Interim Report on the 1st Quarter 2017

Key Performance Indicators

Key earnings figures (in € million)	1–3/2017	1–3/2016	Change[2]
Total Output[1]	**116.5**	91.7	27.1%
EBITDA	**10.9**	9.0	21.0%
EBIT	**9.9**	8.2	21.2%
EBT	**6.8**	5.1	32.1%
Profit for the period	**5.3**	4.9	8.0%

Key asset and financial figures (in € million)	31.3.2017	31.12.2016	Change[2]
Total assets	**1,311.9**	1,233.8	6.3%
Equity	**346.2**	341.5	1.4%
Equity ratio	**26.4%**	27.7%	-1.3pp
Net debt	**744.0**	691.2	7.6%

Key share data and staff	31.3.2017	31.12.2016	Change[2]
Number of shares (weighted average)	**7,472,180**	7,472,180	-
Share price (in €)	**32.4**	31.0	4.5%
Market capitalisation (in € million)	**242.1**	231.6	4.5%
Staff[3]	**735**	716	2.7%

1 Total Output represents the revenue of companies included through full consolidation and at equity as well as the sale proceeds from share deals based on the investment held by UBM
2 The key figures were rounded based on the compensated summation method. The changes were calculated on the basis of the exact values
3 Distribution as of 31.3.2017 (headcount): Development 307 and Hotel 428; 31.12.2016: Development 309 and Hotel 407

We develop space for living.
For people who value quality, functionality and sustainability. People who see their living space as room to create. For themselves and their environment. People who think holistically and with attention to detail.
Just like we do.

developing apartments.
realising opportunities.

Contents

At a Glance

Year 2 at a glance
The year of execution and delivery

Net debt of € 744 million
as expected

Investments in the future
more than offset proceeds from property sales

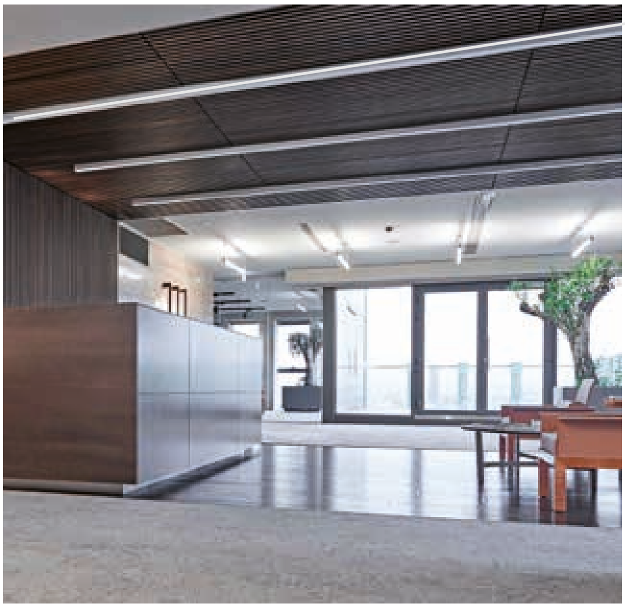
Net debt of € 550 million
Target for year-end 2017 unchanged

Intelligent new investments
safeguard future profitability

Managers become entrepreneurs
Introduction of stock option programme

NeuHouse, Enckestrasse, Berlin

Highlights



13 February / Sale of standing asset "Pilot Tower" in Krakow for approx. € 22 million

The "Pilot Tower" in Poland was sold to the First Property Group for approx. € 22 million – the closing took place in mid-April. This 14-storey office building was completed in 2014 and fully let before that time. Thanks to its cubistic facade, the "Pilot Tower" has already gained landmark status in the city of Krakow.

23 February / Two hotels in Katowice and Pilsen sold for € 34 million

Two standing assets, the Angelo Hotels in Poland and the Czech Republic, were sold to the Thai investor U City Public Company Ltd. for a total of € 34 million. These attractive projects were developed by a 50/50 joint venture with Warimpex. The closing is expected to take place in the second quarter of 2017.

28 February / Forward sale of Magna logistics and operations centre for € 17 million

As part of its "Fast Track 2017" strategic sales programme, UBM sold the Magna logistics and operating centre in Graz to Palmira Capital Partners, a leading independent property investment corporation. The purchase price equalled € 17 million, and the closing and the resulting effect on net debt will follow in the second quarter 2017.

2 March / New residential construction project "The Brick" in Hamburg

The building permit for the Hamburg residential construction project "The Brick" marked the start of sales for these attractive housing units. On a gross floor area of approx. 8,400 m², 101 flats will be built in modern loft architecture – to reflect the former industrial use of this district. Construction is planned to start during the second quarter of 2017.

9 March / Cornerstone ceremony for "Granaria"

A public-private partnership between the city of Danzig and the property developers Immobel, Multibud and UBM Polska as investors formed the framework for the successful completion of the preparation phase for the "Granaria" development project in Danzig. The first stage of construction at this 18,000 m² site on Granary Island will cover a residential and commercial complex plus a four-star hotel, which will be realised by UBM. Completion is planned by the end of 2018.

31 March / Successful transfer of "HIEX Klosterstrasse" in Berlin

This hotel development project by UBM in Berlin-Mitte was completed at the end of the first quarter and successfully transferred to Union Investment. The 186 room hotel will be operated by IHG under the Holiday Inn Express (HIEX) brand. The "HIEX Klosterstrasse" represents another successful project in the long-standing, established partnership between UBM, IHG and Union Investment.

3 April / Forward sale of the new Zalando headquarters for € 196 million

The sale of the Zalando headquarters in Berlin represents a milestone in UBM's "Fast Track 2017" accelerated sales programme. The project was sold to the South Korean Capstone Asset Management for € 196 million through a forward deal. Completion is planned for the third quarter of 2018, and an equity partner opens an additional possibility for hybrid forward funding.

Investor Relations

Upturn in the global economy[1]

The positive mood on the stock markets continued during the first quarter of 2017. Solid economic indicators, stable forecasts for the Chinese economy and the low probability of an increase in US interest rates were the key supporting factors.

The inauguration of the new US president Donald Trump and the related expectations on his government triggered a substantial increase in share prices on the US exchanges. The US Dow Jones Industrial Index(DJI) rose to a new high at the end of the first quarter, with an increase of 4.6% during the reporting period.

This favourable sentiment was also reflected in the development of European stock indexes, whereby European shares outperformed their US counterparts. The European EURO STOXX 50 rose by 6.4% during the first three months of 2017, and the German DAX index surpassed this performance with a plus of 7.2%. On the Vienna Stock Exchange, the positive trend from the past two quarters continued in the first three months. The leading ATX index recorded above-average results with a plus of 8.0%.

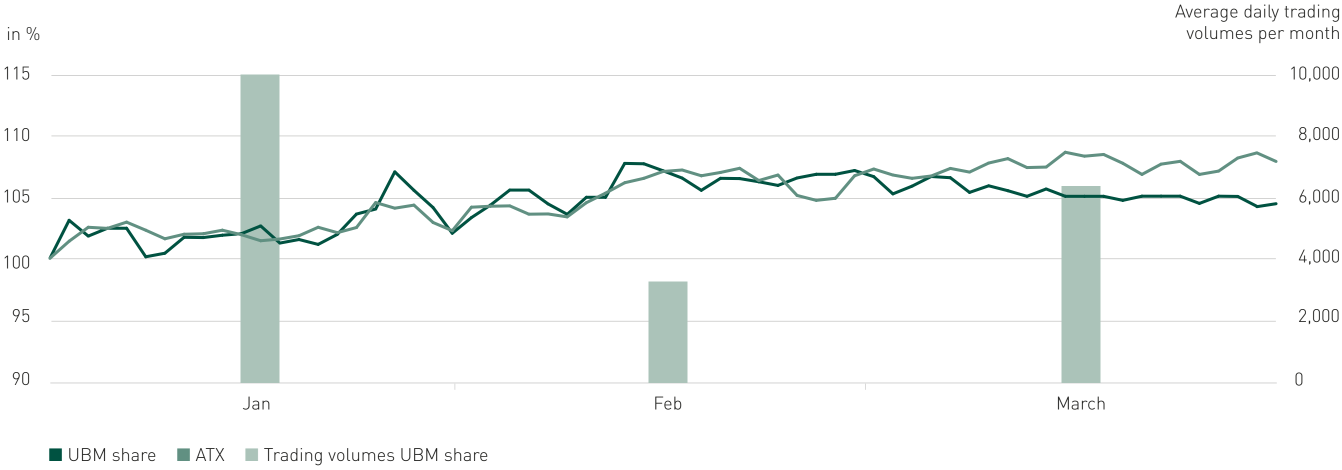
UBM share: stable development

UBM shares are listed in the Prime Market Segment of the Vienna Stock Exchange and also included in the Immobilien ATX (IATX) index. Following the quarterly low of € 31.01 on 9 January, the share rose slightly to a high of € 33.40 on 13 February. The UBM share initially held this level following the announcement of preliminary results for 2016 on 6 March 2017 and closed the first quarter at € 32.40, for an increase of 4.5% over year-end 2016. The average trading volume equalled 6,630 shares and substantially exceeded the prior year average (full year 2016: 4,358 shares). Market capitalisation increased to € 242.1 million on 31 March 2017.

