



# key performance indicators.

## Key earnings figures (in €m)

	1-6/2020	1-6/2019	Change
Total Output <sup>1</sup>	181.3	182.6	-0.7%
Revenue	79.6	92.0	-13.5%
EBT	43.8	29.3	49.5%
Net profit	26.6	21.3	24.5%

## Key asset and financial figures (in €m)

	30.6.2020	31.12.2019	Change
Total assets	1,367.9	1,316.4	3.9%
Equity	468.1	462.5	1.2%
Equity ratio	34.2%	35.1%	-0.9 PP
Net debt <sup>2</sup>	487.2	442.4	10.1%
Cash and cash equivalents	234.5	212.4	10.4%

## Key share data and staff

	30.6.2020	31.12.2019	Change
Earnings per share (in €) <sup>3</sup>	2.99	2.54	17.6%
Earnings per share incl. hybrid interest (in €) <sup>4</sup>	3.45	3.01	14.9%
Market capitalisation (in €m)	230.9	352.7	-34.5%
Dividend per share (in €) <sup>5</sup>	2.20	2.20	0.0%
Staff <sup>6</sup>	342	389	-12.1%

<sup>1</sup> 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.

<sup>2</sup> Net debt equals current and non-current bonds and financial liabilities, excluding leasing liabilities, minus cash and cash equivalents.

<sup>3</sup> Earnings per share after the deduction of hybrid capital interest (change in calculation method beginning in 2020, comparative prior year data adjusted). Reported amounts based on the first half-year.

<sup>4</sup> Earnings per share before the deduction of hybrid capital interest. Reported amounts based on the first half-year.

<sup>5</sup> The dividend is paid in the respective financial year, but is based on profit for the previous financial year.

<sup>6</sup> Decline due to deconsolidation Hotel Holiday Inn Gdansk City Centre (2019: 55 employees)

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## at a glance.

### **full speed ahead.**

Strong demand for residential and office

### **pipeline expansion of 60%.**

Ready for new project acquisitions

### **financial strength.**

High liquidity and strong results despite hotel write-downs

### **calibration and reinvention.**

Focus on green building and smart office

## management's introduction.

**Dear Shareholders,  
Dear Stakeholders,**

We have announced our intention to reinvent ourselves to a certain extent - within the context of a completely changed environment. With a newly positioned UBM, the order of the day is now full speed ahead. A short but deep recession currently appears to be the most probable scenario, and there are no fundamental grounds for a depression. The governments in our markets reacted decisively with wide-ranging measures. At the same time, interest rates will remain low.

Without change and without the necessary substance, the corona-related crisis does not represent an opportunity, but a threat - also for the real estate sector. We believe the coming quarters will bring a range of opportunities arising from the financial difficulties faced by many of our competitors. A number of developers took on high risks during the boom years, banks are becoming more restrictive with debt financing and mezzanine investors are nervous for good reason. UBM has positioned itself in recent months to optimally utilise the resulting opportunities.

The first six months of 2020 set a new record for UBM. EBT rose by nearly half year-on-year, and net profit increased by roughly 25%. We are acting from a position of financial strength with over €460m of equity and over €230m of cash - more than before the corona crisis. Real estate investors have become increasingly risk-averse since the outbreak of the pandemic, and global warming is playing a growing role in their investments. With our focus on green building and smart office exclusively in major European cities, UBM is the perfect match.

Read this half-year report and see how successful we have been in reinventing UBM.



**Patric Thate**  
CFO

**Thomas G. Winkler**  
CEO

**Martin Löcker**  
COO

# highlights.

## q1.

### **UBM secures major residential project in Prague**

UBM further expands its well-filled residential pipeline to include the Arcus City project. This large-scale development covers nearly 80,000 m<sup>2</sup> in one of the most up-and-coming districts in Prague, where roughly 300 modern housing units will be built.

### **UBM to develop the F.A.Z. Tower**

This architecturally impressive major project in Frankfurt's Europaviertel will become the new corporate headquarters for Frankfurter Allgemeine Zeitung. Within a very short time, UBM is realising the third headquarters for a prominent company in Germany.

### **Astrid Offices forward sold**

More than a year before completion, UBM is selling the Astrid Offices project in the heart of Prague's Holešovice District. This project has nearly 4,000 m<sup>2</sup> of rentable space and is under development in line with the LEED Gold Standard.

## q2.

### **Strategic partnership between ARE and UBM**

UBM invests in the largest urban development project in the heart of Vienna. At the same time, ARE acquires an interest in UBM's largest project in Munich.

### **Stable dividend for record year 2019**

UBM distributes a stable dividend of €2.20 per share in spite of the corona-related difficult market environment. This underscores the company's dividend policy with its focus on continuity and allows investors to participate in the previous year's successful business development.

### **Large-scale project in Munich sold to Vonovia**

The market leader Vonovia acquires the Gmunder Höfe residential project in Munich with 322 units through a forward deal. The completion and transfer are planned for the second half of 2023.

# one share.

## Stock exchange developments

The global shock caused by the COVID-19 pandemic in the first quarter of 2020 initially triggered a sharp 21.4% drop in share prices on the international exchanges but was followed by a phase of recovery. The MSCI World increased by nearly 19% from the end of March to the end of June and reached 93.4% of the year-end 2019 level. The Dow Jones and the EURO STOXX 50 rose by 17.8% and 16.0%, respectively, in the second quarter and the DAX recorded even stronger performance with a second quarter plus of 23.9%. However, the COVID-19 pandemic and its far-reaching economic consequences continue to represent a major risk factor for further corrections.

## Development of the UBM share

The UBM share was unable to disengage from the downward trend on the international markets during the first quarter of 2020. Following a 41.9% decline as of 31 March, compared to €47.2 at the end of the previous year, the share recovered some of these losses and rose by 12.8% during the second quarter. The ATX traded at 2,246.72 points at the end of June, for an increase of 12.2% since the end of March. The IATX, in

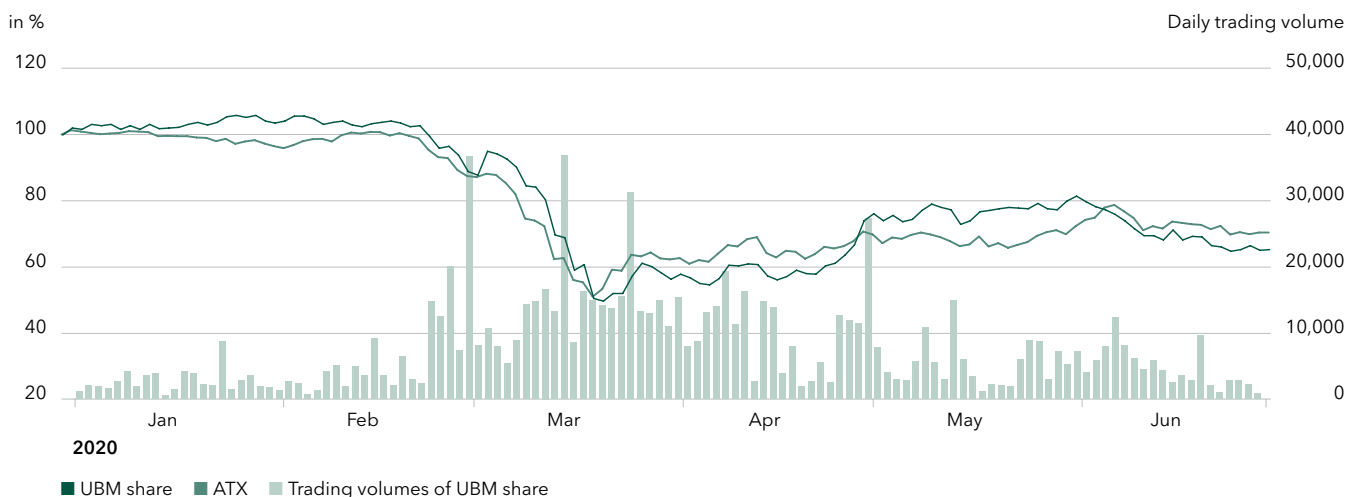
contrast, lost 2.1% during this same period. The UBM share traded at €30.9 on 30 June, or 34.5% below the level at year-end 2019. The average daily trading volume in the first two quarters of 2020 equalled 7,444 shares.

