to the uncertain market environment. Current travel limitations have had a direct negative effect on UBM's hotel leasing business. Positive effects on earnings development are provided by the high level of sales for the properties which will be completed in 2020. All hotel and office properties have already been forward sold to partners with sound credit ratings, and considerable progress has also been made on the sale of apartments. Consequently, property development is expected to generate cash inflows as well as a corresponding earnings contribution in 2020. Sales activities for the properties scheduled for completion during or after 2021 could, however, be delayed due to the uncertain market environment. Earnings in 2020 are therefore expected to be lower than the record 2019 financial year. A more precise forecast will only be possible later this year due to the substantial uncertainty, also over short-term developments.

A longer recession over more than four quarters, coupled with long-term travel restrictions, reserved consumer spending and extensive corporate cost-cutting programmes, carries inherent risks for UBM, for which the company is making consequent preparations. Alternatively, a rapid recovery after three to four quarters would create opportunities for UBM because companies with sound liquidity can benefit from market shake-outs in the sector. The likely continuation of the low interest environment for many years could further lack of investment alternatives and increase the demand for real estate.

[1] IMF: Statement by Dir. Kristalina Georgieva – 23 March 2020
[2] ECB: Our response to the coronavirus emergency – 19 March 2020

Risk Report

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

General goals of UBM risk management

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

Material risks

The material risks to which UBM is exposed arise from the project development business and result from the company's value chain. General business risks and macroeconomic risks are also defining factors for UBM's risk management. Accordingly, risks are subdivided into the following main categories: real estate acquisition – project calculation, planning and project financing – construction and quality – operations (rentals and leasing) – realisation (transactions) – general business risks – macroeconomic and other risks.

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

Risk Management System (RMS) measures in 2019

1. Risk identification and analysis

Based on the comprehensive identification and analysis of risks for UBM's value chain, which was performed in 2016, an annual reassessment of the individual risks was also carried out in 2019.

2. Risk assessment

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

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

3. Risk documentation

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

4. Risk control and monitoring

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

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

5. Risk management

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

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

Risk categories

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

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

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

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

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

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

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

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

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

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

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

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

Other risks

Information on the risks associated with financial instruments is provided in Note 44. "Notes on financial instruments" in the Notes to the Consolidated Financial Statements.

Risks arising from the COVID-19 pandemic

The global measures introduced to combat infections with the coronavirus have led to the substantial reduction or standstill of social and economic activities in many regions of the world, including UBM's markets. An impact on economic development in these markets can be expected – and will touch nearly all areas of the economy, together with the real estate sector. The extent of these effects is impossible to estimate at the present time.

The uncertainty over the extent and duration of the crisis as well as the resulting developments make it impossible to issue any serious and reliable estimates over the possible quantitative impact on UBM's business activities. The impact of the government measures introduced to date and their effects on the economy can, however, already be considered significant.

The impact and entrepreneurial risks arising from the COVID-19 pandemic have an influence on UBM's current business model over the short-term (up to year-end 2020), medium-term (up to year-end 2021) and possibly also after that time. UBM's hotel leasing business – where hotels are operated together with a partner (50% interest) – is directly affected. The temporary closing of hotels in reaction to the COVID-19 pandemic has led to significant cancellations and lost earnings. If the pandemic-related travel restrictions continue beyond the summer of 2020 or longer, or if this leads to a general change in travel habits, a decline in earnings from the hotel leasing business below the originally forecasted plans can also be expected over the medium- and long-term. Lost rental income from the standing assets cannot be offset over the short-term, but UBM has substantially reduced its share of these assets in recent years and the focus on property development represents an advantage in this regard.

The impact on the sale of projects currently under development involves the medium- to long-term. All hotel and office properties scheduled for completion in 2020 have been forward sold. Effects on the forward sold properties are conceivable if the buyers' credit standing is so severely impaired by the COVID-19 crisis that the agreed sale price can no longer be paid. A major share of the residential properties which will be completed in 2020 and are designated for sale through individual transactions have also been sold. Potential construction delays of several weeks are equipped with a buffer through corresponding "long-stop dates" for the transfer, but longer delays cannot be excluded due to the uncertainty surrounding the duration and the extent of measures and, in an extreme case, would trigger a right of withdrawal for previously sold properties. Financing for pipeline projects in a very early stage of development could be more difficult to obtain, depending on the effects of COVID-19 on the banking sector. In an extreme case, this could result in slower-than-planned progress on construction due to liquidity shortages and work could also be suspended or not start at all. Based on the uncertain economic environment, the foreign exchange risk connected with the Polish Złoty and Czech Krone is considered high in 2020, and the exchange rates are currently subject to high volatility.

A major medium-term risk involves the general development of investors' demand for real estate. This demand is influenced, on the one hand, by the prevailing interest environment and alternative investment opportunities and, on the other hand by investors' assessment of the risk connected with the individual asset classes. The general assumption is that investors will require a higher risk premium for each asset class and, in addition, will become more selective. The office asset class is influenced primarily by global economic developments, the residential asset class by the demand for housing and the hotel asset class by business travel and tourism. If the current COVID-19 pandemic does not lead to a fundamental, long-term change in consumer behaviour throughout Europe, it can be assumed that the megatrend towards urbanisation will continue to support the demand in all UBM asset classes.

Internal Control System

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

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

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

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

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

This systematic control management ensures that accounting processes in the UBM Group are consistent with national and international accounting standards as well as internal guidelines.

As part of the internal control system, the Audit Committee is responsible for monitoring accounting procedures and financial reporting on behalf of the Supervisory Board.

Internal Audit

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

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

The annual audit plan was completed, and one event-related, ad-hoc audit was carried out in 2019. All of the findings and recommendations in the audit reports resulted in the development of specific measures for improvement. The implementation of these measures was monitored by internal audit. Individual audit procedures were supported by external consultants on a project-related basis.

Disclosures acc. to Section 243a of the Austrian Commercial Code as of 31 December 2019

1. Composition of capital
Share capital comprised 7,472,180 zero par value shares as of 31 December 2019, each of which represents an equal investment in the total share capital of €22,416,540.00. As of that date, all 7,472,180 shares were outstanding. All shares carry the same legal rights and obligations, in particular the right to vote which is exercised based on the number of shares held. The company's share capital is fully paid in. In accordance with Section 5 Para. 3 of the statutes and Section 10 Para. 2 of the Austrian Stock Corporation Act, these bearer shares must be securitised in one or more global certificates and deposited at a collective securities depository in accordance with Section 1 Para. 3 of the Austrian Securities Deposit Act or at a comparable foreign institution. Section 4 Para. 5 of the statutes also stipulates that the share capital as of 31 December 2019 may be conditionally increased in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act up to a nominal amount of €2,241,654.00 through the issue of up to 747,218 new, ordinary, zero par bearer shares for issue to the holders of convertible bonds (conditional capital increase).

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

3. Direct or indirect investment
The following shareholders held a direct or indirect interest amounting to at least ten percent of the share capital as of 31 December 2019: Ortner & Strauss Syndicate 38.84% (of which the IGO Industries Group holds 27.62% and the Strauss Group 11.22%).

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

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

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

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

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

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

7. Authority of the members of the Management Board

Section 4 Para. 4 of the statutes authorises the Management Board as of 31 December 2019 to increase share capital by up to €2,241,654.00, with the approval of the Supervisory Board, through the issue of up to 747,218 new ordinary zero par value bearer shares in exchange for cash and/or contributions in kind, also in multiple tranches and through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act (authorised capital). Furthermore, the Management Board is authorised to determine the issue price, issue conditions, subscription ratio and other details with the approval of the Supervisory Board. This authorisation by the Annual General Meeting on 23 May 2017 is valid for five years beginning on the date of recording in the company register, i.e. up to 11 August 2022. The subscription rights of shareholders to the new shares issued from authorised capital are excluded if and to the extent that the exercise of this authorisation (authorised capital) involves the issue of shares in exchange for cash under greenshoe options connected with the placement of new shares in the company. The Management Board is also authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders. The Supervisory Board is authorised to approve amendments to the statutes which result from the use of this authorisation by the Management Board.

As of 31 December 2019 and in accordance with Section 4 Para. 5 of the statutes, the Management Board is authorised to determine the remaining details for the conditional capital increase and its implementation with the approval of the Supervisory Board, in particular the details of the issue and the conversion procedure for the convertible bonds, the issue price and the exchange or conversion ratio. The Supervisory Board is authorised to pass resolutions on amendments to the statutes arising from the issue of shares from conditional capital. The issue price and conversion ratio are to be determined on the basis of recognised actuarial methods and the company's share price using an accepted pricing procedure. If the terms and conditions for the issue of convertible bonds include a conversion obligation, the contingent capital will also be used to meet this conversion obligation.

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

8. Significant agreements

A bond (partial debentures) with a total nominal value of €160,000,000.00 (2014–2019) was issued in July 2014; the nominal value was increased by €15,000,000.00 to €175,000,000.00 in December 2014 and by a further €25,000,000.00 to €200,000,000.00 in February 2015. Several exchange offers for this partial debenture were announced by the issuer, which gave the bondholders an opportunity to exchange their securities for the issuer's new bonds. The remaining partial debenture of the UBM bond 2014-2019 were redeemed in full on 9 July 2019. A bond (partial debentures) with a total nominal value of €75,000,000.00 (2015–2020) was issued in December 2015. A bearer bond with a total nominal value of €18,500,000.00 (2016–2021) was issued in November 2016.

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

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

A bond (partial debentures) with a total nominal value of €120,000,000.00 and a six-year term (2019–2025) was issued in October/November 2019; it included an offer to investors to exchange the existing UBM bond 2015–2020 for the new UBM bond 2019–2025 as well as a cash subscription offer. Partial debentures from the bond issued in 2015 with a total nominal value of €25,164,000.00 were exchanged for new 2019 UBM partial debentures, while the cash subscription involved the issue of partial debentures with a total nominal value of €94,836,000.00.

These bonds include, above all, the following condition: If there is a change of control in the sense of a takeover (respectively, the attainment of a direct controlling interest in the issuer as defined in the Austrian Takeover Act with the legal consequence of a mandatory offer by a natural person or legal entity who/which did not hold any, or any controlling, interest when the bond was issued; i.e. a change of control event as defined in the bond terms and conditions) and this change of control leads to a reduction of the issuer's credit rating and the issuer is unable to produce proof of its credit standing within 60 days of the announcement of the change of control, every bondholder is entitled to call his or her partial debentures and demand immediate repayment at the nominal amount together with accrued interest up to the repayment date.

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

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

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

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

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

10. Other information

Branch offices

UBM Development AG has the following branch offices: Styria (Thalerstrasse 88, 8141 Unterpremstätten) and Tyrol (Porr-Straße 1, 6175 Kematen).

Non-financial information in accordance with the Austrian Sustainability and Diversity Improvement Act

UBM Development AG prepares a separate non-financial report which meets the requirements of Section 267a of the Austrian Commercial Code. This information is part of the annual report for 2019 and can be found under "Non-financial report" beginning on page 71.

Corporate Governance Report

This report is part of the 2019 annual report and can be downloaded under www.ubm-development.com, submenu Investor Relations/Financial reports or Corporate Governance.

Research and development

The company has no research or development activities.

Vienna, 16 April 2020

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Astrid Garden, Prague

Non-financial Report

sustainability.

Sustainability at UBM

UBM's success is based on the consequent pursuit by all employees of a common goal – an increase in the value of the company. This common goal, working together as a team and identification with the company are decisive for success. Sustainable business practices create the necessary foundation and make UBM a reliable partner for investors, general contractors and suppliers. All decisions related to property development have an impact on the global climate for the coming decades. Against this backdrop, UBM places high priority on the social and ecological aspects of its activities. Its initiatives in the environmental and social areas in no way represent an end in themselves but are integral parts of the corporate strategy. Environmentally conscious planning and construction have been an inherent part of UBM's DNA for more than ten years. Business activities are designed to ensure the efficient use of resources as well as a focus on social issues and compliance. Sustainable and responsible actions are the basis for financial success – and financial success, in turn, forms the basis for sustainable actions.

Focal points

UBM sets the following focal points to anchor sustainable actions in the company:

- Create a greater awareness for the importance of sustainability among stakeholders and, above all, among employees
- Develop real estate responsibly
- Support energy-saving operations in corporate locations and leased hotels
- Inspire employees and create a working environment that encourages creativity and commitment
- Commit to responsible and transparent management
- Live social responsibility both inside and outside the company

Initiatives in 2019

UBM's goal is to integrate sustainable thinking and actions even stronger in employees' daily activities. The initiative "one future. one environment." was launched in 2019 to meet this goal. It involved the collection of facts and tips on sustainability issues as well as an idea competition for employees and resulted in several UBM flagship projects. The realisation of the winning idea started later that year – a residential project in Vienna was adapted to also include a wood-based building and an accompanying study. Interesting details on this project are provided in the section on the environment. The first "social days" were also held at the suggestion of employees, which gave UBM's employees an opportunity to take part in a social project for one day during working hours. Another flagship project in support of sustainable property development is UBM's hotel in Katowice, which is built in line with the motto "clean & green". This project is also described in detail in the section on the environment. With its annual Christmas donation – which was directed this year to a Caritas project that helps children in Eastern Europe – UBM again confirmed its commitment to "Donations instead of Christmas presents".

Initiatives planned for 2020

Current developments and the increasing momentum in support of the environment and resource conservation create numerous opportunities for UBM. Plans therefore include the even stronger integration of sustainability as an essential element in UBM's business model. A "one future policy." will be developed in 2020 based on a structured stakeholder survey and related analyses. UBM will use this information to redefine and/or present its quantitative sustainability goals in more concrete terms. Relevant business partners will then be linked more closely to UBM's sustainability goals through a code of conduct. Another focal point is the extension of previously started flagship projects and support for further employee initiatives. The many men and women who work for UBM play a key role in the success of these sustainability initiatives as well as the entire company. Continued investments will therefore be made, above all, in their skills as well as in social issues.

Substantial progress was made on sustainability positions during 2019, but UBM's claim is to continuously improve in all key areas. This is not an end in itself but a demonstration of responsibility – for the company's success, for business partners and employees, and for responsible business activities in agreement with the environment and society.

Information on the report content
Sustainable project development has been an integral part of UBM's strategy for many years. The first UBM sustainability report was published in 2017 in accordance with the guidelines defined by the Global Reporting Initiative (GRI). Sustainability issues have been presented in a more compact non-financial statement since 2018 as part of financial reporting and the annual report. This provides a broader readership with information on sustainability issues.

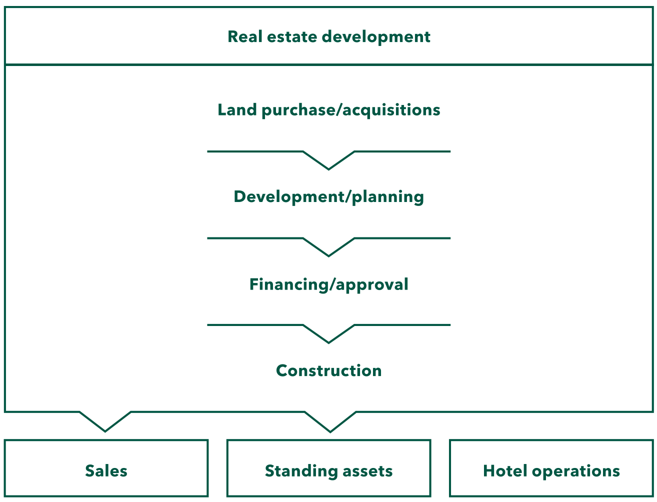
This non-financial statement includes the disclosures required by Section 267a 1–3 and Section 243b 1–3 of the Austrian Commercial Code. The following pages deal with the non-financial aspects of business activities related to the environmental and social issues, respect for human rights, the fight against corruption and bribery as well as employee-related matters. The statement covers non-financial information on UBM Development AG and its fully consolidated subsidiaries. Non-financial indicators are presented in a two-year comparison.

Report structure
This non-financial statement is structured in agreement with the subject areas most important for UBM and contains three main sections: environment, employees and social and compliance. In these three sections, the key issues are presented – including the management approach, risks and their impact, measures and non-financial indicators. Information on human rights is included under employees, information on corruption and bribery under social and compliance. Energy consumption and emissions were identified as a key issue and are therefore given special treatment under environment. A table with goals and measures that summarises the various sustainability aspects is included at the end of the non-financial statement.

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

Expertise along the entire value chain is UBM's DNA, and sustainability represents a key aspect across the full spectrum of activities. The first phase of the value chain includes the search for and evaluation of a location, which is defined as the acquisition and/or land purchase. This is followed by the development and planning phase. The initiation phase and financing proceed parallel to the approval process.

Value chain phases



As soon the official approvals have been received, the project advances to the realisation or construction phase. Two alternatives are available for utilisation – sale and rental – whereby the company's transformation into a "pure-play developer" means the properties are, as a rule, sold. UBM also holds a number of standing assets in its portfolio for historic reasons, but the transformation into a "pure-play developer" includes the increased sale of standing assets. In the hotel sector, UBM often sells a property and then takes over hotel operations on a contract basis. That means UBM leases the hotels it has developed, while the ongoing operations are managed by international hotel chains.

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

Sustainability process and relevant issues – "What really matters!"

UBM's sustainability strategy and the related focal points are based on an analysis of stakeholders' requirements. The measures implemented by UBM are designed to establish sustainability as a fixed element of the business model and, in doing so, contribute to reaching the most important corporate goal – an increase in the value of the company.

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

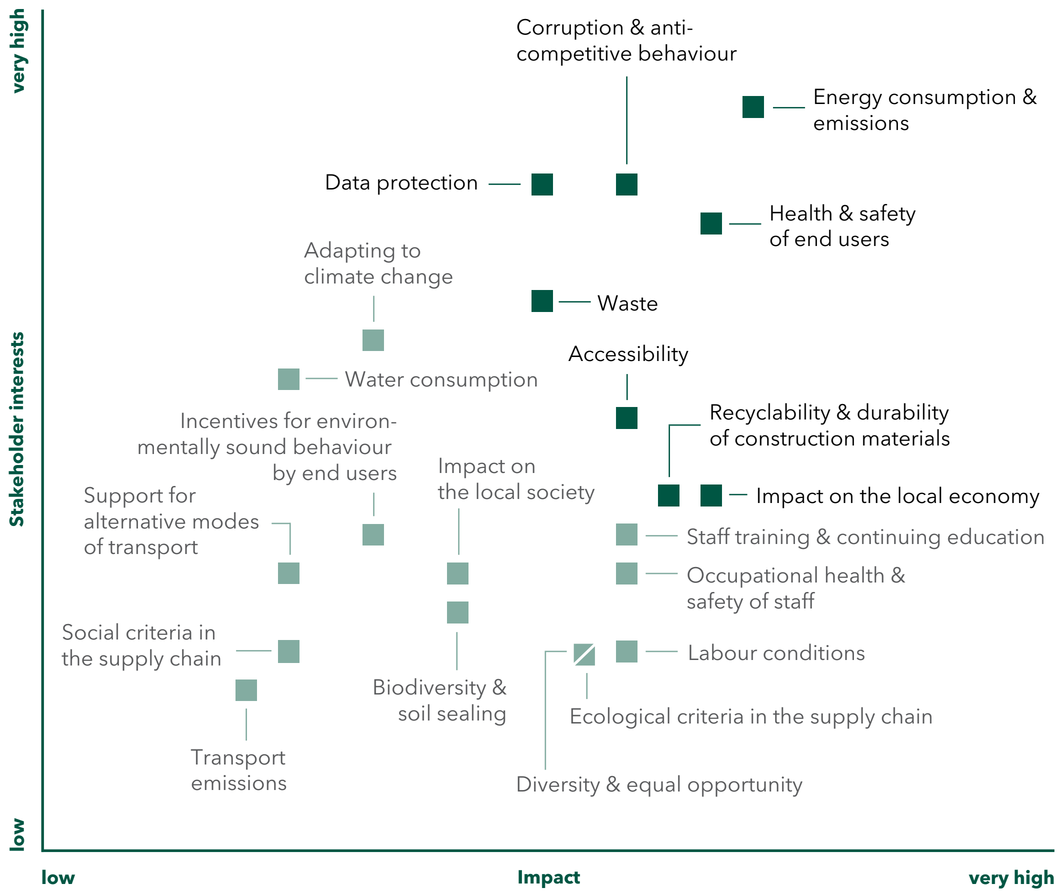
In order to incorporate the focal points of the sustainability strategy in every project planning phase, UBM's relevant impact and risks on society, the economy and the environment were identified and prioritised as a first step in workshops and dialogues with internal experts. The resultant thematic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

The relevant sustainability issues to be addressed in accordance with the Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz", NaDiVeG) were assigned to specific categories based on a materiality analysis (see the table on page 95). All subjects involving stakeholder interests as well as their impact were classified as very important (see the materiality matrix). The issues of staff training & continuing education, occupational health & safety and working conditions are examined more closely because they involve employees – who almost certainly represent the most important stakeholder group for the company's success and whose impact is rated high on the materiality matrix.

Special treatment is given to the section on the environment because the impact of real estate development on the environment extends far beyond the location and lifecycle of an individual property. UBM's actions today design the living areas of tomorrow. The section on the environment covers property development, standing investments and Group properties plus hotel operations.

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

Materiality matrix 2019



Stakeholders
Capital providers and shareholders, real estate investors, users and end customers, hotel operators, business partners and suppliers, employees and the Executive Committee, the Supervisory Board and branch representatives: In 2017 the representatives of the relevant stakeholder groups were asked to prioritise the issues related to UBM's environmental, social and economic impact. The representatives were then instructed to engage in an ongoing dialogue with the respective stakeholders in order to make any necessary adjustments to the prioritisation. The dialogues carried out in 2017 and 2018 were expanded in 2019 to include interviews and personal surveys but are not yet documented in a structured form.

UBM participates in various organisations and branch associations in order to ensure the broad-based exchange of information with stakeholders. The company has been a member of the ICG ("Institut für Corporate Governance") since 2019 and is involved in the ICG's Social Impact Investment Initiative. In addition, UBM is a member of Hotel Management Associates (HAMA) and the Austrian Sustainable Building Council ("Österreichische Gesellschaft für nachhaltige Immobilienwirtschaft", ÖGNI). The company is also actively involved in a working group organised by IG Lebenszyklus on the increasing scarcity of land.

