



Interim Report on Q3 2015

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IN € MILLION	1-9/2015	2015 forecast	1-9/2014*	2014	1-9/2013*	2013*
Total output UBM Group	356.1	615	257.4	482.6	158.7	286.7
Austria	154.2	–	–	198.7	–	–
Germany	121.3	–	–	171.0	–	–
Poland	42.4	–	–	54.4	–	–
Other markets	38.1	–	–	53.5	–	–
Employees (fully consolidated companies)						
At 30 September	688		513		506	
of which hotel staff	335		292		288	
EBT						
UBM Group	24.2		11.3		8.6	

* comparable figures prior to merger

Together
we are
thinking
ahead.



from left: **Karl BIER** Chairman of the Managing Board
Heribert SMOLÉ Chief Financial Officer
Martin LÖCKER Managing Board Member for Technology and Development in Germany, Poland, the Czech Republic and Western Europe
Claus STADLER Managing Board Member for Technology and Development in Austria and South Eastern Europe
Michael WURZINGER Managing Board Member for Asset Management and Transactions

DEAR SHAREHOLDERS,

UBM Development AG achieved a very successful business performance in the first nine months 2015: We managed to increase total output to € 356.1 million in the reporting period, while EBT of € 24.2 million more than doubled against the previous year (2014: € 11.3 million). The reasons for this sharp increase in earnings are due to the sale of the Hotel andel's Berlin and booming apartment sales in Frankfurt, Berlin, Salzburg and Graz. The economic backdrop for the European property sector is excellent: the ongoing low interest rate policy is making property investment more appealing – both for institutional investors and for family-run businesses and private buyers. Due to the high pressure to invest, it becomes increasingly possible for UBM to sell real estate developments before completion. UBM Development AG uses this positive environment and accelerates new project developments in Germany, Austria and Poland through an enhanced portfolio reduction.

The structured portfolio reduction which we initiated at the start of the year has also been implemented successfully. In accordance with our new strategic direction, ten sales had been contractually agreed by 30 September 2015 – we will conclude further property sales by the end of the year. Net proceeds are expected to amount to around € 100 million in 2015. The medium-term goal of this measure is to optimise UBM's property portfolio from its current ratio of two-thirds hold property and one-third projects under development in the years 2015/2016 and reduce the share of hold property to around 30 % to 40 %.

The acquisition of new projects was also very successful in the third quarter 2015 despite the competitive environment: UBM secured plots in Germany, Poland and Austria. This has allowed us to further expand and consolidate the project pipeline, which is well-filled at around € 1.5 billion. Assuming that the situation on the property markets remains positive in 2016, we expect a significant increase in total output and EBT for the business year 2015. The consistent implementation of our strategy will serve as a stable basis for delivering positive business results.

Karl Bier

Heribert Smolé

Martin Löcker

Claus Stadler

Michael Wurzinger, MRICS

Business Developments

JANUARY TO SEPTEMBER 2015

REVENUES

UBM has achieved truly exceptional results in the first three quarters 2015: the Group's total output rose by 38.3% from € 257.4 million to € 356.1 million. This key financial performance indicator represents value creation in line with the range of services and includes proceeds from property sales, rental income and proceeds from hotel operations as well as construction services not yet invoiced and third-party deliveries and services. A decisive factor in this success was the numerous property sales, which were all concluded above their carrying amounts, as well as higher proceeds from hotel operations. In the third quarter alone UBM sold the andel's Berlin Hotel, a healthcare property in Tyrol, the Ramada Hotel in Innsbruck and office properties in Graz and Salzburg to institutional investors. Furthermore, in the first nine months of 2015, UBM has succeeded in selling apartments in Frankfurt, Berlin, Salzburg and Graz at very favourable prices.

UBM's home markets are Austria, Germany and Poland, with property developments in the Netherlands and France contributing to risk diversification. The main output drivers in the past nine months were the "Austria" segment with € 154.2 million, followed by "Germany" with € 121.3 million and "Poland" with € 42.4 million. The "Others" segment primarily shows output on the secondary markets of € 38.1 million. This includes proceeds from business activities in the Czech Republic (sale of apartments in Špindlerův Mlýn), as well as proceeds from hotel operations in the Netherlands and France).

FINANCIAL PERFORMANCE

The first nine months 2015 were characterised by a strong increase in productivity. While output rose by 38.3%, the consolidated earnings of the UBM Group at the end of the third quarter 2015 rocketed by 114.1% from € 11.3 million to a record high of € 24.2 million.

STAFF

At 30 September 2015 the UBM Group had 688 employees

in the companies consolidated in full. Of these, 353 were employed for UBM's operational business and 335 were hotel staff.

OUTLOOK

Even though national economies are experiencing only moderate growth, the property markets are in outstanding shape due to the high liquidity. The main reason for the strong interest from institutional investors is the lack of alternative investment options. Since government securities in the 10-year-range are only bringing returns of around 0.5 %, the risk on the bond markets exceeds the possible yields. For private investors – think "concrete gold" – the Ukraine conflict and the still unresolved issues with Greece are an additional motive for investing in real estate. As production is lagging behind, the investment pressure is causing property prices to rise.

The subsequent yield compression means that although possible returns have fallen, they are still significantly higher than many alternative asset classes. UBM is using this growth across all asset classes for the further reduction of its property portfolio. Furthermore, the stake in the M6 concession company should be sold off. The sales are set to generate net proceeds (after costs, taxes and paying back project-specific financing) of up to € 250 million in the years 2015 to 2016.