The UBM share has been listed on the Vienna Stock Exchange since 10 April 1873 and entered the prime market, the top segment of the Vienna Stock Exchange, in August 2016. The share is also included in the IATX real estate stock index.

## Shareholder structure

The share capital of UBM Development AG totalled €22,416,540 as of 30 June 2020 and is divided into 7,472,180 shares. The syndicate comprising the IGO Industries Group and the Strauss Group held an unchanged 38.8% of the shares outstanding on that date. In addition, the IGO Industries Group held 6.4% of UBM outside the syndicate. A further 5.0% were held by Jochen Dickinger, a private investor. Free float comprised 49.8% of the shares and includes the 3.9% of the shares held by the Management and Supervisory Boards. Most of the other free float was held by investors in Austria (40%), Germany (37%) and the UK (10%).

Performance of the UBM share vs. ATX and trading volumes from January to June 2020



## one group.

### General economic environment

The outlook for the future development of the global economy still involves a high degree of uncertainty. Forecasts for the second half of 2020 reflect the impact of the COVID-19 pandemic and range from -4.5% (European Central Bank - ECB) to -7.5% (OECD). However, both institutions share the same view over the coming year and expect the start of a global economic upturn. The estimates here range from 5.2% (OECD) to 6.0% (ECB) for 2021.

Estimates by the ECB and OECD point to a year-on-year reduction of -8.7% and -9.1%, respectively, for real GDP in the eurozone during 2020, whereby the decline in private consumption is seen as the main driver for this strong contraction. Extensive fiscal and monetary measures have been implemented by the member states to counter this trend. Both the ECB and the European Commission expect a noticeable recovery in 2021 with an increase of 5.2% and 6.3%, respectively, in economic output. Germany is projected to record a decline of 6.6% in 2020 with a return to growth of 5.8% in 2021. The Austrian economy was also heavily hit by the COVID-19 pandemic despite stabilising efforts. The Austrian National Bank expects a real GDP drop of 7.2% in 2020 and a plus of 4.9% in 2021. Calculations for the CEE/SEE region show an average decrease of 5.5% in 2020, whereby the forecast for Poland is more positive with a decline of -4.3%.<sup>1,2,3</sup>

### Developments on the real estate markets

The transaction volume in Europe rose by 7% year-on-year in the first quarter of 2020, but the real estate markets were also unable to escape the effects of the COVID-19 pandemic. The second quarter brought a sharp drop of 32% in annual comparison. Properties in Europe with a combined value of €121.1bn changed owners during the first half of 2020, or

9% less than in the first half of 2019. Transactions in the hotel sector essentially came to a standstill. The demand for office properties with good occupancy levels and high-quality tenants remained strong. A positive trend was recorded in the residential segment with a plus of 13%.<sup>4</sup>

Germany also led the property transaction ranking in Europe during this half-year. Investment activity was clearly below average during April and May but improved significantly in June. Commercial property transactions totalled €29.2 bn in the first half of 2020, for a year-on-year increase of 15%. Strong growth was also recorded, above all, in residential property investments, where the transaction volume rose by 96% over the first half of 2019 to €12.5 bn. The market for hotel properties presented a completely different picture with a year-on-year decline of 47% to €854m. Berlin continued to lead the top cities in Germany with 28% of the transaction volume despite a year-on-year decline of 24%. In contrast, substantial increases were recorded in Munich, Frankfurt and Hamburg.<sup>5,6</sup>

The Austrian investment market closed the first half of 2020 with an 11% decline in the transaction volume to approximately €1.5 bn. However, the second quarter was considerably stronger at €900m. The residential segment in Austria was also indifferent to the effects of the pandemic. Investments in the CEE region amounted to €6.4 bn in the first half of 2020, whereby three-fourths of this volume were recorded in Poland and the Czech Republic.<sup>7,8</sup>

Government measures have reinforced the low interest environment and, as a result, the relative attractiveness of real estate investments should increase over the medium- and long-term. At the same time, risk premiums are expected to increase, and investors will likely become more selective in their choices.

<sup>1</sup> IMF: World Economic Outlook Update - June 2020

<sup>2</sup> European Commission: European Economic Forecast - Summer 2020

<sup>3</sup> Austrian National Bank: Konjunktur aktuell - June 2020

<sup>4</sup> Real Capital Analytics: Europe Capital Trends - Q1 & Q2 2020

<sup>5</sup> Savills: Investmentmarkt Deutschland - July 2020

<sup>6</sup> JLL: Investmentmarktüberblick Deutschland - Q2 2020

<sup>7</sup> EHL: Immobilieninvestmentmarkt Update - H1 2020

<sup>8</sup> JLL: CEE Investment Market - H1 2020

## Business performance

UBM Development generated stable Total Output of €181.3m in the first half of 2020 (H1/2019: €182.6m). Total Output for the reporting period was based, above all, on the progress of construction on previously sold real estate projects which are recognised to revenue and earnings over time based on the percentage of completion and sale. The largest contributions to Total Output were made by the QBC 1&2 office project in Vienna, which was forward sold in mid-2019, and by two major residential projects in Germany. The "Gmunder Höfe" project in Munich with over 300 residential units was forward sold to Vonovia during the reporting period. The progress of construction on the "immergrün" project in Berlin with nearly 400 residential units also made an important contribution to Total Output. Total Output from the real estate development business increased substantially during the first half of 2020, but the hotel business reported a decline from €32.6m in 2019 to €9.3m in 2020. This reduction resulted from the sale of two hotels in Paris and, above all, from the travel restrictions implemented to combat the COVID-19 pandemic.

The **Germany segment** recorded an increase in Total Output from €60.1m to €72.6m. In addition to the forward sale of the "Gmunder Höfe" residential project in Munich, Total Output resulted primarily from the progress of construction on previously sold apartments in a Berlin project. Another supporting factor was the successful completion and transfer of the forward sold Super 8 Hotel in the Mainz customs harbour and residential units at the "Waterkant" project in Mainz.

Total Output in the **Austria segment** was nearly constant in year-on-year comparison at €62.2m in the first half of 2020 (H1/2019: €63.8m). A substantial component of Total Output for the reporting period was generated by the forward sold QBC 1&2 office project, which represents the final section of construction in the development of the Quartier Belvedere Central. The residential business also made an important contribution to Total Output, primarily through the progress of construction on the "barany.7" residential project, which was sold at the end of 2019, and the "Pohlgasse" residential project, which was sold during the first half of 2020. Both projects are located in Vienna and involved global sales to institutional investors. Further progress was also made on the streamlining of the standing asset portfolio through the sale of additional logistics properties in the Austrian province of Styria.

In the **Poland segment**, Total Output was slightly lower than the previous year at €35.5m in the first half of 2020 (H1/2019: €38.3m). Two hotel projects – a Mercure Hotel in Katowice and an ibis styles Hotel in Krakow – were forward sold at the end of 2019 and are now included in Total Output based on the percentage of completion. Another sale involved an office property in Danzig, which adjoins the Hotel Holiday Inn Gdansk City Centre that was completed in 2019.

The **Other Markets segment** recorded a substantial decline in Total Output from €20.3m to €11.0m in the first half of 2020. This decline reflected the lower revenue from hotel operations that resulted, above all, from the sale of the Paris

### Total Output by region

in €m	1-6/2020	1-6/2019	Change
Germany	72.6	60.1	20.8%
Austria	62.2	63.8	-2.5%
Poland	35.5	38.3	-7.5%
Other markets	11.0	20.3	-45.7%
<b>Total</b>	<b>181.3</b>	<b>182.6</b>	<b>-0.7%</b>



hotels and from the travel restrictions introduced in the wake of the COVID-19 pandemic. Total Output for the reporting period resulted chiefly from the progress of construction on a previously sold office project in Prague.