The materiality matrix was again applied in 2019 based on the extensive dialogue with the relevant stakeholder groups. UBM has set a goal to further intensify this dialogue in 2020 as a means of identifying and refining the key issues and plans to carry out a structured stakeholder survey for this purpose.

Environment

The effects of climate change have become increasingly visible in recent years. Despite the uncertainties over the speed, scope and specific consequences, the trend is measurable and has touched everyday life. The real estate sector has an immense ecological potential because of the substantial volume of emissions caused by buildings over their lifecycle. The planning and development of new properties therefore has a significant impact on the global climate. UBM is well aware of this great responsibility and works to meet its obligations with ecologically holistic project development.

As a consequence of its strategic transformation into a pure property developer, UBM is continuing to pursue the sale of its standing assets. Development projects comprised roughly 70% of the property portfolio at year-end 2019, which means reporting as well as the defined targets and measures are focused on this area of the business. The company sees an enormous potential to make a positive contribution to climate protection through the development of sustainable buildings. Moreover, there is a growing interest in sustainably developed properties among stakeholders and other persons interested in the ecological, social and economic performance of a company.

Ecological issues that include construction which minimises energy and resource consumption, reduces emissions and maximises the use of space play a central role for UBM. Other vital concerns are the reduction of CO_2 emissions and waste through the use of recyclable building materials and the minimisation of soil sealing. The social dimension of sustainability in the form of health and safety protection (sick building syndrome) for building users is just as importance as the ecological dimension.

Key matters

Based on the materiality matrix, the following substantial issues are considered relevant for UBM in the environmental area:

- Energy consumption and CO_2 emissions
- Users' health and safety
- Recyclability and longevity of materials
- Soil sealing
- Waste

Non-financial indicators like energy consumption and the related CO_2 emissions are presented for all business areas: property development, Group properties and standing assets as well as hotel operations. The issue of waste is applicable primarily to hotel operations and is therefore not addressed in the sections on property development or standing assets. Recyclability and the longevity of materials are only discussed in connection with property development.

Impact and risks

Buildings are responsible for a major share of harmful greenhouse gases. Properties and the related infrastructure lead to soil sealing and represent an intrusion in the natural environment. Buildings are resource-intensive, during their construction as well as their operation.

UBM's value chain covers the entire lifecycle of a property. In this way, the company's activities influence the environment and society as well as living areas over a longer period. Its business activities have a significant impact on the environment and ecosystem in the following areas:

- Soil
- Raw materials
- Energy
- Water
- Waste
- CO_2 and pollutant emissions

UBM recognises its responsibility in this area and wants to minimise the negative impact of its activities on the environment as far as possible.

In addition to the direct impact on the environment, the different – and continuously changing – regulatory requirements in the area of ecology create substantial challenges for business activities. This is true of the legal framework as well as changes in norms and certification requirements. Failure to comply with the applicable guidelines can lead to significant delays in the realisation of projects, additional costs and a reduction in the value of the developed property.

UBM sees these challenges as an opportunity to create added value for the company as well as its stakeholders with its proven expertise and proactive perspective.

Management approach
Sustainability is a fixed part of UBM's corporate philosophy. The equal treatment of ecological, social and economic dimensions is an integral part of a real estate developer's daily work. In line with this belief, UBM follows a holistic definition of sustainability and has defined six management approaches:

1. Implementation in processes
Real estate development is UBM's core business. However, the sustainable development of a property also requires various tools and quality management instruments to incorporate sustainability aspects and criteria in existing property-related processes.

2. Consequent certification
The evaluation and measurement of ecological quality is necessary for the transparent and standardised presentation of sustainable properties. Certification is an important measurement instrument in this process. UBM uses these evaluation methods to demonstrate the sustainability performance of the its developed buildings. Consequently, all new buildings in the hotel and office asset classes are certified.

UBM also goes one step further and, for the first time, is working to achieve certification for a listed building, the "Sugar Palace" in Prague. The revitalisation of older buildings is a key requirement for significantly improving sustainability and the related energy efficiency in the real estate sector.

3. Sustainability benchmarks
Development projects create the foundation for the ecological focus of buildings, and UBM has therefore defined requirements in the form of the "Green Building" process landscape. By anchoring sustainability benchmarks in its business activities, UBM has set specific goals – for example: an increase in the share of renewable energy carriers plus the reduction of energy consumption and CO_2 emissions in the construction and use of buildings. A further central point is consequent, lifecycle-oriented planning that can minimise the environmental impact and consumption of limited resources over a building's entire lifecycle. As a first step, energy audits will be successively introduced beginning in 2020 to determine the major energy flows in buildings and, consequently, permit the identification of energy efficiency opportunities. UBM meets its ecological responsibility through the targeted measurement and monitoring of energy flows – which we have carried out in our hotel operations for many years – and the implementation of the identified optimisation measures.

All sustainability goals are described in the UBM sustainability benchmarks (see the target and measures matrix on page 94). The "Green Deal" announced by the EU in 2019 also supports the sustainable development goals defined by UBM. The "Green Deal" includes a roadmap with measures to support the efficient use of resources, stop climate change and prevent the loss of biodiversity.

4. Optimise standing assets and hotel operations

Employees as well as facility users must be motivated to protect the environment when the goal is to minimise the environmental impact of hotel and building operations. The primary focus here is on efforts to reduce resource consumption – through the more conscious use of water and energy as well as the avoidance or recycling of waste.

5. Awareness of employees

The commitment of all employees is necessary to live sustainability in the company. This requires role models, dedication and enthusiasm. When employees see the opportunities connected with sustainability management, they independently join in the realisation process. The inclusion of the entire workforce increases the understanding of future trends which, in turn, is decisive for the company's economic success. UBM has therefore set a goal to integrate the sustainability aspects of environmental and social issues firmly in the day-to-day life of employees and to support related initiatives.

UBM also intends to set a sustainable sign by initiating so-called flagship projects – as an extension to the actual objectives of property development.

6. Flagship projects in 2019

The following flagship projects realised by UBM prove that sustainable and environmentally friendly project development is no longer only interesting for residents and guests with high environmental consciousness – natural materials have also become an essential part of the design scene. Innovative concepts increase the attractiveness of hotels and residential buildings with guests and visitors alike.

Residential construction made of wood

UBM is currently realising its first residential building as a wood construction project. At the barany.7 project in Vienna, one of the seven buildings will be made of wood. In addition to the positive environmental effects, this project is designed to show the advantages of wood in a 1:1 comparison with conventional building methods. The project will be accompanied by a study performed by the Vienna University of Applied Sciences.

It is expected that energy consumption and, consequently the costs, will be lower in a wooden structure. Wood can also regulate the interior climate in a natural way, which is important for the well-being of residents. Other positive aspects of wood construction are related to resource conservation: wooden buildings extend the carbon reservoirs created by forests. Every cubic metre of wood used in a building represents the long-term binding of one tonne of CO_2 which would have otherwise been released when the tree decayed. Furthermore, every house made of wood reduces the emissions that would have resulted from the use of other CO_2-intensive building materials like concrete or steel. The construction of the wooden building in the barany.7 project requires roughly 300 m³ of massive laminated timber. In other words, this building will bind 300 tonnes of CO_2 – which represent the exhaust emissions of ten autos over a period of 18 years. Another numbers game shows the following: One cubic metre of wood stores or binds one tonne of CO_2, while the production of one cubic metre of reinforced steel generates one tonne of CO_2. Wood construction also has economic benefits: The substantially shorter construction period made possible by lightweight wood construction allows for faster – meaning lower cost – completion. Wood construction also allows for more streamlined building components and, in turn, for more living space. UBM has recognised the multi-faceted potential of wood construction and will integrate the results of the study in future development projects.

"Green & Clean" Hotel in Katowice
Another flagship project is the Mercure Młynska Hotel in Katowice. As a counterpoint to Katowice's image as an industrial city, UBM is realising a modern hotel development project under the motto "clean & green". With the Mercure Młynska, UBM is demonstrating that customer experience and sustainability are in no way contradictory. For example, the interior design relies on short delivery routes, stylish recycled furniture and natural materials like wood and cork. Sustainability in hotel operations is also reflected, for exampled, in the use of local food products, the reduction of plastic packaging and the use of returnable water bottles. These sustainability initiatives will lead to increased customer satisfaction – above all for people with a higher environmental awareness, a segment of the population which is increasing steadily.

All UBM office and hotel buildings have been principally certified under internationally recognised sustainability systems for many years. Special standards will be set for the Hotel Młynska with LEED Platinum certification. UBM is working to act sustainably on all aspects of this project. The first step involves the planning and construction process, while the second phase will concentrate on integrating sustainability in daily operations. The finishing touches will include the creation of a sustainable guest experience.

Concrete measures have already been planned for all aspects of the Katowice project. The hotel's facade will be covered with green plants that will be irrigated by an in-house rainwater collection system. The result will be a positive influence on the microclimate. This aspect is particularly important in a coal-oriented industrial city like Katowice. The massive exterior green areas will also reduce the noise level for the hotel, which is located near the railway station, and increase the sense of well-being for guests. Solar panels in the building will generate electricity, and the elevators will be equipped with special energy saving mechanisms. E-charging stations are also planned as a service for modern mobility forms.

Property development

For UBM, sustainability is the universal goal for responsible, long-term actions in the interest of the environment and in line with economic, social and cultural values – also for future generations. Sustainability is an indispensable quality benchmark for a building: It covers the entire lifecycle and complete value chain and, among others, also helps to improve the socio-cultural and built environment for people.

Property development has high relevance from an ecological viewpoint. UBM's goal is to optimise the impact of its activities throughout all project phases and across all relevant stakeholder groups:

- Protection for health
- Protection for resources
- Protection for the ecosystem

Certification
This optimisation becomes measurable, among others, through the certification of developed buildings. At UBM, all new hotel and office development and construction projects have been sustainably planned, built and certified under sustainability criteria for many years. The following systems are used:

- DGNB
- LEED
- BREEAM

The pipeline currently contains 18 commercial projects up to 2023 which will undergo sustainability certification.

The following projects were successfully completed in 2019:

- Holiday Inn Gdansk City Centre (incl. offices)
- Holiday Inn Hamburg Berliner Tor
- Super 8 by Wyndham Hamburg Mitte
- QBC 6.2. residential project, Vienna
- The Brick residential project, Hamburg
- Storchengrund residential project, Vienna
- Anders Wohnen residential project, Munich
- IBC Business Center logistics project, Unterpremstätten

Projects with a total floor area of 70,043 m² (GFA) were completed in 2019: 42,172 m², or approximately 60%, in the commercial asset classes (hotel, office, other) and 28,260 m², or approximately 40%, in the residential asset class.

The high share of residential properties led to a reduction in the certification rate from 79% to 52% of the completed space. An analysis of the commercial asset classes alone shows a certification rate of roughly 93%.

In 2019 UBM decided to also extend the certification process to revitalisations and listed buildings in order to also apply its sustainability expertise in these important areas. The following building renovation projects and revitalisations are currently undergoing certification:

- Sugar Palace, Prague (5-Star Hotel Andaz by Hyatt): built in 1916, LEED V4 Major Renovation
- Kneuterdijk, The Hague (4-Star Superior Hotel, Voco by IHG): built in 1923/1998, BREEAM In Use
- Kelsenstrasse, Vienna (Hotel, Long Stay/Office): built in 1992, DGNB

In the residential construction sector, building certification is not adequately positioned on the market at the present time. UBM meets its internal standards for sustainability in these buildings through compliance with the respective local energy regulations and guidelines like the "kfw Förderbedingungen" subsidy criteria in Germany. The company intends to strengthen the focus of its residential construction projects on sustainability and market demands in connection with the preparation of the "one future policy." in 2020.

Certificates

	2019	2018
Projects realised – all asset classes (numbers)	8	12
Total GFA[1] (m²)	70,431	158,215
Certified GFA (%)	59	79
Certified GFA (m²)	39,010	124,758
Non-certified (m²)	31,421	33,458
Certification[2] (number)	4	8
DGNB	3	5
LEED	3	3
BREAM	0	0

[1] Space in projects that have been certified twice was only counted once in determining the GFA.
[2] The figures are based on the absolute number of projects, excluding double certifications.

Energy consumption and emissions

The reduction of energy consumption and the related emissions represent a core element of sustainable construction planning. Measures that include the use of energy-efficient materials for the building shell and the installation of energy-efficient technology help to lower the energy requirements and CO_2 emissions of buildings from construction to maintenance and dismantling of the structure.

The first step in protecting limited resources includes the minimisation of energy consumption with an efficient building shell and efficient systems technology. The involvement of the building's users is also necessary because energy-conscious behaviour carries a considerable potential for energy savings and the related reduction of CO_2 emissions. UBM wants to create a greater awareness for sustainable behaviour through the strategic combination of project development and guidelines for energy-saving user actions.

The energy intensity of the development projects averaged 103 kWh/m² in 2019, which is lower than the previous year. In the residential asset class, energy intensity reached a maximum of 73 kWh/m². The value for commercial properties, hotel, office and mixed properties was higher as expected and averaged 137 kWh/m².

The reported intensity of greenhouse gas emissions (GHG) rose by 2 kg/m² over the 2018 level. This slight year-on-year increase of 25 kg/m² to 27 kg/m² resulted chiefly from two factors: The development projects in 2019 also included logistics properties, which have a higher average GHG intensity than other commercial properties like hotels and offices – which represent the main focus of UBM's business. Moreover, the CO_2 emission factors differ by region because the prevailing energy carriers are not the same in all countries. The CO_2 emission factor, e.g. for purchased electricity, is significantly higher in Poland than in Austria or Germany because coal is used as the primary energy carrier. The project mix for 2019 included an assignment in Poland, which also contributed to the year-on-year increase in the intensity of GHG emissions.

Soil sealing and microclimate

Settlement and traffic areas are increasing on a daily basis, and roughly one-half of these areas are sealed. A sealed surface can no longer fulfil its original mission – which includes the filtering and storage of water. In this condition it cannot, for example, absorb masses of water during heavy rainfalls, which leads to a greater risk of flooding. The consequences of soil sealing and climate change will lead to a wide range of construction measures in the coming years, e.g. an increase in the structural density and wind resistance of roofs and facade coverings, sufficient drainage etc. UBM therefore works to avoid the further conversion of natural or undeveloped land to sealed areas and supports the recycling of space. Pure greenfield development projects include high priority for the conscious handling of ground areas and open spaces, which can make an important contribution to improving the microclimate and protecting biological diversity.

Energy indicators property development

	2019	2018
Total calculated energy consumption (kWh)	7,243,201	17,048,231
GFA of the property developments (m²)	70,431	158,215
Calculated energy intensity (kWh/m²)	**103**	**108**
Direct GHG Emissions (t)	1,920	3,934
Intensity of total GHG Emissions (kg/m²)	**27**	**25**
Plot area (m²)	21,796	62,458

In 2019, seven plots with a total area of 18,718 m² were recycled. The projects developed during the past year involved construction on 25,884 m², whereby pure greenfield developments covered 7,166 m² or 28%. This underscores UBM's emphasis on brownfield projects as a means of improving urban development and the socio-cultural situation at its property locations.

Recyclability and longevity of materials
The central goals of sustainable construction include resource conservation, the reduction of environmentally harmful waste and material recycling. The dismantling or renaturalisation of buildings and building sections should therefore guarantee high recycling capability – a factor that is important as early as the planning phase, among others through the choice of the construction method and materials. The easier a building can be separated into its individual components, the better the information for deconstruction. This view of the safe return of a building to the energy and building materials cycle will be indispensable for future buildings. The continuous growth of the worldwide population increases the pressure on natural resources, and a raw materials-oriented recycling economy will become more and more important in the future.

With this background knowledge and its core expertise, UBM started a hotel development project in Katowice, Poland. "Clean & green" is the top priority for this project and is reflected in a sustainable approach – from the installation of energy-efficient technology to the selection of natural materials and the used of recycling furniture (for details on the project, see page 80).

Corporate locations

UBM leases office space at 22 locations, while the corporate headquarters are located in Vienna. In accordance with Directive 2012/27/EU on energy efficiency and Directive (EU) 2018/2002, UBM is required to carry out an energy audit every four years. An external energy audit was conducted at the company's locations in Germany during 2019, and this process will continue in Austria during 2020. Resource conservation through the revitalisation of the headquarters has already reduced the ecological footprint. Additional measures are under development to also reduce the ecological footprint at other UBM locations in the future, which include the installation of energy-saving LED lighting, strict waste separation and the creation of modern office areas.

Energy consumption and emissions

UBM is constantly improving the data collection at all its locations in order to increase transparency. Due to the flat rate invoices for ancillary costs included in some rental contracts, reliable data was not available for all locations in 2019. The reported amounts and volumes are, therefore, not based on all UBM locations. The collected data covers the consumption at the branches in Poland, Czech Republic and Romania as well as the headquarters in Vienna. Energy consumption in these facilities totalled 650,050 kWh in 2019 and was 44,923 kWh lower than the previous year. This represents an energy intensity of 108 kWh/m². The intensity of all GHG emissions equalled 38 kg/m² for the reporting year. The increase in energy intensity and the intensity of GHG emissions is explained by the fact that the former UBM headquarters in the Florido Tower was leased, but not occupied for six months in 2018 and therefore had only limited energy consumption. After an adjustment for this effect, energy intensity roughly reflected the prior year level in 2019.

Traffic

Employees' travel activities also represent a major component of a company's CO_2 footprint. UBM has implemented a wide range of measures to reduce business travel to the necessary minimum and to make resource conservation a priority for the selection of the mode of transport. A "think before you travel policy." was implemented as part of the corporate travel guidelines. It includes the principle that the planning for and actual travel must always meet the criteria of business relevance and economy. Employees must therefore use train connections instead of air travel for shorter trips, and employees who frequently travel within a country are equipped with railway discount cards. Business travel has also been reduced through the installation of high-quality video conference systems in numerous conference rooms at the major branch offices.

Energy indicators UBM's locations

	2019	2018
Total energy consumption (kWh)	650,050	694,973
GFA of buildings (m²)	6,043	7,541
Energy intensity (kWh/m²)	**108**	**92**
Direct and indirect GHG emissions (Scope 1/2) (t)	230	253
Direct GHG emissions (Scope 1) (t)	5	6
Intensity of GHG emissions (kg/m²)	**38**	**34**

Standing assets

As a "pure play developer", UBM's core business is property development with a focus on the construction of efficient new buildings. The planning and construction of sustainable buildings requires a holistic approach – which means it is important for UBM to consider the property's entire lifecycle. This lifecycle covers the product phase – before the building's life begins – as well as the construction and usage phase and the end of the building's life, whereby usage represents the largest part of this timeframe. Not only modern energy technology and optimal planning, but sustainable and energy-saving operations are important for the reduction of future CO_2 emissions and costs.

Energy consumption and emissions

UBM's standing asset portfolio had a combined value of €370m at the end of December 2018 but declined during the reporting year to €336m at year-end 2019. Following the sale of further properties in Austria, the focal point of the standing assets has shifted to Poland and the Czech Republic. These sales reduced the gross floor area of the properties from 192,912 m² to 181,963 m². Climate change has been reflected in a general increase in temperatures across the world, and the past year in Europe was warmer than ever before. The related increase in cooling requirements, among others, explains the 42,077 kWh increase in UBM's total energy consumption to 27,328,434 kWh. However, the increase is also attributable to the higher occupancy in the Galary Tatary, a retail park in Lublin.

The reduction in natural gas consumption led to a decrease in direct GHG emissions, which fell from 219 t in 2018 to 173 t in 2019. However, the intensity of GHG emissions rose from 96 kg/m² to 104 kg/m² due to the influence of country-specific and fuel-related CO_2 emission factors. Building operations in Poland and the Czech Republic rely primarily on purchased electricity and recorded an increase in consumption, and the properties in these countries will therefore undergo external energy audits to optimise their energy efficiency. The goal is to identify possible causes for this higher energy consumption and, in turn, to pinpoint and implement the necessary countermeasures.

Energy indicators standing assets

	2019	2018
Total energy consumption (kWh)	27,328,434	27,290,835
Natural gas (kWh)	813,676	989,987
Electricity (kWh)	18,591,756	18,233,439
District heating (kWh)	7,923,002	8,067,408
GFA of buildings (m²)	181,963	192,912
Energy intensity (kWh/m²)	**150**	**141**
Indirect GHG emissions (Scope 2) (t)	18,934	18,209
Intensity of GHG emissions (kg/m²)	**104**	**96**

Hotel operations

Hotel operations represent an important area for UBM to illustrate its responsibility towards the environment. The focus here is on resource conservation, whereby key parameters are energy and water consumption, energy sourcing, waste and recycling.

The subsidiary UBM hotels, in which UBM holds a 50% investment, has been responsible for 13 hotel operating companies with nearly 13,000 rooms since mid-2019. This report covers only the nine hotels which are fully owned by UBM hotels. Management or franchise contracts for the operation of these hotels were concluded with well-known international hotel chains, which also designate the hotel manager. Each hotel corporation has various management systems which, among others, are focused on sustainable operations, like the "Green Engage" programme used by the IHG chain. In this way, UBM ensures that its business partners implement effective standards to ensure sustainable hotel management. The EUDT measurement and monitoring system has also been installed in all newly built hotels in recent years. The refitting of existing hotels is currently in progress because only targeted monitoring can allow UBM's facility management departments and the hotel operators to follow processes in detail, identify opportunities for savings and implement the necessary measures. The EUDT and UBM technicians hold annual training courses for their counterparts in the hotels to enable the best possible utilisation of the system

Energy consumption and emissions
UBM views energy and emission reporting as a fixed element of sustainable hotel management. The objective is to minimise the hotel's energy and water consumption as well as the CO_2 footprint per guest and overnight stay with state-of-the-art technology and targeted initiatives. Energy consumption is a decisive production factor which is connected with high costs and CO_2 emissions. In 2020, the IHG Green Engage Programme included a reduction of the CO_2 footprint in its hotels as a target value for the first time. This will encourage the implementation of measures like conversion to LED lighting. Annual targets were set for each hotel beginning with 2020. The Radisson and Kempinski hotel groups have also expanded their measures in this area and organise green or carbon-neutral meetings to reduce their CO_2 footprint.

