

# REPORT ON THE FIRST THREE QUARTERS OF 2016/17

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1 May 2016 to 31 January 2017

## Successful business development

- Year-on-year increase (nine months) of 13.7% in Recurring FFO to EUR 85.4 million
- Strong fair value adjustments of EUR 277.2 million
- Improvement of 13.3% in EPRA NAV per share to EUR 22.86
- Reduction on average interest rate on financial liabilities to 1.76% with an LTV of only 44.7%
- Forecast for Recurring FFO remains unchanged at a minimum of EUR 108 million in 2016/17

## Profitable property portfolio and strong development pipeline

- Increase of 4.2% in monthly net in-place rent to EUR 5.12 per sqm
- Growth in fair value of standing investments to approx. EUR 4.0 billion.
- Successful expansion of property development pipeline to 10,531 units with a total investment volume of EUR 3.1 billion



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## BUWOG GROUP KEY FIGURES

<b>EARNINGS DATA</b>		9M 2016/17	9M 2015/16 <sup>1)</sup>	Change
Net cold rent	in EUR million	155.4	148.5	4.7%
Results of Asset Management	in EUR million	114.1	112.4	1.5%
Results of Property Sales	in EUR million	38.6	27.3	41.0%
Results of Property Development	in EUR million	7.5	-0.2	>100.0%
EBITDA <sup>2)</sup>	in EUR million	128.9	120.9	6.6%
Fair value adjustments of investment properties	in EUR million	277.2	144.4	91.9%
Financial results <sup>3)</sup>	in EUR million	-47.9	-45.4	-5.4%
EBT	in EUR million	364.3	207.2	75.8%
Net profit	in EUR million	292.3	163.5	78.8%
Earnings per share <sup>4)</sup>	in EUR	2.87	1.63	76.5%
FFO	in EUR million	54.5	50.1	8.7%
Recurring FFO	in EUR million	85.4	75.1	13.7%
Recurring FFO per share <sup>5)</sup>	in EUR	0.86	0.75	13.5%
Total FFO	in EUR million	85.4	77.4	10.3%
AFFO	in EUR million	59.1	55.3	6.9%

<b>ASSET AND FINANCIAL DATA</b>		31 January 2017	30 April 2016	Change
Balance sheet total	in EUR million	5,022.0	4,444.1	13.0%
Equity ratio	in %	38.3%	38.3%	0.1 PP
Cash and cash equivalents	in EUR million	263.4	82.5	>100.0%
Net financial liabilities	in EUR million	2,044.8	1,970.1	3.8%
Loan-to-value (LTV)	in %	44.7%	47.6%	-2.9 PP
EPRA net asset value	in EUR million	2,281.2	2,013.2	13.3%
Ø Interest rate on financial liabilities	in %	1.76%	2.19%	-0.43 PP
Ø Term of financial liabilities	years	12.0	15.9	-3.9

<b>SHARE DATA</b>		31 January 2017	30 April 2016	Change
Share price	in EUR	22.08	18.38	20.1%
Shares issued as of the balance sheet date (excl. treasury shares)	Number of shares	99,773,479	99,773,479	0.0%
Market capitalisation	in EUR million	2,203.0	1,833.8	20.1%
Free float <sup>5)</sup>	in %	90%	71%	19 PP
EPRA Net Asset Value per share <sup>4)</sup>	in EUR	22.86	20.18	13.3%

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

1) The comparable prior year figures were partly adjusted (see section 2.4 to the consolidated interim financial statements).

2) Results of operations adjusted to account for valuation effects and deferred periods (IFRS 5). For more details please go to chapter analysis of the asset, financial and earnings position.

3) Financial results are influenced by non-cash results from the valuation of financial liabilities at fair value through profit or loss (EUR -32.8 million) and by derivatives (EUR -7.7 million)

4) Base for earnings data: 99,773,479 shares; previous year 99,650,556 shares (both weighted). Base for asset data: 99,773,479 shares; previous year: 99,773,479 shares (both as of balance sheet date)

5) For more detail please go to chapter "Investor Relations".

# KEY PROPERTY PORTFOLIO DATA

## ASSET MANAGEMENT (STANDING INVESTMENTS)

		31 January 2017	30 April 2016	Change
Number of units	Quantity	50,712	51,058	-0.7%
Germany	Quantity	27,056	27,072	-0.1%
Austria	Quantity	23,656	23,986	-1.4%
Total floor area <sup>1)</sup>	in sqm	3,506,707	3,532,273	-0.7%
Germany	in sqm	1,684,320	1,684,879	-0.0%
Austria	in sqm	1,822,387	1,847,394	-1.4%
Annualised net in-place rent <sup>2)</sup>	in EUR million	207	201	3.0%
Germany	in EUR million	115	112	2.2%
Austria	in EUR million	92	89	4.0%
Monthly net in-place rent <sup>2)</sup>	in EUR per sqm	5.12	4.92	4.2%
Germany	in EUR per sqm	5.82	5.68	2.6%
Austria	in EUR per sqm	4.45	4.20	5.9%
Development of net in-place rent - like-for-like <sup>3)</sup>	in %	4.2%	1.6%	2.6 PP
Germany - like-for-like	in %	2.9%	2.7%	0.2 PP
Austria - like-for-like	in %	6.1%	0.3%	5.8 PP
Vacancy rate <sup>4)</sup>	in %	3.8%	3.4%	0.4 PP
Germany	in %	2.4%	2.1%	0.3 PP
Austria	in %	5.1%	4.7%	0.4 PP
Fair value <sup>5)</sup>	in EUR million	4,000	3,716	7.6%
Germany	in EUR million	1,927	1,651	16.7%
Austria	in EUR million	2,073	2,065	0.4%
Fair value <sup>5)</sup>	in EUR per sqm	1,141	1,052	8.4%
Germany	in EUR per sqm	1,144	980	16.7%
Austria	in EUR per sqm	1,137	1,118	1.8%
Gross rental yield <sup>6)</sup>	in %	5.2%	5.4%	-0.2 PP
Germany	in %	6.0%	6.8%	-0.8 PP
Austria	in %	4.5%	4.3%	0.2 PP

		9M 2016/17	9M 2015/16	Change
Maintenance expense <sup>7)</sup>	in EUR per sqm	5.4	4.8	12.1%
Capitalisation of modernisation work (CAPEX) <sup>7)</sup>	in EUR per sqm	7.5	5.6	33.8%

## PROPERTY SALES

		9M 2016/17	9M 2015/16	Change
Units sold	Quantity	515	834	-38.2%
thereof Unit Sales	Quantity	514	449	14.5%
thereof Block Sales	Quantity	1	385	-99.7%
Margin on fair value - Unit Sales	in %	56%	58%	-2.0 PP
Margin on fair value - Block Sales	in %	6%	10%	-4.0 PP

## PROPERTY DEVELOPMENT

		31 January 2017	30 April 2016	Change
Units under construction	Quantity	1,649	971	69.8%
Total investment volume	in EUR million	3,107	2,480	25.3%
Completed units	Quantity	329	420	-21.7%
thereof defined for sale to third parties	Quantity	163	420	-61.2%
thereof defined to transfer to investment portfolio	Quantity	166	0	-

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

1) Residential floor area approx. 97%

2) Based on monthly in-place rent (excluding utilities) as of the balance sheet date

3) Comparison: 31 January 2017 vs. 31 January 2016 as well as 30 April 2016 vs. 30 April 2015 on a like-for-like basis (without changes of the portfolio and including effects of vacant units)

4) Based on sqm; Vacancy adjusted by vacancy of unit sales amounts 2.7%

5) Based on fair value of standing investments according to CBRE valuation reports for German portfolio and internal valuation for Austrian portfolio as of 31 January 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 figures of 9M 2015/16 due to the implementation of changed capitalisation policy by Q1 2016/17 according to IAS 8 (see chapter 2.4 consolidated interim financial statements)

# DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS OF BUWOG AG

The first nine months of the 2016/17 financial year are behind us. They show that our strategy and the efforts of the entire BUWOG team are successfully reflected again in our key operating and non-financial data. The positioning of the BUWOG Group with the combination of Asset Management, Property Sales and Property Development in Germany and Austria has proven to be a reliable model of success for continuing high profitability, also in our fourth year as an independent listed company. In its dual role as an integrated property owner and developer with access to high organic growth, BUWOG continues to have an exceptional unique selling proposition in the German-speaking listed market environment. The BUWOG Group is very well positioned for further growth and operating success, as the results of the first nine months of 2016/17 show.

In the first nine months of 2016/17, Asset Management, the largest business area in the BUWOG Group, generated operating results of EUR 114.1 million, while in Property Sales and Property Development the operating results came to EUR 38.6 million and EUR 7.5 million, respectively. BUWOG's EBITDA from the operating business rose to EUR 128.9 million on the year. Based on the appraisal of the German property portfolio by external consultant CBRE as well as the internal appraisal of the Austrian property portfolio, the fair value adjustments of investment property for the first nine months of the 2016/17 financial year totalled EUR 277.2 million and reflect, in particular, the high yield compression and rising market rents in Germany's core locations. In total, the BUWOG Group reported an EBT of EUR 364.3 million and a net profit of EUR 292.3 million for the reporting period.

The average interest rate on financial liabilities was reduced substantially from 2.19% to 1.76% during the first nine months of the 2016/17 financial year. This development was influenced by the refinancing and restructuring of a large EUR 550 million existing loan portfolio and the issue of a EUR 300 million convertible bond in September 2016. At the same time, BUWOG was able to place the bond at an interest rate of 0.00%. These extremely favourable conditions compared to the peer group document the significant interest in BUWOG as a capital market product as well as the implementation of our strategic targets. The LTV continued to improve and was just 44.7% as of 31 January 2017.

Funds from Operations (FFO) is the primary indicator for evaluating the development of BUWOG Group's operating business. Recurring FFO, which also serves as the benchmark for the dividend payment, was EUR 85.4 million for the first nine months of 2016/17 and therefore rose by 14% compared to the previous period. EPRA NAV, which shows the sustainability of the asset positions, improved by approximately 13% to EUR 22.86 per share compared to the level on 30 April 2016.

Asset Management boosted its operating results on the year by 2% to EUR 114.1 million. The monthly net in-place rent per sqm improved in the first nine months of the 2016/17 financial year to EUR 5.12 per sqm as a result of the significant increase in like-for-like growth in rents of 4.2%. This equals relative growth of 4.2%. The gross rental yield was 5.2% and the vacancy rate 3.8%.

The operating results in Property Sales showed a significant year-on-year increase of 41% to EUR 38.6 million in the first nine months of the 2016/17 financial year. These results were supported by the sale of 514 units with a margin of 56% on fair value. On 7 December 2016, BUWOG also signed an agreement for the sale of the Tyrolean portfolio of 1,152 units. The closing is expected in several steps in the course of the 2017 calendar year. This transaction reflects BUWOG's continued strategic focus in Austria on the capital city of Vienna.

Clearly setting the BUWOG Group off from its competitors, Property Development successfully continued to intensify its investment activities. For example, the purchase of additional sites expanded the development pipeline to 10,531 units with a total investment volume of around EUR 3.1 billion. A total of 1,649 units were under construction as of the reporting date. This is equivalent to an increase of 70% compared to 30 April 2016. The results of operations in Property Development were increased considerably to EUR 7.5 million in the first nine months of 2016/17. We expect Property Development to contribute at least EUR 13 million to Recurring FFO for the financial year.

For the future we will continue to adhere to our strategic targets: for the 2016/17 financial year we confirm our forecast for Recurring FFO of at least EUR 108



Andreas Segal, Deputy CEO, CFO  
 Daniel Riedl, CEO  
 Herwig Teufelsdorfer, COO  
 (from left to right)

million. In Asset Management the BUWOG Group aims to continue improving the quality of its portfolio through the implementation of a EUR 57 million modernisation programme with a regional focus on Berlin, Lübeck and Kiel. In Property Sales plans include the sale of 600 units per year. In Property Development the focus remains on the steady realisation of the project pipeline in Berlin, Vienna and Hamburg.

BUWOG share development to date shows that the continued pursuit of our strategy is well received by the capital market. With a closing price of EUR 23,06 on 10 March 2017, there was an increase in the share price including the dividend of 29% compared to the share price on 30 April 2016. On 19 December 2016 the BUWOG share was added to the Stoxx 600 index.

We view this as confirmation of our strategy and as an obligation to continue BUWOG's story of success with our full commitment. We invite you to accompany the BUWOG Group along its further course and ensure that we will also provide transparent and timely information on the latest developments in the future. To conclude, we would like to thank the entire BUWOG team for its enthusiasm and dedication, without which the achievements described would not have been possible.

Best regards,

Daniel Riedl  
 CEO

Andreas Segal  
 Deputy CEO, CFO

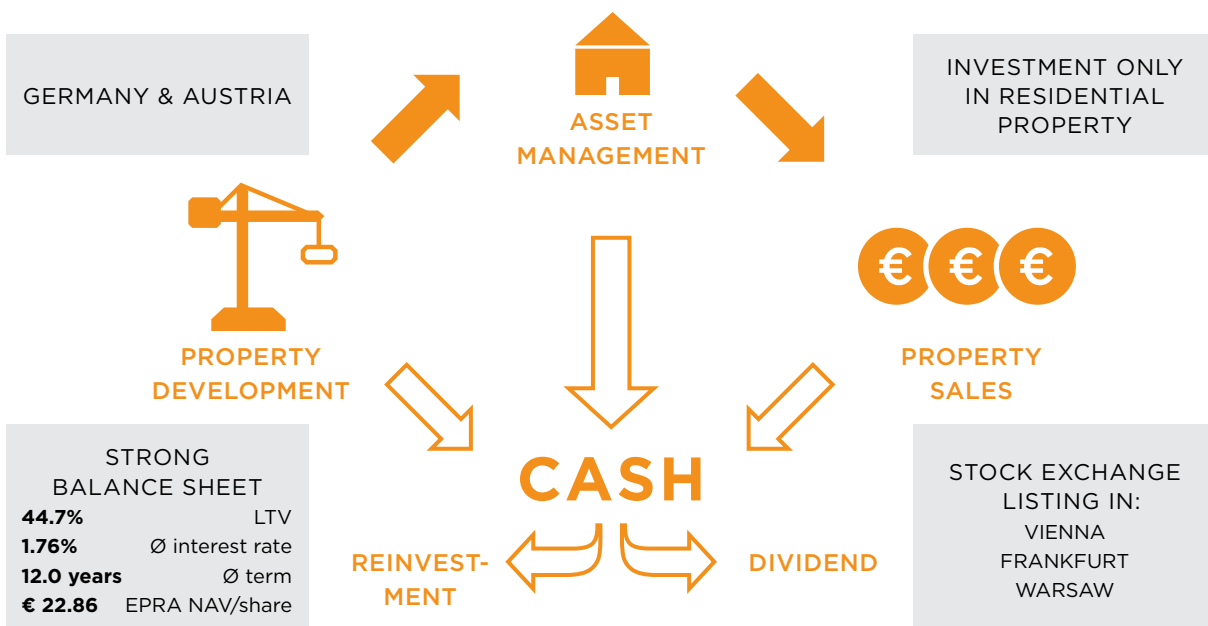
Herwig Teufelsdorfer  
 COO



# OVERVIEW OF THE BUWOG GROUP

The BUWOG Group is the leading full-service provider in the German-Austrian residential property sector and now looks back on 65 years of experience. Its property portfolio comprised a total of 50,712 units as of 31 January 2017 and is distributed at a rate of 53% in Germany and 47% in Austria. The BUWOG Group is an integrated real estate company which covers the entire residential property value chain. The professional development of new projects for sale or transfer to BUWOG's investment portfolio (Property Development) and the value-oriented sale of individual apartments, entire buildings or portfolios (Property Sales) complement Asset Management to form a closed cycle that represents the BUWOG Group's core business.

## The BUWOG Group Business Model





## **A PROFITABLE VALUE CHAIN**

Compared to the companies in its peer group, BUWOG's fully integrated business model stands out due to the breadth and depth of its value chain as well as the optimal integration of its three business areas. The generation of high Recurring FFO, which allows for an attractive dividend policy as well as steady growth, is supported by the three business areas of Asset Management, Property Sales and Property Development.

## **ASSET MANAGEMENT**

The BUWOG Group's Asset Management business area is responsible for the sustainable, optimised management of the standing investments. Most of the revenue is generated by renting apartments, with the focus on increasing rental income and optimising maintenance costs. BUWOG's portfolio includes 50,712 units in Germany and Austria. BUWOG is represented by local teams in its most important real estate locations in Germany and Austria. In the first nine months of the 2016/17 financial year the annualised net in-place rent rose from EUR 201.2 million to EUR 207.3 million. Like-for-like growth in rent totalled 4.2% and in Austria was defined by exceptional adjustment effects of 6.1% as a result of maintenance and improvement contributions following an amendment to the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz). In Germany, the increase of 2.9% resulted from higher rental prices on new leases and rental increases in standing investments (for details see page 10).

## **PROPERTY SALES**

The business model for the Property Sales business area is divided into Unit Sales and Block Sales (property and portfolio transactions) and is aimed at continuously and profitably optimising and concentrating the BUWOG Group's investment portfolio through the high-margin sale of individual apartments to owner-occupiers as a result of turnover and cycle-optimised block sales to investors. In the first nine months of the 2016/17 financial year, 514 units were sold through Unit Sales and one commercial unit through Block Sales at margins substantially above the carrying amount (for details see page 18). On 7 December 2016 an agreement was signed on the sale of 1,152 units in Tyrol. The transfer of benefits and encumbrances is planned for the fourth quarter of the 2016/17 financial year.

## **PROPERTY DEVELOPMENT**

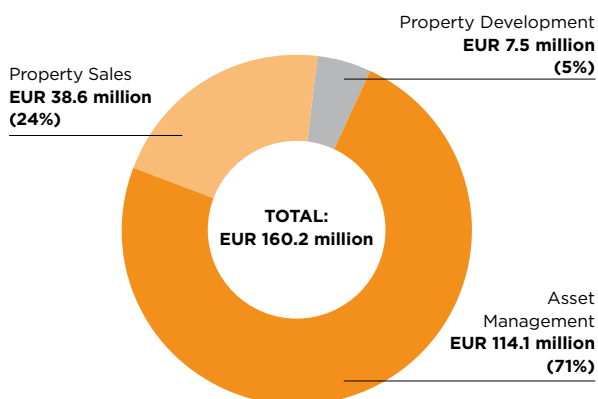
In Property Development the BUWOG Group bundles the development of residential projects for the company's own portfolio or for direct sale after completion. As a developer, BUWOG has completed roughly 35,000 apartments in Austria since its founding. The focus of the property development business is currently in the heavily populated and economically strong capital cities of Berlin and Vienna and, since the end of the 2015/16 financial year, also in the attractive Hanseatic city of Hamburg. The development pipeline as of the reporting date contained 10,531 units with an estimated total investment volume of approximately EUR 3.1 billion (for details see page 20).

# HIGHLIGHTS FIRST THREE QUARTERS OF 2016/17

## SUCCESSFUL BUSINESS DEVELOPMENT

- Year-on-year increase of 13.7% in Recurring FFO to EUR 85.4 million
- Strong fair value adjustments of EUR 277.2 million
- Net profit totals EUR 292.3 million
- Improvement of 13.3% in EPRA NAV per share to EUR 22.86
- Considerable reduction of the average interest rate on financial liabilities to 1.76% due to successful placement of a convertible bond and through refinancing/restructuring measures
- Low LTV of 44.7%

## OPERATING RESULTS<sup>1)</sup> BY BUSINESS AREA



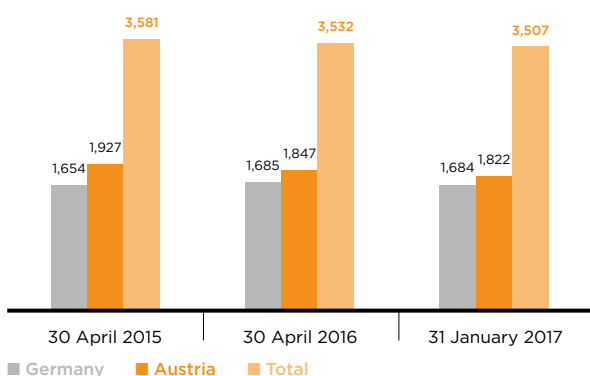
<sup>1)</sup> Results of operations before expenses not directly attributable to the business areas (EUR 27.9 million) and other operating income (EUR 2.7 million).

## HIGHLIGHTS ASSET MANAGEMENT

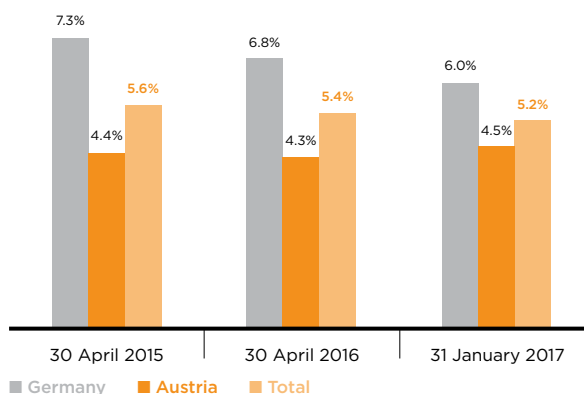
- Property portfolio of 50,712 units with approx. 3.5 million sqm of total floor area as of 31 January 2017
- Increase of 4.2% in monthly net in-place rent to EUR 5.12 per sqm
- Growth of 4.2% in net in-place rent on a like-for-like basis
- Vacancy rate remains low at 3.8% -> 2.7% excl. vacancies required for unit sales
- Growth of fair value in standing investments to approx. EUR 4.0 billion on the basis of fair value adjustments

### TOTAL FLOOR AREA

in 1,000 sqm



### GROSS RENTAL YIELD

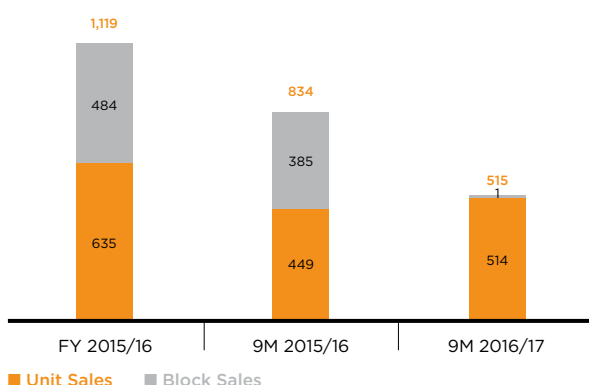




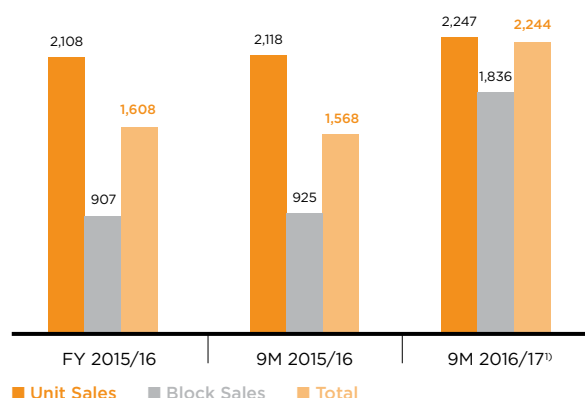
## HIGHLIGHTS PROPERTY SALES

- Successful Unit Sales of 514 units at a margin of roughly 56% on fair value
- Contract on the block sale of 1,152 units in Tyrol signed on 7 December 2016. Transfer and recognition in profit and loss likely by the end of the 2016/17 financial year
- Unit and Block Sales cluster of 15,538 units at a fair value of approx. EUR 1.7 billion

### UNITS SOLD



### AVERAGE PRICES REALISED in EUR per sqm

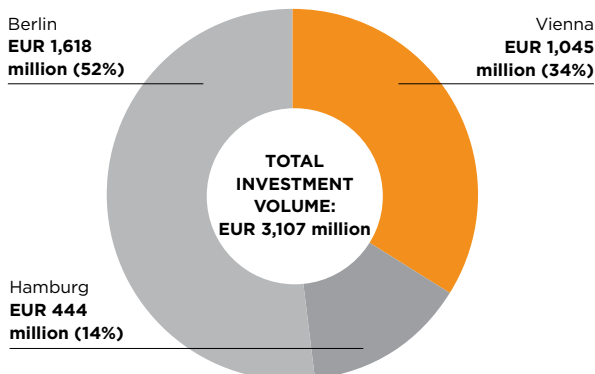


1) In the first quarter of 2016/17 a commercial unit in Vienna was sold at a high average price.

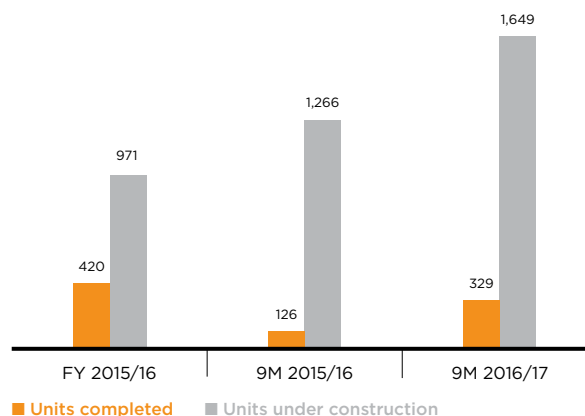
## HIGHLIGHTS PROPERTY DEVELOPMENT

- Expansion of development pipeline to a total of 10,531 units with a total investment volume of EUR 3.1 billion
- Currently 1,649 units currently under construction, approximately 30% more than in the same period the year before
- Completion of 329 units in the first nine months of the 2016/17 financial year

### DEVELOPMENT PIPELINE by location as of 31 January 2017



### COMPLETED UNITS AND UNITS UNDER CONSTRUCTION

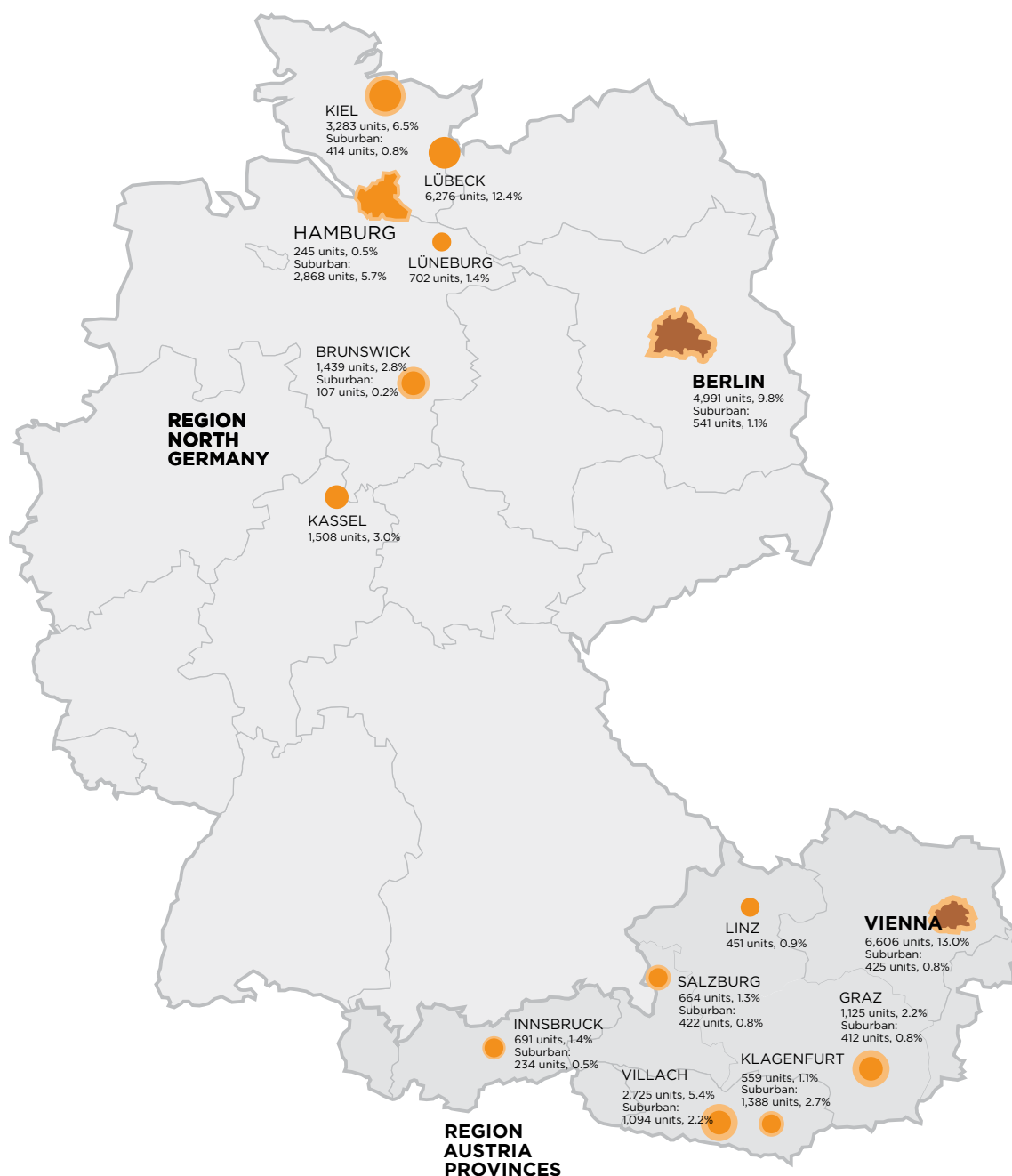


# ASSET MANAGEMENT

The business area of Asset Management at the BUWOG Group encompasses the rental and sustainable management of standing investments in Germany and Austria. This also includes their optimisation and appreciation in value through maintenance and investments as well as the coordination of all owner-related internal and external services.