The **Residential segment** reported a sound increase in Total Output from €44.3m in the first half of the previous year to auf €67.0m for the reporting period. Total Output in the first six months of 2020 consisted mainly of construction progress on previously sold apartments from projects in Germany and Austria, including the "immergrün" project in Berlin, the "Waterkant" project in Mainz and the "barany.7" project in Vienna. The "Gmunder Höfe" project in Munich and the "Pohl-gasse" project in Vienna were sold to institutional investors during the reporting period and are now included in Total Output based on the progress of construction.

The **Office segment** generated Total Output of €39.0m in the first half of 2020 (H1/2019: €6.7m). Total Output for the reporting period was related primarily to the QBC 1&2 office property at Vienna's main railway station, which was forward sold in August 2019. The "Astrid Offices" property in Prague, which is scheduled for completion in mid-2021, was also forward sold during the first quarter of 2020. In addition, UBM sold a smaller office property in Danzig during the reporting period.

Total Output in the **Hotel segment** amounted to €26.5m in the first half of 2020 (H1/2019: €70.1m). This sharp drop resulted primarily from a reduction in the Total Output from hotel operations following the implementation of travel restrictions. Total Output in this business reached only €9.3m, compared with €32.6 m in the previous year. Positive contributions were made by the progress of construction on the hotels in Katowice and Krakow which were forward sold at the end of 2019 and the transfer of the hotel in the Mainz customs harbour.

The **Other segment** recorded Total Output of €18.4m, compared with €30.9m in the previous year. Total Output for the reporting period included the sale of a logistics property in the Austrian province of Styria and, above all, revenue from the rental of mixed-use standing assets in Austria and Germany.

Total Output in the **Service segments** equalled €30.6m and was stable at the prior year level. A major component resulted from the provision of services for various projects in Germany. This position also includes charges for management services and intragroup allocations.

**Total Output by asset class**

in €m	1-6/2020	1-6/2019	Change
Residential	67.0	44.3	51.1%
Office	39.0	6.7	478.9%
Hotel	26.5	70.1	-62.2%
Other	18.4	30.9	-40.5%
Service	30.6	30.6	-0.2%
<b>Total</b>	<b>181.3</b>	<b>182.6</b>	<b>-0.7%</b>

## Financial performance indicators

### Business development and earnings

The core activities of the UBM Group revolve around the project-based real estate business. The revenue reported on the income statement can be subject to strong fluctuations because these projects are developed over a period of several years. Real estate projects are only recognised as of the signing based on the progress of construction and realisation (percentage of completion, PoC). However, the sale of properties through share deals and the development and sale of projects within the framework of equity-accounted investments are not included in revenue. In order to provide a better overview and improve the transparency of information on UBM's business performance, Total Output is also reported. This managerial indicator includes – similar to revenue – the proceeds from property sales, rental income and income from hotel operations as well as the general contractor and project management services capitalised or provided to third parties and companies not included through full consolidation. It also contains the revenue from companies accounted for at equity and the results of sales through share deals. Total Output is based on the amount of the investment held by UBM. It does not include advance payments, which are principally related to large-scale or residential construction projects.

Total Output was relatively stable year-on-year at €181.3m in the first half of 2020 (H1/2019: €182.6m). Revenue as reported on the income statement declined by 13.5% from €92.0m to €79.6m due to a higher share of projects with joint venture partners, which are recorded under at-equity results and not included in revenue. The largest contributions to revenue in the first six months of 2020 were made by residential projects in Germany, hotel projects in Poland and an office project in the Czech Republic.

The profit from companies accounted for at equity fell from €13.2m in the first half of 2019 to €-8.6m in the reporting period. The negative at-equity results are chiefly attributable to the recognition of impairment losses in the hotel operating company due to the COVID-19 pandemic. All hotels have resumed operations after the temporary shutdowns,

whereby occupancy is still in a start-up phase. Consequently, the carrying amounts of the operating company, ubm hotels, were practically written off in full. A fair value adjustment was also recorded to an equity-accounted hotel property in Vienna. The hotel business had a total effect of €-15.2m on at-equity results. Negative foreign exchange effects were recorded during the first half-year, above all in connection with the Polish zloty. A contrasting factor was the positive earnings contribution from current real estate projects like the "QBC 1&2" in Vienna.

Income from fair value adjustments to investment property totalled €69.9m in the first half of 2020 (H1/2019: €46.3m). The fair value adjustment in the reporting period was related primarily to a large-scale project in Munich and resulted from the sale of a 40% interest in this project. The project is currently in the planning phase – a mixed-use quarter with commercial, office and residential space is planned for this three-hectare site. The expenses from fair value adjustments were immaterial in the first half of 2020. The COVID-19-related lockdown did not result in any material rental losses in the fully consolidated standing assets which would have led to the recognition of an impairment loss. In the previous year, the fair value adjustments totalled €18.4m.

Other operating income amounted to €4.0m in the reporting period and included, among others, revenue from third-party charges, foreign exchange gains, income from the release of provisions and various other positions. In the first half of 2019, other operating income equalled €5.4m due to higher foreign exchange gains. Other operating expenses rose from €19.7m to €27.7m, chiefly due to foreign exchange losses of €12.7m. The value of both the Polish zloty and the Czech koruna fell substantially compared with the euro as of 30 June 2020. Other operating expenses also include administrative costs, travel expenses and advertising costs as well as charges and duties.

The cost of materials and other related production services totalled €58.2m in the first half of 2020 (H1/2019: €61.0m). These expenses consist largely of material costs for the construction of residential properties and various other development projects which were sold through forward transactions.

They also include the book value disposals from property sales in the form of asset deals and purchased general contractor services. The cost of materials in the first six months of 2020 was influenced by the construction of several residential projects and by forward sold investment properties.

The changes in the portfolio related to residential property inventories and other IAS 2 properties led to income of €0.4m, in contrast to expenses of €2.7m in the first half of the previous year. The slightly positive earnings effect in the reporting period is attributable to the increased construction activity on residential projects.

Personnel expenses were slightly below the prior year level of €18.9m at €18.7m in the reporting period. The valuation of the UBM share option programme, which was approved by the Annual General Meeting in May 2017, added €0.5m to personnel expenses (H1/2019: €0.5m). The short-time work measures and voluntary salary waivers introduced by UBM during the lockdown led to savings in personnel expenses in the reporting period. In contrast, personnel expenses were increased by additional hiring for the alba project management subsidiary. The UBM Group companies included in the consolidation employed a total workforce of 342 at the end of June 2020. The slight decline compared with year-end 2019 (31 December 2019: 389) resulted from the deconsolidation of a hotel in Poland.

EBITDA rose by 11.4% to €40.3m in the first half of 2020 (H1/2019: €36.2m). Depreciation and amortisation amounted to €1.9m and were slightly lower than the first half of 2019 (€2.2m). EBIT for the first six months of 2020 increased by 12.9% to €38.4m (H1/2019: €34.0m). Financial income increased substantially to €16.0m (H1/2019: €7.2m) supported by financial income of €10.5m from share deals. Financial costs were slightly lower than the previous year at €10.6m (H1/2019: €11.9m), whereby neither the reporting period nor the comparable prior year period included material impairment losses.

EBT increased by a sound €14.5m from €29.3m in the previous year to €43.8m. Tax expense equalled €17.3m in the first half of 2020, which represents a tax rate of 39.4% (H1/2019: 27.2%). The substantial increase in the tax rate is chiefly attributable to a higher earnings contribution from Germany combined with tax effects from at-equity results.

Profit for the period (net profit after tax) totalled €26.6m and represents an increase of 24.5% over the first half of 2019 (€21.3m). Net profit attributable to the shareholders of the parent company amounted to €22.3m for the reporting period (H1/2019: €19.0m). Beginning with the 2020 financial year, the calculation of net profit attributable to the shareholders of the parent company includes a deduction for the share attributable to the hybrid capital holders; the comparative prior year data were adjusted accordingly. The share attributable to the hybrid capital holders equalled €3.5m in the first half of both 2019 and 2020. The resulting earnings per share rose by 17.6% from €2.54 in the first half of 2019 to €2.99 in the reporting period.

