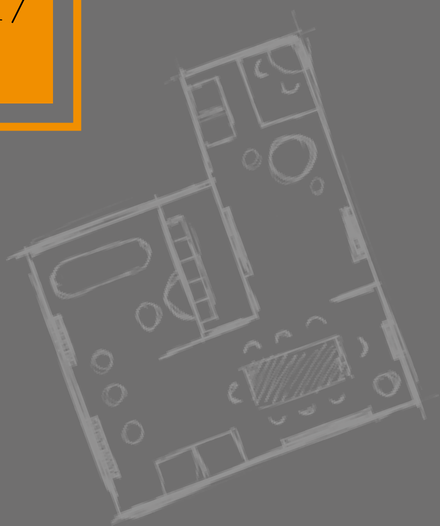
REPORT ON THE FIRST HALF OF 2017/18

1 MAY 2017 – 31 OCTOBER 2017

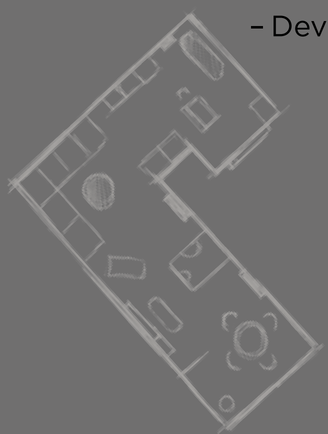


Successful business development

- Year-on-year increase of 32.4% in Recurring FFO to EUR 76.3 million
- Improvement in EPRA NAV per share to EUR 24.87
- Earnings contribution of EUR 30.3 million from Property Development significantly stronger than the first six months of the previous year
- Strong fair value adjustments of EUR 148.6 million.
- Forecast for Recurring FFO remains unchanged at a minimum of EUR 125 million in 2017/18 financial year

Profitable property portfolio and strong development pipeline

- Increase in monthly net cold rent to EUR 5.23 per sqm
- Development pipeline of 10,227 units



BUWOG group

CONTENT

BUWOG GROUP KEY FIGURES

EARNINGS DATA		H1 2017/18	H1 2016/17	Change
Net cold rent	in EUR million	104.8	104.4	0.4%
Results of Asset Management	in EUR million	80.4	78.5	2.5%
Results of Property Sales	in EUR million	28.0	25.5	9.7%
Results of Property Development	in EUR million	30.3	2.1	>100.0%
EBITDA[1)]	in EUR million	106.7	86.4	23.5%
Fair value adjustments of investment properties	in EUR million	148.6	173.8	–14.5%
Financial results[2)]	in EUR million	–42.9	–84.9	49.5%
EBT	in EUR million	220.7	179.2	23.1%
Net profit	in EUR million	180.4	146.2	23.4%
Earnings per share[3)]	in EUR	1.61	1.43	12.2%
FFO	in EUR million	50.9	37.0	37.4%
Recurring FFO	in EUR million	76.3	57.6	32.4%
Recurring FFO per share[3)]	in EUR	0.69	0.58	20.1%
Total FFO	in EUR million	79.9	57.7	38.6%
AFFO	in EUR million	52.5	41.1	27.7%

ASSET AND FINANCIAL DATA		31 October 2017	30 April 2017	Change
Balance sheet total	in EUR million	5,348.8	5,019.7	6.6%
Equity ratio	in %	44.8%	39.8%	5.1 PP
Cash and cash equivalents	in EUR million	326.7	211.4	54.5%
Net financial liabilities	in EUR million	1,860.7	2,040.2	–8.8%
Loan-to-value (LTV)	in %	38.8%	44.1%	–5.3 PP
EPRA net asset value	in EUR million	2,791.5	2,384.8	17.1%
Ø Interest rate on financial liabilities	in %	1.79%	1.78%	0.0 PP
Ø Term of financial liabilities	years	11.3	11.8	–0.5

SHARE DATA		31 October 2017	30 April 2017	Change
Share price	in EUR	24.76	24.79	–0.1%
Shares issued as of the balance sheet date (excl. treasury shares)	Number of shares	112,245,164	99,773,479	12.5%
Market capitalisation	in EUR million	2,779.2	2,473.4	12.4%
Free float[4)]	in %	100%	95%	5.0 PP
EPRA Net Asset Value per share[3)]	in EUR	24.87	23.90	4.0%

The use of automated calculation systems may give rise to rounding differences.
1) Results of operations adjusted for valuation effects and shifts between periods (IFRS 5). Additional details are provided under the *Asset, financial and earnings position*.
2) Financial results are influenced by non-cash results from the measurement of financial liabilities at fair value through profit or loss (EUR –12.3 million) and by derivative financial instruments (EUR –1.8 million)
3) Basis for earnings data: 110,008,394 shares (previous year: 99,773,479, weighted average). Basis for asset data: 112,245,164 shares (previous year: 99.773.479) in both cases as of the balance sheet date
4) Additional details are provided under *Investor Relations*

KEY PROPERTY PORTFOLIO DATA

ASSET MANAGEMENT (STANDING INVESTMENTS)		31 October 2017	30 April 2017	Change
Number of units	Quantity	48,941	49,597	–1.3%
Germany	Quantity	27,176	27,151	0.1%
Austria	Quantity	21,765	22,446	–3.0%
Total floor area[1]	in sqm	3,372,267	3,418,784	–1.4%
Germany	in sqm	1,692,730	1,690,258	0.1%
Austria	in sqm	1,679,537	1,728,526	–2.8%
Annualised net in-place rent[2]	in EUR million	203	205	–0.9%
Germany	in EUR million	119	116	1.9%
Austria	in EUR million	85	89	–4.5%
Monthly net in-place rent[2]	in EUR per sqm	5.23	5.18	1.0%
Germany	in EUR per sqm	5.98	5.85	2.2%
Austria	in EUR per sqm	4.44	4.50	–1.2%
Development of net in-place rent – like-for-like[3]	in %	1.8%	4.5%	–2.7 PP
Germany – like-for-like	in %	3.6%	3.2%	0.4 PP
Austria – like-for-like	in %	–0.8%	6.3%	–7.1 PP
Vacancy rate[4]	in %	3.9%	3.4%	0.5 PP
Germany	in %	2.4%	1.9%	0.5 PP
Austria	in %	5.4%	4.9%	0.5 PP
Fair value[5]	in EUR million	4,078	3,942	3.4%
Germany	in EUR million	2,160	1,997	8.2%
Austria	in EUR million	1,917	1,945	–1.4%
Fair value[5]	in EUR per sqm	1,209	1,153	4.9%
Germany	in EUR per sqm	1,276	1,182	8.0%
Austria	in EUR per sqm	1,142	1,125	1.5%
Gross rental yield[6]	in %	5.0%	5.2%	–0.2 PP
Germany	in %	5.5%	5.8%	–0.3 PP
Austria	in %	4.4%	4.6%	–0.2 PP

		H1 2017/18	H1 2016/17	Change
Maintenance expense[7]	in EUR per sqm	3.7	3.7	1.3%
Capitalisation of modernisation work (CAPEX)[7]	in EUR per sqm	7.0	4.7	49.9%

PROPERTY SALES		H1 2017/18	H1 2016/17	Change
Units sold	Quantity	794	342	>100%
thereof Unit Sales	Quantity	366	341	7.3%
thereof Block Sales	Quantity	428	1	>100%
Margin on fair value – Unit Sales	in %	63%	57%	5.8 PP
Margin on fair value – Block Sales	in %	17%	6%	11.1 PP

PROPERTY DEVELOPMENT		31 October 2017	30 April 2017	Change
Units under construction	Quantity	2,133	1,472	44.9%
Total investment volume	in EUR million	2,971	2,932	1.3%

		H1 2017/18	H1 2016/17	Change
Completed units	Quantity	274	184	48.9%
thereof designated for sale to third parties	Quantity	174	96	81.3%
thereof designated for transfer to investment portfolio	Quantity	100	88	13.6%

The use of automated calculation systems may give rise to rounding differences.
1) Residential floor area approx. 97%
2) Basis: monthly in-place rent (excluding utilities) as of the balance sheet date
3) Comparison: 31 October 2017 vs. 31 October 2016 and 30 April 2017 vs. 30 April 2016 on a like-for-like basis (excluding portfolio transactions and including the effects of vacancies)
4) Basis: sqm; the vacancy rate equals 2.7% after an adjustment for the vacancies required for Unit Sales
5) Basis: the fair value of the standing investments according to the CBRE valuation as of 31 October 2017
6) Annualised in-place rent (based on monthly in-place rent excluding utilities as of the balance sheet date) in relation to fair value
7) Retrospective adjustment of data for FY 2015/16 following the implementation in Q1 2016/17 of a changed capitalisation policy in accordance with IAS 8 (see note 2.4 to the *consolidated financial statements*)

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS OF BUWOG AG

Residential properties continue to have a strong appeal for both domestic and foreign investors – a situation that is confirmed by our own monitoring as well as by independent market reports. BUWOG's results for the first half of 2017/18 also underscore the sound development of the residential property markets in Germany and Austria. Fair value adjustments for the first six months of the current financial year reached EUR 148.6 million and highlight, in particular, the high yield compression and the continuing upward trend for market rents in the core regions of Germany. In addition, BUWOG recorded a significant year-on-year improvement of 32.4% in Recurring FFO to EUR 76.3 million for the reporting period based on solid property development results of EUR 30.3 million.

The EPRA Net Asset Value, which primarily illustrates our sustainable asset positions, has increased to EUR 24.87 per share since 30 April 2017. Our equity ratio rose by 5.1 percentage points to 44.8% following the EUR 305.6 million cash capital increase with subscription rights that was carried out at the beginning of June. Two of our key indicators remained low as of 31 October 2017: the average interest rate at 1.79% and the loan-to- value ratio at 38.8%.

The Asset Management business area contributed EUR 80.4 million to earnings for the reporting period, for a slight increase over the EUR 78.5 million recorded in the first half of the previous financial year. The monthly net in-place rent improved slightly during the first half of 2017/18 to EUR 5.23 with like-for-like rental growth equalling 1.8%. The gross rental yield equalled 5.0% and the vacancy rate 3.9% (2.7%, excl. vacancies required for unit sales).

Earnings in the Property Sales business area rose by 9.7% year-on-year to EUR 28.0 million in the first six months of 2017/18. These results were significantly supported by Unit Sales of 366 apartments with a high margin of 63% on fair value.

The Property Development business area was further intensified and generated strong net operating income of EUR 30.3 million in the first half of 2017/18. Earnings were influenced, above all, by the transfer of the exclusive "Pfarrwiesengasse 23", "Southgate" and "Seefeld I" projects. A total of 204 units were transferred and recognised to income during the reporting period. As of 31 October 2017, the development pipeline held 10,227 units.

Our strategic goals for the future remain intact: we are forecasting Recurring FFO of at least EUR 125 million for the 2017/18 financial year. In the Asset Management business area, the BUWOG Group is working to improve the quality of its portfolio through a modernisation programme with a volume of approx. EUR 55 million and a regional focus on Berlin, Lübeck and Kiel. Plans for the Property Sales business area include annual Unit Sales of roughly 600 apartments. Activities in the Property Development business area will continue to focus on the steady realisation of our pipeline projects – "develop-to-hold" as well as "develop-to-sell" – in Berlin, Hamburg and Vienna.

We can now look back on a successful first half of 2017/18 and see these many achievements as confirmation of our strategy. After the end of the reporting period, BUWOG received an investment grade rating of "BBB+" with stable outlook from the rating agency Standard & Poor's (S&P). This will open new opportunities for the financing of our business activities, in particular the sustainable continuation of our "develop-to-hold" and "develop-to-sell" strategy. It also makes BUWOG one of the few rated residential property companies in Europe with a substantial new construction business.

We invite you to accompany the BUWOG Group on this course and ensure you that we will also provide transparent and timely information on the latest developments in the future. In conclusion, we would like to thank the many men and women on

Andreas Segal, Deputy CEO, CFO
Daniel Riedl, CEO
Herwig Teufelsdorfer, COO
(f.l.t.r.)

the BUWOG team for their enthusiasm and dedication – which made these many accomplishments possible.

On 18 December 2017, the Executive Board of BUWOG AG and the Managing Board of Vonovia SE signed an agreement for the business combination of their companies. Based on this agreement, Vonovia SE intends to submit a voluntary takeover offer for all shares of BUWOG AG. BUWOG shareholders would receive a cash offer price of EUR 29.05 per share, which represents a premium of 18.1% over the closing price of the BUWOG share on 15 December 2017.

Best regards,

Daniel Riedl, CEO:
"The combination of BUWOG and Vonovia creates a strategic advantage for both companies with regard to their business models and portfolios. The value and growth potential of our attractive portfolio and our strong position in the development business are appropriately reflected in the current offer. Subject to the legal and content-related examination of the offer documents, we will advise our shareholders to accept the offer."

Daniel Riedl
CEO

Andreas Segal
Deputy CEO, CFO

Herwig Teufelsdorfer
COO

OVERVIEW OF THE BUWOG GROUP

The BUWOG Group is the leading German-Austrian full-service provider in the residential property sector and can now look back on 66 years of experience. An integrated business model differentiates BUWOG from its peer group through a broad and deep value chain and the optimal integration of its three business areas.

– The value-oriented, sustainable management of a standing investment portfolio with roughly 49,000 units in Germany and Austria (Asset Management)
– The development of residential properties in the three largest German-speaking cities – Berlin, Hamburg and Vienna – for immediate sale or transfer to the BUWOG portfolio (Property Development)
– High-margin units sales in Austria (Unit Sales)

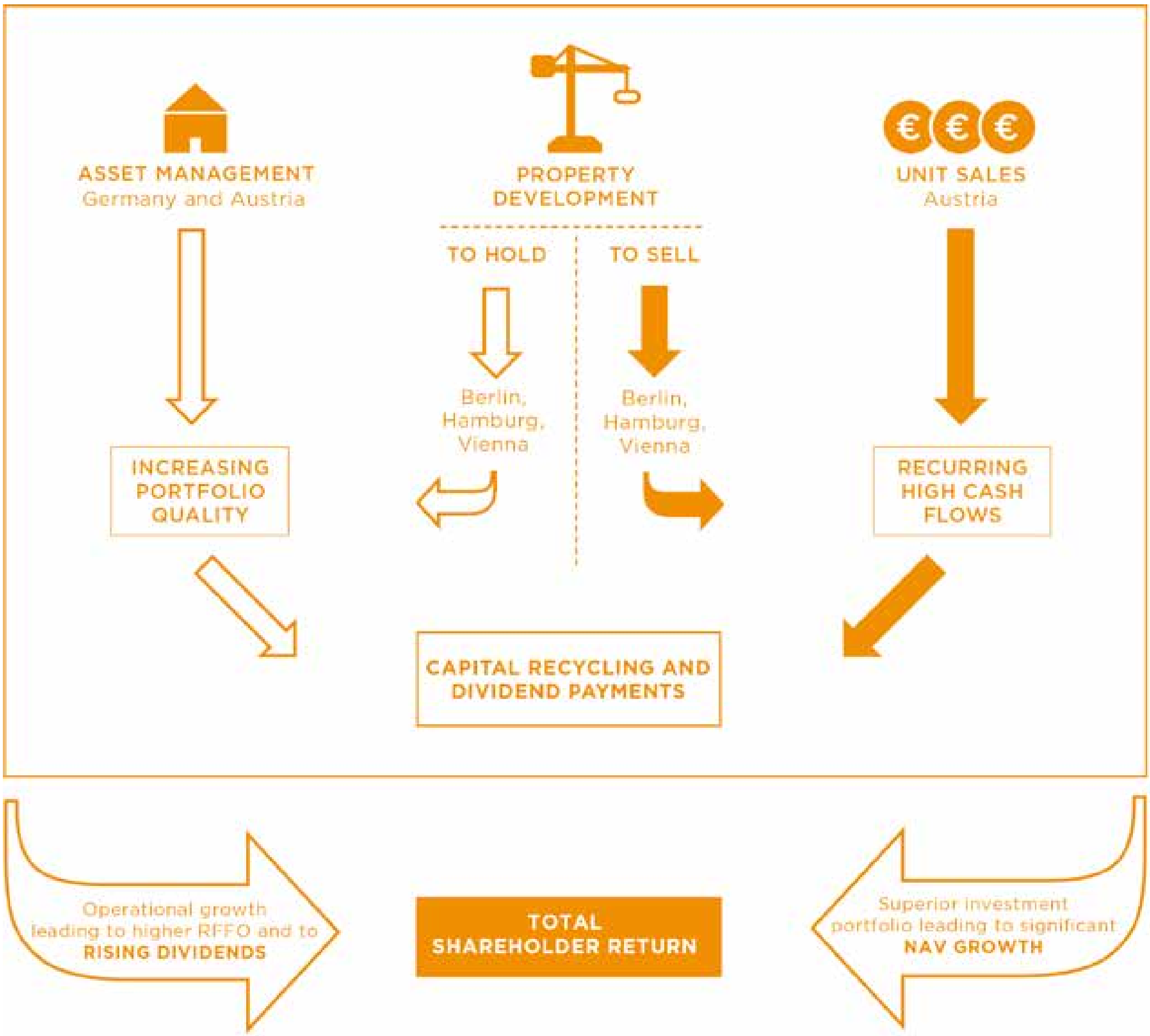
Full integration along the entire real estate value chain with clearly defined, standardised and industrialised processes makes it possible for the BUWOG Group to optimally utilise market cycles and generate sustainable, high profitability.

The BUWOG business model combines continuous Asset Management with the high profitability from Property Development, in contrast to companies that concentrate solely on real estate investments. The funds generated by Asset Management and Unit Sales are "recycled", among others, for investments in the company's own portfolio, for new and existing development projects and for the acquisition of real estate portfolios in Germany.

BUWOG's overriding strategic goal is to continuously increase the value of the company while, at the same time, protecting the capacity for high profit distributions based on strong cash flows. An attractive financing structure with a low average interest rate and an acceptable debt level are also essential components of the company's strategy. Further details on BUWOG's strategy are provided in the 2016/17 annual report beginning on page 33.

The BUWOG Team

The generation of high Recurring FFO, which allows for an attractive dividend policy and also supports a steady growth course, is based on the three business areas: Asset Management, Property Sales and Property Development.

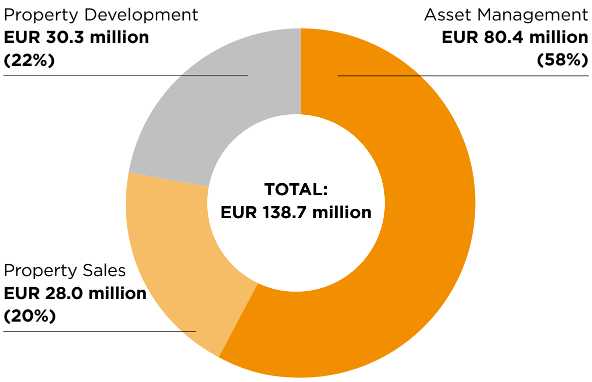


HIGHLIGHTS FIRST HALF-YEAR 2017/18

SUCESSFULL BUSINESS DEVELOPMENT

- Intensification of Property Development reflected in substantial earnings growth to EUR 30.3 million
- Year-on-year increase of 32.4% in Recurring FFO to EUR 76.3 million
- Strong net profit of EUR 180.4 million
- Increase of 4.0% in EPRA NAV per share to EUR 24.87
- LTV at low 38.8%
- Successful cash capital increase raises equity ratio by 5.1 percentage points to 44.8%
- Strong fair value adjustments of EUR 148.6 million

OPERATING RESULTS[1] BY BUSINESS AREA

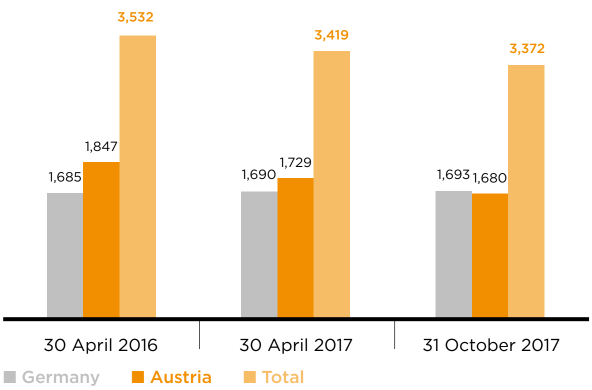


1) Results of operations before expenses not directly attributable to the business areas (EUR 25.0 million) and other operating income (EUR 1.4 million)

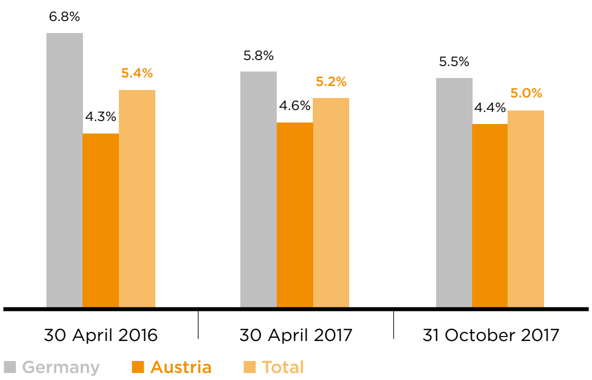
HIGHLIGHTS ASSET MANAGEMENT

- Property portfolio of 48,941 units with approx. 3.4 million sqm of total floor area as of 31 October 2017
- Monthly net in-place rent of EUR 5.23 per sqm
- Growth of 1.8% in net in-place rent on a like-for-like basis
- Vacancy rate remains low at 3.9% -> 2.7% excl. vacancies required for unit sales
- Fair value of standing investments totals approx. EUR 4.1 billion

TOTAL FLOOR AREA
in 1,000 sqm



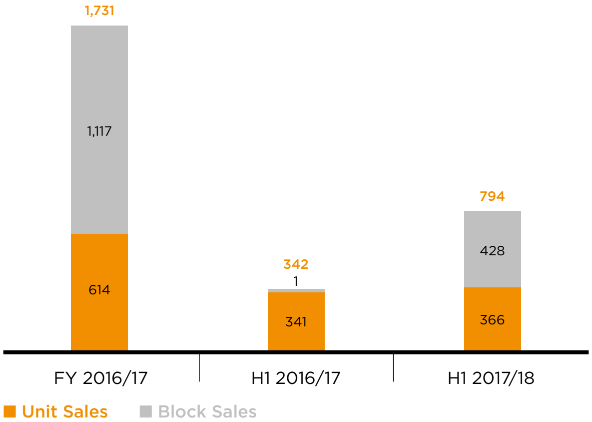
GROSS RENTAL YIELD



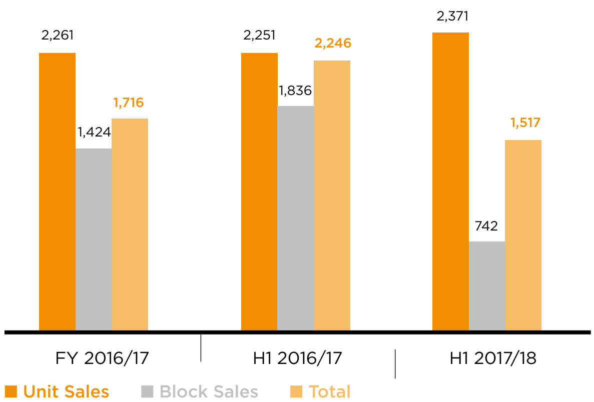
HIGHLIGHTS PROPERTY SALES

- Successful Unit Sales of 366 apartments at a margin of roughly 63% on fair value
- High future potential for individual apartment sales: the strategic Unit Sales cluster covers 11,240 apartments with a fair value of approx. EUR 1.4 billion
- Sale of 428 standing investment units with a margin of roughly 17% on fair value
- Unit Sales and Block Sales clusters total 13,575 units with a fair value of approx. EUR 1.5 billion

UNITS SOLD



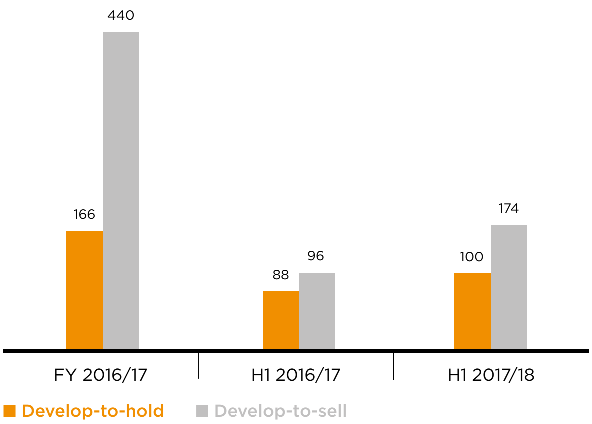
AVERAGE PRICES REALISED
in EUR per sqm



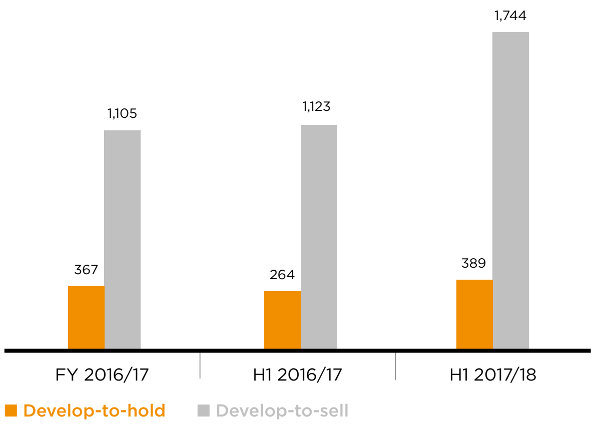
HIGHLIGHTS PROPERTY DEVELOPMENT

- Development pipeline with 10,227 units – 3,693 for develop-to-hold and 6,534 for develop-to-sell
- 2,133 units currently under construction, approx. 54% more than the first half of the previous year
- Completion of 274 units in H1 2017/18, including 100 for develop-to-hold and 174 for develop-to-sell

