

# investor presentation.

2.750% UBM bond 2019-2025

October 2019

# disclaimer.



This presentation was prepared by UBM Development AG (the "**Company**" or "**UBM Development**") solely for presentation purposes with selected investors; it serves exclusively for informational and marketing purposes and constitutes a marketing statement in the meaning of the Capital Markets Act (*Kapitalmarktgesetz*) and an advertisement in the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129. However, it constitutes neither a financial analysis nor a recommendation or an advice related to financial instruments. This presentation is only intended for internal use. A distribution is not permissible.

This presentation dates as of 14 October 2019. The facts and information contained herein might be subject to revision in the future. Neither the delivery of this presentation nor any discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. None of the Company or any of its subsidiaries or any of its shareholders or any of such person's directors, officers, employees, agents or advisors nor any other person makes any representation or warranty, express or implied as to, and no reliance should be placed on, the accuracy or completeness of the information contained in this presentation. None of the Company or any of its subsidiaries or any of its shareholders or any of such person's directors, officers, employees, agents and advisors nor any other person shall have any liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this presentation. The same applies to information contained in other material made available at a meeting.

This document does not provide a comprehensive presentation and is just intended to provide an overview of the business of the Company. Wherever external sources are quoted in this presentation, such external information or statistics should not be interpreted as having been adopted or endorsed by the Company as being accurate.

This presentation contains forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which the Company operates. These statements generally are identified by words such as "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "assumes", "anticipates", "targets", and similar expressions. The forward-looking statements, including but not limited to assumptions, opinions and views of the Company or information from third party sources, contained in this presentation are based on current plans, estimates, assumptions and projections and involve uncertainties and risks. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. The Company does not represent or guarantee that the assumptions underlying such forward-looking statements are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation. No obligation is assumed to update any forward-looking statements.

By accepting this presentation you acknowledge that you will be solely responsible for your own assessment of the market and of the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business.

The prospectus of the Issuer for the public offer of the 2.750% UBM bond 2019-2025 (the "**Bond**") dated 14 October 2019 (the "**Prospectus**") was approved by the Austrian Financial Market Authority ("**FMA**") in its capacity as competent authority under the Prospectus Regulation and published in electronic form together with the supplements to the Prospectus on the website of the Issuer, [www.ubm-development.com](http://www.ubm-development.com), subsite "investor relations.", subsite "bonds" (<https://www.ubm-development.com/investor-relations/anleihen/2750-ubm-bond-2019-2025/>). The approval of the Prospectus and the supplements to the Prospectus by the FMA should not be understood as an endorsement of the Bonds. In connection with the offering of bonds, only the information in the Prospectus and the supplements to the Prospectus are binding, the information in this publication shall not be binding. Prior to any investment decision, investors should make themselves familiar with the content of the Prospectus and the supplements to the Prospectus, in particular with the references to risks, taxes and conflicts of interest, and should obtain personally advice with consideration of their individual asset and investment situation.

# ubm at a glance.

## focused offering.

- UBM is a **leading real estate developer** in Europe
- Focus on **top cities in Europe** (mainly in Germany and Austria)
- Three asset classes **hotel, residential and office**

## strong financials.

- **Record development pipeline: € 2.0bn**
- **Portfolio value: € 1.3bn**
- **Total assets: € 1.25bn**
- **Net debt of € 478m, equity ratio of 35%**

## sizeable player.

- **Hotel >500 rooms, residential >500 apartments, office €200m volume** (per project)
- **376 employees**
- **Entire value chain in-house**

## experienced financial mgmt.

- **Recurring bond issuer with 9 bonds since 2005 and outstanding hybrid**
- **Commitment to conservative financial policy** (leverage threshold)
- **Strong deleverage history** from c. €700m financial debt to €478m today

# agenda.



**1**

**business model focus on risk minimisation.**

**2**

**strong financial position.**

**3**

**well filled development pipeline.**

**4**

**tailwind continues – challenges addressed.**

**5**

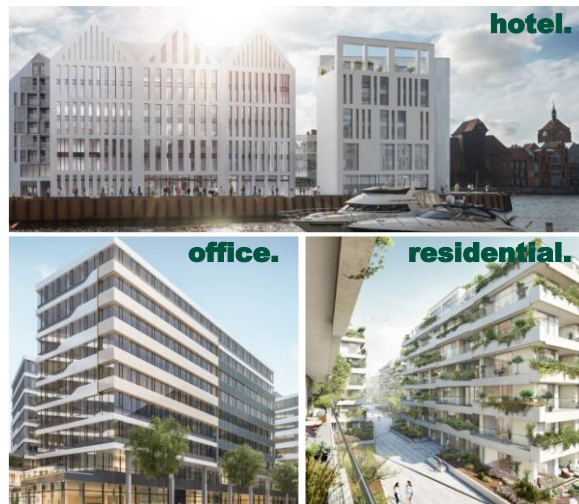
**well established bond issuer – proven track record.**

# focus on core competences.

**top cities. central europe.<sup>1</sup>**



**three core asset classes.**



**one-stop-shop for entire development value chain.**

<sup>1</sup> Selected cities, core markets Austria, Germany and Poland, other markets project-related and opportunistic (e.g. Czech Republic, Netherlands)

# focus on risk minimisation.

## strategic level.

Risk minimisation through:

- **Focus on 3 asset classes** (Hotel, Residential & Office)
- **Focus on top-cities** (e.g. German A-cities, Vienna, Prague)
- **Pure play developer** rather than real estate holder

## project level.

Risk minimisation through:

- **Forward sales**, forward funding, down-payments
- **Diversification** (asset-light approach with at-equity partnerships)
- **Pre-letting rules** for office and residential buildings

## operational level.

Risk minimisation through:

- **Efficiency Program "Next Level"** full impact in 2019
- **one ubm.** Pooling of competencies – synergies & best practice

# agenda.



**1**

**business model focus on risk minimisation.**

**2**

**strong financial position.**

**3**

**well filled development pipeline.**

**4**

**tailwind continues – challenges addressed.**

**5**

**well established bond issuer – proven track record.**

# strong performance. half-year 2019.

- 1** **sales activities.** promised and delivered.

---

- 2** **strong earnings growth.** earnings per share up 18.6% (yoy).

---

- 3** **strong financials.** solid equity and low leverage (equity ratio 35%).

---

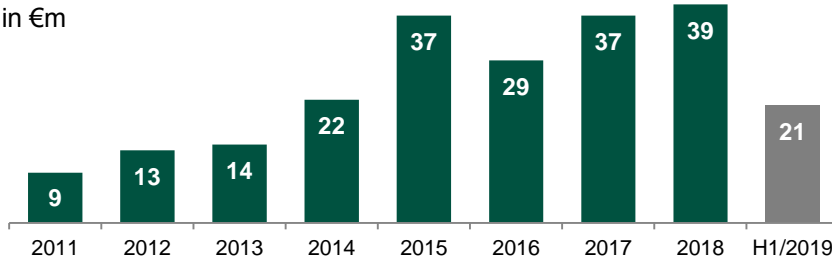
- 4** **€ 2bn pipeline.** record level. clear focus.

---



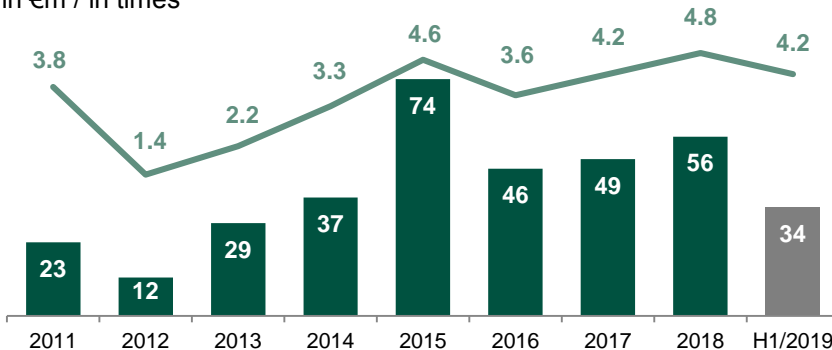
# key p&l figures.<sup>1</sup>

## Net Profit in €m



- Highest ever half-year net profit in 2019
- Positive effects of Next Level efficiency program
- Record year 2019 expected