### Asset and financial position

Total assets recorded by the UBM Group rose by €51.5m over the level on 31 December 2019 to €1,367.9m as of 30 June 2020, chiefly due to an increase in cash and cash equivalents and in financial assets.

The carrying amount of investment properties fell by €96.3m to €371.5m at the end of June 2020. This substantial decline resulted, above all, from the sale of a 40% interest in the large-scale "Baubergerstrasse" project in Munich which has been reported under equity-accounted companies since the signing in the second quarter of 2020. The sale of this investment led to an increase in the carrying amount of investments in companies accounted for at equity and project financing. The carrying amount of the investments in companies accounted for at equity increased by €36.4m to €170.9m and project financing rose by €65.8m to €247.0m. At the same time, property, plant and equipment declined by €28.9m to €11.4m. A major component of this position involves the capitalised rights of use from lease liabilities, which totalled €8.6m as of 30 June 2020.

Current assets increased by €67.7m over the level at year-end 2019 to €532.7m at the end of the reporting period. Cash and cash equivalents rose by €22.2m based on proceeds from the sale of interests and an increase in borrowings during the first half-year. Tax payments of €22.7m represented a contrary effect. Cash and cash equivalents remained at a very high level of €234.5m at the end of June 2020. Financial assets also increased significantly from €9.7m to €33.4m owing to a purchase price receivable from the sale of an interest.

Inventories totalled €152.5m at the end of June 2020 (31 December 2019: €128.2m). This position includes miscellaneous inventories as well as specific residential properties under development which are designated for sale. The increase resulted from the reclassification of a residential project in Vienna to inventories. Trade receivables declined slightly from €103.3m at year-end 2019 to €102.5m at the end of the first half of 2020. Included here, in particular, are

real estate inventories which are sold during development as well as the proportional share of forward sales of investment properties.

The substantial improvement in earnings during the reporting period led to an increase of €5.6m in equity over the level at year-end 2019 to €468.1m as of 30 June 2020. Equity was reduced by the dividend payment of €16.4m on 5 June 2020. The equity ratio equalled 34.2% at the end of June 2020 (31 December 2019: 35.1%).

Bond liabilities generally reflected the year-end 2019 level with €485.7m as of 30 June 2020 (31 December 2019: €484.7m). Financial liabilities (current and non-current) rose by €37.0m during the reporting period to €256.8m. Trade payables amounted to €69.7m at the end of June 2020 (31 December 2019: €57.2m) and consisted mainly of outstanding payments for subcontractor services. Other financial liabilities (current and non-current) rose from €25.6m as of 31 December 2019 to €45.3m. Deferred taxes and current taxes payable were €16.5m lower year-on-year at €41.6m due to the above-mentioned tax payment.

Net debt rose from €442.4m as of 31 December 2019 to €487.2m as of 30 June 2020. The increase was based, in particular, on the higher balance of financial liabilities required for investments. Net debt represents current and non-current bonds and financial liabilities, excluding lease liabilities, less cash and cash equivalents.

**Cash flow**

Operating cash flow totalled €4.0m in the first half of 2020 (H1/2019: €3.5m). Material fair value adjustments included in profit for the reporting period were excluded from operating cash flow because of their non-cash character. Operating cash flow was increased by substantially higher dividends from companies accounted for at equity.

Cash flow from operating activities improved from €-50.0m in the first half of the previous year to €-3.5m. The payment of tax liabilities totalling €22.7m, among others, led to a reduction in cash flow which was contrasted by an increase of €12.7m in liabilities. In addition, inventories declined by €1.3m and receivables by €6.1m. These amounts include cash inflows of €4.0m from the sale of inventories and €30.3m from real estate receivables. The additions to real estate inventories totalled €8.9m, and the additions to real estate receivables equalled €19.3m.

Cash flow from investing activities totalled €-13.9m in the first half of 2020 (H1/2019: €11.5m). Investments in project financing amounted to €52.5m, and investments in property, plant and equipment, investment property and financial assets reached €25.0m. Contrasting factors included cash inflows of € 30.9m from the repayment of project financing and €22.4m from the sale of consolidated companies.

Cash flow from financing activities amounted to €39.9m in the first half of 2020 (H1/2019: €19.9m). Loans totalling €112.3m were arranged during the reporting period, while €47.1m were repaid. The dividend of €23.5m was also paid during the first half of 2020 and includes €16.4m to the shareholders of UBM Development AG and €7.0m to hybrid capital holders.

**Non-financial performance indicators****Environmental and social issues**

UBM carries significant social responsibility through its functions as a project developer and property owner. Especially in the area of real estate development, UBM not only influences its own sustainable business activities, but also creates the foundation for future users (e.g. through the choice of materials, energy supply etc.). The inclusion of sustainability aspects during the design, construction and operational phases of a project therefore represents an important instrument for the sustainable preservation of a property. For these reasons, UBM's strategy has included a focus on the environment and sustainability for many years.

**Employees**

The UBM Group, including all its subsidiaries, had a total workforce of 342 as of 30 June 2020, compared with 376 as of 30 June 2019 (of which 55 worked at the Holiday Inn Gdansk). Approximately 60% of UBM's employees work outside Austria.

Detailed information on environmental and social issues, respect for human rights, the fight against corruption and bribery and employee-related issues can be found in the non-financial statement, which forms part of the 2019 Annual Report.

## Outlook

Economic research institutes are predicting a worldwide recession of 4.5% (ECB) to 7.5% (OECD) in 2020 as a consequence of the COVID-19 pandemic. The decline in the eurozone is projected to be even stronger than the global economy because of the measures introduced to limit the spread of the virus. The European Commission forecasts a sharp drop of 8.8% for the full twelve months of 2020 in its summer report, primarily due to the lockdown during the first half-year. However, the first signs of an improvement appeared in May and have accelerated since June. Various indicators point to a rapid recovery in the form of a "V scenario". The European Central Bank (ECB) is continuing to hold interest rates low. Further steps, including extensive bond purchases, have also been taken to ease monetary policy, and wide-ranging government programmes have been introduced to support the economy and consumer spending. The demand for real estate remains strong due to the high volume of liquidity in the market, whereby there is a strong differentiation by asset class and quality. For example: The demand for hotel properties has collapsed due to the corona crisis but the interest in residential properties, above all by institutional investors, is increasing.<sup>1, 2, 3, 4</sup>

UBM's liquidity situation remained very sound throughout the first half of 2020. The liquidity position was not only protected, but the buffer has been increased despite the COVID-19 pandemic. Cash and cash equivalents totalled €234.5m as of 30 June 2020. However, the extent of the effects on UBM's business environment from the pandemic and the resulting economic distortions cannot be conclusively estimated at the present time. UBM has made extensive adjustments to its business policies and strategic orientation to reflect the expected changes in the market. The strategic importance of the hotel assets class has been substantially reduced. Work on hotel projects is only continuing in cases where construction

started before the COVID-19 pandemic. Alternative scenarios have been developed for the remaining pipeline projects - for example, at the F.A.Z. Tower in Frankfurt, where offices instead of a hotel will be developed in the second building section. These adjustments reduced the share of the hotel asset class in the current development pipeline to 16%.

The Management Board has simulated various scenarios and expects considerable short- to medium-term variances in the expected cash inflows and necessary expenditures. A large part of the expected cash inflows for 2020 has already been secured through forward sales, but the focus on internal cash management has been increased to ensure flexible reactions to any deviations. UBM has a comparatively high liquidity buffer as well as a flat repayment profile for its bonds and promissory note loans, with repayments of only approximately €50m in December 2020 and €50m in November 2021. Consequently, the liquidity reserve will be able to comfortably offset the fluctuations expected at the present time.