COMPLETED UNITS



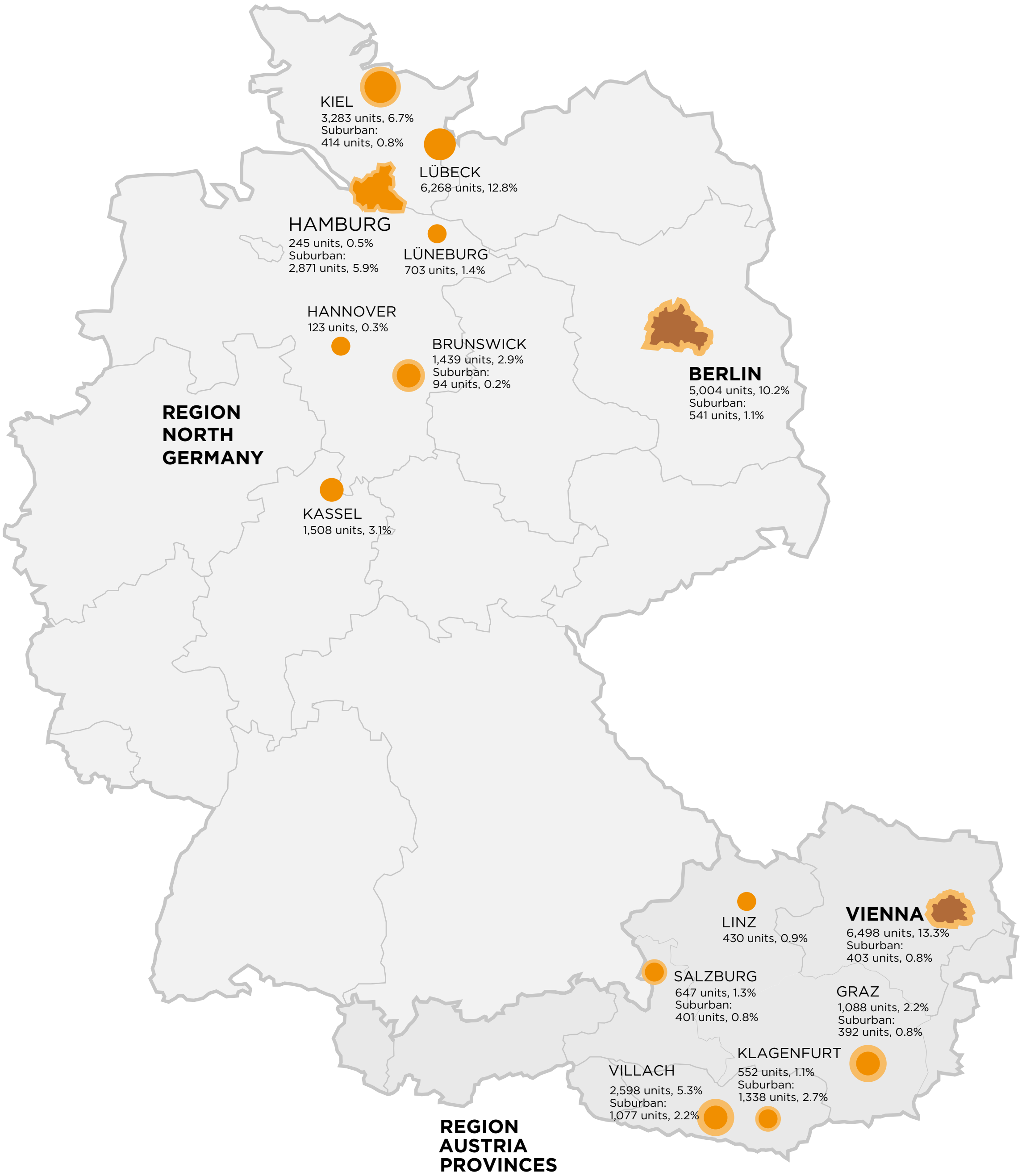
UNITS UNDER CONSTRUCTION



ASSET MANAGEMENT

BUWOG's Asset Management business area covers the rental and sustainable management of standing investments in Germany and Austria. The related activities also include the optimisation and increase in the value of these properties through maintenance and investments as well as the coordination of all owner-related internal and external services.

BUWOG INVESTMENT PORTFOLIO BY REGION AS OF 31 OCTOBER 2017
Number of units per location and percentage of the total portfolio



■ Federal capitals ● State capitals and major cities[1] ○ Suburban regions[2]

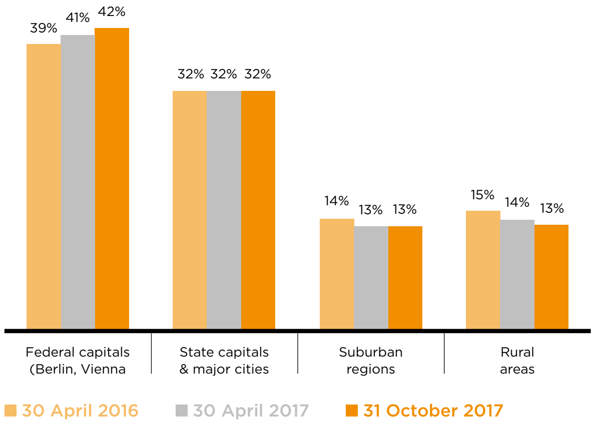
1) More than 50,000 inhabitants and a significant share of the portfolio
2) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

Asset Management, the largest business area in the BUWOG Group, generated operating income (before expenses and other operating income not directly attributable to this business area) of EUR 80.4 million in the first half of 2017/18 (H1 2016/17: EUR 78.5 million).

The BUWOG Group's standing investment portfolio comprised 48,941 units as of 31 October 2017. The portfolio is classified in four geographical clusters within these two countries: federal capitals, state/provincial capitals & major cities, suburban regions and rural areas. The capital cities of Vienna and Berlin form the regional focus with a combined fair value of approx. EUR 1.7 billion or 42% of the total fair value at the end of the reporting period. The standing investments in the state and provincial capitals and in the major cities and surrounding regions represented approx. EUR 1.8 billion or 45% of the total fair value. In other words, approx. EUR 3.5 billion or 87% of BUWOG's standing investment portfolio based on fair value is located in urban regions which are very attractive in terms of their economic development, infrastructure and demographics.

FAIR VALUE

by geographic cluster (total: approx. EUR 4.1 billion)



KEY FIGURES ON THE PROPERTY PORTFOLIO BY REGIONAL CLUSTER

as of 31 October 2017	Number of units	Total floor area in sqm	Annualised net in-place rent[1] in EUR million	Monthly net in-place rent[1] in EUR per sqm	Fair value[2] in EUR million	Fair value[2] in EUR per sqm	Gross rental yield[3]	Vacancy rate[4]
Federal capitals	11,502	903,488	60	5.70	1,691	1,872	3.5%	3.3%
Vienna	6,498	570,686	34	5.24	1,052	1,844	3.3%	4.4%
Berlin	5,004	332,802	25	6.47	639	1,920	4.0%	1.5%
State capitals and major cities[5]	18,884	1,210,495	75	5.34	1,311	1,083	5.8%	2.7%
Suburban regions[6]	7,531	522,917	31	5.07	531	1,015	5.8%	3.9%
Rural areas	11,024	735,367	37	4.54	545	741	6.9%	6.6%
Total BUWOG Group	**48,941**	**3,372,267**	**203**	**5.23**	**4,078**	**1,209**	**5.0%**	**3.9%**
thereof Germany	27,176	1,692,730	119	5.98	2,160	1,276	5.5%	2.4%
thereof Austria	21,765	1,679,537	85	4.44	1,917	1,142	4.4%	5.4%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 31 October 2017
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value
4) Based on sqm
5) More than 50,000 inhabitants and a significant share of the portfolio
6) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

KEY DATA ON THE STANDING INVESTMENT PORTFOLIO AS OF 31 OCTOBER 2017

The BUWOG Group's standing investment portfolio comprised 48,941 units as of 31 October 2017, which have a total floor area of approx. 3.4 million sqm and a fair value of approx. EUR 4.1 billion or EUR 1,209 per sqm. The monthly net in-place rent in the standing investment portfolio amounted to EUR 5.23 per sqm as of 31 October 2017 based on a vacancy rate (basis: total floor area) of 3.9%, and the gross rental yield equalled 5.0%.

The property portfolio in Germany included 27,176 standing investment units as of 31 October 2017, which have a total floor area of approx. 1.7 million sqm and a fair value of EUR 2.2 billion or EUR 1,276 per sqm. The monthly in-place rent equalled EUR 5.98 per sqm based on a vacancy rate (basis: total floor area) of 2.4%. The gross rental yield in the German properties equalled 5.5% at the end of the reporting period.

The standing investment portfolio in Austria comprised 21,765 units with a total floor area of approx. 1.7 million sqm and a fair value of approx. EUR 1.9 billion, or EUR 1,142 per sqm, as of 31 October 2017. The monthly net in-place rent equalled EUR 4.44 per sqm as of that date based on a vacancy rate (basis: total area) of 5.4%, whereby 2.3% of the vacancies were attributable to apartments in the Unit Sales cluster. The gross rental yield in the Austrian properties equalled 4.4% at the end of October 2017.

OVERVIEW OF THE STANDING INVESTMENT PORTFOLIO BY SEGMENT

		BUWOG Group as of 30 April 2017	BUWOG Group as of 31 October 2017	Austria as of 31 October 2017	Germany as of 31 October 2017
Number of units	Quantity	49,597	48,941	21,765	27,176
Total floor area	in sqm	3,418,784	3,372,267	1,679,537	1,692,730
Annualised net in-place rent[1)]	in EUR million	205	203	85	119
Monthly net in-place rent[1)]	in EUR per sqm	5.18	5.23	4.44	5.98
Fair value[2)]	in EUR million	3,942	4,078	1,917	2,160
Fair value[2)]	in EUR per sqm	1,153	1,209	1,142	1,276
Gross rental yield[3)]	in %	5.2%	5.0%	4.4%	5.5%
Vacancy rate	per sqm	3.4%	3.9%	5.4%	2.4%

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value of standing investments according to CBRE valuation as of 31 October 2017
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to fair value

In the first half of 2017/18, the BUWOG Group expanded the standing investment portfolio in Germany by concluding a purchase agreement for one property each in Berlin and Hannover with a total of 37 units.

ACQUISITIONS FOR THE STANDING INVESTMENT PORTFOLIO

Portfolio	Regional cluster	Number of units	Total floor area in sqm	Annualised net in-place rent[1)] in EUR thousand	Monthly net in-place rent[1)] in EUR per sqm	Fair value[2)] in EUR per sqm	Gross rental yield[3)]	Vacancy rate[4)]
Hannover	State capitals and major cities	23	2,151	179	6.94	1,664	5.0%	0.0%
Berlin	Federal capitals	14	1,100	53	8.49	2,727	1.8%	52.5%
Total I (Closing as of 31 October 2017)		**37**	**3,251**	**232**	**7.23**	**2,024**	**3.5%**	**17.7%**
Hamburg	Suburban region	37	2,195	180	6.85	1,503	5.5%	0.0%
Total II (including acquisitions after 31 October 2017)		**74**	**5,446**	**413**	**7.06**	**1,814**	**4.2%**	**10.6%**

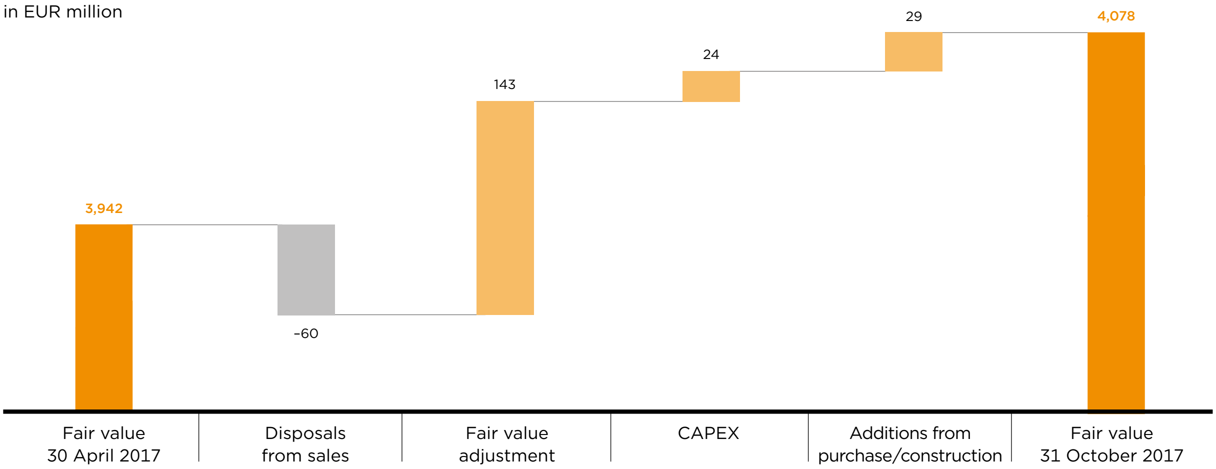
1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) Based on fair value
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to purchase price
4) Based on sqm

DEVELOPMENT OF THE FAIR VALUE OF THE STANDING INVESTMENT PORTFOLIO

BUWOG's entire property portfolio was appraised, as scheduled, by the independent experts at CBRE as of 31 October 2017. This external valuation resulted in fair value adjustments of EUR 143.4 million for the first six months of 2017/18 (H1 2016/17: EUR 174.7 million). Additional details are provided under *Property Valuation* in the consolidated interim management report. The development of fair value was based on the fair value of EUR 3,942.1 million as of 30 April 2017, which was adjusted to reflect properties sold and purchased and modernisation expenditures capitalised during the first six months of 2017/18. As of 31 October 2017, the fair value of BUWOG's standing investment portfolio totalled EUR 4,078 million. The following graph shows the development of fair value since 30 April 2017.

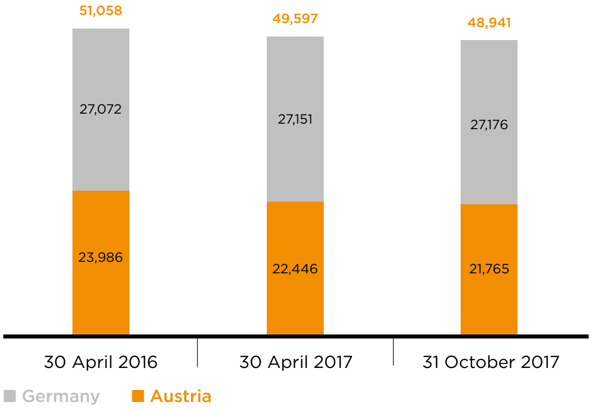
DEVELOPMENT OF FAIR VALUE STANDING INVESTMENT PORTFOLIO

in EUR million



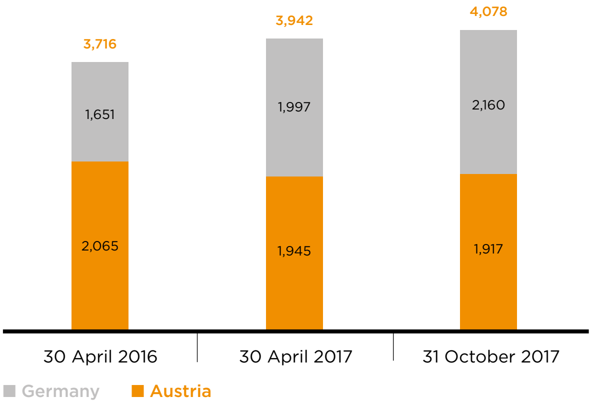
The values in the above graph are not scaled. The use of automated calculation systems may give rise to rounding differences.

NUMBER OF UNITS



FAIR VALUE STANDING INVESTMENTS

in EUR million



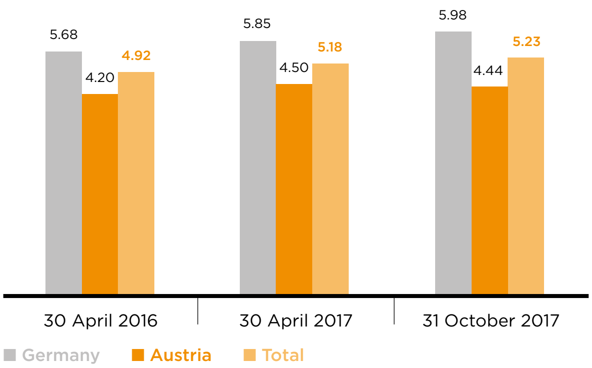
SLIGHT DECLINE IN ANNUALISED NET IN-PLACE RENT

Annualised net in-place rent declined from EUR 205.1 million as of 30 April 2017 to EUR 203.3 million as of 31 October 2017. In Austria, this indicator fell by EUR 4.0 million from EUR 88.7 million as of 30 April 2017 to EUR 84.7 million. This reduction is attributable primarily to unit and block sales and to a legally required change in the rental model applied to a large standing investment in Vienna following the repayment of all external financing. In contrast, the annualised net in-place rent in Germany rose by EUR 2.2 million over the level on 30 April 2017 to EUR 118.6 million. The positive development in the German portfolio was also reflected in an improvement in the monthly net in-place rent from EUR 5.85 to EUR 5.98 per sqm. The monthly in-place rent in the Austrian properties declined from EUR 4.50 to EUR 4.44 per sqm due to the above-mentioned effects.

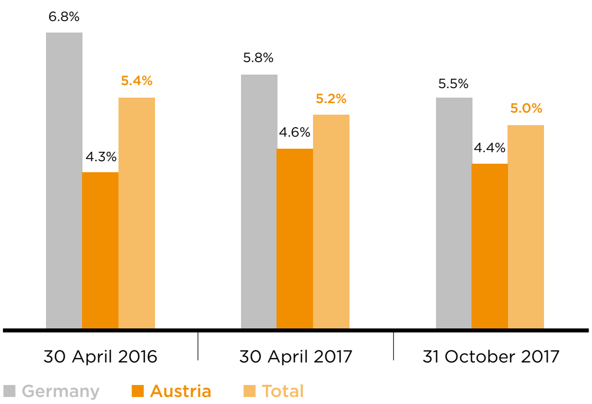
BUWOG's gross rental yield equalled 5.0% as of 31 October 2017 (30 April 2017: 5.2%), whereby the different development of the yields in Germany (5.5%; 30 April 2016: 5.8%) and Austria (4.4%; 30 April 2016: 4.6%) are directly related to the above-mentioned effects from the fair value adjustments in Germany and the rental increases in Austria.

NET IN-PLACE RENT PER MONTH

in EUR per sqm



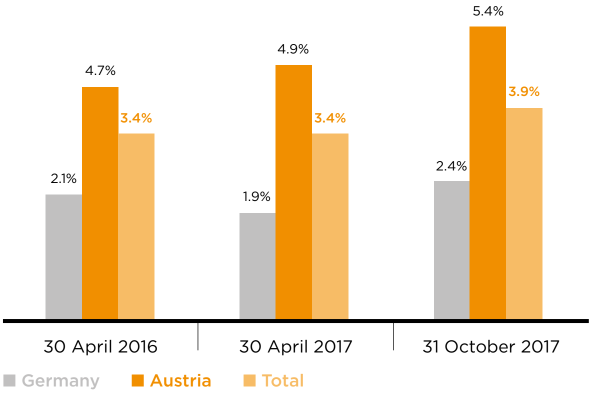
GROSS RENTAL YIELD



DEVELOPMENT OF VACANCIES

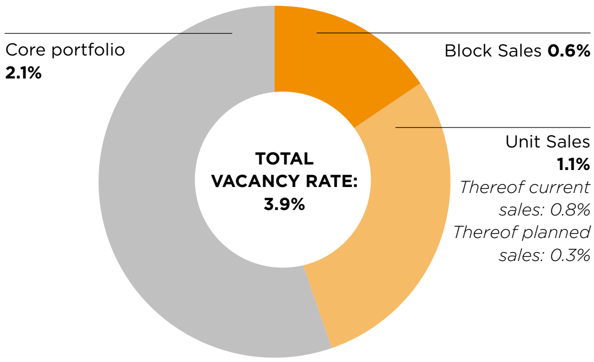
The vacancy rate in the BUWOG properties, based on total floor area, increased over the level on 30 April 2017 to 3.9% as of 31 October 2017. After an adjustment of 1.1% for the vacancies required for the strategic Unit Sales cluster (30 April 2017: 1.2%), the adjusted vacancy rate (i.e. excluding the vacancies in apartments designated for Unit Sales) equalled only 2.7% (30 April 2017: 2.2%). The vacancy rate in the German portfolio rose to 2.4% for seasonal reasons (30 April 2017: 1.9%). It has remained stable at a low level, above all, due to the active rental of modernised vacant apartments in the core regions of Lübeck, Kiel, Kassel and Berlin. In Berlin, the BUWOG Group also benefits from the ongoing strong demand for rental apartments. The Austrian portfolio experienced an increase in the vacancy rate to 5.4% as of 31 October 2017 (30 April 2017: 4.9%). The vacancy rate in BUWOG's Vienna properties equalled 4.4%, whereby 3.3% are attributable to the apartments held vacant in preparation for strategic Unit Sales. The adjusted vacancy rate for the core properties in Vienna rose by 0.9% over the level on 30 April 2017 to 1.1% due to transfers from the Property Development business area. The vacancy rate in Carinthia remained nearly stable in comparison with 30 April 2017 at roughly 6.0%, whereby 1.4% are attributable to the strategic Unit Sales cluster

VACANCY RATE



VACANCY RATE BY STRATEGIC CLUSTER

Basis total floor area, as of 31 October 2017



LIKE-FOR-LIKE-RENTAL GROWTH

A like-for-like analysis of BUWOG's standing investment portfolio – i.e. excluding the effects of changes in the portfolio (in other words, portfolio transactions) and including the effects of changes in vacancies – shows an increase of 1.8% in rental income as of 31 October 2017 (30 April 2017: 4.5%). The calculation of the increase in rents is based on 99.2% of all standing investment units held by the BUWOG Group.

The like-for-like growth in rental income from the German properties equalled 3.6% (30 April 2017: 3.2%) and resulted primarily from the conclusion of new leases at higher rents and increases in the rents generated by standing investments in Lübeck, Kassel, Berlin and Lüneburg. Like-for-like rents in the Austrian portfolio declined by 0.8% year-on-year in the first half of 2017/18 (30 April 2017: increase of 6.3%). This reduction resulted from a legally required change in the rental model applied to a large standing investment property in Vienna following the repayment of all external financing. BUWOG also intends to take full advantage of the opportunities to increase rents in specific portfolio properties in Germany and Austria in the future, depending on the feasibility in the respective regional rental market and legal restrictions arising from the rent models.

LIKE-FOR-LIKE RENTAL GROWTH BY RENTAL AGREEMENT

as of 31 October 2017	Number of units	Occupied floor area in sqm 31 Oct. 2016	Net in-place rent per month in EUR million[3] 31 Oct. 2016	Occupied floor area in sqm 31 Oct. 2017	Net in-place rent per month in EUR million[3] 31 Oct. 2017	Like-for-like rental growth
Unregulated rental agreements Germany	17,513	1,000,414	5.8	996,825	5.9	3.7%
Regulated rental agreements Germany	9,212	593,119	3.2	593,374	3.3	3.5%
Total Germany	**26,725**	**1,593,533**	**9.0**	**1,590,199**	**9.3**	**3.6%**
Unregulated rental agreements Austria (incl. reasonable rents pursuant to WGG and MRG)[1]	1,610	122,902	0.7	123,846	0.7	1.7%
Regulated rental agreements Austria (incl. other provisions under WGG)[2]	19,671	1,423,684	5.9	1,403,291	5.7	–1.1%
Total Austria	**21,281**	**1,546,586**	**6.5**	**1,527,137**	**6.4**	**–0.8%**
Other (incl. commercial)	520	104,215	0.7	98,388	0.7	1.3%
Total BUWOG Group	**48,526**	**3,244,334**	**16.2**	**3,215,723**	**16.4**	**1.8%**

1) Reasonable rent under WGG includes properties for which previous subsidies have been repaid and for which indexing can be individually agreed
2) Coast-covering rent and follow-up rent (prev. Burgenland guidelines -30%)
3) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date

Details on the various legal regulations governing the determination of rents for BUWOG's standing investment portfolio in Germany and Austria and the structure of rental income is provided under *Asset Management – The Investment Portfolio's Rent Models* in the 2016/17 annual report on pages 55ff.

MAINTENANCE AND MODERNISATION

The BUWOG Group invested a total of EUR 36.5 million (H1 2016/17: EUR 29.4 million) in its portfolio properties in Germany and Austria during the first six months of 2017/18. These funds were directed to reactive maintenance, to prepare apartments for new rentals, for contributions to maintenance reserves in properties designated for privatisation and for major maintenance and modernisation measures (including the special CAPEX programme). That corresponds to an average of EUR 10.8 per sqm (H1 2016/17: EUR 8.3 per sqm). Non-capitalisable maintenance expenses amounted to EUR 12.6 million (H1 2016/17: EUR 12.9 million) or EUR 3.7 per sqm (H1 2016/17: EUR 3.7 per sqm), while the capitalisable modernisation measures (CAPEX) totalled EUR 23.8 million (H1 2016/17: EUR 16.5 million) or EUR 7.0 per sqm (H1 2016/17: EUR 4.7 per sqm). The resulting capitalisation rate equalled 65.4% (H1 2016/17: 56.2%) of the total expenditures. A special CAPEX programme with a volume of EUR 55 million was launched in Germany during 2016/17 and covered a total of EUR 19.8 million by the end of the first half of 2017/18 (2016/17 financial year: EUR 8.3 million). Details on this special CAPEX programme in Germany are provided under *Asset Management* in the 2016/17 annual report on page 65.