## THE BUWOG INVESTMENT PORTFOLIO BY REGION AS OF 31 JANUARY 2017

Number of units per location and percentage of the total portfolio



■ Federal capitals ● State capitals and major cities<sup>1)</sup> ○ Suburban regions<sup>2)</sup>

1) More than 50,000 inhabitants and a significant share of the portfolio

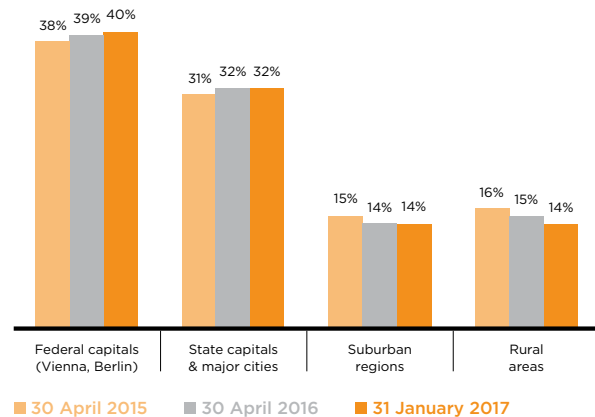
2) The immediate catchment area up to about 15 km around federal capitals, state capitals and major cities

As the BUWOG Group's largest business area, Asset Management generated operating income (before expenses and other operating income not directly attributable to this business area) of EUR 114.1 million (9M 2015/16: EUR 112.4 million) in the first nine months of the 2016/17 financial year.

The BUWOG Group's investment portfolio as of 31 January 2017 comprised 50,712 units, 27,056 of them in Germany and 23,656 in Austria. The investment portfolio is divided into four geographical clusters within the 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 approximately EUR 1.6 billion or 40% of the investment portfolio's total fair value. The share of investments in the state and provincial capitals and in the major cities and surrounding regions represented approximately EUR 1.8 billion or 46% of the total fair value on the reporting date of 31 January 2017. In other words, approximately EUR 3.4 billion or 86% of the fair value of the BUWOG investment portfolio is located in urban regions, which are highly attractive with respect to their economic development, infrastructure and demographics.

### FAIR VALUE

by geographic cluster (total: approx. EUR 4 billion)



### KEY FIGURES PROPERTY PORTFOLIO

as of 31 January 2017	Number of units	Total floor area in sqm	Annualised net in-place rent <sup>1)</sup> in EUR million	Monthly net in-place rent <sup>1)</sup> in EUR per sqm	Fair value <sup>2)</sup> in EUR million	Fair value <sup>2)</sup> in EUR per sqm	Gross rental yield <sup>3)</sup>	Vacancy rate <sup>4)</sup>
Federal capitals	11,597	909,759	60	5.73	1,588	1,745	3.8%	3.3%
Vienna	6,606	578,056	36	5.39	1,042	1,803	3.4%	4.3%
Berlin	4,991	331,703	25	6.30	545	1,644	4.5%	1.5%
State capitals and major cities <sup>5)</sup>	19,668	1,269,754	77	5.15	1,301	1,025	5.9%	2.4%
Suburban regions <sup>6)</sup>	7,905	554,005	32	4.96	550	993	5.8%	3.8%
Rural areas	11,542	773,188	39	4.45	561	726	6.9%	6.7%
<b>Total BUWOG Group</b>	<b>50,712</b>	<b>3,506,707</b>	<b>207</b>	<b>5.12</b>	<b>4,000</b>	<b>1,141</b>	<b>5.2%</b>	<b>3.8%</b>
thereof Germany	27,056	1,684,320	115	5.82	1,927	1,144	6.0%	2.4%
thereof Austria	23,656	1,822,387	92	4.45	2,073	1,137	4.5%	5.1%

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 reports for German portfolio and internal valuation for Austrian portfolio as of 31 January 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 JANUARY 2017

The BUWOG Group's investment portfolio comprised 50,712 units with total floor area of around 3.5 million sqm and a fair value of EUR 4.0 billion or EUR 1,141 per sqm. The monthly in-place rent of the investment portfolio was EUR 5.12 per sqm with a vacancy rate (basis: total floor area in sqm) of 3.8% and gross rental yield of the property portfolio in Germany of 5.2%.

The German property portfolio included 27,056 units with total floor area of approximately 1.7 million sqm and a fair value of EUR 1.9 billion or EUR 1,144 per sqm. The monthly net in-place rent equalled EUR 5.82 per sqm with a vacancy rate (basis: total floor area in sqm) of 2.4% and gross rental yield of the German property portfolio of 6.0%.

The Austrian investment portfolio comprised 23,656 units with total floor area of around 1.8 million sqm and fair value of around EUR 2.1 billion. This resulted in a fair value per sqm of EUR 1,137. The monthly net in-place rent was EUR 4.45 per sqm with a vacancy rate (basis: total floor area in sqm) of 5.1%, whereby 2.2% of the vacancies were attributed to apartments in the Unit Sales cluster. The gross rental yield of the Austrian property portfolio was 4.5%.

In the second quarter of the reporting period, a total of 166 units of the “Am Otterweg” (88 units) and “Southgate” (78 units) projects were completed in accordance with the Vienna Housing Initiative and transferred to BUWOG’s own investment portfolio. A total of 13 units were vacant as of 31 January 2017. Based on current estimates, the BUWOG Group expects full occupancy in both projects by the end of the 2016/16 financial year.

		BUWOG Group as of 30 April 2016	BUWOG Group as of 31 January 2017	Austria as of 31 January 2017	Germany as of 31 January 2017
Number of units	Quantity	51,058	50,712	23,656	27,056
Total floor area	in sqm	3,532,273	3,506,707	1,822,387	1,684,320
Annualised net in-place rent <sup>1)</sup>	in EUR million	201	207	92	115
Monthly net in-place rent <sup>1)</sup>	in EUR per sqm	4.92	5.12	4.45	5.82
Fair value <sup>2)</sup>	in EUR million	3,716	4,000	2,073	1,927
Fair value <sup>2)</sup>	in EUR per sqm	1,052	1,141	1,137	1,144
Gross rental yield <sup>3)</sup>	in %	5.4%	5.2%	4.5%	6.0%
Vacancy rate	per sqm	3.4%	3.8%	5.1%	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 reports for German portfolio and internal valuation for Austrian portfolio as of 31 January 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 scope of its strategy for expanding in the core region of northern Germany, the BUWOG Group signed a purchase agreement for the acquisition of an investment portfolio in Hannover with 100 units and 6,350 sqm of floor area. The portfolio will be taken over in the fourth quarter of the 2016/17 financial year.

## ACQUISITION INVESTMENT PORTFOLIO

		Number of units	Total floor area in sqm	Annualised net in-place rent <sup>1)</sup> in EUR thousand	Monthly net in-place rent <sup>1)</sup> in EUR per sqm	Fair value <sup>2)</sup> in EUR per sqm	Gross rental yield <sup>3)</sup>	Vacancy rate
Hannover	State capitals and major cities	100	6,350	440	5.77	1,228	5.6%	0.0%
<b>Total as per 31 January 2017</b>		<b>100</b>	<b>6,350</b>	<b>440</b>	<b>5.77</b>	<b>1,228</b>	<b>5.6%</b>	<b>0.0%</b>

1) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date

2) Based on purchase price of standing investments

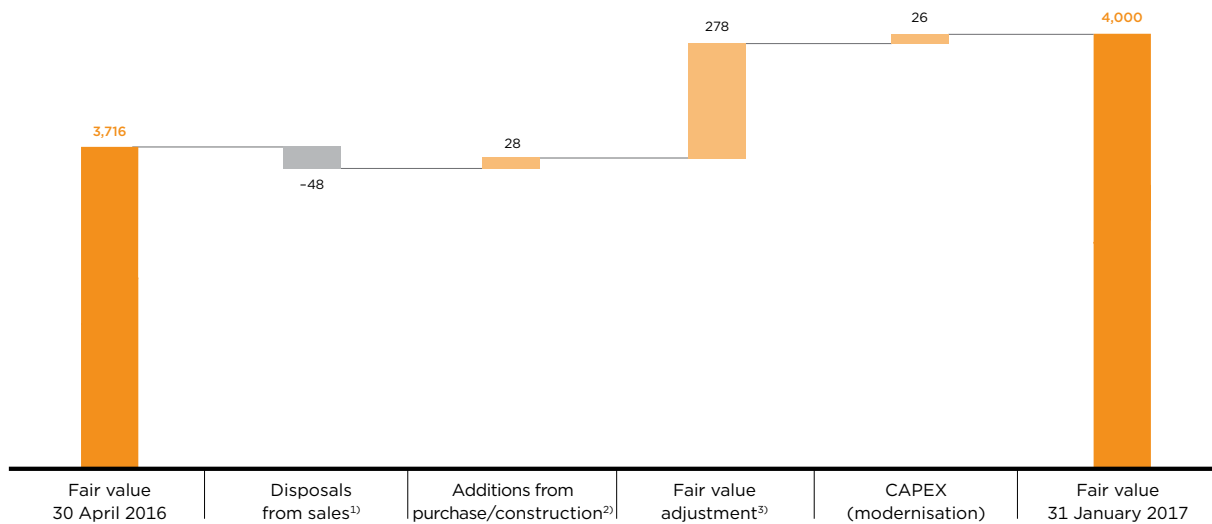
3) Annualised total net in-place rent (based on monthly net in-place rent excluding utilities as of the reporting date) in relation to purchase price

## DEVELOPMENT OF FAIR VALUE STANDING INVESTMENT PORTFOLIO

On 31 January 2017, a special appraisal of German standing investments was conducted by the independent external consultant CBRE. The fair value adjustment of the German portfolio in the third quarter of the 2016/17 financial year was largely characterised by an increase in market rents and high yield compression with a disproportionate rise in purchase prices for apartment complexes and portfolios in relation to rental growth in the core locations of the BUWOG Group’s German property portfolio. The fair value adjustments of the Austrian portfolio in the third quarter of the 2016/17 financial year were appraised internally and based largely on adjusted sale price potentials. As of the reporting date on 31 January 2017, the external appraisal of the German property portfolio and internal appraisal of the Austrian property portfolio resulted in positive fair value adjustments of EUR 278.1 million (9M 2015/16: EUR 144.4 million) for the first nine months of the 2016/17 financial year (for details see the chapter *Property Valuation* in the consolidated interim management report, p. 36f.), which were largely responsible for the development of fair value in BUWOG’s investment portfolio. The following chart shows the development of fair value compared to the reporting date of 30 April 2016.

**DEVELOPMENT OF FAIR VALUE STANDING INVESTMENT PORTFOLIO**

in EUR million

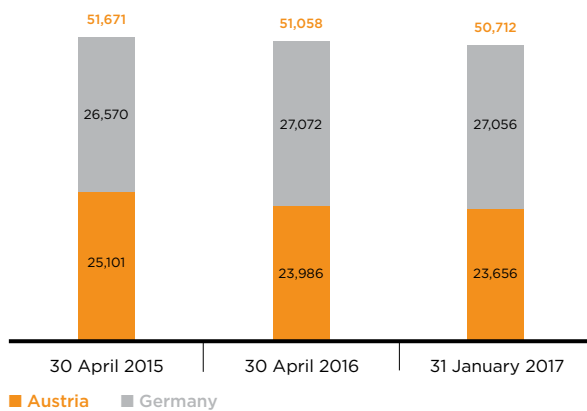
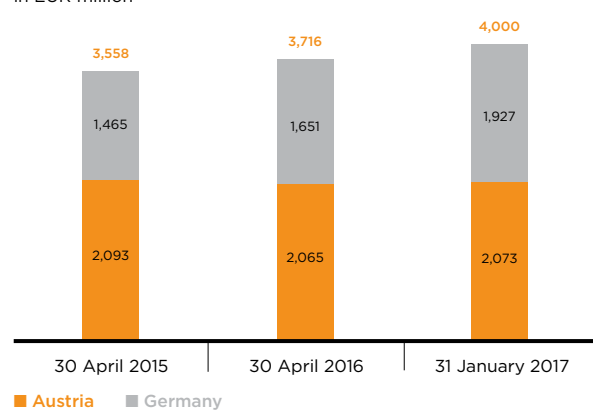


The values in the above graph are not scaled.

1) Net carrying amount of properties sold (EUR -88.8 million) and fair value adjustments to sold properties (EUR 33.3 million), as well as revaluation of properties available for sale (EUR 7.6 million)

2) Additions include the "Am Otterweg" project and "Southgate" in Vienna, both of which were built for BUWOG's standing investment portfolio.

3) Fair value adjustments refer solely to standing investments.

**NUMBER OF UNITS**

**FAIR VALUE STANDING INVESTMENT PORTFOLIO**  
 in EUR million


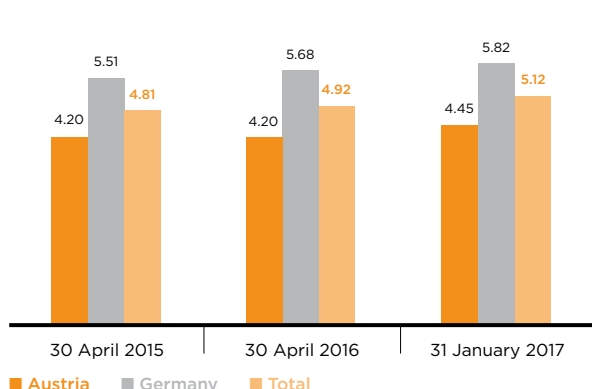
The BUWOG Group's aim includes the continuous optimisation of the individual properties and the property portfolio through active management in order to safeguard and steadily improve the generation of cash flow and earnings position for the long term.

In addition to the illustrated development of fair value, compared to 30 April 2016 the annualised net in-place rent showed a substantial rise from EUR 201 million to EUR 207 million as of 31 January this financial year. In terms of total floor area, this represented an increase from EUR 4.92 to EUR 5.12 per sqm. This development resulted in particular from the positive effects of the increase in the maintenance and improvement contribution for subsidised properties based on the amendment of the Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*) in Austria.

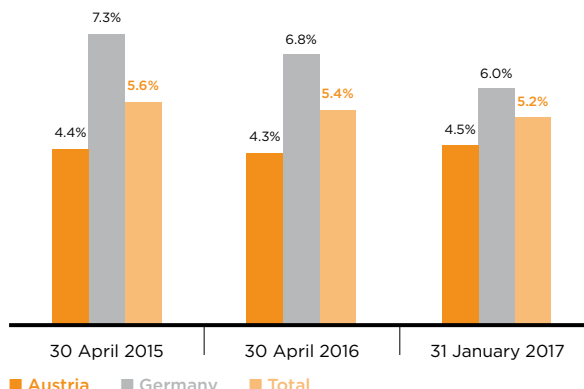
The BUWOG Group's gross rental yield equalled 5.2% (30 April 2016: 5.4%), whereby the varying development of the yields of 6.0% in Germany (30 April 2016: 6.8%) and 4.5% in Austria (30 April 2016: 4.3%) were directly related to the aforementioned effects of the fair value increase in Germany and the increase in rents in Austria.

## MONTHLY NET IN-PLACE RENT

in EUR per sqm



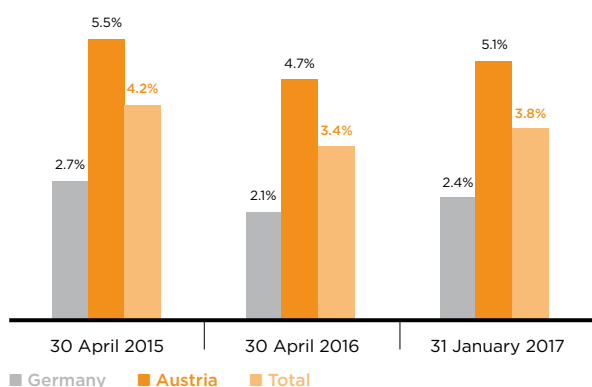
## GROSS RENTAL YIELD



## VACANCY DEVELOPMENT

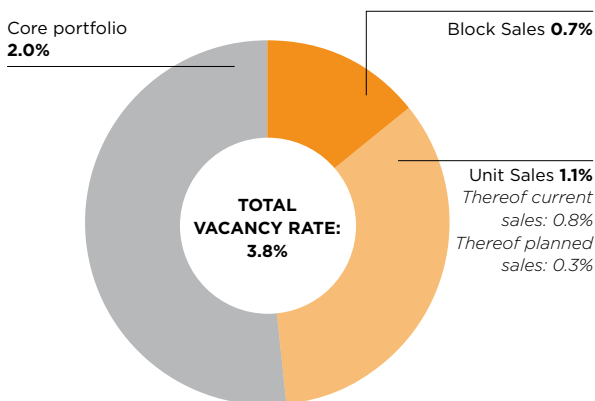
The vacancy rate in the BUWOG Group's property portfolio rose from 3.4% to 3.8% compared to 30 April 2016. Including the vacancies of 1.1% required for Unit Sales, BUWOG's vacancy rate was just 2.7% (30 April 2016: 2.2%). The vacancy rate in the German property portfolio totalled 2.4% as of 31 January 2017, up from 2.1% on 30 April 2016. The increase in the vacancy rate resulted largely from the growth in the number of apartments that are planned for apartment modernisations in Berlin, Lübeck, Brunswick and Kassel and whose rentals will lead after completion to higher average net in-place rents per sqm. The vacancy rate in the Austrian property portfolio rose from 4.7% as of 30 April 2016 to 5.1%. The increase in the vacancy rate resulted largely from a vacant nursing home currently in a rural region of Styria with 7,000 sqm of vacant floor area. Furthermore, the vacancy rate in Vienna rose from 3.8% to 4.3% due to a higher number of apartments deliberately kept vacant for unit sales as well as to individual units from completed development projects, which are in the process of being rented for the first time.

## VACANCY RATE



## VACANCY RATE BY STRATEGIC CLUSTER

Basis: total floor area as of 31 January 2017



## LIKE-FOR-LIKE RENTAL GROWTH

A like-for-like analysis of BUWOG's standing investment portfolio – excluding the effects from changes in the portfolio (i.e. portfolio transactions) and including the effects of changes in vacancies – shows an increase of 4.2% in rental income as of 31 January 2017 (30 April 2016: 1.6%). The calculation of rental growth included 98.8% of all standing investment units held by the BUWOG Group.

The growth in rents in the German properties totalled 2.9% as of 31 January 2017 (30 April 2016: 2.7%) and resulted primarily from the conclusion of leases at considerably higher rents and from increases in the rents generated by standing investments in Berlin and the major cities. In the Austrian portfolio the growth in rents totalled 6.1% as of 31 January 2017 (30 April 2016: 0.3%). This resulted from the positive one-off effect arising from the market-based implementation of the increase in the maintenance and improvement contribution

(max. EUR 2.00 per sqm depending on the age of the property) in the respective properties and regions based on an amendment to the Austrian Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*), which was included in the debit position as of 1 July 2016 and led to a significant increase in rents.

Details on the essential changes resulting from the amendment to the Austrian Non-Profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*) are provided in the chapter *Asset Management – Rent Models* in the 2015/16 annual report (pages 59ff).

BUWOG also intends to take full advantage the potentials for increasing rents in specific portfolio properties 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 STRUCTURE OF RENTAL AGREEMENTS

as of 31 January 2017	Number of units	Occupied floor area in sqm 31 January 2016	Net in-place rent per month in EUR million <sup>3)</sup> 31 January 2016	Occupied floor area in sqm 31 January 2017	Net in-place rent per month in EUR million <sup>3)</sup> 31 January 2017	Like-for-like rental growth
Unregulated rental agreements Germany	17,220	974,837	5.5	978,845	5.7	3.5%
Regulated rental agreements Germany	9,244	594,985	3.2	595,074	3.2	1.7%
<b>Total Germany</b>	<b>26,464</b>	<b>1,569,822</b>	<b>8.6</b>	<b>1,573,919</b>	<b>8.9</b>	<b>2.9%</b>
Unregulated rental agreements Austria (incl. reasonable rents pursuant to WGG and MRG) <sup>1)</sup>	1,620	121,063	0.7	125,528	0.7	1.1%
Regulated rental agreements Austria (incl. other provisions under WGG) <sup>2)</sup>	21,486	1,546,273	6.0	1,533,826	6.3	6.5%
<b>Total Austria</b>	<b>23,106</b>	<b>1,667,336</b>	<b>6.6</b>	<b>1,659,355</b>	<b>7.0</b>	<b>6.1%</b>
Other (incl. commercial)	523	80,446	0.5	80,282	0.5	1.4%
<b>Total BUWOG Group</b>	<b>50,093</b>	<b>3,317,604</b>	<b>15.7</b>	<b>3,313,556</b>	<b>16.4</b>	<b>4.2%</b>

1) Reasonable rents under WGG includes properties for which subsidies received have already 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

## IMPLEMENTATION OF THE NEW CAPITALISATION GUIDELINE

The BUWOG Group implemented the results of the best practice analysis of capitalisation policies during the first nine months of the 2016/17 financial year. In accordance with IAS 8, the application of the new capitalisation guideline represents a change in accounting policies which also requires a retrospective adjustment of the comparable data from 9M 2015/16 (see chapter 2.4 *Change in Comparative Information* in the notes to the consolidated interim financial statements).

BUWOG invested a total of EUR 45.5 million or EUR 12.9 per sqm in maintenance and modernisation measures for its property portfolios during the first nine months of the 2016/17 financial year. This represents an increase of 23.1% compared to the same period the previous year. The modernisation investments (CAPEX) in the first nine months of the 2016/17 financial year are considerably higher (32.6%) than the adjusted prior-year amount. The capitalisation rate rose from 54% to 58% compared to the first nine months of the 2015/16 financial year due to a slightly differentiated mix of measures with a higher capitalisation factor.

The strategic implementation of the new capitalisation guideline is expected to have a positive effect of at least EUR 5.0 million on Recurring FFO and a capitalisation rate of over 50% sustainable.

## MAINTENANCE EXPENSE AND MODERNISATION

	9M 2016/17	9M 2015/16	Change
<b>Total maintenance expense and modernisation in EUR million</b>	<b>45.5</b>	<b>36.9</b>	<b>23.1%</b>
Maintenance expense in EUR million	19.2	17.1	12.1%
Capitalisation of modernisation work (CAPEX) in EUR million	26.3	19.8	32.6%
<b>Capitalisation rate in %</b>	<b>57.8%</b>	<b>53.6%</b>	<b>4.2 PP</b>
Average total floor space in 1,000 sqm <sup>1)</sup>	3,519	3,552	-0.9%
<b>Total maintenance expense and modernisation in EUR per sqm</b>	<b>12.9</b>	<b>10.4</b>	<b>23.8%</b>
Maintenance expense in EUR per sqm	5.4	4.8	12.1%
Capitalisation of modernisation work (CAPEX) in EUR per sqm	7.5	5.6	33.8%

The use of automated calculation systems may give rise to rounding differences. The comparable prior year date were adjusted to reflect the retrospective implementation of the new capitalisation guideline (see note 2.4 to the consolidated interim financial statements).

1) Average weighted total floor space, including increases from acquisitions and reductions from sales

## STRUCTURE OF RENTAL INCOME

The rents for the subsidised units in the BUWOG Group's investment portfolio in Germany are subject, in particular, to the Schleswig-Holstein Housing Allowance Act (Schleswig-Holstein Wohnraumförderungsgesetz) and for the units in Austria the legal provisions of the Austrian Non-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz). The BUWOG Group's investment portfolio therefore distinguishes between regulated (55%) and non-regulated (38%) rental agreements and the revenue generated by other agreements incl. commercial space (7%). Establishing prices for new rentals at certain locations in Germany is also subject to the cap on rent increases.

Additional information on the various legal provisions in Germany and Austria is provided in the chapter *Asset Management – Rental Models* in the 2015/16 annual report on pages 58 ff.

## STRUCTURE OF RENTAL AGREEMENTS

as of 31 January 2017	Occupied floor area in sqm	Annualised net in-place rent in EUR million	Proportion of annualised net in-place rent	Monthly net in-place rent per sqm in EUR <sup>3)</sup>
Unregulated rental agreements Germany	997,941	69.6	34%	5.81
Regulated rental agreements Germany	595,136	39.0	19%	5.46
Unregulated rental agreements Austria (incl. reasonable rents pursuant to WGG and MRG) <sup>1)</sup>	138,731	9.1	4%	5.44
Regulated rental agreements Austria (incl. other provisions under WGG) <sup>2)</sup>	1,539,648	76.0	37%	4.11
Other (incl. commercial)	102,509	13.7	7%	11.14
<b>Total BUWOG Group</b>	<b>3,373,965</b>	<b>207.3</b>	<b>100%</b>	<b>5.12</b>

1) Reasonable rents under WGG includes properties for which subsidies received have already been repaid and for which indexing can be individually agreed

2) Cost-covering rent and Follow-up Rent (prev. Burgenland guidelines -30%)

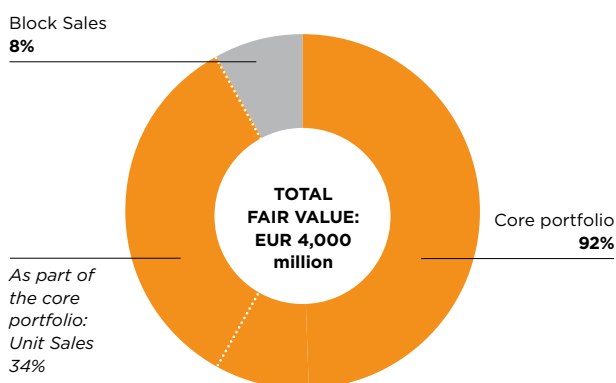
3) Based on monthly net in-place rent (excluding utilities) as of the balance sheet date

## CLEAR PORTFOLIO STRATEGY AND SEGMENTATION

The BUWOG Group's investment portfolio is clearly structured in geographic and strategic portfolio clusters, whereby the respective properties are segmented into the categories "Core Portfolio", "Unit Sales" and "Block Sales". The core portfolio represents 92% of the fair value of the total portfolio. It also includes apartments which are suitable for unit sales and constitute a share of 34% of the fair value of the total portfolio. The share of Block Sales equals 8% of the fair value of the total portfolio and includes properties designated for sale over the medium term as part of the regional optimisation and consolidation of the portfolio. The increase in the Block Sales portfolio as of 31 January 2017 (8%) compared to 30 April 2016 (5%) resulted from the reclassification of apartments in Tyrol that were previously included in the Unit Sales cluster.