Conclusive forecasts over the development of earnings in 2020 are impossible at the present time because of the uncertain market environment. Current travel restrictions have had a direct negative effect on UBM's hotel leasing business. This development was appropriately reflected in the financials for the first half-year. All hotels have resumed operations after the temporary shutdowns, but occupancy is still in a start-up phase. Negotiations are also in progress with the hotel owners to discuss the waiver of lease payments.

The development of earnings will be positively influenced by the high level of sales in properties scheduled for completion during 2020. All hotel and office properties have already been forward sold to partners with sound credit ratings, and the sale of apartments is well advanced. Good progress has also been made in the marketing of new residential projects, e.g. the "siebenbrunnen.21" in Vienna. The interest of institutional investors in the residential sector remains unbroken. Consequently, property development is expected to generate cash inflows as well as a corresponding earnings contribution in 2020.

<sup>1</sup> IMF: World Economic Outlook Update - June 2020

<sup>2</sup> European Commission: European Economic Forecast - Summer 2020

<sup>3</sup> ECB: Our response to the coronavirus - 19 March 2020

<sup>4</sup> Morgan Stanley: Global Macro Mid-Year Outlook - 14 June 2020

UBM currently assumes the expected market environment will also lead to new opportunities. A range of real estate projects should become potential acquisition targets during the coming quarters and the first half of 2021 due to the financial difficulties faced by many competitors. The risk appetite of investors, banks and tenants is declining, while the ongoing low interest rate environment and the continuing flight towards real values should further intensify the lack of investment alternatives. Based on its previous track record and record half-year results, UBM is optimally prepared for this situation. At the same time, the overall development of business and the company's risk position will be continuously evaluated to prepare for alternative scenarios.

### Risk report

The risks which have, or could have, a significant impact on UBM Development AG are discussed in the 2019 Annual Report on pages 60 to 63. 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 2019 financial year. Therefore, the statements in the 2019 Annual Report/risk report still apply without exception. Reference is made, in particular, to the risks connected with the COVID-19 pandemic, which are discussed on pages 62 and 63.

Vienna, 26 August 2020

The Management Board



**Martin Löcker**  
COO



**Thomas G. Winkler**  
CEO



**Patric Thate**  
CFO

## Consolidated Income Statement

from 1 January to 30 June 2020

in T€	1-6/2020	1-6/2019	4-6/2020	4-6/2019
Revenue	79,604	92,046	38,328	56,016
Changes in the portfolio	387	-2,680	1,040	-6,660
Share of profit/loss from companies accounted for at equity	-8,579	13,157	-3,865	13,537
Income from fair value adjustments to investment property	69,853	46,265	-	39,243
Other operating income	4,006	5,418	1,761	4,717
Cost of materials and other related production services	-58,186	-61,030	-26,951	-42,414
Personnel expenses	-18,649	-18,867	-10,094	-11,646
Expenses from fair value adjustments to investment property	-399	-18,388	-308	-18,383
Other operating expenses	-27,736	-19,735	-2,241	-11,862
<b>EBITDA</b>	<b>40,301</b>	<b>36,186</b>	<b>-2,330</b>	<b>22,548</b>
Depreciation and amortisation	-1,902	-2,189	-931	-1,002
<b>EBIT</b>	<b>38,399</b>	<b>33,997</b>	<b>-3,261</b>	<b>21,546</b>
Financial income	16,024	7,247	13,429	5,393
Financial costs	-10,583	-11,922	-5,652	-5,513
<b>EBT</b>	<b>43,840</b>	<b>29,322</b>	<b>4,516</b>	<b>21,426</b>
Income tax expenses	-17,273	-7,978	-862	-5,959
<b>Profit for the period (net profit)</b>	<b>26,567</b>	<b>21,344</b>	<b>3,654</b>	<b>15,467</b>
<b>of which: attributable to shareholders of the parent</b>	<b>22,317</b>	<b>18,977</b>	<b>1,827</b>	<b>14,892</b>
of which: attributable to holders of hybrid capital	3,498	3,487	1,764	1,751
of which: attributable to non-controlling interests	752	-1,120	63	-1,176
<b>Basic earnings per share (in €)</b>	<b>2.99</b>	<b>2.54</b>	<b>0.25</b>	<b>1.99</b>
<b>Diluted earnings per share (in €)</b>	<b>2.98</b>	<b>2.54</b>	<b>0.25</b>	<b>1.99</b>



## Consolidated Statement of Comprehensive Income

from 1 January to 30 June 2020

in T€	1-6/2020	1-6/2019	4-6/2020	4-6/2019
<b>Profit for the period (net profit)</b>	<b>26,567</b>	<b>21,344</b>	<b>3,654</b>	<b>15,467</b>
<b>Other comprehensive income</b>				
Remeasurement of defined benefit obligations	-33	-458	-33	-458
Income tax expense (income) on other comprehensive income	8	116	8	116
<b>Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)</b>	<b>-25</b>	<b>-342</b>	<b>-25</b>	<b>-342</b>
Currency translation differences	2,152	-490	-1,226	-359
<b>Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)</b>	<b>2,152</b>	<b>-490</b>	<b>-1,226</b>	<b>-359</b>
<b>Other comprehensive income of the period</b>	<b>2,127</b>	<b>-832</b>	<b>-1,251</b>	<b>-701</b>
<b>Total comprehensive income of the period</b>	<b>28,694</b>	<b>20,512</b>	<b>2,403</b>	<b>14,766</b>
of which: attributable to shareholders of the parent	24,445	21,681	577	17,729
of which: attributable to holders of hybrid capital	3,498	-	1,764	-1,736
of which: attributable to non-controlling interests	751	-1,169	62	-1,227

## Consolidated Statement of Financial Position

as of 30 June 2020

in T€	30 June 2020	31 December 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	2,700	2,747
Property, plant and equipment	11,370	40,242
Investment property	371,459	467,740
Investments in companies accounted for at equity	170,858	134,484
Project financing	246,965	181,157
Other financial assets	12,667	11,501
Financial assets	3,573	3,412
Deferred tax assets	15,593	10,088
	<b>835,185</b>	<b>851,371</b>
<b>Current assets</b>		
Inventories	152,505	128,169
Trade receivables	102,496	103,294
Financial assets	33,373	9,716
Other receivables and assets	9,226	8,751
Cash and cash equivalents	234,542	212,384
Assets held for sale	557	2,704
	<b>532,699</b>	<b>465,018</b>
<b>Assets total</b>	<b>1,367,884</b>	<b>1,316,389</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	22,417	22,417
Capital reserves	98,954	98,954
Other reserves	215,504	205,147
Hybrid capital	126,793	130,315
<b>Equity attributable to shareholders of the parent</b>	<b>463,668</b>	<b>456,833</b>
Equity attributable to non-controlling interests	4,399	5,673
	<b>468,067</b>	<b>462,506</b>
<b>Non-current liabilities</b>		
Provisions	7,225	6,759
Bonds	435,916	435,018
Financial liabilities	201,284	186,145
Other financial liabilities	11,473	1,306
Deferred tax liabilities	6,027	8,327
	<b>661,925</b>	<b>637,555</b>
<b>Current liabilities</b>		
Provisions	538	686
Bonds	49,780	49,713
Financial liabilities	55,534	33,680
Trade payables	69,654	57,199
Other financial liabilities	33,837	24,263
Other liabilities	18,040	17,563
Taxes payable	10,509	33,224
	<b>237,892</b>	<b>216,328</b>
<b>Equity and liabilities total</b>	<b>1,367,884</b>	<b>1,316,389</b>