Shareholder structure

The share capital of UBM Development AG totals € 22,416,540.00 and is divided into 7,472,180 shares. The Syndicate (Strauss Group and IGO-Ortner Group) held an unchanged 38.8% of the outstanding shares as of 31 March 2017. The remaining shares are held in free float (61.2%)[2], whereby most of these investors are located in Austria (38.8%), followed by Germany (20.1%) and the UK (18.8%).

Performance of the UBM share compared to the index and trading volumes in the 1st quarter 2017



[1] Vienna Stock Exchange, 1st Quarter 2017
[2] including Supervisory Board and Management 11.3%

Interim Management Report

General economic environment

Eurozone outpaces the US economy
The global economy continued its upward trend during the first quarter of 2017. With a year-on-year increase of 2.8% in the first three months, global GDP generally reflected the level at the end of 2016. The US economy started the year in a weaker position with GDP growth of only 0.2%[1] over the previous quarter. In mid-March, the US Federal Reserve raised key interest rates slightly by 25 basis points[2].

Economic development in Europe was positive despite political uncertainty and the start of negotiations at the end of March over Great Britain's exit from the EU. GDP in the eurozone rose by 0.5% over the previous quarter from January to March 2017. Positive effects were provided by the low euro exchange rate, strong private consumption and declining unemployment. The European Central Bank retained its expansive monetary policy during the first three months with a key interest rate of 0.0%[3].

This international development provided further positive impulses for the German economy which were reflected, above all, in a high pace of construction.[4] The German GDP[5] rose by 0.4% quarter-on-quarter (Q4/2016). Austria also reported a GDP increase of 0.6% over the previous quarter[6], which was based on an improved export outlook, further positive impulses for private consumption and a sound employment situation. Growth in Poland and the Czech Republic also reflected a continuation of the year-end trend.

Developments on the real estate markets

Strong start to the year in Europe[7]
The investment volume on the European commercial property market totalled € 56.1 billion in the first quarter of 2017 and reflected the high level recorded in the first three months of 2016. In Central Europe, the transaction volume in the real estate sector rose by a sound 12% to € 39.9 billion in spite of political uncertainties. The main focus in this region was on the office asset class, which recorded the highest transaction volume at € 23.0 billion, followed by retail at € 12.9 billion. Hotel properties were responsible for a transaction volume of € 4.3 billion.

Germany remains a safe haven
The German real estate market remained the preferred investment target for international and national investors. In the first quarter of 2017, the real estate transaction volume increased by an impressive 45% year-on-year to € 15.8 billion.[8] The office segment was again the top performer among the asset classes.[9] Steady high demand combined with a stagnating supply led to a further yield compression for prime office projects and resulted in an average yield of 3.49% for the top five cities. The hotel investment market in Germany rose to a new record high at the beginning of the year and was 45% over the transaction volume in the first quarter of 2016.[10] Transactions on the German residential market[11] totalled € 3.2 billion in the first three months of 2017 and, in spite of the tight supply, were substantially higher than the first quarter of the previous year. In the residential segment, forward purchases gained in importance: at € 970 million, 30% of the total transaction volume was attributable to new development projects. Project developers and property developers on the seller side are currently among the most active market participants based on turnover.

[1] http://www.focus-economics.com/regions/major-economies
[2] http://www.telegraph.co.uk/business/2017/03/15/ftse-100-rises-pound-jumps-122-ahead-uk-jobs-report-expected/
[3] https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html
[4] https://www.ifw-kiel.de/medien/medieninformationen/2017/deutsche-wirtschaft-startet-stark-ins-jahr-2017
[5] http://www.tradingeconomics.com/germany/gdp-growth
[6] https://www.oenb.at/Presse/20170508.html
[7] CBRE European Investment Market Snapshot Q1 2017
[8] CBRE Germany Investment Quarterly Q 1 2017
[9] CBRE Deutschland Büroinvestmentmarkt Q1 2017
[10] http://www.colliers.com/-/media/files/emea/germany/germany_research/hotel/hotel-investment-germany-colliers-2017-q1.pdf?la=en-GB
[11] CBRE Deutschland Wohninvestmentmarkt Q1 2017

Positive trend continues in Austria[1]

The Austrian real estate market retained its high appeal during the first quarter of 2017. EHL reports that properties with a total value of € 710 million were traded during the first three months, which represents an increase of approximately 45% over the previous year.[2] The office sector was also the preferred asset class here with over 50% of the total market volume, and prime yields fell only slightly to approximately 3.75%.[3] The pressure on prices – above all in the residential segment – remained high as a result of supply and demand.

Continued sound development in Poland[4]

The Polish real estate market is characterised by a strong focus on office and retail properties. Demand for nearly 194,000 m² was reflected in continued sound momentum on the office market during the first quarter of 2017. Large-scale new projects entered the market, and the demand for rentals remained high. This led to a decline in vacancy rates, while prime rents were stable.

Business performance

Total Output and segments

UBM Development AG generated Total Output of € 116.5 million in the first quarter of 2017 (Q1/2016: € 91.7 million). This represents an improvement of 27.1% over the first quarter of the previous year and resulted, among others from the sale of the "HIEX Klosterstrasse" Hotel in Berlin, the sale of two standing assets in Klagenfurt and Vienna through share deals and higher project management services in Austria.

Total Output in the "Germany" segment declined by roughly 18% year-on-year to € 46.3 million for the reporting period (Q1/2016: € 56.5 million). The higher Total Output in the previous year is attributable, above all, to the sale of the "Trikot Office" and "Arena Boulevard" office properties. An important contribution to Total Output in this segment during the reporting period was made, in particular, by the sale of the "HIEX Klosterstrasse".

Total Output in the "Austria" segment equalled € 47.2 million in the first quarter of 2017 (Q1/2016: € 15.1 million). This threefold was based on a higher volume of project management services provided by the subsidiary STRAUSS & PARTNER for major projects in Vienna, Salzburg and Graz and, in particular, to the sale of standing assets in Vienna and Klagenfurt through share deals. The income from the sale of apartments, among others in Vienna, Burgenland and Tyrol, also had a positive

Total Output by region (in € million)	1–3/2017	1–3/2016	Change
Germany	**46.3**	56.5	-18.1%
Austria	**47.2**	15.1	212.1%
Poland	**14.5**	12.5	16.7%
Other markets	**8.5**	7.6	12.3%
Total	**116.5**	**91.7**	**27.1%**

[1] https://www.ots.at/presseaussendung/OTS_20170103_OTS0048/immobilienmarkt-2017-preise-in-ballungszentren-steigen-spuerbar-bild
[2] https://www.immoversum.com/immofokus/timeline/immobilieninvestmentmarkt-q1/
[3] https://www.wohnnet.at/business/branchen-news/immo-marktbericht-ehl-19093056
[4] JLL Warsaw Office Report Q1 2017

effect on Total Output and were significantly higher than the first quarter of 2016.

In the "Poland" segment, UBM generated Total Output of € 14.5 million (Q1/2016: € 12.5 million). The increase of 16.7% resulted primarily from higher revenues in the hotel business as well as rental income from standing assets.

The "Other markets" segment recorded Total Output of € 8.5 million from January to March 2017 (Q1/2016: € 7.6 million). The largest contribution was made by the hotels in France and the Netherlands. Other sources of Total Output included the project management and planning services provided by UBM Bohemia and rental income from the standing assets in the Czech Republic and Romania.

In the "Office" segment, UBM Development AG recorded Total Output of € 6.4 million in the first quarter of 2017 (Q1/2016: € 30.6 million). The high Total Output in the previous year resulted, above all, from the sale of the "Trikot Office" and "Arena Boulevard" office buildings.

The "Hotel" segment generated Total Output of € 46.0 million during the reporting period (Q1/2016: € 18.3 million). In addition to services from hotel operations, the sale of the "HIEX Klosterstrasse" hotel in Berlin for € 24.9 million made an important contribution to this increase. Revenues from hotel operations totalled € 21.0 million in the first three months of 2017 and were € 2.7 million, or 14.8%, higher than the first quarter of 2016.