## STRATEGIC PORTFOLIO CLUSTER SPLIT BY FAIR VALUE

as of 31 January 2017

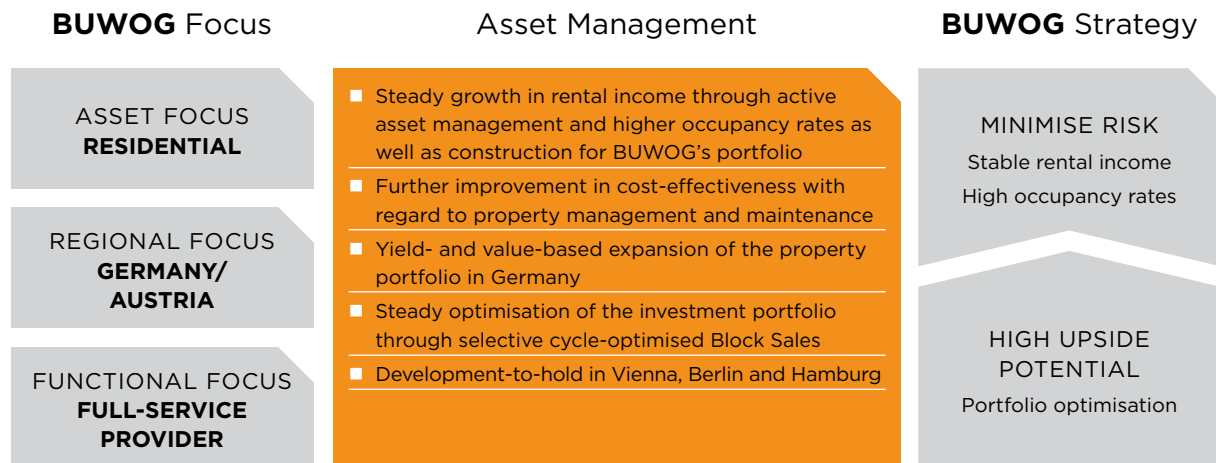




## STRATEGY AND OUTLOOK

Asset Management will continue to pursue a clear strategy for the portfolios in Germany and Austria that targets its focus on properties in interesting core regions of the federal and state or provincial capitals which offer long-term promise with high occupancy rates and which have a low asset risk, favourable property conditions and make attractive contributions to value growth. As part of the growth strategy, new apartments are being constructed increasingly for the company's existing portfolio in Berlin and Hamburg.





The goal is to ensure the sustainable generation of stable cash flows from property rentals.



# PROPERTY SALES

The Property Sales business model is divided into unit sales and block sales (property and portfolio sales). It is designed to continuously and profitably improve the return on the BUWOG Group's investment portfolio through the sale of individual units primarily to owner-occupiers as a result of turnover or through cycle-optimised block sales to investors. In this business area, the BUWOG Group pursues a clearly defined strategy that is based on an in-depth analysis of the overall portfolio. The strategy involves the routine identification and reclassification to the Unit Sales cluster of standing investments that are suitable for the sale of individual units over the medium to long term. Block Sales cover entire buildings or portfolios, primarily in rural areas, regardless of their vacancy rate. These assets are sold at a profit to investors in order to optimise and concentrate the portfolio.

Property Sales generated results from operations (before expenses not directly attributable to this business area and other operating income) of EUR 38.6 million in the first nine months of the 2016/17 financial year (9M: 2015/16: EUR 27.3 million).

Cluster	Unit Sales	Block Sales
Examples from the portfolio	 <p>Klagenfurt, Rilkestrasse 2-14    Anif, Am Gois 9-17b    Vienna, Stipcakgasse 18-22</p>	 <p>Baden, Antonsgasse    St. Veit, Grundgasse    Bischofshofen, Hauptschulstrasse</p>
Key facts	<ul style="list-style-type: none"> <li>■ Sale in selected regions, primarily to owner-occupiers as a result of turnover</li> <li>■ Optimal mix of internal and external sales channels</li> <li>■ Track record with high profitability               <ul style="list-style-type: none"> <li>-&gt; Margins on fair value &gt;50%</li> <li>-&gt; Long-term contribution to Recurring FFO</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Sale of portfolios or properties from the investment portfolio</li> <li>■ Cycle-optimised block sales in rural locations for portfolio optimisation and consolidation</li> <li>■ Optimal mix of internal and external sales channels</li> </ul>
Contribution to Recurring FFO	 <b>Long-term contribution to profit from ongoing unit sales</b>	 <b>Opportunistic block sales with adequate margins</b>

## UNIT SALES

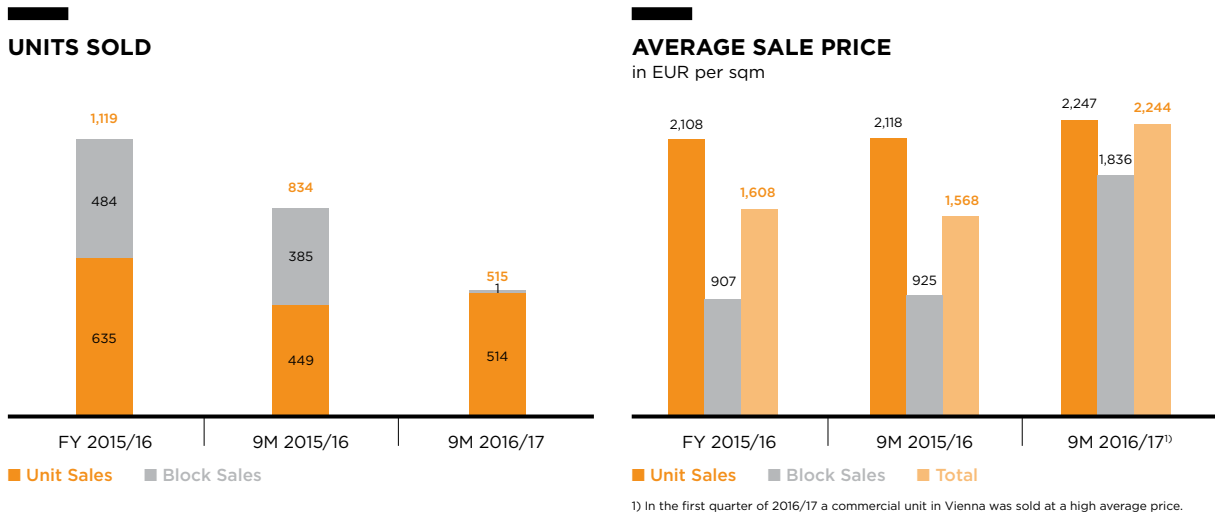
In the first nine months of the 2016/17 financial year a total of 514 units (9M 2015/16: 449 units) were sold through Unit Sales at a margin on fair value of 56% (9M: 2015/16: 58%). The margin on fair value is derived from the NOI on Unit Sales, after the deduction of all external costs for the sale and directly allocated personnel and operating expenses, in relation to the carrying amount of the sold units (as reported in the consolidated income statement, after the deduction of the fair value adjustments to sold properties). The 490 units sold from the Austrian portfolio were primarily in Vienna (201 units), Carinthia (111 units) and Salzburg (48 units). 24 units were also sold from the German portfolio. At EUR 2,247 per sqm, the average prices in the first nine months of the 2016/17 financial year were considerably above the EUR 2,118 per sqm from 9M 2015/16 as a result of unit sales in higher quality properties and locations. The contribution of unit sales to Recurring FFO for nine months of the 2016/17 financial year was EUR 30.9 million (9M 2015/16: EUR 25.0 million).

The strategic portfolio cluster of Unit Sales contained 11,267 units on the reporting date of 31 January 2017 (31 January 2016: 12,878 units), all of which are located in Austria and are identified as suitable for individual sale over the medium and long term. 5,995 of these units are located in Vienna and 2,066 units in Carinthia; the remaining 3,206 units are distributed across the remaining Austrian provinces. The substantial reduction of the number of units in the Unit Sales cluster during the second quarter of the 2016/17 financial year resulted primarily from the reclassification of apartments in Tyrol from Unit Sales to Block Sales.

**BLOCK SALES**

The BUWOG Group'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. In the first nine months of the 2016/17 financial year, one commercial unit (9M 2015/16: 384 units) was sold at a relatively high average price and margin of roughly 6% on fair value (9M 2015/16: 10%). The result of Block Sales totalled TEUR 30 (9M 2015/16: EUR 2.4 million) in the first nine months of 2016/17.

On 7 December 2016, the BUWOG Group signed an agreement for the sale of 1,146 units with approximately 89,000 sqm of total floor area in the Austrian province of Tyrol (approximately 4.8% of the Austrian portfolio), thus reflecting the consistent pursuit of a strategic focus in Vienna. The effects on the contribution to profit from the block sales as well as on the average prices and margins are likely to be reflected nearly in full as a result of the transfer of the properties' benefits and encumbrances in the fourth quarter of the 2016/17 financial year. The strategic Block Sales cluster included 4,271 units as of 31 January 2017 (31 January 2016: 3,338 units), 4,183 units of which are located in the Austrian portfolio (1,685 in Carinthia, 1,152 in Tyrol, 848 in the rest of Austria as well as 498 in Vienna) and 88 units in the German portfolio (Brandenburg).



**STRATEGY AND OUTLOOK**

The BUWOG Group will continue its strategy of actively selling specific units. The central pillars of this strategy are illustrated in the graph below:



# PROPERTY DEVELOPMENT

Property Development bundles the development of attractive projects for its own portfolio and the construction of residential properties for direct sale after completion. The BUWOG Group focuses its development activities on the capitals of Vienna and Berlin and, since the end of April 2016, also on Hamburg. This reflects the strong demographic and economic parameters of these cities, the many years of experience in the development of residential properties as well as the extensive knowledge of the market. The BUWOG Group now operates in the property development and asset management sectors of the three largest German-speaking cities.

In bulwiengesa AG's ranking of Berlin-based residential project developers published in April 2016, the BUWOG Group was the second largest residential project developer in the city based on floor area. As in previous years, in Vienna the BUWOG Group ranked first again in the bulwiengesa market study "Neubauprojekte Eigentumswohnungen/Vorsorge Wien 2016" for the number of projects and apartments

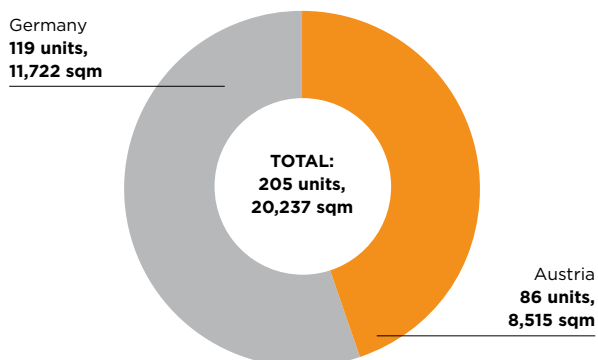
## OVERVIEW OF THE FIRST NINE MONTHS OF THE 2016/17 FINANCIAL YEAR

The results of operations in Property Development totalled EUR 7.5 million for the first nine months of 2016/17 (9M 2015/16: EUR -0.2 million). Property Development is expected to make a contribution to Recurring FFO of at least EUR 13 million for the 2016/17 financial year.

In the first nine months of the 2016/17 financial year a total of 205 units were transferred to buyers (previous year: 122 units). 119 of these units were attributed to Berlin (11,722 sqm) and 86 units to Vienna (8,515 sqm). Of the 86 units transferred in Vienna, 43 were completed prior to 30 April 2016. The proceeds are recognised to the income statement when the apartments are transferred to the buyers.

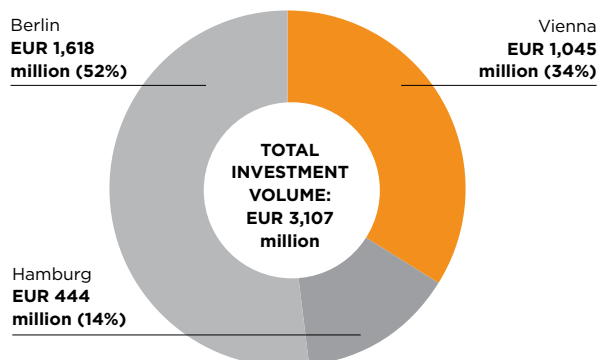
### UNITS TRANSFERRED TO BUYERS 9M 2016/17

Number of units and sqm



### DEVELOPMENT-PIPELINE

in EUR million, by location as of 31 January 2017

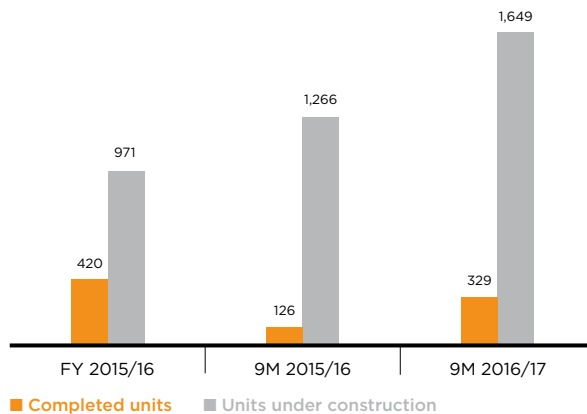


In addition to the illustrated development of projects for sale, the BUWOG Group completed two projects with a total of 166 subsidised rental apartments in Vienna in the first nine months of the financial year. These units were transferred to the BUWOG investment portfolio.

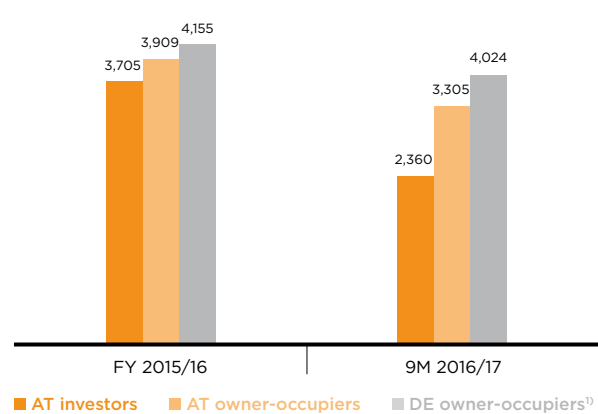
Clearly setting the BUWOG Group off from its competitors, Property Development was further expanded during the reporting period. In addition to the 329 units completed during the first nine months of the 2016/17 financial years (119 units in Berlin, 210 units in Vienna), 2,550 planned units at an estimated total investment volume of EUR 776 million were added to the development pipeline, which was expanded by two land acquisitions in Vienna and four land acquisitions in Berlin, while 190 units were added as a result of progress in project development.

As of 31 January 2017, the development pipeline included a total of 10,531 planned units with an estimated total investment volume of around EUR 3.1 billion. Beginning with the current financial year, the total investment volume will be presented excluding the imputed interest on equity in an effort to improve transparency. BUWOG's internal project calculations include imputed interest of 8% on non-liquidity-related equity in order to ensure the profitability and rapid realisation of its projects.

**COMPLETED UNITS AND UNDER CONSTRUCTION**



**AVERAGE SALE PRICE**  
in EUR per sqm



<sup>1)</sup> In Germany no units were sold to investors during this period.

The number of units under construction was significantly increased in the financial year and totalled 1,649 as of the reporting date (510 in Berlin, 1,139 in Vienna) with 135,000 sqm of total floor area (46,500 sqm in Berlin, 88,500 sqm in Vienna). This is equivalent to an increase of 70% (34% in Berlin, 93% Vienna) compared to the level at the beginning of the financial year. For the current financial year the BUWOG Group is planning to complete nine projects (four in Berlin, five in Vienna) with a total of 612 units (195 in Berlin, 417 in Vienna). Of the 417 units planned in Vienna, 166 of them were transferred to the BUWOG portfolio in the first nine months of the financial year.

The average sale prices realised in the first nine months of the 2016/17 financial year are based on 205 units (119 in Berlin, 86 in Vienna) transferred to buyers. While in Germany condominiums are sold exclusively to owner-occupiers, in Austria sales are made to both owner-occupiers and investors. These 86 Austrian units already transferred to buyers are distributed across 81 owner-occupiers and five investors. Due to the low number of units, the average prices obtained in the first nine months of this financial year were highly volatile, particularly for investors. The average prices are expected to remain at least at the level of last year for the current financial year. The average prices reported for the 2015/16 financial year are based on a total of 417 units transferred to buyers.

**PRODUCT DEVELOPMENT MATRIX**

In the scope of intensifying the Property Development business area, the BUWOG Group expanded the development pipeline further in the first nine months of the 2016/17 financial year. As of 31 January 2017, the project development pipeline, which is illustrated in the BUWOG Group's product development matrix below, included a total of 10,531 units. 60% of these units are held by Germany and 40% by Austria.

The develop-to-hold business totals 3,726 units and the condominium business a total of 6,702 units. The condominium business in Vienna is simultaneously suitable for buy-to-rent apartment for national customers (capital investors), thus opening another lucrative sales channel for the BUWOG Group: the sale price for an buy-to-rent apartment does not include value-added tax (net) because the buyer makes the purchase as a business owner. This means that in Austria the BUWOG Group also reports the cost of buy-to-rent apartments sold as net costs, as the value-added tax can be deducted.

Further details on the regional distribution of the pipeline and on the individual type of development are shown in the product development matrix below.

## PRODUCT DEVELOPMENT MATRIX as of 31 January 2017

	Subsidised and privately financed rental apartments	Condominiums	Other <sup>1)</sup>
<b>Vienna</b> 4,310 units	<b>Investment portfolio</b> <ul style="list-style-type: none"> <li>■ Units: 1,591</li> <li>■ Total floor area: 117,076 sqm</li> </ul>	<b>Regional customers</b> <ul style="list-style-type: none"> <li>■ Units: 2,705</li> <li>■ Total floor area: 199,042 sqm</li> </ul>	<ul style="list-style-type: none"> <li>■ Units: 14</li> <li>■ Total floor area: 27,894 sqm</li> </ul>
			
	Breitenfurter Strasse 239, 100 units	Pfarrwiesengasse, 85 units	Breitenfurter Strasse 239, 1 unit
<b>Berlin</b> 4,942 units	<b>Investment portfolio</b> <ul style="list-style-type: none"> <li>■ Units: 1,831</li> <li>■ Total floor area: 146,082 sqm</li> </ul>	<b>Regional customers</b> <ul style="list-style-type: none"> <li>■ Units: 3,040</li> <li>■ Total floor area: 255,791 sqm</li> </ul>	<ul style="list-style-type: none"> <li>■ Units: 71</li> <li>■ Total floor area: 9,702 sqm</li> </ul>
			
	Ankerviertel 86 units	Harzer Strasse 131 units	Geyer-Medienhöfe Harzer Strasse, 71 units
<b>Hamburg</b> 1,279 units	<b>Investment portfolio</b> <ul style="list-style-type: none"> <li>■ Units: 304</li> <li>■ Total floor area: 18,225 sqm</li> </ul>	<b>Regional customers</b> <ul style="list-style-type: none"> <li>■ Units: 957</li> <li>■ Total floor area: 76,545 sqm</li> </ul>	<ul style="list-style-type: none"> <li>■ Units: 18</li> <li>■ Total floor area: 5,400 sqm</li> </ul>
			
<b>Total</b>	10,531 units	3,726 units	6,702 units
			103 units

1) In particular commercials in residential project development

## LAND ACQUISITIONS IN THE FIRST NINE MONTHS OF THE 2016/17 FINANCIAL YEAR

The BUWOG Group acquired six sites (four in Berlin and two in Vienna) in the first nine months of the 2016/17 financial year. The plan is to build 2,550 rental apartments and condominiums with an estimated total investment volume of EUR 776 million at these locations.

The biggest acquisition was made in the first nine months of the 2016/17 financial year with the purchase of the "Gartenfeld" site in Berlin with 949 planned units and a total investment volume of EUR 333 million.

In December 2016 the BUWOG Group acquired the stakes in a special-purpose company and the related building approval for the property at Rathausstrasse 1 in the first district of Vienna. With total floor area of 12,000 square sqm, the property is located in the best location of Vienna in close proximity to the Vienna City Hall and the Parliament. The BUWOG Group is planning to build its new customer and administrative centre

at this location. The purchase was reported as a non-current asset under other tangible assets (for details see *Portfolio Report* in the consolidated interim management report).

The key data on the respective land acquisitions can be found in the table below.

Locations	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million <sup>1)</sup>	Fair value 31 October 2016 in EUR million <sup>2)</sup>
"MGC-Plaza", Döblerhofstrasse, 1030 Vienna, Austria <sup>3)</sup>	07/2016	-	378	28,205	90.5	-
"Himberger Straße, Rothneusiedel", Himberger Straße, 1100 Vienna, Austria	07/2016	07/2016	420	31,500	85.3	12.4
"Ludwigsluster Straße", Ludwigsluster Straße, Berlin Kaulsdorf, Germany <sup>4)</sup>	12/2016	-	124	8,666	29.7	-
"Parkstraße", Parkstraße 13, Berlin-Spandau, Germany <sup>4)</sup>	12/2016	-	612	56,754	221.5	-
"Gartenfeld", Gartenfelder Straße, Berlin-Spandau, Germany <sup>4)</sup>	01/2017	-	949	71,133	333.2	-
"Spree 12", Spreestraße 12, Berlin-Niederschöneeweide, Germany <sup>5)</sup>	01/2017	-	67	4,482	15.8	-
<b>Total (as of 31 January 2017)</b>			<b>2,550</b>	<b>200,740</b>	<b>776</b>	<b>12.4</b>

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 IFRS carrying amounts as of 31 October are not specified because of confidentiality agreements concluded, above all concerning the purchase prices.

3) The transfer of benefits and obligations is expected to take place at the end of July 2017.

4) The transfer of benefits and obligations is expected to take place in March 2017.

5) The transfer of benefits and obligations is expected to take place in April 2017.

In addition, the transfer of rights and obligations for three sites purchased in the earlier financial year took place during the reporting period.

Locations	Signing	Closing	Number of planned units	Expected total floor area in sqm	Total investment volume in EUR million <sup>1)</sup>	Fair value 31 October 2016 in EUR million <sup>2)</sup>
"Vorgartenstrasse", Vorgartenstrasse, 1020 Vienna, Austria	04/2016	05/2016	169	12,755	28.2	3.5
"Mariendorfer Weg", Mariendorfer Weg, Berlin-Neukölln, Germany	02/2016	05/2016	562	44,160	167.7	29.7
"Stadtquartier Bergedorf", Weidenbaumsweg, Hamburg-Bergedorf, Germany	04/2016	06/2016	1,279	100,170	444.3	71.3
<b>Total (as of 31 January 2017)</b>			<b>2,010</b>	<b>157,085</b>	<b>640.2</b>	<b>104.4</b>

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 IFRS carrying amounts as of 31 October are not specified because of confidentiality agreements concluded, above all concerning the purchase prices.

## **STRATEGY AND OUTLOOK**

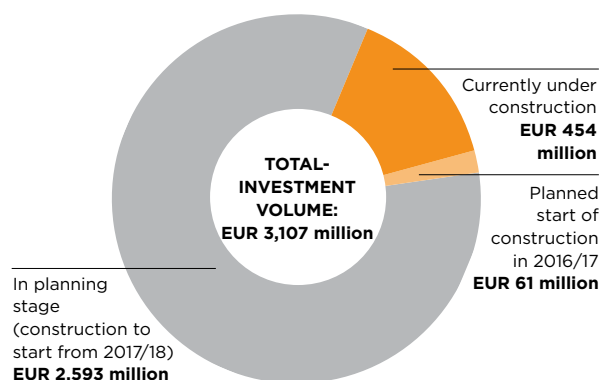
The BUWOG Group's strategy for Property Development is focused on the market-oriented and continuous realisation of new construction projects in Berlin, Hamburg and Vienna. The primary objective is to ensure high long-term profitability while taking the respective risk situation into consideration. In order to create a sustainable pipeline for future development projects, BUWOG is increasing the acquisition of attractive sites in Berlin, Hamburg and Vienna.

As of 31 January 2017, a total of 66 development projects with 10,531 planned units were in the development pipeline. The BUWOG Group expects them to be realised within the next five years. The estimated total investment volume for these is around EUR 3.1 billion, of which 66% is attributable to Germany and 34% to Austria.

A total of 19 projects with 1,649 units were under construction on the reporting date (31 October 2016: 1,387 units). The estimated total investment volume for these projects is EUR 454 million. In the 2016/17 financial year construction will begin on two additional projects with 218 units and an estimated total investment volume of EUR 61 million. The start of construction on development projects is generally

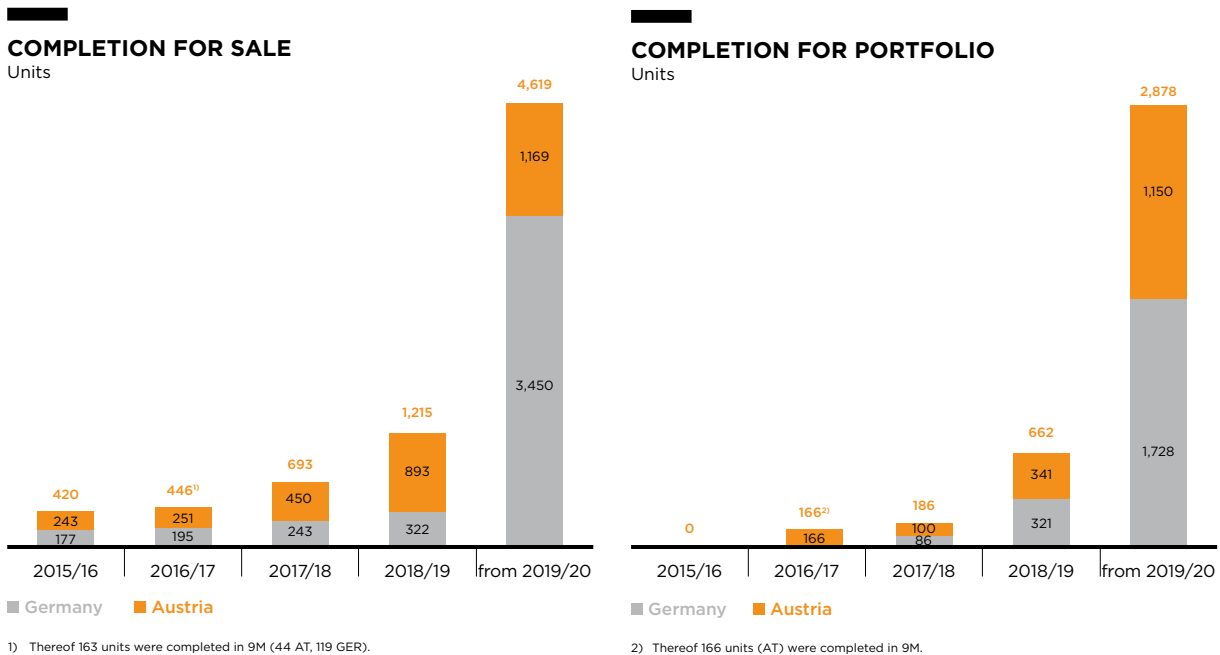
### **DEVELOPMENT-PROJECTS**

by implementation stage, as of 31 January 2017



dependent on the receipt of building permits from the public authorities, which may lead to deviations between the planned and actual start of construction.