## EBIT and Interest Cover Ratio<sup>2</sup> in €m / in times



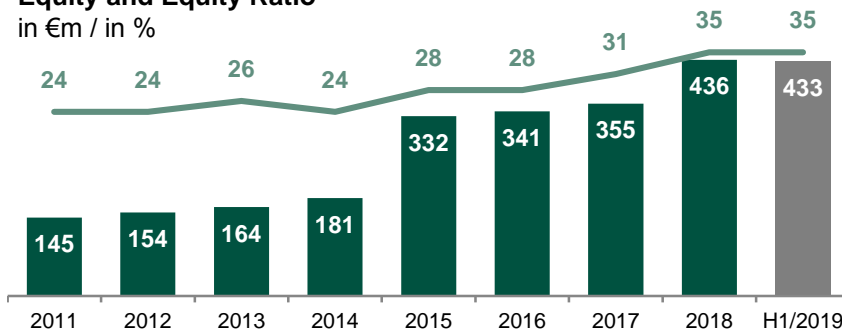
- Interests well covered by operational earnings
- Interest cover ratio above 4x

<sup>1</sup> Figures are based on the consolidated and interim financial statements of UBM    <sup>2</sup> Interest Cover Ratio = EBIT/Interest costs

# key balance sheet figures.<sup>1</sup>

## Equity and Equity Ratio

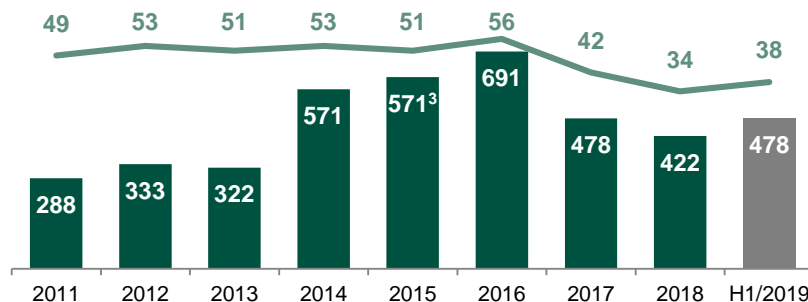
in €m / in %



- Successful financial consolidation
- Solid equity ratio of 35%
- Equity ratio at upper end of targeted range of 30-35%

## Net Debt and LTV

in €m / in %

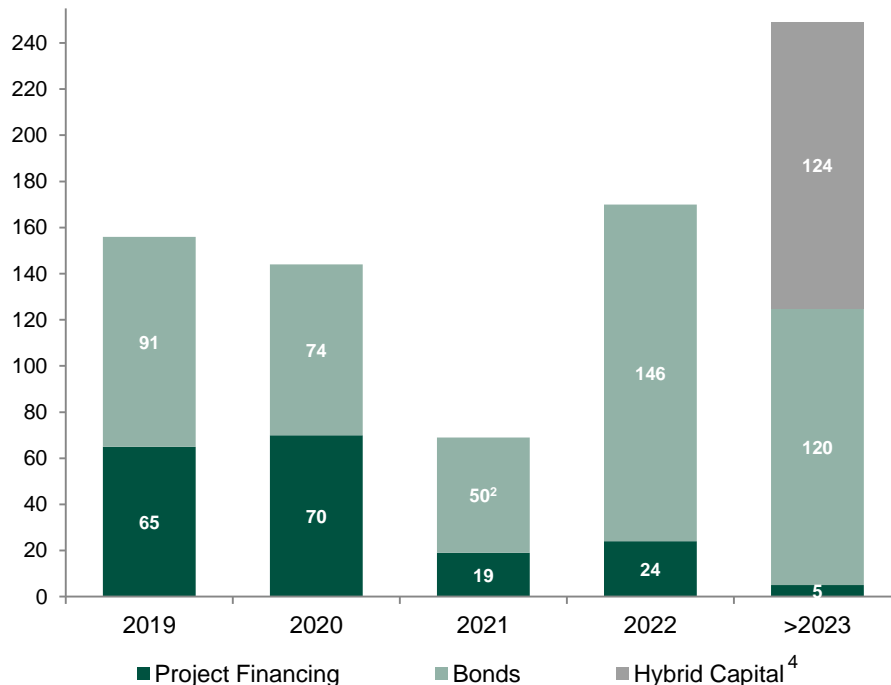


- Loan to Value (LTV)<sup>2</sup> of 38%
- Reduction of standing assets („Pure Play Program“)
- Low debt ratio for a pure developer

<sup>1</sup> Figures are based on the consolidated and interim financial statements of UBM <sup>2</sup> Loan to Value (LTV): Net debt to total assets

# capital structure.

## Annual maturity profile in €m <sup>1</sup>



## Corporate debt<sup>1</sup>

**Average cost of debt:**  
3.5% p.a.

**Long- & short-term financial liabilities:**  
€ 195.7m<sup>3</sup>  
(average 2.8% p.a.)

**Bonds:** € 481.7m  
(average 3.7% p.a.)

<sup>1</sup> Data as of 30 Jun 2019 for fully consolidated companies / book values

<sup>3</sup> Excluding leasing liabilities

<sup>2</sup> Including bearer bonds and promissory note loans

<sup>4</sup> Indefinite maturity, call option in 2023

# agenda.



**1**

**business model focus on risk minimisation.**

**2**

**strong financial position.**

**3**

**well filled development pipeline.**

**4**

**tailwind continues – challenges addressed.**

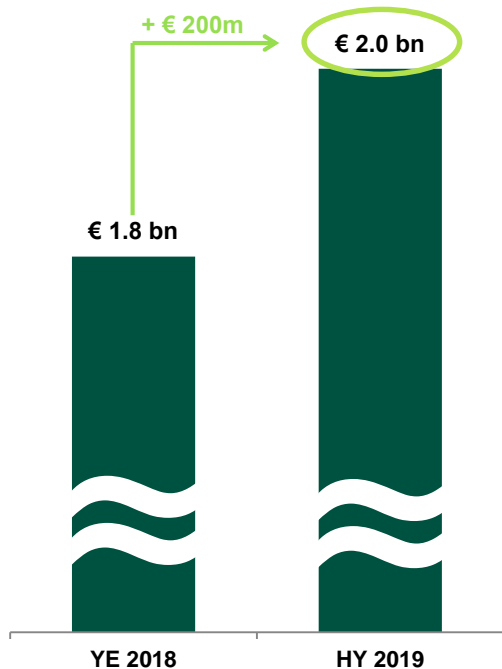
**5**

**well established bond issuer – proven track record.**

# €2 bn pipeline. record level.

## Pipeline value H2 2019-2022

Total Output logic (firmly signed, UBM share only)



## Pipeline value by asset class



<sup>1</sup> 7% other assets (e.g. mixed use, logistics)

# record pipeline. portfolio mix.

Pipeline of € 2bn until 2022 – selected projects:



**Eiffestraße, Hamburg**  
Double-Hotel | Rooms: 592



**Kneuterdijk, The Hague**  
Rooms: 208



**Mlynska, Katowice**  
Rooms: 268



**immergrün, Berlin**  
Apartments: 500



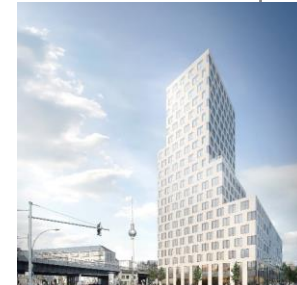
**Zollhafen, Mainz**  
Rooms: 216



**QBC 1&2, Vienna**  
LA: 38,000 m<sup>2</sup>



**Anders Wohnen, Munich**  
Apartments: 373



**Central Tower, Berlin**  
Double-Hotel | Rooms: 560

LA = Lettable Area / Note: Selection of projects

# agenda.



**1**

**business model focus on risk minimisation.**

**2**

**strong financial position.**

**3**

**well filled development pipeline.**

**4**

**tailwind continues – challenges addressed.**

**5**

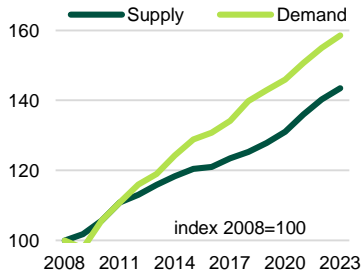
**well established bond issuer – proven track record.**

# tailwind continues. perception ≠ reality.

## Statistical evidence versus perception:

### Aren't there too many new hotel openings?

Supply/demand room nights in Germany and Austria (capitals)

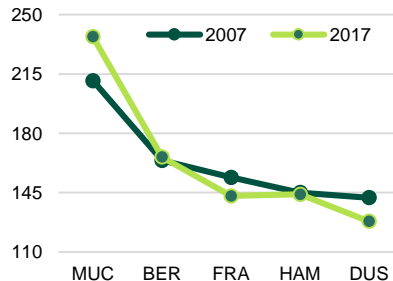


- Mega-trend city tourism unabated
- Demand stronger than supply
- Big reservation engines benefit disproportionately

Source: STR forecasts as of Feb 2019

### Do costs of living become unaffordable?

Number of monthly household incomes to be spent for a property<sup>1</sup> (2007 vs. 2017)