The data collected on hotel operations shows an increase in absolute energy consumption and emissions which, however, are attributable to the 12% increase in overnight stays to 769,421 in 2019. The Holiday Inn Gdansk City Centre started operations, and the Holiday Inn München Leuchtenbergring completed its first full 12-month operations. Renovation and

Indicators hotel operations

	2019	2018
Total energy consumption (kWh)	18,165,573	16,729,279
Overnights (numbers)	769,421	675,879
Energy intensity (kWh/overnight)	**24**	**25**
Direct GHG emissions (Scope 1) (t)	17	14
Indirect GHG emissions (Scope 2) (t)	6,748	6,338
Intensity of GHG emissions (kg/overnight)	**8**	**9**
Total water consumption (l)	119,967,730	114,488,990
Water consumption (l/overnight)	156	169
Non-hazardous waste (m^3)	9,628	7,573
Hazardous waste (m^3)	0	0

new construction in this hotel prevented full operations during the first half of 2018.

A comparison of energy and emission data with the number of overnight stays shows an improvement in both areas. The energy intensity per overnight stay fell from 25 kWh to 24, even though the total energy consumption rose from 16.7m kWh in 2018 to 18.2m kWh. In addition, the intensity of GHG emissions fell from 9 to 8 kg per overnight stay.

Water
Water efficiency plays a particularly important role in hotel development projects. A broad range of water saving measures are available – from the installation of water-saving fittings to the recycling of grey wastewater. In the hotels developed by UBM, specific sustainability benchmarks direct the focus to the careful use of the resource water. Water-saving fittings have become the standard in UBM hotels, and the hotel in Katowice is going one step further with the evaluation of water recycling technology.

Water consumption fell from 169 litres to 156 litres per overnight stay in 2019. This is far below the value defined by DEHOGA, which reports the water needs for a 3-star hotel at 250 litres per overnight stay.

Waste
Efforts to reduce the negative impact on the environment also include the reduction of waste. The managers in the individual hotels work together with public companies for the disposal of glass, paper, plastic, residual waste and cooking oil. The latest data analyses showed that further initiatives must be developed and implemented in this area. For example, the strict separation of various waste materials – paper, plastic and residual waste – must not only be possible in the guest rooms, but also in the public areas and the carts used by the housekeeping staff.

In 2019 several hotel groups, including IHG, converted the amenities in the guest bathrooms to refillable soap, shower gel and shampoo dispensers as the new standard. UBM is following this lead in its hotels together with IHG.

Employees

Recruiting and developing employees – and creating a perspective for the future – is one of management's central responsibilities. UBM supports the interests of its employees because they represent valuable assets. The company is aware of the high responsibility towards its workforce and creates the necessary conditions for a working environment which offers opportunities for individual development.

UBM offers its employees numerous opportunities for internal networking – for example at the group-wide UBM Day which is held every two years. This two-day event is designed to support the exchange of knowledge and an open corporate culture across departments and national borders. The UBM Day planned for 2020 will include the refining of the corporate values and their establishment as the basis for employees' working methods. Competence Days also support networking and the exchange of know-how with colleagues. UBM also held its first Residential Day, Finance Day and Communication/Marketing Day in 2019.

UBM is committed to open communication. Modern offices as well as the UBM lounge with comfortable seating plus table football and darts are available during lunch breaks but also for communication – and the green inner courtyard with its garden furniture serves the same purpose during the warmer weather.

Impact and risks
The potential risks to staff vary depending on the sector. For example, employees working at construction sites are exposed to a higher risk of injury from accidents than their colleagues in asset management. Greater attention is therefore paid to compliance with occupational health and safety standards and the creation of high working conditions. Due to the outbreak of the COVID-19 pandemic, employees are exposed to additional risks. Health protection measures (e.g. the availability of disinfectants, home office during the restrictions on movement announced by the government) were implemented immediately, and further development is continuously evaluated. Demographic changes also represent a challenge, which UBM counters with targeted recruiting and training programmes and the efficient exchange and transfer of know-how.

Management approach
UBM supports and encourages qualifications and diversity within the company. It works proactively and sustainably in support of a working environment that promotes good health and is free of discrimination to preserve a culture of mutual respect and appreciation throughout the entire workforce. All employees are treated equally – without differentiation by gender, social background, sexual orientation, nationality, religion or age. Decisive action is taken against any form of discrimination. Diversity and equal opportunity have high priority for UBM. Consequently, there is no difference in the compensation paid to men and women who have the same responsibilities and qualifications. The company is increasing its efforts to raise the percentage of female employees – above all in the technical area and in management positions.

UBM sees added value in the employment of staff with different ages and encourages the exchange of experience between young and old (buddy principle). Compensation policies for all employees working for UBM comply with the applicable legal regulations and are also based on market standards.

The following initiatives formed the focal point of activities in 2019:

- "one competence." – networking and information exchange through Competence Days etc.
- Recruiting — directed to young, qualified men and women (millennials)
- Support for training and continuing education

Facts and figures

UBM Development had 389 employees as of 31 December 2019, for a year-on-year increase of 7%. At year-end 2019, 334 employees worked in the development area and 55 in hotel operations.

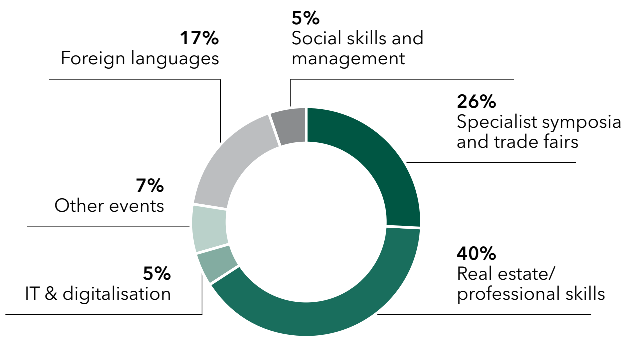
An analysis of the number of employees in the development area by country again shows the strongest increase in Germany. As in the previous year, it reflects the fact that this country is responsible for the largest project portfolio and the related need for additional personnel. A slight increase in the number of employees was also recorded in the Czech Republic and Poland during 2019.

Roughly 13% of the employees utilise the part-time work option, whereby 91% of these employees are women. An analysis of the age structure shows the largest share of the workforce over 50, which was also reflected in the hiring of additional high-potential employees in 2019. In comparison with the previous year, this is visible in substantial growth in the 20–30 and 30–40 age brackets.

Training and continuing education – "one competence"

The training and continuing education of employees is a focal point of the human resources strategy. A core component of staff development is the annual appraisal meeting, which includes a review of the employee's performance and the evaluation of possible training measures.

Number of training days 2019 by training category



UBM actively offers numerous development opportunities as part of its human resources strategy, but also encourages and supports the independent development of its employees. Roughly 60% of all development employees took advantage of these measures in both 2019 and 2018, at an average of 5.2 days per employee. Although the number of training days declined slightly year-to-year, the number of programmes attended rose by almost 10%. Real estate know-how and skills comprised over 40% of the courses in 2019, up from 25% in the previous year. UBM employees also visited national and international specialist conferences and trade fairs, and completed training in social, management and leadership skills, IT & digitalisation and foreign languages. The training offered by UBM covers both internal and external programmes.

Employees by type of employment and gender

	2019	2018
Total employees	389	365
Total employees hotels	55	52
Total employees development	334	313
Female employees	144	148
Male employees	190	165
Total full-time	281	267
Female full-time	95	105
Male full-time	186	162
Total part-time	43	46
Female part-time	39	43
Male part-time	4	3
On parental leave[1]	10	–

[1] Data was not collected in 2018

Development age groups

	2019	2018
Employees aged between 20 and 30	38	27
Employees aged between 30 and 40	91	83
Employees aged between 40 and 50	97	115
Employees aged over 50	108	88

Development employees by country

	2019	2018
Austria	137	138
Germany	115	96
Poland	39	36
Czech Republic	34	32
Other	9	11

Health and the work-life balance
The safety and health of its employees has top priority for UBM. The employees working at the construction sites for development projects are exposed to particular risk. The repeated occupational safety inspections were therefore transferred to an external health and safety coordinator. This is intended to ensure compliance with the Austrian Construction Coordination Act at a neutral level. The coordinator carries out regular on-site inspections at the construction sites and prepares detailed reports. The accident rate equalled zero in 2019. In the hotel sector, UBM contractually obliges the hotel operators to manage the hotel in accordance with legal requirements. These requirements include adherence to fire and safety regulations as well as the appointment of a company physician. The hotel operator is legally required to document all work accidents.

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

UBM has introduced a flexitime work option to support the work-life balance.

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

Social Issues and Compliance

Responsible and transparent management has top priority for UBM. The interests and concerns of all stakeholders are respected as a key requirement for safeguarding social responsibility. Compliance management is designed to ensure the fulfilment of all applicable legal regulations. UBM has issued rules of conduct in the form of various internal guidelines and an ethics code to ensure correct and exemplary actions. In addition, a comprehensive compliance guideline was issued to prevent rule violations in the company.

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

Management approach
Responsible management has top priority for UBM – it protects the company's long-term success and reputation. The following focal points were defined for activities involving social issues and compliance:

- Social initiatives like social days or donations instead of Christmas presents
- Anti-corruption
- "Know your customer" checks for all business partners without value limits
- Data protection

UBM's business partners will be involved even more closely in the company's sustainability initiatives starting in 2020. In connection with the awarding of contracts for construction services, UBM requires an evaluation of the business partners' sustainability performance. High priority is given to the correct treatment of business partners, customers, public authorities and other stakeholders. Full compliance with legal directives and regulations also plays an important role. A code of conduct for business partners will be issued in 2020, which creates a contractual framework for the observance of employee matters and other sustainability issues.

Social initiatives
The first social days were held at the suggestion of employees in 2019. They enable employees to engage in a social project for one day during their working time. Nearly 50 employees took advantage of this programme and supported, for example, socially disadvantaged men and women with moving (a project by "neunerimmo") or helped with gardening work at a Caritas social project and "e.motion Lichtblickhof". This programme will be continued in 2020.

With its annual Christmas donation – which was directed this year to a Caritas project that helps children in Eastern Europe – UBM again confirmed its commitment to "donations instead of Christmas presents".

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

Health of end users and accessibility
The ecological examination of the materials used represents an obligation towards the building's users as well as investors. A healthy indoor climate not only has a positive influence on health, it also helps to improve performance. UBM therefore considers it important to reflect demographic changes (e.g. higher life expectancy) and the related effects in its projects. The company is committed to optimising buildings so they will be accessible and usable for everyone – for people with

and without disabilities and for people of every age – in a normal manner, without particular obstacles and generally self-sufficient. Independent certifications based on the system developed by the German Sustainable Building Council substantiate these efforts. In this system, failure to meet the accessibility criterion provides grounds for loss of the certification. The hotels last developed by UBM exceed the minimum requirements defined by the system which, at the same time, represent the legal requirements.

Anti-corruption
The greatest compliance risk for UBM lies in the awarding of projects due to the large number of people involved in the decision process. UBM has implemented numerous measures to prevent corruption and to call employees' attention to the related potential hazards. Employees receive training from the compliance department when they join UBM, and regular e-learning programmes are available on different subjects. In addition, employees with access to restricted information must agree in writing to protect the confidentiality of this sensitive data. A number of employees in the standing confidentiality areas were classified as permanent insiders in 2019, while other confidentiality areas are established on a project-related basis. A whistleblowing system was also installed to allow employees and external persons to anonymously report irregularities or violations to the compliance officer. UBM has issued guidelines on the following subjects and monitors their compliance regularly: anti-trust and competition law, house searches, issuer compliance, anti-corruption, compliance, ethic code, prevention of money laundering and terrorist financing, conflicts of interest, the internal control system and data protection. Work instructions on the prevention of money laundering were issued in 2019 as a supplement to the guideline on the prevention of money laundering and terrorist financing. They set the standards for identifying business partners and define due diligence obligations ("know your customer"). A money laundering officer was also appointed.

Data protection
UBM is committed to the confidential and responsible handling of personal data. In particular, this means the use of personal data must always comply with the applicable data protection laws – above all the EU Data Protection Regulation ("EU Datenschutzgrundverordnung", DSGVO) and related national legislation. Internal data processing and processes are audited regularly, while regular employee training and surveys create a greater awareness for data sensitivity and keep the focus on data protection.

Targets and Measures 2019 – 2020

Topic	Goals	Measures
General		
Professionalise CSR management and strategy	Anchor the sustainability strategy throughout the Group	Structured stakeholder survey New definition/precise formulation of quantitative sustainability goals
Data management	Develop, optimise and expand the internal reporting and monitoring system	More detailed definition and anchoring of indicators to be collected for the Group locations
		Stronger anchoring of data collection, especially for waste indicators in hotel operations
Property development		
Standing assets and new construction	Increase the scope of building certifications	Arrange for certification of all commercial properties – new construction and refurbishments
		Integration of building assessment systems, e.g. klimaaktiv for the residential asset class
Implement the UBM sustainability benchmarks	Improve the sustainability performance of buildings with regard to: ■ Water efficiency ■ Energy ■ Microclimate and biodiversity ■ Mobility – passenger transport (public/non-public)	Technical requirements, benchmarks and targets: ■ LCA und LCC valuations ■ Reduction of CO_2 component in construction and use ■ Increase use of renewable energies – as a share of total energy and reduction of energy consumption ■ Reduce fresh water consumption and utilise grey water ■ Focus on design of outdoor and roof areas, among others with regard to biodiversity ■ Limit soil sealing and recycle areas ■ Integrate new mobility forms: charging stations for autos and bicycles, parking spaces for carsharing providers
Ecological construction products and materials	Responsible sourcing	All raw materials permanently integrated in the building must be legally harvested and traded; this applies to wood/timber products and natural stone.
	Material ecology	Minimise risks for local environment through compliance with criterion ENV 1.2 – Quality level 3 and 4 (DGNB)
Standing assets/Group offices		
Energy management	Targeted optimisation of energy usage and cost reduction	Carry out energy audits and define measures in accordance with national laws.

Topic	Goals	Measures
Hotels		
Resource consumption	Increase awareness among guests and employees	Issue guidelines to help guests and employees improve resource-friendly use (energy, water and waste)
		Create guest-oriented incentive system for resource conservation during stay
	Evaluate opportunities for savings during the life-cycle of a property	Implement savings measures
Employees		
Employees	Counter demographic shift in the company	Recruit high potentials
	More efficient HR processes	Implement professional HR tools
Compliance		
Anti-corruption guideline to prevent corruption	Integrate/implement the guideline in Group processes	Monitor implementation
		Ongoing training for employees on the prevention of corruption via an e-learning tool
Data protection guideline	Integrate/implement the guideline in Group processes	Monitor implementation Ongoing training for employees via an e-learning tool
Money laundering	Prevention of money laundering and terrorism financing	Ongoing KYC business partner check
Business partners	Compliance with employee-related issues and other sustainability-relevant topics	Code of conduct for business partners

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

Statement by legal representatives

We hereby confirm to the best of our knowledge that this separate, condensed consolidated non-financial report, which was prepared in accordance with Section 267a Paras. 1–3 of the Austrian Commercial Code, respectively § 243b Paras. 1–3 of the Austrian Commercial Code, includes the information required for an understanding of the development of business, the results of operations, the position of the UBM Group and the effects of its activities and, as a minimum, deals with issues related to the environmental, society and employees, to the respect for human rights and to the fight against corruption and bribery. The disclosures include a description of the business model of the UBM Group, a description of the concepts followed in connection with these issues, including applied due diligence processes, the material risks which would have a probable negative effect on these issues and the management of those risks as well as the results of the concepts and the most important financial performance indicators which are of significance for the specific business activities.

Vienna, 16 April 2020

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Andaz Sugar Palace, Prague

Consolidated Financial Statements

Consolidated Income Statement
for the 2019 Financial Year

in T€	Notes	2019	2018
Revenue	(7)	241,999	514,048
Changes in the portfolio	(7)	20,294	–42,405
Share of profit/loss from companies accounted for at equity		59,980	35,921
Income from fair value adjustments to investment property		46,270	223
Other operating income	(8)	10,488	10,652
Cost of materials and other related production services	(9)	–202,198	–352,422
Personnel expenses	(10)	–36,644	–45,318
Expenses from fair value adjustments to investment property		–24,582	–7,340
Other operating expenses	(11)	–40,641	–54,471
EBITDA		**74,966**	**58,888**
Depreciation and amortisation	(12)	–3,515	–2,946
EBIT		**71,451**	**55,942**
Financial income	(13)	20,711	32,001
Financial costs	(14)	–21,650	–32,399
EBT		**70,512**	**55,544**
Income tax expenses	(15)	–20,450	–16,057
Profit for the year (net profit)		**50,062**	**39,487**
of which: attributable to shareholders of the parent		**53,071**	**39,711**
of which: attributable to non-controlling interests		–3,009	–224
Basic earnings per share (in €)	**(16)**	**7.10**	**5.31**
Diluted earnings per share (in €)	**(16)**	**7.08**	**5.31**

Consolidated Statement of Comprehensive Income

for the 2019 Financial Year

in T€	Notes	2019	2018
Profit for the year (net profit)		**50,062**	**39,487**
Other comprehensive income			
Remeasurement of defined benefit obligations	(34)	–784	–534
Income tax expense (income) on other comprehensive income		199	134
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		**–585**	**–400**
Currency translation differences		–715	–695
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		**–715**	**–695**
Other comprehensive income of the year		**–1,300**	**–1,095**
Total comprehensive income of the year		**48,762**	**38,392**
of which: attributable to shareholders of the parent		51,794	38,564
of which: attributable to non-controlling interests		–3,032	–172

Consolidated Statement of Financial Position

as of 31 December 2019

in T€	Notes	2019	2018
Assets			
Non-current assets			
Intangible assets	(17)	2,747	2,730
Property, plant and equipment	(18)	40,242	2,650
Investment property	(19)	467,740	499,196
Investments in companies accounted for at equity	(20)	134,484	115,770
Project financing	(21)	181,157	139,892
Other financial assets	(22)	11,501	5,643
Financial assets	(25)	3,412	4,475
Deferred tax assets	(29)	10,088	11,265
		851,371	**781,621**
Current assets			
Inventories	(23)	128,169	121,527
Trade receivables	(24)	103,294	108,237
Financial assets	(25)	9,716	11,067
Other receivables and assets	(26)	8,751	11,756
Cash and cash equivalents	(27)	212,384	200,447
Assets held for sale	(28)	2,704	-
		465,018	**453,034**
Assets total		**1,316,389**	**1,234,655**
Equity and liabilities			
Equity			
Share capital	(30, 31)	22,417	22,417
Capital reserves	(32)	98,954	98,954
Other reserves	(32)	205,147	177,216
Hybrid capital	(33)	130,315	130,315
Equity attributable to shareholders of the parent		**456,833**	**428,902**
Equity attributable to non-controlling interests		5,673	7,414
		462,506	**436,316**
Non-current liabilities			
Provisions	(34)	6,759	6,648
Bonds	(35)	435,018	344,172
Financial liabilities	(36)	186,145	114,500
Other financial liabilities	(38)	1,306	3,880
Deferred tax liabilities	(29)	8,327	8,576
		637,555	**477,776**
Current liabilities			
Provisions	(34)	686	169
Bonds	(35)	49,713	90,284
Financial liabilities	(36)	33,680	73,368
Trade payables	(37)	57,199	93,661
Other financial liabilities	(38)	24,263	26,932
Other liabilities	(39)	17,563	5,405
Taxes payable	(40)	33,224	30,744
		216,328	**320,563**
Equity and liabilities total		**1,316,389**	**1,234,655**

Consolidated Cash Flow Statement

for the 2019 Financial Year

in T€	2019	2018
Profit for the year	50,062	39,487
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	–20,499	18,717
Interest income/expense	13,849	11,705
Income from companies accounted for at equity	–59,980	–35,171
Dividends from companies accounted for at equity	9,735	46,578
Decrease in long-term provisions	–747	–1,739
Deferred income tax	6,033	–11,338
Operating cash flow	**–1,547**	**68,239**
Increase in short-term provisions	406	1,943
Increase in tax provisions	2,559	25,181
Losses/Gains on the disposal of assets	–11,837	–41,151
Increase/Decrease in inventories	–19,036	24,164
Decrease/Increase in receivables	25,364	–5,509
Decrease/Increase in payables (excluding banks)	–12,768	42,867
Interest received	809	3,569
Interest paid	–21,857	–19,836
Other non-cash transactions	–2,010	14,346
Cash flow from operating activities	**–39,917**	**113,813**
Proceeds from the sale of intangible assets	-	2
Proceeds from the sale of property, plant and equipment and investment property	65,596	231,339
Proceeds from the sale of financial assets	34,281	4,449
Proceeds from the repayment of project financing	62,617	42,129
Investments in intangible assets	–86	–82
Investments in property, plant and equipment and investment property	–137,808	–346,338
Investments in financial assets	–7,054	–13,917
Investments in project financing	–62,894	–38,321
Proceeds from the sale of consolidated companies	4,103	28,221
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-	–706
Cash flow from investing activities	**–41,245**	**–93,224**
Dividends	–23,459	–20,533
Dividends paid to non-controlling interests	–3,840	–600
Proceeds from bonds	141,186	50,369
Repayment of bonds	–91,322	-
Increase in loans and other financing	223,982	161,724
Repayment of loans and other financing	–153,497	–134,422
Increase in hybrid capital	-	98,493
Repayment of mezzanine capital	-	–50,000
Acquisition of non-controlling interests	–2	–1
Cash flow from financing activities	**93,048**	**105,030**
Cash flow from operating activities	**–39,917**	**113,813**
Cash flow from investing activities	**–41,245**	**–93,224**
Cash flow from financing activities	**93,048**	**105,030**
Change in cash and cash equivalents	**11,886**	**125,619**
Cash and cash equivalents at 1 Jan	200,447	75,204
Currency translation differences	51	–376
Cash and cash equivalents at 31 Dec	**212,384**	**200,447**
Taxes paid	11,858	2,214

Consolidated Statement of Changes in Equity
for the 2019 Financial Year

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance as of 31 December 2017	**22,417**	**98,954**	**–2,666**	**–1,899**
Adjustments due to initial application of IFRS 9	-	-	-	-
Adjustments due to initial application of IFRS 15	-	-	-	-
Balance as of 1 January 2018	**22,417**	**98,954**	**–2,666**	**–1,899**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	–400	–71
Total comprehensive income for the year	-	-	–400	–71
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid/mezzanine capital	-	-	-	-
Hybrid capital	-	-	-	-
Repayment of mezzanine capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 December 2018	**22,417**	**98,954**	**–3,066**	**–1,970**
Balance as of 31 December 2018	**22,417**	**98,954**	**–3,066**	**–1,970**
Adjustments due to initial application of IFRS 16	-	-	-	-
Balance as of 1 January 2019	**22,417**	**98,954**	**–3,066**	**–1,970**
Total profit/loss for the year	-	-	-	-
Other comprehensive income	-	-	–585	–324
Total comprehensive income for the year	-	-	–585	–324
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance as of 31 December 2019	**22,417**	**98,954**	**–3,651**	**–2,294**

Available-for-sale securities – fair value reserve	Other reserves	Mezzanine/ hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
51	**155,189**	**80,100**	**352,146**	**3,301**	**355,447**
–51	1,584	-	1,533	-	1,533
-	6,028	-	6,028	77	6,105
-	**162,801**	**80,100**	**359,707**	**3,378**	**363,085**
-	32,776	6,935	39,711	–224	39,487
-	–676	-	–1,147	52	–1,095
-	32,100	6,935	38,564	–172	38,392
-	–14,944	–5,589	–20,533	–600	–21,133
-	980	-	980	-	980
-	1,397	-	1,397	-	1,397
-	-	98,869	98,869	-	98,869
-	-	–50,000	–50,000	-	–50,000
-	–82	-	–82	4,808	4,726
-	**182,252**	**130,315**	**428,902**	**7,414**	**436,316**
-	**182,252**	**130,315**	**428,902**	**7,414**	**436,316**
-	–127	-	–127	–3	–130
-	**182,125**	**130,315**	**428,775**	**7,411**	**436,186**
-	46,051	7,020	53,071	–3,009	50,062
-	–368	-	–1,277	–23	–1,300
-	45,683	7,020	51,794	–3,032	48,762
-	–16,439	–7,020	–23,459	–3,840	–27,299
-	758	-	758	-	758
-	1,755	-	1,755	-	1,755
-	- 2,790	-	- 2,790	5,134	2,344
-	**211,092**	**130,315**	**456,833**	**5,673**	**462,506**

Notes to the Consolidated Financial Statements

1. General information

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

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

The reporting currency is the euro, which is also the functional currency of UBM. The functional currency of the subsidiaries included in the consolidated financial statements is the respective national currency. Amounts are reported in thousands of euros (T€) and rounded using the compensated summation method. The reporting year corresponds to the calendar year and ends on 31 December 2019.

