

INTERIM REPORT ON THE 1ST QUARTER 2016



INTERIM REPORT on the 1 st Quarter 2016 (in € million)	Q1/2016	Q1/2015	Q1/2014
Total output¹	91.7	133.9	59.7
of which Austria	15.1	90.8	
of which Germany	56.5	16.6	
of which Poland	12.5	11.0	
of which other markets	7.6	15.5	
EBT	5.1	8.0	2.5
Average staff at 31 March	634	680	548
of which hotel staff	332	332	331

¹ Significant revenue indicator: includes income from the sale of real estate, rental services, proceeds from hotel ownership, settled planning and construction invoices from own building sites, supplies and management services to third parties, as well as other ancillary income from facility management.

FOREWORD BY THE MANAGING BOARD



(from left): MICHAEL WURZINGER COO, MARTIN LÖCKER COO, KARL BIER CEO, CLAUS STADLER COO, HERIBERT SMOLÉ CFO

Dear Sir or Madam,

With total output of € 91.7 million and EBT of € 5.1 million, UBM has had a positive start to the business year 2016. Comparisons with the previous year are only of limited value, as the previous year's earnings contain a sharp one-off impact - a contingent consideration from the sale of a hotel in Poland. In addition to the earnings from hotel operations and project management contracts, the sale of equity interests in Austria, Poland and the Czech Republic, which are not part of UBM's core activities, also contributed to earnings.

The reduction of the yield portfolio continued successfully. Since the start of the year UBM has profitably sold its interest in hospitals GmbH; Neue Mitte Lehen in Salzburg, built in 2012 and with 9,766 m² lettable space; the Franzosengraben office building in the third district of Vienna, built in 2008 and with 4,151 m² lettable space; and the Muthgasse university building in Vienna's 19th district.

In the last business year we laid the tracks for the company's future success. The low interest-rate environment, the good operating growth and the proceeds from portfolio streamlining have provided an excellent basis on which to further expand the well-filled project pipeline. In the coming years we thereby intend to invest in additional projects and use the positive market environment for further forward deals, such as the Holiday Inn Warsaw City Centre and QBC lot 4 in Vienna.

KARL BIER
Chairman of the
Managing Board, CEO

HERIBERT SMOLÉ
Member of the
Managing Board, CFO

MARTIN LÖCKER
Member of the
Managing Board, COO

CLAUS STADLER
Member of the Managing Board,
COO

MICHAEL WURZINGER
Member of the Managing Board,
COO

BUSINESS PERFORMANCE

JANUARY TO MARCH 2016

Total output

At 31 March 2016 the total output of the UBM Group stood at € 91.7 million. The output was primarily generated by the sale of an office building in Berlin and from general contractor services from building hotels in Munich and Berlin, as well as office buildings in Munich, Vienna and Graz. Furthermore, proceeds from hotel operations also contributed to total output in the first quarter of 2016. Total output in the first quarter 2014 was just € 59.7 million.

The primary segment is divided in line with the strategic focus into the home markets of Austria, Germany, Poland and other markets. In the Austria segment (€ 15.1 million), the main contributors to total output were the general contractor services for building hotel and office buildings in Vienna and Graz as well as rental revenue. The higher comparative value for the first quarter 2015 (€ 90.8 million) was caused by two sales in Austria. The Germany segment (€ 56.5 million) contained the sale of an office property in Berlin and general contractor services for hotels in Munich and Berlin, as well as income from UBM's hotel operations in Germany. UBM generated the main share of total output in Poland (€ 12.5 million) with revenues from rentals and hotel interests. In the period under review the other markets segment (€ 7.6 million) mainly contained income from hotels in the Netherlands and France.

Financial Performance

The consolidated earnings (EBT) of the UBM Group reached € 5.1 million in the first quarter 2016 and were thereby € 2.9 million below the level of the previous year. The decrease was caused by the one-off impact of a contingent consideration from the sale of a hotel in Poland in the comparable quarter of 2015. The comparability of earnings is thereby of only limited value.

Staff

At 31 March 2016 the UBM Group had 634 staff members in fully consolidated companies. 302 of them were employed in the operating business of UBM and 332 were employees in hotel interests.

Outlook

Since the merger with PIAG, UBM has been positioned as a pure trade developer and is thereby continuously reducing its yield portfolio. The goal is to achieve a long-term value increase in assets – whereby optimal sales proceeds take priority over a quick sale. The planned net cash in from the sale of portfolio properties should be around € 100 million in 2016. In light of the rise

in property prices, UBM has decided to distance itself from the planned package sales spanning countries and asset classes.

Even though the administrative burden is lower on a package sale, individual sales allow for the achievement of a much higher price. The 18 properties earmarked will thereby be sold off individually. Should the exceptionally positive mood on the property markets continue, along with the further implementation of the business model, the Managing Board expects to be able to maintain the high level of production output and earnings.

Events after the end of the reporting period

As announced in an ad-hoc announcement on 4 May 2016, the Chairman of the Managing Board Karl Bier and the Chief Financial Officer Heribert Smolé will leave the Managing Board of UBM Development AG from the end of May, although the real estate development experts will continue to be available as advisors. The new CEO and CFO as of 1 June 2016 will be Thomas G. Winkler.

