

Interim Report on the 3rd Quarter 2017



Key Performance Indicators

Key earnings figures (in € mn)	1-9/2017	1-9/2016	Change ²
Total Output ¹	529.7	449.4	17.9%
Revenue	296.9	377.4	-21.3%
EBT	30.5	25.3	20.8%
Net profit	21.7	17.5	24.1%

Key asset and financial figures (in € mn)	30.9.2017	30.6.2017	Change ²
Total assets	1,165.2	1,207.8	-3.5%
Cash and cash equivalents	114.3	138.8	-17.7%
Equity ratio	29.2%	27.7%	1.5pp
Net debt	555.6	578.6	-4.0%

Key share data and staff	30.9.2017	30.9.2016	Change ²
Earnings per share (in €)	2.81	2.26	24.3%
Share price (in €)	38.64	33.00	17.1%
Market capitalisation (in € mn)	288.7	246.6	17.1%
Staff ³	773	728	6.2%

¹ Total Output represents the revenue of fully consolidated companies and those accounted for under the equity method as well as sales proceeds from deals based on the equity interest held by UBM.

² The figures have been rounded using the compensated summation method. Changes are calculated using the exact values.

³ Breakdown: Development 306 and Hotel 467 (30.9.2017); Development 317 and Hotel 411 (30.9.2016)

Contents

1	At a Glance	25	Consolidated Interim Financial Statements
4	Highlights	34	Notes to the Consolidated Interim Financial Statements
6	Investor Relations	44	Glossary
7	Interim Management Report	45	Financial Calendar 2017/2018
17	Reference Projects	46	Contact/Acknowledgements

At a Glance

Earnings per share

increased by more than 24%

Net debt

further reduced to €556 mn

Repayment profile

smoothened with €150 mn bond

Healthy balance sheet

with equity ratio of 29.2%

Increased pipeline

ensures future profitability

Guidance 2017

€520 mn net debt; €33 mn net profit

We develop outlooks.

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realising opportunities.

Highlights



3 August / Topping-out ceremony for Quartier Riedenburg

The modern Quartier Riedenburg is taking shape at the former site of the Salzburg Riedenburg Barracks together with a partner. The topping-out ceremony was held at the start of August, ushering in the final construction phase. Completion of all 63 apartments is planned for the third quarter of 2018.

22 August / Large-scale project Leuchtenbergring in Munich sold

The Leuchtenbergring hotel and office development in Munich was sold to Real I.S. for €190 mn in the form of a forward deal. The handover is planned for mid-2018; an advance payment of €75 mn will be transferred in the fourth quarter of 2017.



24 August / Forward sale of major hotel project in Hamburg

In cooperation with a partner, two adjoining hotel developments will be built on Hamburg's Eiffestraße under the Holiday Inn and Super 8 brands by summer 2019. Still in the development phase, the two projects with around 600 rooms have already been sold forward to Union Investment for around €90 mn.



**1 September / Rebranding
Hotel München Westpark**

The former Angelo Hotel is now part of the IHG Group. The four-star building reopened as a modern design hotel on 1 September under the name Holiday Inn München Westpark.

**19 September / Micro Living project
sold in form of forward funding**

Right in the heart of the dynamic development mix of the new city quarter Quartier Belvedere Central (QBC), the innovative Micro Living project QBC 6.2 is taking shape with a total of 131 serviced apartments. The property was sold for €27 mn in the form of forward funding to CORESTATE Capital Holding S.A.



**2 October / Sale of logistics
park in Bucharest**

UBM is strengthening its position as a pure play developer. As part of the accelerated sales programme “Fast Track 17”, the standing asset Chitila Logistics Park was sold to CTP Invest at the end of September for €17 mn.

**11 October / Successful bond
exchange and new issue**

UBM successfully issued a new corporate bond. With a conversion ratio of 42% (€84 mn) and heavily oversubscribed new issue volume, the bond with a coupon of 3.25% was placed within just a few hours and the volume increased to €150 mn. The new bond will enhance UBM’s financial strength and optimize its repayment profile.

Investor Relations

Golden autumn

The long-lasting bull run on the global stock markets was still ongoing at the end of the third quarter. The geo-political uncertainty in July and August – the North Korea crisis, the strategy of the central banks and the upcoming German general election – initially hampered an upward trend on the markets.¹ However, a noticeable decrease in risk aversion took hold around the end of the third quarter, whereby a clearly positive turnaround was seen on the stock markets at the start of September. Favourable economic and corporate data were particularly supportive in this development. In addition, the Euro experienced a surge against the US dollar.² In the first nine months of 2017 the Dow Jones Industrial (DJI) climbed by an impressive 13.4%, whereby it repeatedly set new all-time highs in the third quarter. The eurozone index EURO STOXX 50 closed up by 9.2%. The Austrian ATX was a strong performer (+26.6%) as was the leading Polish index WIG 20 (+26.0%).

UBM share price on track

UBM shares are listed on the prime market of the Vienna Stock Exchange and on the Immobilien-ATX (IATX). The UBM share

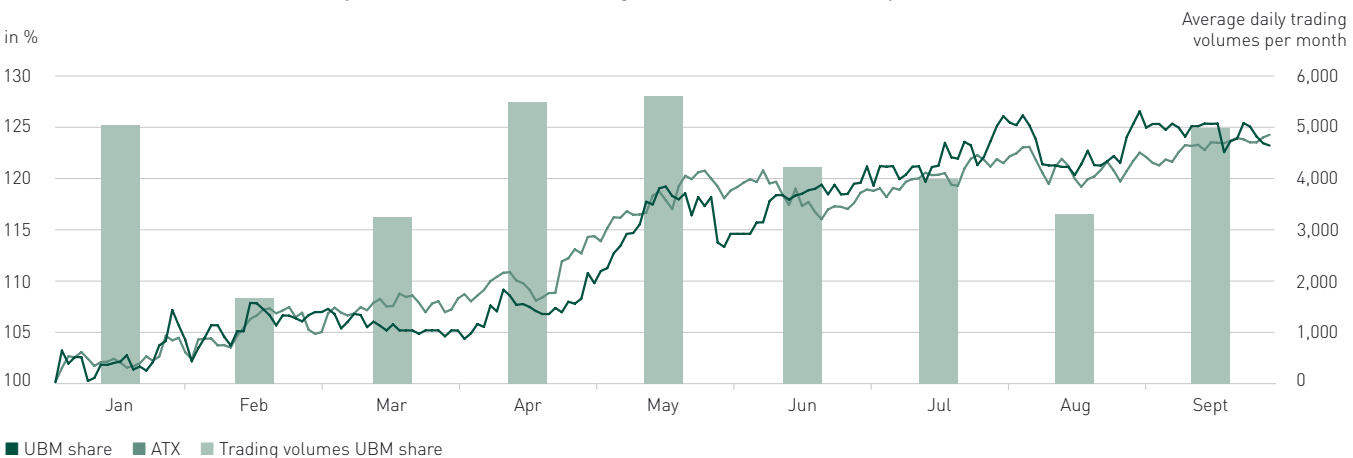
achieved further growth in the third quarter. This performance was buoyed by the half-year figures, which were published at the end of August and surpassed market expectations, and by the successful progress of the sales programme “Fast Track 17”. The UBM share closed at €38.6 at the end of the quarter and was thereby 24.6% higher than year-end 2016. Market capitalisation stood at €288.7 mn as of 29 September 2017.

UBM is currently analysed by five investment firms – with four buy and one hold recommendation at present. The most recent consensus of the analysts was €44.9.

