one team.

Half-Year Report 2018

key performance indicators.

Key earnings figures (in € m)

	1-6/2018	1-6/2017	Change
Total Output[1]	552.8	422.1	31.0%
Revenue	367.9	234.2	57.1%
EBT	28.1	22.6	24.2%
Net profit	20.8	16.3	28.0%

Key asset and financial figures (in € m)

	30.6.2018	31.12.2017	Change
Total assets	1,129.4	1,130.9	-0.1%
Equity	412.4	355.4	16.0%
Equity ratio	36.5%	31.4%	5.1PP
Net debt	311.2	477.9	-34.9%

Key share data and staff

	30.6.2018	30.6.2017	Change
Earnings per share (in €)	2.53	2.09	21.0%
Share price (in €)	40.80	37.37	9.2%
Market capitalisation (in € m)	304.9	279.2	9.2%
Staff[2]	760	745	2.0%

1 Total Output corresponds to the revenue generated by fully consolidated companies and companies consolidated at equity as well as the sale proceeds from share deals in proportion to the stake held by UBM.
2 Distribution: Development 305 and Hotel 455 (30.6.2018); Development 305 and Hotel 440 (30.6.2017).

contents.

at a glance.

booming real estate market.
Unabated demand contrasted by supply shortage

total output up 31%.
Completion of major Leuchtenbergring project

24% increase in EBT.
Earnings per share at €2.53

comfortable financial position.
Equity ratio of 37%

well-filled pipeline.
Record volume of hotel projects

record outlook for 2018.
High visibility for full year

one goal.
one team.
one company.

Large-scale projects with the highest quality standards can only be realised when everyone pulls in the same direction. At UBM, the team is the star – because only as a team can we optimally utilise “the power of one”.

Dear Shareholders,
Dear Stakeholders.

Our course is set for a record year. The first half of 2018 was the most successful in the history of UBM Development: we generated a profit before tax of over €28m in the first six months, which represents an increase of 24% over the previous year. At over €20m, net profit was higher than ever before. At the same time, our financial position forms a solid foundation for the future: an equity ratio of 37%, a loan-to-value ratio of 28% and cash reserves of more than €200m speak for themselves. These indicators give us substantial freedom for action – but we will remain firmly on our course also in the future and do what we do best: develop high-quality properties in our three core markets and three asset classes.

UBM has a remarkable track record. We recently completed the large-scale Leuchtenbergring project in Munich, which demonstrates our competence in the office and hotel segments. Projects with a volume of €200m are only possibly when everyone pulls in the same direction. Highly qualified teams contribute a wide-range of experience and expertise and, in this way, play an important role in our shared success. The large-scale Leuchtenbergring project is a perfect example of how "one team" works. The transformation of the Leuchtenbergring into a genuine "lighthouse project" was only possible based on the close cooperation and coordination between the project management team in Munich, the hotel design team in Prague and the transaction team in Vienna. Only as "one team" can we develop our full power. The strength of each individual counts. However, only as a team we are able to optimally utilise "the power of one".

We have a great deal planned – our pipeline is well-filled with projects totalling €1.8 bn. We would be pleased to have you on board for this journey.

Martin Löcker
COO

Thomas G. Winkler
CEO

Patric Thate
CFO

highlights.

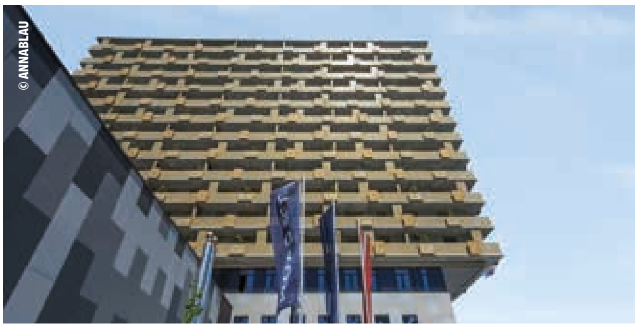
april.

Record dividend of €2.00
On 10 April, the 145th anniversary of the IPO, UBM Development announces its proposal for a record dividend of €2.00 per share and underscores the positive development of earnings in 2017. The dividend yield equals 4.9% based on the closing price for 2017. That makes UBM one of the shares with the highest dividend yield on the Vienna Stock Exchange.

may.

Completion of "Der Rosenhügel" residential project
After a construction period of roughly 18 months, the prestigious "Der Rosenhügel" project in Vienna is completed and transferred to the owners. UBM developed 204 privately financed condominiums in seven architecturally sophisticated buildings on the grounds of the former Rosenhügel film studios. The last apartments are currently in the sale process.

QBC: 140 apartments sold
A further construction segment – section 6.1 with 140 condominiums – is completed in the new Quartier Belvedere Central (QBC), an urban development area at Vienna's central railway station. All of the units have been sold, and leases have been signed for most of the roughly 3,000 m² office and retail space on the lower floors.



june.

Opening of the Holiday Inn Munich – Leuchtenbergring
The hotel with its 279 rooms and suites was designed in line with the "urban nature" motto – and officially opened with the sawing of a tree trunk at a large celebration. This major project, which also includes adjoining office and retail space, was sold to Real I.S. for €190m in 2017 through a forward deal.

UBM acquires four new hotel projects
With the acquisition of two hotel projects in Germany and one each in the Netherlands and Poland, UBM Development expands its leading position in this rapidly growing segment. The hotel pipeline now comprises eleven hotels. The number of rooms has increased from 1,900 to a new record level of 3,000. With the acquisition of new hotel projects UBM increases the pace of its activities from two to four hotel developments per year.

reference projects.

hotel.

Zollhafen/Mainz
Asset class: Hotel
Gross floor area: approx. 8,100 m²
Hotel brand: Super 8
Rooms: 216
Operator: GS Star GmbH
Completion: Q3/2019

office.

QBC 1 & 2/Vienna
Asset class: Office
Gross floor area: approx. 44,000 m²
Lettable space: approx. 36,000 m²
Completion: Q4/2020

residential.

Neugraf/Prague
Asset class:
Residential
Gross floor area:
approx. 27,300 m²
Apartments: 177
Parking spaces: 166
Completion: Q2/2020

investor relations.

Stock exchange developments

The first six months of 2018 were a mixed period for the international stock exchanges. The sound start into the year weakened during February and brought a market climate that was influenced by fears of inflation and interest rate worries. This downside dynamic was subsequently accelerated by the trade dispute triggered by the USA. Supported by a strong reporting season, the US stock markets were more stable during the second quarter than in the first three months of the year. The US Dow Jones Index was able to regain part of its first quarter losses, but the overall performance since year-end 2017 was slightly negative at -1.8%. Developments on the European exchanges were similar. The leading European EURO STOXX Index closed the second quarter with a plus of 1.0%. That reduced the loss from the beginning of the year, but the six-month performance was negative at -3.1%. The leading German DAX Index rose by 1.7% in the second quarter, but the performance from January to June 2018 was also negative at -4.7%.

The Vienna Stock Exchange saw strong price corrections towards the end of the second quarter. The leading Austrian ATX Index lost 5.0% in the second quarter and ended the first half-year with a minus of 4.8%. This decline was principally attributable to the threat of trade restrictions.

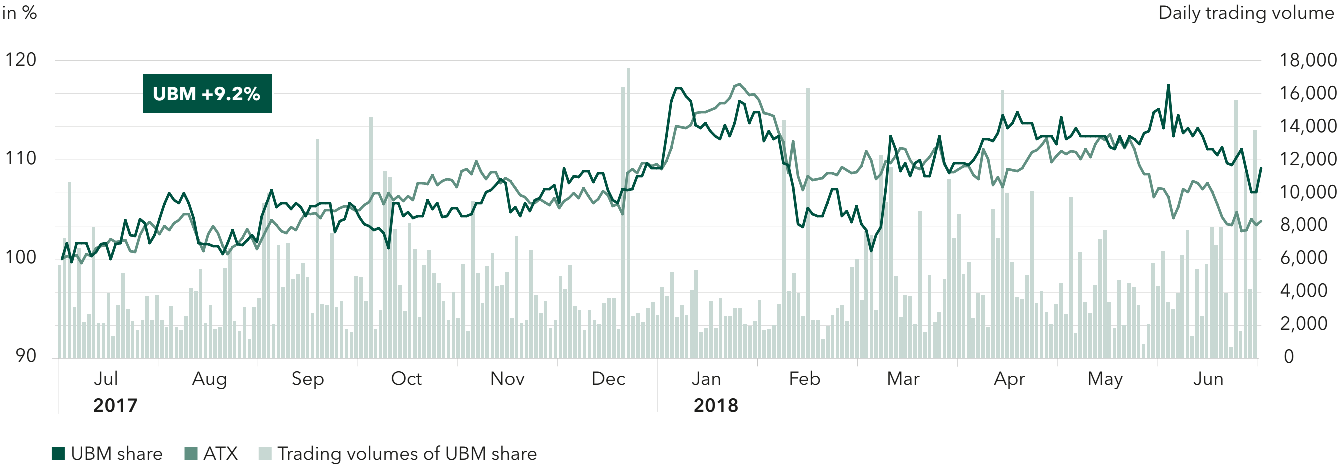
The UBM share

The UBM share closed the second quarter with a slight loss of 0.2%, but has remained constant at €40.80 since year-end 2017 despite high volatility. Favourable corporate reports countered the generally downward momentum on the exchanges. The acquisition of four new hotel projects and a well-filled residential pipeline led to a significant short-term price increase – the UBM share rose to a new all-time high of €43.90 on 4 June. The average trading volume equalled 4,808 shares per day during the first half-year, or 13% more than in the first half of 2017 (4,281 shares).

Shareholder structure

The share capital of UBM Development AG totals €22,416,514.00 and is divided into 7,472,180 shares. The syndicate comprising the IGO-Ortner Group and the Strauss Group holds an unchanged 38.8% of the shares outstanding. Management and the members of the Supervisory Board hold 10.8%. The remaining free float (50.4%) is held by investors in Austria (39%), Germany (32%) and the UK (16%).

Performance of the UBM share vs. indexes and trading volumes from July 2017 to June 2018



interim management report.