MAINTENANCE EXPENSE AND MODERNISATION

	H1 2017/18	H1 2016/17	Change
Total maintenance expense and modernisation in EUR million	**36.5**	**29.4**	**24.1%**
Maintenance expense in EUR million	12.6	12.9	-1.8%
Capitalisation of modernisation work (CAPEX) in EUR million	23.8	16.5	44.3%
Capitalisation rate in %	**65.4%**	**56.2%**	**9.2 PP**
Average total floor space in 1,000 sqm[1)]	3,390	3,520	-3.7%
Total maintenance expense and modernisation in EUR per sqm	**10.8**	**8.3**	**28.8%**
Maintenance expense in EUR per sqm	3.7	3.7	1.9%
Capitalisation of modernisation work (CAPEX) in EUR per sqm	7.0	4.7	49.8%

The use of automated calculation systems may give rise to rounding differences.
1) Average weighted total floor space, including increases from acquisitions and reductions from sales

BUWOG focus

ASSET FOCUS
RESIDENTIAL

REGIONAL FOCUS
GERMANY/AUSTRIA

FUNCTIONAL FOCUS
FULL-SERVICE PROVIDER

Asset Management

- Continuous enhancement of rental income and portfolio quality through active asset management and the long-term increase of Recurring FFO
- Further improvement of cost-effectiveness in property management, maintenance and modernisation
- Expansion of the German property portfolio to optimise yields and value through the develop-to-hold strategy and selective portfolio acquisitions
- Steady consolidation of the property portfolio by focusing on strategic core regions and selective block sales
- Development to hold in Berlin, Hamburg and Vienna

BUWOG strategy

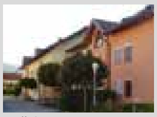
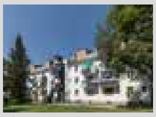
MINIMISE RISK
Stable rental income
High occupancy rates

HIGH UPSIDE POTENTIAL
Portfolio optimisation

PROPERTY SALES

The Property Sales business model is based on Unit Sales and Block Sales. Its primary goal is the profitable optimisation and streamlining of BUWOG's standing investment portfolio through the high-margin sale of individual units, individual properties and portfolios. By means of high-margin sale of apartments from the Austrian portfolio, the Property Sales business area makes a steady, sizeable contribution to Recurring FFO and generates significant cash flows. These liquid assets are invested in further growth through the acquisition of properties for the Asset Management business area and additional land for new construction projects by the Property Development business area.

The Property Sales business area generated results of operations (before expenses not directly attributable to this business area and other operating income of BUWOG Group) totalling EUR 28.0 million in the first half of 2017/18 (H1 2016/17: EUR 25.5 million) and contributed EUR 18.5 million to Recurring FFO (H1 2016/17: EUR 14.9 million).

	Unit Sales	Block Sales
Examples from the portfolio	 Vienna, Elisabethallee  Hallein, Pfarrhofgutweg  Vienna, Rettichgasse	 Villach, Jakob-Ghon-Allee  Villach, Frühlingstrasse  Krems, Dr.-Dorrek-Strasse
Key facts	■ Sale in selected regions, primarily to owner-occupiers as a result of turnover ■ High profitability – Margins on fair value >50% – Long-term contribution to Recurring FFO – High liquidity inflow ■ Optimal mix of internal and external sales channels	■ Sale of portfolios or properties in strategically less relevant areas, mainly rural regions ■ Portfolio consolidation and optimisation through profitable and cycle-optimised sales ■ Optimal mix of internal and external sales channels
Contribution to **Recurring FFO**	✔ **Long-term contribution to profit from ongoing unit sales**	✘ **Opportunistic block sales with adequate margins**

UNIT SALES

A total of 366 units were sold during the first half of 2017/18 (H1 2016/17: 341 units) at a margin of roughly 63% (H1 2016/17: 57%) on fair value. The margin on fair value represents the NOI from Unit Sales after the deduction of all external transaction costs and directly attributable personnel and operating expenses in relation to the book value of the sold units (i.e. the carrying amount as reported on the income statement minus the fair value adjustments of sold properties). The 360 units sold from the Austrian portfolio were located primarily in Vienna (156 units), Carinthia (88 units) and Styria (37 units). Six units were sold from the German portfolio. The average sale price rose substantially from EUR 2,251 per sqm in the first half of the previous year to EUR 2,371 per sqm in the first half of 2017/18.

The Unit Sales portfolio cluster contained 11,240 units as of 31 October 2017 (31 October 2016: 11,351 units), which are all located in Austria and identified as suitable for individual sale over the medium- and long-term. Of these units, 6,197 are located in Vienna, 1,958 in Carinthia and 3,085 in the other Austrian provinces. The fair value of the Unit Sales portfolio cluster amounted to approx. EUR 1.4 billion as of 31 October 2017 (31 October 2016: EUR 1.4 billion) with a gross rental yield of 3.5% (31 October 2016: 3.6%).

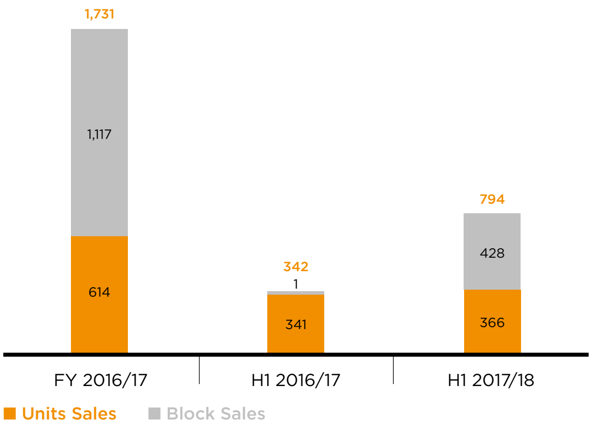
The Property Sales business area is focused on the long-term, profitable optimisation of the standing investment portfolio through high-margin Unit Sales in Austria. This safeguards sustainable and significant earnings contributions to Recurring FFO and the generation of free cash flow for the internal financing of further growth.

BLOCK SALES

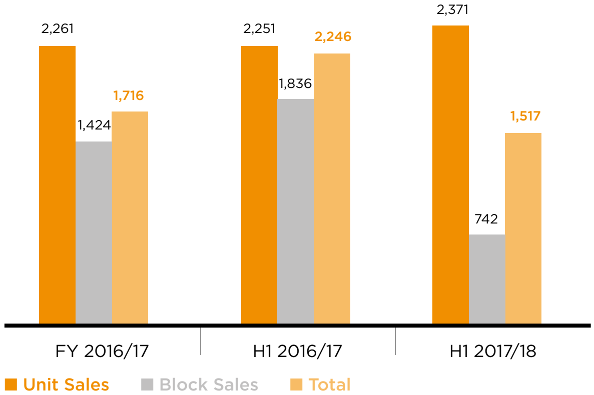
BUWOG's property portfolio is focused on urban locations in the capital cities of Vienna and Berlin as well as regional capitals and major cities in northern Germany. As part of the "capital recycling" strategy, selected block sales are carried out to optimise and consolidate the portfolio. The resulting liquid funds are then invested in selected core regions of Germany in order to generate higher returns. In the first half of 2017/18, 428 units were sold at a margin of roughly 17% on fair value (H1 2016/17: 6%) and Block Sales contributed TEUR 3.6 million to Recurring FFO (H1 2016/17: EUR 0.03 million). Additional details can be found under *Sale of portfolio properties* on page 32 in the consolidated interim management report.

The strategic Block Sales cluster included 2,335 units as of 31 October 2017 (31 October 2016: 4,275 units), whereby 1,521 units area located in Carinthia, 725 in the other Austrian provinces and 89 in Vienna.

UNITS SOLD



AVERAGE SALE PRICE
in EUR per sm



PROPERTY DEVELOPMENT

BUWOG bundles the realisation of attractive development projects for its own portfolio and the construction of residential properties for sale in the Property Development business area. Development activities are currently focused on Vienna, Berlin and Hamburg. This reflects the strong demographic and economic parameters of these cities, combined with BUWOG's many years of experience in the development of residential properties and extensive market knowledge. The BUWOG Group is now active in the property development and asset management sectors of the three largest German-speaking cities.

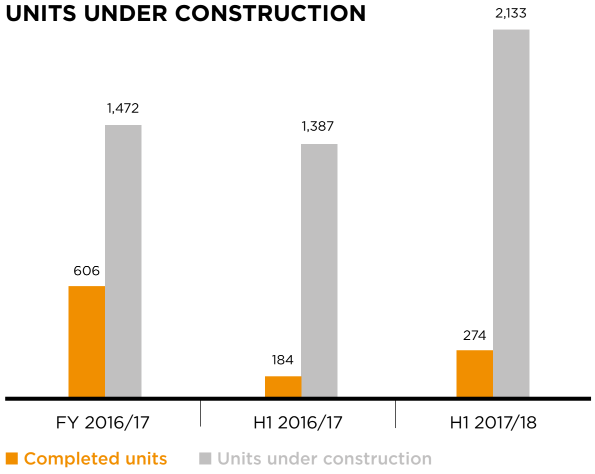
In July 2017, bulwiengesa AG published a list of the eight most active project developers in Vienna. The BUWOG Group ranked first according to the number of projects and the number of apartments. A rating of new construction projects for condominiums/investment apartments also listed the BUWOG Group first, as in the previous years. A May 2017 study by bulwiengesa AG ("Der Markt für Projektentwicklungen in den deutschen A-Städten 2017") included BUWOG among the largest project developers in Berlin based on total floor area.

OVERVIEW OF THE FIRST HALF OF 2017/18

The Property Development business area, which clearly distinguishes the BUWOG Group from its competitors, made a very strong contribution of EUR 30.3 million to earnings in the first six months of 2017/18 (H1 2016/17: EUR 2.1 million). This business area is expected to contribute at least EUR 23 million to Recurring FFO for the full 2017/18 financial year.

In the first half of 2017/18, 204 units (H1 2016/17: 125 units) were transferred to the buyers. Changes in the development pipeline resulted from the completion of 274 units during the reporting period (101 units in Berlin, 173 units in Wien) and from the purchase of land in Berlin and progress on current projects. As of 31 October 2017, the development pipeline included 10,227 planned units (+1,236 units compared with the first half of the previous year).

COMPLETED UNITS AND UNITS UNDER CONSTRUCTION



The number of units under construction increased by roughly 45% over the level on 30 April 2017. A total of 2,133 units were under construction as of 31 October 2017: 877 in Berlin and 1,256 in Vienna.

LAND PURCHASES IN THE FIRST HALF OF 2017/18

The BUWOG Group acquired one land site in Berlin-Kreuzberg during the reporting period. Plans call for the construction of roughly 36 condominium apartments at this location with a total investment volume of EUR 15.1 million.

Locations	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1)]	Fair value 31 October 2017 in EUR million[2)]	Strategy
"Jahnstrasse", Jahnstrasse 15, 10967 Berlin Kreuzberg, Germany	07/2017	08/2017	36	2,829	15.1	6.4	to-sell
Total (as of 31 October 2017)			**36**	**2,829**	**15.1**	**6.4**	

1) Total investment volume excluding calculated interests
2) The pipeline projects are valued by CBRE twice each year as of 31 October and 30 April.

The transfer of rights and obligations for two sites purchased in 2016/17 took place after the end of the reporting period on 31 October 2017.

Locations	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million[1)]	Fair value 30 October 2017 in EUR million[2)]	Strategy
"MGC-Plaza", Döblerhofstrasse, 1030 Vienna, Austria[3)]	07/2016	10/2017	378	28,205	90.5	15.3	to-hold to-sell
"Spree 12", Spreestraße 12, Berlin-Niederschöneweide, Germany	01/2017	09/2017	67	4,482	15.8	1.6	to-hold
Total I (as of 31 October 2017)			**445**	**32,687**	**106.3**	**16.9**	

1) Total investment volume excluding calculated interests
2) The pipeline projects are valued by CBRE twice each year as of 31 October and 30 April.

A further site in Hamburg was secured through an option agreement, whereby plans call for the construction of 72 develop-to-hold rental units. Another site in Austria was also secured after the end of the reporting period and will be used for the construction of 90 units for sale.

Vienna, Vorgartenstrasse

PRODUCT DEVELOPMENT MATRIX

The project development pipeline contained 10,227 units as of 31 October 2017: 3,693 units (36%) are under construction for BUWOG's portfolio and 6,534 units (64%) for sale.

Details on the regional distribution of the pipeline and on the individual type of development are shown in the following product development matrix.

PRODUCT DEVELOPMENT MATRIX as of 31 October 2017

Property Development	Develop-to-Hold	Develop-to-Sell	
	Subsidised and privately financed rentals	Privately financed condominiums	Global exit
Vienna 3,938 units	**Investment portfolio** Units: 1,491 Total floor area: 108,809 sqm  Vorgartenstrasse, 168 units	**Regional customers** Units: 2,434 Total floor area: 172,239 sqm  Töllergasse, 96 units	**Institutional investors and foundations** Units: 13 Total floor area: 26,834 sqm  Seestadt Aspern, 1 unit
Berlin 5,178 units	**Investment portfolio** Units: 1,931 Total floor area: 152,641 sqm  "52 Grad Nord" – other subprojects, "Wohnwerk", "Neumarien", 894 units	**Regional customers** Units: 3,162 Total floor area: 253,797 sqm  "The One", Harzer Strasse, "Wohnwerk", "Neumarien", "52 Grad Nord", 1,891 units	**Institutional investors and foundations** Units: 85 Total floor area: 10,963 sqm  "Geyer-Medienhöfe", Harzer Strasse, 85 units
Hamburg 1,111 units	**Investment portfolio** Units: 271 Total floor area: 16,258 sqm	**Regional customers** Units: 807 Total floor area: 64,552 sqm	**Institutional investors and foundations** Units: 33 Total floor area: 8,820 sqm
Total 10,227 units	3,693 units	6,403 units	131 units

DEVELOP-TO-HOLD

THE DEVELOP-TO-HOLD STRATEGY

The BUWOG Group has built rental apartments for management as part of its own portfolio ever since its founding in 1951. In recent years, the units in Vienna have been constructed mainly within the framework of the Vienna Housing Initiative. This programme is a special version of privately financed residential construction, with low-cost loans provided by the City of Vienna at advantageous conditions. Construction under the Vienna Housing Initiative revitalises the BUWOG portfolio in Austria on a regular basis and supplies new, high-quality rental apartments for Asset Management.

The plans for Germany are primarily related to privately financed units. The advantage of this approach is the reduction in legal requirements compared with project development under a subsidy regime.

The large property development pipeline in Berlin and Hamburg combined with the comparatively moderate acquisition prices for the properties in Grünau ("52 Grad Nord"), Niederschöneweide and Neukölln make it possible for the BUWOG Group to develop condominiums for sale as well as rental apartments for its own portfolio. This procedure is especially attractive because it converts short-term development income into long-term returns from rental.

BUWOG's goal is to expand the current pipeline from roughly 3,700 develop-to-hold units to 5,500 units through the purchase of further construction sites.

OVERVIEW OF THE FIRST HALF OF 2017/18

During the first half of 2017/18, construction started on 122 standing investment units with a total investment volume of EUR 35.5 million and 100 units were completed for BUWOG's portfolio.

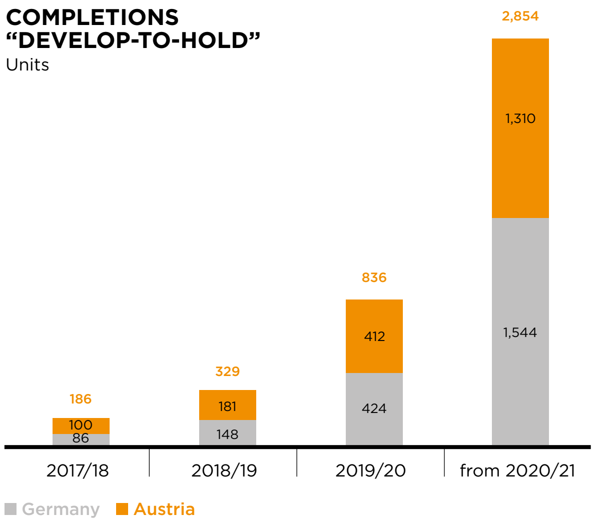
The develop-to-hold pipeline included 3,693 units as of 31 October 2017 (1,931 in Berlin, 271 in Hamburg and 1,491 in Vienna), or 27% more than on 31 October 2016. This pipeline has a total investment volume of EUR 858 million.

OUTLOOK

The BUWOG Group plans to complete 186 units in 2017/18, whereby 100 units in Vienna were completed during the reporting period. With the completion of 86 units in the "Ankerviertel" project, BUWOG finalised its first develop-to-hold apartments in Berlin.

The graph on planned completions for the develop-to-hold pipeline in Germany and Austria illustrates the growth of the Property Development business area and the intensification of develop-to-hold activities in Germany.

COMPLETIONS "DEVELOP-TO-HOLD"
Units

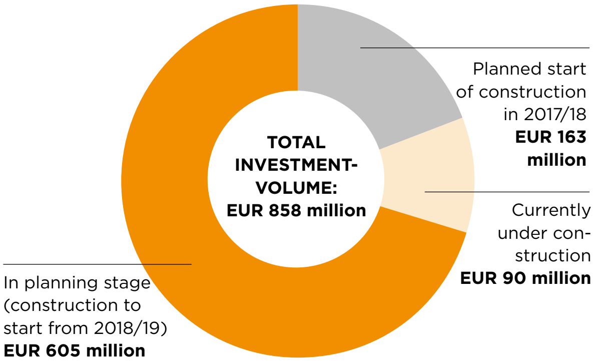


During project development delays may occur due to unforeseeable factors (e.g. extended approval processes as a result of bureaucracy). Completion times may therefore be postponed.

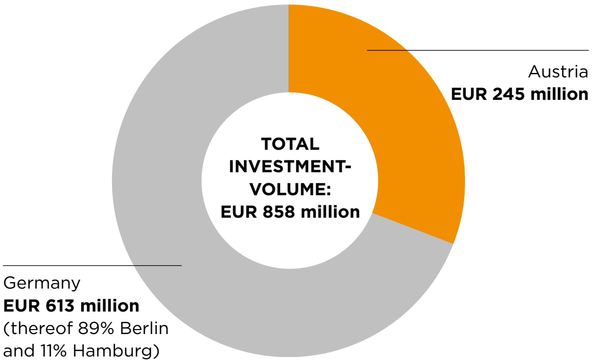
A total of 208 units are currently under construction in Germany, and construction is set to begin on 450 units during 2017/18. In addition, planning has started for 1,544 units (1,273 in Berlin, 271 in Hamburg). The develop-to-hold pipeline in Germany totals 2,202 units and represents a total investment volume of EUR 613 million.

The pipeline in Austria covers 1,491 units with a total investment volume of EUR 245 million, whereby 181 units are now under construction. Construction on 328 units is expected to begin during the current financial year. The planning process has started for another 982 units, with construction scheduled to start during or after 2018/19. This represents a total investment volume of EUR 245 million.

DEVELOPMENT PROJECTS "DEVELOP-TO-HOLD"
by implementation stage as of 31 October 2017



DEVELOPMENT PROJECTS "DEVELOP-TO-HOLD"
by segments as of 31 October 2017



Vienna, Töllergasse

DEVELOP-TO-SELL

THE DEVELOP-TO-SELL STRATEGY

In Berlin, the BUWOG Group has planned several projects in the up-and-coming districts in the east of the city as well as in established western regions. BUWOG's sales pipeline in Berlin currently has 3,247 units with an investment volume of approximately EUR 1.1 billion.

In addition to Berlin, Hamburg will be an important development location in Germany for the BUWOG Group in the future. The first Hamburg-based residential project includes a quarter with – according to the latest status of planning – over 1,100 residential units, 840 of which are designated for sale. The estimated investment costs for the condominiums total approximately EUR 0.3 billion.

Despite the challenging conditions for the real estate branch on the Vienna housing market, the BUWOG Group has secured an extensive range of properties for future development projects. A total of 2,477 units with an investment volume of EUR 0.7 billion are currently under development for sale in Vienna.

Plans call for the completion of 500 to 600 privately financed units in Berlin, Hamburg and Vienna with a margin of 18% to 20% on investment costs (excluding the return on equity) during the coming periods. The BUWOG Group plans to sell these units at average prices of EUR 4,000 to 5,500 per sqm over the medium-term.

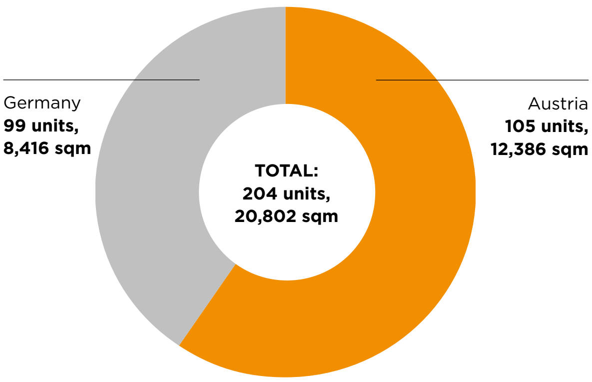
OVERVIEW OF THE FIRST HALF OF 2017/18

In the first half of 2017/18, 174 units (101 in Berlin, 73 in Vienna) were completed for sale to third parties. That represents a year-on-year increase of 78 units. Transfers to the buyers, with recognition to the income statement, covered 204 units (99 with 8,416 sqm in Germany and 105 with 12,386 sqm in Austria). Of the 105 units transferred in Vienna, 57 were completed prior to 30 April 2017.

The average selling prices realised in the first half of 2017/18 are based on the 204 units transferred to the buyers. In Austria, a differentiation is made between investors and owner-occupiers: the prices paid by investors for apartments do not include value added tax. Of the 105 units transferred to buyers in Austria, 95 units were purchased by owner-occupiers and 10 units by investors.

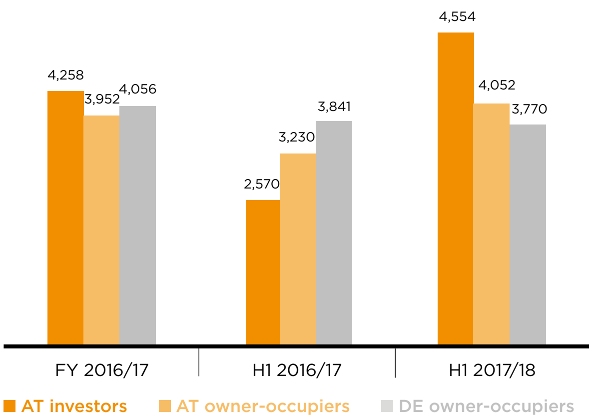
UNITS TRANSFERRED TO BUYERS H1 2017/18

Number of units and sqm



AVERAGE SALE PRICE

in EUR per sqm



BUWOG's develop-to-sell pipeline contained 6,534 units as of 31 October 2017. That corresponds to an increase of 7% over the first half of the previous year and, based on the calculated investment volume, an increase of roughly 8% to approx. EUR 2.1 billion. Of these 6,534 units, 4,087 are planned for Germany and 2,447 for Austria.

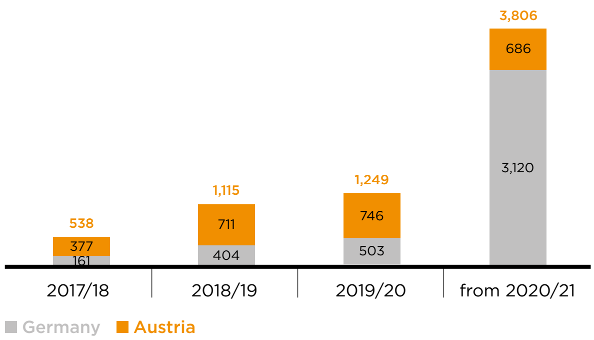
OUTLOOK

The graph on the right illustrates the completion schedule for the develop-to-sell pipeline in Germany and Austria. The realisation of development projects can be influenced by unforeseen factors which include, for example, extended approval processes. The exact completion dates can therefore differ from these estimates.

BUWOG plans to complete 538 units for the develop-to-sell pipeline in 2017/18: 161 units in Berlin and 377 units in Vienna.