Stable shareholder structure

The share capital of UBM Development AG totals €22,416,540.0 and is divided into 7,472,180 shares. The Syndicate (IGO-Ortner Group and Strauss Group) held an unchanged 38.8% of the outstanding shares as of 30 September 2017. The remaining 61.2% of shares are held in free float.³ The largest number of free float shares (25.7%) are held by investors in Austria. Around 24.3% are owned by German investors and 11.9% of shareholders come from the UK.⁴

Performance of the UBM share compared to the index and trading volumes in the first three quarters of 2017



¹ Union Investment, Market Report 2017

² Raiffeisen Stock Exchange Report (20.9.2017)

³ including 11.0% Management Board and Supervisory Board

⁴ geographical split excluding 11.0% Management Board and Supervisory Board

Interim Management Report

General economic environment

Solid growth for the global economy

The upward trend in the global economy continued in the third quarter of 2017. In October the International Monetary Fund (IMF) increased its growth forecast for the current and following year by 0.1pp per year to 3.6% and 3.7% respectively.¹ Strong domestic consumer spending buoyed the US economy, with GDP rising by 2.3% against the same quarter of the previous year.²

The eurozone economy remains robust. Compared to the previous year, GDP rose by 2.5% in the period July to September.³ The main drivers were foreign trade and strong domestic demand. The European Central Bank maintained its loose fiscal policy and kept interest rates unchanged at 0.0% despite improvements in the economy. In addition, the bond-buying programme has been extended to September 2018.⁴

Germany also kept pace with the strong economic upswing in the third quarter. Compared to the same period of the previous year, the German economy grew by 2.3%.⁵ Austria also experienced dynamic growth, whereby GDP from July to September was up 2.6% against the third quarter of 2016.⁶

Poland and the Czech Republic also continued the strong trend from the first half-year, with GDP growth for the full year 2017 forecast at 4.1% and 3.9% respectively.⁷

Developments on the real estate markets

Boom in Europe continues⁸

With a hike of around 12% against the third quarter of 2016, investments in European commercial property also experienced a golden autumn (€66 bn). Since the start of the year, around €196.5 bn has already been invested in Europe.

The top performer among the asset classes was office, with around €32.6 bn and an increase of 50%. The performance of hotels remained excellent in the third quarter and recorded a transaction volume of around €14 bn since the start of the year.⁹

Germany – dynamics gathers pace

Germany continued to be highly favoured by international investors. In the period under review it benefited from ongoing strong fundamentals and positive office letting markets. The investment volume on the German commercial real estate investment market rose to around €39.5 bn in the first three quarters of 2017, marking a 20% increase against the previous year. The focus was on the top six cities, whereby Berlin was clearly out in front with a transaction volume of around €6 bn (Q1–Q3/2017).¹⁰

Investor interest in the German market also centred on offices. Some €17 bn was invested in office property in the period under review, representing around 43% of the transaction volume in Germany. Serious pressure to invest and an increasing

¹ IMF: Executive Summary – IMF Outlook 10 2017

² Raiffeisen Research release: US GDP (27.10.2017)

³ Eurostat press release (31.10.2017)

⁴ Raiffeisen Research release (27.10.2017)

⁵ German Federal Bank

⁶ WIFO press release (31.10.2017)

⁷ Erste Group Research: Global Strategy Q4 2017 (September 2017)

⁸ Die Presse – European investment market remains robust (16.11.2017)

⁹ CBRE Market view snapshot – Europe Hotel Investment Q3/2017

¹⁰ BNP Paribas Real Estate – Investment market Germany Q3/2017

number of Asian investor led to a further decline in yields. In Berlin prime yields stood at a mere 3.0%, followed by Munich with 3.1% and Hamburg and Frankfurt each with 3.2%.¹¹

Investments in residential property totalled €9.5 bn in the reporting period – a year-on-year rise of 27%. Both A and B locations reported a significant revenue increase of 45% and more than 50% respectively.¹² The German hotel market matched the level of the record year 2016 with €3.1 bn at the end of the third quarter.¹³ This performance was buoyed by the Germany-wide increase in RevPAR of almost 4%.¹⁴

Strong growth for Austria

Austrian transactions in commercial property increased once again. Around €4 bn was invested in Austrian commercial real estate from January to September 2017 alone. This means that nine-month investment levels already surpassed the entire investment volume in the record year 2015. The office asset class topped the list, with almost three-quarters of investments going to office properties.¹⁵

Demand was equally strong for residential, especially in the Vienna region. Increased housing demand led yields for new-build homes to reach a similar level to office property at around 3% to 4%.¹⁶

CEE region pulls ahead

Following a strong first half, the CEE region kept up its positive performance. In the first nine months transaction volumes were up by 12% against the previous year to €7.6 bn.¹⁷ In Poland investments in commercial property totalled €2.4 bn for the first three quarters. In the period under review the market was driven by the strong growth in the retail sector. This asset class accounted for more than half of the investment volume, followed by office property, which generated around 28%.¹⁸ In the first three quarters the Czech Republic was among the top performers in the CEE region. Real estate investments rocketed by over 70% compared to 2016 and totalled €2.7 bn. Retail was also among the strongest asset classes here with a 55% share of total investment volumes, followed by offices, which were responsible for 37%.¹⁹

¹¹ BNP Paribas Real Estate – Investment market Germany Q3/2017

¹² Savills: Residential investment market Germany Q3 2017

¹³ Hotel Investment Germany Q1–Q3/2017

¹⁴ JLL press release: Above-average growth on German hotel investment market in third quarter (10.10.2017)

¹⁵ CBRE press release: Around EUR 4 bn already invested in Austrian residential market (11.10.2017)

¹⁶ CBRE press release: Vienna housing market of interest to investors (29.8.2017)

¹⁷ Colliers: The CEE Investment Scene Q3 2017

¹⁸ CBRE Poland Investment, Q3 2017

¹⁹ CBRE Czech Republic Property Investment, Q3 2017

Business performance

Total Output and segments

In the first nine months of 2017 UBM Development AG generated Total Output of €529.7 mn (Q1–Q3/2016: €449.4 mn). The increase in Total Output of 17.9% against the comparable period of the previous year was primarily achieved by the accelerated sales programme “Fast Track 17” (FT 17). Its successful execution led to the sale of standing assets with a value of around €130 mn in the first nine months. Overall, the sales (standing assets and development) contributed 60% of Total Output in the first three quarters of 2017.

Total Output in the “Germany” segment stood at €109.7 mn in the period under review, thereby declining by around 55% year-on-year (Q1–Q3/2016: €244.5 mn). The Total Output includes the sale of the Holiday Inn Express hotel and a plot in Berlin, as well as the sale of the final residential units in Berlin-Hohenzollern, general contractor services for the Leuchtenbergring project and services rendered in operating the German hotels. The year-on-year decline was mainly caused by the higher levels of residential projects handed over (including Frankfurt Central Living II, Berlin-Hohenzollern) as well as two high-volume transactions in the office segment in Germany in the previous year.

Total Output in the “Austria” segment amounted to €269.7 mn in the first nine months of 2017 (Q1–Q3/2016: €126.2 mn),

more than doubling against the previous year. The impressive growth was primarily generated by the increase in sales volumes from standing assets in the Graz regions and in Vienna, as well as progress made on real estate developments such as the handover of the two Accor hotels in Quartier Belvedere Central. This was complemented by a higher volume of project management services by the Austrian subsidiary STRAUSS & PARTNER for major projects in Vienna, Salzburg and Graz.

In the “Poland” segment UBM generated Total Output of €86.4 mn (Q1–Q3/2016: €47.5 mn). The sale of the standing assets in Krakow (Pilot Tower) and Katowice (Angelo Hotel) had a positive impact on Total Output in Poland. Additional contributors included increased revenue from hotel leases as well as rental income from standing assets – particularly from the Poleczki Business Park – and project management services.