General economic environment[1]

Political events played an important role in the development of the global economy during the first half of 2018. US President Trump, in particular, was a source of repeated uncertainty with his views on trade policies. However, growth is currently broad-based and will support a continuation of the upward trend, although at a substantially slower pace. The International Monetary Fund (IMF) is forecasting growth of 2.4% for the industrial states in 2018 and, based on only slightly weaker momentum, an increase of 2.2% in 2019.

The eurozone economy also slowed, and experts are predicting an increase of 2.1% for the full 12 months of 2018. Key interest rates in the eurozone remained at a historical low during the first half of 2018, and the European Central Bank (ECB) has announced its intention to retain this level, at least up to summer 2019.

In Austria, the boom phase continued during the first half of 2018. Growth was driven by all demand components. The Austrian National Bank (OeNB) does not expect a slowdown in 2018 and is projecting a GDP increase of 3.1% for the year.

The German economy continued its robust development during the first half of 2018 despite a reserved start into the year, but at a slightly lower rate than in 2017. However, the risk of a possible escalation in the trade war with the USA has led the German Institute for Economic Research to reduce its forecast for 2018 from 2.4% to 1.9%.

A slight year-on-year decline in growth was also noted in Poland and the Czech Republic. The GDP in these two countries is expected to increase by 4.3% and 3.4%, respectively, in 2018.

Developments on the real estate markets[2]

The European markets were characterised by strong performance during the first half of 2018, with a transaction volume that totalled €127.7 bn. This slight year-on-year decline of 3.4% is, however, attributable to the increasing supply shortage. Demand remained high during the first six months, especially in the prime segment. This robust development was driven, above all, by strong growth in the office sector: this asset class was responsible for 42% of investments (€28.7 bn) during the first six months, or 19% more than in the first half of 2017.

An analysis by country shows the continuing focus of investors on Germany. According to a recent study by Knight Frank, the greatest opportunities for additional investments in Europe are currently found in Germany. The transaction volume amounted to €25.6 bn in the first six months, which represents the second highest half-year results since the start of the current market cycle. It also confirms the estimates made at the beginning of this year: 2018 will be another high-revenue year for the commercial real estate market in Germany. Properties at prime locations which promise long-term rental income are in the focus of investors. Strong demand was again recorded, above all, for prime properties in the top seven cities. The "Big 7" generated 68% of the transaction volume in the first six months, for an increase of roughly one-third over the comparable prior year value. New development projects were unable to meet the high demand, especially in the office segment, which led to a further rise in prime rents during the first half-year. The dynamic momentum on the residential investment market also continued during the first half of 2018. The supply shortage was reflected in a growing interest in development projects and micro-apartments. The hotel investment mar-

[1] Sources: National Bank of Austria, IMF, AlpenBank AG, European Commission
[2] Sources: CBRE, JLL, Knight Frank, Colliers, Savills

ket was also characterised by a shortage of supply. Demand for this asset class was high during the first half-year, in particular for hotels in the medium price segment. Since the supply remains constant, the increasing demand overhang has also led to rising pressure on prime yields in this area.

Demand on the Austrian market also remained constant at a high level during the first half-year with an investment volume of €2.3 bn. The lack of high-quality office space forced investors to increasingly turn their interest to other asset classes which subsequently led to a sharp rise in the demand for retail and residential projects. With a transaction volume of €3.2 bn, Poland also continued its growth course during the first half of 2018.

Business performance

UBM Development generated Total Output of €552.8m in the first half of 2018, compared with €422.1m in the first half of the previous year. This increase of €130.7m, or 31.0%, resulted primarily from the substantial growth in revenue from property sales. One particular highlight was the Leuchtenbergring project in Munich, which includes office and retail space as well as a fully revitalised and expanded hotel. The sale of this major project contributed over €180m to Total Output during the reporting period. The largest development projects in the first half-year included the Twarda hotel project in Warsaw and "Der Rosenhügel" and Quartier Belvedere Central (QBC) 6.1 residential projects in Vienna. In connection with the new "Pure Play Program PPP", the sale of standing assets and the related transformation into a pure real estate trade developer also continued: during the first half of 2018, UBM sold one office property each in Breslau and Warsaw and a hotel property in Linz. Proceeds from the sale of standing assets (including the hotel at Leuchtenbergring) totalled approximately €120m. In addition to successful sales activities, the Total Output from hotel operations rose by a significant 10.1% to €53.1m.

Total Output was also influenced by the mandatory application of IFRS 15 beginning in 2018, which defines new rules for the recognition of revenue. Depending on the respective contract, sales of development projects are now recognised as revenue over time based on the percentage of completion. This applies, above all, to residential properties because they are frequently sold during development, but also involves the forward sale of other development projects. The application of this

Total Output by region (in € m)[1]	1-6/2018	1-6/2017	Change
Germany	240.0	88.6	171.0%
Austria	138.0	231.3	-40.3%
Poland	154.9	68.4	126.6%
Other Markets	19.9	33.9	-41.2%
Total	**552.8**	**422.1**	**31.0%**

[1] The figures were rounded using the compensated summation method. Relative changes were derived from the non-rounded values.

standard had a positive effect of €33.2m in the first half of 2018.

Total Output in the **"Germany" segment** rose from €88.6m to €240.0m in the first half of 2018. This sound increase of €151.4m was attributable to the completion of the large-scale Leuchtenbergring project in Munich, which contributed more than €180m to Total Output. Total Output for the reporting period also includes the sale of the main postal office in Potsdam, the progress of construction on two residential projects in Berlin und Hamburg and various general contractor services. In addition, the positive development of all five hotels in Germany supported an increase in the Total Output from hotel operations.

The **"Austria" segment** recorded a decline in Total Output from €231.3m in the previous year to €138.0m. The first six months of 2017 included the sale of several standing assets and the transfer of the two Accor Hotels in the QBC, while Total Output in the reporting period was generated primarily in the residential business. "Der Rosenhügel" project with 204 apartments, the QBC 6.1 project with 140 apartments and smaller residential construction projects in Tyrol were completed and transferred during the first half of 2018. The application of IFRS 15 had a positive impact on Total Output through the progress of construction on projects in Salzburg and Graz. In the hotel business, the sale of the Park Inn standing asset in Linz also made a positive contribution to Total Output.

In the **"Poland" segment**, Total Output rose from €68.4m in the first half of 2017 to €154.9m in the reporting period. This substantial increase resulted, above all, from two large-scale property sales – the Twarda hotel development project in Warsaw and the Pegaz standing asset in Breslau. Total Output was also increased by the progress of construction on the hotel project in Danzig, which is scheduled for completion in 2019 and has already been sold through a forward deal. Income from hotel operations was slightly higher in the first half of 2018, among others due to the start of operations in the Twarda hotel project (Holiday Inn Warsaw City Center). Rental income declined during the reporting period – above all due to the sale of two office properties, the Pegaz in Breslau and the Parkur Tower in Warsaw.

Total Output in the **"Other Markets" segment** amounted to €19.9m in the first half of 2018, compared with €33.9m in 2017. The prior year included the sale of a standing asset in Prague and a hotel in Pilsen. The most important components of Total Output in the reporting period were the revenues from the hotels in France and the Netherlands.

The **"Hotel" segment** recorded Total Output of €201.3m in the first half of 2018 (1–6/2017: €176.6m), which represents an improvement of €24.7m over the comparable prior year period. This increase includes €4.9m from services related to hotel operations, which rose by 10.1% year-on-year to €53.1m (1–6/2017: €48.2m). UBM also recorded an increase in hotel sales during the reporting period: In the first half of 2018 the newly developed Hotel Twarda in Warsaw, the Park Inn standing asset in Linz and the Holiday Inn Leuchtenbergring in Munich were sold. The application of IFRS 15 also had a positive effect of approximately €15m on Total Output in this segment through the recognition of the progress of construction on the hotel project in Danzig, which has already been sold through a forward deal.

Total Output in the **"Office" segment** amounted to €193.9m in the first half of 2018 and clearly exceeded the prior year value of €74.0m. Property sales in this segment during the first half of 2017 only involved standing assets, while the reporting period brought the completion of the large-scale Leuchtenbergring project in Munich. This project contributed nearly €110m to Total Output in the first half of 2018. The sale of the Pegaz standing asset in Poland generated proceeds of over €50m in the first half of 2018. The rental income from office properties declined during the first half-year due to the increased focus on the sale of standing assets.

In the **"Residential" segment**, Total Output amounted to €101.5m in the first half of 2018 (1–6/2017: €18.1m). More than half of the Total Output in 2018 resulted from the completion of two projects in Vienna – "Der Rosenhügel" with 204 apartments and the QBC 6.1 with 140 apartments. A number of project completions in the Vienna area and in Tyrol also made a positive contribution to Total Output. Nearly €15m of Total Output for the reporting period resulted from the application of IFRS 15, which led to the recognition of revenue from sold apartments based on the percentage of completion. This involved residential construction projects in Berlin, Hamburg, Salzburg and Graz.

The **"Other" segment** recorded a substantial year-on-year decline in Total Output to €17.3m in the first half of 2018 (1–6/2017: €70.4m). The previous year included the sale of standing assets in the Graz area and land in Berlin. Total Output for the reporting period included, above all, proceeds from the rental of mixed-use standing assets in Austria and Germany.

Total Output in the **"Service" segment** amounted to €36.6m in the first half of 2018. The substantially higher Total Output of €81.3m recorded in the first half of the previous year reflected two share deals for projects in Vienna and Klagenfurt.

Total Output in the **"Administration" segment** equalled €2.3m (1–6/2017: €1.7m) and consisted solely of services provided by UBM Development AG, charges for management services and intragroup allocations.

Total Output by asset class (in € m)[1]	**1–6/2018**	**1-6/2017**	**Change**
Hotel	201.3	176.6	14.0%
Office	193.9	74.0	162.0%
Residential	101.5	18.1	n.m.
Other	17.3	70.4	-75.5%
Service	36.6	81.3	-55.0%
Administration	2.3	1.7	30.6%
Total	**552.8**	**422.1**	**31.0%**

[1] The figures were rounded using the compensated summation method. Relative changes were derived from the non-rounded values.