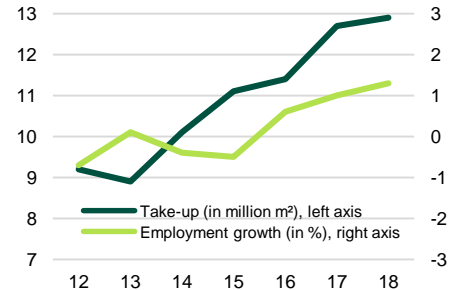


- Affordability is a function of
  - purchase price
  - financing cost
  - household income
- Structural undersupply continues (permits)

Source: Dr. Klein/Spiegel <sup>1</sup>150m<sup>2</sup> family home

### Isn't the demand for office space shrinking?

European office demand vs. employment growth



- Home office with significant downsides
- Work space to turn into „social space“
- Recreation integral part of work space

Source: BNP Paribas



# addressing the challenges.

## Challenge 1: How to refill the pipeline with profitable projects in a boom

### USPs of UBM Development:

- **Leading hotel developer** in Europe – well positioned to attract the best projects
- **Strong financials** – ability to acquire several large-scale projects at the same time
- **Long-standing market presence** and network – access to off-market transactions

## Challenge 2: How to cope with increasing construction costs

### USPs of UBM Development:

- **Extensive construction expertise** (more than half of 300 employees with technical background)
- **Limited dependency on general contractors** – ability of package/single contracting
- **Next level efficiency program** with full effect in 2019

## Challenge 3: How to minimise strategic and operational risks

### Risk minimisation through:

- **Pure play developer** with focus on 3 asset classes and top cities
- **Portfolio strategy** – project portfolio diversification with respect to timing, region and asset class (earnings continuity)
- **Hedging through forward sales**, forward funding, down-payments

# agenda.



**1**

**business model focus on risk minimisation.**

**2**

**strong financial position.**

**3**

**well filled development pipeline.**

**4**

**tailwind continues but aware of challenges.**

**5**

**well established bond issuer – proven track record.**

# well established. proven track record.

## Experience, strong financial position and pipeline

- **Outstanding track record** with numerous flagship projects in all three core markets, more than 50 hotels in 25 years
- **Successful financial consolidation** – record figures in equity ratio, net debt and cash position
- **Well filled pipeline** and three USPs regarding future project acquisition

## Proven track record on the capital market

- **Issuer of various financial instruments:**
  - **Recurring bond issuer**
  - **Hybrid capital and promissory note** successfully issued
  - In the last **two years 4 successful capital market measures**
- **>145 years on the Stock Exchange** – prime market listing ensures high transparency standards

# **2.750% UBM bond 2019-2025**

Exchange offer & key data of the new bond

# **bond issuance rationale.**

## **Use of proceeds**

**The proceeds of the issue are intended to**

- **potentially refinance existing financing of the Issuer and**
- **realise new and existing projects.**

# ubm bond 2019-2025. overview.

## Exchange offer for UBM bond 2015-2020

Exchange offer period	15 October 2019 to 31 October 2019
Cash settlement amount <sup>1</sup>	€ 58.23 for each exchanged 2015 UBM bond
Exchange ratio	1:2 (plus cash settlement) <sup>2</sup>

<sup>1</sup> The cash settlement amount consists of accrued interest of € 18.23 and an additional amount of € 40.00.

<sup>2</sup> New bonds will have a denomination of € 500.00.

## Cash subscription offering

Offering period	4 November 2019 to 8 November 2019 (subject to the right to close the offering early)
Re-offer price <sup>3</sup>	99%-100%

<sup>3</sup> The re-offer price will be determined after the end of the exchange period on 4 November 2019 / 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.

## Basic data for UBM bond 2019-2025

Issuer	UBM Development AG
ISIN	AT0000A2AX04
Volume (exchange offer + cash subscription offering)	Up to € 120,000,000
Denomination	€ 500.00
Coupon rate	2.750 % p.a., payable annually in arrears
Value date	13 November 2019
Term	6 years, repayable at maturity
Redemption price	At maturity at 100% of par value
Listing	Official market of the Vienna Stock Exchange – Corporates Prime segment
Sole Global Coordinator and Paying Agent	Raiffeisen Bank International AG
Joint Lead Manager and Bookrunner	Raiffeisen Bank International AG, M.M.Warburg & CO

**backup.**

# 145 years of history.

## 1873

Listing on the Vienna Stock Exchange

## 1992-1999

UBM enters CZ, PL and DE

## 2000

Foundation of Strauss & Partner

## 2001-2010

Market opportunities in FR & NL (hotels)

## 2015

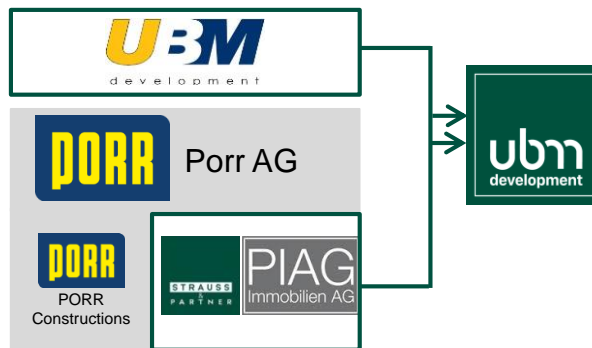
Capital increase – Increase of free float to 61%

## 1970-1990

Transformation to a real estate developer

## 2014/2015

Carve out and merger of UBM and Strauss & Partner



## 2016-2019

Pure Play Developer  
Strategy implementation  
Change to "Prime Market"/ Vienna Stock Exchange  
New functional Executive Board (CEO, CFO, COO)  
Rebranding of all subsidiaries to UBM Development



# functional executive board.



**Patric Thate,  
CFO**

- 19 years of capital market experience
- 8 years as Head of Finance



**Thomas G. Winkler,  
CEO**

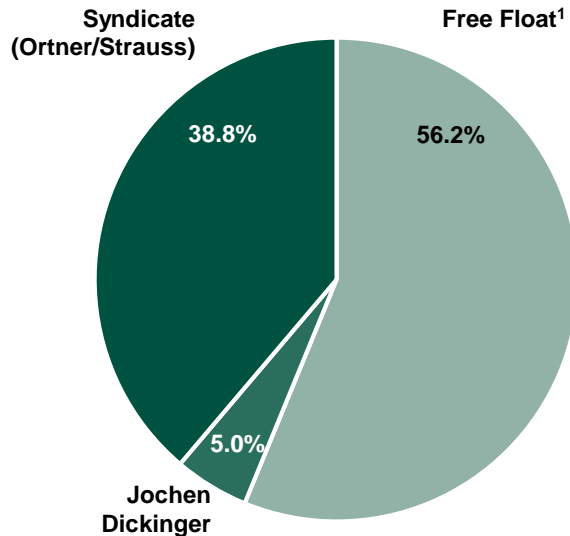
- Over 20 years of capital market experience
- 10 years of experience as CFO



**Martin Löcker,  
COO**

- 18 years of industry experience

# shareholder structure.



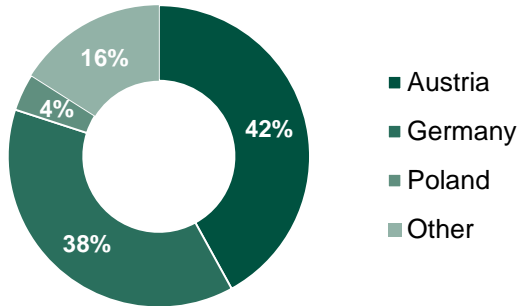
- **Prime market listing** Vienna Stock Exchange, maximum transparency
- **Syndicate (Ortner & Strauss)** core shareholder with approx. 39%
- **Top management** (Executive Committee) **invested** in UBM shares

As of October 2018

<sup>1</sup> Free float including Management Board and Supervisory Board (10.8%)

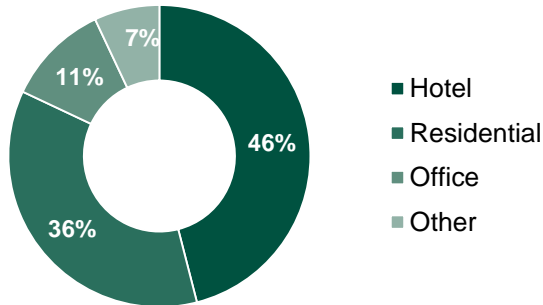
# record pipeline. € 2.0 bn.