The “Other markets” segment recorded Total Output of €64.0 mn from January to September 2017 (Q1–Q3/2016: €31.1 mn). The increase in Total Output came primarily from the sale of standing assets in “Andel City” in Prague and the sale of a hotel in Pilsen. The sale of a logistics centre in Romania in the third quarter also had a positive impact. This was complemented by revenue from hotels in France and the Netherlands, rental income from standing assets in the Czech Republic, as well as project management and planning services provided by UBM Bohemia.

Total Output by region (in € mn) ¹	1–9/2017	1–9/2016	Change
Germany	109.7	244.5	-55.1%
Austria	269.7	126.2	113.6%
Poland	86.4	47.5	81.6%
Other markets	64.0	31.1	105.7%
Total	529.7	449.4	17.9%

¹ The figures have been rounded using the compensated summation method. Changes are calculated using the exact values.

In the "Office" segment, UBM Development AG generated Total Output of €82.3 mn in the first nine months of 2017 (Q1-Q3/2016: €113.3 mn). The majority of output came from the sale of office properties in Krakow, Vienna and Graz. The difference compared to the previous year resulted from two large-scale transactions in Germany in 2016.

In the 2017 reporting period the "Hotel" segment achieved Total Output of €207.4 mn (Q1-Q3/2016: €115.6 mn). The increase of around 79% in Total Output came from the sale of hotels in Quartier Belvedere Central in Vienna, as well as hotels in Berlin (HIEX Berlin), Katowice (Angelo Hotel) and Pilsen (Angelo Hotel). Revenues from hotel operations are also included in Total Output and amounted to €78.0 mn in the first nine months. They were thereby up by €8.1 mn against the comparative value for 2016.

In the "Residential" segment UBM recorded Total Output of €21.7 mn from January to September 2017 (Q1-Q3/2016: €86.4 mn). The higher value in 2016 was primarily due to the completion of two major residential construction projects in Germany.

In the first nine months of 2017 Total Output of €93.5 mn was generated in the "Other" segment (Q1-Q3/2016: €48.6 mn). The output practically doubled year-on-year and included the sale of a logistics facility and a mixed-use standing asset in the Graz area, the sale of a plot in Berlin and a standing asset in Romania.

The Total Output of the "Service" segment comprises management services provided by the subsidiaries Münchner Grund, STRAUSS & PARTNER and UBM Polska. In the period under review the sale of two standing assets in Vienna and Klagenfurt was also included. Total Output for the first nine months of 2017 thereby amounted to €122.5 mn (Q1-Q3/2016: €78.5 mn).

Total Output in the "Administration" segment of €2.4 mn (Q1-Q3/2016: €7.0 mn) consisted entirely of services provided by UBM Development AG, as well as charges for management services and intragroup allocations.

Total Output by asset class (in € mn) ¹	1-9/2017	1-9/2016	Change
Office	82.3	113.3	-27.4%
Hotel	207.4	115.6	79.4%
Residential	21.7	86.4	-74.9%
Other	93.5	48.6	92.3%
Service	122.5	78.5	56.0%
Administration	2.4	7.0	-65.8%
Total	529.7	449.4	17.9%

¹ The figures have been rounded using the compensated summation method. Changes are calculated using the exact values.

Financial indicators

Business performance and earnings

The core activities of the UBM Group are focused on the project-based real estate business. Revenue reported in the income statement is subject to strong fluctuations because IFRS accounting requirements only permit the recognition of revenue when these projects – which are carried out over a period of several years – are sold. The sale of properties through share deals and the development of projects within the framework of investments accounted for at equity are not reflected in revenue. This influences the informative value of the financial statements as well as the comparability with previous periods. In order to improve the transparency of information on the development of the business, UBM also reports Total Output. This managerial indicator includes revenue as well as the proceeds from property sales, rental income, income from hotel operations, invoiced planning and construction services for UBM's construction sites, and deliveries and management services provided to third parties. It also includes the profit or loss from companies accounted for at equity and the results from sales in the form of share deals. Total Output is based on the amount of the investment held by UBM. Total Output amounted to €529.7 mn in the first nine months of 2017, which represents an increase of 17.9% against the comparable period of the previous year (Q1–Q3/2016: €449.4 mn). The growth in Total Output resulted primarily from the Hotel segment. Revenue reported in the income statement amounted to €296.9 mn from January to September 2017, a year-on-year decline of 21.3%. As already mentioned, the revenue does not include any proceeds from the sale of projects developed in a partnership (equity method). Sales from share deals, in which the shares of the company that holds the property rather than the property itself are sold, are also not reflected in revenue.

The share of profit or loss from companies accounted for at equity amounted to €10.5 mn in the period under review and was thereby significantly higher than the comparable period of 2016 (€5.2 mn). The main reason for the significant increase was the necessary value adjustments resulting from construction progress on properties that had already been sold in the development phase.

The gains from fair value adjustments to investment property amounted to €19.3 mn in the reporting period and were thereby at a similar level to the first nine months of 2016 (€18.7 mn). Determining the fair value adjustments is based exclusively on properties currently under development and those that have already been sold in the form of forward deals.

In the reporting period, other operating income stood at €17.7 mn (Q1–Q3/2016: €10.0 mn). The currency gains included here declined in comparison with the preceding quarters of 2017, but they are still a significant component. Additional factors included third-party charges, extra income from hotel operations, and rents.

Other operating expenses fell year-on-year from €35.8 mn to €30.8 mn. This item mainly comprises currency translation losses, administrative expenses, travel expenses, advertising costs, other third-party services (e.g. brokerage fees), fees and duties, as well as legal and consultancy costs.

The cost of materials and other production-related services was €242.3 mn, compared to €252.9 mn in the first nine months of 2016. In addition to expenses for the construction of real estate inventories, this item contains, in particular, book value disposals from property sales attributable to financial assets, which amounted to €124.2 mn in the first three quarters of 2017. Added to this were expenses for purchased services in the course of general contractor activities. The decrease in expenses for materials and other

production-related services compared to the nine-month period of 2016 was primarily caused by a decrease in this item.

The total number of employees in the companies included in the consolidated financial statements rose to 773 (31 December 2016: 716) – in particular due to the start of hotel operations, including the Hyatt Regency in Amsterdam. 306 employees (31 December 2016: 309 employees) were active in the area of property development. Personnel expenses fell by €1.6 mn to €30.4 mn. The valuation of the UBM share option programme, authorised in the Annual General Meeting in May 2017, contributed €0.2 mn to the item personnel expenses.

EBITDA of €32.9 mn was below the previous year's level of €39.1 mn. One particular reason for this was the increased effect of share deals, which are reflected in the financial result, i.e. below EBITDA. Financing income of €15.3 mn, which also includes earnings from share deals, was thereby significantly higher than the comparable value from 2016 (€5.0 mn).

Earnings before taxes (EBT) of €30.5 mn were significantly higher than the previous year, when it stood at €25.3 mn (+20.8%). The tax expense rose from €7.8 mn (Q1-Q3/2016) to €8.8 mn in the period under review. This represents a tax rate of 28.9%, which was thereby 1.9 percentage points below the rate in the comparable period of 2016 (30.8%). One of the main factors in the change in the tax rate was the difference in the mix of countries included in determining the tax base.

The profit after tax (net profit), before deduction of the share attributable to non-controlling interests, was €21.7 mn and thereby significantly higher than the net profit for the comparable period of the previous year (€17.5 mn). This also led to a significant increase in earnings per share. In the period January to September 2017 earnings per share were €2.81, up by 24.3% against the comparable value of the previous year (€2.26).

Asset and financial position

The total assets of the UBM Group declined by €68.6 mn against year-end 2016 to €1,165 mn as of 30 September 2017.

Property, plant and equipment totalled €46.3 mn and was at a similar level to 31 December 2016 (€44.5 mn).