Financial performance indicators

Business development and earnings

The core business of the UBM Group is the project-based real estate business. Revenue reported on the income statement can be subject to strong fluctuations because these projects are realised over a period of several years. The initial application of IFRS 15 beginning in 2018 requires the recognition of revenue on real estate projects as of the signing date based on the percentage of completion and not – as before – after completion. This change in accounting method improves the informative value of information on the development of revenue and earnings. The sale of properties through share deals and the development of projects within the framework of equity-accounted investments are still not reflected in revenue. In order to provide a better overview and improve the transparency of information on the development of the business, UBM also reports Total Output. This managerial indicator includes – similar to revenue – the proceeds from property sales, rental income, income from hotel operations, the planning and construction services invoiced for UBM's construction sites as well as deliveries and management services provided to third parties. It also includes the profit or loss from companies accounted for at equity and the results from sales through share deals. Total Output is based on the amount of the investment held by UBM and does not include advance payments, which are primarily related to large-scale or residential projects.

Total Output amounted to €552.8m in the first half of 2018, which represents an increase of €130.7m, or 31.0%, over the comparable prior year value of €422.1m. Revenue as reported on the income statement increased from €234.2m to €367.9m during the reporting period, above all due to higher revenue from property sales that included the large-scale Leuchtenbergring project in Munich. The application of IFRS 15 also had a positive effect of €33.2m on Total Output because residential properties that have already been sold and development projects sold through forward deals are now included according to the percentage of completion as soon as the sale has been recorded.

The share of profit or loss from companies accounted for at equity amounted to €14.4m in the first half of 2018 (1–6/2017: €5.6m). The sound positive earnings contribution resulted primarily from the application of the percentage of completion method and a related increase in value based on the progress of construction on the Zalando Campus office project in Berlin, which was sold during the development phase. Other positive effects resulted from the sale of a standing asset hotel in Linz and the main postal office building in Potsdam.

No income was recorded from fair value adjustments to investment property during the reporting period, in contrast to income of €5.3m in the first half of 2017. Fair value adjustments are calculated on the basis of new market price indicators, whereby purchase contrasts were generally used in the past. Due the application of IFRS 15, the increases in the value of a property are recognised to revenue beginning on the date the contract is signed based on the percentage of completion. This tends to reduce the fair value adjustments. The expenses from fair value adjustments were slightly lower year-on-year at €2.2m and involved land in Hungary.

Other operating income equalled €5.7m and consists primarily of third-party charges and foreign exchange gains. In the first half of the previous year, other operating income totalled €19.9m and included foreign exchange gains of €16.5m. Other operating expenses rose from €22.7m to €36.4m in the first half of 2018, chiefly due to foreign exchange losses of €10.2m from the Polish Złoty versus the Euro. This position also includes administrative expenses, travel expenses, advertising costs, charges and duties as well as legal and consultancy fees.

The cost of materials and other related production services increased from €179.5m in the first half of 2017 to €275.3m in the reporting period. These expenses consist primarily of material costs for the construction of residential properties and various other development projects which were sold through forward sales. The book value disposals from property sales in the form of asset deals are also included in this item. The book value disposals totalled €157.5m in the first half of 2018 and were related, above all, to the large-scale Leuchtenbergring project in Munich as well as the sale of a hotel and an office building in Poland (1–6/2017: €105.6m). The cost of materials also includes expenses for purchased general contractor services.

The changes in the portfolio relating to residential property inventories resulted in income of €12.4m, compared with €15.6m in the first half of the previous year. Due to the application of IFRS 15, the progress of construction on real estate inventories is only reported under changes in the portfolio when these properties have not yet been sold. Properties which have been sold are now recognised directly in revenue prior to completion.

The total number of employees in the companies included in the consolidated financial statements rose to 760 in the first half-year (30 June 2017: 745) – in particular due to the opening of the Holiday Inn City Center in Warsaw. In the development area, the number of employees remained stable year-on-year at 305. Personnel expenses increased from €22.5m to €23.8m during the reporting period, above all due to the higher number of employees in the hotel business. The valuation of the UBM share option programme, which was approved by the Annual General Meeting in May 2017, added €0.6m to personnel expenses in the first half of 2018. Adjusted for this special effect, personnel costs in the development area declined year-on-year due to the ongoing efficiency improvement programme.

EBITDA totalled €37.8m in the first half of 2018 and was significantly higher than the comparable prior year value of €22.1m. EBIT rose by 79.4% to €36.2m (1–6/2017: €20.2m). Financial income declined from €12.2m in the first half of 2017 to €5.9m – whereby the comparable prior year period included income of €8.6m from share deals in contrast to the €1.2m recorded in the first half of 2018. Financial cost rose from €9.8m to €14.0m because of a €2.3m impairment loss recognised to an investment in Poland during the reporting period.

EBT increased by 24.2% over the comparable prior year amount of €22.6m to €28.1m. Tax expense equalled €7.3m in the first half of 2018, which represents a tax rate of 25.9%. Profit for the period (net profit), before the deduction of the share attributable to non-controlling interests, equalled €20.8m, for a year-on-year increase of 28.0% (1–6/2017: €16.3m). Earnings per share improved by 21.0% from €2.09 to €2.53 in the first half of 2018.

Asset and financial position

The UBM Group's total assets reflected the end of the previous financial year at €1,129.4m as of 30 June 2018 (31 December 2017: €1,130.9m).

Property, plant and equipment totalled €9.0m at the end of June 2018 and were €41.7m lower than on 31 December 2017. Investment property was also substantially lower at €298.5m as of 30 June 2018 (31 December 2017: €371.8m). These declines resulted from the completion of the large-scale Leuchtenbergring project in Munich and from the reclassification of investment property to trade receivables based on the application of IFRS 15. The hotel component of this project was previously included in property, plant and equipment, while the office component was recorded under investment property. The carrying amount of the investments in equity-accounted companies rose from €118.5m to €145.3m during the period from January to June 2018. It resulted, in particular, from an increase in the value of the investment in the Zalando project based on the progress of construction and from the acquisition of a new hotel project in Hamburg. The sales during the reporting period were reflected in a decline in project financing from €123.5m as of 31 December 2017 to €118.9m at the end of June 2018.

Current assets rose from €444.3m as of 31 December 2017 to €532.6m. Cash and cash equivalents increased substantially from €75.2m as of 31 December 2017 to €206.7m at the end of the reporting period. This significant improvement was based on the income from property sales – in particular from the Leuchtenbergring project – and on the issue of a hybrid bond, which increased liquidity by approximately €50m after repayment of the outstanding mezzanine capital.

As a contrary effect, the non-current assets held for sale fell from €112.6m as of 31 December 2017 to €17.2m as of 30 June 2018. This decline resulted primarily from the sale of a hotel project in Warsaw and an office property in Breslau.

Real estate inventories totalled €135.6m at the end of June 2018 and were €45.6m lower than at year-end 2017. This position includes miscellaneous real estate inventories and property under development which is designated for sale. The application of IFRS 15 led to a decline in real estate inventories because properties sold during development are now recorded as trade receivables. Trade receivables subsequently rose from €53.2m at the end of 2017 to €152.0m at the end of June 2018.

Equity totalled €412.4m as of 30 June 2018, compared with €355.4m as of 31 December 2017. In addition to the Group's solid earnings position, the increase resulted from the above-mentioned issue of a hybrid bond. Contrary effects were the dividend payment and interest expense for the mezzanine and hybrid capital, with a total effect of €21.1m.

Bond liabilities generally reflected the level at year-end 2017 and equalled €383.2m at the end of June 2018. They were contrasted by a substantial reduction in current and non-current financial liabilities from €169.3m to €134.7m. This decline resulted primarily from the successful sales activities and the related repayment of bank liabilities.

Trade payables increased from €70.8m at year-end 2017 to €92.1m at the end of the reporting period and consisted chiefly of outstanding payments for subcontractor services.

Other financial liabilities (current and non-current) rose from €34.6m as of 31 December 2017 to €66.5m. This increase resulted primarily from the acquisition of a new hotel project in the Netherlands. The total of deferred taxes and current tax payables remained nearly unchanged at €27.3m (31 December 2017: €26.4m).

Net debt totalled €311.2m as of 30 June 2018 and fell significantly by €166.6m during the first half of 2018 (31 December 2017: €477.9m). In addition to the high level of sales during the reporting period, the decline was also supported by the cash inflow from the issue of a hybrid bond which is attributable to equity.

Cash flow

Operating cash flow fell from €14.8m year-on-year to €4.6m. Profit for the period improved from €16.3m to €20.8m during the first half of 2018, but was contrasted by a substantial increase in the share of profit/loss from companies accounted for at equity, which only represents a cash effect when the distribution is made. The increase in deferred tax assets recorded during the first half-year also has no direct effect on cash flow.

Cash flow from operating activities amounted to €-6.0m for the reporting period, in comparison with €4.8m in the first half of the previous year. An important factor for this development was the increase in receivables, which reduced cash flow by roughly €47.7m. The increase in receivables resulted, in particular, from the initial application of IFRS 15 in 2018. This new accounting rule requires apartments and development projects which are sold before completion to be reported under trade receivables. A contrary factor was the reduction of €12.0m in real estate inventories, whereby this amount also includes cash inflows of €50.8m from the sale of real estate inventories. The additions to real estate inventories totalled €38.8m. Cash flow from operating activities was also positively influenced by an increase of €22.7m in liabilities (excluding bank liabilities).

Cash flow from investing activities totalled €110.2m in the first half of 2018 (1–6/2017: €37.2m). This sound increase was based, above all, on higher cash inflows of €176.6m from prepayments for the sale of property, plant and equipment and investment property (1–6/2017: €108.5m). These higher cash inflows were contrasted by substantially lower cash outflows. Investments in property, plant and equipment, investment property and financial assets amounted to €74.9m (1–6/2017: €131.1m) and include the acquisition of a hotel property in the Netherlands for €28.5m. Cash outflows for project financing equalled €5.8m. A cash contribution of €1.0m was generated by the sale of consolidated companies in Poland through a share deal. The proceeds from the sale of this investment totalled €10.1m and were used almost entirely to repay the external financing for these standing assets.