2. Scope of consolidation

The consolidated financial statements include UBM as well as 59 (2018: 62) domestic subsidiaries and 81 (2018: 79) foreign subsidiaries. Nine companies were initially included in UBM's consolidated financial statements during the reporting year following their founding or acquisition (see note 2.1.).

One company was deconsolidated following its liquidation, and five companies were sold. In four other companies, the sale of shares resulted in a level where only significant influence remained. The selling price totalled T€12,072; T€9,348 were paid in cash and T€2,724 are still outstanding. The assets and liabilities over which control was lost comprise the following:

in T€	2019
Non-current assets	
Intangible assets	12
Property, plant and equipment	29,920
Investment property	94,967
Other financial assets	15
Financial assets	257
Deferred tax assets	7,339
Current assets	
Inventories	31,952
Trade receivables	1,202
Financial assets	513
Other receivables and current assets	561
Cash and cash equivalents	6,951
Non-current liabilities	
Financial liabilities	86,988
Other financial liabilities	34,265
Deferred tax liabilities	10,480
Current liabilities	
Financial liabilities	34,068
Trade payables	4,148
Other financial liabilities	3,702
Other liabilities	141
Tax payables	79

In addition, 32 (2018: 34) domestic and 22 (2018: 23) foreign associates and joint ventures were accounted for at equity.

UBM is entitled to the majority of voting rights in 22 (2018: 19) subsidiaries but does not exercise control over these companies because of specific rules defined by the respective partnership agreements. These companies are accounted for as joint ventures.

2.1. Initial consolidations

The following companies were initially included through full consolidation in 2019 (see the list of investments for the capital share):

Due to new foundations	Date of initial consolidation
UBM Invest AG	22.5.2019
UBM Stodůlky s.r.o.	6.8.2019
Levelingstraße GmbH & Co. KG	23.9.2019
Max-Dohrn-Straße GmbH & Co. KG	4.12.2019
Kaiserleipromenade GmbH & Co KG	9.12.2019

Due to acquisitions	Date of initial consolidation
Siebenbrunnengasse 21 GmbH & Co OG	1.7.2019
Sabimo Monte Laa Bauplatz 2 GmbH	12.12.2019
ARSENAL-EUROPA s.r.o.	13.12.2019
KASAVIT III s.r.o.	13.12.2019

The company acquisitions involve the purchase of properties and the related financing. None represent a business combination as defined in IFRS 3. The acquisition of Sabimo Monte Laa Bauplatz 2 GmbH is considered a related party transaction. A total of T€ 23,626 was spent for the above-mentioned transactions, whereby the purchase prices were paid in cash. These acquisitions are presented in the notes as asset deals.

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

in T€	2019
Non-current assets	
Property, plant and equipment	404
Investment property	62,134
Project financing	3,825
Other financial assets	932
Deferred tax assets	433
Current assets	
Inventories	19,898
Trade receivables	44
Financial assets	18
Other receivables and current assets	81
Cash and cash equivalents	429
Non-current liabilities	
Other financial liabilities	3,825
Deferred tax liabilities	433
Current liabilities	
Trade payables	859
Other financial liabilities	58,398
Other liabilities	5

3. Significant accounting policies

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

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

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

4. Accounting and valuation methods

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

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

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

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

	Mean exchange rate as of 31 Dec 2019	Average annual exchange rate
PLN	4.2585	4.3018
CZK	25.4100	25.6589

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

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

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

Intangible assets are capitalised at their acquisition cost and amortised on a straight-line basis over the expected useful life. The amortisation rates range from 10.00% to 50.00% (2018: 10.00% to 50.00%).

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

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

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

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

	2019	2018
Buildings	1.50 to 33.33	1.50 to 33.33
Technical equipment and machinery	4.00 to 50.00	4.00 to 50.00
Other facilities, fixtures and office equipment	4.00 to 50.00	4.00 to 50.00

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

Rights of use to property, plant and equipment acquired through leases are capitalised at the present value of future lease payments and amortised over the term of the lease or at the indicated amortisation rates on a straight-line basis.

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

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

The borrowing costs for qualifying assets are included in acquisition or production cost. For investment properties sold through forward deals, the capitalisation of borrowing costs ends on the date of the related agreement. Depreciation on these assets begins with their completion or the attainment of operational status. Interest totalling T€4,260 was capitalised for properties in 2019 (2018: T€4,639). Information on the rate for financing costs is provided in note 36.

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

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

The rights of use to investment property acquired through leases are capitalised at the present value of the future leas payments and measured at fair value in subsequent periods.

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

Non-current assets held for sale represent properties which are available for immediate sale in their current condition, whose sale is considered highly probable. These properties are measured at the lower of acquisition or production cost and net realisable value. Borrowing costs for qualifying assets are included in the acquisition or production cost. Investment property is carried at fair value. The probability of sale is evaluated quarterly, and the resulting reclassifications are reported under the development of property, plant and equipment and investment property.

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

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

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

Share-based payments in equity instruments are accounted for at their fair value as of the granting date. This fair value is recognised under personnel expenses over the vesting period and reported under capital reserves. The number of options granted is reassessed at the end of every reporting period.

The **provisions for severance payments, pensions and anniversary bonuses** were calculated in accordance with IAS 19 based on the projected unit credit method with the application of the AVÖ 2018-P Generation Life Table, whereby an actuarial valuation is performed as of every reporting date. The calculation parameters included an interest rate of 0.65 % (2018: 1.90 %) for Austria and Germany as well as salary increases of 2.15 % (2018: 2.00 %) per year in Austria. The calculation of the provisions for severance payments and anniversary bonuses in Austria also includes deductions for employee turnover based on statistical data within a range of 0.00 % to 10.50 % (2018: 0.00 % to 10.50 %); for anniversary bonuses in Germany, a range of 0.00 % to 10.60 % (2018: 0.00 % to 10.60 %) is used. The retirement age assumed for the Austrian companies represents the earliest possible retirement age permitted by law following the 2004 pension reform (corridor pension), also taking all transitional arrangements into account; for German companies, the legal retirement age is used. The calculation of the provisions for Austria is based on the AVÖ 2018-P – Pagler & Pagler Mortality Table, while the 2019 G Mortality Table Guidelines issued by Klaus Heubeck are used for Germany.

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

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

Lease liabilities are measured at the present value of future lease payments, whereby discounting is based on the interest rate underlying the lease. If this rate cannot be determined, the Group's incremental borrowing rate for the applicable term is used.

Financial instruments

Financial instruments which fall under the scope of application of IFRS 9 are assigned to valuation categories based on the underlying business model and the characteristics of the contractually agreed cash flows. Financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost or fair value, depending on the valuation category.

For financial instruments carried at amortised cost or at fair value through other comprehensive income (FVTOCI), the loss allowance is based on the expected credit loss model. This procedure involves the creation of a risk provision equal to the 12-month expected loss (Level 1) on the initial recognition date. In the event of a significant deterioration in the credit risk, the lifetime expected loss must be calculated (Level 2). Objective evidence of impairment resulted in reclassification to Level 3.

UBM applies the simplified approach provided by IFRS 9.5.5.15 to trade receivables, contractual assets and leasing receivables and measures the loss allowance in line with the lifetime expected loss. All available information is used to evaluate the expected credit loss, including historical data as well as forward-looking information. In general, external credit ratings are not available for financial instruments. The expected credit loss equals the product of the expected net claim to the financial instrument, the period-based probability of default and the loss on actual default.

The general impairment model is applied to project financing. Due to the absence of external credit evaluations, credit risk is monitored according to the development of key indicators, e.g. the loan-to-value ratio or collection period.

Trade receivables, project financing and other financial assets were recognised at amortised cost. No allowances for expected credit losses were recognised in 2019 because neither the historical nor the forecast data indicated any loss rates.

The investments in unconsolidated subsidiaries reported under **other financial assets** and other investments are measured at fair value through profit or loss (FVTPL), which is generally determined with valuation procedures like the discounted cash flow method.

Securities are classified as FVTPL and measured at fair value. If these securities represent debt instruments and consist solely of interest and principal payments, they are carried at amortised cost. **Liabilities** are carried at amortised cost in accordance with the effective interest method. **Derivative financial instruments** are recognised at fair value through profit or loss (FVTPL). The UBM Group has no hedges.

Revenue from contracts with customers

Revenue is reported after the deduction of value added taxes, rebates and other sales-based taxes. The recognition of revenue is based on the transaction type as follows:

The revenue from investment properties which are sold after completion is recognised at a point in time after the material risks and rewards are transferred. The revenue from investment properties is recognised over time when the sale takes place through a forward deal during construction and the company has a legal entitlement to payment for previously provided performance as well as no alternative use for the asset. Revenue from the sale of apartments is recognised over time for units which were sold before completion and for which the company has a legal entitlement to payment for previously provided performance as well as no alternative use for the assets. Revenue from the sale of completed apartments is recognised at a point in time. Rental income and income from hotel operations is recognised over time. The income from invoiced construction services is also recognised over time.

The recognition of revenue over time is based on the progress of construction (percentage of completion, POC method). The percentage of completion represents the previously provided performance as a per cent of the total contract performance. For revenue from real estate, this indicator is calculated as the investment costs incurred to date in relation to the total investment costs for the respective project. The identified performance is recognised, after the deduction of prepayments by customers, as a **contract asset** under trade receivables or, if the prepayments exceed the previously provided performance, as a **contract liability** under other liabilities. If the total costs for a contract are expected to exceed the related revenue, the expected loss is recognised in full and immediately at an amount equal to the costs required to fulfil the contract. The costs for contract extensions are capitalised and amortised over the project term, unless they represent costs which would not have been incurred if the contract had not been received.

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

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

In accordance with IAS 17, which was applicable up to 31 December 2018, **leases** were accounted for as indicated in the following. Information on the changes resulting from the initial application of IFRS 16 is provided under note 6.1.

The Group as lessor

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

The Group as lessee

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

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

5. Discretionary judgment and major sources of estimation uncertainty

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

Determining the fair value of real estate: Fair value generally equals the present value of the realisable rental income. Any change in the estimated future realisable rental income or the expected return on alternative investments will also lead to a change in the fair value of the involved property. The capitalisation rate (2019: from 1.50 % to 9.00 %; 2018: from 5.00 % to 9.00 %) represents the average market rate of return on the property. One criterion for the selection of the capitalisation rate is the general and specific risk for the return on the property.

In 2019, most of the investment property was valued in accordance with internationally recognised earnings methodology, in particular the Term and Reversion approach (see note 19 for additional details on the valuation method).

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

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

in T€

Portfolio property	Carrying amount as of 31 Dec 2019	106,358		Carrying amount as of 31 Dec 2018	115,268	
	Adjustment to long-term rent			Adjustment to long-term rent		
	0.00%	10.00%	-10.00%	0.00%	10.00%	-10.00%
Adjustment to yield						
0.00%	-	10,672	–10,631	-	12,777	–12,778
0.50%	–2,645	1,289	–6,579	–2,812	2,718	–10,829
-0.50%	3,070	7,607	–1,458	5,914	12,496	–3,270

in T€

Development projects	Carrying amount as of 31 Dec 2019	361,382	Carrying amount as of 31 Dec 2018	383,928
Developer profit	-5.00%	5.00%	-5.00%	5.00%
	60,440	–44,769	31,463	–31,690
Adjustment to yield	-0.50%	0.50%	-0.50%	0.50%
	75,424	–50,596	24,486	–20,498
Adjustment to construction costs	10.00%	-10.00%	10.00%	-10.00%
	–58,811	74,472	–41,017	40,780
Adjustment to rental income	-10.00%	10.00%	-10.00%	10.00%
	–95,326	111,142	–75,740	77,612

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

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

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

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

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

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

	Interest +0.25%	Interest –0.25%
	liquid	liquid
Pension DBO	-2.90%	3.00%

	Pension trend +0.25%	Pension trend –0.25%
	liquid	liquid
Pension DBO	3.00%	-2.90%

	Life expectancy +1 year	Life expectancy –1 year
	liquid	liquid
Pension DBO	5.90%	-5.70%

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

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

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

	Interest +0.25%	Interest -0.25%	Salary trend +0.25%	Salary trend –0.25%
Severance payments DBO	-2.13%	2.20%	2.14%	-2.09%

	Fluctuation +0.50% until 25th year of service	Fluctuation –0.50% until 25th year of service	Life expectancy +1 year	Life expectancy –1 year
Severance payments DBO	-0.32%	0.32%	0.10%	-0.11%

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

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

6. New and revised accounting standards

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

The UBM Group applied the following standards for the first time as of 1 January 2019. The only material changes resulted from the initial application of IFRS 16 - Leases:

Changes to standards and interpretations

New or revised standard	Date of publication by IASB	Date of adoption into EU	Date of initial application
IFRS 16 – Leases	13.1.2016	31.10.2017	1.1.2019
Changes to IAS 19: Plan Amendment, Curtailment or Settlement	7.2.2018	13.3.2019	1.1.2019
Changes to IAS 28: Long-term Interests in Associates and Joint Ventures	12.10.2017	8.2.2019	1.1.2019
Changes to IFRS 9: Prepayment Features with Negative Compensation	12.10.2017	22.3.2018	1.1.2019
Annual Improvements to IFRS – Cycle 2015–2017	12.12.2017	14.3.2019	1.1.2019
IFRIC 23: Uncertainty over Income Tax Treatments	7.6.2017	23.10.2017	1.1.2019

IFRS 16 – Leases

This standard regulates the recognition, measurement and presentation of leases as well as the required disclosures in the notes. It replaces the previous standard (IAS 17) and three interpretations involving leases. IFRS 16 provides a single accounting model for the lessee, which principally requires the recognition of assets and liabilities for all leases. However, there are two exceptions to this general recognition rule: leases with a term of twelve months or less and leases for low-value assets (in both cases, optional). The lease liability is discounted on initial recognition and, in subsequent years, reduced by the lease payments and increased through unwinding. A right of use is also capitalised at an amount equal to the present value of future lease payments and subsequently written down on a straight-line basis. The previous differentiation between operating leases and finance leases is no longer applicable. This standard was published in January 2016 and requires mandatory application for financial years beginning on or after 1 January 2019. IFRS 16 provides for various transition methods – UBM decided against premature application and used the modified retrospective method. The approach described in IFRS 16.C8b (ii) was applied to property leases, while IFRS 16.C8b (i) was applied to all other leases.

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

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

The practical expedients provided by IFRS 16.C3 were not applied.

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

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

The following table reconciles the effects of the initial application of IFRS 16 to items on the consolidated statement of financial position as of 1 January 2019 and to the income statement, consolidated statement of comprehensive income and the consolidated cash flow statement for the period from 1 January 2019 to 31 December 2019.

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

The adjustments include a lease agreement for a hotel property that was sold as of 30 June 2019.

in T€	Consolidated Income Statement 1–12/2019	Adjustments	Consolidated Income Statement 1–12/2019 excl. IFRS 16 adjustments
Expenses from fair value adjustments to investment property	–24,582	335	–24,247
Other operating expenses	–40,641	–4,109	–44,750
EBITDA	**74,966**	**–3,774**	**71,192**
Depreciation and amortisation	–3,515	2,872	–643
EBIT	**71,451**	**–902**	**70,549**
Financial costs	–21,650	1,804	–19,846
EBT	**70,512**	**902**	**71,414**
Income tax expense	–20,450	–190	–20,640
Profit for the year (net profit)	**50,062**	**712**	**50,774**
of which: attributable to shareholders of the parent	53,071	713	53,784
of which: attributable to non controlling interests	–3,009	–1	–3,010
Basic earnings per share (in €)	**7.10**	**-**	**7.20**
Diluted earnings per share (in €)	**7.08**	**-**	**7.18**

in T€	Statement of Comprehensive Income 1–12/2019	Adjustments	Statement of Comprehensive Income 1–12/2019 excl. IFRS 16 adjustments
Currency translation differences	–715	–1	–716

in T€	Consolidated Statement of Financial Position 1–12/2019	Adjustments	Consolidated Statement of Financial Position 1–12/2019 excl. IFRS 16 adjustments
Operating cash flow	**–1,547**	**–4,109**	**–5,656**
Cash flow from operating activities	**–39,917**	**–2,305**	**–42,222**
Cash flow from investing activities	**–41,245**	**–12**	**–41,257**
Cash flow from financing activities	**93,048**	**2,317**	**95,365**

The following table reconciles the lease obligations reported as of 31 December 2018 with the lease liabilities reported as of 1 January 2019:

	in T€
Operating lease obligations as of 31 Dec 2018	85,624
Discounting effect for operating properties	–14,072
Operating lease obligations as of 31 Dec 2018 (see the section on IAS 17 in the notes)	**71,552**
Discounting effect for operating properties – Hotel	–18,456
Changes in conditions as of 1 Jan 2019	–1,532
Lease obligations as of 1 Jan 2019 from the initial application of IFRS 16	**51,564**
Previous lease obligations as of 31 Dec 2018	123
Total lease obligations as of 1 Jan 2019	**51,687**

6.2. New accounting standards that have not yet been applied

The following standards and interpretations were published before the preparation of these consolidated financial statements but did not require mandatory application for the reporting year and were not applied prematurely. These new standards have no material effects on the UBM Group.

New standards and interpretations adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU	Date of initial application
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32: updating or clarifying which version of the conceptual framework they relate to	29.3.2018	29.11.2019	1.1.2020
Amendments to IAS 1 and IAS 8: Definition of materiality	31.10.2018	29.11.2019	1.1.2020
Changes to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	26.9.2019	15.1.2020	1.1.2020

New standards and interpretations not yet adopted by the European Union

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Changes to IFRS 17 – Insurance Contracts	18.5.2017	–	1.1.2021
Changes to IFRS 3: Definition of a Business	22.10.2018	–	1.1.2020
Changes to IAS 1: Classification of Liabilities as Current or Non-Current	23.1.2020	–	1.1.2022

7. Revenue

The UBM Group recorded revenue of T€241,999 in 2019 (2018: T€514,048). This position included the proceeds from the sale of properties, rental income, income from the hotel business, construction services invoiced for UBM's projects and other revenue from ordinary business activities.

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

in T€	2019	2018
Regions		
Germany	255,495	336,522
Austria	234,629	298,289
Poland	101,428	209,339
Other markets	86,461	53,581
Total Output Group	**678,013**	**897,731**
Less revenue from companies accounted for at equity, subsidiaries and joint ventures	–415,720	–426,088
Less changes in the portfolio	–20,294	42,405
Revenue	**241,999**	**514,048**

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

	Germany	Austria	Poland	Other Markets	Group
in T€	1-12/2019	1-12/2019	1-12/2019	1-12/2019	1-12/2019
Revenue					
Administration	-	5,618	-	-	5,618
Hotel	8,701	-	35,927	532	45,160
Office	2,557	400	6,677	353	9,987
Other	66,757	18,421	4,116	4,142	93,436
Residential	39,741	20,861	12	1,823	62,437
Service	8,555	9,313	2,398	5,095	25,361
Revenue	**126,311**	**54,613**	**49,130**	**11,945**	**241,999**
Recognition over time	48,249	20,205	21,918	-	90,372
Recognition at a point in time	78,062	34,408	27,212	11,945	151,627
Revenue	**126,311**	**54,613**	**49,130**	**11,945**	**241,999**

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

Revenue is classified as follows:

in T€	2019	2018
Revenue from contracts with customers	228,772	497,268
Revenue from rentals	13,227	16,780
Total	**241,999**	**514,048**

8. Other operating income

in T€	2019	2018
Income from the release of provisions	34	50
Staff cost allocations	544	410
Exchange rate gains	3,443	2,521
Rental of space and land	293	653
Miscellaneous	6,174	7,018
Total	**10,488**	**10,652**

9. Cost of materials and other related production services

in T€	2019	2018
Expenses for raw materials and supplies and for purchased goods	–80,512	–202,864
Expenses for purchased services	–121,686	–149,558
Total	**–202,198**	**–352,422**

The disposals of carrying amounts from properties sold are included under the cost of materials and other related production services. These disposals totalled T€64,253 in 2019 (2018: T€212,326).

10. Personnel expenses

in T€	2019	2018
Salaries and wages	–30,500	–36,899
Social welfare expenses	–5,396	–7,811
Expenses for severance payments and pensions	–748	–608
Total	**–36,644**	**–45,318**

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

Personnel expenses include T€758 (2018: T€980) from the Long-Term Incentive Programme (LTIP).