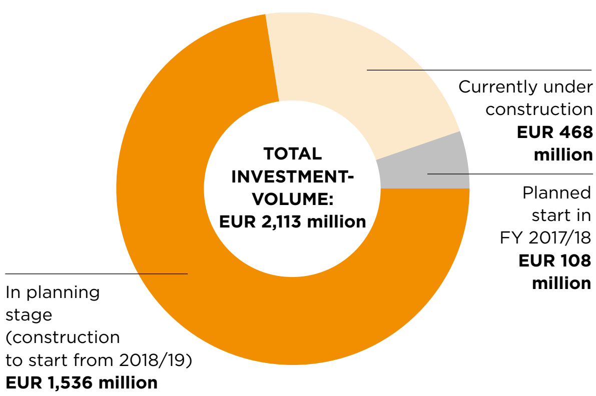
COMPLETIONS "DEVELOP-TO-SELL"

Units



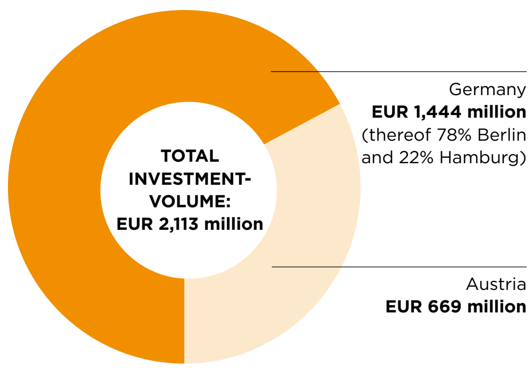
DEVELOPMENT PROJECTS "DEVELOP-TO-SELL"

by implementation stage as of 31 October 2017



DEVELOPMENT PROJECTS "DEVELOP-TO-SELL"

by segments as of 31 October 2017



BUWOG focus

ASSET FOCUS **RESIDENTIAL**

REGIONAL FOCUS **BERLIN/HAMBURG/ VIENNA**

FUNCTIONAL FOCUS **FULL-SERVICE PROVIDER**

Property Development

- Strategy for differentiation from the peer group and creation of added value through project development
- Focus on securing considerable profitability and minimisation of risk
- Development pipeline in Berlin, Hamburg and Vienna with an investment volume around EUR 2.9 billion
- Balanced project pipeline in various stages of development
- Strong internal sales structures in Vienna and Berlin for condominium sales
- Profitable division for generating Recurring FFO and for strengthening the company's own portfolio

BUWOG strategy

MINIMISE RISK
Approx. 65 years of development experience

HIGH UPSIDE POTENTIAL
High margins from property development

INVESTOR RELATIONS

Uncertainty over US economic policies, global conflicts and the outcome of elections in Europe continued to have a negative effect on the international stock markets during the first half of BUWOG's 2017/18 financial year. Positive impulses were provided by the sound growth in key industrial countries, a strong US labour market, good corporate indicators and the election results in the Netherlands and France. The ATX, the leading index of the Vienna Stock Exchange, rose by roughly 13% during the reporting period and closed at 3,406 points at the end of October 2017. The MDAX rose by a slight 1% from 24,822 to 26,651 points during this same period. The Austrian real estate index IATX, which includes BUWOG AG as well as five other Austrian real estate companies, increased by nearly 12% to 310 points. At the European level, the EPRA Developed Europe index rose by almost 1% from 2,127 to 2,143 points.

The BUWOG share is currently included in the ATX at a weighting of roughly 5%. The IATX, which serves as the base value for the options and futures contracts traded on the Vienna Stock Exchange and the real estate shares listed in the Vienna Prime Market, includes the BUWOG share at a current weighting of almost 26%. The BUWOG share is also part of the branch-specific FTSE EPRA/NAREIT Developed Europe Index, a recognised worldwide benchmark and the most widely used index for listed real estate companies. Other listings that include BUWOG are the VÖNIX Sustainability Index, which features listed companies that are considered leaders in terms of their social and environmental performance, and the GPR 250 Index.

On 31 August 2017 BUWOG AG received the Grand Award in the category "Best of Financial Data" at the international ARC AWARDS, the world's largest annual report competition. The BUWOG team was also this year's shooting star at the "Trend Austrian Financial Communications Award", which was presented at the annual meeting of the Cercle Investor Relations Austria (C.I.R.A.) on 17 October 2017, where it ranked first for its investor relations work.

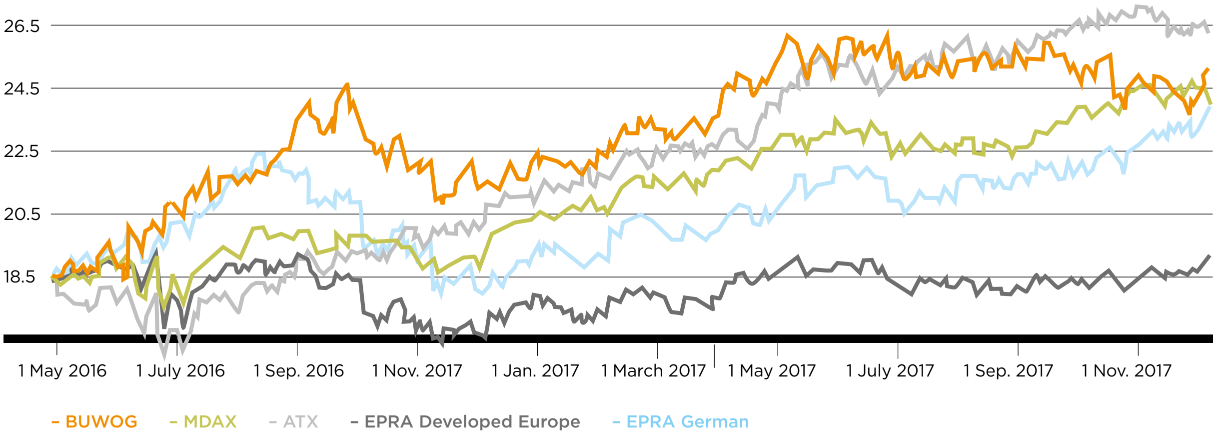
DEVELOPMENT OF THE BUWOG SHARE

With a closing price of EUR 24.76 on 31 October 2017, the BUWOG share matched the development of the relevant branch indexes during the reporting period. The BUWOG share traded slightly below the EPRA NAV per share of EUR 24.87 as of 31 October 2017.

REFERENCE DATA FOR THE BUWOG SHARE

ISIN	AT00BUWOG001
WKN	A1XDYU
Bloomberg Ticker	BWO GR, BWO AV, BWO PW
Official market	Frankfurt Stock Exchange (Prime Standard), Vienna Stock Exchange (Prime Market), Warsaw Stock Exchange (Main Market)

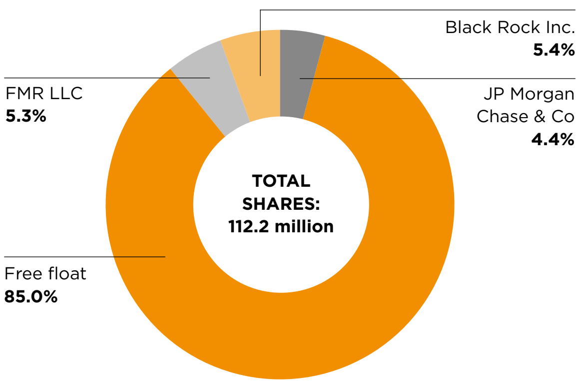
COMPARATIVE PERFORMANCE OF THE BUWOG SHARE
compared with opening prices on 1 May 2016, in EUR



SHAREHOLDER STRUCTURE

The free float for BUWOG shares equalled 100% as of 31 October 2017. Most of the approx. 112.2 million free float shares are held by a broadly diversified circle of Austrian and international institutional investors as well as funds and European private investors. At the end of the reporting period, three individual shareholders currently hold a reportable investment in BUWOG AG: FMR LLC with 5.3%, BlackRock Inc. with 5.4% and JP Morgan Chase & Co with 4.4% of the shares. All voting rights announcements are published on a timely basis under www.buwog.com.

SHAREHOLDER STRUCTURE AS OF 31 OCTOBER 2017



BUWOG CONVERTIBLE BOND 2016 (ISIN AT0000A1NQH2)

On 6 September 2016, BUWOG AG announced the issue of a non-subordinated, unsecured five-year convertible bond with a total nominal value of EUR 300 million and a denomination of EUR 100,000. The subscription rights of existing shareholders were excluded within the framework of the authorisation and in compliance with reporting requirements. The proceeds from the bond have been used primarily to drive growth in the property development business in Germany, above all in connection with BUWOG's develop-to-hold strategy, and for a CAPEX programme and the refinancing measures announced on 27 October 2016.

The conversion price was adjusted as follows after the end of the reporting period to reflect the capital increase on 2 June 2017. The adjustment took effect on 16 May 2017 and was based on § 11 (b) of the convertible bond terms:

ISIN convertible bond	AT0000A1NQH2
Convertible bond due in 2021, excluding interest	2021
Adjusted conversion price as of 16 May 2017 (EUR)	31.22

Key data and additional information on the servicing of the BUWOG convertible bonds can be found on our website under www.buwog.com/investorrelations.

CAPITAL INCREASE IN JUNE 2017

A cash capital increase with subscription rights was carried out on 2 June 2017 and resulted in the successful placement of 12,471,685 new shares within the framework of a bookbuilding process at a subscription price of EUR 24.50 per share. The gross proceeds from the capital increase amounted to EUR 305.6 million, and the total number of shares rose to 112,245,164. The transaction was concluded at a premium of 7.2% over the last reported EPRA NAV on the date of the capital increase. The proceeds will be used primarily to purchase additional land for the rapidly growing develop-to-hold and develop-to-sell businesses at the established locations in Berlin, Hamburg and Vienna.

CURRENT DIVIDEND POLICY

The Executive Board's top priorities include the protection of shareholders' interests and the generation of an appropriate return on investment. Over the long-term, the Executive Board plans to make a recommendation to the Annual General Meeting of BUWOG AG for the payment of a dividend equalling roughly 60% to 65% of annual Recurring FFO. The dividend is expected to reflect the previous annual amount of EUR 0.69 per share until this level is reached. Any further increase would then reflect the growth in Recurring FFO. A dividend of EUR 0.69 per share represents a return of approximately 2,8% on the company's EPRA Net Asset Value as of 31 October 2017 and a return of 2.8% based on the closing price of EUR 24.76 on that date. The share has a potential for further growth through a possible increase in the portfolio value and the expected increase in income, especially from the Property Development business area.

Information on the analysts'recommendations and the current financial calendar can be found on our website under www.buwog.com/investorrelations.

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CONSOLIDATED INTERIM MANAGEMENT REPORT

THE MARKET ENVIRONMENT

MODERATE GROWTH FOR THE GLOBAL ECONOMY

The World Bank continues to expect a sound improvement in the global economy, but the extent of this upward trend could be limited by ongoing political uncertainty. According to the World Bank, global growth should reach 2.7% in 2017, 2.9% in 2018 and 2.9% in 2019. These estimates could be at risk, however, above all from the normalisation of monetary policies.

STEADY GROWTH IN EUROPE

Steady and strong private consumption, the acceleration of global growth, declining unemployment in the member states and favourable financing conditions were key inputs for the autumn 2017 forecast by the European Commission, which calls for GDP growth of 2.1% and 1.9%, respectively, in 2018 and 2019 (2017: 2.3%). Against the backdrop of moderate wage increases and the current lower-than-maximum level of activity on the labour market, the European Commission expects annual inflation to remain moderate at 1.7% in 2018 and 1.8% in 2019 (2017: 1.7%). The labour market should continue to improve, supported by the favourable economic climate, rising domestic demand, structural reforms and public sector measures. The implementation of labour market reforms and fiscal policies by a number of member states will play an important role in job creation, and the unemployment rate in the 28 EU member states is expected to decline steadily to 7.3% in 2018 and 7.0% in 2019 (2017: 7.8%).

For the Eurozone, the European Commission is expecting the strongest growth in ten years with a GDP increase of 2.2% in 2017. Further stable growth of 2.1% and 1.9%, respectively, is forecasted for 2018 and 2019. Inflation should level off at 1.5% in 2017 and decline to 1.4% in 2018, before rising to 1.6% in 2019. The autumn 2017 forecast shows a continuous decline in unemployment to 9.1% in 2017, 8.5% in 2018 and 7.9% in 2019. The effects of the Brexit on these macroeconomic indicators cannot be estimated at the present time, but the weakening momentum in the United Kingdom suggests negative effects.

GERMANY

The German economy continued its stable growth course during the reporting period. This upward trend was supported, in particular, by strong private household consumption, favourable financing conditions, a stable employment market, construction investments and other public spending measures. The growth rates in the construction sector are expected to exceed 5.5% (nominal) in 2017 and 2018 due to the tense capacity situation and high demand for housing. Construction investments in Germany are currently at the highest level since the reunification in 1990.

In its autumn 2017 forecast, the European Commission is projecting growth (real GDP) of 2.1% in 2018 and 2.0% in 2019 (2017: 2.2%). The inflation rate should remain moderate at 1.5% in 2017 and 1.6% in 2018, according to the forecast. Unemployment had fallen to 3.7% as of 31 October 2017 and the Commission expects a further decline to 3.5% and 3.2%, respectively, in 2018 and 2019.

The upward trend on the residential market in Germany continued during the first half of 2017, with the steady high demand for both for rental and purchase units creating the basis for steady yields. The housing supply is expanding continuously due to the high pace of construction, but will still be outpaced by demand over the long-term. CBRE expects a transaction volume of EUR 13 billion for residential property portfolios in Germany in 2017, compared with EUR 13.7 billion in 2016. A further increase is expected not only in the purchase prices for condominiums, but also in rents.

AUSTRIA

Demand – both domestic and foreign – is the primary driver for the current upturn in the Austrian economy. The third quarter of 2017 brought further GDP growth which matched the 0.8% recorded in the previous quarter. The readiness to invest remains strong due to the sound development of the industrial and construction sectors. Gross capital investment rose by 0.7% during both the second and third quarter, with a quarter-on-quarter increase of 0.4% in construction investments. Residential construction investments equal 4.3% of the GDP, which ranks Austria 11th in the EU. Austria also holds first place in the European Union with 7.6 construction permits per 1,000 residents, which underscores the continuing high confidence in the country's construction sector.

Based on the acceleration in global growth and improved framework conditions, the European Commission is projecting a robust increase for the Austrian economy of 2.4% in 2018 and 2.3% in 2019 in its autumn 2017 forecast (2017: +2.6%). Annual inflation, based on the consumer price index, should rise to 2.0% in 2017 before declining slightly to 1.6% in 2018 and 1.7% in 2019. The unemployment rate calculated in accordance with international standards declined further from 5.5% at the end of April 2016 to 5.4% at the end of October 2017, and the European Commission is expecting a gradual decline to 5.5% in 2018 and 5.4% in 2019.

Prices on the residential property market continued to rise during the first half of 2017/18, with the most significant increases recorded for new condominiums in Vienna. The strongest momentum is currently found in the medium-priced segment. This constant high demand has been contrasted by substantial year-on-year growth in new construction. The highest increases were registered in the apartment rental segment, where privately financed units represent more than one-third of the properties. According to a market study by CBRE, roughly 9,000 new apartments can be expected in 2017 (7,700 units excl. student dormitories and serviced apartments) and a further 12,750 new apartments in 2018 (12,000 units excl. student dormitories and serviced apartments). Completions in Berlin are expected to total roughly 16,000 units in 2017 and nearly 18,000 in 2018.

DEVELOPMENT OF KEY INTEREST RATES

The ECB's key interest rate remained constant at 0.00% throughout the reporting period. The main refinancing rate and the interest rate for the peak financing facility were also unchanged at 0.00%, 0.25% and –0.40%. At the ECB meeting in late October 2017, President Mario Draghi announced a reduction of one-half in the volume of monthly securities purchases, for the time being up to September 2018, but with the possibility of an extension at any time. There have been no fundamental shifts in the ECB's monetary policy to date, as is illustrated by the lack of changes in the current interest rate policy. In the USA, the Federal Reserve Board raised the interest rate corridor (bandwidth) from 1% to 1.25% during the reporting period.

Developments on the international stock, currency and financial markets during the first half of 2017/18 were influenced, above all, by the "Brexit" negotiations. However, the effects of the capital market measures planned by US President Donald Trump on these markets are still uncertain. The key reference interest rates (1-, 3-, 6- and 12-month EURIBOR) continued to decline during the first half of 2017/18. For example, the 6-month EURIBOR fell from –0.212% to –0.276% in the short-term range as of 31 October 2017.

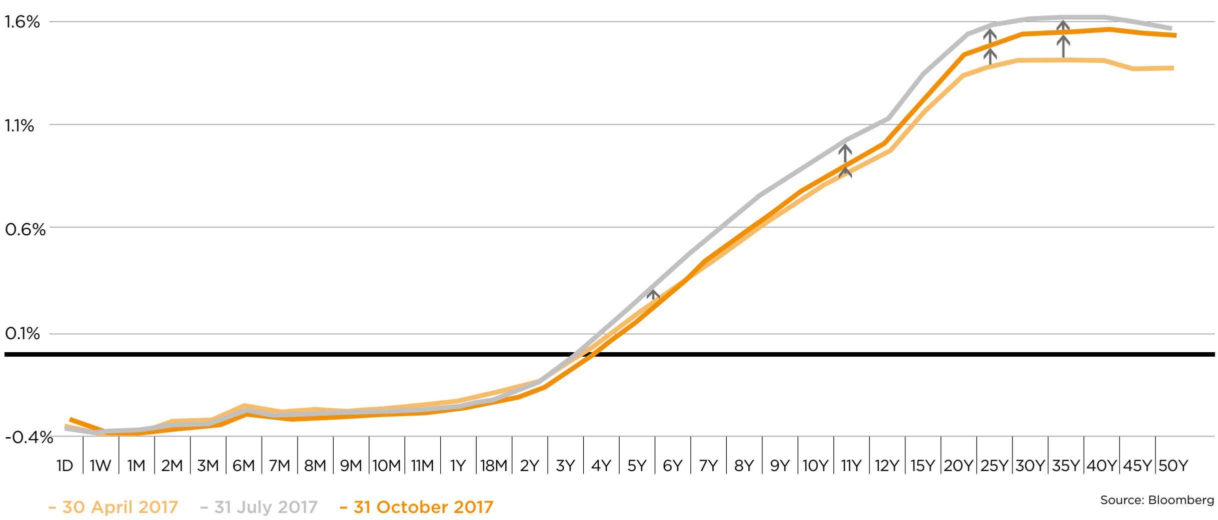
DEVELOPMENT OF THE EUR-SWAP CURVE

The development of the EUR-swap curve has an effect on the BUWOG Group through its influence on cash interest payments and non-cash financial results. A low EUR-swap curve leads, among others, to lower hedging costs for long-term financing and variable interest loans, but has a negative effect on non-cash financial results through the valuation of financial instruments and derivatives at fair value through profit or loss as long as the applicable interest rate is higher than the swap rates on the balance sheet date.

A clear shift in the EUR-swap curve was visible during the first half of the 2017/18 financial year. The long-term segment has been characterised by an increase since 30 April 2017.

In view of BUWOG's defensive risk profile with a balanced, long-term financing structure and an average term of 11.3 years for financial liabilities, the increase in the EUR-swap curve has a positive effect on non-cash financial results. An improvement in the credit standing of the BUWOG Group leads to a contrary effect in the measurement of fair value. Further details are provided under the *Analysis of the asset, financial and earnings position* on page 38.

DEVELOPMENT OF THE EUR-SWAP CURVE
Comparison 30 April 2017 to 31 July 2017 and 31 October 2017



Source: Bloomberg

PORTFOLIO REPORT

The core activities of the BUWOG Group cover the following: the rental and management of a diversified, risk-optimised and sustainably oriented portfolio of standing investments (Asset Management); the development highly marketable projects as “develop-to-hold” and “develop-to-sell” with a focus on Berlin, Hamburg and Vienna (Property Development); and the sale of individual portfolio units at high margins to fair value (Unit Sales). BUWOG’s primary strategic goal is to realise a steady increase in the value of the company and, at the same time, generate strong cash flow to support the distribution of high dividends.

The following information is based on the portfolio values as of 31 October 2017. The comparative figures in parentheses refer to the values as of 30 April 2017, unless otherwise indicated. Information on the carrying amounts is provided under note 2 *Accounting policies* in the consolidated financial statements as of 30 April 2017.

The BUWOG Group’s standing investments, new construction projects and undeveloped land are valued by the independent external appraisers at CBRE Germany/Austria as of 30 April and 31 October. The valuation as of 31 October 2017 resulted in fair value adjustments of EUR 143.4 million, which were recognised to the income statement for the first half of 2017/18 (H1 2016/17: EUR 174.7 million). Detailed information can be found under *Property valuation* in the consolidated interim management report.

THE BUWOG GROUP’S PROPERTY PORTFOLIO

The classification of BUWOG’s properties in this portfolio report is based on the balance sheet structure: standing investments that generate rental income, pipeline projects (sites for new construction projects and land reserves), other tangible assets (properties used directly by the BUWOG Group), properties under construction for the standing investment portfolio, non-current assets held for sale (standing investments) and real estate inventories (development projects).

The carrying amount of the BUWOG Group’s portfolio totalled EUR 4,817.2 million as of 31 October 2017 (EUR 4,646.4 million). Standing investments and non-current assets held for sale represent the major component at EUR 4,077.6 million (EUR 3,942.1 million) or 84.6% (84.8%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 359.6 million (EUR 355.5 million) or 7.5% (7.6%) of the total portfolio carrying amount. The pipeline projects have a combined carrying amount of EUR 282.1 million (EUR 277.5 million) or 5.9% (6.0%). The carrying amount of the new buildings, which are reported as investment property under construction and are designated for BUWOG’s portfolio, amounted to EUR 80.8 million (EUR 56.3 million) or 1.7% (1.2%). The other tangible assets, which include properties used directly by the BUWOG Group, total EUR 17.1 million (EUR 14.9 million) or 0.4% (0.3%).

BUWOG’s property portfolio is classified under non-current and current assets on the balance sheet. The following charts reconcile the balance sheet values as of 31 October 2017 with the presentation in this portfolio report:

PROPERTY PORTFOLIO
as of 31 October 2017 in EUR million

Non-current assets	**4,454.1**	Investment properties	4,356.1	Standing investments	4,074.1
				Pipeline projects	282.1
		Other tangible assets	17.1	Properties used by the BUWOG Group[1)]	17.1
		Investment properties under construction	80.8	Construction for the BUWOG portfolio	80.8
Current assets	**363.1**	Non-current assets held for sale	3.5	Standing investments	3.5
		Real estate inventories	359.6	Pipeline projects	231.9
				Development projects	127.7
Total portfolio BUWOG Group	**4,817.2**		**4,817.2**		**4,817.2**

Data includes rounding differences
1) Incl. furniture, fixtures and office equipment

PROPERTY PORTFOLIO BY FAIR VALUE

as of 31 October 2017	Units	Standing investments in EUR million	Pipeline projects in EUR million	Properties used by the BUWOG Group in EUR million[1]	Construction for BUWOG portfolio in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Germany	27,176	2,160.2	237.3	0.9	48.6	167.4	2,614.5	54.3%
Austria	21,765	1,917.3	44.8	16.3	32.2	192.2	2,202.7	45.7%
BUWOG Group	**48,941**	**4,077.6**	**282.1**	**17.1**	**80.8**	**359.6**	**4,817.2**	**100.0%**

Data includes rounding differences
1) Incl. furniture, fixtures and office equipment

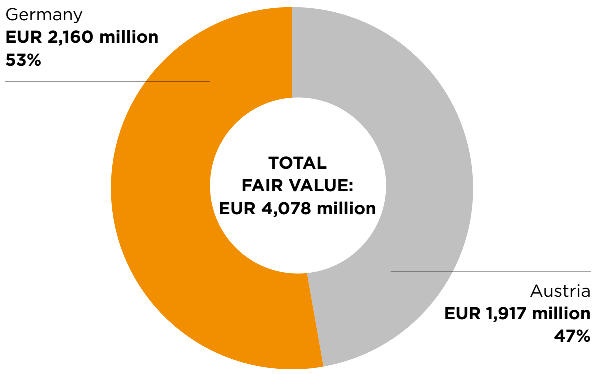
INVESTMENT PROPERTIES – STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)

The BUWOG Group holds standing investments for the purpose of generating regular rental income. The property portfolio in Germany and Austria included 48,941 standing investment units (49,597 units), which had a fair value of EUR 4,077.6 million as of 31 October 2017 (EUR 3,942.1 million) and represented 84.6% (84.8%) of the total property portfolio (incl. development projects). The standing investment portfolio is carried at fair value in accordance with IAS 40.

Vienna and Berlin as well as the provincial and state capitals, major cities and related suburban regions represented the locations for 87% of the fair value of the BUWOG Group's standing investment portfolio and 78% of the standing investment units as of 31 October 2017. The following graph shows the regional distribution of this portfolio:

REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE

as of 31 October 2017



The annualised contractual net in-place rent from the standing investments, including parking areas, totalled EUR 203.3 million as of 31 October 2017 (EUR 205.1 million). This represents an average net in-place rent of EUR 5.23 per sqm (EUR 5.18 per sqm) and a gross rental yield (annualised net in-place rent in relation to fair value as of the balance sheet date) of 5.0% (5.2%). The vacancy rate is determined on the basis of total floor area and equalled 3.9% as of 31 October 2017 (3.4%).

On a like-for-like basis (i.e. after the deduction of the effects of portfolio transactions and the inclusion of changes in vacancies), the rental income generated by BUWOG's portfolio properties rose by 1.8% as of 31 October 2017. The like-for-like increase in rents from the German portfolio equalled 3.6%. The Austrian portfolio recorded a like-for-like decrease of 0.8%, which resulted primarily from a legally required change in the rental model for a large property in Vienna following the repayment of the related external financing (see pages 12f for details).

SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)

A total of 794 standing investment units in Germany and Austria were sold through individual apartment sales and block sales during the first six months of 2017/18 (H1 2016/17: 342 units). These transactions generated revenues of EUR 89.8 million (H1 2016/17: EUR 58.9 million) and net operating income (NOI) of EUR 28.0 million (H1 2016/17: EUR 25.5 million).

Unit Sales are the main driver for the generation of sustainable revenues and contributions to Recurring FFO in BUWOG's Property Sales business area. In the first six months of 2017/18, 366 standing investments units were sold in Germany and Austria (H1 2016/17: 341 units). These sales resulted in revenues of EUR 66.7 million (H1 2016/17: EUR 58.3 million) and had a margin of roughly 63% (H1 2016/17: 57%) on fair value. The contribution to Recurring FFO equalled EUR 18.5 million (H1 2016/17: EUR 20.6 million).

Block sales covered 428 standing investment units (H1 2016/17: one unit), whereby 36 units are attributable to the last tranche from the sale of the Tyrolean portfolio and 200 units primarily to the sale of portfolios in Carinthia and Styria. The realisation of earnings on these transactions was based on the reclassification of the properties as held for sale in 2016/17 and the recognition of the sale price in accordance with IFRS 5. The proceeds on Block Sales totalled EUR 23.0 million for the reporting period (H1 2016/17: EUR 0.6 million) and the margin on fair value equalled 17% (H1 2016/17: 6%). The contribution to Total FFO amounted to EUR 3.6 million (H1 2016/17: TEUR 30).