Cash flow from financing activities of €27.8m (1–6/2017: €53.8m) includes, in particular, cash inflows of €98.5m from the issue of a hybrid bond. These cash inflows were contrasted by the repayment of the outstanding €50.0m balance of mezzanine capital during the second quarter of 2018.

Non-financial performance indicators

Environmental issues

With the founding of a Green Building staff unit at the end of 2017, UBM has anchored the issues of the environment and sustainability even more firmly in the corporate policy. Environmental protection and the careful use of resources are a crucial component of the way UBM Development thinks and acts. Projects and development activities always include a focus on environmentally sound planning and construction. The conscious use of energy-optimising building materials and energy-saving management concepts, coupled with the use of renewable energy sources, transform UBM development projects into sustainable and environmentally friendly buildings.

Additional information on sustainability activities is provided in the separate UBM Sustainability Report 2017, which is available for download at www.ubm-development.com.

Employees

The UBM Group had a total workforce of 760 as of 30 June 2018 (of which 455 Hotel), compared with 745 employees as of 30 June 2017 (of which 440 Hotel). The increase is attributable primarily to the start of operations at the Twarda hotel project in Warsaw and the opening of the expanded hotel on the Leuchtenbergring. Approximately 82% of UBM's employees work outside Austria.

Education and training measures to support personal and professional development are offered in the areas of planning and project development, business management and legal issues as well as language courses and seminars. These measures are designed to reflect the individual needs of employees as well as the demands of the market. UBM's broad geographical positioning frequently leads to international assignments, and the resulting know-how transfer represents another important factor for wide-ranging staff development.

Outlook

The economic upturn continued during the first half of 2018, in spite of the uncertainty on the financial markets. The demand for high-quality assets on the European real estate markets remains high, but has been accompanied by a visible supply shortage as the result of previous transactions. UBM's three core markets – Germany, Austria and Poland – and three asset classes – hotel, office and residential – benefit from this market environment. Experts currently see Germany as having the greatest potential for additional real estate investments compared with all other European countries.

The positive development of business during the past year and in the first half of 2018 confirms UBM's strategy. Activities will therefore continue to focus on property development and the company's transformation into a "pure play trade developer". The portfolio adjustment has reached an advanced stage, and the sale of standing assets is progressing consistently within the context of the new "Pure Play Program PPP". Future risks are minimised by so-called forward deals, which set the prices with buyers at an early stage for projects still under construction. Despite numerous completions in recent months which include the large-scale Leuchtenbergring project, UBM still has a well-filled project pipeline of €1.8 bn for the coming years.

This large number of forward sales creates a very high degree of visibility for 2018. UBM is therefore optimistic that Total Output and earnings will exceed 2015, the previous record year in the company's history. The Management Board expects Total Output of over €750m (1–6/2018: €552.8m) and profit before tax (EBT) of over €50m (1–6/2018: €28.1m) in 2018, which means earnings per share should top the five-euro mark (1–6/2018: €2.53). Equity is expected to exceed €400m (30 June 2018: €412.4m) as of the balance sheet date in 2018.

Risk report

The risks which have, or could have, a significant impact on UBM Development AG are discussed in the 2017 Annual Report on pages 56 to 59. Detailed information on UBM's risk management system is also provided in this section.

There have been no significant changes in the risk profile since the end of the 2017 financial year. Therefore, the statements in the 2017 Annual Report/risk report still apply without exception.

Vienna, 29 August 2018

The Management Board

Thomas G. Winkler
CEO

Martin Löcker
COO

Patric Thate
CFO

Consolidated Income Statement
from 1 January to 30 June 2018

in T€	1-6/2018	1-6/2017	4-6/2018	4-6/2017
Revenue	367,895	234,177	191,822	148,286
Changes in the portfolio	-12,440	-15,609	-4,003	5,127
Share of profit/loss from companies accounted for at equity	14,368	5,556	2,595	6,337
Income from fair value adjustments to investment property	-	5,328	-2,806	5,328
Other operating income	5,701	19,920	2,184	5,391
Cost of materials and other related production services	-275,284	-179,479	-126,157	-133,250
Personnel expenses	-23,794	-22,491	-13,147	-11,675
Expenses from fair value adjustments to investment property	-2,234	-2,568	-2,226	-2,560
Other operating expenses	-36,434	-22,717	-24,461	-11,739
EBITDA	**37,778**	**22,117**	**23,801**	**11,245**
Depreciation and amortisation	-1,624	-1,963	-837	-1,035
EBIT	**36,154**	**20,154**	**22,964**	**10,210**
Financial income	5,930	12,246	3,820	10,281
Financial costs	-13,966	-9,758	-6,903	-4,635
EBT	**28,118**	**22,642**	**19,881**	**15,856**
Income tax expense	-7,291	-6,367	-5,411	-4,914
Profit for the period (net profit)	**20,827**	**16,275**	**14,470**	**10,942**
of which attributable to shareholders of the parent	**18,935**	**15,644**	**12,152**	**10,770**
of which attributable to non-controlling interests	1,892	631	2,318	172
Basic earnings per share (in €)	**2.53**	**2.09**	**1.62**	**1.44**
Diluted earnings per share (in €)	**2.53**	**2.09**	**1.62**	**1.44**

Statement of Comprehensive Income
from 1 January to 30 June 2018

in T€	1-6/2018	1-6/2017	4-6/2018	4-6/2017
Profit for the period (net profit)	**20,827**	**16,275**	**14,470**	**10,942**
Other comprehensive income				
Remeasurement of defined benefit obligations	-	449	-	449
Income tax expense/income on other comprehensive income	-	-116	-	-116
Other comprehensive income which cannot subsequently be reclassified (non-recyclable)	**-**	**333**	**-**	**333**
Fair value measurement of securities	-	9	-	-5
Currency translation differences	-422	-2,368	-176	-2,493
Income tax expense/income on other comprehensive income	-	-2	-	1
Other comprehensive income which can subsequently be reclassified (recyclable)	**-422**	**-2,361**	**-176**	**-2,497**
Other comprehensive income for the period	**-422**	**-2,028**	**-176**	**-2,164**
Total comprehensive income for the period	**20,405**	**14,247**	**14,294**	**8,778**
of which attributable to shareholders of the parent	18,426	13,648	11,901	8,606
of which attributable to non-controlling shareholders of subsidiaries	1,979	599	2,393	172

Consolidated Statement of Financial Position

as of 30 June 2018

in T€	30.6.2018	31.12.2017
Assets		
Non-current assets		
Intangible assets	2,725	2,740
Property, plant and equipment	8,996	50,709
Investment property	298,549	371,816
Investments in companies accounted for at equity	145,282	118,504
Project financing	118,927	123,479
Other financial assets	5,625	5,601
Financial assets	6,244	4,744
Deferred tax assets	10,460	9,029
	596,808	**686,622**
Current assets		
Inventories	135,619	181,261
Trade receivables	152,040	53,229
Financial assets	9,288	9,941
Other receivables and current assets	11,653	12,047
Cash and cash equivalents	206,714	75,204
Assets held for sale	17,244	112,629
	532,558	**444,311**
Total assets	**1,129,366**	**1,130,933**
Equity and liabilities		
Equity		
Share capital	22,417	22,417
Capital reserves	98,954	98,954
Other reserves	159,500	150,675
Mezzanine/hybrid capital	126,783	80,100
Equity attributable to shareholders of the parent	**407,654**	**352,146**
Equity attributable to non-controlling interests	4,757	3,301
	412,411	**355,447**
Non-current liabilities		
Provisions	5,374	7,749
Bonds	383,201	383,766
Non-current financial liabilities	80,961	88,898
Other non-current financial liabilities	4,148	4,116
Deferred tax liabilities	8,840	18,376
	482,524	**502,905**
Current liabilities		
Provisions	2,633	1,001
Current financial liabilities	53,783	80,414
Trade payables	92,100	70,763
Other current financial liabilities	62,307	30,474
Other current liabilities	5,112	81,862
Taxes payable	18,496	8,067
	234,431	**272,581**
Total equity and liabilities	**1,129,366**	**1,130,933**

Consolidated Cash Flow Statement
from 1 January to 30 June 2018

in T€	1-6/2018	1-6/2017
Profit/loss for the period (net profit)	20,827	16,275
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	6,083	-797
Interest income/expense	5,731	6,117
Income from companies accounted for at equity	-14,368	-5,556
Dividends from companies accounted for at equity	284	-
Decrease in long-term provisions	-2,465	-1,072
Deferred income tax	-11,483	-127
Operating cash flow	**4,609**	**14,840**
Increase/decrease in short-term provisions	1,415	-757
Increase in tax provisions	11,459	1,928
Losses/gains on the disposal of assets	-19,100	-11,174
Decrease in inventories	11,982	16,762
Increase/decrease in receivables	-47,706	2,294
Increase/decrease in payables (excluding banks)	22,743	-4,696
Interest received	3,275	559
Interest paid	-3,910	-2,957
Other non-cash transactions	9,268	-12,029
Cash flow from operating activities	**-5,965**	**4,770**
Proceeds from the sale of intangible assets	-	20
Proceeds from the sale of property, plant and equipment and investment property	176,600	108,477
Proceeds from the sale of financial assets	1,497	4,293
Proceeds from the repayment of project financing	12,570	58,318
Investments in intangible assets	-14	-2
Investments in property, plant and equipment and investment property	-64,417	-122,914
Investments in financial assets	-10,510	-8,192
Investments in project financing	-5,767	-7,595
Proceeds from the sale of consolidated companies	965	4,966
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-706	-164
Cash flow from investing activities	**110,218**	**37,207**
Dividends	-20,533	-16,725
Distribution to non-controlling shareholders of subsidiaries	-600	-1,370
Increase in loans and other financing	67,612	187,919
Repayment of loans and other financing	-67,156	-116,003
Increase in hybrid capital	98,493	-
Repayment of mezzanine capital	-50,000	-
Cash flow from financing activities	**27,816**	**53,821**
Cash flow from operating activities	**-5,965**	**4,770**
Cash flow from investing activities	**110,218**	**37,207**
Cash flow from financing activities	**27,816**	**53,821**
Change in cash and cash equivalents	**132,069**	**95,798**
Cash and cash equivalents at 1 January	75,204	42,298
Currency translation differences	-559	723
Cash and cash equivalents at 30 June	**206,714**	**138,819**
Taxes paid	7,316	4,038