Sales led to a decline in investment property compared to 31 December 2016, decreasing from €496.6 mn to €367.2 mn. The carrying amount of the properties classified as non-current assets held for sale in accordance with IFRS 5 also declined from €157.1 mn as of 31 December 2016 to €135.2 mn as of 30 September 2017. The main reason for this decrease was the sale of the two hotels in lot 5 of Quartier Belvedere Central, the sale of a property in Berlin, and the Pilot Tower in Poland. This item includes three office properties, a retail park and a hotel property in Poland, as well as an undeveloped plot in Austria, whose sale is considered highly probable. Investments in companies accounted for at equity rose in the period January to September 2017 from €109.6 mn (previous year) to €121.8 mn. This was primarily due to the consolidation at equity of Zalando in Berlin and the purchase of two properties in Germany accounted for at equity.

The increase in project financing to €134.7 mn (31 December 2016: €111.9 mn) reflected an investment-related increase in capital requirements by companies accounted for at equity.

Other financial assets totalled €5.6 mn and were unchanged against 2016. Non-current financial assets of €1.5 mn were at the same level as 31 December 2016.

Current assets rose from €452.4 mn as of 31 December 2016 to €475.3 mn. The decline in the real estate inventories included under current assets resulted from the sale of a hotel in Berlin and the handover of apartments in Germany and Austria. Inventories totalled €164.1 mn (previous year: €185.4 mn). As already mentioned in relation to the item "investment property", the item "non-current assets held for sale" decreased from €157.1 mn at 31 December 2016 to €135.2 mn at

30 September 2017. At the end of the third quarter of 2017, cash and cash equivalents of €114.3 mn remained at a very high level compared to year-end 2016 (€42.3 mn).

At 30 September 2017 trade receivables totalled €42.5 mn, representing an increase against 31 December 2016 (€38.6 mn). This item includes, in particular, receivables from the sale of apartments and project development receivables due from companies accounted for at equity.

Other receivables and current assets, which include sales tax receivables in particular, fell by around 45.5% to €10.3 mn (31 December 2016: €18.8 mn).

At 30 September 2017 equity totalled €340.2 mn (31 December 2016: €341.5 mn). The decrease in total assets to €1,165 mn (31 December 2016: €1,233 mn) led to a higher equity ratio of 29.2% (31 December 2016: 27.7%).

Bond liabilities as of 30 September 2017 stood at €322.4 mn and were practically unchanged against 31 December 2016 (€321.3 mn). Financial liabilities (current and non-current) of €347.5 mn underwent a significant reduction against the previous year (€412.2 mn) as the result of successful sales activities.

Trade payables declined slightly from €77.4 mn to €68.8 mn and included, above all, outstanding payments for subcontractor services.

The other financial liabilities (current and non-current) increased slightly from €36.6 mn (31 December 2016) to €38.2 mn. The rise mainly resulted from the periodic accrual of interest in relation to bonds and financial liabilities.

Deferred and current tax payables remained practically unchanged at €26.8 mn.

Net debt totalled €555.6 mn as of 30 September 2017, thereby continuing to decline over the course of 2017. The significant decrease since net debt peaked at the end of the first quarter

of 2017 (€744 mn), was mainly caused by the high level of sales in the last two quarters of 2017 and the corresponding inflows.

Cash flows

The cash flow from operating activities amounted to €8.9 mn in the reporting period against €55.5 mn in the comparable period. Here the year-on-year increase in operating cash flow of €1.4 mn was more than offset by the significant rise in cash tied up in working capital. While there was a slight improvement in the balance of the items "decrease/increase in receivables" and "decrease/increase in liabilities (without bank liabilities)" (€12.4 mn vs. €9.8 mn), there was a significantly lower capital release from inventories of €19.2 mn against the comparable period (€44.3 mn). The capital release of €19.2 mn from inventories in the first nine months of 2017 is, on the one hand, the result of the balance from the sale of properties and advance payments totalling €59.9 mn and investments in properties of €39.3 mn. There was a contrasting effect from a capital commitment of €1.4 mn in other inventories. The impact of other non-cash transactions on cash flow from operating activities amounting to €-7.1 mn was primarily caused by non-cash gains from currency translation in the first nine months of 2017.

Cash flow from investing activities amounted to €56.8 mn in the first nine months of 2017 (previous year: €-74.5 mn). There was a positive effect on cash flow from investing activities in the first nine months of 2017 from the strong cash inflow from payments received from the disposal of intangible assets, inflows from the sale of property, plant and equipment and investment property, payments received from the disposal of financial assets, and inflows from the repayment of project financing, all totalling €212.0 mn. This stood in contrast to investments in intangible assets, property, plant and equipment, investment property, financial assets and project financing of €174.6 mn. "Income from the sale of consolidated companies" is the net item from the inflow of the fully consolidated subsidiaries sold under share deals. The net item consists of inflows from sales, including profits, less the repayment of financial liabilities and Group loans, less advance payments and deconsolidated cash

items, and less working capital repayments, non-cash items and non-controlling interests.

Cash flow from financing activities of €5.9 mn (previous year: €10.9 mn) contains the inflows from taking out loans and other financing in the course of the project financing business amounting to €228.3 mn. This contrasts with the repayment of loans and other financing of €204.3 mn. Taking out and repaying loans and other financing resulted in an overall cash inflow of €24.0 mn. Contrasting with this is the cash outflow from the payout of dividends totalling €16.7 mn and payouts to non-controlling interests of subsidiaries of €1.4 mn.

Non-financial performance indicators

Environmental issues

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

Staff

The average workforce, including all Group companies, totalled 773 as of 30 September 2017 (of which 467 Hotel). In comparison with year-end 2016 (716 employees, of which 411 Hotel), this represents an increase of 8.0%, which was solely generated by employees in the hotel sector and starting up new hotels.

Approximately 82% of UBM's employees work outside Austria. Vocational education and training measures for 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. Here the individual needs of staff as well as the requirements of the market are taken into account. UBM's broad geographical positioning means that staff are frequently spread out internationally. The resultant knowhow transfer is yet another important factor within the context of comprehensive staff development.

Outlook

While the geopolitical backdrop remains hard to predict, the statements made by Mario Draghi, President of the European Central Bank, and the decision on the successor to the Fed chair in the USA brought some relief with regard to the short and medium-term outlook for interest rates. Real estate thereby continues to be popular among investors; it is difficult for many market players to name a viable alternative in other asset classes in the near future. This holds true in particular for Continental Europe and the three core markets of UBM.

As announced, UBM forged ahead with its strategy to minimise debt and mitigate risk in the third quarter. This facilitated a further reduction in the guidance for net debt at year-end 2017 to €520 mn. The forecast of €33 mn in net profit has been confirmed. The pipeline of acquired projects also developed well; its contribution to Total Output by the end of 2020 is estimated at around €1.8 bn. UBM will continue to consistently implement its strategy and sell off standing assets to the end of 2017

and beyond, as well continuously striving for a further reduction in financing costs.

Risk report

All of the risks that have or could have a significant impact on UBM Development AG, along with detailed information on the entire risk management system of UBM, can be found in the "2016 Annual Report", pages 58 to 61.

There have been no significant changes with regard to the risk profile since the end of the financial year 2016. Therefore the statements in the "Risk Report" chapter of the "2016 Annual Report" still apply, without exception.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we confirm that the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group with regard to the important events over the first nine months of the fiscal year and their impact on the consolidated interim financial statements, together with a description of the principal risks and uncertainties associated with the expected development of the Group for the remaining three months of the fiscal year and with regard to related party disclosures.

Vienna, 28 November 2017

The Management Board



Thomas G. Winkler
Chairman



Martin Löcker



Patric Thate



The background of the page is a complex, abstract architectural line drawing. It consists of numerous thin, grey lines that form a series of overlapping, angular shapes and planes, creating a sense of depth and perspective. The lines are arranged in a way that suggests a multi-level structure or a series of interconnected volumes, typical of modern architectural visualization. The overall effect is a clean, technical, and geometric aesthetic.