11. Other operating expenses

The major other operating expenses are classified as follows:

in T€	2019	2018
Office operations	–13,461	–11,933
Advertising	–2,089	–1,745
Legal and consultancy services	–8,788	–10,038
Depreciation/impairment of current real estate assets	–3,295	–5,727
Exchange rate losses	–2,354	–7,921
Taxes, contributions and charges	–2,096	–2,522
Bank charges	–473	–865
Management fee	–3,533	–6,827
Miscellaneous	–4,552	–6,893
Total	**–40,641**	**–54,471**

Miscellaneous other operating expenses consist primarily of other third-party services, travel expenses, duties and fees.

12. Depreciation and amortisation

The scheduled amortisation of intangible assets totalled T€80 in 2019 (2018: T€66), and the scheduled depreciation of property, plant and equipment amounted to T€3,435 (2018: T€2,880).

13. Financial income

in T€	2019	2018
Income from investments	-	36
of which: from affiliates	-	36
Interest and similar income	7,772	10,389
of which: from project financing for companies accounted for at equity and subsidiaries	6,907	6,738
of which: from affiliates	10	5
Income from the disposal and reversal of impairment to financial assets	12,939	21,576
Total	**20,711**	**32,001**

14. Financial costs

in T€	2019	2018
Interest and similar expenditure relating to bonds and promissory note loans	–15,694	–16,083
Interest and similar expenses for other financial liabilities	–3,903	–3,096
Other interest and similar expenses	–2,024	–2,915
Expenses for other financial assets	–29	–10,305
of which: depreciation, amortisation and impairment	–8	–6,500
Total	**–21,650**	**–32,399**

15. Income tax expense

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

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

in T€	2019	2018
Actual tax expense	14,418	27,396
Deferred tax expense/income	6,032	–11,339
Tax expense (+)/income (–)	**20,450**	**16,057**

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

in T€	2019	2018
Profit before income tax	70,512	55,544
Theoretical tax expense (+)/income (–)	17,628	13,886
Differences in tax rates	2,284	779
Tax effect of non-deductible expenses and tax-exempt income	–1,048	–1,013
Income/expenses from companies accounted for at equity	–7,803	–5,847
Changes in deferred tax assets not recognised for loss carryforwards	8,863	7,262
Effect of changes in tax rates	–261	107
Tax expenses (+)/income (–) related to other periods	419	879
Other differences	368	4
Income tax expenses	**20,450**	**16,057**

In addition to the tax expense recognised in the consolidated income statement, the tax effect from the expenses and income included under other comprehensive income was also recognised in other comprehensive income. The amount recognised in other comprehensive income equalled T€199 (2018: T€134) and was related primarily to the tax effect from the remeasurement of defined benefit obligations.

16. Earnings per share

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

	2019	2018
Proportion of annual surplus attributable to shareholders of the parent (in T€)	53,071	39,711
Potential shares	19,388	-
Weighted average number of shares issued (=number of basic shares)	7,472,180	7,472,180
Average number of share options outstanding	-	-
Number of shares diluted	7,491,568	7,472,180
Basic earnings per share (in €)	**7.10**	**5.31**
Diluted earnings per share (in €)	**7.08**	**5.31**

A total of 355,630 options had been allocated as of 31 December 2019 in connection with the Long-Term Incentive Programme 2017 (LTIP). The adjusted exercise price equalled €38.19 as of that date, and the average share price for 2019 equalled €40.39.

17. Intangible assets

in T€	Concessions, licences and similar rights	Goodwill	Total
Acquisition and production costs			
Balance as of 1 Jan 2018	571	3,840	4,411
Additions/disposals through changes in the scope of consolidation	–221	-	–221
Additions	82	-	82
Disposals	–3	-	–3
Currency adjustments	–4	-	–4
Balance as of 31 Dec 2018	425	3,840	4,265
Additions/disposals through changes in the scope of consolidation	–31	-	–31
Additions	86	-	86
Disposals	–49	-	–49
Reclassifications	18	-	18
Currency adjustments	2	-	2
Balance as of 31 Dec 2019	451	3,840	4,291
Accumulated amortisation and impairment			
Balance as of 1 Jan 2018	489	1,182	1,671
Additions/disposals through changes in the scope of consolidation	–197	-	–197
Additions	66	-	66
Disposals	–1	-	–1
Currency adjustments	–4	-	–4
Balance as of 31 Dec 2018	353	1,182	1,535
Additions/disposals through changes in the scope of consolidation	–19	-	–19
Additions (scheduled amortisation)	80	-	80
Disposals	–49	-	–49
Reclassifications	–4	-	–4
Currency adjustments	1	-	1
Balance as of 31 Dec 2019	362	1,182	1,544
Carrying amounts – balance as of 31 Dec 2018	**72**	**2,658**	**2,730**
Carrying amounts – balance as of 31 Dec 2019	**89**	**2,658**	**2,747**

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

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

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

The recoverable amount corresponds to the value in use. The cash flows were derived from budgets for 2019 and the following three years (detailed planning period). Discounting was based on a specific cost of capital of 6.26% (2018: 6.68%). An increase or decrease of 1.00% in the specific cost of capital would not lead to any change in valuation. UBM Development Deutschland GmbH will not acquire any further projects, and the projects currently in progress are scheduled for completion by 2022. UBM Invest Deutschland GmbH, which was founded on 22 September 2017, will serve as the successor company.

18. Property, plant and equipment

in T€	Land, land rights and buildings including buildings on leasehold land and assets under construction	Right-of-use assets: land and buildings	Technical equipment and machinery	Other facilities, fixtures and office equipment	Right-of-use assets: Technical equipment and machinery; other equipment and office equipment	Payments on account and assets under construction	Total
Acquisition and manufacturing costs and revaluation							
Balance as of 1 Jan 2018	47,766	-	2,546	13,552	239	1,230	65,333
Additions/disposals through changes in the scope of consolidation	–4,356	-	–1,237	–9,551	-	–776	–15,920
Additions	16,466	-	23	493	-	611	17,593
Disposals	–59,066	-	–113	–1,044	-	–1	–60,224
Reclassifications	307	-	-	1,030	-	–1,030	307
Currency adjustments	-	-	–58	–108	–3	–34	–203
Balance as of 31 Dec 2018	1,117	-	1,161	4,372	236	-	6,886
Adjustments due to initial application of IFRS 16	-	38,978	-	-	680	-	39,658
Balance as of 1 January 2019	1,117	38,978	1,161	4,372	916	-	46,544
Additions/disposals through changes in the scope of consolidation	-	–30,713	–13	–5		-	–30,731
Additions	54	29,219	10	882	606	-	30,771
Disposals	-	-	–14	–489	–40	-	–543
Reclassifications	-	-	-	378	–69	-	309
Currency adjustments	–1	626	6	5	3	-	639
Balance as of 31 Dec 2019	1,170	38,110	1,150	5,143	1,416	-	46,989
Accumulated depreciation and impairment							
Balance as of 1 Jan 2018	3,075	-	1,292	10,166	92	–1	14,624
Additions/disposals through changes in the scope of consolidation	–1,057	-	–869	–6,571		-	–8,497
Additions (scheduled depreciation)	505	-	1,111	1,264		-	2,880
Disposals	–2,412	-	–113	–941		-	–3,466
Reclassifications	–61	-	–922	–221		-	–1,204
Currency adjustments	-	-	–35	–70	3	1	–101
Balance as of 31 Dec 2018	50	-	464	3,627	95	-	4,236
Additions/disposals through changes in the scope of consolidation	-	–805	–1	–5	-	-	–811
Additions (scheduled depreciation)	68	2,401	108	389	469	-	3,435
Disposals	-	-	–13	–403	–29	-	–445
Reclassifications	-	-	-	364	–55	-	309
Currency adjustments	-	16	3	3	1	-	23
Balance as of 31 Dec 2019	118	1,612	561	3,975	481	-	6,747
Carrying amounts – balance as of 31 Dec 2018	**1,067**	**-**	**697**	**745**	**141**	**-**	**2,650**
Carrying amounts – balance as of 31 Dec 2019	**1,052**	**36,498**	**589**	**1,168**	**935**	**-**	**40,242**

Any impairment recognised in profit or loss is reported together with scheduled depreciation and amortisation under "Depreciation and amortisation", while any reversals of impairment recognised in profit or loss on assets subject to prior impairment are included in the income statement under "Other operating income". The carrying amount of property, plant and equipment pledged as collateral as of 31 December 2019 amounted to T€0 (2018: T€0). Property, plant and equipment with a carrying amount of T€0 (2018: T€0) are subject to restrictions on disposal.

The additions of €29m to the position "rights of use to land and buildings" resulted primarily from a hotel property in Poland; these rights have a term of 20 years and an extension option for a further five years. The remaining "rights of use to land and buildings" are related chiefly to office locations in the core markets of Austria, Germany, Poland and the Czech Republic with terms of two to 15 years.

Leases

The following amounts were recorded in connection with leases:

in T€	2019
Interest expense on the lease liability	–1,804
Short-term lease expense	–1,093
Adjustments to fair value	–335
Total cash outflows from leases	2,317

The terms of the leases range from two to 20 years for operating properties and from two to six years for movables. The investment property represents a lease with a term ending in 2054.

A number of the leases for property and movables include extension options. These options are included in the calculation of the lease liability when there is sufficient certainty that they will be exercised.

The exercise prices of options for the takeover of the related asset at the end of the lease term are only recognised when there is sufficient certainty that the purchase options will be exercised. Variable leases which are linked to indexes like net operating profit are measured with the applicable index as of the delivery date. A reassessment is made if a significant event occurs or if there are material changes in circumstances. Any non-lease components are separated and not included in the rate.

A maturity analysis of the lease liabilities is provided in notes 36 and 44.

19. Investment property

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

in T€	Investment properties	Right-of-use assets: investment properties	Total
Carrying amounts			
Balance as of 1 Jan 2018	371,816	-	371,816
Additions/disposals through changes in the scope of consolidation	–65,824	-	–65,824
Additions for purchases	-	-	-
Additions	309,785	-	309,785
Disposals	–21,012	-	–21,012
Reclassification IFRS 5	16,586	-	16,586
Reclassification IFRS 15	–98,595	-	–98,595
Reclassification from/to property, plant and equipment and real estate inventories	–1,950	-	–1,950
Currency adjustments	–4,493	-	–4,493
Adjustments to fair value	–7,117	-	–7,117
Balance as of 31 Dec 2018	**499,196**	**-**	**499,196**
Adjustments due to initial application of IFRS 16	-	11,729	11,729
Balance as of 1 January 2019	**499,196**	**11,729**	**510,925**
Additions/disposals through changes in the scope of consolidation	–94,967	-	–94,967
Additions for purchases	-	-	-
Additions	136,862	320	137,182
Disposals	–3,070	-	–3,070
Reclassification IFRS 5	–61,198	-	–61,198
Reclassification IFRS 15	–25,451	-	–25,451
Reclassification from/to property, plant and equipment and real estate inventories	–19,579	-	–19,579
Currency adjustments	2,210	-	2,210
Adjustments to fair value	22,023	–335	21,688
Balance as of 31 Dec 2019	**456,026**	**11,714**	**467,740**

Reconciliation for Level 3 valuations:

2019 in T€	Austria Office	Austria Other	Austria Residential	Austria Land bank
Carrying amount at start of financial year	**7,894**	**136,757**	**407**	**12,374**
Currency adjustments	-	-	-	-
Additions from property purchases	68,211	1,703	28	1,092
Additions/disposals from expansion of the scope of consolidation	–10,997	-	-	-
Additions from reclassifying properties as properties held for sale	-	-	-	-
Reclassification IFRS 15	-	-	-	–7,080
Reclassification from/to property, plant and equipment and real estate inventories	–3,532	-	1,100	-
Disposals	-	–1,738	–396	–917
Net gains/losses from fair value adjustments[1]	-	–15,586	–5	–19
Carrying amount at end of financial year	**61,576**	**121,136**	**1,134**	**5,450**

[1] The net income from fair value adjustments consists of revaluation gains of T€ 46,270 and revaluation losses of T€ –24,247.

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

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

Germany				Poland			Other markets				
Office	Other	Hotel	Land bank	Office	Other	Hotel	Office	Residential	Hotel	Land bank	Total
17,054	**68,668**	**-**	**20,017**	**58,688**	**58,768**	**5,032**	**18,552**	**540**	**83,624**	**10,821**	**499,196**
-	-	-	-	494	516	146	219	–2	812	25	2,210
29,640	371	-	-	2,543	164	18,674	896	-	13,203	337	136,862
-	-	-	-	-	–14,296	-	-	-	–69,674	-	–94,967
-	-	-	–57,900	-	-	-	-	-	-	–3,298	–61,198
-	-	-	-	–9,205	-	–9,166	-	-	-	-	–25,451
–17,126	-	-	-	–21	-	-	-	-	-	-	–19,579
-	-	-	–19	-	-	-	-	-	-	-	–3,070
-	-	-	39,329	–890	–5,738	-	–2,010	-	6,942	-	22,023
29,568	**69,039**	**-**	**1,427**	**51,609**	**39,414**	**14,686**	**17,657**	**538**	**34,907**	**7,885**	**456,026**

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

Fair value of land and buildings
The fair value of properties is determined according to a revolving cycle. An internal valuation team establishes the fair value of properties which are not appraised externally. Discussions concerning the parameters used to determine fair value (Level 3) include the participation of operational project developers, the Management Board and the valuation team.

The fair values of all properties with a carrying amount over T€1,000 – including the properties held by non-controlling interests which flow into the consolidated financial statements – were established by external appraisers in 2019. These external appraisals covered investment property with a total carrying amount of T€443,932 (2018: T€285,839).

Fair value was generally determined on the basis of capital earnings methods in both 2019 and 2018. The most frequently used method was the term and reversion approach, an internationally recognised real estate valuation technique. The term and reversion approach separates the expected future cash flows into two distinct, independent areas. This separation is necessary for rented properties because the calculations required for the period up to the expiration of the rental agreements in effect on the valuation date – the so-called "term" – differ from the calculations for the period after the end of these rental agreements – the so-called "reversion" (subsequent rentals).

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

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

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

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

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

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

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

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

Property type: Investment property	Segment	Fair value hierarchy	Fair value in T€ as of 31 Dec 2019	Range of non-observable inputs			
				Valuation method	Capitalisation rate in %	Rent in € per m²/ sale price in € per m²	Maintenance in €/m² or %
Office	Austria	Level 3	1,296	CE	3.50	5.50–8.71	16.50%
Office	Austria	Level 3	16,350	Residual	3.88	11.62–15.50	12.00 €/m²
Office	Austria	Level 3	43,930	Residual/ CE/CV	3.50	5.52–16.38; 4,500.00– 6,000.00	12.00 €/m²
Other	Austria	Level 3	2,617	CE	-	-	-
Other	Austria	Level 3	118,519	Residual/ CE/CV	2.25–4.75	6,200.00; 800.00–1,200.00/ Room, Apt.	6.00 €/m²
Residential	Austria	Level 2	1,134	CV	-	-	-
Land bank	Austria	Level 2	5,450	CV	-	-	-
Office	Germany	Level 3	29,568	Residual	3.25–3.74	18.00–28.00	4.50% bzw. 12.00 €/m²
Other	Germany	Level 3	69,039	CE/Residual	1.50–3.25	15.00–19.00; 6,000.00	4.50%
Land bank	Germany	Level 2	1,427	CV	-	-	-
Office	Poland	Level 3	51,609	DCF	7.00–9.00	7.70–13.00	3.00 €/m²
Other	Poland	Level 3	31,990	TR	6.50–7.50	6.45–10.00	2.00–3.50/m²
Other	Poland	Level 3	7,424	Residual	7.25	10.25–10.75	4.00%
Hotel	Poland	Level 3	9,660	Residual/ DCF	4.70–5.20	800.00/Room	1.50%
Hotel	Poland	Level 2	5,026	CV	-	-	-
Office	Other markets	Level 3	6,182	DCF	7.00–8.00	6.00–12.84	12.50 €/m²
Office	Other markets	Level 3	11,475	CE/Residual	6.00	9.23–14.00; 3,650.00	2.00%
Residential	Other markets	Level 3	538	Residual	-	-	-
Hotel	Other markets	Level 3	34,907	Residual/ DCF	5.50–6.00	1,025.00/ Room	1.50%
Land bank	Other markets	Level 3	7,111	Residual	6.00	6.00	5.00%
Land bank	Other markets	Level 2	774	CV	-	-	-

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

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

The impact of non-observable input factors on fair value

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

Contractual obligations for the acquisition or construction of investment property amounted to T€9,819 as of 31 December 2019 (2018: T€14,921). In addition, investment properties with a total carrying amount of T€182,063 (2018: T€218,944) were pledged as collateral.

The rental income from rented investment properties totalled T€11,875 in 2019 (2018: T€14,094), and operating expenses amounted to T€2,417 (2018: T€2,496). The operating expenses for investment property which did not generate any rental income during the reporting period amounted to T€134 (2018: T€159).

20. Investments in companies accounted for at-equity

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

Associates
The following associate is a hotel property in Vienna.

in T€			
Company	**Palais Hansen GmbH**		
Asset class	**Hotel**		
Development status	**Portfolio**	**2019**	**2018**
Revenue		4,007	4,091
Profit/loss for the year		–638	2,123
of which depreciation, amortisation and impairment		-	-
of which interest expense		–1,324	–1,577
of which tax expense		213	–707
Total comprehensive income		**–638**	**2,123**
Non-current assets		125,576	127,234
Current assets		7,531	5,858
of which cash and cash equivalents		4,864	3,073
Non-current liabilities		62,274	63,408
of which non-current financial liabilities		48,287	50,450
Current liabilities		4,031	2,244
of which current financial liabilities		-	-
Net assets		66,802	67,440
Group share of net assets as of 1 Jan		**22,641**	**21,929**
Group share of total comprehensive income		–214	712
Group share of net assets as of 31 Dec		22,427	22,641
Carrying amount of companies accounted for at equity as of 31 Dec		**22,427**	**22,641**

Information on immaterial associates:

in T€	2019	2018
Carrying amount of shares in associates as of 31 Dec	37	7,050
Group share of		
Profit/loss for the year	–178	1,094
Total comprehensive income	**–178**	**1,094**

The proportional share of unrecognised losses from associates totalled T€142 in 2019 (2018: T€429), and the accumulated amount equalled T€951 as of 31 December 2019 (2018: T€809).

Joint ventures

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

2019 in T€			
Company	**W 3 AG**	**Jochberg Errichtungs KG**	**Anders Wohnen GmbH**
Asset class	**Other**	**Hotel**	**Residential**
Development status	**Portfolio**	**Portfolio**	**Development**
Revenue	4,383	1,522	97,685
Profit/loss for the year	2,925	–1,741	19,292
of which depreciation, amortisation and impairment	-	–2,162	-
of which interest expense	–572	–594	–17
of which tax expense	–306	-	–7,534
Total comprehensive income	**2,925**	**–1,741**	**19,292**
Non-current assets	74,700	47,784	28,143
Current assets	673	220	52,913
of which cash and cash equivalents	578	173	45,637
Non-current liabilities	53,211	19,381	1,012
of which non-current financial liabilities	48,367	19,381	-
Current liabilities	1,654	3,500	46,908
of which current financial liabilities	1,188	-	-
Net assets	20,508	25,123	33,136
Group share of net assets as of 1 Jan 2019	**14,067**	**13,433**	**6,507**
Group share of total comprehensive income	2,340	–870	9,067
Group share of net assets as of 31 Dec 2019	16,407	12,563	15,574
Carrying amount of companies accounted for at equity as of 31 Dec 2019	**16,407**	**12,563**	**15,574**

FWUBM Management GmbH	Central Tower Berlin GmbH	QBC Alpha KG
Other	**Hotel**	**Office**
Development	**Development**	**Development**
7,982	-	89,517
1,232	10,962	17,097
–31	-	-
–1,408	-	–1,139
–150	–5,000	–5,700
1,232	**10,962**	**17,097**
68,332	59,813	-
1,729	884	90,139
1,171	668	-
49,029	29,927	-
49,029	24,927	-
2,993	6,820	67,052
-	-	42,842
18,039	23,950	23,087
8,403	**6,494**	**3,893**
616	5,481	11,113
9,019	11,975	15,006
9,019	**11,975**	**15,006**

2018 in T€

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

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

Information on immaterial joint ventures:

in T€	2019	2018
Carrying amount of shares in joint ventures as of 31 Dec	31,476	24,650
Group share of		
Profit for the year	32,625	21,949
Total comprehensive income	**32,625**	**21,949**

The proportional share of unrecognised losses from joint ventures totalled T€665 in 2019 (2018: T€520), and the accumulated amount equalled T€2,003 as of 31 December 2019 (2018: T€1,338).

There were no significant restrictions on the access to assets as of 31 December 2019. Information on the obligations arising from contingent liabilities for companies accounted for at equity is provided in note 41.

21. Project financing

in T€	2019	2018
Project financing for other investments	14,465	12,335
Project financing for companies accounted for at equity	166,687	123,989
Other project financing	5	3,568
Total	**181,157**	**139,892**

Impairment losses equalled T€0 in 2019 (2018: T€5,130), and the reversal of impairment losses totalled T€3,952 (2018: T€2,148).

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

22. Other financial assets

in T€	2019	2018
Investments in unconsolidated subsidiaries	1,623	1,598
Other investments	266	315
Securities (FVTPL)	891	823
Securities (amortised cost)	8,721	2,907
Total	**11,501**	**5,643**

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

23. Inventories

Inventories comprise the following positions:

in T€	2019	2018
Properties intended for sale		
under development	83,111	72,219
standing assets	45,009	49,135
Other real estate inventories	69	65
Less advance payments	-20	-306
Advance payments made	-	414
Total	**128,169**	**121,527**

Inventories with a carrying amount of T€49,995 (2018: T€63,368) are pledged as collateral for liabilities.

The carrying amount of the inventories recognised at fair value amounts to T€31,732 (2018: T€34,712). Valuation allowances of T€2,774 were recognised in 2019 (2018: T€5,727).

24. Trade receivables

Contract assets
The following table shows the construction contracts valued according to the percentage of completion method at year-end 2019 and 2018:

in T€	2019	2018
Contract assets	120,622	113,278
Less attributable advance payments received	-53,241	-53,699
Total	**67,381**	**59,579**

The proportional contract value capitalised according to the percentage of completion as of 31 December 2019 is contrasted by contract costs of T€117,727 (2018: T€110,584). Therefore, the partial profit recognised on these contracts and included in revenue equals T€2,895 (2018: T€2,694).