In the "Residential" segment, UBM recorded Total Output of € 9.7 million in the first three months of 2017 (Q1/2016: € 14.8 million). The year-on-year decline resulted from the completion and sale of residential projects in Salzburg, Berlin and Jois as well as the sale of various smaller apartments, for example in Bad Ischl.

Total Output in the "Other" segment equalled € 5.1 million in the first quarter of 2017 (Q1/2016: € 4.7 million). The slight increase over the previous year included, above all, revenues from the rental of mixed use standing investments in Austria and retail parks in Poland.

Total Output recorded by the "Service" segment amounted to € 48.7 million (Q1/2016: € 21.9 million) and comprised management services provided by the subsidiaries Münchner Grund, STRAUSS & PARTNER and UBM Polska. It also included, in particular, the sale of two standing assets in Vienna and Klagenfurt through share deals.

Total Output in the "Administration" segment equalled € 0.6 million (Q1/2016: € 1.4 million) and consisted entirely of services provided by UBM Development AG as well as charges for management services and intragroup allocations.

Total Output by asset class (in € million)	**1–3/2017**	**1–3/2016**	**Change**
Office	**6.4**	30.6	-79.2%
Hotel	**46.0**	18.3	151.0%
Residential	**9.7**	14.8	-34.5%
Other	**5.1**	4.7	8.5%
Service	**48.7**	21.9	122.4%
Administration	**0.6**	1.4	-53.4%
Total	**116.5**	**91.7**	**27.1%**

Financial Indicators

Business performance and earnings

The core activities of the UBM Group are focused on the project-based real estate business. Revenue reported on the income statement is subject to strong fluctuations because IFRS accounting requirements only permit the recognition of revenue when these projects – which are carried out over a period of several years – are sold. The sale of properties through share deals and the development of projects within the framework of equity-accounted investments are not reflected in revenue. This influences the informative value of the financial statements as well as the comparability with previous periods. In order to improve the transparency of information on the development of business, UBM also reports Total Output. This managerial indicator includes revenue as well as the proceeds from property sales, rental income, income from hotel operations, invoiced planning and construction services for UBM's construction sites and deliveries and management services provided to third parties. It also includes the profit or loss from companies included at equity and the results from sales in the form of share deals. Total Output is based on the amount of the investment held by UBM.

Total Output amounted to € 116.5 million in the first quarter of 2017, which represents an increase of 27.1% over the comparable prior year period (Q1/2016: € 91.7 million). Revenue reported on the income statement rose by 8.0% year-on-year to € 85.9 million (Q1/2016: € 79.6 million). The improvement resulted from a substantial increase in project sales by fully consolidated companies.

The share of profit or loss from companies accounted for at equity equalled € -0.78 million for the first quarter of 2017 and was substantially lower than the first quarter of 2016 due to a decline in property sales.

There were no gains from fair value adjustments to investment properties in the first quarter of 2017. In the previous year, a gain was reported on the basis of a letter of intent which was signed for a development project in Poland.

Other operating income equalled € 14.5 million for the reporting period (Q1/2016: € 1.8 million). This significant increase is attributable primarily to gains resulting from the change in the Złoty: Euro exchange rate during the first quarter of 2017. Additional factors included other third-party charges and miscellaneous rents.

Other operating expenses declined slightly from € 13.5 million in the first quarter of 2016 to € 11.0 million. This position consists chiefly of currency translation losses, administrative expenses, travel expenses, advertising costs, other third-party services (e.g. brokerage fees), fees and duties as well as legal and consultancy costs.

The cost of materials and other production-related services reflected expenses for the construction of real estate inventories and, in particular, book value disposals from property sales attributable to financial assets. These costs totalled € 46.2 million for the reporting period, compared with € 58.6 million in the first quarter of 2016. The decline resulted from a slight reduction in book value disposals from property sales as well as lower expenses for the construction of real estate inventories.

The number of employees heads in the companies included in the consolidated financial statements rose to 735 (full year 2016: 716) – in particular due to the start of hotel operations.

A total of 307 employees were active in the area of property development (Q1/2016: 309). Staff costs rose from € 8.7 million in the first quarter of 2016 to € 10.8 million in the reporting period.

EBITDA increased from € 9.0 million in the first quarter of 2016 to € 10.9 million. Financing income of € 2.0 million (Q1/2016: € 1.5 million) consisted primarily of interest income on project financing loans to companies accounted for at equity.

Financing costs rose to € 5.1 million in the reporting period (Q1/2016: € 4.6 million) and resulted, above all, from an increase in gross debt[1].

EBT totalled € 6.8 million and was higher than the comparable prior year amount of € 5.1 million. The atypically low income tax expense of € 0.2 million in the first quarter of 2016 rose by € 1.3 million to € 1.5 million in the reporting period. Profit for the first quarter of 2017, before the deduction of the share of profit attributable to non-controlling interests, amounted to € 5.3 million and was slightly higher than the first quarter of the previous year (€ 4.9 million). Earnings per share, after the deduction of the share attributable to non-controlling interests, remained nearly unchanged at € 0.65, compared with € 0.66 in the first quarter of 2016.

Asset and financial position

Total assets rose by € 78.1 million over year-end 2016 to € 1,311.9 million as of 31 March 2017.

Property, plant and equipment were nearly constant at € 45.3 million (31.12.2016: € 44.5 million).

Investment property increased from € 496.6 million at 31 December 2016 to € 505.0 million. The additions from investments and acquisitions were almost fully offset by property sales and the reclassification of properties in accordance with IFRS 5. The carrying amount of the properties classified as non-current assets held for sale in accordance with IFRS 5 rose from € 157.1 million to € 207.2 million and resulted primarily from the reclassification of two properties in Romania and Austria. The investments in companies accounted for at equity declined slightly to € 102.3 million (31.12.2016: € 109.6 million), whereby the investments and additions were contrasted, above all, by the sale of one property each in the Czech Republic, Germany and Austria.

Project financing was slightly higher at € 113.1 million (31.12.2016: € 111.9 million) and reflected an investment-related increase in capital requirements by companies accounted for at equity.

Other financial assets totalled € 5.6 million and were unchanged in comparison with 2016. Financial assets rose to € 4.1 million (31.12.2016: € 1.5 million), chiefly due to outstanding purchase price receivables from the sale of investments.

The decline in the real estate inventories included under current assets resulted, in particular, from the sale of a hotel in Berlin and apartments in Germany and Austria. Inventories totalled € 165.5 million as of 31 March 2017 (31.12.2016: € 185.4 million).

Trade receivables rose from € 38.6 million as of 31 December 2016 to € 67.0 million at the end of the first quarter of 2017. This increase reflected a higher volume of receivables from the sale of apartments and project development receivables due from companies accounted for at equity.

Other receivables and current assets declined slightly to € 15.0 million (31.12.2016: € 18.8 million).

[1] Non-current and current bond liabilities plus non-current and current financial liabilities

Cash and cash equivalents rose from € 42.3 million at year-end 2016 to € 59.5 million owing to cash inflows from property sales and borrowings.

Equity totalled € 346.2 million as of 31 March 2016 (31.12.2016: € 341.5 million) and was increased by, above all, profit recorded for the reporting period.

The equity ratio equalled 26.4% as of 31 March 2017 (31.12.2016: 27.7%) and reflected the increase in total assets.

Bond liabilities (current and non-current) amounted to € 321.7 million as of 31 March 2017 and generally reflected the level at 31 December 2016 (€ 321.3 million). Financial liabilities (current and non-current) rose from € 412.2 million in the previous year to € 481.8 million following an increase in financing for current projects and new project financing.

Trade payables declined slightly from € 77.4 million at year-end 2016 to € 72.3 million and included, above all, outstanding payments for subcontractor services.

Other financial liabilities (current and non-current) rose from € 36.6 million to € 41.3 million. The increase resulted primarily from accrued interest on bonds and financial liabilities.

Taxes payable increased from € 7.5 million to € 10.1 million as the result of higher provisions for income tax expense.

Net debt totalled € 744.0 million as of 31 March 2017 and was 7.6% higher than on 31 December 2016. The increase was, in particular, a direct result of the high level of investments – in particular for current development projects – and two project purchases in Vienna.

Cash flow

Cash flow from operating activities equalled € -7.4 million for the reporting period, compared with € -6.3 million in the first quarter of the previous year.