## Consolidated Statement of Cash Flows

from 1 January to 30 June 2020

in T€	1-6/2020	1-6/2019
Profit for the period (net profit)	26,567	21,344
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	-67,503	-25,845
Interest income/expense	5,028	11,428
Income from companies accounted for at equity	8,668	-13,157
Dividends from companies accounted for at equity	16,300	2,921
Increase in long-term provisions	419	498
Deferred income tax	14,536	6,262
<b>Operating cash flow</b>	<b>4,015</b>	<b>3,451</b>
Decrease/increase in short-term provisions	-148	1,000
Decrease in tax liabilities	-22,715	-7,726
Losses/gains on the disposal of assets	-11,217	-3,275
Decrease in inventories	1,263	4,562
Decrease in receivables	6,113	754
Increase/decrease in payables (excluding banks)	12,676	-43,430
Interest received	234	446
Interest paid	-2,615	-3,297
Other non-cash transactions	8,927	-2,502
<b>Cash flow from operating activities</b>	<b>-3,467</b>	<b>-50,017</b>
Proceeds from the sale of property, plant and equipment and investment property	3,760	4,337
Proceeds from the sale of financial assets	6,500	8,153
Proceeds from the repayment of project financing	30,891	29,270
Investments in intangible assets	-	-42
Investments in property, plant and equipment and investment property	-11,124	-25,456
Investments in financial assets	-13,833	-1,192
Investments in project financing	-52,479	-10,589
Proceeds from the sale of consolidated companies	22,371	7,025
Payments made for the purchase of subsidiaries less cash and cash equivalents acquired	-9	-
<b>Cash flow from investing activities</b>	<b>-13,923</b>	<b>11,506</b>
Dividends	-23,459	-23,459
Dividends paid to non-controlling interests	-1,620	-1,850
Proceeds from bonds	-	46,350
Increase in loans and other financing	112,346	43,159
Repayment of loans and other financing	-47,054	-44,283
Acquisition of non-controlling interests	-300	-
<b>Cash flow from financing activities</b>	<b>39,913</b>	<b>19,917</b>
<b>Cash flow from operating activities</b>	<b>-3,467</b>	<b>-50,017</b>
<b>Cash flow from investing activities</b>	<b>-13,923</b>	<b>11,506</b>
<b>Cash flow from financing activities</b>	<b>39,913</b>	<b>19,917</b>
<b>Change in cash and cash equivalents</b>	<b>22,523</b>	<b>-18,594</b>
Cash and cash equivalents at 1 January	212,384	200,447
Currency translation differences	-365	108
<b>Cash and cash equivalents at 30 June</b>	<b>234,542</b>	<b>181,961</b>
Taxes paid	25,452	9,442

## Consolidated Statement of Changes in Equity

as of 30 June 2020

in T€	Share capital	Capital reserves	Remeasurement of defined benefit obligations	Currency translation reserve
<b>Balance as of 31 December 2018</b>	<b>22,417</b>	<b>98,954</b>	<b>-3,066</b>	<b>-1,970</b>
Adjustments due to initial application of IFRS 16	-	-	-	-
<b>Balance as of 1 January 2019</b>	<b>22,417</b>	<b>98,954</b>	<b>-3,066</b>	<b>-1,970</b>
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-342	-441
Total comprehensive income for the period	-	-	-342	-441
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
<b>Balance as of 30 June 2019</b>	<b>22,417</b>	<b>98,954</b>	<b>-3,408</b>	<b>-2,411</b>
<b>Balance as of 31 December 2019</b>	<b>22,417</b>	<b>98,954</b>	<b>-3,651</b>	<b>-2,294</b>
Total profit/loss for the period	-	-	-	-
Other comprehensive income	-	-	-25	2,328
Total comprehensive income for the period	-	-	-25	2,328
Dividend	-	-	-	-
Equity-settled share options	-	-	-	-
Income taxes on interest for holders of hybrid capital	-	-	-	-
Changes in non-controlling interests	-	-	-	-
<b>Balance as of 30 June 2020</b>	<b>22,417</b>	<b>98,954</b>	<b>-3,676</b>	<b>34</b>

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Other reserves	Hybrid capital	Equity attributable to equity holders of the parent	Non-controlling interests	Total
<b>182,252</b>	<b>130,315</b>	<b>428,902</b>	<b>7,414</b>	<b>436,316</b>
-127	-	-127	-3	-130
<b>182,125</b>	<b>130,315</b>	<b>428,775</b>	<b>7,411</b>	<b>436,186</b>
18,977	3,487	22,464	-1,120	21,344
-	-	-783	-49	-832
18,977	3,487	21,681	-1,169	20,512
-16,439	-7,020	-23,459	-1,850	-25,309
497	-	497	-	497
1,755	-	1,755	-	1,755
-255	-	-255	-	-255
<b>186,660</b>	<b>126,782</b>	<b>428,994</b>	<b>4,392</b>	<b>433,386</b>
<b>211,092</b>	<b>130,315</b>	<b>456,833</b>	<b>5,673</b>	<b>462,506</b>
22,317	3,498	25,815	752	26,567
-175	-	2,128	-1	2,127
22,142	3,498	27,943	751	28,694
-16,439	-7,020	-23,459	-1,620	-25,079
491	-	491	-	491
1,755	-	1,755	-	1,755
105	-	105	-405	-300
<b>219,146</b>	<b>126,793</b>	<b>463,668</b>	<b>4,399</b>	<b>468,067</b>

## Segment Reporting<sup>1</sup>

from 1 January to 30 June 2020

in T€	Germany		Austria	
	1-6/2020	1-6/2019	1-6/2020	1-6/2019
Total Output				
Residential	58,783	14,308	7,868	28,540
Hotel	5,539	33,289	2,769	3,296
Office	51	42	23,545	221
Other	3,875	7,115	12,759	18,395
Service	4,364	5,360	15,274	13,341
<b>Total Output</b>	<b>72,612</b>	<b>60,114</b>	<b>62,215</b>	<b>63,793</b>
Less revenue from associates and companies of minor importance and from performance companies as well as changes in the portfolio	-44,218	-22,630	-46,236	-38,417
<b>Revenue</b>	<b>28,394</b>	<b>37,484</b>	<b>15,979</b>	<b>25,376</b>
Residential	72,920	2,474	-1,596	2,628
Hotel	-704	-2,529	-7,723	2,353
Office	-92	6,692	2,884	8,525
Other	5,960	30,051	-5,687	-15,509
Service	33	-683	-7,184	-2,501
<b>Total EBT</b>	<b>78,117</b>	<b>36,005</b>	<b>-19,306</b>	<b>-4,504</b>

<sup>1</sup> Included in the notes. Intersegment revenue is immaterial.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Poland		Other markets		Group	
1-6/2020	1-6/2019	1-6/2020	1-6/2019	1-6/2020	1-6/2019
-	-	308	1,476	66,959	44,324
16,260	20,948	1,887	12,518	26,455	70,051
8,810	5,977	6,603	499	39,009	6,739
968	1,442	763	3,901	18,365	30,853
9,438	9,982	1,482	1,937	30,558	30,620
<b>35,476</b>	<b>38,349</b>	<b>11,043</b>	<b>20,331</b>	<b>181,346</b>	<b>182,587</b>
-13,881	-15,361	2,593	-14,133	-101,742	-90,541
<b>21,595</b>	<b>22,988</b>	<b>13,636</b>	<b>6,198</b>	<b>79,604</b>	<b>92,046</b>
-4,425	-676	-3,909	-1,902	62,990	2,524
639	620	-3,116	7,469	-10,904	7,913
-3,495	1,092	612	-188	-91	16,121
-3,835	-5,988	199	-749	-3,363	7,805
51	-416	2,308	-1,441	-4,792	-5,041
<b>-11,065</b>	<b>-5,368</b>	<b>-3,906</b>	<b>3,189</b>	<b>43,840</b>	<b>29,322</b>

# notes to the consolidated interim financial statements.

## 1. General information

The UBM Group comprises UBM Development AG (UBM) and its subsidiaries. UBM is a public limited company under Austrian law which maintains its registered headquarters at 1100 Vienna, Laaer-Berg-Strasse 43. It 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, 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 of the International Financial Reporting Interpretations Committee (IFRIC). The applied accounting principles also include the standards which required mandatory application as of 1 January 2020.

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 field. Amounts are reported in thousands of euros (T€) and rounded using the compensated summation method.