The contract assets developed as follows during the reporting year:

Increases through:

- Progress on real estate projects sold through forward sales
- Progress on project management contracts
- Reclassification of investment property and inventories which were sold through forward sales and not yet completed

Reductions through:

- Properties completed and transferred
- Prepayments received for properties under construction and project management contracts
- Final invoicing of project management contracts

Contract assets	
Balance as of 1 Jan 2019	113,278
Additions	98,562
Disposals	–91,471
Currency adjustments	253
Less attributable advance payments received	–53,241
Balance as of 31 Dec 2019	**67,381**

Composition and maturity terms of trade receivables:

in T€	2019	2018
Receivables from third parties	10,307	20,613
Receivables from consortiums	4	4
Receivables from unconsolidated subsidiaries and other investments	2,719	5,774
Receivables from companies accounted for at equity	22,883	22,267
Total	**35,913**	**48,658**

Of the receivables due from third parties, T€1,724 (2018: T€13,544) are not overdue and T€8,583 (2018: T€7,069) are due within one year. All other receivables due from unconsolidated subsidiaries, other investments and companies accounted for at equity are not yet due.

Age structure of receivables due from third parties:

			Of which overdue at closing date in the following time periods				
in T€	Carrying amount as of 31 Dec 2019	Of which not overdue at closing date	Less than 30 days	Between 30 and 60 days	Between 60 and 180 days	Between 180 and 360 days	More than 360 days
Receivables from third parties	10,307	1,724	2,900	2,107	2,452	1,124	-

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

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

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

25. Financial assets

in T€	31.12.2019	Remaining term > 1 year	31.12.2018	Remaining term > 1 year
Other	13,128	3,412	15,542	4,475
Total	**13,128**	**3,412**	**15,542**	**4,475**

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

26. Other receivables and assets

in T€	31.12.2019	Remaining term > 1 year	31.12.2018	Remaining term > 1 year
Receivables from taxes	7,632	-	11,601	-
Other	1,119	-	155	-
Total	**8,751**	**-**	**11,756**	**-**

27. Cash and cash equivalents

Cash and cash equivalents include cash at banks of T€212,330 (2018: T€200,380) and cash in hand of T€54 (2018: T€67).

28. Non-current assets held for sale

The non-current assets classified as held for sale represent an office property in Poland. Assets held for sale are carried at fair value, which represents the negotiated purchase price.

29. Deferred taxes

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

	2019		2018	
in T€	Assets	Liabilities	Assets	Liabilities
Investment property, other valuation differences	6,126	15,719	8,536	8,331
Property, plant and equipment	277	783	2	1,918
Financial assets and liabilities	13,511	2,787	5,881	4,288
PoC method	624	6,338	-	5,018
Provisions	1,141	526	4,612	233
Tax loss carryforwards	6,434	-	3,611	-
Miscellaneous	-	199	34	199
Offsetting	–18,025	–18,025	–11,411	–11,411
Deferred taxes	**10,088**	**8,327**	**11,265**	**8,576**
Net deferred taxes	**-**	**–1,761**	**-**	**–2,689**

Deferred tax assets from loss carryforwards are recognised to the extent they can probably be offset against future taxable profits. The deferred tax assets not recognised for loss carryforwards amounted to T€22,005 as of 31 December 2019 (2018: T€17,414). Of this total, T€17,402 (2018: T€12,151) cannot expire and the remaining T€4,603 (2018: T€5,263) will expire within five to nine years. Foreign losses of T€346 were utilised in Austria during 2019 (2018: T€2,719).

30. Equity

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

Share capital totals €22,416,540 (2018: €22,416,540) and is divided into 7,472,180 (2018: 7,472,180) zero par value shares. Each bearer share represents €3 (2018: €3) of share capital.

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

31. Authorised capital, conditional capital and treasury shares

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

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

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

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

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

Of the above-mentioned share options relating to the Long-Term Incentive Programme 2017 (LTIP), 375,130 were allocated after the predetermined acceptance period from 22 June 2017 to 21 July 2017. A further 22,500 options were allocated in 2018 and 2019, and 42,000 options expired following the departure of key employees. The strike price equals €36.33 (i.e. the unweighted average closing price of the company's share on the Vienna Stock Exchange from 24 May 2017 (inclusive) to 21 June 2017 (inclusive)). The allocated share options can be exercised during the following windows through written declaration to the company: the share options may only be exercised from 1 September 2020 to 26 October 2020 (exercise window 1) and from 1 September 2021 to 26 October 2021 (exercise window 2) and require compliance with the other preconditions stated in the terms and conditions of the LTIP: a valid employment relationship, a valid personal investment, a share price that exceeds the specified thresholds and the fulfilment of certain performance indicators.

The fair value totals T€2,825 (2018: T€3,082). It is based on the original acceptance date for the option programme and distributed over the period in which the participants acquire the entitlement to the granted options. The following parameters were used to calculate the fair value under the measurement model (Black Scholes): strike price (€36.33), term of the option (9/2017 to 8/2020), share price on the valuation date (€38.25), expected volatility of the share price (36.34 %), expected dividends (4.20 %), risk-free interest rate (0.00 %).

The stock options were revalued as of 30 September 2019 due to the planned expansion of the programme, whereby the above-mentioned contractual framework and exercise conditions remained unchanged. The following parameters were used for the valuation model (Monte Carlo simulation) to calculate fair value: strike price (€36.33), term of the option (9/2019 to 10/2021), share price on the valuation date as of 30 September 2019 (€42.10), expected daily volatility of the share price (1.71 %), expected dividends (4.80 %), risk-free interest rate (0.00 %).

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

The authorisations of the Management Board to purchase, sell and/or use treasury shares, which were passed by the Annual General Meeting on 23 May 2017, were revoked. At the same time, the Management Board was authorised in accordance with Section 65 Para. 1 Nos. 4 and 8 as well as Paras. 1a and 1b of the Austrian Stock Corporation Act to repurchase the company's shares up to the legally allowed limit of 10.00 % of share capital, including previously repurchased shares, during a 30-month period beginning on the date the resolution was passed. The compensation for these purchases may not be lower than €3.00 and not higher than 10.00 % above the average, unweighted market price on the ten stock exchange trading days prior to the transaction. The shares can be repurchased over the stock exchange, through a public offering or in another legally admissible, expedient manner, above all through off-market transactions or from individual shareholders who are willing to sell (negotiated purchase) and also under the exclusion of the proportional sale rights that can result from this type of purchase (reverse exclusion of subscription rights). The Management Board was also authorised to determine the respective repurchase conditions, whereby the related resolution of the Management Board and resulting share buyback programme, including its duration, must be published in accordance with legal regulations. The authorisation can be used in whole or in part, also in multiple tranches and in pursuit of one or more objectives by the company, by a subsidiary (Section 189a of the Austrian Commercial Code) or by third parties for the account of the company. Trading in treasury shares is excluded as an objective of the repurchase programme.

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

The share options developed as follows:

Number of share options	2019	2018
Balances as of 1 Jan	**387,630**	**375,130**
Options granted	10,000	12,500
Options forfeited	–42,000	-
Options exercised	-	-
Balance as of 31 Dec	**355,630**	**387,630**

32. Reserves

The capital reserves resulted from the capital increases and capital adjustments carried out in previous years as well as time-barred claims to dividends. These reserves include T€98,954 (2018: T€98,954) which are appropriated and may only be released, to the extent free reserves are not available for coverage, to offset an accumulated loss which would otherwise be reported in UBM's annual financial statements.

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

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

Net profit of T€19,435 (2018: T€16,467) is available for distribution to UBM's shareholders. In addition, voluntary reserves, which totalled T€55,357 as of 31 December 2019 (2018: T€30,887) can be released in subsequent periods. The total balance of T€74,792 (2018: T€47,354) includes T€3,768 (2018: T€2,318) from the recognition of deferred tax assets which are blocked from distribution.

Dividends totalling €16,438,796, or €2.20 per share, were distributed to UBM's shareholders from net profit for the 2018 financial year. The Management Board recommends the distribution of a dividend of €2.20 per common share, for a total of €16,438,796, from net profit for the 2019 financial year.

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

33. Hybrid capital and hybrid bond

The merger of PIAG as the transferring company and UBM as the absorbing company led to the transfer of hybrid capital totalling €25.3m, which was issued by PIAG in November 2014, to UBM by way of legal succession. The hybrid capital is principally subject to ongoing interest.

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

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

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

The hybrid capital is held by PORR AG.

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

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

34. Provisions

in T€	Severance payments	Pensions	Anniversary bonuses	Buildings	Rental guarantees	Other	Total
Balance as of 1 Jan 2019	1,926	2,098	190	53	1,366	1,184	6,817
Currency adjustments	-	-	-	3	-	-	3
Additions	101	39	37	463	33	753	1,426
OCI additions	176	608	-	-	-	-	784
Amounts used	–494	–41	–12	-	–14	–990	–1,551
Amounts reversed	-	-	-	-	-	–34	–34
Balance as of 31 Dec 2019	**1,709**	**2,704**	**215**	**519**	**1,385**	**913**	**7,445**
of which non-current	1,709	2,704	215	249	1,385	497	6,759
of which current	-	-	-	270	-	416	686

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

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

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

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

Pension plans

Defined benefit plans

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

The provisions for severance payments developed as follows:

in T€	2019	2018
Present value of severance obligations (DBO) as of 1 Jan	1,926	1,942
Reclassification	-	12
Current service cost	69	72
Interest expense	32	32
Severance payments	-494	–140
Actuarial gains (–) / losses (+)	176	8
of which demographic gains/losses	-	–14
of which financial gains/losses	190	–14
of which gains/losses from experience-based adjustments	–14	35
Present value of severance obligations (DBO) as of 31 Dec	**1,709**	**1,926**

in T€	2019	2018
Current service cost (entitlements)	69	72
Interest expense	32	32
Severance costs (recognised in profit and loss for the period)	**101**	**104**
Severance costs (recognised in comprehensive income for the period)	**176**	**8**

UBM concluded a group insurance contract to finance these severance payment claims. The related coverage capital equalled T€1,437 as of 31 December 2019 (2018: T€1,684).

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". Current service cost of T€70 and interest expense of T€11 are planned for the 2020 financial year.

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

Provision for pensions:

Reconciliation of pension obligations to the provision:

in T€	2019	2018
Present value of obligations covered by fund assets	4,594	4,541
Fair value of plan assets	–2,515	–3,035
Net value of obligations covered by fund assets	**2,079**	**1,506**
Present value of obligations not covered by fund assets	625	592
Carrying amount of provision as of 31 Dec	**2,704**	**2,098**

The pension provisions developed as follows:

in T€	2019	2018
Present value of pension obligations (DBO) as of 1 Jan	5,133	7,778
Reclassification	-	–12
Transfer BKV	-	–3,092
Interest expense	95	145
Pension payments	–250	–275
Actuarial gains (–) / losses (+)	241	589
of which demographic gains/losses	-	444
of which financial gains/losses	689	-
of which gains/losses from experience-based adjustments	–448	146
Present value of pension obligations (DBO) as of 31 Dec	**5,219**	**5,133**

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

The receivables of T€2,515 (2018: T€3,035) from reinsurance represent plan assets as defined in IAS 19 and were netted out against the present value of the pension obligations.

Development of plan assets:

in T€	2019	2018
Fair value of plan assets as of 1 Jan	3,035	4,131
Transfer BKV	-	–1,002
Interest income	56	76
Payouts (benefit payments)	–209	–234
Actuarial gains (+) / losses (–)	–367	64
Fair value of plan assets as of 31 Dec	**2,515**	**3,035**

Pension costs (net):

in T€	2019	2018
Interest expense	39	69
Pension costs (recognised in profit/loss for the period)	**39**	**69**
Pension costs (recognised in comprehensive income for the period)	**608**	**526**

Information on the actuarial assumptions underlying the calculation is provided in the section on "Accounting and valuation methods". A current service cost of T€0 and interest expense of T€33 are planned for the 2020 financial year.

The actuarial gains and losses related to severance and pension provisions in 2019 and 2018 consist primarily of experience-based adjustments.

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

Structure of capital investments in classic cover pool in %	2019	2018
Fixed-interest securities	60.00	64.00
Shares, supplementary/mezzanine/participation capital	2.00	2.00
Investment funds	23.00	22.00
Affiliated and associated companies	4.00	3.00
Loans	7.00	6.00
Properties	2.00	2.00
Bank deposits	2.00	1.00
Total	**100.00**	**100.00**

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

	Maturity profile – DBO			DBO	Maturity profile – Cash			Cash
	1–5 years	6–10 years	10+ years	Duration	1–5 years	6–10 years	10+ years	Duration
Pensions	1,240	1,194	2,784	11.92	1,060	1,067	2,858	12.74
Severance payments	556	548	605	8.73	628	752	1,145	10.08

Defined contribution plans
Employees do not acquire any entitlements for severance compensation from their respective employer if their employment relationship is subject to Austrian law and commenced after 31 December 2002. For these employees, contributions equal to 1.53% of the wage or salary are made to an employee welfare fund. These contributions amounted to T€197 in 2019 (2018: T€196). Contributions totalling T€41 (2018: T€10) were made to a pension fund on behalf of the three Management Board members.

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

35. Bonds

in T€	2019	2018
Balance as of 31 Dec	434,456	383,766
Adjustments due to initial application of IFRS 9	-	1,533
Balance as of 1 Jan	**434,456**	**385,299**
Issue	141,186	50,369
Repayment	–91,322	-
Redemption	–25,658	–17,206
Effective interest rate	26,069	15,994
Balance as of 31 Dec	**484,731**	**434,456**

UBM issued a six-year corporate bond (UBM bond 2019–2025) on 13 November 2019 with a total volume of €120m and an annual coupon of 2.75%. An exchange offer was made in connection with this new issue, which resulted in the exchange of a nominal amount of approximately €25.16m from the UBM bond 2015–2020 for the new UBM bond 2019–2025.

In addition, the 3.125% UBM bond 2018-2023 was tapped by €45m to a total volume of €120m on 4 June 2019 through a private placement.

36. Financial liabilities

2019 in T€	Average effective interest rate in %	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Borrowings and overdrafts from banks subject to interest at variable rates	1.50–5.38	137,952	26,828	108,851	2,273	137,952
Borrowings and overdrafts from banks subject to interest at fixed rates	1.95	17,000	3,000	14,000	-	17,000
Borrowings from other lenders subject to interest at fixed rates	1.00–3.45	15,108	750	3,000	11,358	-
Lease obligations subject to interest at variable rates	1.59–6.29	49,765	3,102	9,262	37,401	-
Total		**219,825**	**33,680**	**135,113**	**51,032**	**154,952**

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

The following table shows the minimum lease payments for liabilities from leases of buildings and automobiles (2018: automobiles):

in T€	2019 Nominal value	2019 Discount	2019 Present value	2018 Nominal value	2018 Discount	2018 Present value
Due within 1 year	4,625	1,522	3,103	62	4	58
Due within 1 to 5 years	14,186	4,924	9,262	69	4	65
Due after more than 5 years	56,740	19,340	37,400	-	-	-
Total	**75,551**	**25,786**	**49,765**	**131**	**8**	**123**

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

37. Trade payables

in T€	2019	2018
Payables to third parties	57,199	93,661
Payables to consortiums	-	-
Total	**57,199**	**93,661**

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

38. Other financial liabilities

2019 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Payables to unconsolidated subsidiaries	2,482	2,482	-	-	-
Payables to companies accounted for at equity	6,158	6,158	-	-	-
Payables to other investments	4,957	4,957	-	-	-
Payables related to interest on bonds	2,320	2,320	-	-	-
Payables to staff	7,266	7,266	-	-	-
Miscellaneous	2,386	1,080	399	907	-
Total	**25,569**	**24,263**	**399**	**907**	**-**

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

39. Other liabilities

2019 in T€	Total	Remaining term < 1 year	Remaining term > 1 year < 5 years	Remaining term > 5 years	Of which secured by collateral
Tax liabilities	1,887	1,887	-	-	-
Social security liabilities	371	371	-	-	-
Advances payments received	15,232	15,232	-	-	-
Miscellaneous	73	73	-	-	-
Total	**17,563**	**17,563**	**-**	**-**	**-**

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

40. Taxes payable

Advance payments amounting to T€212 (2018: T€109) on corporate tax were offset against the related payment obligations, similar to the practice followed in previous years.

41. Contingent liabilities and guarantees

This position includes loan guarantees and guarantee declarations of T€98,888 (2018: T€103,781). Contingent liabilities for equity-accounted companies amounted to T€96,106 (2018: T€88,893). These guarantees are not expected to be used.

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

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

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

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

42. Notes on segment reporting

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

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

in T€	Germany 2019	Germany 2018	Austria 2019	Austria 2018
Total Output				
Administration	-	-	6,432	7,219
Hotel	88,573	118,861	6,696	22,927
Office	-	118,794	76,665	76,807
Other	68,161	21,063	75,750	50,602
Residential	89,031	51,388	53,817	112,886
Service	9,730	26,416	15,269	27,848
Total Output	**255,495**	**336,522**	**234,629**	**298,289**
Less revenue from associates and companies of minor importance and from performance companies	–108,757	–113,114	–179,814	–216,802
Changes in the portfolio	–20,427	–1,760	–202	26,412
Revenue	**126,311**	**221,648**	**54,613**	**107,899**
Administration	-	-	10,371	–4,441
Hotel	1,342	30,830	802	90
Office	7,665	42,930	11,918	18,681
Other	24,580	–11,488	–18,837	–355
Residential	12,010	3,011	3,657	6,086
Service	246	276	–7,376	–612
Total EBT	**45,843**	**65,559**	**535**	**19,449**
of which: earnings from associates	16,429	23,413	18,898	12,393
Depreciation, amortisation and impairment	–726	–282	–998	–395
Interest income	1,724	3,517	5,691	6,773
Interest expense	–1,139	–1,538	–17,143	–19,569
Segment assets as of 31 Dec	**521,279**	**563,689**	**1,739,341**	**1,567,631**
of which: intangible assets, property, plant and equipment, and investment property	103,935	136,484	210,306	161,872
of which: associates	33,758	30,649	93,940	80,981
Segment liabilities as of 31 Dec	**381,416**	**414,836**	**1,014,781**	**899,880**
Investments in non-current assets and investment property	**31,879**	**120,844**	**91,652**	**143,140**
Staff	**108**	**228**	**134**	**139**

Poland		Other markets		Reconciliation		Group	
2019	2018	2019	2018	2019	2018	2019	2018
-	-	-	-	-	-	6,432	7,219
55,921	116,315	77,493	31,659	-	-	228,683	289,762
12,351	74,654	353	1,073	-	-	89,369	271,328
17,296	2,962	5,571	2,658	-	-	166,778	77,285
-	-	1,813	16,496	-	-	144,661	180,770
15,860	15,408	1,231	1,695	-	-	42,090	71,367
101,428	**209,339**	**86,461**	**53,581**	**-**	**-**	**678,013**	**897,731**
–52,277	–64,296	–74,872	–31,876	-	-	–415,720	–426,088
–21	12,616	356	5,137	-	-	–20,294	42,405
49,130	**157,659**	**11,945**	**26,842**	**-**	**-**	**241,999**	**514,048**
-	-	-	-	-	-	10,371	–4,441
5,844	4,985	32,022	–2,036	-	-	40,010	33,869
856	–5,009	–2,581	–587	-	-	17,858	56,015
–8,331	–13,912	–725	–2,745	-	-	–3,313	–28,500
–3,995	–6,143	–1,689	–3,130	-	-	9,983	–176
–891	–642	3,624	–245	-	-	–4,397	–1,223
–6,517	**–20,721**	**30,651**	**–8,743**	**-**	**-**	**70,512**	**55,544**
2,668	–691	21,985	806	-	-	59,980	35,921
–1,495	–1,920	–296	–349	-	-	–3,515	–2,946
355	54	2	45	-	-	7,772	10,389
–2,415	–947	–924	–40	-	-	–21,621	–22,094
246,118	**251,715**	**184,807**	**241,695**	**–1,375,156**	**–1,390,075**	**1,316,389**	**1,234,655**
134,696	122,838	61,792	83,382	-	-	510,729	504,576
3,673	3,040	3,113	1,100	-	-	134,484	115,770
263,240	**262,666**	**143,316**	**172,266**	**–948,870**	**–951,309**	**853,883**	**798,339**
80,836	**9,534**	**15,058**	**53,834**	**-**	**-**	**219,425**	**327,352**
70	**206**	**43**	**110**	**-**	**-**	**355**	**683**

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

in T€	Revenue by customer base 2019	Revenue by customer base 2018
Austria	**54,613**	**107,899**
Germany	126,311	221,648
Poland	49,130	157,659
Other foreign	11,945	26,842
Total foreign	**187,386**	**406,149**
Total segments	**241,999**	**514,048**

43. Notes to the cash flow statement

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

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

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

in T€	Financial liabilities	Lease obligations	Derivatives	Bonds	Total
Balance as of 31 Dec 2018	**187,712**	**123**	**33**	**434,456**	**622,324**
Adjustments due to initial application of IFRS 16	-	51,564	-	-	51,564
Balance as of 1 Jan 2019	**187,712**	**51,687**	**33**	**434,456**	**673,888**
Cash flows (cash changes)	72,835	–2,317	–33	49,864	120,349
Non-cash changes					
Sales/acquisitions of companies	–90,703	–30,354	-	-	–121,057
Additions	-	30,145	-	-	30,145
Exchange rate effects	215	605	-	-	820
Accrued interest	-	-	-	411	411
Balance as of 31 Dec 2019	**170,059**	**49,766**	**-**	**484,731**	**704,556**

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

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

44. Notes on financial instruments

Capital risk management

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

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

Gearing

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

The gearing definition applied by the UBM Group was adjusted in connection with the initial application of IFRS 16 to exclude lease liabilities from financial liabilities. The comparative information for liabilities was adjusted by T€123 from T€622,324 to T€622,201.

Gearing at year-end 2019 and 2018 is calculated as follows:

in T€	31 Dec 2019	31 Dec 2018
Debt [1]	654,791	622,201
Cash and cash equivalents	–212,384	–200,447
Net debt	**442,407**	**421,754**
Equity	**462,506**	**436,316**
Net debt to equity	95.65%	96.66%

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

Net debt totalled €442.4m as of 31 December 2019 (2018: €421.8m), which represents a year-on-year increase of 4.90%.