One major factor for this development was the increase in receivables and the accompanying negative effect of € 20.1 million on cash flow. The major component of the increase was related to receivables from the sale of apartments and project development receivables due from companies accounted for at equity. A second negative effect on cash flow from operating activities was caused by other non-cash transactions of € 11.4 million, which were related chiefly to non-cash gains resulting from the change in the Złoty:Euro exchange rate. This was contrasted by the clearly positive balance of € 19.3 million from the change in inventories during the first quarter of 2017. It included cash inflows of € 31.0 million from the sale of real estate inventories, which were substantially higher than the investments of € 13.8 million in these inventories. Other inventories declined by € 2.1 million.

The capital committed in working capital increased by a total of € 10.2 million over year-end 2016. It included an increase of € 7.6 million in receivables, a reduction of € 4.8 million in liabilities (excl. bank liabilities) and a decline of von € 2.1 million in other inventories.

Cash flow from investing activities amounted to € -46.9 million in the first quarter of 2017 (Q1/2016: € -33.8 million). It reflected the increased cash outflows for investments in property, plant and equipment, investment property and project financing. The major driver for the development of cash outflows was formed by investments of € 70.5 million in property, plant and equipment and investment property as well as investments of € 2.3 million in project financing. This was contrasted by cash inflows of € 6.0 million from the sale of investment property and property, plant and equipment, cash inflows of € 3.6 million from non-current financial assets and cash inflows of € 2.3 million from project financing. It also included cash inflows of € 16.2 million from the sale of consolidated companies, which were related to the sale of Austrian properties.

Cash flow of € 69.5 million from financing activities (Q1/2016: € 14.5 million) reflected, in particular, the positive balance of increases in and repayments of borrowings. This positive balance resulted in cash inflows of € 70.1 million, which were contrasted by cash outflows of € 0.6 million from dividend payments and distributions to non-controlling interests of subsidiaries.

Non-financial performance indicators

Environmental issues

Environmental protection and the careful use of resources are an important part of entrepreneurial thoughts and actions for UBM Development AG. Projects and development activities always include a focus on environmentally friendly planning and construction. The conscious use of energy-optimising building materials and energy-saving management concepts transform these development projects into sustainable and environmentally friendly buildings.

The average workforce, including all Group companies, totalled 735 as of 31 March 2017. In comparison with 2016 (716 employees), this represents an increase of 2.7%.

Approximately 82% of UBM's employees worked outside Austria during the reporting period. The offering of continuing education and training courses for personal and professional development covers, above all, planning and project development, business management and legal issues as well as language courses and seminars. UBM not only incorporates the individual needs of employees, but also the requirements of the market into its education and training programmes. UBM's broad geographical positioning leads to frequent personnel deployment on an international basis. The resulting know-how transfer also represents an important factor for comprehensive staff development.

Outlook

The economic upturn that began at the end of 2016 continued into the first months of 2017. The International Monetary Fund (IMF) raised its growth forecast for the global economy from 3.4% in January 2017 to 3.5% at the end of the first quarter. The outlook for the USA remained unchanged at 2.3%, but the 2017 forecast for the Eurozone was increased slightly to 1.7%. Development will also be driven by strong growth in China. However, the IMF sees significant political risks that could overshadow the medium-term outlook in spite of the current positive momentum.[1]

Signals from the real estate markets point to a continuation of the positive mood in 2017. The potential returns on tangible assets are still attractive compared to government bonds. The real estate markets in Continental Europe will continue to benefit from the increasing economic and political uncertainties and low interest rates in the future. Moreover, there are no expectations of a trend reversal in the general interest environment in Europe at the present time.[2]

UBM's three core markets – Germany, Austria and Poland – are still regarded as safe havens. Favourable financing terms and the comparatively low returns on alternative investments also indicate that real estate will remain a popular asset class with investors in the future.

With the implementation of the "Fast Track 2017" strategic sales programme, UBM is increasing its focus on the sale of development projects through forward deals and the sale of standing assets. The resulting proceeds are expected to total approximately € 600 million by the end of 2017 and, in addition to planned investments of roughly € 400 million, will lead to an expected reduction in net debt to € 550 million at year-end. The "Next Level" efficiency improvement programme should also have a positive effect on profitability over the medium-term.

These measures, taken together, will make an important contribution to strengthening UBM in good times. The central goal is to achieve a sound balance between future profitability and the company's risk profile.

Based on the assumption of a continuing positive environment for real estate and the implementation of the measures planned for this year, the Managing Board expects a year-on-year improvement in total output and earnings for 2017.

1 World Economic Outlook, April 2017
2 http://www.zeit.de/wirtschaft/2017-04/konjunktur-iwf-wachstum-weltwirtschaft-voraussage-zukunft-steigerung

Risk Report

The risks which have or could have a significant influence on UBM Development AG as well as detailed information on UBM's risk management system are discussed in the 2016 Annual Report on pages 58 to 61.

There were no material changes in the risk profile since the end of the 2016 financial year. The statements provided under the risk report in the 2016 Annual Report are therefore still valid without exception.

Statement by the Managing Board

We confirm to the best of our knowledge that the consolidated interim financial statements provide a true and fair view of the Group's asset, financial and earnings position as required by the applicable accounting standards and that the interim management report provides a true and fair view of the Group's business development, performance and position, together with a description of the principal risks and uncertainties to which it is exposed.

Vienna, 30 May 2017

The Managing Board

Thomas G. Winkler
Chairman

Martin Löcker **Claus Stadler** **Michael Wurzinger**

Reference Projects

NeuHouse, Enckestrasse, Berlin

Residential Special / Austria, Vienna

Rosenhügel: "Home and Living from 2018"

Gross floor area: 24,835 m²
Flats: 205 (50 m²–163 m²)
Underground garage: parking for 239 cars and 14 motorcycles
Completion: Q1/2018

On the grounds of the former Rosenhügel film studios, UBM is developing seven buildings with 205 privately financed freehold flats on approximately 16,000 m² of land. Sales have already started with very successful results.

MySky: "PEOPLE – LIVING – MONTE LAA"

Gross floor area: 11,454 m²
Flats: 128
(45 m²–145 m², 9th to 20th floors)
Underground garage: 96 parking spaces
Completion: Q4/2017

This residential project in Favoriten, Vienna's 10th District, includes a 20-storey tower and a nine-storey high-rise. 128 freehold flats will be built on approximately 8,200 m² usable space. Construction will be completed parallel to the opening of the "Troststrasse" underground station.

QBC 6: "QBC Living"

Gross floor area: 16,250 m²
Flats: 140 privately financed freehold flats (36 m²–74 m² plus loggia or balcony)
Underground garage: approx. 30 parking spaces
Completion: Q2/2018

QBC 6 stands for the construction of 140 privately financed freehold flats with optimally designed floor plans, generous open areas, above-average room heights and ideal connections to the regional and supra-regional transport network.

Residential Special / Germany

Thulestrasse, Berlin-Pankow

Gross floor area: approx. 44,280 m²
Number of flats: 520
Underground garage: 229 parking spaces
Completion: Q2/2020

In Berlin's Pankow District, roughly 520 flats are being developd on two adjoining sites with a total area of 18,872 m². This residential project is located in a quiet and central setting, with schools and infrastructure for everyday needs nearby. A number of stations in the public transportation network are within only a few minutes walking distance.

NeuHouse (Enckestrasse), Berlin-Kreuzberg

Gross floor area: approx. 7,760 m²
Number of flats: 75
(14 in the old building, 61 in the new building)
Number of commercial units: 6
Underground garage: 34 parking spaces
Completion: Q1/2019

In the trend district Berlin-Kreuzberg, an ensemble with a listed building and a new structure is currently under development. It will include six commercial units on the ground floor as well as freehold flats with various layouts for different residential needs on up to six stories. This project not only combines of tradition and modernity, but also offers excellent infrastructure and an outstanding location.

The Brick (Kühnehöfe), Hamburg

Gross floor area: approx. 8,400 m²
Number of flats: 101
Underground garage: 61 parking spaces
Completion: Q2/2019

On the grounds of the former Kühne KG headquarters, UBM is planning a mix of high-quality freehold flats and low-cost rental apartments. The property is located in a central, but quiet area of Hamburg-Bahrenfeld, Ottensen. In spite of the high population density, the district has expansive green areas and is also close to the inner city and the Elbe.

Office

Kotlarska 11, Krakow

Gross floor area: 6,028 m²
Lettable office and retail space: 11,008 m²
Completion: Q4/2017

A new prime office building with atrium is under construction on Kotlarska Street in Krakow. The property is located at a central site along the Weichsel River, 500 m east of the old city. Connections to public transportation are available at a short walking distance. Construction on this project started in the second quarter of 2016.