Statement of Changes in Equity
as of 30 June 2018

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance at 31 December 2016	**22,417**	**98,954**	**-2,875**	**258**
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	333	-2,336
Total comprehensive income for the period	-	-	333	-2,336
Dividend	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance at 30 June 2017	**22,417**	**98,954**	**-2,542**	**-2,078**
Balance at 31 December 2017	**22,417**	**98,954**	**-2,666**	**-1,899**
Adjustments due to initial application of IFRS 9	-	-	-	-
Adjustments due to initial application of IFRS 15	-	-	-	-
Balance at 1 January 2018	**22,417**	**98,954**	**-2,666**	**-1,899**
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-591
Total comprehensive income for the period	-	-	-	-591
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid/mezzanine capital	-	-	-	-
Hybrid capital	-	-	-	-
Repayment of mezzanine capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance at 30 June 2018	**22,417**	**98,954**	**-2,666**	**-2,490**

Available-for-sale securities – fair value reserve	Other reserves	Mezzanine/ hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
31	**135,008**	**80,100**	**333,893**	**7,561**	**341,454**
-	13,259	2,385	15,644	631	16,275
7	-	-	-1,996	-32	-2,028
7	13,259	2,385	13,648	599	14,247
-	-11,955	-4,770	-16,725	-1,370	-18,095
-	19	-	19	-2,896	-2,877
38	**136,331**	**77,715**	**330,835**	**3,894**	**334,729**
51	**155,189**	**80,100**	**352,146**	**3,301**	**355,447**
-51	1,584	-	1,533	-	1,533
-	6,028	-	6,028	77	6,105
-	**162,801**	**80,100**	**359,707**	**3,378**	**363,085**
-	15,533	3,402	18,935	1,892	20,827
-	82	-	-509	87	-422
-	15,615	3,402	18,426	1,979	20,405
-	-14,944	-5,589	-20,533	-600	-21,133
-	474	-	474	-	474
-	646	-	646	-	646
-	-	98,870	98,870	-	98,870
-	-	-50,000	-50,000	-	-50,000
-	64	-	64	-	64
-	**164,656**	**126,783**	**407,654**	**4,757**	**412,411**

Segment Reporting[1]

from 1 January to 30 June 2018

	Germany		Austria	
in T€	1-6/2018	1-6/2017	1-6/2018	1-6/2017
Total Output				
Administration	-	-	2,281	1,747
Hotel	91,071	39,435	17,823	92,031
Office	119,716	1,186	4,608	44,191
Other	3,819	22,133	10,557	33,905
Residential	8,734	6,655	91,485	10,935
Service	16,617	19,145	11,267	48,536
Total Output	**239,957**	**88,554**	**138,021**	**231,345**
Less revenue from associates and companies of minor importance and less changes in the portfolio	-83,345	-36,470	-69,523	-110,783
Revenue	**156,612**	**52,084**	**68,498**	**120,562**
EBT				
Administration	-	-	-10	2,845
Hotel	28,260	1,469	-581	1,412
Office	27,362	3,572	1,675	534
Other	-4,304	-297	-175	-1,798
Residential	1,100	223	2,813	670
Service	-31	216	994	4,410
Total EBT	**52,387**	**5,183**	**4,716**	**8,073**

[1] Included in the notes to the consolidated interim financial statements to revenue (6.)
Intersegment revenue is immaterial.

Poland		Other Markets		Group	
1-6/2018	1-6/2017	1-6/2018	1-6/2017	1-6/2018	1-6/2017
-	-	-	-	2,281	1,747
76,578	26,392	15,861	18,769	201,333	176,627
69,034	28,465	534	165	193,892	74,007
1,832	1,039	1,050	13,339	17,258	70,416
-	351	1,263	111	101,482	18,052
7,483	12,125	1,188	1,474	36,555	81,280
154,927	**68,372**	**19,896**	**33,858**	**552,801**	**422,129**
-20,889	-28,647	-11,149	-12,052	-184,906	-187,952
134,038	**39,725**	**8,747**	**21,806**	**367,895**	**234,177**
-	-	-	-	-10	2,845
2,541	696	-1,600	-1,448	28,620	2,129
-8,123	2,398	-2,779	-43	18,135	6,461
-7,312	1,549	94	4,346	-11,697	3,800
-7,752	2,276	-2,651	-337	-6,490	2,832
-1,087	285	-316	-336	-440	4,575
-21,733	**7,204**	**-7,252**	**2,182**	**28,118**	**22,642**

notes.
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 which maintains its registered headquarters at 1100 Vienna, Laaer-Berg-Strasse 43. UBM is registered with the commercial court of Vienna under reference number FN 100059x. The business activities of the Group are focused primarily on the development, sale and management of real estate.

These consolidated interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and in agreement with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which were issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The applied accounting policies also included the standards which required mandatory application as of 1 January 2018, in particular IFRS 15 and IFRS 9. The effects of the initial application of the new standards are discussed under note 3.

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

2. Scope of consolidation

The consolidated interim financial statements include UBM as well as 61 (31 December 2017: 57) domestic and 77 (31 December 2017: 76) foreign subsidiaries.

Seven companies were included in UBM's consolidated financial statements for the first time during the reporting period following their founding (see note 2.1.), and one company was derecognised following its sale. The sale of shares in another company reduced the investment to a level where UBM can now only exercise significant influence and the company was subsequently included at-equity.

In addition, 34 (31 December 2017: 33) domestic and 28 (31 December 2017: 27) foreign associates and joint ventures were accounted for at equity.

2.1. Initial consolidations

The following seven companies were initially included through full consolidation during the reporting period:

Based on founding	Date of initial consolidation
WA Terfens-Roan Immobilien GmbH	20.2.2018
WA Bad Häring Immobilien GmbH	1.3.2018
Baranygasse Wohnen GmbH	1.3.2018
UBM CAL Projekt GmbH	9.3.2018
UBM CAL Projekt GmbH & Co KG	2.6.2018
UBM Kneuterdijk B.V.	26.4.2018
UBM Development Slovakia s.r.o.	9.6.2018

3. Accounting and valuation methods

The consolidated interim financial statements are based on the same accounting and valuation methods applied in preparing the consolidated financial statements of 31 December 2017, which are presented in the related notes. Exceptions to these methods are formed by the following standards and interpretations that required mandatory application for the first time during the reporting period:

The following standards were initially applied by the Group as of 1 January 2018. The only material effects resulted from the initial application of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments:

New or revised standard	Date of publication by IASB	Date of adoption into EU law	Date of initial application
IFRS 9 Financial Instruments	24.7.2014	22.11.2016	1.1.2018
IFRS 15 Revenue from Contracts with Customers	28.5.2014	22.9.2016	1.1.2018
Changes to IFRS 4: Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	12.9.2016	3.11.2017	1.1.2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	12.4.2016	31.10.2017	1.1.2018
Annual Improvements to IFRS – Cycle 2014–2016, Clarifications to IAS 28 and IFRS 1	8.12.2016	7.2.2018	1.1.2018
Changes to IFRS 2: Classification and Measurement of Business Transactions with Share-based Repayment Commitments	20.6.2016	26.2.2018	1.1.2018
Changes to IAS 40: Changes in Use of Investment Property	8.12.2016	14.3.2018	1.1.2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	8.12.2016	28.3.2018	1.1.2018

The effects from the initial application of IFRS 15 and IFRS 9 are related primarily to the following:
- the recognition over time of apartment sales
- the recognition of over time of forward deals and a change in the presentation of investment property under contractual assets
- the measurement of investments in unconsolidated companies at fair value

The following standards and interpretations were published since the preparation of the consolidated financial statements as of 31 December 2017, but do not yet require mandatory application or have not yet been adopted into EU law:

New or revised standard	Date of publication by IASB	Adoption into EU law outstanding	Date of initial application acc. to IASB
Changes to IAS 19: Plan Amendments, Curtailments or Settlement	7.2.2018	-	-
Changes to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32: Updates to references to the Framework Concept or clarification as to which version of the Framework Concept is applicable	29.3.2018	-	1.1.2020

IFRS 15 Revenue from Contracts with Customers

The goal of IFRS 15 is to combine the many different rules contained in numerous standards and interpretations. The underlying principle of IFRS 15 is that revenue should be recognised at an amount that reflects the consideration expected for the performance obligations accepted, i.e. for the provision of goods or services. This underlying principle is implemented with a five-step framework model, which defines that the transfer of control (control approach) determines the point in time or period of time for revenue recognition and replaces the previous risk and reward model (transfer of risks and opportunities). In addition, the scope of required disclosures in the notes was expanded.

UBM selected the cumulative method defined in IFRS 15.C3 b for the initial application. As a result, the effects from the initial application as of 1 January 2018 were recorded directly in equity without retrospective adjustment of the comparative data for 2017. The comparable prior year period is therefore based on IAS 18 and IAS 11, the standards which were applicable at that time.