The Group’s overall strategy remains unchanged from the 2019 financial year.

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

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

An analysis of the floating interest rate position, which equalled T€28,869 as of 31 December 2019 (2018: T€178,855) shows the following sensitivities under scenarios with an increase of 0.25 PP and 0.50 PP in interest rates. The extent of the increase in interest rates was derived from the average daily change in interest rates for the 3-month and 6-month EURIBOR in 2019. The interest rate range equalled 0 BP based on a probability of 67.00% and 1 BP based on a probability of 99.00%. The simulated impact on the interest rate positions is as follows:

in T€	Interest balance for the year 2020	Interest balance (p. a.) with straight-line extrapolation from 2021
At interest rate rise of 25 BP	–93	73
At interest rate rise of 50 BP	–186	146

The receivables from project financing are compounded at a rate which reflects the refinancing rate for the UBM Group. A change of 50 BP would increase interest income for 2020 by T€906 (2018: T€699).

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

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

The risk of default on the other primary financial instruments reported under assets in the statement of financial position is also considered low because the contract parties are financial institutions and other debtors with excellent credit ratings. The carrying amount of the financial assets represents the maximum risk of default. The identification of default risks on financial assets leads to the recognition of appropriate valuation allowances. No such allowances were recorded in 2019.

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

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

The foreign currency risks resulting from intragroup financing transactions and/or from loan financing for project companies were simulated as of 31 December 2019 to estimate the possible risks from changes in foreign exchange rates:

FX-Position in T€	Local currency	FX position in local currency in thousand	VAR[1] in T€
–61,138	CZK	1,553,385	651
–2,152	HRK	16,014	10
–913	HUF	301,759	18
–142,803	PLN	607,886	2,092
–522	RON	2,496	5

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

The simulated loss at a probability of 99.00 % over a period of ten days equals a maximum of €2.78m (2018: €4.83m).

Hedging of foreign currency risks

The UBM Group had concluded forward exchange contracts of T€0 as of 31 December 2019 (2018: T€8,490), which were used to hedge loans financed in euros.

As of 31 December 2019, the market valuation of open forward exchange contracts resulted in a fair value of T€0 (2018: T€33). Changes in the fair value of forward contracts resulted in the recognition of income, including currency translation differences, of T€0 in 2019 (2018: T€33).

Derivative financial instruments

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

in T€	2019	2018
Assets		
Derivatives		
without hedges	-	-
with hedges	-	-
Liabilities		
Derivatives		
without hedges	-	33
with hedges	-	-

Liquidity risk

in T €	Average interest rate	Undiscounted payment flows 2020	2021–2024	from 2025
Bonds at fixed interest rates	3.26%	74,669	487,415	123,300
Borrowings and overdrafts from banks at variable interest rates	2.47%	28,585	110,639	2,492
Borrowings and overdrafts from banks at fixed interest rates	1.95%	3,332	14,273	-
Payables to other lenders at fixed interest rates	2.23%	1,250	4,733	13,009
Lease obligations at variable interest rates	3.50%	4,625	14,186	56,740
Trade payables	interest-free	57,199	-	-
Other financial liabilities	interest-free	24,263	399	907

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

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

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

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

In addition to previously contracted project financing, UBM had available credit lines of T€27,000 at its disposal as of 31 December 2019 (2018: T€60,000). Liquidity risk, in total, is therefore considered to be minimal.

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

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

Carrying amounts, valuation and fair value

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2019	Measurement in acc. with IFRS 9 (Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 31 Dec 2019
Assets							
Project financing at variable interest rates	Amortised Cost	181,157	181,157	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,326
Other financial assets	FVTPL	1,889	-	-	1,889	Level 3	1,889
Other financial assets	FVTPL	891	-	-	891	Level 1	891
Trade receivables	Amortised Cost	35,913	35,913	-	-	-	-
Financial assets	Amortised Cost	13,128	13,128	-	-	-	-
Cash and cash equivalents	–	212,384	212,384	-	-	-	-
Liabilities							
Bonds at fixed interest rates	Amortised Cost	484,731	484,731	-	-	Level 1	508,836
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	137,952	137,952	-	-	–	-
at fixed interest rates	Amortised Cost	17,000	17,000	-	-	Level 3	16,832
Other loans and borrowings							
at fixed interest rates	Amortised Cost	15,108	15,108	-	-	Level 3	15,175
Lease liabilities	–	49,765	49,765	-	-	–	-
Trade payables	Amortised Cost	57,199	57,199	-	-	–	-
Other financial liabilities	Amortised Cost	25,569	25,569	-	-	–	-
By category:							
Financial assets at amortised cost	Amortised Cost	238,919	238,919	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,780	-	-	2,780	-	-
Cash and cash equivalents	–	212,384	212,384	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	737,559	737,559	-	-	-	-

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

The carrying amount of financial instruments represents a reasonable approximation of fair value, as defined in IFRS 7.29, with the exception of the following items in 2019: financial assets classified at amortised cost, fixed-interest bonds (fair value hierarchy level 1), fixed-interest liabilities due to financial institutions (fair value hierarchy level 3) and other fixed-interest financial liabilities (fair value hierarchy level 3).

The fair value measurement of bonds is based on the prevailing market prices. Liabilities from bank loans and overdrafts and other financial assets are valued according to the discounted cash flow method, whereby the zero coupon yield curve published by Reuters as of 31 December 2019 was used to discount the cash flows.

Net income by measurement category

in T€	From interest	From dividends	From subsequent measurement	Net income 2019
Financial assets at amortised cost	7,685	-	3,952	11,637
Financial assets at fair value through profit or loss (FVTPL)	68	-	–8	60
Financial liabilities at amortised cost	–19,743	-	1,089	–18,654

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

in T€	2019	2018
Accumulated write-downs		
Balance as of 1 Jan	8,450	5,630
Amortisation and impairment	-	5,130
Appreciation	–3,952	–2,148
Use	-	–162
Balance as of 31 Dec	**4,498**	**8,450**

45. Average number of employees

	2019	2018
Salaried and wage employees		
Domestic	134	139
Foreign	221	544
Total staff	**355**	**683**
of which salaried employees	323	510
of which wage employees	32	173
Total fully consolidated	**355**	**683**

46. Related party disclosures

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

in T€ Companies accounted for at equity	Sale of goods and services		Purchase of goods and services		Receivables		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
Joint ventures	29,025	62,540	641	2,346	184,853	138,729	4,434	8,955
of which: from financing	9,669	7,462	276	-	161,970	117,170	-	-
Associated companies	26	34	11	15	4,717	7,527	1,724	1,713
of which: from financing	-	8	4	-	4,717	6,819	-	-

Transactions with related parties

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

Transactions in 2019 between companies included in the UBM Group's consolidated financial statements and member companies of the PORR Group are related primarily to construction services.

UBM purchased 100.00 % of the shares in a company from the PORR Group in 2019; the purchase price of T€34 was paid in cash. Moreover, UBM acquired undeveloped land from a company which is controlled by a member of the Supervisory Board; the respective purchase price totalled T€18,000.

Interest totalling T€1,520 on the hybrid capital was paid to PORR AG (2018: interest of T€2,339 on hybrid and mezzanine capital). The hybrid capital is held by PORR AG.

in T€	Sale of goods and services 2019	Sale of goods and services 2018	Purchase of goods and services 2019	Purchase of goods and services 2018	Receivables 2019	Receivables 2018	Liabilities 2019	Liabilities 2018
PORR Group	4,975	5,441	28,408	100,458	368	2,061	5,620	5,434
of which: from financing	2	-	1	-	-	-	-	-
IGO Industries Group	1	112	4,116	15,581	1	-	311	7,197
Strauss Group	-	479	1	-	-	-	-	-
Other	-	455	177	178	-	-	-	-

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

The impact of the outbreak of the COVID-19 pandemic on UBM's business activities cannot be appropriately assessed at the present time due to the ongoing, dynamic developments, but is under continuous evaluation. The effects of the measures implemented by various governments (e.g. travel limitations and curfews) on the economy can, however, be described as highly significant. UBM's hotel leasing business is directly affected, and temporary limitations on the operations of business partners can lead to delays in transactions or in the progress of project construction. The further development of the demand for real estate in UBM's asset classes is currently connected with substantial uncertainty, and a serious estimate is impossible. Depending on the duration and scope of the expected recession, a low interest rate environment can increase the attractiveness of real estate investments – but this trend could be offset by investors' demand for higher risk premiums. UBM Development has already implemented a range of measures, with priority given to employees' health and the protection of liquidity, in order to be prepared as best as possible for the effects of the corona crisis on the UBM Group.

The Management Board of UBM compiled these consolidated financial statements and released them to the Supervisory Board on 16 April 2020. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating or withholding its approval.

48. Other disclosures

The fees charged by the auditor in 2019 include T€85 (2018: T€85) for the audit of the consolidated financial statements, T€127 (2018: T€354) for other assurance services and T€105 (2018: T€95) for miscellaneous services. The miscellaneous services consist primarily of services related to the issue of comfort letters and other consulting activities. The other consulting activities cover the review of the half-year financial statements and audit work for subsidiaries.

49. Executive bodies

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

in T€	Management Board remuneration, fixed	Management Board remuneration, variable[1]	Non-cash benefits	Pension fund/ severance payments	Total 2019
Management Board remuneration 2019					
Thomas G. Winkler	540	360	12	14	926
Martin Löcker	347	240	12	19	618
Patric Thate	347	240	9	9	605
Total	**1,234**	**840**	**33**	**42**	**2,149**
of which: short-term benefits due	1,234	840	33	-	2,107
of which: compensation related to the termination of the Management Board employment contract	-	-	-	42	42
Supervisory Board remuneration 2019	**-**	**-**	**-**	**-**	**315**

[1] expected variable remuneration for 2019, payable in 2020

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

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

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

A provision of T€1,252, after deduction of the available securities coverage, exists for pension payments to a former Management Board member (2018: T€1,067).

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

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

A total of 236,300 (2018: 236,300) potential shares were granted to the members of the Management Board under the Long-Term Incentive Programme 2017 (LTIP) (see note 16). Of the total expenses for the LTIP, T€503 (2018: T€597) are related to the Management Board.

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

Members of the Supervisory Board:
Karl-Heinz Strauss, FRICS, Chairman
Iris Ortner, Deputy Chairwoman
Susanne Weiss
Klaus Ortner
Ludwig Steinbauer
Paul Unterluggauer
Bernhard Vanas
Christian B. Maier (up to 29 May 2019)
Birgit Wagner (as of 29 May 2019)
Martin Kudlicska
Hannes Muster
Günter Schnötzinger
Johann Kaller (up to 27 May 2019)
Anke Duchow (as of 27 May 2019)

Vienna, 16 April 2020

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Investments

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
Subsidiaries									
„Athos" Bauplanungs- und Errichtungsgesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
„UBM 1" Liegenschafts-verwertung Gesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
Aiglhof Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Ariadne Bauplanungs- und Baugesellschaft m.b.H.	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
Bahnhofcenter Entwicklungs-, Errichtungs- und Betriebs GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Baranygasse Wohnen GmbH	AT	EUR	Vienna				0.00	100.00	V
BMU Beta Liegenschafts-verwertung GmbH	AT	EUR	Vienna	50.00	100.00	V	50.00	100.00	V
CM Wohnungsentwicklungs GmbH	AT	EUR	Vienna	94.00	100.00	V	94.00	100.00	V
COLDBEE GmbH & Co KG	AT	EUR	Vienna				0.00	70.00	V
Donauhof Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	90.60	V	0.00	90.60	V
Donauhof Management GmbH	AT	EUR	Vienna	0.00	90.00	V	0.00	90.00	V
Dorfschmiede St. Johann Immobilien GmbH	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
Emiko Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U
EPS Dike West-IBC GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Haagerfeldstraße – Business. Hof Leonding 2 Errichtungs- und Verwertungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Höhenstraße Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
EPS Immobilienmanagement GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	U	0.00	100.00	U
EPS Immobilienmanagement „Schützenwirt" GmbH & CO KG	AT	EUR	Innsbruck	0.00	100.00	V	0.00	100.00	V
EPS MARIANNE-HAINISCH-GASSE – LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS MARIANNE-HAINISCH-GASSE – LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Office Franzosengraben GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Office Franzosengraben GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
EPS RINNBÖCKSTRASSE – LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS RINNBÖCKSTRASSE – LITFASS-STRASSE Liegenschaftsverwertungs- und Beteiligungsverwaltungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Welser Straße 17 – Business. Hof Leonding 1 Errichtungs- und Beteiligungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
EPS Welser Straße 17 – Business. Hof Leonding 1 Errichtungs- und Beteiligungs GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gepal Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gevas Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Golera Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
GORPO Projektentwicklungs- und Errichtungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Gospela Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
IBC Business Center Entwicklungs- und Errichtungs-GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Impulszentrum Telekom Betriebs GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	30.00	100.00	V	30.00	100.00	V
Jandl Baugesellschaft m.b.H.	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Logistikpark Ailecgasse GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
MBU Liegenschaftsverwertung Gesellschaft m.b.H.	AT	EUR	Vienna	90.00	100.00	V	90.00	100.00	V
MLSP Absberggasse Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
ML-ZENTRAL Liegenschaftsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
MySky Verwertungs GmbH & Co. OG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
PII LBS 43 GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Porr – living Solutions GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Projekt Ost – IBC Business Center Entwicklungs- und Errichtungs-GmbH & Co KG	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
QBC Epsilon SP Immomanagement GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
QBC Immobilien GmbH & Co Epsilon KG	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
Rainbergstraße – Immobilienprojektentwicklungs GmbH	AT	EUR	Vienna	99.00	100.00	V	99.00	100.00	V
RBK Wohnbau Projektentwicklung GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Sabimo Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Sabimo Liebenauer Hauptstraße GmbH	AT	EUR	Vienna				0.00	100.00	V
Sabimo Monte Laa Bauplatz 2 GmbH	AT	EUR	Vienna	0.00	100.00	V			
SAINTE CHIONIA GmbH & Co KG	AT	EUR	Vienna				0.00	100.00	V
SFZ Freizeitbetriebs-GmbH & Co KG	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
SFZ Immobilien GmbH	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	U	0.00	100.00	U
SFZ Immobilien GmbH & Co KG	AT	EUR	Unterpremstätten, Premstätten municipality	0.00	100.00	V	0.00	100.00	V
Siebenbrunnengasse 21 GmbH & Co OG	AT	EUR	Vienna	0.00	100.00	V			
Somax Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
SP Graumanngasse 8–10 Immobilien GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
St. Peter-Straße 14–16 Liegenschaftsverwertung Ges.m.b.H.	AT	EUR	Vienna	50.00	100.00	V	50.00	100.00	V
sternbrauerei-riedenburg revitalisierung gmbh	AT	EUR	Vienna	99.00	99.00	V	99.00	99.00	V
UBM - Satteins Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
UBM Beteiligungsmanagement GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
UBM CAL Projekt GmbH	AT	EUR	Vienna	100.00	100.00	V	100.00	100.00	V
UBM CAL Projekt GmbH & Co KG	AT	EUR	Vienna	94.00	100.00	V	94.00	100.00	V
UBM Development Österreich GmbH	AT	EUR	Vienna	99.96	100.00	V	99.96	100.00	V
UBM Seevillen Errichtungs-GmbH	AT	EUR	Vienna				100.00	100.00	V
WA Bad Häring I mmobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
WA Terfens-Roan Immobilien GmbH	AT	EUR	Kematen in Tyrol	0.00	100.00	V	0.00	100.00	V
WLB Projekt Laaer Berg Liegenschaftsverwertungs- und Beteiligungs-GmbH	AT	EUR	Vienna	0.00	100.00	V	0.00	100.00	V
Wohnpark Laaer Berg Verwertungs- und Beteiligungs-GmbH & Co. Bauplatz 4 „blau“ Projekt-OG	AT	EUR	Vienna	0.00	100.00	U	0.00	100.00	U

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
UBM Development Bulgaria EOOD	BG	BGN	Sofia	100.00	100.00	V	100.00	100.00	V
ANDOVIEN INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	V	100.00	100.00	V
DICTYSATE INVESTMENTS LIMITED	CY	EUR	Limassol	100.00	100.00	V	100.00	100.00	V
AC Offices Klicperova s.r.o.	CZ	CZK	Prague	0.36	100.00	V	0.36	100.00	V
ARSENAL-EUROPE s.r.o.	CZ	CZK	Prague	0.00	100.00	V			
Immo Future 6 – Crossing Point Smichov s.r.o.	CZ	CZK	Prague	20.00	100.00	V	20.00	100.00	V
KASAVIT III s.r.o.	CZ	CZK	Prague	0.00	100.00	V			
Na Záhonech a.s.	CZ	CZK	Prague	30.12	100.00	V	30.12	100.00	V
Paleva s.r.o. v likvidaci	CZ	CZK	Prague				0.00	100.00	V
RE Moskevská spol.s.r.o.	CZ	CZK	Prague	0.00	100.00	V	0.00	100.00	V
TOSAN park a.s.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM – Bohemia 2 s.r.o.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM Development Czechia s.r.o.	CZ	CZK	Prague	100.00	100.00	V	100.00	100.00	V
UBM Stodůlky s.r.o.	CZ	CZK	Prague	0.00	100.00	V			
ALBA BauProjektManagement GmbH	DE	EUR	Oberhaching	0.00	100.00	V	0.00	100.00	V
Arena Boulevard GmbH & Co. KG	DE	EUR	Berlin	0.00	94.00	V	0.00	94.00	V
Arena Boulevard Verwaltungs GmbH in Liqu.	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Baubergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Baubergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
BERMUC Hotelerrichtungs GmbH	DE	EUR	Munich	100.00	100.00	V	94.00	94.00	V
Blitz 01 – 815 GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
Bürohaus Leuchtenbergring GmbH & Co. Besitz KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
City Objekte München GmbH	DE	EUR	Munich	0.00	90.00	V	0.00	90.00	V
City Tower Vienna Grundstücksentwicklungs und Beteiligungs-GmbH in Liqu.	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Colmarer Straße GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Colmarer Straße Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Friendsfactory Projekte GmbH	DE	EUR	Munich	0.00	55.00	V	0.00	55.00	V
GeMoBau Gesellschaft für modernes Bauen mbH in Liqu.	DE	EUR	Berlin	0.00	94.00	U	0.00	94.00	U
Immobilien- und Baumanagement Stark GmbH & Co. Stockholmstraße KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
Kaiserleipromenade GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V			
Kühnehöfe Hamburg GmbH & Co. KG	DE	EUR	Munich	0.00	62.99	V	0.00	62.99	V
Kühnehöfe Hamburg Komplementär GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	80.00	U
Levelingstraße GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V			
Levelingstraße Verwaltungs GmbH	DE	EUR	Munich	0.00	100.00	U			
Mainz Zollhafen Hotel GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Mainz Zollhafen Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Max-Dohrn-Straße GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V			
MG Brehmstrasse BT C GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
MG Projekt-Sendling GmbH	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
MG-Brehmstrasse BT C GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Brehmstrasse BT C Komplementär GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MG-Dornach Bestandsgebäude GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
MGO I Development GmbH & Co.KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
MGO II Development GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Münchner Grund Riem GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Oben Borgfelde Projekt GmbH & Co. KG	DE	EUR	Berlin	0.00	100.00	V	0.00	100.00	V
Oben Borgfelde Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Schloßhotel Tutzing GmbH	DE	EUR	Starnberg	0.00	94.00	V	0.00	94.00	V
SIL Realinvest GmbH	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
SONUS City GmbH & Co. KG	DE	EUR	Berlin	0.00	84.00	V	0.00	84.00	V
SONUS City Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
SONUS II Verwaltungs GmbH	DE	EUR	Berlin	0.00	100.00	U	0.00	100.00	U
Stadtgrund Bauträger GmbH	DE	EUR	Berlin	100.00	100.00	V	100.00	100.00	V
Top Office Munich GmbH	DE	EUR	Grünwald, Munich municipality	0.00	100.00	V	0.00	100.00	V
UBM Development Deutschland GmbH	DE	EUR	Munich	94.00	94.00	V	94.00	94.00	V
UBM Holding Deutschland GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
UBM Invest AG	DE	EUR	Munich	100.00	100.00	V			
UBM Invest Deutschland GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V
UBM Leuchtenbergring GmbH	DE	EUR	Munich	100.00	100.00	V	100.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
Unterbibergerstrasse GmbH & Co. KG	DE	EUR	Munich	0.00	100.00	V	0.00	100.00	V
Unterbibergerstrasse Verwaltung GmbH	DE	EUR	Munich	0.00	100.00	U	0.00	100.00	U
Sitnica drustvo s ogranicenom odgovornoscu za usluge	HR	HRK	Samobor	83.89	100.00	V	0.00	100.00	V
UBM d.o.o. za poslovanje nekretninama	HR	HRK	Zagreb	100.00	100.00	V	100.00	100.00	V
Gamma Real Estate Ingtalanfejlesztö és – hasznosító Korlátolt Felelösségü Társaság	HU	HUF	Budapest	0.00	100.00	V	0.00	100.00	V
UBM Development Hungary Korlátolt Felegösségü Társaság	HU	HUF	Budapest	100.00	100.00	V	100.00	100.00	V
UBM Development Netherlands B.V.	NL	EUR	Amsterdam	100.00	100.00	V	100.00	100.00	V
UBM Kneuterdijk B.V.	NL	EUR	Amsterdam	0.00	100.00	V	0.00	100.00	V
„UBM Residence Park Zakopianka" Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	V	100.00	100.00	V
Bartycka Real Estate Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
FMZ Gdynia Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	70.30	100.00	V	70.30	100.00	V
FMZ Lublin Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw				0.00	70.00	V
FMZ Sosnowiec Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	55.00	V
Ligustria 12 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Oaza Kampinos Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
PBP IT-Services Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Development Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Lisbon Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
Poleczki Madrid Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	99.00	V
Poleczki Parking House Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	V	0.00	99.00	V
Poplar Company Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Development Polska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V
UBM GREEN DEVELOPMENT SPÓLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	PL	PLN	Warsaw	100.00	100.00	V	100.00	100.00	V