INVESTMENT PROPERTY – PIPELINE PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

In addition to standing investments, the balance sheet position investment property includes pipeline projects which are carried at fair value in accordance with IAS 40. Pipeline projects are defined as undeveloped land reserves and new projects in planning whose construction is scheduled to start more than six months after the balance sheet date. BUWOG reviews these projects regularly for development and realisation options. The pipeline projects recognised on BUWOG's balance sheet had a carrying amount of EUR 282.1 million as of 31 October 2017 (EUR 277.5 million).

PIPELINE PROJECTS FAIR VALUE

as of 31 October 2017	Property Development new building projects starting > 6 months in EUR million	Property Development land reserves in EUR million	Property Development non-current assets held for sale in EUR million	Asset Management land reserves in EUR million	Total pipeline projects in EUR million	Share in total pipeline
Germany	236.6	0.0	0.0	0.7	237.3	84.1%
Austria	40.7	2.2	0.0	1.9	44.8	15.9%
Total	**277.3**	**2.2**	**0.0**	**2.6**	**282.1**	**100.0%**

OTHER TANGIBLE ASSETS

The other tangible assets had a combined carrying amount of EUR 17.1 million (EUR 14.9 million). These assets consist primarily of office properties used by the BUWOG Group in Vienna (Hietzinger Kai 131) and Villach (Tiroler Strasse 17) as well as the tangible assets currently under construction for BUWOG's future customer and administrative centre in Vienna at EUR 10.8 million (EUR 8.6 million).

INVESTMENT PROPERTY UNDER CONSTRUCTION – CONSTRUCTION FOR THE PORTFOLIO (ASSET MANAGEMENT / PROPERTY DEVELOPMENT BUSINESS AREAS)

Investment property under construction includes subsidised and market rent apartments in Austria and Germany that are currently under construction or whose construction will begin within the next six months as part of development for BUWOG's core portfolio. These development projects had a carrying amount of EUR 80.8 million as of 31 October 2017 (EUR 56.3 million). One new projects in Vienna was under construction at the end of the reporting period: "RIVUS III" with 181 subsidised rental units, and construction on two other projects is scheduled to start during the current financial year. The projects currently under construction in Berlin include the "Ankerviertel" as part of the "52 Grad Nord" project with 86 privately financed rental apartments, the "Seefeld II, 8.3" project with 27 units and the "La Belle Ville" project with 95 units. Construction is also expected to start on other develop-to-hold projects in Berlin during 2017/18.

NON-CURRENT ASSETS HELD FOR SALE (ASSET MANAGEMENT BUSINESS AREA)

The properties classified as non-current assets held for sale and accounted for in accordance with IFRS 5 were covered by specific plans as of 31 October 2017 which make their sale likely in the near future. These properties are included under the standing investment cluster in the portfolio report at a carrying amount of EUR 3.5 million (EUR 15.7 million) and include 27 units in Vienna, Lower Austria and Salzburg.

REAL ESTATE INVENTORIES – DEVELOPMENT PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

Subsidised and privately financed development projects that are current under construction or completed are reported on the balance sheet as real estate inventories (current assets) and accounted for at amortised cost or the lower net realisable value in accordance with IAS 2. The fair value of these real estate inventories totalled EUR 359.6 million as of 31 October 2017 (EUR 355.5 million).

PROPERTY VALUATION

The consolidated interim financial statements of the BUWOG Group as of 31 October 2017 were prepared in accordance with International Financial Reporting Standards (IFRS), which include the application of the fair value method as defined in IAS 40. The BUWOG Group views the calculation and transparent presentation of fair value as an important internal controlling instrument, which also allows for a realistic external assessment of its property assets.

The entire property portfolio of the BUWOG Group was valued, as scheduled, by the independent external experts at CBRE as of 31 October 2017. This valuation covered the standing investments, new construction projects and undeveloped land. The resulting fair values of these properties and land have a direct influence on the Net Asset Value (NAV) and therefore represent an important factor for evaluating the financial position of the BUWOG Group.

CBRE is one of the market leaders for the valuation of residential properties in Germany and Austria. Nearly 1,100,000 housing units with a volume of approximately EUR 65 billion were appraised by the company in 2016. With roughly 75,000 employees in about 450 offices throughout the world (excluding holdings and affiliates), CBRE serves as a real estate service provider for the owners, investors and users of commercial properties.

CBRE uses a discounted cash flow (DCF) model to value the Austrian real estate holdings. This model was adapted to reflect the special features of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz), in particular cost-covering rent and follow-up rent and the Unit Sales from these holdings. The parameters for Austria include long-term subsidy periods, interest rate hikes and the long-term revenues realisable from Unit Sales in the form of detailed cash flows over a period of 80 years. If the sale of individual apartments is the most economically feasible option, the property is valued according to the estimated sale potential of the individual units. The recoverable revenue on the sale is determined by applying the sales comparison approach and included in the DCF model on an accrual basis. A standard discounted cash flow (DCF) method is applied to the German standing investments. The residual value method is used for property under construction (project development) and the comparative value method for undeveloped property (for future development projects) in Germany and Austria.

DEVELOPMENT OF PROPERTY VALUES IN THE FIRST HALF OF 2017/18

The external appraisal by CBRE indicated showed a substantial increase in the fair value of BUWOG's properties from 30 April 2017 to 31 October 2017. Fair value adjustments (IAS 40) totalled EUR 148.6 million for the first half of 2017/18, whereby EUR 139.0 million resulted from the valuation of the German portfolio and EUR 4.4 million from the valuation of the Austrian portfolio. The fair value adjustments to the pipeline projects amounted to EUR 5.2 million.

The fair value of the standing investments recognised at fair value in accordance with IAS 40 (excluding properties held for sale; standing investments in accordance with IFRS 5) totalled EUR 4,074 million as of 31 October 2017, while the pipeline projects had a combined fair value of EUR 282 million. For the BUWOG Group, that represents a total carrying amount of EUR 4,356 million. The fair value of the properties held for sale (standing investments as defined by IFRS 5) equalled EUR 4 million and resulted in a total fair value of EUR 4,078 million for the standing investments as of 31 October 2017.

The above-average increase of EUR 139 million in the fair value of the German properties resulted primarily (roughly 83%) from the adjustment of market rents and a high yield compression – with an above-average increase in the purchase prices for rental properties and property portfolios in relation to the growth in rents – which reflects the continuing strong demand by domestic and foreign investors. This sharp rise in the purchase prices for properties, above all in Berlin, is also visible in the rapidly growing medium-sized cities in northern Germany, e.g. Lübeck and Kiel. These so-called B- and C-locations are attracting opportunistic investors as well as an increasing number of long-term oriented real estate investors from the peer group which, in turn, is intensifying competition. There are no signs of a decline in the strong demand for residential properties and a related decrease in the rising yield compression over the short-term. Fair value adjustments were not only favourably influenced by these market factors, but also by improved management (approx. 16%) in BUWOG's core regions.

The increase of EUR 4 million in the fair value of BUWOG's Austrian properties resulted from the positive development of purchase prices on the real estate market and the yield compression, above all in Vienna.

The fair value adjustments in the first half of 2017/18 resulted primarily from Berlin and the suburban regions (EUR 62 million), Lübeck (EUR 34 million) and Kiel (EUR 14 million) as well as from the Austrian properties in Vienna and the suburban regions (EUR 9 million).

REVALUATION RESULTS BY REGION

as of 31 October 2017	Fair value adjustments in EUR million	Fair value in EUR million	Fair value in EUR per sqm	Monthly net in-place rent[1] in EUR per sqm	Multiplier net in-place rent
Federal capitals	65.6	1,691	1,872	5.70	28.3
Vienna	7.4	1,052	1,844	5.24	30.7
Berlin	58.3	639	1,920	6.47	25.1
State capitals and major cities[2]	55.9	1,311	1,083	5.34	17.4
Suburban regions[3]	11.6	531	1,015	5.07	17.4
Rural areas	10.3	545	741	4.54	14.6
Total BUWOG Group	**143.4**	**4,078**	**1,209**	**5.23**	**20.1**
thereof Germany	139.0	2,160	1,276	5.98	18.2
thereof Austria	4.4	1,917	1,142	4.44	22.6

The positive and negative fair value adjustments are shown as net amount in the above table.
Fair value and fair value adjustments of standing investments according to CBRE valuation reports as of 31 October 2017
1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date
2) More than 50,000 inhabitants and a significant share of the portfolio
3) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

FINANCING

The BUWOG Group successfully arranged EUR 27.9 million[1] of financing for standing investments, as scheduled, in the first six months of the 2017/18 financial year. The average interest rate on these loans equalled 1.26%. In addition, financing for "develop-to-hold" projects with a total volume of EUR 63.4 million[2] was concluded at an average nominal interest rate of 1.17% during the reporting period.

BUWOG received an investment grade rating of "BBB+" with stable outlook from the leading international rating agency Standard & Poor's (S&P) after the end of the reporting period. The rating was based, among others, on the regional distribution, quality and low vacancy level in the standing investment portfolio and on the flexibility of the business model with regard to new construction. This makes BUWOG one of the few rated residential property companies in Europe with a substantial new construction business. The investment grade rating will give BUWOG easier access to capital market instruments and capital market financing.

BUWOG continued to arrange for financing at favourable long-term conditions and, thereby, further improve the Recurring FFO available for dividends and investments. The following table summarises the key financing parameters as of 31 October 2017:

FINANCING INDICATORS

	Outstanding liability in EUR million	Share of outstanding liability	Ø Interest rate	Ø Term in years
Bank liabilities	**1,489**	**67%**	**2.18%[1]**	**10.7**
thereof Austria	689	31%	2.31%	16.0
thereof Germany	800	36%	2.08%	6.2
Local authorities	**424**	**19%**	**1.65%**	**18.8**
thereof Austria	417	19%	1.67%	19.0
thereof Germany	6	0%	0.56%	1.8
Convertible bond	**300**	**14%**	**0.00%**	**3.9**
Total	**2,213**	**100%**	**1.79%**	**11.3**

Data may include rounding differences.
1) incl. expenses for derivative financial instruments.

FINANCING STRUCTURE

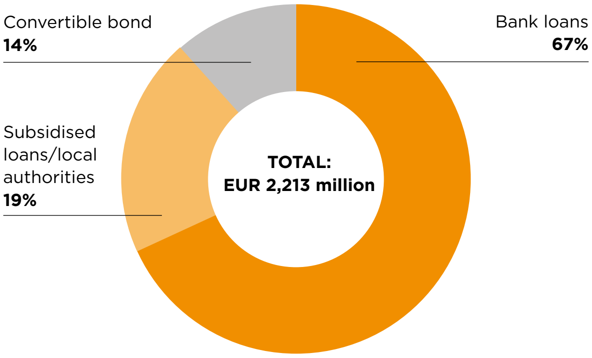
BUWOG's financial liabilities include liabilities to credit institutions, liabilities to local authorities and development banks and liabilities from the issued convertible bond. The outstanding financial liabilities, which are exclusively denominated in Euros, amounted to approx. EUR 2,212.9 million as of 31 October 2017. The net financial liabilities of EUR 1,860.7 million in relation to the total portfolio carrying amount of EUR 4,800.1 million result in a loan-to-value ratio of 38.8%. The decline resulted primarily from the EUR 300 million (gross) capital increase carried out in summer 2017 and also from fair value adjustments. Additional information on the calculation of LTV is provided in the section *Loan to Value* on pages 44f.

As of 31 October 2017, 25% (basis: outstanding liability) of the financial liabilities were low-interest subsidised loans or bank liabilities with annuity subsidies that are measured at fair value through profit or loss. Additional details are provided in the *Analysis of the asset, financial and earnings position* (page 38) and under note 2.4.4 to the consolidated financial statements as of 30 April 2017.

1) As of 31 October 2017 EUR 27.1 million had not been transferred.
2) As of 31 October 2017 EUR 60.3 million had not been transferred due to the progress on construction.

STRUCTURE OF THE AMOUNT OUTSTANDING UNDER FINANCIAL LIABILITIES

as of 31 October 2017

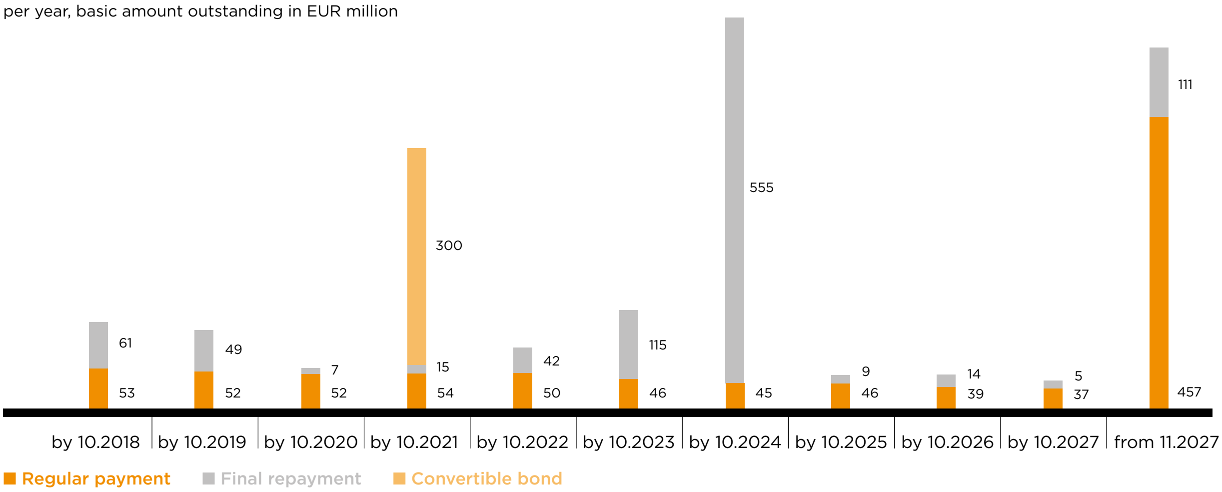


REPAYMENT STRUCTURE

The BUWOG Group works to develop and maintain a long-term, balanced financing structure to protect its defensive risk profile in keeping with the long-term nature of its core business. Most of the financing contracts support this objective. The average term is 11.3 years and the average fixed interest period 9.3 years. The following graph shows the repayment structure by maturity, including the refinancing and restructuring of the loan portfolio:

REPAYMENT BY MATURITY

per year, basic amount outstanding in EUR million



The values shown in the above graph are not scaled mathematically.

INTEREST RATE STRUCTURE

In line with the long-term nature of the financing structure, roughly 90% of the Group's financing contracts were hedged against the risk of interest rate changes through fixed interest rate agreements and/or interest rate swaps as of 31 October 2017. The weighted average nominal interest rate equalled 1.79% as of that date.

ANALYSIS OF THE ASSET, FINANCIAL AND EARNINGS POSITION

The following analysis of the asset, financial and earnings position is based on the first six months of the 2017/18 financial year, respectively the balance sheet date on 31 October 2017. The disclosures and information on the first half of the previous financial year and the balance sheet date on 30 April 2017 are presented in brackets. The term Net Operating Income (NOI) per business area is used in the following as a synonym for the earnings generated by each business area.

EARNINGS POSITION

CONDENSED INCOME STATEMENT

in EUR million	H1 2017/18	H1 2016/17	Change
NOI Asset Management	80.4	78.5	2.5%
NOI Property Sales[1]	28.0	25.5	9.7%
NOI Property Development	30.3	2.1	>100,0%
Other operating income	1.4	1.8	–21.7%
Expenses not directly attributable	–25.0	–17.5	–43.0%
Results of operations	**115.0**	**90.4**	**27.3%**
Other valuation results	148.6	173.8	–14.5%
Operating profit (EBIT)	**263.6**	**264.2**	**–0.2%**
Financial results	–42.9	–84.9	49.5%
Earnings before tax (EBT)	**220.7**	**179.2**	**23.1%**
Net profit	**180.4**	**146.2**	**23.4%**
Net profit per share[2] in EUR	**1.61**	**1.43**	**12.2%**

The use of automated calculation systems may give rise to rounding differences.
1) Including IFRS 5 adjustments of EUR 0.7 million (EUR 4.9 million)
2) Basis: 110,008,394 shares, previous year: 99,773,479 shares, (weighted average)

Asset Management. This business area generated NOI of EUR 80.4 million in the first six months of 2017/18 (EUR 78.5 million), which represents an NOI margin of 76.7% (75.1%). This improvement was supported by a reduction in operating expenses for the portfolio properties. The income recorded by the Asset Management business area consists of net cold rent of EUR 97.4 million (EUR 97.3 million) from residential properties and other rental income of EUR 7.5 million (EUR 7.1 million). These two items form the indicator "net in-place rent" and show the revenue contribution by Asset Management to the BUWOG Group's total revenue. The decline in rental income in Austria is attributable to a reduction in the standing investments in this country. In Germany, an improvement in the net in-place rent led to an increase in rental income.

The income from Asset Management also includes operating costs passed on to tenants, third-party management revenues and revenues from the management of BUWOG's own properties in Austria totalling EUR 53.5 million (EUR 56.2 million) as well as other revenues of EUR 0.1 million (EUR 0.1 million). These revenues are contrasted by EUR 25.3 million (EUR 26.9 million) of expenses directly related to investment properties and EUR 52.6 million (EUR 55.3 million) of operating expenses and expenses from third-party management.

OVERVIEW OF ASSET MANAGEMENT

in EUR million	H1 2017/18	H1 2016/17	Change
Residential rental income	97.4	97.3	0.1%
Other rental income	7.5	7.1	5.0%
Rental revenues	**104.8**	**104.4**	**0.4%**
Operating costs charged to tenants and third party property management revenues	53.5	56.2	-4.8%
Other revenues	0.1	0.1	-2.1%
Revenues	**158.4**	**160.6**	**-1.4%**
NOI Asset Management	**80.4**	**78.5**	**2.5%**
NOI margin Asset Management	**76.7%**	**75.1%**	**1.6 PP**

The use of automated calculation systems may give rise to rounding differences.

Property Sales. NOI of EUR 28.0 million was recorded by the Property Sales business area in the first six months of 2017/18 (EUR 25.5 million). Excluding the IFRS 5 fair value adjustments, NOI in this business area equalled EUR 29.0 million (EUR 20.6 million). These results reflected the sale of 366 apartments through Unit Sales at a margin of 63% on fair value. Block Sales covered 428 units, including 36 units from the sale of the Tyrolean portfolio and 293 units from the sale of portfolios in Carinthia and Styria, at a margin of roughly 17% on fair value. The IFRS 5 adjustments reported in the following table include the fair value adjustments to non-current assets held for sale in accordance with IFRS 5: EUR -0.7 million for the current year and EUR 1.8 million from previous years. This valuation effect was eliminated in the calculation of NOI, EBITDA and Total FFO.

The major parameters for classification as Unit Sales (part of Recurring FFO) and Block Sales (the sale of individual properties and portfolios) are shown below:

OVERVIEW OF PROPERTY SALES

	H1 2017/18	H1 2016/17	Change
Sales of units in numbers	**794**	**342**	**>100.0%**
thereof Unit Sales	366	341	7.3%
thereof Block Sales	428	1	>100.0%
Revenues Property Sales in EUR million	**89.8**	**58.9**	**52.5%**
thereof Unit Sales in EUR million	66.7	58.3	14.4%
thereof Block Sales in EUR million	23.1	0.6	>100.0%
NOI Property Sales in EUR million	**28.0**	**25.5**	**9.7%**
Adaption IFRS 5 current year	-0.7	-4.9	85.1%
Adaption IFRS 5 prior year	1.8	0.0	n.a.
NOI Property Sales in EUR million adjusted	**29.0**	**20.6**	**40.8%**
thereof Unit Sales in EUR million	25.4	20.6	23.4%
thereof Block Sales in EUR million	3.6	0.0	>100.0%
Margin on fair value	**47%**	**56%**	**-9.1 PP**
thereof Unit Sales	63%	57%	5.9 PP
thereof Block Sales	17%	6%	11.0 PP

The use of automated calculation systems may give rise to rounding differences.

Property Development. Two sub-segments are responsible for the activities in this business area: develop-to-sell and develop-to-hold. As of 31 October 2017 the development pipeline contained 10,227 units with a combined investment volume of approx. EUR 3.0 billion. This business area generated strong NOI of EUR 30.3 million in the first six months of 2017/18 (EUR 2.1 million). Transfers from the exclusive “Pfarrwiesengasse” project, the “Seefeld I” project and the completion of the “Southgate” project made an important contribution to earnings. A total of 204 units (125 units) were transferred and recognised to the income statement during the reporting period. Two land sites in Austria were also sold as planned during the first half of 2017/18 – Walter-Jurmann-Gasse with proceeds of EUR 0.7 million and Windmühlgasse with proceeds of EUR 3.4 million. The substantial improvement in the NOI margin from Property Development from 3.2% to 18.3% confirms the success of BUWOG’s strategic focus on this business area.

OVERVIEW OF PROPERTY DEVELOPMENT

	H1 2017/18	H1 2016/17	Change
Sold units	**204**	**125**	**63.2%**
thereof Germany	99	69	43.5%
thereof Austria	105	56	87.5%
Revenues Property Development in EUR million	**103.5**	**45.1**	**>100.0%**
thereof Germany in EUR million	31.7	26.4	20.3%
thereof Austria in EUR million	71.8	18.7	>100.0%
NOI Property Development in EUR million	**30.3**	**2.1**	**>100.0%**
Adjustment to fair value of investment properties under construction	-11.3	-0.7	-1,547.0%
NOI Property Development adjusted in EUR million	**19.0**	**1.4**	**>100.0%**
thereof Germany in EUR million	2.5	1.1	>100.0%
thereof Austria in EUR million	16.5	0.4	>100.0%
NOI margin Property Development adjusted	**18.3%**	**3.2%**	**15.2 PP**
thereof Germany	7.9%	4.1%	3.8 PP
thereof Austria	22.9%	1.9%	21.0 PP

The use of automated calculation systems may give rise to rounding differences.

Expenses not directly attributable. Expenses that are not directly attributable to the three business areas amounted to EUR 25.0 million in the first six months of 2017/18 (EUR 17.5 million). They consist primarily of personnel expenses totalling EUR 8.6 million (EUR 7.5 million), legal, auditing and consulting fees of EUR 5.0 million (EUR 2.4 million) and IT and communications costs of EUR 5.0 million (EUR 2.8 million). Advertising and marketing costs amounted to EUR 1.5 million (EUR 1.2 million). The increase in personnel expenses resulted primarily from an employee event, while the higher consulting and IT fees were related to the Group-wide introduction of SAP ERP.

The results of operations totalled EUR 115.0 million (EUR 90.4 million). The year-on-year increase is attributable primarily to the earnings improvement in the Property Development business area. Adjusted EBITDA equalled EUR 106.7 million (EUR 86.4 million) after an adjustment for non-cash effects, effects related to other accounting periods and the valuation of property under construction and property held for sale.

EBITDA

in EUR million	H1 2017/18	H1 2016/17	Change
Results of operations	**115.0**	**90.4**	**27.3%**
Impairment losses/revaluations	1.9	1.6	17.7%
Adjustment to fair value of investment properties under construction	–11.3	–0.7	>100.0%
Adaption IFRS 5 previous year	1.8	0.0	>100.0%
Adaption IFRS 5 current year	–0.7	–4.9	85.1%
EBITDA[1)]	**106.7**	**86.4**	**23.5%**
EBITDA Asset Management	**62.1**	**66.5**	**–6.5%**
EBITDA Property Sales[1)]	**28.5**	**20.3**	**40.5%**
thereof Unit Sales	25.0	20.3	23.1%
thereof Block Sales	3.5	–0.0	>100.0%
EBITDA Property Development	**16.2**	**–0.3**	**>100.0%**

The use of automated calculation systems may give rise to rounding differences.
1) Results of operations adjusted to account for valuation effects from period-based shifts (IFRS 5)

Other valuation results. The BUWOG properties were appraised by the independent external experts at CBRE as of 31 October 2017. Other valuation results of EUR 148.6 million (EUR 173.8 million) consist chiefly of fair value adjustments to investment properties. Additional details can be found under note 5.6 *Fair value adjustments of properties* in the consolidated interim financial statements.

Financial results. Financial results of EUR –42.9 million (EUR –84.9 million) include cash interest expenses of EUR –20.9 million (EUR –23.4 million) as well as non-cash results from the fair value measurement through profit or loss of derivatives at EUR -1.8 million (EUR –19.5 million) and financial liabilities at EUR –12.3 million (EUR –34.8 million). The non-cash valuation effects have no effect on Recurring FFO. Additional information on the development of interest rates is provided under *The Market Environment*.

Recurring FFO. The key performance indicator used by the BUWOG Group to evaluate the operation business is Funds From Operations (FFO), whereby a differentiation is made between Recurring FFO (which excludes the results of Block Sales), Total FFO (which includes the results of Block Sales) and AFFO (which is adjusted for capitalised value-enhancing measures, CAPEX). Recurring FFO reflects the business model of the BUWOG Group, which is based on sustainable, long-term experience in the Asset Management, Property Development and Property Sales (excluding the results of Block Sales). Group net profit for the first six months of 2017/18 represents the starting point for the calculation in the following table.

Recurring FFO, which also serves as the benchmark for the dividend payment, amounted to EUR 76.3 million for the first six months of 2017/18. The year-on-year increase of 32.4% reflected the positive development in all business areas.

