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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

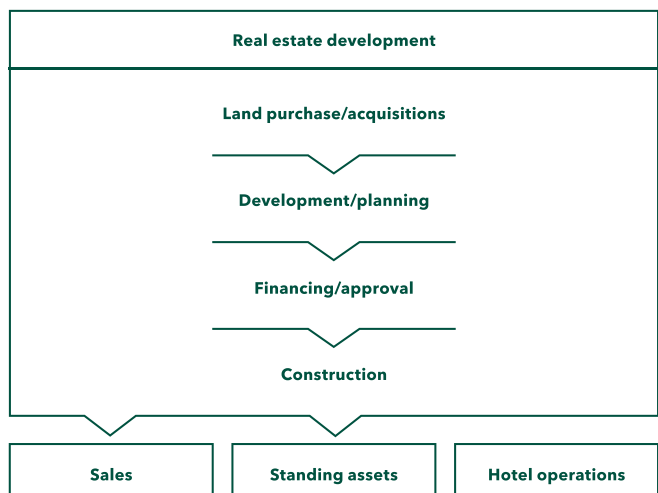
This non-financial statement is structured in agreement with the subject areas most important for UBM and contains three main sections: environment, employees and social and compliance. In these three sections, the key issues are presented - including the management approach, risks and their impact, 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.

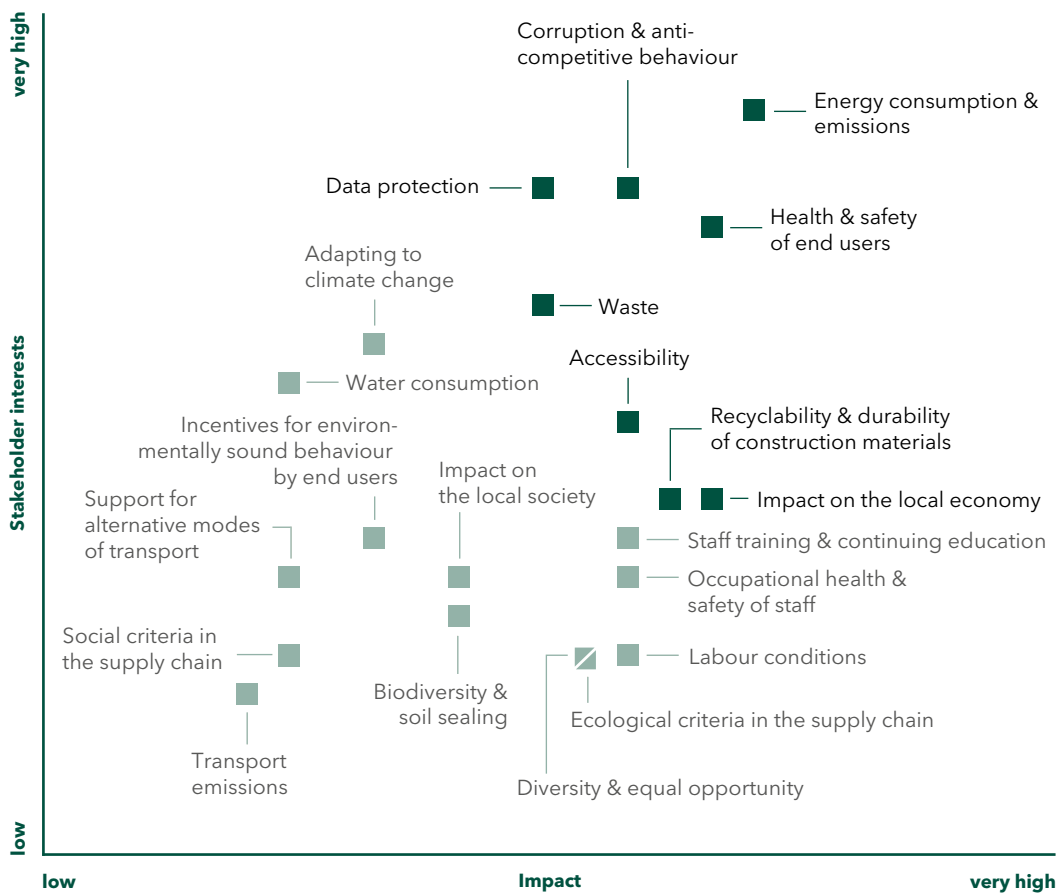
In order to incorporate the focal points of the sustainability strategy in every project planning phase, UBM’s relevant impact and risks on society, the economy and the environment were identified and prioritised as a first step in workshops and dialogues with internal experts. The resultant thematic 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 CO₂ 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 important 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 CO₂ emissions
- Users' health and safety
- Recyclability and longevity of materials
- Soil sealing
- Waste

Non-financial indicators like energy consumption and the related CO₂ 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
- CO₂ 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 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 CO₂ 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 CO₂ 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 CO₂-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 CO₂ – 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 CO₂, while the production of one cubic metre of reinforced steel generates one tonne of CO₂. 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 example, 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 (m ²)	70,431	158,215
Certified GFA (%)	59	79
Certified GFA (m ²)	39,010	124,758
Non-certified (m ²)	31,421	33,458
Certification ² (number)	4	8
DGNB	3	5
LEED	3	3
BREEM	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 CO₂ 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 CO₂ 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 CO₂ emission factors differ by region because the prevailing energy carriers are not the same in all countries. The CO₂ 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 (m ²)	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 (m ²)	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 CO₂ 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 (m ²)	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 CO₂ 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 CO₂ 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 (m ²)	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 CO₂ 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 CO₂ emissions. In 2020, the IHG Green Engage Programme included a reduction of the CO₂ 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 CO₂ 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.

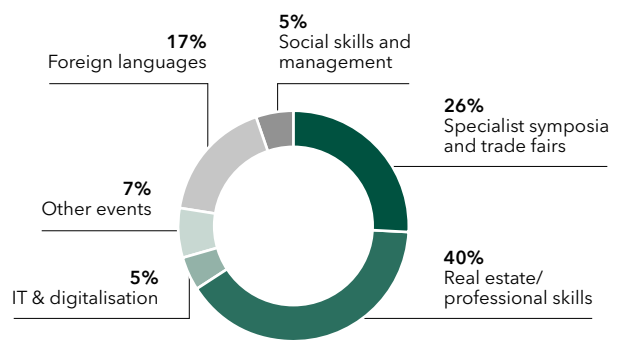
An analysis of the number of employees in the development area by country again shows the strongest increase in Germany. As in the previous year, it reflects the fact that this country is responsible for the largest project portfolio and the related need for additional personnel. A slight increase in 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 part-

ners' 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: <ul style="list-style-type: none"> ■ Water efficiency ■ Energy ■ Microclimate and biodiversity ■ Mobility - passenger transport (public/non-public) 	Technical requirements, benchmarks and targets: <ul style="list-style-type: none"> ■ LCA und LCC valuations ■ Reduction of CO₂ 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)
	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



Martin Löcker



Thomas G. Winkler
Chairman



Patric Thate