QBC 1 & 2

Gross floor area: approx. 44,000 m²
Office and retail space: approx. 36,500 m²
Completion: Q4/2019

Construction sections QBC 1 & 2 cover three office buildings – plans for the ground floors include both gastronomy and retail facilities. The buildings have eight stories and a roof terrace that is open to all tenants and offers a wonderful view of Vienna.

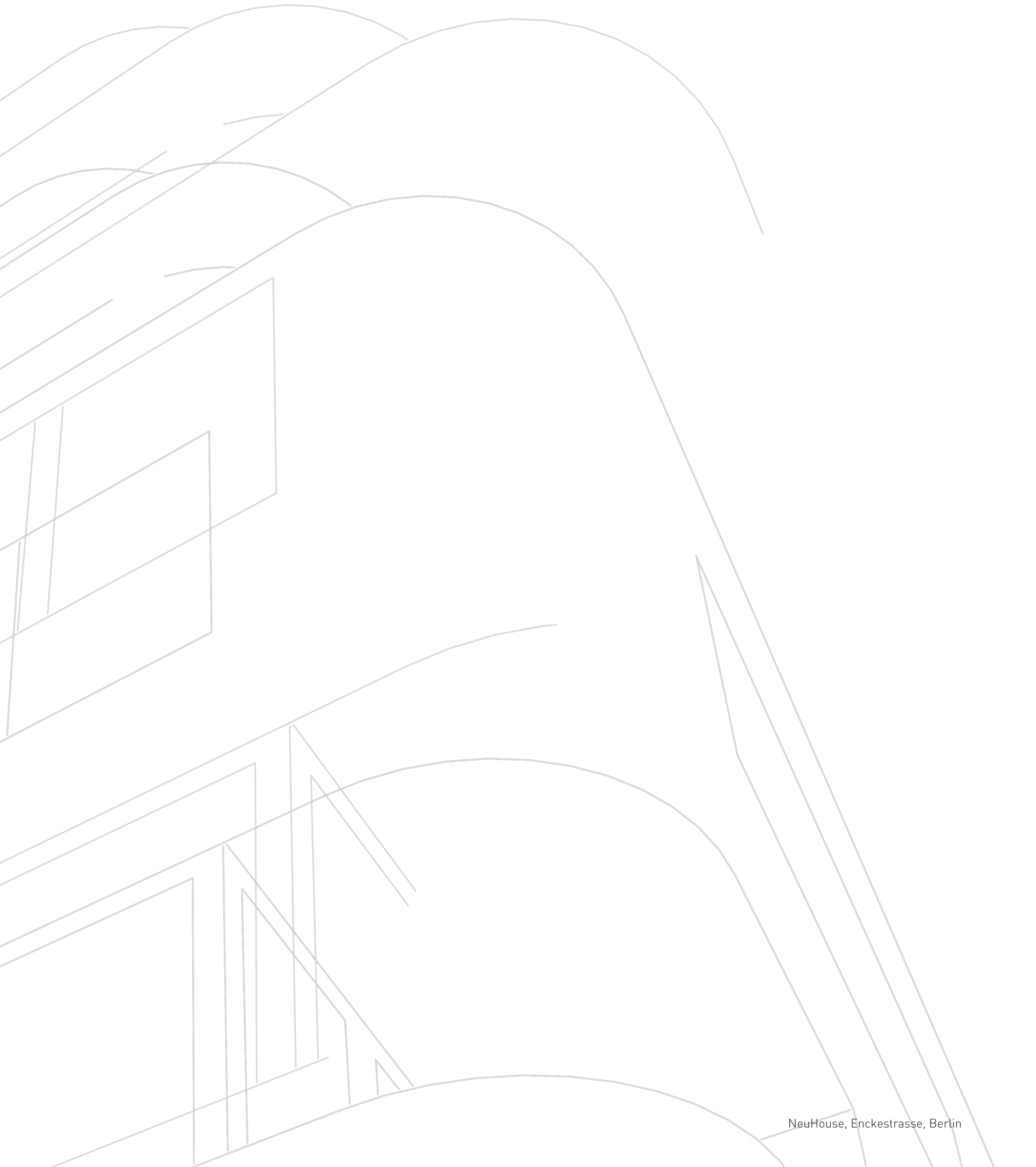
Hotel

HIEX Klosterstrasse

Gross floor area: 7,145m²
Rooms: 186
Parking spaces: 13
Completion: Q1/2017

The Holiday Inn Express (HIEX) with 186 rooms is located in Berlin-Mitte. The "Klosterstrasse" underground station is within walking distance – and many major landmarks, including Alexanderplatz, the Museum Island and Rote Rathaus ("the Red City Hall"), are located nearby. The hotel covers eight aboveground stories.

Consolidated Interim Financial Statements



NeuHouse, Enckestrasse, Berlin

Consolidated Income Statement
from 1 January to 31 March 2017

in T€	1–3/2017	1–3/2016
Revenue	85,891	79,555
Changes in the portfolio	-20,736	579
Share of profit/loss from companies accounted for at equity	-781	5,407
Income from fair value adjustments to investment property	-	3,200
Other operating income	14,529	1,815
Cost of materials and other related production services	-46,229	-58,635
Personnel expenses	-10,816	-8,696
Expenses from fair value adjustments to investment property	-8	-708
Other operating expenses	-10,978	-13,535
EBITDA	**10,872**	**8,982**
Depreciation and amortisation	-928	-775
EBIT	**9,944**	**8,207**
Financing income	1,965	1,534
Financing costs	-5,123	-4,604
EBT	**6,786**	**5,137**
Income tax expense	-1,453	-200
Profit/loss for the period	**5,333**	**4,937**
Thereof: attributable to shareholders of the parent	**4,874**	**4,919**
Thereof: attributable to non-controlling interests	459	18
Earnings per share (diluted and basic in €)	**0.65**	**0.66**

Statement of Comprehensive Income
from 1 January to 31 March 2017

in T€	1–3/2017	1–3/2016
Profit (loss) for the period	**5,333**	**4,937**
Other comprehensive income		
Fair value measurement of securities	**14**	2
Currency translation differences	**125**	-172
Income tax expense/income on other comprehensive income	**-3**	-1
Other comprehensive income which can be reclassified to profit or loss (recyclable)	**136**	**-171**
Other comprehensive income for the period	**136**	**-171**
Total comprehensive income for the period	**5,469**	**4,766**
of which: attributable to shareholders of the parent	**5,042**	4,749
of which: attributable to non-controlling interests	**427**	17

Consolidated Statement of Financial Position
as of 31 March 2017

in T€	31.3.2017	31.12.2016
ASSETS		
Non-current assets		
Intangible assets	2,824	2,841
Property, plant and equipment	45,255	44,464
Investment property	504,967	496,583
Investments in companies accounted for at equity	102,316	109,636
Project financing	113,141	111,905
Other financial assets	5,615	5,605
Financial assets	4,099	1,533
Deferred tax assets	9,163	8,818
	787,380	781,385
Current assets		
Inventories	165,507	185,355
Trade receivables	67,028	38,616
Financial assets	10,253	10,168
Other receivables and current assets	15,030	18,825
Cash and cash equivalents	59,464	42,298
Assets held for sale	207,245	157,114
	524,527	452,376
ASSETS TOTAL	1,311,907	1,233,761
EQUITY AND LIABILITIES		
Equity		
Share capital	22,417	22,417
Capital reserves	98,954	98,954
Other reserves	136,090	132,422
Mezzanine/hybrid capital	81,292	80,100
Equity attributable to shareholders of the parent	338,753	333,893
Non-controlling interests	7,424	7,561
	346,177	341,454
Non-current liabilities		
Provisions	9,287	9,211
Bonds	321,666	321,296
Non-current financial liabilities	269,702	193,704
Other non-current financial liabilities	5,097	6,151
Deferred tax liabilities	20,288	20,109
	626,040	550,471
Current liabilities		
Provisions	4,266	4,280
Current financial liabilities	212,127	218,495
Trade payables	72,282	77,400
Other current financial liabilities	36,164	30,460
Other current liabilities	4,708	3,744
Taxes payable	10,143	7,457
	339,690	341,836
EQUITY AND LIABILITIES TOTAL	1,311,907	1,233,761

