

# 3.125 % UBM bond 2018 - 2023

Exchange offer  
period:  
22 Oct - 7 Nov  
Offering period:  
08 Nov - 14 Nov

## EXCHANGE OFFER

### IMPORTANT INFORMATION AND RISKS ASSOCIATED WITH AN EXCHANGE

This document is intended exclusively for holders of notes of the UBM-Bonds 2014-2019 (the "2014 UBM-Bonds" and any of them a "2014 UBM-Bond") who are lawfully entitled to participate in the current public exchange offer of UBM Development AG ("UBM" or the "Issuer") in connection with the issue of the UBM-Bonds 2018-2023 (the "2018 UBM-Bonds" and any of them a "2018 UBM-Bond").

This document is for information and advertising purposes solely and constitutes a marketing communication within the meaning of the Austrian Capital Markets Act (Kapitalmarktgesetz), but not a financial analysis, advice or recommendation relating to financial instruments, or an offer to sell or a solicitation to buy notes

The Exchange Offer (as defined below) with respect to the 2014 UBM-Bonds will be made exclusively through and on the basis of the securities prospectus dated 19 October 2018 approved and published by the Austrian Financial Market Authority ("FMA") and notified to the Federal Financial Supervisory Authority ("BaFin") in Germany as well as to the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg together with its supplements (the "Prospectus") as well as the terms and conditions of the exchange offer included in the Prospectus (the "Exchange Terms"). The Prospectus including the Exchange Terms may be obtained free of charge from UBM Development AG, Laaer-Berg-Straße 43, 1100 Vienna (the "Issuer"), and may be inspected in electronic form on the website of the Issuer ([www.ubm-development.com](http://www.ubm-development.com)).

Before you make an Exchange Offer, please read carefully the information contained in this document, the Prospectus and the exchange terms.

The 2014 UBM-Bonds are capital markets instruments which largely correspond to the newly issued 2018 UBM-Bonds. Once the Exchange Offer has been successfully completed, the number of tradable 2014 UBM-Bonds will decrease; a lower market liquidity may lead to price losses. At the same time, it is uncertain whether a liquid market will be evolved for the 2018 UBM-Bonds.

**Benefits of the transaction:**

- Planning security through fixed coupon (= constant interest rate) and fixed term;
- Exclusivity of the offer: only existing holders of the notes can participate in the exchange;
- The Issuer will not charge any costs, expenses or taxes in connection with the notes directly to the noteholders.

**Important risks of the transaction:**

- Possibility of falling prices, for example due to the rising market interest rates or a deterioration in the creditworthiness of the Issuer;
- An illiquid market may cause the rates of the notes negatively or may make a sale before the end of the term impossible at all;
- Credit risk of the Issuer: it is possible that the Issuer will not be able to fulfill at all or fully its obligations under the notes. In such a case, capital loss or total loss may occur.

**Cash subscription offering**

Offering period	8 November 2018 to 14 November 2018 (subject to the right to close the offering early)
Reoffer price	100.00% (retail investors may subscribe the notes at the Re-offer Price plus a selling fee of up to 1.5%-points charged by the respective financial intermediary placing the Notes; usual discounts can be granted)

**Exchange offer for UBM bonds issued in 2014 and due in 2019**

Umtauschfrist	22 October 2018 to 7 November 2018
Cash payment	EUR 10.00 per exchanged 2014-2019 UBM bond*
Exchange ratio	1:1 (zzgl. Barausgleichsbetrag) 1:1 (plus cash compensation)

\* The total cash payment to investors is EUR 18.68 per EUR 500.00 par value bond; this includes accrued interest of EUR 8.68 per bond.