The following table shows the net effect of the initial application of IFRS 15 on retained earnings as of 1 January 2018:

in T€	Adjustment due to initial application of IFRS 15 as of 1.1.2018
Other reserves	
Sale proceeds from forward deals	-5,719
Sale proceeds from apartment sales	11,817
Income tax expense	-70
Effects as of 1 January 2018	**6,028**
Shares attributable to non-controlling interests	
Sale proceeds from forward deals	-240
Sale proceeds from apartment sales	352
Income tax expense	-35
Effects as of 1 January 2018	**77**

The following table reconciles the effects of the initial application of IFRS 15 to various positions on the consolidated statement of financial position as of 30 June 2018 and to the consolidated income statement and statement of comprehensive income for the period from 1 January 2018 to 30 June 2018. The effects on the consolidated cash flow statement are immaterial and are therefore not presented.

in T€	Consolidated Statement of Financial Position as of 30.6.2018	Adjustments	Consolidated Statement of Financial Position as of 30.6.2018 excl. IFRS 15 adjustments
Assets			
Investment property	298,549	13,563	312,112
Investments in companies accounted for at equity	145,282	-6,657	138,625
Non-current assets	**596,808**	**6,906**	**603,714**
Inventories	135,619	11,280	146,899
Trade receivables	152,040	-29,735	122,305
Current assets	**532,558**	**-18,455**	**514,103**
Total assets	**1,129,366**	**-11,549**	**1,117,817**
Equity and liabilities			
Other reserves	159,500	-9,785	149,715
Shares attributable to non-controlling interests	4,757	-314	4,443
Equity	**412,411**	**-10,099**	**402,312**
Deferred tax liabilities	8,840	-1,450	7,390
Non-current liabilities	**482,524**	**-1,450**	**481,074**
Other financial liabilities	62,307	-	62,307
Current liabilities	**234,431**	**-**	**234,431**
Total equity and liabilities	**1,129,366**	**-11,549**	**1,117,817**

in T€	Consolidated Income Statement 1-6/2018	Adjustments	Consolidated Income Statement 1-6/2018 excl. IFRS 15 adjustments
Revenue	367,895	-33,186	334,709
Changes in the portfolio	-12,440	29,487	17,047
Share of profit/loss from companies accounted for at equity	14,368	-1,716	12,652
EBITDA	**37,778**	**-5,415**	**32,363**
EBIT	**36,154**	**-5,415**	**30,739**
EBT	**28,118**	**-5,415**	**22,703**
Income tax expense	-7,291	1,374	-5,917
Profit for the period (net profit)	**20,827**	**-4,041**	**16,786**
of which attributable to shareholders of the parent	18,935	-3,915	15,020
of which attributable to non-controlling interests	1,892	-126	1,766

in T€	Statement of Comprehensive Income 1-6/2018	Adjustments	Statement of Comprehensive Income 1-6/2018 excl. IFRS 15 adjustments
Currency translation differences	-422	47	-375

Description of revenues and effect of the initial application according to revenue type

The effects of the initial application compared with the previously applied accounting and valuation methods on the various types of revenue in the UBM Group are as follows:

Forward deals (all segments)

Properties recognised and measured in accordance with IAS 40 are, in some cases, sold to investors during the construction phase through forward deals.

Under the previous accounting methods, these properties were also reported as investment property after the relevant contracts were signed. Measurement at fair value was based on the purchase contract, and the partial gain was capitalised based on the incurred cost as a proportion of the estimated total cost.

In accordance with IFRS 15, the first step involves a decision at the individual contract level as to whether UBM is legally entitled to compensation for the previously provided performance and whether there is no alternative use for the asset. If both conditions apply, revenue is recognised over time; in all other cases, revenue is recognised at a specific point in time after the principal opportunities and risks have been transferred. Recognition over time therefore changes the timing of revenue recognition compared with the previously applied accounting method. Independent of the type or recognition, properties sold through a forward deal are no longer reported under investment property, but as contractual assets. This leads to the offsetting of prepayments received with the contractual asset, in contrast to the previous method which required gross presentation. The new method tends to improve the company's equity ratio.

Apartment sales (segment: Residential)
In the Residential Segment, UBM develops residential properties (through legal subdivision of a building to create individually saleable apartments). These apartments are often sold before completion.

Apartments (sold as well as unsold) were previously recognised at cost and reported under real estate inventories, while revenue was recognised in accordance with IFRIC 15 at the point in time when the principal opportunities and risks were transferred to the customer. The initial application of IFRS 15 changes the timing of revenue recognition for apartments which have been sold, which have no alternative use and which carry a legal entitlement to payment for previous performance. Revenue must now be recognised over time, which will lead to earlier recognition in some cases. Prepayments from customers will be made in line with the progress of construction, in part based on the application of the Austrian Property Contract Act. Under IFRS 15, these prepayments will be recognised at the latest when there is an unconditional claim to payment.

Rental income (all segments)
Lease and rental income from the rental of IAS 40 properties (Office, Retail, and Hotel) is recognised over time.

The initial application of IFRS 15 did not lead to any material changes in the previous accounting and valuation methods.

Income from hotel operations (segment: Hotel)
The primary income from hotel operations results, above all, from room rentals and gastronomy services. This revenue is both recognised over time and at a point in time.

The initial application of IFRS 15 did not lead to any material changes in the previous accounting and valuation methods.

Income from invoiced construction services
Revenue is recognised over time during the performance period. Prepayment invoices are issued in accordance with a pre-defined payment schedule.

There are changes involving the recognition of prepayments. Under IFRS 15, prepayments are recognised at the latest when there is an unconditional claim to payment.

IFRS 9 Financial Instruments
This standard includes rules for the recognition, measurement and derecognition of financial instruments and for the accounting treatment of hedges. It replaces the previous standard IAS 39.

The transition guidance provided by IFRS 9 calls for retrospective application in accordance with IAS 8 only in exceptional cases (hedges). For UBM, this means the effects from the initial application as of 1 January 2018 were recorded directly in equity without retrospective adjustment of the comparative data for 2017. The comparable prior year period is therefore based on IAS 39, the standard which was applicable at that time.

The following table shows the net effects of the initial application of IFRS 9 on retained earnings as of 1 January 2018:

in T€	Adjustment based on initial application of IFRS 9 as of 1.1.2018
Other reserves	
Exchange of bonds	2,044
Income tax expense	-511
Effect as of 1 January 2018	1,533

The following table reconciles the effects of the initial application of IFRS 9 on the consolidated balance sheet as of 30 June 2018 and on the consolidated income statement and the statement of comprehensive income for the period from 1 January 2018 to 30 June 2018. The effects on the consolidated cash flow statement are immaterial and are therefore not presented.

in T€	Consolidated Statement of Financial Position as of 30.6.2018	Adjustments	Consolidated Statement of Financial Position as of 30.6.2018 excl. IFRS 9 adjustments
Assets			
Non-current assets	**596,808**	**-**	**596,808**
Current assets	**532,558**	**-**	**532,558**
Total assets	**1,129,366**	**-**	**1,129,366**
Equity and liabilities			
Other reserves	159,500	-1,371	158,129
Equity	**412,411**	**-1,371**	**411,040**
Bonds	383,201	1,829	385,030
Deferred tax liabilities	8,840	-458	8,382
Non-current liabilities	**482,524**	**1,371**	**483,895**
Current liabilities	**234,431**	**-**	**234,431**
Total equity and liabilities	**1,129,366**	**-**	**1,129,366**

in T€	Consolidated Income Statement 1–6/2018	Adjustments	Consolidated Income Statement 1–6/2018 excl. IFRS 9 adjustments
Financial income	5,930	29	5,959
Income tax expense	-13,966	216	-13,750
EBT	**28,118**	**245**	**28,363**
Income tax expense	-7,291	-61	-7,352
Profit for the period (net profit)	**20,827**	**184**	**21,011**
of which attributable to shareholders of the parent	18,935	184	19,119
of which attributable to non-controlling interests	1,892	-	1,892

in T€	Statement of Comprehensive Income 1-6/2018	Adjustments	Statement of Comprehensive Income 1-6/2018 excl. IFRS 9 adjustments
Fair value measurement of securities	-	-29	-29
Income tax expense (income) on other comprehensive income	-	7	7

Presentation and measurement

In the past, modifications to debt instruments which did not lead to derecognition were recorded without recognition through profit or loss based on the recalculation of the effective interest rate. The initial application of IFRS 9 led to an increase of T€1,533 in equity because changes in the present value as a result of such modifications must now be recognised through profit or loss and distributed over the remaining term of the instrument based on the effective interest rate method.

The Group developed an estimate of the business model for each financial instrument as of 1 January 2018 and subsequently allocated the financial instruments to the appropriate IFRS 9 categories. The reclassifications are shown in the following table:

in T€	Old measurement category (IAS 39)	New measurement category (IFRS 9)	Old carrying amount (IAS 39)	New carrying amount (IFRS 9)
Assets				
Project financing	Loans and Receivables	Amortised Cost	118,927	118,927
Other financial assets	Held to Maturity	Amortised Cost	2,907	2,907
Other financial assets	Available-for-Sale Financial Assets (at cost)	FVTPL	1,846	1,846
Other financial assets	Available-for-Sale Financial Assets	FVTPL	872	872
Trade receivables	Loans and Receivables	Amortised Cost	103,792	103,792
Financial assets	Loans and Receivables	Amortised Cost	15,532	15,532
Cash and cash equivalents	-	-	206,714	206,714
Liabilities				
Bonds	Financial Liabilities Measured at Amortised Cost	Amortised Cost	383,201	383,201
Borrowings and overdrafts from banks	Financial Liabilities Measured at Amortised Cost	Amortised Cost	120,381	120,381
Other financial liabilities	Financial Liabilities Measured at Amortised Cost	Amortised Cost	13,363	13,363
Lease liabilities	-	-	1,000	1,000
Trade payables	Financial Liabilities Measured at Amortised Cost	Amortised Cost	92,100	92,100
Other financial liabilities	Financial Liabilities Measured at Amortised Cost	Amortised Cost	66,455	66,455

1. Impairment of financial assets

IFRS 9 replaces the incurred loss model defined by IAS 39 with the expected loss model. The new model is applicable to financial instruments carried at amortised cost, to contractual assets (IFRS 15) and debt instruments carried at fair value through other comprehensive income and to leasing receivables (IAS 17/IFRS 16).

Financial instruments carried at amortised cost represent project financing and bearer bonds. The financial instruments carried at fair value through profit or loss comprise the unconsolidated investments in subsidiaries and miscellaneous financial assets.

The impairment model defined by IFRS 9 requires the creation of a risk provision equal to the 12-month expected loss (level 1) as of the initial recognition date. Any significant deterioration in credit risk leads to consideration of the lifetime expected loss (level 2). The occurrence of objective evidence of impairment leads to classification under level 3. This does not necessarily lead to the recognition of a further impairment loss, but to the adjustment of cash flows to the net present value for financial instruments recognised on the basis of the effective interest rate method.

In connection with the initial application of IFRS 9, UBM decided to apply the simplified approach provided by IFRS 9.5.5.15 to trade receivables, contractual assets and leasing receivables. Therefore, the loss allowance applicable to these assets equals, at least, the credit losses expected over the term (lifetime expected loss model, level 2). The general impairment model is applicable to all of the other financial instruments listed above.