Reference Projects

Office Special / Completed



Pegaz, Wrocław

Lettable space: 20,500 m²
Completion: Q4/2016

In the heart of Wrocław's historic city, UBM has developed a top property with offices and retail space as part of the Pegaz project. The five-storey office complex consists of two buildings with office and commercial space. The functional office building offers maximum flexibility and high-quality fittings. What's more, ideal infrastructure links and the wide range of shops, eateries and hotels also underline the quality of the location.

Office Special / Under development

QBC 1 & 2, Vienna

Lettable space: 36,000 m²

Completion: Q2/2020

The lots QBC 1 & 2 comprise three office buildings whose ground floors will be used for gastronomy and retail space. Every building has eight stories aboveground and a rooftop terrace that is open to all tenants. This project marks the final construction phase of the new city quarter Quartier Belvedere Central.



Office Special / Under development

Kotlarska, Krakow

Lettable space: approx. 11,000 m²
Completion: Q4/2017

UBM is developing a new office property with 11,000 m² in the centre of Krakow. Its cutting-edge fixtures and fittings will provide an optimal work environment. Its proximity to the old town and the good links to public transport make this property a highly promising location for companies.



Mogilska, Krakow

Lettable space: approx. 11,000 m²
Completion: Q1/2020

UBM is developing a second office property in Krakow. The project is situated right next to one of the most important public transport hubs – the upgraded Rondo Mogilska. The free area is currently in its development and approval phase with a planned construction start in the first quarter of 2018.

Office Provider, Vienna

Lettable space: 18,400 m²
Completion of refurbishment: Q3/2018

The office complex directly borders the Monte Laa development area and has favourable transport links to Vienna's underground railway. The property is currently undergoing extensive refurbishment in order to optimally fulfil any future requirements of the office space. The refurbishment is set for completion in the second half 2018.



Leuchtenbergring Office, Munich

Lettable space: 13,300 m² (office),
 8,350 m² (retail)
Completion: Q2/2018

In the course of the large-scale project Leuchtenbergring Office, six storeys aboveground are being developed into high-end office and retail space. A green inner courtyard provides an inviting space to relax. The two-level underground garage offers sufficient parking space for office users and customers alike. More than 75% of the space has already been let before completion in the second quarter of 2018 and the property was sold at the end of August in a forward deal.

Residential / Under development



Thulestraße, Berlin

Gross floor area: 44,280 m²

Apartments: 501

Garage: 221 parking spaces

Completion: Q1/2021

In Berlin's district of Pankow 501 high-end apartments are taking shape on a total area of 18,872 m². The stand-out architectural feature of the projects: generous wrap-around balconies offer wonderful views of the green surroundings. The attractive residential project is set in a peaceful, central location with good links to public transport.



MySky, Vienna

Gross floor area: 11,454 m²

Apartments: 128

Garage: 96 parking spaces

Completion: Q4/2017

Under the MySky brand, 128 residential units are taking shape in a 20-storey building in the centre of Monte Laa in Vienna's district of Favoriten. In addition to far-reaching views over Vienna, they also have optimal transport links thanks to the extension of the U1 underground railway line. Monte Laa thereby brings together working, living, education and relaxation at a single site. The project will be completed by the end of 2017.

Hotels / Under development



Eiffestraße, Hamburg

Gross floor area: 24,143 m²

Hotel brand: Holiday Inn and Super 8

Rooms: 316 (Holiday Inn), 276 (Super 8)

Operator: Primestar Hospitality GmbH (Holiday Inn), GS Star GmbH (Super 8)

Completion: Q3/2019

Two adjoining hotels are being built in a central location in Hamburg's Eiffestraße. Both the Holiday Inn and the Super 8 Hotel are being developed with a modern open-lobby concept. The two hotels will be completed in 2019 and have already been sold to Union Investment in a forward deal.

Zollhafen Hotel, Mainz

Gross floor area: 8,149 m²

Hotel brand: Super 8

Rooms: 216

Operator: GS Star GmbH

Completion: Q1/2019

UBM is developing a new hotel project in a top location, in Zollhafen Mainz. Parts of the ground floor of the five-storey building will be available as commercial space for corresponding use. UBM already managed to close the lease agreement for a hotel under the Super 8 brand with the operator GS Star GmbH in September 2016.





Consolidated Interim Financial Statements



Consolidated Income Statement

from 1 January to 30 September 2017

in T€	1-9/2017	1-9/2016	7-9/2017	7-9/2016
Revenue	296,938	377,404	62,761	187,694
Changes in the portfolio	-5,391	-51,508	10,218	-37,511
Share of profit/loss from companies accounted for at equity	10,462	5,200	4,906	-677
Income from fair value adjustments to investment property	19,309	18,747	13,981	47
Other operating income	17,672	10,021	-2,248	2,195
Cost of materials and other related production services	-242,304	-252,924	-62,825	-111,967
Personnel expenses	-30,411	-32,048	-7,920	-9,652
Expenses from fair value adjustments to investment property	-2,573	-	-5	15
Other operating expenses	-30,845	-35,816	-8,128	-14,224
EBITDA	32,857	39,076	10,740	15,920
Depreciation and amortisation	-2,817	-2,053	-854	-406
EBIT	30,040	37,023	9,886	15,514
Financial income	15,348	5,012	3,102	1,442
Financial costs	-14,869	-16,773	-5,111	-7,149
EBT	30,519	25,262	7,877	9,807
Income tax expense	-8,823	-7,781	-2,456	-4,292
Profit for the period (net profit)	21,696	17,481	5,421	5,515
of which: attributable to shareholders of the parent	21,026	16,950	5,382	4,965
of which: attributable to non-controlling interests	670	531	39	550
Earnings per share (diluted and basic in €)	2.81	2.26	0.72	0.66

Statement of Comprehensive Income

from 1 January to 30 September 2017

in T€	1-9/2017	1-9/2016	7-9/2017	7-9/2016
Profit for the period (net profit)	21,696	17,481	5,421	5,515
Other comprehensive income				
Remeasurement of defined benefit obligations	449	-1,025	-	-1
Income tax expense on other comprehensive income	-116	259	-	1
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	333	-766	-	-
Gains (losses) from fair value measurement of securities	14	-	5	11
Currency translation differences	-2,486	-108	-118	765
Income tax expense (income) on other comprehensive income	-3	-	-1	-3
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-2,475	-108	-114	773
Other comprehensive income for the period	-2,142	-874	-114	773
Total comprehensive income for the period	19,554	16,607	5,307	6,288
of which: attributable to shareholders of the parent	18,901	16,085	5,253	5,733
of which: attributable to non-controlling interests	653	522	54	555

Consolidated Statement of Financial Position

as of 30 September 2017

in T€	30.9.2017	31.12.2016
ASSETS		
Non-current assets		
Intangible assets	2,775	2,841
Property, plant and equipment	46,312	44,464
Investment property	367,245	496,583
Investments in companies accounted for at equity	121,804	109,636
Project financing	134,655	111,905
Other financial assets	5,614	5,605
Financial assets	1,535	1,533
Deferred tax assets	9,921	8,818
	689,861	781,385
Current assets		
Inventories	164,102	185,355
Trade receivables	42,483	38,616
Financial assets	9,004	10,168
Other receivables and current assets	10,261	18,825
Cash and cash equivalents	114,281	42,298
Assets held for sale	135,169	157,114
	475,300	452,376
ASSETS TOTAL	1,165,161	1,233,761
EQUITY AND LIABILITIES		
Equity		
Share capital	22,417	22,417
Capital reserves	98,954	98,954
Other reserves	135,950	132,422
Mezzanine/hybrid capital	78,907	80,100
Equity attributable to shareholders of the parent	336,228	333,893
Non-controlling interests	3,948	7,561
	340,176	341,454
Non-current liabilities		
Provisions	7,345	9,211
Bonds	322,407	321,296
Non-current financial liabilities	116,124	193,704
Other non-current financial liabilities	4,486	6,151
Deferred tax liabilities	14,311	20,109
	464,673	550,471
Current liabilities		
Provisions	283	4,280
Current financial liabilities	231,353	218,495
Trade payables	68,739	77,400
Other current financial liabilities	33,724	30,460
Other current liabilities	13,737	3,744
Taxes payable	12,476	7,457
	360,312	341,836
EQUITY AND LIABILITIES TOTAL	1,165,161	1,233,761