**Basic data for UBM bonds being issued in 2018 and due in 2023**

Issuer	UBM Development AG
ISIN	AT0000A23ST9
Volume (exchange offer + cash subscr. offering)	Up to EUR 100,000,000 with potential increase to a total of up to EUR 120,000,000.00
Denomination	EUR 500.00
Coupon rate	3.125 % p.a., payable annually in arrears on 16 November
Value date	16 November 2018
Term	5 years, repayable at maturity
Redemption price	At maturity at 100% of par value
Maturity	16 November 2023
Listing	Official market of the Vienna Stock Exchange – Corporates Prime segment
Paying agent	Raiffeisen Bank International AG
Joint lead managers and bookrunners	Raiffeisen Bank International AG, Erste Group Bank AG

## **QUESTIONS & ANSWERS**

### **What is the exchange offer?**

The Issuer invites all persons who currently hold 2014 UBM-Bonds to offer to the Issuer to exchange all or parts of their existing 2014 UBM-Bonds of up to an aggregate principal amount of EUR 115,952,500 for 2018 UBM-Bonds at an exchange ratio of 1:1 (the "Exchange Offer").

### **How and to what exchange ratio does the exchange take place?**

The exchange shall be effected at the principal amount of the 2014 UBM-Bonds plus the Cash Settlement Amount.

The "Exchange Ratio" for the existing 2014 UBM-Bonds is 1:1. This means that the holder of a 2014 UBM-Bond with a nominal value of EUR 500 each will receive one 2018 UBM-Bond per exchanged 2014 UBM-Bond if the Issuer accepts the Exchange Offer (the "Exchange").

Furthermore, each holder of a 2014 UBM-Bond, who validly offered its 2014 UBM-Bonds for Exchange and whose offer was accepted by the Issuer, shall receive a "Cash Settlement Amount" of EUR 18.68 per exchanged 2014 UBM-Bond with a principal amount of EUR 500. The Cash Settlement Amount shall consist of accrued interest of EUR 8.68 per 2014 UBM-Bond on the one hand and an additional amount of EUR 10.00 per 2014 UBM-Bond on the other hand.

### **Who can participate in the exchange? Is the participation obligatory? What happens in case of non-participation?**

Only holders of 2014 UBM-Bonds are entitled to participate in the Exchange, but none of them is obliged to participate.

Holders of 2014 UBM-Bonds who do not participate in the Exchange will not be subject to any change; they will remain noteholders of the 2014 UBM-Bonds. Such noteholders still have the option to offer the 2014 UBM-Bonds on the secondary market for sale at any time, although the liquidity of the 2014 UBM-Bonds may decline as a result of the Exchange Offer.

### **How can I participate in the Exchange ?**

During the exchange period, the holders of the 2014 UBM-Bonds who want to participate in the Exchange must submit a legally effective offer via their custodian bank which will be forwarded by the clearing system to the exchange agent and which must be received by the exchange agent on 7 November 2018, 12.00 a.m. CET, at the latest.

### **When does the exchange period begin and end?**

The exchange period is the period during which Exchange Offers may be made for the 2014 UBM-Bonds. The exchange period begins on 22 October 2018 and ends on 7 November 2018 at 12.00 a.m. CET.

### **How much does it cost to participate in the Exchange?**

The Issuer will not charge any costs, expenses or taxes in connection with the Exchange of the 2014 UBM-Bonds directly to the noteholders. The (sub-)custodian may charge individual fees for the Exchange in connection with the Exchange Offer.

**Who decides on the acceptance of the offers?**

The Issuer intends to accept offers of up to an aggregate principal amount of EUR 115,952,500.00 with respect to the 2014 UBM-Bonds.

The acceptance of Exchange Offers is at the sole and free discretion of the Issuer. The Issuer is entitled at any time and in its sole and absolute discretion to extend the exchange period, to amend the invitation without giving reasons or to withdraw it in its entirety, not to accept Exchange Offers or to accept them beyond the exchange period. It is at the sole and absolute discretion of the Issuer to accept offers to exchange the 2014 UBM-Bonds at various times and to different extents if the exchange period is extended.

**When does the term of the new 2018 UBM-Bonds begin and end, if an Exchange has taken place?**

The term of the 2018 UBM-Bonds starts on 16 November 2018 (inclusive) and ends on 15 November 2023 (inclusive). The term shall therefore be 5 (five) years.