The Group uses all available information to evaluate a significant deterioration of credit risk after initial recognition and to estimate the expected credit loss. This includes historical data as well as forward-looking information. In general, there are no external credit ratings for financial instruments.

The major financial instruments which must be measured according to the general impairment model represent project financing for equity-accounted companies. Project companies are financed through equity interests and project financing by the owner as well as financing arranged directly by the project company. UBM can generally cover default events resulting from the negative development of a project through shareholder contributions which fall under the scope of application of IAS 28 or IFRS 11. Default incidents connected with project financing are, therefore, immaterial.

2. Measurement of the expected credit loss

The expected credit loss is calculated on the basis of the product, the expected net claim to the financial instrument, the period-based probability of default and the loss on actual default.

2.1. Impairment of financial instruments

An assessment is required at each balance sheet date to determine whether an asset is impaired. Impairment is seen as given when there are substantial indications of a loss in value and the present value of the expected payments is less than the carrying amount of the asset.

2.2. Presentation of impairment losses

Impairment losses to assets carried at amortised cost are deducted directly from the asset. For financial instruments carried at fair value through other comprehensive income, the loss allowance is recognised directly in equity.

Impairment losses to trade receivables and contractual assets are to be reported separately on the income statement. There were no such losses in the first half of 2018.

Impairment losses to other financial instruments are reported, as in the past, under financial results in accordance with IAS 39.

2.3. Effects of the new impairment model

For assets which fall under the scope of application of the loss allowance rules defined by IFRS 9, impairment losses are expected to be recognised earlier than in the past.

The initial application of IFRS 9 had no effect on the loss allowances as of 1 January 2018.

Project financing

The general impairment model is applicable to project financing. An estimate is made on the basis of the time overdue as to whether there has been a significant increase in the credit risk. If the credit risk was classified as low when IFRS 9 was initially applied, UBM assumed there has been no significant increase since that time.

Recognition of hedges

With regard to the recognition of hedges, UBM did not exercise the option to continue the application of IAS 39. The exercise of this option had no effect because there were no hedges as of 31 December 2017.

The consolidated interim financial statements as of 30 June 2018 are based on the same consolidation methods and currency translation principles applied in preparing the consolidated financial statements as of 31 December 2017.

4. Estimates and assumptions

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

5. Dividend

The Annual General Meeting on 29 May 2018 approved the recommendation for the distribution of profit for the 2017 financial year. A dividend of €2.00 per share, for a total of €14,944,360.00 based on 7,472,180 shares, was distributed and the remainder of €27,584.11 was carried forward. The dividend was paid on 7 June 2018.

6. Revenue

The following table shows the classification of revenue according to the major categories, the time of recognition and the reconciliation to segment reporting:

in T€	Germany 1-6/2018	Austria 1-6/2018	Poland 1-6/2018	Other Markets 1-6/2018	Group 1-6/2018
Revenue					
Administration	-	728	-	-	728
Hotel	91,407	178	72,195	5,683	169,463
Office	47,147	4,702	57,474	177	109,500
Other	1,616	2,991	1,478	1,021	7,106
Residential	12,204	49,647	825	1,095	63,771
Service	4,238	10,252	2,066	771	17,327
Revenue	**156,612**	**68,498**	**134,038**	**8,747**	**367,895**
Recognition over time	133,672	46,777	14,888	-	195,337
Recognition at a point in time	22,940	21,721	119,150	8,747	172,558
Revenue	**156,612**	**68,498**	**134,038**	**8,747**	**367,895**

7. Earnings per share

	1-6/2018	1-6/2017
Profit for the period attributable to shareholders of the parent (in T€)	18,935	15,644
Weighted average number of shares issued (= number of basic shares)	7,472,180	7,472,180
Average number of share options outstanding	-	-
Number of shares (diluted)	7,472,180	7,472,180
Basic earnings per share (in €)	**2.53**	**2.09**
Diluted earnings per share (in €)	**2.53**	**2.09**

A total of 375,130 share options were so far allocated during 2017 in connection with the Long-Term Incentive Programme (LTIP). The adjusted exercise price equalled €41.88 as of 30 June 2018, and the average share price for 2018 equalled €41.45. Consequently, no potential shares were included in the calculation of earnings per share.

8. Non-current assets held for sale

Non-current assets held for sale comprise a retail park in Poland and undeveloped land in Romania. The sale of these assets is considered highly probable and they were therefore reclassified from investment property. The non-current assets held for sale are measured at fair value, which represents the current sale price.

9. Share capital

Share capital	Number 30.6.2018	€ 30.6.2018	Number 31.12.2017	€ 31.12.2017
Ordinary bearer shares	7,472,180	22,416,540	7,472,180	22,416,540

10. Authorised capital, conditional capital and treasury shares

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

The existing authorisation of the Management Board, pursuant to Section 4 Para. 4 of the Statutes (authorised capital 2014), which was passed by the Annual General Meeting on 30 April 2014, was revoked.

The Management Board was subsequently 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 by 11 August 2022, 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, also through indirect subscription rights pursuant to Section 153 Para. 6 of the Austrian Stock Corporation Act. Additionally, the Management Board was authorised to determine the issue price, issue terms, subscription ratio and further details in agreement with the Supervisory Board. The subscription rights of shareholders to the new shares issued from authorised capital will be excluded if and insofar as this authorisation (authorised capital) is exercised through the issue of shares in exchange for cash contributions under greenshoe options in connection with the placement of new shares in the company. Furthermore, the Management Board was authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders (authorised capital 2017). The Supervisory Board was authorised to approve amendments to the statutes resulting from the use of this authorisation by the Management Board.

Section 4 Para. 5 of the Statutes also permits a conditional increase in share capital, in accordance with Section 159 Para. 2 (1) of the Austrian Stock Corporation Act, up to a nominal amount of €2,241,654.00 through the issue of up to 747,218 new ordinary zero par value bearer shares for convertible bondholders (conditional capital increase). In this connection, the Management Board was authorised to determine the remaining details for the conditional capital increase and its implementation with the approval of the Supervisory Board, in particular the details of the issue and the conversion procedure for the convertible bonds, the amount of the issue and the exchange or conversion ratio. The Supervisory Board was also authorised to pass resolutions on amendments to the statutes arising from the issue of shares from conditional capital. The amount of the issue and conversion ratio are to be determined on the basis of recognised financial methods and the company's share price using an accepted pricing procedure. If the terms of issue for the convertible bond also include a conversion obligation, the conditional capital will also be used to meet this conversion obligation.

In order to service the stock options granted within the framework of the Long-Term Incentive Programme 2017 (LTIP), the Management Board was additionally authorised, under Section 4 Para. 6 of the Statutes and in accordance with Section 159 Para. 3 of the Austrian Stock Corporation Act, with the approval of the Supervisory Board, to conditionally increase the company's share capital in accordance with Section 159 Para. 2 (3) of the Austrian Stock Corporation Act, also in multiple tranches, by up to €1,678,920.00 through the issue of up to 559,640 new ordinary zero par value bearer shares to employees, key managers and members of the Management Board of the company and its subsidiaries. The Supervisory Board was also authorised to pass resolutions on amendments to the statutes arising from the conditional capital increase.

The authorisation of the Management Board to purchase, sell and/or use treasury shares in accordance with the resolution of the Annual General Meeting on 20 May 2015 was revoked.

At the same time, the Management Board was authorised to repurchase the company's shares up to the legally allowed limit of 10% of share capital, including previously repurchased shares, during a 30-month period beginning on the date the resolution was passed (23 May 2017). The Management Board was also authorised, contingent upon the approval of the Supervisory Board, to sell or utilise treasury shares in another manner than over the stock exchange or through a public offering during a period of five years beginning on the date the resolution was passed (23 May 2017). This authorisation can be exercised in full or in part, in multiple instalments and in the pursuit of one or more objectives. The pro rata purchase rights of shareholders are to be excluded if the shares are sold or utilised in another manner than over the stock exchange or through a public offering (exclusion of subscription rights).

Of the above-mentioned share options relating to the Long-Term Incentive Programme 2017 (LTIP), 375,130 were allocated after the predetermined acceptance period from 22 June 2017 to 21 July 2017. The strike price equalled €36.33 (i.e. the unweighted average closing price of the company's share on the Vienna Stock Exchange from 24 May 2017 (inclusive) to 21 June 2017 (inclusive)). The allocated share options can be exercised during the following windows through written declaration to the company: the share options may only be exercised from 1 September 2020 to 26 October 2020 (exercise window 1) and from 1 September 2021 to 26 October 2021 (exercise window 2) and requires compliance with the other preconditions stated in the terms and conditions of the LTIP: a valid employment relationship, a valid personal investment, a share price that exceeds the specified thresholds and the fulfilment of certain performance indicators.

The fair value totals T€2,982. It is based on the original acceptance date for the option programme and distributed over the period in which the participants acquire the entitlement to the granted options. The following parameters were used to calculate the fair value under the measurement model (black scholes): strike price (€36.33), term of the option (9/2017 to 8/2020), share price at valuation date (€38.25), expected volatility of the share price (36.34%), expected dividends (4.2%), risk-free interest rate (0.0%).

The share options developed as follows:

Number of share options	2018	2017
Balance as of 1 January	**375,130**	**-**
Options granted	-	375,130
Options forfeited	-	-
Options exercised	-	-
Balance as of 30 June	**375,130**	**375,130**

11. Mezzanine and hybrid capital

The merger of PIAG as the transferring company and UBM as the absorbing company led to the transfer of mezzanine capital totalling €100m and hybrid capital totalling €25.3m, which was issued by PIAG in November 2014, to UBM by way of legal succession. Both the mezzanine capital and the hybrid capital are principally subject to ongoing interest. The mezzanine capital was repaid in two segments: €50m in December 2015 and the remaining €50m on 3 April 2018.

UBM is only required to pay interest on 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.

If the hybrid capital is cancelled by UBM, the subscribers are entitled to repayment of their investment in the 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 as part of a capital increase in accordance with Section 149 et seq. of the Austrian Stock Corporation Act; or in connection with a capital adjustment.