## Pipeline value by country



- Focus on **Austria and Germany**
- Focus on **Hotel and Residential**
- **Pipeline** for the **next 3.5 years** (2019-2022)
- **€ 2.0bn corresponds with Total Output logic** = only firmly signed projects, based on UBM's share (no 100% logic)

## Pipeline value by asset class



Data as of 31 July 2019

# development pipeline. project list (I).

Project	Asset	Rooms, Lettable Area, Apartments	Share	Compl.	Status
Anders Wohnen (I), Munich	Residential	172 apartments	50%	Q4/19	Part. S.*
Holiday Inn, Hamburg	Hotel	316 rooms	50%	Q4/19	Fwd.S.*
Super 8, Hamburg	Hotel	276 rooms	50%	Q4/19	Fwd.S.*
NeuHouse, Berlin	Residential	75 apartments	100%	Q1/20	Part.S.*
Super 8, (Zollhafen) Mainz	Hotel	216 rooms	100%	Q1/20	Fwd.S*
Waterkant, Mainz	Residential	82 apartments	100%	Q2/20	Part.S.*
Neugraf, Prague	Residential	177 apartments	50%	Q3/20	Part. S.*
QBC 1&2, Vienna	Office	38,000 m²	65%	Q4/20	Fwd. S.*
Voco Kneuterdijk, The Hague	Hotel	208 rooms	100%	Q4/20	-
Am Kanal, Potsdam	Hotel/Residential	198 rooms/126 micro apartm.	50%	Q1/21	-
Astrid, Prague	Office	4,000 m²	100%	Q1/21	-
Holiday Inn Express, Düsseldorf	Hotel	455 rooms	50%	Q1/21	-
Kelsenstraße 7, Vienna	Hotel	300 rooms	50%	Q2/21	-
Mercure Mlynska, Katowice	Hotel	268 rooms	100%	Q2/21	-
Ibis Styles Mogilska, Krakow	Hotel	259 rooms	100%	Q2/21	-
Pohlgasse, Vienna	Residential	121 apartments	50%	Q2/21	-
Barany.7, Vienna	Residential	126 apartments	100%	Q3/21	-

\* Fwd. S. = Forward Sale, Part. S. = Partial Sale/ Note: selected projects

# development pipeline. project list (II).

Project	Asset	Rooms, Lettable Area, Apartments	Share	Compl.	Status
Anders Wohnen (II), Munich	Residential	201 apartments	50%	Q3/21	Part. S.*
immergrün, Berlin	Residential	500 apartments	50%	Q4/21	Part. S.*
Hafeninsel V, Mainz	Residential	50 apartments	50%	Q4/21	-
Sugar Palace, Prague	Hotel	175 rooms	100%	Q4/21	-
Nordbahnhof Viertel, Vienna	Residential	127 rooms	50%	Q4/21	-
Rankencity, Graz	Residential	202 apartments	70%	Q4/21	-
Moxy Central Tower, Berlin	Hotel	445 rooms	50%	Q1/22	-
Residence Inn Central Tower, Berlin	Hotel	115 rooms	50%	Q1/22	-
Hafeninsel IV, Mainz	Residential	92 apartments	50%	Q2/22	-
Colmarer Str., Frankfurt	Office	14,100 m²	100%	Q2/22	-
Kelsenstraße 5, Vienna	Office	15,000 m²	50%	Q2/22	-
Siebenbrunnengasse, Vienna	Residential/Office	170 apartments, 5,500 m²	100%	Q2/22	-
Smolensk, Krakow	Hotel	170 rooms	100%	Q4/22	-
LeopoldQuartier, Vienna	Hotel/Residential	>700 rooms / 700 apartments	90%	> 2022	-
Unterbiberger Str., Munich	Residential	64 apartments	100%	> 2022	-
Astrid, Prague	Residential	128 apartments	100%	> 2022	-
Baubergerstr., Munich	Mixed	Site 28,000 m²	100%	> 2022	-
Paket 6, Austria	Mixed	26 properties **	50%	> 2022	-

\* Fwd. S. = Forward Sale, Part. S. = Partial Sale; / \*\*yielding property, to be developed Note: selected projects

29

# hotel pipeline.



## **Holiday Inn & Super 8 Eiffestraße, Hamburg Double Hotel**

Category: 4\*/3\*

Keys: 592

Completion: Q4/19



## **Voco Kneuterdijk, The Hague**

Category: 4+\*

Keys: 210

Completion: Q4/20

2019

2020

2021

## **Super 8 Zollhafen, Mainz**

Category: 3\*

Keys: 216

Completion: Q1/20



## **HIEx Düsseldorf Moskauer Straße**

Category: 3\*

Keys: 455

Completion: Q1/21



Note: selection of projects in UBM's pipeline

30

# hotel pipeline.



## **Mercure Kattowice Mlynska**

Category: 4\*  
Keys: 268  
Completion: Q2/21



## **Sugar Palace, Prague**

Category: 5\*  
Keys: 175  
Completion: Q4/21

2021

2022

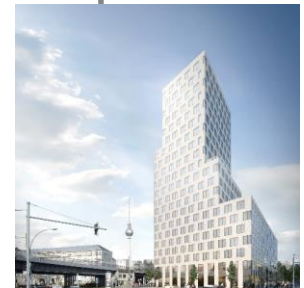
## **Ibis Styles Krakow Mogilska**

Category: 3\*  
Keys: 259  
Completion: Q2/21



## **Moxy & Residence Inn, Central Tower Berlin Double Hotel**

Category: 3\*/Long stay apartments  
Keys: 560  
Completion: Q1/22



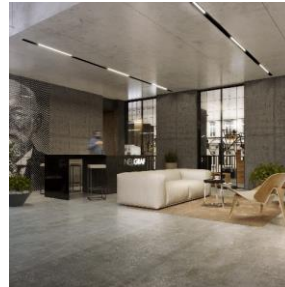
Note: selection of projects in UBM's pipeline

# residential pipeline.



## Neuhouse, Berlin

Apartments: 75  
Completion: Q1/20



## Neuhaus, Prague

Apartments: 177  
Completion: Q3/20

2020

2021

## Waterkant, Mainz

Apartments: 82  
Completion: Q2/20



## barany.7, Vienna

Apartments: 126  
Completion: Q3/21



Note: selection of projects in UBM's pipeline



# residential pipeline.



## immergrün, Berlin

Apartments: 500  
Completion: Q4/21



## Hafeninsel IV & V, Mainz

Apartments: 142  
Completion: Q4/21+Q2/22

2021

2022

2023

## Anders Wohnen, Munich

Apartments: 373  
Completion: Q4/19+  
Q3/21



## Astrid Garden, Prague

Apartments: 128  
Completion: >22



Note: selection of projects in UBM's pipeline

# office pipeline.



**QBC 1&2,  
Vienna**

GLA: 38,000 m<sup>2</sup>  
Completion: Q4/20

**Colmarerstraße,  
Frankfurt**

GLA: 14,100 m<sup>2</sup>  
Completion: Q2/22



2021

2022



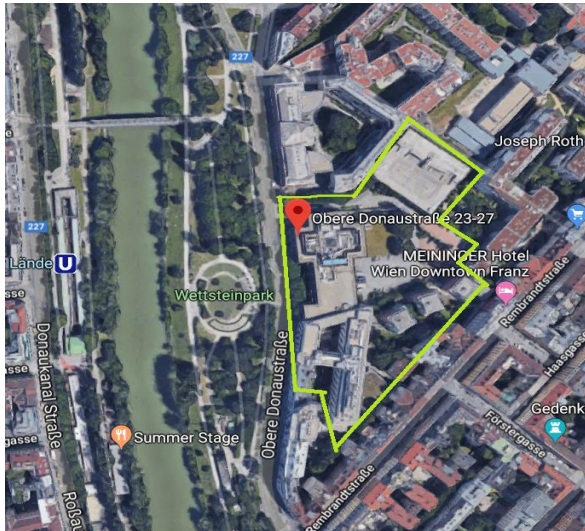
**Astrid Office, Prague**

GLA: 4,000 m<sup>2</sup>  
Completion: Q1/21

Note: selection of projects in UBM's pipeline / GLA = Gross lettable area

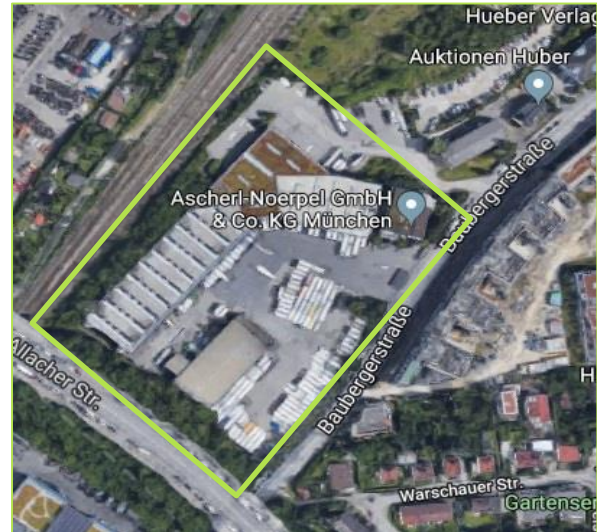
# mega-projects. beyond 2022.