The following graphs show the planned timing for development completions in the development pipeline in Germany and Austria. Moreover, they provide a clear illustration of the intensification in the Property Development business area with a considerable increase in completions over time as well as the establishment of construction in the German portfolio. This also forms the basis for continued high profitability over the coming financial years. Project development may be subject to delays as a result of unforeseeable factors such as extended approval processes, which could lead to the postponement of completion dates.



In the 2016/17 financial year the BUWOG Group in Germany is planning to complete 195 units which are designated for sale. In Austria the completion of 417 units is planned, 166 of them intended for rental from the company's own portfolio and 251 units for direct sale to owner-occupiers and investors upon completion.

The BUWOG Group's success in the Property Development business area is based on 65 years of development experience and, above all, on clearly defined criteria for selection. Decisions along the entire value chain are based on standardised processes that incorporate the specific characteristics of the individual markets and projects. The most important elements of BUWOG's property development strategy can be found in the chart below.





# INVESTOR RELATIONS

The international stock markets and their indexes remained between volatile and declining during the reporting period due to the outcome of the Brexit referendum, weak economic indicators from China and the USA and the ongoing refugee crisis, before an upward momentum set in after November 2016 as a result of growing economic expectations primarily in the USA. There was also slight support from the improved economic data in the Eurozone as well as the stable oil price. The ATX, the leading index of the Vienna Stock Exchange, rose by around 15% in the reporting period, closing at 2,676 points at the end of January 2017. The MDAX increased in the reporting period by around 12% from 20,101 to 22,466 points. The Austrian real estate index IATX, which includes the shares of BUWOG AG as well as those of five other Austrian real estate companies, rose by around 7% to 246 points. At the European level, the EPRA Developed Europe index declined by approx. 7%, falling from 2,142 to 1,984 points.

Since 22 September 2014 the BUWOG share has been included in the ATX, where it had a weighting of nearly 6% as of 10 March 2017. On the IATX, which serves as the base value for the for all options and futures contracts traded on the Vienna Stock Exchange and all real estate shares listed on the Vienna Prime Market, the BUWOG share is currently weighted at almost 30%. 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. Moreover, the BUWOG share is included in the VÖNIX Sustainability Index, which features listed companies considered leaders in terms of their social and environmental performance. It is also included in the GPR 250 Index.

While BUWOG AG was included in the “ATX five” (a capitalisation-weighted price index consisting of the five highest-weighted ATX shares) on 6 September 2016, the BUWOG share lost its membership again after the reporting date due to a significant capital increase by Raiffeisen Bank International AG. On 19 December the BUWOG share was included in the Stoxx 600 Index.

For the successful issue a five-year convertible bond at an interest rate of 0.00%, PIE (Property Investor Europe) presented BUWOG AG with the Europe Property Finance Award in the category “Property Finance Structuring of the Year” at an award ceremony in Frankfurt am Main on 22 November 2016.

## DEVELOPMENT OF THE BUWOG SHARE

With a closing price of EUR 22.08 on 31 January 2017, the share outperformed the relevant benchmark indexes, supported by the generally positive development of the real estate sector. In the reporting period from 1 May 2016 to 31 January 2017, BUWOG AG’s shareholders were able to participate in an increase of approximately EUR 438 million in value, or around 24%, including the EUR 0.69 dividend per share distributed in October 2016.

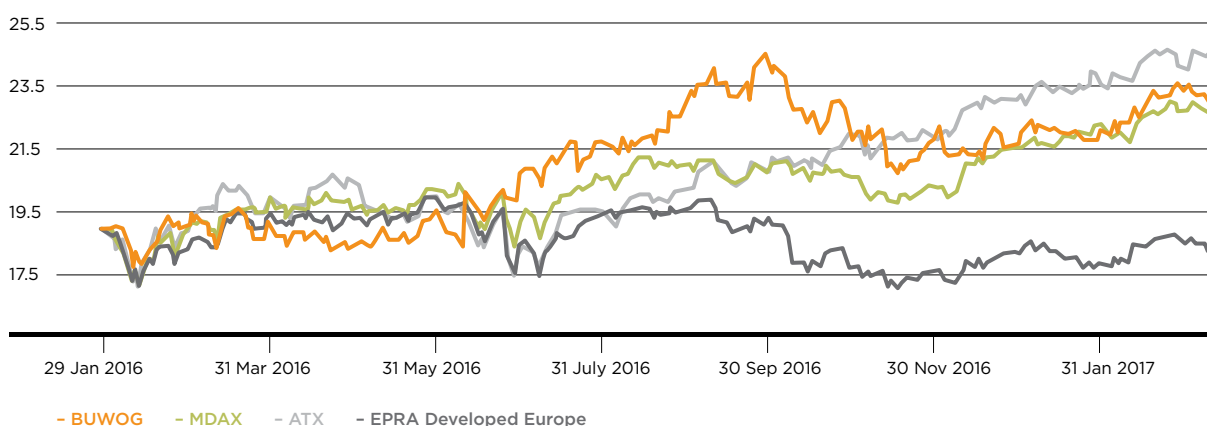
As of 31 January the BUWOG share traded under the EPRA NAV per share of EUR 22.86. The development of BUWOG AG's share price remained positive since the reporting date of 31 January 2017.

## 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 the opening price on 29 January 2016) in Euro



## SHAREHOLDER STRUCTURE

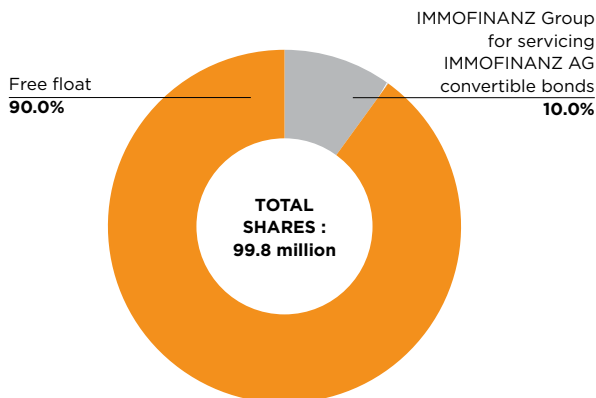
As of 31 January 2017 the investment held by the biggest shareholder IMMOFINANZ AG in BUWOG AG totalled around 10.0% of the 99,773,479 shares issued at this time. 90% of the BUWOG shares were in free float on this date. Approximately 95% of the BUWOG shares are currently (as of March 2017) in free float since an additional placement of around 4.5 million BUWOG shares by IMMOFINANZ AG. The remaining 4.7 million shares held by IMMOFINANZ AG are intended for the servicing of the convertible bonds issued by IMMOFINANZ AG. The approximately 95 million shares not held by IMMOFINANZ AG are largely distributed to international and national institutional investors as well as private Austrian investors.

The specific features of IMMOFINANZ AG's two convertible bonds (WA 2017 XS0332046043 and WA 2018 XS0592528870), in the scope of whose conversion IMMOFINANZ AG is required to transfer the BUWOG shares that previously existed and which it currently holds, are as follows: in the event of conversion, IMMOFINANZ AG is required to transfer the BUWOG shares, as they were issued prior to the spin-off of BUWOG AG from IMMOFINANZ AG. While the conversion of WA 2017 would lead to the transfer to bondholders of just around 0.2 million BUWOG shares previously existing and currently held by IMMOFINANZ AG on the basis of the current exchange ratio, the conversion of WA 2018 would lead to the transfer to WA 2018 bondholders of approximately 4.5 million BUWOG shares on the basis of the current exchange ratio. However, the conversion of WA 2017 (XS0332046043) appears highly unlikely at the present time due to the current price of IMMOFINANZ AND BUWOG shares. The full conversion of WA 2018 (XS0592528870) would, based on current information, lead to the transfer to bondholders of approximately 4.7 million BUWOG shares previously existing and currently held by IMMOFINANZ AG. This would increase the free float of the BUWOG share from the present level of 95% to approximately 100%. These bonds do not represent a dilution risk for BUWOG shareholders.

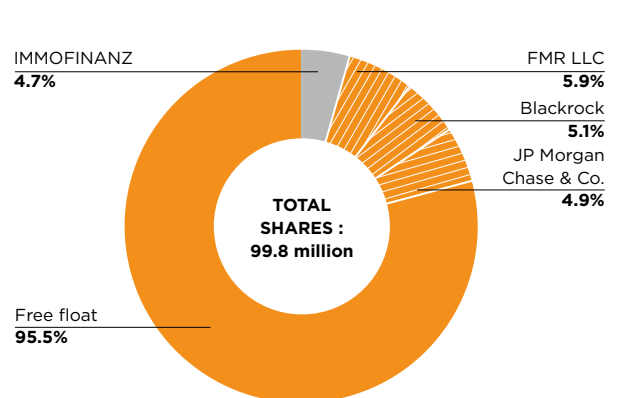
For key data and further information on the convertible bonds we refer you to the IMMOFINANZ AG website, which can be accessed at [www.immofinanz.com](http://www.immofinanz.com) (the Investor Relations section). All voting rights announcements are published on a timely basis under [www.buwog.com](http://www.buwog.com).

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 BUWOG shareholders were excluded within the framework of the authorisation and in compliance with reporting requirements. The bond is initially convertible into 9,554,140 zero par value bearer shares, which represent approximately 9.58% of BUWOG's current outstanding share capital. The book building process set the initial conversion premium at 35% above the reference price of EUR 23.2592, or approximately 55% above the last known EPRA NAV per share on the issue date. The conversion price therefore equals EUR 31.40. There will be no interest payments due to the zero coupon. This makes it the first convertible bond of a real estate company in the German-speaking world to ever have a zero coupon. The convertible bond was issued and will be redeemed at 100% of the nominal value. The proceeds from this bond will be used primarily for growth financing, with a focus on the expansion of asset management and property development activities in Germany. BUWOG plans, in particular, to strengthen its develop-to-hold strategy. The proceeds will also be used for a CAPEX programme and the refinancing measures announced on 27 October 2016. As part of these refinancing measures, BUWOG concluded a EUR 550 million, eight-year credit agreement with Berlin Hyp and Helaba to refinance the existing loan portfolio over a term of 8 years. The closing took place in January 2017. This agreement will reduce interest costs by roughly EUR 4 million per year and generate an additional cash flow contribution of more than EUR 13 million per year through savings on current repayments.

#### SHAREHOLDER STRUCTURE AS OF 31 JANUARY 2017



#### SHAREHOLDER STRUCTURE AS OF MARCH 2017



## CURRENT DIVIDEND POLICY

The Executive Board of BUWOG AG is especially committed to protecting the shareholder interests – and this includes ensuring an appropriate return on their investment from the cash flows generated by the company. For this reason the Executive Board plans to recommend to the Annual General Meeting of BUWOG AG the payment of a dividend equalling approximately 65% of Recurring FFO over the long term. In accordance with current dividend policy, there are plans to pay a dividend in the amount of the EUR 0.69 per share distributed in October 2014, October 2015 and October 2016 until the defined pay-out ratio is reached. A further increase in the dividend would then reflect the growth in the company's Recurring FFO. The previous dividend of EUR 0.69 per share represents a return of approximately 3.0% on the company's EPRA NAV as of 31 January 2017 and a return of 3.1% based on the closing price of EUR 22.08 on that date. It also makes the BUWOG share one of the highest-yielding real estate shares in Europe and offers shareholders potential for growth through possible increases in the portfolio as well as higher income, particularly from the Property Development business area.

## FINANCIAL CALENDAR

27-28 March 2017	Raiffeisen Centrobank Institutional Investor Conference, Zürich
23 May 2017	Berenberg USA Conference, New York
22 June 2017	Morgan Stanley - Europe & EEMEA Property Conference, London
22 June 2017	Deutsche Bank - dbAccess Berlin Conference, Berlin
31. August 2017	Publication of the Annual Report for 2016/17
28 September 2017	Publication of the Q1 Report for 2017/18
29 September 2017	Société Générale - Pan European Real Estate Conference, London
7 October 2017	Record date for the Annual General Meeting
17 October 2017	Annual General Meeting of BUWOG AG, Stadthalle Wien
19 October 2017	Ex dividend date
20 October 2017	Record date for dividend
23 October 2017	Dividend payment date
21 December 2017	Publication of the H1 Report for 2017/18
29 March 2017	Publication of the 9M Report for 2017/18

## ANALYST COVERAGE

Analyses by well-known financial institutions and research experts are important sources of information and the basis for decision-making, particularly for institutional investors. BUWOG AG maintains a regular dialogue with these experts. The following institutions analyse the development of BUWOG AG and publish information on the BUWOG share:

## ANALYSTS' RECOMMENDATIONS

Institution	Date	Target share price	Recommendation
Baader Bank	16 February 2017	EUR 25.50	Buy
Bank of America Merrill Lynch	19 September 2016	EUR 26.00	Buy
Barclays	27 September 2016	EUR 27.20	Overweight
Berenberg	9 January 2017	EUR 26.50	Buy
Deutsche Bank	17 May 2016	EUR 23.00	Buy
Erste Bank	9 March 2017	EUR 26.50	Accumulate
HSBC	15 July 2016	EUR 32.90	Buy
Kepler Cheuvreux	1 September 2016	EUR 26.00	Buy
M.M. Warburg Bank	28 September 2016	EUR 24.70	Buy
Raiffeisen Centrobank	13 February 2017	EUR 26.70	Buy
Société Générale	27 February 2017	EUR 29.00	Buy
Victoria Partners	16 December 2016	EUR 23.00-25.50	n.a.

The average target share price in the published research reports is EUR 26.58, which is 15% above the share price on 10 March 2017 (EUR 23.06). As a member of EPRA, the leading European association of listed property companies, BUWOG is committed to their standards of transparency in accounting and underscores its credibility by pursuing a demand for professionalism and excellence.

## CONTACT

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# CONSOLIDATED INTERIM MANAGEMENT REPORT

## THE MARKET ENVIRONMENT

### DYNAMIC GROWTH FOR THE GLOBAL ECONOMY

The global economy was influenced by several major factors during the reporting period: the weakening Chinese economy, a worldwide decline in the demand for raw materials, stagnating international trade, the growing economic burden created by refugee flows and the forthcoming “Brexit”. The World Bank is, nevertheless, expecting an increase in global growth during 2017, but political uncertainty will remain and could have a negative effect on actual trends.

Slower growth in the emerging countries has been contrasted by substantially more favourable development in the industrial states. According to forecasts by the World Bank, the 2.3% growth recorded in 2016 should be followed by an increase of 2.7% in 2017 and 2.9% in 2018. Estimates for the USA have improved, with an acceleration in GDP growth to 2.2% in 2017 and 2.1% in 2018 (2016: 1.6%). However, these World Bank forecasts do not reflect the still unknown scope and effects of measures planned by the new US president. The economic growth projected for the USA in 2017 and 2018 and, in turn, also for the global economy could be significantly higher due to the planned reduction in personal and corporate income taxes planned by Donald Trump.

### STEADY, BUT RESERVED DEVELOPMENT IN EUROPE

Calculations by the European Commission for the 2017 winter forecast indicate that the economy in the 28 EU member states continued its reserved development with an average increase of 1.9% in 2016. The forecasts for 2017 and 2018 point to slightly lower GDP growth of 1.8% in each of these two years, whereby private consumption will remain the primary driver. Inflation in the EU is projected to rise from an average of 0.2% in 2016 to 1.7% in 2017 and 1.4% in 2018, which will slow the improvement in purchasing power in all EU member states. The future should bring positive impulses for growth due to rising employment, higher nominal wages and continuing low financing costs - all of which are supported by improved prospects for the advanced economies outside the EU. These factors will be contrasted by ongoing political uncertainty over the upcoming elections in several EU member states and measures planned by US president Donald Trump. Development is expected to be positive in all of the member states during 2017, despite the difficult framework conditions, but with substantial individual differences in the EU.

The unemployment rate in the EU-28 is projected to decline from 8.5% in 2016 to 8.1% in 2017 and 7.8% in 2018. The European Commission is forecasting an inflation rate of 1.8% and 1.7%, respectively, for the 28 EU member states in 2017 and 2018 (2016: 0.3%). A favourable economic climate and moderate wage increases should support the continued positive development of the labour market at a moderate pace. In a referendum on 23 June 2016, the majority of the British population decided in favour of an exit from the EU. The effects of this “Brexit” on the global economy are still impossible to predict. Initial estimates by the European Central Bank (ECB) in summer 2016 indicate that growth in the Eurozone over the next three years will be roughly 0.3% to 0.5% lower than recently forecasted. The OECD and IMF have also reduced their projections for the Eurozone by a similar amount, while the ECB made only slight adjustments to its economic forecasts in September 2016.

GDP growth in the Eurozone equalled 1.7% in 2016, and the winter forecast by the European Commission points to further stable growth of 1.6% and 1.8%, respectively, in 2017 and 2018. Labour market reforms and fiscal policies in several member states are playing an important role in job creation and are expected to result in lower unemployment of 9.6% in 2017 and 9.1% in 2018 (2016: 10.0%). The inflation rate in the Eurozone is projected to equal 1.7% in 2017 and 1.4% in 2018 according to the European Commission. However, the effects of the “Brexit” on these economic indicators are also impossible to predict at the present time.

## **GERMANY**

The German economy remains on a growth course owing to strong consumption by private households, which are enjoying an increase in purchasing power due to the substantial drop in oil prices and the robust income growth that has followed the introduction of a minimum wage. In its 2017 winter forecast, the European Commission is projecting growth of 1.6% in 2017 and 1.8% in 2018 (2016: 1.9%). The domestic economy was relatively subdued at the beginning of 2017 despite stable unemployment of only 4.1% in 2016 and low inflation of 0.4%. The unemployment rate had fallen to 4.1% as of 31 January 2017, with no further changes expected by the Commission in 2017 or 2018. In contrast, inflation is projected to rise to 1.9% in 2017 before declining to 1.5% in 2018.

There has been a further substantial increase in the purchase prices for residential properties in Germany due to the strong demand created by investment pressure and the shortage of residential portfolios on the transaction market. The above-average, dynamic rise in real estate purchase prices significantly outpaced the development of rental prices and led to an even stronger yield compression combined with a sharp rise in purchase price multipliers and a decline in the purchase yields for residential portfolios. These effects are also reflected in the substantial increase in the value of BUWOG's standing investment portfolio in Germany during the third quarter of 2016/17, as determined by an external appraisal carried out by CBRE.

Rising demand has also led to a substantial increase in the selling prices for condominiums in recent year years, above all at BUWOG's development locations in Berlin and Hamburg.

## **AUSTRIA**

In contrast to the slower global trends and less favourable framework conditions, the Austrian economy is expected to follow the 1.5% increase in 2016 with robust growth of 1.6% in both 2017 and 2018 according to the European Commission's winter forecast. This development will be supported by public and private sector spending as well as investments in residential properties. The pace of investment activity has also accelerated, with a plus of 3.7% estimated for 2016 (+0.7% 2015). The difficult economic environment is also reflected in Austria's foreign trade statistics: exports rose by only 0.3% in the first three quarters of 2016 and were unable to match the strong prior year growth. This resulted, above all, from a decline in overseas exports. Imports rose by 0.9% in the first three quarters of 2016. This trend is expected to continue into 2017 with only slight growth in foreign trade. In contrast, the effects of the "Brexit" on the Austrian economy are seen as only "average" or "manageable".

The unemployment rate calculated in accordance with international standards declined slightly from 5.8% at the end of April 2016 to 5.7% at the end of January 2017. Projections by the European Commission reflect this trend with unemployment estimated at 6.1% in 2017 and 6.2% in 2018. The annual inflation rate, based on the consumer price index, should rise to 1.8% in 2017 before declining slightly to 1.6% in 2018. The real increase in gross investment in 2016 is estimated at 3.1% and was supported, above all, by the demand for replacement investments. Forecasts by IHS point to slower real growth of 2.4% in 2017.

The Austrian housing market has been influenced for many years by steady population growth, a further reduction in the average household size and ongoing urbanisation. The current situation on the Vienna housing market is influenced by a steady increase in demand, which has been reflected in rising rental prices due to the still low level of new construction. In addition to private developers, the city of Vienna is also working to counter the housing shortage with subsidised units. The government approved a series of residential construction measures in 2015 that are designed to stimulate the construction of roughly 30,000 residential units over the next five years through the assumption of EUR 500 million in liabilities. At the end of 2015 the Austrian parliament passed an amendment to the Austrian Non-profit Housing Act (*Wohnungsgemeinnützigkeitsgesetz*) which took effect on 1 July 2016. Details on the most important effects of this amendment for the BUWOG Group are provided in the section on *Asset Management* in the 2015/16 annual report (see pages 59ff). Current opinions see the combined effects of these measures leading to the weaker development of property prices over the coming years.

**DEVELOPMENT OF KEY INTEREST RATES**

The ECB’s key interest rate remained constant at 0.00% throughout the reporting period. In addition, the main refinancing rate and the interest rates for the peak financing facility were unchanged at 0.00%, 0.25% and -0.40%. The US Federal Reserve raised its interest rate corridor from 0.5% to 0.75% (previously: 0.25% to 0.5%).

Developments on the international stock, currency and financial markets during the first nine months of 2016/17 were influenced, above all, by the outcome of the “Brexit” referendum and subsequent short-term declines. In addition, the effects of the capital market measures planned by the new US president on these markets are still uncertain. The key reference interest rates (1-, 3-, 6- and 12-month EURIBOR) continued to decline during the third quarter of 2016/17. For example, the 3-month EURIBOR fell significantly from -0.162% on 31 January 2016 to -0.327% on 31 January 2017.

**DEVELOPMENT OF THE EUR-SWAP CURVE**

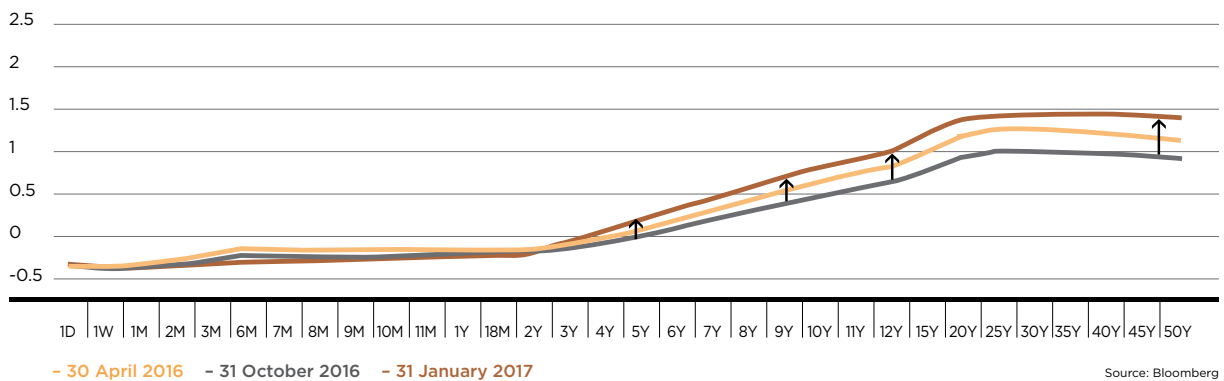
The development of the EUR-swap curve has an effect on the BUWOG Group through its influence on cash interest payments and, above all, on non-cash financial results. A low EUR-swap curve leads, among others, to lower hedging costs for long-term financing and variable interest loans, but has a negative 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 nine months of the 2016/17 financial year. There has been a general increase since 30 April 2016, with only a slight rise in the short-term segment. The long-term segment has been characterised by a substantial increase since the end of the second quarter.

In view of BUWOG’s defensive risk profile with a balanced, long-term financing structure and an average term of 12 years for financial liabilities, the increase in the EUR-swap curve will have a positive effect on non-cash financial results. Further details are provided under the *Analysis of the asset, financial and earnings position* on page 41.

**DEVELOPMENT OF THE EUR-SWAP CURVE**

Comparison 30 April 2016 – 31 October 2016 – 31 January 2017, in %



# PORTFOLIO REPORT

The BUWOG Group's core activities cover three main business areas: (1) the rental and management of a diversified, risk-optimised and sustainably oriented portfolio of standing investments (Asset Management), (2) Unit Sales and Block Sales from the portfolio at the highest possible margins (Property Sales) and (3) the development and construction of attractive and highly marketable projects for sale as condominiums and modern properties for the company's own portfolio with a focus on Vienna, Berlin and Hamburg (Property Development). The objective is to maximise profitability along the entire value chain – from the in-house development of new projects to the optimisation of the portfolio through active Asset Management and the cycle-optimised sale of new projects and standing investment units.

The following information is based on the portfolio values as of 31 January 2017. Comparative figures in parentheses refer to the values as of 30 April 2016, unless otherwise indicated. Information on carrying amounts is provided under section 2 *Accounting policies* in the notes to the consolidated financial statements as of 30 April 2016.

## 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).

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 January 2017 with the presentation in this portfolio report:

### PROPERTY PORTFOLIO

as of 31 January 2017 in EUR million

<b>Non-current assets</b>	4,095.3	Investment properties	4,045.1	<b>Standing investments</b>	<b>3,861.8</b>
				Pipeline projects	183.3
		Other tangible assets	14.0	Properties used by the BUWOG Group <sup>1)</sup>	14.0
		Investment properties under construction	36.1	Construction for the BUWOG portfolio	36.1
<b>Current assets</b>	496.2	Non-current assets held for sale	138.1	<b>Standing investments</b>	<b>138.1</b>
				Pipeline projects	0.0
		Real estate inventories	358.1	Development projects	358.1
<b>Total portfolio BUWOG Group</b>	<b>4,591.5</b>		<b>4,591.5</b>		<b>4,591.5</b>

Data includes rounding differences

1) Incl. furniture, fixtures and office equipment

The carrying amount of the BUWOG Group's portfolio totalled EUR 4,591.5 million as of 31 January 2017 (EUR 4,142.0 million). Standing investments and non-current assets held for sale represent the major component at EUR 3,999.9 million (EUR 3,716.3 million) or 87.1% (89.7%). The active new construction development projects (real estate inventories) have a carrying amount of EUR 358.1 million (EUR 217.3 million) or 7.8% (5.2%) of the carrying amount of the total portfolio. The pipeline projects have a combined carrying amount of EUR 183.3 million (EUR 168.7 million) or 4.0% (4.1%). 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 36.1 million (EUR 33.0 million) or 0.8% (0.8%). The other tangible assets, which include properties used directly by the BUWOG Group, total EUR 14.0 million (EUR 6.7 million) or 0.3% (0.2%).