**What is the interest rate on the 2018 UBM-Bonds, if an Exchange has taken place?**

The 2018 UBM-Bonds bear interest at the fixed interest rate of 3.125% p.a. on their nominal amount, whereby the interest shall be payable in arrears, on 16 November each year, starting on 16 November 2019. The interest starts on 16 November 2018 (inclusive) and ends on the day preceding the maturity of each of the notes.

The calculation of the interest for a period of less than one year shall be carried out on the basis of the actual number of days within the interest calculation period, divided by the actual number of days in the respective interest period.

**Why does the Issuer make this Exchange Offer?**

With the issue of the 2018 UBM-Bonds, the Issuer intends to (i) potentially refinance existing financing of the Issuer, and (ii) to realise new and existing projects, especially in the core markets of Germany, Austria and Poland.

In particular, the purpose of the Exchange Offer is to partly refinance the existing 2014 UBM-Bonds; the Exchange Offer provides investors with a reinvestment opportunity by means of an Exchange of the 2014 UBM-Bonds for the new 2018 UBM-Bonds.

**How will the 2018 UBM-Bonds be delivered and the cash settlement amount be paid?**

The delivery of the 2018 UBM-Bonds and the payment of the cash settlement amount for the 2014 UBM-Bonds legally offered by holders of the 2014 UBM-Bonds and legally exchanged by the Issuer under the Exchange Offer shall be made to a clearing system or its order for credit to the accounts of the account holders of a clearing system for credit.

By delivering the respective number of the 2018 UBM-Bonds and paying the respective cash settlement amount to a clearing system or its order, the Issuer is released from its obligation to exchange the 2014 UBM-Bonds, in particular its obligation to deliver the 2018 UBM-Bonds and its obligation to pay.

### **What are the tax implications of the Exchange?**

From a tax perspective, the Exchange of the 2014 UBM-Bonds into 2018 UBM-Bonds is qualified as a swap within the meaning of Section 6 No 14 of the Austrian Income Tax Act (Einkommenssteuergesetz). The swap represents a legal transaction in return for payment in which the 2014 UBM-Bonds are sold and the 2018 UBM-Bonds are acquired for tax purposes.

For tax purposes, the sale price of the 2014 UBM-Bonds and the acquisition costs of the 2018 UBM-Bonds is the fair market value of the 2014 UBM-Bonds. In principle, the fair market value corresponds to the market value of the 2014 UBM-Bonds on the secondary market at the time of the Exchange.

If the Exchange results in a cash settlement payment, this will reduce the acquisition costs of the 2018 UBM-Bonds accordingly. Depending on the investor type and the time of the acquisition of the 2014 UBM-Bonds, the participation in the Exchange may result in the realization of taxable gains and losses.

The future tax treatment of the 2018 UBM-Bonds is subject to the Austrian Budget Accompanying Act 2011 which regulates the taxation of the income from capital assets. As a result, gains and losses in value are basically tax-effective regardless of the investor type or the acquisition date (capital gains taxation).

This summary does not constitute a legal and/or a tax advice for the noteholder. The concrete tax effects for the individual investors must be assessed separately in each individual case. The tax risk arising from the Exchange is borne solely by the noteholder. Investors are in any case requested to obtain a personal tax advice before making an investment decision.

### **Where can more information on the Exchange be obtained?**

Detailed information on the Exchange can be found in the Prospectus. The Prospectus including the Exchange Terms may be obtained free of charge from UBM Development AG, Laaer-Berg-Straße 43, 1100 Vienna (the "Issuer"), and may be inspected in electronic form on the website of the Issuer ([www.ubm-development.com](http://www.ubm-development.com)).

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UBM Development is a leading hotel developer in Europe. Its strategic focus is on the three clearly defined asset classes Hotel, Office and Residential and the three core markets Germany, Austria and Poland. With 145 years of experience, UBM focuses on its core competency, the development of real estate. The Group acts as a one-stop provider for the entire value chain from initial planning all the way to marketing the property. UBM's shares are listed in the Prime Market segment of the Vienna Stock Exchange.

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