## LeopoldQuartier/Vienna Hotel – Residential



- Land plot area of 23,000 m<sup>2</sup> bought in Oct 2018
- Follow-up project for QBC regarding size/quality
- Start of construction: 2020 and expected completion 2022/23

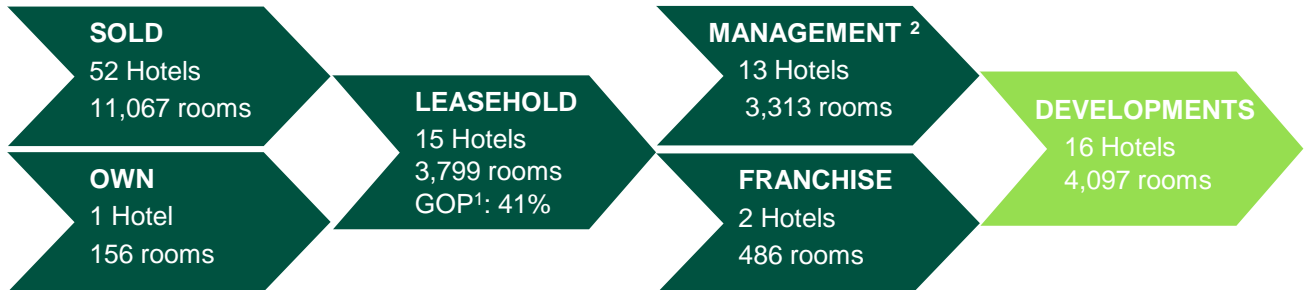
## Bauberger Str./Munich Mixed use



- Land plot area of 28,000 m<sup>2</sup> bought in Oct 2018
- Expected 3 to 4 years for re-zoning

# # 1 hotel developer in europe.

- UBM has developed 53 hotels in 9 countries over the last 26 years (>11,200 rooms)
- UBM hotels takes the place of the leaseholder between owner and operator (“sandwich model”)
- UBM hotels bundles all lease-holding activities of UBM



as of June 2019

<sup>1</sup> GOP= Gross Operating Profit as of June 2019

<sup>2</sup> Managed by international hotel management partners (see next chart)

# ubm hotels. leaseholds.

## Germany

5 hotels – 1,223 rooms

Holiday Inn Munich Westpark<sup>1</sup>  
 Holiday Inn Leuchtenbergring<sup>1</sup>  
 Holiday Inn Frankfurt „Alte Oper“  
 HIEX Berlin Klosterstraße  
 HIEX Munich City West

## Austria

1 hotel – 156 rooms

Kempinski Hotel Das Tirol Jochberg

## Poland

6 hotels – 1,420 rooms

InterContinental Warsaw  
 Radisson Blu Hotel, Krakow  
 Park Inn by Radisson Krakow  
 Radisson Blu Hotel, Wrocław  
 Holiday Inn Warsaw City Centre  
 Holiday Inn Gdansk City Centre

## Netherlands

1 hotel – 207 rooms

Crowne Plaza Amsterdam - South

Our partners:

**IHG**®

 **Holiday Inn**

 **INTERCONTINENTAL**  
HOTELS & RESORTS

 **Holiday Inn Express**

 **CROWNE PLAZA**  
HOTELS & RESORTS

 **RADISSON**  
HOTEL GROUP

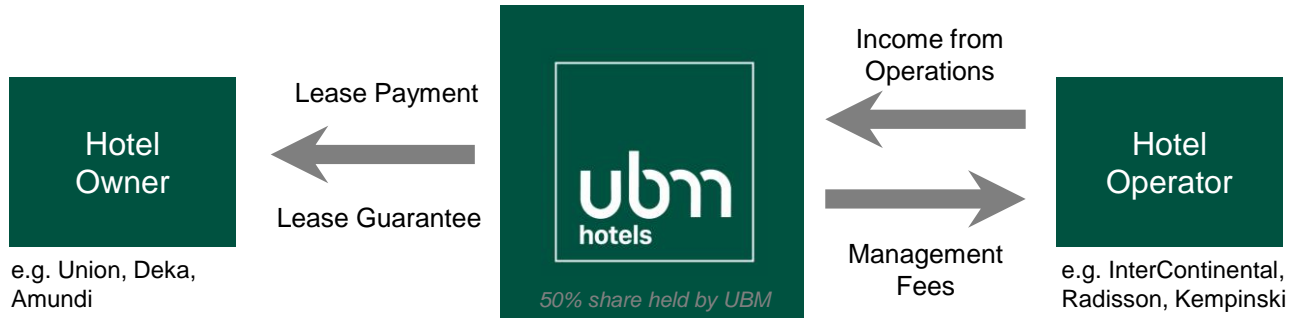
 **Radisson BLU**

 **park inn**  
by Radisson

 **Kempinski**  
HOTELIERS SINCE 1897

<sup>1</sup> Franchise

# hotels. ubm as "middle-man".



# hotel. perception ≠ reality.

## Trend city tourism<sup>1</sup>

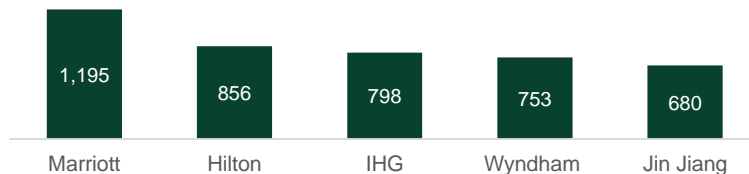
measured in overnight stays (in millions) of the last 10 years



- **City tourism<sup>1</sup>** is a **mega-trend**
- **Expansion of the big hotel groups**, which benefit disproportionately
- **Reservation systems** of the big hotel chains **replace** private hotel operators
- **Market concentration of the key players worldwide**

## Room capacities – the largest hotel groups worldwide (2017)<sup>2</sup>

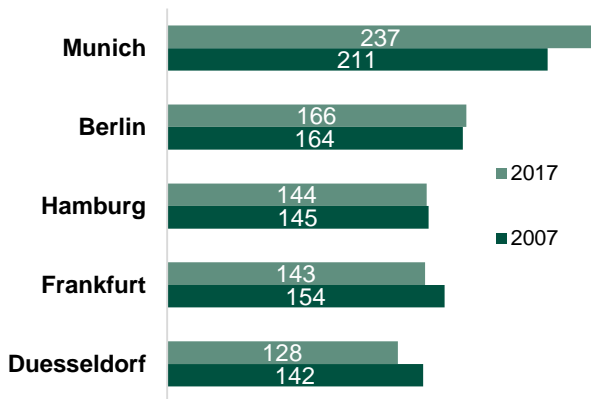
(in thousands)



<sup>1</sup>European City Tourism Study 2018. Roland Berger (33 Cities in 15 Countries); <sup>2</sup>Hotels Magazine 2017

# residential. perception ≠ reality.

Monthly household incomes to be spent for a property<sup>1</sup>  
(2007 vs. 2017)



	2007	2017	Change in %
Ø purchase price <sup>1</sup>	T€ 270	T€ 380	40%
Ø financing cost <sup>2</sup>	5.1%	2.3%	-55%
Ø household income			19% <sup>3</sup>
			27% <sup>4</sup>

## Issue #1

Lack of supply

## Issue #2

Higher equity (due to increased overall price level)

## Issue #3

Higher other costs (due to increased overall price level)

Source: Dr. Klein

<sup>1</sup> of a 150m<sup>2</sup> family home in top 10 German metropolitan areas <sup>2</sup> for a 20-years fixed term loan

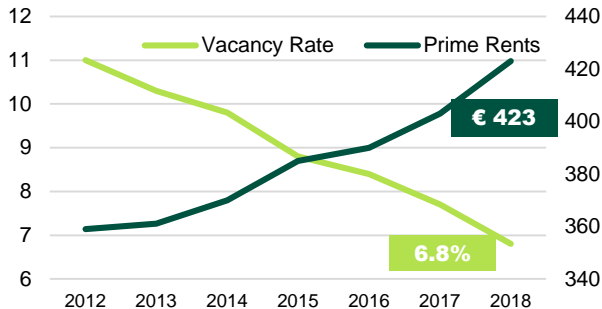
<sup>3</sup> increase West-Germany <sup>4</sup> increase in East-Germany