Consolidated Cash Flow Statement
from 1 January to 31 March 2017

in T€	1–3/2017	1–3/2016
Profit/loss for the period	5,333	4,937
Depreciation/amortisation, impairment losses and reversals of impairment losses on fixed assets & financial assets	885	-1,717
Interest income/expense	3,152	3,568
Income from companies accounted for at equity	781	-5,404
Increase/decrease in non-current provisions	34	-59
Deferred income tax	77	-2,655
Operating cash flow	**10,262**	**-1,330**
Decrease in short-term provisions	-14	-196
Increase in tax provisions	688	2,054
Gains/losses on the disposal of non-current assets	-791	-498
Decrease in inventories	19,298	12,323
Increase in receivables	-20,095	-15,732
Decrease in payables (excl. bank liabilities)	-4,772	-2,608
Interest received	526	1,036
Interest paid	-1,032	-198
Other non-cash transactions	-11,442	-1,151
Cash flow from operating activities	**-7,372**	**-6,300**
Proceeds from the sale of intangible assets	-	21
Proceeds from the sale of property, plant and equipment and investment property	5,970	2,727
Proceeds from the sale of financial assets	3,589	514
Proceeds from the repayment of project financing	2,277	108
Investments in intangible assets	-	-2
Investments in property, plant and equipment and investment property	-70,534	-24,161
Investments in financial assets	-721	-1,040
Investments in project financing	-2,274	-11,784
Proceeds from the sale of consolidated companies	16,182	-
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-1,369	-158
Cash flow from investing activities	**-46,880**	**-33,775**
Dividends paid to non-controlling interests	-560	-
Increase in loans and other financing	136,495	23,676
Repayment of loans and other financing	-66,408	-9,184
Cash flow from financing activities	**69,527**	**14,492**
Cash flow from operating activities	**-7,372**	**-6,300**
Cash flow from investing activities	**-46,880**	**-33,775**
Cash flow from financing activities	**69,527**	**14,492**
Change to cash and cash equivalents	**15,275**	**-25,583**
Cash and cash equivalents at 1 January	42,298	93,744
Currency translation differences	686	-13
Changes to cash and cash equivalents resulting from changes in the scope of consolidation	1,205	-
Cash and cash equivalents at 31 March	**59,464**	**68,148**
Taxes paid	687	801

Statement of Changes in Group Equity
as of 31 March 2017

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance at 31 December 2015	**22,417**	**98,954**	**-2,238**	**1,204**
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-173
Total comprehensive income for the period	-	-	-	-173
Changes in non-controlling interests	-	-	-	-
Balance at 31 March 2016	**22,417**	**98,954**	**-2,238**	**1,031**
Balance at 31 December 2016	**22,417**	**98,954**	**-2,875**	**258**
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-	157
Total comprehensive income for the period	-	-	-	157
Dividend	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance at 31 March 2017	**22,417**	**98,954**	**-2,875**	**415**

Available-for-sale securities: fair value reserve	Other reserves	Mezzanine/ hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
43	**122,716**	**80,100**	**323,196**	**8,828**	**332,024**
-	3,727	1,192	4,919	18	**4,937**
1	2	-	-170	-1	**-171**
1	3,729	1,192	4,749	17	**4,766**
-	-29	-	-29	-738	**-767**
44	**126,416**	**81,292**	**327,916**	**8,107**	**336,023**
31	**135,008**	**80,100**	**333,893**	**7,561**	**341,454**
-	3,682	1,192	4,874	459	**5,333**
11	-	-	168	-32	**136**
11	3,682	1,192	5,042	427	**5,469**
-	-	-	-	-560	**-560**
-	-182	-	-182	-4	**-186**
42	**138,508**	**81,292**	**338,753**	**7,424**	**346,177**

Segment Report[1]
from 1 January to 31 March 2017

	Germany		Austria	
in T€	1–3/2017	1–3/2016	1–3/2017	1–3/2016
Total Output				
Administration	-	-	636	1,365
Hotel	31,300	5,157	2,303	3,342
Office	272	26,055	2,996	1,135
Other	775	696	2,873	2,803
Residential	4,523	12,524	5,052	515
Service	9,407	12,087	33,363	5,969
Total Output	**46,277**	**56,519**	**47,223**	**15,129**
Less revenue from companies accounted for at equity and subordinated companies as well as changes in the portfolio	-2,191	-1,096	-17,516	-3,217
Revenue	**44,086**	**55,423**	**29,707**	**11,912**
EBT				
Administration	-	-	-1,084	1,978
Hotel	1,128	187	130	227
Office	-971	-1,215	692	27
Other	-239	-1,706	-1,428	-259
Residential	133	385	108	-129
Service	261	751	391	2,118
Total EBT	**312**	**-1,598**	**-1,191**	**3,962**

[1] Included in the notes.
Intersegment revenues are immaterial.

Poland		Other markets		Group	
1–3/2017	1–3/2016	1–3/2017	1–3/2016	1–3/2017	1–3/2016
-	-	-	-	636	1,365
6,007	4,954	6,388	4,870	45,998	18,323
2,918	3,169	185	227	6,371	30,586
531	770	915	425	5,094	4,694
-	211	106	1,527	9,681	14,777
5,077	3,350	900	512	48,747	21,918
14,533	**12,454**	**8,494**	**7,561**	**116,527**	**91,663**
-7,444	-6,414	-3,485	-1,381	-30,636	-12,108
7,089	**6,040**	**5,009**	**6,180**	**85,891**	**79,555**
-	-	-	-	-1,084	1,978
509	-267	-684	-289	1,083	-142
4,017	3,080	-118	358	3,620	2,250
1,965	37	266	287	564	-1,641
2,169	-288	-183	-89	2,227	-121
129	108	-405	-164	376	2,813
8,789	**2,670**	**-1,124**	**103**	**6,786**	**5,137**

Notes to the Consolidated Interim Financial Statements

1. General Information

The UBM Group comprises UBM Development AG (UBM) and its subsidiaries. UBM is a public limited company under Austrian law; its registered headquarters are located at 1210 Vienna, Floridsdorfer Hauptstrasse 1. The company is registered with the commercial court of Vienna under reference number FN 100059x. The business activities of the Group are concentrated primarily on the development, utilisation and management of real estate.

These consolidated interim financial statements were prepared in accordance with IAS 34, Interim Financial Reporting, based on the International Financial Reporting Standards (IFRS) which were issued by the International Accounting Standards Board (IASB) and adopted by the European Union as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

In accordance with IAS 34, the consolidated interim financial statements do not include all disclosures and information that are required for consolidated financial statements. These consolidated interim financial statements should therefore be read in connection with the consolidated financial statements of the UBM Group as of 31 December 2016. As indicated in IAS 34, the consolidated results reported in the consolidated interim financial statements are not necessarily indicative of results for the full financial year.

The reporting currency is the euro, which is also the functional currency of UBM. The functional currency for individual subsidiaries included in the consolidated financial statements is the euro or the respective national currency, depending on the field of business.

These consolidated interim financial statements were not reviewed by an auditor.

2. Scope of Consolidation

The consolidated interim financial statements include UBM as well as 61 (31 December 2016: 63) domestic subsidiaries and 82 (31 December 2016: 81) foreign subsidiaries.

Three companies were initially included in UBM's consolidated financial statements during the reporting period due to their founding, increase in the investment held or acquisition (see point 2.1.). Three companies were sold and one company was liquidated. The sale proceeds of T€ 614 were paid in cash, whereby one company represents a transaction with related parties. The assets and liabilities over which control was lost comprise the following:

in T€	2017
Non-current assets	
Investment property	16,136
Deferred tax assets	716
Current assets	
Inventories	550
Trade receivables	0
Financial assets	12
Other receivables and current assets	3
Cash and cash equivalents	150
Non-current liabilities	
Deferred tax liabilities	835
Current liabilities	
Financial liabilities	642
Trade payables	21
Other financial liabilities	15,720
Other liabilities	0
Taxes payable	0

In addition, 26 domestic (31 December 2016: 27) and 28 foreign (31 December 2016: 30) associates and joint ventures were included by applying the equity method. The investment in one company were increased during the reporting period with the result that this company is now included through full consolidation. Three companies were deconsolidated following their sale, whereby the sale price of T€ 4,995 included a cash payment of T€ 3,596. One of these companies involved a transaction with related companies.

2.1. Initial consolidations

The following three companies were included in the consolidated interim financial statements for the first time during the reporting period:

Due to founding	Date of initial consolidation
Rezidence Tusarova 46 s.r.o.	3.2.2017

Due to an increase in the investment	Date of initial consolidation
Top Office Munich GmbH	26.1.2017

Due to acquisition	Date of initial consolidation
Sarium Beteiligungsverwaltungs GmbH & Co. "Office Provider" OG	2.1.2017

Top Office Munich GmbH is a shell company, and the acquisition of Sarium Beteiligungsverwaltungs GmbH & Co. "Office Provider" OG covered a property and the related financing. Neither represents a business combination in the sense of IFRS 3.