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
UBM Hotel Granary Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Mogilska Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Nowy Targ Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM RIWIERA 2 Spólka z ograniczona odpowiedzialnoscia BIS Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Riwiera 2 Spólka z ograniczona odpowiedzialnoscia Spólka komandytowa	PL	PLN	Warsaw	0.00	100.00	V	0.00	100.00	V
UBM Twarda Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw				0.00	100.00	V
UBM Zielone Tarasy Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	100.00	100.00	V	100.00	100.00	V
Yavin BIS Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	V	0.00	99.00	V
Yavin Holding Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	99.00	V	0.00	99.00	V
Yavin Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Poznan	0.00	100.00	V	0.00	100.00	V
Lamda Imobiliare SRL	RO	RON	Bucharest	0.00	100.00	V	0.00	100.00	V
M Logistic Distribution S.R.L.	RO	RON	Bucharest				100.00	100.00	V
UBM Development Romania s.r.l.	RO	RON	Bucharest	99.15	100.00	V	99.15	100.00	V
UBM Development Slovakia s.r.o.	SK	EUR	Bratislava	100.00	100.00	V	100.00	100.00	V
UBM Koliba s.r.o.	SK	EUR	Bratislava	100.00	100.00	V	100.00	100.00	V
Tovarystvo z obmezhenoju vidpovidalnistu „UBM Ukraine"	UA	UAH	Kiev	100.00	100.00	U	100.00	100.00	U
Associated companies									
ASA - Projektentwicklung - GmbH	AT	EUR	Vienna	0.00	49.35	E/A	0.00	49.35	E/A
CCG Immobilien GmbH	AT	EUR	Werndorf				0.00	50.00	E/A
Ehrenhausen Bauträger GmbH	AT	EUR	Bad Gleichenberg				0.00	30.00	E/A
Palais Hansen Immobilienentwicklung GmbH	AT	EUR	Vienna	0.00	33.57	E/A	0.00	33.57	E/A
CAMG Zollhafen HI IV V GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	49.90	E/A	0.00	49.90	E/A
CAMG Zollhafen HI IV V Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	49.90	U	0.00	49.90	U
German Hotel Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	47.00	U	0.00	47.00	U

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
Joint ventures									
CCG Nord Projektentwicklung GmbH	AT	EUR	Werndorf	0.00	50.00	U	0.00	50.00	U
CCG Nord Projektentwicklung GmbH & Co KG	AT	EUR	Werndorf	0.00	50.00	E/G	0.00	50.00	E/G
FWUBM Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
FWUBM Services GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
Glamas Beteiligungsverwaltungs GmbH & Co „Beta" KG	AT	EUR	Vienna	0.00	33.34	E/A	0.00	26.67	E/A
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Jochberg	0.00	50.00	U	0.00	50.00	U
Jochberg Hotelprojektentwicklungs- und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Jochberg	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs und Beteiligungsverwaltungs GmbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Jochberg Kitzbüheler Straße Errichtungs- und Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Karlauerstraße 57 Projektentwicklungs GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Karlauerstraße 57 Projektentwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	71.80	E/G	0.00	71.80	E/G
Kelsenstraße 5 Immobilien GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Kelsenstraße 5 Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	47.00	E/G	0.00	47.00	E/G
Kelsenstraße 7 Immobilien GmbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Kelsenstraße 7 Immobilien GmbH & Co KG	AT	EUR	Vienna	0.00	47.00	E/G	0.00	47.00	E/G
LiSciV Muthgasse GmbH & Co KG	AT	EUR	Vienna	0.00	33.34	E/A	0.00	26.67	E/A
Murgalerien Errichtungs- und Verwertungs-GmbH	AT	EUR	Unterpremstätten, Premstätten municipality				0.00	50.00	E/G
Nordbahnhof-Vierte Wohnungs-GmbH	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
PEM Projektentwicklung Murgalerien GmbH	AT	EUR	Unterpremstätten, Premstätten municipality				0.00	50.00	U
QBC Alpha SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
QBC Gamma SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
QBC Immobilien GmbH	AT	EUR	Vienna	0.00	78.98	E/G	0.00	78.98	E/G
QBC Immobilien GmbH & Co Alpha KG	AT	EUR	Vienna	0.00	67.10	E/G	0.00	67.10	E/G

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
QBC Immobilien GmbH & Co Omega KG	AT	EUR	Vienna	0.00	67.10	E/G	0.00	67.10	E/G
QBC Immobilien GmbH & Co Zeta KG	AT	EUR	Vienna	0.00	80.24	E/G	0.00	80.24	E/G
QBC Omega SP Immomanagement GmbH	AT	EUR	Vienna	0.00	65.00	E/G	0.00	65.00	E/G
Rankengasse 28 Projekt-entwicklungs GmbH	AT	EUR	Vienna	0.00	70.00	E/G	0.00	70.00	E/G
Rankengasse 28 Projekt-entwicklungs GmbH & Co KG	AT	EUR	Vienna	0.00	71.80	E/G	0.00	71.80	E/G
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungs-gesellschaft mbH	AT	EUR	Vienna	0.00	50.00	U	0.00	50.00	U
Rosenhügel Entwicklungs-, Errichtungs- und Verwertungs-gesellschaft mbH & Co KG	AT	EUR	Vienna	0.00	50.00	E/G	0.00	50.00	E/G
Seeresidenz am Wolfgangsee Beteiligungsverwaltung GmbH	AT	EUR	Vienna	0.00	45.00	E/G	0.00	45.00	E/G
Seeresidenz am Wolfgangsee Projektentwicklungs- und Errichtungs GmbH	AT	EUR	Vienna	0.00	45.00	U	0.00	45.00	U
Soleta Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00	33.34	U	0.00	26.67	U
Storchengrund GmbH in Liqu.	AT	EUR	Vienna				0.00	50.00	U
UBM hotels Management GmbH	AT	EUR	Vienna	50.00	50.00	E/G	50.00	50.00	E/G
W 3 Errichtungs- und Betriebs-Aktiengesellschaft	AT	EUR	Vienna	26.67	80.00	E/G	26.67	80.00	E/G
WA Kufstein Salurnerstraße Immobilen GmbH	AT	EUR	Kematen in Tirol	0.00	75.00	E/G	0.00	75.00	E/G
Wohnanlage Andritz – Stattegger Straße 2 GmbH	AT	EUR	Graz	0.00	51.00	E/G	0.00	51.00	E/G
Wohnanlage EZ 208 KG Andritz GmbH	AT	EUR	Graz	0.00	51.00	E/G	0.00	51.00	E/G
Wohnanlage Geidorf – Kahngasse GmbH	AT	EUR	Graz	50.00	50.00	E/G	50.00	50.00	E/G
Wohnanlage Karlauerstraße 27 GmbH	AT	EUR	Vienna	0.00	50.10	E/G			
Grafická 1 s.r.o.	CZ	CZK	Praque	50.00	50.00	E/G	50.00	50.00	E/G
Sugar Palace Op Co s.r.o.	CZ	CZK	Praque	75.00	75.00	E/G			
Sugar Palace Prop Co s.r.o.	CZ	CZK	Praque	75.00	75.00	E/G	100.00	100.00	V
ACC Berlin Konferenz Betriebs GmbH in Liqu.	DE	EUR	Berlin				50.00	50.00	E/G
Anders Wohnen GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
AVALERIA Beteiligungs-gesellschaft mbH	DE	EUR	Dusseldorf	0.00	40.00	U	0.00	40.00	U
AVALERIA Hotel HafenCity GmbH & Co. KG	DE	EUR	Dusseldorf	0.00	37.92	E/G	0.00	37.92	E/G
CentralTower Berlin GmbH	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel II Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
German Hotel III Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
German Hotel Invest II GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest III GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel Invest IV GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
German Hotel IV Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	50.00	U	0.00	50.00	U
Lilienthalstraße Wohnen GmbH Münchner Grund und Baywobau	DE	EUR	Grünwald, Munich municipality	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam I GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGH Potsdam Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
MGR Thulestraße GmbH & Co. KG	DE	EUR	Berlin	0.00	50.00	E/G	0.00	50.00	E/G
MGR Thulestraße Verwaltungs GmbH	DE	EUR	Berlin	0.00	50.00	U	0.00	50.00	U
Obersendlinger Grund GmbH & Co. KG	DE	EUR	Grünwald, Munich municipality	0.00	30.00	E/G	0.00	30.00	E/G
Obersendlinger Grund Verwaltungs GmbH	DE	EUR	Grünwald, Munich municipality	0.00	30.00	U	0.00	30.00	U
UBX 1 Objekt Berlin GmbH	DE	EUR	Munich	50.00	50.00	E/G	50.00	50.00	E/G
HOTEL PARIS II S.A.R.L.	FR	EUR	Marne la Vallée				50.00	50.00	E/G
UBX Development (France) Societé par actions simplifiée	FR	EUR	Magny le Hongre Cedex 4				50.00	50.00	E/G
Rosebud Holding S.A.S.	LU	EUR	Luxembourg				50.00	50.00	U
Styria B.V.	NL	EUR	Amsterdam	0.00	50.00	E/G	0.00	50.00	E/G
„SOF Hotel Operations“ Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	0.00	50.00	E/G	0.00	50.00	E/G
Berlin Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Lanzarota Investments Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	34.00	50.00	E/G	34.00	50.00	E/G
Poleczki Amsterdam Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Poleczki Vienna Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G
Warsaw Office Spólka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00	74.00	E/G	0.00	74.00	E/G

Legal name	Country	Currency	Domicile	Capital share in % direct (31.12.2019)	Capital share in % indirect (31.12.2019)	Type of consolidation	Capital share in % direct (31.12.2018)	Capital share in % indirect (31.12.2018)	Type of consolidation
Other investments									
STRAUSS & CO. Development GmbH	DE	EUR	Berlin	0.00	6.00	U	0.00	6.00	U
ZAO „AVIELEN A.G."	RU	RUB	St. Petersburg	0.00	10.00	U	0.00	10.00	U

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

Auditor's Report

Report on the Consolidated Financial Statements

Audit opinion
We have audited the consolidated financial statements of UBM Development AG, Vienna, and of its subsidiaries (UBM Group) comprising the consolidated statement of financial position as of 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in Group equity and the consolidated cash flow statement for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of 31 December 2019 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and in accordance with Austrian Generally Accepted Accounting Principles, particularly § 245a UGB.

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

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

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

1. Valuation of real estate assets

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

1. Valuation of real estate assets

Situation and reference to further information
The majority of assets of the group is invested in real estate in the balance sheet items property plant and equipment, investment property, inventories and non-current assets held for sale as well as trade receivables. These balance sheet items total a real estate value amounting to approximately €745m, which sums up to 56 % of the balance sheet total. The valuations mostly depend on the fair value of the real estate on the reporting date. For investment property and assets held for sale in accordance with IFRS 5 the fair value model according to IAS 40 is used, whereas other assets in accordance with IAS 2 and IAS 16 use the fair value as a comparative amount for necessary adjustments of carrying amounts. Real estate assets, which are presented as contract assets within trade receivables for which revenue is recognises over time according to IFRS 15, are accounted for based on the transaction price and the percentage of completion which is derived from the planning calculation.

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

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

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

Chapter 19 (investment property) contains a breakdown and movement schedule of investment property divided into asset classes as well as a table with significant inputs for the fair value determination. The section on inventories (23) includes information on carrying amounts of real estate carried at fair value and impairments. Performed appreciations and depreciations are reported in the income statement or in chapter 11 (other operating expenses) of the notes to the consolidated financial statements. Chapter 24 (trade receivables) contains information on contract assets and recognised profits set in this context.

Our audit response
The fair value is determined primarily by external appraisers, and partly also by internal valuations. As of 31 December 2019, real estate classified as investment property, inventory and property plant and equipment with a total carrying amount of €523m was valued by external appraisers. In addition, purchase agreements and planning calculations were available for the properties reported under trade receivables amounting to around €65m.

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

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

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

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

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

- Evaluation of the objectivity, independence and expertise of the external appraisers.
- Evaluation of the used valuation method and assessment whether it is in accordance with internationally accepted standards. For the residual value method of projects under development, we paid particular attention to the applicability of the material assumptions regarding expected development costs and expected real estate utilisation and whether these could be assessed with sufficient certainty and plausibility.
- Critical assessment of the discount rates and their change over time. The discount rates and yields were compared to transactions and valuations of similar asset classes and locations. Within the observed bandwidths, it was assessed whether changes in discount rates were justified due to market conditions or property-specific characteristics and whether they were consistently applied.
- Our real estate experts tested the plausibility of other material inputs such as rental income, occupancy rates and repair and maintenance costs by comparing them to similar market and experience rates. In addition, the data used was reconciled to underlying data of specific properties, such as, for example, the current lease status or lease payments, this was performed on a sampling basis. In the case of real estate in development, the expected construction costs used in the appraisals were compared to construction costs until completion of comparable objects. The developer profit used for the valuation was assessed through comparison with similar properties.
- In addition, the expectations, changes and conspicuities with respect to material inputs and the performance of individual properties were discussed with the management and the internal valuation team. These discussions were held both in advance of the assessment and after the assessment results were obtained. We challenged the valuations based on comparable transactions and knowledge of the market. Particular attention was paid to changes that differed from our preliminary expectations.

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

Situation and reference to further information

Apart from real estate property in fully consolidated Group companies, the book values of shareholdings in companies accounted for under the equity method and therein bound project financing in associated companies and joint ventures form a major part of the Group assets. In total these assets account for about €301m as of 31 December 2019, which amounts to 23% of total assets.

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

In the process of preparing consolidated financial statements, the fair value of the properties held in the joint ventures and associated companies is determined. The fair value is determined primarily by means of the discounted cash flow model, in particular through the Term and Reversion method. In general, the residual value method is applied for real estate development.

The results of the valuations are highly dependent on the estimation of the main inputs influencing the value of interest such as interest rates, expected rental and capital flows, construction costs up to completion and developer profits.

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

Reference to further information
Chapter 4 (accounting and measurement methods) of the notes to the consolidated financial statements provides information on the accounting and measurement methods for shareholdings in companies accounted for under the equity method and project financing. In chapter 20 (shares in companies accounted for under the equity method) the carrying values and the comprehensive income originating from associated companies and joint ventures is disclosed as well as further information about the financial position, financial performance and cash flows of the significant entities. Chapters 21 and 44 contain information regarding the carrying values, impairment and their development of project financing.

Our audit response
The fair value of the real estate held in joint ventures and associated companies is determined in the same manner as the valuation of the real estate that is directly held by the group. It is therefore primarily carried out by assigning external appraisers, whereby external valuations are generally carried out when a certain threshold is exceeded or if there are indications for an impairment. In the course of the audit, we examined the appropriateness of the criteria and the actual selection of the external appraisals.

Similar to the audit procedures performed on real estate held directly by the group, we selected a sample for the review of the valuations. This sample was selected based on quantitative and qualitative criteria. For this sample, our real estate appraisal specialists carried out auditing procedures similar to the auditing procedures for real estate held directly by the Group. For real estate accounted for under IFRS 15 the existing purchase contracts were verified to substantiate the transaction price. The assumptions with regard to the total investment costs, which are used to measure the stage of completion, were discussed with the management and critically assessed.

In addition, we have tested whether the gains and losses resulting from the fair value movement of investment properties were accurately accounted for in the equity of the joint ventures and associated companies. Also, we have tested the evaluation of the net equity of the project companies and the resulting impairment and reversal of impairment of shareholdings and project financing by comparison with the carrying amounts. Thereby, the recoverability of shareholdings and project financing have been evaluated and reviewed together per project company.

Responsibilities of Management and of the Supervisory Board for the consolidated financial statement
Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and in accordance with Austrian Generally Accepted Accounting Principles, particularly § 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Comments on the Management Report for the group
Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion
In our opinion, the management report for the group was prepared in accordance with the valid legal requirements, contains information in accordance with § 243a UGB and is consistent with the consolidated financial statements.

Statement
Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

Other informations
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information in accordance with article 10 of the EU regulation
We were elected as auditor by the ordinary general meeting at 29 May 2019. We were appointed by the Supervisory Board on 19 June 2019. We are auditors without cease since 2002.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 para. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

We did not perform additional services for the audited company or entities controlled by it that were not disclosed in the consolidated financial statements.

Responsible Austrian Certified Public Accountant
The engagement partner on the audit resulting in this independent auditor's report is Mr. Markus Trettnak, Certified Public Accountant.

Vienna, 16 April 2020

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Markus Trettnak	**Gerhard Fremgen**
Certified Public Accountant	Certified Public Accountant

Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 para. 2 UGB (Austrian Company Code) applies to alternated versions.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Use of profits

UBM Development AG closed the 2019 financial year with total profit of €19,434,795.91. The Management Board recommends the payment of a dividend of €2.20 per share, for a total payout of €16,438,796.00 based on 7,472,180 shares, and the carryforward of the remaining €2,995,999.91.

If this proposal for the use of profits is approved by the Annual General Meeting, the dividend of €2.20 per share will be paid beginning on 5 June 2020, in accordance with the applicable regulations under tax law, through credit by the custodian bank. The main paying agent is Erste Group Bank AG.

Vienna, 16 April 2020

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Responsibility Statement

Statement by the company's legal representatives in accordance with Section 124 Para. 1 in connection with Para. 2 of the Austrian Stock Exchange Act 2018 – Consolidated Financial Statements

We hereby confirm to the best of our knowledge that these consolidated financial statements, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and financial performance of the Group as the total of all companies included in the consolidation. Furthermore, we confirm to the best of our knowledge that the management report presents the development of business, the results of operations and the position of the Group so as to provide a true and fair view of the Group's financial position and financial performance and also describes the material risks and uncertainties to which the Group is exposed.

Vienna, 16 April 2020

The Management Board

Thomas G. Winkler
Chairman

Martin Löcker

Patric Thate

Glossary

ACCG	Austrian Code of Corporate Governance
ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
BREEAM	British rating system for ecological and socio-cultural aspects of the sustainability of buildings (=Building Research Establishment Limited Assessment Method)
Brownfield-development	Developments on land previously used for industrial purposes that has subsequently become vacant; the soil may be contaminated
CEE/SEE	Central Eastern Europe/South Eastern Europe
COVID-19	Coronavirus pandemic 2019; a viral disease caused by the SARS-CoV-2 coronavirus
DAX	Leading index of the German Stock Exchange (Deutscher Aktienindex)
DBO	Defined benefit obligation
DGNB	German Sustainable Building Council
Dividend yield	Dividend per share in relation to the share price
DSGVO	EU data protection law
EBIT	Earnings Before Interest and Taxes
EBITDA	Earning Before Interest, Taxes, Depreciation and Amortisation
EBT	Earnings before Taxes
Equity ratio	Equity recognised as of the reporting date in relation to total assets
EURO STOXX 50	Stock index that consists of the 50 largest listed companies in the eurozone
Executive Committee	Represents UBM's management team; it includes the three members of the Management Board as well as 18 country and area heads plus selected managers
FAZ	Frankfurter Allgemeine Zeitung
Forward sale	Sale of development projects prior to completion
FVTPL	Fair value through profit or loss
GDP	Gross domestic product
GFA	Gross floor area
GHG emissions	Greenhouse gas emissions
Greenfield development	Developments on non-built-up areas, e.g. a piece of land such as a forest, meadow or fields that have not previously been developed
IAS	International Accounting Standards
IATX	Immobilien Austrian Traded Index; real estate index that contains the most important real estate companies listed on the Vienna Stock Exchange
IFRS	International Financing Reporting Standards
IHG	InterContinental Hotels Group PLC is a British hotel chain which includes, among others, Holiday Inn, Holiday Inn Express and VOCO
IMF	International Monetary Fund
Impairment test	IAS 36 requires the regular testing of assets for indications of impairment. If an asset is impaired, its carrying amount must be reduced through the recognition of an impairment loss.
kWh	Kilowatt hour
LEED	American rating system for ecological and socio-cultural aspects of the sustainability of buildings (= Leadership in Energy and Environmental Design)
Market capitalisation	Share price multiplied by the number of shares in issue (market cap)

MSCI World	Share index which includes over 1,600 shares from 23 industrial countries
NaDiVeG	Austrian Act to Improve Sustainability and Diversity (Nachhaltigkeits- und Diversitätsgesetz)
Net debt	Non-current and current financial liabilities, excl. lease liabilities, minus cash and cash equivalents
P/E ratio	Price-earnings ratio, the share price in relation to earnings per share
PoC method	Under the percentage of completion method, profit is realised over time based on the stage of completion
Prime Market	Market segment of the Vienna Stock Exchange with the highest standards for reporting and transparency
QBC	Quartier Belvedere Central; urban development project with offices, apartments, hotels and gastronomy near Vienna's main railway station
Responsible sourcing	Responsible procurement of resources
Sustainability benchmarks	The goals set by the company for sustainable construction
Total Output	Corresponds to the revenue of companies included through full consolidation and at equity plus the sale proceeds from share deals in proportion to the stake held by UBM

Contact

Investor Relations &
Corporate Communications
Anna Vay
Tel: +43 (0) 664 626 1314
investor.relations@ubm-development.com
public.relations@ubm-development.com

Imprint

Media Proprietor and Publisher
UBM Development AG
Laaer-Berg-Strasse 43,
1100 Vienna, Austria
Tel: +43 (0) 50 626-2600
www.ubm-development.com

Concept, Design, and Editing
UBM Development AG, Investor Relations &
Corporate Communications

be.public Corporate &
Financial Communications GmbH
Heiligenstädter Strasse 50, 1190 Vienna, Austria
www.bepublic.at

Tobias Sckaer

Created with ns.publish, a product of
Multimedia Solutions AG, Zürich

Printing
Gerin Druck GmbH
Gerinstrasse 1–3
2120 Wolkersdorf

Translation
Donna Schiller-Margolis

Disclaimer

This annual report includes forward-looking statements which are based on current assumptions and estimates made to the best of their knowledge by the management of UBM Development AG. These forward-looking statements can be identified by words like "expectation", "goal" or similar terms and expressions. Forward-looking statements, by definition, include risks and uncertainties. The forecasts concerning the future development of the company represent estimates which are based on the information available at the time the annual report was prepared. If the assumptions underlying these forecasts do not materialise or if unexpected risks occur at an amount not quantified or quantifiable, the actual future development and actual future results can differ from these estimates, assumptions and forecasts.

Significant factors for these types of deviations can include, for example, changes in the general economic environment or the legal and regulatory framework in Austria and the EU as well as changes in the real estate sector. UBM Development AG will not guarantee or assume any liability for the agreement of future development and future results with the estimates and assumptions made in this annual report. UBM Development AG will not update these forward-looking statements to reflect actual events or changes in assumptions and expectations.

The annual report as of 31 December 2019 was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all sections. The amounts were rounded based on the compensated summation method. However, rounding, typesetting and printing errors cannot be excluded.

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