Consolidated Cash Flow Statement

from 1 January to 30 September 2017

in T€	1-9/2017	1-9/2016
Profit/loss for the period	21,696	17,481
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	-13,974	-14,518
Interest income/expense	9,353	10,008
Income from companies accounted for at equity	-10,458	-5,199
Dividends from companies accounted for at equity	-	1,019
Decrease in long-term provisions	-1,508	-2,788
Deferred income tax	1,636	-691
Operating cash flow	6,745	5,312
Decrease in short-term provisions	-669	-48
Increase in tax provisions	2,489	3,996
Gains/losses on the disposal of assets	-11,355	869
Decrease in inventories	19,247	44,281
Decrease/increase in receivables	10,503	-16,058
Increase in payables (excluding banks)	1,937	25,885
Interest received	949	4,590
Interest paid	-13,866	-12,744
Other non-cash transactions	-7,105	-463
Cash flow from operating activities	8,875	55,620
Proceeds from the sale of intangible assets	20	21
Proceeds from the sale of property, plant and equipment and investment property	125,750	121,467
Proceeds from the sale of financial assets	4,872	17,131
Proceeds from the repayment of project financing	81,372	4,646
Investments in intangible assets	-3	-27
Investments in property, plant and equipment and investment property	-151,844	-173,086
Investments in financial assets	-9,720	-5,275
Investments in project financing	-13,035	-40,265
Proceeds from the sale of consolidated companies	19,535	670
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-164	175
Cash flow from investing activities	56,783	-74,543
Dividends	-16,725	-16,725
Dividends paid to non-controlling interests	-1,370	-759
Increase in loans and other financing	228,264	210,568
Repayment of loans and other financing	-204,293	-182,231
Cash flow from financing activities	5,876	10,853
Cash flow from operating activities	8,875	55,620
Cash flow from investing activities	56,783	-74,543
Cash flow from financing activities	5,876	10,853
Change to cash and cash equivalents	71,534	-8,070
Cash and cash equivalents at 1 January	42,298	93,744
Currency translation differences	449	-133
Changes to cash and cash equivalents resulting from changes in the consolidated group	-	-
Cash and cash equivalents at 30 September	114,281	85,541
Taxes paid	4,211	5,490

Statement of Changes in Group Equity

as of 30 September 2017

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
Balance at 31 December 2015	22,417	98,954	-2,238	1,204
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-766	11
Total comprehensive income for the period	-	-	-766	11
Dividend	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance at 30 September 2016	22,417	98,954	-3,004	1,215
Balance at 31 December 2016	22,417	98,954	-2,875	258
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	333	-2,467
Total comprehensive income for the period	-	-	333	-2,467
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income tax on equity-settled share options	-	-	-	-
Changes in non-controlling interests	-	-	-	-
Balance at 30 September 2017	22,417	98,954	-2,542	-2,209

Available-for-sale securities: fair value reserve	Other reserves	Mezzanine/ hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
43	122,716	80,100	323,196	8,828	332,024
-	13,373	3,577	16,950	531	17,481
-	-110	-	-865	-9	-874
-	13,263	3,577	16,085	522	16,607
-	-11,955	-4,770	-16,725	-759	-17,484
-	-30	-	-30	-717	-747
43	123,994	78,907	322,526	7,874	330,400
31	135,008	80,100	333,893	7,561	341,454
-	17,449	3,577	21,026	670	21,696
11	-2	-	-2,125	-17	-2,142
11	17,447	3,577	18,901	653	19,554
-	-11,955	-4,770	-16,725	-1,370	-18,095
-	186	-	186	-	186
-	-46	-	-46	-	-46
-	19	-	19	-2,896	-2,877
42	140,659	78,907	336,228	3,948	340,176

Segment Report¹

from 1 January to 30 September 2017

in T€	Germany		Austria	
	1-9/2017	1-9/2016	1-9/2017	1-9/2016
Total Output				
Administration	-	-	2,381	6,969
Hotel	49,069	63,442	94,953	8,691
Office	1,446	71,947	49,690	32,617
Other	23,168	5,011	37,427	38,295
Residential	7,363	64,664	13,434	18,144
Service	28,648	39,430	71,808	21,528
Total Output	109,694	244,494	269,693	126,244
Less revenue from companies accounted for under the equity method and subordinated companies as well as changes in the portfolio	-44,214	8,993	-132,631	-46,921
Revenue	65,480	253,487	137,062	79,323
EBT				
Administration	-	-	856	1,867
Hotel	3,179	8,217	851	5,252
Office	10,871	-4,510	3,660	-1,144
Other	-1,586	-3,014	-1,023	-1,236
Residential	2,093	8,238	554	26
Service	217	1,863	2,979	3,248
Total EBT	14,774	10,794	7,877	8,013

¹ Included in the notes
Intersegment revenues are immaterial.

Poland		Other markets		Group	
1-9/2017	1-9/2016	1-9/2017	1-9/2016	1-9/2017	1-9/2016
-	-	-	-	2,381	6,969
33,738	21,458	29,623	21,995	207,383	115,586
30,895	7,986	249	733	82,280	113,283
1,554	2,240	31,364	3,093	93,513	48,639
490	484	414	3,095	21,701	86,387
19,673	15,372	2,323	2,181	122,452	78,511
86,350	47,540	63,973	31,097	529,710	449,375
-37,217	-21,697	-18,710	-12,346	-232,772	-71,971
49,133	25,843	45,263	18,751	296,938	377,404
-	-	-	-	856	1,867
7,823	-2,222	-1,628	276	10,225	11,523
288	10,190	-146	-512	14,673	4,024
-107	109	2,375	285	-341	-3,856
174	-3,188	-1,405	-650	1,416	4,426
632	242	-138	1,925	3,690	7,278
8,810	5,131	-942	1,324	30,519	25,262

Notes to the Consolidated Interim Financial Statements

1. General Information

The UBM Group consists of UBM Development AG and its subsidiaries. UBM is a public limited company according to Austrian law and has its registered head office at 1210 Vienna, Floridsdorfer Hauptstraße 1. UBM is registered with the commercial court of Vienna under reference number FN 100059x. The Group deals mainly with the development, utilisation and management of real estate.

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

In accordance with IAS 34, the consolidated interim financial statements do not contain every comprehensive entry which is obligatory in the annual financial statements and therefore this interim report should be read in conjunction with the annual report of the UBM Group as at 31 December 2016. As per IAS 34, the consolidated results of the consolidated interim financial statements are not necessarily indicative of the annual results.

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

2. Consolidated Group

In addition to UBM, 58 domestic subsidiaries (financial statements 31 December 2016: 63) and 76 foreign subsidiaries (financial statements 31 December 2016: 81) are included in these consolidated interim financial statements.