## 2. Scope of consolidation

The consolidated interim financial statements include UBM as well as 60 (31 December 2019: 59) domestic and 80 (31 December 2019: 81) foreign subsidiaries. The initial consolidations during the reporting period included two newly founded companies and one company in which UBM's investment was increased (see note 2.1.).

One company was deconsolidated following its liquidation. The investments in two other companies were reduced through the sale of shares to the extent that only significant influence remains. The sale price of T€32,509 included a cash payment of T€17,145, and T€15,364 are still outstanding. The assets and liabilities over which control was lost are summarised below:



in T€	30.6.2020
<b>Non-current assets</b>	
Intangible assets	13
Property, plant and equipment	26,216
Investment property	139,036
Financial assets	4,465
Deferred tax assets	6,052
<b>Current assets</b>	
Inventories	991
Financial assets	187
Other receivables and current assets	289
Cash and cash equivalents	734
<b>Non-current liabilities</b>	
Financial liabilities	25,180
Other financial liabilities	65,099
Deferred tax liabilities	26,643
<b>Current liabilities</b>	
Financial liabilities	1,325
Trade payables	704
Other financial liabilities	645
Other liabilities	190

In addition, 35 (31 December 2019: 32) domestic and 24 (31 December 2019: 22) foreign associates and joint ventures were accounted for at equity. Seven companies were initially included following their acquisition, and one company was accounted for at equity after its partial sale. One company was deconsolidated following its liquidation, another company was sold, and a further company was fully consolidated following an increase in the investment.

## 2.1. Initial consolidation

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

Due to new foundations	Date of initial consolidation
Astrid Office s.r.o.	1.2.2020
Frauentorgraben GmbH & Co. KG	11.2.2020
<b>Due to an increase in the investment held</b>	<b>Date of initial consolidation</b>
WA Kufstein Salurnerstraße Immobilien GmbH	30.6.2020

The acquired company represents the purchase of a property for T€5,662 and the assumption of the related financing of T€5,403. This transaction does not represent a business combination as defined in IFRS 3.

### 3. Accounting and valuation methods

These consolidated interim financial statements are based on the same accounting and valuation methods applied in preparing the consolidated financial statements of 31 December 2019, 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 2020 and had no material effect on the consolidated interim financial statements.

<u>New or revised standard</u>	<u>Date of publication by IASB</u>	<u>Date of adoption into EU</u>	<u>Date of initial application</u>
Amendments 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: updating or clarifying which version of the conceptual framework they relate to	29.3.2018	29.11.2019	1.1.2020
Amendments to IFRS 3: Definition of a Business	22.10.2018	21.4.2020	1.1.2020
Amendments to IAS 1 and IAS 8: Definition of materiality	31.10.2018	29.11.2019	1.1.2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	26.9.2019	15.1.2020	1.1.2020

The following standards and interpretations were published after the preparation of the consolidated financial statements as of 31 December 2019. They do not yet require mandatory application and have not yet been adopted into EU law:

<u>New or revised standard</u>	<u>Date of publication by IASB</u>	<u>Date of adoption into EU law</u>	<u>Date of initial application</u>
IFRS 17 - Insurance Contracts	18.5.2017	-	1.1.2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	23.1.2020	-	1.1.2022
Amendments to IFRS 3: Reference to the Conceptual Framework 2018	14.5.2020	-	1.1.2022
Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract	14.5.2020	-	1.1.2022
Amendments to IAS 16: Property, Plant & Equipment: Proceeds before Intended Use	14.5.2020	-	1.1.2022
Annual Improvements to IFRSs 2018-2020 Cycle	14.5.2020	-	1.1.2022
Amendments to IFRS 16: Covid-19-Related Rent Concessions	28.5.2020	-	1.6.2020
Amendments to IFRS 17: Insurance Contracts	25.6.2020	-	1.1.2023
Amendments to IFRS 4 Insurance Contracts: Deferral of IFRS 9	25.6.2020	-	1.1.2021

### 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 28 May 2020 approved the dividend recommendation for the 2019 financial year. A dividend of €2.20 per share, representing a total pay-out of €16,438,796.00 based on 7,472,180 shares, was distributed on 5 June 2020. The remainder of €2,995,999.91 was carried forward.

## 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:

	Germany	Austria	Poland	Other Markets	Group
in T€	1-6/2020	1-6/2020	1-6/2020	1-6/2020	1-6/2020
<b>Revenue</b>					
Residential	18,273	3,374	2	308	21,957
Hotel	2,837	-	15,626	873	19,336
Office	4	227	3,852	5,569	9,652
Other	3,501	1,067	1,305	-	5,873
Service	3,779	11,311	810	6,886	22,786
<b>Revenue</b>	<b>28,394</b>	<b>15,979</b>	<b>21,595</b>	<b>13,636</b>	<b>79,604</b>
Recognition over time	2,823	10,594	10,965	-	24,382
Recognition at a point in time	25,571	5,385	10,630	13,636	55,222
<b>Revenue</b>	<b>28,394</b>	<b>15,979</b>	<b>21,595</b>	<b>13,636</b>	<b>79,604</b>

	Germany	Austria	Poland	Other Markets	Group
in T€	1-6/2019	1-6/2019	1-6/2019	1-6/2019	1-6/2019
<b>Revenue</b>					
Residential	20,007	12,812	6	1,480	34,305
Hotel	4,406	-	15,300	44	19,750
Office	2,250	39	3,502	497	6,288
Other	6,059	5,984	2,183	3,382	17,608
Service	4,762	6,541	1,997	795	14,095
<b>Revenue</b>	<b>37,484</b>	<b>25,376</b>	<b>22,988</b>	<b>6,198</b>	<b>92,046</b>
Recognition over time	24,366	5,042	12,094	-	41,502
Recognition at a point in time	13,118	20,334	10,894	6,198	50,544
<b>Revenue</b>	<b>37,484</b>	<b>25,376</b>	<b>22,988</b>	<b>6,198</b>	<b>92,046</b>

## 7. Earnings per share

	1-6/2020	1-6/2019
Share of profit for the period attributable to shareholders of the parent, incl. interest on hybrid capital (in T€)	25,815	22,464
Less interest on hybrid capital (in T€)	-3,498	-3,487
Proportion of profit for the period attributable to shareholders of the parent (in T€)	22,317	18,977
Potential shares		
Weighted average number of shares issued (= number of basic shares)	7,472,180	7,472,180
Average number of share options outstanding	11,604	-
Number of shares diluted	7,483,784	7,472,180
<b>Prior basic earnings per share (in €)</b>	<b>3.45</b>	<b>3.01</b>
<b>Prior diluted earnings per share (in €)</b>	<b>3.45</b>	<b>3.01</b>
<b>New basic earnings per share (in €)</b>	<b>2.99</b>	<b>2.54</b>
<b>New diluted earnings per share (in €)</b>	<b>2.98</b>	<b>2.54</b>

The accounting method for the calculation of earnings per share was changed in 2020. The provisions of IAS 33 concerning the presentation of hybrid financing in equity were subject to differing interpretations by the market in the past. UBM decided to adapt its calculation to the prevailing market interpretation beginning in 2020 and is now allocating the interest attributable to the hybrid capital directly to the hybrid capital holders. This leads to a corresponding reduction in the earnings attributable to shareholders.

## 8. Investments in companies accounted for at equity

Information on the effects of the COVID-19 pandemic is provided in note 13.

## 9. Non-current assets held for sale

The non-current assets held for sale involve an undeveloped plot of land in Bulgaria. The non-current assets held for sale are measured at fair value, which represents the current sale price.

## 10. Share capital

Share capital	Number 30 June 2020	€ 30 June 2020	Number 31 Dec 2019	€ 31 Dec 2019
Ordinary bearer shares	7,472,180	22,416,540	7,472,180	22,416,540

## **11. Notes on segment reporting**

Segment reporting is based on geographical regions in accordance with the internal organisational structure of the UBM Group. The individual development companies in a segment are combined into groups for the purpose of segment reporting. Each of these groups constitutes a business area (asset class) in the UBM Group.