FFO

in EUR million	H1 2017/18	H1 2016/17	Change
Net profit	180.4	146.2	23.4%
Results of Property Sales	–28.0	–25.5	–9.7%
Other financial results	21.5	61.1	–64.9%
Fair value adjustments of investment properties[1]	–159.8	–174.4	8.4%
Impairment losses/revaluations	1.9	1.7	14.2%
Deferred taxes	27.5	24.7	11.4%
Other	7.4	3.4	>100.0%
FFO	**50.9**	**37.0**	**37.4%**
Unit Sales result	25.4	20.6	23.5%
Recurring FFO	**76.3**	**57.6**	**32.4%**
Block Sales result[2]	3.6	0.0	>100.0%
Total FFO	**79.9**	**57.7**	**38.6%**
Recurring FFO per share in EUR basic[3]	0.69	0.58	20.1%
Total FFO per share in EUR basic[3]	0.73	0.58	25.7%
Recurring FFO	**76.3**	**57.6**	**32.4%**
CAPEX	–23.8	–16.5	–44.2%
AFFO	**52.5**	**41.1**	**27.7%**

The use of automated calculation systems may give rise to rounding differences.
1) Includes fair value adjustments of EUR 148.6 million (EUR 173.8 million) to investment properties and the valuation of property under construction at EUR 11.3 million (EUR 0.7 million)
2) Excl. valuation effects of EUR 0.7 million (EUR 4.9 million) on available-for-sale properties and incl. valuation effects of EUR 1.8 million from the previous year
3) Basis for earnings data: 110,008,394 shares (99,773,479) weighted average

Other financial results of EUR –18.9 million (EUR –59.7 million) were adjusted for the following items to develop the total amount of EUR –21.5 million (EUR –61.1 million): results of EUR –1.4 million (EUR –1.0 million) from the valuation of financial liabilities at amortised cost, ancillary cash expenses of EUR 0.2 million for current borrowings and an increase of EUR -1.4 million (EUR -0.4 million) in interest expense, calculated according to the effective interest rate method, for the convertible bond which was issued during the reporting period.

Impairment losses/revaluations include EUR 1.5 million (EUR 1.2 million) of depreciation, amortisation and impairment losses to intangible and other tangible assets as well as expenses of EUR 0.4 million (EUR 0.5 million) from the valuation of real estate inventories.

The position “other” includes personnel expenses of EUR 0.3 million (EUR 1.0 million) and operating expenses of EUR 6.7 million (EUR 3.0 million) for project-related, non-recurring items as well as costs of EUR 0.6 million (EUR 0.0 million) for an employee event. Also included here is income of EUR 0.2 million (EUR 0.2 million) from insurance compensation. In the previous financial year, this position also included expenses of EUR 0.1 million for share-based remuneration with settlement through equity instruments and a one-off reimbursement of EUR 0.5 million for land rent from 2006 to 2015.

ASSET POSITION

CONDENSED BALANCE SHEET

in EUR million	31 October 2017	30 April 2017	Change
Investment property	4,356.1	4,203.9	3.6%
Investment property under construction	80.8	56.3	43.6%
Other tangible assets	17.1	14.9	14.4%
Intangible assets	14.3	14.6	-1.9%
Trade and other receivables	172.0	127.7	34.7%
Other financial assets	14.6	15.5	-6.0%
Deferred tax assets	0.1	0.2	-37.7%
Non-current assets held for sale	3.5	15.7	-77.6%
Income tax receivables	3.8	3.9	-2.8%
Real estate inventories	359.6	355.5	1.1%
Cash and cash equivalents	326.7	211.4	54.5%
Assets	**5,348.8**	**5,019.7**	**6.6%**
Equity	2,397.0	1,995.8	20.1%
Liabilities from convertible bonds	289.4	288.0	0.5%
Financial liabilities	1,898.1	1,963.5	-3.3%
Trade payables and other liabilities	431.0	464.0	-7.1%
Income tax liabilities	26.9	28.8	-6.7%
Provisions	14.2	14.6	-3.0%
Deferred tax liabilities	292.2	264.9	10.3%
Financial liabilities held for sale	0.0	0.1	-100.0%
Equity and liabilities	**5,348.8**	**5,019.7**	**6.6%**

Information on the investment properties, properties under construction, real estate inventories and non-current assets held for sale is provided in the portfolio report and in the respective disclosures in the notes to the consolidated interim financial statements as of 31 October 2017. The strong increase in liquid funds resulted primarily from the cash capital increase of EUR 305.6 million. Additional details on the capital increase can be found under *Shareholder structure* on page 26.

EPRA NAV. This indicator is calculated in accordance with the recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV concept is used to show the fair value of net assets on a long-term basis and to give investors an impression of the company's sustainable asset position. In the first six months of 2017/18, the EPRA NAV rose from EUR 23.90 per share to EUR 24.87 per share.

EPRA NAV

in EUR million	31 October 2017	30 April 2017	Change
Equity before non-controlling interests	2,372.7	1,974.6	20.2%
Goodwill	-5.6	-5.6	0.0%
Inventories (carrying amount)[1]	-359.6	-355.5	-1.1%
Inventories (fair value)	399.5	427.7	-6.6%
Properties owned by BUWOG (carrying amount)	-15.6	-13.6	-14.9%
Properties owned by BUWOG (fair value)	21.0	19.1	10.3%
Positive market value of derivative financial instruments	0.0	0.0	n.a.
Negative market value of derivative financial instruments	67.9	66.1	2.7%
Deferred tax assets on investment properties	-0.2	-0.2	16.1%
Deferred tax liabilities on investment properties (adjusted)[2]	336.0	305.6	9.9%
Deferred taxes on property inventories	-10.7	-20.0	46.5%
Deferred taxes on derivative financial instruments	-13.9	-13.4	-4.0%
EPRA NAV basic (balance sheet date)	**2,791.5**	**2,384.8**	**17.1%**
Total floor area	3,372,267	3,418,784	-1.4%
EPRA NAV in EUR per sqm	**827.8**	**697.6**	**18.7%**
EPRA NAV basic (balance sheet date)	**2,791.5**	**2,384.8**	**17.1%**
Shares issued as of the balance sheet date (excl. treasury shares)	112,245,164	99,773,479	12.5%
EPRA NAV per share in EUR basic (balance sheet date)	**24.87**	**23.90**	**4.0%**

1) The real estate inventories are appraised by CBRE twice each year as of 31 of October and 30 of April.
2) Adjustment for deferred tax liabilities arising in connection with potential property sales of EUR 30.6 million (EUR 33.4 million)

Loan-to-Value (LTV). Net liabilities in relation to the fair value (carrying amount) of the BUWOG Group's portfolio (LTV) were successfully reduced from 44.1% as of 30 April 2017 to 38.8% as of 31 October 2017. This decline reflects the strong growth in liquid funds following the cash capital increase of EUR 305.6 million on 2 June 2017 and the increase of 3.6% in the carrying amount of the BUWOG portfolio.

LOAN-TO-VALUE RATIO

in EUR million	31 October 2017	30 April 2017	Change
Non-current financial liabilities	1,765.8	1,844.6	-4.3%
Current financial liabilities	132.3	118.8	11.3%
Financial liabilities held for sale	0.0	0.1	-100.0%
Liabilities from convertible bonds	289.4	288.0	0.5%
Financial liabilities	**2,187.4**	**2,251.6**	**-2.8%**
Cash and cash equivalents	-326.7	-211.4	>-100.0%
Net financial liabilities	**1,860.7**	**2,040.2**	**-8.8%**
Investment properties	4,356.1	4,203.9	3.6%
Investment properties under construction	80.8	56.3	43.6%
Non-current assets held for sale	3.5	15.7	-77.6%
Inventories	359.6	355.5	1.1%
Carrying amount overall portfolio	**4,800.1**	**4,631.4**	**3.6%**
Loan-to-value ratio	**38.8%**	**44.1%**	**-5.3 PP**

FINANCIAL POSITION

CASH FLOW

in EUR million	H1 2017/18	H1 2016/17	Change
Gross cash flow	64.7	29.3	>100.0%
Cash flow from operating activities	30.7	33.5	-8.3%
Cash flow from investing activities	-34.8	-11.8	-195.1%
Cash flow from financing activities	119.4	197.1	-39.4%
Cash flow	**115.3**	**218.8**	**-47.3%**

Gross cash flow totalled EUR 64.7 million (EUR 29.3 million) after an adjustment for non-cash effects like the fair value adjustment of investment properties, the fair value measurement of financial instruments, depreciation, amortisation and other positions. The year-on-year increase of EUR 35.4 million resulted from the improvement in operating earnings, primarily from the Property Development business area, and from higher income tax payments in the previous year (EUR 36.2 million versus EUR 12.7 million in H1 2017/18). The net cash outflows from net working capital positions amounted to EUR 34.0 million (previous year: net cash inflows of EUR 4.2 million). Cash flow from operating activities declined from EUR 33.5 million to EUR 30.7 million.

Cash flow from investing activities was negative at EUR -34.8 million and increased substantially over the previous year (EUR -11.8 million). Cash outflows totalled EUR 83.9 million (EUR 117.5 million) and involved investments in property assets, properties under construction and the purchase of other non-current assets as well as a fixed term investment of EUR 50.0 million (EUR 0.0 million) with a term of more than three months. These cash outflows were contrasted by cash inflows of EUR 97.7 million (EUR 104.0 million) from the sale of non-current assets.

Cash flow from financing activities declined to EUR 119.4 million (EUR 197.1 million) and was influenced by the capital increase with net cash inflows of EUR 297.9 million. These inflows were contrasted by cash outflows of EUR 79.9 million (EUR 6.9 million) from the net decline in financial liabilities as well as interest paid and dividends of EUR 98.6 million (EUR 92.2 million). The first half of the previous year also included net cash inflows of EUR 297.9 million from the issue of a convertible bond.

OUTLOOK

BUWOG can look back on very successful business development during the first six months of the 2017/18 financial year. Our goal to generate Recurring FFO of at least EUR 125 million in 2017/18 remains intact. In the Asset Management business area, the Executive Board still expects like-for-like growth of 1.5% to 2.0% in rents and constant high-margin Unit Sales of roughly 600 apartments as well as Recurring FFO of at least EUR 102 million. The Property Development business area should contribute at least EUR 23 million to Recurring FFO based on the expected completion of 694 units in 2017/18. The funds released through Block Sales in strategically less relevant regions of Austria will be reinvested in BUWOG's attractive core markets in Germany.

There have been no significant changes in the opportunity/risk profile since the end of the 2016/17 financial year which would lead to indications of new opportunities or risks for the BUWOG Group. Individual minor adjustments are discussed in the applicable sections of this report, including the section on the development of business. The information provided under the *Risk Report* in the 2016/17 annual report is still valid.

SUBSEQUENT EVENTS

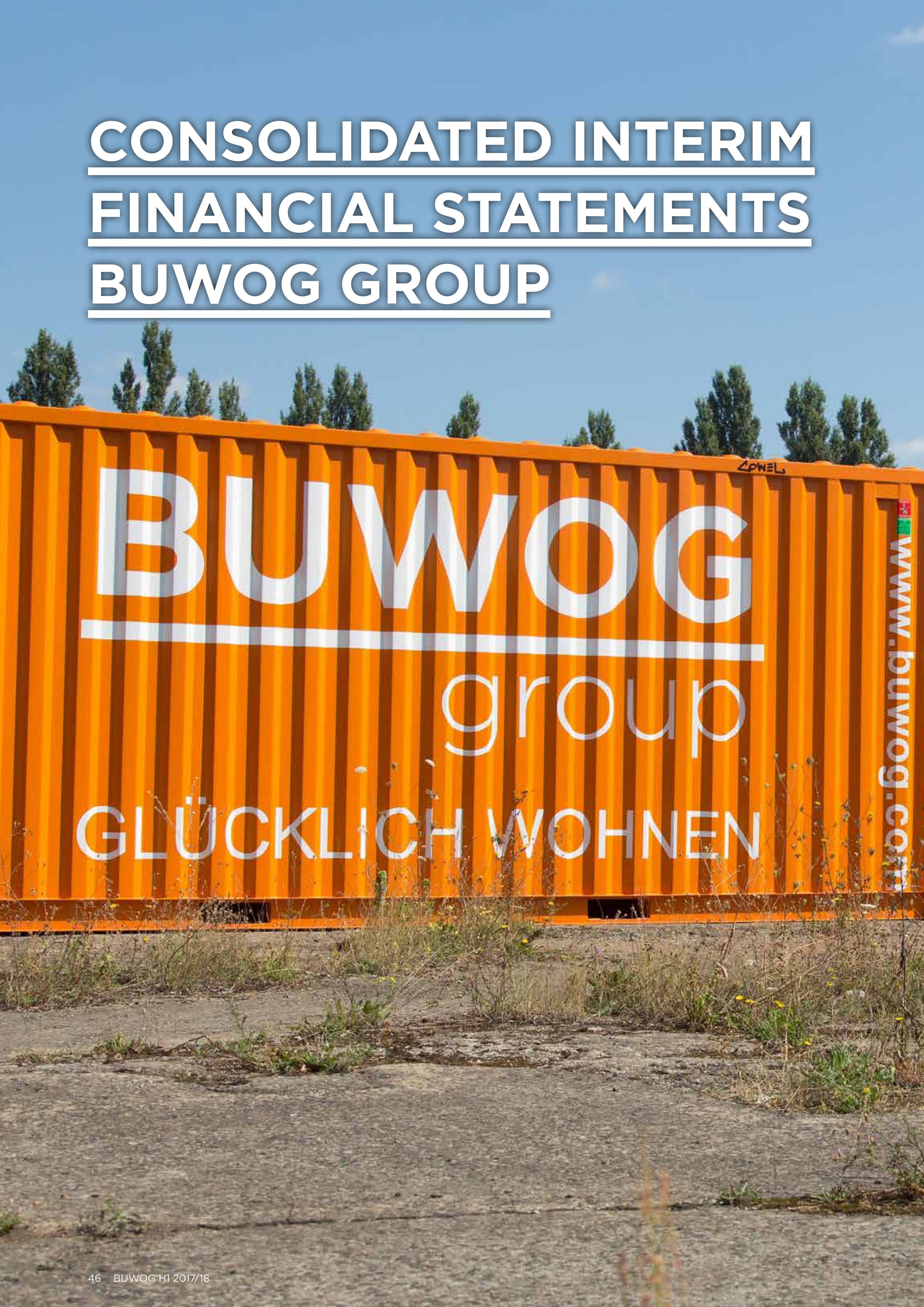
BUWOG received an investment grade rating of "BBB+" with stable outlook from the leading international rating agency Standard & Poor's (S&P) after the end of the reporting period. The rating was based, among others, on the regional distribution, quality and low vacancy level in the standing investment portfolio and on the flexibility of the business model with regard to new construction. This makes BUWOG one of the few rated residential property companies in Europe with a substantial new construction business.

On 18 December 2017, the Executive Board of BUWOG AG and the Managing Board of Vonovia SE signed a business combination agreement for the merger of their two companies. Vonovia SE intends to submit a voluntary takeover offer for all shares of BUWOG AG, whereby BUWOG shareholders would receive EUR 29.05 in cash for each BUWOG share.

Further details are provided on the BUWOG website under www.buwog.com.

Information on other relevant events occurring after the balance sheet date on 31 October 2017 is provided in the consolidated interim financial statements under note 8. *Subsequent events*.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS BUWOG GROUP



CONTENT

CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	H1 2017/18	H1 2016/17	Q2 2017/18	Q2 2016/17
Residential rental income		97,364.7	97,309.7	49,476.3	47,671.6
Other rental income		7,473.3	7,116.8	3,640.2	4,008.1
Rental income		**104,838.0**	**104,426.5**	**53,116.5**	**51,679.7**
Operating costs charged to tenants and third party property management revenues		53,458.9	56,150.0	25,281.7	26,873.4
Other revenues		61.2	62.5	54.5	46.1
Revenues		**158,358.1**	**160,639.0**	**78,452.7**	**78,599.2**
Expenses directly related to investment property	5.1	–25,337.8	–26,880.0	–11,686.3	–12,725.7
Operating expenses and expenses from third party property management		–52,578.8	–55,265.6	–24,788.4	–25,851.2
Results of Asset Management		**80,441.5**	**78,493.4**	**41,978.0**	**40,022.3**
Sale of properties		89,784.0	58,889.9	37,830.2	31,223.2
Carrying amount of sold properties		–89,784.0	–58,889.9	–37,830.2	–31,223.2
Other expenses from property sales		–1,022.7	–1,594.0	–660.9	–826.1
Fair value adjustments of properties sold	5.6	28,254.9	22,219.4	13,784.4	11,836.9
Fair value adjustments of properties held for sale	5.6	722.0	4,858.1	–946.3	4,858.1
Results of Property Sales	**5.2**	**27,954.2**	**25,483.5**	**12,177.2**	**15,868.9**
Sale of real estate inventories		103,547.3	45,056.0	19,751.5	26,688.7
Cost of real estate inventories sold		–74,730.9	–35,804.5	–13,436.8	–20,658.1
Other expenses from sale of real estate inventories		–3,690.5	–3,328.9	–2,360.6	–1,944.2
Other real estate development expenses		–6,141.9	–4,490.4	–3,673.3	–1,788.1
Fair value adjustments of properties under construction	5.6	11,280.5	684.9	11,280.5	684.9
Results of Property Development	**5.3**	**30,264.5**	**2,117.1**	**11,561.3**	**2,983.2**
Other operating income	5.4	1,388.8	1,774.7	713.5	1,093.5
Other not directly attributable expenses	5.5	–25,008.7	–17,486.0	–14,259.0	–8,206.5
Results of operations		**115,040.3**	**90,382.7**	**52,171.0**	**51,761.4**
Fair value adjustments of investment properties	5.6	148,565.3	173,762.1	148,565.3	27,258.3
Maintenance and improvement contributions received		0.0	24.9	0.0	0.0
Other valuation results		**148,565.3**	**173,787.0**	**148,565.3**	**27,258.3**
Operating profit (EBIT)		**263,605.6**	**264,169.7**	**200,736.3**	**79,019.7**
Financing costs		–24,348.3	–25,682.5	–12,671.7	–14,392.7
Financing income		355.1	470.2	284.1	320.5
Other financial results		–18,936.4	–59,713.6	–4,745.9	12,125.8
Financial results	**5.7**	**–42,929.6**	**–84,925.9**	**–17,133.5**	**–1,946.4**
Earnings before tax (EBT)		**220,676.0**	**179,243.8**	**183,602.8**	**77,073.3**
Income tax expenses	5.8	–12,804.1	–8,385.3	–2,813.4	–5,328.5
Deferred tax income/expenses	5.8	–27,451.4	–24,652.1	–29,597.9	–9,405.1
Net profit		**180,420.5**	**146,206.4**	**151,191.5**	**62,339.7**
Thereof attributable to:					
Owners of the parent company		**176,978.9**	**143,059.6**	**148,015.9**	**59,143.5**
Non-controlling interests		**3,441.6**	**3,146.8**	**3,175.6**	**3,196.2**
Basic earnings per share in EUR	**5.9**	**1.61**	**1.43**	**1.34**	**0.59**
Diluted earnings per share in EUR	**5.9**	**1.51**	**1.43**	**1.24**	**0.59**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	H1 2017/18	H1 2016/17	Q2 2017/18	Q2 2016/17
Net profit	**180,420.5**	**146,206.4**	**151,191.5**	**62,339.7**
Items which will not be reclassified to the income statement in the future				
Remeasurement of defined benefit obligations	0.0	0.0	0.0	0.0
Income taxes attributable to items which will not be subsequently reclassified to the income statement	0.0	0.0	0.0	0.0
Total items which will not be reclassified to income statement in the future	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income	**180,420.5**	**146,206.4**	**151,191.5**	**62,339.7**
Thereof attributable to:				
Owners of the parent company	**176,978.9**	**143,059.6**	**148,015.9**	**59,143.5**
Non-controlling interests	**3,441.6**	**3,146.8**	**3,175.6**	**3,196.2**

CONSOLIDATED BALANCE SHEET

in TEUR	Notes	31 October 2017	30 April 2017
Investment property	6.1	4,356,142.7	4,203,921.9
Investment property under construction	6.1	80,837.8	56,300.0
Other tangible assets		17,101.4	14,948.0
Intangible assets		14,332.2	14,607.2
Trade and other receivables	6.2	1,152.7	1,686.6
Other financial assets		13,400.4	14,222.5
Deferred tax assets		107.9	173.3
Non-current assets		**4,483,075.1**	**4,305,859.5**
Trade and other receivables	6.2	170,880.9	126,047.2
Income tax receivables		3,830.6	3,941.8
Other financial assets		1,163.9	1,265.3
Non-current assets held for sale	6.3	3,502.0	15,661.1
Real estate inventories		359,604.2	355,531.4
Cash and cash equivalents		326,704.2	211,397.2
Current assets		**865,685.8**	**713,844.0**
ASSETS		**5,348,760.9**	**5,019,703.5**
Share capital		112,245.2	99,773.5
Capital reserves		1,585,769.6	1,299,687.1
Accumulated other equity		-1,295.8	-1,295.8
Retained earnings		675,979.1	576,449.4
		2,372,698.1	1,974,614.2
Non-controlling interests		24,336.1	21,195.3
Equity	**6.4**	**2,397,034.2**	**1,995,809.5**
Liabilities from convertible bonds	6.5	289,350.0	287,987.5
Financial liabilities	6.6	1,765,814.7	1,844,645.6
Trade payables and other liabilities	6.7	120,781.7	120,550.7
Provisions		6,468.0	6,543.3
Deferred tax liabilities		292,242.1	264,856.0
Non-current liabilities		**2,474,656.5**	**2,524,583.1**
Financial liabilities	6.6	132,279.4	118,826.6
Trade payables and other liabilities	6.7	310,177.5	343,417.0
Tax liabilities		26,905.8	28,843.3
Provisions		7,707.5	8,077.0
Financial liabilities held for sale	6.3	0.0	147.0
Current liabilities		**477,070.2**	**499,310.9**
EQUITY AND LIABILITIES		**5,348,760.9**	**5,019,703.5**

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	Notes	H1 2017/18	H1 2016/17
Earnings before tax (EBT)		220,676.0	179,243.8
Fair value adjustments/depreciation/gain from a bargain purchase		–185,889.7	–198,693.9
Gains/losses from disposal of non-current assets		–157.0	–15.5
Gain/loss on the fair value measurement of financial instruments		14,102.5	54,316.8
Income taxes received/paid		–12,689.5	–36,179.4
Net financing costs		23,993.1	25,212.3
Other non-cash income/expense		4,689.7	5,440.0
Gross cash flow		**64,725.1**	**29,324.1**
Changes in:			
Trade and other receivables		–11,846.3	–203.1
Real estate inventories		6,392.4	–29,483.0
Trade payables		–14,540.2	–6,291.2
Provisions		–444.9	–222.0
Prepayments on the sale of apartments		–17,772.8	33,263.4
Miscellaneous other liabilities		4,183.7	7,101.2
Cash flow from operating activities		**30,697.0**	**33,489.4**
Acquisition of/Investments in investment property incl. prepayments		–66,275.8	–95,409.8
Acquisition of/Investments in property under construction		–15,108.3	–21,432.3
Acquisition of/Investments in other tangible assets		–2,033.0	–299.4
Acquisition of intangible assets		–471.3	–348.6
Acquisition of other financial assets		0.0	–20.4
Time deposits with a term of more than three months		–50,000.0	0.0
Disposal of non-current assets		97,725.0	104,022.6
Cash inflows from other financial assets		1,282.9	1,494.8
Interest received		129.8	216.3
Cash flow from investing activities		**–34,750.7**	**–11,776.8**
Cash inflows from long-term financing	6.8	21,666.4	71,742.8
Cash inflows from capital increase		305,556.3	0.0
Cash outflows for transaction costs for capital increase		–7,687.3	0.0
Cash flows arising from changes of the ownership interests in subsidiaries		0.0	–1,689.8
Cash inflows/outflows from short-term financing	6.8	–37,111.9	–59,476.4
Cash outflows for long-term financing	6.8	–64,407.0	–19,146.8
Cash outflows for derivative financial instruments		–7,794.6	–7,725.1
Interest paid and cash outflows for other financing expenses		–13,111.2	–15,647.7
Payments of dividends to non-controlling interests		–300.8	–102.0
Payments of dividends to shareholders of the parent company		–77,449.2	–68,843.7
Cash inflows from convertible bonds		0.0	300,000.0
Cash outflows for transaction costs for convertible bonds		0.0	–2,060.0
Cash flow from financing activities		**119,360.7**	**197,051.3**
Change in cash and cash equivalents		**115,307.0**	**218,763.9**
Cash and cash equivalents at the beginning of the period		211,397.2	82,540.1
Cash and cash equivalents at the end of the period		326,704.2	301,304.0
Change in cash and cash equivalents		**115,307.0**	**218,763.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Share capital	Capital reserves
Balance on 30 April 2017	**99,773.5**	**1,299,687.1**
Payment of dividends	0.0	0.0
Capital increase	12,471.7	286,082.5
Transactions with owners	**12,471.7**	**286,082.5**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 October 2017	**112,245.2**	**1,585,769.6**

in TEUR	Share capital	Capital reserves
Balance on 30 April 2016	**99,773.5**	**1,299,643.1**
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	94.7
Structural changes	0.0	–145.5
Transactions with owners	**0.0**	**–50.8**
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Balance on 31 October 2016	**99,773.5**	**1,299,592.3**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–1,295.8	**576,449.4**	**1,974,614.2**	**21,195.3**	**1,995,809.5**
0.0	–77,449.2	–77,449.2	–300.8	**–77,750.0**
0.0	0.0	298,554.2	0.0	**298,554.2**
0.0	**–77,449.2**	**221,105.0**	**–300.8**	**220,804.2**
0.0	176,978.9	176,978.9	3,441.6	**180,420.5**
0.0	0.0	0.0	0.0	**0.0**
0.0	**176,978.9**	**176,978.9**	**3,441.6**	**180,420.5**
–1,295.8	**675,979.1**	**2,372,698.1**	**24,336.1**	**2,397,034.2**

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	**Total equity**
–1,010.8	**287,477.2**	**1,685,883.0**	**14,075.8**	**1,699,958.8**
0.0	–68,843.7	–68,843.7	–102.0	**–68,945.7**
0.0	0.0	94.7	0.0	**94.7**
0.0	0.0	–145.5	–1,544.3	**–1,689.8**
0.0	**–68,843.7**	**–68,894.5**	**–1,646.3**	**–70,540.8**
0.0	143,059.6	143,059.6	3,146.8	**146,206.4**
0.0	0.0	0.0	0.0	**0.0**
0.0	**143,059.6**	**143,059.6**	**3,146.8**	**146,206.4**
–1,010.8	**361,693.1**	**1,760,048.1**	**15,576.3**	**1,775,624.4**

1. GENERAL PRINCIPLES

BUWOG AG is an Austrian residential property investor and developer with core markets in Germany and Austria. The company headquarters are located at A-1130 Vienna, Hietzinger Kai 131. BUWOG AG is the parent company of the BUWOG Group.