# office. perception ≠ reality.

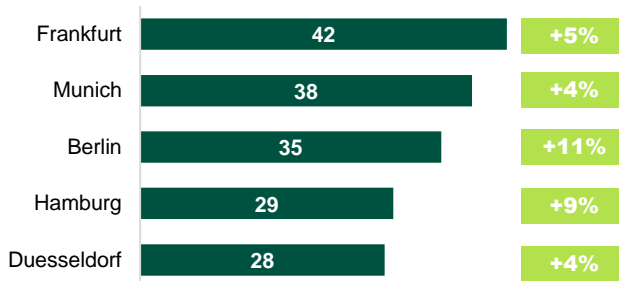
## European office prime rent (in €/m<sup>2</sup>/year) and vacancy (in %)

(for 40 cities)



- **Office** remains the **most dominant** asset class – record levels of office take-up
- **Supply shortage** limits investment opportunities
- **Vacancy contraction** pushes up prime rents (Ø growth in German Top 5 cities +6%)

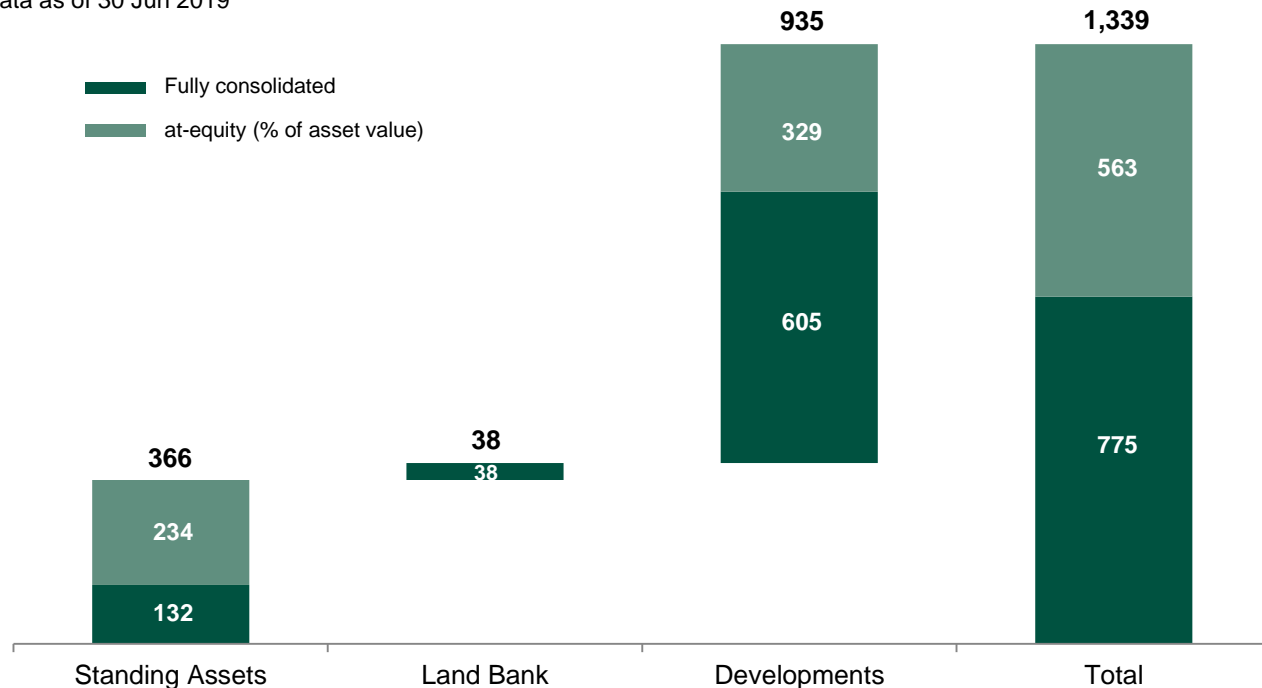
## Top 5 – German Cities (in €/m<sup>2</sup>/month)



# portfolio composition.

IFRS book values in €m<sup>1</sup>

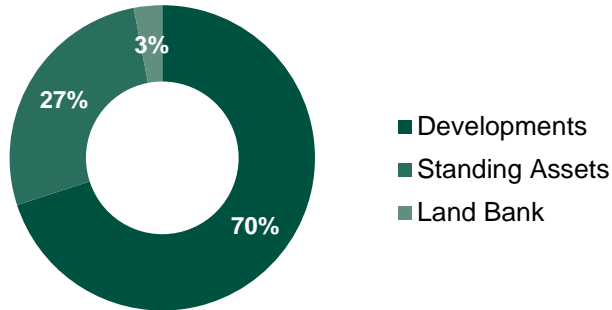
Data as of 30 Jun 2019



<sup>1</sup> incl. € 113m receivables (due to application of IFRS 15)

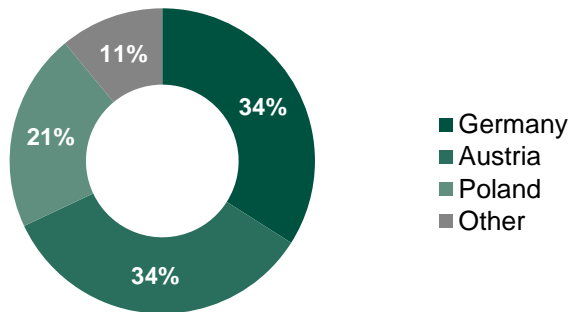
# book value breakdown. € 1.3bn

Book value by asset category



- **Development portfolio at 70% (= target ratio)**
- **Pure Play Developer**

Book value by country

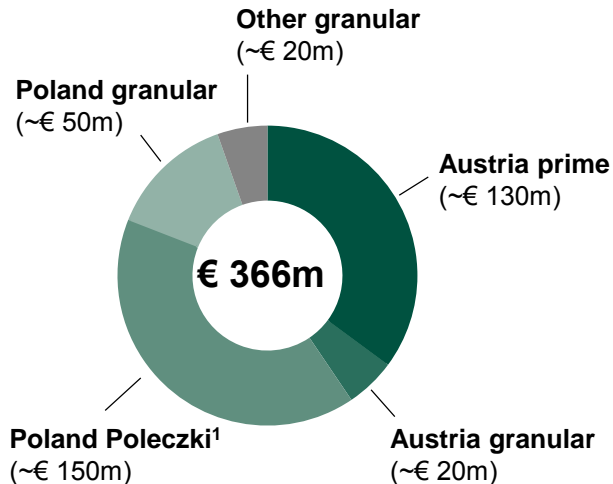


- **Germany and Austria represent 68% of portfolio**
- **Poland share at 21% due to standing assets (Poleczki Park)**
- **Hotel developments in Czech Republic and the Netherlands increase share of "Other"**

Data as of 30 June 2019

# standing assets.

## Book values (IFRS)



- **Austria prime** assets and **Poleczki** represent € 280m **(75%)** of standing assets
- Sale of **Austrian prime** assets **dependent on equity partners** (Palais Hansen Kempinski, Jochberg Kempinski, Wien Mitte)
- **Poleczki** Business Park in Poland - **good yield, lump investment**
- **High granularity** of remaining assets **requires time** and management attention

as of June 30, 2019

<sup>1</sup>Poleczki business park in Warsaw, € 150m represent % of holding

# key performance indicators.

Key Earnings Figures (in €m)	1-6/2019	1-6/2018	%Δ
<b>Total Output</b> <sup>1</sup>	182.6	552.8	-67.0%
Revenue	92.0	367.9	-75.0%
EBT	29.3	28.1	4.3%
Net Profit (before non-controlling interests)	21.3	20.8	2.5%
Key Asset and Financial Figures (in €m)	30 Jun 2019	31 Dec 2018	%Δ
Total assets	1,253.6	1,234.7	1.5%
Equity	433.4	436.3	-0.7%
Equity ratio	34.6%	35.3%	-0.8PP
Net debt <sup>2</sup>	478.3	421.9	13.4%
Key Share Data and Staff	30 Jun 2018	31 Dec 2018	%Δ
Earnings per share (in €) <sup>3</sup>	3.01	2.53	18.6%
Market capitalisation (in €m)	287.7	249.6	15.3%
Dividend per share (in €) <sup>4</sup>	2.20	2.00	10.0%
Staff <sup>5</sup>	376	365	3.0%

<sup>1</sup> 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 in proportion to the stake held by UBM

<sup>2</sup> Net debt equals current and non-current bonds and financial liabilities, excluding leasing liabilities, minus cash and cash equivalents.

<sup>3</sup> The values and the change are based on 1–6/2019 and 1–6/2018.

<sup>4</sup> The dividend is paid in the respective financial year, but is based on profit for the previous financial year.