**PROPERTY PORTFOLIO BY FAIR VALUE**

as of 31 January 2017	Units	Standing investments in EUR million	Pipeline projects in EUR million	Properties used by the BUWOG Group in EUR million <sup>1)</sup>	Construction for BUWOG portfolio in EUR million	Development projects in EUR million	Property portfolio in EUR million	Share
Germany	27,056	1,927.1	152.5	0.7	10.7	137.3	2,228.2	48.5%
Austria	23,656	2,072.8	30.8	13.4	25.4	220.9	2,363.3	51.5%
<b>BUWOG Group</b>	<b>50,712</b>	<b>3,999.9</b>	<b>183.3</b>	<b>14.0</b>	<b>36.1</b>	<b>358.1</b>	<b>4,591.5</b>	<b>100.0%</b>

Data includes rounding differences

1) Incl. furniture, fixtures and office equipment

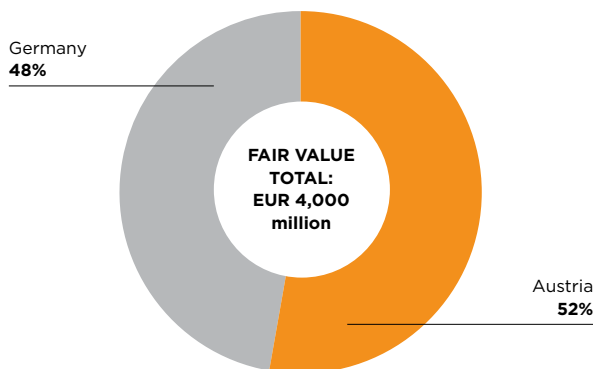
**INVESTMENT PROPERTIES - STANDING INVESTMENTS (ASSET MANAGEMENT BUSINESS AREA)**

The BUWOG Group holds standing investments for the purpose of generating regular rental income. The property portfolio in Germany and Austria included 50,712 standing investment units (51,058 units), which had a fair value of EUR 3,999.9 million as of 31 January 2017 (EUR 3,716.3 million) and represented 87% (90%) 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 86% of the fair value of the BUWOG Group’s standing investment portfolio and 77% of the standing investment units as of 31 January 2017.

**REGIONAL STRUCTURE OF THE PROPERTY PORTFOLIO BY FAIR VALUE**

as of 31 January 2017



The annualised contractual net in-place rent from the standing investments, including parking areas, totalled EUR 207.3 million as of 31 January 2017 (EUR 201.2 million). This represents an average net in-place rent of EUR 5.12 per sqm (EUR 4.92 per sqm) and a gross rental yield (annualised net in-place rent in relation to fair value as of the balance sheet date) of 5.2% (5.4%). The vacancy rate is determined on the basis of total floor area and equalled 3.8% as of 31 January 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 4.2% as of 31 January 2017. The like-for-like increase in rents from the German portfolio equalled 2.9%. The Austrian portfolio recorded a like-for-like increase of 6.1%, which resulted primarily from the adjustment of the maintenance and improvement contribution based on an amendment to the Austrian Non-Profit Housing Act (see pages 14f for details).

In comparison with the results of the scheduled external appraisal of the German and Austrian properties as of 31 October 2016, the value of BUWOG’s standing investment portfolio increased further during the third quarter of 2016/17. The resulting fair value adjustments recognised to the income statement for the first nine months of the 2016/17 financial year totalled EUR 277.2 million (9M 2015/16: EUR 144.4 million).

## PORTFOLIO OVERVIEW STANDING INVESTMENTS BY REGIONAL CLUSTER

as of 31 January 2017	Number of units	Total floor area in sqm	Annualised net in-place rent <sup>1)</sup> in EUR million	Monthly net in-place rent <sup>1)</sup> in EUR per sqm	Fair value <sup>2)</sup> in EUR million	Fair value <sup>2)</sup> in EUR per sqm	Gross rental yield <sup>3)</sup>	Vacancy rate <sup>4)</sup>
Federal capitals	11,597	909,759	60	5.73	1,588	1,745	3.8%	3.3%
Vienna	6,606	578,056	36	5.39	1,042	1,803	3.4%	4.3%
Berlin	4,991	331,703	25	6.30	545	1,644	4.5%	1.5%
State capitals and major cities <sup>5)</sup>	19,668	1,269,754	77	5.15	1,301	1,025	5.9%	2.4%
Suburban regions <sup>6)</sup>	7,905	554,005	32	4.96	550	993	5.8%	3.8%
Rural areas	11,542	773,188	39	4.45	561	726	6.9%	6.7%
<b>Total BUWOG Group</b>	<b>50,712</b>	<b>3,506,707</b>	<b>207</b>	<b>5.12</b>	<b>4,000</b>	<b>1,141</b>	<b>5.2%</b>	<b>3.8%</b>
thereof Germany	27,056	1,684,320	115	5.82	1,927	1,144	6.0%	2.4%
thereof Austria	23,656	1,822,387	92	4.45	2,073	1,137	4.5%	5.1%

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 reports for German portfolio and internal valuation for Austrian portfolio as of 31 January 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

The BUWOG Group implemented the results of the best practice analysis on capitalisation policies during the first nine months of 2016/17. In accordance with IAS 8, the application of the new capitalisation guideline represents a change in accounting policies which also requires the retrospective adjustment of the comparable data from 9M 2015/16 (see section 2.4 *Change in comparative information* in the notes to the consolidated interim financial statements on page 58). The implementation of the new capitalisation guideline is expected to result in a higher capitalisation rate than the previously applied policy based on the same mix of measures. BUWOG invested a total of EUR 45.5 million for ongoing maintenance, to prepare apartments for new rentals, for contributions to maintenance reserves in properties designated for privatisation and for major maintenance and modernisation measures in the first nine months of 2016/17 (9M 2015/16: EUR 36.9 million).

This corresponds to an average of EUR 12.9 per sqm (9M 2015/16: EUR 10.4 per sqm). Maintenance investments amounted to EUR 19.2 million (9M 2015/16: EUR 17.1 million) or EUR 5.4 per sqm (9M 2015/16: EUR 4.8 per sqm). Capitalisable CAPEX measures totalled EUR 26.3 million (9M 2015/16: EUR 19.8 million) or EUR 7.5 per sqm (9M 2015/16: EUR 5.6 per sqm). The CAPEX capitalisation rate equalled 58% (9M 2015/16: 54%). In line with its active asset management approach, the BUWOG Group continues to focus on sustainable, return-driven maintenance and CAPEX measures in order to realise opportunities for value appreciation in the portfolio properties.

### **SALE OF PORTFOLIO PROPERTIES (PROPERTY SALES BUSINESS AREA)**

Unit Sales are the main driver for the generation of sustainable revenues and earnings contributions in BUWOG's Property Sales business area. This process basically involves the sale of subdivided units (individual apartments) in two forms: rented units are sold to the current tenants and units vacant due to tenant turnover are sold to owner-occupiers. A total of 514 standing investment units in Austria and Germany were sold during the first nine months of 2016/17 (9M 2015/16: 449 units) for EUR 88.8 million (9M 2015/16: EUR 70.4 million) and a margin of approx. 56% on fair value (9M 2015/16: approx. 58%). The contribution to Recurring FFO equalled EUR 30.9 million (9M 2015/16: EUR 25.0 million). The cycle-optimised adjustment and concentration of the portfolio included the sale of one standing investment property (9M 2015/16: 385 units) in Vienna through Block Sales. The proceeds of EUR 0.6 million (9M 2015/16: EUR 26.6 million) from the sale of properties and portfolios resulted in a margin of approx. 6% on fair value (9M 2015/16: approx. 10%), and the contribution to Total FFO equalled TEUR 30 (9M 2015/16: EUR 2.4 million). On 7 December the BUWOG Group signed a contract for the sale of 1,152 units in Tyrol (approx. 4.8% of the Austrian portfolio). The effects of this transaction on the earnings from Block Sales and the related margins are expected to be realised almost entirely in the fourth quarter of 2016/17 following the transfer of benefits and encumbrances.

### **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 183.3 million as of 31 January 2017 (EUR 168.7 million).

## PIPELINE PROJECTS FAIR VALUE

as of 31 January 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	151.8	0.0	0.0	0.7	152.5	83.2%
Austria	25.2	3.5	0.0	2.1	30.8	16.8%
<b>Total</b>	<b>177.0</b>	<b>3.5</b>	<b>0.0</b>	<b>2.8</b>	<b>183.3</b>	<b>100.0%</b>

## OTHER TANGIBLE ASSETS

The other tangible assets had a combined carrying amount of EUR 14.0 million (EUR 6.7 million). These assets consist primarily of office properties used by the BUWOG Group in Vienna (Hietzinger Kai 131) and Villach (Tiroler Strasse 17), which have a carrying amount of EUR 5.0 million (EUR 5.4 million). Also included here are other tangible assets under construction for the BUWOG Group's future customer service and administrative centre in Vienna, which have a value of EUR 7.6 million.

## INVESTMENT PROPERTY UNDER CONSTRUCTION - CONSTRUCTION FOR THE PORTFOLIO

### (ASSET MANAGEMENT BUSINESS AREA)

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. The carrying amount of these development projects totalled EUR 36.1 million as of 31 January 2017 (EUR 33.0 million). Two new projects in Vienna were under construction at the end of the reporting period: "RIVUS III" with 181 units (including 181 subsidised rental units) and "RIVUS Quartus" with 131 units (including 100 subsidised rental units). In Berlin, the "Ankerviertel" is currently under construction as part of the "52 Grad Nord" project with 86 privately financed rental apartments. In Vienna, the "Am Otterweg" and "Southgate" projects, which contain 166 subsidised rental apartments built in connection with residential construction measures approved by the Vienna city government, were completed and transferred to the standing investment portfolio during the reporting period.

### NON-CURRENT ASSETS HELD FOR SALE

#### (ASSET MANAGEMENT/ PROPERTY DEVELOPMENT 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 31 January 2017 which make their sale likely in the near future. These properties had a carrying amount of EUR 138.1 million as of 31 January 2017 (EUR 0.0 million) and are included under the standing investment cluster in the portfolio report. On 7 December 2016 a framework agreement was signed for the sale of a portfolio in Tyrol with 1,152 standing investment units. Plans to sell a portfolio with 200 standing investment units in the Austrian provinces of Styria and Carinthia were also approved as of 31 January 2017.

## REAL ESTATE INVENTORIES - DEVELOPMENT PROJECTS (PROPERTY DEVELOPMENT BUSINESS AREA)

The development of subsidised and privately financed condominiums and investment apartments for local customers and institutional investors and foundations is an important part of BUWOG's business activities. Details on the product development matrix can be found on page 22. The markets in Vienna, Berlin and Hamburg with their strong demand for condominiums represent the main regional focal points.

Development projects completed or currently under construction 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 the real estate inventories totalled EUR 358.1 million as of 31 January 2017 (EUR 217.3 million).

# PROPERTY VALUATION

The consolidated interim financial statements of the BUWOG Group as of 31 January 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. BUWOG 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.

BUWOG arranged for a special valuation of its property portfolio in Germany as of 31 January 2017 because of the recent market developments in that country, which were characterised by a further increase in market rents and a high yield compression. This special valuation was carried out by the independent external appraisers at CBRE. The standing investments in Austria were valued internally as scheduled. The fair values of the properties determined by these appraisals 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.

## **DEVELOPMENT OF PROPERTY VALUES IN THE FIRST NINE MONTHS OF 2016/17**

The external appraisals by CBRE showed a substantial increase in the fair value of BUWOG's standing investments as of 31 January 2017 compared with the fair value as of 30 April 2016, 31 July 2016 and 31 October 2016. The fair value adjustments calculated in accordance with IAS 40 amounted to EUR 277.2 million for the first nine months of 2016/17, whereby EUR 264.0 million are attributable to the German portfolio and EUR 14.1 million to the Austrian portfolio. The appraisals also led to the recognition of temporary impairment losses of EUR 0.9 million on pipeline projects.

The carrying amount 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 3,861.8 million as of 31 January 2017. The fair value of the IAS 40 pipeline projects equalled EUR 183.3 million. For the BUWOG Group, this resulted in a total fair value of EUR 4,045.1 million. Including the fair value of EUR 138.1 million attributable to the standing investments classified as held for sale (IFRS 5), the standing investments had a total fair value of EUR 3,999.9 million as of 31 January 2017.

The above-average increase of EUR 264.0 million in the fair value of the German properties was influenced primarily (roughly 70%) by an increase in market rents and the high yield compression – where the purchase prices for apartment buildings and residential portfolios have risen faster than the growth in rents – which resulted from the ongoing strong demand by domestic and foreign investors. This substantial increase in real estate purchase prices, above all in Berlin, is also visible in the rapidly growing medium-sized cities in northern Germany like Kiel, Lübeck and Brunswick. These so-called B- and C-locations are not only attracting a larger number of opportunistic investors, but also potential long-term owners from the peer group – a development that is also fuelling competition in these areas. There are no signs of a decline in the strong demand for residential properties and a reduction in the rising yield compression over the short-term. The high fair value adjustments were supported by these market factors as well as an improvement in new rentals, above all in the core regions of the BUWOG Group. New rentals represented roughly 20% of fair value adjustments in the first nine months of 2016/17.

The increase of EUR 14.1 million in the fair value of BUWOG's Austrian properties resulted primarily from the upward trend in purchase prices on the real estate market. The fair value adjustments in the first nine months of 2016/17 resulted chiefly from Berlin (EUR 122.3 million), Lübeck (EUR 48.4 million) and Kiel (EUR 33.4 million) as well as Vienna (EUR 14.6 million).

**FAIR VALUE ADJUSTMENT BY REGIONAL CLUSTER**

as of 31 July 2016	Fair value adjustments in EUR million	Fair value in EUR million	Fair value in EUR per sqm	Monthly net in-place rent <sup>1)</sup> in EUR per sqm	Multiplier net in-place rent
Federal capitals	137.0	1,588	1,745	5.73	26.3
Vienna	14.6	1,042	1,803	5.39	29.1
Berlin	122.3	545	1,644	6.30	22.1
State capitals and major cities <sup>2)</sup>	109.3	1,301	1,025	5.15	17.0
Suburban regions <sup>3)</sup>	19.2	550	993	4.96	17.3
Rural areas	12.6	561	726	4.45	14.6
<b>Total BUWOG Group</b>	<b>278.1</b>	<b>4,000</b>	<b>1,141</b>	<b>5.12</b>	<b>19.3</b>
thereof Germany	264.0	1,927	1,144	5.82	16.8
thereof Austria	14.1	2,073	1,137	4.45	22.4

The positive and negative fair value adjustments are shown as a net amount in the above table.

Fair value and fair value adjustments of standing investments according to CBRE valuation reports for German portfolio and internal valuation for Austrian portfolio as of 31 January 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 (re)financing for standing investments and extended working capital lines with a total volume of EUR 581.5 million\*) in the first nine months of 2016/17. The changes in volumes and interest rates during the third quarter are explained in the following section. Financing for development projects with a total volume of approx. EUR 117.0 million\*\*) was concluded at an average nominal interest rate of 1.16% during the reporting period.

BUWOG continued to arrange for financing at favourable long-term conditions and, in this way, further improve the Recurring FFO available for dividends and investments

## REFINANCING AND RESTRUCTURING OF THE LOAN PORTFOLIO

The refinancing and restructuring of an existing loan portfolio with a volume of EUR 550 million was successfully arranged with Berlin Hyp, as the consortium leader, and Helaba at the end of the second quarter. The closing took place at the end of the third quarter of 2016/17.

In addition to restructuring EUR 381.4 million of existing bank liabilities, this new financing will replace EUR 195.3 million of subsidised German loans (i.e. loans to financial institutions and local authorities) with fixed interest loans of EUR 168.6 million and equity of approx. EUR 30.0 million by the end of 2017/18. The EUR 550 million refinancing and restructuring agreement has an average term of eight years. Including the existing derivative, the average weighted nominal interest rate ranges from 1.70% to 1.80%.

This new agreement reduced the average weighted nominal interest rate from 1.91% to approx. 1.76% compared with the previous structure of financial liabilities (including the convertible bond).

## CONVERTIBLE BOND

BUWOG AG issued an unsecured convertible bond with a volume of EUR 300 million during the second quarter of 2016/17 within the framework of a bookbuilding process that was characterised by high demand. This bond has an interest rate of 0.00%, a five-year term and an initial conversion price of EUR 31.40. The conversion price will only be adjusted to reflect dividend payments that exceed the previous dividends of EUR 0.69 per share. The placement of the convertible bond reduced the interest rate on the Group's financial liabilities by roughly 0.26%.

The following table summarises the key financing parameters as of 31 January 2017:

## **FINANCING PARAMETERS**

	Outstanding liability in EUR million	Share	Ø Interest rate	Ø Term in years
<b>Bank liabilities</b>	<b>1,588</b>	<b>68%</b>	<b>2.16%</b>	<b>11.5</b>
thereof Austria	780	33%	2.25%	16.2
thereof Germany	808	34%	2.09%	7.0
<b>Local authorities</b>	<b>464</b>	<b>20%</b>	<b>1.53%</b>	<b>18.7</b>
thereof Austria	449	19%	1.56%	19.3
thereof Germany	15	1%	0.69%	0.5
<b>Convertible bond</b>	<b>300</b>	<b>13%</b>	<b>0.00%</b>	<b>4.6</b>
<b>Total</b>	<b>2,352</b>	<b>100%</b>	<b>1.76%</b>	<b>12.0</b>

Data can include rounding differences.

\*) Including EUR 550 million of special financing in connection with the restructuring

\*\*) As of 31 January 2017, EUR 53.2 million had not been transferred due to the progress on construction.

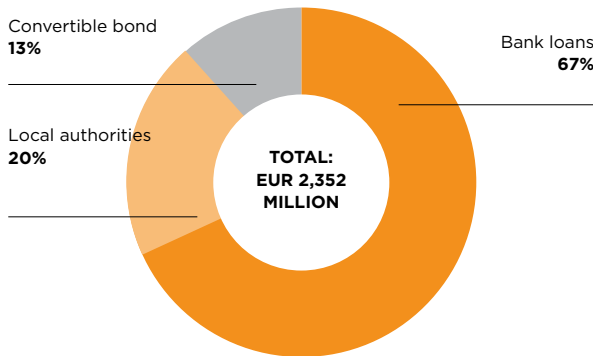
**FINANCING STRUCTURE**

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 2,352 million as of 31 January 2017. The resulting loan-to-value ratio (LTV) equals 44.7% and shows the carrying amount of financial liabilities less cash and cash equivalents in relation to the fair value (IFRS carrying amount) of the property portfolio, which totalled EUR 2,306 million at the end of the reporting period. Additional information on the calculation of LTV is provided in the section *Loan to Value* on pages 46ff.

As of 31 January 2017, 26% (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 41) and under note 2.4.4 to the consolidated financial statements as of 30 April 2016.

**STRUCTURE OF THE AMOUNT OUTSTANDING  
UNDER FINANCIAL LIABILITIES**

as of 31 January 2017

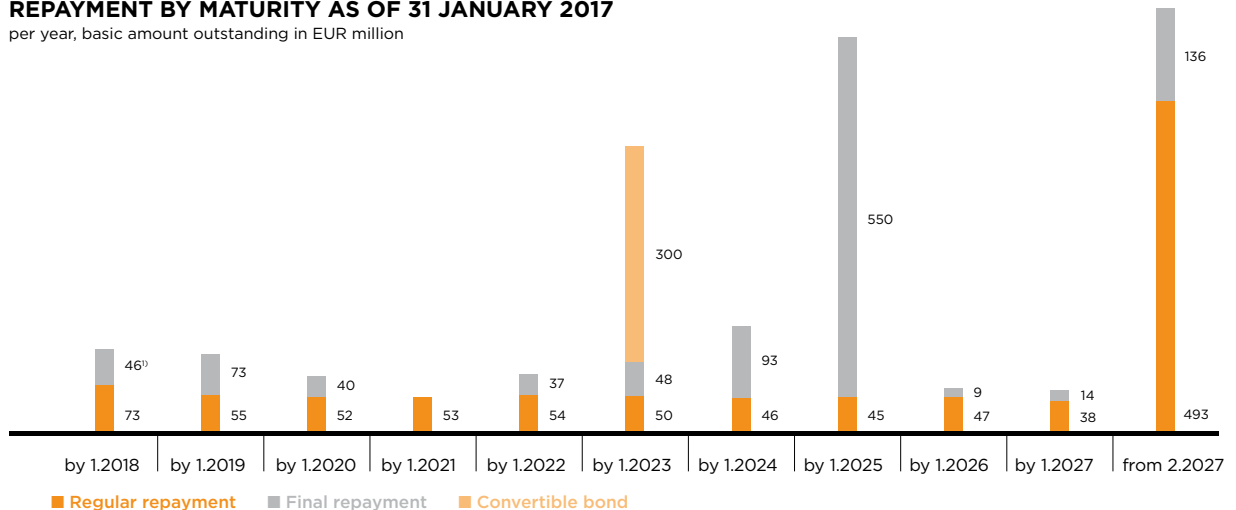


**REPAYMENT STRUCTURE**

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 12 years and the average fixed interest period 9.8 years. The following graph shows the repayment structure by maturity, including the refinancing and restructuring of the loan portfolio:

**REPAYMENT BY MATURITY AS OF 31 JANUARY 2017**

per year, basic amount outstanding in EUR million



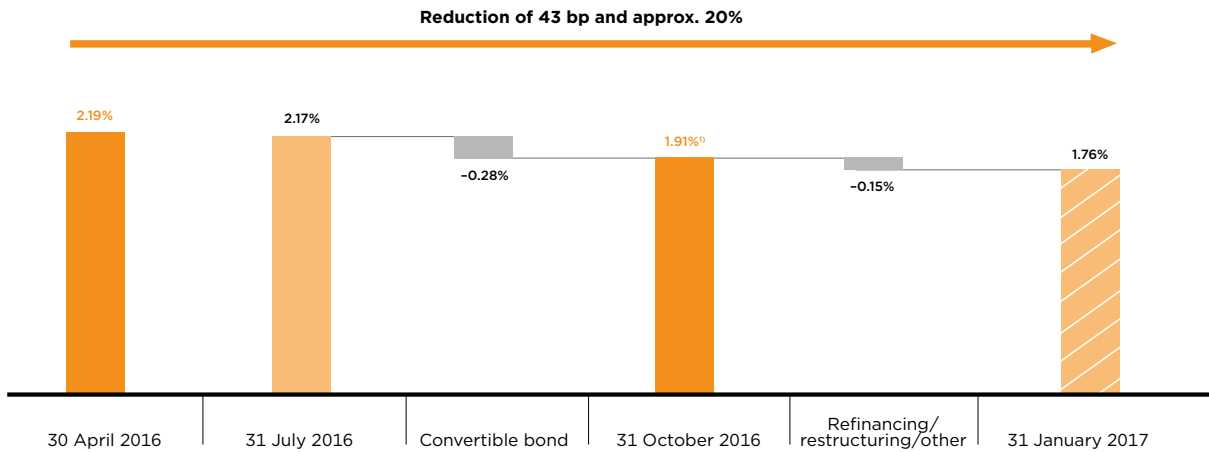
Data can include rounding differences..

1) Thereof EUR 18 million secured by the refinancing of the loan portfolio and equity.

## INTEREST RATE STRUCTURE

In line with the long-term nature of the financing structure, roughly 87% 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 January 2017. The weighted average nominal interest rate equalled 1.76% as of that date.

### DEVELOPMENT OF AVERAGE INTEREST RATES FOR FINANCIAL LIABILITIES



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

1) Increase of 2 bp in the average interest rate due to unused overdraft facilities



# ANALYSIS OF THE ASSET, FINANCIAL AND EARNINGS POSITION

The following analysis of the asset, financial and earnings position is based on the first nine months of the 2016/17 financial year, respectively the balance sheet date on 31 January 2017. The disclosures and information as of the prior year's balance sheet date (30 April 2016) and for the comparable prior year period 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. The prior year data in the consolidated income statement were adjusted; further details are provided in the consolidated interim financial statements under section 2.4 *Change in comparative information* on page 58.

## EARNINGS POSITION

### CONDENSED INCOME STATEMENT

in EUR million	9M 2016/17	9M 2015/16 <sup>1)</sup>	Change
NOI Asset Management	114.1	112.4	1.5%
NOI Property Sales <sup>2)</sup>	38.6	27.3	41.0%
NOI Property Development <sup>3)</sup>	7.5	-0.2	>100.0%
Other operating income	2.7	6.7	-60.3%
Expenses not directly attributable	-27.9	-24.6	-13.6%
<b>Results of operations</b>	<b>134.9</b>	<b>121.7</b>	<b>10.9%</b>
Other valuation results	277.2	130.9	>100.0%
<b>Operating profit (EBIT)</b>	<b>412.1</b>	<b>252.6</b>	<b>63.2%</b>
Financial results	-47.9	-45.4	>-100%
<b>Earnings before tax (EBT)</b>	<b>364.3</b>	<b>207.2</b>	<b>75.8%</b>
<b>Net profit</b>	<b>292.3</b>	<b>163.5</b>	<b>78.8%</b>
<b>Net profit per share<sup>4)</sup> in EUR</b>	<b>2.87</b>	<b>1.63</b>	<b>76.5%</b>

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

1) The comparable prior year figures were partly adjusted (see section 2.4 to the consolidated interim financial statements).

2) Including of adaption IFRS 5 EUR 7.6 million

3) Including adjustment to fair value of investment properties under construction of EUR 0.7 million (EUR 0.5 million)

4) Base 99,773,479 shares (weighted average) previous year: 99,614,059 shares

**Asset Management.** The NOI recorded by the Asset Management business area rose by 1.5% year-on-year from EUR 112.4 million to EUR 114.1 million, which represents an NOI margin of 73.3% for the first nine months of 2016/17 (75.7%). This improvement was reflected in an increase in the monthly net in-place rent per sqm from EUR 4.92 to EUR 5.12, which also resulted from sound growth of 4.2% in like-for-like rental income during the reporting period. The income recorded by the Asset Management business area consists of net cold rent of EUR 144.6 million (EUR 139.8 million) from residential properties and other rental income of EUR 10.8 million (EUR 8.7 million). These two items form the indicator "net in-place rent" and represent the revenue contribution by Asset Management to the BUWOG Group's total revenue. 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 82.4 million (EUR 80.8 million) as well as other revenues of EUR 0.2 million (EUR 0.1 million). These revenues are contrasted by expenses of EUR 42.6 million (EUR 38.2 million) directly related to investment properties, which include maintenance costs of EUR 19.2 million, and operating expenses and expenses from third-party management amounting to EUR 81.3 million (EUR 78.8 million). The decline in the Asset Management NOI margin of 75.7% (73.3%) resulted primarily from extraordinary effects for damages in standing investments.

### OVERVIEW OF ASSET MANAGEMENT

in EUR million	9M 2016/17	9M 2015/16 <sup>1)</sup>	Change
Residential rental income	144.6	139.8	3.5%
Other rental income	10.8	8.7	24.3%
<b>Rental revenues</b>	<b>155.4</b>	<b>148.5</b>	<b>4.7%</b>
Operating costs charged to tenants and third party property management revenues	82.4	80.8	2.0%
Other revenues	0.2	0.1	49.0%
<b>Revenues</b>	<b>238.0</b>	<b>229.4</b>	<b>3.8%</b>
<b>NOI Asset Management</b>	<b>114.1</b>	<b>112.4</b>	<b>1.5%</b>
<b>NOI margin Asset Management</b>	<b>73.3%</b>	<b>75.7%</b>	<b>-2.4 PP</b>

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

1) The comparable prior year figures were partly adjusted (see section 2.4).

**Property Sales.** The Property Sales business area generated NOI of EUR 38.6 million in the first nine months of 2016/17 (EUR 27.3 million). Excluding the IFRS 5 fair value adjustments (primarily Tyrol), NOI in this business area equalled EUR 30.9 million (EUR 27.3 million). These results reflected the sale of 514 apartments through Unit Sales at a margin of 56% on fair value. Block Sales covered the sale of one commercial property in Vienna at a margin of roughly 6% on fair value and a high average price. The positive effects from the sale of the Tyrolian portfolio, which is based on a framework agreement signed in December 2016, will be recognised at the beginning of the fourth quarter of 2016/17.