The business activities of the BUWOG Group cover the following areas

- Asset Management (portfolio management and administration)
- Property Sales (the sale of individual apartments and portfolios) and
- Property Development (the planning and construction of residential buildings with a focus on Vienna, Berlin and Hamburg).

The shares of BUWOG AG are admitted for trading on the Prime Standard market of the Frankfurt Stock Exchange, the Prime Market of the Vienna Stock Exchange and the Main Market of the Warsaw Stock Exchange (*"Rynek podstawowy"*).

2. BASIS OF PREPARATION

The consolidated interim financial statements of BUWOG AG as of 31 October 2017 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in accordance with EC Regulation 1606/2002. These condensed consolidated interim financial statements were prepared in accordance with the rules set forth in IAS 34.

Information on the IFRS and significant accounting policies applied by BUWOG AG in preparing the consolidated interim financial statements is provided in the consolidated financial statements of BUWOG AG as of 30 April 2017.

These consolidated interim financial statements of BUWOG AG were neither audited nor reviewed by an auditor.

The consolidated interim financial statements are presented in thousands of Euros (TEUR, rounded). The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentages.

2.1 INITIAL APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations require mandatory application beginning with the 2017/18 financial year:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
Changes to standards and interpretations			
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19 January 2016 (6 November 2017)	1 May 2017
IAS 7	Disclosure Initiative	29 January 2016 (6 November 2017)	1 May 2017

IAS 12 *Recognition of deferred taxes for unrealised losses*

The changes to IAS 12 Income Taxes were announced by the IASB on 19 January 2016 and clarify the accounting treatment of deferred tax assets for unrealised losses. Among others, the changes clarify that an unrealised loss on a debt instrument measured at fair value gives rise to a deductible temporary difference when the original cost represents the tax base. The changes were adopted by the EU on 6 November 2017 and must be applied retroactively for the reporting year. These changes will have no effect on the consolidated financial statements of the BUWOG Group.

IAS 7 *Disclosure Initiative*

The revision to this standard was adopted by the EU on 6 November 2017 and requires additional disclosures on the changes in liabilities arising from financing activities. The changes are to be applied retrospectively as of 1 January 2017. A reconciliation for the reporting period is provided in note 6.8 *Changes in liabilities from financing activities*.

2.2 STANDARDS AND INTERPRETATIONS ADOPTED BY THE EU, BUT NOT YET APPLIED

The following new or revised standards and interpretations had been announced by the balance sheet date, but have not been adopted by the EU and are therefore not applicable:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
New standards and interpretations			
IFRS 16	Leases	13 January 2016 (31 October 2017)	1 May 2019
IFRS 15	Revenue from Contracts with Customers	28 May 2014 (22 September 2016)	1 May 2018
IFRS 9	Financial Instruments, amendments to IFRS 9 and IFRS 7, Mandatory Effective Date and Transition Disclosures, and amendments to IFRS 9, IFRS 7 and IAS 39, Hedge Accounting	24 July 2014 (22 November 2016)	1 May 2018
Changes to standards and interpretations			
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	12 April 2016 (31 October 2017)	1 May 2018

IFRS 15 *Revenue from Contracts with Customers*

The detailed analyses of the effects of IFRS 15 and the related period-based recognition of revenue from sales contracts in the Property Development business area were continued during the first half of 2017/18. Under the current stand and based on the purchase contracts notarised as of 30 April 2017, a positive effect on equity in the single-digit million range is expected. It results from the initial recognition of contractual assets, contract set-up costs and lower real estate inventories (which must be reduced by a proportional share of the cost of goods) as well as the recognition of deferred taxes.

IFRS 9 *Financial Instruments*

The amortised cost of financial liabilities which were modified but not derecognised in the past was carried forward by applying an adjusted effective interest rate in accordance with IAS 39. In the future, changes in present value resulting from modifications to the respective credit terms that do not lead to derecognition of the financial liability will be recognised to profit or loss as income or expense items. This procedure will lead to an adjustment of the carrying amount on the conversion date.

2.3 STANDARDS AND INTERPRETATIONS ANNOUNCED, BUT NOT YET ADOPTED BY THE EU

The following new or revised standards and interpretations had been announced by the balance sheet date, but have not yet been adopted by the EU and are therefore not applicable:

Standard	Content	Published by the IASB	Expected mandatory application for BUWOG
New standards and interpretations			
IFRS 14	Regulatory Deferral Accounts	30 January 2014	1)
IFRIC 22	Foreign Currency Transactions and Advance Consideration	8 December 2016	1 May 2018
IFRS 17	Insurance contracts	18 May 2017	1 May 2021
IFRIC 23	Uncertainty over Income Tax Treatments	7 June 2017	1 May 2019
Changes to standards and interpretations			
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	11 September 2014	2)
IFRS 2	Classification and Measurement of Share-based Payment Transactions	20 June 2016	1 May 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12 September 2016	1 May 2018
Various standards	Annual Improvements to IFRSs 2014 – 2016 Cycle	8 December 2016	1 May 2017/ 1 May 2018
IAS 40	Transfers of Investment Property	8 December 2016	1 May 2018
IFRS 9	Prepayment Features with Negative Compensation	12 October 2017	1 May 2019
IAS 28	Long-term Interests in Associates and Joint Ventures	12 October 2017	1 May 2019

1) Interim standard IFRS 14 Regulatory Deferral Accounts will not be adopted by the European Union.
2) The initial application of this revised standard has been postponed for an indefinite period.

3. SCOPE OF CONSOLIDATION

In addition to BUWOG AG, these consolidated interim financial statements include 34 domestic and 88 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or can exercise legal or actual control. In addition, two foreign companies were consolidated at the proportional share held by the BUWOG Group.

3.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The following table shows the changes in the scope of consolidation for the BUWOG Group during the first half of 2017/18:

Scope of consolidation	Full consolidation	Proportionate consolidation	Total
Balance on 30 April 2017	**122**	**0**	**122**
Initially included	4	2	6
Liquidations	–3	0	–3
Balance on 31 October 2017	**123**	**2**	**125**

3.2 INITIAL CONSOLIDATIONS

The following subsidiaries were initially consolidated during the first half of 2017/18:

Segment	Country	Head-quarters	Company	Interest in capital	Type of consolidation	Consolidation date
Founding/acquisition of companies without businesses						
Austria	AT	Vienna	BUWOG – Breitenfurterstraße Zwei, GmbH & Co. KG	99.98%	F	1 June 2017
Austria	AT	Vienna	BUWOG – Breitenfurterstraße Vier, GmbH & Co. KG	99.98%	F	1 June 2017
Germany	DE	Berlin	BUWOG – Jahnstraße Development GmbH (formerly: Jahnstraße Living GmbH)	100.00%	F	1 August 2017
Germany	DE	Kiel	BUWOG – Berlin Wohnen II GmbH (formerly: Jahnstraße 15 Vermögensverwaltungs GmbH)	100.00%	F	1 August 2017
Germany	DE	Berlin	Planungsgemeinschaft "Das-Neue-Gartenfeld" GmbH & Co. KG	27.48%	P	1 May 2017
Germany	DE	Berlin	Planungsgemeinschaft "Das-Neue-Gartenfeld" Verwaltungs GmbH	27.48%	P	1 May 2017

F = Full consolidation
P = Proportionate consolidation

3.3 STRUCTURAL CHANGES

PRE Andromeda Real Estate GmbH, PRE Aries Real Estate GmbH and PRE Aquarius Real Estate GmbH, which were taken over in connection with the acquisition of the DGAG portfolio and did not carry out any material business activities to date, were liquidated during the reporting period.

Segment	Country	Headquarters	Company	Interest in capital before	Interest in capital after
Liquidations					
Germany	DE	Kiel	PRE Andromeda Real Estate GmbH	94.90%	–
Germany	DE	Kiel	PRE Aries Real Estate GmbH	94.90%	–
Germany	DE	Kiel	PRE Aquarius Real Estate GmbH	100.00%	–

3.4 NON-CONSOLIDATED SUBSIDIARIES

Segment	Country	Headquarters	Company
Germany	DE	Berlin	Marina Spreestraße GbR

Additional information is provided in the notes to the consolidated financial statements as of 30 April 2017.

4. SEGMENT REPORTING

The reportable segments of the BUWOG Group are classified according to regional criteria based on the location of the properties.

SEGMENTS

in TEUR	Germany H1 2017/18	Germany H1 2016/17	Austria H1 2017/18	Austria H1 2016/17
Residential rental income	55,740.5	53,532.9	41,624.2	43,776.8
Other rental income	4,020.8	3,976.8	3,452.5	3,140.0
Rental income	**59,761.3**	**57,509.7**	**45,076.7**	**46,916.8**
Operating costs charged to tenants and third party property management revenues	32,272.3	31,940.1	21,186.6	24,209.9
Other revenues	54.1	33.3	7.1	29.2
Revenues	**92,087.7**	**89,483.1**	**66,270.4**	**71,155.9**
Expenses directly related to investment property	–17,302.7	–17,482.9	–8,035.1	–9,397.1
Operating expenses and expenses from third party property management	–29,865.0	–31,016.6	–22,713.8	–24,249.0
Results of Asset Management	**44,920.0**	**40,983.6**	**35,521.5**	**37,509.8**
Sale of properties	318.3	615.3	89,465.7	58,274.6
Carrying amount of sold properties	–318.3	–615.3	–89,465.7	–58,274.6
Other expenses from property sales	–13.1	–24.3	–1,009.6	–1,569.7
Fair value adjustments of properties sold	70.8	152.6	28,184.1	22,066.8
Fair value adjustments of properties held for sale	0.0	0.0	722.0	4,858.1
Results of Property Sales	**57.7**	**128.3**	**27,896.5**	**25,355.2**
Sale of real estate inventories	31,727.8	26,381.6	71,819.5	18,674.4
Cost of real estate inventories sold	–23,088.8	–21,887.8	–51,642.1	–13,916.7
Other expenses from sale of real estate inventories	–2,427.4	–2,041.0	–1,263.1	–1,287.9
Other real estate development expenses	–3,702.5	–1,377.4	–2,439.4	–3,113.0
Fair value adjustments of properties under construction	948.0	0.0	10,332.5	684.9
Results of Property Development	**3,457.1**	**1,075.4**	**26,807.4**	**1,041.7**
Other operating income	821.4	838.8	381.0	858.5
Other not directly attributable expenses	–6,146.0	–3,995.2	–2,713.2	–2,967.6
Results of operations	**43,110.2**	**39,030.9**	**87,893.2**	**61,797.6**
Fair value adjustments of investment properties	143,963.5	160,657.2	4,601.8	13,104.9
Maintenance and improvement contributions received	0.0	0.0	0.0	24.9
Other valuation results	**143,963.5**	**160,657.2**	**4,601.8**	**13,129.8**
Operating profit (EBIT)	**187,073.7**	**199,688.1**	**92,495.0**	**74,927.4**
Financial results				
Earnings before tax (EBT)				
Income tax expenses				
Deferred tax income/expenses				
Net profit				
Investments in non-current segment assets	**38,087.0**	**117,116.4**	**31,260.6**	**34,774.5**

	31 October 2017	30 April 2017	31 October 2017	30 April 2017
Investment property	2,397,539.2	2,243,940.7	1,958,603.5	1,959,981.2
Investment property under construction	48,627.8	21,920.0	32,210.0	34,380.0
Other tangible assets	850.7	721.8	4,965.1	5,119.1
Non-current segment assets	**2,447,017.7**	**2,266,582.5**	**1,995,778.6**	**1,999,480.3**
Non-current assets held for sale	0.0	0.0	3,502.0	15,661.1
Real estate inventories	167,444.5	155,380.7	192,159.7	200,150.7
Current segment assets	**167,444.5**	**155,380.7**	**195,661.7**	**215,811.8**
Segment assets	**2,614,462.2**	**2,421,963.2**	**2,191,440.3**	**2,215,292.1**

Total reportable segments		Holding company/Transition to consolidated financial statements		BUWOG Group	
H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17
97,364.7	97,309.7	0.0	0.0	97,364.7	97,309.7
7,473.3	7,116.8	0.0	0.0	7,473.3	7,116.8
104,838.0	**104,426.5**	**0.0**	**0.0**	**104,838.0**	**104,426.5**
53,458.9	56,150.0	0.0	0.0	53,458.9	56,150.0
61.2	62.5	0.0	0.0	61.2	62.5
158,358.1	**160,639.0**	**0.0**	**0.0**	**158,358.1**	**160,639.0**
-25,337.8	-26,880.0	0.0	0.0	-25,337.8	-26,880.0
-52,578.8	-55,265.6	0.0	0.0	-52,578.8	-55,265.6
80,441.5	**78,493.4**	**0.0**	**0.0**	**80,441.5**	**78,493.4**
89,784.0	58,889.9	0.0	0.0	89,784.0	58,889.9
-89,784.0	-58,889.9	0.0	0.0	-89,784.0	-58,889.9
-1,022.7	-1,594.0	0.0	0.0	-1,022.7	-1,594.0
28,254.9	22,219.4	0.0	0.0	28,254.9	22,219.4
722.0	4,858.1	0.0	0.0	722.0	4,858.1
27,954.2	**25,483.5**	**0.0**	**0.0**	**27,954.2**	**25,483.5**
103,547.3	45,056.0	0.0	0.0	103,547.3	45,056.0
-74,730.9	-35,804.5	0.0	0.0	-74,730.9	-35,804.5
-3,690.5	-3,328.9	0.0	0.0	-3,690.5	-3,328.9
-6,141.9	-4,490.4	0.0	0.0	-6,141.9	-4,490.4
11,280.5	684.9	0.0	0.0	11,280.5	684.9
30,264.5	**2,117.1**	**0.0**	**0.0**	**30,264.5**	**2,117.1**
1,202.4	1,697.3	186.4	77.4	1,388.8	1,774.7
-8,859.2	-6,962.8	-16,149.5	-10,523.2	-25,008.7	-17,486.0
131,003.4	**100,828.5**	**-15,963.1**	**-10,445.8**	**115,040.3**	**90,382.7**
148,565.3	173,762.1	0.0	0.0	148,565.3	173,762.1
0.0	24.9	0.0	0.0	0.0	24.9
148,565.3	**173,787.0**	**0.0**	**0.0**	**148,565.3**	**173,787.0**
279,568.7	**274,615.5**	**-15,963.1**	**-10,445.8**	**263,605.6**	**264,169.7**
				-42,929.6	**-84,925.9**
				220,676.0	**179,243.8**
				-12,804.1	-8,385.3
				-27,451.4	-24,652.1
				180,420.5	**146,206.4**
69,347.6	**151,890.9**	**2,256.2**	**276.2**	**71,603.8**	**152,167.1**
31 October 2017	30 April 2017	31 October 2017	30 April 2017	31 October 2017	30 April 2017
4,356,142.7	4,203,921.9	0.0	0.0	4,356,142.7	4,203,921.9
80,837.8	56,300.0	0.0	0.0	80,837.8	56,300.0
5,815.8	5,840.9	11,285.6	9,107.1	17,101.4	14,948.0
4,442,796.3	**4,266,062.8**	**11,285.6**	**9,107.1**	**4,454,081.9**	**4,275,169.9**
3,502.0	15,661.1	0.0	0.0	3,502.0	15,661.1
359,604.2	355,531.4	0.0	0.0	359,604.2	355,531.4
363,106.2	**371,192.5**	**0.0**	**0.0**	**363,106.2**	**371,192.5**
4,805,902.5	**4,637,255.3**	**11,285.6**	**9,107.1**	**4,817,188.1**	**4,646,362.4**

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

in TEUR	H1 2017/18	H1 2016/17
Maintenance	–12,645.6	–12,878.1
Expenses from asset management	–4,737.5	–5,104.7
Owners expenses	–2,987.6	–4,001.6
Vacancies	–1,584.6	–1,496.2
Write-off of receivables from asset management	–994.2	–1,227.4
Other expenses	–2,388.3	–2,172.0
Total	**–25,337.8**	**–26,880.0**

5.2 RESULTS OF PROPERTY SALES

The results of property sales total TEUR 27,954.2 (H1 2016/17: TEUR 25,483.5) and comprise TEUR 25,420.6 (H1 2016/17: TEUR 20,625.4) from Unit Sales and TEUR 1,811.6 (H1 2016/17: TEUR 0.0) from Block Sales and TEUR 722.0 (H1 2016/17: TEUR 4,858.1) from the fair value adjustment of investment properties held for sale.

5.3 RESULTS OF PROPERTY DEVELOPMENT

All rights of use to the berths in Marina Lindenstraße GbR were sold during the first half of 2017/18. These transactions included the replacement of the BUWOG Group by the purchasers of the rights as shareholders of Marina Lindenstraße GbR, and the BUWOG Group held no further investment in Marina Lindenstraße as of 31 October 2017. In order to provide a better comparison with other inventory sales, the sale of the investment in Marina Lindenstraße GbR is included on the income statement under the results of property development. The related transactions resulted in income of TEUR 292.0 from the sale of real estate inventories and TEUR 151.4 of costs for real estate inventories sold.

Write-downs to real estate inventories totalled TEUR 366.8 in the first half of 2017/18 (H1 2016/17: TEUR 530.4) and are contrasted by write-ups of TEUR 0.0 (H1 2016/17: TEUR 48.8).

5.4 OTHER OPERATING INCOME

in TEUR	H1 2017/18	H1 2016/17
Income from derecognised liabilities	65.2	36.8
Reimbursement of property transfer tax and value added tax	0.0	184.4
Reimbursement of miscellaneous expenses from prior periods	0.0	513.0
Insurance compensation	206.3	223.0
Miscellaneous	1,117.3	817.5
Total	**1,388.8**	**1,774.7**

5.5 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

in TEUR	H1 2017/18	H1 2016/17
Personnel expenses	–8,595.4	–7,501.1
Legal, auditing and consulting fees	–5,033.2	–2,387.9
IT and communications	–4,911.2	–2,829.8
Advertising and Marketing	–1,480.5	–1,155.0
Amortisation and depreciation	–1,527.5	–1,176.9
Cost of valuation reports	–441.3	–384.5
Miscellaneous	–3,019.6	–2,050.8
Total	**–25,008.7**	**–17,486.0**

Personnel expenses consist primarily of wages, salaries and expenses for statutory social security contributions as well as other employee-related costs. They are allocated to the individual business areas (Asset Management, Property Sales and Property Development) wherever possible. In cases where direct allocation is not possible, the personnel expenses are reported under other not directly attributable expenses.

Personnel expenses include costs of TEUR 934.2 for share-based remuneration with cash settlement from the Long-Term Incentive Programme 2017 (H1 2016/17: TEUR 94.7 from the share-based remuneration programme with settlement through equity instruments from the Long-Term Incentive Programme 2014).

Other not directly attributable expenses of TEUR 25,008.7 (H1 2016/17: TEUR 17,486.0) include operating costs of TEUR 6,710.6 (H1 2016/17: TEUR 3,023.4) and personnel expenses of TEUR 337.0 (H1 2016/17: TEUR 971.1) for project related and other non recurring expenses as well as expenses of TEUR 594.3 (H1 2016/17: TEUR 0.0) for employee events.

5.6 FAIR VALUE ADJUSTMENTS OF PROPERTIES

The gains and losses from fair value adjustments are classified as follows:

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17
Revaluation gains	179,451.8	204,859.4	11,280.5	684.9	28,976.9	27,077.5
Impairment losses	–30,886.5	–31,097.3	0.0	0.0	0.0	0.0
Total	**148,565.3**	**173,762.1**	**11,280.5**	**684.9**	**28,976.9**	**27,077.5**

The gains from fair value adjustments are classified as follows by country:

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17
Germany	149,374.4	165,650.3	948.0	0.0	70.8	152.7
Austria	30,077.4	39,209.1	10,332.5	684.9	28,906.1	26,924.8
Total	**179,451.8**	**204,859.4**	**11,280.5**	**684.9**	**28,976.9**	**27,077.5**

The losses from fair value adjustments are classified as follows by country:

	Investment property		Investment property under construction		Properties sold and held for sale	
in TEUR	H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17	H1 2017/18	H1 2016/17
Germany	–5,411.0	–4,993.2	0.0	0.0	0.0	0.0
Austria	–25,475.5	–26,104.1	0.0	0.0	0.0	0.0
Total	**–30,886.5**	**–31,097.3**	**0.0**	**0.0**	**0.0**	**0.0**

The fair value of the standing investments as of 31 October 2017 was determined by an independent external appraiser (CBRE).

5.7 FINANCIAL RESULTS

in TEUR	H1 2017/18	H1 2016/17
Cash financing costs	–20,905.8	–23,372.8
Current interest accruals	–514.9	–695.6
Gain/loss on financial liabilities carried at amortised cost	–1,564.3	–1,239.1
Convertible bonds – increase in interest according to the effective interest rate method	–1,362.6	–382.1
Other non-cash financing costs	–0.7	7.1
Financing costs	**–24,348.3**	**–25,682.5**
Cash financing income	129.8	216.3
Current interest accruals	13.8	–2.1
Gain/loss on other financial assets carried at amortised cost	211.5	256.0
Financing income	**355.1**	**470.2**
Valuation of derivative financial instruments:	–1,763.6	–19,505.1
Interest rate swaps	2,784.4	–7,744.2
Embedded derivatives in the convertible bonds	–4,548.0	–11,760.9
Valuation of financial instruments at fair value through profit or loss (Fair Value Option)	–12,339.0	–34,811.7
Other	–4,833.8	–5,396.8
Other financial results	**–18,936.4**	**–59,713.6**
Total	**–42,929.6**	**–84,925.9**

Cash financing costs of TEUR 20,905.8 (H1 2016/17: TEUR 23,372.8) comprise interest paid of TEUR 12,791.0 (H1 2016/17: TEUR 15,302.0), cash outflows of TEUR 7,794.6 (H1 2016/17: TEUR 7,725.1) for derivative financial instruments and cash outflows of TEUR 320.2 (H1 2016/17: TEUR 345.7) for other current financing costs.

The cash financing income of TEUR 129.8 (H1 2016/17: TEUR 216.3) resulted primarily from interest received on financial assets.

The non-cash results from the measurement of derivatives included under other financial results and the non-cash valuation results from financial instruments carried at fair value through profit or loss (fair value option) are attributable to the different development of the underlying interest rate curve in the first half of 2017/18 and the comparable prior year period.

Ancillary financing costs of TEUR 194.0 for borrowings arranged during the reporting period will be distributed over the terms of the respective loans based on the effective interest rate method.

5.8 INCOME TAXES

This item includes income taxes paid or owed by Group companies as well as provisions for deferred taxes.

in TEUR	H1 2017/18	H1 2016/17
Income tax expenses	–12,804.1	–8,385.3
Deferred tax income/expenses	–27,451.4	–24,652.1
Total	**–40,255.5**	**–33,037.4**

The increase in current income taxes resulted from the substantial earnings growth in the Property Sales and Property Development business areas.

5.9 EARNINGS PER SHARE

	H1 2017/18	H1 2016/17
Weighted average number of shares (basic)	110,008,394	99,773,479
Diluting effect stock options	408,229	187,762
Diluting effect convertible bonds	9,604,710	0
Weighted average number of shares (diluted)	120,021,333	99,961,241
Net profit excl. non-controlling interests in EUR (basic)	176,978,900	143,059,600
Diluting effect convertible bonds	4,432,894	0
Net profit excl. non-controlling interests in EUR (diluted)	181,411,794	143,059,600
Basic earnings per share in EUR	**1.61**	**1.43**
Diluted earnings per share in EUR	**1.51**	**1.43**

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 INVESTMENT PROPERTY AND INVESTMENT PROPERTY UNDER CONSTRUCTION

The following table shows the development of the fair value of investment property and investment property under construction:

in TEUR	Investment property	Investment property under construction
Balance on 1 May 2017	**4,203,921.9**	**56,300.0**
Additions	49,347.7	19,762.1
Disposals	–74,122.9	0.0
Fair value adjustments	177,542.2	11,280.5
Reclassification	2,955.8	–6,504.8
Reclassification IFRS 5	–3,502.0	0.0
Balance on 31 October 2017	**4,356,142.7**	**80,837.8**

The additions to investment property include modernisation expenditures (CAPEX) of TEUR 23,825.7 (H1 2016/17: TEUR 16,516.6) and other additions of TEUR 25,522.0 (H1 2016/17: TEUR 116,066.7).

The transfers consist primarily of reclassifications between investment property and investment property under construction.

Details on revaluation results are provided in note 5.6 *Fair value adjustments of properties*.