3. Significant Accounting Policies

The accounting and valuation methods used to prepare the consolidated financial statements as of 31 December 2016, which are presented in the related notes, were applied without change to these consolidated interim financial statements, with the exception of the following standards and interpretations which were applied for the first time:

Changes in standards and interpretations

Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses

The changes to IAS 12 clarify the accounting treatment of deferred tax assets arising from unrealised losses on assets carried at fair value and eliminate the different methods currently used. The changes are applicable to financial years beginning on or after 1 January 2017.

Amendments to IAS 7: Disclosure Initiative

The changes to IAS 7 require companies to disclose information that enables the users of financial statements to evaluate changes in liabilities from financing activities. These changes are applicable to financial years beginning on or after 1 January 2017.

The initial application of these standards and interpretations as well as the changes to the standards had no effect on the consolidated financial statements.

The consolidated interim financial statements as of 31 March 2017 are based on the same consolidation methods and principles for foreign currency translation applied in preparing the consolidated financial statements as of 31 December 2016.

4. Estimates and Assumptions

The preparation of consolidated interim financial statements in accordance with IFRS requires estimates and assumptions by management which influence the amount and presentation of recognised assets, liabilities, income and expenses as well as the disclosure of contingent liabilities in the interim report. Actual results can differ from these estimates.

5. Dividend

The Annual General Meeting on 23 May 2017 approved the recommendation for the distribution of profit for the 2016 financial year. A dividend of € 1.60 per share – i.e. € 11,955,488.00 based on 7,472,180 shares – will be distributed and the remaining profit of € 41,573.51 will be carried forward. The dividend will be paid on 1 June 2017.

6. Earnings per Share

in T€	1–3/2017	1–3/2016
Profit for the period attributable to shareholders of the parent	4,874	4,919
Weighted average number of shares issued	7,472,180	7,472,180
Basic earnings per share = Diluted earnings per share in €	**0.65**	**0.66**

7. Non-Current Assets held for Sale

The non-current assets held for sale include the following: two office properties in Poland, one logistics centre in Romania, one hotel property and one office property in Austria and one undeveloped plot of land in Germany. Since the sale of these assets is highly probable, they were reclassified from investment property. The non-current assets held for sale are carried at fair value, which represents the current negotiated purchase prices. The increase in this position since year-end 2016 resulted primarily from the reclassification of projects scheduled for sale in accordance with IFRS 5.

8. Share Capital

Share capital	No. 2017	€ 2017	No. 2016	€ 2016
Ordinary bearer shares	7,472,180	22,416,540	7,472,180	22,416,540

9. Authorised Capital

The Managing Board is authorised, with the consent of the Supervisory Board, to increase the company's share capital by up to € 4,613,460 through the issue of up to 1,537,820 new bearer zero par value shares in exchange for cash and/or contributions in kind, This authorisation is valid up to 7 May 2019 and may be exercised in several tranches, also with the exclusion of indirect subscription rights as defined by Section 153 Para. 6 of the Austrian Stock Corporation Act. Furthermore, the Managing Board is authorised to determine the issue price, issue terms, subscription ratio and other details in agreement with the Supervisory Board. The Supervisory Board is authorised to approve changes to the statutes resulting from the use of this authorisation by the Managing Board.

In addition, the Managing Board is authorised, with the consent of the Supervisory Board, to repurchase the company's shares up to the legally allowed limit of 10% of share capital, including previously repurchased shares, during a period of 30 months beginning on the date the resolution was passed (20 May 2015).

Section 13 "Events after the end of the reporting period" provides additional information on the authorised capital, which was withdrawn as described above and replaced by new authorised capital.

10. Mezzanine and Hybrid Capital

The merger of PIAG, as the transferring company, and UBM, as the receiving company, led to the transfer by way of legal succession of mezzanine capital totalling € 100 million which was issued by PIAG in November 2014 and hybrid capital of € 25.3 million. Both the mezzanine capital and the hybrid capital basically carry interest on an ongoing basis. In December 2015 € 50.0 million of the mezzanine capital was repaid; the remaining amount outstanding equals € 50.0 million.

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

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

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

Both the mezzanine capital and the hybrid capital are held by PORR AG.

Additional information on the mezzanin capital is provided in section 13 "Events after the end of the reporting period".

11. Financial Instruments

In accordance with IFRS 7.29, the carrying amount of the financial instruments represents a reasonable approximation of fair value. Exceptions are the financial assets classified as held to maturity or available for sale (fair value hierarchy level 1) and fixed interest rate bonds (fair value hierarchy level 1) as well as the fixed interest liabilities due to financial institutions and other fixed interest financial liabilities (fair value hierarchy level 3).

The fair value measurement of the bonds is based on quoted prices. Loans and borrowings as well as other financial assets are valued with a discounted cash flow method, whereby the zero coupon yield curve published by Reuters on 31 March 2017 was used to discount the cash flow.

The financial assets classified as available for sale at cost represent shares in associates (shares in limited liability companies) of minor importance, which are not quoted on an active market and whose market value cannot be reliably determined. These financial assets are carried at cost. There are no plans to sell the shares in these projects companies as long as the respective projects have not been realised.

Carrying amounts, measurement approaches and fair values

	Measurement category (IAS 39)	Carrying amount at 31.3.2017	Measurement in acc. with IAS 39: (Amortised) cost	Measurement in acc. with IAS 39: Fair value other comprehensive income	Measurement in acc. with IAS 39: Fair value through profit or loss	Fair value hierarchy (IFRS 7.27 A)	Fair value at 31.3.2017
ASSETS							
Project financing							
at variable interest rates	LaR	113,141	113,141	-	-	-	-
Other financial assets	HtM	2,907	2,907	-	-	Level 1	3,447
Other financial assets	AfS (at cost)	1,820	1,820	-	-	-	-
Other financial assets	AfS	888	-	888	-	Level 1	888
Trade receivables	LaR	62,134	62,134	-	-	-	-
Financial assets	LaR	14,352	14,352	-	-	-	-
Cash and cash equivalents	-	59,464	59,464	-	-	-	-
LIABILITIES							
Bonds							
at fixed interest rates	FLAC	321,666	321,666	-	-	Level 1	335,841
Loans and borrowings from banks							
at variable interest rates	FLAC	412,964	412,964	-	-	-	-
Other financial liabilities							
at variable interest rates	FLAC	19	19	-	-	-	-
at fixed interest rates	FLAC	54,190	54,190	-	-	Level 3	54,234
Lease obligations	-	14,545	14,545	-	-	-	-
Trade payables	FLAC	72,282	72,282	-	-	-	-
Other financial liabilities	FLAC	41,261	41,261	-	-	-	-
Derivatives (without hedges)	FLHfT	111	-	-	111	-	-
BY CATEGORY:							
Loans and receivables	LaR	189,627	189,627	-	-	-	-
Held to maturity	HtM	2,907	2,907	-	-	-	-
Available-for-sale financial assets	AfS (at cost)	1,820	1,820	-	-	-	-
Available-for-sale financial assets	AfS	888	-	888	-	-	-
Cash and cash equivalents	-	59,464	59,464	-	-	-	-
Financial liabilities measured at amortised cost	FLAC	902,382	902,382	-	-	-	-
Financial liabilities held for trading	FLHfT	111	-	-	111	-	-

	Measurement category (IAS 39)	Carrying amount at 31.12.2016	Measurement in acc. with IAS 39 (Amortised) cost	Fair value other comprehensive income	Fair value through profit or loss	Fair value hierarchy (IFRS 7.27 A)	Fair value at 31.12.2016
ASSETS							
Project financing							
at variable interest rates	LaR	111,905	111,905	-	-	-	-
Other financial assets	HtM	2,907	2,907	-	-	Level 1	3,478
Other financial assets	AfS (at cost)	1,824	1,824	-	-	-	-
Other financial assets	AfS	874	-	874	-	Level 1	874
Trade receivables	LaR	36,891	36,891	-	-	-	-
Financial assets	LaR	11,701	11,701	-	-	-	-
Cash and cash equivalents	-	42,298	42,298	-	-	-	-
LIABILITIES							
Bonds							
at fixed interest rates	FLAC	321,296	321,296	-	-	Level 1	335,600
Loans and borrowings from banks							
at variable interest rates	FLAC	371,480	371,480	-	-	-	-
at fixed interest rates	FLAC	11,877	11,877	-	-	Level 3	12,003
Other financial liabilities							
at variable interest rates	FLAC	19	19	-	-	-	-
at fixed interest rates	FLAC	13,973	13,973	-	-	Level 3	14,502
Lease obligations	-	14,815	14,815	-	-	-	-
Trade payables	FLAC	77,400	77,400	-	-	-	-
Other financial liabilities	FLAC	36,611	36,611	-	-	-	-
Derivatives (without hedges)	FLHfT	35	35	-	35	-	-
BY CATEGORY:							
Loans and receivables	LaR	160,497	160,497	-	-	-	-
Held to maturity	HtM	2,907	2,907	-	-	-	-
Available-for-sale financial assets	AfS (at cost)	1,824	1,824	-	-	-	-
Available-for-sale financial assets	AfS	874	-	874	-	-	-
Cash and cash equivalents	-	42,298	42,298	-	-	-	-
Financial liabilities measured at amortised cost	FLAC	832,656	832,656	-	-	-	-
Financial liabilities held for trading	FLHfT	35	35	-	35	-	-

12. Transactions with Related Parties

Transactions between the Group companies and companies accounted for at equity primarily involve project development and construction as well as the provision of loans and the related interest charges.