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

## OVERVIEW OF PROPERTY SALES

	9M 2016/17	9M 2015/16	Change
<b>Sales of units in numbers</b>	<b>515</b>	<b>834</b>	<b>-38.2%</b>
thereof Unit Sales	514	449	14.5%
thereof Block Sales	1	385	-99.7%
<b>NOI Property Sales in EUR million</b>	<b>38.6</b>	<b>27.3</b>	<b>41.0%</b>
Adaption IFRS 5 current year	-7.6	0.0	>-100%
<b>NOI Property Sales in EUR million adjusted</b>	<b>30.9</b>	<b>27.3</b>	<b>13.3%</b>
thereof Unit Sales in EUR million	30.9	25.0	23.6%
thereof Block Sales in EUR million	0.0	2.3	-98.7%
<b>NOI margin Property Sales on fair value adjusted</b>	<b>56%</b>	<b>41%</b>	<b>14.7 PP</b>
Margin on fair value - Unit Sales	56%	58%	-2.4 PP
Margin on fair value - Block Sales	6%	10%	-3.8 PP

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

**Property Development.** The development pipeline was further expanded during the reporting period to cover 10,531 units with a combined investment volume of EUR 3,107 million. A total of 1,649 units were under construction as of 31 January 2017, which represent an increase of roughly 70% over the level on 30 April 2016.

This business area recorded NOI of EUR 7.5 million in the first nine months of 2016/17 (EUR -0.2 million). Excluding fair value adjustments, NOI amounted to EUR 6.8 million (EUR -0.7 million). A total of 205 units (122 units) were transferred and recognised to the income statement during the reporting period.

## OVERVIEW OF PROPERTY DEVELOPMENT

	9M 2016/17	9M 2015/16	Change
<b>Sold units</b>	<b>205</b>	<b>122</b>	<b>68.0%</b>
thereof Germany	119	82	45.1%
thereof Austria	86	40	>100.0%
<b>Revenues Property Development in EUR million</b>	<b>76.8</b>	<b>38.7</b>	<b>98.3%</b>
thereof Germany in EUR million	47.2	25.5	85.0%
thereof Austria in EUR million	29.6	13.2	>100.0%
<b>NOI Property Development in EUR million</b>	<b>7.5</b>	<b>-0.2</b>	<b>&gt;100.0%</b>
Adjustment to fair value of investment properties under construction	-0.7	-0.5	-37.3%
<b>NOI Property Development adjusted in EUR million</b>	<b>6.8</b>	<b>-0.7</b>	<b>&gt;100.0%</b>
thereof Germany in EUR million	3.4	-1.5	>100.0%
thereof Austria in EUR million	3.4	0.9	>100.0%
<b>NOI margin Property Development adjusted</b>	<b>8.9%</b>	<b>-1.8%</b>	<b>10.7 PP</b>
thereof Germany	7.2%	-6.0%	13.2 PP
thereof Austria	11.6%	6.4%	5.2 PP

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

**Other operating income** for the first nine months of 2015/16 included EUR 5.1 million of non-recurring effects for income from guarantee commissions and income from the refund of property transfer taxes. **Expenses not directly attributable** to the business areas amounted to EUR 27.9 million (EUR 24.2 million). They consist primarily of personnel expenses totalling EUR 10.6 million (EUR 10.1 million), legal, auditing and consulting fees of EUR 4.9 million (EUR 4.8 million) and IT and communications costs of EUR 4.4 million (EUR 2.5 million). The year-on-year increase resulted from the growth in the average number of employees and the special project for the Group-wide introduction of SAP ERP.

The results of operations totalled EUR 134.9 million (EUR 121.7 million). The year-on-year increase is attributable to the above-mentioned non-recurring effects and the positive development of the individual business areas. Adjusted EBITDA equalled EUR 128.9 million (EUR 120.9 million) following the inclusion of non-cash effects and effects related to other accounting periods as well as the valuation of properties under construction and investment property held for sale.

## EBITDA

in EUR million	9M 2016/17	9M 2015/16 <sup>1)</sup>	Change
<b>Results of operations</b>	<b>134.9</b>	<b>121.7</b>	<b>10.9%</b>
Impairment losses/revaluations	2.3	0.3	>100.0%
Adjustment to fair value of investment properties under construction	-0.7	-0.5	-37.3%
Adaption IFRS 5 current year	-7.6	-0.6	>-100.0%
<b>EBITDA<sup>2)</sup></b>	<b>128.9</b>	<b>120.9</b>	<b>6.6%</b>
<b>EBITDA Asset Management</b>	<b>94.7</b>	<b>97.2</b>	<b>-2.6%</b>
<b>EBITDA Property Sales<sup>2)</sup></b>	<b>30.3</b>	<b>26.9</b>	<b>12.9%</b>
thereof Unit Sales	30.4	24.6	23.6%
thereof Block Sales	-0.1	2.3	>-100.0%
<b>EBITDA Property Development</b>	<b>3.9</b>	<b>-3.2</b>	<b>&gt;100.0%</b>

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

<sup>1)</sup> The comparable prior year figures were partly adjusted (see section 2.4 to the consolidated interim financial statements).

<sup>2)</sup> Results of operations adjusted to account for valuation effects and deferred periods (IFRS 5)

**Other valuation results** of EUR 277.2 million (EUR 144.4 million) consist primarily of fair value adjustments to investment properties. BUWOG's properties in Germany were appraised by the independent external experts at CBRE as of 31 January 2017. The Austrian properties were valued internally as of that date. Further details are provided in section 5.4 *Revaluation of properties* of the notes to the consolidated interim financial statements.

**Financial results** of EUR -47.9 million (EUR -45.4 million) include cash interest expenses of EUR -34.2 million (EUR -32.8 million) as well as non-cash results from the fair value measurement of derivatives at EUR 6.3 million (EUR -3.3 million) and financial liabilities at EUR -7.6 million (EUR -3.6 million). The negative non-cash financial results were influenced by the substantial flattening of the EUR-swap curve during the first nine months of 2016/17. This position also reflects the restructuring of an existing loan portfolio. The non-cash valuation effects have no impact on Recurring FFO. Additional information on the development of interest rates is provided under *The Market Environment and Financing*.

**Reconciliation with FFO.** The key performance indicator used by the BUWOG Group 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). Net profit represents the starting point for the calculation, which is shown in the following table. Recurring FFO, which also serves as the benchmark for the dividend payment, amounted to EUR 85.4 million for the first nine months of 2016/17. The year-on-year increase of 13.7% in Recurring FFO reflects the positive development of earnings in all business areas.

## FFO

in EUR million	9M 2016/17	9M 2015/16 <sup>1)</sup>	Change
Net profit	292.3	163.5	78.8%
Results of Property Sales	-38.6	-27.3	-41.3%
Other financial results <sup>2)</sup>	11.2	11.8	-4.8%
Fair value adjustments of investment properties <sup>3)</sup>	-277.9	-144.9	-91.7%
Impairment losses/revaluations	2.3	0.3	>100,0%
Deferred taxes	58.9	33.0	78.5%
Other <sup>4)</sup>	6.2	13.7	-54.4%
<b>FFO</b>	<b>54.5</b>	<b>50.1</b>	<b>8.7%</b>
Unit Sales result	30.9	25.0	23.6%
<b>Recurring FFO</b>	<b>85.4</b>	<b>75.1</b>	<b>13.7%</b>
Block Sales result <sup>5)</sup>	0.0	2.3	-98.7%
<b>Total FFO</b>	<b>85.4</b>	<b>77.4</b>	<b>10.3%</b>
Recurring FFO per share in EUR basic <sup>6)</sup>	0.86	0.75	13.5%
Total FFO per share in EUR basic <sup>6)</sup>	0.86	0.78	10.2%
<b>Recurring FFO</b>	<b>85.4</b>	<b>75.1</b>	<b>13.7%</b>
CAPEX	-26.3	-19.8	-32.6%
<b>AFFO</b>	<b>59.1</b>	<b>55.3</b>	<b>6.9%</b>

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

1) The comparable prior year figures were partly adjusted (see section 2.4 to the consolidated interim financial statements).

2) In the previous year, this position was adjusted by ancillary loan costs of EUR 0.2 million.

3) Includes EUR 277.9 million (EUR 144.9 million) of fair value adjustments of investment properties and EUR 0.7 million for the valuation of properties under construction

4) Includes, among others, reorganization expenses and personnel costs for non-recurring special projects (+EUR 7.0 million) as well as a one-off reimbursement of miscellaneous expenses from prior periods (EUR -0.5 million). In the previous year this position contained adjustments, among others, for the following: the maintenance and improvement contribution resulting from a non-recurring effect that followed an amendment to the Austrian Non-profit Housing Act (Wohnungsgemeinnützigkeitsgesetz), income from guarantee commissions, the refund of property transfer taxes and special projects for the Group-wide introduction of an ERP system, and income from derecognised liabilities. The income from insurance compensation was not included in the previous year.

5) Excl. valuation effect from assets held for sale of EUR 7.6 million (EUR 0.0 million)

6) Basis for earnings data: 99,773,479 shares (weighted average) previous year 99,614,059 shares/excluding non-controlling interests: RFFO EUR 0.81 (EUR 0.74)/Total FFO EUR 0.81 (EUR 0.76)

Other financial results of EUR -9.4 million (EUR -10.2 million) were adjusted for the following items to develop the total amount of EUR -11.2 million (EUR -11.8 million): results of EUR -2.0 million (EUR -1.7 million) from the valuation of financial liabilities at amortised cost, results of EUR 0.4 million (EUR 0.3 million) from the valuation of financial assets at amortised cost, cash ancillary loan expenses of EUR 0.9 million and an increase of EUR -1.1 million (EUR 0.0) in interest expense, calculated according to the effective interest rate method, for the convertible bond issued during the reporting period.

Impairment losses/revaluations include EUR 1.8 million (EUR 1.3 million) of depreciation, amortisation and impairment losses to tangible and intangible assets as well as expenses of EUR 0.5 million (EUR -1.0 million) from the valuation of real estate inventories.

The position "other" includes non-recurring, not directly attributable reorganisation expenses of EUR 5.3 million (EUR 4.1 million) as well as adjustments for personnel expenses of EUR 1.7 million (EUR 0.9 million) related to one-time special projects and reorganisation measures. Also included here are effects of EUR 0.1 million (EUR 0.4 million) from expenses for share-based remuneration, income of EUR 0.5 million (EUR 0.0 million) from the refund of expenses from previous periods and income of EUR 0.4 million (EUR 0.3 million) from insurance compensation. In the previous year this position also included the following items: a non-recurring effect of EUR 13.6 million for the maintenance and improvement contribution which resulted from an amendment to the Austrian Non-Profit Housing Act, income of EUR 2.0 million from the refund of property taxes, guarantee commissions of EUR 3.1 million and income of EUR 0.2 million from liabilities previously written off.

Additional details on the calculation methodology are provided in BUWOG's IFRS consolidated financial statements as of 30 April 2016.

## ASSET POSITION

### CONDENSED BALANCE SHEET

in EUR million	31 January 2017	30 April 2016	Change
Investment property	4,045.1	3,885.0	4.1%
Investment property under construction	36.1	33.0	9.5%
Other tangible assets	14.0	6.7	>100.0%
Intangible assets	10.0	9.4	5.6%
Trade and other receivables	135.5	181.9	-25.5%
Other financial assets	17.6	19.6	-10.2%
Deferred tax assets	0.5	5.4	-91.0%
Non-current assets held for sale	138.1	0.0	n.a.
Income tax receivables	3.6	3.3	9.3%
Real estate inventories	358.1	217.3	64.8%
Cash and cash equivalents	263.4	82.5	>100.0%
<b>Assets</b>	<b>5,022.0</b>	<b>4,444.1</b>	<b>13.0%</b>
Equity	1,921.8	1,700.0	13.0%
Liabilities from convertible bonds	287.3	0.0	n.a.
Financial liabilities	2,019.1	2,052.7	-1.6%
Trade payables and other liabilities	497.8	422.9	17.7%
Income tax liabilities	18.1	47.6	-61.9%
Provisions	14.3	13.2	8.4%
Deferred tax liabilities	261.8	207.8	26.0%
Financial liabilities held for sale	1.7	0.0	n.a.
<b>Equity and liabilities</b>	<b>5,022.0</b>	<b>4,444.1</b>	<b>13.0%</b>

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 financial statements as of 30 April 2016. Information on the development of cash and cash equivalents can be found in the section on Financial position in this interim management report.

**EPRA NAV.** This indicator is calculated in accordance with the recommendations of the European Public Real Estate Association (EPRA). An explanation of the calculation methodology is provided in the consolidated financial statements as of 30 April 2016. The increase in EPRA NAV since the end of the previous financial year is attributable primarily to the positive results from the fair value measurement of investment properties.

### EPRA NAV

in EUR million	31 January 2017	30 April 2016	Change
Equity before non-controlling interests	1,903.7	1,685.9	12.9%
Goodwill	-5.6	-5.6	0.0%
Inventories (carrying amount) <sup>1)</sup>	-358.1	-217.3	-64.8%
Inventories (fair value)	385.3	250.5	53.8%
Properties owned by BUWOG (carrying amount)	-12.7	-5.4	-132.7%
Properties owned by BUWOG (fair value)	18.4	10.3	78.6%
Positive market value of derivative financial instruments	0.0	0.0	-
Negative market value of derivative financial instruments	61.6	67.9	-9.3%
Deferred tax assets on investment properties	-0.4	-0.4	8.0%
Deferred tax liabilities on investment properties (adjusted) <sup>2)</sup>	307.1	249.9	22.9%
Deferred taxes on property inventories	-7.0	-9.3	24.8%
Deferred taxes on derivative financial instruments	-11.1	-13.3	16.2%
<b>EPRA NAV basic (balance sheet date)</b>	<b>2,281.2</b>	<b>2,013.2</b>	<b>13.3%</b>
Total floor area	3,506,707	3,532,273	-0.7%
<b>EPRA NAV in EUR per sqm</b>	<b>650.5</b>	<b>569.9</b>	<b>14.1%</b>
<b>EPRA NAV basic (balance sheet date)</b>	<b>2,281.2</b>	<b>2,013.2</b>	<b>13.3%</b>
Shares issued as of the balance sheet date (excl. treasury shares)	99,773,479	99,773,479	0.0%
<b>EPRA NAV per share in EUR basic (balance sheet date)</b>	<b>22.86</b>	<b>20.18</b>	<b>13.3%</b>

1) The fair value adjustments of inventories are valued by CBRE as of 31 of October and 30 of April. As of 31 of July inventories are valued by an internal adjustment.

2) Adjustment for deferred tax liabilities arising in connection with potential property sales of over EUR 28.1 million (prior year: EUR 30.7 million)

**Loan to Value (LTV).** Net liabilities in relation to the fair value (carrying amount) of the BUWOG Group's portfolio (LTV) fell from 47.6% as of 30 April 2016 to 44.7% as of 31 January 2017. The decline resulted from an increase in the value of the property portfolio based on appraisals as of that date.

## LOAN TO VALUE RATIO

in EUR million	31 January 2017	30 April 2016	Change
Non-current financial liabilities	1,887.6	1,947.0	-3.1%
Current financial liabilities	131.5	105.7	24.5%
Financial liabilities held for sale	1.7	0.0	n.a.
Liabilities from convertible bonds	287.3	0.0	n.a.
<b>Financial liabilities</b>	<b>2,308.2</b>	<b>2,052.7</b>	<b>12.4%</b>
Cash and cash equivalents	-263.4	-82.5	>-100.0%
<b>Net financial liabilities</b>	<b>2,044.8</b>	<b>1,970.1</b>	<b>3.8%</b>
Investment properties	4,045.1	3,885.0	4.1%
Investment properties under construction	36.1	33.0	9.5%
Non-current assets held for sale	138.1	0.0	n.a.
Inventories	358.1	217.3	64.8%
<b>Carrying amount overall portfolio</b>	<b>4,577.5</b>	<b>4,135.3</b>	<b>10.7%</b>
<b>Loan-to-value ratio</b>	<b>44.7%</b>	<b>47.6%</b>	<b>-2.9 PP</b>

## FINANCIAL POSITION

### CONDENSED CASH FLOW STATEMENT

in EUR million	9M 2016/17	9M 2015/16	Change
Cash flow from operating activities	55.2	58.7	-6.0%
Cash flow from investing activities	-22.4	20.2	>-100%
Cash flow from financing activities	148.1	-89.4	>100%
<b>Cash flow</b>	<b>180.9</b>	<b>-10.6</b>	<b>&gt;100.0%</b>

Cash flow from operating activities amounted to EUR 55.2 million (EUR 58.7 million) and resulted primarily from the ongoing cash flows generated by the Asset Management business area and an increase in prepayments received on apartment sales.

Cash flow from investing activities totalled EUR -22.4 million (EUR 20.2 million). The year-on-year increase in cash outflows resulted, above all, from the purchase of land in Austria and Germany and reflects the intensification of activities by the Property Development business area.

The positive cash flow of EUR 148.1 million (EUR -89.4 million) from financing activities resulted primarily from the successful placement of a EUR 300 million, five-year convertible bond.

## OUTLOOK

From an operational standpoint, BUWOG can look back on very successful first nine months in 2016/17.

Our goal to generate Recurring FFO of at least EUR 108 million in the 2016/17 financial year remains intact. In the Asset Management business area, we are still expecting like-for-like growth of 2.5% to 3.0% in rents as well as a positive Recurring FFO effect of at least EUR 5 million from the application of the new capitalisation guideline according to best practice standards. The Property Sales business area should sell roughly 600 units through Unit Sales in 2016/17. The intensification of Property Development activities should result in a contribution of at least EUR 13 million to Recurring FFO for the full 2016/17 financial year.

There have been no significant changes in the opportunity/risk profile since the end of the 2015/16 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 2015/16 annual report is still valid.

## SUBSEQUENT EVENTS

On 7 December 2016, the BUWOG Group signed a contract for the sale of 1,146 apartments with a total floor area of approx. 89,000 sqm in the Austrian province of Tyrol (approx. 4.8% of the Austrian portfolio). Thirty properties from this portfolio were formally transferred to the buyer by the end of February 2017. This transaction reflects the continuation of BUWOG's strategic focus in Austria on the capital city of Vienna.

Oliver Schumy, CEO of IMMOFINANZ AG, resigned as a member and the vice chairman of the Supervisory Board of BUWOG AG as of 6 March 2017. He was succeeded as vice chairman of the Supervisory Board by Klaus Hübner.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS BUWOG GROUP





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## CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	9M 2016/17	9M 2015/16 <sup>1)</sup>	Q3 2016/17	Q3 2015/16 <sup>1)</sup>
Residential rental income		144,621.1	139,793.2	47,311.4	46,497.3
Other rental income		10,795.7	8,684.6	3,678.9	2,854.6
<b>Rental income</b>		<b>155,416.8</b>	<b>148,477.8</b>	<b>50,990.3</b>	<b>49,351.9</b>
Operating costs charged to tenants and third party property management revenues		82,422.7	80,813.3	26,272.7	26,025.8
Other revenues		164.9	110.7	102.4	24.8
<b>Revenues</b>		<b>238,004.4</b>	<b>229,401.8</b>	<b>77,365.4</b>	<b>75,402.5</b>
Expenses directly related to investment property	5.1	-42,589.2	-38,196.0	-15,709.2	-12,017.4
Operating expenses and expenses from third party property management		-81,303.1	-78,796.8	-26,037.5	-25,035.0
<b>Results of Asset Management</b>		<b>114,112.1</b>	<b>112,409.0</b>	<b>35,618.7</b>	<b>38,350.1</b>
Sale of properties		88,807.2	97,053.1	29,917.3	21,257.5
Carrying amount of sold properties		-88,807.2	-97,053.1	-29,917.3	-21,257.5
Other expenses from property sales		-2,349.3	-3,043.7	-755.3	-1,040.1
Fair value adjustments of properties sold	5.4	33,272.7	30,389.8	11,053.3	7,754.0
Fair value adjustments of properties held for sale	5.4	7,633.8	0.0	2,775.7	0.0
<b>Results of Property Sales</b>		<b>38,557.2</b>	<b>27,346.1</b>	<b>13,073.7</b>	<b>6,713.9</b>
Sale of real estate inventories		76,817.5	38,737.0	31,761.5	4,397.3
Cost of real estate inventories sold		-58,859.1	-30,949.1	-23,054.6	-3,682.1
Other expenses from sale of real estate inventories		-5,117.0	-5,533.0	-1,788.1	-2,246.1
Other real estate development expenses		-5,999.5	-3,556.6	-1,509.1	-881.1
Fair value adjustments of properties under construction	5.4	684.9	498.8	0.0	0.0
Results of properties sold and held for sale		0.0	614.5	0.0	0.0
<b>Results of Property Development</b>		<b>7,526.8</b>	<b>-188.4</b>	<b>5,409.7</b>	<b>-2,412.0</b>
Other operating income	5.2	2,651.0	6,684.9	876.3	1,451.0
Other not directly attributable expenses	5.3	-27,906.8	-24,555.6	-10,420.8	-8,461.8
<b>Results of operations</b>		<b>134,940.3</b>	<b>121,696.0</b>	<b>44,557.6</b>	<b>35,641.2</b>
Fair value adjustments of investment properties	5.4	277,182.6	144,426.3	103,420.5	35,480.7
Maintenance and improvement contributions received		24.9	-13,554.6	0.0	-13,554.6
<b>Other valuation results</b>		<b>277,207.5</b>	<b>130,871.7</b>	<b>103,420.5</b>	<b>21,926.1</b>
<b>Operating profit (EBIT)</b>		<b>412,147.8</b>	<b>252,567.7</b>	<b>147,978.1</b>	<b>57,567.3</b>
Financing costs		-39,158.1	-35,912.5	-13,475.6	-10,446.8
Financing income		702.7	690.7	232.5	142.4
Other financial results		-9,428.1	-10,193.7	50,285.5	-65,149.9
<b>Financial results</b>	5.5	<b>-47,883.5</b>	<b>-45,415.5</b>	<b>37,042.4</b>	<b>-75,454.3</b>
<b>Earnings before tax (EBT)</b>		<b>364,264.3</b>	<b>207,152.2</b>	<b>185,020.5</b>	<b>-17,887.0</b>
Income tax expenses	5.6	-13,027.3	-10,616.4	-4,642.0	-2,292.7
Deferred tax income/expenses	5.6	-58,931.0	-33,020.2	-34,278.9	6,275.0
<b>Net profit</b>		<b>292,306.0</b>	<b>163,515.6</b>	<b>146,099.6</b>	<b>-13,904.7</b>
Thereof attributable to:					
<b>Owners of the parent company</b>		<b>286,703.5</b>	<b>162,199.7</b>	<b>143,643.9</b>	<b>-13,636.7</b>
<b>Non-controlling interests</b>		<b>5,602.5</b>	<b>1,315.9</b>	<b>2,455.7</b>	<b>-268.0</b>
<b>Basic earnings per share in EUR</b>	5.7	<b>2.87</b>	<b>1.63</b>	<b>1.44</b>	<b>-0.14</b>
<b>Diluted earnings per share in EUR</b>	5.7	<b>2.77</b>	<b>1.63</b>	<b>1.34</b>	<b>-0.13</b>

1) The comparable prior year figures were adjusted (see note 2.4).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

in TEUR	9M 2016/17	9M 2015/16	Q3 2016/17	Q3 2015/16
<b>Net profit</b>	<b>292,306.0</b>	<b>163,515.6</b>	<b>146,099.6</b>	<b>-13,904.7</b>
<b>Items which will not be reclassified to the income statement in the future</b>				
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
<b>Total items which will not be reclassified to income statement in the future</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income</b>	<b>292,306.0</b>	<b>163,515.6</b>	<b>146,099.6</b>	<b>-13,904.7</b>
Thereof attributable to:				
<b>Owners of the parent company</b>	<b>286,703.5</b>	<b>162,199.7</b>	<b>143,643.9</b>	<b>-13,636.7</b>
<b>Non-controlling interests</b>	<b>5,602.5</b>	<b>1,315.9</b>	<b>2,455.7</b>	<b>-268.0</b>

## CONSOLIDATED BALANCE SHEET

in TEUR	Notes	31 January 2017	30 April 2016
Investment property	6.1	4,045,145.2	3,885,043.7
Investment property under construction	6.1	36,083.3	32,964.8
Other tangible assets		14,047.7	6,693.6
Intangible assets		9,974.7	9,445.7
Trade and other receivables	6.2	16,116.7	30,442.8
Other financial assets		16,639.5	18,377.9
Deferred tax assets		483.9	5,386.8
<b>Non-current assets</b>		<b>4,138,491.0</b>	<b>3,988,355.3</b>
Trade and other receivables	6.2	119,348.4	151,458.4
Income tax receivables		3,561.0	3,258.1
Other financial assets		969.6	1,225.4
Non-current assets held for sale	6.3	138,095.9	0.0
Real estate inventories		358,127.6	217,253.7
Cash and cash equivalents		263,391.0	82,540.1
<b>Current assets</b>		<b>883,493.5</b>	<b>455,735.7</b>
<b>ASSETS</b>		<b>5,021,984.5</b>	<b>4,444,091.0</b>
Share capital		99,773.5	99,773.5
Capital reserves		1,299,639.7	1,299,643.1
Accumulated other equity		-1,010.8	-1,010.8
Retained earnings		505,337.0	287,477.2
		1,903,739.4	1,685,883.0
Non-controlling interests		18,024.1	14,075.8
<b>Equity</b>	<b>6.4</b>	<b>1,921,763.5</b>	<b>1,699,958.8</b>
Liabilities from convertible bonds	6.5	287,330.7	0.0
Financial liabilities	6.6	1,887,597.8	1,947,004.0
Trade payables and other liabilities	6.7	123,541.2	122,708.2
Tax liabilities		0.0	81.1
Provisions		6,299.3	6,375.7
Deferred tax liabilities		261,835.2	207,806.2
<b>Non-current liabilities</b>		<b>2,566,604.2</b>	<b>2,283,975.2</b>
Financial liabilities	6.6	131,505.7	105,657.8
Trade payables and other liabilities	6.7	374,253.7	300,211.3
Tax liabilities		18,140.4	47,476.8
Provisions		7,988.7	6,811.1
Financial liabilities held for sale	6.3	1,728.3	0.0
<b>Current liabilities</b>		<b>533,616.8</b>	<b>460,157.0</b>
<b>EQUITY AND LIABILITIES</b>		<b>5,021,984.5</b>	<b>4,444,091.0</b>