In 2014 UBM achieved the so far best results in its corporate history. Thanks to the merger with PIAG in February 2015, the company is on a strong dynamic growth course and is set to exceed the previous output records again in 2015. The positive synergies from the PIAG takeover, a € 58.5-million increase in the share capital, and very good market conditions mean that the outlook for the year promises strong rises in revenue and earnings. The shareholders are set to benefit from the company's positive business performance – as UBM has retained its policy of paying out 30 % to 50 % of the net profits, UBM considers to raise the dividend for the financial year 2015 – in 2014 € 1.25 were paid out.

MYSKY

People – Living – Monte Laa

The Viennese quarter Monte Laa has been growing and developing for more than 15 years and has become a popular place to live and work. The construction of the "MySky" residential tower marks the start of the final construction phase in the urban development area between Absberggasse and Laaer Wald.

A home in MySky means urban living

MySky is the new residential tower in the centre of Monte Laa. The striking combination of a modern domestic skyscraper and the central location beyond the hectic city lends MySky its charm. The optimum location in the south of Vienna gives MySky fast access to the city's hotspots – the new Central station, the airport, FH Vienna, the nearby golf course, Vienna city centre and local recreational areas around the metropolis are all close at hand. What's more, the planned completion of the U1 metro southern expansion to Oberlaa will add another two metro stations within walking distance.



MySky
Vienna

FACTS & FIGURES

Construction start: Q2 2015
Construction end: Q4 2017

100 subsidised rental apartments, living space for 180 youngsters, 34 SMART flats, 128 privately financed freehold flats of between 45 sqm and 145 sqm

Infrastructure: underground parking, sauna, fitness room, playground

GFA: 41,000 sqm

Parking spaces: 164

Building height: approx. 60m

A multitude of usage options

STRAUSS & PARTNER Development GmbH, the Austrian subsidiary of UBM, is realising the residential tower project in cooperation with Wohnbauvereinigung für Privatangestellte Gemeinnützige GmbH (WBV-GPA).

In addition to 100 subsidised rental apartments, WBV-GPA is also building 34 SMART flats at MySky, near FH Campus Vienna University of Applied Sciences, as well as halls of residence for around 180 youngsters. The upper storeys of the tower will boast 128 privately financed freehold flats, flooded with light and measuring between 45 sqm and 145 sqm. Nestled behind the modern facade of the 60-metre high building are airy, comfortable, efficient homes with elegant furnishings, loggias and balconies, and some with generous terraces.

MySky brings together flexible design, comfortable homes and directly accessible underground parking, a sauna, a fitness room, a playground and an adjoining nursery.



Gateway Gardens

Holiday Inn at Frankfurt Airport

The Holiday Inn hotel is right next to the airport at Frankfurt am Main, in the new Gateway Gardens quarter. It is just a short walk from Terminal 2 of the international hub which is Frankfurt Airport.

The location is also ideally linked to the A3 and A5 motorways as well as Frankfurt's main train station. The new stop Gateway Gardens is just beside the hotel and construction on the new railway line will start in January 2016.

The 288-room Holiday Inn is being built on a 2,894 sqm plot at Bessie-Coleman-Straße 16. The hotel has modern, generously sized conference facilities and a hotel restaurant with an attractive bar area. The seven-storey building has around 12,000 sqm of space on the floors



above ground. The ground floor boasts around 2,000 sqm and will house the conference zones, the restaurant, the lounge-bar areas and other front-of-house facilities as well as back-of-house functions. The 288 rooms are spread across six storeys (floors 1 to 6). The basement (2,282 sqm) will have 49 parking spaces as well as storage areas and a mini gym.

The free space in the southern section is designed to provide high quality comfort and to fit in with the character of the quarter. The design and construction of the building has been certified by the German Sustainable Building Council, DGNB (Gold) and German Green Building Association, LEED (Gold). The new construction is based on the ENEC 2014 energy standards.

Construction work started in May 2015 once the permit was received and the hotel is set for completion and opening at the end of 2016. Construction work, for which Porr Deutschland GmbH Frankfurt branch office is the contractor, is on schedule. Work on the building shell is underway on the second floor and will be completed in early 2016.

In October the development received the DGNB certification "Sustainable Building DGNB Pre-Certificate Gold" at the Expo Real in Munich.

The property has a very long lease under the franchise model of the Inter Continental Hotels Group (IHG) and is held by an attractive operator.

Gateway Gardens
Frankfurt



FACTS & FIGURES

Construction start: Q2 2016
Construction end: Q4 2018

Plot size: 2,894 sqm

GFA: approx. 12,000 sqm

49 parking spaces in basement

Conference facilities on ground floor

Open lobby concept, restaurant

Operator/tenant: Primestar Hospitality GmbH





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This interim report also contains statements relating to the future which are based on estimates and assumptions which are made by managerial staff to the best of their current knowledge. Future-related statements may be identified as such by expressions such as "expected", "target" or similar constructions. Forecasts related to the future development of the Group take the form of estimates based on information available on 30 September 2015. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks. Every care

has been taken to ensure that all information contained in every part of this interim report as at 30 September 2015 is accurate and complete. We regret that we cannot rule out possible round-off, typesetting and printing errors.

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