In addition to the companies accounted for at equity, related parties in the sense of IAS 24 include PORR AG and its subsidiaries as well as the member companies of the IGO-Ortner Group and the Strauss Group because they, and their controlling entities, have a significant influence over UBM through the existing syndicate.

The transactions in 2017 between companies included in the consolidated financial statements of the UBM Group and member companies of the PORR Group are related, above all, to construction services.

In connection with the development of a property, the main tenant, PORR AG, provided STRAUSS & PARTNER Development GmbH with pre-financing of € 45 million which has a term ending in 2019.

13. Events after the End of the Reporting Period

UBM Development AG and PORR AG concluded an agreement on 3 May 2017 to extend the step-up coupon on the existing mezzanine capital of € 50.0 million from 17 December 2019 to 17 December 2021 in order to improve the planning for both parties. Based on this agreement, the interest on the mezzanine capital will remain at the previous level of 6.5% until 16 December 2021 and will only increase to the 12-month EURIBOR plus 8.5% as of 17 December 2021 if the mezzanine capital is not repaid on 16 December 2021. Premature repayment before 16 December 2021 was excluded by the new agreement.

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

The Managing Board was authorised in accordance with Section 169 of the Austrian Stock Corporation Act and under section 4 para. 4 of the statutes to increase the company's share capital in agreement with the Supervisory Board by up to € 2,241,654.00 through the issue of up to 747,218 bearer shares in exchange for cash and/or contributions in kind, in one or more tranches and with the exclusion of subscription rights. This authorisation is valid for a period of five years beginning on the date of recording in the company register. Additionally, the Managing Board was authorised to determine the issue price, issue terms, subscription ratio and further details in agreement with the Supervisory Board (authorised capital 2017). The Supervisory Board was authorised to approve amendments to the statutes resulting from the use of this authorisation by the Managing Board, whereby the subscription right for greenshoe options in connection with the issue of shares in exchange for cash contributions is excluded.

Furthermore, the Annual General Meeting approved a resolution for a conditional increase in share capital in accordance with Section 159 Para. 2 No. 1 of the Austrian Stock Corporation Act. This authorisation is valid for a period of five years beginning on the date of the resolution and covers a conditional increase of up to € 2,241,654.00 through the issue of up to 747,218 new bearer common shares for distribution to convertible bondholders. The Managing Board was also authorised to carry out the following within a period of five years beginning on the date the resolution was passed by the Annual General Meeting: to issue convertible bonds, in one or more tranches, with conversion or subscription rights to the purchase of up to 747,218 new bearer shares of the company with a proportional share of up to € 2,241,654.00 in share capital; and to determine all further terms related to the issue and conversion procedure for the convertible bonds as well as the issue amount and the exchange or conversion ratio. The subscription rights of shareholders were excluded.

In order to service the stock options granted within the framework of the long-term incentive programme 2017, the Managing Board was authorised in accordance with Section 159 Para. 3 of the Austrian Stock Corporation Act to carry out a conditional increase in the company's share capital, in one or more tranches, by up to € 1,678,920.00 through the issue of up to 559,640 new bearer common shares for distribution to the employees, key managers and members of the Managing Board of the company and its subsidiaries. This authorisation is valid for a period of five years beginning on the date of the resolution. The Supervisory Board was authorised to approve amendments to the statutes resulting from a conditional capital increase.

The Managing Board was authorised, in agreement with the Supervisory Board, to repurchase the company's shares up to the legally allowed limit of 10% of share capital, including previously repurchased shares, during a period of 30 months beginning on the date the resolution was passed (23 May 2017) and to sell these shares within a period of five years beginning on the date the resolution was passed.

Vienna, 30 May 2017

The Managing Board

Thomas G. Winkler
Chairman

Martin Löcker **Claus Stadler** **Michael Wurzinger**

Glossary

ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
DAX	Leading index of the German Stock Exchange (Deutscher Aktienindex)
DJIA	US Stock Exchange (Dow Jones Industrial Average)
Dividend yield	Dividends per share in relation to the share price
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EBT	Earnings Before Taxes
Equity ratio	Equity recognised as of the reporting date in relation to total assets
EURO STOXX 50	Stock index that consists of the 50 largest listed companies in the eurozone
FTSE	British Stock Exchange (Financial Times Stock Exchange)
Gross debt	Non-current and current bond liabilities plus non-current and current financial liabilities
IAS	International Accounting Standards
IATX	Immobilien Austrian Traded Index; real estate index that contains the most important real estate companies listed on the Vienna Stock Exchange
IFRS	International Financial Reporting Standards
Impairment test	IAS 36 requires the regular testing of assets for indications of impairment. If an asset is impaired, its carrying amount must be reduced through the recognition of an impairment loss.
Letter of Intent (LOI)	A written statement submitted by a negotiating partner which is intended to announce a specific interest in negotiations or the conclusion of a contract.
Market capitalisation	Share price multiplied by the number of shares in issue
Net debt	Non-current and current bonds plus non-current and current financial liabilities minus cash and cash equivalents
P/E ratio	Price-earnings ratio, the share price in relation to earnings per share
Profit for the period	EBT after income taxes
Return on Assets (ROA)	EBT plus interest on borrowings in relation to total capital
Return on Equity (ROE)	EBT in relation to equity
Sale proceeds	The share of revenue/Total Output generated by the sale of property projects
Total Output	Total Output corresponds to the revenue of fully consolidated companies and those consolidated under the equity method, as well as sales proceeds from share deals, in proportion to the stake held by UBM.

Financial Calendar 2017

Record date for the dividend	31.5.2017
Dividend payment date for FY 2016	1.6.2017
Interest payment on the UBM bond 2015	9.6.2017
Interest payment on the UBM bond 2014	10.7.2017
Publication of the Half-Year Financial Report 2017	29.8.2017
Publication of the Interim Report on the 3rd Quarter 2017	28.11.2017
Interest payment on the UBM bond 2015	11.12.2017

Disclaimer

This quarterly report contains forward-looking statements which are based on estimates and assumptions by management according to the best of their knowledge at the present time.

Forward-looking statements usually include expressions like "expected", "target" or similar terms. Forecasts for the future development of the company represent estimates that are based on the information available at 31 March 2017. Actual results may differ from these forecasts if the underlying assumptions are not realised or if an unexpected level of unforeseen risks occurs.

The quarterly report as of 31 March 2017 was prepared with the greatest possible diligence in order to ensure the correctness and completeness of the information in all sections. However, rounding, typesetting and printing errors cannot be excluded.

Contact

Investor Relations & Corporate Communications
Milena Ioveva
Tel: +43 50 626-1763
investor.relations@ubm.at, public.relations@ubm.at

Acknowledgements

Media Proprietor and Publisher
UBM Development AG
Floridsdorfer Hauptstrasse 1
1210 Vienna, Austria
Tel: +43 50 626-2600
www.ubm.at, www.ubm.eu

Concept, Design and Editing
UBM Development AG, Investor Relations &
Corporate Communications
be.public Corporate & Financial Communications GmbH
Heiligenstädter Strasse 50, 1190 Vienna, Austria
www.bepublic.at

Illustrations
Fritz Dorfner

Proofreading
be.public Corporate & Financial Communications GmbH

Images
Martina Draper (Managing Board photos)
STRAUSS & PARTNER Development GmbH
© ZOOM VP.AT (QBC photos)
© Henn (Zalando)
© FOON (Rosenhügel)

developing projects.
realising opportunities.

UBM Development AG | Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria | Tel: +43 50 626-2600 | ubm.at, ubm.eu