## CONSOLIDATED CASH FLOW STATEMENT

in TEUR	9M 2016/17	9M 2015/16
Earnings before tax (EBT)	364,264.3	207,152.2
Fair value adjustments/depreciation/gain from a bargain purchase	-314,703.5	-182,665.2
Gains/losses from disposal of non-current assets	-13.0	135.0
Gain/loss on the fair value measurement of financial instruments	1,317.9	6,884.9
Income taxes received/paid	-42,747.5	14,151.1
Net financing costs	38,455.4	35,221.9
Other non-cash income/expense	7,387.6	17,258.3
<b>Gross cash flow</b>	<b>53,961.2</b>	<b>98,138.2</b>
Changes in:		
Trade and other receivables	-14,738.1	-11,203.2
Real estate inventories	-43,700.2	-61,098.2
Trade payables	-5,256.5	1,935.4
Provisions	1,101.2	-1,344.3
Prepayments received on the sale of apartments	49,122.8	27,921.8
Miscellaneous other liabilities	14,663.5	4,308.3
<b>Cash flow from operating activities</b>	<b>55,153.9</b>	<b>58,657.9</b>
Acquisition of/Investments in investment property incl. prepayments	-123,404.0	-104,019.8
Acquisition of/Investments in property under construction	-25,882.5	-11,072.1
Acquisition of other tangible assets	-8,082.9	-297.0
Acquisition of intangible assets	-1,555.5	-1,747.4
Acquisition of other financial assets	-6.9	0.0
Disposal of non-current assets	132,995.1	134,364.6
Cash inflows from other financial assets	3,234.9	2,573.7
Interest received	313.7	367.0
<b>Cash flow from investing activities</b>	<b>-22,388.1</b>	<b>20,169.0</b>
Cash inflows from long-term financing	274,223.9	107,546.6
Cash inflows from capital increases	0.0	520.0
Cash flows arising from changes of the ownership interests in subsidiary	-1,689.8	0.0
Cash inflows/outflows from short-term financing	-111,719.6	4,497.2
Cash outflows for long-term financing	-206,540.5	-100,472.8
Cash outflows for derivative financial instruments	-11,206.7	-10,358.5
Interest paid and cash outflows for other financing expenses	-23,001.1	-22,438.9
Payments of dividends to non-controlling interests	-109.9	0.0
Payments of dividends to shareholders of the parent company	-68,843.7	-68,733.3
Cash inflows from convertible bonds	300,000.0	0.0
Cash outflows from convertible bonds	0.0	0.0
Cash outflows for transaction costs for convertible bonds	-3,027.5	0.0
<b>Cash flow from financing activities</b>	<b>148,085.1</b>	<b>-89,439.7</b>
<b>Change in cash and cash equivalents</b>	<b>180,850.9</b>	<b>-10,612.7</b>
Cash and cash equivalents at the beginning of the period	82,540.1	149,153.2
Cash and cash equivalents at the end of the period	263,391.0	138,540.5
<b>Change in cash and cash equivalents</b>	<b>180,850.9</b>	<b>-10,612.7</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Share capital	Capital reserves
<b>Balance on 30 April 2016</b>	<b>99,773.5</b>	<b>1,299,643.1</b>
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	142.1
Structural changes	0.0	-145.5
<b>Transactions with owners</b>	<b>0.0</b>	<b>-3.4</b>
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance on 31 January 2017</b>	<b>99,773.5</b>	<b>1,299,639.7</b>

in TEUR	Share capital	Capital reserves
<b>Balance on 30 April 2015</b>	<b>99,613.5</b>	<b>1,297,169.4</b>
Payment of dividends	0.0	0.0
Equity-settled share-based payment	0.0	438.5
Capital increase	40.0	480.0
Increase in scope of consolidation	0.0	0.0
<b>Transactions with owners</b>	<b>40.0</b>	<b>918.5</b>
Net profit	0.0	0.0
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance on 31 January 2016</b>	<b>99,653.5</b>	<b>1,298,087.9</b>

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	Total equity
<b>-1,010.8</b>	<b>287,477.2</b>	<b>1,685,883.0</b>	<b>14,075.8</b>	<b>1,699,958.8</b>
0.0	-68,843.7	-68,843.7	-109.9	<b>-68,953.6</b>
0.0	0.0	142.1	0.0	<b>142.1</b>
0.0	0.0	-145.5	-1,544.3	<b>-1,689.8</b>
<b>0.0</b>	<b>-68,843.7</b>	<b>-68,847.1</b>	<b>-1,654.2</b>	<b>-70,501.3</b>
0.0	286,703.5	286,703.5	5,602.5	<b>292,306.0</b>
0.0	0.0	0.0	0.0	<b>0.0</b>
<b>0.0</b>	<b>286,703.5</b>	<b>286,703.5</b>	<b>5,602.5</b>	<b>292,306.0</b>
<b>-1,010.8</b>	<b>505,337.0</b>	<b>1,903,739.4</b>	<b>18,024.1</b>	<b>1,921,763.5</b>

Accumulated other equity IAS 19R	Retained earnings	Total	Non-controlling interests	Total equity
<b>-1,296.8</b>	<b>119,952.4</b>	<b>1,515,438.5</b>	<b>8,861.7</b>	<b>1,524,300.2</b>
0.0	-68,733.3	-68,733.3	0.0	<b>-68,733.3</b>
0.0	0.0	438.5	0.0	<b>438.5</b>
0.0	0.0	520.0	0.0	<b>520.0</b>
0.0	0.0	0.0	1,534.1	<b>1,534.1</b>
<b>0.0</b>	<b>-68,733.3</b>	<b>-67,774.8</b>	<b>1,534.1</b>	<b>-66,240.7</b>
0.0	162,199.7	162,199.7	1,315.9	<b>163,515.6</b>
0.0	0.0	0.0	0.0	<b>0.0</b>
<b>0.0</b>	<b>162,199.7</b>	<b>162,199.7</b>	<b>1,315.9</b>	<b>163,515.6</b>
<b>-1,296.8</b>	<b>213,418.8</b>	<b>1,609,863.4</b>	<b>11,711.7</b>	<b>1,621,575.1</b>

# 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 January 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 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 2016.

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 2016/17 financial year:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for BUWOG
<b>Changes to standards and interpretations</b>			
IAS 1	Disclosure Initiative	18 December 2014 (18 December 2015)	1 May 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014 (24 November 2015)	1 May 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014 (2 December 2015)	1 May 2016
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014 (23 November 2015)	1 May 2016
IAS 27	Equity Method in Separate Financial Statements	12 August 2014 (18 December 2015)	1 May 2016
Various standards	Annual Improvements to IFRSs 2012 - 2014 Cycle	25 September 2014 (15 December 2015)	1 May 2016
IFRS 10, IFRS 12, IAS 28	Investment Entities: Application of Consolidation Exemption	18 December 2014 (22 September 2016)	1 May 2016



## **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
<b>New standards and interpretations</b>			
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

## **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:

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

Standard	Content	Published by the IASB	Expected mandatory application for BUWOG
<b>New standards and interpretations</b>			
IFRS 14	Regulatory Deferral Accounts	30 January 2014	1 May 2016
IFRS 16	Leases	13 January 2016	1 May 2019
<b>Changes to standards and interpretations</b>			
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	11 September 2014	<sup>1)</sup>
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19 January 2016	1 May 2017
IAS 7	Disclosure Initiative	29 January 2016	1 May 2017
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	12 April 2016	1 May 2018
IFRS 2	Classification and Measurement of Sharebased 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
IFRIC 22	Foreign Currency Transactions and Advance Consideration	8 December 2016	1 May 2018
IAS 40	Transfers of Investment Property	8 December 2016	1 May 2018

<sup>1)</sup> The initial application of this revised standard has been postponed for an indefinite period.

## 2.4 CHANGE IN COMPARATIVE INFORMATION

In order to improve comparability with its competitors, the BUWOG Group has changed its previous procedure for defining modernisation measures and implemented a new capitalisation guideline. A differentiation is now made between reactive maintenance, measures to make properties habitable and major refurbishments, on the one hand, and modernisation, on the other hand. Whereas reactive maintenance is generally not capitalised, individual measures of EUR 3,000.00 or more to make properties habitable are capitalised if they clearly result in an economic benefit in the form of higher rents or the elimination of vacancies. Major refurbishment and modernisation measures are capitalised in full. In all cases, capitalisation is dependent on an extension of the useful life, an increase in the usable space, an improvement in the quality of use or a reduction in management costs. The new capitalisation guideline has no effect on the primary carrying amounts of the investment properties (fair value in accordance with IAS 40), and the adjustment of the corresponding prior year balance sheet values is therefore not required. The prior year amounts on the income statement were adjusted accordingly.

In addition, changes in internal reporting led to adjustments between two components of Property Development. Impairment losses to and the revaluation (increase in value) of inventories are no longer included in other expenses from the sale of real estate inventories, but are reported under other real estate development expenses.

The fair value adjustments to available-for-sale investment property are reported separately on the income statement beginning with the third quarter of 2016/17. These adjustments were previously included in the fair value adjustments of properties old.

### CONSOLIDATED INCOME STATEMENT

in TEUR	9M 2015/16		9M 2015/16
	Reported	Adjustments	Adjusted
<b>Results of Property Development</b>			
Other expenses from sale of real estate inventories	-4,576.5	-956.5	-5,533.0
Other real estate development expenses	-4,513.1	956.5	-3,556.6
<b>Results of Asset Management</b>			
Expenses directly related to investment property	-47,214.5	9,018.5	-38,196.0
<b>Other valuation results</b>			
Fair value adjustments of investment properties	153,444.8	-9,018.5	144,426.3

This led to the following changes in the segment reporting:

### SEGMENT REPORTING

in TEUR	9M 2015/16		9M 2015/16
	Reported	Adjustments	Adjusted
<b>Segment Germany</b>			
Expenses directly related to investment property	-28,759.1	2,259.8	-26,499.3
Fair value adjustments of investment properties	114,763.8	-2,259.8	112,504.0
<b>Segment Austria</b>			
Other expenses from sale of real estate inventories	-615.2	-956.5	-1,571.7
Other real estate development expenses	-2,708.7	956.5	-1,752.2
Expenses directly related to investment property	-18,455.4	6,758.7	-11,696.7
Fair value adjustments of investment properties	38,681.0	-6,758.7	31,922.3

### 3. SCOPE OF CONSOLIDATION

In addition to BUWOG AG, these consolidated interim financial statements include 38 domestic and 89 foreign companies in which BUWOG Group directly or indirectly holds the majority of voting rights or can exercise legal or actual control.

#### 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 nine months of 2016/17:

Scope of consolidation	Full consolidation
<b>Balance on 30 April 2016</b>	<b>122</b>
Initially included	6
<b>Balance on 31 January 2017</b>	<b>128</b>

#### 3.2 INITIAL CONSOLIDATIONS

The following subsidiaries were initially consolidated during the first nine months of 2016/17:

Segment	Country	Headquarters	Company	Interest in capital	Consolidation date
<b>Founding/acquisition of companies without businesses</b>					
Austria	AT	Vienna	BUWOG - Döblerhofstraße GmbH	100.00%	31 May 2016
Austria	AT	Vienna	BUWOG - Himbergerstraße GmbH	100.00%	31 July 2016
Germany	DE	Berlin	BUWOG - Berlin Wohnen GmbH	100.00%	31 August 2016
Austria	AT	Vienna	BUWOG - Rathausstraße GmbH	99.98%	31 December 2016
Germany	DE	Berlin	BUWOG - Gartenfeld Development GmbH	100.00%	31 January 2017
Germany	DE	Berlin	BUWOG - Gartenfeld Wohnen GmbH	100.00%	31 January 2017

#### 3.3 STRUCTURAL CHANGES

The non-controlling interests of 5.2% in Indian Ridge Investments S.A. were acquired through a purchase contract dated 30 June 2016.

Segment	Country	Headquarters	Company	Interest in capital before	Interest in capital after
<b>Structural changes</b>					
Germany	LU	Luxembourg	Indian Ridge Investments S.A.	94.84%	100.00%

#### 3.4 NON-CONSOLIDATED SUBSIDIARIES

Two companies under civil law (Gesellschaften bürgerlichen Rechts, GesbRs) were founded during the first half of 2016/17 in order to sell usage rights to the docking area for boats, which is part of the Lindenstrasse "Uferkrone" project in Berlin. The owners of the housing units who purchase these usage rights will become shareholders in these companies, while BUWOG Lindenstrasse Development GmbH will reduce its investment as the sales proceed. Consequently, these companies will no longer represent subsidiaries when all of the sales are completed. These two companies were not included in the consolidation because they are immaterial.

Segment	Country	Headquarters	Company
Germany	DE	Berlin	Marina Lindenstraße GbR
Germany	DE	Berlin	Marina Spreestraße GbR

### 4. SEGMENT REPORTING

The reportable segments of the BUWOG Group are classified according to regional criteria based on the location of the properties. With regard to the changes in comparative information for segment reporting, see note 2.4 *Change in comparative information*.

## SEGMENTS

in TEUR	Germany		Austria	
	9M 2016/17	9M 2015/16 <sup>1)</sup>	9M 2016/17	9M 2015/16 <sup>1)</sup>
Residential rental income	80,657.2	77,761.9	63,963.9	62,031.3
Other rental income	6,064.4	4,078.6	4,731.3	4,606.0
<b>Rental income</b>	<b>86,721.6</b>	<b>81,840.5</b>	<b>68,695.2</b>	<b>66,637.3</b>
Operating costs charged to tenants and third party property management revenues	45,230.7	43,671.8	37,192.0	37,141.5
Other revenues	121.3	57.2	43.6	53.5
<b>Revenues</b>	<b>132,073.6</b>	<b>125,569.5</b>	<b>105,930.8</b>	<b>103,832.3</b>
Expenses directly related to investment property	-26,826.7	-26,499.3	-15,762.5	-11,696.7
Operating expenses and expenses from third party property management	-43,765.8	-42,000.7	-37,537.3	-36,796.1
<b>Results of Asset Management</b>	<b>61,481.1</b>	<b>57,069.5</b>	<b>52,631.0</b>	<b>55,339.5</b>
Sale of properties	1,308.0	1,074.2	87,499.2	95,978.9
Carrying amount of sold properties	-1,308.0	-1,074.2	-87,499.2	-95,978.9
Other expenses from property sales	-52.8	-57.0	-2,296.5	-2,986.7
Fair value adjustments of properties sold	327.1	84.0	32,945.6	30,305.8
Fair value adjustments of properties held for sale	0.0	0.0	7,633.8	0.0
<b>Results of Property Sales</b>	<b>274.3</b>	<b>27.0</b>	<b>38,282.9</b>	<b>27,319.1</b>
Sale of real estate inventories	47,225.2	25,521.2	29,592.3	13,215.8
Cost of real estate inventories sold	-38,633.6	-21,294.5	-20,225.5	-9,654.6
Other expenses from sale of real estate inventories	-3,023.0	-3,961.3	-2,094.0	-1,571.7
Other real estate development expenses	-2,166.7	-1,804.4	-3,832.8	-1,752.2
Fair value adjustments of properties under construction	0.0	0.0	684.9	498.8
Results of properties sold and held for sale	0.0	0.0	0.0	614.5
<b>Results of Property Development</b>	<b>3,401.9</b>	<b>-1,539.0</b>	<b>4,124.9</b>	<b>1,350.6</b>
Other operating income	1,252.0	2,788.6	1,301.4	759.2
Other not directly attributable expenses	-6,446.3	-6,323.1	-5,211.1	-4,688.9
<b>Results of operations</b>	<b>59,963.0</b>	<b>52,023.0</b>	<b>91,129.1</b>	<b>80,079.5</b>
Fair value adjustments of investment properties	262,718.0	112,504.0	14,464.6	31,922.3
Maintenance and improvement contributions received	0.0	0.0	24.9	-13,554.6
<b>Other valuation results</b>	<b>262,718.0</b>	<b>112,504.0</b>	<b>14,489.5</b>	<b>18,367.7</b>
<b>Operating profit (EBIT)</b>	<b>322,681.0</b>	<b>164,527.0</b>	<b>105,618.6</b>	<b>98,447.2</b>
<b>Financial results</b>				
<b>Earnings before tax (EBT)</b>				
Income tax expenses				
Deferred tax income/expenses				
<b>Net profit</b>				
<b>Investments in non-current segment assets</b>	<b>125,609.8</b>	<b>95,965.3</b>	<b>43,682.0</b>	<b>40,059.8</b>
	31 January 2017	30 April 2016	31 January 2017	30 April 2016
Investment property	2,079,580.0	1,752,577.0	1,965,565.2	2,132,466.7
Investment property under construction	10,712.9	0.0	25,370.4	32,964.8
Other tangible assets	692.1	729.4	5,257.0	5,924.5
<b>Non-current segment assets</b>	<b>2,090,985.0</b>	<b>1,753,306.4</b>	<b>1,996,192.6</b>	<b>2,171,356.0</b>
Non-current assets held for sale	0.0	0.0	138,095.9	0.0
Real estate inventories	137,260.9	89,770.5	220,866.7	127,483.2
<b>Current segment assets</b>	<b>137,260.9</b>	<b>89,770.5</b>	<b>358,962.6</b>	<b>127,483.2</b>
<b>Segment assets</b>	<b>2,228,245.9</b>	<b>1,843,076.9</b>	<b>2,355,155.2</b>	<b>2,298,839.2</b>

1) The comparable prior year figures were adjusted (see note 2.4).

Total reportable segments		Holding company/Transition to consolidated financial statements		BUWOG Group	
9M 2016/17	9M 2015/16	9M 2016/17	9M 2015/16	9M 2016/17	9M 2015/16 <sup>1)</sup>
144,621.1	139,793.2	0.0	0.0	144,621.1	139,793.2
10,795.7	8,684.6	0.0	0.0	10,795.7	8,684.6
<b>155,416.8</b>	<b>148,477.8</b>	<b>0.0</b>	<b>0.0</b>	<b>155,416.8</b>	<b>148,477.8</b>
82,422.7	80,813.3	0.0	0.0	82,422.7	80,813.3
164.9	110.7	0.0	0.0	164.9	110.7
<b>238,004.4</b>	<b>229,401.8</b>	<b>0.0</b>	<b>0.0</b>	<b>238,004.4</b>	<b>229,401.8</b>
-42,589.2	-38,196.0	0.0	0.0	-42,589.2	-38,196.0
-81,303.1	-78,796.8	0.0	0.0	-81,303.1	-78,796.8
<b>114,112.1</b>	<b>112,409.0</b>	<b>0.0</b>	<b>0.0</b>	<b>114,112.1</b>	<b>112,409.0</b>
88,807.2	97,053.1	0.0	0.0	88,807.2	97,053.1
-88,807.2	-97,053.1	0.0	0.0	-88,807.2	-97,053.1
-2,349.3	-3,043.7	0.0	0.0	-2,349.3	-3,043.7
33,272.7	30,389.8	0.0	0.0	33,272.7	30,389.8
7,633.8	0.0	0.0	0.0	7,633.8	0.0
<b>38,557.2</b>	<b>27,346.1</b>	<b>0.0</b>	<b>0.0</b>	<b>38,557.2</b>	<b>27,346.1</b>
76,817.5	38,737.0	0.0	0.0	76,817.5	38,737.0
-58,859.1	-30,949.1	0.0	0.0	-58,859.1	-30,949.1
-5,117.0	-5,533.0	0.0	0.0	-5,117.0	-5,533.0
-5,999.5	-3,556.6	0.0	0.0	-5,999.5	-3,556.6
684.9	498.8	0.0	0.0	684.9	498.8
0.0	614.5	0.0	0.0	0.0	614.5
<b>7,526.8</b>	<b>-188.4</b>	<b>0.0</b>	<b>0.0</b>	<b>7,526.8</b>	<b>-188.4</b>
2,553.4	3,547.8	97.6	3,137.1	2,651.0	6,684.9
-11,657.4	-11,012.0	-16,249.4	-13,543.6	-27,906.8	-24,555.6
<b>151,092.1</b>	<b>132,102.5</b>	<b>-16,151.8</b>	<b>-10,406.5</b>	<b>134,940.3</b>	<b>121,696.0</b>
277,182.6	144,426.3	0.0	0.0	277,182.6	144,426.3
24.9	-13,554.6	0.0	0.0	24.9	-13,554.6
<b>277,207.5</b>	<b>130,871.7</b>	<b>0.0</b>	<b>0.0</b>	<b>277,207.5</b>	<b>130,871.7</b>
<b>428,299.6</b>	<b>262,974.2</b>	<b>-16,151.8</b>	<b>-10,406.5</b>	<b>412,147.8</b>	<b>252,567.7</b>
				<b>-47,883.5</b>	<b>-45,415.5</b>
				<b>364,264.3</b>	<b>207,152.2</b>
				<b>-13,027.3</b>	<b>-10,616.4</b>
				<b>-58,931.0</b>	<b>-33,020.2</b>
				<b>292,306.0</b>	<b>163,515.6</b>
<b>169,291.8</b>	<b>136,025.1</b>	<b>7,969.6</b>	<b>8.2</b>	<b>177,261.4</b>	<b>136,033.3</b>
31 January 2017	30 April 2016	31 January 2017	30 April 2016	31 January 2017	30 April 2016
4,045,145.2	3,885,043.7	0.0	0.0	4,045,145.2	3,885,043.7
36,083.3	32,964.8	0.0	0.0	36,083.3	32,964.8
5,949.1	6,653.9	8,098.6	39.7	14,047.7	6,693.6
<b>4,087,177.6</b>	<b>3,924,662.4</b>	<b>8,098.6</b>	<b>39.7</b>	<b>4,095,276.2</b>	<b>3,924,702.1</b>
138,095.9	0.0	0.0	0.0	138,095.9	0.0
358,127.6	217,253.7	0.0	0.0	358,127.6	217,253.7
<b>496,223.5</b>	<b>217,253.7</b>	<b>0.0</b>	<b>0.0</b>	<b>496,223.5</b>	<b>217,253.7</b>
<b>4,583,401.1</b>	<b>4,141,916.1</b>	<b>8,098.6</b>	<b>39.7</b>	<b>4,591,499.7</b>	<b>4,141,955.8</b>

# 5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 5.1 EXPENSES DIRECTLY RELATED TO INVESTMENT PROPERTY

in TEUR	9M 2016/17	9M 2015/16 <sup>1)</sup>
Maintenance	-19,221.2	-17,293.0
Expenses from asset management	-7,431.3	-6,969.8
Owners expenses	-5,864.8	-6,472.6
Vacancies	-2,257.9	-2,871.2
Write-off of receivables from asset management	-1,744.7	-1,970.7
Other expenses	-6,069.3	-2,618.7
<b>Total</b>	<b>-42,589.2</b>	<b>-38,196.0</b>

1) The comparable prior year figures were adjusted (see note 2.4).

## 5.2 OTHER OPERATING INCOME

in TEUR	9M 2016/17	9M 2015/16
Refund of property transfer tax and value added tax	184.4	2,012.5
Reimbursement of miscellaneous expenses from prior periods	513.0	0.0
Insurance compensation	393.2	284.3
Guarantee commission	0.0	3,098.7
Miscellaneous	1,560.4	1,289.4
<b>Total</b>	<b>2,651.0</b>	<b>6,684.9</b>

Miscellaneous other operating income includes income of TEUR 88.5 (9M 2015/16: TEUR 227.9) from derecognised liabilities.

## 5.3 OTHER NOT DIRECTLY ATTRIBUTABLE EXPENSES

in TEUR	9M 2016/17	9M 2015/16
Personnel expenses	-10,610.2	-10,050.3
Legal, auditing and consulting fees	-4,866.2	-4,789.0
IT and communications	-4,368.8	-2,508.3
Advertising and Marketing	-1,715.3	-1,859.0
Amortisation and depreciation	-1,769.2	-1,296.5
Cost of valuation reports	-455.0	-364.4
Guarantee commission related to acquisition of land	0.0	-361.2
Miscellaneous	-4,122.1	-3,326.9
<b>Total</b>	<b>-27,906.8</b>	<b>-24,555.6</b>

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.

The amortisation and depreciation reported in the above table are usage-based and related to other property plant and equipment and intangible assets. Write-downs to inventories are reported under other real estate development expenses and amounted to TEUR 530.4 for the first nine months of 2016/17 (9M 2015/16: TEUR 221.1). These write-downs are contrasted by write-ups of TEUR 48.8 (9M 2015/16: TEUR 1,177.6). Other not directly attributable expenses of TEUR 27,906.8 (9M 2015/16: TEUR 24,555.6) include material costs of EUR 5,309.9 (9M 2015/16: TEUR 4,124.8) and personnel expenses of TEUR 1,678.3 (9M 2015/16: TEUR 884.7) for reorganization projects.

#### **5.4 FAIR VALUE ADJUSTMENTS OF PROPERTIES**

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

in TEUR	Investment property		Investment property under construction		Properties sold and held for sale	
	9M 2016/17	9M 2015/16 <sup>1)</sup>	9M 2016/17	9M 2015/16	9M 2016/17	9M 2015/16
Revaluation gains	309,127.6	174,055.1	684.9	561.6	40,906.5	30,524.2
Impairment losses	-31,945.0	-29,628.8	0.0	-62.8	0.0	-134.4
<b>Total</b>	<b>277,182.6</b>	<b>144,426.3</b>	<b>684.9</b>	<b>498.8</b>	<b>40,906.5</b>	<b>30,389.8</b>

1) The comparable prior year figures were adjusted (see note 2.4).

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

in TEUR	Investment property		Investment property under construction		Properties sold and held for sale	
	9M 2016/17	9M 2015/16 <sup>1)</sup>	9M 2016/17	9M 2015/16	9M 2016/17	9M 2015/16
Germany	267,192.8	114,631.6	0.0	0.0	327.1	84.0
Austria	41,934.8	59,423.5	684.9	561.6	40,579.4	30,440.2
<b>Total</b>	<b>309,127.6</b>	<b>174,055.1</b>	<b>684.9</b>	<b>561.6</b>	<b>40,906.5</b>	<b>30,524.2</b>

1) The comparable prior year figures were adjusted (see note 2.4).

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

in TEUR	Investment property		Investment property under construction		Properties sold and held for sale	
	9M 2016/17	9M 2015/16 <sup>1)</sup>	9M 2016/17	9M 2015/16	9M 2016/17	9M 2015/16
Germany	-4,474.8	-2,127.6	0.0	0.0	0.0	0.0
Austria	-27,470.2	-27,501.2	0.0	-62.8	0.0	-134.4
<b>Total</b>	<b>-31,945.0</b>	<b>-29,628.8</b>	<b>0.0</b>	<b>-62.8</b>	<b>0.0</b>	<b>-134.4</b>

1) The comparable prior year figures were adjusted (see note 2.4).

The independent external appraiser CBRE carried out a special valuation of the standing investments in Germany as of 31 January 2017. The fair value adjustments to the German portfolio in the third quarter of 2016/17 resulted primarily from an upturn in market rents as well as a high yield compression – with an above-average rise in the purchase prices for apartment complexes and portfolios compared with the increase in rents – at the core locations of BUWOG's German portfolio. The fair value adjustments to the Austrian standing investments in the third quarter of 2016/17 were determined internally and resulted mainly from changes in the potential selling prices.

#### **5.5 FINANCIAL RESULTS**

in TEUR	9M 2016/17	9M 2015/16
Cash financing costs	-34,207.8	-32,797.4
Current interest accruals	-1,847.1	-1,402.4
Gain/loss on financial liabilities carried at amortised cost	-2,036.3	-1,666.8
Convertible bonds – increase in interest according to the effective interest rate method	-1,059.4	0.0
Other non-cash financing costs	-7.5	-45.9
<b>Financing costs</b>	<b>-39,158.1</b>	<b>-35,912.5</b>
Cash financing income	313.7	366.9
Current interest accruals	-1.2	-4.2
Gain/loss on other financial assets carried at amortised cost	390.2	328.0
<b>Financing income</b>	<b>702.7</b>	<b>690.7</b>
Valuation of derivative financial instruments:	6,287.2	-3,263.1
Interest rate swaps	10,997.8	-3,263.1
Embedded derivatives in the convertible bonds	-4,710.6	0.0
Valuation of financial instruments at fair value through profit or loss (fair value option)	-7,605.2	-3,621.9
Other	-8,110.1	-3,308.7
<b>Other financial results</b>	<b>-9,428.1</b>	<b>-10,193.7</b>
<b>Total</b>	<b>-47,883.5</b>	<b>-45,415.5</b>

Cash financing costs of TEUR 34,207.8 (9M 2015/16: TEUR 32,797.4) comprise interest paid of TEUR 21,838.1 (9M 2015/16: TEUR 22,015.8), cash outflows of TEUR 11,206.7 (9M 2015/16: TEUR 10,358.5) for derivative financial instruments and cash outflows of TEUR 1,163.0 (9M 2015/16: TEUR 423.1) for other current financing costs. Current financing costs include TEUR 327.3 (9M 2015/16: TEUR 182.1) of ancillary loan costs.