In the reporting period six companies were included in the UBM consolidated group for the first time as a result of new foundations, an increase in the investment held, or acquisitions (see item 2.1.). Nine companies were sold, two companies were liquidated and one was merged. For four companies so many shares were sold that now only significant influence remains and they are accounted for at equity. The sales price of T€31,886 was settled in cash, of which T€8,975 was received as advance payments in 2016, and the sale of one company represented a transaction with related parties. The assets and liabilities over which control was lost break down as follows:

in T€	2017
Non-current assets	
Investment property	92,287
Other financial assets	178
Deferred tax assets	1,802
Current assets	
Inventories	2,006
Trade receivables	97
Financial assets	20
Other receivables and current assets	2,669
Cash and cash equivalents	3,376
Assets held for sale	114,287
Non-current liabilities	
Financial liabilities	33,892
Deferred tax liabilities	12,357
Current liabilities	
Provisions	3,328
Financial liabilities	54,886
Trade payables	2,176
Other financial liabilities	82,864
Tax payables	19

Furthermore, 30 domestic (financial statements 31 December 2016: 27) and 28 foreign (financial statements 31 December 2016: 30) associates and joint ventures were included by applying the equity method. In the reporting period the stake in one company was increased insofar as to be included fully in the consolidated group for the first time. Three companies were founded and one was acquired, for four further companies so many shares were sold that now only significant influence remains and they are accounted for at equity. Six companies were deconsolidated following their sale, whereby the sales price of T€5,069 included a cash payment of T€3,670. One of these companies involved a transaction with related parties.

2.1. Initial consolidations

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

Due to new foundations	Date of initial consolidation
Graficka 1 s.r.o. (formerly Rezidence Tusarova 46 s.r.o.)*	3.2.2017
Poleczki Parking House Sp. z o.o.	11.5.2017
UBM Twarda Sp. z o.o.	8.8.2017
<hr/>	
Due to an increase in the investment held	Date of initial consolidation
Top Office Munich GmbH	26.1.2017
<hr/>	
Due to acquisitions	Date of initial consolidation
Sarium Beteiligungsverwaltungs GmbH & Co. "Office Provider" OG	2.1.2017
KLC III CZ s.r.o.*	19.4.2017

* With effect from 1 July 2017, KLC III CZ s.r.o. merged with Graficka 1 s.r.o. and 50% of the company was transferred with the transfer agreement dated 18 September 2017.

Top Office Munich GmbH is a shell company. Sarium Beteiligungsverwaltungs GmbH & Co. "Office Provider" OG and KLC III CZ s.r.o. involve the purchase of property and the respective financing of this real estate. Neither represents a business combination in the sense of IFRS 3.

3. Accounting and Valuation Methods

The accounting and valuation methods applied in the consolidated financial statements of 31 December 2016, which are presented in the notes to the consolidated annual financial statements, were used, unmodified, in the interim report, with the exception of the following standards and interpretations which were applied for the first time:

Amendments to standards and interpretations

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

The amendments to IAS 12 aim in particular to clarify how to account for deferred tax assets for unrealised losses from assets measured at fair value in order to address diversity in practice. The amendments apply to reporting periods beginning on or after 1 January 2017.

Amendments to IAS 7: Disclosure Initiative

The amendments come with the objective that an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments apply to reporting periods beginning on or after 1 January 2017.

The following standards and interpretations have been published in the period between 31 December 2016 and the preparation of these consolidated interim financial statements and do not yet need to be applied compulsorily nor have they been adopted into EU law:

	Effective date in acc. with IASB
IFRIC 23	1.1.2019
Amendment to IAS 28	1.1.2019
Amendment to IFRS 9	1.1.2019
IFRS 17	1.1.2021

The first-time application of the standards and interpretations and amendments to the standards has not had any impact on the consolidated financial statements.

The consolidated interim financial statements as of 30 September 2017 use the same consolidation methods and principles for foreign currency translation applied in preparing the consolidated financial statements as of 31 December 2016.

4. Estimates and Assumptions

Producing consolidated interim financial statements in accordance with IFRSs requires management to make estimates and assumptions which affect the amount and disclosure of assets and liabilities in the statement of financial position, income and expense, as well as the disclosure of contingent liabilities in the interim report. Actual results may differ from these estimates.

5. Dividend

A resolution was passed at the Annual General Meeting on 23 May 2017 to pay out a dividend of €1.60 per ordinary share, which corresponds to €11,955,488.00 for 7,472,180 ordinary shares, with the remainder of €41,573.51 carried forward to new account. The dividend was paid out on 1 June 2017.

6. Earnings per Share

in T€	1-9/2017	1-9/2016
Profit for the period attributable to shareholders of the parent	21,026	16,950
Weighted average number of shares issued	7,472,180	7,472,180
Basic earnings per share = diluted earnings per share in €	2.81	2.26

7. Non-Current Assets Held for Sale

The non-current assets held for sale include two office properties, a retail park and a hotel property in Poland as well as an undeveloped plot in Austria, whose sale is considered highly probable and have therefore been reclassified out of investment property. The non-current assets held for sale are recognised at fair value, which represents the current negotiated purchase prices.

8. Share Capital

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

9. Authorised Capital, Conditional Capital, Long-Term-Incentive Plan 2017 and Acquisition of 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 Paragraph 4 of the statutes (authorised capital 2014) in accordance with the general shareholders' meeting resolution on 30 April 2014, has been revoked. The Management Board was authorised in accordance with Section 169 of the Austrian Stock Corporation Act and under Section 4 Paragraph 4 of the statutes to increase the Company's share capital by 11 August 2017, in agreement with the Supervisory Board, by up to €2,241,654.00 through the issue of up to 747,218 bearer shares in exchange for cash and/or contributions in kind, in one or more tranches and with the exclusion of subscription rights. Additionally, the Management Board was authorised to determine the issue price, issue terms, subscription ratio and further details in agreement with the Supervisory Board (authorised capital 2017). The Supervisory Board was authorised to approve amendments to the statutes resulting from the use of this authorisation by the Management Board, whereby the subscription right for greenshoe options in connection with the issue of shares in exchange for cash contributions is excluded.

Furthermore, the Management Board was authorised, until 23 May 2022, to issue convertible bonds, whose issue relates to an exchange or subscription right to purchase up to 747,218 new ordinary no-par bearer shares in the Company with a proportionate stake in the share capital of up to €2,241,654.00, in one or more tranches, and to determine all of the other conditions, the issue and the conversion procedure for the convertible bonds, the amount of the issue and the exchange or conversion ratio. Subscription rights were excluded.

At the same time, the Annual General Meeting approved a corresponding conditional increase in the share capital, in accordance with Section 159 Paragraph 2 (1) of the Austrian Stock Corporation Act, of up to €2,241,654.00 by issuing up to 747,218 new ordinary no-par bearer shares to be issued to convertible bondholders.

In addition, the Management Board was authorised to determine the other details related to the conditional capital increase and its implementation with the approval of the Supervisory Board, especially the particulars 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.

In order to service the stock options granted within the framework of the Long-Term-Incentive Plan 2017, the Management Board was additionally authorised, in accordance with Section 159 Paragraph 3 of the Austrian Stock Corporation Act, with the approval of the Supervisory Board, to conditionally increase the Company's share capital, in multiple tranches if so wished, by up to €1,678,920.00 by issuing up to 559,640 new ordinary no-par bearer shares to employees, key managers and members of the Management Board of the Company and its subsidiaries until 11 August 2022. 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 general shareholders' meeting resolution on 20 May 2015, which was valid until the Annual General Meeting on 23 May 2017, has been revoked.

At the same time, the Management Board was granted authorisation, with the approval of the Supervisory Board, to acquire treasury shares in the Company up to the legally allowed limit of 10% of the share capital, including previously repurchased treasury shares, during a 30-month period beginning on the date the resolution was passed (23 May 2017, therefore until 23 November 2019) and to sell them within a period of five years.