<sup>5</sup> Of which 55 employees ubm hotels in H1/2019 (2018: 52 employees)

# income statement.

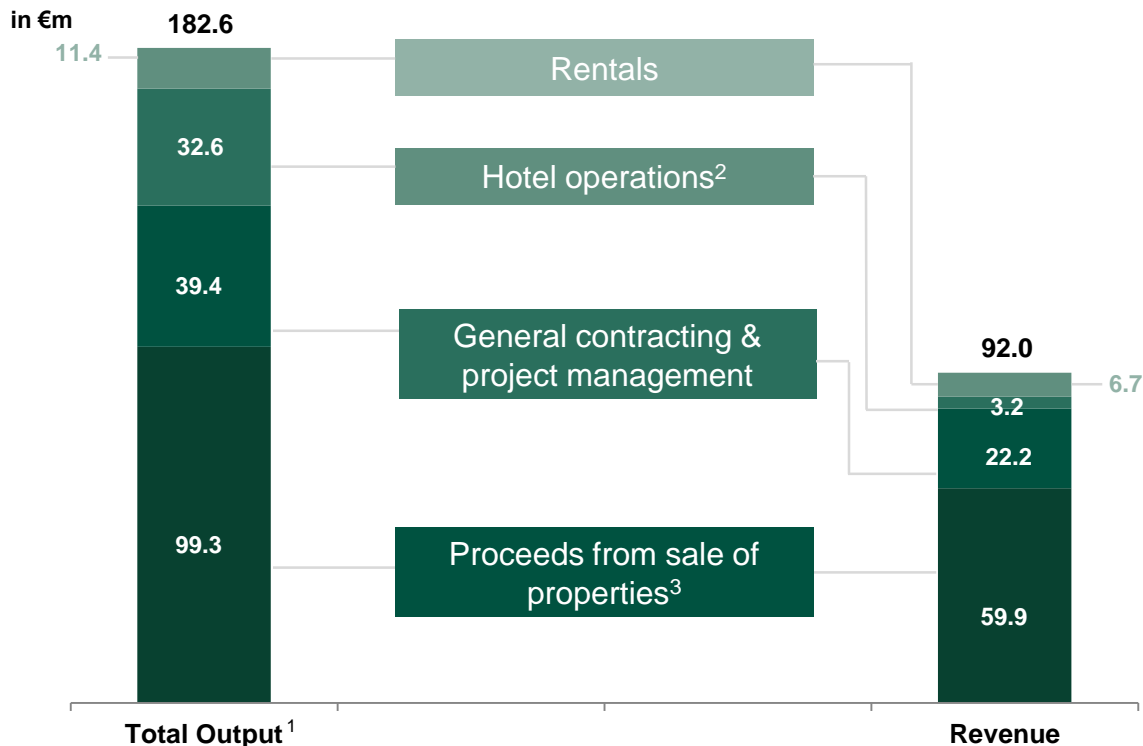
in T€	1-6/2019	1-6/2018	%Δ
Total Output <sup>1</sup>	182,587	552,801	-67.0%
Revenue	92,046	367,895	-75.0%
Changes in the portfolio	-2,680	-12,440	-78.5%
Share of profit/loss from companies accounted for at equity	13,157	14,368	-8.4%
Net result from fair value adjustments (accord. to IAS 40)	27,877		
Material cost	-61,030	-275,284	-77.8%
Personnel expenses	-18,867	-23,794	-20.7%
Other operating income & expenses	-14,317	-30,733	
EBITDA	36,186	37,778	-4.2%
Depreciation and amortisation	-2,189	-1,624	34.8%
EBIT	33,997	36,154	-6.0%
Financial income <sup>2</sup>	7,247	5,930	22.2%
Financial cost	-11,922	-13,966	-14.6%
EBT	29,322	28,118	4.3%
Income tax expense <sup>3</sup>	-7,978	-7,291	9.4%
<b>Net Profit</b>	<b>21,344</b>	<b>20,827</b>	<b>2.5%</b>
<b>Earnings per share (in €)</b>	<b>3.01</b>	<b>2.53</b>	<b>18.6%</b>

<sup>1</sup> Total Output corresponds to the revenue generated by fully consolidated companies and companies consolidated at equity as well as the sales proceeds from share deals in proportion to the stake held by UBM

<sup>2</sup> Income from share deals H1 2018 1.2m, H1 2019 3.5m

<sup>3</sup> Of which € -1.7m (2018: € -18.8m) from effective taxes and € -6.3m (2018: € 11.5m) from deferred taxes in H1/2019

# total output and revenue. bridge.



<sup>1</sup> 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 in proportion to the stake held by UBM.

<sup>2</sup> Due to deconsolidation of UBM hotels Management GmbH

<sup>3</sup> Incl. € 30.7m Total Output from PoC method for projects under development in H1 2019 (due to IFRS 15)

# total output and EBT. segment reporting.

in T€

Total Output by region	1-6/19	1-6/2018	%Δ
Germany	60,144	239,957	-74.9%
Austria	63,793	138,021	-53.8%
Poland	38,350	154,927	-75.2%
Other	20,331	19,896	2.2%
<b>Total</b>	<b>182,587</b>	<b>552,801</b>	<b>-67.0%</b>

Total Output by asset class	1-6/19	1-6/18	%Δ
Hotel	70,051	201,333	-65.2%
Office	6,739	193,892	-96.5%
Residential	44,324	101,482	-56.3%
Other	30,853	17,258	78.8%
Service	27,178	36,555	-25.7%
Administration	3,443	2,281	50.9%
<b>Total</b>	<b>182,587</b>	<b>552,801</b>	<b>-67.0%</b>

EBT by region	1-6/19	1-6/18	%Δ
Germany	36,005	52,387	-31.3%
Austria	-4,504	4,716	n.m.
Poland	-5,368	-21,733	-75.3%
Other	3,190	-7,252	n.m.
<b>Total</b>	<b>29,322</b>	<b>28,118</b>	<b>4.3%</b>

EBT by asset class	1-6/19	1-6/18	%Δ
Hotel	7,913	28,620	-72.4%
Office	16,121	18,135	-11.1%
Residential	2,524	-6,490	n.m.
Other	7,805	-11,697	n.m.
Service	-10,029	-440	n.m.
Administration	4,988	-10	n.m.
<b>Total</b>	<b>29,322</b>	<b>28,118</b>	<b>4.3%</b>

Note: The figures were rounded using the compensated summation method. Changes are calculated using exact values.



# balance sheet. assets.

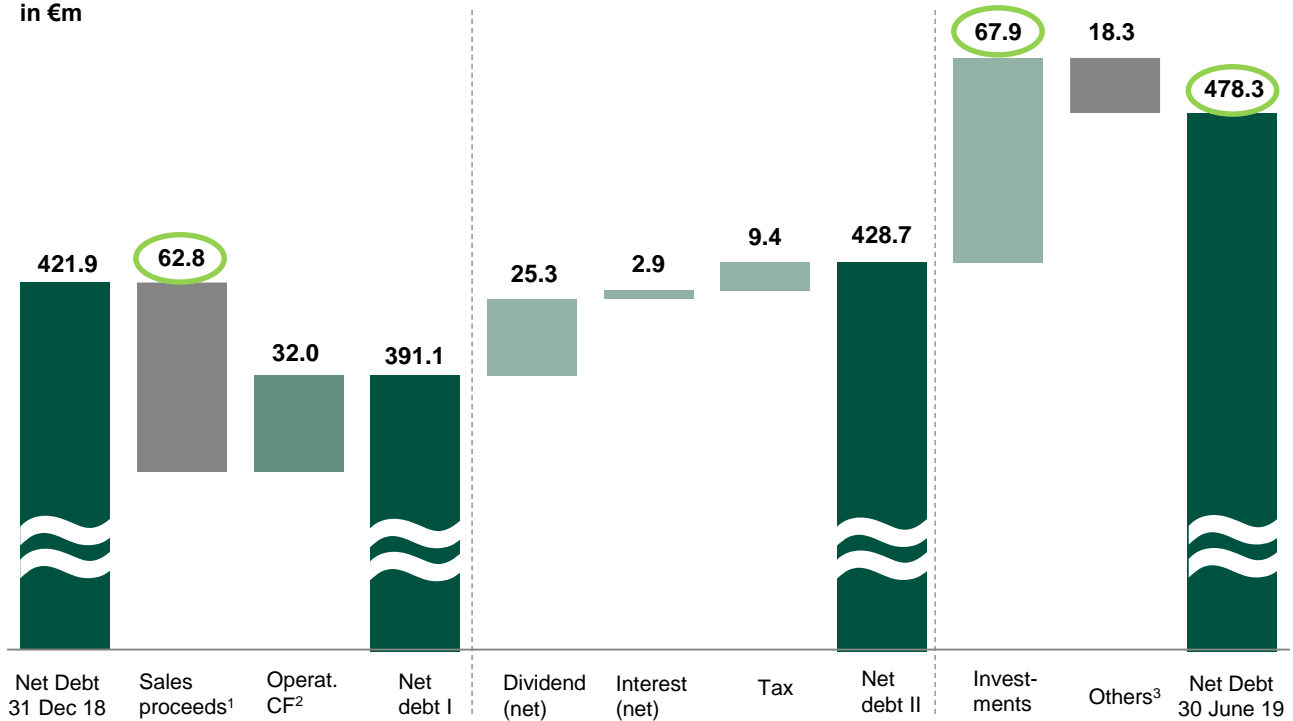
in T€	30 Jun 2019	31 Dec 2018	%Δ
<b>Non-current assets</b>	<b>782,968</b>	<b>781,621</b>	<b>0.2%</b>
Intangible assets	2,725	2,730	-0.2%
Property, plant and equipment	11,503	2,650	334.1%
Investment property	504,080	499,196	1.0%
Investments in companies accounted for at equity	118,748	115,770	2.6%
Project financing	122,929	139,892	-12.1%
Other financial assets	5,685	5,643	0.7%
Financial assets	4,474	4,475	0.0%
Deferred tax assets	12,824	11,265	13.8%
<b>Current assets</b>	<b>470,587</b>	<b>453,034</b>	<b>3.9%</b>
Inventories	101,146	121,527	-16.8%
Trade receivables	103,289	108,237	-4.6%
Financial assets	17,144	11,067	54.9%
Other receivables and current assets	9,147	11,756	-22.2%
Cash and cash equivalents	181,961	200,447	-9.2%
Assets held for sale	57,900	-	
<b>Total assets</b>	<b>1,253,555</b>	<b>1,234,655</b>	<b>1.5%</b>