6.2 TRADE AND OTHER RECEIVABLES

in TEUR	31 October 2017	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2017
Trade accounts receivable				
Rents receivable	3,751.3	3,751.3	0.0	3,240.0
Miscellaneous	3,718.0	3,718.0	0.0	2,701.3
Total trade accounts receivable	**7,469.3**	**7,469.3**	**0.0**	**5,941.3**
Accounts receivable from joint operations	**499.6**	**499.6**	**0.0**	**0.0**
Other financial receivables				
Restricted funds	92,133.2	92,133.2	0.0	39,435.1
Outstanding purchase price receivables – sale of properties	51,451.8	50,527.1	924.7	59,165.7
Miscellaneous	6,985.8	6,757.8	228.0	4,863.0
Total other financial receivables	**150,570.8**	**149,418.1**	**1,152.7**	**103,463.8**
Other non-financial receivables				
Tax authorities	11,657.6	11,657.6	0.0	10,886.3
Prepayments made for land purchases	0.0	0.0	0.0	360.1
Accrued property taxes	999.2	999.2	0.0	3,995.9
Miscellaneous	837.1	837.1	0.0	3,086.4
Total other non-financial receivables	**13,493.9**	**13,493.9**	**0.0**	**18,328.7**
Total	**172,033.6**	**170,880.9**	**1,152.7**	**127,733.8**

The restricted funds reported under other financial receivables include the following: TEUR 42,133.2 (30 April 2017: TEUR 39,435.1) of bank deposits with limitations on disposal and TEUR 50,000.0 (30 April 2017: TEUR 0.0) of security deposits and time deposits. The time deposits have a total term of nine months and will expire in May 2018.

6.3 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

This position included three properties in Vienna, Lower Austria and Salzburg as of 31 October 2017. The Executive Board had approved the sale of these properties and offers had been received from the buyers as of that date.

The remaining two properties from the Tyrolean portfolio and the properties in the Carinthian and Styrian portfolio, which were reported under this position as of 30 April 2017, were transferred to the buyer during the first quarter of 2017/18.

6.4 EQUITY

These consolidated interim financial statements include compensation costs of TEUR 0.0 (H1 2016/17: TEUR 94.7, FY 2016/17: TEUR 189.5) for the fair value of share options granted in connection with the Long-Term Incentive Programme 2014, which were charged to the capital reserves.

Based on a decision by the Executive Board on 15 May 2017 and 2 June 2017 and the approval of the Supervisory Board on 15 May 2017 and 2 June 2017, share capital was increased from EUR 99,773,479 by EUR 12,471,685 based on an authorisation of the annual general meeting on 7 March 2014 (authorised capital). This capital increase was recorded in the company register on 3 June 2017, and share capital now totals EUR 112,245,164. Following the capital increase, share capital is divided into 112,245,164 no par value shares. The issue price equalled EUR 24.50 per share.

The transaction costs of TEUR 9,336.1 for the capital increase were offset against capital reserves after the deduction of the tax benefit of TEUR 2,334.0, i.e. TEUR 7,002.1 in total.

6.5 LIABILITIES FROM CONVERTIBLE BONDS

The following table shows the remaining terms of the liabilities from convertible bonds:

in TEUR	31 October 2017	Thereof remaining term over 1 year
Convertible bonds 2016 – 2021	289,350.0	289,350.0

BUWOG AG issued non-subordinated, unsecured convertible bonds (ISIN: AT0000A1NQH2) on 6 September 2016. The bonds have a term ending in 2021 and a total nominal value of EUR 300 million with a denomination of EUR 100,000.00. The subscription rights of BUWOG shareholders were excluded. These bonds are initially convertible into 9,554,140 bear shares, which represent approx. 9.58% of BUWOG's current outstanding share capital. As part of the bookbuilding process, the initial conversion premium was set at 35% over the reference price of EUR 23.2592 and interest payments were excluded. The initial conversion price therefore equals EUR 31.40. The conversion price equalled EUR 31.22 after the capital increase (see note 6.4 *Equity*). The convertible bonds have a term of five years; they were issued and will be redeemed at 100% of their nominal value. The convertible bonds will be redeemed at their nominal value on 9 September 2021 unless they are converted, repaid or purchased and cancelled before that date. The terms include a cash settlement option in favour of BUWOG AG.

The reconciliation of the nominal amount of the convertible bonds to the carrying amount is shown below:

in TEUR	
Carrying amount on 1 May 2016	**0.0**
Issue amount of convertible bonds 2016 – 2021	**300,000.0**
Transaction costs	**–3,037.5**
Separation of the embedded derivatives	**–10,691.2**
Net amount	**286,271.3**
Interest growth using the effective interest rate method	**1,716.2**
Carrying amount on 30 April 2017	**287,987.5**
Interest growth using the effective interest rate method	**1,362.6**
Carrying amount on 31 October 2017	**289,350.0**

6.6 FINANCIAL LIABILITIES

The following table shows the composition and remaining term of the financial liabilities as of 31 October 2017:

in TEUR	31 October 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2017
Amounts due to financial institutions	1,467,574.9	106,512.9	219,933.8	1,141,128.2	1,523,493.3
thereof secured by collateral	1,330,839.5	90,507.6	168,258.0	1,072,073.9	1,442,150.7
thereof not secured by collateral	136,735.4	16,005.3	51,675.8	69,054.3	81,342.6
Amounts due to local authorities	430,519.2	25,766.5	103,874.0	300,878.7	439,884.8
Other financial liabilities	0.0	0.0	0.0	0.0	94.1
Total	**1,898,094.1**	**132,279.4**	**323,807.8**	**1,442,006.9**	**1,963,472.2**

The major conditions of financial liabilities as of 31 October 2017 are as follows:

CONDITIONS OF FINANCIAL LIABILITIES

	Currency	Interest rate fixed/floating	Average interest rate	Nominal value of remaining liability in TEUR	Balance in TEUR
	EUR	fixed	1.85%	348,570.3	
	EUR	floating	1.03%	1,140,423.8	
Total amounts due to financial institutions				**1,488,994.1**	**1,467,574.9**
Amounts due to local authorities	**EUR**	**fixed**	**1.65%**	**423,915.4**	**430,519.2**
Total					**1,898,094.1**

6.7 TRADE PAYABLES AND OTHER LIABILITIES

in TEUR	31 October 2017	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2017
Trade payables	**11,752.1**	**11,752.1**	**0.0**	**27,116.2**
Trade payables from joint operations	**96.8**	**96.8**	**0.0**	**0.0**
Other financial liabilities				
Fair value of derivative financial instruments (liabilities):	78,590.5	24,569.7	54,020.8	76,826.9
Interest rate swaps	54,819.8	799.0	54,020.8	57,604.2
Embedded derivatives in the convertible bonds	23,770.7	23,770.7	0.0	19,222.7
Property management	17,118.0	17,118.0	0.0	14,476.7
Deposits and guarantees received	30,171.9	30,171.9	0.0	29,630.8
Maintenance and improvement amounts received	39,574.1	3,957.4	35,616.7	39,581.2
Outstanding purchase prices (share deals)	2,691.3	2,691.3	0.0	3,390.7
Outstanding purchase prices (acquisition of properties)	14,414.3	14,414.3	0.0	34,280.2
Liabilities from financial contributions	102,388.2	102,388.2	0.0	104,445.9
Miscellaneous	108,163.6	77,019.4	31,144.2	85,511.8
Total other financial liabilities	**393,111.9**	**272,330.2**	**120,781.7**	**388,144.2**
Other non-financial liabilities				
Tax and other public authorities	5,662.2	5,662.2	0.0	10,648.0
Prepayments received on apartment sales	20,146.7	20,146.7	0.0	37,919.5
Prepayments received for rents and operating costs	172.7	172.7	0.0	62.6
Miscellaneous	16.8	16.8	0.0	77.2
Total other non-financial liabilities	**25,998.4**	**25,998.4**	**0.0**	**48,707.3**
Total	**430,959.2**	**310,177.5**	**120,781.7**	**463,967.7**

6.8 CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

in TEUR	Non-current financial liabilities	Current financial liabilities	Liabilities from convertible bonds	Total liabilities from financing activities
Carrying amount on 30 April 2017	**1,844,645.6**	**118,826.6**	**287,987.5**	**2,251,459.7**
Changes through cash flows	**–42,740.6**	**–37,111.9**	**0.0**	**–79,852.5**
Cash inflows	21,666.4	2,501.9	0.0	24,168.3
Cash outflows	–64,407.0	–39,613.8	0.0	–104,020.8
Non-cash changes	**–36,090.3**	**50,564.8**	**1,362.6**	**15,837.0**
Reclassification	–52,050.8	52,050.8	0.0	0.0
Changes in fair value	15,067.8	–2,480.7	0.0	12,587.1
Other changes	892.7	994.6	1,362.6	3,249.9
Carrying amount on 31 October 2017	**1,765,814.7**	**132,279.4**	**289,350.0**	**2,187,444.1**

The transfers involve reclassifications between maturities, while the other changes consist chiefly of increased interest based on the effective interest rate method.

6.9 INFORMATION ON FINANCIAL INSTRUMENTS

6.9.1 Classification of financial instruments by IAS 39 categories

in TEUR

		FA@FV/P&L					
	AFS	Fair value option	HFT	L&R	Non-FI		
ASSETS	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 31 October 2017	Fair value on 31 October 2017
Trade and other receivables	**0.0**	**0.0**	**0.0**	**158,040.1**	**13,993.5**	**172,033.6**	**172,033.6**
Trade accounts receivable	0.0	0.0	0.0	7,469.3	0.0	7,469.3	7,469.3
Accounts receivable from joint operations	0.0	0.0	0.0	0.0	499.6	499.6	499.6
Derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other receivables	0.0	0.0	0.0	150,570.8	13,493.9	164,064.7	164,064.7
Other financial assets	**8.7**	**5,640.8**	**0.0**	**8,914.8**	**0.0**	**14,564.3**	**15,558.8**
Securities and other investments	8.7	0.0	0.0	0.0	0.0	8.7	8.7
Originated loans	0.0	5,640.8	0.0	8,914.8	0.0	14,555.6	15,550.1
Cash and cash equivalents	**0.0**	**0.0**	**0.0**	**326,704.2**	**0.0**	**326,704.2**	**326,704.2**
TOTAL ASSETS	**8.7**	**5,640.8**	**0.0**	**493,659.1**	**13,993.5**	**513,302.1**	**514,296.6**

	FL@FV/P&L					
	Fair value option	HFT	FLAC	Non-FI		
LIABILITIES	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 31 October 2017	Fair value on 31 October 2017
Liabilities from convertible bonds	**0.0**	**0.0**	**289,350.0**	**0.0**	**289,350.0**	**292,590.3**
Financial liabilities	**478,788.9**	**0.0**	**1,419,305.2**	**0.0**	**1,898,094.1**	**1,929,356.6**
Amounts due to financial institutions	79,885.0	0.0	1,387,689.9	0.0	1,467,574.9	1,495,655.2
Other financial liabilities	398,903.9	0.0	31,615.3	0.0	430,519.2	433,701.4
Trade payables and other liabilities	**0.0**	**78,590.5**	**326,370.3**	**25,998.4**	**430,959.2**	**430,959.2**
Trade payables	0.0	0.0	11,752.1	0.0	11,752.1	11,752.1
Trade payables from joint operations	0.0	0.0	96.8	0.0	96.8	96.8
Derivatives	0.0	78,590.5	0.0	0.0	78,590.5	78,590.5
Miscellaneous other liabilities	0.0	0.0	314,521.4	25,998.4	340,519.8	340,519.8
Financial liabilities held for sale	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL LIABILITIES	**478,788.9**	**78,590.5**	**2,035,025.5**	**25,998.4**	**2,618,403.3**	**2,652,906.1**

AFS: available for sale
FA@FV/P&L: financial assets at fair value through profit or loss
FL@FV/P&L: financial liabilities at fair value through profit or loss
HFT: held for trading
L&R: loans and receivables
FLAC: financial liabilities measured at amortised cost
Non-FI: non-financial assets/liabilities

Classification of financial instruments by IAS 39 categories – previous year

in TEUR

	FA@FV/P&L					
	AFS	Fair value option	L&R	Non-FI		
ASSETS	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 2017	Fair value on 30 April 2017
Trade and other receivables	**0.0**	**0.0**	**109,405.1**	**18,328.7**	**127,733.8**	**127,733.8**
Trade accounts receivable	0.0	0.0	5,941.3	0.0	5,941.3	5,941.3
Other receivables	0.0	0.0	103,463.8	18,328.7	121,792.5	121,792.5
Other financial assets	**190.3**	**8,113.3**	**7,184.2**	**0.0**	**15,487.8**	**18,678.4**
Securities and other investments	190.3	0.0	0.0	0.0	190.3	190.3
Originated loans	0.0	8,113.3	7,184.2	0.0	15,297.5	18,488.1
Cash and cash equivalents	**0.0**	**0.0**	**211,397.2**	**0.0**	**211,397.2**	**211,397.2**
TOTAL ASSETS	**190.3**	**8,113.3**	**327,986.5**	**18,328.7**	**354,618.8**	**357,809.4**

	FL@FV/P&L					
	Fair value option	HFT	FLAC	Non-FI		
LIABILITIES	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7	Carrying amount on 30 April 2017	Fair value on 30 April 2017
Liabilities from convertible bonds	**0.0**	**0.0**	**287,987.5**	**0.0**	**287,987.5**	**290,281.3**
Financial liabilities	**492,947.9**	**0.0**	**1,470,524.3**	**0.0**	**1,963,472.2**	**1,989,287.4**
Amounts due to financial institutions	84,696.9	0.0	1,438,796.4	0.0	1,523,493.3	1,546,684.4
Other financial liabilities	408,251.0	0.0	31,727.9	0.0	439,978.9	442,603.0
Trade payables and other liabilities	**0.0**	**76,826.9**	**338,433.5**	**48,707.3**	**463,967.7**	**463,967.7**
Trade payables	0.0	0.0	27,116.2	0.0	27,116.2	27,116.2
Derivatives	0.0	76,826.9	0.0	0.0	76,826.9	76,826.9
Miscellaneous other liabilities	0.0	0.0	311,317.3	48,707.3	360,024.6	360,024.6
Financial liabilities held for sale	**0.0**	**0.0**	**147.0**	**0.0**	**147.0**	**147.0**
TOTAL LIABILITIES	**492,947.9**	**76,826.9**	**2,097,092.3**	**48,707.3**	**2,715,574.4**	**2,743,683.4**

AFS: available for sale
FA@FV/P&L: financial assets at fair value through profit or loss
FL@FV/P&L: financial liabilities at fair value through profit or loss
HFT: held for trading
L&R: loans and receivables
FLAC: financial liabilities measured at amortised cost
Non-FI: non-financial assets/liabilities

The fair values were determined on the basis of recognised valuation methods. Additional information is provided in the consolidated financial statements as of 30 April 2017.

6.9.2 Hierarchy of fair values of financial instruments

in TEUR

31 October 2017	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities and other investments	0.0	0.0	8.7	8.7
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	5,640.8	0.0	5,640.8
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	79,885.0	0.0	79,885.0
Other financial liabilities	0.0	398,903.9	0.0	398,903.9
Held for trading				
Derivatives	0.0	78,590.5	0.0	78,590.5

Hierarchy of fair values of financial instruments – previous year

in TEUR

30 April 2017	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Securities and other investments	0.0	0.0	190.3	190.3
Financial assets at fair value through profit or loss				
Fair value option				
Originated loans	0.0	8,113.3	0.0	8,113.3
Financial liabilities at fair value through profit or loss				
Fair value option				
Amounts due to financial institutions	0.0	84,696.9	0.0	84,696.9
Other financial liabilities	0.0	408,251.0	0.0	408,251.0
Held for trading				
Derivatives	0.0	76,826.9	0.0	76,826.9

The following table shows the reconciliation of the opening and closing balances on 31 October 2017 for the financial instruments classified under level 3.

RECONCILIATION OF THE FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVEL 3

in TEUR	Securities and other investments
Balance on 1 May 2016	**2.1**
Additions/Disposals	188.2
Balance on 30 April 2017	**190.3**
Balance on 1 May 2017	**190.3**
Additions/Disposals	–181.6
Balance on 31 October 2017	**8.7**

Valuation procedures and input factors used to determine the fair values of financial instruments:

Level	Financial instruments	Valuation method	Significant input factors
2	Originated loans	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default
2	Derivatives (interest-rate swaps)	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default
2	Loans and financial liabilities @ FV	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default
2	Embedded derivatives in the convertible bonds	Net present value method	Interest rate curves observable in the market, probability of default, default rate, exposure at time of default, market price of the convertible bonds

The BUWOG Group calculates the fair value of low-interest government loans and financial liabilities due to credit institutions with annuity subsidies that are associated with the funding of real estate by discounting the future cash flows based on net present value methods.

The discount rate reflects the interest conditions available to the BUWOG Group and consists of a reference interest curve and a credit spread specific to the BUWOG Group. The discount rates correspond to an interest curve that is based on a Euro interest rate swap curve which extends over terms ranging up to 60 years. Based on the applicable discount rate, a credit spread matching the maturity is added as a premium. This credit spread represents the borrower’s premium over the reference interest rate and also reflects the risk profile of the financing and the credit standing of the borrower together with the probability of default (debt value adjustment). Up to and including 30 April 2015, the BUWOG Group derived the applied credit spreads from current financing offers for long-term standing investments because this method better reflected the risk profile of the long-term, relatively low risk financing than the CDS model for the entire BUWOG Group. In this connection, it should be noted that the risk profile for the entire BUWOG Group not only covers the financing for standing investments, but also the financing for development projects with a comparatively higher specific risk. Due to a change in the data base – and the lack of long-term financing offers for a comparable number and volume of standing investments – the credit spread for the BUWOG Group was also calculated with the Bloomberg function DRSK for the valuation of financial liabilities as of 31 October 2017. This function uses current parameters for listed companies to develop a potential five-year CDS model and to transfer this indicator to the various terms with CDS modelling. Since the input parameters used to develop the CDS spread are observable on the market, the financial liabilities carried at fair value are classified under level 2 on the IFRS 13 fair value hierarchy. If representative financing based on appropriate volumes and the number of different financing partners is available for standing investments as of a future balance sheet date, the credit spreads will again be derived from these financing offers.

For net present value methods, an increase in the discount interest rate or the credit spread results in a decrease in the fair value, while a decrease in these input factors increases the fair value.

The derivative financial instruments held by the BUWOG Group are carried at their fair value. The fair value of the interest rate swaps is established with a DCF model in accordance with IFRS 13. Future cash flows are determined by interest rate modelling through the Hull-White one-factor model, specifically in the form of a Monte Carlo simulation. This model is defined by swaption volatilities and caplet volatilities. The major input parameters were defined as of the balance sheet date and comprise the Euro interest rate curve, historical EURIBOR fixings and caplet and swaption volatility matrices. Bloomberg served as the source for the market data.

The following three parameters are required to calculate the Credit Value Adjustment (CVA) and the Debt Value Adjustment (DVA): Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Probability of Default is derived from the Credit Default Swap spreads (CDS spreads) of the relevant counterparty. Interest rate swaps with a positive fair value represent receivables for the BUWOG Group and, in this case, a CVA calculation is carried out to calculate the amount of the receivable. The probability of default for the counterparties is required for this calculation. The counterparties for BUWOG's derivative transactions are normally larger financial institutions with individually traded CDSs, these indicators can usually be taken over directly from external sources (data source: Bloomberg). If the counterparty does not have a separately traded CDS, the market CDS spread for a comparable bank (ideally with the same external rating) is used as an approximation. These benchmarks represent level 1 and 2 input factors in the fair value measurement hierarchy.

Interest rate swaps with a negative fair value represent a liability for BUWOG Group, and a DVA calculation is carried out to calculate the amount of the liability. The Bloomberg function DRSK was used to calculate a separate Probability of Default for the BUWOG Group. This function uses current parameters from listed companies to determine a potential five-year CDS model. The calculation of the BUWOG-specific CDS was based on various parameters that include market capitalisation and share price volatility. The BUWOG-specific CDS was then allocated proportionately to the various terms based on the CDS model and, in this way, used to match the respective maturities. Since the significant input parameters used to develop the CDS spread are observable on the market, the interest rate swaps were allocated to level 2 on the fair value hierarchy.

The Loss Given Default (LGD) is the relative value that is lost at the time of the default. The BUWOG Group used a standard market LGD to calculate the CVA and DVA. The Exposure at Default (EAD) represents the expected amount of the asset or liability at the time of default and is calculated using a Monte Carlo simulation.

The derivatives embedded in the convertible bonds are measured on the basis of available market quotations for the convertible bonds. The fair value of these derivatives is calculated as the difference between the quoted prices for the convertible bonds and the constructed fair value of the underlying transaction (i.e. the bonds). The fair value of the underlying transaction represents the present value of the redemption. In addition, the fair value of the derivatives determined on this basis is validated by an option pricing model.

For the valuation of derivative financial instruments, the estimation of the default risk includes assumptions for the probability of default, loss rate and the outstanding amount at the time of expected default. An increase in the probability of default and the loss rate will reduce the fair value of a derivative with a positive exposure (receivable) and reduce the liability for a derivative with a negative outstanding amount (liability); a decrease in the probability of default and loss rate leads to the opposite effect.

The following table shows the market values and conditions of all derivative financial instruments purchased to hedge interest rate risk and held as of 31 October 2017:

DERIVATIVES/INTEREST RATE SWAPS

	Variable element	Fair value as of 31 October 2017 in EUR	Reference value as of 31 October 2017 in EUR	Fixed interest rate in %	Maturity
Interest rate of 0.5%-3%					
Interest rate swap (Helaba)	3-M-Euribor	–159,349	5,751,628	0.63	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	–138,663	2,606,572	0.69	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	–4,982,456	185,380,928	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	–4,940,470	182,235,872	0.72	30 April 2024
Interest rate swap (UniCredit Bank Austria)	3-M-Euribor	–3,219,479	101,535,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,085,393	128,925,000	0.99	2 January 2025
Interest rate swap (UniCredit Bank)	3-M-Euribor	–604,977	16,050,400	1.03	30 April 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,540,147	29,429,900	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	–201,743	3,589,500	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	–1,117,440	19,879,000	1.39	31 December 2021
Interest rate swap (UniCredit Bank)	3-M-Euribor	–1,350,969	12,792,900	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–2,689,169	19,500,000	2.50	31 December 2036
Interest rate swap (UniCredit Bank Austria)	6-M-Euribor	–3,741,415	25,607,858	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–2,745,274	21,339,882	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,381,197	25,607,858	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	–1,436,695	10,125,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,028,277	14,312,000	2.99	30 September 2039
Number of derivatives: 17		**–38,363,113**	**804,669,299**		
Interest rate of 3%-4.5%					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–1,465,140	7,469,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	–3,773,600	22,730,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–6,721,735	43,315,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	–3,697,020	23,823,000	3.11	30 September 2031
Number of derivatives: 4		**–15,657,496**	**97,337,000**		
Interest rate above 4.5%					
Interest rate swap (Commerzbank)	3-M-Euribor	–799,009	24,430,000	4.58	29 June 2018
Number of derivatives: 1		**–799,009**	**24,430,000**		
Total derivatives: 22		**–54,819,618**	**926,436,299**	**1.41**	

The following discount rates were used to value financial liabilities and originated loans:

DISCOUNT RATES

in %	31 October 2017
Up to 30 April 2019	0.171%
Up to 30 April 2020	0.209%
Up to 30 April 2022	0.510%
Up to 30 April 2024	0.936%
Up to 30 April 2026	1.481%
Up to 30 April 2029	1.929%
Up to 30 April 2035	2.340%
As of 1 May 2035	2.526%

7. TRANSACTIONS WITH RELATED PARTIES

The Chairman of the Supervisory Board, Vitus Eckert, is a shareholder in the law firm of Eckert Fries Prokopp Rechtsanwälte GmbH, Baden near Vienna. This law firm charged fees of EUR 3,410.28 for legal advice to BUWOG Group companies in the first half of 2017/18. The terms of these fees, especially the hourly rates, reflect standard market conditions.

One member of the Supervisory Board is a tenant in an apartment owned by the BUWOG Group. In addition, a close relative of a Supervisory Board member purchased two apartments from the BUWOG Group in the first quarter of 2017/18. The transactions reflected standard market conditions in both cases.

8. SUBSEQUENT EVENTS AFTER 31 OCTOBER 2017

The Executive Board of BUWOG AG, with the approval of the Supervisory Board, signed a business combination agreement with Vonovia SE on 18 December 2017. Based on this agreement Vonovia SE will submit a voluntary takeover offer for all shares of BUWOG AG. BUWOG shareholders would receive a cash offer price of EUR 29.05 per share, which represents a premium of 18.1% over the closing price of the BUWOG share on 15 December 2017. Vonovia SE also plans to offer EUR 115,753.65 in cash for each convertible bond with a nominal value of EUR 100,000.

Vienna, 21 December 2017

The Executive Board of BUWOG AG

Daniel Riedl	Andreas Segal	Herwig Teufelsdorfer
CEO	Deputy CEO, CFO	COO

STATEMENT BY THE EXECUTIVE BOARD

We confirm to the best of our knowledge that these consolidated interim financial statements as of 31 October 2017, which were prepared in accordance with the rules for interim financial reporting defined by International Financial Reporting Standards (IFRS) as adopted by the European Union, provide a true and fair view of the asset, financial and earnings position of the BUWOG Group. Furthermore, we confirm that the group management report provides a true and fair view of the development of business as well as the results of operations and position of the BUWOG Group during the first six months of the financial year and the principal opportunities and risks for the expected development of the BUWOG Group during the remainder of the financial year.

Vienna, 21 December 2017

The Executive Board of BUWOG AG

Daniel Riedl	Andreas Segal	Herwig Teufelsdorfer
CEO	Deputy CEO, CFO	COO

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