375,130 of the aforementioned share options, relating to the Long-Term-Incentive Plan 2017, were allocated during the predetermined acceptance period from 22 June 2017 to 21 July 2017. The strike price was €36.33 (this is the unweighted average of the closing price of the Company's share on the Vienna Stock Exchange from 24 May 2017 to 21 June 2017). The share options allocated can be exercised in the windows stated below upon written declaration to the Company. The share options may only be exercised (in addition to meeting the other preconditions stated in the terms and conditions, such as the individual requirements of a valid employment relationship and a valid personal investment) from 1 September 2020 to 26 October 2020 (exercise window 1) and/or from 1 September 2021 to 26 October 2021 (exercise window 2).

10. 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 €100 mn and hybrid capital totalling €25.3 mn, issued by PIAG in November 2014, to UBM by way of legal succession. Both the mezzanine capital and the hybrid capital are fundamentally subject to ongoing interest. In December 2015 €50 mn of the mezzanine capital was paid back; the remaining outstanding amount equals €50.0 mn.

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

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

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

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

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

11. Financial Instruments

The carrying amount of the financial instruments represents a reasonable approximation of the fair value, with the exception of “Held to Maturity” financial assets and “Available for Sale” assets (fair value hierarchy level 1), bonds subject to fixed interest rates (fair value hierarchy level 1) and borrowings and overdrafts from banks subject to fixed interest rates and other financial liabilities subject to fixed interest rates (fair value hierarchy level 3).

The fair value measurement for 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 September 2017 was used to discount the cash flow.

The “Available for Sale at Cost” financial assets consist of shareholdings (shares in limited liability companies) of minor importance, which are not quoted on an active market and whose market value cannot be reliably determined. These are financial assets carried at cost. There are no plans to sell the shares in these project companies as long as the respective projects have not been realised

Carrying amounts, measurement approaches and fair values

	Measurement category (IAS 39)	Carrying amount at 30.9.2017	Measurement in acc. with IAS 39				Fair value hierarchy	Fair value at 30.9.2017
			(Amortised) cost	Fair value other comprehensive income	Fair value through profit or loss			
ASSETS								
Project financing								
at variable interest rates	LaR	134,655	134,655	-	-	-	-	
Other financial assets	HtM	2,907	2,907	-	-	Level 1	3,428	
Other financial assets	AfS (at cost)	1,818	1,818	-	-	-	-	
Other financial assets	AfS	889	-	889	-	Level 1	889	
Trade receivables	LaR	39,734	39,734	-	-	-	-	
Financial assets	LaR	10,468	10,468	-	-	-	-	
Derivatives (without hedges)	FAHfT	71	-	-	71	Level 3	71	
Cash and cash equivalents	-	114,281	114,281	-	-	-	-	
LIABILITIES								
Bonds								
at fixed interest rates	FLAC	322,407	322,407	-	-	Level 1	337,250	
Loans and borrowings from banks								
at variable interest rates	FLAC	290,666	290,666	-	-	-	-	
at fixed interest rates	FLAC	792	792	-	-	Level 3	776	
Other financial liabilities								
at variable interest rates	FLAC	19	19	-	-	-	-	
at fixed interest rates	FLAC	54,900	54,900	-	-	Level 3	54,352	
Lease obligations	-	1,100	1,100	-	-	-	-	
Trade payables	FLAC	68,739	68,739	-	-	-	-	
Other financial liabilities	FLAC	38,210	38,210	-	-	-	-	
BY CATEGORY:								
Loans and receivables	LaR	184,857	184,857	-	-	-	-	
Held to maturity	HtM	2,907	2,907	-	-	-	-	
Available-for-sale financial assets	AfS (at cost)	1,818	1,818	-	-	-	-	
Available-for-sale financial assets	AfS	889	-	889	-	-	-	
Financial assets held for trading	FAHfT	71	-	-	71	-	-	
Cash and cash equivalents	-	114,281	114,281	-	-	-	-	
Financial liabilities measured at amortised cost	FLAC	775,733	775,733	-	-	-	-	

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

12. Transactions with Related Parties

Transactions between Group companies and those accounted for at equity primarily relate 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 companies of the IGO-Ortner Group and Strauss Group because they, or their controlling entity, have significant influence over UBM through the existing syndicate.

Transactions in the business year between companies included in the UBM Group's consolidated financial statements and the PORR Group companies primarily relate to construction services.

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

13. Events after the End of the Reporting Period

The prefinancing referenced in item 12, Transactions with Related Parties, was repaid ahead of schedule as of October 2017.

On 11 October 2017 UBM issued a five-year corporate bond (UBM bond 2017–2022) with a total volume of €150 mn and an annual coupon of 3.25%. In the course of this new issue there was also a bond exchange, whereby more than €84 mn from the UBM bond 2014–2019 was exchanged for the new UBM bond 2017–2022.

Vienna, 28 November 2017

The Management Board



Thomas G. Winkler

Chairman



Martin Löcker



Patric Thate

Glossary

ATX	Austrian Traded Index, leading index of Vienna Stock Exchange
CEE	Central and Eastern Europe
DJI	US Stock Exchange (Dow Jones Industrial)
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EBT	Earnings Before Taxes
Equity ratio	Equity recognised as of the reporting date in relation to total assets
EURO STOXX 50	Stock index that consists of the 50 largest listed companies in the eurozone
IAS	International Accounting Standards
IATX	Immobilien Austrian Traded Index; real estate index that contains the most important real estate companies listed on the Vienna Stock Exchange
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Impairment test	IAS 36 requires the regular testing of assets for indications of impairment. If an asset is impaired, its carrying amount must be reduced through the recognition of an impairment loss.
Market capitalisation	Share price multiplied by the number of shares in issue
Net debt	Non-current and current bonds plus non-current and current financial liabilities minus cash and cash equivalents
Profit for the period	EBT after income taxes
RevPAR	Revenue per available room
Sale proceeds	The share of revenue/Total Output generated by the sale of property projects
Total Output	Total Output corresponds to the revenue of fully consolidated companies and those consolidated under the equity method, as well as sales proceeds from share deals, in proportion to the stake held by UBM.
WIG 20	Leading share index on the Warsaw Stock

Financial Calendar 2017/2018

Interest payment UBM bond 2015	11.12.2017
Publication of Annual Report and consolidated financial statements 2017	11.4.2018
Press conference and conference call	11.4.2018
Record date for participating in the 137 th Annual General Meeting, Vienna	19.5.2018
137 th Annual General Meeting, EURO PLAZA, Am Euro Platz 2, Building G, 1120 Vienna, 14.00 CET	29.5.2018
Publication interim report on the first quarter of 2018	30.5.2018
Ex-dividend trading on the Vienna Stock Exchange	5.6.2018
Dividend record date	6.6.2018
Dividend payout day for the 2017 business year	7.6.2018
Interest payment UBM bond 2015	11.6.2018
Interest payment UBM bond 2014	10.7.2018
Publication interim report on the first half of 2018	30.8.2018
Interest payment UBM bond 2017	11.10.2018
Publication interim report on the third quarter of 2018	29.11.2018
Interest payment UBM bond 2015	11.12.2018

Disclaimer

This Quarterly Report also contains statements relating to the future which are based on estimates and assumptions made, to the best of their current knowledge, by managerial staff.

Future-related statements may be identified as such by expressions such as "anticipated", "target" or similar constructions. Forecasts concerning the future development of the company take the form of estimates based on information available at 30 September 2017. Actual results may differ from forecast values where the assumptions on which these are based should prove incorrect or risks should develop in unforeseeable ways.

Every care has been taken in the compilation of this Quarterly Report as of 30 September 2017 to ensure the accuracy and completeness of information in all sections. However, round-off, typesetting and printing errors cannot be completely ruled out.

This report is a translation into English of the Interim Report on the 3rd Quarter 2017 published 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.

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