# balance sheet. equity & liabilities.

in T€	30 Jun 2019	31 Dec 2018	%Δ
<b>Equity</b>	<b>433,386</b>	<b>436,316</b>	<b>-0.7%</b>
Share capital	22,417	22,417	-
Capital reserves	98,954	98,954	-
Other reserves	180,841	177,216	2.0%
Mezzanine/hybrid capital	126,782	130,315	-2.7%
Non-controlling interests	4,392	7,414	-40.8%
<b>Non-current liabilities</b>	<b>549,611</b>	<b>477,776</b>	<b>15.0%</b>
Provisions	7,641	6,648	14.9%
Bonds	390,619	344,172	13.5%
Non-current financial liabilities	132,730	114,500	15.9%
Other non-current financial liabilities	4,043	3,880	4.2%
Deferred tax liabilities	14,578	8,576	70.0%
<b>Current liabilities</b>	<b>270,558</b>	<b>320,563</b>	<b>-15.6%</b>
Provisions	1,169	169	-
Bonds	91,107	90,284	0.9%
Current financial liabilities	66,712	73,368	-9.1%
Trade payables	51,423	93,661	-45.1%
Other current financial liabilities	32,640	26,932	21.2%
Other current liabilities	4,489	5,405	-16.9%
<b>Taxes payable</b>	<b>23,018</b>	<b>30,744</b>	<b>-25.1%</b>
<b>Total equity &amp; liabilities</b>	<b>1,253,555</b>	<b>1,234,655</b>	<b>1.5%</b>

# overview. cashflow.

in €m



<sup>1</sup> incl. advance payments (IAS 2) and PoC IFRS 15 valuations

<sup>2</sup> Operative cashflow after working capital and before interest/taxes

<sup>3</sup> € 20m repayment of project financing

# cash flow. net debt reconciliation.

in T€	Sales Proceeds	Operating CF incl. WC	Dividends (net)	Interest (net)	Tax (Income Tax)	Investments	Other	Net debt Neutral
Profit / Loss for the period	21.344	21.344						
Depreciation, impairment & reversals of impairment on fix. & fin. Assets	-25.845	-25.845						
Interest income/expense	11.428	11.428						
Income from companies accounted for at equity	-13.157	-13.157						
Dividends from companies accounted for at equity	2.921	2.921						
Decrease in long-term provisions	498	498						
Deferred income tax	6.262	6.262						
<b>Operating cash flow</b>	3.451	0	3.451	0	0	0	0	0
Increase / Decrease in short-term provisions	1.000		1.000					
Increase/Decrease in tax provisions	-7.726		-7.726					
Losses/gains on the disposal of assets	-3.275		-3.275					
Increase / Decrease in inventories	4.562	17.353	2.395			-12.716		
Increase/Decrease in receivables	754	7.178	10.449			-16.873		
Increase/ Decrease in payables	-43.430		-43.430					
Interest received	446			446				
Interest paid	-3.297			-3.297				
Other non-cash transactions	-2.502		-2.502					
<b>Cash flow from operating activities</b>	-50.017	24.531	-45.559	0	-2.851	0	-29.589	0
Proceeds from sale of property, plant and equipment & investment property	4.337	4.337						
Proceeds from sale of financial assets	8.153	8.153						
Proceeds from the repayment of project financing	29.270	9.023					20.247	
Investments in intangible assets	-42						-42	
Investments in property, plant and equipment & investment property	-25.456						-25.456	
Investments in financial assets	-1.192						-1.192	
Investments in project financing	-10.589						-10.589	
Proceeds from the sale of consolidated companies	7.025	16.799	640				-1.020	-9.394
<b>Cash flow from investing activities</b>	11.506	38.312	640	0	0	0	-38.299	20.247
Dividends	-23.459		-23.459					
Dividends paid out to non-controlling interests	-1.850		-1.850					
Proceeds from bonds and notes	46.350							46.350
Increasing loans and other financing	43.159							43.159
Repayment of loans and other financing	-44.283							-44.283
<b>Cashflow from financing activities</b>	19.917	0	0	-25.309	0	0	0	45.226
<b>Change to cash and cash equivalents</b>	-18.594	62.843	-41.468	-25.309	-2.851	0	-67.888	20.247
Cash and cash equivalents as of 1 Jan	200.447							
Currency translation differences	108						108	
<b>Cash and cash equivalents as of 30 June</b>	181.961							
Tax paid	9.442		9.442		-9.442			
<b>Total: Positions Net Debt Bridge</b>		<b>62.843</b>	<b>-32.026</b>	<b>-25.309</b>	<b>-2.851</b>	<b>-9.442</b>	<b>-67.888</b>	<b>20.355</b>
								<b>35.832</b>

# bonds. overview.

Bond	Term	Nominal (in €m)	Coupon	Book value as of 30 June 2019 (IFRS)
3.125% Bond	2018-2023	120.0	3.125%	120.2
3.25% Bond	2017-2022	150.0	3.25%	146.3
4.25% Bond	2015-2020	75.0	4.25%	74.4
4.875% Bond	2014-2019	91.3	4.875%	91.1
Promissory note loans	2016-2021	32.0	3.769%	32.0
Bearer bond	2016-2021	18.5	3.75%	17.8
5.50% Hybrid bond <sup>1</sup>	Unlimited maturity	100.0	5.50%	98.9
6.00% Hybrid bond <sup>1</sup>	Unlimited maturity	25.3	6.00%	25.3

<sup>1</sup> Attributable to equity

# investor relations.

## Financial Calendar 2019 & 2020

Q3 Report 2019	28 Nov 19
----------------	-----------

Annual Financial Report 2019	27 Apr 20
------------------------------	-----------

Record Date – AGM	18 May 20
-------------------	-----------

Q1 Report 2020	26 May 20
----------------	-----------

Annual General Meeting	28 May 20
------------------------	-----------

Ex-Dividend	03 Jun 20
-------------	-----------

Record Date Dividend	04 Jun 20
----------------------	-----------

Dividend Payment	05 Jun 20
------------------	-----------

Half-Year Report 2020	27 Aug 20
-----------------------	-----------

Q3 Report 2020	26 Nov 20
----------------	-----------

## Shareholder Information

Share price	€ 42.0 <sup>1</sup>
-------------	---------------------

Market capitalisation	€ 313.8m
-----------------------	----------

Number of shares outstanding	7,472,180
---------------------------------	-----------

Ticker symbol	UBS VI
---------------	--------

ISIN	AT0000815402
------	--------------

## IR contact

### Anna Vay, CEFA

Head of Investor Relations & Corp. Communications

Tel: +43 664 626 1314

Mail: [investor.relations@ubm-development.com](mailto:investor.relations@ubm-development.com)

<sup>1</sup> Closing Price: 3.10.2019