The cash financing income of TEUR 313.7 (9M 2015/16: TEUR 366.9) resulted in full from interest income 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 curves in the first nine months of 2016/17 and the comparable prior year period.

The transaction costs of TEUR 7,163.1 incurred during the reporting period are distributed over the respective terms according to the effective interest rate method. Of this total, TEUR 3,218.2 are related to the refinancing agreement with Berlin Hyp and Helaba (see note 6.6 *Financial liabilities*), TEUR 3,037.5 to the convertible bonds (see note 6.5 *Liabilities from convertible bonds*) and TEUR 907.4 to current borrowings.

## **5.6 INCOME TAXES**

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

in TEUR	9M 2016/17	9M 2015/16
Income tax expenses	-13,027.3	-10,616.4
Deferred tax income/expenses	-58,931.0	-33,020.2
<b>Total</b>	<b>-71,958.3</b>	<b>-43,636.6</b>

## **5.7 EARNINGS PER SHARE**

	9M 2016/17	9M 2015/16
Weighted average number of shares (basic)	99,773,479	99,614,059
Diluting effect stock options	189,241	143,366
Diluting effect convertible bonds	5,019,385	0
Weighted average number of shares (diluted)	104,982,105	99,757,425
Net profit excl. non-controlling interests in EUR (basic)	286,703,500	162,199,700
Diluting effect convertible bonds	4,327,506	0
Net profit excl. non-controlling interests in EUR (diluted)	291,031,006	162,199,700
<b>Basic earnings per share in EUR</b>	<b>2.87</b>	<b>1.63</b>
<b>Diluted earnings per share in EUR</b>	<b>2.77</b>	<b>1.63</b>



## 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
<b>Balance on 1 May 2016</b>	<b>3,885,043.7</b>	<b>32,964.8</b>
Additions	145,290.6 <sup>1)</sup>	23,893.9
Disposals	-88,807.2	0.0
Fair value adjustments	318,089.1	684.9
Reclassification	-76,375.1	-21,460.3
Reclassification IFRS 5	-138,095.9	0.0
<b>Balance on 31 January 2017</b>	<b>4,045,145.2</b>	<b>36,083.3</b>

1) thereof TEUR 26,258.9 modernisation (CAPEX); (9M 2015/16: TEUR 19,801.3) and TEUR 119,031.7 other additions

The results of Property Sales include TEUR 38,557.2 (9M 2015/16: TEUR 27,346.1) from the sale of investment property. Included here are TEUR 30,893.8 (9M 2015/16: TEUR 24,985.4) from Unit Sales and TEUR 29.6 (9M 2015/16: TEUR 2,360.7) from Block Sales as well as fair value adjustments of TEUR 7,633.8 (9M 2015/16: TEUR 0.0) to investment property available for sale.

Details on revaluation results are provided in note 5.4 *Fair value adjustments of properties*.

### 6.2 TRADE AND OTHER RECEIVABLES

in TEUR	31 January 2017	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2016
<b>Trade accounts receivable</b>				
Rents receivable	4,336.9	4,336.9	0.0	4,454.5
Miscellaneous	2,714.8	2,714.8	0.0	2,849.6
<b>Total trade accounts receivable</b>	<b>7,051.7</b>	<b>7,051.7</b>	<b>0.0</b>	<b>7,304.1</b>
<b>Other financial receivables</b>				
Restricted funds	41,223.5	41,223.5	0.0	36,236.5
Outstanding purchase price receivables – sale of properties	53,890.8	53,890.8	0.0	98,538.0
Miscellaneous	6,269.9	4,670.2	1,599.7	2,967.1
<b>Total other financial receivables</b>	<b>101,384.2</b>	<b>99,784.5</b>	<b>1,599.7</b>	<b>137,741.6</b>
<b>Other non-financial receivables</b>				
Tax authorities	6,009.1	6,009.1	0.0	3,493.4
Prepayments made for land purchases	14,517.0	0.0	14,517.0	29,184.9
Accrued property taxes	5,494.3	5,494.3	0.0	3,709.9
Miscellaneous	1,008.8	1,008.8	0.0	467.3
<b>Total other non-financial receivables</b>	<b>27,029.2</b>	<b>12,512.2</b>	<b>14,517.0</b>	<b>36,855.5</b>
<b>Total</b>	<b>135,465.1</b>	<b>119,348.4</b>	<b>16,116.7</b>	<b>181,901.2</b>

Miscellaneous other financial receivables include TEUR 0.0 (30 April 2016: TEUR 10.9) of receivables due from IMMOFINANZ Group.

### 6.3 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

The plan to sell the Tyrolean portfolio was finalised at the end of the second quarter and the framework contract for the sale was signed on 7 December 2016. Plans to sell a portfolio of properties in Carinthia and Styria were also approved by the balance sheet, and the buyer has already signed a letter of intent. An amount of EUR 138,095.9 was reclassified to non-current assets held for sale and liabilities of EUR 1,728.3 are now reported as a separate line item.

## 6.4 EQUITY

These consolidated interim financial statements include compensation costs of TEUR 142.1 for the fair value of share options granted in connection with the Long-Term Incentive Programme 2014, which were charged to the capital reserves.

## 6.5 LIABILITIES FROM CONVERTIBLE BONDS

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

in TEUR	31 January 2017	Thereof remaining term over 1 year
Convertible bonds 2016 – 2021	287,330.7	287,330.7

BUWOG AG issued non-subordinated, unsecured convertible bonds 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 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	
<b>Carrying amount on 1 May 2016</b>	<b>0.0</b>
Issue amount of convertible bonds 2016 – 2021	300,000.0
Transaction costs	-3,037.5
Separation of the embedded derivatives	-10,691.2
<b>Net amount</b>	<b>286,271.3</b>
Interest growth using the effective interest rate method	1,059.4
<b>Carrying amount on 31 January 2017</b>	<b>287,330.7</b>

In accordance with IAS 32.11 in connection with IAS 32.22 and IAS 39.11, the convertible bonds 2016 – 2021 consist of a debt component and embedded derivatives that must be separated.

Embedded derivatives which are combined with a non-derivative financial instrument into a hybrid financial instrument must generally be accounted for and measured separately from the host contract under the following conditions: when the economic characteristics and risks of the derivative are not closely related to the host contract; when the hybrid derivative financial instrument would independently meet the definition of a derivative; and when the entire instrument is not measured at fair value through profit or loss.

These criteria are met by BUWOG's call option for premature redemption based on the development of the share price as well as the bondholders' conversion right. Therefore, these two items are reported separately from the convertible bond liabilities under trade payables and other liabilities (see note 6.7 *Trade payables and other liabilities*). The other rights and options defined by the issue terms do not fulfil the criteria defined in IAS 39.11 or do not represent material individual values and are therefore not reported separately.

At initial recognition, the debt component represents the fair value of a similar liability which does not include an option for conversion into equity. The fair value of the derivatives which require separation represents the residual amount between the fair value of the convertible bonds and the fair value of the debt component. Directly attributable transaction costs were allocated to the debt component.

The subsequent measurement of the debt component will be based on amortised cost as determined by the effective interest rate method.

The separated embedded derivatives will be accounted for and measured at fair value as of each balance sheet date.

## **6.6 FINANCIAL LIABILITIES**

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

in TEUR	31 January 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 April 2016
Amounts due to financial institutions	1,561,082.5	86,378.9	288,678.0	1,186,025.6	1,581,672.7
thereof secured by collateral	1,483,856.9	76,021.4	271,568.6	1,136,266.9	1,502,009.2
thereof not secured by collateral	77,225.6	10,357.5	17,109.4	49,758.7	79,663.5
Amounts due to local authorities	457,913.2	45,019.0	81,498.4	331,395.8	470,891.8
Other financial liabilities	107.8	107.8	0.0	0.0	97.3
<b>Total</b>	<b>2,019,103.5</b>	<b>131,505.7</b>	<b>370,176.4</b>	<b>1,517,421.4</b>	<b>2,052,661.8</b>

On 27 October 2016, BUWOG Group and Berlin Hyp, as the consortium leader, together with Helaba signed a credit agreement to refinance an existing loan portfolio. Loans totalling TEUR 177,909.2 were repaid as of 31 January 2017 in connection with this refinancing, and additional loans with a carrying amount of TEUR 18,311.2 will be repaid within one year. These loans are reported under current financial liabilities.

In addition, loans which must be repaid by BUWOG from the purchase prices for the Tyrolean portfolio and the portfolio in Carinthia and Styria (also see note 6.3 *Non-current assets and liabilities held for sale*) are presented as current as of 31 January 2017. The reclassification from non-current to current financial liabilities involves secured liabilities of TEUR 15,999.6 due to financial institutions, unsecured liabilities of TEUR 985.2 due to financial institutions and liabilities of TEUR 7,907.8 due to local authorities.

The major conditions of financial liabilities as of 31 January 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	1.97%	350,334.3	
	EUR	floating	1.05%	1,237,378.7	
<b>Total amounts due to financial institutions</b>				<b>1,587,713.0</b>	<b>1,561,082.5</b>
<b>Amounts due to local authorities</b>	<b>EUR</b>	<b>fixed</b>	<b>1.53%</b>	<b>464,180.0</b>	<b>457,913.2</b>
<b>Other</b>					<b>107.8</b>
<b>Total</b>					<b>2,019,103.5</b>

## 6.7 TRADE PAYABLES AND OTHER LIABILITIES

in TEUR	31 January 2017	Thereof remaining term under 1 year	Thereof remaining term over 1 year	30 April 2016
<b>Trade payables</b>	<b>15,372.9</b>	<b>14,940.1</b>	<b>432.8</b>	<b>20,103.5</b>
<b>Other financial liabilities</b>				
Fair value of derivative financial instruments (liabilities):	72,316.1	15,401.8	56,914.3	67,912.1
Interest rate swaps	56,914.3	0.0	56,914.3	67,912.1
Embedded derivatives in the convertible bonds	15,401.8	15,401.8	0.0	0.0
Property management	16,665.2	16,665.2	0.0	13,965.6
Deposits and guarantees received	29,610.4	29,610.4	0.0	28,808.1
Maintenance and improvement amounts received	45,812.6	4,314.5	41,498.1	43,588.0
Outstanding purchase prices (share deals)	3,348.2	3,348.2	0.0	3,220.6
Outstanding purchase prices (acquisition of properties)	36,200.0	36,200.0	0.0	32,025.6
Liabilities from financial contributions	105,954.2	105,954.2	0.0	104,007.0
Miscellaneous	76,946.3	52,250.3	24,696.0	65,760.0
<b>Total other financial liabilities</b>	<b>386,853.0</b>	<b>263,744.6</b>	<b>123,108.4</b>	<b>359,287.0</b>
<b>Other non-financial liabilities</b>				
Tax and other public authorities	11,225.5	11,225.5	0.0	8,323.9
Prepayments received on apartment sales	84,327.9	84,327.9	0.0	35,205.1
Prepayments received for rents and operating costs	15.6	15.6	0.0	0.0
<b>Total other non-financial liabilities</b>	<b>95,569.0</b>	<b>95,569.0</b>	<b>0.0</b>	<b>43,529.0</b>
<b>Total</b>	<b>497,794.9</b>	<b>374,253.7</b>	<b>123,541.2</b>	<b>422,919.5</b>

There were no liabilities due to the IMMOFINANZ Group as of 31 January 2017 or 30 April 2016.

## 6.8 INFORMATION ON FINANCIAL INSTRUMENTS

### 6.8.1 Classification of financial instruments by IAS 39 categories

in TEUR

	FA@FV/P&L				Carrying amount on 31 January 2017	Fair value on 31 January 2017
	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		
<b>Trade and other receivables</b>	<b>0.0</b>	<b>0.0</b>	<b>108,435.9</b>	<b>27,029.2</b>	<b>135,465.1</b>	<b>135,465.1</b>
Trade accounts receivable	0.0	0.0	7,051.7	0.0	7,051.7	7,051.7
Other receivables	0.0	0.0	101,384.2	27,029.2	128,413.4	128,413.4
<b>Other financial assets</b>	<b>188.8</b>	<b>10,255.0</b>	<b>7,165.3</b>	<b>0.0</b>	<b>17,609.1</b>	<b>20,772.5</b>
Securities and other investments	188.8	0.0	0.0	0.0	188.8	188.8
Originated loans	0.0	10,255.0	7,165.3	0.0	17,420.3	20,583.7
<b>Cash and cash equivalents</b>	<b>0.0</b>	<b>0.0</b>	<b>263,391.0</b>	<b>0.0</b>	<b>263,391.0</b>	<b>263,391.0</b>
<b>TOTAL ASSETS</b>	<b>188.8</b>	<b>10,255.0</b>	<b>378,992.2</b>	<b>27,029.2</b>	<b>416,465.2</b>	<b>419,628.6</b>

	FL@FV/P&L				Carrying amount on 31 January 2017	Fair value on 31 January 2017
	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		
<b>Liabilities from convertible bonds</b>	<b>0.0</b>	<b>0.0</b>	<b>287,330.7</b>	<b>0.0</b>	<b>287,330.7</b>	<b>287,997.2</b>
<b>Financial liabilities</b>	<b>512,887.5</b>	<b>0.0</b>	<b>1,506,216.0</b>	<b>0.0</b>	<b>2,019,103.5</b>	<b>2,041,837.2</b>
Amounts due to financial institutions	87,315.2	0.0	1,473,767.3	0.0	1,561,082.5	1,581,170.1
Other financial liabilities	425,572.3	0.0	32,448.7	0.0	458,021.0	460,667.1
<b>Trade payables and other liabilities</b>	<b>0.0</b>	<b>72,316.1</b>	<b>329,909.8</b>	<b>95,569.0</b>	<b>497,794.9</b>	<b>497,794.9</b>
Trade payables	0.0	0.0	15,372.9	0.0	15,372.9	15,372.9
Derivatives	0.0	72,316.1	0.0	0.0	72,316.1	72,316.1
Miscellaneous other liabilities	0.0	0.0	314,536.9	95,569.0	410,105.9	410,105.9
<b>Financial liabilities held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>1,728.3</b>	<b>0.0</b>	<b>1,728.3</b>	<b>1,728.3</b>
<b>TOTAL LIABILITIES</b>	<b>512,887.5</b>	<b>72,316.1</b>	<b>2,125,184.8</b>	<b>95,569.0</b>	<b>2,805,957.4</b>	<b>2,829,357.6</b>

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

ASSETS	FA@FV/P&L						
	AFS	Fair value option		L&R	Non-FI	Carrying amount on 30 April 2016	Fair value on 30 April 2016
	Fair value not recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7			
<b>Trade and other receivables</b>	<b>0.0</b>	<b>0.0</b>	<b>145,045.7</b>	<b>36,855.5</b>	<b>181,901.2</b>	<b>181,901.2</b>	
Trade accounts receivable	0.0	0.0	7,304.1	0.0	7,304.1	7,304.1	
Other receivables	0.0	0.0	137,741.6	36,855.5	174,597.1	174,597.1	
<b>Other financial assets</b>	<b>2.1</b>	<b>11,465.2</b>	<b>8,136.0</b>	<b>0.0</b>	<b>19,603.3</b>	<b>23,045.0</b>	
Securities and other investments	2.1	0.0	0.0	0.0	2.1	2.1	
Originated loans	0.0	11,465.2	8,136.0	0.0	19,601.2	23,042.9	
<b>Cash and cash equivalents</b>	<b>0.0</b>	<b>0.0</b>	<b>82,540.1</b>	<b>0.0</b>	<b>82,540.1</b>	<b>82,540.1</b>	
<b>TOTAL ASSETS</b>	<b>2.1</b>	<b>11,465.2</b>	<b>235,721.8</b>	<b>36,855.5</b>	<b>284,044.6</b>	<b>287,486.3</b>	

LIABILITIES	FL@FV/P&L					
	Fair value option	HFT	FLAC	Non-FI	Carrying amount on 30 April 2016	Fair value on 30 April 2016
	Fair value recognised in profit or loss	Fair value recognised in profit or loss	Amortised cost	Not within the scope of IFRS 7		
<b>Financial liabilities</b>	<b>717,131.0</b>	<b>0.0</b>	<b>1,335,530.8</b>	<b>0.0</b>	<b>2,052,661.8</b>	<b>2,081,482.9</b>
Amounts due to financial institutions	275,332.2	0.0	1,306,340.5	0.0	1,581,672.7	1,607,836.0
Other financial liabilities	441,798.8	0.0	29,190.3	0.0	470,989.1	473,646.9
<b>Trade payables and other liabilities</b>	<b>0.0</b>	<b>67,912.1</b>	<b>311,478.4</b>	<b>43,529.0</b>	<b>422,919.5</b>	<b>422,919.5</b>
Trade payables	0.0	0.0	20,103.5	0.0	20,103.5	20,103.5
Derivatives	0.0	67,912.1	0.0	0.0	67,912.1	67,912.1
Miscellaneous other liabilities	0.0	0.0	291,374.9	43,529.0	334,903.9	334,903.9
<b>Financial liabilities held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL LIABILITIES</b>	<b>717,131.0</b>	<b>67,912.1</b>	<b>1,647,009.2</b>	<b>43,529.0</b>	<b>2,475,581.3</b>	<b>2,504,402.4</b>

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 2016.

## 6.8.2 Hierarchy of fair values of financial instruments

in TEUR

<b>31 January 2017</b>	Level 1	Level 2	Level 3	Total
<b>Financial assets available for sale</b>				
Securities and other investments	0.0	0.0	188.8	188.8
<b>Financial assets at fair value through profit or loss</b>				
Fair value option				
Originated loans	0.0	10,255.0	0.0	10,255.0
<b>Financial liabilities at fair value through profit or loss</b>				
Fair value option				
Amounts due to financial institutions	0.0	87,315.2	0.0	87,315.2
Other financial liabilities	0.0	425,572.3	0.0	425,572.3
<b>Held for trading</b>				
Derivatives	0.0	72,316.1	0.0	72,316.1

## Hierarchy of fair values of financial instruments - previous year

in TEUR

<b>30 April 2016</b>	Level 1	Level 2	Level 3	Total
<b>Financial assets available for sale</b>				
Securities and other investments	0.0	0.0	2.1	2.1
<b>Financial assets at fair value through profit or loss</b>				
Fair value option				
Originated loans	0.0	11,465.2	0.0	11,465.2
<b>Financial liabilities at fair value through profit or loss</b>				
Fair value option				
Amounts due to financial institutions	0.0	275,332.2	0.0	275,332.2
Other financial liabilities	0.0	441,798.8	0.0	441,798.8
<b>Held for trading</b>				
Derivatives	0.0	67,912.1	0.0	67,912.1

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

### RECONCILIATION OF THE FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVEL 3

in TEUR	Securities and other investments	Originated loans	Financial liabilities	Financial liabilities held for sale
<b>Balance on 1 May 2015</b>	<b>1.5</b>	<b>9,565.9</b>	<b>-776,985.7</b>	<b>-169.9</b>
Recognised in profit or loss	0.0	343.6	9,051.9	0.0
Additions/Disposals	0.6	1,555.7	50,802.8	169.9
Transfer to Level 2	0.0	-11,465.2	717,131.0	0.0
<b>Balance on 30 April 2016</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance on 1 May 2016</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Recognised in profit or loss	0.0	0.0	0.0	0.0
Additions/Disposals	186.7	0.0	0.0	0.0
Transfer to Level 2	0.0	0.0	0.0	0.0
<b>Balance on 31 January 2017</b>	<b>188.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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 January 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 January 2017:

## DERIVATIVES/INTEREST RATE SWAPS

	Variable element	Fair value as of 31 January 2017 in EUR	Reference value as of 31 January 2017 in EUR	Fixed interest rate in %	Maturity
<b>Interest rate of 0.5%-3%</b>					
Interest rate swap (Helaba)	3-M-Euribor	-20,082	3,233,200	0.63	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	-7,653	858,262	0.69	30 April 2024
Interest rate swap (Berlin Hyp)	3-M-Euribor	-4,973,990	187,987,500	0.72	30 April 2024
Interest rate swap (Helaba)	3-M-Euribor	-4,805,034	184,754,300	0.72	30 April 2024
Interest rate swap (Bank Austria)	3-M-Euribor	-3,124,048	102,480,000	0.84	28 February 2025
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-2,236,110	130,950,000	0.99	2 January 2025
Interest rate swap (HVB)	3-M-Euribor	-702,635	16,327,900	1.03	30 April 2021
Interest rate swap (HVB)	3-M-Euribor	-1,676,651	29,939,400	1.17	31 January 2023
Interest rate swap (Deka Bank)	3-M-Euribor	-229,576	3,654,000	1.39	31 December 2021
Interest rate swap (Deka Bank)	3-M-Euribor	-1,271,559	20,236,000	1.39	31 December 2021
Interest rate swap (HVB)	3-M-Euribor	-1,486,563	13,031,900	2.13	29 September 2023
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-2,896,536	20,000,000	2.50	31 December 2036
Interest rate swap (Bank Austria)	6-M-Euribor	-3,979,656	26,072,576	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-2,817,593	21,727,147	2.51	28 November 2036
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-3,473,410	26,072,576	2.54	30 November 2036
Interest rate swap (BAWAG)	6-M-Euribor	-1,571,514	10,500,000	2.85	31 December 2030
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-3,234,054	14,709,000	2.99	30 September 2039
<b>Number of derivatives: 17</b>		<b>-38,506,664</b>	<b>812,533,761</b>		
<b>Interest rate of 3%-4.5%</b>					
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-1,573,128	7,676,000	3.01	30 September 2039
Interest rate swap (Hypo Steiermark)	6-M-Euribor	-4,102,164	23,784,000	3.09	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-7,118,180	45,325,000	3.11	30 September 2031
Interest rate swap (RLB NÖ-Wien)	6-M-Euribor	-3,915,016	24,929,000	3.11	30 September 2031
<b>Number of derivatives: 4</b>		<b>-16,708,488</b>	<b>101,714,000</b>		
<b>Interest rate above 4.5%</b>					
Interest rate swap (Commerzbank)	3-M-Euribor	-1,699,112	24,745,000	4.58	30 June 2018
<b>Number of derivatives: 1</b>		<b>-1,699,112</b>	<b>24,745,000</b>		
<b>Total derivatives: 22</b>		<b>-56,914,264</b>	<b>938,992,761</b>	<b>1.42</b>	

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

## DISCOUNT RATES

in %	31 January 2017
Up to 31 July 2018	0.237%
Up to 31 July 2019	0.362%
Up to 31 July 2021	0.789%
Up to 31 July 2023	1.213%
Up to 31 July 2025	1.779%
Up to 31 July 2028	2.209%
Up to 31 July 2034	2.601%
As of 1 August 2034	2.762%

### 6.8.3 Outstanding loan commitments

In connection with a larger land transaction, BUWOG also sold a further site owned by the seller. This sale involved the provision of a EUR 15.4 million loan commitment to a third party to finance the purchase price for the land; EUR 10.0 million of the commitment was used in March 2017. It represents short-term financing which is expected to be repaid by 3 April 2017. The remainder of the loan commitment has expired.

## 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 2,827.50 for legal advice to BUWOG Group companies in the first nine months of 2016/17. The terms of these fees, especially the hourly rates, reflect standard market conditions.

In connection with the spin-off of BUWOG AG from IMMOFINANZ AG in April 2014, the two companies concluded a de-domination agreement. This agreement establishes certain limitations for IMMOFINANZ AG in the exercise of the voting rights arising from its BUWOG shares in order to ensure that IMMOFINANZ AG can no longer exert a controlling influence over the business and financial decisions of the BUWOG Group. The sale of BUWOG shares by IMMOFINANZ AG in several tranches has steadily reduced this company's investment in BUWOG AG from 49% at the time of the spin-off in 2014 to approx. 9.98% of BUWOG's voting rights. In view of this reduced investment, a controlling influence in the sense of the de-domination agreement can no longer be assumed and there is no further basis for the de-domination agreement. IMMOFINANZ AG and BUWOG AG therefore terminated the de-domination agreement by mutual consent effective immediately in October 2016. The termination of the de-domination agreement establishes a weighting of shareholders' voting rights which reflects their investments in BUWOG AG for all voting procedures and improves transparency in the perception of investors. The receivables and liabilities due from/to member companies of IMMOFINANZ Group are shown in notes 6.2 *Trade and other receivables* and 6.7 *Trade payables and other liabilities*.

A member of the Supervisory Board rented an apartment from the BUWOG Group during the second quarter of 2016/17. The lease is based on standard market conditions.

## 8. SUBSEQUENT EVENTS AFTER 31 JANUARY 2017

On 7 December 2016 the BUWOG Group signed a contract for the sale of 1,146 apartments (64 properties) with approx. 89,000 sqm of total floor area in the Austrian province of Tyrol (approx. 4.8% of the Austrian portfolio). Thirty properties from this portfolio were formally transferred to the buyer by the end of February 2017. This transaction reflects the continuation of BUWOG's strategic focus in Austria on the capital city of Vienna.

Oliver Schumy, CEO of IMMOFINANZ AG, resigned as a member and the vice chairman of the Supervisory Board of BUWOG AG as of 6 March 2017. He was succeeded as vice chairman of the Supervisory Board by Klaus Hübner.

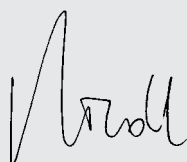
Contracts for the purchase of four sites in Berlin (for the projects "Parkstraße", "Ludwigsluster Straße", "Spreestraße" and "Gartenfeld") were signed during the third quarter of 2016/17. The transfer of benefits and encumbrances is expected to take place in the fourth quarter of 2016/17.

## STATEMENT BY THE EXECUTIVE BOARD

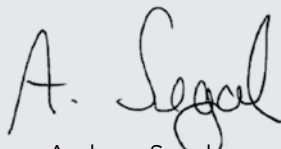
We confirm to the best of our knowledge that these consolidated interim financial statements as of 31 January 2017, which were prepared in accordance with the rules for interim financial reporting defined by International Financial Reporting Standards (IFRS) as adopted by the European Union, provide 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 nine 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, 22 March 2017

The Executive Board of BUWOG AG



Daniel Riedl  
CEO



Andreas Segal  
Deputy CEO, CFO



Herwig Teufelsdorfer  
COO

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### **Consulting, Concept and Design**

Mensalia Unternehmensberatungs GmbH, [www.mensalia.at](http://www.mensalia.at)

Published with ns.publish by Multimedia Solutions AG, Zurich

### **Photos**

Claudia Hechtenberg (Cover), Stephan Huger (pages 6/7, 48), Martina Draper (page 5)

### **Disclaimer**

We have prepared this report and verified the data herein with the greatest possible caution. However, errors arising from rounding, transmission, typesetting or printing cannot be excluded. This report contains assumptions and forecasts that were based on information available at the time this report was prepared. If the assumptions underlying these forecasts are not realised, actual results may differ from the results expected at the present time. Automatic data processing can lead to apparent mathematical errors in the rounding of numbers or percentage rates. This report is published in German and English, and can be downloaded from the investor relations section of the BUWOG website. In case of doubt, the German text represents the definitive version. This report does not represent a recommendation to buy or sell shares in BUWOG AG.

The materials in this report may contain statements related to our future business and financial performance and future events or developments involving BUWOG that may constitute forward-looking statements. These statements may be identified by words such as “expect”, “look forward to”, “anticipate”, “intend”, “plan”, “believe”, “seek,” “estimate”, “will”, “project”, “target” or words of similar meaning. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of BUWOG’s management, of which many are beyond BUWOG’s control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these or other risks or uncertainties materialise, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of BUWOG may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. BUWOG neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.