The hybrid capital is classified as an equity instrument 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 payments, less any tax effects, and profit distributions are recorded directly in equity as a deduction.

The hybrid capital in the amount of €25.3m is held by PORR AG.

UBM issued a deeply subordinated bond (hybrid bond) with a total volume of €100m and an annual coupon of 5.5% on 22 February 2018. The bond has an unlimited term with an early repayment option for the issuer after five years.

This hybrid bond is classified as an equity instrument 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 payments, less any tax effects, and profit distributions are recorded directly in equity as a deduction.

12. Financial instruments

The carrying amount of the financial instruments represents a reasonable approximation of fair value as defined by IFRS 7.29. Exceptions are the financial assets carried at amortised cost and the fixed-interest bonds (fair value hierarchy level 1) as well as the fixed-interest borrowings and overdrafts from banks 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 using the discounted cash flow method, whereby the zero coupon yield curve published by Reuters on 30 June 2018 was used to discount the cash flows.

Carrying amounts, measurement approaches and fair values

in T€	Measurement category (IFRS 9)	Carrying amount as of 30.6.2018	Measurement in acc. with IFRS 9: (Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)	Fair value hierarchy	Fair value as of 30.6.2018
Assets							
Project financing at variable interest rates	Amortised Cost	118,927	118,927	-	-	-	-
Other financial assets	Amortised Cost	2,907	2,907	-	-	Level 1	3,461
Other financial assets	FVTPL	1,846	-	-	1,846	Level 3	1,846
Other financial assets	FVTPL	872	-	-	872	Level 1	872
Trade receivables	Amortised Cost	103,792	103,792	-	-	-	-
Financial assets	Amortised Cost	15,532	15,532	-	-	-	-
Cash and cash equivalents	-	206,714	206,714	-	-	-	-
Liabilities							
Bonds at fixed interest rates	Amortised Cost	383,201	383,201	-	-	Level 1	401,636
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	117,400	117,400	-	-	-	-
at fixed interest rates	Amortised Cost	2,981	2,981	-	-	Level 3	2,968
Other financial liabilities							
at fixed interest rates	Amortised Cost	13,363	13,363	-	-	Level 3	12,948
Lease liabilities	-	1,000	1,000	-	-	-	-
Trade payables	Amortised Cost	92,100	92,100	-	-	-	-
Other financial liabilities	Amortised Cost	66,455	66,455	-	-	-	-
By category							
Financial assets at amortised cost	Amortised Cost	241,158	241,158	-	-	-	-
Fair value through profit or loss	FVTPL	2,718	-	-	2,718	-	-
Cash and cash equivalents	-	206,714	206,714	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	675,500	675,500	-	-	-	-

in T€	Measurement category (IAS 39)	Carrying amount as of 31.12.2017	Measurement in acc. with IFRS 39			Fair value hierarchy (IFRS 7.27A)	Fair value as of 31.12.2017
			(Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)		
Assets							
Project financing at variable interest rates	LaR	123,479	123,479	-	-	-	-
Other financial assets	HtM	2,907	2,907	-	-	Level 1	3,405
Other financial assets	AfS (at cost)	1,793	1,793	-	-	-	-
Other financial assets	AfS	901	-	901	-	Level 1	901
Trade receivables	LaR	46,804	46,804	-	-	-	-
Financial assets	LaR	14,685	14,685	-	-	-	-
Cash and cash equivalents	-	75,204	75,204	-	-	-	-
Liabilities							
Bonds at fixed interest rates	FLAC	383,766	383,766	-	-	Level 1	407,000
Borrowings and overdrafts from banks							
at variable interest rates	FLAC	154,536	154,536	-	-	-	-
at fixed interest rates	FLAC	1,453	1,453	-	-	Level 3	1,448
Other financial liabilities							
at variable interest rates	FLAC	20	20	-	-	-	-
at fixed interest rates	FLAC	12,231	12,231	-	-	Level 3	11,277
Lease liabilities	-	1,072	1,072	-	-	-	-
Trade payables	FLAC	70,763	70,763	-	-	-	-
Other financial liabilities	FLAC	34,590	34,590	-	-	-	-
By category							
Loans and receivables	LaR	184,968	184,968	-	-	-	-
Held to maturity	HtM	2,907	2,907	-	-	-	-
Available-for-sale financial assets	AfS (at cost)	1,793	1,793	-	-	-	-
Available-for-sale financial assets	AfS	901	-	901	-	-	-
Cash and cash equivalents	-	75,204	75,204	-	-	-	-
Financial liabilities measured at amortised cost	FLAC	657,359	657,359	-	-	-	-

13. Transactions with related parties

Transactions between Group companies and companies accounted for at equity relate primarily to 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, or their controlling entity, have significant influence over UBM through the existing syndicate.

Transactions between companies included in the UBM Group's consolidated financial statements and the PORR Group companies during the reporting period were principally related to construction services.

UBM repaid the remaining €50m of the mezzanine capital to PORR AG on 3 April 2018.

Interest of T€5,589 on the mezzanine capital and hybrid capital was paid to PORR AG in 2018.

14. Events after the balance sheet date

No reportable events occurred after the balance sheet date.

Vienna, 29 August 2018

The Management Board

Thomas G. Winkler
CEO

Martin Löcker
COO

Patric Thate
CFO

report on a review of the condensed, consolidated interim financial statements.

Introduction

We have reviewed the accompanying condensed, consolidated financial statements as of 30 June 2018 of UBM Development AG, Vienna, (referred to as "Company") comprising the condensed, consolidated statement of financial position as of 30 June 2018, the condensed, consolidated income statement, the condensed, consolidated statement of comprehensive income, the condensed, consolidated cash flow statement and the condensed, consolidated statement of changes in equity for the period from 1 January 2018 to 30 June 2018, as well as the notes to the condensed, consolidated interim financial statements which summarise the accounting and measurement methods applied along with other notes.

Management is responsible for the preparation and fair presentation of these condensed, consolidated interim financial statements in accordance with IFRS for Interim Financial Reporting as adopted by the EU.

Our responsibility is to issue a report on these condensed, consolidated interim financial statements based on our review.

Responsible for the proper performance of the engagement is Markus Trettnak, Austrian Certified Public Accountant.

With reference to Section 125 Para. 3 of the Austrian Stock Exchange Act (BörseG) our responsibility and liability is based on Section 275 Para. 2 of the Austrian Commercial Code.

Scope of review

We conducted our review in accordance with laws and regulations applicable in Austria, especially in accordance with KFS/PG 11 "Standard on Review Engagements" and International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed, consolidated interim financial statements do not give a true and fair view of the financial items of the entity as at 30 June 2018, and of its financial performance and its cash flows for the period then ended in accordance with IFRS for Interim Financial Reporting as adopted by the EU.

Statement on the Group management report for the half-year and on the statement of the legal representatives pursuant to Section 125 of the Austrian Stock Exchange Act

We have reviewed the half-year Group management report and evaluated it in respect of any obvious contradictions with the condensed, consolidated interim financial statements. In our opinion, the half-year Group management report does not contain any obvious contradictions with the condensed, consolidated interim financial statements.

The Half-Year Group Report contains a responsibility statement as stipulated by Section 125 Para. 1 No. 3 Austrian Stock Exchange Act.

Vienna, 29 August 2018

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Markus Trettnak
Auditor

Gerhard Fremgen
Auditor

responsibility statement pursuant to section 125 para. 1 stock exchange act 2018 – consolidated interim financial statements.

We confirm to the best of our knowledge that these consolidated interim financial statements, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and financial performance of the Group. Furthermore, we confirm to the best of our knowledge that the interim management report provides a true and fair view of the important events that occurred during the first six months of the financial year and their effects on these consolidated interim financial statements as well as the principal risks and uncertainties for the remaining six months of the financial year and the major reportable transactions with related parties.

Vienna, 29 August 2018

The Management Board

Thomas G. Winkler
CEO

Martin Löcker
COO

Patric Thate
CFO

financial calendar.

2018	
Interest payment UBM bond 2017	11.10.2018
Publication of the interim report on the 3rd quarter of 2018	29.11.2018
Interest payment UBM bond 2015	11.12.2018

2019	
Interest payment hybrid bond	1.3.2019
Publication of annual report/annual financial report 2018	11.4.2019
Record date for participation in the Annual General Meeting	19.5.2019
Publication of the interim report on the 1st quarter of 2019	28.5.2019
138th Annual General Meeting, Vienna	29.5.2019
Ex-dividend trading day on the Vienna Stock Exchange	5.6.2019
Dividend record date	6.6.2019
Dividend payment date for the 2018 financial year	7.6.2019
Interest payment UBM bond 2015	11.6.2019
Redemption and interest payment UBM bond 2014	9.7.2019
Publication of the interim report on the 1st half of 2019	28.8.2019
Interest payment UBM bond 2017	11.10.2019
Publication of the interim report on the 3rd quarter of 2019	28.11.2019
Interest payment UBM bond 2015	9.12.2019

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Tobias Sckaer

disclaimer.

This Half-Year Report includes forward-looking statements which are based on current assumptions and estimates made, to the best of their knowledge, by the management of UBM Development AG. These forward-looking statements can be identified by words like “expectation“, “goal“ or similar terms and expressions. The forecasts concerning the future development of the company represent estimates made at the time the quarterly report was prepared. If the assumptions underlying these forecasts do not materialise or if unexpected risks occur at an amount not quantified or quantifiable, the actual future development and actual future results can differ from these estimates, assumptions and forecasts.

Significant factors for these types of deviations can include, for example, changes in the general economic environment or the legal and regulatory framework in Austria and the EU as well as changes in the industry. UBM Development AG will not guarantee or assume any liability that the future development and future results will reflect the estimates and assumptions made in this Half-Year Report.

The use of automated data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates.

The Half-Year Report as of 30 June 2018 was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all sections. The amounts were rounded based on the compensated summation method. However, rounding, typesetting and printing errors cannot be excluded.

The English version of the Half-Year Report is provided solely for convenience. In the event of a discrepancy or deviation, the German language version of the Half-Year Report prevails.

The Half-Year Report is available in German and English from the website of UBM Development AG.

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