Segment reporting was changed to reflect the new internal reporting and management structure of the UBM Group. The comparative data were adjusted retrospectively to reflect the new structure. As part of this changeover, the administration and service areas were combined into a single asset class.

## **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 2020 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 June 2020	Measurement in acc. with IFRS 9				Fair value hierarchy	Fair value as of 30 June 2020
			(Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)			
<b>Assets</b>								
Project financing at variable interest rates	Amortised Cost	246,965	246,965	-	-	-	-	
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,622	
Other financial assets	FVTPL	3,104	-	-	3,104	Level 3	3,104	
Other financial assets	FVTPL	842	-	-	842	Level 1	842	
Trade receivables	Amortised Cost	27,397	27,397	-	-	-	-	
Financial assets	Amortised Cost	36,947	36,947	-	-	-	-	
Cash and cash equivalents	-	234,542	234,542	-	-	-	-	
<b>Liabilities</b>								
Bonds at fixed interest rates	Amortised Cost	485,696	485,696	-	-	Level 1	489,338	
Borrowings and overdrafts from banks								
at variable interest rates	Amortised Cost	183,935	183,935	-	-	-	-	
at fixed interest rates	Amortised Cost	37,000	37,000	-	-	Level 3	36,903	
Other loans and borrowings								
at fixed interest rates	Amortised Cost	15,112	15,112	-	-	Level 3	15,864	
Lease liabilities	-	20,771	20,771	-	-	-	-	
Trade payables	Amortised Cost	69,654	69,654	-	-	-	-	
Other financial liabilities	Amortised Cost	45,309	45,309	-	-	-	-	
<b>By category:</b>								
Financial assets at amortised cost	Amortised Cost	320,030	320,030	-	-	-	-	
Financial assets at fair value through profit or loss	FVTPL	3,946	-	-	3,946	-	-	
Cash and cash equivalents	-	234,542	234,542	-	-	-	-	
Financial liabilities at amortised cost	Amortised Cost	836,706	836,706	-	-	-	-	

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

in T€	Measurement category (IFRS 9)	Carrying amount as of 31 Dec 2019	Measurement in acc. with IFRS 9			Fair value hierarchy	Fair value as of 31 Dec 2019
			(Amortised) cost	Fair value (other comprehensive income)	Fair value (through profit or loss)		
<b>Assets</b>							
Project financing at variable interest rates	Amortised Cost	181,157	181,157	-	-	-	-
Other financial assets	Amortised Cost	8,721	8,721	-	-	Level 1	10,326
Other financial assets	FVTPL	1,889	-	-	1,889	Level 3	1,889
Other financial assets	FVTPL	891	-	-	891	Level 1	891
Trade receivables	Amortised Cost	35,913	35,913	-	-	-	-
Financial assets	Amortised Cost	13,128	13,128	-	-	-	-
Cash and cash equivalents	-	212,384	212,384	-	-	-	-
<b>Liabilities</b>							
Bonds at fixed interest rates	Amortised Cost	484,731	484,731	-	-	Level 1	508,836
Borrowings and overdrafts from banks							
at variable interest rates	Amortised Cost	137,952	137,952	-	-	-	-
at fixed interest rates	Amortised Cost	17,000	17,000	-	-	Level 3	16,832
Other loans and borrowings							
at fixed interest rates	Amortised Cost	15,108	15,108	-	-	Level 3	15,175
Lease liabilities	-	49,765	49,765	-	-	-	-
Trade payables	Amortised Cost	57,199	57,199	-	-	-	-
Other financial liabilities	Amortised Cost	25,569	25,569	-	-	-	-
<b>By category:</b>							
Financial assets at amortised cost	Amortised Cost	238,919	238,919	-	-	-	-
Financial assets at fair value through profit or loss	FVTPL	2,780	-	-	2,780	-	-
Cash and cash equivalents	-	212,384	212,384	-	-	-	-
Financial liabilities at amortised cost	Amortised Cost	737,559	737,559	-	-	-	-

### 13. Effects of the COVID-19 pandemic

In the UBM Group, the impact of the COVID-19 pandemic was felt primarily in the Hotel segment due to the limitations on travel. The decline in revenue during the first six months and the adjusted expectations for revenue in the second half of 2020 and subsequent years led to the recognition of an impairment loss to the hotel investments and, subsequently, to the recognition of a valuation adjustment to the equity-accounted investment in UBM hotels Management GmbH, a holding corporation for hotel operating companies. The carrying amount of this investment was written off in full, and valuation adjustments were also recorded to the long-term project financing which represents part of the net investment in UBM hotels Management GmbH. In total, T€-12,713 were recorded under the share of profit/loss from companies accounted for at equity.

Adjusted cash flow assumptions for another associated hotel property in Vienna led to the recognition of a valuation adjustment of T€-2,468 to the carrying amount of this investment.

The related amounts are included under the Austria segment.

The default on rental payments in the standing investments as a result of the COVID-19 pandemic were immaterial during the first half of 2020, and no valuation adjustments were required.

### 14. 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 Industries Group and the Strauss Group because they, or their controlling entities, 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 first half of 2020 were principally related to construction services.

Moreover, interest of T€1,520 on the hybrid capital was paid to PORR AG in 2020.



## 15. Events after the balance sheet date

No reportable events occurred after the balance sheet date on 30 June 2020.

Vienna, 26 August 2020

The Management Board



**Martin Löcker**  
COO



**Thomas G. Winkler**  
CEO



**Patric Thate**  
CFO

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

## Introduction

We have reviewed the accompanying condensed, consolidated interim financial statements as of June 30, 2020 of UBM Development AG, Vienna, (referred to as "Company") comprising the condensed, consolidated balance sheet as of June 30, 2020, 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 January 1, 2020 to June 30, 2020 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 Mr. Mag. Markus Trettnak, Austrian Certified Public Accountant.

With reference to Section 125 Para. 3 Austrian Stock Exchange Act (BörseG) our responsibility and liability is based on Section 275 Para. 2 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 does not give a true and fair view of the financial items of the entity as at June 30, 2020, 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, 26 August 2020

### **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, 26 August 2020

The Management Board



**Martin Löcker**  
COO



**Thomas G. Winkler**  
CEO



**Patric Thate**  
CFO

## Financial Calendar

### 2020

Interest payment on UBM bond 2017	12.10.2020
Interest payment on UBM bond 2018	16.11.2020
<b>Publication of the Q3 Report 2020</b>	<b>26.11.2020</b>
Redemption and interest payment on UBM bond 2015	9.12.2020

### 2021

Interest payment on hybrid bond	1.3.2021
<b>Publication of the Annual Report 2020</b>	<b>23.4.2021</b>
Record date for participation in the 140th Annual General Meeting	17.5.2021
<b>Publication of the Q1 Report 2021</b>	<b>25.5.2021</b>
140th Annual General Meeting, Vienna	27.5.2021
Trading ex dividend on the Vienna Stock Exchange	2.6.2021
Dividend record date	3.6.2021
Payment date of the dividend for the 2020 financial year	4.6.2021
<b>Publication of the Half-Year Report 2021</b>	<b>25.8.2021</b>
Interest payment on UBM bond 2017	12.10.2021
Interest payment on UBM bond 2019	15.11.2021
Interest payment on UBM bond 2018	16.11.2021
<b>Publication of the Q3 Report 2021</b>	<b>25.11.2021</b>

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## 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 which are based on the information available at the time the Half-Year 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 real estate sector. UBM Development AG will not guarantee or assume any liability for the agreement of future development and future results with 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 2020 was prepared with the greatest possible care to ensure the accuracy and completeness of the information in all sections. The key figures were rounded based on the compensated summation method. However, rounding, typesetting and printing errors cannot be excluded.

This Half-Year Report is also published in German and is available in both languages on the website of UBM Development AG. In the event of a discrepancy or deviation, the German language version takes precedence.