“THE UNWAVERING FOCUS REMAINS ON CONTINUITY ON THE PRESENT COURSE AND A CONCENTRATION ON THE COMPANY'S STRENGTHS. UBM'S STRATEGY AS A PURE PROJECT DEVELOPER WITH A CLEAR FOCUS ON THE HIGHLY PROFITABLE AND DYNAMIC PROPERTY MARKETS AND THE ASSET CLASSES HOTEL, OFFICE AND RESIDENTIAL HAS BEEN COMPLETELY VALIDATED AND WILL NATURALLY BE PURSUED IN THE FUTURE”.

KARL-HEINZ STRAUSS, CHAIRMAN OF THE SUPERVISORY BOARD

EBT

1ST QUARTER 2016
€ 5.1 MILLION



634

STAFF
OF WHICH 332 HOTEL STAFF
1ST QUARTER 2016



4
BRANDS
UNDER ONE
ROOF

TOTAL OUTPUT
1ST QUARTER 2016

€ 91.7
MILLION

ROSENHÜGEL

VIENNA



GREEN APARTMENT COMPLEX ON THE OUTSKIRTS OF VIENNA

From the end of the 19th century the approx. 30,000 m² area of the Rosenhügel studio developed into the centre of Austrian filmmaking and was used as a production site for legendary film productions well into the 1990s. Since 2000 the significance of the studio for the film industry declined sharply and so ORF, Austria's national broadcaster, decided to sell off the site in the course of streamlining its locations. The consortium of STRAUSS & PARTNER, the Austrian subsidiary of UBM, and Immovate, together with the project partners REWE and Synchron Stage OG, triumphed over renowned competitors and won the sales procedure in mid-2013.

In the south-west of Vienna on the southern slope of the Rosenhügel hill and directly on the border to Vienna's 13th district, the surroundings are characterised by detached houses and the green swathes of the neighbouring Rosenberg. The plot has excellent links to the city centre, while at the same time offering exceptional green spaces and thereby quality of life. On the highly frequented Speisinger Straße REWE is building a Merkur supermarket together with the architects BEHF-Architekten, which will also house a multifunctional educational facility. This will not only provide a buffer to the road, but

also secure a piece of first-class infrastructure "right on the doorstep".

In the peaceful, green area of the site, STRAUSS & PARTNER and Immovate will build around 200 high-quality, privately financed, freehold flats of between around 75 and 80 m² in seven individual buildings, along with accompanying underground parking facilities. The homes themselves, with above-average room heights from 2.70 m and large windows, offer a comfortable, airy living space. Furthermore, every apartment will have generous outdoor space and private exterior areas such as terraces, balconies or direct garden access. This will combine personal freedom with living space right on one's doorstep, with the park areas and the unique natural surroundings. The winners of the architecture competition for this project were Berger+Parkkinen/Vienna-Helsinki and Beckmann N'Thepe/Paris; they are responsible for the further design and planning.

The residential zoning permit has been successfully secured and the construction permit is expected in April 2016. Construction is set to start in spring 2016 and should be completed at the end of 2017.



Car-free park area on the edge of the city

Plot size: approx. 15,000 m²
Living area: approx. 16,000 m²

Around 200 apartments with ample terraces and gardens and around 220 underground parking spaces

Building Manager/Concierge
Sauna and fitness area
Common rooms
Construction start: 2016
Construction end: 2017

HYATT REGENCY

AMSTERDAM

While completing its first hotel project in the Zuidas district in Amsterdam, UBM secured the project development for an additional hotel together with private Dutch project developer Aedes Real Estate.

On the site of the former Emma children's hospital in a well-linked, central, inner-city location on the Singel, the first Hyatt Regency in the Netherlands is being developed for the global Hyatt hotel group on the basis of a 25-year rental agreement. The exterior appearance has been developed by the renowned architect Frits van Dongen in close cooperation with the Amsterdam heritage agency and represents a contemporary interpretation of Dutch architecture.

The British architects Jestico+Whiles in cooperation with the renowned Dutch designer Marcel Wanders are responsible for the interior design, which does justice to the special backdrop of the neighbouring Botanic Gardens.

With the focus on developing sustainable buildings, in June 2014 UBM managed to win the first BREEAM Excellence Certificate for a hotel in the Netherlands in the planning phase. At the same time, the developers are striving towards a BREEAM Certificate for the construction.



Following comprehensive planning processes, numerous approval procedures with authorities, the demolition of the existing building and the stabilisation of the retained historic facade, the preparation for the foundation works was completed in the fourth quarter 2014.

The Hyatt Regency Amsterdam, with its appealing and functional design and high-end gastronomic range, will be handed over as planned end of 2016 to the tenant and will do justice to the Hyatt's role as one of the leading hotels on the thriving Amsterdam hotel market.



Five-star hotel

Plot size: 2,600 m²
Gross floor area: around 16,000 m²

196 guest rooms
15 suites on five floors
Conference facilities: 450 m²
(incl. 200 m² ball room)

Restaurant, bar and terrace,
spa and fitness club

Garage with 38 parking spaces
Construction start: October 2013
Construction end: Q4/2016



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Picture credits

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This interim report also contains statements relating to the future which are based on estimates and assumptions which are made by managerial staff to the best of their current knowledge. Future-related statements may be identified as such by expressions such as "expected", "target" or similar constructions. Forecasts related to the future development of the Group take the form of estimates based on information available on 31 March 2016. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks. Every care

has been taken to ensure that all information contained in every part of this interim report as at 31 March 2016 is accurate and complete. We regret that we cannot rule out possible round-off, typesetting and printing errors.

This report is a translation into English of the interim report issued in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.